Improving Public Health through an International Framework Convention on Tobacco Control
Framework Convention on Tobacco Control

Technical Briefing Series

Improving Public Health through an International Framework Convention on Tobacco Control

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"Tobacco control cannot succeed solely through the efforts of individual governments, national NGOs and media advocates. We need an international response to an international problem. I believe that response will be well encapsulated in the development of an International Framework Convention."

Dr Gro Harlem Brundtland
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The development of a proposed WHO framework convention on tobacco control and possible related protocols will represent the first time that WHO has used its constitutional mandate to facilitate the creation of an international convention. The framework convention will be an international legal instrument that will circumscribe the global spread of tobacco and tobacco products. With its possible related protocols, it will represent a global complement to national and local action, and will support and accelerate the work of Member States wishing to strengthen their tobacco control programmes.

When Member States come to consider a framework convention, they will need to be sensitive to sectoral issues, and to base their discussions on facts rather than on partisan arguments, never losing sight of the public health goals that are the principal reason for tobacco control. The Framework Convention on Tobacco Control Technical Briefing Series is being widely disseminated by the WHO Tobacco Free Initiative with a view to providing Member States with important background information which, it is hoped, will prove of value in their future deliberations.

Dr Derek Yach
Project Manager
Tobacco Free Initiative
النظر

الي الزيادة السريعة في حجم الاتصالات الدولية والارتفاع الحاد

المسلحو في حجم تجارة التبغ المشروعة وغير المشروعة فان وراء التدخين تجب

المكافحة على الصعيد الدولي. وتستعرض هذه الورقة النتائج الممكنة لاتفاقيات

إطارية دولية بشأن مكافحة البخ والبروتوكولات المتعلقة بها والعبارات الأساسية التي لا بد

من مراعاتها من وجهة نظر الصحة العمومية. ويمكن تلخيص الآثار الدولية للمجالات الرئيسية

لمكافحة التبغ على النحو التالي:

الأعراض. تحقق التناسيق بين الضرائب المفروضة على منتجات التبغ على المستوى الدولي

أمر ضروري بهدف تفادي الفوارق الشديدة بين الأسعار بين البلدان المتجاورة.

الهريب. ينبغي مراقبة النقل الدولي للسجائر مراقبة صارمة بهدف الحيلولة دون تحول

ثلث الصادرات العالمية السنوية إلى منتجات مهرة كما هو الحال في الوقت الحاضر.

منتجات التبغ غير الخاضعة للضريبة. ان وضع حد لبيع منتجات التبغ غير الخاضعة

للضريبة أمر يتسق مع أهداف سياسة منظمة الصحة العالمية الصحية والمحافظة في التقليل

من تغذية التبغ حيث انه منتجات التبغ غير الخاضعة للضريبة يجعل السجائر مثارة

بكلفة زهيدة.

الإعلان والرعاية. أن فرض حظر عالمي النطاق على جميع أنواع الإعلان عن التبغ هو

وجدة الكفيلة بمفعول الإعلان عن التبغ في المجلات المستمرة وآتى في الأحداث الوطنية

والدولية.

الإنترنت. إن الإعلان والتجارة على شبكة الإنترنت من الأمور ذات الأهمية الدولية حيث

ان بالإمكان تحمل صفحات الإنترنت في جميع بلدان العمرة تقريباً.

طرق اختبار. ينبغي أن تقوم بإجراء اختبار العناصر المكونة لمنتجات التبغ على طرق

مثبتة دولياً ويثبت لها أن تعود المستهلكين تحتوي ذات مغزى عما يمكن أن يتوفره مما

يدخل في أبحاثهم نتيجة تجربة هذه المنتجات.

تصنيف التبغ وتسويته. يمكن أن يؤدي الاتفاق على عناصر تصميم العلم على الصعيد

الدولي إلى تحسين العلاقات التجارية وتغيير الصيغة الاقتصادية.

المجال. يمكن أن يؤدي دعم الاقتراح إلى إدخال الخليل على الأسواق والتشجيع على

الاستهلاك في البلدان ذات النتائج الخالية من خلال الافراج عن التبغ الرخيص المكلف.

تقاسم المعلومات. هناك حاجة إلى أساليب موحدة لتسيير المعلومات العالمية لبيانات التدخين

وتقييم فاعلية السياسات الرامية إلى مكافحة.
执行概要

由于国际上大众交流的迅速增加和全球合法与非法烟草贸易的急剧上升，烟草的流行必须在国际一级予以控制。本文件综观一项国际烟草控制框架公约和有关议定书的可能范围，以及从公共卫生角度给予考虑的主要问题。具体国际影响的烟草控制重点领域包括如下：

● 价格。必须统一国际烟草产品税，以避免邻国之间价格的巨大差异。

● 走私。应严格控制国际香烟运输，以防止全球年度出口的三分之一如目前出现的情况一样成为走私物资。

● 免税烟草产品。取消所有免税烟草将符合世界卫生组织减少烟草使用的卫生政策目标，因为免税销售使有可能获得便宜香烟。

● 广告和赞助。只有在全球范围禁止所有烟草广告才能防止在进口的杂志中和对国家与国际事件的广播中宣传烟草广告。

● 互联网。在因特网上做广告和进行贸易是一个具国际重要性的问题，因为实际上因特网可在全球所有国家下载。

● 检测方法。烟草产品成分的检测程序应以国际上接受的方法为基础，它应向消费者提供他们可能从这些产品中吸收的可清楚理解的含量程度。

● 包装设计和标签。就包装设计的内容达成国际上的协议既可改善贸易关系也可促进公共卫生。

● 农业。资助烟草生产可能扭曲市场并通过抛售廉价烟草鼓励低收入国家的消耗。

● 信息交流。需要对作法进行标准化，以促进对烟草流行的监测和评价控制政策的有效性。
Executive summary

Because of the rapid rise of international mass communications and the sharp increase in legal and illegal global trade in tobacco, the tobacco epidemic must be controlled at the international level. This paper reviews the possible scope of an international framework convention for tobacco control and related protocols and the main considerations to be taken into account from a public health perspective. The international implications of the key areas for tobacco control can be summarized as follows:

- **Prices.** Harmonization of taxes on tobacco products at the international level is necessary to avoid excessive price differences among neighbouring countries.

- **Smuggling.** The international transport of cigarettes should come under strict control in order to prevent a third of annual global exports becoming contraband, as at present.

- **Tax-free tobacco products.** To end all duty-free tobacco would be consistent with WHO health policy targets of reducing tobacco use, as tax-free sale makes cigarettes available cheaply.

- **Advertising and sponsorship.** Only a worldwide ban on all tobacco advertising can prevent tobacco advertising in imported magazines and during the broadcasting of national and international events.

- **The Internet.** Advertising and trade on the Internet are of an international importance, as the Internet can be downloaded in virtually all countries worldwide.

- **Test methods.** Test procedures for ingredients in tobacco products should be based on internationally accepted methods, which should provide consumers with meaningful measures of what they can expect to ingest from these products.

- **Package design and labeling.** Agreement on the elements of package design at international level could both improve trade relations and promote public health.

- **Agriculture.** Subsidizing tobacco production may distort markets and encourage consumption in low-income countries through the dumping of cheap tobacco.

- **Information sharing.** Standardized approaches are needed to facilitate global monitoring of the tobacco epidemic and evaluation of the effectiveness of policies to control it.
Résumé d’orientation

En raison de l’intensification rapide des communications internationales et de la forte augmentation des échanges mondiaux licites et illicites de tabac, il faut lutter contre l’épidémie de tabac au niveau international. Le présent document envisage le champ éventuel d’une convention-cadre internationale pour la lutte antitabac et de protocoles s’y rapportant, ainsi que les principaux problèmes à prendre en considération du point de vue de la santé publique. On peut résumer comme suit les implications internationales des principaux domaines de la lutte antitabac :

- **Prix.** L’harmonisation des taxes sur les produits du tabac au niveau international s’impose pour éviter des différences excessives entre les prix pratiqués dans des pays voisins.

- **Contrebande.** Le transport international des cigarettes doit être strictement contrôlé afin d’éviter une situation où les articles en contrebande représentent le tiers des exportations mondiales comme c’est actuellement le cas.

- **Produits hors taxes.** La suppression de la vente hors taxes de tous les produits du tabac serait conforme aux objectifs de l’OMS concernant la réduction de la consommation de tabac car la vente hors taxes permet de se procurer les cigarettes de façon plus avantageuse.

- **Publicité et parrainage.** Seule une interdiction mondiale de la publicité pour le tabac permet d’éviter une publicité dans des revues importées et lors de la diffusion de manifestations nationales et internationales.

- **Internet.** La publicité et la vente sur Internet revêtent une importance internationale car on peut y accéder dans la quasi-totalité des pays.

