TOBACCO INDUSTRY INTERFERENCE INDEX

The Philippine Report on the Implementation of Article 5.3 of the WHO Framework Convention on Tobacco Control

JUNE 2019



Tobacco Industry Interference Index The Philippine Report on the Implementation of Article 5.3 of the WHO Framework Convention on Tobacco Control June 2019

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Introduction

Article 5.3 is an essential provision of the Framework Convention on Tobacco Control (FCTC), it enshrines the irreconcilable conflict of interest between the tobacco industry and public health. The FCTC binds signatory states to insulate their public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry, in accordance with national law. Different countries all over the world are recognizing that protection of public health from tobacco industry interference is an important step to ensure that their goals for tobacco control are achieved.

To give more clarity and guidance to Parties, Article 5.3 Guidelines was unanimously adopted in 2008. The Guidelines provide for 8 main recommendations with 34 sub-recommendations to governments to ensure that the industry is prevented from exerting its influence on public health policy.

While the tobacco industry has been utilizing similar strategies around the world, there has been little effort to measure and compare the responses of the government or its ability to respond to these strategies. The Tobacco Industry Interference Index intends to gauge the level of industry interference, as well as the responses or measures implemented by the government to implement Article 5.3 of the Framework Convention on Tobacco Control. The purpose of the Index is to define the measures and elements that contribute to the ability of the tobacco industry to interfere with policymaking. The assessment could provide an indication of the government's capacity to resist tobacco industry interference.

Methodology

This is the sixth report reviewing the implementation of the Philippines of Article 5.3 of the WHO FCTC based on the Tobacco Industry Interference Index.

Covering incidents of tobacco industry interference from January to December 2018, relevant pieces of evidence were gathered, reviewed, and scored based on the questionnaire provided by Southeast Asia Tobacco Control Alliance (SEATCA).

Information sources for the research were based on publicly available or commonly known information. The research was limited to information sourced from official websites, news reports, tobacco company reports, and verifiable anecdotal reports. The results were shared with a core group of civil society groups for review and subjected to their validation. The report was revised and finalized based on the inputs gathered from the core group.

The questions were based on the top twenty (20) most commonly reported incidents of tobacco industry interference in the Southeast Asian countries and referenced to specific recommendations in the Article 5.3 Guidelines.

The questionnaire for the report was updated in 2015 to quantify the intensity, frequency, or severity of a given incident of interference by providing specific guides (assessment tools) on how to assess specific situations. The intent was to remove the subjectivity by assigning a number, and put all respondents/ researchers on the same page when assigning a score. The scores are ultimately compared with results from other countries. However, because of the revision in scoring system, it may not adequately capture the difference from the previous years prior to the update.

Tobacco Industry Interference Index

The Tobacco Industry Interference Index is an attempt to define the measures and elements that contribute to the ability of the tobacco industry to interfere with public health policy making. The questions were designed based on specific situations most applicable to the Southeast Asian nation's context that the Article 5.3 Guidelines seek to address.

The questions 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.

Monitoring on an annual basis serves to measure whether the Philippines is making progress, maintaining status quo, or deteriorating when addressing tobacco industry interference. The scores are based on a particular indicator on the level of industry responses and the responses of the government in addressing them based on publicly available evidence.



Philippines' Score on the Tobacco Industry Interference Index

As compared with the previous years, the total score of the Philippines in the Tobacco Industry Interference Index has increased. It jumped from 45 in 2017 to 54 in 2018. The higher score indicates stronger interference by the tobacco industry, as well as, possibly, lesser capacity of the government to resist or prevent tobacco industry interference.

Lower score shows better implementation of Article 5.3

I. Tobacco Industry Participation in Policy Development

-	TOBACCO INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT										
	INDICATORS	0	1	2	3	4	5				
1.	The government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control (Rec3.1)						x				
2.	The government accepts, supports or endorses <u>policies or legislation drafted</u> by or in collaboration with the tobacco industry. (Rec 3.4)						x				
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) <i>1 Never 5 Yes</i>						x				
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) (Rec 4.9 & 8.3)				x						

The tobacco industry participated and exerted influence in tobacco control policy development and implementation.

