



REEP: Research Unit on the Economics of Excisable Products

with the

WHO FCTC Knowledge Hub on Tobacco Taxation

Newsletter #22, November 2022

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Director's Message

Dear Friends

A few days ago, the Select Committee on Finance of the National Council of Provinces (South Africa's higher house of Parliament) had an engagement with stakeholders on, amongst other things, the to-be-introduced excise tax on e-cigarettes. No fewer than six public health organisations made presentations to this Committee, all agreeing on content, and encouraging the Committee and National Treasury to implement taxes that will substantially discourage e-cigarette use, especially by young people.

While tobacco control advocates and organisations may disagree on some aspects of tobacco control policy, it was good to see this level of unity among the various players.



The fight against tobacco is far from over. In fact, the recent [Global Adult Tobacco Survey](#) indicates that smoking prevalence has increased substantially in 2021. This is a major turnaround, since smoking prevalence has been decreasing consistently (albeit very slowly in the post-2005 period) for at least the previous 30 years. We do not know the precise reasons for this uptick in smoking prevalence, but it seems most likely that the availability of cheap, illicit cigarettes has played a big part in it. The illicit trade in cigarettes undermines all tobacco control interventions. It needs to be brought under control, and quickly.

In our [presentation to the Select Committee](#), we indicated that the economic fight against tobacco has two components: increasing the excise tax *and* controlling illicit trade. The two go hand in hand.

I am particularly delighted to write the following paragraph. Nicole Vellios has been a stalwart in REEP for more than a decade, being the first person to be employed by the unit. She has grown in the position and has produced some excellent and influential papers over the years. On 14 December 2022, she will officially become [Dr Vellios](#), when she receives her PhD degree. This is extremely well deserved and a fitting acknowledgement for an ace researcher.

In the past two months, REEP colleagues have had a number of papers published in high-end academic journals. Chengetai Dare and colleagues investigated the covariates of [smoking experimentation among Gambian youths](#). Sam Filby and Laura Rossouw researched [quitting behaviour in eight African countries](#). Alfred Mukong, a REEP affiliate currently based at the University of Namibia, published a paper that considers the [impact of smoking on a variety of different illnesses](#) and, unsurprisingly, finds that the impact of smoking is cumulative, and has very detrimental long-term

effects. Very recently Sam published [a paper in Tobacco Control](#) on the relationship between cigarette prices and smoking outcomes in eight sub-Saharan countries.

Even though Covid is receding, a lasting legacy of the pandemic is the use online conferences and meetings. This is a positive development because it makes them cheaper, more accessible, and more democratic. In the past two months, REEP members have been involved in a number of online meetings and conferences. Hana Ross spoke at the 40-year anniversary of [tobacco control advocacy in Hong Kong](#). Vanessa Darsamo and Kirsten van der Zee spoke at the [fourth international conference on waterpipe smoking](#) and Zunda Chisha spoke at the [London Global Cancer Week](#).

On 30 November 2022, at 15:00 SAST, the World Bank will be hosting a [webinar on the excise tax on sugar-sweetened beverages](#), which was implemented in April 2018. At the meeting a number of specialists from the public health community and government will be presenting. Feel free to [register](#) for this event.

We are very excited to announce that Zunda Chisha has been appointed as the Programme Director of the Knowledge Hub. He had been acting in this position since January 2022, but after a rigorous selection process, he is now in a permanent position. We wish him well.

As the year draws to a close, I want to wish you a very good holiday season and all best wishes for 2023. If you are celebrating Christmas, may it be special.

Kind regards

Corné van Walbeek

Director: Research Unit on the Economics of Excisable Products



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REEP presents to government committee on excise taxes on tobacco and e-cigarettes

Each year the Select Committee on Finance engages with members of the public on aspects of the [Tax Laws Amendment Bill, the Tax Administration Laws Amendment Bill and the Rates Bill](#). The Select Committee is comprised of members of the National Council of Provinces from different political parties. This year the focus was primarily on the taxation of e-cigarettes. In February 2022, the Minister of Finance indicated that the government wants to implement an excise tax on these products, after the National Treasury published a [policy paper](#), which set out the basic rationale and principles for such a tax.

The meeting of the Select Committee follows a public consultation with National Treasury in September 2022, where the various stakeholders submitted their responses to the Treasury's proposals. REEP submitted written and oral comments at that meeting, which we reported on in the [September 2022 newsletter](#).

