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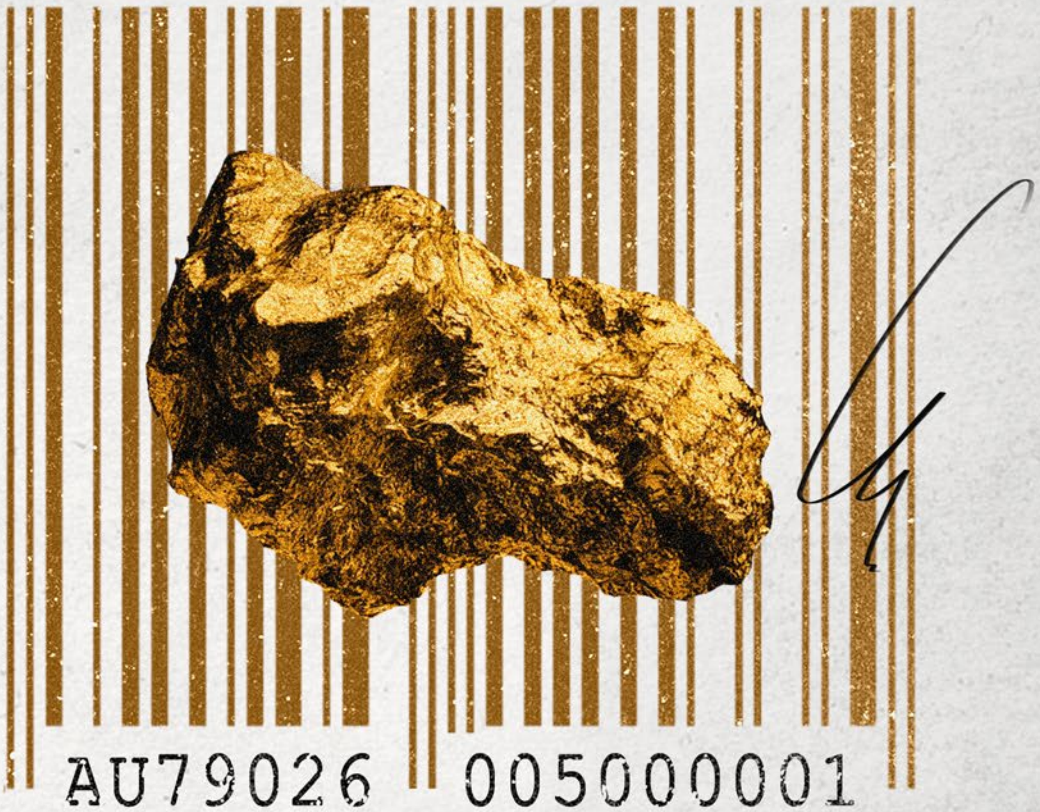

THE FIRST GOLD PURCHASE AS A CONTROL POINT:

Toward a Common Minimum Standard to Prevent Illegal Gold from Entering the Formal Market

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1. The First Gold Purchase: An Underexplored Control Point

Illegal gold mining has become one of the most widespread and lucrative illicit economies in the Andean-Amazon region. The Amazon occupies a strategic position in this phenomenon: it contains extensive reserves and accounts for a significant share of the gold production that reaches global markets, making it central to any control effort. Much of this gold comes from artisanal and small-scale mining (ASM), which in Brazil is commonly referred to as *garimpo*. ASM activities typically require relatively low capital investment, are labor-intensive, use limited technology, and are dispersed across the territory, often in alluvial deposits and other near-surface formations. Hundreds of thousands of people depend on ASM, which accounts for a significant share of gold production in Bolivia, Brazil, Colombia, Ecuador, and Peru—the five countries covered by this analysis.

ASM operates largely informally, but illegal actors are also exerting growing influence. Alongside legitimate producers seeking to sell through formal channels, illegal networks and organized criminal groups have progressively infiltrated the activity, to varying degrees across territories. For these groups, gold is both a source of financing and a means of laundering money.

