In July 2017, the tobacco industry faced a fresh exposé of the many ways in which it has sought to undermine global and national tobacco control policies. *Reuters* published a two-part series based on thousands of leaked internal documents. The first report demonstrated the many ways in which the tobacco industry has systematically undermined the WHO Framework Convention on Tobacco Control (FCTC). The second report included several documents from Philip Morris International (PMI) India which laid out the explicit tactics used by the company to flout and undermine India’s tobacco control laws.

The *Reuters* reports were published in the wake of a *Guardian* series called *Tobacco: a deadly business*. The series focused on inequality and tobacco use, as well as the activities of the tobacco industry, including its legal bullying to derail legislation in low and middle-income countries. The broad range of tactics used by the industry have clearly helped it to subvert effective tobacco control; the WHO report on the global tobacco epidemic, 2017: monitoring tobacco use and prevention policies, launched in July, highlights a number of policy areas in which improvement is needed to achieve best practice tobacco control strategies. Despite these setbacks, progress is being made in a range of areas unthinkable a decade ago—the WHO report highlights a rapid increase in the proportion of the world’s population protected by at least one best practice tobacco control measure. In this issue, we look at these reports and the overall picture they provide about the state of global tobacco control.

Progress in other areas of tobacco control includes divestment by major financial institutions and new strategies to tackle supply-side issues, as well as a significant legal defeat of the tobacco industry in its challenge to Australia’s plain packaging laws. Meanwhile, in the USA, the Food and Drug Administration announced a major new policy in July 2017 to lower nicotine levels in combustible cigarettes to non-addictive levels and new processes to effectively regulate e-cigarettes and other non-cigarette products.

**WORLD: MORE TOBACCO INDUSTRY ‘SCREAM’ MEASURES NEEDED**

The WHO report on the global tobacco epidemic, 2017: monitoring tobacco use and prevention policies was launched on 19 July 2017 in New York, alongside the United Nations high-level political forum on sustainable development.

The report is the sixth produced by WHO since 2007. It details impressive growth in the number of countries, and percentage of the world’s population, covered by best practice tobacco control strategies from the MPOWER package of measures. The number covered by one MPOWER measure increased from 1 billion people in 2007 to 4.7 billion—63% of the world’s population—today. The proportion of the global population covered by two or more measures has increased to 43% representing 3.2 billion people—a sevenfold increase since 2007.

Encouragingly, the report shows that progress and global leadership in specific measures are not confined to high-income countries. Nepal has the world’s largest health warnings, which cover 90% of tobacco product packaging. Among the eight countries which implemented four or more of the MPOWER strategies at the highest level, five are low or middle income. Together, these countries (Brazil, Islamic Republic of Iran, Madagascar, Panama and Turkey) represent diverse regions, socioeconomic and cultural contexts, demonstrating that MPOWER measures can be implemented effectively in a wide range of settings.

Despite these promising advances, the report contained mixed news. More than a third of the world’s people are still not protected by any best practice tobacco control measure, and the current estimated annual death toll attributable to tobacco use is 7 million. And while a growing number of countries are putting tobacco control policies in place, many of the most effective measures remain underutilised. These include smoke-free legislation (1.5 billion people in 55 countries covered), and bans on tobacco advertising, promotion and sponsorship (only 15% of the world’s population covered). In particular, taxation was found to be the least used tobacco control measure, despite the fact that it is highly cost-effective, reducing prevalence while generating government revenue.

The underutilisation of taxes is no accident. Internal tobacco industry documents show that the industry has long recognised the effectiveness of taxes, and has been concerned about their introduction. The WHO report, the *Reuters* exposé and the documents on which it is based clearly lay out tobacco industry strategies to broaden responsibility for tobacco issues, including tax, beyond health ministries to finance, commerce, agriculture and others. Analysis in the *Reuters* report shows that the ratio of health to finance delegates at COP (FCTC Conference of the Parties) meetings reduced from 6.3 at COP 1 to 3.4 at COP 7. The ratios at COP 4, 5 and 6 were 2.7, 2.3 and 2.4, respectively. The tobacco industry has been particularly successful at this strategy to interfere in tobacco control policymaking, which is explicitly detailed in a corporate affairs document made public by *Reuters*.

