

OBSERVATORY OF ILLICIT ECONOMIES IN EASTERN AND SOUTHERN AFRICA



RISK BULLETIN

SUMMARY HIGHLIGHTS

1. It may be the end of an era for the captive lion industry in South Africa – what does this mean for the lion bone trade?

The South African government made a landmark decision in May 2021 to end the country's controversial captive lion industry. There are thousands of lions in captive facilities in South Africa, with some facilities offering 'canned hunts' and others serving as petting zoos. There is also a thriving commercial trade in lion bones to Asian markets for use as an alternative to tiger bone in traditional medicine. One official reason cited for shutting down the captive industry was 'the risk that trade in lion parts poses to stimulating poaching and illegal trade', including 'through the laundering of poached parts' into the legal market. Yet whether the legal bone trade has stimulated poaching and laundering are fiercely debated questions among lion conservation experts. So too is whether ending the captive lion industry will put wild lion populations at greater risk of poaching, given that international demand for lion bone will persist.

2. Rampant extortion of foreign-owned shops in Gqeberha: a worrying trend.

Gangs in Gqeberha (formerly known as Port Elizabeth), in South Africa's Eastern Cape, have been increasingly extorting foreign-owned shops – particularly local grocery shops known as 'spaza' shops – and other small businesses. Several business owners have died in extortion-related attacks, leading shop owners to protest against the violence and what they see as inaction from the South African Police Service. The patterns of violence seen in Gqeberha are similar to those seen in Khayelitsha, on the Cape Flats, where extortion-related violence has flared again since 2020 as extortion gangs seek to expand their reach. Fear of retaliation means that few victims of extortion pursue a criminal case against their attackers.

3. What the chequered history of the 'Somali 7' fishing fleet tells us about the political economy of IUU fishing in Somalia.

Foreign fishing fleets – particularly those originating in Iran, Yemen and South East Asia, routinely engage in IUU (illegal, unreported and unregulated) fishing practices. Somali pirate groups have frequently cited the prevalence of foreign IUU fishing vessels as a justification for attacks, presenting themselves as the defenders of Somali waters against foreign exploiters. However, in reality, foreign IUU fishing operations often have the help of Somali actors, both within and outside government, and rampant corruption within Somali state institutions continues to foster an environment in which foreign fishing actors can act with impunity. The story of the Somali 7 – originally a Thai fishing fleet that has engaged in IUU fishing and human rights and labour abuses over several years – shows these dynamics in action.

4. Where there's smoke, there's fire: investigating the illicit cigarette trade from Tanzania to Kenya.

Cigarette smuggling into Kenya from Tanzania is a profitable enterprise. Much lower tax rates in Tanzania, porous borders and corruption among customs officials create an ideal environment for opportunistic smugglers from Tanzania to illegally transport cigarettes into Kenya, where they can turn a profit while offering Kenyan smokers lower prices than standard, domestically produced cigarettes. This large-scale tax avoidance deprives the Kenyan state of potential revenue and creates opportunity for criminal actors to profit.



ABOUT THIS ISSUE

In this issue, we present two stories from East Africa and two from South Africa that explore how organized crime issues link in to wider political and social landscapes.

Our lead story from South Africa looks into the implications of the government's recent announcement that it will bring an end to the country's controversial and large-scale captive lion industry and the international trade in lion body parts and skeletons. On one level, this is an organized crime issue, as the risk that the industry may be stimulating lion poaching and illegal trade in parts was cited as a key reason underlying the government's decision. Yet, ending the captive lion trade is also an environmental and conservation issue (as the captive industry is seen to be damaging to South African ecotourism) and an ethical issue (as lion breeding facilities have been widely accused of abuse and neglect of their animals). Reducing poaching and illegal trade is just one factor in this wider set of policy questions.

Similarly, on the border between Kenya and Tanzania, we look at the booming economy for smuggling cigarettes out of Tanzania. This has emerged in large part because Tanzania sets far lower excise tax levels on tobacco products, meaning that cigarettes smuggled across to Kenya can be sold cheaper than comparable Kenyan cigarettes. Harmonizing excise taxes across the region would remove the incentive for this smuggling economy and remove the opportunity for criminal networks to profit. However, domestic political objectives also shape decisions on this issue such as the health

impacts of tobacco use (where higher taxes on tobacco products are often imposed to reduce use), the potential revenue such taxes can bring governments, and the domestic influence of the tobacco industry.

Looking back to South Africa, this time to the Eastern Cape, foreign-owned businesses such as grocery shops and other small businesses are increasingly being extorted by gangs for 'protection'. Shop owners have protested that police have not provided enough security for their communities in the face of violence and looting. Though extortion has worsened in the area in recent years, it is rooted in xenophobic violence, which has a far longer history in South Africa. Xenophobic attitudes and related violence are a common occurrence not only in the Eastern Cape but throughout South Africa, and foreign-owned shops are often the target of xenophobic attacks and looting. Extortion groups have capitalized on these longstanding prejudices to target foreign shop owners.

Our investigations in Somalia have explored how different crime and corruption issues interconnect. Foreign fishing fleets routinely engage in IUU (illegal, unreported and unregulated) fishing in Somali waters. Somali pirate groups have, for many years, argued that the prevalence of foreign IUU fishing vessels justifies acts of piracy, presenting themselves as the defenders of Somali waters against foreign exploiters. In fact, many foreign IUU fishing vessels have corrupt links to Somali state institutions to conduct their operations with impunity. IUU fishing, piracy and corruption issues are all interconnected.

1. It may be the end of an era for the captive lion industry in South Africa – what does this mean for the lion bone trade?

The South African government made a landmark decision in May 2021 to end the country's controversial captive lion industry. One reason given by Barbara Creecy, South Africa's environment minister, for shutting down the captive industry was 'the risk that trade in lion parts poses to stimulating poaching and illegal trade', while the official government report highlighted the risk of the 'laundering of poached parts' into the legal market.¹ The decision was also shaped by the accusations of severe neglect levelled by conservationists and animal welfare groups for years against the captive industry. The government's assessment also found that the negative associations of captive lions were damaging to South African ecotourism.



A captive lion paces its enclosure in a breeding facility in South Africa. Courtesy of Julian Rademeyer

Yet whether the legal bone trade has stimulated lion poaching, and whether bones from poached wild lions really have been 'laundered', are fiercely debated issues. So too is the question of whether ending the captive lion industry will put wild lion populations at greater risk of poaching, as international demand for lion bone will likely continue.

THE RISE AND FALL OF THE LION BONE INDUSTRY

There are estimated to be as many as 12 000 lions in captive facilities in South Africa. These lions are used for hunting,² lion interactions and petting, as well as for commercial trade in lion parts, principally bones.³ Since

the first permit to export lion skeletons from South Africa under CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) was issued in 2008, an industry has emerged in which intermediary lion bone traders buy skeletons from various breeding and hunting facilities and sell them to buyers in East and South East Asia, where they are sold as an alternative to (or marketed as) tiger bones for use in traditional medicine.⁴ An estimated 98% of lion bone exports from South Africa between 2008 and 2015 were to Laos and Vietnam – countries deeply implicated in the illegal wildlife trafficking of species such as rhino.⁵ There is also local demand in South Africa for lion parts that are used in traditional African medicine.

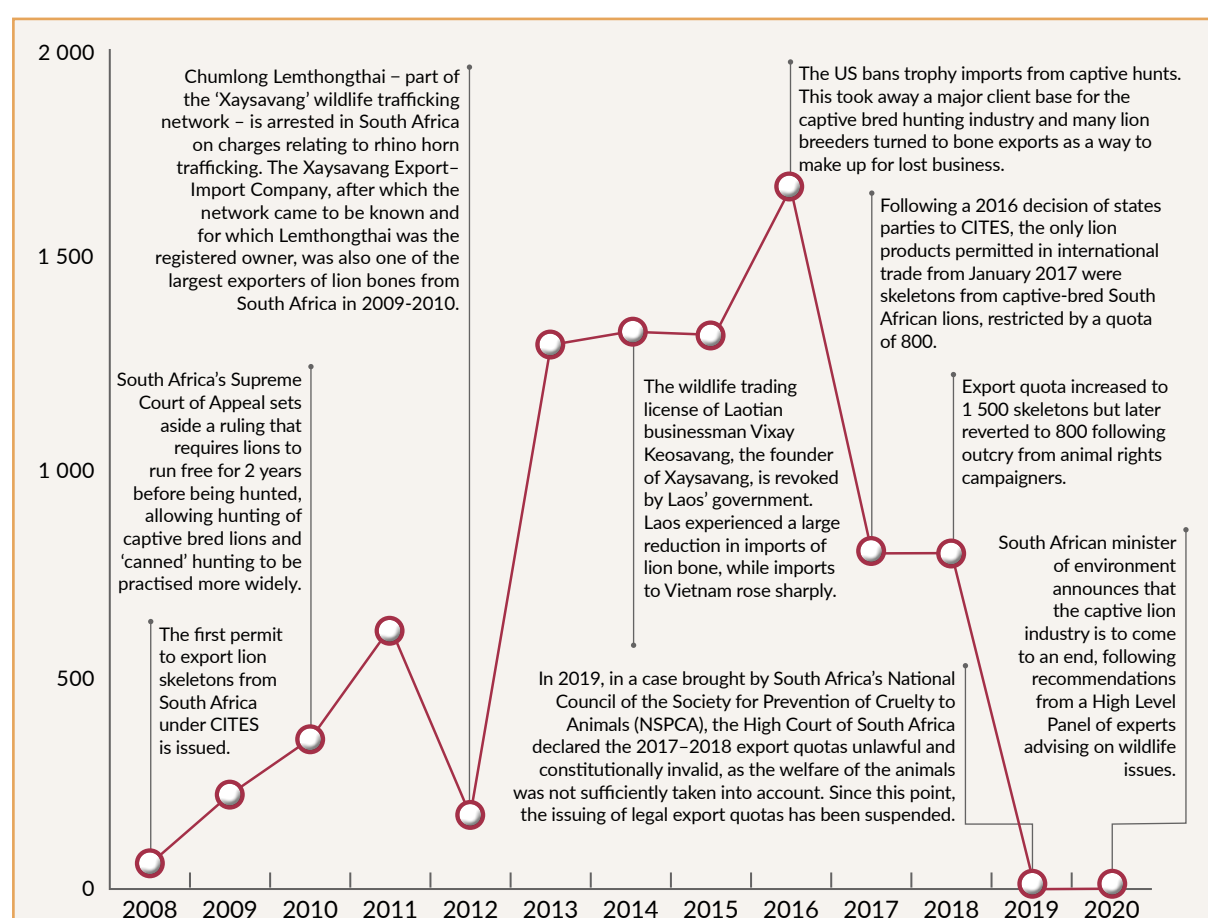


FIGURE 1 Exports of lion skeletons from South Africa from 2008–2020, with key events and policy changes affecting the captive lion industry.

