

News analysis

Vietnam: smuggling adds value

Internal British American Tobacco (BAT) documents¹ have been explicit about the knowledge of cigarette smuggling into Vietnam. In one document, Vietnam Status Report (12 May 1995), it was stated: "Cigarette imports were banned 6 years ago. Smuggled sales into Vietnam are currently estimated at approximately 7 bn [billion] p.a. although prior to a crackdown in 1990 (when all smuggling was virtually eliminated for 18 months) it was in the region of 12-17 bn p.a."²

The same document also stated: "SE [State Express] 555 is the major smuggled brand and there is no doubt it has a tremendous image and sales potential in the country. BAT has resisted agreeing to manufacture 555 in Vietnam due both to concerns about the ability to sell the brand as a locally manufactured product and to the possible impact of a licence outside Vietnam. However, Vinataba [the Vietnamese State monopoly] sees a licence of 555 as an attractive opportunity for the JV [joint venture], and believes that BAT's opposition to a licence is simply to 'protect the smuggling' trade."²

A series of company papers showed that BAT pursued a twin track strategy to maximise its earnings from Vietnam. One track was to negotiate with the Vietnamese government and Vinataba to produce international brand cigarettes locally.³ The other track was smuggling. Documents describe in a detailed way the smuggling route for 555: cigarettes were produced in the UK, shipped to Singapore, sold to importers and traders in Cambodia, and then transported illegally across the border.⁴ Both tracks went ahead. A licensing agreement to produce BAT brands locally was reached in 1994. By the end of that year, BAT State Express 555 was launched in Ho Chi Minh City as "Made in Vietnam", retailing at 10 000 Dong, cheaper than the price of smuggled 555, 11 000 Dong.⁵ BAT was

controlling both the price of locally produced 555 and of the smuggled 555, and decided that the local 555 should be less expensive "as an opportunity to establish itself". BAT was clearly proud of 555's position as a "luxury" brand, and wanted Vietnamese people to perceive it as a status symbol. In 1998, Fred Combe, general manager of BAT in Vietnam, told the trade journal *Tobacco Reporter*, "In Vietnam, smoking State Express 555 means that you've made it".⁶

During a visit to Hanoi in March this year to attend a regional workshop on tobacco tax policy in Southeast Asia, I could see that smuggling of SE 555 is still going on. I asked the price of the local and the smuggled 555 at 10 street sellers in Hanoi. The average price for the "Made in Vietnam" 555 was 16 000 Dong, whereas the smuggled ones were 28 000 Dong (US\$1 = 15 300 Dong). A Vietnamese researcher observed that smuggled imports of 555 and Marlboro fetch higher prices because consumers consider them to be of higher quality, or "more refined".⁷ My own mini survey confirmed this: street sellers explained that the "Vietnamese" 555 was "no good" and that smuggled 555 were much better, as they came from Singapore. The front and the back of both packs look similar, but there are notable differences on the sides. The local 555 have a tax banderol, a health warning in Vietnamese, a marking "Made in Vietnam", a label "Exceptional tobacco for superior smoothness", a bar code, and a number. The smuggled 555 were made in the UK, had English language European Union health warnings, a bar code and number, and, showing they were intended for duty-free sale in Singapore, specified on the side that Singapore duty had not been paid.

The case of SE 555 smuggling raises several questions. Cigarette packs have specific codes that allow tobacco companies to track where their products are sold, so BAT should have known that SE 555 has continued to be sold illegally in Vietnam. The packs indicate that the cigarettes were sold to Singapore traders—so why has BAT not stopped supplying these traders? The fact that the cigarettes were marked for sale in duty-free outlets in Singapore, but ended up in the illegal market in Vietnam, illustrates how

duty-free outlets are facilitating smuggling, and reinforces the need for a ban on all duty-free tobacco sales.

There is continued wide scale smuggling of tobacco products worldwide. It is happening with the clear knowledge of major cigarette companies, and is aiding international organised crime. Given this situation, why have governments not moved faster to require anti-smuggling measures such as the mandatory use of tracking and tracing technology on all cigarette packs?

The industry has always claimed that smuggling is the result of taxes being too high. This is not the case with SE555 in Vietnam: the price of the smuggled 555, considered to be of higher quality, is higher than the same brand manufactured in Vietnam. As there has been an import ban of cigarettes in Vietnam since 1990, the only way to sell SE 555 cigarettes "Made in England" in Vietnam is through smuggling. A policy revealed in the internal BAT documents seems to continue today.



