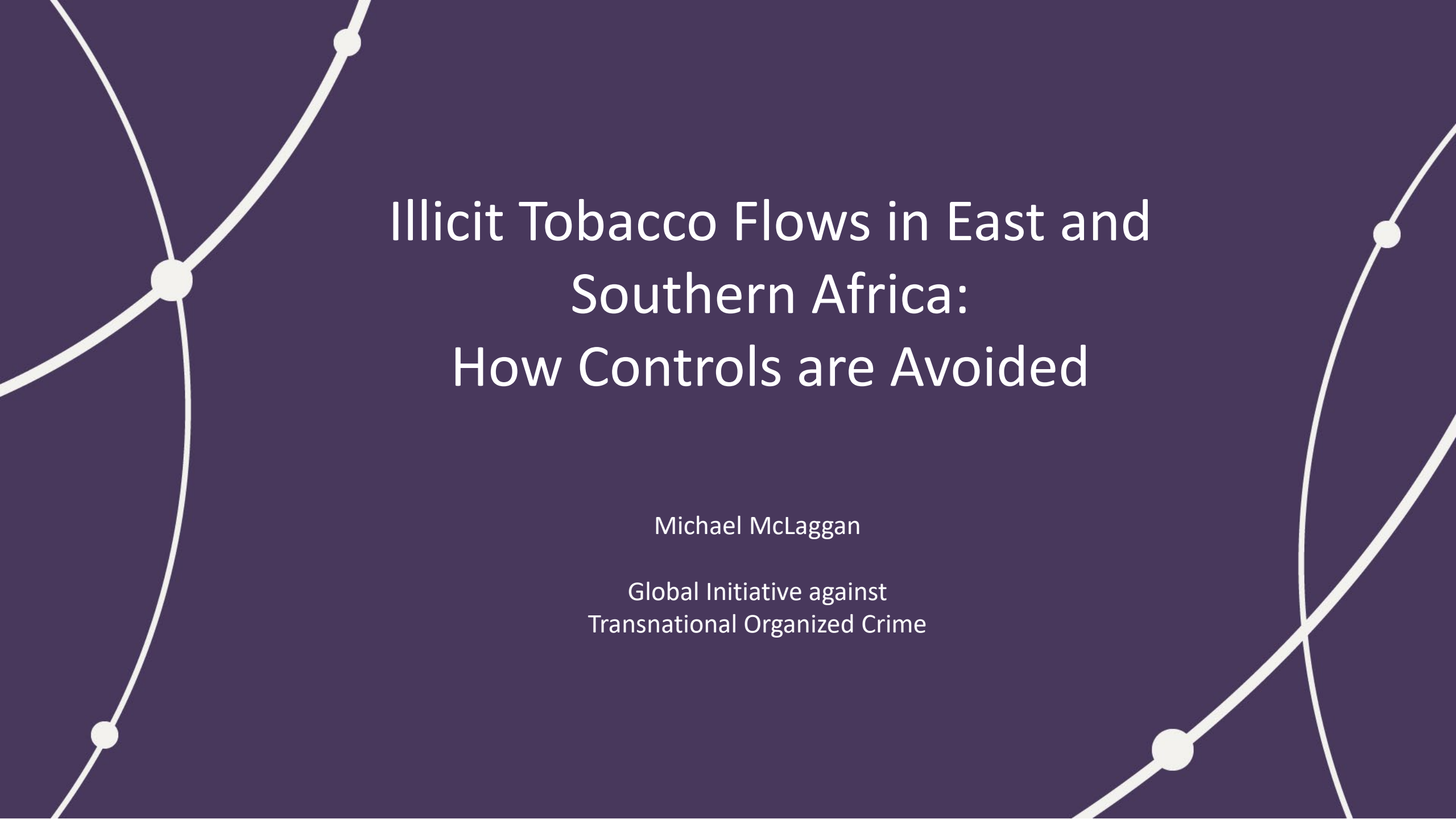




# Illicit Tobacco Flows in East and Southern Africa: How Controls are Avoided

Michael McLaggan

Global Initiative against  
Transnational Organized Crime

# Nature of Flows

## Intrastate:

Products are traded illegally in their country of manufacture and are not moved across borders.  
I.e. 'internal smuggling'.

## Interstate:

Products manufactured in one country are moved across borders and traded illegally in countries other than their country of origin.



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# How is tax evaded/avoided?

