



Research Unit on the Economics
of Excisable Products

POSTGRADUATE INFORMATION SESSION

2024

Supporting public health through rigorous and objective research

The dynamics of supply and demand for excisable products have far-reaching implications for public health. Research on these goods therefore plays an important role in evidence-based policy development, with the aim of promoting overall well-being.

We conduct research on the economic aspects of:

- Tobacco
- Alcohol
- Sugar- sweetened beverages

Our primary research focus has been on tobacco and tobacco control, which remains a global concern. REEP was nominated to establish a Knowledge Hub on tobacco taxation and illicit trade - on behalf of the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) Secretariat.

We have also been involved in and hope to increase our research on the economics of alcohol and sugar-sweetened beverages. South Africa faces a significant challenge with alcohol misuse. Similarly, with growing recognition of the harmful health impacts of sugar-sweetened beverages, there is a pressing need for expanded research in this domain.

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Should you decide to write your thesis on any of the REEP topics you will have access to the whole team, even though you will have only one main supervisor.

2024 REEP Research Topics List

Below, we list and describe several topics that would be suitable research projects for either Honours or Master's-level candidates. Should you wish to propose your own research, specifically at the PhD level, we encourage you to get in touch with us!

Assessing the cigarette market landscape in South Africa using the African Cigarette Prices data

Level: Honours | Masters

Potential supervisor: Corné van Walbeek | Gameli Adika | Kirsten van der Zee

For the past eight years, students employed by REEP have collected data on cigarette prices in many South African townships and rural areas. This data are available on the DataFirst website.¹ The aim of this study will be to: (1) Describe the cigarette market in South Africa using the brand and price information in the ACP dataset; (2) Identify the major producers in the market (and how these have changed over time), including brands that originated both inside and outside South Africa; (3) Investigate how the market differs regionally (e.g., along the border, in coastal areas, in inland areas); and (4) Investigate what brands are most likely to be sold at informal retailers, as singles, and at a price below the amount of tax payable.

Changing cigarette brands and prices in Windhoek/Addis Ababa/Harare/ (city of choice depending on data availability)

Level: Honours

Potential supervisor: Corné van Walbeek | Gameli Adika | Kirsten van der Zee

Since 2016, the African Cigarette Prices (ACP) Project has collected cigarette data in a number of African countries. Countries where data are typically collected include South Africa, Zimbabwe, Namibia, Lesotho, Ethiopia, and Malawi. The data are not nationally representative but are certainly useful. Some cities have been surveyed over many rounds of data collection. Using the ACP data, the aim of this study is to investigate trends in cigarette pricing (such as average prices and the distribution of prices by brand, packaging type, and outlet) and the brand landscape in a particular city. The data are available on the DataFirst website.

¹ <https://www.datafirst.uct.ac.za/dataportal/index.php/catalog/582>

Analysis of arguments made for and against the proposed tobacco bill as presented during the 2023 and 2024 public hearings

Level: Honours

Potential supervisor: Corné van Walbeek | Nicole Vellios

Public hearings on the proposed Tobacco Products and Electronic Delivery Bill Systems Control Bill are currently being heard across South Africa (they should be finished by April 2024). The hearings are organised by the Portfolio Committee on Health. The Bill seeks to strengthen public health protection measures and align South African tobacco-control law with the World Health Organisation's Framework Convention on Tobacco Control. The proposed legislation seeks to introduce the following: (a) the designation of indoor public places and certain outdoor areas as 100% smoke-free; (b) a ban on the sale of cigarettes through vending machines; (c) plain packaging with graphic (pictorial) health warnings; (d) a ban on display at point of sale; and (e) the regulation and control of electronic nicotine delivery systems and non-nicotine delivery systems as tobacco products. To date (February 2024) most of the hearings are recorded on YouTube.² On average, there will be three hearings per province (i.e., 27 videos, each a few hours long). The task will be to record whether the person is for or against the bill, if the person is affiliated to a specific organisation, and what arguments they make. From this data, themes can be drawn. This topic will suit someone who enjoys content analysis.

