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

with the

### WHO FCTC Knowledge Hub on Tobacco Taxation

Newsletter #42, March 2026




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## Acting Director's Message

Dear friends,

The past two months have been busy and productive for the REEP team. Zunda attended a [coalition meeting](#) with partner organisations in Cabo Verde, Nicole joined a [march to Parliament](#) in Cape Town, Corné participated in [discussions in Brussels](#) on the EU Tobacco Tax Directive, and Sam presented her research at a tobacco conference in [Baltimore](#). We also published [four journal articles](#) and contributed to several [media pieces](#).

While REEP's activities have in the past been focused on tobacco and alcohol, we have also started researching gambling. On February 23, 2026, we submitted a response to the National Treasury supporting a proposed 20% national tax on Gross Gambling Revenue for online betting, a measure that is necessary to address the rapid expansion and scale of gambling in South Africa.

We are currently running a five-week online course ([Tobacco Taxation 101](#)) from 16 March to 17 April 2026. The course includes four modules covering tobacco taxation, economic principles, excise tax modelling, and illicit trade. We host weekly knowledge-sharing webinars and engage with participants through forum discussions. Following the instructional phase, we will assess quizzes and assignments.

Coming up in April, REEP, through the WHO FCTC Knowledge Hub on Tobacco Taxation, will host an in-person, three-day Learning Exchange in Cape Town from 21–23 April 2026. The event will bring together fiscal and health officials from nine countries to facilitate knowledge transfer, peer learning, and policy innovation in health taxation. This event is funded by Cancer Research UK.

Best regards,

**Nicole Vellios**

Acting Director: Research Unit on the Economics of Excisable Products



NEWS: Research Unit on the Economics of Excisable Products

## African Tobacco Tax Consortium meeting in Cabo Verde: 11 – 13 February 2026



meeting held in Cabo Verde. The meeting, hosted by Tax Justice Network Africa (TJNA) in collaboration with the Cabo Verde Association for Consumer Protection (ADECO), brought together WHO, ATAF, CRES, TJNA, and the Government of Cabo Verde.

The meeting reviewed progress under the 2024/25 joint action plan and outlined priorities for 2026 and beyond. A key objective was to strengthen ATTC's role, moving it from a coordination platform into a more structured and recognised authority on health taxes in Africa.

The macroeconomic context in Africa is challenging. Many African countries continue to face high inflation, rising debt, and limited fiscal space. Although some progress has been made in reforming tobacco excise structures, real price increases are often eroded by inflation and income growth, particularly where indexation mechanisms are weak or absent. Regional bodies are engaging more actively on excise harmonisation, while global initiatives such as the WHO 3x35 underscore the importance of sustained real tax increases.

Over three days, partners reviewed country experiences in Zambia, Nigeria, Ghana, and Senegal, alongside regional developments in ECOWAS, EAC, and SADC. While progress has been uneven, several common challenges emerged: (1) excise taxes remain underutilised, contributing only a small share of total tax revenue in many countries, (2) revenue performance is often volatile, and policy gains are difficult to sustain without predictable adjustment mechanisms, and (3) regional harmonisation efforts face constraints, particularly in the absence of clear rules to guide progressive increases in tax levels.

The meeting marked an important step in consolidating ATTC's role as a platform for advancing tobacco and health taxation across the continent. Continued collaboration, strengthened institutional capacity, and more targeted analytical work will be essential to support effective and sustained policy reform.

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## **March to Parliament calls for stronger alcohol taxes in South Africa: 18 February 2026**



A broad coalition of health, research, and traditional leadership organisations marched on Parliament in Cape Town on February 18, demanding above-inflation alcohol excise tax increases ahead of South Africa’s 2026 Budget on February 25.

The [Southern African Alcohol Policy Alliance](#) organised the demonstration under its “[True Cost of Alcohol](#)” campaign, highlighting that beer remains cheaper than bread in most South African communities, making alcohol easily affordable, particularly for young people.

