



MEDIA RELEASE

New international business organization to fight illegal trade—Transnational Alliance to Combat Illicit Trade—is launched.

New York City, 6 September 2017 – Today in New York City, the Transnational Alliance to Combat Illicit Trade (TRACIT) was launched to stop the significant and growing economic and social damages caused by illicit trade.

“Illicit trade has grown well beyond the capabilities of individual governments and individual companies and now demands a sustained, coordinated response,” said TRACIT Director-General Jeffrey Hardy. “Business has an important role to help shape this response, and today we’re launching the Transnational Alliance to Combat Illicit Trade to intensify business collaboration with governments and inter-governmental organizations to mitigate the social and economic harms of illicit trade.”

Illegal trade in agri-foods, alcohol, fisheries, forestry, pesticides, petroleum, pharmaceuticals, precious metals and gemstones, tobacco, wildlife, all forms of products vulnerable to trademark counterfeiting and copyright piracy, and trafficking in persons are major problems for a growing number of industries.

Global Financial Integrity in 2017 estimated that transnational crime is valued at US\$1.6-2.2 trillion per year. The World Economic Forum in 2014 estimated the value of illicit trade and transnational criminal activities at between 8% and 15% of global GDP.

“The economic losses are staggering, in terms of lost market share, slower growth and rising supply chain compliance, security and insurance costs,” said Mr. Hardy. “But these costs multiply when accounting for drains on tax revenue, the use of forced labor, obstruction of sustainable development, organized crime, terrorism and the plundering of natural resources.”

TRACIT is a private sector initiative that connects and mobilizes business across industry sectors and national borders. Its work program focuses on strengthening the business response to illicit trade by exchanging information and mitigation tactics in and across key industry sectors and reducing vulnerabilities in supply chains, including transportation, digital channels, free trade zones and financial networks.

“The role of efficient and effective supply chains has never been more important,” said Shelley Duggan, Global Brand Protection Leader at P&G. “TRACIT can help us protect our global supply chain from exploitation by illicit traders, thereby lowering compliance costs, improving efficiencies and delivering quality to our consumers worldwide.”

TRACIT also promotes a more holistic approach to government enforcement, by contributing industry best practice to strengthen policies, legislation, institutions and enforcement mechanisms, thereby closing governance gaps that facilitate illicit trade.

“There is a great need for mapping stakeholders, connecting resources and improving our intelligence,” said Charles Wollenhaupt, Senior Advisor at the US Department of Homeland Security. “I believe there is a critical role for TRACIT to relay the voice of business into the government’s policy and regulatory process regarding illicit trade.”

Illicit trade is widely regarded by global governance bodies as a serious problem presenting significant obstacles to economic and social development. Heightened concerns over security, terrorism, organized crime, sustainability and consumer protection are compelling governments to strengthen efforts to combat illicit trade.

“Our work with governments aims at driving action with global governance bodies and promoting systemic approaches, interconnected strategies and shared resources,” said Mr. Hardy.

In response to the social and economic impact of illicit trade no fewer than twenty UN agencies and regional governance bodies address the problem through anti-illicit trade activities.

“The UN Office of Drugs and Crime (UNODC) actively works against illicit trade worldwide,” said Cécile Plunet, AIRCOP Global Coordinator at UNODC. “We value any kind of expertise and contributions provided by public-private partnerships with businesses such as the ones provided by TRACIT.”

TRACIT draws from industry strengths and market experience to build habits of cooperation between business, government, intergovernmental organizations and the diverse group of countries that have limited capacities for regulatory enforcement.

“The OECD Task Force on Countering Illicit Trade works with governments to better understand the full range of complex risks and threats posed to our global economies,” said Rolf Alter, Director of Public Governance at the OECD. “We depend on public-private partnerships with business to implement our work and value TRACIT’s expertise and contributions to our Task Force. An effective response requires co-ordination within and across countries, involving different stakeholders. Businesses that operate on the international stage are well-positioned to play an important role in helping to identify and address the interconnections between different forms of illicit trade.”

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