

EABC ANTI-ILLICIT TRADE POSITION PAPER

**PERSPECTIVES AND RECOMMENDATIONS
ON THAILAND'S ILLICIT TRADE SITUATION
AND POLICY RECOMMENDATIONS**

ENGLISH EDITION



EABC Perspectives and Recommendations on Thailand's Illicit Trade Situation and Policy Recommendations

According to the definition from the Organisation for Economic Co-operation and Development (OECD), illicit trade refers to illegal production, movement, and distribution of goods and services. In Thailand, illicit trade typically manifests in the form of counterfeit and pirated goods, smuggled products, and duty/tax evasion. These activities occur through physical retail channels, online platforms, and small parcel shipments dispersed throughout global production and trade chains. Data from the OECD¹ and the International Criminal Police Organisation (INTERPOL)² indicate that such activities are linked to transnational organised crime and money laundering. This undermines the rule of law, compromises consumer safety, and weakens the credibility of economic regulatory systems. Moreover, it results in significant losses of government tax revenue, which is essential for investment in infrastructure, public development, and enhancing the country's long-term competitiveness.

Based on the 2025 Illicit Trade Index released by the Transnational Alliance to Combat Illicit Trade (TRACIT),³ Thailand ranks 56th out of 158 countries worldwide, reflecting the significant impact that illicit trade has on the country. These ranking highlights that illicit trade is not a distant issue for Thailand; rather, it is a structural and network-based problem that infiltrates multiple industries closely connected to people's daily lives. These include tobacco, alcoholic beverages, medicines, healthcare products, cosmetics, and agricultural inputs. This demonstrates that illicit trade is a complex challenge intertwined with economic, social, and security dimensions, one that requires comprehensive and coordinated efforts to effectively address.

Allowing substandard or illegal products to continuously enter the market without effective enforcement not only creates risks to public health, safety, and consumer protection, but also erodes confidence among consumers and investors. Legitimate businesses are forced to compete in an uneven playing field, distorting investment incentives and undermining fair market competition. As a result, the country's economic growth potential is diminished, the government's fiscal space is constrained, and social challenges become increasingly complex.

Within the modern digital economy, illicit trade does not stem from a single cause; instead, it infiltrates the interconnected nodes of global supply chains, from the upstream production of illicit goods in unauthorised factories, through the midstream storage and movement of products via warehouses, free-trade zones, and parcel delivery networks, to the downstream distribution through physical retail, digital marketplaces, and online payment channels that are difficult to monitor. The widespread convenience of e-commerce has also significantly expanded the reach and speed with which illicit traders can access consumers. Studies by the OECD and

¹ OECD/EUIPO (2025), *Mapping Global Trade in Fakes 2025: Global Trends and Enforcement Challenges*, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/94d3b29f-en>.

² <https://www.interpol.int/en/Crimes/Illicit-goods/Illicit-goods-the-issues#:~:text=The%20trade%20in%20fake%20and%20pirated%20goods%20is,trafficking%2C%20drug%20trafficking%2C%20corruption%2C%20bribery%20and%20money%20laundering.>

³ [Interactive Index - Transnational Alliance to Combat Illicit Trade](#)

the EU Intellectual Property Office (EUIPO)⁴ indicate a strong correlation between the growth of e-commerce and the expansion of illicit trade, with counterfeiters increasingly using online platforms to distribute fake products. This trend is driven in part by the low barriers to setting up online storefronts and the continuous development of new strategies by illicit networks to infiltrate reputable platforms. At the same time, differences in tax regimes and regulatory standards across jurisdictions are exploited to “spread risk” within criminal networks, through practices such as product disassembly, relabeling, or multi-stage transshipment across borders. These tactics increase enforcement costs for governments and significantly reduce detection rates. Without robust data systems and effective risk-based regulatory mechanisms, illicit trade generates widespread negative impacts across multiple sectors and dimensions, including:

1. Economic Impact:

- 1.1. **Fiscal Costs and Public Services:** Illicit trade reduces government tax revenues, which are essential for funding public health, education, and infrastructure development. In addition, the government must allocate greater resources to law enforcement, inspections, and judicial processes to detect and suppress illegal goods. This leads to higher fiscal burdens on the state.
- 1.2. **Impact on Competition and Market Mechanisms:** Illicit goods are often sold at lower prices than legitimate products, distorting market mechanisms. As a result, honest and law-abiding businesses are placed at a disadvantage and are forced to compete in an unfair environment, which ultimately undermines investment incentives and business expansion.
- 1.3. **Impact on Long-Term Investment:** Economic uncertainty and the risks associated with illicit trade discourage investors from committing to long-term investments. This reduces capital inflows into the country and weakens investment in value-added activities within the economy.
- 1.4. **Impact on the Overall Economy:** When considering the fiscal burden on the state, the distortion of market competition, and the slowdown in investment, the overall economy suffers from a loss of fiscal space and missed opportunities to develop human capital and critical infrastructure, both of which are essential for the country’s long-term growth.

2. Security Impact:

- 2.1. **Links to Crime and Corruption:** The supply chains of illicit goods are often associated with violent crime,² corruption, and money laundering, as perpetrators rely on illegal mechanisms to avoid detection, such as smuggling, document forgery, and product relabelling. These practices create multi-layered criminal networks, spanning from domestic producers and distributors to international actors. Furthermore, such operations frequently involve corruption,

⁴ OECD/EUIPO (2021), Misuse of E-Commerce for Trade in Counterfeits, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/1c04a64e-en>.

enabling perpetrators to evade law enforcement and regulatory oversight, allowing them to continue illegal activities without immediate consequences. The result is that criminal and corrupt networks generate substantial revenues for a small group of people, while causing significant economic and national security impacts. Additionally, these networks undermine the credibility of public institutions and the justice system, eroding public trust in the state's ability to ensure safety and fairness.

- 2.2. Impact on Public Confidence and Safety:** The operation of illicit trade networks has a direct impact on public confidence in the government and the justice system. This is because people observe that, despite their own compliance with the law and proper use of government services, illegal products continue to circulate in the market and remain easily accessible to consumers. Weak law enforcement or gaps in monitoring and punishment therefore create a perception that government rules and measures are unable to genuinely protect consumers and honest businesses. This situation fosters distrust in public institutions and the justice system, leading some citizens to view the law as unfair or selectively enforced. Such perceptions may further encourage attempts to evade legal compliance. Illicit trade networks also contribute to insecurity in daily life, both within communities and in business environments nationwide, particularly in areas where illegal production or distribution takes place. Crimes such as smuggling and illegal transportation, which are often accompanied by violence, cause people to feel concerned about their personal safety and property.² The consequences extend beyond domestic public confidence; they also affect Thailand's international reputation in terms of safety in the eyes of tourists and foreign investors.

3. Public Health Impact:

- 3.1.** The trade of illicit products, such as substandard and falsified medical products, non-compliant cosmetics, and alcohol produced outside the regulated system, has a direct impact on the health and quality of life of the population. Such products can cause preventable illnesses or adverse health effects that would otherwise be avoidable if standards-compliant goods were used. In addition, the presence of these illicit products undermines consumer confidence in market safety and affects the overall public health security of the country. The impacts of illicit trade on public health are closely intertwined with economic and social consequences. Illnesses and accidents arising from illegal products increase unnecessary burdens on the national healthcare system and reduce the quality of the workforce, particularly among labour groups, which are critical for long-term economic development and productivity.

