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COMBATTING TRANSNATIONAL ECONOMIC CRIMES THROUGH INTERNATIONAL TRADE LAW: A LEGAL ASSESSMENT OF ENFORCEMENT GAPS AND REGULATORY SOLUTIONS

Ayush Tiwari*

I. ABSTRACT

The expansion of global trade has been accompanied by the growth of trade-based money laundering (TBML), customs fraud, smuggling, sanctions evasion and counterfeiting, which exploit the very facilities that trade liberalisation creates. This paper examines whether international trade law, as administered principally through the World Trade Organization (WTO), is equipped to address such conduct, and how it interacts with the separate regime of transnational criminal law built on the United Nations Convention against Transnational Organized Crime, the United Nations Convention against Corruption and the standards of the Financial Action Task Force (FATF). The study pursues two objectives: first, to analyse the effectiveness of trade law instruments in detecting and deterring transnational economic crime; and second, to identify enforcement and regulatory shortcomings and propose reforms that would integrate the two regimes. Adopting a doctrinal and analytical method, the paper examines treaty texts, WTO dispute settlement reports, FATF and World Customs Organization (WCO) instruments, and selected national statutes and enforcement actions in six comparative settings across Asia, Europe, Africa and North America. It finds that the two regimes remain fragmented: WTO dispute settlement operates only between States and has no jurisdiction over private criminal conduct, its appellate tier remains inoperative, the WCO's binding mutual-assistance conventions are under-used, and FATF standards address trade only through guidance and typologies. Recent developments, including the 2026 reform of the European Union customs framework and intensified United States enforcement against tariff evasion, confirm that effective responses are emerging at the regional and national levels rather

* LL.M Scholar at The West Bengal National University of Juridical Sciences (NUJS), Kolkata (India). Email: llm027226@nujs.edu

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than within the WTO. The paper proposes a WTO-linked trade integrity protocol, binding customs data-sharing, trade-specific due diligence obligations and harmonised domestic criminalisation consistent with existing treaty standards.

II. KEYWORDS

Trade-Based Money Laundering; Customs Fraud; International Trade Law; Transnational Criminal Law; WTO.

III. INTRODUCTION

Globalization has significantly transformed the structure and operation of international trade, accelerating the exchange of goods, services, and capital across borders at an unprecedented pace. The liberalization of trade policies and rapid advances in digital technology have enabled a remarkable expansion of cross-border commerce, integrating national economies more closely than ever before. However, these same processes have also created new vulnerabilities within the global trading system.[1]

Mechanisms intended to promote legitimate trade, such as lower tariffs, simplified customs procedures and instantaneous international payments, are increasingly exploited for illicit purposes. Crimes such as trade-based money laundering (TBML), customs fraud, smuggling, sanctions evasion and counterfeiting have proliferated alongside the growth of global trade.[2] These activities erode national revenues and threaten the credibility of the international trading order. Criminal networks manipulate trade documentation, understate or overstate invoice values, and reroute shipments to conceal the origin or destination of illicit funds.

Moreover, the complexity and scale of modern supply chains, combined with the technological sophistication of offenders, have weakened existing oversight systems. Law enforcement and regulatory mechanisms have struggled to keep pace, rendering

[1] FATF & Egmont Group, *Trade-Based Money Laundering: Trends and Developments* (Dec. 2020), https://www.fatf-gafi.org/en/publications/methodsandtrends/documents/trade-based-money-laundering-trends-and-developments.html (last visited Nov. 17, 2026).
[2] OECD, *Illicit Trade: Converging Criminal Networks* (OECD Reviews of Risk Management Policies, 2016).

many traditional monitoring approaches ineffective in preventing or detecting transnational economic crimes.[3]

A. Problem Statement

Although a formal international legal framework governs global trade, comprising instruments such as the World Trade Organization (WTO) Agreements, the General Agreement on Tariffs and Trade (GATT), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Customs Valuation Agreement, enforcement against illicit trade remains fragmented and inconsistent. These instruments establish essential principles for fair competition, market access and intellectual property protection, but they lack a comprehensive mechanism to address sophisticated forms of illicit trade-related activity.[4]

Enforcement challenges arise from jurisdictional overlaps, inconsistent data-sharing systems, and weak compliance monitoring. Coordination between customs authorities, financial intelligence units, and international organizations is often hindered by secrecy jurisdictions, divergent enforcement standards, and conflicting economic interests among trading partners. As a result, transnational economic crimes continue to infiltrate global trade networks, exploiting the gaps in governance and oversight.[5]

Strengthening these mechanisms is essential for fair competition, economic integrity and global financial stability. Illicit trade distorts markets, disadvantages compliant enterprises, reduces government revenue and can facilitate terrorist financing, organized crime and sanctions evasion. Reinforcing the interface between trade law and criminal law through legal reform, enforcement capacity and cross-border cooperation is therefore vital to the legitimacy of the international trading system.

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[3] OECD, *Illicit Trade*.

[4] *See* Understanding on Rules and Procedures Governing the Settlement of Disputes art. 1.1, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, 1869 U.N.T.S. 401 [hereinafter DSU]; *see also* Peter Andreas, *Illicit Globalization: Myths, Misconceptions, and Historical Lessons*, 126 Pol. Sci. Q. 403 (2011).

[5] FATF & Egmont Group, *Trade-Based Money Laundering: Trends and Developments* (recommending closer information-sharing between customs authorities, financial intelligence units and the private sector).

B. Research Objectives

1. To critically analyse the effectiveness of international trade law instruments in detecting and deterring transnational economic crimes in global trade transactions.
2. To identify key enforcement and regulatory shortcomings in international trade law and propose legal reforms or institutional measures to enhance its synergy with transnational criminal law regimes.

C. Research Questions

1. To what extent does the current international trade legal framework address transnational economic crimes such as trade-based money laundering, customs fraud and smuggling, as distinct from unfair trade practices regulated through trade remedies?
2. What are the legal and institutional gaps in the enforcement of international trade law against transnational economic crimes, and how can global governance mechanisms (e.g., the WTO, WCO and FATF) be strengthened to bridge these gaps?

D. Research Methodology

This study adopts a doctrinal and analytical method. Its primary sources are multilateral treaties (the WTO Agreements, the United Nations Convention against Transnational Organized Crime, the United Nations Convention against Corruption, the OECD Anti-Bribery Convention and the conventions administered by the World Customs Organization), reports of WTO panels and the Appellate Body, the FATF Recommendations and related guidance, decisions of the Court of Justice of the European Union and national courts, and national customs and anti-money laundering statutes. Secondary sources comprise peer-reviewed scholarship and reports of the FATF, FATF-style regional bodies, the OECD and other official agencies.

Six comparative settings were selected according to three criteria: (i) their significance as trade hubs or high-volume trade corridors; (ii) coverage of the principal regional frameworks examined in the paper, namely ASEAN, the European Union, the United

States-Mexico-Canada Agreement (USMCA) and the African Continental Free Trade Area (AfCFTA); and (iii) the availability of recent mutual evaluation reports, statutes or enforcement actions illustrating the gaps identified. The study is limited by its reliance on published sources: enforcement data are incomplete, several developments (notably the 2026 EU customs reform and the USMCA review process) remain in progress, and the law is stated as at November 2026.

