MAPPING THE IMPACT OF ILLICIT TRADE ON THE SUSTAINABLE DEVELOPMENT GOALS

- Forestry
- Precious Metals & Gemstones
- AGRIFOODS
- Trafficking in Persons
- Wildlife
- Pharmaceuticals
- Counterfeiting & Piracy
- Alcohol
- Petroleum & Fuels
- IUU Fishing
- Agrochemicals & Pesticides
- Climate change
- Stifled economic growth
- Poverty
- Public health and safety
- Custom integrity
- Money laundering
- Terrorism
- Biodiversity
- Social unrest
- Polycriminality
- Rule of law
- Tax leakage
- Human rights abuses
- Liability
- Peace and security
- Corruption
- Intellectual property theft
- Supply chain vulnerabilities
- Illicit financial flows
- Consumer protection
- IP theft
- Tax evasion

TRANSMATIONAL ALLIANCE TO COMBAT ILLICIT TRADE
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SUSTAINABLE DEVELOPMENT GOALS

PHARMACEUTICALS
ABOUT THE REPORT
On 18 July 2019, the Transnational Alliance to Combat Illicit Trade (TRACIT) in collaboration with the UN Conference on Trade and Development (UNCTAD) organized a forum to discuss the role of illicit trade in inhibiting positive development outcomes and in particular, the implications for the achievement of the UN Sustainable Development Goals (SDGs).

The event featured the launch of TRACIT’s report, *Mapping the Impact of Illicit Trade on the UN Sustainable Development Goals.*

The TRACIT report investigates illicit trade in 12 key sectors that participate significantly in international trade and are most vulnerable to illicit trade. For each sector, the negative impacts of illicit trade are mapped against the 17 UN SDGs. The sectors include: agri-foods, agro-chemicals and pesticides, alcohol, counterfeit and pirated goods, forestry, IUU fishing, petroleum, pharmaceuticals, precious metals and gemstones, tobacco products, trafficking in persons and illicit trade in wildlife.

This document excerpts the chapter on “SDGs and illicit trade in pharmaceuticals”

ABOUT TRACIT
The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, private sector initiative to drive change 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.

FOR MORE INFORMATION
The full report, Executive Summary and the sector specific chapter excerpts can be found at: www.tracit.org/publications_illicit-trade-and-the-unsdgs

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SDGs AND ILLICIT TRADE IN PHARMACEUTICALS

1. NO POVERTY
2. GOOD HEALTH AND WELL-BEING
3. GENDER EQUALITY
4. DECENT WORK AND ECONOMIC GROWTH
5. INDUSTRY, INNOVATION AND INFRASTRUCTURE
6. RESPONSIBLE CONSUMPTION AND PRODUCTION
7. PEACE, JUSTICE AND STRONG INSTITUTIONS
INTRODUCTION

Illicit trade and the UN SDGs

The UN Sustainable Development Goals (SDGs) lay out an ambitious set of 17 goals to address the world’s most acute economic, social and environmental challenges. They cover everything from poverty eradication and zero hunger to clean water, decent jobs and peace. Since coming into effect in January 2016, governments, private sector and civil society have rallied around the SDGs to guide policy, implement investment strategies and allocate funding.

Among the portfolio of tools available to achieve the SDGs is the expansion of international trade. This is because trade has historically proven to be an engine for development, boosting income generating capacity and contributing to unprecedented reductions in poverty levels. Over the last few decades cross-border trade has expanded significantly, supporting rising living standards across the globe.

At the same time, the expansion in legal trade has been accompanied by the alarming emergence of illicit trade, with estimates quantifying it and associated transnational criminal activities at between 8 and 15 percent of global GDP.

From smuggling, counterfeiting and tax evasion, to the illegal sale or possession of goods, services, humans and wildlife, illicit trade is compromising the attainment of the SDGs in significant ways, crowding out legitimate economic activity, depriving governments of revenues for investment in vital public services, dislocating millions of legitimate jobs and causing irreversible damage to ecosystems and human lives.

