

UNCTAD Illicit Trade Forum

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Room XXVI, Palais des Nations, Geneva*

Statement
by

**Permanent Mission of the Republic of Azerbaijan
to the
UN Office and other International Organizations in Geneva**

- Thanks to UNCTAD and TRACIT for organizing the first Illicit Trade Forum. Important event to map the road of future action in this field.
- Volume of illicit trade is alarming. WEF estimates annual economic drain from illicit trade to be US\$ 2.2 trillion – nearly 3% of the world’s economy. Given the challenging ways of collecting such information, most of the data still remains unknown or rather unmeasured.
- While establishing the scope of issues that will require a focused attention of the Forum in future, one has to take into account the whole chain that ultimately leads to illicit trade – from production to distribution.
- The background note for this Forum states that “because illicit traffickers do not comply with often costly environmental, health and safety standards and often employ underpaid or exploited labor, they act as “free riders,” putting legitimate businesses at a severe competitive disadvantage”. The conditions may vary from continent to continent and from region to region.
- On many instances, private businesses often choose to conclude illegal contracts and benefit from conditions favorable for illicit trade. There are numerous well-documented cases of private businesses employing dubious practices of getting unregistered access into conflict areas, which are already characterized by absence of control of lawful authorities, presence of warlords and criminal gangs, porous borders, forcible displacement of local population, large-scale atrocities, violations of human rights, tax evasion, export of illicit profit, etc.
- Entities exercising effective control over conflict areas attempt to attract businesses to those territories with the aim to strengthen and legitimize their grip on power. The illegal production and other economic activities by private businesses in such territories are intrinsically linked to illicit trade and related violations of rights of people who live or used to live in these territories, as well as infringing on the rights of countries whose territories are subjected to such practices.
- Ideally private businesses should refrain from such operations, but this is not always the case. The illicit trade not only undermines sustainable economic development. It also poses great danger to basic human rights. Today, we only have very loose, non-binding, voluntary rules aimed at protection of human rights while doing business. Their voluntary character allows those countries where such private businesses are registered, to escape responsibility to take adequate measures under the pretext of non-interference in the affairs of private sector.

- Proceeding from understanding that regrettably the private sector on numerous occasions contributes to illicit production and trade globally, it is our common responsibility to change this trend and to make sure that private sector is engaged in legal activities.
- Lack of proper attention to this matter may result in serious problems for the future of global trade. We believe that illicit trade is an important topic and deserves further discussions in this Forum.