



**TRANSNATIONAL ALLIANCE
TO COMBAT ILLICIT TRADE**

TRACIT.ORG

**BUSINESS HAS
AN IMPORTANT ROLE
TO HELP SHAPE THE RESPONSE
TO ILLICIT TRADE**



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THE SOCIAL AND ECONOMIC CHALLENGE OF ILLICIT TRADE

Illicit trade is a major problem for a growing number of industries such as alcohol, agri-foods, fisheries, forestry, pesticides, petroleum, pharmaceuticals, precious metals and gemstones, tobacco, trafficking in persons, wildlife and all forms of products vulnerable to trademark counterfeiting and copyright piracy. Financial losses across 11 industrial sectors are estimated at US\$1.6-2.2 trillion per year. Collectively, the value of illicit trade and transnational criminal activities are estimated at between 8% and 15% of global GDP.*

Illicit trade also threatens human health and the environment, fuels corruption and generates revenues that organized criminal groups re-invest in the legal economy or in the commission of further criminal acts. Moreover, it bankrolls extremists and terrorists around the globe – and the lost revenue undermines the tax base of many economies.

*World Economic Forum. (2014). Out of the Shadows: Why Illicit Trade and Organized Crime matter to us all, Global Agenda Council on Illicit Trade & Organized Crime 2012-2014.

DAMAGES TO BUSINESS INCLUDE

- Loss of market share, particularly due to unfair competition practices.
- Slower growth in legitimate markets.
- Rising supply chain monitoring, regulatory compliance, security and insurance costs.
- Risk of damage to business infrastructure.
- Reputational risks and repercussions on consumer perception and corporate brand image when fake and sub-standard goods, or goods of unidentified origin, reach legitimate markets.
- Liability stemming from customer complaints and lawsuits based on alleged breaches of health and safety standards.
- Proliferating illicit trade fosters organized crime and can undermine the rule of law, giving rise to a hostile environment for legitimate business and discouraging investment.



TRACIT is a business-led initiative to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and integrating supply chain controls across industry sectors.

OBJECTIVES AND STRATEGY

Business has an important role to help shape the political and regulatory response to illicit trade – and to help itself across sectors by sharing intelligence, data, resources and measures demonstrated to effectively control illicit trade and associated supply chain abuses.

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.



STRENGTHEN THE BUSINESS RESPONSE TO ILLICIT TRADE

- Exchange information and mitigation tactics in and across key industry sectors impacted by illicit trading.
- Create sector portals, workstreams, research reports, best practices and policy recommendations.



REDUCE VULNERABILITIES OF SUPPLY CHAINS EXPLOITED BY ALL FORMS OF ILLICIT TRADE

- Improve controls in free trade zones, digital channels, financial networks, and air, land and maritime transportation channels.
- Promote better due diligence and “know your customer” procedures.
- Press for stronger legislation and regulation.



IMPROVE GUIDANCE TO NATIONAL GOVERNMENTS

- Contribute industry know-how and best practice to strengthen national governments' preventive and enforcement mechanisms.
- Aggregate and rationalize the myriad policy recommendations into model enforcement programs.
- Create momentum at the ground level with a blue-print for local business and government to work together.



ADDRESS GOVERNANCE WEAKNESSES AND GAPS THAT FACILITATE ILLICIT TRADE

- Drive action with global governance bodies that influence the work programs of IGOs and key UN agencies.
- Promote coordination of local and regional enforcement efforts.



PRESS FOR A MORE HOLISTIC APPROACH BY INTERGOVERNMENTAL AGENCIES TO PURSUE SYSTEMIC APPROACHES, INTERCONNECTED STRATEGIES AND SHARED RESOURCES.

- Energize the dialogue on illicit trade by convening collective forums and building partnerships with key IGOs.
- Organize international summits to promote shared policy development and implementation of enforcement measures.
- Promote innovative solutions including the elaboration of new international instruments and guidelines to connect the scattered international legal and policy frameworks.



IMPROVE AWARENESS ON ILLICIT TRADE AND EXPAND THE KNOWLEDGE BASE

- Publish cutting-edge research on critical issues that can reshape government policy and action to control illicit trade.
- Promote an overarching campaign to educate policymakers, local businesses and consumers on the social and economic harms of illicit trade.



AGRI-FOODS



ALCOHOL



COUNTERFEITING AND PIRACY



FISHERIES



FORESTRY



PESTICIDES



PETROLEUM



PHARMACEUTICALS



PRECIOUS METALS AND GEMSTONES



TOBACCO



TRAFFICKING IN PERSONS



WILDLIFE

“The illegal activity of illicit trade has grown well beyond the capabilities of individual governments and individual companies. What’s needed is a confluence of thought-leadership and an interconnected approach that leverages enforcement and governance measures and multiplies the effectiveness of available resources.”

**- Jeffrey Hardy, Director General
Transnational Alliance to Combat Illicit Trade**

“Organized Criminal Groups (OCGs) also often engage in more than one criminal activity to mitigate risks, reduce operational costs and increase profit margins. The OCGs involved in the trafficking of illicit goods are the most poly-criminal groups in the EU. [...] Many OCGs are highly flexible and able to shift from one criminal activity to another or to add new criminal activities to their crime portfolio. The integration of digital systems in many criminal activities and the expansion of the online trade in illicit goods and services is transforming serious and organized crime. Criminals are increasingly adapting the supply chain models of global online retailers.”

**- Europol Serious and Organised Crime
Threat Assessment 2017**