The strategy of pushing to disperse tobacco-related policymaking among different ministries helps the tobacco industry to dilute...
the impact of Article 5.3 of the FCTC. While health bureaucrats and ministers (should) have a clear understanding of the requirements of Article 5.3, awareness may be limited among other ministries and departments.

This intent seems to underlie Philip Morris’ response to the Reuters report, in which it states, ‘speaking to governments is part of our everyday business. We publicly supported the creation of the FCTC, were involved in the consultation process prior to its establishment, but have not been invited to contribute to discussions on tobacco control measures.’ Of course, that is precisely the point of Article 5.3.

PMI goes on to say, ‘...we believe we have something to contribute and we look for a range of legitimate opportunities to express our views to decision-makers...we believe that the active participation of public health experts, policy-makers, scientists and the industry is the best way to effectively address tobacco regulations in the genuine interests of today’s billion smokers.’ The PMI statement is solidly against the scope and intention of Article 5.3, which is unequivocally stated in the FCTC, and the tobacco industry, largely off the back of the poorest—both as consumers and within the supply chain. The Guardian series Tobacco: a deadly business highlighted the parallels between the tobacco industry in the USA and in some of the poorest countries in the world.

Not only do socioeconomic disparities in smoking prevalence in the USA mirror those throughout the world, child labour continues in tobacco farming. In particular, children as young as 12 are permitted to work in the industry, and there are no limits at all on hours or minimum age for children working on family farms. As Catherine Crowe, an organiser with the Farm Labor Organizing Committee in the USA who was interviewed in the report, said, “Child labour exists because of poverty wages. There’s no way that a family can live off of $7.25 per hour.”

The story of farmer exploitation and poverty wages is well documented in tobacco growing regions around the world. It provides a jolting contrast to the strategy of ‘mobilising’ tobacco growers as allies to protest on the industry’s behalf against tobacco control measures—another strategy detailed in one of the PMI corporate affairs documents revealed by Reuters.

Reuters has placed some of the leaked documents on which its reports were based into a searchable repository. Among the documents, there are striking insights about how Philip Morris’ attempts to portray itself as part of the solution to the tobacco epidemic are hollow (a fact that would be unsurprising to anyone fleetingly acquainted with the history of tobacco industry malfeasance).

Of particular interest, Philip Morris’ heat-not-burn product IQOS (I Quit Ordinary Smoking), touted publicly by the company as a game changer for the tobacco industry, is candidly described as a strategy to ‘normalise’ its products and image. While the Philip Morris website and recent media are centred around the company’s supposed desire to lead the transition to a smoke-free world, a corporate affairs PowerPoint presentation does not mention this aspiration. Instead, ‘normalisation’ is listed as a global corporate affairs objective, and within that, three support measures: best in class employer, agricultural and other charitable contributions, and IQOS and reduced risk products. For a company that claims it wants to transform the industry, lead the transition to a smoke-free world and one day get out of selling cigarettes altogether, it appears to be curiously reticent about discussing the strategy internally, let alone listing it as one of its aims.

The Guardian series also examined how British American Tobacco (BAT) is faring while its major competitor is publicly talking about a smoke-free future. It outlined the growth the company has achieved over the last year—increasing the number of cigarette sales by 2 billion, a jump of 7%, and increasing shareholder dividends by 10%. Tellingly, the accounts presented at its annual general meeting in March 2017 do not detail non-cigarette sales (ie, next-generation products such as heat-not-burn and e-cigarettes), because the numbers are so negligible. Its deal to buy the remaining share of US tobacco giant Reynolds American also points to the ongoing potential of the US market.

Also included in the Guardian series is a report about the tobacco industry’s attempts to undermine policymaking in African countries. These include letters accusing governments of legal and international trade agreement breaches, and likely economic damage from tobacco control policies. The intimidations are of course not empty rhetoric: BAT has initiated legal challenges in Kenya and Uganda.

