Combating Counterfeits with IPM and GS1 Standards

CHALLENGE
Counterfeiting is a growing problem worldwide. As products arrive at international borders, Customs officers are confronted with how to best detect and seize counterfeit products and how to facilitate the clearance of genuine ones. As counterfeiters become more and more sophisticated, so must our methods of detection in order to prevent these products from entering households.

SOLUTION
The World Customs Organization (WCO), supported by GS1® and pharmaceutical companies, has developed the Interface Public-Members (IPM) tool that enables Customs officers to access valuable product information, provided by contributing right holders, to aid with counterfeit detection or genuine product clearance. GS1 Standards extend the availability of valuable product data for Customs to leverage for more precise and faster decisions.

BENEFITS
Customs officers can now scan GS1 barcodes to automatically access authentication product data for faster decisions and product clearances. IPM also provides product information about packaging, shipping and other attributes that enable Customs to better detect and seize counterfeits. With IPM, right holders can enhance their brand protection strategies for greater consumer safety, reduced costs, and minimized lost revenue.
A Growing Problem

Counterfeiting is a problem worldwide. It endangers consumer safety, undercuts legitimate businesses, and threatens national security.

And it’s growing. More and more counterfeit products are entering and traveling through global supply chains every day. According to a U.S. Department of Homeland Security report, the number of government seizures for all types of products in fiscal year 2013 increased nearly seven percent year-over-year, a 38 percent increase in lost revenue of more than $1.7 billion.

In its 2012 report, the European Union stated almost 40 million articles were detained as they tried to cross European borders. The value of equivalent genuine products was estimated to be nearly €1 billion.

Counterfeit products are found in markets worldwide, and counterfeit pharmaceuticals are especially threatening since they pose a direct risk to public health. Lured by high profits, organized crime is particularly attracted to pharmaceutical counterfeiting schemes. And with the prevalence of Internet trade, it is relatively easy to globally market and sell counterfeit drugs.

While it is impossible to quantify the extent of the problem, according to the WCO’s 2013 “Illicit Trade Report,” over two billion pharmaceutical items were intercepted by WCO Members in 2013.

While the U.S. pharmaceutical market is one of the safest worldwide, pressure from outside counterfeiters and diverters is still a real challenge. And counterfeit medicine is certainly a major global issue for pharmaceutical companies, governments, and the consumers who place their trust in them.

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— LEIGH WINCHELL, Deputy Director, Compliance and Enforcement, World Customs Organization

On the Front Lines

“Never underestimate the sophistication of counterfeiters. They can be highly intelligent and very effective in manufacturing and packaging counterfeit products,” says Leigh Winchell of the World Customs Organization.

“Customs officers are on the front lines,” continues Winchell. “They account for 90 percent of the counterfeit goods seized in Europe, and over 70 percent worldwide. It’s the WCO’s mission to develop the latest and most effective tools to help Customs detect and stop counterfeits before ending up on retailers’ shelves.”

“In past years, global companies have strengthened their fight against counterfeiting with the creation of brand protection strategies that focus a great deal on prevention and raising awareness. The IPM tool can be a powerful part of any company’s anti-counterfeiting arsenal.”

One of the WCO’s objectives includes working with North American companies that have a global reach to make their supply chains more secure and free of counterfeits with IPM.


3 “Illicit Trade Report 2013” will be published in June 2014 and available on the WCO website at www.wcoomd.org
Data Directly in the Hands of Customs

In 2010, some of the world’s top pharmaceutical companies led the way by working with the WCO to create IPM. Based on its longtime relationship with the WCO, GS1 formulated the concept of leveraging GS1 Standards for significantly enhancing IPM and its effectiveness.

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From Night to Day

By joining IPM, a right holder gives Customs officers direct access to product data it has uploaded into the interface to assist them with detection.

“Earlier this year [2014], we introduced the IPM mobile application. IPM literally puts essential data provided by right holders in the hands of Customs officers,” says Winchell. “Using IPM is like going from night to day for counterfeit detection.”

IPM provides Customs officers, via a Web-based interface, access to a database of product information provided by right holders. They also have access to registered product identification information from GS1 Standards like Global Trade Item Numbers (GTINs) and the GS1 Global Electronic Party Information Registry (GEPIR).

Sandra Wens, Expert, Combating Counterfeiting and Piracy for the World Customs Organization, explains how IPM works.

When receiving shipments, the Customs officer can scan the GTIN data encoded in the barcode to check if the product they are inspecting is compliant with its description by the right holder. The officer can also enter key words such as the brand name and item name. Once the information is entered or scanned, IPM sends a request to different databases to provide the officer with authentication data related to the inspected product.

“By scanning a barcode using our IPM mobile app, officers get fast, accurate product data to speed product clearances for right holders and decision-making for Customs,” says Wens.

The IPM database also provides the officer with photos, videos and other instructions about how to distinguish a fake counterfeit product from the genuine product – all uploaded into the database by the right holder.

Pharmaceutical players helped develop IPM and continue to be committed to the eradication of counterfeiting by regularly updating product information into the database. They also helped the WCO extend the value of IPM to other business segments.
Right holders can upload all types of information that help authenticate their products – how products are packaged, and shipped, examples of previous cases – all this intelligence can be used to quickly detect counterfeits” explains Wens.

