



**Statement By Permanent Mission of the Republic of
Malawi to the UN Office and other International
Organizations in Geneva (As LDC Group Coordinator)
during the UNCTAD Illicit Trade Forum**

06 - 07 September 2022

Room XVII, Palais des Nations, Geneva

- Ms. Teresa Moreira, Officer-in-Charge, Division on International Trade and Commodities (DITC), UNCTAD; Ms. Shelley Duggan, Chair, Transnational Alliance to Combat Illicit Trade (TRACIT); H.E. Ms. Paula Gopee-Scoon, Minister of Trade and Industry, Trinidad and Tobago; Distinguished delegates.
- I deliver this statement on behalf of the LDC Group.
- Let me at the outset commend UNCTAD and TRACIT for organizing the second Illicit Trade Forum. This forum has provided us with an opportunity to engage and come up with the necessary actions in illicit trade. This is a field that needs much attention by the International Community as it is affecting trade flows and in turn affecting development of many States, particularly the LDCs.
- According to UNCTAD 2020 statistics, the global economy loses more than US\$2 trillion annually due to smuggling, counterfeiting, trafficking of humans and wildlife and other forms of illicit trade. This figure is mind blowing.
- Illicit trade significantly endangers all aspects of the SDGs and therefore contributing to the slow progress in many countries in achieving the SDGs. For Instance, LDCs are heavily dependent on tax revenue to finance their budgets. Illicit financial flows (IFFs) therefore divert resources from social development and raise serious problems for financing development. They are depriving governments of revenues for investment in vital public services, dislocating millions of legitimate jobs and causing irreversible damage to ecosystems and human lives.

Chairperson,

- The various forms of illicit trade constitute the greatest sources of income for transnational organised crime. Tracking the perpetrators of illicit trade and ensuring an end to their operations should be a priority in order to facilitate the attainment of the SDGs.
- The covid 19 pandemic and the current geopolitical climate have created a state of economic challenges in LDCs which have eroded the progress which was made in development and created an economic climate which has caused players to look at illicit activities as an alternative. Some of these players are collaborating with the private sector in promoting these illegal activities. With limited available information about these illicit activities it is challenging to track them down and address them accordingly.

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD

- We commend UNCTAD for the work they have been doing in putting in place tools to facilitate information gathering on illicit trade and call for continued collaboration with development partners in this area.
- The growth of trade in falsified medicine poses great risk to patients especially in LDCs who have limited resources to afford high quality medicines and where systems lack the adequate facilities to detect such medication. This presents serious problems on public health, health care systems and the development of pharmaceutical industry.
- Let me commend the private sector players like Novartis who have actively played their part in tackling illicit trade, they have used an integrated approach to deal with the challenge of falsified medication. There is need for continued joint efforts to address these kinds of challenges.

Chairperson,

- The maritime system serves as the major transit route for illicit products. Addressing the cross-border movements of illicit products requires building strong coordination and collaboration mechanisms among nations and institutions. The burden of enforcement still lays on individual nations. It is critical to build the capabilities of Least Developing Countries to better defend themselves against illicit trade.
- Dealing with illicit trade requires coordination between multiple actors. Lack of proper attention to this matter may result in serious problems for the future of global trade. We believe that illicit trade is a very important topic and deserves our uttermost attention.
- Let me finish by quoting David Luna, Chairman of the OECD Task Force on Charting Illicit Trade: *“As humans, we tend to exaggerate the risks of spectacular events that are extremely rare but that result in many losses immediately — a factory fire, a terrorist attack, a natural disaster. Meanwhile, we underestimate the risks of long-term events that affect us every day in small ways, adding up to a major impact. Illicit trade is one of these risks.”*
- **I thank you for your attention.**