

JAPAN

2020

TOBACCO  
INDUSTRY  
INTERFERENCE  
INDEX

## Introduction and Background

This is the fourth country report<sup>1</sup> on the implementation of the WHO Framework Convention on Tobacco Control (FCTC) Article 5.3.<sup>2</sup> This report shows that Japan is lagging far behind in practically every aspect in the implementation of Article 5.3 Guidelines. There is strong interference from the tobacco industry to weaken and/or delay tobacco control policy measures. The government still owns 33 percent of Japan Tobacco Group (JT) which brings the government in direct conflict situation in implementing the FCTC.

JT in its 2019 annual report describes its international brand portfolio includes both cigarettes (Winston, Camel, MEVIUS and LD) and so called ‘reduced risk products’ Ploom and Logic.<sup>3</sup> The international arm of JT, Japan Tobacco International (JTI), sells tobacco products in over 130 countries/ regions and aims to continue to steadily grow as a global tobacco company. In 2019, while the Japanese domestic tobacco business encountered a challenging operating environment, the international business remained strong, but overall, the tobacco business remains the core and main driver of the Group’s profit growth.

Transnational tobacco companies showcase Japan as the world leader in heated tobacco products however its growth has slowed. Since its introduction in Japan, it occupies 23% of JT’s total domestic tobacco market. In 2019, JT launched Ploom TECH+ in June and Ploom S in August domestically. JT cigarette sales volume decreased 7.9% to 75.5 billion units due to cigarette volume decline caused by a tax increase. JT launched little cigar products in 2019 as a measure to prevent consumers from switching to other international brands sold in Japan.



JT launched new little cigar products in 2019



JT’s lunch of Ploom TECH+

To maintain sustainability of the business, Japan Tobacco wants to ensure the company is “included in policymaking leading to fair and balanced regulation and enhance our cooperation with governments to combat illegal trade.”<sup>3</sup> JT will also continue to engage with law enforcement agencies. JT has identified tax increase as a risk to its business and its strategy to mitigate this is to promote understanding among relevant authorities that “substantial or repeated tax increases do not necessarily serve their purpose.”<sup>3</sup>

The government’s direct ownership and running of the tobacco business in Japan has a big impact on tobacco control and undermines or delays effective measures from being adopted and implemented. This report will illustrate where the weaknesses lie.

<sup>1</sup> Tobacco Industry Interference Index: Asian report on implementation of WHO Framework Convention on Tobacco Control Article 5.3. Southeast Asia Tobacco Control Alliance.

<http://seatca.org/dmdocuments/SEATCA%20ITI%20Interference%20Index%202018.pdf>

<sup>2</sup> WHO FCTC. Guidelines for implementation of Article 5.3; 2008

[http://www.who.int/fctc/treaty\\_instruments/Guidelines\\_Article\\_5\\_3\\_English.pdf](http://www.who.int/fctc/treaty_instruments/Guidelines_Article_5_3_English.pdf)

<sup>3</sup> Japan Tobacco Inc. Annual report 2019 [https://www.jt.com/investors/results/integrated\\_report/pdf/2019/integrated2019\\_E\\_all.pdf](https://www.jt.com/investors/results/integrated_report/pdf/2019/integrated2019_E_all.pdf)



## Summary Findings

Japan's overall total score is 88 points

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The existence of Tobacco Business Act has a strong association between the tobacco industry and the Government who controls 33% of Japan Tobacco Inc. (JT). Policy makers enables JT to participate and interfere in policy development which further weakens policies such as legislation on 100% smoke-free public places. However, in 2018, Tokyo Governor Yuriko Koike, in consultation with experts from the public health community such as Haruo Ozaki, Chairman of Tokyo Medical Society successfully implemented Passive Smoking Prevention Ordinance in Tokyo before the 2020 Olympic Games. Japanese Government has followed it through to make a law. They are fully enforced on April 1st 2020.

### 2. INDUSTRY CSR ACTIVITIES

JT conducts numerous tobacco related CSR activities including sponsoring sports tournaments, games, and cultural activities. The Tobacco and Salt Museum which serves to promote to the public the various aspects of tobacco over the years is partly owned by the government.

### 3. BENEFITS TO THE INDUSTRY

The government of Japan allows the tobacco industry to advertise, sponsor activities, apply ineffective text-only warnings on cigarette packs. The FCTC is not effectively implemented, benefiting the tobacco industry to continue to promote its business.

Tobacco tax rate is not optimal yet. According to a news report, "Cigarette prices in Japan are kept lower than in many other countries because the government manipulates them to prevent a sharp decline in consumption."<sup>4</sup>

JT and other transnational tobacco companies such as Philip Morris International (PMI) are aggressively propagating heated tobacco products in the media as "new tobacco products with reduced harm." This is highly misleading to the public as these products are not harmless, nor free from harm. Heat-not-burn products are taxed significantly lower than conventional cigarettes. For example, while tax for cigarette brand Mevius is 63.1%, iQOS of PMI is 49.2%, GLO of BAT 36% and Ploom TECH of JT is only 14.9%.