On several meetings and hearings held by the House of Representatives and the Senate, tobacco industry representatives were invited as resource persons and provided their inputs and comments on proposed bills on (1) tobacco tax increase (2) amendment of Republic Act 9211 (Tobacco Regulation Act) and (3) electronic nicotine delivery system/electronic non-nicotine delivery system (ENDS/ENNDS).

It also shows that among the bills proposing ENDS/ENNDS regulation, six are oriented to adopting the industry position, thereby, demonstrating industry origin or draftsmanship.

Similar to previous years, the Philippine Tobacco Institute (PTI) and the National Tobacco Administration (NTA) continue to be members of the Inter-agency Committee Tobacco (IACT), a committee tasked to implement the provisions of Republic Act 9211 or the Tobacco Regulation Act and monitor compliance with Republic Act 10643 or the Graphic Health Warnings Law.

Similarly, the tobacco industry and electronic cigarette industry are also active in the local government units, opposing strict regulation of ENDS/ENNDS and arguing that these novel tobacco products are less harmful and should not be treated as traditional tobacco products.[†]Through the lobbying of the industry, there are recent ordinances passed that allows vaping in enclosed spaces with proper ventilation.

Through strong industry influence, the House of Representatives approved on third and final reading only a minimal rate increasing tobacco taxes (PhP 2.50 per year until 2022). The marginal rate of the approved bill is too low to curb tobacco consumption and will benefit the tobacco industry by preempting any further increase in taxes in the following years. The measure is consistent with the position of the tobacco industry to not increase tobacco taxes and their claim that tax increase will worsen the illicit tobacco trade problem in the Philippines.

In the Eight Session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control (COP8) held last October 1 - 6, 2018, the Philippines included as part of its delegation, a representative from the National Tobacco Administration, a government agency that is mandated to promote tobacco production.

II. Industry-Related CSR Activities

INDUSTRY-RELATED CSR ACTIVITIES								
INDICATORS	0	1	2	3	4	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 (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec6.4) 					x			

The WHO FCTC and its Guidelines recommend that Parties ban so-called corporate social responsibility activities of tobacco companies, as it is a means to access and influence policymakers and continue to advertise tobacco products or brand.



Source: https://jvofi.org



Source: https://jvofi.org

After the Department of Health-Civil Service Commission Memorandum Circular on the Protection of the Bureaucracy Against Tobacco Industry Interference (DOH-CSC JMC) was implemented in 2010, there has been a decrease in direct partnerships and unnecessary interactions between the government and the tobacco companies.

However, tobacco companies continued conducting so-called CSR activities by coursing it through foundations and other groups such as the Wong Chu King Foundation and the American Chamber of Commerce Foundation.

Philip Morris Fortune Tobacco Corporation, through its CSR arm Embrace, partners with Jaime V. Ongpin Foundation Inc. (JVOFI). In 2018, it was monitored that they conducted at least twenty six (26) of their so-called CSR activities. Most of the CSR activities were done in partnership with the local government units, and the Philippine National Police," " and the activities that they conducted were mostly donations for school children^{iv} or conduct of medical missions or donations of medical equipment to different barangays.^v

In one instance, PMFTC participated in the clean-up of Pasig River called Taga-Ilog Project – Pasig River Earth Day. The event was supported by the Philippine Coast Guard Auxiliary,





Source: https://www.facebook.com/PhilippineSTAR/posts/ in-photos-canadian-ambassador-john-holmes-joins-thetaga-ilog-projectpasig-river/1026897834130564/

Metro Manila Development Authority, and Pasig River Rehabilitation Commission.^{vi vii} In another instance, the partnership was between PMFTC and the National Commission on Culture and the Arts, a government agency, through the Philippine Art Awards Foundation.^{viii}

The increasing number of soactivities called CSR and different partnerships with government agencies indicate the need to strengthen monitoring of industry interference and to intensify communication strategies so that government is properly informed that these partnerships are not allowed under the JMC.

