



**TRANSNATIONAL ALLIANCE
TO COMBAT ILLICIT TRADE**

TRACIT.ORG

FIGHTING FAKES, CONTRABAND AND ILLICIT TRADE

SPOTLIGHT ON THE PHILIPPINES



TRACIT.ORG

ABOUT TRACIT

The Transnational Alliance to Combat Illicit Trade (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.

ACKNOWLEDGMENTS

Under the supervision of TRACIT's Director-General Jeffrey Hardy, this publication was drafted by principal author Louis Bonnier and produced by KAH Design LLC. TRACIT expresses its gratitude to its member companies for their support, resources, valuable feedback and contributions of information, case studies and viewpoints on how illicit trade in their particular sector impacts illicit trade in the Philippines.

MEDIA

All media enquiries should be directed to Cindy Braddon,
Head of Communications and Public Policy, cindy.braddon@TRACIT.org

SOCIAL MEDIA

Twitter: @TRACIT_org

LinkedIn: www.linkedin.com/company/tracitorg

FIGHTING FAKES, CONTRABAND AND ILLICIT TRADE SPOTLIGHT ON THE PHILIPPINES

TABLE OF CONTENTS

Executive Summary	2
I. Introduction.....	7
II. Philippines' structural capability to address illicit trade.....	8
III. Illicit trade in the Philippines.....	13
<i>Counterfeit and pirated goods</i>	13
<i>Substandard and falsified medicines</i>	17
<i>Illicit alcohol</i>	18
<i>Illicit tobacco</i>	19
<i>Illicit trade in petroleum products</i>	21
<i>Agricultural smuggling</i>	22
IV. Environmental crimes	23
<i>Illegal, unreported and unregulated (IUU) fishing</i>	23
<i>Illegal mining</i>	23
<i>Illicit timber trade</i>	24
<i>Wildlife trafficking</i>	25
<i>Illicit waste</i>	25
V. Policy recommendations to combat illicit trade.....	27
Notes	39

EXECUTIVE SUMMARY

Introduction

The Republic of the Philippines is one of the fastest-growing economies in Southeast Asia, and a leader in the Association of Southeast Asia Nations (ASEAN). Its economy is supported by abundant natural resources, a young and skilled workforce, high literacy rates, and a growing middle class.

However, the country's multi-sectoral economy – characterized by agriculture, manufacturing, and service sectors – is vulnerable to several forms of illicit trade. According to government's own National Risk Assessment (NRA), several forms of illicit trade pose significant threats, including tax crimes, tobacco and alcohol smuggling, IPR violations, environmental law violations, human trafficking, and drug-related crimes.

In terms of its structural capability to effectively protect against illicit trade, the Philippines ranks 64th out of 84 countries evaluated by *Global Illicit Trade Environment Index (Index)*. With an overall score of 49.0 (out of 100), this is slightly above the ASEAN average (46), but still well below the global average (60).

The illicit economy is driven by several challenges:

- The country's location in Southeast Asia and proximity to other major Asian economies, especially China, has made the Philippines both a hub and transit point for various forms of illegal trade. Its many islands also make it more challenging to control and monitor illegal activities, providing ample opportunities for smugglers to evade detection.
- Weak regulatory and enforcement systems, coupled with limited resources and skills shortages challenge the ability of enforcement agencies to monitor and detect illicit trade activities effectively.
- Widespread smuggling creates unfair competition for locally produced goods, notably textile and garments, agriculture products, coconut oil, sugar, and cigarette manufacturing.
- Criminal cases related to illicit trade often languish with the judicial system for several years before a final decision is reached.
- Existing sanctions do not have sufficient deterrent effect, as evidenced by the significant number of repeat offenders.
- Limited awareness among consumers, who do not perceive counterfeits as a problem but rather as bargains.

Tax evasion, illicit financial flows and corruption

Tax evasion and tax-related crimes are significant in the Philippines, estimated to cost the government over P500 billion (USD 8.99 billion) in revenue annually, of which P100 billion (USD 1.8 billion) is the result of tax evasion on cigarettes according to the Philippines' Bureau of Internal Revenue. These crimes are often associated with illicit trade, as they involve illegal activities aimed at avoiding or evading taxes, such as smuggling, counterfeiting, and money laundering. Smugglers avoid paying taxes on imports and counterfeiters evade taxes on the profits they generate from the sale of fake products. Individuals and businesses engaged in money laundering actively hide income from tax authorities.

The country also frequently ranks among the 20 countries with the highest levels of illicit financial flows (IFFs) worldwide. These flows are often deeply connected to underlying illicit trade and represent a substantial loss of billions of dollars in tax revenues, which undermine economic growth, exacerbate poverty and inequality, and weaken governance and public institutions.

Corruption in law enforcement and border control agencies can facilitate the incidence of illicit trade. According to Transparency International's 2022 *Corruption Perceptions Index*, the Philippines ranks 116 out of 180 countries, where 180 is the most corrupt.

Counterfeiting

The counterfeit trade in the Philippines is driven by a number of factors, including limited law enforcement resources, corruption, and consumer demand for cheaper products – even if counterfeit. Moreover, the surge in counterfeit goods being sold through e-commerce and social media platforms confuses the origins of these illicit products. The Philippines is also one of the world's largest sources of pirated digital content, with illegal copies of movies, music, and software readily available online and in street markets.

While the Intellectual Property Office of the Philippines (IPOP HL) has made significant strides in improving IPR enforcement, the proliferation of counterfeit and pirated goods remains a persistent problem in Philippine markets.

- In recent years, the Philippines has been making great progress in promoting and protecting IPRs. For example, MoUs with law enforcement, brand owners and platforms to cooperate in tackling counterfeiting online have yielded good results. While key IPR legislation is in place, the enforcement of these provisions needs to be strengthened and streamlined to ensure efficiency.

- One significant challenge is the prolonged duration of criminal proceedings, with some cases extending beyond a decade. This protracted timeline places a significant financial burden on complainants, who must bear high costs of litigation and pay ongoing storage fees. Consequently, brand owners may choose to forego pursuing criminal charges, even in the presence of compelling evidence of infringement, due to the excessive financial costs.
- Strengthening interagency and interdepartmental cooperation is essential in the fight against illicit trade. The Philippines has emerged as a regional leader in promoting domestic cooperation, particularly in IP coordination because of the successful enforcement work done by the IPOP HL and the National Committee on Intellectual Property Rights (NCIPR). Similarly, the recent MOU signed between IPOP HL and the Manila International Airport Authority (MIAA) to train airport personnel to spot counterfeit and pirated goods is an example of how collaborations can improve detection and enforcement efforts.

Substandard and falsified medicines

According to a study by the OECD and EUIPO, the Philippines has been listed along with China, India, Vietnam, Indonesia, and Pakistan as a leading source country of falsified medicines. While these findings correlate with those from the UN Office on Drugs and Crime (UNODC) that identified the Philippines, Indonesia, Thailand and Vietnam as the countries in the region most frequently linked to incidents of counterfeiting or diversion of medicines during 2013–2017, IPOP HL contends that illegal products are imported into the country from foreign sources, via transshipment schemes.

Illicit alcohol

Illicit alcohol is a significant problem in the Philippines, particularly in rural areas where regulation and enforcement of alcohol laws are less strict. According to WHO data, unrecorded alcohol represented nearly one third of total consumption in the Philippines.

The public health costs and personal tragedies resulting from illicit alcohol consumption are staggering. In general, the biggest health concern is consumer exposure to health risks associated with toxic illicit alternatives.

Illicit tobacco

Illicit trade in tobacco in the Philippines is a significant problem, with the latest estimates indicating that illicit cigarettes make up as much as 16 percent of the market. For the most part, these illicit products are smuggled without payment of import duties, or they are manufactured locally but sold without tax stamps signifying correct excise payments. An emerging concern is clandestine manufacturing of illicit cigarettes in free trade zones and use of fraudulent transshipment schemes to facilitate illegal importation of unregistered and non-tax paid cigarettes. Illicit tobacco trade also destabilizes the waning local tobacco farming sector.

Untaxed, unregulated illicit tobacco products present “extra-negative” risks to consumers, including health risks due to the inclusion of spurious or toxic ingredients. Perhaps more importantly, low-priced illicit tobacco products undermine tobacco controls to reduce the uptake of tobacco by youth and adults from low-income groups.

Illicit trade in petroleum products

Fuel smuggling has been a long-standing problem in the Philippines and refers to the illegal trade of petroleum products, such as gasoline, diesel, and liquefied petroleum gas (LPG). Smuggling and misdeclaration

of petroleum products costs the country as much as P37.5 billion (USD 675 million) annually in lost tax revenue from excise and value-added taxes.

Agricultural smuggling

Agricultural smuggling is a significant and growing issue in the Philippines, with serious implications for Filipino farmers and domestic GDP. The unfair competition created by the sale of smuggled goods such as rice, vegetables, poultry, and livestock at much lower prices than locally produced goods lead to a distortion in prices, causing harm to farmers who struggle to compete in the market.

Environmental crimes

Given its considerable natural resource endowments, the Philippines is vulnerable to several environmental crimes including fishing, mining and logging.

- Illegal, unreported and unregulated (IUU) fishing poses a dual threat undermining efforts to manage fisheries sustainably while also endangering food security and jobs in coastal communities.
- The Philippines is plagued by illegal mining activities estimated at USD 700 million a year. Illicit mining has been a significant problem for decades, robbing the government of significant tax revenue, while costing the legitimate mining industry millions in production loss and security expenditures.
- Illegal logging has taken a heavy toll on the Philippines’ ancient forests. Although the government prohibited timber harvesting over 20 years ago, widespread illegal logging continues and contributes to 47,000 hectares of rainforest lost each year.
- The Philippines is home to a rich diversity of flora and fauna, including many endangered species. Unfortunately, this also makes it a target for wildlife

traffickers seeking to profit from the illegal trade of rare plants and animals. The value of illegal wildlife trade in the Philippines is estimated at P50 billion (USD 900 million) a year.

- The illicit disposal of waste in the Philippines has severe environmental and health consequences. The toxic chemicals and materials in e-waste and hazardous waste can contaminate soil and water sources, leading to long-term health risks for local communities. The plastic waste, which is often burned, also contributes to air pollution and global climate change.

Policy recommendations to combat illicit trade

Tackling a multifaceted problem like illicit trade requires approaches that build on opportunities for domestic coordination and international cooperation, and that involve both public and private sector actors. This report offers a range of policy recommendations, including those summarized below:

Prevent the flow of illegal goods across borders – by strengthening the customs environment, tightening enforcement on transshipment, goods in transit, illicit trade in Free Trade Zones (FTZ), and intercepting the export of illicit goods.

Strengthen cooperation with neighboring countries – to address informal cross-border trade, smuggling and alignment of tax and subsidy policies. ASEAN working groups such as the ASEAN Customs Enforcement and Compliance Working Group (CECWG) can be effective regional mechanisms for actions such as harmonizing import and export policies. Results from WCO’s “Project Crocodile” demonstrate how strong and stable collaboration among member countries in timely transmission of information/notification of suspicious cigarette shipments and tracking and

monitoring such shipments can have a lasting impact on tackling illicit tobacco trade.

Strengthen and invest in intellectual property rights (IPR) enforcement.

While key IPR legislation is in place, the prevalence of counterfeit and pirated goods on the market remains a concern. ASEAN’s Working Group on IP Cooperation (AWPIC) and the ASEAN Network of IP Enforcement Experts (ANIEE) are effective platforms for regional cooperation and for support in raising capacities of national law enforcement agencies on IP matters. Further, increasing funding for enforcement bodies is critical to improving their capacity to combat illicit trade.

Expedite the resolution of criminal cases related to IPR infringement – to fast-track the legal process, reduce lengthy timelines, and minimize associated costs. By ensuring a more efficient and accessible legal system, brand owners will be more inclined to pursue legal action, safeguarding their rights, deterring potential infringers, and promoting a conducive environment for innovation and creativity.

Strengthen and enforce criminal penalties – to discourage illicit traders from exploiting markets with the weakest penalty regimes. Sanctions imposed against criminals must be proportionate to the nature of the crime and the inherent risk of the illicit product to human health and environmental safety (e.g., cases involving illicit pharmaceuticals, pesticides, or alcohol).

Tighten controls on money laundering – by denying access to entities and mechanisms used to launder proceeds of crime is one of the most effective ways to deter illicit trade. By taking these steps, the Philippines can better protect its financial system and reputation and promote greater transparency and accountability in the global financial community.

Implement coherent domestic tax policies

– to disincentivize producers and consumers from switching from legal products to the illicit channel to avoid higher taxes. Tax structures and tax levels should consider market dynamics like ease of implementation and enforcement, consumer affordability, comparative tax and price levels in neighboring countries, and long-run consequences of substitution of illicit product alternatives. Tax plans that lay out reasonable tax increases and consider local market dynamics are more defensible to illicit trade.

Enhance transparency and accountability

– by tackling pervasive corrupt practices that continue to facilitate illicit trade, notably at the level of customs, law enforcement authorities, regulatory/inspection bodies and the judiciary. As long as corruption persists within government agencies, any attempt to strengthen border policing and control will have limited effect. Moving to a comprehensive digital environment for border clearance can reduce human touch points and thus lessen the opportunities for improprieties.

Empower consumers through awareness

– to encourage more consumers to make informed choices about the products they purchase. This, in turn, can have a positive impact on the local (legitimate) economy, promote fair competition, and safeguard the rights of businesses and consumers.

Improve controls in the digital environment

– to combat cybercrimes, money laundering, copyright piracy and the increased use of

e-commerce platforms for selling counterfeits and other illicit goods. Specific steps include:

- Tighten Know Your Customers requirements for online intermediaries.
- Encourage the development and adoption of advanced prevention technologies.
- Hold online intermediaries liable for not adequately removing illicit content.
- Ensure that repeat offenders are permanently banned and prevented from rejoining or remaining on the platform under a different alias or storefront.
- Treat domestic warehouses and fulfilment centers as the ultimate consignee for goods that have not been sold to a specific consumer at the time of its importation.
- Address illicit trade in the express and postal mail sector.
- Hold payment portals and financial systems responsible for preventing illicit traders from using their services for money transfers.

Promote the creation of local private-public partnerships

to bring key industry and government stakeholders together to define strategies, share know-how, intelligence and data, improve risk assessment, strengthen border control and improve awareness.

I. INTRODUCTION

The Philippines is one of the fastest-growing economies in Southeast Asia, supported by abundant natural resources, a young and skilled workforce, high literacy rates, and a growing middle class. However, the country's multi-sectoral economy – characterized by agriculture, manufacturing, and service sectors – is vulnerable to several forms of illicit trade.¹

According to the government's own National Risk Assessment (NRA), several forms of illicit trade pose significant threats to the country, including tax crimes, smuggling, IPR violations, environmental law violations, human trafficking, and drug-related crimes.² Organized crime groups thrive on corruption to operate a robust shadow economy and launder proceeds from drug and human trafficking, tax crimes, and cybercrime.³ The negative consequences of illicit trade are significant.

- The Federation of Philippine Industries estimates that smuggling alone costs the government at least P250 billion (US\$ 4.5 billion)⁴ in lost revenue annually.⁵
- A study conducted by the Center for Research and Communication Foundation (CRCFI) found that between 2011 and 2015, smuggling resulted in the displacement of approximately 290,000 Filipino workers.⁶
- Tax evasion contributes to the problem, costing the government over P300 billion (US\$ 5.4 billion) in revenue each year,⁷ and corruption accounts for as much as one-fifth (20%) of the government's annual budget.⁸
- The fallout from COVID-19 has increased unemployment, inflation, and decreased buying power, leading to an increase in consumers turning to the black market.⁹

In response, the government has implemented measures to combat illicit trade, such as strengthening law enforcement efforts and improving border security. Notably, the National Committee on Intellectual Property Rights (NCIPR) – chaired by the Department of Trade and Industry and the Philippines Office of Intellectual Property (IPOPHL) – enhance the protection and enforcement of intellectual property rights (IPR) by emphasizing enforcement, ramping up seizures of counterfeits, improving adjudication of IP cases and championing the importance of IPR to national development and global competitiveness. Through these collaborative efforts, the Philippines remains off both the United States Trade Representative (USTR) Special 301 watchlist and the European Union (EU) Counterfeit and Piracy Watch List.

Despite these efforts, the proliferation of counterfeit and pirated goods and various other forms of illicit trade remain a persistent problem in Philippine markets.

This report assesses the nature and extent of illicit trade in the Philippines, its effects on the economy and society, the government's efforts to address the issue, and recommendations for effective solutions. This report aims to assist stakeholders in combating this issue and in creating a safer and more prosperous Philippines.

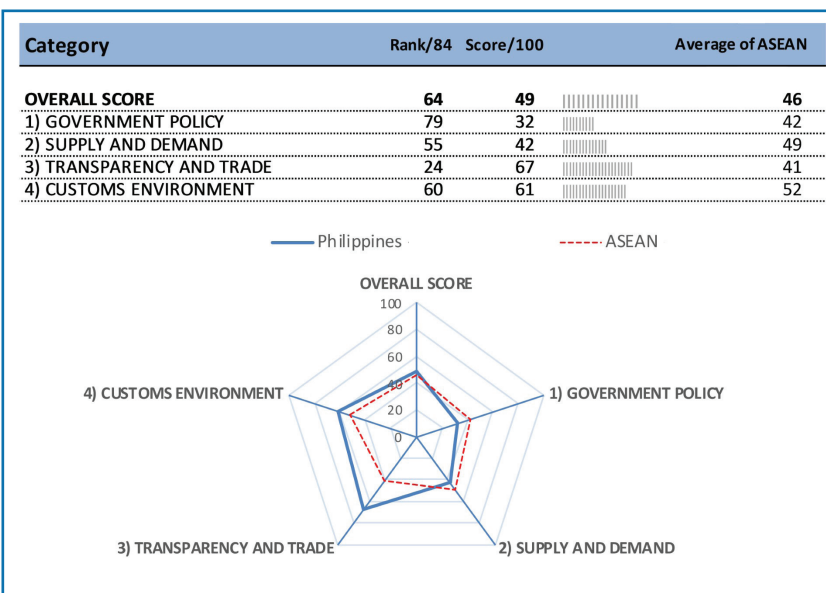
II. PHILIPPINES' STRUCTURAL CAPABILITY TO ADDRESS ILLICIT TRADE

To better understand the regulatory environment and economic circumstances that enable illicit trade, TRACIT commissioned the Economist Intelligence Unit (EIU) to produce the *Global Illicit Trade Environment Index (Index)*. Along with more than 80 other countries, the Philippines was evaluated on a number of policy, legal, regulatory, economic, trade, institutional and cultural indicators reflecting its structural capability to effectively protect against illicit trade.

The Philippines scores are mixed, ranking 64th out of 84 countries evaluated, with an overall score of 49.0 (out of 100). This is slightly above the ASEAN average (46.0), but still well below the global average (60.0). Amongst the four categories in the *Index*, the Philippines registers its strongest performance in the area of Transparency and Trade, where it ranks 24th of 84, followed by Supply and Demand (55th) and Customs Environment (60th). While there's room for improvement across all categories, significant efforts are required in the Government Policy category, where perceptions of corruption and limited compliance with FATF standards lower its overall performance.