It was extremely gratifying to see the public health community speaking with one voice in their presentations to the Select Committee. Groups that spoke to the Committee include the SA Medical Research Council, the National Council Against Smoking, the Tobacco, Alcohol and Gambling Advisory, Advocacy and Action Group (TAG), the Department of Health, the Cancer Association of South Africa, and REEP.

In short, the tobacco-control community argued the following regarding the excise tax on e-cigarettes:

- We agree with the National Treasury that the excise tax should be levied as a specific tax per millilitre of e-liquid, irrespective of nicotine content;
- Whereas the National Treasury suggests a rate of R2.90 per millilitre, we believe that a more appropriate rate would be at least R5.00 per millilitre;
- To deter young people from purchasing disposable e-cigarettes, which contain a limited volume of e-liquid, and which would thus be subject to a very small amount of tax, we propose that National Treasury implements a minimum floor tax of R50 per unit.

REEP also indicated its concern about the scale of illicit trade in the regular cigarette market. However, illicit trade in tobacco products is primarily a criminal issue, not a tax issue. We indicated our appreciation to the National Treasury for increasing the excise tax on regular cigarettes in the past few years, despite strong industry lobbying and opposition, but we believe that the Treasury could have been bolder in their tax increases. The fact that SARS has placed Gold Leaf Tobacco Corporation (GLTC) under curatorship because of GLTC's involvement in illicit trade is a very positive move. Increasing the excise tax and implementing stronger measures against illicit trade should go hand in hand.

REEP's submission to the Select Committee on Finance can be found [here](#).

Nicole Vellios Receives PhD In Economics



On 14 December 2022, Nicole Vellios will be awarded a PhD in Economics. The title of her thesis is "Smoking cessation in South Africa: cigarette prices, plain packaging, and illicit trade". This is the peak of her 11-year journey with REEP, and its predecessor, the Economics of Tobacco Control Project (ETCP).

Nicole's relationship with the ETCP started in 2011, when she received a scholarship from the Bill & Melinda Gates Foundation, through the American Cancer Society. After completing coursework in 2011, she wrote her Master's thesis in 2012 on the determinants of smoking onset in South Africa. A paper, based on the thesis, was published in [BMJ Open](#).

She was subsequently employed by the ETCP, and conducted research in a range of areas, including the tobacco industry structure, illicit cigarette trade, and the prevalence of binge drinking. She supported several Honours and Master's students in getting their research published in high profile journals. For a list of articles written by her, see her [Google Scholar profile](#).

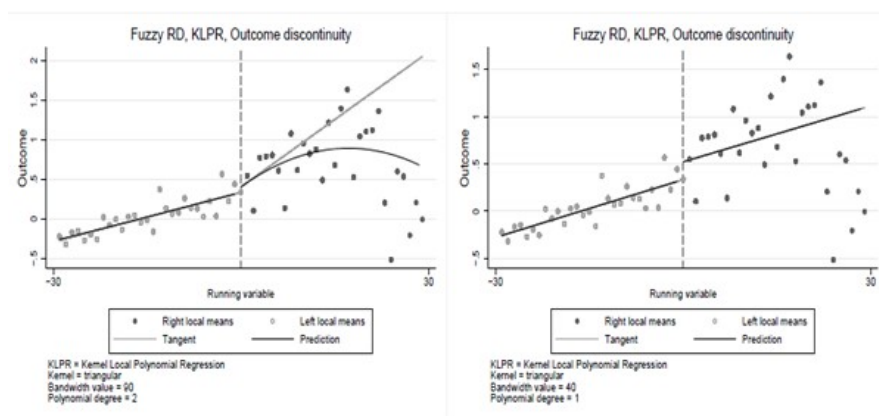
After taking a six-year break from formal studies, Nicole registered for a PhD in Economics in 2018. As any person who has a PhD can testify, the process is long and arduous. But Nicole kept at it, and submitted her thesis in May 2022. The examiners were very impressed with the thesis. The citation for her PhD, as it will be published in the graduation booklet, reads as follows:

Nicole Vellios's thesis focuses on the economics of quitting cigarette smoking in South Africa. Using survival analysis techniques applied to data from the National Income Dynamics Study and price data from government documents, she finds that an increase in the price of cigarettes is significantly associated with quitting behaviour. By surveying UCT students, and showing them various cigarette packs with different attributes, she finds that plain packaging (where all branding is removed and graphic health warnings are printed on cigarette packs) would be effective in reducing the demand for cigarettes. Since access to cheap, illicit cigarettes could reduce the effectiveness of excise tax increases and plain packaging in reducing smoking, she measured the size of the illicit market, and found that it had increased sharply since 2010, and accounted for about a third of the total market in 2017. (Supervisors: Corné van Walbeek (UCT), Hana Ross (UCT), and Emmanuel Guindon (McMaster University, Canada)).