Addressing illicit trade, therefore, is not merely a matter of technical law enforcement; it represents an investment in institutional quality aimed at strengthening the predictability and credibility of economic rules. Research such as *Institutional Quality and Foreign Direct*

*Investment: Global Evidence*⁵ shows that regulatory quality has a significant positive relationship with the inflow of Foreign Direct Investment (FDI) globally, including in Asia. Most institutional quality indicators have a clearly positive effect on FDI, reflecting that the relationship between institutions and FDI is context-dependent rather than linear.

Accordingly, enhancing regulatory quality through mechanisms such as risk-based regulation, market surveillance, and track-and-trace/traceability systems represents a form of “**institutional investment**”. These measures reduce the scope of the black market while sending strong signals of credibility to investors, thereby fostering long-term confidence and sustainable economic growth. For these reasons, addressing illicit trade is not merely a matter of ad hoc enforcement against individual cases. It requires a systemic approach involving the design of rules, mechanisms, and institutional investments that enable the state to act predictably, transparently, and effectively in enforcing the law. Key measures include designing track-and-trace systems for high-risk products, developing and applying smart customs systems combined with risk-based analysis at import checkpoints, implementing proactive, data-driven market surveillance, and establishing regulatory frameworks that define obligations and liabilities for online platforms to remove illicit products and prevent their reappearance. These mechanisms help “lock in” regulatory credibility, restore fairness for law-abiding businesses, protect consumers, and create a stable investment environment that supports Thailand’s sustainable economic growth.

This paper is prepared to publish an evidence-based source for government policy decision-making. It provides a comprehensive overview of the situation, existing mechanisms and gaps, and the impacts of illicit trade across key sectors, including tobacco, alcoholic beverages, pharmaceuticals and healthcare products, cosmetics, and agricultural inputs. The paper also highlights the link between illicit trade and regulatory credibility, which is a critical factor for attracting foreign direct investment (FDI) and enhancing the country’s long-term competitiveness.

Furthermore, the report aligns with national strategies and Thailand’s efforts to meet international standards, supporting objectives such as OECD accession and preparation for the EU–Thailand FTA, based on the principles of fairness, the rule of law, and intellectual property protection. It emphasises transparent, predictable, and consistently enforced rules to reduce the space for illicit trade and strengthen Thailand’s credibility in the global trade arena.

Following this introduction, the report includes a “Sector Summary Table”, consolidating data on market size, the share of illicit products, fiscal impacts, health and safety risks, key drivers, urgent measures, and lead stakeholders. This table serves as a decision-making and monitoring tool for policymakers and regulators.

⁵ Khan, H., Dong, Y., Bibi, R. *et al.* Institutional Quality and Foreign Direct Investment: Global Evidence. *J Knowl Econ* 15, 10547–10591 (2024). <https://doi.org/10.1007/s13132-023-01508-1>

The European Association for Business and Commerce (EABC) recommendations to support and enhance efforts to address challenges across various industries. The key issues and proposed approaches are summarised in the attached table as follows:

Industry	Issues/Problems	Recommendations	Related Laws
<p>Agricultural Production Factors</p>	<p>Agricultural production inputs such as fertilisers and pesticides are essential for ensuring adequate quantity and quality of agricultural outputs when used correctly and appropriately. However, the presence of substandard or illegal inputs on the market can create significant problems for farmers, leading to lower-than-expected yields and higher production costs. From an environmental perspective, the use of counterfeit fertilisers can degrade soil quality, while the use of fake pest-control products may leave harmful residues in the environment and contribute to increased resistance among pests. This resistance then necessitates higher application rates, further raising agricultural risks and long-term costs.</p>	<ol style="list-style-type: none"> 1. Improvement and Enforcement of Laws: The Fertiliser Act, Hazardous Substances Act, and related laws require sellers of fertilisers or agricultural hazardous substances to obtain licences from the Department of Agriculture. 2. Establishing Standards in Online Markets: E-commerce platforms should implement inspections and promote the use of technological tools to detect and alert counterfeit products on their platforms. 3. Promoting and Supporting Q Shop and Q Factory Projects 4. Fostering Cooperation Both Domestically and Internationally 5. Raising Public Awareness 	<ul style="list-style-type: none"> • Hazardous Substance Act and Revisions • Fertiliser Act and Revisions • Announcement of the Electronic Transactions Development Agency on Additional Actions for Digital Platform Service Operators of Marketplace-Type Platforms with Specific Characteristics under Section 18(2) of the Royal Decree on Digital Platform Businesses Requiring Notification, B.E. 2565 (2022), B.E. 2568 (2025)

Industry	Issues/Problems	Recommendations	Related Laws
Pharmaceutical and Health Products	<p>The proliferation of counterfeit medicines results in a loss of tax revenue for the government and increased public health expenditure to address the impacts of counterfeit medicines. Patients may need to purchase medications multiple times due to ineffective treatments, leading to redundant costs and reduced quality of life. According to WHO estimates, counterfeit medicines account for approximately 10% of all medicines sold in middle-income countries.</p>	<ol style="list-style-type: none"> 1. Improvement of Legal Provisions: Consideration of enacting e-pharmacy laws to ensure that e-pharmacy services operate legally and maintain standards throughout the process. 2. Monitoring and Control in Online Markets: Promote the use of technology tools for detecting and alerting counterfeit products on e-commerce platforms. 3. Fostering Cooperation at National and International Levels: Given that counterfeit drug issues cross borders and involve illegal imports that bypass registration, cooperation among relevant agencies. 4. Raising Public Awareness: Campaigns and educational efforts should be undertaken to inform consumers about the risks of counterfeit medicines, how to choose medications from reliable sources, and how to verify products. 	<ul style="list-style-type: none"> • Drug Act and Revisions • Draft Announcement of the Ministry of Public Health on Specifications for Premises, Equipment, and Practices in Community Pharmacy at Conventional Drugstores in Accordance with Existing Drug Laws (No. 2), B.E. ... (Telepharmacy)

Industry	Issues/Problems	Recommendations	Related Laws
<p>Tobacco</p>	<p>The fact that price of licit cigarettes in the domestic market is higher than the price of illicit cigarettes by 2-3 times, the situation regarding smuggling of untaxed cigarettes has been worsening continuously. The private sector has compiled impacts of the illicit cigarettes trade as follows:</p> <ol style="list-style-type: none"> 1. Government revenue impact: In 2024, the government lost more than 30 billion baht in revenue to illegal cigarettes, with the trend of losses increasing. 2. Social Impacts: Revenue from specific business taxes has been declining, impacting revenue collection to support social activities and services, and revenue from illegal cigarettes is being used to fund terrorism, transnational crime and corruption. 3. The impact on tobacco farmers from decreased production and income resulting from illegal cigarettes. 	<p>To mitigate the illicit cigarettes trade issue, the industry has compiled recommendations for collaboration between the government and the private sectors as follows:</p> <ol style="list-style-type: none"> 1. Future tobacco taxation policy Formulation of tax rates shall be conducted by considering consumers' purchasing power as suitable. 2. Policy Implementation <ol style="list-style-type: none"> 2.1. Consider formulating national strategies and policies to combat illicit trade, including integrating the enforcement of relevant laws by relevant agencies. 2.2. Expand cooperation with online platform providers and store operators to prevent access to illicit cigarettes. 2.3. Promote public and private sector cooperation in exchanging information and jointly preventing and suppressing illegal cigarettes. 	<ul style="list-style-type: none"> • Royal Decree on Digital Platform Businesses Requiring Notification, B.E. 2565 (2022) • Excise Tax Act B.E. 2560 (2017) • Customs Act B.E. 2560 (2017) and other relevant laws • Anti-Money Laundering Act B.E. 2542 (1999) • Special Case Investigation Act B.E. 2547 (2004) • Organic Act on Anti-Corruption B.E. 2561 (2018) • Computer-Related Crime Act B.E. 2560 (2017)

