GLOBAL FINANCIAL INTEGRITY

Illicit Financial Flows from Developing Countries: 2003-2012

Dev Kar and Joseph Spanjers

December 2014

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We are pleased to present our report, ***Illicit Financial Flows from Developing Countries: 2003-2012***. This is the sixth in our annual series, and it reaffirms the $1 trillion estimate of unrecorded money shifting yearly out of emerging market and developing countries. Perhaps this is a good point to take stock of where we have come from and where we are going.

When Global Financial Integrity (GFI) was formed in 2006, we decided to analyze unrecorded money disappearing out of developing countries in a way that did not repeat the same methodology I had employed in my book, *Capitalism's Achilles Heel*.[†] I had conducted a series of surveys around the world to come up with an estimate of $500 billion annually moving out of developing countries. This was a very expensive process, involving a total of 885 interviews in some 25 countries, and was not something we could repeat with limited funds. Besides, we wanted a more sophisticated, robust economic analysis.

After careful consideration, we chose to use the World Bank Residual Method and International Monetary Fund Direction of Trade Statistics. Both are dependent on data filed by governments with these institutions. GFI did not invent the methodology nor create the statistics. Both had been around for decades. What GFI did do was apply these existing analytical methodologies to data from the whole of developing countries. In the intervening years we have made two adjustments to our methodology, both tending to produce more conservative estimates.

Today our data are drawn entirely from IMF balance of payments and IMF international trade statistics. These statistics and their derivatives are used every day by international institutions, governments, corporations, banks, and individuals making millions of decisions on investments, loans, interest rates, exchange rates, and more. They are, in short, the statistics on which the economic and financial worlds work, influencing as well political and security concerns for all nations.

We choose to use published statistics, knowing that—while these provide an estimate of massive illicit flows—they still fall short of measuring all unrecorded financial flows. Several major components of such flows are not included in our estimates. For example, IMF trade statistics are based entirely on merchandise trade. Services and intangibles, a favorite area for trade misinvoicing, are not included, although they comprise about 20 percent of world trade. Furthermore, our data do not include what we call "same invoice faking." IMF data reveals only transactions that have been re-invoiced; where the misinvoicing occurs within the same invoice

[†] Raymond Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free Market System*. (Hoboken, NJ: John Wiley & Sons, 2005).

as agreed between exporters and importers, this does not show up. And, our data do not reveal cash movements primarily from criminal activities, such as drug trading, human trafficking, much of counterfeiting, etc. So, we know that our estimates are very conservative.

We recognize too that there can be errors in balance of payments and trade statistics. The possibility of data errors exists, as far as we know, in every economic study that has ever been written. While such errors at the level of individual countries could either increase or decrease the aggregate trillion dollar estimate, they cannot alter the basic finding that unrecorded capital outflows from the developing world are immense, generating severe consequences for poverty alleviation and economic growth.

What we do believe, and do incorporate into our advocacy work, is that the order of magnitude of what we are dealing with swamps the argument that there can be errors in the data sufficient to change perceptions of the problem. We urge governments and international institutions to improve the data and, at the same time, work to curtail this most debilitating reality impacting poorer countries around the globe. Greater transparency in financial systems—in both national and cross-border dealings—is one of our major recommendations.

GFI's findings are now widely referenced by international institutions and governments as compelling reasons for addressing the illicit flows issue. In the future, we expect to relate the estimates we produce more closely to the harms they cause. The goal is to help developing countries retain resources—contributing to prosperity, justice, and peace for billions of people.

We welcome contributions toward strengthening the analysis and curtailment of global illicit financial flows.

Raymond W. Baker
President
Global Financial Integrity
December 15, 2014

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Executive Summary

This report, the latest in a series of annual reports by Global Financial Integrity (GFI), provides estimates of the illicit flow of money out of the developing world–as a whole, by region, and by individual country–from 2003-2012, the most recent ten years of data availability.

The study finds that between 2003 and 2012, the developing world lost US$6.6 trillion in illicit outflows [See See Table X1; or Appendix Table 3]. In real terms, **these flows increased at 9.4 percent per annum** [Table C]. After a brief slowdown during the financial crisis, illicit outflows are once again on the rise, hitting a new peak of **US$991.2 billion in 2012** [See Table X1; or Appendix Table 3].

Table X1: Illicit Financial Flows from Developing Countries, by Region, 2003-2012 (in billions of nominal U.S. dollars)

Region	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative
Sub-Saharan Africa	12.1	20.3	38.2	51.1	67.0	73.4	75.0	58.0	65.2	68.6	528.9
Asia	131.2	167.1	184.7	201.3	227.3	263.4	267.3	368.1	371.4	473.9	2,655.6
Developing Europe	68.1	73.9	85.9	95.9	131.7	168.1	175.1	170.3	250.9	166.5	1,386.4
MENA	6.0	22.7	57.8	51.1	42.6	131.8	118.6	74.2	109.2	113.4	727.4
Western Hemisphere	80.0	96.9	122.3	103.3	124.9	156.7	112.3	151.4	172.0	168.8	1,288.8
All Developing Countries	**297.4**	**380.8**	**489.0**	**502.8**	**593.5**	**793.4**	**748.3**	**821.9**	**968.7**	**991.2**	**6,587.1**

To put this in perspective, the cumulative total of official development assistance (ODA) to the developing countries in this report from 2003 to 2012 was just US$809 billion [See Appendix Table 7A]. In 2012, the last year in this study, ODA to these countries stood at US$89.7 billion, according to OECD data sourced from the World Bank [See Appendix Table 7B]. That means that for every single one of those US$89.7 billion in development aid that entered these developing countries in 2012, over US$10 in illicit financial flows (IFFs) came out. If the problem of illicit financial flows is allowed to grow unchecked, development aid will continue to fight an uphill battle.

This report also compares illicit outflows to foreign direct investment (FDI) in the developing countries that are found in this report from 2003 to 2012 [See Chart 5]. Though FDI was significantly larger than ODA at US$5.7 trillion over the 10-year period, it was still less than illicit outflows. **Even FDI and ODA combined come in at slightly less than illicit outflows, at US$6.5 trillion.** [See Appendix Table 7A]

GFI measures illicit financial outflows using two sources: 1) outflows due to deliberate trade misinvoicing (GER) and 2) outflows due to leakages in the balance of payments, also known as illicit hot money narrow outflows (HMN). The vast majority of illicit financial flows – 77.8 percent in the 10-year period covered in this report – are due to trade misinvoicing [See Chart 9].

Table X2: Illicit Financial Flows from Developing Countries, by Component, 2003-2012
(in billions of nominal U.S. dollars)

All Developing Countries	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative
Trade Misinvoicing Outflows (GER)	257.5	347.1	369.2	412.4	495.5	594.1	514.5	594.3	786.7	729.9	5,101.1
Illicit Hot Money Outflows (HMN)	39.9	33.8	119.8	90.4	98.0	199.3	233.8	227.6	182.0	261.4	1,486.0
Total	**297.4**	**380.8**	**489.0**	**502.8**	**593.5**	**793.4**	**748.3**	**821.9**	**968.7**	**991.2**	**6,587.1**

Asia continues to be the region of the developing world with the greatest volume of illicit financial flows, comprising 40.3 percent of the world total over the ten years of this study. It is followed by Developing Europe at 21.0 percent, the Western Hemisphere at 19.9 percent, MENA (the Middle East and North Africa) at 10.8 percent, and Sub-Saharan Africa at 8.0 percent [See Table D].

MENA saw the largest percent increase in illicit outflows from 2003 to 2012, at 24.2 percent per annum. Sub-Saharan Africa followed at 13.2 percent with Developing Europe at 9.8 percent, Asia at 9.5 percent, and the Western Hemisphere at 3.5 percent [See Table D].

Asia's regional total is driven by the People's Republic of China, the leading source of illicit financial flows from developing countries for nine of the ten years of this study. Similarly, Developing Europe's large share of global IFFs is primarily due to the Russian Federation, the number two country for nine of the ten years of the study, which briefly surpassed China in 2011 to become the world's top exporter of illicit capital before ceding this place back to China in 2012 [See Section III, ¶8].

The top five exporters of illicit capital over the past ten years on average are: China, Russia, Mexico, India, and Malaysia [See Appendix Table 2]. Compared to GFI's estimates in *Illicit Financial Flows from Developing Countries: 2002-2011*, hereafter referred to as the *2013 IFF Update*, these rankings have changed only slightly—India and Malaysia switched ranks in this report, with India moving up to the number four slot.[1] This is due to a continuation of India's upward trend, which began in 2009, and Malaysia's downward trend that began in 2010 [See Appendix Table 3]. China registered a particularly large increase from 2011 (US$162.8 billion) to 2012 (US$249.6 billion) [See Appendix Table 3]. This is due primarily to its return to a trend of large and increasing HMN outflows that began in 2009 but dropped off precipitously in 2011 [See Appendix Table 5].

This report also contains a special section on areas for future research on potential regulatory, fiscal, and governance drivers of trade misinvoicing. Restrictive export proceeds requirements, such as surrender and repatriation requirements, may drive export under-invoicing. Similarly, import over-invoicing may be incentivized by foreign exchange regulations. There also appear to be links between governance, the size of the underground economy, and the volume of illicit flows.

[1] Dev Kar and Brian LeBlanc, *Illicit Financial Flows from Developing Countries: 2002-2011* (Washington, DC: Global Financial Integrity, 2013).

This study's rigorous methodology does not contain any methodological changes from the *2013 IFF Update*, though we no longer report our GER Normalized figure–an overly conservative estimate–for reasons described in the methodology section [See Section II, ¶3]. The results of this report are consistent with the *2013 IFF Update*. Changes in our estimates are due to revisions in the statistics by the country of interest's statistical agency [See Section II, ¶8; and Table A].

GFI recommends that world leaders focus on curbing the opacity in the global financial system—comprising, among other things, tax haven secrecy, anonymous companies, and money laundering techniques—which facilitates these outflows. Specifically, GFI maintains that [See Section V]:

- Governments should establish public registries of meaningful beneficial ownership information on all legal entities;
- Financial regulators should require that all banks in their country know the true beneficial owner(s) of any account opened in their financial institution;
- Government authorities should adopt and fully implement all of the Financial Action Task Force's (FATF) anti-money laundering recommendations;
- Regulators and law enforcement authorities should ensure that all of the anti-money laundering regulations, which are already on the books, are strongly enforced;
- Policymakers should require multinational companies to publicly disclose their revenues, profits, losses, sales, taxes paid, subsidiaries, and staff levels on a country-by-country basis;
- All countries should actively participate in the worldwide movement towards the automatic exchange of tax information as endorsed by the OECD and the G20;
- Trade transactions involving tax haven jurisdictions should be treated with the highest level of scrutiny by customs, tax, and law enforcement officials;
- Governments should significantly boost their customs enforcement by equipping and training officers to better detect intentional misinvoicing of trade transactions; and
- The United Nations should adopt a clear and concise Sustainable Development Goal (SDG) to halve trade-related illicit financial flows by 2030 and similar language should be included in the outcome document of the Financing for Development Conference in July 2015.

As individual States and the international community make progress implementing these recommendations and generating greater financial transparency, future IFF updates will reflect this progress, hopefully, with decreasing rates of illicit outflows.

I. Introduction

1. Illicit financial flows (IFFs) have continued to gain momentum and interest in the international policy arena since the publication of Global Financial Integrity's (GFI's) 2013 annual illicit financial flows report, *Illicit Financial Flows from Developing Countries: 2002-2011*, hereafter referred to as the *2013 IFF Update*. For example, just one week after the publication of the *2013 IFF Update*, Angel Gurría, the Secretary-General of the Organization for Economic Cooperation and Development (OECD), stated: "[t]he issue of illicit financial flows is at the forefront of the international agenda. Governments worldwide are joining forces to combat money laundering, tax evasion, and international bribery, which make up the bulk of IFFs. . . IFFs have devastating effects on developing countries. . .[N]ow is the time to determine where public funds should best be targeted to make the most impact."[2] At a panel alongside the 2014 Annual Meetings of the World Bank and International Monetary Fund in October, Leonard McCarthy, the Integrity Vice President of the World Bank, stated, "when we talk about the top 10 global priorities facing this world, corruption and illicit financial flows could also be right up there amongst the top 10."[3] At the conclusion of the U.S.-Africa Summit in August, U.S. President Barack Obama recognized "the losses to the [African] continent and its people from illicit financial flows and corruption," and announced that the U.S. and African "[l]eaders decided to establish a joint high-level working group to develop a plan of action for further work in this area."[4] Similar momentum has been observed at the United Nations, whose Open Working Group on Sustainable Development Goals recommended inclusion of a goal to "significantly reduce" illicit financial flows by 2030.[5]

2. Illicit financial flows are different from capital flight, a term that includes both licit and illicit capital. Licit capital flight is recorded and tracked, significantly lowering the probability that it has a corrupt or criminal source. In contrast, IFFs are by nature unrecorded, and cannot be used as public funds or private investment capital in their country of origin.

3. One of the reasons that illicit financial flows have garnered so much attention is due to the fact that they are a large and growing problem. Chart 1 illustrates the rise in illicit financial outflows in the ten-year period of this study.

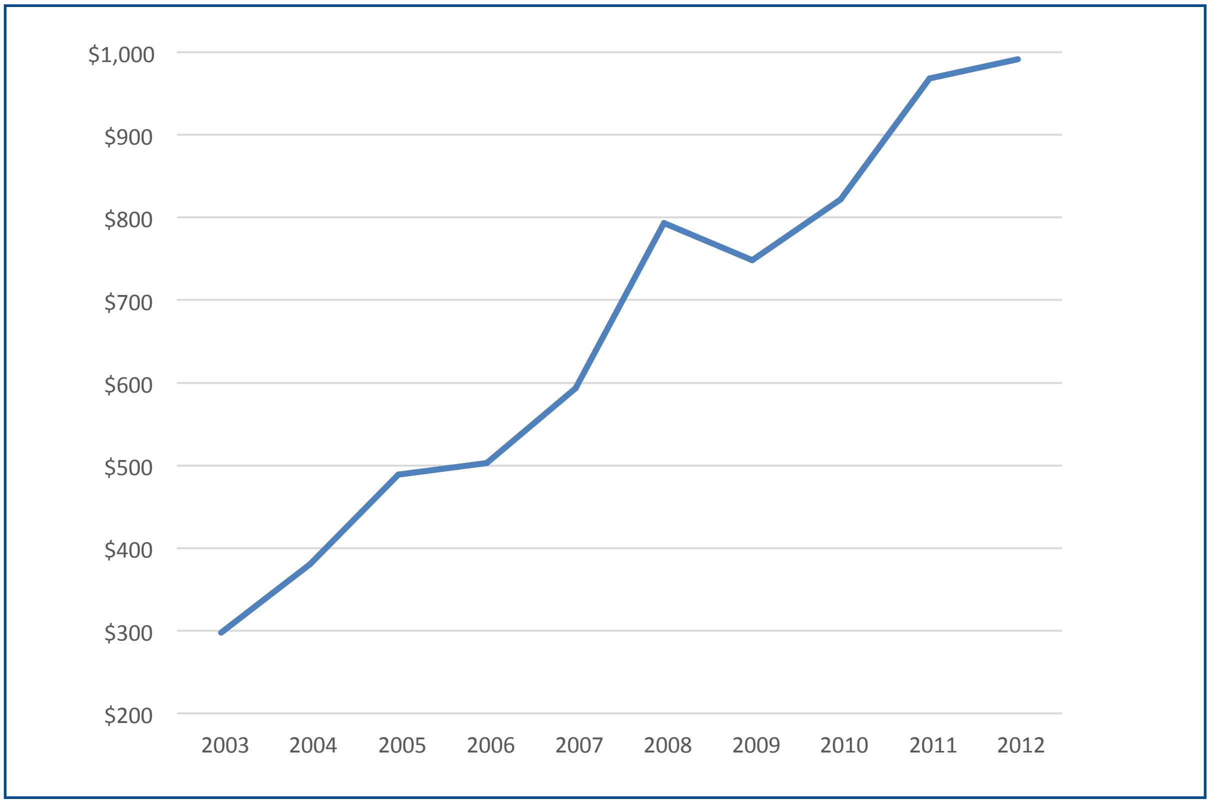
2 Organization for Economic Co-operation and Development, *Illicit Financial Flows from Developing Countries: Measuring OECD Responses* (Paris: OECD, 2014), 1. http://www.oecd.org/corruption/Illicit_Financial_Flows_from_Developing_Countries.pdf.

3 World Bank, "Illicit Financial Flows and the Post-2015 Development Agenda," transcript of panel discussion, 2014 International Monetary Fund/World Bank Group Annual Meetings, Washington, DC, October 11, 2014. http://siteresources.worldbank.org/EXTDOII/Resources/588920-1413828312460/101114_WB_ILLICIT.pdf.

4 The White House, Office of the Press Secretary, *Statement by the Chair of the U.S.-Africa Leaders Summit* [Press Release], August 6, 2014. http://www.whitehouse.gov/the-press-office/2014/08/06/statement-chair-us-africa-leaders-summit.

5 United Nations, Open Working Group of the General Assembly on Sustainable Development Goals, "Goal 16.4," in *Open Working Group Proposal for Sustainable Development Goals*, A/68/970 (New York: United Nations, 2014), 22. http://sustainabledevelopment.un.org/content/documents/1579SDGs%20Proposal.pdf.content/documents/1579SDGs%20Proposal.pdf.

Chart 1: Total Illicit Financial Flows (HMN+GER), 2003-2012
(in billions of nominal U.S. dollars)



4. The vast majority of illicit financial outflows is due to trade misinvoicing, which this report estimates using the GER method. Valuation fraud, the means by which trade misinvoicing takes place, is an acute problem for administrations in developing countries.[6]

5. As they are typically intended to be hidden, some forms of illicit financial flows are difficult to estimate with precision. Many illicit transactions are carried out in cash, in order to avoid a paper (or data) trail, and are consequently not captured in government statistics. Thus, economic methods tend to understate the volume of illicit financial flows.

6. Trade misinvoicing is possible due to the fact that trading partners write their own trade documents. Usually, through export under-invoicing and import over-invoicing, corrupt government officials, criminals, and commercial tax evaders are able to easily move assets out of countries and into tax havens, anonymous companies, and secret bank accounts.

[6] James T. Walsh, "Customs Valuation," in *Changing Customs: Challenges and Strategies for the Reform of Customs Authorities*, ed. Michael Keen (Washington, DC: International Monetary Fund, 2003).

II. Methodology

1. There are two primary, detectable routes that illicit capital takes as it moves out of a country: a) the deliberate misinvoicing of external trade transactions and b) leakages from the balance of payments.

