

Bangladesh

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Summary of Findings

1. Industry participation in policy development

In a letter addressed to the Finance Minister, the Ambassador of Japan to Bangladesh expressed his discontent regarding taxation changes in 2019, restrictions on importation of finished goods and selling of flavored capsule products and warned that such tobacco control measures would thwart the flow of Japanese foreign direct investment to Bangladesh. National Board of Revenue's (NBR) VAT Department was later assigned to address the Ambassador's grievances. Another incident that led to deterioration in this indicator is endorsement from ten (10) Members of Parliaments (MPs) to the bidi industry's demand for tax reduction in a Demi Official (DO) letter addressed to the Finance Minister. The demands, however, were not met in the finalized budget.

2. Industry CSR activities

The 2021 report shows a sharp spike in the tobacco industry's CSR activities. The tobacco industry successfully managed to exploit the COVID-19 pandemic to improve its brand image and forge multi-faceted liaisons with different influential government bodies. It should be noted that the country has been scoring the highest score (05) in this indicator since 2018.

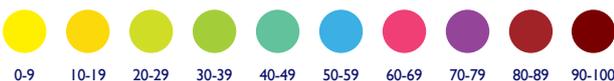
COVID-19-Related CSR: British American Tobacco Bangladesh (BATB) donated masks, personal protective equipment (PPE) and sanitizing equipment to government hospitals and officers in Dhaka, Chittagong and Rangpur. During April – May 2020, BATB donated a million units of its hand sanitizer brand *Shudhdho*, through its newly founded sister organization

Prerona Foundation. Distributions went to government agencies including Dhaka North City Corporation (DNCC), Rapid Action Battalion (RAB), Bangladesh Police, Border Guard Bangladesh (BGB) and Bangladesh Army and Deputy Commissioners (DC) of various districts. The donations were highly publicized. Japan Tobacco International (JTI) also distributed essential goods and hygiene products in collaboration with field-level administrative bodies and law enforcement agencies.

Non-COVID-19-Related CSR: Under its afforestation project, *Bonayan*, BATB handed over saplings to ministers and high officials of different government agencies all over the country, including the Minister of Chittagong Hill Tracts Affairs, the MP of Kushtia-1, the Mayor of Rajshahi City Corporation (RCC), the Director General (DG) of the Rapid Action Battalion (RAB), the Superintendent of Police (SP) of Chuadanga district, the Vice-Chancellor of Bangladesh Agricultural University (BAU) and central and field-level leadership of Border Guard Bangladesh (BGB). BATB also engaged with influential figures under different initiatives of its other two CSR programs, *Shujola* and *Probaho*.

3. Benefits to the industry

Citing cigarettes as an essential commodity as per the 1956 Act, the Ministry of Industries (MoInd) granted special permissions for two transnational tobacco companies, BATB and JTI Bangladesh on April 3, 2020, and April 5, 2020, respectively, to continue with manufacturing, leaf purchase, finished goods supply and distribution amid the nationwide COVID-19 shutdown. A



request from the Ministry of Health and Family Welfare (MoHFW) to withdraw such special permissions was also quickly turned down. Akij Bidi Industry, a local bidi manufacturer, has also managed to acquire a special permission from the District Deputy Commissioner's Office of Lalmonirhat.

4. Unnecessary interaction

Like previous years, the government continued to hand over awards to tobacco companies. Ministers and government high officials also continued to attend programs organized by tobacco companies. For example, the Minister of Industries, State Minister and high officials of the Ministry of Industries handed over the President's Award for Industrial Development 2018 to BATB in a grandiose event. Mr. Kaus Mia, the owner of smokeless tobacco Hakimpuri Zarda, as well as BATB received accolades from NBR for paying taxes. Professional bodies, such as the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB) handed over the "2019 Best Presented Annual Report" and "2018 ICMAB Best Corporate Award" to BATB respectively in the presence of the Minister of Commerce.

As a continuing trend, in 2020 the Bangladesh Export Processing Zones Authority (BEPZA), an agency of the Government of Bangladesh, signed an agreement with Asian Tobacco (Pvt) Ltd, a Bangladeshi company, to establish a cigarette and tobacco processing plant in Ishwardi Export Processing Zone with an investment of US \$2 million.

BATB's partnership with the Department of Agriculture Extension continued in 2020.

5. Transparency

The government did not have a policy of disclosing meetings/interactions with the tobacco industry. Rules for the disclosure or registration of tobacco industry entities, affiliated organizations/individuals/lobbyists also do not exist. For example, on March 25, 2021, NBR conducted a pre-budget meeting with the Bangladesh Cigarette Manufacturers Association (BCMA) where some budget proposals were placed to NBR Chairman from the BCMA. Details of the proposals were not officially disclosed.

6. Conflict of interest

No progress was achieved with regard to alleviating conflicts of interest between the tobacco control measures and commercial interests of the government and its officials.

In continuation of previous years, the government continued to hold investment in BATB, which is now 9.9%. Apart from electoral donations, there was not any policy in place to prohibit contributions from the tobacco industry. The Secretary of the Ministry of Industries, Additional Secretary of the Ministry of Finance, the Director of the Board of Bangladesh Bank and the Managing Director of the Investment Corporation of Bangladesh (ICB) were found to hold positions such as Non-Executive and Independent Directors of BATB.

7. Preventive measures

Compared to the previous year, any move towards meaningful Framework Convention on Tobacco Control (FCTC)-compliant preventive measures remained stalled.

Apart from a provision under the Right to Information Act, 2009, there is no procedure in place for disclosing the records of interactions with the tobacco industry. Draft guidelines with regard to Article 5.3 implementation are yet to be finalized.

The government requires the tobacco industry to submit monthly revenue statements (company-wise) only. These statements are submitted as a requirement under the National Board of Revenue. In addition, tobacco companies must submit monthly statements of health surcharge deposit, according to the form attached with the "Health Development Surcharge (Collection and Payment) Rules 2017." However, the tobacco companies are not required to submit information on their market share, marketing expenditures, revenues, philanthropy and political contributions.



The Ambassador of Japan to Bangladesh wrote to Bangladesh's Finance Minister expressing discontent on taxation changes which restricts importation of finished goods and sales of flavored capsule products, and warned that such tobacco control measures would thwart the flow of Japanese foreign direct investment to Bangladesh.

Recommendations

The government must fully implement Article 5.3 Guidelines. The following measures should be undertaken immediately to fulfill the requirements of Article 5.3:

1. Ban all CSR activities of the tobacco industry as required in Article 5.3.
2. Exclude cigarettes from the list of essential commodities by amending the Essential Commodity Act 1956.
3. Divest investment from tobacco companies within a specific period of time by 2022. To prevent conflicts of interest, government officials must terminate their positions in tobacco companies.
4. Undertake awareness-raising of non-health sectors (particularly as Finance Ministry, Industries Ministry and Commerce Ministry) on Article 5.3 obligations by the Ministry of Health and Family Welfare (MoHFW) and how to comply with it across the whole of government.
5. Expedite the adoption of a code of conduct for all government officials in dealing with the tobacco industry.
6. Halt all participation in award ceremonies involving the tobacco industry. Disclose all interactions with the tobacco industry and its representatives.
7. Formulate and implement a simple tobacco price and tax policy in line with WHO FCTC Article 6 in order to reduce the demand for tobacco.
8. Bar the entry of new foreign and local tobacco companies and related investment into Bangladesh. Also deny establishment of new tobacco-related factories in the country's Special Economic Zones (SEZs) and Export Processing Zones (EPZs).