



In this newsletter we present a summary of our 2012 activities. 2012 was a productive year where we held two workshops, attended international conferences, funded four post-graduate students and launched our website. 2013 has seen two of our post graduate students completing their theses and an additional four post-graduate students join our team. We also have two students whose funding has been renewed in 2013. We are very excited at the continued growth and enthusiasm by post-graduate students to do their research on tobacco-related topics.



20 - 24 March 2012 - 15th WCTOH in Singapore

The World Conference on Tobacco or Health Conference is the premier conference on tobacco control, held every three years. The WCTOH was attended by Corné van Walbeek, Nicole Vellios, Grieve Chelwa, Lara Kruger, Jodie Posen and Tascha Terblanche. In total, members of the team made 5 oral presentations and one poster presentation at the conference. We met some of the gurus in the economics of tobacco control. We had meetings with Frank Chaloupka and Ken Warner where they discussed, amongst other things, how they became involved in tobacco control research. Students were greatly energised and understood that they were budding scientists in an impressive movement.

3 - 5 June 2012 - SADC/World Bank meeting in Gaborone

Corné, Grieve, Jodie and Nicole were invited by the World Bank to attend the SADC/World Bank workshop on tobacco taxes and illicit trade in Gaborone, Botswana. It was a good meeting, where we were exposed to some of the politics of the region with respect to tobacco control, and we met interesting and important people in other African countries.

10 - 13 June - Tobacco Taxation workshop at UCT

In June 2012, a tax training workshop was held at UCT with ten delegates from Botswana. The team consisted of representatives from academia, government ministries, the media and the chamber of commerce. Botswana, as a member of the Southern African Customs Union (SACU), does not have autonomous control over the setting of excise tax. It is set largely by South Africa. However, the Botswana government is strongly considering imposing an additional levy on tobacco products sold in the country. While this has not been considered for other SADC countries, Botswana has successfully levied a 40% additional levy on alcohol sold in the country. The political will to introduce a levy on tobacco, similar to that on alcohol, seems to be strong.



16 - 20 July 2012: Emerging researcher workshop at UCT

In July 2012, a week long research training workshop on the Economics of Tobacco Control was held at UCT. The workshop was attended by eleven delegates from eight countries: Kenya (1), Zimbabwe (2), South Africa (1), Mauritius (1), Nigeria (2), Cameroon (2), Niger (1) and Ghana (1). Workshop sessions included exposure to current tobacco control research training in technical and methodological tools, existing data, proposal writing and research management. Delegates applied for small grants which will enable them to do an economic study in their own countries. Five proposals were accepted which are listed below. The results of this research is expected towards the end of 2013.



Philip Dalinjong Ghana	<i>Use of verbal autopsies to determine tobacco related deaths in rural Northern Ghana (Kassena-Nankana districts): A seven year period study</i>
Zakariaou Njoumemi Cameroon	<i>Tobacco and poverty: a nationwide analysis of socioeconomics of tobacco consumption and tobacco expenditures among households in Cameroon</i>
Premduth Burhoo Mauritius	<i>Self-reported price of cigarettes consumption and compensatory behaviours in a cohort of Mauritian smokers before and after a tax-increase</i>
Nkolika Uguru Nigeria	<i>Investigating tobacco use and expenditure patterns among different social-economic groups in Nigeria</i>
Oluwakemi Odukoya Nigeria	<i>Does Tobacco use affect household resource allocation in Nigerian households?</i>

October 2012 - Report to the government of Senegal regarding the tax system

This study used a model to determine the likely impact of a change in the excise tax on various parameters, such as government revenue and cigarette consumption. Senegal had temporarily changed its excise tax on tobacco from an ad valorem system to a specific system. The conclusion of the study was that the specific tax had resulted in an effective tax burden of more than 45%, which is the maximum allowed by West African Economic and Monetary Union (WAEMU) countries. This has very good public health and fiscal consequences.

November 2012 - Response to the TISA study on the importance of tobacco growing in Africa

The Tobacco Institute of Southern Africa (TISA) published a report on the number of people dependent on tobacco growing. The report received quite a bit of media attention, and was timed to be published just before the FCTC Conference of the Parties meeting in Seoul in November 2012. Within the context of the discussions on Article 17 and 18 it was politically quite important. Grieve Chelwa wrote a comprehensive critique that was sent to various partners.