NOTE: The cited study below filtered out errors and discrepancies present in the CITES database through comparison and meticulous interrogation of the records.

SOURCE: Data up to 2017 on declared lion bone exports as reported in Vivienne Williams and Michael 't Sas-Rolfes, Born captive: A survey of the lion breeding, keeping and hunting industries in South Africa, *PLOS One*, 2019, <https://doi.org/10.1371/journal.pone.0217409>. From 2018 onwards, data from CITES export database.



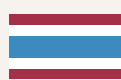
Since 2008, an estimated 8 761 lion skeletons have been exported from South Africa, primarily to Asian markets for use in traditional medicine.

These four countries received the following proportion of total exports:



Vietnam

55%



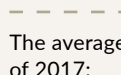
Laos

37%



Thailand

5%



China:

1%

The average reported price per lion skeleton as of 2017:



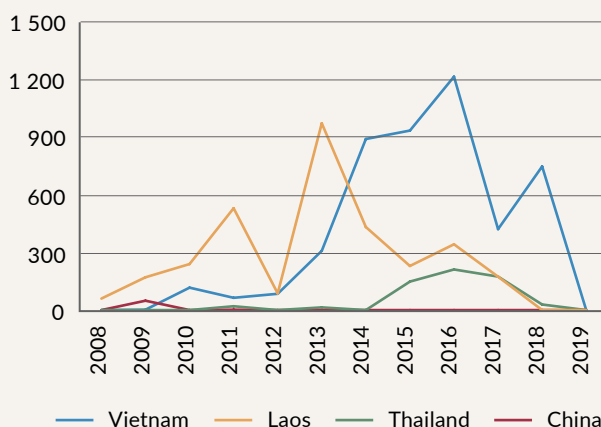
MALE

R49 000



FEMALE

R41 000



Since 2008, South Africa also reports it exported 232 individual lion teeth and 1 190 claws, separate to claws and teeth that may have been exported as parts of full skeletons.



232

Individual lion teeth



1 190

Claws

FIGURE 2 Key data on South Africa's trade in lion parts, 2008–2021.

NOTE: No export permits were issued in 2019 and 2020, so the cumulative number of legal exports was 0 for these years. Export numbers are for individual countries to which South Africa exported, and not necessarily the final destination. There is believed to be significant trade from transit countries to China.

SOURCE: Reported data on skeleton exports (2008–2015) from Vivienne Williams et al, A roaring trade? The legal trade in *Panthera leo* bones from Africa to East–Southeast Asia, *PLOS One*, 2017, <https://doi.org/10.1371/journal.pone.0185996>. Data on skeleton exports for following years, and on teeth and claw exports, from CITES trade database.

The May 2021 decision acts on the recommendation of the High-Level Panel of experts on wildlife conservation.⁶ Most of the panel recommended an immediate halt to captive lion breeding, use of captive lions in tourism and the trade in derivatives such as bones, arguing that the industry causes more economic damage than benefit.⁷

Yet the panel could not reach a unanimous position. Two minority positions of the panel were also published, which did not recognize that laundering of poached parts is a major risk to wild populations, and recommended different ways of monitoring and regulating the captive industry and bone exports.⁸

HAVE WILD LION BONES BEEN 'LAUNDERED' THROUGH THE SOUTH AFRICAN MARKET?

Some interest groups have voiced suspicions that the South African market provides a cover for laundered bones.⁹ Stephen Palos, chief executive of the Confederation of Hunting Associations of South Africa (CHASA), said that he has little doubt that laundering of bones has taken place, though this is more likely to be through volumes of captive-bred bones being understated in export shipments than poached lion bones being deliberately included.¹⁰

But in the view of many conservation scientists and researchers, these suspicions are not backed up by evidence. 'I will state quite emphatically that both the risk of and evidence for "laundering" of lion body parts through South African legal channels since [a quota was imposed by a CITES ruling in 2016] is negligible to almost non-existent', said Michael 't Sas-Rolfes, an economist who studies legal and illegal wildlife markets and sat on the High-Level Panel.¹¹

The legal channel for exporting lion bones via CITES from South Africa included several monitoring checks, including DNA testing of lion bones and measuring of skeleton weights, to ensure that the correct individual skeletons were included in export shipments. A 2021 study reviewing the compliance of CITES lion bone exports with these monitoring systems found that there were few instances of suspected criminal activity.¹² In the view of 't Sas-Rolfes, the review showed that the system was rigorous enough that 'there really wasn't much scope for using that system for any significant scale of illegal trade of wild-harvested lions or other big-cat products'.¹³

Other laboratory-based techniques such as mass spectrometry can be used to differentiate between wild and captive-bred lion bones, and could provide the key to finding out whether laundering has taken place.¹⁴ Yet according to David Newton, southern Africa director of the wildlife trade monitoring group TRAFFIC, these techniques remain in early stages of development and have not been widely used in lion bone exports. Now that legal exports are to end, in his view, it might never be known whether laundering really was widespread or not.¹⁵

Some experts also question whether laundering would make sense from an economic perspective. The quota, imposed from 2017, was substantially lower than the number of skeletons that would be available from the captive lion industry. Laundering poached bones from wild lions would therefore involve additional cost and risk.¹⁶ 'One has to look at the motivation for that. Why would you launder wild bones as captive-bred bones, when lions from captive populations are so easy to access and captive bones are just perfectly acceptable for the end destination?', said Newton.¹⁷

However, some conservationists report that a parallel, illegal trade has emerged, which may circumvent the CITES monitoring system. According to Kerri Rademeyer, CEO of the Zambian non-profit organization Wildlife Crime Prevention, this parallel trade takes place in multiple forms including 'lion cake' – a preparation of boiled down and compressed lion bone for medicinal use, which could be more difficult to track than the bones themselves.¹⁸



Lion bones are cleaned at a processing facility in South Africa. Photo: Courtesy of Julian Rademeyer



A pair of lion skulls stripped of flesh and cleaned, ready for export. Photo: Courtesy of Julian Rademeyer

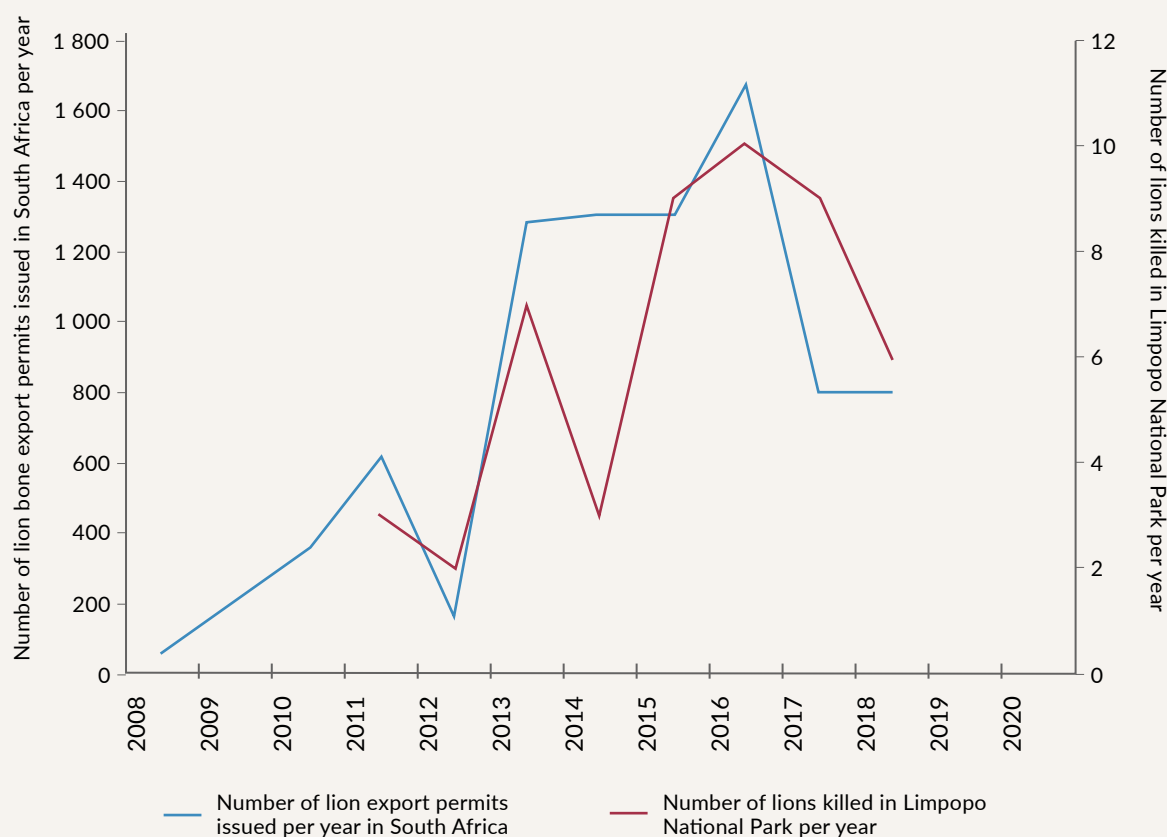


FIGURE 3 Comparison between lion bone export permits granted in South Africa and lion killings in Limpopo National Park.

NOTE: Conservation experts are divided in opinion on whether it is possible to link reported increases in African lion killings with the South African trade in lion parts.

SOURCE: Paul Funston, Kris Everatt and Karen Wood, Report on the connection between the legal lion bone and body parts trade in South Africa and a rise in the poaching of wild and captive lions, Panthera.

RECENT TRENDS IN LION POACHING: IS THERE A LINK TO THE BONE TRADE?

