

JAPAN

2021

TOBACCO
INDUSTRY
INTERFERENCE
INDEX

Introduction

This is Japan’s fifth country report¹ assessing the implementation of the WHO Framework Convention on Tobacco Control (FCTC) Article 5.3.² This report shows that Japan continues to lag far behind in practically every aspect in the implementation of Article 5.3 Guidelines. There is strong interference from the tobacco industry to weaken and/or delay tobacco control policy measures. The government still owns 33 percent of Japan Tobacco Group (JT) which brings the government in direct conflict situation in implementing the FCTC.

JT in its 2020 annual report³ describes its international brand portfolio includes both cigarettes (Winston, Camel, MEVIUS and LD) and so called ‘reduced risk products’ Ploom and Logic.⁴ The international arm of JT, Japan Tobacco International (JTI), sells tobacco products in over 130 countries/ regions and aims to continue to steadily grow as a global tobacco company. In 2020, the Japanese domestic cigarette market continued to decrease but tobacco and cigarettes remains the core and main driver of the Group’s profit growth.

Transnational tobacco companies showcase Japan as the world leader in heated tobacco products however its growth has slowed. Since its introduction in Japan, it occupies 23% of JT’s total domestic tobacco market. In November 2020, JT introduced Ploom TECH+ in Tokyo as well as at the online store.

JT cigarette sales decreased 7.9% to 75.5 billion units due to a decline caused by a tax increase. In 2019, JT launched little cigars as a measure to prevent smokers from switching to other international brands sold in Japan. In 2020, sales of these cigars had increased. Despite its rhetoric about reduced risk products, JT introduced MEVIUS slim cigarettes at a cheap price in October 2020.

<p>JT boosted sales of Camel cigars in 2020</p>	<p>JT’s Ploom TECH, a vapor product offering a variety of flavors</p>

¹ Tobacco Industry Interference Index: Asian report on implementation of WHO Framework Convention on Tobacco Control Article 5.3. Southeast Asia Tobacco Control Alliance.

<http://seatca.org/dmdocuments/SEATCA%20I%20Interference%20Index%202018.pdf>

² WHO FCTC. Guidelines for implementation of Article 5.3; 2008

http://www.who.int/fctc/treaty_instruments/Guidelines_Article_5_3_English.pdf

³ Japan Tobacco 2020 Annual Report. <https://www.jti.com/sites/default/files/global-files/documents/jti-annual-reports/integrated-report-2020.pdf>

⁴ Japan Tobacco Inc. Annual report 2019

https://www.jt.com/investors/results/integrated_report/pdf/2019/integrated2019_E_all.pdf

To maintain sustainability of the business, Japan Tobacco's strategy is, "We will ensure the company is included in policymaking leading to fair and balanced regulation and enhance our cooperation with governments to combat illegal trade."³ JT will also continue to engage with law enforcement agencies. JT has identified tax increase as a risk to its business and its strategy to mitigate this is to promote understanding among relevant authorities that "substantial or repeated tax increases do not necessarily serve their purpose."³

The government's direct ownership and supervision of the tobacco business in Japan has a big impact on tobacco control and undermines or delays effective measures from being adopted and implemented. This report will illustrate where the weaknesses lie.

Summary Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

The existence of Tobacco Business Act has a strong association between the tobacco industry and the Government who controls 33% of Japan Tobacco Inc. (JT). Policy makers enables JT to participate and interfere in policy development which further weakens policies such as legislation on 100% smoke-free public places. However, in 2018, Tokyo Governor Yuriko Koike, in consultation with experts from the public health community such as Haruo Ozaki, Chairman of Tokyo Medical Society successfully implemented Passive Smoking Prevention Ordinance in Tokyo before the 2020 Olympic Games. Japanese Government has followed it through to make a law. They are fully enforced on April 1st 2020.

2. INDUSTRY CSR ACTIVITIES

JT conducts numerous tobacco related CSR activities including sponsoring sports tournaments, games, and cultural activities. The Tobacco and Salt Museum which serves to promote to the public the various aspects of tobacco over the years is partly owned by the government.