The figures reveal the scale of the problem. In Colombia, approximately 73% of detected alluvial gold extraction is illicit;[1] in Peru, illegal gold exports are reportedly approaching the value of legal exports;[2] and In Bolivia, the government itself estimated that, in 2020, half of the gold exported by the country came from underreported imports, mainly associated with the illegal inflow of gold from Peru.[3] Across the Amazon Basin, more than 4,400 illegal mining sites have been mapped.[4]

Faced with a problem of this magnitude, the central question is where to intervene to close the gaps. The first purchase is the point at which gold first enters the formal market through a qualified buyer.[5] It is not the only link in the chain at which origin may be concealed or misrepresented, but it is a strategic control point: the transaction becomes associated with a formal buyer that must identify the seller, record the transaction, and verify the declared origin. Much of the attention devoted to illegal mining has focused on extraction sites and exports. By contrast, the first purchase has received comparatively little attention as a regulatory lever, even though it is the point through which ASM gold enters the formal market.

Strengthening this control requires balance. The objective is to prevent illicitly sourced gold from entering the formal market without pushing miners who seek to operate legally out of formal channels. Poorly calibrated requirements may displace legitimate producers into informality because of excessive administrative burdens or costs. A further difficulty is that gold crosses borders easily, while control systems remain national. When one country imposes stricter requirements than its neighbors, gold tends to move toward jurisdictions where controls are weaker.

This creates a need for a common minimum standard: a limited set of requirements that all countries can meet, raising the level of control without imposing a single institutional architecture. The aim is to prevent differences among national systems from becoming escape routes for illicit gold. This standard is largely within reach because it builds on instruments that the countries already have.

2. The Inadequacy of General Trade Instruments for Controlling Gold

Given gold's strategic importance, its purchase should be subject to specific controls. Yet analysis of the first purchase in Bolivia, Brazil, Colombia, Ecuador, and Peru shows that, although gold purchases are subject to mining-sector registration and qualification requirements, these mechanisms focus primarily on the buyer's registration. By contrast, the instruments used to conduct and document the transaction—the proof of transaction, invoice, means of payment, and procedures for verifying origin—remain, to varying degrees, those used in general commerce. They were designed chiefly to certify a sale or collect taxes, not to ensure that the gold does not come from an illicit source.

Gold is therefore recorded within a system specific to the mining sector, but each purchase is documented, invoiced, and paid for largely in the same way as any other commercial transaction. Because these instruments were not designed to establish or verify the mineral's origin, verification is left to the procedures adopted by individual buyers rather than being an integral requirement of the system.

Treating a gold purchase as an ordinary commercial transaction is itself a regulatory gap, because gold is not an ordinary commodity. Illicitly sourced gold carries costs that do not appear in the purchase transaction: deforestation, mercury contamination, harm to community health, and, increasingly, the financing of criminal organizations. When gold is treated like any other commodity, these costs remain invisible in the transaction and are ultimately absorbed by the formal supply chain.

Gold also has physical characteristics that facilitate laundering. It concentrates substantial value in a small volume and weight, and is easy to transport. It is fungible: once melted and mixed with other batches, tracing its origin becomes more complex and costly, making it easier for gold of uncertain origin to enter legitimate supply chains. This combination of properties makes gold an effective vehicle for money laundering and explains why controls designed for ordinary commodities are insufficient to trace it. Illicitly sourced gold that enters through the first purchase therefore affects more than that transaction. Once incorporated into the formal market, it circulates with an appearance of legality and compromises the integrity of financial and commercial systems across the region and beyond.

Gold-specific controls therefore cannot stop at registering the buyer. If the instruments used to document, pay for, and verify each purchase remain those of general commerce, the gold's origin may never be effectively verified, even when the buyer appears in a mining registry. These instruments must also reflect gold's particular characteristics and risks. The objective is not to impose stricter treatment for its own sake, but to adopt controls commensurate with what is at stake when gold enters the formal market.

3. Why Act at the First Purchase

Focusing control efforts on the first purchase is one of the most efficient forms of intervention because it directs oversight toward a limited number of actors. Thousands of dispersed producers cannot feasibly be inspected one by one. Formal buyers, although numerous in some countries, constitute a more clearly defined and reachable group: they can be identified, keep records of their transactions, and are subject to verification and due-diligence obligations. Focusing on these buyers makes it possible to cover, with a fraction of the effort, all the gold that passes through their hands. Requiring buyers to verify origin before payment is more feasible than tracing provenance mine by mine.

