

Second UNCTAD Illicit Trade Forum

6th to 7th September 2022

Room XVII, Palais des Nations, Geneva

Keynote address

Delivered by

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Trinidad and Tobago

Salutations

- Ms. Rebeca Grynspan, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)
- Ms. Shelley Duggan, Chair, Transnational Alliance to Combat Illicit Trade (TRACIT)
- Mr. Jeffrey P. Hardy, Director-General, Transnational Alliance to Combat Illicit Trade (TRACIT)
- Ms. Teresa Moreira, Officer in Charge, Division on International Trade and Commodities, United Nations Conference on Trade and Development (UNCTAD)
- Heads of Delegations of other Member States and International Organizations

Good Morning.

Introduction

On behalf of the Government and People of Trinidad and Tobago, I have the distinguished honour to deliver today's keynote address at the opening of the Second Illicit Trade Forum hosted by the United Nations Conference on Trade and Development (UNCTAD), in collaboration with the Transnational Alliance to Combat Illicit Trade (TRACIT).

I would like to extend firstly, heartfelt appreciation to Ms. Rebeca Grynspan, Secretary-General of the UNCTAD, for acknowledging the strides being made by the Government of Trinidad and Tobago in combatting illicit trade,

and for extending this invitation to deliver today's keynote address. Unfortunately, I cannot be physically present in Geneva on this occasion, but please be assured that Trinidad and Tobago will contribute to the rich discussions over the next two days.

I also wish to commend UNCTAD and TRACIT for once again providing an ideal platform for Member States and stakeholders from across the World to discuss the crucial issues surrounding global action aimed at combatting illicit trade.

This two-day event is a most welcome opportunity for Member States to analyze the existing common threads of illicit trade that affect their countries, share best practices, and endeavour to strengthen partnerships to adopt collaborative approaches amongst governments and international law enforcement agencies and bodies to tackle these challenges.

Global context

Some may ponder why the issue of the illicit trade of goods and services is an increasingly concerning problem that has become the focus of many governments and international organizations.

Many countries are grappling with post-pandemic recovery, combined with the adverse effects of the ongoing Russia-Ukraine war, and the worsening of the global food, energy, climate and refugee crises. We are experiencing the resultant heightened exploitation by international criminal elements taking advantage of the dire situations brought on by these crises.

Simply put, the current global health, socio-economic and geopolitical climate provide an optimal environment for criminal activity to not only increase, but manifest itself in different ways. Illicit trade is no different. We are confronting a crisis of the global common good.

At the last Forum in 2020, the representative of Myanmar aptly stated, “*Illicit trade threatens the existence of small and medium enterprises apart from depriving the government of revenues for public services.*” Several international organizations and agencies have estimated that hundreds of billions of dollars in illicit commerce, including goods, animals and wildlife, weapons and persons and illicitly-traded consumer goods are produced, transported and sold every year.

Illicit Trade affects all countries and industries and erodes legitimate economic activity, slowing economic growth and impeding unemployment reduction and development.

Looking at the scope and scale of the issue, UNCTAD estimates that the global economy loses more than US\$ 2 trillion annually to various forms of illicit trade, nearly 3% of the world’s economy. These are resources that can be utilized for the eradication of poverty and hunger, improvement of health, education and the provision of basic services. These losses erode the progress we have made towards the attainment of the goals set out in the 2030 Agenda for Sustainable Development. **These losses deprive our citizens of a better tomorrow.**

The Caribbean Community (CARICOM) and Small Island Developing States (SIDS)

Small Island Developing States (SIDS) constitute about a fifth of the United Nations membership. We are acutely aware that due to the unique vulnerabilities of SIDS, illicit trade has the potential to disproportionately affect national stability.

At the regional level through the Caribbean Community (CARICOM), action regarding illicit trade has been primarily focused on weapons, with the adoption of the CARICOM Declaration of Small Arms and Light Weapons in July 2011.

CARICOM Member States are increasingly recognising the importance of this issue through emerging national initiatives, notably in Jamaica through the finalisation of its Tobacco Control Bill, and in Guyana, where funding was recently received from the Latin American Trade Association Foundation to create a Counter Wildlife Trafficking Communications Toolkit.

It must also be recalled that in 2021 at UNCTAD 15 which took place in Barbados, Member States agreed on the Bridgetown Covenant which included Illicit trade, the only new area of work. It was also agreed that we must address the challenge faced by many developing countries in the estimation of illicit trade, including the assessment of their impact on resource mobilization for development, specifically, and on national development strategies. This in itself was a powerful signal that the Member States are mobilising to dismantle illicit trade networks and curb their effects.

