


**FCTC Article 5.3**  
**Protect policies from commercial**  
**&**  
**other vested interests of the tobacco industry**

**Prof.Dr.Prakit Vathesatogkit**  
**ASH.Thailand**  
**National Committee on Tobacco Control**  
**Feb 27,2009**  
**Suan Sampran,Thailand**

1



**Principle 4 : Because their products are lethal, tobacco industry should not be granted incentives to establish or run their businesses.**  
**: Any preferential treatment of tobacco industry would be in conflict with tobacco control policy**



2




## **Recommendation**

- (7) Do not give preferential treatment to the tobacco industry.**
- (8) Treat State-owned tobacco industry in the same way as any other tobacco industry.**

3




- 
- (7) Do not give preferential treatment to the tobacco industry.**

### **Recommendation**

**7.1 Parties should not grant incentives, privileges or benefits to the tobacco industry to establish or run their businesses.**

4





**7.2 Parties that do not have a State-owned tobacco industry should not invest in the tobacco industry and related ventures.**

5




## **7.2 (cont.)**


**Parties with a State-owned tobacco industry should ensure that any investment in the tobacco industry does not prevent them from fully implementing the WHO Framework Convention on Tobacco Control.**

6





7.3 Parties should not provide any special tax exemption to the tobacco industry.




**(8) Treat State-owned tobacco industry in the same way as any other tobacco industry.**

**Recommendations**

**8.1 Parties should ensure that State-owned tobacco industry is treated in the same way as any other member of the tobacco industry in respect of setting and implementing tobacco control policy.**


9



8.2 Parties should ensure that the setting and implementing of tobacco control policy are separated from overseeing or managing tobacco industry.

10





**8.3 Parties should ensure that representatives of State-owned tobacco industry dose not form part of delegation to any meeting of the Conference of the Parties, its subsidiary bodies or any other bodies established pursuant to decisions of the Conference of the Parties.**

11



## **How the Thai Government formulates tobacco control policies.**

- National Committee for the Control of Tobacco.
  - Appointed by the cabinet.
  - Chaired by the Ministry of Health.
  - Representatives from
    - Ministry of Finance.
    - Ministry of Education
    - Department of Public Relations
    - Ministry of Interior.
  - Tobacco control academic.
  - Media person.
  - NGOs.

12

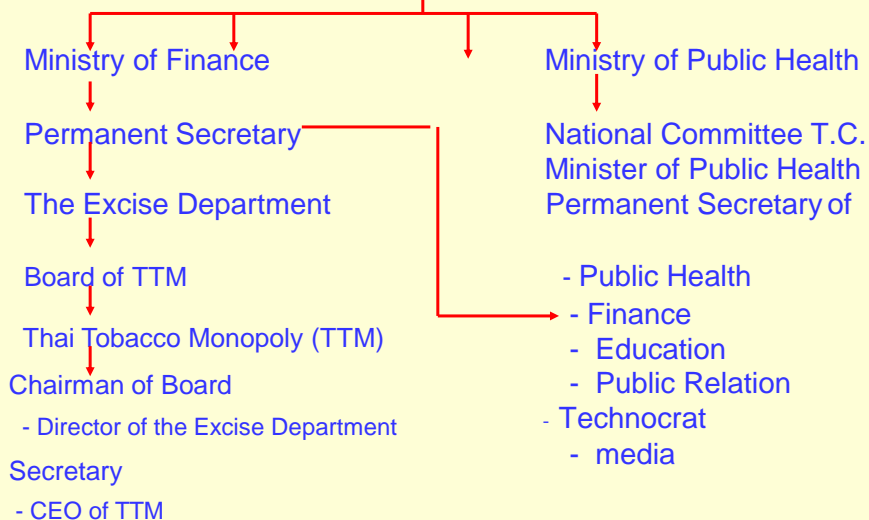


## Thailand Tobacco Monopoly.

- Under control of the Excise Department, Ministry of Finance.
- 80 % of profit goes to government coffers.
- Not a legal entity.
- Governed by a Board chaired by the Director General of the Excise Department.

13

## Thai Cabinet



14




## **Implicit policy in dealing with tobacco industries.**

- No dialogue with the tobacco industry in policy development on tobacco control.
- Thailand Tobacco Monopoly receives the same treatment as other tobacco companies.

15




- 
- No meeting between tobacco industry representative(s) and the Minister or staff of the Ministry of Health.
  - No tobacco industry representative on any committee at any level.
  - Tobacco industry can submit their concerns. but can not take part in the decision making process.

16







## **When the Tobacco Industry requests a meeting about a certain issue.**

- An official letter must be submitted.
- If an MOH officer can address the issue in writing, it is done in a written letter.
- If a meeting can not be avoided, a committee will meet with industry representative(s).