There is a second reason. The first purchase is also the point at which controls can increase the cost of laundering gold and reduce the profitability of illicit supply. Illicit gold is attractive precisely because it can acquire an appearance of legality at low cost and with few obstacles. If the first purchase ceases to be an open door and instead requires origin verification, traceable payment, and buyer accountability, laundering gold becomes more expensive, slower, and riskier. The objective is not merely to improve documentation but to alter the economic incentives sustaining the illegal supply chain, so that demonstrating lawful origin becomes the most advantageous route into the formal market.

Recording a transaction is not the same as verifying its origin, yet control systems often overlook this distinction. A transaction record does not guarantee that the declared origin is genuine. Verification requires the buyer to check the declaration against independent sources and apply due diligence proportionate to the risks associated with the gold being acquired. The first purchase is the most suitable point for doing so because a formal buyer is still directly connected to an identifiable seller. As gold moves along the supply chain, intermediaries and transactions multiply, its origin becomes progressively harder to reconstruct, and the metal itself may be melted and mixed with other batches.

Early verification is essential because traceability depends on continuity across the supply chain. Once gold changes hands, the ability to trace it depends on each link preserving the information received from the preceding link. If origin is not established and verified at the first purchase, actors at later stages will have no reliable foundation on which to proceed.

The first purchase is therefore not merely another administrative step. It is the gateway through which illicitly sourced gold enters the formal market and acquires an appearance of legality. Today, that gateway is regulated and controlled differently across the five Amazonian countries examined in this paper.

4. Different Regulatory Models for the Same Control Point

There is no single first-purchase model across the region. Each country defines who may buy gold and under what rules, producing different regulatory architectures according to the concentration of the purchasing channel. The first purchase also does not always occur at the same stage of the gold supply chain. In some models, it coincides with the initial sale; in others, it may occur only at a later stage, including export. First-purchase controls must therefore operate effectively regardless of where the transaction occurs in each national system. The classification used in this paper, based on purchasing-channel concentration, is an analytical approximation rather than a rigid typology, since origin-verification mechanisms and pricing regimes vary within each model.

Among the five countries examined, Brazil lies at one extreme: purchases are concentrated among a small number of financial institutions authorized by the Central Bank of Brazil and directly required to verify the gold's origin. At the other extreme, Peru and Colombia operate decentralized channels with numerous registered private traders. Bolivia and Ecuador occupy an intermediate position, combining a state purchasing channel—a public company or entity—with registered private trading companies.

Each architecture distributes first-purchase risks differently, and none eliminates them entirely. These differences explain why a regional response cannot take an identical form in every country. Nevertheless, the weak points are similar because they arise from the nature of the first purchase rather than from any single institutional model. Across all five countries, origin may be lost, verification may fail, and information may not circulate. These shared vulnerabilities provide the basis for a common minimum standard: a set of requirements that each country can meet through the instruments compatible with its own model, closing gaps in a coordinated and strategic manner.

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5. Preventing Illegal Gold Trade

First-purchase controls rest on four main pillars: the gold's origin and the seller; the buyer; the transaction record and the flow of information; and cross-border information exchange. Each pillar addresses a specific vulnerability and identifies practical measures to close it. They must be understood as parts of a system rather than as isolated initiatives because first-purchase vulnerabilities are interconnected. Progress on one pillar will have limited effect if the others remain weak. Rigorous origin verification achieves little if the information never reaches the authorities able to cross-check it; likewise, a complete transaction record loses value if the origin it documents was never verified.

5.1. The Origin and the Seller

In every purchase, the seller declares the gold's origin and provides the corresponding documentation. The principal gap is that this declaration is rarely verified at the time of purchase. The fact that a seller is qualified to produce or sell gold does not establish that the gold delivered is covered by that qualification. Converting a declared origin into a verified origin requires three checks, each building on the previous one.

Content of the declaration

A declaration can support verification only if it contains the information needed for cross-checking: the seller's identity; the mining right, license, authorization, or other legal basis under which the gold is sold; the gold's area of origin; the extraction period; and the quantity delivered. Each element enables a different check. The legal basis establishes whether the seller was entitled to sell; the area links the gold to a specific territory; and the period and quantity make it possible to assess whether the declared production is compatible with that area's productive capacity. The level of geographic precision currently varies across countries and producer categories—from coordinates to a general reference to a concession area—limiting subsequent verification. All five countries already require an origin declaration; what is missing is the effective use of these data for verification rather than mere filing.

