Executive Summary Brazil - 2023

Global Tobacco Industry Interference Index

The Global Tobacco Industry Interference Index is a worldwide survey on how public policy is protected from tobacco industry conflicts of interest and how governments have protected themselves against such influence. Its first version was launched in 2019 and had the participation of 33 countries from five continents. In 2023, among 90 countries which participated in its fourth edition, Brazil ranked 59th place,

scoring 66 points out of 100. Brazil Index was prepared by ACT Promoção da Saúde and Centro de Estudos sobre Tabaco e Saúde (Center for Studies on Tobacco and Health -CETAB) of Escola Nacional de Saúde Pública (National School of Public Health - ENSP)/ Fundação Oswaldo Cruz (Oswaldo Cruz Foundation - Fiocruz), which manages the Observatory on Tobacco Industry Strategies.





OBSERVATÓRIO SOBRE AS ESTRATÉGIAS DA INDÚSTRIA DO TABACO

Indicators

INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT - 15 points

There's evidence, derived from investigative journalism, that industry allies conspired to extinguish Conicq, Comissão Nacional para Implementação da Convenção-Quadro para o Controle do Tabaco (National Commission for Implementation of the Framework Convention on Tobacco Control), and tried to prevent it from being reestablished.

Other findings include actions to stop the tobacco diversification program and attempts by the tobacco companies to interfere in the decision-making process of Agência Nacional de Vigilância Sanitária (Brazilian National Health Surveillance Agency) on electronic smoking devices, activities of the Tobacco Sector Chamber, linked to the Ministry of Agriculture, and attempts to interfere in the Brazilian delegation and how it took a stand at the Conference of the Parties (COP 9) – pointing out that members who integrated the Conicq Executive Secretary's Office were even excluded from the delegation.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES - 5 points

Tobacco companies and associated entities organized, supported and financed various corporate social responsibility activities during the data collection period for this report. Some examples include a reforestation project by Banco Nacional de Desenvolvimento Econômico e Social (Brazilian National Bank for Economic and Social Development), educational projects to supposedly tackle child labor, entrepreneurship training, sponsorship of several events like a daily news program in the South region, campaigns on recycling and disposal of cigarette butts and various donations.

BENEFITS FOR THE INDUSTRY - 7 points

In 2012, Anvisa banned the use of flavor and aroma additives in tobacco products. Today, over ten years later, the rule did not come into force due to interference from the industry and its allies, who filed several lawsuits against the agency.

The industry also received tax exemptions by means of culture incentive programs - that is, companies receive tax benefits and improved their image at the same time.

Other findings include:

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- BAT Brasil, formerly Souza Cruz, obtained a court decision that allowed the sale and advertising of its products during Rock in Rio, one of the country's main music festivals, in disagreement with current legislation.
- BAT received permission from the federal government to access a protected area and explore the genetic heritage of five microorganisms – the material is intended for tobacco fermentation. The Ministry of Environment and the Institutional Security Office, involved in the decision, do not reveal any further information on the material accessed.
- The partial reactivation of a public financing program for tobacco producers to purchase machinery.

UNNECESSARY INTERACTIONS - 10 points

Government members have made statements in favor of the industry and participated in events organized by tobacco companies or allies. The industry also established partnerships, made donations and supported government actions to fight against illicit market, prevent cargo theft and other issues.

TRANSPARENCY - 6 points

Although government members' agendas are generally public, information about topics discussed in meetings is not always made available. Undisclosed meetings between government members and the Tobacco Sector Chamber were also identified. There is no record of tobacco industry lobbyists, as Brazil has been discussing lobbying regulation for the past years, but the project has not been implemented yet.

CONFLICTS OF INTEREST - 13 points

Private companies are not allowed to contribute financially to candidates and political parties, but it was possible to verify that people connected to the tobacco industry still make individual donations to electoral campaigns.

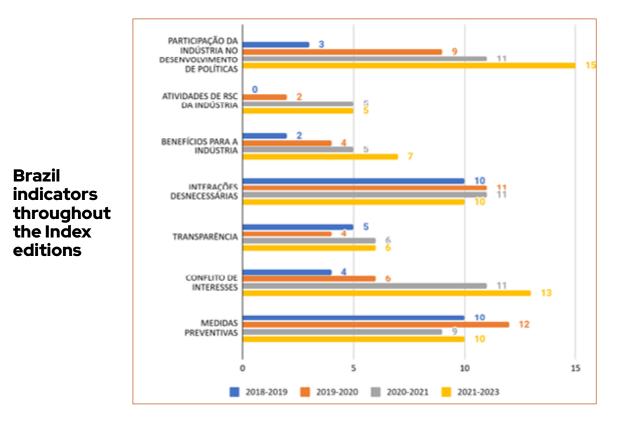
The industry and allies have hired former Anvisa directors and former government members, especially to work on electronic smoking device issues - which is very troublesome, considering that Anvisa is the agency that regulates such issues. The current Minister of Defense was hired as a consultant for Philipp Morris two years ago.

PREVENTIVE MEASURES - 10 points

Most of the preventive measures in force in Brazil are not specific towards tobacco companies - Executive officials, for example, need to follow a code of conduct, and there is also a decree that regulates interactions between public agents and companies in general.

Regarding the availability of information on the activities of the tobacco industry, some data can be obtained from Anvisa and Receita Federal (Brazilian Internal Revenue Service) websites, but companies' expenditures on marketing and other areas are not public.

Finally, Conicq used to have a very significant role in raising awareness about Article 5.3 of the FCTC and implementing preventive measures, so the commission's lack of activities affected this indicator negatively.



Recommendations

1: Completely reestablish Conicq's structure and activities before COP 10

Conicq's full return to its activities is essential to recover advances that had been accomplished in tobacco control and coordinate the implementation of FCTC measures - including national coordination of tobacco control policies and also those related to Article 5.3, especially considering that COP 10 and MOP 3 will be held in 2023 and need to be protected from industry interference'.

2: Raise awareness of FCTC Article 5.3 among government officials.

Some actions are being taken in this direction already, but as the score regarding industry participation in policy development increased, this recommendation is paramount.

3: As set out by the FCTC, the government should not endorse, support, establish partnerships or participate in CSR actions by the tobacco industry

Tobacco companies and their allies must not implement, organize, finance, support, participate in or contribute in any way to corporate social responsibility projects, actions and events in partnership with government members or entities. Donations from the tobacco industry and its allies should not be accepted.

4: Prohibit tax exemptions and benefits for the tobacco industry

Tobacco companies should not benefit from tax exemptions or benefits of any kind. The government should also resume the tobacco taxation policy and ensure that arguments used by industry against tax increases, such as claims that those measures would increa-

1 Conicq was reconstituted on August 30th, 2023.

se illicit trade, be replied to appropriately and not taken into account during policy-making processes.

5: Develop and implement mechanisms to avoid conflicts of interest and improve transparency

The Brazilian government must improve transparency and implement mechanisms that avoid conflicts of interest and undue interference, especially in interactions between parliament members and government representatives with the tobacco industry.

6: Demand more information from the tobacco industry

Information needs to be more detailed, including data on marketing spending, lobbying, CSR activities and political contributions

This report includes information about events that occurred between April 2021 and March 2023

Global, regional and country reports can be accessed at: <u>globaltobaccoindex.org</u>.



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