

**BUSINESS**

# Sales of fake goods hurt tax collection

By BAEAU TAI

THE increase in sales of counterfeit tobacco products is affecting the National Government's ability to collect revenue, the Business Council of PNG (BCPNG) warned last Friday.

The council said internal research by the British American Tobacco (BAT) estimated the National Government was losing up to K10.8 million annually in excise revenue, because of counterfeit and illicit tobacco product sales in Papua New Guinea.

"These counterfeit and illicit tobacco products are brought in through Vanimo from Indonesia or imported directly from overseas markets," BCPNG said in a report from a recent meeting on "counterfeit goods" at the Independent Consumer and Competition Commission (ICCC) office.

The meeting was attended by business companies and Government agencies.

The importation of counterfeit goods to PNG was also having a significant impact on the business community, BCPNG said.

For example, it is estimated that wholesalers and BAT are losing up to K24 million per annum in sales revenue because of counterfeit and illicit products," BCPNG said.

The council expressed concern the Internal Revenue Commission, a key Government agency, had not attended the meeting to hear the concerns raised the business community particularly BAT, Colgate Palmolive and Chin H Meen & Sons Ltd (CHM).

"The inability of various Government agencies to take pro-active actions in controlling and monitoring the counterfeit market has allowed it flourish over the years."

BCPNG said there was also evidence to suggest that illicit trade and counterfeit tobacco products in countries around the world is always linked to organised crime.

"This is evident in PNG with the on-going issues currently faced by the Government with other counterfeit products and other relative illegal activities."

The report highlighted

the damage for the stakeholders in this case related to BAT which include:

- Consumers are buying and consuming tobacco products that have been manufactured by illegal operators that have not complied with the required international standards. As a result, consumers of these products are exposed to health and safety risks,

- The potential loss of foreign direct investment because the environment and government infrastructure are not conducive to investing. At the same time existing companies operating in the country could find it unviable to continue to operate in the country. Immediate impact would be a loss of jobs and tax revenue to government, and

- For BAT, it would mean loss in revenues and potential brand image damage.

The legal definition under trademark law describes counterfeit products as a product bearing a mark that is "identical with or substantially indistinguishable from" a genuine trademark registered.