

Communication on Engagement

Transnational Alliance to Combat Illicit Trade (TRACIT)

Period covered by this Communication on Engagement:

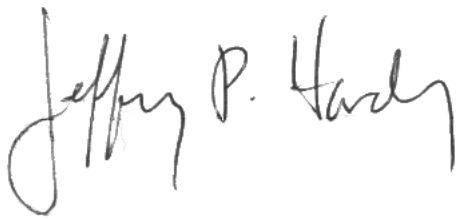
3 August 2020 to 4 May 2022

To our stakeholders:

I am pleased to confirm that the Transnational Alliance to Combat Illicit Trade reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Attached here, please find our annual Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles, as suggested for a business organization like ours. We also commit to sharing this information with our partners and affiliates and through our newsletter, our social media channels and our website.

Sincerely yours,

A handwritten signature in black ink, reading "Jeffrey P. Hardy". The signature is written in a cursive, flowing style.

Jeffrey P. Hardy
Director-General, Transnational Alliance to Combat Illicit Trade

Description of Actions

In the fall of 2018, we submitted our UN Global Compact Commitment Letter to H.E. António Guterres, Secretary-General of the United Nations. In this letter, we confirmed our commitment to the ten principles of the UN Global Compact and expressed our intent to support the Global Compact in advancing them. In the letter, we also pledged to participate in and engage with the UN Global Compact in the following ways:

- Conduct applied research and advocacy to advance and promote best practices and offer sector-specific advice and recommendations on illicit trade and its link with the principles of the UN Global Compact. This includes the publication of an upcoming report on the necessity of combating illicit trade to meet the UN Sustainable Development Goals.
- Promote the UN Global Compact Ten Principles through our membership and in our communication channels.
- Support UN Global Compact business participants that are also TRACIT members in spreading the word on their sustainability efforts.
- As a trusted business voice on illicit trade, mobilize the private sector on the combating those sustainability issues that illicit trade gives rise to, and use our established relationships with policymakers and key Inter-Governmental Organizations to advance these issues in the public policy arena.

Reporting back on our pledge, it is our pleasure to highlight the following actions that we have taken in the period between August 2020 and May 2022:

In December 2021, we launched a report titled "The Human Cost of Illicit Trade: Exposing demand for forced labor in the dark corners of the economy". The report sheds light on human rights and labor rights abuses in illicit trade, and it studies an overlooked corner of the global economy, namely the incidence of forced labor in illicit market activities. The report shows that women, children and men of all ages and race are forced to labor in illicit sectors, where they are abused by organized criminals in their pursuit of profits.

The virtual panel discussion launch took place on 2 December 2021. Speakers included:

- Stefano Betti, TRACIT Deputy Director-General
- Dr. Ulrika Bonnier, TRACIT Director of Programs and principal author of the report
- Laura Greene, Programme Technical Officer, ILO Global Business Network on Forced Labour
- Ilias Chatzis, Head of Human Trafficking, UN Office on Drugs and Crime (UNODC)
- Huw Watkins, Head of Asia Policy, The UK Intellectual Property Office
- David V. Upite, Director, Assistant General Counsel, Global Brand Protection, Procter & Gamble

Panelists discussed the findings of the report and shared insights on how fighting illicit trade can help Nations mitigate human rights abuses. We also discussed this report and its findings at the 2022 OECD Global Anti-Corruption & Integrity Forum, the OECD Task Force to Counter Illicit Trade meeting in March 2022, and in a special podcast episode hosted by the ILO's Global Business Network on Forced Labour.

In February 2021, we launched the report, "Examining the negative impacts of illicit trade on SDG 16". It is part of TRACIT's contribution to the partnership approach embodied in SDG 17 and a means by which business, the public sector and civil society can more effectively achieve the SDGs. The report updates key findings from the 2019 *Mapping the Impact of Illicit Trade on the Sustainable Development Goals* to focus on the criminal elements underpinning illicit trade and their relationship to SDG 16. Additionally, it incorporates observations during the COVID-19 pandemic, which show that criminal groups have swiftly exploited the situation and entrenched their positions in illicit trade. The report was presented at the Fourteenth United Nations Congress on Crime Prevention and Criminal Justice, during the ancillary session number 114, Mapping and Mitigating the Impact of Illicit Trade on the Sustainable Development Goals, which took place on 7-12 March 2021.

In January 2021, we launched the report, "The Link Between Illicit Trade and Sovereign Credit Ratings", where we established that a correlation exists between individual countries' creditworthiness and their vulnerability to illicit trade. The report compares the credit ratings attributed by S&P Global, Fitch Group and Moody's and the scores attributed by the Global Illicit Trade Environment Index and finds that countries that are poorly equipped to tackle illicit trade also suffer from poor credit worthiness. This report in particular focuses on the rule of law, anti-corruption and governance indicators that would

The report was launched at virtual panel discussion on 20 January 2021.

