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## REEP: Research Unit on the Economics of Excisable Products

with the

### WHO FCTC Knowledge Hub on Tobacco Taxation

Newsletter #37, May 2025


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## Director's Message



Dear Friends

We begin this newsletter with warm congratulations to our colleague, Zunda Chisha, who was awarded his PhD at the University of Cape Town's April 2025 graduation ceremony. I had the privilege of co-supervising Zunda's doctoral journey alongside Associate Professor Grieve Chelwa, a UCT PhD alumnus now based at the Africa Institute in the United Arab Emirates.

A PhD is more than an academic qualification—it is a demanding journey that requires tenacity, focus, and resilience. We are immensely proud of Zunda for achieving this milestone while simultaneously fulfilling a key role at REEP, and balancing his responsibilities as a husband and father. Read more about Zunda's PhD research [here](#).

In this issue, we also highlight recent meetings attended by REEP team members over the past two months. I participated in a meeting in [Mexico](#) focused on developing good principles for alcohol taxation. In Cape Town, Sam presented her research findings at a meeting hosted by the [Cancer](#)

Society of South Africa, while Kirsten and Estelle attended the Tax Stamp and Traceability Forum, engaging with key developments in product regulation and tracking technologies.

Several REEP members have featured in the [media](#) over the past month, offering insights on the recent increases in excise taxes on tobacco and alcohol, and helping to raise awareness about a new study on e-cigarette use in South African schools. As in every edition of our newsletter, we also spotlight the important work of the [Tobacco Control Data Initiative](#), which continues to support evidence-based tobacco control efforts across several African countries.

For the past year, Leone Walters has been curating an [appendix of recent publications](#)—including books, book chapters, and journal articles—that have appeared in the preceding months. This regularly updated resource offers a valuable overview of current trends in tobacco-related research and serves as a helpful reference for both students and researchers.

The current appendix features a number of studies on how tobacco tax increases affect household spending. Findings show that households not using tobacco—or those able to quit—are financially better off, especially as taxes and prices rise than households that use tobacco. This growing disparity, particularly among poorer households, raises important questions about how best to support those still purchasing tobacco.

Best regards

**Corné van Walbeek**

Director: Research Unit on the Economics of Excisable Products



## NEWS: Research Unit on the Economics of Excisable Products

### Zunda Chisha graduates with PhD in Economics



At the April 2025 graduation ceremony at the Sarah Baartman Hall at UCT, Zunda Chisha, the Programme Director of the WHO FCTC Knowledge Hub on Tobacco Taxation, which is based in REEP, received his PhD.

As anyone with a PhD will testify, this is a major milestone and the result of many years of hard work.

From the whole REEP team and the many colleagues and collaborators that have worked with Zunda over the years, we say: Well done, Zunda! Congratulations!

Zunda's PhD dissertation "*Economic and Health Implications of Tobacco and Alcohol Use in South Africa: A Household Expenditure Analysis*," provides new empirical evidence on how spending on tobacco and alcohol reallocates household resources and affects child health outcomes.

Using data from the national Income and Expenditure Surveys (1995–2011) and the National Income Dynamics Study (2008–2017), Zunda analysed how spending on these substances diverts resources away from essential needs such as education, housing, and transport. His findings highlight a crowding-

in effect between tobacco and alcohol use—households that spend on one are significantly more likely to spend on the other—underscoring the need for integrated policy responses.

While reaffirming the effectiveness of tobacco taxation in reducing smoking prevalence, the study also points to unintended welfare impacts among households that continue to smoke. Zunda argues for complementary interventions, including cessation support and stronger alcohol control policies, to mitigate these effects.

Zunda's research was supervised by Corné van Walbeek, Director of REEP, and Grieve Chelwa, Associate Professor at the Africa Institute in the UAE. We want to specifically acknowledge the African Capacity Building Foundation and the Bill & Melinda Gates Foundation for financially supporting Zunda over many years, making this achievement possible.

