

PAKISTAN

2020

TOBACCO
INDUSTRY
INTERFERENCE
INDEX



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SAMAR and CTC-Pak acknowledges that tobacco control environment may have changed since the collection of data for use in this report. SAMAR and CTC-Pak request any user of this data to inform CTC-Pak for any discrepancy on the following email address info@ctcpak.org.

ACKNOWLEDGEMENTS

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The information from this report will form part of the Global Tobacco Industry Interference Index, a global survey of how public health policies are protected from the industry's subversive efforts, and how governments have pushed back against this influence.

The Tobacco Industry Interference Index was initiated by the South-East Asia Tobacco Control Alliance (SEATCA) as a regional report, and now is part of a publication of the Global Centre for Good Governance in Tobacco Control (GGTC) at the School of Global Studies in Thammasat University.

SAMAR acknowledges Mary Assunta for her technical advice in the preparation of this Index. SAMAR also acknowledges the inputs from its local partners, particularly, Islamabad Smokefree Project, Association for Better Pakistan (ABP), Fikr-E-Farda Organisation (FFO) and CTC-Pak Coalition Partners for their contributions to the report.

SAMAR also thank the Tobacco Control Cell (TCC), Ministry of National Health Services, Regulation and Coordination, for verifying the information for the report.

Background and Introduction

The Global Tobacco Industry Interference Index has called for awareness on Article 5.3 guidelines.

New estimates show tobacco kills over 200,000 people annually in the country.¹

The 2020 global Index is the second installment of the civil society report assessing the implementation of FCTC Article 5.3. It has used the same questionnaire and scoring method as the ASEAN Tobacco Industry Interference Index originally developed by the Southeast Asia Tobacco Control Alliance (SEATCA) to assess, and compare, how well governments have implemented Article 5.3.

The global index is based on publicly documented tobacco industry interference in 57 countries, including Pakistan, and their respective governments' responses to these interferences for the period of January 2019 to December 2019. The 57 countries have been ranked according to total scores provided by civil society groups who prepared their respective country indices. The lower the score, the lower the overall level of interference, which augurs well for the country.

As a countrywide network of 267 tobacco control partners, the Coalition for Tobacco Control Pakistan (CTC-Pak) provided the assessment on the tobacco industry interference and the government response.

Pakistan has shown significant progress from the previous year, 2018, as reported in the first 2019 global index report where it had scored 66. This year Pakistan achieved the overall score 50, a 16 points improvement, based on its tax reform policies and introducing standard operating procedures based upon Article 5.3 of FCTC guidelines restricting tobacco industry interference in policy matters at federal and provinces. Still, the journey is ongoing.

Among the 57 countries, Pakistan's position reflects it as a country with medium level interference of tobacco industry. According to the index, the problem is lack of awareness on Article 5.3 guidelines as an obligation for effective implementation to ensure transparency and to protect tobacco control policies from tobacco industry influence.

Therefore, the index calls for a strategy under which the related government departments should be made aware how to counter tobacco industry interference. Efforts to increase awareness should also be extended to include parliamentarians and local government officials at every level in Pakistan.

¹ WHO Pakistan. <https://www.thenews.com.pk/print/369939-who-calls-pakistan-to-introduce-uniform-tobacco-taxation-structure>

PAKISTAN TOBACCO INDUSTRY INTERFERENCE INDEX

Summary Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The third tier of tobacco tax, introduced in 2018, was withdrawn in 2019 and replaced by a two-tier system in the 2019-2020 annual budget. This was due to the collaborated efforts of MoH with CSOs to build a counter narrative to TI's statements of businesses stating on how profits were being made by placing most sold brands in the lowest tier of taxes. Now only a two-tier system exists based on high and low costing brands, as was the case prior to 2018.

The participants' list of relevant "Committee of Technical Advisory Group or CTAG" comprising representatives of inter-related ministries and other stakeholders including civil society organisations has been revised and ensured no representation from TI.

However, in other ministries such as Finance/ Commerce/ Agriculture and their respective committees, the TI movement and representation is there. When representatives of those ministries attend the CTAG committee meetings, they represent tobacco industry's interests in these meetings.

2. INDUSTRY CSR ACTIVITIES

In April, the Prime Minister accepted a check for USD 35,450 donation from BAT Pakistan for the dam fund and shelter home project. The donation was given just a month before the announcement of the federal budget.

