

Hanlon, Joseph

**Working Paper**

## The Uberization of Mozambique's heroin trade

Working Paper Series, No. 18-190

**Provided in Cooperation with:**

Department of International Development, London School of Economics and Political Science (LSE)

*Suggested Citation:* Hanlon, Joseph (2018) : The Uberization of Mozambique's heroin trade, Working Paper Series, No. 18-190, London School of Economics and Political Science (LSE), Department of International Development, London

This Version is available at:

<https://hdl.handle.net/10419/224816>

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# Working Paper Series 2018

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**No.18-190**

The Uberization of Mozambique's heroin trade

**Joseph Hanlon**

**Published: July 2018**

**Department of International Development**

**London School of Economics and Political Science**

**Houghton Street**

**London**

**WC2A 2AE UK**

**Tel: +44 (020) 7955 7425/6252**

**Fax: +44 (020) 7955-6844**

**Email: [J.Hanlon@lse.ac.uk](mailto:J.Hanlon@lse.ac.uk)**

**Website: <http://www.lse.ac.uk/internationalDevelopment/home.aspx>**

# **The Uberization of Mozambique's heroin trade**

By Joseph Hanlon, Visiting Senior Fellow,  
LSE Department of International Development  
[j.hanlon@lse.ac.uk](mailto:j.hanlon@lse.ac.uk)

## *Acknowledgement:*

This research was partly funded and facilitated by the Global Initiative against Transnational Organized Crime, as background for their paper "The Heroin Coast: The political economy of heroin trafficking along the eastern African seaboard", by Simone Haysom, Peter Gastrow and Mark Shaw. Thanks to Global Initiative for permission to publish the more detailed background paper here.

# The Uberization of Mozambique's heroin trade

By Joseph Hanlon, Visiting Senior Fellow,  
LSE Department of International Development  
j.hanlon@lse.ac.uk

**Abstract:** Mozambique is a significant heroin transit centre and the trade has increased to 40 tonnes or more per year, making it a major export which contributes up to \$100 mn per year to the local economy. For 25 years the trade has been controlled by a few local trading families and tightly regulated by senior officials of Frelimo, the ruling party, and has been largely ignored by the international community which wanted to see Mozambique as a model pupil. But the position is changing and Mozambique may be coming under more donor pressure. Meanwhile the global move toward the gig economy and the broader corruption of Mozambican police and civil service makes it easier to organise alternative channels, with local people hired by mobile telephone for specific tasks. Mozambique is part of a complex chain which forms the east African heroin network. Heroin goes from Afghanistan to the Makran coast of Pakistan, and is taken by dhow to northern Mozambique. There, the Mozambican traffickers take it off the dhows and move it more than 3000 km by road to Johannesburg, and from there others ship it to Europe.

Keywords: Mozambique, heroin, drugs, transnational crime, smuggling, Whatsapp

Heroin has been one of Mozambique's largest exports for two decades and the trade is increasing. Heroin is produced in Afghanistan and shipped through Pakistan, then moved by sea to east Africa and particularly northern Mozambique.<sup>1</sup> From there it is taken by road to Johannesburg, from which it is sent to Europe. This basic route has remained unchanged for 25 years. Estimates vary from 10 to 40 tonnes or much more of heroin moving through Mozambique each year. With an export value of \$20 million per tonne<sup>2</sup>, heroin is probably the country's largest or second largest export (after coal).<sup>3</sup> It is estimated that more than \$2 mn per tonne says in Mozambique, as profits, bribes, and payments to senior Mozambicans.

Heroin arrives on dhows 20-100 km off the coast. The Mozambican role is to take it from the dhows, move it by small boat to the coast and then by road to warehouses, and finally take it by road 3000 km to Johannesburg, South Africa. The 10-40 t/y estimate is from dhows only, and further significant amounts of heroin also arrive in containers of other imports, particularly at the northern port of Nacala.

Until recently, the trade was carried out by south-Asian-origin families based in the north of Mozambique and was tightly regulated by the most senior figures in Frelimo. The trade has been well known since 2001 when an article was published in *Metical*, and it said heroin was then Mozambique's largest export.<sup>4</sup> Frelimo regulation means there have been no drug wars between the trading families, and little heroin remains in Mozambique.<sup>5</sup> With one exception (the United

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<sup>1</sup> UNODC, "Market analysis of plant-based drugs", *World Drugs Report 2017* Booklet 3, p 18; European Monitoring Centre for Drugs and Drug Addiction, "EU Drugs Market Report 2016", Lisbon: 2016, pp 86-7; United States Department of State, "2017 International Narcotics Control Strategy Report Volume I", Washington, 2017, p 252; "The Smack Track", *The Economist*, 15 Jan 2015.

<sup>2</sup> Highly variable. Similarly, the street price in Europe ranges from \$30 to \$300 per gram - \$30 mn to \$300 mn per tonne.

<sup>3</sup> Mozambique's five largest official exports in 2016 were: \$687 mn coal, \$378 mn electricity, \$378 mn aluminium, \$370 mn gas & oil, and \$ 208 mn tobacco.

<sup>4</sup> Joseph Hanlon, "O grande negócio da droga", *Metical* 1017, 28 June 2001. *Metical* was the widely-read faxed newsletter started by Carlos Cardoso, who was assassinated in 2000. In Portuguese and English ("Drugs now biggest business") on

<http://www.open.ac.uk/technology/mozambique/sites/www.open.ac.uk.technology.mozambique/files/pics/d135483.pdf>

<sup>5</sup> In terms of transit, heroin is the only important drug. Herbal cannabis produced in Mozambique is exported to South Africa, there is a hashish trade (linked to the heroin trade), and mandrax (Methaqualone) is manufactured for South Africa and factories in Maputo are regularly raided, for example *Notícias* 7 April 2017.

States in 2009-10), the international community has chosen to ignore the regulated heroin trade - other issues ranging from natural gas to corruption have been seen as more important.

Heroin production is increasing in Afghanistan. But tighter control of transit through eastern Europe is moving the trade to southern routes, and more controls in Kenya and Tanzania has moved sea landings south to northern Mozambique. The trade appears to be increasing significantly. This, in turn, led to an investigation by the Geneva-based Global Initiative against Transnational Organized Crime, just published: "The Heroin Coast: The political economy of heroin trafficking along the eastern African seaboard", by Simone Haysom, Peter Gastrow and Mark Shaw.<sup>6</sup> The report argues that the heroin trade has "political protection" and that "in Mozambique, we find a tight integration between ruling party figures and traffickers." The report continues: "individuals in Frelimo have become implicated in criminal activities, and ... the party's own system for generating funds relies on a lack of the rule of law."

Despite the heroin trade being well known to embassies, it was only on 1 June 2010 that US President Barack Obama designated Mohamed Bachir Suleman (MBS) as a "drugs kingpin", making it illegal for US citizens, US companies, and businesses which operate in the US to conduct financial or commercial transactions with him or three of his businesses. MBS is a major businessman and trader, and he works with at least three other south-Asian origin trading families. They use their own facilities and staff and mix illegal and legal commerce. MBS is believed to still control a large part of the heroin trade through Mozambique, but his position and that of linked families may have diminished.

On the other hand, there is a move in East Africa which reflects the global trend of Uber and Airbnb, away from using established business networks and warehouses, to a looser system of freelance workers controlled via WhatsApp and BlackBerry. Meanwhile petty corruption within Mozambique has become so endemic that the heroin trade can run on bribes and no longer needs political patrons. This leads to what one of my sources<sup>7</sup> described as a move to "disorganised crime", which appears to be handling much of the new increase in heroin trade.

This working paper is based on the background paper on Mozambique written for Global Initiative by Joseph Hanlon.<sup>8</sup> This working paper has five sections. The first section looks at MBS, the biggest heroin trader, medium-size traders, and at political patronage. The second section is about the national and international politics of Mozambique's regulated heroin trade. The third section sets out what is known about the physical heroin trade and movements within Mozambique. The final sections look at the recent growth of a parallel unregulated trade in Mozambique and at the global context of a criminal gig economy.

## Mozambique's own drug baron

President Joaquim Chissano was the guest of honour at the wedding of the second son of Mohamed Bachir Suleman (MBS) on 19 April 2001. An article in the biggest weekly newspaper, *Savana* (27 April 2001), described the wedding as "sumptuous" and said there were 10,000 guests from all over the world.

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These three are not treated as important by the control authorities. Within Mozambique, alcohol and cannabis are the main drugs and there is not a large market for hard drugs; heroin and cocaine are consumed locally (crack is available on the street in Maputo) but not in large quantities. Heroin appears to be mainly smoked rather than injected.

<sup>6</sup> Simone Haysom, Peter Gastrow and Mark Shaw "The Heroin Coast: The political economy of heroin trafficking along the eastern African seaboard", Geneva: Global Initiative against Transnational Organized Crime, <http://globalinitiative.net/> and <https://enactafrica.org> Hereafter: Haysom, Gastrow & Shaw - Global Initiative

<sup>7</sup> The Global Initiative report notes that "In order to encourage candour and to protect our sources" they did not give names, and in some cases we do not give names here.

