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# THE GLOBAL ILLICIT TRADE ENVIRONMENT INDEX 2018

A report by The Economist intelligence Unit

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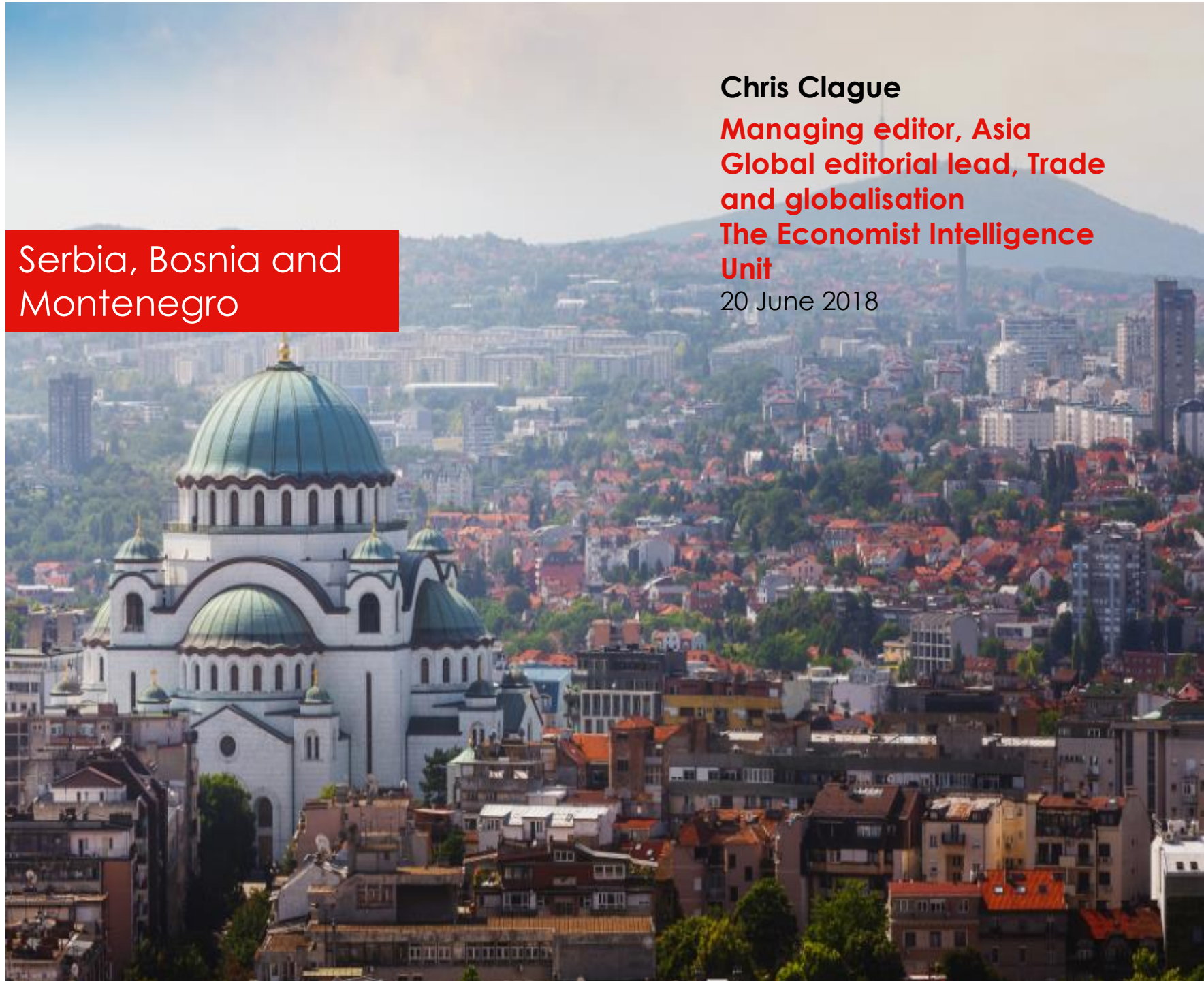