The illicit economy is driven by several challenges:

- The country's location in Southeast Asia and proximity to other major Asian economies especially China has made the Philippines both a hub and transit point for various forms of illegal trade in the



Rank /84	ASEAN Economy	Score /100
24	Singapore	71
47	Malaysia	60
48	Thailand	60
64	Philippines	49
66	Vietnam	48
ASEAN Average		60
68	Indonesia	45
79	Cambodia	31
81	Laos	27
82	Myanmar	23

ASEAN Country Rank and Scores from the *Global Illicit Trade Environment Index*

region, including being a significant provenance country in the global trade in illicit goods.¹⁰ Its many islands also make it more challenging to control and monitor illegal activities, providing ample opportunities for smugglers to evade detection and prosecution.

- Widespread smuggling impacts several industries especially textile and garments, agriculture products, tires, steel, liquified petroleum gas tanks, coconut oil, sugar, and cigarette manufacturing.¹¹
- Corruption, a large informal sector and the presence of criminal networks contribute to the proliferation of illicit trade.
- Weak regulatory and enforcement systems, coupled with limited resources and skills shortages challenge the ability of enforcement bodies to monitor and detect illicit trade activities effectively.
- Substantial losses from tax evasion and illicit financial flows, amounting to billions of dollars, limit economic growth and development.¹²

Tax evasion and tax-related crimes

Tax evasion and tax-related crimes are significant in the Philippines, estimated to cost the government over P300 billion (USD 5.39 billion) in revenue annually.¹³ These crimes are often associated with illicit trade, as they involve illegal activities aimed at avoiding or evading taxes, such as smuggling, counterfeiting, and money laundering. Smugglers avoid paying taxes on imports and counterfeiters evade taxes on the profits they generate from the sale of

fake products. Individuals and businesses engaged in money laundering actively hide income from tax authorities.

The country faces a number of money laundering threats associated with illicit trade, including drug trafficking, smuggling, tax crimes, intellectual property violations, illegal firearms and environmental crimes.¹⁴ The 2022 *Basel Anti-Money Laundering Index* has ranked the Philippines among the poorest performing countries, at 45 out of 128. Compared to its ASEAN neighbors, Myanmar, Vietnam, and Thailand ranked lower at 3rd, 10th, and 40th place, respectively.¹⁵

In addition, the Financial Action Task Force (FATF) has put the Philippines on the "grey list" of countries – which means the country is subject to increased monitoring as it endeavors to resolve strategic deficiencies within agreed timeframes.¹⁶ In practice, according to the International Monetary Fund (IMF) research, grey listings result in a decrease of capital inflow of 7.6% of GDP and a decrease in foreign direct investment of 3% of GDP.¹⁷ In June 2021, the Philippines made a high-level political commitment to work with the FATF and the Asia/Pacific Group on Money Laundering (APG) to strengthen the effectiveness of its Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) regime.¹⁸

Box 1: IFFs and Illicit Trade

Illicit financial flows and illicit trade in goods and services are closely linked. Both activities often involve the transfer of funds across borders and the use of complex financial transactions and offshore accounts to conceal their illicit nature. These activities can also reinforce each other, where the proceeds from illicit trade can be used to finance other illicit activities, such as bribery, corruption, and money laundering. In turn, the movement of funds through illicit financial flows can be used to facilitate and expand illicit trade activities. Additionally, the lack of transparency and accountability in both illicit financial flows and illicit trade in goods and services can create an environment that enables these activities to persist and grow. Addressing both issues is critical to combatting illicit activities that undermine the integrity of economies and the rule of law.

The country also frequently ranks among the 20 countries with the highest levels of illicit financial flows (IFFs) worldwide.¹⁹ These flows represent a substantial loss of billions of dollars in tax revenues, which undermine economic growth, exacerbate poverty and inequality, and weaken governance and public institutions.²⁰

Tax fraud, illicit trade and illicit financial flows have significant negative impacts on the rule of law. Not only do these activities undermine the authority of the state and its institutions, but also reduce government revenue, which is necessary for providing essential services such as the government's universal healthcare program and enforcing laws. Moreover, tax fraud and illicit trade create an unfair advantage for those who engage in them, which can promote corruption, erode the principles of equality and fairness that are crucial to the rule of law.

"The Philippines aims to become a middle-class society free of poverty by 2040, but we know from global experience that no country has managed to make this transition while maintaining high levels of inequality."

Ndiamé Diop, World Bank Country Director for Brunei, Malaysia, Philippines, and Thailand.²¹

Furthermore, illicit trade, tax fraud and illicit financial flows present significant obstacles to achieving Target 17.4 (Assist developing countries in attaining debt sustainability) of the UN Sustainable Development Goals (SDGs). This target aims to strengthen domestic resource mobilization

and debt sustainability, including through international support, to improve domestic capacity for tax and other revenue collection. While the Philippines has improved its tax revenue collection over the past decade, its government tax-to-GDP ratio of 14.1% is modest compared to other Asia-Pacific countries and far below the goal of raising at least 20 percent of GDP through taxes to meet the UN SDGs by 2030.²²

High levels of illicit trade and illicit financial flows aggravate poverty and exacerbate economic inequality.²³ In 2021, the national poverty rate rose to 18%.²⁴ At the same time, income inequality ranked among the worst in the region, with the top 1% of Philippine earners capturing 17% of the total national income, with only 14% being shared by the bottom 50%.²⁵ The proliferation of cheap, illicitly traded counterfeits adds to the problem by creating unfair competition to local industries which undermines their profitability and capacity to generate employment. Government officials have also raised serious concerns over reports that illicit trade is used to fund organized crimes, resulting in heightened security risks both locally and internationally.²⁶ For example, former Finance Secretary Carlos Dominguez raised similar concerns about the potential of smuggling, particularly cigarette smuggling, to finance terrorism.²⁷

By tackling illicit trade and associated tax fraud and illicit financial flows, the government can improve its revenue collection to increase the mobilization of resources to fund critical public services such as education, healthcare, and infrastructure.

Philippines has taken steps to address these issues, by endorsing the Bali Declaration in January 2023, and becoming the 17th

member of the *Asia Initiative* – which supports the effective implementation and use of the tax transparency standards to fight tax evasion and other illicit financial flows to mobilize domestic resources and develop tax co-operation across the region.²⁸

“Corruption corrodes the moral and economic fabric of society. It undermines values and value systems and erodes trust in public institutions and the notion of a fair social contract. It represents a misallocation of finite resources away from public services, infrastructure, and other investments that can help poor and vulnerable people improve their lives. It raises costs for businesses. And in the long-term it is a roadblock to lasting economic growth and development, leaving societies poorer and more unequal than they otherwise would have been.”

WTO Director-General Ngozi Okonjo-Iweala²⁹

Corruption

Corruption is a significant obstacle to good governance in the Philippines and continues to undermine the country’s efforts to combat illicit trade.

According to Transparency International’s 2022 Corruption Perceptions Index, the Philippines ranks 116 out of 180 countries, where 180 is the most corrupt. While a slight improvement over its 2021 standing, the country remains one of the “significant decliners” in the Asia-Pacific region, and lags behind several neighbors in ASEAN, including Singapore (5th), Malaysia (61st), Thailand (101st), and Indonesia (110th).³⁰

In a 2022 survey of top business executives in the Philippines, corruption was identified as the biggest barrier to economic recovery

from the pandemic and the top concern that the government must address.

Corruption outranked several other pressing problems, including lower foreign and domestic investments, political uncertainty, uncontrolled inflation and rising oil prices.³¹ Similarly, 86 percent of Filipinos surveyed in 2020 by Transparency International called corruption in government a big problem.³²

Corruption enables illicit trade by creating an environment where illegal activities can thrive. Specifically, corruption in law enforcement and border control agencies can amplify the threat and incidence of illicit trade. Smugglers seeking to transport illegal goods across borders or engage in illegal trading schemes, even with respect to legal goods collude with government officials. The implications of such practices go beyond the immediate transaction. For instance, if a customs official accepts a bribe to allow the importation of counterfeit or stolen medical products, it not only involves the customs official and trader in illegal conduct, but it also affects producers and consumers of these goods worldwide. This can lead to serious consequences, such as the proliferation of substandard or dangerous products, harm to public health and safety, and loss of revenue for legitimate businesses.

The nexus of illicit trade with corruption and other criminal activities creates a triple threat to the economy by crowding out legitimate economic activity, depriving the government of revenues for investment in vital public services and undermining the integrity of the very state institutions tasked with addressing the problem. In 2019, Deputy Ombudsman Cyril Ramos estimated that the country was losing some P700 billion (US\$ 12.59 billion) every year to corruption,³³ while the 2017 national risk assessment (NRA) estimated that around 20% of the Philippines’ annual government budget is lost to corruption.³⁴

The Philippine government has made efforts to combat corruption, including putting in place legal and institutional frameworks, as well as holding government officials accountable for corrupt behavior.

- Recently, in August 2023, more than 100 Philippines mayors launched an anti-corruption campaign aimed at pushing good governance and implementing higher standards of transparency in government operations.³⁵
- In January 2023, the Philippines Interior Secretary, Benjamin Abalos Jr., announced the government's intent to cleanse the corruption-tainted Philippine National Police (PNP), calling on top-ranking officials to tender "courtesy resignations" for their alleged involvement in the country's illegal drug trade.³⁶
- In the first half of 2022, the Bureau of Customs (BOC) dismissed three BOC personnel, relieved 27, suspended 7 and reshuffled 249 officials to other offices and ports after personnel had been found to have engaged in corruption.³⁷
- Along with other ASEAN states, the Philippines ratified the UN Convention Against Corruption (UNCAC) and adopted the ASEAN 2025 Political-Security Community Blueprint which calls for, *inter-alia*, promoting ASEAN cooperation in implementing the UNCAC to prevent and combat corruption and strengthening the implementation of domestic laws and regulations against corruption and of anti-corruption practices in both the public and private sectors.
- President Ferdinand Marcos Jr., in his second State of the Nation Address, warned smugglers and hoarders of agricultural goods that the government is intensifying its enforcement efforts.³⁸

Despite these efforts, the country continues to face corruption at all levels and at a considerable scale and scope, from petty bribery to grand corruption, patronage and state capture.³⁹

III. ILLICIT TRADE IN THE PHILIPPINES

Overview

The Philippines faces challenges from illicit trade on multiple fronts, including but not limited to counterfeits of all types, falsified and substandard pharmaceuticals, alcohol, tobacco and petroleum smuggling and several environmental crimes including fishing, mining and logging.

Overall, the Philippines regulatory bodies, institutions and enforcement agencies are well rounded and in line with international standards. Similarly, existing legislation and regulations aimed at deterring illicit trade are generally viewed as adequate.

However, there are several primary challenges that need to be addressed:

- Existing sanctions do not have sufficient deterrent effect, as evidenced by the significant number of repeat offenders. For example, the Philippine legislature passed Republic Act No. 10845, also known as the "Anti-Agricultural Smuggling Act of 2016," which imposes severe penalties for the smuggling of key agricultural products. However, despite a record number of seizures of smuggled agricultural products, to date, no charges have been filed or convictions secured in court.
- Another concern is the slow prosecution of IP infringement cases. The burden falls on the complainant to prosecute the case and obtain a resolution, which can be an arduous process. Criminal cases related to illicit trade often languish with the judicial system for several years before a final decision is reached, with some cases pending for over 10 years. Many cases are dropped due to insufficient evidence, and the lengthy timelines to

obtain a resolution lead to high costs and ongoing payment of storage fees for the complainant.

Other concerns include:

- The lack of sustained enforcement of relevant regulations.
- Weak border control along the Philippines' extensive coastline of the archipelago and the cultural acceptance of patronizing smuggled and counterfeit goods.
- Limited awareness among consumers, who do not perceive counterfeits as a problem but rather as bargains. There is a need for education and awareness campaigns to address this issue effectively.

It is imperative that the Philippines strike the right regulatory balance and demonstrate leadership in the region in combating the threat posed by illicit trade to economic and socio-cultural development. This requires urgent attention, as efforts to fight illicit trade should be seen as investments that yield tangible dividends for economic development and global security.

Counterfeit and pirated goods

The Organization for Economic Co-operation and Development (OECD) and the European Union Intellectual Property Office (EUIPO) identify the Philippines as a key provenance country for the trade in counterfeit goods, ranging from luxury items to pharmaceuticals and baby formula.⁴⁰ The Philippines ranks 15th on the OECD's list of top 25 origin economies.⁴¹ Notably, local Filipino syndicates are cutting the counterfeit

business traditionally dominated by Chinese, although the quality of the Filipino products still lags behind.

The counterfeit trade in the Philippines is driven by a number of factors, including limited law enforcement resources, corruption, and consumer demand for cheaper products – even if counterfeit. Counterfeit goods are often sold in street markets and other informal settings, making it difficult for authorities to crack down on the problem.

Moreover, the surge in counterfeit goods being sold through e-commerce and social media platforms has further complicated the task of identifying the origins of these illicit products.

A recent *Economist Impact* survey found that 77% of respondents from Asia struggled

to distinguish between genuine and illicit goods.⁴² This is particularly the case when sales are made online and fraudulent sellers are using pictures of genuine products or official images from the brand owner to deceive the consumer.

Digital piracy is also a significant issue in the Philippines. The country is one of the world's largest sources of pirated software and media, with illegal copies of movies, music, and software readily available online and in street markets. A 2022 *YouGov Piracy Landscape Survey* commissioned by the Asia Video Industry Association's Coalition Against Piracy found that 61 percent of Filipinos consume pirated content, with 44 percent consuming it through social media and messaging apps like Facebook and TikTok.⁴³

Box 2: The Intellectual Property Office of the Philippines

The Intellectual Property Office of the Philippines (IPOPHL) has unique features that distinguish it from most other IP agencies worldwide. Firstly, it operates directly under the Office of the President, providing it with high level influence and reach. Secondly, IPOPHL has a unique enforcement mandate, allowing it to undertake enforcement functions including the authorization to coordinate raids and seizures of counterfeit goods with the Philippines National Police, the National Bureau of Investigation, the Bureau of Customs (BOC), and local government units.

IPOPHL plays a pivotal role in driving collaboration among government agencies and private sector stakeholders to bolster the protection of IPR rights in the country. In addition to developing and implementing policies, the agency takes an active approach to establishing new enforcement standards and advocating for amendments to the IP Code. For example,

- IPOPHL was instrumental in bringing forth the 2021 e-commerce Memorandum of Understanding (MOU) between e-commerce platforms, including Lazada and Shopee, and several global and local brand owners and business associations. In May 2023, in addition to the UK IP Office, the Pharmaceutical Security Institute (PSI) and INTA, eight more companies joined the MoU making it to a total of 27 signatories.
- In April 2023, IPOPHL announced draft rules on voluntary site-blocking with local ISPs to be implemented later in the year. These new enforcement standards will empower the IP Enforcement Office (IEO) to order ISPs to block access to piracy websites that infringe copyright or facilitate copyright infringement online.

In May 2023, the House of Representatives approved a bill aimed at strengthening the powers and functions of IPOPHL and amending the Intellectual Property Code to address the challenges posed by piracy and counterfeiting in the modern technological landscape. If the bill becomes law, it will grant IPOPHL several new authorities and capabilities, including the authority to visit establishments and businesses suspected of violating RA 8293 and empowering the agency, after due notice and hearing, to disable access to an online location or website and prevent further access to an online location whose primary purpose or primary effect is to infringe the copyright or facilitate copyright infringement.⁴⁴

IPOPHL also carries out awareness campaigns aimed at educating the public about the risks associated with counterfeit goods. Additionally, IPOPHL supports specialized training to judges serving in the Special Commercial Courts and arranges educational workshops for law enforcement officials and prosecutors.

Furthermore, IPOPHL collaborates with international organizations, such as the World Intellectual Property Organization (WIPO) and ASEAN to share best practices and gain access to resources that can aid in the fight against counterfeit goods.

The Philippines Bureau of Customs (BoC) in the last few years has significantly stepped up efforts to enhance trade facilitation including gradual implementation of paperless cross border trade aimed at easing trade and strengthening supply chain integrity. This is also reflected in the UN's *Global Survey on Digital and Sustainable Trade Facilitation 2023*, where the Philippines ranked second among the SEA nations, tying with Malaysia and Indonesia. The BoC has increasingly been relying on advanced digital tools and data-driven processes including continuous enhancement of its Risk Management Systems and implementation of the Electronic Tracking of Containerized Cargo System (E-TRACC).

These measures have contributed to the BoC intercepting significant volumes of counterfeit goods. For example, between January - July 2023, BoC seized smuggled goods worth almost P31 billion.⁴⁵ This includes more than P21 billion of counterfeit goods. Commissioner Bienvenido Rubio called on e-commerce platforms to strengthen measures against fakes sold on their platforms. In July 2023 alone, the BoC intercepted more than P550 million units of counterfeit apparel that was heading to local markets from Dhaka, Bangladesh.⁴⁶

While the Philippine government has made significant strides in improving IPR enforcement, the proliferation of counterfeit and pirated goods remains a persistent problem in Philippine markets.