Nicole will be promoted from Research Officer to Senior Research Officer, effective 1 January 2023.

Well done Dr Vellios! We at REEP are super-proud of you.

Estimating the Health Effect of Cigarette Smoking Duration in South Africa



In October 2021, Alfred Mukong, a REEP affiliate and Senior Lecturer at the University of Namibia, published a paper in the [International Journal of Environmental Research and Public Health](#) in which he estimated the health effect of smoking duration in South Africa. The paper was based on data from the first four waves of the National Income Dynamics Study (NIDS), which is a longitudinal survey that provides information on smoking patterns and a variety of diseases in South Africa.

Unsurprisingly, Alfred finds that the probability of reporting poor health and/or suffering smoking-related diseases increases with the number of years of smoking. The magnitude of the effect is higher when smoking-related diseases rather than self-reported health is considered, and it varies across time and by socioeconomic status. He further compares the health outcomes of individuals below and above a given range of years of smoking, isolating the effect of smoking duration on health. He finds that there is a discrete jump in poor health when individuals smoke 30 years or longer. The long delay between the age at smoking onset and smoking-related morbidity indicates that current levels of morbidity and mortality largely reflect past smoking patterns, while future morbidity levels depend on current and future smoking patterns. The implication of his paper is that tobacco-control policies that reduce current levels of smoking create both current and future public health benefits.

The paper was funded by the African Capacity Building Foundation through REEP.

Read the full paper [here](#).

Paper on inequalities in smoking cessation published in PLoS One

Most smokers regret that they started smoking and many want to quit. In high-income countries, attempts to quit smoking, and the success of these attempts, are concentrated among socio-economically advantaged people. In most high-income countries, smoking onset is higher among people from socio-economically disadvantaged groups. This, together with the fact that people from such groups are less likely to quit smoking, means that the burden of disease is greatly skewed. There is a paucity of evidence on the distribution of tobacco cessation in low- and middle-income countries.

PLOS ONE

In November 2022, PLoS One published an article written by Sam Filby and a former REEP colleague, Dr Laura Rossouw, that aims to address this paucity of evidence. The paper, available [here](#), sought to measure and decompose wealth- and education-related inequalities in tobacco cessation in eight sub-Saharan African countries.

The analysis used data from the Global Adult Tobacco Surveys (GATS) in Botswana (2017), Cameroon (2013), Ethiopia (2016), Kenya (2014), Nigeria (2012), Senegal (2015), Tanzania (2018) and Uganda (2013).

Results of the paper show that successfully quitting tobacco use, as well as attempts to quit smoking, are concentrated among individuals in the top 40% of the income distribution and individuals with higher levels of education. The authors conclude that the findings for these eight African countries are qualitatively similar to the findings in most high-income countries.

The authors argue that governments in the sampled countries can do more to support smokers with lower levels of income and education to quit smoking. The guidelines of Article 14 of the WHO FCTC recommend that governments fund programmes that make smoking cessation counselling and cessation medication more accessible. The results of this paper indicate that the government should specifically make the quitting tools available to people with less education and lower levels of income, as they are the most vulnerable.

The paper is available [here](#).

REEP researchers publish paper on cigarette smoking experimentation among Gambian children

Chengetai Dare and Corné van Walbeek from REEP, together with other co-authors, recently published a paper in *BMJ Open* entitled "[The effect of price on the decision to experiment with cigarette smoking among Gambian children, using the Gambia 2017 Global Youth Tobacco Survey data](#)". The Global Youth Tobacco Survey (GYTS) is a nationally representative survey of children aged 12 to 17, conducted in a large number of countries using a standardised methodology. The variable of interest is whether and when a person smoked (at least part of) a cigarette for the first time.

The authors used survival analysis techniques to find covariates of the first exposure to cigarette smoking, which is defined as experimentation.

