4. The institutional framework to combat illicit trade activities in FTZs

While FTZs have existed for some time, in more recent decades their operation has been subject to international agreements, notably those of the World Trade Organization (WTO) and the World Customs Organization (WCO). The possibility of the misuse of FTZs for the purposes of illicit trade, for which the previous chapter provides some solid evidence, has also prompted a number of actors to foster multilateral actions to strengthen the regulation of zone activities. Most have focused on developing recommendations to more effectively combat corruption and money laundering.

The purpose of this chapter is to present some of the institutional frameworks that exist within a range of relevant organisations.

4.1. World Trade Organization

WTO agreements address issues on a countrywide basis and, as such, they do not specifically address free trade zones. The benefits and features of zones are, however, by their very nature discriminatory, and they raise issues with respect to a number of WTO instruments. Interest in monitoring zone operations is reflected in the 1994 Ministerial Decision on Notification Procedures that was included as an annex to the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations (Shadikhodjaev, 2011[44]).[1] Under the decision, members agreed to notify each other on the introduction or modification of a number of measures, including, with explicit mention made of free-trade zones. In addition to general notification, a number of WTO agreements have separate notification requirements which may have implications for zones, particularly when certain benefits that target the zones are introduced or maintained.

Zones have also been the object of some scrutiny during the course of accession proceedings in the WTO. In the case of Ukraine, questions were raised about the duty-free treatment of articles exported from zones to Ukraine's customs territory, when significant value had been added in the zone (Creskoff and Walkenhorst, 2009[45]; WTO, 2008[46]). Moreover, zones figure in the accession commitment protocols made by certain new WTO members. The protocols do not use uniform language and underscore the intention of countries to abide by WTO rules in matters pertaining to zones, as follows (Shadikhodjaev, 2011[44]):

> "*The representative of [X] stated that [X] would administer free zones or special economic areas established in its territory in compliance with WTO provisions, including those addressing subsidies, TRIMs and TRIPS, and that goods produced within the zones under tax and tariff provisions that exempt imports and imported inputs from tariffs and certain taxes would be subject to normal customs formalities when entering the rest of [X], including the application of tariffs and any taxes and charges*."

It should be noted that the TRIPS Agreement does not make specific reference to FTZs, which means that it does not exclude its application in FTZs. This means that WTO members are obliged to apply the IPR border measures and criminal measures laid down in the TRIPS Agreement also in FTZs. This interpretation is consistent with the treatment

of FTZs in other WTO agreements that address FTZs. It is important to highlight though that due to the special customs treatment of the zones, some countries, mainly the developing countries have misinterpreted the customs free zone regime as being outside the customs jurisdiction for non-tariff matters and they evade the application of the TRIPS Agreement.

In addition, the TRIPS agreement leaves it to its members to determine what sanctions, if any, are to be applied to counterfeit goods transiting their territories. National legal frameworks can, for example, provide for the seizure of counterfeits in transit or prior to commercial declaration, or not. With respect to counterfeit and pirated goods imported into or located within WTO Member States, they "shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity."

4.1.1. Agreement on Subsidies and Countervailing Measures

The WTO Agreement on Subsidies and Countervailing Measures (ASCM) provides a framework governing the treatment of subsidies bestowed by governments. The agreement defines these measures as financial contributions by a government, or private institution acting on its behalf, that provide a benefit to the recipient. These financial contributions may take the form of, i) direct transfers of funds, ii) forgone revenue, iii) provision of goods or services or iv) certain types of price or income supports. Two items which are excluded from the definition are i) support for general infrastructure and ii) the exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption, or remission of such duties or taxes. WTO jurisprudence has also clarified that the existence of a benefit centres on the question of whether the financial contribution places the recipient in a more advantageous position than would have been the case but for the financial contribution using the marketplace as the basis for comparison. In addition the defined subsidies are covered by WTO regulations only to the extent that they are specific; this essentially occurs when their provision is limited by law or in fact to certain enterprises, industries or regions. The agreement also adds that subsidies which are classified prohibited are presumed to be specific.

