

THE GLOBAL ILLICIT TRADE ENVIRONMENT INDEX 2018

A report by The Economist intelligence Unit

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Serbia, Bosnia and Montenegro

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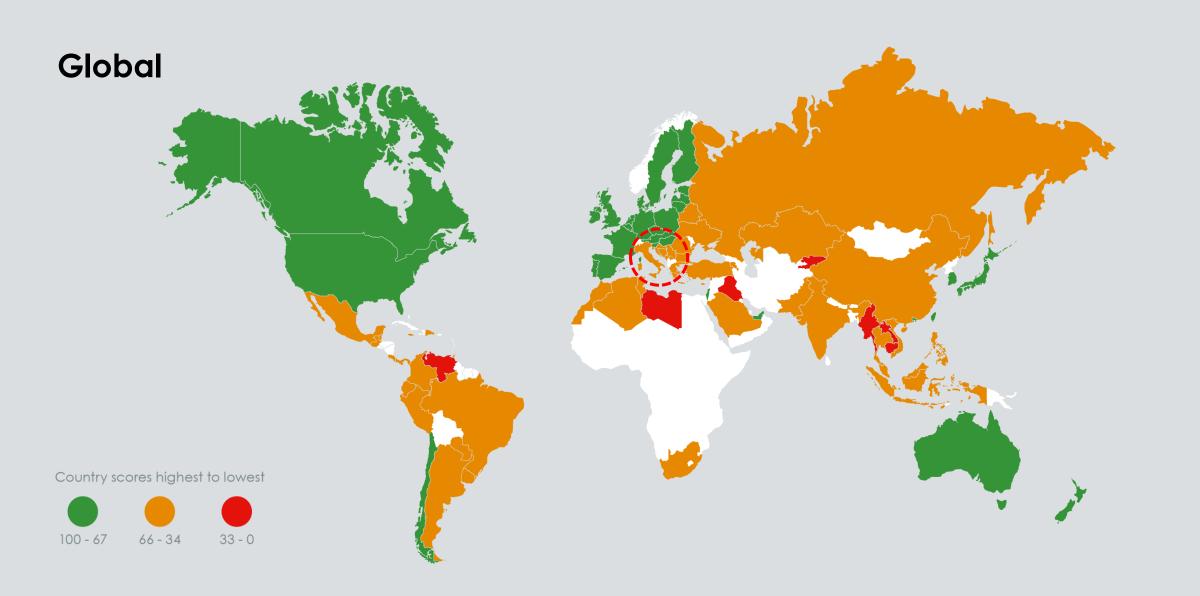
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Managing editor, Asia Global editorial lead, Trade and globalisation The Economist Intelligence Unit 20 June 2018

Introduction

- Overall index covers 84 economies across four categories:
 - o Government policy
 - o Supply and demand
 - Transparency and trade
 - o Customs environment
- Three economies average score in the index: 47.4 (out of 100)
 - Serbia: 52.2 (57th place)
 - Montenegro: 49.0 (63rd)
 - Bosnia: 40.9 (74th)
- Geography, history and political culture/systems combine to create an enabling environment in the region

THE GLOBAL ILLICIT TRADE ENVIRONMENT INDEX 2018



Europe: Overall scores and ranking THE GLOBAL ILLICIT TRADE The INTELLIGENCE **Econom**ist UNIT **ENVIRONMENT INDEX 2018** Country scores highest to lowest Europe 100 - 67 33 - 0 66 - 34 85.6 Finland 18 69.9 Latvia United Kingdom 19 69.6 Slovakia 85.1 2 80.9 Sweden 20 68.5 Hungary 3 80.5 Austria 21 68.4 Portugal 4 80.0 Netherlands 22 68.3 Poland 5 79.3 Denmark 23 66.9 Cyprus 6 78.9 Germany 24 65.8 Croatia 7 78.6 Belgium 25 64.4 Italy 8 78.3 Luxembourg 26 61.7 Greece 9 10 76.5 Ireland 27 60.8 Romania 28 57.7 Bulgaria 11 74.1 Spain 12 73.8 France 29 **52.2 Serbia** 13 73.1 Malta 30 49.1 Russia 14 71.6 Slovenia .0 Montenegro 15 71.4 Czech Republic 41.5 Belarus 32 16 71.1 Estonia 33 40.9 Bosnia 34 37.8 Ukraine 17 70.8 Lithuania

