

# Dialogue on Illicit Trade and the Sustainable Development Goals

**UN Conference on Trade and Development  
Transnational Alliance to Combat Illicit Trade  
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Director-General**

**TRANSNATIONAL ALLIANCE TO COMBAT ILLICIT TRADE**

# Why TRACIT?

- Illicit trade demands a sustained, coordinated response
- Business can be a better, smarter partner to government
- Governments can be more effective through a more holistic approach
- Greater awareness underpins more effective policy responses
- TRACIT brings business to the table



# Address common vulnerabilities

- Air, sea, land transport
- Express carriers
- Internet platforms
- Border control
- Corruption in customs
- Free trade zones
- Regulatory gaps



# Expose associated crimes

- Financial fraud
- Money laundering
- Human trafficking
- Organized crime
- Corruption



# Drive the international agenda



The  
Economist

INTELLIGENCE  
UNIT



- Global Illicit Trade Index
- 84 countries
- Evaluates structural capacities to fight illicit trade
- Briefings in 22 countries
- Policy recommendations



# IUU Fishing

Illegal fishing in **Costa Rica** affects marine resources (like tuna and sharks), the national economy and local fishing communities





# Forestry

Illegal logging threatens  
**Myanmar's** forests and rare  
woods – like Teak







# Petroleum

25% of petroleum fuels  
in **Tunisia** is illicit or  
adulterated





# Counterfeiting

In the **EU**, counterfeiting drains €83 billion in GDP, €14 billion in taxes and 790,000 jobs





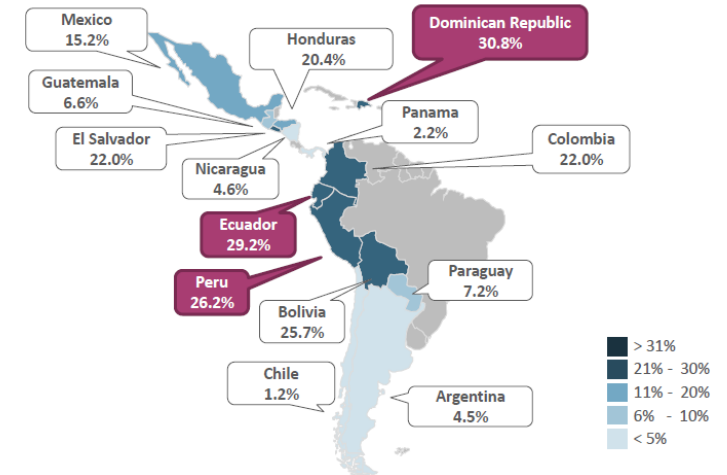
# Alcohol

30% of alcohol consumed  
in Dominican Republic is  
illicit

REGIONAL ANALYSIS: LATIN AMERICA  
**In Latin America, the Dominican Republic and Ecuador have the highest shares of illicit alcohol out of total alcohol consumed**



Share of Illicit Alcohol out of Total Alcohol Volume (HL LAE)



# The list goes on....



- 1 in 10 cigarettes worldwide is illicit



- In terms of value, illicit trade in pharmaceuticals has been estimated at US\$75 – 200 billion annually.