3. BENEFITS TO THE INDUSTRY

In a bilateral agreement between Pakistan and Indonesia in 2005 that includes tobacco as one of the goods offered by Pakistan. In this annual bilateral trade of volume of \$170 million, Indonesia agreed to give unilateral concession on major exports from Pakistan, including zero percent tariff on tobacco, among other goods. Eliminate tariffs on goods within 6 months and shall not introduce any new para tariffs on goods.

The other incentive is allowing international travellers can bring duty-free 200 cigarettes or 50 cigars or 1/2 kilogram of tobacco.

4. UNNECESSARY INTERACTION

There is no official record that the government does not accept assistance from the TI on conducting raids. However, unverifiable information states the point of FBR raids on smuggled cigarettes were in support with TI had been raised in Parliamentary committee during tax discussion. The Chairman FBR did not deny it. However, this remains more of an "open secret" and there is no evidence to support this.

5. **TRANSPARENCY**

The MOH has defined its standard operating procedures (SOPs) that does not accept any requests for meeting from the TI. These SOPs are being introduced to the other ministries and provinces. However, other ministries and departments, at the moment, do not have such policies yet.

There is no register for who is the tobacco industry - tobacco industry entities, affiliated organizations, and individuals acting on their behalf.

6. **CONFLICT OF INTEREST**

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.

The two new former senior officials have joined Pakistan Tobacco Company: 1. Former DG Social Sector at the Prime Minister's Secretariat, Director of National Assembly of Pakistan (4 years), Member, Monetary Policy Committee of Pakistan. 2. Lt. General (R) Muhammad Masood - Pakistan's Ambassador to Mexico in 2011. He commanded the Peshawar Corps and oversaw all military operations in FATA and KPK.

7. **PREVENTIVE MEASURES**

The Standard Operating Procedures "SOP" are available on the website since 2019. 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. The Companies Ordinance 1984 of Securities & Exchange Commission of Pakistan (SECP) requires all public companies to publish quarterly financial data of production, manufacture, marketing expenditures revenues and other financial records etc. The other expenses such as contributions and charity work have to be included in the annual statements which are published.

Recommendations

1. **Awareness on Article 5.3 as an obligation:** Effective implementation of the developed SOPs based on Article 5.3 guidelines to ensure transparency and protect tobacco control policies from tobacco industry influence. The related government departments should be made aware to the counter strategies for tobacco industry interference. Multi-sectoral partnerships including public-private partnerships should be developed to prevent tobacco industry influences at policy and implementation phases. Efforts to increase awareness should also extend to include parliamentarians and all local government officials.
2. **Ban on CSR:** There should be a complete ban on all types of Corporate Social Responsibilities (CSR) activities. Article 5.3 guidelines recommends interactions be limited to only when strictly necessary for the purposes of controlling, regulating and supervising the tobacco industry. Ban the tobacco industry from providing any contributions including political contributions, donations, gifts, technical advice, scholarships or study visits.
3. **Remove benefits to tobacco industry:** The Government of Pakistan should withdraw any and all tobacco related incentives, including duty-free, offered to international travelers. Also, the Government of Pakistan should not offer tobacco related incentives in any trade agreements including bilateral. All existing trade agreements should be revised to withdraw such incentives.
4. **Ensure transparency is key:** Transparency is needed in dealing with the tobacco industry. All meetings with the tobacco industry and their outcomes must be recorded and a procedure to implement it.
5. **Treat State-owned tobacco enterprises like any other tobacco business:** As stated explicitly in the Article 5.3 guidelines, SOE should be treated like any other tobacco business and not be given any incentives or privileges to conduct their business.
6. **Require information from the tobacco industry:** The tobacco industry should be required to provide information in a transparent and accurate manner regularly, about production, market share, marketing expenditures, revenues and any other activity, including expenditure on research and philanthropy.
7. **Require disclosure:** Require a registry of lobbyists and the tobacco industry's lobbying expenditure.

