

INTERFERENCE BY BIG TOBACCO AND AFFILIATES IN TOBACCO CONTROL IN SOUTH ASIA



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ABBREVIATIONS

ADIC	Alcohol and Drug Information Centre
BAT	British American Tobacco
BATB	British American Tobacco Bangladesh
BoM	Battle of Minds
CTC	Ceylon Tobacco Company PLC
CSR	Corporate Social Responsibility
FCTC	Framework Convention on Tobacco Control
ITC	ITC Limited
JPGL	John Player Gold Leaf
NBT	Nation-building tax
NGO	Non-governmental organisation
PPE	Personal protective equipment
PHW	Pictorial health warning
PR	Public relations
SNPL	Surya Nepal Private Limited
VAT	Value added tax
WOW	Well-being Out of Waste
WHO	World Health Organisation

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EXECUTIVE SUMMARY

Tobacco consumption imposes a huge disease, economic and ecologic burden. Along with a high prevalence of tobacco use among adults, South Asia has a dominant presence of Transnational Tobacco Corporations (TTCs). Among the TTCs in the region, British American Tobacco (BAT) continues to be a dominant player in the lethal cigarette business. Like in other parts of the world, South Asia is also burdened by interference by the tobacco industry that hampers progress in achieving effective tobacco control in the region.

To that effect, tobacco control scholars and practitioners in the region collaborated to uncover the ways in which a TTC such as BAT undermines tobacco control in South Asia. This report is built on the work conducted by seven South Asia Public Health fellows from four countries who analysed the activities of BAT and its affiliates. They documented cases of how BAT and its affiliates make use of so-called Corporate Social Responsibility (CSR) (in Bangladesh and India) and interfere in tobacco taxation (in Nepal and Sri Lanka).

The report illustrates the ways in which BAT's affiliate in India has been using so-called CSR to legitimise its business operations in the country. Similarly, with the example from Bangladesh, the report documents how BAT's affiliate here engaged in CSR activities during the COVID-19 pandemic as an opportunity to endorse the image of a 'responsible corporate' and access to stakeholders/policymakers. The cases from Nepal and Sri Lanka draw on evidence suggesting multiple ways in which BAT's affiliates here attempt to both evade taxes and interfere with tobacco-related tax laws and their implementation. Additionally, the

report highlights other ways in which BAT and its affiliates undermine tobacco control in the region involving their use of diplomatic and influential channels.

Apart from the need to denormalise tobacco industry-led CSR, this regional report builds the case for policymakers to restrain the tobacco industry from doing publicised CSR activities and, instead make the industry contribute towards government funds to be used for treating tobacco-related diseases and for tobacco control programs. The report also highlights the need for raising taxes on all types of tobacco products to render them increasingly unaffordable while also ensuring that tobacco companies are discouraged from shifting products across the tax tiers for effective tobacco control.

The report reiterates the need for countries in the region to approach tobacco control as a whole-of-government concern rather than as the sole concern for the Ministry of Health. It appeals for countries to adopt effective policy in line with Article 5.3 of the World Health Organization's Framework Convention on Tobacco Control at national level and ensure its strict implementation. Given the region's specificities illustrated in this report (colonial entry and encouragement of tobacco trade; presence of a myriad of smoked and smokeless tobacco products; widespread tobacco cultivation), it is crucial for researchers and advocates across countries in the region to come together for collaborative research and action to better understand and address regional-level challenges in tobacco control including interference by TTCs.

CHAPTER 1- THE STORY SO FAR: SOUTH ASIA HAS A TOBACCO INDUSTRY PROBLEM

Annually, tobacco kills eight million people worldwide.¹ South Asia, which has a population of 1.8 billion people, bears a significant burden posed by tobacco use.² In 2018, nearly one in two men (42.86%) and one in nine women (11.93%) were tobacco users.^{3,4}

Tobacco industry interference in tobacco-related public policy is increasingly being considered an important factor for continuation of the tobacco epidemic, especially in low- and middle-income countries.⁵ South Asia is no exception.⁶ South Asian countries share a prominent presence of Transnational Tobacco Corporations (TTCs), including British American Tobacco (BAT), Japan Tobacco International and Philip Morris International, which operate via subsidiaries, often alongside local tobacco businesses.⁷ Despite ample evidence of the use of child labour,⁸ practice of tax avoidance⁹⁻¹¹ and lobbying for their benefit,¹²⁻¹⁴ it is business-as-usual for TTCs in the region. TTCs are known to target women and young adults, particularly in low- and middle-income countries, making South Asia a particularly vulnerable target for industry tactics.^{15,16,7}

Looking back, the shared colonial history of large parts of South Asia paved the way for the presence and industry-scale production of tobacco in the region.¹⁷ Tobacco, alongside other crops such as opium, sugarcane, tea and indigo, fuelled colonial empires.¹⁸ The tobacco crop was first brought to South Asia in the 16th century;¹⁹ later, under the British colonial rule, tobacco cultivation was promoted to support a thriving cigarette industry. Today, the region is a major producer of tobacco²⁰. India alone produced 761,335 tonnes of tobacco in 2020, making it the third-largest producer of tobacco worldwide after Brazil and China.²¹ Table 1 shows details of tobacco growing, cigarette production and economic costs of smoking in South Asia.

Among the three TTCs in the region, BAT remains the dominant one. BAT was started as a joint venture in 1902, formed by the collaboration of two rival tobacco companies—American Tobacco Company and Imperial Tobacco Company. BAT's initial operations in South Asia were largely based in countries that were under the British colonial rule. By 1906, BAT already had four operating subsidiaries in the region based in India (including in Karachi—now in Pakistan) and Ceylon (now, Sri Lanka), holding 100% shares of the subsidiaries.²² A century later, the dominance of BAT continues. As of 2020, BAT holds 72.9% stakes in BAT Bangladesh Company Limited (BATB) in Bangladesh, 84.13% in Ceylon Tobacco Company (CTC) in Sri Lanka and 94.65% in Pakistan Tobacco Company in Pakistan. BAT owns 29.4% of ITC Limited (ITC) and 32.16% of VST Industries Limited in India. BAT has 2% stakes in Surya Nepal Private Limited (SNPL) in Nepal.^{23,24}

The tobacco industry provides several incentives for tobacco production, especially for cigarette tobacco. In India, the cigarette industry rolls out several benefits for tobacco farmers as part of 'corporate social responsibility' (CSR) programmes,^{25,26} including felicitating 'best tobacco farmers'²⁷ at highly publicised events. In Bangladesh, cigarette companies offer free seeds to tobacco farmers while assuring them good prices for their crops and supplying them with solar power.²⁸

Many governments in the region have conflicts of interest for tobacco control. The Tobacco Board of India,²⁹ a statutory body, provides several incentives and support measures for the growers of flue-cured Virginia (cigarette) tobacco, including minimum support prices, auction support and other technical/financial support measures. Indian and Bangladeshi governments have shareholdings to the tune of 27.8% in ITC³⁰ and 9.4% in BATB.³¹ Governments remain concerned about the

livelihoods of a sizable population³² of growers and, especially, marginalised workers engaged in large-scale manual labour such as in the case of *bidis* (*tobacco flakes hand-rolled in a tendu leaf and tied with a thread*). So, diverse interests,^{33,34} such as revenue from tobacco, welfare of tobacco farmers and workers and the promotion of tobacco trade/economy, coexist alongside public health concerns within governments. Efforts are needed to better understand and convince the tobacco-promoting and tobacco-benefiting agencies in the region to realign their goals toward public health and disinvest from tobacco.

