

Illegal Trade and Contraband: Global Threats to Economies and Markets

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¡Buenos Dias!

It is an honor to return to Santiago de Chile and to be here with you at this important international conference.

I would like to thank the Chilean Anti-Illicit Trade Observatory (El Observatorio del Comercio Ilícito) and the national chamber of commerce (La Cámara Nacional de Comercio, Servicios y Turismo, CNC) for their kind invitation to discuss illegal trade and contraband and their global impact to economies, markets, and broader communities.

Let me also thank the Government of Chile with whom I have had the distinct pleasure of working over the years in my prior capacity at the U.S. Department of State on global security issues, bilaterally, and in numerous multilateral fora.

In fact, the last time that I was here was back in 2004 when I was an American diplomat working to advance the call by the Presidents of Chile and the United States, and other leaders in the Asia Pacific Economic Cooperation (APEC) Forum to fight corruption and to promote a culture of integrity.

With Chile's leadership as the Host Economy, APEC launched a very important initiative that year across the Asia Pacific region – the Santiago Commitment to Fight Corruption and Ensure Transparency –because they understood the significant costs and impacts that corruption can have to democracy, economic growth, the rule of law, and shared prosperity.

Today, we are here to discuss and address another transnational security threat that is of equal concern: the global illegal economy.

Illicit trafficking remains the lifeblood of today's bad actors, criminal organizations, and terrorist groups.

Through dirty money derived from criminality, these malefactors finance corruption, chaos, insecurity, and violence.

In hosting this event, I applaud Chile and its private sector for their leadership in once again helping to lead an important dialogue within the international community on why countering illicit trade and promoting market integrity matters.

Ladies and gentlemen: Make no mistake. The illegal trade and contraband are destabilizing threats that help fuel corruption, organized crime, and terrorism and lead to greater insecurity and instability around the world.

Convergence Crime: Illegal Trade and Illicit Markets

I will now aim to shed light on how the global threat of illicit trade poses great risks to businesses and governments alike, including here in Chile.

First, we must recognize that illicit trade is a global phenomenon.

Globalization has enabled and provided opportunities for criminals and their networks to expand the scope and scale of their operations in a manner that has direct impacts to all economies, markets, communities, and people across the world.

Moreover, in a world of convergence, the risks and threats associated with illegal trade are interconnected in many ways – each individually dangerous but whose sum represents a far greater threat across borders.

What happens in one market impacts many others. One illicit threat spawns many other harms.

No country, no region, no community is untouched by the corruptive influence of global crime, and exploitative bad actors and illicit networks.

Through a prism of convergence, I believe that we can better examine, visualize, and understand the global illegal trade and illicit markets.

As threat multipliers, such converging threats metastasize and imperil broader economic and security objectives.

But to understand many of the security and criminal landscapes related to illegal trade, we need good data and evidence-based research to help us better assess the breadth and scale of these threats.

Data can also help us to pinpoint trafficking routes and location of illicit “hot spots”, and enable us to comprehend the work of facilitators and “super fixers”.

As we open the aperture of our learning lenses across the dark shadows of the global economy, thanks in large part to the innovative work of the Organization for Economic Cooperation and Development (OECD), the United Nations Office for Drugs and Crime (UNODC), and many other international organizations, we begin to conceptualize more clearly the size and volume of specific criminal markets, their routes, and the illicit financial flows.

We also begin to see how sophisticated criminal entrepreneurs are diversifying their portfolios in trafficking everything from narcotics, people, arms, gold and natural resources, and endangered wildlife to counterfeits including fake medicines, and illicit cigarettes and alcohol products.

We begin to recognize how dirty money derived from these crimes not only impact governance structures but how criminals launder and reinvest their proceeds into the formal economy.

We see bad actors use criminally-derived proceeds to corrupt police, security, and law enforcement institutions that are responsible for keeping people safe.

Illicit Superhighways

Let's look at some recent data, including the mapping of illicit routes and contraband flows around the world, that will better illuminate our understanding of the current threats posed by today's criminalized markets.

The next few slides will help to give us a good snapshot of the ways criminals and terrorist groups move people and illicit goods through a vast array of trafficking networks and transit hubs across borders and illicit markets.

