ETHIOPIA

2020

TOBACCO

INDUSTRY

INTERFERENCE

INDEX
Background and Introduction

Smoking is a public health issue in Ethiopia. The Global Adult Tobacco Survey indicated that 5% (3.4 million) of adult population above 15 years old are current tobacco users.1 Out of this number, 6.2% are male and 1.8% are female. Ethiopia was one of the early signatories of the WHO Framework Convention on Tobacco Control (FCTC), ratifying in February 2014, and has shown commitment to implement tobacco control in the country.

Proclamation No. 661/2009 provided additional focus for tobacco control and assigned a regulatory body, the Ethiopian Food, Medicine, and Health Care Administration and Control Authority (EFMHACA).2 Under this proclamation, for the first-time regulation of the content, manufacture, import, export, distribution, sales, use, packaging and labelling, advertisement and promotion, and disposal of tobacco products, was realized. In addition, part 3 of regulation No. 299/2013 from article 33 to 36 further elaborated the control of tobacco products including places where smoking is prohibited, (allowed designated areas), health warning message (30% text warning), protection of minors and requirement of a special license to import, distribute or sell tobacco. However, the tobacco industry often thwarts government efforts. Its interference in Ethiopia’s new Tobacco Control Proclamation 1112/2019 and new 2020 excise tax has been documented in this report.

Established in 1942, the National Tobacco Enterprise (NTE) was a monopoly until the Ethiopian government privatized it in 2017. It is now owned by Japan Tobacco International (JTI) with 71% share and by Yemen-based Sheba Company with 29% share.3 The 71% NTE share purchased by JTI from the government of Ethiopia amounted to US$ 1 billion, the largest purchase in Ethiopia’s privatization history. After the transaction, Eddy Pirard, president and CEO of JTI, said: “this significant increase in our ownership of NTE shares reaffirms Ethiopia as an increasingly important place to do business in Africa.” 4 NTE is the only tobacco industry in the country that operating manufacturing importing and distribute tobacco products. This implies that 100% of the market share is owned by NTE.

The WHO FCTC Article 5.3 empowers the government to protect itself from tobacco industry tactics. This report reviews how the Ethiopian government is implementing Article 5.3 guidelines. It uses the Tobacco Industry Interference Index questionnaire developed by the Southeast Asia Tobacco Control Alliance.5 This report is based on publicly available evidence available from online data bases using the Google search engine for tobacco control related media stories (Ethiopian and African newspaper websites) using the key words: ‘Ethiopia’, ‘Tobacco Control’, ‘FCTC’, ‘WHO FCTC implementation’, ‘Tobacco Industry’, and ‘National Tobacco Enterprise’. The search terms were customized for each database to retrieve published articles and policy documents. The main findings of the Index are presented below.

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5 Assunta M. Dorotheo E.U. SEATCA Tobacco Industry Interference Index: a tool for measuring implementation of WHO Framework Convention on Tobacco Control Article 5.3; Tob Control http://dx.doi.org/10.1136/tobaccocontrol-2014-051934
Summary Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

According to Ethiopian Food and Drug Administration Proclamation No. 1112/2019, the Government of Ethiopia does not accept, support or endorse any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies relating to tobacco control. However, the agreement with JTI, majority shareholder of the NTE, during privatization allows commenting before any tobacco-related law is processed. Due to this, the tobacco industry was able to exert pressure on public health laws, particularly the recent excise tax law.

Ethiopia’s delegation to the COP meetings and the National Tobacco Coordination Committee does not include any representatives from the tobacco industry.

2. INDUSTRY CSR ACTIVITIES

Government officials do not endorse, accept or participate in tobacco-related CSR activities. However, in 2019, NTE, still part owned by the government, participated in Go Green, the green legacy national environmental campaign scheme officially launched by Ethiopia’s Prime Minister.

