Lesson 1 of 22

The Global Tobacco Industry



A lit cigarette sits atop a stack of unlit cigarettes.

Introduction

Mr. Matthew L. Myers, President of the Campaign for Tobacco-Free Kids (CTFK), introduces the Global Tobacco Industry Lecture:

"The global tobacco epidemic is no accident. It is caused by aggressive marketing and corporate practices aimed at making tobacco products cool, attractive, available, and affordable. Tobacco is different than any other business. It has no positive value and kills when used exactly as intended. Similarly, tobacco companies are unlike any other business—their business is built on lies and manipulation.

For decades—and continuing today—tobacco companies have marketed their deadly and addictive products to children and other vulnerable populations. They have deceived the public about the devastating consequences of tobacco use, fought proven measures that reduce tobacco use and save lives, and sought to legitimize themselves as responsible corporate citizens even as they spread death and disease across the globe and oppose real solutions.

In this lecture the major tobacco companies will be identified, as well as some of the front groups they use to undermine tobacco control interventions. The common strategies the tobacco industry (TI) uses to undermine legislation and effective policy measures will also be examined, as well as the TI's misuse of corporate social responsibility.

By engaging in a host of corporate social responsibility (CSR) programs, tobacco companies invest in improving their corporate image for the purpose of allowing them to continue business as usual, avoid government regulation, and undermining evidence-based solutions."

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Learning Objectives

- Provide an overview of the strategies employed by the tobacco industry to undermine legislation and effective policy measures.
- Identify the tobacco industry's use of front groups.
- Identify the tobacco industry's use of corporate social responsibility programs.

The Big 4

Mr. Myers discusses the Big 4:

"The global tobacco market is dominated by four publicly traded, non-state-owned, multinational tobacco companies: Philip Morris International, British American Tobacco, Japan Tobacco International, and Imperial Brands."



Philip Morris International (PMI) is the largest publicly traded tobacco company in the world, with headquarters in Lausanne, Switzerland. PMI controlled an estimated 14.4% of the international cigarette market in 2016. The company operates in more than 180 markets and sells 6 of the top 15 brands, including Marlboro, the world's top-selling brand.

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British American Tobacco (BAT) is a publicly traded company based in London, United Kingdom. BAT operates in more than 200 markets and is the third largest tobacco company in the world. BAT controlled 11.4% of the international cigarette market in 2016.



Japan Tobacco International (JTI) is headquartered in Geneva, Switzerland, and its parent company, Japan Tobacco, Inc., is headquartered in Tokyo. JTI's tobacco sales account for more than 66% of Japan Tobacco's revenue. With operations in more than 120 countries, Japan Tobacco is the fourth largest tobacco company in the world. It controlled 8.4% of the global cigarette market in 2016.

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Imperial Brands is a British company headquartered in Bristol, United Kingdom. It is the fifth largest tobacco company in the world, controlling 3.9% of the international cigarette market in 2016. Imperial operates in more than 160 markets.

Beyond the Big 4

Mr. Myers discusses beyond the Big 4:

"The Chinese National Tobacco Company (CNTC), a state-owned tobacco company, is the largest tobacco company in the world. It comprises more than 40% of the global cigarette market, with the vast majority of its products sold in China. At present, only a little more than 1% of cigarettes produced by CNTC are exported to other countries, but its export market is growing.

It is important to recognize that the TI is much larger than these companies. The TI comprises those persons and companies engaged in the growth, preparation for sale, shipment, advertisement, lobbying, and distribution of tobacco and tobacco-related products. The TI also comprises front groups."



CNTC company logo on a sign

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The vast majority of cigarette products sold at Chinese retail sites (pictured) are produced by CNTC.

Lesson 2 of 22

Tobacco Industry: Front Groups



Mr. Myers discusses the tobacco industry's use of front groups:

"A front group is an organization that claims to represent one group or interest while in reality it serves some other party or interest whose sponsorship is hidden or rarely mentioned.

Tobacco companies have a long history of using front groups like think tanks, public relations companies, or lobby groups. Sometimes they are founded or funded by other sectors of the TI."

Advancing Its Cause

The TI has pioneered the use of front groups to advance its cause, probably more than any other industry. It does so because it has so little credibility and because it wants to deceptively give the impression that a broad range of mainstream interests share its concerns. The industry's use of front groups is used to undermine the efforts for regulation at both the country level and international level. Its impact is so broad that the World Health Organization (WHO) investigated the practice. The subsequent report "Tobacco Industry Interference with Tobacco

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Control," concluded: "The industry has a long history of using seemingly independent 'front groups' to advance its case." Adding "…smokers' rights associations, [...] frequently supported by the tobacco industry, have served as front groups in opposition to indoor smoking bans."



Lack of Transparency

One of the fundamental problems with front groups—the lack of transparency—is highlighted in the WHO report. "Lack of disclosure by front groups and consultants of their links with the tobacco industry results in unbalanced arguments and evidence, presented without statements of relevant competing interests."



Front Groups: Examples

Mr. Myers discusses examples of front groups:

"Front groups for the TI are often intentionally misleading about their funding. Many times, their formation is used in conjunction with a specific policy campaign. In other cases, tobacco companies will coopt existing third-party organizations through behind-the-scenes funding.

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This makes it difficult to track and monitor TI front groups."

Included on the [Tobacco Tactics] website is a list of some of the more high-profile front groups.

Eliminating Child Labor in Tobacco (ECLT) is almost exclusively funded by tobacco companies.

U.S. Chamber of Commerce has been found to advocate for the interests of U.S. tobacco corporations around the world.

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International Tax and Investment Center (ITIC) has helped tobacco companies advance their tax agenda around the world.

International Tobacco Growers Association (ITGA)

Mr. Myers discusses the International Tobacco Growers Association (ITGA):

"The ITGA claims to represent and promote the cause of 'millions of tobacco farmers' around the world. The reality, however, is that ITGA uses tobacco farmers to represent the interests of a small number of multinational tobacco companies."

International Tobacco Growers' Association Logo

The ITGA was initially formed in 1984 by farmers from Argentina, Brazil, Canada, Malawi, the United States, and Zimbabwe, and it was considered by the TI to be ineffective and poorly run.

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ITGA (continued)

Mr. Myers discusses the International Tobacco Growers Association (ITGA):

"In the late 1980s, INFOTAB, a consortium of TI officials from major companies, decided to transform the ITGA into an organization used by multinational tobacco companies to develop what they can present as 'the agriculture lobby' even though the interests it prioritized are always the interests of the major tobacco companies.

Despite attempts to downplay the presence of tobacco company funding, the International Tobacco Growers Association continues to be funded by multinational tobacco companies. Its recent activities are also aimed at derailing strong tobacco control measures and negotiations of the WHO FCTC."

Mobilizing farmers

Mobilizing farmers to protest when tobacco control measures are being considered



Farmers harvesting tobacco leaves for production

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Submitting comments

Submitting comments on proposed tobacco control legislation and regulations



Forming coalitions

Forming coalitions and promoting unsubstantiated research about the economic impact of tobacco regulation



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Lesson 3 of 22

Tobacco Industry Strategy



Tobacco Industry Strategy: Influence Legislation

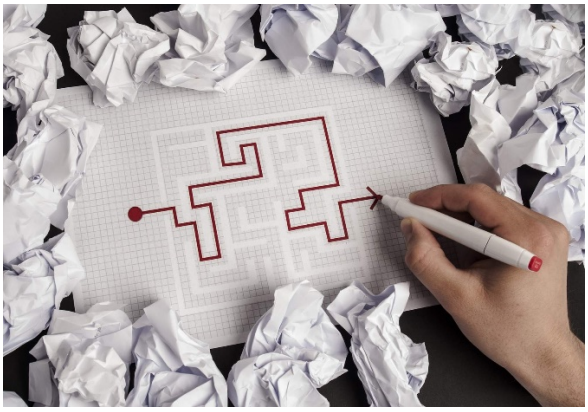
Mr. Myers discusses common tobacco industry strategies:

"The TI implements many strategies to interfere with tobacco control beyond front groups. Over the last several decades, the TI has waged a global war on tobacco control policies designed to protect public health.

While we could not cover every industry strategy here, we will explore some of the most common TI strategies to weaken or defeat tobacco control policies."

Undermine draft policies

Directly influence draft legislation by submitting public or private comments and offering "technical assistance" to governments: These comments are always designed to undermine strong proposals, create loopholes to decrease the impact, and delay action. TI drafts or legislative comments are never intended to promote the public good. There is an inherent conflict of interest between the government's duty to protect the health and welfare of its citizens and the TI's interest in maximizing profits.



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Provide input during policy development

Claim that the TI should be consulted when developing tobacco control policies to ensure effective regulation: Tobacco companies argue that they should hold a seat at the policymaking table because their businesses greatly contribute to a country's economy in terms of tax revenues and employment. Tobacco companies argue that implementation problems can be avoided when policymakers consult with the industry, claiming that only the industry can fully understand the implications of tobacco regulatory policy. Experience tells us that the only reason the industry wants to participate is to divert attention from their wrongdoing, water down strong legislation, and make the legislation as ineffective as possible. The WHO Framework Convention on Tobacco Control (FCTC) Article 5.3 and its guidelines make clear that Parties should not endorse any offer of assistance or proposed tobacco control polices drafted by or in collaboration with the TI.



Deploy front groups

Deploy front groups to act on the TI's behalf: The TI creates and deploys many groups that it funds to serve as messengers to promote its claims that tobacco control measures must balance public health with other interests among policymakers. These interests are represented by groups that include: farmers, smokers' rights groups, retailers, advertising agencies, business alliance groups, hospitality associations and members, grassroots, and anti-tax groups. Advocates should alert the public and policymakers to the true nature of these front groups to decrease their credibility as a talking head for the TI.



