

BATSA WELCOMES THE RESPONSE BY THE SOUTH AFRICAN GOVERNMENT

06 May 2020 – British American Tobacco South Africa (BATSA) confirms it has received a formal response to a letter sent on the 30 April 2020 to the relevant Ministers in the National Command Council.

Having considered the response from the government and noting President Cyril Ramaphosa’s public statement of Monday May 4, as a business, we have taken the decision not to pursue legal action at this stage but, instead, to pursue further discussions with government on the formulation and application of the regulations under the Covid-19 lockdown.

We are convinced that by working together we can find a better solution that works for all South Africans and removes the threat of criminal sanction from 11 million tobacco consumers in the country.

The significant rise in the illicit trade of tobacco during the lockdown continues to be of great concern and threatens the livelihood of many who depend on legitimate businesses to sustain themselves.

The statement yesterday from Commissioner Edward Kieswetter that SARS has “clear evidence” the illicit economy is “thriving” and that there could be a shortfall of R285 billion in tax revenues this year lays bare the challenge facing the government, businesses and all South Africans.

We urge government to consider an approach that will address their concerns while also ensuring legitimate businesses can contribute to this country’s economy and future growth. The illicit traders are the only beneficiaries of the ban on tobacco sales.

Before the Covid-19 crisis and the various restrictions imposed, the South African government and a new leadership in SARS, under Commissioner Kieswetter, had begun to make progress in tackling the rampant illegal trade in cigarettes which was costing South Africans more than R10 billion a year.

The government has decided, on balance, that one of the measures it is taking in Level Four to prevent the further spread of Covid-19 is the prohibition of legal sales of tobacco products. BATSA has made its views known to government on this and noted that illegal cigarette sales have continued across the country during Level Five of the Risk Adjusted Approach while the country has lost R36 million every day in taxes.

Whilst BATSA supports the government in its mission to prevent the further spread of the virus, we believe it is vital that there is a renewed and stronger effort under Level Four to permanently close down the illegal supply lines of tobacco that have been established over the past number of weeks. Reopening the legal, taxed and regulated tobacco market must be part of the solution.

Cigarettes should only be sold in established retail outlets where the government's correct social distancing guidelines can be enforced. At the moment, smokers are putting themselves and their households at further risk of the virus by moving around in search of cigarettes being sold by illegal traders.

As BATSA we remain committed to supporting government in all its efforts during this difficult time. To that end we provide job security for our 1.500 employees and continue to provide support to our key local partners and their 8.000 employees and 30 000 dependents in the tobacco value chain; which stretches right across the nation, including the farmers, processors and our retail partners.

Ends