Tax pass-through for cigarettes, beer, and (possibly) spirits

Level: Honours | Masters

Potential supervisor: Corné van Walbeek | Estelle Dauchy

Some years ago, two UCT Honours students, Caitlan Russell and Dan Linegar did their Honours long papers on the pass-through effect. These two papers, focussing on beer and cigarettes, were subsequently published in the South African Journal of Economics³ and Tobacco Control⁴ respectively. The beer and cigarette landscape has changed substantially since these papers were published. There is a need to repeat the studies, using updated data. In addition, it would be interesting to conduct a similar study on the pass-through effects for spirits (e.g., brandy, cane, whisky, vodka, and/or rum). We have excellent unpublished data from Stats SA that allow one to conduct a study like this.

² See here for example: https://www.youtube.com/watch?v=X_NYQw1dGfw

³ Russell, C., & Van Walbeek, C. (2016). How does a change in the excise tax on beer impact beer retail prices in South Africa?. *South African Journal of Economics*, 84(4), 555-573. Available at: <https://onlinelibrary.wiley.com/doi/full/10.1111/saje.12123>

⁴ Linegar D.J., van Walbeek C. (2018). The effect of excise tax increases on cigarette prices in South Africa. *Tobacco Control*, 27, 65-71. Available at: <https://tobaccocontrol.bmj.com/content/27/1/65.citation-tools>

Tobacco Excise Tax Simulation Model (TETSIM) for (country of your choice)

Level: Honours

Potential supervisor: Corné van Walbeek | Vanessa Darsamo | Zunda Chisha | Kirsten van der Zee | Estelle Dauchy

The Tobacco Excise Tax Simulation Model (TETSIM) is a tool, programmed in Excel, to quantify the likely impact of a change in the excise tax structure and/or the level of the excise tax. In this study, one would need to use data on cigarette consumption by market segment (premium, popular and discount), retail price within each market segment and the respective tax components (excise, value-added, import duties and other levies) to develop a model of the tax and price structure that will serve as the base scenario. Changes in the level of excise tax or structure are then introduced and the model calculates the effect on variables such as the price of cigarettes, cigarette consumption, and excise tax revenue. Students with an interest in mathematics and modelling would enjoy this topic.

Challenges faced by tobacco farmers

Level: Honours | Masters

Potential supervisor: Nicole Vellios | Leoné Walters

An Honours paper by Rutendo Chingosho on the challenges faced by tobacco farmers in Zimbabwe was published in *Tobacco Control* in 2021.⁵ There are opportunities for students to do similar studies in countries like Malawi and Kenya.⁶ The student would have to be from the country studied and ideally have some knowledge of the tobacco-growing sector. For a study like this, one would conduct a survey amongst farmers and read up on the tobacco industry in that country. Issues that could potentially be covered include the following: farming input costs relative to the farmer's revenue and/or profit, and comparing the income generated by farmers to the country's tobacco industry profits. This could shed further light on supply-chain power dynamics, and the sustainability of tobacco-leaf farming.

⁵ Chingosho, R., Dare, C., & van Walbeek, C. (2021). Tobacco farming and current debt status among smallholder farmers in Manicaland province in Zimbabwe. *Tobacco control*, 30(6), 610–615. Available at: <https://doi.org/10.1136/tobaccocontrol-2020-055825>

⁶ See film on tobacco farmers in Malawi: <https://exposetobacco.org/campaigns/tobacco-slave-film/>

Pricing strategies of tobacco companies to maintain or increase their profits

Level: Honours | Masters

Potential supervisor: Corné van Walbeek | Estelle Dauchy

Tobacco companies have market power, within limits. When faced with an increase in excise taxes, they can reduce the impact of that tax increase by over-shifting the taxes, i.e., by increasing the retail price by more than the increase in the excise tax. There is evidence that tobacco companies have done this in the past.⁷ Is that still the case? One way to analyse whether such a practice still occurs is to analyse the narrative in tobacco companies' annual reports over time. This study will require you to do extensive reading of a variety of companies' annual reports and to categorise the pricing strategies of these companies. It will require using a tool like Nvivo. It is not a particularly quantitative study and does not require any finance knowledge.

