



INB-4 Thursday

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<p>TODAY'S DELEGATE BRIEFING</p>
<p>Trade, Taxes and Economics</p> <p>21 March 2002 12:30 - 14:00</p> <p><i>Salle 3</i></p>

**DEATH  
CLOCK**

Since the opening of the first working group for the Framework Convention on Tobacco Control on 25 October 1999,

**9,672,048**

people have died from tobacco-related diseases.

(At 9 am 21 March 2002)

# ALLIANCE BULLETIN

*Framework Convention on Tobacco Control*

*Geneva, Switzerland*

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**21 March 2002**

## Time to start thinking about treaty machinery

As working groups step gingerly around substantive tobacco control issues and politely argue over the shape of brackets, questions of FCTC infrastructure continue to be largely ignored.

Yes, the draft contains language addressing the Conference of the Parties, reporting, and dispute resolution, and Working Group 3 has dutifully begun ploughing through the Chair's text.

But it seems clear that no one has thought about how it will all fit together, or whether a working mechanism will result. A cynic might be tempted to comment that the only silver lining to the back-tracking of some countries on issues like smuggling and duty-free is that the Convention was doomed to inefficacy anyway by virtue of inadequate treaty mechanisms.

The INB should resist this urge and confront what many erroneously believe to be the less exciting provisions of the Convention. The FCA, of course, has some suggestions.

The delegates should recognise that the Conference of the Parties will have difficulty living up to some of the expectations placed upon it in the current draft. This is particularly true

of things like progress reports, doling out assistance, and promoting co-operation among members. The Conference will simply be too unwieldy and meet too infrequently to perform these tasks beyond the most rudimentary level.

There is a solution. The Conference can rely on a permanent subsidiary body to handle many of its tasks. This body would be composed of recognised experts, nominated by States Parties and dedicated to effective tobacco control. It could take on many of the regular tasks of the Convention, including reporting, dispute settlement, monitoring, and information gathering. The Human Rights Committee (under the International Covenant on Civil and Political Rights) offers a ready model for such a body.

We propose an FCTC committee. There is already text in the Chair's draft allowing for its creation under paragraph P.3. The only question is whether P.3 should be altered to explicitly create the committee, or if it should be left for the first agenda item for the Conference of the Parties. Whichever option is chosen, some re-shuffling of duties assigned to the

*(Continued on page 2)*



**Let's just hope trips to Geneva are not addictive too — or we may be here till 2012...**

*(Time to start...Continued from page 1)*

Conference and the Secretariat in paragraphs M and P would be in order.

One of the most onerous duties that could be shifted to the new subsidiary body is reporting and implementation under paragraph P. While they are thus engaged, the INB should also consider strengthening the effectiveness of the reporting system.

A reporting tactic that has worked well, in addition to being politically popular among member states, in several human rights treaties is the concept of "constructive dialogue." A constructive dialogue focuses on the resolution of issues rather than

on confrontation with member states. A report initiates a frank exchange between the member and the committee aimed at solving difficulties and not on laying blame. Because it is constructive rather than confrontational, constructive dialogue would greatly facilitate compliance with the Convention, and initiate technical and financial assistance to countries which lack the resources or the expertise to address short-falls.

Finally, the subsidiary body could absorb the task of dispute resolution under paragraph R. When it considers assigning these duties, the INB should also examine the full range of resolution options available. The cur-

rent text places too much focus on "soft" measures to settle disputes, and allows for arbitration only if both parties agree at signing. This voluntary submission need not be limited to arbitration. Parties should have a wider range of options available, including to outside forums.

Working Group 3 is too often seen as the dumping ground for issues in the "other" category. It's time to see these issues as important, in fact vital, to the working of the Convention as a whole, and to address them accordingly.

—Ripley Forbes,  
former Senior Advisor  
to the US Surgeon General

## Show us the money!

Thomas Jefferson, writing about the creation of the United States Constitution, described the issue of slavery as a snake lying coiled under the table, dangerous but undisturbed. By ignoring it, the American Founding Fathers were responsible for the chaos that struck the United States 70 years later.

