

Ukraine

Overall score:

68

Summary of Findings

1. Industry participation in policy development

The Law of Ukraine, "On Measures of Prevention and Reduction of Use of Tobacco Products and Their Harmful Influence on People's Health" declares the priority of health care policy over the financial, tax and corporate interests of economic entities whose activity is connected with the tobacco industry, and of participation of individuals and groups of citizens whose activity is not connected to the tobacco industry in the actions taken to prevent and reduce the consumption of tobacco products and their harmful influence on the public health. However, this standard remains largely declarative and not effectively implemented.

Members of Parliament and Member of the Committee of the Verkhovna Rada of Ukraine on Taxation and Customs Policy are lobbied by the tobacco industry in policy development. When the tobacco industry was a member of a working group to develop a draft law on minimum retail prices, the law was not adopted.

Juul has been trying to influence policy-making processes related to non-price measures to regulate e-cigarettes but did not succeed. Philip Morris International (PMI), British American Tobacco (BAT) and Imperial Tobacco have been opposing Bill 1210 on harmonizing taxes on heated tobacco product (HTP) sticks with the excises that are applied on combustible cigarettes. PMI has been threatening decision-makers that it will leave the market if the Parliament increases taxes on HTP sticks. Moreover, Juul, PMI and BAT have been using influencers to promote novel tobacco products in Instagram among children and young people.

2. Industry CSR activities

PMI and Imperial Tobacco provided financial resources to regional and local authorities for development of local communities in places where tobacco factories are situated. PMI provides grants to several Ukrainian NGOs every year.

3. Benefits to the industry

In 2018-2019, tobacco industry front groups have been focusing on delaying the adoption of tobacco control draft laws 2820 and 4030a. As the parliament was dissolved in May 2019, neither draft law was adopted. Cigarettes are still a duty-free item for international travelers.

4. Unnecessary interaction

Since 2016, representatives of the tobacco companies that produced tobacco products and representative of associations of tobacco producers are participating in the process of destroying illicit tobacco. In 2018, the State Fiscal Service signed¹ a Memorandum of Understanding with "Ukrutiutium" Ukrainian Association of Tobacco Producers (PMI, BAT, Japan Tobacco International [JTI] and Imperial Tobacco) where the government accepts support from the tobacco industry to tackle illegal trade and the illegal movement of tobacco products and equipment.

Unnecessary interaction deteriorated further in 2019. On December 12, 2019, the tobacco industry and the government signed the Memorandum on Intentions.² The Memorandum was signed by the Minister for Development of Economy, Trade and Agriculture and representatives of PMI, BAT, JTI and Imperial Tobacco. The text of the Memorandum is rather declarative, but it can be used by the industry to protect its commercial interests. The working group on the Memorandum implementation was established by the Ministry for Development of Economy, Trade and Agriculture.

5. Transparency

The Law does not require the government to publicly disclose meetings/interactions with the tobacco industry. The tobacco industry has been meeting with policy-makers and some of these meetings have not been disclosed.

6. Conflict of interest

The law prohibits all forms of financial or other support by the tobacco industry to events, activities, individuals or groups, including political parties or politicians, sportsmen or sports teams, artists or artist groups and educational institutions of any form of ownership. However, tobacco companies violate the law and have been making charitable contributions to NGOs, charitable funds, think tanks who in turn have an influence on decision-makers. The conflict of interest worsened when former Deputy Head of the Prosecutor General was hired as deputy director of the think tank, Institute for Future, heading a program against smuggling (the program is supported by PMI) by the Institute for Future.

7. Preventive measures

In 2018, the government together with the WHO country office conducted training for government representatives to raise awareness on policies related to WHO Framework Convention on Tobacco Control (FCTC) Article 5.3 Guidelines. However, there has not been much progress since then. While the tobacco industry is required to provide some information about its business, it does not provide information on the marketing of tobacco such as incentives given to the retailers, promoters or marketing spending on tobacco displays at the points of sale. PMI and BAT do not report spending on tobacco ads in social media and paid multimedia posts published by influencers, and sponsorship of events that promote and stimulate sales of IQOS and Glo. The tobacco industry is not obliged to report expenditures on lobbying.

A code of conduct is needed to guide officials when dealing with the tobacco industry which should take place only when strictly necessary.

Recommendations

1. Ban all forms of tobacco industry-related CSR activities as recommended in the WHO FCTC.
2. Implement a procedure for interaction and disclosure of records with the tobacco industry and disclose all records of interaction with the industry.
3. Remove any benefit given to the tobacco industry, such as duty-free cigarettes for international travelers.
4. Require the tobacco industry to report on its expenditure on marketing and lobbying.
5. Adopt a code of conduct for its officials when dealing with the tobacco industry.

¹ State Fiscal Service signed a Memorandum of Understanding with "Ukrutiutiu" Ukrainian Association of Tobacco Producers; 2018. <http://sfs.gov.ua/media-tsentri/novini/331434.html>

² Govt approves memo with tobacco business on transparent, predictable regulation for development of tobacco sector – MP. Interfax Ukraine; 2019. <https://en.interfax.com.ua/news/economic/629788.html>