Worldwide news and comment

BANGLADESH: BAT EXPLOITS CSR OPPORTUNITIES

In early August 2021 the Government of Bangladesh declared a large-scale vaccination drive aiming to inoculate 10 million of its citizens in just one week. British American Tobacco Bangladesh (BATB) subsequently launched a campaign to set up registration booths for countrywide COVID-19 vaccinations. According to media reports, this is part of BATB's fight against COVID-19 'together with the government'.

BATB's campaign primarily focused on registering those in the company's supply chain, for example, tobacco farmers, field workers and retailers. This move is a part of BATB's aggressive corporate social responsibility (CSR) push which harnesses the COVID-19 pandemic as a public relations opportunity. Bangladesh has seen a sharp spike in tobacco companies' CSR activity since March 2020 when the first COVID-19 infection was detected in the country. BATB, in particular, has exploited the pandemic to the fullest by introducing its own brand of hand sanitizer called '*Shuddho*' and distributing at least 100 000 units of it to different influential administrative bodies, law enforcement agencies and government institutions. The company also founded a new front organisation called the Prerona Foundation to run its CSR activities.

Anti-tobacco organisations and public health activists in Bangladesh have repeatedly expressed concern over BATB's aggressive CSR push. Activists worry that through their CSR activities, tobacco companies will be able to access policy-makers, politicians and high government officials. For example, it is noteworthy that when it introduced vaccine registration booths in the Tangail District of Bangladesh, BATB managed to get the Mayor of Tangail Municipality as its Chief Guest and the Additional Superintendent (Administration) of Tangail District Police as its Special Guest.

Furthermore, during the early days of the pandemic, BATB and Japan Tobacco International (JTI) managed to get the Ministry of Industries (MoInd) to issue a special order allowing the companies to smoothly run 'manufacturing, leaf purchase, finished goods supply and distribution' despite a strict country-wide COVID-19 lock down. The 2020 Bangladesh Tobacco Industry Interference Index identified these interactions between government and tobacco companies as 'unnecessary interactions' contributing significantly to the country's poor performance in preventing tobacco industry interference in policy making.

BATB has been working consistently to strengthen its foothold in policymaking via CSR initiatives long before the pandemic. In 2018, BATB co-founded the Corporate Responsibility Network (CRN) which aimed at working closely with the government on Sustainable Development Goals (SDGs) and on finalising the country's first CSR policy. A BATB technical paper was also handed over to the then Chief SDG Coordinator of the Government. In July 2021, BAT also played a key role in organising a countrywide CSR Dialogue that carried BATB's official trademarked slogan 'A Better Tomorrow'. Members of Parliament (MPs), government officials, journalists, business personas and other influential figures were engaged in this initiative.

Although tobacco companies' involvement in SDG affairs violates the United Nations' Development Programme (UNDP) Policy on Due Diligence and partnership with the private sector, BATB has been promoting itself as a partner to the government's effort to achieve SDG goals. It should be noted that in Bangladesh, tobacco claims 126,000 lives a year. Tobacco cultivation is also responsible for 31% of deforestation in Bangladesh. The yearly financial loss incurred due to tobacco use stood at BDT 158.6 billion (GBP 1.35 billion). Being the largest shareholder in Bangladesh's cigarette market (62.94% in 2016-17, according to a 2018 study), BATB is responsible for the significant portion of tobacco's trail of devastation, rendering BATB's commitment to 'pro-SDG' CSR initiatives hollow.

As a response to BATB's growing CSR activities, anti-tobacco organisations are becoming increasingly vocal in demanding an amendment of the country's tobacco control law to completely ban the CSR activities of tobacco companies. Bangladesh ratified the WHO Framework Convention on Tobacco Control (FCTC) in 2004. Article 13 of the FCTC stipulates,

"(Each) Party shall, in accordance with its constitution or constitutional principles, undertake a comprehensive ban of all tobacco advertising, promotion and sponsorship." Article 5.3 stipulates that policy making be free of the vested interests of the tobacco industry. Therefore, particularly in light of Bangladesh's aspiration to become a tobacco-free country by 2040, it may be time to introduce a total ban on tobacco companies' CSR programmes to safeguard its tobacco control measures from interference.

