



OFFICE OF THE DIRECTOR-GENERAL

October 17th, 2022

Ambassador Katherine Tai
United States Trade Representative

Dear Ambassador Tai,

I read with great interest the Trilateral Joint Statement from you, Secretary Walsh, and the Trade and Labor Ministers of Japan and the European Union on the International Labour Organization's recent Global Forced Labor Estimates.

I echo your concerns about the dire global situation on forced labor, and I endorse your commitment to explore new policies and initiatives that contribute to the fight against forced labor in global supply chains.

In support of your work, I wish to draw your attention to our [flagship report](#) on the human cost of illicit trade, which outlines how women, children and men across the globe are forced to labor in illicit sectors. This demand for forced and child labor may be less known, but the magnitude of its scope cannot be overlooked, nor should remedies be omitted.

For these reasons, we were pleased that USTR highlighted this issue in its publication of the 2021 Notorious Markets Report, stating that, "*Counterfeit manufacturing often occurs in clandestine work places outside the reach of labor market regulations and inspection systems, which increases the vulnerability of workers to exploitative labor practices. Evidence indicates that the production of counterfeit goods exists alongside widespread labor abuses, from substandard and unsafe working conditions to child labor and forced labor.*" This report offers a critical first step in your efforts to mitigate forced labor in global supply chains – both legal and illicit.

In addition to the severe human rights implications, legitimate businesses cannot compete on a level playing field against illicit traders and criminals that are not paying wages and are abusing workers. With illicit trade accounting for an estimated 8 to 15 percent of global GDP, we urge you to address the significant impact that these illicit economic activities have on the demand for forced labor.

In our report, we call on governments to:

- account for the interconnected nature of forced labor and illicit trade so as to ensure that laws and regulations generally pertaining to preventing forced labor will specifically investigate and enforce against occurrences in illicit economic activity;

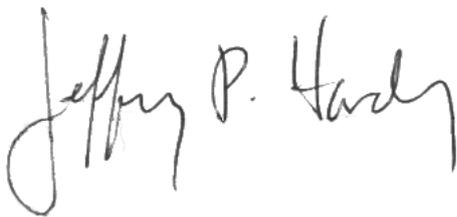
- actively gather more and better data on the incidence of forced labor in illicit operations to improve the evidence-base for national and international policy-making and standard setting; and
- swiftly implement standing measures to stop illicit trade, thereby removing any associated demand for forced labor.

In reference to the first bullet, we commend you on your commitment to examine current trade and labor policies that need to be strengthened and to address any existing gaps. Addressing forced labor and illicit trade in tandem will be key moving forward, and something that our data collection effort on forced labor in counterfeit manufacturing has clearly identified a need for.

Your schedule permitting, I welcome the opportunity to brief you on how TRACIT is working with the ILO, UNODC, UNCTAD, government agencies and our private sector membership base to combat illicit trade, and to explore how we may further help you to, as you outlined in the Trilateral Joint Statement, “explore new policies and initiatives that contribute to the fight against forced labor in global supply chains.”

I look forward to your response.

Warm regards,



Jeffrey P. Hardy
Director-General
Transnational Alliance to Combat Illicit Trade

The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, non-profit business trade association 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. TRACIT works across 11 industry sectors and addresses human and wildlife trafficking. For more information, please visit www.TRACIT.org.