



# ALLIANCE BULLETIN

Framework Convention on Tobacco Control • Geneva, Switzerland • 23 November 2001 • Issue Thirteen

Today's Weather: Sleet  
High 4 C Low 1 C

Exchange Rate: 20 Swiss FR =  
Malawi Kwachas 775 Canadian Dollar 19.26  
Malaysian Ringgits 45.75 EL Salvador Colones 105

## INB-3 FRIDAY

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### TODAY'S DELEGATE BRIEFINGS

SMUGGLING COUNTERMEASURES  
23 November 2001  
13.00-14.00

Salle 3

## DEATH CLOCK

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

**8,372,610**

people have died from tobacco-related diseases.  
(At 9 am 23 November 2001)

## INB3 Chair Calls for Faster Progress

**A**s INB3 opened on Thursday, Chairman Amorim called for faster progress and the narrowing of textual options by the close of the negotiating session on November 29.

"I want to stress emphatically that there is a feeling that progress has to be made at a quicker pace than we have made so far," Chairman Amorim during the opening session.

"We need in this INB3 to move forward... to some kind of text that will narrow the options and on the basis of which we can make real progress," he said, adding that there is a need for a "clearer text that is nearer a consensus and in which the real differences can be seen."

Spurred by Australia, the opening session centred on the relationship between the Framework Convention on Tobacco Control and related protocols and the need to develop agreed-upon definitions of key terms.

"Our challenge is to achieve a comprehensive convention on tobacco control. A key to achieving this goal is to strike the best balance between protocols and the convention," said Australia.

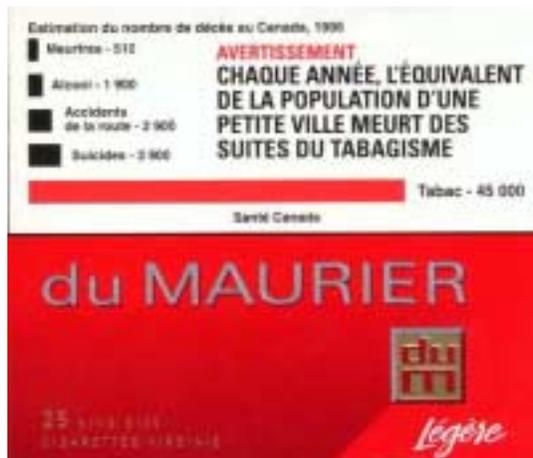
The United States responded that "we agree that it is not productive to have artificial distinctions between the convention and the protocols. They can be negotiated simultaneously." The United States proposed negotiating protocols on smuggling and advertising, stating that "we see selected protocols negotiated simultaneously with the FCTC as the best way to make progress toward a final agree-

ment by the end of 2003."

However, several nations, including Canada, Costa Rica, Indonesia, India, Senegal and Japan expressed concerns the convention should be negotiated before the protocols. "The protocols should complement the text of the convention... We believe that the priority for the time being should be given to the convention," said Senegal. India expressed concern that simultaneous negotiations on the convention and protocols "may delay the process of negotiating and adopting the FCTC."

Chairman Amorim cautioned delegates not to get caught up in what he called a "chicken and egg problem."

"It's like raising ghosts before you go into a house. So let's go into the house and continue the work of the working groups," the Chairman said.



**No time to wait: even in a relatively small country like Canada, tobacco kills 45,000 people per year.**

**TODAY'S  
NOON HOUR  
DELEGATES  
BRIEFING**

*23 November 2001*

**SMUGGLING:  
COUNTER-  
MEASURES**

Members of the Framework Convention Alliance invite all delegates to a luncheon briefing today, Nov. 23rd, from 13.00-14.00 on the topic of **smuggling**. You will hear from an international panel of tobacco control experts who will discuss and answer your questions about how to best combat cigarette smuggling.

You will hear from:

- John Thorpe (Keynote Speaker). The former CEO of SICPA Co. will talk about marking and tracing systems that offer practical solutions for smuggling prevention
- Francis Thompson (Non-Smokers' Rights Association, Canada) will talk about the importance of a global phase-out of tax-free trade in cigarettes.
- Clive Bates from ASH UK will provide an overview of the cigarette transit trade and its relationship to smuggling, and provide his analysis of the US smuggling protocol proposal.

The meeting is slated for Salle 3. A light lunch will be provided before the meeting, in the lobby.

