A Perfect Deception

Corporate Social Responsibility Activities in ASEAN

Southeast Asia Tobacco Control Alliance (SEATCA)
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Introduction

The tobacco industry (henceforth ‘the industry’) has over the years been trying to re-brand themselves as “socially responsible” corporations because this is part of a public relations makeover to help retract public attention away from the true nature of its business – the promotion of nicotine addiction, the hazards of smoking that kill one in two tobacco users, and their continued efforts in promoting tobacco addiction to children and adults worldwide. One of the ways that the industry can project a positive image as a good corporate citizen and maintain its public relations is through Corporate Social Responsibility (CSR) activities.

According to tobacco industry documents, the industry’s objectives for public involvement is “to receive broad recognition for responsible public service.”

“... A positive program is required as a counterpart and to balance our defensive lobbying efforts... The entire tobacco industry is subject to negative press, adverse legislation and criticism from the public-at-large.”


Generally the industry conducts a wide range of CSR programmes in almost all ASEAN countries where it markets its products. The programmes can be broadly categorised into: Youth Smoking Prevention (YSP) programmes, funding for education and research, sponsorship of arts and cultural events, community development, disaster relief, donations and environmental protection.

CSR activities are used by the industry to improve its image in order to help it fight smoking restrictions, advertising bans, public education campaigns and other effective anti-smoking measures.

This report provides a summary of CSR activities conducted by the tobacco industry in 6 of the 10 ASEAN countries. The bitter truth as to why the industry favours CSR is revealed.

“... [F]eel-good ‘social-responsibility’ campaigns by tobacco companies help the industry not only to sway political and public opinion but to continue to recruit effective sales people and boost employee morale.”

The tobacco industry conducts CSR activities and participate in philanthropic endeavours to protect their interests. It has never been interested in improving society. Its corporate philanthropy is nothing but a strategy to help them continue with their unethical behaviour in order to boost their profits.

The millions of dollars spent on CSR programmes are part of a worldwide public relations campaign to regain the industry’s credibility and political support that were seriously eroded because of millions of previously secret documents made public through court cases in the US. The documents detail the industry’s unscrupulous conduct such as marketing to youth, increasing addiction and denials concerning proven health risks.

As the industry faces more government controls and restrictions on its marketing activities, it wants to protect itself from further legislation and courts public favour. CSR is one effective method even in countries such as Thailand where tobacco control is stringent. The tobacco companies do not need to contribute under their own names but as an organisation or foundation set up by them.

YSP programme is designed to inform the youth that smoking is an adult’s choice. It fails to discuss how tobacco advertising promotes smoking or the dangers of smoking. However, it is clear that YSP programme is grossly ineffective because youth tend to emulate adult particularly being told that smoking is for adults.

The industry uses CSR to fight or lobby for more lenient tobacco control legislations, particularly those concerning taxes, clean indoor air laws and marketing restrictions. It should not be involved in CSR because there is an ethical conflict by involving in corporate social responsibility while selling a product that maims or kills its user when used as intended.

“As we discussed, the ultimate means for determining the success of this (youth) program will be:
1) A reduction in legislation introduced and passed restricting or banning our sales and marketing activities;
2) Passage of legislation favourable to the industry;
3) Greater support from business, parent, and teacher groups.”

- J.J. Slavitt of Philip Morris, 1991
Best Practice Recommendations

The World Health Organization (WHO) stated that funds may be excluded from certain products or practices such as alcohol, weapons, pollution, animal testing or gambling. It continued: “The common denominator among the vast majority of ethical or socially responsible investment policies and products is the exclusion of tobacco companies in their portfolios.”

The FCTC provides the direction on the involvement of tobacco companies in tobacco control as specified in Article 5.3: “In setting and implementing their public health policies with regards to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law.” Thus we urge all ASEAN governments to adopt the following:

Implement the guidelines on Article 13 Guidelines (Tobacco Advertising, Promotion and Sponsorship) and a Protocol on Cross-Border Tobacco Advertising, Promotion And Sponsorship adopted during the Second Session of the Conference of the Parties to the WHO FCTC in Bangkok (2007) that bans all forms of tobacco advertising, promotion and sponsorship including CRS programmes:

The industry should not be allowed to conduct YSP programmes. Industry sponsored YSP programmes have shown to be ineffective. However, it is a well known fact that most youth smokers obtained their supply from points-of-sale quite easily without age verification. Hence, governments need to have strong political commitment to develop and support tobacco control efforts as recommended in the FCTC without the interference of the industry’s YSP programme.

