

# China



## Summary of Findings

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The China National Tobacco Corporation (CNTC)/ State Tobacco Monopoly Administration (STMA) uses its influence to weaken tobacco tax policies and prevent the passage of smoke free laws. As China has put its economy back on track in the post-pandemic era, local governments are even less determined to implement tobacco control policies due to the tobacco industry's (TI) large contribution to tax revenues.

On March 11, 2022, STMA issued the Measures for the Administration of e-cigarettes, which came into effect on May 1, 2022. According to the regulations STMA is responsible for formulating and implementing e-cigarette industrial policies, organizing professional organizations to conduct technical reviews of e-cigarette products based on inspection and testing reports and other application materials, establishing a unified national e-cigarette trading management platform, and supervising and administering the import and export of e-cigarettes and foreign economic and technological cooperation according to law. It consists of four main chapters on e-cigarettes: the management of production and quality, sales management, import and export trade and foreign economic and technological cooperation, supervision and inspection.

### 2. INDUSTRY CSR ACTIVITIES

China's TI made numerous donations to support local governments' actions for poverty alleviation, rural revitalization, earthquake mitigation, flash floods control, and COVID-19 relief.

### 3. BENEFITS TO THE INDUSTRY

Little progress has been made on the health warnings which CNTC/STMA are responsible for. The TI is allowed to place ineffective text-only health warnings on cigarette packets. The WHO FCTC is not effectively implemented, which benefits the TI to further promote its business. Financial contributions, sponsorships or other contributions are allowed for events, activities, individuals, organizations, or programs - which will promote tobacco products or tobacco use.

In October 2022, the Administration of Taxation, the General Administration of Customs and the Ministry of Finance jointly issued a notice on the consumption tax on e-cigarettes, which mentioned that e-cigarettes will be included in the consumption tax. The policy was implemented on November 1, 2022. In addition, STMA issued the Measures for the Administration of e-cigarettes on March 11, 2022. These two measures make e-cigarettes equal with traditional cigarettes in terms of production specifications, distribution, sales and taxation, which is in line with the tobacco market overall management requirements. More importantly, these measures give the e-cigarettes industry a good market environment to conduct its business.

### 4. UNNECESSARY INTERACTION

One of the main responsibilities of the STMA and CNTC is to conduct raids on smuggling and counterfeiting of cigarettes and to oversee the prohibition of sales to minors. To fulfill these obligations in 2021-2022, STMA continued to cooperate with other ministries, especially customs, as well as the Ministry of Public Security and the industrial and commercial administration.



In 2021-2022, the Director of STMA visited local governments to discuss strengthening local economies and TI development. This further reinforced local relationships with the TI and dependence on the tobacco economy.

## 5. TRANSPARENCY

There is no lobbyist registry in China. Since the TI is considered part of the government, and so a part of regular administrative interactions, meetings between the STMA and other government departments are openly reported in the media. The state has appropriate laws and regulations governing its registration, circulation, etc. These regulations serve to supervise, on the one hand, and to develop the TI on the other.

## 6. CONFLICT OF INTEREST

The government does not prohibit or require full disclosure of contributions from the TI or any entity working to further its interests for political parties, candidates, or campaigns.

In February 2023, the government stepped-up its crackdown on corruption in the tobacco sector, placing at least five people including government regulators and state-owned cigarette company executives under graft investigations.

## 7. PREVENTIVE MEASURES

Existing anti-corruption legislation has provisions prohibiting the acceptance of funds or gifts and has been applied to the tobacco system (both government and corporate). In the Guidelines on the Building of Smoke-free Party and Government Organs (2020 version), it included a ban on tobacco advertising and sponsorship and the sale of tobacco products in party and government offices. Through this policy, relevant party and government officials are aware of the TI's influence on tobacco control policies.