## Two REEP members attend Tax Stamp and Traceability Forum conference in Cape Town



Kirsten van der Zee and Estelle Dauchy attended the Tax Stamp and Traceability Forum (TSTF), held in Cape Town from 7 to 9 April 2025.

The forum was a meeting place for stakeholders involved in tax stamp (TS) and track and trace systems (T&TS), and drew vendors from across the development and distribution spectrum, and revenue authorities from around the world.

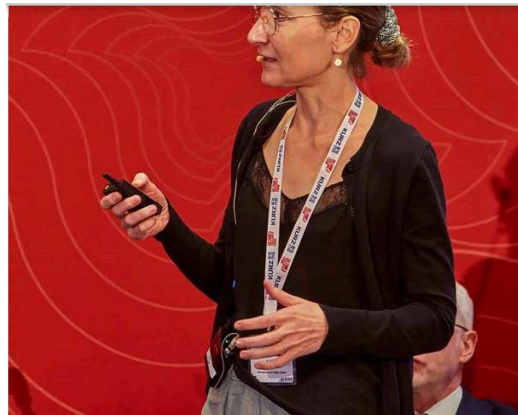
The event provided a platform for knowledge exchange through conference sessions, while the exhibition area showcased the latest innovations in TS and T&TS.

Kirsten van der Zee presented an updated tax simulation model designed to calculate the per-pack break-even price for implementing a T&TS in South Africa: essentially, the price point at which the government would fully recover its T&TS implementation costs.

The model highlighted that with illicit trade accounting for nearly 60% of the cigarette market in South Africa, the potential revenue gains from a well-functioning T&TS would far exceed the implementation costs, providing a compelling case for South Africa to implement T&TS.

Estelle Dauchy presented findings from a study titled **“Evaluating Compliance with Track and Trace and Other Regulations in Pakistan’s Cigarette Market.”** The study evaluated illicit trade following the introduction of a T&TS in Pakistan in July 2022.

Despite the system being in place for nine months at the time of the study (April 2023), only three of 26 registered companies had fully implemented it. As a result, 32% of the packs collected in a survey of discarded cigarette packs lacked tax stamps. Many of these non-compliant packs also failed to meet other regulatory requirements, such as health warnings, minimum pricing, manufacturer identification, and age restrictions.



Consequently, there was little increase in the tax revenue collected in the 2022/23 fiscal year. However, more recent data (obtained from the FBR website in 2025) suggest that T&TS in Pakistan is showing improvements. According to a retired senior revenue official from Pakistan, tax revenues have begun to increase since fiscal year 2024/25, indicating that enforcement and compliance is improving over time.

The presentations are available on request from [Kirsten.vanderZee@uct.ac.za](mailto:Kirsten.vanderZee@uct.ac.za) and [Estelle.Dauchy@uct.ac.za](mailto:Estelle.Dauchy@uct.ac.za).

## REEP Director attends meeting on alcohol taxation in Mexico City

Corné recently attended a four-day meeting in Mexico City that aimed to find a consensus on fundamental principles guiding alcohol taxation. The meeting was organised by the Economics for Health (previously Tobacconomics) team and funded by Vital Strategies’ RESET project. The meeting brought together a distinguished group of about 25 experts and policymakers from around the globe. Attendees included academics and representatives from international bodies like the IMF, OECD, and the World Bank.



The discussions tackled various technical aspects of how alcohol should be taxed effectively. Among the core principles debated was the idea that “alcohol is alcohol,” suggesting that all alcohol should be taxed similarly based on quantity, even though practical considerations would allow for exceptions. It was widely agreed that tax should be levied on the volume of alcohol itself, not the volume of the beverage. The consensus leaned towards specific taxes being superior to ad valorem taxes, though a hybrid model might be considered in certain situations. A crucial principle was the need for specific excise taxes to be adjusted regularly and automatically, ideally by at least the sum of inflation and economic growth.

