

**EGYPT**

2021

# TOBACCO INDUSTRY INTERFERENCE INDEX



## Documentation of tobacco industry interference in Egypt 2021

Report prepared by Cairo Association against Smoking, Tuberculosis and Lung diseases-Egypt (CASTLE) with technical and financial support of WHO office in Egypt

### Study advisory committee:

Dr. Naeema Al Gasseer  
World Health Organization Representative in Egypt

Dr. Randa AbouElNaga  
Non-communicable diseases/ Mental health technical officer at the World Health Organization office in Egypt

Dr. Heba AlSawahli  
Technical officer – World Health Organization office in Egypt

### Study Executive Committee:

Dr. Essam Elmoghazy  
Chairman of Cairo Association against Smoking, Tuberculosis and Lung diseases- Egypt  
Contact: [elmoghazy@yahoo.com](mailto:elmoghazy@yahoo.com)

Prof. Doaa A Saleh  
Professor of Public Health and Community Medicine, Faculty of Medicine, Cairo University

Dr. Wagdy Amin  
Director General of chest diseases department Ministry Of Health and Population, Egypt

### Monitoring team

Ms. Amal Ali  
Ms. Nabiha Amer  
Ms. Samar Mohamad  
Ms. Nourhan Hussein  
Mr. Soliman Youssef  
Mr. Tarek Mohamad

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## Table of Contents

Introduction .....	4
Tobacco Industry (TI) Profile in Egypt .....	5
Tobacco Industry Interference Index in Egypt .....	13
Tobacco Industry Interference Index (for the period Jan 2020 – March 2021) .....	16
Main Findings of the TII monitoring in Egypt .....	14
Variation of the level of Tobacco industry interference in Egypt across the years 2013 - 2021 .....	23
Recommendations .....	31

## Table of Figures

Figure 1: Major cigarette companies in Egypt and their market share in 2014 .....	7
Figure 2: Total daily cigarette sales (in millions) in Egypt.....	7
Figure 3: Total TII score and its categories in Egypt (2020-2021).....	22
Figure 4: Score of the TII index in Egypt during the period 2013 – March 2021.....	24
Figure 5: Score for Level of Industry Participation in Policy-Development 2013-March 2021 .....	25
Figure 6: Score for tobacco-related CSR activities 2013-March 2021 .....	25
Figure 7: Score for benefits to the Tobacco Industry 2013-March 2021 .....	25
Figure 8: Score for forms of Unnecessary Interaction 2013-March 2021 .....	26
Figure 9: Score for transparency when dealing with TI 2013-March 2021 .....	26
Figure 10: Score for Conflict of Interest 2013-March 2021.....	27
Figure 11: Score for Preventive Measures 2013-March 2021.....	28
Figure 12: Tobacco industry interference overall country ranking (Jan 2020 to March 2021) .....	29
Figure 13: Tobacco industry interference map showing overall country ranking (Jan 2020 to March 2021).....	30

## Introduction

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The burden of tobacco consumption rates in Egypt are among the highest in the Eastern Mediterranean Region and worldwide. Recent studies showed that almost one quarter (24%) of Egyptians are current tobacco users and half the adult Egyptian population are exposed to second-hand smoke at homes (50%)<sup>1</sup>. Tobacco is a well-known risk factor to major morbidities and premature death. Besides the deleterious health consequences of tobacco consumption, the economic impact of tobacco smoking on users, families and society are devastating. The high expenditures on tobacco consumption comes at the expense of other essential needs and useful activities such as education, health, nutrition, leisure, and sports among others<sup>2</sup>.

Egypt realized the huge burden of tobacco use problem and took positive steps forward to combat the tobacco epidemic. Egypt was one of the very first signatories on the WHO Framework Convention of Tobacco Control (FCTC) in 2005<sup>1</sup>. The FCTC contains 38 articles, the main objective of which is to protect present and future generations from the devastating health, social, environmental, and economic consequences of tobacco consumption and exposure to tobacco smoke. These articles provide a framework for tobacco control measures to be implemented by the Parties at the national, regional, and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke.

Article 5.3 of the FCTC requires all Parties, when setting and implementing their public health policies with respect to tobacco control, to “...act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law”<sup>3</sup>. In 2008, Parties to the FCTC collectively agreed to guidelines describing their obligations in support of Article 5.3 implementation. The guidelines emphasize that Parties should implement measures to prevent tobacco industry interference in all branches of government that may have an interest in, or the capacity to affect, public health policies with respect to tobacco control. The Article 5.3 guidelines present a set of four key guiding principles:

- Principle 1: There is a fundamental and irreconcilable conflict between the tobacco industry's interests and public health policy interests.
- Principle 2: Parties, when dealing with the tobacco industry or those working to further its interests, should be accountable and transparent.
- Principle 3: Parties should require the tobacco industry and those working to further its interests to operate and act in a manner that is accountable and transparent.
- Principle 4: Because their products are lethal, the tobacco industry should not be granted incentives to establish or run their businesses.

As a fundamental step to implement FCTC in general and article 5.3 in particular in any country, governments should take steps to prevent the tobacco industry interfering with policy setting and law making in their countries. Thus, Convention Of Parties (COP) are

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<sup>1</sup>[WHO EMRO | Tobacco | Programmes | Egypt](#)

<sup>2</sup>[Tobacco \(who.int\)](#)

<sup>3</sup><https://fctc.who.int/>

encouraged to permanently monitor tobacco companies and importers as well as other entities that further the interests of the tobacco industry, and to carry out tobacco industry monitoring to gather information on how tobacco industry operates in their jurisdiction, how it promotes its products, and how it interferes with policymaking.

A Tobacco Industry Interference (TII) Index was created to assess how public health policies are protected from the industry's destructive efforts, and how governments have pushed back against this influence<sup>4</sup>. This Index is based on publicly available evidence to support choice of scores and hence has limitations. The index score ranges from zero to 100 based on seven key areas. The lower the score of the TII index, the lower the over-all level of interference, which promise well for the country.

The first Index review in 2019 included 33 countries, the second review included 57 countries, and the third one included 80 countries from Africa, the Eastern Mediterranean region, Latin and North America, Europe, South and Southeast Asia and the Western Pacific region. It ranks the countries using the same questionnaire and scoring method as the ASEAN Index developed by the Southeast Asia Tobacco Control Alliance (SEATCA).<sup>5</sup>

Supported by the World Health Organization, Cairo Association against Smoking, Tuberculosis, and Lung disease – Egypt (CASTLE) established the Tobacco Industry Observatory (TIO) to conduct continuous monitoring of the TII activities in Egypt.<sup>6</sup> CASTLE was able to record the TII incidents that took place in Egypt since 2013 and calculated the TII index score for each year since 2013 to assess how well the Egyptian government has implemented Article 5.3.

The current report illustrates the TII events and calculated TII index score for the period from January 2020 to March 2021.

## Background

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### Tobacco Industry (TI) Profile in Egypt

Tobacco cultivation is not legal in Egypt, therefore companies manufacturing tobacco products must rely on imported raw tobacco largely imported from India and China, as well as from Brazil, Italy, Syrian Arab Republic, and the United States of America.

Egypt's TI is dominated by the domestic government-owned Eastern Tobacco Company (ETC), the largest cigarette manufacturer in the Middle East. A small but ever-increasing number of Egyptian cigarettes are exported to neighboring countries, mostly to serve Egyptians working abroad.

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<sup>4</sup><https://globaltobaccoindex.org/>

<sup>5</sup><https://globaltobaccoindex.org/resources>

<sup>6</sup><https://egypttobaccoobservatory.com/joomla/index.php/en/>

## **Domestic Tobacco Industry in Egypt**

- Eastern Company S.A.E (ETC)

Eastern Company S.A.E. was founded in 1920 working in the manufacture and trading in tobacco, and its products and related and ancillary products. It also has a large number of factories in several governorates such as Giza, Alexandria, Assiut and Menoufia. It has about 350 distribution centers throughout Egypt. About 14 thousand workers. The company has an administrative building and a Mu'assel(محصل) factory in Giza, and a main factory in October built on an area of 365 acres. There is also a factory in Alexandria in Rusafa(for cigars), and another in Muhamarram Beck (produces an average of 20 million cigarettes a day beside the Mu'assel). In addition to two factories, one in Abu Tig in Assiut Governorate and the other in Monouf in Menoufia Governorate, both of which are specialized in the production of Mu'assel.

The Eastern Tobacco Company is the second largest supplier of the State after the Suez Canal. The company provided 75 billion EGP as tobacco tax return to the national budget in 2020/2021<sup>7</sup>. The total budget of the company showed a surplus of 3.8 billion EGP in 2019/2020 with an investment budget of 1.14 Billion EGP<sup>8</sup>.

The company produced 94 billion cigarettes in 2020/2021 with an increase of 10 billion cigarettes in comparison to 2019/2020. The company sold 69 billion cigarettes in the domestic market and exported the rest to 12 countries<sup>9</sup>.

## **International Tobacco Industry in Egypt**

- Philip Morris Misr LLC:

Philip Morris Misr LLC were established in 2013 and are the licensee for Philip Morris International (PMI) products in Egypt. Major restructuring of its business was implemented in Egypt in 2014, including a new contract manufacturing agreement with the Eastern Company, the creation of a new Philip Morris International affiliate in Egypt and a new distribution agreement with Trans Business for Trading and Distribution LLC. According to its 2020 annual report, Philip Morris has a share of at least 15% of the cigarette market<sup>10</sup>.

- British American Tobacco (BAT) Middle East

BAT has the third biggest share in the cigarette market (10%)<sup>11</sup>.

