

Vietnam

Overall score:

56

Summary of Findings

1. Industry participation in policy development

The tobacco industry's strategy to influence policy was to organize conferences on smuggling through the business platform. For example, British American Tobacco (BAT) (Singapore) organized a conference on regulations on harm, prevention and handling of smuggled and fake cigarettes to business organizations and individuals in Tay Ninh and Kien Giang provinces. Government representatives including the head of the Provincial Market Management Department, district and city market management teams attended the conference. Such a meeting provided the platform to involve the business sector, including tobacco companies, in addressing smuggling policies.

Philip Morris International (PMI) met with the Vietnam Directorate for Standards, Metrology and Quality under the Ministry of Science and Technology and discussed the benefits of using new generation tobacco products and developing standards and technologies for these tobacco products, and the ability to coordinate and develop technical standards for these tobacco products with the government.

2. Industry CSR activities

Tobacco-related CSR activities for disaster- and poverty-related project are still allowed, hence these activities continued in Vietnam. Since VINATABA is a government monopoly many of these activities received endorsement and active participation of government officials from both Central as well as provincial level. These activities include a broad range of donations to schools, construction of houses for the poor and loans to empowering women.

Other tobacco companies, such as PMI, and local companies such as Saigon Tobacco Company and Khanh Viet Corporation (KHATOCO) also conducted many charitable activities such as building houses for the poor, career training programs, handing out scholarships and presenting a children's playground endorsed by government officials.

3. Benefits to the industry

Cigarettes are still a duty-free item for travelers.

4. Unnecessary interaction

Anniversary celebrations of tobacco companies provide a convenient opportunity for the industry to invite and interact with high level government officials. In June 2019 for example, the Vietnam Tobacco Association celebrated its 30th anniversary which was attended by the Deputy Minister of Industry and Trade. In August, the Saigon Tobacco Company celebrated its 90th founding anniversary and received First-class Labor Medal. The ceremony was attended by a Member of Central Communist Party, Deputy Minister of Industry and Trade, Permanent Deputy Secretary of the Central Business Party Committee; Head of Management Board of Industrial Zones of Ho Chi Minh and representatives of ministries, departments and local authorities.

Collaboration between the government and tobacco companies to destroy confiscated smuggled cigarettes provided opportunities for unnecessary interaction with the tobacco industry. In September, the Coast Guard Region Command 1 in Hai Phong destroyed 67,500 packs of smuggled cigarettes bearing the trademark "ESSE" manufactured by KT&G. The destruction event was attended by the Vietnam Tobacco Association, the Department of Finance and 389 Steering Committee of Hai Phong city.

5. Transparency

The Vietnamese government is "open" about their interaction with tobacco industry as this interaction has been seen as "normal" according to Vietnam law and practice. However, the detailed information on this interaction (with tobacco and other industries as well) were not always be available for public.

6. Conflict of interest

There were no new appointments of government officials to the tobacco industry. The appointment of staff from the Ministry of Industry and Trade to VINATABA which happened in 2014 still remains in office in 2020 (Mr. Ha Quang Hoa-Deputy Director of Department of Light Industry was appointed to be Vice Director of VINATABA in 2014; Mr. Ho Le Nghia, Vice Director of Industrial Policy and Strategy Institute was appointed to be in board member of VINATABA in 2014 and become acted as the Party Secretary, and Chairman of the Members' Council of VINATBA in 2018).

7. Preventive measures

There is no procedure for disclosing the records of the interaction with the tobacco industry in place. On November 19, 2019, the Vietnam Ministry of Health issued circular No. 29/2019/TT-BYT which clearly defines the processes of commenting, acquiring and modifying in the process of formulating legal documents to improve the quality of issuing documents which contributes to reduce the interference of units which has conflict of interest in the process of development legal documents on health.

The Ministry of Industry and Trade has a reporting regime and report forms for Services of Industry and Trade, Industry and Trade Chambers, enterprises that manufacture tobacco, process tobacco ingredients, trade in tobacco ingredients, invest in tobacco ingredients, tobacco supplier, tobacco distributors, wholesalers and retailers. Reported information includes: the production quantity, export quantity, import quantity, sales, sale prices, special excise duty and VAT payable on each brand. However, there is no reporting requirement for information on the tobacco industry's marketing, lobbying and philanthropy to the government.

Recommendations

1. Implement a full ban on all forms of tobacco industry-related CSR activities.
2. Terminate the rotation of senior management positions between state management agencies and tobacco enterprise to avoid conflict of interest situations.
3. The government must reject any partnership with tobacco industry in anti-smuggling initiatives as recommended in the WHO Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products.
4. Put in place a procedure for interaction with the tobacco industry, disclose all records of interaction with the tobacco industry and adopt a Code of Conduct for its officials when interacting with the tobacco industry.