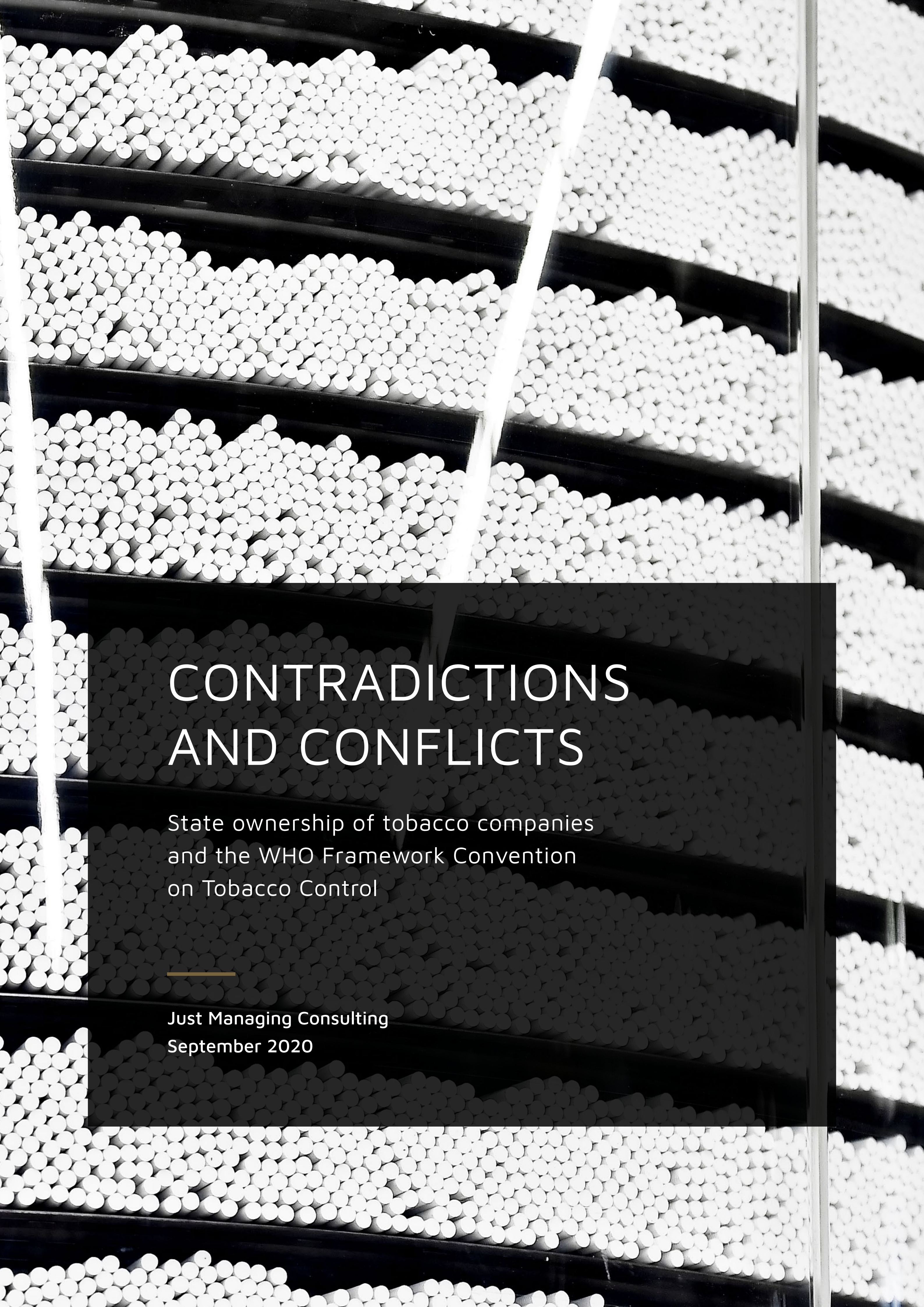

CONTRADICTIONS AND CONFLICTS

State ownership of tobacco companies and the WHO Framework Convention on Tobacco Control

Just Managing Consulting

September 2020

Contradictions and Conflicts: State ownership of tobacco companies and the WHO Framework Convention on Tobacco Control

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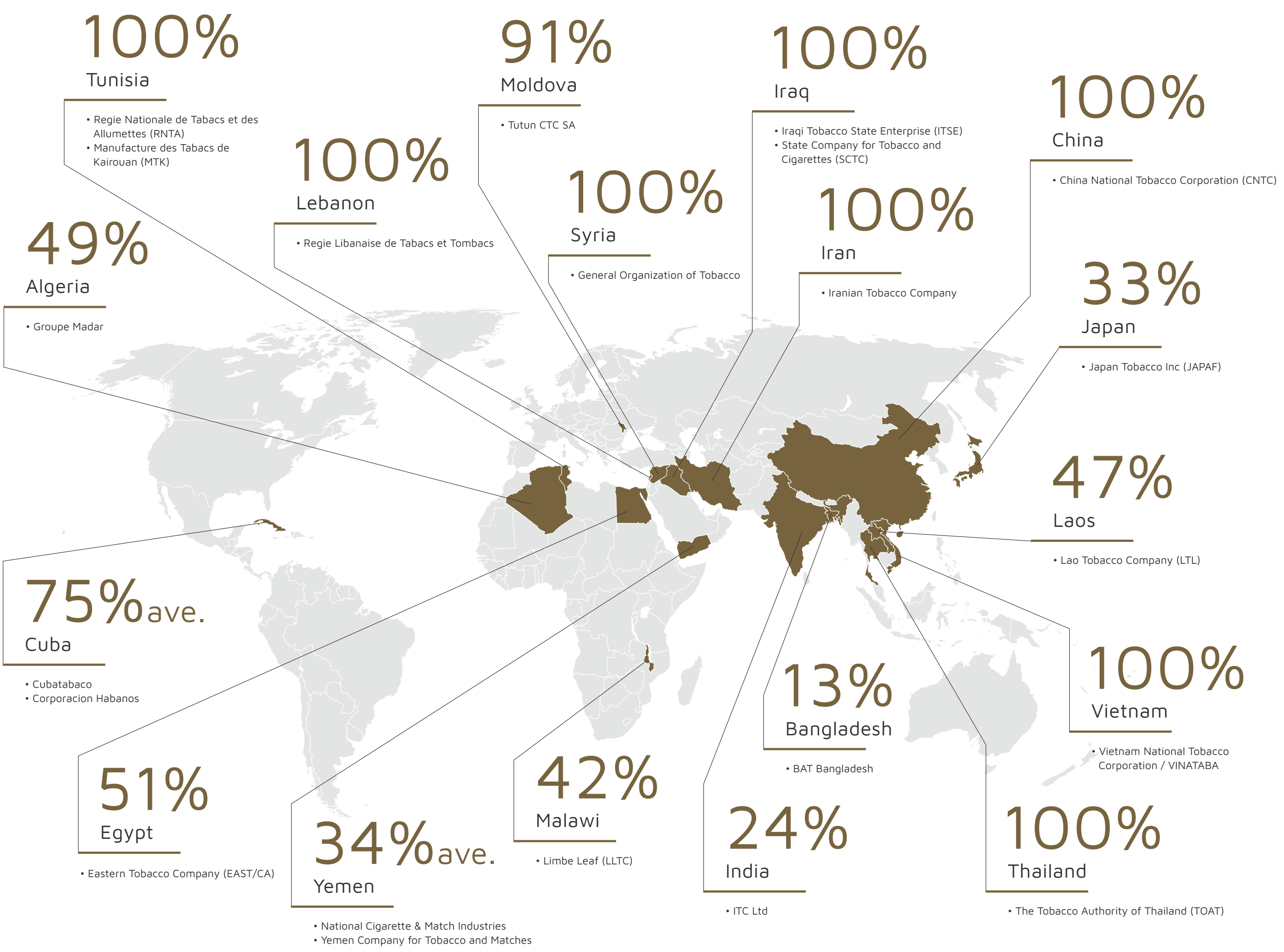
EXECUTIVE SUMMARY

Tobacco products kill 8 million people every year. Between 2000 and 2019, overall global tobacco use declined by less than a quarter of a percentage point per year, despite global attempts to address the pandemic, spearheaded by the World Health Organization's Framework Convention on Tobacco Control (FCTC), in force since 2005. There are currently 182 parties to the FCTC, which has as its main objective "to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure".

The objective of this report is to highlight a basic contradiction in the FCTC: part of the objective of the FCTC is "to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke", and it requires the governments that have signed or ratified the FCTC to take action in order to achieve this objective. However, currently there are 18 countries in the world where governments own 10% or more of at least one tobacco company. Of these 18 countries, 17 are signatories to the FCTC, and of these, 8 countries own 100% of at least one tobacco company, as displayed below.



This is a somewhat eclectic group of countries. There is no golden thread that connects them, either in terms of geography, history or ideology. There are also no clear differentials in terms of health policies or burden of disease data, even when compared to countries where there is no significant state ownership of tobacco companies.

Based on an analysis of FCTC requirements, individual country reports and other data, the report concludes that:

- There is an inherent contradiction in the FCTC because it tries to accommodate state-owned tobacco interests, and

- Governments that are truly committed to the FCTC are fundamentally conflicted if they also own tobacco interests.

The FCTC allows countries to join the convention even if they do not comply with the objective of the convention. The result is a classical conflict of interest situation: on the one hand some countries have committed themselves to fight the tobacco industry, but on the other hand they are part of and benefit from the tobacco industry. The contradiction is an issue of logic in terms of the design of the FCTC. Imagine an international convention against drug trafficking that allows some organs of state to be involved in the activities that it tries to prevent. The WHO must be aware of this contradiction, but tries to manage it by pretending that it is not a contradiction. This spills over – perhaps inadvertently – in the way in which the WHO treats the large tobacco companies. For example, in its 2019 report on the global tobacco epidemic, the WHO does not mention the world's largest tobacco company (China National Tobacco Corporation) even once, yet there are more than 20 references to companies such as Philip Morris International and British American Tobacco.

The conflict of interest is an issue of ethics – it is not unlawful to sign a convention that requires you to oppose something that you also support, but it is unethical.

Article 5.3 of the FCTC states the following: "In setting and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law".

Article 5.3 makes a very clear distinction between a party to the FCTC on the one side and the commercial and vested interests of the tobacco industry on the other side. The intention is to protect the one from the other and it seems impossible that this wording could make provision for an overlap between the two, i.e. a party to the FCTC that also has commercial and vested interests in the tobacco industry. However, the implementation guidelines for Article 5.3 (7.2) state the following: "Parties that do not have a State-owned tobacco industry should not invest in the tobacco industry and related ventures. Parties with a State-owned tobacco industry should ensure that any investment in the tobacco industry does not prevent them from fully implementing the WHO Framework Convention on Tobacco Control".

This flawed logic is an example of the classical fallacy called "circulus in demonstrandum" – a circular argument. Article 5.3 requires parties to protect their policies against the commercial and vested interests of the tobacco industry. But if a party has a vested interest in the form of a state-owned tobacco industry, guideline 7.2 requires that party to fully implement the FCTC. But to fully implement the FCTC, such a party must protect its policies against the commercial and vested interests of the tobacco industry, which means that it cannot have an investment in tobacco!

Although future changes to the FCTC itself are not impossible, it is unlikely to happen. Highlighting the contradiction in the document itself is therefore interesting, but not very helpful. The more important question is: should governments be invested in tobacco? The answer to this question is based on responses to the following two questions:

- Does it make commercial sense for governments to own tobacco companies? (this is the business case); and

- From an ethical perspective, is it acceptable for governments to own tobacco companies? (this is the moral case).

To determine the business case, a complex calculation is required. In broad terms, one has to weigh up the financial benefits (e.g. profits, taxation and job creation) with the health drawbacks of tobacco products. The benefits are easy to quantify, but not the drawbacks. Although expenditure on public health is easily measured, the value of lost or diminished lives is more complex, and therefore one has to look at the moral case as well.

The classic ethics case study of the Ford Pinto is a case in point. In the early 1970s Ford had to decide whether to address a design flaw in the Ford Pinto, and in trying to compare the benefits and the drawbacks of different courses of action, calculated that one life could be valued at US$ 200 725. Clearly that is not a way to make an ethical decision, and the decision came back to haunt Ford.

The business case sometimes seems to be inconclusive because of the difficulty of comparing apples with apples. However, from an ethical point of view it seems clear that it is undesirable for governments to be invested in tobacco. Specifically, for those who are signatories to the FCTC! By investing in the tobacco industry, governments become complicit in an industry with probably the worst ethical reputation of all legal industries.

However, there is one more complication. The easiest exit route for governments that acknowledge the ethical problem would be to privatize their interests. This is based on the assumption that simply closing down a company is unlikely and will also have many undesirable consequences like job losses and lost revenue. On the other hand, privatizing a state-owned tobacco company might have the unintended consequence that – based on global trends in terms of privatization – such a company will then most likely become more "successful" and therefore cause more harm than ever before.

Harm reduction provides one interesting option available to governments. At the time when the FCTC was launched, harm reduction was an underdeveloped area with nicotine patches and snus being the main options. Today, there are many more electronic nicotine delivery devices (e.g. e-cigarettes) available, and research estimates that these products can reduce the harm associated with smoking cigarettes by up to 90%. One big advantage of any state-owned enterprise is that governments are not constrained by the short-term expectations of greedy shareholders. They can afford to take a long-term view and make decisions that take the public good into account. Although it seems counter-intuitive within a tobacco context, state-owned enterprises have the potential to be more closely aligned with benefit corporations or non-profit organisations than with traditional transnational corporations.

The possible future pathways for governments with state-owned tobacco interests are all complex and involve dilemmas. It should be emphasized that all governments have tobacco control responsibilities, whether they own tobacco companies or not. These broader responsibilities are not the focus of this report, but will ultimately have a huge impact in terms of tobacco control. If governments can be convinced to support the idea of the tobacco endgame, any of the potential pathways could have benefits. Three of these are described as "status quo", "get out now" and "shift gear":

- **Status quo.** In order to maintain the status quo with confidence, governments will have to be convinced that their current position is justified, both in terms of the business and moral case. They will have to be comfortable with the FCTC contradiction of being part of the problem that they are supposed to address. Outdated models of firewalls would have to be maintained – i.e. the idea that it is possible for different government departments (public health, public enterprises) to operate independently and not to interfere with one another. This approach runs contrary to global trends in terms of integrated thinking and integrated reporting. It should be emphasized that "status quo" should be viewed as a deliberate choice, and not merely inaction or indecision.

- **Get out.** In terms of this pathway, governments will accept that it is not appropriate for them to have vested interests in the tobacco industry. They will therefore privatize their interests and continue to regulate the tobacco industry without the burden of conflicts of interest. The immediate risk involved in this pathway is that tobacco companies might perform better in terms of traditional financial measures and that more harm will be caused. It is acknowledged that countries can never get out of the tobacco industry completely. Because they will always receive income from the industry through taxation, this might influence the way in which they regulate.

- **Shift gear.** This is potentially the most pragmatic option. It entails an acknowledgment of the existing conflicts of interest as well as a commitment to manage them. Being transparent about conflicts and managing them, rather than avoiding them, is an acceptable strategy in terms of sound governance. It allows governments as owners to make decisions that do not have to take short-term financial performance into account. It can potentially help to transform the industry by being more innovative, e.g. by focusing on reduced harm products while implementing more traditional tobacco control policies and interventions.

There is no one-size-fits-all option. The existence of different pathways implies that individual governments will make decisions that are based on their specific contexts, and will hopefully also be discussed and agreed with their most important stakeholders, including other investors where relevant, consumers, lobby groups and industry associations.

The tobacco industry is a tainted industry with a poor track record. Whatever the reasons might have been for governments to own a stake in the industry, their ownership makes them complicit. Although the focus of this report has been on governments who own 10% or more of tobacco companies, there are many more governments around the world who have direct or indirect interests in tobacco.

Opportunities abound to transform the tobacco industry, and governments will have to play a central part in this process. Rethinking their own ownership of tobacco companies will be an important first step.

INTRODUCTION

The focus of this report is on the contradictions and conflicts experienced by governments that own major stakes in tobacco companies, yet are required to support tobacco control at the same time because they are signatories to the World Health Organization's Framework Convention on Tobacco Control (FCTC). The broader tobacco control environment is not covered by the report, although the context is important.

The first core message of this report is that the FCTC itself is flawed because it tries to accommodate state-owned tobacco interests (governments that own tobacco companies are allowed to be parties to the FCTC). The second core message is that governments that are truly committed to the FCTC are fundamentally conflicted if they also own tobacco interests.

The health risks associated with tobacco as well as the history of the FCTC have been well-documented and will not be discussed here. At the risk of over-simplifying, the following background is sufficient to provide the high-level context:

- Tobacco products kill 8 million people every year (at the time of writing, it would take less than three weeks for tobacco to kill more people than the cumulative global Covid-19 death toll)[1];

- The World Health Organization's Framework Convention on Tobacco Control (FCTC), in force since 2005, is the first international treaty negotiated under the auspices of the WHO. There are currently 182 parties[2] to the FCTC, which has as its main objective "to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure"; and

- In 2019, the WHO reported that – since 2000 – overall global tobacco use fell from 1.397 billion to 1.337 billion, a decline of less than a quarter of a percentage point per year.[3]

> Article 4 of the FCTC: "The objective of this Convention and its protocols is to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke by providing a framework for tobacco control measures to be implemented by the Parties at the national, regional and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke".

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[1] There were 400 243 Covid-19 deaths on 7 June 2020. Source: https://coronavirus.jhu.edu/map.html

[2] There are 168 signatories to the FCTC, including the European Union. The treaty closed for signatures on 29 June 2004.

[3] The WHO report covered the following: use of cigarettes, pipes, cigars, waterpipes, smokeless tobacco products (like cheroots and kretek) and heated tobacco products. Electronic cigarettes were not covered in the report. https://www.who.int/news-room/detail/19-12-2019-who-launches-new-report-on-global-tobacco-use-trends, accessed 15 May 2020.

In response to the 2019 WHO report, Dr Ruediger Krech, Director of Health Promotion at the WHO, said the following: "Reductions in global tobacco use demonstrate that when governments introduce and strengthen their comprehensive evidence-based actions, they can protect the well-being of their citizens and communities".[4]

It is not the objective of this report to assess whether a 4% decline over two decades demonstrates successful protection of the well-being of citizens and communities, or to assess the overall success of the FCTC.