- Japan Tobacco Inc. (JTI)

JTI acquired the largest water pipe firm, Al Nakhla Tobacco Co, in 2013. JTI also signed a cigarette manufacturing agreement with ETC in 2014, launching the Winston and Camel brands in Egypt<sup>12</sup>.

- Imperial Tobacco Group:

It is a British multinational tobacco company headquartered in Bristol, United Kingdom. It is the world's fourth-largest international cigarette company measured by market share,

<sup>7</sup><https://www.elwatanneWS.com/news/details/5659813>

<sup>8</sup><https://www.shorouknews.com/news/view.aspx?cdate=07042019&id=42ddc598-2ce1-413a-87f9-fd35210b2e88>

<sup>9</sup><https://ar.rt.com/rjqx>

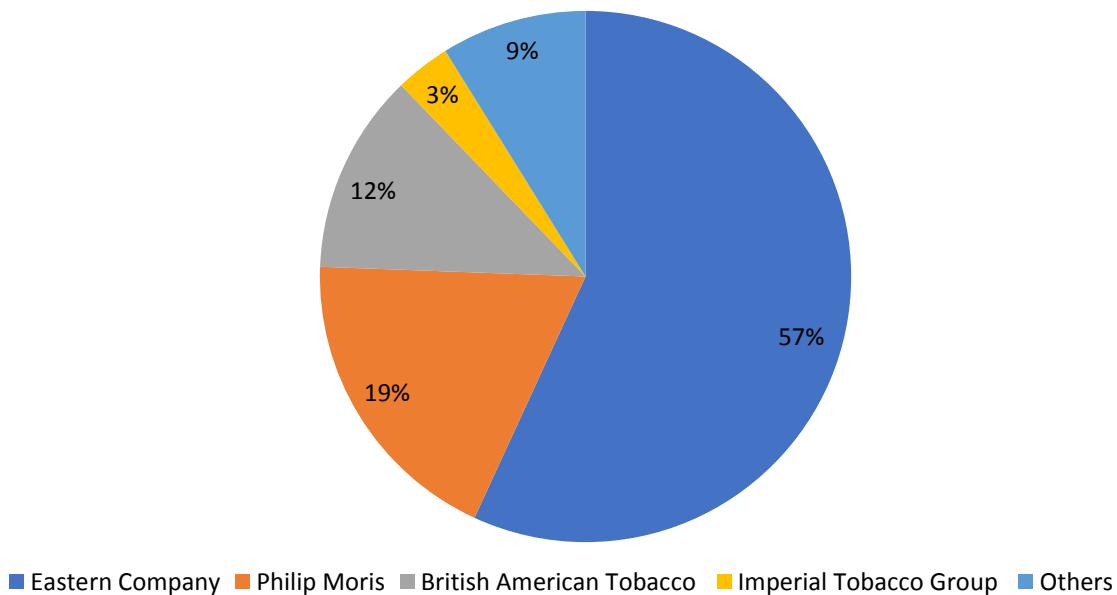
<sup>10</sup>[https://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE\\_PM\\_2020.pdf](https://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_PM_2020.pdf)

<sup>11</sup> Euromonitor Passport Database. Statistics: company shares Egypt (retail volume, % breakdown). London: Euromonitor International; 2016

<sup>12</sup>[http://enterprise.press/wp-content/uploads/2018/01/JTI\\_Camel-PRL\\_Eng.pdf](http://enterprise.press/wp-content/uploads/2018/01/JTI_Camel-PRL_Eng.pdf)

produces over 320billion cigarettes per year, has 51 factories worldwide, Its main brands include Davidoff, West.

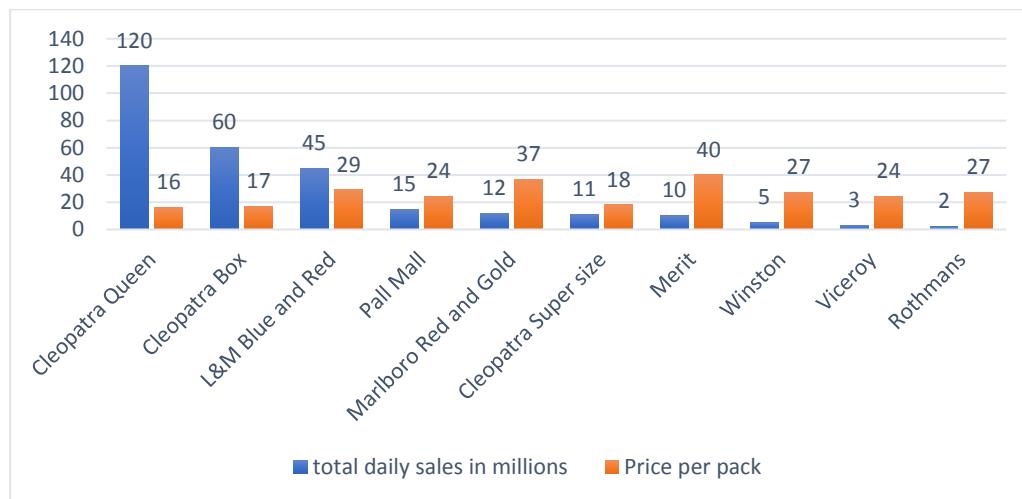
Figure 1 shows the major cigarette companies in Egypt and their market share in 2014<sup>12</sup>.



**Figure 1: Major cigarette companies in Egypt and their market share in 2014**

### Top 10 best-selling cigarette brands in Egypt

According to Daily News Egypt newspaper in 2018, locally made cigarette brands dominated the Egyptian market, selling about 191million cigarettes daily, compared to 92million cigarettes from foreign brands<sup>13</sup>.



**Figure 2: Total daily cigarette sales (in millions) in Egypt**

<sup>12</sup><https://dailyfeed.dailynasegypt.com/2018/08/02/top-10-best-selling-cigarette-brands-in-egypt/>

## **Tobacco Industry Front groups in Egypt**

Industry front groups and lobby groups play a crucial role in representing the industry arguments in Egypt. These include prominent political figures:

- **Some members of the Egyptian Parliament**

- **Division of tobacco and cigarettes in the Federation of Egyptian Industries:**

The Federation of Egyptian Industries (FEI) is one of the country's largest employers' associations, with 19 active industrial chambers as members, representing over 60,000 industrial enterprises out of which more than 90% belong to the private sector accounting for more than 7 million workers and 18% of the national economy.

Since its inception, FEI has been carrying out its responsibilities towards defending and supporting Egyptian industries, firmly believing in industry as the pillar of the sustainable development of the country and as the tool to alleviate poverty and attain prosperity.

Therefore, FEI effectively advocates the common interests of its members and defends their positions towards governmental and legislative bodies, as well as other local and international associations.

- **Committee to support the smoke and cigarette industry**

The Committee to Support the Industry of tobacco and cigarettes as stipulated by Ministerial Decision No. 414 of 1986. The following are members of the committee:

- President of the Division of tobacco and cigarettes in the FEI
- Chairman of Eastern Tobacco Company.
- Chairman of Dafrawi Tobacco factory
- Chairman of El-Warda Tobacco factory
- Chairman of Al-Henawi Tobacco Company

## **Sources of information for monitoring of the TI in Egypt**

CASTLE used a range of tools and strategies to monitor different industry activities in Egypt such as direct and indirect advertising and promotion, point-of-sale advertising, and corporate social responsibility (CSR) activities.

### **Monitoring of TI activities**

Gathering data on how tobacco industry markets and promotes its products, how it influences the political process, and conducts corporate social responsibility activities.

#### Sources of information included the following:

1. Google search
2. Tobacco industry own materials, reports, and websites
3. General News websites
4. Specialized trade websites

## **1. Google search:**

Google search using keywords such as Eastern Company, Philip Morris, or British American Tobacco. The names of partner companies and front groups were also used as keywords, example: Division of tobacco and cigarettes in the Federation of Egyptian Industries (FEI).

## **2. Tobacco industry own materials and websites:**

This is the major portal of entry for the industry document collections. Each company has its own Internet address known as a URL (uniform resource locator) that was bookmarked. The industries also are appearing on social media platforms like Instagram, Facebook, and Twitter where users can become a fan of the brand. Tobacco companies are advertising their products, through their websites, they provide detailed information about the type of activities, location, target audiences, amount of money involved, and sometimes pictures of advertisements, event sponsorship, pack designs, new flavors, new cigarette brands. The websites record CSR activities of Eastern Tobacco Company and transnational tobacco companies such as Philip Morris International (PMI), Japan Tobacco International (JTI) and British American Tobacco (BAT).