Pakistan: 2020 Tobacco Industry Interference Index

Results and Findings

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INDICATOR 1: Level of Industry Participation in Policy-Development						
1. The government ² accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry ³ in setting or implementing public health policies in relation to tobacco control ⁴ (Rec 3.1)		1				
<p>2018 Status: Federal excise duty (FED) for cigarettes was reduced as a measure to persuade smokers who were smoking black-market products to switch to duty-paid products. This is a pro-tobacco industry tactic to connect tobacco smuggling to tax increase, and to persuade governments to reduce tobacco tax.</p> <p>Finance Bill 2017, introduced by the Ministry of National Health Services (MNHS) proposed an increase in taxes on tobacco products, instead tax rates were lowered – reportedly on grounds that high taxes had led to increase in smuggling of cigarettes into Pakistan. The introduction of a third tier of tax on tobacco benefitted BAT. Previously, there were only two tiers of taxation - upper tier tax for tobacco products priced above Rs72 and the lower tier tax to tobacco products below Rs72.⁵</p> <p>2019 Update: The third tier was withdrawn in 2019 and was replaced by a two tier system in the 2019-2020 annual budget. This was due to the collaborated efforts of MoH with CSOs to build a counter narrative to TI's statements of businesses stating on how profits were being made by placing most sold brands in the lowest tier of taxes. Now only two tier system exists based on high and low costing brands.⁶</p> <p><i>There is no other record of the government entertaining the tobacco industry during the reporting period.</i></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>1. No such policies/legislations are accepted, supported or endorsed by the government.</p> <p>2. However, it has been reported that TI moves within the related departments in other ministries such as Finance, Commerce and Trade to influence policies/matters.</p>						

² 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

³ The term, “tobacco industry” includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

⁴ “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

⁵ <https://www.thenews.com.pk/print/236028-Up-in-smoke>
<http://download1.fbr.gov.pk/Docs/201972615718450CIRCULARNO.01OF2019.pdf>

⁶ <https://fp.brecorder.com/2019/06/20190614486235/>

	0	1	2	3	4	5
Referring to previous question and in context to tobacco taxation matters, TI is consulted along with the MoH and tobacco control advocates in related meetings.						
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
The participants' list of relevant "Committee of Technical Advisory Group or CTAG" comprising representatives of inter-related ministries and other stakeholders including civil society organisations has been revised and ensured no representation from TI. However, in other ministries such as Finance / Commerce / Agriculture and their respective committees, the TI representation is present. So when representatives of those ministries attend the CTAG committee meetings, they represent tobacco industry's interests in these meetings.						
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) ⁷ (Rec 4.9 & 8.3)		1				
No, the government neither nominate nor allow tobacco industry representatives in the delegation to COP or other subsidiary bodies. Nor any sponsorship or such in any form are accepted from TI for the delegates.						
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 ⁸ (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)						5
1. The highlighted example from 2019 remains the Pakistani Rupees 5 million (approx. USD 35,450/ @USD 1 to 141. PKR in April 2019) donation by the Regional Director of the British American Tobacco to the Prime Minister of Pakistan in last week of April 2019. The donation was in form of a cheque for 'Supreme Court of Pakistan and the Prime Minister of Pakistan Diامر Bhasha and Mohmand Dam Fund to the prime minister. Despite the severe criticism by the tobacco control advocates, the MoH defended the government accepting the donation while at the same time saying the government was "firmly committed to its anti-tobacco police based on Pakistan's obligations under the Framework Convention on Tobacco Control (FCTC) to which the country is a signatory." The money was never returned. ^{9 10 11}						

⁷ Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

⁸ political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

⁹ <https://nation.com.pk/30-Apr-2019/british-american-tobacco-contributes-rs5m-in-dam-fund>

¹⁰ <https://www.dawn.com/news/1479457>

¹¹ <https://www.dawn.com/news/1479671>

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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)	0					
No, the government does not accommodate requests from the tobacco industry for a longer timeframe for implementation of tobacco control laws.						
7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)			2			
<p>One of the two known incentives or benefits given to the tobacco sector and tobacco industry is the bilateral agreement between Pakistan and Indonesia in 2005 that includes tobacco as one of the goods offered by Pakistan. In February 2018, Pakistan and Indonesia reviewed their agreement.¹² In this annual bilateral trade of volume of \$170 million, Indonesia agreed to give unilateral concession on major exports from Pakistan, including zero percent tariff on tobacco, among other goods.^{13 14 15}</p> <p>The other incentive is allowing international travellers (over the age of 18 years) to bring in 200 cigarettes or 50 cigars or 1/2 kilogram of tobacco as “Duty-Free”.^{16 17}</p>						
INDICATOR 4: Forms of Unnecessary Interaction						
8. Top level government officials (such as President/ Prime Minister or Minister ¹⁸) 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>No. There is no publicly available information regarding government officials meeting/ fostering relations with tobacco companies by attending social functions or such events sponsored or organized by the tobacco industry or its allies.</p> <p>However, the donation from BAT made directly to the Prime Minister who endorsed this contribution and the news item promoting it remains on the Prime Minister Office website.¹⁹</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)			2			