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CHINA: NATIONAL LAW BANS E-CIGARETTE SALES TO MINORS

The revised *Law of the People's Republic of China on the Protection of Minors* (LPM) came into effect in June 2021. The law mandates that 'selling cigarettes (including e-cigarettes) to minors or smoking at schools, kindergartens and other public places where minors gather to carry out activities is prohibited.' This is the first time that national tobacco control legislation in China has included e-cigarettes as a regulated tobacco product.

E-cigarette use has increased significantly among children and adolescents in many countries across the globe. In the United States, the prevalence of electronic nicotine delivery systems (ENDS) use among high school students is more than 10 times greater than ten years ago. In Poland, a 2016 paper revealed that approximately a quarter of young people dual use both e-cigarettes and combustible cigarettes. In China, approximately 3.0% of middle or high school students (aged 13-18) report using e-cigarettes currently, but more than 70% have now heard of them. Article 16 of the WHO Framework Convention on Tobacco Control (FCTC) requires countries to prohibit the sale of tobacco products to minors. While 90% of all countries have legislated some age limit on purchasing combustible cigarettes, few countries have set a legal age limit for the sale of e-cigarettes. By prohibiting the sale of e-cigarettes to minors in the LPM, China is attempting to address this disparity.

E-cigarettes are a politically and commercially complicated product for a number of reasons. In China, the State Tobacco Monopoly Administration (STMA) and State Administration for Market Regulation are responsible for implementing the ban on sales of e-cigarettes to minors, and

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prohibited online sales and advertising of e-cigarettes. The STMA is related to the colossal state-owned tobacco industry that pays over 40% of all taxes in some provinces. Because STMA monopolises the sale of combustible tobacco in China, they have a vested interest in limiting the penetration of e-cigarettes into the conventional tobacco market. Nevertheless, prohibiting e-cigarette sales to minors has been a welcome step.

China has the largest number of smokers in the world, and every 30 seconds a person dies of tobacco use. Comprehensive national tobacco control policy is an effective way to protect China from tobacco hazards. However, at present, only 6% of Chinese cities (22/333) have enacted smoke-free legislation in line with the criteria of the FCTC, and just 13.5% of the country's population are protected by comprehensive smoking bans compared with 24% globally. Increasing evidence shows that e-cigarettes are not harmless and therefore regulation may be appropriate. However, it is only through a myriad of comprehensive tobacco control laws, implemented with high compliance, that China can effectively combat the tobacco epidemic.

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GLOBAL: PHILIP MORRIS INTERNATIONAL SET TO TAKEOVER MEDICAL FIRM VECTURA

Tobacco Company Philip Morris International (PMI) is in the centre of a controversial £1.1 billion takeover of Vectura, a UK medical company which makes, among other things, asthma inhalers, devices which are used to treat an illness that smoking triggers and exacerbates. Despite objections from the public health sphere, PMI has managed to secure a majority share in Vectura.

On 16th September 2021, PMI announced that it had secured just shy of 75% of Vectura's shares. More than 45% of shareholders accepted the takeover offer and the tobacco company was able to buy another 29% of shares on the open market. PMI's Chief Executive Officer, Jacek Olczak stated that:

"We have reached an important milestone in our acquisition of Vectura and are pleased to have secured over 74% of the company's shares, in excess of the 50% required to make our offer unconditional and PMI the majority shareholder. We are very excited about the critical role Vectura will play in our Beyond Nicotine strategy and look forward to working with Vectura's scientists and providing them with the resources and expertise to grow their business to help us achieve our goal of generating at least \$1 billion in net revenues from Beyond Nicotine products by 2025."

Prior to the vote, Danni Hewson, a financial analyst for the stockbroker A J Bell posed the following question when commenting on the takeover: "What comes first, the heart or the wallet?" On this occasion it appears that the answer to Bell's question is unequivocally the wallet.