7 December 2012 - Meeting with SA Treasury

Corné met with officials from the Treasury, in which he commented on an unpublished, presumably industry-sponsored study on the magnitude of illicit trade which claimed that the illicit market is much higher than thought, and even higher than industry estimates. He presented some of his own findings which strongly suggest that illicit trade certainly did not have a systematic negative impact on government revenue. He argued that the current tax system, where the government sets the excise tax at such a level to maintain a total tax burden of 52% of the retail price, has outlined its purpose and that the government has effectively given control of the excise tax increase to the tobacco industry. A new excise tax rule is required.

Feb 2013 - Graduating students



Jodie Posen (Masters) *The impact of excise tax harmonization in the East African community*

Jodie used a mathematical tobacco tax model published in Tobacco Control in 2010 to estimate the impact of harmonisation of cigarette taxes in the EAC. Subdividing locally manufactured and imported cigarettes into up to four market (or price or tax) segments, she simulated the model to see the likely impact of a standardised 0.60 USD per pack specific tax. The results were that each country would gain public health and fiscal benefits. However, some countries would benefit more while others would benefit less, depending on the situation at the outset.



Nicole Vellios (Masters) *The Determinants of Smoking initiation in South Africa*

The first wave of the National Income and Dynamics Study was used to identify the determinants of smoking initiation using survival analysis. Socio-economic factors and personal factors (e.g. having lost a parent by age 15) have some effect on some groups, but not on others. The price of cigarettes in the year in which the person started to smoke has a significant negative impact on the decision to initiate smoking amongst males, but not amongst females.

Continuing students



Lara Minter (Masters) *The prevalence of water-pipe smoking among tertiary students in the Western Cape*

Lara completed her Masters coursework in 2012. She will be doing a survey amongst students in the four Western Cape tertiary institutions about the prevalence of water-pipe smoking. This survey will allow us to get a comprehensive understanding of the prevalence of water-pipe (and cigarette smoking) among tertiary students in the Western Cape province and the factors that influence this.



Grieve Chelwa (PhD) *The Economics of Tobacco in Zambia*

Grieve enrolled at UCT as a PhD student in January 2012. Using a number of large household surveys, he will be estimating the price elasticity of demand for cigarettes and a number of cross-price elasticities using the methods pioneered by Angus Deaton. The opportunity cost of tobacco consumption for smoking households will be considered using a quadratic almost ideal demand system (QUAIDS).

New students

Catherine Namome (PhD) *Tobacco growing in Uganda*

Catherine is a Ugandan student with a first degree in forestry from Makerere University and a Masters degree in Agricultural Economics from the University of Pretoria. Her thesis will focus on the agricultural side, and specifically on the possibility of alternative livelihoods for tobacco farmers. Catherine wants to do a survey among farmers in the tobacco growing region of Uganda (the Western Nile Province) to establish why farmers grow (or do not grow) tobacco.



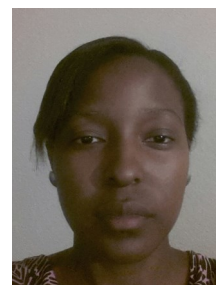
Clarina du Preez (Masters) *What has happened to South Africa's tobacco farmers?*

The number of South African tobacco growers has decreased from about 1000 twenty years ago to less than 200 currently. The study wants to investigate why this is the case. This is a real-world example where the tobacco growing industry has decreased in size at a very rapid rate. Many countries (and industry organisations) are concerned about their tobacco farmers and what the decrease in demand in tobacco would imply. The study will inform the drafters of the guidelines of Articles 17 and 18 of the FCTC about what has really happened in one country when large numbers of farmers moved away from growing tobacco.



Diana Nyabongo (Masters) *The effective level of protection of South African cigarettes manufacturers*

The dominant manufacturer, British American Tobacco, has been able to increase the price of cigarettes by much more than the excise tax suggests should happen. Being a near-monopolist, BAT has much pricing power. The question that Diana wishes to answer in her thesis is why there are not more imported cigarettes attracted to South Africa, given the profitability of cigarette manufacturing. It is likely that the combination of relatively high import tariffs on cigarettes and relatively low import tariffs on raw tobacco leaf is such that it puts the dominant domestic manufacturer at a significant advantage relative to importers.



Linda Nyabongo (Masters) *The socio-economic determinants of tobacco use*

Linda completed her Honours in Economics in 2012 and intends to do a one-year Masters degree in 2013. Currently the thesis topic has not been finalised, but Linda would like to look at socio-economic determinants of tobacco use, either in South Africa or in another African country.