If needed, IPM enables the officer to immediately and easily contact a trusted authoritative source within the right holder’s organization to communicate his suspicions and either verify or disprove the findings. Likewise, the right holder contact can easily alert Customs officers about updates such as the addition of a new product, changes to packaging, or other special instructions.

Wens is very familiar with counterfeiting tactics. She has a first-hand experience working with companies and Customs administrations worldwide to combat counterfeiting.

“When it comes to counterfeiting, communicating comprehensive information – and fast – is key. For example, if there is a new counterfeit technique within a specific region, we can alert all countries’ officers at once,” says Wens. “Or if a company is introducing a new drug, it can quickly update Customs officers and upload the product information into the IPM database. With IPM, it’s possible to stay one step ahead of counterfeiters.”

WCO Operations

The WCO regularly collaborates with Customs administrations around the world to conduct targeted operations. During these operations, the WCO trains Customs officers in a particular region on various risk-analysis techniques and the use of IPM. Right holders are also invited to train these officers on their products for detection strategies. These operations help to quantify the scale of the phenomenon in a specific region and to bring to light any new trends or methods used by counterfeiters.

One of the WCO’s largest operations, Biyela in Africa, focused on pharmaceutical counterfeiting and involved over 500 Customs officers. The results: After only seven days of operation, 550 million doses of illicit medicines were intercepted.

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“The sheer magnitude of the problem is troubling, but with each operation we have new Customs officers better trained at targeting and detection techniques, and using IPM to help address this prominent issue,” says Leigh Winchell. “We plan to continue conducting these operations in 2014 and beyond, especially throughout Africa and Latin America.”

The WCO also plans to work closely with various industry associations and their members for highly segmented operations. It is considering smaller operations in specific regions or countries focused only on certain products within an industry. “In this way, we’ll better learn the nuances of how to detect counterfeiting for high-probability products,” explains Winchell. “Also, we’re always looking for new opportunities to add new right holders, especially those using GS1 Standards since they are critical components for IPM.

“They are tremendous resources when you consider that many companies today are already using GS1 Standards to identify their products and synchronize product data with the trading partners. At the WCO, we’re simply extending the business-to-business value of GS1 Standards to support the critical business-to-government need for counterfeit detection.”

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EXPLORING IPM ENHANCEMENTS WITH GS1 TRACEABILITY STANDARDS

On November 2013, President Obama signed to Drug Supply Chain Security Act into Law (DSCSA), which calls for a nationwide standard for tracing drugs through the U.S. supply chain. Early phases of the law call for supply chain participants to share transaction information, transaction history, and a transaction statement at the lot level. Later phases call for the serialization of pharmaceutical products at the lowest saleable level and an interoperable system to trace pharmaceuticals back to their origins.

GS1 US has been working with the U.S. supply chain on pharmaceutical traceability issues since 2003 and has released an industry guideline on how to use GS1 traceability standards to help with compliance with the new law.

The WCO, GS1 US, GS1 and key pharmaceutical manufacturers are exploring the use of those traceability standards to enhance the IPM tool to include traceability information to identify legitimate shipments through Customs.

For more information, contact Bob Celeste, Senior Director, Pharmaceutical Sector Lead, GS1 US, at rceleste@gs1us.org.
About the Organizations

CONTACT US

To learn more about the WCO IPM or to join the program, contact the U.S.-based IPM Project Manager, David Chandler, at david.chandler@wcoipm.org. For more information about GS1 Standards and their support of Customs administrations worldwide, contact Bob Celeste, Senior Director, Pharmaceutical Sector Lead, GS1 US, at rceleste@gs1us.org.

ABOUT THE WORLD CUSTOMS ORGANIZATION

The WCO is an intergovernmental organization comprised of 179 Customs administrations that provides leadership, guidance and support to its Members to secure and facilitate legitimate trade, realize revenues, protect society and build capacity. As Customs administrations are responsible for protecting national borders from the illegal flow of counterfeit and pirated goods, the WCO leads discussions on global efforts to fight such crimes. This entails bolstering efforts to combat counterfeiting and piracy by improving enforcement methods and promoting the exchange of information between Customs as well as between Customs and the private sector. www.wcoomd.org / www.wcoimp.org

Special thanks to David Chandler, IPM Project Manager, World Customs Organization, as a major contributor to this case study.

ABOUT GS1 HEALTHCARE US®

GS1 Healthcare US provides expertise, tools and resources to help companies implement GS1 Standards to improve patient safety and supply chain efficiency. To learn more, contact GS1 Healthcare US at GSIHealthcareUS@GS1US.org or visit our website at: www.GS1US.org/healthcare

ABOUT GS1 US

GS1 US, a member of GS1, is an information standards organization that brings industry communities together to solve supply-chain problems through the adoption and implementation of GS1 Standards. More than 300,000 businesses in 25 industries rely on GS1 US for trading-partner collaboration and for maximizing the cost-effectiveness, speed, visibility, security, and sustainability of their business processes. They achieve these benefits through solutions based on GS1 global unique numbering and identification systems, barcodes, Electronic Product Code-based RFID, data synchronization, and electronic information exchange. GS1 US also manages the United Nations Standard Products and Services Code® (UNSPSC®). www.gs1us.org

“I believe all companies faced with known or potential counterfeiting of their brands should join IPM. It’s the only global anti-counterfeiting tool that directly, and in real-time, puts Customs officers in contact with the private sector. It can have a huge impact to deter counterfeiting and lost revenues.”

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