Governments in the region have adopted several policies to reduce tobacco use and its associated burden. By the early 2000s, countries in the region had become parties to the World Health Organization (WHO)'s Framework Convention on Tobacco Control (FCTC), the most widely ratified international treaty aimed at promoting regulatory actions by member governments to reduce tobacco consumption and associated burden.³⁵ Article 5.3 of the WHO FCTC mandates the member governments to protect their public health policies from the commercial and vested interests of the tobacco industry. However, the lack of robust national-level policies and suboptimal implementation of prevailing regulations make the region vulnerable to tobacco industry interference.³⁶

Therefore, the influence of the tobacco industry on public health in the region needs to be better understood by considering the specific context of the region: shared colonial legacy, high tobacco consumption in myriad forms, geography of tobacco production and conflicts of interests within governments. With an intention to protect people's health from harm caused by the tobacco industry, South Asia Public Health fellowships were offered to scholars/practitioners in the region to better understand and document tobacco industry interference. The inquiry focused on the tobacco giant BAT in four South Asian countries: Bangladesh, India, Nepal and Sri Lanka. These countries were chosen due to familiarity with a network of tobacco control researchers/advocates and institutions in these countries. These countries have a dominant presence of BAT operating via subsidiaries, as a joint venture or as an associate, each having the largest market share in the cigarettes business in its respective countries. Having recognised that TTCs often deploy similar tactics across countries, a joint initiative from countries of the same region was considered the best approach. This report, through the primary work conducted by the seven South Asian Public Health fellows across the four countries in the region, explores how the BAT interfered or continues to interfere in tobacco control efforts in the region.

Table 1: Tobacco growing, cigarette production and economic cost of smoking in South Asia

Country	% of agricultural land for tobacco ⁱ	Tobacco produced (metric tonnes) 2014 ⁱ	Cigarette production (sticks in billions)	Economic cost of smoking (USD) ⁱ
Afghanistan	0	0	N/A	251
Bangladesh	0.55	85000	84.5 (2019) ⁱⁱ	1,690
Bhutan	0.02	>1000	57,096 sticks (imported-2019) ⁱⁱⁱ	2
India	0.24	720725	82.12 (2016) ⁱ	22,717
Maldives	0	0	0.465 (imported-2018) ⁱⁱⁱ	N/A
Nepal	0.04	2329	11.13 ^{iv} (2009)	179
Pakistan	0.14	129878	52 ^v (2017)	683
Sri Lanka	0.07	3322	2.6 (2019) ⁱⁱⁱ	273

N/A- Not Available

ⁱ Tobacco Atlas 6th Edition (Economic costs of smoking expressed as of conversion rates on 13 July 2022)

ⁱⁱ The Economics of Tobacco Taxation in Bangladesh, 2019

ⁱⁱⁱ Tobacco tactics- Southeast Asian region

^{iv} Brief Profile on Tobacco Control in Nepal (Cigarette production in the year 2008-2009)

^v Euromonitor International 2017.

CHAPTER 2- WHAT THE PROJECT TEAM DID

South Asia Public Health Fellowships

Following a call for expression of interest and a formal application/selection process in consultation with country experts in tobacco control, seven individuals were awarded South Asia Public Health fellowships to analyse the activities of BAT's country affiliates pertaining to specific policy themes in India, Bangladesh, Nepal and Sri Lanka. Specific themes were identified based on the perceived relevance of those by country experts. Additionally, the background (journalism, academia, research and media), competence and familiarity of the fellows were considered while arriving at the country-specific themes. The two themes identified were CSR (for India and Bangladesh) and Tobacco Taxation (for Nepal and Sri Lanka).

Over a short duration of 6 months (December 2021–May 2022), the fellows engaged in analysing BAT and its affiliates within respective countries. The investigation method varied within each country and was chosen based on the theme to be explored, data sources available

and feasible to access and fellows' background and competence. The project team, including country experts, conducted a common orientation for fellows and met periodically to provide any inputs needed. Table 2 provides details about the fellows and methods used by them. At the end of May 2022, the fellows developed four country-specific cases around the identified theme that were reviewed and refined through inputs from the project team.

These four country-specific cases provided an evidentiary database, which was used by the project team to draft this integrative report about the region. The country-specific case documentation varied in terms of the breadth and depth of the inquiry. The regional report drew on key elements of these cases uncovering how the tobacco industry used the CSR initiatives and interfered in tobacco-related tax policies, grounding these in historical context while passingly mentioning other interference tactics used by the industry in the region.

Table 2: Overview of Country-wise themes, Companies studied, Methods and Sources used

Country	Theme	BAT's local affiliate	Brief profile of fellow(s)	Method adopted	Sources used ^{vi}	Approaches/details
Bangladesh	CSR	British American Tobacco Bangladesh (BATB)	Two (news and broadcast) Journalists with expertise in public policies and development issues with respect to tobacco control	Investigative Journalism	<ul style="list-style-type: none"> ● News stories ● Web portals and documents of tobacco companies and related entities of 	<ul style="list-style-type: none"> ● CSR activities between March 2020 to October 2021 which marked the second wave of the COVID-19 pandemic in Bangladesh^{vii} were mapped and analysed.
India	CSR	ITC Limited (ITC)	A historian at an academic institution with expertise in matters of corporate accountability	Historical Case Study	<ul style="list-style-type: none"> ● Archives of Truth Tobacco Industry Documents (UCSF) ● Social media handles of agencies or persons associated with the tobacco companies 	<ul style="list-style-type: none"> ● CSR activities from 2013 (passing of the Companies Act 2013)^{viii} till 2021 were mapped to analyse the trends, sectors and associations of ITC's CSR
Nepal	Tobacco Taxation	Surya Nepal Private Limited (SNPL)	A Journalist covering economic issues; and a public health professional working in social sector with expertise in	Investigative Journalism		<ul style="list-style-type: none"> ● Nine journalistic interviews were conducted between December 2021 and April 2022 with key informants (1 from the Ministry of Health and Population; 2 from the Ministry of Finance, 2 from the Nepal Revenue Advisory Board, 1 Chartered Accountant, 1 each from legal, journalism and tobacco control communities).

