



TakeAPart  
The global fight to take down tobacco

# TOBACCO INDUSTRY INTERFERENCE UPDATE

AUGUST 2020

USD \$115 million

F1 SPONSORSHIP DEALS WITH BAT AND PMI

18%

DECREASE IN BAT SHARES THIS YEAR

900,000

NEW IQOS CONSUMERS ACQUIRED IN Q2 OF 2020

## SPOTLIGHT

### MULTINATIONAL TOBACCO COMPANIES IN LATIN AMERICA ARE TAKING ADVANTAGE OF THE COVID 19 PANDEMIC TO PREY ON CONSUMERS

Global tobacco giants Philip Morris International (PMI) and British American Tobacco (BAT) are capitalizing on the COVID-19 pandemic to scale up online advertising in Latin America, often in violation of national bans against this type of activity, according to a [new report](#) from civil society group Salud Justa Mexico. This includes the promotion of PMI's heated cigarette IQOS and BAT's electronic cigarette VYPE, even in countries where the sale of these products is prohibited. An [executive summary](#) and promotional [video](#) of the Salud Justa report are also available in English.

The main tactics deployed by tobacco companies include price and promotional strategies designed to make products more affordable, utilizing a wide range of digital platforms for marketing, and enabling home delivery.

- In Ecuador a lack of clarity regarding how online publicity and promotion violations should be addressed enables social media platforms to operate largely unregulated, and highlights the particular challenges posed by this medium of communication.
- In Colombia, where the law clearly bans online publicity and promotion, PMI and BAT have nevertheless advertised IQOS and Vype on all major social media platforms.
- In Mexico, despite a ban on the sale of electronic and the import of heated cigarettes, BAT has coopted COVID-19 public health messaging to promote Vype, and PMI started selling IQOS online at the beginning of the pandemic, even offering in-home demonstration services.
- In Argentina, the report finds the national ban on online advertising has been violated.
- In Brazil, bans on both online publicity and sale have been violated. These violations extend to the advertising and sale of e-cigarettes, which is banned in both Brazil and Argentina.

However, in Uruguay, a country with one of the highest tobacco control standards, the report finds the tobacco industry has not been able to scale up to the same degree.

Salud Justa's report calls for strengthening the development and implementation of the tobacco control measures outlined in the WHO Framework Convention on Tobacco Control, including banning online advertising and promotions, as well as national campaigns to alert the public how tobacco consumption and e-cigarette use can worsen the outcomes of COVID-19 infection.





# HIGHLIGHTS

## 1 Policy Interference

- [Tobacco lobbyists took South Africa's government to court over a ban on the sale of cigarettes implemented as part of the government's response to the COVID-19 pandemic.](#)
- Tobacco companies continue to lobby governments and find new ways to interfere around the world, in the [EU](#), [Italy](#), and [Costa Rica](#).

## 2 Marketing of Tobacco and Nicotine Products

- [The United States' Food and Drug Administration \(FDA\) authorized PMI to market IQOS products as reducing consumers' exposure to harmful chemicals found in cigarettes.](#)
- A poll commissioned by Philip Morris International (PMI) alleges [the EU menthol cigarette ban has led to an increase in the sale of illegal menthol cigarettes in the United Kingdom \(UK\).](#)
- [British American Tobacco \(BAT\) has taken over medium sized e-cigarette shops from e-cigarette retailer Hello Vape in Germany.](#) After the company had gone bankrupt, BAT purchased 16 e-cigarette shops and two Hello Vape online shops.

## 3 Tobacco Industry Public Relations including Front Groups and Allies

- [PMI and BAT continue to spend millions of dollars on advertising with Formula 1 Ferrari and McLaren teams.](#)
- [PMI-funded NGO in Indonesia was selected to receive government funding.](#)
- [BAT-funded campaign tries to discredit the UK's National Health Service and local council "stop-smoking services" campaigns which assist people in quitting smoking.](#)

## 4 Investor Reporting and Corporate Changes

- [Juil has filed an application](#) with the United States FDA to continue selling its e-cigarettes in the country.
- Tobacco companies [PMI](#), Japan Tobacco International ([JTI](#)) and [Altria](#) shared their quarterly results, reporting decreases in total shipment volumes.
- [BAT's revenue for the first half of 2020 was up by 2.4 percent](#), while the overall volume fell 6.3 percent against the half year report for 2019.