- Undeclared Production
- Ghost Exports
- Roundtripping
- Stock 'lost in transit'
- Counterfeiting
- Smuggling products from low tax to high tax jurisdictions



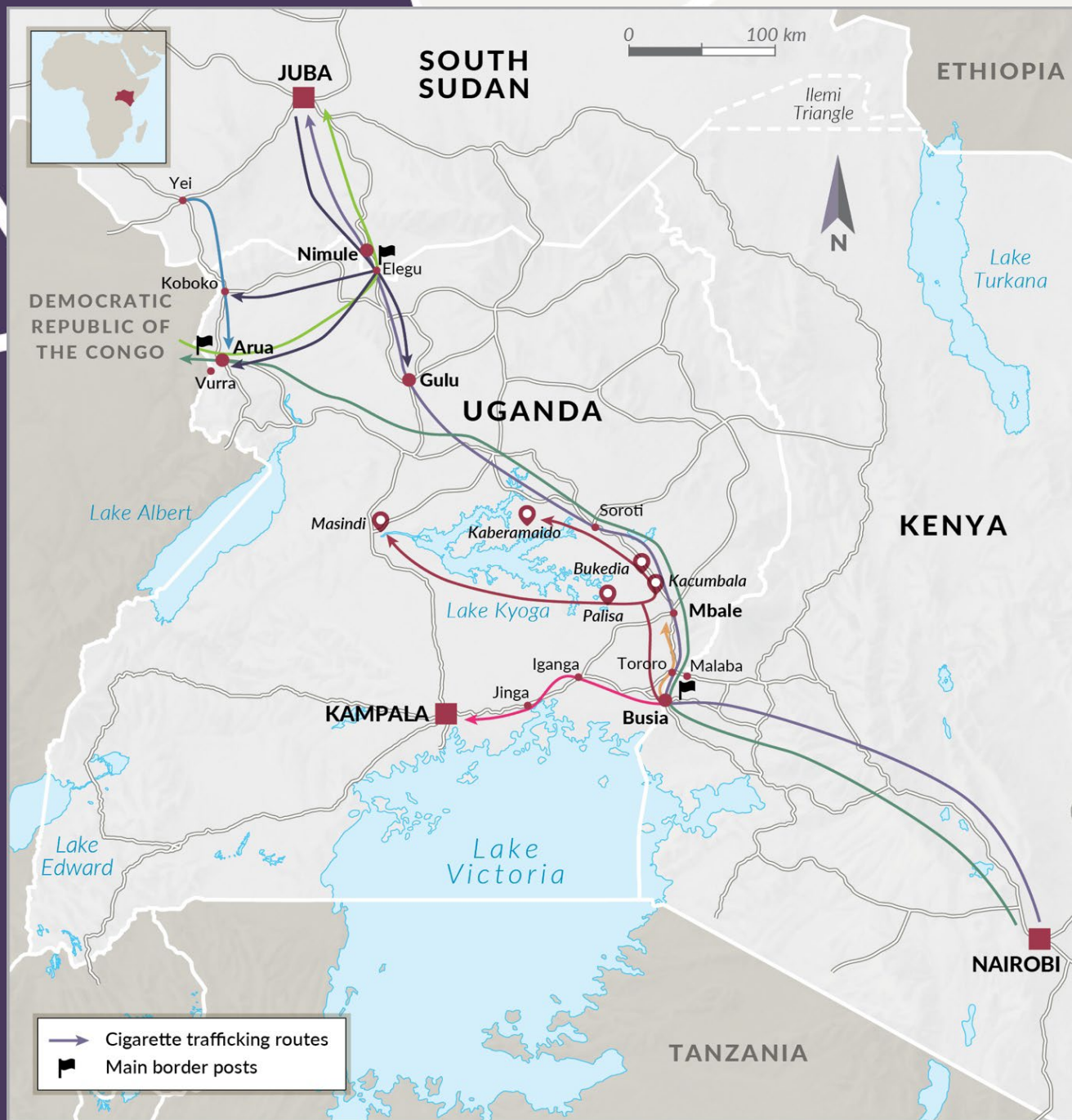
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# Facilitators

- Inadequate legislation and regulations
- Inadequate enforcement mechanisms
- Lack of political will
- Tobacco industry interference
- Corruption amongst customs officials/law enforcement
- Porous borders

