

Chile



SUMMARY OF FINDINGS

1. Industry Participation in Policy Development

British American Tobacco (BAT) Chile has continued intensive lobbying of public agencies involved in the tobacco trade, including the Customs Service, the Internal Revenue Service (SII), and representatives of the Ministry of Finance. The company has consistently highlighted high levels of illicit tobacco trade and tax evasion, attributing these to taxes imposed on tobacco products in Chile. These arguments were raised during meetings with agency representatives in the context of discussions on tax reform and corrective taxes. Public agencies remain receptive to industry engagement, participating in training sessions organized by BAT and collaborating through the Illicit Trade Observatory. However, these efforts have not produced policy outcomes favorable to the tobacco industry (TI). The TI has also not been invited to join the government delegation to the COP.

2. Industry CSR Activities

BAT Chile does not directly promote its corporate social responsibility (CSR) activities; instead, it relies on organizations and institutions that benefit from its support to publicize these initiatives.

3. Benefits to the Industry

Through a 2024 amendment to the tobacco law, the government authorized the use of certain electronic devices in public spaces as part of medically certified smoking cessation strategies. At the same time, discussion of the tobacco control bill, which proposes additional regulatory

measures, has not been prioritized and remains inactive in the Chamber of Deputies. The public prison administration agency also documented large-scale purchases of cigarettes. These purchases were not funded with public resources but were financed through contributions from the inmates themselves.

4. Unnecessary Interaction

BAT Chile visited the National Customs Service on four occasions to discuss cigarette smuggling and offered training for the Service's personnel on strategies to combat illicit trade. Similarly, BAT Chile representatives met four times with the two highest authorities of the SII to propose replacing the current cigarette traceability system (SITRAF) with the company's preferred system (SICPA). In addition, BAT Chile held meetings with two deputies, during which the company presented smuggling and tax evasion figures based on studies funded by the TI.

5. Transparency

The government requires corporations to comply with registration rules under the State Lobbying Law; however, these requirements are not specific to the TI. A total of 26 BAT Chile lobbyists have registered on the State Lobbying Law platform, and some have held meetings with government authorities.



6. Conflict of Interest

The government has not prohibited contributions from the TI, although political campaign donations are regulated and must be disclosed. To date, there are no records of contributions from the TI. Likewise, no evidence has been identified of high-ranking government officials participating in TI-organized activities.

7. Preventive Measures

The government has established a procedure for disclosing records of interactions, including agendas, attendees, and minutes, for all individuals and companies requesting meetings with government authorities, as mandated by the Lobbying and Active Transparency Acts. While this system allows monitoring of meetings between the TI and government authorities, it is not specifically designed to track industry-related activities.

RECOMMENDATIONS

1. Withdraw government participation from the Illicit Trade Observatory and avoid the involvement of government authorities in TI-related activities.
2. Strengthen the mechanism for recording and disclosing interactions with the TI, ensuring that engagements are strictly limited to those necessary for regulation.
3. Ratify the Protocol to Eliminate Illicit Trade in Tobacco Products, which entered into force globally on September 25, 2018, to help eradicate illicit trade through coordinated international measures and prevent opportunities for TI influence in policymaking.