Tobacco Industry Monitoring Report

October 2002
November 2002
December 2002

Pursuant to WHA Resolution 54.18, Transparency in Tobacco Control Process, that "calls on WHO to continue to inform Member States on activities of the Tobacco Industry that have negative impact on Tobacco Control efforts," the following report has been prepared from publicly available sources.

World Health Organization
Tobacco Free Initiative
http://www.who.int/tobacco
An insight into the recent activities of the tobacco industry in October 2002-January 2003, brings to light current news on court cases and other legal activity, marketing, smuggling, as well as efforts to reshape and improve corporate identity. This brief overview and the attached media clippings highlight smuggling, marketing and corporate conduct with a special emphasis on corporate social responsibility. This information was collected from publicly available media outlets, publications and the internet.

This report has been prepared pursuant to WHA Resolution 54.18, Transparency in Tobacco Control Process, that "calls on WHO to continue to inform Member States on activities of the tobacco industry that have negative impact on tobacco control efforts."1

on smuggling

Cigarettes are the world’s most widely smuggled consumer product. According to the World Bank, smuggled cigarettes account for 6%-8.5% of global consumption and the tobacco industry is actively involved in smuggling its products to increase market share and evade billions of dollars in national taxes.

Nearly a fifth of all cigarette production is exported, of which almost one-third – about 355 billion cigarettes a year – finds its way into the contraband market. The European Confederation of Cigarette Dealers (CEDT) has estimated that cigarettes in the black market have about a 10% share of the market in Europe; which is about 60,000 million cigarettes.

Smuggled cigarettes are cheaper as they are not taxed, and low-priced cigarettes help the tobacco multinationals to increase sales across borders and introduce their products in markets that are closed to them because of trade barriers and other restrictions. smuggling is commonly used as an argument by The tobacco industry to pressure countries to lower taxes. These arguments are both false as well as misleading.

High taxes and price differentials alone do not cause smuggling. Illicit trade in tobacco is caused by lack of controls in tobacco products in international trade, unlicensed distribution, weak enforcement, corruption, organized crime, and in some cases, complicity of the tobacco industry.

In October 2002, the European Union filed a suit against R.J Reynolds and Japan Tobacco (which bought RJR International) for participating in the smuggling of cigarettes into Iraq, breaking the UN trade embargo. The industry continued to use its arguments that higher taxes lead to smuggling and to increase in crime. Tobacco companies seem to be quite committed to combat counterfeit products, as those do interfere with their bottom line, and work with government in those efforts, but continues to deny any and all involvement in contraband, despite documentary

1 http://www.who.int/gb/EB_WHA/PDF/WHA54/ea54r18.pdf
evidence to the contrary. Such measures on counterfeit took place worldwide, from Nigeria to Malta to Malaysia.

Reports of the EU case against RJ Reynolds continued throughout the month of November and December. RJ Reynolds continues to deny any involvement in the smuggling and fraud schemes that it has been accused of by the European Union. The industry continues to protest taxes increases using the argument that it leads to an increase in smuggling.
The end of 2002 saw several reports of continued heavy industry investment in indirect advertising through sponsorships of music, sports and fashion event throughout the world as well as a trend to invest more in direct marketing techniques, in order to continue to reach potential customers in face of advertising restrictions. In fact, these strategies are related, since one of the major objectives of the industry in the promotion of events is to augment direct mailing lists.

Facing increases in advertising restrictions and bans in the EU and elsewhere, tobacco companies are investing in alternative marketing strategies, such as point of sales and direct marketing, as well as trade mark diversification. The industry continued to develop direct marketing strategies as well as less “visible,” indirect advertising through sponsorships in Togo, Canada, United States, and several European countries.

Spending on marketing efforts are increasing as well. In UK alone tobacco companies have reportedly spend 20.6 million pounds on advertising.²

“[British American Tobacco] expects to increase spending on advertising and promotion after the latest standards and guidelines governing the marketing of tobacco products are implemented. The new set of marketing standards, agreed upon last year by the world’s three biggest tobacco companies [BAT, Philip Morris and Japan Tobacco International] would be implemented world wide. Since these standards will effectively cut down opportunities available for mass advertising, BAT expects to invest “substantial amounts” on advertising in certain key sectors such as in its point-of-sale (POS) promotions, through one-to-one communications with loyal consumers or simply a higher level of personal contact with consumer”

Sharifah Rozita Syed Sulaiman
British American Tobacco (BAT) corporate and regulatory affairs director, Malaysia³

Although many common forms of direct advertising such as in print, on the radio and internet, international sponsorship, and free sample distribution are widely restricted, brand promotion through cinema (on screen and in theatres), music, apparel (Camel and more recently Marlboro⁴ have a branded clothing range) point of sales promotion, posters and billboards are fast becoming the new face of advertising. New marketing tactics also include launching entertainment web sites to lure young people into pubs and restaurants that sell their products as well as competitions with trivia questions inside cigarette packets. Smokers are invited to telephone in their answers to win a prize.

Socioeconomic class, age, sex, income even race have defined market segments and inspired sophisticated marketing strategies. A December 2002 report revealed a strategy to “attract more black smokers and neutralize opposition to anti-smoking measures” by cultivating financial ties with major civil rights groups in the U.S., as described in previously secret tobacco company documents. A 1984 memo explains that “Clearly, the sole reason for B&W's interest in the black and Hispanic communities

² Saatchis to produce Silk Cut swansong - The Guardian, December 6, 2002
http://media.guardian.co.uk/tobaccoads/story/0,7521,855071,00.html
³ The Star (Malaysia), December 21, 2002
⁴ Saatchis to produce Silk Cut swansong - The Guardian, December 6, 2002
http://media.guardian.co.uk/tobaccoads/story/0,7521,855071,00.html
is the actual and potential sales of B&W products within these communities and the profitability of these sales. . . . This relatively small and often tightly knit (minority) community can work to B&W's marketing advantage, if exploited properly.

World No Tobacco Day (WNTD) 2003, 31 May, will focus on marketing issues, among other things, via film and fashion. WNTD celebrations around the world will highlight the use and abuse of film and fashion as industries—and the stars that make these industries move—to sell death and disease.

**on corporate social responsibility**

Several stories were published in the 4th quarter on activities that aim to improve tobacco companies' corporate image. Many of these activities fall under the heading of corporate social responsibility (CSR), the concept that companies should go beyond their simple business mandate of turning a profit and create and implement projects and programmes that aim to reduce social inequity. For example, these programmes often aim to create or improve health care or educational facilities, provide vocational and management training, enhance the quality of leisure and cultural activities.

Tobacco companies have not missed this trend. Major companies have developed programmes for small business development in Kenya, crime prevention in South Africa, business education in China, folk culture preservation in Venezuela, and medical treatment and flood relief in Pakistan.

Under the glare of national and international scrutiny, the industry's image-makers are now inventing arguments to make the case that tobacco companies can and are contributing to global development—even going as far as to say that public health initiatives work to the contrary by jeopardizing tobacco farmers if tobacco control succeeds. When tobacco companies are not calling themselves socially responsible because they invest in vaccination programmes in the developing world, they claim their CSR work is organic to the process of development.

One field where several tobacco companies have focused their CSR activities is education, often in the form of grants, scholarships, professorships, even the creation of an entire school.

A study recently published in the British Medical Journal details research grants and donations from the tobacco industry as well as senior university governance appointments held by tobacco industry officials. Of 90 universities and 16 medical faculties, 39% had received donations from the tobacco industry. Four of the 16 medical schools had received research grants. Tobacco industry officers and directors were found to hold 26 university related appointments between 1996 and 2001, including posts such as governor, president, chancellor, and director, as well as posts in university affiliated teaching hospitals and in university development and advancement. Dr Fernand Turcotte, of Laval University, one of the study's authors, said "such appointments were scandalous. The tobacco industry infiltrates the universities in this way because of the prestige associated with these institutions.” He added “it's a way to buy silence and complacency.”

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5 UCSF study says tobacco companies targeted black groups - Modesto Bee/AP http://www.modbee.com/state_wire/story/5260891p-6266644c.html

6 Addiction to Tobacco: Defining Links between the Tobacco Industry and Canadian Universities and Medical Schools, BMJ 2002;325:734 http://bmj.com/cgi/content/full/325/7367/734/a
Another attempt to buy academic credibility was BAT’s attempt to offer a London School of Hygiene and Tropical Medicine student a £1500 grant as well as the opportunity to work in the company’s research and development unit at its Southampton factory on completion of the degree. Professor David Leon, upon learning of the offer told the company “to take its money elsewhere.” He replied to the company: “You must think that academics and students in epidemiology are both extremely stupid and mercenary. There is no need to recite to you the responsibility BAT has for millions of deaths as it continues to push tobacco around the world.”

Perhaps most remarkable, and most cynical, are those tobacco industry-sponsored programmes that aspire to public health goals. For instance, BAT Bangladesh extended their support to Shandhani Andhatyamochan (Blindness Relief) Lottery organised by Shandhani National Eye Donation Society by purchasing a large quantity of lottery tickets and making a donation to the Shandhani National Eye Donation Society, handing over a cheque at a public ceremony held the BAT factory in Dhaka. No mention was made of the link between smoking and cataracts, a major cause of blindness. The same factory was the venue for an occupational health workshop for students of Bangladesh University.

In Zimbabwe, BAT recently invested $6 million in a Harare medical clinic for the company’s 400 factory workers. A local paper reported, “The British American Tobacco Company Zimbabwe should therefore be commended for focusing on the health and well being of its employees.” This commentary comes less than a year after a Christian Aid investigation of the Brazilian subsidiary of BAT, Souza Cruz, exposed labour practices ranging from alleged price control abuses, to failure to protect workers from pesticides and other hazardous chemicals, to failure to improve conditions where children are forced to labour in tobacco fields to help alleviate family debt.

These investments to repaint tobacco companies and tobacco company executives as responsible corporate citizens comes in the midst of in-depth investigations and inquiries, based on documentary evidence found among millions of pages of previously secret tobacco industry documents that tell quite a different story.

In an interesting move, Philip Morris, the world’s largest tobacco company, started the new year with a new name, Altria, reportedly inspired by the Latin altus, “high.” In contrast to the company’s own explanation of the “corporate identity change” that “reflects important evolutions in [the company’s] development,” this name change has been hotly criticized as a PR move to distance other Philip Morris companies from the spectre of tobacco. “Philip Morris is banking on the short memory span of consumers and hoping that yet another massive PR campaign will win back a US public that has adamantly rejected its deadly business practices.” commented Kathryn Mulvey, Executive Director of Infact, a US-based consumer protection NGO.

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7 College tells tobacco company to take its money elsewhere, BMJ 2002;325:794
http://bmj.com/cgi/content/full/325/7368/794/c
8 The Daily Star (Bangladesh), 30 October 2002, http://www.dailythestar.com/200210/30/n2103006.htm#BODY4
12 Philip Morris Attempts to Distance itself From Marlboro Man’s Global rampage With name change to altria Corporate Accountability Activists Say Massive PR Make-Over Won't Fend Off Tough Regulation in Global Tobacco Treaty, http://www.infact.org/012703pm.html
In fact a December Adweek article reported that Philip Morris spent more money in 2001- $80 million-promoting its good works than on actual assistance.13

Perhaps, most paradoxically, at the end of 2000, the University of Nottingham announced the creation of the UK's first International Centre for Corporate Social Responsibility, thanks to a £3.8 million from British American Tobacco. The centre's mandate is to study the social and environmental responsibilities of multi-national companies to the communities in which they operate. In December 2002, the Centre launched its new MBA programme, focusing specifically on CSR issues. Of course, many scholarships are available for this programme.

**on tobacco industry monitoring**

The tobacco industry monitoring work of WHO is, in part, the result of the findings of several inquiries into tobacco industry activities aimed at undermining tobacco control efforts and weakening public health agendas.

In the summer of 1999, an internal report to Dr Gro Harlem Brundtland, Director-General of the World Health Organization (WHO), suggested that there was evidence in formerly confidential tobacco company documents that tobacco companies had made “efforts to prevent implementation of healthy public policy and efforts to reduce funding of tobacco control within UN organizations.” Later that year, she appointed a Committee of Experts to research tobacco company documents which had become publicly available as a result of lawsuits against the tobacco industry in the United States.

That documentary evidence pointed to systematic and global efforts by the tobacco industry to undermine tobacco control policy and research developments.

The Committee found that the tobacco industry regarded the World Health Organization as one of their leading enemies, and that the industry had a planned strategy to "contain, neutralise, reorient" WHO's tobacco control initiatives. Tobacco industry documents show that they carried out their plan by staging events to divert attention from the public health issues raised by tobacco use; attempting to reduce budgets for the scientific and policy activities carried out by WHO; pitting other UN agencies against WHO; seeking to convince developing countries that WHO's tobacco control program was a "First World" agenda carried out at the expense of the developing world; distorting the results of important scientific studies on tobacco; and discrediting WHO as an institution.14

This findings were the catalyst for efforts in WHO Regional Offices and individual country offices to carry out their own investigations on tobacco industry activities aimed specifically at sabotaging public health work.

13 Burnett to Tout PM's New Name, December 17, 2002
http://www.adweek.com/adweek/members/search_results.jsp
WHO Headquarters was not the only target. In WHO’s Eastern Mediterranean Region, tobacco industry activities to weaken public health policy in the Middle East began in the late 1970s, when multinational tobacco companies met regularly to discuss pending regulations and to plot joint strategy. The Middle East Working Group (MEWG), which later became the Middle East Tobacco Association (META), comprised all of the major tobacco multinational operating in the Middle East, and was formed in order to “promote and defend” the interests of these companies in the region—carefully monitoring and seeking to undermine the work of public health officials in the Middle East, including the Arab Gulf Health Ministers’ Conference, the World Health Organization and national tobacco control coalitions. The tobacco industry documents show that the companies enlisted prominent political figures in the Middle East to provide information and lobby for them, including an Egyptian member of Parliament, a former Assistant Secretary General of the Arab League and even, at one point, the Secretary General of the GCC Health Ministers who was also the Kuwaiti Under-Secretary for Health.\textsuperscript{15}

A recent report released by the Pan American Health Organization (echoes these same findings. Transnational tobacco companies planned and executed comprehensive campaigns of deception over the last decade in Latin America and the Caribbean regarding the harmful effects of second-hand smoke and the nature of tobacco company marketing activities. By hiring scientists throughout Latin America and the Caribbean to misrepresent the science linking second-hand smoke to serious diseases and by designing "youth smoking prevention" campaigns and programs primarily as public relations exercises aimed at deterring meaningful regulation of tobacco marketing, tobacco companies sought to delay or avoid tobacco marketing restrictions and restrictions on smoking. Industry documents also show that tobacco companies had detailed knowledge of smuggling networks and markets and actively sought to increase their share of the illegal market by structuring marketing campaigns and distribution routes around them and that they enjoyed access to key government officials and succeeded in weakening or killing tobacco control legislation in a number of countries.\textsuperscript{16}

All these investigations consistently point to the discrepancy between the measures that tobacco companies internally recognize to be the greatest threats to their sales, and those that they champion in public. For example, companies publicly deny the connection between smoking prevalence and tobacco advertising, but internally acknowledge that advertising bans are a threat to tobacco sales, and a key priority for thwarting regulatory action. Companies constantly insist that they do not market to young people while internal documents clearly demonstrate otherwise.

Similar inquiries and investigations have been done out or are in the process of being carried out in other countries, including Switzerland, Finland, Israel, Syria, Iran, among others. The tactics are expertly adapted to specific country situations and executed solely in the interest of tobacco company profits.

\textsuperscript{15} Voice of Truth. http://www5.who.int/tobacco/repository/tpc48/VoT1-en.pdf
\textsuperscript{16} Profits Over People, Tobacco Industry Activities to Market Cigarettes and Undermine Public Health in Latin America and the Caribbean. http://www5.who.int/tobacco/page.cfm?tid=178
October 2002

Africa

Niger

There were reports that the Armed Forces Sports Association (AS-FAN) continues to be sponsored by a tobacco company: Melfinco, including the sponsorship of the team at handball championship, through Melfinco’s Virginia Star brand. While some efforts are under way to stop sports sponsorship, in the area of music and entertainment, the tobacco industry continues (SITAB and TMC) to sponsors many events unchallenged, despite efforts by advocacy group SOS Tabagisme-Niger.

Source: K. Karim, INFO-TABAC - N° 08 - Septembre 2002

Nigeria

“About ten million sticks of counterfeit cigarette meant for the Nigerian market have been seized in Cotonou, Benin Republic. The fake products which are made up of six million sticks of Rothmans King size cigarette as well as four million sticks of Benson and Hedges were seized by BAT-Nigeria security operatives following a tip-off. The latest seizure comes on the heels of a recent operation carried out in Abidjan, Ivory Coast during which a large consignment of counterfeit cigarettes also meant for the Nigerian market was impounded and destroyed. BAT-Nigeria is taking [growing number of counterfeit cigarettes] seriously. It has created a department dedicated to the tracking down, seizure and destruction of these fake products. Reacting to the seizure in Cotonou, the Managing Director of BAT-Nigeria, Mr Nick Hales said the increase of counterfeit products which find their way into the Nigerian market is hurting the economy as well as depriving Government of huge revenue and this should be checked. … The seizure, Mr Hales concluded, is an eloquent testimony to the dedication of the [BAT] new anti counterfeiting department.


“The Environmental Rights Action/ Friends of the Earth, Nigeria (ERA/FOE), in a statement issued in Lagos to mark this year's International Week of Resistance to Tobacco Transnational Companies (IWR), lamented that the present government is embracing tobacco investment at a time nations across the world are introducing measures to curb tobacco trade. … To ERA, government's support for an ultra-modern cigarette plant being built by BAT in Ibadan, Oyo State and the "various special duty concessions" granted the firm in this year's budget and the non-creation of a National Committee For Tobacco Control are indicators that the government has sided with the tobacco multinational corporations.”

Source: This Day (Lagos), October 5, 2002 http://allafrica.com/stories/200210060029.html

“President Olusegun Obasanjo has commended BAT for its $150 million investment in Nigeria, described the investment as "significant and a trail blazing initiative which other investors should emulate". Speaking in Abuja when he received top management team of the company, led by its managing director, Mr. Nick Hales, Obasanjo said he was thrilled at the company's manpower development policy as demonstrated in the large number of Nigerians it had sent for a three-month intensive training in South Africa, ahead of next year's commissioning of BAT's state-of-art factory in Ibadan. … Obasanjo commended the company for showing tremendous interest in the environment by providing tree seedlings to the Federal Ministry of Environment. "Government will always approach BAT for assistance in this regard", he said. BAT Managing Director, had informed Obasanjo that the company was committed to investing in the Nigerian economy as well as working in partnership to regulate the country's tobacco industry. Already, BAT Group, he said, had introduced an international marketing standards which BAT Nigeria Limited would implement in its marketing and promotional activities.

Sources: Tobacco Firm Gets Presidential Pat Over $150m Investment - This Day (Lagos), October 16, 2002 http://allafrica.com/stories/200210160522.html

South Africa

“Remgro Ltd., the fifth- biggest South African company by market value, dropped to a 10- week low after British American Tobacco declined, cutting the value of Remgro's stake in the world's No. 2
tobacco company. … [BAT] dropped as much as 6.4 percent after a California jury ordered rival Philip Morris Cos. to pay $28 billion in compensation to a women suffering from lung cancer, the biggest award yet to an individual smoker. Remgro owns about 11 percent of the U.K. tobacco company.”

http://quote.bloomberg.com/fcgi.cgi?T=marketsquote99_news.ht&s=APaFkkBVsUmVtZ3Jv

“Lawyers for the upmarket Lanzerac Manor and Winery on the outskirts of Stellenbosch … threatened to seek a court interdict against anti-smoking activist Ken Sheppard. The threat came after Sheppard's Tobacco Control Board laid a criminal complaint against Manor manager Marco Mehdia for allegedly allowing people to smoke "throughout the entire facility". Lanzerac has been chosen by BAT as the venue for a "dialogue session" with what the tobacco giant calls its "stakeholders" on October 28. … "The law says clearly that the employer, owner, licensee or person in control of a public place, must ensure that no person smokes anywhere other than in a designated smoking area," Sheppard said. "Ms. Beeselaar [representing the hotel] seems to believe the Lanzerac is above the law," he said. "It's not. I await the promised 'trouble' with eager anticipation."


The Sun Times had a feature on BAT new managing director, David Crow: “David Crow does not want his children to smoke. At least until they are 18 years old, the age he believes they can make an informed decision. Furthermore, the new managing director of [BAT-SA] hopes that the SA government will introduce legislation to raise the legal age limit of smoking from 16 to 18. This comes from a man who gave up smoking after developing tongue cancer - a "genetic predisposition" and not as a result of smoking. … Going from pharmaceuticals to cigarettes, Crow discovered that consumer loyalty to cigarette brands is very high. "Smokers smoke regularly and buy cigarettes regularly. It's also a lot about the brand image that associate with you." BAT's bestseller in South Africa is Peter Stuyvesant. "It is the brand of choice across every demographic measure." ... South Africa's first social report was brought out this year, one of 35 such country-specific publications produced by BAT. As Crow puts it: "For 40 years governments tried to combat smoking. The solution now is for tobacco companies and government to sit down and talk. Either they can deal with legitimate, audited tobacco companies that pay taxes, or they can try to stop organised crime from supplying poor-quality cigarettes on the black market, where no tax is paid." … Between 1996 and 2001, BAT's revenue rose 37.6% to £25.7-billion while operating profit climbed 58.8% to £2.7-billion.

Source: Newsmaker : David Crow Managing Director, BAT SA. By Gaenor Lipson.

Uganda

A letter on Ugandan New Vision criticizes an amendment “of the finance bill by the minister of finance to give exemption to Mastermind Uganda, a tobacco firm to enable it import processed tobacco [as reported on The Monitor of September 19].” The letter points out that the amendment is an “encouragement” to smoking and disparate with public health interests.

Source: http://www.newvision.co.ug/detail.php?mainNewsCategoryId=8&newsCategoryId=21&newsId=87090

Zimbabwe

“British American Tobacco, the sponsors of the Newbury Design of the Year, the premier fashion designers' competition, have scrapped the annual event. … Belinda Chidume, BAT marketing manager, said: "We are not holding the Newbury Design of the Year because we are taking a new direction. I cannot divulge any details about our plans because it is confidential, but just know that the Newbury Designer of the Year has been struck off our calendar." … The competition will be remembered for the spectacular entertainment on offer and the superlative judges who enabled it to surpass all expectations.”

http://allafrica.com/stories/200210020661.html

BAT “cancelled the annual Communicator of the Year Award … BAT sponsors the award, which is co-ordinated by the Institute of Public Relations. The award has been running for the past 23 years. Both BAT and ZIPR … said the event was cancelled because of the circumstances surrounding competition entry conditions. The BAT corporate and regulatory affairs manager, Mr Peter Parirewa
said he was not at liberty to discuss the specifics… The award recognises Zimbabweans who have demonstrated a high level of excellence in communicating information on issues that impact on social and economic development. … The award also encourages a broad realisation of effective communication. Some of the past recipients of the award include political leaders President Mugabe, Minister of Environment and Tourism Mr Francis Nhema and academics Professor Lovemore Mbigi and Dr Liz Robb of Childline.”

Source: BAT Cancels Annual Award - The Herald (Harare), October 3, 2002
http://allafrica.com/stories/200210030181.html

“The one-year-old Zimbabwe Association of Tobacco Growers (ZATG), admitted that "new farmers" would not be able, on their own, to produce meaningful yields on their newly acquired properties without substantive cash injections from government and the business community ... "With support from government and the private sector, in the form of financial and technical back-up, nothing should stop us from producing at least 60 to 100 million kilogrammes of tobacco. Most of our farmers do not have equipment, machinery, technical know-how, experience nor financial resources.

Source: Massive Support Needed to Prop Up New Farmers - The Daily News (Harare), October 16, 2002
http://allafrica.com/stories/200210160111.html

“Zimbabwe's foreign currency crisis is set to worsen following a 75 percent decline in tobacco exports. ... An overview of the flue-cured tobacco industry presented to the Parliamentary Committee on Agriculture by the Zimbabwe Tobacco Association (ZTA), forecast that earnings from tobacco exports would drop from US$400 million (Z$22 billion) in 2000 to US$105 million next year. ... Zimbabwe is the world's second largest tobacco producer, contributing 20 percent, after Brazil which produces 28 percent of the international market's needs. ULTC [Universal Leaf Tobacco Corporation] said: "The size of Zimbabwe's crop is once again the biggest uncertainty in the upcoming leaf production cycle. The government's continuing land acquisition and redistribution programme has resulted in decreased plantings in each of the past two crops, with a sharply lower crop size in 2002. A further decline is forecast in 2003, with a crop size of only 80 million kg expected." [UTLC] warns that if Zimbabwe's crop size continues to decline, "Brazil is certainly capable of continuing to increase plantings and producing an even larger, higher quality crop, at very attractive prices". The ULTC says: "In fact, Brazil is currently projected to produce a record crop of 576 million kg in 2003, a level believed to be conservative.”

Sources: Tobacco Earnings Tumble - The Daily News (Harare), October 15, 2002
http://allafrica.com/stories/200210150576.html

http://www.bloomberg.com/fgcgi.cgi?T=marketsquote99_news.ht&s=APawCPxYMWmltYmFi

Tobacco farming on its knees - News24 (S. Africa), October 24, 2002
http://www.news24.com/News24/Africa/Southern_Africa/0,1113,2-11-40_1275762,00.html

BAT-Zimbabwe “… has strengthened its position as a responsible corporate citizen by investing $6 million in a staff clinic at the company’s factory. Dr David Parirenyatwa, the Minister of Health and Child Welfare, opened the new $6 million medical facility at BATs offices in Harare last week. Parirenyatwa said the provision of health facilities at workplaces had become important for the maintenance of the country’s economic viability, given the background of the HIV/ AIDS pandemic currently ravaging Zimbabwe, and countries in the region. The clinic at BAT offers a wide range of medical services for the company’s 400 workers. ... To further strengthen its social responsibility, BAT has also undertaken to contribute 100 percent to all its employees’ medical aid facility. After officially opening the clinic, Parirenyatwa presided over BAT’s long service award ceremony … Parirenyatwa urged other companies to emulate BAT in improving the welfare of workers, and recognising employees for loyalty and dedication.”

Source: British America Tobacco Builds $6m Staff Clinic - The Daily News (Harare), October 30, 2002
http://allafrica.com/stories/200210300294.html

“Six officials from the tobacco industry leave for Portugal to attend an International Tobacco Association (ITA) annual general meeting, where they are expected to lobby against the World Health Organisation-proposed tobacco controls.” The tobacco industry representatives attending the ITA meeting are from the Indigenous Air-cured Tobacco Association, the Zimbabwe Tobacco Association,
the Zimbabwe Association of Tobacco Growers, the Zimbabwe Farmers Union (ZFU)’s Virginia Tobacco Association and ZFU Burley Association.


**Americas**

**Brazil**

Souza Cruz obtained two more favorable decisions in Brazilian courts, in cases brought against the company by ex-smokers. Of the 288 cases, Souza Cruz won 108, 83 in first instance and 21 after appeal to higher level courts. In 38 cases, there are no more avenues for appeals. On these recent decisions, the judge, from the Rio Grande do Sul state, determined that Souza Cruz’s actions are legal, advertising is not deceptive or abusive, and it was the plaintiff’s choice to continue to smoke, despite widespread knowledge about the harmful effects of cigarettes, thus the responsibility is not the manufacturer’s. The judge in the state of ceara issued similar opinion.

[Note: A great victory for the industry indeed and in sharp contrast with decisions in the recent US cases.]


**Canada**

The du Maurier Arts Council continued to be very active in the sponsorship of the arts in Canada, expanding its program for young artists. “du Maurier Arts Council president Neil Blanche. “Canadian universities are training a new generation of exceptional artists and the du Maurier Arts Council is proud to lend its support to stimulate the emergence and the public awareness of these highly talented creators”.”

This year, 22 “emerging artists representing nine institutes of higher learning located in Quebec and Ontario will share in $175,200 of funding awarded by the du Maurier Arts Council.”

Sources: The deadline to apply for a du Maurier Arts Council grant is rapidly approaching – CNW. October 1, 2002 http://www.newswire.ca/releases/October2002/01/c6569.html
La date limite pour déposer une demande de subvention auprès du Conseil des Arts du Maurier approche rapidement – CNW October1, 2002 http://www.newswire.ca/releases/October2002/01/c6570.html

The BMJ reported on a Canadian study: “links between Canada’s universities and medical schools and the tobacco industry shows that such institutions receive research grants and donations from the industry and that many tobacco industry officials hold senior university governance appointments.” Among other findings: “None of the responding universities had policies that banned funding of research or donations by the tobacco industry”, the “average value of 14 industry funded awards was $C115 100 (£47 000; $73 000; €47 000)” and that 39% “had actually received donations from the industry, averaging $C54 500.”

Source: Institutional “Addiction” to Tobacco: Defining Links between the Tobacco Industry and Canadian Universities and Medical Schools. http://bmj.com/cgi/content/full/325/7367/734/a

David Laudry, western vice-president, Canadian Tobacco Manufacturers’ Council, wrote a letter to the editor of the Edmonton Sun, in response to a column calling for the Canadian government to run “American-style anti-tobacco ads”. In his letter, Laudry said “Canadian tobacco manufacturers, unlike their American counterparts, have been regulated by governments for decades. The industry has abided by those rules. Information has been reported and exchanged so government has known what the industry knows about the health risks associated with tobacco. Health warnings were voluntarily placed on Canadian cigarette packages in the early 1970s by the industry. There has been no tobacco product advertising in Canada for over 10 years. There is no tobacco marketing activity aimed at underaged youth. Light and mild products - with lower levels of tar and nicotine, that are now publicly criticized in Health Canada ads - were developed at the express request of the federal government. Industry warned the government at the time that it could make no health claims about these brands. Government attacks on a responsible, regulated industry would not only be inappropriate, they would be factually incorrect.”

Source: Edmonton Sun, October 3, 2002 http://www.canoe.ca/EdmontonSun/editorial.html
An article described the impact of the pictorial warnings on Canadian cigarette packs and the legal challenges of the tobacco industry against the government. The article quotes industry lawyer Simon V. Potter, representing the industry in the Montreal courts, as saying: "We say the package is a vehicle of expression and insisting on putting these images on, which vilify the product," violates the industry's rights. ... He said that Canada's tobacco industry is "quite happy" to include written health warnings on the packages, but that the pictures and the accompanying text take up too much space and are "unjustifiable."

Source: Canada Hopes Photos Will Coax Smokers To Kick the Habit - Washington Post, October 6, 2002.  

"The government of Saskatchewan says it intends to keep defending the province's Tobacco Control Act against legal challenges. Health Minister John Nilson says the province has been advised that tobacco giant Rothmans, Benson and Hedges is asking for leave to appeal a recent court ruling. ... Since March, the province's Tobacco Control Act has prohibited the display of cigarettes in retail stores that are accessible to people under the age of 18."

Sources: Saskatchewan won't back down in tobacco fight - CBC News, 12 October 2002  
http://cbbc.ca/stories/2002/10/11/sasktobacco021011  
Province will fight appeal of its tobacco law - The (Regina) Leader-Post, October 12, 2002  
Tobacco company to appeal Sask. law restricting cigarette advertising - CP/Leader-Post, October 11, 2002  
http://www.canada.com/search/site/story.asp?id=5FB96B81-B769-4C37-93B1-991E07626E64

The [Saskatchewan] provincial government's "Tobacco Control Act", combined with the federal "Tobacco Act", have made it almost impossible for Imperial Tobacco Canada to let Saskatchewan adult smokers know that, as of this month, there is a new product available to them, says Christina Donà, manager of media relations for IT] "In short, the federal law effectively prevents us from announcing any details about this new product, and the Saskatchewan law makes it illegal to even let consumers see its existence when they enter a normal retail store that has decided not to ban access to youth," says Donà. ... Imperial Tobacco Canada has decided not to name the new product. The focus of this press release is the government legislations. However, it should be noted that if this press release was deemed a promotion by federal authorities, it would be in violation of the federal Tobacco Act. Such a violation would render the company liable to a fine of up to $300,000 per day and any company officer found to "acquiesce" to the promotion would be liable to imprisonment for up to two years, says Donà."

Source: Imperial Tobacco Canada - Consumers Penalized - CNW, October 30, 2002  
http://www.newswire.ca/releases/October2002/30/c6502.html  
http://www.newswire.ca/releases/October2002/30/c6503.html

The Chairman, President & C.E.O. of JTI-Macdonald Corp., Michel Poirier, was the guest speaker at the Canadian Club of Montreal, presenting on "Ethics vs. Activists -- The Tobacco Experience". "What was considered as ethical behaviour 10 or 20 years ago may be borderline today -- and could well be grounds for retroactive lawsuits a few years from now," says Mr. Poirier."  Poirier said that the "tobacco industry is unfairly depicted as "extremist and untrustworthy" because it remained silent too long in the face of "outrageous" attacks by activists and "vigilante watchdogs," ... and "blasphemed the industry's detractors, saying "all too often, they offer no facts, no evidence, no proof whatsoever to support what they are saying." ... Poirier denied his company's advertising targets youth and dismissed numerous medical studies - and assertions from Health Canada and the World Health Organization - that second-hand smoke kills. ... Poirier said the tobacco industry is ethical and law-abiding and is marketing a legal product, "enjoyed by 5 million to 6 million Canadians." ... JTI-Macdonald recently took out ads featuring an Export A logo in youth-oriented alternative weekly newspapers to promote the "Extreme Sports Series," which features motocross races, car rallies and rock concerts. When a reporter asked Poirier about the ad campaign, he said it targets 19 to 34 year olds, saying it is legal "sponsorship advertising, not brand advertising." Poirier said it can only "appeal to (younger people) if they see it - and our marketing people take excruciating pains in making sure it is distributed in ways that people under 19 years old don't see it." Asked about such ads on billboards on highways, he noted children don't drive. ... Poirier, asked by a reporter whether it wouldn't be more ethical to try to discourage people from using a life-endangering product, said, "I don't know of any program right now that is successful in reducing smoking in adults")."
An op-ed in the Halifax (Canada) paper commented on a letter sent by Imperial Tobacco Company of Canada to province legislators. According to the op-ed, the letter stated “By helping enhance the quality of life of Canadians through improved health care for the elderly, increased educational opportunities for young adults and better access to the arts, we are having a positive impact on society as a whole,” writes Robert Bexon, [IT] president and chief executive officer. The newspaper writer comments that while “certain programs may have been funded by the Imperial Tobacco Company and targeted at the elderly, the smoking and chewing of tobacco has hurt the health of elderly Nova Scotians substantially more than any band-aid programs the company could ever possibly trumpet.”

Source: The spin doctor is in - The (Halifax) Daily News. By Mark Parent, October 17, 2002

The Toronto Star published an article about industry music promotions that allow smokers only to attend. These include extremely trendy music groups. “Tickets for the invitation-only event, billed as Icebox: Party On The Move and featuring local jazz funk ingénue Ivana Santilli and DJ Paul E. Lopez, have been doled out as prizes in a contest sponsored by Imperial Tobacco Canada. The Icebox program, a seven-date national club tour that began in Vancouver Oct. 7 and wraps this weekend in Toronto, is part of a campaign to reintroduce Imperial’s Kool brand of tobacco products. ... This direct marketing ploy is not an isolated initiative. Pop-reggae king Shaggy will appear at the York Theatre during his only Canadian date Oct. 25 as part of the Red Seat series to promote Imperial brand du Maurier. ... Cigarette companies have gotten into concert promotion because of stringent provisions of the federal Tobacco Act. Manufacturers can only place ads in newspapers and publications that offer 85 per cent adult readership, advertise through direct mail publications to adults, or advertise in places where children aren’t allowed by law and on the sites of sponsored events, as long as the ads are sponsor-related. ... Critics say Imperial is sending a message to non-smokers that if you don’t puff, you’re not invited to the party. ...”

Source: The art of selling cigarettes - Toronto Star , October 16, 2002

An Imperial Tobacco warehouse in Vancouver was robbed and more the 7 million cigarettes were taken. Imperial Tobacco issued a press release stating that “this kind of violence and theft is a direct consequence of highly taxed tobacco products” and that because of the high taxes those 7 million
cigarettes were going to be sold in the black market, making the link between high tobacco taxes and increase in crime.

Source: Imperial Tobacco Canada - Armed Robbery Near Vancouver - Over 7 Million Cigarettes Stolen - CNW, October 25, 2002  

Imperial Tobacco Canada - Vol à main armée près de Vancouver - Plus de 7 millions de cigarettes volées – CNW  
http://www.newswire.ca/releases/October2002/25/c5300.html

Imperial links robbery to tax hikes - Vancouver Sun, October 26, 2002  
http://www.canada.com/search/story.aspx?id=9cf35b52-4ed4-46c5-a509-886922311c10

“Rothmans Inc. has announced a $5-a-share special dividend while keeping its powder dry for future acquisitions as revenues hold up despite declining cigarette volumes and harsher competition from discounters. ... The company said earnings in its second quarter ended Sept. 30 were $23.3 million, 70 cents per share, off from $24.1 million, 73 cents a share, a year ago. Six-month profits were ... up by $5.5 million ... "Movement to these lower-priced products has been driven by increases in retail selling prices, principally driven by the rapid escalation of tobacco taxes," Rothmans said. "The degree to which consumers will continue to move to discount products is presently unclear."

