

# WAR, CONFLICT AND ORGANISED CRIME

## Zimbabwe Country Presentation

22-23 March 2005

SAIIA

# Background

- Landlocked country - borders with South Africa, Zambia, Botswana & Mozambique
- Population- 12 million
- Achieved independence in 1980 after liberation war against white minority regime- ZANU-PF won elections.
- Political crisis with the emergence of opposition MDC & allegations of rigged elections
- Controversial land reform programme
- Economic crisis- GDP declined by 30% (IMF), 80% live on less than \$1 per day. Inflation soared.

# Summary

- During liberation war- then Rhodesia under UN sanctions- legitimate companies and criminals involved in sanctions busting
- Contraband smuggling e.g. cigarettes and sugar always existed.
- Late 80s-90s - Drug trafficking- linked to events in SA
- OC escalated since political and economic crisis. Black market economy -criminalised ordinary people.
- Armed or violent hijackings increased since 1999/2000. Regional syndicates may be involved.
- Smuggling to all neighbouring countries increased.

# Organised crime 1970s

- **Sanctions busting and smuggling**
- Legitimate businesses and criminals involved in sanctions busting with government support.
- John Bredenkamp & Casalee- “tobacco merchant” and then arms dealer. Back to Zimbabwe after established relationship with new political elite. Alleged to have assisted in obtaining parts for Zimbabwe air fleet.
- Cigarette and other commodity smuggling has always occurred.

# Organised crime

## 1980-1990s

- OC during this period relatively low.
- Professional police service and independent judiciary.
- Incidence of corruption e.g. Willowgate saga, ZANU-PF involved in setting up private companies (no audits), allegations of bribes for tenders.
- Zimbabwean troops to DRC- Zimbabwean companies given mineral and timber concessions in return for support. High-ranking army members-supplying goods and equipment for personal enrichment. Minister of Finance has not accounted for any revenue obtained in DRC.

# Organised crime in 1980s

- **Mandrax**
- 1980s- Mandrax trade emerged in SA. Zimbabwe used as a transit route for drug from Zambia and Asia. Pakistani and other Asians- factories manufacturing drug established in Zambia & Moz and locals became more involved

# Organised crime

## 1990s

- **West African drug trafficking networks**
- 1990s- WA started to establish themselves in Zimbabwe. Export of cannabis and import of cocaine & heroin for SA. (ISS study 2000). Zimbabwe police more effective in countering threat.

### **Smuggling in cigarettes and other commodities continues**

- Billy Rautenbach- alleged “round tripping” - sent trucks with non-existent goods- avoid duties and sell goods in SA.

# Organised crime

## 1990s

- **Car hijacking syndicates**
- 1990s-Network structure involved in more than 1 country. Corresponds to emergence of similar phenomenon in SA. 'Runner' does not know other members. Paid per value of car e.g. Hijacker - R1000, dealer R5000). Obtain legitimate paperwork. SA Customs official - R700-R5000 per car.
- Zimbabwe is a depot for stolen cars going to other countries. Cars sold in Zim or used for spare parts.
- Increasingly violent- more guns used.



# Conflict and organised crime 1999- 2005

- OC has increased in period of political and economic crisis. Bolstering economy on verge of collapse.
- Contraction of economy and isolation of Zimbabwe- scarcity in consumer goods and foreign currency.
- Exacerbated by government policies
- Price controls (producers sell on black market). Official exchange rate is artificial (businesses cant import inputs at realistic prices, consumers hedge against inflation reaching 200-600%). Government itself sourcing currency in black market.
- Decline of independent judiciary and police.

# Organised crime 1999-2005

- **Black market**
- Flourishing black market trade - currency, fuel, medicines and food. Price controls and artificial dual exchange rate facilitated trade.
- **Currency**
- OC groups involved in black market forex exchange (“Compressors”) & informal traders. Change foreign currency for Zim dollars at black market rate, contacts in bank that change back into foreign currency at official rate.
- Zim officials at borders involved in illegal forex exchange.