Packs of locally produced and smuggled State Express 555 cigarettes in Vietnam, showing little difference between the front of the packs, but notable differences between the sides.

All articles written by David Simpson unless otherwise attributed. Ideas and items for News Analysis should be sent to David Simpson at the address given on the inside front cover

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- Several internal BAT documents on Vietnam are available on the website www.ash.org.uk/smuggling
- Kemball B J**, to Bramley B D, Vietnam – Status Report, 12 May 1995, BAT Guilford depository, Bates No. 500045875-91, nr 20 of the internal BAT documents. Available on www.ash.org.uk/smuggling
- Center for Public Integrity**. Global reach of tobacco company's involvement in cigarette smuggling exposed in company papers, web posted 2 February 2000. URL: http://www.public-i.org/story_01_020200.htm
- Mc Phail I to O'Keeffe P C**, Vietnam: 12 October 1993 to 19 October 1993, 21 October 1993, BAT Guilford depository, Bates No. 203472751-5, nr 72 of the internal BAT documents available on www.ash.org.uk/smuggling
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India: PM's bravery awards "nothing to do with our products"

According to Godfrey Philips, the Indian subsidiary of Philip Morris that makes Red & White cigarettes, the emphasis of the Red & White bravery awards is "selfless action". The same phrase could hardly describe the company's motives for using the name of its cigarette brand instead of its company name for the scheme, whose well funded advertising campaign associates its cigarettes with bravery (see *Tobacco Control* 2002;11:10–11, 91). With not only the brand's name but also its distinctive colours used in the awards scheme promotions, and details of the cigarette brand just a click or two away from nauseating descriptions of the scheme on the company's website, one might have thought the manufacturers would be forced to admit to the connection. Recently, an opportunity arose for a little candour on the subject.

Faced with an all male list of award winners in the state of Maharashtra, the Red & White judges added a special award for the highly publicity friendly "Bollywood" film star Preity Zinta. It recognised her bravery in sticking to her original story in a high profile



"Bollywood" film star Preity Zinta.

court case in which a central theme of the prosecution was that key figures in Bollywood were linked to organised crime. Her steady testimony was all the more praiseworthy because other witnesses had withdrawn their earlier statements. Zinta claimed to have received threatening calls from the underworld while she was shooting for the film *Chori Chori Chupke Chupke* in 2000.

Not surprisingly, press reports of the case referred to sinister people who make vast sums of money from, among other things, peddling illegal, addictive drugs, without regard to the devastating effects on the health of those who consume them. Many journalists overlooked the fact that Red & White, even if not illegal, is a cigarette brand, energetically promoted by people who make vast sums of money, etc. But in an interview with *The Times of India*, it was put to Mr Sanjeev Verma, managing director of Godfrey Phillips, that the Red & White bravery awards were really a means of advertising Red & White cigarettes. Extraordinary as it may seem, he denied that the scheme had any connection with the brand. "The awards are a salute to bravery," he said. "They have nothing to do with our products."

Serbia: tough times ahead

In February, Yugoslavia became a federal state called the Republic of Serbia and Montenegro. Through times of war, internal strife and economic hardship, health has taken a back seat. Now Serbia, emerging from international isolation, is on the brink of another catastrophe—an epidemic of tobacco deaths.

In Serbia, every second man smokes, as does every third woman, and every fourth teenager. The past three decades have seen a dramatic increase in smoking among women, and among secondary school and college students. Cardiovascular diseases, cancer, and lung diseases—already the leading causes of death in Serbia—are rocketing.

Although Serbia has a thriving domestic tobacco industry, the transnational companies are not far behind. Alongside local brands, Serbs puff on Lucky Strike, Marlboro, and—for those who can afford it—Davidoff. In spring, Belgrade hosted its International Film Festival. The main sponsor was BAT.

As former Yugoslavia, the country was a key destination and shipment route for smuggled tobacco, and transnational tobacco companies have shown a keen interest in domestic production (see *Tobacco Control* 2002;11:92–3). Health interests campaigned for measures to curb domestic production, prevent transnational companies from taking control, and ban all tobacco advertising. New tobacco legislation enacted in February provides low interest loans for tobacco growing and manufacturing and a licensing system for tobacco manufacturers. The transnationals seem poised to pounce.

