

Launching in Paris of the Illicit Trade Tackling Association (ITTA)

First French association to address this issue

Paris, October 23rd 2017. Alain Juillet – executive president, Hervé Pierre – vice-president, and Dominique Lapprand – general secretary (all three enterprise security experts in France and abroad) have just initiated ITTA (In French: Association de Lutte Contre le Commerce Illicite – ALCCI). Acknowledging the scope and numerous aspects of this underestimated but booming problem, they deemed it was high time to act by launching the first French Association specifically addressing this scourge. Its aim: informing and helping businesses; sensitizing governmental bodies on Illicit Trade.

As explained by Alain Juillet: *“the role of the association is to create a fruitful and open field to all questions related to combatting Illicit Trade. Contrary to Anglo-Saxon countries, such place did not exist yet in France. Beyond the general goal of making people aware of the issue, we want to foster a comprehensive approach for all the economic actors, facilitating the synergy of everyone’s initiatives for a better protection of enterprises”.*

A DRAMATICALLY GROWING AND PERVASIVE ISSUE

Illicit Trade can hardly be assessed, yet it is everywhere. Clandestine by nature, it eschews all official figures but could represent **several hundred billion dollars per year** (\$ 650 billion, up to \$ 2 trillion with financial flows included*). The globalisation of the economy, complexity of exchange and trade, development of new means of transportation and communication, have eased and allowed that drift to thrive. **Were it a state, Illicit Trade could attend the G20.**

Under its different aspects, Illicit Trade is basically motivated by the search of an economic profit benefiting its perpetrators **to the detriment of law abiding economic actors**. It covers the trading of consuming goods, either violating safety, public health or hygiene regulations, or coming from the possession of counterfeited items, contraband, thefts or frauds, or still in contradiction with commercial laws and legal practices or with political, moral and ethics preoccupations. Its functioning is intimately linked to organized crime and more recently to the financing of terrorist activities.

The traditional forms of Illicit Trade (**thefts, all sorts of frauds, contraband or counterfeits**) continue to live on almost everywhere. Less visible but progressing rapidly, and at the root of a major part of Illicit Trade, **the violation of new regulations** (compliance in corporate businesses) facilitates the sale of all sorts of products at unbeatable prices: medicines, cosmetics, electronics, industrial parts... These goods, for the most part counterfeited, can prove themselves dangerous for consumers’ health, even their life. Many such items or services relate also to polluting activities or endangered and protected species, or furthermore are regarding new forms of slavery (forced labour or child labour) or conflicts (blood diamonds, tropical wood).

*World Economic Forum Davos 2015.

Furthermore, although many companies loathe to admit it, more and more **grey commercial practices** prevent them from controlling their supply and/or distribution chains (parallel imports, products sold unbeknownst to them). These practices may induce their penal responsibility when they honestly buy products from Illicit Trade (diverted goods, non abiding to regulations or still made under illegal conditions). A risk enhanced by globalization, tax differences and the fragmentation of laws and judicial processes.

A FRENCH PIECEMEAL APPROACH

Illicit Trade, taking its model after crime instead of the regular business world, by not abiding to rules, **disrupts whole sectors of the economy** and can harm public order.

Illicit Trade is particularly surveyed on the international stage. The OECD has targeted it and initiated an ad-hoc committee to tackle it. It is at the core of discussions at The World Economic Forum in Davos. Interpol has identified it as a major crime threat. It is also a key issue to Europol and the World Customs Organization.

However, French authorities are lagging and not paying much attention to it while the business remains mostly in **a reactive only position**. A better anticipation and comprehension of those phenomena and the mechanisms of this unfair competition would allow them to avoid losses of market shares, suppression of jobs, or still prejudice to the company image. Only a few economic actors (in the luxury sector for instance) have developed an appropriate policy against the most common aspects of Illicit Trade.

A FIRST IN FRANCE: A CROSS CUTTING RESPONSE FOR ALL AGAINST ILLICIT TRADE

In France, public attention is paid only to traditional forms of crime like robberies, thefts, fraud or at best counterfeits. The public response given to business faced with Illicit Trade is therefore very unsatisfactory. Within enterprises, concerned personnel (security, legal, compliance, ethics) act isolated: the business strategy is mostly insufficient and inconsistent.

“To combat the imagination of criminals who have made Illicit Trade the booming activity it has become, we have to create a dynamic of mobilisation to quench it. This is why we need to be knowledgeable on all its aspects and on the responses we can use against it through information and sensitization” adds Alain Juillet.