- Counterfeit goods are widely available for both retail and wholesale purchase in several markets in Manila. Among the most notorious are Greenhills Shopping Center (GSC), Cartimar Shopping Center, Baclaran, and Divisoria. These markets offer a vast array of counterfeit goods, from electronics and fashion items to perfumes and accessories.⁴⁷
- Counterfeiting made up 75 percent of the total IP infringement reports and complaints received by the IP Rights Enforcement Office (IEO) in 2022. The most counterfeited sector was apparel (shoes, clothes, bags, and eyewear) accounting for 62 percent of the total, followed by perfume and beauty products (8 percent), gadgets (8 percent), food (5 percent), home items (5 percent), automotive materials (3 percent), cigarettes (3 percent), and pharmaceuticals/medical products (2 percent).⁴⁸

- Online platforms have emerged as the primary source of IP violations in the Philippines. According to IEO data, Facebook tops the list, being responsible for 61 percent of all online reports and complaints, followed by Shopee, Instagram, and Lazada.⁴⁹ These statistics highlight the pressing need for effective measures to curb IP violations on social media and e-commerce platforms.
- Software piracy continues to be a major concern, accounting for 33 percent of all digital piracy complaints registered by the IEO. Pirated movies, artworks and paintings and ebooks are also illegally downloaded at significant levels.⁵⁰
- The revenue leakage associated with online video piracy is estimated to be around USD 781 million in 2022, as well as threatening 12,000 jobs.⁵¹

Box 3: The Greenhills Shopping Center

San Juan's Greenhills Shopping Center (GSC) in Metro Manila is notorious for counterfeit activities. With over 2,000 indoor and outdoor storefronts, GSC has become a hotbed for counterfeit goods, including electronics, perfumes, watches, shoes, accessories, and fashion items.⁵² The pervasiveness of these illicit products has earned GSC a spot on both the United States Trade Representative (USTR) and EU Commissions' lists of the world's most notorious physical markets for counterfeiting and piracy.⁵³ The extent of the counterfeit trade in GSC is so well-known that there are even *YouTube* tutorials on how to purchase fake goods at the shopping center.⁵⁴

While law enforcement authorities have taken action, including through several high-profile raids, IP right holders report that illicit shop owners often evade such efforts by moving the location of their stalls ahead of investigations. Enforcement efforts are further complicated by the local practice of not issuing receipts nor prominently displaying their business name, making it further difficult for IP owners and police to enforce against such stalls.⁵⁵

Despite these challenges, there have been some recent positive developments. There is an ongoing dialogue among IP owners, the IPOPHL and GSC to identify more effective ways to safeguard and enforce IP rights. For example, the Philippine Retailers Association, of which Greenhills is a member, has committed to a "zero-tolerance approach" to counterfeit products. Enforcement agencies in coordination with GSC management continue to target counterfeit retailers, evidenced by the seizure of P63 million (US\$ 1.1 million) worth of alleged counterfeit goods in a single day.⁵⁶

In response to its inclusion in the USTR 2022 Notorious Markets list, IPOPHL has proposed a work plan to address counterfeit activities in GSC. This includes implementing stricter monitoring of shops and imposing heftier penalties on sellers of counterfeit products.⁵⁷

Substandard and falsified medicines

The Philippines faces an ongoing threat from the inflow and circulation of substandard and falsified pharmaceuticals. This situation is exacerbated by its close proximity to some of the world's largest source countries (e.g., China, Pakistan, and India) of counterfeit, illegally diverted or otherwise falsified pharmaceuticals. Fake drugs found in the Filipino market range from nutrition supplements, cardiovascular and metabolism drugs, counterfeit over-the-counter drugs like paracetamol and cold remedies, to antibiotics, anti-tuberculosis medicines and anti-rabies vaccines.⁵⁸ These counterfeit and substandard medicines present significant health risks Filipino consumers

and undermine the government's efforts to ensure access to safe and effective medicines.

According to a study by the OECD and EUIPO, the Philippines has been listed along with China, India, Vietnam, Indonesia, and Pakistan as a leading source country of falsified medicines.⁵⁹ While these findings correlate with those from the UN Office on Drugs and Crime (UNODC) that identified the Philippines, Indonesia, Thailand and Vietnam as the countries in the region most frequently linked to incidents of counterfeiting or diversion of medicines during 2013–2017,⁶⁰ IPOPHL contends that illegal products are imported into the country from foreign sources, via transshipment schemes.⁶¹

FREQUENCY OF PHARMACEUTICAL CRIMES DETECTED IN ASEAN



Source: *Transnational Organized Crime in Southeast Asia: Evolution, Growth and Impact*, UNODC (2019)

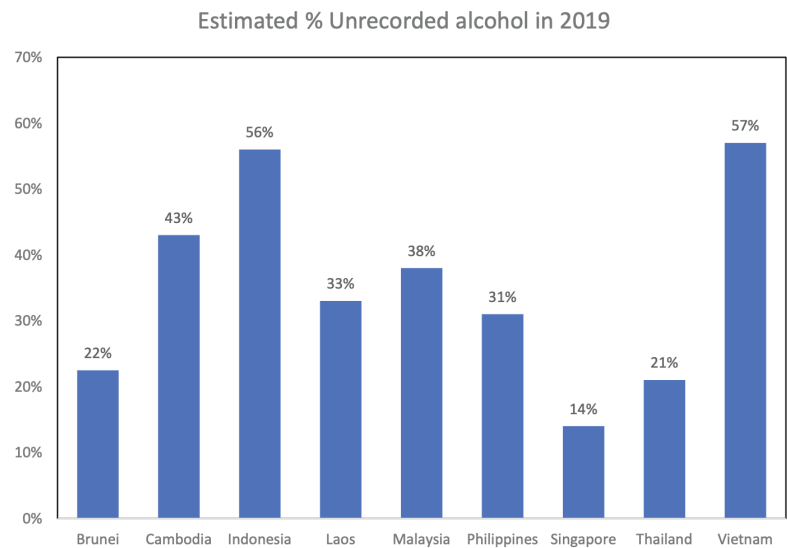
While this issue remains a point of contention, IPOPHL has stepped up its commitment protecting the pharmaceutical supply chain, working with regulatory and enforcement agencies to increase investigations and seizures of counterfeit medicines and pharmaceutical products being sold in the market.

- In May 2023, the Philippine FDA issued advisories warning consumers and pharmacies about the presence of fake versions of popular over-the-counter drugs in the market, including Alaxan, Neozep Forte, Bioflu, Tuseran Forte, Ponstan, Diatabs, Kremil-S, Medicol Advance, and Lomotil.⁶²
- In November 2021, IPOPHL and the Pharmaceutical Security Institute (PSI) signed a Memorandum of Understanding (MOU) to tackle the growing problem of counterfeit medicines and pharmaceutical products in the market. The MOU outlines a framework for capacity building, raising awareness, and sharing relevant information to prevent the sale, distribution, and consumption of counterfeit medicines and pharmaceutical products.⁶³
- In January 2022, the Bureau of Customs' Intelligence Group (IG-BOC) seized P30 million (USD 540,000) worth of counterfeit over-the-counter medicines, including remedies for coughs, flu, and the common cold, as well as paracetamol found in cartons labeled with Chinese characters. This followed another major seizure two months prior, where a warehouse in Pasig City was raided and fake medicines such as Alaxan, Tuseran Forte, Propan, and Diatabs were seized, with an estimated value of P50 million (USD 900,000).⁶⁴
- In March 2022, authorities conducted a successful raid in Ozamiz City, resulting in the seizure of counterfeit medicines

worth approximately P3.5 million (USD 63,000). According to police reports, the confiscated items included two large boxes containing more than 100,000 tablets to treat a range of ailments, including high blood pressure, cystic fibrosis, inflammation, diarrhea, muscle spasms, as well as antibiotics.⁶⁵

Illicit alcohol

Illicit alcohol is a significant problem in the Philippines, particularly in rural areas where regulation and enforcement of alcohol laws are less strict. According to 2021 WHO data, unrecorded alcohol represented nearly one third of total consumption in the Philippines.⁶⁶ More recently, bans and restrictions on the sale / supply of alcohol during the COVID-19 pandemic created additional markets for illicit supplies and



Source: WHO, *The Global Health Observatory* (2021)

strengthened the production and supply capabilities of illicit traders.

The public health costs and personal tragedies resulting from illicit alcohol consumption are staggering. In general, the biggest health concern is consumer exposure to health risks associated with toxic illicit alternatives. Beyond the fact that these illicit substitutes do not comply with sanitary, quality and safety regulations, the most

hazardous are contaminated with toxic, lethal chemicals. Moreover, illicit alcohol is consumed by the most vulnerable segments of the populations, such as people of low socioeconomic status, inhabitants of rural areas, and people with alcohol dependence.⁶⁷

In addition to the health risks, illicit alcohol trade: i) deprives governments of tax revenues that would otherwise have been paid had the goods been sold in approved channels; ii) reduces sales by legitimate, tax-paying businesses and tarnishes their reputation when inferior, illicit products are sold under their brand; and iii) diverts resources to organized crime, which uses proceeds to sustain other illegal activities, undermining the rule of law.

- The Philippine government has taken steps to address the problem of illicit alcohol, including the introduction of the Sin Tax Law (STL) in 2012, which raised taxes on alcohol and tobacco products to fund health programs.⁶⁸
- In December 2019, reports of a methanol contamination in locally produced palm liquor, commonly known as *lambanog*, resulted in the loss of at least 23 lives, with around 300 others hospitalized in the provinces of Laguna and Quezon.⁶⁹ Separate incidents of *lambanog*-related methanol poisoning were also recorded in 2018, leading to the deaths of 21 individuals.⁷⁰

As part of the alcohol sectors commitment to stopping illicit trade, in May 2023, members of the Alcoholic Beverages Alliance of the Philippines (ABAPI) reiterated their pledge to promote a responsible environment in selling alcoholic beverages online. Part of this commitment involved signing the E-commerce Pledge with online shopping platform Lazada. Intellectual Property Office of the Philippines (IPOPHL) Director General Rowel Barba was present during the event and endorsed the value of enhanced cooperation between the public and private sectors to eliminate trade of illicit alcohol in the country.⁷¹

Illicit tobacco

Illicit trade in tobacco in the Philippines is a significant problem, with the latest estimates indicating that illicit cigarettes make up as much as 16 percent of the market.^{72/73} According to Senator Sherwin Gatchalian, citing Euromonitor data, the illicit trade in tobacco is expected to climb even further, potentially reaching as high as 21 percent by the year 2025. Additionally, it is projected that the estimated excise revenue loss resulting from illicit cigarettes could surge to P127 billion by 2025.⁷⁴

For the most part, these illicit products are smuggled without payment of import duties, or they are manufactured locally but sold without tax stamps signifying correct excise payments. An emerging concern is clandestine manufacturing of illicit cigarettes in free trade zones and use of fraudulent transshipment schemes to facilitate illegal importation of unregistered and non-tax paid cigarettes. Illicit tobacco trade also destabilizes the waning local tobacco farming sector.

Collectively, these illicit activities result in substantial financial losses for the government. The Philippines Bureau of Internal Revenue (BIR) reported losses of around PHP 500 billion annually, of which they report PHP 100 billion (USD 1.8 billion) is the result of tax evasion on cigarettes.⁷⁵ BIR also reports the involvement of organized crime syndicates.⁷⁶

In contradiction of WHO guidelines and the provisions of BIR Memorandum Circular No. 49-2023,⁷⁷ which sets a minimum price (i.e., P114.60 per pack), local retailers continue to openly display and sell smuggled cigarettes at much lower retail prices (ranging from P45 to P60 per pack).⁷⁸ In most cases, the illicit packages do not even carry the (graphic) health warnings, as mandated by Republic Act No. 10643.

Box 4: Free Trade Zones & Transshipment

In 2021, the Philippines Department of Finance called for stricter regulations and enhanced law enforcement to combat illicit cigarette manufacturers operating within Free Trade Zones (FTZs).

Specifically, (former) Finance Secretary Carlos Dominguez III expressed concerns over illicit activities (i.e., illicit cigarette manufacturing) occurring within the Philippines Economic Zone Authority (PEZA). He emphasized the incongruity in the actions of Zone operators that could simultaneously facilitate illicit trade while enjoying tax benefits.⁷⁹

The rampant smuggling of essential commodities and agricultural products, such as cigarettes, has raised concerns about transshipment permits that are used to evade the necessary bonds from the BOC or the BIR to channel products into the domestic market.^{80/81} This exploitation of regulatory loopholes calls for an urgent correction. Additionally, Philippines must work with its trading partners to harmonize import and export and policies to better prevent the entry of illicit goods into its domestic market.

Untaxed, unregulated illicit tobacco products present “extra-negative” risks to consumers:

- Extended health risks due to the inclusion of spurious or toxic ingredients.⁸²
- Low-priced illicit tobacco products undermine tobacco controls to reduce the uptake of tobacco by youth and adults from low-income groups.⁸³
- Lost sales tax revenues drain funding for anti-smoking campaigns and healthcare.⁸⁴ This is particularly relevant in the Philippines, where around 85 percent of incremental tax revenues collected from excise tobacco (and alcohol) taxes under Republic Act No. 10351⁸⁵ are earmarked for the health sector.⁸⁶

The Philippines has taken notable steps to address illicit tobacco trade. In 2017, following a joint campaign by the Bureau of Internal Revenue (BIR) and Customs (BOC), the government pressed criminal charges against the Mighty Corporation – at the time it was the second largest cigarette manufacturer in the Philippines – for illegally manufacturing and distributing large amounts of cigarettes, including some with counterfeit BIR tax stamps. As a result of the investigations the company was forced to close its operations and sell its business to pay for the historic P30.4 billion (USD 548 million) settlement.⁸⁷

More recent efforts include a legislative proposal to amend Republic Act No. 10845, otherwise known as the *Anti-Agricultural Smuggling Act of 2016*, to include large-scale agricultural smuggling of tobacco and other tobacco products as a crime of economic sabotage.⁸⁸ The measure would increase the maximum jail term for smugglers from 12 to 40 years,⁸⁹ as well as include a fine calculated as twice the fair value and the aggregate amount of the taxes, duties and other unpaid charges of smuggled items.

Citing illicit tobacco trade as a major obstacle for BIR to meet its excise product collection targets, commissioner Romeo Lumagui has recently committed to reduce the current 20 percent excise tax deficit by half through more aggressive enforcement activities.⁹⁰ Commissioner Lumagui also led two nationwide crackdowns against non-compliant businesses, which demonstrated the strong commitment and continuing efforts of the government to combat illicit trade.⁹¹

Despite these positive steps, more sustained law enforcement actions are required to address illicit tobacco and nicotine trade in the Philippines.

- Cigarettes are exported from Indonesia to several countries in the region, predominantly the Philippines through

ports such as Nunukan and Tarakan. The brands declared for export to the Philippines are often not registered with the Philippines's Bureau of Internal Revenue, a mandatory requirement for cigarettes to be sold legally in the country.⁹²

- Illicit cigarettes are also frequently shipped from Cambodia, Vietnam, and China, and enter the Philippines through Sulu and Tawi-Tawi.⁹³
- Illicit tobacco trade increased during the COVID-19 pandemic. According to the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) revenue loss from illegal tobacco trade increased significantly from P406 million (USD 7.3 million) in 2019 to P3.1 billion (USD 59.3 million) by the end of 2020.^{94/95}
- The Philippines has also seen a surge in illicit vaping products.⁹⁶ Proper implementation of the *Vaporized Nicotine and Non-Nicotine Products Regulation Act*, which became law in July 2022, is critical for mitigating the influx of illicit e-cigarettes and heated-tobacco products. The Act regulates the importation, manufacture, sale, packaging, distribution, use and communication of vaping products. Moreover, under the law's implementing rules and regulations, e-commerce platforms and e-marketplaces are required to allow only government-registered distributors, merchants and retailers of vape products, devices and novel tobacco products to sell on their platform.
- In March 2023, the Department of Trade and Industry (DTI) through the Consumer Protection Group (CPG) met with e-commerce platform representatives to address the proliferation of prohibited vaporized nicotine and non-nicotine products being advertised and sold online despite the ongoing monitoring and enforcement efforts. In response to the dialogue, Shopee reported to have taken down one million prohibited vape

listings from their platform,⁹⁷ with other consumer groups appealing to Lazada to follow and comply with the law for the protection of adult consumers from the dangers brought by unregistered and substandard products.⁹⁸

- Between January – July 2023, Customs seized tobacco products worth almost P 1.9 billion.⁹⁹ In February 2023, Customs discovered P90 million (USD 1.6 million) worth of smuggled cigarettes comingled with sugar and in five container vans at the Manila International Container Port (MICP).¹⁰⁰
- In March 2023, Customs at the Port of Cagayan de Oro stopped an attempt to smuggle two containers of cigarettes valued at P160 million. The month before authorities, seized P600,000 (USD 10,700) worth of undocumented cigarettes in Dipolog City, Zamboanga del Norte and another P2 million (USD 36,000) worth of smuggled cigarettes in Cauayan, Negros Occidental.¹⁰¹
- In March 2023, the BOC and Customs Intelligence and Investigation Service at the Manila International Container Port (CIIS-MICP) raided a warehouse in Indanan, Sulu, and seized some 19,000 cases of alleged smuggled cigarettes with an estimated market value of P1.425 billion (USD 25.6 million). To conduct the inspection, the team presented a Letter of Authority (LOA) issued by Customs Commissioner Bienvenido Rubio. The seized smuggled cigarettes were promptly transported to the Port of Zamboanga using a Philippine Navy vessel and subsequently destroyed, ensuring their removal from circulation.¹⁰²

Illicit trade in petroleum products

Fuel smuggling, colloquially known as “*paihi*”, has been a long-standing problem in the Philippines and refers to the illegal trade

of petroleum products, such as gasoline, diesel, and liquefied petroleum gas (LPG). Along with associated money laundering and illicit financial flows, this illegal activity severely undermines tax collections and the effectiveness of the tax system.¹⁰³ According to a study by the Asian Development Bank (ADB), smuggling and misdeclaration of petroleum products costs the country as much as P37.5 billion (USD 675 million) annually in lost tax revenue from excise and value-added taxes.¹⁰⁴ This poses a significant challenge for the government in terms of revenue generation and the ability to provide necessary public services.

To address the significant revenue losses caused by fuel smuggling in the Philippines, the Government launched a fuel marking program in 2019 under the Tax Reform for Acceleration and Inclusion (TRAIN). This system involves adding a chemical marker to all refined, manufactured, or imported petroleum products that are subject to duties and taxes. The absence of the dye indicates that the fuel may be smuggled, allowing authorities to more easily identify and prosecute smugglers. The government continues to incur roughly P44 billion (USD 800 million) in annual revenue loss from unabated smuggling activities in the deregulated downstream oil industry, according to the Philippine Institute of Petroleum.¹⁰⁵

Agricultural smuggling

Agricultural smuggling is a significant and growing issue in the Philippines, with serious implications for Filipino farmers and the wider economy. The unfair competition created by the sale of smuggled goods such as rice, vegetables, poultry, and livestock at much lower prices than locally produced goods lead to a distortion in prices, causing harm to farmers who struggle to compete in the market. Additionally, smuggled crops and livestock can introduce diseases that threaten the health and security of the food supply chain because they are not subject to sanitary inspections or are not imported in

compliance with local regulatory standards.

The practice of agriculture smuggling is driven by several factors, including corruption, weak law enforcement, and consumer demand for cheaper imported products. Elevated levels of inflation have exacerbated the situation by increasing the demand for cheaper smuggled goods.¹⁰⁶ Recently, Customs seized almost P1 million worth white onions¹⁰⁷ and P35m worth of spoiled meat products¹⁰⁸ in July 2023. Earlier the same year, the Customs seized onions worth P18.6 million.¹⁰⁹

To combat this problem, various anti-smuggling agencies have been established, including the Bureau of Customs Anti-Smuggling Task Force,¹¹⁰ the Compliance and Regulatory Enforcement for Security and Trade Office (CREST-O) under the Department of Agriculture¹¹¹ and the Anti-Smuggling Committee (ASC) of the Federation of Philippine Industries (FPI).¹¹² However, large-scale agricultural smuggling – defined as the illegal importation of at least P10 million (US\$ 180,000) worth of rice or at least P1 million (US\$ 18,000) worth of other agricultural products – remains a major challenge for the country's agricultural sector.¹¹³

Consequently, there is a renewed push to enact the Anti-Agricultural Smuggling Act, supported by both Houses of Congress. The measure is among the 20 bills slated for approval by Congress in 2023, which were identified during the 2nd Legislative-Executive Development Advisory Council (LEDAC). It would institutionalize and improve mechanisms, as well as provide more stringent penalties that would serve as a strong deterrent against smuggling of agricultural products. Aside from agricultural smuggling, the bill will address hoarding, profiteering, cartel, and other market abuses as punishable acts. It also covers farm commodities being smuggled into the country such as sugar, corn, pork, poultry, garlic, onion, carrots, fish, and cruciferous vegetables as well as tobacco.¹¹⁴

IV. ENVIRONMENTAL CRIMES

Illegal, unreported and unregulated (IUU) fishing

Illegal, unreported and unregulated (IUU) fishing poses a dual threat to the Philippines as it undermines efforts to manage fisheries sustainably while also endangering food security and jobs in coastal communities.

