Overview of the Socio-economic Implications and Management of Product Faking and Adulteration

By

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Abstract

Products faking and adulteration is a global menace with origin mainly from Asia and destination largely in Europe and Latin America. While counterfeiting cut across all segments of production, perpetrators use both formal and non-formal channels of distribution to move their products into different countries. This article provides an overview of the sources, causes, volume, implications and control of product faking and adulteration. The paper employed general literature survey, complemented by interviews and personal observations to articulate global picture of product faking and adulteration. It uses deductive reasoning to derive the socio-economic impacts of counterfeiting and the existing methods of controlling it. The paper recommends among other ways an integrated institutional approach to manage the challenges of product faking globally.

Key words: Fake, Adulterated, Products, NAFDAC, SON, Greed, Ignorance, Expensive, Cheap.

1. Introduction

Every activity, no less the business activity, is governed by law be it customary, common or Islamic law. The law establishes acceptable and unacceptable conduct of the activity. It sets standards for quality and prescribes procedure for the transfer and utilisation of the output, which may be in the form of good or service. The production of the good or service beyond or below the specified standard is therefore a breach of law. However, the extent of breach of the law is subject to interpretation but more importantly, it is dependent upon the consequences in terms of loss, damage and similar effects on the user or even a third party. The law, in anticipation of variations to standards and the consequences therefrom further prescribes punishment and remedies as the case may be. These punishments and remedies applies depending on the circumstances surrounding the act and its magnitude as well as the understanding of the law as to the intention and agreement behind the production, distribution, sale, purchase and utilisation of the article in question and the time and age of the parties involved.

A number of people are involved between the point of production and consumption of goods and services. Some of these people violate the law. The most vivid in the eyes of the public however are the sellers. Many sellers of goods and services are accused of selling substandard products. They are accused of faking and adulterating products.

The word “product” is generally misconstrued to mean physical item only. However, in most cases, when people especially within the marketing domain use the word, it is intended to include services. Nevertheless, distinction is made by many marketing authors between products and services (Eztel, Walker and Stanton (1997); Palmer (1999); McDonald (1999); Cateora (1996); Onu (2000); etc) in order to help in understanding the concept better. Whereas services are identifiable, intangible activities that are the main object of a transaction designed to provide want-satisfaction to customers, goods have reproducible physical dimensions that can be measured.

Freeman, Sidhu and Montoya (2007) observe that sharing copied music or buying an imitation handbag is a bargain and does not seem like stealing to most people. People contend that they get a product as good as the original for less money. Apparently, those who hold such views could also fake products to sell.

1.1 The Problem

Just as there are many people between the point of conceptualisation, actualisation and utilisation of goods and services, so also there are different perceptions of what constitute fake and/or adulterated good or service. Different background of people also influences their thinking about who fake or adulterate products. One major problem
This Paper broadly attempts to make a general survey of literature as well as public and professional opinions about the concept, causes and effects of fake and adulterated products. In specific terms, the paper seeks to identify the constituents of fake and adulterated products; assess the socio-economic effects of fake and adulterated products; identify the various sources of and motivation for producing fake and adulterated products; evaluate the machinery for controlling fake and adulterated products; and, recommend other ways to manage the challenges of fake and adulterated products.

1.2 Objectives

This Paper broadly attempts to make a general survey of literature as well as public and professional opinions about the concept, causes and effects of fake and adulterated products. In specific terms, the paper seeks to identify the constituents of fake and adulterated products; assess the socio-economic effects of fake and adulterated products; identify the various sources of and motivation for producing fake and adulterated products; evaluate the machinery for controlling fake and adulterated products; and, recommend other ways to manage the challenges of fake and adulterated products.

1.3 Methodology

Data for this Paper were collected using three methods. The first method used was desk research especially using Internet by which related literature was surveyed. This method provides legal definition, types, volume, causes, implications, challenges and control of fake and adulterated products. The second method used was interview through which five different categories of interviewees were randomly interviewed which include lawyers, government officials responsible for enforcing products standards, businessmen, consumers and marketing professionals. Personal observation was the third method used in order to complement the first two sources used in collecting the data. However, data analysis for this research followed a descriptive qualitative approach. In this light, deductive reasoning was used to derive the socio-economic implications and control mechanisms of fake and adulterated products. The Paper therefore articulates an overview of pertinent socio-economic issues concerning fake and adulterated products drawing from both local and international experiences.

