The Philippine tobacco industry: ‘‘the strongest tobacco lobby in Asia’’

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Objective: To highlight revelations from internal tobacco industry documents about the conduct of the industry in the Philippines since the 1960s. Areas explored include political corruption, health, employment of consultants, resisting pack labelling, and marketing and advertising.

Methods: Systematic keyword Minnesota depository website searches of tobacco industry internal documents made available through the Master Settlement Agreement.

Results: The Philippines has long suffered a reputation for political corruption where collusion between state and business was based on the exchange of political donations for favourable economic policies. The tobacco industry was able to limit the effectiveness of proposed anti-tobacco legislation. A prominent scientist publicly repudiated links between active and passive smoking and disease. The placement of health warning labels was negotiated to benefit the industry, and the commercial environment allowed it to capitalise on their marketing freedoms to the fullest potential. Women, children, youth, and the poor have been targeted.

Conclusion: The politically laissez faire Philippines presented tobacco companies with an environment ripe for exploitation. The Philippines has seen some of the world’s most extreme and controversial forms of tobacco promotion flourish. Against international standards of progress, the Philippines is among the world’s slowest nations to take tobacco control seriously.

In 1995, Philip Morris International’s (PMI) advertising agency, Leo Burnett, summarized the Philippine situation with the slogan “There can’t be a better time” for the tobacco industry. According to the agency, international anti-tobacco activists had nominated the Philippines as having the strongest tobacco lobby in Asia.2 By 1996, the Philippines ranked first in sales for PMI’s Asian region3 and continued growth led to the establishment of a US$300 million manufacturing facility in the country which commenced production in 2003.4

The Philippines (population 80 million) is the 15th biggest consumer of cigarettes in the world5 and the largest consumer among the Association of Southeast Asian Nations (ASEAN).6 Some 54% of adult men and 11% of adult women smoke7 with overall adult smoking prevalence being the fourth highest among ASEAN countries. Tobacco use among Filipino youth (18 years or less) is high, with approximately 37% of young men and 18% of young women smoking on at least a monthly basis. There has been a 33% increase in the prevalence of having ever smoked since 1995.8

Alarmingly, almost one fifth of young Filipinos begin smoking before age 10.9 A 1999 government white paper on smoking calculated that two Filipinos die every hour from tobacco related illness.10

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Cigarette prices in the Philippines are low, with the price of Marlboro being the second lowest for all ASEAN nations.11 The cigarette market has been dominated by menthol brands for several decades,12 although non-menthol volume has been steadily improving in recent years.12 La Suerte Cigar and Cigarette Company and the Fortune Tobacco Company (FTC) have been the two leading producers, and have had licensing agreements with PMI and RJ Reynolds (RJR) respectively. FTC commands a 67% market share, while La Suerte holds a 23% share.13

Unlike other Asian nations, the Philippines is a highly Christian country, with approximately 80% of the population being Catholic. English is spoken widely, with a recognisably American accent. There has been a strong US presence in the Philippines since the American colonial period from 1901 until 1946.14 This presents a rare cultural consistency between an Asian nation and the Anglophone tobacco transnationals.

Poverty and unemployment remain the country’s gravest economic problems.15 Gross national income is $1020 per capita, and approximately 28% of people live below the national poverty line.16 Economic problems are higher in rural areas where some 55% live in poverty.17

For many years, the Philippines was governed by an administration with a global reputation for corruption, particularly during the presidency of Ferdinand Marcos (1972–1986). The commercial necessity of using contact men to facilitate cronyism in conducting business was acknowledged in an early Philip Morris document.18 In the first paper to report on revelations from the tobacco industry’s internal documents, this paper examines the conduct of the tobacco industry in this political and commercial environment, highlighting tactics and episodes illustrative of the companies’ conduct in thwarting tobacco control.