Mapping illicit trade against the SDGs

Despite the recognition of international trade as an important means to achieve the SDGs, insufficient attention has been given to the substantial impact that illicit trade has on holding back progress.

In order to help governments and business better understand how their efforts to achieve sustainable development must account for the negative forces of illicit trade, this study maps the 17 UN SDGs against the following sectors: agri-foods, alcohol, fisheries, forestry, petroleum, pharmaceuticals, precious metals and gemstones, pesticides, tobacco, wildlife and all forms of counterfeiting and piracy. These sectors were chosen because they participate significantly in international trade and they are particularly vulnerable to illicit trade. Trafficking in persons is also examined as a particularly abhorrent phenomenon affecting supply chains and basic human rights as well as contributing to illicit trade practices.
To the extent that an SDG—or one of the 169 targets established to track progress on the goals—is impacted by illicit trade, this study examines where and how illicit activity undermines progress to achieve it. In some cases, illicit activity is mapped against an overall goal, such as SDG 3 (Good Health and Well-Being). In other cases, a specific target has been examined, such as SDG Target 8.7 (Eradicate forced labor, end modern slavery and human trafficking).

Key findings from the report

The socio-economic impacts of illicit present significant deterrence to all 17 of the SDGs—holding back progress, increasing costs and pushing achievement of the goals further away.

There are notable “macro” impacts where illicit trade cuts deeply across many of the SDGs, undermining achievement of the economic goals for poverty reduction, decent jobs and economic growth (SDGs 1, 2, 3, 4 & 8), and robbing governments of taxable income that can be invested in public services (SDGs 9 & 17). When it generates revenue for organized criminal and terrorist groups, illicit trade undermines goals for peace and stability (SDG 16). Most forms of illicit trade plunder natural resources (SDGs 6, 14 & 15), abuse supply chains and ultimately expose consumers to fake and potentially harmful products (SDG 12).

While findings show that illicit trade poses a threat to all 17 SDGs, nowhere is the nexus as evident than in SDG 16 (Peace, Justice and Strong Institutions) and SDG 8 (Decent Work and Economic Growth).

Illicit trade—in all its forms—stands in direct juxtaposition to SDG 16, by feeding violence and breeding corruption, undermining trust in institutions and the rule of law, and generating enormous illicit financial flows. Moreover, the links between illicit trade and organized crime are well established, from human trafficking networks and tobacco smuggling, to fuel theft by drug cartels and the involvement of the mafia and organized criminal groups in the trade of counterfeit products. Perhaps most frightening are links to terrorist financing that heighten threats to national and global security.

All types of illicit trade threaten inclusive economic growth and significantly hinder achievement of SDG 8. Lost taxes rob governments of revenues intended for schools, infrastructure and other public services. Illegal and unfair competition reduces sales and dampens the ability of companies to create lasting and dignified job opportunities. Taken together, economic leakages across the sectors susceptible to illicit trade create an annual drain on the economy of US$2.2 trillion and present a triple threat to financing the necessary “billions to trillions” dollar gap needed to reach the SDGs.
Business is a partner for achieving the SDGs

As illicit trade weakens the viability and sustainability of industries, it simultaneously dilutes private sector contributions to achieving the SDGs. For example, illicit trade is a form of unfair competition that undermines private sector contributions to economic growth and employment. It chokes off market growth, sabotages global supply chains, squanders natural resources and endangers market security. Fake products and inferior materials in supply chains harm consumers and tarnish consumer perception of a corporation’s social responsibility (CSR) performance. In some cases, it poses significant threats to the safety and security of personnel and facilities, all adding to the increasing costs of doing business. Where proliferating illicit trade creates socio-economic instability, it dampens private sector investment, holds back research and development (R&D) and discourages technology transfer.

For these reasons, the private sector has a vital interest in defending against illicit trade, helping itself across industry sectors and playing an active role in promoting the SDGs.