2. GFI measures trade misinvoicing using the Gross Excluding Reversals (GER) methodology. This methodology, which draws upon the International Monetary Fund's (IMF) Direction of Trade Statistics (DOTS) database in conjunction with its International Financial Statistics (IFS) database, estimates trade misinvoicing by looking for imbalances in reported export and import values between a country of interest and the world.[7]

3. In this report, GFI no longer includes the "normalized" GER figure, which was meant to provide a lower bound for trade misinvoicing. Previously, GFI calculated it by setting to 0 gross trade misinvoicing whenever it fell below ten percent of exports in a given country in a given year. However, this normalization filter was unnecessarily conservative, for four reasons. The first is that there is no statistical method to calculate illicit financial transactions that are carried out in cash, so those flows are already not included in our GER figure. Second, there is not yet any consistent, comparable, global data on the trade in services and intangibles—which accounts for roughly 20 percent of global trade in goods and services[8] —so the misinvoicing in services and intangibles does not appear in our estimates. Third, GFI's methodology only detects when there is a discrepancy between the invoice filed with Customs in the exporting country and the invoice filed with Customs in the importing country. This means that GFI cannot detect same-invoice faking: when the importer colludes with the exporter to list the same (mis)value on the original invoice. Fourth, the *IMF Committee on Balance of Payments Statistics 2013 Annual Report* found that the global goods balance–world exports minus world imports–averages around 1.1 percent of world exports from 2006-2012.[9] Since the world is a closed system, this balance would be zero in a perfect statistical world. However, it is not, and as such we can extrapolate that errors in IMF trade data are unlikely to be greater than 1.1 percent of exports, on average. Given that these four points are already likely to significantly understate the actual volume of illicit outflows due to trade misinvoicing, we have arrived at the conclusion that a ten percent limit to create a lower bound was overly conservative, and have removed the "normalized" GER figure from this report. What was previously referred to as the "non-normalized" GER figure is now simply referred to as the GER figure, which estimates illicit financial outflows due to trade misinvoicing.[10]

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7 International Monetary Fund, "Direction of Trade Statistics (DOTS)" [Online Database], http://elibrary-data.imf.org/FindDataReports.aspx?d=33061&e=170921; International Monetary Fund, "International Financial Statistics (IFS)" [Online Database], http://elibrary-data.imf.org/FindDataReports.aspx?d=33061&e=169393.

8 International Monetary Fund, *Revision of the Balance of Payments Manual,* 5th ed. (Washington, DC: International Monetary Fund, 2007); International Monetary Fund, *Balance of Payments and International Investment Position Manual,* 6th ed. (Washington, DC: International Monetary Fund, 2013).

9 International Monetary Fund, "Table 1. Global Balances on Current Account, 2006-2012 (concluded)," in *IMF Committee on Balance of Payments Statistics 2013 Annual Report* (Washington, DC: International Monetary Fund, 2014), 21.

10 See Kar and LeBlanc, *IFFs 2002-2011.*

4. Though some of the discrepancies in trade misinvoicing figures do come from statistical errors, those errors are likely decreasing, due to increasing capacity, experience, and training among developing world customs agencies.[11]

5. We do not "net out" illicit inflows from illicit outflows; we focus in these reports only on gross illicit outflows. Some academic literature subtracts illicit inflows from illicit outflows (it "nets out"), under the assumption that these inflows are good for a country, regardless of their illicit nature. Our focus on outflows is based on the premise that illicit inflows do not make up for the loss of capital through illicit outflows, as they generally cannot be taxed or used to boost capacity in the formal sector. Rather, these illicit inflows tend to drive illicit outflows, contributing to a vicious cycle that only exacerbates the problem. Further, these illicit inflows often deprive developing countries of significant customs duties, they facilitate crime, and they flow into the underground economy. GFI views net illicit financial flows as analogous to the concept of net crime, which is illogical and unrealistic.

6. Leakages from the balance of payments are captured using the Hot Money Narrow (HMN) method, which is based on the Net Errors and Omissions (NEO) term in the IMF's Balance of Payments Statistics database. From 2003-2005, we use data from the *Revision of the Balance of Payments Manual, 5th Edition* (BPM5); from 2006-2012, the updated *Balance of Payments Manual, 6th Edition (BPM6) is used.*[12]

7. By definition, the NEO term includes statistical errors, which are impossible to disaggregate from deliberate diversions of money. That said, economists have used the HMN figure as its results have been consistently negative (implying outflows) and increasing for many developing countries. We should expect to see fewer and fewer errors in the NEO term, as the statistical capacities of developing countries have increased over time. Thus, the increasing illicit outflows we see in the NEO figure over the years is likely driven by an increase in diversions of capital that is larger than the decrease in errors.

8. There are no methodological changes between this report and the *2013 IFF Update*. Thus, there is relatively little variance in the data found in the *2013 IFF Update* and this report [See Table A]. Any changes in the estimates are due to revisions in the statistics by the country of interest's statistical agency.

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[11] Zake, *Customs Administration Reform.*
[12] IMF, Revision of *BPM5*; IMF, *BPM6*.

Table A: Illicit Financial Flows from Developing Countries: Current (2014) and Previous (2013) Estimates
(in billions of nominal U.S. dollars or in percent)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2014 HMN+GER	297.4	380.8	489.0	502.8	593.5	793.4	748.3	821.9	968.7	991.2
2013 HMN+GER	301.5	384.5	498.9	511.4	594.0	789.5	770.3	832.4	946.7	
Nominal Difference	-4.1	-3.7	-9.9	-8.5	-0.6	3.9	-22.0	-10.5	22.0	
Percent Difference	**-1.4%**	**-1.0%**	**-2.0%**	**-1.7%**	**-0.1%**	**0.5%**	**-2.9%**	**-1.3%**	**2.3%**	

9. The *2013 IFF Update* was the first to incorporate two important adjustments to our estimates: a) the use of bilateral trade data when it is available and b) the accounting for re-exports through Hong Kong.[13] These two adjustments were essential and are continued in this year's report.[14]

10. Detractors of the illicit financial flows agenda have implied that more accurate data and better reporting will lower IFF estimates. The case of Aruba shows just the opposite. GER estimates for Aruba have increased significantly since the *2013 IFF Update*, as it is now calculated using bilateral trade data with advanced countries [See Appendix Table 1].[15] We saw similar increases in GER estimates (before the Hong Kong re-exports adjustment) in the *2013 IFF Update* for the 18 countries that were calculated using bilateral data in that report.

11. GFI's estimates are in line with estimates for total capital flight (licit and illicit flows combined). Using data from Boyce and Ndikumana, it can be extrapolated that the net sum of capital flight from 2000-2010 from 33 Sub-Saharan African countries is 34.2 percent of their combined 2010 GDP.[16] To contrast, this report estimates the gross sum of illicit financial flows from 2003-2012 from 48 Sub-Saharan African countries to be 35.7 percent of their combined 2012 GDP. There are three key differences between how GFI and Boyce and Ndikumana calculate their figures: First, GFI's figures for trade misinvoicing using the GER method are larger, due to the fact that we always use gross figures (Boyce and Ndikumana "net out" illicit inflows), for reasons described above. Second, Boyce and Ndikumana's figures are larger due to their use of the World Bank Residual (WBR) method to calculate leakages in the balance of payments, compared to GFI's more conservative HMN method. The WBR method has the ability to capture licit in addition to illicit financial flows. GFI, which previously used the WBR method, introduced the HMN method in 2012, which was 32.5 percent lower than the WBR method in 2010.[17] Given that WBR makes up 62.1 percent of Boyce and Ndikumana's figures

[13] Hong Kong Customs and Excise Department, "Re-Export Trade Data, 2003-2012" (Customs and Excise Department, The Government of the Hong Kong Special Administrative Region, 2014).
[14] For a detailed commentary on these methodological changes, refer to Section II of the *2013 IFF Update* (paragraphs 12-14 on bilateral data, paragraphs 15-17 on Hong Kong re-exports)
[15] For more information on why using bilateral data tends to increase IFF estimates, refer to Section II of the *2013 IFF Update*.
[16] James K. Boyce and Léonce Ndikumana, "Capital Flight from Sub-Saharan African Countries: Updated Estimates, 1970-2010," PERI Research Report (Amherst, MA: Political Economy Research Institute, University of Massachusetts-Amherst, 2012).
[17] Dev Kar and Sarah Freitas, *Illicit Financial Flows from Developing Countries: 2001-2010* (Washington, DC: Global Financial Integrity, 2012).

for 1970-2010, GFI's use of the HMN figure is significant. Third, Boyce and Ndikumana also include unrecorded remittances (GFI does not), which comprise 12.8 percent of their capital flight figure. Thus, despite the fact that GFI does not consider inflows in its trade misinvoicing figures, it achieves a result where illicit financial flows are approximately equal to estimates of total capital flight where inflows are considered in other literature.

12. GFI's estimates for illicit financial flows can also be compared with estimates of capital flight presented by Claessens and Naudé in "Recent Estimates of Capital Flight."[18] For the basket of 84 countries considered in their study, they estimate capital flight using a variety of methodologies. Perhaps the two most prominent are the World Bank Residual (WBR) and the Dooley methods, which provided estimates that respectively averaged three percent and two percent of those countries' combined GDP from 1982-1991, the final ten years of their study. Though these estimates include illicit leakages from the balance of payments, they also include licit leakages, and they do not include any trade misinvoicing – a major source of illicit financial flows (77.8 percent of IFFs from 2003-2012, according to this report). Thus, GFI's estimate of IFFs as 3.9 percent of the developing world's GDP from 2003-2012 is not unreasonable and is consistent with the work of Claessens and Naudé.

[18] Stijn Claessens and David Naudé, "Recent Estimates of Capital Flight," Policy Research Working Paper Series No. 1186 (Washington, DC: Debt and International Finance Division, International Economics Department, World Bank, 1993).

III. Results: Illicit Financial Flows from Developing Countries

1. In this section, we discuss the figures for illicit outflows from developing countries. We examine trends and patterns globally and by region, present a ranking of the top 10 countries, and put illicit financial flows in contrast with official development aid (ODA) and foreign direct investment (FDI) to the developing world.

2. Estimates of illicit outflows are likely underestimated, as our methodology cannot detect same-invoice faking, the misinvoicing of trade in services and intangibles, and hawala transactions. Likewise, many illicit transactions occur in cash to prevent an incriminating paper trail. For these many reasons our estimates are likely very conservative.

3. Yearly estimates are always reported in nominal terms (not adjusted for inflation), while estimates for trends are reported using real figures, adjusted for inflation to constant 2010 dollars.

A. Overview

4. Save for a brief slowdown during the financial crisis, illicit financial flows have been allowed to grow unchecked over the past decade. In 2012, illicit outflows reached a staggering new peak of US$991 billion [See Table B].

Table B: Illicit Financial Flows from Developing Countries, by Region, 2003-2012
(in billions of U.S. dollars, nominal)

Region	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative
Sub-Saharan Africa	12.1	20.3	38.2	51.1	67.0	73.4	75.0	58.0	65.2	68.6	528.9
Asia	131.2	167.1	184.7	201.3	227.3	263.4	267.3	368.1	371.4	473.9	2,655.6
Developing Europe	68.1	73.9	85.9	95.9	131.7	168.1	175.1	170.3	250.9	166.5	1,386.4
MENA	6.0	22.7	57.8	51.1	42.6	131.8	118.6	74.2	109.2	113.4	727.4
Western Hemisphere	80.0	96.9	122.3	103.3	124.9	156.7	112.3	151.4	172.0	168.8	1,288.8
All Developing Countries	**297.4**	**380.8**	**489.0**	**502.8**	**593.5**	**793.4**	**748.3**	**821.9**	**968.7**	**991.2**	**6,587.1**

5. Controlled for inflation, illicit outflows from developing countries increased 9.4 percent per annum between 2003 and 2012, and 1.8 percent from 2011 to 2012. The slower growth in 2012 resembles growth rates seen in 2009 and 2010, following the financial crisis. Though illicit outflows increased significantly in 2011, it appears that they returned to a somewhat slower growth path in 2012 [See Table C]. We are not certain as to why growth in illicit outflows appears to have slowed down. However, we have seen in this and previous GFI reports that the IFF figure for the most recent year of the report tends to be understated due to incomplete

or inaccurate data reporting. For example, the 2011 figure was revised upwards 2.3% in this report from the *2013 IFF Update* [See Table A]. As such, it is possible that the 2012 figure will also be revised upwards in GFI's next annual report.

Table C: Real Illicit Financial Flows, Growth Rate, 2003-2012
(in billions of constant U.S. dollars, base year 2010)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average	Trend Rate of Growth
HMN + GER, Real	397.8	479.7	573.9	563.8	635.0	773.1	799.5	821.9	890.1	905.8	6,840.5	684.1	9.4%

6. In 2005, illicit outflows reached 4.5 percent of the developing world's combined GDP. Since then, the ratio has been on a downward trend, falling to 3.6 percent in 2012 [See Table E]. This implies that since 2005, the developing world's combined GDP has been growing at a faster rate than illicit financial outflows.

B. Regional Analysis

7. The MENA region registered the highest growth rate by far in illicit outflows from 2003 to 2012, coming in at 24.2 percent per annum. It was followed by Sub-Saharan Africa at 13.2 percent, Developing Europe at 9.8 percent, Asia at 9.5 percent, and the Western Hemisphere at 3.5 percent [See Table D]. The high growth rate for MENA is likely related to the rise in oil prices that occurred over this time period.[19]

Table D: Real Illicit Financial Flows by Region, Growth Rate, 2003-2012
(in billions of constant U.S. dollars, base year 2010, or in percent)

Region	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average	Trend Rate of Growth	Percent of Total
Sub-Saharan Africa	16.2	25.6	44.9	57.3	71.7	71.5	80.1	58.0	59.9	62.7	547.8	54.8	13.2%	8.0%
Asia	175.5	210.4	216.8	225.7	243.2	256.6	285.6	368.1	341.3	433.0	2,756.2	275.6	9.5%	40.3%
Developing Europe	91.1	93.0	100.8	107.6	140.9	163.8	187.1	170.3	230.5	152.2	1,437.3	143.7	9.8%	21.0%
MENA	8.0	28.6	67.8	57.3	45.6	128.5	126.7	74.2	100.4	103.6	740.6	74.1	24.2%	10.8%
Western Hemisphere	107.0	122.1	143.6	115.9	133.6	152.7	120.0	151.4	158.0	154.3	1,358.6	135.9	3.5%	19.9%
All Developing Countries	397.8	479.7	573.9	563.8	635.0	773.1	799.5	821.9	890.1	905.8	6,840.5	684.1	9.4%	100.0%

8. Asia remains the largest contributor to gross illicit outflows, comprising 40.3 percent of the developing world total from 2003 to 2012. It is followed by Developing Europe at 21.0 percent, the Western Hemisphere at 19.9 percent, MENA at 10.8 percent, and Sub-Saharan Africa

[19] See Kar and LeBlanc, *2013 IFF Update* Section IV for a discussion of the rise of oil prices.

at 8.0 percent [See Table D]. Though Asia's large portion of the global total is driven by illicit outflows from China—the leading source of illicit financial flows from developing countries for nine of the ten years of this study—it is also helped along by India, Malaysia, Indonesia, and Thailand, all of which are in the global top ten. Developing Europe's total is primarily due to Russia, the number two country for nine of the ten years of the study, which briefly surpassed China in 2011 to become the world's top exporter of illicit capital before ceding this place back to China in 2012. The Western Hemisphere's high total is primarily due to Mexico and Brazil, respectively numbers three and six globally [See Appendix Table 2 for complete rankings].

9. Sub-Saharan Africa's share of illicit outflows from the developing world peaked at 11.3 percent in 2007, and has been on a generally downward trend since, coming to 6.9 percent in 2012. MENA has grown strongly: comprising just 2.0 percent of the total in 2003, it rose to 11.4 percent in 2012, peaking in 2008 at 16.6 percent of the total. The Western Hemisphere's role has generally declined: its high point of 26.9 percent in 2003 has been primarily trending downwards ever since, arriving at 17.0 percent in 2012.

Chart 2: Cumulative Illicit Financial Flows by Region, 2003-2012
(as percent of total real illicit outflows)

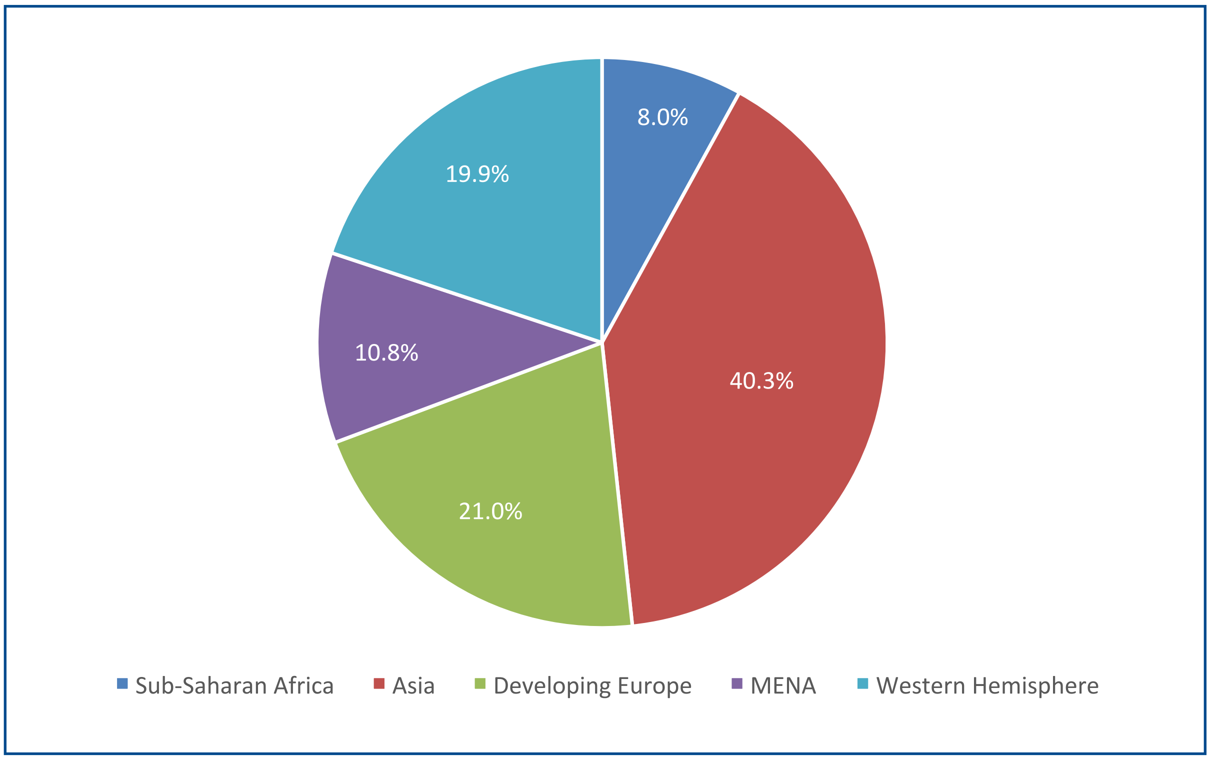


Chart 3: Real Illicit Financial Flows & Illicit Financial Flows to GDP by Region, 2003-2012
(in billions of constant U.S. dollars, base year 2010, or in percent)

Sources: GFI (IFFs), World Bank (GDP)

C. Illicit Outflows & Gross Domestic Product

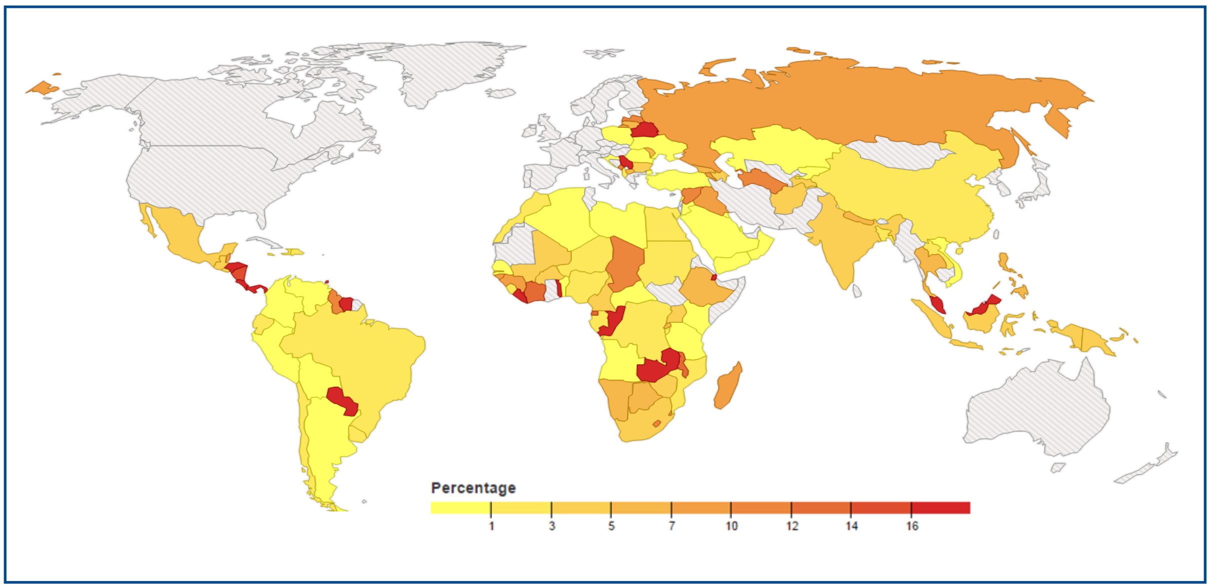
10. In addition to the gross volume of illicit outflows from the developing world, another useful metric is the ratio of illicit outflows to gross domestic product (GDP). This ratio provides a much different picture than the one based on volume alone. For example, Sub-Saharan Africa comes lowest in terms of the gross volume of capital it is losing due to illicit outflows, but it has the highest illicit outflow to GDP ratio of any region from 2003 to 2012. During this time period, illicit outflows were 5.5 percent of the region's GDP. Developing Europe's illicit outflows came in at 4.4 percent of GDP, followed by Asia and MENA at 3.7 percent, and the Western Hemisphere at 3.3 percent. These figures represent significant lost capital and investment resources for these economies, which will have negative ripple effects far into the future.

