



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

### with the WHO FCTC Knowledge Hub on Tobacco Taxation

Newsletter #28, November 2023

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## Director's Message

Dear friends,

I am pleased to announce that REEP has recently made three new appointments.



Dr Leoné Walters will be joining REEP as a senior research officer. She completed her PhD at the University of Pretoria and is currently a postdoc research fellow at the Laboratory for the Economics of Africa's Past ([LEAP](#)) at the University of Stellenbosch. She is interested in political economy, which is important in the tobacco control and alcohol policy spaces.

REEP has also appointed a junior research officer, Mxolisi Zondi. He completed his Masters in Economics degree at the University of Pretoria and is currently working as a data analyst at [DataFirst](#) at UCT. He previously worked as a survey methodologist at Statistics South Africa. Data is the lifeblood of any research, and Mxolisi's experience in this area will enhance REEP's capacities.

Leoné and Mxolisi will be joining REEP in January 2024. I wish them both a long and happy stay at REEP. In the next newsletter I hope to formally announce another appointment.

In the past two months, members of REEP have been involved in a number of research dissemination activities: an [online dissemination workshop](#) focused on tobacco taxation, and an [alcohol policy conference](#). I was at a meeting of the National Taxpayers' Association in [Kenya](#), where the Tobacco

Excise Tax Simulation Model was made available to that organisation and other stakeholders.

For the past three years REEP has partnered with Development Gateway in the development of dashboards to support tobacco control policy in six African countries. This project is coming to an end, and we are pleased to [report here on some recent activities](#).

Zunda Chisha has done more than the average amount of travelling in the past two months. Other than a trip to Zambia to support ongoing research, he has been to [Morocco](#) and [Finland](#) for meetings related to the Knowledge Hub's activities.

As always, feel free to contact us if you have any comments or suggestions. This is the last newsletter for 2023. I wish you all a restful holiday.

Best regards

**Corné van Walbeek**

Director: Research Unit on the Economics of Excisable Products



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## National Treasury responds to comments by REEP on taxation of tobacco and alcohol products

In September 2023 we [reported](#) on our submission to Parliament's Standing Committee on Finance, where we called on National Treasury to increase the excise tax on tobacco and alcohol, and to introduce a multi-year taxation approach. We also urged the government to ratify the Protocol to Eliminate Illicit Trade in Tobacco Products, given that illicit trade was so rampant in South Africa.

National Treasury gets appeals from a variety of interest groups, including the alcohol and tobacco industries. At the September 2023 meeting, the alcohol and tobacco industries appealed to National Treasury to treat them more leniently with respect to the excise tax increases.



On 25 October 2023, National Treasury responded to the submissions made in September 2023. Unfortunately, National Treasury "noted" most of our recommendations, and did not commit to implement them. However, National Treasury did not accept the industry's argument that illicit trade is related to the increase in the excise tax, but rather the result of criminal activity. REEP has consistently shown that illicit trade is not linked to excise taxes.

National Treasury's responses to the various submissions can be found [here](#) (see pages 21-28).

Sometimes, in the policy space, not moving backwards can be regarded as progress. The alcohol and tobacco industries will continue to push for policies that are in their interests and against the interests of public health. In the absence of a counter-voice, industry voices can influence government officials to move backwards.

However, stasis is not good for health policy. We want tobacco and alcohol policies to be tightened, with the ultimate aim of improving public health.

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## REEP Partner - Development Gateway - publishes reports, and moves to second phase of the programme



In the past four years, REEP has partnered with Development Gateway on the Tobacco Control Data Initiative (TCDI). The primary aim of this initiative was to develop dashboards to support tobacco control policies in a number of African countries (the DRC, Ethiopia, Kenya, Nigeria, South Africa and Zambia).

Each of these dashboards were developed with inputs from government officials and NGOs. They were instrumental in determining the focus areas of the dashboards. In most countries there was a need to conduct surveys or additional studies to investigate aspects that were of special concern to the relevant stakeholders.

