Lebanon

TOBACCO INDUSTRY INTERFERENCE INDEX 2023

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Background and Introduction

This is the fourth report on tobacco industry interference (TII) index in Lebanon. It reviews how the Lebanese government is implementing the WHO Framework Convention on Tobacco Control (FCTC) Article 5.3 guidelines, which outline ways to protect public health policies from the vested interest of tobacco industry.

Lebanon has a state-owned tobacco monopoly (SOTM), The *Regie* Libanaise Des Tabacs Et Tombacs (*Regie*). The *Regie*¹ is under the jurisdiction of the Ministry of Finance (MOF). It is the sole entity in Lebanon legally allowed to manufacture, distribute, and sell tobacco and tombac (tobacco for waterpipe) in Lebanon. This entity also manages tobacco farming through subsidies and oversees a tobacco product smuggling unit.

This report uses a questionnaire developed by the Southeast Asia Tobacco Control Alliance (SEATCA) based on the Article 5.3 Guidelines. A scoring system is applied to make the assessment. The score ranges from 0 - 5, where 5 indicates highest level of industry interference, and 1 is low or no interference. Hence the lower the score means that the better the implementation of the guidelines in that country. This report gathers evidence for Lebanon for the period of April 2021 to March 2023. It will report on the 20 indicators under seven themes.²

The report is based on publicly available information gathered using information from the website of the *Regie*, as a main source, and from media websites. Other sources of data including reports and government decisions were also retrieved to compliment the data from the Regie and/or validate our finding when applicable.

The International Monetary Fund (IMF) released a report in March 2023³ indicating that Lebanon is undergoing an 'unprecedented crises coupled with a severe devaluation of the Lebanese pound'. In parallel, the Central administration of Statistics indicated that the inflation rate has reached 171.2% in 2022; compared to 154.8% in 2021 increasing from 2.9% in 2019⁴. This had implications on peoples' lives affecting their purchasing power, and disrupted basic services provision such as health, education, electricity. The World Bank indicated that more than 50 percent of people shifted to below the poverty line and unemployment increased from 11.4% in 2018-19 to 29.6% in 2022⁵.

In light of the current situation, the priorities of the government institutions within the country shifted away from tobacco control. Thus, similarly to the previous report given the current situation/paralysis of Lebanon no major tobacco-related activities or interaction with tobacco industry took place during the reported period.

¹ Regie Libanaise de Tabacs et Tombacs. Who We Are. https://www.rltt.com.lb/Article/1/who-we-are/en

² Assunta M. Dorotheo E.U. SEATCA Tobacco Industry Interference Index: a tool for measuring implementation of WHO Framework Convention on Tobacco Control Article 5.3; Tob Control http://dx.doi.org/10.1136/tobaccocontrol-2014-051934

³ International Monetary Fund. Lebanon: Staff Concluding Statement of the 2023 Article IV Mission. 23 March 23 2023, https://www.imf.org/en/News/Articles/2023/03/23/lebanon-staff-concluding-statement-of-the-2023-article-iv-mission

⁴ Central Administration of Statistics. 2023. http://www.cas.gov.lb/

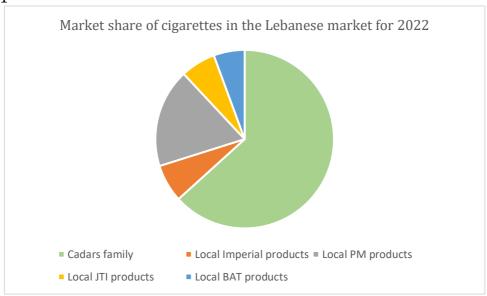
⁵ The World Bank. The World Bank In Lebanon: Overview. 02 November 2022 https://www.worldbank.org/en/country/lebanon/overview

On the other hand, in response to the economic crisis, the *Regie*, i) has taken some decision that has affected the affordability of the tobacco product in the Lebanese market as well as ii) intensified its CSR activities.

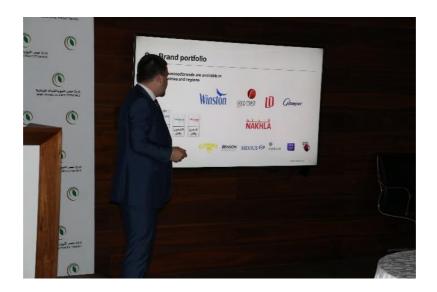
According to the Euromonitor report, (latest data available) in October 2020 the *Regie* had a 52.1% of the market share in 2019 while four big transnational tobacco companies (TTC) shared 47.9%% of the market (Philip Morris 15.4%; Japan Tobacco inc. 12.1%; Imperial Tobacco international Ltd 10%; and British American Tobacco 7.5%).

However, data collected from the *Regie* website under marketing and sale section⁶ indicates that the *Regie* share of sale increased to 63.7% in 2022; while the share of the big four tobacco country, locally manufactured at the *Regie* became as follow: i) Philip Morris 17.9%; ii) Japan Tobacco inc. 6.3%; iii) Imperial Tobacco international Ltd 6.8%; and iv) British American Tobacco 5.6% [Figure 1].





⁶ Regie Libanaise de Tabacs et Tombacs. Marketing and Sales of Local products. 2023. https://www.rltt.com.lb/Article/28/marketing-and-sales-of-local-products/en



Lebanon's total score dropped to 60, compared to 72 (in 2021), indicating an improvement of 12 points in terms of Article 5.3 guideline implementation. This improvement cannot be linked to governmental efforts to address Article 5.3; but it is rather the result of inaction in the context of the overall situation in Lebanon, mainly the economic crisis. However, in 2022, the government passed the 2020 Budget Law, the law includes an article (Article 32) that prohibiting public institutions from giving donations from their revenues. (Annex 1).