The Transnational Alliance to Combat Illicit Trade (TRACIT) provides a platform for business and governments to collaborate holistically to mitigate the incumbrance of illicit trade on the SDGs. Mapping the impacts of illicit trade on the UN Sustainable Development Goals is part of TRACIT’s contribution to the partnership approach embodied in SDG 17 and a means by which business, the public sector and civil society—working in partnership—can more effectively achieve the SDGs.
**SDGs AND ILLICIT TRADE IN PHARMACEUTICALS**

The global trade in illicit pharmaceuticals extends beyond the generally well-known problem of “fakes” to include substandard, falsified, unregistered and unlicensed drugs as well as their theft, fraud, illicit diversion, smuggling and trafficking.

The problem of illicit pharmaceuticals applies not only to highly-publicized lifestyle medicines, such as for treating erectile dysfunction and weight loss, but also to lifesaving medicines – including those used to treat malaria, cancer, heart disease and other serious illnesses. The issue also covers generic versions of prescription drugs and increasingly to over-the-counter (OTC) medicines, and this category of illicit trade also includes fake medical devices such as contact lenses, condoms, syringes, surgical instruments, wheelchairs and radiotherapy machines – where fake or faulty versions can all present considerable health and safety risks.

Illicit trade in medicines is a major threat to public health, diverts resources from already limited healthcare budgets, creates mistrust in government and presents economic and social challenges to pharmaceutical companies operating in the sector. The World Health Organization (WHO) has thus far generated the most widely-cited statistics, reporting that the share of counterfeit medicines on the market ranges from over 10 percent of total sales in developing countries to as little as 1 percent in developed countries.¹

In terms of value, illicit trade in pharmaceuticals has been estimated at US$75 – 200 billion annually.² INTERPOL reports that falsified medical products could account for as much as 30 percent of the market in some countries in Asia, Africa and Latin America.³ In the transitional economies of former Soviet Republics, there are estimates of above 20 percent of market value.⁴
**Definition of illicit trade in pharmaceuticals**

It is important to understand that the problem of illicit trade in pharmaceuticals extends beyond the protection of intellectual property rights (IPR). The WHO has, at the Seventieth World Health Assembly on 29 May 2017, provided the following categories to help elucidate the problem:

- **Substandard**: Also called “out of specification,” these are authorized medical products that fail to meet either their quality standards or specifications, or both.
- **Unregistered/unlicensed**: Medical products that have not undergone evaluation and/or approval by the National or Regional Regulatory Authority (NRRA) for the market in which they are marketed/distributed or used, subject to permitted conditions under national or regional regulation and legislation.
- **Falsified**: Medical products that deliberately/fraudulently misrepresent their identity, composition or source.

As such, when the term “counterfeit” is used broadly, this refers to medicines that are (a) deliberately produced with substandard quality; (b) fraudulently labeled with respect to their identity/origin; or (c) otherwise tainted, adulterated, or made ineffective or harmful. Fundamentally, counterfeit medicines are neither regulated or quality controlled and therefore should be expected to be inferior as they move outside the safety of established, regulated supply chains.

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**Impact of the trade in illicit pharmaceuticals on achieving the UN Sustainable Development Goals**

The global trade in illicit pharmaceuticals undermines achievement of several of the SDGs, but none more so than depriving individuals of good health and well-being (SDG 3). As highlighted by the WHO, “the rise in substandard and falsified products on all markets, are hampering efforts to ensure health products’ quality, efficacy and safety.”5 Moreover, an expenditure on an ineffectual medicine is a wasted allocation of household income, which hinders progress away from poverty for families where medicines and healthcare can account for a significant share of household spending or when medicines are paid for out-of-pocket.6 As highlighted by UNCTAD Secretary-General Mukhisa Kituyi, “Counterfeit medicines are just one example of how we simply will not achieve the SDGs without looking after our consumers”.7
The illicit trade in pharmaceuticals impacts achievement of seven SDGs:

- SDG 1 (no poverty);
- SDG 3 (good health and well-being);
- SDG 5 (gender equality);
- SDG 8 (decent work and economic growth);
- SDG 9 (industry, innovation and infrastructure);
- SDG 12 (responsible consumption and production); and
- SDG 16 (Peace, justice and strong institutions).

