DEVELOPMENTS

COUNTERFEIT MEDICINES
United States. A new bill aims to impose harsher new penalties for those caught attempting to sell counterfeit medicines in the U.S. New penalties include the ability to imprison for life those who knowingly sold spurious medicine—current laws only entail imprisonment between 3-10 years.
More (6 Jan, Regulatory Focus)

Switzerland. A study by scientists of Roche and the Institute of Forensic Science shows the links between organized crime and counterfeit medicines. The results of the analyses "favor the hypothesis of one single main network dominating the market" for this particular counterfeit, with production carried out at industrial scale.
More (18 Jan, Securing Industry) Study

COUNTERFEIT GOODS
Global. ICC Secretary General John Danilovich met with World Customs Organization (WCO) Sec. General Kunio Mikuriya to discuss cooperation, including with BASCAP, to stop counterfeited goods at borders and prevent free trade zones becoming hotspots for illicit trade and organized crime groups.
More (23 Jan, ICC Press release)

Switzerland. The Federation of Swiss Watch Industry is taking measures against counterfeiting including the destruction of counterfeit watches; in 2014, just under 190,000 copies of Swiss watches were seized in Dubai, 20,000 in Greece, 90,000 in Morocco, and hundreds of thousands in Asia.
More (20 Jan, EuropeanCEO)

China. Strategic alliance on infringement and counterfeiting eradication was set up in Beijing to further improve protection of intellectual property rights. Chinese authorities handled more than 110,000 cases of IPR infringement in the first three quarters of last year. This year will see special campaigns to crack down on IPR infringement and counterfeiting in the e-commerce sector.
More (23 Jan, Xinhua)

In Guangzhou, police are staging an exhibition of fake goods. The show is drawing 3,000 visitors daily.
More (29 Jan, Asahi Shimbun)

India. Mahindra & Mahindra conducted raids across 6 auto spare part makers and sales outlets in the country, to counter the ‘ever-growing’ threat of counterfeit products.
More (29 Jan, Reuters)

ILLEGAL FISHING
Global. About 20% of the world’s fishing catch is taken illegally by poachers, a catch experts estimate to be worth about $23.5 billion annually. But a new satellite tracking system aims to crack down on the industrial-scale theft known as “pirate fishing.” Backed by the Pew Charitable Trusts, project ‘Eyes on the Seas’ will open a “Virtual Watch Room”; the project is now live and capable of monitoring waters across the world’s oceans. The “watch room” is a digital platform which can be accessed remotely by governments, rather than a physical space.
More (21 Jan, Reuters) More (24 Jan, Economist)

Mexico. Authorities have begun testing unmanned drones that could help save the critically endangered vaquita marina, the world’s smallest porpoise, which is threatened by illegal fishing.
More (19 Jan, Associated Press)

New Zealand. January’s high-seas confrontations mark a first in Antarctic waters, believed to be a hotbed of illegal fishing. Each of the ships could hold more than $1 million worth of Antarctic toothfish, marketed in North America as Chilean sea bass. New Zealand hopes the confrontations will mark a turning point in the pursuit of poachers.
More (21 Jan, Associated Press)

ILLEGAL WILDLIFE TRADE
South Africa. South Africa moved around 100 rhinos to unspecified neighboring states as part of efforts to stem the illicit slaughter of the animals for their horns. Home to around 80% of the global rhino population, government figures show the country lost a record 1,215 rhinos last year, about a 20% increase on the 2013 toll, with 49 slain so far this year.
More (22 Jan, Bloomberg)

ILLEGAL LOGGING
Cameroon & Malaysia. These countries have failed to make progress in tackling illegal logging since 2010, due to corruption and a lack of transparency and political will, a report by Chatham House said.
More (21 Jan, Reuters)

ILLEGAL ARMS TRADE
Thailand. The country has has joined the global Container Control Program, a United Nations initiative aimed at minimizing the exploitation of maritime containers for the illicit trafficking of drugs, weapons and other illegal goods.
More (20 Jan, The Maritime Executive)

DRUG TRAFFICKING
Italy. Rome police broke up a mafia drug ring with links to Colombian narcotics gangs, seizing more than 600 kg (1,300 pounds) of cocaine and hashish.
More (20 Jan, Reuters)

China. Chinese police arrested 60,500 suspects on drug offenses and seized more than 11 metric tons of narcotics.