An assessment of the socio-environmental factors that are associated with quit attempts and successful quitting among smokers

Level: Honours | Masters

Potential supervisor: Samantha Filby

The Centers for Disease Control (CDC) in the US have conducted many surveys among both school-going youths (in the Global Youth Tobacco Surveys – GYTS) and adults (Global Adult Tobacco Surveys – GATS), in which they ask respondents a number of questions about tobacco use, quitting, and perceptions about tobacco. For this study, the focus is on the correlates of successful quitting and quitting attempts, specifically socio-environmental factors such as perceived exposure to tobacco advertising, promotion, and sponsorship, perceived anti-tobacco advertising, and exposure to smoking at work and in public places. One would have to control for socioeconomic factors, individual attributes, and country and/or regional effects. This topic requires a strong econometric approach.

A global-level study of the association between corruption and the level of cigarette taxes/cigarette excise tax structures

Level: Honours | Masters

Potential supervisor: Samantha Filby

Research, dominated by studies from the European Union, indicates that governments that are more corrupt are more likely to have weak tobacco-tax structures and lower tobacco-tax rates. This is because tobacco-industry lobbying is likely to be more effective in corrupt government

⁷ Sheikh Z.D., Branston J.R. and Gilmore A.B. (2023). Tobacco industry pricing strategies in response to excise tax policies: a systematic review. *Tobacco Control*, 32, 239-250. Available at: <https://tobaccocontrol.bmj.com/content/32/2/239>

administrations. A study that provides a global picture of evidence on this association would be an excellent contribution to the literature. To conduct this study, you'll use data from sources such as the Transparency International Corruption Perceptions Index and data on cigarette taxes and excise-tax structures from the World Health Organization. You can consider the pooled sample of all countries with data available and/or or examine differences by regions'/countries' income level.

Determinants of policy implementation in the area of health taxation

Level: Honours
Potential supervisor: Samantha Filby

Non-communicable diseases (NCDs) account for 74% of all deaths globally. Of all NCD deaths, 77% are in low- and middle-income countries. Modifiable behaviours, such as tobacco use, unhealthy diet, and the harmful use of alcohol, all increase the risk of NCDs. Taxation of these products is a cost-effective mechanism to reduce their consumption, but implementation of (and increases in) these taxes have been uneven, with developing countries significantly lagging behind richer countries. This long paper would explore the factors/elements/information that policymakers in LMICs require in order to elevate the health taxation agenda. This research will require (online) interviews with policy makers in the field of health taxation (tobacco, alcohol, and sugar-sweetened beverages) from a range of low- and middle-income countries. These interviews will be facilitated by the supervisor. The analysis should consider how the needs of policymakers differ by geographical region. This study is primarily qualitative in nature.

A systematic review of the link between alcohol trading times and alcohol consumption (trading times elasticities)

Level: Honours
Potential supervisor: Samantha Filby

The Western Cape is currently considering imposing restrictions on the times during which bars, pubs and clubs can be open. Systematic reviews are valuable contributions to researchers and policy makers because they summarise critically the state of research on a particular topic. In this paper, the student will follow the PRISMA guidelines for systematic reviews to provide an overview of the state of the evidence on the responsiveness of alcohol consumption to changes in liquor trading hours. The research will serve as an input into policy discussion currently ongoing in South Africa.