¹² <https://www.thenews.com.pk/print/278211-pakistan-indonesia-finalises-pta-review-process>

¹³ Pak-Indonesia trade agreement: http://www.commerce.gov.pk/wp-content/uploads/pdf/Indonesia_Pakistan_PTA.pdf

¹⁴ List of goods offered by Pakistan: http://www.commerce.gov.pk/wp-content/uploads/pdf/Indonesia_offer_list_Regulation.pdf

¹⁵ News Item - Pakistan, Indonesia finalises PTA review process: <https://www.thenews.com.pk/print/278211-pakistan-indonesia-finalises-pta-review-process>

¹⁶ <https://www.iatatravelcentre.com/pk-Pakistan-customs-currency-airport-tax-regulations-details.htm>

¹⁷ <https://www.worldtravelguide.net/guides/asia/pakistan/money-duty-free/>

¹⁸ Includes immediate members of the families of the high-level officials

¹⁹ Prime Minister’s Office. Mr. Guy Meldrum, Regional Director Asia Pacific & Middle East British American Tobacco (BAT) called on Prime Minister Imran Khan. 30 April 2019. https://pmo.gov.pk/news_details.php?news_id=971

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<p>As mentioned in the previous report, there is no official record that the government does not accept assistance from the TI on conducting raids.</p> <p>However, unverifiable information states the point of FBR raids on smuggled cigarettes were in support with TI had been raised in Parliamentary committee during tax discussion. The Chairman FBR did not deny it. However, this remains more of an “open secret” and there is no evidence to support this.</p>						
<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></p>	0					
<p>No. The government does not accept, support, endorse or enters into partnerships or agreements with the tobacco industry.</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>				3		
<p>According to the National Action Plan drawn up by the Ministry of Health, they have not received any meeting requests made by TI. An SOP is being introduced to the other ministries and provinces. However, other ministries and departments, at the moment, do not have such strict, or otherwise, policies.²⁰</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>As before, there is no register for registering who is the tobacco industry - tobacco industry entities, affiliated organizations, and individuals acting on their behalf.</p>						
INDICATOR 6: Conflict of Interest						
<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>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.</p>						
<p>14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)</p>					4	
<p>1. Zafar Mahmood (from previous report) who was the Non-Executive Director & Chairman of Audit Committee is now the Chairman of Pakistan Tobacco Company. His rest of profile remains the same.</p> <p>The two new ex-officials added in the PTC team are:</p>						

²⁰ <http://www.tcc.gov.pk/downloads/POA%20Final.pdf>

	0	1	2	3	4	5
2. Mr. Mohammad Riaz Khan: He served as the Secretary/ Additional Deputy Commissioner Budget in 1981. He was the Commercial and Economic Counselor in Paris and Counsel General, Turkey for Pakistan. Due to his active involvement in Public Affairs, he was posted as DG Social Sector at the Prime Minister’s Secretariat. This is interesting to note that Mr. Riaz has also served as DG Customs for 4 years and Director at the National Assembly of Pakistan. He was appointed to the role of Director, State Bank of Pakistan (SBP) in 2016. During his tenure at SBP, he also served as Member, Monetary Policy Committee of Pakistan. Mr. Riaz has served the Government of Pakistan for over 37 years.						
3. Lt. General (R) Muhammad Masood: Active after his retirement, he remains involved with numerous think tanks in Pakistan and abroad. He has special expertise in countering militancy, violent extremism and undertaking rehabilitative measures to ensure lasting peace. He was posted as Pakistan’s Ambassador to Mexico in 2011. He commanded the Peshawar Corps and oversaw all military operations in FATA and KPK. He held various command and staff appointments during his career including commanding a brigade and a Division. Mr. Masood was commissioned in Infantry, Pakistan Army in November 1971.						
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)	0					
Government officials cannot work in two different positions apart from government setup. There is no policy restricting the relatives of officials holding positions in the tobacco business etc.						
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)			2			
Yes. The National Action Plan was approved and available on the website since 2019. ²¹ All interactions will be conducted according to the NAP: <i>Government bodies’ interactions with the tobacco industry shall be limited to only those strictly necessary for the effective regulation, supervision or control of the tobacco industry and tobacco products.</i> <i>Necessary tobacco industry-government interactions will include, for example, those having to do with: licensing, compliance inspections, identifying contraband tobacco products enforcement actions, proactive or defensive litigation, mandated tobacco industry reporting, constitutionally-required consultation with affected parties on proposed new policy and legislation.</i> <i>Prohibited interactions include the following examples: Working with the tobacco industry or accepting its assistance to draft legislative or policy proposals and other forms of lobbying by the tobacco industry. Participation in, or attendance at, industry initiated or industry-funded policy meetings, seminars, dialogues, and other forums. Allowing the tobacco industry to play any role that is properly a government function in carrying out monitoring or enforcement. Partnering with the tobacco industry or accepting or endorsing tobacco industry involvement in any tobacco control or public health programs, such as public education and youth tobacco use prevention campaigns. Any other interaction, in either</i>						