The archipelagic nature of the Philippines along with its extensive coastline make it particularly vulnerable to IUU fishing. And its limited resources and capacity to patrol its waters effectively contribute to the problem, providing ample opportunities for illegal fishing vessels to evade detection and prosecution.

Although efforts have been taken by the Philippine government, such as the *National Plan of Action Against IUU Fishing* (in 2015), illegal fishing remains a significant challenge in the country, leading to significant economic and environmental consequences. According to the Philippine IUU Fishing Assessment Report 2022, illegal fishing amounted to 27 to 40 percent of fish caught in 2019 in the Philippines, which translates to approximately P62 billion (US\$ 1.1 billion) annually.¹¹⁵ Moreover, at least 30,000 or 30 percent of municipal vessels remain unregistered, and commercial fishers do not report up to 422,000 metric tons of fish each year.

A 2023 study on governance in the Philippine fisheries revealed that the country is falling short of meeting most of the ten principles outlined in the Environmental Justice Foundation's (EJF) Charter for Transparency. These principles aim to ensure that seafood supply chains have traceability and other measures in place to prevent IUU fishing, as well as human rights abuses.¹¹⁶

Human trafficking and forced labor

IUU fishing in the Philippines is also linked with trafficking in persons for the purpose of forced labor.¹¹⁷ Unfortunately, there are numerous reports of forced labor and hazardous child labor in the context of IUU fishing, underscoring the high risk of such labor practices in this sector.^{118/119/120}

Widespread problems with IUU fishing, along with the intrusion of foreign industrial vessels into municipal waters designated for small fishers, exacerbates the risk of forced labor as dwindling catches and profits in coastal waters compel vessels to venture further out to sea for longer durations, placing small-scale fishers at a greater risk of exploitation.^{121/122} Additionally, the use of transshipment can exacerbate this issue, with reports documenting instances of some fishers working up to 20 hours a day, 7 days a week, and remaining isolated at sea for months with minimal sustenance.¹²³

The identification of forced labor on fishing vessels will need to be prioritized, and the number of labor inspectors from the Philippines Department of Labor and Employment will need to increase if the Philippines intend to conduct sufficient inspections of fishing vessels necessary to stop forced labor.^{124/125}

Illegal mining

The Philippines ranks as the world's fifth most mineral-rich nation, with mineral resource assets valued at more than USD 1 trillion. It holds the third largest reserves of gold, fourth largest of copper, fifth largest of nickel, and sixth largest of chromite.¹²⁶

However, the country is plagued by illegal mining activities estimated at USD 700 million a year.¹²⁷ Illicit mining has been a significant problem for decades, robbing the government of significant tax revenue, while costing the legitimate mining industry millions in production loss and security expenditures. This illicit activity is supported by widespread corruption, which provides a way for illegal mining operators to go undetected, bypass regulations and evade law enforcement.¹²⁸

Small-scale mining, also known as artisanal mining, is one of the most prevalent forms of illegal mining in the Philippines and is often carried out by individuals or small groups of miners using crude and unsafe methods to extract gold, copper, and other minerals. These activities are typically conducted in remote areas and have been associated with child labor, poor working conditions, and high rates of accidents and fatalities. The government estimated in 2017 that 60-70 percent of small-scale miners in the country operate illegally, many of them digging for gold, silver and chromite.¹²⁹

The Philippine government has implemented several measures to address illegal mining and the use of child labor, including increased enforcement of environmental regulations and the closure of illegal mining operations. Despite such efforts, an estimated 2.1 million children work in activities such as gold mining. Out of tens of thousands of mining sites, only 12 are recognized as legal. When a mine is not legal or unregistered, workers are not afforded the same protection as in legitimate enterprises in terms of labor laws and health regulations.¹³⁰ However, the problem persists due to a lack of resources and enforcement capacity, corruption, and the high demand for minerals in the global market.¹³¹

Illicit timber trade

Illegal logging has taken a heavy toll on the Philippines' ancient forests, with forest cover plummeting from 21 million hectares, or

70% of its land area, in 1900 to about 22% (6.5 million hectares) in 2007 according to the National Forest Management Bureau.¹³² Although the government prohibited timber harvesting over 20 years ago, widespread illegal logging continues and contributes to 47,000 hectares of rainforest lost each year, an area roughly equivalent to 90,000 football fields.¹³³

The economic effects of illegal logging are significant, including foregone taxes for the government and a decrease in timber prices for the legal forest industry due to the cheap supply of illegal timber in the domestic market.¹³⁴ Additionally, illegal logging often occurs in environmentally protected areas, leading to biodiversity losses and decreased water quality, which can harm the livelihoods of communities dependent on these resources.

Illegal logging is a major contributor to deforestation in the Philippines, and it also has a destructive impact on the forest ecosystem. By illegally removing trees from the forest, loggers disrupt the protective function of the forests, which can lead to landslides and flooding. The disastrous landslide in 2004 that resulted in the deaths of 1,800 people in Quezon Province is an alarming example of how illegal logging contributes to environmental degradation and can exacerbate the effects of natural disasters.¹³⁵

The introduction of laws and enforcement measures against illegal logging and the creation of enforcement taskforces have been helpful. For example, intensified anti-illegal logging efforts conducted by the Department of Environment and Natural Resources (DENR) have led to confiscations of illegal logs and lumber products.^{136/137} Nonetheless, corruption, weak governance and insufficient funding severely limit the ability to stamp out illicit logging.¹³⁸

Wildlife trafficking

The Philippines is home to a rich diversity of flora and fauna, including many endangered species. Unfortunately, this also makes it a target for wildlife traffickers who seek to profit from the illegal capture, transport, and trade of rare plants and animals, as well as their body parts and products.

The Philippines is a consumer, source, and transit point for illegal wildlife trade.¹³⁹ Many of the animals trafficked in the Philippines are endangered or threatened species, including the Southeast Asian box turtle, the Philippine slow loris, the Philippine cockatoo, the Palawan Forest Turtle, and various species of sharks and rays. The list of other wildlife commonly trafficked in the Philippines goes on to include birds, reptiles, and mammals like monkeys and pangolins.¹⁴⁰

The value of illegal wildlife trade in the Philippines is estimated at P50 billion (USD 900 million) a year, which includes the market value of wildlife and its resources, their ecological role and value, damage to habitats incurred during poaching, and loss in potential ecotourism revenues.¹⁴¹

The reasons behind wildlife trafficking in the Philippines are varied. Some animals are trafficked as exotic pets, while others are sought after for their meat, skins, or bones. Shark fins and manta ray gills, for example, are highly valued for their supposed medicinal properties.

In addition to posing a significant threat to the Philippines' biodiversity and ecological balance, wildlife trafficking also has a negative impact on local communities that rely on the natural resources of their environment for their livelihoods. Additionally, wildlife trafficking is linked to other forms of organized crime and can contribute to the spread of zoonotic diseases.

Notably, there has been a clear shift from physical marketplaces to e-commerce websites and social media platforms in recent years. Social media apps are now the preferred medium for the sale of critically endangered Philippine wildlife.¹⁴² From January-May 2021, Facebook cumulatively removed more than 1,953 Facebook groups linked to prohibited wildlife sales operating in the Philippines and Indonesia.¹⁴³

Illicit waste

The Philippines faces a significant problem with illicit waste, which can be characterized as the illegal disposal of hazardous and non-hazardous waste, including electronic waste (e-waste) and plastic waste. In the past two decades, there have been several high-profile cases of illegal waste trade in the country.¹⁴⁴ The illicit disposal of waste in the Philippines has severe environmental and health consequences. The toxic chemicals and materials in e-waste and hazardous waste can contaminate soil and water sources, leading to long-term health risks for local communities. The plastic waste, which is often burned, also contributes to air pollution and global climate change.

One of the major contributors to this problem is the influx of imported waste from developed countries, which is often falsely declared as "recyclable materials" but is actually non-recyclable waste. Patterns of mis-declaration, falsified documents, fake businesses, and loose regulatory systems have enabled illegal waste importation to prosper in the country.¹⁴⁵ Complicating matters, illicit waste flows can be concealed within controlled or authorized transboundary movements of goods and the line between legal and illegal activities in the trafficking of waste is often blurred, with the same actors, methods, and practices involved frequently intersecting.¹⁴⁶

According to the United Nations Environment Programme (UNEP), Asia is the “world’s largest dumping ground” for illegally traded waste.¹⁴⁷ This situation is particularly alarming given that the region already generates an enormous amount of plastic waste. A recent report revealed that China, Indonesia, the Philippines, Thailand, and Vietnam have dumped more plastic into the oceans than the rest of the world combined.¹⁴⁸

Despite and in contravention of international and national regulations, large amounts of illegal waste shipments reach the Philippines each year. The situation in the region worsened following China’s decision in 2018 to ban imports of any plastic scrap that was not 99.5% pure, forcing many exporters to divert this waste to Southeast Asian countries where they have found new buyers.¹⁴⁹

V. POLICY RECOMMENDATIONS TO COMBAT ILLICIT TRADE

Illicit trade poses a major challenge in the Philippines, causing a range of detrimental effects and being associated with several offences such as tax evasion, fraud, money laundering, and corruption. Tackling a multifaceted problem like illicit trade requires approaches that build on opportunities for domestic coordination and international cooperation, and that involve both public and private sector actors.

Prevent the flow of illegal goods across borders

The role of the Bureau of Customs (BOC) in combatting illicit trade in the Philippines cannot be overstated. As an island nation with a vast coastline of over 36,000 kilometers and comprising 7,107 islands, the Philippines faces significant challenges in securing its borders. This is compounded by the 5.5 million TEU¹⁵⁰ of maritime containers that pass through its ports each year, especially the Port of Manila and the Manila International Container Terminal.

The BOC has made significant strides in combating illicit trade. In the first half of 2023, the BOC's enforcement and intelligence groups conducted 661 operations, significantly higher as compared to 293 joint operations in the first half of 2022,¹⁵¹ leading to the confiscation of smuggled items worth P30.5 billion.¹⁵² These developments are encouraging, as is the BOC's commitment to meeting President Marcos' four directives to surpass revenue collection targets, simplify trade facilitation, curb all forms of smuggling, and uplift the morale of BOC employees.¹⁵³ This year, the BOC also introduced its '5-Point Priority Program' to enhance (i) digitalizing customs processes, (ii) surpassing revenue collection targets,

(iii) simplifying procedures, (iv) facilitating secure trade, and (v) curbing smuggling.

Strengthen the customs environment.

Customs and other border control agencies have a key role in combating illicit trade, with officers on the front-line conducting inspections and detecting and seizing illicit goods at import and export. Robust and clean customs agencies that are effectively trained and equipped to follow risk-management approaches and processes contribute strongly to combating illicit trade.

Tighten enforcement measures on goods in transit and transshipment. It is critical that authorities intercept illicit goods in transit/transshipment. For example, it is comparatively easy for Customs to inspect and intercept large quantities of counterfeit and illegal products transiting/transshipping through a particular port as compared to when it has already dispersed to reach multiple consumer markets.

Focus on stopping the flow of falsified medicines. To address the Philippines' reputation and role in the global trade of falsified medicines, IPOPHL and other relevant agencies must continue to make concerted efforts to strengthen measures that prevent the transit of these products through the country. This requires increasing surveillance and working with international partners to disrupt the illicit supply chain of falsified medicines.

Broaden scope of authority. Customs regulations should be amended to allow BOC to intercept the export of illicit goods. At present, only imports are covered by customs regulations.

Take proactive measures to protect the Philippines from illicit goods transiting through Free Trade Zones (FTZ). Also known as free ports, FTZs play an important role in the movement of illicit goods across the region. A lack of oversight, poor customs controls, particularly on goods in transit, and light regulation in FTZs can contribute to illicit trade. To deter abuse of FTZs as conduits for illicit trade, the OECD has published a set of Recommendations on Enhancing Transparency in Free Trade Zones for use by OECD member states. The recommendations are accompanied by a Code of Conduct for use by FTZ operators.¹⁵⁴ Philippines should consider adopting the government recommendations and promoting the Code of Conduct to the FTZs within its jurisdiction. Additionally, the BOC, BIR and FTZ administrations should harmonize import/ export regulations in accordance with the Corporate Recovery and Tax Incentives for Enterprises Act or the CREATE Act. The CREATE law recognized and reiterated the concurrent jurisdiction of the Department of Finance (DOF), the BIR, and BOC over companies in economic zones and freeport zones. Thus, the importation and exportation of tobacco products, including those in FTZ, need to strictly adhere to tax and regulatory requirements,

including the registration of brands, payment of taxes (for domestic) or bond (for export), affixture of tax stamps, compliance with mandated Graphic Health Warnings, and all the other fiscal and regulatory markings mandated by law. These ensure that cigarette products are authentic, tax-paid, and can be lawfully sold, imported into or exported out of the Philippines.

In line with this, the recently updated BIR RMC No. 57-2023 includes several newly registered tobacco manufacturers and importers operating under the Philippine Economic Zone Authority (PEZA). It is essential for the BIR to closely monitor these entities by appointing revenue officers to be present at the manufacturing locations. This on-site presence can better enable more effective oversight of product registration requirements.

Empower customs officials with advanced tools and knowledge. To effectively combat illicit trade, it is imperative that customs officials receive proper training and equipment. Furthermore, bolstering the BOC's intelligence and enforcement capabilities, including the implementation of advanced risk management systems, is crucial to creating a sustainable and effective anti-illicit trade framework.

Box 5: Risk management as a tool to tackle illicit trade

Customs administrations and regulatory authorities worldwide face the challenge of quickly processing a growing volume of import, export, and transit transactions while maintaining adequate controls to detect customs fraud and other illicit trading activities. One approach to achieving this balance is the use of risk management systems that rely on targeted criteria to identify suspect imports. These systems aim to identify reliable operators and low-risk transactions that may benefit from greater facilitation, while targeting transactions that require higher levels of control.¹⁵⁵ The UNODC and WCO Container Control Programme (CCP), which the Philippines has participated in since 2017, is one such program that contributes to securing the global supply chain and combating illicit trade. The most recent CCP Port Control Unit (PCU) was established in November 2022 at the Port of Davao, improving the risk management system's ability to target high-risk consignments and transactions.¹⁵⁶

Improve regional cooperation

The Philippines' strategic location at the crossroads of major trade routes in Southeast Asia makes it well-positioned to play a leadership role in the region when it comes to combatting illicit trade and promoting a culture of compliance and good governance.

To effectively combat illicit trade, it is necessary to strengthen cooperation with neighboring countries and address issues related to informal cross-border trade, smuggling, tax policies, and subsidy alignments during forthcoming bilateral and multilateral trade negotiations. For example, the Regional Comprehensive Economic Partnership (RCEP) has the potential to enhance economic integration in the region, but it also presents new challenges when the removal of trade barriers creates opportunities for illicit trade activities. Therefore, proper border monitoring is crucial to prevent the Philippines from becoming a smuggler's paradise.¹⁵⁷

By taking a leadership role in these efforts, the Philippines can contribute to the establishment of a more sustainable and effective anti-illicit trade framework in the region. This, in turn, can promote economic growth, enhance regional security, and foster a culture of compliance and good governance.

Strengthen cooperation with neighboring countries to address informal cross-border trade, smuggling and alignment of tax and subsidy policies. Variations in tax rules and rates between countries can create price differentials for goods, providing incentives for smugglers to transport them across borders into higher priced markets. This illicit activity can undermine government revenues, distort markets, and create an uneven playing field for businesses operating within the region. Multi-lateral arrangements such as the Indonesia-Malaysia-Philippines Trilateral Cooperative Arrangement can provide valuable

mechanisms for strengthening cooperation between ASEAN countries to fight illicit trade.

Specifically add illicit trade to the program the ASEAN CECWG. The Philippines' participation in the ASEAN Customs Enforcement and Compliance Working Group (CECWG) is an effective way to coordinate controls, implement regional standards or address issues such as fraud and corruption. The Philippines could propose that the CECWG take up focused work on illicit trade.

Harmonize import and export policies to address loopholes and ambiguous policies. For example, the Philippines should require export products to be compliant with the regulations of destination countries; and that products entering the country are in compliance with domestic regulations.

Engage in international law enforcement and customs cooperation, both bilaterally and within available multilateral mechanisms such as through INTERPOL, the World Customs Organization (WCO) and WCO-UNODC Container Control Program. These initiatives facilitate information sharing, capacity building, and the adoption of best practices among customs officials across different countries and regions. Notably, the success of WCO's 'Project Crocodile' highlights the crucial role of robust and coordinated cooperation. This collaborative effort is characterized by timely information sharing, notifications regarding suspicious cigarette shipments, and diligent tracking and monitoring, yielding significant results in the fight against illicit tobacco trade.

Continue to demonstrate leadership in ASEAN to strengthen its international cooperation and implementation of its portfolio of tools to combat illicit trade across borders.

Box 6: ASEAN

The Philippines is a committed member of the Association of Southeast Asian Nations (ASEAN) and recognizes the urgent need to combat illicit trade in the region. The country participates in various ASEAN-led initiatives and programs aimed at strengthening regional cooperation and coordination to address illicit trade. For example, the Philippines is party to the ASEAN Agreement on Customs, which seeks to enhance customs cooperation and enforcement in the region. The country also participates in the ASEAN Single Window initiative, which aims to streamline customs procedures and reduce trade barriers to facilitate legitimate trade while deterring illicit trade activities. Additionally, the Philippines has enacted domestic laws and regulations that align with ASEAN's objectives to combat illicit trade.

These efforts are critical in defending the region from destructive forces that interfere with the aspirations for peace, security, and stability. For instance, the ASEAN Regional Forum has established a Work Plan for Counter Terrorism and Transnational Crime and a Work Plan for Maritime Security. Additionally, initiatives like the ASEAN Rapid Alert System for Food and Feed (ARASFF), ASEAN Wildlife Enforcement Network (ASEAN-WEN), ASEAN Network for Combating IUU Fishing (AN-IUU), and the ASEAN Working Group on Illicit Trafficking in Wildlife and Timber are also underway.

Under IPOPHL's guidance, the Philippines has taken a leading role in promoting intellectual property rights in the ASEAN region. IPOPHL serves as chair of the ASEAN Working Group on Intellectual Property Committee (AWGIPC), which aims to strengthen collaborations between the ASEAN IP offices on pressing IP issues and harness the IP system for a resilient post-pandemic recovery. Moreover, the Director General of IPOPHL, Mr. Barba, serves as Chair of the ASEAN Network of IP Enforcement Experts (ANIEE) and the Philippines leads the way in 13 out of 19 initiatives under the ASEAN IP Rights Action Plan 2016-2025.

