

# Combating the Twin Devils of Corruption and Illicit Trade

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## Opening Remarks at the 4th Meeting of the OECD Task Force on Countering Illicit Trade

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*Good morning,*

It is great to see everyone again, especially as we enter Phase II of the work program of the [4<sup>th</sup> Meeting of the OECD Task Force on Countering Illicit Trade \(Task Force-CIT\)](#).

Before making a brief statement, let me first thank Rolf Alter and his team at the OECD who have worked tirelessly for many months to prepare this week's agenda for our meetings in Paris this week including our participation and synergies at the [2016 OECD Integrity Forum](#).

As Chair of the Task Force-CIT, I would also like to thank Secretary-General Angel Gurría for his leadership in elevating the fight against illicit trade and related corruption and criminality as priority areas within the OECD.

Distinguished members of the Task Force-CIT, I would be remiss if I did not thank all of you for your continued commitment and energies over the past three years in shaping and informing our important work.

Fighting corruption and illicit trade really matters. Illicit trade operates in the shadow of the global economy, with increasingly sophisticated traffickers dealing in everything from narcotics, people, arms, and wildlife to counterfeits including illicit tobacco and alcohol goods.

Moreover, recent international scandals such as those involving sporting bodies or those revealed in the Panama Papers, have reminded us that corruption and illicit finance, truly do undermine the public trust and market integrity across economies. As this group understands too, the proceeds of these activities are intimately related to the dark side of the global economy, which fuels transnational organized crime and undermines our global security.

Beyond the significant adverse economic impacts including lost revenues and profits, increased regulatory and enforcement expenses, illicit trade also impacts the safety and health of our people that also increases healthcare costs.

In recent weeks, thanks to the outstanding efforts of Interpol, Europol, and numerous law enforcement agencies, dangerous fake and counterfeit goods were confiscated in operations across 57 countries including Italian olives painted with copper sulphate solution, Sudanese sugar tainted with fertilizer, chemical-doused seafood, and anti-freeze toothpaste.

Counterfeit products such as fake medicines, auto parts, consumer electronics, toys and other goods also harm our communities and pose serious health risks. In many cases they kill tens of thousands of people as in the case of fake medicines to treat heart disease, malaria, or tuberculosis.

This is also why the work of the Task Force-CIT is very important, as is our joint OECD-EUIPO report on [Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact](#), to be launched later today.

I would like to applaud the OECD, European Commission's Directorate-General for Taxation and Customs Union, European Union's Intellectual Property Office, the World Customs Organization, and the United States Department of Homeland Security for their leadership in providing the customs data and helping to finalize the Report. The United States is proud to work with our partners to address counterfeiting on a global scale also thank our Ambassador to the OECD, Daniel Yohannes for his participation at the launch of the Report this week at the OECD Integrity Forum.

Our comprehensive TF-CIT report for Phase I, [Illicit Trade: Converging Criminal Networks](#), that was distributed this morning, also highlights similar threats across the illegal economy, for example:

- The poaching of endangered wildlife continues unabated especially as demand for elephant ivory and rhino horn has driven dramatic growth in illegal wildlife markets. It remains one of the most lucrative forms of illicit trade, and the sector has more than doubled since 2007 and now constitutes an estimated USD19 billion market.
- The illicit trade in tobacco is perhaps one of the most widespread and most documented sectors in the shadow economy. For the last several years, the worldwide consumption of illicit cigarettes exceeds 500 billion sticks annually. Illicit tobacco is an important source of revenue for criminal and terrorist networks alike, and deprives governments of excise tax revenues at the same time.
- Trafficking in arms, narcotics, precious minerals and metals, and people continue to unabated and the value of illicit markets in the USD hundreds of billions.

Tainted supply chains, compromised markets, and the corruption and money laundering that accompany illicit trade also hurt our economies.

These are among the reasons that over the years we have fought illicit trade and worked together across sectors, borders, regions to disrupt the global web of corruption and criminality in source, transit, and consumer markets.

And while the Task Force-CIT has done an impressive job charting illicit trade, there is no time to rest. We now must push forward and begin countering illicit trade and the networks behind it. This second phase of the Task Force will pay particular attention to the need for better coordination across government and across borders, to make sure enforcement strategies are maximizing impact.

I am happy to see the cooperation across law enforcement agencies, with leadership of the United Kingdom's Her Majesty's Revenue and Customs (HMRC) and the United States' Federal Bureau of Investigation (FBI), as part of the Task Force-CIT. Their expertise will be a valuable contribution to the task force and we hope that the Task Force-CIT will be a venue to galvanize the law enforcement response to illicit trade and facilitate the sharing of best practices and information with each other.

By working together we can make a real difference. In recent years, we have targeted the 5-7 specific areas I mentioned moments ago and are discussed in the report, [Illicit Trade: Converging Criminal Networks](#).

Many challenges remain including how we coordinate efforts to lessen the vulnerabilities related to the internet and free trade zones (FTZ), as well as the role that illicit trade plays in trade-based money laundering (TBML) – all topics that will be covering in our meeting this week.

Moving forward, I hope that we also continue to give momentum to the emerging OECD Task Force CIT Information Sharing Platform to enable our partners to tap into near real-time intelligence and situational awareness on numerous cross-border threats, and enable law enforcement agencies to more quickly target and disrupt illicit threats.

I hope too that the OECD Task Force-CIT can help the international community reverse the alarming poaching of too many endangered species and from the jaws of extinction. Working with industry, we hope that we can develop actions to target illicit proceeds of those trafficking in wildlife and encourage the OECD and Financial Action Task Force (FATF) to develop methodologies that can robustly target the web of corruption and money laundering.

In 2015, in partnership with Asia-Pacific Economic Cooperation (APEC), the OECD Task Force-CIT developed principles on combating corruption related to human trafficking. The Task Force-CIT can promote better information- and intelligence-exchanges to detect and map out trafficking networks throughout the supply chains, including links to corrupt officials in various sectors.

We continue to also strengthen our efforts across regions including through our regional dialogues that we have held already in Latin America and Asia, and in 2015, through our partnership with the G7 and [Wilton Park](#), we worked together to address the converging threats related to the poaching and illegal wildlife trade. In 2016, we will take our path-finding initiative to Brussels and partner with the European Union and World Customs Organization on the harms of counterfeits and illicit threats across Europe.

Finally, we need to craft a more powerful narrative on why countering illicit trade matters.

The OECD can be a powerful platform for change. Governments have made many commitments to combat the nefarious effects of organized crime and to ensure the engines of globalization are not abused to further the dark economy.

This Task Force needs to identify where progress is being made to reduce and deter illicit trade, and to applaud it. By the same token, we need to keep our eyes open to those areas where progress is lacking and to document it.

The actions of countries speak louder than words, and through this platform that you have created, countries can trumpet their success and work collaboratively for a better tomorrow. These are our priorities and game plan for Phase II of the Task Force-CIT over the next two years.

In an interconnected world, there are no global problems that can be solved by any one partner working alone. Through our unity of effort and collective strengths, we can more effectively combat the twin devils of corruption and illicit trade.

*Thank you.*