Recently Development Gateway, in partnership with the [African Population and Health Research Center](#), as well as KEMRI and the Kenyan Ministry of Health, has published a study analysing the prevalence of tobacco use, and factors associated with tobacco-related illnesses. This cross-sectional study was conducted at four Kenyan national referral hospitals and involved interviewing patients with cancer, myocardial infarction, chronic obstructive pulmonary disease (COPD), and pulmonary tuberculosis. The study has been published in *PLOS Global Public Health* and can be read [here](#).

In October 2023, TCDI released a report on e-cigarette use in South Africa. This report is based on the South African E-Cigarette Survey 2022 (SAES 2022), a national telephone survey of e-cigarette (or novel tobacco product) users in 2022. The data was collected by TCDI and REEP, and is available on the [TCDI](#) and [DataFirst](#) websites.

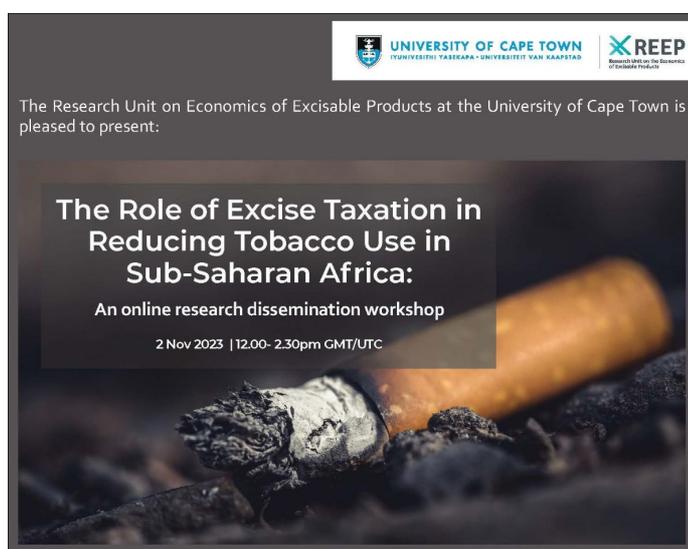
Some of the key findings are that: more than one in ten adults in South African urban areas (11.3%) had ever tried novel products (mainly e-cigarettes), of which 4.0% were regular users of novel products, 1.5% had used novel products regularly in the past, and 5.8% had experimented with novel products. The survey found, unsurprisingly, that novel product use was most popular among younger people. The most commonly cited reason for novel product initiation (30% of users) was to stop or avoid smoking cigarettes (or other tobacco smoking).

The [report](#), and a [factsheet](#) providing key findings from the report, are available online.

The initial phase of this project is now coming to an end. Development Gateway is renewing its Tobacco Control Data Initiative work for another four years, and will ultimately be transferring ownership of the [TCDI country websites](#) to an African-based, long-term partner by 2026. For more information, please reach out to the program manager, Winnie Awuor ([wawuor@developmentgateway.org](mailto:wawuor@developmentgateway.org)).

## REEP hosts research dissemination workshop in partnership with the CDC Foundation

On 2 November 2023 Sam Filby and colleagues held an [online dissemination workshop](#) where they presented the results of research based on Global Adult Tobacco Survey (GATS) and Global Youth Tobacco Survey (GYTS) data collected for selected African countries. At the seminar four papers were discussed that Sam has co-written over the past three years. Three have already been published and the fourth is currently under review. The aim of the workshop was to publicize these papers, and to illustrate their relevance for tobacco tax policy in Africa.



The basic message was clear. First, increasing the excise tax is an important tobacco control tool because increases in the excise tax increases the retail price of cigarettes, which will decrease consumption among adults and, especially, youth. Second, simpler excise tax systems (such as uniform

specific taxes) are more effective for tobacco control than complicated excise tax systems.

