

# EU Stakeholder Dialogues 2006

## Report

Research report prepared for  
British American Tobacco



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# Introduction

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In 2006, BAT commissioned a round of stakeholder dialogues and in-depth interviews to examine stakeholder expectations of the company at the European Union level, building on previous work done at the national and global levels to feed into the company's non-financial reporting. Each dialogue session focused on a different issue in order to encourage in-depth discussion of each topic and the central dilemmas facing BAT. The key topics/areas were identified by BAT (and confirmed through initial stakeholder research) as:

- Harm reduction and science
- Excise and illicit trade
- Public place smoking
- Policy overview to direct future activity

This interim report summarises the findings from the sessions conducted to date:

- Public Place Smoking (PPS) session, held in Brussels on Wednesday 18 October 2006 and attended by seven expert stakeholders, together with four senior BAT managers.
- Anti-Illicit Trade (AIT) and Counterfeit Product session, held in Brussels on Thursday 23 November 2006 and attended by thirteen expert stakeholders, together with six senior BAT managers.
- Policy session, held in Brussels on Wednesday 10 January 2007 and attended by seventeen expert stakeholders, together with seven senior BAT managers.

In several of the sessions other individuals were present as observers who did not participate in the discussions. This report also includes feedback from three individual interviews with high-level EU stakeholders (conducted on 2 October, 20 November and 8 January 2007), along with three individual interviews and one paired interview with science and research stakeholders (conducted on 13, 14 and 15 December and 8 January). Stakeholders were invited to the sessions by BAT. The dialogues were facilitated by an independent moderator and facilitator – Pavel Telička. Ipsos MORI attended in order to report on the discussion and Bureau Veritas provided independent verification.

The external attendees were largely members of the political community in Brussels. They were affiliated to a range of organisations such as the European Commission, the European Parliament, member states' permanent representations and pan-European bodies such as business organisations and industry associations. Interviews were also conducted with five representatives of leading science and research institutions in the field of tobacco and health.

At the start of the dialogue sessions, a BAT representative presented a quick overview of their activities in the area and the key issues that they see affecting each subject.

- In the PPS session, it included an overview of the regulatory systems in place in the different member states to control smoking in public places and paid particular attention to Ireland's experience of imposing a blanket public smoking ban (noting the negative economic impact on the hospitality industry and the relatively small decline in the incidence of smoking among adults).
- In the AIT and Counterfeit Product session, it focused particularly on the retail price differential in different member states, and the points of exit/entry for illicit product.
- In the Policy session, it included an overview of BAT's activities presented by a company representative, and a summary of previous stakeholder feedback on their expectations of BAT in the areas of harm reduction, PPS and AIT, presented by Ipsos MORI.

## Interpreting qualitative research

Qualitative research provides a depth of understanding which cannot be achieved from a structured questionnaire. The free-flowing format of the discussions provides an insight into participants' views and concerns, while seeking to identify not only *what* they know and think, but also *why* they do so. It is a flexible and interactive process and, therefore, it is possible to respond to the individual circumstances of each participant and to bring their experiences to light. It allows participants to be reflexive and examine their own thoughts and behaviour – it gives them the freedom to express the issues that are salient to them as they are not restricted in their thoughts by a structured questionnaire. Considering the complexity and wide scope of the issues of responsibility facing a tobacco company, a qualitative approach is essential to fully explore stakeholder perspectives.

It is important to note that opinion research deals in *perceptions* and not *facts*. However, perceptions *are* facts to those that hold them and, as such, are important to bear in mind even if the information is, technically, incorrect. Furthermore, qualitative research does not allow for the production of statistics from the data it produces, since it is not based on a representative sample of the audience in question. As such, throughout this report we have used terms such as 'majority' or 'most' to infer a commonly held viewpoint across all stakeholders and 'minority' or 'few' to mean an opinion that was only expressed by a small number. Verbatim comments provide evidence for the qualitative findings.

Ipsos MORI works to the standards of the Market Research Society and ISO20252, the international market research process standard.

# Summary of Expectations of BAT

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Harm reduction and public place smoking are the priority areas for most stakeholders. In the area of harm reduction, there is clearly a limit to the progress that can be achieved by BAT alone, and the influence of several other parties is discussed. Nevertheless, stakeholders would like the company to:

- Engage in harm reduction issues on a long-term basis and use the company's expertise to help develop solutions.
- Use plain speaking when expressing company positions.
- Continue to co-operate with independent researchers, which will often depend on demonstrating shared harm reduction objectives.
- Collaborate more with industry associations and other tobacco companies, and engage on a collective basis where possible.
- Engage more widely, not just including people with extreme opinions, or those working within the tobacco field. There is some disagreement on whether it is appropriate for BAT to proactively set the agenda.
- Pursue the development and promotion of non-combustible tobacco products such as snus – for some this is the harm reduction priority:
  - Continue to develop non-EU markets for snus products, expand the range of smokeless tobacco products to appeal more widely.
  - Communicate the reduced health risks of snus, help to publicise the experience of countries such as Sweden, and support further research into the impact of snus on smokers' behaviour and health.
  - Explore the potential to reduce TSNAs in snus, and the potential health risks of nicotine in snus.
- Include an examination of consumer behaviour in any research to develop conventional/modified reduced risk products, and focus on products with consumer appeal:
  - Stakeholders suggest various techniques such as filter analysis, smoker panels, epidemiological studies and whole smoke analysis. Reservations are expressed on the use of biomarkers.
  - Explore further the harm reduction potential of lower delivery products and other ways of smoking, such as water pipes.
  - Take the lead in encouraging the reduction of hazardous substances in cigarettes across the board (rather than brand differentiation).
- Continue to show leadership in the public disclosure of information and encourage the meaningful disclosure of research findings to consumers.
- There is some concern over the future funding of research, and tobacco industry proposals on this would be welcome
- One stakeholder would like to see support of smoking cessation projects.

Stakeholders also have clear expectations of BAT relating to both public place smoking and anti-illicit trade (these are somewhat more specific for AIT). A few

stakeholders also comment directly on the dialogue and reporting process. On public place smoking, stakeholders would like BAT to:

- Take a less defensive position on PPS, commit to being part of the solution and focus on the opportunities for positive action and engagement.
- Add links to relevant and balanced scientific research to its website (while some share BAT's views and some advise it to avoid focusing on arguments about the health impacts of ETS, several stakeholders want the company to accept their view that there are health risks in exposure to ETS).
- Actively engage in the debate on the green paper on Smoke Free Environments.
- Influence industry associations to lobby in line with BAT's position on PPS.
- Make all information relevant to the PPS debate publicly available. Some think BAT should take a broader view of the economic, social and employment impacts of smoking bans.
- Support efforts to introduce a standard framework for collecting data on the impact of PPS.
- Help define air quality standards and invest in initiatives to improve it.

On anti-illicit trade and counterfeit, stakeholders would like BAT to:

- Engage more in the issue of illicit trade – counterfeit is particularly high on the agenda at EU level. More CEO-level involvement would be welcomed.
- Collaborate more (both within the tobacco industry and outside it). Philip Morris' AIT activities are currently more visible than BAT's, and some stakeholders want BAT to follow its lead.
- Demonstrate action on track and trace – widen availability of readers of anti-counterfeit markers and invest in new product tracking technology.
- Show that effective procedures are in place to avoid over-supplying markets.
- Co-operate more effectively with customs – share information on the transport of legitimate products, contribute to training on identifying counterfeit product and give financial/material support where possible.
- Contribute to EU dialogues with countries such as Russia and the Ukraine on the issue of border controls, make specific cases available to UNICE.
- Help prevent manufacturing equipment becoming available to counterfeiters and press for its destruction when counterfeiters are apprehended.
- Contribute to cross-industry efforts to educate consumers on the risks of counterfeit, and help to engage the media on this issue

On the dialogue process and reporting, stakeholders would like BAT to:

- Encourage the participation of stakeholders less favourable to tobacco, and consider inviting trade unions.
- Communicate next steps and resulting actions to stakeholders.
- Some would like an opportunity to discuss wider responsibility issues.
- Produce a more concise report focused on targets

# Harm Reduction

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## Summary

Harm reduction is seen as a clear priority for BAT by several stakeholders, and is discussed at length in the policy session. Despite the recognised difficulties in engaging the Commission on this issue, stakeholders want BAT to engage and use their tobacco research expertise to address the harm reduction challenges. Some stakeholders are sceptical of BAT's sincerity, and cannot reconcile the company's profit motive with its professed concern with harm reduction. They question BAT's terminology, and the importance of plain speaking is emphasised.

Some science and research stakeholders think BAT should prioritise smokeless tobacco products, and argue strongly for the reduced health risks posed by snus compared to cigarettes. Of course, the EU ban on snus is recognised as a major barrier, and very few stakeholders are optimistic regarding the chances of a repeal. Nevertheless, several stakeholders would support this, and the key issues are seen to be the impact of snus on smoker behaviour patterns and the experience of countries such as Sweden where snus is available.

