MEASURES BEING PURSUED BY THE ZIMBABWEAN GOVERNMENT TO CURB ILLICIT TOBACCO TRADE
Two definitions of illicit trade:

"Illicit trade involves money, goods or value gained from illegal and generally unethical activity"  
WEF Global Agenda Council on Illicit Trade

“It is trade that infringes the rules, the laws, regulations, licenses, taxation system, embargoes and all the procedures that countries use to organize trade, protect their citizens, raise the standard of living and enforce codes of ethics.”

Moises Naim,
Illicit trade is one area which steers internationally organized crimes. For its success there is a high indication of the scourge of corruption. What comes first? Looking at the definitions above, there is high need to nip corruption on the bud but be warned and be prepared for it because if you fight corruption it will fight you back very hard.
Forms of Illicit Trade

- **Contraband** – *genuine products smuggled from abroad*
  Genuine products diverted from the legitimate supply chain and sold in a country different than the intended market of retail sale and without domestic duty paid in that country.

- **Counterfeit** – *fake products appearing to be a genuine brands*
  Products protected by intellectual property rights which are manufactured without authorization from the rights, owners and with the intent to copy the genuine brand to deceive the consumer, also sold without duties being paid.

- **Illicit whites** – *legitimately manufactured brands intentionally sold on the illegal market*
  Brands manufactured legitimately in one country but smuggled into another country to provide consumers with cheap brands, also without duties being paid.

- In the Zimbabwe tobacco case, the most common is contraband
Cigarette Smuggling

- “Illicit Trade in Tobacco is increasing annually making the global fight against tobacco smuggling a customs priority” World Customs Organisation Illicit Trade Report 2013.
- Like what is said above, tobacco smuggling is also growing in Zimbabwe as many seizures and arrests have been made.
# Threats

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The Zimbabwe Government has put various legislation in place with a view of curbing cross border and trans-national organised criminal syndicates which are usually active within and around Zimbabwe’s border areas into other countries.

These laws give mandate to established state agencies like Zimbabwe Revenue Authority (ZIMRA), Zimbabwe National Army (ZNA), Zimbabwe Republic Police (ZRP), Reserve Bank of Zimbabwe (RBZ), National Economic Conduct Inspectorate (NECI) and the President’s Office among other state agents.
The legislation administered by Zimbabwe to curb the illicit trade on tobacco are as follows:

- Finance Act (Chapter 23:04)
- Customs and Excise Act (Chapter 23:02)
- Criminal Law (Codification and Reform) Act (Chapter 9:3)
Location of Ports of Entry and Border Posts

There are currently 15 border posts and 4 international airports at which both Customs and Excise formalities are dealt with.

Tobacco excise accounts for 1% of the Government excise collections. On average USD1.5 million is collected from sale of cigarettes in the local market.

Excise duty is collected on disposals for local consumption and remitted in respect of all exports provided acceptable proof of export is submitted.
Registered players in the Tobacco Industry

- Amidol Services (Pvt) Ltd
- Cutrag Processors (Pvt) Ltd
- BAT Zimbabwe
- Savanna
- Olomide
- Fodya
- Tadnet
- Gold Driven
Some Cigarette manufacturing companies are involved in under hand production and removal of cigarettes to evade excise duty.

They deliberately conceal information relating to their production of some cigarettes.

These type of cigarettes are not packaged under the name of manufacturer and the country of manufacture.

For example brand names they use are Derby, Bradford, Chicago, Dias and Seville’s.
BRANDS

DANGER: SMOKING CAUSES HEART DISEASE

BLUE

DIAS

FINEST VIRGINIA TOBACCO
BRANDS

DANGER: SMOKING IS HARMFUL TO HEALTH

Bradford
King Size-Filter
BRANDS

Tobacco is addictive

CHICAGO

Virginia Blend
BRANDS
These cigarettes are not even declared on export bills of entry.

The information is not recorded in manufacturer’s records.

Concealed Cargo or false declaration on rail wagons, false compartments on buses, motor vehicles and trucks.

Use of canoes, speed boats and human careers across Zambezi and Limpopo rivers including illegal crossing points.

Cross loading of tobacco and cigarettes to avoid detection on the movement of cigarettes to be smuggled.
The country’s border line is in some parts currently porous especially at undesignated crossing points and as such there is a lot of activity at these points with both people and goods being moved into and out of the country.

32 regular illegal crossing points have been identified along the country’s border line as shown on the map below and the Zimbabwe Government has deployed security forces to these areas to put to an end to the scourge.
A consignment of cartons of cigarettes intercepted in Beitbridge Dite area which were being smuggled across the crocodile infested waters of the Limpopo River.
Ready to be carried
Enforcement Efforts

Non– Intrusive Systems (Scanners and K9 Unit)

- In conformance with the WCO’s SAFE Framework of Standards mobile, re-locatable, baggage scanners and K9 dogs have been introduced at Beitbridge Border Post, Plumtree Border Post, Chirundu Border Post, Harare Container Depot, Nyamapanda border post, Forbes border post and Harare International Airport which are the largest and major ports of entry in the country.

- These non-intrusive devices have assisted Zimbabwe in detecting smuggled cigarettes.
Intensifying Tobacco Excise manufacturing stock challenge projects

- Audit exercise covers the accounting for raw materials procurement, production of cigarettes and removals.
- Licensing and inspection of bonded warehouses (inward processing rebate)
- Increasing number of designated crossing points e.g. Mlambaphele and Nxele
- Joint Patrols and road blocks
Enforcement efforts
WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products.

- Though Zimbabwe is not yet a Party to the WHO FCTC, the country strongly supports the convention`s Protocol to Eliminate illicit Trade in tobacco and as a country we welcome countries and companies that are willing to partner us in this fight.

- Adopted by COP5 in Seoul, South Korea (2012).
Border Control and Minerals Unit within ZRP to specifically deal with cross-border crimes
Identification, profiling and monitoring of syndicates and routes—major dealers and couriers
Returns on the outcome of tip offs received
Prosecution of criminals and forfeiture of the goods as well as the equipment used.
Enforcement efforts cont

- Collaboration with the financial sector to identify possible cases of money laundering through illicit trade
- Liaison and joint patrols with neighboring law enforcements.
- Formation of Business Against Crime Units
- Involvement of all the key players – the courts, ZIMRA, EMA and ZRP in the destruction of seized contraband
- Use of technology – cargo tracking system
Unearthed Smuggling Modus Operandi

Railway Station
Unearthed Smuggling Modus Operandi

Railway Station
Unearthed Smuggling Modus Operandi

Container Depot
Unearthed Smuggling Modus Operandi
Unearthed Smuggling Modus Operandi
Industry support

Zimbabwe supports growth of industry through implementation of various tax and customs duty concessions such as:

- **Inward Processing Rebate** – allows export oriented companies to import raw materials duty free for purposes of manufacturing goods strictly for export;

- **Preferential trading arrangements** – allows importation of goods and market access into foreign markets at concessional rates of duty.
The human carriers along the Limpopo river who are paid ZAR 200 per box have now resorted to using inflatable boats to carry their loot across as it has become a source of income.

The cigarette exports from Zimbabwe to the United Arab Emirates and Gabon to mention but a few on transit are being illegally offloaded in South Africa.

Connivance by law enforcement agents on both sides are also contributing to the smuggling of cigarettes.

We do an analysis of the major brands that are being smuggled out of the country.

We are impounding vehicles that are being used by illicit dealers and this includes public transport.
Thank You