The INB's snake is funding. Polite diplomats avoid talking about it, and have scarcely considered it. Funding defies easy answers. While there are several options, all are flawed, and delegates may be forced to choose the lesser of evils, if any choice is made at all. International law is littered with treaties which have failed to fund themselves, often with regrettable results.

The FCTC faces many unique challenges, not the least of which is that the people most affected by tobacco reside in a different set of countries than those who have the most ability, and responsibility, for paying for the solution.

It is likely that most signatories will approach the Convention with open hands rather than open wallets. This is the main drawback to the most obvious funding mechanism - a direct assessment on States Parties.

There is a strong possibility that deep-pocket countries like the United States, Japan, and the EU will turn their back on any Convention with enough teeth to be effec-

tive, creating an even greater burden, and disincentive, on other developed countries. Unfortunately, there is no mechanism to directly tax multinational tobacco companies at the international level. The Convention must depend on States Parties.

Predictably, rich countries like the US instead favour a voluntary funding mechanism. While this makes the FCTC more attractive to developed states, the goals of the Convention are obviously jeopardised in the face of unpredictable funding. Gains made in years of plenty may unravel when dollars dry up.

Another alternative is simply to delegate responsibility to the WHO for supplying sufficient funding to carry out FCTC provisions. Many other treaties under the UN umbrella depend upon their progenitors for funding. However, the WHO budget is not limitless, and the organization is faced with many other vital health concerns.

While none of these options is ideal, neither are they mutually exclusive. A combination of funding mechanisms would not be unique. In fact, the WHO itself is funded through a combination of assessment and voluntary contributions.

If agreement on the means of funding is elusive, can consensus be found on the principles to guide the decision? They can, and most

have already appeared somewhere in proposed text.

First, the FCTC process recognises the global nature of the tobacco problem as well as the solution. Any funding mechanism needs to be similarly global in scope.

Second, tobacco companies should bear the brunt of costs associated with the damage wrought by tobacco use.

Third, many developing countries lack the resources to adequately enact Convention provisions. A general north-to-south flow of funds is therefore vital, and taxes and tariffs should focus on the manufacturing stage of tobacco production, rather than raw leaf.

Fourth, delegates need to avoid the phenomenon of "robbing Peter to pay Paul." In other words, funds for the Convention should not be taken from other important national programmes, including those for health, development, or environmental protection.

Finally, some countries will not ratify the FCTC, allowing tobacco companies to find "safe harbours" to avoid regulation or taxation. Delegates should be aware of this danger and design a financial mechanism which closes such loopholes.

—Chris Bostic,  
American University,  
Washington College of Law

# Are high tobacco taxes regressive?

In most countries, the poor smoke more than the rich, and are hit the hardest when tobacco taxes increase. But do the poor benefit from tobacco taxes being kept low?

International research indicates that the young and the poor are the most likely to avoid starting smoking or to quit when tobacco taxes increase. Keeping the taxes low encourages the poor to smoke — and, ironically, to spend more money on tobacco.

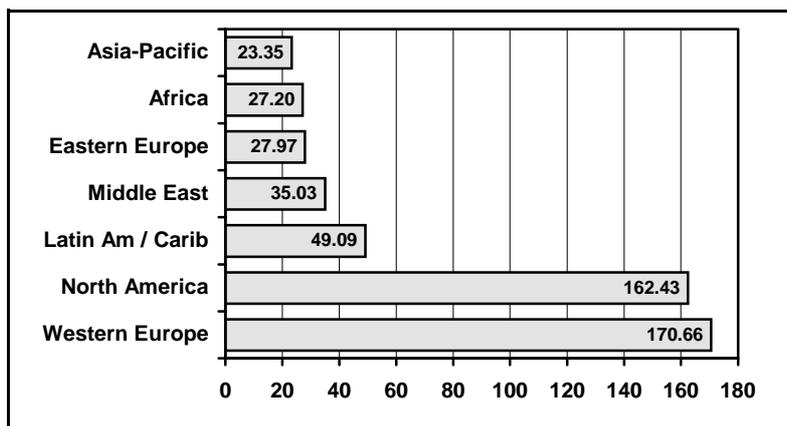
National statistics from Bangladesh show that as tobacco prices remained steady over the last several years, per capita

cigarette sales also increased, while per capita consumption of basic foods did not. Experience from India indicates that many poor people begin tobacco use to fight hunger — then become addicted and find their food budgets further decreasing, as their money all goes to feed their tobacco addiction.

