Counterfeit Chemicals in Cosmetics, Drugs

Efforts to curb China's rampant piracy and counterfeiting of goods are falling short. Despite mainland authorities vowing to establish special courts to deal with the problem and a police force intent on catching offenders, the numbers don't look promising. Authorities in Beijing have admitted that both piracy and counterfeiting create a big headache with as many as a fifth of goods failing to make the grade. And it is chemical ingredients that are playing a big role in the counterfeit culture in China, making detection more difficult. Citing the findings of a national product quality investigation, top officials from the General Administration of Quality Supervision, Inspection and Quarantine say more than 20 percent of sampled goods, ranging from consumer products such as pharmaceuticals and cosmetics to agricultural goods including pesticides, fail national standards. It's no surprise that the twin plagues of piracy and counterfeiting from China are contributing to companies losing a worldwide $750 billion a year with U.S. manufacturers and exporters losing as much as $300 billion. Some consumers may not care because the goods they buy are at bargain basement prices, but sinister side effects have occurred. For example, a chemical supplier from Jiangsu province was responsible for producing fake ingredients used in drugs sold by one of the biggest pharmaceutical firms in Heilongjiang. A fake version of propylene glycol used in a medicine for gastritis hospitalized scores of people, later killing four. Some companies, such as Henkel, the Germany-based adhesives giant, are fighting back. Henkel is clarifying the brand image of its adhesive products to beat the counterfeiters. It's a start. But while companies are preoccupied in China, the counterfeit chemicals are also reaching the shores of Europe and the U.S. despite Beijing's denials. And it has Western companies and governments mighty worried.

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