EXECUTIVE SUMMARY:
Illicit trade is a serious threat that harms U.S. economic and national security. It feeds a booming multi-trillion dollar global illegal economy and harms every market, puts public health and safety at risk, and upends the rule of law and damages investment climates. It is a threat multiplier that helps fuel transnational crime, kleptocracy, corruption and bribery, e-commerce frauds and greater insecurity and instability around the world.

COVID-19 has further exacerbated criminality and IP infringement including through illicit trade that is putting the health and safety of citizens and communities at risk (e.g., fake medicines, personal protective equipment (PPE), counterfeit medical supplies and fast-moving consumer goods such as food, hand-sanitizers and disinfectants). Illicit trade and IP crime have also accelerated across online and e-commerce marketplaces. With new COVID-19 vaccines coming to market, DHS and INTERPOL have warned that criminals will be active in plying illicit activities to sell fake vaccines and medicines to Americans and consumers globally, especially across the developing world.

Increased trade in illicit goods, which has sapped governments of vital tax revenues, also inhibits funding for pandemic response and economic recovery.

The OECD Task Force on Countering Illicit Trade (TF-CIT) is leading global efforts to elevate the fight against illicit trade. OECD engagement on, for example, Free Trade Zones (FTZs), “small parcels,” and maritime containers is vital to combating illicit trade.
The Biden Administration should:

- elevate the fight against illicit trade as a foreign policy priority at the OECD and other international fora.
- lead and support efforts of the OECD TF-CIT, fund core work, including a specific U.S. case study on counterfeit and pirated goods, and other important projects, further augmenting its TF-CIT engagement.
- promote efforts within the Asia Pacific Economic Cooperation (APEC) to fight illicit trade and establish a cross-fora dialogue with industry on elevating the fight against illicit trade including in FTZs, vulnerable sectors and across e-commerce platforms.
- consider developing a new “Strategy to Combat Illicit Trade: Harms to U.S. National Security, the American Economy and Citizens.”

CONTEXT & BACKGROUND: WHERE USCIB BRINGS VALUE

By 2022, the total estimated value of counterfeit and pirated goods, including digital piracy, is projected to double and reach an astounding $1.9-$2.81 trillion. Illicit trade is a threat multiplier that helps fuel transnational crime, corruption and greater insecurity and instability around the world. AIT, innovation and IP enforcement become critical during COVID-19 economic recovery and recoup lost revenue.

USCIB is a leader in fighting illicit trade in key international fora such as the OECD, World Customs Organization (WCO), APEC, International Chamber of Commerce (ICC) and other communities, through public-private partnerships (PPPs) and whole-of-societies to combat this scourge across sectors.

USCIB established the Anti-Illlicit Trade Committee (AITC) in 2018 to elevate the fight against illicit trade and to promote public-private partnerships globally. USCIB AITC priority areas include: Engagement of Source Markets of Fakes, Targeted Action on Illicit Trade including Counterfeit and Pirated Goods, AIT Enforcement at FTZs, Strengthening Information Sharing Across Sectors and Markets and Addressing “Small Parcels” Trade in Contraband and Illicit Commodities.

USCIB and Business at OECD (BIAC) committed to fighting illicit trade as a priority. USCIB supports BIAC work with both leadership and staff support. BIAC’s Anti-Illlicit Trade Expert Group (AITEG) was recognized as a TF-CIT strategic partner in 2020. In addition, in 2020, BIAC and OECD TF-CIT established a public-private partnership to fund pilot projects.

USCIB has a unique perspective and expertise in AIT; we leverage our membership, which spans all sectors of the U.S. economy and develop thoughtful, consensus-based business submissions. We share these submissions with policy makers and regulatory authorities worldwide. We have a well-established plan of action, which has served as the backbone of the BIAC AIT road map.

We stand ready to assist the Biden Administration on these and other priority areas moving forward.

USCIB ENCOURAGES THE ADMINISTRATION TO:

- Elevate anti-illicit trade as a foreign policy priority.
- Fund the core work of the OECD TF-CIT, including a U.S. case study on the breadth and scale of counterfeit and pirated goods in the American economy, and other important projects, to advance U.S. national interests, including the links between illicit trade and kleptocracy/corruption.
- Support implementation and development of TF-CIT guidance (e.g., FTZs, “small parcels”, etc.)
- Promote strategic diplomatic engagement on fighting illicit trade through PPPs including with the G20/B20, APEC, the Gulf Cooperation Council (GCC), and other international organizations.