

# **Excise taxes as a mechanism for tobacco control :**

**South Africa's experience**

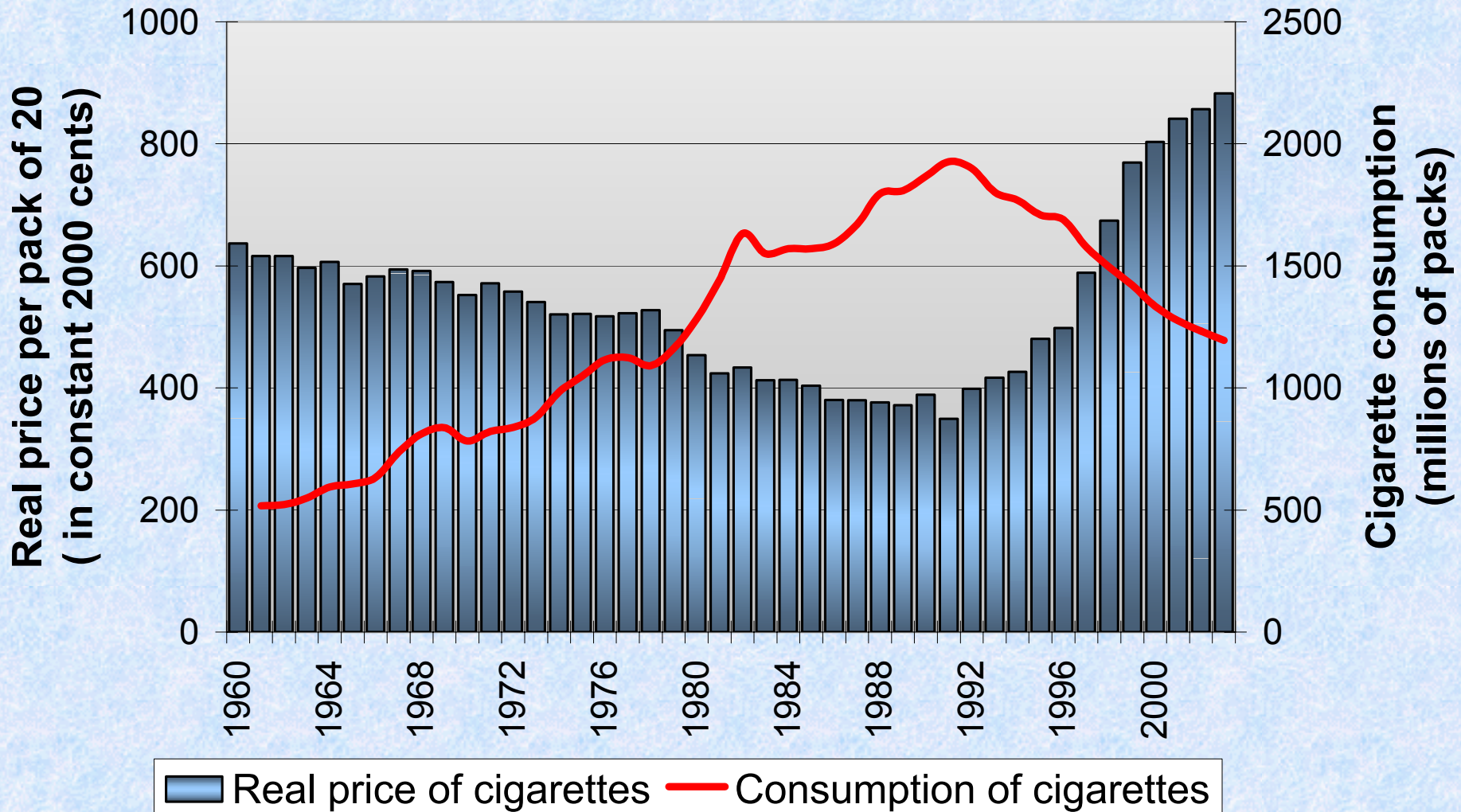
