

Addressing the Environmental Effects of Counterfeiting



Counterfeit goods can threaten the environment at every stage of their lifecycle. Efforts to curb their manufacture and sale can help reduce many of these threats. There has been little attention to disposing counterfeit goods in an environmentally safe way. Underwriters Laboratories' second Anti-counterfeiting Research Symposium discussed the environmental effects of counterfeiting.

The React Approach

One way to dispose of such goods safely is to use recycling, the same method employed to dispose of many other goods. React, a consortium of more than 300 companies, has led an initiative to recycle counterfeit goods. This, said **Ronald Brohm, the managing director of React**, has resulted in 98 percent of such goods being reused or recycled. The initiative has had a social benefit as well. The decomposition and recycling of counterfeit goods is done at a social workplace that employs psychiatric patients seeking reintegration into society.

Much of React's recycling is of fashion, sport shoes, and similar counterfeit products. Counterfeit textiles become sport surfaces, asphalt underlays, or other surfaces. Belts and other products with metal have their metal removed and become textiles. Synthetic materials in toys can become synthetic elements in waste containers. For more complex products, React uses subcontractors. Such recycling begins with dismantling the packages, goods, and their substances. Components of counterfeit electronic products find different uses. Fragrance containers are recycled for the paper and foil of the box, the glass bottle, and even the fragrance itself for a cleaning product or fuel.

Such recycling, Brohm said, costs about 10 percent of that for traditional disposal. React has counterfeit goods shipped from customs warehouses to its facilities, eliminating public storage

costs. This initiative has not seen a single counterfeit good returned to market since launching nearly 20 years ago.

React is seeking support from governments and businesses to expand its approach worldwide. It has gained traction in Europe with governments who see a "joint responsibility to dispose of [counterfeit] goods in a more environmentally friendly manner." It is also partnering with the University of Wageningen to identify the most efficient ways to recycle product components. This can help reduce the environmental impacts of counterfeits, such as that through carbon dioxide emissions.

React

The Anti-Counterfeiting Network



Social benefit

Social workplace employs psychiatric patients to reintegrate into society

98%

of counterfeit goods reused or recycled



Consortium of more than

300
companies



10%

Costs
of traditional disposal

Partnering
with the **University of Wageningen**





Challenges Elsewhere

The environmental challenges that counterfeit products pose to the environment remain profound. Counterfeit pesticides, for example, can destroy livelihoods and communities.

“Such products,” said **D’Arcy Quinn of CroLife International**, “can destroy a field for years to come . . . the crops are ruined for the farmers, the farmers ruin their lives . . . The economic activity is kicked out from underneath [the village]. They’ve got to migrate to cities [because] they’ve got nothing to feed themselves, not just for that one year but for years to come.” Use of counterfeit pesticides, Quinn added, and particularly insufficient or inappropriate use of active ingredients, can lead to pesticide resistance. Locusts, for example, may develop resistance to legitimate pesticides. This, Quinn said, may lead to “a nightmare scenario” in sub-Saharan Africa. There, such pests can “fly from one country to [an]other, and . . . eat everything in sight in just a matter of hours.” Unfortunately, many countries do not have a coordinated program to address or dispose of counterfeits. Some have not even assigned responsibility for it.

Peter Fowler of the U.S. Patent and Trademark Office noted trying to arrange a meeting between a pesticide manufacturer and a Southeast Asian government. He said, “there wasn’t a clear understanding . . . as to who was actually responsible for dealing with the problem. Customs would say, ‘Well, we don’t . . . it’s not up to us. It’s up to somebody else.’ This has other ramifications for the environment.” Most governments,” he added, “would be in favor of recycling, ‘but they don’t think it all the way through sometimes . . . they just think they can just burn it, and they’re done with it.’”

U.S. government agencies may have a role to play, Fowler said, in addressing these issues. Trade agreements can also make destruction of counterfeit goods difficult. “In Southeast Asia, for example,” Fowler said, “there’s no agreements in place, even though there’s some interest in trying to have some regional approach and a regional facility. It’s blocked by . . . provisions to criminalize the exportation of counterfeit goods [without] exception for those that would be transported for destruction. Without regional facilities,” Fowler added, “many countries would not have the ability to safely destroy or recycle counterfeit goods.”

“Within the United States, counterfeit goods are often incinerated at local facilities,” said **Sarah Kafka of U.S. Customs and Border Protection (CBP)**. Such facilities do have “measures in place to ensure that certain environmental” regulations are followed. One challenge to recycling counterfeit goods is limits on resources. CBP destructions, Kafka said, are not just of counterfeit goods but everything that is forfeited to it.

Ultimately, Quinn said, more of the costs of safely disposing counterfeit goods should be placed on counterfeiters themselves. That, he added, may include enlarging “the definition of who is a counterfeiter to include those people that profit from the counterfeits. ‘Counterfeiters know somebody else is always going to pick up the storage and destruction costs, which they should be picking up.’”