Source: Rothmans pays $5-a-share special dividend: sales solid despite discounting - CP, October 30, 2002  

United States

In a worldwide publicized verdict, a “Los Angeles jury awarded $850,000 in economic and “pain and suffering” damages to 64-year-old Betty Bullock of Newport Beach, who blamed her tobacco addiction on the company's failure to warn her of the risks of smoking [and who has lung cancer]. The jury found Philip Morris liable for the fraud, negligence and products liability claims in Bullock's lawsuit after deliberating for four hours.” A few days later, the same jury ordered “Philip Morris Cos. to pay $28 billion in punitive damages ... The jury deliberated for about a day and a half in the punitive damages phase of the trial. Shares of U.S. tobacco companies dipped across the board after news of the jury award. William Ohlemeyer, associate general counsel, Philip Morris said: "This jury should have focused on what the plaintiff knew about the health risks of smoking, and whether anything the company ever said or did improperly influenced her decision to smoke or not to quit. ... Instead, it appears that this decision speaks to more general policy issues regarding smoking that can't fairly be decided in lawsuits like this." Philip Morris announced it would appeal the verdict and legal experts expect that the sum will be reduced on appeal. Additional quotes by William Ohlemeyer: “[The jurors] were instructed that punitive damages must bear a reasonable relationship to the compensatory damages, and you know 33,000 times [the ratio of the punitive award to the compensatory damages] is not reasonable.” “But as a matter of law, it's illegal, emotional and irrational ... This verdict is so obviously the result of passion and prejudice that it has to be set aside. We're not going to settle. We have the time and we have the inclination to let the appellate courts decide what the law is.”

Sources: Tobacco Firms Struggling in West Coast Courts - Los Angeles Times, October 5, 2002  
http://www.latimes.com/business/la-fi-coast5oct05,0,962273.story

California Jury Awards Smoker $28 Billion - Washington Post, October 5, 2002; Page A02  

Stocks Tumble Amid Mixed Jobs Data, Bad Earnings - Fox News/Reuters  
http://www.foxnews.com/story/0,2933,64822,00.html

L.A. Jury Orders Philip Morris to Pay $28 Billion - Reuters  

Philip Morris Must Pay Smoker $28 Billion, Jury Says - Bloomberg News  
http://www.bloomberg.com/tgcgi.cgi?T=mktsetquote99_news_ht&s=APZ3s7t7UGhpGlw

Philip Morris hit by record damages - BBC News  
http://news.bbc.co.uk/2/hi/business/2300801.stm

TPLP Announces Los Angeles Jury Rejects New Philip Morris Defense and Issues $28 Billion Punitive

Philip Morris to appeal $28 bln punitive verdict - Reuters  
http://biz.yahoo.com/rc/021004/tobacco_philipmorris_appeal_1.html

Philip Morris To Appeal Smoking Verdict; Says Result Inconsistent With Facts, Law - Philip Morris  

“Two more lawsuits against tobacco companies have been filed in Los Angeles on the heels of [the] record $28 billion damages award to a 64-year-old lung cancer sufferer who blamed Philip Morris for failing to warn her against the risks of smoking.” The suits were filed in Los Angeles Superior Court, one on behalf of a smoker who died of lung cancer, filed by his wife and children, and one filed a woman stating her lung and brain cancer was caused by more than 40 years of smoking.

Source: Two more tobacco lawsuits filed in Los Angeles - Forbes.com/Reuters, October 8, 2002

US Smokeless Tobacco Company (USSTC) announced the launch of two new products: Copenhagen Pouches and Skoal Pouches. The new products are described as being “packed full with the moist, rich, premium-quality tobacco adult consumers expect from Copenhagen and Skoal. …” Our new Skoal and Copenhagen Pouches are uniquely positioned to address the demand from adult consumers for quality tobacco pouch products with authentic flavor and an effective design,” said Jill K. Galowitz, USSTC vice president of new products. “This strategic new product launch leverages the Copenhagen and Skoal mega brands to redefine and legitimize the pouch segment and drive category growth.” … The launch will be supported by a print advertising campaign, direct mail and point-of-sale, delivering nearly 100 million adult impressions, while eye-catching retail displays will encourage both awareness and trial.”

Source: U.S. Smokeless Tobacco Company. PR Newswire. October 2, 2002

There continued to be wide media coverage of New York’s Mayor Bloomberg efforts to ban smoking in all workplaces, including bars and restaurants. The Mayor’s proposal is opposed by the United Restaurant and Liquor Dealers Association, the New York Nightlife Association, by the city chapter of the New York State Restaurant Association, whose vice president stated: “We are not arguing the health issue ... because it is pretty hard to argue that. But we have heard from a lot of employees who understand the risks and are fearful that business will decline drastically and they will lose their job. Maybe that is not good judgment on their part, but they certainly have a right to make that decision.” Hotel owners are also concerned: “Our members are telling us that cocktail lounges and bars in their hotels host a great number of visitors from Europe, South America and Asia who insist on smoking,” said Joseph E. Spinnato, president of the Hotel Association of New York City. ... “They may go elsewhere, causing those cocktail lounges and bars to be less frequented. In that case, the people the legislation is trying to protect may be without jobs.”... Brendan McCormick, a spokesman for Philip Morris Companies, which has laid low in this most recent battle, said “a handful” of trade groups and bars had requested money from the tobacco company to help fight the bill. He said the company was “looking at a broad number of requests.” In 1994, when the City Council was pondering the current law, the Empire State Restaurant and Tavern Association accepted roughly a half million dollars in aid from the company.” In addition, tobacco industry consultant Gio Gori also presented testimony at a hearing stating that there is “no factual evidence” about the harms of second-hand smoke. [Note: As usual, Gori used his former National Cancer Institute appointment to increase credibility.] Another industry-linked group, the Cato Institute, through one of its fellows, Robert Levy, wrote “To put it bluntly, the owner of the property should be able to determine - for good reasons, bad reasons or no reason at all - whether to admit smokers, nonsmokers, neither or both. Customers or employees who object may go elsewhere. They would not be relinquishing any right they ever possessed. By contrast, when a businessman is forced to effect an unwanted smoking policy on his own property, the government violates his rights. ... Mostly, customers rely on common courtesy and mutual respect in adjusting to different surroundings. But nosy, intrusive government has exacerbated the problem. ... It is government, not secondhand smoke, that has poisoned the atmosphere.” [Note: these are the standard tobacco industry arguments.] There was long public hearing, but no final decision yet on the Mayor’s proposal, and some counter proposals to weaken the ordinance and provide exemptions.
[For studies about the tobacco industry campaign against smoke free workplaces, including restaurants and bars, see www.tobaccocontrol.ucsf.edu. There has been no negative economic impact brought by smokefree measures in the hospitality business.]

Sources: Fighting Mayor’s Proposed Smoking Ban - New York Times, October 10, 2002
http://www.nytimes.com/2002/10/10/nyregion/10SMOK.html


Anti-Smoke Ads Set Off An Alarm – Newsday. October 10, 2002
http://www.newsday.com/news/health/nysmok10296016oct10.0,2504076,story,0,11NYC.html

Debate Kicks Off on Proposed New York Smoking Ban - Washington Post/Reuters, October 10, 2002

There has also been reports of criticism by bodega owners of New York’s increase in cigarette taxes. Mayor Bloomberg “defended the higher cigarette tax – which bodega owners said was killing their business - insisting it would stop young people from smoking. "It's not fair to target one small segment of the New York City retail economy to try to balance the budget," said Richard Lipsky, a lobbyist for small groceries and cig maker Philip Morris. According to Lipsky, 10,000 stores have declared bankruptcy or foreclosed this year - an all-time record high for the city."


Mayor to bodegas: Stop blowing smoke over tax - New York Daily News, October 23, 2002

There were several reports of mayors in other cities, such as Chicago and Boston, as well as some counties, considering following New York’s mayor Bloomberg and banning smoking in bars and restaurants as well as other workplaces. “Folks are watching New York,” said a member of the American Beverage Licensees, another national bar owners group. "Wherever that line gets drawn, others will likely follow."


“The U.S. government's racketeering lawsuit against Philip Morris Cos. and other cigarette makers was postponed until September 2004 by a federal judge who said wrangling over pre-trial document exchanges will make it difficult to meet. U.S. District Judge Gladys Kessler said the Justice Department and the cigarette makers differ over whether some government documents should be given to the companies. Documents from the Federal Trade Commission and the White House "will undoubtedly raise many privilege issues," Kessler wrote. … The Justice Department, under the Clinton administration, sued in 1999, seeking $20 billion in damages. The suit claimed the companies, including R.J. Reynolds Tobacco Holdings Inc. and Lorillard Inc., engaged in a 30-year pattern of racketeering to mislead the public and Congress about the risks of smoking. The judge last year threw out U.S. claims to recoup money spent by the government to treat sick smokers through Medicare and other health-care programs.


“The jury in the Miami-Dade county circuit court rejected the claims of Julia Tucker, who claimed that exposure to environmental tobacco smoke while working on flights for more than 20 years caused her chronic sinusitis, Lorillard, the No. 4 U.S. cigarette company, said in a statement. In 1998, flight attendants reached a settlement in a class action suit brought against Big Tobacco. The settlement gave
no money to the flight attendants but allowed nonsmoking attendants to seek compensatory judgments for injuries they claimed were caused by cigarette smoke aboard aircraft.”

Source: Tobacco cos cleared in Miami flight attendant suit – Reuters, October 4, 2002
http://biz.yahoo.com/rc/021004/tobacco_miami_1.html

Philip Morris Says ETS Verdict Backed by the Law and Facts - Business Wire
http://www.businesswire.com/cgi-bin/f_headline.cgi?bw.100402/222772226

R.J. Reynolds Tobacco Company Wins Flight Attendant Case in Florida - PRNewswire-FirstCall
http://biz.yahoo.com/prnews/021004/chf013_1.html

Lorillard Tobacco Company Comments on Verdict In Miami Environmental Tobacco Smoke Case – PRNewswire
http://biz.yahoo.com/prnews/021004/chf012_1.html

“The U.S. Supreme Court let stand a ruling that dismissed a constitutional challenge to the $206 billion 1998 tobacco settlement. Without comment, the high court rejected an appeal by a small tobacco company, Star Scientific Inc., that sought to reinstate the lawsuit the company filed in 2000 over the settlement and a Virginia state law that implemented it. ... The Star lawsuit ... challenged the constitutionality of the Virginia law that requires tobacco companies that did not join the settlement to pay part of their cigarette revenue into an escrow account to cover state claims that could arise against them in the future.”

Source: Challenge to '98 Tobacco Settlement Loses - New York Times/Reuters, October 8, 2002

“A consortium of tobacco companies, including ... Brown & Williamson [and JTI International USA, Lane Ltd., Liggett Group, S&M Brands Inc. and WindRiver Tobacco] has teamed with retailers to create… Retail Rights, [to lobby] state legislatures to pass laws that would prohibit cigarette manufacturers from being able to use promotional fees on top of the merchandising payments they make to retailers for space and signs. The supporters of Retail Rights contend that larger tobacco companies are able to use their financial muscle to the point that smaller companies are being squeezed off some retailers' shelves.”

Source: Louisville (KY) Courier-Journal, October 6, 2002
http://www.courier-journal.com/localnews/2002/10/06/ke100602s289864.htm
PR Newswire http://biz.yahoo.com/prnews/021006/chsu001_1.html

“A report prepared for a Phoenix think tank that opposes Proposition 303 concluded that a 60 percent increase in taxes on cigarettes would lead to an increase in smuggling and would drain police resources. Robert Levy, a scholar with the Washington, D.C.-based Cato Institute, argues in his analysis of the measure that the tobacco tax would encourage black markets and keep the Department of Public Safety busy combing the back roads of Arizona looking for contraband cigarettes. "Higher tobacco taxes are an incitement to criminal trafficking and wrongheaded economics," said Levy in a paper prepared for the Phoenix-based Goldwater Institute.” [Note: The Cato Institute has many links with the tobacco industry and often releases industry-friendly reports on a series of tobacco control policy issues.]


“A major maker of smokeless tobacco has settled a lawsuit by a former customer who contracted tongue cancer, in what could be the first time a tobacco company has agreed to pay an individual for injuries said to be caused by its products. The manufacturer, UST Inc., which is based in Greenwich, Conn., has reached an unspecified "resolution" with the former customer, Michael L. McMullin [29 years old] ... Cigarette manufacturers have never settled a case with an individual smoker, to prevent an influx of new claims ... "If we believed there was a substantial pool of plaintiffs out there, then I think we might have come to a different decision," said UST's chairman and chief executive, Vincent A. Gierer Jr. Although no terms of the settlement were disclosed, Richard H. Verheij, UST's general counsel and executive vice president, said the "outcome provides for payment of attorneys' fees and other expenses."

Sources: Smokeless-Tobacco Suit Settled, October 12, 2002. UST's press release is available at:
http://biz.yahoo.com/djus/021011/1709000744_2.html

Company Agrees to Settle Suit Brought by Former Snuff User - New York Times/AP, October 13, 2002
“UST Inc. announced that third quarter 2002 net sales increased 10.8 percent to $451.3 million, net earnings increased 5.1 percent to $130.5 million ... compared to the corresponding 2001 period. ... The increase in third quarter selling, advertising and administrative expense is attributable to higher legal and related costs, marketing and administrative expenses. "Our business continues to grow in a difficult economic environment," said Vincent A. Gierer, Jr., UST chairman and chief executive officer. "The Company remains on track to post record results for the year in net sales and net earnings."
Source: PR Newswire; October 18, 2002
http://biz.yahoo.com/prnews/021018/nyf011_1.html

“Tobacco holding company Vector Group Ltd. ... lowered full-year 2002 operating income guidance for its Liggett cigarette unit to a range of $110 million to $115 million from the prior range of $120 million to $125 million. Vector attributed the reduction to lower sales of its premium-priced cigarettes and increased promotional spending on its premium brands driven primarily by weak economic conditions, substantial excise tax increases in many states, and significant promotional and pricing activity from the major U.S. cigarette manufacturers. Other factors cited by Vector include increased proliferation of illegally sold cigarettes and volume growth of manufacturers that are not complying with terms of the 1998 Master Settlement Agreement between 46 states and the major U.S. tobacco companies.”
Sources: Source: Reuters, October 14, 2002
http://biz.yahoo.com/rc/021014/tobacco_vector_outlook_1.html

At a time where prize brands are struggling against the generic cigarette markets, a “Miami-based generic cigarette maker Trademark Holdings Corp. faced a tough choice recently: Cease production of its new and profitable Cowboys brand cigarettes -- which are packaged with the image of a cowboy astride a horse -- or shoot it out with Philip Morris U.S.A. in an intellectual property lawsuit. ... [Philip Morris] claimed that the cowboy logo infringes on the tobacco giant's famous Marlboro man trademark. The letter demanded that Miami-based Sun Tobacco, which imports the cigarettes from South America for Trademark, immediately stop sales and distribution of Cowboys and destroy all cigarettes in its inventory ... Trademark chose to fight. It continued supplying distributors nationally with Cowboys cigarettes. And on Aug. 16, it filed a lawsuit in U.S. District Court in Miami seeking a declaratory judgment that its use of the Cowboys name and caballero image does not infringe on Philip Morris' intellectual property. ... In response, [Philip Morris] filed counterclaims and a third-party complaint in the same court, alleging that Trademark's Cowboys brand, along with its Bronco and Silver lines, infringed on the company's intellectual property rights.”
http://www.law.com/jsp/article.jsp?id=1032128783264
Tobacco Showdown - Convenience Store News
http://www.csnews.com/csnews/headlines/article_display.jsp?vnu_content_id=1747242

“The New York Times reports that President George W. Bush's nominee for commissioner of food and drugs, Dr. Mark B. McClellan, "believes tobacco is an "avoidable health risk," [but he does not intend to tackle the contentious issue of whether the Food and Drug Administration [FDA] should regulate cigarettes ... Dr. McClellan, who is 39, will assume control of a vast agency with a $1.6 billion budget and the authority to regulate products that account for 20 cents of every consumer dollar spent. ... Asked whether he would support FDA regulation of tobacco, a crackdown the agency attempted in the mid-1990s, McClellan responded that the US Supreme Court had ruled that the FDA lacks that authority. ..."
Kennedy endorses FDA pick - Boston Globe/AP

“R.J. Reynolds Tobacco Holdings Inc., the No. 2 U.S. cigarette maker, may follow top rival Philip Morris Cos. by cutting forecasts again and boosting spending to fend off discount brands, analysts said. ... The number of cigarettes shipped by R.J. Reynolds to U.S. retailers declined 2.5 percent in the second quarter, the company said.”
Source: Bloomberg News. October 6, 2002
http://www.bloomberg.com/fgcgi.cgi?T=marketsquote99_news.ht&s=APaA2KRY1Ui5KLiBS
“...R.J. Reynolds, Philip Morris Cos., British American Tobacco Plc, and other tobacco companies and their trade associations in California spent $449,755 lobbying state lawmakers during the second quarter that ended June 30, up 18 percent from the previous quarter, according to the study by the California chapter [Common Cause] ... California lawmakers in August rejected proposals to increase the per-pack sales tax on cigarettes.”
Sources: Bloomberg News, October 16, 2002
Common Cause http://commoncause.org/states/california/archives/oct-02/tabacco.html
Tobacco money spreads in capital, group says. October 17, 2002. Press Enterprise
http://www.pe.com/localnews/stories/PE_NEWS_nasmoke17.a16bc.html

“...The maker of Skoal, Copenhagen and Rooster brand smokeless tobacco has agreed not to hand out free samples on public grounds in California, and to reimburse the state $171,000. U.S. Smokeless Tobacco Co. was giving away the samples at fairs where there were minors, violating state law, Attorney General Bill Lockyer alleged in a civil lawsuit. The company denies the allegations in its settlement, saying it gave away about 1,400 samples at two adults-only events and thought it was in compliance with state law. Both sides said they settled to avoid the cost and delay of litigation.”
Sources: Tobacco Co. To Halt Samples - Newsday/AP, October 17, 2002
http://caag.state.ca.us/newsalerts/2002/02-120.pdf
http://www.newsday.com/business/investing/wire/sns-ap-smokeless-

Philip Morris sponsored the “Seventh Annual Corporate Conference on Domestic Violence Awareness Presented by Philip Morris Companies Inc., the New York Women's Agenda, and the Corporate Alliance to End Partner Violence” where more than “400 business, community and government leaders will meet ... to develop solutions that address the negative impact domestic abuse has on U.S. business and strengthen services employers can provide to help workers affected by this serious crime.”

A recent study by the Center for Responsive Politics showed that “the top 100 donors in U.S. politics, including the three tobacco companies [Philip Morris USA, R.J. Reynolds Tobacco Co. and its one-time subsidiary R.J.R. Nabisco, and the parent company of U.S. Smokeless Tobacco Co.], gave more than $1billion to federal candidates and political parties during the 14-year period.” The tobacco industry contributed $36.8million to federal candidates and political parties since 1989. The study also state that “Philip Morris has also been the leading overall campaign contributor to Republicans in federal elections since 1989, giving $14,300,228. Philip Morris ... is the leading campaign contributor to Republicans in federal elections during the 2001-02 election cycle, giving $2,666,163 (as of October 2). Philip Morris also gave $537,638 to Democrats during the 2001-02 cycle.”
Source: Tobacco money a mainstay in politics - Winston-Salem Journal, October 23, 2002
http://www.journalnow.com/wsj/MGBLHU4QM7D.html
Tobacco Industry Gave More Than $7.3 Million in Federal Political Contributions To Date in 2001-2002 Election Cycle – CTFK
Blue Chip Investors: The 100 Biggest Donors to Federal Elections - Center for Responsive Politics
http://www.opensecrets.org/pubs/toporgs/appendix.asp

Lorillard Tobacco Company, a unit of the Loews Corporation that makes brands like Newport and Kent, is suing the American Legacy Foundation in a North Carolina court saying hat the foundation’s media campaign, Truth, vilify the tobacco companies. “Other companies have used letters, phone calls and e-mail messages to make it known that they are not pleased. "We need to communicate positive messages about why youth should not smoke," said Steven C. Watson, a Lorillard spokesman. "It's wrong to attack our company."... Tobacco company officials argue that their own programs, like Philip Morris's "Think. Don't Smoke." and Lorillard's "Tobacco Is Whacko if You're a Teen," have contributed to the decline [in youth smoking]. ... Lorillard is asking not for money but for a clarification of the [Master Settlement Agreement terms].” Philip Morris and R.J. Reynolds have protested similar campaigns in California and Florida
Source: Cigarette Makers Take Anti-Smoking Ads Personally - New York Times, October 27, 2002
United States/Canada

“The Bush administration has bluntly told Canada it is not welcome to sue big tobacco in U.S. courts. In a legal brief filed quietly in the U.S. Supreme Court, Washington argues that Canada should use its own courts if it wants to pursue the U.S.-based R.J. Reynolds tobacco empire for tax revenues the Canadian government claims it lost due to alleged cigarette smuggling in the early 1990s... The American administration urges the Supreme Court to reject Canada's last-ditch bid to revive its novel $1-billion US civil suit under U.S. federal anti-racketeering laws which was thrown out last year by the Second Circuit Court of Appeals in Manhattan.”


Eastern Mediterranean

Iran

“The Iranian cabinet has drafted a bill which would end the state monopoly on tobacco sales, opening up the market to private manufacturers ...”


Morocco

“The Moroccan state-owned tobacco company has sold in 2001 a total of 14.2bn cigarettes and posted a turnover of 8.89bn Moroccan dirhams (838.6m US dollars), compared to 8.42bn dirhams (794.3m dollars) in 2000. ... The sale of locally-made cigarettes, representing 86 per cent of the market, was worth 12.2bn dirhams (1.15bn dollars), posting a 3 per cent compared to the previous year.

Source: MAP news agency web site, October 12, 2002 http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021012670.2_f45600022e2a38a

Pakistan

“Pakistan Tobacco Company Limited had managed to swing back to a profit of Rs354 million in 2001, after six years of serial losses. ... Pre-tax profit, nonetheless, rose sharply by 175 per cent to Rs417 million, from Rs152 million and after tax profit showed growth of 92 per cent to Rs248 million, from Rs129 million. "Effective cost management, improvement in company's brand mix, stable exchange rates, and price increases during the second half of 2001, have helped to achieve these remarkable results," directors claimed in their half term review. ... New products introduced during the past two years accounted for 33 per cent of PTC's sales during the six months under review, which the company said was unparalleled performance in new product innovation in the cigarette industry. The company has continued to claim that four out of the five top selling brands in Pakistan, are those of PTC.... For PTC, it isn't still a smooth journey. "We reiterate that tax evading sector remains a major threat to the government revenue and to our business,” directors complain in their half term report, adding that the steps taken by the government in the past to check evasion had been encouraging.

Source: http://www.dawn.com/2002/10/10/ebr8.htm

Europe

Belgium

There were several accounts of the cancellation of the 2003 Belgian Grand Prix (of Formula 1 race) given that Belgian legislation banned advertising and did not make an exception for F-1 sponsorship. Five F1 teams -- world champion Ferrari, McLaren, Renault, Jordan and British American Racing -- have tobacco sponsorship and F-1 governing body, FIA, agreed to stop all tobacco sponsorship by 2006. FIA said it would reconsider adding Belgium to the calendar for 2004, given that the circuit is one of racers and fans favorite, if government enacts an exemption.

Sources: F1-Belgian Grand Prix on if tobacco adverts out - Reuters
Czech Republic

“Up to 2.5 billion cigarettes will be imported illegally this year, according to Richard Vavrik, managing director of Reemtsma, which sells the West and Davidoff brands. Customs officials say the figure is lower -- up to 1 billion -- but they admit they are having a tough time stemming the flow of contraband. ... Manufacturers and customs officials say tobacco tax increases and insufficient investment at the nation's borders is causing the trade ... Ian Ferguson, chairman of Philip Morris CR, which has an 83 percent market share in this country, said he has not noticed any increases in smuggling this year. He said the question of future increases would depend on border controls, which he said were sufficient. But Reemtsma's Vavrik said the Customs Service had failed to crack down on informal street markets near the German and Austrian borders, which he said were responsible for the sale of more than half of the smuggled cigarettes. "The biggest problems are the marketplaces. They are selling brands that are not even made here," Vavrik said. ... Philip Morris CR and Reemstma both denied they were involved in smuggling in this country, at least not actively. "You can complain that tobacco companies are selling to 'difficult' customers, let us put it like that. And you can imagine that the cigarettes will come back. But there is, for sure, never such a thing as a tobacco company involved in active smuggling," Vavrik said. ... Customs Service statistics reveal major cigarette exports this year to Slovakia, which depends on manufacturers here for supplies, and to Belgium, which has well-developed factories of its own and does not consume Czech cigarettes, according to Reemtsma's Vavrik.

Source: Tobacco smuggling on the rise - Prague Post, October 23, 2002

France

Marlboro signed a partnership contract with Peugeot, valid until 2006, when tobacco advertising in car racing will stop. Peugeot cars will be colored red and white, and the company will receive US$ 2 million for the deal. The team will be called Marlboro Peugeot Total. Corrado Provera, head of the French team, said that being contacted by Marlboro gave the Peugeot team a great sense of pride and that with the deal they will become a more popular “window” than they would ever be without the association with Marlboro.

Source: Peugeot et Marlboro liés jusqu'en 2006 - Le Monde, October 8, 2002
http://www.lemonde.fr/article/0,5987,3242--293229--00.html

Germany

“German chancellor Gerhard Schroeder said tax "privileges" and subsidies in general need to be reduced due to an expected decline in fiscal revenues but there are no plans to raise tobacco taxes... Schroeder said: "We're not thinking of increasing the tobacco tax and I don't expect these proposals - independent of an evaluation of its substance - to have a chance of being realised." This despite earlier reports that the Ministry of Health and other Cabinet level member favored a tobacco tax increase. The news must have been well received by the head of the Labor Union for Food, Enjoyment and Restaurants, who had warned that such a tax increase would destroy about 50,000 jobs, or every fourth job in the German tobacco industry.

Source: Schroeder says tax 'privileges' must be cut, but tobacco tax won't be raised - Ananova

Ohne scharfe Schnitte leidet der Patient, 30 Septembre 2002, Trierischer Volksfreund


The Lancet published a letter exchange addressing issues related to the German’s government position in tobacco control: “…Unfortunately, industry links with government seem to have continued since Kohl left office. Tobacco-industry journals still describe Germany as a strong supporter of the tobacco industry. … The government has attracted further ridicule by accepting €11.8 million of industry funding for a 5-year tobacco-control programme that purports to prevent children and adolescents from smoking. … Moreover, the industry contract with the German government explicitly stipulates that the cigarette industry, their products, or cigarette trading must not be discriminated against, and adult smokers must not be denigrated, precluding the campaign from preventing youth smoking. By Anna Gilmore, Ellen Nolte, Martin McKee, Jeff Collin.

Reply from the Drug Commissioner of the German Federal Government
“Anna Gilmore and colleagues misrepresent the German Federal Government's contract with the cigarette industry and make exaggerated political insinuations and assumptions. I protest on behalf of the German Federal Government against these accusations. … The industry constitutes a financial building block within the framework of a national prevention fund to which, alongside the statutory health insurance funds and affected organisations, it is expected to make a contribution. The contract is open for public perusal on the internet. … Germany seeks also to introduce additional more stringent regulations on smoking. The Protection of Young People in Public Act now includes a ban on the distribution of tobacco products to people younger than age 16 years. Also cigarette vending machines must be secured to prevent access for this age group. Advertisements for tobacco and alcoholic beverages cannot be shown in cinemas before 1800 h. Under the new Work Place Ordinance, employees will be granted a legal right to have a smoke-free workplace. By Marion Caspers-Merk

Source: Continuing influence of tobacco industry in Germany - The Lancet Volume 360, Number 9341, 19 October 2002 http://www.thelancet.com/journal/vol360/iss9341/full/llan.360.9341.correspondence.22788.1

The German advertising agency HSB&K is developing a youth smoking prevention program for Philip Morris, targeting children 8 to 14 years old. The campaign will include ads in all medias, at sports events and on the Internet. The Internet campaign will be called “School Sports year” and the campaign slogan is “Strong kids don’t smoke.” Philip Morris name is not mentioned anywhere in the campaign.


Greece

“Greek bar owners will escape the full effects of a smoking ban after the country’s government pledged to balance health concerns with the rights of smokers. … The Greek government has agreed to exempt pubs, bars and nightclubs from a ban that will stop people lighting up in public. … The speaker of the Greek parliament, Apostolos Kaklamanis, said the country, which tops the EU smoking league with 45 per cent of the population regularly lighting up, wanted to avoid ”the extremes seen in other countries” where bans have severely hit pub and bar trade. He cited the US, where he said ”smokers feel like the dregs of society”. As a result, bars and nightclubs which only open in the evening, along with traditional coffee shops where smoking is part of the culture, will be exempt from the ban. Other bars and restaurants will have to make 50 per cent of their premises non-smoking.

[Note: partial bans like these do not improve health of patrons or hospitality workers.] Source: Greek smoking laws give hope to UK pub trade - The Publican. October 3, 2002 http://www.thepublican.com/cgi-bin/item.cgi?id=7415&d=11&u=3a3cB43&m=255

Hungary

“Satisfying the Magyar nicotine taste buds, keeping the peace between smokers and anti-smokers and running a successful business that has won international acclaim is all in a day’s work for the head of
Hungary’s market-leading tobacco manufacturer. “When talking of human values I am a down-to-earth Scotsman from the west coast of Scotland,” said John Paterson, 41, General Manager of British-American Tobacco Magyarország Kft (BAT). “BAT came to Hungary 10 years ago and without a doubt has become one of the group’s most successful acquisitions since the [Berlin] Wall came down. Hungary does have an anti-tobacco lobby, but perhaps it is less vocal than in other countries,” he said. To balance the bill he explained that BAT was among the first companies in Hungary and Europe to prepare a “social report” (addressing the social issues surrounding smoking) based on social dialogue, initiated last fall. Paterson said that since cigarette advertising was no longer allowed in newspapers and magazines, the company spent less on traditional marketing and had shifted towards personalized one-to-one marketing, for example through the Internet. To improve relations between smokers and non-smokers, BAT is supporting an initiative to help set up special smoking rooms within companies. “This is another way for BAT to help employees meet legal requirements,” he said. He explained that the rooms had a positive impact for a number of reasons. “They are places where people meet people,” he said. “He added that any attempt by BAT to discourage minors from smoking and unhealthy living would be viewed as hypocritical by the public and that was why BAT did so through a third party. “We had to commission a third partner,” he said. “In some respects in this area we are ahead of legislation and strictly-enforced international guidelines.” BAT produces more than 25 types of cigarette, with its flagship brand Sopianae the market leader in Hungary. The company has a 40% total market share... BAT also sells a range of international brands including Pall Mall, Kent, Lucky Strike and Dunhill. After the recent flooding of the Danube river, the company contributed Ft10 million ($40,000) towards restoration of the damaged to the Gemenc Forest and Game Park. About a month ago the research group Hewitt Inside carried out a survey of the best workplaces in Hungary which placed BAT second, based on employee satisfaction, flexibility and wages.

Source: BAT blazing a trail in Hungary - Budapest Sun, October 10, 2002 - Volume X, Issue 41
http://www.budapestsun.com/full_story.asp?ArticleId={A4985F2E71994DAD983501DF55208057}&From=Business

Italy

“Ente Tabacchi Italiani’s eight bidders will probably pass to the next round in the government’s selection of a buyer for Italy’s cigarette maker, MP reported, without citing anyone. British American Tobacco, the Benetton family, Swedish Match and the other bidders will sign agreements on Oct. 23 that will give them the right to see information on ETI’s finances, the newspaper said. Non-binding offers must be made before the end of November ... ETI’s buyer will gain a dominant position in a 13 billion-euro tobacco market, second in Europe to Germany.”

Source: Bloomberg News, October 16, 2002
http://quote.bloomberg.com/fqcgi.cgi?T=marketsquote99_news.ht&s=APa0TDhTTRW50ZSBU

Malta

A container-load of counterfeit cigarettes intercepted by [Malta] Customs officials. In response to the increase in counterfeit cigarettes, the Central Cigarettes Company Ltd placed a full page ad in the local newspaper saying “Do not be part of a criminal act. Do not help criminals get richer”. Central Cigarettes, the maker of Rothmans, Dunhill and Royals, has approximately 90% of the market in Malta. … “Central Cigarettes general manager Ronnie Abela said his company was working hand in hand with the police and the Customs Department to intercept counterfeit cigarettes. Mr Abela said the vast majority of these cigarettes were being sold “under the counter”, though in one instance one particular wholesaler placed counterfeit packets in a vending machine. … The Customs department spokesman said the majority of fake cigarettes seized this year were being passed off as Rothmans. … Last June, Central Cigarettes organised a seminar for Customs and police on counterfeit cigarettes and contraband.”

Source: Counterfeit cigarettes. Customs on high alert - The Times (Malta). October 1, 2002 by Herman Grech http://www.timesofmalta.com/core/article.php?id=109820

Poland

Poland increased duty on imports of tobacco in an effort to boost the domestic tobacco industry and assist tobacco growers. “We don’t know what the real reason behind this is, but it goes against the idea of an effective two-way dialogue,” said Marco Terribilini, the president of U.S. tobacco firm Philip Morris in Poland. “We have invested tens of millions of zloty with our farmers to develop the local
agronomy and to improve the tobaccos grown in Poland.” … [The] quantities of tobacco cigarette makers buy from domestic growers are not determined by the prices of imports, but by the blend composition of their products, tobacco makers argue. Since blends must remain constant to maintain consistent quality, Philip Morris, which currently buys around 50% of Polish tobacco production, will not substitute tobacco imports for domestic tobacco, Terribilini said. … In the worst scenario the duty will actually lead to a decline in the sales of cigarettes made in Poland, further depressing demand for domestically grown tobacco.

“The danger is that if the new duty level leads to an increase in prices, it will widen the price gap between cigarettes manufactured in Poland and illegal imports,” said Jerzy Skiba, the project manager at the National Tobacco Industry Association (KSPT). He added that sales of smuggled cigarettes have remained at 2001 levels this year, representing around 20% of Polish cigarette sales, according to KSPT research.”


Russia

“Russia is expected to import about 5 billion cigarettes this year, a 30 percent decline from 2001, the U.S. Department of Agriculture said in a report. … Imports have declined because most Western brands have moved production to Russia to avoid import tariffs.”


Serbia

“Philip Morris said it was interested in purchasing Serbia's largest tobacco plant which is due to be privatized early next year. Philip Morris International has submitted a letter of interest for the plant, Duvanska Industrija Nis (DIN), general manager for south central Europe Alain Jonis said. … Tenders for the plants are expected to be invited by the end of the year, according to earlier reports in local media which named British American Tobacco and Japan Tobacco International as companies also expressing interest in the biggest plant. "We believe we will have indeed a good chance, Philip Morris is the worldwide leader in the cigarette business, DIN is the leader in the cigarette business in Serbia, and we believe there is room for great partnership between these two companies,” Jonis said. … In August, Philip Morris International opened a local company in Belgrade which will for the moment import the original Malboro brand, hoping eventually to produce it locally if the purchase of DIN succeeds.”


Spain

It was reported that Philip Morris, which currently has promotions (to win trips, cars, motorcycles, among other prizes) related to three of its brands (LM, Chesterfield and Marlboro), has encountered a problem in La Rioja. PM states that the contests to win are for smokers 18 years or older only, living in Spain, except in La Rioja. The exception is because of a local legislation banning such tobacco promotions. Alfonso de las Heras, PM’s Corporate Relations, stated that this is the first time that a region is excluded from these promotions, but it is impossible to avoid that coupons arrive at the region (coupons are distributed in the cigarette packs), since packs are produced to be distributed country-wide. PM requested a meeting, not yet granted, with the Health authorities to review the law, which the company states, is not clear.


To comply with the EU directive on tobacco products labeling, Spain adopted new warnings on cigarette packs, to be implemented September 2003, but left it to the industry to choose the wording of the warnings. The industry will have the choice of weaker warnings. For example, instead of “smoking kills”, the industry can use “smoking may kill”, preceded by a “the health authorities warn”. Tobacco companies also decided not to include pictorial warnings as it is used in Brazil and Canada. But the Spain measure does ban the use of descriptors such as “lights” and “mild”. The director of the Spanish tobacco manufacturers associations said that the industry will collaborate with the government in
implementing the new measures. The Spanish health authorities also announced that they are expecting approval of the comprehensive tobacco control plan that includes accommodation of smokers and non-smokers in workplaces.

Sources: La Vanguardia; October 20, 2002
http://www.lavanguardia.es/cgi-bin/noti_print.pl?dia=19_10&link=vb1942a&sec=soc

Las tabacaleras tendrán que hacer públicos sus estudios sobre adicción - El País; October 19, 2002
http://www.elpais.es/articulo.html?id_date=20021019&xref=20021019elpepisoc_3&type=Tes&anchor=elpepisoc

El tabaco tendrá menos nicotina a partir de 2004 y las cajetillas avisarán que fumar mata - ABC, October 19, 2002 http://abc.es/Sociedad/noticia.asp?id=136873&dia=19102002
Sanidad permite a las tabaqueras suavizar el mensaje de advertencia en las cajetillas - La Vanguardia; October 18, 2002 http://www.lavanguardia.es/cgi-bin/noti_print.pl?dia=18_10&link=vb1831e&sec=soc

United Kingdom

"Professor Gerard Hastings, of Cancer Research UK, said the tobacco industry plans to lobby government to exempt direct mail from any new legislation. [direct marketing through the mail in an important component of the industry’s strategy when faced with advertising restrictions.] … Prof Hastings, and the Centre for Tobacco Control Research at the University of Strathclyde, said the industry plans to change its marketing tactics. He said: "Big tobacco always knew that the advertising ban would come eventually and they have been channeling all their efforts into trying to get round it. … Their sophisticated marketing techniques include personally targeted mailings, carefully designed to counteract tobacco tax increases. … Common offers include money off coupons to coincide with tax rises, competitions and free samples of new products or brands … "Our studies show that children are aware of direct mail arriving in their homes, and also that the more types of advertising kids are aware of, the more likely they are to smoke.”