The following is the list of websites of local and transnational tobacco companies in Egypt that be used to monitor TII activities:

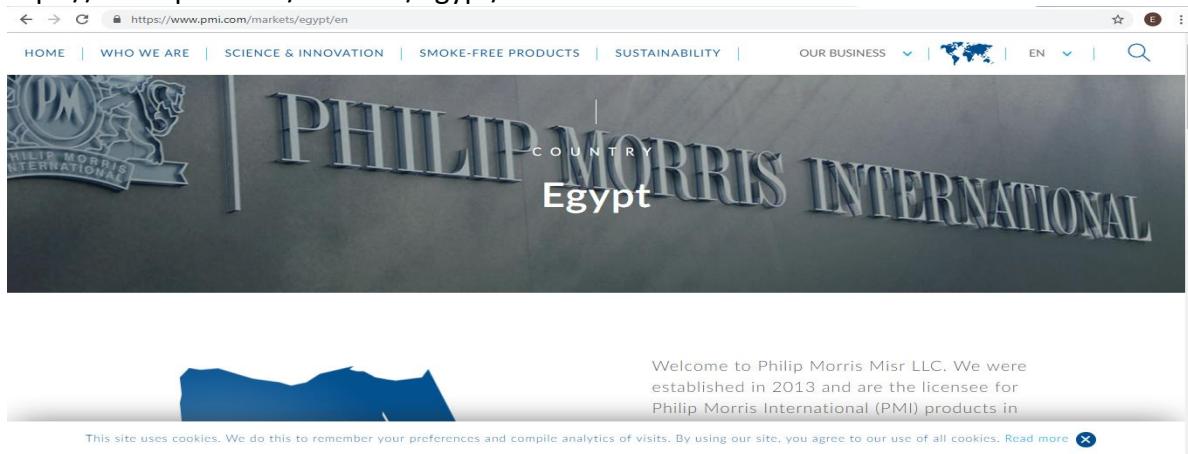
### **a. Eastern Company:**

<http://www.easternegypt.com/>



## b. Philip Morris Misr

<https://www.pmi.com/markets/egypt/en>



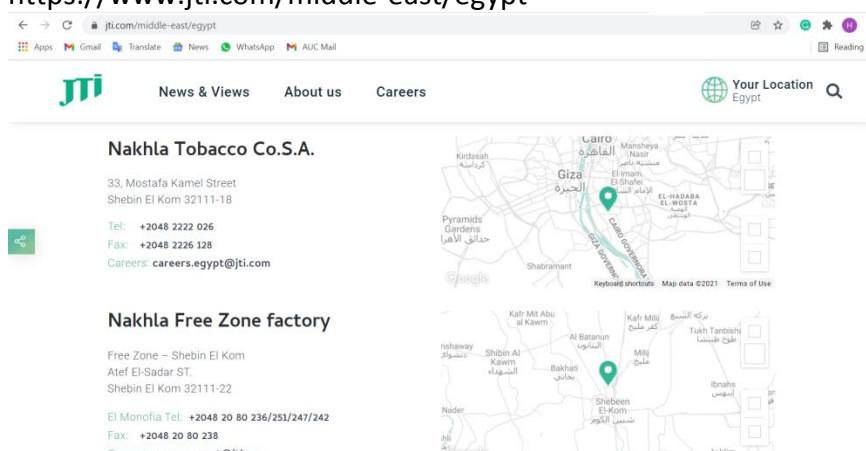
## c. British American tobacco Egypt

<https://www.facebook.com/british.american.tobacco.egypt/>



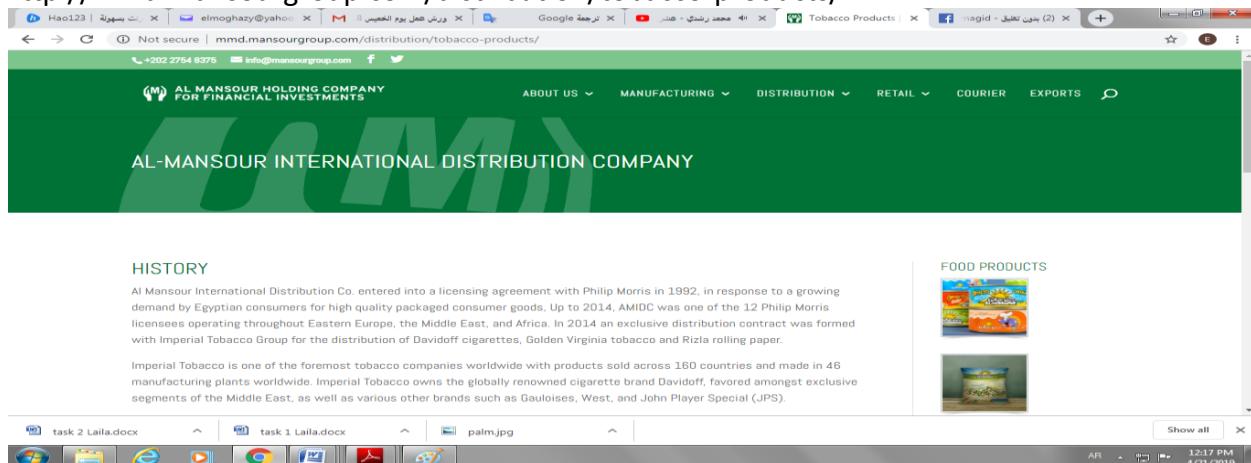
## d. JTI Egypt:

<https://www.jti.com/middle-east/egypt>



### e. Al Mansur International Distribution Co

<http://mmd.mansourgroup.com/distribution/tobacco-products/>



The screenshot shows the homepage of the Al Mansur International Distribution Company. The top navigation bar includes links for About Us, Manufacturing, Distribution, Retail, Courier, and Exports. A sidebar on the right is titled 'FOOD PRODUCTS' and displays several small images of food items.

### 3. General News websites:

Reports from printed media, and those published in newspapers websites, and monthly magazines. Information searched include advertising of events sponsored by tobacco industry, and publications of CSR activities and events.

Examples of key word search:

- Eastern Company AND Ministry of health / Ministry of sport /Ministry of trade / Ministry of education
- PhilipMorrisAND law
- Tobacco industry AND smoking regulation
- Tobacco industry AND illicit trade AND tax
- counterfeit AND tobacco AND government
- Ministry of Health AND smoking
- smoking AND youth

A list of the most important Internet sites of newspapers:

<http://www.ahram.org.eg/><https://www.youm7.com/>



- <https://www.dostor.org/><https://www.elbalad.news/>



- <https://www.albawabnews.com/>
- <https://www.elfagr.com>



#### 4. Specialized trade websites:

- <https://almalnews.com/>
- <https://alborsaanews.com/>



- <https://www.tobaccoreporter.com/tag/egypt/>

Screenshot of the Tobaccoreporter website search results for "egypt".

The search results page shows a featured article by Star Writer dated August 5, 2021, titled "Philip Morris Bids for Factory License in Egypt". Below the article, there is a snippet of text: "Other tobacco companies have asked for the process to be delayed." A "READ MORE" link is provided.

On the right side of the page, there is a sidebar with a search bar containing "egypt", a "RECENT POSTS" section listing several news items, and a "ADVERTISEMENT" section.

## **Tobacco Industry Interference Index in Egypt**

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This report reviews how the government is implementing Article 5.3 guidelines. It uses the Tobacco Industry Interference Index which is a civil society report assessing the implementation of FCTC Article 5.3. This is an initiative from the Southeast Asia Tobacco Control Alliance (SEATCA). It is based on publicly available evidence. Incomplete information is acknowledged as a limitation.

The questions comprising the Tobacco Industry Interference Index are grouped into seven categories:

- I. Level of participation in policy development
- II. So-called CSR activities
- III. Benefits to the tobacco industry
- IV. Forms of unnecessary interaction
- V. Transparency
- VI. Conflict of interest
- VII. Preventive measures.

The incidents are evaluated on a linear scale from 1 to 5, as 1= Never and 5= Always. The higher the score of the index, the more the level of TII and the lower the ranking of the countries in the level of implementation of article 5.3.

For more information visit: [www.seatca.org](http://www.seatca.org)

## **Main Findings of the TII monitoring in Egypt**

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In Egypt, we could trace a total of 30 TII incidents during the period January 2020 to March 2021. Accordingly, Egypt TII score was 68. TII incidents identified during this period can be classified into seven categories (Figure 3) as follows:

### **1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT**

In 2020, Philip Morris worked with the government to introduce its IQOS heated tobacco product (HTP) in Egypt. Their HTP was made available after the approval of the Ministry of Health and Population, under the current tobacco control legislation that oblige them to the 50% health warning.

The government did not nominate or allow representatives from the tobacco industry in the delegation to the Conference of the Parties (COP) or other subsidiary bodies or accept their sponsorship for delegates.

### **2. INDUSTRY CSR ACTIVITIES**

Injaz Egypt and Philip Morris Egypt launched an initiative to provide protective supplies to medical teams in Ksar Al-Ainy Hospitals and Cairo University for isolation and treatment units for patients with COVID-19.

Injaz Egypt, in cooperation with Philip Morris Egypt provided food assistance to the families who have been affected by the pandemic.

In cooperation with Misr ElKheir Foundation, British American Tobacco Egypt supported a thousand families affected by COVID-19.

The CEO of the Eastern Company launched the meeting of the Supreme Organizing Committee for the 2020 and 2021 Golden Cleopatra International Chess Championship in the presence of Minister of youth and sports.

### **3. BENEFITS TO THE INDUSTRY**

Despite the COVID-19 pandemic, the government did not cease the tobacco industry operations. As a result, Eastern Tobacco Company increased its revenues from July to September 2020 to 3.954 billion pounds, compared to 3.71 billion pounds in the comparative period of the last fiscal year. It was able to sell approximately 16.3 billion cigarettes in the local market during the first quarter of the current fiscal year.

BAT Egypt launched its first official heated tobacco product, (Glo), in Egypt in the first quarter of 2021. Glo is already widely available and offers free delivery. The press release publicizing its launch claims it is “approved by the Ministry of Health.” According to BAT’s Glo-Cairo project manager, there are 140 Brand Ambassadors and 15 Supervisors, spread all around Cairo in 8 Malls and 80+ convenience stores.

#### **4. UNNECESSARY INTERACTION**

The Minister of Finance gave a certificate of appreciation to Philip Morris for paying taxes on time saying, "This certificate of appreciation reflects this Ministry's role in acknowledging and applauding companies that fulfil their national duty of tax compliance." Moreover, in an interview, Vasilis Gatsilis, Executive Director of Philip Morris Egypt and the Levant, confirmed that Philip Morris is one of the most committed strategic investors works with the Egyptian government and its institutions to support national investment and sustainable development.

Philip Morris Egypt held a technical training course for 69 employees and officials of the Egyptian Customs Authority bin the governorates of Alexandria, Port Said, and Cairo to combat illegal smuggling and trade of goods.