17




In 2005, PM (Thailand), British American Tobacco (Thailand), JTI, and the state-owned Thailand Tobacco Monopoly threatened to sue the Thai Health Ministry for banning cigarette displays at points-of-sale.

18



- 
- **Between 1994-1995, under political pressure, the president of the Tobacco Growers Association was included as a NCCT member.**

**This resulted in no progress being made by the committee for that period.**



Section 29 of Republic Act 9211 (or the Tobacco Regulation Act 2003), the Philippine Tobacco Institute (PTI) and the Nation Tobacco Administration (NTA) have been members of the Inter-Agency Committee-Tobacco (IACT) tasked with its implementation.

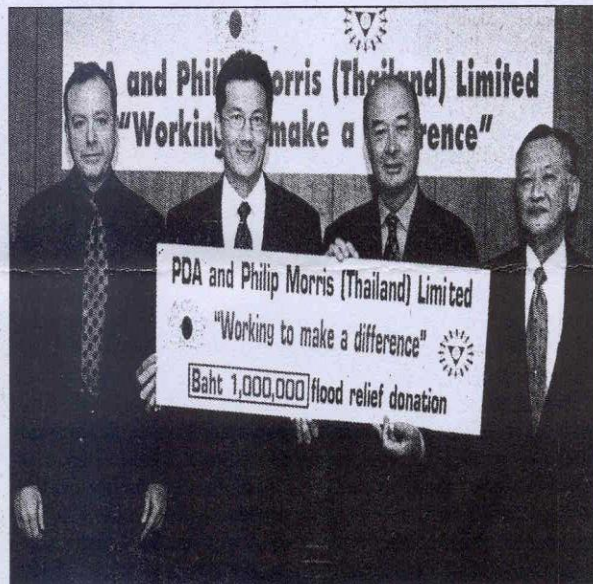
## Philanthropy – Contribution for what?

“Phillip Morris’ 5-Year Plan for 1992 – 1996 includes the following goal: ‘Seek ways to use the contribution program to advance the company’s communications, public affairs, and government relation agenda”

21

BANGKOK POST ♦ OUTLOOK ♦ TUESDAY, OCTOBER 23, 2001

*Mechai Mechai Viravaidya (2nd right) of the Population Development Association (PDA) accepts a donation of one million baht from Paul Dillman (2nd left), general manager of Philip Morris Thailand, for humanitarian aid for flood victims in Sukhothai and Phetchabun provinces. The funds will be used to help rebuild the victims' livelihoods in the form of plant seeds, fertiliser, farm equipment and scholarships.*





**Philip Morris CEO donated 5 million Baht to Senator R. Pongpanich for school smoking prevention programs 2003**



## Project to Improve the Environment of the Saen Saeb Canal



Samak Sundaravej, Governor of Bangkok Metropolitan Administration, was recently presented with a sponsorship contribution towards the "Keep Saen Saeb Clean" Project. The presentation ceremony was attended by Mr. Luc de Waegh, Country Manager, British American Tobacco Thailand; Mr. Ivan Paul Desmetay, M.D., Vinythai Public Co., Ltd.; Mr. Seneethorn Arunsoonthal, President, Tesco Lotus and Ms. Nina Techarath, Senior Vice President, Special Events of Nation Multimedia Group Plc.

One of the waterways that made Bangkok the Venice of the East, in earlier times, the Saen Saeb Canal remains a significant artery for transportation and alleviation of flooding in the Bangkok metropolitan area and surrounding provinces.

The Nation Group and British American Tobacco Thailand have joined hands with Tesco Lotus, Vinythai Public Company Limited and the Bangkok Metropolitan Administration to initiate a project aimed at helping return the canal to its former unpolluted condition and make it once again a pleasant way to get around the city.

On September 22, 2001 at Santichaiprakam Park, Phra Arthit Road, the organizers of the Keep Saen Saeb Clean Project jointly presented a sum of Bt 300,000 to Mr. Samak Sundaravej, the Governor of the Bangkok Metropolitan Administration, to spend in activities to clean up the water in the canal, its banks and surrounding areas. The day was designated as Khon Rak Klong day. The donation will be used to support the project. Public relations activities have been launched to instill a sense of responsibility in communities living along the length of the canal as well as the general public.


The combined support and cooperation of all parties concerned will ensure the completion of the project. A clean new canal will be a lasting tribute to everyone who contributed to its successful transformation.



Activities in the Khon Rak Klong day.

Supported by





Annually the Thailand Tobacco Monopoly produces a list of Corporate Social Responsibility (CSR) activities and these can be done through government departments/agencies or via government non-tobacco-related health initiatives (e.g. nutrition, malaria, disaster relief, etc.)