The march and its media coverage provided an important opportunity to highlight the harms of alcohol. Around [37,000 South Africans](#) die each year from alcohol-related causes. Alcohol is also a major contributor to domestic abuse and sexual assault in a country where [36% of women](#) experience physical or sexual violence in their lifetime. In addition to these social harms, alcohol imposes significant economic costs through violence, trauma, fatal road accidents, and strain on the healthcare system, amounting to an estimated [10–12% of GDP](#).

The February 25 budget, which increased alcohol excise taxes only in line with inflation, was disappointing. This suggests the government is deferring to ongoing stakeholder consultations, during which the alcohol industry is working aggressively to weaken, postpone, and obstruct meaningful reforms to excise taxes. One of the industry’s central arguments is that higher excise taxes lead to increased illicit trade. However, REEP’s analysis finds a strong disconnect between these claims and the evidence—Treasury data shows no decline in excise tax revenue, suggesting that the industry’s position is aimed at protecting profits rather than public health.

For more information about the march, see an article by [Movendi International](#).

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## [Corné attends EU Tobacco Tax Directive meeting, Brussels: 18–19 March 2026](#)



This meeting, organised by the **Smoke-Free Partnership**, focused on the European Union's (EU) plans to implement a new tobacco and nicotine tax directive by January 2028. The proposal will update the outdated 2011 Directive, which has been in force since 2014. The reform is projected to lower smoking prevalence while increasing tax revenue.

Under the current directive, excise tax must be at least €90 per 1,000 cigarettes, or €1.80 (≈R36) per pack of 20 cigarettes. The proposed directive raises the average minimum tax to €4.30 per pack (≈R85), with higher levels for high-income countries and slightly lower levels for lower-income countries. Member states may continue to set taxes above these thresholds. Importantly, the new directive introduces inflation adjustments every three to four years—addressing a major limitation of the 2011 framework, which led to a roughly 30% decline in the real value of excise taxes. It also expands coverage beyond cigarettes to include other tobacco products and emerging nicotine products.

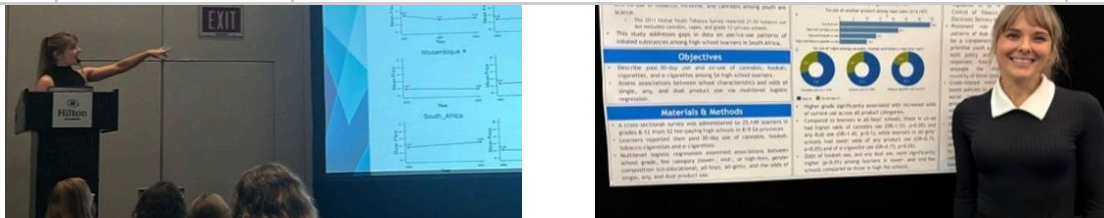
If adopted, the directive will significantly reduce tax differentials across member states. While six countries (Belgium, Denmark, Finland, France, Ireland, and the Netherlands) already meet the proposed minima, the remaining 20 will need to increase excise taxes between 2028 and 2031. This is expected to reduce cross-border shopping between low- and high-tax countries.

For Africa, the key lesson is the value of tax coordination within regional blocs. Although frameworks exist (e.g. ECOWAS and WAEMU), implementation is often inconsistent. Many countries have simply not adhered to the tax directives. Furthermore, it is important that the tax should be set as a minimum, rather than as a range, because this will strengthen effectiveness.

The importance of addressing illicit trade was also emphasised. Evidence from Australia highlighted how weak enforcement allowed illicit trade to expand significantly after 2020. In contrast, the UK demonstrated that strong enforcement, political commitment, and coordination between revenue and law enforcement agencies can simultaneously support higher taxes and reduce illicit markets. This offers an important lesson for South Africa and other countries facing similar challenges.