IV. RESEARCH & ANALYSIS

A. Conceptual Framework

1. Defining Transnational Economic Crimes

For the purposes of this paper, transnational economic crimes are profit-driven offences that exploit international trade mechanisms, constitute "serious crime" within Article 2(b) of the United Nations Convention against Transnational Organized Crime (UNTOC), that is, offences punishable by a maximum deprivation of liberty of at least four years, and are transnational in nature within Article 3(2).[6] A central form of such crime is trade-based money laundering (TBML), the process of disguising the proceeds of crime by manipulating trade transactions.[7] Common techniques include *over-invoicing* (inflating shipment values), *under-invoicing* (declaring reduced values) and *multiple invoicing* (issuing multiple invoices for the same goods), all designed to obscure the true source or destination of funds.

These criminal forms must be distinguished from *unfair trade practices* regulated by WTO law. Dumping occurs where a product is exported at a price lower than its "normal value", ordinarily the comparable price in the exporting country's home market or, failing that, a third-country price or a constructed value. It is not a crime: it is actionable through anti-dumping duties under Article VI of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and the Anti-Dumping Agreement only where

[6] United Nations Convention against Transnational Organized Crime arts. 2(b), 3(2), Nov. 15, 2000, 2225 U.N.T.S. 209 [hereinafter UNTOC].
[7] FATF, *Trade Based Money Laundering* (June 23, 2006).

it causes or threatens material injury.[8] Subsidies are likewise disciplined through countervailing measures and dispute settlement under the Agreement on Subsidies and Countervailing Measures (SCM Agreement).[9] These are regulatory matters between States, not offences by private actors. *Shell companies*, by contrast, are not a trade practice but an enabling technique used to conceal beneficial ownership across the crimes described here.

Similarly, *customs fraud* entails deliberate falsification or misrepresentation of goods' description, value or origin on customs documents, often through counterfeit invoices or tariff evasion schemes. These practices enable offenders to bypass trade controls and gain unlawful economic benefits.[10] Smuggling, sanctions evasion and the trade in counterfeit goods complete the category of criminal conduct examined in this paper.

The international community has responded through several key legal instruments. UNTOC requires States parties to criminalize participation in organized criminal groups, the laundering of proceeds and corruption, and provides for mutual legal assistance and extradition.[11] The *United Nations Convention against Corruption (UNCAC)* extends this framework to bribery and laundering linked to trade.[12] The *Financial Action Task Force (FATF)* has not adopted a TBML-specific Recommendation; instead, it addresses TBML through guidance and typologies applying its general standards, notably the FATF–Egmont Group report of December 2020 and the risk indicators of March 2021, which urge enhanced due diligence, accurate customs data and inter-agency collaboration.[13]

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[8] General Agreement on Tariffs and Trade 1994 art. VI:1, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 U.N.T.S. 187 [hereinafter GATT 1994]; Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 arts. 2.1–2.2, 3.1, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1868 U.N.T.S. 201 [hereinafter Anti-Dumping Agreement].

[9] Agreement on Subsidies and Countervailing Measures arts. 1, 3, 5, 10, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1869 U.N.T.S. 14 [hereinafter SCM Agreement].

[10] OECD, *Illicit Trade*.

[11] UNTOC arts. 5–6, 8, 16, 18.

[12] United Nations Convention against Corruption arts. 15–16, 23, Oct. 31, 2003, 2349 U.N.T.S. 41 [hereinafter UNCAC].

[13] FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations* (Feb. 2012, as amended) [hereinafter FATF

2. Relationship Between Trade Law and Criminal Law

The intersection of international trade law and transnational criminal law represents a crucial point where market regulation and criminal enforcement converge. Trade law functions as a regulatory system that establishes norms for fair competition, equitable market access, and the prevention of market distortion. Criminal law, on the other hand, defines offenses and penalties for conduct that violates the legal order, including economic crimes committed through trade.

While trade law relies primarily on preventive and administrative measures, such as anti-dumping duties, tariff adjustments and regulatory sanctions, criminal law employs investigative and punitive mechanisms designed to prosecute offenders and dismantle criminal networks. Thus, trade law aims to deter misconduct and preserve competitive balance, whereas criminal law seeks to punish and prevent criminal behavior.

The two regimes nevertheless meet at identifiable points in WTO law. Article XX(d) of GATT 1994 permits otherwise inconsistent measures that are necessary to secure compliance with laws not inconsistent with GATT, expressly including those relating to customs enforcement and the prevention of deceptive practices.[14] Articles VII, VIII and X of GATT 1994 govern customs valuation, import formalities and the transparent administration of trade regulations, while Article 17 of the Customs Valuation Agreement preserves the right of customs administrations to satisfy themselves of the truth or accuracy of declarations, and Article 12 of the Trade Facilitation Agreement provides for customs cooperation and information exchange.[15]

Recommendations]; FATF & Egmont Group, *Trade-Based Money Laundering: Trends and Developments*; FATF & Egmont Group, *Trade-Based Money Laundering: Risk Indicators* (Mar. 2021), https://www.fatf-gafi.org/en/publications/Methodsandtrends/Trade-based-money-laundering-indicators.html (last visited Nov. 17, 2026).

[14] GATT 1994 art. XX(d).

[15] GATT 1994 arts. VII, VIII, X; Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 art. 17, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1868 U.N.T.S. 279 [hereinafter Customs Valuation Agreement]; Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization, Annex (Agreement on Trade Facilitation) art. 12, Nov. 27, 2014, WT/L/940 (entered into force Feb. 22, 2017) [hereinafter Trade Facilitation Agreement].

WTO jurisprudence confirms both the reach and the limits of this interface. In *Colombia – Textiles*, Colombia defended a compound tariff under Article XX(a) and (d) as a measure against money laundering; the Appellate Body, in its report circulated on 7 June 2016 and adopted on 22 June 2016, accepted that the measure was designed to combat money laundering but held that Colombia had not demonstrated that it was necessary.[16] *Thailand Cigarettes (Philippines)* concerned the rejection of declared transaction values under the Customs Valuation Agreement,[17] while *China Intellectual Property Rights* examined the thresholds for criminal procedures under Article 61 of TRIPS.[18] In *Argentina Financial Services*, measures directed at jurisdictions that did not cooperate for tax-transparency purposes were examined under Article XIV(c) of the General Agreement on Trade in Services (GATS).[19] These disputes show that WTO law tests the legitimacy of State enforcement measures; it does not itself sanction private criminal conduct.

Cross-border enforcement presents significant jurisdictional challenges. Each nation maintains sovereignty within its territory, but illicit trade operations typically span multiple jurisdictions. This raises complex issues regarding which state holds investigative or prosecutorial authority and how evidence and intelligence can be effectively exchanged.