Industry	Issues/Problems	Recommendations	Related Laws
	<p>4. The public health impact of illegal cigarettes that are not regulated by the government poses an increased health risk.</p>	<p>3. Regulations</p> <p>3.1. Consider increasing the penalties for offenders related to illicit goods as appropriate to the current situation and sufficient to create deterrence of wrongdoing.</p> <p>3.2. Consider improving regulations and measures to increase the efficiency of surveillance. Enhance prevention measures in relation to customs free zones and unloading areas to prevent illegal transshipment of goods across borders.</p> <p>3.3. Consider improving relevant laws and regulations to increase efficiency and speed in suspending access and the closure of websites or stores both on-line and offline which commercialise illicit cigarettes.</p>	

Industry	Issues/Problems	Recommendations	Related Laws
Alcoholic Beverages	<ol style="list-style-type: none"> <li data-bbox="427 276 987 1070">1. Illicit liquor trade, including counterfeit and smuggled liquor, has caused a government revenue loss of not less than 4.4 billion baht annually. The long and difficult-to-scrutinise land and sea borders between Thailand and its neighboring countries, including Malaysia, Cambodia, Myanmar and Laos serve as the primary channels for smuggling illicit liquor into Thailand. Furthermore, cross-border mobility of individuals and vehicles is relatively easy, with a lack of strict control or surveillance. Premium imported liquors such as whisky, brandy, and cognac are the most affected product categories due to their high market demand and value. <li data-bbox="427 1114 976 1374">2. The exemption of import duties under the ASEAN Trade in Goods Agreement (ATIGA) has led to the practice of "Circulation" of illicit goods through third countries to avoid customs inspections. 	<ol style="list-style-type: none"> <li data-bbox="1068 276 1697 531">1. Revisit liquor taxation structure, both import duty and excise, to stabilise government revenue and to reduce incentives of illicit goods, supply, and demand for illegal products offered at significantly lower prices. <li data-bbox="1068 571 1675 783">2. Integrate surveillance, inspection, and suppression by increasing the frequency of border inspections and strictly control all distribution channels, including the online channel. <li data-bbox="1068 823 1653 991">3. Promote regional cooperation at government level, increasing penalty schemes that enable deterring recidivism and create fear of committing crime. <li data-bbox="1068 1031 1686 1150">4. Conduct awareness campaigns and educate consumers about the dangers of counterfeit liquor consumption. <li data-bbox="1068 1190 1682 1270">5. Enhance officials' skills regarding inspection and identifying illicit liquor. <li data-bbox="1068 1310 1659 1390">6. Regularly publish the information or news on successful raids and suppression, 	<ul style="list-style-type: none"> <li data-bbox="1774 276 2063 344">• Excise Tax Act B.E. 2560 (2017) <li data-bbox="1774 384 2040 453">• Customs Act B.E. 2560 (2017) <li data-bbox="1774 493 2069 561">• Trademark Act B.E. 2534 (1991) <li data-bbox="1774 601 2024 703">• Anti-Money Laundering Act, B.E.2542 (1999) <li data-bbox="1774 743 2078 844">• Computer-Related Crime Act B.E. 2560 (2017)

Industry	Issues/Problems	Recommendations	Related Laws
	<p>3. The significant price difference between legally produced and tax paid liquor and illegal liquor at around 1-3 times is a result of high excise tax and customs duties compared to neighboring countries. In addition, constraint of enforcement sources to perform prevention and suppression of illegal goods indirectly encourages illegal activity and/or a lack of fear of the law.</p> <p>4. Ease of access to illegal alcoholic, particularly through the online platform including but not limited to social media, websites, retail outlets, restaurants, pubs, and bars.</p> <p>5. Consumers lack awareness regarding the impacts of illicit alcohol consumption. Also, consumers shift their preference and behaviour to trade down to purchase and consume cheaper liquor.</p>	<p>including penalties to create a deterrent effect and foster fear of wrongdoing.</p>	

Industry	Issues/Problems	Recommendations	Related Laws
<p>Beauty Products</p>	<p>The problem of illicit trade, particularly the counterfeiting of goods in the beauty industry, has currently become a serious and complex global threat. The counterfeiting of cosmetic products has spread to every level, including famous luxury brands, cosmeceutical brands, and domestically produced brands. These imitation goods are often produced without quality control, lack hygiene standards, and frequently use ingredients that are harmful to consumers.</p>	<ol style="list-style-type: none"> 1. Build cooperation and information sharing among stakeholders: Government agencies, brand owners, e-commerce platforms, and non-profit organisations should work closely together to exchange information and intelligence regarding illicit trade, including establishing mechanisms for platforms to have measures to verify and screen sellers of illegal goods. 2. Inspect and control fake goods and pirated goods on online markets: Establish cooperative measures with e-commerce platforms and various social media platforms such as Facebook, Instagram, and Tiktok to develop detection systems (Gating) and alerts for fake goods in order to close such shops and remove fake goods quickly. 3. Law Enforcement and Legal Framework: <ol style="list-style-type: none"> 3.1. Should increase the severity of criminal penalties for intellectual property infringement against offenders. Consider enforcing laws against e-commerce platforms and 	<ul style="list-style-type: none"> • Cosmetic Act B.E. 2558 (2015) & its Amendment in B.E. 2565 (2022) • Consumer Protection Act BE. 2522 • Direct Sales and Direct Marketing Act B.E. 2545 (2002) • Trademark Act B.E. 2534 (1991) • Computer-Related Crime Act B.E. 2560 (2017)

Industry	Issues/Problems	Recommendations	Related Laws
		<p>social media that frequently detect sales of illegal goods and lack reasonable preventive measures.</p> <p>3.2. The government should enforce laws consistently, focusing on and determining policies and control measures to prevent corruption, which is often a key channel facilitating illicit trade in the global supply chain.</p> <p>3.3. There should be effective cross-border intelligence sharing by law enforcement agencies such as the Department of Intellectual Property, Customs Department, Department of Special Investigation (DSI), Consumer Protection Police Division (CPPD), Food and Drug Administration (FDA), Economic Crime Suppression Division (ECSD), Office of the Consumer Protection Board (OCPB), and INTERPOL to exchange intelligence and data regarding patterns and activities of cross-border illicit trade.</p>	

Industry	Issues/Problems	Recommendations	Related Laws
		<p>4. Raise awareness and educate consumers: The government and industry agencies should create campaigns to educate consumers about the dangers of fake goods and methods to verify genuine products, including promoting the role of authorised retailers in providing information to consumers.</p> <p>5. Tax Policy Review: There should be a review of tax policies, subsidies, and tax exemptions to ensure that these policies do not unintentionally promote smuggling or other forms of illicit trade.</p>	

Agricultural Production Factors Industry

Situation of Agricultural Production Factors

The agricultural sector is one of the pillars of the social and economic structure of Thailand. In 2023, the agricultural sector accounted for approximately 8.6% of GDP,⁶ while employing about 23.6% of the total workforce. Fertilisers and pesticides are among the critical agricultural production factors. If farmers use substandard or counterfeit inputs, it will increase costs due to the use of ineffective products, resulting in loss of income for farmers. Although the exact value of the industry in Thailand is not clearly defined, a global assessment can be made for comparison. The proportion of illegal pesticides in the global market is estimated to be around 10% to 25%. The global market value of pesticides in 2021 exceeded 80 billion USD. Therefore, the income from illegal pesticide trade worldwide is estimated to be between 8 billion to 20 billion USD per year,⁷ not including the additional costs incurred by farmers who must purchase new production factors or suffer from damaged yields that do not meet quality and quantity standards. The use of substandard or counterfeit inputs not only affects the economy but also has environmental impacts, potentially leading to residue or contamination in soil or water, as well as health issues for farmers and consumers.