Some stakeholders suggest BAT should concentrate on developing non-EU markets for snus, while others think snus could be seen as an alternative to nicotine replacement therapies. There are some concerns with snus in relation to TSNA's (two stakeholders suggest methods of reducing these) and the effects of nicotine (one stakeholder suggests the health risks have been underestimated).

Regarding harm reduction in conventional and modified products, one stakeholder feels that the objective should be to reduce harmful substances across all tobacco products, rather than brand differentiation. The importance of taking account of adaptive consumer behaviour is emphasised; filter analysis and smoker panels are suggested as techniques. Epidemiology and whole smoke approaches are also recommended. There is some disagreement over the harm reduction potential of lower delivery products, and some suggest that the role of nicotine in creating appeal has been over-estimated.

There are seen to be major challenges in engaging with the Commission on harm reduction, not least the negative perceptions of the tobacco industry and its associates, and the highly politicised nature of the debate. There is also a fast turnaround of non-expert EC staff. The influence of the WHO, the pharmaceutical industry and the tobacco control lobby is also seen as problematic. One stakeholder suggests the success factors for dialogue are a commitment to be part of the solution, to give serious effort to the process, and to be guided by the outcomes. Others suggest collective industry action.

The importance of engaging with scientists and researchers is emphasised in order to avoid duplication of effort and to ensure robust public policy research. Two stakeholders would like better consumer information on reduced risk products; others prefer differential pricing to drive behaviour change.

## Priority Issues

Harm reduction is seen as a clear priority for BAT by several stakeholders, and (along with snus) it is discussed at length in the policy session, suggesting that stakeholders feel harm reduction is a particularly important responsibility issue facing BAT. Clearly this is an area where there is a limit to the progress that can be achieved by tobacco companies alone, and stakeholders feel that the influence of several other parties including regulators is needed to make significant progress. Nevertheless, tobacco companies are seen to have an important role to play, and despite the difficulties of engaging with the Commission discussed later, stakeholders want BAT to engage on harm reduction issues and to bring their research expertise to bear on the challenges in this field:

*I defend the tobacco industry because they are the only ones who can improve the products.*

Some stakeholders feel that BAT has a clear responsibility to limit the negative health impacts of smoking on the smoker and on others who may be exposed to the smoke. One stakeholder sees harm reduction as a priority not only for public health, but also as a priority in the interests of individuals and companies (in terms of workforce health).

Another stakeholder points out that changes in public health are often gradual, and so BAT will need long-term engagement in harm reduction issues. He thinks that it is not appropriate for BAT to diversify out of the cigarette market, preferring a harm reduction strategy to the calls for tobacco companies to be dismantled:

*Another company will come along. The public will get bad tobacco and ones with filler products. I am not a fan of destroying the tobacco industry. People who suggest this have never thought of the consequences of their actions ... Shouldn't we be giving people the choices to live better, [i.e.] harm reduction for those who are unable or unwilling to quit?*

The issues discussed comprise:

- Non-combustible products and snus;
- Reduced risk conventional and modified products;
- Engaging the Commission on harm reduction (the challenges and suggested solutions);
- Engaging the science and research community on harm reduction; and
- Disclosure of ingredients and consumer information.

Some science and research stakeholders prioritise non-combustible tobacco products and snus as the area where BAT should focus. Many would also like to see industry association involvement and more collaborative effort.

A few stakeholders are not convinced of BAT's sincerity on this issue, due to what they see as an inherent conflict between the company's harm reduction activities and its core business:

*So your primary aim is to fight smoking not to promote it?*

A couple of stakeholders question the terminology used by the company in its stated positions, one referring to the 'carefully managed presentation', and there is a sense that plain speaking is needed from the company (both on the website and in presentations) if stakeholders are to give credence to BAT's stance on harm reduction:

*Do you accept when you say 'substantial harm' that you mean death, cancer, heart disease? Do you accept that it's hundreds of thousands of deaths every year? Do you accept the findings of the WHO and credible scientific journals? It's not a 'significant risk', it's a very serious risk of death.*

There are two other general points mentioned relating to harm reduction. Two stakeholders think the harm reduction issue is so fundamental and controversial, that litigation might be a threat: "It's a legal and moral dilemma". They think that there will come a time when the industry could be litigated against for developing a snus product that is perceived as something people don't want (i.e spending shareholders' money unwisely), but equally, there is also the risk of litigation for not developing a lower risk product for consumers.

Finally one stakeholder in the policy session challenges the company to support smoking cessation projects to prove it is serious about harm reduction:

*Are you prepared to open smoking dependency centres to help people stop smoking?*

## Non-Combustible Products and Snus

Non-combustible tobacco products such as snus are seen as a priority by some stakeholders due to the potential public health benefits of consumers using this type of product rather than conventional cigarettes. One science and research stakeholder is particularly impressed by BAT's work in this area:

*I think it is positive that BAT and others are working on snus. [It] brings visibility. I'm delighted to see your involvement – other companies will follow.*

Some science and research stakeholders argue strongly for the reduced health risks posed by snus, compared to conventional tobacco products. For example,

one stakeholder sees a need to move away from the cigarette as the dominant medium of tobacco consumption in order to achieve significant harm reduction. This is not to say that he does not see scope for reducing the harm produced by cigarettes, but rather that for a significant reduction to take place, he thinks that it is necessary to move to other ways of consuming tobacco:

*Progress has been made in reducing the harm of cigarettes, but I don't think that cigarettes are the way forward. I think tobacco has its use, but cigarettes are the worst way to use it. If the tobacco industry could extract what the user wants from tobacco and market it in other ways, I would have no problem with the industry.*

However, a few stakeholders acknowledge that even if snus were made available to European market, the rate of uptake would be slow, since "It's not a quick fix". Nevertheless, several science and research stakeholders feel that there is, in many ways, a moral obligation to offer products such as snus to European consumers, on the grounds of both consumer rights and public health:

*The consumer has a right to the product and a right to information [about the health risks].*

*By not making it available, we disregard people's choices; we say 'we should give them this or that' ... You are deprived from providing [consumers] with what they want. [It's like saying] you can't drink Coca-Cola Light, you have to drink Coca-Cola until you have diabetes.*

It is pointed out in the policy session that smokeless tobacco products also overcome the challenges of environmental tobacco smoke:

*Smokeless tobacco is the way to go ... there's no passive chewing! From the point of view of public health it could cause a decrease in the harm.*

Two science and research stakeholders also identify significant potential for BAT to use snus as a tool for improving its current relationship with its customer base. Another would like to see BAT expand its range of snus products and develop other forms of smokeless tobacco:

*The days of getting nicotine into consumers by burning is over, that's the end goal ... You are seeing an increased strain with your consumer, and you can see snus as rebuilding that relationship.*

*Oliver Twist [a Danish snus with a peppermint flavour] – ... They like the flavour and it's heavily cured. It is discreet. It is a "modern" product even though it is 100 years old. We need these types of products ... I am [also] talking about different product development – Listerine strips, products that appeal to women (like a tic tac) – something more appealing to consumers other than a pouch of tobacco.*

Of course, the EU ban on snus is recognised as a major barrier to progress in this area, and several science and research stakeholders do not believe this is justified scientifically:

*You have the Royal College of Physician's report. They say [snus is] 10 to 100 times less dangerous [than conventional tobacco products].*

*Its lowering of risk is about 98%, so it's properly criminal to ban snus.*

One stakeholder is particularly angry at the lack of consistency in the EC's policies relating to tobacco. Taking his country as an example, he sees the EC on the one hand forcing it to open up its markets to cut-price competition (thus encouraging smoking by making it cheaper), and on the other, closing the market to snus on public health grounds:

*For minimum price, they say free market, we say public health. Snus? We say free market, they say public health!*

Despite these opposing views, a repeal of the Snus ban is seen as unlikely (one stakeholder goes as far as saying "don't count on it in the next ten years", since there is "no prospect" in the current Commission). Stakeholders point out that the Commission is not very open to amending or simplifying previous regulations, and suggest that it would cause problems politically for the Commission to be seen to be changing its stance on snus:

*It's very difficult for policy men to change their minds. If something is forbidden, why clear it now? ... How can you tell the consumer why it was banned last year and not this year, with no new scientific evidence?*

*I remember debating Sweden joining the EU. There was a passion in Parliament at that time against snus, because of one issue – cancer of the mouth. If you try again now, with the stronger feeling [against smoking] in the EC, you would be roundly defeated. Don't even try it.*

*Politically, I can't see any prospect of it being overturned, although looking at it dispassionately there is a strong case ... The fanaticism of the anti-smoking lobby would make it very difficult politically to overturn. Politics doesn't necessarily follow logic!*

One stakeholder also links this reluctance to repeal the snus ban to the US experience of heavy campaigning against snus after a child's death from oral cancer was linked (possibly erroneously) to the product:

*In the US, smokeless tobacco escaped advertising bans and became very popular. An eleven-year-old boy died of mouth cancer though [the death may or may not have been linked to snus], so there was a heavy campaign with a huge impact on EU regulation.*

Another stakeholder questions the science behind the perceived link to oral cancer:

*If you look at US studies, they go back to 1957. Almost none show signs of risk for oral cancer. So why did people get the idea that there is significant risk of oral cancer? We think it is [one] article [which showed a] small impact on a long term user ... What most people don't understand is that the article was based on one type of tobacco, a powder form of tobacco dating back to the 1800s.*

A few stakeholders think that there may be scope for the Commission to re-visit the question of the snus ban, and one stakeholder in the policy session who in other respects is fairly critical of BAT and tobacco products, is actually supportive of a review of snus:

*If there is any product like snus – and it sounds interesting – if it's demonstrated to be less harmful, I would gladly assist to have that product [made available] rather than a more harmful one.*

There are questions on the comparative nicotine delivery in snus compared to conventional products, but when it is explained that the amount of nicotine the consumer receives is similar in both cases, the key point for stakeholders in the policy session seems to be the impact of making snus available on patterns of smoking behaviour:

*It's difficult to sell in Parliament because it is expanding the market for smoking products. If the evidence shows a significant shift from tobacco burning to snus, and this has resulted in a [positive] health impact, that would be significant in our view of the issue.*

*The key question is – if the ban was overturned, is it possible to predict whether it would result in new users [of tobacco products], or would existing smokers switch to snus? That’s the question that would win or lose the debate.*

One stakeholder feels that the only way to constructively engage the Commission in this debate is by giving a voice to countries that have experienced the impacts of smokeless products, such as Sweden presenting evidence on the positive health impacts of products like snus:

*The way to raise [the profile of the debate on snus] is to elicit the opinion of people who have a practical view; and that would be the Swedish. Maybe they could push it – they know there hasn’t been any increase in the rates of mouth cancers, general cancers [and] no increase in heart infarction.*

One stakeholder in the policy session calls for further research studies into the impact of snus: “*I would like to see more studies than Sweden*”.

Two science and research stakeholders can even foresee a situation where the Commission might face legal action for its present stance on snus:

*A lung cancer patient [could] sue the European Commission [arguing] that to get nicotine, they were forced to smoke a dangerous product.*

Another stakeholder suggests that it might be more valuable for BAT to work on influencing future regulations instead of campaigning to repeal the ban on snus. Nevertheless, stakeholders feel that BAT is justified in advocating the use of snus and, given the stalemate over EU regulation of smokeless tobacco products, some suggest that BAT should concentrate on non-EU markets:

*Putting myself in your shoes, you need to concentrate on [snus] markets that aren’t regulated.*

They suggest promoting the product by communicating the reduced risks that it presents, when compared to smoking:

*In your communication with smokers, tell them there is a low-risk, smoke-free alternative. Ten times less risk, 90% reduction.*

In terms of possible action within Europe, two science and research stakeholders talk about the possibility of treating snus as an alternative to existing nicotine

replacement therapies (NRT) for people who can't give up smoking, and believe that this might work in their country:

*There's potential for developing an alternative which is closer in taste [to cigarettes] ... You could market these alternatives as a kind of 'fun' alternative to NRT products.*

*The position in [my country] is that we want the EC to have a closer look [at snus] for people who can't give up smoking. Our director general of public health would say 'OK, let's register it as a pharmaceutical'.*

Another stakeholder feels that there is a need to position reduced risk products not as pharmaceutical treatments, but as products that the consumer will enjoy:

*When you appeal to consumers, it needs to be something other than a medical message. Consumers resist being treated as a patient – having to take medication. They don't like feeling like someone that has to be pitied – like 'I am an addict.'*

However, one stakeholder believes that snus might not work everywhere, and believes that harm reduction solutions depend on different cultures and consumer preferences:

*Snus is a model for a safer product – snus is not the model product. It is an acquired taste. It has deep social roots in Sweden. People act like the Swedish experiment is recent. It is over the last 100 years. There are historical reasons why it became popular. Snus may not appeal to other cultures.*

One remaining harm reduction challenge is raised by two stakeholders in relation to snus - the need to reduce the risks presented by TSNA (tobacco specific nitrosamines):

*I think TSNAs are more important with snus than with combustible tobacco products because in the clouds of smoke you have so many compounds.*

They mention a few techniques which might be used to keep the levels of TSNAs low, such as early picking of the tobacco leaves, refrigeration and producing the end product without curing the leaves. They also cite one manufacturer who claims not to have TSNAs in its snus because of the harvesting methods used:

- *Pick the product and keep it refrigerated. Swedish Match is doing analysis on batches and passing it further on if TSNAs content is too high. They are then refrigerated to avoid [TSNAs] increasing.*
- *Is there a possibility, with smoke free tobacco, of picking the leaves early? Does it need to be cured if it's smokeless?*
- *Thomas Ericsson claims to have no nitrosamines in his snus. He takes green tobacco.*

One stakeholder in the policy session also feels that the potential health risks of nicotine in smokeless tobacco products are being underestimated:

*The impression has been given that nicotine is harmless if it enters the body not through combustion. As a pathologist ... [I can tell you that] nicotine itself as a chemical substance has an effect on the cells lining the blood vessels. [Smokeless tobacco products] will have an effect.*

However, a science and research stakeholder disagrees, saying that the health risks of nicotine in snus have been exaggerated:

*Nicotine has been demonized. That has to be changed to make progress ... To be comfortable with snus, people have to be comfortable with nicotine maintenance. We need to treat nicotine more like we deal with caffeine.*

Given the difficulty of proving any health benefits of reduced risk products, and the resistance of many in the public health community to these messages, he also suggests that it is important to demonstrate the case regarding snus if progress is to be made on persuading people about harm reduction more generally:

*Is there anyone that believes or knows that snus products have less risk than smoking? The risk potential is very wide. How in the world will you make progress in conventional products, if you can't make progress on the snus product?*

## Reduced Risk Conventional & Modified Products

One stakeholder feels strongly that BAT's objective should be to reduce hazardous substances in cigarettes across the board. This stakeholder does not see a role for regulators and standards institutes in advising consumers on which brands are less harmful than others. Instead, he would prefer the companies to

take the lead in reducing any hazardous substance across the board, where it is possible to do so:

*We can say [to tobacco companies] that you have to reduce some substances. But we cannot recommend to consumers that if they smoke this brand A it's better for their health than brand B – it's impossible. Some in the industry would like this advertising – that's not possible from my point of view ... If they can reduce any kind of hazardous substance, they have to do it. It's the duty of the company.*

He has a sense that tobacco companies are currently trying to dodge this responsibility, while another science and research stakeholder thinks that both tobacco companies and regulatory bodies are keen to avoid taking responsibility:

*The industry is trying to move the responsibility for the product too fast to the regulatory body.*

*Tobacco control experts would prefer that BAT would make the call. BAT would prefer that public health would make the call. They're chasing their tails.*

Several science and research stakeholders emphasises the importance of relating measurement of the risks of tobacco products to the behaviour of consumers:

*It makes no sense to measure things that have no context or relevance to consumer behaviour.*

One stakeholder states that reduced risk products will only be successful if they appeal to the consumer, and believes that BAT should use its expertise to develop products which offer satisfying features to the user and appeal to both men and women:

*People forget that tobacco is a popular product and has been for a long, long time ... Humans love tobacco – just like they love caffeine. It makes the case for making products that they can enjoy ... [Harm reduction] will only take place in society when the [reduced risk] products are satisfying and appealing ... No one can get into the mind of cigarette smokers like you [BAT] can. You can determine what satisfies smokers.*

One science and research stakeholder states that epidemiological studies on the health impacts of smoking are needed to satisfy the public and regulatory commissions, despite the long-term nature of such research:

*The bottom line for public health is the epidemiology ... You just have to wait – 10 to 20 years ... The changes are so gradual and incremental, that I am impatient. I don't think there is enough change. [But] that doesn't absolve BAT from doing research.*

Another agrees that filter analysis is an important technology in this respect and another suggests using a panel of smokers to more accurately measure the health impacts of smoking on real people:

*You can never be sure what a group of smokers will be taking out of a cigarette, so the tobacco industry should have a panel representative of the overall population, going round with holders for a week and then set the laboratory measurements accordingly.*

There is some disagreement on lower delivery products. While one science and research stakeholder feels that “*Light and mild cigarettes are not the way [forward]*”, another does see some merit in exploring the harm reduction potential of lower delivery products:

*I believe if you smoke a cigarette with low tar, it's better for you than one with 10 mgs. You can measure all kinds of Hoffman analytes, it's less with low tar [products].*

This stakeholder has some reservations about using nicotine levels alone to classify cigarettes:

*There is a discussion by regulatory bodies about cancelling the tar level and making some distinctions on nicotine ... From the regulatory body's point of view, it's easier to base it on nicotine, [but] ... I know [you can't decouple nicotine and tar completely]. This is the main problem for the system.*

Another stakeholder sees the debate about lower delivery products as an example of the increasing inflexibility of the public health community on harm reduction issues:

*A lot of people in tobacco control, they are resolute in not making any admission that there is progress. Modified cigarettes were a combined effort between the tobacco companies and the public health parties. Now [in the eyes of the public health community] it has become a ploy by the tobacco companies with no [health] benefit.*

Three stakeholders discuss the role of nicotine in creating the appeal of tobacco products. Two are not convinced that nicotine is solely responsible for the appeal of cigarettes and for people's addiction to smoking. Another stakeholder questions the effect of nicotine in smokeless tobacco:

*Whenever chemists have found the active substance in drugs, it has been abused – opium, cocaine, etc ... Nicotine has been known for hundreds of years, and it has never been abused ... I suppose that if there existed some pure addictive substance, other than nicotine, it would be known. However, there may be a complex effect, in conjunction with nicotine. Smokers prefer cigarettes without nicotine to nicotine gum, yet if we market cigarettes without nicotine, it's a complete flop.*

*Nicotine plays a role, but it's not what people think it does. The first few hits are nicotine fixes – after that it is a sensory and social environment thing. I followed a bunch of switchers for several years. We had some people who were fine for years, then they had a life crisis – a death or something – and they go back to smoking. People say the desire never leaves them.*

*Sweden has a non-nicotine snus product which has 3% of the total smoke-free market. What's the explanation? Is it [being used for] cessation? Or to replace cultural use – a placebo to snus?*

The first stakeholder carries this theory through to his views on smoking cessation to explain what he views as the failure of nicotine replacement therapies (such as nicotine gum) to facilitate cessation:

*Like the presenter becoming more important than his guests, nicotine alone is not important in smoking cessation. It doesn't fulfil all the effects [of the cigarette, but] it has an effect on the neuron; the smoker feels a relaxing effect on his muscles, not on his brain.*

One science and research stakeholder feels strongly that a harm reduction approach should look at 'whole smoke' rather than trying to identify and reduce individual smoke constituents, which he sees as costly and nonsensical:

*It's not the best way, to isolate specific substances and reduce them. To me, it makes no sense. You have to look at all the smoke constituents, you have to look at the impact on the whole mainstream smoke ... Whole smoke*

*is best – to isolate one [constituent, such as Hoffman analytes] makes no sense and costs a lot of money.*

Another science and research stakeholder has reservations about the use of biomarkers:

*There are not really good biomarkers – the ones measured are the sexy ones. There are many markers – we measure the ones that are easy to measure. We don't know if they are the real ones that cause disease. Biomarkers are a diversion. They have to be done, but they are not the Holy Grail.*

In the policy session there is some discussion of the possibilities of exploring other ways of smoking tobacco to try and reduce the health impacts, for example smoking through water, as with a water pipe, or designing a type of combustible tobacco product with an independent heat source:

*It would be more complicated, but there should be some independent heat source to allow for the vaporisation of the nicotine without the formation of tar and particles.*

## Challenges in Engaging the Commission

The challenges for BAT in trying to engage with the Commission on harm reduction are seen to be substantial by the science and research stakeholders. Firstly, there are seen to be very negative perceptions of the tobacco industry, and anyone associated with it, within the Commission and in other regulatory bodies. Several of the science and research stakeholders seem to feel that any voice even briefly affiliated with tobacco companies is immediately tarnished in the eyes of the Commission. One says he feels “*completely censored*” given the reaction after he invited a tobacco company representative to speak at a seminar. Another feels his views are discounted for similar reasons “*If I say that in [my country] though, they say ‘oh, it’s only [me saying it].’*” Another stakeholder feels that research from tobacco companies is dismissed as inherently biased, while NGOs are seen as somehow impartial:

*The extremists, who don't know anything about lower risk products, suggest that the only information is biased because it comes from tobacco companies. They want to talk to so-called ‘unbiased’ sources like the Cancer Society.*

Nevertheless, despite the recognised poor relations between the Commission and the tobacco industry, two stakeholders do see a division in the attitudes of people at the Commission:

*The Commission will be divided into two parts: people thinking that nicotine is very interesting but questioning how to deliver it, and others wanting a nicotine-free world and saying that tobacco is bad.*

Because of the more positive perspective on the debate in some quarters, one sees some hope for what the Commission might say in its green paper:

*I don't think [they can all] sign up to something that is mostly negative.*

Two stakeholders also discuss pressure to expand the scope of the forthcoming Commission enquiry, particularly regarding snus:

- *They're asking, is [snus] safe? Is it addictive? Of course, they don't compare it to cigarettes.*
- *The group would like to come up with recommendations that they are not free to make.*

Nevertheless, the tobacco debate at European level is widely recognised as highly politicised, making it difficult for the Commission and regulatory bodies to collaborate with the tobacco industry, and slowing debate and decisions on key issues:

*It's always difficult for the Commission or the regulatory bodies to collaborate with the tobacco industry.*

*We're between science and politics – you always have to find a compromise.*

One stakeholder thinks that the situation in the US is similar in terms of making policies based on political agendas. The current US Congress has two years before a “big” election and he thinks they will feel a need to demonstrate progress in the area of tobacco control:

*They have to show [they have done something to increase control] over the 'evil' tobacco companies ... I don't have a lot of hope for [reasonable] US legislation – I am not optimistic ... I think companies are going to be caught by this new legislation.*

Other perceived barriers mentioned by science and research stakeholders include dealing with junior EU personnel who do not always have the flexibility of top

level officials, the fast turnaround of staff and changing contacts, and explaining the scientific and technical issues to non-experts:

*People are changing every year – we’re always talking to new people. You have to sit opposite a guy who’s not an expert, and spend one year teaching him – for nothing because he only stays in the job for one to two years. A new guy comes in and you have to start from the beginning.*

*Usually people sit there who don’t know what they’re talking about. They are always the same people commenting and the rest stay asleep.*

*When Europe organises something, it’s the lay people they invite. It’s like the science is so complicated, they don’t trust it.*

One science and research stakeholder differentiates between “good science” and “politicised science”, feeling that anti-tobacco “extremists” twist scientific findings to support their lobbying positions. This is also seen as a particular issue in the ETS debate (see next section).

Several of the science and research stakeholders discuss the influence of the WHO on Brussels decision-making about harm reduction issues, although there is some disagreement on its importance. One stakeholder feels that the strong influence of the WHO in the Commission is a powerful barrier, while another sees the WHO influence in the EU waning and believes that it is instead important in markets outside the EU and the US, such as China and Thailand:

*The influence of the WHO is too strong in the Commission. They cannot [be seen to] be working against the WHO.*

*My impression is that now, the game is in Brussels. The WHO is really losing impetus [in Europe].*

The first opinion sees inaction in EC officials because they are waiting for WHO decisions, or unreasonable decisions made because it is known the WHO wants quick action in some areas:

*The danger for the European Commission is that it is easy to sit there and say they are waiting for the opinion of the WHO. It’s an easy solution for a politician, and it’s not meaningful ... The problem is that the WHO want something [on communicating the risk levels of different cigarettes that is simple, easy, implementable]. The*

*European Commission has to do something, whether it makes sense or not.*

Two science and research stakeholders think there is a particular problem in relation to the WHO, in that there are only a few people driving tobacco policy forward. One suspects that the top level of the WHO is not always aware of what more junior personnel say and do in its name. The other feels they are not willing to communicate with those working outside the NGO sector:

*It's a three- or four-man club. I think sometimes the headquarters of the WHO do not know what their guys are saying about tobacco ... At a higher level, they have no idea of the behaviour of [their representative] in the name of the WHO.*

*I'm actively kept away from these [WHO] meetings now ... Reasoned scientists are feeling that they're having to stand down.*

One stakeholder thinks that the focus of opposition should be directed to the WHO's Tobacco Free Initiative, rather than the WHO itself.

