

We apologise for the delay but hereby submit the following comments in relation to China/Australia trade and counterfeit goods: -

1. the majority of the counterfeit goods intercepted at Australian Customs Services that are offshore, are from China with the lesser extent originating from Thailand, Indonesia and Korea.

2. the concerns with safety issues surrounding counterfeit goods from China are: -

- sunglasses are overrated or have irrelevant Australian UV standard claims with poor quality lens. They are usually of cheap plastic, and not manufactured with graduated lens to prevent optical damage etc. (symptoms include headaches, blurred vision etc.)

- fragrances are usually manufactured with acetone base which not only stain clothing, but more seriously, cause skin allergies, asthma attacks and/or other skin and respiratory reactions to sensitive/allergy sufferers or trigger attacks to those whom may not be aware. As they are packaged to look like the genuine products, consumers are deceived of the contents and quality.

- unsafe toys affect consumers, which are largely, young children. The Australian Toy Standard (AS/NZ 8124), though a voluntary industry standard, is developed with safety fundamentals arising from research sources including educators, child development specialists etc. and also tested. Counterfeit and/or unsafe toys may be manufactured with unsafe plastics, rubber, paints, glues, dyes, loosely fitted parts that dismantle etc. which young children tend to put in their mouths and can lead to health concerns.

- cellular phone accessories (batteries etc.); counterfeit batteries do not contain fuses and may short circuit, overheating and there have been reported cases of exploded phones due to counterfeit batteries in Asia, but recently in Australia as well. These explosions can happen at any time, unexpectedly whilst the phone is in use or on standby in the user's pocket or handbag for example, posing a danger.

- electrically operated goods, eg. Small appliances that do not comply with Australian standards and have no approval for use in Australia. Similar issues as the counterfeit batteries, short circuiting, may lead to electrical hazards in the home etc.

3. These counterfeit goods are becoming more available and accessible with the number of Chinese students in Australia and the availability of such goods off the internet eg. Via ebay as this allows small quantities per transaction into Australia and no need for wholesalers or large volume trading.

4. Trend with cellular phones - we have been liaising with Australian Customs in the intercepting and seizing of whole cellular phone units, where all components of the phone and the accessories such as the chargers and batteries that come in a retail pack a fully counterfeit, not one component is genuine. The majority sent from China to wholesalers, phone repairers etc. in Australia.

5. Australian Customs' seizures are at their all time high, Customs are doing an excellent job, but have resource constraints, insufficient manpower to intercept, examine/x-ray everything!

ASSISTANCE

We request assistance from China via your negotiations to limit and restrict such sales and export of counterfeit goods as they are saturating the Australian market with substandard goods. The China Customs do examine, intercept and seize goods exiting the country where they are found counterfeit. The first border stop.

Secondly, the problem we referred to at the meeting at KPMG, was for negotiations to relax/amend the legislation to allow ACS to identify the supplier or exporter on these shipments to the brand owner.

At present, ACS are not even allow to mention which country the goods were from, even when the seizure documents have been issued. We build our intelligence via negotiating with the importer, but not all forthcoming in very case.

By allowing this to happen, it will make it possible for the brand owners to go to the Chinese government to make a complaint regarding the source. It also serves as a mechanism for brand owners to forward such information/intelligence back to their China counterparts for profiling and follow up in that jurisdiction.

I hope these comments help and set out the practical issues industry face on a day-to-day basis.

Please do not hesitate to contact us should you require anything further.

Kind regards

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