2. Literature review

The World Health Organisation (WHO) defined counterfeit drugs as “Medicine which is deliberately and fraudulently mislabeled with respect to identity and/or source”. By extension, we can also say that any product or service that is intentionally presented purported to be what it is not is therefore fake or counterfeit. It however means that products or services which are properly labeled and identifiable with their sources without meeting certain basic standards are not fake or counterfeit but may be substandard. On the other hand, when the production and distribution processes do not conform to Good Manufacturing Practice (GMP) or Good Agricultural and Collection Practices (GACP) whereby the product contains some particles, filthy or decomposed substance other than substances which genuinely forms part of the original product, it is considered to be adulterated.

The quality and safety of any product though depends on perception which is largely influenced by environment. However, Cofie (2011) claims that definition of counterfeit products varies from region to region and from one country to another in Africa. This claim seems to be correct because some products imported with higher standards than the Standards established for such goods in Kenya were categorized as counterfeit even when they carry their own names. However, Foster (2011) assumes that if a product is knowingly offered by both seller and buyer as a “substitute” for another substance, then the practice may be socially and economically acceptable depending upon the cultural context. This is because in his views, an adulterated product is one that the customer does not receive what he or she is led to believe to be purchasing. He adds that geographic origin or an often-ambiguous botanical description might serve to distinguish the presence of adulterants or suggest purity.

Perception of product quality also depends on the confidence the users have on the producers and the sanitary condition of the production processes although the point of sale also counts. Similarly, the pattern of consumption in developed countries for one type of product may differ from the pattern in developing countries. In terms of food for example, consumption of fresh, processed and preserved foods are high, medium and low respectively in developing countries as compared to low, high and high respectively in developed countries. Whereas consumption of meat and poultry as well as dairy products are high in both developed and developing countries, there are high and medium, medium and high as well as high and low consumption of fish and fisheries, fruits and...
vegetables; and, spices and functional foods in developing and developed countries respectively. While immediate effect what is perceived as the criteria for safety in developing countries, it is the long-term effect that is the concern in developed countries; and whereas security and quality are respectively primary and secondary in developing countries, reverse is the case in developed countries (Khandal (No Date)). Yet, safety is of primary concern in developed countries but of secondary concern in developing countries.

Nutritional values and other health benefits has made milk and dairy products to be extensively consumed by large segments of the population during all stages of development and life including childhood, adolescence, pregnancy and the elderly (Nicolaou, Xu and Goodacre (2011). For this reason and the fact that milk is also an expensive raw material, unscrupulous business people largely adulterate milk and dairy products. Internationalisation of food markets has equally made food industry to be highly competitive, financially a lucrative business, very profitable and therefore prone to faking and adulteration.

2.1 Causes of faking and adulterations

Foster (2011) quoting Pliny (23 – 79 CE) states that it is the same fraudulence which is so extremely ingenious in every department of life that has devised an inferior material of the quality one. On the other hand, Hamburg (2010) observes that for better or for worse, globalization has affected everything that we do. She points out that the issue of counterfeiting which is a growing phenomenon, is one of both domestic and international concern. She also claims that counterfeiting, diversion, cargo theft and economically motivated adulteration are crimes of opportunity which flourishes because of the dramatic way the world has changed in a relatively short period of time. On the other hand, Erhun, Babalola and Erhun (2001) state that products are fake and adulterated when demand for popular and or expensive products are high. Thus, it still follows that there is economic motive for adulteration and counterfeiting of products which enter the supply chain right from the production of raw ingredients through the point of sale (Cofie, 2009). It is easy to expect that proliferation of additional handlers, suppliers and middlemen creates new entry points through which contaminated, adulterated and counterfeit products could infiltrate the supply chain.

Another reason for faking and adulteration of goods and services is outsourcing to offshore producers. For example, nearly 40 percent of the drugs Americans take are imported (Hamburg 2010) and 80 percent of all active pharmaceutical ingredients for US companies originate in developing countries (Coukell 2009). These active ingredients producers could get away from being punished when they compromise standards because their operations are outside the jurisdiction of the Federal Drug Agency (FDA). Outsourcing became possible because comparatively labour is cheap in some countries and this is also what makes product faking easy since the cost of producing is far less compared to the super normal profits being made (Sicpa, 2012). That is why Cofie (2011) argues that counterfeiting thrives on the whole process of globalization because spread of capital and know-how to new markets is usually achieved through globalization.