The agreement goes on to classify the specific subsidies into different categories according to how trade distortive they are, i) prohibited (those which are contingent on export performance, or on the use of domestic goods over imports), ii) actionable (meaning that they are subject to remedies if they are shown to be having adverse effects) or iii) non-actionable (however the provisions that contemplated this category expired as of the end of 2000). Examples of specific subsidies that have been provided in zones include (Torres, 2007[47]):

- exemption from import duties and charges
- total or partial exemption from direct taxes and social welfare charges
- exemptions from indirect taxes (e.g. sales taxes) and value-added taxes
- provision of goods or services to zone users at below market price.

While benefits to zone users may also include measures such as less onerous labour regulations and/or access to trade facilitating measures, these types of measures are not deemed to constitute financial contributions.

The issue of whether a particular incentive being provided in a zone may be prohibited or actionable under the SCM agreement is a very complex one as it depends not only on the kind of incentive being provided but also on the conditions for establishment and operation in a zone. For example, requirements that zone users export a part of their production, or that they use a prescribed level of domestically produced inputs in their operations (Torres, 2007[47]) will most likely turn many of fiscal incentives provided in the zone into prohibited subsidies. This may also be the case when the government imposes limitations on the extent to which goods in zones may be exported to the domestic market of the host countries as their effect is equivalent to an export requirement. In other cases even if there are no requirements to export, use domestically produced inputs or limitations on sales to the national customs territory the incentives provided in the zones may still qualify as actionable subsidies and are open to challenge by a member under the WTO's dispute settlement mechanism if they cause the kinds of adverse effects contemplated in the agreement. It is also worth noting that regardless of their classification as prohibited or actionable, any specific subsidy may also be subject to countervailing measures by a member receiving the subsidized imports, if it is able to show in the context of a domestic proceeding that these are causing injury to its industry.

In assessing conformity of the different incentives provided in zones one of the more significant items concerns the treatment of production equipment used in zones. Torres (2007)[47] argues that the ASCM provides duty and tax exemptions and remission only for goods used or consumed in a production process. Creskoff and Walkenhorst (2009)[45] suggest that the matter is not so clear, while Shadikhodjaev (2011)[44] accepts the Torres (2007)[47] assessment. With respect to current practice, United States customs allows zone users to defer duty on production equipment that is intended for use in a zone, until such time as the equipment goes into use; at that point any duties and taxes would be applied (CBP, 2011[48]). A review of promotional material for a number of other zones, including those in China (Hong Kong Trade Development Council, 2017[49]), Colombia (Lang Lasalle, 2013[50]), Malaysia (Chai and Im, 2009[51]) and Panama (Moore Stephens International, 2006[52]) indicate that such equipment has been accorded duty and tax-free status during the past decade (i.e. the current situation has not been confirmed).

Another grey area concerns support for infrastructure development (Creskoff and Walkenhorst, 2009[45]). While provision of general infrastructure falls outside the scope of the ASCM, certain types of support, to a designated region, may be deemed specific and therefore actionable. Moreover, a requirement that a zone user manage exports and sales to the domestic market to meet government criteria could transform infrastructure support, as well as other support measures, into a prohibited subsidy. Other questions mentioned by (Creskoff and Walkenhorst, 2009[45]) concern issues relating to the productive organization of countries, particularly with respect to subsidies that are provided to zone businesses that export most of their production without a formal government requirement to do so. In this regard, the ASCM indicates that when the facts demonstrate that there is a relation of conditionality or contingency between the granting of the subsidy and the expectation of exports or export income, it can be considered as prohibited, even if there is no formal export requirement. However this determination of *de facto* contingency will require an examination of all relevant facts and it has been clarified by WTO jurisprudence that the export orientation of the producer is pertinent in this examination but not decisive.

