

Illicit Trade at the time of crisis: current challenges and long-term impacts

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Good afternoon.

Let me first thank the co-Chairs from the UK (Chris Martin) and US (Christa Brzozowski) for their continued leadership in advancing the important work program of the Task Force on countering illicit trade, as well as Piotr Stryszowski, Senior Economist Directorate for Public Governance, OECD, and European Union Intellectual Property Office (EUIPO) for their recent launch of the evidence-based report, "[Illicit Trade: Trade in Counterfeit Pharmaceutical Products](#)".

Building on the questions posed for this webinar, it becomes imperative that given the current pandemic crisis which presents numerous challenges that we work together and leverage our respective energies to strengthen international cooperation and to protect our economies, markets, supply chains, and communities.

Converging with the current COVID-19 threat to global health and security, is a global economic downturn and financial hardship that is not only increasing criminality for an array of bad actors who are exploiting the current pandemic to line their own pockets through illicit commerce (as DHS IPR CENTER Director Steve Francis stated this morning) but is also spurring consumers unknowingly (and knowingly) to purchase all kinds (often dangerous and cheaper) counterfeit and pirated goods -- e.g. pharma products, electronics, apparel, alcohol, tobacco, FMCG, illegally-downloaded and streamed movies and music, etc.

The current crisis also offers an opportunity to harness "lessons learned" and to apply and sharpen our responses in disrupting illicit trade and reducing illicit markets across regions and on-line marketplaces throughout the digital world.

To combat such criminal threats, Business at OECD stands ready to partner with the OECD and its TFCIT.

As the Chair of the Business at OECD [Anti-Illicit Trade Expert Group \(AITEG\)](#), it is a honor to be here with you today and to help lead this session with my co-Chair Alvis Giustiniani, Vice President Illicit Trade Prevention, PMI, and members of our Business at OECD AITEG group, as well as members of the U.S. Council for International Business (USCIB) including:

- David Shore, who leads the Europe, Middle East and Africa regional Global Security Team for Pfizer, a responsibility that supports 153 diverse countries and related business interests; and
- Chris Oldknow, senior public policy manager at Amazon, covering issues of counterfeiting and intellectual property;

They will offer their industry perspectives and identify trends in this COVID-19 environment and ways to help strengthen our policy frameworks on fighting illicit trade.

Before I turn it over to Alvis, let me share briefly with you the efforts of Business at OECD Anti-Illicit Trade Expert Group to support the TFCIT since the beginning of this year, including this important webinar, and we hope in future joint efforts including co-financing projects of interest to the membership of the Task Force and Business at OECD AITEG.

At the launch last month of the OECD-EUIPO report on Trade in Fake Medicines, I shared that we had released our Roadmap on “[Public-Private Partnerships Critical to Fighting Illicit Trade Across Strategic Markets](#)” which outlined some of our recommendations to the overall work program of the TFCIT.

For example, we encouraged the TFCIT to move beyond quantitative studies so as to produce more qualitative policy guidelines, for example identifying, analyzing and disseminating effective policy and good practices to assist OECD member states to better regulate illicit trade in pharmaceuticals, and other sectors.

Business at OECD AITEG supports the TFCIT’s continued focus on various illicit threats across source, transit, and destination markets including:

- o Role of [E-Commerce and Online Markets in Fueling Illicit Trade](#). Addressing “[Small Parcels](#)” Trade in Contraband and Illicit Commodities.
- o Implementation of the [OECD Recommendations on Enhancing Transparency in FTZs](#)
- o Misuse of Container Ships for Illicit Trade
- o Targeting corruption and money laundering/TBML that help fuel illicit trade must also be an important cross-cutting priority across the work program of the TFCIT, and underscored earlier by TFCIT co-Chair, Chris Martin.

Today, Business at OECD has released a note on the “[Illicit Trade in the Context of COVID-19 and Future Pandemics](#)” in which we state our commitment to work with you on the following actions:

- Promote an international policy framework to effectively combat illicit trade across the important issues that the TFCIT is undertaking.
- Highlight illicit trade challenges related to ecommerce and on-line marketplaces and develop solutions to tackle the sale of fake, falsified and substandard medicines, counterfeit pharmaceutical products, fraudulent medical devices and technologies, including vetting of thirdparty suppliers, prohibiting fraudulent advertising.
- Examine the effects of illicit trade and related COVID-19 scams on supply chain security and share best practices and case studies of countermeasures and effective law enforcement and private sector resiliency responses.
- Harness transformative technologies, including blockchain, artificial intelligence, financial intelligence/financial technologies, predictive analytics, track and trace, and other innovations, to help address illicit markets in a more effective and efficient manner.
- Encourage the sharing of data and market intelligence across sectors, including with law enforcement, where supply chains have been compromised by bad actors and criminals related to “coronacrimes”.

In addition, our Anti-Illicit Trade Expert Group (AITEG) is committed to the following measures:

- Leverage *Business at OECD* AITEG Network and the work of the TF-CIT through public-private partnerships to elevate the global fight against illicit trade, counterfeits, and consumer fraud, as well as the development of joint TFCIT-AITEG Public Service Announcements (PSAs).

And finally we are keen to commence a dialogue on the best way to establish a dedicated pilot project to fight against illicit trade in the context of the Covid-19 Crisis and future pandemics.

This could be done as part of our concept proposal to finance a Capacity Anti-Illicit Trade Program (CAP) Fund to decisively counter illicit trade and disrupt illicit markets in Free Trade Zones (FTZs), misuse of container ships and small parcels, in trade in counterfeits and contraband, and across on line e-commerce platforms, including helping communities with their COVID-19 recovery and resiliency efforts.

Through public-private partnerships we can join forces and do a lot together and find ways to identify, leverage, and mobilize resources and financial streams to support joint research projects, events, training, and workshops related to the work of the TFCIT.

Finally, we are committed to work with the OECD and TFCIT to ensure Governments take effective measures in the aftermath of COVID-19 to prevent a renewed illicit flow, and in future pandemics, including through greater enforcement actions related to the OECD Recommendation on FTZs, and the other areas I mentioned earlier.

Thank you, and now turn to Alvise for his reflections and insights.