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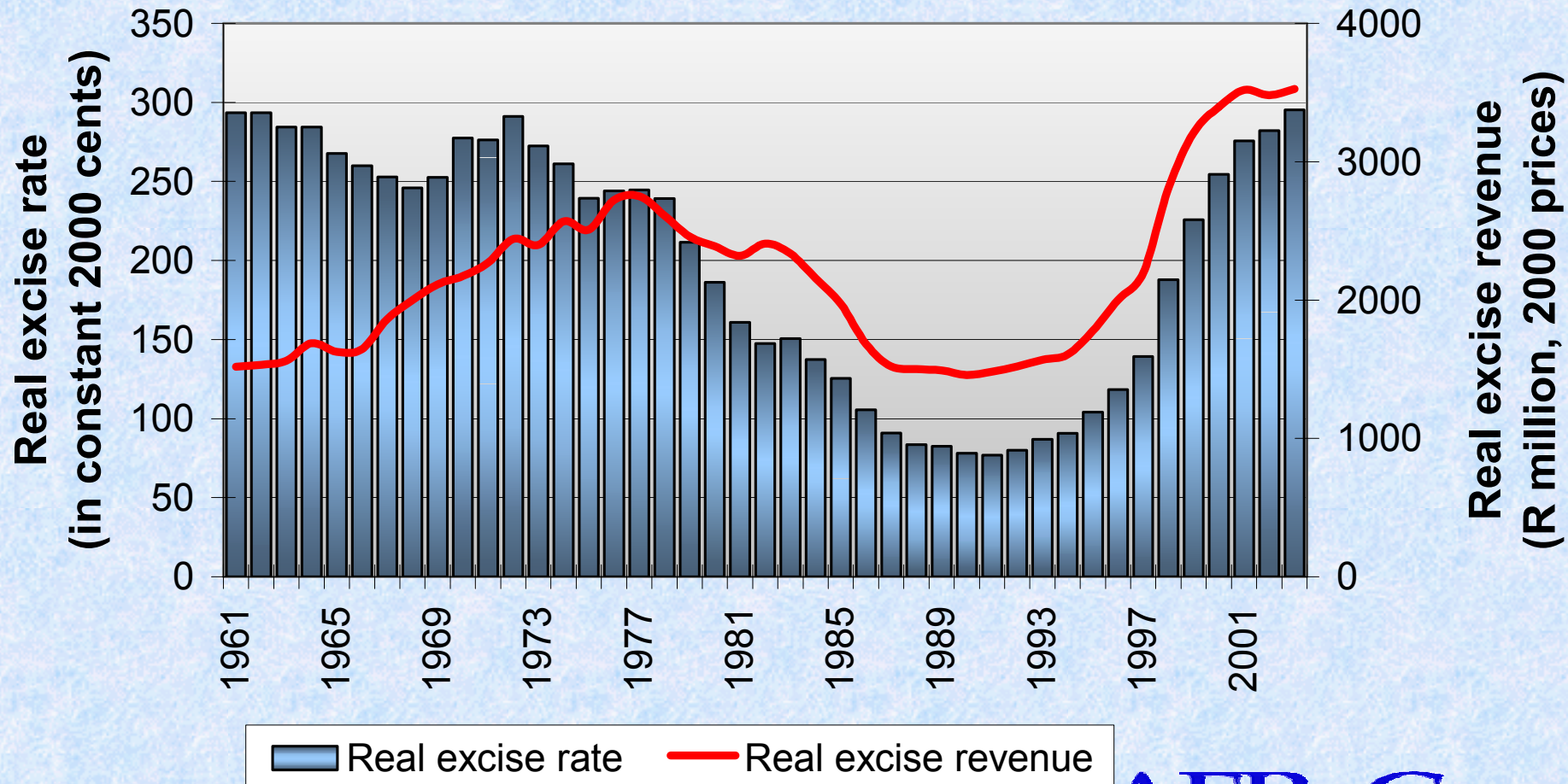
# Structure of presentation