- **Tests.** Les méthodes suivies pour tester les substances présentes dans les produits du tabac doivent être fondées sur des méthodes internationalement acceptées donnant aux consommateurs une indication précise de ce qu’ils peuvent s’attendre à absorber en consommant ces produits.

- **Emballage et étiquetage.** Un accord sur les éléments et la conception de l’emballage au niveau international permettrait à la fois d’améliorer les relations commerciales et de promouvoir la santé publique.

- **Agriculture.** Les subventions en faveur de la production de tabac peuvent fausser les marchés et favoriser la consommation dans les pays à faible revenu en encourageant le dumping de tabac à bon marché.

- **Échanges d’informations.** Des approches normalisées sont nécessaires pour faciliter la surveillance mondiale de l’épidémie de tabac et mieux évaluer l’efficacité des politiques de lutte antitabac.
Резюме

С учетом быстрого увеличения использования средств массовой информации на международном уровне и резкого увеличения легальной и нелегальной торговли табачными изделиями в глобальных масштабах табачная эпидемия требует усилий по борьбе с ней на международном уровне. Настоящий документ рассматривает вопрос о масштабах международной рамочной конвенции по борьбе против табака и связанных с ней протоколах, а также основные доводы, которые следует учитывать с точки зрения перспектив общественного здравоохранения. Международные последствия основных направлений деятельности по борьбе против табака можно в сводном виде представить следующим образом:

• **Цены.** Гармонизация налогообложения табачных продуктов на международном уровне является необходимой, для того чтобы избежать существенного различия в ценах между соседними странами.

• **Контрабанда.** Международные перевозки сигарет должны осуществляться под строгим контролем, с тем чтобы предупредить такое положение дел, при котором треть глобальных перевозок сигарет становится контрабандой, как то имеет место в настоящее время.

• **Безшлинные табачные изделия.** Прекращение беспошлинной торговли табачными изделиями соответствовало бы поставленной ВОЗ цели по сокращению использования табака, поскольку беспошлинная продажа сигарет делает их легкодоступными.

• **Реклама и спонсорство.** Только всемирный запрет на рекламу всех табачных изделий может содействовать прекращению рекламы табака в поступающих по импорту журналах, а также во время трансляции событий национального и международного характера.

• **Интернет.** Вопросы рекламы и торговли с помощью Интернета представляют собой международную проблему, поскольку сеть Интернета может быть «загружена» в любой стране мире.

• **Методология тестирования.** Процедуры тестирования на предмет содержания определенных ингредиентов в табачных изделиях должны исходить из международно принятых методик, которые позволяют потребителям иметь в своем распоряжении точные сведения о том, какие именно составляющие поступают в их организм при потреблении определенных продуктов.

• **Упаковки и этикетки.** Согласно в отношении элементов самого «дизайна» упаковок на международном уровне содействовало бы улучшению торговых взаимоотношений и укреплению общественного здравоохранения.

• **Сельское хозяйство.** Субсидии производителям табака могут воздействовать на рынок сбыта и содействовать потреблению дешевых табачных изделий в странах с низкими уровнями дохода.

• **Обмен информацией.** Необходимо обеспечить разработку глобальных стандартов в интересах глобального мониторинга эпидемии потребления табака и оценки эффективности политик по борьбе с ним.
Resumen de orientación

Debido al rápido crecimiento de los medios internacionales de comunicación de masas y al marcado aumento del comercio mundial legal e ilegal de tabaco, la epidemia de tabaquismo se debe combatir a nivel internacional. Este documento examina el posible alcance de un convenio marco internacional para la lucha antitabacúca y protocolos conexos, así como las consideraciones principales que han de tenerse en cuenta desde una perspectiva de salud pública. Las repercusiones internacionales de las esferas clave para la lucha antitabacúca pueden resumirse del siguiente modo:

- **Precios.** Es necesario que haya una armonización internacional de los impuestos aplicados a los productos del tabaco a fin de evitar excesivas diferencias de precio entre países vecinos.

- **Contrabando.** El transporte internacional de cigarillos debe someterse a un control estricto para prevenir que un tercio de las exportaciones mundiales anuales se conviertan en contrabando, como sucede en la actualidad.

- **Exención de impuestos.** El fin de la exención de impuestos aplicada a los productos del tabaco sería compatible con la política de salud de la OMS, que se propone reducir el consumo de tabaco, porque la exención de impuestos pone los cigarillos al alcance a un precio más bajo.

- **Publicidad y auspicio.** Sólo la prohibición mundial de toda publicidad de tabaco permitirá prevenir dicha publicidad en revistas importadas y durante la radiodifusión de acontecimientos nacionales e internacionales.

- **Internet.** La publicidad y el comercio por Internet son de importancia internacional porque prácticamente todos los países del mundo tienen acceso a esta red.

- **Métodos de prueba.** El examen de los ingredientes de los productos del tabaco debe basarse en métodos internacionalmente aceptados, que deben proporcionar a los consumidores mediciones significativas de lo que pueden ingerir con esos productos.

- **Diseño y rotulación de los envases.** Un acuerdo internacional sobre los elementos de diseño de los envases podría mejorar las relaciones comerciales y promover la salud pública.

- **Agricultura.** El subsidio de la producción de tabaco puede distorsionar los mercados y fomentar el consumo en los países de bajos ingresos mediante una inundación de sus mercados con tabaco barato.

- **Intercambio de información.** Se necesitan métodos normalizados para facilitar la vigilancia mundial de la epidemia de tabaquismo y la evaluación de la eficacia de las políticas de control.
Introduction

The enormity and the gravity of the present and future worldwide tobacco epidemic mean that the adoption of an international instrument for tobacco control has become urgent. Although 91 countries have enacted national tobacco control legislation, many countries still have weak or no legislation and their response to the dangers of tobacco use has been limited. The aggressive marketing practices of the multinational tobacco companies threaten the lives and health of the people in both developing and industrialized countries.¹

Four factors form the basis for present efforts towards a collective international response to tobacco-caused death and disease: (i) the scope of the damage makes tobacco a public health tragedy of the first order; (ii) the problem exists in every country; (iii) key elements — smuggling, for instance — transcend national boundaries; and (iv) the tobacco problem has proved incapable of being fully tamed by countries acting in isolation.²

In May 1996, to address this global tobacco pandemic, the Forty-ninth World Health Assembly requested the Director-General of the World Health Organization (WHO) to initiate the development of an international framework convention for tobacco control. The Director-General was asked to include as part of this framework convention a strategy to encourage Member States to move progressively towards the adoption of comprehensive tobacco control policies and also to deal with aspects of tobacco control that transcend national boundaries (resolution WHA49.17).

Multilateral organizations have developed a variety of mechanisms to encourage international agreement and action on matters of global concern. In general, there are two categories of international agreement that can be used to promote WHO tobacco strategies: (i) non-binding international resolutions, and (ii) legally binding international instruments.¹

A framework convention with related protocols is a legally binding instrument and offers an approach that is found in numerous human rights and environmental treaties.³ An important advantage of the framework convention protocol is its flexibility. It does not try to resolve all the substantive issues in a single document; rather it deals with each issue under separate agreements. States first adopt a framework convention that calls for cooperation in achieving broadly stated goals, leaving open the possibility that the parties to the convention will subsequently conclude separate protocols containing specific measures designed to implement those goals.¹
Underlying the framework convention protocol approach is the premise that a division of the obligations into smaller, more manageable pieces advances the overall goal. Most framework treaties organize protocols primarily along thematic lines. In the tobacco context the following eight areas are discussed below (see chapters II - IX), with a concise description of public health considerations, international implications, and proposed solutions in each case: Prices and taxes; smuggling; duty free tobacco products; advertising and sponsorship; testing and reporting of toxic and other constituents; tobacco package design and labelling; tobacco agricultural policies; cooperation and information sharing.

All the proposals contained in this document are based on public health considerations and need to be evaluated from the viewpoint of their political and legal feasibility.
Prices and taxes

The public health perspective

Taxation is often been considered one of the most effective means of reducing consumption. The laws of supply and demand dictate that the more expensive a product is, the less people will be inclined to buy it. Despite the fact that tobacco is an addictive product, price has been shown to have an important influence on consumption. What a tobacco price policy aims to achieve is an increase in the real price of tobacco products over and above the effects of inflation. The effect that an increase in real terms is likely to have is measured in terms of price elasticity. According to a review of the literature of surveys in several countries, elasticities of demand for cigarettes or tobacco have varied between about -0.2 and -0.9 and have clustered at about -0.5. This suggests that, on average, cigarette consumption falls by about 0.5% for every 1% increase in real price. Research carried out in the United States indicated that teenagers and young adults are more price-sensitive than mature adults: estimates of the overall price elasticity of cigarette demand among college students were in the range from -0.9 to -1.3. This is explained by the fact that students are less addicted than older people and have a lower disposable income. Higher taxes, with the effect of raising cigarette prices, would result in substantial reductions in both smoking participation and average daily cigarette consumption among youngsters.