Table 4.1. Countries with extensions for phasing out export subsidies, or reservation of rights to maintain such subsidies

Country	Notified programme(programmes mentioning zones bolded)	WTO action
Antigua and Barbuda	Free trade/processing zones. Fiscal Incentives Act	Granted
Barbados	Fiscal incentive programme. Export allowance. Research & development allowance. International business incentives. Societies with restricted liability. Exports re-discount facility. Export credit insurance scheme. Export finance guarantee scheme. Export grant & incentive scheme.	Granted
Belize	Export Processing Zone Act. Commercial Free Zone Act. Fiscal incentives programme. Conditional duty exemption facility.	Granted
Bolivia	Free zone. Temporary regime for inward processing.	Reservation of rights
Costa Rica	Duty free zone regime. Inward processing regime. Fiscal incentives programme.	Granted
Dominica	Fiscal incentives programme.	Granted
Dominican Republic	Law to Promote the Establishment of Free Trade Zones.	Granted
El Salvador	Export Processing Zones & Marketing Act.	Granted
Fiji	Export processing factories/zones scheme. Short-term export profit deduction.	Granted
Grenada	Fiscal Incentives Act. Qualified Enterprise Act. Statutory rules and orders.	Granted
Guatemala	Free zones. Industrial and free zones (ZOLIC). Special customs regimes.	Granted
Honduras	Free trade zone of Puerto Cortes. Export processing zones. Temporary import regime.	Reservation of rights
Jamaica	Export Free Zone Act. Export Industry Encouragement Act. Foreign Sales Corporation Act. Industrial Incentives Act.	Granted
Jordan	Income Tax Law Act of 1985, amended.	Granted
Kenya	Export processing zones. Export promotion programme. Customs and excise regulation.	Reservation of rights
Mauritius	Freeport scheme. Export enterprise scheme. Export promotion.	Granted
Panama	Export processing zones. Official industry register.	Granted
Papua New Guinea	Income Tax Act.	Granted
Sri Lanka	Income tax concessions. Tax holidays & profits generated. Concessionary tax on dividends. Indirect tax concessions-internal tax exemptions. Export development investment support scheme. Import duty exemption. Exemption from exchange control.	Reservation of rights
St. Kitts & Nevis	Fiscal Incentives Act.	Granted
St. Lucia	Free Zone Act. Fiscal Incentives Act. Micro & Small Business Enterprise Act.	Granted
St. Vincent and the Grenadines	Fiscal Incentives Act.	Granted
Uruguay	Automotive industry export promotion regime.	Granted

Source: (Creskoff and Walkenhorst, 2009[45]).

With respect to the special and differential treatment provided to developing countries, under the provisions of the ASCM, WTO members designated by the United Nations as least-developed countries (UN, 2017[53]), and developing members with less than USD 1 000 per capita GNP are exempted from the export subsidy prohibition. Other developing countries were given until the end of 2002 to phase out their export subsidies; transition economies, on the other hand were given until the end of 2001 (WTO, 2017[54]). In 2001 a number of small economies made the case that some export related fiscal

incentives were still important to achieve their industrialization objectives and were permitted to extend the deadline for ending certain specific programmes through the end of 2013, with phase-out required by 31 December 2015 (Creskoff and Walkenhorst, 2009[45]; Torres, 2007[47]).[2] As shown in Table 4.1, many of the requests for extensions explicitly mentioned zones.

4.1.2. Other WTO provisions

In addition to the ASCM, provisions of other WTO agreements may also have implications for zones, including (Creskoff and Walkenhorst, 2009[45]):

- Most favoured nation (MFN) treatment (GATT Article I): The MFN principle requires governments to refrain from taking measures that discriminate between goods or services on the basis of the country of origin.

National treatment (GATT Article III): The national treatment principle calls for governments to refrain from taking measures that favour domestic goods.

- Limitation of fees and formalities connected with importation and exportation to the approximate cost of the services rendered [GATT Article VIII (1)]: The limitation calls for governments to refrain from imposing fees on the processing of imports and exports that exceed the cost of services rendered.
- Transparency requirements (GATT Article X): The requirement calls for governments to refrain from imposing generally applicable trade requirements that have not been published.
- Elimination of quantitative restrictions (GATT Article XI); the provision on quantitative restrictions calls on governments not to prohibit or restrict certain imports and exports that are not justified by applicable WTO exceptions.

