

New Report Finds \$100 Billion Lost Each Year from Devel...

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Developing countries are losing approximately \$100 billion dollars every year due to trade mispricing, according to a new report from Global Financial Integrity (GFI).

"Every year crime, corruption, and tax evasion drain \$1 trillion out of developing countries," said GFI director Raymond Baker. "This report more closely examines *one particular form* of financial outflow and shows how illicit financial practices -- in this case trade mispricing -- deprive developing country governments of tax revenue."

Report findings include:

- * The estimated range for tax revenue loss due to trade mispricing in developing countries, per year, is between \$98 billion and \$106 billion;
- * This estimated revenue loss is approximately 4.4 percent of the developing world's total tax revenue;
- * The top five countries with the largest tax revenue loss are: **Zimbabwe** (21.5%), **China** (31%), **Philippines**(30.7%), **Nicaragua** (27.7%), and **Mali** (25.1%);
- * Rates of trade mispricing for the time period examined (2002-2006) nearly doubled from the first year of the range (2002) to the last (2006);
- * Trade mispricing is one of the most prominent drivers of illicit capital flight out of developing countries;

"Trade mispricing moves more illicit money across borders than any other single phenomenon," noted Mr. Baker. "To curtail these tax losses, developing and developed countries alike must work to curb the global shadow financial system that facilitates illicit financial flows."

Encouraging governments worldwide to take action, GFI recently launched its G20 Transparency Initiative which seeks to build massive grassroots support from around the world for increased transparency and accountability in the global financial system. "The G20 Transparency Campaign seeks to give people around the world the chance to

weigh in on a crucial issue at a critical time," said Baker.

[Click here](#) to download a full copy of the report, which adds to the growing literature on this subject and stresses the urgent need for action to tackle this abuse.

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