3. BENEFITS TO THE INDUSTRY

The government of Japan allows the tobacco industry to advertise, sponsor activities, apply ineffective text-only warnings on cigarette packs. The FCTC is not effectively implemented, benefiting the tobacco industry to continue to promote its business.

Tobacco tax rate is not optimal yet. According to a news report, “Cigarette prices in Japan are kept lower than in many other countries because the government manipulates them to prevent a sharp decline in consumption.”⁵

JT and other transnational tobacco companies such as Philip Morris International (PMI) are aggressively propagating heated tobacco products in the media as “new tobacco products with reduced harm.” This is highly misleading to the public as these products are not harmless, nor free from harm. Heat-not-burn products are taxed significantly lower than conventional cigarettes. For example, while tax for cigarette brand Mevius is 63.1%, iQOS of PMI is 49.2%, GLO of BAT 36% and Ploom TECH of JT is only 14.9%.

International travelers are allowed to bring in 400 cigarettes, 100 cigars, 20 individual packages of heated tobacco products, or 500 grams of other kinds of tobacco or a combination

4. UNNECESSARY INTERACTION

By virtue of the fact that the Ministry of Finance owns part of JT, the tobacco industry

⁵ Sentaku. April 2017 <http://www.japantimes.co.jp/opinion/2017/04/23/commentary/japan-commentary/poverty-politics-tobacco-policy/#.WYWe51FLfU>

has a close relationship with the Ministry of Finance and the ruling political party, Liberal Democratic Party (LDP).

5. **TRANSPARENCY**

Meetings between top level officials, such as ministers, with the JT are not publicly disclosed. There is no register for private tobacco companies operating in Japan such as PMI and BAT or their lawyers and consultants acting on their behalf.

6. **CONFLICT OF INTEREST**

There is no prohibition on contributions from the tobacco industry to political campaigns. High level officials, upon their retirement from government service, move to top leadership position in JT.

7. **PREVENTIVE MEASURES**

There is no public record of effort by the government to regularly raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. The government has not put in place a procedure for disclosing records of interaction with the tobacco industry and its representatives. The government has not implemented a code of conduct for public officials, prescribing the standards they should comply in their dealings with the tobacco industry.

While the Minister of Finance has disclosed his ownership of shares in JT, however this still presents a conflict of interest to tobacco control. The Ministry of Finance has jurisdiction over the Tobacco Business Act which has provisions on tobacco control such as advertising restrictions and health warnings on tobacco packaging.

Japan Society for Tobacco Control has made many calls on the government to take action to strengthen tobacco control policy.^{6 7} We stress the importance of implementing Article 5.3 to reduce tobacco industry interference. We make the following recommendations as listed below.

Recommendations

- 1 The government must end all activities that promote the TI and take responsibility to promote the health and welfare of the people. The government must sever ties with the tobacco industry in order to be free to conduct public health activities the sake of Japanese people's health.
- 2 The government must end all collaboration with JT's CSR activities and sponsored events;

⁶ 2018/9 Made a petition concerning tobacco ads ban to the Minister of Finance
<http://www.jstc.or.jp/uploads/uploads/files/information/Tobacco%20Ads%20ban%202018.9.3.pdf>

⁷ 2018/9 We offered to the Minister of Finance to stop TV advertisement of BAT Japan
<http://www.jstc.or.jp/upoads/uploads/files/essay/Ads%20ban%20to%20BAT%20Japan.pdf>

- 3 The government must end benefits given to JT to promote the tobacco business such as the subsidy for smoking rooms, which violates FCTC Article 8 which requires all public and work places to be 100% smoke-free.
- 4 The Ministry of Finance must make transparent all interactions with the tobacco industry. The government must have a procedure for dealing with the tobacco industry.
- 5 The government must end the practice of “*amakudari*” as it negatively affects tobacco control policy and public health.