*Comment – Clive Bates (ASH UK)*  
**U.S. delivers distraction**

"Wow!" we thought. It sounds like the United States has come with a new positive attitude. At INB2 the strategy was simple: defer and delay. Defer as much as possible to the protocols; delay the protocols for as long as possible. But in the opening exchanges at INB3, the new US team proposed negotiation of a smuggling protocol concurrently with the convention. And what's more, they provided a text. Could this be a turning point? Would the United States finally win the coveted Golden Orchid award?

Alas, no. The text of the suggested 'protocol' includes only the most general language – the sort of wording that might easily be included in the convention itself without much controversy. It specifies: national programs, co-operation, exchange of information, reporting, R&D and poorly specified 'business as usual' ideas for a closed distribution system.

Incredibly, the proposal could actually represent a step back on the approach adopted by the United States at INB2. If the protocol were written in the generalized way the US suggests, there would be nothing useful on smuggling in the Convention and also nowhere for substantive

anti-smuggling measures to be included – because the protocol would be a filled with generalities. In effect, the US proposal would comprehensively pre-empt a credible response to smuggling. To delay and defer, we can add a third 'D' – distract.

Despite the appearance of an initiative and a break with the past, on the festive occasion of Thanksgiving, the US delivered another turkey to the INB.



*With love from Uncle Sam*

**Counter-smuggling expert visits INB today**

At 13.00 today, an expert in the techniques of tracking and tracing contraband goods will present to delegates at the regular FCA briefing (with free lunch). John Thorpe, the former chief executive of specialist security company SICPA, will describe the technologies and systems used to track and trace widely traded products such as luxury goods and pharmaceuticals. Mr. Thorpe will show how such techniques could simply and affordably be applied to tobacco.

A vital component in the effort to tackle smuggling is to secure the international distribution system so that it becomes possible to identify where tobacco has moved from the legal transit trade to the black market. This means products must carry unique markings and be scanned at each point – manufacturer, warehouse, importer and exporter – in the legal distribution chain.

Negotiators must ensure the convention includes an

obligation to include overt or covert marking that allow tracking and tracing through the distribution system. Negotiators should avoid specifying the marking regime needed to achieve this – for example by requiring 'batch numbers' to be printed on the pack (this would not work). To find out what is involved and what would work, come and hear Mr. Thorpe present at lunch-time today.

## FAIT A NOTER:

Au Proche-Orient, la consommation totale de cigarettes a progressé de 29,3 % entre 1990 et 1999, soit la plus forte augmentation de toutes les régions du monde. (*World Tobacco File*)

# Tobacco's Assault on Nigeria

*Large tobacco transnationals typically set up local subsidiaries in Third World countries and turn over a significant stake to domestic interests. This provides them with an acceptable 'national' face, and influence with decision-makers.*

*However, as the recent case of Nigeria shows, when this strategy is no longer in the transnational's interests, there is no hesitation to blow local subsidiaries away – including through conscious use of large-scale cigarette smuggling*

**by Afam Onumonu**

*(excerpted from an article originally published in the Daily Independent, Nov. 4<sup>th</sup>, 2001)*

The year 1995 must have been a very eventful one for the late Dr. Pius Okigbo, erstwhile chairman of the Board of Directors of Nigeria Tobacco Company (NTC). That year, NTC, attempted with little success to fend off an assault on its market, from a motley of imported and smuggled cigarette brands including Benson and Hedges, Rothmans and Dunhill.

Two things baffled Okigbo. First, was that the brands competing with NTC products included manufacturers of the British American Tobacco Company, the foreign-based firm which set the NTC up originally in 1951.

Second was that a structure was on the ground in Nigeria, providing advertising support for the successful marketing of these same imported and smuggled products via a media blitz co-ordinated and executed by Tequila, a new advertising agency in the local environment headed by an expatriate.

NTC products did not stand a chance, especially as the urban based, relatively young and educated

ones who constitute the majority of smokers in the society have a perception that foreign brands were unquestionably superior to Nigerian-made cigarettes.

The 1995 market assault by foreign brands came with a media campaign that suggested a limitless media budget in foreign currency. There was finally the factor that the local manufacturers were paying excise duty to the government at the rate of 40 per cent of the value of the local manufacture. The imported products were supposed to attract a 90 per cent import duty.

Nigeria's borders are however known to be notoriously porous. The consequence was that whereas government was able to collect excise duty via the stationing of customs officials at NTC factories, smuggled products easily found their way into the market – having escaped the 90 per cent import tax.

The consequence for the NTC bottom line was devastating that year. Profit after tax more than halved. Okigbo, reflecting on the company's performance in 1995 at the shareholders annual general meeting that year had observed in part that "Up till 1995, the impact of smuggling on our business had been restricted to the premium end of the market. But 1995 witnessed an unprecedented influx of smuggled cigarettes in the sub-premium category." Combined with intensive advertising, this was competition that was too fierce for NTC.

