THE TOBACCO INSTITUTE OF SOUTHERN AFRICA

TISA PRESS RELEASE

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TOBACCO INDUSTRY CALLS FOR THOROUGH IMPACT ASSESSMENT PRIOR TO INTRODUCTION OF EXTREME NEW LEGISLATION

Cape Town, 26 April 2018 -- The Tobacco Institute of Southern Africa (TISA) notes with surprise and concern the announcement today that Cabinet has approved the publication of the Control of Tobacco Products and Electronic Delivery Systems Bill of 2017 in the Government Gazette for public comment.

TISA believes the process now urgently requires that a comprehensive, transparent and multi-stakeholder Socio Economic Impact Assessment (SEIA) is conducted to ensure the legislation is evidence-based and does not result in unintended consequences.

TISA supports balanced regulation which has been developed after thorough scrutiny of the impact that it will have on affected parties. The Department of Planning, Monitoring and Evaluation (DPME) is required to conduct and complete a comprehensive SEIA canvassing the impact on all affected parties prior to the final Cabinet approval process. Despite the very specific guidelines provided for in the SEIA process, to date, the tobacco sector - including farmers, manufacturers, retailers (both formal and informal), the hospitality industry (both formal and informal) and many other affected stakeholders – have not been afforded the opportunity to participate in the process.

While TISA has not yet had sight of the proposed Bill, the Minister of Health has publically stated that it will include the following provisions:

- Ban the display of tobacco products in all formal and informal retail and wholesale outlets;
- Ban the sale of tobacco products through vending machines;
- Introduce a complete ban on indoor smoking, including the removal of closed off designated smoking areas (25%) in which many businesses have invested;
- Severely restrict outdoor smoking areas;
- Introduce so-called plain or standardised packaging which requires the wholesale removal of all branding from tobacco products; and
- Regulate e-cigarettes and other new generation products in the same way as traditional products.

The introduction of extreme tobacco legislation, without firstly tackling the illicit trade in tobacco, will serve to acutely exacerbate the already high illicit trade, which currently accounts for at least one quarter of the market and in some channels, 50%-100% of the market. The Government's failure to prioritise the combating of the illicit trade in cigarettes will directly undermine the Department of Health's and indeed the country's developmental objectives.

While the illicit trade in tobacco places between the 8,000-10,000 jobs on farms alone and directly dependent on the sector at risk, the financial cost to the fiscus alone is conservatively estimated to be at least R5bn a year. This figure accounts for 10% of the estimated national budget shortfall of some R50bn. Beyond the financial loss to the country, South Africa's position as one of the largest illicit tobacco markets globally, undermines our credibility as an investment country of choice. In addition, cheap illicit tobacco products make cigarettes more accessible to the youth, and drive corruption as the illicit trade in cigarettes is linked to organised crime syndicates in South Africa.

Given the publicly controversial nature of the proposed Bill and the necessity for due process to be followed and completed, TISA urges that the illicit trade problem receives the highest priority from Cabinet and Government as a whole, before any new and highly controversial legislation is considered.

Ends

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