#### **5. TRANSPARENCY**

There are no laws to prevent dealing with tobacco companies. Considering Eastern Tobacco Company is a state-owned corporate, interactions and the deals are not made public. There is no requirement of rules for the disclosure or registration of tobacco industry entities, affiliated organizations and individuals acting on their behalf including lobbyists.

#### **6. CONFLICT OF INTEREST**

There are no laws prohibiting contributions from the tobacco industry or any entity working to further its interests, also there is no requirement for disclosure. The Ministry of Investment owns 50.5% of Eastern Co SAE.

The Vice Chairman of the Board of Directors of Philip Morris Egypt has held many executive and non-executive public positions in Egypt such as Chairman of the Capital Market Authority, Member of the Board of Directors of the Central Bank of Egypt, the General Investment Authority, and the first official US-Egyptian fund to promote investment in Egypt.

#### **7. PREVENTIVE MEASURES**

The government has not put in place a procedure for disclosing the records of the interaction (such as agendas, attendees, minutes and outcome) with the tobacco industry and its representatives. The government has not 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. The government has not put in place a program to consistently raise awareness on Article 5.3. The government has not put in place a policy to reject contributions/gifts from the TI and does not reject assistance and study visits.

## Tobacco Industry Interference Index (for the period Jan 2020 – March 2021)

		0	1	2	3	4	5
<b>INDICATOR 1: Level of Industry Participation in Policy-Development</b>							
1.	The government <sup>14</sup> accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry <sup>15</sup> in setting or implementing public health policies in relation to tobacco control <sup>16</sup> (Rec 3.1)	0					
No incident monitored for the reporting period.							
2.	The government accepts, supports or endorses <u>policies or legislation drafted</u> by or in collaboration with the tobacco industry. (Rec 3.4)				3		
In 2020, Philip Morris worked with the government to introduce its IQOS cigarettes in Egypt as well as finding legislation that allows their new heated tobacco product (HTP) to be available. <sup>17</sup>							
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)	0					
No incident monitored for the reporting period.							
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) <sup>18</sup> (Rec 4.9 & 8.3)		1				
Tobacco control department in the MOH confirmed no participation of tobacco companies in the Conference of the Parties (COP8).							
<b>INDICATOR 2: Industry CSR activities</b>							
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)						
B.	The government (its agencies and officials) receives contributions <sup>19</sup> (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)					4	

<sup>14</sup> 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

<sup>15</sup> The term, “tobacco industry’ includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

<sup>16</sup> “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

<sup>17</sup> [https://www.masrawy.com/news/news\\_economy/details/2020/10/6/1887563/](https://www.masrawy.com/news/news_economy/details/2020/10/6/1887563/)

<sup>18</sup>Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

<sup>19</sup>political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

- Injaz Egypt and Philip Morris Egypt launched an initiative to provide protective supplies to medical teams in Kasr Al-Ainy Hospitals and Cairo University for isolation and treatment units for COVID-19 patients.<sup>20</sup> (INJAZ Egypt is a non-profit organization empowering youth to own their economic success.)
- In cooperation with Misr El Kheir Foundation, British American Tobacco Egypt supported a thousand families affected by COVID-19.<sup>21</sup>
- Similarly, Injaz Egypt,in cooperation with Philip Morris Egypt provided food assistance to the families who have been affected by the pandemic. <sup>22</sup>
- CEO of the Eastern Company, a local state monopoly launched the meeting of the Supreme Organizing Committee for the 2020 and 2021 Golden Cleopatra International Chess Championship. The tournament was held in the presence of His Excellency Dr. Ashraf Sobhi, Minister of Youth and Sports<sup>23</sup>. (Photo credits c/o Mondial Hall)<sup>24</sup>



INDICATOR 3: Benefits to the Tobacco Industry							
6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be implemented within 1 month) (Rec 7.1)					<b>3</b>		
In 2020, the Ministry of Health approved the launching of the heated tobacco brand of BAT(Glo) at the Egyptian Market provided that it will bear 50% graphic health warning. <sup>25</sup> Moreover, the Ministry of Finance had assured Philip Morris that it will prepare the tax system for heated tobacco products so that it can put							

<sup>20</sup><https://bit.ly/3xfdXOM>

<sup>21</sup><https://www.sfwaa.com/23259>

<sup>22</sup><https://bit.ly/3zfF0eB>

<sup>23</sup><https://biko55.blogspot.com/2020/12/2020.html>

<sup>24</sup><https://mondialhall.com/842-2/>

<sup>25</sup> <https://www.albawabnews.com/4223443>

	its products on the local market, and it is expected that the tax rate that will be imposed will not be less than 70%. <sup>26</sup>						
	7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)					<b>4</b>	
	<ul style="list-style-type: none"> <li>• During the current pandemic, the government did not work to stop tobacco industry operations. As a result, Eastern Company increased its revenues during July to September 2020 to 3.954 billion pounds, compared to 3.71 billion pounds in the same period of the 2019 fiscal year. It was able to sell approximately 16.3 billion cigarettes in the local market during the first quarter of the current fiscal year.<sup>27</sup> Eastern Company seeks to double its sales in the next three years.<sup>28</sup></li> <li>• Major General Mohamed Abdel-Azim, President of the Institute of National Planning said that the tobacco industry has a social dimension that helps in alleviating unemployment. According to him, the tobacco industry should not be viewed from one side only but with a balanced view of its costs and benefits.<sup>29</sup> The WHO warned against how the tobacco industry and its lobbyists are taking advantage of the pandemic to promotes tobacco products.<sup>30</sup></li> <li>• Separately, in March 2021, four tobacco companies wrote to the Prime Minister complaining the bid for the licence's conditions were too strict and called on him to halt the bid round until they could be made fairer.<sup>31</sup> In June Egypt amended its tender.<sup>32</sup></li> <li>• International travellers can bring into Cairo duty free: 200 cigarettes or 25 cigars or 200g of tobacco. Palm Fume Company has its headquarters located in Shebin El-Koum Free Zone where it can enjoy the import/export tax exemptions.</li> <li>• BAT Egypt launched its first official heated tobacco product, (Glo), in Egypt in the first quarter of 2021. Glo is already widely available and offers free delivery.<sup>33</sup> The press release publicizing its launch claims it is "approved by the Ministry of Health."<sup>34</sup> According to BAT's Glo-Cairo project manager, there are 140 Brand Ambassadors and 15 Supervisors, spread all around Cairo in 8 Malls and 80+ convenience stores.<sup>35</sup></li> </ul>						

<sup>26</sup> <https://bit.ly/3wm7txl>

<sup>27</sup> <https://www.elwatannnews.com/news/details/5116523>

<sup>28</sup> <https://bit.ly/3pMHHQc>

<sup>29</sup> <https://m.akhbarelyom.com/news/newdetails/3183918/1>

<sup>30</sup> <https://www.skynewsarabia.com/technology/1339093- ///>

<sup>31</sup> <https://www.reuters.com/article/egypt-tobacco-idUSL8N2LG5ZC>

<sup>32</sup> <https://www.reuters.com/world/middle-east/exclusive-egypt-amends-tender-terms-cigarette-making-licence-document-2021-06-02/>

<sup>33</sup> <https://discoverglo.com.eg/eg/en/store-finder>

<sup>34</sup> <https://www.olx.com.eg/en/ad/glo-electronic-cigarette-IDbKhAx.html>

<sup>35</sup> <https://eg.linkedin.com/in/ahmed-atef-b38ab4186>

## Availability of Glo



## **INDICATOR 4: Forms of Unnecessary Interaction**

8. Top level government officials (such as President/ Prime Minister or Minister<sup>36</sup>) 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)

4

- Ministry of Finance Dr Mohamed Maiat presented a certificate of appreciation to Philip Morris to recognize its voluntary commitment to submit its tax declaration and pay its taxes on time.<sup>37</sup> In an interview, Vasilis Gatsilis, Executive Director of Philip Morris Egypt and the Levant confirmed that Philip Morris is one of the most committed strategic investors who works with the Egyptian government and its institutions to support national investment and sustainable development.<sup>38</sup>



The Ministry of Finance honored Philip Morris Misr for paying their taxes electronically within the legal deadline

Egypt's Minister of Finance, Dr. Mohamed Maait, payment process for companies and laid the foun-

<sup>36</sup>Includes immediate members of the families of the high-level officials

<sup>37</sup>Amcham Egypt. Business Monthly 2020. [http://www.amcham-egypt.org/BM\\_Issues/April2021.pdf](http://www.amcham-egypt.org/BM_Issues/April2021.pdf)

<sup>38</sup> <https://bit.ly/3iOp9xV>

	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)	0					
	No incident monitored during the reporting period.						
	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	
	Philip Morris Egypt held a technical training course for 69 employees and officials of the Egyptian Customs Authority in the governorates of Alexandria, Port Said, and Cairo to combat illegal smuggling and trade of goods. <sup>39</sup>						
<b>INDICATOR 5: Transparency</b>							
	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)					4	
	There are no laws to prevent dealing with tobacco companies. Considering Eastern Tobacco Company is a state-owned corporate, interactions and the deals are not made public. There is no requirement of rules for the disclosure or registration of tobacco industry entities, affiliated organizations and individuals acting on their behalf including lobbyists.						
	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
	There is no requirement or rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists.						
<b>INDICATOR 6: Conflict of Interest</b>							
	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 are no laws prohibiting contributions from the tobacco industry or any entity working to further its interest. There is no requirement for disclosure. The Ministry of Investment owns 50.5% of Eastern Co SAE. <sup>40</sup>						