Trinidad and Tobago

As I now turn to my own country, Trinidad and Tobago, as a small island developing state, has felt the negative effects of the global investment downturn, remains committed to resetting the economy for growth and transformation. This resolve undoubtedly includes taking a firm stance and deliberate, effective action against illicit trade in all of its forms.

In 2018, Trinidad and Tobago ranked 79th out of 84 economies, according to the Global Illicit Trade Environment Index. This coupled with what was being observed domestically made it abundantly clear that steps needed to be taken to initiate the fight against illicit trade, especially in the illicit trade of consumer goods.

According to the local private sector, approximately twenty-two percent (22%) of imported alcohol was entering Trinidad and Tobago illicitly. This estimation would have declined during 2020-2021 due to public health restrictions which impacted the sale of alcohol. However, with the reopening of the economy, it is expected that the level of illicit trade will revert to and in some cases exceed pre-pandemic levels.

In addition, the major domestic tobacco industry players indicated that the illicit trade of tobacco accounted for approximately 5%-10% of the market share and tax evasion from the illicit trade in tobacco to be as high as US \$ 4.5 million annually. This has therefore deprived the government of revenue to fund vital public services in the health, security and education sectors.

We are aware that counterfeit and noncompliant goods can jeopardize the health and safety of our citizens with increases in sub-standard and falsified pharmaceuticals, fake personal protective equipment and medical products in response to the COVID-19 pandemic.

The Government of Trinidad and Tobago has identified combatting illicit trade as one of the issues which must be addressed to facilitate the growth and transformation of the local economy. The impact of these illicit goods has the potential to undermine the attainment of our national development goals which are consistent with the principles and objectives of the Sustainable Development Goals (SDGs).

In our most recent National Policy developed in an effort to map out a post economic recovery phase in response to the COVID-19 Pandemic, ***Road Map for Trinidad and Tobago Post COVID 19 Pandemic***, The Government outlined several actions to combat illicit trade including:

- Tasking the respective Ministries and border agencies to take immediate action to increase surveillance of retail operations; to seize illegal products and restrict the importation of illegal commodities.
- Facilitate consumer education on the responsible consumption of products.
- Enforce appropriate national standards for affected products.

Following the examples of international best practice of combatting illicit trade through *inter alia* the establishment of public-private partnerships, strengthening of cooperation among regulatory and enforcement agencies,

improving enforcement of penalties associated with illicit trade and consumer education, the Government of Trinidad and Tobago developed a National Action Plan to Combat Illicit Trade and established an Illicit Trade Task Force in 2021.

While it is noted that illicit trade is broad in scope, the National Plan has a primary focus on the priority areas of alcohol, tobacco, cleaning agents and pharmaceuticals in the first instance due to the rising presence and impact of illicit trade in these goods in Trinidad and Tobago. This Action Plan contains 26 measures to ensure the implementation of a holistic approach. The objectives include strengthening the domestic legal framework to combat illicit trade; strengthening the capacity of Ministries and enforcement agencies to combat illicit trade; enhancing collaboration among regulatory and enforcement agencies; promoting public-private partnerships towards fighting illicit trade; and increasing public awareness of illicit trade and the associated dangers.

With the understanding that government leadership with significant input and collaboration with the private sector and civil society was key to tackling the issue, the Task Force was appointed in May 2021, and comprises various Public Sector Organisations, Private Sector entities and Non-Governmental Organisations is chaired by the Ministries of Trade and Industry and National Security. The Task Force has become an intrinsic part of the machinery of the Government of Trinidad and Tobago to tackle the scourge of illicit trade.

To date, many strides have been made in the implementation of the Action Plan.

- In particular, through the work of subject-matter experts from both the public and private sectors, a range of solutions have been developed to address the illicit trade in consumer goods in Trinidad and Tobago.
- These recommendations are intended to improve the policy and legal framework, curb the supply of illicit goods, whilst simultaneously encouraging a reduction in consumer demand, enhancing transparency in the fight against illicit trade and improving our customs environment.
- In addition, the Task Force also launched a national public education campaign focused on improving the identification of illicit goods and building awareness of the impact of illicit trade on all players in the economy. It is our hope that an informed public will not only make wiser purchasing decisions, but also assist in fostering change towards how illicit trade is viewed, treated and prioritized in the country.
- The National Action Plan was also designed to be utilized in tandem with other National policies. One such, is the National Special Economic Zones Policy which has replaced the Free Trade Zones Regime. Free Trade Zones are major transit points with significant amount of goods transshipped and can potentially facilitate smuggling. Thus the Government of Trinidad and Tobago has made a

transformational shift by creating the Policy, legislation (SEZ Act, 2022) and the SEZ Authority that seeks to bring our country in line with international practices and a modern licensing regime. This reinforces our commitment to ensuring sustainable economic growth and competitiveness as well as new, better jobs for our citizens.