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## **Society for Research on Nicotine and Tobacco (SRNT) Annual Meeting, Baltimore, US: 4–7 March 2026**



Sam presented her PhD research at the SRNT Annual Meeting, sharing a paper on the price elasticity of cigarette smoking participation using data from 14 African countries. The results indicate that a 10% increase in cigarette prices could reduce youth smoking participation by 7.2% to 8.5%. The research also highlighted the role of factors such as parental smoking, exposure to smoking in the media, and cigarette access in shaping youth smoking behaviour.

Sam also presented a poster based on her co-authored paper, recently published in the [South African Medical Journal](#) examining e-cigarette, cannabis, hookah, and tobacco use patterns among South African high school learners. This work highlights the evolving landscape of youth inhaled substance use in South Africa, showing how usage patterns are shifting alongside the growing popularity of vaping products.

## Research highlights: Recent publications

1. **Darsamo, V., Chisha, Z., Arroyo, G. et al. 2026. Making cigarette taxes more effective in Mozambique: A simulation analysis using the Tobacco Excise Tax Simulation Model (TETSIM) in *Plos One*.**

This study uses a detailed simulation model to show how stronger cigarette excise taxes could substantially improve both public health outcomes and government revenue in Mozambique. Comparing currently legislated tax increases with more ambitious tax reform scenarios, the authors show that modest adjustments are unlikely to meaningfully reduce smoking, whereas larger excise tax increases that account for inflation and income growth could reduce smoking prevalence from 9.8% to just over 8% by 2028, while increasing total cigarette tax revenue by up to 173%.

By explicitly incorporating market segmentation, cross-price effects, and tobacco industry over-shifting behaviour, the analysis provides one of the most detailed and policy-relevant assessments of the potential impacts of ambitious tobacco tax reform in an African context. The findings also underscore that Mozambique's cigarette excise and total tax shares remain among the lowest in the region, offering clear, evidence-based guidance for policymakers on how well-designed tax increases can reduce tobacco use while supporting a more sustainable fiscal landscape.

2. **Filby, S., van Zyl-Smit, R.N., Soin, G. and Kurten, S. 2026. E-cigarette, cannabis, hookah and tobacco use patterns in fee-paying South African high schools. *South African Medical Journal*.**

This study examines the use and co-use of cannabis, hookah, tobacco, and e-cigarettes among high-school learners in South Africa, uncovering concerning usage rates. Surveying 25,149 learners across 52 fee-paying high schools, the research found that 19.4% reported using at least one substance, with e-cigarettes being the most prevalent (16.8%). The research found that 19.4% of students reported using at least one substance, with e-cigarettes being the most prevalent (16.8%). Notably, dual use was common, especially among e-cigarette users, with more than one-third of them reporting concurrent use of at least one other product: 22.1% used cannabis, 13.5% used hookah, and 10.1% used tobacco.

The study revealed that usage rates were highest among Grade 12 learners, in co-educational schools, and in lower-fee schools. The authors express concern over the widespread popularity of e-cigarette use among South African high school learners, which has emerged amid a regulatory vacuum for vaping products. They call for the urgent enactment of the **Tobacco Products and Electronic Delivery Systems Control Bill**. The study also highlights the need for targeted interventions to address the specific vulnerabilities of adolescents, particularly in lower-fee and co-educational schools, where elevated hookah and dual use, as well as increased cannabis use, are prevalent.

3. van den Bosch, A., **Filby, S.** Florence, M. and van Zyl-Smit, R.N. & Kurten, S. 2026. **Why Adolescents Choose to Stop or Never Start Vaping: Evidence from South Africa.** *Nicotine & Tobacco Research.*

Amidst rising concern about adolescent e-cigarette use in South Africa, this study investigates the motives behind why South African high school learners either quit or never start vaping. Using qualitative data from a large survey of 25,149 learners aged 13–19, the study found that health and addiction concerns were the most frequently cited reasons for both quitting (34%) and avoiding vaping altogether (46%). Additionally, older learners (Grade 12) were more likely to report a lack of appeal as a reason for quitting, while athletic performance and fitness were mentioned by a notable percentage, particularly among boys. Despite some minor mentions of economic barriers and access issues, these factors played a smaller role. Results from this study suggest that targeted prevention and cessation strategies, such as health education campaigns and policies to increase the cost of vaping products, could help reduce vaping among South African adolescents.