Similarly, any break in steady supply of original product or service could induce the introduction of fake and adulterated ones in order to meet the demand by users. Here, the new sources may not be immediately differentiated or identified and therefore the stringent measures which original producers are subjected to would have been avoided. European and American clothing and accessory brands are constant targets of counterfeiters seeking to capitalise on insatiable consumer demand for status goods. This is because, counterfeiting and piracy are extremely easy industries to enter and make enormous amount of money (Pollinger, No Date). Ehsan, Rahman and Saadi (2010) found that people were stimulated by the high price of fuel to adulterate fuel in Bangladesh in order to gain undue financial benefits.

Harsh business environment like stringent price control and inflation in the domestic markets discourages local production at competitive level with imported substandard, fake and adulterated products. This is also coupled with the near absence of unambiguous incentive scheme to support local entrepreneurs by government. In Kenya for example, producers lack the necessary supports from Kenya Bureau of Standards in order to curb illegal trade and counterfeiting while high compliance levels to the Standardisation Mark (S-Mark) are not matched with benefits in reduction of counterfeit and illicit goods (Wairiuko, 2012). There is also the problem of selective grant of Certificate of Conformity (CoC) to traders who import under “Private Arrangement” invariably to evade inspection by the Kenyan Authorities.

Rapid urbanization with the attendant result of depleting natural plants which serve as ingredients for herbal medicines also provides incentives for unscrupulous suppliers and producers to substitute scarce and expensive ingredients with alternatives of lower quality which of course could be harmful since there is no perfect substitute to any natural thing.
2.2 Different ways of faking and adulterations

Foster (2011) states that the literature from the 12th Century forward is rich with concrete examples of attempts made to adulterate virtually anything of value so as to satisfy a supply gap but also tempted by opportunity to make money. Products are generally fake or adulterated through tempering with packages, swapping labels, producing similar ones, substitution and similar practices (Erhun, Babalola and Erhun, 2001). The National Agency for Food and Drug Administration and Control (NAFDAC) discovered that fake drugs may be cloned with the same quantity of active ingredients as the original drug in order to rake up profits without the associated liabilities or produced with no active ingredients at all or perhaps with insufficient active ingredients. Ehsan, Rahman and Saadi (2010) found that people in Bangladesh mixed petrol with condensates collected from natural gas-fields and transmission pipelines. However, Foster (2011) observes that sometimes products may appear in the market which defies definition as adulteration but can only be categorized as outright unscrupulous fraud.

Another way of faking is to give a brand name that is very close to the original brand such as “Kibi” or “Ki yi” for a polish instead of the genuine brand name of “Kiwi”. In fact, some Nigerian traders make specific or der for a polish instead of the genuine brand name of “Kiwi”. In fact, some Nigerian traders make specific or der for

In terms of distribution, criminals try to re-route fake and adulterated products through other countries in order to evade proper testing. In the UK, authorities have discovered circulation of counterfeit products from wholesalers to pharmacists (Cadario, 2010). In Nigeria, NAFDAC discovered drugs concealed in packs of shirts, baby clothes and similar goods (Akunyili, 2006). Criminals also tamper with the expiry date of products or sell adulterated milk as instant baby formula. It is also easy to sell a piece of fish as one species when in reality it is another species. There are instances in Nigeria where donkey meat was sold for “bush” meat especially when buying along highways travelling to the eastern part of the country. A test conducted by the Standard Organisation of Nigeria (SON) for cables and wires bought in open market with Nigerian stickers did not meet the established standard known for NIGERCHIN products. The sample piece which failed the test had the company’s name embossed in character as against extruding on the genuine products from NIGERCHIN (Akpor, 2011). NAFDAC also discovered cases of rampant changing of expiry dates with a view to extend the shelf life of regulated products (Akunyili, 2006).

The International Policy Network (IPN) estimates that one percent of drugs sold in Ghana, Nigeria, Angola, Burundi and Congo are fake and substandard made from paint, sawdust, cement, talcum powder and other toxic substances (Cofie, 2011).

