Tobacco Industry: Recent Developments

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Objectives

- Review new and recent developments related to:
  - The tobacco industry
  - Tobacco industry tactics
  - Approaches to neutralize tobacco industry tactics
Key Messages: Tobacco Industry Tactics

- Tobacco industry uses a broad range of direct and indirect tactics, including:
  - Marketing and advertising
  - Sponsorship
  - Brand stretching and co-branding
  - Product placement
  - Lobbying
  - Front groups
  - Undermining public policy initiatives
  - Product development
  - Public relations
  - Corporate social responsibility
  - Industry-funded scientists and research organizations

Key Messages: CSR Programs

- Corporate social responsibility (CSR) efforts are tobacco companies’ attempt to regain credibility and public trust

- Partnering with tobacco companies or supporting their initiatives is never a good idea

- Be aware of industry’s strategies

- Expose the industry to media, the public, and policy makers, emphasizing that CSR and tobacco industry is an “inherent contradiction”
Key Messages: Tobacco Farming

- Significant health and environmental costs from tobacco farming
- Tobacco leaf selling arrangements moving from auction system to contract system, resulting in greater financial risk to farmers
- Tobacco farming uses child labor
- Alternative crops and non-tobacco employment necessary to reduce the reliance of tobacco growing countries on tobacco
- Tobacco industry trying to undermine efforts toward crop diversification and alternative livelihoods

Five Companies Dominate the Global Market

- Five tobacco companies collectively control 85% of the world’s cigarette market

## Global Cigarette Market Share, 2008

<table>
<thead>
<tr>
<th>Company</th>
<th>Cigarettes</th>
<th>Share of global market</th>
</tr>
</thead>
<tbody>
<tr>
<td>China National Tobacco Company</td>
<td>2,143</td>
<td>38.3%</td>
</tr>
<tr>
<td>Philip Morris International</td>
<td>869</td>
<td>15.5%</td>
</tr>
<tr>
<td>BAT</td>
<td>830</td>
<td>14.8%</td>
</tr>
<tr>
<td>Japan Tobacco</td>
<td>612</td>
<td>10.9%</td>
</tr>
<tr>
<td>Imperial (UK)</td>
<td>329</td>
<td>5.9%</td>
</tr>
<tr>
<td>Altria/Philip Morris USA</td>
<td>169</td>
<td>3.0%</td>
</tr>
<tr>
<td>Korea Tobacco &amp; Ginseng (S. Korea)</td>
<td>102</td>
<td>1.8%</td>
</tr>
<tr>
<td>RJ Reynolds</td>
<td>90</td>
<td>1.6%</td>
</tr>
<tr>
<td>Eastern Tobacco (Egypt)</td>
<td>68</td>
<td>1.2%</td>
</tr>
<tr>
<td>Lorillard (U.S.)</td>
<td>37</td>
<td>0.7%</td>
</tr>
<tr>
<td>Thailand Tobacco Company</td>
<td>22</td>
<td>0.4%</td>
</tr>
<tr>
<td>Bulgartobac (Bulgaria)</td>
<td>13</td>
<td>0.2%</td>
</tr>
<tr>
<td>Others</td>
<td>259</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

New Findings Regarding Tobacco Industry Tactics

- Range of scientific findings that the tobacco industry has suppressed is even greater than previously known
  - E.g., research on polonium-210 (Muggli et al., 2008)

- New documentation on how the tobacco industry tried to undermine policy-relevant research (Landman and Glantz, 2009)

- Recent evidence on how the tobacco industry has worked to undermine the World Bank’s *Curbing the Epidemic* (Mamudu et al., 2008)

More New Findings Regarding Tobacco Industry Tactics

- New evidence that BAT ghost wrote reports published by the International Advertising Association that concluded that tobacco advertising bans are ineffective (Davis, 2008)

- Recent findings on the tobacco industry’s interest in supporting “distracting” research
  - E.g., genetics and smoking (Gundle et al., 2010)

- Additional knowledge of front groups supported by the tobacco industry, for example, the National Energy Management Institute, which promoted ventilation as a solution to smoky air (Campbell et al., 2011), and leading progressive organizations that argued against increasing tobacco taxes on the principle of fairness (Campbell et al., 2009)
New Findings Regarding Corporate Social Responsibility

- New findings on how the tobacco industry has used corporate social responsibility “as a sword and a shield” with respect to secondhand smoke issues (Friedman, 2009), including:
  - Courting journalists
  - Web sites and PR campaigns to explain the company’s position on causation, addiction, and secondhand smoke

- BAT Malaysia used a broad range of corporate social responsibility activities (Barraclough et al., 2008):
  - Assistance to tobacco farmers
  - Donations and scholarships
  - Anti-smuggling initiatives
  - Youth smoking preventions programs

More New Findings Regarding CSR

- Additional evidence on how Philip Morris uses philanthropy as a lobbying tool for political leverage (Tesler et al., 2008)

- Further calls for better conflict-of-interest rules that would address situations when health and other organizations consider taking money directly or indirectly from the tobacco industry (e.g., Burch et al., 2010)
New Findings Regarding Tobacco Farming

- New learnings from the long relationship between tobacco farmers and tobacco manufacturers in the United States (Benson, 2010)

- As part of efforts to lobby against the FCTC, the tobacco industry produced reports claiming that the FCTC would result in losses of jobs and foreign earnings in low- and middle-income countries that grow tobacco (Otanez et al., 2009)

Progress on FCTC Article 5.3

- Article 5.3: protecting tobacco control policies from commercial and other vested interests
  - In November 2008 the Conference of the Parties adopted guidelines for implementing Article 5.3
**Progress on FCTC Article 17**

- Article 17: provision of support for economically viable alternative activities
  - Study group on alternative crops was established at the First Conference of Parties (COP1) (Geneva, February 2006)
  - Met in Brasilia in February 2007
  - Presented a report on its work at COP2 (Bangkok, June-July 2007); renamed “Study group on economically sustainable alternative to tobacco growing”
  - Study group met in Mexico City in June 2008
  - Presented a report on its work at COP3 (Durban, November 2008); “working group” established
  - Working group met in New Delhi, September 2009 and in Accra in April 2010
  - Presented a report on its work at COP4 (Punta del Este, November 2010)

**Tobacco Industry Working to Undermine FCTC**

- From 1999 to 2001, BAT, PM, and JTI implemented “Project Cerberus,” a strategy to develop a global voluntary regulatory framework instead of the FCTC (Mamudu et al., 2008)
  - Even after the adoption of the FCTC, the tobacco industry continued to promote youth smoking prevention that followed their “International Tobacco Products Marketing Standards”

- New evidence that the tobacco industry fought against Article 5.3 guidelines, and then tried to undermine their implementation (Smith et al., 2009)
Recent review of the body of tobacco control literature found that <10% of papers focused on the “vector” of disease.

<table>
<thead>
<tr>
<th>Year</th>
<th>1980s</th>
<th>2000s</th>
</tr>
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<tbody>
<tr>
<td>Host</td>
<td>22(169)</td>
<td>34(698)</td>
</tr>
<tr>
<td>Agent</td>
<td>2(15)</td>
<td>3(51)</td>
</tr>
<tr>
<td>Environment</td>
<td></td>
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</table>

85% of the global cigarette market is concentrated in only five companies.

Tobacco companies use a broad range of direct and indirect tactics, including corporate social responsibility, to undermine tobacco control efforts.

There are health, environmental, and economic costs from tobacco farming; move toward alternative livelihoods.

Our knowledge about tobacco industry tactics continues to grow, but need to address the dearth of research focused on the vector.