

Foreword

The WTO has long been committed to the fight against illicit trade, which undermines legitimate business activity, fosters corruption and denies governments potential tax revenue needed to improve socioeconomic conditions. Under the leadership of Director-General Okonjo-Iweala, the WTO Secretariat has been examining how WTO rules help members to resolve some of the challenges posed by such illicit trade.

Illicit trade and fraud in the agri-food sector has a wide range of impacts on various stakeholders, including consumers, farmers, agri-businesses, regulators and other operators within the food industry. Although the global cost of fraud to the food industry is difficult to determine given the clandestine nature of the activity, annual estimates are in the range of US\$ 30-50 billion (which does not include losses associated with illicit trade in alcoholic beverages).

The impacts can be far reaching and affect different aspects of society and the economy. Illicit trade in food and food fraud incurs economic losses to legitimate businesses through the loss of sales and consumer confidence. Governments not only lose valuable revenue from tax evasion but also incur costs in the fight against counterfeit crime and smuggling.

Fraudulent and fake food and beverages damage public health and safety. Adulterated or contaminated food products can pose serious health risks to consumers and can have deadly consequences. Even counterfeit products which cause no harm – but fail to contain the ingredients advertised – defraud customers and erode consumer trust in the food supply chain.

Illicit trade in food and food fraud can create an unfair competitive advantage for fraudulent operators, disrupt food supply chains and place legitimate businesses at a severe disadvantage. It can raise the cost of trade by necessitating ever greater controls, which can lead to sweeping trade barriers. Moreover, legitimate products can be inadvertently ensnared in regulatory efforts to eradicate trade in fraudulent foods.

Addressing food fraud is crucial to ensure the safety, integrity and fairness of the global food supply chain – all of which are critical to achieving the United Nations Sustainable Development

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by criminals. In addition, the Agreement on the Trade-Related Aspects of Intellectual Property Rights serves as a vital tool for members in tackling counterfeit food and beverages.

The recently concluded WTO Agreement on Fisheries Subsidies prohibits support for illegal,