Serbia, Bosnia and  
Montenegro

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Unit

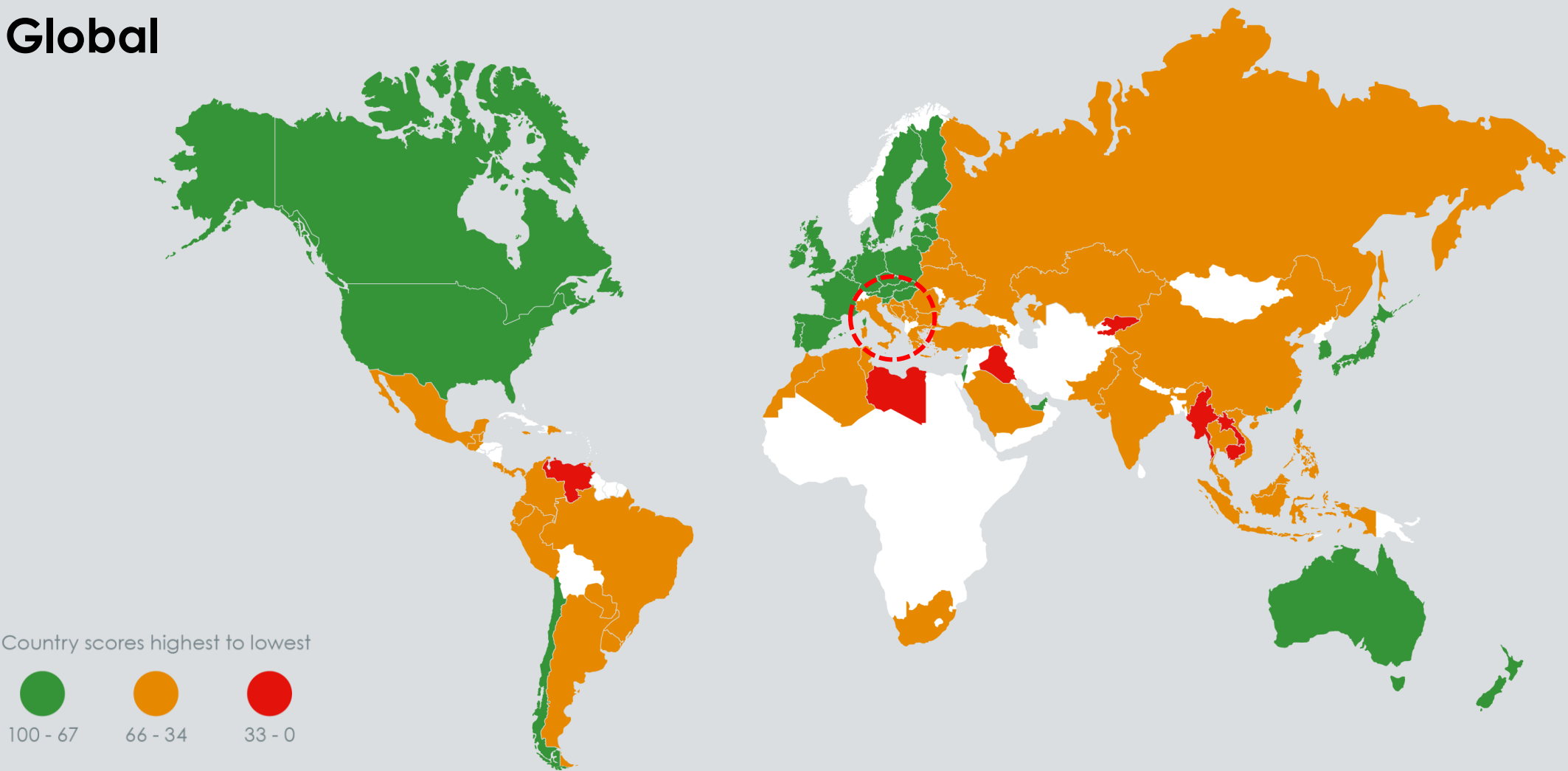
20 June 2018



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

# Overall score and ranking

## Global



# Europe: Overall scores and ranking

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## Europe

Country scores highest to lowest



1	85.6	Finland	18	69.9	Latvia
2	85.1	United Kingdom	19	69.6	Slovakia
3	80.9	Sweden	20	68.5	Hungary
4	80.5	Austria	21	68.4	Portugal
5	80.0	Netherlands	22	68.3	Poland
6	79.3	Denmark	23	66.9	Cyprus
7	78.9	Germany	24	65.8	Croatia
8	78.6	Belgium	25	64.4	Italy
9	78.3	Luxembourg	26	61.7	Greece
10	76.5	Ireland	27	60.8	Romania
11	74.1	Spain	28	57.7	Bulgaria
12	73.8	France	29	52.2	Serbia
13	73.1	Malta	30	49.1	Russia
14	71.6	Slovenia	31	49.0	Montenegro
15	71.4	Czech Republic	32	41.5	Belarus
16	71.1	Estonia	33	40.9	Bosnia
17	70.8	Lithuania	34	37.8	Ukraine