^{vi} Targeted Google searches to supplement the data retrieved from the aforementioned sources was also conducted.

^{vii} As per the WHO Emergency dashboard for Bangladesh (as of 22 April 2022).

^{viii} Section 135 under The Companies Act, 2013 made it mandatory for companies (meeting specified thresholds) to earmark 2% of net profit in preceding three years for CSR activities.

			tobacco control		<ul style="list-style-type: none"> ● Web portals and documents of government organizations ● Web portals and documents related to tobacco control agencies (governments, civil society organisations, academia) 	<p>These interviews explored respondents' knowledge and experiences about SNPL's role in influencing tobacco taxation in Nepal. Interviews were carried out in the local language (Nepalese) and in English in accordance with journalistic ethics.</p> <ul style="list-style-type: none"> ● Field observations by four surveyors in four cities near Nepal-India border (Raxaul, Jogbani, Banbasa and Dharchula) selected based on earlier news reports of illicit cross-border trade in tobacco products. Field observations included interactions with tobacco vendors, consumers and enlisting of tobacco products in markets in these cities.
Sri Lanka	Tobacco Taxation	Ceylon Tobacco Company PLC (CTC)	Two researchers associated with tobacco industry monitoring observatory with background in media/journalism	Case Study		<ul style="list-style-type: none"> ● www.tobaccounmasked.lk; Information portal of the Centre for Combating Tobacco^{ix} was searched for tax related documents/pages. Documents were analysed to identify the dates, amounts or percentages of tax changes and the impact on tax revenue ● Thematic analysis was used to explore the content to identify the tactics CTC used to interfere in taxation policies

^{ix} Centre for Combating Tobacco (CCT) is the tobacco observatory for South Asia region established in Sri Lanka.

CHAPTER 3- WHAT THE PROJECT TEAM FOUND

CSR: 'Both a Sword and Shield' for BAT's Affiliates

According to the WHO, CSR by the tobacco industry is an 'inherent contradiction' as the industry's core functions are contradictory to public health goals.³⁷ The tobacco industry's so-called CSR is a mere public relations (PR) strategy, and companies use CSR as a means to distance themselves from the image of a company making a profit by selling lethal products to the public.³⁸ The following sections describe cases from India and Bangladesh, where CSR for BAT's affiliates is a business strategy than a social initiative.

ITC Uses CSR as a Tool to Gain Legitimacy for its Tobacco Business in India

About ITC Ltd

- **Year of Establishment:** 1910^x
- **Structure of Ownership:** Major shareholders include BAT holding about 29.4%^{xi} while government-controlled financial institutions together hold 27.84%^{xii}
- **Market Share in Cigarettes:** 75%^{xiii}

Long before the contemporary discourse around business responsibility and emergence of CSR as a distinct phenomenon, the tobacco industry has been using so-called CSR to gain legitimacy.³⁹ At times, such legitimization becomes a part of business regulations put in place by government order, like in the case of India. The case from India describes how ITC uses CSR to legitimise their business operations in the country by engaging in

specific sectors and/or partners under the pretext of investing in CSR.

CSR in India and What it Means for the Tobacco Industry

The Ministry of Corporate Affairs in 2013 made CSR mandatory for large corporates. As per the Companies Act 2013, India mandates all companies that meet specified thresholds to spend 2% of their average profits of the last 3 years on CSR.⁴⁰ In other words, the Companies Act in India facilitates the perception of tobacco-industry CSR being a 'normal' part of the legally mandated CSR.

ITC Fosters Partnerships with the Government and Civil Society Organisations Through CSR

ITC has made significant contributions to central government programmes, including Swachh Bharat Abhiyaan (Clean India Mission) and Swacch Bharat Kosh (a fund set up by the central government to attract CSR and individual contributions to achieve objectives under the Swachh Bharat Abhiyaan), since 2016.⁴¹ ITC has been a major private sector contributor to the programmes since its inception.⁴² ITC's collaboration with the government involves both investing generously in government programmes and working with government institutions.⁴¹

Similarly, there has been extensive interfacing with civil society organisations, including Read India Plus, Pratham, BAIF Development Research Foundation, Ramkrishna Mission, Bandhan Konnagar, SEWA Bharat and Foundation for Ecological Security.⁴³ ITC has been running a decade-long large-scale Integrated Water Stewardship Programme that is aligned with a centrally run programme, 'Pradhan Mantri Krishi Sinchai Yojana,' a programme for assured irrigation and water conservation for farming.⁴⁴

ITC acquires institutional credibility because of

^x ITC Ltd. was initially called Imperial Tobacco Company of India Limited when it was incorporated in 1910

^{xi} ITC Ltd is the principle associate undertaking of BAT with the Group's share of the market value at £7,574 million in 2020

^{xii} Government-controlled financial institutions include state-run insurance companies and government-controlled bank (Source)

^{xiii} The % of market share in cigarettes is by volume (as of June 2022)

these partnerships, and ITC-led CSR is legitimised to such an extent that they receive awards for their CSR activities. For example, ITC was handed the 'Best Industry for CSR Activities' Award for Water Conservation by the President of India in April 2022 in the presence of the Union Minister for Water Resources and Development at the 6th Institute of Company Secretaries of India CSR Excellence Award ceremony.⁴⁵

Whose Sustainability is it Anyway? ITC Appears to Care About Sustainable Developmental Goals

ITC works with several social initiatives, which are all included within their different business areas. For example, ITC's Paperboard and Speciality Papers Division developed the 'Well-Being Out of Waste' programme, which claims to create awareness about waste segregation among the public and make the practice of waste segregation a habit through different activities.⁴¹ The separated waste is sent to factories for recycling. After segregation, the recycling factories sell the material to ITC or any other company,⁴⁶ thus serving ITC's own business goals. Thus, ITC's sustainability initiatives are a business strategy rather than a social initiative that facilitates the legitimisation of their cigarette operations.

