

# Sri Lanka

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## Summary of Findings

### 1. Industry participation in policy development

There is no evidence to support that the government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control. Furthermore, the Ministry of Health remains committed to implementing strong tobacco control measures. Since 2015, pictorial health warnings are already in place covering 80% of the pack, providing tar and nicotine content.

### 2. Industry CSR activities

British American Tobacco (BAT), the parent company of Ceylon Tobacco Company (CTC) has mentioned several environmental, social and governance (ESG) projects conducted in Sri Lanka in their 2020 ESG report such as installing water filtration plants in partnership with the Sri Lankan navy during the COVID-19 pandemic. CTC was also involved in reforestation projects in conjunction with government agencies.

### 3. Benefits to the industry

There are still irregularities in tobacco taxation in Sri Lanka. The Tobacco Free Initiative of the World Health Organization (WHO) recommends minimization of incentives for tobacco users to switch to cheaper brands or products in response to tax increases. Tobacco tax in Sri Lanka is a combination of Excise and VAT but this may change in the future, as a GST (at a rate of 40%) for certain goods including cigarettes was announced at the 2021 budget speech. Ad valorem taxes are a step back from the current specific taxes; more appropriate

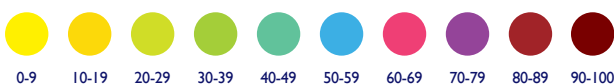
action would be to minimize the irregularities in the tiered taxation based on stick length. Since 2020 the ban on single stick sale has still been delayed. The National Authority on Tobacco and Alcohol (NATA) announced the drafting of legislation to ban the sale of single cigarettes in September 2020. There were previous attempts to ban the single cigarette sale in the 2018 draft bill but it was not approved. The finance minister later revealed the objection was because it may reduce the tax revenue due to reduced cigarette sales and switching to bidi. Plain packaging has been on hold since 2018. Introduction of plain packaging got cabinet approval in 2018 but was delayed due to administrative causes unrelated to industry interference.

### 4. Unnecessary interaction

Smuggled cigarettes confiscated by Sri Lanka customs were destroyed with the support of CTC in the CTC premises. Also, in another instance, CTC CEO/MD Nedal Salem took part in destroying illicit cigarettes confiscated by the officers of Sri Lanka Customs' Central Investigation Bureau (CIB). Introduction of a nicotine-free cinnamon cigarette received strong backing from the Minister of Industries.

### 5. Transparency

Interactions with the tobacco industry are not disclosed publicly. The government does not require registration of tobacco industry entities, affiliated organizations and individuals acting on their behalf including lobbyists.



## 6. Conflict of interest

The government does not prohibit contributions to political parties from the tobacco industry or any entity working to further its interests. There were instances where people who worked with the tobacco industry joined government positions in the past. The government does not specify a period of non-involvement to persons previously employed by the tobacco industry. Also, Sri Lanka has a lack of campaign finance laws thus candidates or parties are not required to disclose information on the funds spent on their campaigns or donations received.

## 7. Preventive measures

The government has not put in place a procedure for disclosing the records of interactions with the tobacco industry. But NATA has developed guidelines to implement Article 5.3 in 2019, which addresses the previous lack of program or plan to consistently raise awareness on Article 5.3 within its departments. Although the guideline is developed it is not currently being implemented. Tobacco production, imports and the quantity of manufactured cigarettes must be disclosed for taxation purposes. However, there is no procedure to report lobbying, philanthropy and political contributions. While there is a code of conduct for government/public officials to restrict acceptance of gifts and contributions for their service other than what is already allowed in the establishment code or departmental protocols, this does not restrict government officials from taking part in events or study visits sponsored by the tobacco industry.

## Recommendations

1. Implement a comprehensive ban on all forms of tobacco industry-related corporate social responsibility (CSR) activities as recommended in the WHO Framework Convention on Tobacco Control (FCTC) guidelines.
2. The government should implement the national guidelines on Article 5.3 of the WHO FCTC.
3. Tobacco-related policies such as taxation need to be given high priority as public health measures and should be based on evidence-based and scientific methodologies to avoid industry manipulation. Guidelines for implementation of Article 6 of the WHO FCTC states specific uniform tax systems are easy to implement and administer, because only the volume, and not the value, of the product needs to be ascertained.
4. Awareness programs on WHO FCTC Article 5.3 should be conducted regularly for government officials and across all its departments.
5. There should be exit policy term limits for retired government officials for five years so that they do not join the tobacco industry immediately and a cooling-off period should be specified for former tobacco industry executives who want to serve in public office.
6. Expedite implementation for the code of conduct for government officials.
7. The government should require rules for the disclosure of tobacco industry affiliated organizations, individuals acting on behalf of the tobacco industry and lobbyists.