

### **TRACIT calls for improved measures to combat illicit trade in South Africa**

- Country's economy and citizens threatened by illicit trade.
- TRACIT urges "whole of government" approach, increased penalties and enforcement, cooperation with private sector.

**New York, 16 February 2023** – A new study by the Transnational Alliance to Combat Illicit Trade (TRACIT) shows that illicit trade is one of the biggest threats to stability and economic growth in South Africa. While the country has taken steps under President Cyril Ramaphosa to root out illegal trade and associated activities like corruption and money laundering, the scope and depth of the illicit economy poses a significant threat to the health and wellbeing of South African citizens and a persistent drain on the overall economy.

*"It is critical that the South African Government prioritizes efforts to combat illicit trade and the underlying conditions that facilitate it," said TRACIT Director of Programs Louis Bonnier. "Left unaddressed, illicit trade and its associated criminal activities will continue to rob the government of essential tax revenue and deter investments in the country."*

The TRACIT study examines challenges the country faces with illicit trade on multiple fronts, including grappling with the harmful effects of illicit alcohol, cigarettes, fishing, and mining, as well as lucrative markets for counterfeit electronics, pharmaceuticals, food, and apparel.

In providing an update on longstanding structural challenges, the report underscores how recent inflationary pressures, high levels of unemployment, widespread corruption, sophisticated organized crime networks and lingering effects from the COVID-19 pandemic have turbo charged the illicit economy.

*"The COVID-19 pandemic provided wide opportunities for illicit traders to adjust and expand their operations during a time when government-imposed lockdowns, bans and other restrictions disrupted legal markets and created shortages," said TRACIT Director-General Jeffrey Hardy. "For South Africa to restart and grow its economy, it must formulate policies and implement programs that deter and preclude illicit traders from consolidating roots in the post-pandemic economy."*

To encourage an effective policy response to illicit trade, the TRACIT report [\*Organized Crime, Corruption and Illicit Trade: Spotlight on South Africa\*](#) calls for strengthening interagency and inter-departmental cooperation between South African law enforcement agencies; strengthening criminal penalties; appointing an Interagency Anti-Illicit Trade Coordinator; ramping up implementation of enforcement measures; and increasing transparency and cooperation between the public and private sector to improve enforcement actions.

## **About TRACIT**

The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, private sector initiative to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade.

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