The three published papers which were discussed at the seminar are the following:

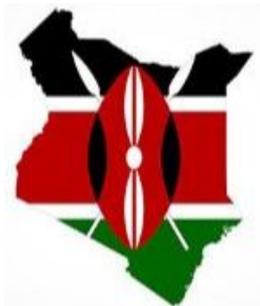
- [Cigarette Prices and Smoking Among Youth in 16 African Countries: Evidence From the Global Youth Tobacco Survey](#)
- [Cigarette prices and smoking among adults in eight sub-Saharan African countries: evidence from the Global Adult Tobacco Survey](#)
- [Cigarette excise tax structure and cigarette prices in nine sub-Saharan African countries: evidence from the Global Adult Tobacco Survey](#)

The research project was funded by the CDC Foundation, and the seminar was jointly presented by REEP and colleagues at the CDC and the CDC Foundation. We want to thank the CDC Foundation for their enthusiastic support over the past three years.

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## REEP's director attends conference on tobacco taxation in Kenya

On 3 October 2023, Corné van Walbeek attended a one-day conference on tobacco taxation in Kenya, organized by the National Taxpayers Association (NTA). At the conference, Corné presented on a Tobacco Excise Tax Simulation Model (TETSIM) for Kenya. This model was developed in consultation with NTA colleagues in May 2023. The meeting was attended by about 60 delegates from various government departments such as the Kenya Revenue Authority, and included academia, NGOs and journalists.



Sadly, excise tax policy has regressed in Kenya in the past six years. Where Kenya had a uniform specific tax structure before, the government introduced a tiered structure in April 2017. The lower tax tier was introduced after Mastermind Tobacco – a producer of lower-price cigarettes – put pressure on government.

Furthermore, the real value of excise tax has decreased since the government has not increased the tax in line with the inflation rate. According to delegates at the meeting, the government removed the routine inflation adjustment and opined that it was discriminatory and arbitrary.

Delegates at the conference indicated that the tobacco industry in Kenya has been creating doubt about the fiscal and public health benefits of further excise tax increases. The industry argues that Kenya is on the wrong side of the Laffer curve, i.e. that further tax increases will result in less, rather than more, excise tax revenue. They also claim that cigarettes are already “overtaxed” and that further tax increases will result in more illicit trade. The tobacco industry estimates the illicit market at 26% of the total; the government estimates it at about 5%.

The result is that the onus is on the Kenya Revenue Authority to “prove” that tax increases will have positive fiscal consequences. The TETSIM model will help them with this. The model clearly indicates that income growth, inflation, and population growth will result in increased cigarette consumption, if the excise tax is not adjusted regularly. The KRA and other delegates expressed a strong interest in developing a similar simulation model to estimate the likely fiscal and consumption impact of increases in the excise tax on alcohol.

The NTA is a partner of the Tax Justice Network Africa (TJNA). REEP partners with the TJNA to support their partners in selected countries, specifically by developing TETSIM models which can be used to advocate for better excise tax structures and/or higher excise tax rates.



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## REEP members attend the 7th Global Alcohol Policy Conference (GAPC)

Corné Van Walbeek and Nicole Vellios attended the Global Alcohol Policy Conference (GAPC) from 24 to 26 October 2023 at the Cape Town International Convention Centre. The conference theme was “Investing in People before Profits: building momentum towards the Framework Convention on Alcohol Control”.

The conference brought together about 300-400 delegates from about 50 countries, mainly from Africa and other low- and middle-income countries. There is an increased urgency to address the detrimental impact of alcohol. The WHO estimates that 3 million people die from alcohol each year. Many speakers indicated the need for a framework convention for alcohol policy, based on the success achieved through the Framework Convention on Tobacco Control.

Before the conference, on 23 October, Corné and Nicole attended a session for organisations funded by Vital Strategies’ **RESET Alcohol Program**. Nicole gave an overview of alcohol policy in South Africa. Other countries funded by RESET, and that were represented at the meeting, include Argentina, Brazil, Cambodia, Colombia, Kenya, Mexico, Philippines, Sri Lanka, and Uganda. Civil society organisations, government officials (including two MPs from Uganda), academic institutions, and funding agencies were present.



