

Industries gear up to battle counterfeiting and piracy

By CAROLINE DOBSON
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An international campaign directed at consumers who purchase counterfeit goods is soon to be launched, according to Jeff Hardy, executive director of Business Action to Stop Counterfeiting and Piracy, which was set up by the International Chamber of Commerce (ICC).

This industry body, which represents businesses globally and in particular those industries wishing to zero in on counterfeiting and piracy, has used the G8 and G20 summits to voice its concerns about the negative impact of intellectual property theft. The global costs to legitimate businesses have been more than US\$865 billion in lost sales per annum based on new ICC research.

Moreover, a U.K. report from Frontier Economics has found that the economic cost of intellectual property theft extends well beyond lost sales. According to Frontier's study, counterfeiting and piracy cost G20 governments more than US\$120 billion a year in lost tax revenues and place 2.5 million legitimate jobs at risk.

"Piracy and counterfeiting, it does take jobs away, and it doesn't make for a wholesome

global economy," ICC Director General Jean Rozwadowski said in an interview with CBC News.

However, the tables are turning. Ways of identifying the perpetrators of counterfeiting, with the aid of technology and also litigation avenues, are increasing.

Three thousand consumers lose their lives every year from exposure to dangerous counterfeit products, primarily through counterfeit food and medicines.

"Counterfeiting and piracy is like any other business, it's an illicit business. There's a supply side and a demand side, and for the

most part governments have been tackling the supply side," Rozwadowski said.

The take-home message is that counterfeit products have side effects, because they are not regulated and are likely to be unsafe, according to ICC findings.

Every year thousands of consumers living and working in countries throughout the G20 suffer accidents and injuries as a result of unregulated counterfeit products. Many, if not most, of these products have been purchased unwittingly.

In addition, 3,000 consumers lose their lives every year from exposure to dangerous counterfeit products, primarily through counterfeit food and medicines. Based on conservative estimates, the economic cost of lives lost to counterfeiting can add up to US\$18 billion each year across the G20 economies.

The onus of identifying crimes associated with counterfeiting and piracy rests on governments and consumers, the ICC says. However, questions have also been raised about the jurisdiction and adequacy of legal means given that the potential cost of crimes related to counterfeiting could be estimated to be between 5 and 10 percent of total expenditure on the criminal justice system.



COUNTERFEIT: Workers prepare to destroy fake handbags in a ceremonial destruction of counterfeit and pirated goods at the national police headquarters in Manila, Philippines, on June 23. TED ALJIBE/AFP/GETTY IMAGES



HIGH-NET-WORTH TOY: A Rolls-Royce Phantom is displayed in a new show room in Kuala Lumpur in January. Rolls-Royce has teamed up with Quill Automobiles, the latest BMW dealer in Malaysia, in a bid to target "ultra high net worth individuals" here. SAEED KHAN/AFP/GETTY IMAGES

Asians getting richer, but US millionaires deemed wealthiest

By CAROLINE DOBSON
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Wealth in Asia is surpassing that of Europe, but American millionaires are the richest in the world, according to a recent report on wealth around the globe.

The total wealth of Asia's high-net-worth individuals (HNWI)—in terms of those with liquid assets of at least US\$1 million—leaped by 31 percent from last year to US\$9.7 trillion, exceeding Europe's US\$9.5 trillion, revealed the 14th annual World Wealth Report published by Capgemini SA and Merrill Lynch & Co.

This sets a precedent whereby the number of Asian millionaires equalled that of Europe at 3 million.

"The star performer was Asia-Pacific, the only region in which both macroeconomic and market drivers of wealth expanded significantly in 2009," the report said.

The healthy status of Asia's wealth was boosted by a regional economy that expanded 4.5 percent in 2009, even though the global GDP fell

by 2 percent. Hong Kong, India, and China spearheaded the wealth growth as property and stock markets in the region were strong last year despite plummeting in 2008.

Nevertheless, Americans still constitute the wealthiest region with 3.1 million high net worth individuals worth US\$10.7 trillion, the report said. Overall global wealth increased 19 percent in 2009 to US\$39 trillion, with North American wealth climbing to 18 percent while Europe had positive growth of 14 percent.

Ileana van der Linde, the Capgemini principal who managed the research, said in an interview with Bloomberg that the global financial crisis has shaken investors' trust.

"It was such a severe crisis, the investor psyche has really shifted," she said. "They don't fully trust the financial markets and regulatory bodies. That's why we are seeing a trend toward putting money into tangible assets like art and gold."

The breakdown of the six "passion investments" listed in the report made up around a third of a millionaire's total holdings, Van

der Linde said. They include luxury collectibles such as yachts, jets and high-end cars, art, jewelry including gems and watches, wine and coins, sports investments like teams and race horses, and a miscellaneous category comprising club memberships, musical instruments, and other items.

Investing in the arts, antiques, coins, and wine, is popular in the Asian region. American and Japanese millionaires also have similar preferences when investing in luxury collectibles, while the affluent in the Middle East and other parts of Asia seemed to be more focused on jewelry, gems, and watches.