In Turkey, honeys were found to be made of glucose syrup with high levels of pollen, vegetables and fruits also containing high levels of pesticides over the permitted limits, horsemeat was detected in a number of meat products while products marketed to be containing only beef were discovered to contain poultry. Also, minced chicken bone and skin were mixed together with beef to produce meat products like sausages and salami (Keskin and Albayrak, 2012). In 1988 in the US, it was found that chemicals and household products were used to mask the presence of illicit drugs in urine donated by non-Federal employees for testing. Between January 2002 and May 2005, over 400 products being sold were discovered to have the effect of beating urine, saliva, hair or blood test for drugs. As these adulterants were discovered, their manufacturers also quickly changed the products to avoided being detected (Stephenson, 2007).

Antifreeze and rat poison have been identified to be the commonly used agents in uncontrolled medicinal products with China and India as the major source countries while Free Trade Zones (FTZ) are also used for shipment of large counterfeit and substandard products. Notable among the FTZs were Dubai’s FTZ and Colon FTZ next to Panama canal (No Author, 2010). Vietnam also accused Chinese of producing fake rice by mixing potatoes, sweet potatoes and plastic which is slim and ivory yellow that stays hard after cooking without getting stalled or changing colour when left under normal temperature. The strange rice is totally transparent and without opaque seed in it (Huff, 2011).

Counterfeiter create parallel universe whereby their products even carry free phone numbers and website addresses for consumers to “authenticate” the products using its serial number. Usually, there are people on ground to answer phone calls (Sicpa, 2012). Apparently, they devote resources to make everything look convincing without improving the quality of the product itself.

The general use of informal distribution system equally facilitate the circulation of fake and adulterated products in the same way false declaration by importers, deceitful advertisements and indifference by some governments.

Another dimension of faking involves substituting a lady sought for marriage with her sibling or an older sister. One such example was the case of a man in Samaru who sought the hands of Hussaina in marriage but was
instead given her identical twin sister, Hassana. The man went to court but was frustrated after a prolonged delay in getting judgment. He later accepted and went along with his ‘wife’. Some medical doctors also give prescriptions on non-existing ailment or ailment other than the real case brought before them on solicitation by the “patient”. The ‘prescription’ is then used to obtain a purported purchase receipt from a drug store. Based on this arrangement, the “patient” later presents the receipt for refund by his/her employer. This practice is usually found among bank employees and staff of big organisations that have retainership agreement with hospital or clinic which are generally privately owned.

2.3 Volume of fake and adulterated products

One of the ways to examine the volume of counterfeit products is to identify the origin and destination of fake and adulterated goods. For example, the seven top suppliers of counterfeit goods into the US include China, Russia, India, Pakistan, Uruguay, Korea and Philippines. On the other hand top five consumers of counterfeit goods in the world also include China and Russia as well as Latin America (especially Brazil), Greece and Italy (Intellectual Property Now, 2012). Although Wilson and Fenoff (2011) and Coukell (2009) contend that the true prevalence, health and economic effects of adulteration and faking and how best to combat it is unknown, Iba, Olaleye and Okoye (2010) claim that from pharmaceutical to the textile, beverage, ceramics, electrical and electronics, book publishing, music and even Nigeria’s fast rising home video industry to everything is being fake. However, Grant (No Date) states that olive oil is the first and milk (especially powdered milk) the second most common products that are subjected to adulterations. In 2008, it was estimated that counterfeit medicines accounted for about 10 percent of the global supply or US$22 billion. Due to growing trend, Rind (2012) reports that World Health Organisation (WHO) estimate state that about 40 percent of all medications circulating around the world are counterfeit. He also states that Pakistanis spend 77 percent of their household budgets on medications in market in a country where there is a smuggled version of every popular brand.


In 2004, the WCO estimate that global counterfeit trade was worth US$512 billion and still growing exponentially (Cofie, 2011). Also in 2004, the NAFDAC estimate that about 5.7 percent of world trade is lost annually to fake, adulterated and substandard products (Edike, 2010). Another estimate of the WCO put the international sales of counterfeit goods at about US$600 billion or 5 – 7 percent of total world trade (Pollinger, (No Date)). In 2009, United Nations reported sales of 45 million counterfeit anti-malaria medicines that generated US$438 million in revenue to their producers (Wilson and Fenoff, 2011).