The crackdown on substandard or counterfeit production factors is one of the key policies of the Ministry of Agriculture and Cooperatives. As seen in news reports, the seizure of substandard or counterfeit production factors over the past year was valued at more than 10 million baht, mostly involving arrests at factories or stores. Sales through e-commerce platforms have become an increasingly popular channel but may still lack adequate control measures, making them potential avenues for the sale of substandard or counterfeit production factors.

Recommendations

Law Enforcement and Legal Frameworks

- 1. Improvement and Enforcement of Laws:** The Fertiliser Act, Hazardous Substances Act, and related laws require sellers of fertilisers or agricultural hazardous substances to obtain licences from the Department of Agriculture. Therefore, online sellers or stores on e-commerce platforms should also be licensed by the Department of Agriculture, as recommended by FAO and WHO,⁸ to ensure product quality and that sellers have knowledge about fertilisers and pest control substances, enabling them to advise farmers on correct usage and reduce unnecessary application.

Additionally, pesticides are considered dangerous goods in transport; thus, the postal transport of pesticides must strictly adhere to hazardous goods transport regulations, which are the same standards applied to normal pesticide transport to prevent accidents and environmental contamination.

⁶ <https://uploads.tpsso.go.th/การยกระดับและเพิ่มรายได้ภาคเกษตร.pdf>

⁷ [tracit_illicitepesticides_ecommerce_april2024_full.pdf](https://www.tracit.org/2024/04/11/tracit-illicitepesticides-ecommerce-april2024-full.pdf)

⁸ International Code of Conduct on Pesticide Management Guidance note on online sales of pesticides, 2025, FAO & WHO
<https://www.who.int/publications/i/item/9789240110892>

Policy Implementation

- 1. Establishing Standards in Online Markets:** E-commerce platforms should implement checks and promote the use of technological tools to detect and alert counterfeit products on their platforms, including online sales outside of e-commerce platforms, for rapid removal of counterfeit products. EABC proposes to expand the definition of product standards in the announcement by the Electronic Transactions Commission regarding other actions for digital platform service providers under Section 18 (2) of the Royal Decree on Digital Platform Business Notification 2022, to include fertilisers and pesticides overseen by the Department of Agriculture. This would help filter agricultural production factors sold on platforms to meet standards and reduce the chances of encountering counterfeit products, as well as encourage sellers to have knowledge about agricultural production factors.

Furthermore, based on FAO/WHO recommendations, e-commerce platforms should establish an incident reporting system related to pesticide use and online sales data, which could be adapted from FAO/WHO publication guidelines on developing a reporting system for health and environmental incidents resulting from exposure to pesticides. This would serve as a channel for monitoring and managing incidents, requiring cooperation from all sectors, including regulatory agencies, medical institutions, e-commerce platforms, and online sellers or stores.

- 2. Fostering Cooperation Both Domestically and Internationally:** Given the issue of cross-border counterfeit pesticides, cooperation within and between countries in the region and international organisations, such as the Ministry of Agriculture and Cooperatives, the Department of Agriculture, the Customs Department, the Department of Special Investigation (DSI), the Consumer Protection Police Division, the Office of the Consumer Protection Board, and INTERPOL is essential for information exchange and joint operations.
- 3. Promoting and Supporting Q Shop and Q Factory Projects:** Q Shop and Q Factory are crucial measures by the Department of Agriculture aimed at enhancing the quality of agricultural products and the safety of agricultural inputs. This allows farmers to access quality fertilisers and pesticides at reasonable prices. Q Shop refers to certified production input stores that meet quality, safety, and standard requirements, while Q Factory refers to certified production facilities or manufacturers that have responsible production processes and social and environmental accountability. If stores or factories meet the established standards, the Department of Agriculture will issue certificates and labels.
- 4. Raising Public Awareness:** There should be campaigns and educational efforts to inform consumers about the risks associated with counterfeit agricultural production, encouraging them to purchase agricultural inputs from reliable sources, such as Q Shops and Q Factories, and methods for verifying product authenticity.

Pharmaceutical and Health Products Industry

Situation of Counterfeit Medicines in Thailand

Access to quality pharmaceutical and health care products is a fundamental right of the people. Thailand regulates pharmaceutical products through the Drug Act B.E. 2510 and its amendments, overseeing the production, importation, storage, distribution, and sale of medicines. The following products are prohibited from being produced, sold, imported, or ordered into the country: fake medicines, substandard medicines, expired medicines, unregistered medicines, medicines with revoked registration, and medicines whose registration has been revoked by the Minister.⁹ In this document, these pharmaceutical products will collectively be referred to as “*counterfeit medicines*” for this paper.



Although Thailand is not a major production source, it is a transit point and reports a high level of illicit trade in pharmaceutical products compared to the ASEAN region and major counterfeit drug markets, as shown by the number of cases in Figure 1,¹⁰ particularly in border areas and tourist destinations. Counterfeit medicines prevalent in this region include anti-malarial medicines, antibiotics, cancer treatments, contraceptives, and unregulated combination medicines.¹¹

Figure 1 Frequency of Pharmaceutical Crimes Detected in ASEAN

Additionally, the COVID-19 pandemic has led to an increase in the sale of counterfeit medicines through online channels. Although there are no official statistics comparing the number of cases before and after the outbreak, reports from OECD¹² and Interpol^{12,13} indicate that the situation has indeed worsened. The demand for COVID-19 treatment medicines, as well as infection prevention products such as face masks and hand sanitisers, has led to shortages, prompting the sale of counterfeit medicines. The lockdown measures have also shifted consumer purchasing

⁹ พระราชบัญญัติยา พ.ศ. 2510

(<https://drug.fda.moph.go.th/media.php?id=475898096858046464&name=drug2510-krisdika-v2020.pdf>)

¹⁰ Examining The Negative Impact of Illicit Trade on the ASEAN Community Vision 2025, TRACIT