Big tobacco taking up residence in family homes - Cancer Research UK. October 2, 2002 http://www.cancerresearchuk.org/press/pressreleases/31817

The Tobacco Manufacturers’ Association chief executive Tim Lords said: “We have tried to suggest amendments to legislation going through the House” [to allow advertising for cigarettes that deliver lower levels of toxins on the grounds that they have to be able to advertise such products if they are to persuade smokers to switch from high-risk brands.]
Source: ASH-UK; Marketing Week, October 3, 2002
[Note: The UK approved a ban in tobacco advertising and promotions and advertising on billboards and in newspapers and websites would be banned by the end of the year. It will also impose restrictions on the display and promotion of tobacco products in shops. Formula One races will not be affected until 2006.]


“UK tobacco manufacturers Gallaher and Imperial Tobacco are cutting the prices of key hand-rolling tobacco brands in what could be the precursor of a price war. Gallaher, which had been marketing Amber Leaf at the special promotion price of £2.09 for a 12.5g pack, has decided to retain it as the recommended retail price, down from £2.31. Imperial is cutting the price of its rival Drum brand by the same amount.”
Source: ASH-UK, Marketing, October 3, 2002

“The criminal and economic impact of tobacco smuggling is to be discussed at a Conservative Party conference fringe meeting organised by the party's Northern Ireland branch. Representatives from the Tobacco Alliance, including County Antrim retailer Audrey Wales, are to address the meeting … Northern Ireland Conservative Party vice chairman Terry Dick … said: "The sale of smuggling cigarettes is funding both paramilitary organisations in Northern Ireland, and organised crime in Britain. And government figures show that smuggling is resulting in the loss of £3.5bn to the Treasury every year, which is the equivalent of £150 for every household in the UK. … Tobacco Alliance
represents 42,000 retailers in the UK. … Earlier this year, the Tobacco Alliance lobbied MPs at Westminster to call for a reduction in the tax on cigarettes, which it has said is partly to blame for an upsurge in smuggling. The increase in smuggling has left many small shopkeepers on the verge of collapse as they lose the trade in both tobacco and confectionary products as the public chose to buy from cheaper illegal sources, the Alliance says.

Source: Call to combat tobacco smuggling - BBC News, 9 October, 2002
http://news.bbc.co.uk/1/hi/northern_ireland/2310591.stm

The BMJ reports that "British American Tobacco has admitted that it was a mistake to offer funding for an MSc post to the London School of Hygiene and Tropical Medicine ... [A] spokeswoman for the company told the BMJ: "In hindsight it was a mistake for us to offer funding to the London School of Hygiene and Tropical Medicine, as their views on smoking and health are well known."[London School] Professor Leon said he was “staggered” when he received the [offer] and told the company to take its money elsewhere.

Source: College tells tobacco company to take its money elsewhere – BMJ 2002;325:794
http://bmj.com/cgi/content/full/325/7368/794/c

"Swedish Match is taking the [UK] Government to court over its ban on the sale of "oral tobacco"."

Source: ASH-UK; Swedish Match takes Government To court over ban on 'oral tobacco' - Marketing Week
http://www.mad.co.uk/consumer-products/index.asp

"According to BAT, the safe cigarette is a myth and any company that claims to have produced one is seriously and dangerously confused. 'There's no such thing as a safe cigarette,' said Dr Chris Proctor, head of science and research at BAT. 'I'm pretty sure we will see products coming along in the next year, some of them from us, that are trying to make these first small steps towards less risk but we're still talking about something that is going to be very dangerous. As a tobacco company, we need to be seen to be putting in as much effort as we can to try to reduce the risks but these first-generation cigarettes are the smallest of steps along the way. There's a possibility we can reduce the risks a very little bit but even if we do produce a cigarette that contains fewer toxins and tastes the same, there is still no guarantee we will know whether it has any potential for reducing the harm suffered by the smoker. ... We have no way of testing whether a certain cigarette is 1 per cent or 20 per cent less risky than its competitor,' he said. 'There is no question that the best public health advice is to quit'." Proctor declaration was received with some skepticism by some tobacco control advocates that believe the industry could do more into producing reduced harm products.

Source: Scientists stub out hopes for a safer smoke - The Observer; October 27, 2002
http://www.observer.co.uk/uk_news/story/0,6903,819984,00.html

The BAT-sponsored International Centre for Corporate Social Responsibility at Nottingham University is held its inaugural symposium and ASH launched a detailed critique of BAT's social report, written by Stan Shatenstein: 'BAT social report revisited'.


The press release with links to the above report, BAT and ASH's earlier review of BAT's ethical reporting can be viewed at: www.ash.org.uk/html/press/021025.html

South-East Asia

Bangladesh

BAT-Bangladesh “extended their support to Shandhani Andhatyamochan (Blindness Relief) Lottery Tickets organised by Shandhani National Eye Donation Society. The company purchased significant number of tickets of the lottery and donated the same to Shandhani, says a press release. Stephen Daintith, Managing Director of BAT formally handed over a cheque to Ruhul Amin Mozumdar, president of Shandhani National Eye Donation Society, at a ceremony held at the factory premises of British American Tobacco Bangladesh. Speaking on the occasion, Stephen stated the company's commitment to support the lottery ticket sales of Shandhani. ... Nowazish Ali Khan, vice-president of Shandhani National Eye Donation Society, Golam Maimuddin, deputy managing director of British American Tobacco Bangladesh, and Sheikh Nahar Mahmud, corporate affairs manager of the
company, were also present on the occasion.” [Note: BAT supports the tickets but ignores studies linking smoking to blindness.]
Source: Stan Shatenstein. BAT's contribution to Shandhani lottery ticket sale - The Daily Star (Bangladesh), October 30, 2002  http://www.dailystarnews.com/200210/30/a2103006.htm#BODY4

“A workshop on Industrial Environment, Health and Safety (EH&S) was held a Dhaka factory recently ... The workshop was organised by BAT-Bangladesh for the students of the department of IPE of Bangladesh University of Engineering and Technology. The workshop was inaugurated by Deputy Managing Director of BAT Bangladesh Golam Mainuddin and was conducted by Nurunnabi Khan, Technical Services Manager and Mainul Ahad, Environment of Health and Safety Manager. The workshop covered real life issues regarding impacts of Industries on Environment, Health and Safety aspects of industries with an overview of BATB's initiatives in these areas.
Source: BAT workshop on industrial environment held http://www.dailystarnews.com/200210/23/n2102305.htm#BODY13

India

“India's largest tobacco maker ITC Ltd eased as much as 1.6 per cent after a US court ordered Philip Morris Co to pay a record $28 billion in damages to a terminal lung cancer patient, after she blamed the tobacco giant for her condition. Brokers said they did not, however, expect similar lawsuits to be filed in India.”

“Godfrey Phillips India (GPI), in which Philip Morris and K K Modi Group hold 36 percent each, is planning to launch a series of new products. This includes its new bargain smoke, Tipper. Tipper is a non-filter cigarette targeted at beedi smokers, in small cities and towns, looking to upgrade. ... The inclusion of a separate filter allows the company to offer filter cigarettes at the price of non-filter cigarettes. The company is also planning to launch a range of cigars targeted at the premium segment.”
Sources: Godfrey Philips is planning a series of new launches. October 17, 2002  http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021017670.2_41950000dc11a75c

Western Pacific

Australia

The Sidney Morning Herald reports on a recent tobacco industry marketing tactics: sponsorship of fashion related events in trendy places, where cigarettes are often distributed or sold and hostess dress in the colors of the brand sponsoring the event. The report states: “Ten years after the total ban on cigarette advertising, the cigarette makers have found a new way to promote the little white sticks they produce at a rate of 23 billion a year. It's the party way, the fashion way, the celebrity way. On designers' catwalks, at private parties, in city clubs and bars, the flavour of the moment is tobacco.” Some of the events cited are: a party of the city bar where guests were treated to free American Spirit cigarettes. In June, the Dunhill brand was relaunched at an exclusive party at a hairdressing salon. A nightclub has been home to a party promoting Alpine, a Philip Morris (Australia) Ltd brand aimed at young women who see themselves as party princesses. “In the past two years, the nation's two biggest marketers of cigarettes, Philip Morris and British American Tobacco Australasia Ltd (BATA), have wooed and won over clubs and fashion designers, with the aim of linking smoking with all things young and beautiful. ... In the past six months, BATA has relaunched its premium brands, such as Lucky Strike, at a series of parties where the food and wine were never ending, the entertainment included catwalk fashion shows, where cigarette brands were discreetly in evidence, and where the guests included managers and licensees from Sydney bars and clubs. ... The rationale behind linking fashion, clubs, parties and smoking is clear. Cigarette brand preferences are formed early in a smoker's life. Once formed, they are hard to change. ... The secrecy shielding the industry's fashion and club promotions is partly due to the number of middlemen involved. Cigarette companies do not deal directly with nightclubs and other venues. The go-betweens are one of a number of corporate promotions consultancies or event organisers who pitch for the business to the tobacco companies.”
“Philip Morris breached anti-tobacco advertising laws by using a fashion parade to advertise a brand of cigarettes aimed at young women, a court has been told. Philip Morris and associated company Wavesnet have pleaded guilty to breaching legislation preventing the display of tobacco advertising in a public place during the parade in Sydney in December 2000... Philip Morris barrister Brind Woinarski, told Magistrate John Andrews his client "regrets the breach of the legislation". ... Geoffrey Bellew, for Wavesnet, said the event featured a legitimate fashion parade and was not just an advertisement for cigarettes.

Source: Fashion parade 'promoted ciggies' - The Australian/AAP, October 28, 2002

“British American Tobacco PLC said it has offered to settle a class action lawsuit brought by 8,000 Australian retailers seeking to recover millions in licensing fees. ... "The solicitors and senior counsel for the retailers have recommended acceptance of the offer and a settlement agreement has now been concluded," a statement to the Exchange said ... The retailers had sought to recover 250 million aud in license fees paid to tobacco companies including BAT, Rothmans Inc and WD and HO Wills during a five-week period in 1997."

Source: BAT settles class action with Australian tobacco retailers

There was coverage of the new tin cigarette boxes being made available to smokers in Australia. [Similar pack is also available in the US for Winston brand.]. “The snappy tin boxes are part of what may amount to the latest marketing ploy which tobacco companies are using to seduce Australia's youth. What better way to hide the more graphic "in your face" warnings set to appear on cigarette packaging from next year.” Health advocates denounced the tin boxes as another form of indirect advertising.

Source: Making a tired old habit sexy for kids - The (Brisbane) Courier-Mail, October 24, 2002

“Under proposals on passive smoking which are now being finalised, all bars will be “predominantly smoke-free” by 2005 [What this means is still to be negotiated.] ... But under the draft agreement, operators reserve a right to change the details if the smoke bans adversely affect their business within six months of their introduction.”

Source: Smoke-free bars on way, but not fast enough for some - Sydney Morning Herald; October 29 2002

China

“The e-commerce system of China’s tobacco industry has been functioning well since it was to put use on September 16, with the volume of online cigarette trade keeping going up. According to statistics released by China Tobacco Trade Center, the volume of online cigarette trade realized through the e-commerce system had exceeded 100 million yuan (12 million U.S. dollars) by October 8. ... Operated by China Tobacco Trade Center, the e-commerce system is designed to promote online trade of cigarette products in China on a full scale through the application of information technology and hi-tech means.”

SOURCE FROM: STMA Information Center

“China is set to be included on the Formula One calendar in 2004 after FIA president Max Mosley confirmed that a six-year deal has been agreed with the new £170 million Shanghai circuit. China, as a venue, has long been rumoured to be top of the sport's list as it looks to maximise the remaining four years of tobacco advertising. ... However, after recently confirming Bahrain will hold a race, Mosley and Formula One supremo Bernie Ecclestone have agreed to hold a Chinese Grand Prix at the new 3.38 mile-Shanghai track from 2004 to 2010.”

Source: China set to welcome Formula One, October 18, 2002

“Although China is gradually opening up its markets after its entry into the World Trade Organization (WTO) in November 2001, the strict policy on tobacco advertising imposed by the Chinese
government is expected to restrict the import of cigarettes into the country. … After the WTO entry, China is gradually easing restrictions on tobacco monopoly and lowering tariffs on tobacco imports. But at the same time, the government is imposing a strict policy on tobacco advertising, which may contribute to restricting the access of transnational tobacco companies to the China market.”

Source: Strict Policy on Tobacco Advertising Expected to Restrict Import; Tobaccowave.com

Hong Kong

BAT -Hong Kong announced the upcoming launch its corporate website, www.batHongkong.com in Hong Kong/Macau and www.batTaiwan.com in Taiwan and requested to be linked with Action on Smoking or health –Hong Kong, alleging that they already link with other advocacy groups, although these hyperlinks have disclaimer and cannot be reached through BAT's website.

Source: ASH Hong Kong

Japan

There were several news reports of Japan’s decision to “formally oppose tobacco consumption cuts” at the FCTC discussions. Japan’s position clashed “directly with the objective of the proposed treaty -- to reduce health damage arising from tobacco use by cutting back on consumption and output. According to the sources, Japan will argue that tobacco should be defined as an “article of taste” for adults and not treated simply as something whose consumption must be cut. The drive to control tobacco use should instead focus on providing information on the health risks involved, making efforts to prevent smoking among minors and curbing passive smoking in public spaces, the sources said.”

Source: Japan set to oppose tobacco consumption cuts - Japan Times, October 8, 2002
http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20021008b2.htm

“Japan Tobacco Inc. said it has decided to terminate the development of its "JTT-501" diabetes drug after assessing clinical testing results. … The company was developing JTT-501 as an oral drug for the treatment of diabetes. In 1998, Japan Tobacco licensed to Pharmacia Corp. JTT-501’s development and sales in overseas markets except South Korea.”

Source: Dow Jones via Yahoo. October 7, 2002
http://biz.yahoo.com/djus/021007/0500000186_1.html

“Japan Tobacco Inc. and three industry groups said they will launch a campaign on against the government's plans to raise the tobacco tax. JT, the Tobacco Institute of Japan, the Japan Tobacco Growers Association and the Japan Tobacconist Federation said they will collect protest signatures on a Web site and at some 200,000 tobacco stores nationwide.”

Source: Japan Times, October 12, 2002
http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nb20021012a6.htm

“Japan's adult smoking rate declined for the seventh year to a record low, according to a survey released ...by the nation's largest tobacco maker. ... In Japan Tobacco Inc.'s annual survey, the overall rate dropped to 30.9 percent, slipping below the previous year's all-time low of 32.7 percent. The spread of nonsmoking areas and concerns about possible health problems caused by cigarettes have been driving the rate lower for years, said Japan Tobacco spokesman Kazuo Urashima.” “The Tobacco Institute of Japan, an industry body, said cigarette sales between April and September this year dropped 1.4 percent year on year to 160 billion units, the fourth straight year of decline.”

Sources: Smoking rate in Japan falls to record low, study finds - Reuters , October 25, 2002

Adult smoking rate falls to all-time low of 30.9% - Japan Times, October 29, 2002
http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20021029b3.htm

Korea

“The South Korean government sold about a 10% stake in Korea Tobacco & Ginseng Corp. through the issue of $230 million worth of Global Depositary Receipts in the company, said the Ministry of Finance & Economy. The government failed to sell the entire 14.5% stake ... due to weak stock market sentiment. The GDR issue is part of the government's efforts to privatize state companies.”

Source: Dow Jones via Yahoo  http://biz.yahoo.com/djus/021011/0139000050_1.html
“Philip Morris Cos Inc ... began production in South Korea, becoming the first foreign company to manufacture cigarettes in the country. ... Philip Morris Korea Inc, an affiliate of Philip Morris International Inc, said in a statement its plant would initially produce Marlboro and later expand to include other brands currently being imported for sale in South Korea. ... British American Tobacco ... said last year it planned to build a $1.1 billion factory in Korea in three years.

Source: Philip Morris begins tobacco production in S.Korea – Reuters, October 14, 2002

“Korea Tobacco & Ginseng Corp., the nation's dominant cigarette maker, said third-quarter sales fell 16 percent as it lost market share to foreign brands and total demand shrank amid an anti-smoking campaign. ... Market share fell to a record quarterly low of 78 percent because of increased popularity of rival brands such as Philip Morris Inc.'s Marlboro.”

Source: Bloomberg News, October 15, 2002
http://quote.bloomberg.com/fgcgi.cgi?T=marketsquote99_news.ht&s=APavJfxVhS29yZWEg

Malaysia

“...The Government said it would introduce special stickers or codes to be affixed on every cigarette packet and liquor item to indicate that the tax has been paid. The move is also to protect customers from purchasing counterfeit goods. The rising illegal cigarette and alcohol market in Malaysia poses a huge problem to the legal players - namely British American Tobacco Malaysia Bhd, JT International Bhd, Philip Morris Sdn Bhd, Carlsberg Brewery Malaysia Bhd and Guinness Anchor Bhd - and takes a big chunk of revenue away from the Government. BAT, the tobacco industry's biggest player with a 68 per cent market share, said 22 per cent of all cigarettes sold in Malaysia are illegal cigarettes, causing the Government an estimated loss of RM1.2 billion last year. "The illegal market only takes away the volume from legitimate manufacturers (but) also adversely impacts the livelihood of Malaysian tobacco leaf farmers and curers,” it remarked. ... Meanwhile, the fact that the Government did not raise tobacco and alcohol taxes this year is a relief for the industries ... BAT said it hoped to work together with the Government to formulate a taxation framework that would discourage the smuggling of illegal cigarettes.”

Source: New Straits Times (Malaysia), October 11, 2002

“TSH Resources said it is teaming up with Commercial Marketers and Distributors, a wholly-owned unit of British American Tobacco (Malaysia) to develop a forest plantation in Sabah with an estimated cost of 48.5 million rgt. In a statement, TSH said the project, which forms part of a 10-year forest management plan, will observe good environmental practices, including restrictions on planting in riparian reserves and provision of wild life corridors.

Source: TSH teams up with Malaysia BAT unit to develop forest plantation in Sabah

New Zealand

The advocacy group ASH denounced Imperial Tobacco NZ as “targeting young people with gift packs offering items like compact disc holders [and pocket knives, bottle openers and cigarette lighters, etc.] ... sold with packs of Peter Stuyvesant and Horizon cigarettes and Drum tobacco ... Imperial Tobacco NZ Ltd ... denied they were aimed at youth. ... Imperial Tobacco corporate affairs manager Pat Wylie said the packs were not aimed at young people. The items they contained could not be called gifts because they were sold at an extra charge. "We are perfectly within the law and it is for our adult customers."

Source: Ash gets hot on gift packs - Stuff (NZ); October 21, 2002
http://www.stuff.co.nz/stuff/0,2106,2085992a7144,00.html

The Philippines

“Philip Morris Philippines Inc. will start manufacturing its flagship brand Marlboro and other cigarette products in its new state-of-the-art plant in Sto. Tomas, Batangas beginning Jan. 1, 2003, PMPh managing director George Farah announced ... [in] a speech before the 10th National PR Congress of the Public Relations Society of the Philippines (PRSP) ... Marlboro and Philip Morris brand cigarettes
have been manufactured and distributed under license by La Suerte Cigar and Cigarette Company in the Philippines since 1955. Farah said PMPh and La Suerte have reached a mutual decision not to renew the license agreement when it expires on Dec. 31, 2002. As PMPh takes full control over its business here in the Philippines, Farah urged Congress to pass a national law that will provide strong industry regulation to cover the manufacture, sale and use of tobacco products. He stressed that it has always been the position of PMI and its affiliates worldwide to support and work for the regulation of the tobacco industry.

Farah added that PMPh supports legislation in the Philippines that among others will regulate marketing practices, ban smoking in public places and set a minimum age for the sale and purchase of cigarettes.”

Farah also said. "Phillip Morris acknowledges that cigarette is one dangerous product, but cigarette continues to remain as also one legal trade. As far as the company is concerned, given those two parameters, we are still committed to manufacture and market cigarette in a responsible fashion," lawyer Raul Academia, Phillip Morris government relations manager, said. "As far as marketing cigarette is concerned," he said, "we are dedicated to marketing in a responsible manner so that we direct our advertising and promotions solely to informed adult who have chosen to smoke." "We do not direct our marketing effort to minors, and we are not more than willing to help the government in order to seriously address that concern," he said. ... Academia said Phillip Morris was in touch with members of Congress for the adoption of a law that would strictly regulate the production, sale and use of tobacco products. Philip Morris has implemented the Youth Smoking-Prevention Program to "keep cigarettes away from children." Company officials said they were closely working with various institutions, including educators, retailers and the cigarette industry, to promote programs that would discourage minors from smoking.”

Sources: PMPh cigarette production set to start next year. Philippine Star (ph); October 6, 2002
http://www.philstar.com/philstar/Business200210064506.htm
Phillip Morris' new plant a smoking showcase - Hoover's, October 13, 2002
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021013670.2_8db1002cedfc8c0b

Thailand

“Two major foreign cigarette producers, Philip Morris and Japan Tobacco, have forfeited deposits worth one billion baht to the Customs Department for declaring imported cigarette prices below actual market value, Chavalit Sethameteekul, the customs director-general, said yesterday. ... Recently, the department seized shipments worth one billion baht from Philip Morris, owner of the Marlboro brand, and Japan Tobacco, owner of Mild Seven, for declaring the prices of their imported cigarettes well below their normal market prices.”
Source: Bangkok Post, October 8, 2002

“The Public Health Ministry says the Tobacco Monopoly of Thailand indirectly promoted smoking by sponsoring televised broadcasts of the Asian Games, [breaching the 1992 Tobacco Consumption Control Law, which prohibited all forms of publicity for tobacco products and associated logos]and has urged the Finance Ministry to look into the matter.”
Source: Tobacco Monopoly 'promoted smoking' during Asian Games - Bangkok Post; October 23, 2002

Vietnam

Philip Morris and Japan Tobacco were accused of violating the Vietnamese ban on tobacco advertising, “forcing the recall of matchboxes, lighters and other items bearing the names of cigarettes.” These products were being freely distributed, bearing logos of Marlboro and of Mild Seven. “Philip Morris, which is permitted to sell only its Marlboro brand in communist Vietnam, has a market share of less than one percent. Vinataba (state-owned tobacco company) runs joint ventures with BAT and with Philip Morris. BAT controls around 10 percent of the Vietnamese cigarette market with seven brands. Philip Morris Viet Nam escaped fines for breaching the advertising regulations in a decision handed down by the Ministry of Culture and Information. The ministry has accepted Philip Morris Viet Nam’s proposal to recall all cigarette advertising materials in breach of Government regulations, and erase brand names on its promotional gifts. “In its decision, the ministry ruled that the parties had not
"advertised deliberately" but demanded strict supervision of the implementation of its verdict. "All the companies say that because the domestic cigarette industry was facing many difficulties, they had to launch the promotion programmes to encourage consumers to use domestically produced cigarettes, thus stopping smuggling." "The ministry supports the promotion of the domestic cigarette industry and prevention of cigarette smuggling... but any material with brand names being advertised by Philip Morris Viet Nam is a form of advertisement which breaches regulations," the ministry’s deputy chief inspector Phan An Sa said.

Source: Vietnam bars giveaways by two tobacco firms - Reuters
http://famulus.msnbc.com/FamulusIntl/reuters09-29-220035.asp?reg=PACRIM
Viet Nam News 28 September 2002

Worldwide

“British American Tobacco has been included in the Dow Jones Sustainability Indexes, the first tobacco company to be included since the index series was launched in September, 1999. The inclusion, overseen by Sustainable Asset Management, was on the basis of SAM's “best-of-sector” approach. … In an explanatory letter to clients, SAM said "based on this year’s assessment for the DJSI, BAT is the tobacco company that best manages the described risks and is therefore leading the industry in terms of sustainability." … BAT became the first tobacco company to publish a social responsibility report in June of this year, following a period of engagement with stakeholders and a series of workshops conducted by SAM for companies not included in the indexes but wishing to improve their ratings. … [SAM] said BAT had given assurances on the smuggling of tobacco, child labour and other issues of concern to investors, as well as given the most transparency on these issues "we've ever seen from a tobacco company." … [I]nvestors had been notified of the change and after initial shock, most had responded positively to the inclusion of BAT after it was explained the performance improvements were partly as a result of SAM’s engagement with BAT. Sources: BAT sustainable says SAM - Ethical Investor. By Martin Lawrence. October 2, 2002
Results of the DJSI Review 2002 - Dow Jones Sustainability Index [P. 15]
Don't let US tobacco woes cloud the attraction of cheap UK stocks - The Independent
http://news.independent.co.uk/business/investment_column/story.jsp?story=338613

The US Department of agriculture released its 2001 report. Some of the facts: 422 billion cigarettes smoked in US in 2001 (down 2% from 2000); 5.470 trillion produced globally. Increased production in China and Germany helped offset the decline in the United States. The German increase was due to rising demand in France, Spain and Italy.” The report also said that cigarette production in India is estimated at 91.5 billion sticks during 2002 (86.3 million sticks in 2001). India will export 1,25,000 tonnes of tobacco of the total world exports of 19,51,091 tonnes.” Sources: Tobacco: world markets and trade (pdf). Foreign Agricultural Service / USDA; October 2, 2002
Hoover's, October 3, 2002
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021007670_2_7e580006dfd6096
U.S. smoked 422 billion cigarettes in 2001 - USDA - Reuters
http://www.alertnet.org/thenews/newsdesk/N30374423
Further Decline: The latest figures on U.S. cigarette sales - Tobacco Reporter
http://tobbacos.com/current/story2.asp

It was reported that Hong Kong tobacco control advocates were receiving request for interviews from a PR firm (“Taylor Nelson Sofres (Hong Kong)”) to learn about the tobacco industry and tobacco control issues. Such initiatives mirrored effort carried out in the name of the tobacco industry, the undisclosed client, in other countries such as Brazil, Sri Lanka and Vietnam. In Vietnam, this PR firm has conducted surveys and focus groups for both BAT and Philip Morris. And as reported by Bert Hirshhorn, there are industry documents showing how the industry has used this company in the past. Sources: Hong Kong Council on Smoking and Health
TNS Vietnam’s website: http://www.tnsofres.com/about/asiapacific/vietnam/index.cfm
Taylor Nelson Research does marketing research for RJR and PM.
And for the Tobacco Manufacturers Association (UK):

It was widely reported that during the FCTC negotiations the "United States, Germany and Japan firmly rejected demands that a proposed global anti-smoking treaty include a call to ban advertising. ... "This is a red-line issue for us. A revision is necessary," the head of the U.S. delegation said, referring to the wording of a draft text. Washington has said an advertising ban would violate the U.S. Constitution's free speech guarantees."

Source: U.S., Germany, Japan Rebuff Ban on Tobacco Ads - Reuters, October 16, 2002
http://www.reuters.com/news_article.jhtml?type=topnews&StoryID=1585519

'Marlboro Man award' to be bestowed on Japan - Japan Times/Kyodo News
http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20021017a4.htm

There was vast media coverage about the EU filing of a lawsuit against RJR international unit and related companies. "The civil charges were filed in New York by the EU and ten members of the European Union. Michaele Schreyer, EU Budget Commissioner, said: "Protecting the financial interests of the European Community and fighting against money-laundering and fraud remains a top priority for the European Commission. The Commission is determined to win its fight against money-laundering, cigarette smuggling and connected serious cross-border crimes." The suit accuses RJR of "among other things, sanctions-busting by shipping huge quantities of American cigarettes to Iraq via Cyprus and Turkey from 1990 through this year. Separately, federal prosecutors in the U.S. Attorney's office in Manhattan recently opened an investigation into possible cigarette smuggling into Iraq by American companies in violation of federal laws, according to a person familiar with the matter. ... RJ Reynolds described the lawsuit as “completely absurd” and called on the courts to dismiss it. The company said in a statement: “We operate our businesses in a legal, responsible manner. Any allegations that we were involved in, or aware of, money-laundering, conspiracy or any other illegal activities are completely absurd. We believe this suit should be dismissed, as were the other two EU cases filed in US court.” One reason that trade of cigarettes into Iraq raises special concerns: Some exporters say that the sales to Iraq of cigarettes indirectly enrich the Saddam Hussein regime. Since 1995, Mr. Hussein's eldest son, Uday, has collected on average $10 million a year in "taxes" from both legal and illegal sales of imported cigarettes, according to Abbas Al-Janabi, who served as Uday Hussein's private secretary from 1984 to 1998. ... Lawyers for the former RJR international tobacco unit and Japan Tobacco's international unit vigorously deny any suggestion that either company violated U.S. law or U.N. sanctions. "It is simply wrong to say that any U.S. company must have violated U.S. and U.N. sanctions because their products appear in Iraq," says Stanley Marcuss, a lawyer for Japan Tobacco who formerly represented the RJR unit. "There are many, many ways, all of which are perfectly legal, for U.S.-origin goods to be distributed in Iraq," he says. The companies also deny enriching the Iraqi regime. ... Mr. Marcuss [said] generally that RJR's international unit and Japan Tobacco simply sold to a distributor who determined where to resell the company's goods. Mr. Marcuss says: "The nature of the cigarette business is such that distributors typically act independently. They are independent businessmen." In his view, only the last distributor in the chain selling into Iraq would need to get official permission." Sources: RJR Unit, Japan Tobacco Face Scrutiny Over Cigarettes in Iraq - Wall Street Journal, October 30, 2002/
Bound for Baghdad: Despite Restraints, Iraq Gets Winstons; Who's to Blame? RJR Unit, Japan Tobacco Face Scrutiny Over Distribution; Saddam's Son Takes a Cut --- Seven Planeloads to Jordan

When Cigarettes Reach Iraq, Uday Hussein Collects a Fee - Wall Street Journal, October 30, 2002, A13
EU Alleges Mob Ties to Tobacco - Los Angeles Times
RJR accused of dealing on black market - Boston Globe/L.A. Times

Tobacco firm colludes with underworld, lawsuit says - San Francisco Chronicle/L.A. Times
http://www.sfgate.com/cgi-bin/article.cgi?f=/chronicle/a/2002/10/31/MN211171.DTL
La Commission intente une action civile pour blanchiment de capitaux à l'encontre de R. J. Reynolds - Europa
http://europa.eu.int/rapid/start/cgi/guestfr.ksh?p_action.gettxt=gt&doc=IP/02/1592[0]RAPID&lg=FR&
display=
http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/02/1592[0]RAPID&lg=EN&
display=
http://www.swissinfo.org/seg/Swissinfo.html?siteSect=143&sid=1428663
RJ Reynolds faces money-laundering suit - The Times, November 1, 2002
http://www.timesonline.co.uk/article/0,,5-465554,00.html
RJ Reynolds Accused of Money Laundering - New York Times/Reuters
Brussels sues US tobacco giant for money laundering - The Guardian
http://www.guardian.co.uk/business/story/0,3604,823720,00.html
'Laundering' charge for tobacco giant - BBC News
http://news.bbc.co.uk/1/hi/business/2382607.stm
RJ Reynolds faces money-laundering suit - Financial Times
http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=103
5872911846&p=1012571727172
Reynolds brands lawsuit 'absurd' - The Independent
EC accuses tobacco company of money-laundering - ABC News (Australia)
EU body sues US tobacco company - Business Day (S. Africa)
http://www.bday.co.za/bday/content/direct/1,3523,1214643-6098-0-00.html
Source: US tobacco companies face claims of smuggling to Iraq - Sunday Telegraph, October 13, 2002
http://www.telegraph.co.uk/news/main.html/Sessionsiod8JMASHD/UHH1FPCJOFQOMQGSSFOAVCBQ
ASH-UK resources: http://www.ash.org.uk/?rico
with the filings, the press coverage and background
material.

“In a statement submitted to the Geneva tobacco talks [FCTC], the Philip Morris Company, the largest
tobacco company in the United States, denied any involvement in smuggling operations. Philip Morris
said that it has suspended or severed relationships with customers and distributors whose accounting
and controls were inadequate.”
http://voa-7.chntva1-dc1.genuity.net/article.cfm?objectID=CB0D12E5-642C-4FF0-
A94B87EA16DB8CB7&title=WHO%20Finalizing%20Tobacco%20Control%20Treaty

“Snus World Wide announced today it will begin selling and distributing a new Swedish Snus product
known as Exakt on its Internet site ( http://www.sヌusworldwide.com ) beginning October 2002. Currently,
the Internet distribution channel offers nine brands of Swedish snus in several varieties
including Catch, General, and Ettan. ... While Snus World Wide has primarily targeted Swedish
consumers, the market is experiencing steady growth as distributors expand their customer base. In its
first year, Snus World Wide generated $200,000 USD ... and attracted 3,000 hits on its website per
month. Over one-third of the Web hits came from the United States.”
Source: http://biz.yahoo.com/prnews/021023/dcw040_1.html

“Philip Morris Cos. Inc. third-quarter profit rose, even as consumers turned away from its premium
cigarettes, seeking lower priced brands in the current tough economy. Philip Morris said it earned
$2.70 billion, or 1.26 per share, in the quarter, up from $2.57 billion, or $1.16 per share a year earlier.
Sales climbed 4.9 percent, to $20 billion. ... PM USA’s retail share in the third quarter decreased 1.5
points to 49.2%, also due primarily to the growth of deep-discount cigarettes and sharp increases in
state excise taxes. ... Underlying operating companies income for Philip Morris International (PMI), the
company’s international tobacco business, rose 8.0% to $1.6 billion, driven by higher pricing, lower
costs and favorable currency of $11 million. Shipment volume increased 2.3% ... due to solid
performances in Western, Central and Eastern Europe, partially offset by lower shipments to Japan...
PMI had particularly strong market share gains in Austria, Belgium, the Czech Republic, Germany,
Greece, Japan, the Netherlands, Russia, Switzerland and Turkey... In Eastern Europe, PMI volume
advanced 14.3%, due to continued robust growth in Russia, driven by the strong performances of
L&M, Parliament, Chesterfield and Virginia Slims and the recent introduction of Next. In Japan,
shipment volume declined 11.8%. However, in-market sales in Japan increased by 4.3%, resulting in a share increase of 1.2 points to a record 23.7%, driven by the strong performances of both Lark and Marlboro. In Latin America, volume was down 0.8%, due mainly to a decline in Mexico. In Argentina, PMI’s share advanced 1.1 points to a record 65.6%, due to the continued strength of the Philip Morris brand.”

Sources: Philip Morris Third-Quarter Profit Climbs - Washington Post/Reuters, October 17, 2002

“British American Tobacco has reported increased profits and says it’s poised for expansion in China. Pre-tax profits rose to £1.634 billion in the nine months to September 30, up from £1.524 billion. The company added that the currency movements meant underlying operating profits were down 1% for the first nine months at £2.1 billion. But chairman Martin Broughton insisted the group had achieved "a good underlying performance" given the economic climate and increasingly competitive environment. ... The company's key brands - Lucky Strike, Kent, Dunhill and Pall Mall - grew by 9% between them for the nine months and by almost 15% in the third quarter, BAT says. Group volumes were down 4% in the nine months, following BAT's decision to restrict the supply of duty-free exports. BAT is focusing on China, Turkey and other markets outside the US, where it faces lawsuits and declining consumption.” During the report announcement, Chairman Martin Broughton’s said “We have major concerns with the way that the [FCTC] draft text treats active and ‘passive’ smoking as though they are the same thing and ignores the potential benefit to public health from harm reduction strategies, when so many adults will continue to smoke tobacco products...” BAT said it would increase its marketing budget in the US in the fourth quarter to counter a hike in promotional spending from rivals Philip Morris and RJ Reynolds. Mr Adams said sales at its Brown & Williamson subsidiary, which contributes roughly 15 per cent of its earnings, were “softening slightly, but nothing dramatic”. Sources: British American Tobacco plans Chinese expansion - Ananova, October 29, 2002

Given that most tobacco companies’ quarterly reports blamed a consumer trend towards cheaper brands, there were several articles discussing this trend in detail, including the Wall Street Journal and the Financial Times. Cheaper cigarettes are gaining markets in several countries, which is forcing the larger companies to develop new marketing and sales strategies. Companies blame higher taxes, restrictions in marketing and the world economy for the trend. In the United states, low price brands account for 10% of the market, up from 3% four years ago. Andy Schindler, R.J. Reynolds Holdings chairman and CEO said: “This has been a very challenging, dramatic, uncertain environment. The price gap that exists between the full price and the lower end, that's the core issue.” Some of the marketing strategies being used are 2 for 1 promotion, retailer incentives, as well as a cut in price of premium brands. (The price cuts were partially responsible for cuts in profits forecasts.) Sources: Cheap brands, taxes burning Big Tobacco - The Business Journal (NC), October 28, 2002
Frugal smokers hurt four biggest cigarette makers - San Francisco Chronicle/WJS, October 25, 2002
Hausse des ventes de cigarettes génériques - Le Soleil; October 20, 2002
http://www.cyberpresse.ca/soleil/actualites/0210/act_202100148514.html
Richard Tomkins: A cheap ride to Marlboro country - Financial Times. By Richard Tomkins
Notes: More details on most of the news reported here found at:
http://www.tobacco.org/

For tobacco companies press releases and statements, including the voluntary marketing code, search the companies’ websites and related-sites. For example:
R.J. Reynolds: http://www.rjrt.com/TI/Pages/TIcover.asp
Philip Morris: http://www.philipmorrisusa.com/
Japan Tobacco International: http://www.jti.com
British-American Tobacco: http://www.bat.com/
http://www.tobaccojournal.com/
http://www.tobaccoreporter.com/

For additional information on tobacco industry’s strategy regarding marketing, opposition to advertisement bans and development of voluntary advertisement codes; utilization of voluntary codes to oppose smoking restrictions; youth campaigns; utilization of hospitality industry and ventilation as a [false] “solution” to smoking bans, search the tobacco industry documents sites, mainly Philip Morris site, and other sites containing industry documents:
www.pmdocs.com (with links to other companies sites)
http://www.hlth.gov.bc.ca/guildford/index.html
http://www.ncdh.ca/Guildford.nsf
http://www.library.ucsf.edu/
http://legacy.library.ucsf.edu/
http://www.tobaccodocuments.org/

Additional material discussing industry’s strategies related to the above can be found at:
http://www.ash.org.uk/
http://www.no-smoke.org
http://www.nsra-adnf.ca/
http://www.cdc.gov/tobacco/sitemap.htm
http://tobacco.who.int/
http://tobaccofreekids.org/
November 2002

Africa

Kenya

“...[In] Kenya it is unlikely that corporations will play politics. Instead, they find it noble to demonstrate responsibility through working with communities. [In Kerio Valley the] Kerio Trade Winds Project, a bundle of sub-projects whose centrepiece is a scheme to fight poverty ... [the] community has been negotiating for assistance from the corporate sector... The partnership between Kerio Trade Winds and the British American Tobacco (BAT), for example dates back to 1999. “This is when the community approached the firm with a view to developing tobacco growing activities as an option towards alleviating poverty in line with the government’s poverty alleviation strategy,” says BAT Managing Director Simon Welford. ... And clearly, BAT is emerging as one of the main architects whose many successes in this field is more visible. Other urgent concerns such as the environment, health and child labour have also received good attention from the tobacco firm. However, people still grapple with questions whether it is morally sound to receive this money, given the fact that their products such as cigarettes could be posing great health risks to consumers. People also want to know the initiatives being undertaken by the tobacco industry to minimise risks associated with smoking. BAT says that it has long accepted that smoking is risky. Its business, it says, is not about persuading people to smoke. “It is about offering high quality brands to adults who have already taken the decision to smoke and are aware of the risks. Because of the risks of smoking, we have long considered that the choice to smoke, or not, is one exclusively for adults. We do not want children to smoke and we actively support programmes to prevent and reduce under-age smoking.” Welford says 94 per cent of the company’s total turnover is injected back into the economy through government taxes, incomes to farmers in leaf growing areas as well as dividends to local share holders. ...”