## 5 Litigation and Government Investigations

- [Imperial Tobacco \(IT\) paid a fine of UAH 460 million for its concerted anti-competitive actions in the Ukraine tobacco market.](#) It has been accused alongside BAT, Japan Tobacco, PMI, Pryluky, and Tedis of establishing a monopoly in Ukraine.
- [Juil filed a patent infringement complaint at the United States International Trade Commission in Washington DC.](#)

## 6 Pricing - Product Possibility and Affordability

- [The Philipino Department of Finance is currently taking steps to ban the sale of cigarettes online after PMFTC launched online sales.](#)
- [Russia is banning all Juul sales in the country.](#)

### RECENT and UPCOMING INDUSTRY ACTIVITIES



- September 30 - [Imperial Tobacco: Imperial Brands PLC dividend payment](#)
- October 20 - [Philip Morris International: 2020 Third-Quarter results released](#)

# MEDIA COVERAGE



## 1 Policy Interference

- At a recent meeting with the office of Vice-President Maros Sefcovic, [health advocates questioned the European Union's commitment to the World Health Organization's Framework Convention on Tobacco Control \(FCTC\)](#). A spokesperson from the European Commission pointed out that a New Year's concert organized by the Slovak Permanent Representation, and under the patronage of Mr Sefcovic (who is from Slovakia) was sponsored by PMI. All sponsors, including PMI were at a "courtesy meeting" with Sefcovic, his offices stated no tobacco matters were discussed.
- [Tobacco lobbyists took South Africa's government to court over a ban on the sale of cigarettes implemented as part of the government's response to the COVID-19 pandemic](#). Separately to this case, BAT is also bringing court proceedings against the South African government, a case that will be heard in August.
- The government of Italy continues to allow for [heated cigarettes to be taxed at lower rates than conventional cigarettes, a step that favors PMI](#). The company holds a near monopoly on heated cigarettes in the country. In Italy, taxes on heated cigarettes are only a quarter of the standard rate on conventional cigarettes at the moment and the government is protecting heated cigarettes' privileged tax status.
- [Lobbying firm Red Flag spent more than EUR 300,000 on its Brussels operations last year](#), BAT is one of its clients.
- The Transnational Alliance to Combat Illicit Trade (TRACIT), a group funded by PMI, [has been attempting to interfere in the design of public policies in Costa Rica. A report by AdiaroCR has shown that TRACIT is interfering by opposing](#)

[legislation that seeks to regulate cigarette smuggling.](#)

## 2 Marketing of Tobacco and Nicotine Products

- [The United States FDA has authorized PMI to market IQOS products as reducing consumers' exposure to harmful chemicals found in cigarettes](#). Following the FDA authorization in the United States, PMI started to push for regulation changes in other countries, including [Mexico](#).
- PMI continues to promote its smoke-free marketing with consistent messaging underlining the "benefits" of switching to heated cigarettes [online](#), in digital and print publications in a number of countries, including: [Australia](#), [Israel](#), [Moldova](#), and [the United States](#).
- [PMI launched a new advertising campaign](#) designed to "raise awareness of the trade in fraudulent personal protective equipment amid the COVID-19 crisis, and spotlight the resources available to combat the trade in these goods". The campaign will run for two months across the United States.
- [PMI has commissioned a poll that finds that the EU Ban on menthol cigarettes has caused an increase in dangerous alternatives](#). The poll also found 14 percent of the 308 surveyed continued to buy menthol cigarettes on sale illegally from local retailers while 11 per cent opted to quit smoking altogether.
- [BAT took over shops from the e-cigarette retailer Hello Vape in Germany](#). After the company had gone bankrupt, BAT purchased 16 e-cigarette shops and two Hello Vape online shops.
- [Puff Bar, a California-based marketer of flavoured e-cigarettes, announced the sales suspension on its website](#). The company's Chief

Financial Officer Patrick Beltran confirmed that U.S. sales were being halted until further notice, but said that international sales would continue for the time being.