By sharing knowledge and best practices, working together with other ASEAN member countries to develop policies, and enhancing border management capabilities, the Philippines can ensure that the region is better equipped to prevent and address the negative impacts of illicit trade.

Invest in enforcement

Enforcement bodies often face limited resources, persistent capacity constraints, and skills shortages, making it difficult for them to monitor and detect increasingly complex illicit trade activities effectively. Increasing funding for enforcement bodies is critical to improving their capacity to combat illicit trade.

With adequate funding, enforcement bodies can expand their operations, hire additional personnel, and invest in technology and equipment to enhance their effectiveness. Education and training programs should focus on developing specialized skills, such as data analytics, intelligence gathering, and

risk management, to improve enforcement bodies' capabilities. In addition, promoting capacity building and joint training opportunities and exercises can ensure that regulators and enforcement bodies understand the constraints and expectations of other agencies.

In recent years, the Philippines has been making great progress in promoting and protecting IPRs. For example, MoUs with law enforcement, brand owners and platforms to cooperate in tackling counterfeiting online have yielded good results. While key IPR legislation is in place, the enforcement of these provisions needs to be strengthened and streamlined to ensure

efficiency. One significant challenge is the prolonged duration of criminal proceedings, with some cases extending beyond a decade. This protracted timeline places a significant financial burden on complainants, who must bear high costs of litigation and pay ongoing storage fees. Consequently, brand owners may choose to forego pursuing criminal charges, even in the presence of compelling evidence of infringement, due to the excessive financial costs.

Storage costs have also emerged as a significant obstacle faced by BIR in the fight against illicit trade, with Deputy Commissioner Maridur V. Rosario calling on congress to allocate an additional budget specifically for the storage of illicit goods and confiscated machinery obtained during the agency's anti-illicit trade operations.¹⁵⁸

Strengthening interagency and interdepartmental cooperation is essential in the fight against illicit trade. The Philippines has emerged as a regional leader in promoting domestic cooperation, particularly in IP coordination because of the successful enforcement work done by the IPOPHL and the NCIPR. The creation of the Philippine Operation Group on Ivory and Illegal Wildlife Trade (POGI) and regular meetings between representatives of Philippine Customs and the Department of Environment and Natural Resources to address illegal waste importations are other good examples of successful interagency cooperation. Similarly, the recent MOU signed between IPOPHL and the Manila International Airport Authority (MIAA) train airport personnel to spot counterfeit and pirated goods represent¹⁵⁹ an example of how collaborations can improve detection and enforcement efforts.

Such cooperation should be promoted across all agencies responsible for combating illicit trade by raising awareness, allocating necessary resources, and enforcing anti-illicit

trade regulations, especially in the areas of untaxed and unregulated imports.

Invest in enforcement bodies to improve their capacity and capabilities. Ensure that law enforcement officials are regularly trained on illicit trade-related laws and regulations, evidence collection and preservation and assembling case files. Increasing funding and specialized training programs are critical to enhancing the capacity of enforcement bodies to combat complex illicit trade activities, which face persistent capacity constraints, skills shortages, and limited resources. The government could consider earmarking a portion of excise collections from excisable goods as a possible source of funding to bolster law enforcement agencies.

Expedite the adjudication process. Efforts should be made to reduce the duration of criminal proceedings. The 2020 Revised Rules of Procedure for Intellectual Property Rights Cases is a step in the right direction. Additional efforts must be made to ensure that the Special Commercial Courts handling IP rights cases have sufficient capacity and resources, and that judges and court personnel have adequate training.

Minimize or subsidize the costs of storing or destroying counterfeits to minimize the burdens on legitimate business for paying the high storage and destruction fees of infringing products that are not theirs.

Promote interagency and interdepartmental cooperation at the national level. Increased coordination across agencies responsible for trade, health, economy, security, finance licensing/ inspecting commercial activities and law enforcement (notably customs and police) is critical for addressing the multifaceted problem of illicit trade.

Box 7: The National Committee on Intellectual Property Rights (NCIPR)

National Committee on Intellectual Property Rights (NCIPR) serves as an excellent example of successful intergovernmental coordination efforts to combat counterfeiting and piracy. Created in 2008 through Executive Order No. 736, the NCIPR is a coordinating interagency body that formulates and implements plans and policies to enhance the protection and enforcement of intellectual property rights (IPR) in the Philippines.

Comprising 15 members with the Department of Trade and Industry as chairman and the IPOPHL as vice-chairman and secretariat, the NCIPR has various functions, duties, and responsibilities aimed at improving the protection and enforcement of intellectual property rights (IPR) in the Philippines.¹⁶⁰ The NCIPR's mandate includes intensifying public information and education campaigns to promote the importance of IPR to national development and global competitiveness. It also aims to enhance the enforcement against IPR violations and provide adequate resources to ensure the prosecution of pirates and counterfeiters. The committee works to improve the adjudication of IP cases by maintaining appropriate coordination with the judiciary.

Moreover, the NCIPR is responsible for proposing policy and legislative measures related to IP laws that are in compliance with the Philippines' international obligations under treaties and agreements. The committee maintains a database and enforcement monitoring system and submits quarterly reports to the President, Executive Secretary, and Cabinet Secretary.

Through the collaborative efforts of its member agencies, the Philippines remained off the United States Trade Representative (USTR) Special 301 Watchlist for eight consecutive years since 2014. The Philippines also remained off the latest European Union (EU) IPR Watchlist released on April 27, 2021, marking five years since the last mention of the country in 2019.¹⁶¹

The effectiveness of the NCIPR is evidenced by a significant increase in seizures. Over a 10-year period from 2008 to 2018, the value of seized counterfeit goods grew by an average of 55% annually. In 2021, the NCIPR made a historic achievement by seizing almost P25 billion (US\$ 450,000) worth of counterfeit goods, the biggest haul ever in its fourteen-year history.

Improve criminal deterrence

By improving criminal deterrence, the Philippines can send a stronger message to illicit traders that their activities will not be tolerated. This can serve as a deterrent to potential offenders and reduce the demand for illicit goods. The increase in enforcement efforts can also disrupt the supply chain of illicit trade and reduce its profitability, making it less attractive for criminal organizations. Furthermore, the effective enforcement of anti-illicit trade laws can increase public trust in the government and enhance the country's reputation as a reliable trading partner.

Examples include recent efforts to amend Republic Act (RA) No. 10845, otherwise known as the Anti-Agricultural Smuggling Act of 2016, to include large-scale agricultural smuggling of tobacco and other tobacco products as a crime of economic sabotage.¹⁶²

Similar proposals seek to strengthen Republic Act (RA) 9147 otherwise known as the Wildlife Resources Conservation and Protection Act, allowing for more comprehensive management and conservation of the country's wildlife resources.¹⁶³ These proposals include amendments to make wildlife crime a

transnational offense, increase fines and penalties for wildlife violations (up to 20 years for wildlife trafficking), and expand the roles and responsibilities of national government agencies and local government units in enforcing the wildlife law.¹⁶⁴

While the Philippines has made significant strides in combating money laundering, it is important to address the remaining challenges to ensure the country's financial system is not exploited for illicit purposes. Its continued presence on the FATF grey list underscores the need for intensified efforts to enhance the country's AML/CFT regime, including improved enforcement actions and reporting systems.

Strengthen and enforce criminal penalties.

Intensifying criminal penalties should be a priority to act as a deterrent measure and to discourage illicit traders from exploiting markets with the weakest penalty regimes. Sanctions imposed against criminals must be proportionate to the nature of the crime and the inherent risk of the illicit product to human health and environmental safety (e.g., cases involving illicit pharmaceuticals, pesticides, or alcohol). In addition to court-imposed penalties and fines, consideration should be given to rescinding business licenses from retailers, manufacturers and distributors involved in illicit trade. For example, if a licensed pesticide dealer is caught trading in illicit pesticides, their license should be promptly revoked.

Expedite the resolution of criminal cases related to IPR infringement. It is crucial to prioritize the swift resolution of criminal cases pertaining to large-scale counterfeiting operations. Delays in the resolution of such cases result in perpetrators going unpunished for several years, undermining the effectiveness of IPR enforcement. Efforts should be directed towards fast-tracking the legal process, reducing lengthy timelines, and minimizing associated costs. By ensuring a more efficient and accessible legal system, brand owners will be more inclined to pursue legal action, safeguarding

their rights, deterring potential infringers, and promoting a conducive environment for innovation and creativity.

Tighten controls on money laundering.

Denying access to entities and mechanisms used to launder proceeds of crime – and thereby depriving criminals and their networks of related profits – is one of the most effective ways to deter illicit trade. This requires a holistic, comprehensive anti-money laundering regime including the ability to trace, freeze, seize and confiscate assets related to illicit financial flows. Increasing the number of trained personnel to speed up the filing of cases and improving cooperation between relevant agencies can also strengthen the country's response to money laundering and financing of terrorism. By taking these measures, the Philippines can better protect its financial system and reputation and promote greater transparency and accountability in the global financial community.

Increase participation of local police and ensure that illicit trade is a mandated priority for local criminal investigations.

Implement coherent domestic tax policies

High levels of taxes – import-related and domestic excise taxes – create incentives for producers as well as consumers to switch from legal products to the illicit channel to avoid such taxes. By implementing coherent domestic tax policies, Philippines can reduce such incentives.

Implement coherent domestic tax policies – to disincentivize producers and consumers from switching from legal products to the illicit channel to avoid higher taxes. Tax structures and tax levels should consider market dynamics like ease of implementation and enforcement, consumer affordability, comparative tax and price levels in neighboring countries, and long-run consequences of substitution of illicit product alternatives.

Implementing policies with long-term focus: Tax policies should be established with a clear long-term focus to avoid the unintended consequences of substitution of illicit product alternatives. Tax plans that lay out reasonable tax increases and consider local market dynamics are more defensible to illicit trade.

Enhance transparency and accountability

While the Philippines has made significant progress in combatting illicit trade and promoting good governance, much work remains to be done in addressing corruption within government agencies. Corrupt practices at the level of customs, local officials, law enforcement authorities, and the judiciary continue to facilitate illicit trade, undermining the country's efforts to create a sustainable and effective anti-illicit trade framework.

There will be limited success in the fight against illicit trade without commensurate efforts to address corruption. Laws and regulations to combat illicit trade are rendered ineffective when corrupt officials are responsible for their enforcement. Increasing criminal penalties alone is not enough to deter corrupt practices if the probability of being caught and held accountable is low. Furthermore, public trust in the justice system is eroded when corruption allows criminals to walk free.

Recently, promising developments have taken place, including the BOC's efforts to relieve and suspend officials engaged in irregular activities,¹⁶⁵ along with the announcement by the Interior Secretary of the government's intent to cleanse the corruption-tainted Philippine National Police (PNP).¹⁶⁶

However, achieving real and lasting progress in addressing corruption in the Philippines will require a sustained commitment from all levels of government to prioritize the problem, actively pursue solutions, and

invest in enforcement measures.

Tackle pervasive corrupt practices that continue to facilitate illicit trade, notably at the level of customs, law enforcement authorities, regulatory/inspection bodies and the judiciary. As long as corruption persists within government agencies, any attempt to strengthen border policing and control will have limited effect.

Engage proactively with international mechanisms such as the ASEAN Parties Against Corruption (ASEAN-PAC) established to implement the UN Convention Against Corruption (UNCAC).

Rotation policies are useful for reducing the corruption risks in field offices, ports, border stations and offices charged with monitoring for environmental crimes.

Streamline and automate permit processes and controls, as the elimination of the use of paper permits greatly reduces opportunities for criminals to use fraudulent or falsified documents.

Ensure the completion and full operationalization of eCITES PH to simplify and automate the processing of permit applications for import, export, and re-export of terrestrial wildlife listed under CITES, thereby increasing transparency and eliminating opportunities for fraud and corruption.

Move towards a comprehensive digital environment for border clearance, as automated systems reduce human touch points and thus lessen the opportunities for improprieties.

Strengthen prevention by implementing and enforcing strong codes of conduct; integrity and conflict of interest policies; and asset declaration policies for public officials, coupled with a robust reporting system of wrong-doing and protection for witnesses and whistleblowers.

Empower consumers through awareness

Efforts to address illicit trade are hampered by a lack of public awareness of its dangers, which has led to a degree of social acceptability. Raising awareness among consumers about the harms of illicit trade is a crucial aspect of creating a culture of compliance and responsible consumption that deters individuals from participating in illicit trade.

Local and regional educational campaigns and community-level awareness activities are essential to help shift public perception and understanding of the negative impacts of illicit trade, including highlighting the health risks to consumers, the drain that lost tax revenues have on public budgets, and the government's ability to mobilize sufficient domestic tax revenue to provide for critical public services, infrastructure and healthcare.

For example, raising public awareness about the potential health risks associated with illegally traded wildlife helps consumers understand that illegally poached animals may harbor harmful viruses and diseases, including those that can cause the next pandemic – which may encourage them to avoid such products altogether.¹⁶⁷

IPOPHL has done a commendable job in improving public awareness and education on the threat of counterfeit and piracy by launching various campaigns and initiatives to educate consumers about the importance of protecting intellectual property rights and the risks of buying counterfeit goods.¹⁶⁸ For example, IPOPHL's *Raise the Economy by Acquiring Protection of Your IP of Your Community (REAP IP)* program engaged over 160 local government units on IP awareness.¹⁶⁹

Empower consumers through awareness. By continuing to raise awareness, IPOPHL can encourage more consumers to make informed choices about the products they

purchase. This, in turn, can have a positive impact on the local (legitimate) economy, promote fair competition, and safeguard the rights of businesses and consumers. Other government bodies looking to raise awareness can learn from IPOPHL's strategies and apply them in their own contexts.

Partner with the private sector

Sustained collaboration between the government and private sector is crucial for combatting illicit trade online and offline. Access to commercial datasets and private sector intelligence, coupled with cutting-edge artificial intelligence solutions, can enhance enforcement agencies' risk assessment capabilities.

Similarly, Rightsholders can also be more effective partners in investigations when they are informed by authorities of potential illicit trade affecting their brands, resulting in more deterrent criminal proceedings. As an example, IPOPHL reported a 40 percent drop in piracy and counterfeiting complaints in 2022, with only 92 reports received, compared to 153 in 2021 and 104 in 2020. The agency attributed the decline to the joint collaboration between government and private sector.¹⁷⁰ While this reduction is noteworthy, it is important to acknowledge that the overall number of reports received, 92, remains relatively small considering the magnitude of the problem and that a burdensome reporting system may be hindering the accurate representation of the true extent of illicit trade activities.

Businesses can contribute to the fight against illicit trade by developing technical solutions that safeguard the integrity of supply chains. Additionally, industry associations can enhance stakeholder knowledge and skills in identifying and preventing illicit trade by providing training and capacity-building programs.

Promote the creation of local private-public partnerships to bring key industry and government stakeholders together to define strategies, share know-how, intelligence and data, improve risk assessment, strengthen border control and improve awareness.

Improve the Digital Environment

The rise of the digital environment has created new opportunities for illegal operators to engage in illicit trade, including cybercrimes, copyright piracy, and money laundering. The increased use of e-commerce platforms provides counterfeiters (as well as digital pirates) with a powerful global infrastructure to market and distribute fake goods to ever greater number of consumers at minimal expense. Several platforms based in ASEAN, including Bukalapak, Tokopedia and Shopee are notorious for offering high levels of counterfeits.¹⁷¹

It is crucial to improve controls in the digital environment to combat these threats. This includes requiring greater transparency for online marketplaces and social media platforms, to improve know-your-customer and know-your-seller programs. Further, online intermediaries must not be allowed to hide behind the veil of privacy laws to protect the identities of counterfeiters. Online intermediaries including e-commerce and social media platforms must accept greater responsibility in keeping illicit goods off their services and this must include better proactive takedown actions across their platforms.

IPOPHL's memorandum of understanding (MOU) signed by e-commerce platforms and brand owners to curb counterfeiting and piracy online is an important achievement that has resulted in increased efforts to remove infringing products from e-commerce platforms. However, there is still room for further improvement. Binding legal issuances such as the Joint Administrative Order No. 22-01 (s. 2022), which outlines the various laws and regulations governing the sale, distribution,

and marketing of products on the internet, should be strictly implemented and firmly applied.

For example, despite the warnings issued by the Department of Trade and Industry (DTI) against the sale of illicit tobacco and vapor products online, unregistered and unverified listings of these items continue to remain active on e-commerce platforms. This highlights the need for more robust measures to ensure strict compliance with regulations and the swift removal of infringing listings from online platforms.¹⁷²

Additionally, the MoU should be updated to address the influx of pharmaceutical products being sold in the Philippines without proper licenses. While the importation and sale of such unregistered pharmaceutical products are defined as "counterfeit drugs/medicines" and violate Republic Act 8203 or the Special Law of Counterfeit Drugs, it is important to recognize that these grey market products may also be counterfeits, violating the Intellectual Property Code of 1997. To effectively address this issue, the wording in the MoU should be expanded to explicitly cover pharmaceutical products that lack FDA approval and are being sold in the Philippines. By doing so, the coverage of the MoU would extend beyond the narrow definition of "counterfeit" products provided by the Intellectual Property Code.

Furthermore, concerns have been raised regarding insufficient key performance indicators (KPIs) to monitor the achievements of signatories. It is essential to have clear and measurable metrics that demonstrate the progress and impact of the MoU in curbing counterfeiting and piracy. This transparency will help evaluate the effectiveness of the collaborative efforts between e-commerce platforms and brand owners and identify areas that require further attention. To build upon the achievements of the MOU, it is also crucial to adopt a multi-faceted approach to

infringements that encompasses online-to-offline investigations and enforcement.

Fraudulent advertising is rapidly emerging as a new risk to consumers shopping online. Misleading and fraudulent advertisements divert unsuspecting consumers to websites featuring counterfeits, fake services, and other fraud. These adverts are all over social media networks, search and video sharing platforms where people are not expecting such scams. Most fraudulent websites also show a disregard for data privacy and expose consumers to credit card fraud, identify theft, and other cybercrimes.

Ensure that law enforcement and the judiciary are trained and equipped to sufficiently address cases involving electronic evidence and online activities.

This includes allocating additional resources to the establishment of dedicated cybercrime task forces, enabling them to effectively detect and respond to illicit activities on the internet.¹⁷³

Tighten Know Your Customers requirements for online intermediaries.

Online platforms are increasingly vulnerable to exploitation and misuse by illicit traders or otherwise illegitimate operators. Moreover, the spectrum of illicit trade comprises illicit digital trade, including cybercrimes (like hacking, spam, copyright piracy and child pornography) and money-laundering in the financial system.

Encourage the development and adoption of advanced prevention technologies.

This can include automated tools for rapid notice, takedown and stay down, filtering and redress for online platforms; and the use of risk scoring services and preventive measures to be implemented by online payment solutions offering services on unsafe online platforms. This should also include website blocking. The use of such expeditious actions should match the speed and volume of transactions on a platform.¹⁷⁴

Hold online intermediaries liable for not adequately removing illicit content. Online platforms and participating intermediaries must be held criminally and civilly liable for knowingly allowing illicit traders to use them as a conduit to trade in illicit goods. Further, internet safe harbor laws must not be misused by businesses that depend on promoting access to illicit goods. Governments must ensure accountability of online platforms and participating intermediaries in cases when they facilitate the sale, advertisement, shipment or delivery of illicit goods.

