Illicit gold flows in Africa: scale of the problem and possible solutions

SWISSAID

EITI Africa workshop on ASM, December 2024

Overview

- Objectives
- Methodology
- Findings
  - Data availability and reliability
  - Production
  - Trade
  - (Typology of countries)
- Recommendations

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Objectives

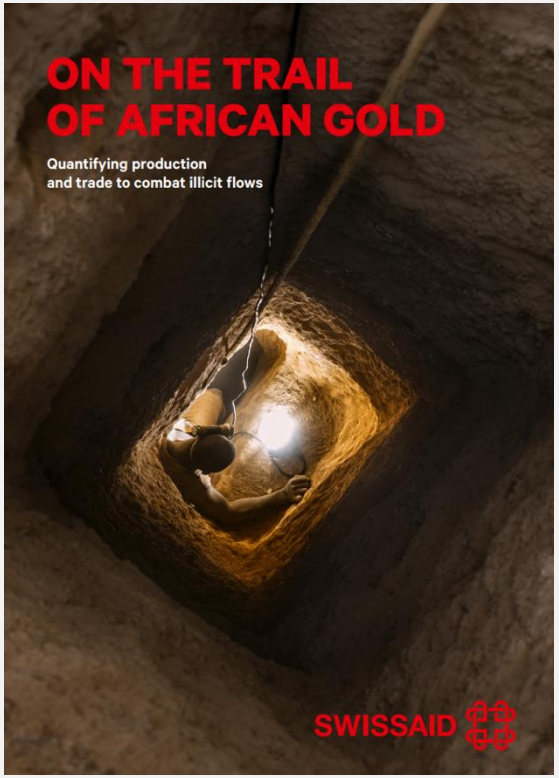
Quantify the production and trade of African gold to combat illicit flows

- Enable decision-makers of all kinds to take measures to address the issues (illicit gold flows, human rights violations, financing of armed conflicts, money laundering)

Publications

- Report “On the Trail of African Gold” (2024)
- Website with 54 African country-specific analyses:

www.africangoldreport.org



Report in English:
https://swissaid.kinsta.cloud/wp-content/uploads/2024/05/swissaid-on-the-trail-of-african-gold-web-ok.pdf

Report in French:
https://swissaid.kinsta.cloud/wp-content/uploads/2024/05/swissaid-sur-la-piste-de-lor-africain-web-ok.pdf

Authors' email address:
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Methodology

Cross-data analysis (all African countries)

- Imports (declared, undeclared)
- Production (LSM & ASM declared, informal)
- Exports (declared, undeclared)
- Imports of partner countries (declared, undeclared)

Cross-data analysis of

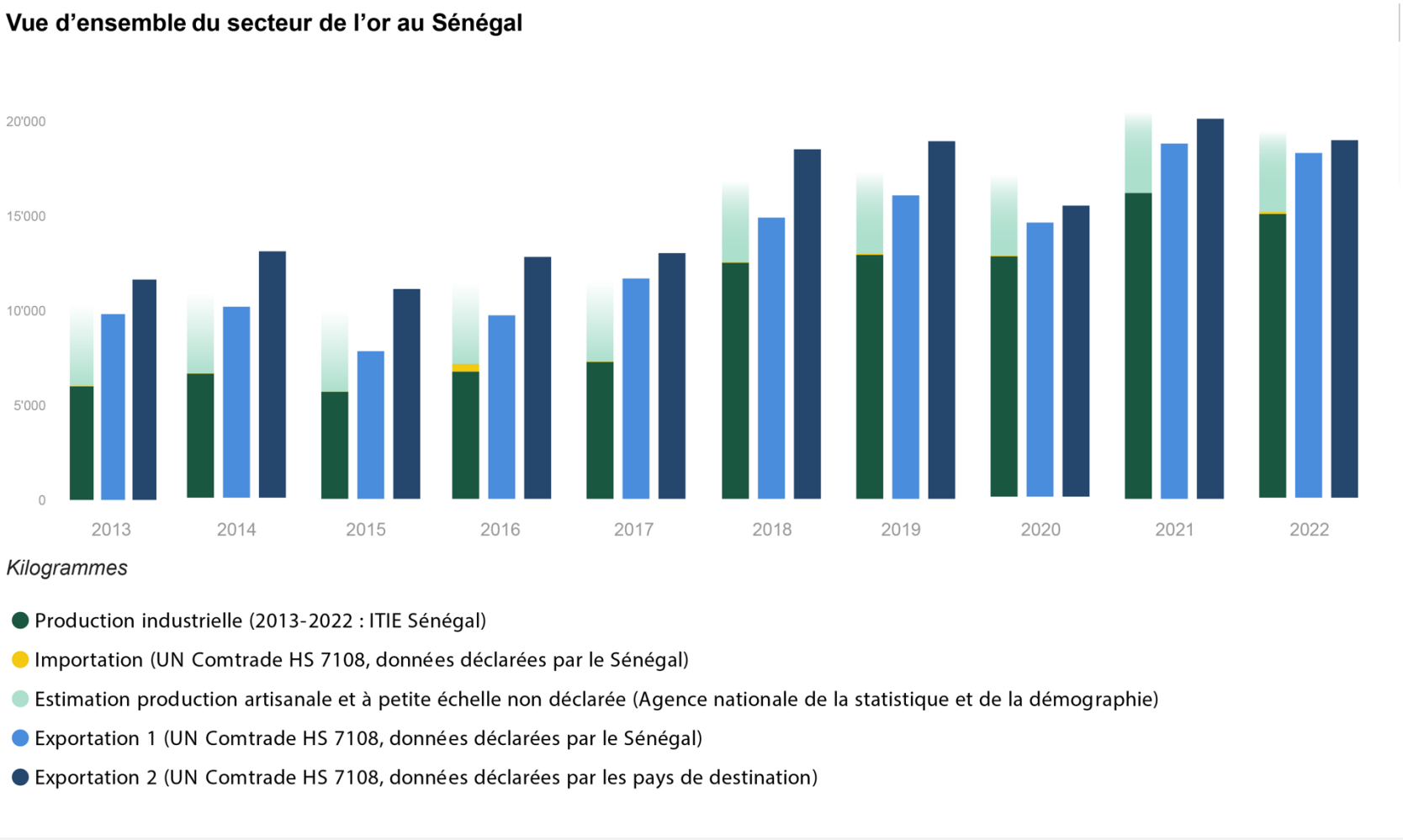
- Available data -> desk research (no fieldwork)
- Missing data -> request/interview

Data collected for 2012-2022

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Methodology

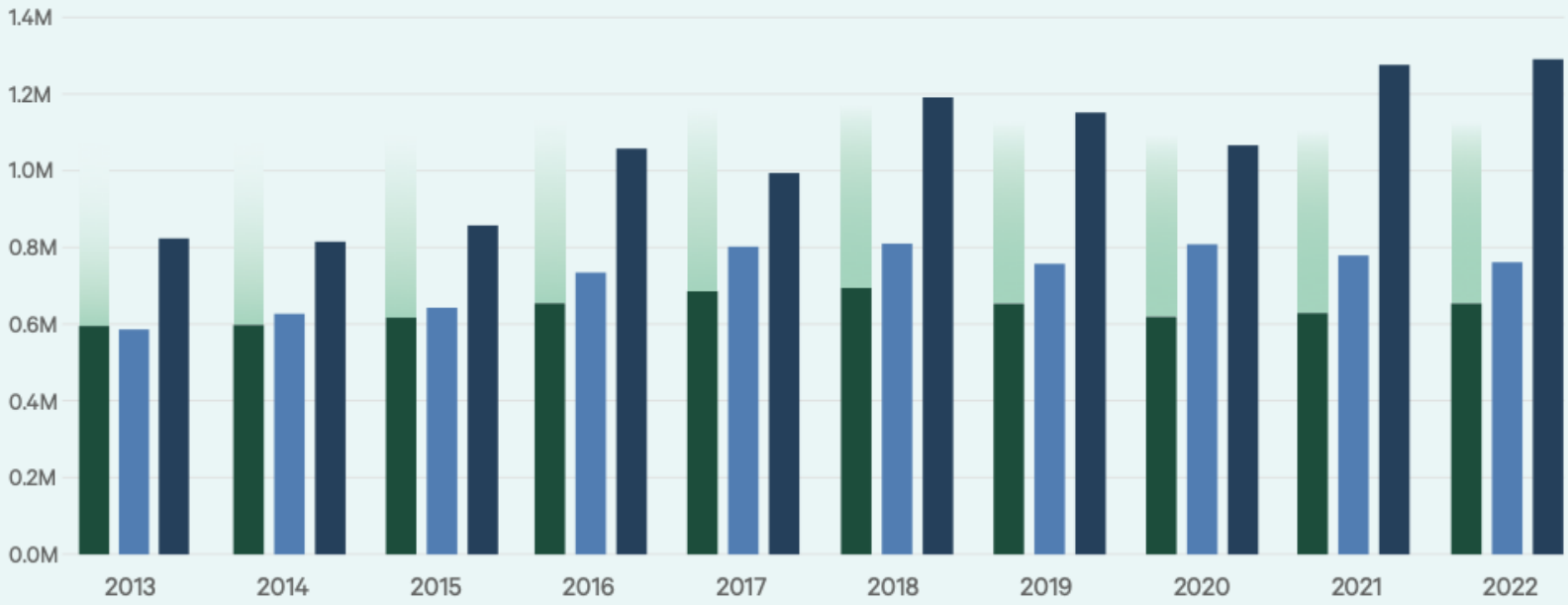
Research hypothesis: e.g. Senegal



Methodology

FIGURE 62 – Overview of the gold sector in Africa

Kilograms



The vast majority of African gold that is not declared at the production stage or for export is declared for import in non-African countries.

Data availability and reliability

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Challenges: data comparison

Always question source/data reliability

- Values/quantities
- Annual/monthly
- Origin of the gold (mines, banking sector, scrap market, gold reserves)
- Export data used as production data

Data not comparable because of different:

- Reporting period: financial/calendar year
- Type of gold: raw gold/fine gold
- Heading tariff: 7108.12/13/20

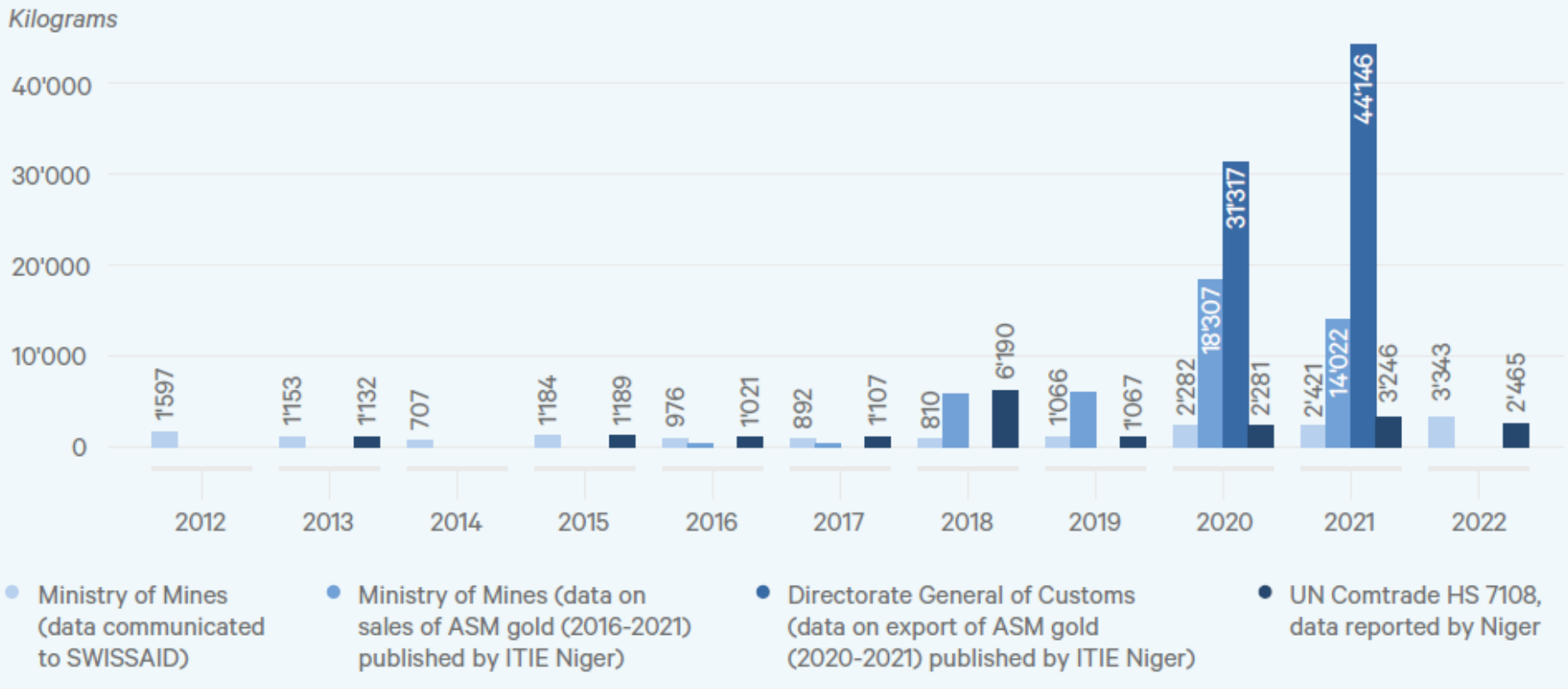
Limit of bilateral trade gap -> gold smuggled and declared legally