<sup>8</sup> With thanks to two Mozambican journalists.

For a country less than a decade out of war, this was massive and ostentatious spending. MBS was also known as a major contributor to Frelimo. He is one of Mozambique's most prominent and wealthiest businessmen and his wealth did not come only from importing refrigerators and washing machines for his Kayum Centre. Also in 2001, I was briefed by an international drugs control official that his business, Grupo MBS, was the main heroin trader in Mozambique.

Links to MBS were passed on to Armando Guebuza when he was elected President in 2004. He twice publicly visited MBS's Maputo Shopping Centre (22 June 2006 and for the official opening 8 May 2007). The \$32 mn complex was then the largest in Mozambique, and Guebuza praised it a model of private investment.<sup>9</sup> MBS was reported to have made a \$1 million contribution to President Armando Guebuza's 2009 electoral campaign.<sup>10</sup> But those links may have been through Guebuza's children.

In 16 November 2009 and 25 January 2010 cables, Todd Chapman, Chargé d'Affaires at the US Embassy in Maputo, alleged that MBS "has direct ties to President Guebuza and former President Chissano" and that MBS is the coordinator of heroin going through Mozambique and perhaps southern Tanzania.

Then on 1 June 2010, US President Barack Obama designated MBS as a "drugs kingpin", making it illegal for US citizens, US companies, and businesses which operate in the US to conduct financial or commercial transactions with him or three of his businesses, Grupo MBS, Kayum Centre and Maputo Shopping Centre. The US Department of the Treasury stated that "Mohamed Bachir Suleman is a large-scale narcotics trafficker in Mozambique, and his network contributes to the growing trend of narcotics trafficking and related money laundering across southern Africa. ... Suleman leads a well-financed narcotics trafficking and money laundering network in Mozambique."<sup>11</sup> In the next section we point out that this was a unique intervention, even though the international community knows about the heroin trade.

The close link between MBS and Chissano is said to reflect a complex relationship. The heroin trade was regulated at the highest level. Chissano is said to have regularly met personally with MBS, and probably with the heads of the other heroin trading families. MBS was publically identified as a major donor to Frelimo. It has been widely assumed that there was an agreement to regulate the trade. There have never been drug wars between the heroin families and no convictions - and in the past two decades, no arrests - of senior figures in the heroin and hashish trades, and no seizures of heroin passing through the regulated trade. The Ministry of Interior, police and customs receive their commissions and assist the trade. Frelimo receives a substantial amount of money for operating costs and election expenses, and one assumes some members of the Frelimo leadership personally receive a part. Chissano had been Frelimo head of security since 1966, and he had the personal contacts needed to organise and regulate the trade.

There is no direct evidence of high level regulation, and any witnesses to such meetings are unlikely to speak out. It is speculated that part of the deal is that the heroin is intended for international transit and the traders agree that little stays in Mozambique. In the early 2000s, the military housing zone in central Maputo became known as "Columbia" because drugs were so readily available, and some the children of the elite became heroin users. This was widely publicised and then suddenly heroin became less available. Did Chissano tell MBS to stop selling locally? Clearly something happened, because cocaine and particularly crack are still readily available, suggesting lack of regulation of the cocaine trade.

#### *Other players*

Although MBS is a big man in Mozambique, he is part of a chain running from the Indian sub-continent. Under MBS, Global Initiative identifies three linked families with businesses in Nacala

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<sup>9</sup> *Noticias* 23 June 2006, AIM English 9 May 2007.

<sup>10</sup> *Savana* on-line, 20 Oct 2009.

<sup>11</sup> U.S. Department of the Treasury, "Treasury Sanctions Entities Owned By Drug Kingpin Mohamed Bachir Suleman", press release TG-729, 1 June 2010.

and Nampula. Gulam Rassul Moti and the Ayoob family were also named Todd Chapman, Chargé d'Affaires at the US Embassy in Maputo, in a 16 November 2009 cable. Although he cannot be trusted on names or detail,<sup>12</sup> Chapman sent reports to Washington later released as part of WikiLeaks, and on heroin they seem broadly correct.<sup>13</sup>

Gulam Rassul Moti<sup>14</sup> is owner of Moti Commercial and Moti Rent a Car and has kept a low profile, but he seems to have been one of the early entrants into the trade. In August 1997, 12 tonnes of hashish was seized in Quisanga, Cabo Delgado, and Gulam Rassul Moti was arrested in connection with this case. This was his second arrest in connection with drugs – he had earlier been named in connection with the smuggling of hashish to the US and Europe from the port of Nacala in containers disguised as tea. He was acquitted.

Political parties have the right to import goods for their own use duty free. In 2012 and 2013 Rassul Trading imported for Frelimo 3000 motorcycles, 7000 freezers and 5000 tyres. But the Centro de Integridade Pública (CIP, Public Integrity Centre) found that most were being sold in Rassul Trading shops.<sup>15</sup> It was a mark of the close links with Frelimo. A fire in a Rassul Trading warehouse in Nacala in February 2014 allegedly destroyed 50 containers with 5000 motorbikes.<sup>16</sup> Global Initiative mentions claims that heroin had been important in the fuel tanks of some of the motorbikes.<sup>17</sup>

The second group is the Ayoob family. Momed Khalid Ayoob owned hotels, tourist installations and car companies as well as Modas Niza and Real Câmbios. In October 2008 *Zambeze*<sup>18</sup> reported that Khalid Ayoob had been arrested in Portugal in 1987 for possession of heroin, but managed to escape two years later, and that his brother Macsud was jailed in Portugal for drug trafficking in 1990. *Zambeze* also said the family had invested tens of millions of dollars in Maputo hotels.

Macsud Ayoob was detained in 2002 at Maputo airport, in possession of over \$1 million in banknotes being taken to Dubai. Brother Momed Khalid Ayoob was arrested on 1 December 2010 by the Swazi Police in possession of Rand 18 million (\$2.6 mn) in banknotes. He was taking the money from Mozambique to Dubai, in violation of both Mozambican and Swazi exchange legislation. Momed was shot and killed in Maputo on 20 April 2012. His widow Reyma Ayoob was kidnapped in 2014 and released after 22 days after her family paid a ransom.

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<sup>12</sup> Paul Fauvet, "Renamo brings WikiLeaks back to parliament", AIM English 28 April 2011. Chapman correctly pointed to President Armando Guebuza's extensive business interests, but hugely exaggerated and was wrong on companies and ownerships when those could easily have been checked. On the drugs issue, in a 1 July 2009 cable he cited an article by me ("Long time commentator on Mozambique Joseph Hanlon") as being from May 2009, when it was actually a redistributed article first published by me in Metical in 2001.

<sup>13</sup> From WikiLeaks: 16 Nov 2009 MAPUTO 001291, 25 Jan 2010, Maputo 000080; [https://wikileaks.org/plusd/cables/09MAPUTO1291\\_a.html](https://wikileaks.org/plusd/cables/09MAPUTO1291_a.html) Chapman alleged that "Domingos Tivane, Chief of the Customs Service, was a significant recipient of bribes from narcotraffickers, and he recently purchased real estate in Maputo valued at well beyond what his government salary should be able to afford." Tivane was dismissed as customs head in 2013.

<sup>14</sup> Also known as Ghulam; listed only as Gulam Rassul as owner of Moti.

<sup>15</sup> Borges Nhamire and Lázaro Mabunda, "Isenções aduaneiras do Partido Frelimo", Centro de Integridade Pública, 13 May 2014, <http://www.cip.org.mz/historico/article.asp?lang=&sub=iafl&docno=303>; Borges Nhamire and Lázaro Mabunda, "Importação ilegal de viaturas: a máfia que custa milhões ao Estado", Centro de Integridade Pública Moçambique: CIP Newsletter 1, March, 2014, [https://www.cipmoz.org/images/Documentos/PPP/295\\_CIP\\_Newsletter\\_n01\\_2014-importacao\\_ilegal\\_de\\_viaturas.pdf](https://www.cipmoz.org/images/Documentos/PPP/295_CIP_Newsletter_n01_2014-importacao_ilegal_de_viaturas.pdf), page 5.

