



SEATCA

SOUTHEAST ASIA TOBACCO CONTROL ALLIANCE

TOBACCO INDUSTRY FRONT GROUPS & ACTIVITIES

INTRODUCTION

It is a long established strategy of the tobacco industry to fight tobacco control measures through front groups. As governments step up efforts to implement the WHO Framework Convention on Tobacco Control (FCTC), and its related Guidelines, Articles 5.3, 8, 11 and 13, the tobacco industry is fighting back by reviving front groups' and elevating its opposition through industry activities such as trade expos being held mainly in developing countries.

For about 25 years cigarette companies have sought to thwart tobacco control initiatives by manipulating agricultural issues. This has involved a two-pronged strategy: exaggerating the impact of tobacco control activities on the global demand for tobacco leaf and misrepresenting the objectives of tobacco control. Since the transnational tobacco companies (industry) were not able to derail the FCTC and the adoption of the four guidelines, they are now stepping up efforts to mobilise their front groups to oppose the adoption of other FCTC guidelines or slow down the progress of work done on the FCTC by the Conference of the Parties (COP).

By seeking to align itself with tobacco farmers and tobacco growing countries, the industry is on an aggressive pathway to protect its profits. As a result it has successfully shifted the terms of the debate in many countries from the protection of public health to the perceived damage that tobacco control policies will have on tobacco growers and their communities. At COP4, the Guidelines for Article 9 & 10 come up for adoption and a Progress Report on Article 17 & 18 will be considered. The industry has mobilised farmers to do its bidding and fight on its behalf to reject the Guidelines and the progress report. Below are some activities that have been carried out by the tobacco industry in South East Asia.

OLD TACTICS REVIVED

- **Revival of old front groups**
- **Form new industry-linked NGOs**
- **Utilise business platform to reach top officials**
- **Utilising prestigious institutions to fight tobacco control**
- **Big tobacco consolidating its position in the region**

I. FRONT GROUPS

1. International Tobacco Growers Association (ITGA)

Internal industry documents reveal that the ITGA was a public relations vehicle created by the tobacco industry in the 1980s to front its lobbying against international tobacco control initiatives by giving it a human face and a Third World grassroots voice.¹ In May 1984 the major transnational tobacco companies met with representatives of international leaf dealers to "take the offensive" and "not allow themselves to be bowled over", requesting their help to "neutralize" the WHO and monitor anti tobacco activities in tobacco producing countries.²

BAT's public relations firm, Hallmark PR, was contracted to help shape ITGA as a "credible (i.e. non-manufacturer) front end for the battle over

TFI and the Tobacco Control Convention" in order to "help co-ordinate the response of the industry without individual major manufacturer falling over each other."³ Hallmark PR carried out ITGA's public affairs programme in the early years of the FCTC negotiations, 2000-2001, where road shows were conducted in countries in Africa, Latin America and India. The purpose of the "Road shows" was to persuade those countries to have a "more balanced position" on the FCTC.⁴ Hallmark's budget to carry out these activities was £220,000 and £250,000 in 2000 and 2001, respectively of which one-third of the fees were billed to BAT.⁵ ⁶ Currently among the stated activities of the ITGA are: "Countering national and international anti-tobacco-growing campaigns"; and "Elaborating strategies to stabilise supply and prices".⁷ In recent months there is an aggressive revival in ITGA's efforts to mobilise farmers in Asia to fight the guidelines of the FCTC, particularly Articles 9, 10, 17 and 18.