The Association intends to become a **forum for all its members, an observatory source of information and an experimental laboratory of the different tools that can be used against Illicit Trade.**

ITTA (ALCCI) thus offers to help enterprises and their contributors thanks to its global and cross cutting approach on Illicit Trade. To do so, the association will rely on its extensive network in France as well as abroad (governmental bodies, professional groups, universities, research centres, governmental organization or NGO's, think tanks). Its vocation also is to represent its members in front of international bodies and to become a major player in the dynamic taking shape to combat Illicit Trade.

Through meetings, studies, reports and information sharing, **it will facilitate a needed mutualisation of all the initiatives taken against Illicit Trade**

A FEW FIGURES ON ILLICIT TRADE

In 2015, Illicit Trade represents¹

650 billion of dollars

2 trillion of dollars

including financial flows

In Europe the amount of stolen goods in transports amounts to² :

8.2 billion

euros per year

In France

• Counterfeit is around³

6 billion euros each year

• Sale of unbranded items from unknown origine⁴:

2 billion euros

• Frauds on credit cards and other means of payment⁵:

800 billion euros

Market shares⁶ in international exchanges of goods qualified as “fakes” by the international community, i.e. Illicit Trade:

- Pharmaceutical : **3.3%**
- Cosmetics: **4.7%**
- Electronics : **5.3%**
- Shoes : **10.5%**
- Clothes: **11%**
- Games and sports attire: **11%**
- Leather items and handbags: **11.5%**

Sources:

1. World Economic Forum Davos 2015.

2. Transported Asset Protection Association (Automne 2017).

3. Report UNIFAB (2010).

4. After a study in Check Point (2016).

5. Report of the Observatoire de la Sécurité des moyens de paiement (année 2016) (LES ECHOS).

6. Report of the OECD and the Observatory on intellectual property (2013).

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BIOGRAPHIES

Alain Juillet, Executive President of ITTA/ ALCCI

Alain Juillet is retired and honorary President of the CDSE, the French leading club for Corporate Chief Security Officers in France. He is also the Business Intelligence National Academy President.

He is past President of R&D at Pernod Ricard; Past Director of Suchard, General Manager at the Union Laitière Normande, then of Générale Ultra Frais and France Champignon. He was CEO of Marks & Spencer France. Today he is senior adviser in a lawyers firm, Orrick Rambaud Martel, in Paris.

From 2002 to 2003 Alain Juillet was the Director of the Intelligence branch in the French counterintelligence service DGSE. He was then nominated chief of the Business Intelligence Committee in France directly reporting to the Prime minister until 2009. That same year, he was promoted in the Légion d’Honneur Order to the grade of Commandeur.

Hervé Pierre, Vice-president

Retired Commissaire Divisionnaire, Hervé Pierre graduated from the Ecole Nationale Supérieure de Police (National academy for top ranking police officers), Institut National des Hautes Etudes de la Sécurité et de la Justice (INHESJ, national academy blending top actors in the security field including magistrates) and the FBI National Academy.

He participated in the launching and assessment of community policing experiences in 1999 and later joined the private sector where he became executive vice president of the CDSE he helped create with Alain Juillet. He got involved then in the study of he coined “criminal economy”, the underground economy sapping public order in the suburbs to which he devoted a blog “le blog de l’économie criminelle”

Hervé Pierre was Chief security officer of several corporate groups and is now doing academic research on the links between security and liberty. He wrote several books published by l’Harmattan and lately a vivid report on the suburbs “Petits Trafics et grandes derives” at First Editions.

Dominique Lapprand, General Secretary

Past senior officer in the Gendarmerie, both hands on field and at the headquarters, Dominique Lapprand graduated from the military academy of Saint Cyr and from the FBI academy. He also attended the INHESJ. He was head of the prospective unit of the Gendarmerie and was detached a time at the ministry of Justice, in the criminal division, later and for four years, at the EU Commission as an expert on Justice and internal affairs. He partook in many projects led by the EU at that time. Lately, he has been toiling in Africa, preparing police and security reforms. In conjunction with private groups he developed security and intelligence systems and initiated a collaboration with the private sector on Illicit Trade.

Dominique Lapprand taught at the Ecole de guerre (War academy) and at Sciences Politiques in Paris. He is currently working on the Erasmus-KA project to found a master’s degree on security for senior employees of both public and private sectors.