

Pakistan

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Summary of Findings

1. Industry participation in policy development

The third tier of tobacco tax, introduced in 2018 was withdrawn in 2019 and replaced by a two-tier system in the 2019-2020 annual budget. This was due to the collaborated efforts of the Ministry of Health (MoH) with CSOs to build a counter narrative to the tobacco industry (TI)'s statements of businesses stating how profits were being made by placing the most-sold brands in the lowest tier of taxes. Now only a two-tier system exists based on high- and low-costing brands, as was the case prior to 2018. In 2020 the TI tried to lobby for implementing the three-tier system but did not succeed in this motive.

2. Industry CSR activities

Such corporate social responsibility (CSR) activities are not banned and remain a challenge in Pakistan. These so-called CSR activities make a decent corporate picture in spite of the colossal harm they do to general well-being of the public. Provisions of food rations and hygiene kits to over 30,000 people in low-income communities were made by the TI. Mobile care units were deployed by the TI in Mardan, Charsadda and Swabi to cater to local communities as these districts are the tobacco crop producers.

3. Benefits to the industry

Withdrawal of advance tax on tobacco growers is a benefit to the TI. Federal Excise Duty on cigarettes had not been increased in the budget and prices of cigarettes are very low compared to other countries. The Provincial Government of Khyber Pakhtunkhwa (KPK), Swabi University and

Khyber Pakhtunkhwa (KPK) Board of Investment and Trade joint made efforts to develop the tobacco sector and create job opportunities in the TI. In 2019-20 industry-wide export of tobacco and cigarettes show there are huge benefits for tobacco companies from tobacco export. In 2019-20 tobacco industry exports of tobacco and cigarettes amounted to US \$42,001,041.47 as per reports by the Pakistan Tobacco Board.

4. Unnecessary interaction

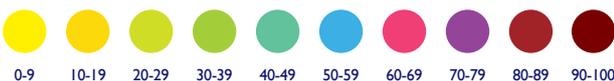
There is no official record that the government accepts assistance from the TI on conducting raids. However, the Pakistan Tobacco Company (PTC) claims that it continues to work with the government on enforcement against the illicit sector and counterfeit producers to ensure fiscal and regulatory discipline across the industry in the future. PTC further claims that it will not only ensure the sustainability of the legitimate sector but also result in significant revenue inflows for the government.

Two Special Assistants (Equal to Federal Minister) to the Prime Minister, Mr. Abdul Razzaq Daud and Sayed Zulfikar Abbas Bukhari (Zulfi Bokhari), attended the inauguration ceremony of Velo, Asad Gaiser met with tobacco growers and Senator Dilawar Khan distributed cigarette packs among Senators in Senate premises.

5. Transparency

The Tobacco Control Cell (TCC) did develop a National Action Plan on TI interference as a code of conduct which has not been adopted yet.

The government does not have any process of disclosure of affiliated tobacco organizations and individual acting on their behalf including lobbyists.



6. Conflict of interest

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 require full disclosure of such contributions.

7. Preventive measures

The TCC developed a National Action Plan on TI interference as a code of conduct, however this has not yet been adopted.

The Companies Ordinance 1984 of Securities & Exchange Commission of Pakistan (SECP) requires all public companies to publish quarterly financial data of production, manufacture, marketing expenditures revenues and other financial records, etc. The other expenses such as contributions and charity work have to be included in the annual statements which are published.

Recommendations

- 1. Awareness on Article 5.3 as an obligation:** Effective implementation of the developed SOPs based on Article 5.3 guidelines to ensure transparency and protect tobacco control policies from tobacco industry influence. The related government departments should be made aware to the counter strategies for tobacco industry interference. Government/ civil society partnerships should be developed to prevent tobacco industry influence at policy and implementation phases. Efforts to increase awareness should also extend to include parliamentarians and all local government officials.
- 2. Ban on CSR:** There should be a complete ban on all types of tobacco-related CSR activities. Article 5.3 Guidelines recommend interactions be limited to only when strictly necessary for the purposes of controlling, regulating and supervising the tobacco industry. Ban the tobacco industry from providing any contributions including political contributions, donations, gifts, technical advice, scholarships or study visits. The TI continuously supports its front groups for misleading the authorities regarding tobacco taxes, and it also assists tobacco growers. CSR activities should be revised.
- 3. Remove benefits to the tobacco industry:** The government of Pakistan should withdraw any and all tobacco-related incentives, including duty-free, offered to international travelers. Also, the government of Pakistan should not offer tobacco-related incentives in any trade agreements including bilateral. All existing trade agreements should be revised to withdraw such incentives. Tobacco-related exports and imports should be heavily taxed in compliance with the government's ongoing tobacco control efforts.
- 4. Ensure that transparency is key:** Transparency is needed in dealing with the tobacco industry. All meetings with the tobacco industry and their outcomes must be recorded and a procedure must be established to implement it.
- 5. Require information from the tobacco industry:** The tobacco industry should be required to provide information in a transparent and accurate manner regularly, about production, market share, marketing expenditures, revenues and any other activity, including expenditure on research and philanthropy.
- 6. Require disclosure:** Require a registry of lobbyists and the tobacco industry's lobbying expenditure.