Treat domestic warehouses and fulfilment centers as the ultimate consignee for goods that have not been sold to a specific consumer at the time of its importation.

Box 8: Rules and Guidelines on Online Businesses

The Department of Trade and Industry (DTI), Department of Health (DOH), Department of Agriculture (DA), Department of Environment and Natural Resources (DENR), Intellectual Property of the Philippines (IPOP) and National Privacy Commission (NPC) issued a Joint Administrative Order (JAO) No. 22-01, consolidating all existing rules and guidelines on online businesses and reminding all digital platforms that existing laws, rules, and regulations that apply to physical stores likewise apply to online stores.¹⁷⁵ This is in response to the proliferation of prohibited and regulated products sold on marketplace platforms and social media marketplaces, cautioning merchants selling on Facebook/Meta, Instagram, Viber, Lazada, Shopee, Carousell, and other marketplace platforms against the sale of unlicensed, restricted or prohibited products.

Address illicit trade in the express and postal mail sector. Technologies and practices to improve targeting, prediction, and decision processes to target illicit trade through small parcels must be prioritized. More information is needed on patterns and trends at each point-of-entry, by product category, sector, and brand – including analysis of the corresponding country of origin, transshipment routes, evasive tactics employed, repeat offenders, and other illicit characteristics that can be useful for targeting systems as well as for offline investigations.

Hold payment portals and financial systems responsible for preventing illicit traders from using their services for money transfers. The accounts of confirmed criminals must be terminated and attempts to open new accounts should be banned. Payment portals must implement adequate security measures to combat payments for trades and transactions involving illicit goods.

Ensure that repeat offenders are permanently banned and prevented from rejoining or remaining on the platform under a different alias or storefront. Implement a system (e.g., two-strike or three-strike) that terminates and permanently bans sellers that have listed or sold counterfeits, regardless of whether the violations involved one or several seller accounts. Platforms should then also be required to notify: (i) consumers that have bought a product from the seller to enable the customer to pursue a return or avoid the seller in future transactions; (ii) e-commerce platform coalitions of illicit sellers already flagged or identified as high risk; (iii) law enforcement of sellers who have been permanently removed from the platform; and (iv) the owner of the registered trademark, upon request.

NOTES

¹Although there is no universally accepted definition for illicit trade, for the purposes of this paper, illicit trade is defined as any practice or conduct prohibited by law and relating to the production, shipment, receipt, possession, distribution, sale or purchase of goods or services, including any practice or conduct intended to facilitate such activity. This definition encompasses obvious forms of illicit trade, such as the trade in illegal drugs, endangered wildlife, or goods that fail safety or quality protocols or infringe on intellectual property rights. It also covers trade in goods that may have been legally produced but are smuggled, stolen, or intentionally mis-declared during import or export.

²The National Risk Assessment is a government-wide assessment of the overall exposure of the country to money laundering and its related predicate offenses, terrorism and terrorist financing. This is in accordance with Recommendation 1 of the Financial Action Task Force (FATF) which requires countries to identify, assess and understand the ML/TF risks, and take actions in mitigating the risks effectively. See AMLC. (2018, January 31). *The Philippines second national risk assessment on money laundering and terrorist financing*. Anti-Money Laundering Council (AMLC). <http://www.amlc.gov.ph/images/PDFs/NRAReport20152016.pdf>.

³APG. (2022, October 2). *APG Mutual Evaluation Report of the Philippines*. <https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-mer/APG-Mutual-Evaluation-Report-Philippines.pdf>

⁴Note: All PHP values in this report have been converted to USD using the exchange rate of 1 USD = 55.64 PHP, as of April 27, 2023.

⁵Jocson, L.M.J.C. (2022, December 14). *Gov't Losing P250B in Revenues Due to Illicit Trade*. BusinessWorld. <https://www.bworldonline.com/top-stories/2022/12/14/492899/govt-losing-p250b-in-revenues-due-to-illicit-trade/>

⁶Badoy, M. J. M. (2018, April 11). *Curbing Illicit Trade is the Key to Bolstering the Philippines' Economy - Center for International Private Enterprise*. CIPE. <https://www.cipe.org/blog/2018/04/11/curbing-illicit-trade-is-the-key-to-bolstering-the-philippines-economy/>

⁷Republic of The Philippines Commission on Human Rights. (2020, March 5). *Statement of the CHR spokesperson, Atty. Jaqueline Ann de Guia, on reports of illicit financial flows in the country*. Commission on Human Rights. <https://chr.gov.ph/statement-of-the-chr-spokesperson-atty-jaqueline-ann-de-guia-on-reports-of-illicit-financial-flows-in-the-country/>

⁸AMLC. (2018, January 31). *The Philippines second national risk assessment on money laundering and terrorist financing*. Anti-Money Laundering Council (AMLC). <http://www.amlc.gov.ph/images/PDFs/NRAReport20152016.pdf>

⁹Economist Impact. (2023) *Global Anti-Illicit Trade Summit, South-East Asia*. Economist Events: Global Anti-Illicit Trade Summit, South-East Asia. <https://events.economist.com/custom-events/global-anti-illicit-trade-summit-asia/>

¹⁰OECD/EUIPO (2021), *Global Trade in Fakes: A Worrying Threat*, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/74c81154-en>; OECD/EUIPO (2022), *Dangerous Fakes: Trade in Counterfeit Goods that Pose Health, Safety and Environmental Risks*, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/117e352b-en>.

¹¹Jocson, L.M.J.C. (2022, December 14). *Gov't Losing P250B in Revenues Due to Illicit Trade*. BusinessWorld. <https://www.bworldonline.com/top-stories/2022/12/14/492899/govt-losing-p250b-in-revenues-due-to-illicit-trade/>

¹²APMDD (2015, December). *Illicit Financial Flows: Issues and Challenges from the Philippine Experience – Draft Dec 2015*. The Asian Peoples' Movement on Debt and Development. <https://globaltaxjustice.org/libraries/illicit-financial-flows-issues-and-challenges-from-the-philippine-experience/#>

¹³Republic of The Philippines Commission on Human Rights. (2020, March 5). *Statement of the CHR spokesperson, Atty. Jaqueline Ann de Guia, on reports of illicit financial flows in the country*. Commission on Human Rights. <https://chr.gov.ph/statement-of-the-chr-spokesperson-atty-jaqueline-ann-de-guia-on-reports-of-illicit-financial-flows-in-the-country/>; See also Remo, M. V. (2013, July 14). *Tax evasion cost gov't at least P400B*. Inquirer Business. <https://business.inquirer.net/132209/tax-evasion-cost-govt-at-least-p400b>

¹⁴APG (2019, October). *Mutual Evaluation Report of the Philippines - October 2019*. The Asia/Pacific Group on Money Laundering (APG). <https://www.fatf-gafi.org/content/dam/fatf/documents/reports/mer-fsrb/APG-Mutual-Evaluation-Report-Philippines.pdf>

¹⁵Basel AML Index. (n.d.). *Public Ranking - Basel AML Index*. Basel AML Index. <https://index.baselgovernance.org/ranking>

¹⁶FATF. (2023, February 24). *Jurisdictions under Increased Monitoring - 24 February 2023*. FATF. <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-february-2023.html>

¹⁷Gary, J. (2022, January 5.) *Causes and Consequences of Turkey's Grey Listing*. The Economics Review. Available at: <https://theeconreview.com/2022/01/05/causes-and-consequences-of-turkeys-grey-listing/>

¹⁸FATF. (2023, February 24). *Jurisdictions under Increased Monitoring - 24 February 2023*. FATF. <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-february-2023.html>

¹⁹GFI. (2014, February 1). *Illicit Financial Flows to and from the Philippines: A Study in Dynamic Simulation, 1960-2011*. Global Financial Integrity. <https://www.gfintegrity.org/wp-content/uploads/2014/05/Illicit-Financial-Flows-to-and-from-the-Philippines-Final-Report.pdf>; Kar, D., & LeBlanc, B. (2013, December 11). *Illicit Financial Flows from Developing Countries: 2002-2011*. Global Financial Integrity. <https://gfintegrity.org/report/2013-global-report-illicit-financial-flows-from-developing-countries-2002-2011>

²⁰APMDD (2015, December). *Illicit Financial Flows: Issues and Challenges from the Philippine Experience – Draft Dec 2015*. The Asian Peoples' Movement on Debt and Development. <https://globaltaxjustice.org/libraries/illicit-financial-flows-issues-and-challenges-from-the-philippine-experience/#>

²¹*Reducing Inequality Key to Becoming a Middle Class Society Free of Poverty*. (2022, October 2). The World Bank. <https://www.worldbank.org/en/news/press-release/2022/11/24/ph-reducing-inequality-key-to-becoming-a-middle-class-society-free-%20of-poverty>

- ²² IMF. (2022, December 15). *Philippines: Selected Issues*. International Monetary Fund. <https://www.imf.org/en/Publications/CR/Issues/2022/12/15/Philippines-Selected-Issues-526988>
- ²³ Glascoigne, C. (2015, June 3). *Illicit Outflows Correlate to Higher Poverty and Inequality, Lower Human Development*. Global Financial Integrity. <https://gfinetegrity.org/press-release/new-study-illicit-outflows-correlate-to-higher-poverty-and-inequality-lower-human-development/>
- ²⁴ World Bank. (2022, November 24). *Reducing Inequality Key to Becoming a Middle Class Society Free of Poverty*. The World Bank. <https://www.worldbank.org/en/news/press-release/2022/11/24/ph-reducing-inequality-key-to-becoming-a-middle-class-society-free-of-poverty>
- ²⁵ Mangaluz, J. (2022, November 24). *PH ranks 15th in World Bank's income inequality report*. Inquirer.net. <https://newsinfo.inquirer.net/1697382/fwd-world-bank-ph-ranks-15th-among-63-countries-for-income-inequality>; The World Bank. (2022, November 24). *PHILIPPINES: Reducing Inequality Key to Becoming a Middle-Class Society Free of Poverty*. <https://www.worldbank.org/en/news/press-release/2022/11/24/ph-reducing-inequality-key-to-becoming-a-middle-class-society-free-of-poverty>; The World Bank The World Bank. (n.d.). *Gini index - Philippines | Data*. World Bank Data. <https://data.worldbank.org/indicator/SI.POV.GINI?locations=PH>
- ²⁶ INQUIRER.net. (2023, June 1). *Illicit trade syndicates funding organized crime groups – BIR chief*. INQUIRER.net. <https://newsinfo.inquirer.net/1778193/illicit-trade-syndicates-funding-organized-crime-groups-bir-chief-lumagui>
- ²⁷ Tubayan, E.J (2018, May 1). *DoF warns cigarette smuggling may be helping finance terrorism*. BusinessWorld. <https://www.bworldonline.com/editors-picks/2018/05/01/154899/dof-warns-cigarette-smuggling-may-be-helping-finance-terrorism/>
- ²⁸ OECD. (2023, February 14). *The Philippines become 17th member of the Global Forum's Asia Initiative*. OECD. <https://www.oecd.org/tax/transparency/documents/the-philippines-become-17th-member-of-the-global-forum-s-asia-initiative.htm>
- ²⁹ Okonjo-Iweala, N. (2021, December 15). *DG Okonjo-Iweala: WTO rules can support fight against corruption, illicit trade and enhance transparency*. World Trade Organization. https://www.wto.org/english/news_e/spno_e/spno21_e.htm
- ³⁰ Transparency International. (n.d.). *2022 Corruption Perceptions Index: Explore the... - Transparency.org*. Transparency International. <https://www.transparency.org/en/cpi/2022>; Mantaring, J. R. (2023, February 1). *The Philippines ranks 116th in Global Corruption Index Still Among Significant Decliners*. CNN Philippines. <https://www.cnnphilippines.com/news/2023/2/1/ph-ranks-116th-corruption-perception-index-2022.html>
- ³¹ Philippine Daily Inquirer. (2022, September 20). *Weeding out corruption*. Inquirer Opinion. <https://opinion.inquirer.net/157129/weeding-out-corruption>
- ³² Transparency International. (n.d.). *Philippines - Transparency.org*. Transparency International. <https://www.transparency.org/en/countries/philippines>
- ³³ Manhit, V. A., & Banzuelo, N. (2020, August 25). *The problem of corruption and corruption of power*. BusinessWorld Online. <https://www.bworldonline.com/editors-picks/2020/08/25/312951/the-problem-of-corruption-and-corruption-of-power/>; Cahiles, G. (2019, August 16). *Gov't may have lost 1.4 trillion in the past two years due to corruption – Deputy Ombudsman*. CNN Philippines. <https://www.cnnphilippines.com/news/2019/8/16/Government-corruption-loss-deputy-ombudsman-Cyril-Ramos.html>
- ³⁴ APG (2019, October). *Mutual Evaluation Report of the Philippines - October 2019*. The Asia/Pacific Group on Money Laundering (APG). <https://www.fatf-gafi.org/content/dam/fatf/documents/reports/mer-fsrb/APG-Mutual-Evaluation-Report-Philippines.pdf>
- ³⁵ Atienza, K. A. T. (2022, October 2). *Philippine mayors start anti-corruption campaign*. BusinessWorld. <https://www.bworldonline.com/the-%20nation/2023/08/24/541574/philippine-mayors-start-anti-corruption-campaign/>
- ³⁶ APFC. (2023, January 11). *Philippines Begins Drastic 'Cleansing' of Corrupt Cops*. Asia Pacific Foundation of Canada. <https://www.asiapacific.ca/publication/philippines-begins-drastic-cleansing-corrupt-cops>
- ³⁷ de Vera, B. O. (2022, July 11). *BOC: Fight vs smuggling, corruption ramped up in H1*. Inquirer Business. <https://business.inquirer.net/352695/boc-fight-vs-smuggling-corruption-ramped-up-in-h1#ixzz7ufPSbUsw>
- ³⁸ Mantaring, J.R. (2023, July 24.) *Marcos warns agri smugglers, hoarders: Your days are numbered*. CNN Philippines <https://www.cnnphilippines.com/news/2023/7/24/marcos-warns-smugglers-hoarders.html>
- ³⁹ Nawaz, F. (2009, August 17). *Overview of corruption and anti-corruption in the Philippines*. Bergen: U4 Anti-Corruption Resource Centre. <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-the-philippines>
- ⁴⁰ It should be noted that the OECD and EUIPO publications use historic data that may not reflect more recent efforts taken by the PHL government.
- ⁴¹ OECD/EUIPO. (2021). *Global Trade in Fakes: A Worrying Threat*. OECD Publishing, Paris, <https://doi.org/10.1787/74c81154-en>.
- ⁴² Economist Impact. (2023) *Global Anti-Illicit Trade Summit, South-East Asia. Economist Events: Global Anti-Illicit Trade Summit, South-East Asia*. <https://events.economist.com/custom-events/global-anti-illicit-trade-summit-asia/>
- ⁴³ Pangalangan, P.A. (2022, May 14). *Taking a look at the Philippines' digital piracy problem*. Philippine Star. <https://www.philstar.com/news-commentary/2022/05/14/2181101/taking-look-philippines-digital-piracy-problem>
- ⁴⁴ Republic of the Philippines House of Representatives. (2023, May 22). *House passes bill strengthening IPOPHL, efforts against piracy, counterfeiting*. Press and Public Affairs Bureau. <https://www.congress.gov.ph/press/details.php?pressid=12504>
- ⁴⁵ Republic of the Philippines Department of Finance. (2023, August 5). *Commissioner Rubio Highlights Strengthened Anti-illicit Tobacco Measures at the NTA Summit*. Bureau of Customs. <https://customs.gov.ph/commissioner-rubio-highlights-strengthened-anti-illicit-tobacco-measures-at-the-nta-summit/>
- ⁴⁶ IPOPHL. (2023, July 15). *IPOPHL lauds BOC-Port of Subic for seizing P240 million worth of fake apparel*. IPOPHL. <https://www.ipophil.gov.ph/news/ipophl-lauds-boc-port-of-subic-for-seizing-p240-million-worth-of-fake-apparel/>
- ⁴⁷ EU Commission. (2022, December 1). *Commission Staff Working Document - Counterfeit and Piracy Watch List 2022*. CIRCABC. <https://circabc.europa.eu/ui/group/d0803128-7d62-40ee-8349-c43ee92745aa/library/b36f701d-2850-4768-9b3e-e487140e11e5/details?download=true>; See also SneakerTalk. (2019, November 14). *FAKE MARKET SPREE! Cartimar SHOES!* YouTube. <https://www.youtube.com/watch?v=6Kv8nVl0zQ>
- ⁴⁸ IPOPHL. (2022, December 14). *Counterfeiting and piracy reports, complaints decline in 2022*. IPOPHL. <https://www.ipophil.gov.ph/news/counterfeiting-and-piracy-reports-complaints-decline-in-2022/>