Did sugar-sweetened beverage (SSB) taxes have an impact on consumption? A cross-sectional approach

Level: Honours | Masters

Potential supervisor: Estelle Dauchy | Leoné Walters | Vanessa Darsamo | Mxolisi Zondi

Many countries have implemented SSB taxes in recent years. In most instances, the aim of the SSB tax was to reduce SSB consumption. Has this happened? Using Euromonitor data and the Global SSB Tax Database, the aim of this study would be to investigate the effect of SSB taxes on sugar consumption. This study will require fairly sophisticated econometric techniques.

The effectiveness of cessation tools in quit attempts and successful quitting

Level: Honours | Masters

Potential supervisor: Samantha Filby | Nicole Vellios

This study is based on GATS data, collected by the CDC. The aim of the study is to determine which cessation tools (e.g., counselling, nicotine replacement therapy, or other prescription medications) are more likely to lead to successful quitting, while controlling for a range of environmental, socioeconomic, and individual factors. Presumably, one would control for country and/or regional fixed effects. This study can inform policymakers about the most effective cessation tools and methods in the region and assist them in their efforts to encourage smokers to quit smoking. This topic requires a strong econometric approach.

Assessing the market landscape for E-cigarettes in South Africa: Evidence from a nationally representative survey

Level: Honours | Masters

Potential supervisor: Kirsten van der Zee

As part of the Tobacco Control Data Initiative (TCDI), a comprehensive dataset focusing on Electronic Nicotine Delivery Systems (ENDS) was gathered. This nationally representative survey, known as the South African E-cigarette Survey 2022, inquired about the specific brands used by vapers (SAES, 2022). This study presents an opportunity to conduct an in-depth review of the e-cigarette product landscape in South Africa. After cleaning the data, one could analyse various aspects, including categorising brands by e-cigarette type and manufacturer and examining interactions between brand information and nicotine strength. Such a study can provide valuable insights for policymaking and public health initiatives regarding e-cigarettes in South Africa.

Illicit cigarette trade and corruption

Level: Honours
Potential supervisor: Leoné Walters

Good governance influences a country's capacity to combat the illicit tobacco trade.⁸ The mirror image of a country's governance and institutions is the level of corruption. Corruption remains a contentious issue in discussions surrounding illicit tobacco trade. While some scholars assert its central significance, others contend that empirical evidence fails to substantiate its role in exacerbating the issue.⁹ More research is necessary on *how* corruption facilitates illicit trade. Using the corruption perception index (CPI), published by Transparency International, one could study how bribery, compromised law enforcement, political patronage and weak regulatory oversight enable illicit trade.

Economic and political determinants of cigarette manufacturing facility locations: A multi-country study

Level: Honours | Masters
Potential supervisor: Leoné Walters

Africa has transitioned from being a net importer to becoming a net exporter of cigarettes. The production of cigarettes has become more centralised, with the tobacco industry strategically selecting particular countries to serve as manufacturing hubs.¹⁰ The decision of multinational cigarette manufacturers to establish production sites in specific countries (including South Africa) is influenced by a myriad of economic and political factors. This study aims to investigate these determinants, focusing on the economic environment and on political considerations such as regulatory frameworks and geopolitical dynamics. This topic will suit a student with a keen interest in African development and political economy.

Accuracy of Euromonitor's country level forecasts

Level: Honours
Potential supervisor: Corné van Walbeek | Mxolisi Zondi

This paper examines the forecasting methodology used by Euromonitor, with a specific focus on sales volume projections spanning a five-year timeframe. While Euromonitor's forecasts offer valuable

⁸ Ulep, V. G., Lavares, M. P., & Francisco, A. (2021). Measuring the capacity to combat illicit tobacco trade in 160 countries. *Globalization and Health*, 17(1), 1-8. Available at: <https://globalizationandhealth.biomedcentral.com/articles/10.1186/s12992-021-00783-4>

⁹ Kupatadze, A. (2021). Corruption and Illicit Tobacco Trade. *Journal of Illicit Economies and Development*, 3(2), 2017-223. Available at: <https://jied.lse.ac.uk/articles/10.31389/jied.94>

