Gold Smuggling in SA

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2014
- Global Demand for Gold is USD 236.4 Billion
- In terms of quantity 4,405 Tons
- China and India is responsible for 50% of the whole Demand
- India is the largest Consumer of Gold
- India is responsible for one-third of the Global Demand.
- India holds approximately 10% of the Gold available on the earth surface as a commodity
- Gold is the 3rd most imported commodity in India after Petroleum and Oil and Lubricants.
India’s Current Account Deficit (CAD) increased to USD 88.2 Billion in 2012/13.
That is 4.8% of the GDP.
The Policy Makers observed that the main reason for CAD is excessive gold import.
Import Duty was increased to curtail Gold imports.
Increase of Import duty and the Legal imports of Gold in India
Increase of Import duty and the Legal imports of Gold in LKR Mln.
Reasons for High Smuggling Potential

- Profit from smuggling for 1kg Gold
  - = INR 320,000.00
  - = USD 5440.00
  - = 12% profit margin (for a 1-2 days of operation)

- No of detections in the Jan- Sept 2013 period was 1074kg

- Gold Average Price = USD 44470.00
Modes operandi of Smuggling: Smuggling Bovine

[Map showing routes and countries involved in smuggling operations]

- Ultimate Destination
- To the Transit Country
The Risk Package

Geographical Landscape

Country A

Gold

Country B

Funds transfer

Under-valuation

Hawala Transactions

Illegal Payments

Money Laundering

Transfer Methods Used

Priority Issues

Increased Enforcement Costs

Integrity Issues

Problems for Customs

Organized Crime

Terrorism

Drug Traffickers

Money Laundering

Attraction of Global Illicit Trade

Administrations
- Global
- Regional
- Local Customs Administrations
  - Integrity
  - Enforcement cost
  - Opportunity cost
Issues pertaining to countering smuggling in the SAARC Country
Remedial actions to the issue include the following:

- Procedural
- Operational
- Legal
- Collaborative Information Sharing
- Implementation of API
- Implementation of nCEN
- Including Gold as a Commodity category in CEN
- Explore possibilities of CEN facilities at boarder front offices
- Practical adaptation of SAARC Agreement on Mutual Assistance with necessary amendments.
- Establishment of Quick action task force
- Capacity Building including soul searching
- COPE assistance
The research was carried out on dynamic process which is still evolving
- Unavailability of Country data
Ethical evaluation to potential
Global Model