Rather, the objective is more specific and modest: to highlight a basic contradiction in the FCTC: part of the objective of the FCTC is "to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke", and the convention requires governments that have signed or ratified the FCTC to take action in order to achieve this objective. However, currently there are 18 countries in the world where governments own 10% or more of at least one tobacco company. Of these 18 countries, 17 are signatories to the FCTC, and of these, 8 countries own 100% of at least one tobacco company. These countries are (in alphabetical order): China, Iran, Iraq, Lebanon, Syria, Thailand, Tunisia and Vietnam.

The WHO prevents individuals who are involved – even indirectly – in the tobacco industry, to enter its premises or to attend its meetings. Yet, they have allowed these countries to endorse a convention that is aimed at preventing the damage caused by the companies they own.

Clearly, it is a contradiction in terms when the FCTC allows countries to join a convention even if they do not comply with the objective of the convention. The result is a classical conflict of interest situation: on the one hand some countries have committed themselves to fight the tobacco industry, but on the other hand they are part of and benefit from the tobacco industry. Two arguments are put forward here and will be discussed later:

1. The contradiction is an issue of logic. Imagine an international convention against drug trafficking that allows some organs of state to be involved in the activities that it tries to prevent. The WHO must be aware of this contradiction, but tries to manage it by pretending that it is not a contradiction. This spills over – perhaps inadvertently – in the way in which the WHO treats the large tobacco companies. For example, in its 2019 report on the global tobacco epidemic, the WHO does not mention the world's largest tobacco company (China National Tobacco Corporation) even once, yet there are more than 20 references to companies such as Philip Morris International and British American Tobacco (WHO, 2019).
2. The conflict of interest is an issue of ethics – it is not unlawful to sign a convention that requires you to oppose something that you also support, but it is unethical.

From an ethical perspective, conflict of interests should be distinguished from the industry issues. It is not possible to ignore the ethical issues associated with an industry that kills 8 million people per year, but conflicts appear in all industries, including those with respectable ethical reputations.

This report is structured as follows:

- A brief review of the FCTC, with a focus on Article 5.3;
- A discussion of all countries where governments own at least 10% of a tobacco company;
- An exploration of the contradictions and conflicts that are involved; and
- A discussion of possible future pathways that could offer pragmatic solutions.

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[4] https://www.who.int/news-room/detail/19-12-2019-who-launches-new-report-on-global-tobacco-use-trends, accessed 15 May 2020.

THE CONTRADICTION

There are currently 182 parties to the FCTC, which means that – with very few exceptions – the FCTC can be seen as a truly global treaty. The graph below illustrates its global coverage – all non-parties appear in grey.

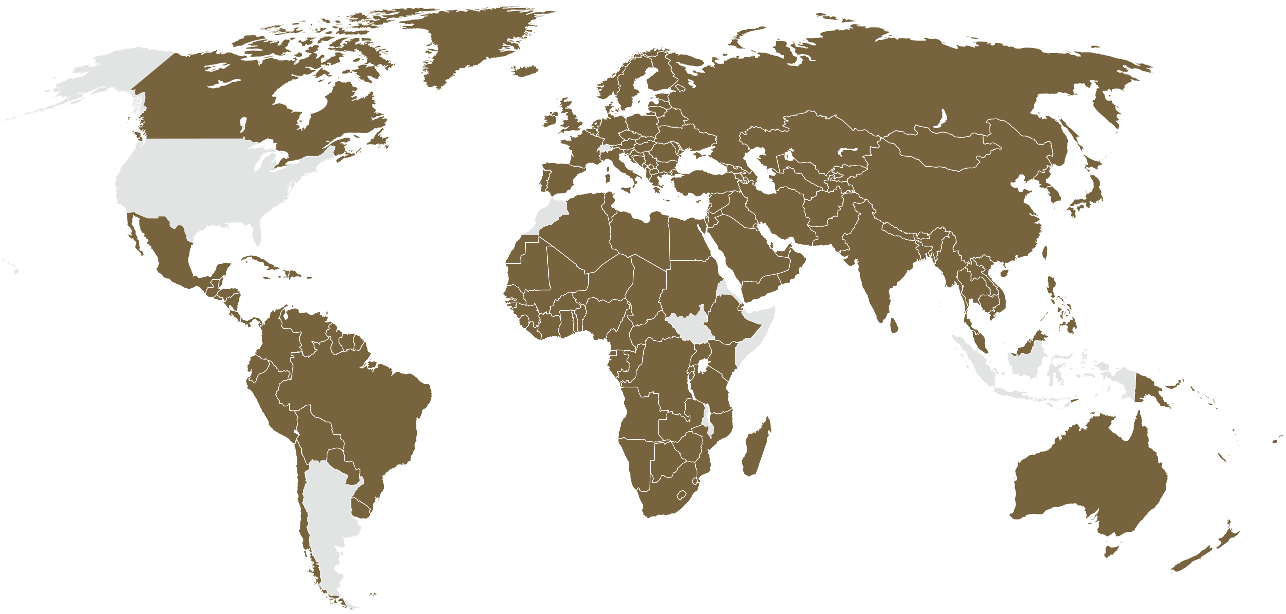


Figure 1: Parties and state non-parties to the FCTC (Source: WHO)

The FCTC is comprised of 10 parts and 38 articles, covering a wide range of objectives, measures related to the reduction in both the demand for and supply of tobacco, as well as issues related to cooperation, communication and dispute resolution. A summary of the FCTC is included as appendix. The following table provides a high-level overview of the entire convention:[5]

Parts	Articles
Part I: Introduction	Articles 1 – 2: terminology and relationship with other agreements and legal instruments.
Part II: Objective, guiding principles and general obligations	Articles 3 – 5: objectives, guiding principles and general obligations (see below for more detail).
Part III: Measures relating to the reduction of demand for tobacco	Articles 6 – 14: price and tax measures, non-price measures, protection from exposure, contents and emissions from tobacco products, packaging and labelling, education and communication, comprehensive ban of advertising, promotion and sponsorship, support for reducing dependence and cessation.

[5] Extracted from https://www.who.int/fctc/about/WHO_FCTC_summary_January2015.pdf?ua=1&ua=1.

Parts	Articles
Part IV: Measures relating to the reduction of supply of tobacco	Articles 15 – 17: elimination of illicit trade, prohibition of sales to underage persons, support for economically viable alternative activities.
Part V: Protection of the environment	Article 18: risks posed by tobacco growing to human health and to the environment.
Part VI: Questions related to liability	Article 19: legal action to deal with liability
Part VII: Scientific and technical cooperation and communication of information	Articles 20 – 22: research, surveillance for tobacco control, reporting on implementation, increasing capacity to implement obligations
Part VIII: Institutional arrangements and financial resources	Articles 23 – 25: establishment and convening of sessions of the Conference of the Parties and relations with intergovernmental organizations, financial support
Parts IX to X: Settlement of disputes and development of the Convention	Articles 27 to 38: dispute settlement, development and further provisions

Table 1: Overview of FCTC

Part III is critical, and is summarized as follows by the WHO:

- Article 3 establishes that the "the objective of this Convention and its protocols is to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke".

- In Article 4, Parties are provided with guiding principles that highlight the need to raise public awareness; to make a political commitment to develop and maintain comprehensive multisectoral measures and coordinated responses; for international cooperation; to consider taking action to deal with criminal and civil liability; to provide assistance for tobacco workers and growers; and to ensure the participation of civil society.

- Article 5, general obligations, requires Parties to establish essential infrastructure for tobacco control, including a national coordinating mechanism, and to develop and implement comprehensive, multisectoral tobacco-control strategies, plans and legislation to prevent and reduce tobacco use, nicotine addiction and exposure to tobacco smoke. This process must be protected from the interests of the tobacco industry. The Article also calls for international cooperation and refers to raising the necessary financial resources for implementation of the Convention.

According to the WHO, "Article 5.3 is one of the most important cross-cutting provisions of the Convention, and one for which implementation guidelines have been adopted. It requires Parties to protect their tobacco control and public health policies from commercial and other vested interests of the tobacco industry".

In 2017, the FCTC created a Knowledge Hub on Article 5. 3. This took the form of an existing organisation in Thailand, the Global Center for Good Governance in Tobacco Control (GGTC) being designated as the new hub.[6]

> Article 5.3 of the FCTC: In setting and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law.

Article 5.3 makes a very clear distinction between a party to the FCTC on the one side and the commercial and vested interests of the tobacco industry on the other side. The intention is clearly to protect the one from the other and it seems impossible that this wording could make provision for an overlap between the two, i.e. a party to the FCTC which also has commercial and vested interests in the tobacco industry. However, the implementation guidelines for Article 5.3 (7.2) state the following:

> *Parties that do not have a State-owned tobacco industry should not invest in the tobacco industry and related ventures. Parties with a State-owned tobacco industry should ensure that any investment in the tobacco industry does not prevent them from fully implementing the WHO Framework Convention on Tobacco Control.*

This flawed logic is an example of the classical fallacy called "circulus in demonstrandum" – a circular argument. Article 5.3 requires parties to protect their policies against the commercial and vested interests of the tobacco industry. But if a party has a state-owned tobacco industry, guideline 7.2 requires that party to fully implement the FCTC. But to fully implement the FCTC, such a party must protect its policies against the commercial and vested interests of the tobacco industry, which means that it cannot have an investment in tobacco!

One is reminded of the words of Scott F. Fitzgerald, who wrote that "the test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to

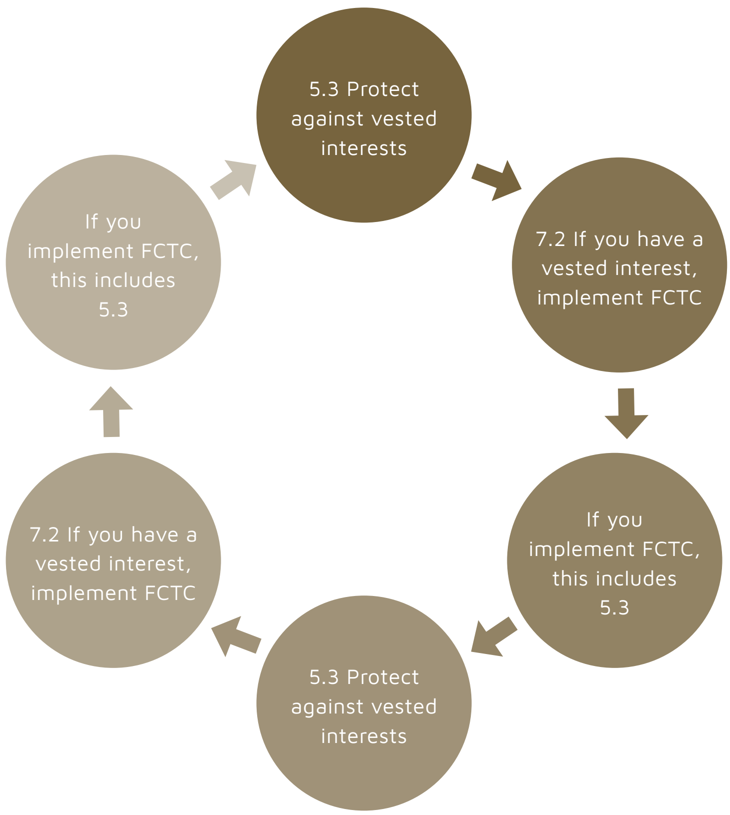


Figure 2: The circular argument between Article 5.3 and Guideline 7.2

[6] There does not seem to be much activity based on this organisation's web site, with a couple of self-referential loops that feed back to the WHO: https://untobaccocontrol.org/kh/article-53/.

function. One should, for example, be able to see that things are hopeless and yet be determined to make them otherwise".[7] In a more sinister way, it invokes the doublethink of George Orwell's Nineteen Eighty-Four:[8]

> *To know and not to know, to be conscious of complete truthfulness while telling carefully constructed lies, to hold simultaneously two opinions which canceled out, knowing them to be contradictory and believing in both of them, to use logic against logic, to repudiate morality while laying claim to it... to forget whatever it was necessary to forget, then to draw it back into memory again at the moment when it was needed, and then promptly to forget it again, and above all, to apply the same process to the process itself—that was the ultimate subtlety.*

These contradictions are obviously not restricted to the FCTC and state-owned tobacco companies. There are many other examples where health priorities conflict with commercial interests: for example, alcohol, sugar and fast food in terms of health, or mining in terms of the environment. And even where state ownership is not involved, the vicious cycle of income through taxation and prosperity due to job creation compared against the potentially negative impact of the products themselves is one that every government in the world has to manage.

The problems are complex, and there will not be any straightforward solutions. Acknowledgement of the contradictions and conflicts is an important place to start. Before we explore this in more detail, it is necessary to look in a bit more detail at those countries that have substantial tobacco interests.

[7] https://www.esquire.com/lifestyle/a4310/the-crack-up/, accessed 17 May 2020.

[8] Orwell, George (1949). Nineteen Eighty-Four. Martin Secker & Warburg Ltd, London, part 1, chapter 3, p. 32.

STATE OWNERSHIP OF TOBACCO COMPANIES

Globally, there are 18 countries where governments own 10% or more of at least one tobacco company.

The table below lists these countries and indicates the date on which they signed the Framework Convention on Tobacco Control, as well as the date on which ratification or acceptance occurred.[9] Information on this type of ownership is not readily available, especially in countries where there are low levels of transparency and / or a general lack of publicly available information. A note on methodology is included as an appendix.

Country	Percentage ownership	Signed FCTC	Ratification of FCTC
Algeria	49%	20 Jun 2003	30 Jun 2006
Bangladesh	13%	16 Jun 2003	14 Jun 2004
China	100%	10 Nov 2003	11 Oct 2005
Cuba	75% average	29 Jun 2004	No
Egypt	51%	17 Jun 2003	25 Feb 2005
India	24%	10 Sep 2003	5 Feb 2004
Iran	100%	16 Jun 2003	6 Nov 2005
Iraq	100%	29 Jun 2004	17 Mar 2008
Japan	33%	9 Mar 2004	8 Jun 2004 (only accepted, not ratified)
Laos	47%	29 Jun 2004	6 Sep 2006
Lebanon	100%	4 Mar 2004	7 Dec 2005
Malawi	42%	No	No
Moldova	91%	29 Jun 2004	3 Feb 2009
Syria	100%	11 Jul 2003	22 Nov 2004
Thailand	100%	20 Jun 2003	8 Nov 2004
Tunisia	100%	22 Aug 2003	7 Jun 2010
Vietnam	100%	3 Sep 2003	17 Dec 2004
Yemen	34% average	20 Jun 2003	22 Feb 2007

Table 2: Parties to the FCTC (Source: WHO)

[9] Source: https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=IX-4&chapter=9&clang=_en#EndDec.

The figure below displays the countries as well as the companies.[10] This is followed by a more detailed table that provides additional information, including the balance of ownership where applicable.

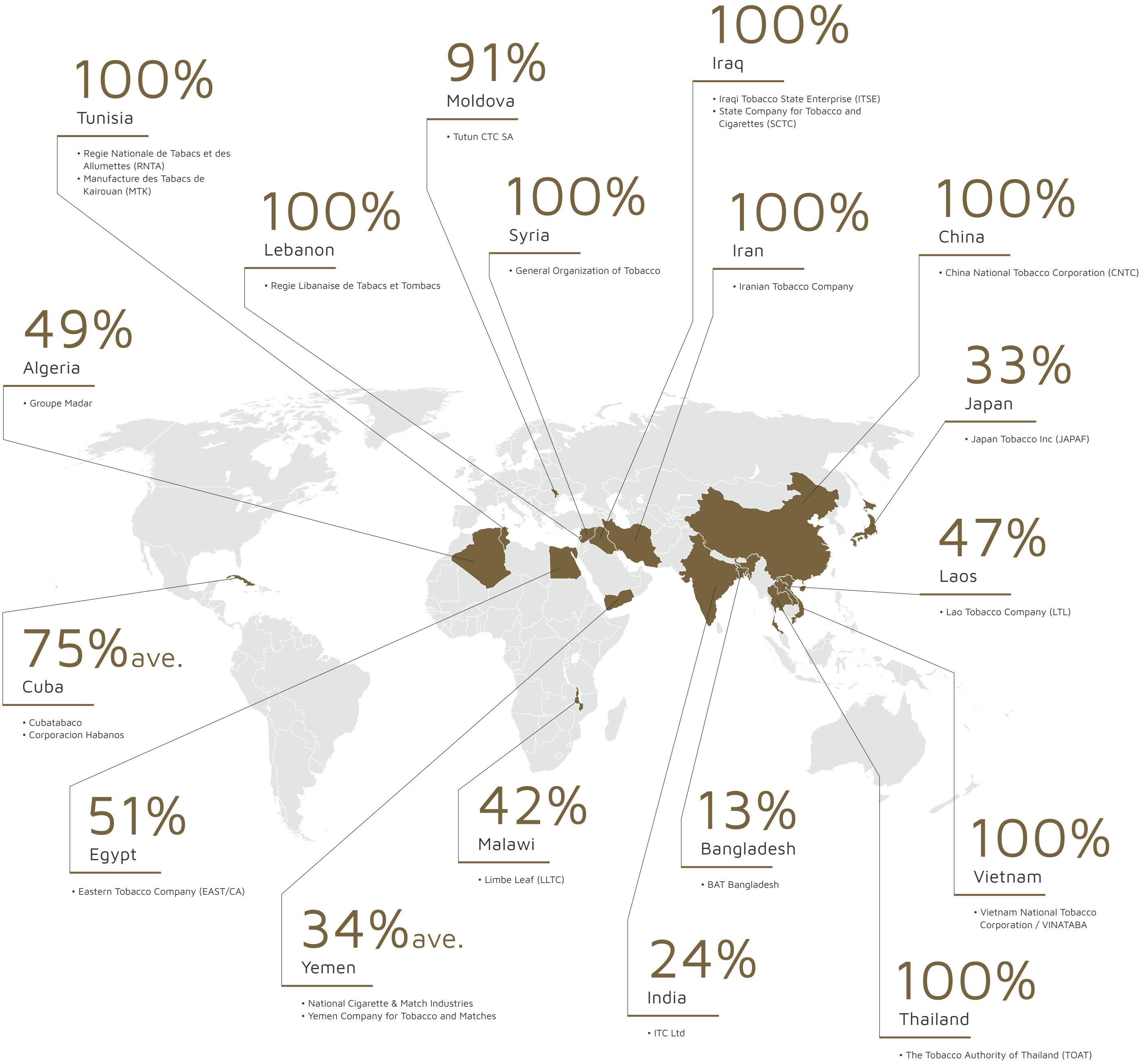


Figure 3: State ownership of tobacco companies

[10] It is worth noting that Ethiopia's National Tobacco Enterprise Share Company does not appear on the list. On 21 November 2017, Japan Tobacco announced that it had purchased the Ethiopian government's 30% share of the company (Japan Tobacco press release, 21 November 2017). Japan Tobacco now owns 70% of the company with the balance in the hands of the Sheba Group.