Another example of the self-serving nature of ITC initiatives is the campaign, 'Grow Your Own Fuel'.⁴¹ Under this, ITC has a programme of social forestry: providing food, fuel and fodder security to small farmers and financing farmers for growing eucalyptus. Although it ensures wood supply for its paper industry and leaf processing and facilitates the claim of 'sustainable business', reports suggest that this had resulted in water table depletion in regions where eucalyptus was grown.⁴⁷

Eucalyptus is a preferred tree by tobacco companies because it grows in a short period and is used by tobacco farmers for processing tobacco and by ITC for paper production.⁴⁸ Eucalyptus and silver oak were among the trees farmers are free to grow and harvest without requiring passes, as per the 2016 notification of the Forest Department in Karnataka.⁴⁹ Based on various impact assessment reports on the

watershed development programme and other similar initiatives, it is known that in states like Andhra Pradesh, this programme resulted in increased tobacco production.^{50,51}

ITC Invests Heavily in CSR for the Agrarian Sector

Significant CSR is spent on the agrarian sector, rural development and livelihood. Of the districts where ITC spends its CSR, approximately 39% are into tobacco cultivation in Karnataka, Andhra Pradesh and Telangana.⁵¹ Sharing a close link with the agricultural sector, ITC has implemented various programmes to promote 'sustainable' agriculture over the years through its CSR activities.⁵⁰

ITC undertakes most of its CSR activities in Andhra Pradesh, Telangana and Karnataka-flue-cured Virginia (or cigarette) tobacco cultivation areas. In 2018–2019, ITC spent 77.7% of CSR in Andhra itself, a region historically critical for leaf supply.⁵⁰

ITC's e-Choupal⁵² xiv that started in 2001 had a clear strategy to strengthen its own interests to diversify into agro-businesses.⁵³ Today, e-Choupal constitutes an important segment of CSR that helps ITC legitimise their operations and secure supply chain for sustained leaf production.

Youth-based CSR Initiatives

Through its school-based programs, such as the School WASH programme and ITC's 'Swasth India Mission',⁵⁴ the Primary Education Programme aims to provide children from vulnerable sections of the society in ITC's factory catchments access to education.⁵⁵ Despite restrictions, ITC runs such programmes to make proxy advertisements by using their company logo openly.⁵⁶

Another example is the initiatives by ITC's diversified ventures, Sunfeast biscuits, a brand in India from ITC Foods, which felicitated children who were the winners of the Sunfeast Dream Cream 'Eat n Meet Sachin' Contest and Sunfeast Milky Magic All-Rounder Contest in 2013.⁵⁷ ITC only attempts to embed its brand in the minds of students and make them 'replacement smokers'.⁴⁷ ITC appears to be using CSR programmes to reach out to the youth and

xiv e-Choupal was developed by ITC's Agri Business Division as a means to directly link with farmers for the procurement of agricultural produce while also offering information and services

meant to enhance farm productivity. The initiative has been criticised for creating a monopoly over the entire agricultural ecology that ensures that ITC has a secure supply chain.³⁹

children.

Capitalising on a Crisis: BAT Bangladesh Engages in So-called CSR Amid the COVID-19 Pandemic

About BAT Bangladesh

- **Year of Establishment:** 1910^{xv}
- **Structure of Ownership:** Major shareholders include BAT holding 72.9%^{xvi} and the government of Bangladesh through different bodies and institutions holding 9.84%^{xvii}
- **Market Share in Cigarettes:** 67%^{xviii}

The tobacco industry has been particularly known to use the tactic of CSR both visibly and aggressively during large-scale disasters or calamities, especially when governments are overwhelmed and often open to receive any kind of aid.⁵⁸⁻⁶¹ The COVID-19 pandemic has been one such instance where the tobacco industry-led CSR came to effect in the region like never before. The following case from Bangladesh describes how BATB used CSR to build the image of a 'responsible corporate' and attempted to form close relations with public agencies during the COVID-19 pandemic.

CSR in Bangladesh and What it Means for the Tobacco Industry

In Bangladesh, there exists no explicit policy on CSR, but sectoral regulators issue timely notices on CSR. For example, the Bangladesh Bank (Central Bank) mandates banks to engage in CSR. Although the government provides some waiver in corporate taxes if any company spends money on CSR activities, unlike in India, companies in Bangladesh are not mandated to invest in CSR activities.⁶² Tobacco companies in Bangladesh use CSR as a public relations tactic and as a means to advertise their brand.⁶³

BAT Bangladesh's CSR Amid the COVID-19 Pandemic was a PR Strategy

The majority of BATB's CSR activities were in-kind donations and distribution of personal protective equipment and hand sanitisers largely to administrative government agencies and multiple units of police and security/defense forces of Bangladesh. BATB engaged in several so-called CSR activities involving different types of sectors during the pandemic (Table 3). Through a non-governmental organisation (NGO) called Prerona,⁶⁴ whose governing body comprises senior executives of BATB, a newly developed hand sanitiser called 'Shudhdho' was donated in large numbers to government agencies; these events were widely publicised on Prerona's social media page (Image 1).^{65,66}







^{xv} The company began operations in 1910 as Imperial Tobacco. The name was changed to Pakistan Tobacco Company in 1947 and to Bangladesh Tobacco Company Limited in 1972. In 1998, the company was renamed BAT Bangladesh in 1998 to align with BAT's corporate identity.

^{xvi} As per BAT's Annual Report for 2020

^{xvii} Shareholders include one government owned bank, one non-bank financial institution and one insurance company along with the position of the President of the People's Republic of Bangladesh (Source)

^{xviii} The % of market share in cigarettes is by volume (as of 2019)

Table 3: Range of BATB’s CSR activities amid COVID-19 pandemic in Bangladesh

CSR Activity	Type of Support	Description of donation	Partners Involved
Donation to Government Hospitals ⁶⁷ 	In Kind	<ul style="list-style-type: none"> ● Personal Protective Equipment (PPE) 	<ul style="list-style-type: none"> ● Ministry of Health and Family Welfare, Government of Bangladesh
Donation to Local Administrative Bodies ⁶⁸⁻⁷² 	In Kind	<ul style="list-style-type: none"> ● Hand Sanitizer “Shudhdho” ● Support to set up COVID-19 vaccine registration booths^{xix} ● Inauguration of water plant 	<ul style="list-style-type: none"> ● MR Brothers: a distributor of BATB (Prerona Foundation) ● Agrani Trading Corporation Limited⁷³: BATB’s cigarette distributor
Donation to Units of Bangladesh Police ⁷⁴⁻⁷⁹ 	In Kind	<ul style="list-style-type: none"> ● PPE and Hand Sanitizer “Shudhdho” ● Saplings 	<ul style="list-style-type: none"> ● Prerona Foundation ● Bidyanondo Foundation (Non-Profit Organization)
Donation to Bangladesh Armed Forces ^{80,81} 	In Kind	<ul style="list-style-type: none"> ● Hand Sanitizer “Shudhdho” 	<ul style="list-style-type: none"> ● Prerona Foundation ● Bidyanondo Foundation (Non-Profit Organization)
Donation to Academia ⁸² 	In Kind	<ul style="list-style-type: none"> ● Saplings 	<ul style="list-style-type: none"> ● Bangladesh Agricultural University (BAU)
Donation to the Ministry of Bangladesh ⁸³⁻⁸⁵ 	In Kind and Monetary	<ul style="list-style-type: none"> ● Saplings ● 227,360 USD ^{xx} 	<ul style="list-style-type: none"> ● Minister of Chittagong Hill Tracts Affairs, Government of Bangladesh ● Ministry of Labor and Employment, Government of Bangladesh ● Bangladesh Labor Welfare Foundation (Non-Governmental Organisation)

^{xix} The news piece was titled, “BAT Bangladesh steps forward to set up COVID-19 vaccine registration booths”. The registration drive was led by the BATB’s cigarette distributor called Agrani Trading Corporation Limited and was promoted and endorsed for by the Mayor of Tangail district and inaugurated by the Additional Superintendent (Administration) of Tangail District Police.

