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

with the

### WHO FCTC Knowledge Hub on Tobacco Taxation & Illicit Trade

Newsletter #11, January 2021

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## Director's Message



Dear Friends

By the time you get this, the new year is well under way. I trust that, despite the multiple challenges caused by the global pandemic, this will be a good year for you. Hopefully at the end of 2021 the pandemic will be something of the past.

The past year has been difficult for tobacco control in South Africa. There has been no movement on the Control of Tobacco Products and Electronic Delivery Systems Bill, despite having been published in 2018. The illicit trade in cigarettes has exploded and has probably become more entrenched because of the 20-week sales ban in 2020. Since 2010, excise taxes have kept pace with inflation, but not much more. On the positive end, smoking prevalence has dropped somewhat as people quit smoking during the lockdown. In a time where the COVID pandemic focuses our attention on the value of life, it is worthwhile to remember that tobacco causes tens of thousands of premature deaths in South Africa each year. We hope that the government will take tobacco control seriously this year, and will implement the appropriate measures to reduce consumption.

In this letter we report on REEP activities in December 2020 and January 2021. While the lockdown has restricted our physical movement, it has allowed us to use technology increasingly effectively, reaching many more people than we would have been able to reach under normal circumstances. A big highlight for the unit was the [launch of the E-library](#) on Tobacco Taxation and Illicit Trade on 21 January 2021. This project, which Sam Filby has worked on for more than two years, collates about 1700 articles on these topics, and will be a useful resource for students, think tanks, NGOs and policy makers.

E-LIBRARY

In early December 2020, the Knowledge Hub held a three-day [webinar on tobacco tax modelling](#), which was attended by more than a hundred people.

On 11 December 2020, REEP published the [third report](#) on smoking behaviour during lockdown. The report focused on the developments in the cigarette market after the sales ban was lifted and the market returned to normal. The report attracted substantially less media attention than the first two reports, but a list of media exposure can be obtained [here](#).

Recently the first peer-reviewed [paper](#) based on REEP's research on smoking behaviour during the sales ban, was published in *Tobacco Control*. The paper considers possible lessons for a cigarette endgame strategy that is built around a comprehensive and permanent sales ban on cigarettes.

Enjoy the read. Feel free to contact us with any questions or comments. I wish you all the best for the year.

With best regards

**Corné van Walbeek**

Director: Research Unit on the Economics of Excisable Products



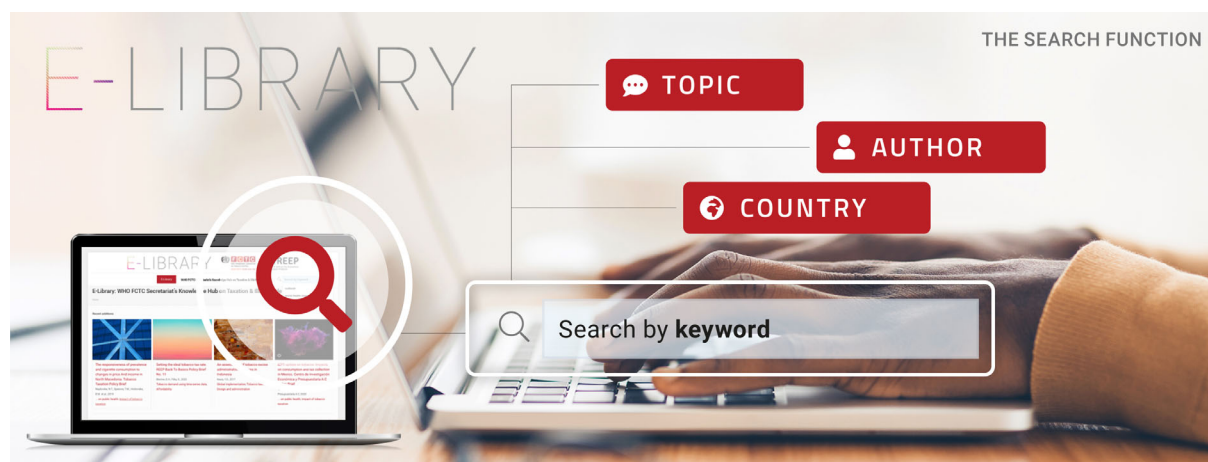
## Launch of the e-library on tobacco taxation and illicit trade

