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**EVENTS TODAY**

MONDAY 13 OCTOBER 2014

**13.30-14.45.**

2 FCA LUNCH BRIEFINGS

I. "REFLECTIONS ON THE COP6 AGENDA ITEMS FROM THE CIVIL SOCIETY, WORLD TRADE CENTRE, ENESEI HALL, ENTRANCE 7, 2ND FLOOR.

II. "ARTICLE 6 IMPLEMENTATION: SUCCESS STORIES, WORLD TRADE CENTRE, LADOGA HALL, ENTRANCE 7, 4TH FLOOR.

**19.00**

WELCOME RECEPTION (EUROPEAN BANQUET HALL, SHUTTLE FROM THE WORLD TRADE CENTER, 18:30PM)

**DEATH CLOCK**

SINCE THE OPENING OF THE  
FIRST WORKING GROUP FOR THE  
FRAMEWORK CONVENTION  
ON TOBACCO CONTROL  
ON 25 OCTOBER 1999,

**74'416'095**

PEOPLE HAVE DIED FROM TOBACCO  
RELATED DISEASES. (AT 9AM 13  
OCTOBER 2014)



*FCA members with the death clock day before the start of COP6*

**WELCOME TO COP6! (AND DON'T BE SCARED OF FOOTNOTES)**

This will be an intense week for all of us - the COP6 agenda is filled with important items, and items which may take a long time. (And those are not always the same.)

So, after you've taken the time to say hello to friends and colleagues you haven't seen for two years (for returning delegates), or to orient yourselves in this new environment (for those who are new), think carefully about how the COP should use its precious time this week.

The most momentous item in Committee A is the debate on (and, we hope, adoption of) guidelines on Article 6 (price and tax measures). We remind everyone that the guiding principles and recommendations in these guidelines were already adopted unanimously at the last session of the COP. The Article 6 drafting group has done an admirable job of simplifying and clarifying the explanatory text between these already agreed recommendations, and we recommend their draft be adopted without change, as quickly as possible.

The tobacco industry, a major sponsor of the International Tax and Investment Center (ITIC), is clearly worried by Article 6 guidelines - which is presumably why ITIC hosted a

meeting yesterday to attempt to derail adoption (see article on p. 3). They know that tobacco tax increases have been shown to reduce tobacco consumption and smoking prevalence in numerous studies from countries around the world - posing an immediate threat to tobacco company profits.

As we understand it, one of the industry's main arguments is that a footnote in the draft guidelines poses an unacceptable threat to the principle of national sovereignty. That footnote refers to a simple fact: the World Health Organization has published a manual on tobacco taxes that recommends that countries increase their excise taxes on tobacco so that they make up at least 70 percent of the retail price of tobacco products.

This footnote-phobia is particularly absurd given that the guidelines also make clear that there is no single optimal level of tobacco taxes for all countries in the world, and that "determining tobacco taxation policies is the sovereign right of Parties".

We trust Parties will realise this is nothing more than grasping at straws. The Article 6 working group and drafting group had the widest participation of any intersessional such

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## WELCOME TO COP6! (AND DON'T BE SCARED OF FOOTNOTES)

groups in the history of the FCTC, including roughly half from ministries of finance from around the world. Other Parties have had at least three opportunities to comment (when drafts were sent round by the working group in 2012 and the drafting group in 2013, as well as at COP5). These are possibly the most thoroughly debated guidelines in FCTC history - ready for adoption without change!

Sustainable measures (and productive COP sessions)

In Committee B, an equally important but perhaps more complicated matter is the report from the working group on sustainable measures to strengthen implementation of the FCTC. This is the first working group to tackle head-on the gap between, on the one side, the Convention and the various guidelines, and, on the other, actual implementation at country level. Whether

because of lack of resources, lack of technical capacity or lack of political will, many Parties lag behind where they could and should be.

Here we would call on Parties to give the working group another two years to pursue its important work - more on this later in the week!

There are a host of other important issues on the COP6 agenda, which will get a full airing in the Bulletin through the rest of the week.

One such item is the implementation review mechanism that COP6 may consider establishing. This permanent subsidiary body would support implementation of the Convention by identifying best practices and gaps in turning FCTC provisions into action on the ground.

