

Counterfeit Article

A Safety Issue

Think counterfeiting is something that mostly happens in the movies or your favorite cop show on TV? Or only applies to paper currency or luxury consumer brands such as Rolex and Gucci? Think again. Even in the relatively unglamorous world of auto parts, counterfeiting is a growing trend.

Suffice to say that where there's a trusted brand, there's likely to be a counterfeiter close at hand. The GM Genuine Parts and ACDelco brands are no different. However, one difference between fake handbags and fake auto parts is safety. That's where this trend takes a dangerous turn. Counterfeit parts are rarely, if ever, tested to the rigorous standards of genuine GM parts.



Defining the Problem

A counterfeit good is a product that closely resembles a genuine item — often so closely that it cannot be distinguished without complex analysis. Imitation goods are manufactured, packaged and represented to intentionally mislead the public. Imitators often duplicate a trademark exactly or alter it just enough so that the average customer won't notice the difference. They also use other recognizable characteristics, such as similar packaging, to market their counterfeits.

Sometimes consumers might know they're actually buying a knockoff but choose to do so anyway. Knowingly or unknowingly, purchasing fake merchandise contributes to several serious issues. According to a 2020 report by the Department of Homeland Security: "Counterfeits threaten national security and public safety directly when introduced into government and critical infrastructure supply chains, and indirectly if used to generate revenue for transnational criminal organizations. Counterfeits also pose risks to human health and safety, erode U.S. economic competitiveness and diminish the reputations and trustworthiness of U.S. products and producers. Across all sectors of the economy, counterfeit goods unfairly compete with legitimate products and reduce the incentives to innovate, both in the United States and abroad." ([Combating Trafficking in Counterfeit and Pirated Goods, 2020](#))

Just How Big?

Just how big is the counterfeiting problem? It's hard to pinpoint just how much money and goodwill counterfeiters are stealing from legitimate brands, distributors, retailers, and shops because they don't all provide earnings guidance to Wall Street or file paperwork with the Securities and Exchange Commission (SEC). However, numerous government agencies and industry sources estimate the entire global counterfeit problem was around \$1.2 trillion in 2017 (with \$323 billion lost to online counterfeit sales specifically that year) ([Research and Markets, 2018](#)), and that figure is expected to grow to \$1.95 trillion by 2022 ([Frontier Economics, 2016](#)). It has been estimated that automotive suppliers lost \$45 billion to counterfeiting in 2011 alone ([Chow, 2011](#)).

According to the [U.S. Customs and Border Protection \(CBP\) Office of Trade's Fiscal Year \(FY\) 2017 Seizure Statistics](#), seizures related to Intellectual Property Rights (IPR) increased 8% year-over-year compared to FY 2016.

MEMA — the Motor and Equipment Manufacturers Association — which created a special Intellectual Property Council to address counterfeiting, intellectual property violations and other "gray-market" activity — says the majority of counterfeit auto parts in North America are imported. A large number come from China, accounting for more than 80 percent of the goods seized at U.S. borders. However, other countries such as Taiwan, Russia, India, Pakistan and Uruguay also have been reported as major producers and exporters of counterfeit goods.

Injury or Worse

Counterfeiting auto parts is not a victimless crime when one considers:

- Safety and Satisfaction — Counterfeit auto parts could pose safety risks to unsuspecting consumers and technicians
- Brand Integrity — Counterfeiting destroys the brand reputation of legitimate companies and poses product liability claims
- Profitability — Counterfeiting can adversely impact the profitability and viability of installers and legitimate parts suppliers

Safety and Satisfaction

“When motorists and repair technicians unknowingly buy these readily available counterfeit parts, they likely have no idea that what they are installing is inferior and potentially dangerous,” said Bill Long, President and CEO of MEMA.

Because fake auto parts are a serious problem, GM has a Brand Protection team in Global Security and Customer Care and Aftersales (CCA) that works diligently to protect our brands from being counterfeited. Counterfeit GM Genuine Parts and ACDelco parts can harm our customers. For example, counterfeit brake pads may have decreased stopping power or wear more quickly and bogus spark plugs can overheat and may lead to engine damage. Counterfeit oil filters can cause sudden engine failure, and fake airbags may not deploy properly or at all.

Brand Integrity

GM maintains strict controls on our distribution network to minimize the chances of counterfeit parts getting in. For GM Genuine Parts and ACDelco distributors, counterfeiters are unfair competitors who steal customers and sales. In addition, counterfeit parts undermine the trust consumers place in a business. Bad word-of-mouth that a facility uses substandard or fake parts scares away customers and can kill a business.

Profitability

Imitation parts are also usually less reliable, so they need to be replaced more often, tying up technicians and service bays. Counterfeit parts can cause mechanical problems and system breakdowns, as well as put people at risk for serious injury or death. And in the same way shoplifters end up costing honest customers more money at the checkout line, counterfeiting can result in more costly parts for honest service providers because of lost revenue.