Tobacco control veterans are familiar with the ‘scream test’: the more the tobacco industry protests against a particular measure, the more likely they know it will be effective. While companies continue to fight measures that pass the scream test in high-income countries, their resources are increasingly focused on preserving unfettered operations in high-population, low-income ‘growth
markets.' More measures that pass the smear test in those countries—particularly taxation—are essential to help those countries avoid the unique threat to social and economic development posed by tobacco.

India: Philip Morris’ Bold Flouting of Law Exposed

In addition to the report about attempts to undermine the FCTC globally, Reuters also reported on a range of strategies used by Philip Morris to aggressively grow its market in India. The country has a comprehensive tobacco control law in place (known as COPTA—the Cigarette and Other Tobacco Product Act), which bans tobacco advertising and promotion. Activities covered include free distribution of tobacco products, promotions with a tobacco product purchase and direct person-to-person targeting of individuals.

Despite these clear restrictions, the leaked internal documents about PMI’s India activities outline a range of strategies designed to attract smokers up to age 24. The marketing tactics used are highly personalised, and include direct personal approaches to provide free samples and engage potential customers in a range of incentives. Locations used for free samples include kiosks and ‘meeting points’ including bars and nightclubs. The strategy also draws heavily on the global ‘Be Marlboro’ campaign using a personal challenge question, followed by a short decision window to then sign people up to activities such as a day with a race team or high-profile career mentor.

World/UK: Philip Morris Offers £50 to Convert Smokers to IQOS

PMI is continuing to aggressively promote its heat-not-burn tobacco product, IQOS. As reported in the July edition of Tobacco Control news, earlier this year the company rolled out a ‘conversion’ programme in the UK to switch smokers to IQOS. PMI’s UK and Ireland managing director Peter Nixon continues to insist the company is serious about moving to a smoke-free future. He has not specified a date, although tobacco analyst Bonnie Herzog has predicted that IQOS could disrupt 30% of the global combustible tobacco market by 2025.

In late June, The Independent Online reported that IQOS brand ambassadors would be paid £50 for every smoker they successfully ‘converted’ to IQOS. According to the report, the ambassadors take the smoker through a 7-day programme, like a coach. While Nixon notes that ‘…for people who have been smoking for many many years, to change that habit is not easy,’ there is no description of the training the ambassadors receive to help people through this difficult change. An examination of Philip Morris’ documents for cigarette brand ambassadors in India would suggest that perhaps the ability to tuck one’s shirt in and have spiked and gelled hair are the most important attributes the company seeks.

Owen Bennett, a tobacco analyst at broker Jeffries, quoted in UK publication The Telegraph, noted that maintaining industry profitability would require the market for these new products to be based on growth, not simply converting existing customers: ‘…to get positive volumes, non-smoker penetration will be key. Will non-smokers become convinced enough that vapour and heated tobacco products won’t have such a negative impact on their health and will nicotine be seen as another everyday vice like caffeine? That’s the big question.’

With Philip Morris deploying intensive direct marketing strategies, it appears to have taken that advice on board and will be well placed to persuade non-smokers to try IQOS.

Australia: Tackling the Oversupply of Tobacco Products

The Australian state of New South Wales (NSW) has almost 10,000 retail outlets selling tobacco products, making tobacco more widely available than bread and milk. On World No Tobacco Day 2017, Cancer Council NSW hosted a Summit on Tobacco Retail to identify ways to reduce the oversupply of tobacco products. Over 90 attendees from non-government organisations, academic institutions and government bodies around Australia attended. The aim was to identify a solution to this problem and present it to the NSW state government.

There is evidence that high retail density and the widespread distribution of retailers contribute to smoking uptake, maintenance and relapse of smoking. In NSW, 15% of adults aged 16 and over are current smokers. Smoking prevalence is disproportionately higher in disadvantaged populations, and people living in socioeconomically disadvantaged neighbourhoods are surrounded by more tobacco retailers. The association between retailer density and socioeconomic disadvantage is evident even after controlling for demand, with some suggesting it may reflect a tobacco industry tactic.

