

LASTING EFFECTS

How the covid-19 pandemic will change illicit trade

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Acknowledgements

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David M. Luna, former US State Department official and president and CEO of Luna Global Networks

Tuesday Reitano, deputy director, Global Initiative Against Transnational Organized Crime

Mark Shaw, director, Global Initiative Against Transnational Organized Crime

Introduction

Amidst the chaos created by the covid-19 pandemic and the various policy responses designed to contain its spread, the usual loose grouping of malicious opportunists is exploiting new vulnerabilities: individual criminals, organised crime networks and international terrorist organisations.¹ They are trafficking in fake and counterfeit personal protective equipment (PPE)², which is in short supply in many countries due to varying combinations of poor preparedness and trade restrictions. They are carrying out cyber-attacks on overburdened hospitals and medical facilities with the goal of gathering valuable patient data, including financial records. And they are intensifying the exploitation of vulnerable children and women through human trafficking.³

Illicit trade is multifaceted. Whilst counterfeiting tops the list, drug trafficking, human and wildlife trafficking have all contributed to the booming illicit economy in the years leading up to the pandemic.⁴ An estimate from the OECD and the EU's Intellectual Property Office (EUIPO) puts the value share of counterfeit and pirated goods at 3.3% of world trade, or \$509 billion.⁵ However, like licit trade, illicit trade is also not immune to the effects of the pandemic. Cross-border movements have been constrained by the initial response to contain covid-19's spread. As the more stringent measures ease, the lasting effects on trade will slowly emerge.

1 COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses (FATF, 2020) <https://www.fatf-gafi.org/publications/fatfgeneral/documents/covid-19-ml-tf.html>

2 COVID-19-related Trafficking of Medical Products as a Threat to Public Health (UNODC, 2020) https://www.unodc.org/documents/data-and-analysis/covid/COVID-19_research_brief_trafficking_medical_products.pdf

3 Aggravating circumstances: How coronavirus impacts human trafficking (2020) <https://globalinitiative.net/human-trafficking-covid-impact/>

4 OECD Reviews of Risk Management Policies Illicit Trade, CONVERGING CRIMINAL NETWORKS (OECD, 2016) <http://www.oecd.org/corruption-integrity/reports/charting-illicit-trade-9789264251847-en.html>

5 Illicit trade: trends in trade in counterfeit and pirated goods (OECD EUIPO, 2019) <https://www.oecd-ilibrary.org/docserver/g2g9f533-en.pdf?expires=1591809637&id=id&accname=guest&checksum=85D12326457939A1714EBD090574AEA0>

Changing demand and supply

Overall the pandemic has accelerated key trends already in evidence before covid-19. There will be some long-term changes to the illicit trade landscape driven on both the demand and supply sides.

Lasting effect #1: A long-term shift in demand sustaining illicit trade of certain commodities can be anticipated

Prior to the pandemic, buyers of illicit goods used their disposable income to buy counterfeit luxury goods, such as fake designer handbags. Now, as a result of the pandemic, they have less disposable income and a greater need for PPE.

Demand for goods that cannot be met in time by the licit economy will encourage demand for illicit goods, even when consumers are not actively looking to buy inferior, illicit products. People engaged in illicit trade have seen an opportunity to exploit this demand by supplying fakes.⁶ The BBC reported in April that “British firms and individuals have lost more than £1.86m to coronavirus-related fraud since the crisis began” due to scam websites.⁷ Consumers are finding it difficult to tell genuine goods sold by trustworthy sources apart from the fakes, especially when shopping online.

In other cases, as disposable income is impacted by the pandemic, some consumers

may actively look for cheaper alternatives, or continue to buy illicit goods from sources identified during the pandemic. For example, the restrictions on the sale of tobacco⁸ and alcohol⁹ in countries like South Africa made buyers who would ordinarily buy legitimate goods, turn to illicit ones.¹⁰ It is difficult to imagine that all of these buyers will revert to paying more for legitimate goods.

Europol predicts the long-term impact of the pandemic will hit vulnerable groups the hardest in terms of income, due to rising unemployment, making them more receptive to cheaper counterfeit goods and more accessible to organised crime as well.¹¹

Lasting effect #2: Illicit markets created during the pandemic are here to stay

One aspect of illicit trade that often gets missed is that criminal organisations, while not listed on any stock markets, operate in many ways the same as legitimate businesses in terms of adapting to evolving customer demands, building supply chain resilience and diversifying their activities to spread risks. Examining their behaviour through this lens helps to predict changes.