- E.g. Burkina Faso -> UAE

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Inconsistencies between official statistics from different sources for the same country

FIGURE 80 – Exports of gold from Niger

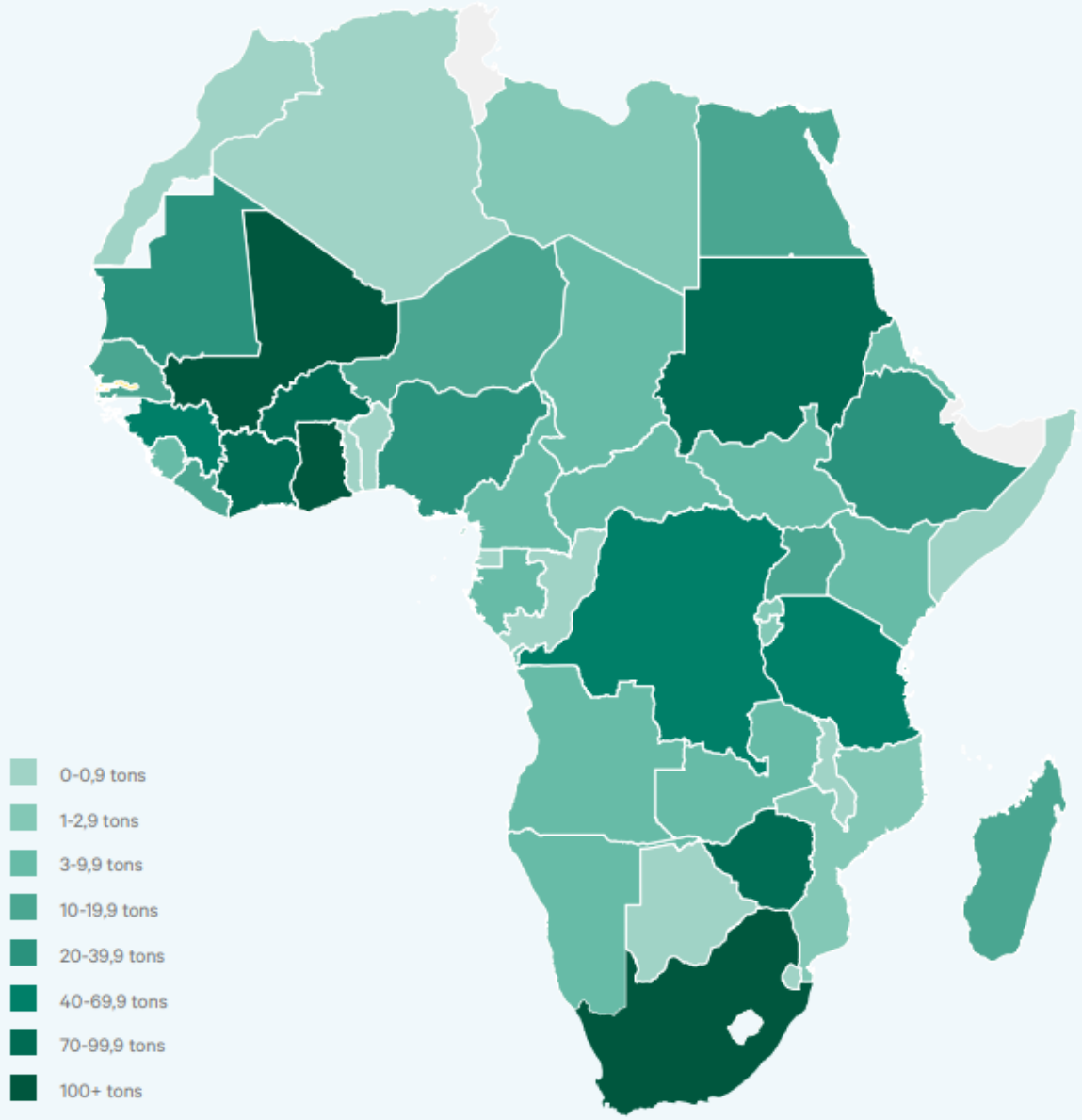


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Production

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FIGURE 15 – Total (declared and non-declared) gold production of African countries in 2022*

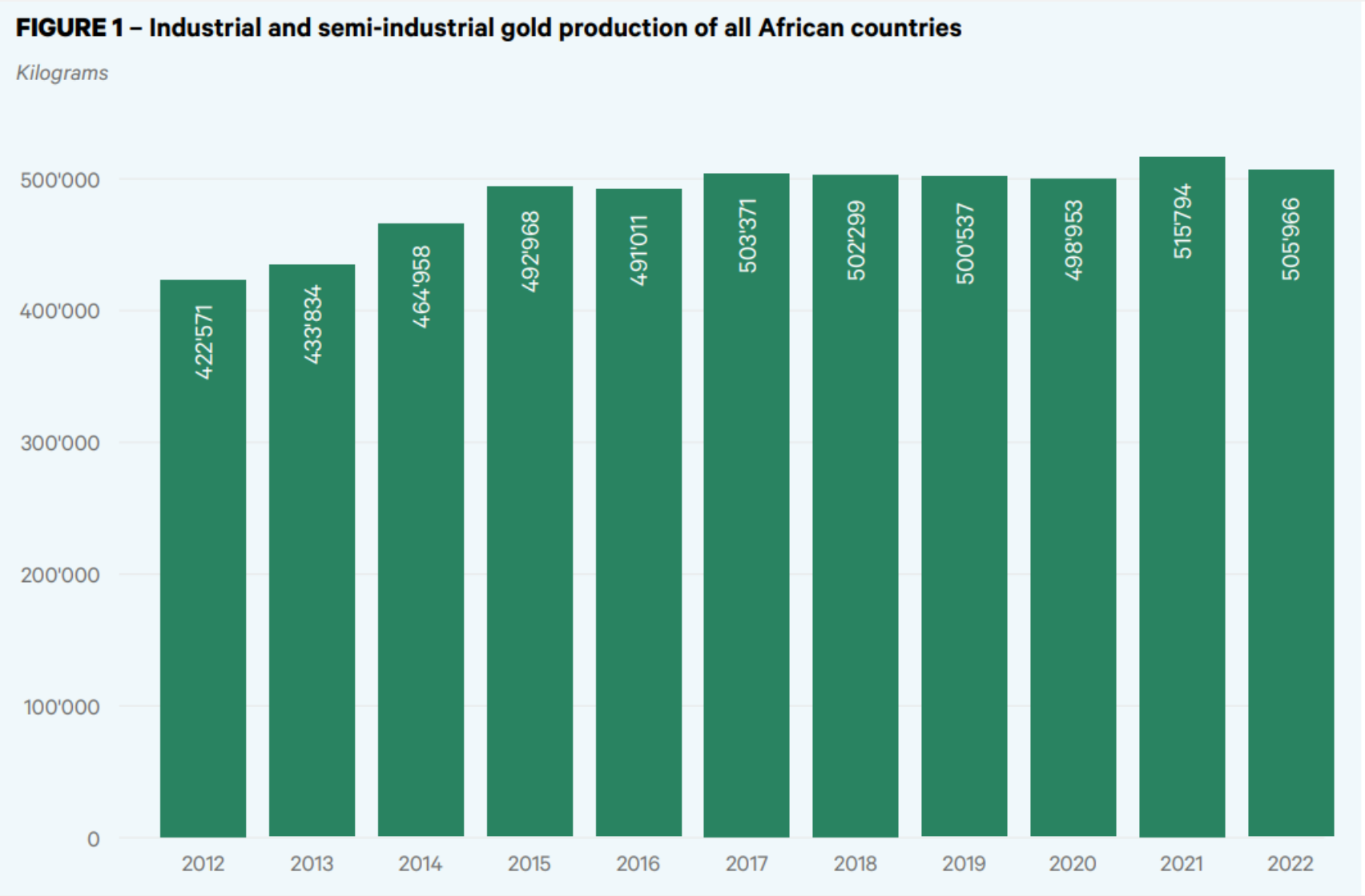


* In some cases, data for 2022 was not available, so SWISSAID used data for 2021 or earlier.

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Industrial gold production

FIGURE 1 – Industrial and semi-industrial gold production of all African countries

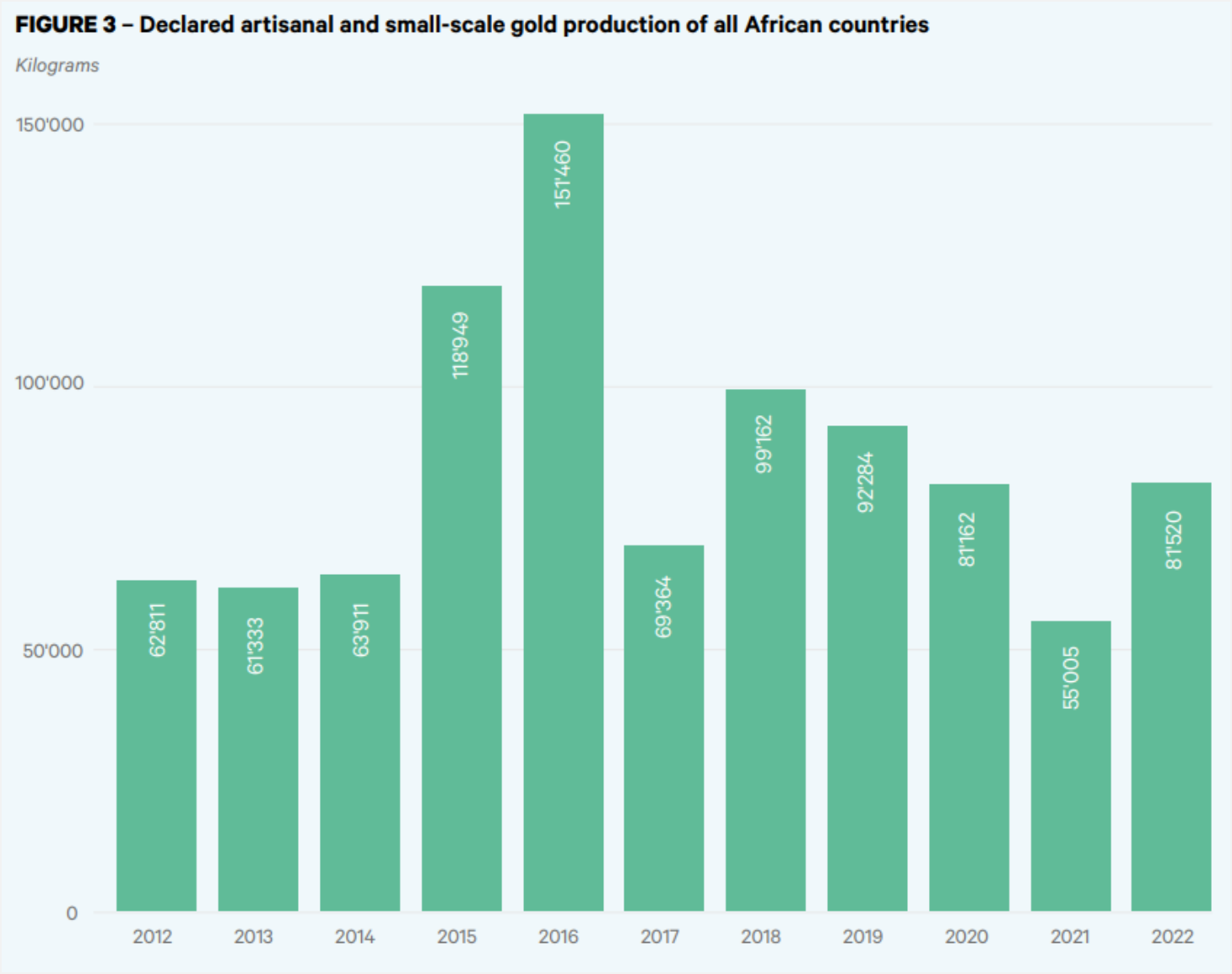


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Declared ASM gold production