## Average score for three economies: 55.1

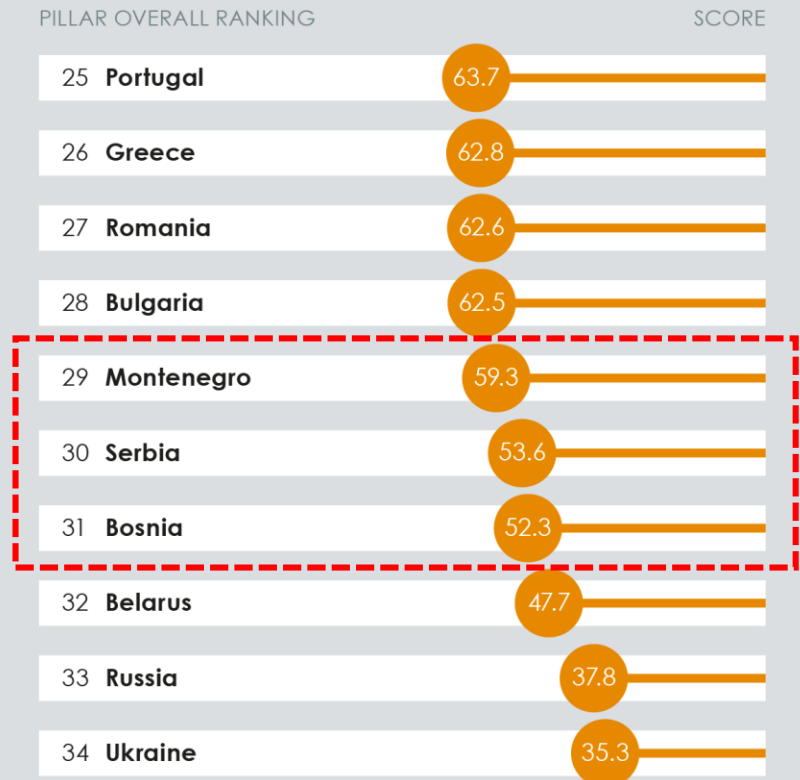
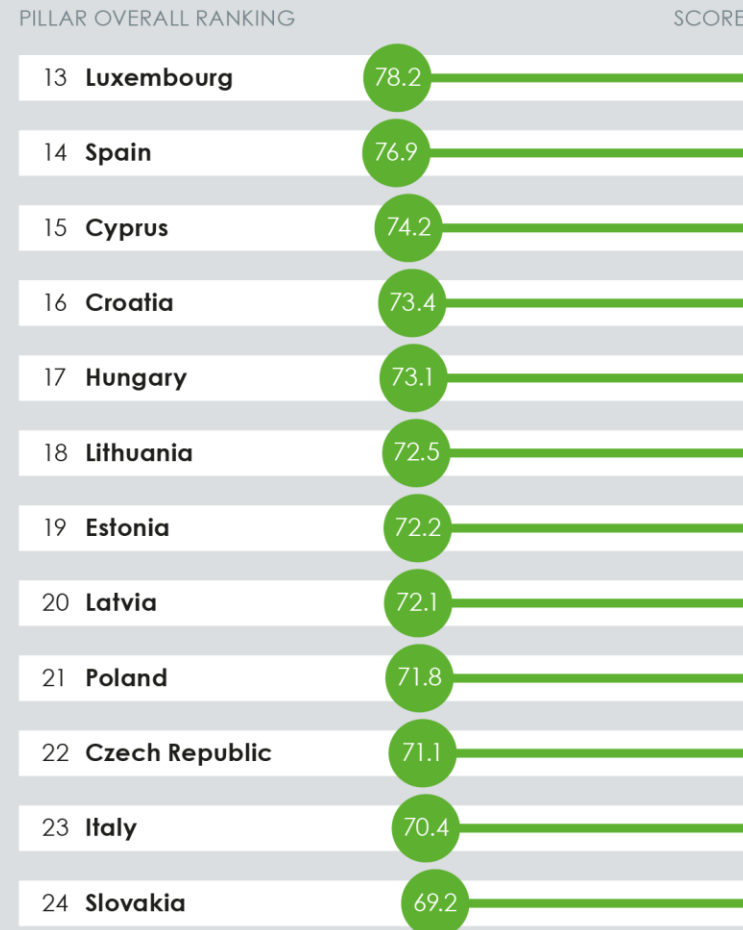
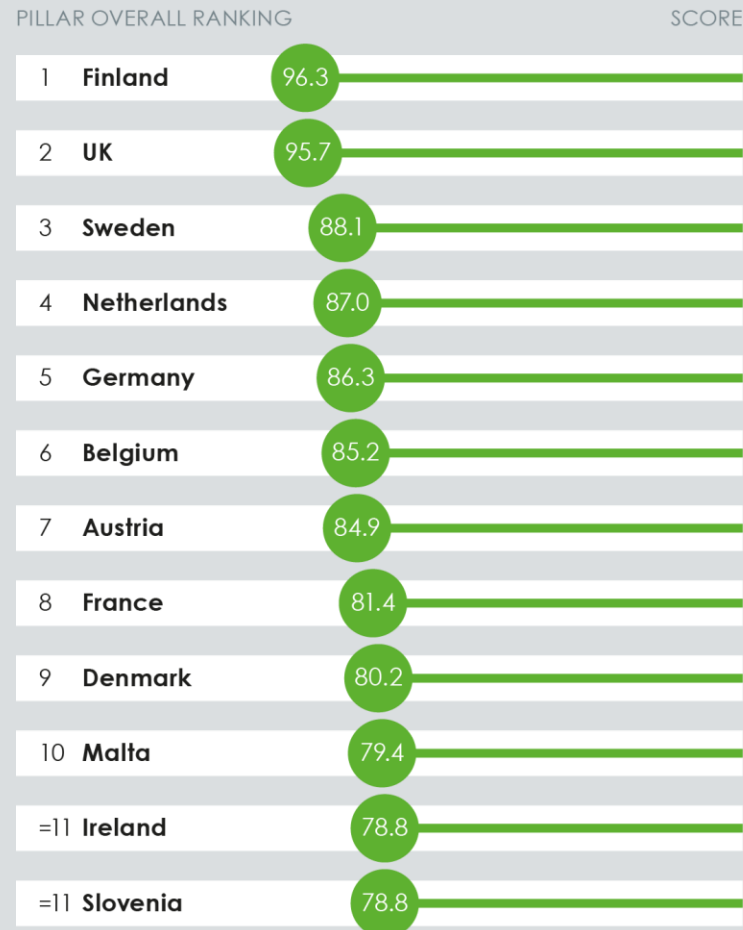
- Category measures:
  - Ratification of 14 illicit trade-related treaties
  - Anti-Money laundering measures
  - Corruption
  - IP protection
- Each of three do well on ratification of trade treaties and interagency collaboration
- Corruption is a significant problem
- EU accession negotiations could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