There are also a few that, while important,

have the potential to take up far too much time. Top of this list, in our view, is the matter of Electronic Nicotine Delivery Systems (or e-cigarettes). While we think a meaningful consensus on e-cigarettes is possible and worth seeking, COP6 is unlikely to be able to provide a comprehensive, one-size-fits-all set of policy prescriptions on this evolving issue.

Parties are invited to keep in mind the numerous issues that, at least according to the provisional agenda, will follow ENDS in Committee A deliberations - waterpipe, Articles 17 and 18, Article 9 and 10, impact assessment, Article 5.3, possibly also the impact of international trade agreements on FCTC implementation.

With that, best wishes for a productive week, and please feel free to ask FCA members for help, advice or just a sympathetic ear throughout the week!

## WHY INTERPOL SHOULD HAVE NO PLACE AT THE COP

Interpol only applied to become an observer to the WHO Framework Convention on Tobacco Control (FCTC) after it did a deal with the tobacco industry, taking US\$15 million for a "global initiative against trafficking in illicit goods and counterfeiting", whose creation appears to have been entirely contingent upon receipt of Philip Morris International (PMI) funding. This is a breathtakingly clear conflict of interest, in complete contravention to Article 5.3 of the WHO FCTC.

To go further, even in the absence of the FCTC, PMI is a questionable partner for a law enforcement agency like Interpol. Police forces considering partnerships with corporations or individuals need to consider carefully the interests of any potential partners. Does the partner actually have an interest in prompt detection of the most dangerous criminal activity? Or does the partner benefit, directly or indirectly, from failure to detect such activity?

In the case of PMI, there is a track record to consider. The European Community sued PMI (and other tobacco companies) in November 2000, alleging widespread, organised smuggling of cigarettes into Europe. This litigation was later settled for US\$1.25 billion.

A similar lawsuit was filed by the majority of the states' governors in Colombia. This suit was later dismissed by US courts on jurisdictional grounds. PMI's flagship brand, Marlboro, was at the core of cigarette smuggling operations into Italy in the 1980s and 1990s. The Italian Government suspended legal sales of Marlboro in Italy in December 1991, after a large seizure of contraband.

It could be argued that all these events occurred several years ago and that PMI has since co-operated with law agencies in several jurisdictions (both the Canadian and EU agreements make such co-operation obligatory).

However, it is worth analysing PMI's interests with respect to illicit trade and tobacco taxation. How do different varieties of illicit trade affect PMI's sales and profitability?

- Trade in counterfeits of PMI brands eats directly into market share and profits, so control of counterfeiting is a top priority;
- Illicit trade in non-PMI brands may give a competitive advantage to PMI's competitors;

- Illicit trade in (genuine) PMI brands is profitable to the company, unless it leads to penalties under the EU or Canadian agreements or attracts too much attention from police or other authorities;
- Any illicit trade can be used to argue against further tobacco tax increases, or against strong regulatory measures (such as plain packaging).

There are doubtless other factors for PMI to consider, such as public relations and relationships with decision-makers, but the bottom line is clear: it is not in PMI's interest for law enforcement agencies to be fully successful in their efforts to control illicit trade in tobacco products.

Given this, and the chequered history of PMI and other transnational tobacco companies, law enforcement agencies should think very carefully about the terms of any partnership agreements with tobacco companies.

For further information see the FCA's brief on Interpol.

**Deborah Arnott**  
Chief Executive of ASH (UK)

# BEWARE THE ITIC - IT'S A TOBACCO INDUSTRY-FUNDED LOBBY GROUP

Parties to the WHO Framework Convention on Tobacco Control (FCTC) were sent a letter from the International Tax and Investment Centre (ITIC) inviting them to a briefing about tax on 12 October, the day before COP6 started. The letter was disingenuous to say the least, making no mention of the ITIC's tobacco industry links.