US-Mexico: Drones are increasingly used by drug cartels but US Customs & Border Protection also has drones in its arsenal.
More (22 Jan, TIME)

HUMAN TRAFFICKING
Thailand. The government is deploying GPS on fishing boats, adopting steep fines and a budget to hire 700 anti-corruption staff in an effort to combat human trafficking ahead. U.S. State Department in June named Thailand as one of world’s worst centers for human trafficking.
More (13 Jan, Reuters)

United States: “A Path Appears” is a new documentary on gender-based oppression and the solutions being implemented. Episode one premiered on PBS on 26 Jan and was on Sex Trafficking in the United States.
More

NATURAL RESOURCE THEFT
Congo, CAR, Sudan. The Enough Project urges the International Criminal Court (ICC) to revive the court’s financial crimes unit and expand investigations in Congo, the Central African Republic, and Sudan to cover natural resource pillage, which is punishable at the ICC.
More (22 Jan, Reuters)

ILLEGAL TRADE IN ANTIQUITIES
Italian & Swiss police broke up an art trafficking organization, recovering more than 5,000 ancient artefacts worth over €50 million ($57.92 million). Italy’s culture ministry said.
More (21 Jan, Reuters) The record haul has been described as “the biggest recovery in history in terms of the quantity and quality of the archaeological treasures”
More (21 Jan, Associated Press)

COUNTERFEIT SOFTWARE
China. To crack down on the pirated copies of Microsoft’s intellectual property, the company has signed an MOU with Alibaba, which will also help customers get compensation.
More (9 Jan, WinBeta)
**ILLICIT TRADE DEVELOPMENTS BY COUNTRY**

**Alcohol**

**INDIA:** Authorities are cracking down on illegal liquor sales, as the death toll among villagers who drank from a bad batch of cheap alcohol climbed to 38.

*More* (14 Jan, Associated Press)

**Drug Trafficking**

**MEXICO:** Police in a Mexican border city said that a drone overloaded with illicit methamphetamine crashed into a supermarket parking lot.

*More* (21, Associated Press)

**MYANMAR:** In Shan State, 25% of the world’s heroin is produced from valleys of opium poppy. About 90% of the heroin produced in those fields will eventually make its way to China, where it will be consumed.


Papaya cultivation in Myanmar has nearly tripled since 2006, reaching close to 150,000 acres, according to surveys carried out by the United Nations.


**VENEZUELA:** Officials denounced a report that links the head of the country’s congress to the drug trade. The U.S. has long accused top Venezuelan political and military leaders of complicity in the drug trade.

*More* (27 Jan, Associated Press)

**Illegal Arms Trade**

**FRANCE:** Although semi-automatic and automatic firearms are banned, police in 2012 estimated that 4,000 “war weapons” were circulating illegally in France.

*More* (7 Jan, Bloomberg)

**CHINA:** Police are cracking down on illegal guns and explosives ahead of the Lunar New Year festival and the annual session of parliament. Online purchases of guns and explosives and their delivery by courier services have become a “prominent issue.” The campaign lasts until March.

*More* (20 Jan, Reuters)

**CENTRAL AFRICAN REPUBLIC:** Guns and ammunition made in Europe, Iran and China are being smuggled into the country, fueling conflict that witnesses some of the worst human rights abuses.

*More* (19 Jan, Bloomberg)

**Smuggling**

**VENEZUELA:** To survive the economic crisis, people are resorting to fish smuggling. While contraband of gasoline and medicine has been going on for years, tons of fresh-water fish are being traded by Venezuelans who traverse dangerous waterways for days into Colombia.

*More* (7 Jan, Reuters)

**Counterfeit Goods**

**TURKEY:** Counterfeit & pirate product market in Turkey is currently worth around $10.8 billion, making the country 5th in the world for counterfeit goods. Some research also show that Turkey produces the highest quantity of counterfeited medicine.

*More* (19 Jan, Daily Sabah)

**Counterfeit Medicines**

**AFGHANISTAN:** Corruption and lack of border controls has opened country up to flood of substandard drugs that put poor, sick Afghans at risk. Up to 300 companies based in Pakistan make medicine specifically for export to Afghanistan, which does not require the standards demanded by their own government for drugs used in Pakistan.

*More* (7 Jan, The Guardian)

**Illicit Financial Flows**

**NORTH KOREA:** The government has recently written to an arm of the OECD expressing its commitment to implementing its guidelines on fighting money laundering and financing of terrorism.