From the coca and opium poppy fields of Colombia and Peru, Afghanistan and Southeast Asia to the coasts of East and West Africa and to the streets across the United States and Europe, drug cartels, criminal syndicates, and terrorist networks navigate superhighways that meet an insatiable demand for illicit goods, and that serve illicit markets around the globe.

Along the way, they will continue to corrupt critical institutions and enforcement systems, exacerbating an already dire security situation.

Criminals are quite savvy entrepreneurs and will employ the latest technological advances.

They will use commercial jets, fishing vessels, and container ships to move drugs, people, small arms, crude oil, cigarettes, counterfeit and pirated goods, and toxic waste through the region, generating massive profits.

They will conduct these illicit activities around the clock and move contraband from one continent to another quite efficiently, at times in 48 hours or less.

It is fact: the global illegal economy is indeed booming and growing significantly every hour of every day.

It is thriving because it is so incredibly profitable.

How massive are these profits? The [OECD Task Force on Countering Illicit Trade](#) over the years has done numerous research projects and studies on illegal trade across the world, including in Latin America.

As we can see from the slide: Hundreds of millions of USD every year enable criminals and other threat networks to corrupt regional economies and the global financial system.

As widely reported by the OECD, the United Office on Drugs and Crime (UNODC), the World Economic Forum (WEF), Global Financial Integrity (GFI), and other international organizations, it is generally estimated that the illicit trade in arms, drugs, and people, and other forms of “convergence crime” generate approximately between 8–15 percent of GDP, or several USD trillions to include corrupt proceeds and illicit financial flows.

Of equal concern is not only the current breadth and scale of today’s illicit markets, but that many of them will double within five years’ time alone.

This is simply a staggering amount.

It is no wonder that more and more bad actors and networks are gravitating to these profitable illicit markets in all corners of the world.

It is enabling violent trafficking gangs to expand their operations, terrorist groups to finance their attacks against our communities, and even rogue regimes to underwrite their nuclear programs.

In places and spaces where they have a physical presence and control, these illicit actors and networks continue their criminality through arbitraging or exploiting the corruption and weaknesses in our tax regimes, borders, customs, law enforcement, and other institutions.

Let me focus now on four specific illicit trade activities and illegal markets to illustrate in greater depth the convergence of crimes and how they adversely impact citizens and communities in more profound ways than people would expect, and beyond solely economic terms.

1. Cocaine trafficking remains among the most lucrative illicit activities.

Narcotics remain the biggest black market in the world, and one of the most profitable for criminal organizations.

In addition to the negative and harmful impacts to people's health and well-being caused by narcotics, the associated criminal violence has tremendous political and social costs to societies, including through murder and senseless killings and the erosion of state institutions and the public trust.

According to a recent UNODC World Drug report, the supply levels of cocaine, opium, marijuana, and other non-medical use narcotics were at record levels in 2017.

Fentanyl and other opioids too saw significant increases in the United States, and in other countries.

In addition to the high illegal profits derived from narcotics, opioids, and all forms of drug trafficking, fentanyl has resulted in record levels of fatalities due to its lethality.

Of course, there too have been record seizures, but the overall production volumes on the streets remain disconcertingly high.

On trafficking patterns, while heightened response by law enforcement has increased and there is better coordination among countries, as with other illicit activities, Colombian, Mexican, and other cartels and gangs quickly adapt and resort to new routes and smuggling means.

As we have witnessed in Latin America, cartels and other transnational criminal organizations continually are innovating technologies, moving from fast to stealthy, from go-fast planes and speed boats to underwater submersibles and drones.

Across the Atlantic, smugglers and traffickers who intake the cocaine from the Americas will typically transport drugs and other contraband overland across the Sahel and North Africa, before crossing into destination markets in Europe and these new developing markets in the Middle East and Southeast Asia.

On the way to demand markets, criminals leave in their wake more corrupt and destabilized economies and communities.

Moreover, competition for border smuggling routes to distribute illegal narcotics and other contraband is notoriously violent, and has led to hundreds of thousands of violent deaths, including many innocent bystanders as we have witnessed in Mexico.

The use of drug trafficking is also a well-known means to finance the activities of organizations whose objective is to overthrow established political orders through violence, and is thus considered a major risk to the rule of law.

