Starting point

Inward IFFs associated with export of illicit goods

Inward IFFs associated with transfer of income from illegal market/trafficking generated abroad

Country under consideration

Outward IFFs associated with import of illicit goods

Outward IFFs associated with transfer abroad of income from illegal market/trafficking generated in the country
IFFs from income and from int. trade

Step 1: estimation of turn-over and income generated by the crime in the single country. This may include a domestic component and an international trade component (for some crimes such as extortion or theft the international trade component is irrelevant, for other crimes international trade may be a large component)

Step 2: Financial assets related to international trade of illicit good (Imports and Exports) are counted as IFF

Step 3: Estimation of percentage of income that is transferred abroad. The portion of VA transferred abroad is counted as IFF

Step 4: Estimating the “routes” of IFF: identification of countries involved in step 2 and 3
Remarks

Attention to avoid double counting: income generated from illegal markets and transferred abroad to buy illegal goods should not be counted twice (i.e., under income generated IFFs and IFFs associated with int. trade).

For illegal markets predominantly domestic, IFFs are significant only in relation to the portion of relevant income that is transferred abroad.
Statistical challenges

Estimate the portion of income from illegal activities that is transferred abroad (financial transfers not associate with goods trade) and where (to which country/ies)

Ascertain origin-destination of financial flows associated with illegal trade

In both cases, the matrix of flows can be built with the assistance of information on illicit/illega financial transfers
Thank you