By the end of the next year, 75 per cent of the local market was under the control of the foreign competing brands. Following the external competitors' onslaught, it wasn't surprising that Nigerian shareholders of NTC grabbed at the opportunity when British American Tobacco offered last year to buy off their portion of the company's equity. BAT got full possession and control of all former NTC assets in Nigeria.

Mr. Akinbode Oluwafemi, of Environmental Rights Action, a non-governmental organisation, recently made the startling claim in an interview with the Daily Independent that Tequila, the advertising company that orchestrated the media campaign which greatly contributed to the loss of the NTC market, was actually an agent company executing an agenda drawn up by British American Tobacco – NTC's former core investor and majority shareholders.

Awareness about the harms of tobacco consumption in the developed countries of Europe and America has resulted in concerted government and community actions against tobacco multinationals, key amongst which are Phillip Morris and British American Tobacco. This awareness has resulted in lawsuits against them and the payment of heavy legal costs. Apart from the lawsuits, there have also been restrictions in these countries over the packaging, advertising and trade in tobacco.

The market of the future for tobacco lies in the developing countries of Asia, Latin America and Africa. These regions contain the bulk of the world's population. They do not have the health, advertising, trade and tax

*(continued next page)*

**Dirty Ashtray  
Lifetime Achievement  
Award**

**THE UNITED STATES,**  
For their unwavering commitment to watering down a Convention they will never ratify.



structures on tobacco, which the developed countries possess. Another reason why the tobacco companies have picked on Third World countries is because of the cheap farm labour prices of these countries for the production and curing of tobacco leaves.

Studies conducted by a South African University in Kenya have attempted to demonstrate that these incentives are in fact ruses which trap ignorant peasant farmers into subsidizing the production of tobacco leaves for tobacco companies via meagre pay for their output, and the pressure of having to repay outstanding credit finance.

This is why Environmental Rights Action sees BAT's Nigerian dig-in, and the reception recently given their top officials by President Obasanjo following their making public plans about the investment of \$150 million in Nigeria, as an affront on the country. The

local anti-tobacco lobby proposes a multi-pronged action against BAT including advertisement restriction, trade control, packaging modification, taxes, and clear statement of warnings.

BAT has successfully secured full possession of NTC's former facilities probably as a vehicle through which to access the Nigerian and regional African market. The strategy seems clear: access the local markets with cheaply sourced and produced cigarettes, using the farm products of local farmers; export the balance of such cigarettes under internationally recognized brand names and make a good profit there from; finally use part of the proceeds to lobby for an environment friendly to the tobacco business, irrespective of the cost to the society or individuals.



*Smuggling is widespread in many parts of the world. Here, black-market cigarettes are impounded in Uganda.*

## FCA: Texto recomendado

### La eliminación del contrabando es una prioridad para la salud pública

Varias secciones del CMLAT son relevantes para los esfuerzos internacionales que buscan controlar el contrabando. Entre dichas secciones se incluyen:

- (F.2) Medidas relacionadas con los precios e impuestos para reducir la demanda de tabaco.
- G. 1d
- (1-7) Medidas relacionadas con la oferta de productos del tabaco (comercio ilegal de productos del tabaco).
  - (13-14) Concesión de licencias
  - (J) Indemnización y responsabilidad

La Alianza para el Convenio Marco ha preparado propuestas de texto para todas estas secciones. Aquí están algunos extractos:

#### **F. Impuestos y derechos de aduana** (sección relevante al tema del contrabando)

F.2.(a) prohibición de **venta de productos del tabaco libre de impuestos** y del pago de derechos de aduana dentro de los dos años siguientes a la entrada en vigor de esta Convención, sin excepción o concesión alguna a viajeros, diplomáticos y militares o personal gubernamental.

[...]

1.2 bis Preocupadas porque más de una

tercera parte del comercio internacional de productos del tabaco se realiza de manera ilegal, y porque el sistema internacional de comercio de productos del tabaco está inaceptablemente ligada al crimen organizado y porque se ha abusado de las libertades comerciales normales,

1.3 Cada una de las Partes adoptará las medidas apropiadas para asegurar que en todos los paquetes o envases del producto del tabaco y en todas las formas de empaquetado externo de los productos del tabaco para uso al menudeo o al mayoreo que se vendan o fabriquen bajo su jurisdicción:

(a) **figure de forma visible o discreta marcas que le permita a las autoridades identificar la planta fabricante**, lote y por lo menos el primer consumidor a quien se vendió el producto y el de todos los consumidores futuros conocidos por el fabricante al momento de producir el producto.

