

## **Remarks by Lou Alexander on behalf of ISMA**

I am pleased to be participating in this Global Congress combating Counterfeit and Contraband. I am also proud to be representing ISMA, the Chief Security Officer organization whose membership represents half of the Fortune 50 and nearly 30 of the fortune 100 companies around the world.

As you know, my company is Philip Morris International. We have active business operations in approximately 160 countries. We contribute billions of dollars a year to national treasuries around the world through excise duties and taxes. We employ over 85,000 people globally. Given our size and global span it is logical we are exposed to a broad spectrum of criminal risk, from low level crime to those posed by international organized criminal and terrorist organizations.

All CSOs fervently believe that the nature of the global economy is such that business must recognize and exercise its responsibilities to society to bring about a reduction in criminality. We do this through robust business security resilience programs developed and administered by CSOs and their staffs

But providing security takes more than one organization or one company. Security in the 21<sup>st</sup> century requires a concerted, collaborative effort between organizations within the private sector, with appropriate government entities in all regions we operate, with other companies and with external private resources. It requires we push our programs and information out to every edge of these networks, gather and analyze all information available in real time and react faster to all threats to the company.

Counterfeiting and contraband are rapidly growing threats to the supply chain for many industries including pharmaceuticals, high tech, watch, clothing, computer industries, etc., as well as the for tobacco industry. The truth is the tobacco industry loses hundreds of millions of dollars to illicit trade. Thus, the government treasuries also lose millions of dollars from reduced collections of excise and sales taxes.

Tobacco counterfeiters operate around the world and across borders. They are well organized enterprises with well established networks. They don't have the laws, regulations, infrastructure costs etc that the business community have. Their profits are substantial and they pay no tax.

At Philip Morris we have a truly professional organization called Brand Integrity which has been very active in attacking the problem. Intelligence activities and investigative operations have led to the seizure of substantial amounts of counterfeit products. Their activities have also resulted in numerous illegal tobacco plants being shut down. JTI and BAT have similar operations which also have been equally successful.

As I indicated earlier however, It would be unreasonable for a company to believe that its security department or brand integrity group can provide effective security independent of other organizations, no more than any society can believe that its security rests solely with its military.

We believe that to defeat a well networked criminal organization you have to BE well networked. One of the primary reasons why any of us attend conferences such as this one is to improve our network. In short, it requires that we all get smarter.

We at ISMA want to facilitate collaboration and openly share the insights and knowledge of our memberships' corporate security and brand integrity departments. In this way we hope to create new ideas and partnerships going forward that will solve the vexing global problem of counterfeit and contraband.

I look forward to speaking with many of you during the conference and encourage the public and private sector delegates who are here to seek each other out, exchange contact details and share the many insights you each have.

Oliver Cromwell said, When you stop being better, you stop being good. Striving to be better is how we all will get smarter. Thank you.