Similarly, the dirty profits from narcotics have enabled today's criminals to build their illicit empires and diversify their criminal portfolios into other illicit trade areas including human trafficking and prostitution, counterfeiting, and money laundering.

A good example of this is, as reported by British Columbia's government earlier this year, is how Chinese criminal syndicates are able to traffick in deadly chemicals that are used to produce fentanyl and other opioids and launder their proceeds through casinos in Vancouver, and other places, then using those illicit profits to buy property, and contribute to the sky-rocketing prices in the city.

Vancouver is of course not the only city where dirty money is laundered and reinvested in real property and other legitimate trade and commercial areas: It happens in Miami, New York, London, Dubai, Sydney, Hong Kong, and other stable and prosperous markets.

Let me make a point here on terrorist financing and illicit trade: Like criminals, if terrorist groups can profit from crime such as trafficking in drugs or counterfeits to finance their terror campaign, they will do so.

They are indifferent to the types of illicit markets or contraband – drugs, human trafficking, illicit tobacco, counterfeits, wildlife, oil, and the pillaging of natural resources.

Their only concern is the profit to be made.

2. Counterfeits and pirated goods.

But narcotics is not the only contraband that exacts a heavy toll on human life and our societies.

Fakes and counterfeited goods such as illegally mislabeled food stuff, falsified medicines, and toxic goods are similarly killing tens thousands of people every year.

The alarming rise in fake products are found in a range of industries, from luxury items (e.g. fashion apparel or deluxe watches), to intermediary products (such as machines, spare parts, or chemicals), to consumer goods that have an impact on personal health and safety such as pharmaceuticals, food and drink, medical equipment, or toys.

Continued cross-border law enforcement cooperation and operations have helped to better publicize the growing amounts of dangerous fake and counterfeit goods being confiscated in operations around the world.

For example, INTERPOL unearthed Italian olives painted with copper sulphate solution; Sudanese sugar tainted with fertilizer; hazardous, chemically-doused seafood; and anti-freeze mixed into toothpaste.

Counterfeit medicines alone ravish children across the developing world, killing annually many thousands of people seeking to treat malaria, tuberculosis, heart disease, and other medical conditions.

In many of these cases, the fakes either did not contain the right medicinal ingredients or, in other instances, contained high levels of impurities, contaminants and poisonous chemicals.

Reporting has also shown how online pharmacies are a growing threat.

According to the World Health Organization (WHO), more than 50 percent of the medicines purchased over the internet from illegal sites that conceal their physical addresses are counterfeits.

Such e-commerce provides criminals an opportunity to make these online sales of counterfeit medicines to innocent consumers, without subjecting themselves to any enforcement risks.

OECD Counterfeit and Pirated Goods Research

So the reality today is that every IP-protected product can be counterfeited.

In another report by the OECD Task Force, “Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact”, the OECD and European Union Intellectual Property Office (EU IPO) estimated the value of imported fakes worldwide at \$US 461 billion in 2013, or up to 2.5% of global trade in goods.

Of this \$461 billion in imported fakes worldwide, the values of trade in fakes of the top 10 product categories were: \$121bn (electronics & electrical equipment); \$41bn (jewelry); \$29bn (optical, photographic & medical equipment); \$28bn (clothing & textile fabrics); \$16bn (pharmaceuticals); \$13bn (footwear); \$12bn (foodstuff); \$10bn (toys) \$9bn (leather products); and \$5bn (perfumery).

The joint analyses by the OECD and EUIPO in this report showed that China is the top producer of counterfeit goods in nine out of ten product categories, while Hong Kong (China), Singapore, and the United Arab Emirates are global transit hubs for trade in counterfeit goods.

Brands suffering the most from counterfeiting were largely from OECD and EU member countries, with American companies being impacted the most at 20%.

Similar to the EU and the United States, Chile receives a wide range of fake products from China and from Hong Kong by sea and by mail. This includes basically every type of fake products, but mostly clothing, handbags and articles of leather, toys, electronics, and automobile spare parts.

Building on the work of the OECD and its Task Force on Countering Illicit Trade, in a 2017 report by the International Chamber of Commerce's Business Action to Stop Counterfeiting and Piracy (BASCAP) and the International Trademark Association (INTA), it is projected that the global economic value of counterfeit and pirated goods alone will reach close to \$3 trillion by 2022.