- ⁴⁹ IPOPHL. (2022, December 14). *Counterfeiting and piracy reports, complaints decline in 2022*. IPOPHL. <https://www.ipophil.gov.ph/news/counterfeiting-and-piracy-reports-complaints-decline-in-2022/>
- ⁵⁰ IPOPHL. (2022, December 14). *Counterfeiting and piracy reports, complaints decline in 2022*. IPOPHL. <https://www.ipophil.gov.ph/news/counterfeiting-and-piracy-reports-complaints-decline-in-2022/>
- ⁵¹ IPOPHL. (2023, April 12). *IPOPHL reveals draft site-blocking rules to fight huge revenue, job losses from piracy*. IPOPHL. <https://www.ipophil.gov.ph/news/ipophl-reveals-draft-site-blocking-rules-to-fight-huge-revenue-job-losses-from-piracy/>
- ⁵² Office of the United States Trade Representative. (2023, January 30). *2022 Review of Notorious Markets for Counterfeiting and Piracy*. USTR. from [https://ustr.gov/sites/default/files/2023-01/2022%20Notorious%20Markets%20List%20\(final\).pdf](https://ustr.gov/sites/default/files/2023-01/2022%20Notorious%20Markets%20List%20(final).pdf)
- ⁵³ Office of the United States Trade Representative. (2023, January 30). *2022 Review of Notorious Markets for Counterfeiting and Piracy*. USTR. [https://ustr.gov/sites/default/files/2023-01/2022%20Notorious%20Markets%20List%20\(final\).pdf](https://ustr.gov/sites/default/files/2023-01/2022%20Notorious%20Markets%20List%20(final).pdf); EU Commission. (2022, December 1). *Commission Staff Working Document - Counterfeit and Piracy Watch List 2022*. CIRCABC. <https://circabc.europa.eu/ui/group/d0803128-7d62-40ee-8349-c43ee92745aa/library/b36f701d-2850-4768-9b3e-e487140e11e5/details?download=true>
- ⁵⁴ SneakerTalk. (2019, June 22). *Philippines Fake Market SPREE! GREENHILLS Sneaker Shopping (Manila)*. YouTube. <https://www.youtube.com/watch?v=E9pDaQYASKA>
- ⁵⁵ Baranda, E. (2022, April 28). *Reforming a Notorious Market: Greenhills Shopping Center*. Rouse. <https://rouse.com/insights/news/2022/reforming-a-notorious-market-greenhills-shopping-center>
- ⁵⁶ Pabico, G. (2022, April 7). *NBI seizes P63-M fake Louis Vuitton goods in Greenhills Shopping Center*. Inquirer.net <https://newsinfo.inquirer.net/1579716/nbi-seizes-p63-m-fake-louis-vuitton-goods-in-greenhills-shopping-center>
- ⁵⁷ Monzon, A.M. (2023, February 2). *Work plan eyed to address Greenhills inclusion in US piracy watch list*. Inquirer.net. <https://business.inquirer.net/384682/work-plan-eyed-to-address-greenhills-inclusion-in-us-piracy-watch-list>
- ⁵⁸ Taylor, P. (2018, November 26). *Philippines warns of falsified OTC medicines*. SecuringIndustry.com. https://www.securindustry.com/pharmaceuticals/philippines-warns-of-falsified-otc-medicines/s40/a8905/#.Y_4s5i-B1pQ
- ⁵⁹ OECD/EUIPO (2020), *Trade in Counterfeit Pharmaceutical Products*, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/a7c7e054-en>.
- ⁶⁰ According to the UNODC report, 460 pharmaceutical crime incidents took place within Southeast Asia from 2013 to 2017 while a total of 213 incidents occurred outside the region. Out of these 460 incidents, 193 of which occurred in the Philippines, 110 in Thailand, 93 in Indonesia, and 49 in Vietnam. See UNODC. (2019). *Transnational Organized Crime in Southeast Asia: Evolution, Growth and Impact*. United Nations Office on Drugs and Crime (UNODC). https://www.unodc.org/roseap/uploads/archive/documents/Publications/2019/SEA_TOCTA_2019_web.pdf
- ⁶¹ Desiderio, L. (2022, May 4). *No counterfeit medicine manufacturing in Philippines – IPOPHL*. Philstar Global. <https://www.philstar.com/business/2022/05/04/2178506/no-counterfeit-medicine-manufacturing-philippines-%20ipophl>
- ⁶² Desiderio, L. (2023, May 8). *FDA warns vs fake drugs*. The Philippine Star. <https://www.philstar.com/nation/2023/05/08/2264652/fda-warns-vs-fake-drugs>
- ⁶³ IPOPHL. (2021, November 28) *IPOPHL partners with Pharmaceutical Security Institute to arrest surge of counterfeit pharma*. Intellectual Property Office of the Philippines. <https://www.ipophil.gov.ph/news/ipophl-partners-with-pharmaceutical-security-institute-to-arrest-surge-of-counterfeit-pharma/>
- ⁶⁴ BOC. (2022, January 11). *BOC seizes P30M worth of fake Biogesic, other meds, arrests suspect*. Bureau of Customs - Republic of the Philippines. <https://customs.gov.ph/boc-seizes-p30m-worth-of-fake-biogesic-other-meds-arrests-suspect/>; Santos, T. G. (2022, January 11). *FDA warns public vs fake drugs*. Philippine Daily Inquirer. <https://newsinfo.inquirer.net/1538677/fda-warns-public-vs-fake-drugs>
- ⁶⁵ Jerusalem, J. (2022, March 9). *FDA warns public vs fake drugs*. Philippine News Agency. <https://www.pna.gov.ph/articles/1169352>
- ⁶⁶ WHO. (2021). *The Global Health Observatory. Alcohol, unrecorded per capita 915+ consumption (in litres of pure alcohol) with 95% CI*. WHO. [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/alcohol-unrecorded-per-capita-\(15-\)-consumption-\(in-litres-of-pure-alcohol\)-with-95-ci](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/alcohol-unrecorded-per-capita-(15-)-consumption-(in-litres-of-pure-alcohol)-with-95-ci)
- ⁶⁷ OECD. (2022). *Illicit Trade in High-Risk Sectors: Implications of Illicit Alcohol for Public Health and Criminal Networks*. Paris: OECD Publishing. <https://www.oecd-ilibrary.org/sites/3c79db3e-en/index.html?itemId=/content/component/3c79db3e-en>
- ⁶⁸ Republic Act No. 10351. Approved December 19, 2012.
- ⁶⁹ Mallari, D. T. (2019, December 29). *'Lambanog' death toll reaches 23*. Inquirer.net. <https://newsinfo.inquirer.net/1206933/lambanog-death-toll-reaches-23>; Lim, M. (2019, December 24). *Toxic coconut wine kills at least 11 people during Christmas celebrations in the Philippines*. CNN. <https://www.cnn.com/2019/12/24/asia/lambanog-poisoning-philippines-intl-hnk-scli/index.html>
- ⁷⁰ Chi, C. (2018, December 12). *Lambanog makers to face raps*. Philippine Star. <https://www.philstar.com/headlines/2018/12/12/1876425/lambanog-makers-face-raps>
- ⁷¹ Crismundo, K. (2023, May 25). *Filipino consumers warned on online liquor purchase*. Philippine News Agency. <https://www.pna.gov.ph/articles/1202229>; Monzon, A.M. (2023, May 29). *Dangers of online sale of illicit alcohol flagged*. Inquirer Business. <https://business.inquirer.net/403004/dangers-of-online-sale-of-illicit-alcohol-flagged>
- ⁷² De Vera, B.O (2022, April 7). *Report: Smuggled cigarettes deprive gov't of P26B in taxes yearly*. Inquirer Business. <https://business.inquirer.net/345489/report-smuggled-cigarettes-deprive-govt-of-p26b-in-taxes-yearly>; Tobacco Reporter. (2022, May 30). *Philippines: Illegal trade flourished during pandemic*. <https://tobaccoreporter.com/2022/05/30/philippines-illegal-trade-flourished-during-pandemic/>
- ⁷³ MP, L., & A, F. (2022, October 20). *Analysing the trend of illicit tobacco in the Philippines from 1998 to 2018*. Tobacco Control 2022;31:701-706. <https://tobaccocontrol.bmj.com/content/31/6/701>
- ⁷⁴ Leyco, Chino S. (2023, August 17.) *BIR calls on Congress for budget to store seized illicit trade items*. Manila Times. <https://mb.com.ph/2023/8/17/bir-calls-on-congress-for-budget-to-store-seized-illicit-trade-items>

- ⁷⁵ Jocson, L.M.J.C. (2023, February 21). *Government losing P500 billion to tax evasion – BIR*. Business World <https://www.bworldonline.com/top-stories/2023/02/21/505872/government-losing-p500-billion-to-tax-evasion-bir/>; DOF. (2023). *Revenue growth drives full-year 2022 budget deficit down to 7.3 percent of GDP*. Philippines Department of Finance. <https://www.dof.gov.ph/revenue-growth-drives-full-year-2022-budget-deficit-down-to-7-3-percent-of-gdp/>
- ⁷⁶ Biruar, J. (2023, January 25). *BIR Raids Illicit Cigarette Traders Nationwide*. Manila Bulletin. <https://mb.com.ph/2023/1/25/bir-raids-illicit-cigarette-traders-nationwide>; Inquirer.net. (2022, October 2). *Illicit Trade Syndicates Funding Organized Crime Groups*. Inquirer.net. <https://newsinfo.inquirer.net/1778193/illicit-trade-%20syndicates-funding-organized-crime-groups-bir-chief-lumagui>
- ⁷⁷ BIR. (2023) *Revenue Memorandum Circulars*. Bureau of Internal Revenue. <https://www.bir.gov.ph/index.php/revenue-issuances/revenue-memorandum-circulars/2023-revenue-memorandum-circulars.html>
- ⁷⁸ de Vera, B. O. (2022, April 7). *Report: Smuggled cigarettes deprive gov't of P26B in taxes yearly*. Inquirer Business. <https://business.inquirer.net/345489/report-smuggled-cigarettes-deprive-govt-of-p26b-in-taxes-yearly>
- ⁷⁹ DOF (2022, April 7). *DOF Calls for Tighter Watch, Stronger Law Enforcement to Check Illicit Cigarette Makers in Economic Zones*. Department of Finance (DOF) Philippines. <https://www.dof.gov.ph/dof-calls-for-tighter-watch-stronger-law-enforcement-to-check-illicit-cigarette-makers-in-economic-zones/>
- ⁸⁰ Panti, L.T. (2023, January 23). *Subpoenas Sought vs. 10 People, Firms Allegedly Linked to Agri-Smuggling; P693M Losses Cited*. GMA News Online. <https://www.gmanetwork.com/news/topstories/nation/858312/subpoenas-sought-vs-10-people-firms-allegedly-linked-to-agri-smuggling-p693m-losses-cited/story/>
- ⁸¹ Cervantes, F. M. (2023, January 23). *Solon asks House panel to subpoena possible smugglers*. Philippine News Agency. <https://www.pna.gov.ph/articles/1193352>
- ⁸² The United States Department of State. (2015). *The Global Illicit Trade in Tobacco: A Threat to National Security*. n.p. <https://2009-2017.state.gov/documents/organization/250513.pdf>
- ⁸³ WHO Regional Office for South-East Asia. (2015). *Stop illicit trade of tobacco products [News]*. New Delhi: WHO Regional Office for South-East Asia. <http://www.searo.who.int/mediacentre/features/2015/stop-illicit-trade-of-tobacco-products/en/>
- ⁸⁴ The United States Department of State. (2015). *The Global Illicit Trade in Tobacco: A Threat to National Security*. n.p. <https://2009-2017.state.gov/documents/organization/250513.pdf>
- ⁸⁵ In December 2012 the Philippines passed the Sin Tax Reform Act of 2012 (Sin Tax Law), which became landmark legislation under President Aquino's administration. With the two main goals of curbing smoking and alcohol consumption and raising the much-needed funds for government programs, the Law greatly simplified and increased excise taxes and earmarked a substantial share of the new revenue to a health fund dedicated to universal health care. See Campaign for Tobacco-Free Kids. (2017, June). *Tax Reform Case Study: Philippines*. https://www.tobaccofreekids.org/assets/global/pdfs/en/Philippines_Tax_Reform_Case_Study.pdf
- ⁸⁶ PIDS. (2023, January 23). *Revisit Sin Tax Law to Reap Benefits of Earmarked Funds for Public Health*. Philippine Institute for Development Studies. <https://www.pids.gov.ph/details/news/press-releases/visit-sin-tax-law-to-reap-benefits-of-earmarked-funds-for-public-health-pids-study>
- ⁸⁷ DOF. (2018, January 24). *P30-B haul from Mighty tops DOF drive vs tax fraud*. Department of Finance (DOF) Philippines. <https://www.dof.gov.ph/p30-b-haul-from-mighty-tops-dof-drive-vs-tax-fraud/>
- ⁸⁸ Under the amendment, the crime of economic sabotage through large-scale agricultural smuggling of tobacco, whether manufactured or unmanufactured, including finished products such as cigars, cigarettes or heated tobacco products, with a minimum excise tax and vat payable in the amount of one million pesos P1 million, as valued by the Bureau of Customs (BOC), is committed by importing into the Philippines without the required import permit from the regulatory agencies; using import permits of persons, natural or juridical, other than those specifically named in the permit; or using fake, fictitious or fraudulent import permits or shipping documents, among others. Congress of the Philippines. (2022, December 12). *House OKs Bill Amending Anti-Agricultural Smuggling Law*. Public. <https://www.publicnow.com/>
- ⁸⁹ Romero, P. (2020, July 27). *Stronger Penalties vs. Cigarette Smuggling Pushed*. Philippine Star. <https://www.philstar.com/headlines/2020/07/27/2030840/stronger-penalties-vs-cigarette-smuggling-pushed>
- ⁹⁰ Simeon, L. M. (2023, August 7.) *BIR targets to cut gap in excise tax collection*. Philippine Star. <https://www.philstar.com/business/2023/08/07/2286690/bir-targets-cut-gap-excise-tax-collection>
- ⁹¹ Celis, A. (2023, July 20). *747 non-compliant businesses raided*. Malaya Business Insight. https://malaya.com.ph/news_business/747-non-compliant-businesses-raided/
- ⁹² Carreon, F. (2021, November 27). *P22-M cigarettes smuggled from Indonesia seized in Zamboanga City, Sulu*. Rappler. <https://www.rappler.com/nation/smugglers-use-zamboanga-peninsula-barmm-bring-in-cigarettes-from-indonesia/>; Unite, B. (2022, November 12). *Smuggled Cigarettes Allegedly from Indonesia Intercepted in Philippines Backdoor*. Manila Bulletin <https://mb.com.ph/2020/11/12/p120-m-%20smuggled-cigarettes-allegedly-from-%20indonesia-intercepted-%20in-ph-backdoor/>
- ⁹³ Jocson, L.M.J.C. (2022, December 14). *Gov't Losing P250B in Revenues Due to Illicit Trade*. BusinessWorld. <https://www.bworldonline.com/top-stories/2022/12/14/492899/govt-losing-p250b-in-revenues-due-to-illicit-trade/>
- ⁹⁴ Tobacco Reporter. (2022, May 30). *Philippines: Illegal Trade Flourished During Pandemic*. <https://tobaccoreporter.com/2022/05/30/philippines-illegal-trade-flourished-during-pandemic/>
- ⁹⁵ de Vera, B. O. (2021, January 18). *Cigarettes Make Up Half of Smuggled Items in 2020 Amid Pandemic, Says BOC*. Inquirer Business. <https://business.inquirer.net/315966/cigarettes-make-up-half-of-smuggled-items-in-2020-amid-pandemic-says-boc>
- ⁹⁶ Tobacco Reporter. (2023, January 20). *Industry Calls for Crackdown on Illicit Vapor Products*. <https://tobaccoreporter.com/2023/01/20/industry-calls-for-crackdown-on-illicit-vapor-products/>
- ⁹⁷ Malaya Business Insight. (2023, March 7). *Shopee Takes Down 1M Vape Listings*. https://malaya.com.ph/news_business/shopee-takes-down-1m-vape-listings/#:~:text=As%20of%20March%202%2C%202023,Vape%20listings%20from%20their%20platform.
- ⁹⁸ Manila Standard. (2023, March 15). *Lazada Asked to Remove Illicit Vapes from Online Platform*. <https://manilastandard.net/business/economy-trade/314314079/lazada-asked-to-remove-illicit-vapes-from-online-platform.html>
- ⁹⁹ Bureau of Customs Philippines. (2023, August 5). *Commissioner Rubio Highlights Strengthened Anti-Illicit Tobacco Measures at the NTA Summit*. <https://customs.gov.ph/commissioner-rubio-highlights-strengthened-anti-illicit-tobacco-measures-at-the-nta-summit/>

- ¹⁰⁰ Patinio, F. (2023, February 18). *BOC finds P90-M smuggled sugar, cigarettes in 5 container vans*. Philippine News Agency. <https://www.pna.gov.ph/articles/1195540>
- ¹⁰¹ Patinio, F. (2023, April 17). *BOC finds P150-M worth of agri products in 6 warehouses*. Philippine News Agency. <https://www.pna.gov.ph/articles/1199527>
- ¹⁰² Patinio, F. (2023, March 3). *BOC warehouse raid in Sulu yields smuggled cigarettes worth P1.4B*. Republic of the Philippines News Agency. <https://www.pna.gov.ph/articles/1196530>; Pareño, R. (2023, April 29). *BOC Destroys P14 Billion Smuggled Cigarettes Seized in Sulu*. The Philippine Star. <https://www.philstar.com/nation/2023/04/29/2262536/boc-destroys-p14-billion-smuggled-cigarettes-seized-sulu>
- ¹⁰³ TRACIT. (2019, July). *Mapping the Impact of Illicit Trade on the UN Sustainable Development Goals (SDGs)*. Transnational Alliance to Combat Illicit Trade. <https://www.tracit.org/featured-report-illicit-trade-and-the-unsdgs.html>
- ¹⁰⁴ ADB. (2016, April 5). *Fuel Smuggling: 12 Things to Know*. Asian Development Bank. <https://www.adb.org/news/features/fuel-smuggling-12-things-know>
- ¹⁰⁵ Velasco, Myrna M. (2022, September 21). *P44-B Annual Hemorrhage from Fuel Smuggling Continues – PIP*. Manila Bulletin. <https://mb.com.ph/2022/09/21/p44-b-annual-hemorrhage-from-fuel-smuggling-continues-pip/>
- ¹⁰⁶ Morales, N. J. and Dela Cruz, E. (2023, February 7). *Philippine Jan Annual Inflation Accelerates to 8.7%*. Reuters. <https://www.reuters.com/markets/asia/philippine-jan-annual-inflation-accelerates-87-2023-02-07/>
- ¹⁰⁷ BOC. (2023, July 6). *BOC Port of Cebu Uncovered Smuggled White Onions Worth PHP1 Million*. Bureau of Customs Philippines. <https://customs.gov.ph/boc-port-of-cebu-uncovered-smuggled-white-onions-worth-php1-million/>
- ¹⁰⁸ BOC. (2023, July 12). *BOC Inspection Yields P35-M Worth of Spoiled Meat Items*. Bureau of Customs Philippines. <https://customs.gov.ph/boc-inspection-yields-p35-m-worth-of-spoiled-meat-items/>
- ¹⁰⁹ BOC. (2023, January 31). *BOC Port of Zamboanga Seized P18.6 Million Worth of Imported Onions Anew*. Bureau of Customs Philippines. <https://customs.gov.ph/boc-port-of-zamboanga-seized-p18-6-million-worth-of-imported-onions-aneu/>
- ¹¹⁰ The task force serves as the agency's prosecution arm for anti-smuggling activities. It coordinates with other law enforcement units in the bureau such as the Intelligence Group (IG) and the Enforcement and Security Service (ESS) to forge a stronger arm against rampant smuggling. IG focuses on gathering intelligence reports on attempts of smuggling through the country's ports while ESS helps on the anti-smuggling operations. Under the task force, the Bureau Action Team against Smugglers (BATAS) serves as the investigative and the prosecution arm.
- ¹¹¹ The Compliance and Regulatory Enforcement for Security and Trade Office (CREST-O) was created by DA Secretary William D. Dar in 2019. CREST-O is a unified and integrated regulatory enforcement unit of DA that aims to protect the local farmers, especially in the light of Rice Tariffication Law.
- ¹¹² The Federation of Philippine Industries (FPI) is composed of various industry leaders in the country and supports the Philippine government with advice and counsel to promote and develop globally-competitive industries.
- ¹¹³ DA. (2022, June 3.) *From Business World: Food Regulator Proposed to Tackle Agri-Smuggling*. Department of Agriculture Philippines. <https://www.da.gov.ph/from-business-world-food-regulator-proposed-to-tackle-agri-smuggling/>
- ¹¹⁴ House of representatives. (2023, July 6.) *Speaker vows to fast-track passage of measure to tighten noose against smugglers of onion, other agri products*. Republic of the Philippines, Press and Public Affairs Bureau. <https://www.congress.gov.ph/press/details.php?pressid=12557>; Senate. (2023, September 11.) *Sponsorship Speech of Senator Cynthia Villar On Senate Bill No. 1086/ Committee Report No. 12 ("Anti-Agricultural Economic Sabotage Act")*. Senate of the Philippines. 19th Congress. http://legacy.senate.gov.ph/press_release/2023/0911_villar1.asp
- ¹¹⁵ U.S. Embassy in the Philippines. (2021, March 10). *B FAR, USAID Study Calls for Public Support to Combat Illegal Fishing*. <https://ph.usembassy.gov/bfar-usaid-study-calls-for-public-support-to-combat-illegal-fishing/>
- ¹¹⁶ Lowe, Jake & Souter, Duncan & Muallil, Richard & Batongbacal, Jay. (2023). *Transparency in Philippine Fisheries Governance*. 10.5281/zenodo.7696663.
- ¹¹⁷ The international community has long recognized the linkages between IUU fishing, safety at sea and forced labour. For instance, during 27th, 31st and 33rd sessions of FAO's Committee on Fisheries (COFI).
- ¹¹⁸ US Department of State. (2021). *Trafficking in Persons (TIP) Report*. Available at <https://www.state.gov/reports/2021-trafficking-in-persons-report/philippines/>
- ¹¹⁹ US Department of Labour. (2020). *Findings on the Worst Forms of Child Labor - Philippines*. U.S. Department of Labor. <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/philippines>
- ¹²⁰ Monterey Bay Aquarium Seafood Watch. (2022). *Tropical tuna risk profile: Philippines, Fishing and Processing*. <https://www.seafoodwatch.org/globalassets/sfw/pdf/projects/ssrt/risk-profiles/tropical-tuna/published/seafood-watch-tropical-tuna-ssrt-risk-profile-philippines-2022.pdf>
- ¹²¹ Philippines Centre for Investigative Journalism. (2021, August 23). *'Philippine artisanal fishermen cry for help as illegal fishing empties municipal waters'*. <https://pcij.org/article/6777/philippine-fishermen-cry-help-illegal-fishing-empties-%20municipal-waters>
- ¹²² The Philippine Business and News. (2021, December 11). *'Small-scale artisanal fisherfolks call for support amid challenges in Phl Fisheries'*. The Philippine Business and News. <https://thephilbiznews.com/2021/12/11/small-scale-artisanal-fisherfolks-call-for-support-amid-challenges-in-phl-fisheries/#:~:text=The%20situation%20of%20small%2Dscale,make%20the%20payments%20on%20penalties.>
- ¹²³ NTS Bulletin. (2016, May 16). *NTS Bulletin Labor Exploitation in the Fishing Industry*. Centre for Non-Traditional Security (NTS) Studies, S. Rajaratnam School of International Studies (RSIS), Singapore. <https://reliefweb.int/attachments/b0bfc219-509a-3439-9ea6-56f987bc3ea7/NTS-Bulletin-May-2016.pdf>
- ¹²⁴ US Department of State. (2022) *Trafficking in Persons (TIP) Report*. <https://www.state.gov/reports/2022-trafficking-in-persons-report/philippines>
- ¹²⁵ Monterey Bay Aquarium Seafood Watch. (2022). *Tropical tuna risk profile: Philippines, Fishing and Processing*. <https://www.seafoodwatch.org/globalassets/sfw/pdf/projects/ssrt/risk-profiles/tropical-tuna/published/seafood-watch-tropical-tuna-ssrt-risk-profile-philippines-2022.pdf>