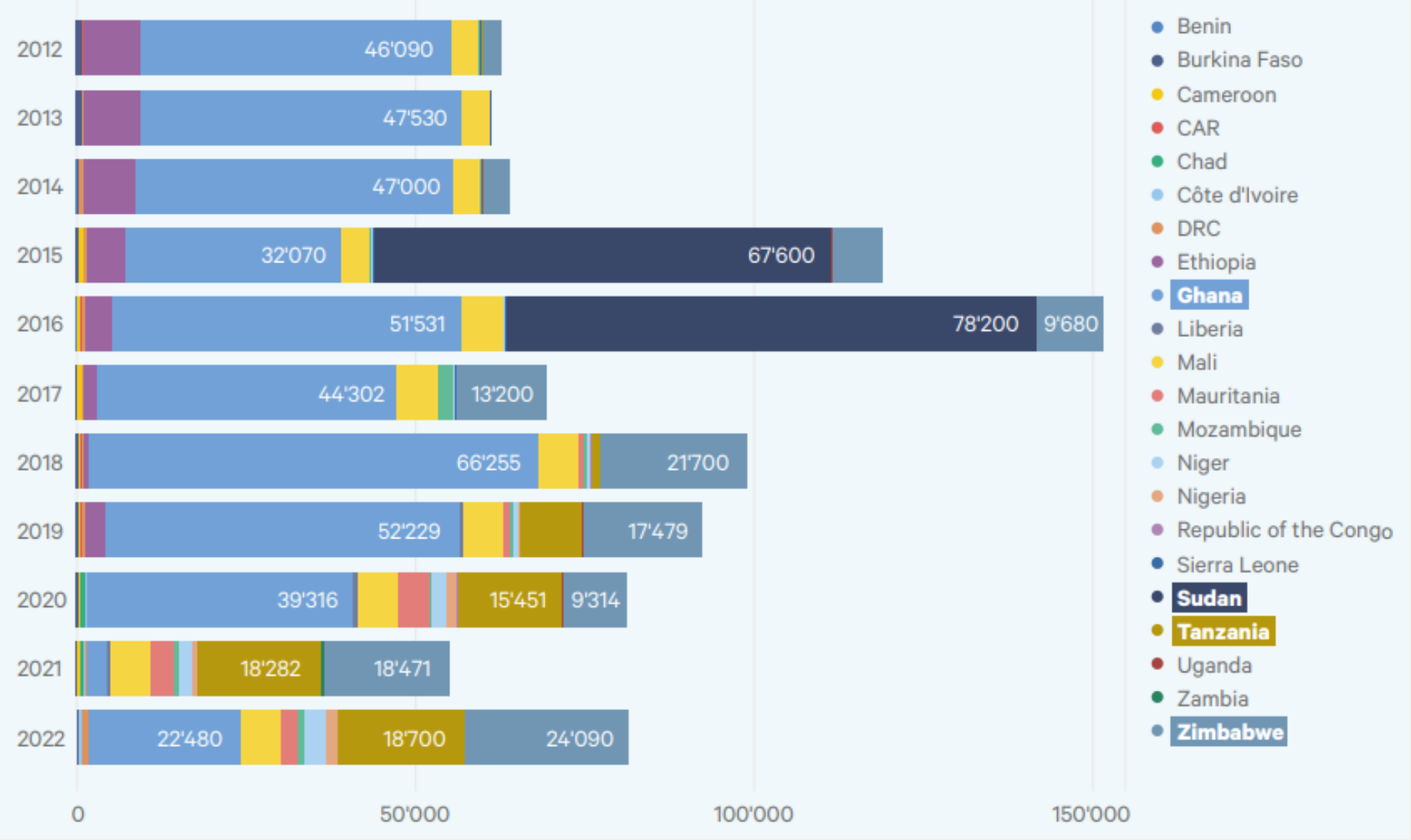
FIGURE 3 – Declared artisanal and small-scale gold production of all African countries

Kilograms



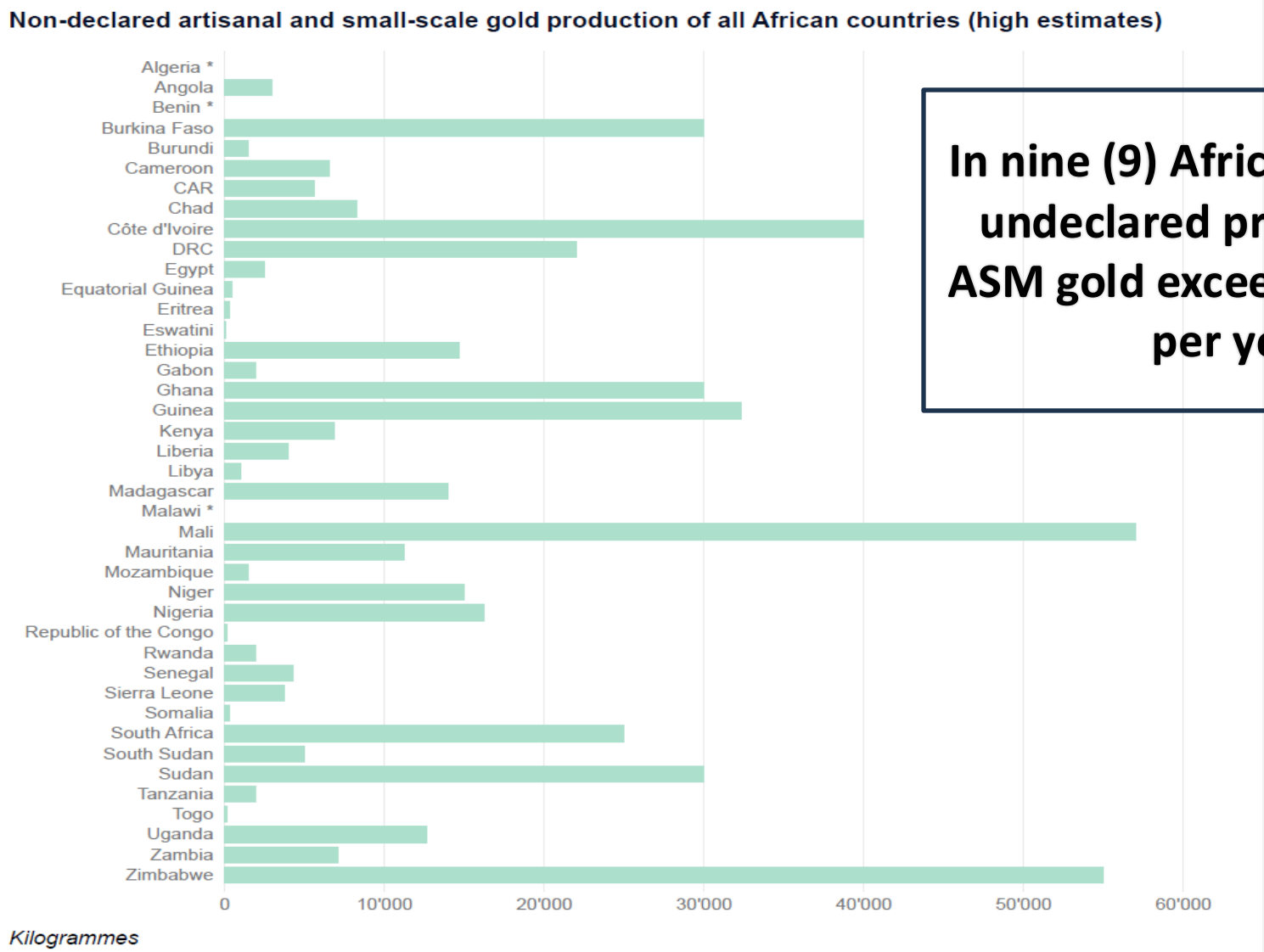
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Declared ASM gold production



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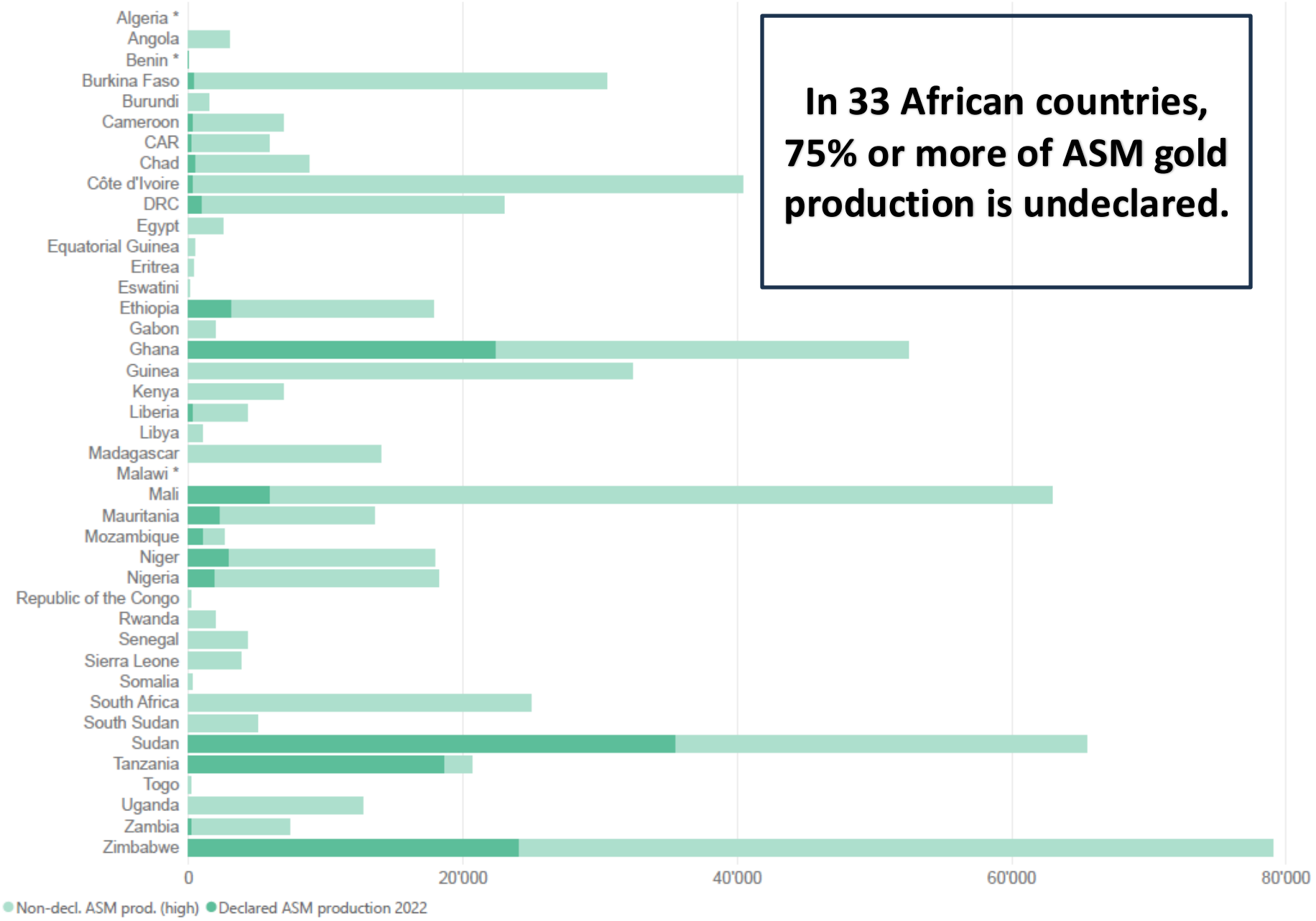
Non-declared ASM gold production



In nine (9) African countries, undeclared production of ASM gold exceeds 20 tonnes per year.