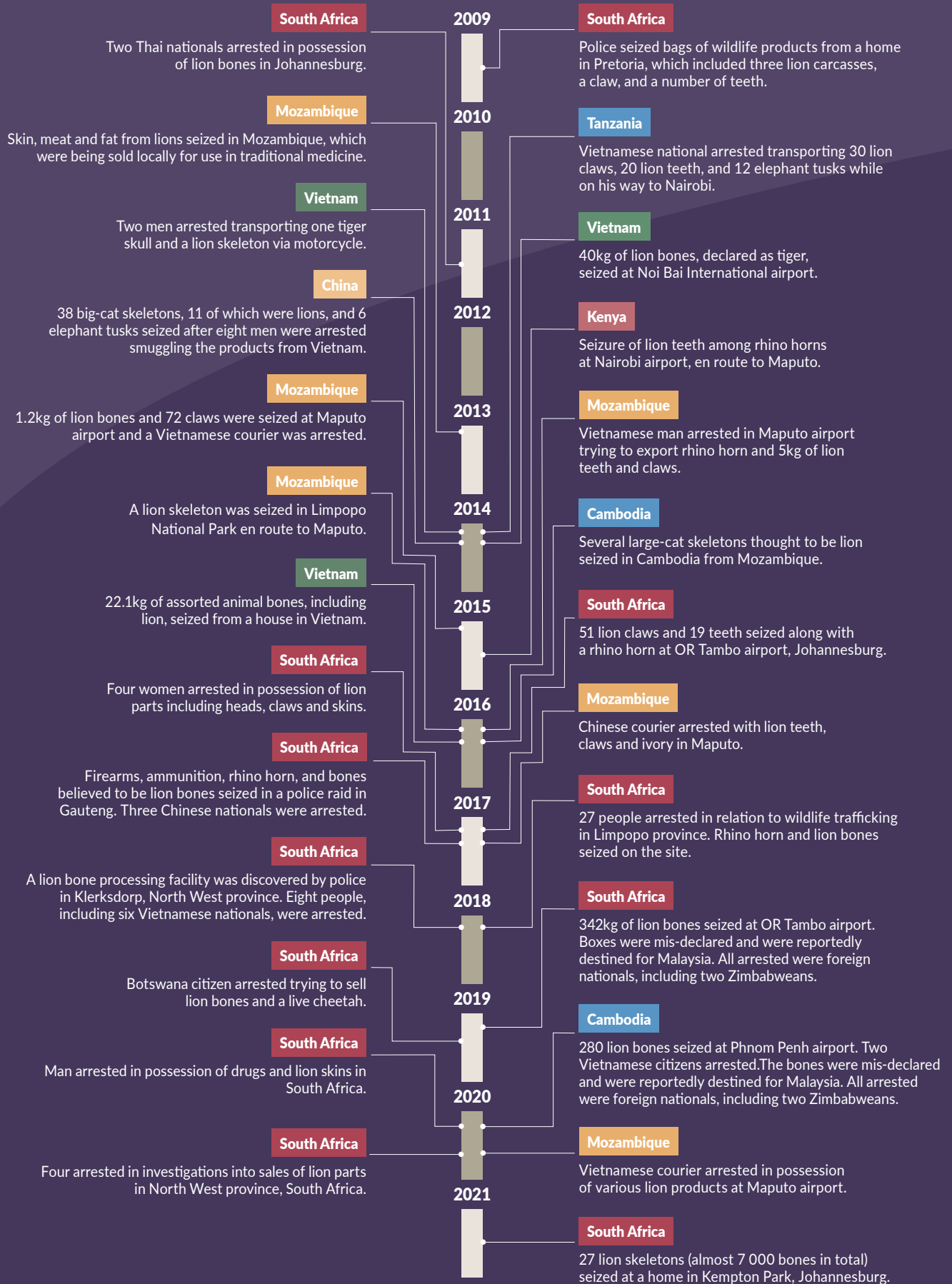
Some conservationists believe that the legal trade in lion parts is stimulating international demand and leading to an increase in lion poaching, particularly in countries bordering South Africa. A key piece of evidence in this debate is a 2019 study of lion killings in Limpopo National Park, Mozambique, which neighbours South Africa's Kruger National Park. The study found that the targeted poaching of lions for body parts accounted for all 61% lion mortalities, between 2011 and 2018.¹⁹

'It looked like it was coinciding with South Africa's legal export of body parts, because of its geographic nature and the fact that it was right next door to South Africa',

said Kristoffer Everatt, project manager for the Lion Program at Panthera, the global wild cat conservation organization, and an author of the study. According to Everatt, perceptions shifted in the Limpopo area around 2013–2014, from lion bones being a comparatively 'worthless' commodity, to parts such as bones, teeth and claws suddenly being perceived as high value.²⁰

Further analysis by Panthera has compared rates of poaching in Limpopo to the number of lion export permits issued per year in South Africa.²¹ 'The patterns there just were so similar. I have to believe there's a link', said Paul Funston, Lion Program Senior Director at Panthera, though acknowledging that it is difficult to prove this link statistically.²²

ILLEGAL TRADE IN LION PARTS: AN EMERGING PICTURE



Reports of lion poaching for parts, and seizures of parts such as bones, teeth and claws, have been on the rise in some parts of southern Africa (as shown on the timeline).²³ According to Carlos Lopes Pereira, head of Law Enforcement and Anti-poaching at Mozambique's National Administration of Conservation Areas, illegal demand for lion parts has risen in areas across Mozambique.

Yet the data suggesting that there is a trend towards poaching for body parts – of any type – is by no means uniform. 'Colleagues and I used long-term mortality data from around Ruaha in Tanzania, and Hwange in Zimbabwe, and thankfully found no evidence indicating a trend towards the killing of lions for commercial body parts', said Amy Dickman, director of the Ruaha Carnivore Project.²⁴ However, she adds, trends in different lion ranges may be very different. Others working and researching in Tanzania also argued that there was, as yet, no evidence there to suggest a trend towards poaching for body parts for international trade.²⁵

Others disagree that an increase in poaching can be linked to the South African legal trade in lion parts. Lopes Pereira, for example, argued that the increase in poaching for parts in Mozambique only began several years after the trade became established in South Africa, making it hard to establish a direct connection with the legal trade.²⁶ Instead, parts from poached and poisoned lions from Mozambique are largely sold on to Asian traffickers or smuggled to neighbouring countries including Zimbabwe, Zambia and Malawi before being shipped to Asian destination markets.²⁷

'I personally disagree with the narrative ... that the poaching in Limpopo National Park is or was driven to any significant degree by the demand for lion bones and especially that South Africa's legal trade somehow had a causal role to play here', said 't Sas-Rolfes. In his view, poaching in this particular area was driven by a number of factors, such as protest-related killings of lions by communities as a backlash to the militarized

approach to conservation taken in Limpopo National Park,²⁸ and the presence in the area of wildlife trafficking networks that had previously dealt in rhino horn who could also have begun trafficking in other wildlife such as pangolin and lion body parts. 'It is interesting to note that around the same time that lion poaching picked up [in Limpopo National Park] there was a surge in illegal trade in jaguar fangs in Latin America ... and this also coincided with the move of Asian wildlife jewellery and trinket trade from physical markets to online platforms, giving those markets for items such as big-cat tooth and claw products wider reach', he said.²⁹

Funston, of Panthera, however, sees demand for claws and teeth for 'trinkets' as part of the same picture. 'People have so habitually referred to the trade out of South Africa as lion bone trade, I think they forget and ignore the very significant number of teeth and claws that are going out as well', he said. '[These are] stimulating a market, perhaps a different market than the market that bones would be used for, but nevertheless a market. [It] would seem to be lucrative enough that illegal hunters around the sub-region have started killing lions and removing faces, teeth and claws et cetera, from the carcasses that they hunt.'³⁰

Everatt also acknowledged that other factors could be at play in Limpopo, including the presence of established rhino trafficking networks, meaning that there was already an established culture of poaching and poaching-related corruption in the region. 'The same individuals that were poaching elephant and rhino are now also poaching lion, and often on the same trips ... because they could make a trip to Kruger and on the way they would snare something, lay some poison, go hunting for elephant and rhino and then on their way home, they would pick up some lion body parts', he said.³¹ Lopes Pereira also agreed that there is a convergence of networks dealing in wildlife that is in demand in Asia, and that rhino horn, ivory, pangolin and leopard skin and claws have all been seized alongside lion products.³²

Not only is interpreting the data on lion poaching a challenge, it is also a challenge to collect this data in the first place. 'One of the complexities here is that killings of lions (and other wildlife) often involves mixed motivations – so a lion might be killed because of conflict or cultural prestige, but then body parts also used for local or international trade', explains Dickman. Another issue is identifying when lions have been killed. 'If poachers are actually going to process a carcass, to the point where it's got [only] bones left, law enforcement et cetera aren't going to find the carcass in the wild', says Funston.³³ This makes it difficult to assess the number of lions being killed for parts, beyond the few instances where poachers have been arrested in possession of bones. This in turn makes defining poaching – and therefore measuring whether it is on the rise – more complicated than people usually imagine.

THE FUTURE OF LION POACHING AND ILLEGAL TRADE

Many experts thought it possible that shutting down the captive lion industry could lead to increased poaching of wild lions in future. 'I am very worried about the potential unintended consequences of this decision', said Dickman. 'This ruling would permanently shut off the only legal supply of lion bone, and yet we know the demand is still there, and may be rising. That leads to the obvious risk that demand will increasingly be met through illegal and unregulated killing of wild lions, which could pose a major threat for those populations.'³⁴

However, some viewed the potential benefits as outweighing the risks. 'The current trajectory proves that practices within the captive lion industry are irresponsible, inhumane and unsustainable. The industry in itself is a risk to wild lion population conservation and broader biodiversity conservation efforts,' said Pricilla Stiglingh, of the South African NSPCA.³⁵ 'In mitigating risks [to wild lions], one cannot allow the

practices of one industry to be detrimental to the larger biodiversity and ecotourism sector of South Africa. This needs to be looked at in a holistic manner by including all the threats wild lions face including use of bones and body parts, indiscriminate killing and human wildlife conflict and habitat loss. The solution is for all stakeholders, communities and government to commit to the overall conservation of wild lions by increasing suitable habitat and thriving wild lion populations, instead of defending a commercialized captive lion industry.'

Funston agreed. 'Yes, we might expect increased rates of poaching', he said. '[But] to suggest in any way that we should perpetuate an industry because we're scared of the knock-on consequences of taking action, that's just weak in my view.'³⁶

Some also argued that the legal trade has already driven a demand for illegal supplies of lion bones and derivatives, and that the industry should be ended. 'The whole lion bone trade may never have become a legitimate trade until South Africa made it one,' said Rademeyer.³⁷ Others disagreed, arguing that since international demand is already a reality, a more practical approach going forward would be an adaptive management approach, involving phasing out captive lions but making use of existing stockpiles of products such as bone and, if necessary, phasing in other sources such as wild-managed lions.³⁸

Some facilities and traders currently exporting lion bone legally may turn to alternative, more clandestine ways of exporting bones from captive lions. 'In terms of the illegal side, that is pretty much a no-brainer how things are going to play out in future', says one lion bone trader. 'The government made their own bed so they have to lie in it'.³⁹ Palos, of CHASA, agreed, saying there is little doubt that some lion bone traders will be approached by individuals looking for illegal exports of bone.