<sup>16</sup> Arlindo Chissale, "Incendio de altas proporções destrói acima de 50 contentores de motorizadas", *CAIC Diário*, 25 Fevereiro 2014, <https://www.caicc.org.mz/diario/?p=3520>; "Incêndio destrói cinco mil motas", *Noticias*, 27 Fevereiro 2014, <http://www.jornalnoticias.co.mz/index.php/sociedade/11632-incendio-destroi-cinco-mil-motas.html?device=desktop>

<sup>17</sup> Haysom, Gastrow & Shaw - Global Initiative

<sup>18</sup> Luís Nhachote, "Traficante de droga procurado em Portugal", *Zambeze* 1 Oct 2008. <http://manueldearaujo.blogspot.co.uk/2008/10/traficantes-de-droga-tm-estatuto.html> and <http://muliquela.blogspot.co.uk/p/mohamad-khalid-ayoob-momad-aiuba-irmao.html>

The third family is headed by Momad Rassul (also known as Momad Rassul Abdul Rahim) and is only named by Global Initiative, which notes that "there is no proven link between Rassul and the drug trade". He was arrested and released on \$130,000 bail on 7 July 2017 on charges including smuggling, money laundering, illicit enrichment and tax fraud.<sup>19</sup> He owns S&S Group (with major vegetable oil factories and other companies), and ARJ Group (cement and Nacala Container Park).<sup>20</sup>

There appears to be an attempt to convert drug money into legal assets within Mozambique. In the past decade there has been major construction of hotels in Nampula city and office and residential high rise buildings in Maputo. In 2007 Mohamed Bachir Suleman (MBS) opened Mozambique's largest shopping centre, Maputo Shopping. There is also luxury residential construction in Maputo, Nampula and beach areas near Nampula such as Chocas Mar, which is linked to Asian-origin trading families. Although there is no direct evidence, it has always been believed that this is partly funded by drug profits, as well as other illegal activities. Tourist investment has been significant and would be useful because it is possible to claim more patronage than actually occurs, for example at a hotel, and use this to hide future drug profits. Hotels also provide a safe base for drug couriers. Global Initiative points to the glitzy but mostly empty hotels in Nampula and elsewhere.<sup>21</sup>

An important investment area for drug money is stocks and bonds - the buyer can pay cash with few questions asked, but then when the shares or bonds are sold the proceeds are treated as legitimate money. Until recently, the Bank of Mozambique had no difficulty in finding domestic investors willing to buy government bonds. And on 7 June 2001 the chairman of the Mozambican Stock Exchange (BVM), Jussub Nurmamade, said that the BVM's rapid growth was "unique". "We started with \$3 mn, and that's hardly two years ago", he told journalists, and predicted that by the end of 2001 \$100 mn would be invested in listed companies plus government treasury bonds and bank bonds. How can an economy as small as Mozambique's find \$100 million in such a short time? What makes Mozambique "unique" must be drug money.

### Three wise monkeys

Except for the one condemnation of MBS by the United States, the international community - donors, lenders and international agencies - have chosen to remain silent on heroin trafficking. Until the crisis caused by the 2016 revelation of the \$2 bn secret debt, Mozambique was a favoured child of the aid industry, introducing neoliberalism and encouraging exploitation of coal and gas by foreign corporations. Donor staff wanted to continue to paint this picture of a success story and to continue the aid spending, so they did not want to rock the boat with stories of regulated drug dealing. And the regulation was working, preventing wars between the drug trading families while also limiting the amount of heroin that stayed in Mozambique.

Apparently the first public report of the regulated heroin trade was my report in 2001 in *Metical*, a Maputo newsletter.<sup>22</sup> In April 2002, Peter Gastrow (co-author of the new report) and Marcelo Mosse cited that report when they told a Pretoria conference: "There is a widely-held belief that with sufficient money, traffickers can buy immunity from investigation and prosecution. The relative impunity with which some of the successful traffickers operate is often a result of their close connections with individuals at the highest levels of government or the Frelimo party. At a lower level, customs officials are bribed to facilitate the entry and removal of drugs from the country ...

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<sup>19</sup> <http://weeklyxpose.co.za/wp-content/uploads/2017/07/Mozambique-Prosecuting-Authority-release.pdf> and <http://www.1maomz.com/en/2017/08/05/nacala-way-3-momade-rassul-in-troubles-in-rsa/>

<sup>20</sup> The Tiger Centre electronics and white goods store in Maputo is owned by four brothers from the family: Mohamed Sabir Gulam Rassul, Abdul Gafur Rassul, Momade Asslam, and Maheubul Gulam Rassul. There were failed attempts to kidnap the last two in 2012 and 2016. (AIM Eng 19 Dec 2016). Mohamed Sabir Gulam Rassul and other family members are owners of a number of hotels.

<sup>21</sup> Haysom, Gastrow & Shaw - Global Initiative

<sup>22</sup> Joseph Hanlon, "O grande negócio da droga", *Metical* 1017, 28 June 2001. In Portuguese and English ("Drugs now biggest business") on <http://www.open.ac.uk/technology/mozambique/sites/www.open.ac.uk.technology.mozambique/files/pics/d135483.pdf>



The Mozambican 'oligarchs' appear to be the wealthy organised criminal networks that have secured political protection and that operate parallel to the state with relative impunity."<sup>23</sup>

Later that year, speaking in parliament in November 2002, Teodato Hunguana, a respected senior Frelimo figure, warned of the danger "of the state falling permanently into the clutches of organised crime". If the organised crime leaders "remain protected and untouchable, and are able to maintain their sources of reproduction, then they will become increasingly powerful and take ownership of the state itself."<sup>24</sup>

The next year, one of Mozambique's most prominent judges Augusto Paulino<sup>25</sup>, used a speech in Portugal in which he quoted Hunguana and my 2001 article and in which he warned that "the various drug trafficking groups and networks are well-organized enterprises, perhaps better organized than state structures ... Drug trafficking is associated, in particular, with money laundering. There are indicators that point to profits in the order of millions of dollars per year, coming from that traffic, which explain the mansions and luxurious cars in Maputo and in some other cities. Part of that money is certainly reinvested in profit-making legal business to ward off future suspicions." Three criminal groups with "links to drug trafficking, vehicle theft and armed robbery ... enjoy impunity and protection because they served the interests of well-placed people in power and others because they were infiltrated into units of the police forces."

Paulino was attorney general from 2007 to 2014, and one of his successes was the conviction of Almerinho Manhenje, who had been interior minister 1996-2005 and was sentenced to two years in jail for corruption in 2011. The previous attorney general had declined to bring charges even though there was evidence of millions of dollars being diverted from the ministry. But Paulino's success was only limited. The charges against Manhenje had been watered down, and Paulino never succeeded in bringing to trial any of the major drug dealers.

In his Coimbra speech Paulino was following a Mozambican tradition of only raising hot issues in speeches outside the country, and there seems to have been no public discussion of the drugs trade inside Mozambique. At a donor meeting soon after the publication of my 2001 article, it was decided to say simply that I what I wrote about the heroin trade was not true - even though the information had come partly from some of their embassies. And this has largely continued.

The Crown Agents were contracted to manage and reform the customs service during a decade, 1996-2006; they had up to 70 staff and were given unusual management powers. I was told informally by a senior Crown Agents official that the brief was purely to increase revenue. Implicitly, then, the Crown Agents agreed not to deal with improper imports which were not evading tariffs, such as heroin. And donors' reports on customs reform all took this line, only referring to revenue increases and never mentioning drugs. A 2004 World bank study<sup>26</sup> reported: "A key component in the overall process of economic reform was the 1995 decision by the Minister of Planning and Finance to reform and modernize the customs service, primarily to improve the government's revenue raising capacity. ... Before the reform, corruption was rampant". But the "corruption" only referred to undervaluing and misclassifying imports to reduce the duties paid; there was no mention of drugs. The 2005 USAID "Corruption Assessment: Mozambique"<sup>27</sup> said that the scale and scope of corruption in Mozambique are cause for alarm. There are "allegations of possible

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<sup>23</sup> Peter Gastrow and Marcelo Mosse, "Mozambique: Threats posed by the penetration of criminal networks", Institute for Security Studies Regional Seminar - Organised crime, corruption and governance in the SADC Region, Pretoria, 18-19 April 2002.

<sup>24</sup> Teodato Hunguana speaking in parliament week of 25-29 November 2002 (exact date not known), as quoted in *Domingo* 1 December 2002, as cited in Augusto Paulino, "Criminalidade Global e insegurança local - a caso de Moçambique", paper presented at a conference "Direito e Justiça no Século XXI", Coimbra, Portugal, 30 May 2003. <http://www.ces.uc.pt/direitoXXI/comunic/AugustoPaulino.pdf>

<sup>25</sup> Augusto Paulino was the judge in the 2002 trial of the assassin of journalist Carlos Cardoso; Augusto Paulino, "Criminalidade Global e insegurança local - a caso de Moçambique".

<sup>26</sup> Anthony Mwangi, "Mozambique", in Luc de Wulf and José B Sokol, eds, *Customs Modernization Initiatives: Case Studies*, Washington DC: World Bank, 2004, pp 50-56 <http://hdl.handle.net/10986/14911>

<sup>27</sup> USAID, "Corruption Assessment: Mozambique final report", 16 December 2005.

collusion or even active involvement of individuals within government or the ruling party in criminal activity, including drug trafficking, money laundering and theft of public funds." But drugs were not subsequently mentioned. Smuggling was only cited in terms of imported tobacco and sugar competing with foreign-owned domestic companies. Customs reform was seen only in terms of increasing revenue.

The one break with the diplomatic consensus was Todd Chapman, Chargé d'Affaires at the US Embassy in Maputo, 2007-2010. He was seen as a loose cannon who did not cooperate with other ambassadors, for example disrupting a public meeting between ambassadors and the National Elections Commission (CNE) in 2009, apparently because he felt the other ambassadors were not putting enough pressure on Frelimo. He seemed to have state department backing, and left Mozambique to go to Afghanistan.