Furthermore in 2021, the government issued the Public Procurement Law 244 / 2021 to ensure sound financial governance and ensure transparency and accountability⁷, within public institutions in general. The Regie, considered this as a hurdle asked to amend some of its components "not (to)lose flexibility and dynamism in responding to supply and demand and other market requirements, in order not to lose its advantages and profitability" ⁸. These two laws contributed to enhance the score of Lebanon although not directly related to tobacco industry interference.

⁷ Bissat M.L., Abou Khaled B. Transforming Public Procurement: Lebanon's Path to Efficiency, Social Value, and Transparency. 10 November 2021. https://lp.gov.lb/backoffice//uploads/files/Presentation%20-

^{% 20} Public % 20 Procurement % 20 Law % 20 in % 20 Lebanon % 20 - % 20 Aug 20 21 % 20 - % 20 English.pdf

⁸ Regie Libanaise de Tabacs et Tombacs. A Regie delegation visits the Chairman of the Public Procurement Authority, Dr. Jean Alia, in his office at the Authority. 25 January 2023. https://www.rltt.com.lb/Article/676/a-regie-delegation-visits-the-chairman-of-the-publ/en

Summary Findings

1 INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

(Summarize your evidence/ main points in questions 1-4)

In line with the Article 5.3 guidelines all activities conducted by the *Regie* monopoly were considered as tobacco industry activities impeding the implementation of tobacco control in Lebanon.

However, given the current economic crisis in the country, as priorities are shifted away from tobacco control and focused on basics needs, no major changes took place in the country with respect to tobacco control.

2 INDUSTRY CSR ACTIVITIES

(Summarize your evidence/ main points in question 5)

Similarly, to what has been reported previously (check previous reports), the CSR activities of the Regie in the different municipalities are most of the time attended by politicians and religious figures. Further there were two visits from country representatives, the German ambassador and the commerce and economy Charge d'affaires of the Bulgarian embassy. However, the purpose of their visit was not outlined.

The Regie CSR activities ranged from support to i) its employees, ii) monitory donations, iii) farmers, and iv) municipalities and syndicates. Some of those activities were conducted in coordination with one of the transnational tobacco industries.

3 BENEFITS TO THE INDUSTRY

(Summarize your evidence/ main points in questions 6-7)

The main issue to highlight is the fact that *Regie* implementing its own pricing strategy, that requires partial payment from wholesalers in USD and the rest based in LBP based on different exchange rates below the black-market rate currently used across the country in the Lebanese market⁹. This has led to a decrease in almost 50% of the real value of the retail price.

The price strategy implemented by the Regie and not contested by the government, rendered the tobacco product price cheaper than in neighboring countries. Therefore, the outbound smuggling of tobacco from Lebanon to other countries has increased. An issue that was confirmed by the *Regie*, which has also led to increase in its sale as per the administration.

This situation could also benefit the international tobacco companies, given that legally selling tobacco to Syria, is not possible due to the Cesar Act¹⁰.

Furthermore, TTC is increasingly manufacturing local tobacco products in Lebanon, due to the depreciation of the Lebanese pound to the US\$ which should have decreased their overall cost of production.

⁹ Chehayeb K. Value of Lebanese pound drops to all-time low. 26 May

^{2022.}https://www.aljazeera.com/news/2022/5/26/lebanese-pound-value-drops-to-lowest-level

¹⁰ Shokr A. Lebanese cigarettes: an increase in production and demand... and price chaos (translated title). 17 November 2021. https://al-akhbar.com/Community/323557

The only action noted was back in 2020, when a group of lawyers reported against the *Regie* to the financial Public Prosecution for breaching the law by requesting the wholesalers to pay in US\$11. However, no action took place since.

4 UNNECESSARY INTERACTION

(Summarize your evidence/ main points in questions 8-10)

This report notes for the first time the diversity and rank of political party representatives visiting the Regie. This year witnessed a visit of the Prime Minister to inaugurate new production lines at the Regie and a track and trace system. The Regie noted that this was the first time that a PM visits the Regie.

All officials praised the Regie and considered it as a main pillar of the public sector, a source of revenue to the government and serve as an example for other industries to follow. None of the government officials addressed the Regie pricing strategy or its implications on public health. In fact, the PM considered that the Regie is acting to 'reducing the social costs of smoking and decreasing the health bill by reducing the number of smokers, raising prices to achieve needed resources Tobacco, and limiting the number of consumers"¹².

5 TRANSPARENCY

(Summarize your evidence/ main points in questions 11-12)

The score did not change. There is still no procedure in place to ensure transparency when the government meets with the tobacco industry. There are no government rules for the disclosure or registration of tobacco industry entities.

In 2021, the government issued the Public Procurement Law 244 / 2021 to ensure sound financial governance and ensure transparency and accountability 1314 within public institutions in general. The Regie, considered this as a hurdle that obstructs its work 15 .

6 CONFLICT OF INTEREST

(Summarize your evidence/ main points in questions 13-15)

The situation did not change from 2019, there is no publicly available on data on senior retired official taking part of tobacco industry.

7 PREVENTIVE MEASURES

(Summarize your evidence/main points in questions 16-20)

The situation did not change from 2019. Lebanon does not have a plan yet for implementation of Article 5.3. There is no procedure in place to disclose the government's

 $^{^{11}}$ Lbcgroup. Reporting against the Regie for issuing bills in dollars and refusing to collect in pounds. 22 April 2020. https://www.lbcgroup.tv/news/d/lebanon/515645/Lebanon-news-lbci/ar

¹³ Bissat M.L., Abou Khaled B. Transforming Public Procurement: Lebanon's Path to Efficiency, Social Value, and Transparency. 10 November 2021. https://lp.gov.lb/backoffice//uploads/files/Presentation%20-

^{% 20} Public % 20 Procurement % 20 Law % 20 in % 20 Lebanon % 20-% 20 Aug 20 21% 20-% 20 English.pdf

¹⁴ Public procurement Reform in Lebanon; Public Procurement Law

^{244 / 2021.} August 2021. https://lp.gov.lb/backoffice//uploads/files/Presentation%20-

^{% 20} Public % 20 Procurement % 20 Law % 20 in % 20 Lebanon % 20 - % 20 Aug 20 21 % 20 - % 20 English.pdf

¹⁵ Regie Libanaise de Tabacs et Tombacs. A Regie delegation visits the Chairman of the Public Procurement Authority, Dr. Jean Alia, in his office at the Authority. 25 January 2023. https://www.rltt.com.lb/Article/676/a-regie-delegation-visits-the-chairman-of-the-publ/en

interaction with the tobacco industry. The government has not adopted or implemented a code of conduct for public officials in their dealings with the tobacco industry.

