



# U.S. DEPARTMENT OF STATE

DIPLOMACY IN ACTION

## Security and Sustainability Partnerships for Shutting Down Black Markets and Dismantling Webs of Corruption and Criminality

### Remarks

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Good morning.

I would like to thank the Government of Mexico's Ministry of Finance, Tax Administration Service (SAT), and the Organization for Economic Cooperation and Development (OECD), for their kind invitation to address this important regional dialogue on the innovative work of the OECD High-Level Risk Forum's Task Force on Charting Illicit Trade, which aims to expose and mitigate the impact of transnational crime on both public and private sectors.

### **A World Unbalanced: Addressing Global Risks, Threats, and Shocks**

We meet at a critical time. Our world is becoming more dangerous than ever, and where threats know no boundaries.

In the past few years alone, we have witnessed a host of catastrophic disasters and threats that imperil our humanity and planet alike. Across a wide spectrum of global risks, we have seen the devastating effects that earthquakes, typhoons, flooding, pandemics such as ebola, cyber attacks, terrorism, and transnational crime and corruption can have on communities seeking to integrate more fully into the global economy and build more dynamic markets.

While climate change and some of these other global shocks are not a topic of our meeting this week, sustainable security will remain one of the pressing global challenges in the coming years and an area that the OECD will continue to underscore as part of the High-Level Risk Forum's risk management and resiliency initiatives.

Our dialogue today will focus on illicit markets, and how the international community is working across borders to combat criminal entrepreneurs and threat networks that continue to hijack the advances of modernization and profit from trafficking in drugs, humans, counterfeits, endangered wildlife, and other illicit goods.

Oil theft has also become an attractive and lucrative area for transnational organized crime and illicit networks.

Across black markets around the world, a web of thugs and criminals is corroding and corrupting our institutions and penetrating key sectors by diversifying into high-profit, and low-risk areas such as oil bunkering, counterfeits, and even match fixing in sports.

### **Webs of Criminality and Corruption Fueling Insecurity and Instability**

Ladies and gentleman, convergence is a new reality of the global economy. One in which legal business transactions and legitimate commerce both perpetuate and feed an illegal economy where illicit networks act in practice as the new CEOs and venture capitalists.

Hundreds of billions of ill-gotten dollars from criminal activities flow through the global financial system each year, distorting economies, eroding the rule of law, impacting the profits of legitimate businesses, eroding tax revenue from governments, and threatening the health and safety of our citizens.

Of equal concern is how illicit trade helps criminal and terrorist organizations finance and expand their own operations, creating a upward spiral of insecurity and instability across the globe.

Their barbaric violence, atrocities, and mass destruction of peace and order test our humanity. From the taking away of innocent human life to the slaughtering of endangered species and destruction of rainforests, bad actors and networks are helping to make this world a more dangerous and unstable place.

To further underscore the brazenness of today's criminals, there was yet another case in Europe involving the branding of trafficked women with their logos "like cattle," selling and buying them as "commodities" in black markets across the globe. In this hemisphere, cartels have also expanded from drugs into human trafficking and smuggling into Mexico and along the U.S.-Mexico border. Trafficking victims around the world are enslaved, sexually abused, tortured, and in some cases, murdered.

### **Building Resiliency and Public-Private Partnerships**

In confronting some of these converging threats, the OECD Task Force – in cooperation with INTERPOL, EUROPOL, UNODC, the World Customs Organization (WCO), and other public and private sector partners – has been providing international leadership shining a light on many illicit risks and harms to markets and

public institutions and coordinating international expertise in the quantification and mapping of the global illegal economy.

As Chair of the Task Force, I want to give special recognition to Mexico for elevating within the international community the importance of cross-border cooperation to disrupt illicit trade and dismantle criminal networks. The workshop is timely as we enter the second phase of our work programming in Paris.

In 2015, the Task Force will continue our effort to map illicit markets globally. Evidence-based approaches and predictive analytics can help policy-makers and law enforcement agencies alike to pinpoint "hot spots" and potential vulnerabilities created by illicit trade.

Quantitative metrics can also help us assess our efforts to drive criminal entrepreneurs out of business, reduce the incentives for communities to resort to illegal commercial activity, mitigate opportunities for organized crime to taint our financial system with their ill-gotten gains, and help governments sustain legitimate markets so that businesses can thrive.