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Tobacco Industry Strategy: Support Voluntary, "Reasonable," or Weak Regulation

Promote ineffective voluntary regulation

Promote ineffective voluntary regulation as a substitute for an enforceable law: Tobacco companies develop and promote measures that do not protect against the harms of tobacco. These measures include "youth smoking prevention" programs, voluntary "accommodation" measures that separate smokers and nonsmokers, (ineffective) ventilation technologies, retailer education programs aimed at reducing sales to minors, and voluntary advertising and marketing codes of conduct. The TI argues that these measures supplant the need for further enforceable regulation. The reality is that tobacco companies promote non-enforceable or ineffective measures for their own benefit: namely, to delay further regulatory restrictions such as 100% smoke-free laws or comprehensive advertising bans. The evidence is strong and consistent: These voluntary measures do not work and are not a substitute for strong laws.



Support "reasonable" regulation

Support "reasonable" regulation to appear to be a credible stakeholder: TI public relations (PR) firms advised companies to adopt a position that supports "reasonable regulation" strategy many years ago. The reality is that the TI's definition of a "reasonable regulation" is one that will not reduce tobacco use and will serve as a substitute for measures that will do so. If the TI supports a regulatory measure, the measure is virtually guaranteed not to significantly reduce tobacco use or rein in the behavior of the TI.



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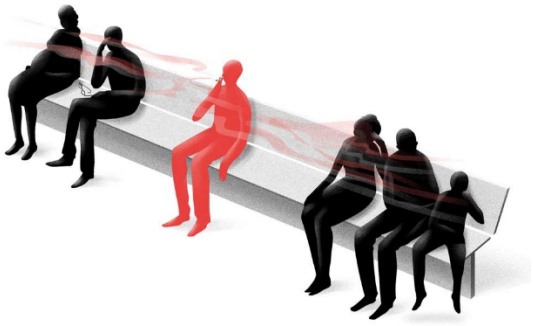
Introduce a weak bill

Introduce a weak bill when a strong one is gaining support: If a strong bill appears to be headed for approval, the TI will use its relationship with a supportive policymaker to introduce a weaker version. The weaker bill is often presented as a reasonable alternative. Advocates must be alert to and engaged with the policymaking process to be ready to respond. After the filing of a strong tobacco control bill in the National Assembly of Nigeria in 2014, TI-friendly lawmakers introduced several alternative tobacco control bills. The law adopted in 2015 was ultimately not as strong as originally drafted as a result of compromise negotiations. In Indonesia, an industry-supported bill on tobacco has been under consideration by the Parliament since 2013. The bill relaxes health warning sizes and sets targets for increasing tobacco production.



Tobacco Industry Strategy: Fighting Smoke-Free Laws

The TI vigorously fights smoke-free air laws because they change behavior (smokers smoke less), and they de-normalize tobacco use while protecting non-smokers from secondhand smoke.



For years, the TI has attempted to undermine policies to protect people from secondhand smoke. The TI pushes for policies that "accommodate" smokers such as partial smoke-free laws or designated smoking rooms.

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These "accommodation" policies allow smokers to continue to smoke inside public places and do not protect against exposure to the harms of secondhand smoke. The only way to actually protect nonsmokers from the harmful effects of secondhand smoke is 100% smoke-free air. There is no safe level of secondhand smoke.

Top: Tobacco smoke puts nearby adults and children at risk of secondhand smoke.

Bottom: Several cigarette butts fill an ashtray provided in a public space.

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How the Tobacco Industry Interferes with Smoke-Free Policies

Interfering with Smoke-Free Policies Text Version



The interactive has clickable icons and text is revealed when selected.

Deny: Deny that exposure to tobacco smoke causes disease and death or argue that its impact is not as severe as research shows.

Challenge: Challenge the legality of smoke-free laws.

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Obscure: Promote false economic impact studies funded by the TI that project revenue losses for hospitality businesses due to a smoke-free law despite the fact that study after study demonstrates that smoke-free air laws do not harm business.

Undermine: Change product design (shorter, wider cigarettes for use during smoking breaks and smoke that is harder to see even while remaining as deadly) to undermine decreases in tobacco use due to smoke-free environments.

Lobby: Promote "reasonable regulation" in which smoking in public places applies only to venues where children are present and/or business owners decide who is protected against secondhand smoke.

Complicate: Promote ineffective "accommodation" measures that do not offer universal protection against exposure to secondhand smoke such as ventilation options.

Tobacco Industry Strategy: Mislead and Litigate

Feign Support for the FCTC

Feign support for the FCTC: Internal TI documents reveal that tobacco companies fought hard to undermine the development of the FCTC. Now, the major multinational tobacco companies misleadingly claim that they support the majority of FCTC policies and therefore should be treated as legitimate and credible partners in addressing the tobacco epidemic. However, they promote non-FCTC compliant measures such as including provisions for designated smoking rooms or partial advertising restrictions. These measures are actually loopholes that the TI promotes to weaken the comprehensive and effective measures contained within the FCTC Guidelines.

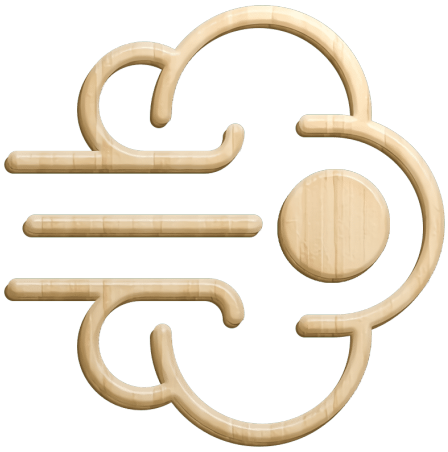


Illustration of smoke being blown

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Mount Legal Challenges

When efforts to weaken legislation fail, mount legal challenges against tobacco control laws: As advocates have experienced increasing success with national and subnational tobacco control legislation, the TI mounts legal challenges against laws that protect public health from the harms of tobacco use. Either directly, or working through front groups, the TI has supported litigation that challenges the constitutionality of laws/regulations or the authority of government entities to impose rules. For example, such legal challenges have occurred in Australia (against the country's plain packaging law), Brazil (regulation banning tobacco product additives), and Nepal (large pictorial health warnings). The TI also uses international trade and investment agreements and bodies to pressure governments to adopt policies that protect TI interests or to block those that threaten them. For example, Australia's plain packaging law has also been challenged at the World Trade Organization (WTO). Uruguay's laws mandating single-brand presentation and 80% coverage for pictorial health warnings were challenged at the International Centre for Settlement of Investment Disputes.



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Tobacco Industry Strategy: Promote a Conflicting Government Standard and Corporate Social Responsibility

Promote regulatory impact assessment of policies

Use regulatory impact assessments to weaken tobacco control policies: Tobacco companies demand that new policies be subject to "regulatory impact assessments" under the guise of promoting a favorable business regulatory environment. They then use these "assessments" to legally challenge legislation aimed at regulating tobacco products, claiming that regulations do not comply with the government's own Better Regulation principles. This is the industry's way of falsely claiming that measures that reduce tobacco use impose an undue economic burden on society. Advocates should demand that the TI be excluded from participation in the development of these principles or that public health measures to reduce tobacco use be excluded from these types of cost-benefit analyses.



Engage in "corporate social responsibility" programs

Engage in "corporate social responsibility" programs and philanthropy to bolster public image: Tobacco companies want to position themselves as credible and responsible stakeholders in the regulatory development process. By doing so, they hope that policymakers will be more likely to support their views or at least not be embarrassed to be aligned with a tobacco company. So, tobacco companies promote a positive image of themselves through financial or in-kind contributions to programs with social value such as those related to education, the environment, disaster relief, and other community initiatives. FCTC Article 5.3 Guidelines provide that governments should only interact with the TI when doing so is strictly necessary to enable them to effectively regulate the industry and its products. Further, so-called "corporate social responsibility" contributions are a form of tobacco advertising under the FCTC.



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Lesson 4 of 22

Case Study: "Love Where You Live" Example

The Situation

In 2011, the "Love Where You Live" campaign was launched in the United Kingdom. The goal of the campaign was to encourage individuals, companies, and local groups to be involved in keeping their neighborhoods clean as a show of community pride. Imperial Tobacco was one of the cofounders of the campaign, along with McDonald's, Wrigley's (the chewing gum and candy company), and Network Rail. The Department for Environment, Food and Rural Affairs (Defra) was the fifth partner, while Keep Britain Tidy, a nonprofit organization, coordinated the campaign.

The campaign provided numerous opportunities to normalize Imperial Tobacco.

- Access to classrooms and kids
- Lauding Imperial Tobacco as commendable
- Legitimizing Imperial Tobacco as an acceptable government partner



Tobacco industry-sponsored cleanup campaigns are an example of corporate social responsibility.

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The Response

Upon learning about Imperial Tobacco's engagement with "Love Where You Live," Smokefree Alliance Somerset wrote to Defra to point out the inappropriateness of government collaboration with Imperial Tobacco. Some local politicians also shared this view. A key argument against partnering with Imperial Tobacco was that such partnerships violated country obligations under the WHO FCTC.

FCTC
WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL

The Result

Under pressure from tobacco control advocates, the Parliamentary Under Secretary in 2013 responded, informing that the Defra grant to the campaign had been reduced and would end within the year—thereby ending the government's partnership with the tobacco company.



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Lesson 5 of 22

Corporate Social Responsibility (CSR) and the Tobacco Industry



CSR activities can provide tobacco companies with a number of benefits. The TI uses corporate social ***responsibility in ways that are different from when the concept was developed***. Its goal is not to benefit the community but to create a ***SMOKESCREEN*** that diverts attention away from its own continuing wrongdoing.

How Tobacco Companies Use CSR Text Version



An infographic shows examples of how tobacco companies use CSR.