WHO OWNS THE REST?

In 9 out of the 18 countries there are complete monopolies: China, Cuba, Iran, Iraq, Lebanon, Syria, Thailand, Tunisia and Vietnam. The table below provides information about the balance of shareholding in the other countries.

Country	Company	Government Ownership	Balance
Algeria	Groupe Madar	Public Enterprise Holding Company	Co-invested 49% of STAEM; Balance of 51% held by Emirati Investors-TA (FZC) ('EITA'), which is 49% owned by Philip Morris
Bangladesh	BAT Bangladesh	Investment Corporation of Bangladesh; Shadharan Bima Corporation; Bangladesh Development Bank Limited; Government of People's Republic of Bangladesh: 12.85%	BAT Group: 72.91%; 14.23% Other shareholders
Egypt	Eastern Tobacco Company (EAST/CA)	Egyptian Ministry of Investment: 50.5%	Foreign Investors (individuals, firms, funds, banks, others): 36.98% Egyptian Investors (individuals, firms, funds, banks, others): 6.44% Shareholders Union: 6.08%
India	ITC	Life Insurance Corporation of India (LIC): 16.3%; The Specified Undertaking of the Unit Trust of India (SUUTI): 7.93%	BAT Group: 29.4%; Other shareholders: 46.37%
Japan	Japan Tobacco (JAPAF)	Japanese Ministry of Finance: 33.35%	Japan Tobacco Inc: 11.3%; Other shareholders: 55.35%
Loa People's Democratic Republic	Lao Tobacco Company (LTL)	Lao Government: 47%	Imperial Tobacco Group: 53%
Malawi	Limbe Leaf (LLTC)	Press Corporation Limited / Malawi Government: 42%	Universal Corporation: 58%
Moldova	Tutun CTC SA	Public Property Agency: 90.81%	Other shareholders: 9.19%
Yemen	National Cigarette & Match Industries	Government: 40% (World Bank: 2003; "partly state-owned": Globaldata, 2017)	N/A
Yemen	Yemen Company for Tobacco and Matches	Government: 28% (World Bank: 2003; "partly state-owned": Globaldata, 2017)	N/A

Table 3: Breakdown of ownership

THE NUMBERS IN CONTEXT

This report is specifically focused on the contradictions and conflicts inherent in state ownership of tobacco companies, and from an ethical position it therefore does not really matter whether these companies are large or small. However, from a more pragmatic point of view, size does matter. Three of these companies feature on the list of top global companies in terms of retail volume share of cigarettes: China National Tobacco Corporation, Japan Tobacco Inc and ITC Ltd.

In terms of the global market, China National Tobacco Corporation (CNTC) outperforms all other companies, including the private sector. CNTC is the largest by some margin with 44% of the global cigarette market, followed by British American Tobacco Plc and Philip Morris International Inc (14% each) and Japan Tobacco Inc at 9%. India's ITC Ltd has 1% of the market (Janazzo, 2019).

The way in which China dominates in size is clearly illustrated by comparing the tax revenues generated by the respective countries. The data has been provided by the WHO (2019), but most of the country data are from 2016 and 2017. Currency conversion was performed based on the average exchange rate over the two-year period. The numbers should be viewed as estimates, since there are also some inconsistencies in the WHO data. For example, the total revenue for China provided by the WHO is 30% lower than the actual total (used in this report) when all excise duties, value-added and other sales taxes as well as import duties and all other taxes are added up. The numbers in the figure exclude all corporate taxes.

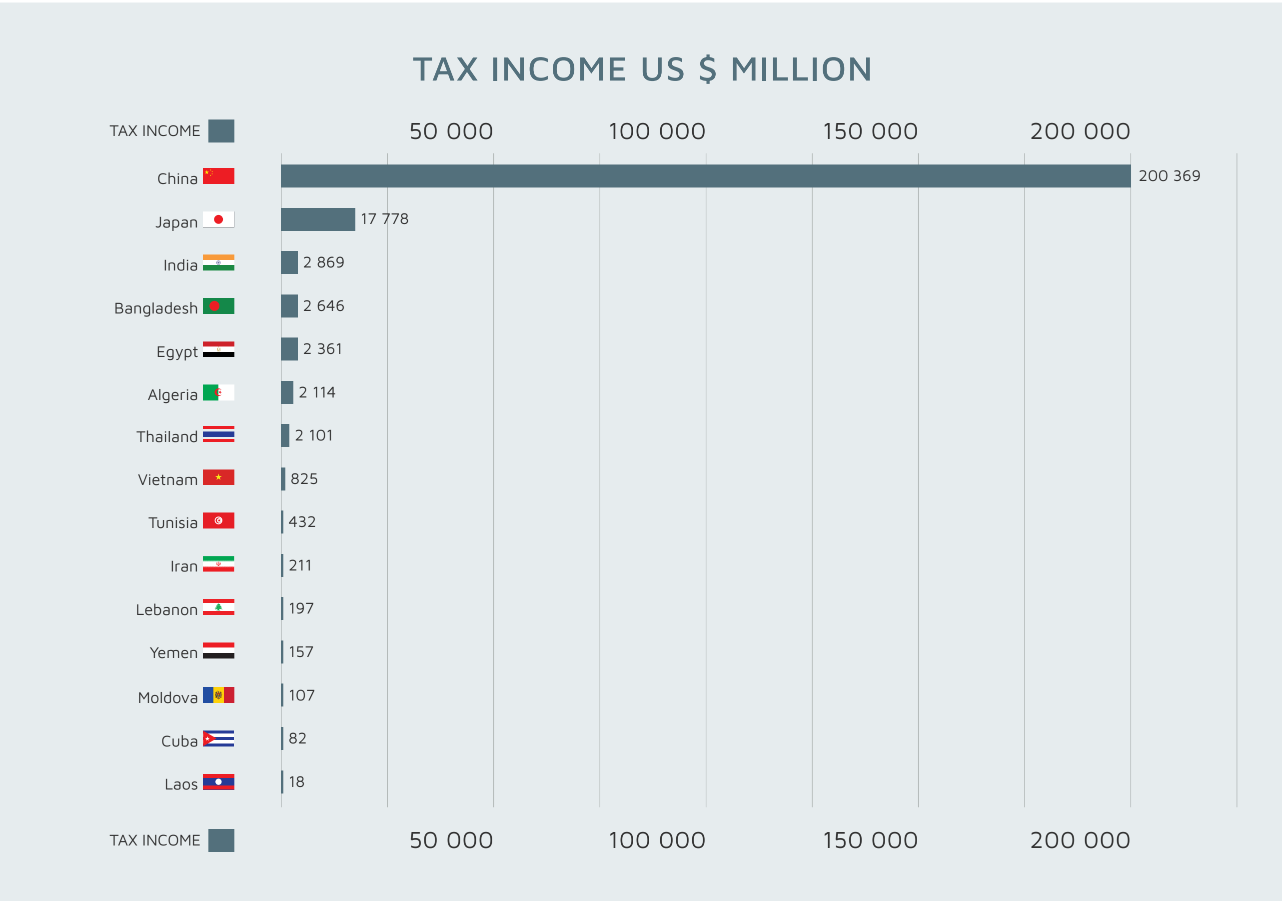


Figure 4: Tax income from tobacco (Source: WHO, 2019)

In order to make the numbers more comparable, the figure below presents the taxes received as a percentage of GDP, following the same order as above:

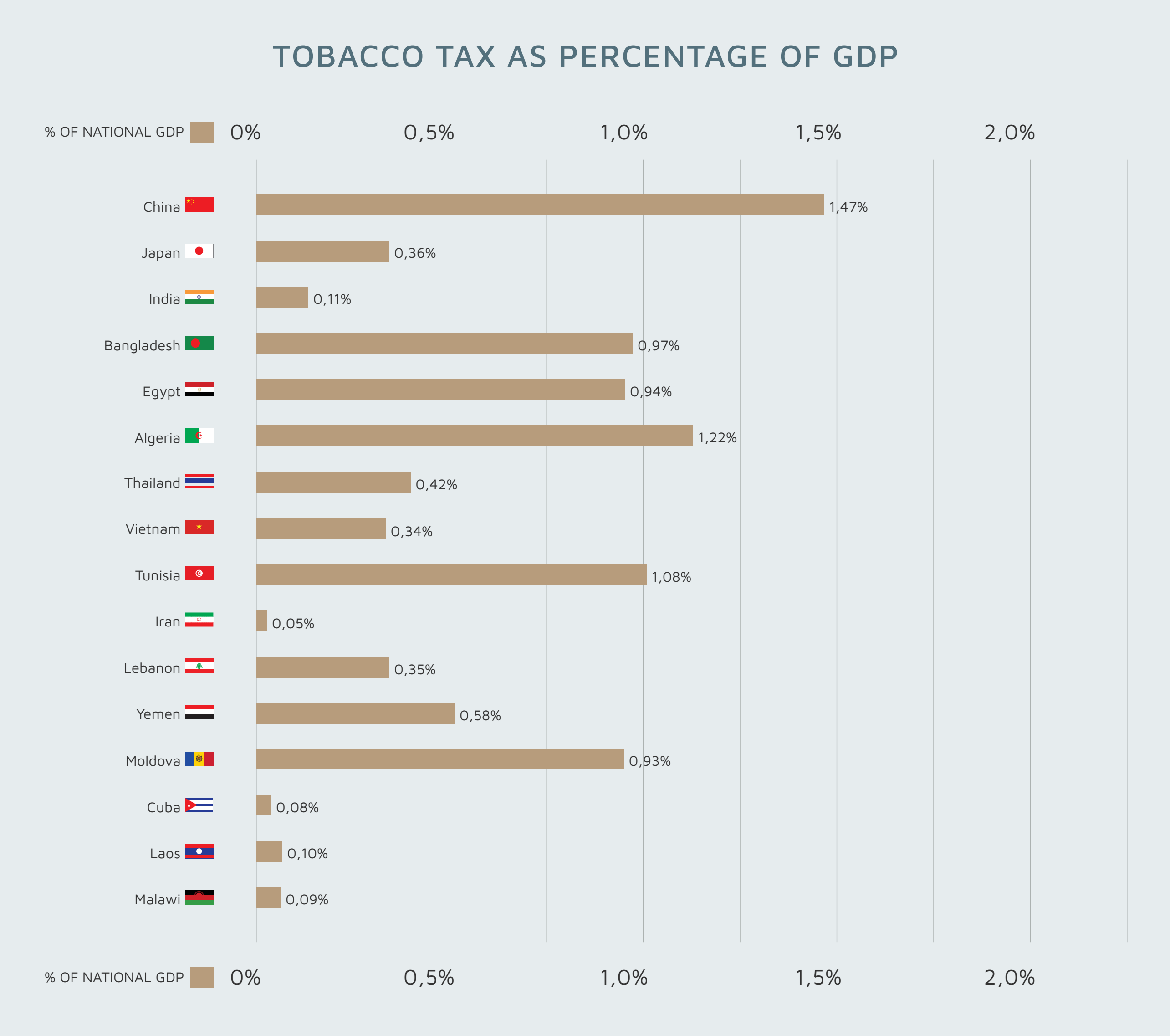


Figure 5: Tax income as percentage of GDP (Source: WHO, 2019)

The figure below provides information on total tax paid as percentage of cigarette price per pack for the most sold brand, based on 2018 data (WHO, 2019). According to the WHO (2019), the highest percentages come from the South Pacific island of Niue (87.7%) and Finland (87.4%), and the lowest percentages come from Afghanistan (4.1%) and North Korea (0%). The global average for 185 countries is 52.4%.

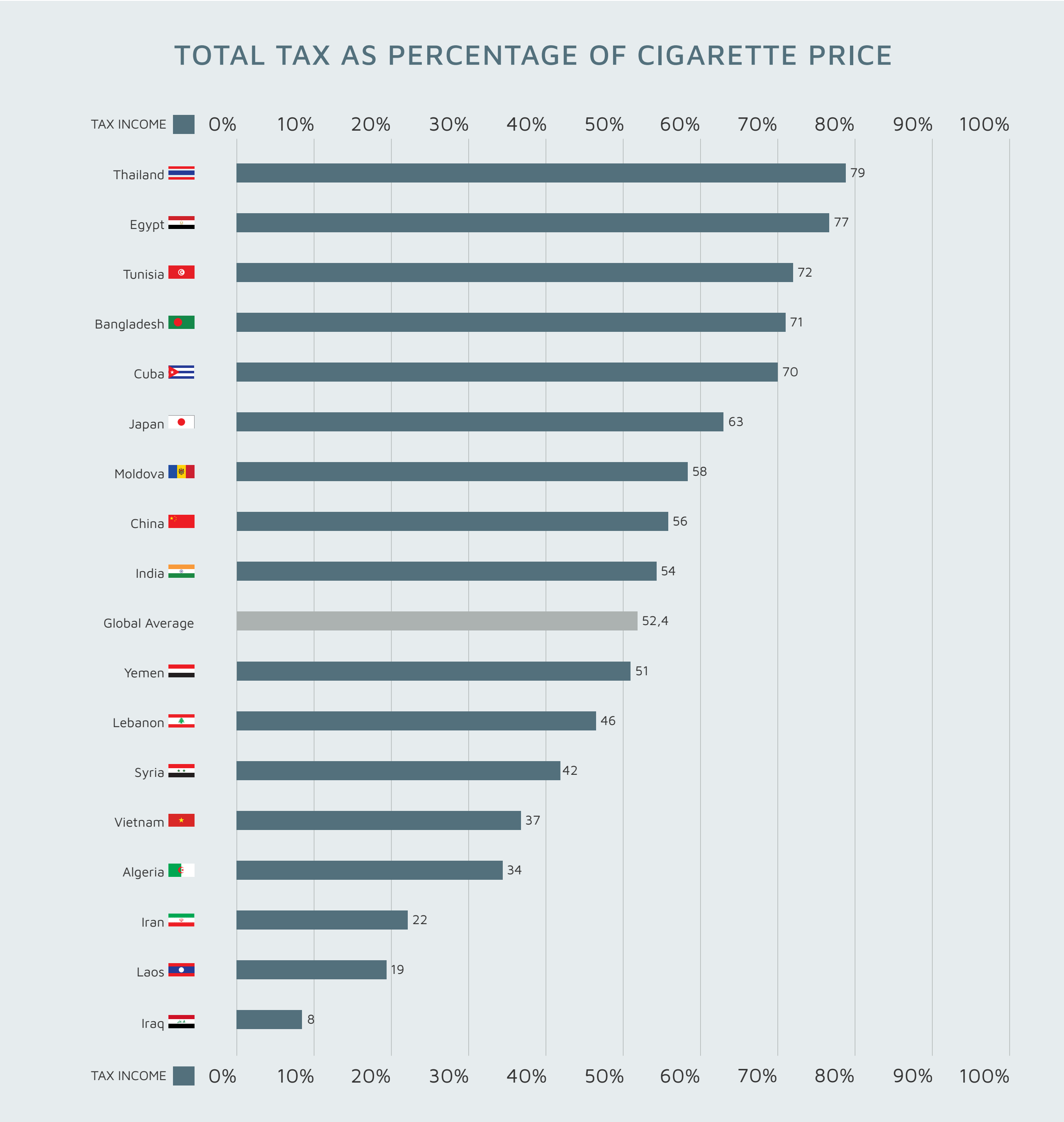


Figure 6: Total tax as percentage of cigarette prices (Source: WHO, 2019)

AN ECLECTIC CLUB OF COUNTRIES

How does one make sense of the list of countries? There is no golden thread that connects them, either in terms of geography, history or ideology. There are also no clear differentials in terms of health policies or burden of disease data, when compared with countries where there is no significant state ownership of tobacco companies. This section provides a brief historical background to the countries, followed by brief comparisons based on geographical spread, income, political systems, perceptions of corruption and the burden of disease. The section concludes with a brief analysis of the rather indifferent reports on Article 5.3 that have been submitted by most of these countries.

BRIEF HISTORICAL BACKGROUND

As can be seen from the brief summaries below, many of the countries are former colonies. Depending on the nature of the relationship between the coloniser and the colonised, state-owned tobacco companies were either inherited or created due to post-colonial ideologies. Privatisation strategies are usually also generic, in other words, countries rethink the desirability of state-owned companies in general, rather than state-owned tobacco companies.

ALGERIA

Until the Algerian War of Independence in 1962, Algeria was under colonial rule by France. Its economy was largely dependent on agricultural exports and mostly contributed to the economy of France. Since independence, the Algerian Government implemented a centrally planned economy within a state socialist system. In the first two decades following independence, the country nationalised all major industries, and the economy was managed with multi-year economic plans. Since about the 1980s, the country has started to shift towards privatisation (Encyclopaedia Britannica, 2020). More recently, there have been government plans to continue to privatise large industries, especially the financial sector, to allow it to help the country's stumbling economy (Asharq Al-Awsat, 2018). This also applies to the tobacco industry. The state-owned Madar Holding has set up the SNTA (Societe Nationale de Tabacs et Allumettes), which was the state-owned cigarette manufacturer. However, it has since become a public enterprise holding company which holds ownership in STAEM along with other investors (including Phillip Morris) (Africa Intelligence, 2018). The Government has made no further statements on its intention to increase or decrease its interest in this industry. However, the Algerian presidency has rejected the Government's plans to partly privatise state-owned companies in the financial sector (Asharq Al-Awsat, 2018).

BANGLADESH

Bangladesh was, until its independence in 1971, ruled by Britain (1700-1947) and then Pakistan (1947-1971). Both of these countries exhibited state control over the economy and the Pakistani Government, while initially starting as a parliamentary democracy, was intent on central control. In 1972, Bangladesh won its independence from Pakistan, and a new prime minister was elected to the parliamentary government (Encyclopaedia Britannica, 2020). While the Government was secular and parliamentary with a bill of rights, the economy was not strong, and this led to the decision to nationalise large industries in 1972 (Hassan, 1982). It was at this time that the Pakistan Tobacco Company was renamed the Bangladesh Tobacco Company. Since then, management practices of private and public sector enterprises of Bangladesh have been continually improving. In addition, there has been a shift in focus from the government to privatise since 1998. This was spurred by a lack of financial performance by public companies and the fiscal burden that this causes, diverting resources (Islam, N). It was at this time that Bangladesh Tobacco Company privatised and British American Tobacco purchased a significant share. Its shareholding has been progressively reduced, and state ownership of BAT Bangladesh is currently below 13%.