Table E: Illicit Financial Flows to GDP
(in percent)

Region	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average
Sub-Saharan Africa	2.7	3.6	5.8	6.7	7.6	7.3	7.8	4.5	4.5	4.5	5.5
Asia	4.3	4.7	4.5	4.1	3.7	3.6	3.3	3.8	3.2	3.8	3.7
Developing Europe	5.0	4.2	4.0	3.7	4.0	4.1	5.4	4.5	5.7	3.7	4.4
MENA	0.7	2.1	4.3	3.2	2.3	5.7	5.8	3.1	3.8	3.6	3.7
Western Hemisphere	4.1	4.3	4.5	3.2	3.3	3.6	2.7	3.0	3.0	2.9	3.3
All Developing Countries	3.9	4.1	4.5	3.9	3.7	4.1	4.1	3.7	3.7	3.6	3.9

11. As trade misinvoicing is by far the largest component of illicit financial outflows, it is helpful to consider it on its own. In the heat map below, we see that putting GER outflows in comparison with GDP can further enhance our global picture. For example, though China is the largest exporter of illicit capital through trade misinvoicing in terms of gross volume, these outflows are actually more significant in relation to economy size in the rest of the top 5 countries: Russia, Mexico, India, and Malaysia [See Chart 4].

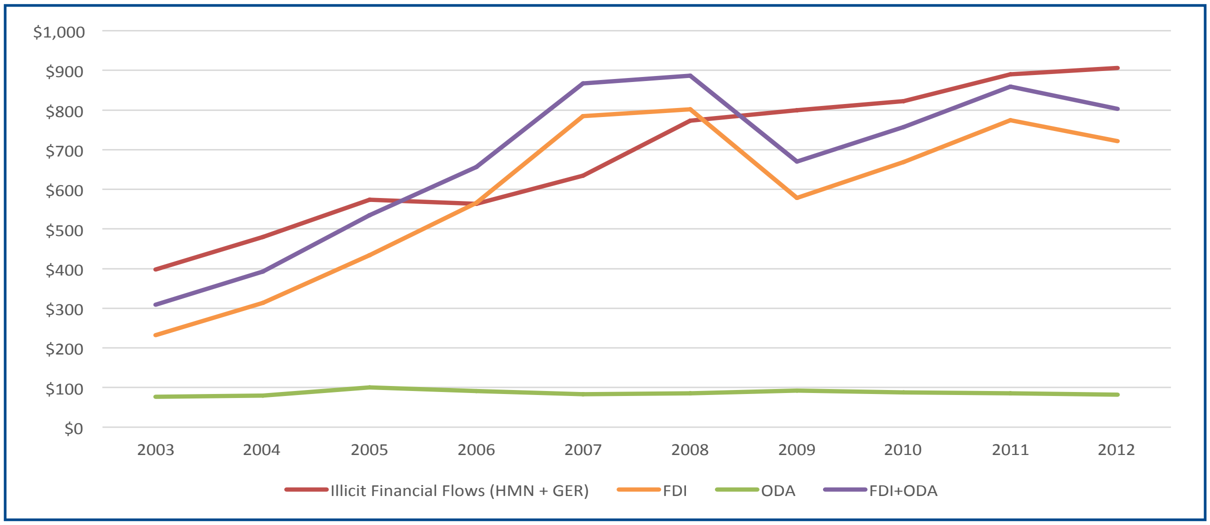
Chart 4: Heat Map, Average Trade Misinvoicing Outflows to GDP, 2003-2012
(in percent)



D. Illicit Outflows, Development Aid, and Foreign Direct Investment

12. During the time period of this study, in which illicit financial outflows from the developing world grew by 9.4 percent, ODA[20] to these countries grew by just 0.3 percent and net FDI into them grew by 12.1 percent per annum.[21] The disparity in volume between illicit outflows and ODA is particularly vast. While the volume of FDI surpassed the volume of illicit outflows from 2006 to 2008, it has since fallen below it [See Chart 5].

Chart 5: Real Illicit Financial Flows, Official Development Assistance, & Foreign Direct Investment 2003-2012
(in billions of constant U.S. dollars, base year 2010)



Sources: GFI (IFFs), World Bank (FDI), OECD/World Bank (ODA) [See Footnote 20]

13. A comparison of ODA and illicit outflows is striking. The developing world's cumulative illicit outflows came in at 808 percent of ODA during the time period of this study. In Sub-Saharan Africa, it was 152 percent, followed by MENA at 607 percent, Asia at 1,376 percent, Developing Europe at 1,764 percent, and the Western Hemisphere at 1,788 percent [See Appendix Table 7].

14. In 2012, ODA (for the developing countries included in this report) was measured at US$89.6 billion, according to the World Bank. As this report has found, illicit outflows from the developing world amounted to US$991.2 billion in that same year. That means that for every development dollar coming into the developing world in 2012, over US$10 flowed out illicitly.

15. Illicit outflows can also be compared to FDI. The developing world's cumulative illicit outflows were 115 percent of FDI during the time period of this study. Developing Europe saw a ratio of 106 percent, the Western Hemisphere came in at 109 percent, Asia at 111 percent, MENA at 126 percent, and Sub-Saharan Africa at 186 percent [See Appendix Table 7]. Though FDI actually surpassed illicit outflows by volume from 2006 – 2008, it has since fallen, widening the gap even further in 2012 [See Chart 5].

[20] ODA figures were compiled using OECD data, reported by the World Bank and augmented by World Bank data for certain European countries (Bulgaria, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, and Russia). The figures for the individual developing countries in this report were summed to create world and regional aggregates. No OECD or World Bank aggregates were used.

[21] World Bank, "World DataBank" [Online Database]. http://databank.worldbank.org/data/home.aspx.

16. Combining FDI with ODA, we reach figures similar to illicit outflows, but typically slightly smaller. The developing world's cumulative illicit outflows were 100 percent of ODA+FDI during the time period of this study. Illicit outflows from Sub-Saharan Africa accounted for 84 percent of ODA+FDI entering that region, while Developing Europe's ratio came in at 100 percent, Asia's at 102 percent, the Western Hemisphere at 103 percent, and MENA at 105 percent [See Appendix Table 7]. Although the gross value of illicit outflows and ODA+FDI were approximately equal, the licit inflows that ODA and FDI together represent do not replace the capital lost due to illicit financial outflows.

E. Top Countries

17. In this report, as with the *2013 IFF Update*, we rank the countries with the top average illicit financial outflows during the 10-year period of the study. Compared to the *2013 IFF Update*, there was very little fluctuation in the top ten exporters of illicit capital in this report, with nine countries remaining in the top ten and the other—Iraq, ninth in the *2013 IFF Update*—dropping to 11th this year. South Africa moved into the top ten, jumping from 13th to tenth. India and Malaysia swapped places, with India now fourth and Malaysia now fifth in the developing world. Thailand and Nigeria did the same, with Thailand moving into the eighth place spot and Nigeria to the ninth.

Table F: Illicit Financial Outflows from the Top 10 Developing Economies, 2003-2012
(in millions of nominal U.S. dollars or in percent)

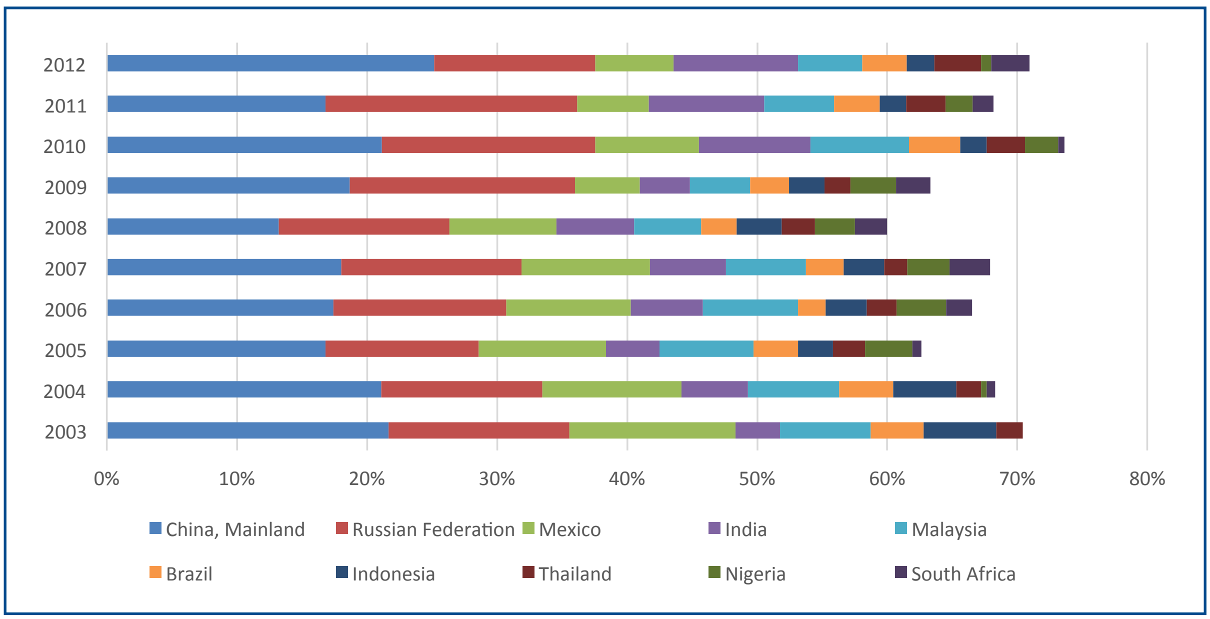
Rank	Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
1	China, Mainland	64,405	80,370	82,313	87,520	107,075	104,854	139,911	173,626	162,779	249,567	1,252,419	125,242
2	Russian Federation	41,304	47,136	57,502	66,825	82,069	103,972	129,459	135,033	187,695	122,864	973,858	97,386
3	Mexico	38,084	40,740	47,747	48,086	58,618	65,489	37,192	65,570	53,078	59,656	514,259	51,426
4	India	10,177	19,414	20,190	28,028	34,601	47,179	29,002	70,236	86,002	94,757	439,587	43,959
5	Malaysia	20,744	26,703	35,264	36,666	36,642	40,935	34,486	62,450	52,047	48,931	394,869	39,487
6	Brazil	12,069	15,897	16,782	10,681	17,264	21,765	22,324	32,289	34,105	33,928	217,103	21,710
7	Indonesia	16,549	18,436	13,259	16,036	18,432	27,319	20,550	16,836	19,604	20,823	187,844	18,784
8	Thailand	6,080	7,240	11,987	11,513	10,427	20,550	14,755	24,243	29,322	35,561	171,679	17,168
9	Nigeria	0	1,680	17,867	19,159	19,335	24,192	26,377	20,780	20,144	7,922	157,455	15,746
10	South Africa	0	2,538	3,388	9,833	18,600	19,655	19,621	4,080	15,297	29,134	122,145	12,214
Total of Top 10		209,412	260,153	306,299	334,346	403,061	475,909	473,677	605,142	660,074	703,145	4,431,217	443,122
Top 10 as Percent of Total		70%	68%	63%	66%	68%	60%	63%	74%	68%	71%	67%	.
Developing World Total		297,411	380,835	488,997	502,809	593,472	793,435	748,307	821,939	968,684	991,245	6,587,133	658,713

18. Consistent with our previous research, we have omitted Saudi Arabia, and the United Arab Emirates from our top countries list. Saudi Arabia would have been sixth in the world and the United Arab Emirates 11th. GFI's *Illicit Financial Flows from Developing Countries: 2001-2010*, hereafter referred to as the *2012 IFF Update*, showed that the net errors and omissions as a percentage of the financial account balance for Saudi Arabia and the United Arab Emirates (among other countries with large sovereign wealth funds) were unusually high, possibly due to incomplete or incorrect recording in the balance of payments of transactions related to their sovereign wealth funds.[22] Thus, we do not include Saudi Arabia or the United Arab Emirates in the succeeding ranking table, though their values can be found in the Appendix [See Appendix Table 2].

19. Regionally, Asia dominates the top countries, with five of the top ten and spots. The Western Hemisphere and Sub-Saharan Africa each contribute two countries to the top ten, and Russia alone represents Developing Europe.

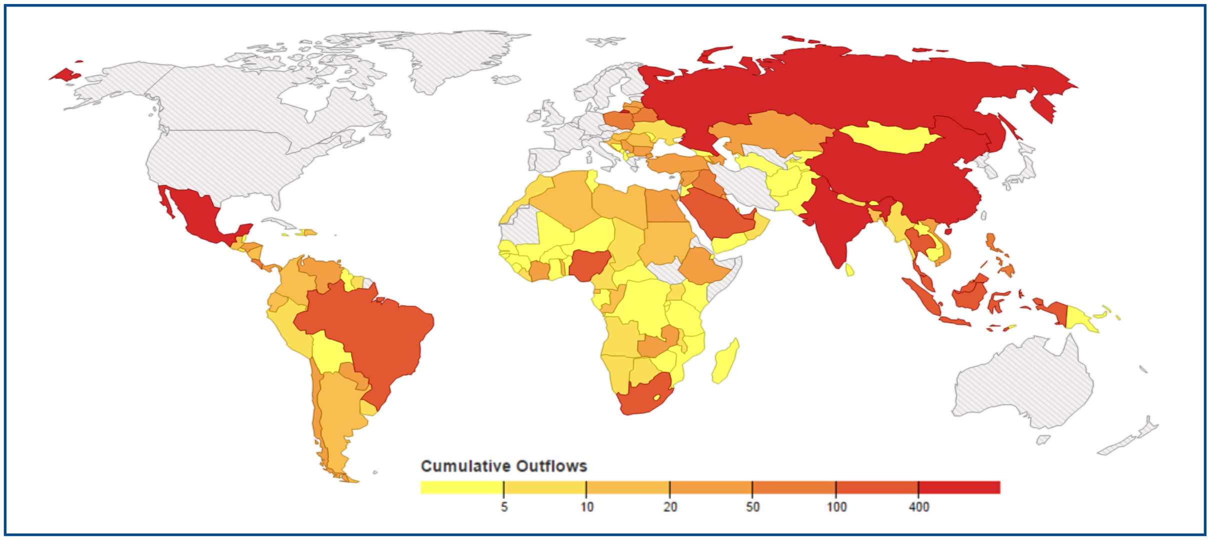
20. The top ten countries account for a huge portion of the global total of illicit outflows. On average, they accounted for a staggering 67 percent of the global total by volume. The stacked bar chart below illustrates the percent of total global illicit outflows each of the top ten countries on average held each year of this study. Additionally, the heat map following it allows us to look at the top countries on a global scale.

Chart 6: Illicit Financial Flows: Top 10 Countries of 2003-2012 as Share of Developing World Total (in percent)



[22] Dev Kar and Sarah Freitas, "Table 15. Net Errors and Omissions in Relation to Financial Account for 10 Countries with the Largest Sovereign Wealth Funds," *Illicit Financial Flows from Developing Countries: 2001-2010* (Washington, DC: Global Financial Integrity, 2012), 77.

Chart 7: Heat Map, Cumulative Illicit Financial Flows from Developing Countries, 2003-2012
(in billions of nominal U.S. dollars)

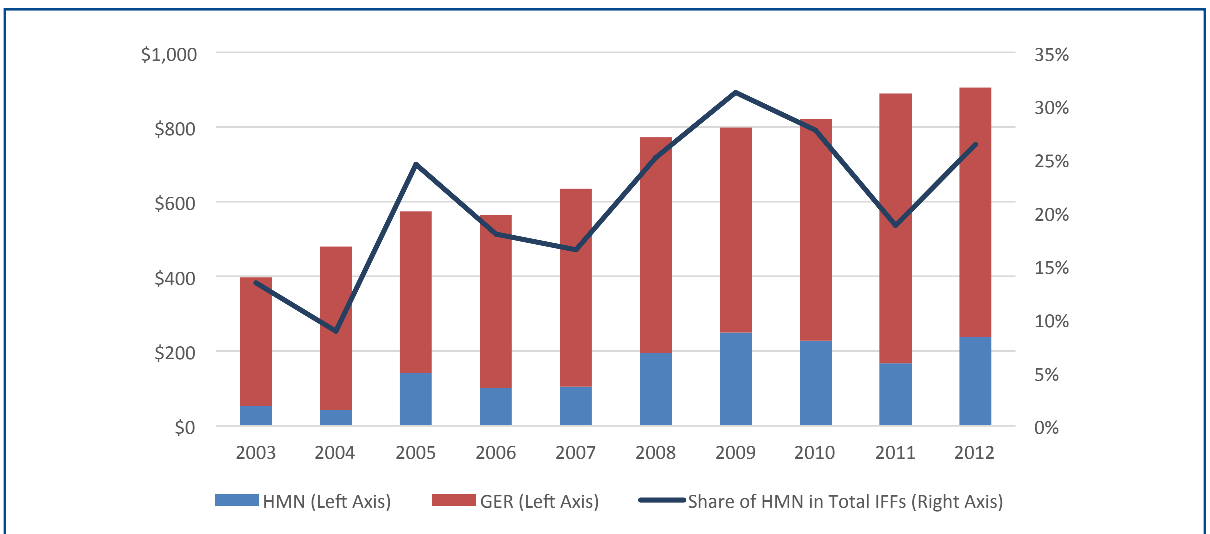


F. Share of HMN & GER in Total IFFs

21. Though the HMN component (leakages from the balance of payments, or illicit hot money outflows) averaged 22.2 percent of the overall illicit outflow figure from 2003-2012, it has been trending upwards as a share of the total, from 13.4 percent of illicit outflows in 2003 to 26.4 percent of illicit outflows in 2012. Over the time period studied, HMN had a trend rate of growth of 19.1 percent in real terms, while the GER component (gross outflows due to trade misinvoicing) grew at an annualized rate of 7.3 percent, thus arriving at the overall IFF growth rate of 9.4 percent.