Key legal obstacles include questions of dual criminality, extraterritorial jurisdiction, and the provision of mutual legal assistance. Effective cooperation among national governments, international organizations, and enforcement agencies is therefore essential to overcome these barriers and prevent offenders from exploiting jurisdictional loopholes or escaping accountability.

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[16] Appellate Body Report, *Colombia – Measures Relating to the Importation of Textiles, Apparel and Footwear*, ¶¶ 5.117, 5.150, WT/DS461/AB/R (circulated June 7, 2016; adopted June 22, 2016).
[17] Appellate Body Report, *Thailand – Customs and Fiscal Measures on Cigarettes from the Philippines*, WT/DS371/AB/R (adopted July 15, 2011).
[18] Panel Report, *China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WT/DS362/R (circulated Jan. 26, 2009; adopted Mar. 20, 2009).
[19] Panel Report, *Argentina – Measures Relating to Trade in Goods and Services*, WT/DS453/R (adopted May 9, 2016), *as modified by* Appellate Body Report, WT/DS453/AB/R.

B. International Trade Legal Framework and its Relevance to Economic Crimes

Global trade operates under an extensive body of legal frameworks designed to ensure fairness, transparency and predictability in international commerce. At the center of this system stands the *World Trade Organization (WTO)*,[20] which, through agreements such as *GATT 1994*,[21] establishes foundational principles of *non-discrimination* and *transparency*. The *Most-Favored-Nation (MFN)* obligation (Article I) and the *national treatment* obligation (Article III) prohibit discrimination among like imported products of different origins and between imported and like domestic products. They are designed to prevent discriminatory or disguised trade restrictions; they do not identify or curb dumping, hidden subsidies or fraud through shell companies, which fall respectively to trade-remedy disciplines and to criminal law.

The *Agreement on Customs Valuation (CVA)* reinforces transparency by making transaction value the primary basis for customs valuation.[22] However, this very mechanism is frequently exploited in trade-based money laundering (TBML) schemes, in which offenders manipulate invoice values or collude with trading partners to conceal illicit profits. Such misuse reveals the vulnerabilities that arise when trade facilitation intersects with criminal intent. Similarly, the *Trade Facilitation Agreement (TFA)* aims to streamline customs procedures and promote digitized border processes to reduce bureaucratic delays.[23] While these reforms promote efficiency and reduce opportunities for corruption, they also create new challenges, such as risks of *data manipulation*, *cybersecurity breaches* and *limited regulatory oversight*, which complicate enforcement efforts.

The *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)* contains the only express criminal-law obligation in the WTO Agreements. Article 61 requires criminal procedures and penalties only for wilful trademark counterfeiting or copyright piracy on a commercial scale, and Article 51 makes border measures

[20] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154 [hereinafter WTO Agreement].
[21] GATT 1994 arts. I, III.
[22] Customs Valuation Agreement arts. 1, 17.
[23] Trade Facilitation Agreement arts. 7, 10, 12.

mandatory only for the suspension of release of counterfeit trademark and pirated copyright goods.[24] Separately, anti-dumping is governed by Article VI of GATT 1994 and the Anti-Dumping Agreement, while the SCM Agreement disciplines subsidies and countervailing measures.[25] These trade-remedy rules do not criminalize conduct; they regulate practices that may injure domestic industries and belong to the regulatory, not the criminal, side of the distinction drawn in this paper.

The *General Agreement on Trade in Services (GATS)* extends similar principles to the service sector, emphasizing transparency and non-discrimination in cross-border services. This is particularly relevant to the financial services sector, where money laundering, fraud and sanctions evasion are most prevalent.[26]

In addition to the multilateral WTO system, *Regional Trade Agreements (RTAs)* such as the *European Union (EU) Customs Union*,[27] the *United States-Mexico-Canada Agreement (USMCA)*[28] and the *ASEAN Trade in Goods Agreement*[29] provide more specialized mechanisms for customs cooperation and enforcement, including *information exchange*, *mutual administrative assistance* and *joint verification*, that go beyond what is achievable under the WTO structure alone. The EU Customs Union applies a common Union Customs Code and binding mutual-assistance rules, but customs controls and data systems have remained national; the reform politically agreed on 26 March 2026 will establish an EU Customs Authority and an EU Customs Data Hub to overcome that fragmentation. The USMCA provides for origin verification and customs cooperation,

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[24] Agreement on Trade-Related Aspects of Intellectual Property Rights arts. 51, 61, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 [hereinafter TRIPS].
[25] GATT 1994 art. VI; Anti-Dumping Agreement arts. 1–3; SCM Agreement arts. 1, 10.
[26] General Agreement on Trade in Services arts. II, XIV(c), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1B, 1869 U.N.T.S. 183 [hereinafter GATS].
[27] Consolidated Version of the Treaty on the Functioning of the European Union arts. 28–37, 2016 O.J. (C 202) 47; Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 Laying Down the Union Customs Code, 2013 O.J. (L 269) 1; Council Regulation (EC) No 515/97 of 13 March 1997 on Mutual Assistance Between the Administrative Authorities of the Member States and Cooperation Between the Latter and the Commission to Ensure the Correct Application of the Law on Customs and Agricultural Matters, 1997 O.J. (L 82) 1; Press Release, Council of the European Union, *EU Customs: Council and Parliament Agree on Landmark Reform* (Mar. 26, 2026).
[28] Agreement Between the United States of America, the United Mexican States, and Canada chs. 5, 7, Nov. 30, 2018, as amended Dec. 10, 2019 (entered into force July 1, 2020) [hereinafter USMCA].
[29] ASEAN Trade in Goods Agreement, Feb. 26, 2009 (entered into force May 17, 2010).

although its future has become uncertain since the United States declined, at the July 2026 joint review, to confirm the Agreement's extension.

Beyond the WTO, binding criminal-law treaties complement trade rules. Alongside UNTOC and UNCAC, the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, signed on 17 December 1997, obliges parties to criminalize the bribery of foreign public officials, and its implementation is monitored through peer review by the OECD Working Group on Bribery.[30] *Soft law* instruments also play a significant role. The *FATF Recommendations*, which bind only through mutual evaluation and peer pressure, require transparency of the beneficial ownership of legal persons (Recommendation 24) and legal arrangements (Recommendation 25), controls on cross-border cash movement (Recommendation 32), suspicious transaction reporting (Recommendation 20) and the establishment of financial intelligence units (Recommendation 29).[31] WCO standards and OECD guidance perform a similar standard-setting function. The *United Nations Conference on Trade and Development (UNCTAD)* complements these efforts through its work on competition and consumer protection policy.[32]

Overall, while the WTO and its associated agreements provide a strong legal foundation for governing global trade and preventing unfair practices, they are not specifically tailored to address *economic crimes*. Regional trade frameworks and soft law mechanisms help to fill some of these gaps, yet enforcement remains fragmented, especially in cases involving *multiple jurisdictions, advanced technological systems*, and *organized transnational criminal networks*. Addressing these challenges requires continuous legal adaptation, stronger joint enforcement mechanisms, and closer integration between *trade regulation* and *criminal law enforcement* to safeguard the global trading system.