- Present a positive image

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- Gain influence with policymakers that can be used to interfere with tobacco control proposals
- In many countries where tobacco companies are not permitted to advertise of promote their products by law, engaging in corporate social responsibility activities offer an alternative route to meet various audiences
- Protect themselves from charges that they are a bad actor

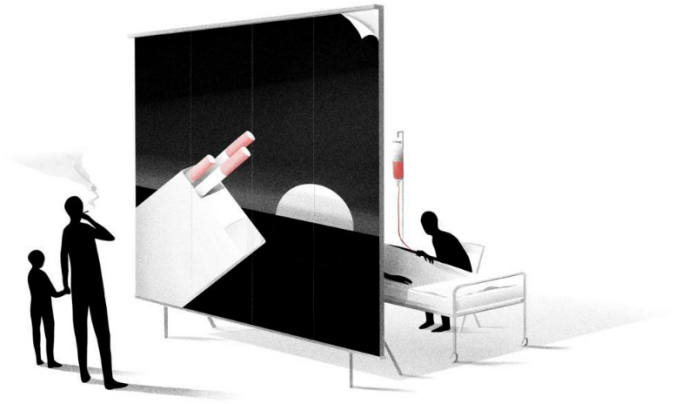
Summary

Mr. Myers summarize the Global Tobacco Industry Lecture:

"We have just summarized the various ways the TI tries to undermine the legislative process. They may use their influence during the drafting process to dilute the content of the legislation or mount legal challenges against effective tobacco control laws.

The TI may also use front groups to present questionable information or even push alternate measures to reduce the impact of stringent policies. Additionally, the tobacco companies engage in 'socially responsible' activities to present a positive public image and enable it to exercise influence on policymakers.

We will take a closer look at some of the current tobacco advertising, promotion, and sponsorship (TAPS), packaging, and point-of-sale (POS) tactics employed by tobacco companies in the next lecture."



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Want to Learn More?

The WHO Tobacco Free Initiative:

Tobacco Industry Interference with Tobacco Control

Southeast Asia Tobacco Control Alliance:

Preventing Tobacco Industry Interference: A Toolkit for Advocates and Policymakers



Lesson 6 of 22

Check Your Learning



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Knowledge Check

Select all that apply. Which of the following statements concerning front groups are true?

- A front group is an organization that represents a group or interest transparently, honestly, and publicly.
- Examples of front groups include think tanks, public relations companies, or lobby groups, sometimes founded or funded by the tobacco industry itself.
- Front groups can deceptively give the impression that a broad range of mainstream interests share the tobacco industry's concerns.
- Lack of transparency is a characteristic of front groups that results in unbalanced arguments and evidence, presented without statements of relevant competing interests.

Answer Key:

- Examples of front groups include think tanks, public relations companies, or lobby groups, sometimes founded or funded by the tobacco industry itself.
- Front groups can deceptively give the impression that a broad range of mainstream interests share the tobacco industry's concerns.
- Lack of transparency is a characteristic of front groups that results in unbalanced arguments and evidence, presented without statements of relevant competing interests.

Front groups create a smokescreen that the tobacco industry companies can hide behind. This causes barriers for global efforts in tobacco control.

Which of the following is **NOT** a known tobacco industry front group?

- Eliminating Child Labor in Tobacco (ECLT)
- U.S. Chamber of Commerce
- United Nations Economic Commission for Europe (UNECE)
- International Tax and Investment Center (ITIC)

Answer Key:

- United Nations Economic Commission for Europe (UNECE)

Eliminating Child Labor in Tobacco (ECLT) is almost exclusively funded by tobacco companies; the U.S. Chamber of Commerce has been found to advocate for the interests of U.S. tobacco corporations around the world; and the International Tax and Investment Center (ITIC) has helped tobacco companies advance their tax agenda around the world.

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Which of the following is **NOT** a common strategy utilized by the tobacco industry (TI) to influence legislation?

- Undermining draft policies by submitting public or private comments and offering "technical assistance" to governments
- Amplifying the advice of public health and medical officials
- Claiming that the TI should be consulted when developing tobacco control policies to ensure effective regulation
- Deploying front groups to act on the TI's behalf

Answer Key:

- Amplifying the advice of public health and medical officials

The tobacco industry implements many strategies to interfere with tobacco control beyond front groups. Over the last several decades, the tobacco industry has waged a global war on tobacco control policies designed to protect public health. Some of the most common strategies are listed above, as well as promoting ineffective voluntary legislation and introducing "weak" bills.

Select all that apply. The tobacco industry utilizes corporate social responsibility (CSR) programs in ways that do not benefit the community but instead enable cigarette companies to do what?

- Present a positive image
- Avoid paying taxes
- Gain influence with policymakers that can be used to interfere with tobacco control efforts
- Circumvent restrictions on tobacco advertising and promotion

Answer Key:

- Present a positive image
- Gain influence with policymakers that can be used to interfere with tobacco control efforts
- Circumvent restrictions on tobacco advertising and promotion

SR programs present a positive image for the tobacco industry. They also seek to gain influence with policymakers that can be used to interfere with tobacco control efforts set by the government and health organizations.

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Lesson 7 of 22

Tobacco Industry Playbook: Tobacco Advertising, Promotion and Sponsorship (TAPS), and Packaging



This historic advertisement shows a businessman holding golden tobacco leaves, with the branded pack in the foreground: Lucky Strike's slogan, "It's Toasted," falsely claimed that heat-cured or "toasted" tobacco reduced health risks.

Introduction

Dr. Ziauddin Islam, Director of the Advancing Tobacco Control Initiative in Pakistan, Tobacco Control Cell of Ministry of National Health Services, Regulations and Coordination, Government of Pakistan, introduces the Tobacco Industry Playbook: Tobacco Advertising, Promotion and Sponsorship (TAPS), and Packaging Lecture:

"Through marketing of their products, tobacco companies try to create an environment in which tobacco use is familiar and socially acceptable, and the warnings about its health consequences are marginalized.

In the tobacco control community, these tactics are shorthanded as TAPS (which is tobacco advertising, promotion and in sponsorship) and point of sale. We will look at TAPS as it relates to the tobacco company strategies in this module, while in Module 5 we will look at the effective approaches for addressing TAPS."

Learning Objectives

- Detail the tobacco advertising, promotion and sponsorship (TAPS) strategies.
- Identify examples of the tobacco industry's TAPS efforts from around the world.
- Describe the tobacco industry's strategies to block government efforts to regulate plain packaging.

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Lesson 8 of 22

Tobacco Advertising and Promotion

Dr. Islam discusses tobacco advertising and promotion:

"Tobacco advertising and promotion is defined in the FCTC as '…any form of commercial communication, recommendation or action with the aim, effect or likely effect of promoting a tobacco product either directly or indirectly.'"

Tobacco Advertising and Promotion Text Version



An infographic shows what tobacco advertising and promotion includes:

- Broadcast, print, and outdoor advertising
- Placement of tobacco products or tobacco use in the entertainment media
- Advertising on the Internet
- Point-of-sale (POS) advertising
- Various sales and/or distribution arrangements with retailers for product placement, sales promotions, and discounts
- Product packaging
- Use of tobacco brand names, logos, or visual brand identities on nontobacco products, activities, or events

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A young girl stands under a "Be Marlboro" billboard, Indonesia 2014. Text reads: Never Say Maybe, Be Marlboro.

Source: Campaign for Tobacco-Free Kids.



The actor Timothy Dalton smokes Lark cigarettes in the James Bond film *License to Kill*.

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This Secret Garden cigarette pack is beautifully designed with a wide range of delicate flowers in pastel colors, with metallic and iridescent highlights. Even the warning label has a shaded pastel font.



A Natural American Spirit coupon is shown. Text reads: Get two packs for $2.

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Facebook advertisement is shown. Blu e-cigarette company advertises "pure bliss." A woman in a black-and-white image holds an e-cigarette, with aerosol in the background.

Source: Stanford Research into the Impact of Tobacco Advertising and Smithsonianmag.com.



Two customers stand at a point of sale; dozens of cigarette packs are displayed above them, as well as cigarette advertisements.

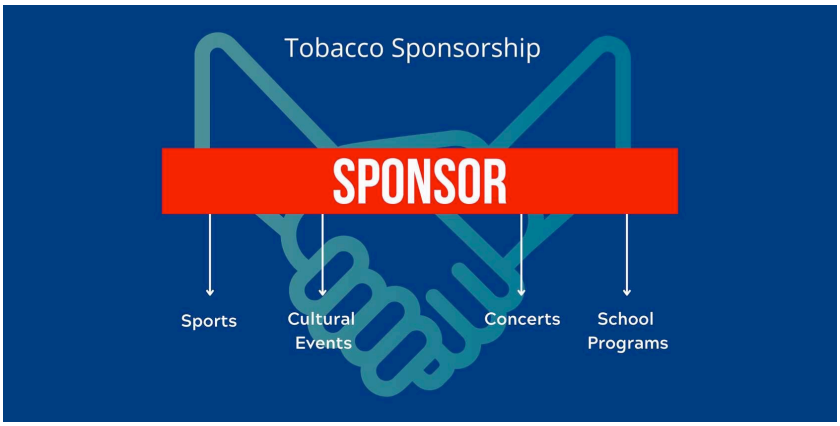
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Tobacco Sponsorship

Dr. Islam discusses tobacco sponsorship:

"Sponsorship is defined in the FCTC as '…any form of contribution to any event, activity or individual with the aim, effect or likely effect of promoting a tobacco product or tobacco use either directly or indirectly.'"

Sponsorship Text Version



An infographic shows examples of how tobacco companies use sponsorship.

