

## Remarks of BIAC AITEG Chair - The evolution of illicit trade during the pandemic: Lessons and recommendations

David M. Luna

President and CEO, Luna Global Networks & Convergence Strategies LLC,  
Chair, Anti-Illicit Trade Expert Group (AITEG)

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Good morning. Good afternoon.

It is an honor to be with you today for this important discussion.

Let me first applaud Business at OECD and the Hellenic Federation of Enterprises (SEV) for their leadership in jointly hosting this event.

And I would like to personally thank BIAC Executive Director Hanni Rosenbaum and Alexandros Chatzopoulos, General Director of SEV, for their commitment and energies to bring together leaders from governments, business, and civil society to take collective action to counter illicit trade.

I would also like to thank the OECD Piotr Stryszowski, Senior Economist of the Task force on Countering Illicit Trade (TFCIT) at the OECD, and Martin Forst, Head of the Governance Reviews and Partnerships Division, and their colleagues at the OECD, for their leadership as well at the OECD in mobilizing members states on the ongoing work at the OECD to counter illicit trade globally, and their commitment to work with Business at OECD and public-private partnerships.

As was underscored this during the opening statements, the pandemic in many cases has further accelerated illicit trade, especially across e-commerce and online marketplaces.

Make no mistake: the global illegal economy constitutes a staggering multi-trillion dollar per year business that enables corrupt officials to loot their countries, criminal organizations to co-opt states and export violence, and terrorist groups to finance their attacks against our societies.

Illicit trade and illicit economies are global phenomena. They don't stay contained within borders. Greed and criminality spread and travel fast. If criminals can make money, they will always exploit every opportunity to do so.

Illicit economies are pervasive threats that undermine democracy, corrode the rule of law, fuel impunity, imperil effective implementation of national sustainability and economic development strategies, contribute to human rights abuses, and enflame violent conflicts.

As we confront the significant harms and risks posed by illicit trade across today's global supply chains, to effectively counter illicit trade across borders we must strengthen political will and cross-sectoral cooperation through dynamic public-private partnerships.

This includes targeted enforcement and information sharing to combat corrupt officials, criminal entrepreneurs, and complicit enablers that have infiltrated today's global supply chains.

No one government, industry, or community alone can counter illicit trade.

Through collective action and partnerships, we can join forces and develop our own networks to fight illicit networks.

This is what Business at OECD is doing, leading by example, in advancing whole-of-society coalitions such as the Anti-Illicit Trade Expert Group (AITEG) – a cross industry group of leading industry and business leaders working closely with governments and civil society groups – to advocate for open markets, fair trade, and sustainable economic growth, while leveraging resources, intelligence, capabilities and capacities to disrupt criminalized and illegal trade and related corruption.

Through our partnership with the TFCIT, we are working well together in supporting numerous webinars, reports, and related special projects including:

- The illicit trade challenges related e-commerce and online marketplaces especially counterfeits. (Phase 1); Phase 2 in 2022
- Implementation of the OECD FTZ Recommendation; Guidelines; Code of Conduct
- The Misuse of Maritime Transport/Containerized shipping for counterfeit trade (and recent discussion in Alicante)
- Illicit trade in high-risk sectors at the time of COVID-19.

We must also increase awareness of how, for example, counterfeit medicines or personal protective equipment (PPE), illicit goods, or contraband such as fentanyl can have a devastating effect on consumers and their communities.

One of the great ways that Business at OECD AITEG is cooperating with OECD and TFCIT is through knowledge management and data empowerment such as evidence-based research, promoting best anti-illicit trade practices, and information-sharing across sectors.

Another way that AITEG is providing leadership is by bringing together all key market stakeholders as a force multiplier across strategic markets through innovation and collaborative networks. One example of this is the collaboration with the United States Council for International Business (USCIB) and the US Department of Homeland Security (DHS), National IPR CENTER, next week to advance the good work of the OECD and Business at OECD on counterfeits in ecommerce marketplaces.

Finally, before getting to the last slide on our recommendations to OECD Governments about elevating the fight against illicit trade, I do want to highlight our work at the AITEG, in partnership with the Task Force, promoting the need to fight corruption and address governance gaps. Especially as we celebrate today International Anticorruption Day, we

need to address the corruptive influence that fuels illicit trade as an equal priority in our work at OECD and Business at OECD.

