

Foreword

Globalisation and free trade are strong drivers of economic growth. They have also opened up new opportunities for illicit trade activities. Criminal networks benefit from these opportunities at the expense of public safety, human rights, legitimate business activity and sustainable environmental resources. Consumers rely on effective institutions and law enforcement to protect them from the risks of illicit goods. Businesses also rely on them to counter and deter illicit markets. Trade in counterfeit goods undermines the legitimate competitive advantage of rights holders, and hampers innovation, employment and long-term economic growth. Illicit trade may also ultimately undermine the rule of law and citizens' trust in government.

So far, the governments' response to the risk of illicit trade has been largely uncoordinated and left many enforcement gaps that are easily exploited by criminal networks. Governments from all countries need to reassess their institutional capacities to counter illicit trade and identify the areas where action is needed, especially where it would yield the greatest public benefits.

This report looks at the institutional capacity to effectively counter illicit trade. Part One looks at challenges in existing enforcement frameworks at the global level, including those related to small shipments and to goods transiting through free trade zones. Part Two surveys some enforcement practices in BRICS Economies.

This study was conducted under the aegis of the OECD Task Force on Countering Illicit Trade (TF-CIT), which is part of the OECD High Level Risk Forum. The TF-CIT and HLRF focus on evidence-based research and advanced analytics to map and understand the market vulnerabilities exploited and created by illicit trade.

This quantitative analysis in this report is based on a unique, global dataset of customs seizures over the period 2011-13. It also benefitted from structured interviews with trade and customs experts. The main dataset on customs seizures of counterfeit and pirated products was provided on behalf of the global customs community by the World Customs Organization (WCO). It was complemented by the European Union data provided by the European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD), and by the US data received from the United States Department of Homeland Security (DHS).

This report is meant to contribute to a shared understanding across countries affected by illicit trade. The goal is to develop common solutions to address this risk. The study shows that effective governance frameworks and public institutions and international cooperation can improve the ability of countries to respond efficiently in a co-ordinated way to the growing scourge of illicit trade.

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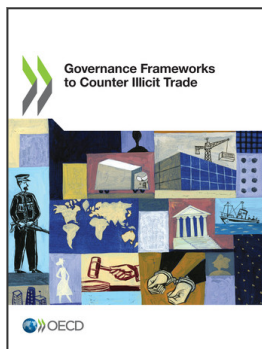
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