



MEDIA RELEASE

TRACIT Calls for Increased Efforts to Combat Abuse in Free Trade Zones at Meeting of the OECD Task Force on Countering Illicit Trade

Paris, 15 March 2018 – Today, at OECD Headquarters in Paris, the Transnational Alliance to Combat Illicit Trade (TRACIT) participated in the 6th Annual Meeting of the OECD Task Force on Countering Illicit Trade. At the meeting, the OECD presented its latest report, “Trade in Counterfeit Goods and Free Trade Zones: Evidence from recent trends.”

The report sheds new light on the abuse of free trade zones (FTZs) to facilitate a wide range of illicit activities, including organized criminal activity in illegal wildlife trade, tobacco smuggling, fraud, and counterfeiting and piracy of products. The harmful effects of criminal networks operating in FTZs highlights a clear and pressing need for governments to improve coordination and address the lack of enforcement in FTZs.

In its study, the OECD identifies data trends that show propensities for increased illicit trade, such as an additional FTZ within an economy is associated with a 5.9% increase in the value of exported counterfeited and pirated goods on average.

“The report highlights what business has long experienced – that FTZs are routinely exploited to facilitate trade in counterfeit and pirated products, as well as smuggling and money laundering,” said TRACIT Director-General Jeffrey Hardy. “We encourage the OECD to continue taking a leadership role in addressing transparency in FTZs, strengthening cooperation with stakeholders and encouraging the development of good practices to reduce zone vulnerabilities to illicit trade.”

During the meeting, the OECD also presented its draft Guidance on Enhancing Transparency in Free Trade Zones that will be finalized in a process driven by Member countries and in consultation with the private sector. The Guidance includes measures for governments to take to reduce the abuse of FTZs as conduits for illicit trade, as well as a Code of Conduct for FTZs.

“We congratulate the OECD on the draft guidance to counter illicit trade in Free Trade Zones and a FTZ code of conduct,” said Mr. Hardy. “We look forward to providing input towards the finalization of the guidance, and we call for swift adoption and leadership by members of the Task Force in implementing the recommendations.”

TRACIT is an independent, private sector initiative to drive change to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade.

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