2021 Tobacco Industry Interference Index Results and Findings

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INDICATOR 1: Level of Industry Participation in Policy-Development						
<p>I. The government⁸ accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry⁹ in setting or implementing public health policies in relation to tobacco control¹⁰ (Rec 3.1)</p>					4	
<p>The Health Ministry estimated about 15,000 people die annually in Japan from diseases related to passive smoking.¹¹ Indoor public places are not 100% smoke-free as required under FCTC Article 8. In 2017, the Health Ministry was forced to scale back a proposed bill for a blanket ban on public smoking in the face of opposition by pro-smoking politicians, restaurateurs and Japan Tobacco (JT).¹² But even the weaker bill foundered, due to opposition from the ruling Liberal Democratic Party (LDP). By June 2017, pro-tobacco members of parliament in the LDP succeeded in blocking the introduction of legislation that would have banned smoking in bars and restaurants larger than 30 square meters.¹³ ¹⁴ PMI, BAT and JT made their speeches on a petition before the politicians.</p> <p>2020 Smoke-free Olympic received wide public support from everyone except the tobacco industry, who aggressively resisted it. The new national law introduced in 2018 prohibited indoor smoking at schools, hospitals and government offices. However, it was a weakened law due to tobacco industry interference. Smoking is still allowed at existing small eateries, including those with less than 1,076 square feet of customer space, including more than half of Japanese establishments. Larger and new eateries must limit smoking to designated rooms.¹⁵</p> <p>In June 2018, Tokyo governor Yuriko Koike successfully passed the Passive Smoking Prevention Ordinance in the city with the help of public health experts like Dr. Haruo Ozaki, Chairman of the Tokyo Medical Association. In July, Japanese Government supported it and made the smoke-free law.¹⁶</p>						

⁸ The term “government” refers to any public official whether or not acting within the scope of authority as long as cloaked with such authority or holding out to another as having such authority

⁹ The term, “tobacco industry” includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

¹⁰ “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

¹¹ Passive smoking kills 15,000 people a year in Japan, study finds. 1 May 2016, The Japan Times
<http://www.japantimes.co.jp/news/2016/05/31/national/science-health/passive-smoke-kills-15000-people-annually-japan-health-study-finds/#.VVVRgIIFlfDA>

¹² Elaine Lies. Japan Health Ministry to water down proposal on restaurant smoking; media; 17 Nov 2017, Reuters;
<https://www.reuters.com/article/us-japan-smokingban/japan-health-ministry-to-water-down-proposal-on-restaurant-smoking-media-idUSKBN1DH0DR>

¹³ Gavin Blair. A Tobacco-free 2020 Olympics ... Or is Japan blowing smoke? SCMP. 18 Jun 2017;
<http://www.scmp.com/week-asia/society/article/2098269/tobacco-free-2020-olympics-or-japan-blowing-smoke>

¹⁴ Japan fails to ignite ‘zero tolerance’ passive smoking ban under anti-cancer law; South China Morning Post; 24 Oct 2017
<http://www.scmp.com/news/asia/east-asia/article/2116777/japan-fails-ignite-zero-tolerance-passive-smoking-ban-under-anti>

¹⁵ Duncan Mackay. Tokyo 2020 announce that smoking and vaping will be banned at all venues; 25 Feb 2019
<https://www.insidethegames.biz/articles/1076087/tokyo-2020-announce-that-smoking-and-vaping-will-be-banned-at-all-venues>

¹⁶ Reuters. Tokyo passes tough anti-smoking law ahead of 2020 Olympics; 27 Jun 2018; <https://www.reuters.com/article/us-japan-smokingban-tokyo/tokyo-passes-tough-anti-smoking-law-ahead-of-2020-olympics-idUSKBN1JN1LP>