His criticism of Guebuza reflected the general diplomatic view, but in taking up drugs in at least five cables<sup>28</sup> to Washington, Chapman appears to have broken ranks. It seems likely that his cables and other interventions did push the US to declare MBS a "drugs kingpin". But other donors did not follow his lead, and little more was said about heroin.

I was told by US sources that the main reason for the designation on 1 June 2010 was US based - they believed that MBS was making a play to enter the US market. When he was only trading to Europe there was not much interest, but the move to the US needed to be stopped.

But Chapman and the designation of MBS seems to have had little initial impact in Maputo. For a short period foreigners stopped using Maputo Shopping, but soon returned. And there seems to have been no diplomatic pressure on government to take action against MBS.

A statement by the Mozambican representative to the UN, Pedro Comissário to the 59th session of the Commission on Narcotic Drugs in Vienna on 14 March 2016 entirely stressed education and controlling the domestic consumption of drugs, and made no mention of controlling import and export.

The "Mozambique 2017 Crime & Safety Report" of the Overseas Security Advisory Council (OSAC), chaired by the director of the US Department of State Diplomatic Security Service, hardly mentions drugs,<sup>29</sup> and instead warns "one of the greatest personal safety threats is motor vehicles," followed by "increased violent criminal activity." It does, however, note: "Narco-trafficking is a major, on-going problem. Continued narcotics trafficking through Mozambique, with links to international organized crime syndicates and terrorist organizations, is an on-going trend. The considerable wealth associated with the drug trade, aided by corruption and involvement of some government officials, destabilizes security."

And it does appear that drugs are not being seized. The UN Office on Drugs and Crime compiles drug seizure statistics,<sup>30</sup> which report that for the six years 2010-15 (inclusive) Mozambican authorities seized 55 tonnes of marijuana, 8 tonnes of hashish, and 90 kg of cocaine. But in that period, there was only two seizures of heroin, 4.3 kg in 2011 and 1 kg in 2015. Mozambique's own data are slightly different, showing just 13 kg seized in the five years 2012-16.<sup>31</sup> Considering the large seizures of heroin crossing the border into South Africa, this does suggest that heroin is allowed to pass.

## Heroin trade routes

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<sup>28</sup> From WikiLeaks: 1 July 2009, Maputo 000713; 9 Nov 2009, Maputo 001277; 16 Nov 2009, Maputo 001291; 25 Jan 2010, Maputo 000080; 28 Jan 2010, Maputo 000086.  
[https://wikileaks.org/plusd/cables/09MAPUTO1291\\_a.html](https://wikileaks.org/plusd/cables/09MAPUTO1291_a.html)

<sup>29</sup> US Department of State Bureau of Diplomatic Security, "Mozambique 2017 Crime & Safety Report" 14 March 2017, <https://www.osac.gov/pages/ContentReportDetails.aspx?cid=21453>

<sup>30</sup> <https://data.unodc.org>

<sup>31</sup> Haysom, Gastrow & Shaw - Global Initiative, Appendix 3.

Mozambique is a transit centre for heroin. Like any commodity, there is a supply chain and there are points between the producer and final buyer where the commodity must be warehoused to await an order or be repacked to satisfy an order, which is Mozambique's role. The chain is that heroin hydrochloride (white powder or grey crystal blocks) is produced in Afghanistan, passes through Pakistan (and Iran) and is moved to northern Mozambique. It is warehoused and repacked and then goes by road to Johannesburg. From there it is sent to Europe.

Following a spate of adulterated heroin some years ago, buyers now demand heroin with a brand of a known Afghan supplier. Heroin is increasingly in branded 1 kg packets with labels such as handshake, Tokapi, Africa Demand, and 555. Increasingly as part of the decentralised trade, European buyers may make the purchase directly from a Dubai dealer and demand a brand, but the shipments may be of mixed orders which are separated in Johannesburg or in the Mozambique warehouse according to instructions sent by WhatsApp or Blackberry.



1 kg heroin packets with 555 and a logo. Photo of drugs seized after crossing from Mozambique to South Africa, from The Hawks, South Africa's Directorate for Priority Crime Investigation

Mozambique is 2300 km long (SW-NE) but there is only a single north-south road, the N1 - and this road is essential for the heroin transit trade. The 1982-92 war cut that road and devastated the economy. The war ended with the 1992 peace accord and by 1995 the N1 was reopened and there was substantially more north-south commerce, which soon included heroin in transit.<sup>32</sup>

This section looks at the three routes to Mozambique (sea, container, and road), the passage through Mozambique, and shipment via South Africa.

#### *Arrival: by sea*

For centuries, traders with sailing dhows have used the monsoon winds to follow trading routes along the coasts from Pakistan to East Africa. Motorized wooden dhows now cross the Arabian

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<sup>32</sup> Carina Bruwer of the University of Cape Town has done two articles on this: "Heroin trafficking through South Africa: why here and why now?", *The Conversation*, 15 August 2017, <https://theconversation.com/heroin-trafficking-through-south-africa-why-here-and-why-now-81627> and "From Afghanistan to Africa: Heroin trafficking in East Africa and the Indian Ocean", *Daily Maverick* 21 June 2016, <https://www.dailymaverick.co.za/article/2016-06-21-from-afghanistan-to-africa-heroin-trafficking-in-east-africa-and-the-indian-ocean/#.WddWs9N953R>

sea directly although they still avoid the June-August monsoon period of high winds and storms.<sup>33</sup> Heroin is picked up from the Makran coast of Iran and Pakistan and transported to traditional trading destinations on the coast of Kenya, Tanzania, and northern Mozambique. Usually these are motorized wooden Jelbot dhows built in the United Arab Emirates and designed for sea-going fishing. Their length of 15-23 metres allows them to travel at sea but remain small enough to be difficult to spot from satellite pictures or patrol vessels. They have concealed compartments which can carry 100-1000 kg of heroin, but if stopped pretend to be fishing vessels. Combined Maritime Forces which patrol the Western Indian Ocean region seized over 9.3 tonnes of heroin on dhows in the three years 2013-6.<sup>34</sup> I was told that 3 tonnes of heroin had been seized from dhows in the Indian Ocean in the first half of 2017.

Mozambique has no operational navy or coast guard, so there are few checks on smuggling or illegal fishing.<sup>35</sup> It is estimated that dhows arrive at least weekly, except during the three month monsoon season, which points to landings of 10-40 tonnes of heroin per year. The dhows anchor 20-100 km offshore and are met by a flotilla of small boats that take the cargo to various spots along the coast. The coast of Cabo Delgado is favoured because it is the farthest north. The transfer is most easily done in the area north of Pemba with the Quirimbas islands along the coast. These are calm areas with significant small boat traffic, with boats normally landing on the beach.

Quisanga north of Pemba is just a small beach that has become a busy port for small boats going to Ibo and Quirimba islands and for fishing, and it became an important landing point for heroin. Perhaps it became too well known and there has been a shift to the coast south of Pemba with good beaches with sand dunes which make it easy to conceal the landing. There are relatively few drug seizures in Mozambique - but the larger and more publicised seizures of hashish give an indication of drug routes, and in August 1997, 12 tonnes of hashish was seized in Quisanga.

Dhows go as far south as Angoche (a 19th century slave trading port) in Nampula province where there are also islands.<sup>36</sup> In 2012 police seized 187 kilos of "hashish" buried in the back yard of a house in Angoche. The spokesperson for the Nampula Provincial Police Command, Inacio Dina, said: "What we know is that these drugs come from a ship that anchored some miles from islands off the Angoche coast. The drugs are then brought ashore on smaller, hired boats." Global Initiative argues that the Mozambique government has been suppressing evidence of the heroin trade, and that some "hashish" seizures may actually have been heroin.

### *Arrivals: in containers*

Asian trading families<sup>37</sup> bringing in containers of goods has always provided a route to import heroin, because there is little screening of arriving cargo; some trading companies' cargoes are not

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<sup>33</sup> Julian Whitewright, "The maritime rhythms of the Indian Ocean monsoon", University of Southampton mooc, <http://moocs.southampton.ac.uk/shipwrecks/2014/10/02/maritime-rhythms-indian-ocean-monsoon/>

<sup>34</sup> UN Office on Drugs and Crime (UNODC), press release 4 November 2016, "Indian Ocean: 'Colombo Declaration. adopted to coordinate anti-drugs efforts'".  
[https://www.unodc.org/unodc/en/frontpage/2016/November/indian-ocean\\_-colombo-declaration-adopted-to-coordinate-anti-drugs-efforts.html](https://www.unodc.org/unodc/en/frontpage/2016/November/indian-ocean_-colombo-declaration-adopted-to-coordinate-anti-drugs-efforts.html)

<sup>35</sup> In 2013-14 Mozambique took \$2 bn in secret loans, ostensibly to create a coastal protection system. The Mozambique Channel between Mozambique and Madagascar has no regular military patrols and thus is open to smuggling, piracy (once only), and perhaps most importantly, illegal fishing. The deal involved \$2 bn in loans organised in secret by Credit Suisse and the Russian bank VTB. A subsequent audit by Kroll showed that more than half of the \$2 bn could not be accounted for.

