



MEDIA RELEASE

Panama and Latin America Must Crack Down on Illegal Trade

Transnational Alliance to Combat Illicit Trade and The Economist Intelligence Unit (EIU) Launch the Global Illicit Trade Environment Index

Panama City, Panama, 7 June 2018 – Today, at the Business Council for International Understanding (BCIU), the Transnational Alliance to Combat Illicit Trade (TRACIT) and The Economist Intelligence Unit (EIU) released the Global Illicit Trade Environment Index (the Index) ranking 84 countries on the extent to which they enable or prevent illicit trade.

“The Index provides policy makers with vital evidence to upgrade local regulations and stop the surge in illicit trade that is flooding this region and drowning out economic development opportunities,” said Ms. Cindy Braddon, TRACIT Head of Communications and Public Policy.

The EIU also issued a Free Trade Zone Report, including case studies on the Free Trade Zone of Colon in Panama, the Corozal Free Zone in Belize and the Maicao Special Customs Zone in Colombia. “Illicit trade is rampant in the region, as a destination for illegal products and counterfeits from Asia and as a notorious distribution hub that thrives on limited governance of the three major Zones,” stated Ms. Braddon. “Deceptive transshipment practices, mislabeling and fraudulent invoices allow illegal traders to bypass sanctions, trade tariffs and regulations by obfuscating the identity of the country of origin or the illicit nature of the goods, as well as the final destination countries. Criminal operators exploit unregulated zones to manufacture or assemble products from raw materials or subcomponents, and then package or repackage the final illicit products for further shipment.”

For the Americas, TRACIT has short-listed three key recommendations:

- Increase resources and train officials to implement and enforce laws and regulations.
- Strengthen interagency cooperation, particularly between law enforcement and Customs.
- Designate an Anti-Illicit Trade Coordinator to oversee coordination of key agencies.

Regarding Free Trade Zones, TRACIT is calling on governments in the region to:

- Declare that Free Trade Zones are under the jurisdiction of national Customs and provide national Customs with unrestricted rights to enforce laws;
- Implement mandatory Due Diligence measures, to be monitored by a Governmental office.

To kickstart the process, Ms. Braddon called for the development of a comprehensive regional, cross-border and multilateral response group of experts from business, national governments and the international community to work with TRACIT to combat illicit trade in the region.

“BCIU organized this session today for a diverse group of international stakeholders to highlight the importance of creating partnerships to fight all forms of illicit trade,” stated Mr. Spencer Cresswell, Program Officer, Defense and Security for BCIU. “Our forum facilitated sharing and exploration of best practices to address both the root causes and negative effects of this global issue.”

All reports and information can be found here: www.tracit.org/publications_gitei

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