# Overall score and ranking

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## Government policy





## Average score for three economies: 36.7

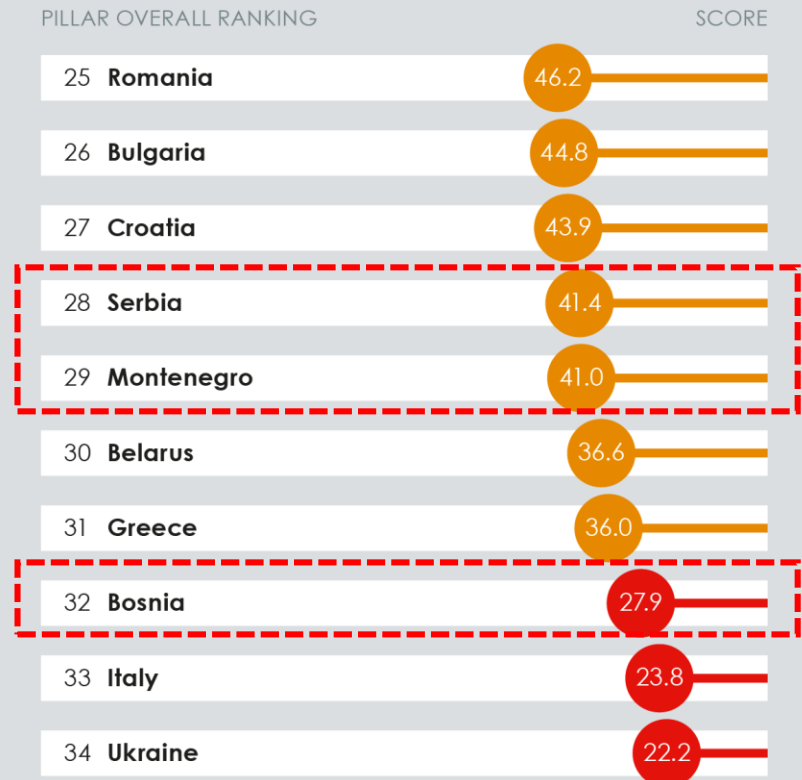
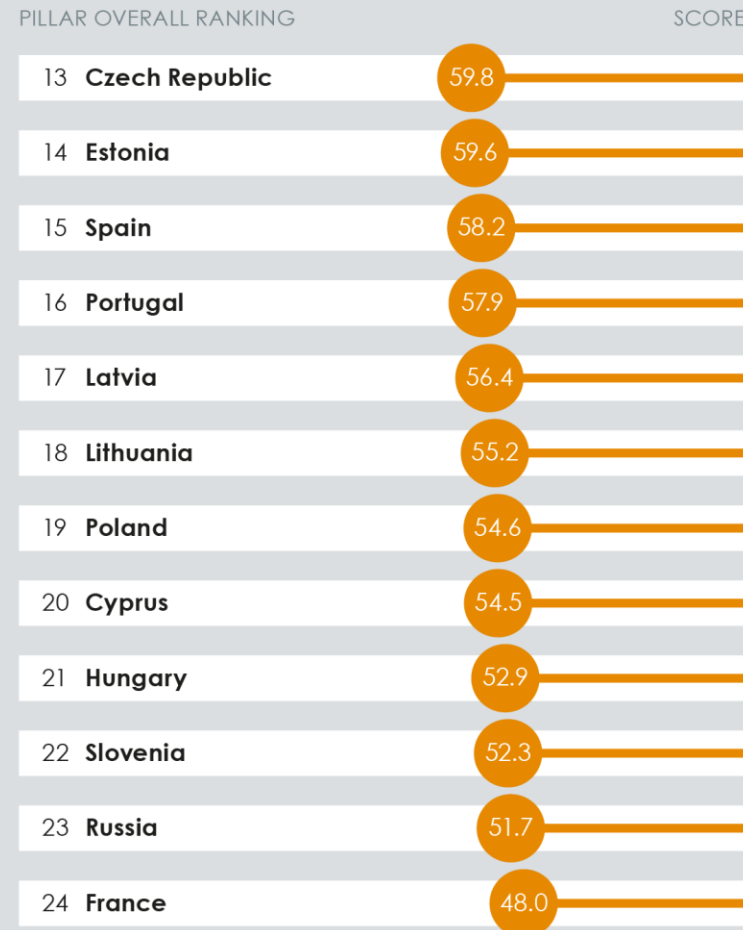
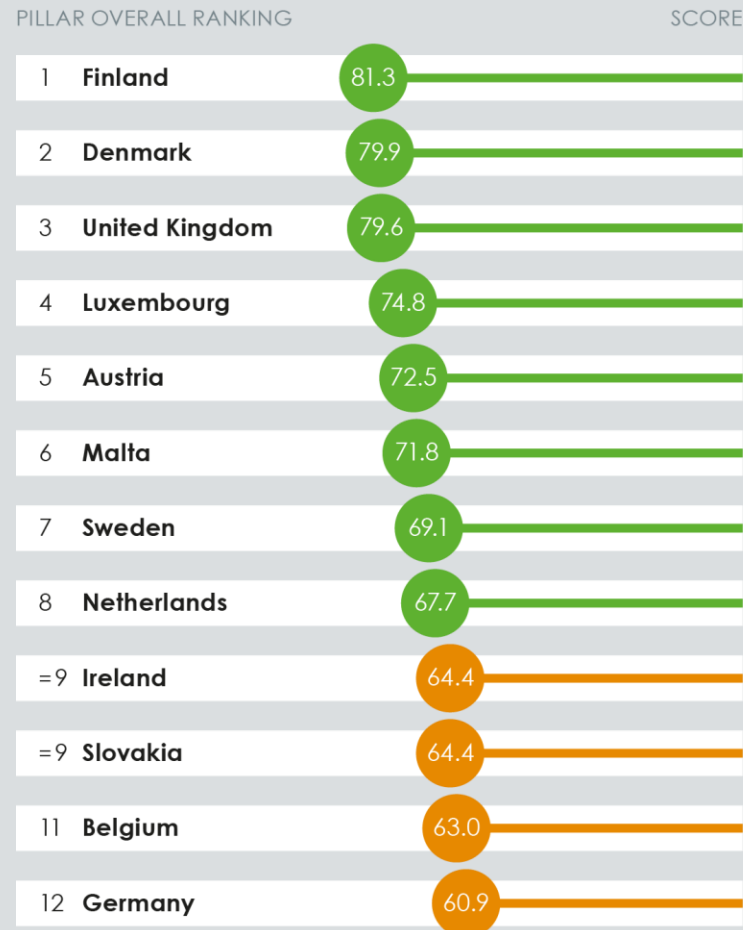
- Category measures:
  - Levels of corporate taxation and social security burdens
  - Quality of state institutions
  - Labour market regulations
  - Perceptions of organised crime
- Quality of state institutions is weak; low tax morale
- Popularity of cash make it ripe for money laundering activities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