METHODS

The evidence presented was located from internal tobacco industry documents located through searches conducted on the Master Settlement Agreement websites between December 2003 and March 2004.19 Search words included Philippine geographical terms as well as the names of local tobacco companies and organisations. To facilitate systematic analysis, the 5958 documents and related metadata collected...
from the searches were incorporated into a database. The results were sorted by date and evaluated according to their degree of relevance to a concern to examine industry conduct in the Philippines relevant to tobacco control. The final analysis is based on 164 documents identified as having most relevance to this topic. A detailed search strategy explanation including a list of search terms is available at http://tobacco.health.usyd.edu.au/site/gateway/docs/pdf/Philippines_Search_Strategy.pdf. Lack of access to British American Tobacco documents from the Guildford depository is a limitation.20 A further limitation is the lack of documents found from local tobacco companies such as FTC and La Suerte, so the paper is best read as an overview or primer to a detailed history of tobacco industry conduct in the country.

**RESULTS**

**Political corruption**

The Philippines has long suffered a reputation for endemic political corruption.21 Evidence spanning 30 years (1962–1992) reveals that foreign tobacco companies sought to work within this operating environment. A 1962 PMI document noted that key political figures might be paid off in order to release tobacco being withheld from sale: “Two parties approached me yesterday and informed me that for P6M or P1 per lb they could induce Senators and perhaps the President to release the tobacco”.22 Internal PMI correspondence from 1963 noted that “[c]orruption, bribery, smuggling and dirty politics are worse than anywhere else and continues for the benefit of officials who want to get rich quick”.23

With the help of the USA, martial law was established in 1972. Collusion between state and business routinely featured the exchange of political donations for favourable economic policies.24 Consequently, the state had trouble controlling the erratic economic policies developed by commercially sponsored politicians.

The tobacco industry was well aware of the economic advantages of cronyism. A Lorillard executive highlighted this in 1973: “Again the government has postponed the announced tax increase... it is entirely possible that there will be no increase as the implementation dates have now twice been delayed and according to reliable sources will be put off again for a price... the government has been bought off twice and it is possible for it to happen again as the manufacturers stand to lose considerable revenue if the bill is enacted”.25

The general manager of the FTC, business tycoon Lucio Tan, was able to evade and hinder tax changes through his long established relationship with the Cabinet. Tan had close ties with the Marcos regime and beyond, where embedded cronyism assisted him in instilling a protectionist policy for his company. Tan was said to have “gotten his way”26 by convincing Congress to stay with a two tiered ad valorem tax system27 which gave FTC a pricing advantage over its competitors.28

In 1986, PMI secured a “leading role in the Philippine Chamber of Commerce” through the appointment of Richard Snyder, a PMI executive, as the Chamber’s chairman. PMI boasted that its staff held “key positions in a wide array of international organizations” that could be of future assistance.29 The Ramos administration was elected in 1992 with only 32% of primary votes. It was “rocked by scandal, corruption and slow decision making”30 and continued the tradition of cronyism. Ramos, in an attempt to spark the national economy, developed a bill to break down large monopolies including the tobacco sector.31 Publicly, tobacco corporations and other targets gave “wholehearted lip service” but then surreptitiously called upon their favourite congressmen in an attempt to limit the bill’s effectiveness.32

**Licensing agreements**

In 1955, PMI established a licensing agreement with local tobacco manufacturer La Suerte Cigar & Cigarette Company. Its flagship brands, Marlboro and Philip Morris, were produced at La Suerte’s manufacturing plant until PMI chose not to renew its contract with La Suerte, which expired on 31 December 2002. Production has now commenced at PMI’s new 25 hectare manufacturing plant, the company’s biggest investment in Asia to date. The plant will reap the benefits of the ASEAN Free Trade Area (AFTA). Established in January 1992, the AFTA aims to eliminate tariff barriers for ASEAN on a wide range of products traded within the region, including tobacco.33

In 1974, RJ Reynolds signed a contract with local manufacturer, Fortune Tobacco Company (FTC) “to manufacture RJR name brand cigarettes in the Philippines”.34 According to BAT, through “unfair and discriminating laws to favor Fortune” Lucio Tan was able to command the highest cigarette market share in the Philippines for many years.35 FTC was able to maintain this share through discriminatory pricing advantages that allowed its international brand names to be classified as local brands thus reducing tax duties. In contrast, PMI’s international brand names manufactured by La Suerte were classified as imported brands and subject to higher taxes. Tax avoidance by manufacturers extended to the establishment of “dummy marketing companies”36 in the 1990s as the computation of the excise tax levied was based on a percentage of the exactory price. These dummy companies were the first link in the distribution chain and minimised price increases.37