## 3 Tobacco Industry Public Relations including Front Groups and Allies

- [BAT Malaysia has launched the "Stop Black Market" campaign to highlight how illicit trade impacts on criminal activity, fiscal revenue and youth smoking prevalence](#).
- [A new report "Driving Addiction: F1 and Tobacco Advertising" finds that big tobacco is stepping up its sponsorship spending](#). The spending by PMI and BAT on the F1 Ferrari and McLaren teams is expected to rise to US\$ 115 million this year.
- [Indonesian Minister of Education and Culture, Nadiem Makarim received criticism after selecting the Putera Sampoerna Foundation as one of the recipients of the Mobilization Organization Program grant](#). The foundation is owned and funded by PT Hanjaya Mandala Sampoerna, an Indonesian tobacco company owned by PMI.
- British public relations agency Pagefield sent news outlets press releases appearing to discredit the UK's National Health Service and local council "stop-smoking services". However, [Pagefield didn't initially disclose that the campaign was funded by BAT](#). The public relations agency has previously worked on PMI's IQOS campaign.
- [An analysis of GlobalData's Tobacco Alternatives Influencer Network Platform, which tracks more than 190 tobacco industry experts and peers on Twitter, has revealed that Charles A. Gardner, Director at the Foundation for a Smoke Free World, is the top tobacco influencer during the](#)

# MEDIA COVERAGE



second quarter of 2020.

## 4 Investor Reporting and Corporate Changes

- [E-cigarette company Juul has filed an application](#) with the United States Food and Drug Administration to continue selling its e-cigarettes in the country.
- [Imperial's new CEO Stefan Bomhard started on July 1, 2020.](#)
- [PMI reported "better-than-anticipated" performance during Q2 of 2020.](#) The company attributed this performance to the recovery of industry volumes in June, growing IQOS user acquisition of almost 900,000 new consumers during Q2, and other factors. PMI's total cigarette shipment (excluding heated cigarettes) volume was 151,3 billion sticks, representing a 17.6 percent decrease from Q2 2019.
- [JTI's core revenue in Q2 of 2020 was 626.1 JPY billion \(5.9 US\\$ billion\),](#) an increase of 3.1 percent year-on-year. JTI's total shipment volume for its international tobacco business was 211.9 billion sticks equivalent, which accounts for a decrease of 4.8 percent when compared to last year.
- [BAT's revenue for the first half \(H1\) of 2020 was up by 2.4 percent](#) (Adjusted H1 2020 at constant rates). Revenue from combustible products was also up by 2.2 percent. The total revenue was GBP 12.4 billion (US\$ 16 billion) at constant 2020 rates. Overall volume fell 6.3 percent to 315 billion sticks (against HY2019). BAT stated this was caused by international travel restrictions and various other lock down measures due to COVID-19. [BAT's shares have dropped 18 percent this year.](#)
- [Altria saw a net revenue of US\\$ 6.4 billion in Q2 of 2020,](#) a 3.8 percent decline from Q2/2019, primarily due to lower net revenues in the

"smokeable" products segment. Domestic cigarette shipment volume decreased by 8.8 percent, primarily driven by trade inventory movements and other factors.

## 5 Litigation and Government Investigations

- [IT paid a fine of UAH 460 million \(US\\$ 16.5 million\) for its concerted anti-competitive actions with other tobacco companies in Ukraine.](#) The company tried to appeal the decision of the Antimonopoly Committee; however, the [Kiev Economic Court](#) later rejected the appeal. Earlier in the month, the Antimonopoly Committee fined tobacco companies PMI, JTI, IT, BAT and other tobacco companies a total of UAH 6.5 billion (US\$ 234 million) for concerted anti-competitive actions.
- [Juul filed a patent infringement complaint at the United States International Trade Commission in Washington DC,](#) naming more than four dozen companies that are allegedly importing counterfeit cartridges for its e-cigarettes. The company is seeking a blanket order that would block imports of any unauthorized cartridges.
- [The Government of Philippines said it was open to arbitration in their efforts to seek compensation from the government of Thailand for discriminatory tax treatment on the cigarette exports of Philip Morris Philippines Manufacturing.](#) The country representatives also stressed it fully reserved its right to retaliatory measures against Thailand, which consistently ignored the World Trade Organisation's rulings in favor of The Philippines.