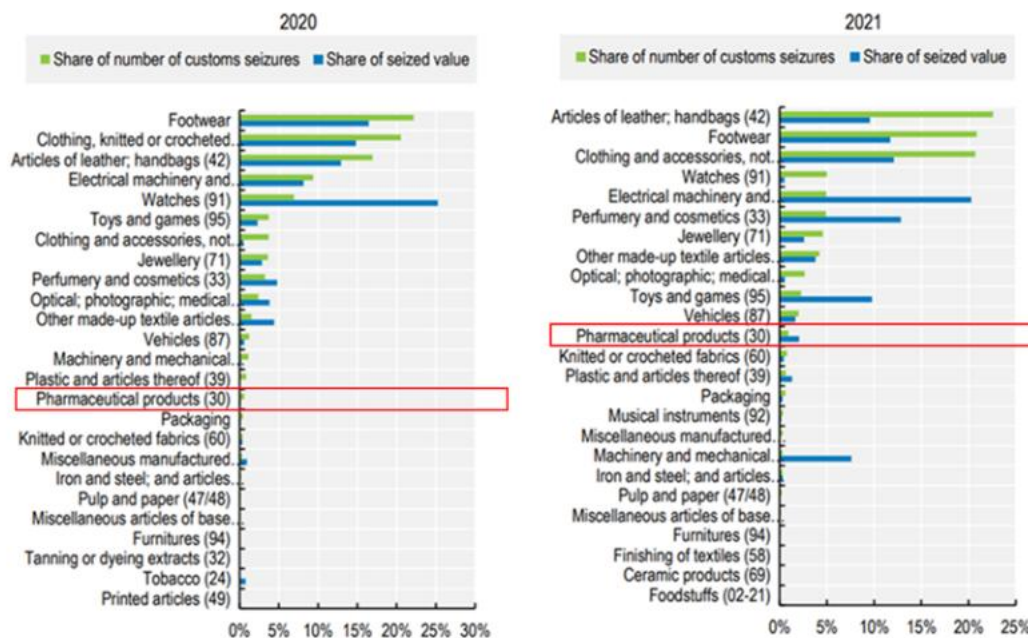
(https://www.tracit.org/uploads/1/0/2/2/102238034/tracit_aseancommunity_june2023.pdf)

¹¹ Feeney, A.J., Goad, J.A., & Flaherty, G.T. (2024). Global perspective of the risks of falsified and counterfeit medicines: A critical review of the literature. *Travel Medicine and Infectious Disease*, 59, 102758. <https://doi.org/10.1016/j.tmaid.2024.102758>

¹² United Nations Office on Drugs and Crime (UNODC). (2020). Counterfeit Goods in South-East Asia: Saving Money May Risk Your Health.

¹³ Intellectual Property Helpdesk. (2021). How to Remove Counterfeit Goods from e-commerce Sites in South-East Asia. European Commission.

behaviour towards e-commerce, which has continued even after the pandemic. Furthermore, according to the OECD report on Illicit Trade: Mapping Global Trade in Fakes 2025, Global Trends and Enforcement Challenges,¹⁴ pharmaceutical products ranked 15th out of the top 20 categories of most counterfeited goods in 2020 and rose to 12th place in 2021, indicating an upward trend in value.



Source: OECD-EUIPO global customs seizures.

Figure 2 Top 20 Categories of Most Counterfeited and Pirated Goods (2020 and 2021)

Impact of Illicit Trade in Pharmaceutical Products

Counterfeit medicines affect the public's health and social well-being, such as the use of counterfeit medications that do not have therapeutic effects. For instance, using counterfeit contraceptives may lead to unintended pregnancies, causing subsequent social issues like unwanted pregnancies. Additionally, there is a risk of developing antimicrobial resistance (AMR) and exacerbating disease symptoms. The use of counterfeit medicines may also involve banned substances or harmful chemicals, leading to further health problems. The proliferation of counterfeit medicines results in a loss of tax revenue for the government and increased public health expenditure to address the impacts of counterfeit medicines. Patients may need to purchase medications multiple times due to ineffective treatments, leading to redundant costs and reduced quality of life. According to WHO estimates, counterfeit medicines account for approximately 10% of all medicines sold in middle-income countries.¹⁵ For Thailand in 2022, the market value of pharmaceutical products was about 240 billion baht.¹⁶ Moreover, looking at the number of counterfeit drug seizure cases, data from the United Nations Office on Medicines and

¹⁴ OECD data by product category (HS code);

https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/05/mapping-global-trade-in-fakes-2025_5c812e3c/94d3b29f-en.pdf

¹⁵ <https://www.who.int/news-room/fact-sheets/detail/substandard-and-falsified-medical-products>

¹⁶ <https://www.hfocus.org/content/2023/04/27532>

Crime (UNODC) indicates that consumer spending on counterfeit medicines in Southeast Asia ranges from 520 million to 2.6 billion USD per year.¹² For Thailand, although there is no exact data, reports from UNODC show a continuous increase in counterfeit seizures, with an 83% increase in 2021 compared to the previous year.¹² According to data released by the Food and Drug Administration (FDA) in collaboration with the Central Investigation Bureau (CIB), in 2023, counterfeit medicines worth over 100 million baht were seized.¹⁷ For businesses, counterfeit medicines undermine brand trust and reduce incentives for investment in new drug research and development, impacting medical innovation and the competitiveness of the pharmaceutical industry in the region.

Recommendations

Law Enforcement and Legal Frameworks

- 1. Improvement of Legal Provisions:** The data shows an increase in the sale of counterfeit medicines online. Over the past year, the FDA has collaborated with e-commerce platform operators to monitor and remove pharmaceutical products from these platforms, achieving significant success in reducing the number of pharmaceutical products available online. EABC appreciates the FDA for this proactive initiative. However, EABC recognises the importance of e-pharmacy as a tool to facilitate consumer access to medications and health services conveniently and quickly, while also alleviating congestion in pharmacies and promoting comprehensive health care. Therefore, EABC proposes the consideration of enacting e-pharmacy laws to ensure that e-pharmacy services operate legally and maintain standards throughout the process, from patient registration to medication delivery for patient safety. Thus, online drug sales should comply with regulations and standards throughout the process, including patient registration, drug storage, delivery, and follow-up. The storage or delivery of non-standard medicines may compromise their quality. The FDA has organised public consultations on the draft Ministry of Public Health announcement regarding regulations on the location, equipment, and practices of community pharmacy services under the Drug Act (No. 2) B.E. ... in September 2025.
- 2.** A mechanism should be established to support law enforcement, with cooperation from all relevant sectors, including government agencies, the private sector, and platforms, to swiftly halt the sale of counterfeit medicines upon detection and to control and monitor sources, as well as to ensure robust border inspection processes.

Policy Implementation

- 1. Monitoring and Control in Online Markets:** Promote the use of technology tools for detecting and alerting counterfeit products on e-commerce platforms, including online sales outside of these platforms, such as through social media, to quickly remove

¹⁷ https://oryor.com/media/newsUpdate/media_news/2616?fbclid=IwY2xjawN1WX5leHRuA2FbQlxMAABHp1hx4MaEg-G_TiP3_Wbahvchl1kwkv0ThFsDdKt1fHIQuqkPV6ZlwrMNtD2_aem_mqxGzlc7M1pT4QYAIv5Lw

counterfeit products.^{12,18} The FDA has been discussing with e-commerce platforms to connect their API databases with the FDA to intercept illegal health products or products that have not received approval before being sold to the public. Using artificial intelligence (AI) for automatic screening will enhance surveillance efficiency and block sales before they occur, providing rapid and systematic protection and safety for buyers.¹⁹ This proactive approach can serve as a model for other product categories in the future.

