



**Permanent Mission of Pakistan to the UN
Geneva**

**Statement at 2nd UNCTAD Illicit Trade Forum,
Palais des Nations, Geneva
6 September 2022**

**Excellencies
Distinguished panellists and participants**

First, we would like to commend UNCTAD Secretariat for organizing this important forum, the Transnational Alliance to Combat Illicit Trade (TRACIT) for its contribution and the panelists for their insights.

The causes and consequences of illicit trade and illicit financial flows have been deliberated extensively. We thank UNCTAD, TRACIT and other international organizations for their well-researched reports and recommendations.

The human costs of these illicit activities remain a source of growing concern, especially for developing countries. The context and timing of this forum and its deliberations are noteworthy.

The adverse impacts of illicit trade and financial flows have been compounded by a cascade existing and emerging challenges in the field of international economic order and the global financial, trading, taxation and investment architecture.

The intersection of the fuel, finance and food crises of our times with the cumulative effects of COVID-19, the conflict in Ukraine and the climate change has further eroded the fiscal space and engendered liquidity crunch, almost to the exclusive disadvantage of the developing and Least-Developed Countries (LDCs).

Pakistan is not immune to the multiplier of these multifaceted challenges. As we speak, my country is grappling with the aftermath of the havoc caused by unprecedented floods. One third of Pakistan, more than 33 million people, have been affected by a natural calamity induced by the changing climate. Over 1000 people have died, million of acres of crops destroyed, thousands of kilometres of roads and hundreds of bridges have been washed away and livelihoods of millions lost.

The disproportionate impacts of climate change on Pakistan are evident. Pakistan's green house emissions are merely 0.4 of the global figures. Yet, Pakistan has had to bear the brunt of colossal loss of human lives, livelihoods and massive infrastructure devastation, exceeding US dollar 10 billion as per initial estimates.

Combined with the effects of on-going challenges that I outlined above, the compound effects of illicit trade and financial flows are likely to further shrink the fiscal space, exacerbate debt burden and erode the progress made towards the attainment of Sustainable Development Goals (SDGs).

These developments necessitate a call to action, a reinvigorated commitment to cooperative multilateralism and intensification of international cooperation and assistance.

Mr. Chairman,

Among other issues, illicit financial flows are a substantial component of the overall global illicit trade. With increasing globalization and e-commerce, the illicit financial flows, particularly from developing countries, have also increased.

The 2020 Forum contributed significantly to the understanding of illicit financial outflows, particularly in terms of their origin and impacted sectors. The 'direct, bottom-up measurement approach' could be useful to ascertain the outflow of illicit financial flows. However, illicit financial outflows do not occur in a vacuum; presence of offshore incentives to attract illicit capital are also a critical component of the illicit supply chain.

Report of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda in 2021 highlighted the magnitude of the resources the world stands to gain by creating financial integrity for sustainable development. According to the report, "as much as 10 per cent of the world's GDP might be held in offshore financial assets' with 'an estimated \$7 trillion of the world's private wealth funnelled through secrecy jurisdictions and haven countries'. We look forward to continuation of work on inward financial flows in this Forum as also mandated by the outcome document of UNCTAD VX.

Mr. Chairman,

We welcome the panel discussion on 'illicit trade in times of crisis', 'trade in falsified medicines' as well as 'illicit trade through maritime transport'. Pakistan's geographic location makes it an important transit country for maritime transport as well as trade through land, particularly for neighbouring landlocked countries of Central Asia.

From robust anti-narcotics apparatus, strong financial regulations to improving intellectual property enforcement, Pakistan continues to strengthen its legislative, regulatory and administrative frameworks to mitigate illicit trade and illicit financial flows.

We thank UNCTAD for the presentation of work programme on illicit trade and look forward to appropriate reflection of illicit financial flows, both outward and inward, as an essential stream of our future work in this Forum.

I thank you.