Verification against official sources

Confirming through official government records that the seller's mining right and regulatory qualification remain valid—and that the seller is their legitimate holder—closes off one of the simplest laundering methods: selling gold under an expired, nonexistent, or third party's right. This is the most immediate check because it relies on records that already exist. Where it is not yet routine, buyers must be given access to those records and required to consult them for every purchase.

Compatibility between declared production and productive capacity

A valid mining right does not prove that the relevant area produced the gold being sold. A lawful title may be used to declare a volume greater than the area can produce, creating an apparent surplus through which gold extracted elsewhere can enter the formal market. The declared quantity must therefore be cross-checked against the area's actual productive capacity. Some countries already hold this information and operate controls based on mining authorizations and trade registries. Remote-sensing tools and satellite imagery, which some governments already make available to buyers, can also identify fictitious or inactive mines. Such verification is particularly useful for mechanized mining, whose footprint is visible from the air, but has more limited application to underground mining. On its own, it cannot confirm the origin of gold from subsistence mining conducted at the surface without machinery, where extraction may leave no satellite-detectable footprint. Remote verification must therefore be combined with other evidence so that it neither excludes legitimate subsistence miners nor allows the subsistence-mining category to be misused to launder illicitly sourced gold. This is an important medium-term measure, but its effectiveness depends on the information being available to buyers at the time of purchase.

The three checks are interdependent. Without a precise declaration, there is nothing to verify; a documentary check that is not compared with the area's productive capacity cannot detect a title used to overdeclare production. The seller provides the declaration, the buyer cross-checks it, and the mining authorities maintain the official records and make them available for verification.

5.2. The Buyer

The formal buyer is a natural control point. Producers are numerous and dispersed across territories that are often difficult to access, whereas formal buyers form a more identifiable group. Their ability to operate is subject to the regulatory requirements applicable in each country, creating a channel through which origin-verification duties can be imposed. Being better positioned to verify origin, however, does not mean that verification will occur. It depends on three conditions: the rules must require it, the buyer must have the means to perform it, and the authority responsible for qualifying or supervising the buyer must enforce compliance. Where any of these conditions is absent, the control potential of this stage remains unrealized.

Buyer qualification

In several countries, buying gold is not subject to a specific qualification regime distinct from ordinary commercial registration. Because buyers determine which gold enters the formal market, a gold-specific qualification regime can assess, before entry, the suitability of their partners, managers, and beneficial owners, as well as their financial capacity and potential conflicts of interest. This prior assessment operates as an initial filter, making it harder for illicit structures to enter the system as formal buyers and reducing the need to detect them only after they have begun operating. Where no specific regime exists, establishing one is a first step; where one already exists, the assessment criteria should be strengthened. Each country may implement this function through the instrument appropriate to its legal system, including authorization, licensing, enrollment, or registration.

Origin verification and payment traceability

Recording a transaction does not guarantee that the declared origin is genuine. What matters is how the buyer uses the declaration before making payment. If the buyer cross-checks it against official records showing that the seller's mining right or other legal basis remains valid, verification occurs. If the buyer merely files the declaration, there is a record but no verification. Minimum verification should cover three elements: confirming that the seller is qualified to sell and that the relevant right remains valid; checking that the seller holds a valid title, license, or authorization to extract gold from the declared location; and confirming that the area's productive capacity is compatible with the volume offered, using satellite imagery and other remote-verification tools where possible. Some systems link extraction areas to designated points of purchase and sale, requiring buyers to confirm that the gold was acquired through an authorized channel for that area. Brazil illustrates the distinction. Until 2025, gold purchases operated under a presumption of good faith that allowed gold to be acquired solely on the basis of the seller's declaration, without the buyer being held liable for acquiring illicitly sourced gold. The Federal Supreme Court subsequently declared that presumption unconstitutional because it facilitated the trade in illegal gold.

Payment method is an additional component of control. When a transaction is paid in cash and without limits, the financial flow leaves no trace. Cash payments should therefore be limited to small amounts, with the remainder routed through the financial system. Implementation must, however, account for subsistence miners' circumstances so that they are not doubly excluded—from the financial system and from the ability to earn a livelihood through mining.