3. BENEFITS TO THE INDUSTRY

Government officials showed their strong support for the success of JTI in Ethiopia. The former minister of Ethiopian Public Enterprise, Minister Demitu Hambisa said, “We very much look forward to working with JTI and offer our full support in making this a success for all stakeholders.” In addition, Ministry of Revenue and the Prime Minister’s Office have given a platinum recognition award to NTE for being a loyal and high taxpayer.

State minister of the Ministry of Finance, Dr. Eyob Tekalegn, referred to the high illicit trade (above 40%) figure that was produced by NTE as a reason not to impose the required amount of excise tax. The State minister further added, “it will be very difficult to impose more tax now as it can lead to the local tobacco factory going out of the market”. This further showed the tobacco industry is using illicit trade as an excuse and was able to persuade the government and weaken tobacco taxation. As a result, a low excise tax i.e. 30% plus 8 birr per pack of cigarettes (20 single sticks) has been imposed by newly legislated excise tax proclamation No 1186/2020.

4. UNNECESSARY INTERACTION

Proclamation 1112/2019 forbids the government from accepting any assistance from the tobacco industry on any enforcement activities or entering into any partnership with it. However, the Custom Commission, under the Ministry of Revenue, signed a Memorandum of Understanding with the JTI/NTE to fight illicit trade in June 2019. Using this advantage, NTE is aggressively promoting its product in the eastern part of the country where illicit trade is assumed higher, using a display frame with a sign that depicts a list of NTE products, to fight contraband products. The government is inadvertently now involved in this promotion.

5. TRANSPARENCY
Proclamation 1112/2019 under article 51 set out the procedure for all interaction between public officials and the National Tobacco Enterprise:

1. Interaction between any government organ responsible for the adoption of public health policy and the tobacco industry shall be limited to only those strictly necessary for effective regulation of the tobacco industry or tobacco products.
2. Any interaction made in accordance with sub-article (1) of this article, and whenever the tobacco industry contacts the government to initiate an interaction of any kind, the appropriate government officials shall ensure full transparency of the interaction and of the contact, and it shall be appropriately documented.

6. CONFLICT OF INTEREST

The underdevelopment of tobacco control directives that emanate from proclamation 1112/2019 require that any affiliation to the tobacco industry by a member of the tobacco control board must be declared for purposes of determining any potential conflict of interest.

7. PREVENTIVE MEASURES

The Ethiopian government has a national tobacco control coordination committee that strive to realize the multi-sectoral response, under the auspice of the Ethiopian Food, Medicine, and Healthcare Administration Control Authority (EFMHACA). The committee is comprised of potential stakeholders from different sectors with clear and defined roles and responsibilities. The involvement of these stakeholders is a critical milestone in institutionalizing and mainstreaming all tobacco control efforts in their respective institutions. Therefore, it shall set a code of conduct prescribing standards for any public officer, including service providers, contractors, and consultants involved in setting or implementing public health policies for tobacco control.

Recommendations

1. The NTE privatization agreement should be revised based on WHO FCTC article 5.3. The JTI agreement with the government of Ethiopia allowed the tobacco industry to interfere in public health law-making process. This is in conflict with both proclamation 1112/2019 and 1186/2020.
2. All government officials should communicate about WHO FCTC and tobacco interference. There should be a sustained awareness program regarding Article 5.3 among and across all agencies involved in tobacco control and regulation.
3. The government should develop a code of conduct and implement it as soon as possible. It is important to create awareness of the code among all sectors of government.
4. Detailed procedures should be prepared and enacted for future tobacco control regulation to enable greater transparency and accountability. Records of interactions and control procedures should be developed and implemented.
5. A repository regarding information about the tobacco industry should be established that can be readily accessed by the public.
6. The National Tobacco Interference Monitoring team should be strengthened in terms of capacity and resources.

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## Results and Findings

### INDICATOR 1: Level of Industry Participation in Policy-Development

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>1. The government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control (Rec 3.1)</td>
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</table>

According to the Ethiopian Food and Drug Administration proclamation 1112/2019, the Government does not accept, support or endorse any offer of assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control. However, JTI had an agreement with Government of Ethiopia during the privatization in 2017 to participate in any law-making process that addresses tobacco control.