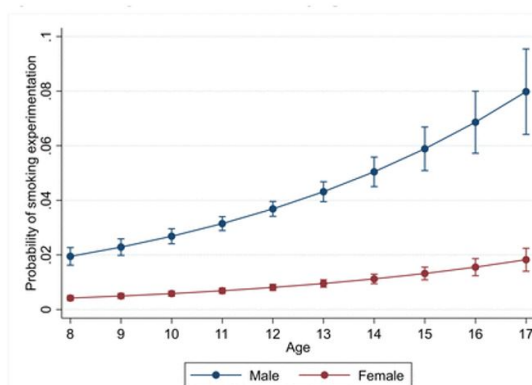
They found that a 1% increase in the price of cigarettes reduces the probability of children experimenting with smoking by 0.7%. Children with at least one smoking parent are more likely to have ever smoked a cigarette than those whose parents do not smoke. Also, children with friends who smoke are more likely to have ever experimented with smoking a cigarette than those whose friends do not smoke.

The study further established that children who see their teachers smoking inside school buildings are more likely to have ever experimented with smoking than those who do not see teachers smoking inside school buildings. Female youths are less likely to have ever smoked a cigarette than male youths. The probability of experimenting with cigarette smoking increases with age. Having access to pocket money did not have a clear effect, although there is some suggestion that children who receive pocket money are more likely to experiment with smoking than children who do not receive pocket money.

The key conclusion is that there is strong evidence that increasing excise taxes can play an effective role in discouraging children from experimenting with cigarette smoking. Considering the relatively low excise tax burden in the Gambia, the government should consider substantially increasing the excise tax burden.

To read the paper, please click [here](#).

Smoking hazard rates for smoking experimentation.



Paper on the relationship between cigarette prices and smoking outcomes among adults in sub-Saharan Africa published in Tobacco Control

Although comprehensive international literature reviews show that tax-induced cigarette price increases reduce cigarette consumption and increase government revenues, policymakers still demand local evidence before implementing policy changes. There is a dearth of research on the association between cigarette prices and smoking outcomes in sub-Saharan Africa, and the most recent [WHO Report on the Global Tobacco Epidemic](#) shows that countries on the African continent have some of the lowest tobacco tax rates in the world.



GTSS | GATS

Samantha Filby of REEP recently published a paper in *Tobacco Control* titled: [Cigarette prices and smoking among adults in eight sub-Saharan African countries: evidence from the Global Adult Tobacco Survey](#). The paper sought to provide new evidence on the association between cigarette prices and smoking outcomes on the continent. The paper uses data from the Global Adult Tobacco Survey, which was conducted in eight African countries between 2012 and 2018. Countries included in the analysis are Botswana, Cameroon, Ethiopia, Kenya, Nigeria, Senegal, Tanzania, and Uganda.

Results of the study show that higher cigarette prices significantly decrease the likelihood of smoking (smoking prevalence) and the intensity of cigarette consumption (number of cigarettes smoked) among African adults. Another major finding is that, for this sample of countries, the biggest impact of a price-led decrease in the demand for cigarettes is on smoking prevalence, rather than smoking intensity.

According to the research, it is fortuitous that the largest impact of a price-led decrease in the demand for cigarettes is on smoking prevalence, rather than smoking intensity. The epidemiological literature clearly shows that the public health impact of people quitting smoking is much greater than continuing smokers cutting back their consumption. This finding for these eight African countries makes an increase in the excise tax a more potent tool to reduce the public health burden of tobacco use than in countries where the primary impact of a price increase is on reducing smoking intensity.

Taken together, the results suggest that excise tax increases that increase the retail price of cigarettes will play an important role in reducing adult tobacco use on the continent. African governments are encouraged to increase excise taxes on tobacco products to improve public health outcomes.

This paper is the third of five papers that have been funded by the CDC Foundation. The aim of the funding is to use Global Adult Tobacco Survey and Global Youth Tobacco Survey data to investigate important economic relationships in tobacco control in Africa. When it comes to tobacco control, Africa is often under-researched. This paper is part of a strategy to address this.

Next year, we will host a virtual workshop with tobacco control stakeholders including academics, civil society and policy makers in which we present the results of the papers written under this grant. Keep an eye on our future newsletters for details about this event.