Out of the US$287 billion exchange associated with counterfeiting in the US in 2003, New York City alone accounted for US$23 billion (Thompson, 2004). This was attributed to the high per capita income, population and significant number of visitors which creates high demand for genuine and fake products in the City. It is also estimated that 520,000 counterfeit airline parts are being installed every year in US planes and about US$12 billion counterfeit automobile parts are installed in US cars (Thompson, 2004).

It is believed that 90 percent of the vanaspati being sold in Punjab, Haryana, Uttar Pradesh, Madhaya Pradesh, Rajasthan and Maharashtra in India violates the specifications of the Prevention of Food Adulteration Act (PFA). In New York, US$274 million worth of adulterated or mislabeled HIV drugs was discovered including fraudulent medical reimbursements of US$155 million. The fraudsters who have been operating for four years, repackaged, relabeled and falsified documentation including pedigrees to authorize the purchases of adulterated drugs. Several people along the chain received multi-million dollar under-the-table payments for the transactions which also became money- laundering case when the money was transferred to overseas banks (No Author, 2012).

In the case of Nigeria, it is estimated that over 55 percent of imported products are fake and substandard. Nigeria also imports about 70 percent of its essential medicine needs (Choji, 2011); and British Pharmacopoeia (BP) estimate that 48 percent of drugs being consumed in Nigeria are fake (Nenga, 2011). Following baseline study by NAFDAC in six major drug markets conducted in early 2002, Iba, Olaleye and Okoye (2010) report that 67.95 percent of the drugs were found to be either fake or unregistered with the Agency while over 50 percent of drugs and foods were counterfeit in 2003 and 2004. Anti-malaria drugs are the most abused products because malaria is endemic in the country (Choji, 2011).

Counterfeit drugs sold in Kenya represents up to 40 percent of total drugs sold with a revenue flow of about US$130 million annually (Wilson and Fenoff, 2011). About 80 percent of imported rice in Kenya which comes from Pakistan is adulterated but it is always re-graded in order to deceive end users (Wairuiko (No Date)). Incidentally, Nigeria imports rice worth N156 billion annually (Choji, 2011) and since Customs officers and other officials...
responsible for enforcing standards are accused of compromising on their duties, most of the rice imported may be low grade.

2.4 Implications of product faking and adulterations

The United States Government Accounting Office (USGAO, 2010) states that it is difficult or even impossible to quantify the economy-wide impacts of counterfeiting; but, there is evidence which suggests that economic fraud such as product faking and adulteration could have global consequences affecting consumers, companies, industries and nations both in terms of safety and security. Sadly, effects of product faking and adulterations go unnoticed most of the time until there is simultaneous impact on many people like cases of deaths. For example, due to lack of regulatory enforcement, over 100 heart patients died in Pakistan after administration of adulterated drugs by the Punjab Institute of Cardiology (Rind 2012). It is apparent that certain substituted products by way of counterfeits may contain toxic ingredients like lead or melamine which are not meant for consumption. The IPN estimate that about 700,000 deaths resulting from malaria and tuberculosis can be attributed to fake medicines and therefore ineffective treatment for patients (No Author, 2010). The IPN also estimated that 700,000 people die annually from consuming fake drugs which mostly originated from China and India (Cofie, 2011).

Nigeria loses over N50 billion annually to fake, substandard and counterfeit products due to the poor level of compliance with government imports regulations (The Nigerian Daily, 2011). Iba, Olaleye and Okoye (2010) also estimate that about N15 billion is lost annually in terms of tax revenue to government, income to local manufacturers and employment generation to Nigerians. They state that Nigeria also lost over N19.8 million to software counterfeiting and associated problems in 2009. Between 1988 and 2008, a product called “My Pikin” killed more than 100 children when it was introduced into the market by an unscrupulous businessman (Nengia, 2011). Counterfeiting also frustrated Boehringer, ICI, Merck, Sandoz and other multinational drug companies out of Nigeria in the 1980’s and 1990’s (Akunyili, 2006). Thus, Wilson and Fenoff (2011) estimate that Nigerian pharmaceutical industry operates at less than two-thirds of their installed capacity due to goods that infringe on intellectual property rights.