While the tobacco industry is required to submit information on tobacco production and manufacture for tax purpose, there is no requirement for the industry to submit other information such as market share, marketing expenditures, lobbying, philanthropy, and others.

There is no publicly available information to show the government has a program or plan to consistently raise awareness on Article 5.3 Guidelines within its departments.

RECOMMENDATIONS

The same recommendations to the 2021 report still hold given no action took place since 2019. Additional recommendations are listed.

- 1. In line with the FCTC, further effort should be set in place **to enhance public health policies in Lebanon** in particular that the cigarettes price did not track with increase in price of other products in the Lebanese market, making tobacco relatively more affordable than basic needs.
- 2. **Article 32** that ban public institutions from contributing monetary fund should be reinforced and prevent any sort of amendment.
- 3. The *Regie*, as a SOTM, must be treated like any other tobacco company.
- 4. There must be a procedure in place to **disclose the records of government** interaction with the tobacco industry (such as agendas, meetings. MOU).
- 5. There must be a procedure in place to **prevent unnecessary interaction** of government officials with the tobacco industry.
- 6. A **code of conduct** should be adopted by the government to guide officials when dealing with the tobacco industry. The MOPH, through its Tobacco Control Program could take the lead in writing those procedures.
- 7. The **tobacco industry** should be **required to submit information** on tobacco production, manufacture, market share, marketing expenditures, revenues, and any other activity, including lobbying, philanthropy, political contributions, and all other activities.
- 8. The **Public Procurement Law 244 / 2021** to ensure sound financial governance and ensure transparency and accountability should be enforced with respect to all tobacco products procurements
- 9. The government should work on **raising awareness** within its departments on policies related to **FCTC Article 5.3**. Similar activities could be coordinated between the MOPH through its National Tobacco Program, civil society, and academia.
- 10. The *Regie* should **disclose information on profits**, financial data, board meeting minutes, records. This could be possible if the law 28 on Right to have access to information is enforced.
- 11. Publish details of meetings and Memorandums of agreement with tobacco industry.

Lebanon Tobacco Industry Interference Index

				3	4	5
INDICATOR 1: Level of Industry Participation in Policy-Develo	pn	ien	t			
1. The government ¹⁶ accepts, supports or endorses any offer						
for assistance by or in collaboration with the tobacco						
industry or any entity or person working to further its		1				
interests. ¹⁷ in setting or implementing public health policies						
in relation to tobacco control 18 (Rec 3.4)						
	No evidence of the <i>Regie</i> interfering in policy development, during the review period					
between April 2021 to March 2023. Lebanon last passed Law wit		_				
control date back to 2011. The law is practically not implemented						
Regie, is a state-owned tobacco monopoly, opportunities for it into	erfe	re r	ema	in c	pe	n.
2. The government accepts, supports or endorses <u>policies or</u>						
<u>legislation drafted</u> by or in collaboration with the tobacco	0					
industry. (Rec 3.4)						
No evidence of interference in policy during the review period be	twe	en .	Apr	il 20)21	to
March 2023	ı					
3. The government allows/invites the tobacco industry to sit in						
government interagency/ multi-sectoral committee/		1				
advisory group body that sets public health policy. (Rec 4.8)						
No such activities were found during the review period between	_					
2023. However, no official government interagency/ multi-s						-
advisory group body that sets public health policy took place since						
tobacco control law in 2011. Hence, how the government will act	in t	he f	utu	re c	ann	ot
be predicted.						
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,		1				
WG) ¹⁹ (Rec 4.9 & 8.3)						
For non-COP year, follow the previous score of COP year. For						
non-Parties, apply a score of '0'					_	
In line with the FCTC recommendation, [Rec 4.9 & 8.3] the govern						
the COP or any of its related meetings does not include any repr	ese	nta	tive	iro	m t	ne
tobacco industry.						
During COP8 in 2021Chief Delegate (Head of delegation) Mr F. Sn	an f	oca	lno	int	of +	ho
During Goro in 2021 Giner Delegate (Head of delegation) Mr. F. 311	ali l	ULd	ιμU	ווווו	υιt	116

national tobacco program (Accredited representative): Mrs L. Hajjar executive officer national tobacco program; Dr M. Abou Haidar director general ministry of economy;

 $^{^{16}}$ 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

¹⁷ The term, "tobacco industry' includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

^{18 &}quot;Offer of assistance" may include draft legislation, technical input, recommendations, oversees study tour

¹⁹ Please annex a list since 2009 so that the respondent can quantify the frequency, http://www.who.int/fctc/cop/en/

5

Mr K. Khoury Lebanese customs²⁰. No TI and *Regie* personnel have represented Lebanon in COP meetings over the past years.

