Business at OECD (BIAC) calls for active stakeholder engagement and partnerships to prevent and fight illicit trade at a global level

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Business at OECD (BIAC) is committed to work with the OECD to counter illicit trade through public-private partnerships with OECD member states and observers, business stakeholders, and with civil society in order to strengthen cross-sectoral cooperation and promote economic growth, sustainability, good governance, and supply chain security. Through collective action, we believe that the OECD and Business at OECD can leverage our energies towards greater security, prosperity, and economic growth to confront today’s market and economic challenges and threats internationally.

We recognize that illicit trade, corruption, money laundering, terrorism, and other harms, can impede progress on these important international priorities.

Illicit trade – which includes a convergence of numerous trafficking, smuggling, financial, cyber, and fraud crimes – fuels a multi-trillion-dollar illegal economy globally every year. It enables transnational crime, corruption, and other cross-border threats. It corrodes the rule of law, impedes the competitiveness of governments and companies across markets, upends supply chain security, hampers innovation, and diverts critical revenues across sectors to finance economic growth and sustainable development especially during the current global economic recovery.

As has been underscored in a series of webinars in 2020-2021 by the OECD Task Force on Countering Illicit Trade (TF-CIT), in partnership with Business at OECD’s Anti-Ilicit Trade Expert Group (AITEG), the illicit economy continues to thrive during COVID-19, including across online marketplaces.

Among the profitable criminal activities across illicit economies include the trafficking of fake medicines; counterfeit and pirated goods; illegal tobacco and alcohol products; agricultural products and other contraband or commodities. These are all sold not only on the streets, but also on online platforms, including social media, e-commerce, and the dark web.

In order to counter illicit trade internationally, collaboration, including partnerships and active stakeholder engagement is indispensable.

The Business at OECD AITEG calls on Governments to recognize the importance of partnerships and to support the OECD’s TF-CIT in its mandate on evidence-based research and formulation of policy frameworks to help diverse communities better understand the full range of complex governance and market risks and threats that illicit trade and illicit markets pose to our global economies.

1. Stronger policy actions to combat the global threat of illicit trade

Illicit trade harms legitimate business activities, reduces government tax revenues, jeopardizes public health and safety, and damages the environment. It also leads to greater market insecurity and instability, including corruption, transnational crime, and terrorism. In addition, illicit goods trafficked to consumers and OECD economies through economic zones and Free Trade Zones
(FTZs) threaten public health and safety, and weakens economic recovery efforts around the world.

The worldwide spread of COVID-19 led to unanticipated demand surges and supply chain disruptions for certain goods and in turn resulted in unprecedented opportunities for criminals to increase their already significant illicit activities in areas such as the life science and healthcare sectors, fast-moving consumer goods, excisable products, frauds, and cybercrimes.

Such criminal infiltration and market penetration impacts communities around the globe, and increasingly across the digital world, which harms our collective security, natural world, and the public health and safety of people and societies.

**AITEG is bringing together relevant business stakeholders across sectors to discuss policy issues, including through joint webinars with the OECD. Moreover, we are collaborating with the OECD on two joint special projects on countering illicit trade. We are also looking to launch new projects in other crucial areas.**

2. **The indispensable role of public-private partnership to combat illicit trade**

The OECD TF-CIT is a global leader within the international community on evidence-based research and mobilizing sectors to counter illicit trade including, for example, counterfeit and pirated goods. It assists policy-makers map and understand the market vulnerabilities exploited and created by illicit trade. The OECD TF-CIT is also an effective and impactful platform to convene stakeholders and to facilitate international collaborations and public-private partnerships to counter illicit trade.

Business at OECD established the AITEG in 2019 in order to allow our member organizations to provide evidence-based and structured business input to OECD activities on illicit trade. Working in partnership with the OECD TF-CIT, AITEG can leverage and strengthen international cooperation across sectors to protect our economies, markets, supply chains, and communities against counterfeits, pirated goods, and other illicit products and dangerous contraband.