Moreover, it is estimated that the total economic and social costs due to counterfeiting and piracy worldwide stood at \$US 737 billion to \$US 898 billion in 2013 and is expected to rise to \$US 1.54 trillion to \$US1.87 trillion by 2022, suggesting an approximate increase of 108 percent.

It is also expected that the total employment losses globally due to counterfeiting and piracy will rise from 2 to 2.6 million jobs in 2013 to 4.2 to 5.4 million jobs in 2022.

As just mentioned, internet on-line shopping and cybercrime also present a threat to companies and consumers alike.

Earlier I spoke about on-line pharmacies, but on-line sales of an array of other counterfeited products distributed through websites with global reach pose similar harms to consumers and businesses alike around the world.

As the saying goes: "if you can make it, they can fake it".

And now, as more shopping has moved to the internet, criminals are profiting immensely on-line from illicit commodities as well.

A recent report estimates that the financial costs from cybercrime will double from \$US 3 trillion in 2015 to \$US 6 trillion by 2021.

3. Illicit cigarettes and illegal alcohol products

The illicit trade in tobacco is perhaps one of the most widespread and most documented sectors in the shadow economy.

According to the World Health Organization (WHO), between 10-12 % of all cigarettes consumed are part of the global illicit trade. This is equivalent to 600 billion illicit cigarettes.

The OECD estimated that loss of revenue to governments from illicit cigarettes are estimated at \$40-50 billion dollars every year.

In Latin America, lost government tax revenue is almost \$5 billion dollars every year.

Illicit tobacco is an important source of revenue for criminal networks.

It offers extremely high profit margins and is among the most commonly traded products on the black market due to the relative ease of production and movement, along with low detection rates and penalties.

Illicit trade in tobacco represents a multifaceted crime which may involve counterfeiting, cross-border smuggling and tax evasion as criminals take the opportunity for tax arbitrage by smuggling cigarettes from one jurisdiction to another.

It also has been identified as a source of revenue for terrorist groups.

For example, in Iraq, Syria, Egypt, Libya and across the Sahel, and areas controlled by terrorist groups, criminal syndicates engaged in high volume cross-border smuggling have led to high market penetration of numerous illicit commodities, including cheap cigarettes.

In this region, there have been numerous reports on how Hezbollah has been known to profit from the illegal tobacco trade. For example, in the Tri-Border of South America, some reports have underscored that Hezbollah derives some funding from the smuggling and trafficking of illicit cigarettes.

Perhaps the most significant economic impact, and consequently social impact, is the loss of government revenue from the collection of taxes and duties, since governments need taxation revenue to fund public programs.

Regarding illicit alcohol, it is estimated that billions of dollars from trafficking and illegal trade in alcoholic beverages flow through the global economy each year, distorting local economies, diminishing government and legitimate business revenues, and in some cases posing a serious health risk to consumers.

It is estimated that illicit sources account for 25% of total worldwide adult alcoholic consumption.

Like the illegal tobacco trade, contributing factors in fake alcohol include the higher cost of legal products from taxes, weak laws, lack of enforcement and social acceptance of contraband in some countries.

Illicit alcohol also presents a serious public health problem.

As the OECD has reported, fatal cases of poisoning occur around the world every year due to the ingestion of illicit alcohol, and tests of seized illicit alcohol very often reveal that it does not meet regulatory standards.

Low-income countries, where illicit alcohol beverages are often priced below market, have a higher proportion of unrecorded alcohol consumption than countries where prices are higher.

I would be remiss if I did not briefly talk about the impact of counterfeited and fake wines to the great and globally-recognized Chilean brands.

Billions of dollars in sales are lost every year due to the counterfeiting of spirits, wine, beer.

The sale of wine is big business globally, as some organizations have reported that between 20-25 percent of all wine in the world is fake including bottles bearing labels of famous brands from France, Australia, Chile, the United States, and other countries.

In China, due to high demand, up to 50 percent of wines sold in the country are considered counterfeited or contraband.

A common criminal practice is to fraudulently mislabel inferior wines as finer, more expensive ones.