¹⁰ Vellios N., Ross H. and Perucic A-M (2018). Trends in cigarette demand and supply in Africa. *PLoS ONE* 13(8): e0202467. Available at: <https://doi.org/10.1371/journal.pone.0202467>

insights into future market trends, these forecasts are based on current policies and overlook disruptive events such as the COVID-19 pandemic. Observations during the pandemic period suggest that forecast accuracy may be compromised when relying solely on linear-trend analysis. To address this limitation, this study proposes an alternative approach involving the examination of multiple years of sales data to assess the robustness of forecasting trends.

Exploring the differential Impact of COVID-19 on cigarette and alcohol sales: A cross-country analysis

Level: Honours
Potential supervisor: Evan Blecher | Kirsten van der Zee

This research delves into the impact of the COVID-19 pandemic on sales of cigarettes and alcohol, considering potential variations across different products and countries. This study aims to conduct a comprehensive analysis of these trends, seeking to identify any patterns that may have emerged. Lockdown measures varied considerably worldwide and, notably, South Africa's imposition of a sales bans presents a unique case. By examining these differences, this research aims to shed light on the diverse impacts of the pandemic on the consumption patterns of cigarettes and alcohol globally.

The impact of global inflation on pricing dynamics in the tobacco and beer sectors

Level: Honours | Masters
Potential supervisor: Corné van Walbeek | Evan Blecher

This study examines how global inflation has affected pricing strategies, particularly in the tobacco and beer sectors. Over the past two decades, our focus has been on analysing pricing trends in a low and stable inflation environment. However, the onset of the COVID-19 pandemic has disrupted this stability. Prior to COVID-19, there was a tendency to over-shifting of tobacco taxes and keeping beer prices relatively low. However, in certain countries, we now observe minimal increases in cigarette prices (trailing behind inflation) and beer prices that tend to rise above inflationary levels. These observations are based on limited data yet indicate intriguing patterns worthy of further research using Euromonitor data supplemented by resources like the Economist Intelligence Unit (EIU).

Beer premiumisation trends

Level: Honours

Potential supervisor: Mxolisi Zondi | Leoné Walters

This study examines the trend of premiumisation in the beer industry, focusing on data from Euromonitor. While cigarette data tends to be aggregated, beer data provides segmentation across premium, mid-priced, and economy segments. In Vietnam, for example, a trend towards premiumisation was observed despite an ad valorem tax system. This observation prompts further exploration of regional and global trends, considering tax structures and economic conditions. With contemporary tax-structure data available for most countries from the World Health Organization (WHO), this research aims to provide insights into the factors influencing beer premiumisation across different markets.

Variation between on-trade and off-trade prices

Level: Honours

Potential supervisor: Evan Blecher | Nicole Vellios

Euromonitor allows us to estimate variations between on- and off-trade prices for alcohol and non-alcoholic beverages.¹¹ The balance in sales between the two holds significant implications for policy decisions, as taxes exert a more pronounced impact on off-trade sales. This study will focus on the differences in prices between on-trade and off-trade channels of beer across various countries. The study also aims to explore the disparities in sales volumes between these channels. By analysing potential systematic elements, such as sales patterns and variations in profit margins between sub-categories, regions, and income levels, this research seeks to provide valuable insights into the underlying dynamics shaping pricing strategies and consumption patterns within the beer market.