Additionally, building on our work in Veracruz, we will continue to make the issue of counterfeits a priority, especially counterfeit medicines which threaten health and human safety. All over the world, counterfeit medicines are harming and killing children and adults who are seriously ill or are being treated for a medical condition.

We will also launch a public-private partnership with the fashion industry and luxury brands – which are profitable job-creating sectors of economies.

It is no secret that organized criminals are lured to the big payoffs in counterfeiting luxury apparel and products such as Prada, Chanel, Gucci, Polo, Louis Vuitton, Coach, and other brands. We also see intellectual property theft from the international sports, leisure and entertainment sectors. In this regard, I thank the National Football League (NFL) for joining us today.

The production and distribution of fake handbags, perfumes, designer apparel, and accessories results in lost profits for companies and job displacement of workers. Governments are also impacted as less revenue is brought into the treasuries to fund public services including infrastructure, social services, and support needed to spur growth in frontier and technology-based industries.

Economic loss is not the only harm that results from fake goods and counterfeits. Companies also have to address the diminished integrity and market reputation of their brands that they have worked hard to build and innovate upon over many years.

Around the world, endangered wildlife such as rhinos, elephants, tigers, and orangutans are being slaughtered to feed an insatiable demand for these iconic animals. The Task Force will continue to address "environmentally-sensitive goods," the trafficking which catastrophically impacts vital ecosystems and habitats.

This is why the Task Force is supporting a regional dialogue in South Africa in early 2015 to address the converging threats that are imperiling our humanity and planet. Hopefully, we will be taking our path-finding initiative on combating corruption and illicit trade to Southeast Asia, the Middle East and other regions too.

These are our priorities and game plan for the OECD Task Force over the next two years..

### **Degrading and Defeating Networks of Crime and Insecurity**

In closing, the United States applauds President Enrique Pena Nieto for his commitment and leadership in fighting inequality and poverty and promoting peace and security in Mexico and across the region. We too commend President Nieto for the arrests of several notorious narcotics Kingpins this year.

We will continue to enhance our cooperation with Mexico and other partners to combat the cartels and other illicit networks that threaten our security and stability. Based on principles of common and shared responsibility and mutual trust, we will continue to safeguard our citizens' safety and fight drug trafficking, corruption, illicit trade, and demand for drugs on both sides of the border.

The United States and Mexico will leverage our joint commitment and shared values to promote regional security; open new markets to trade; and maximize our leadership in the Western Hemisphere and the world, and as we are doing together with the OECD in Veracruz this week, and in the G20, APEC, Organization of American States (OAS), and other international fora.

In implementing President Barack Obama's **National Strategy to Combat Transnational Organized Crime: Addressing Converging Threats to National Security**, the United States will continue to enhance international cooperation with key partners to combat the lethal nexus of organized crime, narco-trafficking, and terrorism, and to protect our communities from the violence, harm, and exploitation wrought by transnational threat networks by:

- breaking their corruptive power;
- attacking their financial underpinnings;
- stripping them of their illicit wealth; and
- severing their access to the financial system.

The United States will also continue to offer rewards up to \$5 million for information on significant transnational criminal organizations involved in drug-trafficking, trafficking in arms, counterfeits, and other types of illicit trade.

The U.S.-Mexico Memorandum of Understanding between the Ministry of Finance's Tax Administration Service and the Department of Homeland Security's Immigration and Customs Enforcement (ICE) that will be memorialized shortly will reinvigorate a cooperative law enforcement model based on cross-border trade transparency units working together, tracking illicit flows, and dismantling criminal threat networks and their corruptive facilitators.

The ICE-SAT cooperative platform can also be an example for other nations on how to take the fight globally. Enhancing information-sharing, joint operations across borders, and specialized investigative training are key to effective law enforcement cooperation to combat illicit trade. ICE's National Intellectual Property Rights Center should also be commended for its leadership and partnerships in responding to global intellectual property (IP) theft and enforcement of U.S. and international trade laws on predatory and unfair trade practices.

As we stand at the crossroads of insecurity and peace, I am hopeful that by working together we can shape a better world for our children today and their

sustainable futures tomorrow.

Thank you.