- Sports
- Cultural Events
- Concerts
- School Programs



An image of the Sichuan Tobacco Hope Primary School is shown. The sign in this image reads: "Talent comes from hard work-Tobacco helps you become talented."

Source: The Sichuan Tobacco Hope Elementary School. Digital image. Tobacco China. The Telegraph, 21 Sept. 2011. Web.

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Current corporate members

Premier

BNY Mellon
Cazenove Capital
Charles Stanley
Chestertons
Deutsche Bank AG
FTI Consulting

Corporate

Bird & Bird LLP
Bloomberg LP
The Boston Consulting Group UK LLP
Capital Group
Charles River Associates
Christie's

Associate

Bank of America Merrill Lynch
Beaumont Nathan Art Advisory Ltd
BNP Paribas
Bonhams 1793 Ltd
British American Tobacco
Clifford Chance LLP

A list of the 2018 corporate sponsors for the Royal Academy of Arts, London, England is shown. There are many companies listed. The British American Tobacco company is highlighted at the Associate level of corporate sponsorship.



A Bon Jovi concert is advertised. Text reads: Signature Moment, Bon Jovi Live! 11 September 2015, Jakarta, Gelora Bung Karno. Beside the poster is a Signature brand cigarette pack. Source: Campaign for Tobacco-Free Kids.



An automobile racing team is shown at a racing event. The racing team is sponsored by Marlboro. The name Marlboro adorns the vehicle and the pit crew's clothes.

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Tobacco Campaigns: Examples

Here are a few recently spotted examples of tobacco advertising and sponsorship campaigns from around the world.



Argentina, 2013, Point-of-Sale Advertising - A woman stands at a register in a store. On the wall behind the register is an advertisement for flavor capsules in cigarettes.



Burkina Faso, 2016, Outdoor Advertising - A customer stands under an umbrella at an outdoor tobacco cart. Hamilton king size cigarettes are advertised on the umbrella.



India, 2016 - Two customers stand at a kiosk. The kiosk sells tobacco, candies, and snacks.

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Indonesia, 2017, Outdoor Billboard - Dozens of students stand outside. A billboard above them advertises Lucky Strike cigarettes.

Tobacco Point-of-Sale (POS) Marketing

Dr. Islam discusses tobacco point-of-sale (POS) marketing:

"Tobacco marketing at the POS includes advertising, promotion (which is price discounts and product giveaways), and product display at any location where tobacco products are sold. POS marketing is sometimes either explicitly exempted or not included in laws banning tobacco advertising, promotion and sponsorship.

POS marketing weakens the effectiveness of tobacco control laws and exposes the population to tobacco company marketing tactics that are intended to increase the sale and consumption of tobacco products. Youth are particularly vulnerable to POS."

Quitting

POS marketing makes it harder for smokers to quit: It causes physical and emotional cravings and encourages impulse purchases.

Creates Positive Attitudes

Creates positive attitudes toward smoking: POS advertising exposes people to pro-tobacco messages and creates positive attitudes toward tobacco products and brands. It helps normalize tobacco use.

Youth Experimentation

Increases youth experimentation and initiation: Exposure to POS advertising is associated with smoking initiation, susceptibility to smoking, or intentions to smoke among youth.

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Marketing to Youth at the POS

Dr. Islam discusses tobacco marketing to youth at the POS:

"In the United States, stores where adolescents like to shop most often contain more than three times the amount of cigarette advertisements and promotional materials outside of the stores and almost three times more materials inside, compared to other stores in the community."

Embracing Discovery

Retail advertising and POS: These are so important to tobacco companies that stores are paid well for it. According to a Philip Morris sales manual, "…we pay the retailer for performance on our behalf."



Gaining Insight

Point of purchase: According to an R.J. Reynolds internal document: "Simply stated, the point of purchase is where the action is—it's the retail environment, it's a specific location in a store, it's a product display and it's in-store advertising. Importantly, and perhaps not so obviously, the point of purchase is also in the mind of the prospective consumer."



Point of purchase extends beyond simply the point where money changes hands.

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Making it Real

Eye level: Tobacco industry documents note that "…eye level is buy level…" so companies pay careful attention and spend large sums of money to ensure that tobacco products are placed where they will be seen.



Cigarette packs displayed at the customer's eye level.

How the Tobacco Industry Interferes: Strategies

The TI leverages a number of strategies to block government efforts to regulate retail advertising.

Tobacco Industry Strategies for Interference Text Version



The interactive has clickable icons and text is revealed when selected.

Engage in "corporate social responsibility" programs by making contributions to government and private entities to bolster its public image and, at the same time, advertise its products or corporate logo through branded sponsorships.

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Engage in marketing tactics that violate TAPS bans or circumvent partial TAPS bans. And assert that companies' voluntary marketing codes are all that is needed to protect children from tobacco TAPS.

Use the tobacco products' packaging and labeling as an advertising tool when tobacco TAPS is increasingly restricted (e.g., innovative promotions on the pack via inserts, tear tape, and other means of communications via the pack).

Carry out misinformation campaigns designed to scare regulators into believing that TAPS bans, such as those at the POS, will fuel the illicit tobacco trade market and result in huge revenue losses to the government.

Claim that advertising restrictions result in a substantial loss of advertising revenues.

Argue that advertising restrictions violate the right to economic freedom, right to property, right to nondiscrimination, and consumer rights.

Lesson 9 of 22

Big Tobacco, Tiny Targets



A crowded marketplace in Indonesia, filled with consumers from many different age groups.

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Case Study

The Situation

Despite tobacco company Codes of Conduct, which state that companies will not market their products to children, tobacco companies regularly engage in marketing practices that appeal to youth and that take place in settings where youth are present or where youth are likely to be exposed to it.



Youth are regularly exposed to tobacco industry advertising.

The Response

Beginning in 2014, public health organizations—including Johns Hopkins University—began data collection surveys in low- and middle-income countries to track tobacco advertising and product availability near primary and secondary schools.



Indonesian schoolchildren sit outside a vendor stall with a "No Smoking Area" banner displayed above. Neighboring stall has a Marlboro banner.

The Result

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Global: By 2017, data from 24 countries revealed a disturbing pattern of tobacco marketing and sales tactics within 150 meters of schools including: outdoor advertising; availability of flavored tobacco products and single cigarettes; tobacco product displays at a child's eye level; tobacco products mixed in with candy, sweets, and toys; and gifts—often youth-focused like small charm bracelets—with purchase. Brands from all four of the publicly traded multinational tobacco companies were observed in data collection, with PMI and BAT being the most frequently seen. Several countries released independent reports and conducted public organizing and media campaigns to raise awareness of tobacco companies targeting kids near their schools.



Schoolchildren in Indonesia near a vendor stall that has tobacco advertising visible on banners hanging above

Lesson 10 of 22

Big Tobacco, Tiny Targets (continued)


A crowded marketplace in Indonesia, filled with consumers from many different age groups

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Impact in Indonesia

Dr. Islam discusses the impact in Indonesia:

"Local public health NGO Lentera Anak organized a campaign that engaged local organizations in calling for a ban on tobacco advertising in Jakarta. When the government refused to act, the campaign turned to students and educators, mobilizing them to help remove tobacco advertising around their schools. Students and teachers organized to not only encourage retailers to remove tobacco advertisements, but to replace the ads with tobacco control campaign posters.

In some cases, where advocates learned retailers were paid by tobacco companies to post cigarette ads, they collected donations to incentivize vendors to replace the ads with the tobacco control posters. Soon after this mobilization effort, the government of Jakarta finally implemented and enforced its existing law banning outdoor tobacco advertising."

Scroll through the images to explore some of the activities organized by Lentera-an Indonesian public health organization-on this campaign. All images courtesy of Lentera.



Tobacco advertisement posters hang above a vendor stall. Students stand below the posters.

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Students replace tobacco ads with tobacco control posters.



Students take down tobacco ads. Text reads: "Maxus, Live to the Max."



Students put up tobacco control posters over a vendor's shop. Text reads: "Child-friendly Stalls with No Cigarette Advertisement."

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A student buys something from a stall. A tobacco control poster hangs. Text reads: "Not Selling Cigarettes to Children."



Students and teachers in Jakarta help to remove tobacco advertising.

Lesson 11 of 22

Packaging and Labeling of Tobacco Products

Dr. Islam discusses packaging and labeling of tobacco products:

"Tobacco companies use tobacco packaging as a critical form of product marketing. Tobacco packaging is used not only to promote the product but is also designed to strengthen brand recognition and shape brand identity, making a statement about people who carry it. Design elements of packaging—such as color, shape, and size—influence consumer responses and purchasing behaviors. Certain consumer sub-groups, such as youth and females, are carefully targeted through packaging that communicates attractive brand imagery, novelty, or value for money."

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Standardized or "plain" packaging reduces the attractiveness and appeal of tobacco products, and it increases the noticeability and effectiveness of health warnings.



Containing the phrase "Mexico always clean; you can use this box as an ashtray," this metallic box packaging draws attention away from health warnings and increases the product's attractiveness and appeal.

Plain Packaging and the FCTC

Dr. Islam discusses plain packaging and the FCTC:

"Guidelines for Articles 11 and 13 of the WHO FCTC recommend that Parties consider adopting plain packaging to eliminate advertising or promotion including design features that make products attractive."

FCTC Health Warnings

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Within three years after the FCTC's entry into force in their countries, Parties to the FCTC are required to implement health warnings on all tobacco product packaging and to prohibit packaging and labeling that promote a tobacco product by means that are false, misleading, deceptive, or likely to create an erroneous impression about its characteristics, health effects, hazards, or emissions.



FCTC Article 11

FCTC Article 11 provides that warnings and messages should occupy at least 50% or more, but not less than 30%, of each principal display area. For most effective health warnings and messages, the FCTC Article 11 Guidelines provide that Parties should aim to cover as much as the principal display areas as possible.



