

Closing Address

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Distinguished guests, Ladies and Gentlemen,

Following the opening of the event, its Chairman Dr. Eugene Juwah had to return to Nigeria on an extremely urgent basis for professional reasons. Dr. Juwah regrets not being able to be here today in order to conclude this event and thank you for your very enriching participation. Prior to his departure, Dr. Juwah delegated his role as Chairman to me. In this capacity, I should now like to briefly summarize some of the key points which, based on my own personal observations, emerged from our interesting discussions throughout this event. These points can be separated into three trends, namely: (1) the scope of the problems raised by counterfeit and substandard ICT devices; (2) the negative impact of counterfeit and substandard ICT devices on the various stakeholders; and (3) the actions that ITU can take to combat counterfeit and substandard practices. Allow me to briefly expand on these trends.

Under the first trend, our discussions highlighted the need to distinguish between “counterfeit” versus “substandard” products. On the one hand, whether an ICT device is “counterfeit” is determined in relation to its trademark infringement under national law. As explained by some, a counterfeit product is one that, without permission, bears a trademark that is identical or indistinguishable from a registered trademark for that product under the laws of the importing country, *with the intent to defraud* and give the impression of authenticity. On the other hand, whether an ICT device is “substandard” is determined in relation to its non-compliance with national and international technical standards, conformance and interoperability assessments, or legislative or regulatory requirements. As a result, it is possible for an ICT device to be counterfeit but not substandard, and vice versa. Given the basic but important differences between “counterfeit” and “substandard,” one should avoid using these terms interchangeably. Similarly, “contraband,” “illegal” or “unauthorized” are not substitute words for “counterfeit” or “substandard.”

Throughout the event, I observed consensus among participants that counterfeiting and substandard issues affect the entire ICT industry, and also other industries such as pharma, transportation and food. Their effects go well beyond mobile phones, and extend to other ICT products (such as tablets, personal computers, digital cameras and medical equipment) as well as to accessories and components of ICT products (such as batteries, chargers, adapters, cables, headphones, memory card and SIM slots, server memory and hard drives, USB flash drives, printing cartridges and electrical components).

Just as participants recognized that the *whole ICT industry* is affected by counterfeiting, you also highlighted the key role that ICTs play in addressing this challenge. Overall, ICTs were identified as an essential tool to combat counterfeiting of not only ICT devices, but also of products in other industries.

As part of the second trend, our discussions explored the negative impacts of counterfeit and substandard ICT devices on governments, businesses and consumers. For governments, the proliferation of counterfeit and substandard ICT devices translates into a loss of revenues. Because they are commercialized through unofficial or black markets, these devices do not pay customs duties or taxes. Similarly, counterfeit and substandard ICT devices hamper the efforts of governments and regulators to protect businesses, consumers and the ICT industry. In particular, these devices undermine the enforcement and effectiveness of laws, regulations and programs relating to compliance and certification, IP protection, consumer health and safety, fair competition and trade, and the environment.

For private industry, the issue of counterfeit ICT devices is also experienced in the form of lost revenues. Manufacturers and sellers of original brand products lose sales to, and suffer unfair competition from, counterfeit products sold at a significantly lower prices. In the case of ICT devices that are both counterfeit and substandard, brand owners sustain a dilution of their trademark value and a loss of consumer trust—not only in their products but also in their enterprise as a whole.

Consumers also suffer many negative consequences from substandard ICT devices, including: (1) poor performance; (2) low quality of service; (3) privacy and security concerns; and (4) threats to health and safety. Substandard ICT devices often contain low quality materials that may cause these devices to easily overheat, leading to explosions and burns. In some cases, substandard ICT devices also contain hazardous materials at higher-than-acceptable levels, which could result in user illness, disability and even death.

As part of the third trend, I observed broad consensus among the stakeholders about the main building blocks of a holistic anti-counterfeiting strategy. In fulfilling its mandate under WTDC-14 Resolution 79 and the new PP-14 Resolution on the matter, I believe that ITU's role in combatting counterfeit and substandard ICT devices could also be centered around these main building blocks or action paths, namely: (1) fostering multi-stakeholder cooperation; (2) gathering and sharing of information; (3) building capacity and raising awareness; (4) standards-making; and (5) development and enforcement of adequate legal, regulatory and policy measures. Let me elaborate briefly on each of these action paths.

Under the first action path, ITU could leverage its public-private membership and its relations with other organizations to foster cooperation among them in combatting counterfeit and substandard ICT devices.

As consistently highlighted during the event, the active participation of all stakeholders is crucial in effectively tackling these issues. This action path could be reflected in the other four action paths which should, whenever possible, be taken in collaboration with other stakeholders.

For the second action path, ITU should facilitate the collection, analysis and exchange of information about counterfeiting and substandard practices in the ICT sector, as well as about the ways in which ICTs can be used (both in the ICT and other industries) as a fighting tool against these practices. As we heard from various speakers, there is a substantial need to gather, exchange and disseminate more data about counterfeit and substandard ICT devices in order to (1) quantify the scope of the problem, (2) understand the motivations behind it, and (3) craft adequate and effective measures against it.

Under the third action path, ITU could inform and raise awareness among all stakeholders (particularly consumers) about the negative effects of counterfeit and substandard ICT devices. ITU could conduct activities to educate consumers about the negative effects of counterfeit and substandard ICT devices, which I briefly summarized earlier on. In addition, it is also important to train consumers and law enforcement officials on how to better differentiate between real and fake ICT devices.

As part of the fourth action path, there is a need to continue the discussion as to the role that international organizations could play in using standards, and conformance and interoperability programs, as a means to combat counterfeit and substandard ICT devices.

For the fifth and last action path, ITU could assist Member States in developing and enforcing legal, regulatory and policy measures that are comprehensive, effective and custom-tailored, yet consistent with best practices at the regional and international levels.

Before concluding, let me point out that our panel discussions over the last two days, as well as the ideas exchanged during the interactive session, will be reflected in a proceedings report which will be made available by ITU in the near future.

Thank you very much for your attendance and participation at this important event for ITU, which marks the start of its activities in the area of counterfeit and substandard ICT devices. I wish you a nice afternoon, and safe travels back to your homes.