CHINA

China is a socialist state that has an economy that is in transition between central planning and a market-oriented economy. Following the forming of the People's Republic of China in 1949, international companies were required to leave China. The most notable tobacco company impacted by this was British American Tobacco and thus was formed the China National Tobacco Corporation (CNTC) Group and the nationalisation of the industry (Fang, Lee & Sejpal, 2016). CNTC and group companies operate under the state monopoly regime and are the only entities authorised to engage in the production, sale, import and export of tobacco commodities. CNTC now produces four out of every ten cigarettes smoked globally and has further international expansion goals (Fang et al., 2016).

At the same time, Chinese health authorities have been making a concerted effort to tighten tobacco regulations in a country of 1.4 billion people where around 300 million smoke. This is not a new fad since Emperor Chongzhen banned smoking over 300 years ago and even executed addicts, although it is safe to say that the market for tobacco in China recovered well from these controls. These new efforts have a positive impact as the number of smokers in mainland China is declining (Fang et al., 2016; Hancock, 2019; Financial Times, 2019).

Over the last few years, the Government has stepped up its efforts and has banned cigarette advertising and smoking in public spaces and has raised taxes significantly to increase prices. At the same time, the State Tobacco Monopoly Administration encourages retailers to use the Internet, social media and apps to promote sales, which also saw Alibaba enter a strategic co-operation memorandum with the regulator designed to provide new drives and concepts for the industry through its platforms (WHO FCTC, 2018; Financial Times, 2019; Bloomberg, 2015).

The increased domestic health regulations and concerns of lower domestic demand have driven CNTC to focus on the international market. It has set up subsidiaries in countries ranging from Argentina to Namibia and the United Arab Emirates. It has also entered into numerous joint ventures, such as the Switzerland-based joint venture with Philip Morris International to distribute Chinese cigarette brands in Europe (Fang et al., 2016; Hancock, 2019). Its internationalisation drive saw CNTC sell a 25% stake to private investors in its Hong Kong-based subsidiary by way of an IPO. This subsidiary will be used as a basis from which to launch a more targeted internationalisation campaign (Shane, 2019; Fioretti, 2019). CNTC's international strategy is very clear with the ambition to increase its market share of its duty-free cigarettes through the expansion of sales channels and deepening business relationships.

The company is looking to optimise its product portfolio, enhance the quality of new products and increase geographical coverage, in order to remain sustainable while the domestic market adopts more stringent tobacco control laws.

CUBA

Tobacco is one of the main pillars of the Cuban economy, and through the cooperative and farming sectors, there has been a concerted effort to revive the industry. However, there has been no statements regarding the privatisation of the industry. The Tabacuba Enterprise Group is the single entity in the country that directs activity in all phases of the tobacco production chain, from the fields to distribution on the international market and within the country it is at the helm of the development programme. It includes 40 state enterprises, three joint ventures with foreign capital (Habanos S.A., Internacional Cubana de Tabacos S.A. & Brascuba Cigarrillos S.A.) and one entirely Cuban trading company (as well as a research institute with three field stations).

The organisation employs approximately 40 000 workers and annually involves some 200 000 in other state enterprises, such as the Basic Units of Cooperative Production (UBPC), Agricultural Production Co-operatives (CPS), Credit and Services Cooperatives (CCS), and families of producers. Cuba’s tobacco industry currently produces almost 300 million hand-rolled cigars, of which 100 million are destined for export, plus about 130 million machine-made cigars, 90% for export, as well as 15 billion cigarettes (Rivas, 2019).

EGYPT

The current state monopoly, Eastern Tobacco Company, was founded in 1920 but was nationalised in 1956 when Gamal Abdel Nasser come into power. Nasser embraced secularist Arab socialism and soon set about nationalising industries and embarked on land reforms (EISA, 2012). However, a failing state and the burden that struggling state-owned enterprises placed on the State meant that privatisation was gaining popularity during the 1990s. These plans were not easy to implement due to the unattractiveness of certain industries, but also due to protests against loss of employment (Slackman, 2010). By the late 1990s, the sale of government assets was stopped. Despite its challenges, in 2016 the Government renewed its efforts for structural reforms (The Economist, 2017), but little progress has been made, creating doubts as to how serious the Government is on delivering on the agenda (Werr, 2019).

Since 2016, it has only sold a 4.5% stake in Eastern Tobacco Company. Yet, this drive is also related to conditions imposed by the IMF and its $12 billion investment programme, which requires the Government to reduce its role. Renewed statements have been made related to the need for foreign direct investment and private sector participation on a further asset that has been earmarked for divestment (Werr, 2019). The Government has released a list of target companies for more aggressive privatisation. From these reports, it is concluded that the Government is “as keen as ever to sell minority stakes in companies”. This may limit its willingness to sell any further stakes in Eastern Tobacco Company, where it now only holds 50.5%.

INDIA

The Imperial Tobacco Company was established in 1910 with the primary goal of growing and consolidating the cigarettes and tobacco leaf industry in India. As its ownership transitioned more into Indian hands, its name was changed to India Tobacco Company (ITC). It was converted into a public limited company in 1954 and has since grown into a diversified conglomerate, but still incorporates the tobacco industry business (ITC, 2020).

India has been implementing a privation policy for a few decades, with cycles in adoption and levels of implementation. It has done so primarily to raise revenue. Significant traction was gained in 2000, but 2008 saw a roll-back in appetite. More recently, the Government has been selling minority stakes in various state companies, and in 2018 there was even an attempt to privatise Air India. However, recent reports suggest that the Government is looking for pro-investment strategies and that a boost in privatisation could be expected (ITC, 2020; Tripathis, 2019). The tobacco industry has already been privatised, with BAT owning a greater stake in ITC than the State itself. New regulations in 2013 have limited FDI in this sector, so it is unlikely that further privatisation will happen soon (Dutt, 2018).

IRAN

The Tobacco Government Monopoly Law was first enacted in Iran in 1915. There were amendments made to these rules, but by 1929 it meant that all imports, exports, purchasing, selling, delivering and transport of tobacco and tobacco-related materials were exclusively the rights of the Government. Farmers were further required to sell tobacco exclusively to the Government, in effect giving the government complete control over the tobacco industry.

It then decided to found the Iran Tobacco Monopoly Institute in 1937 for the manufacturing of tobacco products (Iran Tobacco Company, 2020). The Iranian Tobacco Company was launched in 1928 as a state-run monopoly to develop the tobacco industry in Iran. In 2002, the Government reached agreements with multinational cigarette manufacturers (including British American Tobacco and Japan Tobacco) to import and jointly produce products in Iran in co-operation with ITC. These two companies currently share more than 50% of the market share in Iran.

The Government did attempt to privatise ITC in 2010 when it transferred 55% of the shares to the Steel Industries Pension Fund in order to settle government debt to the organisation. This transaction was fraught with issues and concerns because the fund was found to have had management and operational issues. There have not been further announcements on the intent to attempt privatisation again, but Iran does intend to comply fully with the WHO FCTC.

IRAQ

Until the war in 2003, Iraq had a centrally planned economy dominated by the State. There were also high tariffs charged against imports to stimulate domestic production (Encyclopaedia Britannica, 2020). After the first phase of the war, the country implemented economic reforms by the Coalition Provisional Authority (CPA) that had issued binding privatisation orders. The CPA took over the country's public sector and secured the funds needed to reconstruct the Iraqi economy. Many issues were encountered in the implementation of the revival plan. Without its usual state subsidies, Iraq's manufacturing capabilities declined significantly (Encyclopaedia Britannica, 2020). Up until this period, the Iraqi State Manufacturing Enterprise (ITSE) was the only manufacturer of tobacco products. It was joined by a smaller rival, Iraqi Cigarette Manufacturing Company (ICMC), in 2000.

After the war, the company failed to reopen many of its facilities and sold many to new market entrants. As part of the reconstruction of Iraq, there has been a sale of state-owned assets, with ITSE among these. European Tobacco purchased two ITSE facilities in early 2005 with plans to refurbish both sites for domestic and export sales. However, the company has yet to operate in the market (Abbas, 2009; Tobacco Control Laws, 2020).

JAPAN

In 1898, Japan formed the Japanese Monopoly Bureau for the sale of domestic leaf tobacco. In 1949, the Bureau became Japan Tobacco and Salt Public Corporation (JTS) and the Government maintained its monopoly over tobacco production and sales. In 1982, the Japanese Government conducted a comprehensive review of the public corporation system and drafted bills to abolish the tobacco monopoly law to liberalise tobacco imports and to abolish the JTS law to allow it to compete with foreign tobacco companies. In 1985, Japan Tobacco was founded (from the JTS assets), and in 1987 all import duties on tobacco product were abolished (Japan Tobacco, 2020).

It remains a significant contributor to the government coffers and is governed by special laws. Japan Tobacco is required to buy the country's entire tobacco crop with prices agreed with farmers, who are concentrated in some of the poorest regions of the country. It thus has a dual role of enhancing social health and contributing to state revenues.

This tension is also felt at higher levels, as state interventions are launched to reduce tobacco consumption but at the same tame tobacco is promoted to increase tax revenues (Shudder & Pickard, 2014; Japan Times, 2017). To overcome these contradictions, Japan Tobacco has focused on global expansion, and in 1999, JTI (International) was founded. JTI has embarked on an aggressive acquisition drive internationally, while at the same time the Government has restricted the industry, banned advertising and sponsorship of events by tobacco companies, banned smoking in public places and raised excise taxes (Blitz, 2014; Reuters, 2016; Reuters, 2019). Government, through the Ministry of Finance, retains a significant stake in the monopoly and only reduced its shareholding from 50% in 2013. This was done mostly to raise funds after the 2011 earthquake and tsunami. The Ministry of Finance has stated that it has no plans to sell its stake in JTI., which is currently 33.35% (Reuters, 2019).

LAOS

Having been colonised by France until the mid-20th century, the Laotian monarchy was overthrown in 1975, and the country adopted a Soviet-style centrally planned economy. As a result, private enterprises were nationalised, and Government controlled production, pricing and trade. By the mid-1980s, the Government had realised that these policies were limiting access to investment and trade and a timid reform was implemented (New Economic Mechanism) that did away with central government control and allowed for private ownership. It embarked on further liberalisation, but the 1997 Asian Financial Crisis meant that the country was highly indebted and could no longer support all of its assets (Encyclopaedia Britannica, 2020). The Lao Tobacco Company (LTC) was founded in 1980, with the Lao Government holding a 100% stake. However, this entity was bankrupted, and the Government sold 53% of shares to UK-based Imperial Tobacco Group (WHO FCTC, 2017; WHO, 2016). It currently operates as a socialist state that mirrors that of China, combining state ownership with openness to trade and investment.

LEBANON

Regie Libanaise de Tabacs et Tombacs (RLTT) was established in 1935 as a public company under the Ministry of Finance. RLTT manages the cultivation, manufacturing, distribution and sale of tobacco and tombac in Lebanon. It is the fifth-largest contributor to Lebanese state funds and is considered one of the most successful public institutions in Lebanon (RTLL, 2020). The Exclusiveness Law limits the purchase, manufacturing and sale of tombac and tobacco, along with plantation, manufacturing, transport, export, sale and consumption to that of the State. The Ministry of Finance runs the tobacco monopoly and is in charge of the exports and imports of tobacco products as well as subsidising farmers. This has given rise to weakening the content and scope of regulations on tobacco as well as delaying their adoption and implementation. The Ministry of Finance is further the supervisory body untimely responsible for the Tobacco Regulatory Authority, which results in various policy conflicts. There have been no statements made on the privatisation of the tobacco company. However, recent reports have shown that the country is considering the privatisation of its assets: with the scrapping of the management committee at the Port of Beirut and a possible replacement in ownership or management with a private company. The Government has stated that privatisation allows access to foreign investment, relieves pressure on the treasury and that reforms may grant access to funding. However, the president stated that officials will retain the largest share (51%) (Asharq Al-Awsat, 2019).

MALAWI

Until 1983, Press Holdings was a private holding company that had as its subsidiary numerous companies, including one which printed the state newspaper. In 1983, President Banda ordered that Press Holdings be reconstructed and Press Group Limited was incorporated, with Press Corporation Limited, a wholly-owned subsidiary. Press Group Limited was owned, in turn, by Press Trust. Press Trust was founded in 1982 by President Banda as a charitable organisation.

Since then, the company has made numerous investments, including a part-ownership in Limbe Leaf. Limbe Leaf Tobacco Company Limited (LLTC) is a leading buyer, processor and exporter of leaf tobacco in Malawi. Fifty-eight per cent of the company is owned by Universal Leaf Tobacco Company and 42% by Press Corporation Limited. The investment was made most likely to protect employment in the very significant sector in Malawi (Press Corporation, 2020). Since the 1990s, the government of Malawi has embarked on economic reforms, including stronger fiscal discipline, public spending cuts, greater accountability and a programme of privatisation, and was supported by a series of World Bank structural adjustment loans and IMF stabilisation programmes. It has not made any specific comments on lowering its investment in Limbe Leaf (Smith & Lee, 2018). Malawi is the world's most tobacco-dependent country and has long defended the tobacco industry as being essential to its economy.

The industry is regulated through the National Tobacco Commission and provides directives related to tobacco production by making sure that all tobacco growers are properly registered and allocated production quotas (Sangala, 2016; Sangala, 2016). Malawi has not signed the FCTC. Recently, the Ministry of Agriculture, Irrigation and Water Development Controller of Agriculture Services, Alexander Bulirani, said the matter is being discussed at the highest level of Government. "It is becoming clear from the indicators on the ground that we need to sign. The issue is that we think it is better at this stage that we go and fight from inside. People are going to make decisions on tobacco. Now the important thing is that, when we are inside, we can then give out our perspective."

MOLDOVA

Moldova is a former Soviet state, and it was during this time that it developed large industries such as agriculture, manufacturing, transport and construction. Since the fall of the Soviet Union, Moldova has lapsed into being one of the poorest European countries. It has made gradual attempts to shift from central Government to a market economy, with privatisation being implemented through ownership vouchers to citizens. However, the process has been slow and fraught with corruption. That said, since this process was started, the private sector has expanded significantly and currently contributes over 50% to GDP (Encyclopaedia Britannica, 2020).

The State still retains significant ownership in numerous industries, including wine, telecommunications, hotels and tobacco. However, in 2019 the State started the process of selling its remaining stake in Tutun-CTC (the state tobacco producer) to Le Bridge Corporation Limited. Le Bridge Corporation Limited has been operating in Moldova since 1998 and had the sole rights to import and distribute Imperial Tobacco products (Baila, 2019). By the time of writing, this acquisition has not yet been completed, but it indicates the intention of the Government to exit state ownership in tobacco.

SYRIA

Syria has been a socialist state since 1963, with a trend towards socialist transformation and industrialisation. There is private trade in small businesses and general commerce, but the State maintains control of most vital industries, such as oil refineries, railways, electricity and various manufacturing, including tobacco (Encyclopaedia Britannica, 2020). The tobacco industry in Syria is a state monopoly and is controlled by the General Organization of Tobacco (GOT) that is affiliated directly to the Ministry of Economics. It is the view that as long as political threats are faced (there are severe restrictions placed on the country after the uprising), a strong public sector must be maintained (Matar, 2016). Although privatisation was implemented across certain sectors, the majority of state assets have been retained. More recently, the president made a statement that the management of towns and cities may be privatised, but he did not make any specific reference to industry.

Under the leadership of Bashar al-Assad, since 2000, there was the high adoption of neoliberal policies and privatisation to become a social market economy. However, this process was not for all industries, and the State continues to play a significant role in many industries. The process was also criticised for promoting the wealth of families and relatives of the regime and was described as crony capitalism. In more recent times, the war has significantly impacted the power of the State. There has been territorial fragmentation of power and a loss of the sovereign power of the State. The State is expected to continue on its reconstruction drive after the war and provide the regime with the opportunity to consolidate its power by rewarding crony capitalists. This is especially the case for the new PPP laws to facilitate the investment of private capital. Yet, the primary focus of these laws appears to be in energy, where foreign actors are particularly active. No particular reference to the tobacco industry was found in terms of privatisation, yet it remains a strategic crop for the country as a critical export

THAILAND

The Thai Government nationalised the tobacco industry in 1939 when it established the Thailand Tobacco Monopoly (TTM). TTM was the only entity allowed to produce tobacco products in Thailand and initially did so with the collaboration of British American Tobacco. However, from 1948 it was the sole operator and placed within the Ministry of Finance. From 1992, with the ratification of the ASEAN Free Trade Agreement, foreign companies were also allowed to operate in this sector (Tobacco Asia, 2018a; Tobacco Asia, 2018b; WHO FCTC, 2019). TTM was corporatised in 2018, renamed the Tobacco Authority of Thailand (TAOT) and still is the sole legal entity in the country to commercially produce tobacco products and related items. While TOAT is a 100% government-owned entity, it is allowed to create private subsidiaries within which other private companies can invest. Private companies can own as much as 49% of shares. There have been no statements made that the Government will deviate from this strategy (Tobacco Asia, 2018a; Tobacco Asia, 2018b; WHO FCTC, 2019).

TUNISIA

Tunisia was colonised by the French, and in order to avoid fraud in the industry, the French decided that the best mechanism was for the direct state management of industry. In 1891 the first Tobacco Department under the direct authority of the State was created. National Manufacture for Tobacco and Matches (RTNA) was formed and has been the state monopoly controller of the tobacco industry ever since (RTNA, 2020). Since 1987, privatisation has been part of the macroeconomic policy of the Tunisian Government in order to re-launch the nation's economy on the path to progress and sustained growth. This is despite a context that is increasingly affected by the globalisation of the production process, the globalisation of markets, and the densification and intensification of competition. The focus of privatisation has been on non-strategic sectors, and 116 SOEs have been fully privatised and more with partial ownership. However, since the revolution in 2011, the privatisation programme has stalled because of political opposition and a fear of job losses. The State still oversees 100 enterprises, including some of the biggest in the country, including the tobacco assets (Morsy, Giamouridis & Selim, 2017). The country has not made any official statements on a revitalised privatisation strategy or any specific reference to its ownership in the tobacco industry.

