

Thailand tackles role as regional hub for counterfeit goods

By Peter Janssen Jun 7, 2011, 3:39 GMT



A Thai customs officer examines luxury bags, part of a truckload seized by Thai customs as they were headed for sale in street markets, at Thai Customs headquarters, in Bangkok, Thailand, 03 June 2011, in this picture made available 07 June 2011. Ubiquitous streets stalls do a booming trade in fake brand-name garments, bags, watches, shoes, mobile phones, electrical gadgets, cosmetics, Viagra and other bogus medicines in Bangkok, Thailand. The multi-billion dollar illicit trade in counterfeit goods, with an estimated value at 7-10 per cent of world trade, is a sophisticated, fast-moving, globalized industry, often dealing in high-quality products via well-established delivery networks including the Internet. Thailand, once a major manufacturer of counterfeits, has in recent years become more of an importer nation and regional hub for fakes. Efforts to teach the Thai public about the evils of counterfeiting have gained traction, at least in government circles, as the government comes under growing international pressure to change its ways. EPA/BARBARA WALTON

Bangkok - Chinese imitation Viagra is on sale every night at street stalls in Bangkok for less than one-fourth the price of the real stuff, and the fakes usually contain 98 per cent of the active ingredients of the original.

'We opened this museum last year to help our officials recognize counterfeits,' said Sompong Luksilakul, head of the department's [Intellectual](#) Property Rights Coordination Centre. 'Sometimes our officials seize goods at the borders, and they're not sure if the items are counterfeit or not.'

The multibillion-dollar trade in counterfeit goods, estimated to be worth 7 to 10 per cent of world trade, is a sophisticated, fast-moving, globalized industry, often dealing in high-quality products via well-established delivery networks, including the internet.

Thailand, once a major manufacturer of counterfeits, has in recent years become more of an importer and regional hub for fakes, primarily targeting the millions of foreign tourists who flock to Bangkok and the nation's popular [beach resorts](#). There, ubiquitous streets stalls do a booming trade in fake brand-name garments, bags, watches, shoes, mobile phones, electrical gadgets, cosmetics, Viagra and other bogus medicines.

Most of the goods are manufactured in China, India and Vietnam although Thai counterfeiters have kept a finger in certain [niche markets](#), such as high-quality imitation designer garments and automobile parts, experts said.

The fake goods, primarily from southern China, are smuggled into Thailand via Vietnam and Laos.

In recent years, the Customs Department has become more active in cracking down on the illicit trade, partly to abide by World Trade Organization rules but also to protect the country's manufacturers and fledgling brand-name products, which cannot compete with the counterfeit deluge on the domestic market.

'Twenty years ago, we were making a lot of counterfeits ourselves, so no one cracked down, but nowadays, we realize that if we don't stop counterfeit imports, we won't have any manufacturers left,' Sompong said.

Last year, the department reported about 900 counterfeit seizures.

'For the past few years, we've had good cooperation from the Customs Department,' said Wiramrudee Mokkhaveva, an intellectual property rights expert at the Bangkok law firm Tilleke and Gibbins.

Tilleke and Gibbins set up [Bangkok's](#) first Museum of Counterfeit Goods in 1989 to help inform the public and officials of what was then one of the country's fastest-growing illicit industries.

In 2005, the firm handled a case against a Swiss-owned, [Bangkok](#)-based company that was specializing in manufacturing counterfeit BMW and Mercedes Benz car parts to sell on the domestic market.

While pirated DVDs seem harmless enough, counterfeit wheels and brakes are potentially life-threatening.

Efforts to teach the Thai public about the evils of counterfeiting have gained traction, at least in government circles, as the government comes under growing international pressure to change its ways.

'We have started educating all students about intellectual property rights by putting the topic on the [school curriculum](#),' said Kiat Sittheemorn, who handles the government's trade issues.

But far less has been done to crack down on the sale of fake goods at street stalls and markets, a trade that can only continue with the complicity of authorities.

In 2010, [the United States](#) ranked Thailand among the top 12 worst offenders in intellectual property rights (IPR) violations. 'While IPR public awareness and education has improved, enforcement efforts remain weak and non-deterrent,' the US government said in a 2011 review.

[Longtime](#) observers of Thailand's counterfeit trade said that until penalties are increased, it would be tough to prevent influential people from continuing to profit from the lucrative business.

'We've found in the past that some people were leaving the drug trade and getting into the counterfeit trade instead because the difference was risking a jail sentence or a slap on the wrist,' said David Lyman, chairman of Tilleke and Gibbins. 'And the profit margins are higher.'