Indeed by stating that the meeting would be 'closed to industry representatives', it implied

## NOTE VERBALE TO PARTIES FROM THE CONVENTION SECRETARIAT: ISSUES RELATED TO ARTICLE 5.3 AND THE GUIDELINES FOR ITS IMPLEMENTATION

It has been brought to the attention of the Convention Secretariat that the International Tax and Investment Center (ITIC), in cooperation with the Eurasian Economic Commission, is organising a briefing on tobacco excise taxation in Moscow on 12 October 2014, one day before the opening of the COP, and inviting tax officials from Parties and WHO Member States that are observers to the COP to participate... In light of Article 5.3 of the Convention and the guidelines for its implementation adopted by the COP, the Convention Secretariat would like to inform the Parties and accredited observers to the Convention that this event is in no manner supported by the Convention Secretariat and cannot be considered as being in any way linked to the COP. The Ministry of Healthcare of the Russian Federation has also reassured the Secretariat that ITIC's event is in no manner supported by the Government of the Russian Federation. Furthermore, to the best of Secretariat's information, the event is also not supported by any Party or accredited observer to the WHO FCTC.

that it was independent of the industry. Yet as the Convention Secretariat pointed out in its note verbale, the ITIC's sponsors include all the leading transnational tobacco companies, and its Board of Directors includes representatives from BAT, PMI, JTI and Imperial Tobacco.

ITIC describes itself as an independent clearinghouse for best practices in taxation and investment policy that provides "its sponsors a seat at the policymaking table". Any such role on tobacco tax policy-making for an organisation so completely entwined



in the industry is completely contrary to

"PARTIES HAVE TO REJECT ARTICLE 6 GUIDELINES AS THEY CURRENTLY STAND WHEN DEBATED AT COP6 IN MOSCOW ON 13-18 OCTOBER 2014 AS THEY:

- UNDERMINE NATIONS' TAX SOVEREIGNTY
- CONTRADICT THE TREATY PROVISIONS AND INTENTIONS OF PARTIES
- DO NOT MAKE ANY ECONOMIC SENSE



### FROM A PRESENTATION ON THE ITIC WEBSITE

FCTC Article 5.3.

Make no mistake about it: the ITIC was trying to derail adoption of the Article 6 guidelines on taxation. To quote from a presentation by Professor Michael Bräuninger posted on ITIC's website:

Parties have to reject Article 6 guidelines as they currently stand when debated at COP6 in Moscow on 13-18 October 2014 as they:

- undermine nations' tax sovereignty
- contradict the Treaty provisions and intentions of Parties
- do not make any economic sense

This is not the first time the ITIC has behaved so misleadingly. ITIC used to list the UK Department for International Development (DFID) on its list of its sponsors. Action on



Oops: The ITIC's website listed DFID as a sponsor. It was removed after being brought to the attention of DFID

Smoking and Health, UK (ASH-UK) wrote to raise concerns about such links with a tobacco industry funded organisation and received a response from the Development Minister stating there was no such sponsorship and indeed no links at all between DFID and ITIC. DFID then contacted ITIC asking them to remove the reference to DFID from its website, and after some considerable time this was done. ITIC also had the Australian Government listed as a sponsor and again were forced to remove this from their website. They did not even have the correct title on their website. It said 'the Australian Ministry of Foreign Affairs' when the correct title is the 'Australian Government Department of Foreign Affairs and Trade'.

For more information on the ITIC see the Tobacco Tactics website. [www.tobaccotactics.org](http://www.tobaccotactics.org)

**Deborah Arnott**  
Chief Executive of ASH (UK)

## EURASIAN ECONOMIC COMMISSION A THREAT TO TOBACCO CONTROL

The invitation to attend the event organised by the tobacco industry against WHO's guidelines on tobacco taxation was signed by the Eurasian Economic Commission, the governing body of the Eurasian Economic Union.

The Eurasian Economic Union (EEU) is a multinational free trade union, which includes Russia, Kazakhstan and Belarus, while other countries are negotiating membership. EEU's legal framework is similar to that of the *European Union*. However, while the European Commission

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# TIME FOR ACTION ON WOMEN AND TOBACCO USE

The WHO Framework Convention on Tobacco Control (FCTC) aims and claims to reduce the toll of tobacco on the lives of women and men around the globe. It explicitly mentions women in the preamble, and

“

THE FCTC CAN BE A CRITICAL TOOL FOR ACHIEVING THE GOAL OF REDUCING TOBACCO USE AMONG WOMEN, PROVIDED IT KEEPS A CLEAR COMMITMENT TO GENDER, WOMEN'S AND GIRLS' ISSUES, AND MAKES IT A BASIS FOR ACTION IN THE 21ST CENTURY.

”

expresses concern about the potential global rise in women's tobacco use.

While international tobacco use trends among men are now in a slow decline, the epidemic among women is growing. The FCTC can be a critical tool for achieving the goal of reducing tobacco use among women, provided it keeps a clear commitment to gender, women's and girls' issues, and makes it a basis for action in the 21<sup>st</sup> century.