About 290,000 consumers were affected globally and six deaths recorded in China as a result of the melamine incident which is a US$10 billion trade (Grocery Manufacturers Association and Kearney 2009). Malaria is estimated to cost African nations at least US$12 billion annually in lost economic output while the economic cost of tuberculosis deaths including those resulting from HIV co-infections in sub-Saharan Africa is estimated to be about US$50 billion annually. Out of the one million malaria deaths that occur globally every year, a whopping 200,000 are observed to be caused by counterfeit anti-malaria drugs (Wilson and Fenoff, 2011).

Iba, Olaleye and Okoye (2010) opine that counterfeiting destroys creativity, acts as a bane to the efforts of genuine producers, discourages investments and entrepreneurship. In 2011, over 25,000 jobs were on the firing line in the Aluminum industry as a result of importation and manufacture of substandard aluminum products (Igbininoba, 2011).

Cofie (2011) argues that counterfeit products results into loss of volume, under-utilisation of capacity, increased cost of production, depressed earnings, debased trade mark, loss of customs and excise duties, loss of corporate and personal income tax for government, high cost of enforcement and judicial proceedings, undermine innovations as well as discourages Foreign Direct Investments (FDI) due to trade structural imbalance. For example, in 2005, firms making products which were prone to counterfeiting suffered combined losses of US$5.2 billion in Los Angeles leading to 106,000 job loss with US$5.1 billion in wages and derived state and local governments tax revenue of at least US$483 million loss. The existence of counterfeits has therefore denied genuine producers the opportunity to sell their goods to consumers (Freeman, Sidhu and Monteoya, 2007). More than US$500 million was lost by the East African Community comprising Burundi, Kenya, Rwanda, Uganda and Tanzania as tax collectables as a result of counterfeit goods. In addition, IPR holders lose about US$390 million annually in Kenya to counterfeiting and piracy (Wilson and Fenoff, 2011).

Pollinger (No Date) contends that counterfeit sales are not only theft of intellectual property and hazardous to the health of consumers, it has direct link to the funding of terrorist organisations. He adds that intellectual property crimes are less publicized compared to murder, rape and robbery which continuously attracts the attention of media, government authorities and concerned citizens. Pollinger however concludes that very little is certain in assessing the magnitude of the counterfeiting industry and its supposed connection with international terrorism.

2.5 Challenges of product faking and adulterations

In both developed and developing countries, inadequate laws, funding and staffing appear to be common challenges to the control of substandard and counterfeited goods and services. There is also inability to prosecute offenders in developing countries as well as threats to lives of enforcement officers where gratification has not worked. In
addition, there is inadequate information and technology to detect fake and adulterated products. Often times, the exact number of foreign sources of the products is not known while in terms of physical site inspection, only a negligible percentage of the facilities are covered. Freeman, Sidhu and Montoya (2007) contend that there are no government records showing total counterfeiting transactions which make market size assessment of fake and adulterated products difficult or even impossible.

There is hardly any product quality improvement or the introduction of new products which were developed from local research and development efforts in developing countries due to lack of funding. Also, there is no local pharmaceutical companies in Nigeria that has WHO’s pre-qualification certificate which could have permitted any of them to manufacture and export drugs (Choji, 2011).

Again, there is inadequate awareness on the part of Nigerians and in fact, even in developed countries there is insufficient consumer education on how to differentiate counterfeits from genuine products and the dangers they pose to the health of the people (Igbinoba, 2011). At the same time, there is increasing use of internet marketing on fake products and online purchase facilities with home delivery services which makes physical inspection and direct control of distribution extremely difficult (Stephenson, 2007).

2.6 Managing the challenge of faking and adulteration

Foster (2011) notes that municipalities, medical professionals, societies, organized religions, regional authorities, national governments and kings had imposed different punishments for those who strove to prey on the void of verification. He cited the example of controlling the use of false weights and measures or adulteration with the fear of God, the threat of severe punishment, the presence of Ameer and impromptu inspections in the times of Arabs of medieval Islam. In Salerno, Italy in the 10th Century, it was decided that “whoever shall have or sell any noxious drug or poison not useful or necessary to his art, let him be hanged” (Cadario, 2010). If all countries were to adopt this as the punishment for counterfeiting and adulteration, may be less of the products would be produced. But hypocrisy has led to many countries allowing the manufacturing of fake and substandard products for exports because their citizens are not to suffer the side effects.