There was a noticeable change in philanthropy due to the financial crisis, with seemingly more discretion in selecting which charities to donate to.

"It's not just blanketing several charities and hoping for the best," said Van der Linde. "They are now looking to wealth management firms for advice on how to make philanthropy part of their investment planning."

Money matters a taboo issue for couples, study finds

By HEIDE B. MALHOTRA
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Money matters can be a taboo subject among couples, and a recent U.S. study has found that personal finance remains the leading cause of marital discord or break-up in the country. Meanwhile, the recent global recession, high unemployment rates, and record-setting foreclosure filings are not helping matters.

One-third of couples interviewed for a recent American Express Spending & Saving Tracker survey said that financial issues created more tensions in their relationship than anything else.

The majority of respondents said they preferred financial independence rather than dependence on a partner.

"Conversations about finances seem to be avoided like the plague by most couples," Pamela Codispoti, senior vice president and general manager at American Express, the credit card issuer that sponsored the survey, said in a statement.

Close to half of the couples surveyed admitted to bickering about money issues. Most argue when one partner takes the other to task for overspending.

More than 90 percent of the couples don't want to discuss financial issues for different reasons. Some have assigned financial responsibility to one partner, while others would rather say nothing than lie to their partner in

order to keep the peace.

Among young professionals, about 75 percent said that they were dual-income households. This number dropped to just over half among the wealthy. In the lower-income groups, a little more than one-third said that both partners worked, while the remainder responded that the women tended to stay home and take care of the family.

Among the dual-income couples, about three-fourths said that the male partner earned more than the female partner.

ROLE REVERSAL

According to a 2010 report released by the Pew Research Center, "Not only is there a growing share of couples in which wives make more money than their husbands, but among all couples wives contribute a growing share of household income. This is true for all education groups."

The Pew report states that in 1970, 28 percent of husbands had a higher education than their wives, while 20 percent of wives had a higher education than their husbands. By 2007, only 19 percent of husbands had a higher education than their spouse, while 28 percent of wives were better educated than their husbands.

As women begin to provide for a greater portion of couples' expenses, they gain greater leverage in deciding financial expenditures. Research indicates that in such marriages, close to one-half of the women are

the decision makers, a little more than one-fifth of the men still hold the dominant role concerning decisions, and the remainder are equally responsible for decisions.

The Pew report covers only the years from 1970 to 2007. The 2009 U.S. Bureau of Labor Statistics indicates that statistical information about dual-salary earning couples for the years beyond 2007 is not available and will not be available until the 2010 Census report is released.

"There is evidence from other research that women's growing economic clout gives them more power within marriage," the Pew report says.

EARNING GAP

The news heralding that in dual-earning families many wives earn more than their husbands does not address the gender gap when it comes to similar job positions held by men and women with similar or the same experience and educational background.

According to a study conducted by the National Women's Law Center, "Although women and their families are grappling with this tough economy around the country, there is not a single state where women have gained economic equality with men. In every state across the U.S., men earn more than women, impacting women across race, class, and occupation."

In 2009, female earnings edged forward slightly, but did not catch up with the loss during the 2008 market

upheaval.

Between 1980 and 1994 the earning gap between males and females narrowed by close to 12 percent. This surge slowed down after 1994 to a little more than a 5 percent increase until 2009, the most recent statistics available.

"Since 1980 real wages for men have remained virtually unchanged, while women's real earnings have increased across the same time period," according to a 2009 study released in March 2010 by the Institute for Women's Policy Research.

SPENDING PATTERNS

"We may now be at a point when many consumers have taken stock of their financial situation and have a better handle on what their spending and saving plans are in the current economy," said American Express's Codispoti.

Codispoti suggested that consumers won't go on as many spending sprees as before the financial meltdown, but despite prudent spending habits, "we are seeing some areas where people are willing to increase spending."

Car maintenance is among the top priorities. While only 5 percent of people surveyed in 2008 were willing to spend money on car maintenance, by 2009, 42 percent of respondents said they viewed it as a matter of greater urgency.

Next on the priority list is appearance. About half of those interviewed would improve their wardrobe, and



One-third of couples interviewed for a recent survey said that financial issues created more tensions in their relationship than anything else. PHOTOS.COM

almost the same number of people said they were planning to frequent a hair salon, versus 18 percent a year ago.

Another recent American Express survey found that travel plans are back on the agenda. Close to 90 percent of surveyed young professionals, 73 percent of the wealthier people, and a little over half of the lower-income segment of society said they will go on a vacation.

Although not everyone will venture outside of the United States, 6 percent are planning to take a trip to the Caribbean, 5 percent to Canada, and 4 percent to Europe.

A number of travel surveys,

including those from Embassy Suites hotels, Ypartnership, and Harrison Group, show that travellers are looking for value, discounted travelling, special offers, and especially a place where they can stay connected to their peers through Facebook or similar Internet sites.

"Although the 'new resourcefulness' of consumers suggests that value will remain in vogue when it comes to vacations for months to come ... to most consumers a vacation is truly a birth-right ... even if it means they have to look a little harder and wait a little longer to find the right deal," according to a June article on the Hospitality.net website.