Reporting suspicious transactions

Because of their position in the transaction, buyers can detect inconsistencies that an outside authority may not identify in real time, such as volumes incompatible with the declared origin, transactions split to avoid reporting or control thresholds, and atypical payments. When treated as reporting entities under anti-money-laundering rules, buyers must report these inconsistencies to the financial intelligence unit (FIU), which cross-checks them against other information to determine whether they indicate illicit activity. All five countries already provide for this obligation. The challenge, to varying degrees, is to ensure that it produces meaningful suspicious transaction reports rather than mere formal compliance. This depends both on buyers knowing what to report and on FIUs making effective use of the reports. Buyers should also refer indications of other illegal conduct to the competent authorities.

Consequences of noncompliance

Requirements are effective only when noncompliance has concrete consequences. Two main gaps must be addressed. The first concerns buyers that repeatedly breach their obligations without any effect on their regulatory status. The authority responsible for qualifying the buyer must be able to review or suspend that status. Where there are indications of a criminal offense, the case should also be reported to the other control authorities and referred to the public prosecutor's office or police, regardless of whether the violation is repeated. The second gap requires a different instrument. A transaction rejected as suspicious by one buyer may simply be presented to another buyer that is unaware of the earlier rejection. A registry of rejected transactions, administered by the competent authority and available to buyers before purchase, would make such attempts more difficult.

Not all buyers occupy the same position. Large buyers with established compliance structures have different capacities from small buyers, and private buyers respond to different incentives from state-owned buyers. Requirements should therefore be proportionate to each buyer's operational capacity. This does not mean lowering the common minimum standard, but adapting implementation so that it is effective in each context. Compliance cannot depend on buyers' goodwill. Effective oversight and accountability by the competent authority sustain this pillar of the control system. Depending on the country, that function may rest with the authority responsible for qualifying the buyer or with another body empowered to supervise and impose sanctions.

5.3. The Transaction Record and the Flow of Information

Generating an adequate first-purchase record is necessary but insufficient. A record that does not circulate among the competent authorities cannot fulfill its control function. Information is produced—who sold, what was declared, in what quantity, and at what price—but it does not always reach the agencies able to use it. The buyer records the transaction; the challenge is to ensure that the record is preserved and shared with mining, tax, customs, and financial intelligence authorities rather than remaining filed with the agency or system in which it originated.

Proof of Transaction

The transaction record begins with a document that substantiates the purchase and clearly identifies the seller and the qualified buyer, without allowing an intermediary to replace either party. When the seller's identity is obscured through a third party, the record no longer establishes who actually sold the gold, and subsequent controls that rely on it inherit that uncertainty. All five countries already require proof of the transaction, issued by the buyer and integrated into systems administered by their tax authorities. In several cases, however, the seller's identity must still be drawn directly from official records of qualified persons rather than entered without validation. Where an intermediary is involved, their identity and role should be recorded explicitly without replacing the original seller's identity.

Common minimum data fields and interoperability

Information can circulate without creating a single database. What matters is that mining, tax, customs, and financial intelligence authorities record a minimum set of information in a standardized format, so that the same transaction can be identified and cross-checked across different systems.

Every first gold purchase should have a unique transaction identifier and contain at least four groups of information. The first concerns the seller's identity, including data demonstrating that the seller is qualified to trade gold. The second concerns the buyer, likewise confirming that the buyer meets the regulatory requirements applicable to the purchase. The third covers the transaction: date; declared origin of the gold (mine, mining right, or extraction area); quantity acquired; purity; physical form; value paid; and means of payment. The fourth covers the tax information associated with the transaction.

Interoperability allows the same purchase to be recognized across different systems and its information to be cross-checked without fully integrating all databases. Authorities can then verify whether the seller and buyer met the applicable regulatory requirements, whether the declared origin corresponds to a lawfully operated area with sufficient productive capacity, whether the tax information is consistent with the recorded transaction, and whether the value and means of payment match financial records.

Coordination among authorities

Once common data fields have been defined and made interoperable, a mechanism is needed to interpret the information and respond to identified risks. Sharing data is not enough; a permanent coordination mechanism must support the joint assessment of warning signs and the definition of coordinated institutional responses.

The mechanism may be led by a single authority or take the form of a permanent coordination forum that periodically brings together mining, tax, customs, and financial intelligence authorities and the body responsible for qualifying or supervising gold buyers. Its role is to share available information, jointly assess inconsistencies, align oversight criteria, and determine which institution should act in each case.