One of the institutional means of controlling the distribution and consumption of fake and adulterated goods is seizure of consignment. Enforcement agencies are mandated by laws establishing them to seize and destroy fake and adulterated products wherever they find them. However, officials are being accused of compromising during cargo inspection in seaports, airports and land borders where the goods ought to have been intercepted. In Pakistan, individual pharmaceutical companies have anti-counterfeit teams at regional level who work with local authorities (Rind 2012) while in Kenya manufacturers put up monitoring mechanisms against suspicious consignments in order to arrange for raid (Wairiuko, 2012).

Counterfeit technology aerospace components worth about US$4 million were seized in the US in 2009 while in Ukraine, 43 percent of hair-care and 23 percent of laundry products found to be counterfeit of Procter and Gamble products circulating in the market were destroyed (Buttery, 2007). In Patiala, part of Punjab in India, 2,000 litres of synthetic milk which is usually made from Urea (a substance that is very harmful for kidneys) was seized. The synthetic milk itself was used to produce sweets, ghee, khoa, cream and other dairy products (Sharma, 2011).

In Nigeria, consignment of fake Kiwi shoe polish valued at over N23 million was destroyed in Awka, Anambra state after ASCO Investment Limited received court judgment against importers of the fake product in 2009 after winning similar court cases in 2004 and 2006 when goods worth N32 million of fake Ambi-pur air fresheners and 1,073 cartons of fake Kiwi shoe polish were destroyed respectively (Obe 2009).

Similarly, when large volume of fake and adulterated diesel was discovered to have been imported into Nigeria, Standard Organisation of Nigeria (SON) officials sealed off some petrol stations that were found to be selling the adulterated petroleum products (Oniwon 2012). Also in Malaysia, about RM25.8 million worth of unregistered and adulterated drugs were seized during raids on manufacturing companies. This shows that government organisations must always assume their responsibility by providing active guidance and effective enforcement of regulations.

Trading partners are also collaborating in the fight against fake and adulterated products. Six Chinese citizens were sentenced to death for their role in the shipment of fake consignment to Nigeria while in India, exporting fake drugs now attracts life jail term. The Indian High Commission in Nigeria also places N300,000 reward and protection of identity for information on fake products which originated from India (Choji, 2011). NAFDAC has also appointed drug analysts in India, China and Egypt who certify drugs in their respective countries before shipment to Nigeria while aircrafts must obtain NAFDAC’s authorization before carrying drugs cargo to Nigeria or face various penalties including grounding (Akuonyi, 2006).

In 2006, WHO launched an International Medical Products Anti-Counterfeiting Taskforce (IMPACT) to coordinate activities concerning fake pharmaceutical products in Africa and elsewhere (No Author, 2010).

Although suggestion for a central drug store in Nigeria to curb the circulation of fake medicines may enable authorities to monitor the purchase and distribution within official system (Nengia, 2011), the control of fake and
adulterated products will be limited to government healthcare centres only. Such measure does not stop counterfeit
in private channels and the problem of human element even in government central store in such a manner that
genuine products may be substituted with fake ones because of corruption. The experience from National Supply
Company that was responsible for distribution of commodities procured by government in the Old Kaduna state is a
case in point. However, government has already designated certain ports for entry of imported drugs and
pharmaceutical raw materials while banks have agreed to process only the import documents of only genuine drug
to the diverse nature of the Nigerian market and the nefarious attitude of businessmen involved. Thus, Fernandez,
Day and White (2006) suggest for a comprehensive, pragmatic plan of action, linking various organisations, health
workers, industry and civil societies to combat the problem of counterfeiting. Coukell (2009) opines that enforcement
agencies should seek harmonization of standards with other governments and share registration as well as
inspection data gathered by countries with strong regulatory capacities.
NAFDAC introduced issuance of alert notice and bi-monthly publications on how to distinguish fake from
genuine products in newspapers, radio and television stations. There is also a quarterly safety bulletin with full
information offloaded on the Agency’s website (Akunyili, 2006).