<sup>36</sup> There have been several reports of drugs being landed much further south, near Bazaruto and other islands off the coast of Vilanculos, Inhambane, but this seems uncommon. Reports include cocaine and heroin washed up on the shore (presumably from a failed transfer between boats), and of a boat carrying hashish which ran aground on rocks in June 2000 with 16 tonnes of hashish packed into tins which then washed ashore. The nine Pakistanis who escaped the shipwreck were sentenced to lengthy prison terms.

<sup>37</sup> In the colonial era, urban commerce was largely restricted to white Portuguese and rural trade to people of Asian origin. At independence, most white Portuguese left and trade shifted, with people of Asian origin moving from rural areas to towns and cities. This racial division of trade, with its roots in colonial history, still shapes commerce - both legal and illegal - today. At independence, many of the south-Asian-origin families were unsure what would happen in Mozambique and carefully divided their families, with some members

inspected, and bribes would solve any problems. Pakistan is a major exporter of rice and Mozambique imports significant amounts of Pakistani rice, so heroin has been included in rice containers sent to Nacala and Pemba.

Pemba is a relatively small port, handling fewer than 15,000 containers per year - although this is changing with the gas developments - and Pemba is not normally a grain port, so containers of rice were seen as unusual and were noticed. The small deep water port has long been a focus of illegal traffic, for the export of containers of hard woods, wildlife and marine products, and the import of heroin and hashish. Management of ports was privatized after 2000, but Pemba was the one port which was retained under the control of the state ports and railways company CFM (Portos e Caminhos de Ferro de Moçambique) and it was clear that high officials did not want outsiders in the port.

Nacala is said to be the deepest port in eastern Africa, and it is a major container port with a rail link to northern Mozambique, Malawi, Zambia and now the coal mines of Tete. Management of the port is through a joint venture in which CFM plays a major role, but this is a major container port so it cannot be closed off in the same way as Pemba. Instead there are groups of warehouses controlled by Asian-origin trading families and with very tight private security and less linked to the port. These are being used for imported white goods - refrigerators, etc - as well as motorcycles and other goods which are openly under-invoiced to reduce duties. It is believed that these are also used to import heroin, for example in motorcycle fuel tanks, and the warehouses are also used to store heroin awaiting orders from South Africa and Europe. The families cited as being involved in the heroin trade and all based in Nampula and Nacala, which are only 160km apart.

Both Nacala and Beira ports are deeply corrupted so any problems with illegal trade are settled with money. Containers for Malawi go through both ports and on their arrival in Malawi some show obvious evidence of having been opened and reclosed in port, with smuggled goods having been removed. Containers are said to be used for a number of smuggled commodities: stolen cars from Europe to South Africa, explosives for illegal mining, weapons for illegal wildlife trade, alcohol and tobacco - and thus are probably used for heroin as well. Global Initiative interviewed employees of the scanner company in Maputo and Nacala ports who said they were forbidden to scan the containers being imported by certain protected traders.<sup>38</sup>

There are no estimates of how much heroin is imported in this way. However the ports of Karachi and Dubai, which were open 15 years ago, have now been forced to install scanning equipment, which may be reducing the heroin traffic in containers. Nevertheless, container traffic of heroin is probably significant.

#### *Arrival: Overland*

Some heroin comes overland, by road from Tanzania. In March 2013 Mozambican police seized 600 kg of heroin in 5 kg bags at Namoto border post - near the coast and on the road between Mtwara in Tanzania and Palma in Cabo Delgado, Mozambique. The seizure was proudly reported by the police and published in the national press, but never appeared in government statistics. Malva Brito, Cabo Delgado provincial police spokesperson, said the drug was destined for South Africa, and was being carried on a Toyota Hiace small truck with Democratic Republic of Congo number plates<sup>39</sup> which appeared to be unladen, but had a secret compartment under the frame. Brito explained that the height of the tailgate and a strange aroma aroused the attention of the police, who searched the vehicle. This is the only reported seizure on this route.<sup>40</sup>

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maintaining businesses in Mozambique (and building links with Frelimo) while other members went to Portugal and still others went to Dubai, India and Pakistan. These links have been maintained and have been important for money laundering and the heroin, hashish and mandrax trades.

<sup>38</sup> Haysom, Gastrow & Shaw - Global Initiative

<sup>39</sup> Haysom, Gastrow & Shaw - Global Initiative

<sup>40</sup> There was one other media report. Haysom, Gastrow & Shaw - Global Initiative cite the government daily *Noticias* (13 June 2015) reporting 13 Kg of heroin seized in Montepuez. The seizure does not appear in any official records.

The Global Initiative report says that "a reliable source told the authors that they had seen test results from the Customs Department that confirmed it was heroin, yet the drug was recorded as N-Acetylanthranilic Acid by the provincial authorities" and a seizure of 604 kg of N-Acetylanthranilic Acid does appear in the 2013 provincial records.<sup>41</sup> N-Acetylanthranilic Acid is used in the synthesis of methaqualone (mandrax), which is treated as a less important drug than heroin and is reported, so the false labelling is evidence of trying to conceal the heroin trade.

Traffic on this route is probably small. The roads are bad and there is limited other traffic, making heroin smugglers more noticeable. But it has been noted that the global traffickers are not supplying the small Mozambican market, and it is suggested that this is being supplied by small traders from Tanzania.

### *By road to South Africa*

Drugs are sent by road to the south of Mozambique and then to South Africa; the N1 is the only road from north to south. Maputo is 2200 km by the N1 from Nacala and another 550-600 km to Johannesburg, depending on the route. From the north of Mozambique to Nacala is another 650 km. So the drug may travel 3300 km to get to Johannesburg.

The importers use different initial patterns. The MBS organised crime network moves the drugs to warehouses in Nacala port or to other warehouses of the south Asian trading families, such as the S&S industrial complex in Nacala, or warehouses in Nampula 160 km from Nacala, which are all tightly guarded. The newer decentralised or "disorganised crime" networks are said to prefer inland locations and are following more Latin American models, with locations with little traffic and where access can be guarded, for example from surrounding hills.

There are many police check points on the roads and requests for bribes are common. It is said that early heroin shipments on the N1 were accompanied by the police in order to pass the checkpoints. As mobile telephone signals became better along the main roads, drivers were given a telephone number of a police official or Frelimo party figure to phone if they were stopped. This may still be used for MBS-linked shipments. But Mozambique has now become so corrupted that the freelance drivers working for the new networks are simply given money to bribe the police and other officials; their fee for the job is any money they do not spend in bribes. Unlike other countries, transporters are not paid in product and little of the heroin stays in Mozambique.

Transport is typically in a specially prepared vehicle. Light pickups (known as bakkies), 4x4 cars, and Toyota Hilux pickups might carry 20-100 kg, and specially prepared larger trucks can carry 100-200 kg. We can gain some sense of this from seizures. In January 2018 and May and June 2017, South Africa authorities reported stopping three trucks on rural roads from southern Mozambique crossing into South Africa.<sup>42</sup> At Golela border post with Swaziland on 24 January 2018 a truck was stopped with 200 kg of heroin and the Mozambican driver arrested and on 4 May 2017 a bakkie was stopped with 145 kg of heroin, in both cases in 1 kg bags. A similar amount was found in a truck at the Kosi Bay border post on 12 June 2017. Not apparently reported was a flatbed lorry caught in 2017 at a truck stop on the N4 from Maputo to Johannesburg with 100 kg of heroin under the plates of the flat bed. In the first half of 2016 police reported seizing a Nissan NP 200 pickup with \$20,000 and 93 bags of heroin weighing 1 kg each behind door panels, a Toyota Prado with 50 kg of heroin hidden in the fuel tank, 58 kg hidden in an Opel Corsa pickup, and 38 kg hidden in a Toyota Hilux.<sup>43</sup>

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<sup>41</sup> Haysom, Gastrow & Shaw - Global Initiative

<sup>42</sup> A truck was stopped with 200 kg of heroin at the Golela border post between South Africa and Swaziland on 24 January 2018. <https://www.timeslive.co.za/news/south-africa/2018-01-25-man-arrested-after-police-find-multi-million-rand-heroin-haul/> A truck was stopped with 145 kg of heroin in 1 kg bags at Golela border post on 4 May 2017, <http://www.news24.com/SouthAfrica/News/police-seize-more-than-r100m-worth-of-drugs-at-swazi-sa-border-20170505>, and a similar amount in a truck at the Kosi Bay border post on 12 June 2017, <http://www.iol.co.za/news/south-africa/kwazulu-natal/three-arrested-r100m-worth-heroin-seized-in-drug-bust-9784596>. Both border posts are on rural roads from the very south of Mozambique to South Africa.

