TRANSNATIONAL ALLIANCE TO COMBAT ILLICIT TRADE
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MEDIA RELEASE

Ecuador among the most vulnerable countries to illicit trade

Quito, Ecuador, September 2025: Ecuador is on the list of countries most vulnerable to illicit trade, according to the 2025 Illicit Trade Index published by the Transnational Alliance to Combat Illicit Trade (TRACIT). The findings were unveiled last June at the 10th Meeting of the Latin American Anti-Contraband Alliance (ALAC), held in Guatemala City, with the participation of authorities and experts in the field.

The Index provides governments, policymakers, and enforcement agencies with a comprehensive framework for assessing resilience against illicit trade. Covering **158 countries**—from emerging markets to advanced economies— it highlights systemic vulnerabilities, strengths, and emerging trends, while providing actionable recommendations to strengthen national policies, improve enforcement, and foster international cooperation.

"TRACIT's 2025 Illicit Trade Index is more than a ranking: it can also serve as a diagnostic tool for governments seeking to adopt structural reforms. By identifying key weaknesses, regulatory gaps, and vulnerabilities, the Index enables governments to pinpoint areas that deserve greater attention, design effective measures, and take specific actions to combat illicit trade," said Jeffrey Hardy, Director-General, TRACIT.

Ecuador's standing in the Index

Ecuador ranks 113th out of 158 countries, placing it well below the global average – and underperforming other Latin American nations such as Panama (81), Mexico (88), Colombia (77), and Costa Rica (68). Despite ongoing efforts by national authorities, the country continues to face significant challenges.

While Ecuador's regulatory and enforcement frameworks show signs of maturity, indicating that formal legal structures are in place, they are not yet supported by effective implementation across the entire ecosystem. Authorities face significant challenges in monitoring intermediaries throughout the supply chain. Control of illicit activities remains fragmented in key sectors of the economy, with inconsistent enforcement. Ongoing issues such as violence, insecurity, and weak governance further weaken these vulnerabilities, creating an environment conducive to criminal activities.

The far-reaching costs of illicit trade

Illicit trade is far from a victimless crime. It puts consumers at risk by flooding markets with unsafe and unregulated products, while legitimate businesses are undercut by criminal networks that often rely on forced or child labor. Governments lose vital tax revenues as illicit operators evade the law, and organized crime channels these profits into other illegal—and often violent—activities that threaten public safety.

For example, organized crime has increasingly turned to illicit tobacco trade as a major source of revenue. Illicit tobacco, easily concealed and smuggled, makes up 84% of all cigarettes consumed in Ecuador—one of the highest rates in the region. Neighboring markets face similarly widespread levels of illicit tobacco, with Panama at 96%, Costa Rica at 47%, and Colombia at 36%.

Alcohol is another sector plagued by illicit trade. At a 2021 forum hosted by the Ecuador Chamber of Industries and Production (CIP), with TRACIT's participation, experts pointed to the high tax burdens on spirits and beer that drive markets for illicit alcohol. Beer smuggling across Ecuador's borders has increased sharply in tandem with the rise of illicit artisanal alcohol and counterfeit products. As consumers shift to illicit products, Ecuador suffers from widespread tax leakages, with a fiscal loss of more than USD 100 million from illicit spirits alone, generating negative impacts on revenue, resource mobilization, and job creation. Moreover, weak enforcement and low consumer awareness compound the issue, allowing dangerous, unregulated alcohol to circulate freely and undermine legitimate public health objectives.

The damage doesn't stop there - industries such as pharmaceuticals, textiles, pesticides and seeds are also heavily affected. In each case, illicit trade erodes product integrity, endangers consumers, and stifles sectoral growth.

A call to strengthen institutional capacities

At the 10th ALAC Meeting in Guatemala in June, regional and international leaders signed a declaration stating that "transnational criminal networks present in the economies of the Latin American and Caribbean region continue to benefit from illicit trade; consequently, it is essential to continue coordinating and articulating responses to this scourge at the national, regional, and international levels."

TRACIT's 2025 Illicit Trade Index highlights Ecuador's limited capacity to effectively combat illicit trade, underscoring the need for sustained public–private cooperation. The report points to strengthening technical expertise, leveraging technological tools, fostering regional cooperation, and building a culture of compliance as essential steps for advancing this agenda.

Access TRACIT's 2025 Illicit Trade Index here.

About TRACIT

The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, private sector initiative that works with governments and businesses to mitigate the economic and social harms of illicit trade. TRACIT brings together companies from key industry sectors to advocate for stronger enforcement, more robust policy frameworks, and international cooperation.

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