**Obfuscating health problems**

The Philippine tobacco industry worked in step with its international counterparts to publicly repudiate the links between smoking and disease. In 1983 the Minister for Health, Jesus Azurin, stated that smoking was the “fifth cause of mortality in the Philippines”38 and research published in the *Philippine Journal of Oncology* in 1984 concluded that smoking was the single most important contributory factor in more than 80% of all lung cancers.39 Yet, as elsewhere in the world,40 the tobacco industry sought to deny and obfuscate the health hazards associated with smoking. During the 1970s and 1980s, Domingo Aviado, a Filipino pharmacologist resident in the USA, spoke out against reports claiming associations between smoking and deleterious health effects. During this period, cigarette consumption was steadily rising.41 A journalist from the *Philippine Daily Express* stated that Aviado was “neck-deep in research, trying to disprove the claim of the U.S. surgeon-general” against smoking and that “Dr. Aviado may yet prove that cigarettes are not only safe but may actually be good for the health.”42

Avidio, whom Marcos had awarded his presidential “most distinguished Filipino abroad” award in 1975,43 was also a member of the American Heart Association. He argued that Filipinos were less cancer prone than other communities,44 and had a lower risk of developing coronary heart disease than US citizens.45 His views were published in local newspapers in 1975 with headlines such as “Doctor debunks link of smoking to hypertension”46 and “New light shed on smoking perils”.47 Aviado was paid US$22 685.00 in consulting fees from the tobacco industry in 1975, the largest amount to any of eight consultants.48

Through “courtesy of…Philip Morris International”, Aviado spoke at a 1980 tobacco forum organised by the Philippine Virginia Tobacco Administration, advising that “in
the event that I will testify before the committees in the Batasang Pambansa [National Assembly]. I have prepared …key arguments against the Bill 605 which is relating to labeling cigars and cigarette packages… The health problems of Filipinos are different from the health problems of Americans and Europeans…there is no scientific basis for labeling tobacco products that smoking is dangerous to the health of Filipinos”. As recently as 1994, PMI commissioned the advertising agency, Leo Burnett, to propagate “studies that point to other possible causes of lung cancer”.7

Tar and nicotine

In the same year Aviado was publicly disputing any causal link between smoking and deleterious health effects, local cigarettes in the Philippines were found to contain 8% more nicotine and 76% more tar than imported brands.46 47 Despite this, advertisements from the Philippine Tobacco Board, in conjunction with the Department of Trade, stated the opposite in a public advertisement: “Internationally, the Philippine grown tobacco...is possibly the only safe, non-cancer producing tobacco because of the very low tar and nicotine content and because Philippine grown tobacco burns completely, avoiding the formation of hazardous hydrocarbons.”48

In 1981 Philip Morris noted it had been able to influence government to keep tobacco yield information off packs: “There is a Bill before the Philippine Government which calls for cigarette manufacturers to publish tar and nicotine numbers on cigarette packs. So far we have been able to delay the passing of this Bill.”49

Environmental tobacco smoke consultants

As in other parts of Asia and the world,50–51 the industry recruited and briefed apparently credible scientists in the Philippines who could then be available to testify on ETS in legislative, regulatory, or litigation proceedings to defend the industry’s position.52 PMI’s environmental tobacco smoke (ETS) programme aimed “to put ETS in perspective and maintain social acceptability of smoking by dispelling the misconceptions about ETS and promoting tolerance and courtesy”.53 By October 1989, two initial consultants were recruited for the Asian ETS Consultants Project.54 Dr Benito Reverente was a member of the WHO Occupational Health Panel and a Lecturer at the University of the Philippines, and had excellent Asian connections. Professor Lina Somera, Head of Public Health in the University of the Philippines, was also recruited.55 PMI agreed to pay Reverente and Somera $600 per day for their consultancy work. Doctors who the tobacco industry considered to be of lower stature were “politely discouraged” from becoming consultants, and instead assisted with consultant recruitment through their contacts.56

