African Gold Mines Lose Tens of Billions Yearly to Smuggling

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Data from Comtrade, the United Nations' international trade statistics database, indicated that top importer UAE's imports far exceeded declared exports out of the continent.

Illegal mining enterprises hae been smuggling gold out of the continent of Africa - from across several dozen countries - to the tune of tens of billions of dollars in unpaid taxes, annually.

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Gold is mined in some 46 African countries, which are suffering significant tax shortfall from rampant illegal activities which have increased underground gold production and smuggling, according to a Reuters report.

"There is a lot of gold leaving Africa without being captured in our records," Frank Mugyenyi, a senior adviser on industrial development at the African Union, told the news agency. "UAE is cashing in on the unregulated environment in Africa."

The United Arab Emirates (UAE) claimed gold imports from the African continent totaled more than $15 billion in 2016, a figure which registered the Emirates as the largest importer ahead of China and Switzerland that year. However, data from Comtrade, the United Nations' international trade statistics database, indicated that UAE's imports far exceeded declared exports out of the continent.

Economist Leonce Ndikumana, who has studied capital flows in Africa, said the disparity

suggests a “classic case of export under-invoicing” to reduce taxes.

Ghanaian President Nana Akufo-Addo remarked, during a mining conference in February, that the mostly unregulated cottage industry is overrun by foreign-operated criminal enterprises.

In February, three accidents at illegal mining operations in Zimbabwe, Guinea and Liberia claimed the lives of more than 100 people. Illegal activity is fueled by gold trading registering at over $40,000 per kilo.

Ghana is Africa’s second-largest gold producer after Libya. The World Health Organization estimates that about 54 million Africans are dependent on artisanal mining.

“Small scale gold mining is a crucial source of income for millions of Africans, but it is often dangerous, damaging, and in the worst cases, deadly, for artisanal miners,” Magaran Bagayoko of the WHO’s Regional Office for Africa said in a statement in November.

In 2015, Human Rights Watch warned that international gold refiners may be “benefiting from hazardous child labor in unlicensed mines” in Ghana.

The gold mining industry has also been criticized for causing environmental damage and being harmful to human health.

Mercury, a highly toxic chemical, is used to separate gold from ore. Exposure to elemental mercury can lead to disability, kidney failure, and speech, sight and cognitive impairment.