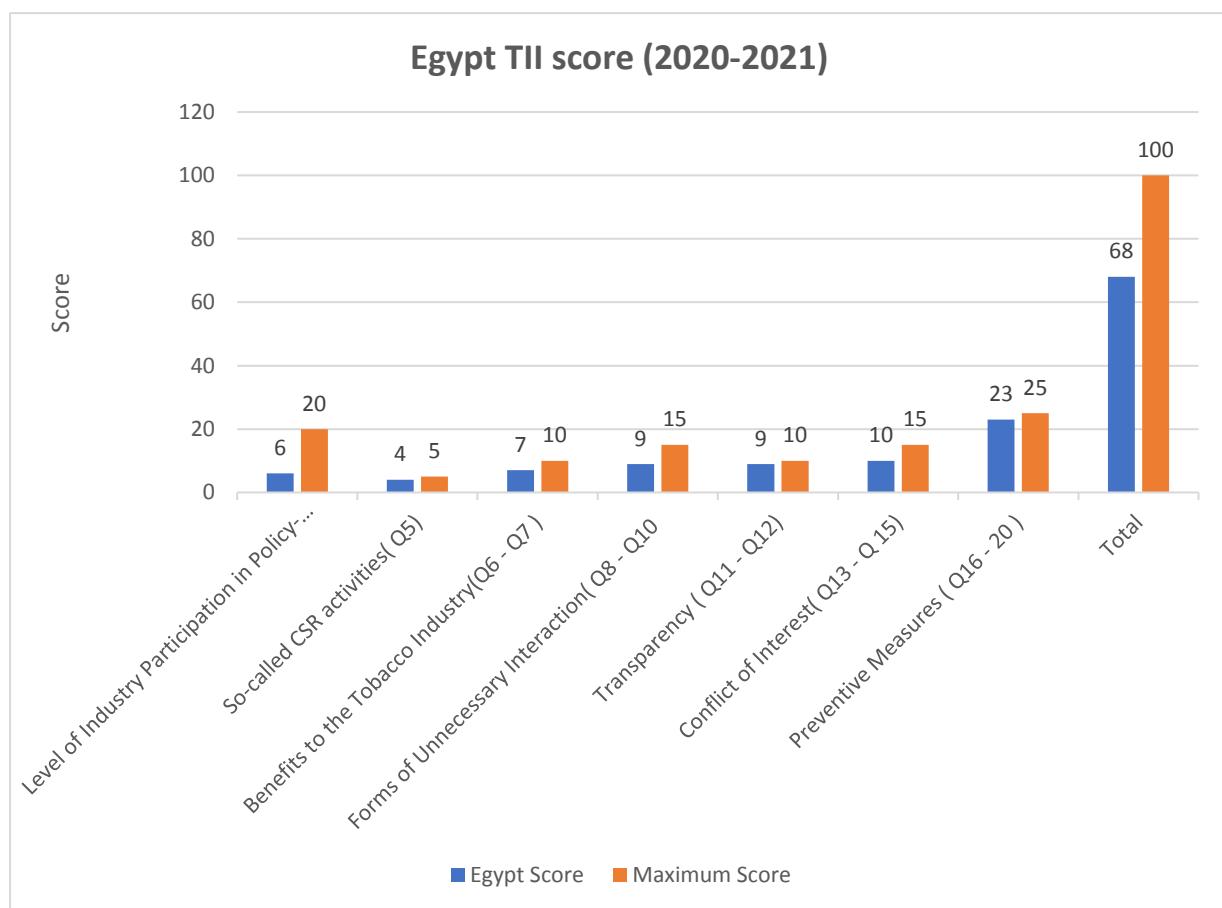
<sup>39</sup><https://www.elfagronline.com/4089124/>

<sup>40</sup><https://bit.ly/3gfEHJc>

	14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4) <sup>41</sup>					4	
	Hani Sarie El Din, Vice Chairman of the Board of Directors of Philip Morris Egypt, has held many executive and non-executive public positions in Egypt such as Chairman of the Capital Market Authority, Member of the Board of Directors of the Central Bank of Egypt, the General Investment Authority, and the first official US-Egyptian fund to promote investment in Egypt. <sup>41</sup>						
	15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)	0					
	No recent incidents identified						
<b>INDICATOR 7: Preventive Measures</b>							
	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
	The government has not 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.						
	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
	The government has not 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.						
	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	
	Eastern Company, as a state-owned company (55%) submit records on production, manufacture, market share, and revenues. However, expenses such as philanthropy and other activities are not collected.						

<sup>41</sup> <https://bit.ly/3gjDFKQ>

	19. The government has a program / system/ plan to consistently <sup>42</sup> raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)								5
	The government has not put in place a program to consistently raise awareness on Article 5.3.								
	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)								5
	The government has not put in place a policy to reject contributions/gifts from the TI and does not reject assistance and study visits.								
<b>Total</b>							<b>64</b>		



**Figure 3: Total TII score and its categories in Egypt (2020-2021)**

<sup>42</sup> 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.

## **Variation of the level of Tobacco industry interference in Egypt across the years 2013 - 2021**

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The overall score for the year 2020 (period from Jan 2020 to March 2021) was 64.

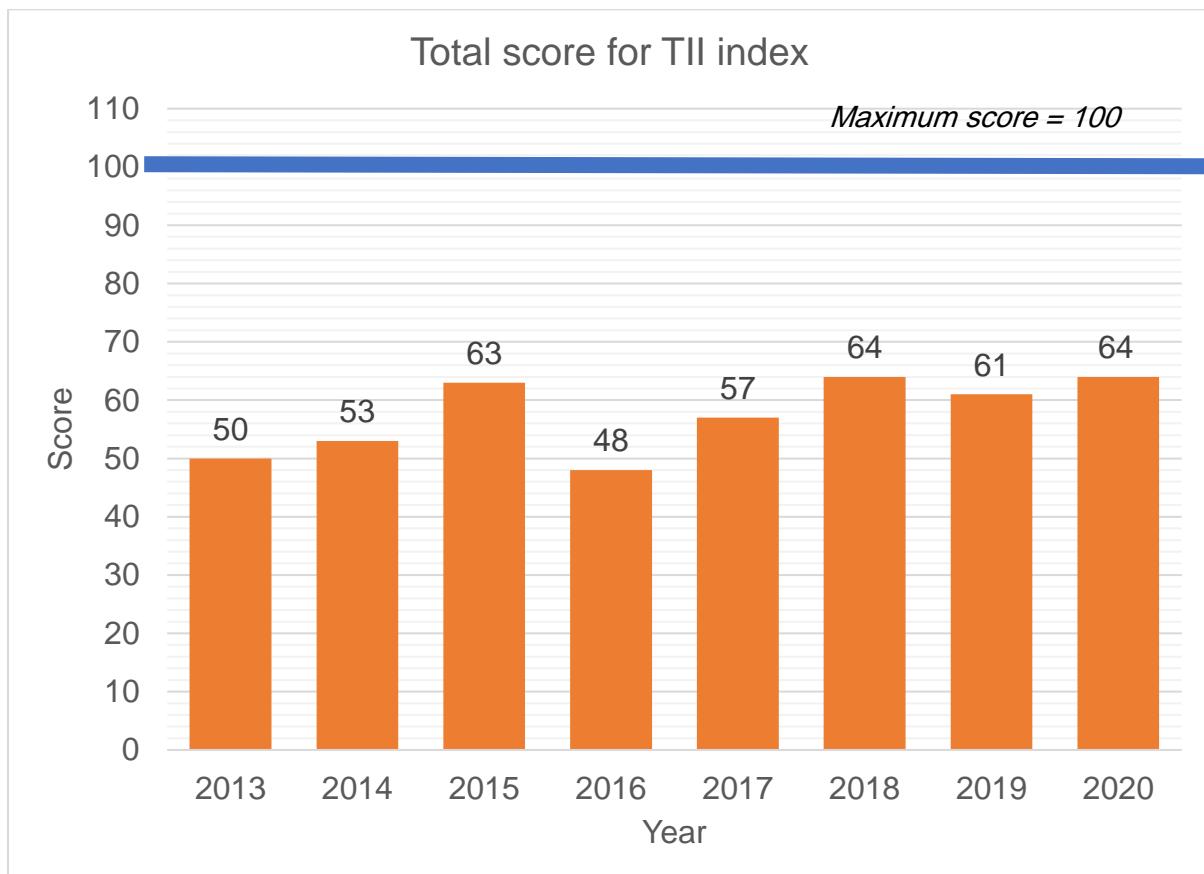
The following table shows variation in the total score as well as the scores for each of the categories varied across the years 2013 – 2020:

**Score of the TII index in Egypt during the period 2013 – 2020**

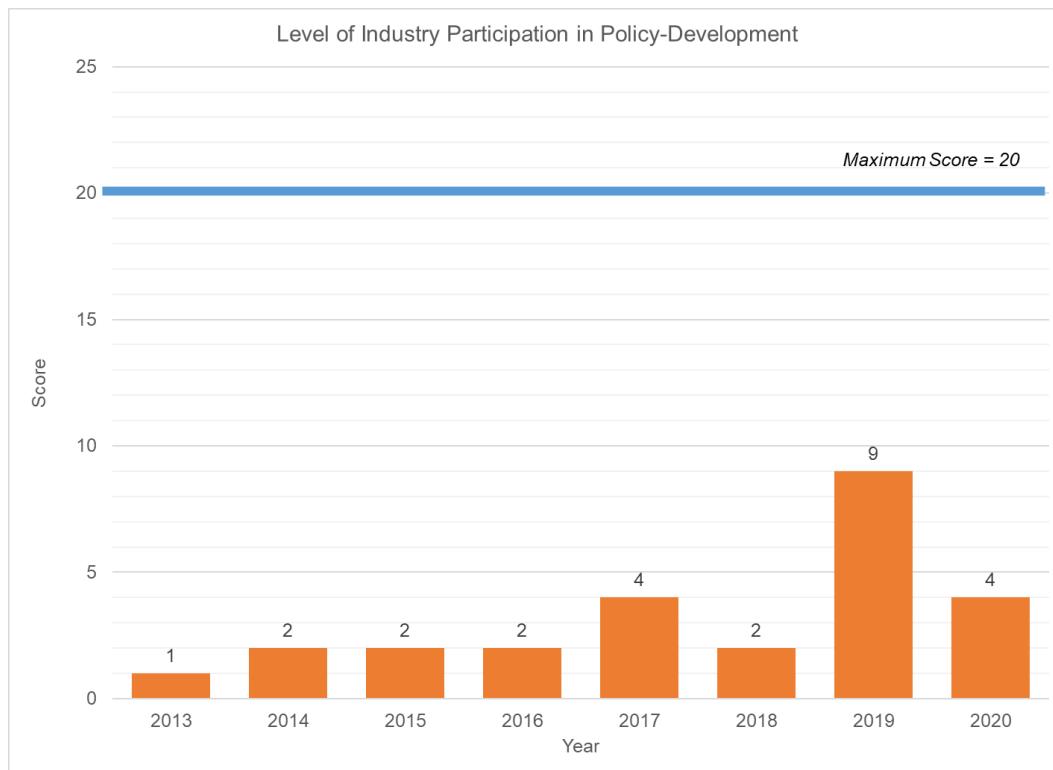
INDICATOR	2013	2014	2015	2016	2017	2018	2019	2020	Maximum score
<b>Level of Industry Participation in Policy-Development (Q1 - Q4)</b>	1	2	2	2	4	2	9	4	<b>20</b>
<b>Tobacco-related CSR activities (Q5)</b>	0	5	5	5	5	5	5	4	<b>5</b>
<b>Benefits to the Tobacco Industry(Q6 - Q7 )</b>	1	0	0	0	0	4	1	7	<b>10</b>
<b>Forms of Unnecessary Interaction (Q8 - Q10)</b>	5	3	13	3	5	13	9	8	<b>15</b>
<b>Transparency when dealing with TI (Q11 - Q12)</b>	10	10	10	10	10	10	10	9	<b>10</b>
<b>Conflict of Interest (Q13 - Q15)</b>	10	10	10	5	10	7	5	9	<b>15</b>
<b>Preventive Measures (Q16 - 20)</b>	23	23	23	23	23	23	22	23	<b>25</b>
<b>Total</b>	<b>50</b>	<b>53</b>	<b>63</b>	<b>48</b>	<b>57</b>	<b>64</b>	<b>61</b>	<b>64</b>	<b>100</b>

Figures 4 - 11 show the variation of the total and individual TII index scores across the years 2013- 2020.

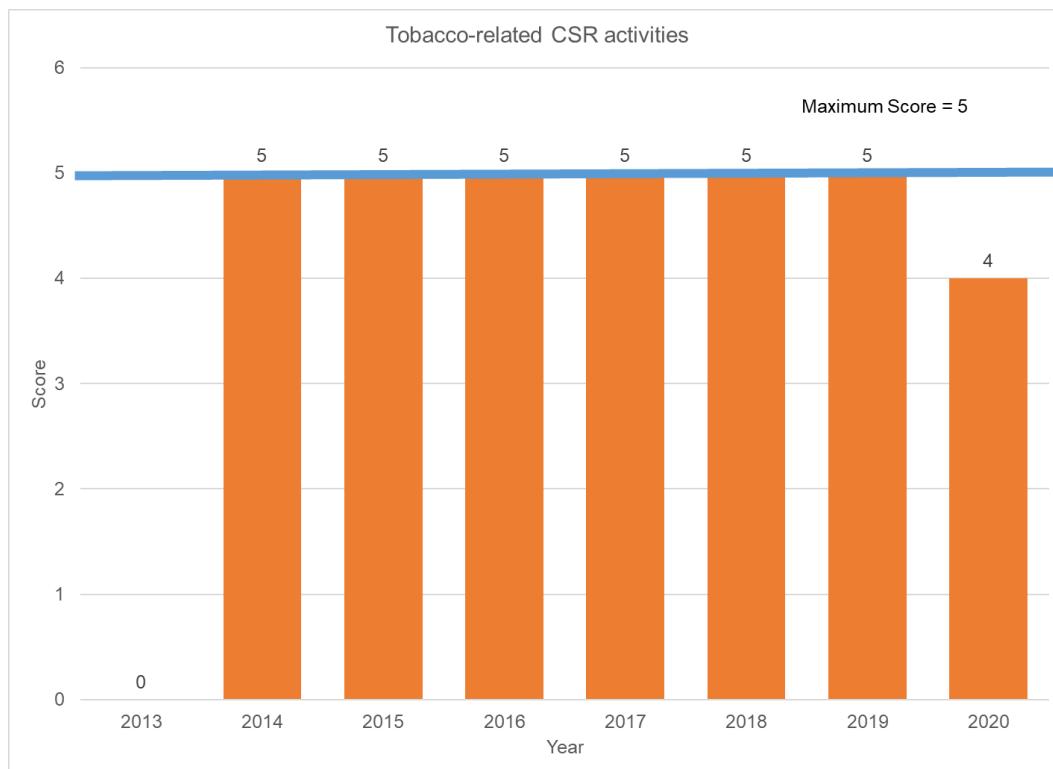
Figure 4: Score of the TII index in Egypt during the period 2013 – March 2021



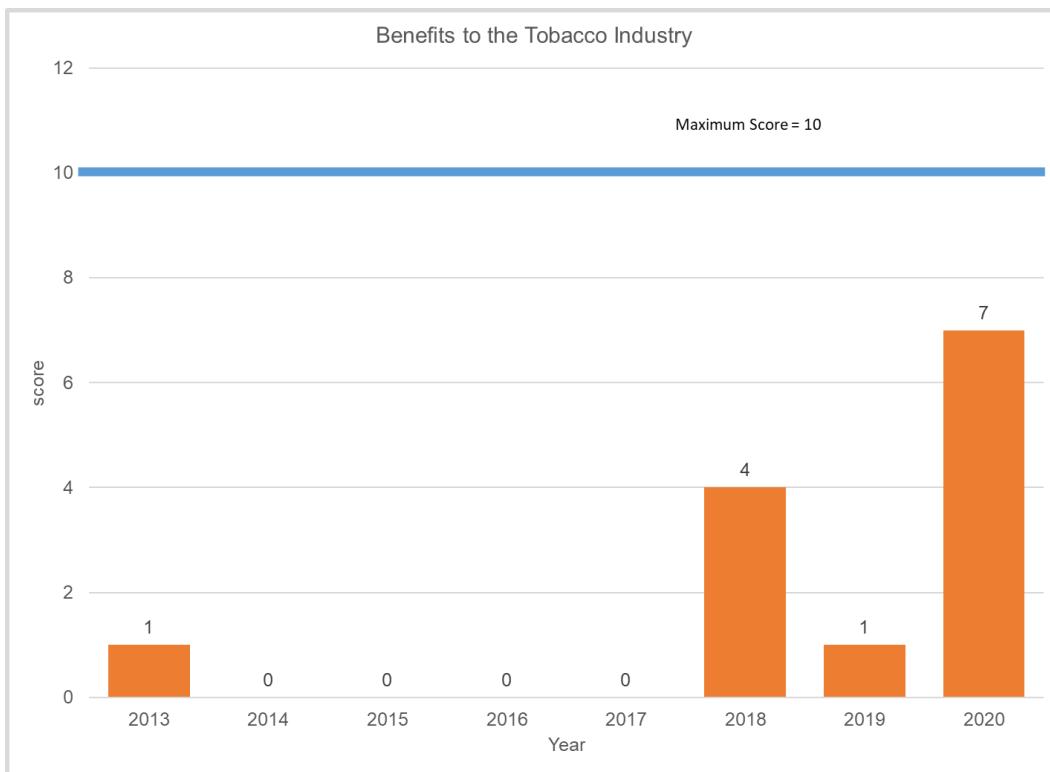
**Figure 5: Score for Level of Industry Participation in Policy-Development 2013-March 2021**



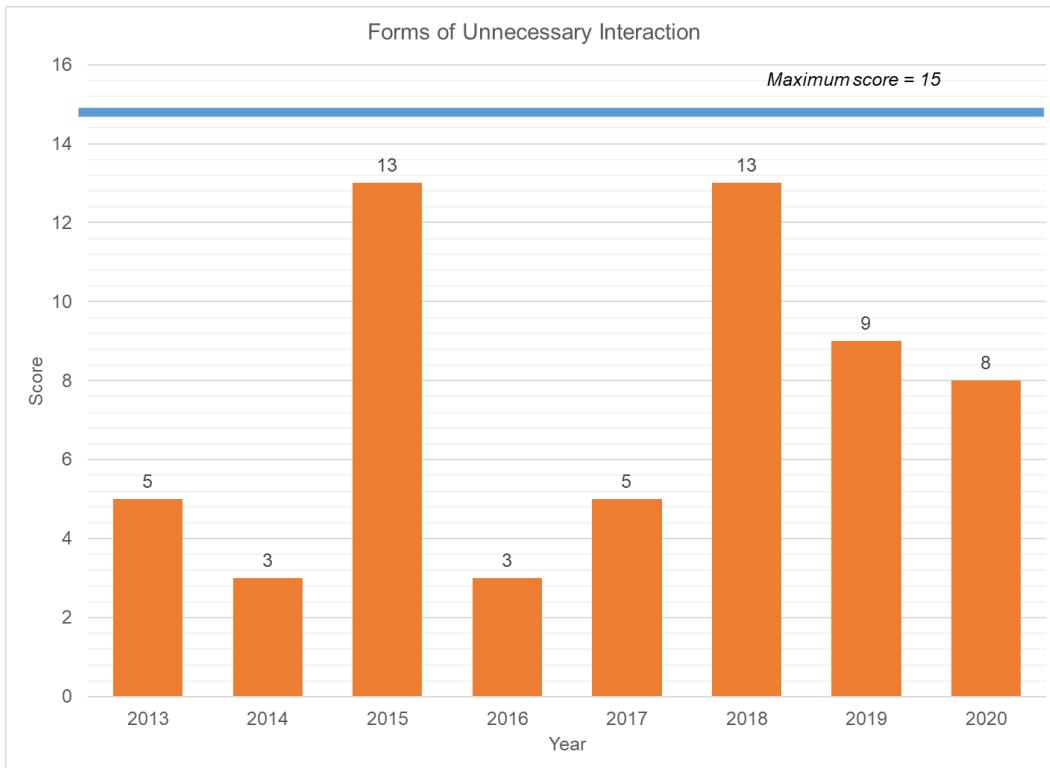
**Figure 6: Score for tobacco-related CSR activities 2013-March 2021**