(a) figure la declaración: "Venta autorizada únicamente en [el país, o unidad sub-nacional, regional o federal donde vaya a comercializarse el producto]."

[...]

1.7 bis

i. Las Partes signarán lo antes posible un protocolo que establezca reglas y procedimientos apropiados para la eliminación de

todas las formas de comercio ilícito de productos del tabaco.

ii. El protocolo incluirá, aunque no se limitará a, los siguientes objetivos y enfoques:

- a) **Garantizar la seguridad del sistema de distribución de los productos del tabaco, para ello desarrollará una vigilancia en cadena.**
- b) Introducir un sistema de seguimiento donde **el mercado de destino final sea conocido desde el momento mismo de fabricación**, y donde estén identificados todos y cada uno de los intermediarios subsecuentes.
- c) Crear un sentido de responsabilidad y atención en todos los participantes de la cadena de distribución para asegurar que la venta del producto sea legal.
- d) Contar con un sistema de seguimiento que permita rastrear los productos que han sido decomisados por contrabando.
- e) Contar con un sistema de responsabilidades e indemnización para que los fabricantes y vendedores al mayoreo cubra el pago de los impuestos por consumo perdidos.
- f) **Contar con un sistema de licencias para fabricantes**, vendedores al mayoreo, importadores y exportadores, y operaciones de almacenaje.
- g) Contar con controles en la venta de maquinaria de segunda mano para la fabricación de cigarrillos con vistas a reducir la producción de cigarrillos falsificados.

# La fumée de tabac : un cocktail fort peu recommandable

L'exposition des non-fumeurs à la fumée de tabac dans l'environnement (FTE) constitue en quelque sorte une expérience incontrôlée à grande échelle : comment réagit l'organisme humain, lorsqu'il est exposé involontairement, pendant de longues années, à des quantités variables (et difficilement mesurables) d'un cocktail de plus de 4 000 produits chimiques, dont plus de 50 cancérogènes reconnus?

Pour une petite minorité de la population, surtout mais pas exclusivement des asthmatiques, la réaction est quasi immédiate et fort désagréable.

Pour la majorité des non-fumeurs, les effets de santé de la FTE se manifestent bien sûr de manière beaucoup moins dramatique. **À court terme**, on constate surtout des symptômes irritatifs : rhinites, toux, maux de tête, irritation des yeux.

Pour les experts qui ne sont pas à la solde de l'industrie du tabac, il semble de plus en plus clair que les effets à **long terme** de l'exposition à la FTE constituent un problème majeur de santé publique.

L'étendue des dégâts est encore difficile à calculer. Un rapport de 1997 l'Agence californienne de protection environnementale (Cal/EPA), l'une des analyses les plus poussées en la ma-

tière, évaluait le nombre total de décès chez les non-fumeurs californiens imputables à la FTE à entre 4 700 et 7 900 par année, chez une population de quelque 30 millions d'habitants.

Transposé au pro rata de la population à l'échelle mondiale, ce serait l'équivalent d'environ 1 à 1,5 millions de décès par année chez les non-fumeurs – si tous les non-fumeurs de la terre avaient la même exposition à la fumée de tabac que les Californiens, ce qui n'est sans doute pas (encore) le cas.

L'effet du tabagisme passif est particulièrement fort dans le cas des maladies cardio-vasculaires. D'après la Cal/EPA, l'ensemble des preuves scientifiques actuellement disponible indique que les non-fumeurs exposés à la FTE ont 30 % de chances de plus que ceux qui ne sont pas exposés de mourir de maladies cardiovasculaires.

L'incertitude dans ces estimations provient surtout de la difficulté, dans les études épidémiologiques, de trouver des groupes-témoins de non-fumeurs qui n'ont aucune exposition à la fumée de tabac.

Cependant, la difficulté à chiffrer le phénomène avec précision ne justifie pas l'inaction des pouvoirs publics. Dans plusieurs pays, on a donc opté pour une interdiction quasi-universelle

de l'usage du tabac en milieu de travail.

Au sein de la Francophonie, la Loi Évin en France accorde en principe une protection très large aux employés non-fumeurs, mais cette loi est appliquée de manière inégale. Au Québec, on s'est attaqué à la question avec quelques années de retardé. Cependant, l'adoption en 1998 d'une interdiction de fumer dans les lieux publics et dans les milieux de travail (à l'exception des bars) est maintenant très bien respectée.