From a health point of view, it is also important to ensure that the whole range of tobacco products become less affordable. Health advocates generally concentrate on the taxation of cigarettes. It is, however, important to ensure that a cheap substitute does not remain for the products being taxed. In Canada, the Netherlands and Norway, many cigarette smokers smoke hand-rolling tobacco as a result of higher taxes on manufactured cigarettes. In all European Union countries except Ireland and the United Kingdom tobacco for hand-rolled cigarettes is taxed at a lower level than manufactured cigarettes. European directives require a minimum excise duty of 57% of the retail price for cigarettes, but only 30% for hand-rolling tobacco. The lower rate has resulted in a widening gap between the sale price of hand-rolling tobacco and manufactured cigarettes.

The international implications

The differential in the price of tobacco products among neighbouring countries may lead to both casual legal cross-border shopping and illegal bootlegging. Increasing tobacco taxes is more difficult when a country attempts it in isolation. The threat of smuggling from adjacent, low-tax countries is a limiting factor. Cross-border sales may even occur within countries, such as the USA and Canada, given the intracountry price differences among Canadian provinces and US states. Research in the USA indicates that higher prices in neighbouring
states increase cigarette consumption in the state of residence. Consumers cross into neighbouring states to purchase cigarettes when the price rises in their home state. Data from 46 US states over the period 1963-1988 showed that each 10% increase in a neighbouring state's price causes a 0.8% increase in the home state's sales. Bootlegging is encouraged by substantial price differentials (often more than 300%) in tobacco products among neighbouring countries. Big differences between retail prices encourage the purchase of duty-paid products in a low-tax country and their transport into a high-tax country. Bootleggers often use specially made delivery vans and trucks whose structure has been modified with extra walls, roofs and other hiding places. In Poland a packet of Marlboro cigarettes cost US$ 1 in 1997, while it cost US$ 3 in Germany. Along Germany's long eastern border with Poland the clandestine transport of cigarettes in private cars and small vans in a vast number of small consignments, is very common.

Another example of bootlegging is the illegal traffic in hand-rolling tobacco between Belgium and the United Kingdom. In 1998 a 50g pack of hand-rolling tobacco cost US$ 11 in the United Kingdom, against US$ 3 in Belgium. Gangs buy 50 kg of duty-paid hand-rolling tobacco in Belgium, transport it by small car so that detection by customs officials is difficult and make a profit of US$ 3000 a day. In 1997 some 4000 tons of hand-rolling tobacco were smuggled from Belgium into the United Kingdom.

Bootlegging can be described as the old-fashioned, classical way of smuggling. It is often organized by gangs, but it does not require huge investments. Large price differences are essential to make this illegal business profitable. Bootlegging is a problem in some regions of the world, but huge price differences among neighbouring countries are less common than in the past and the market share of bootlegged tobacco products remains small. The best way to combat bootlegging is to increase taxes in low-tax countries, and not to decrease it in high-tax countries. Internationally established minimum tax rates should be advocated in order to avoid the existence of unduly high price differences among neighbouring countries.

**Proposed solutions**

Harmonization of taxes on tobacco products at international level is necessary to avoid the existence of excessive price differences among neighbouring countries. At world level such harmonization is complex, as the price of a packet of the same international brand of cigarettes may vary between US$ 1 in developing countries and US$ 5-7 in some developed countries. Also, the structure of tobacco taxation varies markedly among countries, and a uniform taxation system would be difficult to achieve. In the short run it seems impossible to arrive at the same tobacco taxation structure around the world or to bring tobacco taxation to the same level by setting specified target rates. The latter measure could result in price reductions in some countries (unacceptable from a health point of view) and sharp price increases in other countries (difficult to introduce from a political point of view). The experience of the European Community could serve as an example of a more flexible and politically acceptable approach to harmonizing tobacco taxes at an international level.

Article 99 of the Treaty of Rome establishing the European Economic Community calls for the harmonization of legislation on excise duties in the Community. The process of harmo-
nization of taxes on tobacco products has, however, been long and problematic. The difficulties experienced in reaching agreement on harmonization have been related partly to significant differences in types of taxation structure and partly to the fact that such measures must be adopted unanimously. On 19 October 1992, 35 years after the entry into force of the Treaty of Rome, the European Council adopted a package of three directives on the harmonization of taxes on tobacco products in the European Community (EC). According to these directives, excise duties levied on cigarettes by the Member States must account for at least 57% of the retail selling price. In addition to excise duties, another directive stipulated a minimum rate of value added tax (VAT) of around 13% of the final retail price, which means that the tobacco taxation directives impose a minimum taxation level of 70% for cigarettes.

As the rates were expressed in percentages and not in specific amounts, substantial price differences still exist within the Community, but the gap between the cheapest and the most expensive country was reduced between January 1992 and September 1996. The EC tobacco taxation rules are an apparently acceptable compromise between full harmonization (under which all cigarettes would sell at almost the same price, as the tax rates would be the same) and no harmonization. According to a 1998 Commission report on the implementation of the tobacco taxation directives, the system as a whole has worked rather well and no major modifications were suggested. From a health point of view those directives were considered positive in that they led to price increases in low-tax countries and not to price decreases in high-tax countries.

At international level an option would be to propose that taxes (excise duties + VAT) on cigarettes must account for at least 70% of the final retail price and that hand-rolling tobacco should be taxed in the same way as manufactured tobacco products.

Transition periods along the following lines could be foreseen for countries with low taxes to enable them to comply with those targets:

<table>
<thead>
<tr>
<th>Rate of tax on cigarettes (1 January 2000)</th>
<th>Length of transition period</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;55%</td>
<td>3 years</td>
</tr>
<tr>
<td>&lt;45%</td>
<td>6 years</td>
</tr>
<tr>
<td>&lt;35%</td>
<td>9 years</td>
</tr>
<tr>
<td>&lt;25%</td>
<td>12 years</td>
</tr>
</tbody>
</table>

Similar transition periods could be granted for taxes on hand-rolling tobacco.
Smuggling

The public health perspective

According to an international tobacco trade report, smuggling of cigarettes grew by an estimated 73% worldwide between 1990 and 1995. The surge in contraband cigarette sales in the early 1990s was driven by the dissolution of the Eastern bloc in conjunction with the rise in consumer demand for international brands in emerging markets in Asia. 12

The magnitude of the smuggling problem can be estimated by looking at the difference between global exports and imports; most of the “missing” cigarettes are smuggled. World cigarette production is known fairly accurately, and since cigarettes do not keep for very long, world production is very close to world consumption, i.e. there are no large quantities of cigarettes in storage. Global imports should thus be close to exports, after allowing for legitimate trade usually excluded from national statistics. (These are principally imports for duty-free sales to travellers, the diplomatic community, and military establishments). But for many years imports have been lower than exports to a degree that cannot be adequately explained by legitimate duty-free sales. Although the volume of duty-free trade is not on public record, it has been estimated with some confidence by the tobacco trade at about 45,000 million cigarettes a year. Even the time-lag of three to six months between the recording of export and import statistics cannot explain the export-import differences, which have remained at high levels for years. 13 Table 1 which shows annual global exports and imports from 1975 to 1996, points to a steady increase in the number of missing cigarettes. In 1996, 1 107 000 million cigarettes were exported but only 707 000 million imported, a difference of 400 000 million. After deducting 45 000 million for legitimate duty-free sales, there are still almost 355 000 million cigarettes missing. The only plausible explanation for these missing cigarettes is smuggling.

Cigarette smuggling is now so widespread and well organized that it poses a serious threat to both public health and government treasuries, which are losing thousands of millions of dollars in revenue. The threat to public health comes firstly from the use of the smuggling argument to argue against high tobacco taxes. Taxation has often been considered one of the most effective measures for reducing consumption. The industry opposes tax increases and uses the argument that higher taxes are an incentive to smuggling. The threat of smuggling has been used by the tobacco industry to convince ministers of finance not to raise the tax on tobacco products. In Canada (1994) and in Sweden (1998) the industry was even more successful, convincing the governments to decrease taxes on tobacco products to resolve the smuggling problem. According to the industry, an increase in cigarette taxes only reduces legal sales, but not total sales (legal and illegal sales combined). Smuggling creates less revenue for governments and even undermines health efforts to keep the number of smokers down. For instance, a full-page advertisement in both the New York Times and the
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Washington Post of 1 May 1998, placed by the five major tobacco companies in the United States, argued that a tax increase of US$ 1.10 would create a black market for cigarettes that would “give kids unregulated access” to cigarettes.

