



Southeast Asia Tobacco Control Alliance

Save Asia from Tobacco Imperial-ism

27 January 2015/Bangkok: Public health in Southeast Asia will be dealt a blow in 2015 as Imperial Tobacco Group PLC plans to sell more cigarettes in this region. The company has targeted two developing countries - Cambodia and Vietnam - as their “growth market to drive long-term share and profit growth”.

In 2014, Imperial sold 294 billion cigarette sticks worldwide and claims to be an even stronger business this year as it celebrates its profits during its annual shareholders meeting on 28 January in the UK. Unfortunately in the ASEAN region, every year about 500,000 people die from tobacco related deaths. Many of these people are still in their productive years, hence it is a tremendous loss of human resource for developing countries.

Imperial Tobacco said it takes excise structures into account when making pricing decisions and focusing on maximising revenue. Unfortunately, revenue maximisation for the company means tax losses for governments and people. We saw this happening in Lao PDR when Imperial entered into a 25-year contract to build its business by paying low excise tax rate of 15% of production cost instead of complying with the law by paying the excise tax rate of 60% of wholesale price. While this ensured Imperial’s profits grew, this resulted in Lao government losing about US\$80m in taxes over the past 12 years. Almost 5,000 Lao people die from tobacco related diseases every year.

Unlike the tobacco industry’s long term plans for cigarette sales and profit maximisation, many countries don’t even have any long term plans on health, let alone tobacco control. In fact the tobacco industry fights and interferes in government’s efforts to protect public health. The Lao government ratified the global tobacco treaty, the WHO Framework Convention on Tobacco Control (FCTC), which requires governments to use tax increases as a way to reduce tobacco use. Unfortunately, this unfair contract with Imperial hinders the government from increasing taxes to optimum level.

“The tobacco industry is becoming more aggressive and bolder,” said Bungon Ritthiphakdee, Director of the Southeast Asia Tobacco Control Alliance (SEATCA). “It is aggressive in the way it fights government efforts to protect public health by putting all sorts of obstacles and challenges to governments. If it fails to stop a government, it simply sues the government like the way it has done in Thailand, Indonesia and the Philippines, she adds.”

According to SEATCA, the industry must be stopped from continuing to make obscene profits from selling hazardous products that kills half its customers prematurely. Governments need to strictly regulate the industry by raising tobacco tax and make cigarettes unaffordable, applying standardised packaging of tobacco and removing all incentives given to the tobacco industry. In the case of Lao PDR, the government has to terminate the unfair contract it has entered into with Imperial.

The ASEAN region has about 125 million smokers and the smoking epidemic will worsen with more disease and deaths. In Cambodia, Lao PDR and Vietnam, about half the adult men (40%,



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43% and 47% respectively) smoke, the bulk of whom are poor. Children in these countries are also starting to smoke at early ages. Smoking among teenage boys (13-15 years) is 8%, 14% and 6% respectively. Lao PDR has a female smoking prevalence of 8%. (ENDS)

About SEATCA

The Southeast Asia Tobacco Control Alliance (SEATCA) is a multi-sectoral alliance established to support ASEAN countries in developing and putting in place effective tobacco control policies. It works to identify tobacco control priorities in the region and to coordinate efforts on these priorities. SEATCA promotes knowledge-sharing among countries for effective, evidence-based tobacco control measures and regional cooperation among its advocacy partners.

For queries, contact Ms. Joy F. Alampay, Communications Manager, joy@seatca.org, +639175326749