VIETNAM

In 1955 the Prime Minister ordered the construction of a cigarette factory in the North. Upon its completion in 1957, the Vietnam tobacco industry was established. In 1975, the country was unified and the South and North tobacco operations were combined as the Vietnam Tobacco Union. The Union made great strides to establish the industry and underwent numerous restructures. The most significant restructure was in 1992 when it was transformed into the Vietnam Tobacco Company, under the Ministry of Light Industry and later as a special state corporation as the Vietnam Tobacco Corporation (VINATABA) (VINATABA, 2020). VINATABA holds 55% of the cigarette market share, with the rest held by international companies. Recently, the Government has been on a privatisation drive through initial public offerings (IPOs) and a gradual release of further shares to both domestic and foreign companies. The country aims to privatise 137 SOEs by 2021, leaving 103 businesses as wholly government-owned. It has implemented this privatisation to access funding for infrastructure projects (Louw, 2018; Jennings, 2018; Vinacapital, 2018). However, in 2019 the Government also announced that it was considering the nationalisation of the Airports Corporation of Vietnam. While the Government listed state security as the reasoning for this possible nationalisation, it brings into question its commitment to privatise the remaining 93 businesses to reach its 2021 target. There have been no statements made regarding the tobacco industry at this time (Reuters, 2019).

YEMEN

Upon unification in 1990, both North and South Yemen had vastly different economic systems, but both were under-developed and poor. The socialist South virtually collapsed after the dissolvent of the Soviet Union, but unification meant that state control was paramount and central control was used as the economic system. The economy continued to splutter and be exposed to the impact of wars in the Middle East (Encyclopaedia Britannica, 2020). Destitute, the country turned to official external finance, which also required drastic reforms. As such, from the mid-1990s, Yemen has set about to lower public service payrolls, lowering subsidies, reducing defence spending and privatising state-owned companies. The privatisation programme aimed to privatise 70% of SOEs. While the proposed Privatisation Support Project was never ratified, the role of private companies in the economy has become significant. Additionally, private companies have also started to offer essential services where the Government has been unable due to rising debt levels brought on by war (Encyclopaedia Britannica, 2020; World Bank, 2003; Al-Sakkaf, 2018). Yemen has had three tobacco companies with the National Cigarette and Match Industries and Yemen Company for Tobacco and Matches being the most significant. Currently, the Government owns less than 40% in either company, indicating its commitment to privatisation in the industry. However, no statement on further privatisation has been made (Al-Sakkaf, 2018; Beh, 2012).

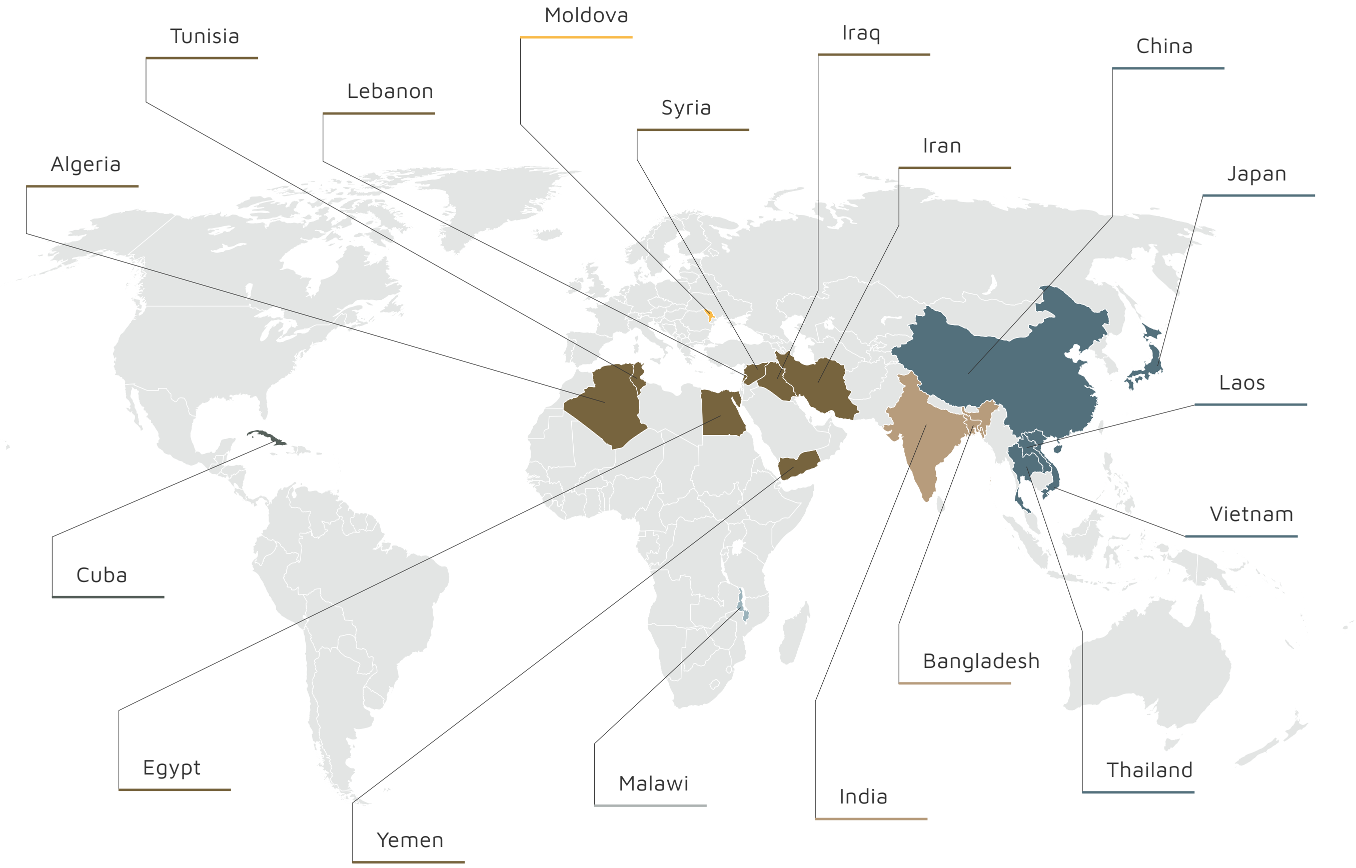
GEOGRAPHY

As illustrated below, the 18 countries cover a wide geographic distribution, but with the exception of Cuba, Malawi and Moldova, they are all from either Asia, the Middle East or North Africa.

The table below lists the countries, making use of the World Bank classification of regions:

Region	Countries
East Asia and Pacific	China, Laos, Vietnam, Thailand, Japan
Europe and Central Asia	Moldova
Latin America and Caribbean	Cuba
Middle East and North Africa	Syria, Iran, Egypt, Yemen, Algeria, Iraq, Lebanon, Tunisia
South Asia	Bangladesh, India
Sub-Saharan Africa	Malawi

Table 4: Country classification (Source: World Bank)



INCOME

Based on the World Bank classification of income, it is clear that most of the countries can be classified as middle income, with the exception of Japan (high) and Malawi (low). The data in the figure below is based on the most recent World Bank numbers, mostly from 2019 (https://data.worldbank.org)

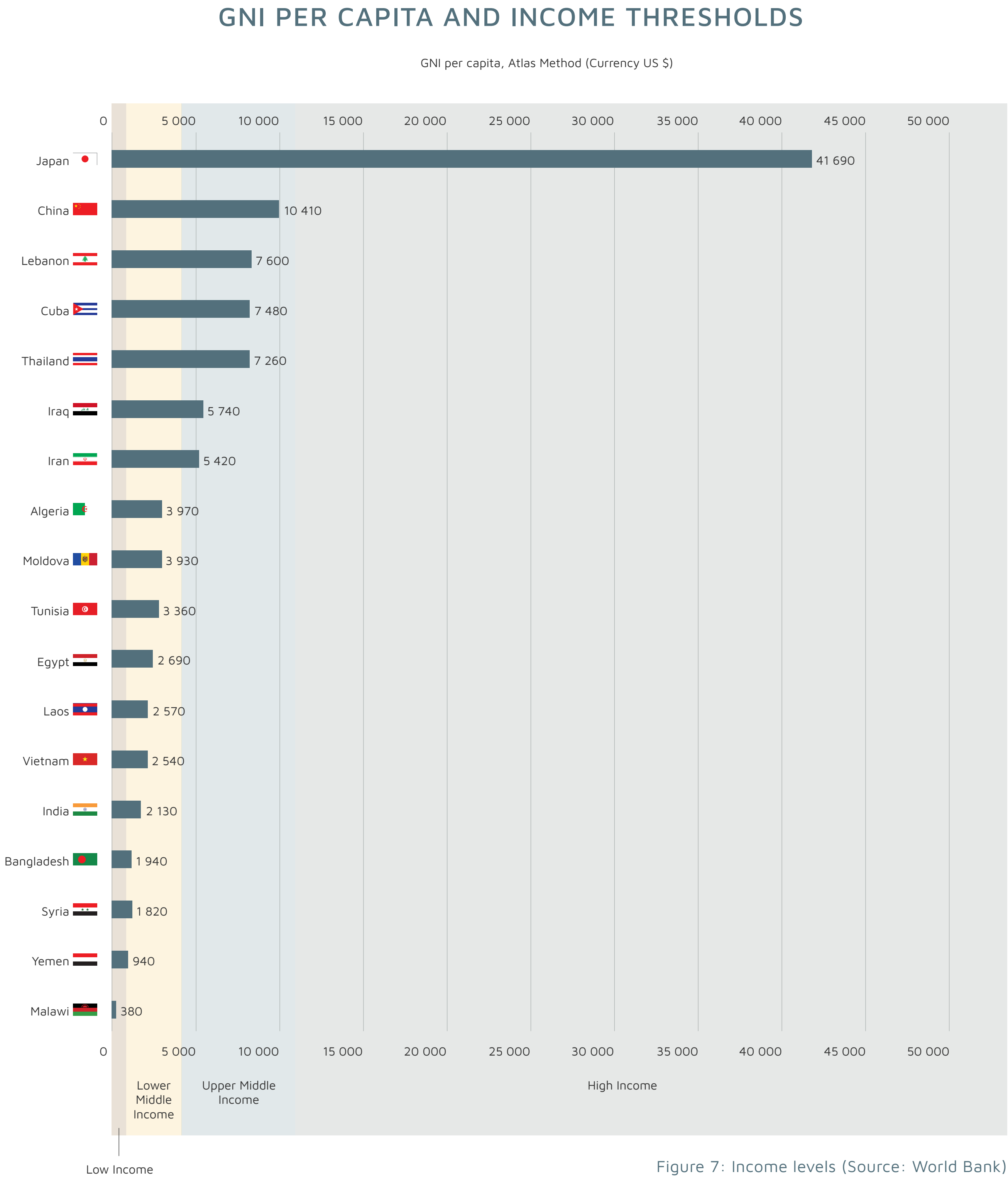


Figure 7: Income levels (Source: World Bank)

POLITICAL SYSTEMS

The Revised World Polity Score is a system that measures and classifies countries in terms of their political system.[11] Scores range between -10 (full autocracy) and +10 (full democracy), and the three broad categories are autocracy (-10 to -6), anocracy, which indicates a blend between autocracy and democracy (-5 to +5) and democracy (+6 to +10). The global median score is 7.

The graph below indicates that the 18 countries cover almost the entire spectrum (from -9 to +10), although it is interesting to note that only three (Japan, Moldova and India) score above the global median.

REVISED COMBINED POLITY SCORE 2018

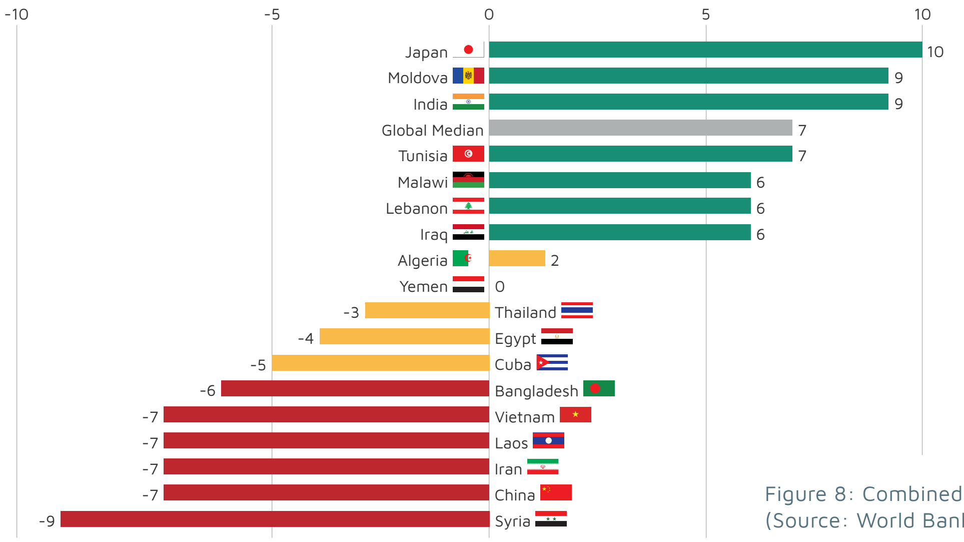


Figure 8: Combined Polity Scores (Source: World Bank)

CORRUPTION PERCEPTIONS

It is also interesting to note the performance of these countries in terms of the Transparency International Corruption Perceptions Index, an annual index that ranks 180 countries in terms of perceived levels of public section corruption. In the 2019 edition, more than two thirds of all countries covered by this report scored below 50 with an average score of 43. Only 2 of the 18 countries scored above the global average, with only one (Japan) making it into the top 20 positions. Three countries (Syria, Yemen and Iraq) appear in the bottom 20.

TRANSPARENCY INTERNATIONAL CPI SCORE OUT OF 100

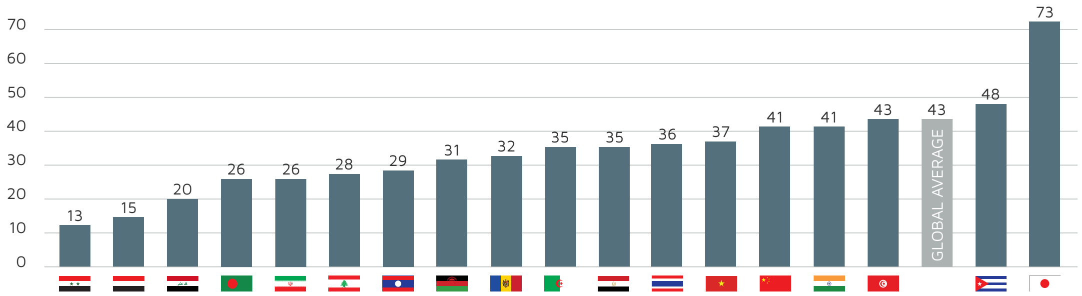


Figure 9: Corruption Perceptions Index 2019 (Source: Transparency International)

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[11] https://govdata360.worldbank.org/indicators/h6906d31b?country=BRA&indicator=27470&viz=line_chart&years=1800,2018, accessed 15 May 2020.

BURDEN OF DISEASE

In a 2012 study performed by the WHO, the mortality rates attributable to tobacco were measured. The study included 13 of the countries that are covered by this report, of which 5 (Cuba, Bangladesh, Japan, Laos and Thailand) had mortality rates above the global average, both for all deaths as well as deaths caused by non-communicable diseases (NCDs).

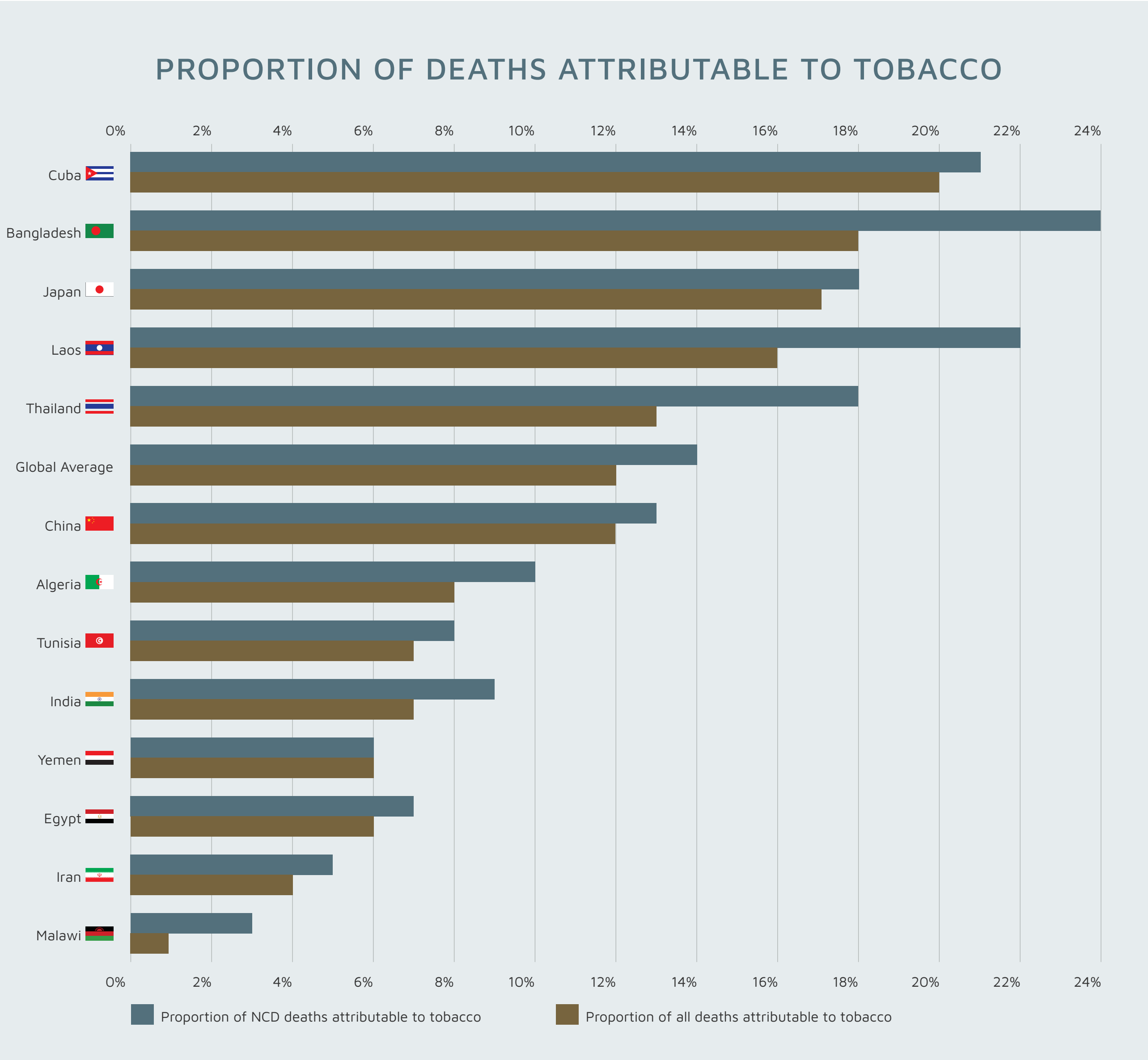

Figure 10: Deaths attributable to tobacco (Source: WHO)

The equal distribution on both sides of the global average means that there is no obvious correlation between state ownership and tobacco-related deaths.

