

Investigator lauds China counterfeit crackdown

Gavin Bowring

Eighty-five percent of mainland counterfeiters operate as Hong Kong-based companies and hold local bank accounts, a private investigation firm claims.

"They have Hong Kong bank accounts and give their buyers a false perception that they are reliable," said Derek Elmer, managing director of I-OnAsia, which bills itself as "a contact provider of investigation services to security directors and risk managers of the world's largest companies."

Elmer praised authorities in Guang-

zhou for their "resolute action" in helping to undermine the growth of the province's notorious counterfeit goods trade.

He attributed the progress to the "firm willingness of the authorities to cooperate with intelligence sources and tackle the problem head on."

"Recently, a lot of brand owners, governments and even companies similar to ours have done nothing but complain about the rife trade [in fake goods]," Elmer said.

"However, the successes over the last two to three years in trying to eradicate the problem are both significant

and commendable," Elmer added.

I-OnAsia was founded in Hong Kong in 2001 to provide "monitoring and discreet collection of commercial and business intelligence" in Greater China.

The company says it tries to disrupt the counterfeit goods trade by identifying evidence of corruption, malpractice or poor corporate governance on behalf of foreign joint-venture businesses in China.

When the sources of illegal manufacturing and distribution have been rooted out, the company takes its information to the mainland's Economic

Criminal Investigation Department and Public Security Bureau.

According to Elmer, the company helped authorities seize more than US\$200 million (HK\$1.56 billion) worth of counterfeit goods during the past financial year.

The company estimates the volume of pirated goods in the region will decrease rapidly in the next 5-10 years.

"The integrity of the Chinese authorities is very high now because they are held accountable for their successes and failures. This makes them very determined," Elmer said.

"Tougher penalties and fines have

made the business seem less and less attractive."

Elmer described this attitude as a "natural evolution." He added that pressure from the World Trade Organization and the United States on Beijing was partly responsible for the mainland's hard-line stance.

But he added that syndicates were becoming smarter in managing their trade.

"If the authorities start clamping down on goods of a particular brand, the counterfeiters move to other brands which aren't so active," he said.

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