*More* (16 Jan, Reuters)

**UNITED STATES:** Major banks have been used as financial conduits for the smuggling industry. Investigators say banks can and should more to shut down the smugglers’ monetary pipelines. Gangs reap $10 billion a year from about 3 million illegal border crossings from Mexico, according to the UN Office of Drugs and Crime.

*More* (16 Jan, Bloomberg)

**Counterfeit Currency**

**EUROPE:** Italian finance police seized five sophisticated printing presses used to forge euro banknotes and a haul of unfinished fake 50-euro bills with a counterfeit value of more than €50 million ($59.3 million). The seizure is one of Italy’s largest in recent years, police said.


**illicit online marketplaces**

**UNITED STATES:** Authorities revised down their estimate of the online black market sales. They say Silk Road had actually seen an estimated $200 million in drug sales, which comprised 95% of all sales on it.

*More* (20 Jan, Reuters)

**Fake Food**

**VIETNAM:** The country has a problem with fake dietary supplements as agencies have found it difficult to keep pace.

*More* (31 Jan, Thanh Nien News)

**Human Trafficking**

**EUROPE:** At the start of 2015, Italian authorities twice in the same week rescued hundreds of migrants from freighters that had pointed toward Italy and then abandoned by traffickers with no one at the helm. The migrants routinely pay up to $600 each for the trip. United Nations called the abandonment of large cargo ships “an emerging appalling trend in the human trafficking of migrants.”


Almost 170,000 people were rescued in the Mediterranean last year, but hundreds died and more are missing.

*More* (12 Jan, Associated Press)

**THAILAND:** Rights groups urged Thailand to end a project to recruit prisoners to work on fishing boats; A labor shortage in the industry has also partly fueled human trafficking to meet demand for labor in the fishing sector.

*More* (14 Jan, Reuters)

About 42 children under the age of 14 were among 98 suspected Rohingya trafficking victims from Myanmar found in pickup trucks in southern Thailand.

*More* (12 Jan, Reuters)

**UNITED STATES:** Each year at least 100,000 children are victims of sex trafficking in the U.S., most of them girls who are recruited between the ages of 12 and 14, cites Rights4Girls which is leading the No Such Thing campaign to eradicate the term “child prostitute.”

*More* (8 Jan, Reuters)

**INDIA:** Hundreds of children trafficked and enslaved to make bangles have been rescued by police. Traffickers had given their impoverished parents 5,000 rupees ($80) as payment for the children.

*More* (30 Jan, Reuters)

**MALAYSIA:** Rohingya activists say there is widespread abuse by human traffickers in Malaysia, who are willing to use extreme methods to protect their lucrative but illegal business.

*More* (28 Jan, Reuters)

**CHINA:** Authorities raided an abandoned factory in East China during a child trafficking bust and rescued 37 babies and a toddler. The incident points to a “new criminal pattern” in which child traffickers take pregnant women to a specific place to give birth.

*More* (14 Jan, Washington Post)

**Illegal Logging**

**MYANMAR:** Army has arrested more than 100 foreigners and 20 Myanmar nationals for illegal logging near the Chinese border.

*More* (6 Jan, Associated Press)
LATEST TECHNOLOGICAL AND OTHER DEVELOPMENTS

INDUSTRY DEVELOPMENTS

ONLINE RETAIL. In a meeting with the State Administration for Industry and Commerce (SAIC), Alibaba promised to “cooperate with the government (and) devote more capital” to weeding out fake goods. More (30 Jan, Reuters) SAIC had issued a report that said Alibaba has a “credibility crisis” fueled by a failure to crack down on shady merchants, counterfeit goods, bribery and misleading promotions using its online malls, the government said. More (28 Jan, Bloomberg).

In a government audit, the number of genuine products on Taobao was 37.25%, the rest, based on the sample set, were fake. More (25 Jan, Epoch) Seven out of nine e-commerce platforms were found to be selling fake or sub-par products, with a failure rate of 77.6%. More (28 Jan, China Times)

PHARMACEUTICALS. China’s Food and Drug Administration plans to allow online sales of prescription drugs as early as this month, opening up the market for online e-commerce platforms like Alibaba.com & JD.com. More (19 Jan, Fierce Pharma)

U.S. Food and Drug Administration said counterfeit versions of the erectile dysfunction drug Cialis were found in the mail en route to a customer in the United States, and it is alerting consumers and doctors to be on the lookout for fakes.

