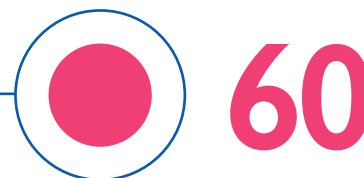


Philippines



Summary of Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The Vape Law, which the tobacco industry (TI) vigorously lobbied for, was passed by the Congress and the President opted not to veto it. The vape regulation bill lapsed into law on 25 July 2022 following the inaction of President Ferdinand Marcos Jr. when the bill was transmitted to his office by the Congress.

The Vaporized Nicotine and Non-Nicotine Products Regulation Act, Republic Act (RA) No. 11900, known as the Vape Law, places the authority to “set technical standards for safety, consistency, and quality of the products [...]” on the Department of Trade and Industry (DTI), the “primary coordinative, promotive, facilitative, and regulatory arm of the government for the country’s trade, industry, and investment activities.” Manufacturers and importers of heated tobacco products, vapor products and novel tobacco products also register their business with the DTI, which is problematic because it ignores the nature of these new products which pose significant risks to the life, health and safety of the people. The law also lowered the access age to these products from 21 to 18 years old, expanding the industry’s reach to much younger customers.

2. INDUSTRY CSR ACTIVITIES

Although public officials are prohibited from collaborating with the TI on CSR activities there were instances recorded of officials endorsing these activities. For example the Paaknan Housing Project of Habitat for Humanity Philippines, which provided new homes to members of Nawanao Riverside B Homeowners Association in July 2022, was done in partnership with the local government of Mandaue and was sponsored by Japan Tobacco International Philippines.

3. BENEFITS TO THE INDUSTRY

Taxes on e-cigarettes and vapes are much lower than those imposed on traditional cigarettes. In January 2023 the excise tax on a cigarette pack is PHP ₱60. Meanwhile, as set forth by Sec. 3 of BIR Revenue Regulations No. 14-2022 in implementation of RA No. 11900, the excise taxes on a pack of 20 units or less of heated tobacco products and on a milliliter (or a fraction thereof) of nicotine salt/salt nicotine vapor products are only PHP ₱32.65 and PHP ₱52, respectively.

Following the ASEAN Trade in Goods Agreement, tobacco leaves and other tobacco-related additives imported into the country enjoy zero import duties. International travelers are allowed to bring 400 cigarette sticks tax-free into the Philippines, a more generous allowance compared to other countries in the region. Singapore and Hong Kong, for instance, limit the tax benefit to 20 sticks.

4. UNNECESSARY INTERACTION

A Facebook post of the First Lady Liza Araneta-Marcos revealed that the President and his wife welcomed Philip Morris executives at the Malacañan Palace on 24 November 2022. Their son, Congressman Sandro Marcos, was also present at the meeting. No further details on this were given by Malacañan officials.

In March 2023, the City Government of Davao honored Philip Morris Fortune Tobacco Company (PMFTC), among other companies, for being one of the top ten taxpayers of the city.

5. TRANSPARENCY

Information on recent incidents of TI interference, which all appear to be unnecessary, was not disclosed through proper channels. There are no laws requiring the registration and disclosure of tobacco companies and allied groups and lobbyists. Other than the usual business registration requirements, no registration and disclosure rules exist specifically for tobacco entities, their allies and their lobbyists. It appears that the nature of the tobacco enterprise as harmful to society and health is still not fully recognized as deserving of stricter scrutiny and regulation.

6. CONFLICT OF INTEREST

Former top government officials form part of TI corporate social responsibility (CSR) group. Tan Yan Kee Foundation is the CSR arm of Lucio Tan Group, Inc. (LT Group), the parent company of Fortune Tobacco Corp (FTC). FTC owns 50% of PMFTC Inc. Former Chief Justice Artemio Panganiban, former Prime Minister Cesar E.A. Virata and former Bangko Sentral ng Pilipinas Governor Amando Tetangco, Jr. form part of the Board of Trustees of Tan Yan Kee Foundation.

Florencia Tarriela, former chairperson of Philippine National Bank, is an independent director of LT Group. Salvador Mison, former Bureau of Customs Commissioner, was the president of Fortune Tobacco and Basic Holdings, as well as former spokesperson of LT Group.

7. PREVENTIVE MEASURES

The Department of Health – Civic Service Commission Joint Memorandum Circular (DOH-CSC JMC) 2010-01 seeks to implement WHO FCTC Article 5.3 by prohibiting interactions between the TI and the government, unless “strictly necessary for its effective regulation.” Public officials are not allowed to solicit or accept any gift, gratuity, favor, entertainment, loan, or anything of monetary value from the TI. They must avoid any conduct that would create any perception of having a partnership with the industry, real or otherwise.

Recommendations

1. Align laws, policies and measures with the guidelines and recommendations of the WHO FCTC, which needs greater recognition as part of the national legal system.
2. Implement stricter compliance of Article 5.3 Guidelines and CSC-DOH JMC 2010-01.
3. Develop better implementation of anti-TI interference regulations.
4. Subject government partnerships with as well as receipt of donations from the private sector to stricter due diligence checks, ensuring non-involvement in any way and to any degree with the tobacco industry.
5. Amend existing laws to ensure exclusion of the TI in public policymaking processes. Strict prohibitions for TI representatives in policy making and public projects and processes should be legislated.
6. Prosecute tobacco companies for their blatant acts of interference.