At the request of several supporting companies,57 John Rupp from PMI’s legal firm Covington and Burling recruited two additional Philippine consultants. Dr Camilo Roa Jr, a well known pulmonary physician, was undertaking research that PMI believed could be used to promote the insignificance of ETS in the development of respiratory disease.58 Dr Luis Ferrer, a prominent architect, was also recruited to bring practical knowledge to the project regarding building design and ventilation, and how these could effectively deal with indoor air pollutants such as ETS. Ferrer had extensive ties with the government due to his position as Director of Health Infrastructure Services for the Ministry of Health.59 In order to increase the stature and credibility of the consultancy group, it was suggested they accept and solicit research assignments from a variety of sponsors, including government bodies.60

Reverente claimed that ETS was rarely trapped indoors and that outdoor air pollution in cities overwhelmed the comparatively miniscule contribution to the indoor environment made by ETS.61 Research was also conducted to test indoor air, pointing to indoor air pollution sources unrelated to ETS.62 A newspaper article asserted, “[i]f you are experiencing indoor pollution and blame environmental tobacco smoke (ETS) for your predicament, you are looking at the wrong suspect. A number of scientific studies have concluded that inadequate ventilation is most often the real culprit, according to Asian Tobacco Council, an organization of individuals and companies associated with the tobacco industry in the Asian region”.63

Packaging

The saga of delays in introducing pack warnings perhaps best illustrates the power the Philippine tobacco industry had in influencing government policy. While pack health warnings first appeared on US packs in 1966, Philippine citizens had to wait nearly 30 years to read health warnings. During the 1970s, the government developed a bill that would require cigarette manufacturers and importers to print “Caution: Smoking tobacco may be hazardous to your health”64 on packs. By 1981, the National Assembly had still not approved health warning labels, and industry documents from the 1980s argue that warning labels on packs were not required.65 In a public hearing addressing cigarette regulatory legislation, fear was expressed by the head of the National Tobacco Administration that a health warning label could adversely affect the tobacco industry. An FTC representative stated that if labels were to be required, the warning should be toned down to “smoke at your own risk”.66

In 1991, proposals for national legislation to introduce health warnings resurfaced. PMI stated “we believe that in quiet discussion with government officials and L.S. [La Suerte], we will be able to negotiate the placement of the proposed warning statements”.67 The effectiveness of Philippine tobacco industry lobbying against government proposals was seen as exemplary within the industry. In 1993, a PMI USA executive requested PMI Asia to share information on how the Philippine industry had influenced government to put through a “reasonable warning label regime”.68 The House of Representatives had passed The Consumer Act which, as advocated by the industry,69 required that all packs carry a health warning on one side panel from 1 July 1994.70 The bland notice read: “Warning: Cigarette Smoking is Dangerous to Your Health”.71

An internal document from 1994 highlighted industry concerns regarding front panel warnings: “Government required warnings placed on the largest packaging panel, often called the front and/or back, are the biggest marketing threat to all of us in Asia …Our final communication vehicle with our smoker is the pack itself. In the absence of any other marketing messages, our packaging…is the sole communicator of our brand essence. Put another way—when you don’t have anything else—our packaging is our marketing.”72

In 1994, the Philippines Industry Association commenced a lawsuit against regulation requiring that the side panel health warning be replaced by back and front notices covering 25% of both panels.73 A decade later, side panel warnings are still in place, and will continue to occupy not less than 50% of one side panel until 30 June 2006. Commencing 1 July 2006, health warnings will be located on the front panel of every tobacco product package and occupy not less than 30% of these panels. Four rotating health warnings were implemented on 1 January 2004 as part of the Tobacco Regulation Act of 2003, and must each equally appear within a 24 month time period.74
The Philippine saga contrasts starkly with some Asian countries that have advanced tobacco control policies. Brunei Darussalam imposed four rotating warnings on the front of packs in 1991. Hong Kong has six rotating health warnings that must appear on the front and back of packs.71 Thailand has front and back warning labels, where every cigarette pack and carton must display one of 11 rotating warnings.11 Singapore has not only had four rotating front warnings since 1993, but these became pictorial on 1 August 2004.72 The Philippines has similar tobacco control policies to Indonesia, Malaysia, and Cambodia, where side warnings—the most favoured industry position—are presently utilised.