**Promote health and well-being**

The fact that good health underpins every development issue is clearly embodied in SDG Target 3.8: “Achieve universal health coverage, including financial risk protection, access to quality essential health care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.”

However, the proliferation of falsified and substandard pharmaceuticals present formidable obstacles to good health when consumers and patients ingest spurious medicines that have little to no medicinal value and frequently result in therapeutic failure. The severity of the associated health risk can vary greatly, ranging from inconvenience to fatality.

Substandard, unregistered and falsified medicines present significant health risks because they may:

- contain the wrong level of active ingredient—too little, none at all or even too much;
- contain an active but harmful ingredient intended for a different purpose;
- fail to meet quality standards or regulatory specifications;
- have not undergone evaluation or approval by regulatory authorities.

In all these scenarios, the person taking the medicine is putting their health at risk—and this is perhaps most troubling in cases when fake or substandard anti-malarial medicines fail to save lives. Estimates show that between 72,000 and 169,000 children may be dying from pneumonia every year after receiving bad drugs, and that fake anti-malaria medication might be responsible for an additional 116,000 deaths.8 As noted by the OECD, “A significant body of work confirms that counterfeit pharmaceuticals are increasingly prevalent and pose a serious and growing threat to public health, especially in developing countries. While counterfeit drugs are a less visible barrier to affordable access to medicines, they are perhaps a more insidious threat to public health than high drug prices will ever be.”9
It is often the poorest and most vulnerable in society who are tempted by the prospect of cheaper, albeit substandard and falsified medical products. Yet, the increased health care costs of being forced to buy effective treatment a second or third time—when a substandard or falsified product fails to work, or when faced with extra costs of coping with the potentially adverse reactions and drug-resistant infections triggered by substandard and falsified medicines and vaccines—can create a vicious cycle of poverty and poor health.

Falsified, low-quality medicines also have a worrisome impact on antimicrobial resistance (AMR), which is an issue of growing global concern. Many substandard medicines contain a lower amount of the correct active ingredient, which can fail to properly kill bacteria, viruses or parasites. This is happening with some of the world’s biggest diseases, such as tuberculosis and malaria, where multi-resistant strains are becoming a serious global public health threat: it is estimated that by 2050, 10 million lives a year and a cumulative US$100 trillion of economic output are at risk due to the rise of drug-resistant infections. The largest proportion of this burden will be borne by low-income countries who are more resource-constrained and slowing down progress towards SDG1 (end poverty).

**Economic growth and development**

Substandard and falsified medical products undercut efforts to reduce the burden of disease, thereby undermining investments in public health systems and causing a significant negative impact on economic growth, sustainable development and productive employment (SDG 8). For the individual, consequences include prolonged illness, time away from work, increased health care costs, potentially longer-term health complications and even premature death. For governments damages include lost worker productivity, increases in overall health care expenditures, and lost confidence in the health care system.

A 2016 study by the EU Intellectual Property office (EUIPO) estimated that fake medicines cost the EU pharmaceutical sector €10.2 billion each year, resulting in 90,000 jobs lost as well as €1.7 billion in lost government revenues (taxes and social contributions). The problem of illicit pharmaceuticals also impairs the marketplace for genuine products and endangers existing drug supplies by luring consumers and health providers to purchase cheap fakes instead of genuine medicine. The wasted resources are significant, especially in poor countries where medicines can rank second only to food as the largest household expense and where the burden of additional treatment is either unaffordable or can impose significant financial hardship on families.
End poverty and support women’s health

The SDGs recognize the significant link between good health and poverty reduction. In particular, investment in women’s health can generate broader economic benefits. It is reported that societies that prioritize women’s health are likely to have better population health overall and will remain more productive for generations to come.\textsuperscript{13}

