

## **Draft Business at OECD (BIAC) Anti-illicit Trade Expert Group (AITEG) Roadmap 2022-2024**

---

1. Advance the joint TFCIT-AITEG work programme through innovative projects and dynamic public-private partnerships
2. Promote TFCIT to external stakeholders as a trusted source of reference on illicit trade and related economic security
3. Assist the OECD in the implementation of the OECD Recommendation on Enhancing Transparency in Free Trade Zones (FTZs) including the Code of Conduct for Clean FTZs
4. In a global context with increased e-commerce, assist the OECD in initiatives that seek to counter illicit trade through online markets
5. Work with Critical Sectors, Governments, NGOs and Other Key Players to Counter Illicit Trade and Harness Blockchain, AI, and Other Technologies
6. Support continued research and analytical papers on counterfeit (e.g. pharmaceuticals, alcohol, food, toys, electronics, and apparel and other Illicit goods) accompanied by policy recommendations
7. Partner with maritime, shipping, and intermodal transport sectors as a key area to prevent anti-illicit trade across supply chains.
8. Integrate corruption and money laundering/trade-based money laundering elements into the core work streams of the TFCIT
9. Support Regional TFCIT Dialogues in Strategic Markets and with national member organizations
10. Strengthen cooperation and coordination with other relevant diplomatic fora including EUIPO, G20/B20, APEC, WCO, INTERPOL, UNODC, and other inter-governmental organizations.
11. Support efforts to counter hubs of illicit trade and illicit economies that finance violence, conflicts, kleptocracy, authoritarianism, and that imperil global markets, peace and security.
12. Encourage OECD Council to institutionalize the TFCIT as a Part II programme in the OECD budget similar to the work of the Financial Action Task Force (FATF) and other ad hoc bodies and Council Working parties or committees on steel, shipbuilding, and chemicals.

# Draft Business at OECD (BIAC) Anti-illicit Trade Expert Group (AITEG) Roadmap 2022-2024

## 1. Advance the joint TFCIT-AITEG work programme through innovative projects and dynamic public-private partnerships

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 dialogues, projects, workshops, training, and other capacity-building initiatives.

- *AITEG will continue to support the important work of the TFCIT including through resources that help to enhance its work to more effectively counter illicit trade, and as necessary, on mutually agreed dialogues, projects, workshops, training, and capacity-building initiatives.*

## 2. Promote TFCIT to external stakeholders as a trusted source of reference on illicit trade and related economic security

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 through e-commerce channels.

- *AITEG 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.*
- *We will continue delivering the messages of AITEG to the OECD and other external and internal stakeholders.*

## 3. Assist the OECD in the implementation of the OECD Recommendation on Enhancing Transparency in Free Trade Zones (FTZs) including the Code of Conduct for Clean FTZs

The OECD Recommendation helps 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.

#### **4. In a global context with increased e-commerce, assist the OECD in initiatives that seek to counter illicit trade through online markets**

The outbreak of Covid 19 has changed consumer behavior and drastically increased the use of e-commerce channels to buy goods. Simultaneously, increased e-commerce also facilitates the trade in counterfeit and pirated goods.

- Help provide inputs and comments to draft Guidance and policy responses to reduce vulnerabilities through online markets.
- 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.

#### **5. 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 accompanied with the enforcement elements necessary to disrupt illicit markets and counter illicit trade.

#### **6. Support continued research and analytical papers on counterfeit (e.g. pharmaceuticals, alcohol, tobacco, food, toys, electronics, and apparel and other Illicit goods) accompanied by policy recommendations**

The illicit trade in fake pharmaceuticals, alcohol, and other goods is a serious threat to public safety, security and health 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 future OECD work on other illicit products besides counterfeit

## 7. Partner with maritime, shipping, and intermodal transport sectors as a key area to prevent anti-illicit trade across supply chains.

As the OECD report “Misuse of Containerized Maritime Shipping in the Global Trade of Counterfeits (2021)” reveals, the maritime transport is one of main roots of illicit trades including small parcels. Furthermore, linked to the proliferation of illicit trade online, the increase usage of small parcels is a growing issue. From Containers to small parcels smuggling.