International travelers are allowed to bring in 400 cigarettes, 100 cigars, 20 individual packages of heated tobacco products, or 500 grams of other kinds of tobacco or a combination

### 4. UNNECESSARY INTERACTION

By virtue of the fact that the Ministry of Finance owns part of JT, the tobacco industry has a close relationship with the Ministry of Finance and the ruling political party, Liberal Democratic Party (LDP).

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<sup>4</sup> Sentaku. April 2017 <http://www.japantimes.co.jp/opinion/2017/04/23/commentary/japan-commentary/poverty-politics-tobacco-policy/#.WYWe51FLfIU>

## 5. TRANSPARENCY

Meetings between top level officials, such as ministers, with the JT are not publicly disclosed. There is no register for private tobacco companies operating in Japan such as PMI and BAT or their lawyers and consultants acting on their behalf.

## 6. CONFLICT OF INTEREST

There is no prohibition on contributions from the tobacco industry to political campaigns. High level officials, upon their retirement from government service, move to top leadership position in JT.

## 7. PREVENTIVE MEASURES

There is no public record of effort by the government to regularly raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. The government has not put in place a procedure for disclosing records of interaction with the tobacco industry and its representatives. The government has not implemented a code of conduct for public officials, prescribing the standards they should comply in their dealings with the tobacco industry.

While the Minister of Finance has disclosed his ownership of shares in JT, however this still presents a conflict of interest to tobacco control. The Ministry of Finance has jurisdiction over the Tobacco Business Act which has provisions on tobacco control such as advertising restrictions and health warnings on tobacco packaging.

Japan Society for Tobacco Control has made many calls on the government to take action to strengthen tobacco control policy.<sup>5 6</sup> We stress the importance of implementing Article 5.3 to reduce tobacco industry interference. We make the following recommendations as listed below.

## Recommendations

- 1 The government must end all activities that promote the TI and take responsibility to promote the health and welfare of the people. The government must sever ties with the tobacco industry in order to be free to conduct public health activities the sake of Japanese people's health.
- 2 The government must end all collaboration with JT's CSR activities and sponsored events;
- 3 The government must end benefits given to JT to promote the tobacco business such as the subsidy for smoking rooms, which violates FCTC Article 8 which requires all public and work places to be 100% smoke-free.
- 4 The Ministry of Finance must make transparent all interactions with the tobacco industry. The government must have a procedure for dealing with the tobacco industry.
- 5 The government must end the practice of "*amakudari*" as it negatively affects tobacco control policy and public health.

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<sup>5</sup> 2018/9 [Made a petition concerning tobacco ads ban to the Minister of Finance](http://www.jstc.or.jp/uploads/uploads/files/information/Tobacco%20Ads%20ban%202018.9.3.pdf)  
<http://www.jstc.or.jp/uploads/uploads/files/information/Tobacco%20Ads%20ban%202018.9.3.pdf>

<sup>6</sup> 2018/9 [We offered to the Minister of Finance to stop TV advertisement of BAT Japan](http://www.jstc.or.jp/uploads/uploads/files/essay/Ads%20ban%20to%20BAT%20Japan.pdf)  
<http://www.jstc.or.jp/uploads/uploads/files/essay/Ads%20ban%20to%20BAT%20Japan.pdf>

# Japan: 2020 Tobacco Industry Interference Index

## Results and Findings

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<b>INDICATOR 1: Level of Industry Participation in Policy-Development</b>						
1. The government <sup>7</sup> accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry <sup>8</sup> in setting or implementing public health policies in relation to tobacco control <sup>9</sup> (Rec 3.1)					4	
<p>The Health Ministry estimated about 15,000 people die annually in Japan from diseases related to passive smoking.<sup>10</sup> Indoor public places are not 100% smoke-free as required under FCTC Article 8. In 2017, the Health Ministry was forced to scale back a proposed bill for a blanket ban on public smoking in the face of opposition by pro-smoking politicians, restaurateurs and Japan Tobacco (JT).<sup>11</sup> But even the weaker bill foundered, due to opposition from the ruling Liberal Democratic Party (LDP). By June 2017, pro-tobacco members of parliament in the LDP succeeded in blocking the introduction of legislation that would have banned smoking in bars and restaurants larger than 30 square meters.<sup>12 13</sup> PMI, BAT and JT made their speeches on a petition before the politicians.</p> <p>2020 Smoke-free Olympic received wide public support from everyone except the tobacco industry, who aggressively resisted it. The new national law introduced in 2018 prohibited indoor smoking at schools, hospitals and government offices. However, it was a weakened law due to tobacco industry interference. Smoking is still allowed at existing small eateries, including those with less than 1,076 square feet of customer space, including more than half of Japanese establishments. Larger and new eateries must limit smoking to designated rooms.<sup>14</sup></p> <p>In June 2018, Tokyo governor Yuriko Koike successfully passed the Passive Smoking Prevention Ordinance in the city with the help of public health experts like Dr. Haruo Ozaki, Chairman of the Tokyo Medical Association. In July, Japanese Government supported it and made the smoke-free law.<sup>15</sup></p>						