Source: Large firms must learn responsibility

http://www.eastandard.net/eahome/story11112002013.htm

Malawi

An article discussed the small farming tobacco growing system that provides most of Malawi’s foreign exchange and states that tobacco is “at the heart of an ethical and political battle taking place in Malawi that is seeing the world's largest health organisations pitted against the industry that props up the economy of this impoverished African nation. At stake is the issue of who will bear responsibility for the world's deadly nicotine addiction, and a conflict between the need to reduce smoking deaths in the developed world while not sacrificing the impoverished farmers whose livelihoods depend on cigarettes.” [Note: Unfortunately the article did not point out that even an extremely successful worldwide tobacco control campaign would promptly eliminate the need for tobacco growing and only briefly mentioned that tobacco control advocates suggested that Malawi would have time to develop a structured transition and called for international aid to assist with crop replacement.]

Source: http://abc.net.au/science/slab/tobacco/

“A 14-member Malawian delegation to the International Tobacco Growers Association (ITGA) annual general meeting in Portugal visited several tobacco manufacturing companies in Britain, Germany and Italy to ask them on why Malawi tobacco fetched low prices last year despite its good quality. The delegation, led by Tobacco Association of Malawi (Tama) president Albert Kamulaga, also held talks on how to improve the tobacco prices next year. Kamulaga told the press on arrival in Lilongwe...[that] the companies assured the delegation that Malawi burley tobacco could be sold at a higher price this year so long the production levels remain at an average 130 million kilogrammes annually. Kamulaga said the team’s own assessment, however, attributed the poor prices to cross border tobacco trade and the intermediate tobacco buying system in the country. He said the two threatened the future of the tobacco industry.

Source: Tama meets tobacco buyers http://www.nationmalawi.com/articles.asp?articleID=3601

South Africa

“Rembrandt Group (Remgro), the listed holding company for a variety of industrial and financial interests, is expected to record a strong 25% rise in earnings for the six months ended September 30, 2002, when it reports its interim results ... Remgro counts among its assets a wide range of holdings,
including international tobacco giant British American Tobacco ... The main factor behind Remgro's robust growth for the six months is forecast to be the relative weakness of the rand, which plays an important role in contributions from BAT, Gencor, Trans Hex and Distell. Analysts estimate the rand's weakness will account for between 13% and 17% of Remgro's growth for the period - or over half. According to analysts, BAT alone should contribute about R1-billion to Remgro's earnings for the period.”

Source: Business Day (za), November 20, 2002
http://www.bday.co.za/bday/content/direct/1,3523,1229680-6078-0,00.html

Togo

There was some commotion when at the launch of the Royals Cup [Royal sis the name of a cigarette brand] the president of the soccer league said that the organization had a budget of 20 million, and the treasurer corrected him saying that it was 60 million. The press was removed from the room, as until then local journalists had made numerous efforts to find out exactly how much the Cup would cost and how much the tobacco company had provided.

Source: “SPORT & TABAC” www.letogolais.com

Uganda

“BAT has started to fight back against the threat of tougher tobacco laws. The global tobacco giant warns in its official comment on the Framework Convention on Tobacco Control that its legally protected right to trade must be protected. It did add that it recognises the right of governments to regulate tobacco products at the national level ... "Since we recognise the negative health impact of tobacco use, we do recognise the role of the [WHO] in supporting governments with health policy advice based on sound science," says the BAT statement. "[But] as the producers of a legal product, we assert the right to communicate with adult consumers and also the right to participate in international trade." BAT says that WHO must advise on tobacco control measures within its field of expertise, "but not in fields outside its remit". BAT also says that active smoking be handled separately from passive smoking [and] rejects accusations that cigarettes are intentionally engineered to create and maintain dependence. …"We accept that smoking is associated with real risks of serious diseases, and hence tobacco products should be marketed in a responsible manner and should be for use only by adults informed of the health risks," it adds. [But] we take issue with the notion that the world in the 21st century is faced with a tobacco "epidemic" that is "spreading across national borders," engineered by international tobacco companies through advertising.”

Source: BAT fights tobacco law threat - The Monitor (Kampala), November 5, 2002
http://monitor.co.ug/news.php?record_number=1&show=Business

“As the season for buying tobacco in Arua and Yumbe districts comes to an end, many farmers are not happy despite the good yields this season. "Middlemen are getting more profit than us from the sale of tobacco, simply because they buy it cheaply from Congo and sell it to BATU (British American Tobacco, Uganda)," an angry farmer tells ... "BATU is supposed to buy tobacco from its own farmers, but nowadays they also buy from businessmen," another grim-facing farmer said. However, when contacted, BATU Divisional Leaf Manager, Augustine Kyamuhangire, said it was only this season that they were accepting tobacco grown in Congo. "There is no guarantee that this trend will continue next year. It is true that we only buy tobacco from farmers who are registered and have accounts with us. There are a few farmers who, out of sickness did not grow tobacco this season, so on humanitarian grounds we accepted tobacco which they bought from Congo," he said. The farmers maintain that growing tobacco is a strenuous activity and that it is unfair for outsiders to profit at their expense. Despite their displeasure, tobacco still remains the chief cash crop in West Nile ... At the foothills of Mountain Wati, there is a vast acreage of land with isolated trees. Instead of the huge shea butter trees that once sheltered this land, there are brick red high rise tobacco barns. "Most of the trees here were felled for curing tobacco. It is now hard to get wood fuel in this place for curing tobacco. Many farmers now depend on BATU and Mastermind for wood fuel." ... "In a good season an average farmer usually earns a net pay of about sh400,000 a year. BATU officials say the annual production of tobacco in the region has been going up since 1990, when the total output was 3000 tonnes. "This season we paid out a net amount of sh15.5billion to tobacco farmers in West Nile for 12,800 tonnes of tobacco they produced," Kyamuhangire said.”

Source: Tobacco Farmers Cry Foul. New Vision (Kampala), November 6, 2002
http://allafrica.com/stories/200211060163.html
**Zimbabwe**

“Zimbabwe’s tobacco earnings, its biggest source of foreign exchange, slumped 43% this year following the seizure of white-owned farms and a drop in prices, said farmers, who forecast a further fall in 2003. … The collapse of the industry will dry up supplies of some of the world’s best tobacco used to flavor cigarette brands such as Camel, Marlboro and Winston. …” Another report stated that there is doubts that Zimbabwe would ever be able to regain lost market share.

Sources: Bloomberg News, November 01, 2002  
http://quote.bloomberg.com/fcgci.cgi?mnu=news&ptitle=Politics%20UK&tp=ad_uknews&T=news_storypage99.ht&ad=uk_politics&s=APcJktxXLWmltYmFi  
Financial Mail (za), November 8, 2002  
http://free.financialmail.co.za/02/1108/busafrica/abusa.htm

“The government has set $1 billion for the production of tobacco seedlings in an effort to boost the output of the golden leaf, which is expected to fall to dismal quantities next year. … Participating in the Tobacco Seedlings Production Scheme are the Indigenous Commercial Farmers’ Union (ICFU) Zimbabwe Association of Tobacco Growers (ZATG), the Zimbabwe Tobacco Association, The Zimbabwe Farmers’ Union, Farmers’ Development Trust, Tobacco Research Board and the Tobacco Industry and Marketing Board (TIMB). … The ZTGA has launched an on-farm training project in which it mainly trains new tobacco farmers [hoping that better techniques will improve yield].

Source: Government sets aside $1bn for tobacco seedlings. November 11, 2002  
http://www.dailynews.co.zw/daily/2002/November/November11/8602.html

“The government has gazetted regulations on tobacco smoking as a reaction to the World Health Organisation (WHO) calls to introduce anti-tobacco legislation on a global scale. … According to the new regulations, no persons shall smoke in any educational or healthcare facility, theatre, cinema, museum, youth centre, library, place of worship or public meeting hall [among other places]. The manager in control of any public premises or food outlets may designate an area within the premises as an area in which smoking is permitted … Trading of tobacco to persons under 18 years is not allowed, while one would violate the Public Health regulations if they advertise, promote or commend the use of tobacco without the accompanying messages warning that it is also dangerous… Zimbabwe Association of Tobacco Growers president Julius Ngorima said he welcomed the introduction of the … legislation as it protected non-smokers and minors. [He said:] ”We are glad that tobacco production will not be affected by the controls. Controls on production do not work because countries act in line with the supply and demand situation.”

Source: Government Sets Up New Restrictions On Smoking - The Daily News (Harare), November 14, 2002  
http://allafrica.com/stories/200211140478.html

**Regional**

“[Tobaccor]... with sales of £174m during the year to September, the maker of Excellence and Superkings cigarettes achieved 11% growth in operating profits to £42m, Imperial Tobacco said. "Tobaccor has proved to be a very valuable addition to the group, producing a double digit return in its first full year," said Imperial Tobacco's chief executive, Gareth Davis. Imperial bought 75% of Tobaccor in March 2001, and "in September 2002, we acquired a further 12.5% of Tobaccor for £45m," the group said. The integration of Tobaccor into the group has "significantly improved performance" said the company, "despite some political instability particularly in Madagascar and most recently in the Ivory Coast". … Africa is a key target market for Imperial which is increasingly pushing for further international expansion. "The continued development of our international business reflects the investment we have made in businesses, markets, brands and infrastructure," said Imperial. … Imperial added that it is involved in the development of infrastructure projects in Africa and insisted that it is "committed to the development of the communities of which we are a part". "Our high standards are reflected throughout our Tobaccor operations in Africa, where our initiatives include the provision of sanitation, health and education facilities, as well as providing jobs and local revenue," said the tobacco group. "Our African factories work closely with their local communities, often including community leaders on their advisory boards".”

http://news.bbc.co.uk/1/hi/business/2512303.stm
Americas

Brazil

The weekly news magazine Veja reported that BAT fully owned subsidiary, Souza Cruz, is optimistic with the election of Brazil’s new president and the defeat of Jose Serra, former Ministry of Health who was known for his strong support for tobacco control. Since 2000, Souza Cruz involved in planting tobacco in the city of Garanhuns, home town of the newly elected President, Mr. Silva, and frequently brings up all the economic benefits for the region of this initiative.

Source: Revista Veja, November 6, 2002-12-01

Canada

“The provincial government [of British Columbia] is going to court for a second time to seek hundreds of millions of dollars from the tobacco industry to help pay the health care costs of smokers... The constitutional validity of the new act [allowing the lawsuit] will be challenged by three tobacco companies -- JTI-Macdonald Corp., Imperial Tobacco Canada Ltd. and Rothmans Benson & Hedges Inc. "We're deciding whether the statute can be maintained," said lawyer Jack Giles, who is representing JTI-Macdonald Corp., which is owned by Japan Tobacco Inc. "If the statute is invalid, as we say it is, then their lawsuit has to be dismissed. If it's found valid, it's still subject to appeals." The Canadian Tobacco Manufacturers' Council ... said in a statement that..."The government has changed the rules so it does not have to name any individual who has allegedly suffered from smoking-related illness, prove the cause of the disease or even that health care was provided to that individual," the council said in a statement. Ontario and Newfoundland and Labrador have adopted similar legislation.”

Sources: B.C. wants tobacco companies to ante up - Vancouver Sun , November 2, 2002 http://www.canada.com/search/story.aspx?id=dc5acdfb-7ae6-4a1d-9343-f4cc43a9068
Tobacco manufacturers and B.C. Government return to court November 4 - CNW http://www.newswire.ca/releases/October2002/31/c6822.html
Billions at stake in cigarette fight - CBC Vancouver http://vancouver.cbc.ca/template/servlet/View?filename=bc_tobacco021104
The battle against Big Tobacco continues - Canada.com/C cnw http://www.canada.com/canadian/story.asp?id=%7B2A5D5B3C-9239-46D1-BB49-F1BFCD9753B5%7D

“A group representing non-smokers and academics wants an ethics program at the University of Toronto to return a $150,000 grant from a tobacco company. The grant [is] from Imperial Tobacco Canada to St. Michael's College, part of the University of Toronto... Dr. Richard Alway, president of St. Michael's, said the college doesn't plan to return the grant, which was approved in 2001 by the Montreal-based tobacco company. Alway said St. Michael's application for the funding went to college alumnus Bob Bexon, Imperial's president who sits on a committee which assesses requests for donations... The [grant] was among more than $8 million in grants handed out by Imperial to various applicants in 2001...”

Sources: Health group condemns the University of St. Michael's College for funding an ethics program with tobacco money - NSRA/CNW, November 5, 2002 http://www.newswire.ca/releases/November2002/05/c8463.html
Fumes over grant - Toronto Sun http://www.canoe.ca/TorontoNews/ts-ts-11-06-0044.html
Anti-tobacco group wants U of T to return donation from cigarette company - Canada.com/CP http://www.canada.com/search/story.aspx?id=02cbce8b-f0e6-46ef-9bfe-67669ec3fb10

There was another article discussing the impact of the trend to switch to cheaper brands and how it affected Rothmans Inc. “...Over the first half of 2002, cigarette volumes fell by an average of 10.7% among Canada's three major tobacco companies as smokers have either quit or switch to cheaper alternatives. Rothmans, which makes one-fifth of Canada's cigarettes, has made up partially for the loss in cigarette revenue by selling more of its lower-margin fine-cut products (such as loose tobacco).”
An article at the Montréal Gazette discusses the in-store displays of cigarettes in convenience stores and how such promotional practices are not covered by existing advertising restrictions legislation in different provinces and that the tobacco industry and retailers oppose more restrictive measures. “Tobacco is a legal product and it's certainly our constitutional right to display a legal product,” said John McDonald, spokesman for Rothmans, Benson & Hedges Inc., “Retail displays have nothing whatsoever to do with why young people or anybody else smokes.”... Expect cigarette displays to get flashier where they're still allowed. As of next October, cigarette-makers will have more cash to throw around because they will be barred from sponsoring sports and cultural events. Tobacco firms have found inventive ways to exploit the legal, in-store-marketing loophole. For one thing, the displays are getting bigger. Tobacco firms are also changing in-store racks so that packages are arranged to cover most health warnings, which are legally required. Others are promoting their brands by piling up dozens of boxes of roll-your-own cigarette tubes, which don't require warnings... “

A Health Canada study found that “two of every three smokers of "light" cigarettes switched from "regular," and they did so largely based on the mistaken belief that the "milder" versions pose fewer health risks” and “one-third of smokers of light cigarettes would have quit smoking had regular cigarettes been the only kind available.” Such findings strengthen the case for banning “lights” and “mild” descriptors but cigarette manufacturers “rejected calls to stop using the terminology voluntarily, and have vowed to fight regulations banning their use.” John Wildgust, director of corporate affairs of JTI-Macdonald Corp., responded to reports of the study stating that in the study “... JTI-Macdonald Corp. has never made any claim of health benefits associated with low-tar cigarettes. In fact, our position is that there is no safe cigarette. Clearly, the vast majority of smokers agree. It is absurd to suggest that removing descriptive terms such as "light" and "mild" would contribute anything to consumers' understanding of the risks of smoking. Rather, we recommended earlier this year that Health Canada mandate a new warning message on this subject and consider making more prominent use of the tar and nicotine test results, which also are mandated by Health Canada. The range of those test results demonstrably shows that the amount of tar and nicotine you inhale may vary depending on how you smoke. Far from being part of any "continuing deception," we have consistently offered to work with the government on these matters.”

“The photos on the Web site [www.theicebox.ca] show happy young people dancing and drinking in a trendy club, surrounded by the colours and logo of new Kool brand cigarettes. No health warnings are shown. The site is restricted to adults but anybody can enter simply by declaring they are over 19. Imperial Tobacco Canada says its site, one of several run by it and other Canadian cigarette-makers, is legal because it is related to the legal sponsorship of a series of concerts in Canadian nightclubs restricted to adults and smokers... In Europe, a site promoting West brand smokes includes online games - a blatant targeting of youth, [tobacco control] activists say. ... Tobacco firms can advertise on-site at sponsored events, in places where young people aren't allowed by law, in direct mailings to adults, and in publications with more than 85-per-cent adult readership. ... Christina Dona, a spokesman for Montreal-based Imperial Tobacco, said its promotional Web sites are legal because they have a "screening process" to bar kids and are therefore publications with adult readership. "We're complying with the legislation," she said. "We only want to speak with legal consumers." She said Imperial Tobacco, Canada's biggest cigarette-maker, "doesn't advertise to get people" to smoke. Instead, it's "competing for adult consumers who have chosen to smoke.”

Sources: Smoking out Big Tobacco - The Gazette, November 13, 2002
Anti-smoking lobby wants Ottawa to strengthen controls on tobacco marketing - Ottawa Citizen/CP, November 12, 2002

“Imperial Tobacco blew the smoky veil from its multi-million-dollar business with an unprecedented media tour... "Part of government policy is to de-normalize the Canadian tobacco industry and demonize us in order to discourage people from smoking. It makes it very hard to have a dialogue,” Imperial Tobacco Canada spokesperson Christina Donà said during a day-long tour for more than 20 journalists. "We're trying to be more proactive, rather than reactive. It's a controversial industry and there's a sense we've been under attack (from government). But it is a legal product and it is a legal industry."... Imperial and its major competitors are awaiting a key ruling from Quebec Superior Court. The complex case is expected to decide whether the federal Tobacco Act — which limits all cigarette sponsorships and advertising, especially to young people — is unconstitutional and unfairly limits the right of tobacco companies to do business and market a legal product. "The timing (of the media tour) is not strategic in any way," said Donà, while acknowledging the act has made it virtually impossible for Imperial to advertise three new products it's introduced this year. "We're trying to dispel some of the misconceptions and myths about the product."

Source: Imperial tries to burnish its image - Toronto Star, November 20, 2002
http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&c=Article&cid=1035774620120&call_pageid=9683500

United States

“Brown & Williamson Tobacco Corp. has signed a five-year, eight-figure contract with KnowledgeBase Marketing Inc. for customer relationship management technology and analytic services. The sizable investment marks a sea change in the industry's outlook on the importance of direct marketing: As recently as 1999, the top five U.S. cigarette companies spent just a little under $95 million on direct mail, out of total marketing expenditures of $8.24 billion. … KnowledgeBase will ... synthesize B&W's multisource identity verification efforts, which prevent the Louisville, KY-based tobacco company from contacting underage consumers or adults who don't want information on tobacco products.

Source: Brown & Williamson Invests in CRM - Hoover's Online, November 1, 2002
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR200211012500.6.5_f4aa0010f54bf559

An article on the NY Times discussed industry solutions to reduce second hand smoke in the context of the smoke free proposal of Mayor Bloomberg, which would make bars and restaurants smoke free. “…Whatever happens [to the NY proposal], tobacco companies and individual smokers have clearly read the second-hand smoke signals, and they are coming up with inventions designed to reduce smoke from a burning cigarette. … Because much of the side-stream smoke comes from the burning paper wrapper, cigarette makers have tried a variety of techniques to reduce the paper's burn rate. ... Experiments were conducted with cigarettes that extinguished themselves when not being smoked. And devices were created to capture or contain side-stream smoke.” The article mentioned several US patents filed by tobacco companies in their quest for a smokeless cigarette.


Low sub-flow smoke type cigarette

A low-sidestream-smoke cigarette comprises a dual-structure wrapper that wraps filler. United States Patent 6,405,734
http://patft.uspto.gov/netacgi/nph-Parser?Sect1=PTO2& Sect2=HITOFF&p=1&u=/netahtml/search-bo ol.html&r=1&f=G&i¼50&co1=AND&d¼ft00&s1¼6,405,734&OS¼6,405,734&RS¼6,405,734

Cigarette having reduced sidestream smoke, United States Patent 6,367,481
Nichols, et al. April 9, 2002
Portable cigarette smoking apparatus, United States Patent 6,349,728

Washington state Attorney General Christine Gregoire “is trying to force an Internet cigarette dealer to cough up its list of Washington customers so the state can levy its steep tobacco tax on them…. "We estimate that contraband cigarettes maybe account for $250 million of lost revenue," Gregoire said. "It's lost taxes to the state of Washington that goes without saying. It's also not fair to the brick-and-mortar store in Washington that's abiding by the law." The lawsuit filed in Thurston County Superior Court seeks an injunction against dirtcheapcig.com, which sells cigarettes online from Kentucky, forcing the company to disclose its customers within Washington… But Matthew Fairshiter, the company's lawyer, argues that the law was designed to regulate the shipment of untaxed cigarettes from one state into another. The smokes sold by dirtcheapcigs.com are all duly taxed in Kentucky, he argues.”

Source: AP, November 1, 2002

Brown & Williamson Tobacco “has started test marketing a new cigarette touted as significantly reducing toxins from cigarette smoke compared with leading low-tar and low-nicotine brands” the Advance Lights cigarettes. “The cigarette contains less toxins because of a special filter and a new tobacco-curing process, which represent a breakthrough in cigarette technology, said Sharon Boyse, the company's director of research. "While there is no such thing as a safe cigarette, the fact that Advance Lights contains less toxins ... is an important step in the right direction," Boyse said.” In related news it was reported that Adnace packs had an insert with information stating 'Brown & Williamson Tobacco is providing this information so adult consumers have a basis for making informed choices. There is no such thing as a safe cigarette. ADVANCE [.] All of the taste ... Less of the toxins. Reduced levels of toxins compared to the leading lights brand styles. There is not enough medical information to know if Advance with less toxins will lower health risks.'... B&W thinks it's the simplest way to get the message across. “It seems to be the clearest and most impactful statement we could make of the facts that are behind Advance and the product itself. We did not want to get into the polysyllabic chemical names and toxins,” said Paul Wessel, divisional vice president of value-for-money, premium-niche and new products at B&W. Those complicated chemical names are listed in literature attached to every pack of Advance, showing the 20% to 80% reduction in various toxins. ... Marketing support includes in-store, direct mail, newspaper and magazine ads ... Ads feature a picture of a man or a woman's eye, using both sexes to appeal.”

Sources: Ads for new cigarette admit tobacco toxicity - Advertising Age, November 5, 2001

Tobacco companies had intensified its college based promotions and promotions at other young adult gatherings. Such promotions include distribution of free samples in exchange to students providing their names for tobacco companies databases. “In 1994, the first full year that Washington [state] tracked the practice, there were 44 tobacco sampling events. Last year, there were 1,248.”

Source: The Spokesman-Review, November 3, 2002

“Brown & Williamson Tobacco Corp. is reaching out to Oregon smokers facing cigarette price shock following the state's huge tobacco tax hike ... Oregon's excise taxes on cigarettes skyrocketed more than 88 percent Nov. 1, an increase of $6 per carton, or 60 cents an individual pack. Brown & Williamson said it is committed to providing smokers an alternative to paying higher prices. The tobacco company launched a public relations campaign telling Oregon smokers they could offset the higher tax by selecting its Pall Mall premium cigarette brand, which is being offered at a lower price. The campaign is being supported statewide through direct-mail advertising and point-of-purchase displays at convenience stores...”

Source: Convenience Store News, November 4, 2002

“Florida voters overwhelmingly banned smoking in the workplace, including about 12,000 restaurants and bars statewide. The Sunshine State joins California, Maine, Utah, Vermont and Delaware that ban
smoking in public places. ... [The] smoking ban affects about 82,000 "enclosed workplaces" but excludes stand-alone bars with outdoor seating areas, designated guest rooms in hotels and home businesses that don't provide child care. Restaurateurs and other opponents said they should be free to decide how best to serve their customers, said Carol Dover, president of the Florida Restaurant Association. Big Tobacco opted out of the ballot fight but will be expected to push hard with a lobbying effort next spring when the Legislature starts codifying the amendment that voters approved ... 

Source: Voters' mandate: Public smoking to be snuffed out - Miami Herald, November 6, 2002 http://www.miami.com/mld/miami/4453701.htm

“Philip Morris Cos. and other cigarette makers urged a state appeals court in Miami to throw out a $145 billion jury award to Florida smokers, the largest verdict in U.S. legal history. Tobacco companies, which say they may face bankruptcy if the 2-year-old verdict stands, asked a three-judge panel to reverse the trial judge's decision to allow all sick Florida smokers to be represented as a group. Industry lawyers argued the verdict is excessive and that Judge Robert Kaye mishandled the trial. "There is no paintbrush big enough to cover up the flaws in the trial plan," industry lawyer Elliott Scherker told the court... Philip Morris's share of the damages would be $74 billion; R.J. Reynolds $36.3 billion; Brown & Williamson, $17.6 billion; Lorillard $16.3 billion, and Liggett $790 million. At the next phase of trial, each plaintiff will have to go to court to seek compensatory damages to qualify for a piece of the $145 billion award. The industry argues that no damages should be paid until claims by every member of the class have been litigated, a process that might take 75 years.”

Source: Tobacco Companies Seek Dismissal of $145 Bln Verdict - Bloomberg News, November 6, 2002 http://quote.bloomberg.com/fcgcgi.cgi?ptitle=Top%20Financial%20News&s1=blk&tp=ad_topleft_topfin&T=markets_box_ht&s2=ad_right1_topfin&bt=ad_position1_topfin&box=ad_box_all&tag=financial&middle=ad_frame2_topfin&se=APcIV4htVG9iYWN]

“Philip Morris Companies Inc. has decided to consolidate its vast collection of tobacco documents, meaning the law firm of Shook Hardy & Bacon will no longer oversee one of the biggest repositories of tobacco papers in the country. The move by Philip Morris eventually could lead to the layoffs of dozens of analysts, paralegals and document clerks at Shook, which will continue to handle litigation for Philip Morris. The company is the law firm's biggest client. ... "It's partly a matter of economics, partly a matter of efficiency," [PM counsel] Ohlemeyer said. "We're bringing the process closer to the business and closer to the lawyers managing the litigation internally".”

Source: Kansas City Star, November 05, 2002

“A dying Sacramento [California] man claims that two of the country's largest tobacco companies defrauded the public and concealed the addictive and cancer-causing effects of smoking cigarettes, then targeted the nation's youths as prime customers, a lawyer said [during opening statements of the court case] ... Theodore M. Grossman of Cleveland, the attorney who represents R.J. Reynolds, told jurors that his client doesn't dispute the fact that cigarettes are hazardous. "This case is not about whether cigarettes are safe. They are not safe," Grossman said. [Plaintiff’s attorney] Paul said that "In one 1953 document from R.J. Reynolds, Claude Teague, a researcher for the company, concluded that there was a 96.1 percent correlation with lung cancer patients who were also long-term smokers."Grossman accused Paul of taking excerpts out of context and "doesn't give fair representation" to Teague's real conclusion, which was that the cause for cancer was unknown.”

Source: Tobacco firms hid smoking's effects, jury is told - Sacramento Bee, November 8, 2002 http://www.sacbee.com/content/news/story/5114486p-6120676c.html

“Endovasc Ltd. Inc.- a biotechnology company with two cardiovascular drugs approved for final FDA Phase III human trials - announced today that Philip Morris and Endovasc have signed an agreement according to which Philip Morris has extended a grant for a one-year period to further study the potential for broad practical use of Endovasc's nicotine-based heart treatment, Angiogenix(TM). ... Angiogenix(TM) is a simple, small molecule derived from the tobacco plant that, when given in low doses, has demonstrated remarkable results in stimulating robust growth of new vessels in four different animal experiments with simulated blood-flow deficiencies, suggesting that it will do the same in a human patient's heart and limbs ... "Philip Morris' continuous support will be instrumental in making Angiogenix(TM) available for broad clinical application," says Dr. David P. Summers, chairman and chief executive officer of Endovasc.”

Source: Business Wire, November 6, 2002
Loews Corp., the conglomerate controlled by financier Laurence Tisch, had a 45 percent rise in third-quarter earnings as its insurance unit returned to profitability. ... Lorillard earnings fell 26 percent to $277 million. A drop in shipments of Kent, Newport and True cigarettes depressed Lorillard earnings after the company stopped using promotions that helped boost sales last year.”

Source: Bloomberg News, November 7, 2002

The indoor smoking ban proposed by New York City Mayor Bloomberg is still being debated and it is uncertain when and if it will be approved. Several tobacco industry front groups representing different hospitality sectors continue to oppose the ban.

Source: Smoking Ban Could Go to Voters - New York Times, November 7, 2002

A study based on industry documents published in the December issue of Tobacco Control gathered media attention. As reported, the study states that tobacco companies “could have made self-extinguishing cigarettes decades ago, preventing thousands of fires, but chose not to ... Instead they opposed moves and tried to delay laws that would have made cigarettes safer and fireproof, the researchers said. ... According to the study, cigarette companies identified factors to improve safety more than two decades ago. But the Tobacco Institute, a United States industry body, opposed fire-safe laws in 1982 on the grounds that the technology did not exist.” ... “A spokeswoman for British American Tobacco told Reuters the company has been doing research into fire-safe cigarettes for the past 20 years in the United States. "But the U.S. government has still to come up with a test regarding these kinds of cigarettes," she added. "Many governments around the world have put in considerable legislation to insure the use of flame retardant material in furniture design with a view to fire safety.”

Source: Tobacco firms ‘ignored fire-safe cigarettes’ - Daily Telegraph, November 15, 2002

Researchers: Laws for Fire-Safe Cigarettes Needed - Reuters, November 14, 2002

“Tobacco giant Philip Morris this week is putting 17-page booklets with its positions on smoking risks and policies into U.S. newspapers that will reach 16 million readers. The company said the campaign ... is a way to encourage people to visit its recently redesigned Internet site to learn more about tobacco's health risks, discouraging teen smoking and other topics.”

Source: Tobacco Co. Puts Booklets in Papers - Newsday/AP. November 13, 2002
Has Philip Morris Finally Come Clean? - ACSH; November 22, 2002

Tobacco giant puts booklets on smoking risks into newspapers - Hoover's Online/AP
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021113140.5_58c40003be7f6b1d

Groups Say Philip Morris Newspaper Insert Effort to Cash in on Campaign Contributions - CTFK/U.S. Newswire

“Coming soon to a convenience store near you: the first of about 130 million packs of Philip Morris cigarettes with a special message for smokers stuck on the back. The leaflet tucked under the cellophane wrap [is] an extended warning that “light” and “ultra light” cigarettes are no safer than regular smokes. In it, Philip Morris Cos. says that the tar and nicotine levels included in all cigarette ads aren’t necessarily good indicators of how much of those substances smokers actually inhale. The company also tells smokers: “You should not assume” that so-called low-tar cigarettes are “less harmful than full flavor” cigarette brands or that smoking such cigarette brands will help you quit smoking.” For a limited time, the pamphlet will be put on every pack of “light,” “ultra light,” “mild” or “medium” cigarettes Philip Morris makes for sale in the U.S., and should reach about 86% of the smokers who buy those styles of its cigarettes, the company says. Philip Morris’s new-found desire to reach out so aggressively to its customers with this cautionary message comes as the company faces growing pressure from public-health advocates who say that descriptive terms such as “light” and “low-tar” are misleading and should be banned altogether. ... Michael Pfeil, a spokesman for Philip Morris, says the message about low-tar cigarettes is part of the company’s “continuing effort to share with adult smokers information about the health risks of smoking.” Mr. Pfeil adds: “It’s the responsible thing to do to make broadly disseminate that information.” ... The huge leaflet drop is also a part of Philip Morris’s ongoing good-corporate-citizen campaign. This month the company has put 15.8 million inserts in newspapers across the country that discuss issues ranging from the health consequences of cigarette use to quitting smoking and second-hand smoke. ... At the moment, protecting its ability to market light and low-tar cigarettes seems to be at the top of Philip Morris’s list. The company and other cigarette makers have invested a lot of money in light cigarettes. Low-tar cigarettes now account for more than 60% of the market, and the companies are loath to give up the powerful identifying words they have spent years burning into smokers’ minds. If they lose the battle, executives cling to the hope that smokers are sufficiently programmed to order by color, asking for “Marlboro Golds” even if the word “light” is expunged.”


Philip Morris Adds Disclaimers - New York Times/AP

Philip Morris Packages Warn ‘Light’ Isn’t Safer - Los Angeles Times/Bloomberg News

Philip Morris to place inserts in cigarette packs - Reuters

Philip Morris/FTC: Co Puts Disclaimer On Cigarette Packs - Dow Jones Newswires
http://biz.yahoo.com/djus/021120/1237000629_1.html

“Philip Morris U.S.A. has asked the Federal Trade Commission (FTC) to promulgate new rules governing the disclosure of average tar and nicotine yields of cigarette brands. The Company filed a petition in September of this year asking the FTC to take action in response to evolving scientific evidence about low-yield cigarettes, including the National Cancer Institute's Monograph 13, which represents a fundamental departure from the scientific and public health community's prior thinking about the health effects of low-yield cigarettes.” In response to Philip Morris action, Star Tobacco Inc. said: "We are gratified to know that Philip Morris has joined in following our lead in providing adult smokers more, and not less information, about cigarettes that bear descriptors such as "light" and "ultra-light". We understand that their company will adopt, on a short-term basis, the practice that we pioneered of using cigarette package inserts to communicate with adult consumers about the meaning of such descriptors... It is important to note that these changes are taking place despite the absence of a comprehensive regulatory structure to oversee the manufacture and marketing all tobacco-containing products.
“In a blow to the tobacco industry, the Louisiana Supreme Court ordered a plan for a class-action trial that will first focus a jury’s attention on whether cigarette-makers conspired to keep smokers hooked. The suit, filed in 1996, does not seek individual damages, but asks for the tobacco industry to pay for smoking cessation programs and medical monitoring for Louisiana smokers. In a 6-1 decision, the high court said the trial’s first phase would concentrate on such issues as the marketing of cigarettes to children, the alleged manipulation of nicotine levels, manufacturing a dangerous product and whether the industry engaged in fraud and conspiracy. If the industry is found liable in the first phase of the trial, other phases will be held to deal with individual issues and the setting of damages. If the industry wins the first phase, the trial is over. ... Phil Wittmann, an attorney representing the tobacco industry, said ... the industry was considering asking the Supreme Court to reconsider its decision.”

Source: La. Tobacco Trial Plan Rearranged - Newsday/AP. November 15, 2002
http://www.newsday.com/business/investing/wire/sns-ap-tobacco-lawsuit1115nov15,0,6617053.story

The Philip Morris brands of “light and ultralight cigarettes distributed in Missouri and Southern Illinois -- Marlboro, Merit and Virginia Slims, among others -- now contain an insert entitled "information for smokers." It says, in essence, that everything you've been led to believe by three decades of very expensive advertising is wrong. The appearance of those inserts in Missouri and Illinois is no coincidence. Philip Morris is being sued in both states, along with ... R.J. Reynolds and Brown & Williamson.”

Source: St. Louis Post – Dispatch, November 16, 2002

Vector Tobacco is preparing to launch Quest, a lower nicotine cigarette early next year. "Quest is a major element going forward for this company,” Bennett LeBow, CEO of Vector's parent, The Vector Group, told analysts during an earnings conference call.” Sales of Vector’s other “reduced carcinogens” product, Omni, have been minimal. "Vector has developed three versions of the Quest cigarette -- One: Low Nicotine, Two: ExtraLow Nicotine and Three: Nicotine Free.”