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[30] Convention on Combating Bribery of Foreign Public Officials in International Business Transactions arts. 1, 12, Dec. 17, 1997, 37 I.L.M. 1 (entered into force Feb. 15, 1999).
[31] FATF Recommendations, R. 20, 24, 25, 29, 32; FATF, *Best Practices on Beneficial Ownership for Legal Persons* (Oct. 2019); FATF, *Guidance on Beneficial Ownership of Legal Persons* (Mar. 2023).
[32] The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, G.A. Res. 35/63 (Dec. 5, 1980); United Nations Guidelines for Consumer Protection, G.A. Res. 70/186 (Dec. 22, 2015).

C. Enforcement and Institutional Mechanisms

The regulation of international trade against economic crimes is supported by various global and regional institutions. However, their effectiveness in addressing criminal conduct within trade operations differs considerably, depending on their mandate, enforcement powers, and level of cooperation among states.

1. World Trade Organization (WTO)

The *Dispute Settlement Mechanism (DSM)* of the WTO serves as the primary enforcement tool within the multilateral trade system. It provides a structured, rules-based process for resolving disputes between Members through *consultations*, *panel reports* and, where necessary, *retaliatory trade measures* under Article 22 of the *Dispute Settlement Understanding (DSU)*.[33] Its effectiveness has, however, been seriously impaired. The Appellate Body has been unable to hear appeals since December 2019 because the United States has blocked appointments; on 25 September 2026 a proposal by 130 Members to launch the selection process was blocked for the 100th time, and the Fourteenth Ministerial Conference in Yaoundé closed in March 2026 without any decision on dispute settlement reform.

Panel reports may therefore be appealed "into the void". Sixty-two Members, accounting for about 60 per cent of world trade, now participate in the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), which uses arbitration under Article 25 of the DSU as a partial workaround.[34]

Independently of the Appellate Body crisis, the DSM's jurisdiction is strictly State-to-State. It addresses violations of WTO agreements such as GATT, TRIPS or the SCM Agreement, but not criminal activities conducted by individuals or corporations. Consequently, offences such as *trade-based money laundering, customs fraud or illicit*

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[33] DSU arts. 3.2, 22, 25.

[34] *Panel to Review EU Carbon Border Adjustment Mechanism and Emissions Trading Scheme*, World Trade Org. (Sept. 25, 2026), https://www.wto.org/english/news_e/news26_e/dsb_25sep26_496_e.htm (last visited Nov. 17, 2026); *EU Welcomes Cambodia to WTO Appeal Arrangement*, Eur. Comm'n (Sept. 9, 2026), https://policy.trade.ec.europa.eu/news/eu-welcomes-cambodia-wto-appeal-arrangement-2026-09-09_en (last visited Nov. 17, 2026); *MC14 in Yaoundé: What the WTO Delivered, What It Did Not, and Why It Matters*, World Econ. F. (Apr. 2026), https://www.weforum.org/stories/2026/04/mc14-yaounde-wto-trade/ (last visited Nov. 17, 2026).

financial flows remain beyond its scope. This limitation underscores a fundamental enforcement gap: WTO law lacks the capacity to directly address or penalize criminal conduct within private-sector trade transactions.[35]

2. World Customs Organization (WCO)

The World Customs Organization (WCO) plays a central role in strengthening customs enforcement and combating fraud through initiatives such as the *Customs Enforcement Network (CEN)*,[36] the *SAFE Framework of Standards*[37] and the *Harmonized System (HS)* for goods classification. The WCO supports member states through *technical training*, *data exchange* and *capacity building*, fostering global cooperation among customs authorities. Its CEN database assists in analyzing seizure data and identifying patterns of illicit trade, while joint customs operations promote awareness of emerging trafficking and fraud methods. The *SAFE Framework*, most recently revised in its 2025 edition, provides international best practices for *supply chain security* and *risk management*.

These instruments differ in legal character. The SAFE Framework is a *non-binding* standard that relies on voluntary implementation, but the WCO also administers binding treaties, including the Harmonized System Convention, the Revised Kyoto Convention and the International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Repression of Customs Offences (Nairobi Convention), adopted on 9 June 1977 and in force since 21 May 1980.[38] The Nairobi Convention obliges the customs administrations of Contracting Parties to assist one another in preventing, investigating and repressing customs offences, but each Party

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[35] DSU art. 1.1 (confining the DSU to disputes between Members under the covered agreements).
[36] WCO, *Customs Enforcement Network (CEN)* (WCO, Brussels).
[37] WCO, *SAFE Framework of Standards to Secure and Facilitate Global Trade* (2025 ed.); International Convention on the Harmonized Commodity Description and Coding System, June 14, 1983 (entered into force Jan. 1, 1988) (HS 2022 nomenclature).
[38] International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Repression of Customs Offences arts. 2–3, June 9, 1977 (entered into force May 21, 1980) [hereinafter Nairobi Convention]; International Convention on the Simplification and Harmonization of Customs Procedures, May 18, 1973, as amended by Protocol of June 26, 1999 (entered into force Feb. 3, 2006) [hereinafter Revised Kyoto Convention]; International Convention on Mutual Administrative Assistance in Customs Matters, June 27, 2003 (not yet in force).

is bound only by the optional annexes it accepts, and assistance is confined to administrative channels. Its 2003 successor, the Johannesburg Convention, has not entered into force. The weakness therefore lies less in the absence of binding WCO law than in its narrow and uneven acceptance, which reduces its effectiveness against organized transnational crime, particularly where states lack resources or political will.

3. Financial Action Task Force (FATF)

The FATF sets global standards for preventing *money laundering* and *terrorism financing*, offering crucial guidance on trade-related financial crimes. Recommendations 24 and 25, revised in March 2022 and February 2023 respectively, require adequate, accurate and up-to-date beneficial ownership information on legal persons and legal arrangements; Recommendation 32 addresses cross-border movements of cash; Recommendations 20 and 29 govern suspicious transaction reporting and financial intelligence units; and Recommendation 16, revised in June 2025 on payment transparency, bears directly on the cross-border settlement of trade transactions.[39] The FATF has no power to impose direct sanctions or to prosecute violations. Its standards are enforced through mutual evaluations and the public listing of jurisdictions under increased monitoring (the "grey list"), and implementation depends on domestic authorities integrating them into their financial and customs systems.

To enhance effectiveness, stronger coordination between *FATF's financial intelligence systems* and *WCO customs data* is needed. Such integration would allow more comprehensive monitoring of suspicious trade transactions and improve the detection of *trade-based laundering networks* operating across multiple jurisdictions.

[39] FATF Recommendations, R. 16 (as revised June 2025), 20, 24, 25, 29, 32; FATF, *Guidance on Beneficial Ownership of Legal Persons*.

4. World Bank, IMF, and UNODC

Multilateral institutions such as the World Bank, the International Monetary Fund (IMF)[40] and the *United Nations Office on Drugs and Crime (UNODC)*[41] contribute primarily through *capacity building*, *technical assistance* and *policy development*. The World Bank and IMF focus on improving regulatory governance, financial transparency and anti-corruption frameworks, particularly in developing economies, and provide technical expertise to modernize customs systems and strengthen national oversight mechanisms.[42] The UNODC, jointly with the WCO, operates the Container Control Programme, which supports the profiling of high-risk containers at ports.