<sup>7</sup> 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

<sup>8</sup> The term, “tobacco industry” includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

<sup>9</sup> “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

<sup>10</sup> Passive smoking kills 15,000 people a year in Japan, study finds. 1 May 2016, The Japan Times  
<http://www.japantimes.co.jp/news/2016/05/31/national/science-health/passive-smoke-kills-15000-people-annually-japan-health-study-finds/#.WVRg11FLfDA>

<sup>11</sup> Elaine Lies. Japan Health Ministry to water down proposal on restaurant smoking; media; 17 Nov 2017, Reuters;  
<https://www.reuters.com/article/us-japan-smokingban/japan-health-ministry-to-water-down-proposal-on-restaurant-smoking-media-idUSKBN1DH0DR>

<sup>12</sup> Gavin Blair. A Tobacco-free 2020 Olympics ... Or is Japan blowing smoke? SCMP. 18 Jun 2017;  
<http://www.scmp.com/week-asia/society/article/2098269/tobacco-free-2020-olympics-or-japan-blowing-smoke>

<sup>13</sup> Japan fails to ignite ‘zero tolerance’ passive smoking ban under anti-cancer law; South China Morning Post; 24 Oct 2017  
<http://www.scmp.com/news/asia/east-asia/article/2116777/japan-fails-ignite-zero-tolerance-passive-smoking-ban-under-anti>

<sup>14</sup> Duncan Mackay. Tokyo 2020 announce that smoking and vaping will be banned at all venues; 25 Feb 2019  
<https://www.insidethegames.biz/articles/1076087/tokyo-2020-announce-that-smoking-and-vaping-will-be-banned-at-all-venues>

<sup>15</sup> Reuters. Tokyo passes tough anti-smoking law ahead of 2020 Olympics; 27 Jun 2018; <https://www.reuters.com/article/us-japan-smokingban-tokyo/tokyo-passes-tough-anti-smoking-law-ahead-of-2020-olympics-idUSKBN1JN1LP>

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In April 2020 these laws are fully enforced. There are many exceptions to this rule. One is smoking room is allowed in Japanese diet, and prefectural assemblies. Japan Society for Tobacco Control with the help of local medical associations and people, fought to reduce to 55% (26/47) of prefectural assemblies to be smoke free. In April 2020, 97.7% (795/815) of city assemblies are now smoke free, however, Japanese diet is not. <sup>16</sup>						
2. The government accepts, supports or endorses <u>policies or legislation drafted by or in collaboration with the tobacco industry.</u> (Rec 3.4)						5
<p>The Tobacco Business Act, which protects the tobacco industry, also covers regulation (or the non-regulation) of tobacco advertising. There is no ban on tobacco advertising and promotions, and self-regulation is based on JT's global marketing principles. JT claims that, "the Tobacco Business Act, related acts and statutes and voluntary standards set forth the regulations for the sale and promotion activities of tobacco products in Japan that include the indication of warning labels on tobacco product advertisements and packages that urge caution over the relationship between the consumption of tobacco products and health."<sup>17</sup></p> <p>After dismissing a proposal for pictorial health warning on tobacco packs in 2017, Japan still has text-only warning. In late 2018, the Government announced the warning on tobacco products will be increased from 30% to 50% which came into force in June 2019.<sup>18</sup> This was done through a Ministerial Ordinance for the Partial Amendment of Tobacco Business Act Enforcement Regulations (Order of Ministry of Finance No. 4) (*1).<sup>19</sup> While JT is forced to apply pictorial warnings on so many countries around the world, Japanese people are denied effective warning about the harms of smoking through pictures.</p> <p>The Tobacco Business Act requires JT to annually enter into purchase contracts with tobacco growers about the aggregate cultivation area for specific varieties of leaf tobacco and the prices for leaf tobacco by variety and grade. Leaf prices are decided by recommendation from Japan Tobacco Inc. October 2019: The Leaf Tobacco Deliberative Council, chaired by Mr. Yoshitsugu Minagawa, released its annual determinations for domestic tobacco leaf cultivation area and grower prices for 2020, in response to a proposal submitted by JT.<sup>20</sup> The Leaf Tobacco Deliberative Council is a council which confers on important matters concerning the cultivation and purchase of domestically grown leaf tobacco. The council consists of about 11 members, appointed by JT with the approval of the Minister of Finance from among representatives of domestic leaf tobacco growers and academic appointees. Mr. Yoshitsugu Minagawa was formerly the Director General of Forestry Agency.<sup>21</sup></p>						