INDICATOR 2: Industry CSR activities

- 5. **A**. Government agencies or their officials endorse, support, form partnerships with or participates in activities of the tobacco industry described as "socially responsible" or "sustainable". For example, environmental programs. (Rec 6.2)
 - **B.** The government (its agencies and officials) receives CSR contributions (monetary or otherwise, including CSR contributions) from the tobacco industry or those working to further its interests during the pandemic. (Rec 6.4) *NOTE: exclude enforcement activities as this is covered in another question*
 - A. Various officials visit the *Regie*, where they are given a tour of the different departments of the *Regie* and informed about the *Regie* achievements and social role. Below is the list of various agencies' representatives, officials that visited the *Regie* between April 2021 to March 2023:
- 1. The former Minister of Social Affairs Pierre Abou Assi, visited the *Regie* headquarter and apprised of their achievements (**21 April 2021**)²¹.
- 2. The Director General of Litani River Authority n visited it and was brief about the *Regie* ISO standards and sustainable development goals implemented by the *Regie* (31 May 2021). ²²
- 3. The German ambassador to Beirut Andreas Kindl visited the *Regie* (On **18 May 2022)**²³



4. The former Minister of Energy and Water Raymond Ghajar, within the framework of developing the work of the administration and placing it on the track of sustainable energy and eco production (**02 January 2023**)²⁴.

²⁰ https://untobaccocontrol.org/downloads/cop9/additional-documents/COP9-List-of-Participants.pdf

 $^{^{21}\,}$ Regie Libanaise de Tabacs et Tombacs. Deputy Pierre Abou Assi visits Regie. 21 April 2021.

https://www.rltt.com.lb/Article/572/deputy-pierre-abou-assi-visits-regie/en

²² Regie Libanaise de Tabacs et Tombacs. Dr. Sami Alawia visits Regie. 31 May 2021https://www.rltt.com.lb/Article/575/dr-sami-alawia-visits-regie/en

²³ Regie Libanaise de Tabacs et Tombacs. The visit of the German ambassador to the Regie. 18 May 2022.

https://www.rltt.com.lb/Article/616/the-visit-of-the-german-ambassador-to-the-regie/en

 $^{24\} Regie\ Libanaise\ de\ Tabacs\ et\ Tombacs\ https://www.rltt.com.lb/Article/670/minister-ghajar-in-a-friendly-visit-to-the-regie/en$

- 5. The commerce and economy Chargé d'affaires of the Bulgarian Embassy Plamen Vasilev and the Counselor Ivaylo Hristov visited the *Regie* (**01 February 2023**)²⁵
- 6. A delegation of the Institute des Finances Basil Fuleihan (IFBF), the Financial Institute of the Ministry of Finance visited the *Regie* and offered a symbolic shield in recognition of the work collaboration with the *Regie*. As the IRBF worked through the years on developing the administrative and financial competences of the *Regie*'s staff and collaborators." (02 October 2022)²⁶.
 - B. In line with its' 2016 Sustainable Development plan the "Development Vision for a Brighter Tomorrow", the *Regie* had multiple CSR contributions during these 2 years period.²⁷

Thus, the following activities took place:

For its employees:

- 1. The *Regie* distributed food parcels to its employees in the north department, to support them during the ongoing financial crisis (**11 April 2021**)²⁸.
- 2. The *Regie* organized a session for its employees on 'Awareness about Occupational Health and Safety System' (**18 February 2022**) ²⁹
- 3. The *Regie* in collaboration with the Lebanese Red Cross conducted a series of first aid session for its employees. The initiative is in line with the ISO45001 requirement for the system of occupational health and safety requirements (25 October 2022)³⁰

Monitory donations:

1. A *Regie* delegation made a 'cash contribution' of 100,000 USD to the Lebanese Army. The donation was handed to the Lebanese Armed Forces Commander General Joseph Aoun at his office at the Ministry of Defense. (**14 July 2021**)³¹. The *Regie* explained that this donation is collective donation from the 'employees, syndicates, the mutual fund and the sports committee' in recognition of the national role the Lebanese Army

Regie Libanaise de Tabacs et Tombacs. The commerce and economy Chargé d'affaires of the Bulgarian Embassy visiting the Regie. 01 February 2023 https://www.rltt.com.lb/Article/677/the-commerce-and-economy-charg%C3%A9-daffaires-of-the-b/en

Regie Libanaise de Tabacs et Tombacs. Mikati sponsored the inauguration of the Regie's production line and the launching of "application of barcoded stamps": a new success of a department that has been able to transform the country's many challenges into opportunities. 26 February 2023. https://www.rltt.com.lb/Article/684/mikati-sponsored-the-inauguration-of-the-regies-pr/en 27 Regie Libanaise de Tabacs et Tombacs. Berri at the Launching ceremony of the Regie's Plan for Sustainable Development: Resolving the Pending Issues Depends on the Election of a President. 21 Mach 2016. https://www.rltt.com.lb/Article/125/berri-at-the-launching-ceremony-of-the-regies-plan/en

²⁸ Regie Libanaise de Tabacs et Tombacs. Á humanitarian gesture from Seklaoui to Tripoli's North Department. 11 April 2021. https://www.rltt.com.lb/Article/570/a-humanitarian-gesture-from-seklaoui-to-tripolis-n/en

²⁹ Regie Libanaise de Tabacs et Tombacs. Awareness Session about Occupational Health and Safety System. 18 February 2022. https://www.rltt.com.lb/Article/611/awareness-session-about-occupational-health-and-sa/en

³⁰ Regie Libanaise de Tabacs et Tombacs. The Regie launches first aid sessions. 25 October 2022.

https://www.rltt.com.lb/Article/653/the-regie-launches-first-aid-sessions/en

³¹ Regie Libanaise de Tabacs et Tombacs. Contribution from Regie Staff to the Lebanese Armed Forces. 14 July 2021. https://www.rltt.com.lb/Article/579/contribution-from-regie-staff-to-the-lebanese-arme/en

2. A month later, the *Regie* announced a new donation to the Lebanese army stating that the money is a collaboration from the head of sales (**16 August 2021**)³².

However, considering the economic crisis, a donation from syndicates, committees and head of sales is not what one would expect.