Source: Durham (NC) Herald Sun, November 19, 2002
http://www.heraldsun.com/business/21-289764.html

Researchers “presented evidence that the tobacco industry, particularly Philip Morris, experimented with genetically engineered tobacco as early as the 1980s in an effort to control nicotine levels in cigarettes. "There was an intersection of two research trends: biotechnology and the need for a low-nicotine cigarette,” ... [The researchers] found evidence that Philip Morris paid $1.5 million to biotechnology company Calgene, Inc., now a subsidiary of Monsanto Co., in 1986 to help it create a low-nicotine cigarette. That effort failed ... Nonetheless, Philip Morris continued to pursue the development of a low-nicotine cigarette aware that it was likely to be perceived as healthier, although it is not... A representative from Philip Morris could not be reached immediately for comment... So far, only one company, Vector Tobacco Inc., has sold cigarettes genetically engineered to be low-nicotine. However, the company's Omni-brand cigarettes haven’t caught on, ringing up a paltry $5.6 million in sales this year, according to its latest earnings report.”

Source: Tobacco industry tinkers with biotech cigarettes - AP. November 20, 2002
http://www.heraldtribune.com/apps/pbcs.dll/article?Date=20021120&Category=APN&ArtNo=211201130&Ref=AR

Another paper published on the December issue of Tobacco Control received wide media attention in the United States: “American cigarette companies cultivated financial ties with most major civil rights groups in a widespread campaign to attract more black smokers and neutralize opposition to anti-smoking measures, according to tobacco industry documents unearthed by UCSF researchers. ... RJ Reynolds spokesman David Howard, who said he had not seen the paper and could not comment on its findings, said many companies contribute to organizations strategically. "We do that so we have an opportunity to have our side heard," Howard told the Associated Press. ... Among the documents is a 1984 memo ... "Clearly, the sole reason for B&W's interest in the black and Hispanic communities is
the actual and potential sales of B&W products within these communities and the profitability of these sales. . . . This relatively small and often tightly knit (minority) community can work to B&W's marketing advantage, if exploited properly," the marketing memo states. A 1991 memo from RJ Reynolds describes a meeting with the Michigan Black Legislative Caucus, where the company was asked to contribute to a black owned hospital. "(We) were assured that our support would be welcomed, regardless of the probable criticism of anti-smoking activists. We were further assured that (the caucus) would in turn support us," the memo states.

Source: Tobacco firms courted rights groups - San Francisco Chronicle, November 21, 2002

DeHavilland Information Services plc (uk)

UCSF study says tobacco companies targeted black groups - Modesto Bee/AP

African American leadership groups: smoking with the enemy - Tobacco Control
http://tc.bmjournals.com/cgi/content/full/11/4/336

"Snuff and chewing tobacco firm Swedish Match, so far little affected by health-related legal action against the industry, said it faced a rare class action suit in the United States. . . . Despite a plethora of recent court cases in the United States against the tobacco industry, suits involving smokeless tobacco such as snuff and chewing tobacco are extremely rare. Swedish Match said in a statement the suit filed in Miami, Florida, was against United States Tobacco Company and other companies including Pinkerton Tobacco Company and Swedish Match North America, Inc. The suit is for damages to an unspecified amount for the alleged medical consequences of using smokeless tobacco, including but not limited to addiction. "Swedish Match believes there are strong arguments against the allegations in the complaint and intends to defend itself vigorously," the company said. "We do not worry this could lead to liability to pay damages. Our position is that the claim is without merit," Swedish Match Senior Vice President Bo Aulin told Reuters.

Source: Swedish Match in U.S. class action suit - Reuters, November 14, 2002
http://www.reuters.co.uk/newsArticle.jhtml?type=searchNews&StoryID=1737001

United States/Canada

"Canada lost a Supreme Court case over its attempt to use a U.S. anti-racketeering law to sue over cigarette smuggling. Canadian leaders contend R.J. Reynolds Tobacco Co. tried to get around taxes by smuggling tobacco into Canada through an Indian reservation. . . . The Supreme Court refused to consider reinstating the case, signaling that countries must use their own courts to pursue American companies they accuse of wrongdoing. . . . The case has been pending for months at the Supreme Court. Part of the delay came after justices asked the Bush administration last spring to offer its opinion. The administration sided with R.J. Reynolds . . . Jeffrey S. Sutton, the attorney for R.J. Reynolds, warned that if the Canadian lawsuit was allowed, it would "open American courts to an onslaught of foreign tax claims" from countries that unlike Canada were not U.S. friends." "In a statement released today, JTI International (JTI) expressed satisfaction at the United States' Supreme Court decision . . . "Lawsuits of this type - from any country or supranational organizations - will be vigorously defended," said Guy Côté, Vice President, Media Relations for JTI. "They are blatant attempts to squeeze money out of a disfavoured, yet legal, industry, by trying to use the U.S. legal system which is perceived as being more generous," he added. "We will do what we can to fight contraband, but we cannot do it alone," stated Mr. Côté. "The root cause of the black market is excessive cigarette taxation as the actual crisis in Canada keeps indicating," he emphasized. "Our subsidiary, JTI-Macdonald in Canada, spent much defending itself and would rather invest in genuine efforts to deal with the roots of the problem. Today's result was predictable from the outset of this litigation, given the importance of the revenue rule to the United States and other countries, including Canada. It raises questions as to whether Canadian officials were properly advised about the real likelihood of today's outcome or whether they were simply determined to press on regardless of the advice," concluded the JTI spokesman."

Sources: Supreme Court turns down Canada's cigarette smuggling lawsuit - Newsday/AP, November 4, 2002
http://www.newsday.com/news/local/wire/ny-bc-ny--scotus-tobacco1104nov04,0,1950178.story

Top Court Won't Review Cigarette Case - Reuters, November 4, 2002
http://www.reuters.com/news_article.jhtml?type=businessnews&StoryID=1675296

Supreme Court decision ends Canada's three-year misguided legal battle in the U.S. - CNW, November 4, 2002
http://www.newswire.ca/releases/November2002/04/c8032.html
The Los Angeles Time ran an extensive feature on Les Thompson, former employee of Canada’s RJR-MacDonald Inc., who was instrumental in that company’s contraband scheme and ended up pleading guilty to money laundering and spending 2 years in U.S. prison. RJR paid a fine and portrayed Thomson as a rogue employee. These days, he is a “key figure in civil suits and criminal investigations into the global trade in contraband smokes. He has been cooperating with investigators from the United States and the European Union. “I'm looking forward to going to court and telling the story under oath,” he said in an interview. ... Thompson has also told his insider's story to Canadian investigators in a probe that is expected to result in criminal charges against tobacco firms, officials and suppliers -- possibly including his former superiors at RJR-MacDonald... Representatives of R.J. Reynolds referred questions about Thompson to Japan Tobacco International, which acquired Reynolds' international business in 1999. A spokesman for Japan Tobacco, Guy Cote, said the company could not comment because of the Canadian investigation. But he cautioned against taking the word of "a convicted felon" who took kickbacks.” Tobacco companies continue to deny any involvement with worldwide cigarette smuggling schemes, despite evidence to the contrary. Thompson said that at the peak, “RJR-MacDonald made a weekly profit of $1.2 million to $1.3 million from the contraband trade and saw an increase in its market share. ... [At the time] the tobacco companies blamed the rampant smuggling on the Canadian government, saying excessive taxation had created irresistible incentives for crooks. But a 1993 letter that surfaced years later in U.S. tobacco litigation suggested that the companies knowingly exploited the black market. The letter was from R. Don Brown, chairman of Imperial Tobacco, to his superior in London, Ulrich Herter, managing director for tobacco at Imperial's parent, British-American Tobacco. "As you are aware, smuggled cigarettes due to exorbitant tax levels represent nearly 30 percent of total sales in Canada, and the level is growing," Brown wrote. "Although we agreed to support the Federal government's effort to reduce smuggling by limiting our exports to the U.S.A., our competitors did not. ... Subsequently, we have decided to remove the limits on our exports to regain our share of Canadian smokers.... Until the smuggling issue is resolved, an increasing volume of our domestic sales in Canada will be exported, then smuggled back for sale here."...” The article is a very comprehensive review of the events related to the Canadian case and the effect it had on cigarette taxes in that country.


United States/Venezuela

“...Florida's 3rd District Court of Appeal effectively closed the state's courts to [foreign counties’] lawsuits [by] affirming the dismissal of a case brought by Venezuela in Miami-Dade Circuit Court...The 3rd District Court of Appeal dismissed Venezuela's case on the grounds that its claims
were too remote and indirect. The court held that, if there was harm, it was not the country that was damaged. Other foreign governments that filed suit in Miami-Dade Circuit Court with similar claims include Honduras, Tajikistan, the Russian Federation and several states in Brazil. Joel S. Perwin... which filed the suits in Miami-Dade Circuit Court on behalf of the foreign governments, said his clients will appeal to the Florida Supreme Court…”Federal courts in this country have uniformly rejected such lawsuits. Because similar rules apply regardless of where these cases are filed or who files them, these cases should be dismissed whether they are filed in state or federal court,” said William S. Ohlemeyer, vice president and general counsel of Philip Morris.”

Source: Snuffed Out – Miami Daily Business Review/Law.com
http://www.law.com/jsp/article.jsp?id=1032128879166

Eastern Mediterranean

Iran

“Iran's state tobacco authority has signed an import and production deal with four foreign cigarette companies in a bid to cut down on massive smuggling... Authority director Ali Ghafori told the Iran newspaper that deals had been inked with Germany's Reemtsma, British American Tobacco (BAT), Japan Tobacco International (JTI) and South Korea's Korea Tobacco and Ginseng company... Under the deals they would be able to legally import their products into Iran's strictly controlled tobacco market. Reemtsma, BAT and JTI could also begin local production, Ghafori added. The multi-million dollar deal also involves the boosting of Iran's own domestic production facilities with the companies' eventual local production using Iranian-grown tobacco on the condition of improved quality.”

Source: IranMania.com, November 20, 2002

Europe

Bulgaria

“No changes happened in the period from July 22, 2002 to August 23, 2002 to make the Privatisation Agency ask for one-off improvement of the bids for Bulgaria's tobacco monopoly Bulgartabac, Apostol Apostolov, head of the Privatisation Agency, said at a press conference November 1. The time specified covers the period from the day four bidders submitted final offers to their ranking. The comment of the Privatisation Agency head comes several days after the Supreme Administrative Court overruled the decision of the Privatization Agency, with which the consortium of Tobacco Capital Partners and Clar Inns was named winning bidder for an eighty percent stake in Bulgartabac Holding. According to the court, the Privatisation Agency had to ask for one-off improvement of the bids, because of the favourable changes in the financial condition of the company. In the opinion of the court this is a violation of the competition regulation. All bidders in Bulgartabac privatisation had equal access to the information on the financial condition of Bulgaria's tobacco monopoly, Apostol Apostolov underlined....” The Privatisation Agency announced it will appeal the ruling of the Supreme Administrative Court, which stripped the preferred buyer for Bulgaria's tobacco monopoly, the consortium Tobacco Capital Partners and Clar Inns, of its status.

Source: Moves in Bulgaria's Tobacco Monopoly Sale Defended
Appeal against Ruling on Bulgaria's Tobacco Monopoly Confirmed. November 8, 2002
Novinite.com (bg), November 16, 2002

France

An appeal court in France confirmed that the publication in the magazine “Formules” of photos of race cars and drivers in which a cigarette brand appear constitute indirect tobacco advertising and fine the editor of the magazine.

Source: Comité National Contre le Tabagisme, November 8, 2002
Altadis announced strong third quarter results which analysts claim will make the company less likely to be the next target for a merger or take over by one of the larger tobacco companies. 

Source: The Wall Street Journal Interactive Edition
http://online.wsj.com/article/0,,BT_CO_20021114_002585,00.html?mod=COMPANY

Germany

An article published in the German magazine Stern discussed the association between German cigarette companies association, Verband der Cigarettenindustrie (VdC), an its director, Ernst Brückner, accused of manipulating information and government policies in the area of tobacco. The long and comprehensive article states, among other things, that Bruckner was responsible for using the unions and the manufacturers of vending machines to oppose increase taxation on cigarettes. The article also shows how VdC paid journalists to disseminate only the industry’s view on smoking and health issues, how the industry used intimidation to undermine efforts within the ministry of health to advance tobacco control, and how VdC financed pro-tobacco studies published in prestigious medical journals and mention several names of people linked to the tobacco industry.

Source: Emanuelle Beguinot ; Kämpfer für den Qualm, 31 Octobre 2002
http://www.stern.de/wirtschaft/spezial/magazin/artikel/?id=332461

The Federal Association for Consumer Rights (vzbv) has sued the cigarette manufacturer JT International (formerly Reynolds) because of youth-referred cigarette advertisement. The cause is the new "Camel" campaign “slow down – pleasure up” because of the juvenile appearance of persons on billboard advertising. From the view of vzbv, the advertisement is an offence against the food and consumer article law (LMBG) and is incompatible and with the self obligation of the cigarette industry for the omission of youth-referred advertisement. ... Furthermore, the slogan “slow down - pleasure up” suggests an increased well-being through tobacco consumption... In the framework of the voluntary code, the cigarette industry committed itself not to show cigarette advertising with persons who are, or appear to be, younger than 30 years... The court proposed that both parties have 2 weeks to decide on a settlement: JTI should decide to stop advertising with 2 of the 8 motives and the Federal Association for Consumer Rights should abandon the lawsuit.”

Source: Emanuelle Beguinot, Camel advertising "slow down – pleasure up” is been taken to court in Germany

Articles in German newspapers:
Der Tagesspiegel: 21.11.2002
Frankfurter Rundschau: 22.11.2002
http://www.fr-aktuell.de/fr/104/t104007.htm
Saarbrücker Zeitung: 21.11.2002
http://www.sz-newsline.de/wir/G01B14TK_1.php3

Holland

“Under the [new] law, which goes into effect Jan. 1, proprietors of cigarette vending machines who want to keep them operational must ensure that minors (in this case, kids under 16) can’t use them to buy tobacco. [There are 22,000 cigarette vending machines in the Netherlands.]... [A] Dutch banking organization called Interpay, together with the local branch of British American Tobacco, has stepped up to the plate by introducing the AgeKey, an electronic chip that gets implanted onto a tobacco user's ATM or debit card. Through an arrangement with the Dutch post office, the would-be-smoker can show up at the post office with his or her existing bank card, present a proof of age ID, and have the chip added on the spot... Customers will still be able to buy tobacco from the machines using cash or coins, provided they insert the AgeKey-encrypted card beforehand, which electronically “unlocks” the machine... The motives behind this innovation were not purely altruistic. The installation and maintenance of the vending machines is a profitable niche business, and their proprietors would be especially loath to see the machines disappear after just having spent roughly $350 a pop modifying them to accept the Euro currency last year. ... Teddy van de Burg, a British American Tobacco spokeswoman, said the AgeKey could potentially be adapted as a more general "forbidden fruit card" for the purchase of alcohol or videos. [Note: Of course, anyone could buy a card to am underage friend.]

Sources: A Minor Problem: No Cigs for Kids - Wired News, November 6, 2002
http://www.wired.com/news/culture/0,1284,55993,00.html
Ireland

“Smoking is to be totally banned in restaurants and in pubs when food is being served under tough new anti-tobacco regulations to be introduced by the Minister for Health, Mr Martin. The Minister is also to ban smoking in all workplaces - apart from designated smoking rooms - and on trains... The powerful, 6,000-strong Vintners’ Federation of Ireland, which represents publicans, tried to persuade the government not to ban smoking in pubs, but Martin said that would be unfair.” ... “Even a limited ban will be difficult to enforce,” warned Tadgh O’Sullivan, chief executive of the Vintners’ Federation of Ireland... Nick Bish, spokesperson for the UK industry’s Charter Group, said: “It’s for the Irish to get their own house in order, in England and Wales we’re confident that we have the best act in town as far as self regulation is concerned, and the government seems to recognise that. It’s up to us as an industry to ensure that the voluntary approach is a success.” The Charter Group is encouraging self-regulation and so far more than 50 per cent of pubs are complying by providing good ventilation and/or smoke-free areas.

Source: Martin plans to limit smoking in pubs - Irish Times, November 7, 2002
http://www.ireland.com/newspaper/front/2002/1107/495378087HM1SMOKING.html
Smokers fume over mooted Irish bar - Reuters, November 8, 2002
http://www.reuters.co.uk/newsArticle.jhtml;jsessionid=4X0GY0KW0PCBKCRBAEKSFEY?type=searchNews&storyID=1697793
Smoking ban for Irish eateries - BBC News, 7 November, 2002
http://news.bbc.co.uk/1/hi/world/europe/2415217.stm
UK fear as Irish smoking ban comes into force - The Publican, November 14, 2002
http://www.thepublican.com/cgi-bin/item.cgi?id=7958&d=11&u=3a3cC43&m=275

“Cigarette maker Gallaher recorded pre-tax profits of E79m in Ireland last year, up 25pc on 2000, according to accounts filed with the Companies Office. Despite ongoing health concerns and campaigns encouraging people to quit, sales in Ireland were up last year by 6pc, with brands such as Benson & Hedges and Camel leading it to a 50pc market share.”

Source: Gallaher sees profits soar 25pc in Ireland - Irish Examiner. November 15, 2002
http://www.online.ie/business/viewer.adp?article=1882760

Italy

Italy’s privatization committee met to discuss among other things the sale of state-owned tobacco company ETI SpA. ETI owns rights to produce and distribute products of Philip Morris in Italy until 2005. Eight groups - including BAT, Franco-Spanish tobacco company Altadis SA , and Swedish Match AB - have expressed an interest. Later, the Italian government said it had admitted eight groups interested in buying ETI to the second phase of the sale process.

Source: Italy Government Committee Meets On Enel Unit, ETI Sales. November 4, 2002
http://biz.yahoo.com/djus/021104/0504000159_1.html
Dow Jones via Yahoo http://biz.yahoo.com/djus/021104/1234000507_2.html

“...The Italian Senate last week approved an antismoking measure that would forbid cigar and cigarette smoking in public places and require restaurants to confine smoking to special sections and to install ventilation systems. ... "If I'm in the car alone, I smoke," said Giuliano Bianucci, the president of the Association of Polite Smokers and Tolerant Nonsmokers, an advocacy group based in Milan. "If there's somebody else who doesn't smoke, I'll try to smoke less. I'll crack the window open. "If I go to a nonsmoker's house who doesn't let me have a cigarette after dinner," Mr. Bianucci said, "I think that it's time to change friends." ... [Health Minister] Mr. Sirchia said in an interview today that he had received a flood of letters and phone calls in support of the new antismoking legislation, convincing him that "Italy is changing its attitudes." [Note: This Association is another model of the industry’s “accommodation” or “courtesy” program which aims at protecting smokers’ rights to smoke anywhere and no to protect against exposer to second hand smoke. This is a good move forward, but unfortunately ventilation will not provide health protection.]

Source: Italy (Gasp!) Starts to Clear the Clouds of Smokers - New York Times. November 12, 2002
ETI SpA said gross profit in the first nine months of 2002 rose to EUR92 million from a profit of EUR47 million a year ago. Ente Tabacchi Italiano also said its revenues fell to EUR677 million from EUR830 million in 2001 and its earnings before interest, taxes, depreciation and amortization fell to EUR145 million from EUR199 million in the same period last year.”

Source: Dow Jones via Yahoo, November 27, 2002
http://biz.yahoo.com/djus/021127/0754000322_1.html

Switzerland

There was an article in the Swiss paper Le Matin on the trend of smoking additives free cigarettes. The article discusses the success of the brand American Spirit, made by Santa Fe Natural Tobacco Co., recently acquired by R.J.R. The article does highlight that such “natural” cigarettes are not safer than regular cigarettes. Sales for American Spirit has been doubling every year in Switzerland. (Winston brand tried a similar “natural” approach but did not succeed.) Its biggest market is among “cool” young adults that hear about it mouth to mouth and through the Internet.

Source: Quant à fumer, autant fumer bio - Le Matin (Genève), November 5, 2002
http://www.lematin.ch/home/pratique/15954.html

United Kingdom

“Cigarette manufacturers are facing a flood of litigation claims which could result in a multimillion pound legal bill. Leading companies including BAT have been hit with a string of individual and group lawsuits. Tobacco analyst for JP Morgan, Michael Smith, said: “The legal caseload outside the US against the tobacco industry is increasing.” Among the cases are 204 claimants involved in class action litigation in Ireland against BAT, Imperial and Gallaher. Imperial, which boasts a flawless litigation track record, is also facing a £500,000 individual claim in Scotland where Mrs. McTear has launched an action on behalf of her late husband Alf.”

Source: ASH-UK; The Express on Sunday, 3 November 2002

“The Mirror reports that Tory MPs ruled out Ken Clarke as future leader of the Conservatives over his links with a tobacco firm. They fear that the Department of Trade and Industry could deliver a devastating report on British American Tobacco. And senior Tories insist that Ministers could use it to destroy Mr Clarke’s chances of leading a revival. The DTI is investigating claims that BAT encouraged evasion of tax and exploited the smuggling of billions of cigarettes to boost sales and attract new smokers. ... But a source close to the investigation said: “There is irrefutable evidence to prove that BAT was supplying cigarettes for the black market in an attempt to dodge tax and expand their market in developing countries. So Labour have a great big bomb underneath him which they can detonate at any time. ... A shadow cabinet member said: “Any one who wants to lead a political party is going to find they have a lot of explaining to do about the service they provide for BAT. For that reason alone, Ken Clarke will not lead the Tory Party.”

Source: ASH-UK daily News; The Daily Mirror, 8 November 2002

“Imperial Tobacco sent a defiant message to the government, saying that banning tobacco advertising would not kill the industry. The government has pledged to stub out cigarette advertising by the end of the year ... Imperial Tobacco's chief executive Gareth Davis said: "I think, with all the evidence we've seen around the world, the advertising ban has no effect on market size. In countries where there is an ad ban, the market has even grown.” ... Mr Davis said that the price of cigarettes and high taxes imposed on the industry are a much more effective way of stopping people smoking than banning advertising. [Note: Of course Mr. Davis did not add that when higher taxes are proposed the industry opposes them claiming that they lead to an increase in contraband and economic losses.]

Source: Tobacco giant says ad ban will not kill industry - The Guardian, November 26, 2002
http://www.guardian.co.uk/business/story/0,3604,847806,00.html

“The logic of Imperial’s £3.7 billion acquisition of Germany’s Reemtsma was underlined by full-year profits that came in at the top end of expectations... the deal certainly provides a solid platform from which Imperial can expand its business. In the relatively mature markets of the UK and Germany, Imperial will have a broader portfolio of brands to offer to smokers. It will also be able to market these
brands to a wide international audience given the geographic fit of Reemtsma with Imperial. Reemtsma gives access to regions with growth prospects, such as Eastern Europe, Russia and Asia.”

Sources: Purchase brings glow to Imperial - The Times, November 26, 2002
http://www.timesonline.co.uk/article/0_748-493247.00.html

Somebody loves ‘em - The Sun, November 26, 2002
http://www.thesun.co.uk/article/0_9-2002541899.00.html

Tobacco giant’s profits flare - BBC News
http://news.bbc.co.uk/1/hi/business/2510207.stm

Imperial Tobacco enjoys fired-up profits - Reuters
http://www.reuters.co.uk/newsArticle.jhtml?type=searchNews&storyID=1799164

European Union

“Tobacco companies should be banned from using ashtrays, umbrellas and other goods to promote their products, MEPs have said. In a vote in the European Parliament, MEPs also backed calls for cigarette vending machines to be phased out. The calls come just one day after parliament backed proposals to ban tobacco advertising throughout the Union... Two years ago, the European Court of Justice ruled that a tobacco advertising ban on the grounds of health was a matter for national governments and not for the European Union. Now the European Commission is arguing that, with tobacco advertising bans in nearly half of the EU member states, common rules are necessary in Europe's single market. Despite the parliament's vote tobacco companies and newspaper publishers in the EU say they will mount another legal challenge to the legislation. ...” [The draft law doesn't cover cinema advertising, billboards, posters or indirect advertising, such as ads for RJR Nabisco Co.'s Camel-brand clothing. Early in December the ban was approved and a more extensive discussion of the industry’s reaction will be presented in the December 2002 summary.]

Sources: MEPs back tobacco promotion ban - BBC News, 21 November, 2002
http://news.bbc.co.uk/1/hi/health/2500877.stm

EU Parliament Votes In Favor Of Tobacco Advertising Ban, November 20, 2002

“The Administrative Court in Minden, Westfahlen, Germany, has decided to refer the question of the legality of the EU-ban on snus to the European Court of Justice in Luxembourg... The ban on oral smokeless tobacco lacks adequate legal base and violates the principles of non-discrimination and proportionality, says Lennart Sunden, President and CEO of Swedish Match AB.”

Source: Primezone Media Network, November 26, 2002
http://biz.yahoo.com/pz/021126/34285.html

South-East Asia

India

Living The Promise: The Organisation As A Manifestation Of Its Brand, November 1, 2002
Excerpts from a speech given by Mr. Modi, of Godfrey Philips India: “…In other words, what is this thing that we may call corporate brand, why is it so important, and how do we build it? Put simply, the corporate brand of a company is the psychological contract that the company makes with its multi-stakeholder environment. It is not only a reflection of the identity of a company, but a promise of delivering consistently against what the company stands for... Today, building a corporate brand is extremely important. One needs to build trust with each stakeholder - not just the customer, but employees, regulators, capital markets, suppliers, trade and alliance partners and opinion shapers...This trust results in higher growth and profits through being able to attract and retain better talent, command a price premium, and negotiate favourably with the most respectable buyers, suppliers and partners. So, how do we build a corporate brand? … Godfrey Phillips India (or GPI) is today the second largest tobacco company in India. But in 1979, when GPI was managed by a leading multinational, it was the smallest player and was not profitable. We were bought into the business by our partners to infuse fresh thinking. … Thus, a trusted corporate brand was created in the Indian market under GPI. But in spite of this, by the late 1990s we had lost momentum... A decision was taken to reinvent the corporate brand by focusing not just on product mix and quality, but on developing winning strategies and energising our people. This involved a restructuring effort in which we created new departments and hired talent looking at marketing, strategy, HR and corporate affairs… Already, GPI has gained 1% market share and the morale of our employees and partners has become positive. We are firming our strategies based
on these values and vision, to grow more aggressively - by launching innovative products and new
brands, building alliances, and leveraging our strength in distribution. In fact, GPI is a part of the Modi
group that pans companies from different sectors. ... However, while foreign products could be
imported, distribution and services could not. We felt it necessary to create new businesses focusing on
our strengths in these areas. Thus, under Modi Entertainment Network we developed a cable TV
distribution network with 17000 operators, and partnered with content providers to launch 4 channels.
In Medicare we entered the network-marketing arena and currently have 850,000 consultants. And we
are tapping into the growing demand for specialised higher education by forming alliances with foreign
universities. These new initiatives are driven by creating new values and vision for the Modi group as a
whole. Today, we are striving to make the 'Modi' brand as one that signifies 'best distribution in Asia'
and 'best alliance partner in India'.

Source: Speech by Mr Modi at an international chief executive officers’ conclave in China recently)
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021101670.2_7ce00032bb56
3ec1

“The ITC stock posted considerable rise, consolidating its gains made during last few trading
sessions... The stock of ITC has gained about five per cent in the last seven trading sessions. Analysts
seemed optimistic on their outlook for ITC, considering the 12% rise it posted in its bottom line
growth, on the back of volumes growth and a better product mix. Analysts are also encouraged by the
better performance of ITC as it has been on a diversification exercise of late, in order to de-risk its
business model.”

Source: Financial Express, November 26, 2002

Western Pacific

Australia

“A ban on smoking in pubs, clubs and casinos would only cost jobs, the Australian Hotels Association
(AHA) has said. The AHA today rejected calls from the hotel workers' union and the National
Occupational Health and Safety Commission for the smoking ban. ... [The] unions and health
organisations joined forces for a new campaign to ban smoking in Australian pubs, clubs and casinos
by 2003.”

[Another example of the worldwide reach of the tobacco industry links with the hospitality industry.]
Sources: Smoking ban will cost jobs: AHA - The Australian, November 7, 2002
Smoking ban will cost jobs: AHA - News.com.au The Australian

Philip Morris was sentenced to pay A$9,000 for flouting the law and promoting tobacco to young
Australians. "Philip Morris developed the event as a means of advertising its product amongst young
women so as to increase cigarette consumption amongst that group,” Mr Andrews said in his judgment.
"One of the major reasons, if not the primary reason for the staging of the fashion event was to
advertise Alpine cigarettes.” ... Philip Morris was found to have specifically targeted young women at
fashion shows which were swamped with the colours as well as themes of one cigarette brand. The
advertising campaign even went so far as to design special jewelry with a cigarette theme. But while
health groups have applauded the guilty verdict, they say the penalty is miniscule compared to the
damage done by the company's cigarettes.”... “Philip Morris communications manager Colin Lippiatt
said the company regretted the incident and would try harder to abide by the Act in the future. "Philip
Morris sincerely regrets this event occurred,” he said. "Philip Morris takes very seriously its obligations
under the NSW Public Health Act and will apply lessons learnt from this case”."

Philip Morris fined for breaching tobacco advertising laws - Sydney Morning Herald/AAP, November 8,
Philip Morris fined over ads - The Age/AAP
Tobacco firms face severe fines - Sydney Morning Herald, November 9 2002
Tobacco giant fined over ad breach - The Age, November 9 2002

57
Philip Morris first cigarette firm to be fined under Australia's tough advertising laws. AP, November 8, 2002

Anti-smoking lobby angry at $9,000 fine. The World Today, November 8, 2002
http://www.abc.net.au/worldtoday/s722318.htm

"...Fronted by a model called Mink, the Australian fashion industry, with Federal Government support, yesterday launched a campaign in Canberra to combat the "guerilla marketing" of smoking within the fashion industry. But while the industry has said it will no longer tolerate attempts by tobacco companies to "infiltrate" fashion events, the ALP [Australian Labor Party] stands by its acceptance of tobacco money in return for naming rights at party events. British American Tobacco has paid the party about $15,000 to become an "associate sponsor" at party fundraisers. ... The NSW ALP state secretary, Eric Roozendaal, yesterday denied any clash between the party's acceptance of funding from the tobacco industry and the Labor Government's rejection of cigarette promotion. "We are merely acknowledging the support of a corporate donor ... We don't in any way support smoking ... I think they are two separate issues."

Source: Fashion and ALP out of step on smoking - Sydney Morning Herald, November 8 2002

The Sidney Morning Herald ran an extensive report of how Philip Morris uses one of its consulting firms, Health Buildings International (HBI) to influence the development of ventilation standards. [Similar tactic has been extensively used by the industry in the US and other places.] "The standard, if taken into law, will mean ventilation systems in buildings where smoking is allowed do not have to take into account health concerns regarding second-hand tobacco smoke [which is a goal of the tobacco industry]." Fortunately, Standard Australia took the undue influence seriously (unlike its counterpart in the US) and the “NSW Health Department and WorkCover NSW objected to the standard because of the omission, as did the Australian Building Codes Board and the National Occupational Health and Safety Commission.” Despite denials by HBI of any undue involvement or representation of PM interests, there has been ample evidence in the tobacco industry documents about utilization of HBI by the tobacco industry to avoid clean indoor air measures. “A letter on Philip Morris letterhead dated October 29, 1998, raises the "recent developments concerning the Australian ventilation standard". The letter - from Mark Friedman, Philip Morris assistant general counsel, worldwide regulatory affairs, to other employees - lists HBI as its consultants and HBI employee Chris Salmon as "a member of the Standards sub-committee". It calls for input from Philip Morris Australia to a submission that Mr Salmon would make to Standards Australia. "We have asked HBI to prepare a report focusing specifically on the impact the proposed changes might have on smoking," another Philip Morris letter states. HBI reported to the tobacco company that "the proposed changes ... will not have a significant effect on smoking in buildings and in some instances will make it easier for bars and restaurants to permit smoking and comply with the standard". A Philip Morris spokesman acknowledged the company had in the past worked with Healthy Buildings International. "Within the time frame provided we are unable to comment on past documents without having had the opportunity to retrieve them from our archives and review them," the spokesman said. ..."

Sources: Smoke gets in their eyes over building rules - Sydney Morning Herald
ASHRAE Standard 62: tobacco industry’s influence over national ventilation standards - Tobacco Control
http://tc.bmjjournals.com/cgi/content/full/11/4/315

Philip Morris Australia took two unprecedented actions: it offered its Australian staff a one-off payment of almost $8,000 to replace their entitlement of four cartons of cigarettes per month; and it implemented a smoke free workplace in its offices and factory. “... Philip Morris has been involved in some of the biggest lawsuits associated with the dangers of smoking. [The] company's corporate affairs director Thomas DuBois says the moves... were brought about by changes in community attitudes. "We felt that we should compensate those adult smokers at Philip Morris who decide to cease their cigarette rations," Mr DuBois said." [Mr. duBois] was careful to skate around the issue of whether there was a medical risk in workplace smoking, and stressed the decision had not been taken out of fear of litigation. "It causes fatal disease, whether you're a smoker at Philip Morris or not,” Mr duBois told ABC radio. "We have to, as a company - maybe especially our company and the industry we're in - we have to stay tuned to changes in attitude and public perception.” The company has not always been so
accommodating. Earlier this month it was reported to have tried to influence Australian regulations on workplace ventilation so as to play down the importance of environmental tobacco smoke.”


Smoke signals - The Guardian, November 26, 2002
http://www.guardian.co.uk/leaders/story/0,3604,847717,00.html

Philip Morris factory is a smoke-free zone - The Guardian, November 26, 2002
http://www.guardian.co.uk/international/story/0,3604,847659,00.html

China

There was a lengthy article on Newsweek International about smuggling of cigarettes in China, from Taiwan, mostly of famous foreign brands such as Mild Seven and 555. “… Large quantities of foreign-brand cigarettes continue to be smuggled into China through the back door for one basic reason: the front door is almost completely closed. The world’s leading tobacco giants—Philip Morris, British American Tobacco and Japan Tobacco International—have spent the past decade desperately trying to offset declining profits at home by edging their way into the world’s biggest market. … But Big Tobacco has been stymied by something even bigger: a massive state-run monopoly that is not yet ready or willing to open up to outside competition. Even with China’s entry into the World Trade Organization, foreign tobacco companies don’t expect to increase their paltry 1 percent market share any time soon. “Our operations are just a drop in the ocean,” says Johannes-Gerhard Hesse, general manager for JTI in China. “Right now and for a time to come, international brands are not relevant.” …

The flood of illegal imports, whether smuggled with the companies’ knowledge or not, has helped foreign brands gain access to and build brand awareness in a closed market. … Foreign tobacco companies were spending a reported $20 million a year on advertising in the mid-1990s, but their market access was minimal. China’s state monopoly tightly controlled how many foreign cigarettes could be imported—and who could distribute them. (It also controlled the number that could be produced in joint-venture factories.) In 1994 Beijing signed an agreement with Washington promising to lift all import-licensing requirements on American cigarettes within the year—but nothing came of it. In 1995 Beijing suspended all new joint ventures with foreign tobacco companies, explaining that the market was saturated. Then it banned all public tobacco advertising. [The ads and sponsorships from international companies] vanished, but signs for local brands still blanket the streets of some cities. … It wasn’t just the foreign ads that disappeared. Foreign cigarettes did, too, dwindling from nearly 3 percent to less than 1 percent of the legal market. … “Ten years ago there were more foreign cigarettes consumed in China than there are today,” says Zhou Ruizeng, spokesman for —China’s National Tobacco Co., brushing off suggestions that the monopoly keeps the amount of imports artificially low. “The main reason foreign companies have failed is not our control of the market, but Chinese tastes.” Chinese smokers, he says, lifting a Zhonghua cigarette to his mouth, simply don’t like the strong blended flavor of most foreign cigarettes. “In the future the market share of foreign cigarette manufacturers will not likely increase,” he says. “But over the years to come, as demand rises, we will loosen controls over import levels.” … Nobody has accused the foreign tobacco companies of direct involvement in smuggling. But some have come close. In 1995, at the height of a Hong Kong investigation into a $2.3 billion smuggling operation, the prosecution’s lead witness—a Chinese businessman named Tommy Chui—was murdered in Singapore. Chui had testified to the collusion between Chinese triads, or mafias, and high-level officials at BAT. Using the dead man’s testimony, the court sentenced BAT executive Jerry Liu to prison in 1998 for accepting a $3 million bribe and a $1.3 million soft loan from the triads in exchange for huge amounts of duty-free cigarettes to be smuggled into China. … BAT strenuously denied any knowledge of the smuggling of its cigarettes into China…”


Hong Kong

“One of the world's biggest tobacco companies has not made any attempt to claim back more than $20 million it is owed by a corrupt former SAR executive - four years after Hong Kong's most controversial cigarette-smuggling trial. Law enforcers have expressed surprise that BAT has not yet made a bid to retrieve the cash. But bosses of the 100-year-old cigarette conglomerate said they were waiting for the Hong Kong government to receive compensation for its costs in the case before BAT dipped into the pot. Former British American Tobacco (HK) export director Jerry Lui Kin-hong was jailed for plotting
to receive bribes from cigarette smugglers in June 1998. ... Delivering his verdict in the Lui case, Mr Justice Yeung railed against big tobacco firms for putting profits before social responsibility. "A leading international tobacco company sold large quantities of duty-not-paid cigarettes worth billions and billions of dollars, with the knowledge that those cigarettes would be smuggled into China and other parts of the world," he said. "In my view, the tobacco companies were clearly putting their commercial interests above whatever moral duty they may have towards our society, and to some extent such irresponsible behaviour amounted to assisting criminals in transnational crime." The only way BAT can claim its money back is by filing a civil suit against Mr Lui, which it has not done. Doris Ho, British American Tobacco (HK) corporate and regulatory affairs manager, said the company would eventually seek the $21.25 million and it would donate it to charity if the money was paid back. "The money was bribes, so we don't want to be seen to be profiting from it," she said. A law enforcement source close to the original inquiry said: "BAT is a business. You have to ask yourself why have they not made any attempt to get the money? Ms Ho said: "BAT does not smuggle cigarettes, neither does it condone cigarette smuggling. We work closely with Customs to tackle smuggling because it hurts our company."