The UNODC, with its mandate in criminal justice, supports efforts to combat *corruption, money laundering*, and *illicit financial flows* that intersect with trade. It promotes coordination between trade regulators and criminal law authorities, bridging the gap between economic governance and law enforcement. However, these organizations act mainly as facilitators and advisors rather than as enforcement authorities. Their influence depends on the willingness and capacity of national governments to adopt and implement the recommended reforms.

D. Identification of Legal and Institutional Gaps – An Observation

The global framework for combating economic crimes within international trade continues to face significant legal and institutional shortcomings. These weaknesses have resulted in *fragmented enforcement* and *inconsistent regulatory responses*.

A central issue lies in the fragmented regulatory architecture. International trade law and transnational criminal law function largely in isolation, with minimal coordination or cross-reference between core instruments such as the World Trade Organization (WTO) agreements and criminal law frameworks like the United Nations Convention against Transnational Organized Crime (UNTOC) or the

[40] Paul Allan Schott, *Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism* (2d ed., World Bank & IMF 2006).
[41] UNODC & WCO, *Container Control Programme* (UNODC, Vienna).
[42] *Customs Modernization Handbook* (Luc De Wulf & José B. Sokol eds., World Bank 2005).

Financial Action Task Force (FATF) Recommendations. Consequently, trade governance mechanisms rarely interact with those addressing crimes such as money laundering, customs fraud, or corruption, leaving exploitable loopholes. Importantly, WTO agreements contain no provisions requiring member states to incorporate FATF or UNTOC obligations into domestic legislation or dispute settlement mechanisms.

Enforcement mechanisms also remain limited and poorly adapted to the complex nature of trade-related crimes. The WTO's Dispute Settlement Mechanism (DSM) is designed primarily for resolving state-to-state disputes over trade obligations. It is not equipped to handle criminal offences or corruption involving private actors, corporations or individuals. Moreover, the DSM's enforcement authority is constrained by the non-implementation of panel decisions and the continuing paralysis of the Appellate Body, which the MPIA mitigates only among its participants.

Similarly, the WCO's operational standards, including the SAFE Framework of Standards, manuals and voluntary cooperation networks, lack binding force, while its binding mutual-assistance convention is narrowly accepted and confined to administrative cooperation. Enforcement therefore depends on the goodwill and capacity of member states rather than on legal compulsion, resulting in inconsistent implementation and limited deterrence.

The FATF has given sustained attention to trade-based schemes through its typologies, the FATF–Egmont Group report of 2020 and the risk indicators of 2021. The difficulty is not a lack of attention but the absence of binding, trade-specific obligations: the Recommendations contain no TBML-specific standard, and the FATF lacks direct enforcement powers within the context of trade law. Furthermore, the absence of systematic integration between the financial intelligence held by national financial intelligence units and the customs data held by national customs administrations hinders the detection of illicit financial activity linked to trade operations.

Another major challenge arises from jurisdictional and sovereignty constraints, which impede enforcement in cross-border economic crime cases. Conflicts often emerge

between domestic customs or trade laws and international obligations, creating uncertainty and delaying action. Overlapping jurisdictions where multiple states claim authority over the same trade transaction led to procedural delays and, in some cases, complete inaction. Additionally, the limited extraterritorial enforcement capacity of national authorities allows perpetrators to exploit differences in legal standards or political sensitivities, especially when state-linked entities are implicated.

Equally critical are the deficiencies in data exchange and transparency. Effective prevention of economic crimes relies on accurate, timely, and integrated sharing of information concerning customs declarations, financial transactions, and ownership structures. However, cross-border data exchange mechanisms remain fragmented due to incompatible systems, restrictive privacy laws, and a lack of global harmonization. The absence of beneficial ownership transparency further facilitates the use of shell companies, nominee directors, and complex corporate structures to conceal the true controllers of illicit activities. Although proposals for a global framework for beneficial ownership transparency exist, their implementation remains largely voluntary and uneven across jurisdictions.

Addressing these persistent deficiencies requires coordinated reforms. This includes harmonizing trade and criminal law frameworks, strengthening enforcement through binding mechanisms rather than soft law, resolving jurisdictional overlaps through enhanced international cooperation, and establishing mandatory and secure cross-border data-sharing systems to promote transparency and accountability.

E. Case Studies on Economic Crimes in International Trade with Country Examples

1. Trade-Based Money Laundering in Asian Supply Chains: The Case of Bangladesh and Singapore

Trade-based money laundering (TBML) presents a major challenge in Asian trade networks, with Bangladesh and Singapore illustrating the risks faced by an export-oriented economy and by a global trade hub respectively. In Bangladesh, over-invoicing of imports, under-invoicing of exports and misdeclaration of goods are recognized as principal channels through which illicit funds move across borders, and

the Money Laundering Prevention Act 2012 supplies the operative offence.[43] Yet the mutual evaluation conducted in 2016 by the Asia/Pacific Group on Money Laundering (APG), while finding technical compliance generally high, rated the effectiveness of money laundering investigation, prosecution and confiscation as low.[44]

Singapore's status as a global financial and logistics hub exposes it to transshipment-based laundering, in which illicit value is masked within legitimate trade. Singapore is a member of the FATF, whereas Bangladesh, a founding member of the APG in 1997, is assessed by that FATF-style regional body; both are States parties to UNTOC. In Singapore, laundering is criminalized under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992.[45]

The money laundering case uncovered in August 2023, involving assets of about S$3 billion and resulting in the conviction of ten foreign nationals, exposed weaknesses in the gatekeeping role of financial institutions, corporate service providers and other intermediaries. The FATF–APG mutual evaluation published in May 2026 found Singapore's framework robust but identified gaps in the accuracy of beneficial ownership information and considered the sanctions imposed on financial institutions in that case too low.[46] The two examples show that neither strong technical compliance nor hub-level sophistication suffices where trade, corporate and financial data are not integrated.

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[43] Money Laundering Prevention Act, 2012, § 2(v) (Act No. 5 of 2012) (Bangl.); Bangladesh Fin. Intelligence Unit, *National Risk Assessment Report: Identifying Money Laundering and Terrorist Financing Risks in Bangladesh* § 4.2 (2016), https://www.bfiu.org.bd/pdf/publications/may022016_nrareport.pdf (last visited Nov. 17, 2026).

[44] APG, *Anti-Money Laundering and Counter-Terrorist Financing Measures — Bangladesh, Mutual Evaluation Report* (Oct. 2016) (rating Immediate Outcomes 7 and 8 as low), https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-bangladesh-2016.html (last visited Nov. 17, 2026).

[45] Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992, §§ 54–55 (2020 Rev. Ed.) (Sing.).