This mechanism supports cross-checking among systems. Mining authorities hold data on declared production and mining rights; first-purchase records contain transaction information; customs authorities record exports; and tax authorities and FIUs hold information on tax obligations and financial flows. Cross-checking these sources can reveal inconsistencies among what is produced, traded, exported, and transferred through the financial system.

Each country may determine which institution performs these cross-checks—the mining authority, the tax administration, or the coordination mechanism itself—and implement the process gradually. FIUs play a distinct and complementary role: they receive suspicious transaction reports and information that triggers alerts, but are not responsible for routinely cross-checking all transaction data to detect risk.

All these elements serve the same objective: ensuring that information generated at the first purchase does not remain confined to its source. Buyers produce and retain the information; mining, tax, customs, and financial intelligence authorities receive it, harmonize how it is recorded, and cross-check it to strengthen controls.

5.4. Cross-Border Exchange

Information flows within individual countries are insufficient. Gold moves across jurisdictions, yet the information needed to verify its origin and trade does not move with it. This disconnect makes cross-border movements harder to track and creates opportunities to conceal irregularities. Addressing this gap requires coordination among jurisdictions with different regulatory frameworks and institutional capacities. The first step, however, is already within reach.

Common minimum export requirements

When one country imposes less stringent requirements than its neighbors for authorizing gold exports, the difference can become an exit route for illicitly sourced gold. A common set of export requirements would reduce this asymmetry. At a minimum, the exporter should meet the applicable regulatory requirements, submit a customs declaration, document the gold's provenance, and demonstrate a link between that provenance and the first purchase through which the gold entered the formal market. This final requirement connects exports to the rest of the control system: an export can be verified only if the first purchase established a verified origin on which subsequent stages can rely.

Early warnings

When an authority detects an anomaly, such as an export inconsistent with the exporter's history, a payment incompatible with the declared volume, or an unusual trade route, the signal loses much of its value if it remains with that authority. A direct channel between customs and financial intelligence authorities allows either authority to alert the other before the gold leaves the country or the payment is completed. The arrangement can begin simply, with designated focal points and direct communication channels, and later be formalized through protocols with defined response times.

Cooperation among financial intelligence units

FIUs in the five countries can already exchange typologies, risk indicators, and warning signs related to gold through established channels, including the Egmont Group and the Financial Action Task Force of Latin America (GAFILAT). This established structure provides one of the most direct ways to ensure that information generated in one country becomes useful to the others.

This exchange takes place directly among national authorities, which produce, verify, and use the information. Regional organizations play a distinct and complementary role. They should not maintain the day-to-day flow of operational data, but they can encourage the adoption of common criteria, convene the technical forums needed to develop them, and monitor implementation. The Andean Community (CAN) can translate regional agreements into obligations for its member countries. The Amazon Cooperation Treaty Organization (ACTO) provides a forum for political and technical cooperation across the Amazon. With this regional support, direct channels among national authorities can ensure that information verified at the first purchase remains available when gold crosses borders.

6. The Existing Institutional Framework as a Basis for the Common Minimum Standard

In most cases, establishing a common minimum standard does not require building a new system from scratch. The instruments needed to control the first purchase already exist in all five countries. What varies is the extent to which they support effective gold controls rather than merely recording a sale or collecting taxes. The main gap is often not the absence of instruments, but how they are designed and used.

All five countries have some form of registration, licensing, or authorization for gold traders. Colombia requires enrollment in the Single Registry of Mineral Traders (RUCOM), administered by the mining authority and requiring the submission of financial statements. Bolivia requires a Mining Identification Number (NIM) from the National Service for the Registration and Control of Trade in Minerals and Metals (SENARECOM). Peru maintains a registry of gold traders; Ecuador issues trading licenses; and Brazil, under a different model, restricts the first purchase of gold to institutions authorized by the Central Bank of Brazil. In several countries, the challenge is not to create a registry, but to use the qualification mechanism to assess buyer suitability and design it around the specific risks associated with gold rather than treating it as a purely administrative registration.

The transaction record presents a similar challenge. In every country, a gold purchase generates proof of transaction and is recorded in a system. The information therefore already exists. What is still missing, to varying degrees, is for the record to support identification and origin verification and to circulate among the authorities able to cross-check it, rather than remaining archived in the system in which it was generated.

