THE IMPACT OF COUNTERFEIT AND NON-COMPLIANT PRODUCTS ON YOUR BUSINESS, WHAT YOU NEED TO KNOW, AND WHAT’S BEING DONE ABOUT IT

Chris Pack
BEAMA
About BEAMA

- Trade Association in the Electrotechnical manufacturing sector consisting of **200+ member companies** from multi nationals to family owned SMEs
- Focus on current and future **Standards, Regulation and Legislation**.
- **Influence** on Safety, Environmental, Policy and Education.
- **Voice of the Industry** in decision making and information provision circles.
- **Manufacturing** a wide range of products and technologies:
  - Heating, hot water and air movement – all forms of heating and hot water products & controls, water treatment products, mechanical ventilation
  - Transmission and distribution – the electricity network equipment
  - Smart building energy management – smart, energy saving products for the home and non-domestic buildings
  - Electrical installation - products for the residential, commercial and industrial markets
- **Representation** on 200+ Standards Committees.
What are Counterfeit and Non – Compliant Products?

They can usually be defined in two ways:

- The product carries false or misleading claims in respect of product performance, compliance with legislation or fitness for purpose.

- The product infringes the Intellectual Property (IP) rights of the registered owner.
How big is the counterfeiting and non-compliant business?

$509 billion global business

- 3.3% of World Trade
- 7% Imports into EU are fakes (worth EUR 121 billion)
- 4% imports into UK (worth around £9.3 billion)
How is the UK coping with these issues?

- UK Police and Customs down by 20% in 7 years

- Trading Standards down by 56% - some areas have only one qualified officer

- Most recent Report - Overall UK customs cases down from 4.6 million in 2014 to 1.4m in 2017 (down 40% on previous year)

- Puts us behind Belgium, the Czech Republic, Germany, Greece, Lithuania, Malta, Netherlands and Romania
Sources of Counterfeit Products

- China and Hong Kong still top producers of counterfeit and pirated products (82%+)

- Turkey, India, Thailand, Turkey, Malaysia, Pakistan and Vietnam are now important

- Emerging transit points UAE, Saudi Arabia, Yemen, Africa, Panama, Albania, Egypt, Morocco
Is the Electrical Industry affected?
17 leading Brands actively engaged through BEAMA in fighting Counterfeits
17 leading Brands actively engaged through BEAMA in fighting Counterfeits

...across China, The Middle East, and Africa
90% OF FAKE ELECTRICAL INSTALLATION PRODUCTS ARE MADE IN CHINA
SOME OF THE VICTIMS
OVER 2700 COMPANIES ON BEAMA’s OFFENDERS DATABASE
- 95% are in China
- Information shared with local and international enforcers
OVER 25000 ILLEGAL B2B WEBSITE LINKS REMOVED IN 2014 alone
- Alibaba
- Made in China
OVER 22.4m MILLION PRODUCTS SEIZED AND DESTROYED SINCE 2000
Products most affected

- MCB’s
- Wiring Accessories
- Distribution Boards
- Consumer Units
- Control Gear
- Fuses
- MCCB’s
- Pushbuttons
- ACB’s

- Cable
- Lighting Products
- Chargers
- Adaptors
- Batteries
- Hair straighteners
- Power Tools
- Kettles, Irons
- Electronic components
PRODUCTS ARE VERY OFTEN TRADED UNLABELLED TO AVOID ACTION, and then “OEM BRANDED” AT THE POINT OF SALE

“PASSING OFF” OF Established BRANDS
LOOK AGAIN!