- Counterfeit and pirated products tend to be shipped by virtually every means of transport. In terms of number of seizures, trafficking of fakes via small parcels is growing and becoming a significant problem in terms of enforcement; however, **in terms of value, counterfeits transported by container ship clearly dominate.**
- A strong private-public partnership is needed to address this gaps.
- Some efforts have been made by the industry to enhance co-ordination to counter the threat of illicit trade in maritime transport. A good example is the “declaration of intent”, in which **well-known brand owners, vessel operators and freight forwarders worked together to develop voluntary guidelines** to raise awareness of the importance of gathering sufficient information on the parties using their shipping services. **It appears that there is considerable scope for improvement in this regard.**
- A practical example is the initiative by industry leaders **in which Rights Holders and Maritime Operators (MO) are leveraging their respective expertise and experience to:**
  - Conduct thorough gap analysis, identifying main loopholes that can be exploited by criminals and propose mitigation factors
  - Define enhanced & targeted risk profiling to identify falsely declared and unbranded counterfeits & other illicit products
  - Establish proof of concept as to how such partnerships on a voluntary basis can be a major step to disrupt & stop illicit trade
- **Enablers**
  - Scale up and broaden the stakeholder community (more brands, all MOs, freight forwarders, etc.)

- 
- Involve law enforcement in the process
  - Establish a forum / platform for secure information exchange
- AITEG will support the OECD work in this area by bringing evidence and best practices collecting from private sector.

## **8. Integrate corruption and money laundering/trade-based money laundering elements into the core work streams of the TFCIT**

Corruption, money laundering and trade-based money laundering (TBML) are threat multipliers that help finance illicit trade and other harms that impact the OECD's efforts to promote economic development, trade and investment, shared prosperity, market security, and successful implementation of the Sustainable Development Goals (SDGs).

TBML, and other illicit finance vehicles and methods enable these bad actors to disguise and clean their dirty money by purchasing goods, both licit and illicit, moving such merchandise across borders, falsifying its value, quality, or quantity, and mis-invoicing or misrepresenting trade-related financial transactions.

In many cases, the profits generated from illicit trade are laundered through the use of anonymous shell companies, TBML, Free Trade Zones, and other legal and illegal processes exploited by criminal and corrupt facilitators and enablers.

In addition, the proceeds of money laundering are often used to purchase key inputs essential for the manufacturing of illicit goods, such as packaging, raw materials and machinery. This brings more companies unknowingly into the illicit supply chain, who may need further support and advice to prevent this from happening.

- We will integrate corruption and money laundering/TBML as critical elements into our core work TFCIT-AITEG streams to more comprehensively combat illicit trade.

## **9. Support Regional TFCIT Dialogues in Strategic Markets and with national member organizations**

In joining forces with our national member organizations, the Business at OECD (BIAC) Anti Illicit Trade Expert Group (AITEG) can mobilize greater energies towards collective action to decisively counter *illicit trade and disrupt illicit markets in strategic markets*.

- Continue developing partnerships with national member organizations to inform about the OECD's work in the field and seek to mitigate the harms and costs posed by illicit trade and illicit markets through joint events, training, and workshops with such alliances and partners.

## **10. Strengthen cooperation and coordination with other relevant diplomatic fora including EUIPO, G20/B20, APEC, WCO, INTERPOL, UNODC, and other inter-governmental organizations.**

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.

**11. Support efforts to counter hubs of illicit trade and illicit economies that finance violence, conflicts, kleptocracy, authoritarianism, and that imperil global markets, peace and security.**

In conflict zones around the world, illicit trade and criminalized violence imperil not only the rule of law and the integrity of markets and supply chains, but also global security, prosperity, and humanity.

In these arcs of geopolitical instability and a more complex globalized world, businesses also incur great economic and reputational costs as many have had to close or suspend their operations. Encourage the OECD to conduct evidence-based studies on how corruption, illicit trade, money laundering, black markets, and gray zones help to finance today's autocrats, who use their dirty money to finance conflicts, shadow wars, violence, and destabilization that impact our economies, digital marketplaces, and community of democracies.

**12. Encourage OECD Council to institutionalize the TFCIT as a Part II programme in the OECD budget similar to the work of the Financial Action Task Force (FATF) and other ad hoc bodies and Council Working parties or committees on steel, shipbuilding, and chemicals.**

Business at OECD (BIAC), through the Anti Illicit Trade Expert Group (AITEG), 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. We are 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.