<sup>43</sup> Jana Boshoff, "Middelburg situated on popular drug route", *Middelburg Observer*, 25 July 2017, <https://mobserver.co.za/69733/middelburg-situated-popular-drug-route/> and

Also, many trucks carry cargo from South Africa to Mozambique and return empty, and some carry illegal cargo, including heroin, on the return trip.<sup>44</sup>

There are no seizures on the Mozambican side of the border. Partly it is corruption. In late July the entire police force at Ponta do Ouro, the Mozambique side of Kosi Bay, were suspended, supposedly for corruption including harassing tourists and local traders with their demands for money<sup>45</sup>. But the President of the Mozambique Revenue Authority, Amelia Nankhare, told a team of the Eastern and Southern African Anti-Money Laundering Group in July 2017 that a lack of funding meant there was a lack of scanners which made it impossible to implement border controls, so most illegal products were seized on the other side of the border.<sup>46</sup>

### *Johannesburg and beyond*

Most heroin that arrives in South Africa is in transit, but increasing amounts stay behind and this is increasing vigilance at the borders. Use of heroin itself exists but is not widespread in South Africa, although it may be increasing and may be responsible for the increase gang wars in Cape Town. The main concern is the growing use of nyaope (also called unga and whoonga) which is a mix of heroin and cannabis, and sometimes other drugs. It is smoked and use has grown substantially in the past five years. It gives a very short high but is very cheap, at less than \$1 per hit.

In the early years of the trade, heroin was sent directly to ports, notably Durban and, to a lesser extent, Maputo, where it was put into containers. This has changed and Johannesburg has become the warehousing and transshipment point. City Deep Container Terminal in Johannesburg is Africa's biggest inland dry port, with a capacity of 400 000 TEUs (twenty-foot equivalent units) per year. Containers are carried by rail to the ports and shipped without further customs inspection, because City Deep is considered a port. However it is notoriously corrupt, so containers with heroin pass unnoticed. And even the police admit the extensive corruption at O R Tambo international airport.<sup>47</sup> Thus it is easiest for heroin to go through City Deep and O R Tambo.

Because of the secrecy of the heroin trade, apparently well-informed sources disagreed as to whether most heroin was shipped to Europe by sea in containers or by air. South Africa is mainly interested in stopping heroin entering the country (in order to reduce local use) and there are few checks on exports. There have only been two reported export seizures, one on each route. In 2009, 150 kg of heroin was intercepted in a shipment of tourist souvenirs at Heathrow airport, London, on a flight from South Africa; the trail was traced back to Durban and then Mozambique, where the South Africa organised crime unit, the Hawks, said the heroin had been packed with the curios.<sup>48</sup> And in June 2017 police in Overberg, 250 km from Cape Town, seized 963 kg of heroin, one the largest seizures ever. It was in 253 packets of heroin in pallets of cases of wine destined for export. The seizure seems to have been entirely by accident. The container was being transported and the load shifted; farmworkers began to repack the container when they found some cases of wine had been replaced by heroin. The seizure was made on the Belgian-owned Eerste Hoop wine estate,<sup>49</sup> and was intended for shipment to Antwerp, Belgium.

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<https://www.facebook.com/policepicsandclips/photos/a.467274603397847.1073741829.440736009385040/535476389911001/?type=3&theater>

<sup>44</sup> Haysom, Gastrow & Shaw - Global Initiative

<sup>45</sup> *MediaFax* 2 Aug 2017

<sup>46</sup> Draft report of the ESAAMLG high level mission to the Republic of Mozambique, 26-28 July 2017, Eastern and Southern African Anti-Money Laundering Group.

<sup>47</sup> Thando Kubheka, "Mbalula committed to fighting corruption at OR Tambo airport", Eyewitness News, 22 July 2017, <http://ewn.co.za/2017/07/22/mbalula-committed-to-fighting-corruption-at-or-tambo-airport>

<sup>48</sup> "South African Hawks in drugs bust," BBC News, 16 Sept 2009.

<http://news.bbc.co.uk/2/hi/africa/8259456.stm>; "SA centre of £75 million drugs haul", *New Zimbabwe*, 18 Sept 2009, <http://www.newzimbabwe.com/news-999-SA+centre+of+%C2%A375+million+drug+haul/news.aspx>

<sup>49</sup> Initially incorrectly identified in the media as cocaine. Aron Hyman, "Heroin-smuggling plot 'foiled by sharp-eyed workers on Cape wine farm'," Sunday Times Live, 23 June 2017; Caryn Dolley, "Police make massive R500m cocaine bust in Overberg town" and "Inside SA's 'biggest' drug bust – 5 things that have emerged so

Heroin is shipped in containers of non-perishable solid goods - wine, stone, tiles, etc - which is easier to escape scanning and easier to leave for longer in a European port. Note that the Overberg seizure was of a container going directly to a port, and not via City Deep, suggesting some packing is done by the shippers and in some cases heroin is added to containers without the shippers knowing.

## Changing systems within Mozambique

Mozambique's position in a trafficking route has not changed much in 25 years - heroin is processed in Afghanistan, goes mainly to Pakistan and by sea to northern Mozambique, overland to South Africa, and then to Europe. But since 2010, a number of external and internal factors have reshaped the trade, creating space for a new and more modern decentralized structure working in parallel to the MBS system.

### *Other criminal activities*

In 2015, Mark Shaw, Director of the Global Initiative against Transnational Organized Crime in Geneva, noted that in southern Africa: "Name a prominent criminal market: drugs, endangered species, illegal mining or stolen vehicles, and there will be evidence of state support and protection. This is a critical development: it is the common feature of criminal commodity markets across the region." And he adds that "one of the reasons why a fuller picture of organised crime does not exist for the Southern African region is that the phenomenon is notoriously difficult to research. ... Official state actors are also often nervous to provide information on 'real' organised crime, because that is almost always very close to political power."<sup>50</sup>

Mozambique's short post-independence period set high moral standards, but the war and then the post-war open market period brought a range of illegal activities: bringing in fuel and stolen cars, and exporting gemstones, precious wood, ivory and animal and marine products. There were a range of networks but most with links to both local officials and to high level Frelimo people.

One of the most public changes in the crime scene was kidnapping, of at least 100 members of the Asian-origin community since 2011. Nini Satar (linked to earlier loan sharking and bank embezzlement and convicted of killing journalist Carlos Cardoso) has been linked to the kidnappings, and there are clear links into the police and judiciary. Mahomed Bakhir Ayoob, part of one of the drug trading families and son-in-law of MBS, was charged in 2012 with being involved in the kidnappings but was allowed to leave Mozambique for Dubai and then Hong Kong. Prosecutor Marcelino Vilanculos who was investigating the kidnappings was murdered on 11 April 2016. The kidnappings have generated millions of dollars in ransoms and some of that money must be coming from the drugs trade. It is unclear to what extent these kidnapping reflect division within the Asian business community, and the extent of the links between the kidnapping networks and the drug families.<sup>51</sup>

### *Changing expectations*

The discovery of one of the Africa's largest reserves of natural gas in 2010 seems to have counteracted the naming of MBS as a drugs kingpin in the same year. High oil and gas prices led to visions of previously undreamed of wealth and donors wanted to encourage foreign investment

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far", News24, 22 June 2017. <https://www.timeslive.co.za/news/2017-06-23-heroin-smuggling-plot-foiled-by-sharp-eyed-workers-on-cape-wine-farm/>; <http://www.news24.com/SouthAfrica/News/inside-sas-biggest-drug-bust-5-things-that-have-emerged-so-far-20170626>

<sup>50</sup> Mark Shaw, "New networks of power: why organised crime is the greatest long-term threat to security in the SADC region", in Anthoni van Nieuwkerk and Catherine Moat (eds), *Southern African Security Review* 2015, Maputo: Friedrich-Ebert-Stiftung, 2015, pp 177, 181. <http://library.fes.de/pdf-files/bueros/mosambik/12932-20170302.pdf>

<sup>51</sup> On 23 April 2018 a man admitted ordering the kidnapping of an Indian businessman and told a police organised press conference that he had done so because he hoped to obtain a ransom large enough to pay off a \$110,000 debt to "the owner of Maputo Shopping Centre" - MBS. Paul Fauvet, "Kidnapper hoped to export money to pay off debt", AIM English, 24 Apr 2018.



and continued to treat Mozambique as a favoured child. Oil and gas prices continued high until 2015.

At the same time there were changes within Frelimo. First, President Guebuza seemed to be directing resources to an ever smaller group of cronies, and the Frelimo elite was angry at being excluded from the slush fund. Second, the slush fund seemed smaller. Total local income from the heroin trade could be up to \$100 mn per year, but the Frelimo party share would be much less than that. Compared to the vast gas wealth, the drugs trade was beginning to seem less important.

But in 2015 the house of cards was seriously shaken. The anti-Guebuza wave within the party led to the naming of Filipe Nyusi as the compromise presidential candidate. The way in which Guebuza concentrated money and power caused substantial discontent within the Frelimo elite, leading to more decentralization. President Filipe Nyusi took office in January 2015, and there are no reports of him having the same personal links with MBS; party links seem to now be at lower and more decentralised levels and it does seem that some of the protection has been withdrawn.

There are indications that senior Frelimo people, including President Nyusi, want to curb some of the more rapacious illegal trading. There seems to be more willingness, albeit still limited, of the attorney general's office to be involved in anti-drug and anti-corruption activities. One marker is the ban on the illegal export of hard woods which had been controlled for a decade at high level.<sup>52</sup> These changes are real, but still small.

