

**Business at OECD Informal Contact Group on @nti-Illicit Trade
(Go@IT)**

2020-2021 Go@IT Road Map

Illicit trade is a serious threat that feeds a booming multi-trillion-dollar global illegal economy and harms every market, puts public health and safety at risk, and upends the rule of law and investment climate. It is a threat multiplier that helps fuel transnational crime, corruption, and greater insecurity and instability around the world. Illicit trade results in:

- Lost revenue and market share;
- Intellectual property theft, stolen data, and dis-incentivizes innovation;
- Job displacement for workers and business closures;
- Increased costs of doing business overseas;
- Heightened violence and criminality in some markets;
- Diminished brand integrity and market reputational value; and
- Illicit Revenue and Infrastructure which criminals use for smuggling of drugs, weapons, people and other illicit activities.

The OECD Task Force on Countering Illicit Trade (TFCIT) focuses on evidence-based research and advanced analytics to assist policy-makers to map and understand the market vulnerabilities created and exploited and by illicit trade. Recent work by the TFCIT has examined governments' institutional capacities to counter illicit trade and promote transparency in free trade zones (FTZs), and the Task Force is also exploring institutional gaps that enable illicit trade in small parcels, FTZs, E-Commerce, and across vulnerable sectors.

In 2018, *Business at OECD* established an Informal Contact Group on Anti-Illicit Trade (Go@IT) which allows businesses and the Business at OECD National federations to provide evidence-based and structured input to OECD activities on illicit trade. In a meeting of the Go@IT in March 2019 in Paris, France, members agreed to develop a strategic paper and roadmap to help shape the direction of the TFCIT in 2020-2021.

This Informal Contact Group will provide business leadership and market insights through written comments on related OECD policy drafts, active participation in meetings of the OECD Task Force on Countering Illicit Trade and relevant OECD conferences, and co-hosting with TFCIT and other partners, as appropriate, events and projects on key issues for members.

Business at OECD will promote its inputs of the Go@IT at the level of the OECD Public Governance Committee, which serves as the Secretariat of the TFCIT, and other relevant OECD bodies.

2020-2021 Go@IT Road Map

- Promote TFCIT to external stakeholders as a trusted source of reference on illicit trade
- Assist governments in implementing OECD Recommendations on Enhancing Transparency in Free Trade Zones (FTZs)
- Develop Guidance for Addressing “Small Parcels” trade in contraband and illicit commodities and the Role of E-Commerce and On-line Markets in Fueling Illicit Trade
- Work with Critical Sectors, Governments, Non-Governmental Organizations (NGOs) and other Key Players to Counter Illicit Trade and Harness Blockchain, AI, Other Technologies
- Support Continued Research and Analytical Papers on Counterfeit (e.g. Pharmaceuticals, Alcohol, Tobacco, Food, Toys, and Apparel as Initial Sectoral Focus) and Other Illicit Products
- Integrate Convergence Crime Elements into Work of TFCIT including Corruption, Money Laundering
- Support Regional TFCIT Dialogues in Strategic Markets (e.g., UAE, APEC, Panama)

1. Promote TFCIT to external stakeholders as a trusted source of reference on illicit trade

The OECD Task Force on Countering Illicit Trade (TFCIT) focuses on evidence-based research and advanced analytics to assist policy-makers map and understand the market vulnerabilities exploited and created by illicit trade. Recent work has examined governments’ institutional capacities to counter illicit trade and promote transparency in free trade zones, and the Organization is also exploring institutional gaps that enable illicit trade in small parcels.

- Business at OECD is committed to leverage its member network and to promote the work of the OECD TFCIT to external stakeholders as a trusted source of reference.
- This can be done through newsletters, publications and publicity at external conference at which members of Go@IT participate.

2. Implement the OECD Recommendations on Enhancing Transparency in Free Trade Zones (FTZs)

The OECD Recommendations help bring greater transparency, accountability, and enforcement actions within FTZs around the world, and help to reduce and deter the abuse of FTZs as conduits for illicit trade.

- Support Recommendations as a tool to measure/assess the risk(s) of illicit trade through FTZs.
- Support a mechanism to assess compliance of FTZ with the Code of Conduct.
- Support capacity-building for compliance with OECD Code of Conduct for FTZs.
- Reinforce work of TFCIT, support a *Business at OECD* strategic communications campaign to spread the word around governments on the importance of OECD FTZs Recommendations.

3. Develop Guidance for Addressing “Small Parcels” Trade in Contraband and Illicit Commodities and the Role of E-Commerce and On-line Markets in Fueling Illicit Trade

Mobilize energies to provide coordinated business input on the draft OECD Guidance for Addressing the Misuse of Small Parcels for Illicit Trade. On the misuse of E-Commerce in trade in counterfeits, focus on the growing threat of illicit trade through on-line platforms that facilitate the trade in counterfeit and pirated goods.