# Overall score and ranking

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## Supply & Demand





# Transparency and trade

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## 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

# Overall score and ranking

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## Transparency & Trade

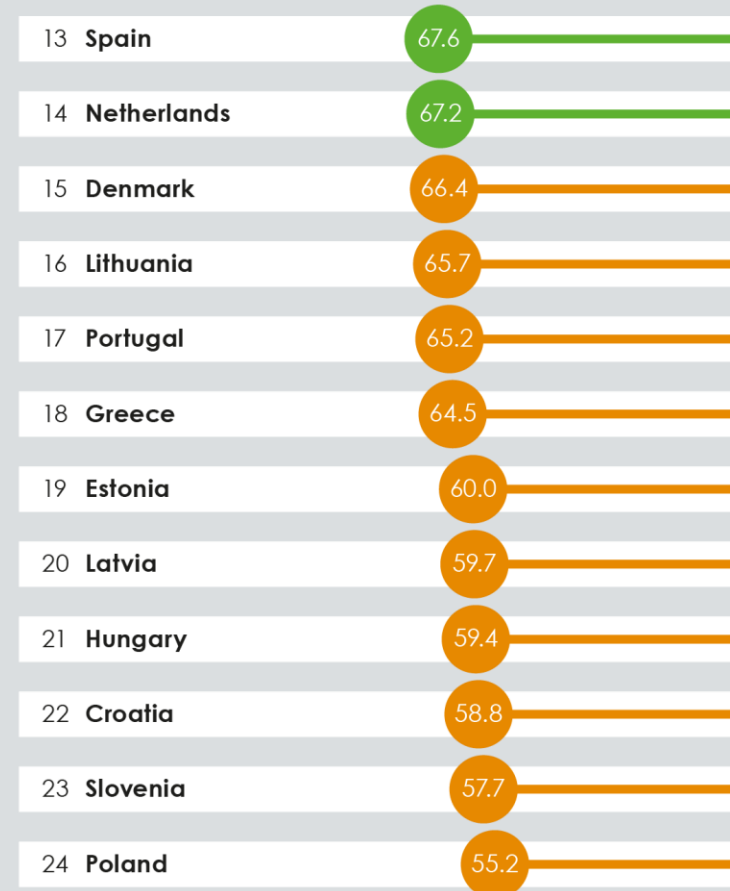
PILLAR OVERALL RANKING

SCORE



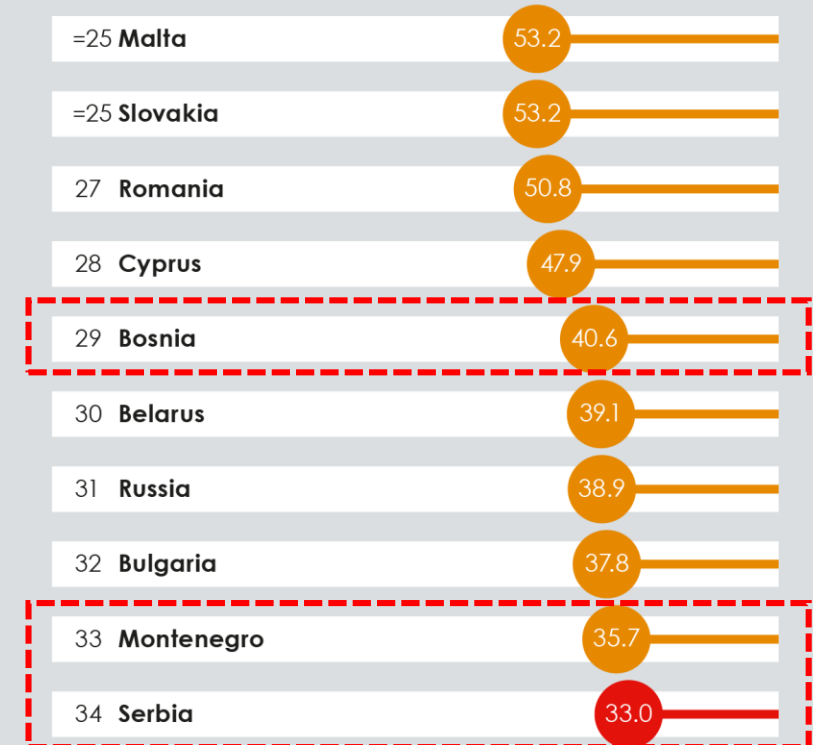
PILLAR OVERALL RANKING

SCORE



PILLAR OVERALL RANKING

SCORE



## 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

# Overall score and ranking

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## Customs Environment



# Conclusion

- 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