MK

IVIK

Schneider
LEGRAND
Hager
Crabtree
Tenby
MERLIN
EATON

Schneder
LEGEND
Hoger
Crablice
Tonby
IVIERLIN
EATOIV

LOOK-A-LIKES
COPY CATS
BAD FAITH MARKETING

PASSING OFF
WHAT CAN LOOK PERFECTLY GOOD FROM THE OUTSIDE

CAN HIDE SOME HORROR STORIES WITHIN !!
THE BEAMA MODEL
Working Together and Taking Action

- Mutual Problems.
- Counterfeiters deal in Multiple brands.
- Use Investigators common to all the brands.
- Co-ordination through the Trade Association.
- Share resource, information and costs.
- Target both source and market locations.
- Lobbying Government & Enforcement bodies.
How relevant is this to the UK?
The established UK electrical distribution market is mature ... but

- The fastest growing distribution sector is the e-commerce channel
- The UK e-commerce market is the third largest globally.
- It is also the largest in Europe

Are electrical infrastructure products being bought online in UK?
3. Product Quality and New Competitors

Consistent with the free text responses to our first question, three-quarters of contractors expressed their concern with regard to the quality and reliability of many products available on the market - with 52% also reporting an increase in unfamiliar brands - a view shared by 70% of wholesalers. Overall concerns as to product quality and reliability were shared by 70% of manufacturers and a little over 50% of wholesalers.

The free text responses from our opening question shed more light here with a range of references to poor quality foreign imports but also to wholesalers being complicit in stocking and promoting the cheapest products available without sufficient knowledge or information available for customers. One respondent even suggested that "EDA distributors are not supporting EDA manufacturers."

Q. In this question, we'd like to hear your views about the quality of products flowing through the marketplace

- Manufacturers
- Wholesalers
- Contractors

- I see no particular change in the quality of products
- I am seeing an increase in the number of new, unfamiliar brands available on the market
- I am seeing a decline in the number of trusted and familiar brands available on the market
- I am concerned about the quality and reliability of many products available on the market

<table>
<thead>
<tr>
<th>Perception</th>
<th>Manufacturers</th>
<th>Wholesalers</th>
<th>Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>I see no particular change in quality.</td>
<td>8%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Increase in unfamiliar brands</td>
<td>70%</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>Decline in trusted brands</td>
<td>27%</td>
<td>52%</td>
<td>27%</td>
</tr>
<tr>
<td>Concerned about quality and reliability</td>
<td>76%</td>
<td>54%</td>
<td>76%</td>
</tr>
</tbody>
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A RECENT SURVEY

How conscious are you of there being sub-standard* electrical products available for sale in the UK? (* Sub-standard is defined as not meeting a published standard – BSI, CENELEC, IEC)

- Almost three quarters of respondents reporting availability of either `a lot’ or `some’ substandard products.
- There are potentially significant quantities of non-compliant and unsafe products circulating within the UK market
- Distributors, importers and contractors need to be more diligent as they are responsible for what is imported, sold and installed in the UK.
NON-COMPLIANT PRODUCTS

BEAMA initiative takes products from the market and checks for compliance with Standards

2 Suspect brands of MCB literally ‘explode’ on Short Circuit test
EXAMPLES OF NON-COMPLIANT PRODUCTS AVAILABLE ONLINE

Alert number: A12/0263/19

Category: Electrical appliances and equipment

Product: Residual-current circuit-breaker

Brand: AOELEC

Name: Unknown

Type / number of model: AUBELE C40

Batch number / Barcode: Unknown

Risk type: Electric shock, Fire

The product does not break the electric circuit in case of a fault. As a consequence, it does not protect against electric shock or it might overheat, leading to fire.

Alert number: A12/0263/19

Category: Electrical appliances and equipment

Product: Residual Current Circuit Breaker

Brand: CNC

Name: Unknown

Type / number of model: YCB7LE-63 4 pole

Batch number / Barcode: Unknown

Risk type: Electric shock, Fire

The Residual Current Circuit Breaker with Overcurrent Protection (RCBO) does not break the electric circuit as intended. This could lead to a possible risk of electric shock or fire.

The product does not comply with the requirements of the Low Voltage Directive and the relevant European Standard EN 61009-2.
SELLING, INSTALLING OR USING THESE PRODUCTS OR SYSTEMS HAS CONSEQUENCES

- Inconvenience – due to a lack of performance and/or reliability
- Cost – of replacing a product when it fails (installation cost!)
- Damage to reputation – for selling or installing a product that has failed
- Loss of business – either an individual customer or even an entire business
- Damage to property
- Injury or death
- Criminal proceedings – fines or imprisonment
PROTECT YOURSELVES, YOUR CUSTOMERS AND YOUR FUTURE!

