



# A Regional Perspective of Illicit Trade In Southern Africa



**consumer  
goods council**  
of south africa

**The Deconstruction of the Illicit Economy  
Wanderers Club, 07 September 2018**

# What MCLI hears all the time

*I had to pay a bribe....*

*But otherwise it takes so long.....*

*Everyone is so corrupt.....*

*Everyone does it.....*

*Everyone knows.....*

*They should/shouldn't.....*

*Why doesn't MCLI.....*

# Commonly Known Areas of Corruption

*Vehicle overloading*

*Traffic and driver misdemeanours*

*Smuggling*

*Documentation errors/lack of documentation*

*Manipulation of x-ray images generated by the scanners*

*Trumped up traffic offences to illicit bribes*

*Upward payment targets for customs officials*

*Fuel discharged before reaching stated transit destination*

*Fuel payments being made in South Africa for fuel purchased in Mozambique*

*Runners at Immigration paid to avoid standing in queues*

*Under declaration of goods values*

*Non declaration of goods*



# Impact

*Inefficiency and reduced competitiveness*

*Lack of predictability (Reliability, Predictability, Efficiency)*

*Hampers trade and supply chain viability*

*Loss of credibility*

*Increases inequality*

*Dramatically reduced sustainability of businesses (especially small to medium enterprises)*

*Dramatically negative impact on economies*

*Increases cost of goods and services*

*Discourages FDI*

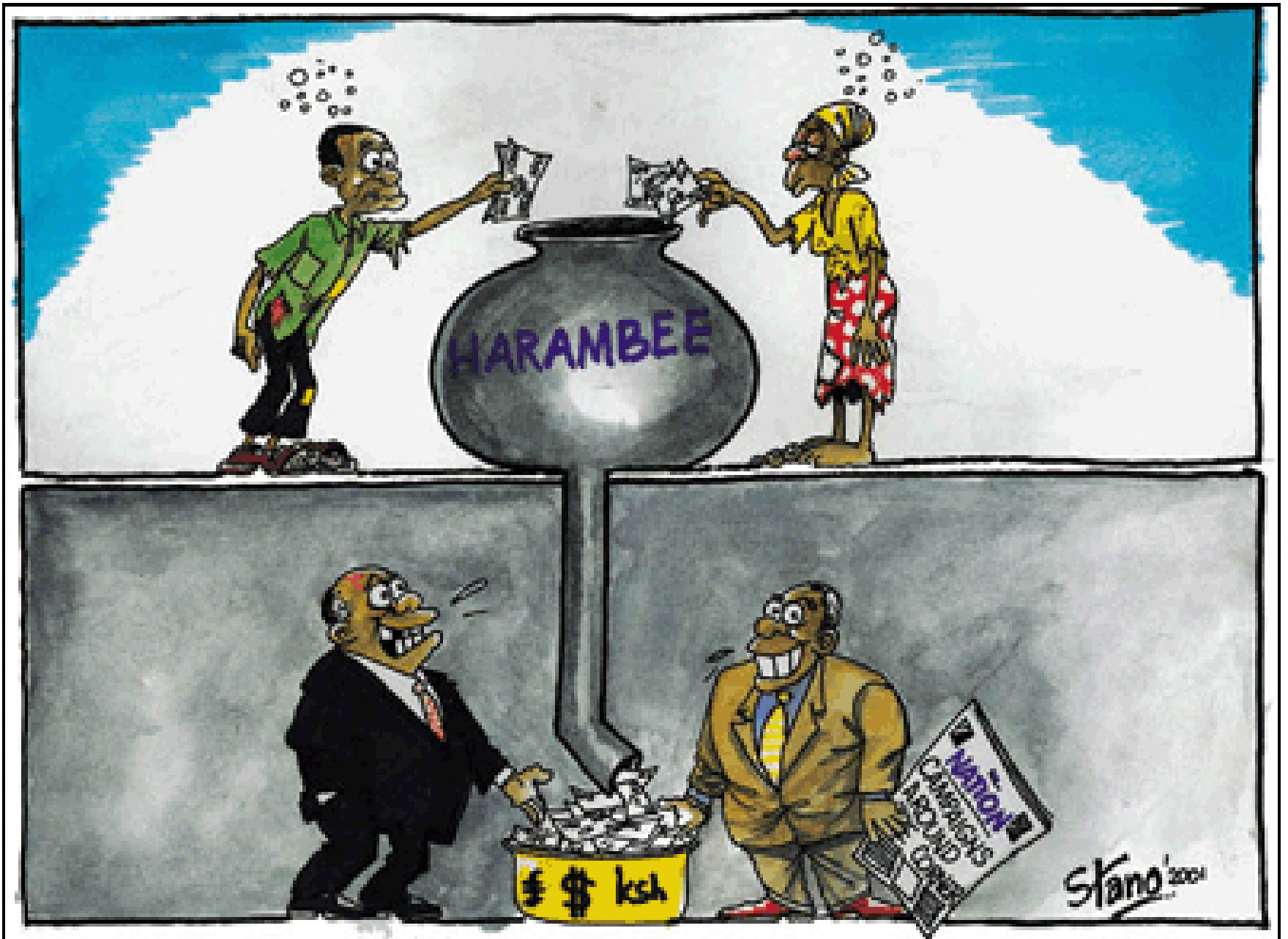
*Weakens institutions*

*Erodes tax revenues*

*Reduces development activities*

*“Corruption can impose significant costs on the economy. Svensson (2003) and Fisman and Svensson (2007) find evidence that corrupt bureaucrats’ price discriminates in determining access to public services and that a **1 percentage point increase in bribery rates reduces firm growth by 3 percentage points.**”*

Sequeira 2010



*“In too many countries, people are deprived of their most basic needs and go to bed hungry every night because of corruption, while the powerful and corrupt enjoy lavish lifestyles with impunity.”*

– José Ugaz, Chair : Transparency International









**Thank you**

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