The Agency initially said the Cialis batches were made at an Eli Lilly plant in Australia but an Eli Lilly spokesman said that Cialis is not made in Australia. More (13 Jan, Wall Street Journal)

In their latest bid to lower prescription drug costs, two U.S. Senators have reintroduced legislation that would allow Americans to purchase medicines from Canada. For the moment, only one state has enacted similar legislation. More (9 Jan, Wall Street Journal)

TOBACCO: Some reports suggest that Manchester, an example of “illicit white”—thought to be legally manufactured in the UAE, China and the Philippines—and can be legally sold in some Asian countries. More (23 Jan, BBC)

Imperial Tobacco, the world's third largest cigarette maker, is moving into caffeine as more people kick the deadly smoking habit, launching a melt-in-your-mouth strip designed to give an energy boost in seconds. More (25 Jan, Reuters)

ANTI-COUNTERFEIT

VISUALEAD. Alibaba said it will invest in technology startup Visualead which creates codes that consumers can scan with their smartphones. Alibaba didn’t disclose the investment size, but a person familiar with the matter said the Chinese e-commerce company is investing $6 million. Quick response codes, or QR codes, are much more popular in China than they are in many Western countries; they also have gained traction in Japan. More (20 Jan, Wall Street Journal)

AUTHENTICATE. Narco, an Australian firm in dairy and milk production, has signed up to use Authentic ateit’s anti-counterfeiting platform to ensure its exports pass China’s food serialization and track & trace regulations.

Authenticateit will allow consumers to check the authenticity by scanning the product’s barcode using its free app. More (22 Jan, Food Magazine)

Consumers can also check that the product hasn’t been recalled; the app verifies this via a live integration with global product recall portals. More (22 Jan, FoodProcessing.com)

DIALETS. The Defense Advanced Research Projects Agency (DARPA) awarded multi-million contracts under its SHIELD program which develops dielets that can detect tampering.

DARPA wants to develop dependable and inexpensive dielets that could be scanned from a device. The system must be able to identify counterfeit parts anywhere in the supply chain. More (15 Jan, Defense Systems)

PASS SYSTEM. In Malaysia, medicines of Pfizer have an additional security feature, i.e. a Patient Authentication for Safety via SMS (PASS) system. There is a 15-digit verification code hidden behind the label authentication code. The genuineness of the medicine can be verified instantly by sending the verification code by mobile phone (SMS) to 33488. More (5 Jan, The Star)

DOT CODE. A counterfeit wine investigator proposed that bottles may hold the solution—specifically the dot code, which provides the factory’s final inspection equipment with bottle identification information, which is then stored in a computer for traceability. Dot codes have been used for internal controls for a long time. More (21 Jan, Wine Spectator)

RELATED DEVELOPMENTS

Tamper-evident capsules. SICPA has developed a patent-pending tamper-evident capsule solution for the wine and spirits industries. The capsules incorporate overt authentication features, requiring no additional label application for enhanced security of the product. Covert and semi-covert features can be added to provide multi-layered security. Security technologies can be integrated regardless of capsule material. In use by select U.S. wine brands today, SICPA’s secure capsule solution protects against refilling and provides consumers a visual authentication tool. More (WineBusiness)

Banknote Anti-counterfeiting measures. The European Central Bank has begun to release the new Europa series of banknotes, the second design since the euro was introduced in 2002. The new banknote designs contain modern security features aimed at reducing counterfeit banknotes from circulating, such as SICPA’s SPARK feature, hologram stripe & patch, magnetics & fluorescence. More (26 Jan, Securamonde)

SICPA. Micros Chip is looking for licensees of this currency security feature that can be read by human eye. More (22 Jan, Press Release)

OPSEC. OpSec Security has extended its partnership with the GS1. This partnership allows brands to control their supply chains and authenticate their products. More (21 Jan, Press release)

APPLIED DNA SCIENCES. The company was granted US Patent for Identification of Genetic Variants of Pima Cotton. With SigNature T marking and authentication, suppliers of cotton to the US military can prove their cotton is of American origin. More (30 Jan, Press Release)

INTERPOL WORLD 14-16 April

This is in conjunction with the official opening of the INTERPOL Global Complex for Innovation (IGCI) in Singapore (13 April 2015). Digital Coding and Tracking Association (DCTA) and SICPA are tackling Supply Chain Security issues and will propose improved product verification technologies and track and trace systems that can be used not only in the pharmaceutical industry but also in the luxury goods and fast moving consumer goods (FMCG) industries. More (3 Feb, Securitas News Desk) Programme
PHILIPPINES: In a bid to collect P1.72 trillion in taxes in 2015, the Bureau of Internal Revenue has several priority programs—including affixing tax stamps on tobacco products. Last year, a tax stamp project for tobacco products was implemented. More (15 Jan Philippine Daily Inquirer)

