

Offsite Compliance Monitoring & E-Commerce: Pesticide Industry Perspectives

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Beveridge
& Diamond 

Industry Perspectives

- Pesticide products must comply with federal and state laws
- Unregistered, misbranded, or illegally repackaged pesticide products can be harmful to consumers, agriculture, workers, animals, and the environment
- Counterfeit or illegal pesticides can erode consumer confidence
- Counterfeit or illegal pesticides cause damage to the brand and trademark damage to a company
- Increasing importance of sharing info/resources and appropriate use of enforcement tools to deter illegal activities via online platforms

Industry Perspectives

THREATS FROM ILLEGAL PESTICIDES



ENVIRONMENT: Counterfeit and illegal pesticides, often with unknown ingredients, are **not tested** for environmental safety, while **legal pesticides** are **extensively tested** to prove they are **safe** for wildlife and the environment before they are approved by regulatory authorities.



HEALTH: Illegal pesticides pose a **risk to the health** of farm workers during the application of the product, and medical treatment when exposed to **unknown chemicals** can be problematic for medical professionals and poison information centers.



ECONOMY: Counterfeit pesticides disrupt **investment, employment, innovation, and tax revenues**. If a region or country is known for using counterfeit pesticides, it may become difficult for them to export their crops, putting both their reputation and **economic security** at risk.



REGULATORY: Anecdotal evidence shows that banning pesticides does not remove their availability, but rather creates an **illegal black market** for the **banned pesticide**, especially where governance to manage the ban is weak, providing **organized crime** an opportunity to sell **dangerous, untested illegal** banned pesticides to farmers.



FARMER LIVELIHOODS: The use of **illegal pesticides** could cause **economic ruin** for the farmer and potential **loss of harvest** due to the use of an ineffective or **damaging counterfeit product**.

Credit: CropLife International, ANTI-COUNTERFEITING ACTIVITIES PROTECT INNOVATION, HUMAN HEALTH, FARMER LIVELIHOODS & BIODIVERSITY

US Department of Homeland Security: Best Practices

1. Require third-party sellers to sign a comprehensive **Terms of Service agreement** that lists explicit prohibitions and repercussions for counterfeit violations.
2. Implement a **significant vetting regime** for third-party sellers on their platforms before allowing sellers to list a product.
3. Consider **disallowing or regulating the sale of products** that have a higher likelihood of being counterfeited or pose a risk to public health and safety.
4. Enact criteria for **efficient notice and takedowns of offending seller profiles and product listings** that include minimal registration requirements for interested individuals.
5. Implement a series of practices upon discovery of an offending product, including **notifying rights owners and engaging with law enforcement** for further courses of action.



Combating Trafficking in Counterfeit and Pirated Goods

Report to the President of the United States

January 24, 2020



Homeland
Security

Office of Strategy, Policy & Plans

US Department of Homeland Security: Best Practices

6. Require **foreign sellers to provide financial security** when foreign products are sold to U.S. consumers.
7. Recommend that sellers clear transactions through **banks or payment processors that comply with U.S. counterfeit laws** and law enforcement investigations.
8. Take steps to inform consumers before they purchase a product that the product will be fulfilled by a third-party seller, including **informing consumers about the seller's status as a brand owner, authorized reseller, or unauthorized reseller** and any allegations of past counterfeit products.
9. Require sellers to **make publicly available identification information** on their underlying business or any related profiles.
10. Require sellers to **provide the country of origin** of their products.

Industry Efforts

- Promote awareness among farmers, retailers and authorities as well as the broader public
- Investigate and respond to cases of counterfeiting and take judicial action
- Cooperate with law enforcement and regulatory agencies to crackdown on illegal activities
- Collaborate with global and national trade associations to implement anti-counterfeiting measures
- Support governments globally to establish and enforce anti-counterfeiting regulations, policies and practices
- Encouraging communities, farmers, retailers and authorities to jointly combat fake products and counterfeiting illegal activities
- Implement technical means to authenticate products (e.g., embossed logos, holograms)
- Safeguard supply chains

Credit: BASF, "The Fight Against Product Counterfeiting And Illegal Products"

Web-scraping

- Web scraping uses “robots” or scripts that crawl the web and extract data from hundreds of websites in seconds
- The standard procedure typically includes the following steps:
 - Identify counterfeiting websites
 - Customize scraping code with keywords/search terms and images
 - Extract the data and compile the information
 - Submit website removal requests to search engines
- Common web scraping challenges:
 - Server bans, changing website layouts, and restricted geo-locations

Digital Technology

OECD, “New digital technologies to tackle trade in illegal pesticides” (May 2020):

- Cracking down on criminal activities has become more difficult:
 - growing pesticide trade flows
 - increasing complexity of pesticide supply chains
- Blockchain and other new digital technologies (e.g., big data, AI) hold significant promise to support implementation of policy responses on traceability and authentication of pesticides, and the monitoring and control of pesticide trade
- Adoption of technologies can be challenging:
 - large upfront costs associated with IT development and infrastructure
 - complexity
- Digital-based solutions allow for identification of criminal activities, but they are insufficient and other policy actions are also needed:
 - Raising public awareness
 - Increasing sanctions

Digital Technology

- Blockchain should not be considered a panacea for the trade in illegal pesticides
- Required: a **combination** of policy actions based on new digital technologies (e.g. blockchain, AI, big data analytics, the Internet of things) with **other** policy interventions beyond those based on these technologies, including:
 - raising public awareness about the risks associated with illegal pesticides,
 - enhanced enforcement, and
 - legislative solutions to mitigate their global market penetration (e.g. strengthening of sanctions and closing loopholes in legislation).

Tackling COUNTERFEIT

and illegal pesticides around the world



CropLife International is increasing responsibility through the supply chain via programs such as Know Your Customer and Know Your Supplier.

! KNOW YOUR CUSTOMER
CropLife International urges the value chain to "Know Your Customer" and only ship to reputable users. From the freight forwarder, through the shipping lines, all the way through to the maritime industry, everyone involved is responsible for applying KYC principles.

! KNOW YOUR SUPPLIER
When customers purchase pesticides, there is an expectation of responsible use. To avoid enabling criminals, damaging crops, and potentially causing severe health problems, CropLife International urges customers to "Know Your Supplier" and only purchase from entities who can provide verification records, document authentication, and verified labels.



Credit: CropLife International, ANTI-COUNTERFEITING

Questions

Thank you!



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