^{xx} BATB’s Senior Executives in-person handed over the cheque to the Secretary and Additional Secretary of the Minister of Labour and Employment



Image 1: Senior executives of BATB representing the NGO Prerona with the Inspector General of Police while making a donation of hand sanitisers⁶⁶

BATB Organises so-called CSR Dialogues to Access Policymakers

Apart from monetary and in-kind CSR contributions during the COVID-19 pandemic, BATB was also part of a series of live-streamed CSR-related webinars held with politicians and government officials (for example, Members of the Parliament of Bangladesh and State Ministers), with representatives from the news and print media, NGOs along with other corporates and others.⁸⁶

These dialogues, which were live streamed on the social media pages of The Daily Star (a popular English-language newspaper in Bangladesh) and CSR Window (a CSR consultancy firm), were held over the weeks running up to 'A Better Tomorrow™ CSR Summit & Awards' held in October 2021.⁸⁷ Tobacco manufacturers are prohibited by law to publicise their name or logo at events and/or through donations in Bangladesh; yet, this event was extensively covered by Bangladeshi TV channels such as NTV,⁸⁸ Business 24⁸⁹ and Jamuna TV⁹⁰ and was presided over by the Minister of Planning of Bangladesh.⁹¹

BAT Bangladesh Continues its Attempts to Attract and Target Young Graduates

In continuation to the start of the initiative in 2004, BATB also organised the 'Battle of Minds' (BoM)⁹² competition amid the pandemic. The event was publicised on BoM's social media page.⁹³ This competition, organised by BATB, is a 'recruitment drive' to attract young graduates from universities across Bangladesh to work for BATB. A press release mentions that in the latest edition (2021) of the

event, BoM reached out to 18 universities and ran 10 roadshows across Bangladesh.⁹⁴ Despite all sorts of restrictions on advertisements and direct and indirect promotions of tobacco products or tobacco-producing companies, BATB has been using the BoM competition to promote its brand image among the youth. BoM is the brainchild of BAT that poses as an 'entrepreneurial talent hunt' held globally, seeking to promote its image of a 'responsible corporate' among the youth. For example, the theme for the 2022 edition of BoM is environmental, social and governance standards.⁹⁵ Every year, BoM is widely publicised by BAT and held over several stages.⁹⁶

No Smoke Without Fire: BAT Affiliate's Unwarranted Interference in Matters of Tobacco Taxation

Raising taxes on tobacco products is one of the most effective instruments for reducing tobacco use.^{97,98} South Asia will likely see reduced smoking rates by at least one-third if the excise taxes on tobacco products are tripled.⁹⁹ The following sections present cases from Nepal and Sri Lanka where tobacco companies are potentially complicit in interfering with the formulation and effective implementation of tobacco tax laws in the country.

Surya Nepal Complicit in Tax Evasion?

About Surya Nepal Private Limited:

- **Year of Establishment:** 1986^{xxi}
- **Structure of Ownership:** Shareholders include ITC holding 59%, Nepalese entrepreneurs holding 39% and BAT holding 2%^{xxii}
- **Market Share in Cigarettes:** 90%^{xxiii}

Despite efforts by tobacco control advocates to raise tobacco taxes in Nepal, annually, it has only been increased by 2.5% by the government.¹⁰⁰ The tobacco industry poses as a major obstacle to the implementation of tobacco control laws and policies, and Nepal is no exception.^{100,101}

Until 2020, in events organised by the Inland Revenue Department of Nepal, SNPL has been awarded the highest tax-paying company title for 7 consecutive years by the government.^{102,103} However, ironically, reports from the Nepal Development Research Institute indicate that there is a lot more room to recover revenue as tobacco tax out of the total tax revenue in the country.¹⁰⁴

The case from Nepal highlights how BAT's affiliate SNPL potentially influences. In this case of Nepal, a country without a colonial history, the entry of BAT is more recent (1980s) when compared to its neighbours.

^{xxi} SNPL was incorporated as an Indo-UK-Nepal joint venture in 1986

^{xxii} ITC Ltd has the largest shareholding in SNPL and the remaining shares are held by 20 Nepalese individual and corporate shareholders and BAT (Source).

Tobacco Tax Structure in Nepal

Tax, as a percentage of retail price on cigarettes, is the lowest in Nepal among the South Asian countries. Nepal's most popular brand, Surya, levies only 30.4% tax of retail price,^{xxiv} which is significantly lower than the WHO-recommended standard of 75% tax of retail price. Nepal Development Research Institute reports that from 2009 to 2018, the tobacco tax, as a proportion of government revenue, only declined from 2.54% to 1.93%.¹⁰⁴

Nepal follows a complex multi-tier tobacco taxation system; similar to India and Sri Lanka, Nepal also follows a non-uniform or differential specific excise duty on cigarettes based on the cigarette length, with shorter cigarettes having a lower tax rate than longer ones. Additionally, the excise rates are different (and higher) for filtered cigarettes.¹⁰⁴ In Nepal, the Excise Duty Act was enacted in 2002, and every year, the Ministry of Finance releases the Arthik Ain (Finance Act), which specifies the excise rates for tobacco products.¹⁰⁵

Differential Excise Duty on Cigarettes Makes for Easy Manipulation Across Tiers for Cigarette Companies

A respondent from the Ministry of Finance, without taking the name of any particular tobacco company, commented, *'The tax rates for the different tiers of cigarettes differ in large range, such difference would encourage the tobacco companies to manipulate the reporting to the lower tier.'*

SNPL, with close to 70% of the market share for cigarettes,¹⁰⁶ offers a range of cigarettes and produces both the cheapest cigarette brands such as Pilot, Bijuli, Chautari and Khukuri and premium or high-end cigarette brands such as Surya light, Surya Red and Shikhar. The differential specific excise rates enable them to retain their consumer base by strategically managing any price changes by shifting brands across tiers and thereby effectively overcoming any tax liabilities.¹⁰⁴

Is Surya Nepal Directly Responsible for Keeping Cigarette Taxes Low?