Does it make sense to keep tobacco taxes low in order to help current tobacco users, when a secondary effect is that more youth and poor people will start smoking? If the government feels it is important to subsidise a product, why not choose a food product that is mainly consumed by the poor?

Raising tobacco taxes, using a portion of the taxes to help people quit smoking, would best serve the public health of the population, and particularly youth and the poor. And it can fund other programmes to improve the livelihood of the poor.

The real beneficiaries of low taxes are the tobacco companies. Keeping tobacco taxes low is itself in a sense regressive, as it encourages the poor to spend their money on tobacco rather than on basic needs.



**World Cigarette Prices by Region 1999 (US\$ per 1,000)**

Cigarettes are extremely cheap to produce. Varying profit margins and tax levels account for most of the large price gap between regions.

## Having it both ways: Thailand raises taxes for revenue and health

What began as a concession to the pressure of health groups has become an indispensable source of funds for the Thai Government, during these difficult economic times: steady and significant increases in tobacco taxes.

Not all the money goes directly into Government coffers. The Government established a Health Promotion Fund in 2001, funded from 2% of annual state revenue from tobacco and alcohol sales (approximately US\$30 million).

The Fund works to improve the health of Thais, for example through education about the dangers of alcohol and tobacco use, and issues such as traffic safety.

The concept of using tax revenue to improve public health is popular. A recent Bangkok survey indicated that 66% of those questioned agreed with the use of alcohol and tobacco taxes to promote better health. Part of the health benefit of raising tobacco taxes is direct: as prices increase, fewer people smoke.

Smoking prevalence rates have fallen from 48.9% to 38.9% among men, and from 3.8% to 2.6% in women. The decline is due to Thai-

land's excellent mix of tobacco policies: a ban on all forms of advertising since 1992, frequent tax increases, bans on smoking in most public places, and professionally-done public education programmes.

The Government is eager to continue raising taxes, as their revenues increase along with the tax rise. From 1991 to 2001, when taxes jumped from 55% to 75% of the packet price, sales of cigarettes dropped from 1.95 to 1.7 billion

packs per year, while government revenue almost doubled in the same period, from 15.9 to 29.6 billion Baht.

The Thai experience proves that one can indeed have it all: a tax that increases Government revenue, improves public health, and, unlike virtually any other tax, is popular among the general public!

—*Oi Suksan, ASH Thailand*

## Huge tobacco tax increase in Canada

Tobacco taxes increased two days ago by an astonishing C\$18 per carton of 200 cigarettes in the Canadian province of Alberta.

The tax hike, equivalent to US\$1.14 per pack of 20, is the largest single increase in Canadian history, and may even constitute a world record.

ASH (Canada) calculates the new measure will cause adult cigarette consumption to drop by 10%, with youth consumption dropping by between 20% and 40%. Quitting by adults alone is expected to save 20,000 lives.

Alberta is Canada's main producer of oil and gas, and the province's long-time Conservative government has consistently pursued a policy of low income taxes and no general consumption taxes. But faced with spiralling health-care costs and a sudden drop in oil revenue, the province decided to shift its efforts towards disease prevention and raise much-needed revenue, via a high tobacco tax policy.

## Publicité du tabac en France

# Les cigarettiers profitent des moindres échappatoires dans la loi

En France, la publicité du tabac sous toutes ses formes est interdite depuis 1993.

L'interdiction couvre les diverses formes de marketing : l'achat d'espace dans les médias, l'affichage, le parrainage d'événements culturels ou sportifs, les offres promotionnelles, la publicité indirecte (licence de logo pour divers produits ou services), etc.