## 6 Pricing — Product Accessibility and Affordability

- The Filipino Department of Finance is currently taking steps to ban the sale of cigarettes online after [PMFTC Inc. \(a Filipino merger of PMI and Fortune Tobacco\) started selling cigarettes online.](#) The government is working to ensure that tobacco products are not accessible to minors.
- [Russia will set a limit on the nicotine content in liquids for e-cigarettes](#) to up to 20 mg per 1 ml. This decision may mean that [Juul will no longer be permitted for sale in the country.](#) JTI's Logic Compact e-cigarettes may also be affected if more measures are implemented.

# TRADEMARK APPLICATIONS

August WIPO Database Trademark Analysis

Company	Cigarette	New Cigarette	E-Cigarette	New E-Cigarette	HTP	New HTP	Smokeless Tobacco	New Smokeless Tobacco	New Phrases	New Symbol/Image
BRITISH AMERICAN TOBACCO	6	3	2	5	0	6	0	0	2	5
IMPERIAL BRANDS	0	2	0	0	0	0	0	1	0	0
JAPAN TOBACCO	0	2	0	1	0	0	0	0	0	1
JUUL LABS	0	0	0	0	0	0	0	0	0	0
PHILIP MORRIS	10	7	0	0	1	22	0	0	25	7
<b>GRAND TOTAL</b>	<b>16</b>	<b>14</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>28</b>	<b>0</b>	<b>1</b>	<b>27</b>	<b>13</b>

## New Cigarette Applications

### JTI:

- OASIS MIX
- SHAKE MIX

### PMI:

- CHESTERFIELD BRIGHT
- CHESTERFIELD LINEA BRIGHT
- CLASSIC AUBURN
- KAKAIBANG DISKARTE
- L&M FINE TOBACCOS FINELY CUT
- LARK SINCE 1964 JAPAN
- MURATTI AMBASSADOR
- Q
- CRYSTAL KENT

### BAT:

- LUCKY STRIKE COMPACT
- VICEROY HOKKAIDO MINT (IMAGE)
- PALL MALL ASCEND

## IMPERIAL:

- BREEZE
- COLD BLAST

## New E-Cigarette Applications

### BAT & NICOVENTURES:

- CORAL SWITCH
- GOLDEN BLEND
- GOLDEN TOBACCO ORIGAMI DESIGN
- MANGO ORIGAMI DESIGN
- VANILLA ORIGAMI DESIGN

### JTI:

- LOGIC COLOR FLAVOR VAPOR

## New Heated Cigarette Applications:

### BAT:

- GLO & MORE
- GLO INDUCTION HEATING TECHNOLOGY
- NEO ARCTIC BLUE MIX
- NEO PIÑA COOLADA
- NEO ROSY CLICK
- NEO SPLASH CLICK

## New Phrase Applications:

### BAT:

- A BETTER TOMORROW
- BAT WITH SAIL
- CBN SCORE

### PMI:

- HEETS FOR IQOS
- RUBY TOUCH
- VAPE IQ
- VEEV BALANCED BLEND
- VEEV BRIGHT BLEND
- VEEV CARE PLUS
- VEEV CLASSIC BLOND
- HEETING
- MESH
- VEEV CLASSIC MINT
- VEEV GREEN MIX
- VEEV MAUVE TOUCH
- VEEV PURPLE TOUCH

- SMARTCORE STICKS
- VEEV RED MIX
- VEEV RICH BLEND

#### PMI: (REGISTERED IN MULTIPLE COUNTRIES)

- VAPING MADE RIGHT V
- SMARTCORE INDUCTION SYSTEM
- SMARTCORE STICKS
- VEEV VAPING MADE RIGHT

#### Notes:

BAT REGISTERED THE FOLLOWING UNKNOWN PRODUCTS:

- GREEN FLOW
- BLUE BREEZE
- SAIL DEVICE
- ICE CLAIR
- VUSIONRY
- SPECIALIST EDGE
- IBIZA SUNSET

PMI REGISTERED THE FOLLOWING UNKNOWN PRODUCTS:

- AMMIL
- BRIGHT VIBE
- HARVEST
- CBN SCORE
- IQ VAPE
- TROPICAL SWIFT

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