Source: Tobacco giant reluctant to claim $20m. November 9, 2002  
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021110670.2_6f4d000e935a8721

"The University of Hong Kong medical faculty - the pre-eminent local research centre on smoking health - has accepted free services from a long-time leading tobacco advocate ... former Tobacco Institute chairwoman Brenda Chow. Ms Chow retired last year as director of public affairs for British American Tobacco in Hong Kong, China and Macau after 20 years... She was a member of BAT's Hong Kong board of directors and chaired the Tobacco Institute in 1989 and 1999. The dean of the medical faculty, Professor Lam Shiu-kum, has longstanding links to Ms Chow in his role as vice-chairman of the Liver Foundation, which has in the past been bankrolled by BAT [more than $1 million given between 1995 and 1999]. In a memo dated September 2, Professor Lam announced that the faculty had invited Ms Chow to organise the first of a series of planned media workshops. The memo described Ms Chow as a "renowned and experienced PR consultant" - but failed to mention her tobacco background. ... On retirement, Ms Chow told the South China Morning Post her 20-year career with the big tobacco firm made her "what I am today", and said her skills were most suited to industries requiring crisis management such as oil companies, pharmaceuticals or liquor firms. ... Professor Lam did not comment beyond an e-mail saying Ms Chow had retired from BAT when she helped the faculty run the media appreciation workshop."

Sources: 10-year link between PR expert and professor - South China Morning Post, November 21, 2002  
http://hongkong.scmp.com/hknews/ZZZ1N3P7R8D.html

“Ties to tobacco firms do not appear to be a bar to health-related appointments in Hong Kong, in what an anti-smoking campaigner says is a worrying trend. The most widely known example is that of Secretary for Environment, Transport and Works Sarah Liao Sau-tung, whose job carries responsibility for maintaining indoor air quality. The Philip Morris cigarette company lists her as having been a paid consultant, funding her trips to symposiums on passive smoking in Portugal, Canada and Thailand. She also received an estimated $1 million in 1990 from the largely tobacco-funded Centre for Indoor Air Research to look into indoor air quality in Hong Kong. Dr Liao has vehemently denied knowing where the money came from - but tobacco industry lawyer John Rupp said he told her tobacco firms were the source of the funding. Her partner in air quality research, John Bacon-Shone, was also named as a tobacco consultant - and like Dr Liao he too denied knowingly accepting tobacco funding. ... Another former tobacco industry player involved in government health is Lee Jark-pui, who served as executive director of the Tobacco Institute for seven years until 1994 - but is currently a member of the Hospital Authority Board. One of his fellow authority board members is dean of the faculty of medicine at the University of Hong Kong, Professor Lam Shiu-kum, who has taken on former Tobacco Institute chairwoman Brenda Chow as an unpaid public relations adviser ... earlier this year when Lingnan University accepted $450,000 from the tobacco-funded Committee on Youth Smoking Prevention to do a research project."

Source: Ties to cigarette firms present no bar to taking on health roles - South China Morning Post, November 21, 2002  
http://hongkong.scmp.com/hknews/ZZZ8L3P7R8D.html
Japan

“... Japan Tobacco has said its profits will nearly double this financial year. [JT] reported a 46% rise in net profits for the six months to September and predicted a 90% rise for the year to March 2003. Profits are soaring despite falling cigarette sales in Japan, the company said. The former state monopoly’s strong financial performance has largely been achieved through harsh cost cutting measures. Strong demand for cigarettes abroad also helped fuel the profits growth.”

Source: Japan Tobacco profits soar - BBC News http://news.bbc.co.uk/1/hi/business/2408435.stm

Another source: Japan Tobacco net profit up 46.1% - Japan Today http://www.japantoday.com/e/?content=news&cat=3&id=237445

There was a lengthy feature on the Los Angeles Times about Japan Tobacco. “... JT has argued in and out of court that the health risks are not scientifically proved. Atsuro Ito, a JT spokesman, said warning labels and health policy are determined by the government. The company, Japan's only domestic producer, is intent on finding new tobacco products with greater appeal for consumers, including women, he added. "We leave it to their judgment whether to buy them or not.” Although JT produces Marlboro cigarettes for the Japanese market under license from Philip Morris Cos., which has admitted that its cigarettes cause cancer, JT continues to deny any causal link. Yet the Japanese company, which has diversified into pharmaceuticals and food, also has invested millions researching drugs to combat lung cancer. Meanwhile, JT gave away 1.2 million cigarettes to 5,000 nursing homes last year during the annual Respect for the Aged holiday, and each year it distributes thousands of special crest-emblazoned smokes to volunteers who help maintain the Imperial Palace in Tokyo... JT also sponsors hundreds of “manner ads” a week. The 10-second television spots advise viewers not to fling their butts or otherwise disturb nonsmokers... The greatest source of industry clout is the Tobacco Business Law, one of a string of related measures dating to 1904. The law says the government must own at least 50% of JT in perpetuity and, as a matter of national policy, "promote the healthy development of the tobacco industry and ensure stable revenue in the interest of a sound national economy.”


Korea

“Esse, a slim and up-market cigarette, overtook This for the top spot in sales in October. This had been the best-selling brand for the last seven years, Korea Tobacco and Ginseng Corp. said ... [attributing] the success of Esse to the increasing popularity of slender, high-quality cigarettes.


“Korea Tobacco & Ginseng Corp.’s fundamentals are sound and its share price cheap, but that doesn't mean investors should rush in and buy the stock. Although the market views KT&G's privatization process favorably, the company itself faces major challenges - the fast-growing popularity of foreign cigarette brands and the South Korean government's anti-smoking campaign - which will crimp the stock's upside, analysts say.”


“British-American Tobacco (BAT) Korea completed the construction of Korea's first foreign owned cigarette manufacturing plant in Sachon ... With the completion of the ultra-modern facility, BAT Korea is set to produce 400 million packs of Dunhill Light, the most popular foreign cigarettes in Korea. "The completion of the plant means that we are now fully prepared to produce Dunhill Lights, currently made in England, for local customers," said BAT Korea president John Taylor.”


Malaysia

“Malaysia loses RM1.2 billion in tax revenue annually from the sale of contraband cigarettes, the State Domestic Trade and Consumer Affairs Department said [and that] such cigarettes, including imitation...
brands, accounted for 21 per cent of the cigarettes sold in the country.”... “Local cigarette manufacturers proposed fresh measures to curb illegal imports and recover some of the revenue lost to the black market. They said, in a proposal to the Government, that imported cigarettes should be "bandrolled" to clearly indicate that they are genuine, duty-paid products. Locally-manufactured cigarettes, however, could just be marked with invisible security codes which would be pre-printed on the packets. This would help set their products apart from the counterfeits. The Confederation of Malaysian Tobacco Manufacturers, which represents 95 per cent of local cigarette manufacturers, put in the proposal two weeks ago in response to the Budget 2003 initiative to clamp down on the illegal market by "coding" genuine, duty-paid products.”

Source: Malaysia loses RM1.2b in tax revenue to contraband cigarettes
NewsReal, November 5, 2002

New Zealand

“... New Zealand's biggest tobacco company, British American Tobacco, told the health select committee it believed the planned measures to ban or restrict smoking in public places were based on "overstated" claims about the risk of passive smoking. The committee is considering the Smoke-free Environments (Enhanced Protection) Bill which would ban smoking in bars, restaurants and casinos except in designated areas with separate ventilation systems. Most of the previous submissions the committee has heard were from anti-smoking groups, although the hospitality industry has put up a fight with evidence of the difficulty and costs that pubs and other premises will face if they have to build walls and install ventilation systems. ... "The current proposals are so extreme that few pubs and clubs will be able to meet the necessary changes to their premises to allow smoking for their patrons,” said BAT spokesman John Galligan. "While some anti-smoking extremists want smoking banned everywhere, this is an over-reaction to what is a manageable issue. "In our view, many of the claims about the health risks of passive smoking have been overstated and the measures to restrict or ban smoking in public places are being justified on these overstated risks." Mr Galligan said hospitality operators had the option of going smoke free right now, without the need for further legislation, and some had taken that option. He said BAT believed it was worth considering establishing an indoor air quality standard as an option to segregating smokers and non-smokers. BAT said in its written submission it was prepared to work with the Government and offered to provide “accurate, unbiased and factual information” which it said would help the decision-making process. BAT's head of science, Chris Proctor, a London-based doctor, told the committee smoking did cause diseases in smokers but claimed that exposure to environmental tobacco smoke (ETS, or passive smoking) were not supported by any scientific evidence. "In our view, it has not been established that ETS exposure genuinely increases the risk of non-smokers developing lung cancer or heart disease,” he said.

[The industry as a whole has not yet decided what its position is on second hand smoke exposure and most continue to deny there are significant harmful effects and continue to push for ventilation “solutions” in partnership with hospitality industry front groups. For details see: www.tobaccoscam.ucsf.edu]

Source: Tobacco giant asks for balanced approach to new smoking bans - Stuff (NZ), November 6, 2002
http://www.stuff.co.nz/stuff/0,2106,2103139a6160,00.html

Bills before Health Select Committee: Smoke-free Environments (Enhanced Protection) Amendment - NZ House of Reps http://www.gp.co.nz/wooc/npaper/select-committee-bills.html

Tobacco Industry Running Scared. November 7, 2002
http://www.scoop.co.nz/mason/stories/PO0211/S00037.htm

Tobacco Giant Bats Against Govt http://xtransm.co.nz/news/0,,3779-1900843,00.html

Third of workers breathing smoke - New Zealand Herald
http://www.nzherald.co.nz/storydisplay.cfm?storyID=3003198&thesection=news&thesubsection=general


Tobacco giant challenges reports - NZoom/ONE News
http://onenews.nzcom/onewnews_detail/0,1227,144918-1-8,00.html

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“The Supreme Court of New South Wales is to decide if disorganisation is a defence for non-disclosure. Myrian Cauvin is seeking access to a 1,700-file tobacco industry archive currently held by the Tobacco Institute of Australia (TIA) organisation. This is to aid her representative law suit against seven Australian tobacco companies. The lawyer for the TIA claims the 106-box archive is only partially indexed, and finding the documents Cauvin requests would be too costly an exercise, estimated at $A24,380 plus GST. The documents were formerly held by law firm Clayton Utz, which had advised the TIA to keep the information in a disorganised way to aid its interests.”

http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021103670.2_a63f00021206eb65

Worldwide

An article at the Independent on Sunday discussed the current trend of Corporate Social Responsibility (CSR) “The wealth of advertisements, literature, conferences, talks and seminars on CSR could give the impression that our large companies are shining beacons of ethical virtue, eagerly forsaking the chance to make a buck to fight poverty and environmental destruction... KPMG, the consultancy firm, says that 49 per cent of the largest 100 companies in the UK now produce some kind of CSR report, against 32 per cent in 1999, while 89 per cent include some kind of social and environmental information in their financial report. ... Campaigners also dispute the information provided by some companies. Take BAT... which is vilified by anti-smoking groups and shunned by many ethical investors. So it produced a hefty report detailing its views on controversial topics, such as its opposition to under-age smoking and its reassurance that tobacco advertising is only about the promotion of brands. That didn't wash with its arch-enemy, Action on Smoking and Health (ASH). "On all the issues that really matter, the social report is either cosmetic, evasive or deceitful," says ASH director Clive Bates. "What is shocking is the gullibility of some parts of the ethical investment and corporate social responsibility community. They have blindly lapped up the glossy report and soothing PR without bothering to test if they are in any way related to BAT's real-world operations." BAT responds by pointing out that this was its first report, and intended to show its serious commitment to CSR. But hard facts are hard to find on the social and environmental impact of any company's operations. Some blame this on the lack of standardisation of CSR reporting. There is no requirement for what the company has to reveal and how it should do it.”

Source: From fags to oil, you have to believe them: being good is the new growth industry - Independent on Sunday, November 3, 2002 http://www.independent.co.uk/story.jsp?story=348260

BAT social report revisited: ASH Comes to BAT

British American Tobacco – The other report to society

There continued to be media coverage about the EU lawsuit against R.J. Reynolds for money laundering, fraud and breaking UN sanctions of trade with Iraq.
Sources: Bruxelles attaque le cigarettier Reynolds pour blanchiment d'argent - Le Monde
http://www.lemonde.fr/recherche_articleweb/1,9687,296554,00.html
La plainte européenne contre un cigarettier présente la Suisse comme un centre de contrebande - Le Temps
The 149 pages complaint of the EC versus RJR is now available on the websites of TFK and ASH (UK)
http://www.tobaccofreekids.org/pressoffice/rjrlawsuit.pdf
Belgium in US tobacco smuggling claim - Expatica.com, November 13, 2002
http://www.expatica.com/belgium.asp?pad=88,89,&item_id=26874
R.J. Reynolds Accused Of Money Laundering - Washington Post, November 14, 2002;
Cigarettes Portrayed as Currency of Crime - Los Angeles Times
http://www.latimes.com/business/la-fi-cigarettes5nov0501447.0,1672908.story?coll=la%2Dheadlines%2Dbusiness

“Philip Morris, once dubbed “America’s most reviled company” has set out to improve its image. David Greenberg, a senior vice president, is writing the company’s code of conduct for thousands of
employees to try to make it easier for whistle-blowers to report fraud. On the question of whether a cigarette company can ever be ethical, Mr. Greenberg commented: “Making cigarettes has always been and will continue to be debated as an ethical issue.” But the court battles the company has fought in recent years “certainly gives us perspective about what happens if and when you lose the public trust.”

The Wall St. Journal notes that there are practical benefits for employers to introduce ethical guidelines. For instance, companies convicted of crimes are eligible for reduced sentences if they have previously set up programmes to prevent and detect fraud.”

Source: ASH-UK; Wall St. Journal (Europe), November 5, 2002

“Nigel Northridge, the chief executive of Gallaher, is wearyingly accustomed to being asked whether his company is about to be taken over by British American Tobacco. ... BAT manufactures cigarettes in the UK but sells almost all of its products abroad, making Gallaher a natural target. ... In September, Gallaher struck a deal with the China National Tobacco Corporation (CNTC), gaining a foothold in the world’s largest tobacco market. ... Gallaher will distribute CNTC cigarettes in Russia in return for similar access to China. Northridge says: “You must offer the Chinese something in return if you’re expecting to ‘attack’ their market. They can see in us an opportunity to do what we wish to do in China.”... Acquisitions are all part of transforming Gallaher into an “Eurasian” company. Northridge says: “The demerger from American Brands gave us the opportunity to become masters of our own destiny. It had become clear to us in the 1990s that we had to expand internationally. To be too dependent on the UK and Irish markets was a vulnerability.” North America, Australia and New Zealand were ruled out because of the litigious environment, and Africa and South America were seen as too difficult. This left Europe, the Commonwealth of Independent States (CIS) and Asia — hence “Eurasian”. ... Northridge says: “The Eurasian vision is becoming a reality. The cement is coming through. From a very strong UK/Irish base which continues to be very cash-generative, we’ve entered two new cash-generative markets, Austria and Sweden, we’re growing in continental Europe and the CIS and we have this opportunity with China.”

Source: Northridge lights up markets in the East - The Independent, November 11, 2002

http://www.timesonline.co.uk/printFriendly/0,,1-37-476390,00.html

“Kenneth Clarke, former chancellor of the exchequer, was facing acute embarrassment last night after saying he was “uncomfortable” with investment in military-run Burma - overlooking the fact he is deputy chairman of British American Tobacco (BAT), which has significant involvement there.” The problem with Burma arises when companies start collaborating with an extremely unpleasant regime which is totally contrary to our notions of civil liberties and democracy,” he breezily told one of his local Nottingham constituents in a letter. The gaffe was seized on by human rights activists who pointed out that BAT pays workers 23p a day at a factory which it owns jointly with the “unpleasant” government. The Burma Campaign, which has already managed to force one British firm, Premier Oil, out of the Asian country this year, said Mr Clarke must now ensure the exit of BAT. ... BAT has a Burmese subsidiary called Rothmans of Pall Mall Myanmar, which is a 60/40 joint venture with the Union of Myanmar Economic Holdings, a company owned by the military government. ... The Burma Campaign claims the BAT factory near Rangoon earns the regime $400,000 a year - enough for 20,000 AK47 assault rifles - and is located in an industrial zone which was upgraded by child labour. ... BAT's activities sit awkwardly with recent statements from Mr Broughton about the company's aims. “Our goals are to continue creating long-term sustainable shareholder value, and to lead the tobacco industry in demonstrating corporate social responsibility and wider accountability,” he has said. ... Mr Clarke said despite his comments to a constituent there was no question of BAT, whose brands include Dunhill, Rothmans and Lucky Strike, quitting Burma. “We employ more than 400 people in Burma and I see no benefit to them in us simply pulling out. The best way forward is to continue to contribute to local welfare through pursuing employment, environmental and social development goals,” he argued. BAT, which acquired Rothmans International in 1999, boasts it is spending $50,000 digging new wells to provide clean water to villages and insists its employees are among the highest paid in Burma.

Source: Clarke embarrassed as attack on Burma goes up in smoke - The Guardian; November 12, 2002

http://politics.guardian.co.uk/conservatives/story/0,9061,838280,00.html

Britain's Clarke cornered on BAT's Myanmar business - Reuters, November 12, 2002

http://www.reuters.co.uk/newsArticle.jhtml;jsessionid=EAEK54LHR2G2CRBSAEZSFETY?type=searc
hNews&storyID=1717532

Clarke facing embarrassment over Burma link - Financial Times, November 12, 2002

http://news.ft.com/servlet/ContentServer?pageName=FT.com/StoryFT/FullStory&c=StoryFT&cid=103
5873208550&p=1012571727159

Clarke in fresh row over Burma links - The Independent

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“Shares in the world’s biggest cigarette maker, Philip Morris, have slumped 14% after the company reduced its forecasts for next year. The company ... blamed cheap imports and counterfeit cigarettes which it said were hitting its US business. It said it could now no longer confirm its growth targets of between 8-10% for 2003. ... Philip Morris said it was spending more on promotions and would increase the number of stores offering its cut-price cigarettes. The company is also appealing against a court order to pay out $28bn (£17bn) in damages to a cancer-stricken smoker. “Higher state and local taxes have hurt the premium cigarette market, as have an influx of discount and counterfeit cigarettes, Michael Szymanczyk, chairman and chief executive officer of domestic tobacco unit Philip Morris U.S.A., said during the presentation to investors. ... Szymanczyk also said the company plans to introduce a conventional cigarette and a reduced-risk product. The conventional cigarette would be a line extension of one of the company’s four core brands -- Marlboro, Parliament, Virginia Slims, or Basic.” Other accounts also point to non-premium cigarettes as having added influenced in the decline in sales in the US for PM. The PM announcement made tobacco shares in many other markets go down as well.

Sources: Cigarette firm out of puff - BBC News, 12 November, 2002
http://news.bbc.co.uk/1/hi/business/2455763.stm


Philip Morris Shares Plunge - New York Times/AP, November 12, 2002

Bloomberg News, November 11, 2002
http://www.bloomberg.com/fgcgi.cgi?T=marketsquote99_news.ht&s=APcLbyxYLUHJvZml0

Bargain-Basement Brands Squeeze Big Tobacco Firms - Wall Street Journal, November 14, 2002
http://online.wsj.com/article_email/0,,SB1037229277391236668,00.html

Europe's tobacco stocks hit by Philip Morris warning - Reuters
http://money.iwon.com/isp/nw/nwdf_r1.jsp?section=news&news_id=reu-
113398688&feed=reu&date=20021113&cat=INDUSTRY

Philip Morris choked on warning - CBS.MarketWatch.com

Philip Morris Coughs, Sector Is Stricken - TheStreet.com
http://www.thestreet.com/_tsclsii/markets/rebeccabyrne/10053849.html

“Remarks by Dinyar S. Devitre, Senior Vice President and Chief Financial Officer, Philip Morris Companies Inc.: "Looking at the world cigarette market -- excluding China and the U.S. -- PMI operates in an industry of 3.1 trillion cigarettes. The Chinese tobacco industry, as you know, is highly protected and is not likely to be liberalized soon... In Russia, Germany, Italy and France, PMI is number one -- while in Japan, Turkey, Brazil, Spain and the Philippines, PMI is number two and growing, with well-established operations and strong brands... In addition, PMI continued to rigorously manage Marlboro’s price gap versus trade brands, reducing the gap from over 46% at its peak in 2000 to approximately 30% by the end of 2001, which has been maintained throughout 2002... Marlboro is the aspirational brand in Russia. It has excellent potential for growth as the economic situation improves and consumers trade up to premium brands... To conclude on our international tobacco business, PMI has seven of the top 20 international brands, including powerhouse Marlboro and rapidly growing L&M. Importantly, PMI’s growth prospects are very solid. With approximately 22% share of the international cigarette market -- excluding China -- PMI has significant potential for continued volume, share and income growth in the years ahead... Out of an abundance of caution, given the weakness in domestic tobacco industry volumes in October, the company is not in a position to confirm its previous projection of 8% to 10% growth in underlying diluted earnings per share for the full year 2003."

Remarks by Michael E. Szymanczyk, Chairman and Chief Executive Officer, Philip Morris U.S.A.: "Higher prices have also contributed to the emergence of counterfeit cigarettes, particularly Marlboro. Although hard to quantify, we believe the amount of counterfeit product entering the U.S. is growing, as evidenced by U.S. Customs seizures. In 2001, Customs reported 24 seizures of cigarettes. So far in 2002, Customs seizures of counterfeit cigarettes have exceeded 250... Our second, longer-term strategy
is to add consumer value through new product initiatives. Our past activity on Marlboro and Parliament are good examples. Although we can’t disclose details for competitive reasons, we are working toward launching a conventional cigarette line extension on one of our four focus brands and a first-generation reduced exposure product, both in 2003. Our third strategy is to further leverage the scale of our adult smoker database. We have recently invested in extensive technology upgrades that allow segmentation previously unavailable to us. As a result, we can send more direct mail offers to adult smokers of competitors’ brands, including those who primarily smoke discount products."

Sources: Morgan Stanley Global Consumer Conference - Philip Morris; November 12, 2002

Philip Morris Companies Inc. Executives Address Morgan Stanley Global Consumer Conference -

Morgan Stanley Global Consumer Conference - Philip Morris

A recent article, in the German Newspaper "Die Zeit" described cigarette smoking in the Balkans in detail (Albany, Kosovo, Serbia, Macedonia, Bosnia), provide names of those involved in the contraband scheme, and states that companies such as BAT, Philip Morris

Source: Emanuelle Béguinot ; Der Geschmack von Freiheit und Anarchie, Die Zeit, November 10, 2002
http://www.zeit.de/2002/46/Politik/print_200246_balkan.html

Notes: More details on most of the news reported here found at:
http://www.tobacco.org/

For tobacco companies press releases and statements, including the voluntary marketing code, search the companies’ websites and related-sites. For example:
R.J. Reynolds: http://www.rjrt.com/TJ/Pages/Tlcover.asp
Philip Morris: http://www.philipmorrissusa.com/
Japan Tobacco International: http://www.jti.com
British-American Tobacco: http://www.bat.com/
Imperial Tobacco: www.imperialtobacco.com
http://www.tobaccojournal.com/
http://www.tobaccoreporter.com/

For additional information on tobacco industry’s strategy regarding marketing, opposition to advertisement bans and development of voluntary advertisement codes; utilization of voluntary codes to oppose smoking restrictions; youth campaigns; utilization of hospitality industry and ventilation as a [false] “solution” to smoking bans, search the tobacco industry documents sites, mainly Philip Morris site, and other sites containing industry documents:
www.pmdocs.com (with links to other companies sites)
http://www.hlth.gov.bc.ca/guildford/index.html
http://www.ncth.ca/Guildford.nsf
http://www.library.ucsf.edu/
http://legacy.library.ucsf.edu/
http://www.tobaccodocuments.org/

Additional material discussing industry’s strategies related to the above can be found at:
http://www.ash.org.uk/
http://www.no-smoke.org
http://www.nsra-adnf.ca/
http://www.cdc.gov/tobacco/sitemap.htm
http://tobacco.who.int/
http://tobaccofreekids.org/
December 2002

Africa

Ghana

“In a bid to support the government’s effort at promoting quality education in all the tertiary institutions in the country, the British American Tobacco-Ghana, has presented two different kinds of cheques amounting to €250 million to two state-run universities. The two beneficiary state-run schools, the University of Ghana, Legon, received a cheque for €100 million for the Jubilee Hall Fund, while the Kwame Nkrumah University of Science and Technology, Kumasi (KNUST) received €150 million for the establishment of Research Chair in Agro-Forest at the Institute of Renewable Natural Resources.

Speaking at the presentation ceremony, the managing director of BAT, Mr. Jimmy Idun-Ogde, a product of KNUST, said, “Accelerated natural development depends largely on the quality of Ghanaian’s manpower resources and that it is for this reason that the support for national education development continues to feature prominently among corporate social responsibilities initiatives.” Recounting on numerous projects and supports mounted by BAT in the country, the MD said BAT would continue to be sponsoring 44 tertiary students in any year. Receiving the money on behalf of the University of Ghana, Legon, ... the vice-chancellor... commended BAT, whose vision is leading in everything they do, not to relent on the efforts but to continue with their support. Prof. Henry Nii-Adziri Wellington, the acting pro-vice chancellor of KNUST, said the donation would help sustain ecological heritage and also to reduce poverty and to create wealth especially in the rural areas through the research Agro-Forest set up in the University. He also assured the donors that the money would be used to reduce environmental degradation.”


Kenya

“Mastermind Tobacco Kenya Limited is in the process of setting up an ultra-modern cigarette manufacturing factory at its Nairobi’s Mombasa Road premises. The machines, which are to be operational by March next year, are expected to increase the company’s cigarette production by 50 per cent. According to the company’s Managing Director, Wilfred Murungi, the filter-making machines are of the latest model. ... Murungi said the management of Mastermind Tobacco recognises the need for trained manpower and will continue to invest heavily in training.

Source: Cigarette firm expands operations, December 9, 2002 [http://www.eastandard.net/business/bsnews0912200202.htm]

Malawi

“Malawian Agriculture Minister Aleke Banda has promised that there will be no repetition of the obstacles imposed during the last two years on the processing of Mozambican tobacco in Malawi...”I was in Maputo and we signed an agreement to regulate cross-border trade, not only in tobacco, but also in other goods... Banda added it was necessary to bear in mind that both Malawi and Mozambique are tobacco producing countries who do business with international tobacco companies that act according to their own rules. The intention of both countries, he stressed, was to eliminate problems, and this would involve the establishment of national organisations of tobacco producers...”

Source: Tobacco Dispute With Malawi Definitively Solved. Agencia de Informacao de Mocambique (Maputo); December 7, 2002 [http://allafrica.com/stories/200212080103.html]

The International Labour Organisation (ILO) has launched a three year programme aimed at discouraging Malawi tobacco farmers from using child labour... Following an international outcry last year over the used of child labour prompted the local tobacco industry into action after threats of trade sanctions promised to cripple commercial agriculture in the country... The tobacco Association of Malawi spearheaded the creation of the Elimination of Child Labour Association following threats by international tobacco buyers to lobby for a blanket ban unless authorities took steps.”

“Owners of Malawi’s Soccer Mecca, the BAT ground, the Blantyre and Districts Football League (BDFL), have disclosed that action returns to that pitch next month after lying idle for months because the ground was in a sub-standard state. The pitch was closed in July to pave way for rehabilitation work, which is being carried out by the Malawi Housing Corporation (MHC). BAT is financing the project to the tune of K400,000. The BAT Ground is the BDFL’s major income generating facility.”

Source: BAT Ground opens January. Malawi Insider, December 29, 2002

http://www.malawihere.com/viewnews.asp?id=1336&recnum=5&catid=

Mauritius

The Mauritian paper L’Express had a lengthy article on the cigarette market. BAT has 95% of the share of market in that country. A company spokesperson stated that they were able to maintain market share thanks to marketing strategies and the company’s efficacy in maintaining profits, despite growing competition from smaller companies, such as East Indies Cos., whose representative admitted that they are targeting the 15 to 25 year olds.

Source: http://www.lexpress-net.com/supplements/expresso/expresso_01.html#2

Nigeria

“When ... BAT decided to invest in the purchase of the defunct Nigerian Tobacco Company (NTC), the company knew it was a risk against the wishes of its financial advisors/consultants. Today, that gamble is a manifest multi-million dollar investment made by BAT in the ultra-modern manufacturing facilities in three cities in Nigeria - Ibadan, Zaria and Port-Harcourt. The company which merged with the NTC two years ago, is set to roll out the drums in a campaign aimed at, not only promoting the company's products, also to showcase the positive aspects of Nigerian life, heritage and landmark achievements. To this end, the campaign is aptly tagged, 'Proudly Nigerian.' At an elaborate media event in Lagos last week, BAT hosted the press launch of the Proudly Nigerian campaign with fanfare. Welcoming guests to the launch, the Managing Director of BAT, Mr. Nick Haces explained that campaign marks the beginning of another exciting phase in the partnership the company is having with the Nigerian business climate and the people of Nigeria in general. "Why are we so excited about it? It is because as a company we feel especially privileged and honored to be promoting a cause that is so dear to the heart of all Nigerians who long to see the nation's industrial sector expand, to the benefit of everybody," he said. He explained that the 'Proudly Nigerian' campaign "does more than capture the vision of Nigeria becoming a proud producer of world class products and services. It also highlights the fact that the Nigerian spirit exhibits a clear capacity for excellence."... [Haces] opined that the successes in the areas enumerated above goes a long way to show that "the sophisticated Nigerian consumer very readily and warmly embraces made in Nigeria products when such products meet their exacting quality requirements." To this end, he informed that BAT identify strongly with the Federal Government of Nigeria's on-going campaign aimed at sensitising the Nigerian populace to patronize 'made-in-Nigeria' products. He therefore expressed hope that the company's cigarette brands will shortly fall into the category of such products... "We have also created a BAT Foundation to handle our community development project with initial capital of about USD$150,000. The Foundation will also look in the areas of scholarships to indigent students, HIV/AIDS awareness campaign, among others. We are also going into partnership with the Ministry of Environment in the areas of aforesation and preservation of Nigeria's rich ecosystem."... On health risks tobacco products poses to peoples and relation to campaigns restrictions placed on tobacco products in Europe and the West, Nick explained that as a socially responsible company, "BAT will continue to abide by all the restrictions. In fact, we have imposed restrictions on ourselves beyond what the stipulated regulations in Nigeria. We accept the fact that there are health risks associated with smoking, that is why we always target adult smokers. Our products in Nigeria are highly regulated to conform with Federal Government's regulations. The health warning we are all using is the one approved by Tobacco Decree No. 10 of 1999."..."

Source: BAT Launches Proudly Nigerian Campaign - This Day (Lagos), December 18, 2002

http://allafrica.com/stories/200212180601.html

BAT Gets Govt Approval for Foundation. Daily Trust (Abuja), December 19, 2002

http://allafrica.com/stories/200212190675.html

South Africa

“Remgro Ltd. will receive 272 million pounds ($428 million) from its investment in R&R Holdings SA, the company said in statement to the stock exchange in Johannesburg.”
An anti-smoking group has laid a complaint with Stellenbosch police over tobacco sponsorship of a smoking facility at last week's conference of the African National Congress. The facility, a glass-sided "tent" with a comfortable couch, recorded jazz music and videos, was set up alongside the controversial Network Lounge. It carried posters declaring it was a smoking lounge "courtesy of Dunhill tobacco of London"... The Tobacco Products Control Act outlaws tobacco sponsorship of any "organised activity" other than intra-tobacco-company events... Dunhill manufacturers British American Tobacco had a stall in the Network Lounge, near one set up by the department of health.

Source: Activist 'smoking' over ANC tobacco ad. December 23, 2002

Tanzania

Several letters to the editor of the East African, from different parts of the world, protested the award given to the Tanzania Cigarette Company: “The Nation Media Group and PricewaterhouseCoopers recently listed the top 10 "Most Respected Companies and Most Respected CEOs" in East Africa. Unbelievably, they reported that the Tanzania Cigarette Company (TCC) ranked 6th and its CEO ranked 3rd in, respectively, the "Most Respected Company" and "Most Respected CEO" categories. In this world, the very people who push products on children that will kill them are awarded a prize. Is there a special award for serial killers and snipers? Murder for profit is not acceptable. Tobacco is a killer...”

Source: TCC 'Does Not Deserve Respect' - East African, December 23, 2002

Americas

Brazil

Brazil announced that cigarette prices will go up from 8% to 17%, due to an increase in taxation (a tax over industrialized products –IPI) in January 1st 2003. Even with the increase, the most expensive cigarettes and the ones with the largest increase still cost less than US$1. The cheapest brands will continue to cost about 1/3 of US$1.

http://globonews.globo.com/GloboNews/article/0,6993,A447950-2389,00.html

Organizers of the Brazilian F1 race are trying to find a loophole in the country’s advertisement ban in order to maintain tobacco company sponsorship in 2003. The legislation, approved in December 2000, already made a concession of two additional years for F1 organizers to find alternative options. Now they claim the legislation is unclear about F1 races [Note: it is not.] and even unconstitutional. Organizers enlisted the help of the country’s top lawyers to argue their case, arguing, among other things, that cars and drivers dressed with cigarette brand logos are not the same as posters and billboards.

Source: GP Brasil de F-1 já trabalha contra lei do cigarro. Folha de S.Paulo, December 1, 2002

Souza Cruz, with 4 other companies, sponsored a recital and a tour to celebrate the 40 year career anniversary of an internationally-known Brazilian pianist in Rio de Janeiro. Revenues from the recital will be donated to newly elected Brazilian President’s campaign to eliminate hunger in the country.

Source: Souza Cruz apóia projeto fome zero, December 10, 2002

Canada

“Three big Canadian cigarette companies lost a key challenge against the government's ban on marketing and advertising tobacco products and on sponsoring sporting events, cementing existing curbs and paving the way for a sponsorship ban to take effect next year. The Quebec Superior Court ruled that the tobacco companies' rights to advertise their products could "not be given the same legitimacy as the federal government's duty to protect public health” and rejected the companies'
argument that far-reaching government restrictions on advertising were unconstitutional... Imperial Tobacco Canada Ltd., one of the companies affected by the decision, said it might appeal the judgment next year before the Quebec Court of Appeal. "Our challenge to the Tobacco Act was dismissed in just about every respect. We are naturally disappointed," Don McCarty, vice-president of legal affairs at Imperial [said]. The three firms, Imperial, a unit of BAT, Rothmans Benson & Hedges Inc., owned by Rothmans Inc and Philip Morris International Inc., and JTI-Macdonald Corp., owned by Japan Tobacco Inc., were challenging parts of the federal Tobacco Act, adopted by Parliament in 1998... McCarty said the tobacco companies want to sit down with the federal government to discuss controls on tobacco advertising and sponsorships. "We are particularly not interested in continuing in court for the next 15 years as we have been for the last 15," he said.

[Note: The judgment provides an interesting reading and many wonderful quotes to counter industry claims about the right to advertise and the lack of impact of advertising in sales and youth uptake. See link below for the full text in English and French.]


Sources: Canadian tobacco firms lose key ruling on ads. December 13, 2002
Tobacco-ad controls OK - The Gazette
http://www.canada.com/search/story.aspx?id=cb754194-73f9-4466-83f6-0a6e1e29750f
Quebec court upholds tobacco marketing law - Globe & Mail

Judge Upholds Canadian Tobacco Act - Newsday/AP
http://www.newsday.com/business/investing/wire/sns-ap-canada-tobacco-
Canadian tobacco firms lose key ruling on ads - Reuters

Imperial Tobacco Canada - Tobacco Companies Disappointed by Court Ruling on Bill C-71 - CNW

http://www.businessweek.com/@@5crZxWYQdFArRwvA/premium/content/02_48/b3810062.htm

United States

There were some additional reports on Philip Morris newspapers inserts discussed last month. "...Company spokesperson Ellen Merlo, noting that the company had no legal obligation to print the brochure, says that PM simply "wanted to raise awareness" for its Web site. But outsiders see a different agenda. Under legal and regulatory attack from all sides, PM is trying to show voters, jurors, and politicians that it has turned over a new leaf. It's trying "to make it harder to penalize the industry," says Morgan Stanley tobacco analyst David J. Adelman.

http://www.businessweek.com/@@5crZxWYQdFArRwvA/premium/content/02_48/b3810062.htm

"A federal appeals court struck down a Massachusetts law that would have been the first in the nation to require tobacco companies to disclose the ingredients in every brand and product they manufacture, setting the stage for a possible appeal to the US Supreme Court. The entire US Court of Appeals for the First Circuit ruled that the law violated the constitutional prohibition against unlawful seizure of property by forcing tobacco companies to reveal trade secrets. A group of tobacco companies led by Philip Morris Inc. challenged the Massachusetts Disclosure Act immediately after it was passed in 1996. ... "Obviously we're pleased with the decision, because it protects the company's proprietary interest," said Mike Pfeil, vice president for communications at Philip Morris. ... Pfeil insisted that PM supports federal regulation of tobacco ingredients, although not a state-by-state "patchwork of regulatory schemes." The company already lists cigarette ingredients on its Web site, but without a breakdown by brand. Both Texas and Minnesota have laws that require tobacco companies to share some information about tobacco additives with health officials; tobacco companies did not challenge those laws, because they don't allow public disclosure. "We continue to support ingredients disclosure in a way that protects intellectual property," Pfeil said."