For farmers:

- 1. The *Regie* (Inventory Department) organized a meeting for farmers from different villages (Debal, Srifa, Hula, and Halba) to address 'combating child labor and ensuring a safe work environment'³³ (**18 May 2022)-** no further details were indicated
- 2. The *Regie* honored one of the farmers children for her outstanding school achievement **(20 July 2022)** ³⁴.
- 3. The *Regie* launched two guiding programmes on 'proper technical methods of taking care of tobacco nurseries' for tobacco farmers in Aitaroun (**06 March 2023**)³⁵ and in Deir Nabouh and Izal (**09 March 2023**)³⁶

Different municipalities and syndicates:

- 1. On two occasions, during the fuel crisis, the *Regie* donated fuel to the fisherman in Tyr (**11 and 21 September 2021**)³⁷
- 2. The *Regie* supported Duma village and other towns by rehabilitating the water source. The project included the construction of water collecting tanks. It was stated that these tanks are to support in setting off fires to protect nature (12 September 2022). ³⁸
- 4. **The** *Regie* **sponsored the** inauguration of the municipal palace in Yamouneh Bekaa (08 October 2022)³⁹

 $^{^{32}}$ Regie Libanaise de Tabacs et Tombacs. Donation from Head of Sales to the Lebanese Army. 16 August 2021.

https://www.rltt.com.lb/Article/584/donation-from-head-of-sales-to-the-lebanese-army/en

³³ Regie Libanaise de Tabacs et Tombacs. Regie launched its guidance program for this season. 18 May 2022.

https://www.rltt.com.lb/Article/615/regie-launched-its-guidance-program-for-this-seaso/en

³⁴ Regie Libanaise de Tabacs et Tombacs https://www.rltt.com.lb/Article/625/within-its-effort-to-encourage-outstanding-student/en

³⁵ Regie Libanaise de Tabacs et Tombacs. Within its effort to encourage outstanding students, children of tobacco farmers: The Regie honors Amira Zreik who ranked first in Lebanon in Brevet. 20July 2022. https://www.rltt.com.lb/Article/686/in-a-seminar-in-aitaroun-the-regie-launched-its-gu/en

³⁶ Regie Libanaise de Tabacs et Tombacs. Guidance session for farmers in Deir Nabouh and Izal. 09 March 2023.

https://www.rltt.com.lb/Article/687/guidance-session-for-farmers-in-deir-nabouh-and-iz/en

³⁷Regie Libanaise de Tabacs et Tombacs. A donation of 3600 L. of fuel from Eng. Nassif Seklaoui to fishermen in Tyre. 11 September 2021. https://www.rltt.com.lb/Article/589/a-donation-of-3600-l-of-fuel-from-eng-nassif-sekla/en

³⁸ Regie Libanaise de Tabacs et Tombacs. Sekaloui visiting a project funded by the Regie in Douma: The Regie's social development strategy should not stop. 12 September 2022. https://www.rltt.com.lb/Article/640/sekaloui-visiting-a-project-funded-by-the-regie-in/en

³⁹ Regie Libanaise de Tabacs et Tombacs. Seklaoui sponsored the inauguration of the municipal palace in Yamouneh – Bekaa: a decision with the Minister of Finance to pay tobacco harvest in fresh dollar. 08 October 2022. https://www.rltt.com.lb/Article/646/seklaoui-sponsored-the-inauguration-of-the-municip/en

- 0 1 2 3 4 5
- 5. The *Regie* inaugurated a public hall in Al Hussaina, Akkar, the event was attended by religious and political figures along representatives from the municipality (16 February 2023)
- 6. The *Regie* in collaboration with the (The United Nations Interim Force in Lebanon) UNIFIL Italian delegation donated a water tank truck to the village Safad el Batikh(**02 March 2022**)40
- 7. The *Regie* supported Al Bahsa by providing funding to drill artesian wells. In appreciation, a delegation from Akkar visited the *Regie* and gave the director an honor shield⁴¹ (07 November 2022)

CSR in coordination with the big tobacco industry:

- 1. The *Regie* mentioned that they offer 100 scholarships to children of farmers each year. In previous years it was noted that this program was in collaboration with Phillip Morris⁴²
- 2. The *Regie*, in cooperation with JTI, conducted a training course for personnel involved in combating smuggling and counterfeit products⁴³ (**1 June 2021**)
- 3. The *Regie* in collaboration with JTI supplied farmers with dispensers to fight pests and diseases⁴⁴(**28 July 2022**)

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) No evidence of government accommodating request to the *Regie* during the review period between April 2021 to March 2023. 7. The government gives privileges, incentives, tax exemptions or benefits to the tobacco industry (Rec 7.3)

The *Regie*, a government owned monopoly implemented a price strategy that consist of pricing tobacco products in the Lebanese market (the retail price) at 48% of the value of the de facto unofficial exchange rate currently used in the Lebanese market⁴⁵.

https://www.rltt.com.lb/Article/609/seklaoui-to-al-akhbar-one-million-dollar-grant-fro/en

https://www.rltt.com.lb/Article/577/training-course-on-combatting-smuggling-and-counte/encenter and the counterest of the counterest of

⁴² Regie Libanaise de Tabacs et Tombacs. Seklaoui to "Al Akhbar": One Million Dollar Grant from the Regie to the Students Abroad. However we do not decide the Mechanism nor the Names. We do not Spare Efforts with Farmers". 19 January 2022.

⁴³ Regie Libanaise de Tabacs et Tombacs. Training course on combatting smuggling and counterfeiting. 01 June 2021.

⁴⁴ Regie Libanaise de Tabacs et Tombacs. In collaboration with J.T.I., the Regie provides farmers with dispensers to fight pests and diseases in their farms. 28 July 2022. https://www.rltt.com.lb/Article/627/in-collaboration-with-jti-the-regie-provides-farme/en

⁴⁵ Regie Libanaise de Tabacs et Tombacs. https://www.rltt.com.lb/article/510/statement-of-clarification-about-the-regies-tobacc/en (accessed December 2021; was removed from the Regie page)

In addition, the Regie has been billing the wholesalers in US\$ since 1985, as per a statement of clarification published on its website. During the crisis, it made the decision of requesting the o pay 40% cash in US\$ while the rest to be paid in Lebanese pound based on two different exchange rates below the black-market rate. Ending up selling a box of cigarettes at 50% of its real value⁴⁶.