Après avoir augmenté de plus de 63% de 1988 à 1992, la loi Evin a permis une diminution très impressionnante de plus de 95% des dépenses en publicité pour le tabac en 1993, sans augmentation par la suite.

Les ONG étant autorisées à poursuivre les compagnies en infraction avec la loi, les campagnes de publicité indirecte ont été condamnées.

Cependant, l'industrie poursuit ses efforts en direction des jeunes en visant les milieux festifs : depuis quelques années l'organisation de soirées étudiantes durant lesquelles des cigarettes sont distribuées gratuitement. BAT organise une opération dans les cafés branchés des soirées *underground* qui ne citent jamais directement les marques de

cigarettes mais où l'on distribue des T-shirts, briquets, gadgets dans les couleurs des marques. En général, l'animation est faite par de jeunes étudiantes, habillées très légèrement et très bien rémunérées par rapport aux petits boulots habituels.

Un document interne de BAT décrit le plan marketing de la compagnie pour la France en 1995 qui comprend le projet HORECA (hôtels, restaurants, cafés). L'idée perverse de BAT derrière ce projet était de se



Nuits bleues : soirée *underground* pour promouvoir les cigarettes Gauloises

servir d'un site internet qui ne fait aucune mention des cigarettes pour orienter une population de jeunes vers les lieux de sorties « branchées » où on ferait ensuite de la promotion sur place.

Dans les cafés, les cendriers, parasols, sous-verre etc. aux couleurs d'une marque de cigarette fleurissent. Par exemple, on affiche un peu partout une image de kangourou avec la mention « Win & Feel », pour rappeler les cigarettes Winfield. Il n'existe aucun système d'inspection pour faire respecter la loi ; la seule possibilité de sévir consiste à poursuivre en justice et à obtenir un jugement contre l'industrie.

Vu l'expérience française, il est essentiel que l'interdiction de la publicité du tabac soit formulée de la manière la plus explicite et complète et que des mécanismes soient mis en place pour en assurer l'application. L'industrie du tabac ne recule jamais devant rien pour trouver et exploiter la moindre faille dans les dispositions réglementaires.

—Sylviane Ratte  
Ligue Nationale Contre le  
Cancer (France)

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Procès contre les firmes du tabac au Niger.

## L'Afrique se lance dans la bagarre !

Le 20 février restera gravé dans l'histoire de la lutte contre les firmes du tabac en Afrique.

L'association SOS Tabagisme – NIGER vient d'assigner cinq firmes du tabac (dont Philip Morris, BAT, SEITA) représentées au Niger devant la justice pour contravention à la loi interdisant la publicité des tabacs et cigarettes au Niger.

En effet l'arrêté de 1992, réglementant la publicité des tabacs et cigarettes au Niger, stipule à son premier alinéa que la publicité des tabacs et cigarettes est interdite sur tous les supports de communication de masse (radio, télévision, journaux) de même que sur les panneaux et affiches publics.

En dépit de cette interdiction formelle, les firmes internationales du tabac continuent de contrevenir allégrement à ces dispositions, en opérant de la publicité par le biais des caisses, de kiosques, de para-

sols, d'affiches et d'enseignes lumineuses sans que cela ne provoque des réactions.

La première audience de ce procès a eu lieu le 20 février 2002 devant le tribunal de Niamey. Ce jour le tribunal a connu une animation inhabituelle, avec la présence de plusieurs organisations de la société civile et des journalistes de presse indépendante, ce qui du reste a beaucoup inquiété les lobbies utilisés par les firmes du tabac pour saboter le procès.

Nous souhaitons que les collègues africains vont s'engager partout en Afrique dans des procès contre l'industrie du tabac, qui a pris pour cible les populations africaines.