Table 1. World cigarette imports and exports (thousand million pieces)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>171</td>
<td>223</td>
<td>43</td>
</tr>
<tr>
<td>1980</td>
<td>254</td>
<td>323</td>
<td>69</td>
</tr>
<tr>
<td>1985</td>
<td>113</td>
<td>356</td>
<td>43</td>
</tr>
<tr>
<td>1990</td>
<td>418</td>
<td>543</td>
<td>125</td>
</tr>
<tr>
<td>1991</td>
<td>526</td>
<td>712</td>
<td>186</td>
</tr>
<tr>
<td>1992</td>
<td>568</td>
<td>804</td>
<td>236</td>
</tr>
<tr>
<td>1993</td>
<td>600</td>
<td>780</td>
<td>179</td>
</tr>
<tr>
<td>1994</td>
<td>886</td>
<td>1156</td>
<td>270</td>
</tr>
<tr>
<td>1995</td>
<td>668</td>
<td>987</td>
<td>319</td>
</tr>
<tr>
<td>1996</td>
<td>707</td>
<td>1107</td>
<td>400</td>
</tr>
</tbody>
</table>

Source: US Department of Agriculture.

The black market also means less income for “serious” and “loyal” tobacconists and more opportunities for organized crime. The smuggling issue has now become the most convincing argument to counter the policy of governments that want to reduce the consumption of tobacco through taxation. In its report on taxes on tobacco products of May 1998, the European Commission stressed that the smuggling factor must be taken into account when a tax increase is considered, as the public health objective of reducing consumption through high taxation will fall short of its target if tobacco products evade this taxation.\(^\text{10}\)

There is another reason why smuggling poses a serious threat to public health. Smuggled cigarettes are sold at below market price; thus cigarettes are available cheaply, thereby increasing consumption and undermining efforts to keep youngsters from smoking. Smuggling makes top international brands available at affordable prices to low-income consumers, and to image-conscious young people in developing countries where Western products are regarded as sophisticated and stylish. Because a third of annual global exports go to contraband, as Table 1 shows, this effect is enormous. It causes a massive increase in the burden of disease, especially in poorer countries.\(^\text{14}\)

A third source of concern is that contraband cigarettes evade legal restrictions and health regulations, such as bans on sales to minors, labelling requirements and regulations on additives. Finally, more smuggling of cigarettes also means more opportunities for organized crime networks active in other areas such as drugs and may increase the overall level of corruption in a country.

**International implications**

Large-scale smuggling is encouraged by the presence of criminal organizations, a relatively sophisticated system for distributing smuggled cigarettes at local level, and the lack of control of international movement of tax-free cigarettes.
The international implications of large-scale smuggling are evident: it involves international brands, produced by multinational companies and distributed by criminal organizations, which operate in all parts of the world and are able to buy large quantities of tax-free cigarettes which have previously "disappeared" during international shipment.

The most common way to buy tax-free cigarettes is to buy them while "in transit". Transit is a concession system aimed at facilitating trade. Its essence is to allow the temporary suspension of customs duties, excise and VAT payable on goods originating from and/or destined for a third country while under transport across the territory of a defined customs area.

An example will illustrate this. Suppose that cigarettes from the United States enter Belgium for onward transport to North Africa. In this case, the goods would be placed under a transit regime for transport by road from Belgium to Spain, whence they would be shipped to North Africa. Provided that the re-export of goods is confirmed, no taxes would be due in the European Union. In 1996 about 100 000 million cigarettes passed through the port of Antwerp in Belgium. Thus anyone wishing to purchase United States duty-free cigarettes for European black markets is likely to buy products warehoused in Antwerp, simply because that is where the cigarettes are. Fraud occurs when the transit cigarettes fail to arrive at their declared destination and are sold without payment of tax on the black market.

Similar instances are found in other parts of the world:

- The Canadian industry was exporting billions of cigarettes at the beginning of the 1990s to warehouses in northern New York State. Since the cigarettes were exported, they were exempt from Canadian tax. Smugglers would then move the cigarettes through the Akwesasne into large Canadian cities. Akwesasne is an Indian reservation, which includes parts of New York State and the Canadian provinces of Ontario and Quebec along the St. Lawrence river. Movement of these goods was not seriously constrained and the river was able to serve as a major conduit for smuggled goods. Native Indians would pay Can$ 8 for a carton and sell it at Can$ 18 on the Canadian side of the reservation. A carton would then sell for Can$ 22 on Canadian store shelves. At that time, Canadians were paying Can$ 40-60 a carton for taxed cigarettes.

- According to investigations by the Independent Commission Against Corruption in Hong Kong in 1995, large ships vessels were loaded with cigarettes in Hong Kong, the permit showing another destination in South-East Asia. When in international waters, the ships would be met by small boats from the mainland and the cigarettes would be offloaded. No import taxes, excise duties or VAT were paid, as the cigarettes were "officially" intended for export.

- In South Africa cigarettes are also smuggled through "round tripping" as in Canada. They are exported to neighbouring countries, but reappear on South African streets at cut-rate prices, without payment of taxes.

- Brazilian cigarettes are exported free of duty to Paraguay and brought back illegally by professional smugglers to Brazil.

- According to a study by the Colombian Ministry of Foreign Trade, 64% of the 30 000 million cigarettes sold each year in Colombia are contraband, while 26% are made domestically and 10% are imported legally. The report said that of the 5500 million Marlboro cigarettes that entered Colombia in the first nine months of 1997, 4 400 million came
from the free-trade zones in Aruba and Panama, meaning that they entered tax-free as contraband. While Philip Morris (the manufacturer) is legally registered in Colombia, only 1 100 million units were sold through the company. The price of the contraband cigarettes is lower than that of locally made cigarettes on which taxes are paid.

Fraudulent transactions typically involve several separate buyers between the initial purchase of the cigarettes and their disappearance from legitimate circulation. The key point for a fraudster is not to be discovered. One mechanism employed to render investigation difficult is to arrange for consignments to pass through a bewildering range of owners in a short space of time. The object is to make the final owner untraceable, and to make the links between the successive owners as obscure as possible. The tobacco industry has recently been accused of selling cigarettes to traders who immediately resell them into black markets to evade foreign taxes. However, because many owners have possession of smuggled cigarettes it is often difficult to determine whether the tobacco industry is directly involved in fraudulent transactions.

There is no doubt that the industry benefits from smuggling. However, there is debate about whether there is evidence of direct tobacco industry involvement in smuggling. The line of the multinationals is that they sell their cigarettes legally to dealers and that their responsibility ends there. Given the sheer scale of smuggling - more than 300 000 million cigarettes annually, it would be odd indeed if the industry had no idea what was going on.

**Proposed solutions**

Cigarette smuggling can be reduced, but action will again need to be international and it should include measures to simplify trade routes. The international transport of cigarettes should come under strict control in order to prevent the present situation, in which a third of annual global exports become contraband.

The provisions should include the following measures:

- **Increase penalties.** Smugglers engage in cigarette smuggling because the benefits are greater than the risks. Penalties should be reviewed upwards to ensure that the fines, when combined with the probability of getting caught, make smuggling financially unappealing.

- **Require “tax-paid” stamps on tobacco products.** The purpose is to distinguish clearly between legal and illegal goods, making contraband products easier to detect and the laws easier to enforce. Such stamps should be easily visible and prominently placed on each package, under the cellophane wrapper. They should be designed so that they are hard to counterfeit.

- **Require special package and product markings to indicate duty-exempt status.** Combating smuggling requires strict control of the transport of tax-free cigarettes. To the extent that such sales are permitted, in duty-free stores or elsewhere, these packages should be clearly marked as tax-exempt. It should be easy for retailers, consumers and law enforcement personnel to identify what is tax-exempt and what is not.

- **Require that manufacturers, exporters, importers, wholesalers, transporters, warehouses and retailers have tobacco-specific licences.** Licences assist in iden-
tifying and monitoring the different actors in the tobacco sector, and facilitate anti-smuggling enforcement. Conditions can be attached to licences, which can be suspended for breaches of the conditions or tobacco laws. The threat of loss of a licence could well serve to deter potential traders in smuggled cigarettes.

- **Require each manufacturer of tobacco products to print a unique serial number legibly on all packages of tobacco products.** This will enable the authorities to identify the manufacturer of the product, and the location and date of manufacture. When the technology is available, this mark could be replaced by a chain-of-custody mark, which would not only tell officials the identity of the manufacturer, but also indicate the identity of the distributor, wholesaler and exporter.

- **Require record-keeping.** Record-keeping and tracking systems are needed which place the onus on the manufacturers to prove that cigarettes arrive legally in their end-user markets. Cigarettes could only be transported if all the intermediate traders, the route and the final destination were known. A computerized control system should enable countries to carry out real-time checks and risk analysis prior to the dispatch of each consignment of tobacco products. In this way, countries will also be informed of each individual consignment and be able to carry out targeted on-the-spot inspections as and when they choose. In Hong Kong the use of computers to track cigarette movements and cooperation with other countries contributed to a big fall in cigarette smuggling.