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2. New Industry-linked NGOs emerge in countries

In 2010 new farmers/labour NGOs have emerged in Indonesia and Malaysia challenging tobacco control efforts and blaming these for the woes facing farmers, decrying farmers are ignored while simultaneously championing a right to participate in COP negotiations.

a. Indonesian Tobacco Society Alliance (AMTI – *Aliansi Masyarakat Tembakau Indonesia*)

Created in January 2010, the main objective of AMTI is to provide a forum for tobacco and clove farmers, workers, consumers, retailers, associations, and manufacturers of cigarettes to preserve the Indonesian tobacco industry. In June 2010, AMTI together with the ITGA co-hosted the Asia Tobacco Forum for tobacco growers from India, Indonesia, Malaysia, the Philippines, S. Korea and Thailand. They claim to represent whole of Asia and drew up 12 recommendations expressing their opposition to a ban on tobacco ingredients and urged Asian governments to work alongside other governments to protect the tobacco growing sector.⁸ They drummed up media coverage claiming they are representing 4 million farmers from participating Asian countries.

b. Kelantan Tobacco Growers and Curers Association (PITAS - *Persatuan Penanam Pengawet Tembakau & Asas Kelantan, Malaysia*)

Although the tobacco farmers and curers in Malaysia are well protected through a statutory body since 1973 (National Tobacco Board), and now by law, (National Kenaf and Tobacco Board Act 2008), a new farmers group, PITAS has emerged claiming farmers problems are being ignored. It has written to Cabinet Ministers claiming, among other things that Malaysia's representation to the COP is confined to Ministry of Health officials. This is misleading as Malaysia's delegations to the COPs and other FCTC processes have included officials from various departments including a representative from the National Tobacco Board.⁹

PITAS claims that the FCTC is affecting the income of tobacco farmers. This is unfounded since **all** tobacco leaves produced by farmers in Malaysia is purchased at fixed prices, including poor quality leaves. When bad weather (and not tobacco control) destroys tobacco plants, tobacco companies rescue the farmers through rapid grants. In March this year, the government hosted a meeting for tobacco farmers, curers, tobacco companies and the National Kenaf and Tobacco Board to discuss how to improve the quality and efficiency of the tobacco industry. This demonstrates that there is sufficient attention given and effort extended to tobacco farmers and curers to ensure that they are protected and well looked after. PITAS has mobilised the farmers to deliver a petition to the government to oppose the FCTC Article 9 & 10 Guidelines.¹⁰

II. Utilising Business Councils to lobby senior officials

Article 5.3 of the FCTC empowers governments to protect tobacco control policies from being thwarted or stymied by the tobacco industry. When the industry is unable to influence or get a seat at the discussions on tobacco control policies, it utilise the Business Council, particularly the US-ASEAN Business Council, as an alternate platform to lobby since this Council has opportunities to meet with heads of governments.

Philip Morris Asia is a member of the US-ASEAN Business Council. One of the Board of Directors of the US-ASEAN Business Council, Mr. Matteo Pellegrini, is the President of Philip Morris Asia.¹¹ In Indonesia, Pellegrini has been President Commissioner of PT Hanjaya Mandala Sampoerna since the purchase of Sampoerna by Philip Morris in 2005.¹² Today Sampoerna is the No 1 tobacco company in Indonesia overtaking all the local companies. Earlier this year Philip Morris Philippines merged with the largest local tobacco company Fortune Tobacco Corporation and now controls over 90% of tobacco market in the Philippines. Pellegrini said, "This transaction is a tremendous strategic fit for our business that will cement our leadership in South East Asia,"¹³ The US-ASEAN Business Council has opportunities to hold informal discussions with heads of government¹⁴ thereby providing an

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opportunity for Philip Morris Asia to meet with senior officials at a different platform.

III. **Repositioning ITGA to gain observer status with COP**

The ITGA has applied to the COP for observer status. According to Article 5.3 the tobacco companies and their representatives cannot have observer status with the COP.

The ITGA has mobilised farmers from around the world to support its application. Its rallying cry is that growers have been formally excluded from the meeting in Uruguay and have no voice in the elaboration of these guidelines. It also issued a thinly veiled threat to governments: "Tobacco farmers will do whatever it takes to make sure their voice is heard even if it means taking to the streets to call on their governments to protect them from this absurd situation."¹⁵ The Convention Secretariat has recommended that the application of the ITGA be rejected by the COP.¹⁶

IV. **Utilising prestigious institutions to fight tobacco control policy**

Partnering with a prestigious university or high profile institution to obtain endorsement for its activities is an old tobacco industry tactic. This old tactic has resurfaced in Indonesia where a national NGO has fallen prey. An obscure book by an American researcher from a smokers-rights outfit, FORCES International, has been translated into Indonesian and is being distributed through the Indonesian NGO, INSIST. Book launching road shows were held in five cities at prestigious universities University of Indonesia, Jakarta; University of Padjadjaran, Bandung; Gajah Mada University, Yogyakarta; Diponegoro University, Semarang; and TB Petra Togamas, Surabaya. The book has even found its way to the Parliament building and into the hands of Parliamentarians.