Less than 50% of the principal display area is covered on this Garañon cigarette pack collected in Mexico as part of the Tobacco Pack Surveillance System (TPackSS).

Select the links to access WHO FCTC Article 11 and Article 13.

WHO FCTC Article 11

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WHO FCTC Article 13

How the Tobacco Industry Interferes with Plain Packaging

Lobby Governments

Lobby governments to oppose large, full-color images of health warning labels by arguing that they are unable to comply with deadlines and costs of printing requirements.



Misinformation Campaigns

Launch **misinformation campaigns** aimed at retailers and the public to oppose standardized and plain packaging of their products.

The image is of an Imperial Tobacco misinformation campaign. It shows plain packaged baked beans, fries, crisps, wine, and a chocolate bar. Text reads: "Tobacco first what next?"



The Tobacco Pack Surveillance System (TPackSS)

Dr. Islam discusses the Tobacco Pack Surveillance System (TPackSS) project:

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"The Institute for Global Tobacco Control developed the Tobacco Pack Surveillance System in 2012, with an initial collection of tobacco packs in 2013. The goal of TPackSS is to monitor whether required health warnings on tobacco packages are being implemented as intended, and to identify pack design features and marketing appeals that might violate or detract from country tobacco packaging requirements."

An Introduction to Tobacco Pack Surveillance System (TPackSS) Transcript

The insignia of the Johns Hopkins University is shown next to text: Johns Hopkins Bloomberg School of Public Health, Institute for Global Tobacco Control. The Institute for Global Tobacco Control logo is at bottom of screen.

The screen changes to show many cigarette packs lined up on a shelf.

An offscreen voice (Dr. Katherine Clegg Smith) speaks: "TPackSS is a tobacco pack surveillance system. We set out to systematically collect and analyze packs from 14 low- and middle-income countries with the highest disease and death burden from tobacco use."

Dr. Katherine Clegg Smith faces the camera. Text reads: Katherine Clegg Smith, PhD, Professor in the Department of Health, Behavior and Society, Johns Hopkins Bloomberg School of Public Health.

The screen text reads: 14+ countries, 50+ cities, 150+ neighborhoods, 6500+ tobacco products

Dr. Katherine Clegg Smith: "By collecting as many packs as possible, we're able to see patterns, we're able to demonstrate ways in which policy is potentially really effective and also potentially places where it needs to be strengthened."

The screen changes to show samples of cigarette packs.

Dr. Katherine Clegg Smith: "It's tempting to think of a cigarette pack as just a box, but in fact when we look careful at these packs, they're not just boxes at all. The global public health community has done considerable work to restrict the opportunities that the tobacco companies have to communicate with consumers and potential consumers. And because of those restrictions, the cigarette pack essentially becomes important real estate that the public health community and the tobacco industry in some ways are fighting over because they both want to convey information to the consumer."

The screen changes to Dr. Katherine Clegg Smith showing a pack of cigarettes with a health warning label.

Dr. Katherine Clegg Smith: "This is a pack where there's a health warning label here at the top and what we can see with this innovation in opening style is that it's not only highly engaging but the tobacco company has also provided itself with just a lot more space to communicate with the consumer."

The screen changes to show samples of cigarette packs with health warning labels.

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Dr. Katherine Clegg Smith: "When we've looked at compliance with health warning label policies across all 14 countries, we found that about 70% of the packs in our sample were compliant with the policies in their country."

The screen changes to show the TPackSS website.

Dr. Katherine Clegg Smith: "All of the packs that we have collected are available on the TPackSS website in a searchable format. You can search by country, you can search by year, you can even search by certain components or aspects of the pack. We also have fact sheets for every country that give the important compliance information, as well as some critical features of the packs that we found in a particular country."

The screen changes to Dr. Katherine Clegg Smith.

The screen changes to show the TPackSS website. The screen shows multiple images of cigarette packs. There are search criteria on the left side of the screen. Users can select different search options for the images of packs that display on the right side of the screen.

Dr. Katherine Clegg Smith: "If you have a pack from your country that you think is potentially problematic or in some way new, we'd love to have you share that with us and share that with the global public health community through our share a pack feature on the website. And that's been a great way to engage with people to start to collect packs in countries that we're not currently in and to build a community related to tobacco pack and policy regulation around the globe."

The screen shows a screenshot of the TPackSS website. The image shows a map of the world. Text reads: TPackSS: Tobacco Pack Surveillance System. Tabs appear at the top of the website: About, pack Search, Countries, Publications, Resources.

The screen changes to show the Institute for Global Tobacco Control logo. Text reads: www.globaltobaccocontrol.org/tpackss

Select the link to access the Tobacco Pack Surveillance System (TPackSS) website at the Institute for Global Tobacco Control. On the homepage, select the Pack Search tab to explore tobacco packages from the 14 low- and middle-income countries with the greatest number of smokers.

Lesson 12 of 22

Tobacco Industry Legal Challenges

Tobacco Industry Legal Challenges: Australia

Dr. Islam discusses the tobacco industry's legal challenge in Australia:

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"The tobacco industry has fought to block nearly every state government's attempt to advance packaging and labeling regulations. Two of the more infamous legal challenges took place in Australia and Uruguay.

In the case of Australia, in April 2010, Prime Minister Rudd announced the government's intention to introduce mandated plain packaging of tobacco products by 1 July 2012. The policy would lead to plain packaging and an increase in the size of health warnings on cigarettes. On 21 November 2011, the Tobacco Plain Packaging Bill was enacted."

The First Step

The first step was to challenge the policy as a violation of domestic law in Australia's domestic court where the company was defeated.



Illustration of Australia's Commonwealth Coat of Arms

The Next Step

The next step: Philip Morris Asia Limited took its claims to an investment tribunal, arguing that the new policy violated an investment agreement. Again, Philip Morris Asia Limited lost.



Finally

Finally, several countries—Cuba, the Dominican Republic, Honduras, Indonesia, and Ukraine—brought a complaint against Australia at the World Trade Organization (WTO) claiming that the plain packaging laws violated various articles of the WTO agreements. It has been reported in

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the press that Philip Morris and British American Tobacco provided legal and financial support to the Dominican Republic and Honduras. The ruling was issued at the end of June 2018.

Tobacco Industry Legal Challenges: Uruguay

Dr. Islam discusses the tobacco industry's legal challenge in Uruguay:

"In the case of Uruguay, the government was seeking to stop misleading packaging and labeling on cigarettes and increase awareness of the dangers of smoking through effective health warnings through two laws.

One law requires picture health warnings covering 80% of the front and back of cigarette packs, while the other limits each cigarette brand to one pack presentation in order to prevent the use of terms (such as 'light' and 'mild') and colors to falsely imply that some cigarettes are less harmful.

The single presentation of a brand means that—for example—Marlboro cigarettes could only be sold as one variant such as Marlboro Red."



80% of the principal display area is covered on this California cigarette pack collected in Uruguay as part of the Tobacco Pack Surveillance System (TPackSS).

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Under Uruguay's single presentation law, cigarette brands are limited to one pack presentation/variant.

Tobacco Industry Legal Challenges: Uruguay (continued)

Dr. Islam discusses the tobacco industry's legal challenge in Uruguay:

"Once again, Philip Morris International went to court. Unlike Australia, this legal challenge presented a substantial financial strain for Uruguay and received global media attention in a larger story about multinational tobacco companies' lawsuits against smaller nations including Togo, Namibia, and Solomon Islands."

Just like the Australian example, the legal challenge in Uruguay started in the domestic courts with Philip Morris International arguing that the policy was a violation of domestic law. The company lost. And, also like the Australian example, PMI took its complaint to an investment tribunal and claimed the policy violated the terms of an investment agreement. Once again, PMI lost.



The flag of Uruguay (left) and Philip Morris International's logo (right)

Summary

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Dr. Islam summarizes the Tobacco Industry Playbook: Tobacco Advertising, Promotion and Sponsorship (TAPS), and Packaging Lecture:

"We have just learned about the various ways tobacco companies use tobacco advertising, promotion, sponsorship and packaging strategies to undermine tobacco control. We have also learned how TAPS and point-of-sale tactics create an environment in which tobacco use is familiar and socially acceptable, and the warnings about its health consequences are undermined.

We will take a closer look at some of the most current tax, trade, and corporate social responsibility tactics employed by the tobacco industry in the next lecture."



A person's fingertip traces an imaginary line between emblems symbolizing wealth

Want to Learn More?

Campaign for Tobacco-Free Kids, Take A Part website:

TakeAPart

Campaign for Tobacco-Free Kids:

Tobacco Industry Arguments and How to Counter Them (In Brief)

Campaign for Tobacco-Free Kids:

Guide 1.3: Prepare for Tobacco Industry Interference

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Lesson 13 of 22

Check Your Learning



Knowledge Check

Select all that apply. What of the following are examples of TAPS (tobacco advertising, promotion and sponsorship) tactics?

- Product packaging
- Broadcast, print, and outdoor advertising
- Point-of-sale (POS) advertising
- Employee recruitment
- Appearance of tobacco brand names or logos on the scoreboard at a football game

Answer Key:

- Product packaging

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- Broadcast, print, and outdoor advertising
- Point-of-sale (POS) advertising
- Appearance of tobacco brand names or logos on the scoreboard at a football game

Tobacco advertising and promotion is defined in the FCTC as "…any form of commercial communication, recommendation or action with the aim, effect or likely effect of promoting a tobacco product either directly or indirectly."

Select all that apply. Which of the following are impacts of point-of-sale (POS) marketing?

- Helps to create positive attitudes toward smoking
- Increases youth experimentation and initiation
- Encourages unlawful activity
- Makes it harder for smokers to quit

Answer Key:

- Helps to create positive attitudes toward smoking
- Increases youth experimentation and initiation
- Makes it harder for smokers to quit

POS marketing weakens the effectiveness of tobacco control laws and exposes the population to tobacco company marketing tactics that are intended to increase the sale and consumption of tobacco products. Youth are particularly vulnerable to POS.