ARTICLE 5.3: "WE COULD NOT CARE LESS"

"Not applicable". With these two words the People's Republic of China responded to a question in their latest report (2018) about whether they have used WHO guidelines for implementation of Article 5.3 of the WHO's Framework Convention on Tobacco Control (FCTC). This follows a blank space in response to the question on progress made with the implementation of Article 5.3, as can be seen below.

C124. Please provide a brief description of the progress made in implementing Article 5.3 in the past two years or since submission of your last report.

C125. Have you utilized the "Guidelines for implementation of Article 5.3 of the WHO FCTC" when developing or implementing policies in the area?
N/A

Figure 11: Extract from China's submission to WHO

Signatories to the FCTC need to report to the WHO on progress with implementation, also in terms of Article 5.3. For this purpose, the WHO created the "Reporting Instrument of the WHO Framework Convention on Tobacco Control". Section C124 reads as follows: "Please provide a brief description of the progress made in implementing Article 5.3 in the past two years or since submission of your last report".

The table below presents the latest country responses to sections C124, C125 and C126. It is presented in unedited format.[12] The following countries did not make a submission at all: Algeria, China, Japan and Moldova. Yemen provided a very honest answer in terms of progress ("There is none"), while the other countries mostly provide incoherent or vague responses. In all 16 reports combined, the word "conflict" appears only three times.

Country	C124: Please provide a brief description of the progress made in implementing Article 5.3 in the past two years or since submission of your last report.	C125 and C126. Have you utilized the "Guidelines for implementation of Article 5.3 of the WHO FCTC" when developing or implementing policies in this area?
Algeria	No response	Yes *Drafting of a new health bill, currently in the process of being adopted, laying down financial and criminal sanctions for those who do not comply with the regulations concerning the advertising of tobacco products.*
Bangladesh	We have made a draft guideline on Article 5.3 on Bangladesh perspective. It will be finalized very soon and will be disseminated to all concerned.	Yes, but no details provided
China	No response	Not applicable

[12] Where text appears in italics, Google Translate was applied.

Country	C124: Please provide a brief description of the progress made in implementing Article 5.3 in the past two years or since submission of your last report.	C125 and C126. Have you utilized the “Guidelines for implementation of Article 5.3 of the WHO FCTC” when developing or implementing policies in this area?
Cuba	Not applicable (has not ratified the FCTC)	
Egypt	*Philip Morris company submitted to the Minister of Health a project to raise awareness among university youth about the dangers of smoking and was addressed after an interview.* *The Minister of Health and submit the necessary documents to stop this attempt to violate Article 5.3 of the Framework Convention on Tobacco Control, as well as an attempt to snore* *Desert roads, support and renewal of some schools in the Egyptian villages*	*Yes, but no details provided*
India	An Inter-Ministerial Committee has been constituted to look into the inter-ministerial issues related to tobacco control and FCTC. A follow-up meeting of the IMC was held in January 2018 to update the status on implementation of various tobacco control measures.	Yes, but no details provided
Iran	To enforce the national guidelines on comprehensive ban on TAPS, granting the Supreme court vote on Banning adding flavor substances in tobacco products in opposition to the complaint of the tobacco industry	Yes, but no details provided
Iraq	We were forcely prevent a comprehensive campaign of tobacco advertising conducted by sumer company (domestic factory for cigarette manufacturers) in 2016.	Yes, but no details provided
Japan	No response	Yes, but no details provided
Laos	Advocacy meetings conducted for policy makers and technical staff from related ministries	Yes. The article 5.3 guideline has been applied to the development of tobacco control code of conduct for health sector staff. However the draft of Health Professional Code of Conduct is pending for Health Minister approval.
Lebanon	A focal point was created in 2014 at the Ministry of Finance, to serve as an information source and firewall between the state-owner tobacco monopoly and the Ministry of Public Health and other tobacco control advocates.	Yes, but no details provided
Malawi	Not applicable (has neither signed, nor ratified the FCTC)	
Moldova	No response	Yes, but no details provided

Country	C124: Please provide a brief description of the progress made in implementing Article 5.3 in the past two years or since submission of your last report.	C125 and C126. Have you utilized the "Guidelines for implementation of Article 5.3 of the WHO FCTC" when developing or implementing policies in this area?
Syria	*The Tobacco Foundation in Syria was not involved during the development of the tobacco control policy*	Yes, but no details provided
Thailand	To protect tobacco control policies from commercial and other vested interests of the tobacco industry in accordance with national law. Regulation of Ministry of Public Health was improved already and it is in the process of sign by Permanent Secretary of the Ministry of Public Health. Provided material in accordance of Article 5.3 as part of the Tobacco Product Control Bill	Yes According to principle 1 Deliberation of Article 5.3 at National Committee on Tobacco Control meeting: prepare implementation plan to be submitted to Cabinet for further directives. Working closely with many organizations to Raise awareness about tobacco industry interference with tobacco control policies. According to principle 2 (accountable and transparent) the Bureau of Tobacco Control, which is the National focal point, under Department of Disease Control, MOPH has Regulation for officials in interacting with the TI (No dialogue with the TI in policy development on tobacco control.,No meeting between TI representative and the Minister or officials of the Ministry of Public Health, except for implementation of Tobacco Control Law). According to principle 3 There is clear policy on exclusion of TI-affiliated organizations involvement in all tobacco control processes. According to principle 4 No policy on the disclosure and management of conflicts of interest but adopt and implement a code of conduct for public officials by Promulgation the Regulation of Department of Disease Control on Interacting with Tobacco Entrepreneurs and Related Persons B.E.2555 [2012], however there are no guidelines for other government officials. According to principle 5 No law to require disclosure of TI activities to government or public. According to principle 6 Prohibit government organizations from accept donation from TI and Ban CSR publicity; Ban announcement or make publicity of sponsorship or other activities by tobacco company, including using company name, logo in electronic media. According to principle 7 Tobacco industry is entitled to receive tax privilege in the duty free-zone similar to other industries. According to principle 8 TTM is treated in the same way as other tobacco industries. All TC policy apply to both TTCs and TTM. Those run TTM is not involved in TC policy development. No TTM in MOH-FCTC meeting.

Country	C124: Please provide a brief description of the progress made in implementing Article 5.3 in the past two years or since submission of your last report.	C125 and C126. Have you utilized the "Guidelines for implementation of Article 5.3 of the WHO FCTC" when developing or implementing policies in this area?
Tunisia	*There was no influence and interference from the tobacco industry at least visibly but unfortunately during the investigation GYTS of 2010, it was noted that students received cigarettes with candy and chocolate for free (cigarettes given by strangers in front of the school)*	Yes, but no details provided
Vietnam	Viet Nam has been able to exclude the TI representative from attending COP 7.	Yes, but no detail provided
Yemen	*There is none*	Yes, but no detail provided

Table 5: Country responses in terms of Article 5.3 implementation

It must be stressed that poor implementation of Article 5.3 is not restricted to countries with state-owned tobacco companies. A review of Article 5.3 implementation within the European Union identified compliance that is "partial and incomplete", as well as resistance within both the European Commission and Parliament to further substantive action to implement Article 5.3 (Hawkins & Holden, 2018).

Thailand has been identified as a "best practice" country in terms of Article 5.3 implementation, specifically in terms of treating state-owned companies in the same way as other participants in the tobacco industry (Assunto, 2018).

Fooks et al (2017) analysed 155 parties in terms of Article 5.3 implementation guidelines, and found that only 16% of guideline recommendations have been implemented across all parties. The vast majority (83%) of all parties that have taken some action under Article 5.3 have introduced less than a third of the guidelines. And perhaps most damaging in terms of measuring the impact of the Article 5.3, most of the compliance that exists has been achieved through pre-existing policy instruments that had been introduced independently of the FCTC.

Perhaps the response of Yemen is the most honest. According to the United Nations, Yemen currently presents the largest humanitarian crisis in the world, with more than 24 million people (approximately 80% of the population), in need of humanitarian assistance.[13] In a poor country ravaged by civil war, can one really blame the government when they respond with three simple words to the question about progress with Article 5.3: "There is none".

To summarize:

- There are 18 countries in the world where governments own at least 10% of a tobacco company;
- Of these, 17 countries are signatories to the FCTC, which requires them to protect their policies from commercial and other vested interests of the tobacco industry;
- The group of countries is extremely diverse; and
- There does not seem to be any real commitment from any of these countries to advance Article 5.3.

[13] https://www.unicef.org/emergencies/yemen-crisis, accessed 7 June 2020.

CONTRADICTIONS AND CONFLICTS

So far, this report has outlined Article 5.3 of the FCTC, and also discussed the 18 countries where governments own at least 10% of a tobacco company.

This information is all descriptive, in other words, it helps us to understand how things are. The focus now shifts from how things are, to how things should be. As soon as things are analysed with the objective of determining whether they are good or bad, or how to make things better, an ethical component is introduced into the discussion. In this section, following a brief discussion about why governments own and dispose of enterprises, the so-called business and moral cases will be investigated. It is important to look at both the business and moral cases, because they will always interact with each other to some degree. In order to be sustainable, a company has to address both.

To conclude the section, the concept of harm reduction is discussed. This is an important and rapidly developing field, and the impact of new developments such as vaping and e-cigarettes has been substantial in the tobacco control field. It has challenged views about the industry, and it has been particularly difficult for those with deeply embedded views, such as the WHO, to acknowledge that the context has changed. For many it has been difficult to do what has been attributed to economist John Maynard Keynes, who apparently said: "When the facts change, I change my mind. What do you do, Sir?"

To conclude the section, the concept of harm reduction is discussed. This is an important and rapidly developing field, and the impact of new developments such as vaping and e-cigarettes has been substantial in the tobacco control field. It has challenged views about the industry, and it has been particularly difficult for those with deeply embedded views, such as the WHO, to acknowledge that the context has changed. For many it has been difficult to do what has been attributed to economist John Maynard Keynes, who apparently said: "When the facts change, I change my mind. What do you do, Sir?"[14]

WHY DO GOVERNMENTS OWN ENTERPRISES?

There are many reasons why governments decide to own enterprises. According to the World Bank, these include the creation of physical infrastructure, the provision of essential services (e.g. finance, water, electricity), achieving self-sufficiency in the production of basic goods and services, or promoting social objectives (World Bank, 2005: 2). Because the emphasis is often on essential or basic services, the profit motive is not paramount and the word "enterprise" or "company" therefore could be a bit of a misnomer. Sometimes the term "state-owned entities" is preferred.

There are also many reasons why governments decide to sell the enterprises they own. Usually this has to do with shifts in ideology (in democracies often signaled by a change of government with a preference for a market-based economy), or sometimes with pressure imposed from the outside (e.g. conditions for receiving support from the IMF). The rationale for privatization is usually that the private sector will do a better job of running a company, and that the business of government should rather be to govern.

[14] Of course, Keynes referred to empirical changes, not the alternative facts made famous by Kellyanne Conway.

Whatever the reasons, the fact is that currently there are 18 countries – completely heterogenous as was demonstrated in the previous section – with substantial commercial interests in tobacco. Two questions arise:

- Should the FCTC have allowed these countries to become parties to the convention?
- Should governments have tobacco interests?

To some extent, the first question is moot, because it has already happened and now forms part of the global tobacco control challenge. Although future amendments to the FCTC are not impossible, it is unlikely to happen. However, based on the contradiction within the FCTC that has already been discussed, the answer to the question is "no". To maintain the integrity of the FCTC, the WHO should have formulated the convention in such a way that membership for a country with direct tobacco interests should have been impossible.

The second question is more complex and does not have a simple yes or no answer, because it addresses both financial and ethical aspects. In order to answer the question, the following sub-questions should also be addressed:

- Does it make commercial sense for governments to own tobacco companies?
- From an ethical perspective, is it acceptable for governments to own tobacco companies?

These two questions address the so-called business case and the moral case, respectively, and will be discussed next.

THE BUSINESS CASE

To determine the business case, it is important to consider both a generic and a more industry-specific perspective.

The generic perspective is informed by the question: does it make commercial sense for governments to own companies per se? The underlying assumption is usually that the answer is "no" because the private sector can outperform the public sector when it comes to governing and managing commercial companies. But as will be discussed below, this argument implies that it is desirable to have a thriving tobacco company.

In terms of the industry perspective, one has to weigh up the financial benefits (e.g. profits, taxation and job creation) with the burden of disease associated with the tobacco industry. According to Hogg et al (2016: 367), state-owned tobacco companies are collectively responsible for 40% of the world's tobacco consumption. Cohen and Lee (2019) highlight this problem specifically with reference to the governments of China and Japan:

> *Although these governments benefit immensely from the vast sales and tax revenues pouring in from the sale of cigarettes, they must eventually contend with the even greater economic and social costs when substantial proportions of their citizens get sick and die prematurely from this state sanctioned addiction.*

The benefits are easier to quantify than the burden, but it has been estimated that tobacco has an economic cost of two trillion dollars per year, measured in terms of purchasing power parity[15] (Drope et al, 2018: 10). These estimates are for the industry as a whole, not only for state-owned enterprises, but the numbers seem to be overwhelmingly against a business case for owning tobacco interests.

Of course, this calculation includes both the externalities as well as the short-term profits made by the industry and the healthy returns that are still on offer for tobacco shares. In 2016, the five biggest commercial tobacco companies in the world produced more than 2 trillion cigarettes, and posted combined profits of US$35 bn, of which US$19 bn was returned to shareholders through dividend payouts.[16]

Another problem with the numbers game is that the value of lost or diminished lives is more difficult to calculate than a simple "loss of productivity" metric, and therefore one has to look at the moral case as well.

THE MORAL CASE

By definition, the moral case is more complex because the metrics are more likely to be disputed. People disagree all the time about what is ethical or unethical – as a discipline, ethics is already a few thousand years old. Without getting into the theory, two of the most popular approaches to making ethical decisions, are to rely either on the underlying principles of a decision (rule-based morality) or on the consequences of a decision (consequentialism).

The classic ethics case study of the Ford Pinto provides a good example of consequentialism. In the early 1970s Ford Motor Company had to decide whether to address a design flaw in the Ford Pinto, and in trying to compare the benefits and the drawbacks of different courses of action, calculated that one life could be valued at US$ 200 725. Based on that calculation they decided not to address the flaw, because the cost of lives lost according to their calculation would be less expensive than the cost of rectifying the problem. Clearly that is not a way to make an ethical decision, and the decision came back to haunt Ford. They faced more than 50 lawsuits and – in addition to punitive damages awarded by the courts – were forced to recall and make modifications to the vehicle.[17]

If governments were to follow this approach to consider their ownership of tobacco companies, it would essentially bring them back to the business case: they would have to determine how many people will die from smoking the products produced in their factories, and compare this against the "benefits", e.g. the value added by job creation and government spending of tobacco tax, presumably also on public health.

The business case seems to be inconclusive because of the difficulty of comparing apples with apples. However, from a principle-based ethical point of view it seems clear that it is undesirable for governments to be invested in tobacco. Specifically, for those who are signatories to the FCTC!

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[15] A currency conversion rate that tries to equalise the purchasing power of different currencies.

[16] https://www.theguardian.com/world/2017/jul/11/how-big-tobacco-has-survived-death-and-taxes, accessed 7 June 2020.

[17] For a more detailed discussion of the case, see https://philosophia.uncg.edu/phi361-matteson/module-1-why-does-business-need-ethics/case-the-ford-pinto/, accessed 7 June 2020.

On the one hand they have publicly committed that they recognize "that the spread of the tobacco epidemic is a global problem with serious consequences for public health that calls for the widest possible international cooperation and the participation of all countries in an effective, appropriate and comprehensive international response" and also that they are "seriously concerned about the increase in the worldwide consumption and production of cigarettes and other tobacco products, particularly in developing countries, as well as about the burden this places on families, on the poor, and on national health systems".[18]

But on the other hand, they are directly benefiting from commercial stakes in some of the biggest tobacco companies in the world. As indicated before, CNTC is the biggest tobacco company in the world by some distance. Japan Tobacco is the fourth largest tobacco company in the world, with annual sales of more than US$ 20 billion, and India's ITC has annual sales of more than US$6 billion. The ITC web site proudly states: "ITC's cigarette business stands testimony to the company's unwavering and unrivalled commitment to quality, innovation and consumer focus. With more than one hundred years of expertise in developing products to match the evolving taste of the consumers, ITC's cigarette business continues to be relentless in its pursuit of strengthening its leadership position in every segment of the market in India".[19] Not exactly the kind of message a signatory to the FCTC would like to be associated with.

Hogg et al (2016) identify two different types of conflicts that governments experience:

- Intrinsic conflict – this is the most obvious conflict, implying that governments that rely on income generated through tobacco will be less inclined to pursue public health strategies; and

- Institutionally-mediated conflict – this relates to the conflict implied by the dual responsibility of managing a state-owned company and implementing tobacco control policies at the same time. Potentially this could be solved by creating firewalls between different government institutions, but a clear example of such a conflict is China, where the same Ministry for Industry and Information Technology is responsible for industry-related aspects as well as coordinating the implementation of the FCTC (Pratt, 2016: 365).

The alternative is what Hogg et al call "interest alignment". The idea is that governments will allow public health interest to override the commercial interest, and that government will therefore deliberately manage its tobacco interests in a way that would not be in the best "interest" of the industry. Such an approach would have interesting implications for tobacco harm reduction, discussed below.

Pratt (2016: 366) does leave the door open for discussions about interest alignment within the context of Article 5.3, but makes it clear – correctly – that changes to the FCTC would require agreement from all parties, including those with state-owned tobacco companies. It would be interesting to see whether this issue does feature on the agenda of the next Conference of the Parties of the FCTC, which will now take place in November 2021.