In order to advance the important program of the OECD TF-CIT on fighting illicit trade, Business at OECD AITEG remains committed to countering illicit trade through the partnership between the TF-CIT and AITEG, and to ensure that Governments take effective measures in the aftermath of COVID-19 to prevent a renewed illicit flow, including through greater enforcement to disrupt illicit markets.

In particular, the AITEG is committed to engaging collaboratively with TF-CIT to combat illicit economies across source, transit, and demand markets including to:

- Address the misuse of online platforms for illicit trade.
- Support the implementation of the OECD Recommendation enhancing transparency in free trade zones (FTZs), supporting the development of the implementation toolkit, identifying best practices, and promoting compliance with the Code of Conduct.
- Counter the misuse of containerized shipping and maritime transport channels for illicit trade.
- Address illicit trade in vulnerable, high-risk sectors and global supply chains.
- Elaborate and strengthen its partnership with TF-CIT and other important partners, to mobilize greater energies towards collective action to decisively counter illicit trade and to build greater integrity and accountability in the fight against illicit trade.
- Elevate policy frameworks and dialogues for the fight against illicit trade, including across economic zones/FTZs, online platforms and e-commerce.

In order to counter the global threat of illicit trade more efficiently, public-private partnerships are indispensable. It is crucial to mobilize energies of both sectors towards collective action to tackle illicit trade. These alliances and agile partnerships can mitigate harm of illicit trade for example by creating joint trainings, projects, workshops, and discussions.

3. AITEG’s call for action and international cooperation

Business at OECD’s AITEG is committed to partner with OECD TF-CIT to harness new energies, solutions, and collaboration to fight illicit trade across borders. We recognize the importance of our partnership with TF-CIT as an effective platform to counter illicit trade and illicit economies on a global scale.

We ask OECD Member States’ Governments to:

- Prioritize funding and adequately provide financial resources to the TF-CIT from the OECD’s core budget, so that the TF-CIT can carry out more effectively its mandate to help secure markets and supply chains from criminal and illicit trade activities.
- Develop a Global Illicit Trade Risk Assessment Report in 2022, with corresponding infographics to inform broader communities on today’s illicit threats across markets.
- Support continued research and analytical papers on illicit trade in high-risk sectors and other industries harmed by fakes and pirated goods.
- Support and fund national assessments on fighting counterfeit and pirated goods.
- Designate senior policy, law enforcement, and regulatory officials with high-level responsibilities and authorities within the national government to raise the importance of countering illicit trade and promote greater coordination and cooperation between all responsible government agencies.
- Organize a senior officials meeting, back-to-back with the next TF-CIT Plenary Meeting in 2022, and give due prominence to fight against illicit trade in Ministerial level OECD discussions.
• Expand on the joint work of TF-CIT and AITEG on Public-Private Partnerships with new projects and regional dialogue to counter decisively illicit trade activities across illicit safe havens (hubs), digital world, FTZs, and strategic markets.

• Acknowledge illicit trade as a cross-sectoral, multi-disciplinary security market threat, as various actors are affected and should thus not be viewed in isolation but through holistic, whole-of-society approaches, including fighting corruption and related money laundering.

• Implement the OECD Recommendation on FTZs and share the best practices to progress in countering illicit trade, and other core work streams of the AITEG partnership with TF-CIT in various sectors, including e-commerce, containerized shipping, and vulnerable, high-risk sectors.

• Engage actively in OECD discussions to elevate the fight against illicit trade as a global priority and to share market intelligence and best practices across sectors, as well as in other key fora including the EU/EUIPO, OLAF, EUROPOL, UNODC, World Customs Organization (WCO), INTERPOL, G20, APEC, ASEAN, World Trade Organization (WTO), International Maritime Organization (IMO), Universal Postal Union (UPU), and other diplomatic communities.