**Marketing and advertising**

Philippine tobacco manufacturers operate under some of the world’s most laissez faire advertising conditions. In 2000, Fortune Tobacco alone spent $17.9 million to promote its cigarettes across all media, making the company the Philippines' eighth largest advertiser. This advertising expenditure was more than 300 times the size of the public information and education budget of the Philippine Department of Health.73

The Philippines has seen some of the world’s most extreme and controversial forms of tobacco promotion flourish in this climate. In recent times, to capitalise on the religious faith of the Filipino population, the Virgin Mary has featured on promotional calendars for Fortune Tobacco, and one brand was named “Lord 100s”.76 Near naked women and those in sexually provocative poses have featured in advertising.77–79 Many promotions targeted the widespread poor by giving away expensive prizes such as cars, electrical goods, and cash.80–81 Fortune Tobacco even has a brand called “Hope Flagrant Americanisation of smoking has abounded. US military bases were supplied with imported US cigarettes. These rapidly infiltrated the community, laden with aspirational appeal as westernisation became juxtaposed with national appeal as westernisation became juxtaposed with national appeal.”

The industry capitalised on this appeal. In the early 1970s, it was noted that manufacturers refrained from printing “Made in the Philippines” on packs as required by law, and instead stated: “These cigarettes are made from the finest tobacco flavor imported from the U.S.A.”.82 A Brown & Williamson (B&W) report claimed that Lucio Tan was exporting locally made Champion and smuggling it back in as “blue seal” (local term for imported cigarettes from the USA), selling it at a higher price and giving it an imported image.83

In the early 1980s more women, especially college and university students, were starting to smoke.84 The proportion of young women who tried smoking doubled from 17% in 1994 to 30% in 2002.85 As has been their practice throughout the world, companies interested in expanding their market sought to target promotions at women. Campaigns particularly emphasised the notion of thinness, resulting in the utilisation of cigarettes as a putative hunger suppressant.79–83

The Virginia Slims concept was used to appeal to young women, and projected a slim, “modern, contemporary, International, American image”.87 Virginia Slims, “the slimmer cigarette with natural menthol women like” entered the Philippines market during a fashion show at the Manila Polo Club in 1976. Ads for the brand carried a picture of a “smiling, slender girl in a slimming dress, holding a cigarette”.88

In 1995, the Department of Health united with health advocates and citizen groups to support effective tobacco control legislation.75 Since then, most legislative proposals seeking to regulate advertising have been thwarted, primarily in the Philippines House of Representatives where many legislators represent tobacco growing regions.76 The Tobacco Regulation Act of 200380 purports to regulate the sale and use of tobacco nationwide, and will ban all forms of tobacco advertising in the media by 1 July 2008, including the sponsorship of cultural and sporting events and educational programmes by the tobacco industry. However, remarkably, tobacco advertisements will still be allowed on radio and television until 1 January 2007 and in cinemas and outdoors until 1 July 2007. All mass media advertising will be prohibited by 1 July 2008, except inside the premises of point-of-sale retail establishments.77 There are few nations where tobacco advertising has been allowed to run across all media for this long.

**Youth**

By 1975, B&W had begun to realise the implications of continuing to make explicit references to their interest in marketing to youth, even in internal correspondence. It determined that it should eradicate the use of explicit references to young smokers and created a code to be adhered to in all written correspondence, as if anticipating that such material might one day fall into the hands of those who could use such references against them: “In the future when describing the low-age end of the cigarette business please use the term “young adult smoker” or “young adult market”.88 As elsewhere in the world, this code language was rapidly adopted by other companies and was used extensively throughout Philippine documents, revealing a sustained preoccupation with marketing campaigns directed at the young.

By 1983, the popularity of Marlboro among youth exceeded that in the adult population. Marlboro then held a 35–40% share in Metro Manila but “more than 50%” in high schools.89 A B&W executive, on a trip to the Philippines in 1984, was told that Marlboro was smoked by “approximately 90% of students”90. In a 1989 court testimony for the American Cancer Society, it was stated that Japan Tobacco Incorporated was running commercials for Mild Seven cigarettes in the Philippines using teenage models and a slogan “It’s All Right” to smoke.91

During the 1990s, the Philippine Tobacco Institute produced a voluntary code typical of those produced by its global counterparts which stressed that advertising and promotions were only to be directed at existing adult smokers and never directed at minors.92 Despite this ostensible posturing in corporate responsibility, companies recognised the potential to capitalise upon youth impressionability through advertising: “[T]otal commitment to the quantum enhancement of this advertising and promotions…will win the battle for the hearts and minds of our primarily young adult target group.”93

“Advertising”94 for Marlboro Reds highlighted the need to “portray a younger, masculine image”.95 The 1993 Philippines Brand Plan suggested PMI “Use a mix of TVC’s [television commercials] with cowboy/country themes that will appeal more strongly to young adult viewers via: portrayal of younger cowboys as heroes; updated music tracks; spot placements in TV programs with a significant young adult profile.”

