

INNOVATION EVERYDAY



HELPING TO STOP ILLICIT TRADE

With Andrew Gilbert and Jerome Pichot



De La Rue's approach is to incorporate the benefits of existing systems and software platforms for all stakeholders.





Andrew Gilbert (left), track and trace solutions expert.
Jerome Pichot (right), product authentication specialist and veteran in cross border trades.

Illicit trade stunts economic growth, damages brands, and risks the health and safety of consumers. Illicit activity – such as smuggling, diversion, counterfeit, fraud and tax evasion – is a major strategic problem for governments.

Illicit trade is the fastest area of growth in organised crime. It's currently valued at \$1.7tn, equivalent to the GDP of the tenth largest economy in the world. One in 10 cigarettes is illegal; over a quarter of alcohol consumption is believed unrecorded or illicit; and nearly a quarter of consumers have unintentionally bought counterfeit goods online. It really is big business. Product authentication and track and trace solutions can help address the challenges of illicit trade. And once established, the same solution can be easily rolled out across other product types, including alcohol, tobacco and sugary drinks. All of this will help governments raise tax revenues and reduce health risks to citizens.

Changing regulatory environment

Although governments haven't made product authentication of tobacco compulsory, the massive loss of revenue and increasing pressure from the World Health Organisation point to the potential benefits that a tax scheme would bring. The FCTC (Framework Convention for Tobacco Control) has been a key influencing factor. Its Illicit Trade Protocol for Tobacco Products is an international treaty that aims to eliminate all forms of illicit trade in tobacco products. It calls for countries to cooperate and create a global solution to a global problem.

The guidelines refer to a solution that includes secure authentication combined with a digital code for data management, supply chain control and full track and trace from source to consumption. This would help volume control, tax collection, and detection of illicit products, meeting the international obligations of the FCTC.

An integrated approach

Trade today travels through complex cross border supply chains involving governments, manufacturers, regulators and distributors. To bring all these stakeholders together in the fight against illicit trade, the various systems must be able to operate as one.

De La Rue's approach to product authentication is to incorporate the benefits of existing systems and software platforms of all stakeholders. This means working with all parties to ensure we meet their needs, while also providing control and visibility of regulation for the authorities. This way, we can implement a flexible, modular and open-source model quickly and at low risk.

We're already operating a number of complex supply chain track and trace contracts across Europe, the Middle East and Africa. And this new integrated approach is one that builds trust and confidence for all players in the system.

US \$1.7tn

Current value of illicit trade, the fastest area of growth in organised crime