So as Chilean winemakers expand their sales in markets overseas, fighting anti-illicit trade will become an even more important part of their business, and for the government, to protect not

only high-quality products made in Chile, but to protect their market position and reputation, a critical national industry and source of good-paying jobs in Chile.

4. Environmental Crime and Environmentally-Sensitive Goods

Environmental crime also represents a lucrative business for criminals.

In fact, INTERPOL and the United Nations Environment Programme (UNEP) found in 2016 that environmental crime has become the world's fourth largest illicit trade, growing 2-3 times the rate of the global economy, and worth as much as \$91-\$258 billion annually.

In Chile, Brazil, Colombia, and Peru, as elsewhere, transnational criminal networks are expanding into other low-risk, high-reward ventures related to illicit trafficking including illegally-harvested wildlife, timber, fish and the illegal mining and exploitation of gold, silver, diamonds, and other precious metals and minerals.

Environmental crime is another good illustration of convergence crime.

Like all forms of transnational organized crime, trafficking in one area strengthens criminal organizations in others, fuels corruption, and imperils our common security.

For example, the illegal extraction of natural resources can involve a myriad of crimes, such as in the realm of illegal mining where human trafficking, environmental pollution, and other criminal activities can be present.

In the Amazon we can see how, for example, illegal gold mining by mafias, criminal syndicates, and armed groups, is often associated with illegal logging and has had an adverse impact not only on climate change, but to all sorts of rare and endangered flora and fauna species.

Illegal gold mining has also been known to lead to high levels of mercury contamination in fresh water supplies and can negatively impact the health of workers and communities, particularly children, many who have been killed through such exposure and/or have suffered severe neurological damage.

Illegally-mined gold is strongly linked to human trafficking and other labor rights abuses. It is also closely associated with child labor, severe threats to workers' health and safety, and sex trafficking

On the illegal wildlife trade at the global level, the demand for elephant ivory, rhino horn, and other endangered animal parts, has driven dramatic growth in illegal wildlife markets in recent years due primarily to a growing consumer base in East Asia.

This is also true related to rare birds, reptiles, and amphibians from South America to meet demand for exotic species in many markets around the world.

The poaching of iconic animals such as rhinoceros, elephants, tigers, orangutans, and pangolins, have left these species very close to extinction.

Let me share some startling numbers:

More than 35,000 elephants are killed every year so that their tusks can be carved into ivory trinkets and/or other luxury products.

A rhino is slaughtered just for its horn once every 12 hours for ill-founded uses in black markets.

There is an insatiable demand for the rhino's horn, prized in Asia for traditional medicinal purposes, from the baseless belief that it cures cancer to uses as an all-purpose health tonic for other ailments, hangovers, etc.

The rhino horn is also believed to connote wealth and is used for ornamental art.

As a result, poachers have decimated the rhino population across Africa and Asia. On the streets in Southeast Asia, rhino horn can sell for \$65,000 (U.S.) a kilogram, making it more valuable than gold. Other endangered animal parts also command high prices.

The total population of lions in Africa is currently estimated at about 28,000-34,000, down by at least 50 percent from 3 decades ago.

There are less than 3,000 tigers globally, down from 100,000 in 1900.

Sun bears, leopards, sea turtles, pangolins and other iconic wildlife including exotic reptiles and birds from this part of the world, are similarly under attack and at the jaws of extinction.

The criminal networks involved in wildlife trafficking between sub-Saharan Africa and Asia are of particular concern from a security policy perspective due to their associations with listed terrorist organizations.

Finally, overfishing, and illegal, unreported, and unregulated fishing harm the ecology of the ocean and reduce the long-term potential of fish stocks to provide food and jobs in the future.

So what is the current ecological impact to date of these environmental crimes?

According to a 2016 Living Planet Report by the World Wildlife Fund (WWF), over the past 40 years populations of mammals, birds, reptiles, amphibians, and fish around the globe have declined by 58 per cent.

Truly a stunning number indeed, one which reflects the truism that illicit trade such as illegally-harvested wildlife, timber, fish, and other natural resources has real consequences.

Illicit Trade Harms to Communities

Ladies and gentlemen, I do hope that you are beginning to see now how illicit trade goes beyond the economic impacts and financial costs one typically hears or reads about in the news.