WEBINAR: Design and Impact of Sugar-Sweetened Taxes Beverage Taxes: The Case of South Africa

At the end of November, Corné van Walbeek of REEP will be presenting alongside Karen Hoffman of PRICELESS, Evan Blecher of the World Bank and Mpho Legote of the South African National Treasury on the impact of the SSB tax in South Africa in a webinar hosted by the World Bank. Read more [here](#).

Global Tax Umbrella Program

WEBINAR

DESIGN AND IMPACT OF SUGAR-SWEETENED BEVERAGE TAXES:

The Case of South Africa

Wednesday, November 30, 2022
8:00-9:30 AM ET / 3:00-4:30 PM Pretoria

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SPEAKER
Mpho Legote
Director of VAT, Excise
Duties & Subnational Taxes,
Tax Policy Unit,
National Treasury,
Republic of South Africa



SPEAKER
Prof. Karen Hofman
Research Professor & Director,
SAMRC Centre for Health
Economics and Decision
Sciences/PRICELESS SA,
University of Witwatersrand,
Johannesburg



SPEAKER
Prof. Corné van Walbeek
Professor of Economics &
Director, Research Unit on
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Products (REEP),
University of Cape Town

Please join the World Bank's [Global Tax Program Health Tax Workstream](#) and the [Nutrition Global Solutions Group](#) at the Health, Nutrition and Population Global Practice for a virtual learning event on **"Design and Impact of Sugar-Sweetened Taxes Beverage Taxes: The Case of South Africa"** on Wednesday, November 30, 2022 at 9:00 – 10:30 am ET.

Hana Ross presents at online symposium for the 40th Anniversary of Tobacco Control in Hong Kong

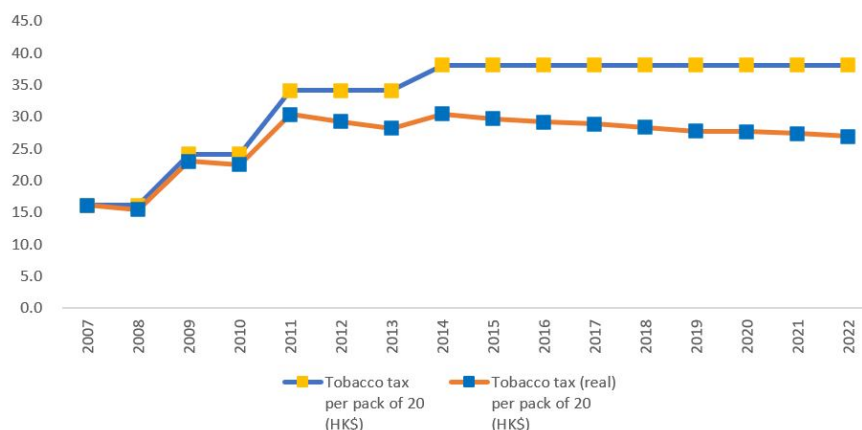
On 8 November 2022 Hana Ross presented at an online symposium celebrating 40 years of tobacco control in Hong Kong. The Symposium was organized by the Hong Kong Council on Smoking and Health (COSH). COSH was established in 1987 to protect and improve the health of the community. It advises the government, community health organizations, and other public bodies on matters relating to smoking and health.

Smoking prevalence in Hong Kong decreased from 23.3% in the 1980s to the current smoking rate of 9.5%.

On the eve of its 40th anniversary, Dr Tedros Adhanom Ghebreyesus, the Director-General of the World Health Organization, sent his warm congratulations to the tobacco-control community in Hong Kong. He mentioned that Hong Kong's smoking prevalence percentage of less than 10% makes it a global exemplar. The policy package that achieved such success included a complete smoking ban in indoor public places, workplaces and public transport, pictorial warnings on tobacco packaging, bans on advertising and promoting tobacco products, and the recent restrictions on electronic cigarettes and heated tobacco products.

Dr. Hana Ross, a REEP researcher with long relationship with COSH, was invited to make an online presentation on "global tobacco tax policies and their effectiveness in reducing tobacco use." In her presentation she indicated that, despite many tobacco control policies being in place, Hong Kong has adopted a rather conservative tobacco tax policy. Even though the cigarette tax structure in Hong Kong adheres to the best practice of uniform specific tax, the tax rates are low and have not been updated since 2014.