- **Require exported cigarettes to indicate on the label the country of final destination and to carry appropriate and country-specific health warnings.** Most countries in the world have regulations that oblige companies to print health warnings on the packages of tobacco products. The style, wording, attribution and language of these warnings differ from country to country. Exporters should mark the country of final destination on the label and ensure that products for that specific country bear the appropriate health warnings. Specific labels can also be requested for cigarettes that are not exported. International cigarettes made in Viet Nam, for instance, have been required to carry health warnings and a "Made in Viet Nam" label with effect from January 1997. The "Smoking damages your health" label must appear in Vietnamese, while the "Made in Viet Nam" label may be in English or Vietnamese. The Vietnamese Government has stated that the labels are intended to increase awareness of the effects of smoking on health and to combat smuggling.

- **Require exporters to post bonds on cigarette shipments that can only be released after the cigarettes are shown to have reached their final destination.**
Duty free tobacco products

The public health perspective

Duty-free sales have grown because of the increase in the numbers of international travellers in recent years. Around 45 000 million cigarettes were sold through duty-free outlets in 1996, representing 0.8% of all cigarettes sold in the world. Airports account for 39% of duty-free tobacco sales, followed by ferries at 20%, airlines 12% and other shops 29%. The highest concentration of sales of tobacco goods is through duty-free outlets in Europe with 69% of sales, followed by Asia and the Pacific with 18%, the Americas with 12% and Africa with 1%.12

The arguments for a complete end to tax-free cigarettes come from two principal directions. First, tax-free sales make cigarettes available cheaply, thereby increasing consumption. To end all duty-free tobacco would be consistent with WHO health policy targets of reducing tobacco use.

Secondly, an end to all duty-free tobacco would facilitate the fight against smuggling. Smuggling of cigarettes is explained mainly by fraud with duty-free cigarettes (see section III), and smuggling is aided by the existence of tax-free zones and tax-free sales. It relies on tax-free cigarettes which disappear during their international transport and which are classified in world trade statistics as “missing”. Traders have explained that some of these tax-free cigarettes are sold legally, e.g. used for duty-free sales at airports or on ferries. The end of all duty-free tobacco would mean that tobacco traders could not use the duty-free sales argument to explain the growing quantities of cigarettes that disappear worldwide. In order to avoid “missing” cigarettes, the transport and sale of tax-free cigarettes should be no longer tolerated.

International implications

To eliminate all duty-free traveller’s allowances for tobacco products would involve modifications to the Kyoto Convention on the Simplification and Harmonization of Customs Procedures administered (1973) by the World Customs Organization. This convention is currently under review, and consideration should be given to deleting articles 22(a) and 39(a) of Annex F3, which stipulate the quantities of tobacco goods travellers are allowed to import free of import duties and taxes (200 cigarettes or 50 cigars or 250 grams of tobacco, or an assortment of these products up to a total weight not exceeding 250 grams). In the Euro-
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European Union (EU) duty-free sales will be tightly restricted after 1 July 1999. Directives 92/12/EEC and 77/388/EEC provide for the termination of tax-free status in intra-Community traffic by 30 June 1999: sales of tax-free cigarettes for personal use will no longer be authorized for travellers inside the European Union, but will be tolerated only for those leaving or arriving in the EU. This European decision is important as the EU alone accounts for some 47% of world duty-free tobacco sales.

Proposed solutions

The great increase in international travel has had a considerable effect on the work of customs administrations, since travellers with their goods and means of transport must pass through customs control during their journey.

Current international agreements should be reconsidered in the light of the serious health consequences of tobacco use. In particular articles 22(a) and 39(a) of Annex F3 concerning customs facilities applicable to travellers of the Kyoto Convention on the Simplification and Harmonization of Customs Procedures should be deleted.
Tobacco advertising and sponsorship

The public health perspective

According to the 1988 report of the US Surgeon General, the direct mechanisms by which advertising and promotion might increase tobacco consumption are the following:

- by inducing children and young people to begin experimenting with tobacco products and in this way to initiate regular smoking;
- by encouraging adults to take up smoking;
- by encouraging existing smokers to smoke more;
- by undermining existing smokers' motivation to give up;
- by encouraging former smokers to resume the habit.

A report by the United Kingdom Department of Health and Social Security of October 1992 reviewed various forms of evidence to assess whether tobacco advertising affects the aggregate demand for tobacco products. Four countries (Canada, Finland, New Zealand and Norway) were selected for study, as each had introduced an advertising ban and enforced it effectively. In all four countries enough data were available to evaluate the ban scientifically. The report's main conclusion was that current evidence available on the four countries indicated a significant effect. In each case the banning of advertising had been followed by a fall in smoking on a scale that could not reasonably be attributed to other factors.

Five years later, in a report for the International Union against Cancer (UICC), the available data on the same four countries were examined. Canada was, however, replaced by France (which banned advertising from 1 January 1993), as in Canada a legal vacuum has been created by the Supreme Court of Canada's decision of 21 September 1995 to abolish central portions of the 1988 Tobacco Products Control Act, which was later replaced by the Tobacco Act enacted on 25 April 1997. In the four countries per capita consumption of cigarettes in the population aged 15 years and over fell between 14% and 37% after the introduction of the ban.

Table 2. The effectiveness of tobacco advertising bans

<table>
<thead>
<tr>
<th>Country</th>
<th>Date of ban</th>
<th>Fall in consumption by 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>1 July 1975</td>
<td>- 26%</td>
</tr>
<tr>
<td>Finland</td>
<td>1 March 1978</td>
<td>- 37%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>17 December 1990</td>
<td>- 21%</td>
</tr>
<tr>
<td>France</td>
<td>1 January 1993</td>
<td>- 14%</td>
</tr>
</tbody>
</table>
In three of the four countries studied, smoking prevalence among young people decreased, while in one it remained stable. UICC's conclusion was that advertising bans do work if they are properly implemented as part of a comprehensive tobacco control policy.

**International implications**

A number of countries around the world have banned tobacco advertising through legislation. Examples are Italy (1962), Iceland (1970), Norway (1973), Finland (1976), Portugal (1982), New Zealand (1990), France (1991), Australia (1992), Thailand (1992), Sweden (1994), Turkey (1996) and Belgium (1997). More recently, the European Parliament and Council have adopted Directive 98/43/EC of 6 July 1998, which will ban all tobacco advertising in the 15 EU Member States. Under this directive, all direct and indirect advertising (including sponsorship) of tobacco products will be banned within the EU, with full and final entry into force of all provisions. Key points are:

- All Member States of the European Union must introduce national legislation not later than 30 July 2001.
- All advertisements in the print media must cease within one further year.
- Sponsorship (with the exception of events or activities organized at world level) must cease within two further years.
- Tobacco sponsorship of world events - such as Formula One motor racing - may continue for a maximum of three further years, but then must end. There must be a reduction in overall sponsorship support, combined with voluntary restrictions on tobacco advertising linked with these events, during the phasing-out period.
- Product information is allowed at points of sale.
- Tobacco trade publications may carry tobacco advertising.
- Third-country publications, not intended specifically for the EU market, are not affected by the ban.

This legislation imposes a total ban on tobacco advertisements but provides for exceptions for elements that can only be controlled at international level and weaken the national legislation. These exceptions are:

- foreign publications;
- incidental television advertising;
- sponsorship of world events;
- the Internet.

**Foreign publications**

In almost every piece of legislation banning tobacco advertising, the one type of advertising that is generally allowed is advertising in imported foreign publications. The exception is the French law of 1991, which also forbids tobacco advertising in foreign publications. This provision in the French law, however, is not respected in practice; for example, German magazines that contain tobacco advertising are still imported into France. The justification for the
foreign publication exception is the fear that a ban on tobacco advertising may lead to a censorship of foreign publications. Only a worldwide ban on tobacco advertising could lead to a ban on tobacco advertising in all publications.

Incidental television advertising

The Australian, Belgian, Canadian, French, and Norwegian laws on tobacco advertising exempt incidental advertising in broadcasts of events which take place outside the country, unless the main purpose is to advertise tobacco products in the country concerned.

The justification is the same as for the exception for foreign publications - the fear that a ban on tobacco advertising may lead to censorship of the broadcasting of sports events in countries where tobacco advertising is still authorized. Again, only a worldwide ban on tobacco advertising could lead to a ban on incidental advertising. It should be stressed that the impact of incidental television advertising should not be underestimated. According to one study, Marlboro's sponsorship of a championship auto racing team in the 1989 season gave Marlboro cigarettes nearly three and a half hours of television exposure. In the Marlboro Grand Prix, race officials wore Marlboro Grand Prix shirts and caps, and the Marlboro emblem or name appeared 5,933 times during the broadcast. The impact of televised events such as these automobile races is substantial: over 10 million people a year attend such events in the USA, while 90 times that number view them on television. Sponsorship's effectiveness also can be measured by a change in consumer awareness of or attitudes toward a product or a company. A survey, reported in the Lancet of 15 November 1997, showed that boys who cited motor racing as their favourite television sport were more likely than others to be able to name the leading tobacco sponsors. If they were not already regular smokers, nearly twice as many became regular smokers as the boys who did not watch motor racing.

