

Israel Shows Progress in the Fight Against Illicit Trade But Still Needs to Step Up Enforcement Efforts

Tel Aviv, 6 March 2019 – Today, the Transnational Alliance to Combat Illicit Trade (TRACIT) urged Israel to work with the private sector to develop a comprehensive and effective anti-illicit trade program to curb illicit goods that harm legitimate businesses, workers, consumers and governments. TRACIT issued a set of policy recommendations for Israel at a cross sector and industries event: Creating a Partnership to Fight Illicit Trade.

The event also featured presentation of the Global Illicit Trade Environment Index, commissioned by TRACIT and produced by The Economist Intelligence Unit (EIU). The Index evaluates 84 countries on their structural capability to effectively address illicit trade. The Index ranked Israel 21st globally.

Irene Mia, EIU's Global Editorial Director, reported, **"With an overall score of 73 (out of 100), Israel matches the strong performance exhibited by most Western European countries, and it stands out as the best performing country in the Middle East region, which scores an average of only 50."**

"Israel has taken many positive steps to fight illicit trade," said TRACIT Deputy Director-General Stefano Betti during his presentation. **"But persisting vulnerabilities posed by organized crime, an accrued risk of money laundering, and cross-border smuggling undermine achievements to date."**

According to TRACIT's report, Israel has all the credentials to play a leading role in the region and to act as an incubator for cutting-edge policies to tackle illicit trade. This requires action on different fronts, starting with the implementation of sound crime-prevention strategies via continued adherence to, inter alia, Financial Action Task Force policies and the ratification of the full spectrum of illicit-trade related treaties. Likewise, it will be important for Israel to sustain its economic growth by avoiding excessive levels of taxation that can incentivize illicit trade and erode key State revenues.

TRACIT also shared a set of policy recommendations to complement the findings from the Index. These included:

- Strengthen cooperation with intergovernmental organizations to help address cross-border issues such as tax arbitrage and smuggling.
- Continue to sustain close interagency cooperation at the national level, particularly coordination between health, economic, security, finance and customs agencies.
- Prioritize IPR enforcement.
- Tackle pervasive corrupt practices that continue to facilitate illicit trade.
- Strengthen criminal penalties sufficient enough to deter illicit activity.
- Tighten controls on money laundering by denying access to entities and mechanisms used to launder proceeds of crime.
- Rationalize tax policies and subsidies to ensure that they do not incentivize illicit trade, smuggling, adulteration and theft.
- Take proactive measures to protect Israel from illicit goods transiting through Free Trade Zones.
- Commit to international treaties dealing with illicit trade.
- Improve public awareness and education on the threat of illicit trade.

- Initiate partnerships between all stakeholders (e.g., governments, brand owners, intermediaries, NGOs) to bring about effective change.

“Strengthening cooperation with neighboring countries and participating in projects and initiatives promoted by international organizations such as OECD and WCO can further improve Israel’s ability to defend against illicit trade,” said Mr. Betti. “Similarly, the government can shift public perception and understanding of the negative impacts of illicit trade by improving public awareness and education.”

The Index evaluates countries on their structural capability to effectively protect against illicit trade, highlighting specific strengths and weaknesses across 25 policy, legal, regulatory, economic, trade, institutional and cultural indicators.

The findings are intended to help policy makers in Israel identify areas that merit greater attention and to jump start the process of implementing strategies to address the serious threats posed by illicit trade. All documents can be found at: https://www.tracit.org/publications_gitei.html.

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.

CONTACT:

Cindy Braddon

Head of Communications and Public Policy, TRACIT

Tel: +1 571-365-6885 / cindy.braddon@TRACIT.org / Twitter: [@TRACIT_org](#)