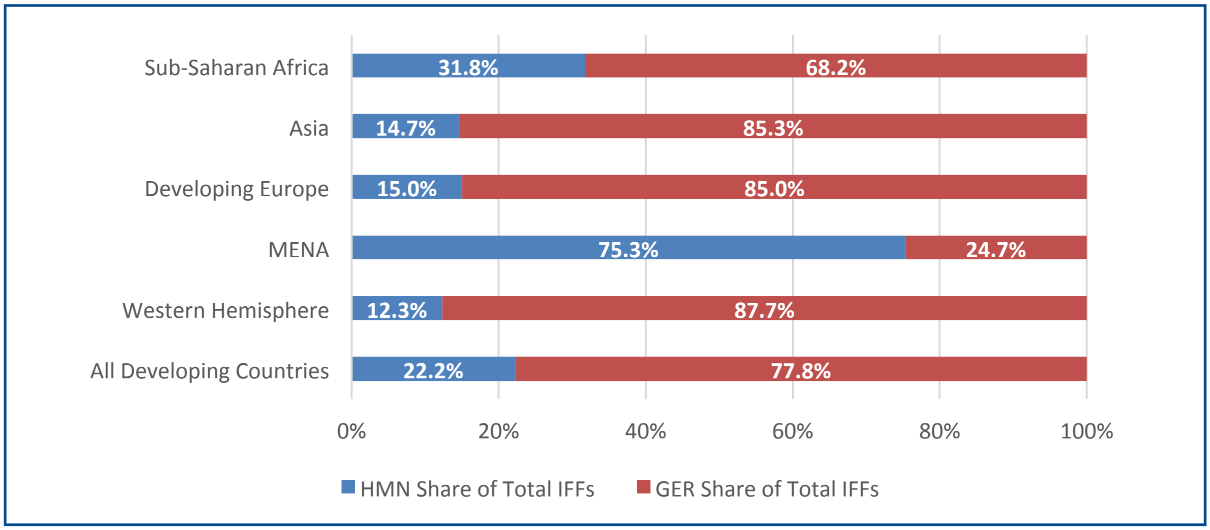
22. Trade misinvoicing remains by far the most popular way to illicitly move money out of developing countries, comprising 77.8 percent of the global ten-year IFF total in real terms.

Chart 8: Share of HMN in Total Illicit Financial Outflows, 2003-2012
(in billions of constant U.S. dollars, base year 2010, or in percent)



23. The MENA region is by far the region with the largest HMN component – 75.3 percent of illicit outflows from MENA occur through leakages in the balance of payments. Sub-Saharan Africa is also high, at 31.8 percent, with the other three regions in the 12.3 percent-15.0 percent range. This could mean that the figures for the MENA region and Sub-Saharan Africa are slightly overstated. The MENA region's high HMN to GER ratio could be due to incomplete or incorrect recording of balance of payments information related to sovereign wealth funds.

Chart 9: Regional Illicit Flows; Shares Related to HMN & GER Components, 2003-2012
(in average percent shares over decade, billions of constant U.S. dollars, base year 2010)



IV. Regulatory, Fiscal, and Governance Drivers of Trade Misinvoicing: Some Areas for Future Research

1. In this section, we examine potential drivers of trade misinvoicing, which can be related to regulatory, fiscal, and governance issues although their relative importance can vary from one country to another. Bhagwati noted that the ramifications of illegal trade are varied as well as significant and are of "vital concern" for academics and policymakers alike.[23]

A. Regulatory Drivers

2. According to the IMF's 2014 *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), the overall number of exchange restriction measures and multiple currency practices (MCPs) continued to increase among Article VIII members (mostly developing countries).[24] In 2013, there were 113 countries that maintained exchange restrictions and MCPs. Such practices give rise to differences in exchange rates between different exchange markets or among approved official transactions. Under an MCP regime, there is a tendency for black markets in foreign exchange to develop as private economic agents seek to profit from the differences in exchange rates. Using partner country data, Bhagwati found that import duties, which were higher than the black market premium on foreign exchange, provided a systematic incentive to under-invoice Turkish imports.[25]

3. Other regulatory measures can also drive illicit flows to and from developing countries. The IMF's AREAER noted that exchange restrictive measures related to exports and export proceeds increased in 33 countries among the 55 countries that reported changes; only 15 reported some relaxation of regulations governing export proceeds. The two main regulatory measures governing export proceeds listed in the AREAER are export proceeds surrender requirements and export proceeds repatriation requirements. Typically, such surrender and repatriation requirements tend to be tightened in countries facing the prospect of declining foreign exchange reserves.

4. Under the surrender requirement, exporters are required to surrender a significant portion (say, 50 percent) of their export proceeds to either the central bank or to authorized dealers within a specified time period (say, within one month of receipt of those proceeds). Typically, the government also specifies the exchange rate used to convert the foreign currency proceeds to local currency. Under the repatriation requirement, it would be illegal for exporters to hold export proceeds in an external account beyond the time permitted under the regulation. Both regulations can be in force simultaneously. In addition, some countries also impose a tax on the foreign currency proceeds earned by exporters. According to the 2014 AREAER, 86 countries in the world have a repatriation requirement (including China and India), while 60 countries maintain a surrender requirement. It is likely that repatriation and surrender requirements would provide a strong incentive to exporters to under-invoice exports as a way to circumvent these requirements.

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[23] Jagdish N. Bhagwati, "Introduction," in *Illegal Transactions in International Trade*, ed. Jagdish N. Bhagwati (Amsterdam: North-Holland Publishing Company, 1974), 1.

[24] International Monetary Fund, *Annual Report on Exchange Arrangements and Exchange Restrictions 2014* (Washington, DC: Monetary and Capital Markets Department, International Monetary Fund, 2014).

[25] Jagdish N. Bhagwati, "On the Underinvoicing of Imports," in *Illegal Transactions in International Trade*, ed. Jagdish N. Bhagwati (Oxford Bulletin of Economics and Statistics 27, 1964; repr., Amsterdam: North-Holland Publishing Company, 1974), 139.

Table G: Twenty Largest Export Under-Invoicers with Respective Export Proceeds Requirements, 2003-2012
(in billions of U.S. dollars, or in cumulative years in force)

Rank*	Countries	Export Underinvoicing, 2003-2012, (billions of U.S. dollars)	Surrender Requirement (years in force)**	Repatriation Requirement (years in force)**
1	China, P.R.: Mainland	828.4	4	10
2	Russian Federation	824.9	3	10
3	Brazil	145.7	10	5
4	Indonesia	129.9	0	2
5	India	125.0	10	10
6	South Africa	95.0	10	10
7	Philippines	72.2	0	0
8	Thailand	65.0	6	10
9	Honduras	31.5	10	10
10	Chile	27.0	0	0
11	Belarus	26.9	10	10
12	Egypt	25.2	0	1
13	Trinidad and Tobago	24.4	0	0
14	Syrian Arab Republic	20.0	7	4
15	Latvia	19.7	0	0
16	Paraguay	18.2	0	0
17	Togo	18.0	10	10
18	Azerbaijan, Republic of	16.7	0	10
19	Congo, Republic of	13.2	10	10
20	Nicaragua	12.7	0	0

*Does not include Liberia or Offshore Financial Centers as defined by the IMF
**Surrender and repatriation requirements refer to proceeds of exports of goods only
Sources: GFI (Export Under-Invoicing), IMF (Surrender Requirement), IMF (Repatriation Requirement)

5. Table G lists 20 countries with the largest outflows due to under-invoicing of exports. The list excludes export under-invoicing by tax havens and offshore financial centers. They are excluded from the list due to the lack of reliable data on re-exports and re-imports that potentially could adversely impact the reliability of estimates of illicit outflows (export under-invoicing and import over-invoicing). We observe that ten countries had a repatriation requirement in effect in all ten years, and seven had a surrender requirement in effect throughout, six of which had both. While restrictive export proceeds requirements are not the only drivers of export under-invoicing, the table indicates that they may provide an incentive to deliberately under-invoice exports, as many of the top countries for export under-invoicing also have surrender and/or repatriation requirements.

B. Fiscal Drivers

6. Fiscal issues can also drive trade misinvoicing. Let us consider the case of illicit outflows due to import over-invoicing. While importers may initially pay more by over-invoicing imports, they will continue to do so as long as the reduction of corporate profits (due to larger import costs) outweighs the increased import duties payable. Of course, not all of the higher import costs are translated into lower profit margins. However, the profit margin is reduced without

question, which allows the company to pay a lower corporate profits tax. Import over-invoicing can also be driven by foreign exchange regulations that allow the importer to receive foreign exchange from the government at a favorable rate (for certain "essential" imports), which enables the importer to then turn around and sell the excess currency in the black market for a profit. Similarly, there is an incentive to over-invoice exports of goods that receive government subsidies. If certain imports enter the production process as intermediate inputs to other goods, which are then subsequently exported, this may drive the producer to over-invoice the exports of the final good in order to claim a refund on the VAT paid on the original imports. Thus, the over-invoicing of imported intermediate goods may subsequently lead to the over-invoicing of exports after production. In short, fiscal issues and tax rates can also drive illicit flows through export and import under- and over-invoicing.

7. One of the difficulties of carrying out research into the links between tax rates and misinvoicing is related to data issues. For instance, in order to estimate the actual differential between corporate tax rates and the rates paid on imported goods, one would have to estimate the effective tax on corporate profits (the statutory rate minus corporate tax deductions) as well as the effective duty rate paid on specific imported goods.

C. Governance Drivers

8. Finally, governance issues and corruption in particular tend to be a major driver of illicit flows. Le and Rishi find that there is a significant link between corruption and capital flight, based on the World Bank Residual method adjusted for trade misinvoicing.[26] They find this link even though, as GFI points out, the WBR measure includes flows of both licit and illicit capital. In case studies on Brazil, the Philippines, and Russia, GFI found that the link between purely illicit flows and governance tends to be even stronger than the link between capital flight and governance.[27]

9. However, as Le and Rishi and several other authors have noted, capturing the overall state of governance through various indicators, which can be used in empirical studies, poses a substantial challenge.[28] Le and Rishi use the Corruption Perceptions Index (CPI), developed by Transparency International, in order to study the link between capital flight and corruption. They also used the International Country Risk Guide (ICRG), which captures the assessment of country experts on governance-related risks in a country as an alternative indicator of corruption. As both the CPI and the ICRG are based on surveys of various economic agents, these indicators could suffer from biases in judgment. For instance, firms that have benefited from a particular governance regime (e.g., profits are much larger than bribes paid) can be expected to have a lower perception of corruption as an issue compared to firms for which red tape and bribery impose a much more onerous cost of doing business.

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[26] Quan V. Le and Meenakshi Rishi, "Corruption and Capital Flight: An Empirical Assessment," *International Economic Journal* 20(4), 2006.

[27] Dev Kar, *Brazil: Capital Flight, Illicit Flows, and Macroeconomic Crises, 1960-2012* (Washington, DC: Global Financial Integrity, 2014); Dev Kar and Brian LeBlanc, *Illicit Financial Flows to and from the Philippines: A Study in Dynamic Simulation, 1960-2011* (Washington, DC: Global Financial Integrity, 2014); Dev Kar and Sarah Freitas, *Russia: Illicit Financial Flows and the Underground Economy* (Washington, DC: Global Financial Integrity, 2013).

[28] Le and Rishi, "Corruption and Capital Flight."

10. As a proxy for the state of overall governance, GFI prefers to use estimates of a country's underground economy as a percent of official GDP, which GFI measures using the monetary approach, rather than relying on survey-based indicators. In doing so, GFI makes use of the fact that the underground economy tends to be large in poorly governed countries, while the underground economy is relatively much smaller as a share of official GDP in strongly governed ones. The authors of the previously mentioned GFI country reports found significant evidence in their case studies that illicit financial flows both drive and are driven by the underground economy.

V. Policy Recommendations

1. Illicit financial flows from developing countries are facilitated and perpetuated primarily by opacity in the global financial system. This endemic issue is reflected in many well-known ways, such as the existence of tax havens and secrecy jurisdictions, anonymous companies and other legal entities, and innumerable techniques available to launder dirty money—for instance, through misinvoicing trade transactions (often called trade-based money laundering when used to move the proceeds of criminal activity).

2. While policy environments vary from country to country, there are certain best practices that all countries should adopt and promote at international forums and institutions such as the G20, the G8, the United Nations, the World Bank, the IMF, and the OECD.

A. Anti-Money Laundering

3. All countries should, at a minimum, take whatever steps are needed to comply with all of the Financial Action Task Force (FATF) Recommendations to combat money laundering and terrorist financing.[29]

4. Regulators and law enforcement officials should strongly enforce all of the anti-money laundering laws and regulations that are already on the books, including through criminal charges and penalties for individuals employed by financial institutions who are culpable for allowing money laundering to occur.

B. Beneficial Ownership of Legal Entities

5. All countries and international institutions should address the problems posed by anonymous companies and other legal entities by requiring or supporting meaningful confirmation of beneficial ownership in all banking and securities accounts.

6. Additionally, information on the true, human owner of all corporations and other legal entities should be disclosed upon formation, updated on a regular basis, and made freely available to the public in central registries. The United Kingdom[30] and Denmark[31] have made progress on this front recently, with both countries announcing that they would create such public registries of beneficial ownership information–at least for corporations. Other countries should follow their lead. In March, the European Parliament voted overwhelmingly in favor of directing European Union member states to create public registries of beneficial ownership as part

[29] Financial Action Task Force, *The FATF Recommendations: International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (Paris: FATF, 2012).* http://www.fatf-gafi.org/topics/fatfrecommendations/documents/fatf-recommendations.html.

[30] Government of the United Kingdom, Department for Business, Innovation & Skills/The Rt. Hon. Dr. Vince Cable MP/Companies House, *Tough Action Promised on Hidden Company Owners* [Press Release], April 21, 2014. https://www.gov.uk/ government/news/tough-action-promised-on-hidden-company-owners.

[31] Johan Christensen and Anne Skjerning, “Regeringen vil åbne det nye ejerregister for alle.”, *Dagbladet Børsen* (Copenhagen, Denmark), November 7, 2014. http://borsen.dk/nyheder/avisen/artikel/11/97562/artikel.html.

of revisions to the European Union's Anti-Money Laundering Directive (AMLD),[32] but final adoption of the AMLD is still subject to negotiation and approval by the European Council and Commission, which have both been reticent to approve the transparency measure.[33] GFI urges the EU Council and the EU Commission to quickly approve the public registry requirement as part of the AMLD.

C. Automatic Exchange of Financial Information

7. All countries should actively participate in the global movement toward the automatic exchange of financial information as endorsed by the G20 and the OECD. 89 countries have committed to implementing the OECD/G20 standard on automatic information exchange by the end of 2018, significant progress since the publication of the *2013 IFF Update*. Still, the G20 and the OECD need to do a better job at ensuring that developing countries—especially least developed countries—are able to participate in the process and are provided the necessary technical assistance to benefit from it.

D. Country-by-Country Reporting

8. All countries should require multinational corporations to publicly disclose their revenues, profits, losses, sales, taxes paid, subsidiaries, and staff levels on a country-by-country basis, as a means of detecting and deterring abusive tax avoidance practices.

E. Curtailing Trade Misinvoicing

9. Trade misinvoicing accounts for a substantial majority—77.8 percent—of illicit financial flows over the period of this study, meaning that curbing trade misinvoicing *must* be a major focus for policymakers around the world.

10. Governments should significantly boost customs enforcement by equipping and training officers to better detect the intentional misinvoicing of trade transactions.

11. Trade transactions involving tax haven jurisdictions should be treated with the highest level of scrutiny by customs, tax, and law enforcement officials, given the greater potential for abuse.

F. UN Sustainable Development Goals / Financing for Development Conference

12. The coming year presents a spectacular opportunity to tackle the scourge of illicit financial flows. The Millennium Development Goals (MDGs) are set to expire in 2015, and, in September, the United Nations will formally transition to its post-2015 development agenda, known as the Sustainable Development Goals (SDGs),[34] which will set the global development

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[32] European Parliament, *Parliament Toughens Up Anti-Money Laundering Rules* [Press Release], March 11, 2014. http://www.europarl.europa.eu/news/en/news-room/content/20140307ipr38110/html/Parliament-toughens-up-anti-money-laundering-rules.

[33] Global Financial Integrity, *GFI Praises Denmark Commitment to Crack Down on Anonymous Companies with Public Registry* [Press Release], November 7, 2014. http://www.gfintegrity.org/press-release/gfi-praises-denmark-commitment-crack-anonymous-companies-public-registry/.

[34] United Nations, Open Working Group of the General Assembly on Sustainable Development Goals, "Goal 16.4," in *Open Working Group Proposal for Sustainable Development Goals,* A/68/970 (New York: United Nations, 2014), 22. http://sustainabledevelopment.un.org/content/documents/1579SDGs%20Proposal.pdfhttp://sustainabledevelopment.un.org/content/documents/1579SDGs%20Proposal.pdf.

agenda for the next 15 years. With developing and emerging economies hemorrhaging roughly US$1 trillion in illicit financial flows per year—as this report demonstrates—there may be no better area on which to focus the global development agenda in order to achieve sustainable results. This is why GFI is calling on the United Nations to adopt a clear and concise target stating:

> "By 2030, reduce illicit financial flows related to trade misinvoicing by 50 percent."

Such a narrowly defined goal—focused on trade misinvoicing, the most common method for moving money illicitly, as this report shows—will target more than three quarters of global illicit financial outflows from developing economies. Similar language should be included in the outcome document of the Financing for Development Conference in July 2015.

VI. Conclusions

1. Our estimates show that the developing world lost US$991.2 billion in illicit financial flows in 2012, over ten times the amount of official development aid received by these countries in that year, and greater than the amount of net foreign direct investment received. From 2003 - 2012, US$6.6 trillion left developing country economies illicitly.

2. Illicit outflows from developing countries increased at a trend rate of 9.4 percent per annum in real terms over the time period from 2003 to 2012. Though growth rates of IFFs tended to be higher before the financial crisis, their volume continues to climb. Over this time period, illicit financial flows were equivalent to 3.9 percent of developing world GDP on average.