Retail outlets that are convenient to access and/or sell alcohol contribute to relapse. A large percentage of tobacco outlets in NSW also sell alcohol (34.2%) and 19.8% are convenience or small grocery stores (not including supermarkets). These outlet types are particularly problematic, because
despite having very low total market share, they are used more often by light smokers and those attempting to quit. It is well established that consuming alcohol, especially in social settings like bars and pubs, increases the amount of smoking, increases the likelihood of non-daily smokers smoking and undermines quit attempts. The disinhibiting effect of alcohol and the presence of other smokers are contributing factors, but smokers also report that access to purchase tobacco products increases consumption.

A positive licensing scheme that caps the number of retailers, and reduces the retail availability of tobacco is therefore a priority to further reduce smoking prevalence. The key elements of a licensing scheme are an application process and annual license fee, as well as enforcement provisions and mandatory reporting of sales and marketing data. A cap on the total number of licenses should be brought in immediately, and over time a restriction on the number, type, distribution and/or location should be introduced to curb supply.

Cancer Council NSW is advocating for the NSW Government to implement such a scheme. The licensing model proposed has been developed to be part of a national position statement on tobacco retail availability, with the aim of addressing one of the key gaps in Australia’s approach to tobacco control.

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**THE NETHERLANDS: BANK BANS TOBACCO LOANS**
The Dutch Heart Foundation (Hartstichting) achieved a significant victory against tobacco industry investment in July. As part of a partnership with Hartstichting, the country’s third largest bank ABN Amro announced that it will not invest in tobacco, nor take on new industry clients. Existing contracts will be honoured, but not expanded or extended.

ABN Amro’s partnership with Hartstichting will assist with raising funds for health projects, including through a payment sharing app. The organisations are also exploring the possibilities of jointly issuing a Health Impact Bond. The number of tobacco-related deaths in the Netherlands is estimated to be 20,000 per year (in a population of 17 million), and the social cost of smoking to Dutch society is €2000 per person per year.

When making the announcement about both the partnership with Hartstichting and its decision to divest from the tobacco industry, ABN Amro stated that the tobacco industry is incompatible with its core value that everybody has a right to be healthy. ABN Amro chief executive officer Kees van Dijkhuizen noted that the bank ‘sponsors many sports clubs where children play sports every day. From our perspective, our support for the fight against smoking is a logical step.’

The stance taken by ABN Amro is in stark contrast to the Dutch civil service pension fund ABP, which continues to invest over €1 billion in the tobacco industry. The ABP has refused to commit to terminating its tobacco investments on the basis that many industries are socially undesirable. In response, Hartstichting director Floris Italianer has pointed out that ‘tobacco is on a par with the arms industry’s cluster bombs which pension funds stopped investing in a long time ago.’

Globally, there is increasing momentum towards tobacco divestment; in 2016, insurance giant AXA announced plans to divest €1.8 billion of tobacco investments. AXA cited moral reasons as a health insurer, and made the decision despite it coming at a financial cost. At the time of the decision being announced in May 2016, the chief executive of AXA referred to both the human and economic costs of tobacco, making the case for divestment clear.

Both AXA and ABN Amro called on other companies in their respective sectors to follow their lead in divesting from the tobacco industry.

**AUSTRALIA: PHILIP MORRIS MUST COMPENSATE FOR PLAIN PACKS CASE**
After losing its legal challenges to Australia’s plain packaging laws, PMI must now compensate the Australian government for its legal costs to defend the case. The funds earmarked by the government have not been disclosed in budget documents, and the sum was redacted from the ruling by the International Permanent Court of Arbitration. However, Australian media has reported it was up to $A50 million (approximately US$40 million).

The tobacco industry has fared badly in the various challenges it has mounted since Australia introduced tobacco plain packaging in 2012. This latest ruling is likely to provide reassurance for countries considering plain packaging. Such challenges have failed because courts have recognised the right of countries to prioritise public health, and the order for compensation sets a positive precedent that might turn the tide towards discouraging intimidatory legal challenges.

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