III. Benefits of the TobaccoIndustry

BENEFITS TO THE TOBACCO INDUSTRY									
INDICATORS	0	1	2	3	4	5			
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)	x								
 The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3) 						x			

Under the ASEAN TRADE IN GOODS AGREEMENT (ATIGA) tobacco leaf, and other tobacco related additives imported into the Philippines enjoy zero import duties.^{ix}

Philippine allows international travelers to bring 400 sticks of cigarettes without any duties or taxes into the country. This is higher than what other countries in Southeast Asia allow. This is twice as much that is allowed in Malaysia. In other countries like Singapore, Brunei, and Hong Kong, they only allow 1 pack (20 sticks) of cigarettes.[×]An amendment of the policy is necessary so that we, at least, lower the number of sticks allowed to be brought in duty-free or prohibit this altogether.

IV. Forms of Unnecessary Interactions

FORMS OF UNNECESSARY INTERACTIONS									
INDICATORS	0	1	2	3	4	5			
8. Top level government officials (such as President/ Prime Minister or Minister) 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)					x				
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)	x								
 The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) 						x			

In 2018, we monitored that there were unnecessary interactions between the tobacco industry and top-level officials of the government.

On November 6, PMFTC inaugurated its \$3.1 million solar power plant inside the manufacturing facility at the First Philippine Industrial Park in Tanauan, Batangas. The event was attended by Batangas Governor Mandanas and Batangas Representative, Congresswoman Ma. Theresa Collantes.^{xi xii}



Source: https://www.facebook.com/csrembrace/photos/a.177933106112959/177935882779348/?type=3&theater

Partnership with the Philippine National Police

For the entire year, PMFTC tapped the Philippine National Police (PNP) in conducting its so-called CSR activities. The PMFTC partnered with the PNP in the nationwide implementation of the "I AM STRONG" program, which calls on the youth to "embrace wellness and healthy lifestyle."

"I AM STRONG," which is part of PMFTC's Youth Smoking Prevention (YSP) campaign, has been incorporated in various activities of the PNP throughout the country. PMFTC's NGO partner, the Jaime V. Ongpin Foundation Inc. (JVOFI) is also involved in the program implementation.

PNP Director General Rolando "Bato" dela Rosa signed the MOA, together with PMFTC President Lawrence Chew and PMFTC External Affairs Director Bayen Elero-Tinga after the flag raising ceremonies at the PNG Headquarters inside Camp Crame in Quezon City on January 22, 2018.

V. Transparency

TRANSPARENCY							
INDICATORS	0	1	2	3	4	5	
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)	x						
12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists				x			

Section 3.1 of the DOH-CSC Joint Memorandum Circular 2010-01 requires transparency in all interactions with the tobacco industry and the Annex of the policy outlines the procedure to be observed when meeting with the tobacco industry is strictly necessary. The procedure includes documenting the meeting and distributing information about the meeting.

Section 5.2 of the same circular requires government agencies to provide information about any interaction they had with the tobacco industry to the CSC. To ensure transparency and accountability, the government agency shall ensure that copies of these documents will be accessible to the public.

There have been reports from advocates about tobacco industry interactions in different government agencies; news reports and CSR activities also show interactions of the industry with different government agencies. However, we do not have any publicly available information about these meetings. According to the CSC, they also do not have any reports or disclosure of any meetings or interactions between the tobacco industry and government as required in the JMC.

The lack of information of these meetings indicates that the government needs to establish or improve its monitoring and reporting mechanism.

Like any other companies, tobacco companies are required to register with government agencies, like the Securities and Exchange Commission and the Bureau of Internal Revenue. However, the current law does not require disclosure of affiliated organizations or individuals acting on their behalf.