On 21 January 2021, the WHO FCTC Secretariat's Knowledge Hub on Tobacco Taxation and Illicit Trade, hosted by REEP, launched an e-library on tobacco taxation and illicit trade in tobacco products. The library can be accessed at <https://untobaccocontrol.org/taxation/e-library/>

The online launch was attended by over 70 people from a range of countries. Attendees were given some background to the e-library and were walked through a demonstration on how to use the e-library's search function.

The purpose of the e-library is to consolidate and classify all available literature on tobacco taxation and the illicit trade in tobacco products. At the time of the launch, the library had links to more than 1 700 entries covering a variety of dissemination modes. These range from journal articles, presentations, datasets and grey literature.

The library is a searchable database from which users can access relevant materials. Publications in the e-library are classified according to a number of criteria, such as publication type (e.g., journal article, presentation, dataset), topic, region, and income classification. Visitors can also use the search function to find literature published by a specific author, or information on a particular country. A video on how to use the e-library is available [here](#).



The e-library resource is intended for use by both researchers and policy makers. For researchers, the e-library can be used as a one-stop-shop for finding existing literature on a particular topic relating to tobacco tax and illicit trade. Policy makers can use the library as a tool to find information on their country, or global evidence for best practice in tobacco taxation and combatting illicit trade. We believe that it will be a valuable contribution to research on tobacco taxation and illicit trade.

The e-library aims to complement the existing [Tobacconomics research database](#), which holds 600 items, including policy briefs, research reports, toolkits, presentations, and webinars on the economics of tobacco more broadly. The main focus of the Tobacconomics database is on the design and implementation of taxes, the impact of taxes on demand for tobacco products, the impacts of tobacco control on lower-income households, government tax revenues, illicit trade, and other factors. It also includes studies on supply-side interventions, such as policies relating to farming and regulation for vendors, marketing bans and cessation programs, health consequences related to tobacco use, and fiscal health policies relating to sugary beverages, junk food, and alcohol.

The Knowledge Hub's e-library is focused on studies on tobacco taxation and illicit tobacco. It aims to be as comprehensive as possible on these topics. It is not intended to focus on other aspects of the economics of tobacco control (e.g. advertising bans), or non-economic aspects of tobacco control.

Please contact [Samantha Filby](#) to suggest resources that you believe should be included in the e-library and that have not yet been included.

## Third report on smoking behaviour during lockdown

On 10 December 2020, REEP published a report entitled "[Back To Normal? Smoking and Quitting Behaviour in South Africa After the Tobacco Sales Ban: Results From A Third Survey](#)".

This report is based on the results of a third online survey, conducted after the lifting of the sales ban on tobacco in August, between 16 September and 6 October 2020. Only those

respondents to the second survey who had agreed to be contacted again were involved, giving a final group of 3 766 respondents who had completed both the second and third surveys.

Authored by Corné van Walbeek, Samantha Filby and Kirsten van der Zee, the report shows that about 17% of respondents of the third survey indicated that they had quit smoking during the lockdown. However, about half of those who had quit had started smoking again by the time they completed the survey.

Nearly 40% of respondents indicated that they used other tobacco products during the sales ban. The most popular substitute product was roll-your-own tobacco, followed by electronic cigarettes, heated tobacco products and pipe tobacco.

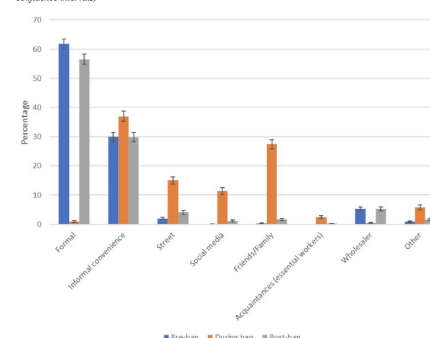
In the report, REEP recommends that government increase the excise tax on tobacco products at the earliest opportunity. The pricing strategy of the tobacco industry clearly shows that they can increase their revenues by increasing the price. The government can also increase their revenue, and reduce cigarette consumption, by increasing the excise tax on cigarettes. This will be a win for public health and a win for the fiscus.

