



THE TOBACCO INSTITUTE OF SOUTHERN AFRICA

MEDIA RELEASE

*For Immediate Release
1 February 2013*

SIGNING OF MOU TODAY STRENGTHENS FIGHT AGAINST ILLICIT TRADE IN TOBACCO PRODUCTS

Windhoek 1 February 2013. At the signing of an MoU between TISA and the Namibian Ministry of Finance in Windhoek today, CEO of the Tobacco Institute of Southern Africa (TISA), Mr Francois van der Merwe stated that the good cooperation which exists between South Africa and Namibian authorities will further be strengthened by this MoU, which seeks to combat the illicit trade in tobacco products in Namibia and the region.

The current total cigarette market size of Namibia is estimated to be 350 million sticks of which 10% is estimated to be illicit. Because of Namibia's vast borders, it is also used by unscrupulous traders as a transit route for illicit tobacco products into South Africa. Namibia is abused as a transit country for tobacco products from Zimbabwe, Angola and Dubai/China, while some of the products are also sold in the Namibian market.

Over the past three years, TISA estimates that the South African Fiscus lost approximately R12billion due to illegal cigarette trading. "This has a direct impact not only for South Africa but also the revenue-sharing SACU member states - Botswana, Lesotho, Namibia and Swaziland," Mr van der Merwe noted.

TISA has been actively working towards a more collaborative approach in combating illicit trade not only in South Africa, but across the Southern African region. MoUs have also recently been concluded with all other SACU countries and Mozambique. Because illicit trade occurs within countries and across borders, it is necessary to work together within a legitimate framework to curb the growing tide of illegal trading in cigarettes in the Southern African region.

In working together within the legitimate framework, Mr van der Merwe emphasized that "all stakeholders need to consider what fuels the illicit trade in tobacco products. For example, extreme regulations, such as plain packaging will make it difficult to differentiate between different tobacco products and will make counterfeiting easier, leading to a further rise in illicit trade. Higher excise taxes on tobacco products will also cause people to buy cheaper illegal cigarettes, which apart from defrauding Governments of revenue, also defeats the Health objectives of Governments to reduce consumption."

TISA is also very encouraged by the adoption of a global Anti Illicit Trade Protocol at the 5th session of the Framework Convention of Tobacco Control (FCTC) in Korea during November 2012. We firmly believe that this will go a long way in bringing together impacted stakeholders and we remain committed to working with all the relevant stakeholders in eliminating the illegal trade in tobacco products," concludes Van der Merwe.

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Note to Editors:

The Tobacco Institute of Southern Africa ("TISA") is the industry body for the tobacco industry in South Africa and our mandate and reach extends into the Southern African region. TISA represents tobacco growers, leaf merchants, leaf processors, manufacturers, importers and exporters of tobacco products.

Media enquiries may be directed to:

**The Tobacco Institute of Southern Africa
Chairman and CEO, Mr Francois van der Merwe
Mobile: +27 82 891 6252
Office tel: +27 (0)21 421-0011 (office hours)**