The gas price collapse partly triggered the 2015/16 discovery of \$2 billion in secret loans that had been organised in 2013/14 by Guebuza on the assumption that gas profits would pay the debt. Donors were offended and angry and suddenly Mozambique was no longer the spoiled child; budget support aid was cut and donors started to look under the carpet.

That, in turn, has created an economic crisis, with the government seriously short of money, and increasingly borrowing to pay its bills. It needs the drug dealers to use some their profits to buy government bonds. And Frelimo will be under increasing pressure to fund upcoming elections.

### *Curbing MBS*

MBS and his network remain the biggest, but with their wings cut. Naming him as a drug kingpin seems to have had little immediate impact, and the 2015 changes seem to have been more important. After he was named as a kingpin MBS kept his head down for a while, but on 18 September 2014 he was at the head table, just a few seats away from Presidential candidate Filipe Nyusi, at a fund-raising dinner for Frelimo organised by the main business association, the CTA. As *Africa Confidential* (10 Oct 2014) commented, "Bashir's attendance sent a clear message: that he remains an important financier of the party." However this was the end of the Guebuza era, and it was interpreted as MBS having pushed his way in. He seems not to be publicly acceptable to the new Nyusi group.

It appears that under the benevolent wing of Guebuza, MBS and his cohorts may have overextended themselves. A major blow came on 11 November 2016 when the Bank of Mozambique ordered the dissolution and liquidation of one of the country's smaller commercial banks, Nosso Banco (Our Bank), saying it was under capitalized, had an "unsustainable economic and financial structure" and was suffering from "serious liquidity and management problems".<sup>53</sup> Nosso Banco was set up in 1999 under the name Banco Mercantil e de Investimentos, and changed its name to Nosso Banco in 2015. Its main shareholders were public institutions, the social security system (Instituto Nacional de Segurança Social, INSS, 77%) and the public electricity company EDM (16%). The Frelimo Party company, SPI, owned 4% and the Rwandan

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<sup>52</sup> Environmental Investigation Agency, "First Class Crisis: China's Criminal and Unsustainable Intervention in Mozambique's Miombo Forests", London, July 2014, <https://eia-international.org/wp-content/uploads/First-Class-Crisis-English-FINAL.pdf>

<sup>53</sup> Paul Fauvet, "A second Mozambican bank fails", Maputo: AIM English, 11 November 2016. <http://allafrica.com/stories/20161120110.html>

businessman Alfred Kalisa, one of the bank's founders and its first chair, owned 2%.<sup>54</sup> Nosso Banco was one of two totally locally-owned Mozambican banks and thus was without international ties. Banks which do business in the US cannot have as clients anyone named as a drugs kingpin by the US, which meant that MBS and Maputo Shopping could not use most banks. Thus it was the only bank with an ATM in MBS's Maputo Shopping after two major banks closed their branches there in 2010. Nosso Banco received substantial deposits from MBS, who is said to have lost tens of millions of dollars in the collapse. But Momade Rassul was reported to be the biggest debtor to it, with a loan of \$30 mn guaranteed against a building valued at less, and which had been questioned by auditors.<sup>55</sup> It has been widely speculated, including by *Savana* (25 November 2016), that Mozambique may have come under pressure from the US to close the bank. This is plausible, because Mozambique had been able to resist donor and particularly US pressure because of mineral and gas revenues and investments (including by a US company, Anadarko), but this changed with the revelation of the secret debt in 2016.

On 29 June 2017, Momade Rassul was arrested in Maputo and charged with money laundering, illegal enrichment, and tax fraud.<sup>56</sup> He was later released on bail. At the same time there was a scandal about the South African Public Investment Corporation putting \$83 mn into a non-operating oil refinery owned by Rassul's S&S in Nacala.<sup>57</sup> It does look as if he was over-extended and his protection was withdrawn.

MBS still travels in and out of Mozambique. But the closure of Nosso Banco has forced him to use off-shore banks, which may also mean he spends less time at home. But he clearly is still controlling part of the south-east Africa heroin trade and remains the most important trafficker in Mozambique.

## Looser networks and the 'gig economy'

The changes in Frelimo are happening when there are global changes in the structures of legal and illegal commerce and just at a time when heroin shipments are increasing, in part because crackdowns in Tanzania and Kenya have shifted a significant part of the East African heroin traffic south to northern Mozambique. This increase, and perhaps some of the trade previously controlled by MBS, have shifted to an entirely new channel running in parallel. One source called it a shift from organised crime to "disorganised crime"; I see it more as the adoption of the gig economy or Uber/Airbnb model.

Two decades ago, drug barons across the world were public figures with political power, seen as beneficent and interested in developing their communities. MBS followed that model. When President Armando Guebuza opened Maputo Shopping on 22 June 2006, he was given 50 wheelchairs and 100,000 school notebooks.<sup>58</sup> But that also left them exposed; slowly the public drug lords were captured. That led to a shift to clandestine drug barons. That came about at the same time as the main-stream economy was moving away from permanent jobs, toward short and zero hours contracts, and other forms of casualization. Within Mozambique, the generalised corruption in police and the state apparatus made ordinary bribes to police and others faster and easier than high level political protection. Finally smartphones and apps make electronic communication possible. The wide availability of good mobile telephone coverage in northeast

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<sup>54</sup> Rwandan President Paul Kagame on 2 August 2009 pardoned Kalisa, who has been serving a six-year prison sentence for corruption and abuse of office when CEO and Chair of the former Bank of Commerce, Development and Industry (BCDI) when he gave illegal loans to himself and his family. Ignatius Ssuuna, "Alfred Kalisa gets Presidential Pardon", *New Times*, 3 Aug 2010, <http://www.newtimes.co.rw/section/read/22599/>

<sup>55</sup> AIM English 26 November 2016, <http://clubofmozambique.com/news/uba-bank-management-criticises-cta-chief-mozambique/>

<sup>56</sup> Procuradoria Provincial da República - Nampula, Comunidade de Imprensa n° 02/PPRN/2017, <http://weeklyxpose.co.za/wp-content/uploads/2017/07/Mozambique-Prosecuting-Authority-release.pdf>

<sup>57</sup> Sello Theletsane, "R1bn Oil Deal Mess: PIC Boss Matjila Sued", *Weekly Xposé*, 26 July 2017. <http://weeklyxpose.co.za/2017/07/26/r1bn-oil-deal-mess-pic-boss-matjila-sued/>

<sup>58</sup> "Maputo Shopping Center: um exemplo de investimento", *Noticias*, 23 June 2006.

Mozambique since about 2015 makes this a sensible model for the expansion of the heroin trade there.

The MBS model was built on a basis of apparently legitimate trade operating through their official trading companies and using their own warehouses, hotels, and staff. The new model is looser and more flexible, using drivers, fishers and others for individual pick-ups and deliveries - just like delivery services in New York or London. People are contracted and paid for specific jobs, and often assigned by mobile phone using WhatsApp or BlackBerry, which are encrypted.<sup>59</sup> Thus a driver of a boat owner may just receive a WhatsApp message telling them to go to a particular point to collect a heroin parcel - just like calling an Uber taxi. Sometimes those employed are already involved in the illegal trade of timber, ivory, fuel, liquor, and cigarettes.

The network is controlled from abroad, particularly from the United Arab Emirates (UAE) and Dubai (following arrests of key figures in East Africa), and there are local controllers (at a lower levels than MBS or the Ayoobs), with fixers or facilitators below them, who are black Mozambicans or Tanzanians, particularly Muslim Kiswahili speakers (who are able to talk with local people and fit in). The controllers may be Pakistani and there are reports of small groups of young Pakistani men setting up car parts importing businesses in Quelimane and elsewhere.

Both the old-style MBS network and the new gig economy are moving heroin through Mozambique, but our informants disagreed as to which system is now dominant.

### *The criminal "gig economy"*

The Brookings Institution defines the gig economy "as the matching of freelance workers or service providers to customers on a digital platform or marketplace."<sup>60</sup> They use US census data on "nonemployer firms", that is, they have no employees. They are increasing rapidly and are mostly in the rooms and rides sector - in other words Uber, Lyft and Airbnb. In 2014 there were 145 mn payroll employees compared to 24 million nonemployer firms in the US (14% of the total). A study by McKinsey in October 2016 estimated that 20-30% of the labour force in both the US and EU was made up of independent workers who were self-employed or doing temporary work, and who often lack the unemployment insurance, workers compensation and disability insurance that traditional workers have.<sup>61</sup>

International criminal networks have adopted social media and the gig economy, in part because it allows network members to be isolated from each other and be coordinated without knowing many other network members. Messages are sent by encrypted services, notably Viber and Whatsapp<sup>62</sup>, but also Signal, Wire, Telegram, Wickr and others. The drug trade has not been well studied in this respect, but there have been press reports. A US border patrol agent in San Diego County, California, was arrested in 2016 for picking up backpacks of drugs along the Mexican border fence and delivering them to another safe location. He was told of the drop locations on WhatsApp.<sup>63</sup> The use of WhatsApp to send photos was shown by the 18 October 2017 conviction of Heathrow Airport, London, baggage handlers. A suitcase with 3 kg of cocaine was arriving on a flight to

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<sup>59</sup> Although both BlackBerry and WhatsApp are encrypted, some drug cartels do not trust the security of WhatsApp because it is owned by the US company Facebook, and there has been a return to Blackberry, which is owned by a Canadian company.

