Study Quantifies Losses to Counterfeits

Ford Motor Co. has a full-time staff dedicated to finding the sources of counterfeit and pirated auto parts, but the problem still costs the company about $1 billion a year, according to a study released at the end of January.

The study by the U.S. Chamber of Commerce and the Coalition Against Counterfeiting and Piracy quotes Joe Wiegand, Ford's global brand protection manager, as saying that the cost to public safety may be larger.

"That doesn't include the health and safety ramifications of fake or faulty items such as auto glass, brakes, tires, suspension and coupling mechanisms, and even seat belts. Driver safety is simply not quantifiable," he said in the study.

Ford has employees who go undercover in the United States to investigate fake Ford parts, while outside the country it hires investigative agencies, Wiegand said in the study. Legal remedies, however, are largely "toothless" outside the U.S. and Mexico, he said, and even in the U.S., investigations are hampered "because prosecutorial capabilities are minimal."

Ford's experiences were among seven case studies that the chamber used to highlight piracy and counterfeiting problems.

Also included were cases involving pharmaceutical giant Merck & Co., New Balance athletic shoes, Xerox Corp. and Bendix Commercial Vehicle Systems LLC.

The study's tool kit to guard against counterfeiting and piracy recommends that companies be vigilant in making sure that raw materials and parts are authentic, and they should buy materials and manufacturing equipment from company-authorized suppliers only. They also should conduct periodic audits of product ingredients and components, the study says.