

We reject any assertions that FITA members have in any way benefited from the ban in the sale of cigarettes during the lockdown period. All our members' exports during the period under the lockdown period within which exports were permitted were at all times strictly supervised and controlled by officials of the South African Revenue Service (SARS).

Subsequent to FITA's scrutinising of the data collected for the 2020 NIDS CRAM survey that was conducted by researchers at the University of Cape ("UCT"), what remains evident is that the aforementioned survey is not fact.

We refer to the surveys conducted by UCT through their Research Unit on the Economics of Excisable Products ("REEP"). As stated in the results from the third survey, it has been acknowledged by the writers thereof that the sampling was imperfect due to the fact that the surveys were conducted through online platforms and said surveys were not nationally representative. Online surveys such as these are easy to manipulate dependent on a number of variables, and little to no can be placed there on.

It is factual that South Africa's national lockdown had a significant financial effect on the majority of South Africans, who had no choice but to utilise cheaper means of living, in order to survive. With regard to smokers, it was undoubtedly the financially sagacious option to purchase cheaper cigarette brands as opposed to the more costly options.

In your email under reply, you have stated that the data collected by the abovementioned UCT researchers show that the market share of FITA members had quadrupled during the tobacco sales ban in 2020. As mentioned above, the data is not accredited as fact and said data was acknowledged as imperfect. Your email then proceeds to state that given the data, it is "implied" that FITA members engaged in illicit trade during the tobacco sales ban. The aforementioned implication made, is an unfounded allegation against the members of FITA. There is no factual and/or authenticated evidence that implies that the members of FITA were involved in any illicit trade and in the event that the cigarette brands associated with the members of FITA were being sold during the tobacco sales ban, our members cannot be held liable.

It is common cause that our borders are porous and one may find for instance that many of our member cigarettes which are manufactured for the export market found their way back into the republic.

It is also a well established and reported fact that there have been many instances of cigarette brands belonging to FITA members being counterfeited in factories in Lesotho and a few Asian countries for example.

There was also a surge in cigarette purchases shortly before the country went into lockdown and many of these distributors and/or wholesalers would have been sitting on large quantities of stock.

We can categorically state that FITA members are compliant with the tax laws of the Republic of South Africa. Our members supply thousands of wholesalers and retailers nationwide and cannot account for the quantity of the stock held by any clients, including when the tobacco sales ban commenced. In the event that these aforementioned clients were in the possession of stock from the members of FITA and then decided to engage in the illicit trade thereof, the members of FITA cannot be held liable as they do not retain any control of the way in which purchased goods are utilised by clients.

In conclusion, FITA and its members are steadfast in their position against the illicit trade in tobacco products. We reject any unsubstantiated claims against our members with the deserved contempt.

We have in recent times highlighted the surge in illicit cigarettes smuggled into the country via our neighbouring countries, particularly following the ill-advised, 5 month-long, tobacco sales ban. We again plead with the relevant authorities to monitor the situation at our various border posts, particularly Beitbridge, as there appears to be collaboration between the criminals involved in the smuggling of these cigarettes and some officials at these border posts. We are of the firm view that better checks and balances need to be put into place by government to ensure that the system is foolproof and incapable of being easily manipulated.

A failure to urgently address this issue and nip this scourge in the bud will in all likelihood lead to the eventual demise of the local legitimate tobacco industry and the revenue government generates therefrom.

We are however encouraged by the latest efforts from various law enforcement agencies to tackle this challenge and, we are hopeful that together we can succeed in eradicating this menace to our society.