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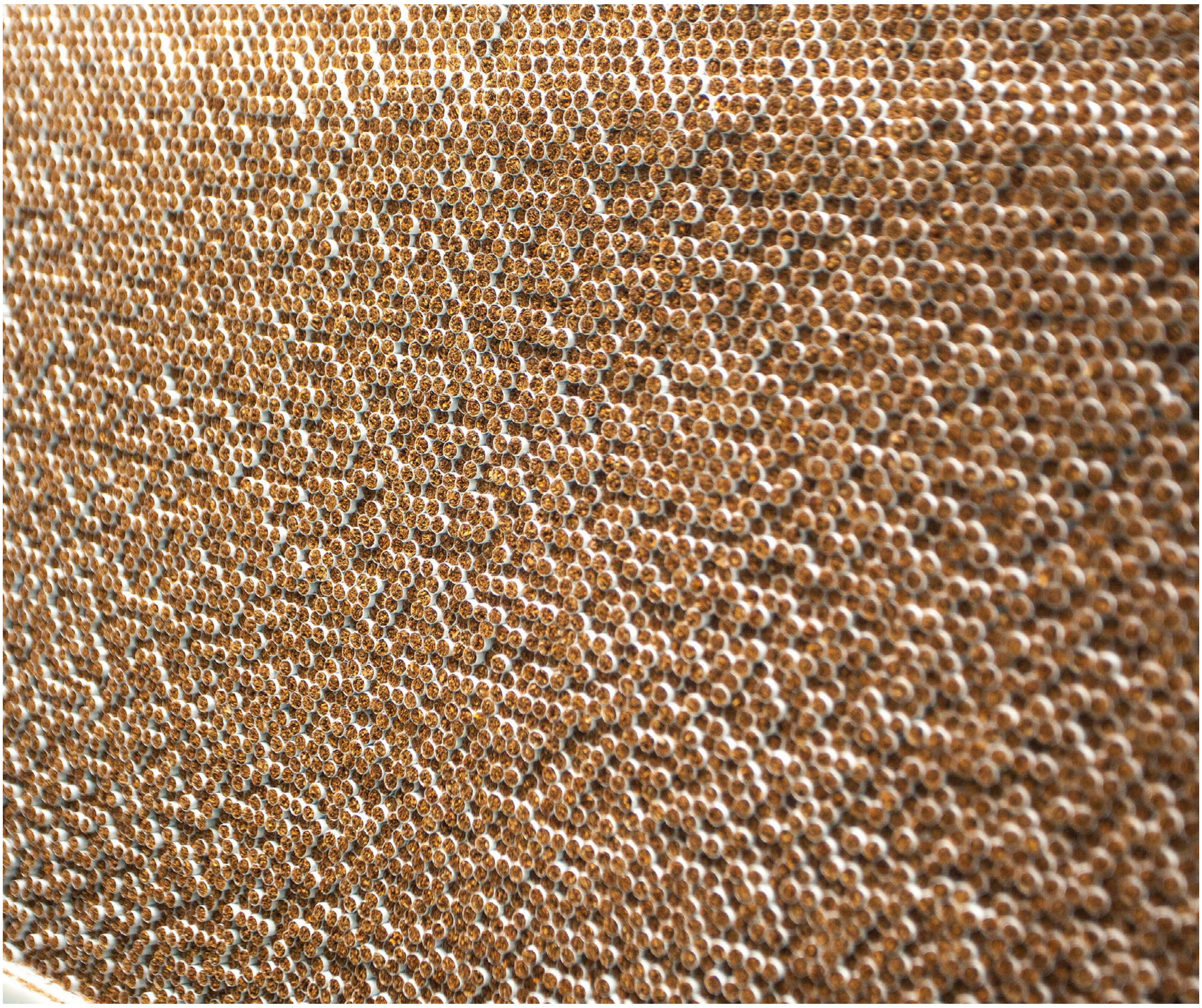
[18] From the preamble of the FCTC.

[19] https://www.itcportal.com/businesses/fmcg/cigarettes.aspx, accessed 1 March 2020.

In a World Bank briefing paper (2005:3) it is acknowledged that privatization does not solve, but rather shifts, the conflict of interest issue:

> *Governments that own and control cigarette companies must balance a conflict of interest between company profits/revenues, and efforts to reduce use of tobacco products to improve health. One could regard the typical situation as an (implicit or explicit?) compromise: state-owned companies put minimal resources and effort into advertising and marketing cigarettes, and the government implements some policies and measures to deter smoking.*

If such a half-hearted approach were the norm, perhaps one could accept that the impact of state-owned tobacco companies will not be substantial and therefore rather focus on other issues within the tobacco control environment. But, unfortunately, the main player in this space (China) is actively pursuing new commercial opportunities, and others such as Japan and India clearly are doing much more than putting "minimal resources" into advertising and marketing.



HARM REDUCTION

Harm reduction provides one interesting alternative available to governments. At the time when the FCTC was launched, harm reduction was an underdeveloped area with nicotine patches and snus the only realistic options. Today, there are many more electronic nicotine delivery devices (e.g. e-cigarettes) available, and research estimates that these products are at least 95% less harmful than cigarettes (Public Health England, 2016).[20]

The figure below shows that the size of the vaping market (existing and projected) is substantial in two out of the three most important markets from a state ownership perspective. It is important to note that in the case of Japan this is the estimated size of the illegal market. According to Euromonitor, the estimated size of the heated tobacco product market in Japan was US$ 8,6 billion in 2019.

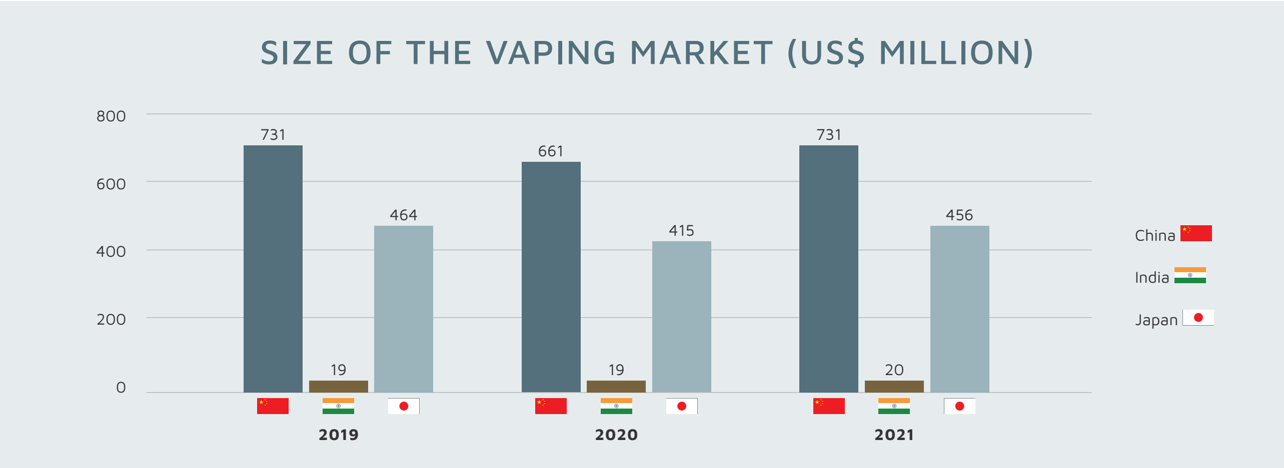


Figure 12: Size of the vaping market in China, India and Japan (Source: ECigIntelligence)

One big advantage of any state-owned enterprise is that governments are not constrained by the short-term expectations of greedy shareholders. They can afford to take a long-term view and make decisions that take the public good into account. Although it seems counter-intuitive within a tobacco context, state-owned enterprises have the potential to be more closely aligned with benefit corporations or non-profit organisations than with traditional transnational corporations.

The table below summarizes current harm reduction approaches of the 18 countries. This information is based mainly on two sources: ECigIntelligence and the Global State of Tobacco Harm Reduction.[21]

Country	Current approach to harm reduction
Algeria	According to the Global State of Tobacco Harm Reduction, there is currently no specific law governing e-cigarettes that contain nicotine.

[20] Also see the update provided by McNeill et al (2019).

[21] For more information, see ecigintelligence.com and gsthr.com.

Country	Current approach to harm reduction
Bangladesh	According to the Global State of Tobacco Harm Reduction, there is currently no specific law governing e-cigarettes that contain nicotine.
China	According to ECigIntelligence the size of the vaping market in China was US$ 731 million in 2019, US$ 661 million in 2020 and projected to be US$ 731 million in 2021. The estimated vaping population in early 2020 was 3,1 million. China has ordered the removal of all e-cigarette advertisements from the internet. Outdoor advertising of e-cigarettes is banned in Shanghai. Online sales of e-cigarettes and sales to minors are banned. There are no legal restrictions for e-cigarettes, but the China Electronics Chamber of Commerce has released two non-mandatory technical standards. A legislative proposal to ban e-cigarettes and "novel tobacco" has been submitted by members of the National Committee of The Chinese People's Political Consultative Conference. There are restrictions on public vaping in some public places, but no nationwide ban. According to The Economist (2020), Smoore is now the world's most valuable vape firm, valued at US$ 24bn, and there is speculation that China National Tobacco Corporation will also move into this market segment.
Cuba	According to the Global State of Tobacco Harm Reduction, there is currently no specific law governing e-cigarettes that contain nicotine. Anecdotal evidence suggests that even smoking regulations are not strictly enforced, and that vaping is allowed in most public places.
Egypt	According to the Global State of Tobacco Harm Reduction, the sale of e-cigarettes is banned in Egypt. According to ECigIntelligence, the Law on Protection of Harms from Smoking does not include e-cigarettes. Therefore, currently there are no restrictions on advertising and use in enclosed public spaces. There are obligatory standards, enacted by the Egyptian Organization for Standards and Quality, that specify the liquid used in e-cigarettes. There have been calls for an investigation into the health risks of e-cigarettes.
India	According to ECigIntelligence the size of the vaping market in India was US$ 19 million in both 2019 and 2020 and projected to be US$ 20 million in 2021. The estimated vaping population in early 2020 was only 130 000. Since December 2019, there is a nationwide ban on the production, sale, import, export, assembly, distribution, advertising and online trade in all electronic nicotine delivery systems (ENDS), including heated tobacco (heat-not-burn or HnB) devices. The relevant orginance is the Promulgation of the Prohibition of Electronic Cigarettes (production, manufacture, import, export, transport, sale, distribution, storage and advertisement) Ordinance. This applies to all e-liquids regardless of the level of nicotine. The use of e-cigarettes is not restricted by federal law, however the enforcement does not seem to be consistent.
Iran	Since 2014, there is a ban on the on the production, import, sale and any promotional activity of e-cigarettes.

Country	Current approach to harm reduction
Iraq	According to the Global State of Tobacco Harm Reduction, there is currently no specific law governing e-cigarettes that contain nicotine.
Japan	Japan has experienced a substantial decrease in smoking rates since the introduction of heated tobacco products. According to Euromonitor, the estimated size of the heated tobacco product market in 2019 was US$ 8,6 billion.
Laos	According to the Global State of Tobacco Harm Reduction, sales of e-cigarettes that contain nicotine are allowed.
Lebanon	All e-cigarettes and heat-not-burn products, previously banned, have now been legalized (Babin, 2019).
Malawi	According to the Global State of Tobacco Harm Reduction, there is currently no specific law governing e-cigarettes that contain nicotine.
Moldova	According to the Global State of Tobacco Harm Reduction, sales of e-cigarettes that contain nicotine are allowed.
Syria	According to the Global State of Tobacco Harm Reduction, the sale of e-cigarettes is banned in Syria.
Thailand	It is illegal to import, export or sell e-cigarettes. Illegal imports can be punished by prison sentences of up to 10 years. The possession of e-cigarettes is also illegal. Although there have been press reports that proposed tax changes will pave the way for legalising the products, the official position remains that the products are illegal. For example, on the UK website of the Thai government the ban is confirmed, but it also acknowledged that "many may ask why a device designed to aid people in quitting the habit is being banned in Thailand". No answer is offered to this question.
Tunisia	Currently, e-cigarettes are included in the law that covers products which are smoked, used or chewed and which are made up at least partly of tobacco. It is interesting to note that it is illegal for a tobacco brand, name or emblem to appear during a cultural or sporting event, but that motorsport events are the sole exception to this rule. According to Opinion Number 142514 of the Tunisia Competition Committee, the government would like to limit the circulation of e-cigarettes because the health effects are still unclear. To prevent black market trading, government has a monopoly on e-cigarettes and all associated products, which can only be bought through the state-owned corporation. The use of e-cigarettes are restricted in the same way as other tobacco products.

Country	Current approach to harm reduction
Vietnam	E-cigarettes are legal in Vietnam, but only the state-owned corporation is allowed to import them. Public use of e-cigarettes and other vaping products is regulated in the same way as cigarettes. According to some reports, a total ban on the use of e-cigarettes is considered.
Yemen	According to the Global State of Tobacco Harm Reduction, there is currently no specific law governing e-cigarettes that contain nicotine.

Table 6: Harm reduction in selected countries

In response to the example of how state-owned alcohol interests and public health can be aligned through harm reduction, Angela Pratt (2016: 365) from the WHO sidesteps the harm reduction issue by excluding e-cigarettes from her argument:

> *[T]here is an important difference between alcohol and tobacco: current debates about products such as e-cigarettes aside, there is no harm reduction discussion to be had about tobacco per se. And therefore, there is no conversation to be had with the tobacco industry —state-owned or otherwise—about harm reduction.*

This is a strange argument indeed. It is similar to criticising the fast food industry in the following way: "we know that the fast food industry is doing work on more healthful options on their menus, but if we leave that debate aside, they are doing absolutely nothing to address health issues".

POSSIBLE FUTURE PATHWAYS

What does the future hold? Will we follow Fitzgerald and declare that things are hopeless and yet be determined to make them otherwise? Or can we follow Keynes and change our minds?

Today, the context is different from the privatisation drives that characterised the transition from centralised to market-based economies a few decades ago. And it has to be acknowledged that the tobacco industry provides a special case, given that the usual arguments in favour of privatisation do not apply, because of the unintended consequences of a thriving tobacco company.

The possible future pathways for governments with state-owned tobacco interests are all complex and involve dilemmas. It should be emphasized that all governments have tobacco control responsibilities, whether they own tobacco companies or not. These broader responsibilities are not the focus of this report, but will ultimately have a huge impact in terms of tobacco control. If governments can be convinced to support the idea of the tobacco endgame, any of the potential pathways could have at least some benefits. Three of these are described below and tentatively called: "status quo", "get out now" and "shift gear".

STATUS QUO

Governments can decide to do nothing. But in order to maintain the status quo with confidence, they will have to be convinced that their current position is justified, both in terms of the business and moral case. They will have to be comfortable with the FCTC contradiction of being part of the problem that they are supposed to address. Outdated models of firewalls would have to be maintained – i.e. the idea that it is possible for different government departments (public health, public enterprises) to operate independently and not to interfere with one another. This approach runs contrary to global trends in terms of integrated thinking and integrated reporting. It should be emphasized that "status quo" should be viewed as a deliberate choice, and not merely inaction.

GET OUT

In terms of this pathway, governments will accept that it is not appropriate for them to have vested interests in the tobacco industry. They will therefore privatize their interests and continue to regulate the tobacco industry without the burden of conflicts of interest. The immediate risk involved in this pathway is that tobacco companies might perform better in terms of traditional financial measures and that more harm will be caused. It is acknowledged that countries can never get out of the tobacco industry completely. Because they will always receive income from the industry through taxation, this might influence the way in which they regulate.

It has recently been reported that the deputy speaker of Bangladesh's national parliament, the Jatitya Sangsad, will propose to the prime minister to withdraw the government's share from tobacco companies. This is in support of the prime minister's vision of creating a tobacco-free Bangladesh by 2040.[22]

[22] https://www.newagebd.net/article/98267/deputy-speaker-to-propose-withdrawing-government-shares-in-tobacco-companies, accessed 1 March 2020.

Discussions about privatization of state-owned assets in general focus on efficiency issues. Arguments usually unfold as follow: governments should be in the business of government, not in the business of business. When state-owned enterprises are privatized one would therefore expect to see better business performance. But are those who argue in favour of the privatization of state-owned tobacco companies in favour of better performance of those companies? Will that not actively work against the interests of public health, the ultimate objective?

That is the view of Gilmore et al (2011), who argue that privatization of tobacco companies weakens tobacco control because the (new) private owners lobby aggressively and either ignore or manage to overturn existing policies. It also leads to increased marketing, more effective distribution and lower prices. The counter-argument is that governments who are not involved in the tobacco industry will be more likely to adopt effective tobacco regulation. In a major study, Gilmore et al (2011) reviewed literature on the impact of privatization in the tobacco industry, with a focus on two specific issues: economic impact and public health impact. Their study mostly covered the former Soviet Union and Eastern Europe, because that is where most privatization took place after the collapse of communism and the end of the Cold War.

The economic argument includes at least two aspects: governments benefit from the sale of the tobacco asset, mostly through foreign direct investment (FDI), and secondly there would be economic benefits because of the increased efficiencies mentioned above. Gilmore et al (2011: 4) argue that these benefits usually are smaller than anticipated, because of the following reasons: private tobacco companies negotiate lower tax regimes or even tax holidays, they escape taxation through involvement in illicit trade and often they also pay lower prices for the assets themselves because there is no competitive tendering.

There is a slightly more optimistic – albeit qualified – view. According to a study by the U.S. National Cancer Institute and the WHO (2016: 428):

> *When the privatization of state-owned cigarette manufacturing industries occurs transparently and without obligations to manufacturers, privatization removes the conflicts of interest from governments that own their tobacco industries. Unfortunately, these conditions have not been the norm.*

Gilmore et al (2011: 12) suggest the following measures to protect countries against the negative impacts of tobacco industry privatization:

- Ensure that privatization is preceded by effective tobacco control legislation which includes effective enforcement policies such as significant fines for violation;
- Ensure that privatization deals prevent the private sector from rolling back existing legislation;
- Conduct a health impact assessment of the proposed privatization; and
- Increase the transparency of the process and agreements, perhaps through an independent third party.

SHIFT GEAR

This is potentially the most pragmatic option. It entails an acknowledgement of the existing conflicts of interest, but a commitment to manage them. Being transparent about conflicts and managing them, rather than avoiding them, is an acceptable strategy in terms of sound governance. It allows governments as owners to make decisions that do not have to take short-term financial results into account. It can potentially help to transform the industry by being more innovative, e.g. by focusing on reduced harm products while implementing more traditional tobacco control policies and interventions.

