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## **UCT study reveals illicit cigarettes dominate South Africa's market**

A study by researchers at the University of Cape Town's (UCT) [Research Unit on the Economics of Excisable Products](#) (REEP) has revealed that illicit cigarettes constitute more than half of the South African market. The research, published in [Tobacco Control](#), warns that this crisis poses a severe threat to both public health and government tax revenue.

Using nationally representative data from the 2021 Global Adult Tobacco Survey, the researchers found that approximately 60% of cigarettes sold in South Africa in 2021 were likely illicit.

These findings, along with other research from within the unit, show a massive rise in illicit trade. Even before the 2020 cigarette sales ban due to COVID-19, the illicit market comprised about 30% of the market. The sales ban took the illicit share to about 60% of the total market. There has been no significant decrease in the illicit market share subsequently.

"The research identifies a substantial structural shift in the South African cigarette market. In the early years of the 21<sup>st</sup> century, British American Tobacco (BAT) was the dominant player with more than 90% market share. However, their market share has decreased to only about 33% in 2021. In contrast, Polaris Manufacturing – formerly known as Gold Leaf Tobacco Corporation – has emerged as a major player, with an estimated market share rivalling that of BAT," said Mxolisi Zondi, the first author of the paper and a researcher at REEP.

This study is novel in that it identifies specific brands and producers linked to illicit trade (see the summary table below). The study indicated that for most brands produced by local producers, more than 80% of cigarettes were sold at prices where it was most unlikely that the full tax had been paid. These illicit products were primarily distributed through informal retail channels, especially spaza shops.

The study also highlights important social patterns. Illicit cigarette use was highest among low-income individuals, people with lower levels of education and heavier smokers, suggesting that cheaper, untaxed cigarettes are disproportionately consumed by more vulnerable groups.

To combat the surge in illicit trade, the South African government must take urgent and decisive steps to secure the national tobacco supply chain. This research provides the government with specific insights into where to target such efforts.

Brand	Producer	N	Average price	Standard deviation	Overall market share (%)	Prevalence of illicit (%)
Peter Stuyvesant	BAT	318	45.18	15.20	16.2%	10.5%
Remington Gold & RG	GLTC/PCC	258	21.48	9.79	14.5%	88.8%
Savannah	GLTC	111	21.30	6.91	6.6%	94.7%
Dunhill	BAT	135	47.52	16.45	6.3%	9.4%
Sahawi	GLTC	87	14.14	5.66	4.9%	98.3%
Pall Mall	BAT	52	31.78	8.49	4.6%	37.3%
Premium	Carnilinx	21	21.54	3.69	4.5%	91.1%
Chicago	GLTC	32	26.67	6.71	4.1%	77.2%
Caesar	BTC	32	22.33	4.18	3.9%	93.8%
Mega	Carnilinx	12	19.21	2.23	3.1%	99.2%
Camel	JTI	35	43.76	8.05	3.0%	0.3%
Sharp	GLTC	10	33.42	6.04	2.8%	70.9%
Rothmans	BAT	10	36.90	1.79	2.6%	2.9%
Voyager	GLTC	31	30.32	9.04	2.3%	59.2%
Marlboro	PMI	35	39.46	10.58	2.1%	13.6%
Kingdom	Amalgamated	16	17.96	3.09	2.0%	100.0%
Shasha	Carnilinx	12	9.20	1.27	1.5%	100.0%
Pacific	PCC	13	35.68	11.94	0.7%	41.6%
Derby	Carnilinx	20	20.60	5.50	0.6%	99.2%
Other Brands		116	25.52	10.39	13.9%	66.5%
Total		1358	29.60	14.61	100.0%	59.2%

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***Issued by: UCT Communication and Marketing Department***

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