

MEDIA RELEASE

Colombia and Latin America Must Crack Down on Illegal Trade

Transnational Alliance to Combat Illicit Trade Calls for Colombia to Enforce its Laws

Bogota, Colombia, 18 October 2018 – Today, the Transnational Alliance to Combat Illicit Trade (TRACIT) urged Colombia to work with the private sector to develop a comprehensive and effective anti-illicit trade program to curb illicit goods that harm legitimate businesses, workers, consumers and governments. TRACIT issued a set of policy recommendations for Colombia at the Business Council for International Understanding (BCIU) event: Creating a Partnership to Fight Illicit Trade.

TRACIT commissioned The Economist Intelligence Unit (EIU) to produce the Global Illicit Trade Environment Index (the Index) ranking 84 countries on the extent to which they enable or prevent illicit trade. Colombia ranks 43 out of 84 on the Index, primarily because of issues around transparency and governance of its Free Trade Zones (FTZs).

“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 thriving 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 hiding 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 Colombia, 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, and designate an Anti-Illicit Trade Coordinator to oversee coordination of key agencies.
- Rationalize tax policies and complex government requirements to ensure they do not incentivize illicit trade or smuggling or add costs for legitimate businesses.

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 enable national Customs and law enforcement to enforce laws;
- Implement mandatory Due Diligence measures, to be monitored by a Governmental office.
- Increase transparency and investment to fix and modernize port infrastructure.

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.

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

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