Regional cooperation also builds on existing arrangements, although it is important to distinguish what already operates from what still needs to be developed. FIUs in the five countries already exchange good practices, typologies, warning signs, and gold-related risk criteria through established channels such as the Egmont Group, the UIF Directo system, and GAFILAT. Regional forums, including CAN, ACTO and its Special Commission on Public Security and Transnational Illicit Activities (CESPIT), and the Brasília Consensus, can promote common criteria. To date, however, these forums have not sustained technical discussions specifically focused on the first gold purchase. The opportunity is to bring the issue to existing forums rather than create a new mechanism.

At the national level, several countries already have interagency coordination platforms. Most, however, are policy forums focused primarily on preventing money laundering. They do not necessarily bring together mining, tax, customs, and financial intelligence authorities with the bodies responsible for qualifying sellers and buyers, nor do they systematically cross-check operational information on the first purchase. The most efficient approach is to build on these structures where they exist—or establish them where they do not—and include the institutions currently absent from the process.

Some countries will need to create instruments they do not yet have, such as a gold-specific buyer qualification regime or a national registry of rejected transactions. These are limited additions to existing structures, not a wholly new institutional architecture. The proposed common minimum standard is therefore both ambitious and achievable: each country can implement it largely through instruments it already possesses.

7. Moving Forward as an Amazonian Region

Throughout this paper, the first purchase has been presented as a control point regulated differently by each country through its own instruments and institutional architecture. Yet gold crosses borders easily, while control systems remain essentially national. This asymmetry makes first-purchase control an issue that no country can fully address in isolation.

When one country strengthens first-purchase requirements and its neighbors do not, illicitly sourced gold does not disappear. It tends to move toward the jurisdiction with weaker controls and enter the formal market through that route. The efforts of the country applying stricter controls lose effectiveness as long as a more permissive alternative remains nearby. This dynamic also creates a disincentive for that country: formal trade shifts to another jurisdiction, reducing public revenue, while the socio-environmental harms of illegal extraction and the presence of criminal organizations remain within its territory. A common minimum standard is therefore not harmonization for its own sake. It is the minimum condition needed to prevent one country's controls from being undermined by weaknesses elsewhere.

The common minimum standard does not require all five countries to adopt the same institutional model. Each country can meet the requirements through the instruments most compatible with its own legal and regulatory system. The objective is not to standardize institutional architectures, but to ensure that gold encounters an equivalent threshold of control wherever it attempts to enter the formal market in the region.

The first purchase concentrates much of this control potential at a single stage of the supply chain. Structuring it around a common minimum standard shared by the five countries is one of the most concrete ways to confront, in a coordinated manner, an illicit economy that none of them can address alone.

When one country strengthens first-purchase requirements and its neighbors do not, illicitly sourced gold does not disappear. It tends to move toward the jurisdiction with weaker controls and enter the formal market through that route. The efforts of the country applying stricter controls lose effectiveness as long as a more permissive alternative remains nearby.

About this document

This document is based on comparative research conducted by the Igarapé Institute on the first formal gold purchase in Bolivia, Brazil, Colombia, Ecuador, and Peru. As part of this work, in May 2026, the Igarapé Institute and the Andean Community (CAN) held a technical meeting in Lima that brought together mining, tax, customs, and financial intelligence authorities from the five countries.

The participation of these institutions in the consultation process does not imply their endorsement of the content of this publication: the interpretation of the information, the proposed analytical category, and any errors or omissions are the sole responsibility of the Igarapé Institute. The "formal first purchase," as used in this document, is an analytical category developed by the Igarapé Institute and not a legal concept under the legal frameworks studied.

Endnotes

1. United Nations Office on Drugs and Crime (UNODC, 2023). Colombia: Explotación de oro de aluvión. Evidencias a partir de percepción remota 2022
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4. Amazon Network of Georeferenced Socio-Environmental Information (RAISG, 2020). Amazonía bajo presión
5. In this paper, qualified buyer is a cross-country umbrella term for a buyer that meets the regulatory requirements applicable in its country, whether through authorization, licensing, enrollment, registration, or another national instrument. Country-specific terms are used when describing a particular legal mechanism.

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