A 2019 study surveying lion breeding facilities found that 52% of respondents indicated they would adapt by seeking 'alternative markets' for lion bones if the export was legally restricted.⁴⁰ 'We left it up to the respondents to interpret what "alternative markets" meant – and I'm not certain that they all interpreted this to mean illegal [exports of bones]', said Vivienne Williams, a leading expert on the lion bone trade.⁴¹

In Funston's view, the business links and networks formed in the legal lion trade could form the basis of illegal trafficking networks in future. This would be similar to the situation whereby, for many years, it was legal to hunt white rhino horn in South Africa. Asian rhino traders commissioned hunts to export horns legally, and during that time created vast networks of contacts that then transitioned into illegal rhino horn trafficking once rhino horn exports were banned. 'I'm absolutely convinced that in the lion game, that the farms [and] traders that are now involved are very familiar with each other. They're very used to and comfortable with trading [lion] products legally. If a country bans it ... it's very likely that the same people will just continue those networks and utilize those networks', he said.⁴²

Known wildlife traffickers have also been historically involved in the lion bone trade. One major early buyer, for example, was Vixay Keosavang,⁴³ who headed one of the world's largest wildlife trafficking syndicates that transported wildlife products such as rhino horn and ivory to Asia.⁴⁴ However, according to Williams, as the industry grew over time and more people entered the lion bone trade, fewer breeders and traders had direct connections to these known wildlife traffickers.⁴⁵

To be implemented, the recommendations of the High-Level Panel still need to be brought into legislation, which can be a time-consuming process.⁴⁶ Any future legislation is also expected to be challenged in the courts and fought out between those with commercial interests in the lion industry and animal rights groups.



A Thai man working with Chumlong Lemthongthai – a known wildlife trafficker – poses with a set of lion bones prepared for export in 2010. Photo: Courtesy of Julian Rademeyer

The different views among conservation experts on the decision to end the industry, and the impact this could have on illegal trade in lion parts, demonstrates how complex this policy question is, as it must balance the sometimes-conflicting interests of countering criminal activity, conservation, animal rights and the private sector. While the South African government may be striving to create evidence-based policy, much of the evidence on lion bone trade still appears very much up for debate.



Immigrant 'spaza' shop owners protest in Gqeberha against killings of migrant shop owners, extortion and robberies of their stock, February 2021. Photo: Mkhuselel Sizani via GroundUp

2. Rampant extortion of foreign-owned shops in Gqeberha: a worrying trend.

In February 2021, more than 200 shop owners from African diaspora communities in Gqeberha (formerly known as Port Elizabeth), in the Eastern Cape, took to the streets after four Somali shop owners were murdered in one week. They were protesting against extortion-related violence, claiming that local gangs were attacking and killing foreign shop owners who refused to pay protection money.

Following the protests, the Somali Ambassador to South Africa, Mohammed Ali Mire, met with South African Police Service (SAPS) leaders and local officials to discuss the killings.⁴⁷ Despite media statements by SAPS that the 'meeting was very productive' and that the SAPS's 'efforts in policing South Africa [are] about serving all people within [the country's] borders', less than two months later more than one hundred shop owners again closed their shops in protest against extortion targeting migrant shop owners in the city. The protesters marched to demand an increased police presence in response to the rising violence being meted

out to Ethiopian and Somali shop owners, and to draw attention to what they see as SAPS's failure to investigate extortion syndicates.⁴⁸

The latest spate of killings of Somali shop owners is not a new phenomenon, but rather the latest development in a trend of escalating extortion of foreign nationals plaguing the city over several years. Research by the GI-TOC also found similar trends in other areas such as Khayelitsha, Cape Town.

THE STATE OF PLAY IN GQEBERHA

GI-TOC research team interviews with 'spaza' shop (local corner shop) owners in areas of Gqeberha (including Helenvale, Bethelsdorp, Missionvale and Beverly Hills) found that extortion-related violence has been on the rise since around late 2015. These areas of the city are affected by extraordinarily high levels of gang-related violence, with Gelvandale reporting homicide rates of 124 per 100 000, comparable to some of the most dangerous cities in the world.⁴⁹

Although the main victims of extortion are migrant shop owners, local 'shebeens' (bars) and tavern owners, loan sharks, taxi drivers and construction contractors are also targeted. The extortion fees can reportedly amount to R3 000 (US\$215) per month for a spaza shop or tavern, with payments collected weekly or even daily by gang members.

According to a community member interviewed by the GI-TOC, 'those who don't pay up are robbed, threatened, [have their] stock taken, vehicle windows damaged, house doors trampled down and ... their entire shop looted'.⁵⁰ The spaza shop owners in the February 2021 protests reported that vehicles belonging to shop owners had been hijacked when the owners returned from purchasing stock from wholesalers.⁵¹

These attacks are reportedly a common occurrence, with some business owners killed and some others forced to close after being unable to keep up with the demands for 'protection' fees from different sets of rival gangsters. The gangs offering 'protection' for a fee are the same gangs threatening and stealing from the shops. According to one shop owner, 'the only people doing the actual robbing are the gangsters themselves'.

In April 2020, SAPS officers told migrant shop owners to remove their stock and leave the area 'for their

own safety' after 25 shops were looted in the northern areas of the city.⁵² That month, 89 foreign-owned shops were forced to shut down by SAPS in a single week.

WHAT MAKES FOREIGN-OWNED SHOPS VULNERABLE TO EXTORTION?

Limited employment opportunities for diaspora communities mean running spaza shops is a key way of making a living. Foreign shop owners often do not have bank accounts, meaning that cash is more likely to be kept on the premises.⁵³

Xenophobic attitudes and related violence are a common occurrence not only in Gqeberha but throughout South Africa, and foreign-owned shops are often the target of xenophobic attacks. According to data reported by the African Diaspora Forum, an umbrella organization of associations representing different national migrant groups in South Africa, over 40 000 shops have been abandoned in the past 10 years due to fear of looting and violence.⁵⁴

A driving force behind these attacks is that some South Africans view foreigners as competing for limited resources in a country marked by poverty and high rates of unemployment.⁵⁵ Extortion groups have capitalized on these prejudices to target foreign shop owners.⁵⁶

Shop owners will give away some of their stock to residents in an effort to keep looters at bay. Here, one resident catches a banana thrown by a Somali shopkeeper, September 2013. *Photo: Gallo Images/The Herald/Brian Witbooi*



Extortion of spaza shops not only affects the shop owners but also the community members who rely on these shops to obtain their basic necessities. Spaza shops are predominantly found in parts of cities marked by high levels of unemployment, racial and economic marginalization and extreme poverty, and sell daily essentials in smaller quantities and at lower prices than supermarkets. They also often allow poor customers to purchase goods on credit without interest.

Given this important local role, spaza shops have a regular stream of customers, and extortionists therefore assume that owners can afford to pay extortion fees.⁵⁷ It also means that gang members can easily intimidate the spaza shop clientele so that they do not intervene or try to prevent extortion taking place, as they fear that they themselves will become the target of extortion and lose the little money they have.⁵⁸

THE EMERGENCE OF AN EXTORTION ECONOMY

Gangs in Gqeberha have engaged in extortion for many years, yet it does not seem to have become a major source of gang income until approximately late 2015, after a member of the Spotbouers gang known as 'De Grit' was released from prison. The Spotbouers are feared throughout the city due to their use of violence, and are known for bringing illegal firearms into the area and hiring hitmen from Cape Town.⁵⁹ According to local sources, De Grit began the trend of extorting foreign-owned businesses, taverns, spaza shops and taxi businesses. Other members of the Spotbouers and other local gangs soon followed suit.

According to spaza shop owners, at first many foreign-owned shops were looted by the gangs, while those who agreed to pay the approximately R2 000 (US\$145) 'protection fee' were spared. These shop owners, with the prospect of worse living conditions in their home countries and determined to earn an income in South Africa, agreed to pay the fee. During 2016, word spread among shop owners that paying the extortion gangs was the best way to stay safe.⁶⁰ With the market established, more gangs, such as the Don Dollos, 16 Honde, Hondekoppe, Roomrotte and Nice Time Bozzas, became involved in extortion.

By 2017 and into 2018, extorting businesses for 'protection' reportedly became one of the most important sources of income for local gangs.⁶¹ Extortion of foreign-owned businesses is seen as a lower-risk strategy than, for example, dealing in drugs, as any gang member could enter a shop, state the name of their gang and collect extortion money. The fear instilled by these gangs prevents any resistance, to the point where gang members reportedly do not need to be armed with a gun to demand payments.

'So the fear gang members inflict upon the communities cause the community just to hand over [the money in the spaza shop],' said one spaza shop owner, 'even if there are ten people at the shop and one or two gang members robbing and coming to collect extortion money'.⁶²

Although the majority of extortioners are reportedly local gang members, some interviewees said that some immigrants with links to local gangs have also begun to extort members of the community. 'There's also a foreigner by the name of Master. He's like the kingpin of all foreign shop owners. Like a franchise owner. If any foreigners in any area want to open up a shop they must consult and get his approval first ... Guys that don't pay get killed by the gang Master recruits.'⁶³ 'Master' reportedly has worked closely with local gangs such as 16 Honde and the Spotbouers.

GQEBERHA FOLLOWING KHAYELITSHA'S TRAJECTORY?

Much like the areas extorted in Gqeberha, Khayelitsha, on the Cape Flats, is an informal township marked by high levels of unemployment and poverty. Although Khayelitsha was not always a township in which extortion thrived, since 2015 gangsters have increasingly demanded protection money from foreign traders, which many refused to pay.

Hundreds of shop owners, particularly Somalis, have been killed in extortion-related violence in Cape Town since 2015, mostly in their own shops trying to defend themselves. As in Gqeberha, Somali activists in Khayelitsha have argued that police do not investigate – and often even refused to investigate – cases of extortion-related killings against foreign business owners.⁶⁴ The attacks were carried out by youngsters on the orders of senior gang members.

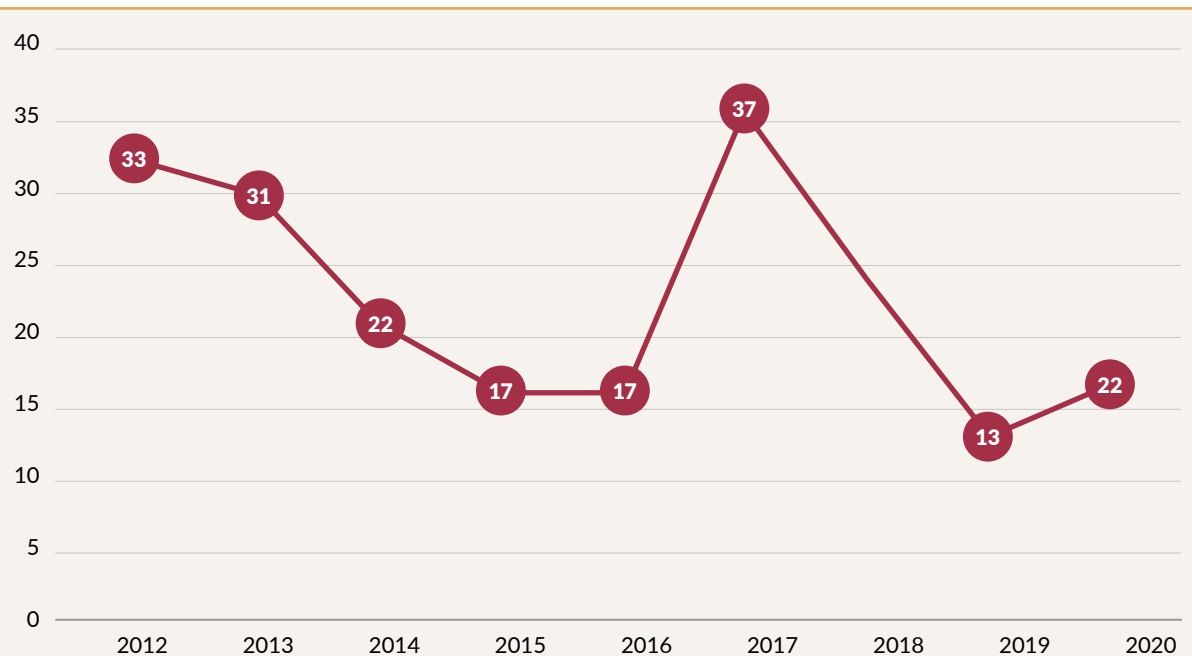


FIGURE 4 Somali shopkeepers killed in the Cape Town Metro area, 2012–2020.