While Article 4 of the FCTC states that

gender must be threaded throughout the treaty and its application, there is very little evidence that this is happening. Emerging evidence shows that women and girls are affected differently by many of the issues reflected in the articles of the FCTC, and yet very little, if any, input is solicited from women as separate entities. Urgent and immediate attention is needed to amend this lacuna.

The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) requires that all appropriate measures must be taken to eliminate discrimination against women in the field of health care. Furthermore, the general recommendations of CEDAW state that a gender perspective should be integrated into all policies and programmes affecting women's health and that women should be involved in the planning, implementation and evaluation of such policies and programmes.

Similarly, the Kobe Declaration states that tobacco control strategies must integrate the promotion of gender equality in society, and that women's leadership is essential to the success of these strategies. The Declaration further requires that the FCTC include gender-specific concerns and perspectives for all the policies.

It is ironic that the tobacco industry takes great care to meticulously and carefully devise its strategies to get women to initiate and

continue to use tobacco products, while in stark contrast, the FCTC is quiet on this. COP6 should take this as a clarion call and amend its ways of working.

**Mira B Aghi**  
*Behavioural scientist and independent consultant*





# LEARNING FROM KEY GLOBAL HEALTH INITIATIVES TO MOBILISE RESOURCES AND POLITICAL COMMITMENT FOR THE FCTC

A decade since its adoption, a fair number of Parties have begun to take measures to implement the WHO Framework Convention on Tobacco Control (FCTC). The 2014 Global Progress Report, however, reveals the overall implementation rate of the Convention to be only 54 percent. Clearly, implementation of the world's first public health treaty is yet to gain momentum. Other key global health initiatives have gone through a similar phase when they needed to mobilise substantial resources and high-level political commitment to boost action on the ground.

To support discussion on these topics at COP6, we examined the strategies that galvanised political and resource commitments to tackle public health concerns, such as AIDS, malaria, tuberculosis (TB) and maternal and child health, and identified the lessons learnt.

The research identified eight strategies that worked to garner political will and resources for health concerns in the last two decades. We applied these lessons learnt to the case of the FCTC and propose the following recommendations:

**1. Demonstrate cost of action and inaction.** Showcasing pragmatic, low-cost interventions to address global health problems has worked to mobilise action. The tobacco control movement should similarly demonstrate country and global assessment of costs of action versus inaction and returns on investment at both levels.

**2. Develop a long-term strategy for implementation and implementation assistance.** Global and country strategies that included targets and timelines guided decisions on resource allocation, be it national or international. The COP should seize leadership in fulfilling the non-communicable disease (NCD) targets related to tobacco control and identify what needs to happen to meet this target.

**3. Focus on the emerging epidemic.** More work needs to take place on the ground in both low and middle-income countries, where tobacco prevalence is already high and is rapidly expanding, as well as in countries where the prevalence is still low but the tobacco industry is heavily promoting its products.

**4. Agree on messaging and communication.** Messaging around human suffering, equity, social justice and economic consequences was instrumental in prompting action on maternal mortality, HIV infection, malaria and TB. Similar strategies should be used to draw the world's attention to the global tobacco epidemic.

**5. Actively seek synergies.** Tobacco control reflects the essence of sustainable development. It has among its interventions a sustainable means of funding, tobacco taxation, which matches the sustainable models of financing of the future development agenda. Such a unique feature should be actively promoted beyond health fora.

**6. Promote multi-sectoral engagement.** Partnerships that actively engaged non-health sectors and multiple stakeholders were critical in raising the profile of other major health concerns. Best practices to actively engage different parts of the government in tobacco control need to be identified and replicated.

**7. Spearhead commitments through leadership.** Advocacy by high-profile global leaders lent credibility and voice to many of the health concerns. In some cases, the champions were UN special envoys, in others they were world leaders or celebrities. The tobacco control movement should identify its country and global champions.

**8. Support civil society activism.** Civil society has played a number of roles in capturing global attention across the various health challenges. An active civil society movement for tobacco control exists and governments, even the COP, should actively seek coordination with it.

The experiences of the researched public health concerns demonstrate that it is critical and feasible to garner political and resource support for global health issues. In the case of the tobacco epidemic, our findings suggest that efforts need to begin by identifying the barriers to implementation of the FCTC, developing a political and programmatic strategy, and communicating a sense of urgency for action. Identifying champions and strategies to engage sectors beyond health should follow these steps.