—M.Inoussa Saouna  
Niamey-Niger

# Smuggling – effective measures for the FCTC

*Smuggling drains billions of dollars from governments, undermines health policy, increases tobacco consumption and promotes racketeering and money-laundering. What would be effective for the FCTC to achieve? What would be ineffective?*

## **Effective**

**Secure the distribution system** — most black market tobacco moves with duty suspended and is diverted from the legal distribution chain to the illegal one. Some means of tracing tobacco products to investigate where they were diverted to the black market is essential to secure the system.

**Licensing** — this is essential, but only for large traders of duty-suspended tobacco products like



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Italian police and European investigators dismantle a vehicle at the Italian-Swiss border, a major smuggling route for cigarettes.

manufacturers, importers and exporters, wholesalers, and warehouses (NGOs do NOT support mandatory licensing of retailers or growers in the FCTC, for the same practical reasons expressed by many delegates and the World Bank). Licence conditions for wholesale traders could include detailed record-keeping and agreement to make records available to Customs authorities to facilitate tracing and investigation.

**Monitoring** — parties should closely supervise the trade within their jurisdiction to minimise diversion to the black market.

**Ban duty free** — duty-free trade is a totally unjustified tax subsidy to travellers, diplomats and military personnel. It is also an important 'back-door' supplier to the black market. The abolition of duty free amongst the 15 EU member states

has been achieved recently and countries like the US have many different tax jurisdictions but no duty-free outlets at inter-state borders. Nothing in the Kyoto Convention prevents a ban on duty-free tobacco sales.

**Labelling with final destination market** — the end market should be identified in some way. Importing parties would ensure that imported and domestically produced tobacco products are properly labelled and in the appropriate local language.

**Co-operation** — the World Customs Organisation (an international non-governmental organisation) has proposed a protocol on this particular aspect, which could be incorporated as a 'chapter' within an FCTC protocol. But the limited scope of the WCO protocol means it should be a supplement to the FCTC, not a replacement.

**Tax markings** — These must be secure to prevent removal and forgery. For example, Canada has had duty-paid markings for some years, but this did not prevent a vast increase in smuggling in Canada in the early 1990s.

**Liability** — as a long-term guarantee of security, tobacco companies should generally be held responsible for the ultimate legal sale of their products and liable for the lost duty if they are diverted to the black market. This could be developed under the heading of liability and compensation.

## **Ineffective**

**Identifying the place of manufacturing** — many delegates spoke in favour of this, but it does little to identify the point where the product was diverted to the black market. This measure is only moderately useful.

**Batch numbering** — a production batch can include millions of cigarettes, and these may be sent to dozens of wholesalers and hence impossible to trace. The batch number therefore provides little useful information to investigators. The product should have a unique identifier.

*NOTE:*

*Anti-smuggling measures are one of the topics of today's lunch-time delegate briefing in Salle 3.*

## With strong national laws, does Lithuania still need the FCTC?

During the last decade much was done in Lithuania to create the legal basis for effective tobacco control. Parliament adopted a comprehensive law on tobacco control, the state tobacco and alcohol control service was established, and the national tobacco control programme was approved and launched.

Sales to minors under the age of 18 are banned, cigarettes are not sold by vending machines, manufacture and trade of snuff and chewing tobacco are prohibited, smoking in health care institutions, schools, sports centres, workplaces, public transport and other public places was also prohibited, and finally, a total ban on tobacco advertising was implemented.

It seems that things are going extremely well and that Lithuania is ahead of many countries. Why then would Lithuania need the FCTC?

Unfortunately, the actual situation is far from good. A recent study found that smoking

prevalence has been steadily increasing since 1994; smoking prevalence in young women aged 20-24 has increased fivefold. Currently, over 52% of men and 15% of women are regular smokers.

The National Tobacco Control Programme itself, and smoking prevention programmes in schools, are not functioning due to lack of funds. Despite the ban on sales to youth, children easily obtain cigarettes. Assistance in smoking cessation is not available to the vast majority of smokers. Even the ban on tobacco advertising is threatened by efforts by the tobacco industry to amend the law.

The problem is not only of financing, but of Government's lack of priority for public health. Failure to implement the ban on tobacco advertising and other aspects of the program suggest that politicians are being influenced by the tobacco industry.