For many, including health charities and public health experts, the takeover, is morally reprehensible. A letter spearheaded by Asthma UK and the British Lung Foundation opposed the takeover on moral grounds stating that "Tobacco companies should not profit from treating the illnesses their products cause", while also noting that the deal would "significantly hamper Vectura's ability to continue operating as a viable, research oriented business." For example, Vectura and its staff may struggle to publish in respected peer reviewed journals which have policies against publishing tobacco industry funded research, and may no longer be able to attract talented staff who do not wish to work for a tobacco company.

BELARUS: BRITISH AMERICAN TOBACCO CEASES CIGARETTE ORDER FOLLOWING NEW SANCTIONS

Last month, the US, UK and Canada announced sanctions targeting individuals and entities understood to be financing Belarussian dictator Alexander Lukashenko. This legislation follows similar action from the EU in June. These sanctions build on reports of police violence against protesters, mass arrests and even torture, with a U.N. official comparing Belarus to a 'totalitarian' state. Indeed, Lukashenko's regime is infamous for its human rights abuses – including heavy-handed repression against pro-democracy protests in 2020 and the recent forcing down of a Ryanair flight to arrest journalist Roman Protasevich. The government's opposition claims Protasevich is now being held hostage and, like many other prisoners, has been tortured.

Last week, BAT announced that it has stopped placing orders from the Grodno Tobacco Factory Neman (or GTFN) – a state-owned factory in Belarus which had, until the announcement, manufactured BAT brands such as Rothmans and Pall Mall under licence from the company. It is thought that BAT has only taken this step due to the new sanctions forcing it to do so.

BAT's announcement comes several months after sanctions targeting Lukashenko's regime were introduced by the EU, and months after protests at BAT's headquarters in London, along with advocacy from a number of NGOs, shed light on BAT's close ties with the Lukashenko regime. In June of this year, a spokesperson for the pro-democracy group Nadzeya-UK stated: "It is outrageous that a major British company continues to have a close relationship with a Belarusian plant, which is 100 percent owned by a Lukashenko regime that tortures its own people."

Nevertheless BAT's operations in Belarus continued unabated for several months. In fact, the company's main response until now was a letter expressing satisfaction with its current operations in the country.

Further, counter to BAT's public position on cigarette smuggling, the company's relationship with GTFN continued despite the factory having been repeatedly accused, even in studies commissioned by BAT itself, of overproducing and oversupplying the local market, leading to so-called illicit white cigarettes (including the brands Minsk, Fest, and NZ) being smuggled across Europe and Russia. BAT's willingness to continue working with the company despite these claims is perhaps unsurprising given the company's efforts to shape and undermine global policy targeted at addressing illicit trade in its favour.

Only now, following the US Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioning GTFN specifically "for being owned or controlled by, directly or indirectly, the GoB (*Government of Belarus*)", has BAT finally taken action. A statement by the Professional Union of Belarusians in Britain (PUBB) provides an apt summary of the situation: "we regret very much that BAT had to be forced to cease by sanctions rather than simply applying its own ethical standards."

BAT's reluctance to cease production in Belarus is not the only sign that the company may have little interest in ending its business in countries

controlled by regimes with poor human rights records.

For example, BAT withdrew from Myanmar in 2003 due to criticism over the human rights record of the military, with the UK Government formally asking BAT to cease its business there. Following political reforms, BAT re-entered Myanmar in 2013. However, in 2017, the military launched a deadly crackdown on Rohingya Muslims, which the UN described as a “textbook example of ethnic cleansing.” On 1 February 2021, the military staged a violent coup, leading to hundreds of deaths. Since then, multiple companies have been criticised for continuing to work with groups linked to the military. The Japanese drinks company Kirin withdrew from a partnership with a Myanmar brewery partly-owned by generals involved in the coup.

BAT has yet to comment on the future of its business in Myanmar. In 2015, the parent group (Sein Wut Hmon Group) of BAT’s current partner in Myanmar (IMU Enterprise Ltd) was accused of colluding with the military in order to grab land across the country, yet BAT has continued its business in Myanmar, increasing its market share from 7% in 2013 to over 20% in 2019.