[46] FATF & APG, *Anti-Money Laundering and Counter-Terrorist Financing Measures — Singapore, Mutual Evaluation Report* (May 2026), https://www.fatf-gafi.org/en/publications/Mutualevaluations/mer-singapore-2026.html (last visited Nov. 17, 2026); *Tenth Person Sentenced for Forgery and Money Laundering Offences*, Singapore Police Force (June 10, 2024), https://police.gov.sg/Media-Room/News/20240610_tenth_person_sentenced_for_forgery_and_money_laundering_offences (last visited Nov. 17, 2026).

2. Customs Fraud in the European Union and the United States

The leading European customs-fraud precedent is *Commission v United Kingdom*, decided by the Grand Chamber of the Court of Justice on 8 March 2022 in respect of the period of the United Kingdom's EU membership. The Court held that between 2011 and 2017 the United Kingdom had failed to fulfil its obligations by not applying effective customs controls against large-scale undervaluation of textiles and footwear imported from China through missing importers, despite the risk profiles communicated by the European Anti-Fraud Office (OLAF) and the Commission.[47]

Distinct but related is missing-trader intra-Community (MTIC), or "carousel", fraud: a VAT fraud on intra-EU supplies in which goods circulate between Member States and a "missing trader" disappears without accounting for the VAT collected. In *Kittel*, and in *Mobilx* before the Court of Appeal of England and Wales, it was established that traders who knew or should have known that their transactions were connected with such fraud may be denied the right to deduct input VAT.[48]

The EU's response now rests on binding cooperative frameworks. The European Public Prosecutor's Office (EPPO), operational since 1 June 2021, investigates and prosecutes offences against the Union's financial interests, including customs fraud and cross-border VAT fraud causing damage of at least €10 million.[49] The reform of the Union Customs Code politically agreed on 26 March 2026 will establish an EU Customs Authority and an EU Customs Data Hub, operational in stages from 2028, replacing a system in which controls and data remain national.[50]

These developments qualify any claim that the EU lacks binding enforcement cooperation; the remaining difficulty is uneven national detection and

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[47] Case C-213/19, *Comm'n v. United Kingdom*, ECLI:EU:C:2022:167 (Mar. 8, 2022).
[48] Joined Cases C-439/04 & C-440/04, *Kittel v. Belgian State*, ECLI:EU:C:2006:446 (July 6, 2006); *Mobilx Ltd. v. Revenue & Customs Comm'rs* [2010] EWCA (Civ) 517 (Eng.).
[49] Council Regulation (EU) 2017/1939 of 12 October 2017 Implementing Enhanced Cooperation on the Establishment of the European Public Prosecutor's Office art. 22, 2017 O.J. (L 283) 1; Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the Fight Against Fraud to the Union's Financial Interests by Means of Criminal Law arts. 2(2), 3, 2017 O.J. (L 198) 29.
[50] *European Union Customs Authority (EUCA)*, Council of the European Union, https://www.consilium.europa.eu/en/policies/european-union-customs-authority-euca/ (last visited Nov. 17, 2026).

implementation. The United Kingdom, which left the EU on 31 January 2020, now addresses such fraud under its domestic customs and VAT regimes.

In the *United States*, customs fraud, including undervaluation, misclassification, false declarations of origin and transshipment, is addressed through civil penalties under 19 U.S.C. § 1592, criminal offences of entry by false statement and smuggling under 18 U.S.C. §§ 542 and 545, and actions under the False Claims Act.[51] Enforcement intensified with the creation on 29 August 2025 of a cross-agency Trade Fraud Task Force bringing together the Department of Justice, U.S. Customs and Border Protection and Homeland Security Investigations.[52]

The legal landscape also shifted when the Supreme Court held, by six votes to three, in *Learning Resources, Inc. v. Trump* (20 February 2026) that the International Emergency Economic Powers Act does not authorize the President to impose tariffs.[53] The ruling removed the legal basis of the tariffs imposed under that Act, but liability for evading duties validly imposed under other statutes is unaffected. Both jurisdictions thus show that effective enforcement depends on binding cooperation among customs, tax, financial and prosecutorial authorities, supported by automated risk analysis.

3. Illicit Trade in Africa under the AfCFTA Framework: Nigeria and Kenya

Under the African Continental Free Trade Area (AfCFTA), both Nigeria and Kenya face serious enforcement challenges in curbing illicit trade. Nigeria's porous borders and under-resourced customs systems have facilitated smuggling and tariff evasion, particularly in petroleum products and consumer goods. Its legal framework was modernized by the Money Laundering (Prevention and Prohibition) Act 2022 and the Nigeria Customs Service Act 2023, and Nigeria, placed under FATF increased

[51] 19 U.S.C. § 1592; 18 U.S.C. §§ 542, 545; 31 U.S.C. §§ 3729–3733.
[52] *DOJ Officially Launches the Trade Fraud Task Force*, DLA Piper (Sept. 4, 2025), https://www.dlapiper.com/insights/publications/2025/09/doj-launches-trade-fraud-task-force (last visited Nov. 17, 2026).
[53] *Learning Resources, Inc. v. Trump*, No. 24-1287, 607 U.S. ___ (Feb. 20, 2026) (consolidated with *Trump v. V.O.S. Selections, Inc.*, No. 25-250).

monitoring in February 2023, was removed from that list in October 2025 after strengthening inter-agency coordination.[54]

Kenya, despite having more formalized customs structures, faces persistent problems with informal cross-border trade and the illegal transit of goods. Laundering is criminalized under the Proceeds of Crime and Anti-Money Laundering Act 2009, yet Kenya has been under FATF increased monitoring since February 2024 and remained on that list in 2026.[55] The AfCFTA framework aims to harmonize customs cooperation and streamline border procedures, but uneven implementation and limited institutional capacity hinder progress.[56] The two cases show that legislative reform under external pressure can precede, but does not guarantee, effective enforcement at porous borders.

4. Trade-Based Money Laundering in China and Hong Kong

China and Hong Kong are among the most significant hubs for trade-based money laundering globally. High-value sectors such as electronics, textiles and precious metals are vulnerable to invoice manipulation and false shipping documentation used to disguise illicit proceeds, and Hong Kong's status as a free port and international financial center has been exploited for this purpose.[57]

In Hong Kong, laundering is an offence under section 25 of the Organized and Serious Crimes Ordinance, and since March 2018 companies have been required to keep registers of significant controllers.[58] The 2019 mutual evaluation nevertheless found

