

Illicit Trade in Context of COVID-19 and Future Pandemics

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Illicit trade threats related to Pandemics

The COVID-19 pandemic is having severe impacts to our economies, markets, and communities. The devastating effects they are having on public health and safety across societies also profoundly impact public governance and market institutions. The worldwide spread of COVID-19 led to unanticipated demand surges and supply chain disruptions for certain goods and in turn resulted in unprecedented opportunities for criminals to increase their already significant illicit activities in areas such as the life science and healthcare sectors, fast-moving consumer goods, excisable products, frauds, and cybercrimes.¹ For example:

- [Interpol](#) and Europol reports that the current situation is being exploited by criminal organizations trading in illicit products in a dedicated online operation across the internet and the dark web. In March 2020, authorities from 90 countries found 2,000 online links advertising fake items related to COVID-19, and seized over 34,000 counterfeit and substandard masks, “corona spray”, and “coronavirus medicine”.
- Coronavirus-related phishing scams are also on the rise, with Interpol and [Europol](#) warning against frauds tricking consumers into buying non-existent medical supplies or making payments intended for medical care into criminal accounts. Estimates show that tens of millions of dollars have already been lost by victims of such scams.
- More generally, a global recession and financial hardship could spur consumers to purchase all kinds of counterfeit and pirated goods – e.g. pharma products, electronics, apparel, alcohol, tobacco, FMCG, illegally-downloaded and streamed movies and music, etc.

In light of these threats, we must embark on robust Anti-Illicit Trade actions, adopt a strong international policy framework, sharpen our cross-border enforcement responses to disrupt illicit markets, and strengthen our supply chains against determined counterfeiters and other criminals.

Actions to address illicit markets related to COVID-19

We believe the following measures are essential to address illicit trade and illicit markets related to COVID-19, with an important role for the [OECD Taskforce on Countering Illicit Trade \(TF-CIT\)](#) to play:

- Promote an international policy framework to effectively combat the illicit trade of fake, falsified and substandard medical products and medicines, including related to the misuse of small parcels, and leveraging the recent launch of the TF-CIT report “[Trade in Counterfeit Pharmaceutical Products](#)”.
- Emphasize the risks to human health and safety emanating from illicit wildlife trade and incorporate preventive measures into OECD recommendations, provisions, programs, etc.
- Examine the effects of illicit trade and related COVID-19 scams to supply chain security and share best practices and case studies on countermeasures and effective law enforcement and private sector resiliency responses.

¹ As reported in the publication “[Crime and Contagion](#)” from the Global Initiative Against Transnational Organized Crime.

- Highlight illicit trade challenges related to ecommerce and on-line marketplaces and developing solutions to tackle the sale of fake, falsified and substandard medicines, counterfeit pharmaceutical products, fraudulent medical devices and technologies, including vetting of third party suppliers, prohibiting fraudulent advertising.
- Harness transformative technologies, including blockchain, artificial intelligence, financial intelligence/financial technologies, predictive analytics, track and trace, and other innovations, to help address illicit markets in a more effective and efficient manner.
- Encourage the sharing of data and market intelligence across sectors, including with law enforcement where supply chains have been compromised by bad actors and criminals related to “coronacrimes”. This must avoid burdensome and complex processes for business, safeguard business secrets and competition.
- Extrapolate ‘lessons learned’ from the positive effect an increased law enforcement presence at borders and private sector responses have had in disrupting illicit trade across supply chains.
- Consider steps Governments should take in the aftermath of COVID 19 to prevent a renewed illicit flow, and in future pandemics.

In addition, our Anti-Illicit Trade Expert Group (AITEG) is committed to the following measures:

- Leverage *Business at OECD AITEG* and the work of the TF-CIT through public-private partnerships to elevate the global fight against illicit trade, counterfeits, consumer fraud, as well as the development of joint TFCIT-AITEG Public Service Announcements (PSAs).
- Consider establishing a dedicated pilot project to fight against illicit trade in the context of the Covid-19 Crisis and Pandemics as part of our efforts to finance a Capacity Anti-Illicit Trade Program (CAP) Fund to mobilize greater energies towards collective action to decisively counter illicit trade and disrupt illicit markets in Free Trade Zones (FTZs), misuse of container ships and small parcels, in trade in counterfeits and contraband, and across on line e-commerce platforms, including helping communities with their COVID-19 recovery and resiliency efforts.