Sources: Appeals court bars tobacco disclosure - Boston Globe, December 4, 2002

United States
“RJ Reynolds Tobacco Holdings Inc said it is planning to sell two of its non-tobacco businesses - packaging and botanical-extractions - and cut about 635 full-time jobs as it continues to strive to lower costs and boost profitability. "We are taking these steps to streamline our cost structure and to improve RJR's long-term earnings," said Andrew Schindler, chairman and chief executive officer.

"Increased competitive promotional spending, along with the continued growth of deep-discount brands and the effect of higher state excise taxes, have created a significantly more challenging business environment." The company said fourth quarter operating earnings will also be reduced by about $40 million pre-tax, or $25 million after tax, by a rise in amortisation costs caused by replacement of certain merchandising fixtures in response to changes in industry retail displays. ... RJ Reynolds said it is now expecting operating income of 1.0-$1.01 billion in 2002, down from a prior forecast of 1.0-1.05 billion. Operating earnings per share are forecast at 6.05-$6.10, compared with an earlier forecast of 6.05-$6.40..." R.J. Reynolds and larger rival Philip Morris Cos. are spending more on advertising, coupons and other promotions to keep smokers from defecting to cheaper generic brands.


“R.J. Reynolds Tobacco Co. will roll out a new look for its Salem-brand cigarette next month in an effort to reverse the brand's declining market. The redesign is the company's latest effort to rejuvenate Salem, which is struggling in a fiercely competitive menthol-cigarette market led by Lorillard Inc.'s Newport. ... Reynolds Tobacco hopes that the packaging changes will help keep Salem smokers loyal and entice smokers of competitors' brands to switch. "It's a very exciting time for Salem," David Howard, a company spokesman, said ... In the new packaging, the nationally-available Salem will become "Green Label Box," and will only come in a flip-top box. The pack will be green. The new slide-box style will be called "Black Label Slide Box," and come in a black pack. That style will be available only in what the company calls its 10 "emphasis markets." The packaging changes were done in part to clearly identify to smokers in the emphasis markets that there are two types of Salem cigarettes. "In the markets where we've had both styles available, what we've learned over the last couple of years is that consumers are not clear that in fact we offer two different tastes," said Ronda T. Plummer, the vice president of marketing for Salem. The changes to Salem will be cosmetic; the blends of tobacco will not change... In mid-November, the company began putting inserts and "onserts" - stickers - on Salem products to alert smokers of the changes.” Salem’s new slogan will be “Stir the Senses”.


“R.J. Reynolds Tobacco Holdings Inc. shares rose 7.6 percent, their biggest weekly gain of the year as investors ignored the No. 2 U.S. cigarette maker's lower profit forecast and focused on its attractive dividend...”


“Major cigarette companies plan to decrease how much domestic tobacco they buy next year, setting the stage for the smallest quota in the U.S. tobacco program's history. The six largest companies reported that they plan to buy 283.3 million pounds of American-grown flue-cured leaf, according to the US Agriculture Department... Analysts blame a variety of factors, including declining U.S. cigarette demand...”


“UST Inc., the top U.S. maker of smokeless tobacco said that while it expects 2003 earnings to rise as much as 6.1 percent, 2002 earnings are likely to fall, in line with analyst expectations, as it struggles with a sluggish market... For 2003, UST, which makes Copenhagen, Skoal and other products, said it
expects operating income and earnings per share growth of 3.4 percent. But that figure could rise as much as 6.1 percent if volume trends in moist smokeless tobacco and wine accelerate above expectations.” The overall smokeless tobacco category is growing, in contrast to cigarettes, which have been on a decline.

Sources: Reuters, December 5, 2002
UST Inc. December 5, 2002 http://biz.yahoo.com/prnews/021205/nyth081_1.html

“Philip Morris Cos. and Brown & Williamson Tobacco Corp. must face a wrongful death suit from a smoker who blames cigarettes for his wife's death and his own illnesses, a California appeals court said. The California Court of Appeal in Los Angeles reinstated Donald Souder's cigarette liability lawsuit, marking one of the first resurrections of a smoker suit since the state high court in August limited tobacco companies' liability for their conduct from 1988 to 1998. More than 65 suits by smokers are pending in California courts...”

Source: Philip Morris Must Face California Smoker Suit, Court Rules - Bloomberg News, December 6, 2002
http://quote.bloomberg.com/fcgi.cgi?T=marketsquote99_relnews.ht&s=APe.7aRVMUGhpbGlw

“[Georgia] State investigators want to know why two major corporations -- Philip Morris and Publix Super Markets -- failed to disclose $510,000 in political contributions... Both companies discovered the mistakes themselves, filed belated reports of the campaign gifts within the last six weeks and notified the Ethics Commission, officials said. But Teddy Lee, executive secretary of the commission, said in a memo to the ethics board that the Philip Morris probe was justified because of a "massive and long-running failure" to disclose contributions as state law requires... Philip Morris spokesman Dave Tovar said the company and its subsidiaries routinely contribute to lawmakers and candidates in every state "who we believe are open to listening and taking our views into account and who want to hear all views in making public policy."

Source: Atlanta (GA) Journal-Constitution, December 7, 2002
http://www.accessatlanta.com/ajc/metro/1202/07ethics.html

In a letter to the Washington Post, a lawyer for RJR protested claims that his client was involved in illegal activities. It stated: “As a lawyer representing R.J. Reynolds International and some of its affiliates, I was surprised by the Nov. 25 editorial "Mr. Bush and Tobacco," which repeated allegations of money laundering concerning my client and other Reynolds affiliates based on a complaint filed by lawyers for the European Union and 10 member states. The editorial did not mention that these same lawyers have had three earlier, similar smuggling actions against tobacco manufacturers -- including the Reynolds companies -- dismissed. This new action has not even been served on the defendants and seems designed to catalyze media interest in a series of claims that have been rejected at least seven times by U.S. courts. We intend to vigorously defend this lawsuit -- if and when it is ever served -- and are confident it will be dismissed. The Post offered only that "the suit may fail" and that "RJR's reputation may recover to its former level." Nevertheless, the damage has been done...”

Mr. Bush and Tobacco - Washington Post

“[Florida’s] $20 billion-a-year restaurant industry must have a say in how lawmakers implement the new constitutional amendment banning smoking in restaurants, the Florida Restaurant Association's top attorney told association members who met last week in Orlando. Richard Turner, the association's general counsel and vice president of government relations, said legislators will face competing forces working to influence the language of the law, including details such as who will enforce the ban and what the penalties will be... The challenge for restaurant operators, Turner said, will be to influence the way the ban is implemented, such as determining which agency might enforce the ban. He noted that the industry already has a working relationship with the Department of Business and Professional Regulation, for example, and might prefer working with it to another agency.” In a different report, Brendan McCormick, a spokesman for Philip Morris USA said “We're not really involved in it at this point. We're looking to respond to the will of the voters. But if there are issues we can play a role in,
we will certainly respond.” The tobacco industry, combined with Florida restaurants, contributed more than $530,000 to the state Republican Party for the November elections and the two industries have poured campaign cash into the Florida GOP for years.

[Note: As described before in California (see “Tobacco Wars”) and other states, passage of legislation is but a first step. The real fight often occurs at the implementing legislation level, when political influences and compromises can play a pivotal role.]

Sources: Industry crafts strategy for dealing with ban on smoking, December 16, 2002
Orlando Sentinel; December 8, 2002
Tobacco War: Inside the California Battle. http://ark.cdlib.org/ark:/13030/ft167nb0vq/

“Philip Morris USA has agreed to give $17.6 million to North Carolina State University to map out the genetic makeup of tobacco... The Tobacco Genome Initiative would be carried out over a 4 1/2-year period by N.C. State's College of Agriculture and Life Sciences. N.C. State researchers say mapping out tobacco's genes could lead to engineering the leaf for alternative uses... "We hope to sequence over 90 percent of tobacco's genes," said Charles Opperman, professor of plant pathology and genetics, who will lead the project. "This does not mean we'll know what all the genes do, although in some cases we will be able to determine gene function." Philip Morris... said unlocking the genetic makeup could be used by the company to find ways to alter tobacco genetically so that negative health effects can be diminished for adults who smoke. "This is a demonstrable sign of our commitment to scientific research, particularly those associated with reducing the harm of using tobacco products," said Jennifer Golisch, a Philip Morris spokeswoman in Richmond, Va.... "Tobacco is an important model system. It's used to study other plants that may be more difficult to work with," Opperman said. Data could help plant scientists understand how other species develop and resist pests, he said...

Sources: Philip Morris to Help Map Tobacco Genome - Newsday/AP, December 11, 2002
http://www.newsday.com/business/investing/wire/sns-ap-tobacco-genome1212dec11,0,1066050.story

"New York City will enact a sweeping ban on indoor smoking that will include nearly all bars and restaurants, under an agreement...between the Bloomberg administration and the City Council. The law grants an exception to bars with no employees and includes “a provision for bars with in separate, enclosed rooms in bars and nightclubs that employees do not generally enter and which are used solely for smoking. The ventilation requirements for those rooms, however, are so extensive that few officials believe businesses would take advantage of the provision, especially since the exception expires three years after the law goes into effect. [It also bans smoking at outdoor arenas and stadiums.] … Representatives of the bar industry criticized the agreement, including the exemptions.” … "If it's a health issue, then it should be prohibited in all locations, otherwise that gives economic advantage to some businesses and disadvantage to others," said Chuck Hunt, executive vice president for the New York chapter of the New York State Restaurant Association. "Our members wanted a level playing field. The exemptions don't allow for that". [The law goes into effect on March 30, 2003.] “A spokesman for Philip Morris USA, the domestic tobacco division of Philip Morris Cos. Inc., said the company opposed the measure and would have to study how it would affect smoking policies at its Manhattan offices. The company's offices have designated smoking and non-smoking areas. "We'll take a look at our own office situation and determine what changes need to be made to bring our particular building into compliance," spokesman Brendan McCormick said.”

[Note: this is a strong measure but exemplifies that compromises always complicate implementation and enforcement of clean indoor air measures.]

Sources: Deal Reached to Tighten Smoking Restrictions in New York - New York Times, December 11, 2002

Bloomberg Gets Deal to Expand Smoking Curbs - New York Times, December 12, 2002
http://www.nytimes.com/2002/12/12/nyregion/12SMOK.html

New York Broadens Ban on Smoking - Washington Post/AP, December 12, 2002

http://www.nytimes.com/2002/12/14/nyregion/14SMOK.html

http://www.reuters.co.uk/newsArticle.jhtml?type=searchNews&storyID=1931450
“The [New York] state Office of Fire Prevention and Control is expected to release regulations soon that will require that by next July, only self-extinguishing cigarettes can be sold in New York. Buried in a progress report to the state Legislature obtained by The Post, the fire prevention office disclosed that tobacco companies fear they won’t be able to meet that mandate. According to the July 1 memo, the companies say they need sufficient time to “conform a multitude of products to the standard and have those products distributed through the distribution chain to the retail shelves.” The report warns: “There could be a period of time after the effective date of the regulation where no cigarettes are sold in New York.” Hoping to reduce the number of cigarette-related fires, the state Legislature passed a law in 2000 that will make New York the first state to require that every cigarette sold be self-extinguishing. ... Brendan McCormack, spokesman for tobacco giant Philip Morris, said yesterday that “anyway you look at it, it’s going to be a challenge to comply in that time frame.” This measure comes when evidence about how the tobacco industry mislead the public and policymakers about its ability to produce fire safe cigarettes came through light in tobacco industry research published in the British Medical Journal. Manufacturers publicly that the cigarettes would not sell, even though their own research showed smokers could not tell them apart from regular cigarettes.... A 1987 document from tobacco company Philip Morris shows that a study into different types of fire-safe cigarette reached a similar conclusion, stating: "The cigarette models appear to be equally acceptable to smokers."... A document from British American Tobacco dated 1983 cites “product liability reasons” for not proceeding with fire-safe cigarettes.

Sources: N.Y. cig sales could be stubbed out - New York Post, December 11, 2002
New York stamps down on cigarettes - The Times, December 12, 2002
http://www.timesonline.co.uk/printFriendly/0,1-3-510980,00.html
Public misled over fire-safe cigarettes - New Scientist, December 18, 2002
The case for fire safe cigarettes made through industry documents - Tobacco Control
http://tc.bmjournals.com/cgi/content/full/11/4/346

Michael Pfeil, Vice President, Communications and Public Affairs of Philip Morris U.S.A. wrote a letter, in response to a November editorial, defending the company’s position on the issue of lights and ultralights cigarettes. In the letter, Pfeil states that the “…Nov. 16 editorial on light and ultralight cigarettes ("Little 'light' lies that leave you breathless") gave an incomplete picture of Philip Morris U.S.A.’s actions. The major tobacco manufacturers have long included average tar and nicotine yields in cigarette advertisements pursuant to an agreement with the Federal Trade Commission. Those yield ratings are set using a test method required by the FTC. However, the ratings are not intended to reflect the amounts of tar and nicotine that each smoker inhales... The FTC always has been aware of the limitations of its test method. ... Philip Morris has asked the FTC to consider developing a new method for determining average yields that more accurately estimates tar and nicotine inhaled by the smoker, and to allow continued use of descriptors. For instance, we believe the FTC should require that manufacturers provide disclaimers for all low-yield brands that say…[that] low-yield cigarettes have not been proven to be less hazardous than other cigarettes and are not a substitute for quitting [among other information stating that there are no benefits to health or cessation on low yield cigarettes]… [PM is] providing this information to adult smokers by placing inserts in 130 million packs of our non-full-flavor cigarettes across the country - not just in Missouri and Illinois, as the editorial implied… Finally, we strongly advocate legislation that would empower the FDA with full regulatory authority over both the testing method and the use of brand descriptors.


“Boston public health commissioners voted unanimously to ban smoking in bars, nightclubs, and restaurants, making the city the largest on the East Coast to order virtually all workplaces to become tobacco-free. Starting May 5, 2003, it will be illegal to [smoke] in any of the 2,263 establishments in Boston that serve food or drink. Owners who violate the rule face fines as high as $1,000... But in a development that unfolded after news of the vote began circulating, trade associations that have long fought a statewide smoking prohibition appeared to be altering course, supporting a statewide ban
rather than regulations that cover only selected communities. The executive director of the Massachusetts Hospitality Association, a consortium of 100 restaurants, taverns, and clubs in the Boston area, said that his members in Boston face financial ruin unless a ban applies to all establishments in the state equally. "Not having it statewide puts Boston establishments at a tremendous competitive disadvantage," said a weary-sounding Alan Eisner, leader of the trade group. "Statewide, at least we'd have a level playing field. I'd prefer a statewide ban to the situation we have now."

Source: City bans smoking in bars, eateries - Boston Globe, December 12, 2002
http://www.boston.com/dailyglobe2/346/metrol/City_bans_smoking_in_bars_eateries+.shtml
Citywide smoke ban OK'd - Boston Herald, December 12, 2002
http://www2.bostonherald.com/news/local_regional/smok12122002.htm

“A federal appeals court threw out the tobacco industry's lawsuit challenging the landmark 1993 government finding that secondhand tobacco smoke increases the risk of cancer. The 4th U.S. Circuit Court of Appeals unanimously ruled the Environmental Protection Agency's report on secondhand smoke was not subject to court review because it was advisory and not a final agency action... The EPA report declared secondhand tobacco smoke a carcinogen and the cause of more than 3,000 lung-cancer deaths a year. "I'm a little disappointed that the Court of Appeals felt they couldn't rule on this," said Arnold Hamm, assistant general manager of the Raleigh, N.C.-based Flue-Cured Tobacco Cooperative Stabilization Corp. The marketing cooperative for tobacco farmers in five states from Florida to Virginia was the lead plaintiff. Hamm said the cooperative's board of directors probably will discuss whether to appeal... He noted that the EPA report has already prompted many local rules restricting public smoking. “At this stage of the game, if the 4th Circuit had agreed with us it would have been more of a moral victory," Hamm said... A federal judge in North Carolina ruled in 1998 that the EPA did not demonstrate a “statistically significant” link between tobacco smoke and lung cancer. [This] ruling overturned that decision. Other plaintiffs in the case were Philip Morris, R.J. Reynolds Tobacco Co., Gallins Vending Co., the Council for Burley Tobacco and Brown & Williamson Tobacco."... “Paul Kamenar, senior executive counsel for the Washington Legal Foundation,[a group that frequently defend the views of the tobacco industry] which filed a brief on the side of the tobacco companies, said the opinion finds that the EPA report was not the type of government agency action that any court can review. Other agencies have imposed restrictions on indoor smoking based in part on the report, Kamenar said, but "the report itself does not impose any legal obligations on anyone." If it did, the courts might have standing to review it in a legal action. "I think the decision is erroneous," said Kamenar, "and I don't know why it took 3½ years to render a decision."

Sources: Challenge on Secondhand Smoke Thrown Out - New York Times/AP, December 12, 2002
Suit on Secondhand Smoke Dismissed - Washington Post, December 12, 2002; Page A16
Second-hand Smoke Ruling Overturned - Richmond Times-Dispatch, December 11, 2002
Flue-cured tobacco cooperative v. EPA - 4th U.S. Circuit Court of Appeals
Mistaken ruling, unmistakable facts - TCRC/TPLP
http://www.tobacco.neu.edu/Extra/hotdocs/OsteenArticle.htm

"Philip Morris Cos Inc, RJ Reynolds Tobacco Corp, Lorillard Tobacco Co and Brown & Williamson Tobacco Corp won a class action lawsuit that had been brought here against them on behalf of California residents under the age of 18 who smoked cigarettes, lawyers for the plaintiffs said. Law firm Blumenthal & Markham said the plaintiffs would appeal the verdict in the case, Daniels vs Philip Morris, which challenged the marketing and advertising of the tobacco companies.”

Source: Philip Morris, RJ Reynolds, others win California tobacco class action suit - Ananova/AFX News, December 16, 2002

“A California judge slashed a record $28 billion jury award against cigarette maker Philip Morris Cos. to a comparatively paltry $28 million, calling the punitive damages "legally excessive." Philip Morris said it still planned to appeal the verdict and expects the process to take several years. A jury ordered the company in October to pay $28 billion in punitive damages to 64-year-old Betty Bullock, a woman suffering from terminal lung cancer who blamed the company for failing to warn her of the risks of smoking. In a written ruling, Judge Warren Ettinger, of California Superior Court for Los Angeles
County, slashed the damages, but turned down the company's bid for a new trial. He said a new trial on punitive damages would be ordered if Bullock refuses the reduced judgment... In a statement, Philip Morris said the new ratio is nearly 33 to 1, well in excess of the four-to-one ratio the U.S. Supreme Court has suggested approaches the constitutional limit of such awards. "A critical element was what the plaintiff knew about the health risks of smoking ... the evidence was clear that Mrs. Bullock was aware of the risks and never relied, to her detriment, on anything the company said or did," William Ohlemeyer, the company's associate general counsel, said in a statement. [He also said that] "Philip Morris U.S.A. understands that many people have strong feelings and opinions about tobacco. That emotion -- and any desire for changing the rules governing the tobacco industry -- should be directed to the legislative process, rather than the courts." "Shares of PM rose after the judge’s decision was announced. [Bullock has accepted the reduced award, but PM continues to state it will pursue all appeals available.]

Smoker's award cut from $28bn to $28m - The Guardian
http://www.guardian.co.uk/international/story/0,3604,863293,00.html
Philip Morris U.S.A. Will Pursue Prompt Appeal In Bullock Case - Philip Morris
Smoker Accepts Reduced Tobacco Settlement - Newsday/AP, December 24, 2002
http://www.newsday.com/business/investing/wire/wire/sns-ap-tobacco-suit1224dec24,0,3286245.story

"To help strengthen the safety net available to survivors of domestic violence, Philip Morris Companies Inc. has awarded its largest domestic violence grant-making effort to date: a $5 million commitment over two years to more than 100 nonprofit organizations in 24 states and the District of Columbia... The Doors of Hope Program is a national grant-making initiative of Philip Morris Companies Inc., in partnership with the National Network to End Domestic Violence Fund...” [Note: throughout Latin America and other regions PM is doing the same thing. A visit to PM website shows its efforts in funding domestic violence initiatives in Ecuador and Panama, to mention a few.] Source: PR Newswire, December 20, 2002 http://www.philipmorris.com/media

Philip Morris Companies Inc. Grants Help Fill Critical Gaps in Community Services that Address Domestic Violence
http://biz.yahoo.com/prnews/021220/dcffns1_1.html

“More than a year after saying it plans to rename itself Altria, Philip Morris will launch a campaign in late January to herald the new name. The tagline: "Where people and performance make a difference."... The goal of the campaign [being developed by long time PM ad agency Leo Burnett] is to let consumers know that Altria is the holding company for Kraft, PM USA and PM International, and that those entities will not change their names. The spots will be unlike PM's previous corporate-image effort, which showed PM employees bringing water to flood victims and aid to war refugees. That effort backfired when activists publicized that PM spent more money--$80 million during 2001, according to CMR--on promoting its good works than on actual assistance. The new initiative will promote core values like financial strength, operational excellence, good marketing and management, and social responsibility. On the social-responsibility front, Kraft next year will launch an educational campaign about childhood obesity. PM USA, Altria's domestic cigarette operation, will continue touting philipmorrisusa.com as a clearinghouse for information about smoking health risks, quitting smoking and links to health authorities.”
Source: Burnett to Tout PM's New Name, December 17, 2002
http://story.news.yahoo.com/news?tmpl=story&u=/adweek/20021217/ad_bpiaw/burnett_to_tout_pm_s_new_name

“In 1999, the executives of Philip Morris Companies got a painful wake-up call. In just nine years, the company had slipped from fifth to 496th on Fortune Magazine’s most admired American corporations list, Philip Morris Director of Media Relations Frank Gomez told the Champaign County Chamber of Commerce... Philip Morris, the parent company of Kraft and a major employer in Champaign, has been on an all-out campaign to change its image from cigarette-pusher to good corporate citizen... "Consumers today expect, even demand, that companies demonstrate ethical behavior and show
concern for the community, the environment and human rights,” Gomez said. That boils down to putting the needs of society on an equal footing with the needs of shareholders, he added... "Society wanted us to deal proactively with the difficult problems surrounding tobacco,” Gomez said. "But we spent so much time in court arguing our tobacco companies' positions on smokers' rights, the legality of cigarettes and freedom of speech that we lost where it really matters in the court of public opinion.”...

Philip Morris U.S.A. has established a youth smoking prevention department funded with $100 million a year. And, Gomez adds, "if these efforts cause a decline in sales of Philip Morris cigarettes, we're prepared to accept that."...

Source: Champaign, Ill., Chamber of Commerce Hears about Philip Morris's Image Revamp. The News-Gazette, December 17, 2002

“Tobacco companies say they're just out pitching their products, handing out free packs of cigarettes to smokers in clubs and pubs around New York, trying to get them to switch brands... At Lark Tavern, Camel representatives often appear on weekends or during live music sets, looking for smokers. They ask those with cigarettes if they would like two free packs, take their IDs to scan and return with the Camels most similar to their regular brand. Called the Camel Club, first launched in 1994, the program has been in Albany since the spring of 2001. "We are trying to get these adult smokers to switch to our brands,” said David Howard, spokesman for R.J. Reynolds... Howard said the company does not sell the information scanned off the IDs or give it to any third parties but adds the names and addresses to product mailing lists. Since the Master Settlement Agreement in 1998, which banned tobacco companies from targeting youth in advertising, other programs, like these giveaways, have sprung up around the country.

Source: Bar patrons receive free cigarettes from tobacco companies - Newsday/AP. December 25, 2002

“Philip Morris Cos.'s request to overturn a $79.5 million jury award to relatives of a long-time Marlboro smoker who died of cancer was rejected by Oregon's highest court.. Philip Morris said it will appeal to the U.S. Supreme Court. Philip Morris is currently appealing six multimillion-dollar verdicts in California and Oregon... “We are disappointed that the Oregon Supreme Court sidestepped this case because it involves legal issues that are critically important,” said William Ohlemeyer, Philip Morris's vice president and associate general counsel, in a statement. "We continue to believe that the ... verdict should be set aside on a number of legal grounds, including the excessiveness of the punitive damages award, and we are hopeful that the U.S. Supreme Court will agree to hear the case and send it back to Oregon for a new trial,” he added. Ohlemeyer said that the excessiveness of the punitive damages award as well as other issues warrant review by the U.S. Supreme Court.”

Source: Philip Morris $79.5 Mln Award Upheld by Oregon Court - Bloomberg News, December 26, 2002

Philip Morris USA Seeks Supreme Court Review Of Ore Verdict - Dow Jones, December 26, 2002
http://biz.yahoo.com/djus/021226/1807000294_1.html

“A federal judge in California ruled in favor of the top two U.S. cigarette makers in a suit brought by the family of a deceased smoker, saying there was not enough evidence to back claims that Philip Morris and R.J. Reynolds were responsible for the smoker's death... The case was being heard by a jury, but after the plaintiffs rested their case, U.S. District Court Judge Saundra Armstrong entered a directed verdict in favor of R.J. Reynolds and Philip Morris, saying that as a matter of law the jury could not reasonably return a verdict for the plaintiffs, R.J. Reynolds said... [The Judge said the] “plaintiffs failed to produce sufficient evidence to support their claims that the companies were responsible for the death of Frank White,” R.J. Reynolds said in a statement.

Source: RJ Reynolds, Philip Morris win Calif. smoking suit. December 31, 2002


Regional

PAHO’s release of a report on the tobacco industry activities in the Latin American and Caribbean region generated wide media coverage in the region. “Commenting on the report, Jayme Fowler, Philip Morris' communications director for Latin America, said the information included in the report is not new, but rather consists of statements and internal documents that have been available to the public for
several years. "It is not constructive to dwell on events that (occurred) several years ago," he told Reuters Health. "It is more productive to focus on what we can and should be doing to address society's legitimate concerns about tobacco." A British American Tobacco spokesperson echoed those sentiments. In response to the specific claims raised in the report, however, the spokesperson said "tobacco companies are interested in supporting the dissemination of the views of people who take an open-minded approach to the issue of second-hand smoke." However, "BAT has not designed youth smoking prevention campaigns as PR (public relations) exercises." Finally, "there is no convincing evidence that the substance of any work or the opinion of any doctor or scientist has been altered or affected by tobacco industry influence," the spokesperson said. In Nicaragua, the media gave almost equal space to coverage of the report findings and a statement by BAT where a company representative stated that BAT acknowledges that they sell a product that poses a health risk and that the company is committed to preventing young people from smoking.
Sources: Tobacco Firms Lied to Latin Americans - Reuters
PAHO: Tobacco Firms Lied to Latin Americans - Yahoo!/Reuters
http://story.news.yahoo.com/news?tmpl=story&u=/nm/20021219/hl_nm/tobacco_smoking_de_1
OPS denuncia que tabacaleras pagaron a científicos chilenos para limpiar su imagen - La Tercera (Chile)
http://www.tercera.cl/diario/2002/12/18/23.CYT.TABACO_OT.html
OPS asegura que tabacaleras son rentables a costa de la gente - La Prensa (Nicaragua)
Batca: Informamos que fumar es un riesgo para la salud - La Prensa (Nicaragua)
Profits Over People - PAHO
http://www.paho.org/English/HPP/HPM/TOH/profits_over_people.pdf

Eastern Mediterranean

Jordan

"Jordan's bourse rose in robust post-holiday trading, with surging demand for International Tobacco amid talk it was about to announce a licensing deal with a major US brand, dealers said... The heaviest traded stock, International Tobacco gained 4.85 per cent to close at JD4.11 after shares worth JD1 million changed hands — almost half the daily trading."
Source: Demand for International Tobacco shares surge. Jordan Times, December 11, 2002
http://www.jordantimes.com/wed/economy/economy5.htm

Philip Morris launched a $5 million project to produce Marlboro cigarettes in Jordan. It will produce both full flavor and lights version of the brand in partnership with Jordan's privately owned International Tobacco and Cigarette Company (ITCC) and distributed, locally only, by Al Robban Trading Company. "The ITCC's whole output will be for the local market with a 20-cigarette Marlboro pack priced at JD1," said Surinder Mand, the general manager for Philip Morris International in the Levant area. "The price is very much affordable for smokers here and is reasonable for one of the premium and highest-quality brand in the world," he said. "The share price is expected to rise when the company starts producing Marlboro in the local market," said Ibrahim Al Juaba from the ITCC. The company, established in 1994, has a JD15 million capital and around JD40 million in reserves. A bulk of the ITCC's products is exported to the Iraqi market. The launch comes as Jordan is waging an anti-smoking campaign across the country, where around 29% of the 5 million population are smokers, most of them men.
Sources: Philip Morris launches $5 million Marlboro cigarette plant in Jordan
ITCC starts producing Marlboro in Jordan, December 12, 2002
http://www.jordantimes.com/Thu/economy/economy2.htm

Pakistan
“The two tobacco companies - Pakistan Tobacco Company (PTC) and Lakson Tobacco Company (LTC) - have closed down five purchasing centres in the tobacco cultivating areas of the NWFP. [The companies] already informed the Pakistan Tobacco Board (PTB) about their decision and it was the responsibility of the board to inform the tobacco growers in time about the prevailing situation and the intention of the major companies for the year 2003 season... When asked about the reason of closing down the tobacco purchasing centres, they said in the last four years the two companies had purchased bulk of surplus tobacco and the government had failed to make tobacco an exportable commodity like rice and cotton. Besides, they said, the anti-smoking campaign was also one of the reasons behind this act.

Source: Five tobacco purchasing centres closed down, December 11, 2002
http://www.dawn.com/2002/12/12/local27.htm

Europe

Bulgaria

“Two hundred thousand tons of tobacco have been purchased by Bulgartabac since the beginning of the year. CEO Georgi Kostov said... He warned that newly introduced quality standards are inspiring tensions between producers and purchasers.”


“Bulgaria's highest administrative court overruled the government and upheld its cancelation of a deal to sell tobacco monopoly Bulgartabak to a consortium backed by Germany's Deutsche Bank. The court also ordered all four bidders in the original tender to submit improved offers. The three losing bidders [Metatabak and Rosbulgartabak, both of Russia, and Austria's Tobacco Holding GmbH] had previously appealed the tender's result on procedural grounds. In October the court canceled the deal to sell 80 percent of the tobacco producer to a consortium of Sofia-based Tobacco Capital Partners and Dutch-registered Clar Innis, backed by Deutsche Bank AG, for 110 million euros (about US$110 million.) [The] rejection of the subsequent appeal makes the court ruling irrevocable and will delay Bulgartabak's privatization, seen as key for the reformist government's efforts to speed up sales of state assets and attract foreign investment.

Sources: Bulgarian court orders new bids for tobacco monopoly. December 17, 2002

Finland

“[Finland’s] Amer Group is seeking an "urgent" exit from its tobacco operations as they do not fit with its image as a sporting equipment supplier or with the company's move into the fitness business, Amer chief executive Roger Talermo said. ... Talermo said getting out of tobacco "is becoming urgent, specifically as we go into the fitness business". ... Talermo said though that Amer would be unable to simply sell the business as it is a licensed producer for Philip Morris Cos Inc. "So we have to at some point negotiate with Philip Morris, if we so decide to step out of it,” he said, without commenting on whether there had been any discussions with the US tobacco company.”

Source: Amer seeks rapid exit from tobacco business as focus switches to fitness ops – Ananova.

France

The French paper le Monde had an article discussing that despite the approximately $350 million dollars that F1 gets in sponsorship from the tobacco industry, there is a trend of seeking sponsorship elsewhere, due to growing advertisement restrictions. The articles cites Flavio Briatore, the boss of team Renault, as saying that there is a number of other companies ready to invest in F1.

Source : La formule 1 joue à cache-cache avec ses sponsors - Le Monde, 5 décembre 2002
http://www.lemonde.fr/article/0,5987,3236--300775-.00.html

“Franco-Spanish tobacco giant Altadis has denied speculation it might be a takeover target for British rival British American Tobacco. “We have very strong qualities that allow us to grow independently, without the friendly or not (friendly) support of BAT,” Altadis co-president Jean-Dominique Comoli
told French radio RTL... "I formally deny any sort of approach by BAT," he said. Comoli was reacting
to market talk that BAT may be mulling a bid for Altadis.”
Source: Altadis boss denies BAT approach
http://www.reuters.co.uk/newsArticle.jhtml;jsessionid=0SUVPMOVMZGCRBAEKSFFA?type=busi
nessNews&storyID=1906862

Ireland

“John Player & Sons said today that it was disappointed at the Government's decision to increase
tobacco tax by more than double the rate of inflation. According to the cigarette manufacturer, which
employs 90 people in Ireland, experience in other markets shows this is likely to cause a surge in
cigarette smuggling and, far from deterring smokers, could undermine other Government smoking
policies... Liam Peters, managing director of John Player & Sons, said, "Quite apart from putting a
completely unfair tax burden on smokers, a duty increase of more than double the inflation rate flies in
the face of logic and experience. All the evidence from the UK and elsewhere shows that excessively
high tobacco tax encourages smuggling as well as legal cross-border trading in cheap cigarettes. This
means product will come onto the market that we as an industry cannot control and therefore cannot
ensure that it complies with tobacco regulations. The growth of a black market also damages the
economics of retailing in Ireland by undermining the livelihood of legitimate tobacco retailers," he
added.” Similarly, “The Irish Tobacco Manufacturers Advisory Committee says that it is a regrettable
move. They insist it is one that will push up inflation and increase the cost burden on the one third of
Irish adults who smoke. The Committee also said that the 50c extra tax will lead to an increase in the
smuggling of tobacco.”
[Note: As reported last month, the industry argued against advertisement bans claiming that taxation
was a more effective way to reduce sales, but when taxes are increased, the industry uses the smuggling
argument to counter it.]
Sources: John Player slams cigs hike. Business & Finance. December 4, 2002
http://www.online.ie/business/latest/viewer.adp?article=1897022
Tobacco industry blasts Budget hikes. December 4, 2002

Italy

“The Italian government received five non-binding offers for the nation's cigarette monopoly after two
companies pulled out and another two joined forces... British American Tobacco Plc and Swedish
Match AB decided to submit a joint offer for Ente Tabacchi Italiani SpA, [a local] newspaper said.
Other bidders are Altadis, Europe's No. 3 tobacco company, which is bidding together with Equinox
Investment Co.; Japan Tobacco, the third-biggest tobacco company; and two groups formed by Italian
businessmen [One of which is reportedly the Benetton family].” BAT would acquire ETI's
manufacturing business. Swedish Match, which does not manufacture cigarettes, plans to expand its
European business distributing products including snuff, chewing tobacco and nicotine chewing gum
Sources: Bloomberg News, December 20, 2002
BAT, Swedish Match in Joint Bid for Italy's ETI, December 1, 2002
http://quote.bloomberg.com/fgcgi.cgi?T=marketsquote99_relnews.ht&s=APenALhTPQkFULCBT
AFX News, December 1, 2002
Italy Gets Less Than 8 Bids For Tobacco Co ETI. December 18, 2002
http://biz.yahoo.com/djus/021218/0742000271_1.html
BAT, Swedish Match look for partner for ETI bid, December 9, 2002

Norway

“Norway is set to become the first country in the world to ban smoking from all indoor public places,
including bars. ... Oliver Griffiths, from the Atmosphere Improves Results (AIR) initiative, [a tobacco
industry-funded group] which is fighting for self-regulation on smoking for the pub trade, said: “The
Norway news is a timely reminder for the UK industry to get its act together. “The news will only
increase the urgency with which health groups and others pursue a ban here – especially with the public
places charter coming up for review in the new year.” Mr Griffiths says licensees must ensure their
pubs are compliant with the smoking charter to avoid this type of legislation. “For most this just
requires them to put up a smoking policy sticker or sign outside the premises and a policy statement
inside,” he added. “Licensees must also improve conditions for their workers through either upgrading their ventilation or initiating a smoking ban at the bar.” The Department of Health agreed to targets set by the industry’s Charter Group, which state that 50 per cent of all pubs must be compliant with the charter by the end of this year. ... Several states and cities in the USA, Canada and Australia already have similar bans to the Norwegian proposals, which came about after heavy pressure from restaurant workers’ unions.”

[Note: as said before, ventilation and separated smoking sections do not eliminate the health hazards caused by second-hand smoke, but the tobacco industry insists and heavily invests in these “solutions”.