On April 2020, a group of lawyers took action against the *Regie* to the financial Public Prosecution for breaching the law by requesting the wholesalers to pay in US\$⁴⁷. However, no action took place since.

The Regie subsidises tobacco farming through a price support system with set quota and price. During the economic crisis and due to the revolt of the farmers, the Regie in coordination with the Speaker of the house and MOF, made the crop purchased for 2022 season in US\$ to maintain the farming sector and support the tobacco farmers. ⁴⁸

The *Regie* explained as an investment enterprise (industrial and business) in the first place, cash-flow in foreign currencies ensures its continuation and the national production process.' Further it explained that 'the selling of these products for wholesalers is done in US Dollars since 1985'.

However, before the economic crisis, the price the LBP and US\$ were used interchangeably in the country and the US\$ was pegged. As well as cash inflow in US\$ was available.

As a government owned monopoly, the *Regie*'s decisions are coordinated with the MOF. However, no information is available if the minister of finance approved this strategy in particular as since 2019, three ministers have served during this period.

INDICATOR 4: Forms of Unnecessary Interaction

8. Top level government officials (such as **President/ Prime Minister or Minister**⁴⁹) 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)

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For the first time we note an array of politicians from various political parties and high level officials visiting the *Regie*.

- 1. A delegation of the *Regie* visited the Minister of Finance Dr. Ghazi Wazni and brief him about the *Regie* 2020 budget (**09 May 2021**)⁵⁰.
- 2. The President of the Higher Customs Council, Brigadier General Asaad Al-Tufaili, visited the *Regie* and mainly checked the department of digital

⁴⁶ Regie Libanaise de Tabacs et Tombacs. Regie clarifies reasons behind dealing by US Dollars with wholesalers. 27 November 2019. https://www.rltt.com.lb/Article/411/regie-clarifies-reasons-behind-dealing-by-us-dolla/en

⁴⁷ Regie Libanaise de Tabacs et Tombacs https://www.lbcgroup.tv/news/d/lebanon/515645/Lebanon-news-lbci/ar

⁴⁸ Regie Libanaise de Tabacs et Tombacs. Seklawi expects treasury revenues from the sector to exceed "one thousand billion L.L. at the end of 2022." 19 December 2022. https://www.rltt.com.lb/Article/668/seklawi-expects-treasury-revenues-from-the-sector/en ⁴⁹ Includes immediate members of the families of the high-level officials

archiving system and praised the Regie's achievements (16 September 2021) 51

- 3. A delegation of the *Regie* visited the new Minister of Finance Dr. Youssef Khalil including the Government Commissioner Mrs. Mirna Baz, and the Financial Controller Carole Youssef. Eng. Seklaoui acquainted the Minister with the conditions of the sector, the *Regie*, and the arrangements of purchasing the harvest from the farmers⁵².(23 September 2021)
- 4. The Ministry of Defense, the Commander of the Army, General Joseph Aoun, gave the *Regie* an honorary shield and a certificate of appreciation of the *Regie* support for the Army (**12 June 2022**)⁵³.



- 5. The MP Toni Franjieh visited the *Regie*. In his visit he praised the *Regie* and called upon other governmental administrative to become automated to enhance their productivity and the situation of their employees (26 September 2022)⁵⁴
- 6. The *Regie* visited the head of the parliament Nabih Berri and discussed the future of tobacco. During the meeting he urged the *Regie* to implement 'fair mechanism enabling farmers to face the production high cost'. (08 September 2022)⁵⁵
- 8. The Lebanese President General Michel Aoun (just before the end of his term in office) awarded the *Regie*'s Director General Eng. Nassif Seklaoui 'the National Order of the Cedar' as an appreciation for his services and was decorated by the head of Parliament. (**24 October 2022**).⁵⁶

⁵¹ Regie Libanaise de Tabacs et Tombacs. The President of the Higher Customs Council visiting the Regie. 16 September 2021. https://www.rltt.com.lb/Article/590/the-president-of-the-higher-customs-council-visiti/en

⁵³ Regie Libanaise de Tabacs et Tombacs. The President of the Higher Customs Council visiting the Regie. 16 September 2021 https://www.rltt.com.lb/Article/619/honoratio-of-the-regies-director-general/en



9. The Minister of Finance visited the *Regie* and attended the event "the journey of success has no finish line. During his visit the minister described the *Regie* as "one of the State's most successful institutions, particularly in the public sector" pointing out that it is

"the institution of hardworking that harmonizes the resources of the earth with the sweat of its descendants, to produce quality and returnable, preserving their decent and free living on the one hand, and providing the state and its treasury with revenues on the other hand, while today it is in dire need of every penny, to rise from its most difficult situation on financial, economic, social and various other fields, especially the political and constitutional complexities' (19 December 2022) 57.



Minister of Finance El Khalil visiting the Regie

10. The Head of the parliamentary bloc Strong Lebanon, MP Gibran Bassil visited the *Regie*, Batroun department. During his visit he praised the *Regie* and described it as a successful institution that benefits the country. He added:

"My mind is always with production and development, and I always receive good news about work in here. So, I came today to closely discover it and I was very happy because

the place is no longer empty as it was years ago." He added, "Since the beginning, the priority was given to the people of the region to work here. Therefore, no more complaints about the department being shut. It is a resource of the state, not just the region." He concluded by saying: "Any succeeding public administration is a benefit to Lebanon, and any harmed administration all Lebanon is harmed with it. We are with you and encourage you to expand and develop the work, which increases production."