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In April 2020 these laws were fully enforced. There are many exceptions to this rule. One is smoking room is allowed in Japanese diet, and prefectural assemblies. Japan Society for Tobacco Control with the help of local medical associations and people, fought to reduce to 55% (26/47) of prefectural assemblies to be smoke free. In April 2020, 97.5% (795/815) of city assemblies are now smoke free, however, Japanese diet is not. ¹⁷						
2. The government accepts, supports or endorses <u>policies or legislation drafted by or in collaboration with the tobacco industry.</u> (Rec 3.4)						5
<p>The Tobacco Business Act, which protects the tobacco industry, also covers regulation (or the non-regulation) of tobacco advertising. There is no ban on tobacco advertising and promotions, and self-regulation is based on JT's global marketing principles. JT claims that, "the Tobacco Business Act, related acts and statutes and voluntary standards set forth the regulations for the sale and promotion activities of tobacco products in Japan that include the indication of warning labels on tobacco product advertisements and packages that urge caution over the relationship between the consumption of tobacco products and health."¹⁸</p> <p>After dismissing a proposal for pictorial health warning on tobacco packs in 2017, Japan still has text-only warning. In late 2018, the Government announced the warning on tobacco products will be increased from 30% to 50% which came into force in June 2019.¹⁹ This was done through a Ministerial Ordinance for the Partial Amendment of Tobacco Business Act Enforcement Regulations (Order of Ministry of Finance No. 4) (*1).²⁰ While JT is forced to apply pictorial warnings on so many countries around the world, Japanese people are denied effective warning about the harms of smoking through pictures.</p> <p>The Tobacco Business Act requires JT to annually enter into purchase contracts with tobacco growers about the aggregate cultivation area for specific varieties of leaf tobacco and the prices for leaf tobacco by variety and grade. Leaf prices are decided by recommendation from Japan Tobacco Inc. October 2020: The Leaf Tobacco Deliberative Council, chaired by Mr. Yoshitsugu Minagawa, released its annual determinations for domestic tobacco leaf cultivation area and grower prices for 2021, in response to a proposal submitted by JT.²¹ The Leaf Tobacco Deliberative Council is a council which confers on important matters concerning the cultivation and purchase of domestically grown leaf tobacco. The council consists of about 11 members, appointed by JT with the approval of the Minister of Finance from among representatives of domestic leaf tobacco</p>						

¹⁷ <http://notobacco.jp/pslaw/gikaikinenjokyo1911shichoson.htm>

¹⁸ Japan Tobacco Inc. Annual Report 2016, Pg 64

https://www.jt.com/investors/results/annual_report/pdf/annual.fy2016_E_partition03.pdf

A1) [Revised health promotion act & Tokyo Metropolitan Government Smoking Prevention Ordinance](http://www.jstc.or.jp/uploads/uploads/files/essay/Passive%20smoking%20Regulation%20.pdf)

<http://www.jstc.or.jp/uploads/uploads/files/essay/Passive%20smoking%20Regulation%20.pdf>

¹⁹ Jiji. Japan to use larger health warning labels on packs of cigarettes; Japan Times; 28 Dec 2018

<https://www.japantimes.co.jp/news/2018/12/28/national/japan-use-larger-health-warning-labels-packs-cigarettes/#.XOLB18gzY2w> <https://www.japantimes.co.jp/news/2018/12/28/national/japan-use-larger-health-warning-labels-packs-cigarettes/#.XOLB18gzY2w>

²⁰ Japan Tobacco. https://www.jt.com/media/news/2019/0719_01.html

²¹ Japan Tobacco. Tobacco Council release determinants for 2020 tobacco cultivation, JT Press Release; 26Oct2020

https://www.jti.co.jp/investors/library/press_releases/20201026_01.html

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growers and academic appointees. Mr. Yoshitsugu Minagawa was formerly the Director General of Forestry Agency. ²²						
In 2017 the Health Ministry filed a Bill in Parliament aimed to restrict smoking in public places such as schools, hospitals, government buildings, bars and restaurants. There is no support for the bill from the majority ruling party. It was opposed by about 90 percent of the lawmakers in Japan's ruling Liberal Democratic Party argue it would put bars and restaurants out of business. ²³ Finally, Mr. Shiozaki who was a Minister of Health Labor and Welfare resigned and new Minister proposed a bill which does not meet an international standard accepting smoking in a restaurant or bar with the space less than 100 square meters. This was in accordance with the concept of TI. The Japanese government owns 33 percent of JT.						
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy. (Rec 4.8)						5
Since the government part owns JT and has a Tobacco and Salt Industries Bureau in the Ministry of Finance, JT's interests are taken into account in public health policy development.						
The Ministry of Health, Labour and Welfare is championing a law to ban smoking in all public places in preparation for the upcoming 2020 Olympic Games. A Ministry of Health, Labor and Welfare expert panel compiled a white paper on smoking in July 2016 that said "there is sufficient evidence to assume a causal relationship" between smoking and lung cancer.						
The Finance Ministry, which decides on tax increase, also has to consider the interest of the tobacco business for which it has a fiduciary responsibility to protect its profits. The Finance Minister is also the Deputy Prime Minister for Japan.						
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) ²⁴ (Rec 4.9 & 8.3)						5
There was COP 8 meeting in 2018, and the government delegation included 4 officials (Mr. Takashi Kosakada, director, Mr. M. Chida, Deputy Director, Mr. T. Mio Officer, Mr. M. Abe Unit Chief of Coordination) from the Tobacco and Salt Industries Office, Financial Bureau, Ministry of Finance, Japan. ²⁵ This is an increase from the previous COP7 in 2016 where the delegation had only 1 representative from this unit. ²⁶						