- Recognise the value of your IP.
- Register your Trademarks ® and Designs in your market countries and China.
- Register a unique abstract mark for use by your company (carton, motif/symbol, stripes, etc).
- Ensure any Utility Patents are valid in your market countries and China.
- Enter into Trademark and Customs watch schemes, particularly for China.
PROTECT YOURSELVES, YOUR CUSTOMERS AND YOUR FUTURE

- “Mould in” your company Name and/or Logo
- Use printed / branded cartons.
- Print directly (or preferably etch) details onto or into the product.
- Try not to use adhesive labels, where possible.
- If you have to use labels, use security style.
- Use security inks, where possible.
- Unique numbering system or barcode, for track and trace.
- Imbed your IP into the product where possible.
WHAT ADVICE DO WE GIVE THE MARKET AND TO BUYERS OF ELECTRICAL PRODUCTS?

- Use well known manufacturers products. Hopefully, from BEAMA member companies.
- Ensure that distributors are authorised by those companies.
- Beware of Grey Market and unauthorised sources.
- Beware of Internet Traders.
- If in any doubt, demand proof of any authorisation or compliance claims.
- If in any doubt, report any suspicious approaches, claims or activities back to the brand holder.
BEAMA Safety Checklists

SAFETY CHECK-LIST

CHECK 1 – General Quality Indicators

- Imperfections in molded case resin?
- Presence of loose住宅 / loose edges on the outer coating of molded parts?
- Visible corrosion of metal components?
- Terminal cover / cover?

One or more of the above quality indicators could indicate a non-compliant product. Products without class markings are non-compliant.

CHECK 2 – Other Factors to Consider

- Purchasing Channel – do you know and trust the person / organization offering this product?
- Low-cost negative or the purchase comprises similar products with whom you are already familiar / trade. Products could indicate the absence of critical components.
- Can your supplier provide you with a copy of a Type Test Certificate to prove compliance?
- Does the Type Test certificate come from a recognized laboratory / authority?
- ISO 9001:2015: Evidence shows that devices and components installed in assemblies shall only be those documented in the assembly documentation. Insufficient devices / assemblies could result in overloading and failure.
- Extreme care must be exercised if you are offered previously used circuit protective devices as these products or new devices will be unnecessary. It is important to know the internal condition and protection capability of a used circuit protective device.
Raising Awareness through publications, videos, exhibitions, seminars and websites
Working together for safe and compliant electrical products in Europe

MSSI ELECTRICAL
MARKET SURVEILLANCE SUPPORT INITIATIVE
A proactive industry lead scheme to monitor the market and support authorities to prevent non-compliant electrical products from entering the European market.

An initiative for ACTION and with an holistic approach
Non-compliant products are a risk to
  People
  Property
  Goods
Can damage the reputation of individuals and companies within the electrical industry.
Objective

Working together for 100% compliant products and fair competition on the European market.

Approach

Proactive sampling and testing to support local authorities to take action.

Scope

Focus on MCBs, RCDs, MCCBs, SPDs, contactors, wiring accessories, and power distribution.
• Published charter of the MSSI objectives, obligations and commitments.
• Signed by MSSI members, industry associations and CABs.
Where?

- Our objective is to cover the European Market
- MSSI Electrical wants to reach out to ‘sister’ organisations horizontally and to reach out across the distribution chain.

- Established local MSSI
MSSI Members

Some of the Local MSSI Members:

- legrand
- hager
- ABB
- BENEDICT
- EATON
- SIEMENS
- Schneider Electric
- DEHN
- niko
- simon
- somfy
- SHARP
- GEWISS
- EMERSON
MSSI can support through local country working groups:

- Point of contact for installers associations to report suspect product found within the market.
- Coordinate testing and work with CABs and local enforcement agencies to remove non-compliant product from the market.
- Collaborate with wider industry groups such as in the UK EMS – lighting, cables, installers.
- Provide education, training and guidance tools.
Thank you for listening