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INDUSTRY
INTERFERENCE
INDEX

**2021 Tobacco Industry Interference Index
Report on the Implementation of WHO FCTC Article 5.3**

Report by

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Introduction

The Islamic Republic of Iran ratified the WHO Framework Convention on Tobacco Control (FCTC) in November 2005 and entered it into force in 2006 by the implementation of a Comprehensive National Tobacco Control Law, developed to ban all the direct and indirect Tobacco Advertising, Promotion and Sponsorship (TAPS); the Executive By-law of National Tobacco Control Act was passed in 2007. In 2008, Iran together with Parties to the FCTC, adopted Article 5.3 Guidelines¹ which provides specific measures to protect the government from tobacco industry interference.

The tobacco market in Iran is estimated to be worth around IRR400 trillion (\$1.74 billion). Major tobacco companies in Iran are Iran Tobacco Company (ITC), Japan Tobacco International (JTI), and British American Tobacco (BAT). JTI and BAT control more than 61 percent of cigarette sales and about 70 percent of the value of the cigarette market in Iran. Iran Tobacco Company (ITC) is responsible for only 5 percent of the value of the cigarettes sold in Iran. In the year to March, ITC increased its cigarette sales by 50 percent; as result, its output and market share increased by 23 percent and 70 percent, respectively, over the same period.²

Despite the COVID-19 pandemic, cigarette sales increased in Iran in 2020.³ The number of cigarette manufacturers in Iran increased from seven companies with an annual output of 29 billion cigarettes in the year ending March 2015 to 23 companies with an annual output of 55 billion in the year ending March 2020.⁴ The government has banned the import of cigarettes into Iran but as imports account for 60-70% of 80 of the raw materials needed in cigarette production⁵, the overall import of tobacco products in the last four years, is worth nearly \$1 Billion.⁶

This report will assess the progress the government has made in implementing Article 5.3 Guidelines from January 2020 to March 2021 comparing the progress made in the previous report covering the year 2019. The questionnaire used in this report is developed by the Southeast Asia Tobacco Control Alliance (SEATCA) based on the specific recommendations from Article 5.3 Guidelines.⁷ All information used in the report is obtained from the public domain. This report is an update on the report done in 2020 to review the implementation, of Article 5.3. Lower scores indicate better compliance with WHO FCTC Article 5.3 guidelines.

Summary Findings

Based on careful observations and publicly available reports and news articles, the total score for the year 2020 is 39. Compared with the previous report, there is a 5-point increase reflected in deterioration in transparency and unnecessary interaction indicators. While the National Tobacco Control Law and the Executive By-law of the National Tobacco Control Act provide strong measures to limit the influence of the industry on policy development, lack of adequate transparency and shortcoming in enforcing law and regulations, diminished the capabilities of the law against tobacco industry interference. Also, as the board members of the Iran Tobacco Company are appointed by the Ministry of Industry, Mine and Trade, the tobacco industry has enough lobbying power to modify, moderate, mitigate, or even cancel out tobacco control regulations. For years, the tobacco control community in Iran is struggling to increase tobacco tax as recommended by the WHO FCTC, but all those efforts have not succeeded yet. It is worth mentioning that ITC just has a small portion of the market, so when the authorities defend their policies with the excuse of supporting the local industry, but the benefit also goes to transnational companies, that despite all the sanctions, surprisingly have all the rights and benefits to work in Iran.

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The National Tobacco Control law and its bylaw ban any support of tobacco manufacturers to the programs. Hence, the tobacco industry cannot participate in policy development. The tobacco industry also is not part of the government delegation to any WHO FCTC-related meetings.

2. INDUSTRY CSR ACTIVITIES

The law bans tobacco-related corporate social responsibility (CSR) and there are no instances of government participation/ collaboration found.