In the rush to combat covid-19, countries introduced export controls on goods such as personal protective equipment which

6 COVID-19 the global threat of fake medicines (Interpol, 2020) [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwibgabf143qAhUqZhUIHangCqYQFjAAegQIARAB&url=https%3A%2F%2Fwww.interpol.int%2Fcontent%2Fdownload%2F15305%2Ffile%2FCOVID-19-and-Coronavirus-\(covid-19\)-and-the-global-trade-in-fake-pharmaceuticals-\(OECD, 2020\)http://www.oecd.org/governance/illicit-trade/coronavirus-covid19-and-the-global-trade-in-fake-pharmaceuticals-brief.pdf](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwibgabf143qAhUqZhUIHangCqYQFjAAegQIARAB&url=https%3A%2F%2Fwww.interpol.int%2Fcontent%2Fdownload%2F15305%2Ffile%2FCOVID-19-and-Coronavirus-(covid-19)-and-the-global-trade-in-fake-pharmaceuticals-(OECD,%2020)http://www.oecd.org/governance/illicit-trade/coronavirus-covid19-and-the-global-trade-in-fake-pharmaceuticals-brief.pdf)

7 Coronavirus tests and masks sold by fraudsters online (BBC, 2020) <https://www.bbc.co.uk/news/av/uk-52136987/coronavirus-tests-and-masks-sold-by-fraudsters-online>

8 Coronavirus in South Africa: Smokers fume at cigarette ban (BBC, 2020) <https://www.bbc.co.uk/news/world-africa-52772186>

9 South Africa’s alcohol ban has given ‘massive boost’ to criminal gangs (The Guardian, 2020) <https://www.theguardian.com/world/2020/may/31/south-africas-alcohol-ban-has-given-massive-boost-to-criminal-gangs> and South Africa bans alcohol sales (The Economist, 2020) <https://www.economist.com/middle-east-and-africa/2020/07/18/south-africa-bans-alcohol-sales>

10 Survey confirms smokers buying more black market cigarettes amid ban (Engineering News, 2020) https://www.engineeringnews.co.za/article/survey-confirms-smokers-buying-more-black-market-cigarettes-amid-ban-2020-06-04/rep_id:4136

11 Beyond the pandemic - What will the criminal landscape look like after COVID-19? (Europol, 2020) <https://www.europol.europa.eu/newsroom/news/beyond-pandemic-what-will-criminal-landscape-look-after-covid-19>

inadvertently created a larger illicit market for counterfeit medical supplies.¹² By imposing export controls on PPE, countries are encouraging criminals to step in to fill the gap and, so, are both reducing the global supply of legitimate PPE as well as increasing the supply of dangerous fakes. Both results increase the risks to public health.

Europol reported that “the production and distribution of covid-19-related counterfeit pharmaceutical and healthcare products closely followed the spread of the covid-19 pandemic to markets in the EU. After the widening outbreak and introduction of restrictive measures to contain the outbreak, these types of products rapidly appeared on the market in all [EU] member states.”¹³

Once new illicit markets are created, they may stay beyond the pandemic. While the demand for PPE will eventually disappear when vaccines become available, the illicit trade of other commodities— created during the pandemic— will remain. The damage done cannot be easily reversed by removing restrictions. This is because when “new criminals introduce products, counterfeits, they often look for opportunities to remain in the market”, says Mark Shaw, director, Global Initiative Against Transnational Organized Crime (GI-TOC), an international civil society organisation.

Europol has also commented that “the organised crime groups (OCGs) involved in

the production and distribution of counterfeit goods have once again proven highly adaptable in terms of shifting product focus, marketing and packaging to suit or shape current demand.”¹⁴ Having gained access to a customer base during the pandemic, like legitimate businesses, OCGs will look for ways to maintain their market share.

Lasting effect #3: An accelerated transition to e-commerce and cyberspace owing to the pandemic will expand the illicit trade market

In many cases covid-19 has “not only accelerated pre-covid illicit trade to e-commerce and cyberspace, but it has expanded illicit markets online and [on the] dark web”, says David M. Luna, a former US State Department official and president and CEO of Luna Global Networks, a consultancy focused on illicit trade. This is a trend that will continue to redefine the route of illicit goods to market beyond the pandemic.