In addition, under the General Agreement on Trade in Services (GATS), WTO members must afford treatment to member countries that is no less favourable than the one afforded to like services and service suppliers of any other country (GATS Article II).[3] The national treatment obligation under Article XVII of the GATS obliges WTO members to accord to the services and service suppliers of any other Member treatment no less favourable than is accorded to like domestic services and service suppliers, in those service sectors where specific comments have been made.[4] Under the Agreement on Trade-Related Investment Measures (TRIMS), any zone with a local content requirement, a trade balancing requirement or a foreign exchange requirement would be in violation of GATT Article III or Article XI

4.2. World Customs Organization

The World Customs Organization's International Convention on the Simplification and Harmonization of Customs Procedures (as amended) or the Revised Kyoto Convention[5] provides a blueprint for harmonised customs procedures. The Convention has three substantial parts, i) a body, ii) a general annex and iii) specific annexes (Shadikhodjaev, 2011[44]). Each party is bound by the general annex, while the specific annexes are optional. A party that signs on to a specific annex is bound to abide by all its provisions, but is free to make reservations to any of the recommended practices.

Chapter 2 of Specific Annex D concerns free zones, which are defined here as a "part of the territory of a Contracting Party where any goods introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the Customs territory"

(WCO, 1999[55]). The word "generally" in the definition leaves open the possibility that some items, such as machinery and equipment located permanently in the zone, may not be considered to be outside the customs territory (Shadikhodjaev, 2011[44]). Goods in zones are normally subject to flexible customs control, usually limited to general checks of goods. Where relevant, they are subject to the provisions of the General Annex, which include, among other things, the rules on clearance and other customs formalities, duties and taxes, and customs control. The chapter sets out 17 standards and four recommended practices, grouped into 10 topic areas. The following is based on the WCO text (WCO, 1999[55]) and the Shadikhodjaev (2011)[44] assessment.

4.2.1. Establishment and controls

There are three standards: i) national legislation must provide for the establishment of zones, admissible goods and permitted operations; ii) customs must articulate the arrangement for customs controls in zones, as well as requirements on the layout and construction of zones; and iii) customs must have the right to carry out checks at any time on goods stored in zones.

4.2.2. Admission of goods

There are three standards. In summary, admission of goods into a zone must include domestic as well as foreign goods, and goods entitled to duty/tax exemptions or repayment when exported must qualify for this upon entry in zones. Two practices are recommended: i) allowing all goods to enter except those raising issues with respect to a) public morality, public security and health, or veterinary or phytosanitary concerns, or b) protection of intellectual property rights (i.e., trademarks, copyrights and patents); and ii) waiving the requirement of a goods declaration, if the information is already available on the documents accompanying the goods.

4.2.3. Security

There is one recommended practice. Customs authorities usually require zone users to provide security to cover customs procedures. The Convention recommends that no such security be required for goods entering zones.

4.2.4. Authorised operations

There are two standards: i) operations for the preservation and handling of goods in zones, including handling to improve their packaging or marketable quality or to prepare them for shipment, must be allowed; and ii) rules on processing or manufacturing operations must be specified.

4.2.5. Goods consumed within the free zone

There is one standard: national legislation must indicate the cases in which goods consumed in zones may be admitted free of duties and taxes and must lay out the requirements which must be met. According to complementary guidelines, the range of goods that can be granted free admission in this regard is broad, and could include, among other things, equipment to be used in the zone, goods consumed by workers in the zone and construction materials.

4.2.6. Duration of stay

There is one standard: duration of the stay of goods in zones must be limited only in exceptional circumstances. The guidelines indicate that these circumstances might include time limits on production or processing, taking into account the nature of the goods and health and safety considerations.

4.2.7. Transfer of ownership

There is one standard: the transfer of ownership of goods in zones must be allowed. The guidelines suggest that retail sales in zones may, however, be prohibited as they can be treated as clearance sales for home use.

4.2.8. Removal of goods

There are two standards: i) the movement of goods to another zone must be permitted or conducted under an applicable customs procedure; and ii) the only declaration required for goods being removed from a zone must be the declaration normally required for the customs procedure to which the goods are assigned. One practice is recommended: when goods are exported from a zone, customs should not require more information than is already available on the documents accompanying the goods.

4.2.9. Assessment of duties and taxes

There are two standards: i) national legislation must specify the point in time to determine the value and quantity of goods being moved into the host country's home economy, and the duties and taxes applicable to such goods; and ii) legislation must specify the rules for determining the duties and taxes due on goods which have been processed or manufactured in zones. The guidelines point out that tax and duty rates may change during the period of time that goods are in zones, and that providing rules gives zone enterprises greater certainty as to how this matter is to be addressed.