25



### **In 2004**

The Thai Cabinet approved a proposal by the National Committee for the Control of Tobacco Use, to direct all government agencies **not to accept contributions from or engage in any activities with the TI.**

26





## **The Government Public Relation Department Regulation**

“Ban announcement or make  
publicity of sponsorship or other  
activities by tobacco company,  
including using company name,  
logo in electronic media”

May 12, 2005

27



## **Government Policy Options on Tobacco**

**How do we argue for  
a healthy policy?**

28





## Policy option one.

- Weak tobacco control measures.  
(that is, partial ad ban. Low tax rate)
- Impact
  - Steady increase in tobacco consumption and number of smokers.
  - Government income increases through tax collection from increasing sales of cigarettes.(+ profit from tobacco industry)
  - Increase in tobacco related disease burden and health care expenditures.

29



## Policy option two.

- Strong tobacco control measures.  
(that is. complete ad ban, regular tax increases)
- Impact
  - Market growth retarded or gradually decreases.
  - Stabilization of the number of smokers or a gradual decrease.
  - Government income markedly increases through tax increases.

( World Bank's Win – Win policy)

30



## Out come of Thailand's T.C policy

	1992	2007
- Cigarette sale ( Million packs)	2035	1958
- Tax : retail price ratio	55	63
- TTM profit ( Million Baht)	3,000	5,000
- Tax revenue( M. Baht)	15,345	41,528
- Tax : TTM profit ratio	5:1	8:1
- Smoking prevalence (%)	30.46*	18.54
- No smoker	11.67*	9.49

\* = 1991 data

31


## Excise tax, cigarette sales and tax revenue

Year	Excise tax (%)	Sales (million Pack)	Tax revenue (million of Baht)	Health P. Tax (million of Baht)
1989	35-55	1,843	14,664	
1990	55	1,941	15,461	← adjust to uniform tax rate
1991	55	1,942	15,898	
1992	55	1,983	15,438	
1993	55	2135	15,345	
1994	60	2328	20,002	← start tax for health policy
1995	62	2171	20,736	
1996	68	2463	24,092	
1997	68	2415	29,755	
1999	70	1810	26,708	
2000	71.5	1826	28,110	
2001	75	1727	29,627	
2002	75	1716	31,247	624 tax for HP (2%)
2003	75	1904	33,582	671
2004	75	2110	36,326	726
2005	75	2187	39,690	793
2006	79	1793	35,646	712
2007	80	1958	41,528	830
2008	80	1840	40,731	814

Source: the Excise Department, Ministry of Finance .Thailand

32






## Number of Smoker in Thailand Between 1991 – 2006 (Million)

- With various policies implemented = 11.5
- With no policies implement = 15.5
- Number of fewer smoker = 4.0
- Fewer smokers age 15-19 = 1.6
- Fewer smokers age > 30 = 2.4

Thailand SimSmoke Simulation Model David T.Levy  
March 2007

33



## Factors conducive to successful tobacco control in a country with a monopoly

1. Adoption of a prohealth policy.
2. Ability to control the monopoly.
3. Exclusion of the monopoly from policy development process.
4. Choosing to generate income from tax increases rather than profit from increasing sales of tobacco.
5. Denormalization of TI and smoking.

34





## Denormalization of tobacco industry

- **Dr.Hatai Chitanondh : Thailand Health Promotion Institute**  
**project : Industry Watch**
- **ASH Project : Tobacco Industry Denormalization**
  - Monitoring industry activities / data
  - Exposing industry tactics / Law violation
  - Rebuff industry's statements
  - Disseminate informations / fact sheet / booklet
  - Set up working group to counter TI's CSR.

35



## Denormalization of smoking

- Continuously disseminate information on negative effect of smoking
- Ban smoking in public places.
- Ban of advertisement.
- Graphic health warning.
- Tax increases.

36





## Poll : Credibility of Various Occupation / Professional

Highest      Doctor & health professional  
Teacher  
Judge  
Scientist / researcher  
Military  
Banker  
Lawer  
Civil servant  
Politician  
Salesman  
Alcohol industry  
Tobacco industry  
Lowest      Pubs & Bars operator

ABAC Poll January 2009

37




## Occupation / Profession you think should be proud.

Most proud      - Teacher  
- Doctor & health Professional  
- Judge  
- Military  
- Scientist / researcher  
- Civil servant  
- Lawer  
- Movie star  
- Politician  
- Alcohol industry  
- Pubs & Bars operator  
- Salesman  
Least proud      - Tobacco industry

ABAC Poll January 2009

38





**However, not all the battle was won in Thailand's case; TI succeeded in:**

- a. Weakening and crippling the regulation for tobacco product disclosures.( Article 9,10)
- b. Delaying the implementation of graphic health warnings for two years.
- c. Exempting the ban of point of sale display in duty free shops.