Speakers included:

- Laura Valdivieso, Deputy Minister of Foreign Trade, Colombia
- Janos Bertok, Deputy Director of the OECD Public Governance Directorate
- Patrice Cochelin, Analytical Manager, Sovereign & International Public Finance Ratings, S&P Global Ratings
- Jeffrey P. Hardy, Director-General, TRACIT (Moderator)

The webinar addressed the interrelationship between illicit trade, good governance, and the investment climate at a national level and explored solutions available to prioritize and intensify an anti-illicit trade agenda at the national level.

Finally, in November 2020, TRACIT and the EU-ASEAN Business Council (EU-ABC) collaborated in publishing a report on the growing problem of illicit trade in the Association of South East Asian Nations (ASEAN). The report, titled "Tackling Illicit Trade in ASEAN", investigates various forms of illicit trade in the region, the affected industry sectors and provides critical insight on how government and industry leaders can work together to introduce regulatory changes to confront this pressing issue. The report highlights how the rise of illicit trade in ASEAN has

dealt significant blows to human lives and human rights, on top of undermining the sustainable development goals and opportunities for economic prosperity.

Through these events and publications, we have emphasized the UN Global Compact Principles and drawn attention to how steps by all stakeholders—public and private—to mitigate illicit trade can deliver tangible dividends to the Compact’s objectives for sustainability and environmental stewardship. Notably, we have aimed to give corporate member speakers a platform to contribute case studies in an effort to highlight their sustainability efforts.

To amplify our voice in combating those sustainability issues that illicit trade gives rise to, we continue to be active members of the Business at the OECD (BIAC) and the ILO Global Business Network on Forced Labor. TRACIT collaborated with the ILO Global Business Network on Forced Labour to highlight how forced labor intersects with multiple forms of illicit trade. This included TRACIT participation in the [ILO’s podcast series](#), and ILO participation in TRACIT’s launch of its report on the Human Cost of Illicit Trade. As part of BIAC, TRACIT participated in the OECD Task Force on Countering Illicit Trade meetings and work program.

In 2021, TRACIT became a registered civil society organization with the [Organization of American States \(OAS\)](#), a permanent observer with the [World Intellectual Property Organization \(WIPO\)](#), and signed an MOU with the United Nations Office on Drugs and Crime (UNODC) to deepen collaboration between the two organizations on illicit trade.

In April 2022, TRACIT presented policy recommendations to the Universal Postal Union (Postal Security Group), leading to their decision to establish an Anti-Illicit Trade Task Force. This outcome has significant potential to mitigate criminal operations that thrive through exploitation of the international postal supply chain, thus helping to achieve economic prosperity and extend the rule of law.

Finally, we have participated in several meetings on the topic of the SDGs, human rights, and labor, environment and anti-corruption, including:

- 2022 OECD Global Anti-Corruption & Integrity Forum, 30 March - 1 April 2022.
- OECD Task Force to Counter Illicit Trade, 16-17 March 2022.
- UN Forum on Business and Human Rights, 29 November – 1 December 2021.
- 13th annual Engaging Business Forum on Business and Human Rights, 14-15 October 2021.
- UNCTAD15, 3-7 October 2021.
- WTO Public Forum, 29 September 2021.
- UN Global Compact Uniting Business Live, 20-22 September 2021.
- 14th UN Crime Congress, 7-12 March 2021.
- 2020 UN Forum on Business and Human Rights, 16-18 November 2020.

- UN Global Compact Uniting Business Live, 21-23 September 2020.
- ILO Global Business Network on Forced Labour membership meetings.

Measurement of Outcomes

There are a few possible measurements of outcomes that are relevant to the activities that we have conducted in the past two years. These are:

Participation at our meetings

With the Covid-19 pandemic, TRACIT like many other organizations pivoted to webinar-based meetings and stakeholder engagement.

The virtual panel discussion on "The Human Cost of Illicit Trade: Exposing demand for forced labor in the dark corners of the economy", which took place on 2 December 2021, had 297 registered participants from government, IGO, think tanks, private sector, and participation from 5 continents and 51 countries.

The virtual panel discussion on "The Link Between Illicit Trade and Sovereign Credit Ratings", which took place on 20 January 2021 had 154 registered participants from government, IGO, think tanks, private sector, and participation from 25 countries.

Social media reach

In addition to the research that we put out to advance best practices in combatting illicit trade, we use social media as a key tool to reach our key stakeholders and wider public. Our [LinkedIn](#) activities generate 3000+ impressions per update, and we get between 1,000 and 10,000 impressions per tweet on our [Twitter](#) account. Finally, we have about 180 unique visitors per day to our [website](#).