Sponsorship of world events

Of all the loopholes in various national legislative initiatives, sponsorship looms the largest. There are several reasons why allowing sponsorship by tobacco companies (especially sponsorship of sports) undermines attempts to curb tobacco consumption:

- sponsorship functions in the same way as advertising;
- sports sponsorships reach the youth market very effectively;
- sponsorships associate smoking with healthy, popular activities and images;
- the international nature of sponsored events may allow exemption from national sponsorship bans.

Laws in a number of countries around the world provide exemptions for international sponsored events. The main argument in favour of these exemptions is that a total tobacco advertising ban would lead to the transfer of the international event to another country which still authorizes tobacco advertising.

- In Portugal the law of 30 January 1987 exempted all sponsored motor events from the ban on tobacco advertising for a period of 10 years.
• In New Zealand the Parliament amended the tobacco advertising ban six months after the passage of the 1990 Act to authorize the sponsorship of multinational events, defined as those in which at least three countries participate, one of which is New Zealand.

• In Australia section 18 of the tobacco advertising law (1992) gave the Minister for Health the power to exempt certain international sporting events from the general ban on tobacco advertising provided certain conditions are met. The Minister is allowed to grant such an exemption only if satisfied that:
  - the event is one of international significance; and
  - Australia would be likely to lose the event if the Minister does not specify that it is exempt from the general ban on tobacco advertising under the Act.

• In Canada a bill (C-71) banning tobacco advertising and sponsorship was planned to come into force on 1 October 1998. However, in June 1998 bill 444 of Quebec Province granted supplementary delays of two years for sponsorship of events, with the exception of the sponsorship of racing teams taking part in the Canadian Grand Prix or the Trois-Rivières Grand Prix, which were granted a five-year delay.

• In the European Union, as mentioned above, the transitional period for the ban on tobacco sponsorship of world events is three years longer than for other sponsored events.

Most countries ban tobacco advertising on television. Sponsorship has become central to the promotional efforts of most tobacco companies because it allows brand name exposure in broadcast media from which they are banned. In many parts of the world, sponsorship of events and activities is used to reach broadcast audiences even when local laws specifically deny tobacco companies access to broadcast media. Tobacco sponsorship of Formula One car racing is worth US$ 100 million every year. Tobacco companies are willing to spend these huge amounts in order to reach 350 million viewers per race in more than 200 countries throughout the world. Only a worldwide ban on all tobacco advertising and sponsorship can prevent tobacco promotion from remaining highly visible during the broadcasting of popular international sports events.

The Internet

Reliable sources estimate that there are 50 million Internet access points in the world as of 1998, and some forecast growth to 500 million by the end of the millennium. While Internet advertising is only a three-year-old phenomenon, total annual spending on advertising on the Internet for all products and services reached US$ 301 million in 1996, was expected to total US$ 940 million in 1997, and reach US$ 4352 million in 2000. Tobacco companies too have begun to openly advertise on the Internet. In the USA cigarette companies were required to report Internet advertising expenditure for the first time in 1996; the total was US$ 432 000. In Germany most tobacco companies have opened Web sites on German domains of the global Internet computer network.

The Internet is a concern in many areas. For instance, in May 1988 the World Health Assembly adopted a resolution (WHAS1.9) responding to growing concerns over cross-border promotion, advertising and sale of medicinal products on the Internet. In fact the activities of companies vary. A distinction has to be made between advertising on the World Wide Web (which is addressed to all consumers), e-mail advertising directed at specific individual consumers, and on-line sales activities. Trading on the Internet generally involves a foreign element. On-line marketing is increasingly directed also at consumers in other countries.
Above all, advertising on the Internet can ultimately be downloaded in all countries that provide access to the Internet, i.e., in virtually all countries worldwide.41

The need to tackle advertising on the Internet through an international convention is evident. In its Smoking (Public Health) (Amendment) Ordinance 1997, Hong Kong has already banned placing tobacco advertisements on the Internet.42 In Belgium the Minister for Health has stipulated that the Belgian tobacco advertising ban includes Internet advertising, but it will be difficult to control or sanction Web sites in foreign countries.43 An international convention is needed to ban Internet tobacco advertising. Such a convention should also prohibit the sale and distribution of cigarettes by mail order through the Internet. Internet selling of cigarettes has caused serious concern in Sweden, where many people were buying cigarettes in low-price countries via the Internet by mail order.44

Proposed solutions

A total ban on both advertising and sponsorship is essential if tobacco consumption is to be reduced significantly and quickly. In 1979 the WHO Expert Committee on Smoking Control called for the total prohibition of all forms of tobacco promotion.45 In 1986 the Thirty-ninth World Health Assembly deplored all direct and indirect practices the aim of which was to promote the use of tobacco (resolution WHA39.14). Four years later, in 1990, the Forty-third World Health Assembly urged all Member States to consider progressive restrictions and concerted action to eliminate eventually all direct and indirect advertising, promotion and sponsorship concerning tobacco (resolution WHA43.16).

Table 3. The advertising restrictions control score ¹

<table>
<thead>
<tr>
<th>Restriction</th>
<th>0.5 point</th>
<th>0.5 point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio tobacco advertising</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Television tobacco advertising restriction</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Cinema tobacco advertising restriction</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Outdoor tobacco advertising restriction</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Press tobacco advertising restriction</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Point-of-sale tobacco advertising restriction</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Sponsorship of national events restriction</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Sponsorship of international events</td>
<td>0.5 point</td>
<td>0.5 point</td>
</tr>
<tr>
<td>Indirect tobacco advertising</td>
<td>1 point</td>
<td>1 point</td>
</tr>
</tbody>
</table>

Total 10 points

¹Total Score of 0 = no restriction on tobacco advertising on sponsorship

The ban should be based on the following principles:

- it should include both direct and indirect advertising;
- it should extend to all media (radio, television, press, hoarding, cinema, Internet, etc.);
- it should include sponsorship of both national and international events;
- it should cover the whole world, but be introduced progressively taking into account the progress made at national level to restrict tobacco advertising.
Most countries have restricted tobacco advertising to some extent. A total ban in all countries is possible, but should be introduced progressively. A longer transitional period could be granted to countries that need to undertake laborious legislative initiatives to achieve a total ban. An advertising restriction control score could be used to determine the length of the transition period. Such a scoring system was developed in 1989 by Murray Laugesen in order to classify countries according to the number of media in which tobacco advertising is restricted, banned or blunted by health warnings. In Table 3, the Laugesen scale has been adapted slightly by adding, for instance, points for restricting or banning indirect advertising and international sponsorship.

It is proposed that all countries of the world should ban all direct and indirect advertising and sponsorship for tobacco products, but that a transition period should be allowed according to each country's advertising restriction control score, as follows:

<table>
<thead>
<tr>
<th>Score on 1 January 2000</th>
<th>Transition period</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥7</td>
<td>3 years</td>
</tr>
<tr>
<td>4-6</td>
<td>6 years</td>
</tr>
<tr>
<td>0-3</td>
<td>9 years</td>
</tr>
</tbody>
</table>
Testing and reporting of toxic and other constituents

The public health perspective

Tobacco smoke is estimated to contain over 4000 compounds, many of which are pharmacologically active, toxic, mutagenic and carcinogenic. There are more than 43 known carcinogens in tobacco smoke.  

As concern about the health problems caused by smoking has grown, a number of countries have pursued a policy of reducing the risk of harm to people who continue to smoke by decreasing the quantities of noxious substances being delivered to smokers. Since the early 1970s, the United States and United Kingdom authorities have recommended that people who are unwilling or unable to give up smoking switch to cigarettes with lower tar and nicotine yields, with the expectation of reducing the adverse effects of smoking.  

Regulatory action has also been taken. The tar yield of cigarettes marketed in the European Community is regulated by an EC directive adopted in May 1990 (Directive 90/239/EEC). This directive states that the tar content of cigarettes marketed in the European Community should not exceed 15 mg per cigarette from 31 December 1992, and 12 mg per cigarette from 31 December 1997. Since January 1992 another directive (89/622 EEC) has stipulated that tar and nicotine yields must be indicated on cigarette packets and should be measured by the methods specified by the International Organization for Standardization (ISO 4387 and ISO 3400).  

The standard smoking machine, using ISO standard procedures and equipment has a mechanical mouth and draws a fixed number of standard puffs—a 35 millilitre volume drawn over 2 seconds and repeated every 60 seconds until the cigarette burns down to a predetermined butt length. The tar and nicotine residues drawn into the machine are then measured.  