^{xxiii} Source: Tobacco Unmasked-Tobacco Industry Country Profile (Nepal)

^{xxiv} Calculated by the fellow

Some tobacco control advocates expressed the possibility of certain ministries like the Ministry of Finance of being connected with tobacco industrialists that are keeping taxes low.¹⁰⁰ Government officials from the Internal Revenue Department and Ministry of Health and Population proclaim that tobacco tax rates are bound to increase over the years and deny any benefits to the tobacco industry.¹⁰⁷ However, in an interview, a respondent from the Ministry of Health and Population confirmed that, *'Surya Nepal influences state-policies and laws (regarding tobacco taxation) to make them favourable for the tobacco market'*. Despite dismally low tax rates on tobacco products in Nepal, SNPL expresses its discontent at the tobacco tax policy by stating, in their annual report, that, *'Impacts of discriminatory taxation and regulation policy framework against the legal cigarette industry has led to steady erosion of legal cigarette's share in the overall tobacco basket, leading to several unintended and adverse consequences like increase in smuggling of cigarettes and other tobacco products and increase in consumption of lightly taxed/tax evaded tobacco products'*.¹⁰⁸

Surya Nepal Potentially Influences Tobacco Tax Regime

Traditionally, tobacco products in Nepal were under a 'controlled regime/physical system' under the Excise Duty law,¹⁰⁹ however, in the fiscal year 2013, it was converted into a self-removal system.¹¹⁰ Under the controlled system, tobacco companies buy raw materials, produce the goods and distribute them under the direct presence and approval of the tax officer. Now, under the self-removal system, tobacco companies can produce cigarettes and other products on their own without government intervention and distribute them based on self-declaration.¹¹¹

One of the respondents who was a former bureaucrat at the Ministry of Finance commented on the matter stating that, *'This legal provision (self-removal system) had been amended to serve the interest of Surya Nepal. In a controlled excise system, a tax officer from the Inland Revenue department always stays at the factory and controls the inputs and outputs of the factory to avoid tax leakages whereas in self removal excise system, the factory itself declares the inputs (raw materials) and*

outputs (final product) that there is a high chance of excise duty evasion'.

Surya Nepal Resorts to Cheap Tricks to Evade Taxes

The Nepal Police has been finding Surya Nepal products without excise duty stickers and products with duplicate stickers in the market.¹¹² The Internal Revenue Department of Nepal had tried to use the sticker with high security features, including the QR code, to control tax evasion and leakages. Yet, according to media reports, Surya Nepal has refused to use these stickers and have shown non-compliance in this regard.¹¹³

According to a respondent, Surya Nepal evades taxes by reusing the excise duty stickers; the company collects old stickers from retail shops at cheaper prices and reuses them to avoid excise duty.

Illicit Surya Nepal Cigarette Packs Readily Available Across Borders

According to media reports, the low tax rates on tobacco products in Nepal have been encouraging illicit cross-border trades of these products.¹¹⁴ The India-Nepal border is porous and open, allowing the free flow of both humans and goods, which can make illicit trade flow of tobacco products quite easy.¹¹⁵

A news piece reported that the SNPL product Khukuri (one of the cheapest cigarette brands) has captured the cigarette market in the bordering areas of US Nagar, Chapawat and Pithauragadh in Uttarakhand (India), with over 90% of smokers consuming this particular Nepalese brand as it only cost INR 3 per stick, while Indian cigarettes of same taste/flavour cost INR 10.¹¹⁶

Field observations confirmed that almost all Surya Nepal cigarettes are available in bordering Indian cities like Raxaul, Panitaki, Banbasa and Dharchula (Image 2). The prices of these products are nearly comparable in Nepal and cheaper than Indian cigarettes of the same taste/flavour. For example, Surya Nepal's Shikhar (a high-end brand) is being sold at INR 10 (16 NPR) per stick in Raxaul (India), whereas in Nepal, it is sold at 15 NPR per stick.

According to data from the Department of Customs, Nepal has not exported a single stick of cigarette to India in 2020, 2021 and 2022. Yet, Surya Nepal's cigarettes are available on an online store in India.¹¹⁷



Image 2: Surya Nepal Cigarette Packs Displayed for Sale with a Tobacco Vendor in India^{xxv}

Range of Tactics to Interfere in Matters of Tobacco Tax: The Case of CTC in Sri Lanka

About Ceylon Tobacco Company PLC:

- **Year of Establishment:** 1932^{xxvi}
- **Structure of Ownership:** BAT is a major shareholder holding 84%^{xxvii}
- **Market Share in Cigarettes:** 99%^{xxviii}

Tobacco industry interference in taxation is not limited to Nepal but has been a matter of concern in Sri Lanka too. Sri Lanka, similar to Bangladesh and India, was a former British colony and has a dominant presence of BAT today in the form of CTC.^{118,119} The case highlights the ways in which CTC

^{xxv} Photograph from the field captured by surveyors

^{xxvi} BAT started operations in Sri Lanka (when it was called Ceylon) in 1906. The company was incorporated as Ceylon Tobacco Company in 1932

^{xxvii} As per BAT's Annual Report for 2020

attempts to influence both the formulation and implementation of tobacco tax laws in the country.

Tobacco Tax Structure in Sri Lanka

Despite continuous advocacy by tobacco control stakeholders, Sri Lanka lacks a formal regular tax increment structure to date.^{120,121} Like in India and Nepal, the rate of tax levied on tobacco products is determined by the Ministry of Finance in Sri Lanka.¹²² Currently, excise tax rates on cigarettes are imposed in a five-tier system depending on the length of the cigarette stick in Sri Lanka. The five tiers are length below 60 mm, 60–67 mm, 67–72 mm, 72–84 mm and exceeding 84 mm,¹²¹ while the most commonly sold cigarette length is 72–84 mm.¹²³

In addition to excise tax, several other forms of tax, nation-building tax (NBT) and value added tax (VAT) had been previously levied on cigarettes.¹²⁴ From 2002 to 2019, both NBT and VAT imposed on cigarettes in Sri Lanka were modified several times (Table 4). The highest one-time increase of the cigarette price was recorded in the fourth quarter of 2016 in Sri Lanka, which was due to an increase of excise tax in October in each tier of cigarettes and the introduction of 15% VAT and NBT in November.^{120,121}

Table 4: Summary of VAT and NBT tax implementation history on cigarettes¹²⁵⁻¹²⁸

1 Aug 2002	15% of VAT came into effect
1 Feb 2009	1% of NBT imposed
1 May 2009	NBT increased to 3%
Sep 2009	VAT reduced to 12%

^{xxviii} As per a World Bank Report in 2017, CTC owned 99% of the manufactured cigarette market in Sri Lanka with the remaining 1% comprising of imported cigarettes

25 Oct 2014	VAT and NBT removed
Nov 2016	15% VAT and NBT imposed again
1 Dec 2019	NBT abolished

CTC in the Past Directly Influenced Tobacco Tax Structure in Sri Lanka: Is It Any Different Today?