Source: Norway's proposed smoking ban a ‘timely reminder' for UK pubs - The Publican.
http://www.thepublican.com/cgi-bin/item.cgi?id=8170&d=11&h=24&f=23&dateformat=%o-%B-%Y

Romania

“The Law relating to the prevention and combat against the effects of tobacco products consumption, expected to come into force on December 21, cannot be enforced, due to unclear provisions and the absence of enforcement measures,” officials of the Japan Tobacco International and Philip Morris Romania tobacco companies stated... “The Law Against Smoking in Enclosed Public Places cannot be enforced as it is now. The Health Ministry acknowledges that fact that the law is wrongly issued and is preparing an emergency decree to modify it. The decree will probably be passed in January,” said Gilda Lazar, Corporate Affairs Manager of Japan Tobacco International. The main provisions in the law that are irking the cigarette makers relate to the ban on trade in packages smaller than 20 cigarettes, as well as the absence of a clear definition of public places. “The text of this document is confusing and irresponsible. A definition of the public places should have been offered and the term “pollutant” dropped out as there is no connection between it and cigarette smoke. The ban on the trade in packages smaller than 20 cigarettes should also have been dropped out, as there is no such ban in the European Union,” said Lazar. She added that the emergency decree currently worked on will bring necessary clarifications. The Law Against Smoking in Enclosed Public Places establishes some measures for the prevention and combat of consumption of tobacco products by banning smoking from enclosed public spaces, with some exceptions, and making it mandatory for cigarette packages to carry certain inscriptions as well as for certain public campaigns against smoking. Under this law, smoking is only allowed in places that are specially created to this end, which are well aired. Bars, restaurants and disco houses are exempted from the law. Also banned is item trade of tobacco products and of packages of less than 20 cigarettes. The documents also define some terms, including tobacco products, smoking, cigarettes, cigarillos, nicotine, pollutant and enclosed public place... Philip Morris has also stated itself against the current version of the law. “Philip Morris agrees with the need for smoking to be regulated, but, although the intentions of the law are good, its provisions are unclear and make the law unenforceable,” said Peter Imre, corporate affairs director with the company. He also asked for the article banning the selling of packages of less than 20 cigarettes to be repelled and the term of public places better defined. “In our opinion, education houses, airports, public transport means are indeed public places, but private companies cannot be considered public places. Enforcing or not the restriction within a company should be left with the employers to decide,” said Imre. The management of Philip Morris Romania is also arguing that private offices used by only one employee should not be included among the places where smoking is forbidden.

[Note: The industry documents reveal that smaller packs, such as 10s. is an industry strategy to introduce new brands and gain market share among “starters”. And the industry continues to refuse to accept that second hand smoke is an indoor air pollutant.]

Source: Cigarette makers ask for modifications to Law Against Smoking in enclosed public places - Nine o’Clock, December 19, 2002

Serbia

“Major tobacco companies have expressed interest in buying Serbia’s two cigarette plants, which could be offered for sale in January once regulatory legislation is in place, the Privatisation Agency said. Director Vladimir Cupic said British American Tobacco, Philip Morris, Japan Tobacco International, Imperial Tobacco Group and others were keen to enter Serbia, where billions of cigarettes are lit up each year...”

Source: Smoking Serbs light tobacco majors' fire - B92/Reuters
Spain

The former head of exports of Tabacalera (now Altadis, after the merge with Seita) was accused by the Anti-corruption Agency of involvement in a smuggling network, responsible for bringing almost 21 million packs of cigarettes into Spain and the UK between 1997 and 1998. The official destinations of the packs were countries outside the EU (Lebanon, Iraq, Angola, UAE, Gambia). The Agency requested the courts to look into the matter that lead to a fraud of 31 million Euros.

Source: Un alto cargo de Tabacalera, implicado en una presunta red de contrabando a gran escala - El Diario Montañes. December 22, 2002

Sweden

“The roll your own market is booming with sales up 3.5% last year according to the annual Swedish Match Market Report. It estimates that around four million people make their own cigarettes and the numbers are set to grow as successive tax increases push the retail price of cigarettes higher.”

Source: ASH-UK; Independent Retail News, 29 November 2002

Switzerland

“Switzerland is planning to follow the European Union by banning most tobacco advertising, according to health officials. However, the Federal Health Office admitted that it would be several years before Bern came close to matching the scale of the EU’s ban... Tobacco advertising is worth SFr80 million a year in Switzerland... The EU’s new law, to come into force in 2005, has already run into stiff opposition, particularly from media firms... Piero Schäfer, spokesman for umbrella association of Swiss advertisers, said his members would be fighting tooth and nail to resist any attempts to extend the ban in Switzerland. He told swissinfo that his organisation had assembled an alliance of 20 firms, including tobacco companies, to fight moves to ban tobacco advertising. “We have done a lot of lobbying in Bern, and have done quite a good job on a national level [where] we have blocked an initiative put before parliament.” He said bans were becoming more common at a local level, and these were proving harder to counteract. Schäfer poured scorn on suggestions that a ban on tobacco advertising had any effect on smoking. “There is no evidence that a ban on tobacco advertising leads to a decline in smoking. Our position is that, as long as cigarettes are legally on the market, manufacturers must be able to advertise the product.” The Swiss advertising industry is worth about SFr7 billion a year, SFr80 million of which – just over one per cent - comes from tobacco advertising.”

Source: Swiss lean towards tobacco advertising ban - Swissinfo, December 3, 2002

“... Cie Financiere Richemont SA, which with its portfolio of brands such as Cartier, Van Cleef & Arpels and Montblanc is the world's number-two luxury group, said it was selling warrants exercisable into BAT shares in May 2004. The deal would generate an extraordinary book profit of 300 million euros in the financial year to March 31, but the cash gain would be limited, company sources said. Under the terms of a 1999 merger of Richemont's Rothmans International tobacco interests with those of BAT, Richemont obtained a 23.3-percent stake in the London-based tobacco firm, which is the world's number-two cigarette maker... "Absent any major capital increase in BAT, which would have allowed R&R Holdings to convert its holding of preference shares into ordinary shares, Richemont and Remgro were therefore effectively forced to sell the preference shares or have them redeemed in 2004," Rupert added in a statement. The total Richemont stake will be less than 20 percent. Switzerland's Richemont owns two-thirds of R&R, and South Africa's Remgro Ltd. the rest. The family of Johann Rupert, the African country's second-richest man, holds stakes in both companies... The agreement was reached when Richemont and Rembrandt Ltd., whose industrial, mining, banking and tobacco interests are now owned by Remgro, sold Rothmans International SA to the world's No. 2 cigarette maker in 1999 for a 35 percent stake in BAT... After the sale of the preference shares in 2004, R&R will own about 27.8 percent of BAT, according to du Plessis... Richemont's earnings from its BAT investment increased by 4 percent to 270 million euros in the fiscal first half, helping counter a 27 percent drop in
operating profit at its luxury-goods business. Remgro had an 86 percent increase in first-half profit after the weaker rand boosted earnings from its BAT investment.

Sources: Richemont strikes deal to cut BAT stake, December 11, 2000
http://www.reuters.co.uk/newsPackageArticle.jhtml;jsessionid=XYFUSDVSNVN20CRBAELCFEY?type=stocksAndSharesNews&storyID=195159
Richemont to Post Gain of EU300 Million on Stake Sale, December 11, 2002
http://quote.bloomberg.com/fgcgi.cgi?T=marketsquote99_renews.ht&s=APfePFRUKmljaGVt

Ukraine

There was a length article describing a small cigarette smuggling operation along the Ukrainian-Moldovan border. One of the smugglers is quoted as saying: “It's interesting that everybody wants to fight smuggling, but nobody really wants to get rid of it, because they need it. Both the customs people and the police. They are paid a minuscule amount, and they need to live somehow, and so they milk us. [We] are small-time smugglers. But there are those who bring hundreds of boxes across the border at a time. Their daily take is, count it, a thousand bucks. And that's in each car. And they work in groups of three or four vehicles...”

Source: 2000, Kiev, in Russian, December 6, 2002
http://hoovnews.hoovers.com/fp.asp?layout=displaynews&doc_id=NR20021206670.2_53620068f6872a85

United Kingdom

A Tobacco Reporter article has a profile of Imperial Tobacco’s CEO Gareth Davis, highlighting the Reemtsma acquisition. In the article, Davis says: “We now have 36 manufacturing sites and three joint ventures and we sell more than 120 brands in over 100 markets worldwide... We have every intention of pushing ahead with our international operations, both organically and through acquisition, but by no means ignoring the requirement to strengthen our original domestic market positions in the U.K. and Germany... We operate a responsible export supply policy and we have never supplied any overseas market with the intention that our products would be diverted into smuggling.”

http://www.tobaccoreporter.com/current/story2.asp

There were a few reports of Gallaher plans to make a major advertisement blitz before the UK advertisement ban goes into effect in February 2003. “Tobacco giant Gallaher is putting together one last press and poster push in tribute to its past successes, including its "Happiness is a cigar called Hamlet" campaign and its iconic Silk Cut ads, which were famous for never mentioning or showing the product. ...Tobacco companies spent just £20.6m on advertising in the UK last year. Instead, they are working on alternative ways of marketing their products. Marlboro now has a branded clothes range and other cigarette companies have launched entertainment websites to direct young people to bars and clubs that sell their products. Rothmans recently launched a competition with trivia questions inside cigarette packets. Smokers were invited to telephone in their answers to win a prize. "We want to celebrate the history of the great advertising we've done," says [Gallaher] spokeswoman Michelle McKeown, citing the legacy of the company's award-winning campaigns.... Once the ban kicks in, tobacco companies will have to think of new ways to market themselves. Gallaher says it will focus on continuing to improve its merchandising-display units to make shelves more flexible for retailers, as well as on customer research to make sure retailers know which brands most appeal to their customers. Ms. McKeown says the company is waiting for clarification from the government as to what type of information it can promote on display units. "We want to be sure we behave responsibly," she says.”

Sources: Saatchis to produce Silk Cut swansong - The Guardian, December 6, 2002
http://media.guardian.co.uk/tobaccoads/story/0,7521,855071,00.html
ASH-UK, Wall Street Journal Europe, December 6, 2002
“Tobacco company Gallaher Group said that 2002 sales have remained in line with management's expectations as it increased its UK market share and boosted its presence in Europe... Sales of all brands of cigarettes have declined by 2pc in Ireland this year due to health concerns and anti-smoking campaigns, according to the company. However, it claims that it has held 2002 sales “broadly level” with last year, helping it to increase its market share...”
Source: Gallaher sales in line with expectations. December 16, 2002
http://www.online.ie/business/viewer.adp?article=1905468

European Union

Stan Shatenstein posted a lengthy dossier on Globalink News & Information describing media accounts of how Philip Morris had worked with Laurentien Brinkhorst, currently the wife of Prince Constantijn, in order to gain better access to WHO and to the EU. For example, internal PM documents reveal that “in 1996 she developed an “extremely profitable” contact for the company with a scientist of the WHO. The connection was so important that in 1998, a year after Ms. Brinkhorst had left her job at Philip Morris, the company still wanted to pay her $10,000 to maintain the contact.” She worked for PM from 1995 to 1997 and “actively in the company’s lobbying campaign against publications about the dangers of second-hand smoking [including a revision of WHO’s Air Quality Guidelines]. Ms. Brinkhorst’s important connection was dr Michal Krzyzanowski at the European Center for Health and Environment, a WHO agency at that time located in Bilthoven.” In Brussels she was also part of a campaign by the tobacco industry against another WHO-affiliate, the International Agency for Research on Cancer (IARC), “Brinkhorst’s role in the IARC action plan focused on the political lobby. She had to find out which European politicians could be approached by tobacco. She also helped draft a list of journalists who were friendly to the tobacco industry. A Philip Morris document reveals the plan to invite those “friendly journalists” to a company ‘briefing’ prior to the release of the IARC-study. In the company’s campaign plan Brinkhorst played a crucial role in ‘intelligence gathering’ about the WHO-guideline. She knew her way around at the institutions in Brussels; her father Laurens Jan Brinkhorst had been the top bureaucrat at the European directorate-general for the environment for seven years.”
Source: Stan Shatenstein. Philip Morris wanted to pay Laurentien Brinkhorst for her connections with the WHO - Trouw, November 30, 2002
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The connections of Laurentien - Trouw, November 30, 2002
http://www.trouw.nl/tr/bouma/English_verdieping_Laurentien.doc
Memo: From: Laurentien Brinkhorst: To: Jules Wilhelmus: WHO air quality guidelines - PMDocs
http://www.pmdocs.com/getallimg.asp?if=avpidx&DOCID=2065593348C/3349
IARC Release Plan: Index - PM Docs
http://www.pmdocs.com/getallimg.asp?if=avpidx&DOCID=2048381563/1574
Memo: From: Laurentien Brinkhorst: To: General List: WHO Air Quality Guidelines - PMDocs
http://www.pmdocs.com/getallimg.asp?if=avpidx&DOCID=2065285252/5255
World Health Organization Air Quality Guidelines (November 1, 1995) - PMDocs
http://www.pmdocs.com/getallimg.asp?if=avpidx&DOCID=2065285267/5275
PM USA 1999 OS Consultant Services: Functional Area “WSA-SIM” - PMDocs
http://www.pmdocs.com/getallimg.asp?if=avpidx&DOCID=2072597286/7289
Justification for WSA-SIM Consultants - PMDocs
http://www.pmdocs.com/getallimg.asp?if=avpidx&DOCID=2074599058/9059

There was vast coverage of the EU passage of tobacco control directive that includes an advertisement ban. The advertisement restrictions will take effect in 2005 and were approved by 13 of the 15 members. UK and Germany opposed, but for different reasons. Germany stated that the proposal went too far, and the UK that the proposal did not go far enough. The proposal does include a phase out of F1 sponsorship by July 2005 (as opposed to the FIA and UK 2006 deadline). The directive bans ‘direct’ tobacco advertising on radio, printed publications, internet and international sponsorship, and free sampling distribution. It doesn't ban ads in movie theaters, posters and billboards, and 'indirect advertising' - for example Camel boots, Marlboro Classics clothing, etc. Magazines published outside the EU and distributed in member states will not be affected by the proposed ban. “In October 2000, BAT, Gallaher, Imperial Tobacco and Rothmans (UK) Ltd. won an appeal in the European Court of Justice against an earlier ban. They argued that cigarette advertising is a health issue rather than a free-trade issue and should be determined by individual states, not the EU's executive arm.” In Germany, the newspapers and magazine industries claimed that they will not be able to survive without cigarette
advertisement money. Volker Nickel, head of the German Advertising Federation (ZAW), says the ban could threaten up to 10,000 jobs. … The German Union of Newspaper Publishers even went so far as to declare the ban a move against press freedom. [Note: Germany’s Health Ministry issued statements that despite the country’s position and plans to challenge the directive in the European Court of Justice, it was committed to smoking prevention among youth, a program that has been criticized due to its partnership with Philip Morris.] Several EU publishers expressed similar concerns, including Czech Republic publishers who were also concerned about alternative funding for sports sponsorships. “The allegations are a serious setback to Germany’s record as a nation careful to regard the health of its citizens.

Sources: EU Health Ministers Pass Tobacco Advertising Ban - Reuters
EU Approves Ban on Tobacco Advertising - Newsday/AP
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EU widens tobacco ban - The Guardian, December 2, 2002
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http://news.bbc.co.uk/1/hi/world/europe/2535071.stm
La UE prohíbe anunciar tabaco en todos los medios y el patrocinio de grandes acontecimientos - El Mundo
http://www.elmundo.es/elmundo/2002/12/02/sociedad/1038831459.html
EU agrees to outlaw tobacco advertising - Financial Times, December 2, 2002
http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1037872481948
EU tobacco ad ban ‘not tough enough’ - The Guardian. December 3, 2002
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http://dw-world.de/english/0,3367,1430_A_705657_1_A,00.html
Double-blow to tobacco: Byrne welcomes political agreement on cigarettes advertising ban and smoking prevention measures - Europa, 2 December 2002
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L’Europe veut bannir toute publicité pour le tabac - Le Monde. 5 décembre 2002
http://www.lemonde.fr/article/0,5987,3236--300774--00.html
A Lot of Smoke Over Germany’s Soft Stance - DW-World.de, December 4, 2002
http://dw-world.de/english/0,3367,1448_4_849234,00.html
Health hazard for media industry - Frankfurter Allgemeine Zeitung, December 6, 2002

As reported by Stan Shatenstein on Globalink News & Information: “The European Union's highest court backed tough health warnings on tobacco products, including a ban on the terms "light" and "mild" on product packaging within the EU. [The court's ruling are due to take effect in September 2003, under which well-known brands such as Philip Morris Co.'s Marlboro Lights and Camel Lights, as well as European brands such as Austria's Milde Sorte and Portugal's Suave, will have to be renamed.] The ruling against cigarette firms Imperial Tobacco and British American Tobacco comes a week after a decision by health ministers to ban tobacco advertising on the radio, in newspapers and on the Internet... The law demands health warnings cover 30 percent of the front of cigarette packets and 40 percent of the back, which the court said were not excessive... New standards on the composition of cigarettes marketed within the EU, including limits on their levels of tar, nicotine and carbon monoxide, also will take effect from January 1, 2004 as part of the law. The court... said the law was valid because it was an attempt to harmonize standards within the EU.” The tobacco companies “expressed their disappointment at the European Court of Justice's decision to uphold laws banning them from exporting products outside the EU which do not meet the EU's tar, nicotine and carbon monoxide ceilings... They said the Commission had no right to harmonise the laws of member states on health policy when there was no internal market need... "We undertook this action with extreme
reluctance and regrettably it has failed to deal with our concerns that the Directive is legally flawed and imposes unreasonable measures with no supporting evidence that they will be effective," said Imperial Tobacco Group's Public Relations Manager, Liz Buckingham. British American Tobacco PLC's corporate and regulatory affairs director, Michael Prideaux, said the European court's ruling had implications beyond the tobacco industry. "Today's Court decision has effectively extended yet again the powers of the Commission," he said referring to its support for the Commission's moves to harmonise on health matters... However, there was some relief from the two companies that the European Court had upheld their appeal that the EU had no right to restrict the use of labelling and product descriptions on products intended for export outside of the EU[i.e. they can still use the controversial 'light' and 'mild' names for exports outside the E.U.]." “Japan Tobacco, owner of the Mild Seven cigarette brand, said it would be particularly hit by [the] European court ruling... "It effectively seems to prevent us from marketing Mild Seven as a global brand," the firm's public relations vice president Guy Cote said in a statement. "Mild Seven is the only global brand that will be impacted in this way.” Later in the month it was reported that “Japan Tobacco Inc. is mulling a new name for Mild Seven... Mild Seven is the world's number two cigarette brand after Philip Morris Co's Marlboro... U.S. tobacco companies haven't opposed the legislation because brand recognition means they can simply drop the "mild" or "light" from the names Marlboro and Camel... [JTI] now faces a rebranding nightmare. It could, like the US companies, simply drop the "mild" from its name, and just call its cigarettes Seven, but company officials say this isn't appealing. "It's like telling Coca Cola that they can't use the word Coca in the name," says Guy Cote, a spokesman for JT International SA. JTI and its lawyers are still studying the ruling and will know within days how the company will respond, he added. However, their legal options are limited. Japan Tobacco appealed the initial naming ruling to the EU's second highest court in September which was turned down, before then appealing to the E.U.’s highest court.”


Tobacco giants lose EU fight over labelling - The Guardian, December 11, 2002 http://www.guardian.co.uk/uk_news/story/0,3604,857523,00.html
Japan Tobacco Mulls Renaming 'Mild Seven' After EU Ruling - Dow Jones, December 11, 2002 http://biz.yahoo.com/djus/021211/130900605_1.html

South-East Asia

Bangladesh

“British American Tobacco Bangladesh has been honoured by Bangladesh Scout Guide and Fellowship for its contribution in the past years for the scout and guides. Managing Director Stephen Daintith received the crest from chief guest of the ceremony Dr Khandakar Mosharraf Hossain, Minister Health and Family Welfare at the Scout Bhaban... On behalf of Bangladesh Scouts the organisers thanked Stephan Daintith for the contribution of [BAT-Bangladesh] for development of scouts and guides in Bangladesh. Managing Director Stephen Daintith emphasised that BAT is deeply committed to the development of the country and will nourish the company's core value: Success and Responsibility go Together through contributions in different sectors of country's socio economic development.”
India

“Tobacco farmer association heads from Andhra and Karnataka are currently in Delhi to lobby with the Union government to keep their interests in mind while framing the proposed law to further discourage the sale of cigarettes and other tobacco-related related products. India produces 200 million kg of tobacco in a year, a third of this from these two states. More than a tenth of the Central excise collection Rs 82 billion comes from tobacco products; four-fifths of this is from the sale of cigarettes. Which means that tobacco grower associations are also politically influential. Besides their own clout, the cash-deficit treasury would be concerned at any fall in revenue collection. Not to mention the millions whose earnings are dependent on tobacco... The farmers are also lobbying for cuts in taxes, citing the example of China, also a vast tobacco-consuming and growing country. They want a withdrawal of the 15 per cent special excise surcharge (for calamity relief), an appropriate duty structure and much tax relief on the product from the states. They also want “strong action” against smuggling in of cigarettes and no special measures against cigarettes alone in the proposed new law; they want it equally applicable to all tobacco products.”


“Notwithstanding widespread drought, India's tobacco exports are likely to register a 10 per cent rise to 100 million kilograms this fiscal up from 90 million kgs in 2001-02. India is facing stiff competition from China and Brazil, it has also lost ground in its earlier stronghold of erstwhile Soviet Union and needs to further build up on its strengths, traders said here. “Despite scanty rainfall in July this year the crop was saved due to subsequent rains, This, coupled with price stability and good quality tobacco will spur exports to 100 million kgs,” Chief Executive, ITC's Indian Leaf Tobacco Development Division, S Janardhan Reddy said. He said exports could have been higher due to the fall in Zimbabwean crop to 60 million kgs from 200 million kgs. However, this has been more than made up by other African countries like Tanzania, Mozambique and Uganda.”


Western Pacific

Australia

“The US Government suspects Nick Cannar, lawyer and tobacco supremo, is expert at getting rid of documents the cigarette companies would rather forget existed. The Sydney-based former chief counsel of BAT, said to be central to a global document-shredding policy, is now being summoned by the US Government in a multi-billion-dollar case... Lawyers for the US Government filed a 500-page summons in the NSW Supreme Court for Mr Cannar, now CEO of Imperial Tobacco Australia, to appear in court. The US Health Department is suing BAT and others in a Columbia court for the costs of treating tobacco-related illnesses. Justice Eames found that under the policy dating back to 1985, lawyers for BAT, including Mr Cannar, were instructed to destroy documents, making it appear like a corporate spring clean rather than a reaction to litigation... Mr Cannar moved to Australia in 1994, where in 1998 he asked solicitors Mallesons and Clayton Utz to destroy documents from previous litigation, but to do so outside the BAT legal department. As CEO of Imperial Tobacco, he oversees a company whose Horizon cigarettes hold a 13.3 per cent market share... Mr Cannar said he had not been informed of the US Government's action. "I have not seen any documents, I cannot comment on that," he said. "That's compounded by the fact that as I was employed by BAT, I have obligations of privilege and confidentiality.”


Another news that received widespread media coverage was the reversal of the Australian case – McCabe – where the plaintiff, a woman with lung cancer now deceased, won against BAT when the judge found that the cigarette company erred by destroying documents that could be beneficial to plaintiffs. BAT appealed. “The Court of Appeal sitting in Melbourne today said British American Tobacco (BAT) had succeeded on all the issues argued in its appeal against the pay-out. The court
overturned a judgment in Mrs McCabe's favor made by the Victorian Supreme Court and ordered a retrial. It also exonerated Clayton Utz, the Sydney law firm representing BAT, saying there was no evidence it had devised a strategy for the destruction of the potentially incriminating documents. This is despite the fact that, in August, David Schechter, a former legal counsel to the US arm of BAT admitted under oath that the purpose of the company's so-called 'document retention' policy was to ensure that documents would not fall into the hands of plaintiffs, the public or the media... BAT's corporate director, John Galligan, said the company was pleased with the decision as it had always maintained that its defence should not have been struck out. "We hope this decision allows us to put forth our side of the story and repair the damage [to our reputation]."

The family of cancer victim Rolah McCabe will be forced to pay back the A$700,000 she received in compensation after a crushing legal defeat. Lawyers for BAT asked the court to include interest and court costs in the pay-back..." [which will amount to millions of dollars] Responding to criticisms that the children of Ms. McCabe did not have funds to pay interests and legal fees, BAT declared that Ms. McCabe's lawyers should then pay, generating another series of media stories and accusations between BAT and Slater & Gordon, the McCabe law firm. "BAT Australasia’s John Galligan said. "They should put up their hand and say, 'We believe in the best interests of our clients and ensure they will not be penalised for the legal strategy we embarked upon'… Despite damage to the company's reputation, Mr Galligan said the multinational stood by its decision to pursue costs … [and that] pursuing costs was an issue of fairness. ‘Should people have a free hit just because we are a tobacco company?’ he said. ‘We are trying to repair the damage and restore credibility but it's not just about reputation -- it's about what's fair’…"

[Despite the appeal ruling, there continues to be evidence in the industry documents about tobacco companies “document retention” policies:

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Supreme Court of Victoria - Court of Appeal. British American Tobacco Australia Services Limited v Cowell (as representing the estate of Rolah Ann McCabe, deceased) [2002] VSCA 197 (6 December 2002)
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Sons continue mum's battle - Melbourne Herald Sun, 8 December 2002
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Law firm blamed in fallout - The (Melbourne) Herald Sun, December 11, 2002
Lawyers may sue smoke giant - The (Melbourne) Herald Sun. December 12, 2002

Indonesia

"Indonesian cigarette makers' purchases of tax stamps fell 55 percent in November from the previous month, when they surged in advance of a tax increase... Every pack of cigarettes sold in Indonesia needs a tax stamp, which is valid for two months from the date of purchase. Cigarette producers buy
tax stamps based on their expected sales and the number of stamps they already hold. Gudang Garam, the country's biggest cigarette maker bought stamps for 4 billion cigarettes last month, 39 percent fewer than in October. Sampoerna, the second largest, bought tax stamps for 2.87 billion cigarettes in November, 43 percent fewer than in October...”
Source: Indonesia Cigarette Makers’ Tax Stamp Purchases Fall 55% in Nov. December 27, 2002
http://quote.bloomberg.com/fgcgi.cgi?T=marketsquote99_relnews.ht&s=APgvmqhXUSW5kb25l

Korea

“Korea Tobacco & Ginseng Corp., a government monopoly, decided in a special general shareholders’ meeting to change its official company name into KT&G, written only in English. The firm also decided to raise the limit stock ownership in the firm for foreign shareholders, over the current 49 percent. The company owns the largest 34.2 percent stake, followed by 27.4 percent by foreign investors and 7.4 percent by Daehan Investment Trust & Securities, and 6.5 percent by the firm’s employees.”
Source: Tobacco & Ginseng Changes Company Name

Malaysia

“British American Tobacco (Malaysia) has disposed of the assets and liabilities of the business relating to the Alfred Dunhill of London luxury products franchise to Richemont Luxury (Malaysia) for RM3.44 million cash. The disposal follows the non-renewal of its franchise agreement that expired on Sept 30 with Richemont Luxury Asia Pacific Ltd, in compliance with the International Tobacco Product Marketing Standards (ITPMS) that came into force on Sept 11 [and] sets out the minimum standards for the marketing of tobacco products, restricts the use of tobacco brand name in advertising or sponsorship activities... The activities are the operation of Alfred Dunhill of London luxury products outlets in Malaysia and the marketing, promotion and retail sale of the luxury products through the outlets... Richemont Malaysia’s ultimate holding company is Switzerland-incorporated Compagnie Financiere Richemont AG. The Richemont group enjoys an international reputation for the sale and marketing of a wide range of luxury merchandise. Richemont AG owns a 21 per cent stake in British American Tobacco plc, which holds an indirect stake of 50 per cent in BAT.”

[BAT] has been named the best-managed company in Malaysia for the 3rd consecutive year in Asiamoney’s annual best managed companies poll this year... This year, the best managed companies poll was faxed to nearly 3,000 fund managers, chief investment officers and heads of research at fund management firms, insurance companies and brokerage houses in the Asia Pacific region including Australia and Japan, Europe and the US. A total of 245 replies from 187 institutions were received.
Source: BAT named best-managed company in M’sia for 3rd time

[BAT] “expects to increase spending on advertising and promotion after the latest standards and guidelines governing the marketing of tobacco products are implemented. The new set of marketing standards, agreed upon last year by the world's three biggest tobacco companies [BAT, Philip Morris and Japan Tobacco International] would be implemented worldwide. Since these standards will effectively cut down opportunities available for mass advertising, BAT expects to invest “substantial amounts” on advertising in certain key sectors such as in its point-of-sale (POS) promotions, through one-to-one communications with loyal consumers or simply a higher level of personal contact with consumers, says BAT corporate and regulatory affairs director Sharifah Rozita Syed Sulaiman.”
Source: The Star, December 21, 2002

The Philippines

“Three television commercials with the message that minors can be cool without smoking have begun airing on local TV networks. Originally aired on a regional basis via MTV-Asia Channel, the Youth Smoking Prevention (YSP) commercials are now being carried over local terrestrial TV and cable channel through the efforts of Phillip Morris Philippines Inc.... “The aim of the campaign is to promote and contribute to an environment where minors are less likely to smoke by featuring aspirational,
nonsmoking role models that they can relate to and with whom they can identify with,” said Dave Gomez, PMPh Public Affairs and Communications manager. “As a manufacturer and marketer of tobacco products, we have a responsibility to society to help in addressing this important issue,” Gomez said.

Source: Phillip Morris launches ad telling minors not to smoke. December 16, 2002

Vietnam

Similar to the strategy in The Philippines, in Vietnam, Philip Morris begun to air its Youth Smoking Prevention ads on TV.

Source: Viet Nam News, December 19, 2002
http://vietnamnews.vnagency.com.vn/2002-12/18/Socio-Culture.htm#Anti-tobacco%20ad%20targets%20kids

[For material to counter such efforts, see: http://www.ash.org.uk/?youth]

Worldwide

The Tobacco Reporter provided an account of the CORESTA meeting held in New Orleans, USA in September 2002. [CORESTA is an industry organization that assist ion the development of research that is frequently used by the industry in its attempt to undermine tobacco control efforts.] According to the report, the meeting “was a success” and had 459 delegates from 46 countries and 122 presentations were given. Risk reduction was featured prominently in the congress’ agenda with three speakers in a plenary titled ‘Cigarette Risk and the Potential for Risk Reduction.’ The presentations were: Toxic Chemicals in Cigarette Mainstream Smoke—Hazard and Hoopla, by Charles Green and Alan Rodgman, “providing extensive information about the composition of smoke and also placing in their proper perspective many inconsistencies in the demands exerted on the industry in the name of public health”; Lung Cancer Risk as a Function of Cigarette Design: Filtration, Blend and Yield by Sam Simmons, “showing the evolution of epidemiologic data in time and its relationship with changes in cigarette design”; and Less Hazardous Cigarettes: the Dawn of a New Era in the History of Tobacco by Gio Gori, urging the industry to engage actively in the marketing of cigarettes, that, thanks to progress made in design, may be considered less hazardous. He felt that governments were under an obligation to be supportive of such work. The Reporter describes several other sessions held by CORESTA’s subgroups and tasks forces, mainly in the area of toxicology, exposure biomarkers, “product evaluation”, behavioral testing (i.e. smoking behavior) and more importantly, how CORESTA is developing new testing methods of tobacco products. [CORESTA develops testing methods that are later incorporated by testing agencies worldwide.] Two new task forces were announced: “one on nicotine intake, and the other on in vitro toxicology testing of tobacco smoke”. Some task forces were disbanded after accomplishing its objectives. Noteworthy is the end of the ETs Task force. As described in the article: “The subgroup was set up in 1987 to determine standard methods to measure ETS, which is a collective term for all of the byproducts of cigarette smoke... Measuring ETS is especially difficult because it is an extremely dilute and complex mixture that is continually changing. However, Coresta’s subgroup on ETS took on the challenge of developing standard methods of measurements... The subgroup successfully produced several studies on ventilation and completed a vast survey on restaurants. The group also produced three Coresta Recommended Methods: No. 50, Environmental Tobacco Smoke—Determination of nicotine and 3-ethenylpyridine in the vapor phase; No. 51, Environmental Tobacco Smoke—Estimation of its contribution to respirable suspended particles, determination of particulate matter by ultraviolet absorbance and by fluorescence; and No. 52, Environmental Tobacco Smoke—Estimation of its contribution to respirable suspended particles, method based on solanesol determination. The publication of the three methods marked the end of its working program.’It is now expected that these methods will be submitted to ISO for approval as an international measurement method.]

http://www.tobaccoreporter.com/current/story1.asp

“British American Tobacco Plc, the world's second-largest tobacco company, rose as much as 4.3 percent buoyed by investor speculation cigarette companies’ profits won’t be hurt if economic growth slows.”

http://quote.bloomberg.com/fcgi/cgi?T=marketsquote99_relnews.ht&s=APIYG0BTRQkJU1FNo
In the wake of the EU directive banning tobacco advertisement and sponsorship, including F1 as early as 2005, FIA (the motorsport governing body) had several meetings and are threatening to eliminate all races in the EU. FIA had agreed to a self-imposed ban on tobacco sponsorship in Formula One from 2006. David Richards, team principal of the BAR-Honda squad which has received over £90m backing from British American Tobacco since 1999, said: "If the EU sticks to its position there is a very strong chance we will end up with most of the formula one series taking place outside Europe." There are currently eight races within the European Union...The Philip Morris Marlboro brand heads the list with its investment of about £45m a year in Ferrari..."With Bahrain and China scheduled to hold races in 2004 and interest from both Morocco and South Africa, [and Turkey, Russia, Dubai, Lebanon and Egypt] plus the possibility of a second race in the USA, we certainly seem on course to move more fixtures out of Europe," said another team principal. (The difficulty would be for many of those countries to build a circuit that would meet FIA's stringent safety requirements by 2005) "That will allow the tobacco companies to transmit their branding back into the EU via the formula one television coverage." In a letter to the EU Health Commissioner, David Byrne, FIA stated that the decision would force the sport away from the EU. FIA alleges that some contracts run until 2006 and could not be broken. BAT's deputy chairman Kenneth Clarke [said] "The tobacco ban will damage the sport," who added that BAR's finances are fine for the time being. "It's already become more difficult to get other sponsors." BAT has used Formula One to market its Lucky Strike and 555 cigarette brands. Nonetheless, some analysts believe that FIA is just using the EU ban as an excuse to drop some European circuits and expand to markets elsewhere, where the sport still has a growing potential, such as China and the Middle East.

Sources: F1 considers tobacco ban U-turn - Anaova, December 11, 2002
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http://sport.guardian.co.uk/formulaone/story/0,10069,859194,00.html
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http://www.timesonline.co.uk/article/0,,4-512719,00.html
Mosley on attack over tobacco ban - The Independent
http://www.independent.co.uk/story.jsp?story=361389
Formula One: The race to ban tobacco ads - IHT, December 27, 2002

“Nearly 15 years after a landmark Japanese study linked secondhand smoke to cancer [the 1981 Hirayama study], a second study appeared and said the original findings were wrong. [1995, in International Archives of Occupational and Environmental Health] Now, a California professor claims the rebuttal study failed to acknowledge the heavy behind-the-scenes influence of the tobacco industry in its production. While the new report doesn't directly challenge the results of the second smoking study, it does cast doubt on whether its creators were honest about their roles [as the study failed to acknowledge the involvement of a tobacco industry scientist, a tobacco industry law firm and two Japanese researchers]... However, a tobacco company spokesman defends the study that challenged the link between secondhand smoke and cancer, saying it clearly stated it was supported by tobacco industry funds... The R.J. Reynolds Tobacco Co., the second largest in the United States, was one of those that contributed money to the 1995 study. In a written statement, company spokesman Seth Moskowitz says the research "very clearly" noted the tobacco industry's involvement. "I don't know who said what to whom. But I do know that, in our opinion, the Hirayama study was seriously flawed," Moskowitz says. Philip Morris, which also funded the 1995 study, has a policy that its involvement in tobacco studies -- whether direct or indirect -- should be disclosed, says spokesman Brendan McCormick. As for the risks of secondhand smoke, "we think the public should rely on what the public health community has to say," he adds." Philip Morris said the documents used in the BMJ article were genuine but said it had been engaged in a legitimate scientific exercise to test the Hirayama study. A spokesman said: "This was a valid exercise at the time." A BAT spokesperson said it had made public its role in the study. "The published report stated unequivocally that there had been financial support from tobacco companies."

Sources: Big Tobacco Accused of Manipulating Study - HealthScoutNews, December 13, 2002
Health study ‘discredited by secret tobacco plot’. December 13, 2002
http://news.independent.co.uk/uk/health/story.jsp?story=361095

Notes: More details on most of the news reported here found at: http://www.tobacco.org/
Globalink News & Information Archives: http://member.globalink.org/news

For tobacco companies press releases and statements, including the voluntary marketing code, search the companies’ websites and related-sites. For example:
R.J. Reynolds: http://www.rjrt.com/TI/Pages/TIcover.asp
Philip Morris: http://www.philipmorrisusa.com/
Japan Tobacco International: http://www.jti.com
British-American Tobacco: http://www.bat.com/
Imperial Tobacco: www.imperialtobacco.com
http://www.tobaccojournal.com/
http://www.tobaccoreporter.com/

For additional information on tobacco industry’s strategy regarding marketing, opposition to advertisement bans and development of voluntary advertisement codes; utilization of voluntary codes to oppose smoking restrictions; youth campaigns; utilization of hospitality industry and ventilation as a [false] “solution” to smoking bans, search the tobacco industry documents sites, mainly Philip Morris site, and other sites containing industry documents:
www.pmdocs.com (with links to other companies sites)
http://www.hlth.gov.bc.ca/guildford/index.html
http://www.nclth.gov.ca/Guildford.nsf
http://www.library.ucsf.edu/
http://legacy.library.ucsf.edu/
http://www.tobaccodocuments.org/

Additional material discussing industry’s strategies related to the above can be found at:
http://www.ash.org.uk/
http://www.no-smoke.org
http://www.nsra-adnf.ca/
http://www.cdc.gov/tobacco/sitemap.htm
http://tobacco.who.int/
http://tobaccofreekids.org/