



1 December 2021

Hon. Yunus Ismail Carrim
Chairperson on the Select Committee on Finance
National Council of Provinces
Cape Town
8000

TRANSMITTED ELECTRONICALLY

Dear Sir

COMMENTS BY THE BLACK TOBACCO FARMERS ASSOCIATION (BTFA) ON THE DRAFT RATES, MONETARY AMOUNTS & AMENDMENT OF REVENUES BILL, 2021

The Black Tobacco Farmers Association (BTFA) represents the most vulnerable sector of the tobacco industry value chain, and therefore is an important voice in any conversation about increasing excise taxes on the sale of cigarettes.

Our members have been extremely hard-hit by the five-month ban on cigarette sales that was imposed by our Government during the first part of the national COVID-19 lockdown. On top of that, sales have dropped massively due to the last excise increase of double inflation that was announced by the Minister of Finance. Exactly what we predicted back then actually happened. Legal sales declined, illicit sales went through the roof and total consumption did not decline.

Our plea, therefore, is to say: Enough, already. The legal tobacco industry in South Africa is already in desperate trouble. Any more excise increases will only increase our hardship even further: sales will drop even further because of more excise increases, and more and more people will turn to the cheap brands sold by the illicit traders.

We will all suffer: farmers, processors and manufacturers will sell even less cigarettes than we sell now. SARS and National Treasury will make even less money in excise. And the criminal networks who manufacture locally, or smuggle and sell illicit cigarettes will be laughing all the way to the bank.

We are founding members of the South Africa Tobacco Transformation Alliance (SATTA), and we completely agree with its views as follows:

- The 8% excise increase proposed in the Draft Rates Bill cannot be justified, particularly as the forecast inflation rate for this period is only 4.9%.