CTC's older company plan document from 1994, sourced from the Truth Tobacco Industry Documents Library, indicated that CTC had developed a new tax structure in collaboration with the Treasury to be implemented in the following year.¹²⁹ This hints that CTC directly influenced the Ministry of Finance to structure taxes in a way that was conducive for CTC's business operations in the past.

Among BAT's regional affiliates analysed through this fellowship, BAT has the largest shareholding of 84% in its Sri Lankan subsidiary CTC as compared to others. Therefore, it comes as no surprise when senior executives from the parent company themselves make attempts to influence tobacco tax policies. In a video, a former Minister of Health and the Media Spokesperson for the Cabinet of Ministers stated, while responding to a journalist, that the Chairperson of BAT had flown down to Sri Lanka in a private airplane after the tax increase in 2016 to meet the then Prime Minister Ranil Wickremasinghe to reduce the tax imposed on cigarettes. However, neither BAT nor CTC publicly responded to this accusation or denied it.¹³⁰

CTC Makes False Claims to Keep Taxes Low

In 2016, CTC claimed that raising taxes on cigarettes would cause the government to lose tax revenue; yet, tax revenue generated from the CTC for 2016 was LKR 87.4 billion, which was LKR 7.4 billion higher than LKR 80 billion in the previous year.^{131,132}

In the same year, CTC claimed that raising taxes on cigarettes would cause a loss of livelihood for tobacco-dependent employees, including lay-offs and closure of leaf depots.^{133,134} However, CTC's annual report of 2016 stated 'closure of leaf depots due to lower leaf demand' and annual report 2017

did not mention that any leaf depots were closed and the total number remained the same.¹³⁵

CTC also proclaimed that raising taxes on cigarettes would push cigarette users to consume beedi.¹³¹ However, according to a spot survey by the Alcohol and Drug Information Centre (ADIC), the prevalence of beedi consumption fluctuates around 8%.¹³⁶ Additionally, a qualitative study by ADIC reported a decrease in both beedi production and sales over the past years.¹³⁷

CTC Sponsors Media Articles to Influence Public Opinion

In a state media conference held on 1 November 2017, the Minister of Health and the Media Spokesperson for the Cabinet of Ministers Rajitha Senaratne accused that CTC sponsored media articles to criticise the government's move to raise tobacco tax. According to the Minister, CTC sponsored these newspaper articles via Triad Private Limited, an advertisement agency in Sri Lanka owned by a group that also owns several national print and electronic media channels. According to the Minister, CTC offered LKR 150,000 (approximately USD 430) to print and online newspapers to publish a news article.¹³⁰

CTC Engages in Tactics to Evade Taxes

On several occasions, CTC has appeared to change the attributes of its tobacco products, their production processes or the number of cigarettes in a pack to evade taxes. During the 2016 budget proposal, the government increased the tax of cigarettes exceeding 72 mm and the price of a John Player Gold Leaf (JPGL) from LKR 32 to LKR 55 (171.88%).^{120,131,132} JPGL is the most sold cigarette brand in Sri Lanka.¹³⁸ As a response, CTC introduced a shorter cigarette in the market, John Player Navy Cut, on 2 October 2017.¹³⁹ Navy Cut's shorter length was exempted from a price hike during the excise tax revisions in August 2018, as the tax increase was only imposed on cigarettes exceeding 72 mm. Thus, the price of the Navy Cut remained unchanged and relatively affordable.^{140,141}

Similarly, a new pack containing two cigarettes was available in the local market in October 2018. The cigarette pack did not contain any trademark or a logo, except the price in local language. This pack consisted of two cigarettes, one John Player Gold Leaf and one John Player Navy Cut, which were

manufactured by CTC. Further investigation of the 'Tobacco Unmasked' team and ADIC Sri Lanka revealed that the pack was distributed by the area distributor of CTC.¹⁴² However, this product was not included in the brand portfolio (Image 3).



Image 3: The New Pack of Cigarette Containing Two Cigarettes, which was Available in the Local Market in 2018¹⁴²

Other Tactics

Beyond the two themes of investigation—CSR and tobacco taxation—the following sections present anecdotes from South Asia that showcase other ways in which BAT’s country affiliates undermine tobacco control in the region.

Surya Nepal Doing Business as They Please

As per the directive that came into effect on 15 May 2015, tobacco companies in Nepal are mandated by law to comply with 90% coverage of pictorial health warnings (PHWs) on all tobacco packs, boxes and



Image 4: SNPL’s cigarette packs with only 75% coverage of PHW (above), while other cigarettes brands with 90% coverage of PHW (below)^{xxix}

wrappers.¹⁴³ Tobacco control advocates in Nepal have relentlessly worked towards passing the legislation to increase the PHW coverage area on tobacco products from 30% in 2010 to 75% in 2011 and finally to 90% in 2015.¹⁴³⁻¹⁴⁵ Although more 5 five years have passed since this law came into effect, a defiant SNPL refuses to abide by this mandate while other tobacco companies do (Image 4).

In 2015, tobacco companies in Nepal filed a lawsuit against the Supreme Court to repeal the 90% PHW mandate. Today, as the legal battle continues, tobacco companies, except SNPL, are compliant with this rule.¹⁴⁵

BAT Bangladesh Pulls Strings Within the Ministry to Make Sure Business Runs as Usual Amid the COVID-19 Pandemic

During the COVID-19 pandemic, BATB lobbied the Ministry of Industries to permit continued cigarette production while the nation was at the brink of a lockdown.¹⁴ BATB wrote a letter to the Ministry of Industries of Bangladesh stating, *‘every day, BATB pays around BDT 80-85 crore to the national exchequer; so, during this time of national crisis, we want to play our part through continuing our operation and ensure regular flow of revenue for the Government of Bangladesh.’*¹⁴⁷

To further their request, the letter also used an outdated law called the Essential Commodity Act 1956¹⁴⁸ that classified cigarettes as an essential commodity while also asserting that BATB contributed to approximately 10% of the total internal revenue collected in the previous fiscal year. The following day, the Ministry of Industries responded with letters of instruction in support of BATB’s request, which can be construed as an indication of BATB’s level of influence within the ministry.¹⁴⁹

xxix Images compiled by fellows

BAT Bangladesh Uses Diplomatic Channels to Lobby on their Behalf

In 2017, the UK High Commissioner to Bangladesh was accused for lobbying on behalf of BATB to waive off unpaid VAT of EUR 170 million.¹⁵⁰ Although BAT dismissed these allegations, it was known that the UK diplomat wrote to the Ministry of Finance, praising the company and highlighting that 'BAT had paid more to the exchequer than any other company last year'.