Corné discussed the potential for applying supply-side incentives, similar to those used in sugar-sweetened beverage taxes, where higher-strength beer (or wine) are taxed at a higher rate per litre of alcohol than lower-strength beer (or wine). South Africa’s current alcohol tax proposals have been designed to incentivise beer and wine producers to reduce the concentration of alcohol in their products. These supply-side incentives could substantially reduce the harm of alcoholic beverages.

Minimum Unit Pricing (MUP), despite some attendees having worked extensively on it, was viewed as suboptimal by the majority present and recommended only if other tax interventions fail.

There was also debate regarding the taxation of low- and no-alcohol beverages, with a sentiment towards a zero tax rate for these products. The complex issue of unrecorded alcohol was also touched upon. Unrecorded alcohol comes in many forms, including home-brew, traditional smuggling and the



use of surrogates (like high-alcohol-content mouth wash). Unrecorded alcohol complicates matters, but should not be seen as an impediment to effectively tax recorded alcohol.

The principles developed during the technical sessions are set to be refined and circulated later, and the overlap with established principles for tobacco taxation was noted. The meeting underscored ongoing international efforts to enhance alcohol taxation policies for both public health and revenue generation.

The third and fourth day of the meeting focused on advocacy and policy implementation, highlighting perspectives from different countries and government departments on how to advance alcohol tax policies effectively.

## Sam Filby presents on e-cigarette use among school children at CANSA event in Cape Town



**WORKSHOP: UPDATES ON THE TOBACCO PRODUCTS & ELECTRONIC DELIVERY SYSTEMS CONTROL BILL**

**CanSA**  
Cancer Association of South Africa  
Research • Educate • Support

**Saturday**  
**29 March 2025**  
10:00-13:00

**Cape Town**  
Premier Hotel, 1 Marais Rd, Sea Point

Join us for an engaging workshop. Dive into essential knowledge and explore the latest research on this crucial topic.

**Speakers:**  
(more to be confirmed)

**Samantha Filby**  
Research Unit Economics of Excisable Products and Economics (REEP)  
Electronic cigarette usage amongst high school students in South Africa

**Dr Bulela Vava**  
Public Oral Health Forum  
Tobacco and Oral Cancers

Workshop cost: Free

On 29 March 2025, Sam Filby presented research on youth e-cigarette use in South Africa at a workshop which provided an update on the Tobacco Products and Electronic Nicotine Delivery Systems Bill.

The presentation was based on a recent [paper](#) published in the Lancet, that indicated that one in six school children in the sample had used e-cigarettes in the past 30 days.

The event was hosted by CANSA and was attended by public health community leaders and members of civil society organizations.

CANSA's coverage of the event can be found [here](#).

RSVP by **25 March 2025**  
Liaston Naidoo - [Lnaidoo@cansa.org.za](mailto:Lnaidoo@cansa.org.za)

**#NoTobacco**  
[f](#) [x](#) [i](#) [in](#) [u](#) [p](#) [d](#)

[www.cansa.org.za](http://www.cansa.org.za) [info@cansa.org.za](mailto:info@cansa.org.za) Toll free 0800 22 66 22

## Two REEP researchers use newly released tax data to explore the South African tobacco industry

We're excited to share that Mxolisi Zondi, in collaboration with Leoné Walters, has officially kicked off a new research project under the second phase of the "Southern Africa – Towards Inclusive Economic Development" (SA-TIED) programme. The project is part of a joint initiative by UNU-WIDER and the National Treasury of South Africa to analyse previously-unavailable data collected by the National Treasury and the South African Revenue Service.

Their proposal was approved earlier this year, and research is now in full swing.