3. BENEFITS TO THE INDUSTRY

Although the government has not given any direct benefit to the tobacco industry, there are some loopholes in the regulations that the tobacco industry can benefit from them. Also, there are shortcomings in the enforcement of the laws and regulations, most importantly in tobacco taxation. Also, while Iran was under heavy economic sanction in the last few years, a large portion of foreign investment took place in the tobacco industry with the approval of the Ministry of Industry, Mine, and Trade. Moreover, there are some tax exemptions in the budget law that the tobacco industry can benefit from them.

4. UNNECESSARY INTERACTION

Top-level government officials do not attend any tobacco-related functions nor foster any relationship with the tobacco industry.

5. TRANSPARENCY

It is not clear if the tobacco companies provide the mandatory reports for the National Tobacco Control Headquarter and if these reports are made available to the tobacco control committee. Also, the lack of transparency and publishing statistics about consumption, made it possible for the tobacco industry to increase production.

6. CONFLICT OF INTEREST

Although no government official holds any office in the tobacco industry, the some of the directors in the board of Iranian Tobacco Company are appointed by the Ministry of Industry, Mine, and Trade.

7. PREVENTIVE MEASURES

There is no permit for the tobacco industry to attend or engage in any interaction with government officials and any support to tobacco manufacturers for their plans. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry.

Recommendations

After privatizing the ITC, more than half of the shares are possessed by a governmental pension, and its board of directors is appointed by the Ministry of Industry, Mine and Trade. By transferring all the shares to the private sector, a source of conflicts of interests and lobbying will be resolved and the National Tobacco Planning and Supervision Center which works under the Ministry of Industry, Mine and Trade could play its duties in tobacco control policies.

Publishing timely information and data about the production of tobacco companies, their importation, exportation, lobbyists, affiliated organizations, etc. in a public system supervised by the National Tobacco Control Headquarter, also holding the meetings and other duties of the headquarter as specified in the Comprehensive National Tobacco Control Law will improve the transparency.

The government must expedite the adoption of a code of conduct or guidance on interaction with the tobacco industry to ensure greater transparency and limit interaction to only when strictly necessary.

2021 Tobacco Industry Interference Index Results and Findings

	0	1	2	3	4	5
INDICATOR 1: Level of Industry Participation in Policy-Development						
1. The government ¹ accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry ² in setting or implementing public health policies in relation to tobacco control ³ (Rec 3.1)		1				
<p>According to Article 4 of the Comprehensive Act on National Control and Campaign Against Tobacco,⁸ policy-making, supervision, and issuance of permission for importing tobacco products shall be solely done by the government. Article 5 of Executive Bylaw of Comprehensive Act on National Control and Campaign Against Tobacco bans any support of tobacco manufacturers to the programs: Grant of any aid, assistance, and support-financial or non-financially producers, importers and exporters of tobacco products which may be considered publicity for tobacco products is forbidden.⁹</p>						
2. The government accepts, supports or endorses <u>policies or legislation drafted</u> by or in collaboration with the tobacco industry. (Rec 3.4)		1				
<p>According to Article 4 of the Comprehensive Act on National Control and Campaign Against Tobacco,¹⁰ policy-making, supervision, and issuance of permission for importing tobacco products shall be solely done by the government. Article 5 of Executive Bylaw of Comprehensive Act on National Control and Campaign Against Tobacco bans any support of tobacco manufacturers to the programs: Grant of any aid, assistance and support-financial or non-financially producers, importers and exporters of tobacco products which may be considered publicity for tobacco products is forbidden.¹¹ However, observing a lack of sufficient effort in enforcing the law –e.g. in tobacco taxation - raises some questions about TI activities behind the scenes.</p>						
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy. (Rec 4.8)		1				
<p>The government does not allow the National Tobacco Company, a government monopoly, to sit in the government multi-sectoral committee that sets public health policy.</p>						
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the		1				

¹ The term “government” refers to any public official whether or not acting within the scope of authority as long as cloaked with such authority or holding out to another as having such authority

² The term, “tobacco industry’ includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