# Organised crime

## 1999-2005

- Auction system introduced- businesses allowed to trade 25% on govt auction, 25% through official channels and 50% could remain in business accounts. Black market rate is 30 x higher.
- **Fuel**
- Fuel at official prices- \$1500pl, black market \$3-4000.
- Petrol dealers and syndicates selling on black market. Includes Members of Parliament. Fuel importers involved in bogus transactions- currency fraud. NOCZIM sold on black market and sourced fuel at above market price for kick backs to officials.
- SA (Thatcher) selling diesel in Zimbabwe.

# Organised crime 1999-2005

- **Medicines**
- State medicines from SA and Botswana sold in Zim on black market e.g. ARVs (bought for \$70 -120 000, sold \$600-700 000).
- **Food**
- Black market in food including maize. Govt has criminalised possession of maize. Youth militia and MPs, GMB executives allegedly involved in selling GMB supplies and food aid at inflated prices. Govt officials accused of diverting maize seed to export market.

# Organised crime 1999-2005

- **Advance fee fraud (419s) and scams**
- Increased with scarcity and demand for foreign currency.
- Counterfeit scams involve fake money or seeds. Fake US dollars in circulation.
- Money changers duped with genuine bank notes on top and blank paper below.
- Black dollar scams.

# Organised crime 1999-2005

- **Banking and financial fraud**
- Banking liquidity crisis- Troubled bank fund
- Senior bank, business and government officials implicated in fraud
  - No records of deposits or embezzlement of govt funds
  - Speculative investments in vehicles, houses
  - Externalising foreign currency
  - Charged under Prevention of Corruption Act, perceived as targeting business people close to opposition or covering tracks of others involved.

# Organised crime 1999-2005

- **Human trafficking**
- Guma Guma (Zim) smuggle all nationalities through To SA. Pakistani nationals fly to Harare and smuggled through BB (\$500). Locals pay R1-500. One third of Zim left. Zim police charge illegal \$25 000 at BB police station. Highly organised network-recruited by other OC syndicates.
- **Cigarette smuggling (processed tobacco)**
- Zim cigarettes sold in SA (high taxes in SA). False compartments in trucks or walk over borders and re-assemble (R 12 million haul). Prominent SA businessmen- exports cigarettes overseas- Documents go to UK. Cigarettes disappear.

# Organised crime 1999-2005

- **Smuggling of other commodities**
- Clearance agents- part of syndicates (briefcase operators). Use shell companies for regional transit trade. Weak licensing systems.
- Corrupt officials facilitate illicit trade. E.g. destroy documents- give same no to different consignments.
- Zim importing more goods- more traffic through borders BB- 1000 trucks per day- 1 scanner).
- Zim petrol cheaper- sold in SA. Computers & electronic goods to Zim. Zim sugar sold in Moz.



# Organised crime 1999-2005

- **Smuggling in commodities**
- Round tripping occurs to avoid duties. OC syndicates claim VAT on non-existent goods.
- Routes marked with signals for different goods e.g. meat, cigarettes etc.
- Specialist weapons for cash in transit trade.
- Small aircrafts suspected of carrying illicit cargo- drugs, gold, diamonds and wild life.

# Organised crime 1999-2005

- **Theft of natural resources**
- Large scale heists- new phenomenon- Platinum and nickel. Assassination of alleged witnesses in nickel heist from BNC. Arrests of UK/SA syndicate selling minerals as scrap in UK.
- **Zimbabwean syndicates**
- Alleged increase in crime in SA to finance forex deals in Zimbabwe.
- High profile- heist at JHB International -R5 million- recycled in Zimbabwe in black market. Mobile criminals committing crime in region.

# CONCLUSION

- Prognosis in Zimbabwe is poor.
- Political crisis resolved- decade to recover from economic crisis.
- Political commentators suggest ZANU-PF ‘repackaging’ itself when Mugabe goes in 2008.
- Corruption and OC has become pervasive.
- Loss of professionals and skills.
- Integrity of police and justice system need to be restored.