Observatoire Tunisien de l'Economie
المرصد التونسي للإقتصاد

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Tunisia : first Arab country in terms of illicit financial flows

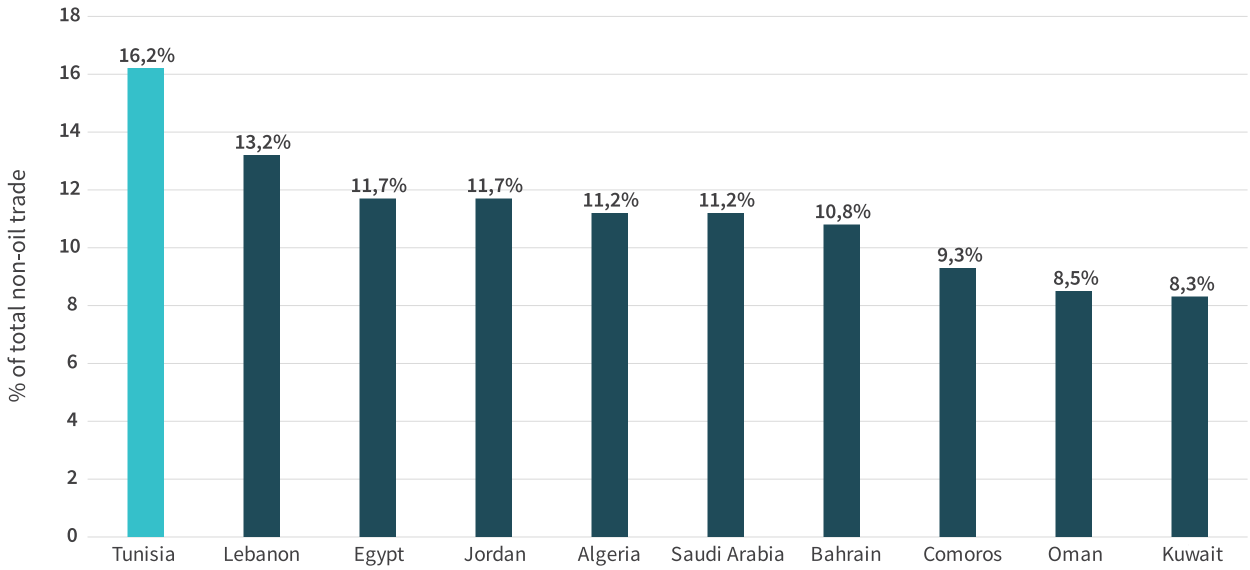
Key highlights :

- Illicit financial flows in the form of misinvoicing represent 16,2% of Tunisia›s total non-oil trade.
- Machines are the product most subject to misinvoicing in the Arab world.
- The fight against illicit financial flows should be a priority.

Title: Illicit financial flows (misinvoicing) in the Arab world between 2008 and 2015

Author : Tunisian Observatory of Economy

Sources : ESCWA, UNECA



Reducing illicit financial flows by 2030 is now part of the Sustainable Development Goals adopted by the United Nations (Objective 16,4). In this context, the UN regional agency focusing on the Arab world, ESCWA, published a study on illicit financial flows in the Arab world in May 2018. While some of the illicit financial flows stem from organized crime and are difficult to measure, a majority of the measurable illicit financial flows stem from a system of misinvoicing at the level of each country's foreign trade. In order not to bias the comparison in the region, the figures are presented as a percentage of total non-oil trade.

Thus, according to ESCWA, Tunisia is by far the leading Arab country in terms of illicit financial flows, which represent 16,2% of its non-oil trade between 2008 and 2015. Lebanon comes second with 13,2% of its trade, followed by Egypt, Jordan, Algeria and Saudi Arabia between 11 and 12% of their non-oil trade. By product, it is the machines (HS 84 code) that are subject of the largest misinvoices in the Arab world. This is in line with the study carried out by the UNECA High Level Panel on Illicit Financial Flows, which indicated that 70,9% of machines misinvoicing (HS 84 code) on the African continent originated only from Morocco and Tunisia.

The fight against illicit financial flows, particularly misinvoicing, would thus enable Tunisia to reduce its dependence on external loans and their conditionalities. Tunisia›s ranking as the leading Arab country in terms of illicit financial flows should make the fight against this scourge an absolute priority for the government.du gouvernement.

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