

The strong relationship between corruption and illicit trade facilitates the entire supply chain of illicit traders, says new TRACIT report

- Key findings show that corruption is emergent in every economic sector where illicit trade occurs and that corrupt actions are often common across sectors such that corruption in one sector is emulated in other sectors.
- The strong relationship between corruption and illicit trade is illustrated in 84 specific cases featured in the report.
- A regression analysis between Transparency International's Corruption Perception Index and the Economist Intelligence Unit's Global Illicit Trade Environment Index indicates a robust correlation between corruption and countries' structural capability to guard against illicit trade.
- Recommendations encourage governments to criminalize corruption-specific illicit trade related-offences, elevate punitive damages on corrupt actions facilitating illicit trade, address corruption and illicit trade policy with an all-of-government approach, and include anti-illicit trade policies as integral components of national plans to combat corruption.

New York, January 22, 2024 – Today, the Transnational Alliance to Combat Illicit Trade launched a new report, *Money Talks: The Crooked Connection Between Corruption and Illicit Trade*. The organization known for fighting illicit trade in markets worldwide presented the report findings during a webinar panel discussion exploring the relationship between illicit trade and corruption and the policies and controls needed to prevent corruption and corrupt actors from compromising the integrity of the global supply chain.

“Corruption is emergent in every economic sector where illicit trade occurs,” said TRACIT’s Director-General Jeff Hardy. *“Our new report – Money Talks: The Crooked Connection Between Corruption and Illicit Trade – helps us understand where it happens and how we can more effectively stamp it out.”*

The report looks at thirteen illicit sectors and finds that no sector vulnerable to illicit trade is immune from the effects of corruption. This is especially evident where there are readily available profits, enabling criminal schemes to remain undetected across borders and helping offenders evade the consequences of illicit trade. The sectors examined are: (i) agrifoods; (ii) alcohol; (iii) illegal, unregulated and unreported fishing; (iv) forced labor; (v) timber; (vi) wildlife; (vii) pharmaceuticals; (viii) pesticides; (ix) precious metals; (x) gemstones; (xi) tobacco products; (xii) petroleum; and (xiii) counterfeiting.

“In the absence of sufficient accountability and transparency, the motives of corrupt actors can eclipse policy prescriptions intended to maintain integrity in public sector transactions,” said Dr. Ulrika Bonnier, TRACIT’s Director of Programs. *“We hope that this work will serve as a first step to understand how and where corruption is encountered in illicit trade, and to strengthen governments’ ability to detect, disrupt, and dismantle illicit operations.”*

Dr. Daniel Eriksson, CEO of Transparency International, opened the panel discussion with a keynote address. *“Corruption is a key facilitator and enabler of global illicit trade and has been found in every sector where it occurs. Corruption not only underpins the criminal nature of illicit trade but undermines the ability to control it through compromising oversight.”*

Dr. Marion Jansen, Director of the Trade and Agriculture Directorate at the Organisation for Economic Co-operation and Development (OECD) participated as a panelist, stating that, *"The OECD stands for open markets and a rules-based international trading system that work for ordinary citizens. There is no place for illicit trade and corruption in such a system."*

Dr. Tasha Reid Hippolyte, Deputy Assistant Secretary for Trade Policy at the US Department of Homeland Security focused her intervention on the national customs perspective. *"DHS addresses corruption and illicit trade in the international supply chain through collaboration with our Federal, State, Local and international partners."*

Ms. Andrea Hampton, Integrity Lead & A-CIP Programme Manager at the World Customs Organization's Capacity Building Directorate, highlighted that, *"Corruption in Customs can distort trade and investment opportunities, undermine public trust in government administration and ultimately jeopardize the well-being of all citizens. Integrity is therefore a prerequisite for the proper functioning of any Customs administration."*

Ms. Darya Galperina, International Public Affairs Director at Pernod Ricard, focused her intervention on the private sector perspective, stating that, *"Fighting corruption is a priority in our compliance journey. We support government efforts to tackle corruption to ensure a level playing field among all players."*

In conclusion, the report provides recommendations for government action under three headings; (i) Treaties, laws and policies, (ii) Implementation and enforcement and the (iii) Supporting environment. A selection of these calls on governments include that:

- Crimes associated with corruption and illicit trade related offences should be criminalized and be listed as serious crimes under domestic law.
- An anti-corruption regime that mitigates abuses of position and sets clear rules and administrative procedures to mitigate and reduce incentives to engage in corrupt behavior is essential.
- Combating illicit trade will require stronger controls to prevent corruption. And this will require governments to approach corruption and illicit trade more holistically, with an all-of-government approach. It will also require governments to elevate punitive damages associated with the crimes of illicit trade and the crimes of corruption.
- Anti-illicit trade policies need to be included as integral components of national plans to combat corruption. As corruption and illicit trade related offences are mutually reinforcing, governments should proactively include illicit trade controls into the anti-corruption policy sphere.

The report and media materials are available at <https://www.tracit.org/money-talks-the-crooked-connection-between-corruption-and-illicit-trade.html>. Any questions on the report should be directed to Dr. Ulrika Bonnier (ulrika.bonnier@tracit.org). The recording of the webinar will soon be available at the same link.

About TRACIT

The Transnational Alliance to Combat Illicit Trade ([TRACIT](https://www.tracit.org)) is an independent, private sector initiative to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade.

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