True or False? Standardized or "plain" packaging increases the visibility and effectiveness of health warnings, and limits the opportunities for advertising and promotion including design features that make products attractive.

- True
- False

Answer Key:

- True

Tobacco packaging is used not only to promote the product but is also designed to strengthen brand recognition, shape brand identity, and influence consumer responses and purchasing behaviors. Therefore, "plain" packaging prevents the brand recognition and influence of unregulated packaging.

Lesson 14 of 22

Tobacco Industry Playbook: Tax and Trade

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Introduction

Dr. André Szklo, Senior Researcher, Population Research Unit, the Brazilian National Cancer Institute (INCA), introduces the Tobacco Industry Playbook: Tax and Trade Lecture:

"Not only does the tobacco industry use advertising, promotion, sponsorship, and packaging and point-of-sale strategies to undermine tobacco control efforts. The tobacco industry uses a host of tax and trade tactics to interfere as well.

The tobacco industry interferes with taxation policies for tobacco products in order to ensure that the products are affordable. By being complicit in the illegal trade of tobacco (either manufactured cigarettes or tobacco leaves), the tobacco industry profits from evading tobacco taxation while selling these products to smugglers and then uses illicit trade as a counterargument against tobacco control policies."

Learning Objectives

- Detail how the tobacco industry undermines tax policies.
- Describe the complicity of the tobacco industry in the illicit trade of tobacco.

Lesson 15 of 22

Government Tax Policies

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Undermining Government Tax Policies

Dr. Szklo discusses undermining government tax policies:

"The most direct and effective method for reducing tobacco consumption is to increase the price of tobacco products through tax increases.

You will learn about how tobacco taxes and tobacco consumption are intertwined in Module 4; in the following section, you will learn about what the TI does to influence tax policies."

Tobacco Industry Strategy: Undermining Government Tax Policies—Stockpiling, Changing Attributes, and Lowering Prices

Dr. Szklo discusses undermining government tax policies: stockpiling, changing attributes, and lowering prices:

"The tobacco industry uses many strategies to undermine government tax policies. Many of these strategies are legal—so the challenge for tobacco tax policy is to close legal loopholes and ensure that excise taxes raise prices and reduce consumption."

Stockpiling

What is it?

Stockpiling (also referred to as forestalling and frontloading) occurs when tobacco companies oversupply their products to the market before a tax increase takes effect.

How does it work?

Excise taxes are usually paid when products are released for sale from the factory or warehouse to the first link in the distribution channel, and not at the point of retail sale. If a government announces in June that cigarette taxes will rise in January in the following year, companies can take advantage of this time gap between the release of products for distribution (and taxes

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paid) and the actual purchase of products by producing and paying taxes at the current year's lower tax rate.



Bundles of dried tobacco leaves and handmade cigarillos

Changing attributes

What is it?

Companies can change the properties of products in countries when there is a lower tax rate to take advantage of it.

How does it work?

Tobacco tax structures can be quite complex. When tax rates are lower based on some characteristic—such as the length of cigarettes—or when tax rates are increased for some but not other products, companies can try to have their products reclassified to categories with a lower tax rate.



The tobacco industry may look for gaps and opportunities in the complicated tax structures that apply to its products

Lowering prices

What is it?

Companies may lower prices rather than raise them.

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How does it work?

In some countries, taxes are defined as a percentage of the ex-factory prices (i.e., the base price or price of products as they leave the factory), or as a percentage of the price of imported products. Companies have control over what they report to the tax authorities as this price.

Consider a company that reports USD $1 as its ex-factory price of a USD $5 pack, and pays a 60% tax on this $1, or 60 cents (60% of $1). If the government raises the tax to 75%, the company could simply report that its ex-factory price is now 75 cents for some reason—say inputs are cheaper—and pay 56 cents in tax.



Undermining Government Tax Policies: Under-shifting, Timing of Price Increase, and Changing Number of Cigarettes in a Pack

Under-shifting

What is it?

Under-shifting occurs when the TI increases prices by less than the amount of a tax increase; that is, it absorbs some of the tax increase.

How does it work?

When a tax is increased, companies do not always raise prices to the full extent of the tax. If other companies raise their prices to the full extent of a tax, offering a relative price advantage on some brands or products can help a company grow its market share. Under-shifting affects the public health efficacy of tax increases, since lower-than-expected prices result in higher-than-expected demand. This is worsened if under-shifting is selective—that is, if prices are not raised or are raised less for brands purchased by price-sensitive customers such as youth.

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Timing of price increase

What is it?

By deciding when to raise prices, companies can prevent a sudden drop in demand when taxes come into effect.

How does it work?

Price increases may coincide precisely with tax increases, or they may happen in the weeks/months before or after a tax increase. Prices can increase just once, or they can increase gradually over time. Increasing the price before a tax increase goes into effect will reduce consumption and lower tax revenue prior to the tax increase. The temporary revenue loss will be reversed once the new tax goes into effect. However, the impact of the tax increase on consumption after the tax increase will be reduced since the demand has already responded to new prices before the new tax went into effect.



Changing number of cigarettes in a pack

What is it?

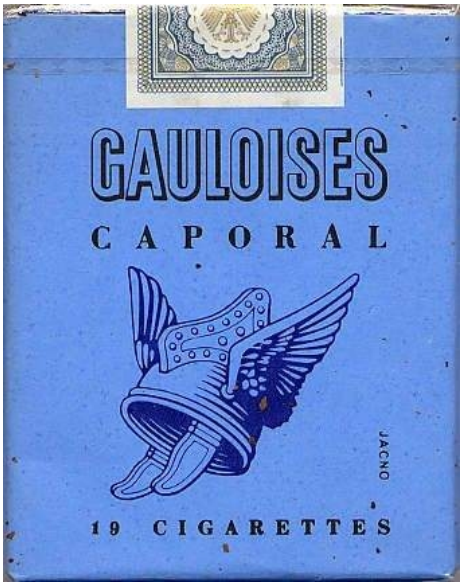
Tobacco companies change the number of cigarettes per pack to mitigate the impact of a tax/price increase on sales by preserving the perceived affordability of a cigarette pack. Many countries in Europe now have 19 rather than 20 cigarettes to a pack. This was a response to

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tax increases—tobacco companies reduced the number of cigarettes per pack after a tax increase in order to maintain a price per pack similar to the price before the tax increase.

How does it work?

Companies may sell fewer cigarettes per smoker, but this minimizes the impact of the tax increase on smoking rates.



Pack containing 19 cigarettes

International Tax and Investment Center

Dr. Szklo discusses the international tax and investment center:

"One method by which tobacco companies fought tobacco tax policy was through their relationship with the International Tax and Investment Center (ITIC). ITIC is a nonprofit organization headquartered in Washington, DC. British American Tobacco, Philip Morris International, Japan Tobacco International, and Imperial Tobacco were on the ITIC Board of Directors."

Illicit Trade

ITIC lobbied and produced reports on illicit trade with arguments that were favorable to the TI's point of view for distribution to government officials and policymakers. It held many meetings with tax officials to push back on tobacco tax increases. ITIC was particularly influential in Southeast Asia and operated all over the world. Part of its influence was due to the fact that ITIC managed to gather influential and skillful tax economists with high reputations, notwithstanding the presence of the TI.

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ITIC logo

Pressure

In 2016, a coalition of tobacco control organizations wrote to several ITIC members asking them to pressure ITIC to stop obstructing tobacco control policy. The coalition also engaged in earned media and as a result, ITIC ended its relationships with all four of the tobacco companies.

Lesson 16 of 22

Exaggerating the Impact of Illicit Trade in Tobacco



A person's hands hold a heap of destroyed counterfeited cigarettes.

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Impact of Illicit Trade in Tobacco

Dr. Szklo discusses the impact of illicit trade in tobacco:

"The illicit trade in tobacco products undermines efforts to reduce tobacco use and save lives. It costs governments billions of dollars in lost tax revenue.

It has been estimated that if global illicit trade were eliminated, governments would immediately gain at least USD $31 billion in revenue, and beginning in 2030, more than 160,000 lives would be saved per year."

Smuggling

The illicit transportation of branded, legally produced cigarettes, usually in large quantities.



A box of cigarettes smuggled into a destination illegally

Counterfeit

Counterfeit refers to a fraudulent imitation of an existing cigarette brand.



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Impact of Illicit Trade in Tobacco (continued)

Dr. Szklo discusses incorrect claims about tobacco control and illicit trade in tobacco:

"One concern around illicit trade is that strong tobacco control leads to increases in illicit tobacco. For example, if taxes are raised, cheap cigarettes could be smuggled in; or, if smokeless tobacco is banned, the market is driven underground."



Tobacco control is not a key driver of illicit trade. In reality, levels of illicit trade are generally higher with lax law enforcement and criminal prosecution, weak penalties for smuggling crimes, and corruption in a country.



Other factors include the ease and cost of operating in a country, organized crime networks, government policies on illicit trade of tobacco products, and the general acceptance of illicit trade in a country.

In short, strong tobacco control measures—such as a tobacco taxation policy that results in high retail prices relative to consumer income (low affordability)—will not maximize their impact on the reduction of smoking prevalence unless the country also increases its institutional

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barriers against illicit flows and increases international collaboration, particularly with neighboring countries with lower retail prices, lower tax rates, and lower law enforcement.

The Tobacco Industry and Illicit Trade: A Pattern of Exaggeration

Dr. Szklo discusses the tobacco industry's exaggeration of tobacco control's impact on illicit trade:

"Tobacco companies often exaggerate the nature of illicit trade in order to scare policymakers from taking evidence-based steps to reduce tobacco use. But it should be noted that strong tobacco control policies reduce tobacco use even in the presence of illicit trade.