3. This report also studied illicit financial flows from developing countries on a regional basis. Doing so, we found that:

   - Sub-Saharan Africa accounted for 8.0 percent of cumulative illicit financial flows from the developing world during 2003-2012. There are two Sub-Saharan African countries in the top ten globally: Nigeria and South Africa. IFFs averaged 5.5 percent of the region's GDP over this ten-year period. A significant majority of IFFs from Sub-Saharan Africa–68.2 percent–were due to trade misinvoicing.
   - Asia accounted for 40.3 percent of cumulative illicit financial flows from the developing world during 2003-2012. There are five Asian countries in the top ten globally: China, India, Malaysia, Indonesia, and Thailand. IFFs averaged 3.7 percent of the region's GDP over this ten-year period. The vast majority of IFFs from Asia–85.3 percent–were due to trade misinvoicing.
   - Developing Europe accounted for 21.0 percent of cumulative illicit financial flows from the developing world during 2003-2012. There is one European country in the top ten globally: Russia. IFFs averaged 4.4 percent of the region's GDP over this ten-year period. The trade misinvoicing component of IFFs from Developing Europe was 85.0 percent, nearly identical to Asia.
   - MENA accounted for 10.8 percent of cumulative illicit financial flows from the developing world during 2003-2012. There are no MENA countries in the global top ten–omitting Saudi Arabia. IFFs averaged 3.7 percent of the region's GDP over this ten year period. A much smaller amount of IFFs from MENA–24.7 percent–were due to trade misinvoicing.
   - The Western Hemisphere accounted for 19.9 percent of cumulative illicit financial flows from the developing world during 2003-2012. There are two Western Hemisphere countries in the top ten globally: Mexico and Brazil. IFFs averaged 3.3 percent of the region's GDP over this ten-year period. Similar to Asia and Developing Europe, 87.7 percent of IFFs from the Western Hemisphere were due to trade misinvoicing.

4. The top ten exporters of illicit capital (excluding Saudi Arabia, and the United Arab Emirates) accounted for US$4.4 trillion in illicit financial outflows over the ten year time period of this study, 67 percent of the developing world total.

5. We argue that illicit financial flows have regulatory, fiscal, and governance drivers. Restrictive export proceeds requirements may drive export under-invoicing. Import over-invoicing may be incentivized by foreign exchange regulations. There are also links between governance, the size of the underground economy, and the volume of illicit financial flows.

6. To curtail illicit financial flows, GFI recommends that world leaders focus on curbing the opacity in the global financial system—comprising, among other things, tax haven secrecy; anonymous companies, and money laundering techniques—which facilitates these outflows. Specifically, GFI's major recommendations include:

   - Governments should establishment public registries of meaningful beneficial ownership information on all legal entities;
   - Financial regulators should require that all banks in their country know the true beneficial owners of any accounts opened in their financial institutions;
   - Government authorities should adopt and fully implement all of the Financial Action Task Force's anti-money laundering recommendations;
   - Regulators and law enforcement should ensure that all of the anti-money laundering regulations, which are already on the books, are strongly enforced;
   - Policymakers should require multinational companies to publicly disclose their revenues, profits, losses, sales, taxes paid, subsidiaries, and staff levels on a country-by-country basis;
   - All countries should actively participate in the worldwide movement towards the automatic exchange of tax information as endorsed by the OECD and the G20;
   - Trade transactions involving tax haven jurisdictions should be treated with the highest level of scrutiny by customs, tax, and law enforcement officials;
   - Governments should significantly boost their customs enforcement, by equipping and training officers to better detect intentional misinvoicing of trade transactions;
   - The United Nations should adopt a clear and concise Sustainable Development Goal (SDG) to halve trade-related illicit financial flows by 2030 and similar language should be included in the outcome document of the Financing for Development Conference in July 2015.

Appendix

Table 1. Geographical Regions

Sub-Saharan Africa (48)	Asia (27)	Developing Europe (26)	MENA (17)	Western Hemisphere (33)	Advanced Economies (33)
Angola	Afghanistan, Islamic Republic of	Albania	Algeria^	Antigua and Barbuda	Australia
Benin	Bangladesh	Armenia, Republic of*	Bahrain, Kingdom of	Argentina	Austria
Botswana	Bhutan	Azerbaijan, Republic of	Egypt^	Aruba*	Belgium
Burkina Faso	Brunei Darussalam	Belarus*	Iran, Islamic Republic of	Bahamas, The	Canada
Burundi	Cambodia	Bosnia and Herzegovina	Iraq	Barbados	Cyprus
Cabo Verde	China, P.R.: Mainland*	Bulgaria*	Jordan	Belize	Czech Republic
Cameroon	Fiji	Croatia	Kuwait	Bolivia	Denmark
Central African Republic	India*	Georgia	Lebanon	Brazil*	Finland
Chad	Indonesia*	Hungary	Libya^	Chile*	France
Comoros	Kiribati	Kazakhstan	Morocco^	Colombia	Germany
Congo, Democratic Republic of	Lao People's Democratic Republic	Kosovo, Republic of	Oman	Costa Rica	Greece
Congo, Republic of	Malaysia*	Kyrgyz Republic	Qatar	Dominica	Hong Kong
Cote d'Ivoire*	Maldives	Latvia*	Saudi Arabia	Dominican Republic	Iceland
Djibouti	Mongolia	Lithuania*	Syrian Arab Republic	Ecuador	Ireland
Equatorial Guinea	Myanmar	Macedonia, FYR	Tunisia^	El Salvador	Israel
Eritrea	Nepal	Moldova	United Arab Emirates	Grenada	Italy
Ethiopia	Pakistan	Montenegro	Yemen, Republic of	Guatemala	Japan
Gabon	Papua New Guinea	Poland		Guyana	Korea, Republic of
Gambia, The	Philippines*	Romania		Haiti	Luxembourg
Ghana	Samoa	Russian Federation		Honduras	Malta
Guinea	Solomon Islands	Serbia, Republic of		Jamaica	Netherlands
Guinea-Bissau	Sri Lanka	Tajikistan		Mexico	New Zealand
Kenya	Thailand*	Turkey		Nicaragua	Norway
Lesotho	Timor-Leste, Dem. Rep. of	Turkmenistan		Panama	Portugal
Liberia	Tonga	Ukraine		Paraguay*	Singapore
Madagascar	Vanuatu	Uzbekistan		Peru	Slovak Republic
Malawi	Vietnam			St. Kitts and Nevis	Slovenia
Mali				St. Lucia	Spain
Mauritania				St. Vincent and the Grenadines	Sweden
Mauritius				Suriname	Switzerland
Mozambique				Trinidad and Tobago	Taiwan, Province of China
Namibia				Uruguay	United Kingdom
Niger				Venezuela, Republica Bolivariana de	United States
Nigeria					
Rwanda					
Sao Tome and Principe					
Senegal					
Seychelles					
Sierra Leone					
Somalia					
South Africa					
Sudan					
Swaziland					
Tanzania					
Togo*					
Uganda					
Zambia*					
Zimbabwe					

* Denotes developing countries who report bilaterally to all advanced countries (19 total)
^ denotes North African countries, which, when combined with Sub-Saharan Africa, can generate estimates for the African Continent as a whole.
Note: Advanced economies only used for conducting trade misinvoicing estimates
Source: IMF Direction of Trade Statistics

Table 2. Country Rankings by Largest Average Illicit Financial Flows, 2003-2012 (HMN + GER)
(in millions of U.S. dollars, nominal)

Rank	Country	Average IFF (where data is available)
1	China, P.R.: Mainland	125,242
2	Russian Federation	97,386
3	Mexico	51,426
4	India	43,959
5	Malaysia	39,487
6	Saudi Arabia	30,862
7	Brazil	21,710
8	Indonesia	18,784
9	Thailand	17,168
10	Nigeria	15,746
11	United Arab Emirates	13,530
12	South Africa	12,214
13	Iraq	11,137
14	Costa Rica	9,403
15	Philippines	9,349
16	Belarus	8,453
17	Poland	5,312
18	Panama	4,848
19	Serbia, Republic of	4,566
20	Chile	4,564
21	Brunei Darussalam	4,299
22	Syrian Arab Republic	3,768
23	Egypt	3,768
24	Paraguay	3,697
25	Venezuela, Republica Bolivariana de	3,677
26	Turkey	3,560
27	Honduras	3,294
28	Trinidad and Tobago	3,210
29	Vietnam	2,805
30	Aruba	2,654
31	Zambia	2,597
32	Kazakhstan	2,538
33	Bulgaria	2,535
34	Latvia	2,490
35	Lebanon	2,462
36	Kuwait	2,460
37	Cote d'Ivoire	2,406
38	Azerbaijan, Republic of	2,285
39	Ethiopia	2,206
40	Lithuania	2,162
41	Togo	1,824
42	Ecuador	1,645
43	Bahamas, The	1,634
44	Equatorial Guinea	1,607
45	Hungary	1,576
46	Algeria	1,575
47	Congo, Republic of	1,535
48	Nicaragua	1,509
49	Croatia	1,499
50	Argentina	1,411
51	Bangladesh	1,316
52	Sudan	1,290
53	Colombia	1,212
54	Dominican Republic	1,205
55	Guatemala	1,176
56	Qatar	1,152
57	Libya	1,078
58	Romania	1,034
59	Morocco	998
60	Liberia	982
61	Bahrain, Kingdom of	971
62	Chad	930
63	Peru	903
64	Botswana	856
65	Uruguay	846
66	El Salvador	788
67	Cameroon	783
68	Nepal	754
69	Armenia, Republic of	750
70	Uganda	713
71	Oman	699
72	Myanmar	682
73	Angola	631

Rank	Country	Average IFF (where data is available)
74	Suriname	616
75	Namibia	603
76	Turkmenistan	602
77	Malawi	585
78	Ukraine	542
79	Macedonia, FYR	521
80	Lao People's Democratic Republic	498
81	Tanzania	462
82	Papua New Guinea	433
83	Madagascar	426
84	Georgia	420
85	Mali	411
86	Bolivia	403
87	Swaziland	371
88	Jamaica	365
89	Gabon	358
90	Djibouti	354
91	Burkina Faso	341
92	Guinea	317
93	Ghana	316
94	Congo, Democratic Republic of	301
95	Montenegro	294
96	Guyana	281
97	Fiji	273
98	Yemen, Republic of	271
99	Zimbabwe	267
100	Rwanda	260
101	Tajikistan	252
102	Lesotho	249
103	Moldova	232
104	Afghanistan, Islamic Republic of	222
105	Sri Lanka	221
106	Vanuatu	208
107	Jordan	205
108	St. Vincent and the Grenadines	179
109	Barbados	169

Rank	Country	Average IFF (where data is available)
110	Mauritius	153
111	Pakistan	143
112	Samoa	140
113	Niger	137
114	Mongolia	135
115	Albania	128
116	Solomon Islands	126
117	Belize	126
118	Mozambique	115
119	Dominica	97
120	Haiti	89
121	Kenya	86
122	Burundi	75
123	Maldives	75
124	Sierra Leone	71
125	Gambia, The	61
126	Kyrgyz Republic	60
127	Guinea-Bissau	58
128	Grenada	55
129	St. Lucia	47
130	St. Kitts and Nevis	46
131	Bhutan	45
132	Comoros	44
133	Benin	41
134	Cambodia	40
135	Cabo Verde	40
136	Seychelles	32
137	Tonga	28
138	Tunisia	28
139	Bosnia and Herzegovina	19
140	Sao Tome and Principe	18
141	Central African Republic	17
142	Timor-Leste, Dem. Rep. of	8
143	Antigua and Barbuda	8
144	Kiribati	2
145	Senegal	1

Table 3. Illicit Financial Flows from Developing Countries (HMN + GER)
(in millions of U.S. dollars, nominal)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Afghanistan, Islamic Republic of	892	667	505	159	0	0	0	0	0	0	2,223	222
Albania	16	13	92	107	220	305	0	195	265	63	1,276	128
Algeria	490	751	189	2,259	1,301	3,378	3,172	1,406	187	2,620	15,753	1,575
Angola	822	0	574	0	1,641	1,236	0	1,695	17	326	6,312	631
Antigua and Barbuda	5	19	11	11	8	0	5	0	17	0	75	8
Argentina	1,428	753	283	0	607	3,283	0	608	4,194	2,955	14,110	1,411
Armenia, Republic of	217	219	352	404	804	1,124	840	1,144	1,167	1,230	7,499	750
Aruba	2,179	4,617	6,546	6,876	13,509	16,212	8,044	320	18,798	5,293	82,393	8,239
Azerbaijan, Republic of	112	50	126	2,462	8,541	845	3,854	990	2,556	3,317	22,853	2,285
Bahamas, The	1,001	1,098	1,843	1,330	1,622	2,123	1,585	2,197	1,775	1,763	16,337	1,634
Bahrain, Kingdom of	1,326	1,504	2,227	2,281	1,677	30	66	0	0	598	9,708	971
Bangladesh	830	840	1,054	2,667	2,436	1,229	1,063	672	593	1,780	13,161	1,316
Barbados	329	574	534	69	66	7	0	97	17	0	1,694	169
Belarus	3,148	3,859	4,131	5,606	9,040	14,939	7,569	8,313	14,022	13,903	84,531	8,453
Belize	119	90	98	92	186	173	142	90	123	144	1,255	126
Benin	61	117	34	0	0	0	6	195	0	0	413	41
Bhutan	.	.	.	0	101	0	0	0	44	168	312	45
Bolivia	174	625	374	105	112	0	454	802	0	1,379	4,025	403
Bosnia and Herzegovina	0	0	0	0	67	118	0	0	0	0	185	19
Botswana	161	464	228	550	1,303	1,072	1,723	210	923	1,926	8,560	856
Brazil	12,069	15,897	16,782	10,681	17,264	21,765	22,324	32,289	34,105	33,928	217,103	21,710
Brunei Darussalam	1,838	1,190	4,006	5,786	5,860	8,232	5,420	.	.	2,063	34,396	4,299
Bulgaria	2,521	2,302	3,016	2,366	4,615	5,365	886	730	1,792	1,762	25,354	2,535
Burkina Faso	4	52	59	172	247	395	409	380	537	1,153	3,408	341
Burundi	16	19	112	134	52	0	122	12	146	137	750	75
Cabo Verde	34	5	8	28	11	119	38	87	30	34	395	40
Cambodia	40	46	12	72	45	45	23	27	47	43	400	40
Cameroon	258	852	487	959	1,315	1,626	309	411	679	930	7,825	783
Central African Republic	13	6	12	0	1	0	34	34	33	43	175	17
Chad	401	506	430	738	989	860	1,136	1,179	1,589	1,470	9,297	930
Chile	2,534	2,614	4,318	4,548	4,125	7,594	3,303	5,411	6,110	5,082	45,639	4,564
China, P.R.: Mainland	64,405	80,370	82,313	87,520	107,075	104,854	139,911	173,626	162,779	249,567	1,252,419	125,242
Colombia	1,254	1,749	1,372	582	608	2,671	1,226	0	1,239	1,424	12,124	1,212
Comoros	6	15	16	24	20	21	30	33	110	165	440	44
Congo, Democratic Republic of	503	539	539	458	170	0	312	344	0	148	3,012	301
Congo, Republic of	1,039	3,054	668	2,155	1,723	2,635	614	1,757	824	876	15,346	1,535
Costa Rica	3,440	4,640	5,274	5,378	5,539	6,821	8,734	14,828	17,829	21,553	94,034	9,403
Cote d'Ivoire	3,030	2,578	3,819	2,645	3,309	2,423	1,214	1,807	1,046	2,190	24,061	2,406
Croatia	1,948	1,608	1,412	1,545	1,684	2,182	1,548	882	1,507	677	14,992	1,499
Djibouti	201	229	277	356	385	366	337	486	478	424	3,540	354
Dominica	18	25	41	47	76	151	132	125	186	171	973	97
Dominican Republic	1,886	981	456	888	348	1,099	1,431	2,187	1,040	1,733	12,050	1,205
Ecuador	20	862	1,972	1,235	1,236	6,097	1,159	376	1,562	1,929	16,448	1,645

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Egypt	1,248	3,155	5,098	4,541	4,817	6,112	0	2,299	5,316	5,093	37,680	3,768
El Salvador	642	657	1,064	930	1,022	878	908	932	664	177	7,875	788
Equatorial Guinea	0	320	172	355	918	1,968	2,869	2,907	3,222	3,334	16,065	1,607
Eritrea	.	.	.	.	.	.	.	.	.	.	.	.
Ethiopia	495	406	785	1,152	1,491	1,823	2,999	5,650	4,149	3,117	22,065	2,206
Fiji	254	236	159	418	239	391	342	273	202	210	2,726	273
Gabon	497	615	415	0	0	0	137	292	85	1,542	3,584	358
Gambia, The	10	30	54	30	72	64	40	134	134	38	606	61
Georgia	382	444	403	704	377	834	459	323	253	23	4,203	420
Ghana	0	0	0	0	37	374	1,342	721	691	0	3,164	316
Grenada	54	27	63	28	68	59	52	59	68	75	553	55
Guatemala	1,377	1,400	1,623	911	1,020	920	822	1,485	618	1,588	11,764	1,176
Guinea	316	422	255	423	633	251	0	375	435	59	3,169	317
Guinea-Bissau	6	37	23	13	193	7	42	74	119	70	583	58
Guyana	84	139	192	173	226	304	359	575	316	440	2,807	281
Haiti	31	40	41	120	95	137	201	61	120	45	890	89
Honduras	2,722	2,920	3,175	3,355	3,388	3,294	2,981	3,530	3,701	3,872	32,939	3,294
Hungary	0	2,100	2,580	2,744	349	3,373	771	1,019	2,823	0	15,758	1,576
India	10,177	19,414	20,190	28,028	34,601	47,179	29,002	70,236	86,002	94,757	439,587	43,959
Indonesia	16,549	18,436	13,259	16,036	18,432	27,319	20,550	16,836	19,604	20,823	187,844	18,784
Iran, Islamic Republic of	0	0	0	0	0	0	0	0	0	0	0	0
Iraq	.	.	0	0	3,660	19,316	16,321	20,998	14,154	14,649	89,098	11,137
Jamaica	430	435	686	322	28	894	470	185	203	0	3,654	365
Jordan	0	128	0	206	0	96	129	0	622	867	2,048	205
Kazakhstan	1,647	1,016	1,800	3,134	2,938	5,713	750	0	3,909	4,469	25,376	2,538
Kenya	277	80	245	0	258	0	0	0	0	0	860	86
Kiribati	.	.	.	3	3	0	0	5	0	0	11	2
Kosovo, Republic of	.	0	0	0	0	0	0	0	0	0	0	0
Kuwait	574	46	782	938	5,116	10,049	752	0	4,840	1,499	24,596	2,460
Kyrgyz Republic	0	19	0	0	356	0	0	31	194	0	601	60
Lao People's Democratic Republic	82	6	0	516	930	595	702	478	792	878	4,978	498
Latvia	1,210	1,943	2,263	2,473	3,160	3,286	2,093	1,614	4,063	2,796	24,900	2,490
Lebanon	0	1,233	1,486	2,960	6,605	2,475	3,690	34	2,038	4,097	24,618	2,462
Lesotho	71	55	61	158	295	432	584	61	264	506	2,487	249
Liberia	814	898	981	1,576	1,905	678	1,328	807	414	418	9,817	982
Libya	0	0	1,497	0	0	1,753	0	2,137	0	5,397	10,783	1,078
Lithuania	1,850	1,056	1,350	1,142	1,094	1,935	981	1,501	4,259	6,448	21,615	2,162
Macedonia, FYR	281	381	494	305	597	928	497	457	852	421	5,212	521
Madagascar	59	755	412	1,598	73	637	166	108	270	178	4,257	426
Malawi	211	160	493	405	442	1,022	851	666	1,046	552	5,847	585
Malaysia	20,744	26,703	35,264	36,666	36,642	40,935	34,486	62,450	52,047	48,931	394,869	39,487
Maldives	111	68	35	72	49	55	38	62	69	185	746	75