<sup>16</sup> <http://notobacco.jp/pslaw/gikaikinenjokyo1911shichoson.htm>

<sup>17</sup> Japan Tobacco Inc. Annual Report 2016, Pg 64

[https://www.jt.com/investors/results/annual\\_report/pdf/annual.fy2016\\_E\\_partition03.pdf](https://www.jt.com/investors/results/annual_report/pdf/annual.fy2016_E_partition03.pdf)

A1) [Revised health promotion act & Tokyo Metropolitan Government Smoking Prevention Ordinance](https://www.jstc.or.jp/uploads/uploads/files/essay/Passive%20smoking%20Regulation%20.pdf)

<https://www.jstc.or.jp/uploads/uploads/files/essay/Passive%20smoking%20Regulation%20.pdf>

<sup>18</sup> Jiji. Japan to use larger health warning labels on packs of cigarettes; Japan Times; 28 Dec 2018

<https://www.japantimes.co.jp/news/2018/12/28/national/japan-use-larger-health-warning-labels-packs-cigarettes/#.XOLB18gzY2w> <https://www.japantimes.co.jp/news/2018/12/28/national/japan-use-larger-health-warning-labels-packs-cigarettes/#.XOLB18gzY2w>

<sup>19</sup> Japan Tobacco. [https://www.jt.com/media/news/2019/0719\\_01.html](https://www.jt.com/media/news/2019/0719_01.html)

<sup>20</sup> Japan Tobacco. Tobacco Council release determinants for 2020 tobacco cultivation, JT Press Release; 25 Oct 2019

[https://www.jt.com/media/news/2019/pdf/20191025\\_E01.pdf](https://www.jt.com/media/news/2019/pdf/20191025_E01.pdf)

<sup>21</sup> 2011 Public Relations Office. Government of Japan. International Year of Forests. 2011. [https://www.gov-online.go.jp/eng/publicity/book/hlj/html/201110/201110\\_09.html](https://www.gov-online.go.jp/eng/publicity/book/hlj/html/201110/201110_09.html)

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In 2017 the Health Ministry filed a Bill in Parliament aimed to restrict smoking in public places such as schools, hospitals, government buildings, bars and restaurants. There is no support for the bill from the majority ruling party. It was opposed by about 90 percent of the lawmakers in Japan's ruling Liberal Democratic Party argue it would put bars and restaurants out of business. <sup>22</sup> Finally, Mr. Shiozaki who was a Minister of Health Labor and Welfare resigned and new Minister proposed a bill which does not meet an international standard accepting smoking in a restaurant or bar with the space less than 100 square meters. This was in accordance with the concept of TI. The Japanese government owns 33 percent of JT.						
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)						5
<p>Since the government part owns JT and has a Tobacco and Salt Industries Bureau in the Ministry of Finance, JT's interests are taken into account in public health policy development.</p> <p>The Ministry of Health, Labour and Welfare is championing a law to ban smoking in all public places in preparation for the upcoming 2020 Olympic Games. A Ministry of Health, Labor and Welfare expert panel compiled a white paper on smoking in July 2016 that said "there is sufficient evidence to assume a causal relationship" between smoking and lung cancer.</p> <p>The Finance Ministry, which decides on tax increase, also has to consider the interest of the tobacco business for which it has a fiduciary responsibility to protect its profits. The Finance Minister is also the Deputy Prime Minister for Japan.</p>						
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) <sup>23</sup> (Rec 4.9 & 8.3)						5
There was COP 8 meeting in 2018, and the government delegation included 4 officials (Mr. Takashi Kosakada, director, Mr. M. Chida, Deputy Director, Mr. T. Mio Officer, Mr. M. Abe Unit Chief of Coordination) from the Tobacco and Salt Industries Office, Financial Bureau, Ministry of Finance, Japan. <sup>24</sup> This is an increase from the previous COP7 in 2016 where the delegation had only 1 representative from this unit. <sup>25</sup>						
<b>INDICATOR 2: Industry CSR activities</b>						
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)						5

<sup>22</sup> Push towards a smoke-free Olympics by Kanoko Matsuyama and Yuki Hagiwara Bloomberg News, 25 Apr 2017 <https://www.bloomberg.com/news/articles/2017-04-24/japanese-restaurants-thwart-push-toward-smoke-free-olympics>

<sup>23</sup> Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

<sup>24</sup> FCTC/COP/8 List of Participants. 5 Oct 2018 [https://www.who.int/fctc/cop/sessions/cop8/LOP\\_Final.pdf?ua=1](https://www.who.int/fctc/cop/sessions/cop8/LOP_Final.pdf?ua=1)