When exaggerating about the extent of illicit trade, the tobacco industry does not disclose the methods for its calculations. For example, until 2016, the tobacco industry provided the only illicit trade estimates in Colombia, using this estimate (13%) to discourage tobacco tax increases."

Illicit Trade

The TI estimated that in Brazil before 2008, the illicit trade had a historical average of 30%. However, a recent independent study found that illicit cigarette consumption represented 16.9% of overall consumption for 2008.

The TI also estimated that in Brazil in 2001 to 2003, illicit trade comprised 30% of the market—similar to its estimates for the late 1990s. This allegedly occurred despite real reductions at that time (2001–2003) in average excise taxes and prices per pack as well as the introduction of several measures to fight smuggling.



A recent independent study found that illicit cigarettes represent just 3.5% of consumption and that rates varied considerably depending on city. Similarly, TI estimates of 20% illicit trade in India were discredited by a recent independent study estimating that illicit cigarette sales represent just 2.7% of the market.

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The Tobacco Industry and Illicit Trade: Complicity in Cigarette Smuggling

Historically, the tobacco industry has benefited from cigarette smuggling and has even been found to be complicit in it.

United Kingdom (UK) and Brazil

A report released by a Parliamentary committee in the **United Kingdom (UK)** found that in 2011 major tobacco companies oversupplied some European markets with more products than the legitimate market in those countries could handle. The report concluded that manufacturers deliberately looked the other way when the tobacco was smuggled back into the UK. The same thing happened in Brazil where the illicit tobacco market cropped up in the mid-1990s, fed by the TI's large amount of legal sales of manufactured cigarettes to Paraguay that then re-entered Brazil illegally.



The Palace of Westminster, in London

People's Republic of China

British American Tobacco (BAT) internal documents released as a result of a court settlement reveal that illicit trade was both profitable and integral to BAT operations in the **People's Republic of China** over the span of two decades.



Interior of an opened cigarette pack

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Africa/Lebanon

British American Tobacco (BAT) involvement in cigarette smuggling in Africa and Lebanon has also been documented.

Experience shows that illicit trade can be controlled by strong tax administration (e.g., use of prominent tax stamps, serial numbers, etc.), customs and law enforcement (e.g., improving corporate auditing, better tracking systems, and good governance), and tougher penalties for violators. Revenue generated by tobacco tax increases can finance these activities. In Module 5, the different forms of illicit trade will be discussed in more detail.



The British flag

Summary

Dr. Szklo summarizes the Tobacco Industry Playbook: Tax and Trade Lecture:

"We have just learned about the TI's efforts to undermine tax and trade policies as a means of improving its image and to undercut solutions to the problems that tobacco products create.

In the next lecture, we will learn about emerging tobacco products, identify the TI's strategy in promoting these emerging products, and detail critical components for monitoring the TI."



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Want to Learn More?

Access a WHO report on how the TI interferes with tobacco control:

Tobacco Industry Interference with Tobacco Control

Tobacconomics.org:

Undermining Government Tax Policies: Common strategies employed by the tobacco industry in response to tobacco tax increases Updated, April 2016

Bloomberg Philanthropies, The Anti-Tobacco Trade Litigation Fund:

Bloomberg Philanthropies & The Bill and Melinda Gates Foundation Launch Anti-Tobacco Trade Litigation Fund



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Check Your Learning



Knowledge Check

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Select all that apply. What tactics does the tobacco industry use to undermine government tax policies?

- Stockpiling
- Changing product attributes
- Lowering price

Answer Key:

- Stockpiling
- Changing product attributes
- Lowering price

The tobacco industry uses many strategies to undermine government tax policies. Stockpiling (also referred to as forestalling and frontloading) occurs when tobacco companies oversupply their products to the market before a tax increase takes effect. Changing attributes is when companies can change the properties of products in countries when there is a lower tax rate to take advantage of it. Lowering prices involves the adjustment of pricing on products that leave the factory to control the amount that is taxable.

True or False? Under-shifting occurs when the tobacco industry increases prices by more than the amount of a tax increase; that is, it uses the tax increase to generate additional revenue.

- True
- False

Answer Key:

- False

Under-shifting occurs when the tobacco industry increases prices by less than the amount of a tax increase; that is, it absorbs some of the tax increase. Under-shifting affects the public health efficacy of tax increases, since lower-than-expected prices result in higher-than-expected demand.

Complete the sentence with the best answer. Tobacco companies change the number of cigarettes per pack to mitigate the impact of a tax/price increase on sales by…

- lightening the weight of each pack.
- maintaining a price per pack similar to the price before the tax increase.
- reducing waste.
- attracting new customers to the product.

Answer Key:

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- maintaining a price per pack similar to the price before the tax increase.

Tobacco companies change the number of cigarettes per pack to mitigate the impact of a tax/price increase on sales by preserving the perceived affordability of a cigarette pack. Many countries in Europe now have 19 rather than 20 cigarettes to a pack. This was a response to tax increases—tobacco companies reduced the number of cigarettes per pack after a tax increase to maintain a price per pack similar to the price before the tax increase.

True or False? Tobacco control is not a key driver of illicit trade.

- True
- False

Answer Key:

- True

In reality, lax law enforcement and criminal prosecution, weak penalties for smuggling crimes, and corruption in a country are more likely drivers of illicit trade.

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Emerging Issues



Introduction

Dr. Eduardo Bianco, Cardiologist, Latin American Director of the Framework Convention Alliance (FCA), as well as President of the Tobacco Epidemic Research Center in Uruguay, introduces the Emerging Issues Lecture:

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"The tobacco industry (TI) continues to develop new tobacco products to increase their profitability. In this lecture, we will look at design features of emerging tobacco products as well as discuss the tobacco industry's 'Reduced Health Risk' promotion.

We will also look at the TI's history of research funding on the efficacy of low-risk products, and Philip Morris International's funding contribution to the Foundation for a Smoke-Free World.

Finally, we will look at the critical components for monitoring the tobacco industry."

Learning Objectives

- Examine tobacco product design features: flavors and additives.
- Identify concerns about the foundation funded by Philip Morris International.
- Detail the critical components for monitoring the tobacco industry.

Lesson 19 of 22

Tobacco Products Design Features



An assortment of flavored tobacco products

Dr. Bianco discusses tobacco product design features:

"Tobacco companies not only manipulate the addictive properties of their products, they also design the product in ways that both attract starter smokers and enhance the likelihood that they will become regular smokers.

Thus, the number of people who become addicted is the result of design features and chemical additives that impact nicotine and that affect taste, smell, and sight."

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Cherry flavor accompanies elegant text and unique package design on this Sakura cigarette pack collected in Russia as part of the Tobacco Pack Surveillance System (TPackSS).

Tobacco Products Design Features: Flavors and Additives

Dr. Bianco discusses tobacco product design features: flavors and additives:

"The ammonia added to tobacco products allows the nicotine in tobacco to be absorbed more quickly into the lungs and also reduce the harshness of smoking. Sugars make smoking more palatable and, when burned, convert to formaldehyde, a known carcinogen.

Licorice, chocolate, and other characterizing flavors appeals to new users. Many flavors that are not present in large enough quantities to be considered characterizing flavors still boost the sweetness of tobacco, making it smoother and more appealing, particularly to young people.

Many additives like chocolate and licorice, when burned in a lit cigarette, produce additional toxins including carcinogens."



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Tobacco Products Design Features: Menthol

TPSAC

The U.S. Food and Drug Administration's Tobacco Products Scientific Advisory Committee (TPSAC) in 2011 released a comprehensive report on the use of menthol in cigarettes. TPSAC found that menthol cools and numbs the throat to reduce throat irritation and make the smoke feel smoother.



Menthol is an additive contained in this Benson & Hedges cigarette pack collected in Mexico as part of the Tobacco Pack Surveillance System (TPackSS).

Beginning Smokers

The report concluded that menthol additives make it easier for beginner smokers to tolerate smoking. The report also found that young people who initiate using menthol cigarettes are more likely to become addicted and become long-term daily smokers.



Young people are vulnerable to menthol additives in cigarettes.

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Tobacco Industry Strategy: "Reduced Health Risk"



A display of cigarette packs, only some of which contain health warnings

Dr. Bianco discusses "Reduced Health Risk" as a tobacco industry strategy:

"A decades-old strategy is the development and promotion of products tobacco companies claim have a 'reduced health risk.'

The beginnings of that strategy go back to the promotion and sale of 'low-tar' or 'light' cigarettes, and the strategy now includes e-cigarettes and heated tobacco products."



In the case of "light" or "low-tar" cigarettes, internal corporate documents revealed that the tobacco companies knew these products were no safer than their so-called "full flavor" brands. Marlboro Gold and Marlboro Silver are both examples of such products, previously known as "Marlboro Lights" and "Marlboro Ultra Lights," respectively.

Tobacco Industry Strategy: Research Funding

Dr. Bianco discusses research funding as a tobacco industry strategy:

"Tobacco companies have historically funded research to deny, downplay, and dismiss growing scientific evidence about the harmful effects of tobacco use and secondhand smoke exposure.

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The release of millions of internal corporate documents has given insight into the workings of tobacco company strategy and revealed previously hidden involvement in manipulating research."



Tobacco companies use several tactics including: funding and publishing research to support their position; suppressing, criticizing, and casting doubt on research that does not support their interests; and disseminating their data or scientific "opinions" in the lay (nonacademic) press and directly to policymakers.

The PMI-Funded Foundation

Dr. Bianco discusses the PMI-funded foundation:

"As mentioned in the introduction (and on the Foundation for a Smoke-Free World's website), the PMI-funded foundation claims to have been developed with the goal of improving global health '…by ending smoking in this generation.'