Corruption has a corrosive effect in our markets, government institutions, and global trade and financial systems.

It erodes public trust, undermines the rule of law and human rights, deepens poverty and inequity, and impedes progress on sustainable development growth.

Earlier this week, I chaired a Summit of Democracy civil society side event in Washington, DC in advance of the main event which President Biden just opened today with over 100 governments participating virtually. I underscored that when corrupt ruling elites conspire with criminals to manipulate weak governance structures, they erode judicial independence, and quash anticorruption investigations and the rule of law so that democracy cannot take hold, the voice of citizens cannot be heard, and our cross-border efforts against crime are harder to take hold.

I mention this because working to counter illicit trade across black markets, Free Trade Zones, or online illegal trade is a very difficult challenge.

This is true especially when one jurisdiction is not willing to work with another to fight illicit trade and criminality due to the complicity of kleptocrats or compromised customs and law enforcement officials who often profit from the illicit economy to line their own pockets.

So how do we tackle this inertia in spaces of illicitness that hamper our efforts to make significant strides?

While I don't have a specific answer or solution, the bigger we build our coalition committed to democratic values, the rule of law, and transparency, the more pressure we can apply to bring about reform and stronger law enforcement to confront crime convergence in black markets.

This is especially true in Greece which is at the cross-currents of illicit trade from surrounding economies – from the Balkans, Black Sea, Middle East and North Africa, and Eurasia. This presents a challenge to combating corruption in the region from smuggling to trafficking in alcohol, tobacco, antiquities, humans (irregular migration or modern slavery), drugs (heroin), opioids (e.g., captagon from Syria and Lebanon), weapons, and other illicit goods, as well as complex financial and cyber crimes.

All of these illicit threats weaken our enforcement efforts as bad actors and illicit networks corrupt our institutions, increase levels of criminality, and smuggle their contraband across porous borders. This is why we must redouble our collective efforts to combat organized crime and corruption across borders at source, transit, and destination markets.

This is why I applaud the Government of Greece in their new holistic action plan to counter illicit trade and their commitment to partner with the Hellenic Federation of Enterprises, and other private sector and civil society groups to counter these pernicious criminal threats across borders and the digital world.

This is also why whether it is the United States through its recent strategic cooperative agreement with Greece on fighting organized crime and terrorism, or bilateral and multilateral cooperative initiatives through the OECD, public-private partnerships become indispensable to optimally address these cross-border threats.

In this vein, our specific recommendations to the OECD Governments related to our anti-illicit trade agenda include:

- Prioritizing funding and adequately providing financial resources to the OECD TFCIT.
- Developing a Global Illicit Trade Risk Assessment Report on illicit threats across markets.
- Supporting and funding national assessments on fighting counterfeit and pirated goods (UK, Switzerland, Italy; hope US and Greece also undertake to do one).
- Acknowledging illicit trade as a cross-sectoral, multi-disciplinary security market threat, including across borders, economies, and markets including on-line marketplaces.
- Implementing the OECD Recommendation on FTZs and sharing best practices to continue progressing in countering illicit trade; E-Commerce (Phase II); maritime shipping.
- Supporting continued research and analytical papers on illicit trade in high-risk sectors
- Advancing TFCIT-AITEG partnerships w/ G20/B20, APEC, WCO, WTO, INTERPOL

Again, I commend BIAC and the Hellenic Federation of Enterprises (SEV) for their leadership in jointly hosting this event, and bringing to the forefront the conversation about why leveraging our energies within the OECD, Business at OECD, and other cooperative forum is critical to countering illicit trade, especially during the current pandemic and economic recovery.

On democracy, it is great that we too are having this event (not only virtual) but in the cradle of democracy in the world: Athens, Greece.

Let me turn it over to my good friend, Alvis Giustiniani, Vice President, Illicit Trade Prevention, Philip Morris International (PMI), with whom I have had the distinct honor to co-lead the AITEG since its establishment, benefitting from his wisdom and pragmatic business insights to get things done, especially on the market threats we are discussing here today.

Thank you.

[Accompanied with BIAC AITEG Powerpoint Slides]