The other interference is the repeated office visits and lobbying efforts by tobacco industry to government officials (a letter addressed to MOFEC signed by the late Cabinet Affairs Minister at the Office of the Prime Minister ordered discontinuation of the amendment process particularly concerning the excise tax. No adjustment in excise tax should be made without consultation with NTE).

2. The government accepts, supports or endorses policies or legislation drafted by or in collaboration with the tobacco industry. (Rec 3.4)

In accordance with proclamation 1112/2019, the government does not accept, support or endorse any policy or legislation drafted by or in collaboration with the tobacco industry. But NTE tried to be involved in the drafting process of the tobacco control proclamation (proclamation 11112) as JTI/NTE had a discussion with the EFDA team and came up with recommendations having undergone a thorough review of the document article by article, to influence key provisions in the draft proclamation. However, EFDA received their feedback/recommendations and rejected them from incorporation into the amendment process (see attachment in Annex A).

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)

Interaction allowed with conditions/restrictions.

According to proclamation No-1112/2019 article 51(1): “interaction between any government organ responsible for adoption of public health policy and the tobacco industry shall be limited to only those strictly necessary for effective regulation of the tobacco industry or tobacco

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7 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.
8 The term, “tobacco industry’ includes those representing its interests or working to further its interests, including the State-owned tobacco industry.
9 “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour.
10 Document is not available publicly due to confidentiality by the privatization agency.
11 https://www.thereporterethiopia.com/article/where-there-smoke-there-fire
products.” Further article 51(3) states that, “no person having financial or other interest in the tobacco industry may participate in tobacco control training, workshops, or related events.”

4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG)\(^\text{12}\) (Rec 4.9 & 8.3)

The tobacco industry is not part of the COP delegation or any related meetings.

**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)

B. The government (its agencies and officials) receives contributions\(^\text{13}\) (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)

According to proclamation 1112/2019 article 51 (5), any financial or in-kind charitable or any other related contribution by a tobacco industry shall be prohibited. However, on July 29, 2019, NTE, still part owned by the government, participated in Go Green, the green legacy national environmental campaign scheme officially launched by Ethiopia’s Prime Minister and planted 2,000 trees to show their support of the National Green Development Program. As part of this program, a press conference was held in the Sheraton Hotel in Addis Ababa on Friday July 26, 2019, with eight companies including Coca Cola, OCP group, NTE/ JTI, United Beverages, and Cepheus & Pitterds. This activity is part of the industry’s effort to build up trust with the government, get acceptance and strengthen its partnership with the government.\(^\text{14}\)

**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)

Under article 52(1) of the 2019 tobacco bill, the federal government organ responsible for initiating the country’s tax policy shall levy a tax on tobacco products consistent with WHO-FCTC, which Ethiopia has ratified. Recently, Proclamation 1112/2019 enacted in 2019, under Article 74 (3), provided 12 months to implement a health warning on packaging of tobacco products. However, to date, it has not been fully implemented due to tobacco industry interference. Besides the annexed letter of request (see Annex B), there is no publicly available evidence of the tobacco industry asking for more time but the implementation of the tobacco control proclamation has been delayed.

\(^{12}\) Please annex a list since 2009 so that the respondent can quantify the frequency,  
\text{http://www.who.int/fctc/cop/en/}

\(^{13}\) political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

\(^{14}\) \text{https://moenceethiopia.com/blog/go-green-ethiopia/}
Government officials showed their strong support for the success of JTI in Ethiopia. In 2016 when JTI acquired a controlling share in NTE, the former minister of Ethiopian Public Enterprise, Minister Demitu Hambisa said she recognized JTI as a leading tobacco company. In her speech, she said “I expect them to bring their technical, business and management ability to develop NTE into an excellent company, which will contribute to the overall Ethiopian economy. We very much look forward to working with JTI and offer our full support in making this a success for all stakeholders.” In addition, Dewano Kedir, head of the Economic Affairs desk at the Ethiopia Ministry of Foreign Affairs (MoFA) mentioned to Japanese delegates to give JTI substantial support for the expansion of tobacco farms. The other irritating action of the Ministry of Revenue and the Prime Minister’s office was giving a platinum recognition award to NTE for being a loyal and high taxpayer. NTE/JTI received a platinum award from Prime Minister Abiy as the 5th reputable company out of 160 businesses. Recognition of the Tobacco Industry by the country’s PM is against the recently approved Proclamation 1112/2019 and WHO FCTC (see Annex C).

