



This document relates to item 5 of the provisional agenda.

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FCA BACKGROUNDER

Potential partners for ITP implementation

Introduction

There are many potential partnerships for implementing the FCTC Protocol to Eliminate Illicit Trade in Tobacco Products (generally known as the ITP). Implementation requires specific subject matter expertise outside the health community. The potential partners described in this document have a wide range of expertise, experience, infrastructure and other resources in conducting needs assessments, drafting regulations and legislation, implementing treaties and other instruments, and providing training in those highly specialized disciplines. Some have demonstrated long-term commitments to tobacco, taxation, illicit trade and anti-money laundering.

Of course, before entering into co-operative arrangements with any of these potential partners, Parties would need to evaluate various factors – including the extent to which the tobacco industry has been successful in achieving influence over specific organisations.

Global Organizations

United Nations Office on Drugs and Crime (UNODC)

Additional information: <http://www.unodc.org/unodc/en/about-unodc/index.html?ref=menutop>.

Membership: Varies by topic.

Comments: The UNODC is a natural partner as another United Nations entity. The UNODC has experience in implementing treaties and protocols, including the related United Nations Convention Against Transnational Organized Crime (UNTOC) and the United Nations Convention Against Corruption (UNCAC). That experience would be useful in implementing the ITP. It also has experience in development of regulations and legislation that would be especially helpful.

In addition, the UNODC has established infrastructures that could be shared with the ITP. A close partnership with the UNODC will avoid duplication of efforts and save the FCTC Secretariat the expense of creating duplicate structures in Geneva, which could lead to unnecessary expenditures. The UNODC also has points of contact in various national agencies that would be useful in conducting needs assessments and implementing the FCTC.

Organisation for Economic Co-operation and Development (OECD)

Additional information: <http://www.oecd.org/about/>, <http://www.oecd.org/tax/taxandcrime/>.

Membership: 34 countries.

Comments: The OECD obviously shares many goals in common with the FCTC, particularly many aspects of the ITP related to taxation, tax and other economic crimes; anti-money laundering; and anti-corruption. The OECD has been active with the Financial Action Task Force (see below), the National Financial Intelligence Units, FIUs (see discussion of Egmont Group) and the World Customs Organization (WCO). Transparency is a key feature of the OECD anti-corruption programmes. The OECD could provide access to a wide range of subject matter experts and high-level government officials.

World Customs Organization (WCO)

Additional Information: http://www.wcoomd.org/home_about_us.htm.

Membership: 179 members.

Comments: The WCO was present as an observer for the ITP negotiations. It is critical for issues related to interdiction – border matters. Illicit trade is a core issue for the WCO, but most Customs Administrations lack competency in matters related to investigations and organized crime. The WCO could also facilitate contacts with customs subject matter experts and key policymakers in various jurisdictions.

World Bank

Additional information:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20103838~menuPK:1696997~pagePK:51123644~piPK:329829~theSitePK:29708,00.html>

Membership: 188 countries.

Comments: The World Bank has been active in various tobacco related issues, including co-hosting recent revenue and illicit trade conferences in Botswana and Panama. The World Bank has unique resources, including possible financial assistance and liaison with various governments that would facilitate ratification and implementation of the ITP.

International Monetary Fund

Additional information: <http://www.imf.org/external/about/whatwedo.htm>

Membership: 188 countries.

Comments: The IMF work in trade and taxation matters would be helpful in implementing the FCTC in general, and more specifically the ITP. The IMF could provide unique skill sets, possible financial assistance and access to the highest levels of government in member countries.

INTERPOL

Additional Information: <http://www.interpol.int/About-INTERPOL/Overview>.

Membership: 190 member countries.

Comments: INTERPOL has competency for police, investigations and organized crime. They have extensive experience in capacity building, including training and development of best practices. The increased INTERPOL interest in illicit trade will be useful in the ITP implementation process. INTERPOL has many important contacts with subject matter experts and key policymakers in various jurisdictions.

Financial Action Task Force (FATF)

Additional information: <http://www.fatf-gafi.org/pages/aboutus/>.

Membership: 32 members.

Comments: The Financial Action Task Force (FATF) is viewed by many as the leading international body on money laundering matters, but unfortunately its recent report, *Illicit Tobacco Trade*, contained some misinformation and omissions. The report did not address the draft ITP nor the FCTC more generally. The methodology of the report included the research propositions that: “Illicit trade in tobacco is a significant underlying or predicate offense to money laundering” and, “High taxes on tobacco stimulate illicit trade in tobacco.” The report also suggested that the major tobacco manufacturers now control their supply chains, while the discussion of the scope and volume of illegal manufacturing was incomplete.

FATF has long been interested in the illicit tobacco trade. Early interests were focused on the use of tobacco products, particularly cigarettes, in trade-based money laundering schemes designed to repatriate drug proceeds to source countries from market destinations. FATF also demonstrated interest in free zone issues that involved the illicit tobacco trade.

Egmont Group (National Financial Intelligence Units - FIUs)

Additional information: <http://www.egmontgroup.org/about>.

Membership: 132 members.

Comments: The FIUs are systematically monitoring financial transactions related to international trade in their respective jurisdictions, searching for anomalies that would suggest illicit activities. The FIUs are responsible for the creation of suspicious activity reports that include illicit tobacco trade.

The FIUs provide an established network to educate international law enforcement on matters related to the illicit tobacco trade.

Regional Organizations

Inter-American Development Bank (IDB)

Additional information: <http://www.iadb.org/en/about-us/about-the-inter-american-development-bank,5995.html>.

Membership: 48 countries – 26 ‘borrowing member’ countries in the Americas and 22 non-borrowing member countries globally.

Comments: The IDB may be a potential source of financing for implementation related projects. It has previously funded at least one such project in Latin America.

Southern African Development Community (SADC)

Additional information: <http://www.sadc.int/english/about-sadc/>.

Membership: 15 countries.

Comments: The SADC represents a region with an assortment of tobacco control and illicit tobacco trade issues. The SADC recently co-hosted a revenue and illicit trade conference in Botswana with the World Bank, Gates and Bloomberg Foundations. Conference attendance was primarily from the health sector, but greater numbers of revenue, including customs, police and other non-health legal personnel also participated. The FCTC Secretariat was also represented at the conference.

The SADC is an example of a regional organization that could be incorporated into the implementation process.

Inter-American Center of Tax Administrations (CIAT)

Additional information: <http://www.ciat.org/index.php/en/about-ciat.html>.

Membership: 39 countries from four continents: 31 countries of the Americas, 5 European countries, 2 African countries and 1 Asian country.

Comments: The CIAT is focused on revenue matters and offers unique access to revenue officials, particularly in the Americas. Its work with other regions could provide an assortment of coalition-building opportunities between regions related to implementing the FCTC, especially related to taxation and illicit trade.

The CIAT recently co-hosted a revenue and illicit trade conference in Panama with the World Bank and others. Conference attendance was primarily from the health sector, but greater numbers of revenue, including customs, personnel also participated. The FCTC Secretariat was also represented at the conference.