Meanwhile, Philip Morris participates in the governmental commission on the FCTC in

Lithuania, where they put forward their ideas about a "reasonable" FCTC. What could PM mean by reasonable actions to control their profit source? Why does government invite PM to the sittings? Could there be any connection between the government's relaxed approach to tobacco control and its friendly relations with the tobacco industry?

We realize that the tobacco epidemic cannot be stopped by efforts of a few anti-tobacco activists or even a few countries. Strong international measures should be taken against the transnational tobacco industry, and Lithuania together with the world needs a strong FCTC that will encourage and enable governments to implement strong and effective tobacco control policies.

—Tomas Stanikas, Lithuanian Association of Non-Smokers

—Aurelijus Veryga, Kaunas Drug Abuse Centre for Youth

## When the pack is the ad... legislator, beware!



Last month, Philip Morris promoted a series of collectable, limited edition Marlboro cigarette packs in Hong Kong. Placed on sale in convenience stores, the colourful packs of ten cigarettes were sold out within a week. These cigarette packs clearly are meant to attract new smokers, most of whom are youth. PM refused media requests to comment on the matter.

In Hong Kong, there is existing legislation requiring rotating health warnings on the upper part of the

front and back of the pack, one in English and one in Chinese, printed in black against a white background. The law further specifies that the health warnings should occupy at least 20% of the surface area, and the font and character size of the warnings are all specified.

The law does not, however, specify how the remaining surface of the cigarette pack is to be used. A number of tobacco companies have thus been making colourful pictures on the pack to attract customers.

At present, few countries have been found to have these limited edition and collectable cigarette packs on sale in their markets. However, one can easily predict that the tobacco companies will increasingly use the cigarette packaging to promote their products.

The Hong Kong SAR Government has already proposed amendments to the existing legislation to require health warnings to occupy 50% of the surface area of the cigarette packs, and the use of pictures and pictograms to convey health messages.

—Marcus Yu  
HK Council on Smoking and Health





**No end to bad taste:** as if sickening and killing their loyal consumers weren't enough, German cigarette manufacturer, Reemtsma, pays tribute to the Easter Bunny. "If you have it, flaunt it." (Imperial Tobacco UK recently announced it was "very excited" to be acquiring Reemtsma.)

### How not to do it, or the German solution: toothless prevention campaigns

Yesterday five tobacco companies and the German manufacturers' association, the *Verband der Zigarettenindustrie*, signed a contract with the German Health Minister, under which the tobacco industry will make available €11.8 million over the next five years for a smoking prevention campaign.

With annual sales in the tens of billions of Euros, and a yearly budget for advertising and sponsorship is half a billion euros, the industry is now magnanimously putting forward €2.5 million each year for tobacco prevention efforts.

Cause for celebration? Surprising generosity on the part of the industry? Or just one more chance for the death peddlers to purchase a good name?

According to the contract, the industry will have no right to influence the content of the campaign. There are a few minor limitations however. The money may only be used for prevention campaigns that target children and youth to educate them about the dangers of smoking. Meanwhile, the campaign cannot "discriminate against the tobacco industry, their products, or the merchandise of cigarettes, or denigrate the adult smoker."

What's left? Perhaps messages along the lines of "Please try not to smoke too much, especially if you are under 18."

## Women Fight Back: A Few Highlights

The *African Centre for Empowerment and Gender Advocacy* (ACEGA) has taken a lead role in spearheading the formation of the Kenyan Alliance Against Tobacco, which includes the Kenya Medical Association, Consumer Watch, and one Tobacco Growers Cooperative Society. ACEGA has also helped to reach parliamentarians and youth groups.

Among its campaigns is to prevent British American Tobacco from sponsorship of the prestigious Presidential Award Scheme for the top 500 schools in Kenya.

As ACEGA regional director, Litha Musyimi-Ogana, put it, "The main objective is to reverse the privileged treatment that BAT is enjoying and weed them out of our children's programmes."