Of all the different initiatives available to support women’s health, few are as impactful as the access to safe and affordable contraception. As noted by Ellen Starbird, Director of Population and Reproductive Health at USAID, family planning is the “critical link” to meeting each of the 17 SDGs.\textsuperscript{14} Access to birth control promotes economic security and productivity by freeing up women to work. It also leads to smaller families, which reduces financial burdens on families and enables parents to devote more resources to their children’s health and education. Put another way by philanthropist Melinda Gates, contraceptives are “one of the greatest anti-poverty innovations the world has ever known.”\textsuperscript{15}

Progress on SDG 1 (End poverty in all its forms everywhere) and SDG Target 5.6 (Ensure universal access to sexual and reproductive health and reproductive rights) are thus intrinsically linked with achieving SDG 3 (Good health and well-being). However, the presence of substandard or falsified contraceptives are a growing concern for women’s health.

- Falsified emergency contraceptives have been reported in a number of countries, including Nigeria, Ghana, Kenya, Angola, South America and the United States.\textsuperscript{16}
- In August 2015, the Uganda National Drug Authority notified the WHO of the seizure of falsified Postinor-2 discovered in Kampala, Uganda.\textsuperscript{17} A 2014 survey of emergency contraceptive pills in Peru found that 28 percent of the batches studied were either of substandard quality or falsified. Many pills released the active ingredient too slowly, while others had the wrong active ingredient or no active ingredient at all.\textsuperscript{18}

Incidents of fake contraceptives in the legitimate supply chain, even in small numbers, can lead to a loss of confidence in government programs and private health care systems. Even mere rumors of it can destroy the credibility and success of health and family planning programs, with lasting damage to the reputation of a country’s health system. For example, a lapse in the quality of oral contraceptives in Brazil in 1998 – resulting in unplanned pregnancies – has contributed to poor public confidence in the Brazilian health care system. Even with the creation of the Brazilian drugs regulatory authority, Anvisa, to mollify the crisis and address other medicine quality problems, rumors about contraceptive quality linger in Brazil.\textsuperscript{19}
End the AIDS epidemic

SDG Target 3.3 calls for ending the AIDS epidemic, as well as several other communicable diseases, by 2030. As noted by the WHO, “HIV remains one of the world’s most significant public health threats and a challenge to the achievement of the SDGs.”  

Unfortunately, the existence of substandard and falsified medicines and medical devices have a negative impact on both the treatment and prevention of HIV.

Falsified or substandard antiretroviral therapy presents a real and present threat to the fight against HIV/AIDS. Not only do these medications have no therapeutic value, the proliferation of fakes also may devastate international aid efforts to create public trust in modern medicine.

Access to condoms is critical to reducing exposure to HIV and meeting the UN target of fewer than 500,000 new HIV infections by 2020 – an important milestone in efforts to end the AIDS epidemic by 2030. The use of condoms in at-risk sexual relationships could prevent as many as 1.5 million HIV infections each year in sub-Saharan Africa alone.

Yet, a tsunami of low quality counterfeit condoms undermines global efforts to promote condoms as an effective measure to protect against sexually transmitted infections, including HIV, and unwanted pregnancies.

- In March 2017, more than 40,000 counterfeit condoms imported into Puerto Rico from China were seized by U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement’s (ICE) Homeland Security Investigations (HSI) and the Food and Drug Administration (FDA).
- In April 2013, Ghana faced a “major public health issue” after more than one million ‘Be Safe’ condoms supplied to the country’s health service were found to contain holes and burst easily. “This is a huge, huge problem,” said Faustina Fynn-Nyame, director of Marie Stopes International in Ghana, in response. “There will be a lot of unintended pregnancies as a result of this, and that means maternal mortality and unsafe abortion. Commercial sex workers also use these products [so] the consequences could be enormous.”
Support innovation and the development of new medicines

Virtually all of the important medical discoveries of the last century-and-a-half—including vaccines, antibiotics, HIV and HCV treatments, cancer and cardiovascular medicines—can be attributed to the R&D activities of the pharmaceutical industry.27

The SDGs recognize the critical role of fostering innovations in medicine, including SDG 3.b, which outlines the need to “support the research and development (R&D) of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries.” Similarly, SDG Target 9.5 aims to “enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, particularly developing countries.”