- 2. Fostering Cooperation at National and International Levels:** Given that counterfeit drug issues cross borders and involve illegal imports that bypass registration, cooperation among relevant agencies, both domestically and internationally, such as the FDA, Customs Department, DSI, CIB, Office of Consumer Protection Board, WHO, INTERPOL, and UNODC, is essential for information exchange and joint operations.
- 3. Raising Public Awareness:** Campaigns and educational efforts should be undertaken to inform consumers about the risks of counterfeit medicines, how to choose medications from reliable sources, and how to verify products.

¹⁸ South-East Asia IPR SME Helpdesk (2020). Intellectual Property in e-commerce era. European Union.

¹⁹

https://oryor.com/media/newsUpdate/media_news/3319?fbclid=IwY2xjawNj_cFlEHRuA2FlbQlxMAABHrZBxxMhMZkKEZ7p3pk_hfolvJ2FRykYspwhRUEqo2CVK5wRL00E3Qq-YjjoS_aem_zbOMcvAF-GG0gOgXQrMsvg

Tobacco Industry

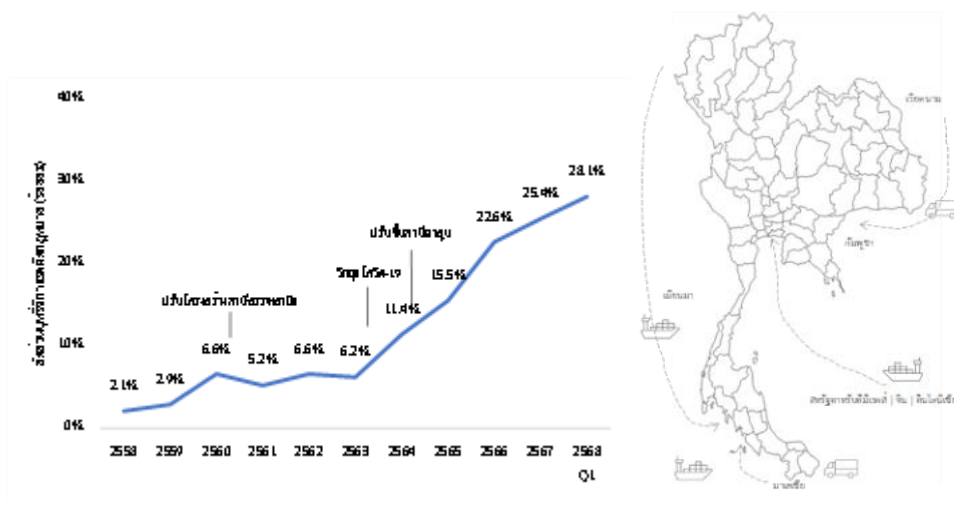
Situation of Illicit Cigarettes in Thailand

Following the increase in the tobacco excise tax rate in 2017 and the increase in tobacco tax in 2021, cigarette tobacco is now taxed on a mixed basis, with both volume tax and value-based tax calculated from the recommended retail price excluding VAT. The price of legal cigarettes in the country is higher than the ability of consumers and 2-3 times higher than that of illegal cigarettes. As a result, the situation of illegal cigarettes, including cigarettes smuggled without paying taxes and counterfeit cigarettes, has continued to increase. Referring to Figure 1 the Empty Pack Survey (EPS) conducted by a global market research company. The proportion of illegal cigarettes increased from 6.6 percent in 2017 to 25.4 percent in 2024 and increased to 28.1 percent in 2025 (Q1), divided into 27.4 percent of smuggled cigarettes without paying taxes and 0.7 percent of counterfeit cigarettes. In addition, it was found that the origin of illegal cigarettes came from the United Arab Emirates, China, Myanmar, Vietnam, Cambodia, and Indonesia, as shown in Figure 2.

According to recent media reports. It was also found that there was an arrest of counterfeit cigarettes with trademarks, and the authorities investigated and intercepted the smuggling of many counterfeit cigarettes that were identified as originating from Thailand or linked to Thailand. It shows that Thailand is at high risk as a route for transporting illegal cigarettes to different regions of the world.

Figure 1: Illegal cigarettes in Thailand from 2015 to 2025 (Q1)

Figure 2: Illicit cigarettes entering Thailand



Source: The Empty Pack Survey (EPS) was conducted by a global market research company

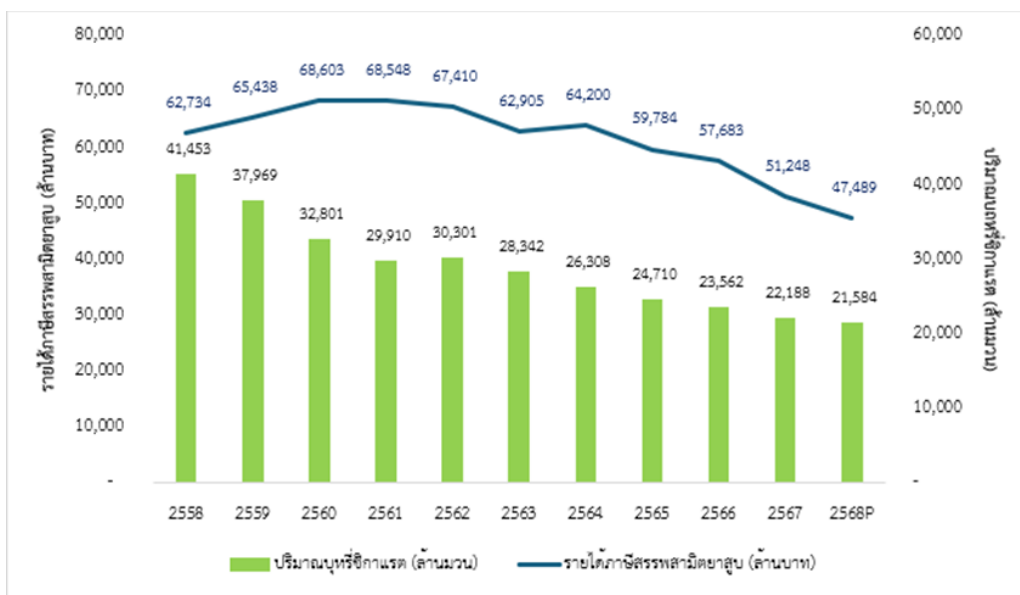
Impact of the Illicit Cigarette Trade

The illegal cigarette trade in Thailand has more than quadrupled since 2017, with a significant impact on the value chain of tobacco products and all stakeholders, including the government – as follows;

1. Impact on government revenue

Tobacco excise tax revenue collected by the government has been declining steadily since the restructuring of tobacco excise tax in 2017, with a total of 68,603 million baht collected by government in that year. However, in 2025, tobacco excise tax revenue decreased to only 47,489 million baht, or a decrease of 7 percent in tobacco excise tax revenue compared to the previous year as shown in figure 3. Illicit cigarettes have grown from 6.6% in 2017 to 28.1% in 2025 this causes loss of government revenue for more than 26,000 million baht²⁰. Therefore, the total value of damage to the government and the industry from illegal cigarette trade activities in 2025 is not less than 31,000 million baht.