The research report *Strategies for Accelerated Implementation of the Tobacco Control Treaty: Lessons from Key Global Health Initiatives*,

co-authored by Shoba John, Dr. K. Srinath Reddy and Dr. Peter Piot will be released Monday during a lunchtime seminar on civil society reflections on the COP6 agenda. The seminar starts at 13:30 and will take place at Enesei Hall (entrance 7, 2nd floor).

*Dr Peter Piot is a former Under Secretary-General of the United Nations and founding Executive Director of UNAIDS. He is the current Director of the London School of Hygiene & Tropical Medicine and a Professor of Global Health.*

*Dr K. Srinath Reddy is presently the President of the Public Health Foundation of India. He chaired the Thematic Group on Health in the UN's Sustainable Development Solutions Network that was established to assist the United Nations in developing the post-2015 goals for sustainable development.*

*Shoba John, a development professional, researcher and policy analyst from India, has supported national and international efforts in the development and implementation of the FCTC for over a decade.*



EXECUTIVE SUMMARY  
STRATEGIES FOR ACCELERATED IMPLEMENTATION  
OF THE TOBACCO CONTROL TREATY:

LESSONS FROM KEY GLOBAL HEALTH INITIATIVES

Shoba John  
Dr. K. Srinath Reddy  
Dr. Peter Piot



# AN INCREASE IN THE EXCISE TAX DOES NOT REDUCE GOVERNMENT REVENUE

An increase in tobacco taxes is good for public health because an increase in the excise tax increases the retail price of tobacco, which in turn reduces tobacco consumption and smoking prevalence. It is also good for government revenue because, even though tobacco consumption decreases, the percentage increase in the excise tax per unit is greater than the percentage decrease in tobacco consumption.

Recently, Philip Morris International hired the American economist Arthur Laffer to advocate against tax increases on the basis that increases in taxes will reduce revenue. His argument was based on a theory that he developed in the 1980s. It gained prominence in the 1980s and 1990s and often forms the basis of (misplaced) arguments by big business to reduce the tax rate, on the grounds that such a reduction would actually increase tax revenues.

Laffer argued that if the tax rate became "too high", the government would lose revenue by increasing the tax rate further. At low tax rates, an increase in the tax rate would increase tax revenue. There was supposed to be some turning point on the Laffer curve, beyond which an increase in the excise tax would reduce revenue.

The trouble is that one cannot know where that turning point is. On the mistaken belief



that income and corporate tax rates were on the "wrong" side of the Laffer curve, many countries reduced their corporate tax rates in the late 1980s and early 1990s, only to find that their revenues decreased. Big business did not mind, but it hurt the Ministries of Finance badly.

The tobacco industry argues that many countries are already beyond the turning point of the Laffer curve, in terms of their tobacco taxation. In general, there is no truth in this. The only countries that have experienced a decrease in their tobacco excise tax revenue are those that have been able to significantly reduce tobacco consumption, often through other means (e.g. legislative interventions such as clean indoor air policies, advertising bans and plain packaging). There are very few countries where the excise tax is so high that an increase in the excise tax would cause

government revenue to decrease.

South Africa is a prominent example. Between 1990 and 2012, excise taxes per pack increased by 552 percent in real terms (i.e. adjusting for the effect of inflation). During the same period, real excise tax revenues increased by 283 percent. In contrast, in the 1970s and 1980s real excise revenue decreased quite sharply because the real excise tax per pack of cigarettes decreased.

The industry's argument that an increase in the excise tax will reduce excise tax revenue in the short term is typical industry scare-mongering, and is contradicted by an overwhelming body of empirical evidence.

**Evan Blecher,**

**American Cancer Society**

**Corne van Walbeek,**  
**School of Economics, University of Cape Town**

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## EURASIAN ECONOMIC COMMISSION A THREAT TO TOBACCO CONTROL

has a specific unit devoted to health protection (Directorate-General for Health and Consumers), the Eurasian Economic Commission (EEC) does not.

Not surprisingly, the tobacco industry started to use the EEC to promote its commercial interests.