Test results do not provide consumers with meaningful measures of what they can expect to ingest from cigarettes. One of the major shortcomings of the test is that people simply do not smoke like machines. In fact smokers may absorb more nicotine than the machine, depending on the number and intensity of the puffs they take and whether their lips or fingers block the ventilation holes that can dilute the smoke from “low-tar” cigarettes. It has been shown, for example, that smokers who switch to cigarettes with lower nicotine yields “compensate” by smoking the lower-nicotine cigarette more intensely and that the published nicotine yield is not a good predictor of the amount of nicotine absorbed by smokers.  

35
Most low-yield cigarettes achieve their lower ratings because of filter characteristics (ventilation holes in the tipping paper near the mouth end) and because the smoke is diluted with air. Although official smoking machines do not interfere with filter ventilation, human smokers can and do block these filter holes with their lips and fingers, resulting in higher tar and nicotine yields.\textsuperscript{51}

The tar yield testing and control policy was based on the concept that less tar would lead to less carcinogenic activity from tobacco smoke. The concept of "tar" bears careful re-examination, especially in the light of new cigarette technologies and differing tar characteristics.\textsuperscript{49} The results of research on 55 types of cigarettes in the Federal Republic of Germany indicated, for instance, that there was no correlation between tobacco-specific nitrosamines and tar delivery in the mainstream smoke.\textsuperscript{52} Similar findings were reported in Poland based on test data from Polish cigarettes in the period 1983-1995.\textsuperscript{53} Low-tar cigarettes do not automatically mean low-carcinogen cigarettes. Two recent studies based on research in the USA and Switzerland showed that low-tar cigarettes are not only safer, but have contributed to an increase in a type of lung cancer (adenocarcinoma) occurring deep in the lung.\textsuperscript{54-55} This is because smokers of these cigarettes inhale more deeply and are exposed to disproportionately higher amounts of certain smoke constituents, including smaller particulate carcinogens or \textit{N}-nitrosamines. In a letter to the \textit{Lancet}, Gray, Boyle and Zatonski suggested that existing cigarette brands could be tested for a selection of known carcinogenic substances e.g., 4-(methyl nitrosamine) - 1 - 3 - pyridyl) - 1 - butanone) (NNK). For substances whose content varies substantially from brand to brand, the median concentrations could be established as a target upper limit and manufacturers given time to adapt to it. Brands unable to conform to the target level should be excluded from the country’s market.\textsuperscript{56}

Another concern is the use of agricultural chemicals, flavourings and other additives.\textsuperscript{50} A wide range of chemicals, including herbicides, fungicides and insecticides, is routinely used in tobacco growing in order to ensure maximum commercial production. There is evidence that pesticide residues in mainstream smoke (the smoke inhaled by the smoker) may be retained by the smoker. As tar and nicotine are reduced, various substances are added to tobacco components to affect the flavour and palatability of the smoke, alter smoke composition and yield, modify burn rate, and alter pH to optimize nicotine delivery.\textsuperscript{50}

Some of today's cigarettes may, in fact, qualify as high-delivery nicotine systems that deliver nicotine in precisely calculated quantities — quantities that are more than sufficient to create and sustain addiction in the vast majority of individuals who smoke regularly.\textsuperscript{50} Tobacco manufacturers add certain chemicals that can alter the pH of cigarettes, which is known to affect the rate of absorption of nicotine into the bloodstream of the smoker. Ammonia, for example, when added to a tobacco blend, leads to an increased amount of nicotine delivered to the smoker.\textsuperscript{50} So-called "casings" are solutions of usually water-soluble ingredients that provide a means of incorporating flavourings and other additives in the tobacco blend. Casings are often used in tobacco processing to reduce the harshness of nicotine in high-nicotine tobaccos, thus permitting greater use of these tobaccos in cigarette manufacture.\textsuperscript{50}

Given its highly addictive nature, the gradual elimination of nicotine from cigarettes is a policy option,\textsuperscript{50} which has been widely discussed during the last five years. The feasibility of such an approach raises many questions. The main question is whether less nicotine may lead to more health damage among addictive smokers who compensate for reduced nicotine levels by smoking more cigarettes and/or smoking each cigarette more intensively. Reducing
Testing and reporting of toxic and other constituents

nicotine could be useful for those who begin smoking, but not for those who are already addicted.

For the time being, nicotine reduction is an option that should be kept open and carefully explored because of its potential public health benefit. However, much more research needs to be conducted before this approach can be considered for implementation.

International implications

Legislation has been enacted to control harmful substances in tobacco by:

- controlling the composition of tobacco;
- requiring the disclosure of additives and ingredients;
- authorizing the government to inspect and approve tobacco products;
- authorizing the government to set maximum tar and nicotine levels.

In Germany, the Tobacco Ordinance of 20 December 1977, for instance, contains details of the substances that may be used in the manufacture of tobacco products. In New Zealand the 1979 Toxic Substances Act empowers the Governor-General to make regulations prescribing methods of testing tobacco to ascertain its composition, and prescribing the maximum amount of specified toxic substances that may be present in any tobacco or class of tobacco. In Thailand, Ministerial Regulation BE 2535 required by 20 February 1998 the disclosure of the ingredients of tobacco products to be sold in the country to the Ministry of Public Health. In Canada, the Tobacco Sales (Amendment) Act of British Columbia required that tobacco companies must disclose all additives and ingredients by 15 September 1998, including the chemicals used to treat papers and filters. Beginning on 31 October 1998, tobacco companies must provide reports on 44 selected poisons found in tobacco smoke, using test procedures developed by Health Canada.

The use of inaccurate and different test methods for ingredients is an international concern. Test procedures may vary from country to country. The use of different testing methods means that the results obtained in one country are not comparable with those obtained elsewhere. Test procedures should not only be comparable, but also accurate and valid. Tests of safety of additives are often done on ingested substances. The effect of combustion on many additives is not known. Another example of inaccurate methods is found in the EU regulations on tar content, which are based on the ISO standard methods. These methods underestimate the tar level of cigarettes and thus provide the smokers with misleading information.

Proposed solutions

Although tobacco products are both widely used and complex, they have escaped meaningful regulation in part because of the gaps in knowledge about them outside the industry. More information is needed about the role of constituents, chemicals, flavourings and other additives. The safety of these substances when burned needs to be established. Before additives can be recognized as safe, the industry should be able to prove their safety when used
as intended (e.g., burned, in conjunction with other ingredients and additives). The gathering of this information can be facilitated through the obligation for the tobacco industry to disclose all ingredients and additives in all tobacco products and to report all major toxic constituents, using internationally accepted test methods.

There are a number of potential opportunities to make tobacco products less dangerous than they now are. For example, an international committee of experts under the supervision of the World Health Organization could:

- determine which additives contribute to toxicity and addictiveness;
- set a ceiling for yields of toxic ingredients such as tobacco-specific nitrosamines and specify progressive reductions;
- determine which ingredients should be removed that enhance nicotine delivery or that interact with its reinforcing qualities;\(^49\)
- review the ISO standards for measurement of the tar and nicotine yield in cigarettes in line with the revision of the US Federal Trade Commission’s tar testing methods;
- explore the possibilities of a gradual removal of nicotine from tobacco products.
Tobacco package design and labelling

The public health perspective

Package size

Sales of single cigarettes and small packs are common - if not the norm - in many developing countries because low disposable income places larger packs out of the reach of most smokers. The same marketing logic obviously applies in more affluent nations insofar as those with the least income (poor and unemployed people and children) can find money more easily for a small pack than for the standard, more expensive pack.58

In confidential marketing strategy papers,59 "half-packs" have been recommended for the following reasons:

• Half-packs are a logical size for beginner smokers. As mature smokers, their consumption rate will double (or more). Brand loyalty would carry this gain over to the brand's packs of 20.
• Younger smokers seem more sensitive to cash outlay than to cost per cigarette.
• Low price would not imply a "cheap brand" nor require sacrifices in unit profit, marketing support, or quality.

Research in Australia, Canada and the Netherlands confirmed that mainly teenage smokers were buying small packs of cigarettes. One study in Australia showed that 56% of teenage smokers bought small packs, compared with only 9% of adult smokers.60 Recent data in the Netherlands showed that in 1998 38% of 15-to-19-year-old smokers bought small packs compared with 12% of adult smokers.61

Labelling

The labelling of tobacco products is recognized as an important element in smoking prevention policies.62 In that context, its principal role is to discourage people from starting to smoke and to encourage smokers to give up or to smoke less. Labelling influences smoking behaviour by providing additional information to support the motivation not to smoke or to give up smoking. However, progress is still needed in many countries. A WHO report concluded that of the 77 countries requiring warnings in 1991, 48 did no more than require a statement that smoking is injurious to health.57 A new research report on health warnings in 56 countries in 1998 stressed that warnings in developing countries were far more ineffective than warnings in developed countries, which were themselves inadequate.63 A health warning evaluation scale was developed which took account of several criteria, among them the presence, number, language, size, location and rotation system of health warnings. The
average score for developing countries was 1.6, as against 5.0 for developed countries. However, some developing nations obtained high scores, such as South Africa, which had a score of 10, and Thailand, with a score of 9. Here it is worth mentioning the recent example of Poland (1998), which obliges tobacco companies to provide warnings occupying at least 30% of the pack surface.