²¹ <http://www.tcc.gov.pk/downloads/POA%20Final.pdf>

	0	1	2	3	4	5
<i>a formal or informal setting, that is not strictly necessary for effective regulation of the tobacco industry or tobacco products.</i>						
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)			2			
<p>The NAP, available since 2019, states:</p> <p><i>The proposed NAP is proposed to be strategically positioned in phases, through consultative meeting both at Federal and Provincial level. All stake holders would be invited to join for the purpose of better understanding and implementation of Article 5.3.</i></p> <p>1) <i>Phase 1: These at Federal level may include; i. Ministry of NHSRC; ii. Ministry of Foreign Affairs; iii. Ministry of Finance; iv. Chief Commissioner Islamabad; v. Federal Board of Revenue; vi. Ministry of Commerce; vii. Civil Society and Media.</i></p> <p>2) <i>Phase 2: In second phase it is proposed that training material will be developed from approved document of NAP. These training material would be utilized for developing and enhancing capacity of health department and allied ministries / departments both at federal and provincial levels.</i></p>						
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			
<p>The government requires all corporations (not specific to 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. The Companies Ordinance 1984 of Securities & Exchange Commission of Pakistan (SECP) requires all public companies to publish quarterly financial data of production, manufacture, marketing expenditures revenues and other financial records etc. The other expenses such as contributions and charity work have to be included in the annual statements which again are published.²² However this information has not been accessed and utilized to regulate the tobacco industry.</p>						
19. The government has a program / system/ plan to consistently ²³ raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)			2			
<p>The MoH has developed a full plan, as stated in the National Action Plan, to consistently raise awareness within its and other ministries' departments. At the moment, raising awareness is an ongoing process.²⁴ The other ministries besides the Ministry of Health have not developed an implementation plan yet.</p>						

²² www.secp.gov.pk/enforcement/orders/companies-ordinance-1984/

²³ 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.

²⁴ <http://www.tcc.gov.pk/downloads/POA%20Final.pdf>

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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
No such policy exists.						
TOTAL						50

GLOBAL TOBACCO INDUSTRY INTERFERENCE INDEX

EXECUTIVE SUMMARY

The tobacco industry, which is responsible for more than 8 million deaths annually worldwide, has never been held accountable for the disease and death it's caused, nor for the devastating impact it's had on governments and society. The industry is also exploiting the COVID-19 pandemic to provide resources to countries badly in need of them, framing itself as “part of the solution”—a classic industry tactic used to get close to governments in order to interfere with, derail and undermine policies aimed at reducing tobacco use.

Governments pinpointed tobacco industry interference as the most serious barrier to the tobacco control measures they are implementing under the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC).

This Global Tobacco Industry Interference Index (Index) is the second report in the series, presenting the status of WHO FCTC Article 5.3 implementation and providing a review of governments' efforts.

This second Index, based on publicly available information, covers 57 countries from Africa, the Eastern Mediterranean region, Latin and North America, Europe, South and Southeast Asia and the Western Pacific region. The countries are ranked (Figure 1) according to total scores provided by civil society groups, which prepared their respective country indices. The lower the score, the lower the overall level of interference, which augurs well for the country.

No country has been spared from tobacco industry interference but what made the difference was government action to address the interference.

“Even as more countries adopt comprehensive tobacco control, the tobacco industry is working to undermine government efforts in order to hook new users and push new products. They have even gone so far as to try and take advantage of the COVID-19 pandemic, when countries are desperate for resources. However, the Index helps shine a light on such efforts and provides a path for governments to combat the tobacco industry.”