4.2.10. Closure of zones

There is one standard: in the event a zone is closed, the parties concerned must be given sufficient notice and time to transport their goods to another zone or place them under a customs procedure.

As of August 2017, of the 112 of the WCO 182 members that had signed the Kyoto Convention, only 24 members had adopted the free zones annex; five of these parties did so with reservations on the recommended practices (Table 4.2). Only three OECD countries were among the parties which signed on to the annex: Korea, Switzerland and the United States.

Table 4.2. Countries having accepted Chapter 2 (on free zones) of Annex D of the Revised Kyoto Convention, as of August 2017

Country	Reservations to recommended practices
Algeria	None
Azerbaijan	None
Benin	None
Burkina Faso	None
China	Practices 6 (grounds for barring admission of goods), 9 and 18 (documentation procedures), and 10 (posting of security)
Cameroon	None
Côte d'Ivoire	None
Egypt	None
Gabon	None
Kazakhstan	None
Korea	Practice 9 (documentation procedures)
Lao People's Democratic Republic	None
Madagascar	None
Malawi	None
Mauritius	Practice 9 (documentation procedures)
Niger	None
Papua New Guinea	None
Senegal	None
Switzerland	None
Togo	None
Tunisia	None
Uganda	Practice 9 (documentation procedures)
Ukraine	None
United States	Practices 9 and 18 (both concern documentation procedures)
Zimbabwe	None

Source: See WCO (1999)[55].

4.3. Other multilateral bodies

Zones have been subject to a number of other multilateral actions, focusing primarily on ways to strengthen efforts to combat corruption and money laundering. This can include a range of instruments, from guidelines, to benchmarking reports that can exert pressure through publishing an assessment of vulnerabilities.

4.3.1. Other international organisation and multilateral initiatives

Caribbean Financial Action Task Force

The Caribbean Financial Action Task Force developed guidelines specific to free trade zones in 2001. The guidelines, entitled *Money Laundering Prevention Guidelines for CFATF Member Governments, Free Trade Zone Authorities and Merchants*, called for the development and implementation of comprehensive legislative regimes for free trade zones; such laws would, among other things, set forth the responsibilities of governments,

zone authorities and businesses. Measures to improve monitoring of cash and related liquid transactions would be required, as would steps to improve information on zone transactions (FATF, 2010[37]; FATF, 2008[56])

Financial Action Task Force

The Financial Action Task Force (FATF)[6] has established general *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*, as well as complementary guidance on best (FATF, 2012[57]; FATF, 2008[56]). Zones are not specifically mentioned in the standards, but they were subject to examination in a 2010 report, in which specific recommendations were made, namely (FATF, 2010[37]):

- Zones should be examined in light of FATF general recommendations.
- Awareness-raising efforts should be made with the private sector and relevant competent authorities.
- Co-operation needs to be improved between authorities at the national and international levels, as well as with the private sector.
- Greater attention should be paid to increasing transparency and developing effective regulations and controls for zones.

The report also provides an extensive list of red flag indicators to help identify instances of illicit zone activity.

Black Market Peso Exchange System Multilateral Experts Working Group

The Black Market Peso Exchange System Multilateral Experts Working Group, in which government officials from the United States, Panama, Venezuela, Colombia and Aruba participated, along with free trade zone operators and merchants operating in zones, issued a statement in 2002, in which recommendations to combat an extensive money laundering system in the Western Hemisphere were made (United States Department of Treasury, 2002[58]). The short-term recommendations called for i) conducting public outreach programs on the matters with manufacturers, free trade zone operators and merchants, as well as with other persons engaged in international commerce; ii) more adequate screening, registering, and regulating of merchants engaged in international trade; iii) requiring money changers and exchange offices to report to their supervisory agencies information on suspicious or unusual transactions; and improving communication, coordination, and cooperation among law enforcement, regulatory, and supervisory agencies.