- Help provide inputs and comments to draft Guidance and policy responses to reduce vulnerabilities.
- Support research and analysis of trade in counterfeit and other illicit goods sold across on-line platforms including main market actors, their economic incentives and legal frameworks that shape their operations; and related analysis on potential links between E-Commerce and methods of shipment (integrated express carriers/postal/other carriers).
- Continued participation in TFCIT meetings and conferences to share market experiences, best practices, and specific case studies by industry partners.
- Support collective action and enhanced partnerships to disrupt these trade channels to trafficking of counterfeit products.

4. Work with Critical Sectors, Governments, NGOs and Other Key Players to Counter Illicit Trade and Harness Blockchain, AI, and Other Technologies

Technological advances such as big data analytics and visualization, supply chain security, AI and blockchain have a great potential to become useful tools to better understand evolving trends of criminal activities and to disrupt and target the global illegal economy - including illicit markets, illegal trafficking and corruption.

- Consider co-hosting a workshop on ways to harness blockchain, AI, and other transformative technologies to counter illicit trade.
- Support research and analysis on innovative and future technologies to disrupt illicit markets and counter illicit trade.

5. Support Continued Research and Analytical Papers on Counterfeit (e.g. Pharmaceuticals, Alcohol, Tobacco, Food, Toys, and Apparel as Initial Sectoral Focus) and Other Illicit Products

The illicit trade in fake pharmaceuticals, alcohol, and other goods is a serious public health threat worldwide. Its detrimental impacts also affect business competitiveness and government revenue.

- Encourage and support OECD research and analysis on sectors most vulnerable to illicit trade, including producing and disseminating policy recommendations to address pharmaceuticals and alcohol – two sectors particularly vulnerable to illicit trade and where such illicit trade presents significant health and safety risks to consumers.
 - This could include: (i) identifying, (ii) analyzing and (iii) disseminating effective policies and good practices to assist OECD member states to better regulate against illicit trade in pharmaceuticals; support similar research and analysis in illicit trade in alcohol
- Support subsequent research in other sectors vulnerable to illicit trade including tobacco, food, toys, and apparel.
- Support the proposals by Business at OECD partners and the Transnational Alliance to Combat Illicit Trade (TRACIT) in pharmaceuticals and alcohol tabled at the 7th meeting of the TFCIT in March 2019.
 - Support general collaboration and cooperation between the Economist Intelligence Unit (EIU)-TRACIT and the OECD in areas that pragmatically relate to Global Illicit Trade Environment Index and the work of the TFCIT.
- Support future OECD work on other illicit products besides counterfeit

6. Integrate “Convergence Crime” into Work of TFCIT including Webs of Corruption and Criminality (e.g., Money Laundering and Anonymous Companies)

The reality is that dirty money derived from illicit trade remains the lifeblood of today’s criminal organizations, illicit traffickers, and terrorist groups. The trafficking and smuggling of counterfeit and pirated goods is a very profitable illegal activity for many of these bad actors who rely on the secrecy provided by anonymous entities to launder their ill-gotten-gains, disguise and clean their dirty money, and escape detection.

- Support research and analysis of how illicit finance vehicles such as trade-based money laundering (TBML) help to finance illicit commerce.
 - Encourage governments to require basic information on the economic operators allowed to operate in FTZs, including legal and beneficial ownership information and ownership structure, so as to deter and prevent the misuse of corporate vehicles and money laundering.
- Encourage OECD TFCIT to partner with the Financial Action Task Force (FATF) to provide a typology study on Illicit Trade, Money Laundering/TBML.

- Encourage TFCIT to focus on additional governance guidelines that address regulatory gaps across markets and that support transparent policies, effective legal and regulatory frameworks and strong institutions that foster a level playing field that supports legitimate businesses.

7. Support Regional TFCIT Dialogues in Strategic Markets (e.g., UAE, APEC, Panama)

In joining forces with other committed partners, Go@IT can mobilize greater energies towards collective action to decisively counter illicit trade and disrupt illicit markets in strategic markets.

- Build robust partnerships and leverage strategic alliances across regions, economies, and markets with other international partners including the Asia Pacific Economic Cooperation (APEC) forum, the International Chamber of Commerce (ICC) Business Action to Stop Counterfeiting and Piracy (BASCAP), the International Trademark Association (INTA), the World Free Zone Organization (WFZO), National Association of Foreign Trade Zones (NAFTZ), and others, to harness new energies by working across communities to mitigate the harms and costs posed by illicit trade and illicit markets through joint events, training, and workshops with such alliances and partners.

Business at OECD, through Go@IT, sees great value in seeking common approaches to fighting illicit trade across borders and strengthening international cooperation with all critical marketplace stakeholders in all corners of the world. Business at OECD is committed provide indispensable leadership and join other international partners to elevate globally the important work of the OECD and TFCIT on critical brand protection, anti-illicit trade, and cross-border market security actions.

*Paris, France
October 2019*