V. **Big transnational tobacco companies consolidating their power in the region**

Indonesia remains the only country in Asia that refuses to accede to the FCTC. Over the past five years transnational tobacco companies have expanded extensively in Indonesia and use it as a base to fight regional and international tobacco control efforts. Through the acquisition of PT Hanjaya Mandala Sampoerna in Indonesia it has

become the number 1 company in the country wielding extensive influence to delay and dilute tobacco control efforts. Meanwhile industry events such as Asian Tobacco Forum (June 2010), World Tobacco Asia (October 2010) are held to devise a plan to fight the FCTC internationally and simultaneously to expand its markets in Asia.

When Philip Morris Philippines acquired Fortune Tobacco Corp, it consolidated its grasp on 90% of the local market. It is now a powerful company exporting tobacco to many parts of Asia. Philip Morris Fortune Tobacco Corp exports cigarettes to Thailand, Hong Kong, processed tobacco to Cambodia and S Korea, and expanded tobacco (ET) to Malaysia, Bangladesh and India. When it perceives its business is threatened, it will not hesitate to take a government to court. Philip Morris brands exported to Thailand carry graphic warnings on the packs, but not its brands sold to the Filipinos. However when the Philippines government issued an Administrative Order requiring pictorial warnings for Filipinos, it is being taken to court. In Malaysia Philip Morris threatened to sue the government in May over a decision by the Ministry of Health.

RELEASING MISINFORMATION THROUGH THE PRESS¹⁷

- **Misinformation:** that the WHO has prepared Guidelines for adoption at COP4 in Uruguay.
Fact: FCTC Guidelines are not prepared by the WHO. Guidelines are prepared by Key facilitators and Partners, who are Parties to the FCTC.
- **Misinformation:** that the WHO rejected application by the ITGA for observer status to the COP
Fact: The COP is responsible for approving or rejecting application for observer status to the COP. The ITGA is ineligible for observer status as it is in violation of the objectives of the FCTC and specifically Article 5.3.
- **Misinformation:** "The proposal risks decimating growers livelihood, condemning millions to a life of poverty and crippling the economies of many developing countries."
Fact: The economies of countries dependent on tobacco for foreign exchange such as Malawi and Zimbabwe (who are not Parties to the FCTC)

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have remained poor and suffering economic woes. Tobacco farming does not alleviate poverty.

- **Misinformation:** CEO, ITGA: “There can’t be many other examples in the world where few bureaucrats can seal the fate of millions of farmers and workers, without having to listen to any of them or offer them any alternative livelihood.”

Fact: The authors of Articles 17 & 18 are countries that grow tobacco such as Brazil, India, Mexico, China, Ghana and several others.

On 27 September 2010 the ITGA issue a press release titled, ‘Asian Farmers rally to oppose “devastating” World Health Organisation proposal, claiming thousands of farmers will gather to say no to a proposal that threatens to send millions of them straight to the unemployment lines for no apparent purpose.¹⁸ This is nothing short of fear mongering. The farmers protesting are the same countries that attended the June Forum in Jakarta. No country that has put in place stringent tobacco measures such as Thailand and Brazil have resulted in unemployment among farmers. In fact it is the tobacco industry practices that cause problems for farmers, such as paying low prices for their leaves and company consolidation and mergers that put them out of a job.