While the legislation may go some way towards combatting smuggling, it pays scant attention to health. The only provisions are to ban tobacco sales to under 18s, and require health warnings—size unspecified—on packs. The future of legislation to regulate tobacco advertising seems uncertain, following the assassination in March of the prime minister, Zoran Djindjic.

But some progress is being made. A National Commission for Prevention of Smoking has been formed, and a campaign launched in partnership with government and NGOs. Support has come from the World Health Organization, the European Agency for Reconstruction, the Canadian International Development Agency, and UNICEF. Philip Morris also offered its help—and was refused.

The first phase of the campaign concentrates on health professionals, in the hope that their lead will influence others. The target may not seem easy: more than one in three doctors (37%), and one in two nurses (52%) smoke. More than four out of 10 (42%) family doctors and one in four (25%) paediatricians smoke. But more than eight out of 10 (85%) have tried to stop, citing in the main health concerns—and just as many say they advise their patients to quit.

Concern about the health effects of smoking is high: 85% of smokers are worried about the effect of second-hand smoke on children, and 75% of smokers worry about their own health. The campaign aims to tackle both these concerns, by targeting the

protection of non-smokers and encouraging smokers to quit.

A 1995 law, poorly respected, restricts smoking in public places. Health institutions are drawing up action plans to make their premises smoke-free, and information posters and signs are being distributed. Counselling services and information for smokers encourage and support quitting, and leaflets for non-smokers give advice on how to help.

A public information campaign has also begun, with spots on state and private television, radio jingles, and billboards urging smokers to quit. On national No Smoking Day at the end of January, hoards of smokers exchanged their cigarettes for fruit at a large tent in central Belgrade.

Halting the tidal wave of smoking induced illness that seems set to engulf Serbia in the next few decades seems a tough order. But in a country battered and impoverished by economic flux, conflict, and political instability, tobacco control seems the only prescription.

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USA: Big Tobacco and the lighter side of security

One of the more bizarre accounts of the tobacco industry's influence on the Bush administration in the USA emerged recently from Michael Moore, film maker, journalist, and best selling author of the satirical and less than flattering book about his country, *Stupid white men*. Moore revealed that during a nationwide book promotion tour, he had asked his audiences if they knew the answer to a question that was increasingly bothering him. As he flew from city to city, he repeatedly passed through airport security checks. At each one, he dutifully emptied his pockets of anything that might be considered a potential security threat, in the climate of greatly increased security awareness following the terrorist attacks of 11 September 2001.

Penknives, nail files, knitting needles, even toenail clippers were among the long list of items prohibited in hand baggage, yet Moore noticed that cigarette lighters and matches were not—even after a British passenger, on 22 December that same year, unsuccessfully tried to set fire to his shoes with a lighter, shoes whose heels were packed

with explosives, police said later. Did anyone know, Moore asked his audiences, why on earth cigarette lighters, one of which had already been used in an attempted suicide bomb attack high over the Atlantic, were missing from such a comprehensive security list, especially since smoking was now prohibited on all flights?

Moore finally got his answer at an event in a bookshop in Arlington, Virginia, just a few miles from the Pentagon, target of one of the hijacked aircraft in the 11 September attacks. As Moore signed copies of his book after giving his talk, a young man approached him, introduced himself, and said in a lowered voice that he could answer the question, as he worked on Capitol Hill, centre of the federal government administration in Washington DC. Butane lighters were on the original list prepared by the Federal Aviation Authority (FAA) and sent to the White House for approval, he said, but the tobacco industry successfully lobbied the Bush administration to have lighters and matches removed from the banned list.

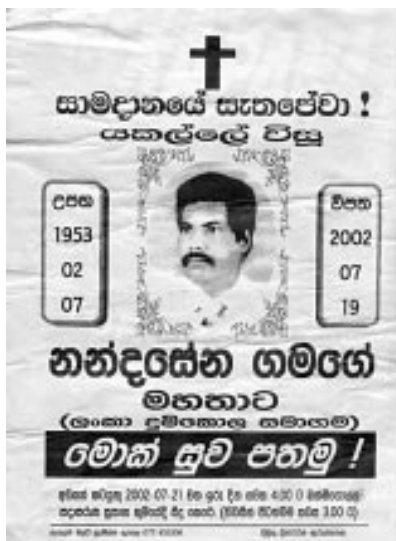
Perhaps the industry's rationale was not just based on concern for their customers, many of whom would want to smoke again as soon as possible after a flight, preferably without having to buy another lighter. They may also have feared the association of smoking paraphernalia with potential instruments of

death, another inch lost on the slippery slope of social acceptability. Even more interesting, maybe it had occurred to them that if smokers did not immediately light up on arrival, some might get all the way to their destinations without smoking at all—and then what? They might even seize the opportunity to give up for good.