This project focuses on how tax policy, particularly excise taxation, influences industry behaviour. Using administrative tax return data, Mxolisi and Leoné are examining how South Africa's tobacco industry has evolved between 2011 and 2020. To conduct their analysis, they've visited the National Treasury's secure data facility in Pretoria, where they have access to a rich set of anonymised datasets, including corporate income taxation, employment (IRP5), excise, and customs data. Their goal is to truly understand the tobacco sector, by, among other things, uncovering trends in the number of active firms, employment levels, and trade flows within the legal tobacco market. All research is conducted under strict confidentiality protocols: no disaggregated data leaves the facility, and no firms or individuals are identified in the analysis.

While the data only covers the formal sector, it offers valuable insights, especially in light of ongoing debates around excise tax increases and their impact on the industry and economy. Given the significant revenue generated from tobacco excise taxes, understanding these dynamics is more important than ever.

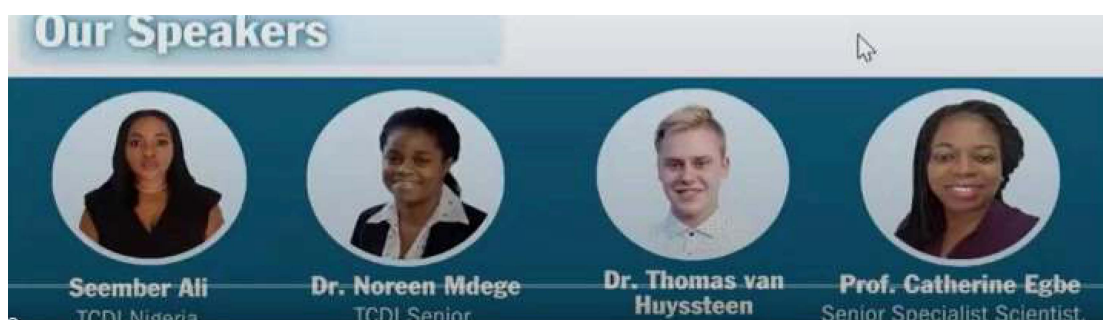
The full analysis will be available in a working paper to be released later this year. For any queries about the project, please contact Mxolisi at [mxolisi.zondi@uct.ac.za](mailto:mxolisi.zondi@uct.ac.za) or Leoné at [leone.walters@uct.ac.za](mailto:leone.walters@uct.ac.za).

## Tobacco Control Data Initiative (TCDI) Update

The team held its first TCDI webinar **"E-Cigarettes and Shisha: the Silent Smoke Screen"** in May. In this webinar, the team reflected on insights from the TCDI South Africa E-cigarette study that showed that e-cigarettes served as potential on-ramps for regular smoking and as off-ramps for people who had been smoking regular cigarettes for a long time. The "on-ramp effect" was larger than the "off-ramp effect".



Join us for this **1 hour-long** session to learn about the Tobacco Control Data Initiative's research on **shisha use in Nigeria and e-cigarette use in South Africa**. Tune in to hear valuable insights directly from the study's researchers and in-country implementers!



The webinar also featured reflections from Prof Catherine Egbe on how the tobacco industry targets the youth. From this study, living near a vape shop was associated with higher current use of e-cigarettes. The TCDI Nigeria team also showcased their work 'Shisha use in Nigeria'. In this presentation, flavors played a significant role in the initiation and continued use of shisha. To access the resources referenced in this webinar, click [here](#).

## CANSA & SATFYF Walk

# **CANSA & SATFYF WORLD NO TOBACCO DAY AWARENESS WALK**



**AREAS OF WALK**  
**JOHANNESBURG | CAPE TOWN**  
**DURBAN | BLOEMFONTEIN**

For more info contact  
Minenhle Dlamini | [mdlamini@cansa.org.za](mailto:mdlamini@cansa.org.za) | 067 158 5312  
Rusten Haai | [rhaai@cansa.org.za](mailto:rhaai@cansa.org.za) | 072 014 0037



To commemorate World No Tobacco Day, on 30 May, the Cancer Society of South Africa (CANSA) and the South African Tobacco Free Youth Forum (SATFYF) will be hosting an awareness walk in different provinces across the country.

