



ON A JOURNEY TO A SAFER SOUTH AFRICA

SOUTH AFRICAN POLICE SERVICE

Combating the Illicit Cigarette Trade in South Africa

Portfolio Committee on Health

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STRATEGIC CONTEXT

- **National Priority:** The illicit cigarette trade is a significant threat to South Africa's economy, public health, and national security. It undermines legitimate businesses, erodes tax revenue, and finances organised crime.
- **Pandemic-Driven Expansion:** COVID-19 restrictions created market disruptions that were exploited by criminal networks to entrench illicit tobacco operations.
- **Integrated Response Required:** SAPS, DPCI, and other agencies are implementing a coordinated, intelligence-led, and enforcement-driven strategy to dismantle these networks.

THREAT LANDSCAPE

- **Source & Entry Points:** Illicit cigarettes are primarily smuggled from Zimbabwe, Mozambique, and Botswana through compromised border points such as Beitbridge, Lebombo, and Skilpadshek.
- **Distribution Networks:** Informal retail outlets, especially spaza shops operated by foreign nationals, serve as key distribution hubs. These networks are supported by covert manufacturing, warehousing, and transport systems.
- **Modus Operandi:**
 - Smuggling through borders
 - Misdeclaration and under-declaration of goods
 - Counterfeiting and round-tripping (in-transit diversion)
- **Criminal Syndicates:** The trade is structured across five levels, from financiers and manufacturers to smugglers, distributors, dealers, and consumers. It is linked to broader criminal activities including drug trafficking, human smuggling, and money laundering.
- **Enabling Factors:** Corruption, weak border infrastructure, low penalties, and socio-economic vulnerabilities facilitate the persistence of this trade.

STRATEGIC IMPACT

- **Economic Loss:** SARS estimates billions lost annually in excise and VAT revenue. Legitimate manufacturers face downsizing, threatening jobs and investment.
- **Public Health Risks:** Unregulated cigarettes are cheaper and more accessible, especially to youth, undermining tobacco control efforts and increasing health burdens.
- **Security Threats:** The trade finances organised crime, contributes to illicit financial flows, and is associated with violence, assassinations, and corruption.

LEGAL FRAMEWORK

- Customs and Excise Act, 1964
- Tobacco Products Control Act, 1993
- Prevention of Organised Crime Act, 1998
- Prevention and Combating of Corrupt Activities Act, 2004
- SAPS Act, 1995
- Counterfeit Goods Act, 1997
- Tobacco Products and Electronic Delivery Systems Control Bill [B33–2022] (pending)

STRATEGIC INTERVENTIONS

- **Intelligence-Led Measures**

- **Syndicate Mapping:** Identification of key players, routes, and hotspots through intelligence reports.
- **Financial Tracing:** Collaboration with the Financial Intelligence Centre (FIC) to track illicit financial flows and support asset forfeiture.
- **Targeted Operations:** Intelligence pinpoints key locations, warehouses, retail outlets, and transport routes, for focused enforcement.

STRATEGIC INTERVENTIONS

- **Enforcement Measures**

- **Operation Shanela II:** National integrated operations coordinated by NATJOINTS, targeting cross-border smuggling and organised crime during high-risk periods.
- **Border Policing:** Weekly crime prevention operations at all 71 ports of entry, profiling high-risk cargo and vehicles.
- **Technology Deployment:** Use of CCTV, drones, and automated number plate recognition to monitor smuggling routes.
- **Community Engagement:** Awareness campaigns and the Eyes and Ears (E2) initiative leverage private security and community structures for intelligence gathering.

- **Investigative Measures**

- Multi-disciplinary, prosecutor-guided investigations.
- Disruptive operations targeting criminal business systems.
- Seizure of illicit products and instrumentalities (vehicles, warehouses). Enforcement of laws prohibiting illicit trade.

COLLABORATIONS

- **Inter-Agency Coordination:** SAPS works with SARS, SANDF, Border Management Authority (BMA), NPA, AFU, and Department of Health.
- **International Engagements:** Bilateral and trilateral operations with SADC countries and Interpol enhance cross-border intelligence and enforcement.
- **Industry Partnerships:** Engagements with tobacco, liquor, and textile associations support operational planning and brand protection.

OPERATIONAL SUCCESSES

- **Crime Intelligence Highlights:**

- Seizures worth R 14 million at Beitbridge.
- Arrests of SANDF members and foreign nationals involved in smuggling.
- Disruption of distribution networks in Gauteng, Free State, and Northern Cape.

- **Visible Policing Achievements (April–Sept 2025):**

- 46 248 packs and 2 427 cartons seized during border operations (R 2.9 million).
- 34.5 million cigarette sticks seized in broader operations (R 86 million estimated value).
- 28 cross-border operations conducted annually.