Hogg et al (2016: 371) discuss potential opportunities of state ownership within the context of the tobacco endgame:

> *If governments and civil society in countries with [state-owned tobacco companies] could generate sufficient political commitment to radically refocus priorities and incentive structures, innovative reprogramming could make an important contribution to country-specific endgame strategies. Though the idea of remaking a significant component of the industrial vector of the global tobacco epidemic is both uncomfortable and intimidating, the rewards for successfully doing so could be enormous.*

The table below summarizes the main components of each pathway.

Status Quo	• Accept the contradiction • Deny conflicts of interest • Siloed thinking
Get Out	• Make a principled decision • Avoid conflicts of interest • Unintended consequences
Shift Gear	• More nuanced principled decision • Manage conflicts of interest * Pragmatic and potentially innovative

Table 7: Summary of pathways

There is no one-size-fits-all option. The concept of different pathways implies that individual governments will make decisions that are based on their specific contexts, and will hopefully also be discussed and agreed with their most important stakeholders, including other investors, consumers, lobby groups and industry associations.

CONCLUSION: COMPLICITY AND COMPROMISE

The tobacco industry is a tainted industry with a poor track record. Whatever the reasons might have been for governments to own a stake in the industry, their ownership makes them complicit. This report focused on governments who own 10% or more of tobacco companies, but there are many more governments around the world who have direct or indirect interests in tobacco.

Decisions about the future will always have to be informed by both the economic and the ethical arguments. Compromises will be inevitable, especially since the stakeholders are so diverse and the battle lines so deep. But the timing could not be better. As we prepare for a different world in the aftermath of Covid-19, there is now ample opportunity for brave and innovative decisions to be made. The World Economic Forum has called for a "Great Reset",[23] which will incorporate the following:

- Fair regulation to support a stakeholder economy;
- Economic stimulus packages guided by environmental, social and governance (ESG) metrics; and
- Harnessing the innovations of the Fourth Industrial Revolution to support the public good.

All of these aspects – fairness, new ways of measurement and innovation – apply to the complex world of tobacco. The concept seems to be supported by the United Nations and the International Monetary Fund, who participated in the Forum's launch event.

Opportunities abound to transform the tobacco industry, and governments will have to play a central part in this process. Rethinking their own ownership of tobacco companies will be an important first step.

[23] https://www.weforum.org/agenda/2020/06/now-is-the-time-for-a-great-reset/, accessed 8 June 2020.

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APPENDICES

SUMMARY OF FCTC[24]

Parts	Articles
Part I: Introduction	In Articles 1 and 2, the Convention establishes the terminology used in its text (Article 1) and the relationship between the Convention and other agreements and legal instruments (Article 2).
Part II: Objective, guiding principles and general obligations	Article 3 establishes that the "the objective of this Convention and its protocols is to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke". In Article 4, Parties are provided with guiding principles that highlight the need to raise public awareness; to make a political commitment to develop and maintain comprehensive multisectoral measures and coordinated responses; for international cooperation; to consider taking action to deal with criminal and civil liability; to provide assistance for tobacco workers and growers; and to ensure the participation of civil society. Article 5, general obligations, requires Parties to establish essential infrastructure for tobacco control, including a national coordinating mechanism, and to develop and implement comprehensive, multisectoral tobacco-control strategies, plans and legislation to prevent and reduce tobacco use, nicotine addiction and exposure to tobacco smoke. This process must be protected from the interests of the tobacco industry. The Article also calls for international cooperation and refers to raising the necessary financial resources for implementation of the Convention. Article 5.3 is one of the most important cross-cutting provisions of the Convention, and one for which implementation guidelines have been adopted. It requires Parties to protect their tobacco control and public health policies from commercial and other vested interests of the tobacco industry.

[24] https://www.who.int/fctc/about/WHO_FCTC_summary_January2015.pdf?ua=1&ua=1

Parts	Articles
Part III: Measures relating to the reduction of demand for tobacco	Article 6 encourages price and tax measures as effective means to reduce the demand for tobacco. Article 7, Non-price measures to reduce the demand for tobacco, stipulates that Parties shall implement non-price measures pursuant to Articles 8 to 13 through effective legislation, regulation and policies, while the COP is called upon to propose guidelines on the same articles. Article 8 addresses the adoption and implementation of effective measures to provide protection from exposure to tobacco smoke in indoor workplaces, public transport, indoor public places and, as appropriate, other public places. Article 9 requires Parties to regulate the contents and emissions of tobacco products and the methods by which they are tested and measured. Article 10 calls upon Parties to request manufacturers and importers to disclose to government authorities and the public information on the constituents and emissions of tobacco products. Article 11 requires Parties, within three years of entry into force of the Convention for that Party, to adopt and implement effective measures to prohibit misleading tobacco packaging and labelling; ensure that tobacco product packages carry large health warnings and messages describing the harmful effects of tobacco use; Article 12, Education, communication, training and public awareness, concerns raising public awareness of tobacco control issues through all available communication tools, such as media campaigns, educational programmes and training. Article 13 requires Parties to undertake a comprehensive ban of all tobacco advertising, promotion and sponsorship. Article 14 concerns the provision of support for reducing tobacco dependence and cessation, including counselling, psychological support, nicotine replacement, and education programmes.
Part IV: Measures relating to the reduction of supply of tobacco	Article 15 concerns the commitment of Parties to eliminate all forms of illicit trade in tobacco products. The Protocol to Eliminate Illicit Trade in Tobacco Products builds on this article. Article 16 describes the measures that Parties are required to take to prohibit the sales of tobacco products to or by persons under the age set by domestic law, national law or 18 years, as well as other measures limiting the access of underage persons to tobacco products. Under Article 17, provision of support for economically viable alternative activities, Parties are obligated, in cooperation with each other and with competent intergovernmental organizations, to promote economically viable alternatives for tobacco workers, growers and, as the case may be, individual sellers.

Parts	Articles
Part V: Protection of the environment	Article 18 addresses concerns regarding the serious risks posed by tobacco growing to human health and to the environment.
Part VI: Questions related to liability	Under Article 19, Parties agree to consider taking legislative action or promoting their existing laws to deal with liability and to provide each other with assistance in legal proceedings relating to liability, as appropriate and mutually agreed.
Part VII: Scientific and technical cooperation and communication of information	Under Article 20, Parties undertake to develop and promote national research and to coordinate research programmes internationally, as well as to establish and strengthen surveillance for tobacco control and to promote exchange of information in relevant fields. Parties are required, under Article 21, to submit to the COP, through the Convention Secretariat, periodic reports on implementation of the Convention. Article 22 requires Parties to cooperate directly or through competent international bodies to strengthen their capacity for implementing obligations arising from the Convention.
Part VIII: Institutional arrangements and financial resources	Articles 23-25 cover the procedures for the establishment and convening of sessions of the COP, for the establishment and functioning of the Convention Secretariat, and relations between the COP and intergovernmental organizations. In Article 26 Parties are requested to provide financial support for their programmes intended to achieve the objective of the Convention, in accordance with their national plans, priorities and programmes.
Parts IX to X: Settlement of disputes and development of the Convention	The articles in these sections cover settlement of disputes between Parties, and matters such as amending the Convention, withdrawal, right to vote, adoption of protocols, and the procedures for acceding to the Convention and for its entry into force.

Table 8: Summary of FCTC (Source: WHO)

A NOTE ON METHODOLOGY

The research was conducted making use of publicly available information only. All countries where governments have at least a 10% ownership of a tobacco company / companies were identified. Data sources included journal articles, books and other documents. Terms searched for included "Tobacco companies", "FCTC" and "state-owned tobacco".

Once a potential list of countries was identified, the largest tobacco companies for each market was identified for further analysis. Company specific information related to ownership for publicly listed companies were found in the company annual reports, Reuters, Bloomberg and Market Screener (all websites).

Where this information was not available, the company web sites were visited. Not all companies disclosed ownership structures and, as such, public documents (such as industry reports from FCTC, Euromonitor, Tobacco Atlas, SEATCA, Global Data, World Bank, etc.; and media articles from sources such as FT.com, Africa Intelligence, etc.) were consulted. Where data came from an unofficial or dated sources, efforts were made to corroborate the information or find updated sources.

While every effort was made to ensure the accuracy of the supplied information, it must be noted that ownership information on state ownership in the unlisted and developing market environment was often difficult to obtain.

DETAILED INFORMATION ABOUT OWNERSHIP

The table on the next few pages presents information, in alphabetical order, about the 18 countries. The following information is presented for each country:

- Company name
- Information about government ownership
- Information about the balance of ownership
- Additional comments
- Brief description of the type of involvement, e.g. manufacturing, distribution, etc.
- Sources of information

Country	Company	Ownership	Balance	Comment	Involvement	Source
Algeria	Groupe Madar	Public Enterprise Holding Company	Co-invested 49% of STAEM; Balance of 51% held by Emirati Investors-TA (FZC) ('EITA'), which is 49% owned by Philip Morris	Incorporates SNTA (now restructured to Madar)	All tobacco and match activities	Hogg (2016) + Euromonitor (2019) + Philip Morris (2018) + https://www.researchandmarkets.com/reports/3025786/soci%C3%A9t%C3%A9-nationale-des-tabacs-et-allumettes-snta (2020) + https://www.researchandmarkets.com/reports/3025886/staem-algerie-spa-in-tobacco-algeria (2020)
Bangladesh	BAT Bangladesh	Investment Corporation of Bangladesh; Shadharan Bima Corporation; Bangladesh Development Bank Limited; Government of People's Republic of Bangladesh: 12.85%	BAT Group: 72.91%; 14.23% Other shareholders	Subsidiary of BAT	Manufacturing of tobacco products	Batbangladesh.com (2020)
China	China National Tobacco Corporation (CNTC)	Chinese Ministry of Industry and Information Technology	N/A	Overseen by: State Tobacco Monopoly Administration	All tobacco activities	Hu et al. (2015) (7) + http://www.tobacco.gov.cn/html/11.html (2020)
Cuba	Cubatobaco	State-owned	N/A		Manufacturing and distribution of tobacco products	Euromonitor (2017)
Cuba	Corporacion Habanos	Cubatobaco (state-owned): 50%	Imperial Brands: 50% (unclear whether additional sale has been completed)		Marketing of Cuban tobacco products	Euromonitor (2017) + http://www.habanos.com/en/empresa/?age-verified=9201376183 (2020)

Country	Company	Ownership	Balance	Comment	Involvement	Source
Egypt	Eastern Tobacco Company (EAST/CA)	Egyptian Ministry of Investment: 50.5%	Eastern Tobacco Company Employee Stock Ownership Plan: 6.08%; Foreign Investors (individuals, firms, funds, banks, others): 36.98%; Egyptian Investors (individuals, firms, funds, banks, others): 6.44%	This is a joint stock affiliate of state-owned Chemical Industries Holding Company	Manufacturing of tobacco products	Marketscreener (2020) + http://www.easternegypt.com/general-information-on-eastern/?lang=en (2020)
India	ITC	Life Insurance Corporation of India (LIC): 16.3%; The Specified Undertaking of the Unit Trust of India (SUUTI): 7.93%	BAT Group: 29.4%; Other shareholders: 46.37%	BAT owns 29.4% of ITC	Manufacturing of tobacco products + Production (cultivation) of leaf tobacco (ITC Leaf Tobacco)	Marketscreener (2020) + https://www.itcportal.com/about-itc/shareholder-value/investor-relations/general-information.aspx#sectionb (2020)
Iran	Iranian Tobacco Company	State-owned (Euromonitor mentioned privatisation in 2012 - with transfer to pension funds but no further detail on current ownership was found)	N/A	The company has been privatised (no detail on state ownership found; Foreign Policy (2018), still mentioned state ownership)		Foreign Policy (2018)
Iraq	Iraqi Tobacco State Enterprise (ITSE)	No further detail on ownership available	N/A	No further detail on ownership available		Hogg (2016)
Iraq	State Company for Tobacco and Cigarettes (SCTC)	No further detail on ownership available	N/A	No further detail on ownership available		Hogg (2016)
Japan	Japan Tobacco (JAPAF)	Japanese Ministry of Finance: 33.35%	Japan Tobacco Inc: 11.3%; Other shareholders: 55.35%	Subsidiary: Japan Tobacco International	Manufacturing of tobacco products + Leaf threshing activities	MacKenzie et al. (2017) (6) + Marketscreener (2020) + https://www.jt.com/investors/shareholders/index.html (2020)
Lebanon	Regie Libanaise de Tabacs et Tombacs	Lebanese Ministry of Finance	None		Cultivate / manufacture / distribute / sale of tobacco and tombac	https://www.rltt.com.lb/Article/1/who-we-are/en (2020)
Loa People's Democratic Republic	Lao Tobacco Company (LTL)	Lao Government: 47%	Imperial Tobacco Group: 53%	JV between Lao Government and Imperial Tobacco Group	Manufacturing of tobacco products	SEATCA (2020)
Malawi	Limbe Leaf (LLTC)	Press Corporation Limited / Malawi Government: 42%	Universal Corporation: 58%	Tobacco leaf supplier; Subsidairy of Universal Corporation (58%)	Production (cultivation) of leaf tobacco	Otanez et al. (2007) (1) + http://www.universalcorp.com/Africa/Malawi (2020)
Moldova	Tutun CTC SA	Public Property Agency: 90.81%	Other shareholders: 9.19%	This share is in the process of being sold to Le Bridge Corporation	Manufacturing of tobacco products	seenews.com (2019) + http://tutun-ctc.md/istoria-ctc/ (2020)
Syria	General Organization of Tobacco	Syrian Ministry of Economy and Foreign Trade	None		Manufacturing of tobacco products + Production (cultivation) of leaf tobacco	fctc.org (2018) = https://www.fctc.org/wp-content/uploads/2018/05/FCTC-implementation-Syria-2010.pdf
Thailand	The Tobacco Authority of Thailand (TOAT)	Registered as agency of Ministry of Finance	None		All tobacco activities	seatca.org (2018) + https://www.thaitobacco.or.th/th/wp-content/uploads/2020/01/1.2ActToat-2561-EN.pdf (2018)

Country	Company	Ownership	Balance	Comment	Involvement	Source
Tunisia	Regie Nationale de Tabacs et des Allumettes (RNTA)	State-owned	N/A		All tobacco activities	rnta-mtk.com.tn (2020)
Tunisia	Manufacture des Tabacs de Kairouan (MTK)	State-owned	N/A		All tobacco activities	rnta-mtk.com.tn (2020)
Vietnam	Vietnam National Tobacco Corporation / VINATABA	Vietnam Ministry of Light Industry	No other shareholders mentioned for Holding Company	Multiple subsidiaries of Vinataba have co-operations and JVs with multinationals:	All tobacco activities	Vinataba.com (2020) = http://www.vinataba.com.vn/?page=define&key=about_structure&menu_id=86
				Phillip Morris: Joint venture (no % mentioned)	Manufacturing of tobacco products + Production (cultivation) of leaf tobacco	http://www.vinataba.com.vn/?page=define&key=about_doitac&menu_id=86 (2020)
				BAT: Vinataba 30% / BAT 70%	Manufacturing of tobacco products + Production (cultivation) of leaf tobacco	http://www.vinataba.com.vn/?page=define&key=about_doitac&menu_id=86 (2020)
				BAT: Vinataba 51% / BAT 49%	Manufacturing of tobacco products + Production (cultivation) of leaf tobacco	http://www.vinataba.com.vn/?page=define&key=about_doitac&menu_id=86 (2020)
				JT: License agreement	Manufacturing of tobacco products + Production (cultivation) of leaf tobacco	http://www.vinataba.com.vn/?page=define&key=about_doitac&menu_id=86 (2020)
				Imperial Tobacco Group: Vinataba 55% / ITG 45%	Manufacturing of tobacco products + Production (cultivation) of leaf tobacco	http://www.vinataba.com.vn/?page=define&key=about_doitac&menu_id=86 (2020)
Yemen	National Cigarette & Match Industries	Government: 40% (World Bank: 2003; "partly state-owned": Globaldata, 2017)	N/A	This information is dated: WorldBank 2003 - but part state ownership also mentioned in 2019 by Globaldata (no specific %)		This information is dated: WorldBank 2003 - but part state ownership also mentioned in 2019 by Globaldata (no specific %)
Yemen	Yemen Company for Tobacco and Matches	Government: 28% (World Bank: 2003; "partly state-owned": Globaldata, 2017)	N/A	This information is dated: WorldBank 2003 - but part state ownership also mentioned in 2019 by Globaldata (no specific %)		This information is dated: WorldBank 2003 - but part state ownership also mentioned in 2019 by Globaldata (no specific %)

Table 9: Detailed information about ownership

ABOUT THE AUTHORS

Daniel Malan is the main author of this report. He is an assistant professor in business ethics at Trinity Business School, Trinity College Dublin. His focus areas are business ethics, corporate governance and corporate responsibility. He is the co-chair of the B20 Task Force on Integrity and Compliance (2020), a member of the Global Future Council on Transparency and Anti-Corruption of the World Economic Forum, a member of the International Corporate Governance Network's Disclosure and Transparency Committee and the regional partner for Africa at the International Center for Corporate Governance in St Gallen, Switzerland. He has consulted to the World Economic Forum, United Nations, International Finance Corporation as well as various large corporations and has worked in 40 countries. Previously he was an associate director with KPMG Forensic, where he was responsible for ethics and integrity services. His educational qualifications include a PhD in Business Administration, a Masters degree in Philosophy as well as a Masters degree in Business Administration (MBA), all from the University of Stellenbosch in South Africa.

Brett Hamilton performed the bulk of the research related to state ownership of tobacco companies. He is a visiting faculty member at the University of Stellenbosch Business School (USB), where he teaches Corporate Finance and Decision Analysis (Managerial Statistics) in the MBA programme, as well as short-term classes for various academic institutions in South Africa and abroad. Prior to his academic interests, he gained extensive management experience through numerous entrepreneurial endeavours in media, FMCG, agriculture and property development. His consulting activities range from conducting market research and feasibility studies, developing business plans, capital budgeting exercises, strategy facilitation and development and business valuations. His research activities focus on scholarly and practice-based problems in strategy, finance and management. He received a Masters of Business Administration degree (cum laude) from the University of Stellenbosch Business School (USB) and has also completed the Senior Management Development Programme at the University of Stellenbosch Business School – Executive Development. He is currently enrolled for a Masters degree in Applied Ethics at the University of Stellenbosch.