SOURCE: Peter Gastrow, Lifting the veil on extortion in Cape Town, GI-TOC, April 2021, <https://globalinitiative.net/wp-content/uploads/2021/04/Lifting-the-veil-on-extortion-in-Cape-Town-GITOC.pdf>

In 2017, this extortion-related violence escalated rapidly and at least 37 spaza shop owners were killed, according to the records of one undertaker who serves the Somali community.⁶⁵ In order to reduce the violence, foreign shop owners entered into an arrangement with gangsters in which they agreed to pay protection fees every month, but in return the gangs had to protect the shop owners and locate stolen items.

A decline in the number of extortion-related murders in the township followed. However, another spike has been recorded in 2020 when gangs, after cementing their hold over foreign shop owners, turned to extort new victims – South African shop owners.⁶⁶ An eruption of violence that killed 12 people and injured seven others in May 2021 was reportedly sparked by competition between the rival Gupta and Boko Haram gangs over control of extortion in Khayelitsha.⁶⁷

The recent trend of extortion killings in Gqeberha appears to mirror the developments in Khayelitsha during the years before 2017. Should Gqeberha gangs succeed in cementing their local power, they could then expand into extorting other businesses and ethnic groups, as has been seen in Khayelitsha in 2020. These gangs might also consider broadening their field of operations, as the Khayelitsha gangs did. A Somali community leader in Cape Town told the GI-TOC in December 2020: ‘The “deal” in Khayelitsha was struck in 2017 or

2018. After it was successful, [the gangs] moved further to Kraaifontein, where there was resistance but later on it became possible ... The Khayelitsha gangsters went to the Eastern Cape and they signed in the Eastern Cape, but the Eastern Cape people are still resisting.’

GI-TOC research in Gqeberha has not been able to confirm or disprove suggestions that extortion gangs from the Western Cape have expanded to the Eastern Cape.⁶⁸ However, local gangs in Gqeberha seem to be following a similar trajectory.

AN UNDER-REPRESENTED AND UNDER-ADDRESSED PROBLEM

The victims of extortion are often unwilling to report it or proceed with formal criminal charges due to fear of retaliation and a lack of trust in police response. Foreign shop owners in both Gqeberha and Cape Town have repeatedly protested against the lack of support from police when reporting extortion,⁶⁹ which causes shop owners to hold back on reporting such incidents to the police.

Even when extortion is addressed in a formal criminal case, the SAPS system does not make provision for specifics like robbery at foreign-owned business or murder of a foreign national. This means that reliable statistics for rates of extortion and extortion-related violence aimed at migrant communities are hard to come by.⁷⁰

Between April 2020 and March 2021, no formal extortion cases were registered in Gelvandale, while only two cases of extortion were recorded in Bethelsdorp.⁷¹ This belies the reality that extortion is rife in these and other areas in Gqeberha. Incidents of extortion have, however, been reported informally police via local 'sector managers' who act as conduits between communities and police. However sector managers have not regularly raised extortion as an issue of concern with police station management.⁷²

However, recent developments in Cape Town have been different. The Western Cape Extortion Steering

Committee was established in 2020 to tackle extortion of businesses in the Cape Town Central Business District (CBD) and surrounding areas, following public protests against extortion by CBD businesses. Since then, 105 extortion cases have been opened in Cape Town, resulting in the arrests of 106 people, including police officers.

But although much focus has been placed on businesses being extorted in Cape Town – particularly in the wealthier CBD area – there does not seem to be a commensurate response to extortion in Gqeberha, despite the pervasiveness of the extortion problem.

3. What the chequered history of the 'Somali 7' fishing fleet tells us about the political economy of IUU fishing in Somalia.

The waters off Somalia are some of the richest fishing grounds in the world. Following the steady decline in attacks by Somali pirates since 2012, foreign fishing fleets have gradually returned to Somali waters. Many of these, particularly those originating in Iran, Yemen and South East Asia, routinely engage in IUU (illegal, unreported and unregulated) fishing practices.

Over four decades of civil war, Somalia has balkanized into a series of semi-autonomous regional administrations, loosely overseen by a federal government located in the capital of Mogadishu, and one breakaway region, Somaliland. State institutions are extremely weak and corruption is widespread. Relations between the central Federal Government of Somalia (FGS) and the regions have often been fraught, and the FGS and regional administrations have repeatedly entered into separate and often conflicting contractual agreements with foreign entities. Fishing licences and other permissions issued by one local Somali authority are often not recognized by another. These tensions have further heightened the political risk of doing business in Somalia for potential foreign partners.

Domestically, the prevalence of foreign IUU fishing vessels has been frequently cited as a justification for acts of piracy by Somalia-based gangs,⁷³ who present themselves as defenders of Somali waters against foreign exploiters.⁷⁴ However, the reality is far more complex. Foreign IUU fishing operations are frequently facilitated by local Somali agents, often in cooperation with government or quasi-governmental actors, who

for a fee provide fishing licences, flag registrations, falsified export documentation and even armed onboard security detachments.

THE SOMALI 7

A prominent example of such facilitation emerged in 2017, when a fleet of seven long-haul trawlers – collectively dubbed the 'Somali 7' by investigative journalist Ian Urbina – appeared in fishing waters off Puntland, a semi-autonomous region in north-eastern Somalia.⁷⁵ The fleet consisted of the trawlers *Chotpattana 51*, *Chotpattana 55*, *Chotchainavee 35*, *Chaichanachoke 8*, *Chainavee 54*, *Chainavee 55* and *Supphermnavee 21*. Onboard were 240 Cambodian and Thai crewmembers, who had been told that the vessels would not be operating beyond Thai waters.⁷⁶ Urbina's book *The Outlaw Ocean* extensively documented the labour abuses and human rights violations committed aboard the Somali 7, including beatings, lack of medical care, human trafficking, death threats and unpaid wages, which took place with the complicity of both Somali federal government and Puntland administration officials.⁷⁷

While the fleet had re-flagged under the Djiboutian registry in 2016, presumably in order to circumvent newly passed Thai fishing regulations, ownership of the vessels was traced to a prominent fishing family in Thailand headed by former Thai senator Wanchai Sangsukiam.⁷⁸ Companies affiliated with the Sangsukiam family have long been implicated in IUU fishing practices, as well as labour and other human rights abuses.⁷⁹



The vessel *Supphermnavee 21*, a member of the 'Somali 7' forced labour fishing fleet, photographed off the eastern coast of Puntland on 21 March 2017. Photo: European Union Naval Force (Somalia)

Thai authorities opened an investigation into the owners of the vessels over their IUU practices and the use of trafficked labour. Some of the Cambodian and Thai crewmembers came ashore at the Puntland port of Bosaso and were slowly repatriated between September and November 2017. With the company facing pressure from Thai authorities and having been de-registered by their flag state of Djibouti, in December 2017 four of the vessels were renamed and ostensibly became

Somali vessels: the *Supphermnavee 21*, *Chainavee 55*, *Chaichanachoke 8* and *Chainavee 54* became *Al Wesam 1*, *Al Wesam 2*, *Al Wesam 4* and *Al Wesam 5*, respectively. The vessels continued to benefit from legal cover and legitimacy from Somali state institutions: not only did the *Al Wesam* vessels receive Puntland fishing licences, they were also enrolled under the Somali flag registry by the federal Ministry of Ports and Marine Transport.

Puntland fishing licence (left) and Somali flag registration (right) for the *Al Wesam 4*. Photo: Indian Ocean Tuna Commission

PUNTLAND STATE OF SOMALIA
Ministry of Fisheries and Marine Resources

Licence For Industrial Fishing Vessels

Serial No. 0018

Details of Licensee:
Name of Owner/Company: *Al-Wesam Fishing and Cold-storage Company*
Address: *Bosaso, Puntland*
Telephone: *+252 22 232 5584*
E-mail: *WesamFishing@gmail.com*
Registered in Puntland: *Al-Wesam Fishing and Cold-storage Company*
Address: *Bosaso, Puntland*
Telephone: *+252 22 232 5584*
E-mail: *WesamFishing@gmail.com*

Details of Fishing Vessel:
Vessel Name: *Al-Wesam 4* Type of Vessel: *Fishing Vessel*
Port of Registry: *Mogadishu Port*
Official No: *MA 00232/17* LOA/Width/Draft: *39.50 - 9.00 m*
GRT/Nett: *332.1 22.6 m³* Fish hold capacity: *500 m³/Tons*
Hatch/Catapult: *35/6 top* Other craft on board: *-*

Description of Fishing Operations:
Authorized fishing areas: *Puntland Waters*
Authorized target species: *Demersal Fishing*
Authorized fishing gear & method: *Trawl net*

Total Allowable Catch (TAC) in Tons: *-*

Communication and Positioning Equipment:
Operational call sign: *SM023* Frequency: *-*
Satellite phone: *-* Access Code and No: *-*
VMS Transponder: *N/A* LORAN: *N/A*
OMEGA: *N/A* DECCA: *N/A*
AUDIO BUOYS: *YES* EPIRB: *YES*

Issued at: *28/03/2017* Date: *28/03/2017* Receipt No: *1855*
Minister for Fisheries & Marine Resources