For those in Cape Town, the proposed route will begin in Hanover Street but closer to Darling Street (District Six) and proceed to Parliament, following a well-established path used for public gatherings.

For further information, please contact the numbers provided on the poster.



## New Research on the Economics of Tobacco Control: May 2025

This May 2025 edition of the [Appendix](#) to the REEP newsletter, compiled by Leoné Walters, again aims to keep you updated on the latest research in the field of economics of tobacco control.

Please reach out to [leone.walters@uct.ac.za](mailto:leone.walters@uct.ac.za) if you would like to publicise your working papers and new publications.

## In the Media

### Op-Ed

31 March 2025: [Alcohol and cigarettes in the 2025 Budget — anchor policy in data, not industry spin](#), in the Daily Maverick, authored by Corné van Walbeek, Sam Filby and Nicole Vellios.

### TV & Radio Interviews

18 April 2025: Sam Filby was interviewed by Iman Rapetti, see [Newzroom Afrika: Pupils as young as 13 vape daily - UCT study](#).

15 April 2025: Sam Filby interviewed on The Morning Brief on SAFM: "[As teen vaping rates surge across South Africa, public health experts are sounding the alarm as a UCT study showed that 17% of surveyed high school students currently vape](#)".

11 April 2025: Sam Filby interviewed on eNCA: [Government urged to start regulating vapes](#).



4 April 2025: Zunda Chisha was interviewed on eNCA about [Tobacco and Alcohol Use | Exposed children at risk of stunted growth](#).

1 April 2025: Corné van Walbeek was interviewed on RSG and Smile FM, and also on CapeTalk by

1 April 2020: Corné van Walbeek was interviewed on RSG and Smile FM, and also on CapeTalk by John Maytham about how tax increases on cigarettes and alcohol do not spark illicit trade: Data over spin: The real story behind beer and cigarette taxes.

## News clippings

1 April 2020: [UCT research explores tobacco and alcohol consumption impact on household spending in South Africa](#), UCT Press.

1 April 2020: The economic and health impacts of tobacco and alcohol use in South Africa, [DFA.co.za](#) and [IOL/Weekend Argus](#).

3 April 2020: [The impact of tobacco and alcohol spending on households](#), Cape Argus.

4 April 2020: [How does tobacco, alcohol use impact households?](#), ITOonline.

9 April 2020: [Address SA's adolescent vaping catastrophe](#), UCT News.

16 April 2020: [South Africa has an emerging youth vaping 'crisis'](#), Mail & Guardian.

20 April 2020: [If all cigarettes were taxed, South Africa wouldn't need a VAT increase](#), City Press.

5 May 2020: [Generation vape: The alarming impacts of vape dependence on your child's mental health](#), News 24.

**news24** | Life

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### Generation vape: The alarming impacts of vape dependence on your child's mental health

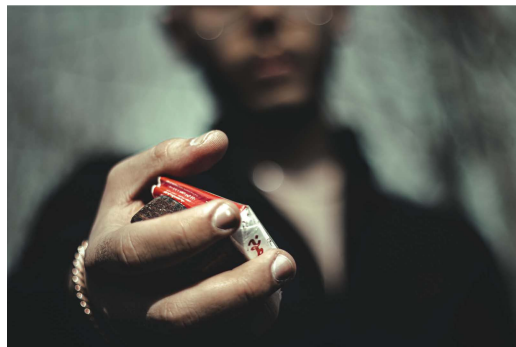
Marilynn Manuel



Regards,  
The REEP team

If you have any comments or feedback on this e-newsletter, or suggestions for possible story ideas for our next issue, please get in touch with the REEP team, by emailing us at:  
[tobaccoecon@gmail.com](mailto:tobaccoecon@gmail.com)

And contact the WHO FCTC Knowledge Hub on Tobacco Taxation team at:  
[tobaccotaxationkh@gmail.com](mailto:tobaccotaxationkh@gmail.com)



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