Long-term recommendations included improving the collection, quality, and international exchange of trade data, conducting economic, social, political, and/or legal studies of the problem of trade-based money laundering, and encouraging the development and implementation of an electronic customs filing and reporting system that could be used to track the flow of goods being imported, exported, or transshipped from, to, or through each jurisdiction's customs territory and free trade zones.

4.3.2. Business and private sector initiatives

International Chamber of Commerce

The International Chamber of Commerce, through its Business Action to Stop Counterfeiting and Piracy (BASCAP), published an assessment of the vulnerabilities of

zones to criminal activity in 2013 (BASCAP, 2013[59]). The report includes a number of examples of how zones have been used to facilitate illicit trade in counterfeit and pirated products, as well as a series of recommendations to address the matter. These include actions that could be taken by the World Customs Organization (7 actions proposed), the World Trade Organization (2 actions), national governments (5 actions), and zone operators (5 actions).

4.3.3. International Trademark Association

The International Trademark Association in 2006 adopted a resolution calling on governments to take actions to halt the trans-shipment and transit of counterfeit goods through zones by (International Trademark Association, 2006[60]):

- prohibiting the admission to, processing in, and export from the free trade zones of counterfeit goods, irrespective of country of origin of such goods, country from which such goods arrived, or country of destination of such goods
- empowering customs authorities to exercise their jurisdiction before the entry and after the exit of goods into a free trade zone, and to inspect goods in a free trade zone or a free port to ensure that no offence as to trafficking in counterfeit goods is being committed
- ensuring close cooperation between national customs authorities and the special authorities of their free trade zones or free ports in order to provide for the efficient enforcement of anti-counterfeiting criminal and civil laws to investigate the offences of trafficking in counterfeit goods
- ensuring the applicability and enforcement of anti-counterfeiting criminal and civil laws to monitor counterfeit goods trafficking activities in the free trade zones and free ports that currently allow free movement of goods of any nature without regard to origin, quality, purpose, and destination of goods; and without any or with only minimal customs treatment of such goods in transit or transhipment.
-

Notes

[1] See www.wto.org/english/docs_e/legal_e/33-dnotf_e.htm#fnt-1.

[2] See also www.wto.org/english/news_e/news12_e/scm_23oct12_e.htm.

[3]GATS Article II allows WTO members to accord advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zones of services that are both locally produced and consumed.

[4]A Member wishing to maintain any limitations on national treatment, i.e. any measures which result in less-favourable treatment of foreign services or service suppliers, must indicate so in its schedule of specific commitments.

[5] The convention is commonly referred to as the Revised Kyoto Convention.

[6] The FATF currently comprises 35 member economies and 2 regional organisations, representing most major financial centres in all parts of the globe. See: http://www.fatf-gafi.org

References

BASCAP (2013), *Controlling the Zone: Balancing facilitation and control to combat illicit trade in the world's Free Trade Zones*, Business Action to Stop Counterfeiting and Piracy, International Chamber of Commerce, Paris, https://cdn.iccwbo.org/content/uploads/sites/3/2016/11/Combating-illicit-trade-in-FTZs-1.pdf.

Carribbean Financial Action Task Force (2000), *Money Laundering Prevention Guidelines for CFATF Member Governments, Free Trade Zone Authorities, and Merchants*, http://www.cfatf-gafic.org/index.php/documents/archives/22-free-trade-zone-recommendations-english/file (accessed on 9 December 2017).

CBP (2011), *Foreign-Trade Zones Manual*, US Customs and Border Protection, Department of Homeland Security, http://www.cbp.gov/sites/default/files/documents/FTZmanual2011.pdf.

CEPII (2017), *GRAVITY Database*, http://www.cepii.fr/CEPII/en/bdd_modele/presentation.asp?id=14 (accessed on November 2017).

Chai, Y. and O. Im (2009), *The Development of Free Industrial Zones – The Malaysian Experience*, http://share.nanjing-school.com/dpgeography/files/2012/10/info.worldbank.org-s9hsat.pdf (accessed on 9 December 2017).