Does the strength of the regulatory landscape affect the use of conventional and emerging tobacco and nicotine products? A cross country analysis of the relationships between the ENDS and HTP regulations and individual or dual use of cigarettes and emerging products

Level: Honours | Masters

Potential supervisor: Estelle Dauchy

In recent decades, the progress in tobacco control has been challenged by the emergence of new non-combustible tobacco and nicotine products, including electronic cigarette (ENDS/ENNDS) and Heated tobacco products (HTPs). The WHO has recommended regulating these products, but no requirement

¹¹ On-trade refers to on-premise consumption (for example at restaurants and hotels), while off-trade refers to places that retail alcohol and other beverages for off-premise consumption (for example supermarkets and liquor stores).

has been made.¹² Implementation of these recommendations remains under the control of national jurisdictions, including taxation, advertising, age restrictions, sponsor and promotion, flavours.¹³ Many countries have banned disposable cigarettes (closed systems) entirely, while regulating open systems; others have banned non-tobacco flavours. An increasing number of countries have imposed taxation on e-liquids or systems. This project will use data from various sources to evaluate how the strength of ENDS regulations impacts the use of ENDS, HTPs and cigarettes.

Does compliance with MPOWER measures increase the effectiveness of tobacco tax policies?

Level: Honours | Masters
Potential supervisor: Estelle Dauchy

In 2007, the WHO FCTC introduced a practical and cost-effective initiative to increase the implementation by member parties of key tobacco demand reduction measures, summarized by 6 MPOWER policies.¹⁴ These six policies highlight that it takes a combination of strong regulations, administrative enforcements, social support, continued monitoring of the progress (or lack thereof), and exposing of the accountability of the tobacco industry, to reduce tobacco use and improve populations' health. Among them, tax policy has been consistently recognized as the most cost-effective measure to reduce tobacco use, especially among the most vulnerable groups.¹⁵ However, little is known about the degree of effectiveness of tax policy with respect to no-tax measures. This project aims to use country level data on 186 FCTC members from 2008 to 2022, to evaluate how the compliance with MPOWER policies, individually or collectively, can improve the effectiveness of tax and price policies to reduce cigarette prevalence and / or consumption.

¹² WHO Technical Manual on Tobacco Tax Policy and Administration, 2021. Available at: <https://www.who.int/publications/i/item/9789240019188>

¹³ Ollila H, Tarasenko Y, Ciobanu A, et al. (2023) Exclusive and dual use of electronic cigarettes among European youth in 32 countries with different regulatory landscapes. Tobacco Control. Available at: <https://tobaccocontrol.bmj.com/content/early/2023/04/24/tc-2022-057749>

¹⁴ World Health Organization: 2023 WHO Report on the Global Tobacco Epidemic: Protect People from Tobacco Smoke. See: <https://www.who.int/initiatives/mpower>

¹⁵ Tobacconomics: Policy Brief November 2017. Available at: https://tobacconomics.org/files/research/415/effectiveness-of-tobacco-taxes_brief.pdf

The political economy of tobacco control policy

Level: Masters

Potential supervisor: Zunda Chisha | Leoné Walters

There are big and opposing forces at play in tobacco control: tobacco industries and their allies on the one side and, on the other side, the public health community. There is not much middle ground. The Framework Convention on Tobacco Control (FCTC), which has been ratified by most countries, provides guidance on how governments should navigate the tobacco industry. Yet, in many countries, there are often close relationships, and even conflicts of interest, between government and industry. In this study, one would be required to review policy documents and/or interview people in the policy and advocacy space of a particular country (preferably the student's own) on how the political economy of tobacco-control policy works. This is a qualitative study and requires that students have an understanding of and an interest in political processes. A background in philosophy, politics and economics is advantageous.

The predictive ability of the Tobacco Excise Tax Simulation Model (TETSIM): South Africa case study

Level: Masters

Potential supervisor: Corné van Walbeek | Kirsten van der Zee | Estelle Dauchy

The TETSIM is used to advocate for better tax systems and higher tobacco taxes. The aim of this study is to develop a TETSIM for South Africa and to test its predictive ability. To test it, one would hypothetically go back in time, say to the year 2000, and predict the consumption and revenue outcomes for the next few years, using the information available at that time. This process would then be repeated for 2001, 2002, and so on. The accuracy of the model can then be determined by comparing the predicted consumption and revenue values for the various years to the actual outcomes for those years.