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How and Why to Avoid Using Counterfeit Bearings

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UNDERSTANDING THE SCOPE

In 2008, the U.S. government estimated the global market value of the counterfeit trade at over USD 500 billion, with a growth rate of 1,700% over the past ten years (U.S. Customs and Border Protection 2008). The IACC (International Anticounterfeiting Coalition) estimates the problem at USD 600 billion, with a 10,000% increase in the previous twenty years. In 2007, the Organisation for Economic Co-operation and Development (OECD) estimated that the trade in pirated products in 2005 was up to USD 250 billion, not including pirated digital products distributed over the internet (The Economic Impact of Counterfeiting and Piracy, OECD). In short, although the estimates vary, counterfeiting represents a major economic impact.

Those estimates are of all counterfeit goods, including what have become well known targets of counterfeiting and perhaps more easily recognizable examples, the luxury goods (eg. watches, cosmetics, or handbags) market. A lesser known or expected category of such goods are mechanical and functional components, including machine components, fasteners, auto parts and bearings. An entire shadow mechanical engineering economy is built on counterfeits and imitation.

In a 2014 study, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, Mechanical Engineering Industry Association, Product Piracy 2014 – pks.vdma.org) determined that of its 3100 member companies, 71% were impacted by product and brand piracy. These criminal activities resulted in estimated damages of 7.9 billion euro. In a similar study in 2016, 70% of participating companies were victims of product and brand piracy.

In addition to the economic impact, the counterfeit economy is supported by and in turn supports criminal networks and organized crime, which then support other criminal activities.

THE PROBLEM WITH COUNTERFEIT BEARINGS

In general, the items that counterfeiters produce are often substandard, as quality defects and product shortcomings need not be addressed by the counterfeit producer. No warranty is provided for counterfeit products. When counterfeit products pose a safety risk, these defects or quality problems may endanger the lives of

those who purchase them.

It is important to understand that bearings are often safety critical components. Bearings are a load carrying element in many machines and assemblies with moving parts. Bearings reduce friction between moving parts and constrain motion to only the desired motion. Bearings are in every moving machine, from cars to satellites, from laptop fans to electric motors. Although bearings are often represented in mechanical drawings as “black boxes” to be filled by suitable components that can support a desired load upon request, this anonymity and reliance on background bearing expertise and the certainty that such products will work as intended creates open territory for exploitation by counterfeiters. Lack of expertise or awareness of the problem, and perhaps not enough reliance on proper supply chains and provenance, mean that end-users can get caught up in large scale cases of counterfeiting. In short, counterfeit bearings can cause significant financial losses and also pose a risk to life and limb. Counterfeit bearings do not meet the quality requirements of genuine bearings.

To make it even more difficult, it is impossible to identify a counterfeit product simply because of a low price. Counterfeiters are interested in making profits, and they are more than willing to take advantage of loose or poorly defined and enforced purchasing practices. As such, price may be an indicator, however, there are multiple known cases in which the price of a counterfeit product closely corresponded to that of a genuine product. This means buyers may get questionable quality at the same price as a genuine component.

BREAKING THE COUNTERFEIT CHAIN TAKES FULL COOPERATION

Distributors

Distributors vouch for the first-class quality of the products their customers purchase from them with their good name. This means that all distributors must also take product and trademark piracy very seriously. In detail, this involves:

- Carefully selecting suppliers, so that a warranty claim can successfully be made if worse comes to worst.
- Carefully checking the actual origins of all imported

goods. Experience shows that it's no longer sufficient to simply ask for certificates or delivery notes – such documentation is also counterfeited.

- Contacting the bearing manufacturer directly when in doubt. Schaeffler, for example, can be contacted via piracy@schaeffler.com if there is any uncertainty about the authenticity of any bearings received.

End Users

It cannot be emphasized enough, that to protect against counterfeit parts whether bearings or any parts, only purchase your components from trustworthy sources, such as authorized distributors.

For Schaeffler, only authorized distributors can source genuine INA, Barden and FAG brand bearings directly from Schaeffler. Carefully check all quotes. Particularly cheap sources often supply questionable goods. These range from very old bearings and bearings that have been incorrectly reconditioned, right up to counterfeit bearings. All these products have one thing in common – they cannot fulfill the quality requirements as any modern bearings can.

Finally, check all incoming goods very carefully. If you have a suspicious bearing contact the bearing manufacturer directly. For Schaeffler, contact piracy@schaeffler.com. Do this immediately if the products you receive do not look or feel like the products you are familiar with.

Bearing Manufacturers

All bearing manufacturers are making a stand against rampant counterfeiting of their products. In the case of Schaeffler, in 2004, the Schaeffler Executive Management Board set up a department to coordinate all global Schaeffler activities related to combating product and trademark piracy. For more information, please visit the World Bearing Association (WBA) awareness campaign at www.stopfakebearings.com.

Legal proceedings range from raids at manufacturers' premises, investigations and legal actions against sales channels to preliminary injunctions. All manufacturers have some policy against product and trademark piracy. For Schaeffler protecting customers is, and will remain the top priority.

Schaeffler has been examining suspicious components for several years – irrespective of the source of any request. In return, if the parts concerned are counterfeit, Schaeffler expects to receive all information about the origin of the parts and any background information the buyer has available. The industry can only successfully prevent the distribution of counterfeit bearings if it works together with all stakeholders involved.

CONCLUSION

In addition to these legal and organizational steps, Schaeffler, along with other bearing manufacturers, is involved in several associations that have made combat-

ing product and trademark piracy one of their objectives. This and on-going research and investigations continuously improves the understanding of how the trade in counterfeit bearings works and how to prevent counterfeit bearings from entering the market.