**Product claims**

There should be international minimum standards of what should appear on the package (health warnings), and of what should not appear. Producers whose products make unproven health claims (through such terms as “light”, “mild”, and “low-tar”) should be prevented from doing so, by limiting both the use of words and the use of nonverbal cues in packaging and product design that falsely communicate safety. The promotion of light cigarettes has kept many people smoking who otherwise would have made a more determined effort to stop. Low-tar, low-nicotine cigarettes are thought to encourage people - particularly women - to start smoking and may influence smokers to continue in the belief that the product offers some protection. The net effect of the introduction and mass marketing of these brands may have been and may continue to be an increased number of deaths attributable to smoking.

**International implications**

In 1996 exports of cigarettes from all countries totalled some 1 107 000 million. Agreement on package design at international level could improve trade relations, promote public health, and even facilitate the fight against smuggling.

Trade relations should be based on rules, which apply to all countries. The introduction of minimum rules on package design for cigarettes should be an obligation, in order to avoid economic advantage to a few countries that may not otherwise respect those rules. The implications for the promotion of public health are outlined in the first part of this chapter.

As discussed in chapter III, the main problem with the smuggling of cigarettes is that each year 400 000 million exported cigarettes do not arrive at their final destination, but disappear during their international transport. Smuggling control would be facilitated if the country of final destination were known in advance. If all countries of the world required prominent health warnings, which would automatically differ as to language and the content of some of the package messages, exporters could be obliged to prove that their products carried the health warnings of the country of final destination (see also chapter IV).

**Proposed solutions**

To tackle these problems, the following measures are proposed:

- Ban the sale of cigarettes in packs of fewer than 20 cigarettes;
- Remove unproven health claims on the package of tobacco products, such as “light”, “mild” and “low-tar”.
- Introduce obligatory and multiple health warnings on all tobacco products, displayed in black-on-white or white-on-black format and occupying a minimum of 25% of the two large surfaces of the pack.
Tobacco and agricultural policy

The public health perspective

World tobacco production has been increasing steadily. World unmanufactured tobacco production for 1997 is estimated at 7 million tonnes, up 27% from the 1995 crop. Most of this growth can be attributed to continued expansion in China.

Tobacco leaf is grown in at least 120 countries, and the majority of the world's tobacco crop is produced in developing countries. In many of these countries, governments provide subsidies and price support for farmers who grow tobacco. The European Union provides subsidies for tobacco production of about US$ 1 200 million a year. United States expenditure on support for tobacco growing was about US$ 40 million a year between 1994 and 1996.

Price support and subsidies undermine official backing for tobacco control programmes and impede policy changes through the political process. Thus, as tobacco control programmes mature, the tobacco subsidy and price support programmes of both developed and developing countries must be addressed.

International implications

According to a report of the European Court of Auditors, the European Union's subsidies for tobacco exports are not only an endorsement of a policy which is against the Union's own health policy but also runs counter to its policy towards developing countries. Almost all this tobacco is exported to Central and Eastern Europe and North Africa, where there are insufficient controls of tar content and where the countries can hardly afford to cope with addi-

Table 4. Exports of unmanufactured tobacco from the European Union to Central and Eastern Europe and northern Africa, 1991-1995 (tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports to Central/Eastern Europe</th>
<th>Exports to northern Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>72859</td>
<td>30834</td>
</tr>
<tr>
<td>1992</td>
<td>47034</td>
<td>41034</td>
</tr>
<tr>
<td>1993</td>
<td>83776</td>
<td>34376</td>
</tr>
<tr>
<td>1994</td>
<td>60203</td>
<td>57603</td>
</tr>
<tr>
<td>1995</td>
<td>147851</td>
<td>34420</td>
</tr>
</tbody>
</table>

Source: Eurostat
ational bought-in mortality and high health care costs. Subsidies have led to cheap tobacco. The dumping of cheap, high-tax tobacco products on the markets of neighbouring, poorer countries must distort markets, and encourage consumption.

**Proposed solutions**

Tobacco will be grown as long as consumer demand continues for it. The best way to decrease production of tobacco is, clearly, to decrease demand. However, the following two measures should be considered:

- In line with the policy of the World Bank, no financial incentives or legislative protection should be given to encourage tobacco production. The World Bank does not lend for tobacco production, processing, imports and marketing whether for domestic consumption or export.

- Help should be provided to tobacco farmers to switch to alternative crops.

The classical argument of farmers is that they grow tobacco because there is no alternative to tobacco growing. The truth is that little funding has been available to examine the possibilities for alternative crops. Small farmers need to be given real prospects for the future. This involves overcoming the problems linked to conversion from tobacco growing to other crops, such as lower returns, lack of capital investment, irrigation, training, the lack of agricultural research, and the impossibility of replacing tobacco by just one other commodity. Diversification is not an easy process, but without investment in research an alternative to tobacco growing will never be found.

Both the United States Government and the European Union are financing projects to develop less harmful tobacco varieties, but not research for conversion by tobacco growers to other crops. In July 1998, however, European Union agriculture ministers agreed a package of reforms for the tobacco sector that will apply from the 1999 harvest. The package includes funding for studies of the possibilities for producers of raw tobacco of switching to other crops or activities.
Cooperation and information sharing

The public health perspective

Policies and programmes to control tobacco use can be assisted by reliable and timely information about the pattern, extent and trends of tobacco use in the population, the health and the economic consequences of tobacco use, and the sociocultural factors which underlie it. In its Communication to the Council and the European Parliament on the Community's present and proposed role in combating tobacco consumption, the European Commission stressed that better monitoring of consumption patterns would facilitate better targeting of prevention activities. According to the Commission, information on existing trends is both inadequate and out of date, and thus a serious impediment to an effective strategy.

International implications

Standardized approaches facilitate global, regional and national monitoring of the tobacco epidemic, and the evaluation of the effectiveness of policies and programmes to control it. In order for WHO to comply effectively with the World Health Assembly's request to assist countries in implementing comprehensive tobacco control policies and to monitor closely the evolution of the global epidemic of tobacco-related diseases, it is imperative for national policies and programmes to be based on internationally comparable principles and procedures.

Proposed solutions

In its 1998 Guidelines for controlling and monitoring the tobacco epidemic, WHO defined what is desirable as a minimum of data and information capable of delineating the population groups most affected by the tobacco epidemic, the presence and significance of the tobacco industry in the country, and the policy responses that have already been implemented or are in the process of being implemented. Drawing on many countries' experiences with tobacco control measures, WHO has prepared a list of indicators which should be monitored by each country in order to support the health policy process effectively. The WHO guidelines group these indicators under six broad headings:

- sociodemographic characteristics;
- tobacco production, trade and industry;
Improving Public Health

- tobacco consumption;
- prevalence of tobacco use;
- mortality and morbidity;
- tobacco control measures, organizations and institutions.

The full list of recommended indicators under each of these sections is given in Annex 4 of the WHO guidelines.74

The information collection and sharing referred to above will require new financial resources if all parties to a possible framework convention are to produce comparable data of sufficient quality. Moreover, data without the means to interpret them, or data interpreted inconsistently among the parties, are of limited use. If information collection and sharing are to be undertaken in earnest, resources will be required to analyse the resulting information. The administrative tasks of coordinating the production, collation, evaluation and dissemination of the information will also require resources.7 It is anticipated that arrangements for financial contributions to facilitate information collection and sharing would be made by the relevant ministries of the parties.

There may in fact be a need to establish, by protocol, what might be termed a “centre for tobacco control facilitation”.7 Created with new money, this body might function under WHO auspices, or perhaps be directly responsible to parties through a secretariat administering the framework convention and protocols. The latter approach might provide a measure of flexibility not available if WHO was the overseer.7
References


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glers illegally reroute export cigarettes into Canada. The affiliate, Northern Brands, Inc., agreed to pay US$15 million in criminal fines and forfeitures for its involvement in these illegal activities. RJR affiliate to pay US$15M for acting as smuggling front, Dow Jones news wires, 22 December 1998.


24. Cunningham R. A comprehensive strategy to reduce and prevent tobacco smuggling. Presentation at the 10th World Conference on Tobacco or Health, Beijing, 24-28 August 1997.


40. Big tobacco hits the net, and its foes look for fire. Wall Street journal, 4 June 1998.


43. Reply by the Belgian Minister for Public Health to Parliamentary Question 0534 from Mr T. Detienne (1998).


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61. Unpublished 1998 data provided by Stivoro, the Netherlands smoking and health organization.


The Tobacco Free Initiative is a new WHO cabinet project created with the express aim of focusing international attention and resources on the global tobacco epidemic - the cause of a vast and entirely avoidable burden of disease.