Creskoff, S. and P. Walkenhorst (2009), *Implications of WTO Disciplines for Special Economic Zones in Developing Countries,*, Policy Research Working Paper 4892, World Bank, Washington, DC, http://www.researchgate.net/profile/Peter_Walkenhorst/publication/228239934_Implications_of_WTO_Disciplines_for_Special_Economic_Zones_in_Developing_Countries/links/54fd4ee90cf270426d11ca5d/Implications-of-WTO-Disciplines-for-Special-Economic-Zones-in-Developing.

FATF (2008), *Best Practices Paper: Best Practices on Trade Based Money Laundering*, FATF/OECD, Paris, http://www.fatf-gafi.org/media/fatf/documents/recommendations/BPP%20Trade%20Based%20Money%20Laundering%202012%20COVER.pdf.

FATF (2012), *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*, FATF/OECD, Paris, http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf..

Foreign-Trade Zone Resource Center (2017), *Foreign-Trade Zone History*, http://www.foreign-trade-zone.com/history.htm (accessed on 9 December 2017).

Hong Kong Trade Development Council (2017), *HKTDC Forum: Customs & Tariffs - Duty and VAT rules in PRC designated economic areas*, http://forum.hktdc.com/topic.php?id=789&lang=en&page=1 (accessed on 9 December 2017).

International Trademark Association (2006), *Board Resolution on The Role of Free Trade Zones and Free Ports in the Transshipment and Transit of Counterfeit Goods*, http://www.inta.org/Advocacy/Pages/RoleofFreeTradeZonesandFreePortsintheTransshipmentandTransitofCounterfeitGoods.aspx (accessed on 9 December 2017).

Kennedy, G. (2017), *Setting up as a freelancer in the UAE*, Virtuzone, http://vz.ae/2017/05/24/setting-up-as-a-freelancer-in-the-uae (accessed on 9 December 2017).

Lang Lasalle, J. (2013), *Could Colombia's Free Trade Regime Benefit your Supply Chain?*, http://cscmpaz.org/wp-content/uploads/2015/09/Colombias-Free-Trade-Regime.pdf (accessed on 9 December 2017).

Moore Stephens International (2006), *Doing Business in Panama*, http://worldservicesgroup.com/guides/DBI%20PANAMA%20ENGLISH%209nov06.pdf (accessed on 9 December 2017).

Shadikhodjaev, S. (2011), "International regulation of free zones: An analysis of multilateral customs and trade rules", *World Trade Review*, Vol. 10, pp. 189-216, http://dx.doi.org/10.1017/S1474745611000085.

Torres, R. (2007), "Free Zones and the World Trade Organization Agreement on Subsidies and Countervailing Measures", *Global Trade and Customs Journal*, Vol. 2/5.

UN (2017), *Least Developed Countries (LDCs)*, United Nations, Development Policy & Analysis Division, Geneva, http://www.un.org/development/desa/dpad/least-developed-country-category.html. (accessed on 9 December 2017).

United States Department of Treasury (2002), *Treasury announcing the signing of multilateral recommendations for combatting the black market peso exchange system*, https://www.treasury.gov/press-center/press-releases/Pages/po2001.aspx (accessed on 9 December 2017).

United Nations Statistics Division (2017), *UN Comtrade*, United Nations Statistics Division, New York

WCO (1999), *International Convention on the Simplification and Harmonization of Customs Procedures (as amended)*, World Customs Organization, Brussels,, http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/conventions/kyoto-convention/.

World Bank (2017), *World Bank National Accounts Data*, World Bank, Washington, DC, https://data.worldbank.org/indicator/NY.GDP.PCAP.CD (accessed on November 2017).

World Economic Forum (2016), *The Global Competitiveness Report 2014-2015*, World Economic Forum, Geneva, http://reports.weforum.org/global-competitiveness-report-2014-2015.

WTO (2008), *Report of the Working Party on the Accession of Ukraine to the World Trade Organization*, WT/ACC/UKR/152, World Trade Organization, Geneva, http://docsonline.wto.org/Dol2FE/Pages/FormerScriptedSearch/directdoc.aspx?DDFDocuments/t/wt/acc/ukr152.doc.

WTO (2017), *Agreement on Subsidies and Countervailing Measures ("SCM Agreement")*, World Trade Organization, Geneva, http://www.wto.org/english/tratop_e/scm_e/subs_e.htm (accessed on 9 December 2017).