<sup>60</sup> Ian Hathaway and Mark Muro, "Tracking the gig economy: New numbers." Brookings Institution, Washington DC, October 13, 2016, <https://www.brookings.edu/research/tracking-the-gig-economy-new-numbers/>

<sup>61</sup> Elaine Pofeldt, "McKinsey Study: Gig-Economy Workforce Is Bigger Than Official Data Shows in U.S., Europe", *Forbes*, 10 Oct 2016, <https://www.forbes.com/sites/elainepofeldt/2016/10/10/mckinsey-study-independent-workforce-is-bigger-than-official-data-shows-in-u-s-europe>

<sup>62</sup> Whatsapp is owned by Facebook and there have been rumours that the encryption is not secure. John E Dunn, Thomas Macaulay & Tamlin Magee. "Best secure mobile messaging apps", *Techworld*, 12 Feb 2018, <https://www.techworld.com/security/best-secure-mobile-messaging-apps-3629914/#r3z-addoor>

<sup>63</sup> Kristina Davis, "Border Patrol agent arrested on bribery, drug trafficking charges", *The San Diego Union-Tribune*, 15 Dec 2016, <http://www.sandiegouniontribune.com/news/courts/sd-me-border-bribery-20161215-story.html>

Terminal 3. The baggage handler received a photo of the suitcase on WhatsApp and he picked up the bag; that evening after he left work he gave the bag to a taxi driver who was waiting just outside the airport for further delivery to Birmingham. The deal from Brazil to Birmingham was done by individual contractors given their jobs on WhatsApp.<sup>64</sup>

Whatsapp and the gig economy are used for other criminal activities. Islamic State (ISIS) raised substantial amounts of money selling historic artefacts, and even had an antiquities office in Manbij, Syria. Sales and exports were coordinated on Whatsapp.<sup>65</sup>

From a standpoint of encrypted social media and the gig economy, the best studied has been people smuggling.<sup>66</sup> Smugglers advertise on Facebook and other social media with a telephone number that must be contacted by an encrypted message service such as Viber or Whatsapp. Europol estimates that "90% of migrants arriving in the EU use facilitation services at some point during their journey," and that "the criminal turnover associated with migrant smuggling to and within the EU is between €3-6 billion for 2015 alone."<sup>67</sup>

Danielle Hickman of the US Department of Justice reports that people smuggling organizations "do not have a traditional 'closed system' structure - these operations are more commonly composed of loose international alliances involving facilitators. Even if working in concert, they may not necessarily know each other or be in the same country. Also, the downstream infrastructure is not necessarily composed of components of one organization. Rather, it tends to be a network of freelance and independent contractors consisting of recruiters, money collectors, document providers, travel agencies, transporters, and in some cases, corrupt foreign officials."<sup>68</sup> Studies in Turkey confirm that the people smuggling business is carried out not by hierarchal and mafia-like organizations, but by "flexible organizations operating on the basis of division of labour," with "loose alliances of domestic groups working together".<sup>69</sup> They are like multi-national companies using local subcontractors. There are higher level controllers, often of people of the same nationality as the migrants and who have built a reputation in that country or on Facebook. They then use a well developed network of facilitators along the smuggling route.

Hickman notes that members of smuggling organizations use Whatsapp to notify arrival and coordinate fee payments (often the client gives the fee up front to an agreed banker and orders part to be released after each stage of the journey is successfully completed) and to communicate changes in smuggling routes.

Smuggling involves many handovers at borders and to drivers, boat captains, and people with safe houses. The route from Pakistan via Turkey to Europe involves at least 19 handovers.<sup>70</sup> Whatsapp photos make handovers easier. Facilitators use the photographs to immediately identify their

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<sup>64</sup> Nic Brunetti, "Heathrow Airport baggage handler Dev Anand of Langley plotted to smuggle drugs into UK with three others," *Slough & South Bucks Observer*, 20 Oct 2017 [http://www.sloughobserver.co.uk/news/15609529.Heathrow\\_Airport\\_baggage\\_handler\\_plotted\\_to\\_smuggle\\_drugs\\_into\\_UK/](http://www.sloughobserver.co.uk/news/15609529.Heathrow_Airport_baggage_handler_plotted_to_smuggle_drugs_into_UK/)

<sup>65</sup> Joe Parkinson, Ayla Albayrak & Duncan Mavin, "Syrian 'Monuments Men' Race to Protect Antiquities as Looting Bankrolls Terror", *Wall Street Journal*, 10 Feb 2015, <https://www.wsj.com/articles/syrian-monuments-men-race-to-protect-antiquities-as-looting-bankrolls-terror-1423615241>

<sup>66</sup> Interpol says "A broad distinction can be made between people smuggling and human trafficking. In general, the individuals who pay a smuggler in order to gain illegal entry to a country do so voluntarily whereas the victims of human trafficking are often duped or forced into entering another country." <https://www.interpol.int/Crime-areas/Trafficking-in-human-beings/People-smuggling>

<sup>67</sup> European Migrant Smuggling Centre (EMSC), "Migrant smuggling in the EU," 2016, <https://www.europol.europa.eu/publications-documents/migrant-smuggling-in-eu>

<sup>68</sup> Danielle Hickman, "Combatting Transnational Smuggling Organizations: An Introductory Overview", *U.S. Attorneys' Bulletin* 85, p 65 (2017)

<sup>69</sup> Oguzhan Omer Demir, Murat Sever & Yavuz Kahya, "The Social Organisation of Migrant Smugglers in Turkey: Roles and Functions", *Eur J Crim Policy Res* 23, pp 371–391 (2017), DOI 10.1007/s10610-016-9326-x

<sup>70</sup> Elif Özmenek Çarmikli & Merve Umay Kader, "Migrant Smuggling in Turkey: The 'Other' Side of the Refugee Crisis", International Strategic Research Organization (USAK), Ankara, Report no. 45, April 2016.

clients when they exit an aircraft, vehicle, or boat. In turn, the facilitators show the photographs to the client to prove they are the correct "contact" and will assist them in the next leg of the journey.<sup>71</sup>

The gig economy - the Uber economy - using local subcontractors and Whatsapp is being adopted by international smugglers of drugs, people and other goods. Mozambique's heroin transit traffic is part of a much larger global shift.

## Conclusion

Mozambique is an important heroin transit country, with a heroin trail that goes Afghanistan-Pakistan-Mozambique-South Africa-Europe. An estimated 10-40 tonnes or more of heroin passes through each year. This could be adding \$100 million per year in corrupt money to the local economy, and is clearly having an impact on an already corrupted state. The trade seems to be increasing as crackdowns in Kenya and Tanzania are diverting heroin through Mozambique.

The trade was built up from the 1990s by Mohamed Bachir Suleman (MBS) and controlled at the highest level, including Presidents Chissano and Guebuza, with money going to the Frelimo party, senior Frelimo figures, and officials in the police and customs authorities. There has been a surprising silence by the international community, which has occurred until now because donors have wanted to treat Mozambique as a success story and because the regulation of the trade appears to work, at least domestically.

This picture may be changing, because Mozambique's image has been tarnished by the \$2 bn in secret loans, at least half of which has not been accounted for. Also there is growing concern about ivory and other natural resource smuggling. Donors are moving their aid away and no longer need to treat Mozambique as their success story and favoured child. Meanwhile the top of Frelimo and President Filipe Nyusi appear to be distancing themselves from the heroin trade and allowing some crackdowns.

But mobile telephones and Whatsapp have allowed a second decentralised heroin traffic to emerge. Just like hiring an Uber taxi, the heroin traders can send a WhatsApp message and hire a boat to take their heroin to the beach and a bakkie to drive it to Johannesburg. And the widespread corruption means the new heroin traffickers can buy support at more local levels and do not need political patronage.

It may now be too late for the corrupted state and ruling party to change. Corruption has become endemic, and Frelimo has become dependent on patronage for its support. Money for patronage comes from drugs, commissions on contracts, and money siphoned off aid projects. Opposition parties are not challenging corruption, and appear to want power only in order to eat as well.

For their own reasons, the international community allowed Frelimo and the state to be corrupted.<sup>72</sup> For the most part, they now appear to be willing to simply walk away - keeping only enough involvement to ensure access to natural resources.

Joseph Hanlon is a Visiting Senior Fellow in the Department of International Development, London School of Economics and Political Science, London. He is editor of the *Mozambique Political Process Bulletin* and co-author of several books on Mozambique, most recently *Chickens and beer: A recipe for agricultural growth in Mozambique*. [j.hanlon@lse.ac.uk](mailto:j.hanlon@lse.ac.uk)

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<sup>71</sup> Danielle Hickman.

<sup>72</sup> Joseph Hanlon, 2017, 'Following the donor-designed path to Mozambique's US\$2.2 billion secret debt deal', *Third World Quarterly*, Vol. 38, No. 3, pp. 753–770.