- Wildlife crimes are worth \$23 billion

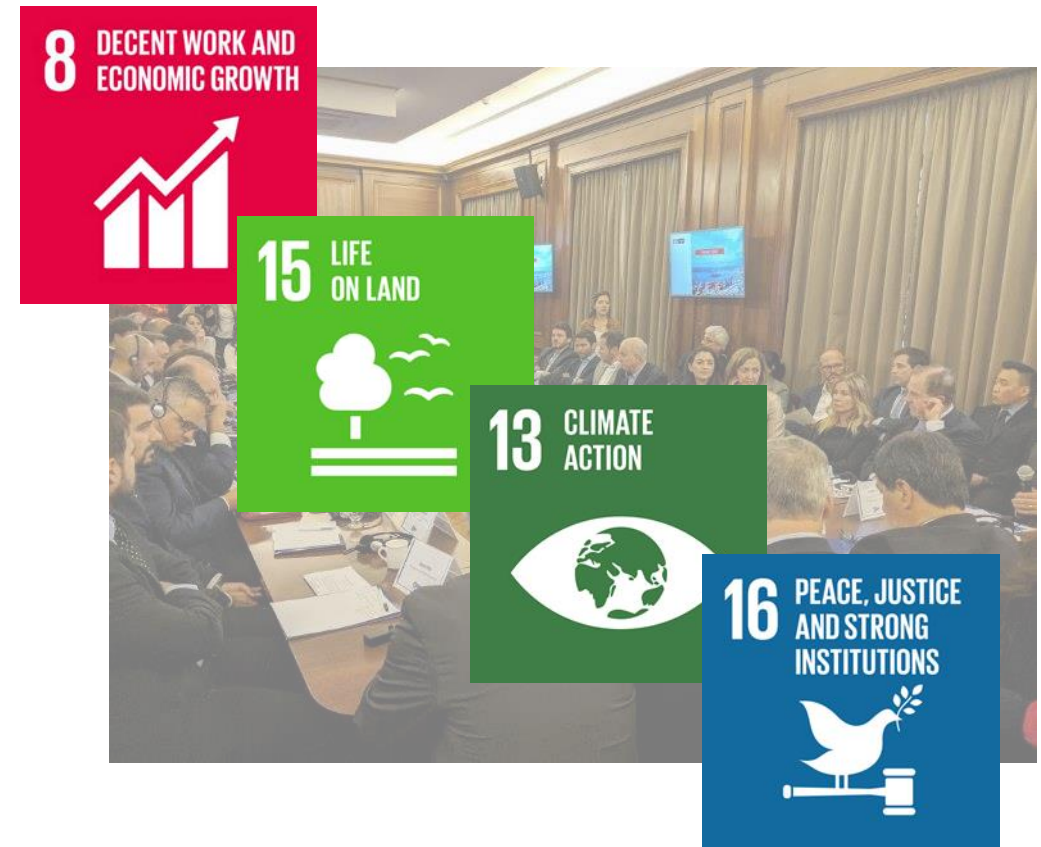
# What did we hear from Ministers?

- Massive economic losses
- Lost jobs
- Lost tax revenues
- Squandered natural resources
- Environmental damages
- Crime, corruption and informal economy



# Sounds like the SDGs

- Massive economic losses
- Lost jobs
- Lost tax revenues
- Squandered natural resources
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# Key questions?

1. Does illicit trade impact all of the UN SDGs?
2. Are the impacts interconnected?
3. Are developing countries more adversely impacted?
4. Can the learnings help governments improve development policy?



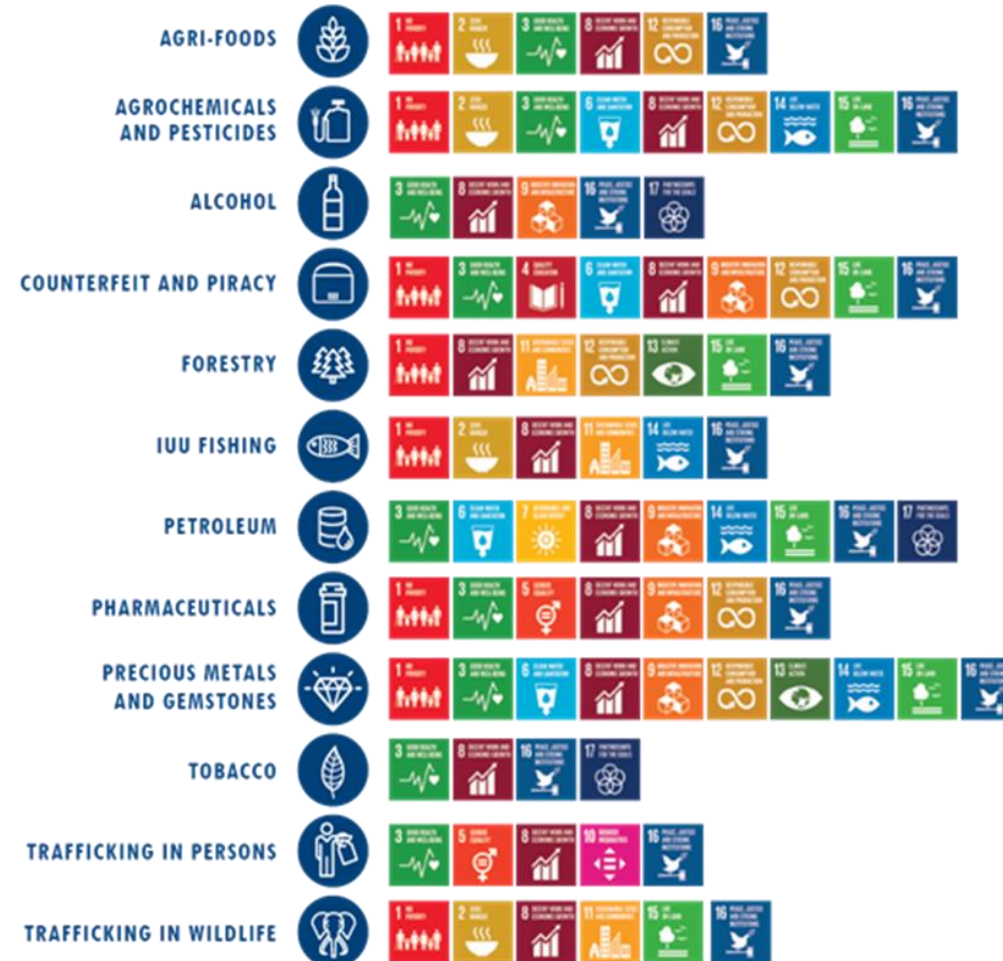
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# Q1: All SDGs are negatively impacted...