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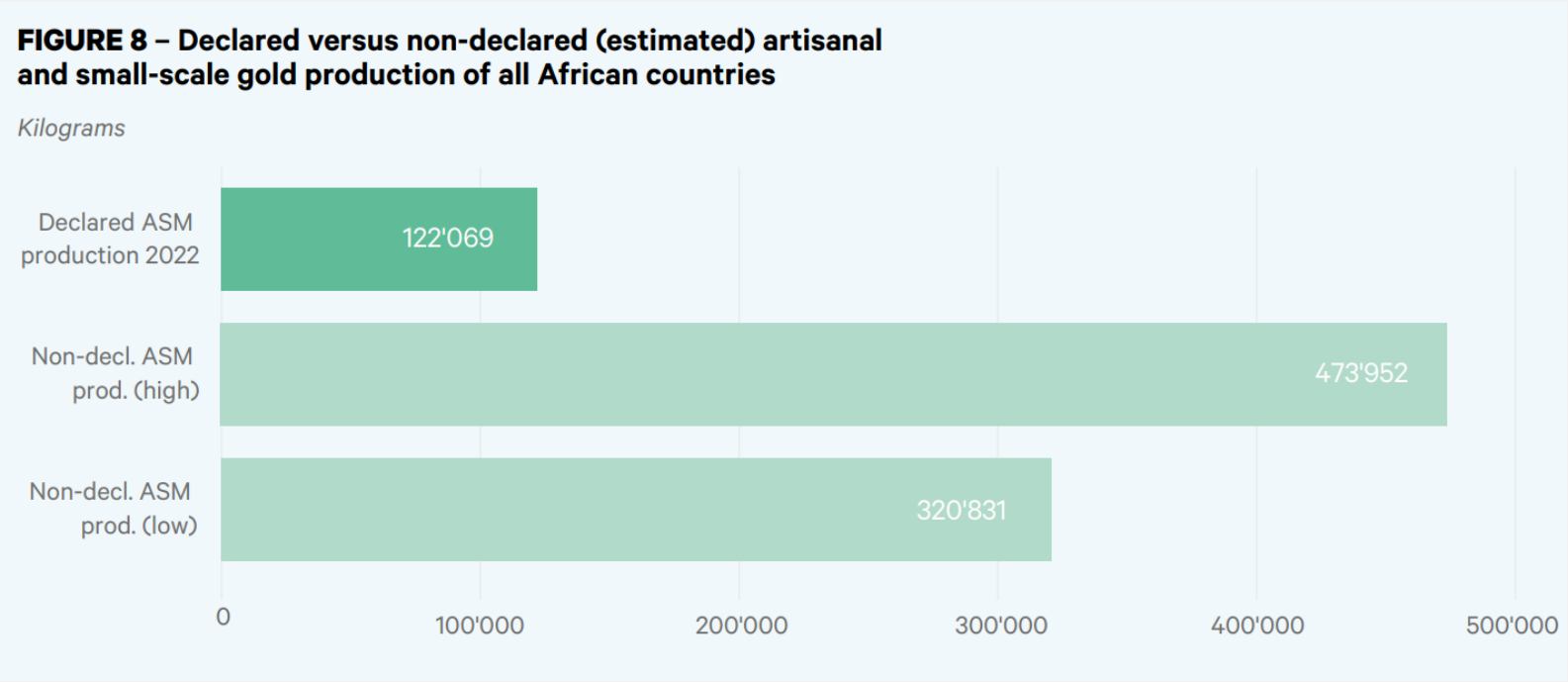
Declared versus non-declared (estimated) artisanal and small-scale gold production of all African countries



In 33 African countries, 75% or more of ASM gold production is undeclared.

Non-declared ASM gold production

FIGURE 8 – Declared versus non-declared (estimated) artisanal and small-scale gold production of all African countries



Each year, between 321 tonnes and 474 tonnes of ASM gold are not declared in Africa.

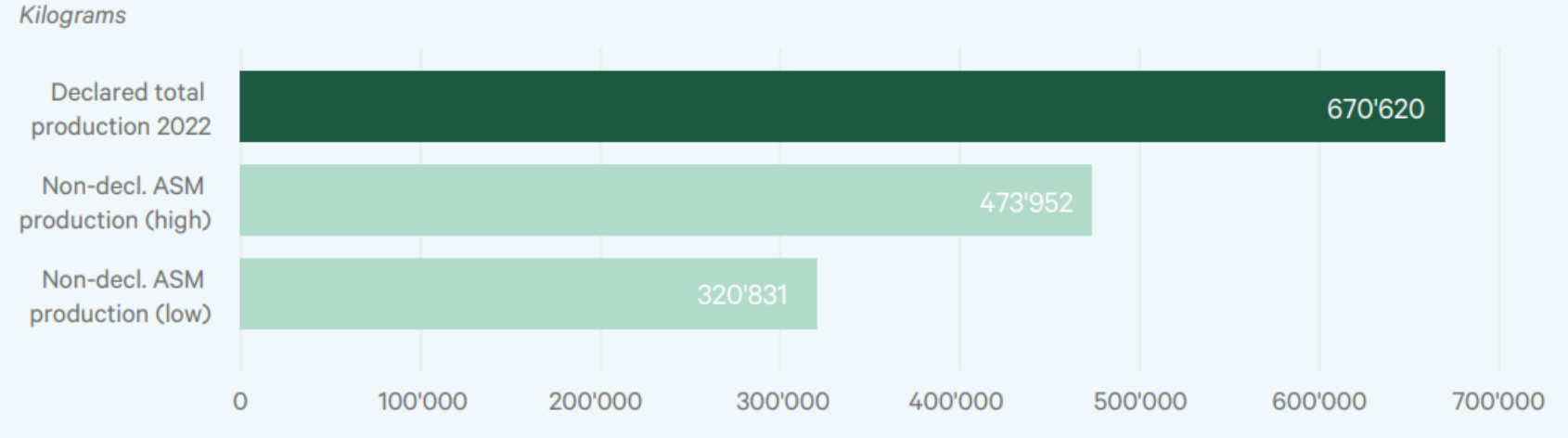
-> 80% of total ASM gold production in Africa

-> 41% of total gold production in Africa

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Declared vs non-declared gold production

FIGURE 12 – Declared versus non-declared (estimated) total gold production of all African countries



More than half of the gold extracted in Africa comes from ASM.

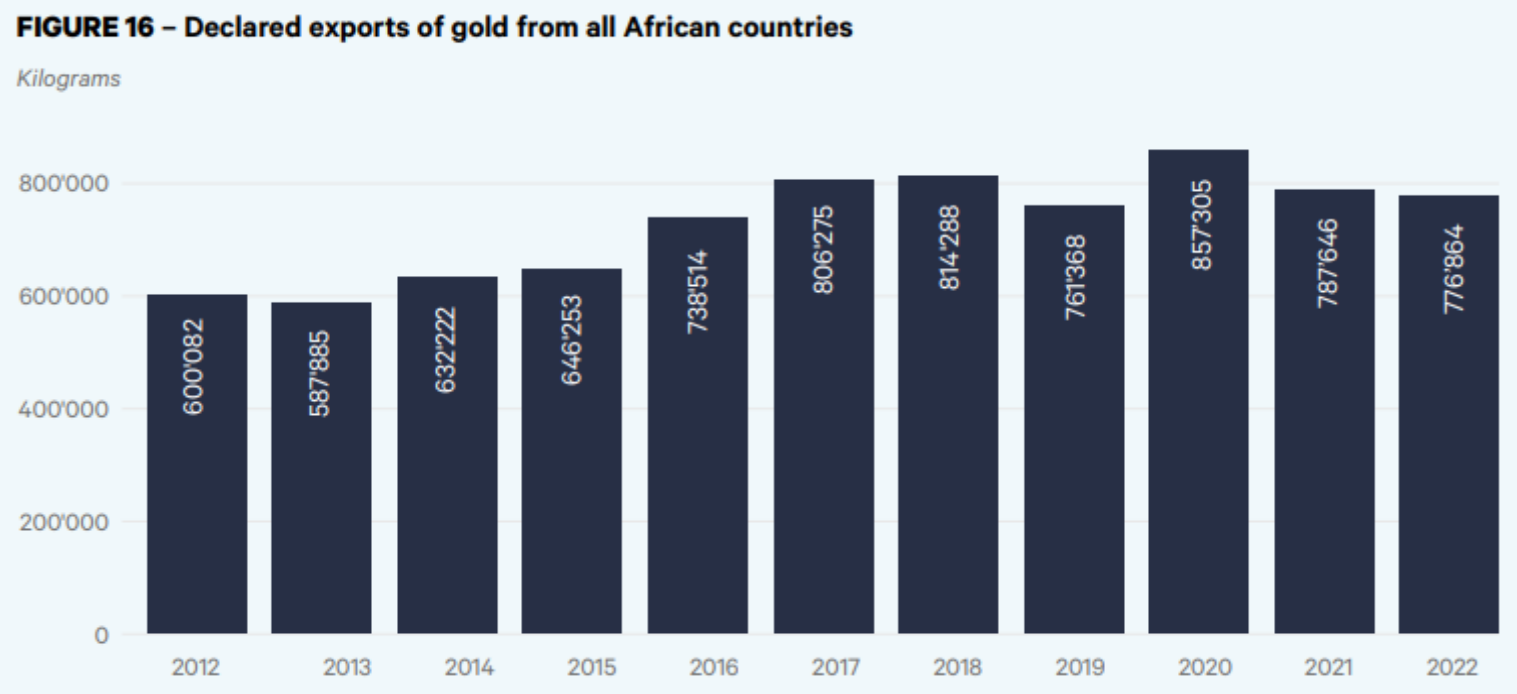
"Declared" does not mean there are no other issues (e.g. human right violations, environmental degradation, conflict financing).

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Trade

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Declared gold exports

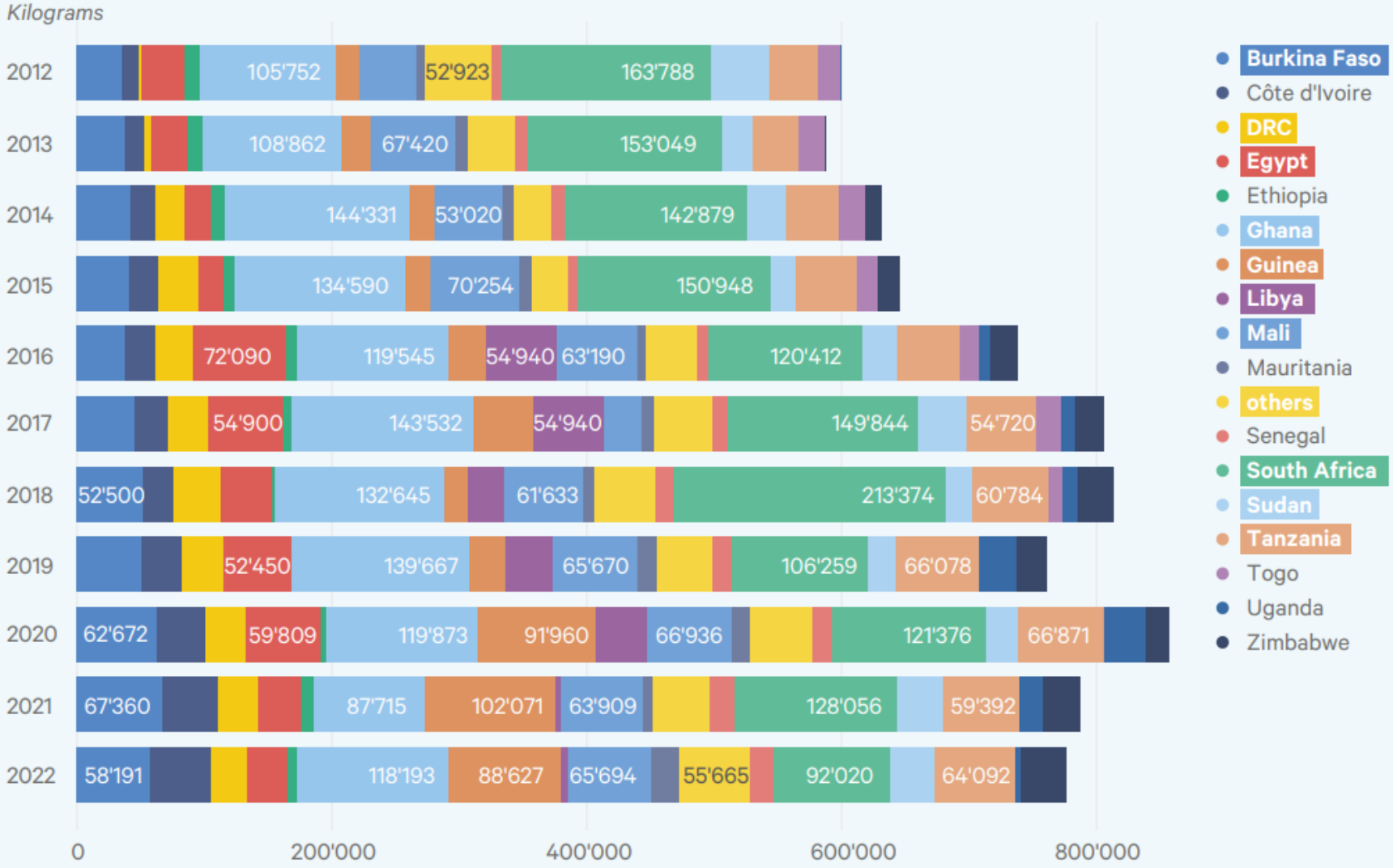


- **ASM gold -> 80%-85% to the UAE**
- **Industrial gold -> majority to South Africa, Switzerland and India**
- **Intra-African trade: only 20%**