3. Socio-economic implications

It is obvious that there is institutional and individual mindset towards fake and adulterated products. In the social
context, institutions such as governments in developing countries see faking as a development process for achieving
perfection. It is a trial process to match their technological attainment with that of the developed countries by imitating
and branding what they produced in the names of popular products. Growing companies in developing countries also
perceive faking as a take-back process out of the exploitation by multinational companies when they made huge
money through dumping. Individual workers in developing countries on the other hand are happy to be gainfully
employed producing what should have been imported into their countries. However, developed countries are socially
worried about fake products because the monopoly of their big companies is broken.

The economics of fake products for individuals lies in the price at which they purchase popular brands even
along the streets or in small shops since they cannot afford shopping in department stores. Ironically, rich people
also visit chain stores that sell at prices relatively cheaper than similar stores in towns. Incidentally, some of the
products in shelves may be counterfeit.

The reality is that in both developed and developing countries, governments are concerned about fake
products only to the extent that it affects revenue and employment. Although health and environmental impacts are
other issues which government tend to show concern regarding fake products, the time lag before any intervention
takes place shows that health and environment are secondary considerations. It is also believed that in their bid to
sustain industrial lead, developed countries impose standards which are not necessarily desirable.

Furthermore, the quantum of transactions involving fake products in every segment and every country is
increasingly alarming. More agencies of governments are being established to fight counterfeiting and yet the trade is
officially reported to be increasing annually.

Apparently, there is a global moral decadence concerning the effects of economic pursuit on other people
and other nations. Thus, counterfeiting especially for the purpose of exports is considered to be genuine business by
home governments though regarded as unscrupulous by foreign governments of leading manufacturing companies.

The network for counterfeiting is highly sophisticated and tempting to many distribution channels. However,
official corruption also facilitates movements of fake products through ineffective enforcements. Consumers generally
engages in a game of chance by which they hope to derive the same utility when they make purchase of fake
products as they would get from original ones, either way, production, distribution and consumption.

4. Conclusions

If everyone can, the simplest way to control the menace of fake and adulterated products is to refuse the temptation
to buy cheap and flashy looking products regardless of who sale them and where they are sold. Incidentally, we are
all guilty of faking in one way or another. Except when we want to satisfy our egos, we like quality products at
reasonable prices. Reasonable here representing cheap but nobody want to admit it. However, since what goes
round comes around, we fake and also receive fake. It follows therefore that if at our individual levels we decide not
to fake, we will not get fake products to buy. Thus, the menace of fake and adulterated products is a sign of socio-
moral decadence of our societies. The societies need moral re-orientations to be able to control the production,
distribution, sale and consumption of fake and adulterated goods and services.
5. Recommendations

Although it will require a lot of resources, it is worthwhile to develop standard and efficient tracking, tracing and authentication mechanisms which will be continuously upgraded with time to meet new challenges for controlling the menace of product faking and adulteration. In order to achieve this objective, all regulatory agencies should be linked with the Automated System of Customs Data (ASYCUDA) and their officers trained to build their capacities to check and control the influx of fake and adulterated products. In addition, a task force consisting of the various enforcement agencies should visit all offshore sources of imports in order to ascertain their capacities and capabilities to comply with quality and also verify quality of the import items before shipment.

The maritime administration should use cargo-tracking mechanism to monitor cargoes in order to identify some of the fake products. Also, business environment should be made more conducive through investment incentives in order to make local production as cheap and competitive as possible without compromising on quality and standard.

Apart from increasing the staff strengths of enforcement agencies and facilities, it is also necessary to ensure adequate reward system that will discourage officials from being attracted to gratification and ensure security against any form of threats to their lives.

Government should also encourage collaboration between enforcement agencies, local manufacturers and service providers in order to strengthen safety and security standards through joint fight against faking and adulteration.

It is desirable to educate and enlighten consumers on continuous basis. Government should also encourage the public to report any suspected counterfeit product and take steps to weed out officials who compromise on their duties to enforce safety and standards. At the same time, attract offshore manufacturers and service providers including those producing fake products for exports to invest in Nigeria based on agreed standard.

One effective mechanism of managing the menace of fake and adulterated products is the use of mass media to expose perpetrators. When adulterated meat products, fake honeys and pesticide-contaminated vegetables were exposed by the Turkish press, consumers shifted their demand to organic foods (Keskin and Albayrak, 2012). NAFDAC also introduced text message system which helped to boost the fight against fake and adulterated drugs (Choji, 2011).

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