²² 2011 Public Relations Office. Government of Japan. International Year of Forests. 2011. https://www.government.go.jp/eng/publicity/book/hlj/html/201110/201110_09.html

²³ Push towards a smoke-free Olympics by Kanoko Matsuyama and Yuki Hagiwara Bloomberg News, 25 Apr 2017 <https://www.bloomberg.com/news/articles/2017-04-24/japanese-restaurants-thwart-push-toward-smoke-free-olympics>

²⁴ Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

²⁵ FCTC/COP/8 List of Participants. 5 Oct 2018 https://www.who.int/fctc/cop/sessions/cop8/LOP_Final.pdf?ua=1

²⁶ FCTC/CO/7/Div/Rev2 List of Participants. 12 Dec 2016 https://www.who.int/fctc/cop/cop7/COP7_LoPDelegatesList.pdf?ua=1

INDICATOR 2: Industry CSR activities

<p>5. A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. (Rec 6.2)</p> <p>B. The government (its agencies and officials) receives contributions²⁷ (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)</p>						5
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A. Government participation in JT sponsored sports

JT sponsors many sports activities and tournaments. The best known among these is the **Volleyball team**. 'JT Thunders Volley Ball Classroom' sponsored events involve elementary schools which involves endorsement by the Education authorities, and the events are held in public sports avenue in cities. JT owns volley ball teams JT Marvelous (women) and JT Thunders (male) that play league level and every year they hold Volley ball World Cup in Japan. These events are heavily promoted online which remain unregulated.^{28 29}

	
<p>The sponsorship of volleyball is promoted online</p>	<p>The Volleyball team promotes JT brand name</p>

Other sponsored activities include JT Japanese Chess Championship,³⁰ JT Cup Golf Japan series³¹ and JT Sports School.³²

B. JT sponsored Tobacco and salt museum is endorsed by the Japanese Government³³

²⁷ political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

²⁸ JT Thunders (Pro Volley Ball) <http://www.jti.co.jp/knowledge/thunders/index.html>

²⁹ JT Marvelous (Pro Volley Ball) <http://www.jti.co.jp/knowledge/marvelous/index.html>

³⁰ <http://www.jti.co.jp/knowledge/shogi/index.html>

³¹ <http://www.jti.co.jp/knowledge/jtcup/index.html>

³² <http://www.jti.co.jp/csr/contribution/social/sports/index.html>

³³ <http://www.jti.co.jp/Culture/museum/index.html>

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postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be implemented within 1 month) (Rec 7.1)						
<p>Weak tobacco control measures have benefited JT and transnational tobacco companies operating in Japan. Japan has not banned tobacco advertising, promotions and sponsorship, a requirement under the WHO FCTC, instead applies self-regulation.</p> <p>No pictorial health warnings on cigarette packs although JTI exports its brands with PHW to many countries that require this. End of December 2018, the government announced plans to increase the size of the text-only warning from 30% to 50% in time for the 2020 Olympics.</p> <p>There is no penalty for violation of smoking in no-smoking areas. JT continues to conduct its 'manners campaign'.⁴⁴</p> <p>The national Health Promotion law, revised in 18 July 2018, will only go into effect in April 2020^{45 46} giving a lengthened implementation period of 22 months. Meanwhile Tokyo also passed law to prevent passive smoking in Tokyo on 27 June 2018. Most of the public places will be smoke-free by the 2020 Olympic.⁴⁷</p>						
7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)						5
<p>The existence of the Tobacco Business Act reflects how the government protects the tobacco industry and gives it benefits to protect its business. The government's 33% ownership of JT gives incentives to the government to protect JT's success and increased profits.</p> <p>In 2018 the Ministry of Finance fixed the price of tobacco leaves for 2019. The leaf tobacco grower price was set at an average of ¥1,912.32 per kilogram for all leaf types, an increase of 1.33% compared to the previous year and ensures all the tobacco leaves produced by the growers are purchased. This will ensure their income is protected.⁴⁸</p> <p>According to a Japan Times report, "Cigarette prices in Japan are kept lower than in many other countries because the government manipulates them to prevent a sharp decline in consumption. According to a tobacco industry insider, Japan is unique in that the government determines the retail prices of cigarettes, and that manufacturers have no freedom to set prices on their own. Thus, he says, the government controls supply and demand from the standpoint of securing tax revenue."⁴⁹</p>						