The Philippine market with its unrestricted advertising presented the industry with the opportunity to capitalise on the “young adult appeal of movies”,95 enabling them to “present the drama and grandeur” of their product heroes “in a more compelling manner”.96 Marketing strategies included young adult talents and lifestyle situations.97 Roving film vans aired free movies nightly in localities where television penetration was low.98 This strategy had been employed since the 1970s when trucks equipped with movie projectors and loud speakers targeted isolated towns, screening free films while plugging their cigarettes, distributing samples, and making special spot sales.99
Youth heroes were employed by the industry. Richard Gomez was a handsome athlete and actor who was not only a spokesperson for Fortune Tobacco Company, but was appointed Cabinet level advisor for youth sports under the Estrada administration. Gomez was actively involved in youth development programs projecting an image of fun, glamour, athleticism, and popularity to Filipino youngsters. In 1992, the Philippine Department of Health (DOH) launched the anti-smoking campaign 'Yosi Kadiri' (Filipino slang for “cigarettes are disgusting”). The campaign sought to decrease smoking among children, and attempted to counter the handsome cowboy and sporting images of smokers promoted in tobacco advertising. A cartoon mascot, Yosi Kadiri, served as the campaign’s mascot, and appeared itself as media, coupled with movie and television personalities. The campaign was considered quite successful, although government funding rapidly depleted. During this time, PMI commissioned the Leo Burnett advertising agency to counter the campaign. In 1995, a Leo Burnett memo boasted that one of their accomplishments for 1994 was to help “neutralize the impact of DOH 'Yosi Kadiri' campaign”. At the same time, Leo Burnett projected tobacco industry support for legislation aiming to curb juvenile smoking.

As elsewhere in Asia, the industry publicly projected support for anti-tobacco initiatives targeting juvenile smoking. “We strongly believe youth should not smoke and are committed to leading and supporting initiatives which address this concern.” In Asia, PMI described itself as “the most important catalyst of, and most active participant in, programs to address the issue of under aged smoking”. In 1998, PMI supported an education programme in the Philippines that aimed to strengthen the character of youth so that they could better handle peer pressure on a variety of lifestyle issues, including smoking. The program, entitled “I am strong”, was implemented in just six Manila high schools by 1999.

Research
Market research in the Philippines included smokers aged less than 18 years. B&W explicitly stated their consumer research would comprise of “menthol smokers” 16 years of age and above to understand brand usage, attitude, and image. In 1984, B&W undertook an extensive “Target Market Profile Study”. Its purpose was to profile young Filipino males between the ages 15–19 for a proposed new brand, Hollywood. Information regarding leisure activities, music preference, media usage, and smoking habits was collected from 800 participants to assist the brand launch. It was found that “[a]wareness of any promotional activity, at 91%, was generally higher among the younger (15–24) and lower socio-economic class (C and upper D) respondents”. Market research for Marlboro Lights found that 15–24 year olds had the highest advertising awareness, highest rate of trying, highest rate of purchase, and occasional usage. Intense promotional campaigns resulted in high awareness: “Television was a more significant source of awareness for young smokers... In-store display was more likely to raise awareness of younger smokers.” Indeed, 82% of awareness came from TV for the youngest age group researched, and 74% of the youngest age group tested ever tried Marlboro Lights.

Jump boys
In most of Asia, children have been considered fair game for the industry. Employment of jump boys to gain market share has been described as an “accepted practice” in the Philippines, where street vendors selling loose cigarettes are often children. These “mobile shops” are sometimes as young as six years of age. In 1994, it was noted that Marlboro and Philip Morris strengths were in urban areas supported by jumpboys, who made higher returns on PMI products due to high customer demand, brand loyalty, and retail pricing.