FEDERAL REPUBLIC OF SOMALIA
MINISTRY OF PORTS AND MARINE TRANSPORT
MARITIME AUTHORITY

CERTIFICATE OF SHIP REGISTRY FOR A FISHING VESSEL

Issued under the SOMALI MARITIME REGISTRY OFFICE, provisions of Article 36 Merchant Shipping Code/ State Gazette 55/1970
This is to certify: That the pursuant to the provisions of the Somali National Ship Registry Act 2015, the following entity(ies) are the ship particulars and owners of this vessel:

| Name of the Vessel | Call Sign | IMO Number | Official Number | (Previous Name) |
|--------------------|--------------|------------|--------------------|-------------------------|
| <i>ALWESAM 4</i> | <i>SM023</i> | <i>-</i> | <i>MA-00232/17</i> | <i>CHAICHANACHOKE 8</i> |

| Port and Date of Registration | Type of Vessel | Year of Build | Previous Date and Port of Registered | Name and Address of Builders |
|--|---------------------|---------------|--------------------------------------|------------------------------|
| <i>Mogadishu Port on 28th Dec 2017.</i> | <i>FISHING BOAT</i> | <i>2013</i> | <i>DIJIBOUTI PORT, DIJIBOUTI</i> | <i>THAILAND</i> |

| Registered Dimensions and Tonnages | | | | |
|------------------------------------|--------------|--------------|---------------|---------------|
| Length | Breadth | Depth | Gross Tonnage | Net Tonnage |
| <i>39.50M</i> | <i>9.00M</i> | <i>4.80M</i> | <i>332M.T</i> | <i>226M.T</i> |

| Construction Characteristics | | | | |
|------------------------------|------|-----------------|-----|--|
| Material of Hull | WOOD | Number of Crane | (1) | |
| Number of Bulkheads | (1) | Number of Decks | (1) | |

| Engine Particulars | | | | | |
|---------------------|-------------------------|------------------|-------------------|-----------------------|-----------------------|
| Type of Main Engine | Make and Model | Maximum Speed | Main Engine power | Number of Aux engines | Number of Main Engine |
| <i>DIESEL</i> | <i>CATERPILLAR 3516</i> | <i>9 (KNOTS)</i> | <i>1,360KW</i> | <i>(3)</i> | <i>(1)</i> |

| Owners' Name (S) | | Owners' Contact Address | |
|---|--|--|--|
| <i>ALWESAM FISHING AND COLD STORAGE COMPANY</i> | | <i>Airport Road, Bosaso, Puntland State of Somalia Phones: +252907725584</i> | |

and WHEREAS the Maritime Administrator, on behalf of the Government of Somalia approved the application of the aforesaid owners for provisional Registration of the vessel, and WHEREAS the owner has complied with the requirements for Provisional Registration and submitted same, the vessel is therefore provisionally registered under the Laws and Flag of the Somalia.

The period of validity of this PROVISIONAL REGISTRATION CERTIFICATE expires on: *27th Dec 2020*

Issued at: *Mogadishu Port* On: the day of *28th* month of *Dec*, year of *2017*.

Ship Registrar: Officer *Eng. Abdulhadi M. Elinta*
Authorized by Marine Department Director *Fadumo Mohamed Jilaw*



BILL OF LADING

APL Co. Pte Ltd

| | | | | | |
|---|------------------|---|-------------------------------------|-------------------------------------|--|
| SHIPPER (Principal or Seller license and full address) AL WESAM FISHING AND COLD STORAGE COMPANY AIRPORT ROAD, BOSASO, PUNTLAND STATE OF SOMALIA E-MAIL: WESAM.FISHING@GMAIL.COM | | PAGE 1 OF 2 | | B/L NUMBER APLU 020813718 | |
| CONSIGNEE (Name and Full Address / Non-Negotiable Unless Consigned to Order.) (Unless provided otherwise, a consignment "To Order" means To Order of Shipper.) FELIX INTERFOOD CO., LTD. 2/53 MOO 1 THA CHIN, MUANG SAMUTSAKHON, SAMUTSAKHON 74000, THAILAND E-MAIL: FELIXINTERFOOD@GMAIL.COM | | FORWARDING AGENT (References, F.M.C. No.) AL WESAM FISHING & COLD STORAG 102, STREET 2, BOSASO, PUNTLAND | | | |
| NOTIFY PARTY (Name and Full Address) SAME AS CONSIGNEE | | POINT AND COUNTRY OF ORIGIN OF GOODS DJIBOUTI, DJ | | | |
| INITIAL CARRIAGE (MODE)* | | PLACE OF RECEIPT* DJIBOUTI, DJ | | | |
| EXPORT CARRIER (Vessel, voyage, & flag) CAPE TAINARO 008 | | PORT OF LOADING DJIBOUTI, DJ | | | |
| PORT OF DISCHARGE LAEM CHABANG, TH | | PLACE OF DELIVERY* BANGKOK | | | |
| Excess Valuation Please refer to Clause 7 (iii) on Reverse Side | | | | | |
| MRIS. & NOB./CONTAINER NOS. | | NO. OF PKGS. | | H.M. | |
| PARTICULARS FURNISHED BY SHIPPER | | | | | |
| Payment by Cheque must be made to the order of APL Co. Pte Ltd | | | | | |
| | | DESCRIPTION OF PACKAGES AND GOODS | | GROSS WEIGHT | |
| | | | | MEASUREMENT | |
| (SEVEN THOUSAND FOUR HUNDRED AND SEVENTY ONE PACKAGES ONLY) | | | | | |
| ***CTR NBR*** | ****SEAL NBR**** | T/S | MODE | QUANT/TYPER | |
| APRU573125-7 | G0366938 | R40 | CY/CY | 1583PKGS | |
| CGMU525028-4 | G0366922 | R40 | CY/CY | 1450PKGS | |
| TCLU135014-6 | G0366911 | R40 | CY/CY | 1441PKGS | |
| TRIU866014-8 | G0366939 | R40 | CY/CY | 1539PKGS | |
| TRIU896672-9 | G0366937 | R40 | CY/CY | 1458PKGS | |
| PARTICULARS AS PER ATTACHMENT PAGE(S) | | | | | |
| ON BOARD JUN. 03, 2018 | | | | | |
| B/L TO BE RELEASED AT DJIBOUTI, DJ | | OCEAN FREIGHT PAYABLE AT | | | |
| FREIGHT RATES CHARGES, WEIGHTS AND/OR MEASUREMENTS (SUBJECT TO CORRECTION) | | PREPAID U.S. \$ | | COLLECT U.S. \$ | |
| | | | | Local Currency | |
| The undersigned Carrier hereby acknowledges receipt of the sealed container or packages or other shipping units said to contain the Goods described above in apparent external good order and condition unless otherwise stated. The Shipper agrees, and the Consignee and every person purchasing this instrument for value, if negotiable, or otherwise having an interest in the Goods is advised that the receipt, custody, carriage and delivery of the Goods are subject to all the terms and conditions set forth and by incorporated by reference on this side and the reverse hereof, whether written, stamped or printed. | | | | | |
| A set of 3 originals of this bill of lading is hereby issued by the Carrier. Upon surrender to the Carrier of any one negotiable bill of lading, properly endorsed, all others shall stand void. | | | | | |
| Vessel | Voyage | TOTAL PREPAID | TOTAL COLLECT | | |
| | | | | | |
| BL number: APLU 020813718 | | | Date: JUN. 03, 2018 | | |
| This Bill of Lading is governed by and subject to the terms and conditions of APL's Bill of Lading, which are available on your Homepage at www.apl.com or will be supplied by APL upon request. | | | Place Issued: DJIBOUTI, DJ | | |
| | | | By: | | |
| | | | Authorized Signature | | |
| | | | APL Co. Pte Ltd, The Carrier | | |
| | | | le | | |
| ** NON-NEGOTIABLE COPY ** | | | | | |

A June 2018 bill of lading for a seafood consignment exported to Thailand by Al Wesam Fishing and Cold Storage Company. The consignee is listed as 'Felix Interfood Co., Ltd.' Photo: Ian Urbina, The Outlaw Ocean Project



The *Al Wesam 4* (formerly the *Chaichanachoke 8*) on 18 June 2019 (left), and the renamed *Marwan 1* on 28 August 2019 (right). Both photographs were taken close to the littoral town of Qandala. Imagery analysis (shown in the numbering) highlights the similarities between the vessels. Photo: European Union Naval Force (Somalia)

In keeping with their new Somali identities, the operations of the vessels were transferred to a local front company, Al Wesam Fishing and Cold Storage Company. Based out of Bosaso, Al Wesam Fishing exported the catches from the *Al Wesam* fleet to Felix Interfood Co., Ltd., a seafood importer in Thailand linked to the Sangsukiam family.⁸⁰

In June 2018, the operations of Felix Interfood came under scrutiny when Thai authorities questioned the validity of catch and health certificates for 46 containers of the company's seafood products.⁸¹ While the FGS Ministry of Fisheries and Marine Resources initially attempted to defend the legal status of the *Al Wesam* vessels, further inquiries from the Thai Department of Fisheries concerning the vessels' registrations and fishing licences went unanswered.⁸² Having recognized the *Al Wesam* fleet as renamed incarnations of four of the Somali 7 IUU fishing vessels, the Thai authorities opted to reject the importation of the 46 containers.⁸³

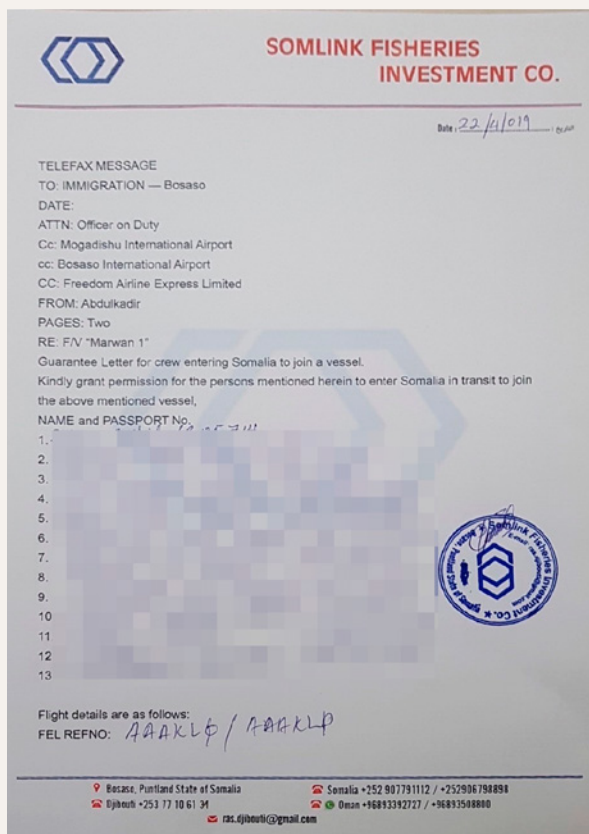
A NEW IDENTITY AND KENYAN CREWMEMBERS

Following this importation crackdown by Thai authorities, the *Al Wesam 4* underwent another metamorphosis, re-emerging as the *Marwan 1* in June 2019.