- 11. A delegation from the *Regie* visited the Prime Minister Najib Mikati and representatives of the guardian authority (the Government Commissioner Mrs. Mirna Baz, and the Financial Controller Carole Youssef). The delegation briefed him of the *Regie* achievements for year 2022. As well as informed him about the hurdles they are facing in relation to the implementation of the public procurement law. (**02 February 2023**)⁵⁹
- 12. In response to the *Regie* invitation, the Prime Minister Najib Mikati visited the *Regie* and sponsored the inauguration of the 'application of barcoded stamps' in addition to the addition of new production lines. *Regie*'s production line and the launching of "the meeting was attended by the Minister of Finance, Dr. Youssef Al Khalil and the Minister of Industry, George Boushikian, representative of the British Embassy, representatives of international tobacco companies (not specified), *Regie* officials, and heads of tobacco and Tumbac syndicates in Akkar, South and Bekaa. He underlined the *Regie* sustainable development strategy in which it seeks to humanize its work through the development of tobacco-growing villages.

The Prime minister said:

I am pleased to be among you today to witness together a new success of the *Regie*, and to closely examine the story of a public institution that had been able to reach world level due to the vision of its officials and their wise management.

Regie Libanaise de Tabacs et Tombacs. The Head of the parliamentary bloc Strong Lebanon, PM Gibran Bassil visiting the Regie in Batroun: every succeeding public administration is a benefit to Lebanon. 12 January 202

[.] https://www.rltt.com.lb/Article/672/the-head-of-the-parliamentary-bloc-strong-lebanon/en

Regie Libanaise de Tabacs et Tombacs. Mikati received a Regie delegation informing about its achievements. 02 February 2023. https://www.rltt.com.lb/Article/679/mikati-received-a-regie-delegation-informing-about/en

What matters to us is that this story of profitability continues with the alignment between reducing the social costs of smoking and decreasing the health bill by reducing the number of smokers, raising prices to achieve needed resources

Tobacco, and limiting the number of consumers"60.

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)

to enhance their capabilities (28 November 2021)⁶¹.

contribution for these activities) (Rec 4.3)

The *Regie* has its own anti-smuggling unit. In 2021, the anti-smuggling unit at the *Regie* received a military training at the Lebanese Army Land Border Training Centre in order

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The *Regie* received a delegation of the British (OPSEC SECURITY) and Lebanese (SCOPSIS) companies to discuss lunching a track and trace system⁶² (04 November 2021).



The Prime minister was invited to lunch the "application of barcoded stamps" in addition to new production lines by the *Regie*. (On 26 February 2023) Mikati praised the work of the *Regie* and said:

"I am pleased to be among you today to witness together a new success of the *Regie*, and to closely examine the story of a public institution that had been able to reach world level due to the vision of its officials and their wise management. What matters to us is that this story of profitability continues with the alignment between reducing the social costs of smoking and decreasing the health bill by reducing the number of smokers, raising prices to achieve needed resources Tobacco, and limiting the number of consumers"

⁶¹ Regie Libanaise de Tabacs et Tombacs. Military training to the Regie's Anti-Smuggling Unit at the Lebanese Army Land Border Training Center. 28 November 2021. https://www.rltt.com.lb/article/606/military-training-to-the-regies-anti-smuggling-uni/en



He added:

"We came to you to acknowledge your efforts in coding your products, due to its implications on tracking tobacco products and preventing counterfeiting and smuggling, in order to preserve the State's financial resources. We came to say that we, as a country, can manage productive and investment sectors successfully, if officials managed to respond to the requirements of the markets within the mentality of private sector⁶³

We, as a government, must provide the institutional ground for the growth of the productive sectors, and you must complete the path of success to ensure the sustainability of supplying the treasury with revenues while working to reduce the social costs of smoking by increasing prices and reducing the number of smokers through your financial means

The *Regie* report on its website, they confiscated the smuggled products and fines against the smugglers were issued. *Regie* website also says, "*Please note the possibility of pleading before the General Department which could reduce the fine.*"

10. The government accepts, supports, endorses, or enters into partnerships or non-binding agreements with the tobacco		3	
partiterships of non-binding agreements with the tobacco			

 $^{^{64} \} Regie\ Libanaise\ de\ Tabacs\ et\ Tombacs.\ The\ Fight\ Against\ Smuggling.\ https://www.rltt.com.lb/Article/29/the-fight-against-smuggling/en$

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industry or any entity working to further its interests. (Rec						
3.1)						
NOTE: This must <u>not</u> involve CSR, enforcement activity, or						
tobacco control policy development since these are already						
covered in the previous questions.						
On 07 August 2022, the Regie, as a SOTM signed an agreement wit	h B	AT t	0			
manufacture Lebanese tobacco product in Jordan. Although no off	icial	rep	ores	ent	ativ	e
from the government attended, but a previous Lebanese minister,	pro	-pr	ivat	isat	ion	of
the <i>Regie</i> , considered that this partnership does not aim to serve t	he e	con	om	y of	•	
Lebanon, but serves the interest of politicians ⁶⁵ .						
INDICATOR 5: Transparency	ı					
11. The government does not publicly disclose meetings/						
interactions with the tobacco industry in cases where such						5
interactions are strictly necessary for regulation. (Rec 2.2)						
No procedure by the government in place or has been reported in	the	nev	vs c	lurii	ng t	he
investigation period.						
12. The government requires rules for the disclosure or						
registration of tobacco industry entities, affiliated		1				
organizations, and individuals acting on their behalf						
including lobbyists (Rec 5.3)						
In 2021, the government issued the Public Procurement Law 24	-					
sound financial governance and ensure transparency and accountability 66 within						
public institutions in general. The Regie, considered this as a hur	dle	tha	t or	str	uct	its
$ m work^{67}.$						
INDICATOR 6: Conflict of Interest						
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						5
require full disclosure of such contributions. (Rec 4.11) 1						
Never 5 Yes						
The government does not prohibit contributions from the tobacco	ind	net	rv			
The government does not promble contributions from the tobacco	mu	ust	ıy.			
14. Retired senior government officials form part of the tobacco						
industry (former Prime Minister, Minister, Attorney General)	0					
(Rec 4.4)						
There is no publicly available information on this						
<u> </u>						

