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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 6347

Ms T L Marawu (ATM) to ask the Minister of Trade, Industry and Competition:

- (1) What impact does the porous borders of the Republic have on the (a) smuggling of goods, (b) illicit trade and (c) overall economic state of the Republic in the context of illicit trade and trafficking of goods;
- (2) what measures have been implemented by his department to combat smuggling and illicit trade through the borders of the Republic. NW7113E

REPLY:

The **National Consumer Commission (NCC)** has advised as follows.

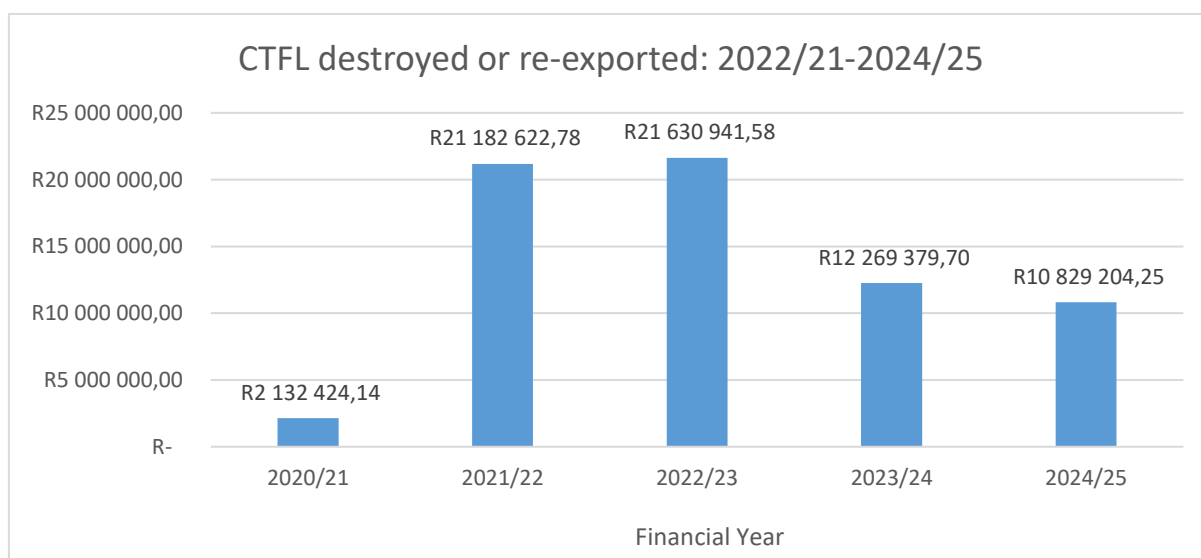
- (1) (a),(b) and (c)
The department has identified illicit trade as a significant threat to the growth and development of the South African economy. There are activities that happen within the borders of our country and those that are cross-border. These are practices that particularly affect sectors such as pharmaceuticals, cigarettes, alcohol as well as Clothing, Textile, Footwear and Leather (CTFL). In this regard, the National Consumer Commission (NCC) continues to work with all key stakeholders looking into these matters.
- (2) The specific measures put in place at the ports of entry are on CTFL, through a regulation issued in terms of the Consumer Protection Act, 2008 (Act No. 68 of 2008) ('CPA'). The CPA repealed provisions of the Merchandise Marks Act, 1941 (Act No.

17 of 1941); and replaced it with section 24 read with section 22, Regulation 6 of the CPA Regulations; as well as South African Bureau of Standards (SABS) standards applying to CTFL - requiring that labels on such goods reflect country of origin, care labelling, care-labelling instructions and be in plain language.

The NCC has partnered with the South African Revenue Services (SARS) Customs to list these goods on the Prohibited and Restricted List in order to detain suspected goods for destruction or back to country of origin. Over the past five years the NCC has ordered the destruction and the re-exportation of goods to the countries of origin, where goods were found to contravene the Regulations.

The NCC further issued Guidelines for compliance with these prescripts to CTFL stakeholders in 2023, resulting in the decline in the Customs Value of goods destroyed or returned to countries of origin. The Guidelines also clarified the compliance requirements for yarns and rolls of fabrics which are meant for further processing.

The NCC has been tracking non-compliant CTFL goods at the ports of entry, and the figure below shows the value of goods destroyed or re-exported to country of origin.



Source: National Consumer Commission Annual Reports

In the 2024/25 financial year, the NCC investigated 130 CTFL matters that were referred by SARS Customs. These investigations prevented non-compliant imported

CTFL goods to the value of R10 829 204.25 from entering the South African market, and figures for prior years are in the figure above.

Further, the NCC also has a programme for market monitoring, in collaboration with other regulatory authorities and law enforcement agencies, wherein compliance inspections are conducted throughout the country and where non-compliance is detected, further enforcement is taken to ensure that illicit goods are removed.

The **National Regulator for Compulsory Specifications (NRCS)** has advised as follows.

- (1)
 - (a) The NRCS has noted an increase in undeclared goods, that mostly do not meet the minimum safety standards as required. The most affected NRCS regulated industries are the electro-technical and the safety footwear sectors.
 - (b) There is an increase in the illicit trade/non-compliant industries. During the 2024/25 financial year the NRCS identified non-compliant products valued at R89,814,498.00 - that came into the country through the Durban Port.
 - (c) The illicit trade leads to the crowding out of the local compliant industries and de-industrialisation due to the closure of local firms or reduced productivity by local industries.
- (2) The following measures have been implemented:
 - (a) The NRCS entered in to a Memorandum of Agreement with SARS. Through this cooperation there is an increase in the detection rate of non-compliant / illicit goods, as the NRCS is utilising the SARS risk engine.
 - (b) The NRCS has increased the number of market surveillance inspections at the Ports of Entry. As per the identified risk, the NRCS has permanent presence at high risk Ports of Entry and the less risk Ports of Entry are inspected randomly.
 - (c) The NRCS in partnership with SARS, SAPS, NCC, Department of Home Affairs, and other government departments and entities, conduct targeted group inspections to identify, sanction and confiscate illicit/ non-compliant products. During the 2025/26 financial year the NRCS is leading and arranging ten (10) blitz inspections and will

further participate in blitz inspections arranged by other government entities and departments.

(d) The NRCS strategy has been reviewed to focus on high risk areas and businesses known to trade in non-compliant / illicit goods.

The **International Trade Administration Commission of South Africa (ITAC)** has advised as follows.

(1)(a), (b), (c) and (2)

Illicit trade poses a severe financial burden on South Africa, undermining legitimate businesses and eroding the national tax base. Recent industry reports highlight staggering financial losses. Illicit trade undermines the growth potential of the economy by introducing goods that have bypassed payment of customs duties, safety checks, and adherence to technical standards. This leads to unfair competition for compliant businesses resulting in job losses and closures of companies.

In the sensitive Clothing and Textile sectors, which employ mainly women, ITAC has been working with the South African Revenue Service (SARS) and **the dtic** within the Inter-Agency Working Group (IAWG) to curb the flow of illicit trade. To this effect, two rebate items, which makes provision for the importation of used or worn clothing have been successfully reviewed and will be phased out in the next 2-3 years.

ITAC uses Import Control to enforce health, environmental, security, and safety standards on specific controlled goods. Export control helps curb the outflow of stolen goods (e.g. scrap metals, copper, used motor vehicles).

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