Globally, the digital space stayed open while the physical markets closed. The European Anti-Fraud Office (OLAF) confirmed in March that “the empirical evidence suggests that these [fake COVID-19 related] counterfeit products enter Europe through online sales.”¹⁵ In the UK, the National Crime Agency (NCA) issued an alert in March warning the public of online shopping scams involving face masks and hand sanitisers.¹⁶ Interpol reported in July on the “increasing number of fraudulent websites...

12 COVID-19 Urgent Notice: counterfeit medical supplies and introduction of export controls on personal protective equipment (WCO, 2020) http://www.wcoomd.org/en/media/newsroom/2020/march/covid_19-urgent-notice-counterfeit-medical-supplies.aspx

13 Viral marketing - Counterfeits, substandard goods and intellectual property crime in the COVID-19 pandemic (Europol, 2020) <https://www.europol.europa.eu/publications-documents/viral-marketing-counterfeits-substandard-goods-and-intellectual-property-crime-in-covid-19-pandemic>

14 Viral marketing - Counterfeits, substandard goods and intellectual property crime in the COVID-19 pandemic (Europol, 2020) <https://www.europol.europa.eu/publications-documents/viral-marketing-counterfeits-substandard-goods-and-intellectual-property-crime-in-covid-19-pandemic>

15 OLAF launches enquiry into fake COVID-19 related products (OLAF, 2020) https://ec.europa.eu/anti-fraud/media-corner/news/20-03-2020/olaf-launches-enquiry-fake-covid-19-related-products_en

16 Beware fraud and scams during Covid-19 pandemic fraud (NCA, 2020) <https://nationalcrimeagency.gov.uk/news/fraud-scams-covid19>

to host illicit trade in these [masks, coronavirus test kits, and the like] key supplies". The report highlighted challenges relating to cybercrime attribution as well as tracking money paid by victims of illegal trade to overseas bank accounts.¹⁷

Traditionally-traded goods, such as trafficked cultural objects, remain available online during the pandemic.¹⁸ The World Customs Organisation (WCO) has said it keeps "receiving evidence that online illicit markets are one of the major vehicles for this [international trafficking of cultural objects] crime."¹⁹

Separately, the United Nations Educational, Scientific and Cultural Organization (UNESCO) has highlighted that "the focus on sanitary measures and restrictions of movement has affected the surveillance of cultural sites and museums, leading to an increase in illegal excavations of archaeological sites and illicit trade including online."²⁰

In regard to crime's rapid growth in cyberspace, the GI-TOC notes that "cybercrime has emerged rapidly as a risk area that could have long-term implications for the growth of criminal markets."²¹ According to a field office assessment by the UN Office on Drugs and Crime (UNODC), in some countries the same criminal organisations that are engaging in drug

trafficking are also the ones responsible for cybercrime.²² In this case, the proceeds from cybercrime could further facilitate existing criminal activities, such as illicit trade. Though due to different types of crime requiring different sets of skills, investments and networks, "unless criminal organisations want to expand [to other criminal activities], they'll stick to what they know," says Keith Ditcham, a former NCA official and acting director, Organised Crime and Policing at Royal United Services Institute for Defence and Security Studies, a British defence and security think tank. Over time, more criminal organisations may invest to diversify their criminal activities through e-commerce and cyberspace.

Lasting effect #4: New delivery routes and consumer habits resulting in long-term changes to how illicit trade is carried out

Illicit trade is conducted via routes by land, sea and air, through both legitimate (such as in containers) and illegitimate (for example, tunnels that cross hard borders) means. The initial response to covid-19 halted the operations of organisations engaging in illicit trade in the same way it paused legitimate businesses. The resultant supply chain disruptions have, among other effects, had an impact on prices. Europol reported in March that "certain illicit goods will become

17 INTERPOL report shows alarming rate of cyberattacks during COVID-19 (Interpol, 2020) <https://www.interpol.int/News-and-Events/News/2020/INTERPOL-report-shows-alarming-rate-of-cyberattacks-during-COVID-19>

18 Global Initiative Against Transnational Organized Crime May newsletter (Global Initiative Against Transnational Organized Crime, 2020), <https://globalinitiative.net/covidcrimewatch-n9/> and Combatting Illicit Trafficking of Cultural Property during COVID-19 -illicit excavations and online trade (UNESCO, 2020) https://zh.unesco.org/sites/default/files/illicit_trafficking_and_covid_-_final_menexp.pdf