One stakeholder believes that the dialogue needs to be broader, not just targeting the extremes of opinion:

*You need to re-evaluate who you are talking to. I see companies trying to engage the most extreme people in the tobacco control/public health areas. They are the minority and they are never going to move ... People in tobacco control and research do not all have the same views – the minority are people who are the loudest ... It is a matter of trying to reach out to those who could change.*

Two stakeholders point to a perceived problem in the reluctance of some NGOs and public health groups to engage on harm reduction at this level. One says that NGO representatives refuse to be present at meetings to which tobacco companies are invited, which he thinks limits the potential for dialogue and is a real sticking point. The NGO refusal to engage with tobacco companies is seen as rather unfair by the stakeholder given that similar sessions have been organised for obesity and including industry representatives such as McDonald's. Another stakeholder thinks that public health groups are less open to dialogue than the tobacco companies, although there has been an improvement in recent years particularly in Europe:

*I have had more and better dialogues with companies than with public health [organisations] ... They are not in a position to carry forward a scientific rationale ... I have*

*seen changes over the past few years, more people who are willing to talk – more so in the EU than in the US.*

The influence of the pharmaceutical industry is also seen as active in the harm reduction debate:

*Don't underestimate the power and capabilities of the pharmaceutical companies today.*

*Pharma company control of smoking control is huge. A lot of it is flat out [about] money.*

Several science and research stakeholders see this as problematic, since the pharmaceutical industry is perceived to be working with anti-tobacco activists and pressure groups to restrict the debate on harm reduction. They feel that nicotine replacement therapies (which are not considered to be the most effective harm reduction solutions) are being promoted at the expense of other approaches:

*If an activist speaks about harm reduction, it's about nicotine substitutes.*

*I was banned from talking about harm reduction, and that shows the collusion between the activists and the pharmaceutical industry. Snus would be a direct competition to the gum, and the gum doesn't work.*

*I see pharmaceutical companies lobbying against snus all the time.*

Another example of this influence is given by one stakeholder, citing people connected to the development of nicotine replacement therapies who also influence the WHO.

## Suggestions for Engaging the Commission

Despite the challenges, dialogue with the Commission and other regulators is seen as vital by several stakeholders. One high-level EC stakeholder gave several pieces of advice for BAT when attempting to engage the Commission on harm reduction issues:

- In the dialogue process, it is about getting access, listening and responding.
- Those companies that pursue voluntary activities to respond to public health concerns are more likely to get a seat at the table, because they have something to talk about, and they continue to have new things to say.
- On getting access, it's importance to have a "critical mass" of participants, so that it is recognised as a fair process, even if some of the major players are missing.
- When coming to engage BAT must:
  - 1) present a commitment to be part of the solution (it is not actually necessary to admit that it is part of the problem);
  - 2) commit to putting serious and increasing effort into generating solutions, in terms of money and people. The key word is increasing – it is not enough to simply repeat what it did in the previous year;
  - 3) commit not only to dialogue, but commit to being guided by the outcome of the dialogue regarding what BAT should and should not contribute. That is, take the shape of the dialogue into the management of the continuing process. This last step is where engagement usually fails.

Several science and research stakeholders think BAT should engage with the Commission through collective efforts rather than on its own. One stakeholder feels strongly that BAT should engage through its industry associations rather than as an individual company, and would like to see a consensus from the industry on issues of harm reduction:

*We are a country of associations ... For a regulatory body it makes it very complicated when one day Philip Morris goes to them, the next day BAT, etc. They're not experts, they get confused when they hear three different opinions ... I have the impression that BAT [could] also go its own way [like Philip Morris] – I think that's not the way for the future ... I would say that's not the right way to do it – come into the same room ... That kind of discussion with single companies is very dangerous, even for the company.*

Another stakeholder would also like to see the tobacco industry working together on this issue. He wants to see, for example, BAT working with Philip Morris to come up with consistent initiatives.

Two science and research stakeholders think there are possibilities for engagement with the Commission and the WHO via smokers' groups, expressing a need for "*a pressure group of smokers*". They feel that consumers are currently being left out of the decision-making process, and that smokers' interest groups could be a solution, although they stress that the tobacco industry cannot be seen to be orchestrating consumer groups:

*I always hammer on that tobacco consumers should be part of the game.*

They also suggest that tobacco shop owners, for example, might offer an alternative voice in the harm reduction debate – especially with regards to regulation on snus:

*I've just spoken to tobacco shop owners – they want to sell snus.*

Three science and research stakeholders feel that it is the job of the Commission or DG SANCO to set up a forum for discussion on these issues of harm reduction, rather than BAT, and advise against BAT being too proactive. Some science and research stakeholders are themselves reluctant to engage in the group dialogue process, which might influence their views of the chances of success with dialogues at the Commission level. Nevertheless, several stakeholders from the Commission itself say they are open to engagement on harm reduction initiated by BAT:

*This bit of the Commission at this time is open and participative – we are always open to it if you have something to say.*

One stakeholder thinks that part of the solution to engaging the Commission is establishing the JRC and the European Network as the source of scientific advice for the Commission on tobacco issues. It would cover questions "*on all kinds of analysis, product science and toxicological science, how to test ingredients, methods of burn testing – all kinds of scientific questions.*" They are currently exploring funding options, perhaps similar to the German system of having a pot of money from the industry for consumer information since "*we have enough scientific knowledge but not enough [resources].*"

## Engaging with Scientists & Researchers

The science and research stakeholders are open to engagement with BAT to an extent, although many would prefer to meet on a one-to-one basis in private rather than participate in a group dialogue session. Nevertheless, at least one stakeholder emphasises the importance of engagement between the two parties:

*We should have these kinds of conversations – it's very important ... I'm very open for discussing with the tobacco industry.*

He feels strongly that co-operation with scientists in the industry is important to prevent duplicating effort and to ensure that robust methods are used to input into public policy:

*We have to involve the interested industries to come to any solutions ... Otherwise the [tobacco] industry can come and say 'you are working with the wrong data, the wrong science'. It's a danger for the Commission ... Why should we do the work twice? Industry has done it all already. We can hear the results from BAT and if we think it's a good idea we can repeat it as an independent laboratory.*

Other science and research stakeholders emphasise that their willingness to work with tobacco companies depends on shared harm reduction motives:

*I can work with the tobacco companies if it is to reduce the harm of cigarettes, but not if it is to sell more of them.*

*I'm not against tobacco, I'm against cancer, infarction, lung disease and poverty.*

Several science and research stakeholders are worried about the impact on their own reputation of appearing to be working with tobacco companies because of the negative perceptions of the industry:

*I am able to do a lot of good things for tobacco companies, but I can't appear to be close to them.*

Another stakeholder raises the issue of NGO scrutiny of scientists' relationships with tobacco companies – apparently they quickly discover who is talking to whom and the subjects discussed, and presumably, this could potentially deter other scientists from engaging with the industry:

*We're talking to BAT or PMI and they know what we're talking about, I don't know from what source.*

Given that all affiliations with the tobacco industry are seen so negatively, there is also a problem surrounding the lack of public sector research on tobacco. One stakeholder clearly identifies a need for research: *"We cannot progress until we know the active ingredients"*, but points to a reluctance for public funds to be dedicated to it: *"They don't want research"*. He expresses a sense of hopelessness in a situation in which researchers are forced to accept industry money to conduct much-needed research, but then see their findings discounted because of the taint of their association with tobacco companies:

*There's the argument that ingredients is the same as [they are in] food, but [there's] always the problem about what happens with combustion ... I tried for 25 years to promote research on tobacco but there's only one place [in my country] researching it. It doesn't exist; it's a complete flop ... There is no other research [but] if you take tobacco money, you are the agent of the devil.*

It is seen as unlikely that more resources can be provided to the Commission and member states to get more scientific experts on tobacco issues – one stakeholder expects that tobacco industry funds will be rejected, and the chances of other sources of funding being made available (such as a levy on products) are seen as remote. Another stakeholder speculates about the creation of a 'Super Agency' for funding research, and thinks that both Europe and the US are looking into such an agency to collect money and distribute it for certain types of tobacco research. However, he is not optimistic about the outcome:

*The devil is in the details. It is not clear about the makeup of the review committee. The type of research I do will be excluded.*

Two other stakeholders wonder whether, given the difficulty of any industry-provided scientific information being accepted at face value, other bodies could be involved in providing it:

*If it is a matter of resources, could Bill Gates and Microsoft contribute? George Soros has an open society foundation really concentrating on harm reduction.*

Another stakeholder suggests engaging people other than tobacco specialists, in other areas of harm reduction such as illicit drugs, or other disciplines such as economics:

*You need to engage people outside of tobacco. There are other areas of harm reduction, illicit drugs which have*

*baggage, or economists – people that have different views.  
You need to have dialogues with others.*

One stakeholder feels that engagement between scientists and industry associations such as CORESTA is particularly important, both for networking and sharing information (for example on methods for measuring cacao used as flavouring in cigarettes), and also for helping to organise potential collaborative studies (for example, on research into analytes):

*CORESTA is very important, I don't want to keep them out of the door ... It's a lot of work to start a collaborative study. I will be very happy if CORESTA can support in the organisation and evaluation of results [for example on research into analytes] ... For example, we need a method to measure cacao [flavouring in cigarettes]. I want to ask the industry, do they have a method to measure this? If so, please forward it to the JRC and they can have a vote [on the best two methods] ... [Then they can undertake] a collaborative study with the industry on these methods to find one method [to use in the future]. The European Network or JRC as an independent organisation can put forward this method to ISO.*

This stakeholder also suggests that when engaging with bodies such as the JRC and the European Network, it is better for BAT to wait to be invited to become involved, rather than trying to be proactive:

*If you come with a proposal to the European Network to develop something, it is not a good idea. The starting of the discussion should come from the European Network.*

## Disclosure of Ingredients & Consumer Information

There is some concern that the proposed database to supply information on ingredients will be unwieldy for health authorities to use. Two stakeholders do not seem convinced since they think it would be difficult for health authorities to manipulate such information and argue that the ingredients themselves have little bearing on what smokers actually absorb:

- *What should the [national] Ministry of Health do with it?*
- *The contents in the tobacco and the chemistry are almost irrelevant. They need to measure what's down the line.*

One stakeholder in the AIT session is critical of the industry's disclosure of ingredients, taking BAT's policy of not disclosing all the ingredients in product flavourings as a sign of unwillingness to be fully transparent:

*You don't even want to disclose in the industry all the ingredients [in a product]*

However, one science and research stakeholder is impressed by BAT's current level of disclosure and agrees that it is acceptable for tobacco companies to continue to protect their trade secrets by not disclosing flavourings:

*Your internet page with public information [on ingredients] is very open ... I think [disclosing] 98% [of the ingredients] is enough.*

He does not view wider disclosure to researchers as secure:

*I don't want to see your brand by brand data ... The system is too open in Europe ... You cannot be sure your trade secrets will be well-kept.*

He suggests a possible solution which might be acceptable to regulatory bodies – a group of two or three independent toxicologists or chemists would look at the trade secrets of each tobacco company and identify if any of the secret ingredients might be cause for concern, without public disclosure of the specific ingredients.

Two stakeholders also feel strongly that it is important to inform consumers of the research findings on the health risks of tobacco products in a meaningful way, so that they can take action to reduce the risks. One objects to what he perceives as WHO's approach in not giving information to the consumer:

*How can you give this information to the consumer? ... Why do you want to do [this research] if not for the consumer?*

*We need to present information that gives people choices. Give them the information, the rationale.*

One stakeholder feels that research on consumer attitudes and usage patterns regarding reduced risk products is now needed, as opposed to scientific research on their health effects:

*I thought we would be beyond the science at this point. [We need to know] where we think the interest is –*

*[through] market-based research. What are the social hurdles? What are the market hurdles? What are the barriers?*

This stakeholder feels strongly that tobacco companies themselves should be more forthcoming in disclosing information on harm reduction to consumers, and he believes that BAT is a leader in this area:

*American tobacco companies should be at a place where BAT is – fully disclosing that cigarettes and smokeless products have an order of magnitude in terms of risk. BAT has gone farther than any other company in this area.*

He also points to the need to educate consumers on new types of smokeless tobacco product:

*You need to teach people how to use these products – you wet it first before putting it under your lip.*

However, another stakeholder feels that the key issue to drive changes in consumer behaviour is not information, but differential pricing and taxation for reduced risk products. Another stakeholder would like to see a minimum price maintained for tobacco products in general:

*[Differential taxation] should be the way to inform consumers. That's what they understand.*

*There will be price wars over again unless we do something. I do not want minimum prices to go down, full stop.*

# Public Place Smoking

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## Summary

The presence of several high profile participants indicates the extent to which PPS is taken seriously by people involved in politics at the European level. It is seen by one high-level stakeholder as *the* key issue for BAT, a litmus test of BAT's attitude to dialogue, whether the Commission can trust the company and whether BAT has moved on from its past positions. It is also the immediate issue with regard to regulation, of course, with the upcoming publication of the green paper on Smoke-Free Environments, and stakeholders would like to see BAT actively engaging with the debate on the green paper.

The question of political involvement in the PPS issue is clearly a main area of debate. Although there is general agreement that there is demand for political involvement in PPS, there are many different ideas on what shape this involvement should take. Some feel that there is need for regulation at an EU level; some suggest that EU framework agreements should be adopted; some feel that it is an area in which member states should be left to act independently and argue in favour of voluntary agreements.

In terms of the provision of the information needed to inform discussion on PPS, there is concern that the data currently available has not been collected in a systematic way or analysed according to standard principles. This is seen as creating the potential for dispute and misunderstanding, and a clear need is outlined for agreement on a framework covering both the collection and analysis of data (particularly data relating to the experiences of countries which have put PPS initiatives into place).

There is a call for all information relevant to the PPS debate to be made publicly available to ensure a common starting point for discussion and for Commission deliberations on the Green Paper. This is seen as an area in which BAT can make an immediate positive contribution, and there is a clear hope that the company will do this. There are also calls for BAT's website to link to balanced research.

Some disagree with the information in the BAT presentation, particularly on the impact of the Irish smoking ban, and many feel that conflicting perspectives are inevitable given the inconsistencies in research methodologies. Nevertheless, there is perhaps a question regarding whether BAT should acknowledge these conflicting reports when it presents its stance on PPS, to avoid any charges of deliberately distorting the picture by withholding other points of view.

Air quality is felt to be a less controversial topic than PPS, and therefore one which it might be easier for the EU to regulate on. Some argue that citizens' rights in relation to air quality are more easily defined ("every European citizen has the right to air quality"). Broadening the debate to emphasise air quality rather than PPS, it is felt, presents an opportunity for BAT involvement, both in terms of helping to define air quality standards and contributing to initiatives to improve indoor air quality.

## Priority Issues

In the eyes of one high-level stakeholder, environmental tobacco smoke is **the** key issue for BAT. It is seen partly as a litmus test of the company's attitude to dialogue with the EU and partly as a measure of whether the Commission can trust the company and whether it has truly broken with what is perceived as its damaging stance of the past.

Public place smoking is also the immediate issue with regard to regulation, of course, with the upcoming publication of the green paper on Smoke-Free Environments, which provides a vehicle for BAT to take dialogue on this issue forward, as "*it's a place to start*". In both the PPS dialogue session and some individual interviews, stakeholders clearly expect BAT to actively engage with the debate on the green paper:

*When the Green Paper comes out, if BAT is supportive or positive [that would be a basis for further engagement] and if there are issues [disagreements] on the margins, that's fine.*

A wide variety of issues relating to Public Place Smoking are raised by stakeholders, reflecting the varied interests and opinions present within the European political community. These can be roughly grouped into four themes:

- The company's stated position on the issue;
- The provision of information;
- Air quality; and
- Political involvement.

It seems clear that the different stakeholders present at the PPS session approach the public smoking issue from different viewpoints, and with different considerations in mind. Workplace health and safety is a trigger for many debates on PPS, whereas wider public health and individual rights are more prominent concerns for others:

*The interesting thing about the country that I know best is that when there was discussion about smoke-free work places it was workers' unions who actually wanted to have protection against tobacco smoke, so it was very much seen as an occupational health issue there.*

*The starting point for us is the protection of the workers as well as the protection of other people in the society.*

*In our view, nobody can say now that he is not informed about the health dimension or the health damages of*

*smoking, so if somebody wants to smoke or is smoking then it's his choice or her choice, and it's clear that any regulation should be a balance between the right to smoke and the right not to be annoyed by smoke.*

*Every European citizen has the right to air quality.*

## Stated position on ETS & PPS

There is pressure from one high-level stakeholder for BAT to adopt a position on environmental tobacco smoke and public place smoking that “*moves on from where you are today*”. This stakeholder would like to see the company taking more risks:

*I don't see you sticking your neck out.*

This stakeholder feels strongly that BAT needs to drop its defensive positioning on the issue, citing BAT's emphasis on the doubts over the science and the impact of environmental tobacco smoke, and its warnings of unintended consequences of public place smoking regulation. There is a perception of a “*quasi-denial that ETS is a carcinogen*” from correspondence with BAT:

*If BAT is trying to build trust [it needs to move to an acceptance of] the observable balance of probabilities as noted in peer-reviewed scientific journals ... [since] a civil liability standard of probabilities [will influence the public debate].*

One science and research stakeholder, while sharing BAT's view that ETS does not pose a health risk, believes that they have lost the argument. Despite his anger over the misinterpretations of the science that supporters use to justify smoking bans, he has decided not to voice his opinion on the issue:

*ETS – it is a travesty. It absolutely misuses science ... There is no justification for outdoor bans, no evidence whatsoever. You can make decisions based on politics and hysteria or you can make it based on science ... [But] I have kept quiet on second hand smoke. There's no winning it.*

However, several stakeholders hold a very different view. A stakeholder from the policy session refers to the weight of scientific evidence on the health risks of ETS, concluding “*there's no doubt that second-hand smoke causes diseases*”. He would like to see links on BAT's website both to the scientific research that backs the company's position and to that with which the company disagrees, and implies that BAT is exaggerating its case:

*Would you not have a link to the overwhelmingly body of scientific knowledge that says ETS is lower risk than smoking?*

Several stakeholders clearly want BAT to accept their view that there are health risks in exposure to ETS and see the promotion of different messages as unhelpful:

*We need to clarify in our minds that passive smoking is a very serious health risk. Anyone who doubts that is not entirely right, to put it mildly ... There is a plethora of evidence that passive smoking has a very serious risk – we cannot doubt that. I'd like to hear that there is no doubt that passive smoking causes serious diseases.*

There seems to be potential for confusion regarding BAT's position on the risks of ETS. On the one hand BAT states that ETS has some (very limited) potential health risks, while on the other it defends its positions in court cases related to ETS. This seems to come across to some stakeholders as inconsistency on BAT's part. There is also some disagreement between BAT representatives and the stakeholders about the outcome of previous legal challenges on the ETS issue.