⁴⁴ <https://www.jt.com/about/division/tobacco/index.html>

⁴⁵ <http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000189195.html>

⁴⁶ <http://www.jstc.or.jp/uploads/uploads/files/essay/Passive%20smoking%20Regulation%20.pdf>

⁴⁷ <http://www.metro.tokyo.jp/tosei/hodohappyo/press/2018/04/20/19.html>

⁴⁸ Japan Tobacco. Tobacco Council Releases Determinations for 2019 Tobacco Cultivation Press Release; 25 Oct 2018 https://www.jt.com/media/news/2018/pdf/20181025_E01.pdf

⁴⁹ Sentaku. April 2017 <http://www.japantimes.co.jp/opinion/2017/04/23/commentary/japan-commentary/poverty-politics-tobacco-policy/#.WYVWe51FLfU>

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<p>Tax for heat-not-burn cigarettes are kept lower than conventional cigarettes.⁵⁰ For example, while tax for cigarette brand Mevius is 63.1%, iQOS of PMI 49.2%, GLO of BAT 36% and Ploom TECH of JT is only 14.9%. (reference material submitted to the Diet, 7th April 2017 from the Ministry of Finance for the inquiry by the Shigefumi Matsuzawa.)</p> <p>International travellers are allowed to bring in 400 cigarettes, 100 cigars, 20 individual packages of heated tobacco products, or 500 grams of other kinds of tobacco or a combination.⁵¹</p>						
INDICATOR 4: Forms of Unnecessary Interaction						
<p>8. Top level government officials (such as President/ Prime Minister or Minister⁵²) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests. (Rec 2.1)</p>				3		
<p>JT was named a ‘White 500’ company in 2019, in recognition of efforts towards its employee health. Japan’s Ministry of Economy, Trade and Industry (METI) and Japan Health Council awarded JT with the ‘White 500’ award for “making outstanding progress towards better health and productivity among their employees.”⁵³</p>						
<p>9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities) (Rec 4.3)</p>				3		
<p>The Ministry of Health, Labour and Welfare and the Tokyo Metropolitan government offer a subsidy scheme known as “Passive Smoking Prevention Measure Subsidy System”. This subsidy is given to hotels, restaurants and local business to install smoking rooms.⁵⁴ This scheme is promoted on Tokyo Metropolitan Government website⁵⁵ and JT’s website.</p> <p>Establishment of smoking room in the SME business: the subsidy rate/ grant amount is 1/2 of the cost (maximum 1 million yen); however, in the case of a restaurant where the establishment of a smoking room is taken, 2/3. Equipment cost, equipment cost, equipment cost, machinery equipment cost etc. for installation of smoking room etc.</p> <p>According to JT’s website: “JT will continue to fight against illicit trade in collaboration with governments, including the Japanese government.”⁵⁶ In 2019, JT’s Anti-Illicit Trade</p>						

⁵⁰ Henmi, J., Ishibashi, M. In Japan heated tobacco associated with greater risk of tax hike. Nikkei Asian Review. 23 Sep 2017. <https://s.nikkei.com/30015AE>

⁵¹ <https://www.iatatravelcentre.com/JP-Japan-customs-currency-airport-tax-regulations-details.htm>

⁵² Includes immediate members of the families of the high-level officials

⁵³ Japan Tobacco. Certified as "Excellent Health Management Corporation 2020 White 500" for 4 consecutive years. 2 March 2020 https://www.jti.co.jp/investors/library/press_releases/20200302_01.html