³ “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

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COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) ⁴ (Rec 4.9 & 8.3)						
The government delegation to the COP or any of its related meetings does not include any representative from the tobacco industry. ⁵						
INDICATOR 2: Industry CSR activities						
5. A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. (Rec 6.2)	0					
B. The government (its agencies and officials) receives contributions ⁶ (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)						
<p>According to the Comprehensive National Tobacco Control Act in 2006, tobacco-related CSR activities are banned. Article 5 of Executive Bylaw of Comprehensive Act on National Control and Campaign Against Tobacco bans any support of tobacco manufacturers to the programs: Grant of any aid, assistance, and support-financial or non-financially producers, importers, and exporters of tobacco products which may be considered publicity for tobacco products is forbidden.¹²</p> <p>Article 8 of the Act allows for “Up to 2% of the income obtained from the taxation is transferred to the Treasury Department and following legal proceedings in form of annual budgets, shall be allocated to public organizations, charity foundations and Non-Governmental Organizations (NGOs). This provides help to these institutions to strengthen and promote their educational, research, and cultural activities in tobacco control and prevention programs.¹³</p>						
INDICATOR 3: Benefits to the Tobacco Industry						
6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be implemented within 1 month) (Rec 7.1)					4	
<p>While Article 8 of the Comprehensive National Tobacco Control Act specifies that “Annual price of tobacco products shall increase 10% through increasing tax. Up to 2% of the whole amount of tax obtained from the tobacco products deposited to the treasury account shall be allocated to the annual budgets of related public associations and organizations, NGO' S to support and enhance their efforts to develop educational, research, and cultural programs for the purpose of preventing and fighting against tobacco consumption.”¹⁴ Due to pressure from tobacco industry lobbyists, even 15 years after</p>						

⁴ Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

⁵ https://www.who.int/fctc/cop/sessions/cop8/LOP_Final.pdf

⁶ political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

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<p>passing the law, this provision has not been implemented and the tax imposed on tobacco products has not fulfilled the plan.</p> <p>Additionally, a national system for registering and tracing tobacco products was introduced in February 2020¹⁵ and while it was supposed to go into force in September 2020¹⁶, it was only finally implemented in early 2021.</p>						
<p>7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)</p>					4	
<p>According to Article 18 of the executive bylaw of the National Tobacco Control Law, Iran Tobacco Company is obligated to comply with national standards in the production and supply of tobacco products. Subsidizing the cultivation, growth, and harvest of tobacco is not allowed in any manner.¹⁷ However, in the current year's budget law, the government has provided some tax exemptions for the export of tobacco products and guaranteed the purchase of tobacco from farmers. In 2019, for 5 months, with the approval of the Ministry of Industry, Mine and Trade and the issued licenses, while Iran was under heavy economic sanctions, half of the foreign investment in the country was in the tobacco industry.¹⁸</p> <p>The tobacco market in Iran is estimated to be worth around IRR400 trillion (\$1.74 billion). JTI and BAT control more than 61 percent of sales and some 70 percent of the value of the cigarette market in Iran. ITC is responsible for only 5 percent of the value of the cigarettes sold in Iran. In the year to March, ITC increased its cigarette sales by 50 percent; as result, its output and market share increased by 23 percent and 70 percent, respectively, over the same period.¹⁹</p>						
INDICATOR 4: Forms of Unnecessary Interaction						
<p>8. Top level government officials (such as President/ Prime Minister or Minister⁷) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests. (Rec 2.1)</p>		1				
<p>Top-level government officials do not attend any tobacco-related functions nor foster any relationship with the tobacco industry.</p>						
<p>9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities) (Rec 4.3)</p>		1				
<p>The government does not accept any assistance or offers of assistance from the tobacco industry for enforcement activities.</p>						