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Declared exports

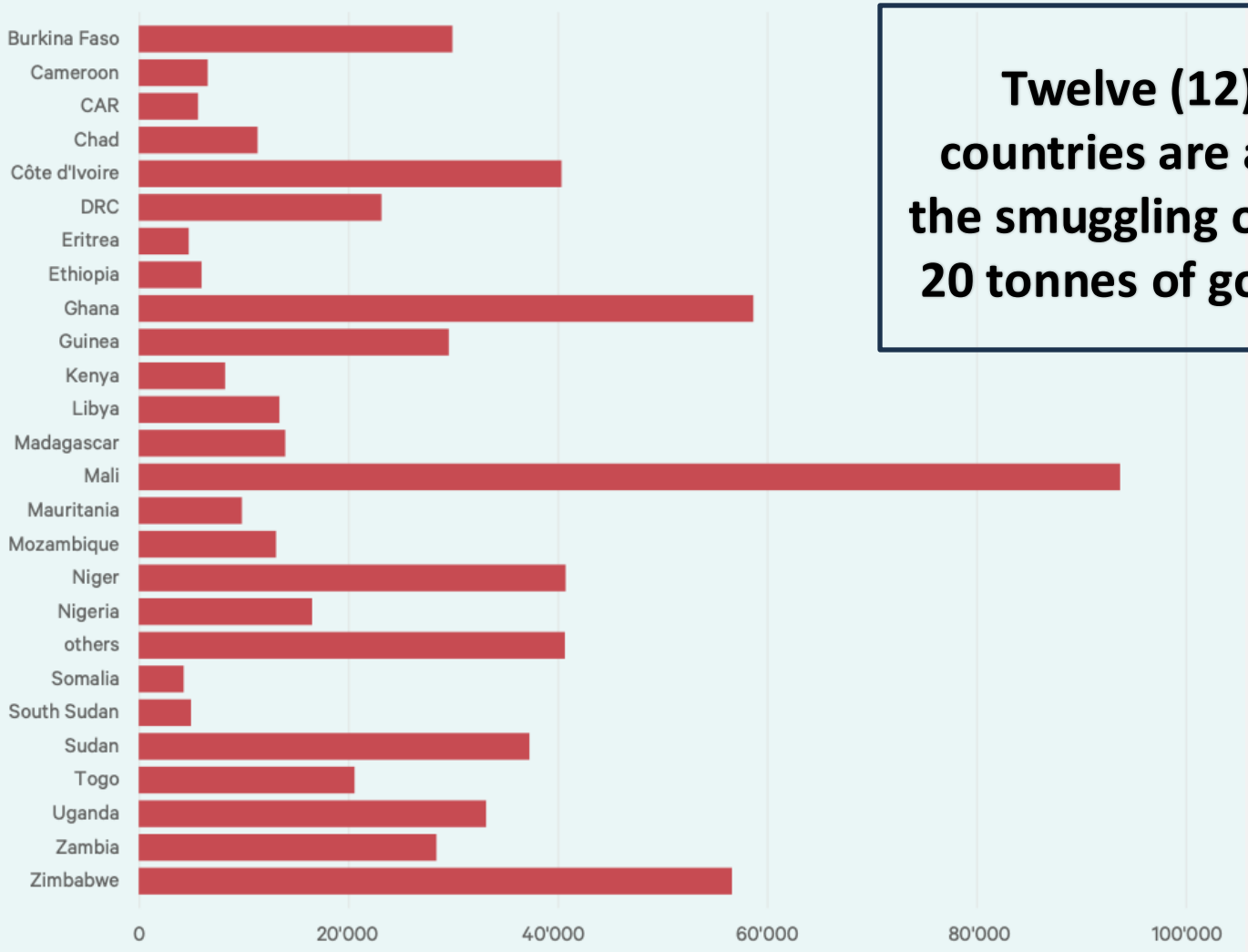
FIGURE 18 – Declared exports of gold from all African countries



Estimated non-declared gold exports

FIGURE 63 – Exports of gold from African countries through smuggling in 2022 (according to SWISSAID's calculations)*

Kilograms



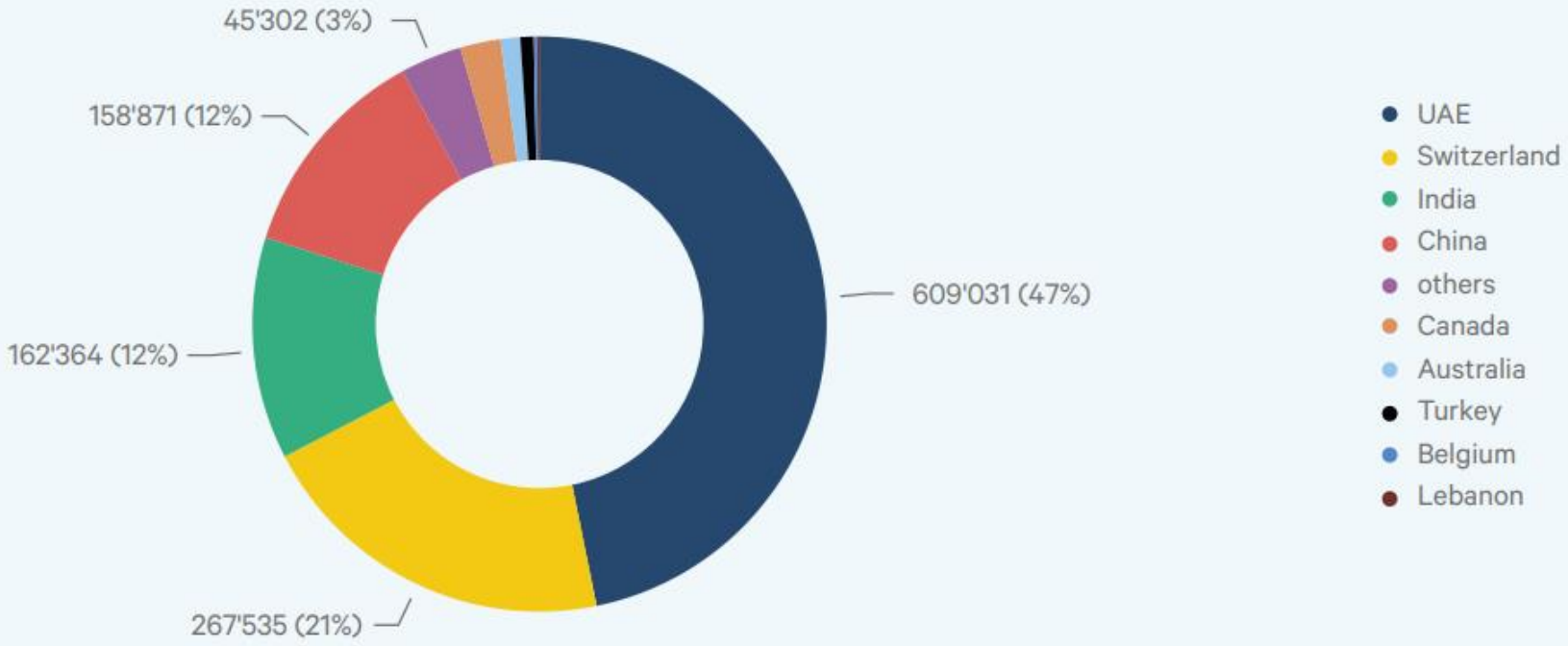
Twelve (12) African countries are affected by the smuggling of more than 20 tonnes of gold per year.

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Imports of gold from Africa into non-African countries

FIGURE 21 – Imports of gold from Africa into all non-African countries in 2022

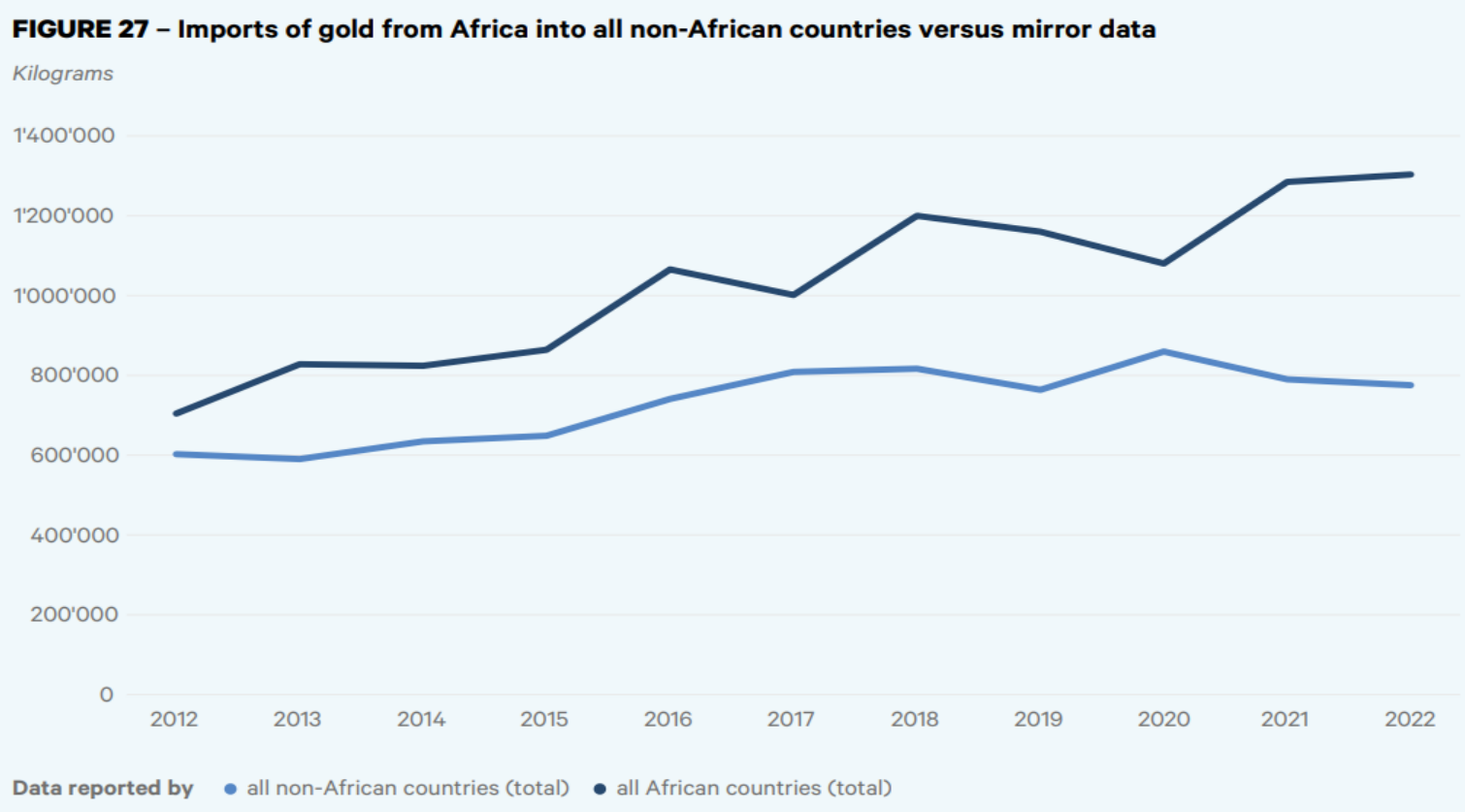
Kilograms



Sources: UN Comtrade HS 7108, data reported by countries of destination.