⁵⁴ Japan Tobacco. Subsidy system; <https://www.jti.co.jp/tobacco/bunen/subsidy/index.html>

⁵⁵ Tokyo Metropolitan government <http://www.sangyo-rodo.metro.tokyo.jp/tourism/kakusyu/syukuhaku/>

⁵⁶ https://www.jt.com/about/division/tobacco/anti_illicit/index.html

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team provided 1,129 intelligence reports to law enforcement agencies, and advised 2,687 law enforcement officers on counterfeit recognition. ⁵⁷						
10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) NOTE: This must <u>not</u> involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.					4	
<p>In January 2021, the Japanese Ambassador in Bangladesh wrote a letter to the Minister of Finance of Bangladesh requesting to reduce taxes on the Japanese tobacco industry. In this instance the government of Japan is directly interfering in the tobacco control policy of Bangladesh on behalf of Japan Tobacco. This is in violation of the FCTC COP6 decision in 2014 where the Parties agreed to ensure Article 5.3 is also implemented by the diplomatic missions.^{58 59}</p> <p>By virtue of the government owning 33% of JT, it also owns the Tobacco and Salt Museum which is a promotional outfit for JT. The Museum was renovated in 2015 and holds regular exhibitions and is open to children.⁶⁰</p>						
INDICATOR 5: Transparency						
11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation. (Rec 2.2)				3		
<p>The Finance Ministry gets annual dividend of more than ¥70 billion revenue from Japan Tobacco shares. That revenue is kept in a special account for fiscal investment and loans, and spent on industrial investment projects that are too risky for the private sector to undertake.⁶¹</p> <p>As revealed in the Reuters exposé on the tobacco industry lobbying pro-tobacco ministers in Prime Minister Abe’s Cabinet,⁶² the situation has not changed since and any meetings of Ministers with the JT are not publicly disclosed. The exposé provides evidence of Philip Morris Fiscal Affairs and International Trade Executive meeting with Ministry of Finance and Ministry of Foreign Affairs officials on taxation issue in Japan.</p> <p>Through the high rank OB meeting of the MOF. This meeting is confidential, though the tax rate is widely discussed according to the JT's profit.</p>						

⁵⁷ Japan Tobacco Inc. Annual report 2019

https://www.jt.com/investors/results/integrated_report/pdf/2019/integrated2019_E_all.pdf pg 27

⁵⁸ <http://www.jstc.or.jp/uploads/uploads/files/information/20210309e1.pdf>

⁵⁹ <https://tobaccotactics.org/wiki/japanese-diplomats-lobbying-for-jti/>

⁶⁰ https://www.jti.co.jp/Culture/museum_e/index.html

⁶¹ The poverty of politics and tobacco poverty, Commentary, The Japan Times, 23 April 2017, <http://www.japantimes.co.jp/opinion/2017/04/23/commentary/japan-commentary/poverty-politics-tobacco-policy/#.VVVSLdFFLfdA>

⁶² Reuters. Philip Morris Training <https://www.reuters.com/investigates/special-report/pmi-who-fctc/> 13 Jul 2017 Slide 16,

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12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists (Rec 5.3)						5
While government officials who work for the Tobacco and Salt Industries Office are easily identified, however there is no register for private tobacco companies operating in Japan such as PMI, or its lawyers and consultants acting on its behalf.						
INDICATOR 6: Conflict of Interest						
13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions. (Rec 4.11)						5
There is no prohibition on contributions from the tobacco industry.						
While the Minister of Finance has disclosed his ownership of shares in JT, however this still presents a conflict of interest to tobacco control. The Ministry of Finance has jurisdiction over the Tobacco Business Act which has provisions on tobacco control such as advertising restrictions and health warnings on tobacco packaging. According to the Ministry of Finance, tobacco tax revenue is an important source of revenue for the government and they would like to maintain it. ⁶³						
14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)						5
High level officials, upon retirement from government service, move to top leadership positions in JT ⁶⁴						
Chairman of JT, Yasutake Tango, Chairman of the Board, started his career in Ministry of Finance in 1974 rising to position of Administrative Vice Minister of MOF in 2009; being appointed Special Advisor to the Cabinet (2012 – Apr 2014). Appointed Chair of JT in June 2014.						
Masato Kitera was appointed (Independent Outside Director) of JT. He was formerly with the Ministry of Foreign Affairs and served as Ambassador in several countries. His appointment says “he possesses abundant international experience and knowledge concerning international affairs, gained through his long diplomatic career including his important positions as a government officer mostly in the Ministry of Foreign Affairs. We expect him to contribute his in-depth knowledge on a global basis to the JT Group’s business which operates in international environments.” ⁶⁵						