- **DPCI Impact (April 2024 – Sept 2025)**

- 48 cases investigated
- 68 arrests made
- 17 convictions secured
- 50 vehicles seized (trucks, SUVs, LDVs, sedans, horse & trailers)
- R 15.1 million in forfeiture orders granted via AFU

SIGNIFICANT CONVICTIONS

- **Ficksburg CAS 447/4/2022:** Indian national convicted for fraud and customs contravention; R 1.6 million in illicit cigarettes seized; sentenced to R 150 000 fine or 5 years imprisonment.
- **Welkom CAS 568/9/2023:** Pakistani national convicted for transporting 86 master cases of illicit cigarettes worth R 900 000; sentenced to R50 000 fine or 60 months imprisonment.

CHALLENGES UNDERMINING ENFORCEMENT AND DETERRENCE

- **Inconsistent Sentencing and Weak Penalties**

- Illicit cigarette cases often result in withdrawals or suspended sentences, failing to deter repeat offenders.
- Offences related to illicit tobacco trade lack stringent minimum sentencing guidelines.

- **Gaps in Customs and Excise Enforcement**

- Under-declaration and misdeclaration of cigarette production and imports are not adequately monitored.
- Round-tripping loopholes (in-transit diversion) are exploited due to weak tracking mechanisms.

- **Lack of Real-Time Traceability Systems**

- Absence of electronic counting and track-and-trace technologies for cigarette production and distribution.
- No mandatory digital audit trail from manufacturer to point-of-sale.

CHALLENGES

- Limited capacity, funding, and access to advanced detection technologies.
- Inadequate border infrastructure and porous fencing.
- Inconsistent penalties.
- Rapid distribution via informal networks.
- Need for improved intelligence at ports of entry.

STRATEGIC RECOMMENDATIONS

- **Strengthen Collaboration:** Enhance coordination across departments and agencies, including joint operations and intelligence sharing.
- **Expand Enforcement Capacity:** Deploy specialised teams at key borders, urban hotspots, and suspected manufacturing sites.
- **Invest in Technology:** Implement track-and-trace systems, electronic cigarette counting, and advanced surveillance tools.
- **Legislative Reform:** Support amendments to streamline enforcement and introduce stricter penalties for illicit trade.
- **Target Syndicate Leadership:** Focus on dismantling criminal networks by pursuing financiers and manufacturers through undercover and financial investigations
- **Enhance Training:** Build capacity for identifying counterfeit and illicit goods across enforcement agencies.

POTENTIAL ADVANTAGES OF THE TOBACCO PRODUCTS CONTROL BILL FOR POLICING

- **Clearer Offences and Definitions**

- The Bill introduces explicit offences related to advertising, packaging, labelling, and sales, which will strengthen legal grounds for enforcement.
- Definitions of “relevant” and “related” products (e.g., tobacco devices, electronic nicotine delivery systems) help close loopholes exploited by syndicates.

- **Standardised Packaging and Labelling**

- Mandated uniform packaging and health warnings will make it easier for SAPS and DPCI to identify counterfeit and illicit products during inspections and seizures.

- **Enhanced Control Over Sales and Distribution**

- Prohibitions on vending machines, online sales, and sales to minors provide clear enforcement triggers for SAPS and community policing structures.
- Restrictions on sales near schools and health establishments support proactive policing and community safety.

POTENTIAL ADVANTAGES OF THE TOBACCO PRODUCTS CONTROL BILL FOR POLICING

- **Ministerial Oversight and Disclosure Requirements**

- The requirement for manufacturers and importers to disclose production and import volumes to the Minister enhances intelligence gathering and supports financial investigations by DPCI and FIC.

POTENTIAL DISADVANTAGES AND ENFORCEMENT CHALLENGES

- **Enforcement Burden on SAPS and DPCI**

- The Bill introduces numerous new offences, which may strain investigative and prosecutorial capacity, especially in under-resourced areas.

- **Technology and Infrastructure Gaps**

- Effective enforcement of manufacturing, packaging and labelling provisions will require advanced detection tools, real-time databases, and training, which are currently limited.

- **Risk of Informal Market Expansion**

- Restrictions on advertising and display may push sales further underground, complicating intelligence gathering and community-based enforcement.

POTENTIAL DISADVANTAGES AND ENFORCEMENT CHALLENGES

- **Border Enforcement Complexity**

- Provisions requiring import compliance via designated ports may be undermined by porous borders, corruption, and lack of integrated customs systems, as highlighted in all three presentations.

- **Legislative Overlap and Coordination**

- The Bill creates the potential for intersection with multiple existing laws (e.g., Customs and Excise Act, PRECCA), requiring harmonisation to avoid jurisdictional confusion and enforcement delays.

CONCLUSION

A coordinated, intelligence-led, and enforcement-driven approach, supported by legislative reform and inter-agency collaboration, is essential to safeguard South Africa's economic and public health interests and to dismantle the criminal networks driving the illicit cigarette trade.

Thank You