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Imports of gold from Africa

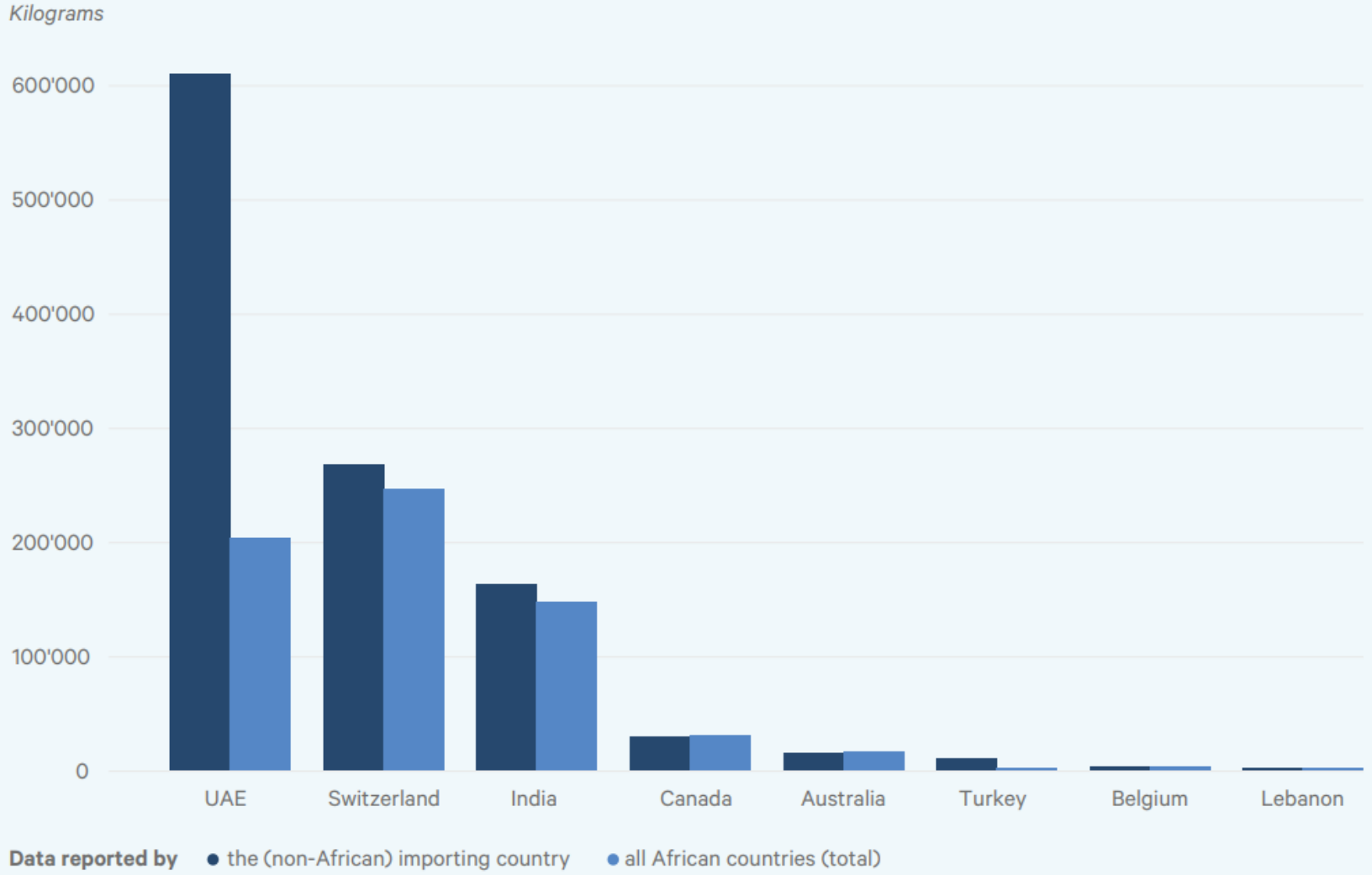


More than 435 tonnes of gold was smuggled out of Africa in 2022 (USD 30.7 billion)

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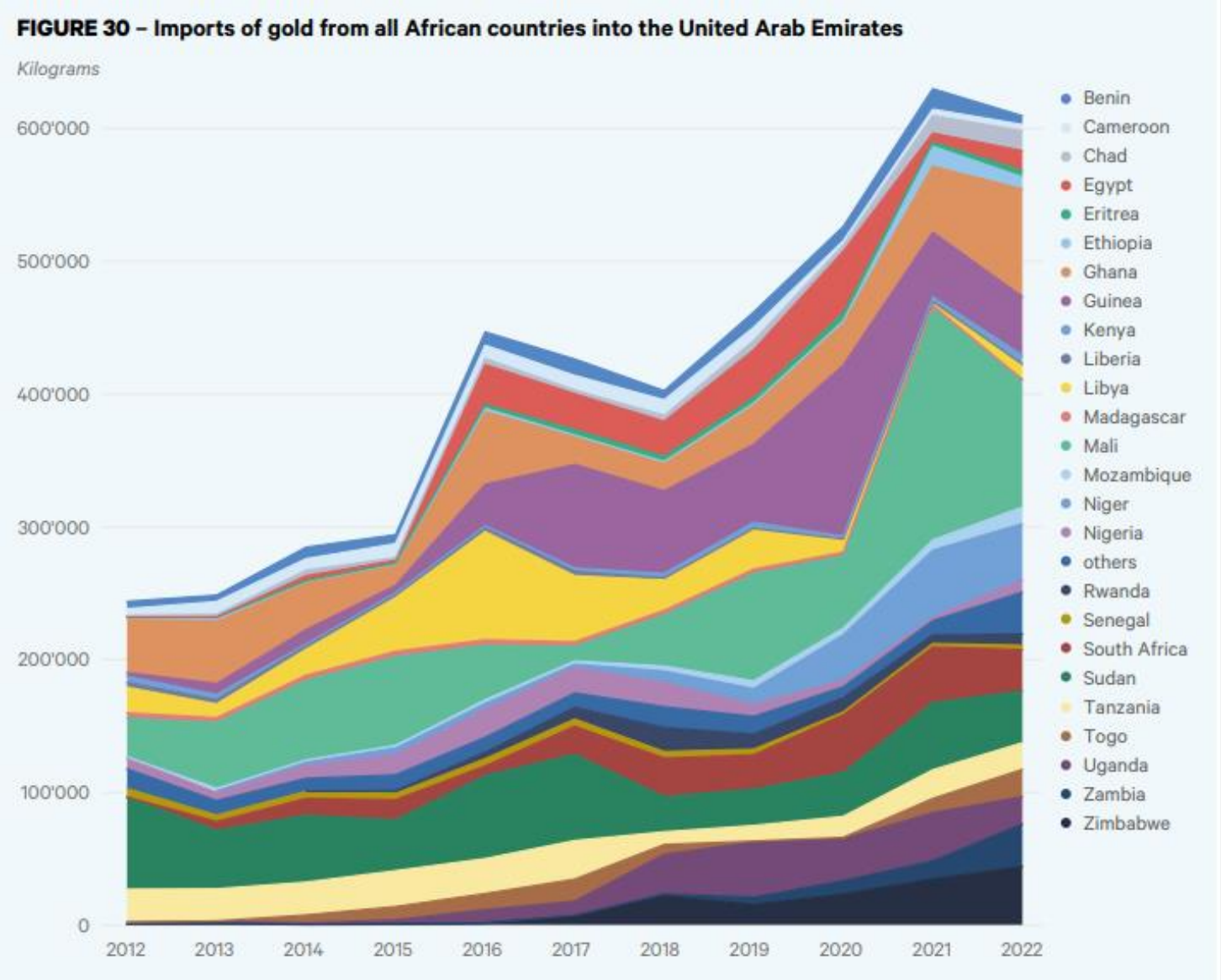
Imports of gold from Africa versus mirror data

FIGURE 28 – Imports of gold from Africa into the main non-African importing countries in 2022 versus mirror data



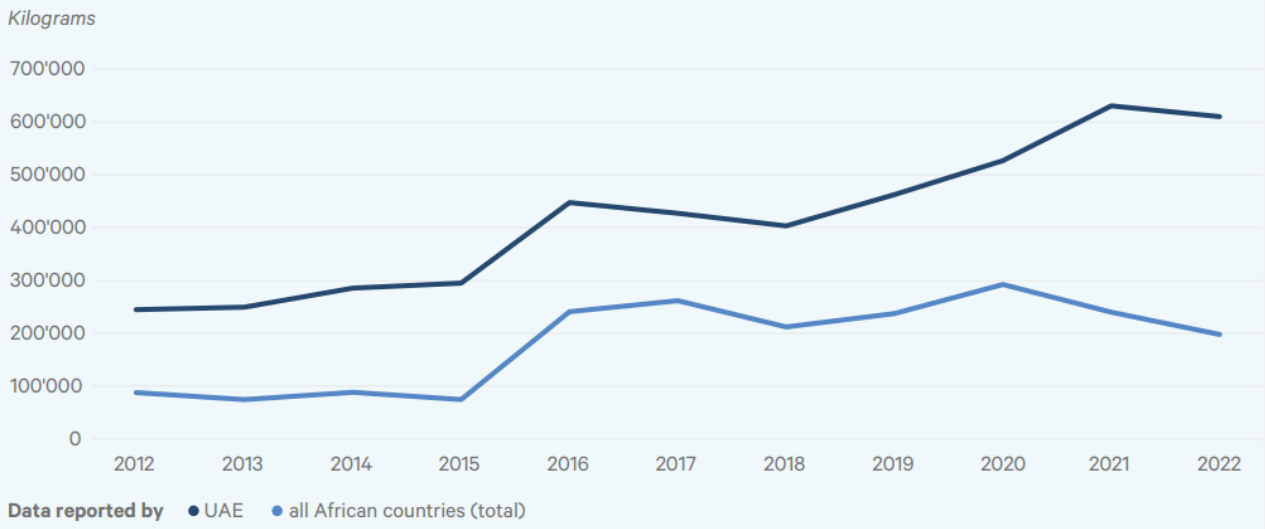
Sources: (Non-African) countries of destination: UN Comtrade HS 7108. (African) countries of origin: statistics of the African states, see appendix 5.

Imports of gold from Africa into the UAE



Imports of gold from Africa into the UAE

FIGURE 32 – Imports of gold from Africa into the United Arab Emirates versus mirror data



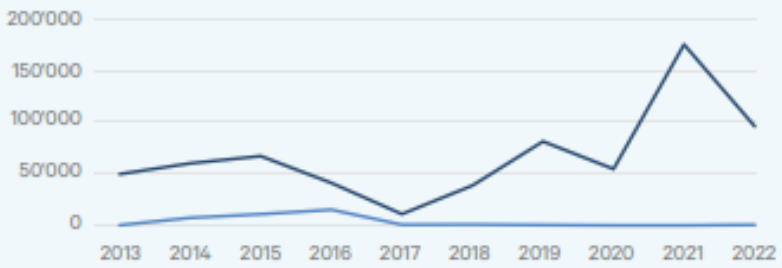
Sources: UAE: UN Comtrade HS 7108. Countries of origin: see appendix 5.

- **In 2022, 66.5% (405 tonnes, 30 billions USD) of the gold imported into the UAE from Africa was smuggled out of African countries**
- **Between 2012 and 2022, 2,569 tonnes of African gold imported into the UAE was not declared for export in African countries (USD 115.3 billion)**

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FIGURE 33 – Exports of gold from Mali to the United Arab Emirates versus mirror data

Kilograms

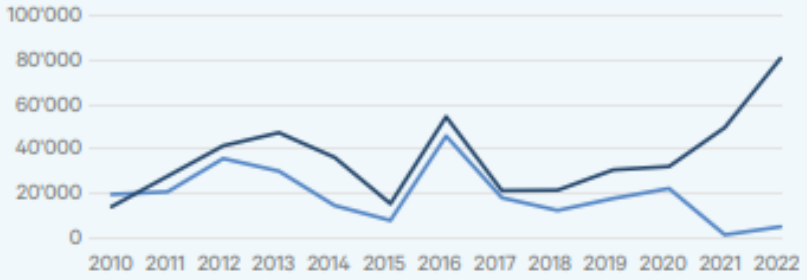


Data reported by

- Mali (UN Comtrade HS 7108 and INSTAT)
- United Arab Emirates (UN Comtrade HS 7108)

FIGURE 34 – Exports of gold from Ghana to the United Arab Emirates versus mirror data

Kilograms

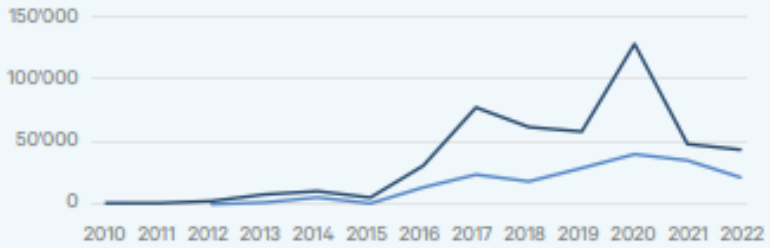


Data reported by

- Ghana (Bank of Ghana)
- United Arab Emirates (UN Comtrade, HS 7108)