VI. Conflict of Interest

CONFLICT OF INTEREST								
INDICATORS	0	1	2	3	4	5		
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) <i>1 Never 5 Yes</i>						x		
 Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec. 4.4) 				x				
 Current government officials and relativeshold positions in the tobacco business including consultancy positions. (Rec. 4.5, 4.8, 4.10) 	x							

The election law does not ban all contributions from the tobacco industry. It only prohibits contributions from corporations, while still allowing individuals, including representatives of the tobacco industry, to contribute to political parties, candidates or campaigns.

As regards retired senior officials forming part of the tobacco industry, former Solicitor General Estelito Mendoza is counsel of Lucio Tan, the Chairman of PMFTC.

There is no available information on current government officials working in tobacco companies.

VII. Preventive Measures

PREVENTIVE MEASURES

SCORING for this section: 1. Yes, 2. Yes but partial only, 3. Policy/ Program being developed 4. Committed to develop such a policy/ program 5. None

INDICATORS	0	1	2	3	4	5
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)		x				
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. (Rec4.2)		x				
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)			x			
19. The government has a program / system/ plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)			x			
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)		x				

There are preventive measures in place to implement Article 5.3 of the FCTC. The DOH and the CSC issued the JMC in 2010, which applies to all officials and employees of the government. The JMC prohibits interaction with the tobacco industry unless strictly necessary for its effective regulation. Where there is a necessary interaction with the tobacco, the JMC requires transparency in interactions with the tobacco industry through submission of reports or minutes of meetings that can be publicly accessible.

Article 3.1 and the Annex of the CSC-DOH Joint Memorandum Circular provides that any necessary interactions between public officials and employees and the tobacco industry should be documented in a specific manner and required to be in an official transcript of records, which should be filed and be made available to the public upon request.

In addition, Article 5.2 requires agencies to submit reports on interactions with the tobacco industry, any preferential treatment given, and any offer of donation to the public official or employee by the tobacco industry.

The Civil Service Commission, as the central personnel agency of the government, and the Department of Health issued the JMC, which sets forth measures to guide government officials and employees. The JMC prohibits the following:

- **1.** Unnecessary interaction with the tobacco industry
- **2.** Preferential treatment to the tobacco industry
- 3. Accepting gifts, donations, and sponsorship
- 4. Financial interest in the tobacco industry
- **5.** Accepting other analogous favors
- 6. Conflict of interest with the tobacco industry

It also requires heads of agencies to inform officials and employees of the policy against tobacco industry interference and to amend their respective Codes of Conduct by incorporating the rules provided in Annex A of the JMC. The circular specifies that any violation covered under the JMC is a ground for administrative disciplinary action.

The key to successful implementation of the JMC is the systematic action to effectively monitor and counteract tobacco industry interference and to disseminate information to government agencies about the policy. In the past, the CSC and DOH would set regular meetings to discuss implementation of article 5.3 through the Article 5.3 Committee. The Committee met monthly to identify 5.3 violations and discussed steps to address these violations, planned activities to disseminate

information, held workshops and engaged different government agencies, and even created a communication plan.

However, the 5.3 Committee has not met in at least two years. There is also limited budget to conduct activities related to article 5.3. After the CSC culminated its tobacco control project, the activities of implementation of the JMC were shifted to the Office of Legal Affairs (OLA). According to the OLA, the activities now are limited and center on "holding seminars, visiting government agencies upon their invitation to discuss matters pertaining to tobacco control, particularly, the tobacco industry interference." To be fair, it is noteworthy that the CSC is still continuing to conduct activities to implement the JMC. And, according to the OLA, the rules related to tobacco control are embedded into programs of different CSC offices.