Table 3. Illicit Financial Flows from Developing Countries (HMN + GER) (cont)
(in millions of U.S. dollars, nominal)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Mali	275	128	173	227	187	969	327	906	587	328	4,106	411
Mauritania	.	.	.	.	.	.	.	.	.	.	.	.
Mauritius	107	32	0	7	0	192	319	472	0	402	1,532	153
Mexico	38,084	40,740	47,747	48,086	58,618	65,489	37,192	65,570	53,078	59,656	514,259	51,426
Moldova	228	344	246	191	445	510	240	0	119	0	2,323	232
Mongolia	6	0	75	14	212	775	0	0	76	195	1,354	135
Montenegro	.	980	928	238	380	0	44	0	15	62	2,647	294
Morocco	554	905	3,486	681	612	412	1,801	518	243	763	9,977	998
Mozambique	83	0	0	362	103	0	23	563	20	0	1,155	115
Myanmar	114	633	604	626	336	1,362	1,010	2,132	0	0	6,817	682
Namibia	89	107	138	399	756	787	1,010	509	754	1,483	6,032	603
Nepal	364	414	503	678	544	854	1,551	1,883	645	106	7,542	754
Nicaragua	625	1,055	1,019	1,384	1,302	1,264	1,198	1,730	2,666	2,851	15,094	1,509
Niger	15	86	122	0	102	99	0	530	174	237	1,365	137
Nigeria	0	1,680	17,867	19,159	19,335	24,192	26,377	20,780	20,144	7,922	157,455	15,746
Oman	929	506	851	2,273	0	0	1,141	0	555	733	6,990	699
Pakistan	44	0	200	0	0	51	0	729	0	405	1,430	143
Panama	2,414	2,716	3,950	4,649	5,565	5,838	5,351	5,712	6,946	5,341	48,481	4,848
Papua New Guinea	119	93	0	15	34	184	479	474	1,841	1,087	4,326	433
Paraguay	3,007	3,588	4,166	4,523	2,457	4,513	2,882	2,807	4,214	4,811	36,967	3,697
Peru	748	660	930	869	514	1,361	2,926	0	1,020	0	9,028	903
Philippines	8,255	9,214	13,499	10,001	7,982	6,899	8,650	8,871	10,965	9,157	93,494	9,349
Poland	1,961	421	787	0	3,302	12,161	10,045	10,462	9,918	4,067	53,124	5,312
Qatar	0	0	0	206	263	0	998	2,451	5,087	2,519	11,524	1,152
Romania	289	0	0	0	4,209	3,973	1,729	145	0	0	10,344	1,034
Russian Federation	41,304	47,136	57,502	66,825	82,069	103,972	129,459	135,033	187,695	122,864	973,858	97,386
Rwanda	29	216	36	136	177	145	285	442	525	611	2,603	260
Samoa	84	82	331	116	144	156	103	129	143	109	1,397	140
Sao Tome and Principe	5	4	11	6	12	37	15	17	30	42	180	18
Saudi Arabia	0	0	36,341	21,473	16,661	33,373	64,558	37,409	52,277	46,528	308,620	30,862
Senegal	0	0	11	0	0	0	0	4	0	0	15	1
Serbia, Republic of	7,409	9,776	6,433	3,861	3,156	2,933	2,990	3,132	3,377	2,590	45,659	4,566
Seychelles	154	82	75	4	0	0	0	0	0	0	315	32
Sierra Leone	95	94	90	28	62	49	7	2	243	43	713	71
Solomon Islands	34	75	88	93	136	171	90	171	187	210	1,256	126
Somalia	.	.	.	.	.	.	.	.	.	.	.	.

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
South Africa	0	2,538	3,388	9,833	18,600	19,655	19,621	4,080	15,297	29,134	122,145	12,214
Sri Lanka	114	189	73	106	165	0	0	881	337	349	2,214	221
St. Kitts and Nevis	15	34	41	39	54	30	65	94	45	46	462	46
St. Lucia	59	62	90	193	28	10	25	0	0	0	468	47
St. Vincent and the Grenadines	153	298	374	195	140	234	185	117	53	42	1,790	179
Sudan	14	0	96	56	2,023	395	1,713	1,656	4,347	2,605	12,904	1,290
Suriname	368	543	557	734	764	940	727	943	168	413	6,157	616
Swaziland	92	99	150	508	1,139	400	430	66	270	556	3,710	371
Syrian Arab Republic	0	13,336	297	1,488	1,373	1,226	2,448	2,006	6,866	8,641	37,681	3,768
Tajikistan	148	186	127	265	337	18	1,439	0	0	0	2,520	252
Tanzania	340	96	704	36	58	390	308	1,356	613	717	4,618	462
Thailand	6,080	7,240	11,987	11,513	10,427	20,550	14,755	24,243	29,322	35,561	171,679	17,168
Timor-Leste, Dem. Rep. of	.	.	.	3	9	7	0	0	37	0	56	8
Togo	214	251	952	1,692	2,884	4,471	4,250	2,385	1,144	0	18,243	1,824
Tonga	27	51	21	12	9	22	6	48	43	46	285	28
Trinidad and Tobago	1,567	2,102	2,291	2,473	2,728	1,189	2,772	3,282	6,279	7,414	32,096	3,210
Tunisia	47	128	28	37	37	0	0	0	0	0	277	28
Turkey	1,998	0	1,865	1,577	3,498	3,256	8,059	3,432	10,071	1,846	35,601	3,560
Turkmenistan	602	.	.	.	.	.	.	.	.	.	602	602
Uganda	323	525	823	466	701	1,012	1,446	1,167	28	633	7,125	713
Ukraine	834	0	0	0	480	365	833	866	2,039	0	5,417	542
United Arab Emirates	800	1,000	5,500	11,800	0	51,700	23,500	4,900	16,700	19,400	135,300	13,530
Uruguay	337	466	670	281	768	448	734	2,073	1,165	1,518	8,461	846
Uzbekistan	.	.	.	.	.	.	.	.	.	.	.	.
Vanuatu	66	178	168	170	286	442	131	169	172	297	2,080	208
Venezuela, Republica Bolivariana de	795	4,521	13,760	2,211	809	932	3,956	2,955	3,644	3,183	36,766	3,677
Vietnam	0	915	397	0	578	1,045	9,022	3,690	5,477	6,925	28,048	2,805
Yemen, Republic of	0	0	0	0	458	1,910	0	0	344	0	2,712	271
Zambia	1,004	1,825	2,071	2,469	3,283	2,589	2,085	2,619	3,754	4,272	25,969	2,597
Zimbabwe	0	306	354	1,792	97	0	111	14	0	0	2,673	267
Sub-Saharan Africa	**12,141**	**20,286**	**38,219**	**51,110**	**67,001**	**73,390**	**74,966**	**57,991**	**65,170**	**68,624**	**528,898**	**52,890**
Asia	**131,230**	**167,059**	**184,743**	**201,288**	**227,275**	**263,351**	**267,337**	**368,086**	**371,426**	**473,854**	**2,655,648**	**265,565**
Developing Europe	**68,104**	**73,852**	**85,906**	**95,948**	**131,719**	**168,134**	**175,086**	**170,267**	**250,896**	**166,538**	**1,386,449**	**138,645**
MENA	**5,969**	**22,691**	**57,783**	**51,144**	**42,579**	**131,831**	**118,575**	**74,158**	**109,229**	**113,404**	**727,365**	**72,736**
Western Hemisphere	**79,967**	**96,947**	**122,346**	**103,319**	**124,898**	**156,729**	**112,343**	**151,437**	**171,963**	**168,825**	**1,288,773**	**128,877**
All Developing Countries	**297,411**	**380,835**	**488,997**	**502,809**	**593,472**	**793,435**	**748,307**	**821,939**	**968,684**	**991,245**	**6,587,133**	**658,713**

* (.) indicates no available data, whereas (0) indicates a value of 0.

Table 4. Trade Misinvoicing Outflows (GER)
(in millions of U.S. dollars, nominal)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Afghanistan, Islamic Republic of	892	667	505	159	0	0	0	0	0	0	2,223	222
Albania	16	13	92	107	220	272	0	195	265	63	1,242	124
Algeria	490	751	0	297	0	0	1,040	0	0	0	2,579	258
Angola	0	0	0	0	0	0	0	1,695	0	0	1,695	169
Antigua and Barbuda	.	.	.	.	.	.	.	.	.	.	.	.
Argentina	0	753	283	0	607	3,283	0	0	0	190	5,115	512
Armenia, Republic of	215	213	352	370	804	1,124	832	1,044	1,167	1,230	7,351	735
Aruba	2,179	4,617	6,546	6,876	13,509	16,204	8,034	320	18,794	5,287	82,368	8,237
Azerbaijan, Republic of	0	0	0	2,206	8,180	0	2,393	0	2,556	1,378	16,714	1,671
Bahamas, The	1,001	1,098	1,694	1,330	1,622	2,123	1,533	1,914	1,775	1,763	15,853	1,585
Bahrain, Kingdom of	626	1,504	2,227	2,281	1,677	0	0	0	0	0	8,314	831
Bangladesh	830	814	410	2,023	1,679	911	366	270	0	755	8,058	806
Barbados	329	574	534	69	66	0	0	32	17	0	1,622	162
Belarus	3,135	3,859	4,131	5,320	9,040	14,744	7,569	8,313	14,022	13,903	84,037	8,404
Belize	84	86	90	84	147	161	137	90	116	140	1,134	113
Benin	61	107	34	0	0	0	0	195	0	0	397	40
Bhutan	.	.	.	.	.	.	.	.	.	.	.	.
Bolivia	0	0	0	0	0	0	0	0	0	418	418	42
Bosnia and Herzegovina	.	.	.	.	.	.	.	.	.	.	.	.
Botswana	0	171	228	550	1,085	1,072	990	210	923	1,926	7,155	715
Brazil	11,136	13,752	16,558	10,681	14,111	21,765	21,977	28,750	32,833	33,928	205,492	20,549
Brunei Darussalam	0	.	.	.	.	.	.	.	.	.	0	0
Bulgaria	1,632	2,302	1,797	1,380	1,562	1,137	886	730	1,792	1,762	14,979	1,498
Burkina Faso	0	52	53	163	247	395	409	380	537	1,153	3,389	339
Burundi	2	0	28	134	15	0	14	12	146	137	487	49
Cabo Verde	21	5	8	19	11	12	2	2	0	25	105	11
Cambodia	0	0	0	0	0	0	0	0	0	0	0	0
Cameroon	258	852	458	959	1,315	1,626	309	411	582	770	7,539	754
Central African Republic	13	6	12	0	1	0	34	34	33	43	175	17
Chad	401	506	430	738	989	860	1,136	1,179	1,589	1,470	9,297	930
Chile	1,810	2,343	2,989	3,022	3,675	7,594	3,303	4,555	5,530	4,746	39,569	3,957
China, P.R.: Mainland	64,405	80,370	82,313	87,520	107,075	104,854	98,528	120,690	149,013	162,492	1,057,260	105,726
Colombia	1,254	1,749	1,372	582	608	2,666	1,226	0	1,239	1,285	11,981	1,198
Comoros	6	15	16	24	20	21	30	33	110	165	440	44
Congo, Democratic Republic of	503	539	539	441	0	0	312	344	0	0	2,676	268
Congo, Republic of	923	2,962	668	2,155	1,524	2,635	614	1,757	824	876	14,939	1,494
Costa Rica	3,440	4,640	5,274	5,378	5,539	6,773	8,734	14,685	17,613	21,553	93,628	9,363
Cote d'Ivoire	2,142	2,578	3,761	2,607	3,309	2,379	1,177	1,783	1,046	2,190	22,973	2,297
Croatia	592	303	124	0	0	0	0	0	0	235	1,254	125
Djibouti	201	213	232	302	303	366	302	363	439	424	3,145	315
Dominica	18	25	41	47	76	151	132	117	170	171	949	95
Dominican Republic	318	0	0	724	348	1,067	1,215	1,079	1,040	1,626	7,419	742
Ecuador	20	862	1,972	1,235	1,236	6,096	1,029	376	1,562	1,780	16,168	1,617

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Egypt	1,248	3,110	2,671	4,541	4,817	3,216	0	154	2,459	2,934	25,150	2,515
El Salvador	499	657	615	446	1,022	878	908	932	319	0	6,276	628
Equatorial Guinea	0	320	172	355	918	1,968	2,869	2,907	3,222	3,334	16,065	1,607
Eritrea	.	.	.	.	.	.	.	.	.	.	.	.
Ethiopia	104	52	785	1,152	1,333	1,823	2,498	2,574	2,346	3,117	15,783	1,578
Fiji	207	236	159	254	239	391	204	259	100	87	2,136	214
Gabon	238	258	0	0	0	0	137	292	85	1,542	2,552	255
Gambia, The	10	27	20	23	30	33	40	47	36	27	293	29
Georgia	376	444	403	645	341	775	459	290	253	0	3,986	399
Ghana	0	0	0	0	0	0	0	0	0	0	0	0
Grenada	44	26	38	28	54	58	48	59	68	75	499	50
Guatemala	1,316	1,400	1,623	911	1,020	920	545	1,139	394	1,134	10,402	1,040
Guinea	159	422	255	422	633	251	0	375	407	59	2,983	298
Guinea-Bissau	6	33	18	12	193	2	32	69	119	70	555	55
Guyana	64	96	124	89	189	209	191	223	272	297	1,753	175
Haiti	31	40	41	120	95	124	33	61	47	45	636	64
Honduras	2,722	2,920	2,985	3,031	3,041	3,294	2,870	3,355	3,701	3,623	31,543	3,154
Hungary	0	0	0	0	0	0	0	0	0	0	0	0
India	10,177	19,414	19,744	28,028	34,601	47,179	28,723	68,266	84,061	94,757	434,950	43,495
Indonesia	13,039	15,342	13,123	16,036	17,063	27,080	17,576	13,335	16,209	20,169	168,972	16,897
Iran, Islamic Republic of	0	0	0	0	0	0	0	0	0	0	0	0
Iraq	.	.	.	.	.	10,071	10,205	13,048	10,885	10,533	54,742	10,948
Jamaica	430	413	686	322	28	544	470	185	203	0	3,282	328
Jordan	0	128	0	0	0	96	129	0	297	376	1,026	103
Kazakhstan	715	0	0	0	0	0	0	0	0	0	715	72
Kenya	0	13	0	0	0	0	0	0	0	0	13	1
Kiribati	.	.	.	.	.	.	.	.	.	.	.	.
Kosovo, Republic of	.	.	.	.	.	.	.	.	.	.	.	.
Kuwait	0	46	782	938	385	0	752	0	220	1,499	4,621	462
Kyrgyz Republic	0	0	0	0	0	0	0	0	0	0	0	0
Lao People's Democratic Republic	0	6	0	113	195	186	179	75	471	470	1,695	169
Latvia	1,197	1,943	1,968	2,473	2,948	2,709	2,093	1,614	3,960	2,796	23,700	2,370
Lebanon	0	499	878	143	608	729	648	34	0	89	3,628	363
Lesotho	0	55	61	158	295	309	328	61	264	506	2,036	204
Liberia	814	851	946	1,478	1,829	635	1,040	701	387	418	9,098	910
Libya	0	0	0	0	0	0	0	0	0	2,862	2,862	286
Lithuania	1,850	1,056	1,301	853	1,040	1,935	981	1,501	4,259	6,072	20,847	2,085
Macedonia, FYR	248	381	488	305	545	897	497	457	852	421	5,090	509
Madagascar	59	720	412	1,598	73	637	166	108	270	178	4,222	422
Malawi	183	160	470	405	442	828	685	666	878	552	5,268	527
Malaysia	20,740	26,703	28,710	29,205	31,441	32,343	29,245	41,105	42,082	38,994	320,568	32,057
Maldives	111	68	35	72	49	55	38	62	69	185	746	75

Table 4. Trade Misinvoicing Outflows (GER) (cont)
(in millions of U.S. dollars, nominal)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Mali	275	102	144	189	187	969	253	906	533	328	3,886	389
Mauritania	.	.	.	.	.	.	.	.	.	.	.	.
Mauritius	107	32	0	7	0	192	319	472	0	40	1,170	117
Mexico	33,673	35,923	43,669	47,683	58,618	60,067	33,733	45,790	43,120	40,997	443,274	44,327
Moldova	228	344	246	191	445	510	240	0	119	0	2,323	232
Mongolia	0	0	0	0	0	0	0	0	0	0	0	0
Montenegro	.	980	928	238	163	0	44	0	15	62	2,430	270
Morocco	256	623	3,079	160	612	0	1,280	359	0	534	6,905	690
Mozambique	83	0	0	362	103	0	0	563	0	0	1,112	111
Myanmar	36	492	0	0	0	0	0	0	0	0	528	53
Namibia	0	107	138	399	756	787	1,010	191	754	1,483	5,626	563
Nepal	364	414	503	678	544	747	1,551	1,702	645	106	7,254	725
Nicaragua	525	649	957	1,120	1,174	1,264	1,198	1,730	2,008	2,059	12,683	1,268
Niger	0	86	122	0	84	41	0	530	174	237	1,275	127
Nigeria	0	1,680	522	2,008	4,936	3,410	0	4,280	12,994	0	29,829	2,983
Oman	364	110	0	2,265	0	0	0	0	0	0	2,739	274
Pakistan	0	0	0	0	0	0	0	0	0	0	0	0
Panama	2,414	2,716	3,592	4,649	5,091	5,838	5,351	5,712	6,946	5,341	47,649	4,765
Papua New Guinea	119	93	0	0	34	111	479	383	916	1,087	3,222	322
Paraguay	2,966	3,588	3,955	4,523	1,952	4,473	2,882	2,807	4,214	4,500	35,859	3,586
Peru	748	660	930	461	376	1,238	2,329	0	0	0	6,744	674
Philippines	7,357	8,940	11,701	8,388	7,982	6,899	5,637	5,356	10,965	4,601	77,825	7,783
Poland	0	421	0	0	0	0	0	0	0	0	421	42
Qatar	0	0	0	206	263	0	998	2,451	1,350	966	6,233	623
Romania	0	0	0	0	2,889	1,908	0	0	0	0	4,796	480
Russian Federation	32,125	41,266	49,606	66,825	72,337	100,921	123,065	125,897	179,039	112,493	903,573	90,357
Rwanda	29	208	36	136	176	126	285	429	525	611	2,561	256
Samoa	84	79	324	116	142	137	103	115	116	109	1,324	132
Sao Tome and Principe	5	4	11	1	2	5	9	7	23	36	103	10
Saudi Arabia	0	0	1,882	913	1,032	3,347	3,803	3,029	4,100	4,193	22,299	2,230
Senegal	0	0	8	0	0	0	0	0	0	0	8	1
Serbia, Republic of	7,409	9,776	6,433	3,861	3,156	2,722	2,914	3,132	3,377	2,590	45,371	4,537
Seychelles	149	82	75	4	0	0	0	0	0	0	310	31
Sierra Leone	45	40	32	0	47	17	0	0	242	42	466	47
Solomon Islands	34	69	88	93	136	169	90	152	153	165	1,148	115
Somalia	.	.	.	.	.	.	.	.	.	.	.	.