*This is a logic I don't understand. You agree passive smoking could cause cancer but in court you would say different?*

One stakeholder feels that the way BAT's position is currently expressed, with a focus first and foremost on where it differs from much of the public health community, “comes over as unnecessary defensive” and smacks of “denial, blocking, delay, diversion”. If instead BAT starts with a recommended acceptance of the probable risks of ETS, or even just with a commitment to act to help reduce ETS, that is a basis for further discussion and action:

*It takes half an hour to get to what positive things BAT can do. If it was the other way round, it would be obvious that you're serious.*

There is also a suggestion that BAT should use its influence over industry associations to ensure that their lobbying does not diverge too far from its own position.

## Information

Although there is an acknowledgement of the limited amount of time BAT had for its initial overview during the dialogue session, it is argued by some participants that the information presented by BAT does not give the whole

picture, and that it needs to take a broader focus. This argument is particularly strong in relation to the information BAT presented about the Irish smoking ban:

*Knowing that smoking is an addictive process, we cannot expect reduction in the prevalence of smoking very quickly, and [yet] we can see a reduction in the consumption of tobacco. The interesting thing about Ireland [would be to know] what the effect the smoke-free hospitality industry has on [those] starting [to smoke].*

Some stakeholders give views in direct conflict with what BAT says in its presentation, and think that it should take a broader view of the impacts of the ban on economic, social and employment issues:

*On the [negative] economic impact of smoking restrictions, BAT can produce some research to support the points you make [but] it depends on the framework [used]. There is economic research, for example, showing that when people quit smoking, or when they don't start smoking, they start spending on other matters [instead of on HORECA]. In particular, we know that when they have more money they spend it on tourism and on eating out, and of course on other luxury things too.*

*Ireland has been taken as a negative example – [BAT points to a] reduction of jobs and the HORECA industry hit – but we have data [which show] that these have not been the facts. There has been a loss [in the custom] of some smokers who would have gone to smoke in a pub, but at the same time there have been more clients who have gone to places because they're dedicated to non-smokers.*

*The ban is working well in Ireland and Scotland ... Just to reassure you, the ban does work.*

Some stakeholders see conflicting reports as inevitable given the differences in how studies are conducted, the frameworks of analysis used and the timeframes in which the studies take place. The main message emerging is therefore the need for agreement on how studies should be conducted as well as a system within which to analyse the facts emerging from them:

*We're got to start from the same assumptions and we've got to have very similar data.*

*When we are reviewing the facts, it's important to have a very strong framework for reviewing them.*

This perhaps also raises the question of whether BAT should acknowledge these conflicting reports when it presents its stance on PPS, to avoid any suspicion that it is withholding other points of view to further its own objectives.

Both stakeholders from the Commission and certain high-level stakeholders stress that information from all sources is needed to inform the debate on PPS, and that there is a need for as much data sharing as possible in order to generate consensus among European stakeholders on this issue:

*The important thing for the Commission is that we find the right health facts surrounding [public place smoking]. [They] have to be discovered and have to be acknowledged by all stakeholders.*

There is a clear consultation process planned by the Commission to bring together all the information available (ahead of the Green Paper on PPS), and stakeholders are very direct in their call for all information held on PPS to be made available to them during their review, including the information held by BAT.

One science and research stakeholder gives the example of a US paper that gives a historical review of all the studies conducted on harm reduction and smokeless tobacco since the 1970s. This could perhaps be a model for something similar in the area of ETS:

*It could be used as a basis for providing a comprehensive way to look at what information is available. A lot of people pick and choose what they review and cite. This is designed to present a comprehensive review.*

## Air quality

Stakeholders argue that there is a need for a broader approach to PPS, which does not focus on the issue of smoking *per se*, so much as on air quality and health as a whole.

*Go one layer above in terms of what the objective really is, and that's air quality. Tobacco smoking is just one of the ways of deteriorating air quality.*

*We shouldn't only focus on smoking because everybody knows that smoking is bad for your health – even BAT cannot neglect that. But life itself is a risk so what we should do is describe air standards – what do we want? And how can the smoking industry take part and provide, for smoking, the solution?*

One stakeholder likens the debate on smoking in public places to the equally unpopular topic of nuclear energy: although it is almost impossible to talk about nuclear energy as a topic by itself in EU institutions, it is possible to talk about energy solutions for the future, of which nuclear energy is part.

*What I miss in BAT's approach is that it is all focussed on smoking. I would prefer to have, if possible, a broader approach and then go down to what is the effect [of smoking] in this whole package ... There is, at the minute, a very bad image of smoking and it's easy for politicians to say 'no, we don't like it' [and ban it]. We need ventilation [though], not only to [remove] the smoke out of the air, but also to improve air quality [generally]. If you see how many people get sick from air conditioning, [you see that] there are a lot of other pollutants in the air. If you consider them too, then it's a whole package, and I think it's easier to find a solution and to define goals [at that level].*

This participant is interested in looking at the influence of smoking on air quality, and how air quality standards should be defined. Another stakeholder suggests a good place to start would be to look at the impact of smoking in creating air pollution, particularly in an indoor setting:

*If we are talking about air quality, there a lot of worrisome issues at the moment. We know, though, that in indoor air, smoking is one of the most prevalent pollutants, and it has the unique characteristic of being rather easy to act upon as compared to some of the others.*

Another stakeholder also wants to see “*what sort of investment BAT can make*” in the environmental tobacco smoke space. Rather than “*telling us how to regulate ETS*”, this stakeholder would like to see the company investing in programmes to reduce ETS and its impact, much as Diageo done with its inner city initiatives to address alcohol abuse (which has provided a basis for the company to engage EU stakeholders).

However, for at least one stakeholder, ventilation cannot entirely solve the problem. He thinks that ventilation is essential, both for the smoker and the non-smoker, but it will be hard to convince him that ETS is not harmful (even with good ventilation). His own air quality test found that in a restaurant where people were smoking (into the reading device), the air pollution level was 25 times that of the reading in his office. He is not convinced that ventilation systems can sufficiently improve air quality where people are smoking to eliminate the health risks he sees in ETS.

Overall, air quality is seen as one area in which BAT could take action, both on helping to define air quality standards and contributing to initiatives to improve air quality.

## Political involvement

A main topic of debate is whether or not political involvement is needed in regulating PPS. There are two main strands to this debate: firstly, whether public demand for political involvement is there; and secondly, whether any political involvement is best done at an EU level or at a member state level.

Most stakeholders seem to agree that there is public demand for action on PPS:

*In the country that I know best ... when people got used to having smoke-free environments at work, they are now requiring that also at home. It is very, very clear that there is public demand; that this is not only a technocratic thing [emerging] from Brussels.*

*Are the PPS bans demanded by public opinion, or is it a technocratic discussion that started only in Brussels? What we can see is that there is a demand, by the public, to have protection – and not only with regards to tobacco.*

*There is a general demand for protection, but then in which framework should we do that?*

*I do think that most people have been very welcoming of the bans.*

However, opinion is not unanimous and one stakeholder in particular is concerned that equal weight is not being given to all interested parties:

*Where I, as a politician, have problems is that it's always the emotional minority who is really shouting and demonstrating outside, which changes the minds of politicians. I think that the vast majority of EU citizens are happy with the status quo.*

In terms of where any political involvement should come from, it is clear that some stakeholders feel that their institutions have a role to play in PPS:

*My presence here is a testimony to the fact that the Commission is listening to all stakeholders. We honestly would want to hear all the opinions round the table. We would like to find as much consensus as possible.*

However, not all agree that this is a topic which necessitates EU involvement:

*As for an EU directive, or green paper at least, on air quality – from our party point of view, we wouldn't encourage that kind of thing. From [our] point of view, you want things to be handled at national, member-state level.*

There is particular apprehension regarding how the public in member states like Britain would react to EU directives on PPS (particularly given the strong media influence).

*The environmental standards have been implemented well in Britain, but with the tobacco issue, it really depends on how the media takes it. If people are going to grab it as 'we're going try and ban smoking at an EU level', I think that it won't be seen well, but if we are going to talk about air quality and some general standards, then I think it will [be seen well].*

There is a sense that the success of PPS initiatives depend to some extent on country specifics, and there are seen to be cultural differences in member states that are directly relevant to the PPS debate:

*Certainly in terms of Spanish society, I think it [a ban on PPS] would have a massive impact on how people socialise.*

According to one high-level stakeholder, this also applies in the case of companies deciding how to approach the issue of workplace smoking. While industry associations and business organisations can suggest an approach to their members (e.g. involving consultation with workers), it is seen as very much down to individual member companies to decide how they regulate this issue, and the outcome is expected to depend on a number of variables such as the cost of the proposed measures, workers' satisfaction and views, and the position and influence of trade unions, etc.