When the jumpboy marketing tactic was exposed to the world, however, the tobacco companies denied any responsibility. The Far Eastern Economic Review featured a report entitled “Tomorrow’s Marlboro Man,” accompanied by a picture of “an eleven year old boy, cigarette dangling from his mouth, selling Marlboro in the middle of a Manila traffic jam”. PMI Asia was apparently sensitive to this publicity and
asked its New York headquarters for “ideas on how we can disseminate information regarding:

1) Our lack of control on jump boys,
2) Why they sell cigarettes on streets, i.e. gainful employment.”¹¹⁶

Youth not only sold cigarettes, but were also considered in cigarette price structuring. To gain youth sales, the price of cigarettes was invariably reduced.⁸⁻¹⁷ If price decreases were not viable, smaller or free sampling packs were implemented.⁹ The Global Youth Tobacco Survey reported that more students aged less than 12 reported being offered “free” cigarettes than those of older ages.⁸ In the same year (2001), it was reported that 56% of children smoked. This represented a substantial rise from 1987 when 22% of children smoked.⁷⁹

Tobacco Regulation Act of 2003

Apart from the above mentioned advertising and packaging regulations, the Tobacco Regulation Act of 2003 (Republic Act No. 9211) prohibits smoking in all public places, and prohibits tobacco sales within 100 m of schools, playgrounds, and other facilities frequented by youth. It requires retailers to demand proof of age from cigarette buyers, and display signs stating that it is an offence to sell cigarettes to persons under 18 years. All sponsorship shall be banned by 1 July 2008. Violators of this new Act will be fined between 500 pesos (about US$10) to 400 000 pesos (about US$7,270) and can be imprisoned from 30 days to three years.¹¹⁸

Tobacco companies have prepared for these restrictions. For example, a British American Tobacco brand manager stated in 2004 that future marketing would be focused on one-to-one “permission marketing” in order to counter restrictions placed on mass media strategies.¹¹⁹ Here, consumers provide marketers with permission to send them promotional messages thus improving targeting precision.¹²⁰ “Permission marketing allows us to talk to consumers on their level, on their turf”.¹¹⁹

Further, the Republic Act No. 9211 mandated the creation of Inter-agency Committee-Tobacco (IAC-Tobacco). Its tasks have included the crafting of the implementing rules and regulations (IRR) of the said law and the subsequent exclusive power of administration and implementation.⁷² The IAC-Tobacco has nine members, including seven representatives from government agencies, one from the tobacco industry, and one from a non-government organisation. The National Tobacco Administration has a long history of pro-tobacco policy. The Department of Trade and Industry, which heads the IAC-Tobacco, has also been labelled as pro-tobacco by anti-tobacco activists. The World Health Organization¹¹⁹ has concluded that “Continuing efforts to enact comprehensive legislation have yet to achieve victory” in the Philippines.

DISCUSSION

The profile of tobacco control in Asia varies notably from Thailand, Singapore, and Hong Kong which have some of the world’s leading policies, to nations at the other extreme such as the Philippines and Cambodia, which have a high smoking prevalence and weak controls. The Philippines has long been an unrestricted operating environment for tobacco companies, ripe for corruption and exploitation. Political cronyism was endemic for decades, allowing companies to capitalise on their marketing freedoms to the fullest potential in order to market their products to children younger than any segment hitherto revealed in tobacco industry document research. Women, children, youth, and the poor have been exploited over decades through countless marketing activities via messages of hope, emancipation, sporting prowess, pop culture, and the emulation of western affluence. ETS consultants were employed to defend the industry’s position and maintain the social acceptability of smoking. Political influence enabled companies to limit the effectiveness of bills relating to cigarette pack warnings, including tar and nicotine levels.

Against international standards of progress, the timetable for implementation of the Tobacco Act’s provisions unfortunately locate the Philippines as among the world’s slowest nations to take tobacco control seriously. The legacy of the industry’s ability to exploit their commercial and political freedom remains today in the burgeoning growth in smoking by young Filipinos.

What this paper adds

This paper is the first to draw upon industry documents to overview and highlight the conduct of the tobacco industry in the Philippines since the 1960s. Drawing on industry documents, it reveals that the Philippines has long been considered by the tobacco industry as a laissez faire operating environment ripe for exploitation. Areas explored include political corruption, health, employment of consultants, resisting pack labelling, and marketing and advertising.

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