Through Seaport Operations Limited (an unlicensed agency in Mombasa operating in violation of Kenyan law), 13 Kenyan seafarers were recruited to crew the newly christened boat.⁸⁴ The recruiting agent informed the GI-TOC that he had been contacted in April 2019 by an individual named 'Abdulkadir' from

a Thai mobile-phone number.⁸⁵ Abdulkadir subsequently sent the agent airline tickets from Mombasa to Garowe, Puntland, for the 13 crewmembers via WhatsApp.⁸⁶ Puntland visas for the Kenyan crewmembers were arranged through an Oman-based company named Somlink Fisheries Investment Co., headed by Abdulkadir. In a 22 April 2019 letter to Puntland immigration authorities, Abdulkadir provided names and passport details for the 13 Kenyan crewmembers. Puntland immigration officials subsequently approved the visas, and the Kenyan crewmembers travelled to Bosaso that same month and boarded the *Marwan 1*.

According to members of this crew, the *Marwan 1* turned out to be another forced labour fishing operation. From April to July 2019, the Kenyan crew endured deplorable working conditions, leading to multiple untreated injuries.⁸⁷ They were reportedly forced to work up to 20 hours per day and sleep in the open, and were denied medical treatment.⁸⁸ Following a confrontation with the captain of the vessel, crewmembers were denied food for two days and were threatened with being locked in cold storage and being shot.⁸⁹ In July 2019, the crew eventually managed to contact the International Transport Workers' Federation, which in turn notified the Kenyan ambassador to Somalia. The following month, the seafarers returned home to Kenya after a long and onerous repatriation journey.⁹⁰ Despite being promised a salary of KES 26 000 (US\$240) per month,⁹¹ each crewmember ultimately received between US\$450 and US\$500 for a total of four months' work, which was only sufficient to purchase airfare back to Kenya.⁹²



April 2019 letter from Somlink Fisheries Investment Co. director 'Abdulkadir' requesting Puntland visas for 13 Kenyan nationals intended to crew the *Marwan 1*.

A representative of Somlink Fisheries disputed this account, stating that the company had been misled by the Kenyan recruiting agent and that the crew the agent had provided were unqualified, with some never having served on a fishing vessel before.⁹³ According to the representative, Somlink discharged the crew with full compensation.⁹⁴

The repatriation of its Kenyan crew did not immediately end the fishing operations of the *Marwan 1* in Somalia. Nor did the fact that in December 2019, the Indian Ocean Tuna Commission (IOTC), a 31-member inter-governmental organization responsible for the management of tuna and tuna-like species, publicly listed the *Marwan 1* as an IUU fishing vessel.⁹⁵ According to the IOTC, the *Marwan 1* was observed fishing in Somali waters on 15 September 2020.⁹⁶ Most recently, reporting suggests that the vessel was documented by international naval forces in Puntland waters in December

2020.⁹⁷ The crew most likely comprised Indonesian, Somali and Yemeni nationals and was in possession of a purported Puntland fishing licence, the authenticity of which could not be verified.⁹⁸

A representative of Somlink Fisheries claimed that the vessel had since ceased fishing operations. He stated that the blacklisting of the vessel by the IOTC had rendered fishing operations untenable and that the company therefore intended to convert the *Marwan 1* into a supply vessel. The company claimed that the vessel had been 'illegally' blacklisted, as it did not fish tuna or tuna-like species and was therefore not subject to IOTC jurisdiction.⁹⁹ It further claimed that the blacklisting had been politically motivated, stemming from the Somali federal government's preference for issuing licences to Chinese-flagged tuna longliners at the expense of Puntland-based vessels.¹⁰⁰

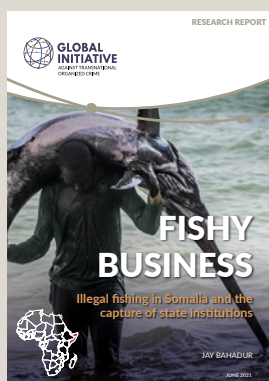
AL WESAM FISHING, SOMLINK FISHERIES AND THE IDENTITY OF 'ABDULKADIR'

The GI-TOC has determined that Al Wesam Fishing and Cold Storage Company – the front company that operated the *Al Wesam* fleet – and Somlink Fisheries, the company responsible for recruiting the 13 Kenyan seafarers, are operated by the same family originating in Bosaso, Somalia. Subscriber data for four Somali mobile-phone numbers affiliated with the two companies showed the numbers to be registered to three brothers, each of whose names contained variant spellings of 'Abdulkadir'. Moreover, one number affiliated to Al Wesam Fishing, and a second number affiliated to Somlink Fisheries, were both registered to the same individual, 'Shermaarke Abdulqadir Mohamed'.

Mobile-phone records obtained by the GI-TOC provided further evidence of ties between the two companies. For instance, the Thai mobile-phone number used by Somlink representative Abdulkadir to contact Seaport Operations Limited in Mombasa was in turn contacted twice by a phone number affiliated with Al Wesam Fishing in early 2019.¹⁰¹ Revealingly, analysis of call records for the Somali mobile-phone numbers affiliated with both Somlink Fisheries and Al Wesam Fishing show numerous contacts with known arms traffickers in both Somalia and Yemen previously identified by the GI-TOC as members of the 'Mohamed Omar Salim network' (Figure 6).¹⁰² The individuals contacted by Somlink and Al Wesam included the prominent Puntland-based arms trafficker Abdirahman Mohamed Omar (aka 'Dhofaye') and Yemen-based trafficker Mohamed Hussein Salad. These communications may constitute preliminary evidence of a nexus between IUU fishing and arms trafficking operations, the existence of which has been previously hypothesized by the GI-TOC.¹⁰³

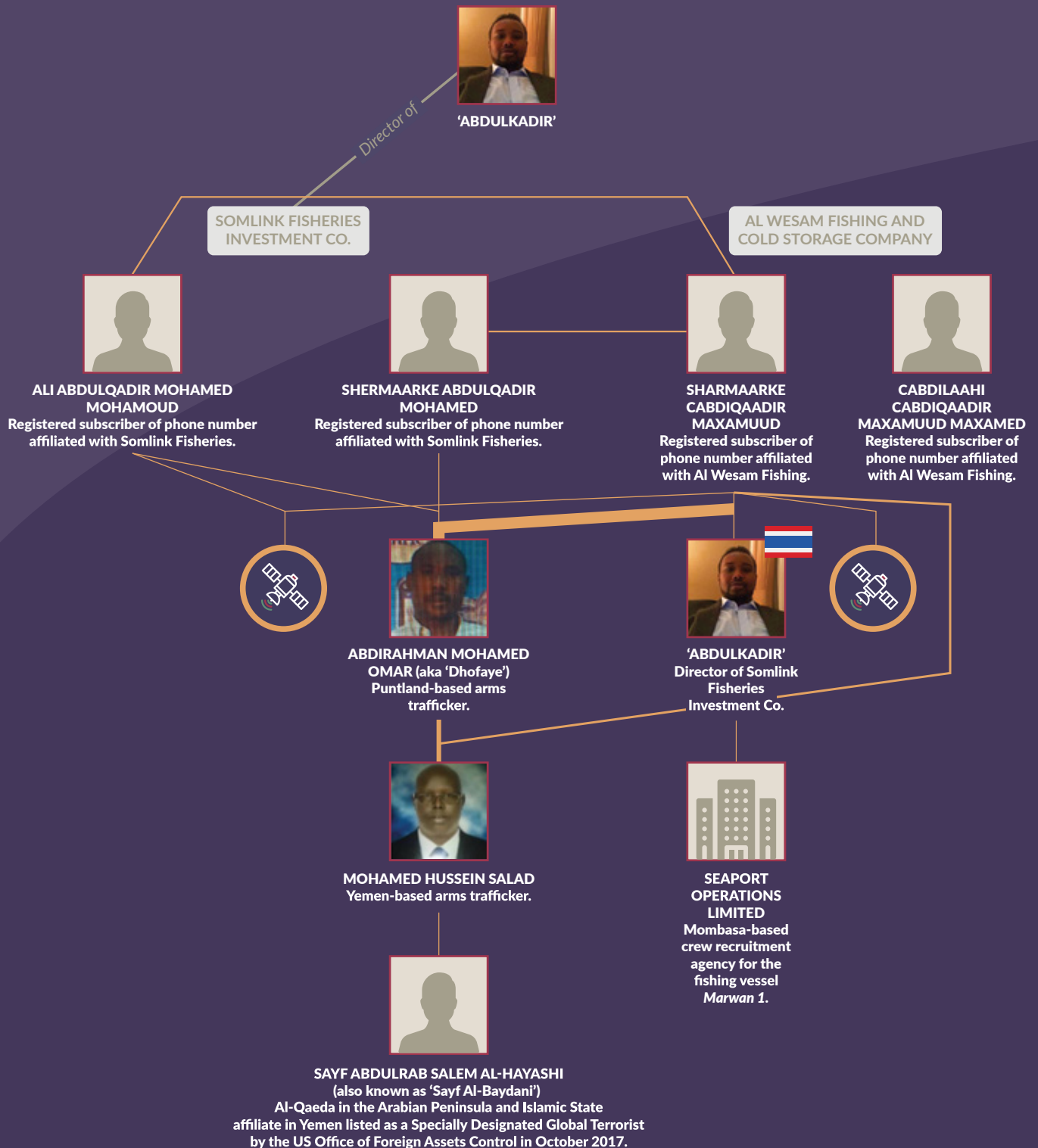
Following repeated inquiries, a representative of Somlink Fisheries acknowledged that the Abdulkadir family had previously partnered with the Sangsukiam family in Thailand, facilitating the latter's fishing operations in Somalia.¹⁰⁴ He identified their point of contact as Wichai Sangsukiam, the brother of former Thai senator and Sangsukiam family patriarch Wanchai Sangsukiam.¹⁰⁵ Following the exposure of the *Al Wesam* fleet's IUU fishing activities, the representative claimed that the family had purchased the *Al Wesam 4* from its Thai owners and renamed it the *Marwan 1*.¹⁰⁶ The vessel, he told the GI-TOC, was jointly owned by 20 family members; following the purchase, all business ties with the Sangsukiams were severed.¹⁰⁷ The other three vessels formerly comprising the *Al Wesam* fleet, he further claimed, were sold by their Thai owners to Burmese or Cameroonian companies following the vessels' blacklisting by the IOTC.¹⁰⁸

IUU fishing in Somalia is often cast domestically in nationalistic terms, as a foreign predation on a weak and divided country. However, as the story of the Somali 7 shows, IUU fishing operations in Somali waters are, in reality, abetted by a network of local enablers, both inside and outside state institutions. Rampant corruption within Somali state institutions continues to foster a dynamic whereby foreign fishing actors can act with impunity. So long as this dynamic persists, it will contribute to the environmental destruction of Somalia's marine resources and undermine the long-term ability of the state to generate legitimate revenue from fisheries.