While branding itself a responsible stakeholder “behaving ethically in all (it does),” BAT’s business practices challenge this assertion. The company’s cigarettes sales in 2019 alone are projected to cause in excess of 668 000 deaths (based on estimates that one death results from each million cigarettes sold). In September 2021, BAT’s business practices in South Africa came under fire, with the release of evidence that the company used secret agents and co-opted government authorities to disrupt and spy on competitors, along with appearing to have negotiated a bribe for Zimbabwean dictator Robert Mugabe in 2013. Such claims follow growing reports of the company’s alleged role in cigarette smuggling through West Africa, fueling militant and extremist groups in the region. A pending lawsuit claims BAT exploits impoverished tobacco farmers and their children in Malawi.

While BAT has now taken steps to avoid breaching sanctions in Belarus, the company may still be at risk of breaking sanctions elsewhere. Its 2020 annual report notes that the company has “operations in a number of countries that are subject to various sanctions, including Iran and Cuba” and that BAT is cooperating with investigations by the US Department of Justice and OFAC into “suspicions of breach of sanctions.”

It appears incongruous that BAT, a company that claims to be keen on tackling illicit trade, has continued to work with a Belarussian regime which investigative journalists have found to be directly involved in cigarette smuggling.

BAT espouses responsibility and sustainability, yet it continues to sell deadly products, closely partner with authoritarian regimes responsible for human rights abuses (and, in the case of Belarus, only ceases doing so when left with no viable alternative), risks breaching sanctions, and exploits vulnerability in conflict zones around the world in order to sell cigarettes.

This harsh reality belies BAT’s rhetoric of “A Better Tomorrow”.

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KENYA: SOME PROGRESS BUT NGOS CALL FOR FURTHER REFORM

Although a large number of countries have adopted measures to outlaw e-cigarette advertising, promotion and sponsorship, to prohibit the use of e-cigarettes in public places, and to introduce health warnings on e-cigarette packaging, Kenya is one of 84 mostly low-and middle-income countries without any such legislation according to the WHO’s (WHO) Report on the Global Tobacco Epidemic 2021. Kenya is a major tobacco grower and producer. In 2016, the country produced 17.4 billion cigarettes. In addition, in 2020 British American Tobacco (BAT) announced that they were planning to manufacture their nicotine pouches in a new facility in Kenya, according to the University of Bath’s Tobacco Tactics website.

In June 2021 the parliamentary Finance and National Planning Committee reduced the duty on nicotine pouches from Ksh5,000 (GBP 33.00) per kilogram to Ksh1,200 (GBP 8.00) per kilogram. BAT lobbied for a further reduction in excise to Sh757 (GBP 5.00) through the Kenya Association of Manufacturers and Westminster Consulting, although this was rejected.

To date, specific laws regulating nicotine pouches and e-cigarettes produced by

tobacco companies have not been adopted. The Kenya Tobacco Control Alliance (KETCA) has called on the government to either raise taxes on nicotine pouches and e-cigarettes or prohibit the sale of these products. “The reduced taxes (on nicotine pouches) will lead to reduced revenue for the government...and deny funding to other ongoing projects” KETCA chairperson Joel Gitali said.

In August 2021 the International Institute of Legislative Affairs (ILA) claimed that changes to Kenya’s Finance Act 2021 favours tobacco companies due to unfair exemptions. For example, individuals whose income is based on a commission are exempt from paying minimum tax if their cumulative investment in the previous 4 years was at least Sh10 billion (GBP 66.5 million). The ILA has raised queries on this exemption, stating “Tobacco firms engage distributors to push their products in the market...(this) will encourage tobacco distributors to exert more effort in flooding the market with tobacco and nicotine products thus increasing prevalence of (use of tobacco and nicotine) products among consumers.” The ILA also stated that the Sh121 billion (GBP 804 million) allocated to the Ministry of Health, which will partially be used to treat tobacco-related illnesses, was inadequate compared with other ministries.