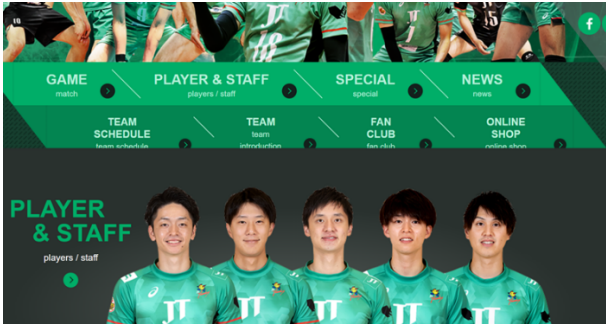
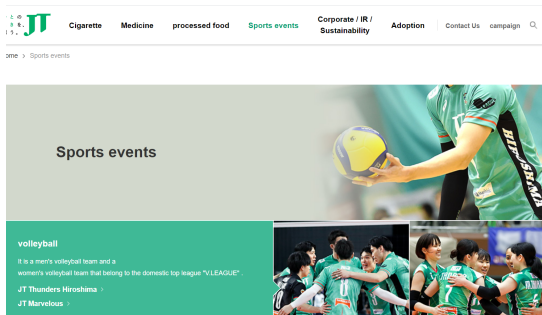
<sup>25</sup> FCTC/CO/7/Div/Rev2 List of Participants. 12 Dec 2016 [https://www.who.int/fctc/cop/cop7/COP7\\_LoPDelegatesList.pdf?ua=1](https://www.who.int/fctc/cop/cop7/COP7_LoPDelegatesList.pdf?ua=1)



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B. The government (its agencies and officials) receives contributions <sup>26</sup> (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)						

**A. Government participation in JT sponsored sports**

JT sponsors many sports activities and tournaments. The best known among these is the **Volleyball team**. 'JT Thunders Volley Ball Classroom' sponsored events involve elementary schools which involves endorsement by the Education authorities, and the events are held in public sports avenue in cities. JT owns volley ball teams JT Marvelous (women) and JT Thunders (male) that play league level and every year they hold Volley ball World Cup in Japan. These events are heavily promoted online which remain unregulated.<sup>27 28</sup>



The sponsorship of volleyball is promoted online

The Volleyball team promotes JT brand name

Other sponsored activities include JT Japanese Chess Championship,<sup>29</sup> JT Cup Golf Japan series<sup>30</sup> and JT Sports School.<sup>31</sup>

**B. JT sponsored Tobacco and salt museum is endorsed by the Japanese Government<sup>32</sup>**

**Let's search! Megumi Umi** <Special Exhibition Room on the 2nd floor>

Answer the quiz while going through the "food zone", "shops and zones", "sea zone", and "salt zone" installed at the venue, and find out the hidden ingredients in the food and the "sea" We will find "Megumi".

**1 "Eating zone"**

Select a dish from the menu machine in the "eat zone" and get the instructions. There are 60 kinds of menus in all. First, let's

**2 "Stores and zones"**

Next, in the "shops and zones", look for the ingredients for the dishes written in the instructions. Once you find the ingredients,

**3 "Underwater zone"**

On the worksheet, there are two pictures of "Megumi of the sea" that is the source of the ingredients. Which one is correct,

Many school children visit the museum

**C. Government certification of JT's CSR activities**

<sup>26</sup> political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions  
<sup>27</sup> JT Thunders (Pro Volley Ball) <http://www.jti.co.jp/knowledge/thunders/index.html>  
<sup>28</sup> JT Marvelous (Pro Volley Ball) <http://www.jti.co.jp/knowledge/marvelous/index.html>  
<sup>29</sup> <http://www.jti.co.jp/knowledge/shogi/index.html>  
<sup>30</sup> <http://www.jti.co.jp/knowledge/jtcup/index.html>  
<sup>31</sup> <http://www.jti.co.jp/csr/contribution/social/sports/index.html>  
<sup>32</sup> <http://www.jti.co.jp/Culture/museum/index.html>

JT is certified as an eco-rail mark industry by the Ministry of Land, Infrastructure and Transport. The JT Kansai factory received two awards from Kyoto City and Kyoto Prefecture government for its excellent emission reduction initiatives.<sup>33</sup>

**D. Local government participation in sponsored smoking space on streets**

In cooperation with municipalities around the country, JT has established "smoking spaces" so that smokers and non-smokers both can be satisfied. Currently, JT has implemented this effort at 943 locations in collaboration with 212 municipalities nationwide.<sup>34</sup>

**E. Campaign to promote cleaning-up the district**

JT conducts community level "picking up" garbage program called "campaign to promote cleaning up the district" which uses youth citizen participation in collecting trash. City officials are involved in these activities.<sup>35</sup>