Delegates that attended the pre-conference workshop, organised by Vital Strategies, on 23 October 2023

On the first day of the conference, Corné and Nicole entered the advocacy space by supporting colleagues from UCT’s medical school who organized a silent protest. The aim was to call on Minister of Social Development, Lindiwe Zulu (who was present in the plenary session), to “PASS THE LIQUOR AMENDMENT BILL NOW”.

The 2016 Liquor Amendment Bill seeks to restrict advertising, increase the legal drinking age from 18 to 21 years, and regulate trading days and hours, among other interventions. There has not been any substantial movement on the bill for many years.



We made very useful contacts with colleagues doing similar work in other countries. Many tobacco researchers are moving into the alcohol space as there is overlap between tobacco and alcohol.

The 7th GAPC was co-hosted by the Global Alcohol Policy Alliance, the South African Medical Research Council, and the South African Alcohol Policy Alliance. It was also co-sponsored by the World Health Organisation, South Africa’s Department of Social Development and the Department of Health, the National Research Foundation, the DG Murray Trust and SA Tourism.



## Zunda attends the Health Tax Research Workshop in Morocco

Earlier in 2023, Zunda Chisha and Sam Filby, collaborating with researchers from the University of Zambia, received funding from the Alliance for Health Policy and Systems Research, to study the political economy of health taxes in Zambia. This project is ongoing and entails a qualitative study of the evolution of health taxes on tobacco, alcohol, and sugar-sweetened beverages in Zambia.



Between 10 and 12 October 2023, Zunda attended a meeting in Marrakech, Morocco, held by the Alliance for researchers funded by its research programme on health policy analysis for health taxes. In total 16 countries were represented at the meeting. Researchers from eight countries (Bangladesh, Ethiopia, Ghana, Indonesia, Nepal, Pakistan, Peru, and Viet Nam) were funded in 2021. A second cohort of researchers, including Zunda and Sam, were funded in the most recent round.

On the first day, researchers from the first cohort presented their study findings, some of the lessons learned, and ideas for further research. Researchers from the second cohort presented their research ideas, current status of projects, and plans for the next couple of months, on the second day of the meeting. The discussions were very insightful, with a lot of discussion about framing evidence in different contexts for different audiences to advance the health tax policy reform agenda.

The culmination of the event occurred on the last day with the launch of the [BMJ special series on health taxes](#). Several articles in this series were contributed by researchers from the first cohort, showcasing the impact and reach of their work.



## Director of Tax Knowledge Hub attends the 6th Meeting of WHO FCTC Knowledge Hubs in Helsinki, Finland

Between 25 and 27 September 2023, Zunda Chisha represented the Knowledge Hub on Tobacco Taxation at the 6th meeting of the WHO FCTC Knowledge Hubs, held in Helsinki, Finland. Organized by the Convention Secretariat, this gathering served as a platform for the exchange of information and in-depth discussions on various issues central to the operation of the knowledge hubs.



There are currently nine Knowledge Hubs linked to the FCTC Secretariat. The latest Knowledge Hub on Article 12, dedicated to public awareness, attended the meeting for the first time. Each Knowledge Hub focuses on an aspect of the WHO FCTC. Adriana Blanco Marquizo, the Head of the Convention Secretariat, also attended the meeting. The first day kicked off with updates from the Convention Secretariat, covering administrative matters and providing insights into preparations for the Conference of the Parties (COP) in Panama scheduled for mid-November 2023. Unfortunately, the COP was subsequently postponed due to matters beyond the Secretariat's control.

Following these initial discussions, the meeting received updates from the Knowledge Hubs, spotlighting their achievements in 2023 and unveiling their strategic plans for 2024. For the Knowledge Hub on Taxation, housed in REEP, 2024 promises to be a busy and exciting year. We will share more in subsequent newsletters.



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:

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