The EEC's consulting committee on tax policy and administration signed a Memorandum of Understanding with the International Tax and Investment Center, which is well known for its close links with the tobacco industry (major tobacco companies have seats on the ITIC board and pay for various ITIC activities.) As a result, the EEC started pushing for harmonisation of tobacco taxes between the country members of the EEU.

Such harmonisation is not necessary. For example, the EU countries do not harmonise their tobacco taxes other than adopting minimal tax indicators. The only goal of such "harmonisation" in the EEU is to keep Russia's tobacco excise taxes low, as the taxes in Kazakhstan and Belarus are much lower. The "tax harmonisation" treaty, which is being actively promoted by the EEC, would freeze the tax levels, depriving the countries of their sovereignty to raise tobacco excise taxes for years.

Additionally, the tobacco industry tries to use the EEC to undermine pro-health provisions in the draft Technical Regulation of Tobacco Products, which is to be adopted in 2014. After consultations with the tobacco industry, the EEC pushed to exclude fire-safe cigarette requirements from the document. Even worse, the EEC excluded provisions on a smokeless

tobacco ban, top of the pack placement of pictorial health warnings and a ban on inserts in cigarette packages, despite the fact that all three countries supported these provisions in their official positions.

All of this, combined with a lack of transparency and many cases of unauthorised changes in the documents pertaining to tobacco regulation, makes the EEC dangerous for tobacco control and public health.

The EEU needs to ensure that people's health is protected from tobacco industry lobbying by following the provisions of Article 5.3 of the WHO Framework Convention on Tobacco Control. Otherwise, mortality rates in Belarus, Kazakhstan and Russia will be unnecessarily high, while other regions of the world would be negatively affected by this dangerous precedent.

# REFUSER L'INGÉRENCE DE L'INDUSTRIE DU TABAC DANS LA LUTTE CONTRE LE COMMERCE ILLICITE, C'EST RATIFIER ET RESPECTER LE PROTOCOLE

De 2008 à 2012, la France, tout comme l'ensemble des membres de l'Union Européenne, a marqué sa volonté de lutter avec force et efficacité contre le commerce illicite des produits du tabac en négociant l'élaboration du Protocole de l'OMS. Les autorités sanitaires et les douanes françaises ont participé activement à la rédaction de ce protocole qui relève de la CCLAT. Ouvert à la signature le 10 janvier 2013, la France signait le jour même ce protocole suivie par l'Union européenne le 20 décembre 2013.

Parmi les principes fondateurs de ce Protocole figure le strict contrôle de la chaîne d'approvisionnement et, en corollaire, le principe selon lequel le contrôle ne puisse être le contrôleur. Cette dernière condition est d'autant plus essentielle quand on connaît la participation active de l'industrie du tabac à la contrebande.

Pourtant les diverses mesures prises par la France depuis l'adoption de ce protocole vont à l'opposé de ce principe: adoption d'un amendement au projet de loi de finances en décembre 2012 confiant le suivi et la traçabilité aux fabricants de tabac avec blocage répété en 2013 et 2014 du ministère concerné pour retirer ce texte en dépit de demandes réitérées de plusieurs parlementaires.

Il est vrai que l'enjeu est de taille pour les fabricants de tabac extrêmement actifs pour imposer leur propre système de contrôle, ce dernier étant favorable, à l'évidence, à leurs intérêts. Il leur permettrait en effet de :

maîtriser les données à la source, alors qu'il faut, au contraire, un contrôle indépendant mandaté par l'Etat dès les machines de fabrication,

- maintenir un marché parallèle actif,
- éviter de payer les pénalités prévues en cas de saisies de tabac de contrebande,
- garder l'image d'un interlocuteur incontournable, crédible et écouté,
- être de facto associé au processus de décision dans le domaine du tabac afin de casser la politique fiscale et la mise en œuvre des paquets neutres.

Le Ministère du Budget se défend de toute ingérence de l'industrie du tabac et brandit

“ QUAND L'INTÉRÊT GÉNÉRAL PERMET DE PROTÉGER LA SANTÉ DES PERSONNES TOUT EN ACCROISSANT LES RECETTES FISCALES, QU'EST-CE QUI POURRAIT JUSTIFIER QU'ON S'Y OPPOSE ? ”

son obligation de transposer les dispositions de la nouvelle directive européenne en matière de suivi et de traçabilité. Or, la directive européenne impose aux Etats membres des contraintes minimales mais elle n'empêche nullement ces derniers d'aller plus loin et certainement pas de mettre en œuvre le Protocole de l'OMS dès qu'il sera ratifié.