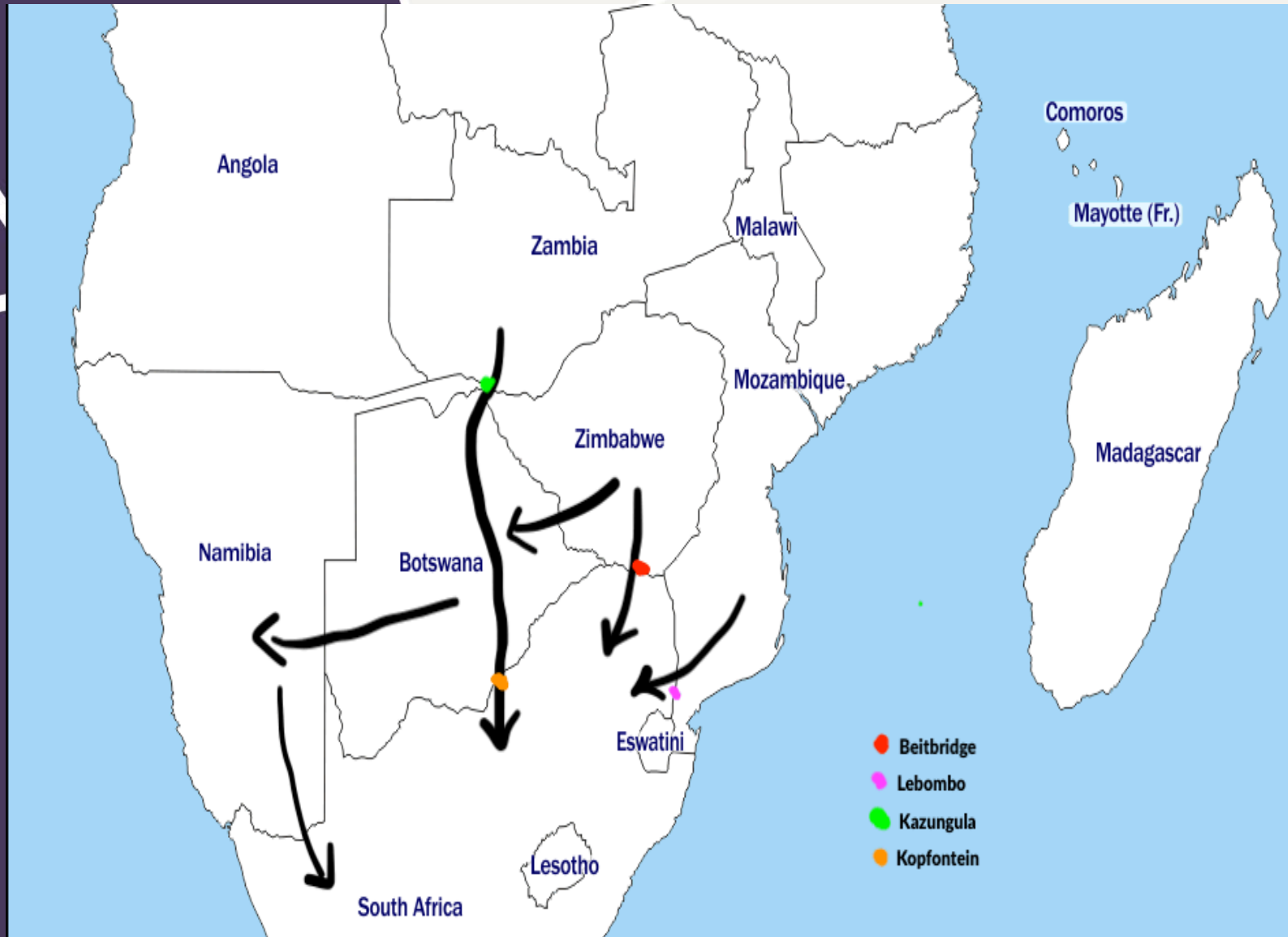


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- Smuggled through border posts and 'panya' routes
- Often concealed amongst other stock or in secret compartments
- Overlaps with other goods
- Bribery of officials common
- Officials sometimes engage in smuggling
- *Leaf Tobacco and Commodities Uganda Limited v Commissioner of Customs, Uganda Revenue Authority & Another* (HCCS 218 of 2012) [2019] UGCommC 7 (21 March 2019)





- South Africa is main destination
- Zimbabwe is a major source
- Products smuggled on foot, in vehicles; trucking companies and customs officials involved
- Most illicit products are produced in South Africa
- South African-manufactured products illicitly traded elsewhere, e.g., Mali, and proceeds facilitate other illicit activity
- Associated money laundering





# Consequences and conclusions

- Threat to public health
- Deprives developing states of revenue
- Overlaps with various illicit economies, including war economies
- Often part of serious organized crime
- Threatens governance and the Rule of Law



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