⁶³ Jake Sturmer, Yumi Asada. Why Japan smoking laws are stuck in the last century. ABC News. 18 March 2018. <https://www.abc.net.au/news/2018-03-18/why-japan-smoking-laws-are-stuck-in-the-last-century/9559222>

⁶⁴ Japan Tobacco Inc. Annual Report 2016, Pages 50-55,

https://www.jt.com/investors/results/annual_report/pdf/annual.fy2016_E_partition03.pdf

⁶⁵ Japan Tobacco 2020 Annual Report. <https://www.jti.com/sites/default/files/global-files/documents/jti-annual-reports/integrated-report-2020.pdf>

	0	1	2	3	4	5
This practice of “ <i>amakudari</i> ,” is the practice of former civil servants getting comfortable, well-paid jobs at companies and other organisations in fields related to their ministries. Successive governments have promised to end the practice, with limited success. It’s not just to Japan Tobacco, but <i>amakudari</i> to other tobacco-related companies and there’s big money involved. ⁶⁶						
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)						5
The Finance Minister is listed as a principle shareholder of Japan Tobacco, holding 666,926,200 shares (37.6%). ^{67 68} Japan Tobacco Inc. Act ensures that the Minister of Finance has decision making power over Japan Tobacco, including appointment/dismissal of directors, executive officers and Audit & Supervisory Board. Officials working in the Tobacco and Salt Industries Office under the Financial Bureau of the Ministry of Finance, represent the industry.						
INDICATOR 7: Preventive Measures						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives. (Rec 5.1)						5
None						
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry. (Rec 4.2)						5
None						
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. (5.2)				3		

⁶⁶ Gavin Blair. A Tobacco-free 2020 Olympics ... Or is Japan blowing smoke? SCMP. 18 Jun 2017;

<http://www.scmp.com/week-asia/society/article/2098269/tobacco-free-2020-olympics-or-japan-blowing-smoke>

⁶⁷ Japan Tobacco Inc. Annual report 2019

https://www.jt.com/investors/results/integrated_report/pdf/2019/integrated2019_E_all.pdf Page 163

⁶⁸ Kuchikomi. Smoking bureaucrats find themselves on the outside looking in. Japan Today. 30 July 2019

<https://japantoday.com/category/features/kuchikomi/smoking-bureaucrats-find-themselves-on-the-outside-looking-in>

	0	1	2	3	4	5
<p>JT, being part owned (33%) by the government, submits records on production, manufacture, market share, revenues. However, no record is available on marketing expenditure, philanthropy and political contributions.</p> <p>According to news reports Japan Tobacco spends ¥20 billion a year on advertising, almost all of which promotes “manners.” The real reason, according to Sentaku (magazine), that Japan Tobacco buys space and air time is to quash anti-smoking reporting by making media dependent on JT-related ad revenue.⁶⁹</p>						
<p>19. The government has a program / system/ plan to consistently⁷⁰ raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)</p>						5
<p>The government does not have a program to consistently raise awareness within its departments on Article 5.3.</p>						
<p>20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives. (3.4)</p>						5
<p>No such policy has been put in place.</p>						
TOTAL						88

⁶⁹ Media sidesteps calling Japan Tobacco out on advertising conflicts, Philip Brator, The Japan Times, 14 Jan <http://www.japantimes.co.jp/news/2017/01/14/national/media-national/media-sidesteps-calling-japan-tobacco-advertising-conflicts/#.VVSPzFfLIDA>

⁷⁰ For purposes of this question, “consistently” means: a. Each time the FCTC is discussed, 5.3 is explained. AND b. Whenever the opportunity arises such when the tobacco industry intervention is discovered or reported.