- Price and quantity
- Excise taxes and tax revenue
- The industry's pricing strategies
- Smoking prevalence

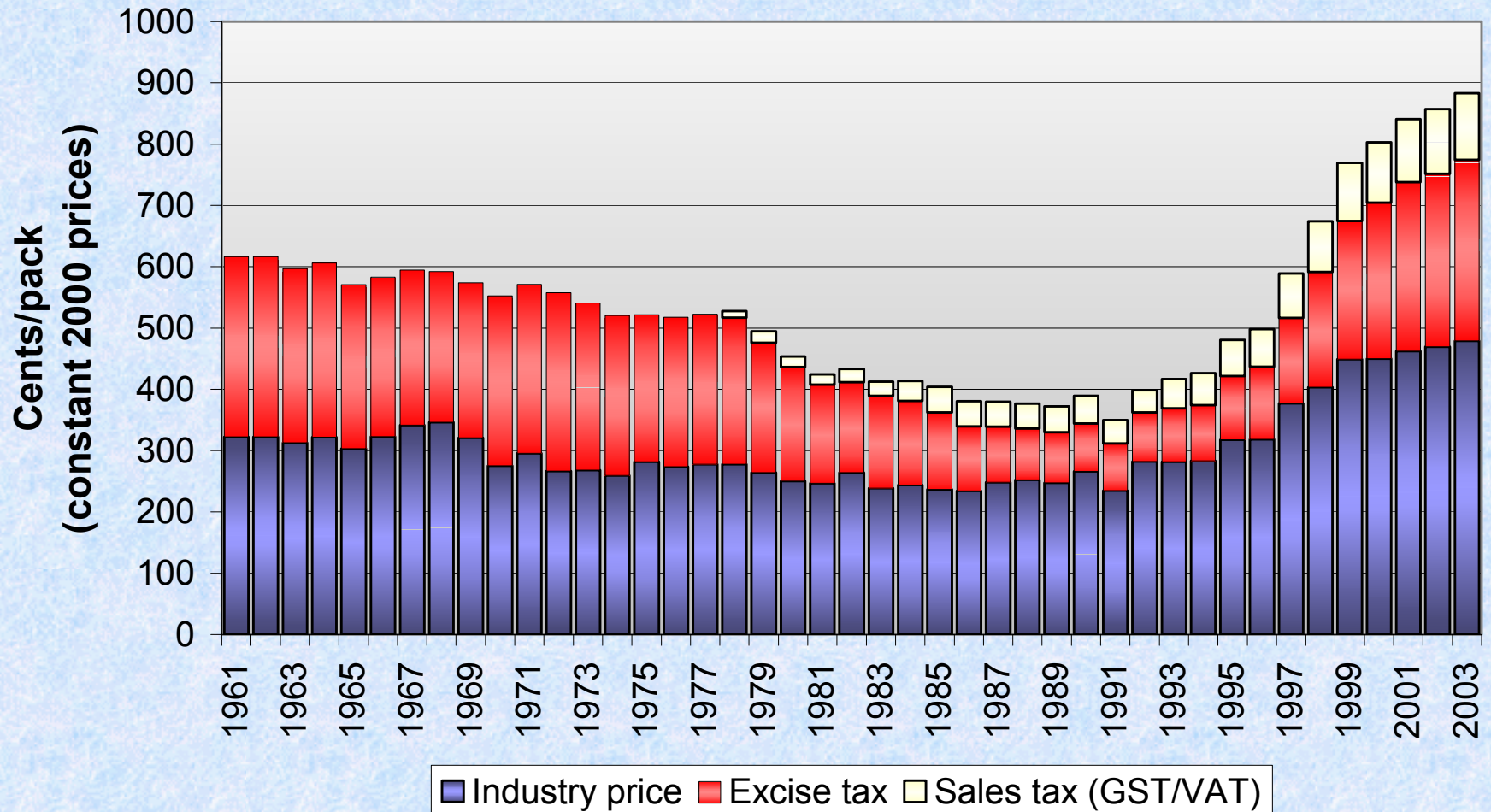
# Cigarette prices and consumption



# Cigarette excise taxes and government revenue



# Composition of the retail price of cigarettes



# Trends in cigarette consumption and smoking prevalence

|  | 1993 | 2000 |
|--|------|------|
| Cigarette consumption (millions of packs)    | 1802 | 1333 |
| Per capita consumption (packs p.a. aged 15+) | 72.6 | 45.7 |
| Smoking prevalence percentage (15+)          | 32.6 | 27.1 |
| Avg. consumption per smoker (packs p.a.)     | 223  | 169  |

# Changes in smoking prevalence by gender and age group

|              | 1993 | 2000 | Change |
|--------------|------|------|--------|
| Male         | 51.4 | 43.8 | -7.6   |
| Female       | 12.9 | 11.7 | -1.2   |
| Aged 16 - 24 | 24.0 | 18.7 | -5.3   |
| Aged 25 - 34 | 38.7 | 31.9 | -6.8   |
| Aged 35 - 49 | 38.5 | 35.2 | -3.3   |
| Aged 50+     | 23.4 | 22.5 | -0.9   |

# Conclusion

- Excise tax increases are effective at reducing tobacco consumption
  - Impact is especially strong among the poor and the youth
- Increase in tobacco excise tax increases government revenue
- In South Africa the industry's pricing strategy has aided the tobacco control cause