Under article 52(1) of the 2019 tobacco bill, the federal government organ responsible for initiating the country’s tax policy shall levy a tax on tobacco products consistent with WHO-FCTC, which Ethiopia has ratified. Recently, Ethiopia has ratified a new excise tax proclamation 1186/2020 where tobacco is one of the goods considered. According to proclamation 1186/2010, a pack of cigarettes (20 single sticks) is subject to 30% + 8 birr mixed excise tax. This amount of tax does not meet WHO retail price requirements. It is still low and does not make cigarettes unaffordable to users. Public health officials and civil society organizations suggest imposing 50% + 8 birr per pack of cigarettes that leads to compliance with a 75% retail price requirement to make cigarettes unaffordable. However, state minister of the Ministry of Finance, Dr. Eyob Tekalegn, mentioned high illicit trade (above 40%) that was produced by NTE as a reason not pass required amount excise tax (30% +8 birr). The state minister further added that, “It will be very difficult to impose more tax now as it can lead to the local tobacco factory going out of the market”. This further showed the government is giving benefits to the tobacco industry.

International travellers are allowed to bring 400 cigarettes or 250 grams of tobacco into Ethiopia.

**INDICATOR 4: Forms of Unnecessary Interaction**

8. Top level government officials (such as President/ Prime Minister or Minister\(^{19}\)) 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)
During our data collection, we did not find any tangible information that showed such interaction. However, Japanese Ambassador to Ethiopia, Kazuhiro Suzuki, attended the signing ceremony between the Government of Ethiopia and JTI on 16 July 2016. On November 23, 2017, Mr. Shinichi Saida, Japan Ambassador to Ethiopia, made a visit to the NTE and observed production processes at the company’s premises. The executive management team presented the overall activities of NTE. In addition, the current Ambassador of Japan to Ethiopia, Daisuke Matsunaga, has mentioned JTI as one of Japan’s companies that has made a large investment, US$ 944 million, in Ethiopia. Therefore, such evidence suggests the Japan Embassy has been involved in unnecessary interaction with NTE.

<table>
<thead>
<tr>
<th>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)</th>
<th>3</th>
</tr>
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</table>

The Custom Commission that is under the Ministry of Revenue signed a Memorandum of Understanding with JTI/NTE to fight illicit trade in June 2019. In addition, NTE is aggressively promoting its product in the east part of the country where illicit trade is assumed higher using a cigarette display frame with a sign that provides a list of NTE brands to fight contraband products, as shown in Annex D. The government by virtue of being part owner of NTE is now involved in promoting cigarettes.

<table>
<thead>
<tr>
<th>10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) NOTE: This must not involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</th>
<th>1</th>
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Proclamation 11112/2019, one of the strongest tobacco bills in Africa, forbids the government from entering into any partnership or agreements with the tobacco industry.

**INDICATOR 5: Transparency**

<table>
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<tr>
<th>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)</th>
<th>1</th>
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</table>

Proclamation 1112/2019 under article 51 (protection against tobacco industry interference), set out procedures for all interaction between public officials and the NTE:

1. Interaction between any government organ responsible for the adoption of public health policy and the tobacco industry shall be limited to only those strictly necessary for effective regulation of the tobacco industry or tobacco products.
2. Any interaction made in accordance with sub-article (1) of this article, and whenever tobacco industry contacts the government to initiate an interaction of any kind, the appropriate government officials shall ensure full transparency of the interaction and

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22. [https://www.ethiopianreporter.com/article/16574](https://www.ethiopianreporter.com/article/16574)
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)

The 2019 tobacco bill in part five under article 46(1) urges that no person may manufacture, import, wholesale, or distribute any tobacco products without having a special license from the executive organ. In addition, article 47(2) of the proclamation ensures every tobacco manufacturer or importer to maintain and upon request to provide information about ingredients used in the manufacture of each of their tobacco products, its emission, or any other information about the product to the executive organ.