**F. Other social cultural events, research, and earthquake reconstruction from JT**

endorsed by government officials include JT Asia scholarships,<sup>36</sup> JT Biohistory Research Hall endorsed by a Japanese Government, and affiliated with the University of Osaka, Affinis Cultural Foundation<sup>37</sup> endorsed by Japanese Government, and JT Art Hall Affinis,<sup>38</sup> JT Biohistory Research Hall,<sup>39</sup> and earthquake reconstruction.<sup>40</sup>

**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)				3		
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Weak tobacco control measures have benefited JT and transnational tobacco companies operating in Japan. Japan has not banned tobacco advertising, promotions and sponsorship, a requirement under the WHO FCTC, instead applies self-regulation.

No pictorial health warnings on cigarette packs although JTI exports its brands with PHW to many countries that require this. End of December 2018, the government announced plans to increase the size of the text-only warning from 30% to 50% in time for the 2020 Olympics.

There is no penalty for violation of smoking in no-smoking areas. JT continues to conduct its 'manners campaign'.<sup>41</sup>

The national Health Promotion law, revised in 18 July 2018, will only go into effect in April 2020<sup>42 43</sup> giving a lengthened implementation period of 22 months. Meanwhile Tokyo also

<sup>33</sup> <https://www.jti.com/sites/default/files/jt-group-sustainability-report-fy-2018.pdf>

<sup>34</sup> <http://www.jti.co.jp/sstyle/manners/bunen/jirei/collabo/jireishu/02/index.html>

<sup>35</sup> Clean up street <http://www.jti.co.jp/sstyle/manners/clean/index.html>

<sup>36</sup> <http://www.jti.co.jp/csr/contribution/social/scholarship/outline/index.html>

<sup>37</sup> <http://www.jti.co.jp/knowledge/forum/index.html>

<sup>38</sup> <http://www.affinis.or.jp/>

<sup>39</sup> <http://www.brh.co.jp/>

<sup>40</sup> <https://www.jti.co.jp/csr/contribution/support/reconstruction/index.html>

<sup>41</sup> <https://www.jt.com/about/division/tobacco/index.html>

<sup>42</sup> <http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000189195.html>

<sup>43</sup> <http://www.jstc.or.jp/uploads/uploads/files/essay/Passive%20smoking%20Regulation%20.pdf>

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passed law to prevent passive smoking in Tokyo on 27 June 2018. Most of the public places will be smoke-free by the 2020 Olympic. <sup>44</sup>						
7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)						5
<p>The existence of the Tobacco Business Act reflects how the government protects the tobacco industry and gives it benefits to protect its business. The government's 33% ownership of JT gives incentives to the government to protect JT's success and increased profits.</p> <p>In 2018 the Ministry of Finance fixed the price of tobacco leaves for 2019. The leaf tobacco grower price was set at an average of ¥1,912.32 per kilogram for all leaf types, an increase of 1.33% compared to the previous year and ensures all the tobacco leaves produced by the growers are purchased. This will ensure their income is protected.<sup>45</sup></p> <p>According to a Japan Times report, "Cigarette prices in Japan are kept lower than in many other countries because the government manipulates them to prevent a sharp decline in consumption. According to a tobacco industry insider, Japan is unique in that the government determines the retail prices of cigarettes, and that manufacturers have no freedom to set prices on their own. Thus, he says, the government controls supply and demand from the standpoint of securing tax revenue."<sup>46</sup></p> <p>Tax for heat-not-burn cigarettes are kept lower than conventional cigarettes. For example, while tax for cigarette brand Mevius is 63.1%, iQOS of PMI 49.2%, GLO of BAT 36% and Ploom TECH of JT is only 14.9%. (reference material submitted to the Diet, 7<sup>th</sup> April 2017 from the Ministry of Finance for the inquiry by the Shigefumi Matsuzawa.)</p> <p>International travellers are allowed to bring in 400 cigarettes, 100 cigars, 20 individual packages of heated tobacco products, or 500 grams of other kinds of tobacco or a combination.<sup>47</sup></p>						
<b>INDICATOR 4: Forms of Unnecessary Interaction</b>						
8. Top level government officials (such as President/ Prime Minister or Minister <sup>48</sup> ) 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)				3		
<p>JT was named a 'White 500' company in 2019, in recognition of efforts towards its employee health. Japan's Ministry of Economy, Trade and Industry (METI) awarded JT with the 'White 500' award for "making outstanding progress towards better health and productivity among their employees."<sup>49</sup></p>						

<sup>44</sup> <http://www.metro.tokyo.jp/tosei/hodohappyo/press/2018/04/20/19.html>