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[54] Money Laundering (Prevention and Prohibition) Act, 2022 (Nigeria); Nigeria Customs Service Act, 2023 (Nigeria); FATF, *Jurisdictions Under Increased Monitoring – 24 October 2025* (Oct. 24, 2025).
[55] Proceeds of Crime and Anti-Money Laundering Act, No. 9 (2009) (Kenya); FATF, *Jurisdictions Under Increased Monitoring – 23 February 2024* (Feb. 23, 2024).
[56] Agreement Establishing the African Continental Free Trade Area, Protocol on Trade in Goods, Annexes 3–4, Mar. 21, 2018 (entered into force May 30, 2019) [hereinafter AfCFTA]; Adebayo E. Iyanda, *The Threat of Trade-Based Money Laundering to the African Continental Free Trade Area*, 2 J. Anti-Corruption L. 141 (2018).
[57] *See* FATF & APG, *Anti-Money Laundering and Counter-Terrorist Financing Measures – Hong Kong, China, Mutual Evaluation Report* (Sept. 2019), https://www.fatf-gafi.org/content/dam/fatf-gafi/mer/MER-Hong-Kong-China-2019.pdf (last visited Nov. 17, 2026); FATF, *Anti-Money Laundering and Counter-Terrorist Financing Measures – People's Republic of China, Mutual Evaluation Report* (Apr. 2019).
[58] Organized and Serious Crimes Ordinance, (1995) Cap. 455, § 25 (H.K.); Companies Ordinance, (2014) Cap. 622, pt. 12, div. 2A (H.K.); FATF & APG, *Hong Kong, China, Mutual Evaluation Report*.

that most money laundering cases were pursued at the lower end of the sentencing scale and noted legal impediments to formal cooperation with other parts of China. Institutional fragmentation between customs, financial regulators and law enforcement therefore persists, and further integration of trade and financial intelligence across the mainland–Hong Kong boundary is required.

5. Customs Fraud under the USMCA: The United States and Mexico

Within the United States-Mexico-Canada Agreement (USMCA) framework, customs fraud remains a persistent concern, particularly along the US–Mexico border, where goods such as automotive components and agricultural products are misclassified, undervalued or misdeclared as to origin in order to obtain preferential tariff treatment or evade duties. The Agreement provides for origin verification and for cooperation and information exchange in the enforcement of customs laws.[59]

Its stability, however, can no longer be assumed. At the first joint review under Article 34.7 on 1 July 2026, the United States declined to confirm a further sixteen-year term, stating that it "did not agree to renew the USMCA in its current form". The Agreement remains in force until 1 July 2036 unless extended, but is now subject to annual joint reviews in which its customs and origin provisions may be renegotiated.[60]

Enforcement has been hampered by inconsistent application of customs procedures, limited data-sharing arrangements and resource constraints. Bilateral enforcement increasingly runs through United States domestic law, including the Trade Fraud Task Force and the civil and criminal provisions discussed above, rather than through the Agreement itself. Stronger harmonization of customs procedures and sustained political commitment are essential if the Agreement's cooperation provisions are to close enforcement gaps during the review period.

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[59] USMCA art. 5.9, ch. 7, sec. B.

[60] USMCA art. 34.7; *What 'Not Renewed' Means: The State of USMCA and Its Economic Importance for the US*, Wilson Ctr. (2026), https://www.wilsoncenter.org/article/what-not-renewed-means-state-usmca-and-its-economic-importance-us (last visited Nov. 17, 2026) (quoting the statement of the U.S. Trade Representative of July 1, 2026).

6. Illicit Trade in Southern Africa under AfCFTA: South Africa and Zambia

In Southern Africa, South Africa and Zambia face distinct yet interconnected challenges under the AfCFTA framework. South Africa, despite its advanced customs infrastructure, struggles with smuggling and illicit trade in high-value goods. Customs offences are punishable under the Customs and Excise Act 91 of 1964, and money laundering and racketeering under the Prevention of Organised Crime Act 121 of 1998, yet legal loopholes and jurisdictional complexities often limit the prosecution of offenders operating across multiple borders.[61] South Africa's placement under FATF increased monitoring from February 2023 until October 2025 reflected deficiencies in the investigation and prosecution of serious financial crime, which it has since addressed.[62]

Zambia, a major exporter of copper, faces illicit mineral trade linked to limited customs presence and weak regional coordination. Its anti-money laundering framework rests on the Financial Intelligence Centre Act 2010, and the 2019 mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) placed it in enhanced follow-up.[63] Inconsistent application of AfCFTA customs instruments and limited capacity for monitoring exports exacerbate the problem, and both countries rely on capacity-building partnerships with the WCO and the World Bank in risk management, customs automation and audit.

These case studies demonstrate that existing trade law frameworks, though essential for regulating legitimate commerce, are insufficient for preventing or detecting complex economic crimes without robust institutional cooperation, data integration and technological innovation. Across the six settings the pattern is consistent: binding

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[61] Customs and Excise Act 91 of 1964 (S. Afr.); Prevention of Organised Crime Act 121 of 1998 (S. Afr.); Transnational Alliance to Combat Illicit Trade (TRACIT), *South Africa's Fight Against Illicit Trade: A Strategic Review* (2025), https://www.tracit.org/uploads/1/0/2/2/102238034/tracit_report_-_south_africas_fight_against_illicit_trade_-_a_strategic_review_2025.pdf (last visited Nov. 17, 2026).
[62] FATF, *Jurisdictions Under Increased Monitoring — 24 October 2025*.
[63] *See* Financial Intelligence Centre Act, 2010 (Zambia); ESAAMLG, *Anti-Money Laundering and Counter-Terrorist Financing Measures — Zambia, Second Round Mutual Evaluation Report* (June 2019), https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-zambia-2019.html (last visited Nov. 17, 2026).

criminal and customs law operates at the national or regional level, while the multilateral trade regime remains disconnected from it. Effective responses must combine trade regulation with criminal enforcement, strengthen cross-border coordination and tailor reforms to the specific institutional and economic contexts of each country or region.

V. SUGGESTIONS AND RECOMMENDATIONS: PROPOSED REGULATORY AND INSTITUTIONAL REFORMS

Addressing the persistent challenges posed by economic crimes in global trade requires comprehensive legal and institutional reforms. These measures must strengthen international governance structures and bridge existing enforcement gaps to enhance accountability and integrity within global trade systems.

1. Strengthening WTO Mechanisms

A key reform involves the establishment of a *Trade Integrity Protocol* within the World Trade Organization (WTO). This protocol should integrate anti-corruption and anti-money laundering principles specifically designed for trade-related contexts.[64] It would oblige member countries to implement domestic measures consistent with the Financial Action Task Force (FATF) standards, thereby promoting greater transparency and accountability in cross-border trade.

Additionally, enhanced disclosure requirements should compel members to provide detailed information on tariff classifications, product origin, and beneficial ownership of trading entities. This would improve traceability and reduce opportunities for illicit manipulation of trade documentation. The WTO should also develop formal cooperation frameworks with organizations such as FATF and the United Nations Office on Drugs and Crime (UNODC) to facilitate real-time exchange of information and joint investigations. This collaboration would expand the WTO's traditional trade mandate to incorporate elements of economic crime prevention and enforcement.

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[64] *See generally* Peter Alldridge, *Money Laundering Law: Forfeiture, Confiscation, Civil Recovery, Criminal Laundering and Taxation of the Proceeds of Crime* (Hart Publ'g 2003); FATF Recommendations, R. 3–4.

2. Enhancing Customs Cooperation

Global customs authorities must move towards mandatory real-time data sharing to effectively monitor and analyze international trade flows.[65] This can be achieved through the creation of a Global Trade Crime Database, jointly managed by the World Customs Organization (WCO) and WTO. The database would compile data on customs seizures, suspicious trade activities, and risk indicators, thereby enhancing the analytical capacity of national enforcement agencies.

