

WAR, CONFLICT AND ORGANISED CRIME

Mozambique Country Presentation

22 – 23 March 2005

SAIIA

Background

- Population of approx 16 million
- 70% below poverty line
- Important corridor with Southern Africa access to markets in Indian Ocean Rim and South East Asia
- Borders with Malawi, Zimbabwe, Tanzania, Swaziland, South Africa
- Six harbors and ports, 17 air fields

History of conflict in Mozambique

- Portuguese colonial history
- 1962 Frelimo established –liberation war against Portuguese
- 1975 Mozambique independence
- 1977 Renamo formed- backing from Portuguese, Zimbabweans and South Africans
- Civil war starts. Estimated 1 million killed & economy devastated (\$20 billion in damages)
- 1987 Economic transition to free market economy
- 1992 Peace Accord signed, under UN supervision
- 1994 Multi-party elections held- Frelimo won polls.

OC pre- Independence

- “Port” Economy- reliant on agriculture and services (shipping)
- Peddling in influence & contraband trade in commodities
- At independence- banks facilitated capital flight by Portuguese through direct transfers and payment for fictitious goods. 90% of Portuguese left the country at independence.

.

OC during the Conflict

Levels of organised crime relatively low.

Main types of crime involved:

- Illicit trade in ivory
- Black market trade in commodities
- In 1980's the trade in mandrax began to emerge -Mozambique transit route for mandrax to South Africa
- 1980- large amounts of money in circulation in hands of speculators. Government printed money to finance war fuelled black market ('cadonga').
- No separation between treasury and banking system – relied on honesty of individual government officials

Networks involved in OC

There were essentially two types of networks involved in this organised crime:

- Renamo and South Africans were involved in ivory trade
- People who have been described as being of Pakistani origin dominated both the black market trade and the Mandrax trade.

Factors Contributing to OC

Factors which influenced organised crime:

- The lack of accountability during conflict and opportunities created
- The shortages in consumer goods
- The emerging market for mandrax in South Africa

Post Conflict Mozambique

- Demobilisation and Demilitarisation
- Privatisation processes
- Investment required
- Rebuilding Infrastructure
- Multi-party System

Current OC in Mozambique

Dramatic increasing in OC in post conflict:

- Drug Trafficking
 - increase in mandrax
 - trade in hashish and heroine
 - trade in cocaine

Growing local market but majority in transit to Europe and South Africa.

Current OC

- Money laundering

Money laundered through:

- Banks and exchange houses
- Casinos and hotels
- Shops selling luxury items
- Tourism
- Hard cash carried out of the country

Current OC

- Bank Fraud

After 1992 more than \$400 million siphoned out of just two banks. Banks forced to close and people assassinated. Bank fraud includes:

- Loans issued and never repaid
- Theft of money in accounts
- Money laundering
- Illegal Foreign exchange deals

Current OC

- Trade in stolen and hijacked vehicle

Trade involves selling vehicles within Mozambique and vehicles in transit through Mozambique to countries in Africa. Also cases of vehicles acquired in Mozambique sent to SA for sale. The source of these vehicles include:

- vehicles hijacked in Mozambique
- vehicles stolen in Mozambique
- vehicles hijacked in South Africa
- vehicles stolen in South Africa

Current OC

- Smuggling and Counterfeit goods

Goods smuggled through borderline and ports.

Smuggling involves:

- Goods hijacked and stolen in South Africa
- Sugar and cigarettes from Zimbabwe
- Counterfeit Cigarettes
- Sugar, flour, oil, alcoholic beverages and other beverages

Smuggling through ports often involves round tripping or false and under declaration

Current OC

- Trafficking in humans and in body parts

Increase in human trafficking involving women and children. Main market is S A, some destined for European markets. Also reports from Police of trafficking in body parts in Xai-Xai and Nampula

- Environmental crime

Involves, the pillage of marine life (over-fishing). Small scale exploitation of precious stones in North

Current OC

- Killers for hire

At least two known groups of people who hire themselves out for assassinations - both operate in Maputo

- AFF scams

Increase in number of AFF scams mainly 'Black Dollar'. Most go unreported

OC Networks

Networks operating involve indigenous and transnational groups- increasingly overlap

Pakistani networks

Involved in illicit drug trade, killers for hire, bank fraud, peddling in influence and money laundering.

OC Networks

- Portuguese and European Networks

These networks are involved in environmental crime, small scale drug trafficking and smuggling in good particularly cigarettes

- Nigerian, Tanzanian and Senegalese Networks

Involved in AFF scams, smuggling, drug trafficking and stolen vehicles

OC networks

- Chinese networks

Emerging network, some linked to SA Networks.

- S A networks

Historical relationship with Mozambique. Involved in, environmental exploitation, peddling in influence and some aspects of the mandrax trade.

- Lebanese Networks

Dominate the illegal importation of goods trade

OC Networks

- Latin American Networks

Historical link with Mozambique, focus mainly on drug trafficking

- SADC Networks

Involve people from South Africa, Mozambique and often third or fourth countries such as Swaziland, Zimbabwean. Can include non-SADC countries like Tanzania. Dominate the illicit trade in vehicles

OC Networks

- Portuguese

SA and European based. Involved in drugs, smuggling, peddling in influence and environmental

- European

Both Western and Eastern European. Similar crimes to Portuguese

Past & current OC networks

Some networks historically operated - types of crimes adapted to new conditions and circumstances

Networks include:

- Portuguese
- Pakistani
- South African
- SADC

Factors contributing to current OC

- Mozambique's colonial legacy
- Legacy of the conflict
- Transformation of the economic system
- High levels of corruption
- Weaknesses in the criminal justice system
e.g. outdated legislation & lack of resources
- Strategic location of Mozambique

Factors Contributing to OC

- Global expansion of OC
- Proximity to South Africa
- Poverty and lack of opportunities
- Porous borders and borderline
- Development initiatives
- Transition to democracy
- Large informal sector

Impact of OC

In the short term the levels of OC may appear to benefit the economy. In the long term it has serious implications

- Stifle local development
- Proceeds of crime externalized
- Proliferation of corruption
- Non-taxable income
- Stability problems

Existing Systems to counter OC

- 1992- police begin to establish national presence
- 2001- Money Laundering Bill
- Joint SA - Mozambique initiative
- Crown Agency
- Anti- Corruption Commission
- Moratorium on Exchange Bureau