- ◀ This article is an extract from 'Fishy business: Illegal fishing in Somalia and the capture of state institutions' by Jay Bahadur, an upcoming report from the GI-TOC's Observatory of Illicit Economies in East and southern Africa. The report presents a series of detailed case studies of IUU fishing practices in Somalia, each illustrating a different facet of corruption within Somali state institutions and documenting the criminality and corruption associated with the Somali fishing industry in detail.

CONTACTS AFFILIATED WITH SOMLINK FISHERIES AND AL WESAM FISHING, JUNE 2016–NOVEMBER 2019



Mobile-phone records were used to map communications by numbers affiliated with Somlink Fisheries and Al Wesam Fishing.

The thickness of the lines connecting the individuals and entities is indicative of the relative frequency of communication.



Communication with a Thuraya satellite device, likely indicating contact with a vessel at sea.



Communication with a Thai mobile phone.

4. Where there's smoke, there's fire: investigating the illicit cigarette trade from Tanzania to Kenya.

'The government officials rarely search personal vehicles or even motorbikes. Our work involves stuffing these personal vehicles and covering them with big bags to make it look like we are from a safari. Most of the officers will not bother to check what is underneath the bags.'¹⁰⁹

These are the words of Joseph*, a smuggler from Tanzania, describing the ease with which contraband cigarettes are moved over the border with Kenya. Very light and packed in easy-to-stack boxes, cigarettes are easy goods to smuggle. Kenya's Anti-Counterfeit Agency has, in recent years, highlighted towns along the Uganda and Tanzania borders as counterfeit hotspots, including for the sale of counterfeit cigarettes.¹¹⁰

Excise tax on cigarettes in Tanzania is much lower than in Kenya, resulting in cigarettes being markedly cheaper in Tanzania.¹¹¹ This means that cigarettes bought in Tanzania and then smuggled to Kenya can be sold at a higher price than in Tanzania, but still cheaper than the average Kenyan brand. This is known as 'bootlegging' and is a form of tax avoidance. However, interviews with smugglers suggest that they also obtain cigarettes from factories in Tanzania from factory workers who smuggle stock out of the factories.¹¹² In this case, the cigarettes are most likely undeclared and untaxed. It is probable that cigarettes smuggled into Kenya take the form of both bootlegged and undeclared stock, given that in both instances profit can be made.

Smuggled cigarettes are popular in towns bordering Tanzania, such as Namanga and Isebania, and also further into the interior in areas such as Kajiado, a suburb near Nairobi.

'Each stick costs as little as KES 5 [US\$0.05] while a Kenyan manufactured stick goes for as much as KES 20 [US\$0.19]', says Juma*, a smuggler at the Namanga border.¹¹³ The bootlegged and undeclared cigarettes are generally not sold at large supermarket chains, but rather at more informal kiosks and street vendors. A shopkeeper in Namanga said that many Kenyans opt for Tanzanian cigarettes due to their availability and price. 'It does not strain someone financially. On a given day, I sell about 20 packets, which [is] good, considering this is a very small town', he said.¹¹⁴

Frequent raids by Kenya Revenue Authority (KRA) officials, which according to traders happen at least twice a week, have forced traders to sell cigarettes clandestinely. The raids started up again in April 2020, after a court judgment which

restored a section of the law giving the KRA the powers to raid premises and seize property. These powers had been nullified in a previous judgment in 2018.¹¹⁵

In response, shopkeepers stick to selling to regular clients and establish new clients surreptitiously, first establishing a relationship before selling the bootlegged cigarettes. Unfamiliar customers asking for cheap cigarettes are treated with suspicion, as KRA officials often investigate in plain clothes.¹¹⁶

Among the brands commonly bought by Kenyan consumers are Safari, Sweet Menthol, Team Red, Embassy, Kings, Crescent & Star and Winston.¹¹⁷ What is significant about these brands is that most are manufactured in East Africa by the Tanzania Cigarette Company (TCC).¹¹⁸ However, according to official import data, Kenya does not list Tanzania as a major country from which it imports tobacco products.¹¹⁹

The TCC has a subsidiary company in Kenya,¹²⁰ which could account for the widespread presence of TCC-produced brands. However, this subsidiary has not been trading since 2002, according to TCC annual reports.¹²¹ Examples of TCC brands identified on sale by our research team in Kenya were all labelled as being manufactured in Tanzania.¹²² This suggests that these products are entering Kenya through unofficial channels.

These unofficial channels include one-stop border posts such as the Holili One-Stop in Taveta. Joseph*, the smuggler, moves his goods through this border point. One-stop posts, as the name suggests, require only one set of customs checks as opposed to two, and were introduced to allow faster movement of goods across borders to stimulate economic development in the region. The advantages of fewer checks may come at the cost of making it harder to identify smuggled goods, something compounded by border officials' lack of scrutiny when searching vehicles.

The town of Namanga, which straddles the Kenya–Tanzania border, also hosts a one-stop border post, but smuggling is reportedly common in the town. While the border post is in operation along the main road, elsewhere in the town the border is only marked by some open space around 200 feet in width. This strip is often not subject to law enforcement scrutiny as it is perceived to be a grey area where neither country has jurisdiction, even though this may not be the case in actual fact. In the past, this area has been identified



▲ A selection of the cigarette brands produced by the Tanzania Cigarette Company (TCC), which are widely available at shops in Kenya. Kenya does not record large-scale imports of cigarettes from Tanzania, nor does TCC produce in Kenya, so the fact these cigarettes are widespread suggests a large volume of cross-border smuggling.



▲ The packaging of the cigarettes on sale in Namanga – such as this packet of Sweet Menthols – suggests that they have been manufactured in Tanzania. The available evidence suggests they have been smuggled across the border.

as a site of smuggling for illicit charcoal and timber.¹²³ Reporting from the Tanzanian newspaper *The Citizen* in 2020 found that this area was being used by people avoiding COVID-19-related health checks at the formal border post.¹²⁴

Both Tanzanian and Kenyan nationals engage in cigarette smuggling.¹²⁵ Nondescript warehouses in border towns, including Namanga, serve as depots from which the cigarettes are later moved across the border.

DIFFERENCES IN LEGISLATION AND TAX REGIMES IN TANZANIA AND KENYA

The tobacco industry has a large influence in Tanzania, and the Global Tobacco Industry Interference Index 2020 found that tobacco legislation has been delayed due to industry pressure.

¹²⁶ The Tanzanian government chose not to raise excise duty on cigarettes in 2018,¹²⁷ following requests from the TCC.¹²⁸

The Tobacco Industry Act of 2001 established a board whose role is to 'advise government on policies and strategies to promote and develop the tobacco industry',¹²⁹ members of which have ties to the industry. This creates an environment that is not conducive to effective tobacco control, by giving the industry the chance to shape policy.

Despite this, Tanzania has experienced some success with the introduction of an electronic tax stamp system, which has contributed to a 34% increase in revenue, mainly from excisable products, including cigarettes.¹³⁰ However, weak border controls mean that cigarettes are still easily smuggled, despite being affixed with electronic tax stamps. Lack of transparency on government meetings with the tobacco industry, and benefits from industry bodies (for example through corporate social responsibility schemes), may also drain political will to address any issues in the industry such as illicit trade.¹³¹

This is in contrast to Kenya, which has implemented much tighter controls on tobacco in terms of taxation, tracking and tracing.¹³² The Kenyan system has reportedly contributed to a reduction in illicit products manufactured in the country.¹³³ Kenya is one of very few nations in the region party to the WHO Protocol to Eliminate Illicit Trade in Tobacco Products under the Framework Convention on Tobacco Control.¹³⁴ Tanzania has signed this protocol but not ratified it. The regular raids by the KRA demonstrate the greater emphasis on policing the illicit trade in Kenya.

These contrasting approaches have led to the differences in tobacco prices on either side of the border, which creates an incentive for smuggling.



Trucks wait at the Kenya–Tanzania border crossing in Namanga. Cigarettes are smuggled from Tanzania across border points such as Namanga, as higher tax rates on cigarettes in Kenya mean they can be sold on for a profit. Photo: EastAfrica–Market/Reuters/Noor Khamis

However, while the differences in approach between Kenya and Tanzania, in particular the differences in excise tax regimes, may create an incentive for tobacco smuggling, this one factor alone is not enough to account for a smuggling route arising. Research from around the world shows that countries with high tax differentials can have little to no cross-border smuggling. Other conditions such as weak or corrupt governance or gaps in law enforcement are required, as well as the profit incentive, for cross-border smuggling to arise. These conditions have, it seems, arisen along the Kenya–Tanzania border.

LAW ENFORCEMENT ATTITUDES

Joseph*, the smuggler, claims that border officials' laxity makes smuggling cigarettes easy, as searches of vehicles are often not thorough. Juma*, the smuggler in Namanga, agrees with Joseph that bicycles and motorcycles are most often used for smuggling as border officials rarely inspect these types of vehicles.¹³⁵

According to Juma, 'panya' routes¹³⁶ – non-official border crossings ('panya' means mouse in Kiswahili) – became more commonly used during the closure of border posts at the onset of the pandemic.¹³⁷ However, sometimes he comes across border patrols. 'We often part with a few shillings so that they can keep silent,' he added.

Juma claims that police officers rarely make arrests of smugglers as both groups come from the same communities. 'Ujamaa', which literally means 'kinship' or 'community' in Kiswahili, was used to describe the feeling of camaraderie between local police and smugglers. 'Ujamaa' was adopted as

a social and economic ideology by then Tanzanian president Julius Nyerere in the 1960s to promote cooperative economics and a sense of national identity in postcolonial Tanzania. One cannot arrest their 'relatives', says Juma.¹³⁸ In some cases, some of the police are allegedly on the smugglers' payroll and receive 'gifts' regularly. 'Once you smuggle ... for the first time and identify yourself to the police, you build a rapport making it hard for them to put you behind bars,' he said.¹³⁹

Officers at Namanga Police Station claimed that it was hard to arrest the smugglers as there was a law stipulating that no one living within a 15-kilometre radius of the border post who is found with an illegally imported item can be arrested, as this is considered a privilege.¹⁴⁰ However, the GI-TOC could find no legal validation for this claim. This perhaps suggests the 'ujamaa spirit' to which Juma refers. GI-TOC's research into illicit economies and border regions has often found that the social dynamics around borders – such as the fact that often borders split ethnic groups and communities who live in both countries, and that those tasked with managing borders are part of these community dynamics – are major factors in what makes these borders porous.

The profitability of smuggling and lack of political will to address the issue ensures that the smuggling of cigarettes continues. Cigarette smuggling from Tanzania undermines the efforts made by Kenya to reduce illicit trade prevalence and highlights the potential need for policy harmonization across the region.

The Global Initiative Against Transnational Organized Crime does not accept funding or contributions from the tobacco or cigarette industry.

Notes

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