 65 Lebanon24. Lebanese Cigarettes manufactured in Jordan. (translated title) . 01 February 2023. https://www.lebanon24.com/news/lebanon/1034274/%D8%B3%D8%AC%D8%A7%D8%A6%D8%B1-

https://www.lebanon24.com/news/lebanon/1034274/%D8%B3%D8%AC%D8%A7%D8%A6%D8%B1-%D9%84%D8%A8%D9%86%D8%A7%D9%86%D9%8A%D8%A9-%D9%85%D9%8F%D8%B5%D9%86%D8%B9%D8%A9-%D9%81%D9%8A-%D8%A7%D9%84%D8%A3%D8%B1%D8%AF%D9%86

⁶⁶ Bissat M.L., Abou Khaled B. Transforming Public Procurement: Lebanon's Path to Efficiency, Social Value, and Transparency. 10 November 2021. https://lp.gov.lb/backoffice//uploads/files/Presentation%20-

^{%20}Public%20Procurement%20Law%20in%20Lebanon%20-%20Aug2021%20-%20English.pdf

⁶⁷ Regie Libanaise de Tabacs et Tombacs. A Regie delegation visits the Chairman of the Public Procurement Authority, Dr. Jean Alia, in his office at the Authority. 25 January 2023. https://www.rltt.com.lb/Article/676/a-regie-delegation-visits-the-chairman-of-the-publ/en

	0	1	2	3	4	5
15. <u>Current government officials</u> and relatives hold positions in					_	J
the tobacco business including consultancy positions. (Rec					4	
4.5, 4.8, 4.10)						
No similar information was publicly available although news re	epo	rt a	ddr	esse	es t	he
issue of clientelism ⁶⁸						
INDICATOR 7: Preventive Measures						
16. The government has put in place a procedure for disclosing						
the records of the interaction (such as agenda, attendees,						5
minutes and outcome) with the tobacco industry and its						
representatives. (Rec 5.1)	nnt i	nto	no of	ion	i t	-h
There is no procedure in place to disclose the records of government the tobacco industry.	ent i	inte	raci	.1011	WIL	,11
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);						5
1 for whole of government code; 2 for Yes but partial if only						
МОН						
The government has not formulated, adopted or implemented a co	de	of c	ond	uct	for	
public officials in their dealings with the tobacco industry.						
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,			3			
philanthropy, political contributions and all other activities.						
(5.2)						
While the tobacco industry is required to submit information on to	oba	ССО	pro	duc	tion	 1
C241[1], content C242[1]and manufacture for tax purpose, howev						
requirement for the industry to submit other information such as	mar	ket	sha	ıre,		
marketing expenditures, lobbying, philanthropy, and others.						
19. The government has a program / system/ plan to						
consistently ⁶⁹ raise awareness within its departments on						5
policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)						
Since 2014, the government reports that it has been implementing						
Guidelines ⁷⁰ however no details are available on what this entails.						
in Q8, Q9 and Q10 it appears the several government departments	are	un	awa	are (of th	ıe
obligations of Article 5.3 applies to the whole government.						
20. The government has put in place a policy to disallow the						
acceptance of all forms of contributions/ gifts from the			2			
tobacco industry (monetary or otherwise) including offers of			2			
assistance, policy drafts, or study visit invitations given or						

Khalil A. Regie Scholarship for Struggling Students: Children of Representatives and Diplomats Among the Beneficiaries!
 January 2020. https://al-akhbar.com/Politics/328335
 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.

	0	1	2	3	4	5
offered to the government, its agencies, officials, and their relatives. (3.4)						

There is no policy put in place to disallow the acceptance of contributions/ gifts specifically from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations.

However, **Article 32 of the 2020 Budget Law** passed in 2022, prohibits public institutions from giving donations from their revenues. But this is limited to monetary donations and does not prohibit study visits and other technical assistance.

During an event, the *Regie* general director comment on this even calling to amend the article 32 of the 2020 budget law so that public administrations with financial income are again allowed to allocate a small part of their profits to support local development projects in municipalities⁷¹".

"We do not agree on stopping contributions to the implementation of projects that improve people's conditions," recalling that "more than 260 development projects have been implemented with funding from the *Regie* in Akkar, the Bekaa and the South". "Why to deprive these regions from such projects at a time when the state does not offer an alternative?"

TOTAL SCORE 60

⁷¹ Regie Libanaise de Tabacs et Tombacs. Seklaoui sponsored the inauguration of the municipal palace in Yamouneh – Bekaa: a decision with the Minister of Finance to pay tobacco harvest in fresh dollar. 08 Obtober 2022. https://www.rltt.com.lb/Article/646/seklaoui-sponsored-the-inauguration-of-the-municip/en

Annex A: Sources of Information

	TOP TOBACCO COMPANIES/ DISTRIBUTORS	MARKET SHARE	BRANDS	SOURCE
I	The Regie Libanaise Des Tabacs Et	63.7%		https://www.rltt.com.lb/
	Tombacs (Regie)			
2	Philip Morris; ii) iii) and iv)	17.9%		
3	Japan Tobacco inc.	6.3%		
4	Imperial Tobacco international Ltd	6.8%		
5	British American Tobacco	5.6%		

	TOP MEDIA/ NEWSPAPERS	URL
1	Janoubia	https://janoubia.com/
2	Al Kalima online	http://alkalimaonline.com/
3	The Executive magazine	https://www.theexecutivemagazine.com/
4	Almanar News	https://www.almanar.com.lb/
5	Lebanon24	https://www.lebanon24.com/
6	AlAkhbar	https://al-akhbar.com/
7	lbcgroup	https://www.lbcgroup.tv/

	MAIN TOBACCO INDUSTRY ALLIES/ FRONT GROUPS	TYPE (FRONT GROUP, LOBBY GROUP, INDIVIDUAL)	SOURCE
1			
2			
3			