FIGURE 35 – Exports of gold from Guinea to the United Arab Emirates versus mirror data

Kilograms

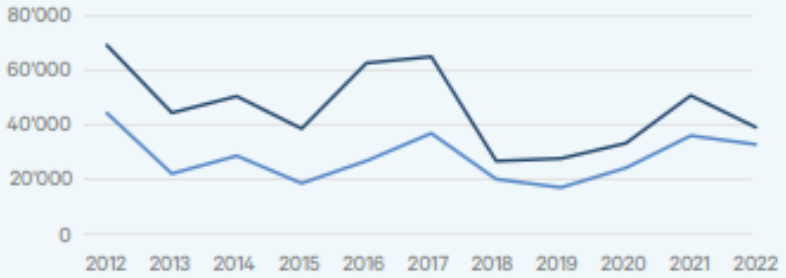


Data reported by

- Guinea (2012-2013: INS; 2014-2022: DGD)
- UAE (UN Comtrade HS 7108)

FIGURE 36 – Exports of gold from Sudan to the United Arab Emirates versus mirror data

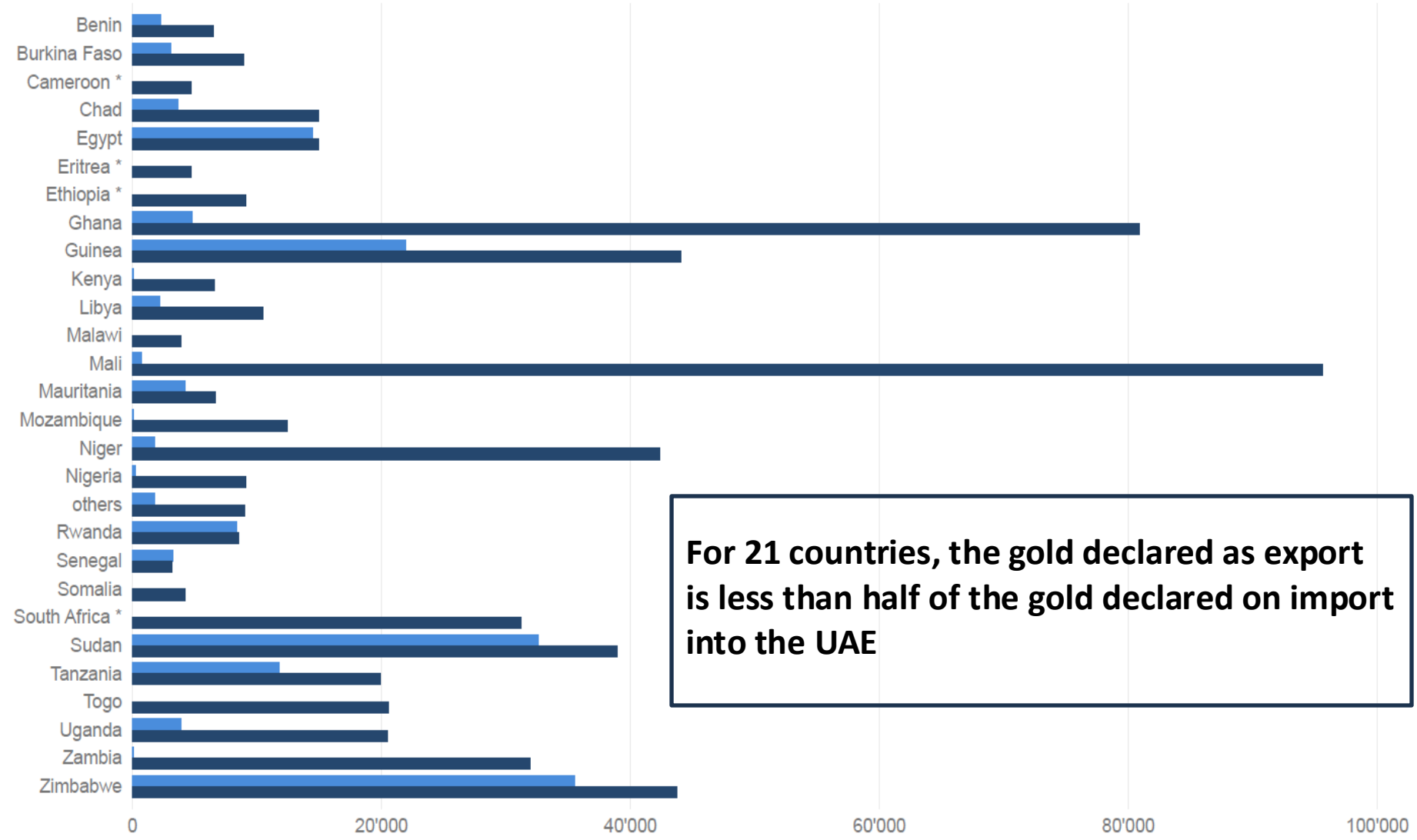
Kilograms



Data reported by

- Sudan (Central Bank of Sudan)
- United Arab Emirates (UN Comtrade HS 7108)

Imports of gold from all African countries into the United Arab Emirates in 2022 versus mirror data



Data reported by ●the UAE ●the country of origin

Kilogrammes

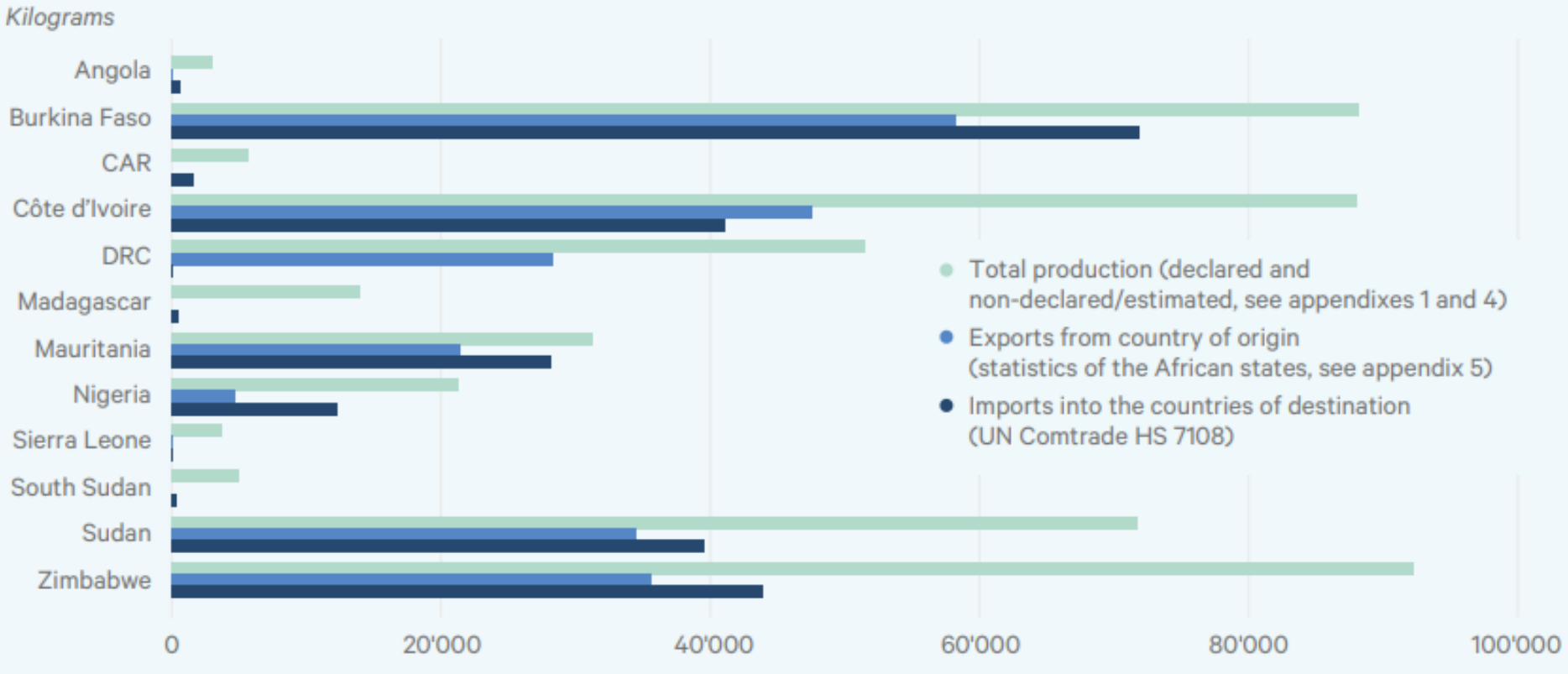
Sources: UAE: UN Comtrade HS 7108. Countries of origin: statistics of the African states, see appendix 5. For countries marked with an asterisk, data on gold export to the UAE in 2022 could not be obtained or does not exist.

Type of countries

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Gold smuggled to a neighboring country

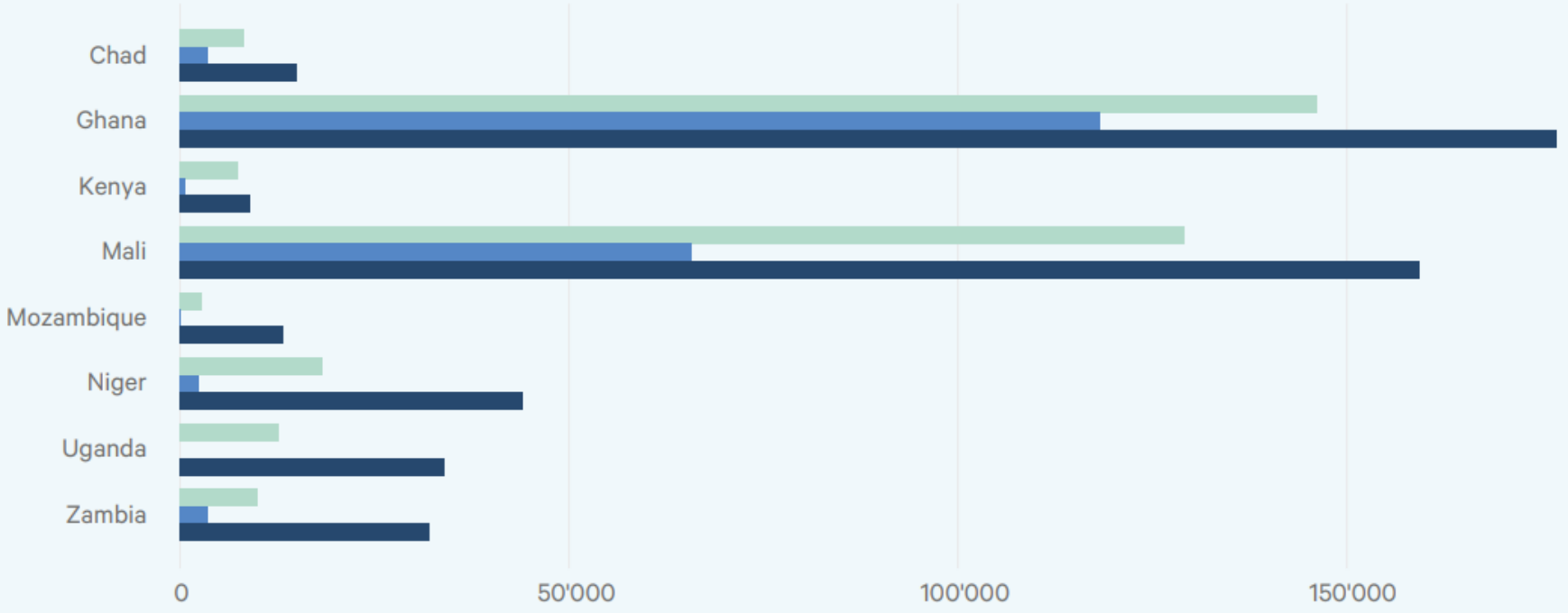
FIGURE 64 – Examples of African countries from which gold was smuggled to a neighboring or near country in 2022*



