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SACU

SOUTHERN AFRICAN CUSTOMS UNION

JOINT ENFORCEMENT OPERATION GRYPHON REPORT

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In order to advance work on the, the SACU region participated in the World Customs Organisation (WCO) Operation Gryphon against Illicit trade in tobacco and tobacco products, that was conducted by the WCO from October 2013 and ended on 31 March 2014. The 6 months operation focussed on tobacco, tobacco related products as well as the equipment utilised in manufacture and production of tobacco. All means of transport including, land, sea, and air were targeted, with a particular focus on: ports, airports, dry ports, container vaning, devanning facilities, bonded warehouses, free zones, ship/aircraft stores, mail and express parcel services. Given that tobacco and tobacco products smuggling is a key concern to the SACU region, it was agreed that SACU Member States will participate in this operation collectively. This report therefore shares the outcomes of the operation from SACU's perspective. Operation Gryphon therefore supported SACU's strategic direction, and identified the curbing of illicit trade in tobacco and cigarettes as a focus area. Operation Gryphon for SACU was part of ongoing effort to fight the scourge of illicit trade.

Objectives of the Operation

The strategic objectives of the operation were to:

- Reinforce the commitment of Customs and highlight its role in the end-to-end supply chain management; revenue collection; combating illicit trade and smuggling of tobacco products and equipment.
- Improve consensus and practical co-operation through mutual priorities among the custom administrations, including the enhancement of operational co-operation.

Scope of the Operation

The operation covered various ports of entry in SACU, the selection of the ports were based on Member States strategic importance, previous routes that are known for smuggling and general risk management principles. It is important to note that the operation was designed at the WCO which had defined strategic approach of the operation regarding the ports of entry. All the internal and external ports of entries in SACU were covered by the operation including airports, land borders and seaports.

Summary of findings: Statistics

Tobacco smuggling is one of the largest organised criminal activities in sub-Saharan Africa, estimated to be worth in excess of R5bn in lost tax revenue annually. While it is difficult to measure the extent of illicit trade, it is estimated that approximately 55 per cent of illegal cigarettes in South Africa, originates from Zimbabwe between 30 and 35 per cent which is manufactured in South Africa and the rest originates from Middle Eastern countries.

Table 1: statistical findings

Modes of detections	Number of sticks detected (in master cases)	Customs value of goods (ZAR)	Customs and/or excise duties (ZAR)
Border patrol, roadblocks, surveillance and random checks	5 500	159 312 8008	224 580 261

Source: SACU Secretariat

Remedial Measures

In this operation some arrests were done at Member States and actions were taken by Member States in accordance with their legal requirements. The goods that were seized were also dealt with in accordance with national laws in Member States including destruction of illicit goods.

Lessons learnt

The operation has been able to achieve the objectives as set out in the operational plan.

Key lessons learnt in this operation are:

- Illicit trade is complex and operational methods change daily;
- Measuring the extend of illicit trade is equally complex and requires co-ordinated efforts from all role players such as co-operation with Police who conducted some of the roadblocks with customs in all Member States;
- Key success in law enforcement is centred on information exchange and cross border cooperation;
- Improving operational enforcement for law enforcement will improve risk profiling and targeting;
- Clear and adequate legal framework on offences and equivalent penalties will support proper enforcement actions.

- New concealment methods have been identified and Customs Administrations and other law enforcement agencies need to utilise this information in order to enhance customs controls; and
- Total revenue prejudice amounting to R229 483 358 has been detected.

Conclusion

The following conclusions have been made regarding the illicit trade in the region:

- Illicit trade in SACU is a serious problem requiring continuous strategies and methodologies. At the regional level, Member States are fully committed to the fight against illicit trade. Co-operation with other law enforcement agencies and other role players is part of the SACU wide risk management strategy that is being developed;
- At the national level it is critical that laws and procedures governing the licensing management of these industries are strengthened; and
- Putting in place deterrent legal measures can contribute to the solutions.

SACU region continues to implement operations and strategies jointly in the fight against illicit trade in order to achieve the regional customs policy objective of protecting the regional economy and society. In order to ensure effectiveness of regional efforts, a regional legal instrument has been developed, Annex E to the SACU agreement 2002 on Mutual Administrative Assistance (MAA). The MAA allows customs administrations to share risk information, conduct joint enforcement efforts and allows officials from one Member States to fulfil their enforcement work in the territory of other Member States. This instrument will support the fight against illicit trade in the region. Member States are in the process of ratifying this instrument and are at different stages.

The content of this publication is intended for general information only. While precaution is taken to ensure the accuracy of information, the SACU Secretariat shall not be liable to any person for inaccurate information or opinions contained in this publication. Enquiries related to this publication should be directed to Mr Marcel Ratsiu, E-mail: Marcel.Ratsiu@sacu.int