Keeping the industry in check

How to keep the tobacco industry in check and stop it from delaying and diluting the implementation of the FCTC

- Governments should implement FCTC Article 5.3 urgently and conduct tobacco control in a transparent manner;
- Do not accept industry-linked NGOs as stakeholders in tobacco control;
- Reject application of industry related NGOs for observer status to the COP;
- Do not approve mega industry events that seek to expand tobacco markets in Asia. Government departments and officials should not endorse/participate in tobacco industry expos;
- Governments should apply FCTC Article 19 and take the industry companies to court and recoup cost of treating tobacco related diseases;
- Monitor industry activities closely such as those described above and expose them.

¹ PATH Canada Guide: ITGA Uncovered: Unravelling the spin-the truth behind the claims. <http://www.tobaccolife.org>

² INFOTAB, “Meeting with Representatives of International Leaf Dealers” 4 May 1984, Bates Number: 690155210/5234, <http://legacy.library.ucsf.edu/tid/rsf33f00>

³ Watson T. Geneva Meeting. 16 Jun 1999. British American Tobacco. Bates No. 321357028/7029. <http://legacy.library.ucsf.edu/tid/pzy23a99>

⁴ Abrunhosa A. The Framework Convention on Tobacco Control after the working group meeting of March 27-29. Bates No. 321356392/6395. <http://legacy.library.ucsf.edu/tid/ivy23a99>

⁵ Hallmark PR. Grower Public Relations Programme. Draft Budget for 2001. 2001 British American Tobacco. Bates No. 321356314/6315. <http://legacy.library.ucsf.edu/tid/yxy23a99>

⁶ Hallmark PR. Here follows the Grower Public Relations Plan and Budget Proposal for 2000 approved at the meetings in New York City on October 22, 1999. WHO Programme. Major Project. 1999. British American Tobacco. Bates No. 321356481/6484 <http://legacy.library.ucsf.edu/tid/myy23a99>

⁷ ITGA website <http://www.tobaccolife.org/conteudos/default.asp?ID=7&IDP=2&P=2>

⁸ Asian Tobacco Growers Call on Governments to Oppose Proposal by World Health Organization to Ban Tobacco Ingredients, MENewswire, 23 Jun 2010, <http://pressrelease.smartoman.com/?p=1200>

⁹ COP3 Participants List, [A/FCTC/COP2/DIV/4 Rev.1](http://apps.who.int/gb/fctc/PDF/cop2/ListofParticipantsrev.pdf), pg. 9, <http://apps.who.int/gb/fctc/PDF/cop2/ListofParticipantsrev.pdf>

¹⁰ ITGA: Asian farmers rally to oppose “devastating” World Health Organization proposal. <http://www.financialpost.com/markets/news/ITGA+Asian+Farmers+Rally+Oppose+Devastating+World+Health+Organization/3583045/story.html>

¹¹ <http://www.us-asean.org/Aboutus/board.asp>

¹² <http://markets.ft.com/tearsheets/businessProfile.asp?s=HMSP:JKT>

¹³ http://www.tradingmarkets.com/news/press-release/mo_pm_philip-morris-international-inc-pmi-announces-new-business-transaction-in-the-philippines-802943.html

¹⁴ Washington, DC, April 14, 2010 <http://www.us-asean.org/Multimedia/NaiibDinner2010.asp>

¹⁵ ITGA: Asian farmers rally to oppose “devastating” World Health Organization proposal. <http://www.financialpost.com/markets/news/ITGA+Asian+Farmers+Rally+Oppose+Devastating+World+Health+Organization/3583045/story.html>

¹⁶ Application for the status of observer to the Conference of the Parties to the WHO Framework Convention on Tobacco Control, FCTC/COP/4/2, 15 Sep 2010, <http://apps.who.int/gb/fctc/PDF/cop4/FCTC COP4 2-en.pdf>

¹⁷ ITGA in scathing attack on WHO, Tobacco Reporter, 22 Sep 2010, url: <http://www.tobaccoreporter.com/>

¹⁸ ITGA: Asian farmers rally to oppose “devastating” World Health Organization proposal. <http://www.financialpost.com/markets/news/ITGA+Asian+Farmers+Rally+Oppose+Devastating+World+Health+Organization/3583045/story.html>