The impact doesn't stop there. Consider the domino effect throughout the value chain and you will understand why the International Chamber of Commerce says that global net job losses due to counterfeiting will go from an estimated 2 to 2.6 million in 2013 to between 4.2 and 5.4 million by 2022. ([The Economic Impacts of Counterfeiting and Piracy — Report prepared for BASCAP and INTA](#))

Most Commonly Counterfeited Parts

While no parts are immune from the entrepreneurial pursuits of the counterfeiters, most tend to be frequently replaced service parts. Even though the industry estimates millions of counterfeit parts enter the U.S. every year, only a fraction of them are ever detected by U.S. Customs. Parts and packaging are usually shipped separately to avoid detection and often shipped in small packages, both of which stymie enforcement.

Internet commerce has provided counterfeiters with new sales channels. Online auctions and other sites that link sellers with buyers have helped the counterfeit parts trade continue to expand to the size it is today.

Here are just a few examples of what GM's Global Brand Protection team and authorities have uncovered:

- Spark plugs with no precious metal (e.g., iridium spark plugs without iridium)
- Steering-wheel airbags being replaced without an inflator module or including an improperly modified harness terminal
- Counterfeit grilles that discolor and fade rapidly, and are made of cheap materials that may impact crash performance in a collision
- Inferior filter material

While any vehicle part can be counterfeited, the most commonly produced counterfeit parts are maintenance and high-volume items such as:

- Oil, fuel, and air filters
- Emissions sensors
- Spark plugs and glow plugs
- Ignition coils
- Oxygen sensors
- Backup sensors
- Airbag components
- Tire pressure monitor sensors
- Key blanks and fobs

Spotting a Fake

In addition to seizing counterfeit goods, GM has been engaged in training law enforcement and Customs personnel on what to look for when confronted with suspected counterfeit products, as well as educating the public and private sectors on the seriousness of the issue. General Motors is a member of the Automotive Anti-Counterfeiting Council (A2C2), a group of several OEMs whose mission is to eliminate counterfeit automotive parts that could harm U.S. consumers. In conjunction with public and private partner organizations, GM and the A2C2 provide training, outreach and investigative support to accomplish this mission. Officially formed as a nonprofit organization in 2015, more information about the A2C2 can be found at a2c2.com.

Additionally, third-party organizations such as MEMA work with Association members and law enforcement to raise awareness, provide training, and try to remediate a growing economic threat.

It isn't easy to spot a fake. That's because the really good counterfeiters work long and hard to fool consumers.

Here are tips to help you tell a phony from the genuine article:

- **INSPECT THE PACKAGING** — Always ask an installer if you can view the part packaging prior to installation. If it appears flimsy, lacks the name brand or logo or has a name that is similar to, but not the same as, those you're used to seeing (such as AZDelco instead of ACDelco), it could be counterfeit. Counterfeiters often use colors, artwork, and fonts on their packaging that are similar to that of the genuine product.
- **COMPARE PRICES** — Extremely large differences in price should make you suspicious. Keep in mind that you get what you pay for; materials that lead to long product life may not be included in counterfeit parts (such as no iridium in iridium spark plugs).
- **AUTHENTICATE USING OUR SECURITY LABELS** — In an effort to make counterfeiting more difficult, GM uses a couple of security features on our packaging. One is a global security label with a hologram strip which is placed on about half of our global packages as an indicator of a GM Genuine Parts or ACDelco part. For those parts not receiving the hologram strip, we employ other types of anti-counterfeit label technology to help ensure the parts you receive are the genuine article.
- **INSIST ON GENUINE PARTS** — A visual inspection of the product may not be enough to distinguish genuine parts from a fake. **Always insist on GM Genuine Parts or ACDelco parts and only purchase from authorized retailers.**

GM works diligently to stay a step ahead of counterfeiters by using high-tech hidden identifiers that distinguish genuine products, yet are invisible to would-be fakers. But outsmarting a global network of counterfeiters can be the enforcement equivalent of the old carnival game of Whac-A-Mole: Stop one counterfeiter and another pops up somewhere else.

Avoid Getting Burned

According to Dale Tripp, Brand Protection Manager at CCA, sometimes the easiest antidote to counterfeiting is common sense: "If you're offered parts at a price that seems too good to be true, it probably is. The best way for dealers, independent repair shops and consumers to avoid getting burned is to always buy products from their respective authorized and reputable sources."

If you suspect a part you have purchased is fake, or if you have information regarding counterfeit activities, please contact the GM Global Brand Protection Team at gm_global_brand_protection@gm.com.

ALL PERSONAL INFORMATION WILL REMAIN STRICTLY CONFIDENTIAL.

Be sure to include as much information as possible, as well as detailed pictures of the part, packaging (including return address), invoice, and receipt. Please do not dispose of the part and other materials, as they may be requested for authentication purposes. You should receive a response within five business days.