Michael Moore has filed a demand under the Freedom of Information Act, asking the FAA to provide him with all relevant documentation about the decisions that were made to allow butane lighters and matches on board passenger aircraft. Don't hold your breath waiting for a full and frank response, Mr Moore.

Sri Lanka: film's big puff for smoking

Product placement of cigarettes in movies is nothing new, though for a time, following the publication of hard evidence of tobacco companies' efforts to get their cigarettes into popular movies in the hands of young people's screen idols, there was a temporary reduction in this insidious form of promotion. It has crept back again, of course, if with a little more subtlety than before. In Sri Lanka, though, an extraordinarily overt promotion of smoking was a major and continuing theme in a recent box office success, whose Sinhala name *Thani thatuven piyabana* translates as *Flying with one wing*.



The death notice of the late Mr Nandasena Gamage, who worked for BAT's Sri Lankan subsidiary, CTC, as a tobacco quality taster. Earlier this year, Mr Gamage died after contracting lung cancer, leaving a widow and two children, one of them disabled. After his death, CTC reportedly paid compensation to his family, who have since declined to speak to journalists about their tragedy.



The Sri Lankan film, *Flying with one wing*, overtly promotes smoking.

The main character in the film is a woman who lives the life of a man. "He" smokes throughout the film, saying that smoking is one of the characteristics of masculinity. Other scenes seem to have the express purpose of promoting smoking—a girl who tells her boyfriend, who has put out his cigarette when she arrives, "Why did you put out your cigarette? I like men who smoke"; and a doctor who offers

his patients cigarettes during consultations. Despite the fact that the director is well known for including smoking in his work, the sheer weight of it in the film generated heated debate in the press.

A group of medical students complained about it, noting that the brand smoked was always Gold Leaf, a higher priced BAT brand. A journalist responded that they had failed to see the way smoking, so far a predominantly male habit in Sri Lanka, was being used to highlight issues raised in the film about definitions and cultural expectations of manhood and masculinity. Whatever the director's intentions, no one seems to doubt the saturation of smoking in a film that has been packing them in all over Sri Lanka. Many insist it was irresponsible of the director and that it will play a part, however small, in perpetuating the social acceptability of the habit. Those who know about tobacco industry promotional tactics are deeply suspicious of how Gold Leaf got there. For them, *Flying with one wing* would have been better named *Gasping with one lung*.

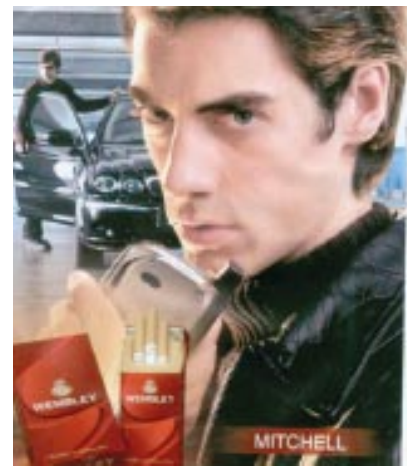
Pakistan: still room for brand launches

As recent issues of *Tobacco Control* have illustrated, Pakistan continues to be blitzed by tobacco promotion, much of it from PTC, the local subsidiary of BAT (see *Tobacco Control* 2002;11:294–5). Despite both the quantity and type of promotions used, which would have been unthinkable in the UK—BAT's

home country—even before the recent advertising ban there, the company has nevertheless been trying to present itself as socially responsible. Apart from its cigarette brand promotions, BAT has been running a series of newspaper ads apparently aimed primarily at opinion leaders, to try to position itself not only as socially responsible, but as vitally important to Pakistan's economy. Some of the "achievements" boasted about in these ads include the planting of over 24 million trees, providing a mobile dispensary for treating 3000 patients free of charge every month, and educating young people at computer learning resource centres.

