

# Ethiopia



## Summary of Findings

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

According to Ethiopian Food and Drug Administration Proclamation No. 1112/2019, the Government does not accept, support, or endorse any offer for assistance by or in collaboration with the tobacco industry (TI) in setting or implementing public health policies relating to tobacco control. However, the agreement with JTI, the majority shareholder of the National Tobacco Enterprise (NTE), during privatization allows the industry to comment when any tobacco-related law is being developed. Due to this the TI was able to exert pressure on public health laws, particularly the amendment of the excise tax proclamation. The TI and its allies publicly opposed the current tax rate on tobacco products, and requested a further reduction.

Ethiopia's delegation to the COP meetings and the National Tobacco Coordination Committee does not include any representatives from the TI.

### 2. INDUSTRY CSR ACTIVITIES

Government officials do not endorse, accept, or participate in tobacco-related CSR activities. However, the NTE, via its major shareholder, JTI, has engaged in various CSR activities such as providing scholarships for Ethiopian students and participating in community water supply and sanitation services. In May 2021, the Japanese Embassy in Ethiopia and JTI entered into a Memorandum of Understanding (MOU) to cooperate and provide scholarships to Ethiopian students in Japan. JTI promoted its CSR activities on Twitter to provide clean water supply and improved sanitation services for more than 3,000 habitats in Ethiopia.

### 3. BENEFITS TO THE INDUSTRY

Government officials' actions showed their strong support for the success of JTI. Even though the Ministry of Council required the Ministry of Finance to impose a 10% tax increase on harmful products each year, there is no change in excise tax rate on tobacco products this year. Although the inflation rate in Ethiopia is soaring, the ministry of finance did not respond by adjusting the tax rate accordingly. In the amendment to the tax bill, the Ministry of Finance presented the old tax rate on tobacco products, which included banned products (electronic cigarettes and shisha) as taxable goods. This completely contradicts the tobacco control bill. The TI used illicit trade as an argument and was able to persuade the government to weaken tobacco taxation. As a result, a low excise tax i.e., 30% plus 8 birr per pack of cigarettes (20 single sticks) has been imposed.

### 4. UNNECESSARY INTERACTION

Proclamation 1112/2019 forbids the government from accepting any assistance from the TI on any enforcement activities or entering into any partnership with it. The Custom Commission, under the Ministry of Revenue, signed an MOU with the JTI/NTE to fight illicit trade in June 2019. However, due to strong advocacy work from regulatory bodies and civil society, the customs commission stopped the partnership with NTE to fight contraband products. This is one of the milestones that the regulatory body achieved during the period under review.



## 5. TRANSPARENCY

Proclamation 1112/2019 under article 51 sets out the procedure for all interaction between public officials and the NTE:

1. Interaction between any government organ responsible for adoption of public health policy and the tobacco industry be limited to only those strictly necessary for effective regulation of the industry or tobacco products.

2. Any interaction made in accordance with sub-article (1) of this article, and whenever the TI contacts the government to initiate an interaction of any kind, the appropriate government officials shall ensure full transparency of the interaction and of the contact, and it shall be appropriately documented.

Tobacco control directive No. 727/20217 requires disclosure of any communication between the government and tobacco industry to any interested citizen, who shall be given a copy of such record upon request by anyone or the Authority. In this regard, the meeting's minutes were recorded during the meeting between FDA and NTE.

## 6. CONFLICT OF INTEREST

Tobacco control directives (number 771/2021) that emanate from proclamation 1112/2019 under section Protection against Conflict of Interest states that:

1. Any government employee who engaged either directly or indirectly in any tobacco trade shall not participate in any kind of tobacco control activity.

2. No government employee shall participate in a research or evaluation of research which is directly or indirectly supported by the tobacco industry.

The law requires any affiliation to the TI by a member of the tobacco control board be declared to determine any potential conflict of interest.

## 7. PREVENTIVE MEASURES

The Ethiopian government has a national tobacco control coordination committee and Tobacco Industry Monitoring and Response Team that strive to realize the multisectoral response, under the auspices of the Ethiopian Food and Drug Authority (EFDA). The committee is comprised of potential stakeholders from different sectors with clear and defined roles and responsibilities. The involvement of these stakeholders is a critical milestone in institutionalizing and mainstreaming all tobacco control efforts in their respective institutions. Furthermore, the government is formulating a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the TI as required by proclamation 1112/2019.

# Recommendations

1. According to Proclamation 1186/2020 Article 10 and sub-articles 1 and 2, the Ministry of Finance should increase the tax rate on tobacco products, adjust for inflation, every year. Furthermore, the government should remove electronic cigarettes and shisha products from the draft excise tax bill as these are banned.
2. Inventory on the TI – establish a repository that is readily available to the public on information about the tobacco industry.
3. The NTE privatization agreement should be revised in accordance with Article 5.3.