Kelly Henning, Director of Public Health Programs at Bloomberg
Philanthropies

KEY FINDINGS

- **The tobacco industry stepped up corporate social responsibility (CSR) activities during the COVID-19 pandemic:** The tobacco industry exploited the pandemic to engage with governments to an extraordinary level, with government receipt and endorsement of charitable contributions (CSR activities) being the industry's key avenue to access senior officials, including several instances of the industry involving the Prime Minister's Office in several countries. The industry capitalized on the vulnerability of governments who faced a shortage of resources during the COVID-19 pandemic. Many countries even put aside their policies to not accept donations from the tobacco industry during the pandemic.
- **The tobacco industry attempted to steer policy development:** The tobacco industry sought to undermine the health ministry/department's leadership role in tobacco control by shifting decision-making to the non-health sector to obtain industry-friendly outcomes. In several countries, stringent tobacco control measures were defeated or diluted where the industry had a seat at the policymaking table or exerted influence through non-health representatives to delay or oppose tobacco control.
- **The tobacco industry intensified lobbying:** As countries took action to address tobacco industry interference, the industry also stepped up its lobby of governments. Between 2018 and 2019, 11 countries showed improvement, while 15 countries have scores that deteriorated, meaning there were more instances of interference.
- **The industry lobbied for acceptance/promotion of alternative tobacco products:** Philip Morris International (PMI) aggressively lobbied for the promotion and sale of its heated tobacco product (HTP), IQOS, in at least 12 countries which resulted in the government: 1) reversing a previous ban on HTPs; 2) allowing the sale of HTPs after PMI threatened to withdraw operations; 3) granting a lower level of taxation for HTPs compared to cigarettes; 4) signing a memorandum of understanding (MOU) with PMI to conduct research on HTPs; and 5) allowing the tobacco industry a seat in the standards body deciding on HTPs.
- **Unnecessary interactions with the industry compromised the government's role as regulator:** Unnecessary interaction between high level government officials and tobacco companies resulted in these officials presenting trivial awards to tobacco companies for "good deeds" thereby endorsing them in the public eye. Partnership deals with the tobacco industry were facilitated during these interactions. The tobacco industry in at least six countries engaged with the Prime Minister's Office which established a positive relation with the top office which served to endorse the industry in the public eye.
- **Lack of transparency remains a problem:** A lack of transparency persisted to facilitate deals with the tobacco industry. In 2019, seven countries made MOUs with the tobacco industry. These deals, made public only at signing ceremonies, were on tackling illicit trade in tobacco. On the other hand, countries that have put procedures in place have guided officials to report all meetings with the tobacco industry.

- **Many countries continued to give incentives to the tobacco industry:** Incentives received by the tobacco industry included tax caps and tax exemptions, including the sale of duty-free cigarettes. These incentives have not been calculated to determine losses to the government.
- **Most governments failed to address conflict of interest situations:** Most governments have not instituted a cooling period between when government officials retire and when they can join or consult for the tobacco industry. In four countries, state-owned tobacco entities are not treated the same as the private tobacco companies, and there was a revolving door between officials and industry leaders moving from one sector to the other.
- **Countries persist in viewing the tobacco industry as economically crucial:** Indonesia, Japan, Kazakhstan, Mozambique, Romania, Tanzania and Zambia left their tobacco control policies vulnerable to being undermined and defeated. They neglected to utilize tools available to them, as provided in Article 5.3 Guidelines, to firewall their tobacco control efforts and have been vulnerable to high levels of industry interference.

RECOMMENDATIONS

Governments can halt tobacco industry interference. The quicker governments act to implement the recommendations in the Article 5.3 Guidelines, the better protected they will be to advance their tobacco control policies. They need to take the following action:

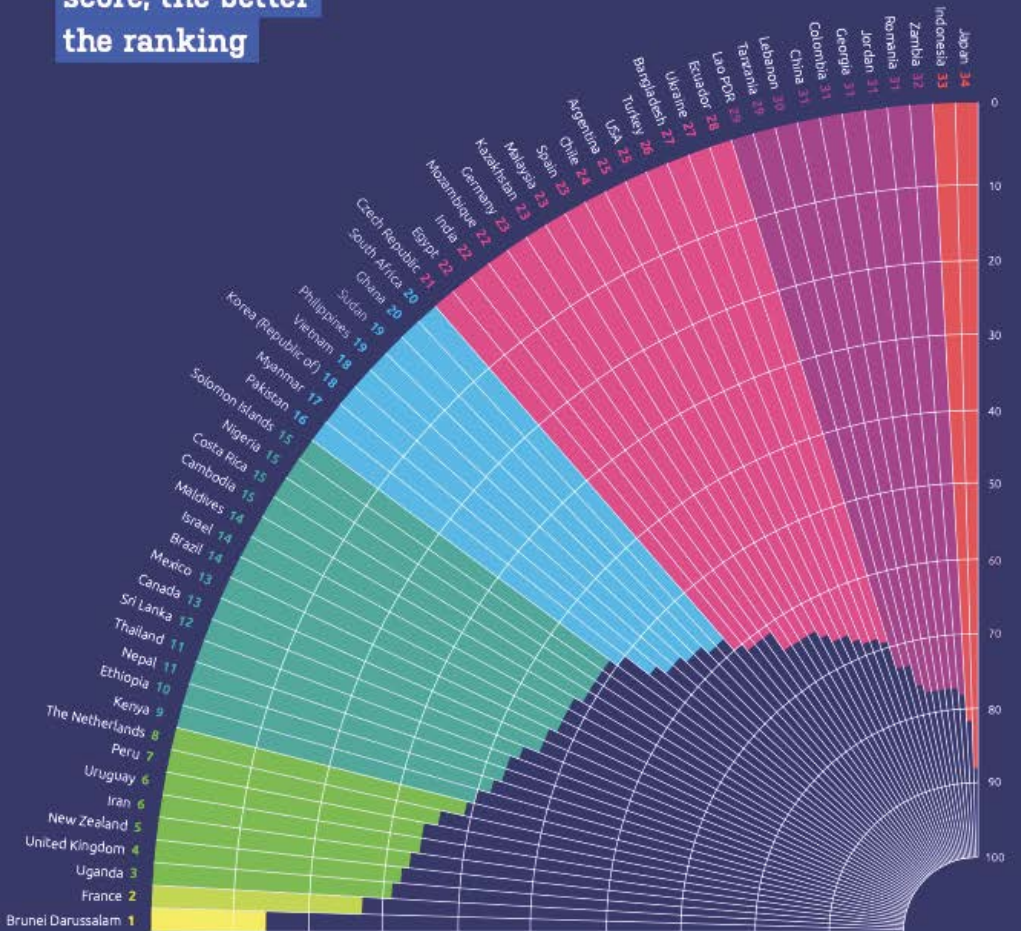
1. **Protect tobacco control policies using a whole-of-government approach:** Non-health agencies must also reject tobacco industry interference. Bring non-health agencies up to speed on the content of Article 5.3 recommendations to stop the industry from undermining and delaying tobacco control measures.
2. **Limit interactions with the tobacco industry to only when strictly necessary:** Stopping unnecessary interactions is vital to avoiding industry interference. Governments should limit interactions to controlling and regulating the industry
3. **Ensure transparency when interacting with the tobacco industry:** Greater transparency when dealing with the tobacco industry will reduce instances of interference. All interactions with the tobacco industry must be recorded and made publicly available.
4. **Protect government officials from tobacco industry influence:** Officials need to be free to develop and implement tobacco control measures without industry influence or interference. Adopting a code of conduct or guidance, which shields them from industry interference, will protect tobacco control; however, to be effective, this should apply to all public and elected officials.
5. **Reject non-binding agreements with the tobacco industry:** Partnership and collaboration with the tobacco industry compromises the government and is not effective in achieving tobacco control policy objectives since the industry's interests conflict with public health goals.
6. **Denormalize so-called socially responsible activities of the tobacco industry:** Governments are called to denormalize these CSR activities, as they are a form of sponsorship, and the industry uses them to whitewash the harm it causes to society and influence policy makers.
7. **Stop giving incentives to the tobacco industry:** The tobacco industry should not be given incentives, exemptions or tax breaks to run its harmful business. Remove duty-free status of tobacco at duty-free shops.
8. **Require information from the tobacco industry:** The tobacco industry should be made to disclose its expenditure on marketing, lobbying and philanthropic activities.
9. **Treat state-owned enterprises the same as other tobacco companies:** State-owned tobacco entities should not be given governmental privilege or be allowed to influence tobacco control policy.

GLOBAL SCORE CHART

Figure 1: Tobacco Industry Interference overall country ranking



The lower the score, the better the ranking



Rank

Score

Society for
Alternative media
and Research

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