An important proviso is that the South African Revenue Services and the enforcement authorities reduce the illicit trade in cigarettes. The illicit market was already substantial when the sales ban was imposed. The sales ban is likely to have entrenched some of the distribution channels for illicit cigarettes. In the accompanying media release, Corne quotes: "The World Health Organisation's Protocol to Eliminate Illicit Trade in Tobacco Products was created to support countries in their efforts to reduce the illicit trade in cigarettes. South Africa should ratify this treaty and implement its provisions. South Africa should impose a track and trace system, completely independent from the tobacco industry, that allows the authorities to exercise more control over the movement of cigarettes. This will go a long way in reducing the illicit trade in cigarettes".

This report follows on from our first report entitled "[Lighting up the illicit cigarette market: Smokers' responses to the cigarette sales ban in South Africa](#)", published on 15 May 2020, and our second titled "[Smoking and Quitting Behaviour in Lockdown South Africa: Results from a second survey](#)" published on 21 July 2020.

Read the report in full [here](#).

Figure 1: Distribution of outlets where respondents purchased cigarettes pre-, during, and post-ban (with 95% confidence intervals)



Notes: "Formal" includes supermarkets, petrol stations, liquor stores and tobacco shops. "Informal convenience" includes spaza shops, cafes, and house shops. "Street" includes street vendors and car guards.

## Knowledge Hub hosts an online tobacco taxation workshop



The Knowledge Hub and the Convention Secretariat, through the FCTC 2030 Project, successfully facilitated a condensed version of a three-day tobacco taxation workshop via Zoom on 30 November, 1 and 4 December 2020.

While the original focus of the workshop was on the 24 countries that are part of the FCTC 2030 Project, the online nature of the workshop allowed the Knowledge Hub and WHO FCTC 2030 Project to invite other countries to join the workshop.

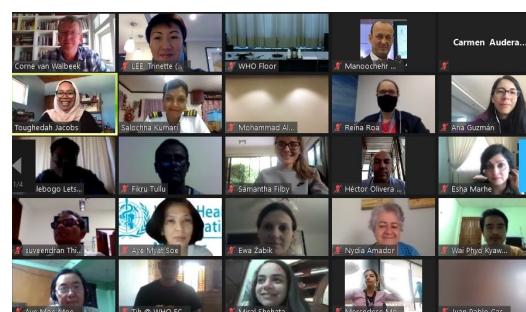
The workshop attracted many government officials from across the globe. The prize for greatest commitment probably goes to Fiji, where officials attended the workshop in the small hours of their morning.

The workshop was interpreted simultaneously to Arabic, French and Spanish which increased access to officials who would not usually be able to participate in the workshop.

This workshop provided policy makers with essential tools to illustrate the benefits of tobacco taxation using taxation modelling. While we were not able to model tobacco taxation models for specific countries, Corne gave a detailed explanation of a generic model, as well as one for South Africa. The models were shared with participants so that they could work through the models by themselves as well. The degree of interaction between workshop participants and presenters was high.

Even though many people probably experienced webinar fatigue at the end of the year, between 100 and 137 people participated in the workshop at any moment in time. There is clearly a need for this type of workshop and we look forward to planning the next one. Many participants expressed their appreciation and thought that despite the technical nature of the content, it was well presented.

The recordings and presentation of the workshop have been uploaded to the members only section of the Knowledge Hub website. Please register [here](#) if you have not done so already.



## What can we learn from South Africa's sales ban for tobacco endgame strategies?

Recently a paper, entitled "[The temporary ban on tobacco sales in South Africa: lessons for endgame strategies](#)" was published in *Tobacco Control*. The paper, authored by Sam Filby, Kirsten van der Zee and Corne van Walbeek, analyses to what extent the South African experience of the COVID-19-inspired sales ban can inform the endgame

strategy of permanently banning the sales of cigarettes. The analysis was based on two surveys, conducted by REEP in May and June 2020, on smokers' behaviour during the sales ban.