Hong Kong: Excise Tax Rate Per Cigarette Pack

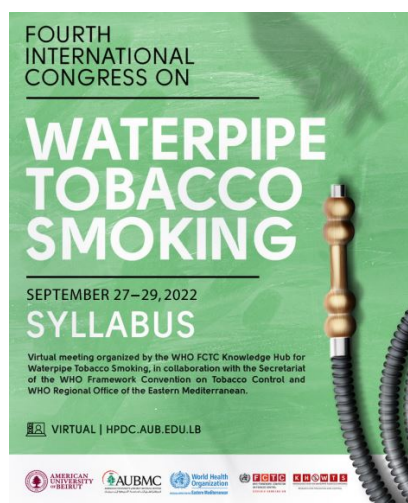


Hana recommended that Hong Kong should consider substantially increasing the excise tax rate across all tobacco product categories. Furthermore, it should regularly increase the excise tax, using an indexation or tax escalator mechanism, similar to that used in Australia, to address the impact of inflation on the specific tax rate. Such a policy would support public health and increase excise tax revenue.

Two REEP Researchers Present At Fourth International Conference On Waterpipe Tobacco Smoking

Two REEP researchers, Vanessa Darsamo and Kirsten van der Zee, presented on the Tobacco Excise Tax Simulation Model (TETSIM) at the [fourth international conference on waterpipe tobacco smoking](#), held virtually between 27 and 29 September 2022.

In the presentation, which was attended by more than 70 participants, Vanessa, Kirsten and Mohammed Jawad (of Imperial College London) indicated that the TETSIM, which initially was developed to simulate the impact of cigarette taxes on consumption and on tax revenue, can easily be applied to waterpipe tobacco as well. Vanessa's presentation centred around the key economic principles that are useful for tobacco control. Kirsten discussed how the TETSIM can be used for simulating tobacco excise tax changes, and Mohammed presented the TETSIM as applied to waterpipe tobacco.



The conference aimed to share recent evidence on interventions to prevent and/or control waterpipe tobacco smoking, and what this meant for practice, policy and regulation, with the aim of enhancing public health and well-being. The conference also sought to build capacity in knowledge translation, with a specific focus on waterpipe tobacco smoking, and to enhance linkages and collaborative partnerships globally.

The conference was co-organized by the Faculty of Health Sciences at the [American University of Beirut](#), the WHO FCTC Knowledge Hub for Waterpipe Tobacco Smoking, the Secretariat of the WHO Framework Convention on Tobacco Control, and the WHO Regional Office of the Eastern Mediterranean region.

Zunda Chisha Presents At London Global Cancer Week



Zunda Chisha, Programme Director of the Knowledge Hub, participated in a virtual event on 16 November 2022, hosted by Cancer Research UK for the London Global Cancer Week. The session was titled [Mobilising and accelerating tobacco control to improve global cancer outcomes and health equity](#).

Zunda discussed the role of tobacco taxation in tobacco-control policy and why the presence of illicit trade should not hinder the implementation of good tax policies.

Other speakers during the session were Sonali Johnson (Head of Knowledge, Advocacy and Policy at the Union for International Cancer Control), Daniel Dorado (Director of Policy Organizing and Tobacco Campaign: International & Latin America at Corporate Accountability) and Rachel Barry (Researcher at the Tobacco Control Research Group at the University of Bath).

Visiting PhD student spends three months at REEP



Qing Li, a UCT-registered PhD student based in Atlanta in the US, spent the last three months at UCT, working on her thesis. Her thesis considers the impact of tobacco growing on the health and livelihoods of smallholder farmers in Kenya and Indonesia. The thesis uses a panel dataset of tobacco farmers in these two countries. She was substantially involved in the collection of these data and has a deep understanding of the challenges faced by the farmers.

With the Covid restrictions lifted, and REEP staff back at the office at least two days each week, she was able to benefit from their experience and expertise. She presented the provisional results of one chapter at a REEP seminar: the correlation between tobacco farming and food insecurity in the household. She found that, controlling for numerous factors, households that grow tobacco are more likely to experience food insecurity than households that do not grow tobacco.

Qing's supervisors are Corné van Walbeek (UCT), Alfred Mukong (University of Namibia) and Jeff Drope (University of Illinois in Chicago). Qing can be contacted via [email](#).

In the news

On 12 October 2022, Nicole Vellios published an op-ed in the Daily Maverick titled "[Relentless targeting of youth by e-cigarette manufacturers poses significant future health risks](#)".

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



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