However, many of the world's tobacco control and public health experts have raised concerns about a research foundation funded by a tobacco company.

In fact, the world's leading credible tobacco control and public health experts came out against PMI's new foundation including: WHO, International Union Against Tuberculosis and Lung Disease, Campaign for Tobacco-Free Kids, the Framework Convention Alliance for Tobacco Control (representing more than 700 research and public health organizations worldwide), and Johns Hopkins Bloomberg School of Public Health."

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Legitimize PMI

The Foundation was formed to promote research into so-called "reduced-risk" products currently being developed and marketed by PMI and other tobacco companies. However, the debate about the Foundation is not a debate about these products. The concern is that the Foundation—and its partners—will enable PMI to boost its credibility as a legitimate stakeholder in discussions about tobacco risk reduction, while it continues to aggressively market Marlboro and other cigarette brands and sues countries acting to implement the policies proven to reduce tobacco use.

FOUNDATION FOR A
SMOKE-FREE WORLD

Undermine the WHO FCTC

The WHO FCTC—and not PMI's alleged "harm reduction" business strategy or its Foundation—represents global consensus on how to prevent and reduce tobacco use and associated death and disease. PMI's Foundation is an effort to deflect attention from the company's efforts to prevent the WHO FCTC from being fully implemented. In fact, an investigative report published by Reuters in July 2017 revealed a massive, secret campaign by PMI to undermine the WHO FCTC, depicting "*…a company that has focused its vast global resources on bringing to heel the world's tobacco control treaty.*"



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Ongoing marketing strategies targeting youth

PMI continues to aggressively market its cigarette brands around the world, often aimed at children and teenagers and much of it targeting low- and middle-income countries. In many countries, PMI and its subsidiaries are introducing flavored cigarettes that appeal to youth, conducting aggressive marketing near elementary schools, sponsoring race cars and concerts, and engaging in other youth-oriented marketing.



PMI's transformation?

PMI's alleged business transformation and its Foundation have no role in helping countries achieve the UN Sustainable Development Goal to "Ensure healthy lives and promote well-being for all at all ages." PMI's vigorous promotion of cigarettes and its opposition to proven tobacco control policies in low- and middle-income countries are in direct conflict with the Sustainable Development Goal target specific to tobacco control: "Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate."



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Create scientific controversy

This is not the first time a tobacco company has claimed to help find a solution to reduce tobacco-caused death and disease. For over 60 years, the TI—including Philip Morris—has funded allegedly "independent research" and manipulated research findings to advance its cigarette sales. The real purpose of these efforts was to support research favorable to the TI, create scientific controversy where there was none, and discredit scientific research viewed as threatening to the industry.



Lesson 21 of 22

Tobacco Industry Monitoring



Exterior of Philip Morris corporation offices

Dr. Bianco discusses tobacco industry monitoring:

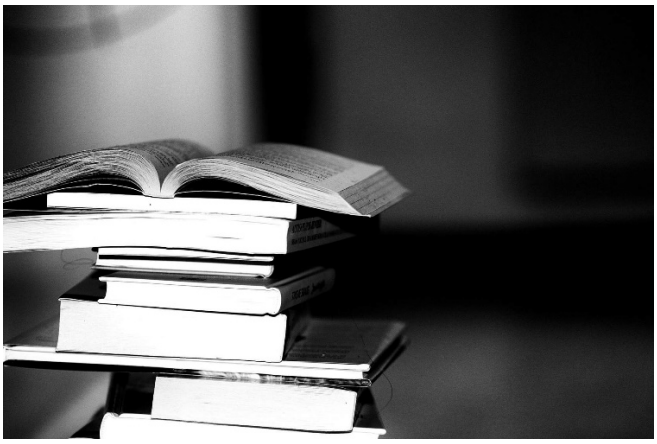
"In reality, the entire TI "playbook" cannot fit into this one module. But whether you are building a TI monitoring program or looking for resources for other research, there is a plethora of information about the TI available online.

Let's discuss some basic tips for a TO monitoring program and useful resources. Module 6 will go into more detail about TI monitoring and surveillance."

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Establish a foundation of knowledge

Establish a foundation of knowledge about the tobacco industry at the national level and in any states that have identified intervention targets: Keep in mind that information may not be readily available for smaller companies so multiple strategies may be needed for data gathering. Examples of information to initially compile and update include the following information about tobacco companies operating in your country or region: company composition, company profits and products, company spokespeople, company positions and tactics on tobacco control policy.



Identify lobbyists

Gather information on lobbying: Determine whether there is a lobbyist registered in your country to identify individuals lobbying on behalf of the TI. If lobbying is not regulated or officially prohibited in your country, ask your government contacts for information about individuals who may be representing the TI. You may also identify in-house lobbyists by searching for employees of tobacco companies working in corporate affairs, regulatory affairs, government affairs, or similar titles in large databases.



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Identify front groups

Obtain information on front groups or others furthering the TI's interests: Focus on groups that may be mobilized to advocate against your policy area as well as those that consistently advocate the industry's positions on tobacco control policy. These groups include research groups that have opposed tobacco control legislation in the past; individuals who have represented these groups, as well as their allies; and legitimate business and trade groups that represent the industry's point of view.



Track government-TI meetings/collaborations

Gather public information on government activities: The information obtained through government records may be useful for various purposes, such as ascertaining whether TI representatives or their front groups held meetings with public officials, and the reason for such meetings; finding the list of staff engaged in a specific area to search for connections with tobacco companies; investigating the industry's corporate social responsibility programs that have some sort of government support or are performed together with the government; initiating development of scientific studies, opportunities for submitted public or private comments, and access draft legislation related to the TI or tobacco control.



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Cultivate allies within the government

Establish mechanisms to obtain informal sources within governments: The creation of strategic alliances and a professional relationship with policymakers and government staff will provide access to information about specific policy actions (e.g., upcoming debates and legislative movements) and TI actions to interfere with such processes (e.g., TI reports and plans being provided to policymakers). Possible allies include the national or provincial tobacco control representatives, legislators and their advisers, health ministers or secretaries, etc. Once these sources have been established, information about the interference with the adoption or implementation of a certain policy often comes out of this informal channel of information.



Tobacco Industry Monitoring: Essential Data

There are several different data points that would likely be useful for your tobacco industry monitoring efforts.

Company composition

- Company ownership and board of directors
- Contact details including location of main headquarters
- Locations of manufacturing plants
- Type of relationships with farmers and other suppliers

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Company profits and products

- Annual income and profits, and projected growth
- Import/export of tobacco and/or products
- Market data, target markets
- Brands and relationship with main international brands
- Advertising, promotion and sponsorship, and research expenditures
- Corporate social responsibility programs, including funding levels and geographic locations



Company spokespeople

- Public relations/company spokespeople
- Tobacco industry lobbyists
- Industry front groups including legitimate business and trade groups such as farmer, retailer, and hospitality groups



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Company positions and tactics

- Public positions on tobacco control policies including arguments, strategies, and tactics
- Messages used to describe its corporate image



Summary

Dr. Bianco summarizes the Emerging Issues Lecture:

"Tobacco companies design the product in ways that both attract starter smokers and enhance the likelihood that they will become regular smokers. Sugars make smoking more palatable and, when burned, convert to formaldehyde, a known carcinogen. Tobacco companies have historically funded research to deny, downplay, and dismiss scientific evidence about the harmful effects of tobacco use and secondhand smoke exposure. Many of the world's tobacco control and public health experts have come out against PMI's new foundation.

There is a wealth of resources for those interested in tobacco industry monitoring and a constant need to increase and expand these tools every year.

Coming up, in Module 4, the economics of tobacco control will be examined, detailing the economic policies used in combating the tobacco industry."



Economic policies can serve as a method of tobacco control.

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Want to Learn More?

There are tobacco-control listservs such as GLOBALink, FCA listserv, and Global Tobacco Control Network on Facebook.

Reuters has collected a combination of historic and recent Philip Morris International documents that it has published online:

The Philip Morris Files



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Check Your Learning



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Knowledge Check

True or False? Tobacco companies manipulate the flavors and additives of their products to make them more appealing to consumers.

- True
- False

Answer Key:

- True

Tobacco companies not only manipulate the addictive properties of their products, but they also design the product in ways that both attract starter smokers and enhance the likelihood that they will become regular smokers. Thus, the number of people who become addicted is the result of design features and chemical additives that impact nicotine and that affect taste, smell, and sight.

From what you have just learned in the course, which of the following are tobacco industry research funding tactics?

Strategies:

- Collaborating with Colleagues
- Suppressing and criticizing research that does not support its interests
- Uses a clear methodology
- Disseminating data or scientific "opinions" in nonacademic press
- Creating partnerships within a like-minded community
- Funding and publishing research to support its position

Piles:

- TI Research Funding Tactics
- Academic Research Funding Tactics

Answer Key:

TI Research Funding Tactics:

- Suppressing and criticizing research that does not support its interests
- Disseminating data or scientific "opinions" in nonacademic press
- Funding and publishing research to support its position

Academic Research Funding Tactics:

- Collaborating with Colleagues
- Uses a clear methodology
- Creating partnerships within a like-minded community

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Select all that apply. What foundational tactics are included in a tobacco industry monitoring program?

- Identify lobbyists
- Identify front groups
- Cultivate allies within the government

Answer Key:

- Identify lobbyists
- Identify front groups
- Cultivate allies within the government

These are among the basic strategies that comprise a tobacco industry monitoring program. In addition, it is useful to gather public information on government activities, including tracking government-tobacco industry meetings/collaborations, and establish a fountain of knowledge about the tobacco industry at the national level and in any states that have identified intervention targets. Module 6 will go into more detail about tobacco industry monitoring and surveillance.

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