Instead of permitting the industry to conduct CSR, governments should impose ‘Sin Tax’ or dedicated tax on tobacco products and use the revenue to conduct charity, welfare and health promotion activities under the auspices of a Health Foundation or Health Promotion Board.

A health foundation or health promotion board, funded by ‘sin tax’ levied on tobacco, can be established for conducting health promotion activities. Thailand and Singapore provide models of such a foundation in the region. Establishing such foundation or board will benefit the government and the community as ‘sin tax’ can be used to pursue health objectives instead of depending on industry sponsored CSR.

The industry should not be allowed to use either their company or brand names for CSR purposes or anything related to CSR.

The tobacco companies have been using CSR as a public relations tool to project an image of a socially responsible industry. Since the true nature of their business is contrary to what is deemed as “socially responsible”, they should not be permitted to use either their company or brand names for CSR activities because this will be misleading the public.
According to British American Tobacco (BAT), about 45,000 Cambodians depend on all or part of their family income on it.  

BAT expanded its contract farming of tobacco to about 800 tobacco growers in the Kampong Cham province. In the programme, BAT provided free tobacco seedlings, provides wood for fuel for use by on-farm drying barns, organised technical assistance through village-stationed instructors, and provide credit for agricultural investment. Through this scheme, the contract farmers had doubled their yields, half their costs, and increased their incomes. Some have been able to buy tractors and water pumps.

With the improvement of the quality and increase in quantity, BAT obtains about 75% of its tobacco needs for its local factories from domestic supplies. It has also managed to export some semi-processed leaf to Sri Lanka, Singapore and Australia.

Environmental Damage from Tobacco Production Exceeds Reforestation Benefits

“The impact of the quality and increase in quantity, BAT obtains about 75% of its tobacco needs for its local factories from domestic supplies. It has also managed to export some semi-processed leaf to Sri Lanka, Singapore and Australia.”

“(Accepting donations) makes one complicit in the immoral behaviour of the donor.”

- Project Smart Money, “A Tool Kit for Corporate Donations” (April 2000)
In stark contrast with most ASEAN countries, Indonesia has virtually no tobacco control policies and the tobacco industry in Indonesia has much freedom in carrying out its advertising and promotional activities.

Tobacco industry has been providing scholarships to students either directly or through its foundations. The industry has sometimes sponsored random training programme.

In Indonesia the Sampoerna Foundation has also conducted training classes for teachers in classroom management, Curriculum Development, and others.

The industry has approached academicians from the Faculty of Social Politics of State University of Indonesia to organise a seminar on the Draft Tobacco Control Law in January 2007.

"The tobacco industry infiltrates the universities ... because of the prestige associated with these Institutions ... it’s a way to buy silence and complacency."

- Addiction to Tobacco: Defining Links between the Tobacco Industry and Canadian Universities and Medical Schools, BMJ 2002;325:734, http://bmj.com/cgi/content/full/325/7367/734/a

In Indonesia, many of the industry sponsored activities such as music, cultural and sports events have a CSR angle to it. In these tobacco companies’ sponsored events sales promoters to sell and distribute cigarettes at the venue. The events are more community-based and are sponsored by Sampoerna Clas Mild, and Djarum. They also sponsored the celebration of the Indonesia’s 32nd Nationhood and Kartini’s (Women) Day in 2007.
To improve its public image in Malaysia British American Tobacco Malaysia (BATM) has been producing Social Reports since 2001 and these reports highlight its CSR activities conducted during the year. Through these reports it hope to align itself with other businesses that conduct CSR activities.

Although the main tobacco companies in Malaysia (BATM, Philip Morris) have run the YSP programmes through the Confederation of Malaysian Tobacco Manufacturers (CMTM) since 1996, as experienced in other countries, these industry programmes have been ineffective and youth smoking continues to rise.

BATM runs a Foundation that provides scholarships for students pursuing first year undergraduate, diploma or a certificate study of any field. In 2006, the programme was refocused to its own employees’ children.

"The tobacco industry's "youth programs" help the industry deflect effective tobacco control legislation, regulation and increases in tobacco taxes."


The industry has made donations to charitable organisations such as the Shelter Home for Abused Women and Children in Negeri Sembilan. It conducted fundraising drive through its sports club for the 26 December 2004 tsunami victims in Aceh, Sri Lanka and Penang.

"Over the years, most of the tobacco farmers have not managed to free themselves from poverty."