⁷ Includes immediate members of the families of the high-level officials

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<p>10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) NOTE: This must <u>not</u> involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</p>			2			
<p>The Comprehensive National Tobacco Control Law does not allow the government to accept support, endorse, nor enter into partnerships or agreements with the tobacco industry. But although no government official holds any office in the tobacco industry, some members of the board of directors of Iranian Tobacco Company are appointed by the Ministry of Industry, Mine and Trade.</p>						
INDICATOR 5: Transparency						
<p>11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation. (Rec 2.2)</p>						5
<p>According to the bylaw of National Tobacco Control Headquarter, Iran Tobacco Company obliged to provide a comprehensive report about the production statistics of domestic products, co-productions, and imports every six months and ask for specific permits for any new contracts with international companies, or for increasing the production in a meeting with the National Tobacco Control Headquarter; the last meeting was held in 2013 and they did not provide any reports for that office.</p> <p>Due to lack of transparency and data publishing by the tobacco industry, and while a total of 55 billion cigarettes were produced in Iran in 2019²⁰, the tobacco industry claims that the consumption is up to 75 billion cigarettes, preparing the ground for increasing the production; the total number of cigarettes consumed by Iranian in the same period was estimated at 55 billion sticks by Ministry of Health and Medical Education.</p> <p>It is not clear if the Center for Tobacco Planning and Supervision has a procedure for meeting with the tobacco companies, or how often the Center has to submit reports to its governing body; or if these reports are made available to the Tobacco Control Headquarter.</p>						
<p>12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists (Rec 5.3)</p>						5
<p>In Iran, the National Tobacco Planning and Supervision Center, working under the Ministry of Industry, Mine and Trade, is responsible for supervising the manufacturing, importing, exporting, and disturbing all forms of tobacco under high-level government observation and is the official communication channel between the TI and the government. However, there is no registration of affiliated organizations and individuals representing the tobacco companies and no registered system for tobacco growers yet. The lobbying happens behind closed doors.</p>						
INDICATOR 6: Conflict of Interest						

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13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions. (Rec 4.11)		I				
<p>The National Tobacco Control Law does not allow any contributions from the tobacco industry or any entities working to further its interest. It is worth mentioning that after the privatization of the Iranian Tobacco Company, half of its shares were acquired by a governmental pension fund subset of the Ministry of Cooperatives, Labour, and Social Welfare,²¹ therefore the board of directors of this company is appointed by the ministry and it can have a negative influence on the enforcement of the national tobacco control policies.</p>						
14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)		I				
<p>No senior government officials form part of the tobacco industry.</p>						
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)		I				
<p>No government officials or relatives hold a position in the tobacco business including in a consultancy position.</p>						
INDICATOR 7: Preventive Measures						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives. (Rec 5.1)		I				
<p>There is no permit for the TI to attend or engage in any interaction with the government. According to article 4 of the National Tobacco Control Law, any policy-making, supervision, and issuance of permission for importing tobacco products shall be solely done by the government. As well Article 5 of National law and its bylaw ban any support of tobacco manufacturers to the programs. None of the representatives of the national tobacco companies are allowed to attend tobacco control policy-development sessions.²²</p>						
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry. (Rec 4.2)				3		
<p>After a WHO EMRO workshop on FCTC Article 5.3 in Lebanon 2018, there are some efforts to prepare for a code of conduct, but it is not released yet.</p>						

	0	1	2	3	4	5
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. (5.2)			2			
Article 20 of the National Tobacco Control Law states, “It is the responsibility of the Committee to keep the Professional Commission of the Parliament informed of the annual revenues derived from production and imports of cigarettes and tobacco products.” However, it is not clear how detailed this information is. There are transnational tobacco companies present and unclear whether data from these companies are also provided.						
19. The government has a program / system/ plan to consistently ⁸ raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)				3		
Article 4 of National law and its bylaw bans any support of tobacco manufacturers to the programs. None of the representatives of national tobacco companies are allowed to attend tobacco control policy-making sessions. However, there is no specific plan to raise awareness on Article 5.3 with other government agencies.						
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives. (3.4)		1				
The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry. ²³						
TOTAL				39		

⁸ For purposes of this question, “consistently” means: a. Each time the FCTC is discussed, 5.3 is explained. AND b. Whenever the opportunity arises such when the tobacco industry intervention is discovered or reported.

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