19 101 people arrested and 19,000 artefacts recovered in international crackdown on cultural goods trafficking (WCO, 2020), <http://www.wcoomd.org/en/media/newsroom/2020/may/101-arrested-and-19000-artefacts-recovered-in-international-crackdown.aspx>

20 101 people arrested and 19,000 artefacts recovered in international crackdown on cultural goods trafficking (WCO, 2020), <http://www.wcoomd.org/en/media/newsroom/2020/may/101-arrested-and-19000-artefacts-recovered-in-international-crackdown.aspx>

21 Crime and Contagion: The impact of a pandemic on organized crime (Global Initiative Against Transnational Organized Crime, 2020) <https://globalinitiative.net/crime-contagion-impact-covid-crime/>

22 COVID-19 and the drug supply chain: from production and trafficking to use (UNODC, 2020) <https://www.unodc.org/documents/data-and-analysis/covid/Covid-19-and-drug-supply-chain-Mai2020.pdf>

more expensive, as source materials become unavailable.²³ According to Mr Ditcham, as human trafficking became more difficult and riskier, criminal organisations raised the price.

Illicit maritime trade will continue to be hard to monitor in terms of sanctions evasion and illicit shipping.²⁴ Tuesday Reitano, deputy director of the Global Initiative Against Transnational Organized Crime, an international civil society organisation, says that during the pandemic, “shipping became infinitely more vulnerable because there was so much emphasis on trying to rush medical supplies through, and also to make sure food supply stayed strong”. In addition to weakened controls at ports, a policy brief published by the GI-TOC suggests that there may be a diversification of supply chain transit routes.²⁵ The policy brief says “while speculation remains as to which new routings will be found to be exploited as the world comes out of the current crisis, we are beginning to see possible instances of purposed supply chain displacement,” particularly in southern Africa and Asia.²⁶ International cooperation, such as the UNODC Container Control Programme, in partnership with the WCO, will have an increasingly important role to play.

Illicit trade by air will also remain a challenge. One particular method of shipment on the rise is the use of parcels. This has been well documented in a 2018 OECD study²⁷ on the misuse of small parcels, and a report²⁸ on governance frameworks to counter illicit trade by the same organisation. During the pandemic, the distribution through parcels has been temporarily reduced as a result of the far fewer number of commercial flights. Interpol reported as part of its update on Operation Pangea XIII that “information received from the participating countries during the operation points to a considerable decrease in international shipments of small parcels (by about 40 per cent), probably due to the coronavirus outbreak.”²⁹ However, volume may recover as air freight recovers.

Europol’s report from April says that counterfeit pharmaceutical products “are typically trafficked in bulk using maritime containers as well as parcels transported via air freight”³⁰ and it is expected the pandemic has not changed this pattern. OLAF acknowledges the challenge in combating fake covid-19 products (such as fake PPE), stating that “fake products arrive in thousands [of] small anonymous parcels, and are delivered directly to the homes of

23 Pandemic profiteering: how criminals exploit the COVID-19 crisis (Europol, 2020) <https://www.europol.europa.eu/publications-documents/pandemic-profiteering-how-criminals-exploit-covid-19-crisis>

24 Guidance to Address Illicit Shipping and Sanctions Evasion Practices (UK government, 2020) <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20200514.aspx>

25 Crisis and Opportunity impacts of the coronavirus pandemic on illicit drug markets (Global Initiative Against Transnational Organized Crime, 2020) <https://globalinitiative.net/coronavirus-illicit-drug-markets/>

26 Crisis and Opportunity impacts of the coronavirus pandemic on illicit drug markets (Global Initiative Against Transnational Organized Crime, 2020) <https://globalinitiative.net/coronavirus-illicit-drug-markets/>

27 Misuse of small parcels (OECD, 2018) <http://www.oecd.org/corruption-integrity/reports/misuse-of-small-parcels-for-trade-in-counterfeit-goods-9789264307858-en.html>

28 Governance Frameworks to Counter Illicit Trade (OECD, 2018) <https://www.oecd.org/gov/risk/governance-frameworks-to-counter-illicit-trade.pdf>

29 Global operation sees a rise in fake medical products related to COVID-19 (Interpol, 2020) <https://www.interpol.int/News-and-Events/News/2020/Global-operation-sees-a-rise-in-fake-medical-products-related-to-COVID-19>

30 Viral marketing - Counterfeits, substandard goods and intellectual property crime in the COVID-19 pandemic (Europol, 2020) <https://www.europol.europa.eu/publications-documents/viral-marketing-counterfeits-substandard-goods-and-intellectual-property-crime-in-covid-19-pandemic>

customers via postal or courier services. Such vast numbers of small parcels are very hard to detect and stop, because they arrive in one Member State and from there make their way across Europe.”³¹

With so many people in social isolation, the volume of online ordering has skyrocketed, placing an additional burden on law enforcement and customs organisations. Habits established during the pandemic, such as shopping online, will stay and continue to increase the number of cross-border parcels. This will create more cover for illicit trade.