The authors concluded that "the demand-side preconditions for an effective sales ban, specified in the endgame literature, were not in place in South Africa. Smoking prevalence was too high at the outset, there was insufficient cessation support and smokers did not have time to prepare for the ban. South Africa was therefore an inappropriate candidate for the implementation of a sales ban. It is thus incorrect to use the South African experience as evidence in favour, or against, the use of a sales ban as part of an endgame strategy."

Furthermore, they concluded that "Whereas the current thinking on endgame strategies focuses on demand-side preconditions that should be in place if a sales ban is to be successful, the South African experience indicates that supply-side factors are also important. The authors therefore propose two additional preconditions that need to be in place if sales bans are to work: (1) the illicit market needs to be under control before implementing a ban; and (2) a sales ban must be synchronised with a ban on the manufacture, transport and distribution of cigarettes, as well as strong monitoring of these sectors to ensure that production and distribution cease."

The paper is freely available at: <https://tobaccocontrol.bmj.com/content/early/2021/01/20/tobaccocontrol-2020-056209.info>

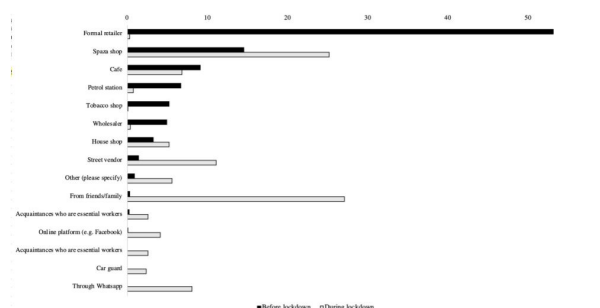


Figure 1 Distribution of outlets where smokers purchased cigarettes before and after the cigarette sales ban (%). n=21 150 before lockdown and n=19 962 during lockdown.

Filby S, et al. *Tob Control* 2021;20:1-7. doi:10.1136/tobaccocontrol-2020-056209

## Personnel news at REEP



On 17 January 2021 Kirsten van der Zee gave birth to a beautiful baby daughter, Fenna, much to the delight of the whole family. Husband Martin and older sister Roux are very chuffed. Congratulations. We wish them all the best in the joys and challenges of parenthood. Kirsten will be on maternity leave till the end of May 2021.

Sadly, Ntombi Mbaso will be leaving REEP at the end of February 2021. She has been offered a significant promotion at the Abdul Latif Jameel Poverty Action Lab (J-PAL) at UCT. Ntombi has been a much loved and appreciated colleague in REEP in the nearly two years that she was with us. We will miss her a lot, but we wish her all the best in her new position. We are currently in the process of advertising for someone to fill her position, but it is unlikely that the new person will be in place by March 2021.



## REEP in the News

REEP research on smoking behaviour after the tobacco sales ban was lifted and the changing face of the South African cigarette market, continued to garner media attention in December 2020 and January 2021.

- **Cigarette market normalised, but not the same as before ban - study**, in BizCommunity on 11 December 2020
- Corne was interviewed on **Radio 702** on 14 December 2020.
- Corne was interviewed by Jeremy Maggs on eNCA on 18 December 2020 on **the shifting cigarette market in South Africa**.
- On 26 January 2021, Paul Ash wrote an article in the Sunday Times also citing the second and third REEP reports: Rookie mistakes: **Why NDZ's cig ban was a disaster before it even began**.
- On 25 January 2021, Corne was quoted in an article by Carin Smith of Fin24 on **illicit cigarettes in South Africa** and why the industry may not be concerned about a track and trace system in the country.
- On 25 January 2020, Corne was featured on SA FM's "The View Point" discussing the implications of the lockdown cigarette sales ban. The recording can be accessed at **"SA Cigarette industry is a dog-eat-dog"**.

Research by our previous PhD student and postdoc fellow, Abel Nyagwachi, was cited in an article on how alcohol and tobacco expenditure crowds out the expenditure on other products in Kenya: <https://www.standardmedia.co.ke/health/article/2001397871/alcoholism-in-the-time-of-coronavirus>.



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)

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