Incorporating emerging technologies such as blockchain for secure trade records and artificial intelligence for anomaly detection would significantly strengthen early warning systems for identifying potential illicit activities. Member states should be legally required to participate in this shared data infrastructure and align their risk management practices with international standards to ensure consistent enforcement and reduce vulnerabilities in cross-border trade.

3. Bridging Trade Law and Criminal Law

The creation of a Hybrid Regulatory Framework linking trade facilitation with anti-money laundering (AML) compliance is essential. Future trade agreements should explicitly mandate due diligence responsibilities for importers and exporters, ensuring they verify their counterparties' authenticity, supply chain integrity, and adherence to AML regulations.[66]

This framework should include obligations to report suspicious trade transactions, cross-sectoral coordination protocols between customs, financial intelligence units, and law enforcement agencies, and mechanisms for joint oversight. Such integration will help align trade facilitation goals with criminal law objectives, reducing the risk that liberalized trade systems become channels for illicit financial flows.

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[65] Trade Facilitation Agreement art. 12; WCO, *SAFE Framework of Standards to Secure and Facilitate Global Trade*.
[66] FATF Recommendations, R. 10, 20, 22.

4. Strengthening Regional Governance

Regional trade blocs should include enforceable anti-crime provisions within their trade agreements, accompanied by penalties for non-compliance and specific procedures for resolving enforcement disputes.[67] Capacity-building initiatives must be prioritized to strengthen the operational and technical capabilities of customs and trade authorities in developing countries.

Organizations such as ASEAN, the African Continental Free Trade Area (AfCFTA) and the United States-Mexico-Canada Agreement (USMCA), subject to the outcome of its annual reviews, can serve as models for region-specific enforcement innovations. These may include harmonized standards for data transparency, coordinated intelligence-sharing mechanisms and advanced monitoring systems that exceed the WTO's minimum requirements. Adapting regional frameworks to local conditions will help address vulnerabilities and improve the effectiveness of enforcement actions across member states.[68]

5. Legal Reform Proposals

At the national level, trade legislation must be revised to explicitly include criminal liability for activities such as trade-based money laundering, customs fraud and illicit trade operations. Domestic laws should reflect the international standards drawn from UNTOC, UNCAC and the FATF Recommendations, empowering authorities to investigate, prosecute and recover assets linked to trade-related economic crimes.[69]

At the international level, a proposed Model Convention on Illicit Practices in International Trade could serve as a unifying instrument to harmonize definitions, align enforcement mechanisms, and coordinate state obligations. Such a convention would provide the legal basis for extradition, mutual legal assistance, and coordinated investigations, thereby fostering consistency and cooperation in combating illicit trade across borders.

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[67] *See* Iyanda, *The Threat of Trade-Based Money Laundering to the African Continental Free Trade Area* (proposing a uniform African anti-TBML mechanism).
[68] USMCA ch. 7, sec. B; AfCFTA, Protocol on Trade in Goods, Annex 3.
[69] UNTOC arts. 5–8, 12–13; UNCAC art. 23, ch. V; FATF Recommendations, R. 3–4.

6. The Future of Global Trade Governance – An Analysis

The future of global trade governance depends on a coordinated, multi-regime approach that aligns the mandates of leading international organizations such as the WTO, FATF, WCO, and UNODC. With trade-based financial crimes becoming increasingly complex and transnational, isolated institutional efforts are no longer sufficient.

An integrated strategy is essential: one that establishes formal information-sharing channels, joint task forces and unified compliance procedures connecting the trade and financial sectors. The WTO's regulatory framework for fair commerce must operate in tandem with the FATF's financial integrity standards, while the WCO's customs enforcement systems and UNODC's criminal justice mechanisms should function collaboratively to detect and prevent illicit trade in real time.

7. Technological Integration for Trade Governance

Digital innovation is poised to transform how economic crimes in trade are identified and prevented. Artificial intelligence (AI) can enhance predictive analytics by processing vast and diverse data sets, detecting anomalies, and recognizing suspicious trading patterns, such as mispricing or fraudulent invoicing. As AI models evolve through continuous learning, their accuracy in detecting irregularities will progressively improve.

Similarly, blockchain technology with its decentralized and tamper-proof ledger can provide unparalleled transparency and traceability across global supply chains. Every transaction recorded on a blockchain is immutable and verifiable, creating a reliable audit trail that restricts opportunities for data manipulation or document forgery. When integrated, AI and blockchain can form a next-generation digital infrastructure for trade regulation, enabling faster, more accurate, and more transparent enforcement across jurisdictions.

The future of global trade governance lies in institutional cooperation reinforced by advanced technology. A unified system that combines legal reform, digital innovation, and coordinated institutional mechanisms will build a resilient and

adaptive enforcement architecture. This will not only enhance the efficiency and fairness of international trade but also protect the global economy from evolving forms of illicit financial activity. By embedding integrity, transparency, and accountability into every layer of global trade, such reforms will ensure that international commerce remains both lawful and sustainable.

VI. CONCLUSION

International trade law, historically conceived to promote liberalization and reduce barriers to commerce, must now operate alongside a compliance-oriented framework capable of addressing the complexities of the modern global economy. Growth in trade volumes, technological change and sophisticated economic crimes, such as trade-based money laundering, customs fraud, smuggling and illicit financial flows, require a shift from market facilitation alone towards enforcement and accountability. These crimes must be distinguished from dumping and subsidization, which remain regulatory matters for trade remedies. The task is therefore not to criminalize trade law itself but to connect it with criminal law principles and enforcement mechanisms, so that the global system can prevent, detect and sanction unlawful practices embedded in international trade networks.

The key findings are threefold. First, trade law and criminal law remain fragmented. Second, existing enforcement systems are limited: WTO dispute settlement is confined to disputes between States and lacks a functioning appellate tier, while the WCO's operational standards, such as the SAFE Framework, are voluntary and its binding mutual-assistance conventions are narrowly used. Third, jurisdictional and data transparency barriers continue to impede coordination, although regional developments such as the EPPO and the 2026 EU customs reform show that binding cooperation is achievable. A robust system of global trade governance therefore demands integrated institutional cooperation, legally binding compliance measures, enhanced cross-border data sharing and digital tools such as artificial intelligence and blockchain to improve customs oversight and the real-time detection of irregularities.

In conclusion, the harmonization of trade regulation with criminal justice standards, supported by coordinated efforts among global institutions such as the WTO, FATF,

WCO, and UNODC, is indispensable for ensuring fair competition, economic integrity, and the stability of the global financial system. Without comprehensive reforms and cohesive institutional collaboration, the international trading order will remain exposed to systemic risks and exploitation by transnational criminal actors. Therefore, the future of international trade law lies in its transformation into a resilient, enforcement-driven framework that upholds the dual objectives of promoting global trade liberalization while safeguarding transparency, compliance, and accountability across all levels of international economic exchange.

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