Lasting effect #5: Perception of wildlife trafficking could influence trade policy

Although there is no definitive evidence that covid-19 jumped to humans from bats via pangolin, the pandemic is still shining a spotlight on the illicit wildlife market, subjecting it to more public discussions.

Mr Shaw says “as measured by the limited policing resources devoted to the challenge, for governments, controlling wildlife trade is not a priority, but the pandemic has highlighted wildlife trade dramatically. I think it has an impact on people’s perspective on the importance of wildlife trade policy.”

There are signs that things are beginning to move in the right direction in China in this regard.³² The initial outbreak in Wuhan is believed to have centred around a wet market that also sold wildlife. Evidence showing the

second outbreak of covid-19 in Beijing has also clustered around a live market “might put a lot of focus of both public opinion and government interest in controlling them”, says Ms Reitano.

The pandemic is creating a window of opportunity for wildlife trade policy to change.³³ However, it remains to be seen how committed the governments of countries supplying and consuming trafficked wildlife are to control wildlife trade.

³¹ OLAF European anti-fraud office: Inquiry into fake COVID-19 products progresses (OLAF, 2020) https://ec.europa.eu/anti-fraud/media-corner/news/13-05-2020/inquiry-fake-covid-19-products-progresses_en

³² Chinese citizens push to abolish wildlife trade as coronavirus persists (National Geographic, 2020) <https://www.nationalgeographic.com/animals/2020/01/china-bans-wildlife-trade-after-coronavirus-outbreak/> and China’s wildlife trade policy: What has changed since COVID-19? (Global Initiative Against Transnational Organized Crime, 2020) <https://globalinitiative.net/china-wildlife-covid/>

³³ Coronavirus: New wildlife trade regime needed to avoid next pandemic | FT Interview (FT, 2020) <https://www.ft.com/video/e5912dea-7a61-4e05-9115-cfa2a727d9a3>

Impact of the pandemic on ability of governments and law enforcement agencies to combat illicit trade

There are broadly two aspects to the pandemic that impact the ability of governments and law enforcement agencies to combat illicit trade. On the one hand, the reduction in trade and restriction on movement has made criminals and their activities stand out. There have been successful seizures of illicit goods over the past few months.³⁴ Illicit cigarettes have been seized in different parts of the world. Cross-border raids in the UK and Ireland found 8m illegal cigarettes³⁵, and 11.5m contraband cigarettes were seized in Canada.³⁶ More recently, Philippine Customs seized P80m (\$1.65m) worth of smuggled cigarettes and fake N95 masks in August 2020.³⁷ Criminals have also been easier to spot as people observe lockdown rules.³⁸ In anticipation of a spike in illicit trade, customs authorities are implementing measures to disrupt it.³⁹ On the other hand, the long-term impact on resourcing and the likely growth in corruption may constrain efforts to combat illicit trade and dismantle criminal organisations.

Lasting effect #6: Having triggered an economic downturn, the pandemic will help the underground economy expand, requiring more resources to police it at a time when resources are scarce

The diversion of resources to control the pandemic is straining already-stretched governments and law enforcement agencies. In the UK, even before the pandemic, the All Party Parliamentary Group found in 2018 that “existing resources for combating illicit trade are increasingly stretched despite recognition that illicit trade continues to grow”.⁴⁰

In some countries, criminal organisations are filling the leadership vacuum left by the covid-19 chaos. As Mr Luna says, “getting more entrenched in the licit world makes it easier for criminal organisations to continue to build their illicit empires.” They disguise their true intentions behind “humanitarian” acts, such as supplying food and maintaining social order. For example, in Italy, mafia groups have “sought to consolidate their social support by