Illicit trade and illicit networks are a growing security concern globally, and their convergence presents great harms and "wicked" threats to communities and societies as a whole:

- threatening the health and safety of our people with deadly narcotics or harming consumers with substandard products and counterfeits such as fake medicines, food, illegal alcohol and tobacco products, and defective automotive and aircraft parts;
- bringing endangered wildlife closer to the brink of extinction;
- endangering our rainforests and planet through illegal logging, illicit fishing, and other environmental crimes;
- exploiting our most vulnerable and desperate into forced labor or trafficking humans across borders into slavery;
 - In Chile, for example, trafficking networks have taken advantage of the recent waves of migrants from across the Caribbean and neighboring countries including deceptively luring them into the country for promises of jobs, and exploiting others into criminality.
- and enabling lucrative illicit empires that finance acts of criminality and terrorism and create greater instability and violence around the world.

Illicit Trade Harms to Businesses and Industries

Moreover, from the business perspective, in addition to dis-incentivizing innovation and engendering economic damages, illegal trade impacts include reputational harm, stolen data, lost productivity, theft of intellectual property, and other costs.

Illicit trade not only results in lost profits for companies, job displacements for workers, business closures, economic hardships for governments when less revenue is brought into the treasuries to fund public services, but also poses grave dangers to public health and safety.

Companies often must also address the diminished integrity and market reputation of their venerable brands that they have worked hard to build and innovate upon over many years.

IP theft also discourages foreign investors from transferring their most innovative technologies and makes mutually beneficial alliances with local innovators to improve and modify technology for local markets difficult, if not impossible.

Illicit Trade Harms to Governments

The harms of the illegal trade to governments are both existential and exponential – the negative externalities of the illicit economy are very real:

- loss of revenue
- fewer investments to fund physical infrastructure and social services such as roads, hospitals, schools, hospitals, housing, social programming: nutrition, education, healthcare, clean water and sanitation
- upends the rule of law, transparency, and democratic values
- leads to weaker law enforcement for investigations and prosecutions
- creates greater insecurity and instability: more difficult to fight corruption, organized crime, terrorism, and other global threats
- hampers trade, investment, job growth, economic and sustainable development national strategies and tourism efforts
- erodes public trust in government: a less optimistic future; less confidence in national markets

Free Trade Zones (FTZs)

One of the hottest topics within the international community these days is related to free trade zones (FTZs).

Free Trade Zones can have a catalytic effect on economies, including attracting Foreign Direct Investment and helping to expand economic growth.

But in too many parts of the world, FTZs are also exploited on a daily basis by some to facilitate illicit activities that produce broader market reputational harm and put the physical security of many communities in danger.

For example, as recently reported by the U.S. State Department in this year's Country Reports on Terrorism, the free trade zones in Panama and the Tri-Border Area of Argentina, Brazil, and Paraguay remained regional nodes for money laundering and were vulnerable to terrorist financing.

Illicit trade and associated criminality in one FTZ can have serious security ripple effects in other FTZs all around the world.

Such connectivity and convergence between the world's various free trade zones help to create a bigger cross-border threat altogether as some reports have underscored.

For example, payments for counterfeits being trafficked through the UAE from China and on to Africa may eventually wind up in Panama or Europe, where they then help to fund other types of illegal activity, be it more illicit trade or other forms of criminality.

In recent years Chilean Customs has also been active in fighting illicit goods in free trade zones (FTZs) including in the Free Zone of Iquique (ZOFRI), the Free Zone of Punta Arenas, and the free port of Arica.

Here's the thing about Free Zones: illicit consignments and shipments enter through these free zone status spaces including, for example, in Arica and Iquique.

In their **2018 Global Illicit Trade Environment Index**, The Economist Intelligence Unit (EIU) and the Transnational Alliance to Combat Illicit Trade (TRACIT), underscored the threats that many FTZs pose to countries, and how "governments across the world have created within their borders unmonitored havens ripe for criminal operations".

The reality is that criminals are diligently moving illegal products from FTZs into surrounding markets, evading customs, not paying excise duties, and putting locally manufactured and legitimately imported goods at a competitive disadvantage.

