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BATSA BACKS COMMISSION OF INQUIRY INTO ILLEGAL CIGARETTE TRADE

BRITISH American Tobacco South Africa (BATSA) today (Monday) said that it completely supports a Commission of Inquiry into the illegal cigarette trade in South Africa.

The company said it would also back any proper and comprehensive investigation into the booming criminal trade that continues to cost South African taxpayers billions of Rand in lost revenue.

Criminal cartels ruthlessly exploited the country's tobacco sales ban and have maintained their grip on the market since the ban was lifted. The result is that South Africa is now one of the biggest illegal cigarette markets in the entire world.

This weekend two organisations, the Fair Trade Independent Tobacco Association (FITA) and the South African Tobacco Organization (SATO), called for an investigation into the illegal trade in cigarettes.

FITA and SATO represent cigarette brands, including Remington Gold, that are, by far, the most likely to be found on sale illegally in the country.

"The FITA/SATO coalition say they want an investigation. So let's have one," said BATSA General Manager Johnny Moloto.

"This is an issue of utmost national importance that is taking huge sums out of the pockets of South Africans and putting it in to the pockets of criminals every single day. It deserves a fully resourced investigation or Commission of Inquiry with real powers."

BATSA said that it was "utterly confident" that such an investigation would pay for itself many times over by identifying the culprits behind the illegal trade, prosecuting them and shutting down the illegal market to return billions in lost taxes to South African citizens.

"BATSA will cooperate fully with this proposed major investigation. We are fully tax compliant; SARS conducts regular inspections of our factory as part of new production-counter rules" added Moloto.

"SARS knows that every cigarette BATSA produces can be accounted for, where it is made and where it is going. We urge SARS to ensure that other manufacturers are just as transparent and compliant."

"We have already opened all our inventories for inspection, and we presume that FITA/SATO members have done so too, as they are legally required. And, given their public comments over the weekend, we expect FITA/SATO to also support our call for a major investigation. It needs to happen immediately."

BATSA also repeated its call for the government to finally ratify the World Health Organization's Illicit Trade Protocol. This would allow the government to introduce a comprehensive Track & Trace system that can halt the flow of illegal cigarettes in the country and across its borders.

Ends

Editor's Note:

Find below the original response that was issued to the Organised Crime and Corruption Reporting Project (OCCRP) in January 2021:

A BAT Spokesperson said:

"The illegal trade in tobacco is a serious, highly organised crime. It grows each year in scale and sophistication, depriving governments of valuable tax revenue, and harms our business. At BAT, we have established anti-illicit trade teams operating at global and local levels. We also have robust policies and procedures in place to fight this issue and fully support regulators, governments and international organisations in seeking to eliminate all forms of illicit trade.

"In Mali, Sonatam, a group independent from BAT, is responsible for importing tobacco products. Sonatam is registered with the DNCC - Direction Nationale du Commerce et de la Concurrence (National Direction for Trade and Competition). As part of its focus, the DNCC aims to fight illicit trade in the region.

"As an expert in our industry, it is important that we engage with relevant stakeholders about illicit trade. Article 5.3 FCTC provides a minimum obligation to protect public health policies with respect to tobacco control from commercial interests, but it does not ban all industry engagement with governments, and it does not apply to revenue, customs or finance-related policies nor to industry-government cooperation, particularly in the area of anti-illicit trade action.

"BAT entities, including BATSA, comply with all applicable tax legislation and regulations in the countries where we operate. We are committed to ensuring that the Group takes an arm's length approach to setting the transaction prices for goods and services between two or more Group companies. In addition, these prices are in line with what external, independent parties would charge. The above is clearly documented in the tax strategy of the Group which is disclosed in our annual report and accounts."