# Two are impacted by all forms of illicit trade...

**8** DECENT WORK AND  
ECONOMIC GROWTH



GDP, jobs and tax revenues are drained from economies and limit public investment, with relatively more severe impacts on developing countries.

**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



Helps fund other criminal activities, fosters corruption, and undermines the rule of law.

## Q2: They're interconnected

### 3 GOOD HEALTH AND WELL-BEING



Medicines with no active ingredient and toxic illicit alcoholic beverages set back progress on goals for good health and well-being.

### 2 ZERO HUNGER



Food fraud, commodity smuggling, and illegal agrochemicals undermine sustainable farming, limit crop yields and jeopardize delivery of fair, safe and sustainable food supplies, slowing progress on the goal for zero hunger.

# Interconnected in many ways...



Agri-food, Pesticides, Counterfeit, Forestry, Fishing, Pharma, Gemstones & Wildlife



Pesticides, Counterfeits, Petroleum & Gemstones



Agri-food, Pesticides, Counterfeit, Forestry & Pharma



Pesticides, Forestry, Petroleum, Gemstones & Wildlife



Alcohol, Petroleum & Tobacco

# 12 Chapters



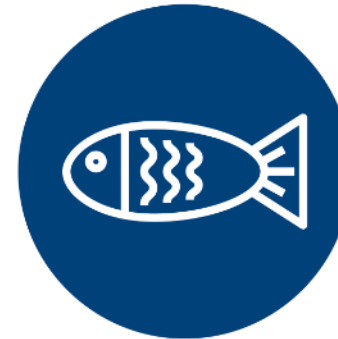
**AGRI-FOOD**



**ALCOHOL**



**COUNTERFEITING  
& PIRACY**



**FISHERIES**



**FORESTRY**



**PESTICIDES**



**PETROLEUM**



**PHARMACEUTICAL**



**PRECIOUS METALS  
& GEMSTONES**



**TOBACCO**




**TRAFICKING  
IN PERSONS**



**TRAFICKING  
IN WILDLIFE**

# Report layout

**CHAPTER 5: SDGs AND ILLICIT TRADE IN FORESTRY PRODUCTS**




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Because of the fleeting, unsustainable nature of illegal logging, good and reliable employment opportunities are precluded, undermining SDG 8 (decent work and economic growth) in four ways:

- The forestry sector employs some 13.7 million formal workers,<sup>10</sup> but according to the World Bank, an additional 41 million people work informally in the timber sector.<sup>11</sup> In the EU alone, forest-based industries provide nearly 3.5 million jobs. Small- and medium- forest enterprises (SMFEs) are the primary source of forest sector employment in most developing countries, accounting for 80 to 90 percent of formal and informal employment in all forest enterprises.<sup>12</sup> Therefore, legalizing the sizeable illicit portion of the logging business has the potential to create millions of legitimate employment opportunities.
- Unsustainable forest practices leave large areas deforested, barren and unable to renew harvests for decades. Consequently, local employment opportunities are lost forever.
- Forest work is one of the most hazardous industrial sectors globally. While the companies engaged in sustainable and legal timber trade regularly implement sustainability requirements on human and labor rights, occupational health and safety, environmental commitments, and responsible business practices,<sup>13</sup> illicit actors show little regard for secure and safe employment opportunities, undermining SDG Target 8.8 (protect labor rights and promote safe and secure working environment for all workers).
- Illegal logging and illicit timber trade also threaten jobs within the tourism industry, valued at 5 to 10 percent of national economies, when protected forests and animal habitats are damaged.<sup>14</sup>

**Environmental impact**



Deforestation and forest degradation – often driven by illegal logging and the clandestine profits from illicit timber trade – disrupt and undermine nations’ efforts to address climate change and sustainable forest governance.

Deforestation and forest degradation contribute more than 17 percent of all man-made greenhouse gas emissions, more than the emissions from the world’s entire transport sector.<sup>15</sup> The impact of illegal logging on carbon emissions is particularly profound in tropical regions, where deforestation accounts for 10 to 20 percent of global carbon emissions.<sup>16</sup> Illegal logging accounts for 50 to 90 percent of all forestry activities in key producer tropical forests, such as those of the Amazon Basin, Central Africa and Southeast Asia, making illicit trade in forestry a primary malefactor in the fight against climate change.<sup>17</sup>

MAPPING THE IMPACT OF ILLICIT TRADE ON THE UN SUSTAINABLE DEVELOPMENT GOALS 55

**CONCLUSIONS**

Illicit trade in forestry products undermines the SDGs in many ways:



- 1 NO POVERTY** Robs the surrounding local economy of its anchor for economic development, employment and tax revenues that could be used for public investment.
- 8 DECENT WORK AND ECONOMIC GROWTH** Displaces legal employment opportunities, up to 80 percent in small- and medium- forest enterprises (SMFEs) in developing countries; threatens tourism jobs by damaging protected forests and animal habitats.
- 11 SUSTAINABLE CITIES AND COMMUNITIES** Endangers precious rainforests and other World Heritage sites; threatens tourism jobs by damaging protected forests and animal habitats.
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Denies consumers of the relevant information to make choices, based on awareness for sustainable development in harmony with nature, including consumption of rare woods and woods sourced unsustainably.
- 13 CLIMATE ACTION** Exacerbates deforestation and forest degradation, accelerates contributions to CO2 emissions and precludes massive CO2 absorption critical to fighting climate change.
- 15 LIFE ON LAND** Undermines sustainable management of forests to preserve soil, minimize erosion, purify water, protect aquifers, improve air quality, preserve biodiversity and protect wildlife habitats.
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS** Poses a serious threat to peace and security and damages public trust and institutional structures.

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# Back to our key questions

3. Are developing countries more adversely impacted?
4. Can these learnings help governments improve development policy?

# Impacts are especially evident in developing countries:

- Monetize natural resources
- Commercialize innovation
- Attract investment
- Establish lasting job opportunities
- Move from informal economy
- Create genuine, long-term economic growth



Last question:

Can this help governments  
achieve the SDGs?

# Yes, this can help if we:

1. Address Illicit Trade as a priority
2. Account for the interconnected nature of illicit trade
3. Use the findings to make better policy
4. Build shared responsibility

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# Strengths of working with UNCTAD

- Important mandate to address trade and development
- Experience with illicit financial flows, illegal fishing, financing for development, consumer protection
- Key partners with WTO, ITC, UNODC, WCO, etc.

# Next steps?

- Take stock of Member State experiences, challenges and priorities.
- Determine where “in-country” efforts would be most valuable/most effective.
- Develop an evidence-based work program to improve economic, social and environmental solutions to combatting illicit trade.

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