34 Global operation sees a rise in fake medical products related to COVID-19 (Interpol, 2020) <https://www.interpol.int/News-and-Events/News/2020/Global-operation-sees-a-rise-in-fake-medical-products-related-to-COVID-19> and OLAF European anti-fraud office Inquiry into fake COVID-19 products progresses (OLAF, 2020) https://ec.europa.eu/anti-fraud/media-corner/news/13-05-2020/inquiry-fake-covid-19-products-progresses_en

35 Convicted smuggler arrested after multimillion euro tobacco seizure (Irish Times, 2020) <https://www.irishtimes.com/news/crime-and-law/convicted-smuggler-arrested-after-multimillion-euro-tobacco-seizure-1.4266853>

36 Police raids strike at epicenter of Canada's contraband cigarette market (Stop Illegal, 2020) <https://www.stopillegal.com/blog/detail/police-raids-strike-at-epicenter-of-canada-s-contraband-cigarette-market>

37 PH Customs announcement: BOC enforcement and security service apprehends PHP 80 million worth of smuggled cigarettes and facemasks (PH Customs, 2020) <https://www.facebook.com/BureauOfCustomsPH/posts/2734724573441975>

38 Coronavirus lockdown helps Italian police nab 'leading' mobster (France24, 2020) <https://www.france24.com/en/20200313-coronavirus-lockdown-helps-italian-police-nab-leading-mobster>

39 What Customs Can Do To Mitigate The Effects Of The Covid-19 Pandemic (WCO, 2020) http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/natural-disaster/covid_19/covid_19-categorization-of-member-input_may-29-2020_edition-4_en.pdf?la=en

40 Illicit trade: all party parliamentary group (All party parliamentary group, 2018) <https://connectpa.co.uk/wp-content/uploads/2018/07/Illicit-Trade-APPG-report-2018LRi.pdf>

distributing food for free in the community”.⁴¹ This will make it more difficult for the government to combat them if and when life returns to a semblance of normalcy.

With unemployment running at record highs, those without jobs in countries without strong social safety nets will have little choice but to find work in the underground economy. The International Labour Organization recently reported one in six young people around the world have stopped working since the onset of the pandemic.⁴² The pandemic has the potential to cause long-term damage to job prospects and earnings, which could entice more labour to the underground economy.

This would boost the illicit market’s capability to carry out more illicit activities such as illicit trade, and rob the government of tax revenue which could be used to fund measures to prevent or combat illicit activities.

Furthermore, GI-TOC predicts “the long-term damage to the integrity of customs and border officials once this crisis is over could be serious, especially in countries where these institutions are still maturing and their integrity was already weak.”⁴³ This would also facilitate more illicit trade by allowing new relationships between illicit traders and customs officials to develop.

Even before the pandemic struck, triggered by ongoing trade wars, some legitimate businesses were starting to explore options to bring production closer to the consumer. The pandemic has acted as a catalyst for some, as the “shortage of drug and medical equipment are fuelling calls for the local production of essential goods”.⁴⁴ This could have consequences on the illicit trade of medicine. For instance, A UNODC report in 2019 found that in Southeast Asia “criminal networks that traffic counterfeit goods and falsified medicines are often globally dispersed and involve individuals who work for legitimate businesses, and frequently produce their fakes on the same machines used to produce genuine products.”⁴⁵

Another UNODC study points to the danger of increased supply of cocaine because “the looming economic crisis may lead more farmers to increase or take up coca cultivation in all the major cocaine-producing countries.”⁴⁶

An extended economic downturn will not only reduce legitimate economic opportunities and encourage more people to engage or be complicit in crime, but it may also have an impact on the funding and political willingness to tackle transnational crime on the international level.

43 A PARALLEL CONTAGION is mafia entrepreneurship exploiting the pandemic? (Global Initiative Against Transnational Organized Crime, 2020) https://www.ansa.it/documents/1587677637600_ItalianConnection.pdf

42 ILO Monitor: COVID-19 and the world of work. Fourth edition Updated estimates and analysis (International Labour Organization, 2020) https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_745963.pdf

43 Crime and Contagion: The impact of a pandemic on organized crime (Global Initiative Against Transnational Organized Crime, 2020) <https://globalinitiative.net/crime-contagion-impact-covid-crime/>

44 Will it bloom? (The Economist, 2020) <https://www.economist.com/middle-east-and-africa/2020/06/11/how-manufacturing-might-take-off-in-africa>