Au total, par la ratification du protocole et sa mise en application, la France peut se donner le cadre juridique de référence pour mettre en place un dispositif sécurisé de suivi et de traçabilité des produits du tabac en France qui soit totalement indépendant de l'industrie du tabac, et ce dès la source.

Quand l'intérêt général permet de protéger la santé des personnes tout en accroissant les recettes fiscales, qu'est-ce qui pourrait justifier qu'on s'y oppose ?

L'annonce de la volonté de lutter contre le commerce illicite des produits du tabac en ratifiant le protocole le 26 septembre dernier par la Ministre des Affaires Sociales, de la Santé et des Droits de la Femme constitue une première étape décisive qu'il convient de saluer.

**Emmanuelle Béguinot**  
**Comité National Contre le Tabagisme**

**Florence Berteletti**  
**Smoke Free Partnership**

“ IL EST VRAI QUE L'ENJEU EST DE TAILLE POUR LES FABRICANTS DE TABAC EXTRÊMEMENT ACTIFS POUR IMPOSER LEUR PROPRE SYSTÈME DE CONTRÔLE, ”

”

## DIRTY ASHTRAY AWARD

The Eurasian Economic Commission, for cooperating with tobacco front group the International Tax and Investment Centre (ITIC) to try and prevent adoption of strong Article 6 guidelines.



## ORCHID AWARD

Thailand, for clearly articulating the need for international cooperation in implementing Article 5.3



## FRAMEWORK CONVENTION ALLIANCE

The Framework Convention Alliance (FCA) is a global alliance of NGOs working to achieve the strongest possible Framework Convention on Tobacco Control. Views expressed in the Alliance Bulletin are those of the writers and do not necessarily represent those of the sponsors.

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# LAO PDR: UNFAIR TOBACCO DEAL = LOW PRICES AND LIVES LOST

Foreign investments in poor countries should boost their economy but when that deal is with a tobacco company, it is bad news all the way. In 2001, Lao People's Democratic Republic (PDR) locked itself into a 25-year contract with Imperial Tobacco to cap tobacco tax at between 15 percent and 30 percent of production cost. This means cheap cigarettes in Lao for 25 years!

However, the excise tax rate normally required by Lao Government is 60 percent of wholesale price: this means the country is not only suffering losses in tax collection, but cigarettes have become more affordable. Lao PDR has a high male smoking prevalence of 43 percent and a growing young population. A pack of cigarettes now costs less than US\$1.00 and is within the reach of the poor.

Lao PDR is one of Asia's poorest countries, ranked No. 138 in the UN Human Development Index, where one-third of people live on US\$1.25 a day. Imperial Tobacco's joint venture with the state tobacco manufacturer has resulted in that company controlling over 90 percent of the cigarette market.

As a condition of this contract, Imperial Tobacco did not pay corporate income tax for the first five years, and received other concessions. It enjoyed paying a low excise rate of 15 percent of production cost, instead of complying with the law and paying a rate of 60 percent of the wholesale price.

The Lao Government has been cheated through under-declaring of the production cost for the past 13 years. This unfair contract has resulted in the country losing a total of US\$79.4million in taxes over the past 12 years.

Tobacco companies routinely overstate the economic contribution they make by providing jobs for thousands of workers and farmers: Imperial Tobacco is no different. Of course, it ignores the 4,800 deaths a year in Lao PDR due to tobacco-related diseases - do the math for total deaths since 2002.

Excise revenue collected from tobacco and revenue loss (2002-2013)



In 2010, the Tax Department applied a tobacco specific tax of LAK 100 and increased it to LAK 500 per pack in 2011.

Imperial Tobacco's future profit growth lies outside the UK. Imperial lists Lao PDR, Cambodia and Vietnam as its "key growth market" in the long-term.

The contract was signed before Lao PDR ratified the WHO Framework Convention on Tobacco Control (FCTC) in 2005. It must be terminated because:

1. It puts Lao PDR in direct conflict with implementing the WHO FCTC, particularly Article 5.3 and Article 6, which the UK (where Imperial is based) is able to implement without hindrance.
2. This joint venture is causing a net loss to the Lao government and the Lao people.
3. Profits made from the Lao people, many of whom are poor, go to a wealthy, international tobacco company.

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