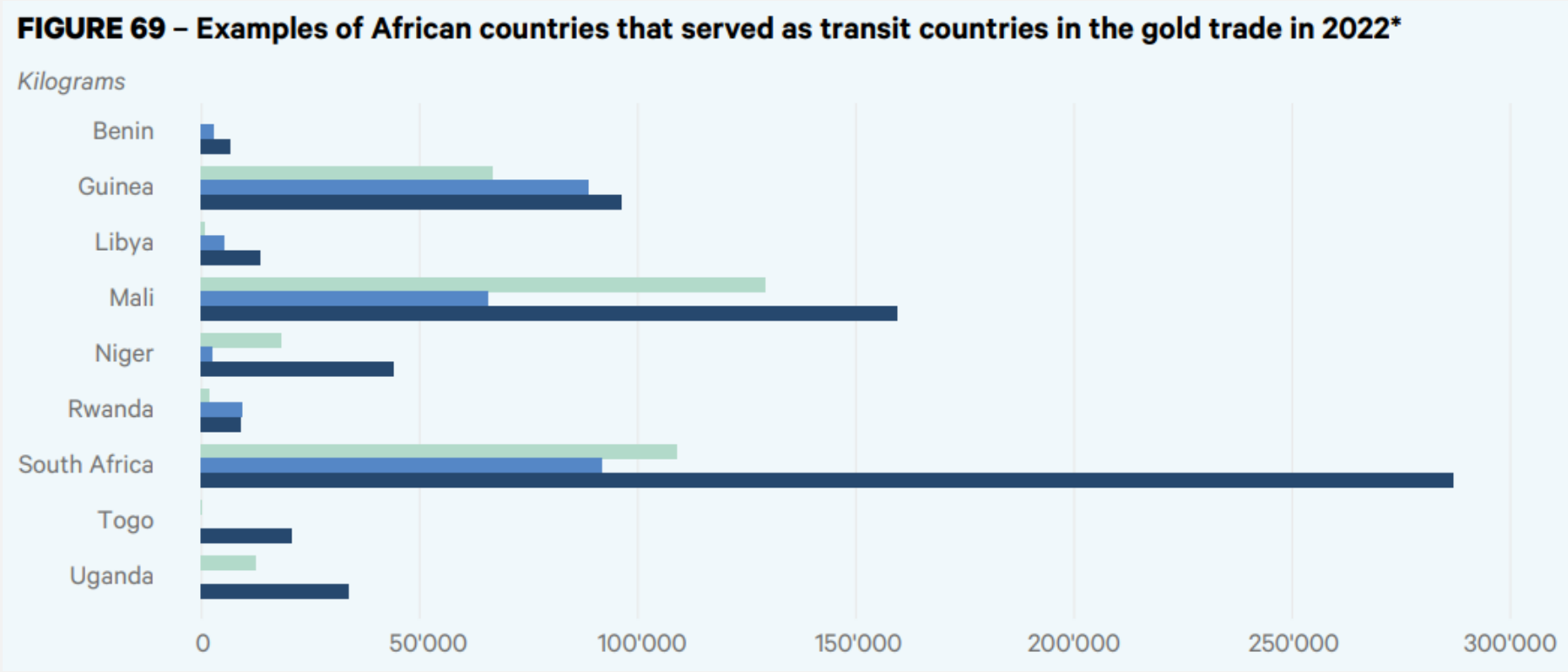
Gold smuggled to a non-African country

FIGURE 66 – Examples of African countries from which gold was smuggled to a non-African country in 2022*

Kilograms



Transit countries



Transit countries : no imports declared

FIGURE 72 – Overview of the gold sector in Mali

Kilograms

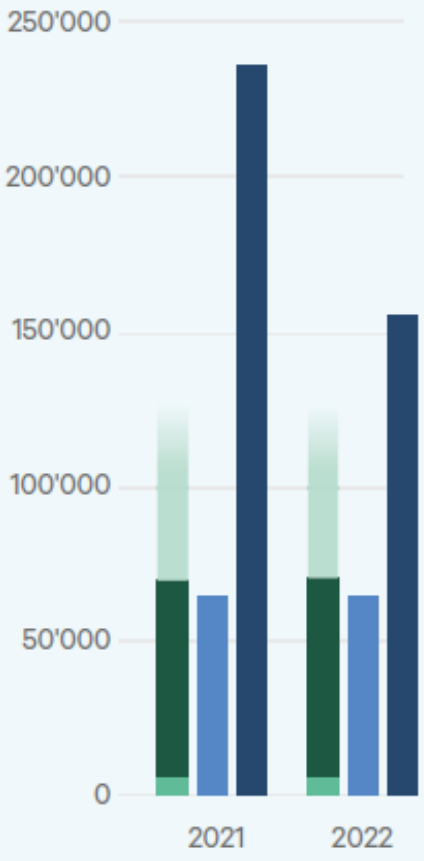


FIGURE 73 – Overview of the gold sector in Niger

Kilograms

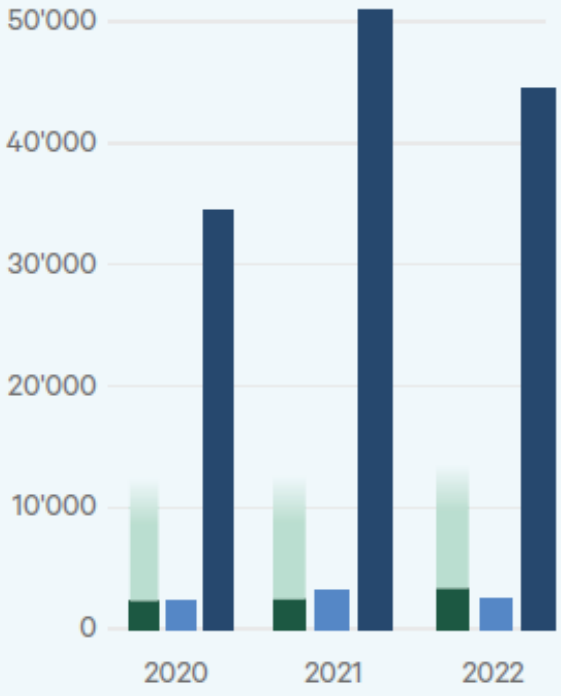
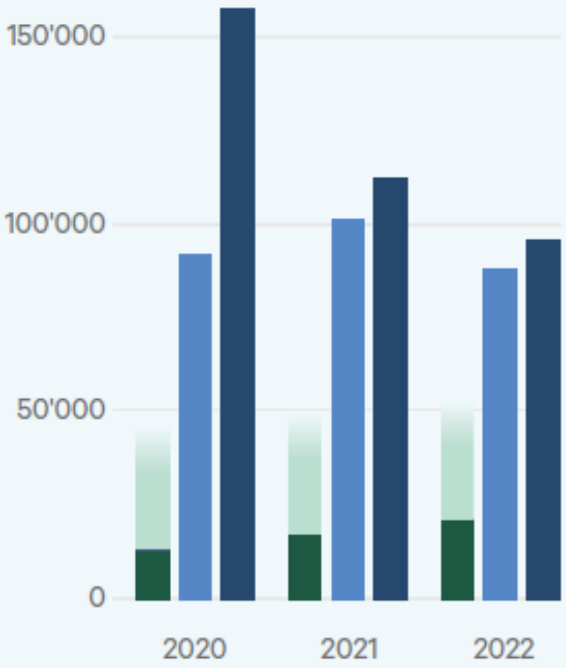


FIGURE 74 – Overview of the gold sector in Guinea

Kilograms



Transit countries: imports declared

FIGURE 75 – Overview of the gold sector in Uganda

Kilograms

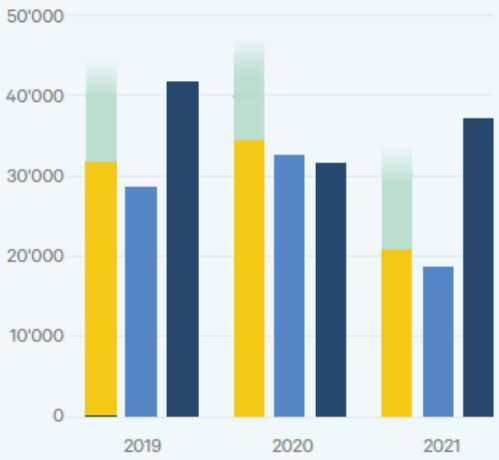
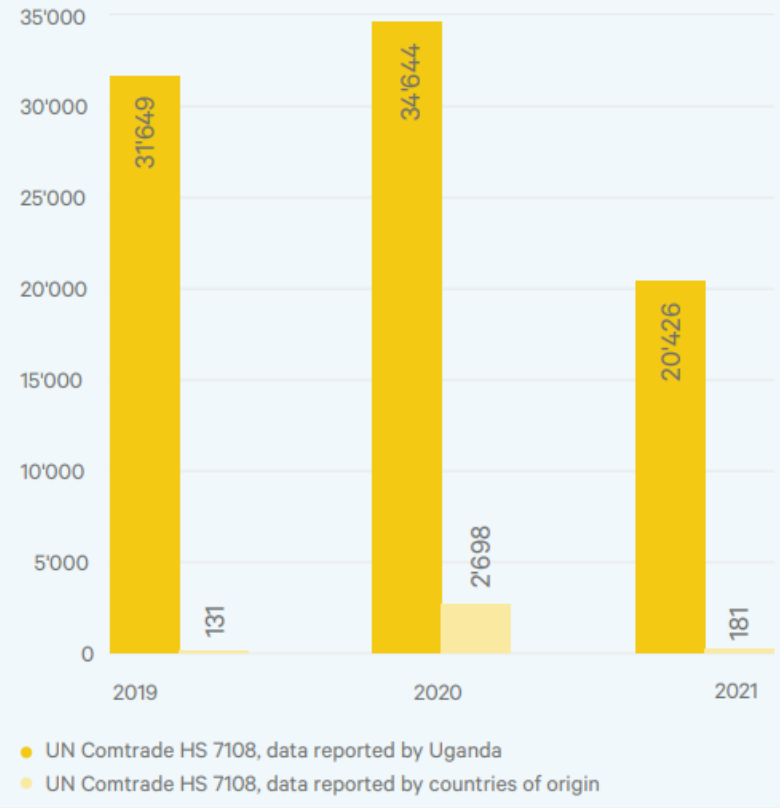


FIGURE 76 – Imports of gold into Uganda

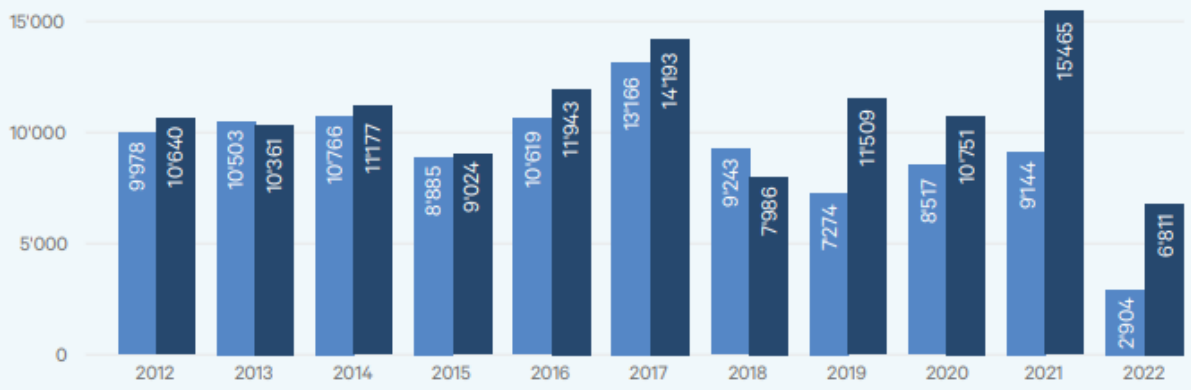
Kilograms



Transit hubs: under-declaration

FIGURE 67 – Exports of gold from Benin (weight)

Kilograms



- UN Comtrade HS 7108, data reported by Benin
- UN Comtrade HS 7108, data reported by countries of destination (2021: manifest error corrected by SWISSAID)

FIGURE 68 – Exports of gold from Benin (trade value)

US dollars



- UN Comtrade HS 7108, data reported by Benin
- UN Comtrade HS 7108, data reported by countries of destination

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Recommandations to African States

General

- Formalisation of ASM
- Tax harmonization
- Increased and tighter controls
- Gold marketing (e.g. set up collection offices, simplify administrative procedures)
- Cooperation with destination countries

Publication of information

- Publish statistics on gold extracted (by region, type of gold) and gold exported (by country of destination, type of gold)
- Report discrepancies between production, exports and imports

➡ Requirement 3.3 b) of the EITI Standard : analysing deviations between exports values and import values

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Recommandations to non-African states

General

- Increase transparency and traceability about the origin of the gold
- Strengthen customs controls
- Adopt national legislation that incorporates all the requirements of the OECD Guidance
- Check that imported gold has been declared for export in the country of origin
- Collaborate with private standards and exporting/producing countries

➡ Increase collaboration inside producing countries ; between producing countries; and between producing and importing countries.

➡ Engagement with ASM

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