However, this morning, I also want to highlight some of the challenges we have encountered along the way.

One of the main challenges is the availability of and access to data. Data related to illicit trade in Trinidad and Tobago is fragmentary and captured by different organizations. This presents difficulties with assessing the numerical value of illicit trade nationally, the impact on government and businesses, as well as identifying areas which require intervention. As such a national mechanism for the collection and dissemination of data on illicit trade is required.

Secondly, there are gaps in interagency cooperation among national and regional organizations. Stronger interagency cooperation will facilitate a coordinated approach to combatting illicit trade and allow for each agency to understand the constraints and expectations of other agencies, discuss/validate common procedures and generally encourage a culture of mutual support. There is also the lack of a regional mechanism to share information on suspected shipments of illicit goods. A Mechanism at the regional level should be established to focus on the implementation of control

and verification measures for international transit in the key transshipment points within the region.

The onset of the pandemic and the Ukraine –Russia conflict has resulted in disruptions to global supply chains and the proliferation of illicit supply networks taking advantage of these disruptions. As we re-establish global trading arrangements, Trinidad and Tobago will seek to establish safeguards to minimize potential illicit trade within those networks.

Despite our overall efforts, we also noted that given the globalized nature of illicit trade, information sharing and cooperation among international bodies and countries are required to combat illicit trade.

International Cooperation

As you all are aware, by its very nature illicit trade is inherently clandestine and it is difficult to determine its scope. We can all agree it does not respect borders, nationality or developmental status. Thus we, as an international community have to work together on the issue. Herein lies the power and possibilities of multilateralism.

One major lesson Trinidad and Tobago has learnt from the implementation of our Action Plan is coordinated approaches to tackling illicit trade fuels our ability to tackle the interconnected nature of the problem.

On this note, I take this opportunity, on behalf of the Government of Trinidad and Tobago to call for two affirmative actions to be taken to bring us closer

to achieving our goals on combatting illicit trade. These proposals incorporate the trifecta needed to strengthen our approach - ***partnership, capacity and leadership.***

The first would be the development, through UNCTAD and TRACIT, of a data sharing platform for Member States, whereby, information on illicit trading can be securely shared. This can assist in the tracking of networks across borders, and it can help with studies with regard to which countries are most affected. This will enable stronger analysis on the scope of illicit trade in goods and facilitate a more focused international approach.

The second call by Trinidad and Tobago is for fellow Member States to keep the issue of trade in illicit goods at the forefront of our agendas so that we can effectively mobilize through increased government leadership to combat illicit trade. This is an important strategic step; whereby political support can assist in addressing the burden of illicit trade in goods.

The UNCTAD Work Programme

As part of this two –day forum UNCTAD will be presenting its work programme on the potential areas for cooperation and collaboration to address illicit trade. It is important that you convey your national priorities to UNCTAD and other UN Member States. I encourage all participants, especially developing countries represented here today, to engage in productive dialogues towards a better estimation of the scale and impact of illicit trade, or in establishing universal guidelines and best practices for addressing the problem. If we are to have any hope in moving forward as an

international community, building the international agenda on the fight against illicit trade is a significant step.

Trinidad and Tobago stands committed to face this challenge with our fellow Member States and stakeholders.

Conclusion

Before I close, I wish for participants to remember the following points:

1. Illicit trade affects all countries and all industries. It significantly endangers achievement all of the United Nations Sustainable Development Goals (SDGs).
2. An all-of-government approach with significant input and collaboration with the private sector is key to tackling the issue.
3. Due the globalized nature of illicit trade, information sharing and cooperation among international bodies and countries is necessary to combat it. As such Trinidad and Tobago reiterates its calls for the development of a data sharing platform for Member States and keep the issue of trade in illicit goods at the forefront of our agendas.

In the words of Secretary-General, Rebeca Grynspan. “There is only one way to face our ongoing challenges: Together.”

The need for innovative, collaborative, cross-border approaches in the fight against illicit trade is apparent. Trinidad and Tobago has much to offer and

learn from our counterparts here today. It is vital to learn from each other and bring our existing efforts together. A global forum such as this, represents an opportunity for us to discuss our cross-cutting issues.

As we move together towards 2030 and the achievement of the 17 SDGs, we must address the global scourge of illicit trade. Then and only then will we be able to protect our people and their way of life from this global calamity.

I wish to thank you for the opportunity to share my brief thoughts this morning and I wish you all a successful Forum.