In a similar incident in 2015, the UK diplomat to Pakistan was part of a lobbying meeting between BAT and the Ministry of Finance to repeal the 85% PHW law that had recently been implemented in Pakistan.¹⁵¹

ITC Does All it Takes to Shed its Cigarette Tag

BAT's India affiliate, ITC, has undergone a series of name changes in the past. The company was first called Imperial Tobacco Co. of India Ltd., which was changed to India Tobacco Limited in 1970, I.T.C. Limited in 1974, and finally ITC Ltd in 2001.¹⁵² The name changes reflect ITC's attempts to shed not only

its 'imperial' tag but also its 'cigarette' tag. Ever since, the company has been keen to emphasise its diversification into non-tobacco goods and services.¹⁵³

ITC had soon realised that making only a single product, especially one considered a health hazard, could prove problematic.¹⁵⁴ Therefore, in the mid-70s, ITC ventured into the hotels and paperboards businesses. ITC entered the financial services business by setting up a new division named ITC Classic Finance Ltd. in 1986. By 1988, ITC made a foray into the edible oils business. In 1990, it acquired the specialty papers company Triveni Tissues Ltd. while ITC Global Holdings was set up in Singapore in 1991. ITC carefully chooses its investments so that it can leverage its existing resources and local tax incentives to develop its 'other' businesses and legitimise its tobacco operations.¹⁵⁵

Today, apart from tobacco, the company partially and fully owns approximately 34 subsidiary and associate companies selling food products and stationery and engages in hospitality industry, packaging industry and agricultural and information technology sectors.¹⁵⁶ ITC portrays itself as a business conglomerate than a cigarette company.¹⁵⁷ Though as of 2016, cigarettes contributed to 62% of ITC's gross revenue.^{158,159}

CHAPTER 4- CONCLUSIONS & WAY FORWARD

Conclusions

CSR

The cases from India and Bangladesh highlight how BAT's affiliates in these countries use so-called CSR to further their interests, wherein CSR initiatives—whether termed as such or otherwise—are meant to be much more than charity or philanthropy. ITC, through its various CSR activities that are widely publicised, nurtures an image of a diversified conglomerate that is concerned about human and environmental welfare. Hidden in this narrative of it being a responsible corporate is the fact that, more than fifty percent of ITC's gross revenue is from its cigarette business and ITC has a near monopoly over the market for cigarettes. Through its CSR activities, the company partners with various government agencies, including policy advisory bodies and agencies with mandate for tobacco control, through which it further gains legitimacy for its businesses. Interestingly, some of its CSR activities are carefully designed around its supply chains that directly benefits its business. Ironically, it is this tactful use of CSR by ITC that legitimises a tobacco giant and which in itself has become a legitimate act since 2013, when India mandated a minimum spending on CSR by large companies.

In Bangladesh, despite the absence of any such legal mandate to do CSR, BATB aggressively invests in CSR, nurturing an image of a 'good corporate' and establishing close partnerships with government agencies. It specifically bolstered its CSR activities during the COVID-19 pandemic when governments were overwhelmed and public resources/systems were proving inadequate.

The two cases provide details on how tobacco companies use CSR for their own advantage. The use of CSR in such ways seems widespread beyond these contexts in the region and globally. Additionally, calamities like the COVID-19 pandemic have seen aggressive use of CSR by the tobacco industry.

Taxation

Raising taxes on tobacco products have proven to reduce tobacco consumption and is, therefore, a

prominent policy prescription by the WHO for tobacco control. Governments in countries with a large tobacco sector (involved in cultivation, manufacturing and/or export) tend to have strong revenue interests in tobacco. The cases from Nepal and Sri Lanka provides insights on how BAT and its affiliates employ various tactics to keep tobacco taxes low and/or evade prevailing taxes, hinting at reasons why taxes on cigarettes remain much lower in the region than what is recommended by the WHO.

The cases reveal that cigarette manufacturers use various tactics, ranging from making false claims, commissioning economic/tax research that is often aimed at generating doubt among policy makers, lobbying the finance ministry and concerned agencies on tax policy to a blatant disregard for the law in form of non-compliance and complicity in illicit cross-border trade.

The scenario of low taxes on cigarettes (and other tobacco products) and industry influence in tax policy-making and implementation is common in the region beyond the two cases studied.

Other Tactics

Anecdotes from the region suggests that BAT and its affiliates resort to a range of activities, from a blatant non-compliance with the law (in Nepal) to pulling strings within the ministry while claiming cigarettes to be 'essential' commodities to be allowed for unhindered production amidst the COVID-19 pandemic, that circumvent effective tobacco control in Bangladesh. As in the case of ITC in India, while attempts to portray themselves as diversified businesses persist, BAT also uses its influence within UK's diplomatic offices in foreign countries to lobby on behalf of its local subsidiaries.

Nonetheless, such instances/practices give some indication of a persisting or lingering colonial mindset of TTCs like BAT that continue to operate with a certain disdain for tobacco control policies in South Asia.

Way Forward

- While the concept of CSR as such is becoming integral to the broader discourse on accountable and sustainable businesses, it is important to distinguish sectors like the tobacco industry, wherein the products, business operations and corporate political activities cause large-scale public health harm. In India, attempts have been made through public interest litigation to disallow tobacco industry to conduct publicised CSR activities and instead make them pay governments towards the care of people afflicted with tobacco-related diseases and for tobacco control programs. Regulations that do not allow tobacco companies to use CSR as means of brand/company advertisements or promotion need to be put in place by disallowing the use of company/brand names/logos in CSR activities/materials. Further, tobacco industry CSR should be denormalised through mass media campaigns and sensitisation of public officials across departments/sectors.
- Apart from a substantial raise of taxes on cigarettes, taxes should be raised uniformly across myriad tobacco products, including both smoke and smokeless tobacco products, to discourage product shifts across tiers and ensure that all tobacco products become increasingly unaffordable.

Moreover, strict enforcement of tax laws curbing tax evasion and illicit cross-border trade is essential for the tax policy to have a public health impact.

- Given that issues like CSR and taxation concerns the ministries dealing with finances, corporate affairs and trade, public health in general and tobacco control in particular should become a whole-of-government concern that is not limited merely to the ministries of health. This implies the need for effective nationwide policy in line with the WHO FCTC Article 5.3 with detailed implementation guidelines and stricter enforcement of the same across government agencies or sectors in the region.
- Given the particularities of the region such as the shared colonial history of how tobacco came to be used in the region, large-scale tobacco cultivation, simultaneous presence of smoke and smokeless tobacco products as well as domestic and transnational tobacco entities and conflicting interests within governments for tobacco control, researchers and advocates across the countries in the region should come together for collaborative research inquiries and actions to better understand regional level tactics in addition to country specificities in preventing tobacco industry interference in public policies related to tobacco.

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