<sup>45</sup> Japan Tobacco. Tobacco Council Releases Determinations for 2019 Tobacco Cultivation Press Release; 25 Oct 2018 [https://www.jt.com/media/news/2018/pdf/20181025\\_E01.pdf](https://www.jt.com/media/news/2018/pdf/20181025_E01.pdf)

<sup>46</sup> Sentaku. April 2017 <http://www.japantimes.co.jp/opinion/2017/04/23/commentary/japan-commentary/poverty-politics-tobacco-policy/#.WYWe51FLfU>

<sup>47</sup> <https://www.iatatravelcentre.com/JP-Japan-customs-currency-airport-tax-regulations-details.htm>

<sup>48</sup> Includes immediate members of the families of the high-level officials

<sup>49</sup> Japan Tobacco. JT certified for 3rd year in a row as an "Outstanding Company in Health and Productivity Management 2019 White 500"; 22 Feb 2019 [https://www.jt.com/media/news/2019/pdf/20190222\\_E01.pdf](https://www.jt.com/media/news/2019/pdf/20190222_E01.pdf)

	0	1	2	3	4	5
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)				3		
<p>The Ministry of Health, Labour and Welfare and the Tokyo Metropolitan government offer a subsidy scheme known as “Passive Smoking Prevention Measure Subsidy System”. This subsidy is given to hotels, restaurants and local business to install smoking rooms.<sup>50</sup> This scheme is promoted on Tokyo Metropolitan Government website<sup>51</sup> and JT’s website.</p> <p>Establishment of smoking room in the SME business: the subsidy rate/ grant amount is 1/2 of the cost (maximum 1 million yen); however, in the case of a restaurant where the establishment of a smoking room is taken, 2/3. Equipment cost, equipment cost, equipment cost, machinery equipment cost etc. for installation of smoking room etc.</p> <p>According to JT’s website: “JT will continue to fight against illicit trade in collaboration with governments, including the Japanese government.”<sup>52</sup> In 2019, JT’s Anti-Illicit Trade team provided 1,129 intelligence reports to law enforcement agencies, and advised 2,687 law enforcement officers on counterfeit recognition.<sup>53</sup></p>						
10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) <i>NOTE: This must <u>not</u> involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</i>					4	
<p>By virtue of the government owning 33% of JT, it also owns the Tobacco and Salt Museum which is a promotional outfit for JT. The Museum was renovated in 2015 and holds regular exhibitions and is open to children.<sup>54</sup></p>						
<b>INDICATOR 5: Transparency</b>						
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)				3		
<p>The Finance Ministry gets annual dividend of more than ¥70 billion revenue from Japan Tobacco shares. That revenue is kept in a special account for fiscal investment and loans, and spent on industrial investment projects that are too risky for the private sector to undertake.<sup>55</sup></p>						

<sup>50</sup> Japan Tobacco. Subsidy system; <https://www.jti.co.jp/tobacco/bunen/subsidy/index.html>

<sup>51</sup> Tokyo Metropolitan government <http://www.sangyo-rodo.metro.tokyo.jp/tourism/kakusyu/syukuhaku/>  
[https://www.jt.com/about/division/tobacco/anti\\_illicit/index.html](https://www.jt.com/about/division/tobacco/anti_illicit/index.html)

<sup>52</sup> Japan Tobacco Inc. Annual report 2019

[https://www.jt.com/investors/results/integrated\\_report/pdf/2019/integrated2019\\_E\\_all.pdf](https://www.jt.com/investors/results/integrated_report/pdf/2019/integrated2019_E_all.pdf) pg 27

<sup>54</sup> [https://www.jti.co.jp/Culture/museum\\_e/index.html](https://www.jti.co.jp/Culture/museum_e/index.html)

<sup>55</sup> The poverty of politics and tobacco poverty, Commentary, The Japan Times, 23 April 2017, <http://www.japantimes.co.jp/opinion/2017/04/23/commentary/japan-commentary/poverty-politics-tobacco-policy/#.WVSLdFFLfdA>