The *Zimbabwe United Nations Association* (ZUNA) recently studied women and children working on tobacco farms. The survey found that farm workers still use hazardous chemicals without proper protective clothing.

Researchers also found that infants are exposed to tobacco dust and other hazards as they are breastfed in the vicinity of tobacco barns by women who are tobacco graders.

Women and children workers on tobacco farms suffer from respiratory problems and stress related to long hours and low pay. ZUNA hopes to bring the issues of women and children workers on tobacco farms to the forthcoming Earth Summit II meeting.

Women leaders from the *Association of Women Against Tobacco* in Bulgaria helped plan and gain approval last month by the government for a National Program for Tobacco Control.

Bulgarian women against tobacco groups used the opportunity, together with the government delegate to the FCTC negotiations, to disseminate information to the national medical agency "Balkan" which reaches all local and national media.

—Litha Mysyimi-Ogana, ACEGA  
*musyimilaw@insightkenya.com*

—Rudo Mungwashu, ZUNA  
*mhosira@yahoo.com*

—Liliana Litsoneva, Association of Women Against Tobacco Bulgaria  
*lilitsonewa@exco.net*

# WTO not right for tobacco

*Interview with Ira Shapiro, former General Counsel to the US Trade Representative (USTR) and former Trade Ambassador*

**FCA Bulletin (FB):** Mr. Shapiro, you were involved in completing the Uruguay Round, which wrote the WTO trade rules. Do you think those rules can handle the situation posed by tobacco products?

**Shapiro:** I'm a strong supporter of the WTO rules and the WTO system. But the rules and the system are premised on the view that expanded trade is a good thing. Expanded trade in cigarettes leads to increased disease and death, so plainly the normal rules should not apply.

**FB:** Don't the WTO rules make provision for health considerations?

**Shapiro:** Yes, and WTO panels are capable of carefully balancing trade and health where

normal products are concerned. But in the case of cigarettes, this balancing would be a formula for uncertainty, endless litigation, and would damage the effectiveness of the very treaty which the member states are laboring so hard to create. The delegates should make it absolutely clear that public health considerations are paramount.

**FB:** Some have said that exempting tobacco products from the WTO system is a slippery slope which could cause chaos in these trade agreements.

**Shapiro:** Lethal products like weapons and certain drugs are already exempted from the system. What will damage the system is treating cigarettes as if they were an ordinary product. Since tobacco is uniquely dangerous, there is no slippery slope. What other product would bring 190 nations together seeking the first global health treaty?

## Canadians object to "wimp" label

To the Editor

The Canadian delegation is neither wimpy nor soft on smuggling. We are practical. Canada not only strongly supports the adoption of measures that will allow governments to easily identify contraband tobacco products, Canada has both introduced text and made extensive interventions to strengthen the section on smuggling overall.

Canada finds the prospect of electronic, traceable markings on tobacco products attractive. It is unclear to us, however, how such a marking system would work in practice. If some Parties are unable or unwilling to implement and support the necessary infrastructure, such a system will not work. One "safe haven" will make the system inoperative. It has been Canada's experience that those engaged in contraband activities will readily take advantage of any potential shortcomings in distribution control mechanisms.

In recognition of these real limitations, Canada's position is to recommend a credible and effective alternative. That alternative focuses on the adoption of comprehensive and visible domestic marking systems by all signatories to the convention. This will allow both consumers and enforcement agents to readily identify contraband tobacco products.

Such a system has proven its practical effectiveness in the Canadian context for well over a decade. It also does not rely on participation by all countries for it to work. In our view, a comprehensive marking system for tobacco products provides a proven, simple and effective basis for deterring contraband activities for Parties.

Yours truly,  
The Canadian Delegation

## Dirty Ashtray Award

**Pakistan**, for continually inserting language that would make the FCTC meaningless

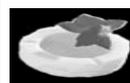


## (Dis) Honourable Mention

The **UK**, for making fatuous and inaccurate arguments about smuggling and duty-free while having the biggest black market



## Orchid Award



**Palau**, for reminding delegates that over 9.5 million have died since the FCTC negotiations began