

# South Africa's Winning Tobacco Control Strategy



Smoking rates have fallen among 16 to 24 year olds in South Africa because of strict tobacco control measures.

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*John Eberlee*

A notable victory has been scored in the battle against tobacco in South Africa where smoking has been rated the second highest health concern, after HIV/AIDS. Thanks to some of the strictest tobacco control measures ever adopted by the government of a developing country, cigarette consumption has fallen for eight consecutive years while the percentage of adult smokers in the country has dropped from 32 to 28 percent.

The main weapon in the government's arsenal was a steep rise in tobacco taxes, says Corné Van Walbeek, a senior researcher for the University of Cape Town's Economics of Tobacco Control Project, supported by the Research for International Tobacco Control (RITC) secretariat. Housed at the International Development Research Centre (IDRC), the RITC secretariat is supported by Health Canada, IDRC, the Swedish International Development Cooperation Agency (SIDA), and the Canadian International Development Agency (CIDA).

## **Breaking ties to the tobacco industry**

Tobacco control was not a national priority before the 1990s, says Van Walbeek. In fact, the tobacco industry and the government were close allies, with the industry serving as the sole advisor to government on issues such as employment in the tobacco industry and revenue. Between 1970 and 1990, he notes, the excise tax on cigarettes fell by more than 70 percent in real terms, while the excise tax as a percentage of the average retail price of cigarettes fell from 50 percent to 20 percent. However, in 1993, under increasing pressure from health groups and with strong leadership by the Minister of Health, the government passed the Tobacco Products Control Act, which introduced health warnings and banned smoking on public transport.

The new Government of National Unity, which took power in 1994, had no historic ties to the tobacco industry. In fact, when Dr Nkosazama Zuma was appointed South Africa's Minister of Health, tobacco control was already high on her list of priorities. According to Dr Yussuf Saloojee, Coordinator of the International Non-Governmental Coalition Against Tobacco, Dr Zuma had outlined the African National Congress (ANC)'s position on tobacco regulation at the All-Africa Conference on Tobacco Control in Zimbabwe in November 1993.

"After she made a wonderful presentation, and as she sat down, I leant over to her and said: 'Everything you've just said has been recorded. I will remind you of your words when you become Minister of Health'. Lo and behold, four months later, after the first democratic elections, she was Minister of Health. I waited awhile for her to catch her breath before writing to request a meeting. As I entered her office for the appointment, she said: 'I've been waiting for you. What took you so long?'" recounts Dr Saloojee.

The Ministry of Health's drive to implement policies to reduce tobacco consumption was supported by groups such as the National Council Against Smoking, RITC-funded researchers at the University of Cape Town, and the Medical Research Council, says Van Walbeek.

That same year, a study by Van Walbeek showed that the government could reduce tobacco consumption and double its revenues from tobacco by raising the excise tax. This research, together with strong lobbying from the medical community, influenced the Ministry of Finance to increase the taxes to 50 percent of the retail price of cigarettes by 1998.

### **The economics of tobacco control**

The higher taxes forced the tobacco industry to change its pricing strategy. Rather than absorb all or part of the tax to keep cigarette prices relatively steady — and thereby keep tobacco consumption as high as possible — the industry chose to maintain its profit margins by passing the tax on to consumers through significantly higher prices. "Because of this, tobacco consumption has decreased by more than it would have from the excise tax increases alone," says Van Walbeek. In effect, he says, "the industry's pricing strategy has dramatically benefited the tobacco control cause." A combination of higher excise taxes, industry-imposed price increases, and inflation has increased the retail price of cigarettes by 375 percent since 1993. In real terms, cigarette prices doubled between 1993 and 2000.

Just what tobacco control would mean financially for South Africa was little understood, however. So with RITC support, in 1996, the University of Cape Town (UCT) and South African Medical Research Council launched a comprehensive study of the economics of tobacco control. The goal, according to project leader Iraj Abedian, was to move away from the purely health concerns that surround smoking and address troubling economic arguments. For instance, the tobacco industry and other pro-tobacco groups argued that control legislation would mean 30,000 fewer jobs in tobacco and related sectors in South Africa, and would lead to lost revenues. Quite the contrary, say UCT researchers: their data suggested that if people spent less money on tobacco, they'd spend more on other goods and services. "They proved, quite strongly, that more people would probably be employed in the economy than are employed right now because the tobacco industry is not very labour-intensive, and it's employing less and less people due to increasing efficiency and mechanization," says Van Walbeek.

### **Control measures at work**

This work provided a further policy foundation for the Minister of Health, who in 1998 announced legislation to ban all tobacco advertising and industry sponsorships, prohibit smoking in public places, prevent the sale of cigarettes to people under 16 years of age, and ban the distribution of free cigarettes as well as sales of single cigarettes. The only exemption to the ban on smoking in public places was won by the hospitality industry. According to Van Walbeek, a quarter of the space in restaurants and bars can be reserved for smokers, provided those spaces are well marked, separated with a solid partition, and equipped with air extraction fans. Anecdotal evidence indicates that compliance with the new regulations is quite high.

Other critics of the new legislation warned that the smoking restrictions would be difficult to enforce. According to Van Walbeek "the argument taken by the Ministry of Health is that the law will become largely self enforcing. To a large extent, this is already true. With backing from the legislation, many people are claiming their right to clean air. Others are simply avoiding smoky restaurants and taking their business elsewhere."

With higher domestic prices, smuggling in cheaper tobacco became a greater likelihood. But, says Van Walbeek, "my gut feeling is that smuggling is not at a level yet where it's undermining the rule of law. I think most cigarettes — probably 90 percent or more — are fully taxed, and the money goes to the government. Some people go to Mozambique or Zimbabwe for cheap cigarettes, but they're a small minority."

### **Assembling more ammunition**

The results are encouraging. Between 1993 and 1999, average cigarette consumption fell by 20 percent, from 223 to 176 packs per smoker per year. Smoking rates have fallen in all age groups, but most notably among 16 to 24-year-olds who are least able to afford more expensive tobacco: 18 percent of young South Africans smoked last year. The rate is falling by 0.5 - 0.75 percent a year.

In early 2000, Van Walbeek joined the UCT research group in a follow-up study that is monitoring the impact of the tobacco tax increases and tobacco control legislation. With funding from RITC and the World Bank, the UCT team is focusing on how the lessons from South Africa can be successfully applied to other developing countries.

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