

PRESS RELEASE

EU-ASEAN BUSINESS COUNCIL PUBLISHES PAPER ON TACKLING ILLICIT TRADE IN ASEAN

EXPECTS ILLICIT TRADE TO GROW IN A POST PANDEMIC WORLD

MAKES RECOMMENDATIONS TO HELP STEM THE INCREASE IN ILLICIT TRADE & SUPPORT MOVES TO
COMBAT TRANS-NATIONAL CRIME

Singapore – 25 November 2020: Today the EU-ASEAN Business Council (EU-ABC), sole voice for European businesses spanning all of the ASEAN region, published its latest advocacy paper entitled *“Tackling Illicit Trade in ASEAN”*. At a time when illicit trade is gaining momentum in ASEAN and as officials prepare for the upcoming 14th ASEAN Ministerial Meeting on Transnational Crime (AMMTC), this report provides critical insight on how governments and industry leaders can work together to introduce regulatory changes to tackle this pressing issue.

Already, it is estimated that illicit trade robs the global economy of US\$2.2 trillion, with international trade in counterfeit goods contributing some US\$461 billion.¹ In Southeast Asia, the size of counterfeit goods market amounts to a whopping US\$35.9billion,² and the EU-ABC expects this to only get worse. Vietnam for example seized over 150,000 counterfeit 3M face masks while the Philippines has confiscated medical supplies worth US\$5 million. The rise of illicit trade has dealt significant blows to human lives and human rights, on top of causing monetary losses to governments and legitimate businesses. Understanding the detrimental knock-on effects of the illicit trade industry, ASEAN leaders have expressed their “commitment to combat transnational crimes particularly amidst the challenges and new threats posed by the COVID-19 pandemic, including by strengthening cross-sectoral and cross-pillar cooperation,” during the recently concluded [37th ASEAN Summit](#).

Reiterating the Council’s commitment to tackling this issue: **Chris Humphrey, Executive Director of the EU-ABC** said: “It is estimated that ASEAN’s counterfeit market contributes close to 10% to the global international trade in these goods. There is no doubt, that if left unchecked, this illegal industry will grow, at a time when we are faced with an unprecedented health and economic crisis. Counterfeiters and smugglers are known to exploit systemic weaknesses and ASEAN leaders need to see the urgency to coordinate and collaborate to combat against this transboundary issue. We understand that the task at hand is considerable and that government leaders cannot address this alone. We at the Council stand ready to support ASEAN’s efforts in combating illicit trade and its negative consequences.”

This afternoon The EU-ABC in partnership with the Société Générale de Surveillance (SGS), a world leading verification company and Philip Morris International (PMI), organised a virtual training workshop to raise awareness on illicit trade issues, with a particular emphasis on risk profiling techniques aiming to strengthen customs executives capacities to better identify illicit cargos. Attended by over to 90 customs officials in the region, the workshop brought together industry experts like [Christophe Zimmermann](#), the Development Director at SGS to discuss how ASEAN can better work together to develop a more coordinated response to the increasing international threat of counterfeiting and illicit trade.

Dr. Patrick Kos, Head of Legal & Compliance Roche Pharma APAC said: “The illicit trade of pharmaceutical ingredients, medicines and diagnostics are a danger for the life and wellbeing of patients and have to be prevented. Criminals stand to benefit from the COVID crisis. Thus, it is of utmost importance to protect our products and patients by a pro-active implementation of anti-counterfeit and supply chain security features. We also strongly recommend participation in national and international industry and governmental efforts to develop stronger laws and improve enforcement, educate the public and train local officials.”

The growing illicit trade industry is also putting a strain on government revenue, at a time when leaders are looking to rebuild their finances after spending billions to ensure that the health crisis does not escalate into an

¹ [TRACIT \(2019\) Mapping the Impact of Illicit Trade on the Sustainable Development Goals](#)

² [Transnational Organized Crime in Southeast Asia. UNODC, 2019.](#)

even greater economic crisis. For instance, Myanmar produces US\$12-\$31 billion worth of jade annually, but up to 80% is smuggled out, depriving the government of tax revenue.³

Lina Baechtiger from PMI and the EU ABC's Anti-Illicit Trade Cluster Lead said "Illicit trade and criminal organizations mutate, migrate and modify to new scenarios. The COVID-19 crisis has accelerated changes which were already taking place. For instance, illicit activities in the e-commerce space were already a reality, but the growth we've seen since March is unprecedented compared to previous years. The post-COVID world will impact the way we, as representatives of the public and private sectors, and civil society react and respond. Cross-industry, public-private collaboration has never been more important. The time for ASEAN to act is now."

Counterfeiters pose both monetary and reputational threats to well-known brands. As businesses look towards the upcoming festive season, ensuring brand protection is key. **Robin Smith, Vice President and General Counsel for the LEGO Group in APAC and China** said: "Our research shows that children want more family playtime⁴ and that parents saw play as providing a vital role in keeping the whole family entertained during the COVID-19 pandemic.⁵ Unfortunately, this increased demand also has led to inferior toys being traded illicitly, which due to the poor quality and safety standards of the goods being sold, could cause risks to a child's health and development. As home to one of the largest child populations in the world, the ASEAN region should ensure that the children's enjoyment of learning through play, safety and well-being are protected from the harmful effects caused by illicitly traded toys. ASEAN's investment in combating illicit trade today will continue to reap benefits well into the future, and will play an important role in shaping a prosperous and safe ASEAN community for future generations."

Jeffrey Hardy Director-General of the Transnational Alliance to Combat Illicit Trade (TRACIT), co-authors of the report said "We are pleased to partner with EU-ABC to address illicit trade in its various forms in the ASEAN region. The pervasive impact of the organised crime of illicit trade on government resources, society and business cannot be ignored. This report provides an urgent and compelling argument for governments to further step up efforts to adopt a strong regional framework to effectively combat illicit trade. While ASEAN governments are on the right path, findings from this report show that more attention must be given to enforcement, resource allocation and improved regional cooperation. TRACIT and EU-ABC stand by ASEAN governments to plug in these governance gaps and present a united front against criminal groups trading in illicit goods."

As ASEAN looks towards charting the path to the next new normal, the region needs to transform lockdown lessons into a resilient post-crisis regulatory regime by understanding where and how criminal groups exploit weaknesses. The time for ASEAN is now and the failure to act could result in a larger economic and healthcare crisis.

³ [Myanmar steps up fight against illicit trade. UNCTAD, 2020.](#)

⁴ 95% of children wish they played more often as a family, according to the LEGO Play Well Global Study 2020

⁵ 91% of parents say that play is important to help the whole family stay entertained, according to the LEGO Play Well Global Study 2020

About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the primary and sole voice for European business covering all of the ASEAN region.

It is recognised by the European Commission and the ASEAN Secretariat and is an accredited entity under Annex 2 of the ASEAN Charter. Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region. The Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European Businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

The EU-ABC's membership consists of large European Multi-National Corporations and the nine European Chambers of Commerce from around Southeast Asia. The EU-ABC represents a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including Fast Moving Consumer Goods and high-end electronics and communications. Our members all have a common interest in enhancing trade, commerce and investment between Europe and ASEAN.

The Executive Director of the EU-ASEAN Business Council is Mr Chris Humphrey, and its Chairman is Mr Donald Kanak. The Council is led by an elected Board consisting of corporate leaders representing a range of important industry sectors and representatives of the European Chambers of Commerce.

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