**La cigarette :  
source n°1 de  
pollution de l'air  
intérieur**

## Australians throw their weight behind strong FCTC

Eleven Australian health groups yesterday joined forces to demand a strong FCTC, calling this month's negotiations a "pivotal time" and a "unique and historic opportunity for global action on tobacco control."

The ad-hoc coalition includes the Australian Medical Association, the Pharmaceutical Society of Australia, major health charities and tobacco control groups. They called for a long series of specific measures, notably:

- A complete ban on tobacco advertising, both direct and

indirect;

- A ban on tax-free sales and imports of tobacco;
- Comprehensive product regulation;
- A ban on smoking in all indoor public places;
- Prominent, picture-based warnings;
- Elimination of misleading terms such as "light" and "mild";

- The use of tobacco tax policy as a public health tool.

Dr Matthew Peters, chair of ASH Australia, pointed to recent media reports that a Japanese tobacco company is planning to develop and market new lung cancer vaccines.

"There can be no better illustration as to why we need to tackle tobacco with a co-ordinated and concerted international push than this. The idea that a tobacco company could profit from lung cancer in this way would appal most people," he said.

## Disturbing news from Turkey

### Do IMF and World Bank policies encourage the multinational tobacco industry?

**Y**esterday, the Budget and Planning Commission of the Turkish Parliament approved an IMF-endorsed tobacco trade bill without any changes. The bill had been vetoed by President Ahmet Necdet Sezer in July.

The International Monetary Fund advised Turkey, which has been experiencing a serious economic crisis, to reform 15 sectors by legislation to be eligible for loans.

One of the sectors was tobacco. The declared objective was to stop economic losses through subsidized agriculture and "inefficient" monopolies. The prescription offered was privatization of the Turkish tobacco monopoly.

However, the bill proposal contained articles that would serve the freedom of the multinational tobacco industry without addressing the

need to reduce tobacco consumption or smoking-related health expenditures. One article even mandates a 'tobacco board', dominated by finance and trade representatives, to take action against the negative effects of tobacco use. This creates the danger of the Turkey's existing anti-tobacco law being undermined.

Turkey, a tobacco-growing country with 500,000 families in farming or processing of the crop, has been through an amazing transformation in the last 15 years. With half of the adult population being smokers, the country has always been a very appetising market for the



**President Ahmet Necdet Sezer**

multinational industry.

In 1986, a law was passed opening the market to foreign tobacco companies while still leaving control of distribution in state hands. Tobacco exporting companies dropped in number from 59 to 14, imports increased ten-fold. The state tobacco monopoly, responsible for buying leaf from farmers, began building up substantial stockpiles of excess leaf.

But the Turkish monopoly has held on to the loyalty of many Turkish customers, despite its lack of advertising and product engineering.

Rather than enshrine the primacy of public health over trade, the latest tobacco bill, if ratified by the Turkish Parliament as a whole, will likely mean more advertising and more political leverage for multinational tobacco companies.

#### Tobacco Industry Analyst's View:

## A global tobacco control treaty will make a difference!

*Global tobacco control will make a difference — but that's the studied view of tobacco industry analysts.*

*World Tobacco File* is a triennial 'trade' publication produced to aid tobacco companies in their marketing strategies. The fourth edition appeared late this summer, and provides insiders' predictions for the years up to 2004.

This thousand-page analysis concludes with a reflection that the FCTC and growing anti-smoking sentiments are "problems" for the industry:

*"Growing anti-smoking sentiment, possibly culminating in a global treaty as proposed by the World Health Organisation, perhaps as early as 2003, coupled with the continued rise in the number of health and product liability*

*lawsuits, are expected to pose significant problems to tobacco companies over the next few years."*

According to this leading industry review, tobacco control is "relatively weak in Africa, Latin America and Asia," but goes on to say "the operating environment is evidently set to deteriorate, particularly as more than 100 countries are currently discussing a global tobacco control framework."

The authors of *World Tobacco File* take comfort in the observation that "latest discussions, however, which took place in May 2001 wound up with little sign of progress."

The events of INB3 may determine whether the next edition of *World Tobacco File* celebrates a weak or non-existent FCTC or

whether it issues further dire predictions to its clients.

#### FRAMEWORK CONVENTION ALLIANCE

The Framework Convention Alliance (FCA) is an alliance of NGOs from around the world working to achieve the strongest possible Framework Convention on Tobacco Control. Views expressed in the *Alliance Bulletin* are those of the writers and do not necessarily represent those of the sponsors.

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