	0	1	2	3	4	5
<p>As revealed in the Reuters exposé on the tobacco industry lobbying pro-tobacco ministers in Prime Minister Abe's Cabinet,<sup>56</sup> the situation has not changed since and any meetings of Ministers with the JT are not publicly disclosed. The exposé provides evidence of Philip Morris Fiscal Affairs and International Trade Executive meeting with Ministry of Finance and Ministry of Foreign Affairs officials on taxation issue in Japan.</p> <p>Through the high rank OB meeting of the MOF. This meeting is confidential, though the tax rate is widely discussed according to the JT's profit.</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>While government officials who work for the Tobacco and Salt Industries Office are easily identified, however there is no register for private tobacco companies operating in Japan such as PMI, or its lawyers and consultants acting on its behalf.</p>						
<b>INDICATOR 6: Conflict of Interest</b>						
<p>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)</p>						5
<p>There is no prohibition on contributions from the tobacco industry.</p> <p>While the Minister of Finance has disclosed his ownership of shares in JT, however this still presents a conflict of interest to tobacco control. The Ministry of Finance has jurisdiction over the Tobacco Business Act which has provisions on tobacco control such as advertising restrictions and health warnings on tobacco packaging. According to the Ministry of Finance, tobacco tax revenue is an important source of revenue for the government and they would like to maintain it.<sup>57</sup></p>						
<p>14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)</p>						5
<p>High level officials, upon retirement from government service, move to top leadership positions in JT<sup>58</sup></p> <p>Chairman of JT, Yasutake Tango, Chairman of the Board, started his career in Ministry of Finance in 1974 rising to position of Administrative Vice Minister of MOF in 2009; being appointed Special Advisor to the Cabinet (2012 – Apr 2014). Appointed Chair of JT in June 2014.</p>						

<sup>56</sup> Reuters. Philip Morris Training <https://www.reuters.com/investigates/special-report/pmi-who-fctc/> 13 Jul 2017 Slide 16, 17

<sup>57</sup> Jake Sturmer, Yumi Asada. Why Japan smoking laws are stuck in the last century. ABC News. 18 March 2018. <https://www.abc.net.au/news/2018-03-18/why-japan-smoking-laws-are-stuck-in-the-last-century/9559222>

<sup>58</sup> Japan Tobacco Inc. Annual Report 2016, Pages 50-55, [https://www.jt.com/investors/results/annual\\_report/pdf/annual.fy2016\\_E\\_partition03.pdf](https://www.jt.com/investors/results/annual_report/pdf/annual.fy2016_E_partition03.pdf)

	0	1	2	3	4	5
Private connection between Prime Minister Shinzo Abe and Katsuhiko Honda, who is former president of JT. Honda is said to be a private teacher when Abe studied for the entrance examination of the University. Honda is now a second person of NHK (national broadcasting company) <sup>59</sup>						
This practice of “ <i>amakudari</i> ,” is the practice of former civil servants getting comfortable, well-paid jobs at companies and other organisations in fields related to their ministries. Successive governments have promised to end the practice, with limited success. It’s not just to Japan Tobacco, but <i>amakudari</i> to other tobacco-related companies and there’s big money involved. <sup>60</sup>						
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)						5
The Finance Minister is listed as a principle shareholder of Japan Tobacco, holding 666,926,200 shares (37.6%). <sup>61 62</sup>						
Officials working in the Tobacco and Salt Industries Office under the Financial Bureau of the Ministry of Finance, represent the industry.						
<b>INDICATOR 7: Preventive Measures</b>						
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)						5
None						
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)						5
None						
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)				3		
JT, being part owned (33%) by the government, submits records on production, manufacture, market share, revenues. However, no record is available on marketing expenditure, philanthropy and political contributions.						

<sup>59</sup> [http://www.nosmoke55.jp/action/1310jt\\_nhk.html](http://www.nosmoke55.jp/action/1310jt_nhk.html)

<sup>60</sup> Gavin Blair. A Tobacco-free 2020 Olympics ... Or is Japan blowing smoke? SCMP. 18 Jun 2017; <http://www.scmp.com/week-asia/society/article/2098269/tobacco-free-2020-olympics-or-japan-blowing-smoke>

<sup>61</sup> Japan Tobacco Inc. Annual report 2019 [https://www.jt.com/investors/results/integrated\\_report/pdf/2019/integrated2019\\_E\\_all.pdf](https://www.jt.com/investors/results/integrated_report/pdf/2019/integrated2019_E_all.pdf) Page 163

<sup>62</sup> Kuchikomi. Smoking bureaucrats find themselves on the outside looking in. Japan Today. 30 July 2019 <https://japantoday.com/category/features/kuchikomi/smoking-bureaucrats-find-themselves-on-the-outside-looking-in>

	0	1	2	3	4	5
According to news reports Japan Tobacco spends ¥20 billion a year on advertising, almost all of which promotes “manners.” The real reason, according to Sentaku (magazine), that Japan Tobacco buys space and air time is to quash anti-smoking reporting by making media dependent on JT-related ad revenue. <sup>63</sup>						
19. The government has a program / system/ plan to consistently <sup>64</sup> raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)						5
The government does not have a program to consistently raise awareness within its departments on Article 5.3.						
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)						5
None						
<b>TOTAL</b>					<b>88</b>	

<sup>63</sup> Media sidesteps calling Japan Tobacco out on advertising conflicts, Philip Brasor, The Japan Times, 14 Jan <http://www.japantimes.co.jp/news/2017/01/14/national/media-national/media-sidesteps-calling-japan-tobacco-advertising-conflicts/#.WVSPzFFLfDA>

<sup>64</sup> 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.