Government may also impose higher taxes on soft-drinks and other sugar-based drinks. More (19 Jan, BusinessWorld)

TAX DEVELOPMENTS

PHILIPPINES: In a bid to collect P1.72 trillion in taxes in 2015, the Bureau of Internal Revenue has several priority programs—including affixing tax stamps on tobacco products. Last year, a tax stamp project for tobacco products was implemented. More (15 Jan Philippine Daily Inquirer)

Government may also impose higher taxes on soft-drinks and other sugar-based drinks. More (19 Jan, BusinessWorld)

TURKEY: The Finance Ministry expects an additional $560 million in 2015 from an increase in tobacco tax and $215 million from a tax hike on alcoholic beverages. More (7 Jan, Reuters)

BRAZIL: Government intends to raise its “sin taxes” on beer and other alcoholic beverages this year. There will also be a vanity tax on cosmetics. More (3 Jan, Forbes)

RUSSIA: The government is raising excise duties on beer, as part of a campaign to curb alcoholism. More (29 Jan, Reuters)

UKRAINE: The State Fiscal Service has called on local government agencies to introduce a 5% excise tax on retail sales of excisable goods (alcohol, beer, tobacco, fuel). More (14 Jan, Interfax)

AZERBAIJAN: Parliament approved new tax rates for domestically produced alcohol and tobacco. More (2 Jan, Tax-News) Earlier, Azerbaijan’s share of excise tax on tobacco products was 12.5%, while in Russia it reaches 40% and in Great Britain, up to 70%. More (8 Jan, AzerNews)

KYRGYZSTAN: Excise tax on gasoline and alcohol are being increased and raised to the level of tobacco taxes in Kazakhstan. More (9 Jan, World Health Organization)

BULGARIA: A new study shows that illicit trading in cigarettes is on the rise in the country and translates to €250 million in lost government revenue from taxes and excise duty. More (2 Jan, Novinite)

HUNGARY: New rules determining the amount of an excise tax bank guarantee paid by alcohol wholesalers will be introduced from 1st of March this year. More (7 Jan, Hungary Today)

MYANMAR: The government plans to raise taxes on alcohol and tobacco products to improve the health of the people. More (23 Jan, Myanmar Times)

UNITED STATES: Vermont could reap hundreds of millions of dollars in tax revenue if it were to legalize marijuana, but only if nearby states didn’t also jump on the bandwagon, according to a study. Revenue from marijuana consumers could generate between $20 million and $75 million a year for the state. Colorado is on pace to bring in less than $70 million a year. More (2 Jan, Associated Press) More (16 Jan, Associated Press)

In terms of e-cigarettes, Minnesota and North Carolina already tax e-cigarettes. Last year, e-cigarette tax proposals were introduced in 12 other states. More (23 Jan, Fiscal Times)

In terms of alcohol, a new paper by Boston University scholars show that one-percent increase in alcohol beverage prices from taxes was associated with a 1.4% decrease in the proportion of adults who binge drink. The state with the highest beer combined taxes - Tennessee - had the lowest binge drinking rate (6.6%) in 2010, while states with low alcohol taxes, such as Montana, Wisconsin and Delaware, had relatively high binge drinking rates. More (11 Jan, Science 2.0)

A study shows the sensitivity of tax rates on smuggling rates. The study also shows approximate impact on revenues by state of cigarette smuggling. More

OTHER DEVELOPMENTS

Product packaging

UNITED KINGDOM: The British government plans to introduce a law before May forcing tobacco firms to sell cigarettes in plain packets without branding in England, ending years of debate and lobbying and bringing the country into line with practice in Australia. More (22 Jan, Bloomberg) If plain packaging in Australia hadn’t worked, “why would the tobacco industry have fought so hard against it being introduced here and elsewhere?” More (22 Jan, BBC)

GLOBAL: In a similar vein as plain packaging laws for cigarettes, junk food and alcohol could be the next targets of similar legislation. Alcohol in Indonesia, infant formula in South Africa, and fatty foods in Chile are among the items already being targeted for plain packaging. More (23 Jan, Bloomberg)

DAILY UPDATES ON ILLICIT TRADE

For daily updates, follow: Link