Whether such contraband is for sale in Chile or resale or trans-shipped to neighboring countries in Argentina, Bolivia, Paraguay, Peru, and beyond, the fact is that Chile should continue to monitor and remain vigilant of such activities as a best practice in effectively fighting illicit trade, and coordinating across the region to address critical vulnerabilities that facilitate illegal activities in FTZs.

Fighting Networks with Networks

So what do we do about these harms and threats?

How can Chile mobilize greater energies across sectors to fight illegal trade and contraband in this country, regionally, and globally?

As mentioned earlier, Chile has a demonstrable record on fighting corruption and other security threats.

I am a firm believer of net-centric synergies: a network of networks where dynamic collaborations, strategic alliances, and collective action can, and are, making a difference as partners work with each other across regions to tackle many of today's transnational threats.

For the reality is that no one economy or community is immune from these threats, such as corruption or cross-border illicit trade.

Private sector leadership is indispensable and here I believe that through the Anti-Illlicit Trade Observatory, and with continued leadership by the Chilean National Chamber of Commerce, and other business associations and networks, in partnership with the Government, Chile can build awareness of the harms posed by illicit trade to communities every year, every day.

Chile should harness such energies to also partner with other governments in the region including Colombia, Mexico, Peru, Panama, and many other countries, and with the OECD, APEC, and Pacific Alliance economies, to elevate the fight more regionally and internationally, including in FTZs and other special economic zones (SEZs).

Given the complexity and multi-disciplinary nature of attacking illicit trade, and the fact that Asia is known to be among the biggest provenance and transit economies involved in the trade of counterfeit and pirated goods:

Chile may want to leverage its leadership in APEC in 2019.

This may include bringing together numerous subfora in APEC including customs officials, experts in fighting corruption, illicit trade, and IP crime experts, along with the APEC Business

Advisory Council (ABAC), to elevate the fight against illegal trade across the Asia Pacific region.

Chile can also help to mobilize greater intra-regional cooperation and information-sharing from one FTZ to another in this region.

Through public awareness campaigns and public-private partnerships, I believe such strategic alliances can fight back more forcefully on all levels across security landscapes and through more holistic, multi-dimensional, and coordinated courses of action.

International cooperation and responsibility-focused partnerships are critical.

We work too often in silos and can become myopic in examining market and security threats from looking at these only within one's borders or a specific industry.

We must move towards more transnational approaches.

We need to converge ourselves across borders, sectors, and industries.

More cross-border investigations, coordinated law enforcement operations and cross-industry partnerships are needed to not only target bad actors engaged in various illicit trade ecosystems, but also their enablers and facilitators who help to divert, smuggle, and traffick counterfeit and pirated goods across jurisdictions, markets, and regions.

We must also encourage governmental partners to ensure that they enact, implement, and enforce effective laws and global commitments, including the UN Conventions Against Corruption (UNCAC) and Transnational Organizational Crime (UNTOC), and other international instruments and protocols such as the WHO's Anti-Illlicit Trade Protocol.

These instruments are important to effectively fight corruption, illicit trade, and related security crimes, as is the sharing of intelligence across jurisdictions to disrupt and dismantle illicit networks.

Marrying government-to-government efforts with public-private partnerships, pro-consumer actions, and increased citizen awareness is also vital.

The dangers of the illegal trade are often overlooked or over-shouted as consumer organizations often fight, rather than support, the multi-faceted anti-illicit trade efforts necessary to win this global fight.

More evidence-based research, aggregated data, and innovative analytics such as those produced by the OECD and The Economist Intelligence Unit (EIU) can also help communities to better understand that there is a real human tragedy behind illicit trade as well as serious security implications and consequences.

The data can help to better pinpoint the routes, criminalized hubs, and flows of such trade; and to understand the convergence of all forms of illegal trade.

There is something to be said about strength in numbers.

Together, partners can do more to tackle these converging illicit harms and security threats.

Because without collaborative and coordinated responses, bad actors and illicit networks will continue to jump from weak spot to weak spot, seeking out and exploiting vulnerabilities, to the detriment of all market stakeholders.

In joining forces with other committed partners as it did with the APEC Santiago Commitment in the past, I am confident that Chile can now help lead internationally in the fight against illegal trade and contraband, and can chart brighter horizons for its citizens, and a more secure, prosperous future for many communities.

Thank you.