Figure 3: Supply of cigarettes subject to excise tax and tobacco excise revenue during 2015-2025



Source: Excise Department

²⁰ Other taxes levied on tobacco include Value Added Tax (VAT) and earmarked taxes, which are collected in addition to the tobacco excise tax at a combined rate of 17.5%. These comprise the local administration tax (Ministry of Interior tax), contributions to the Thai Health Promotion Foundation (ThaiHealth), contributions to the Thai Public Broadcasting Service (Thai PBS), contributions to the Elderly Fund, contributions to the National Sports Development Fund, and the Provincial Administrative Organisation maintenance tax.

2. Social impact

- 2.1. **As a result, the revenue from earmarked taxes**, which government collects in addition to tobacco excise taxes to implement projects and provide community and social support services, such as community development, well-being, the elderly, sports, and public media, has decreased by more than 6,000 million baht. This revenue loss consists of tax for local government (tax for Ministry of Interior) 1,800 Million Baht, Remittance for Thai Health Promotion Fund 360 million baht, Fund for the Public Broadcasting Authority of Thailand (Thai PBS) 272 million baht, the Elderly Fund 360 million baht, the National Sports Development Fund 360 million baht and 670 million baht for the provincial administration organisation tax, as well as more than 2,000 million baht of VAT revenue loss. This affects the efficiency and continuity of such social projects and services for the people.
- 2.2. **The money proceeds from the illegal cigarette trade are used to finance other crimes**, including transnational crimes such as human trafficking, drug trafficking, terrorism, money laundering and coruptions. This is based on reports from international organisations such as: World Health Organisation (WHO)²¹, The Organisation for Economic Co-operation and Development (OECD)²², and the United Nations (UN).

3. Impact on tobacco farmers

The continued contraction of the tobacco industry because of the increase in illegal cigarettes has directly affected the production and income of tobacco farmers, mainly in the North and Northeast of Thailand. After the tobacco tax restructuring in 2021, the situation of illegal cigarettes increased from 11.4 percent to 15.5 percent and 22.6 percent in 2022 and 2023, respectively. As a result, the number of tobacco farmers has decreased from 50,000 families to only about 30,000 families.

4. Public Health Impact

Illegal cigarettes, that are smuggled without paying taxes, are not regulated and controlled by the government. This may pose risks and affect the health of illegal cigarette consumers from the use of incompliant and sub-standard raw materials, expired or contamination of narcotic substances which cause harm to consumers - such as arsenic, lead, or cadmium. In addition, the very low price of illegal cigarettes makes it more accessible to smokers. This caused the number of smokers to increase as a result.

²¹ WHO, Illegal trade of Tobacco products: What you should know to stop it, (2015), <https://iris.who.int/server/api/core/bitstreams/caf4fb75-e70a-455c-ba46-51b62c18fc35/content>

²² OECD, Reviews of Risk Management Policies: Illicit Trade CONVERGING CRIMINAL NETWORKS), (2019), https://www.oecd.org/en/publications/charting-illicit-trade_9789264251847-en.html

5. Trade and Investment Impact

The fact that Thailand is used as a route for transporting illegal cigarettes to foreign countries has had a significant impact on the trade and investment climate and trustworthiness - particularly, the confidence of foreign investors who see loopholes in law enforcement and border controls. As a result, the country's image will be affected and may reduce the incentive for long-term investment. In addition, illegal cigarette trademark infringement negatively affects businesses that operate legally. This may lead to international lawsuits and reduce the credibility of Thailand's trading system in the eyes of the global community.

Policy Recommendations

It is important that the government should integrate plans, efforts and strategies to prevent and solve the problem of illegal cigarette trade. This could be done by cooperating of relevant public and private sectors. As follows:

1. Supply and Demand Sides

The rapid growth of illegal cigarettes in Thailand is due to the price gaps between illicit and legal cigarettes in the market. The illicit cigarettes are 3 times cheaper than legal products - due to the evasion of excise taxes and no compliance cost related to the controls by the government. Price of Illegal cigarettes starts at only 15 baht per pack, while legal cigarettes in the market start from 64-72 baht. Therefore, tobacco tax rates should be set in line with the purchasing power of consumers, combining with improvement of prevention and suppression efforts.

2. Policy Implementation

- 2.1 Consider formulating national strategies and policies to combat illicit trade, including the integration and joint enforcement of laws by relevant agencies in a strict, rapid, and continuous manner, such as the Customs Law, Excise Law and Money Laundering Laws. The government could consider increasing the penalties and expanding the investigation into the financial activities of those involved and that the perpetrators can be severely punished and prevent repeat offenses.
- 2.2 Expand cooperation with online platforms and store operators to prevent access to illegal cigarettes. This includes removing illegal posts or advertisements, and improving information providing system related to illegal cigarette trade which may lead to arrests.
- 2.3 Enhance cooperation between governments, private sector, and international organisations for information exchange and joint prevention and suppression of illegal goods, especially the development of a state-level working mechanism to achieve special surveillance program of high-risk goods in the region, especially the transportation of goods and transits from the country of origin to the destination.

- 2.4 Push the issue of illicit trade as part of the agenda in the ASEAN security and economic forum to promote systematic prevention and suppression in the region.

3. Law Enforcement and Legal Frameworks:

- 3.1 Consider pushing for amendments to allow the offenses and cases under the Excise Tax Act and other regulation related to illegal trade in goods as part of the offenses under the scope of the Prevention and Suppression of Money Laundering Act.
- 3.2 Consider improving the penalties for offenders related to illegal goods to be appropriate to the current situation and sufficient to create deterrent of wrongdoing, as well as considering measures which may motivate the public to report illegal activities to increase the efficiency of investigations by the relevant agencies, that may have limited personnel and officials
- 3.3 Consider improving Customs regulations related to transit goods and enhancing relevant measures to increase surveillance. Enhance prevention and investigation of customs free zones, cargo transportation and unloading areas to prevent illegal loading or unloading of goods for transit and border crossing
- 3.4 Consider improving relevant laws and regulations to increase the efficiency and speed of suppression and the closure of websites or shops that conduct illegal cigarettes trade online and through electronic applications

Alcoholic Beverages Industry

Situation of Illicit Liquor in Thailand

Illicit liquor trade in Thailand, consisting of the production and trade of counterfeit liquor and smuggled liquor, costs the government loss not less than 4.4 billion baht annually (as of 2024). According to a research report of the Euromonitor International released in April 2025, the land border between Thailand and its neighboring countries, namely Malaysia, Cambodia, Myanmar, and Laos, is a key conduit for smuggling illicit liquor into the Kingdom. The loopholes provided by the ASEAN Trade in Goods Agreement (ATIGA) for import duty exemptions to "circulation" of goods through the third countries to avoid customs inspections is part of the critical factor encouraging illicit trade activities. Furthermore, the ease of cross-border mobility of individuals and transportation makes it difficult for government officials to control and inspect the goods.

The difference in the prices between licit liquor and illicit liquor which is a result of high excise rates, and a lack of consumer awareness regarding negative impacts of illicit liquor consumption, has altered consumers behaviour to trade down for cheaper alternatives. Premium imported liquors such as whiskey, brandy, and cognac are the most affected by counterfeiting and smuggling activity due to their high market demand and high value. Counterfeiting often involves the refilling of used bottles with counterfeit or cheaper liquor.

