

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR ORAL REPLY
QUESTION NUMBER 99 (CO713E)**

DATE OF PUBLICATION: 24 OCTOBER 2012

MR SS MAZOSIWE (ANC-EC) TO ASK THE MINISTER OF FINANCE:

QUESTION:

Whether (a) campaigns and (b) strategies to eradicate (i) customs fraud, (ii) illegal imports and (iii) products that do not meet the mandatory standards have yielded any success; if not, (aa) why not and (bb) how will his department address this matter; if so, what are the relevant details?

CO713E

REPLY:

SARS's mandate is to provide a Customs services that will maximise revenue collection, protect our border, facilitate trade and stop prohibited goods from entering South Africa and harming our people and economy.

Facilitating trade is about speeding up the movement of goods in and out of South Africa with the ultimate goal being the seamless, uninterrupted access to global markets by local manufacturers. Protecting our borders from unwanted and illicit goods, on the other hand, is about control and enforcement. It requires checking and verification – often physically.

On the enforcement side, the introduction of improved risk analysis process as part of the Customs Modernisation Programme since 2009 has provided

more accurate targeting of illicit goods as reflected in the following statistics (as per the SARS Annual Report 2011/12) for the 2001/12 financial year:

- An improvement in the accuracy of audits with a 59% success rate achieved on invalid tariff or valuations and a 57% success rate on customs storage and manufacturing warehouse audits
- The successful interventions in illicit trade resulted in a total of over 25 000 seizures with a value of R2.6 billion including:
 - Over 75 000 master cases of illicit cigarettes worth almost R280 million
 - Nearly 3000 narcotics seizures worth R200 million
 - 35 seizures of protected wildlife products under CITES such as rhino horn worth almost R60 million; and
 - Over 7 million items of clothing and textiles worth more than R1 billion

Recent high profile seizures have included the following successful interventions during October 2012:

- On 26 October, random inspections were conducted at the Mail Centre (Export Section). A parcel from Buenos Aires via RSA to Maputo was intercepted and inspected to verify the contents. Upon inspection clothing with a strong odour of vinegar covered in yellow stains was found. The team immediately summoned a narcotics dog to confirm the suspicion due to the odour and an abnormal weight of such clothing. The dog (April) gave a positive indication for narcotics. A drug test was thereafter done which tested positive for liquid cocaine. It was confirmed that the clothing was soaked in liquid cocaine. The drugs weighed 600g valued at R163, 260. The goods have been handed over to SAPS for further investigation.
- On the same day the SARS Customs team at a Border Post received information from the Crime Intelligence unit regarding a truck carrying illicit cigarettes. An operation was established to search all trucks passing through the border. One truck was empty however upon thorough inspection it was discovered that it had false compartments in which 3 450 cartons of various cigarettes were concealed. The cigarettes with an estimated value of R445 050 were seized; the vehicle detained and the driver was handed over to the Tom Burke SAPS.

- Also on 26 October the SARS Customs team at another Border Post was conducting routine vehicle inspections when a car was stopped and the driver was asked to open the boot, however he was reluctant to do so. A thorough inspection was conducted on the vehicle and 790 packets of cigarettes were found concealed in the door panels, the dashboard, inside the front head lights and in the engine area. The cigarettes with an estimated value of R55 600 were seized, the vehicle detained and the driver was handed over to SAPS.
- A male passenger who had arrived in the country on a flight from Sao Paulo in Brazil was identified for further customs checks by the SARS Customs team at OR Tambo International Airport. At the Customs search area, the bags were inspected and the laptop was found to be concealing a substance thought to be cocaine. A SARS Drug Detector dog, Monty, was used for confirmation, and reacted positively for drugs. The substance was confirmed to be 3kg of cocaine, valued at around R1.5 million. The passenger was handed over to the SAPS for further investigation.
- A foreign male from a flight from Buenos Aires was intercepted. The passenger was questioned and his luggage was searched, upon closer inspection of his luggage a black rubbery substance was detected with a strong chemical odour. The substance was tested and it was positive for cocaine. The black cocaine (also known as Coca Negra) was found concealed in the lining of three men's jackets; in the soles of two pairs of sandals as well as in the lining of a duvet found in his luggage. The black cocaine weighed approximately 10.94kg with a street value of R5, 5 million. The passenger was handed over to SAPS for further investigation.
- On 10 October, the SARS Customs team at Beit Bridge Border Post seized around R3 million in smuggled cigarettes which had been concealed in a fuel tanker crossing the border. 500 master cases of cigarettes (around 25 000 cartons in total) were concealed in a fuel tanker and its trailer, which had been cut open, filled to almost 90% with the cigarettes, resealed, welded shut and repainted before proceeding to the Border Post. The tanks were crossing as

“empty”, and had been fitted with false compartments around the top access hatch, which meant that a “dipstick test” would have indicated an empty tanker.

The Customs Modernisation Programme is also having significant impact on trade facilitation for legitimate goods. The latest World Bank “Doing Business” Report 2013, published on 23 October 2012, lists South Africa as the country which has improved the most in ease of trading across borders.

The report says:

“In 2011/12 South Africa improved the most in the ease of trading across borders as measured by *Doing Business*. Through its customs modernization program it implemented measures that reduced the time, cost and documents required for international trade. Improvements in South Africa have effects throughout southern Africa. Since overseas goods to and from Botswana, Lesotho, Swaziland and Zimbabwe transit through South Africa, traders in these economies are also enjoying the benefits.”

The report notes that overall South Africa improved the average time to import from 32 days in 2011 to 23 days in 2012 with significant improvements in document preparation (14 day to 7 days) and customs clearance (4 day to 2 days).