4. **Zondi, M., Van der Zee, K. and Van Walbeek, C.** 2026. **South Africa's Illicit Cigarette Crisis: Evidence from the 2021 Global Adult Tobacco Survey.** *Tobacco Control.*

This study evaluates the scale and nature of South Africa's illicit cigarette market following the 2020 tobacco sales ban using the 2021 Global Adult Tobacco Survey (GATS). By applying a price threshold approach, the research found that approximately 60% of cigarettes sold were likely illicit, with the problem heavily concentrated among non-multinational (non-MNC) producers. While brands from multinational (MNC) producers maintained high levels of tax compliance, the illicit trade was heavily concentrated among non-MNC brands, which accounted for nearly 90% of all illicit sales. Illicit trade was most prevalent in informal retail channels like spaza shops and among consumers with lower socio-economic status. Given that the illicit cigarette crisis undermines public health and results in significant tax revenue losses, the authors urge authorities to implement targeted enforcement against non-MNCs supply chains and call for the adoption of a track-and-trace system.

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## New Research on the Economics of Tobacco Control: March 2026

This March 2026 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.

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## In the Media

### Op-Eds

- March 19, 2026: **Time to do something about the illicit cigarette trade**, Business Day, by Sam Filby and Corné van Walbeek. The opinion piece considers government's challenge balancing taxation while cracking down on illegality.
- February 4, 2026: **How alcohol excise tax can reduce harm**, in Econ 3x3, by Nicole Vellios, Mxolisi Zondi, and Corné van Walbeek. (Also published as a **UCT Media Release** and reposted by **Polity**). The authors suggest that South Africa's alcohol taxation system requires urgent strengthening to address the devastating public health burden of harmful alcohol consumption. To effectively reduce alcohol-related harm, REEP proposes narrower tax tiers, higher uplift factors, and predictable above-inflation tax increases.

### Media interviews

25 February 2026: Corné van Walbeek interviewed on SAfm by Jon Gericke, titled "Illicit cigarettes, legal loopholes, and billions gone: SA's hidden crisis"

23 February 2026: Corné van Walbeek interviewed on CapeTalk Afternoon Drive by John Maytham, titled "Australia's cigarette tax hike fuels illicit trade". They discuss the economics of sin taxes, illicit trade dynamics, and what policymakers need to consider before pushing prices even higher. A related news article was published on 24 Feb: How taxes have fuelled Australia's illicit tobacco trade, by EyeWitnessNews (EWN).

- 19 February 2026: Corné van Walbeek interviewed on SAfm by Jon Gericke, titled "**UCT researchers demand stronger taxes to tackle alcohol harm**", ahead of the National Budget speech.
- 1 February 2026: Zunda Chisha interviewed by Newzroom Afrika on **Tips on how to maintain sober habits in the new year**. He discussed REEP's findings that household expenditure on tobacco and alcohol products directly and negatively impact children's welfare and development.



Tips on how to maintain sober habits in the new year



## News clippings

- 5 March 2026: **Beyond the clouds: the terrifying reality of SA's teen vaping epidemic revealed by UCT**, IOL.
- 26 February 2026: **The crime costing South Africa R100 billion a year**, Newsday.
- 26 February 2026: **All of your vices just got more expensive, even vaping**, hypertext.
- 18 February 2026: **Tax reform can't wait: alcohol's true cost is paid in lives, not rand**, Times Live.
- 11 February 2026: **How to decode Big Tobacco's illicit trade fiction** Bhekisisa Centre for Health Journalism, also published by **Sunday Times** (17 February), **Financial Mail** (18 February) and **Daily Maverick** (19 February).
- 10 February 2026: Time to beer up: UCT researchers demand stronger taxes to tackle alcohol harm, published by **Cape Argus** and **IOL**.
- 2 February 2026: **More smokers paying less tax: Illegal cigs have swept away SA's anti-tobacco gains**, News24.

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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