In the agricultural sector, the industry has been providing fertilizers, agrochemicals, and also training for farmers. Malaysian farmers were given subsidy for cultivating tobacco. Even then, in the case of Malaysian farmers, they could hardly meet the production quota given to them for most years. Over the years, most of them have not managed to free themselves from poverty.

In 2003, BATM’s subsidiary Commercial Marketers and Distributors Sdn Bhd collaborated with TSH Resources Bhd to plant 5.75 million trees in Sabah over a period of three years as an environmental project.
The industry has been conducting CSR activities addressing pollution and promote conservation such as the La Mesa Dam Watershed Project with streets leading to the watershed area named tobacco personalities.

Academicians and professionals have been approached with tobacco funding. In May 2007, Philip Morris offered research funds through the Department of Science and Technology of the Philippines to Bicol University, Bicol Regional Teaching & Training Hospital, Bicol Medical Center. In response to the move, the Department of Health then issued a memorandum to the health facilities to block Philip Morris’ attempt.

“Every medical research or physician who uses funding from the tobacco companies cannot escape the fact of lending his or her name to the manufacture of a lethal product.”

- G. Bolinder, “Tobacco research funded by the tobacco industry - an ethical conflict, Addiction, 92:1075 (Medline), 1997

In 1999, Philip Morris started ‘I am S.T.R.O.N.G.’ YSP programme in the Philippines. ‘S.T.R.O.N.G’ was used to represent Steadfast, Trustworthy, Respectful, Open-minded, Noble, and Gutsy. It avoids information about the hazards of smoking and was ineffective.

Philippine Art Awards has been sponsored by Philip Morris Philippines Manufacturing Inc since 1994. In previous years, Philippine winners compete with other artists from Brunei, Indonesia, Malaysia, Singapore, Thailand, and Vietnam in the ASEAN Finals which ceased in 2005. However, the Philippine Art Awards still run.8

“Companies looked to sponsorship of arts and sport to circumvent the (cigarettes adverts) bans.”

Thailand, a country where tobacco advertising and promotion has been banned, is also the first country in the region to ban pack display at POS. CSR is one of the last frontiers for the industry to continue projecting its corporate image in the public arena. Consequently Thailand has experienced an increase in CSR activities from the tobacco industry.

The Philip Morris Arts Foundation has been handing out the ASEAN Art Awards since 1994 and the 1996 finals of the competition were held in Bangkok. The industry also conducted activities for students such as programmes for children and environment projects.

“Although the industry publicly supports youth programs, they recognize the need to attract young smokers to stay in business.”

- Smoking Control Advocacy Resource Center (SCARC)  
http://www.globalink.org/tobacco/docs/na-docs/aa990805.shtml

Thai government owned tobacco industry, Thailand Tobacco Monopoly (TTM) had sponsored the police department to hold school security projects in three provinces. It also sponsored Thailand Red Cross about US$2,777 to support the voluntary organization’s charity fund raising event. It has also conducted a joint-programme with the Thailand Excise Department in which school children participated and witnessed the destruction of confiscated alcohol and tobacco products.
Philanthropic activities are continually organised by tobacco companies with different partners at central and provincial levels. These activities focused on YSP, environmental protection, providing scholarships, conducting poverty elimination programmes, and building houses for the poor.

Between 2001 and 2005, Philip Morris financially support YSP programme until it was stopped by the Ministry of Health, Ministry of Education and Training and the Central Youth Union. The industry was also involved in building new classrooms and funding school activities/projects. In 2006, BAT Vietnam and Saigon Times Foundation jointly sponsored scholarships for university students.

In 2006, Philip Morris donated 556 million VND (US$34,804) and partnered with the Danang Red Cross Society through the American Red Cross for the management and implementation of HIV/AIDS education and prevention project, training the volunteers and as fund for calamities and building houses for the poor. Vietnam Tobacco Corporation implemented the ‘Hunger Eradication and Poverty Reduction Model’ in 12 communes of six provinces from 2002 to 2006. BAT Vietnam donated to disaster funds such as that of the typhoon of 2006.

In addition, the Tobacco Institute provided funding to farmers since 2002. For its environmental project, BAT-VINATABA was involved in the reforestation programme in 2005.

“Reforestation programmes cosponsored and promoted by the tobacco industry are not enough to reverse the damage (of deforestation).”

- Tobacco increases the poverty of countries, www.paho.org/English/AD/SDE/RA/TOB_Factsheet2.pdf
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Recommended Readings:


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