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
South Africa	0	2,538	3,388	9,833	18,600	19,655	16,572	3,563	15,297	28,930	118,376	11,838
Sri Lanka	0	0	0	0	0	0	0	0	0	0	0	0
St. Kitts and Nevis	15	26	41	39	43	27	46	63	45	46	390	39
St. Lucia	59	62	75	193	27	0	9	0	0	0	426	43
St. Vincent and the Grenadines	153	281	351	179	140	234	185	116	53	35	1,727	173
Sudan	0	0	96	56	1,030	395	1,493	475	4,078	2,605	10,228	1,023
Suriname	368	543	557	734	764	840	708	775	91	0	5,380	538
Swaziland	0	99	109	270	438	364	375	66	270	526	2,517	252
Syrian Arab Republic	0	13,080	160	0	627	0	1,701	2,006	6,866	8,641	33,081	3,308
Tajikistan	118	154	51	0	0	0	1,439	0	0	0	1,761	176
Tanzania	0	0	0	36	58	0	60	60	296	227	738	74
Thailand	6,080	6,530	11,987	11,513	10,427	20,550	14,755	20,406	29,114	28,296	159,658	15,966
Timor-Leste, Dem. Rep. of	.	.	.	.	.	.	.	.	.	.	.	.
Togo	204	251	952	1,692	2,884	4,471	4,250	2,385	1,144	0	18,233	1,823
Tonga	13	12	9	12	9	22	6	5	3	0	93	9
Trinidad and Tobago	1,567	1,834	1,738	2,129	2,382	1,189	2,772	3,282	5,209	7,414	29,516	2,952
Tunisia	0	0	0	0	0	0	0	0	0	0	0	0
Turkey	1,998	0	1,865	1,349	3,498	3,256	8,059	3,432	10,071	1,846	35,373	3,537
Turkmenistan	602	.	.	.	.	.	.	.	.	.	602	602
Uganda	159	255	374	455	679	1,012	1,159	1,167	28	633	5,921	592
Ukraine	0	0	0	0	0	365	833	866	2,039	0	4,103	410
United Arab Emirates	0	0	0	0	0	0	0	0	0	0	0	0
Uruguay	337	466	497	129	489	448	734	1,380	913	971	6,364	636
Uzbekistan	.	.	.	.	.	.	.	.	.	.	.	.
Vanuatu	45	153	152	166	281	442	93	162	158	297	1,949	195
Venezuela, Republica Bolivariana de	0	2,017	172	0	0	0	733	0	0	0	2,923	292
Vietnam	0	0	0	0	0	0	0	0	0	1,455	1,455	145
Yemen, Republic of	0	0	0	0	458	1,910	0	0	0	0	2,369	237
Zambia	834	1,825	1,996	2,430	3,225	2,589	1,977	2,572	3,754	4,272	25,473	2,547
Zimbabwe	0	306	354	1,792	97	0	111	14	0	0	2,673	267
Sub-Saharan Africa	**7,994**	**18,533**	**17,961**	**33,365**	**47,867**	**49,883**	**40,995**	**33,879**	**54,354**	**58,953**	**363,783**	**36,378**
Asia	**124,533**	**160,403**	**169,762**	**184,376**	**211,897**	**242,076**	**197,574**	**272,344**	**334,074**	**354,025**	**2,251,065**	**225,106**
Developing Europe	**52,456**	**63,455**	**69,784**	**86,121**	**107,169**	**133,272**	**152,303**	**147,471**	**223,787**	**144,852**	**1,180,671**	**118,067**
MENA	**2,985**	**19,850**	**11,679**	**11,744**	**10,478**	**19,370**	**20,557**	**21,080**	**26,177**	**32,626**	**176,547**	**17,655**
Western Hemisphere	**69,520**	**84,817**	**100,000**	**96,816**	**118,047**	**149,528**	**103,067**	**119,528**	**148,293**	**139,424**	**1,129,041**	**112,904**
All Developing Countries	**257,488**	**347,058**	**369,186**	**412,422**	**495,459**	**594,130**	**514,496**	**594,302**	**786,685**	**729,881**	**5,101,107**	**510,111**

* (.) indicates no available data, whereas (0) indicates a value of 0.

Table 5. Illicit Hot Money Outflows (HMN) (Also Referred to as "Leakages in the Balance of Payments")
(in millions of U.S. dollars, nominal)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Afghanistan, Islamic Republic of	.	.	.	.	.	0	0	0	0	0	0	0
Albania	0	0	0	0	0	33	0	0	0	0	33	3
Algeria	.	.	189	1,962	1,301	3,378	2,131	1,406	187	2,620	13,174	1,647
Angola	822	0	574	0	1,641	1,236	0	0	17	326	4,617	462
Antigua and Barbuda	5	19	11	11	8	0	5	0	17	0	75	8
Argentina	1,428	0	0	0	0	0	0	608	4,194	2,765	8,995	899
Armenia, Republic of	2	6	0	34	0	0	8	99	0	0	148	15
Aruba	0	0	0	0	0	7	9	0	3	5	26	3
Azerbaijan, Republic of	112	50	126	256	361	845	1,461	990	0	1,939	6,139	614
Bahamas, The	0	0	149	0	0	0	53	283	0	0	485	48
Bahrain, Kingdom of	700	0	0	0	0	30	66	0	0	598	1,394	139
Bangladesh	0	25	644	643	756	317	697	402	593	1,026	5,103	510
Barbados	0	0	0	0	0	7	0	65	.	.	71	9
Belarus	13	0	0	286	0	194	0	0	0	0	494	49
Belize	35	4	8	8	39	12	5	0	7	4	121	12
Benin	0	10	0	0	0	0	6	0	0	.	16	2
Bhutan	.	.	.	0	101	0	0	0	44	168	312	45
Bolivia	174	625	374	105	112	0	454	802	0	961	3,607	361
Bosnia and Herzegovina	0	0	0	0	67	118	0	0	0	0	185	19
Botswana	161	293	0	0	218	0	734	0	0	0	1,405	141
Brazil	933	2,145	225	0	3,152	0	347	3,538	1,272	0	11,611	1,161
Brunei Darussalam	1,838	1,190	4,006	5,786	5,860	8,232	5,420	.	.	2,063	34,396	4,299
Bulgaria	889	0	1,219	986	3,052	4,229	0	0	0	0	10,375	1,038
Burkina Faso	4	0	5	9	0	0	0	0	.	.	18	2
Burundi	14	19	84	0	37	0	109	0	0	0	264	26
Cabo Verde	12	0	0	9	0	108	36	85	30	9	290	29
Cambodia	40	46	12	72	45	45	23	27	47	43	400	40
Cameroon	0	0	29	0	0	0	0	0	97	160	286	29
Central African Republic	.	.	.	.	.	.	.	.	.	.	.	.
Chad	.	.	.	.	.	.	.	.	.	.	.	.
Chile	724	270	1,329	1,526	450	0	0	855	580	336	6,070	607
China, P.R.: Mainland	0	0	0	0	0	0	41,383	52,936	13,766	87,074	195,159	19,516
Colombia	0	0	0	0	0	5	0	0	0	139	143	14
Comoros	.	.	.	.	.	.	.	.	.	.	0	.
Congo, Democratic Republic of	0	0	0	17	170	0	0	0	0	148	335	34
Congo, Republic of	116	93	0	0	199	.	.	.	.	.	408	82
Costa Rica	0	0	0	0	0	48	0	143	216	0	407	41
Cote d'Ivoire	888	0	57	38	0	44	37	25	.	.	1,089	136
Croatia	1,355	1,305	1,288	1,545	1,684	2,182	1,548	882	1,507	442	13,737	1,374
Djibouti	0	16	45	54	82	0	35	123	39	0	394	39
Dominica	0	0	0	0	0	0	0	7	16	0	24	2

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Dominican Republic	1,568	981	456	164	0	32	216	1,107	0	106	4,632	463
Ecuador	0	0	0	0	0	1	131	0	0	149	280	28
Egypt	0	45	2,427	0	0	2,896	0	2,145	2,857	2,160	12,530	1,253
El Salvador	143	0	449	485	0	0	0	0	345	177	1,599	160
Equatorial Guinea	.	.	.	.	.	.	.	.	.	.	.	.
Eritrea	.	.	.	.	.	.	.	.	.	.	.	.
Ethiopia	390	354	0	0	158	0	501	3,075	1,803	0	6,282	628
Fiji	47	0	0	164	0	0	138	15	102	123	589	59
Gabon	260	357	415	.	.	.	.	.	.	.	1,032	344
Gambia, The	0	3	34	7	42	31	0	87	98	11	313	31
Georgia	6	0	0	59	36	60	0	33	0	23	217	22
Ghana	0	0	0	0	37	374	1,342	721	691	0	3,164	316
Grenada	10	1	25	0	13	1	3	0	0	0	54	5
Guatemala	61	0	0	0	0	0	277	346	224	454	1,362	136
Guinea	157	0	0	2	0	0	0	0	28	0	187	19
Guinea-Bissau	0	4	5	1	0	5	9	4	.	.	28	4
Guyana	20	43	68	84	37	95	168	352	43	143	1,054	105
Haiti	0	0	0	0	0	13	168	0	73	0	254	25
Honduras	0	0	190	324	347	0	111	175	0	249	1,397	140
Hungary	0	2,100	2,580	2,744	349	3,373	771	1,019	2,823	0	15,758	1,576
India	0	0	446	0	0	0	279	1,970	1,941	0	4,636	464
Indonesia	3,510	3,094	136	0	1,368	238	2,975	3,501	3,395	654	18,872	1,887
Iran, Islamic Republic of	.	.	.	.	.	.	.	.	.	.	0	.
Iraq	.	.	0	0	3,660	9,245	6,116	7,951	3,269	4,116	34,356	4,295
Jamaica	0	22	0	0	0	350	0	0	0	0	372	37
Jordan	0	0	0	206	0	0	0	0	325	491	1,022	102
Kazakhstan	932	1,016	1,800	3,134	2,938	5,713	750	0	3,909	4,469	24,660	2,466
Kenya	277	67	245	0	258	0	0	0	0	0	847	85
Kiribati	.	.	.	3	3	0	0	5	0	0	11	2
Kosovo, Republic of	.	0	0	0	0	0	0	0	0	0	0	0
Kuwait	574	0	0	0	4,732	10,049	0	0	4,619	0	19,975	1,997
Kyrgyz Republic	0	19	0	0	356	0	0	31	194	0	601	60
Lao People's Democratic Republic	82	0	0	403	735	409	523	402	322	408	3,283	328
Latvia	13	0	296	0	212	577	0	0	103	0	1,200	120
Lebanon	0	734	608	2,818	5,997	1,746	3,042	0	2,038	4,008	20,990	2,099
Lesotho	71	0	0	0	0	123	256	0	0	0	450	45
Liberia	.	47	35	98	76	43	288	106	27	.	720	90
Libya	0	0	1,497	0	0	1,753	0	2,137	0	2,535	7,922	792
Lithuania	0	0	49	289	54	0	0	0	0	376	768	77
Macedonia, FYR	33	0	6	0	52	31	0	0	0	0	122	12
Madagascar	0	35	0	.	.	.	.	.	.	.	35	12
Malawi	27	0	23	0	0	194	165	0	169	0	579	58

Table 5. **Illicit Hot Money Outflows (HMN)** Also Referred to as "Leakages in the Balance of Payments" (cont) (in millions of U.S. dollars, nominal)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
Malaysia	4	0	6,555	7,460	5,201	8,592	5,242	21,345	9,965	9,937	74,301	7,430
Maldives	0	0	0	0	0	0	0	0	0	0	0	0
Mali	0	26	29	37	0	0	74	0	53	.	220	24
Mauritania	.	.	.	.	.	.	.	.	.	.	.	.
Mauritius	0	0	0	0	0	0	0	0	0	362	362	36
Mexico	4,411	4,816	4,077	403	0	5,422	3,458	19,780	9,959	18,660	70,985	7,099
Moldova	0	0	0	0	0	0	0	0	0	0	0	0
Mongolia	6	0	75	14	212	775	0	0	76	195	1,354	135
Montenegro	.	.	.	.	217	0	0	0	0	0	217	36
Morocco	297	282	407	521	0	412	521	160	243	229	3,072	307
Mozambique	0	0	0	0	0	0	23	0	20	0	43	4
Myanmar	78	141	604	626	336	1,362	1,010	2,132	0	.	6,289	699
Namibia	89	0	0	0	0	0	0	317	0	.	406	45
Nepal	0	0	0	0	0	107	0	181	0	0	288	29
Nicaragua	100	405	63	264	128	0	0	0	658	792	2,410	241
Niger	15	0	0	0	18	57	0	0	.	.	90	11
Nigeria	0	0	17,344	17,151	14,399	20,783	26,377	16,500	7,150	7,922	127,626	12,763
Oman	565	396	851	9	0	0	1,141	0	555	733	4,251	425
Pakistan	44	0	200	0	0	51	0	729	0	405	1,430	143
Panama	0	0	358	0	474	0	0	0	0	0	832	83
Papua New Guinea	0	0	0	15	0	73	0	91	925	0	1,104	110
Paraguay	41	0	211	0	505	40	0	0	0	311	1,108	111
Peru	0	0	0	407	138	123	596	0	1,020	0	2,284	228
Philippines	898	274	1,798	1,613	0	0	3,013	3,515	0	4,556	15,668	1,567
Poland	1,961	0	787	0	3,302	12,161	10,045	10,462	9,918	4,067	52,703	5,270
Qatar	.	.	.	.	.	.	.	.	3,738	1,553	5,291	2,645
Romania	289	0	0	0	1,320	2,065	1,729	145	0	0	5,548	555
Russian Federation	9,179	5,870	7,895	0	9,733	3,051	6,394	9,136	8,655	10,371	70,284	7,028
Rwanda	0	9	0	0	1	20	0	14	0	0	42	4
Samoa	.	3	7	0	2	19	0	15	27	0	73	8
Sao Tome and Principe	0	0	0	6	10	32	6	10	7	7	77	8
Saudi Arabia	0	0	34,459	20,560	15,629	30,026	60,754	34,380	48,178	42,335	286,321	28,632
Senegal	0	0	3	0	0	0	0	4	0	.	7	1
Serbia, Republic of	.	.	.	.	0	212	76	0	0	0	288	48
Seychelles	5	0	1	0	0	0	0	0	0	0	5	1
Sierra Leone	50	54	58	28	15	32	7	2	1	1	248	25
Solomon Islands	0	6	0	0	0	2	0	19	35	45	108	11
Somalia	.	.	.	.	.	.	.	.	.	.	.	.

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Cumulative	Average
South Africa	0	0	0	0	0	0	3,049	516	0	204	3,769	377
Sri Lanka	114	189	73	106	165	0	0	881	337	349	2,214	221
St. Kitts and Nevis	0	8	0	1	10	3	19	30	0	0	72	7
St. Lucia	0	0	15	0	1	10	15	0	0	0	42	4
St. Vincent and the Grenadines	0	17	23	16	0	0	0	1	0	7	64	6
Sudan	14	0	0	0	992	0	220	1,181	268	0	2,676	268
Suriname	0	0	0	0	0	100	19	168	77	413	777	78
Swaziland	92	0	41	238	701	36	55	0	0	30	1,193	119
Syrian Arab Republic	0	256	137	1,488	746	1,226	747	0	.	.	4,600	575
Tajikistan	30	32	76	265	337	18	0	0	0	0	759	76
Tanzania	340	96	704	0	0	390	248	1,296	317	490	3,880	388
Thailand	0	710	0	0	0	0	0	3,837	208	7,265	12,021	1,202
Timor-Leste, Dem. Rep. of	.	.	.	3	9	7	0	0	37	0	56	8
Togo	10	0	0	0	0	0	0	0	.	.	10	1
Tonga	14	38	11	0	0	0	0	43	40	46	192	19
Trinidad and Tobago	0	269	553	344	345	0	0	0	1,069	.	2,580	287
Tunisia	47	128	28	37	37	0	0	0	0	0	277	28
Turkey	0	0	0	228	0	0	0	0	0	0	228	23
Turkmenistan	.	.	.	.	.	.	.	.	.	.	.	.
Uganda	164	270	450	11	22	0	287	0	0	0	1,204	120
Ukraine	834	0	0	0	480	0	0	0	0	0	1,314	131
United Arab Emirates	800	1,000	5,500	11,800	0	51,700	23,500	4,900	16,700	19,400	135,300	13,530
Uruguay	0	0	173	152	279	0	0	693	252	547	2,097	210
Uzbekistan	.	.	.	.	.	.	.	.	.	.	.	.
Vanuatu	22	25	17	4	5	0	37	7	14	0	131	13
Venezuela, Republica Bolivariana de	795	2,503	13,588	2,211	809	932	3,223	2,955	3,644	3,183	33,843	3,384
Vietnam	0	915	397	0	578	1,045	9,022	3,690	5,477	5,470	26,593	2,659
Yemen, Republic of	0	0	0	0	0	0	0	0	344	0	344	34
Zambia	169	0	75	40	58	0	108	46	0	0	496	50
Zimbabwe	.	.	.	.	.	.	.	.	.	.	.	.
Sub-Saharan Africa	**4,147**	**1,753**	**20,259**	**17,745**	**19,134**	**23,507**	**33,971**	**24,112**	**10,816**	**9,671**	**165,115**	**16,512**
Asia	**6,696**	**6,656**	**14,981**	**16,911**	**15,377**	**21,276**	**69,763**	**95,741**	**37,351**	**119,829**	**404,583**	**40,458**
Developing Europe	**15,648**	**10,397**	**16,122**	**9,827**	**24,550**	**34,861**	**22,782**	**22,796**	**27,109**	**21,686**	**205,779**	**20,578**
MENA	**2,984**	**2,841**	**46,104**	**39,400**	**32,101**	**112,461**	**98,018**	**53,078**	**83,052**	**80,778**	**550,818**	**55,082**
Western Hemisphere	**10,448**	**12,129**	**22,345**	**6,503**	**6,850**	**7,200**	**9,276**	**31,909**	**23,670**	**29,401**	**159,732**	**15,973**
All Developing Countries	**39,923**	**33,777**	**119,811**	**90,388**	**98,013**	**199,305**	**233,811**	**227,637**	**181,999**	**261,364**	**1,486,027**	**148,603**

* (.) indicates no available data, whereas (0) indicates a value of 0.