However, illicit trade in pharmaceuticals undermines investment in R&D of new drugs and the pervasiveness of spurious drugs has a negative impact on pharmaceutical innovation and access to affordable medicine.

• Intellectual Property (IP) and the protection and enforcement of Intellectual Property Rights (IPR) play an important role as an incentive for innovation and long-term access to medicines. In the face of IP theft, incentives to invest and innovate are reduced.
• Market share and sales losses from competing with cheap counterfeits means that fewer funds are available for investments in R&D, or can force pharmaceutical companies to increase prices to offset market losses from fake medicines.
• In some cases, entire markets can be flooded with falsified and substandard medicines. This further reduces the incentive for the private sector to make investments in the development of new drugs.28

As underscored by the OECD, the impact of counterfeiting on pharmaceutical innovation, particularly for developing countries, can be significant: “Diseases endemic to regions with high levels of counterfeiting are less attractive research targets. Counterfeiting reduces the profitability of developing country markets, curbing the incentives to target research and developing funds to diseases endemic to poor countries and making it very difficult to attract foreign investment. Sadly, less than 10 percent of global health research expenditures are dedicated to conditions that account for more than 90 percent of preventable mortality, conditions that are most prevalent in developing economies.”29

Combatting the spread of falsified and substandard medicines is thus a prerequisite for the development of new drugs and improving access to affordable, quality-assured medicines. This complex challenge cannot be addressed by the public sector alone and requires sustained cooperation with the private sector.
Sustainable waste management

SDG Targets 12.4. (achieve environmentally sound management of chemicals and all wastes throughout their life cycle) and 12.5 (substantially reduce waste generation) recognize the importance of ensuring sustainable consumption and production patterns, as well as safe waste management, to minimize adverse impacts on human health and the environment. While the legitimate, heavily-regulated pharmaceutical industry is required to meet environmental protection standards and reduce chemical waste and other hazardous materials in their production processes, the same does not hold true for illicit manufacturers of fake drugs who “reap the financial benefits of dirty production, taking every environmental shortcut imaginable.” Producers of illicit pharmaceuticals “disregard the impact that chemical compounds may have on the environment: disposing of toxic dyes and chemicals without regulatory oversight, as well as ignoring the treatment of wastewater streams.”

The environmental costs of falsified medicines also extend beyond the manufacturing phase. For example, in 2011, European Union Customs authorities destroyed 75 percent of the 115 million counterfeit items seized. The destruction process for chemicals and pharmaceuticals is costly and generates waste that is particularly difficult to dispose of in an environmentally friendly manner. Managing such enormous volumes of seizures in an environmentally safe manner requires significant resources that put financial strains on government and enforcement agencies. For low and middle-income countries, the costs as well as necessary technology to properly dispose of the seized goods can be prohibitive, with improper storage and destruction of illicit drugs resulting in inadvertent contamination of air, water and soil.

Peace, justice and strong institutions

Driven by financial gain, criminal elements have become involved in all facets of the chain of supply of illicit medicines, from manufacturing to distribution. As reported by INTERPOL, organized criminal networks across the globe are also involved in pharmaceutical crime throughout the supply chain and have also been found to use the profits from falsified medicine operations to subsidize other clandestine activities. Criminals involved in pharmaceutical crime have been tied to a number of other crimes, including money laundering, human trafficking for sexual exploitation.
and weapons smuggling. The involvement of organized crime in illicit trade in pharmaceuticals is a direct threat to SDG Target 16.4, which calls on countries to “combat all forms of organized crime.”