The government has given conflicting signals about whether it will act to ban tobacco promotion. Meanwhile, the prevalence of smoking is already more than 40% among men and 8% among women. Not only is there already a large market to play for, but with a burgeoning middle class and changing aspirations of women, cigarette companies must be slaving at the thought of the millions still waiting to be recruited. There is clearly still room in this expanding market for new brand launches, as Philip Morris's subsidiary Lakson Tobacco demonstrated recently with its new brand, Wembley. Ads featured models who looked hardly out of their teens, adorned with the usual youth magnet trappings, such as mobile telephones and fast cars.

Not surprisingly, the results of so much tobacco promotion over so many years are already being seen in Pakistan's cancer clinics and cardiovascular

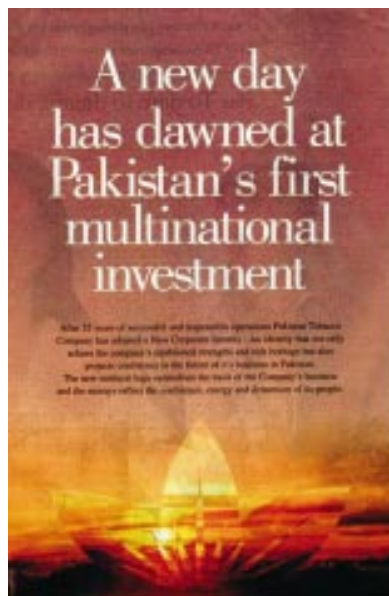


Advertisement for the cigarette brand Wembley, launched recently in Pakistan, clearly targeting the youth market.

intensive care units. The hard pressed doctors who work long hours trying to treat the victims of this needless epidemic are now nearing desperation in their constant pleas to their government to take effective action.

Uruguay: ants versus elephants

Earlier this year, one of the leading cigarette manufacturers seemed to be making special efforts to exploit the advantages afforded by hesitant public policies and the absence of serious controls on the publicity and sale of tobacco in Uruguay. In the capital, Montevideo, a new advertising campaign appeared for Montana cigarettes, using large posters in almost all



Series of newspaper ads run by BAT in Pakistan, promoting itself as a socially responsible company, vital to the country's economy.



Advertising for Montana cigarettes at bus stops in the Uruguayan capital, Montevideo.

the city's bus stops. They showed a young couple who appeared to be no more than 15 or 16 years old, looking carefree and contented, the epitome of wellbeing in full Montevidean style.

The campaign introduced the Montana brand to the market—packs of 10 cigarettes cost just US\$0.30 c, the price of a small bag of potato chips. The advertising would clearly appeal to pre-adolescents who have recently begun secondary school, and the price would be easily affordable to them.

Tobacco companies sponsor the majority of cultural and sports activities followed by young people. They are even the permanent, official sponsors of the multimedia company that owns the television rights of the national soccer team, as well as sponsoring the players themselves.

UNFORTUNATELY, YOUR CIGARETTE CAN'T WEAR A CONDOM



Filters don't protect you from fatal diseases, like condoms do.

No wonder smoking causes more deaths than AIDS.

SAFE SEX - YES. SAFE SMOKING ? Nah !



This inventive health promotion advertisement was created by undergraduates at the Symbiosis Institute of Mass Communication (SIMC) in Lucknow, India.

Recent research shows not only that smoking prevalence is high among 13–15 year olds (24.1%), but also that while only 35% of 13 year olds have tried tobacco, by the age of 15, the large majority (68%) have tried it. One of every four of these young smokers says that they smoke daily. Young people who are socially and economically disadvantaged tend to be particularly affected. There are few real impediments to prevent children buying tobacco—the legal age law was cited as an impediment by only 7% of young respondents in the same research, and two thirds of children who smoke reported that they could buy cigarettes freely.

In Uruguay it will be increasingly difficult to promote health and to speak frankly with young people about addictive substances unless a responsible brake is put on the tobacco promo-

tion directed at them. The Montana campaign is just one example of the “hidden curriculum” presented to young people through mass communications. To the extent that supply largely determines demand, the educational task will only be effective if it is backed with coherent measures to regulate not only access to cigarettes, but exposure of young people to tobacco and tobacco promotion. The work of ants that is going on in schools and in homes is innocuous in the face of what the cigarette company elephants are doing.

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A longer version of this article, in Spanish, can be found at www.mecaep.edu.uy/esa