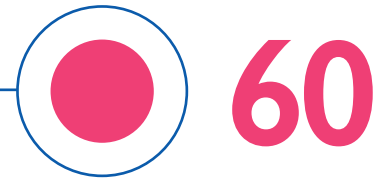


Lebanon



Summary of Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

In line with the Article 5.3 guidelines all activities conducted by the Regie tobacco monopoly were considered as tobacco industry (TI) activities impeding the implementation of tobacco control in Lebanon. Given the current economic crisis in the country priorities are shifted away from tobacco control and focused on basic needs, no major changes took place in the country with respect to tobacco control.

2. INDUSTRY CSR ACTIVITIES

As in prior reports the CSR activities of the Regie in the different municipalities are often attended by politicians and religious figures. There were two visits from foreign country representatives recorded, the German ambassador and the commerce and economy Charge d'affaires of the Bulgarian embassy. The purpose of their visit was not outlined.

The Regie's CSR activities included support to i) its employees, ii) monetary donations, iii) farmers, and iv) municipalities and syndicates. Some of those activities were conducted in coordination with one of the transnational tobacco companies.

3. BENEFITS TO THE INDUSTRY

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

The government did not contest the price strategy implemented by the Regie, rendering the tobacco product

price cheaper than in neighboring countries. Outbound smuggling of tobacco from Lebanon to other countries has increased as a result, confirmed by the Regie, which has also led to increases in its sale as per the administration.

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

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

4. UNNECESSARY INTERACTION

This report notes for the first time the diversity and rank of political party representatives visiting the Regie. The Prime Minister inaugurated new production lines at the Regie and a track and trace system. The Regie noted this was the first time that a PM visited 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"*.

5. TRANSPARENCY

There is still no procedure in place to ensure transparency when the government meets with the TI, nor are there rules for the disclosure or registration of TI entities.



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

6. CONFLICT OF INTEREST

There has been no changes recorded since 2019, and no publicly available data recording senior retired officials engaging with the TI.

7. PREVENTIVE MEASURES

Lebanon does not have a plan yet for implementation of Article 5.3.

While the TI is required to submit information on production and manufacture for tax purposes, there is no requirement for the industry to submit other information such as market share, marketing expenditures, lobbying, philanthropy, and others. There are no procedures in place for disclosing government interactions with the TI, nor an official code of conduct to govern officials in their dealings with the TI.

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

1. Article 32, a ban on public institutions from contributing monetary funds, should be reinforced and prevented from any sort of amendment.
2. The Regie, a state-owned tobacco monopoly, must be treated like any other tobacco company.
3. There must be a procedure in place to disclose the records of government interaction with the TI (such as agendas, meetings, MOU).
4. There must be a procedure in place to prevent unnecessary interaction of government officials with the TI.
5. A code of conduct should be adopted by the government to guide officials when dealing with the TI. The MOPH, through its Tobacco Control Program, should lead in writing those procedures.
6. The TI 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.
7. The Public Procurement Law 244 / 2021 to ensure sound financial governance, transparency and accountability must be enforced on all tobacco products procurements
8. The government should work on raising awareness within its departments on policies related to WHO FCTC Article 5.3. Similar activities could be coordinated between the MOPH through its National Tobacco Program, civil society, and academia.