45 Transnational Organized Crime in Southeast Asia: Evolution, Growth and Impact (UNODC, 2019) https://www.unodc.org/documents/southeastasiaandpacific/Publications/2019/SEA_TOCTA_2019_web.pdf

46 COVID-19 and the drug supply chain: from production and trafficking to use (UNODC, 2020) <https://www.unodc.org/documents/data-and-analysis/covid/Covid-19-and-drug-supply-chain-Mai2020.pdf>

Recommendations

Trends gathered from studies and expert interviews so far point to critical long-term impacts of the pandemic on illicit trade. Coupled with the economic downturn redirecting countries' attention inward and reducing their political appetite for tackling transnational crime, illicit trade will continue to boom unless actions are stepped up. Below are three recommendations.

Consumer education

The choices consumers make have the potential to halt the growth of illicit trade in the post-pandemic era. To help them make an informed choice, consumer education is important. As illicit trade evolves, presenting the link between illicit trade and organised crime can highlight these changes and provide a warning to consumers on how their actions have far wider repercussions than they may think. Raising awareness through public campaigns can be an effective means to educate. Impactful campaigns will succeed in changing behaviour, but they need to be based on the latest information and evidence to convince the consumers. This may be an area in which closer private and public partnerships as well as international collaboration can help.

Private and public partnerships

As chair of the Anti-Illicit Trade Expert Group of Business at OECD, Mr Luna emphasises that "collective action and partnerships become more critical in today's covid-19

environment, including to fight illicit trade and digital piracy across online marketplaces." As cybercrime is projected to increase,⁴⁷ Interpol recommends strengthening the public-private partnership through sharing "intelligence and expertise on recent trends as well as providing technical assistance". The OECD offers similar recommendations given the complexities and "rapid evolution of illicit trade", especially when addressing new challenges such as increased cybercrime.⁴⁸ Furthermore, it recommends "detailed policy guidelines" with "more precise trade-related regulations" as well as modern technological solutions to counter illicit trade in a time of crisis. Similarly, the Financial Action Task Force (FATF) promotes strengthening communication with the private sector to reduce covid-19-related financial crime.⁴⁹

With both the private sector and public sector trying to make the most of the limited resources they have in the aftermath of the pandemic, it makes sense to forge an even closer private and public relationship on tackling illicit trade.

Global call to action to collaborate

Governments around the world face a herculean task at the domestic level to both manage the health of their citizens and reignite their economies. But a pause in international collaboration on fighting illicit trade could unravel the good work done to date, so there needs to be a way to maintain momentum.

The nature of illicit trade makes it hard to track due to the lack of data, as Mr Shaw points out.

47 INTERPOL report shows alarming rate of cyberattacks during COVID-19 (Interpol, 2020) <https://www.interpol.int/News-and-Events/News/2020/INTERPOL-report-shows-alarming-rate-of-cyberattacks-during-COVID-19>

48 High Level Risk Forum, Illicit Trade in a time of crisis, Chair's Note 23 April 2020 (OECD, 2020) <https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/HLRF/TFCIT%282020%293&docLanguage=En>

49 COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses (FATF, 2020) <https://www.fatf-gafi.org/publications/fatfgeneral/documents/covid-19-ml-tf.html>

But “there is too much money in organised crime for it to ever go away”, Mr Ditcham says, so there is “need to tackle from bottom up and top down,” to focus on the criminals as well as the criminalities. The FATF identifies good practices and policy responses to new money laundering and terrorist financing threats and vulnerabilities arising from the pandemic. For example, it recommends authorities to “understand new risks and adapt operational responses”.⁵⁰

Mr Luna hopes that given information sharing is a low-cost enforcement tool, countries “continue to share intelligence and information on disrupting and dismantling” criminal organisations across borders. Similarly, Interpol recommends timely information sharing as a priority to formulate and execute effective mitigation responses to tackle the alarming rate of cyber-attacks during covid-19.⁵¹

Going forward, collaboration on tackling existing illicit trade as well as coordination to prevent the expansion of illicit trade markets created during the pandemic will be key.

50 COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses (FATF, 2020) <https://www.fatf-gafi.org/publications/fatfgeneral/documents/covid-19-ml-tf.html>

51 INTERPOL report shows alarming rate of cyberattacks during COVID-19 (Interpol, 2020) <https://www.interpol.int/News-and-Events/News/2020/INTERPOL-report-shows-alarming-rate-of-cyberattacks-during-COVID-19>

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