In particular, the rapid growth in online sales and illicit online pharmacies has provided criminals with new entry points into even the best regulated markets. In 2018, 116 countries were involved INTERPOL’s annual operation Pangea XI, leading to 859 arrests worldwide and the seizure of USD 14 million worth of potentially dangerous pharmaceuticals. Focusing on delivery services manipulated by organized criminal networks, the operation saw 3,671 web links closed down, including websites, social media pages, and online marketplaces.

While much attention has been focused on the falsification of high-priced medicines, even low-priced medicines can make money for criminals as long as the sales volume is high enough. For example, antibiotics, which are relatively cheap, account for 17 percent of the falsified products reported to the WHO substandard and falsified medical products surveillance database.
## CONCLUSIONS

1. **No Poverty**
   - Undermines the ability to treat and prevent disease, particularly for the weakest and most vulnerable in society.

2. **Good Health and Well-being**
   - Precludes wider access to affordable, quality-assured medicines, including those used to treat malaria, cancer and heart disease.

3. **Gender Equality**
   - Undermines women’s health by limiting access to safe and reliable contraception and degrades the integrity of health and family planning programs.

4. **Decent Work and Economic Growth**
   - Impairs the marketplace for genuine products, strains public health budgets and endangers jobs and economic activity.

5. **Industry, Innovation and Infrastructure**
   - Disincentivizes pharmaceutical innovation and investment in research and development (R&D) of new drugs.

6. **Responsible Consumption and Production**
   - Generates dirty production, environmental shortcuts, disposing of toxic dyes and chemicals without regulatory oversight, ignoring the treatment of wastewater streams.

7. **Peace, Justice and Strong Institutions**
   - Illegal profits from illicit pharmaceuticals finance organized criminal activity and threaten lives, social stability and peaceful communities.
IMPLICATIONS AND NEXT STEPS

The sweeping, negative impacts of illicit trade on the SDGs point to a wide range of challenges for both governments and business. Hence, it will be expedient to:

**Attend to developing and least developed countries.** The alarming consequences of illicit trade are especially evident in developing countries hard-pressed to monetize resources, commercialize innovation, attract investment, establish lasting job opportunities and create genuine, long-term economic growth. As such, it will be critical to support the capabilities of developing countries to better defend against illicit trade by *inter alia* taking stock of national government experiences, challenges, priorities and requests for assistance while also identifying where “in-country” efforts would be most valuable and most effective.

**Account for the interconnected nature of the challenge.** As noted by the UN, the SDGs are integrated and indivisible in nature with significant inter-linkages across the goals and targets. Ending poverty, for example, must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, job opportunities and environmental stewardship. By the same token, a holistic approach is needed to address the significant number of interdependencies and overlapping problems relating to multiple forms of illicit trade. The impacts of illicit trade cannot be examined effectively in isolation of other sectors, nor can they be addressed in isolation of the SDGs.

**Promote shared responsibility.** Improving public-private dialogue and promoting partnerships will be needed to address the global nature of illicit trade. Public and private actors can play an important role in determining a responsive, evidence-based work program for addressing illicit trade, including delineation of best practices, and, where applicable, development of regulatory standards.

**Prioritize the policy response.** The findings from this study demonstrate that illicit trade is a significant deterrent to achieving the SDGs. As governments go about formulating policies and implementing programs to achieve the SDGs, a first order consideration should be to reduce the deterrent forces of illicit trade and plug the fiscal leakages associated with it. This approach has the immediate effect of adding resources and revenues back into the global economy, putting more policy tools back on the table, and reducing timelines, costs and other hurdles to achieving the goals. Consequently, a more level playing field, without the economic drags of illicit trade, can improve the efficiency and effectiveness of policies and programs governments are taking to stimulate growth, employment and investment to achieve the SDGs.

**Foster political will and leadership.** Addressing the threat of illicit trade on the SDGs will require political will of government officials at all levels to prioritize the problem, actively pursue solutions and invest in enforcement measures. This study provides a first step in raising awareness on the threat of illicit trade on achieving the SDGs. The work also serves as a roadmap to help policy makers identify areas that merit greater attention and to formulate effective strategies to address the serious threats posed by illicit trade.