Table 6. The Components of Trade Misinvoicing, 2003-2012
(in millions of U.S. dollars, nominal, or in percent)*

Country	Import Misinvoicing		Export Misinvoicing		Total Trade Misinvoicing Inflows (b+c)	Total Trade Misinvoicing Outflows (a+d)	Gross Trade Misinvoicing (a+b+c+d)
	Over-Invoicing (a)	Under-Invoicing (b)	Over-Invoicing (c)	Under-Invoicing (d)			
Afghanistan, Islamic Republic of	2,187	7,357	1,158	36	8,514	2,223	10,737
Albania	1,242	6	673	0	679	1,242	1,921
Algeria	1,040	21,034	44,640	1,539	65,674	2,579	68,253
Angola	.	.	38,885	1,695	38,885	1,695	40,579
Antigua and Barbuda	.	.	.	.	.	.	.
Argentina	1,861	6,463	10,766	3,254	17,229	5,115	22,344
Armenia, Republic of	7,023	2,606	2,652	328	5,259	7,351	12,610
Aruba	948	1,681	47	81,420	1,728	82,368	84,096
Azerbaijan, Republic of	0	23,657	27,206	16,714	50,863	16,714	67,576
Bahamas, The	0	73,909	0	15,853	73,909	15,853	89,762
Bahrain, Kingdom of	8,314	10,138	66,616	0	76,755	8,314	85,069
Bangladesh	1,214	5,774	1,462	6,844	7,236	8,058	15,294
Barbados	781	1,490	223	841	1,712	1,622	3,335
Belarus	57,096	24,151	172,910	26,940	197,060	84,037	281,097
Belize	0	1,788	0	1,134	1,788	1,134	2,922
Benin	0	32,946	2,806	397	35,752	397	36,148
Bhutan	.	.	.	.	.	.	.
Bolivia	418	3,241	13,650	0	16,891	418	17,309
Bosnia and Herzegovina	.	.	.	.	.	.	.
Botswana	1,387	428	177	5,768	605	7,155	7,759
Brazil	59,742	184,742	92,645	145,750	277,387	205,492	482,879
Brunei Darussalam	0	458	455	0	913	0	913
Bulgaria	8,284	18,929	24,507	6,695	43,436	14,979	58,415
Burkina Faso	3,379	35	4,523	10	4,558	3,389	7,947
Burundi	462	36	156	24	192	487	678
Cabo Verde	5	494	1	101	495	105	600
Cambodia	0	26,261	2,835	0	29,096	0	29,096
Cameroon	899	796	0	6,640	796	7,539	8,335
Central African Republic	40	855	125	135	980	175	1,155
Chad	9,297	0	9,160	0	9,160	9,297	18,457
Chile	12,522	45,705	37,083	27,047	82,788	39,569	122,357
China, P.R.: Mainland	228,908	3,141,045	832,126	828,352	3,973,171	1,057,260	5,030,432
Colombia	6,214	1,746	12,470	5,767	14,216	11,981	26,197
Comoros	212	116	0	228	116	440	556
Congo, Democratic Republic of	2,676	469	7,398	0	7,867	2,676	10,543
Congo, Republic of	1,770	3,154	882	13,169	4,036	14,939	18,974
Costa Rica	6,298	0	0	87,330	0	93,628	93,628
Cote d'Ivoire	12,624	8,037	16,270	10,349	24,307	22,973	47,280
Croatia	1,254	4,068	14,904	0	18,971	1,254	20,226
Djibouti	0	14,998	0	3,145	14,998	3,145	18,144
Dominica	0	2,052	0	949	2,052	949	3,001

Country	Import Misinvoicing		Export Misinvoicing		Total Trade Misinvoicing Inflows (b+c)	Total Trade Misinvoicing Outflows (a+d)	Gross Trade Misinvoicing (a+b+c+d)
	Over-Invoicing (a)	Under-Invoicing (b)	Over-Invoicing (c)	Under-Invoicing (d)			
Dominican Republic	7,419	611	4,784	0	5,395	7,419	12,814
Ecuador	7,922	428	388	8,247	816	16,168	16,984
Egypt	0	109,451	944	25,150	110,395	25,150	135,545
El Salvador	6,276	225	1,990	0	2,214	6,276	8,491
Equatorial Guinea	16,065	283	11,415	0	11,698	16,065	27,763
Eritrea	.	.	.	.	.	.	.
Ethiopia	15,695	0	3,742	88	3,742	15,783	19,525
Fiji	1,881	0	469	255	469	2,136	2,605
Gabon	514	1,356	9,950	2,038	11,306	2,552	13,858
Gambia, The	0	4,449	0	293	4,449	293	4,742
Georgia	0	7,673	132	3,986	7,805	3,986	11,791
Ghana	0	11,667	22,509	0	34,175	0	34,175
Grenada	53	413	0	446	413	499	912
Guatemala	8,799	0	1,411	1,604	1,411	10,402	11,813
Guinea	74	6,234	50	2,909	6,284	2,983	9,267
Guinea-Bissau	0	569	0	555	569	555	1,124
Guyana	289	368	0	1,464	368	1,753	2,121
Haiti	0	7,819	0	636	7,819	636	8,455
Honduras	0	19,715	0	31,543	19,715	31,543	51,258
Hungary	0	35,726	115,127	0	150,853	0	150,853
India	309,938	348,797	142,185	125,012	490,982	434,950	925,932
Indonesia	39,052	380,454	25,059	129,920	405,513	168,972	574,486
Iran, Islamic Republic of	0	137,883	127,684	0	265,566	0	265,566
Iraq	54,742	0	39,688	0	39,688	54,742	94,430
Jamaica	1,837	241	1,180	1,445	1,420	3,282	4,702
Jordan	0	22,946	1,652	1,026	24,598	1,026	25,624
Kazakhstan	0	59,905	123,193	715	183,099	715	183,814
Kenya	0	11,334	2,254	13	13,589	13	13,602
Kiribati	.	.	.	.	.	.	.
Kosovo, Republic of	.	.	.	.	.	.	.
Kuwait	4,621	590	83,627	0	84,217	4,621	88,838
Kyrgyz Republic	0	33,116	4,392	0	37,508	0	37,508
Lao People's Democratic Republic	0	11,476	38	1,695	11,514	1,695	13,209
Latvia	4,015	17,472	5,914	19,685	23,386	23,700	47,086
Lebanon	3,067	210	3,747	561	3,958	3,628	7,585
Lesotho	399	118	52	1,638	170	2,036	2,206
Liberia	0	93,524	0	9,098	93,524	9,098	102,622
Libya	2,862	46,154	24,058	0	70,212	2,862	73,074
Lithuania	10,305	23,612	25,320	10,542	48,932	20,847	69,779
Macedonia, FYR	4,785	39	4,022	305	4,061	5,090	9,152
Madagascar	3,228	799	374	993	1,173	4,222	5,394
Malawi	5,145	0	1,098	123	1,098	5,268	6,366

Table 6. The Components of Trade Misinvoicing, 2003-2012 (cont)
(in millions of U.S. dollars, nominal, or in percent)*

Country	Import Misinvoicing		Export Misinvoicing		Total Trade Misinvoicing Inflows (b+c)	Total Trade Misinvoicing Outflows (a+d)	Gross Trade Misinvoicing (a+b+c+d)
	Over-Invoicing (a)	Under-Invoicing (b)	Over-Invoicing (c)	Under-Invoicing (d)			
Malaysia	104,835	359,058	35,027	215,733	394,085	320,568	714,653
Maldives	220	201	0	526	201	746	947
Mali	3,886	0	13,824	0	13,824	3,886	17,710
Mauritania	.	.	.	.	.	.	.
Mauritius	1,062	668	1,264	107	1,932	1,170	3,102
Mexico	443,274	0	154,226	0	154,226	443,274	597,500
Moldova	119	7,324	156	2,205	7,481	2,323	9,804
Mongolia	0	3,132	3,159	0	6,290	0	6,290
Montenegro	2,324	568	1,254	106	1,822	2,430	4,253
Morocco	1,639	8,358	2,543	5,266	10,901	6,905	17,805
Mozambique	446	4,263	2,094	666	6,356	1,112	7,468
Myanmar	0	28,010	10,257	528	38,267	528	38,795
Namibia	1,069	336	150	4,557	486	5,626	6,112
Nepal	7,254	0	1,451	0	1,451	7,254	8,705
Nicaragua	5	3,855	0	12,678	3,855	12,683	16,539
Niger	1,189	242	3,186	86	3,429	1,275	4,704
Nigeria	24,023	18,209	46,625	5,806	64,835	29,829	94,664
Oman	474	7,635	23,475	2,265	31,110	2,739	33,848
Pakistan	0	41,257	21,104	0	62,361	0	62,361
Panama	0	336,130	0	47,649	336,130	47,649	383,779
Papua New Guinea	272	6,790	371	2,950	7,162	3,222	10,384
Paraguay	17,648	58,792	9,770	18,212	68,562	35,859	104,421
Peru	6,744	3,139	34,134	0	37,273	6,744	44,016
Philippines	5,652	153,536	33,861	72,173	187,397	77,825	265,223
Poland	421	181,970	200,635	0	382,605	421	383,026
Qatar	6,233	3,922	417,549	0	421,471	6,233	427,705
Romania	4,796	20,276	45,942	0	66,218	4,796	71,015
Russian Federation	78,635	558,130	798,941	824,938	1,357,071	903,573	2,260,645
Rwanda	2,324	62	724	237	786	2,561	3,346
Samoa	324	1,151	109	1,001	1,259	1,324	2,584
Sao Tome and Principe	61	77	4	42	80	103	183
Saudi Arabia	22,299	8,339	250,958	0	259,296	22,299	281,595
Senegal	0	11,484	2,691	8	14,175	8	14,183
Serbia, Republic of	45,371	0	28,679	0	28,679	45,371	74,050
Seychelles	9	953	490	301	1,443	310	1,753
Sierra Leone	256	1,423	287	209	1,711	466	2,176
Solomon Islands	37	160	0	1,111	160	1,148	1,308
Somalia	.	.	.	.	.	.	.

Country	Import Misinvoicing		Export Misinvoicing		Total Trade Misinvoicing Inflows (b+c)	Total Trade Misinvoicing Outflows (a+d)	Gross Trade Misinvoicing (a+b+c+d)
	Over-Invoicing (a)	Under-Invoicing (b)	Over-Invoicing (c)	Under-Invoicing (d)			
South Africa	23,335	6,744	2,908	95,041	9,652	118,376	128,028
Sri Lanka	0	6,761	9,947	0	16,708	0	16,708
St. Kitts and Nevis	0	1,442	0	390	1,442	390	1,833
St. Lucia	122	15,711	374	305	16,085	426	16,512
St. Vincent and the Grenadines	0	3,057	0	1,727	3,057	1,727	4,784
Sudan	3,440	9,750	3,461	6,788	13,211	10,228	23,439
Suriname	91	4,614	2,342	5,289	6,956	5,380	12,335
Swaziland	558	128	66	1,959	194	2,517	2,711
Syrian Arab Republic	13,080	61,245	16,646	20,001	77,891	33,081	110,972
Tajikistan	323	4,673	3,133	1,439	7,806	1,761	9,568
Tanzania	738	628	8,213	0	8,840	738	9,578
Thailand	94,705	168,331	128,128	64,953	296,459	159,658	456,117
Timor-Leste, Dem. Rep. of	.	.	.	.	.	.	.
Togo	251	10,005	723	17,982	10,728	18,233	28,961
Tonga	8	128	0	85	128	93	220
Trinidad and Tobago	5,157	119	0	24,359	119	29,516	29,635
Tunisia	0	6,404	8,243	0	14,647	0	14,647
Turkey	35,373	149	72,398	0	72,546	35,373	107,919
Turkmenistan	602	0	838	0	838	602	1,440
Uganda	5,921	0	6,675	0	6,675	5,921	12,597
Ukraine	2,905	69,367	11,785	1,198	81,152	4,103	85,255
United Arab Emirates	0	124,338	581,249	0	705,587	0	705,587
Uruguay	0	16,848	0	6,364	16,848	6,364	23,212
Uzbekistan	.	.	.	.	.	.	.
Vanuatu	0	1,889	0	1,949	1,889	1,949	3,838
Venezuela, Republica Bolivariana de	733	49,016	38,524	2,190	87,539	2,923	90,462
Vietnam	0	77,047	24,630	1,455	101,677	1,455	103,132
Yemen, Republic of	0	8,507	3,240	2,369	11,747	2,369	14,116
Zambia	14,361	2,466	42,940	11,112	45,406	25,473	70,879
Zimbabwe	1,210	1,534	7,493	1,463	9,027	2,673	11,700
Sub-Saharan Africa	**156,800**	**260,138**	**268,150**	**204,310**	**528,287**	**361,110**	**889,397**
Asia	**796,488**	**4,769,073**	**1,273,830**	**1,454,577**	**6,042,902**	**2,251,065**	**8,293,967**
Developing Europe	**264,875**	**1,093,418**	**1,684,715**	**915,796**	**2,778,133**	**1,180,671**	**3,958,803**
MENA	**118,371**	**577,153**	**1,696,558**	**58,176**	**2,273,712**	**176,547**	**2,450,258**
Western Hemisphere	**595,151**	**845,359**	**416,006**	**533,890**	**1,261,365**	**1,129,041**	**2,390,407**
All Developing Countries	**1,932,894**	**7,546,675**	**5,346,751**	**3,168,212**	**12,893,427**	**5,101,107**	**17,994,533**

* (.) indicates no available data, whereas (0) indicates a value of 0.

Table 7A. Illicit Financial Flows to GDP/Trade/ODA/FDI/FDI+ODA, 2003-2012

(in millions of U.S. dollars, nominal, or in percent)

Country	Illicit Financial Flows (HMN + GER)	GDP	IFFs to GDP	Total Trade	IFFs to Total Trade	Official Development Assistance (ODA)	IFFs to ODA	Foreign Direct Investment (FDI)	IFFs to FDI	IFFs to (FDI + ODA)
Sub-Saharan Africa	528,898	9,565,445	5.5%	5,164,404	10.2%	348,171	151.9%	284,088	186.2%	83.7%
Asia	2,655,648	70,880,703	3.7%	39,286,054	6.8%	193,063	1375.5%	2,399,405	110.7%	102.4%
Developing Europe	1,386,449	31,159,128	4.4%	18,518,415	7.5%	78,606	1763.8%	1,308,029	106.0%	100.0%
MENA	727,365	19,505,793	3.7%	14,351,922	5.1%	119,774	607.3%	575,274	126.4%	104.6%
Western Hemisphere	1,288,773	39,042,122	3.3%	14,598,982	8.8%	68,942	1869.3%	1,127,006	114.4%	107.8%
All Developing Countries	6,587,133	170,153,190	3.9%	91,919,777	7.2%	808,557	814.7%	5,693,801	115.7%	101.3%

Sources: GFI (IFFs), World Bank (GDP, FDI), OECD/World Bank (ODA), IMF (Trade)

Table 7B. Illicit Financial Flows to GDP/Trade/ODA/FDI/FDI+ODA, 2012

(in millions of U.S. dollars, nominal, or in percent)

Country	Illicit Financial Flows (HMN + GER)	GDP	IFFs to GDP	Total Trade	IFFs to Total Trade	Official Development Assistance (ODA)	IFFs to ODA	Foreign Direct Investment (FDI)	IFFs to FDI	IFFs to (FDI + ODA)
Sub-Saharan Africa	68,624	1,533,677	4.5%	796,521	8.6%	39,892	172.0%	39,903	172.0%	86.0%
Asia	473,854	12,560,829	3.8%	6,546,016	7.2%	21,810	2172.7%	384,668	123.2%	116.6%
Developing Europe	166,538	4,502,238	3.7%	2,719,210	6.1%	9,763	1705.7%	124,466	133.8%	124.1%
MENA	113,404	3,114,608	3.6%	2,277,044	5.0%	10,493	1080.7%	50,257	225.6%	186.7%
Western Hemisphere	168,825	5,753,424	2.9%	2,161,951	7.8%	7,696	2193.8%	190,061	88.8%	85.4%
All Developing Countries	991,245	27,464,775	3.6%	14,500,742	6.8%	89,655	1105.6%	789,355	125.6%	112.8%

Sources: GFI (IFFs), World Bank (GDP, FDI), OECD/World Bank (ODA), IMF (Trade)

Glossary

2012 IFF Update:	GFI's 2012 annual report on illicit financial flows from the developing world, titled *Illicit Financial Flows from Developing Countries: 2001-2010.*
2013 IFF Update:	GFI's 2013 annual report on illicit financial flows from the developing world, titled *Illicit Financial Flows from the Developing World: 2002-2011.*
AMLD:	Anti-Money Laundering Directive of the European Union.
AREAER:	Annual Report on Exchange Arrangements and Exchange Restrictions by the IMF.
BOPS:	Balance of Payment Statistics, an IMF database that measures the balance of payments between countries. The Net Errors and Omissions line is used to adjust for when the other components of the balance of payments to not sum to zero.
CPI:	Corruption Perceptions Index published by Transparency International.
DOTS:	Direction of Trade Statistics, an IMF database with that measures annual bilateral trade in goods between any two reporting IMF-member countries.
EU:	European Union.
FATF:	Financial Action Task Force.
FDI:	Foreign Direct Investment.
G8:	Forum for the governments of eight leading advanced economies.
G20:	Group of 20 largest economies in the world.
GDP:	Gross Domestic Product.
GER:	Gross Excluding Reversals, a methodology used to measure IFFs enabled by trade misinvoicing, measured the IMF's Direction of Trade Statistics (DOTS) database in conjunction with the Fund's International Financial Statistics (IFS) database.
GER Normalized:	A methodology used in previous GFI reports, but retired in this one. The GER figures were run through a filter which set equal to zero any final GER figure that was less than 10 percent of that country's exports in a given year.
GER Non-Normalized:	The GER figures with no such filter. Referred to simply as GER in this report.
GFI:	Global Financial Integrity.
HMN:	Hot Money Narrow, a methodology used to measure illicit financial flows recorded in the balance of payments. This is a "narrow" (i.e. conservative)

measure, which is derived from the Net Errors and Omissions (NEOs) line in the International Monetary Fund's Balance of Payments Statistics (BOPS) database.

ICRG: International Country Risk Guide.

IFFs: Illicit Financial Flows, illegal movements of money or capital from one country to another.

Net IFFs: Illicit outflows less illicit inflows. GFI differs from academic literature, as this measure is not used in our analysis. GFI focuses solely on illicit outflows, and does not "net out" illicit inflows, as they tend to drive illicit outflows and the underground economy and do not contribute to tax revenue or formal production capacity.

IFS: International Financial Statistics, an IMF database with a variety of financial statistics, including reporting IMF-member countries exports to and imports from the world as a whole.

Illicit Inflow: The gross amount of money or capital entering a country illicitly.

Illicit Outflow: The gross amount of money or capital exiting a country illicitly.

IMF: International Monetary Fund.

MCP: Multiple Currency Practices.

MDGs: Millennium Development Goals.

MENA: Middle East and North Africa.

NEO: Net Errors and Omissions.

Nominal: U.S. dollars not adjusted for inflation.

ODA: Official Development Assistance. Often referred to as "foreign aid," this is development aid that flows into developing countries.

OECD: Organization for Economic Cooperation and Development.

Real/Constant: U.S. dollars adjusted for inflation, using 2010 as a base year.

Re-Exports: Goods imported by, say, a trade entrepôt, and then quickly exported to their final destination.

SDGs: Sustainable Development Goals.

Trade Entrepôt: A major trading zone and intermediary (e.g. Hong Kong, Singapore, Dubai).

UN: United Nations.

WBR: World Bank Residual.

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About

Global Financial Integrity

Founded in 2006, Global Financial Integrity (GFI) is a non-profit, Washington, DC-based research and advisory organization, which produces high-caliber analyses of illicit financial flows, advises developing country governments on effective policy solutions, and promotes pragmatic transparency measures in the international financial system as a means to global development and security.

Authors

Dev Kar is the Chief Economist at Global Financial Integrity. Prior to joining GFI, Dr. Kar was a Senior Economist at the International Monetary Fund (IMF). During a career spanning nearly 32 years at the IMF, he worked on a wide variety of macroeconomic and statistical issues, both at IMF headquarters in Washington and on different types of IMF missions to member countries (technical assistance, Article IV Consultations with member countries, and Use of IMF Resources). He has published a number of articles on macroeconomic and statistical issues both inside and outside the IMF. Dr. Kar has a Ph.D. in Economics (Major: Monetary Economics) and an M. Phil (Economics) (Major: International Economics) from the George Washington University as well as an M.S. (Computer Science) from Howard University (Major: Database Management Systems). His undergraduate degree in Physics is from St. Xavier's College, University of Calcutta, India.

Joseph Spanjers is a Junior Economist at Global Financial Integrity. Prior to joining GFI, Joseph conducted international trade research in Minneapolis and supervised a State Department scholarship program in Morocco. Joseph received a BS in Economics and a BA in Global Studies from the University of Minnesota.

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Global Financial Integrity

1100 17th Street, NW, Suite 505 | Washington, DC | 20036 | USA
Tel. +1 (202) 293-0740 | Fax. +1 (202) 293-1720 | www.gfintegrity.org