



**Countering Illicit Trade
Enhancing Transparency in Free Trade Zones**



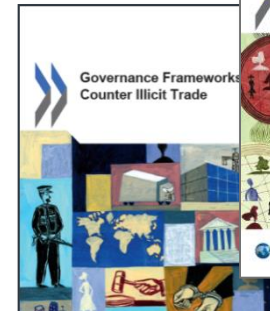
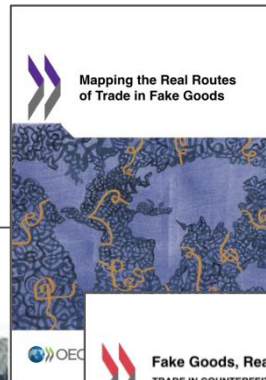


Task Force on Countering Illicit Trade

- Evidence
- Governance Gaps
- Policy Dialogue

Evidence based policies.

robust, factual, neutral



photographs of illicit trade

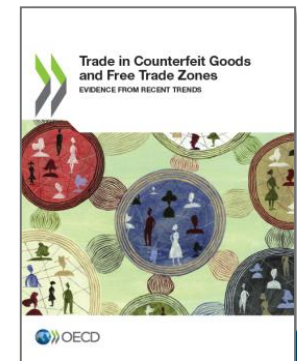
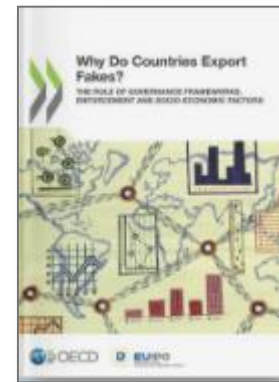


EVIDENCE

FTZs provide numerous benefits to business and host countries...

... but **some** lightly regulated FTZs are also attractive to parties engaged in illegal and criminal activities, such as:

- Trade in counterfeit goods
- Smuggling
- Money laundering

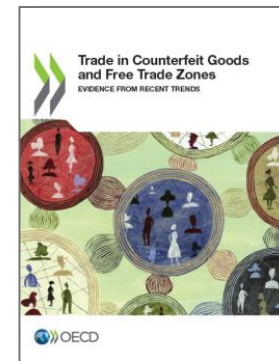




EVIDENCE

On average, an additional FTZ within an economy is associated with a 5.9% increase in the value of exports of counterfeits.

An increase of 1% in the number of firms operating in zones in a country increase the value of fake exports by 0.29% on average.





EVIDENCE

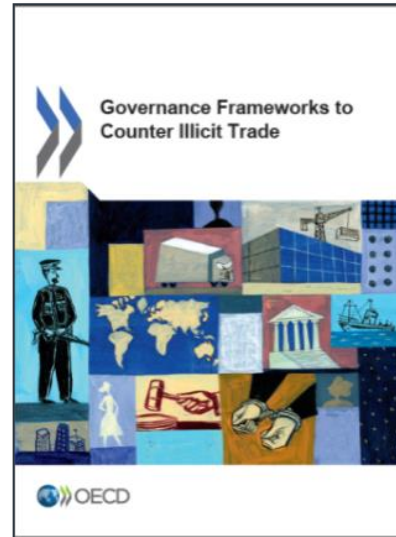
Some FTZs misused as hubs / transit points in trade with counterfeit medicines





GOVERNANCE GAPS

What is the issue?



Fall 2017. Stakeholder dialogue
(EUIPO HQ, Alicante, Spain)



GOVERNANCE GAPS

The number and size of FTZs significantly affects the value of illicit goods exported by an economy.

This means that FTZs have become a useful tool for traffickers, who regularly misuse them in their operations.

Issues:

- Transparency
- Proactive co-operation with enforcement officials



POLICY DIALOGUE

Recommendation on Countering Illicit Trade: Enhancing Transparency in Free Trade Zones

Adopted by the OECD Council
on 21 October 2019

To assist governments and in
reducing and deterring illicit trade
conducted through and inside
FTZs

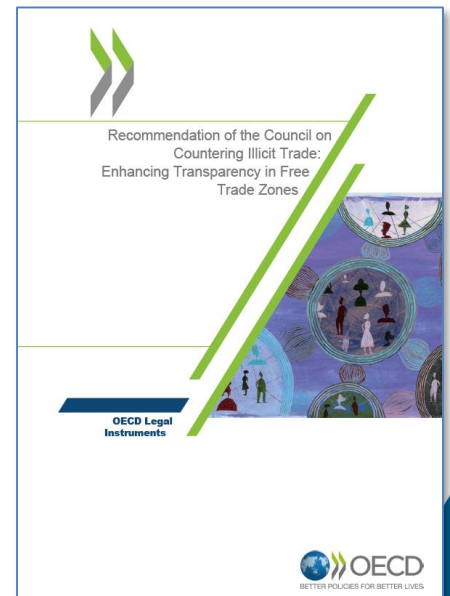




POLICY DIALOGUE

Appendix: voluntary Code of Conduct for Clean Free Trade Zones that is set out in the Appendix to the Recommendation.

Compliance will be assessed and monitored by a diagnostic tool (under development).





POLICY DIALOGUE

Work continues.

Not a question *if*, but *how* to make it most efficient and inclusive.





Thank you

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