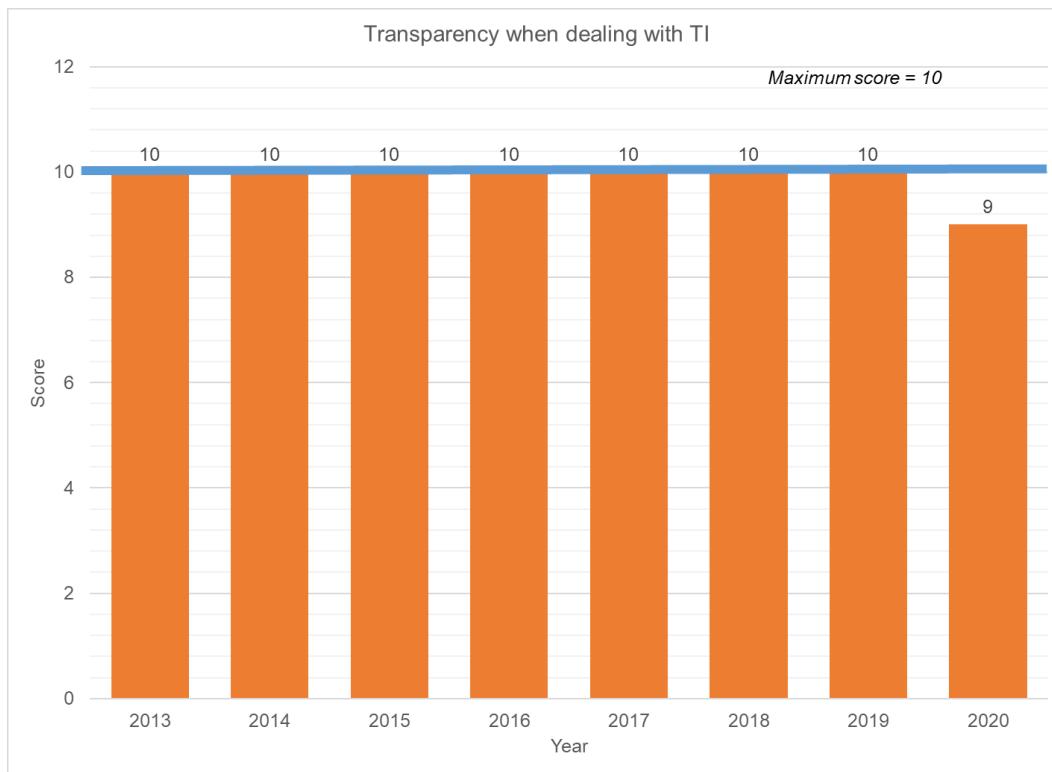
**Figure 7: Score for benefits to the Tobacco Industry 2013-March 2021**



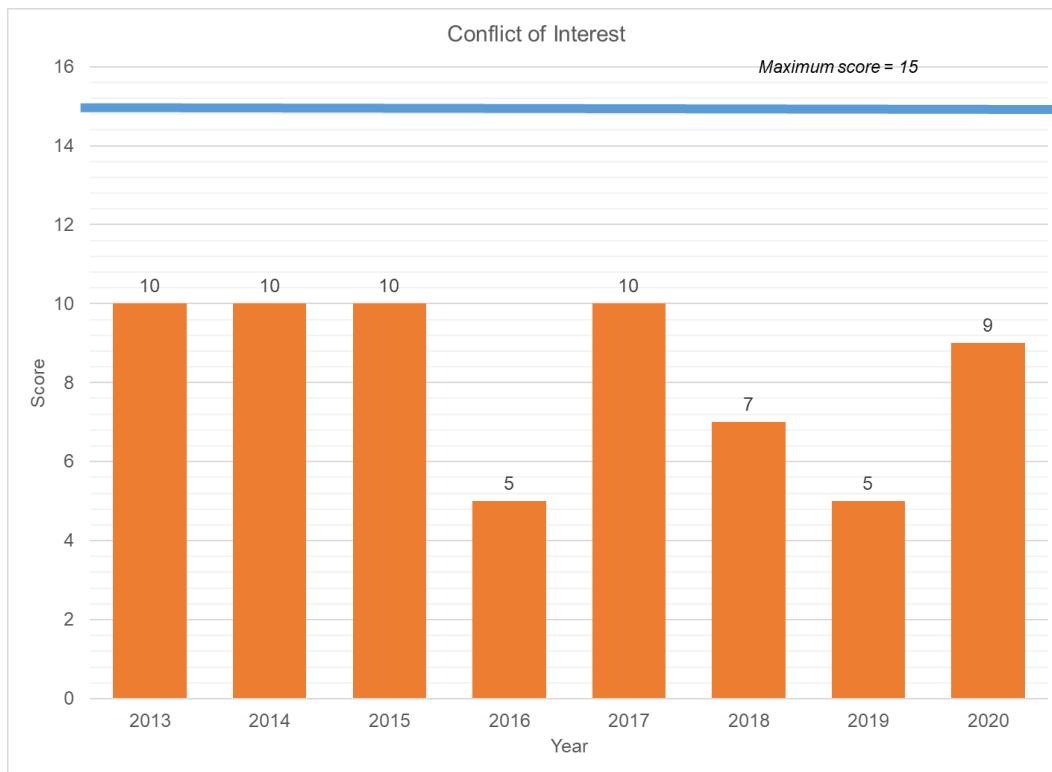
**Figure 8: Score for forms of Unnecessary Interaction 2013-March 2021**



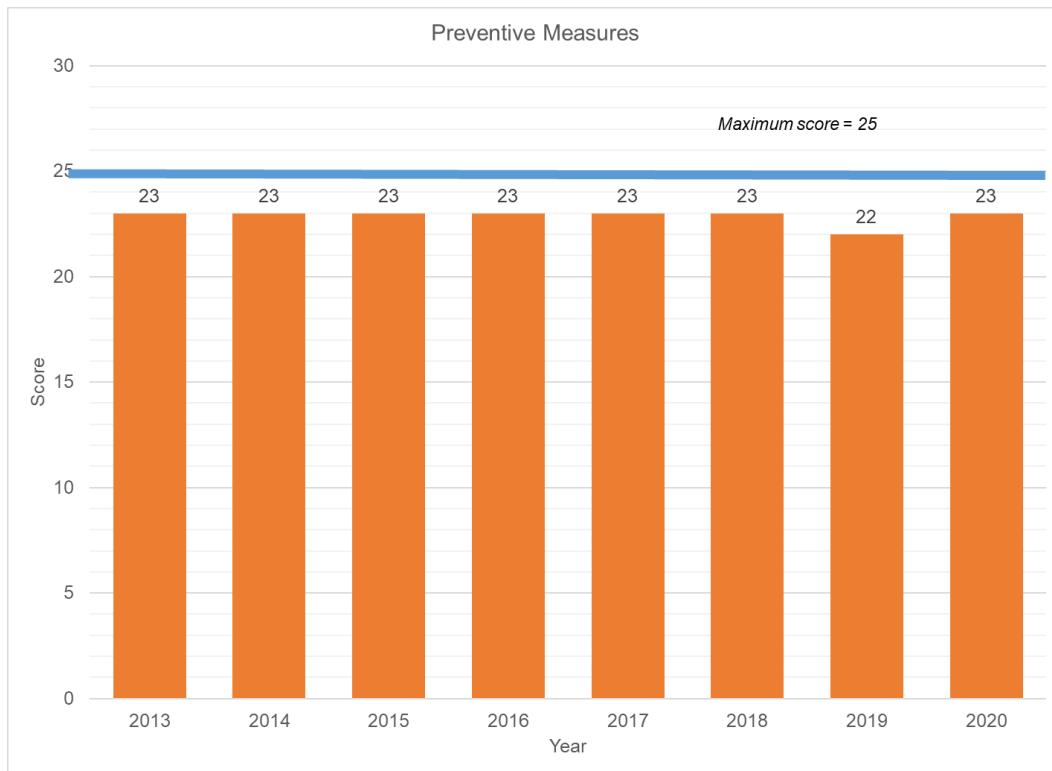
**Figure 9: Score for transparency when dealing with TI 2013-March 2021**



