

# Pakistan

Overall score:

50

## Summary of 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The third tier of tobacco tax, introduced in 2018, was withdrawn in 2019 and replaced by a two-tier system in the 2019-2020 annual budget.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 the Ministry of Health (MoH) with Civil Society Organizations (CSOs) to build a counter-narrative to the tobacco industry's statements of businesses stating how profits were being made by placing the 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 organizations has been revised and ensured no representation from the tobacco industry. However, in other ministries such as Finance/Commerce/Agriculture and their respective committees, tobacco industry movement and representation are there. When representatives of those ministries attend the CTAG committee meetings, they represent the tobacco industry's interests.

### 2. Industry CSR activities

In April, the Prime Minister accepted a check for a US \$35,450 donation from British American Tobacco (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

A bilateral agreement between Pakistan and Indonesia in 2005 includes tobacco as one of the goods offered by Pakistan. In this annual bilateral trade of volume of US \$170 million, Indonesia agreed to give unilateral concession on major exports from Pakistan, including a zero percent tariff on tobacco, among other goods; eliminating tariffs on goods within six months; and not introducing any new para tariffs on goods. The other incentive is allowing international travelers to bring duty free 200 cigarettes, 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 tobacco industry on conducting raids. However, unverifiable information states the point that Federal Board of Revenue (FBR) raids on smuggled cigarettes were supported by the tobacco industry and had been raised in Parliamentary committee during tax discussion. The Chairman of the 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 in its standard operating procedures (SOPs) that it does not accept any requests for meetings from the tobacco industry. These SOPs are being introduced to other ministries and provinces. However, other ministries and departments, at the moment, do not have such policies yet.

There is no registry for the tobacco industry, tobacco industry entities, affiliated organizations or individuals acting on its 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.

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 SOPs have been 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. The other expenses such as contributions and charity work have to be included in the published annual statements.

# Recommendations

- 1. Awareness on Article 5.3 as an obligation:** Effective implementation of the developed SOPs based on WHO Framework Convention on Tobacco Control (FCTC) Article 5.3 Guidelines to ensure transparency and to 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 CSR activities. Article 5.3 Guidelines recommend 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 the 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 in dealing with the tobacco industry. All meetings with the tobacco industry and their outcomes must be recorded and there must be 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, state-owned enterprises should be treated like any other tobacco business and not be given any incentives or privileges to conduct their business.
- 6.** Require the tobacco industry 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 a registry of lobbyists and the tobacco industry's lobbying expenditure.