

Costa Rica



SUMMARY OF FINDINGS

1. Industry Participation in Policy Development

The Mixed Commission Against Illicit Trade continues to be the most influential body for business chambers to defend the tobacco industry's (TI) positions on regulating illicit trade in tobacco products. Representatives of the chambers enabled the Commission to analyze and issue opinions against bills that threatened the commercial interests of TI companies. The Commission also received an offer of technical assistance from Crime Stoppers International, an organization that has established itself in Costa Rica in recent years, held high-level meetings with legislative and government authorities, and is known to have worked closely with the TI and the Transnational Alliance to Combat Illicit Trade.

While there was no evidence that the government accepted or supported bills drafted by or in collaboration with the TI, documentation shows that business chambers, representing Philip Morris International and British American Tobacco, opposed two bills before the Legislative Assembly aimed at regulating cigarette butt contamination and increasing tobacco taxes. By contrast, they supported a bill to relax regulations on Electronic Nicotine Delivery Systems (ENDS), Electronic Non-Nicotine Delivery Systems (ENNDS), heated tobacco, and similar devices, which these companies have marketed in Costa Rica for several years. The Minister of Health publicly denounced the legislative proposal to eliminate the specific tax on these devices, already established under Law No. 10.066.

The Institute of Technical Standards of Costa Rica developed a new technical quality standard for tobacco and nicotine products, specifically INTE Q235:2024, covering the

composition and manufacture of oral nicotine pouches. This standard may create an impression of quality and safety for a product known to be harmful to consumers' health.

2. Industry CSR Activities

Philip Morris International expanded its corporate social responsibility (CSR) project "Costa Rica is Not an Ashtray," which involves collecting cigarette butts through partnerships with local governments in the Metropolitan Area and the School of Chemistry at the University of Costa Rica. The initiative was joined by the municipalities of Escazú, Tibás, and San José. The project coincided with the Legislative Assembly's rejection of a bill aimed at reducing environmental pollution from cigarette butts.

3. Benefits to the Industry

The Ministry of Health postponed publishing regulations for Law No. 10.066 for more than two years, leaving the law ineffective in regulating ENDS, ENNDS, heated tobacco, and similar devices.

Meanwhile, the TI worked with the Chamber of Commerce of Costa Rica, which, through the Ministry of Economy, Industry, and Commerce, informed the Ministry of Health of proposed regulatory changes. These changes sought to extend the transition period between health warning campaigns from two months to six months, arguing the shorter period made it difficult to sell existing inventory and allegedly encouraged illicit trade.

At the time of writing, the Ministry of Health had not published the tenth health warning campaign required

under Decree No. 37.778-S. This delay benefits the TI since the Decree specifies new campaigns must be notified 12 months in advance. The longer the delay, the longer the TI may use the existing warnings.

The Government of Costa Rica ratified a free trade agreement with Ecuador. The Ministry of Foreign Trade conducted a study on trade relations between the two countries, focusing on tobacco and cigarettes. The final agreement stipulated that Ecuadorian tobacco would enter Costa Rica tariff-free.

4. Unnecessary Interaction

Government officials participated in a discussion on illicit trade organized by the Costa Rican American Chamber of Commerce, where the issue of smuggled cigarettes was addressed. A regional representative of Crime Stoppers International, an organization with TI links, served as a guest speaker.

Two Legislative Assembly deputies also attended the inauguration of Philip Morris International's CSR project "Costa Rica is Not an Ashtray" in three municipalities. Both deputies were members of the Special Environmental Commission that voted against the bill to reduce environmental pollution from cigarette butts.

5. Transparency

Costa Rica continues to lack transparent mechanisms for managing necessary relations with the TI. For example, representatives of the Ministry of Economy, Industry, and Commerce formed a technical consultation committee with representatives of Philip Morris International, British American Tobacco, business chambers, oral nicotine pouch vendors, a consumers' association, and a vaping association to develop the quality standard INTE Q235:2024. No public records or meeting minutes are available.

6. Conflict of Interest

No evidence was found linking TI interference events to conflicts of interest.

7. Preventive Measures

Costa Rica lacks preventive measures to address TI interference, such as a program to implement Article 5.3 of the WHO FCTC, a public registry of interactions with the TI, or a specific code of conduct for government officials.

A bill was introduced in the Legislative Assembly to prevent conflicts of interest and lobbying by economic power groups, but it has made little progress in committee.

RECOMMENDATIONS

1. The Ministry of Health should prioritize the proven effectiveness of health warnings on tobacco product labeling over TI commercial interests. Health warnings must be rotated annually without excessive transition periods or unnecessary delays.
2. The Ministry of Health should develop an internal code of conduct to regulate officials' interactions with the TI and implement a consistent intergovernmental education program on Article 5.3 guidelines.
3. The Legislative Assembly should approve pending bills that would strengthen tobacco control, including increasing taxes to cover healthcare costs from tobacco use, requiring the Ministry of Finance to transfer these funds to the Costa Rican Social Security Fund, enforcing stricter regulations on electronic nicotine delivery devices and similar products while retaining the specific tax, and establishing restrictions on lobbying by economic power groups to prevent conflicts of interest.