**Figure 10: Score for Conflict of Interest 2013-March 2021**

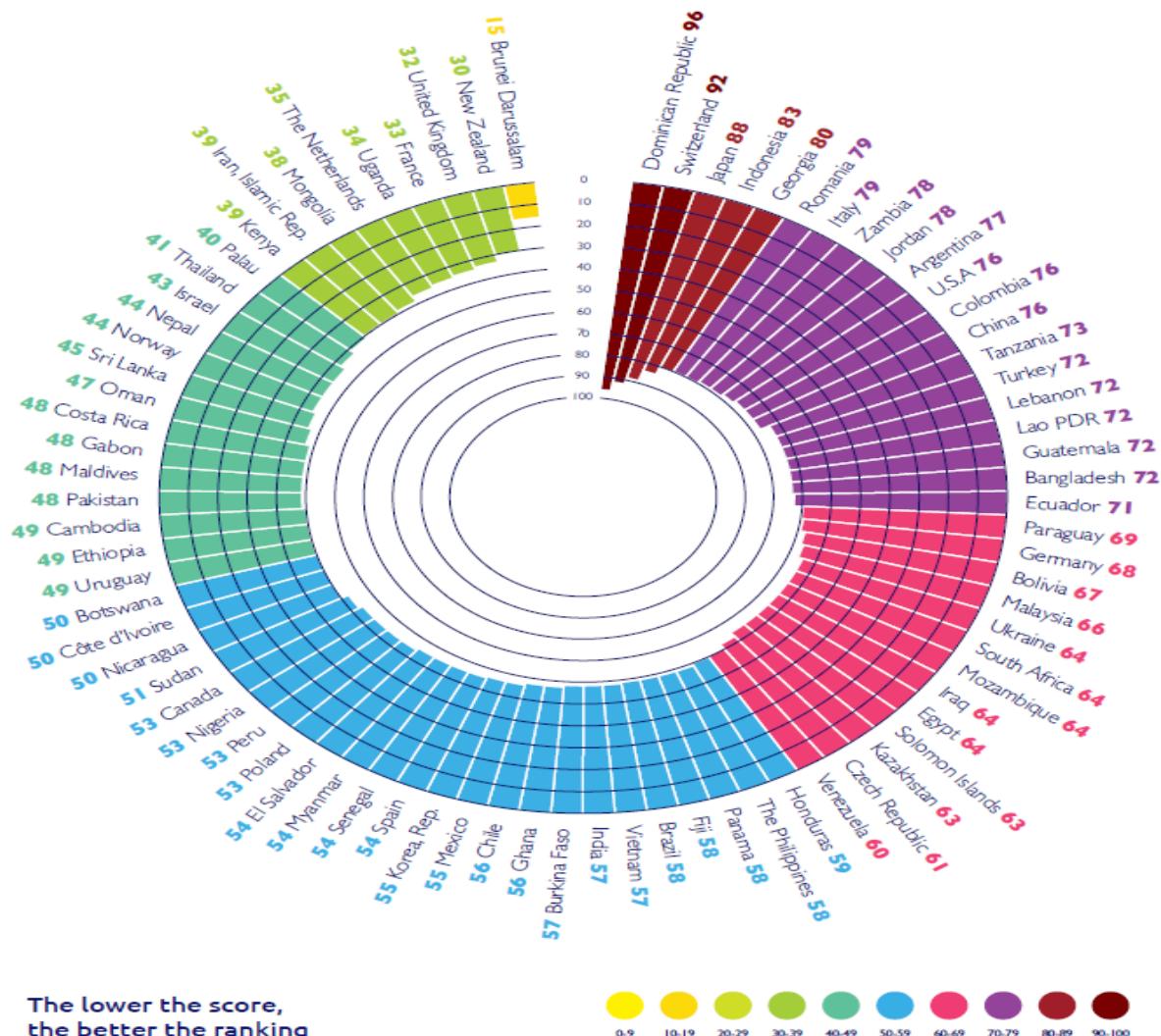


**Figure 11: Score for Preventive Measures 2013-March 2021**

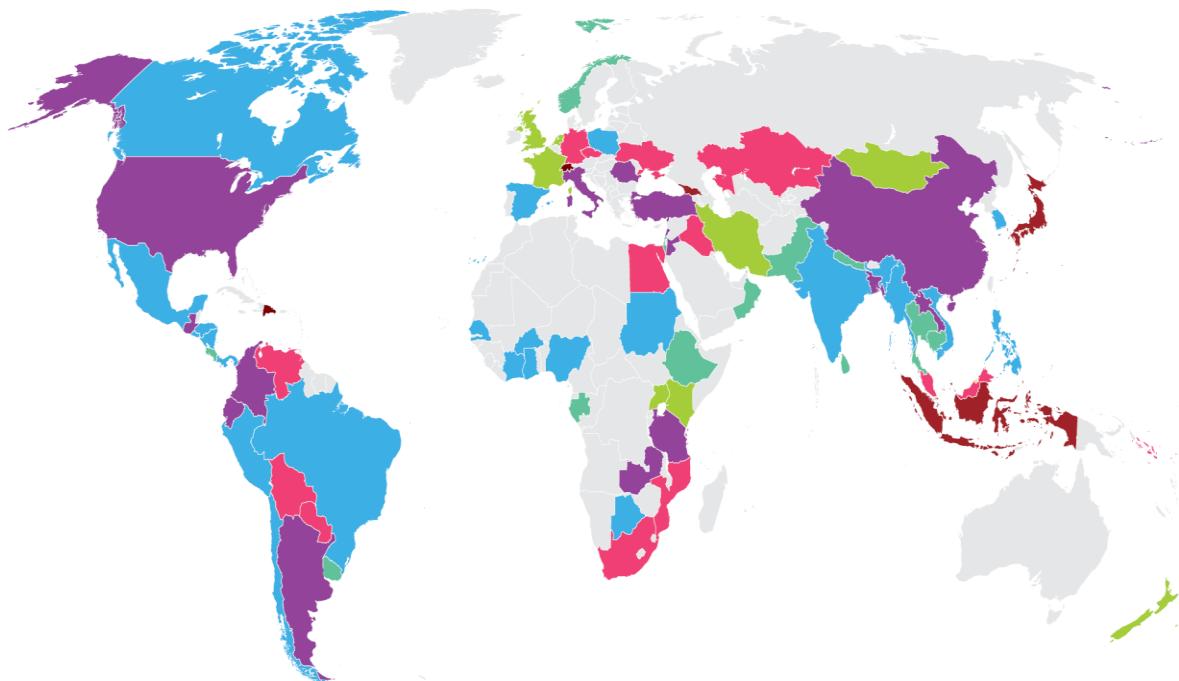


## Tobacco industry interference index in Egypt compared to other countries

Figure 12: Tobacco industry interference overall country ranking (Jan 2020 to March 2021)<sup>43</sup>



**Figure 13: Tobacco industry interference map showing overall country ranking (Jan 2020 to March 2021)<sup>44</sup>**



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<sup>44</sup>Mary Assunta. Global Tobacco Industry Interference Index 2021. Global Center for Good Governance in Tobacco Control (GGTC). Bangkok, Thailand. Nov 2021.

## **Recommendations**

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Article 5.3 Guidelines were adopted in 2008 which serves as a guide for governments to prevent tobacco industry participation in policy development. This index has exposed the areas of weakness and areas where action is greatly needed:

1. Limit interactions with the tobacco industry to only when strictly necessary. Stopping unnecessary interactions is vital to avoiding industry interference. Governments should limit interactions to controlling and regulating the industry.
2. Ensure transparency when interacting with the tobacco industry. Greater transparency when dealing with the tobacco industry will reduce instances of interference. All interactions with the tobacco industry must be recorded and made publicly available.
3. Based on an assessment of the implementation of the standard operating procedure, a code of conduct for all civil servants should be implemented. Such code should define conflict of interest and make it strictly forbidden for former board members and key persons in tobacco companies to hold leadership positions in government, or to be in a position that influence tobacco control policies in the country. Public servants should declare that they do not have interests with tobacco industry.
4. Tobacco related CSR activities must be banned. Government agencies must end all agreements and memorandum of agreements with tobacco companies. This year showed a remarkable activity of tobacco companies to supply assistance for medical teams to fight COVID-19. In addition, they supplied food assistance in collaboration with community NGOs in the context of COVID-19 as well. This should not be normalized especially during the pandemic. Tobacco is proven to be a major risk factor for hospitalization for COVID-19 patients. The government and civil society organizations were supposed to at least blame tobacco companies instead of shamefully engaging in polishing their image.
5. Eastern Tobacco Company, a state-owned monopoly, must be treated like any other tobacco company.
6. There must be a register of all representatives of the tobacco industry entities, affiliated organizations, and individuals acting on their behalf. Any government branch (executive, legislative and judiciary) responsible for setting and implementing tobacco control policies and for protecting those policies against tobacco industry interests should be accountable.
7. The government should require the tobacco industry to submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and lobbying activities.
8. The approval of new heated tobacco products by the Ministry of Health and Population reflects an outrageous level of tobacco industry interference. Along with being applauded by the Ministry of finance for tax submission. This needs enforcement of the FCTC article 12 that government and decision makers should be educated about the harmful and addictive nature of tobacco products. The economic

impact of tobacco industry and the case for investment in tobacco control should be highlighted and communicated through high-level policy discussion.

9. Limit the benefits granted to tobacco companies. For instance, the new heated tobacco product of BAT is made readily accessible through the online delivery services. There should be measures to control the accessibility of tobacco products through e-commerce, as it directly increases its distribution and normalize it as other products.
10. Upgrade laws to meet all WHO FCTC requirements and guidelines. Stakeholder mapping and understanding political power are needed to combat the indirect promotion and advertisement of tobacco products through brand ambassadors.
11. Align tobacco control within the health and sustainable development initiatives of the government. This includes mass media awareness and continuous health promotion efforts beside the enforcement of existing laws and regulations for tobacco control.