- ¹²⁶ Hilotin, J. (2019, March 11). *Gold in the Philippines: How much is it really worth?* Gulf News. <https://gulfnews.com/world/asia/philippines/gold-in-the-philippines-how-much-is-it-really-worth-1.1552204923140>; Australian Government. (n.d.). *Mining to the Philippines: Trends and opportunities*. Australian Trade and Investment Commission. <https://www.austrade.gov.au/australian/export/export-markets/countries/philippines/industries/mining#:~:text=The%20Philippines%20is%20the%20fifth,nickel%20and%20sixth%20for%20chromite>.
- ¹²⁷ Ong, J. (2018). *Dying for Gold: The Philippines' Illegal Treasure Mines*. Top Documentary Films. <https://topdocumentaryfilms.com/dying-gold-philippines-illegal-treasure-mines/>
- ¹²⁸ Pavlova, P., & Hincks, J. (2013, March). *Mining in the Philippines*. Global Business Reports. https://www.gbreports.com/wp-content/uploads/2014/09/Philippines_Mining2013.pdf
- ¹²⁹ Serapio, M. J. (2018, September 17). *Philippine leader again vows to shut mines after deadly landslides*. Reuters. <https://www.reuters.com/article/us-asia-storm-philippines-duterte/philippine-leader-again-vows-to-shut-mines-after-deadly-%20landslides-idUSKCN1LX15K>
- ¹³⁰ Alliance 8.7. (n.d.). *Breaking the cycle of intergenerational child labour in the Philippines - How Eron escaped the gold mine*. Alliance 8.7. <https://www.alliance87.org/interactive/philippines/>
- ¹³¹ Business & Human Rights Resource Centre. (2022, October 2). *Philippines Artisanal Mining Threatens Indigenous Peoples Ancestral Domain Employs Children to Carry Sacks of Ore Along Slippery Slopes*. <https://www.business-humanrights.org/en/latest-news/philippines-artisanal-mining-threatens-indigenous-peoples-ancestral-domain-%20employs-children-to-carry-sacks-of-ore-along-slippery-slopes/>
- ¹³² Rhett, Butler. (2014, July). *Philippines environment*. MONGABAY: rainforest country profiles. <https://rainforests.mongabay.com/20philippines.htm>
- ¹³³ Bicker, L. (2023, January 5). *Sierra Madre: Fighting to save what's left of a vital rainforest*. BBC. <https://www.bbc.com/news/world-asia-64123652>
- ¹³⁴ Reboredo, F. (2013). *Socio-economic, environmental, and governance impacts of illegal logging*. *Environment Systems and Decisions*, 33(2), 295–304. <https://doi.org/10.1007/s10669-013-9444-7>
- ¹³⁵ Khalid, F., Taj, M., Jamil, A., Kamal, H., Afzal, T., Iqbal, M., Khan, T., Ashiq, M., Raheel, A., Sharif, M., & Tirmizi, S. (2019, August 26). *Multiple Impacts of Illegal Logging: A key to Deforestation Over the Globe*. *Biomedical Journal of Scientific & Technical Research*. <https://biomedres.us/fulltexts/BJSTR.MS.ID.003519.php>
- ¹³⁶ Lopez, A. (2020, May 13). *Over P8-M hot logs seized in Caraga in Q1 2020*. Philippine News Agency. <https://www.pna.gov.ph/articles/1102720>
- ¹³⁷ Tecson, Z. (2022, July 12). *Over 13K board feet of illegal logs seized in Nueva Ecija*. Philippine News Agency. <https://www.pna.gov.ph/articles/1178731>
- ¹³⁸ Mouradian, A. (2022, June 15). *Delikado: Defending the Philippines*. Documentary Australia. <https://documentaryaustralia.com.au/news/delikado-defending-the-philippines/>
- ¹³⁹ ADB. (2019, March). *Addressing Illegal Wildlife Trade in the Philippines*. Asian Development Bank. <https://www.adb.org/sites/default/files/publication/490006/addressing-illegal-wildlife-trade-philippines.pdf>
- ¹⁴⁰ ADB. (2019, March). *Addressing Illegal Wildlife Trade in the Philippines*. Asian Development Bank. <https://www.adb.org/sites/default/files/publication/490006/addressing-illegal-wildlife-trade-philippines.pdf>; Kimber, I., & Cornthwaite, M. (2015, June 24). *Thousands of Critically Endangered Palawan Forest Turtles seized - Wildlife Trade News from TRAFFIC*. Traffic.org. <https://www.traffic.org/news/thousands-of-critically-endangered-palawan-forest-turtles-seized/>; Alberts, E. C., & Posada, M. (2020, August 4). *Illegal trade of Philippine pangolins is surging, report shows*. Mongabay. <https://news.mongabay.com/2020/08/weak-enforcement-sees-surging-trade-in-philippine-pangolin-study-shows/>; Gokkon, B. (2021, February 10). *Rescue of rare white tarsier raises fears of habitat loss, illegal pet trade*. Mongabay. <https://news.mongabay.com/2021/02/rescue-of-rare-white-tarsier-raises-fears-of-habitat-loss-illegal-pet-trade/>
- ¹⁴¹ ADB. (2019, March). *Addressing Illegal Wildlife Trade in the Philippines*. Asian Development Bank. <https://www.adb.org/sites/default/files/publication/490006/addressing-illegal-wildlife-trade-philippines.pdf>
- ¹⁴² Abano, I., Chavez, L., & Othman, F. (2021, June 1). *Wildlife trafficking, like everything else, has gone online during COVID-19*. Mongabay. <https://news.mongabay.com/2021/06/wildlife-trafficking-like-everything-else-has-gone-online-during-covid-19/>
- ¹⁴³ Kimber, I., & Cornthwaite, M. (2021, June 10). *TRAFFIC and Facebook collaboration disrupts wildlife trafficking online in the Philippines and Indonesia - Wildlife Trade News from TRAFFIC*. Traffic.org. <https://www.traffic.org/news/traffic-and-facebook-collaboration-disrupts-wildlife-trafficking-online-in-the-philippines-and-indonesia-1/>
- ¹⁴⁴ Greenpeace. (2020, March). *Waste Trade in The Philippines*. Greenpeace. <https://www.greenpeace.org/static/planet4-philippines-stateless/2020/03/da311344-waste-trade-in-the-philippines-report-v2.pdf>
- ¹⁴⁵ Greenpeace. (2019, June). *Greenpeace statement on the return of Hong Kong E-Waste shipment*. Greenpeace Philippines. <https://www.greenpeace.org/philippines/press/2742/greenpeace-statement-on-the-return-of-hong-kong-e-waste-shipment/>
- ¹⁴⁶ United Nations. (n.d.). *Waste trafficking Southeast Asia*. UNODC. <https://www.unodc.org/unodc/en/environment-climate/webstories/waste-trafficking-southeast-asia.html>
- ¹⁴⁷ Simon, J. M. (2022, October 2). *Illicit trade in waste: it is time to raise the alarm and mobilize*. WCO news. <https://mag.wcoomd.org/magazine/wco-news-89/illicit-trade-in-waste-it-is-time-to-raise-the-alarm-and-%20mobilize/>
- ¹⁴⁸ Ocean Conservancy. (2022, July 10). *Stemming the Tide Statement of Accountability*. Ocean Conservancy. <https://oceanconservancy.org/wp-content/uploads/2017/04/full-report-stemming-the.pdf>
- ¹⁴⁹ Simon, J. M. (2019, June 6). *Illicit trade in waste: it is time to raise the alarm and mobilize*. WCO News. <https://mag.wcoomd.org/magazine/wco-news-89/illicit-trade-in-waste-it-is-time-to-raise-the-alarm-and-%20mobilize/>
- ¹⁵⁰ TEU stands for "twenty-foot equivalent unit," which is a standard unit of measure used in the shipping industry to describe the carrying capacity of cargo ships and terminals. The largest container ships have a TEU capacity of 24,000, with the average container vessel capacity around 8,000-10,000TEU.
- ¹⁵¹ de Vera, B. O. (2022, July 11). *BOC: Fight vs smuggling, corruption ramped up in H1*. Inquirer Business. <https://business.inquirer.net/352695/boc-fight-vs-smuggling-corruption-ramped-up-in-h1#ixzz7ufRcr18Q>

- ¹⁵² Republic of the Philippines. (2023, August 5). *Commissioner Rubio Highlights Strengthened Anti-illicit Tobacco Measures at the NTA Summit*. Bureau of Customs. <https://customs.gov.ph/commissioner-rubio-highlights-strengthened-anti-illicit-tobacco-measures-at-the-nta-summit/>
- ¹⁵³ Simeon, L. M., & Servillos, N. J. (2023, February 14). *Rubio assumes Customs post* | Philstar.com. Philippine Star. <https://www.philstar.com/nation/2023/02/14/2244725/rubio-assumes-customs-post>
- ¹⁵⁴ *Recommendation of the Council on Countering Illicit Trade: Enhancing Transparency in Free Trade Zones*. (2019, 10 20). OECD Legal Instruments. <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0454>
- ¹⁵⁵ World Trade Organization. (2022, July 27). *LEVERAGING WTO RULES TO COMBAT ILLICIT TRADE IN MEDICAL PRODUCTS*. World Trade Organization. https://www.wto.org/english/tratop_e/markacc_e/illicit_trade_working_paper.pdf
- ¹⁵⁶ Republic of the Philippines. (2022, December 4). *BOC Davao, UNODC Launch New Port Control Office*. Bureau of Customs. <https://customs.gov.ph/boc-davao-unodc-launch-new-port-control-office/>
- ¹⁵⁷ Economist Impact. (2023) *Global Anti-Illicit Trade Summit, South-East Asia*. Economist Events: Global Anti-Illicit Trade Summit, South-East Asia. <https://events.economist.com/custom-events/global-anti-illicit-trade-summit-asia/>
- ¹⁵⁸ Leyco, Chino S. (2023, August 17). *BIR calls on Congress for budget to store seized illicit trade items*. Manila Bulletin. <https://mb.com.ph/2023/8/17/bir-calls-on-congress-for-budget-to-store-seized-illicit-trade-items>
- ¹⁵⁹ Monzon, A. M. (2023, March 6). *Airport staff to get anti-fake goods training*. Inquirer.net. <https://business.inquirer.net/389553/airport-staff-to-get-anti-fake-goods-training>
- ¹⁶⁰ The National Committee on IP Rights (NCIPR) composed of the Intellectual Property Office of the Philippines (IPOPHL), National Bureau of Investigation (NBI), Department of Trade and Industry, Department of Justice, Department of Information and Communications Technology, Bureau of Customs, Food and Drug Administration, Philippine National Police, Optical Media Board, National Book Development Board, Office of the Special Envoy on Transnational Crime, Department of the Interior and Local Government (DILG), and the National Telecommunications Commission.
- ¹⁶¹ NCIPR Philippines. (2021). *Annual Report*. https://drive.google.com/file/d/1FBmn--DalyqlN_v0rrjo21yUkLjd7f_B/view
- ¹⁶² Under the amendment, the crime of economic sabotage through large-scale agricultural smuggling of tobacco, whether manufactured or unmanufactured, including finished products such as cigars, cigarettes or heated tobacco products, with a minimum excise tax and vat payable in the amount of one million pesos P1 million, as valued by the Bureau of Customs (BOC), is committed by importing into the Philippines without the required import permit from the regulatory agencies; using import permits of persons, natural or juridical, other than those specifically named in the permit; or using fake, fictitious or fraudulent import permits or shipping documents, among others. See Congress of the Philippines. (2022, December 12). *House OKs Bill Amending Anti-Agricultural Smuggling Law*. <https://www.publicnow.com/>
- ¹⁶³ Republic of the Philippines. (2022, October 2). *Loyzaga Urges Legislators For Strengthened Protection for PH Wildlife Resources*. Republic of the Philippines. <https://www.denr.gov.ph/index.php/news-events/press-releases/4655-loyzaga-urges-legislators-for-strengthened-protection-for-ph-%20wildlife-resources>
- ¹⁶⁴ Abano, I., Chavez, L., & Othman, F. (2021, June 1). *Wildlife trafficking, like everything else, has gone online during COVID-19*. Mongabay. <https://news.mongabay.com/2021/06/wildlife-trafficking-like-everything-else-has-gone-online-during-covid-19/>
- ¹⁶⁵ de Vera, B. O. (2022, July 11). *BOC: Fight vs smuggling, corruption ramped up in H1*. Inquirer Business. <https://business.inquirer.net/352695/boc-fight-vs-smuggling-corruption-ramped-up-in-h1#ixzz7ufPSbUsw>
- ¹⁶⁶ Asia Pacific Foundation of Canada. (2023, January 11). *Philippines Begins Drastic 'Cleansing' of Corrupt Cops*. Asia Pacific Foundation of Canada. <https://www.asiapacific.ca/publication/philippines-begins-drastic-cleansing-corrupt-cops>
- ¹⁶⁷ Abano, I., Chavez, L., & Othman, F. (2021, June 1). *Wildlife trafficking, like everything else, has gone online during COVID-19*. Mongabay. <https://news.mongabay.com/2021/06/wildlife-trafficking-like-everything-else-has-gone-online-during-covid-19/>
- ¹⁶⁸ IPOPHL. (2023, January 26). *IPOPHL highlights importance of IP awareness, joins book publisher's anti-piracy campaign*. IPOPHL. <https://www.ipophil.gov.ph/news/ipophil-highlights-importance-of-ip-awareness-joins-bookpublishers-anti-piracy-campaign/>
- ¹⁶⁹ USTR. (2023, April). *2023 Special 301 Report.pdf*. USTR. <https://ustr.gov/sites/default/files/2023-04/2023%20Special%20301%20Report.pdf>
- ¹⁷⁰ Monzon, A. M. (2022, December 12). *IP rights body says counterfeiting, piracy complaints down in Jan to Nov*. Inquirer Business. <https://business.inquirer.net/377538/ip-rights-body-says-counterfeiting-piracy-complaints-down-in-jan-to-nov>
- ¹⁷¹ USTR. (2022). *2021 Review of Notorious Markets for Counterfeiting and Piracy*. Washington, DC: Office of the United States Trade Representative Executive Office of the President. <https://ustr.gov/sites/default/files/IssueAreas/IP/2021%20Notorious%20Markets%20List.pdf>
- ¹⁷² Ñares, A. (2023, June 7). *DTI fights illicit online selling of vapes, tobacco on Shopee, Lazada*. Inquirer.net. <https://newsinfo.inquirer.net/1780516/dti-fights-illicit-online-selling-of-vapes-tobacco-on-shopee-lazada>
- ¹⁷³ DTI. (2022, March 14). *Joint Administrative Order on online business released. Department of Trade and Industry, Republic of the Philippines*. <https://www.dti.gov.ph/archives/news-archives/joint-administrative-order-on-online-business-released/>
- ¹⁷⁴ Kimber, I., & Cornthwaite, M. (2021, June 10). *TRAFFIC and Facebook collaboration disrupts wildlife trafficking online in the Philippines and Indonesia - Wildlife Trade News from TRAFFIC*. Traffic.org. <https://www.traffic.org/news/traffic-and-facebook-collaboration-disrupts-wildlife-trafficking-online-in-the-philippines-and-indonesia-1/>
- ¹⁷⁵ TRACIT & AAFA. (2020). *Fraudulent Advertising Online: Emerging Risks and Consumer Fraud*. New York: Transnational Alliance to Combat Illicit Trade and American Apparel and Footwear Association. <https://www.tracit.org/featuredreport-fraudulent-advertising-online.html>



**TRANSNATIONAL ALLIANCE
TO COMBAT ILLICIT TRADE**

TRACIT.ORG

Transnational Alliance to Combat Illicit Trade
9 East 8th Street #201, New York, NY 10003
+1.917.815.2824 | info@TRACIT.org | TRACIT.org