Although the ILA raised concerns about the tax exemptions, it praised sections of the Act which it claims will help to address tobacco consumption in the country. These include changing the Value Added Tax (VAT) exemptions to now include certain products that are used in the manufacturing of tobacco and nicotine packaging. It is expected that the inclusion of these products as VAT-payable items will increase the price of tobacco products as suppliers are likely to pass the cost on to the consumer.

EUROPE: CHARITY HEALTHY STADIA REPORTS ON SMOKE-FREE STADIA

On the 11 July 2021 Italy beat England in a penalty shootout at Wembley to win EURO 2020. While the final saw the curtain drawn on a month-long competition of 51 football matches, this was also the conclusion of 5 years of planning and delivery by UEFA and Healthy Stadia, to ensure that the tournament would be played at tobacco-free stadia across its 11 host nations.

Of course, planning for this event should have been just 4 years, and even with the tournament delayed until 2021, the COVID-19 pandemic significantly

curtailed the nature and scale of interventions planned to support implementation of a tobacco-free tournament utilising Healthy Stadia's Tobacco-Free Stadia Guidance published in 2016. Planned interventions included: in-depth training of stewards and volunteers; a yellow and red card enforcement framework; and, an observer-based monitoring system for all host venues. While a rigorous evaluation of the policy could not be completed, fan feedback and venue security managers reported that compliance with the tournament's tobacco-free stadia policy was strong, despite national or regional smoke-free law not covering semi-enclosed sports venues in Copenhagen, Munich, Rome and Seville, and relatively poor levels of enforcement for domestic football at venues in Baku, Budapest and Bucharest.

For those with strong smoke-free laws it may come as a surprise that secondhand smoke exposure at sports stadia is still a significant problem in continental Europe. Healthy Stadia's 2019 research showed that 45.3% (n=24) of UEFA's 53 member associations did not have smoke-free laws that covered semi-enclosed sports stadia. In the majority of cases, this is due to a weakness in national or regional smoke-free law, as internal sports arenas for sports such as basketball or hand ball are declared smoke-free.

However, progress has been made since 2014, when only 10 European countries had comprehensive tobacco-free policies

covering all areas across their venues, with 29 countries having comprehensive tobacco-free policies in 2019. While much of this will be aligned to greater coverage of national and regional smoke-free legislation, there has been greater recognition by clubs, leagues and national associations of the need for football stadia in continental Europe to adopt smoke-free policies either in part or in totality, and Healthy Stadia has worked with leagues and national associations in the Netherlands and Belgium to support adoption of voluntary, but rigorous smoke-free policies that exceed the reach of national smoke-free law.

Healthy Stadia has produced a new framework intended to empower football organisations through a Tobacco-Free Declaration that has been endorsed by UEFA and the WHO. The Declaration is intended to help clubs and venues to implement voluntary smoke-free policies through mechanisms such as stadium regulations, conditions of sale for tickets, and non-financial penalties (eg, ejection from stadium). The Declaration has been co-designed with representatives from stadia, league operators and WHO, and informed by the work Healthy Stadia has carried out for UEFA competition finals including EURO 2016 and both Europa and Champions League Finals that have, in the main, been hosted at venues that are not covered by national smoke-free legislation.

The Declaration was officially launched in March 2021 alongside Healthy Stadia's advocacy call for all football settings, both professional and grassroots, to be tobacco-free by 2025. The immediate task is to work with UEFA to implement rigorous smoke-free regulations across all of their competitions, not just UEFA competition finals that are currently covered by this policy. Healthy Stadia has also started working with national tobacco control NGOs such as Alliance Contre Le Tabac in France who are campaigning for all sports and venues to become tobacco-free, and will be engaging with the governing bodies of sport for football and rugby over 2022. By taking a dual top down and bottom up approach, with UEFA as European governing body of football and NGOs actively pushing the tobacco-free football agenda, Healthy Stadia will work to accelerate the number of countries operating smoke-free venues, and clean air at football matches will be the norm across Europe.

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