Key factors that encourage an expansion and/or persistence of the illicit liquor trade in Thailand are as follows:

1. **Consumer spending power and consumers income** which drive them to consume or trade down for illicit liquors that are cheaper and widely available.
2. **Ease of access to illicit liquors** which are widely available through various channels, particularly online, social media, websites, as well as retail outlets, restaurants, pubs, and bars.
3. **Law enforcement** in Thailand's takes relatively longer time than other countries while length of land borders between Thailand and its neighboring countries has resulted in flooding of illicit liquors from numerous natural or formal border points that are difficult to control.

Recommendations

Law Enforcement and Legal Frameworks:

Revisit the liquor tax structure, including import duty and excise tax, to achieve the goal of stabilising government revenue while reducing incentives to illicit traders, supply and demand for illicit goods, particularly, the illegal goods offered at significantly lower-priced illegal products.

Policy Implementation

- 1. Integrate surveillance, inspection, and law enforcement:** Increase the frequency of border surveillance and inspection while strictly controlling all distribution channels, including online platforms and chat applications. Also, to promote regional collaboration at government level as well as revisit or increase penalties schemes to the level that enables deterring the recidivism and create fear of committing crime, as per international best practices.
- 2. Execute consumer awareness and education campaigns:** Aim at discussing the dangers of counterfeit consumption and penalties associated with purchasing illicit liquor and educating officials on liquor for product identification. Furthermore, the government should regularly publish reports on raids or seizure performance that include penalties against offenders to create fear of laws and wrongdoing and uplift the deterrent effect on illegal behaviour in society.

Beauty Products Industry

Situation of illicit Beauty Products in Thailand

The problem of illicit trade, particularly the counterfeiting of goods in the beauty industry, has currently become a serious and complex global threat. The counterfeiting of cosmetic products has spread to every level, including famous luxury brands, cosmeceutical brands, and domestically produced brands. These imitation goods are often produced without quality control, lack hygiene standards, and frequently use ingredients that are harmful to consumers.

According to a report by the European Union Intellectual Property Office (EUIPO),²³ the global cosmetics industry loses as much as 5.4 billion US dollars in revenue annually due to counterfeit goods. In the European Union alone, the cosmetics industry faces sales losses of approximately 3 billion Euros per year, accounting for 4.8% of total sales. These figures indicate a massive impact, which is not limited merely to financial losses but includes various other impacts affecting manufacturers, governments, and, most importantly, consumers.

In Thailand, there have been reports of several major detections of fake goods by government agencies. Furthermore, the sale of fake goods and intellectual property-infringing goods is currently found on e-commerce platforms constantly. Government investigations have revealed that the majority of these goods are imported from abroad, particularly from China.

Photos of the Annual Destruction Ceremony of Infringing Goods 2025



²³ European Union Intellectual Property Office (2024), Economic impact of counterfeiting in the clothing, cosmetics, and toy sectors in the EU https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2024_Clothing_Cosmetics_Toys/2024_Economic_Impact_of_counterfeiting_in_clothing_cosmetics_toys_FullR_en.pdf

Impact of Illicit Trade in the Beauty Products Industry

Economic Impact

- 1. Impact on National Revenue:** Illicit trade causes the government to lose massive amounts of tax revenue, undermining the country's economic stability because fake goods do not go through proper import processes, and no taxes are paid.
- 2. Impact on Domestic Industry:** Cosmetic companies directly lose sales and profits from competing with cheaper fake goods. This leads to reduced production capacity and decreased demand for labour, resulting in job losses. It also affects the growth and innovation of the beauty industry as a whole, as fake goods undermine incentives to invest in research and development of new products. Additionally, companies must bear higher costs in fighting counterfeiting, whether it be expenses for monitoring and tracking fake goods, legal proceedings, strengthening supply chain security, and raising consumer awareness, all of which are costs that do not generate revenue.
- 3. Damage Brand Reputation and Image:** Even though the goods are counterfeited, when consumers use poor-quality fake products and experience negative results, they often associate that negative experience with the genuine brand. This reduces the reputation and credibility of the operator in the eyes of consumers.
- 4. Unfair Competition:** Product counterfeiting also creates unfair competition in the market, affecting small operators who conduct business legally.

Social Impact

- 1. Risks to Consumer Health and Safety:** This is the most severe impact because fake cosmetics and skincare products are often produced with substandard and dangerous ingredients such as arsenic, beryllium, cadmium, lead, mercury, or even dangerous levels of bacteria. These chemicals can cause irritation, allergic rashes, and dermatitis, leading to severe long-term health problems such as cancer or systemic toxicity, which poses a direct threat to consumers who mistakenly use these products.
- 2. Creating Additional Burden on the Public Health System:** The state must allocate additional budget to care for consumers suffering health effects from using fake goods, and it also increases the burden on medical personnel.
- 3. Undermining Consumer Confidence:** Consumers who have had a negative experience with fake goods may lose confidence in that brand, even if the product is confirmed to be genuine.
- 4. Supporting Criminal Organisations:** Profits from the trade of fake goods are often used as a source of funding to support other illegal activities, such as money laundering.

5. **Ethical and Labour Concerns:** The production of fake goods often involves human rights violations and the use of illegal labour, including child labour, in unsafe and unfair environments.
6. **Environmental Impact:** The production processes of fake goods often neglect environmental impacts, and the disposal of large quantities of fake goods can cause severe pollution.
7. **Normalising Counterfeiting:** Social media platforms can sometimes contribute to making the purchase of fake goods seem more normal, especially when influencers or general users review fake products, or when there is a failure to quickly suppress and remove shops selling fake goods.

Policy Recommendations and Implementation

Solving the problem of illicit trade in the beauty industry requires a comprehensive approach and cooperation from all sectors as follows:

1. **Building Cooperation and Information Sharing Among Stakeholders:** Government agencies, brand owners, e-commerce platforms, and non-profit organisations (NGOs) should work closely together to exchange information and intelligence regarding illicit trade. This includes establishing mechanisms for platforms to have measures to verify and screen sellers of illegal goods.
2. **Inspect and control fake goods and pirated goods on online markets:** Establish cooperative measures with e-commerce platforms and various **social media platforms** such as Facebook, Instagram, and Tiktok to develop detection systems (**Gating**) and alerts for fake goods to close such shops and remove fake goods quickly.
3. **Law Enforcement and Legal Frameworks:**
 - 3.1. **Should increase the severity of criminal penalties** for intellectual property infringement against offenders. Consider enforcing laws against e-commerce platforms and social media that frequently detect sales of illegal goods and lack reasonable preventive measures.
 - 3.2. **The government should enforce laws consistently**, focusing on and determining policies and control measures to prevent **corruption**, which is often a key channel facilitating illicit trade in the global supply chain.
 - 3.3. **There should be effective cross-border intelligence sharing** by law enforcement agencies such as the Department of Intellectual Property, Customs Department, Department of Special Investigation (DSI), Consumer Protection Police Division (CPPD), Food and Drug Administration (FDA), Economic Crime Suppression Division (ECSD), Office of the Consumer Protection Board (OCPB), and INTERPOL to exchange intelligence and data regarding patterns and activities of cross-border illicit trade.

4. **Raising Awareness and Educating Consumers:** The government and industry agencies should create campaigns to educate consumers about the dangers of fake goods and methods to verify genuine products, including promoting the role of authorised retailers in providing information to consumers.
5. **Tax Policy Review:** There should be a review of tax policies, subsidies, and tax exemptions to ensure that these policies do not unintentionally promote smuggling or other forms of illicit trade.