However, there is no registry of entities and individuals acting on behalf of the tobacco industry such as lobbyists. Nevertheless, Mr. Tewdros Ashenafi, the local partner of JTI, played a key role in helping bring the company to Ethiopia and realized the privatization of NTE to JTI. In addition, a private consultant near to Bole International Airport, was found to be working on tobacco marketing (see picture at Annex E). The other potential entity of NTE is the Chamber of Commerce, which has strongly challenged the House of People Representative (HPR) during the public hearing that was called to ratify proclamation 1112/2019. The strong and hot discussions forced the HPR to call for a second public hearing, which resulted in Proclamation 1112/2019 being revised.

INDICATOR 6: Conflict of Interest

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)

The proclamation, under article 51(5), has totally prohibited any financial or in-kind charitable or any other related contribution by a tobacco industry.

14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)

After JTI took major share of the NTE, Mr. Ato Gizachew Hagos has been dedicated to NTE for over 23 years, 11 of which he was CEO. Gizachew will work as an external consultant for NTE after the recent appointment of NTE’s new CEO, Grant Mowat.

15. Current government officials and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)

According to proclamation 1112/2019. Article 51 a government official who has a role in setting public health policy shall not engage in any tobacco business including consultancy positions. The government of Ethiopia has fully withdrawn from the tobacco industry through full

23 https://www.thereporterethiopia.com/content/japan-tobacco-pays-usd-510-mln-acquire-stake-national-tobacco
24 https://www.weforum.org/people/tewodros-ashenafi
privatization of its share to JTI in the period of 2016 to 2017. Since then, the government officials have not held a place in the board or any other position.

### INDICATOR 7: Preventive Measures

<table>
<thead>
<tr>
<th>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)</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proclamation 1112/2019 requires a procedure to be put in place to disclose all records of interactions. However, the implementing procedure is not ready.</td>
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<tr>
<td>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)</td>
<td>3</td>
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<tr>
<td>Under the developing tobacco control directives that emanate from Proclamation 1112/2019: The national tobacco control coordination Secretary shall set a code of conduct prescribing standards for any public officer including service providers, contractor’s, and consultants involved in setting or implementing public health policies for tobacco control. However, the code has not been developed yet.</td>
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<tr>
<td>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)</td>
<td>2</td>
</tr>
<tr>
<td>According to Proclamation 1112/2019, NTE is responsible to report to the EFDA, and this should be accessible to the public upon request. While compiling information, the Authority shall take reasonable care not to disclose the commercially protected trade information and other misleading information to the public. Details of the information are not specified since the directive is not yet prepared and enforced.</td>
<td></td>
</tr>
<tr>
<td>19. The government has a program / system/ plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)</td>
<td>2</td>
</tr>
<tr>
<td>In order to implement the FCTC, the House of People Representatives mandated the EFDA to take control of all necessary measures via proclamation No. 822/2014. This requires public authority to adopt mechanisms to raise awareness within its mandate about the interference and vested interests of the tobacco industry with the development and enforcement of tobacco control legislations and policies. EFDA used several means of communication including workshops, media forums and press releases to make public officials and the population aware about tobacco control. In addition, EFDA is collaboratively working with civil society organizations, the World Health Organization, and other partners to enhance its effort on awareness raising activity.</td>
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26 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.
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)

Proclamation 1112/2019, under article 51(3), clearly states that: “no person having financial or other interest in the tobacco industry may participate in tobacco control training, workshops, or related events.” Furthermore, under article 51(4): “no government organ or an official working in the area of health policy should receive any financial or in-kind contribution from the tobacco industry.”

TOTAL 42