Government policy

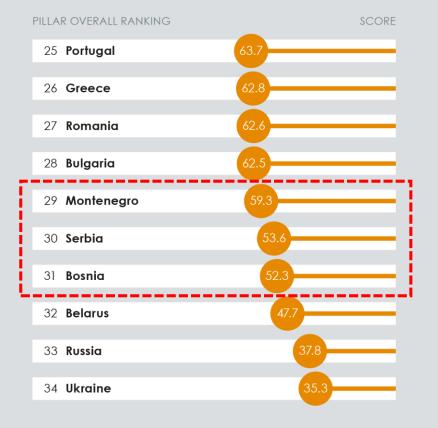
Average score for three economies: 55.1

- Category measures:
 - Ratification of 14 illicit trade-related treaties
 - Anti-Money laundering measures
 - Corruption
 - IP protection
- Each of three do well on ratification of trade treaties and interagency collaboration
- Corruption is a significant problem
- EU accession negotiations could serve as a powerful driver of improvements

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PILLAR OVERALL RANKING SCORE 96.3 Finland 1 95.7 2 UK 88.1 3 Sweden 4 Netherlands 86.3 5 Germany 6 Belgium 85.2 84.9 7 Austria 81.4 8 France 80.2 9 Denmark 79.4 10 Malta =11 Ireland =11 Slovenia





Government policy

Supply & Demand

Average score for three economies: 36.7

- Category measures:
 - Levels of corporate taxation and social security burdens
 - Quality of state institutions
 - Labour market regulations
 - Perceptions of organised crime
- Quality of state institutions is weak; low tax morale
- Popularity of cash make it ripe for money laundering activities
- As does use of the Euro without being Eurozone members

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Supply & Demand



FILLAR OVERALL KAINNING	SCORE
13 Czech Republic	59.8
14 Estonia	59.6
15 Spain	58.2
16 Portugal	57.9
17 Latvia	56.4
18 Lithuania	55.2
19 Poland	54.6
20 Cyprus	54.5
21 Hungary	52.9
22 Slovenia	52.3
23 Russia	51.7
24 France	48.0

PILLAR OVERALL RANKING



Transparency and trade

Average score for three economies: 36.4

- Category measures:
 - Free trade zone governance
 - Track and trace services
 - Reporting on drugs, IP and human trafficking
- The worst category for the three economies
- Availability of track and trade services and international reporting weak areas
- Bosnia making strides in reporting of human trafficking

THE GLOBAL ILLICIT TRADE ECONOMIST INTELLIGENCE UNIT

PILLAR OVERALL RANKING SCORE 3 Sweden 74.7 2 Austria 73.5 3 Germany 4 Belgium 5 United Kingdom 71.7 6 Luxembourg 7 Ukraine 71.1 8 Finland 70.2 9 France 10 Ireland 68.0 11 Italy 12 Czech Republic

67.6 13 Spain 67.2 14 Netherlands 15 Denmark 16 Lithuania 17 Portugal 18 Greece 19 Estonia 20 Latvia 21 Hungary 22 Croatia 23 Slovenia 24 Poland 55.2

SCORE

PILLAR OVERALL RANKING

PILLAR OVERALL RANKING	SCORE
=25 Malta	53.2
=25 Slovakia	53.2
27 Romania	50.8
28 Cyprus	47.9
29 Bosnia	40.6
30 Belarus	39.1
30 Belarus	39.1
30 Belarus 31 Russia	39.1 38.9

Transparency & Trade

Customs Environment

Average score for three economies: 53.9

- Category measures:
 - Customs inspections
 - Customs clearance times
 - Authorised Economic Operator programmes
 - Customs recordal
- Bosnia and Montenegro need to make improvements in levels of customs automation
- Serbia has an AEO programme in place; the other two don't
- Also has a customs recordal; the other two face resource and other constraints

THE GLOBAL ILLICIT TRADE ECONOMIST INDEX 2018

PILLAR OVERALL RANKING SCORE 90.2 Netherlands 1 88.5 2 Ireland 88.1 3 Spain 4 Slovenia 5 Denmark 6 Estonia 87.5 87.4 7 Germany 87.3 8 Slovakia 86.6 9 Luxembourg =10 Belgium 86.5 =10 France 12 Finland 86.2





Customs Environment



- Geography, history and political culture create a range of issues
- The Balkan route, porous borders and transit ports
- Terrorist groups, separatists and religious extremists
- Encouraging signs on AML, human trafficking and regional cooperation