Other agencies, like the Department of Education, also gives periodic reminders to schools about refraining from accepting gifts, donations, and sponsorships from the tobacco industry. However, as can be seen by the number of partnerships between public schools and PMFTC's Embrace, it is clear that more needs to be done. XIII XIV

Other Policies that aim to implement Article 5.3:

- DOH Department Memorandum 2010 0126;
- DepEd Order No. 6 Guidelines on the adoption and implementation of public health policies on tobacco control and protection against tobacco industry interference;
- Department of Labor and Employment Memorandum reiterating the JMC;
- Bureau of Internal Revenue Memorandum Order No. 16-2012 restricting interactions with the tobaccoindustry;
- Department of Foreign Affairs Memorandum directing compliance with the JMC;
- Metro Manila Development Authority Memorandum amending their Code of Conduct to include protection of the MMDA against tobacco industry interference.

Recommendations

The tobacco industry has been conducting the same strategies, but, in 2018, they conducted it with intensity. As expected, they vehemently opposed stricter policies, such as regulation of ENDS/ ENNDS and imposition of higher taxes on tobacco products. Industry participation in policy development and implementation remains a big concern. Through lobbying, they were able to pass a bill that imposes only a miniscule increase in tax in the House of Representatives. Several bills that aim to regulate ENDS/ENNDS show favorable provisions for the tobacco industry, which indicate possibility of industry origin or draftsmanship.

Proliferation of partnerships with non-governmental organizations and government agencies through their so-called CSR activities and interactions with government officials is also greatly concerning. Advocates have worked hard in the past to prevent and denounce these types of partnerships and they have been successful in severing ties between the industry and the government. Thus, seeing engagement of the industry with the government agencies is a big step backward.

Unfortunately, we also observed lack of monitoring and, as a result, the lack of proper response or counteraction from the government. The Philippines has policies that prohibit tobacco industry interference. However, it is clear that the policy implementation needs to be improved. The JMC will not work without a strong monitoring and enforcement system. There are transparency and reporting requirements in place, but the government agencies need to be stricter in enforcing it, as well as, imposing the sanctions for violations.

The JMC was considered as one of the pioneer policies in implementing Article 5.3 of the FCTC. Despite having a remarkable impact in the Philippines and in influencing other countries to adopt similar policies, it has its limitations. It needs to be revisited and strengthened. Otherwise, the tobacco industry will keep on taking advantage of its weakness and allow it to brazenly continue its partnerships, and so-called CSR activities.

Civil society needs to step up in providing the necessary support to the government to build an environment that recognizes and denormalizes tobacco industry interference. This includes providing the technical support needed by the government in regularly monitoring incidence of industry interference, strengthening the communications campaign, and conducting regular advocacy meetings with policymakers, and other government officials.

i Baguio City and Quezon City, as examples.

ii https://jvofi.org/embrace-provides-new-school-bags-for-children-inbacolod-city/

iii https://jvofi.org/embrace-provides-medical-assistance-in-dolores-abra/

iv https://jvofi.org/embrace-provides-school-bags-in-quezon-city/

v https://jvofi.org/Embrace-turns-over-medical-equipment-in-palali-sur/

vi http://manilastandard.net/gallery/-news-in-photos/263907/rivercleanup-taga-ilog.html

vii https://www.facebook.com/PhilippineSTAR/posts/in-photoscanadian-ambassador-john-holmes-joins-the-taga-ilog-projectpasigriver/1026897834130564/

viii https://www.facebook.com/csrembrace/photos/ pcb.267252373847698/267251763847759/?type=3&theater

ix https://www.asean.org/uploads/archive/documents/atiga/Annex2-Philippines.pdf (pg 45, Items 1370 -1384)

x https://www.iatatravelcentre.com/PH-Philippines-customs-currencyairport-tax-regulations-details.htm

xi https://www.facebook.com/csrembrace/photos/ pcb.270607913512144/270607150178887/?type=3&theater

xii https://www.facebook.com/csrembrace/photos/ pcb.270607913512144/270607280178874/?type=3&theater

xiii 'DepEd reminds school officials not to deal with tobacco industry,' Available at https://businessmirror.com.ph/2018/05/27/deped-remindsschool-officials-not-to-deal-with-tobacco-industry/

xiv DepEd reminds schools: Tobacco company-funded donations for Brigada prohibited, Available at https://pia.gov.ph/news/ articles/1008409

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