The implications of this cultural heterogeneity in determining what regulatory systems should be adopted do not seem clear cut for dialogue participants. Some feel regulation should be established at the EU level, some favour the idea of an EU framework within which member states could regulate PPS in their own countries, and others see scope for a more ad hoc set of agreements:

*There is no one-size-fits-all. Smoking, like drinking, is a question of lifestyles and there is a huge difference between smoking in Finland or in Italy and Spain. Our demand is to apply the principle of subsidiarity – to call for self-regulation or agreements between the stakeholders and the social partners, like in the Netherlands where you have tailor-made agreements with the hospitality sector ... It has been very pragmatic, and one can say, successful.*

Indeed, some of the existing systems in member states are felt to appropriately reflect the particular cultural context. The approaches of both Italy and Ireland are suggested as good examples by different stakeholders:

*In Italy, the fact that they thought it would be wise to have smoking rooms, or areas where smokers would actually be able to smoke, does not derive so much from the fact that they thought the quality of air in those rooms would be suitable for citizens, but derives from the need to strike a balance between public health and the survival of an industry and a cultural sector, which in Italy is extremely lively.*

*There has to be something for smokers. In Scotland there's nowhere for smokers to go except outside. In Ireland there is a compromise, there are some provisions for smokers. They shouldn't fear complete bans too much – maybe you should encourage Ireland as an example rather than Scotland.*

Additionally, among those who agree that political initiatives are needed at an EU level, there is debate on what form those interventions should take. A few stakeholders speak strongly against stringent restrictions and outright bans, feeling that regulation on PPS is going too far:

*I am in favour of, as the Italians say, vietato vietare – it's forbidden to forbid – because [if you forbid] you never will find a solution. That's why I'm always open to have a debate and to find a solution for all of us.*

*Bans never provide solutions and innovations, but goals do.*

*I think it's important to have alternatives. We're not banning a substance, we shouldn't be killing people by forcing them to go outside ... One of the most ridiculous sights you'll see in the UK is patients and nurses standing outside [a hospital], holding their drips, to have a cigarette. That can't be doing their health any good.*

*In the States, [the bans] will extend to homes and cars. Already it is extending to apartment buildings. It is going to go to cars with children in them – it will redefine child abuse.*

# Illicit Trade & Counterfeit Product

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## Summary

Overall, this is a less prominent issue for many stakeholders and it is only discussed briefly at the policy session, although several specialist stakeholders have wide-ranging expectations of BAT in this area.

Regarding illicit trade, specific expectations of BAT were discussed in relation to tracking and tracing legitimate product, co-operation with customs / border controls, raising consumer awareness of the dangers of counterfeit product and controls over machinery used in the manufacture of tobacco products. Opportunities for more collaboration were identified and more engagement in these issues at the CEO level was requested.

Stakeholders would like to see BAT take action on tracking and tracing of legitimate product, particularly widening the availability of readers of anti-counterfeit markers, exploring new technology to track product (including RFID), and demonstrating it has procedures to avoid over-supplying markets.

Stakeholders also identify areas where there are opportunities for BAT to co-operate more fully with customs and border controls, for example in sharing information on transports of legitimate product, and contributing to training sessions in how to identify counterfeit product. Stakeholders also suggest BAT contributes to the EU dialogues with countries such as Russia and the Ukraine on the issue of border controls.

Several opportunities are identified for BAT to engage on the issue of counterfeit product at the EU level since this is currently high on the agenda. Some stakeholders think there are opportunities for BAT to help prevent machinery used in the legitimate manufacture of tobacco products falling into the hands of counterfeiters. Stakeholders would also like to see BAT contributing to efforts to educate consumers on the dangers of counterfeit product, and helping to engage the media on such issues, ideally through cross-industry collaboration.

Across several areas, stakeholders raise opportunities for BAT to collaborate more with others, both within the tobacco industry and in other sectors. There is an openness to BAT contributing to these debates and stakeholders clearly want more engagement from the company on AIT and counterfeit products. There is even a certain pressure for BAT to match the example of Philip Morris, which is seen to be doing more in several areas due to its agreement with the EU on illicit trade.

Stakeholders would like to see more CEO-level engagement in the issue of illicit trade, to reinforce its importance and push it up the political agenda. Messages from the CEO are needed to support the engagement conducted at lower levels in Brussels.

## Priority Issues

Overall, Anti-Illicit-Trade is a less prominent issue for many stakeholders (it is only discussed briefly at the policy session). Nevertheless, clearly it is an issue that needs to be tackled at the European level and several specialist stakeholders have wide-ranging expectations of BAT in this area.

The priority issues raised by stakeholders are:

- The tracking and tracing of legitimate product;
- Co-operation with customs / border controls;
- Anti-counterfeit measures (particularly raising consumer awareness of the dangers of counterfeit product and controls over machinery used in the manufacture of tobacco products); and
- Collaboration and industry engagement.

There is an openness to BAT contributing to these debates and stakeholders clearly want more engagement from the company on AIT and counterfeit products. One stakeholder in the policy session would like to see commitment to more specific actions:

*The recommendations [from stakeholders in previous sessions] are vague. [I would like to see you] engaging more in the issues of counterfeit, and identifying priority actions in this area*

The importance of counterfeiting issues across several industries is highlighted in the dialogue session and one of the high-level interviews. Several opportunities are identified for BAT to increase its collaboration, both within the tobacco industry and outside it. Finally, there are calls for more CEO-level engagement in these issues to reinforce their importance.

On a point of definitions, these expert stakeholders see a clear distinction between contraband and counterfeit products (with BAT having at least partial control over the former issue) and while some similarities are acknowledged, some participants would like BAT to clearly differentiate between its approach to these two issues.

## Track & Trace

Stakeholders would like to see BAT take action on tracking and tracing of legitimate product. Philip Morris is seen as a leader in this area due to its EU agreement on illicit trade:

*With the Philip Morris agreement, if you find something then you know who to blame ... It's about a willingness to open your production chain to be transparent.*

*We had these discussions a couple of years ago with Philip Morris about marking products. Cigarettes are marked as dedicated for the Ukraine. It's as easy as ABC. It gives a clear indication for you when something is going wrong in your supply chain.*

In particular, some would like to see BAT widening the availability of readers of anti-counterfeit markers:

*Who has received these trackers? Where are they available? Which customs officers have received them? ... If you don't supply us with readers, what can customs officers do faced with crates of illicit product?*

Others would like BAT to explore new technology to track product, such as radio frequency identification (RFID), where the major benefit is seen as the ability to track product flow down to the individual item level, i.e. each packet of cigarettes:

*The limiting factor on you using this is presumably the cost ... At what point, given the economies of your losses, is that technology going to be a viable option for you to track and trace?*

While BAT is clearly examining the options in this area, and is keen to take time to ensure it adopts the best solution, it would perhaps be ideal to provide some demonstration of progress in this area, or at least to give an indication of the timescales when an enhanced track and trace system will be operational.

Stakeholders would like to see demonstrations that BAT knows its customers, and some suggest the focus should be here (rather than on technological solutions):

*If you know your first customer, do you know your second customer? What's stopping you from stopping the inflow into that market? ... Track and trace is not about technology, it is about knowing your customer and not over-supplying the market.*

Philip Morris is again quoted as an example of best practice in this area:

*Philip Morris has careful and proper checking of its supply chain. Wholesalers should be strictly examined on a daily basis.*

## Customs & Border Controls

Stakeholders also identify areas where there are opportunities for BAT to cooperate more fully with customs and border controls. Examples given include informing customs of the number of transports of legitimate product, and contributing to training sessions in how to identify counterfeit product:

*They need some training in Customs. It's confidential – you are protecting your product, but we are protecting the market. This sort of training is learning for us that something could go wrong at the border. You can inform us of the number of legal transports from the UK, then [we can tell that] all the rest are illegal.*

Stakeholders also raise the problems customs forces face in storing illicit product before cases come to court, and in destroying illicit product once the court decision has been made. There are suggestions that more support from companies like BAT in these storage and destruction activities could avoid seized products re-entering the market and help plug another source of illicit trade:

*Storage and destruction is a huge problem – it's physically a problem ... Simplified destruction has to be taken forward.*

*The flow is so high, every day we are picking up millions. Our rooms are bigger than this building and on a daily basis [it's full] ... First we have to wait for the court decision and then destroy these [illicit] products. Sometimes we are re-selling them, so this is one of the sources of the problems.*

The limited resources of customs forces are seen as an issue, and there is speculation about opportunities for BAT to contribute financial support for customs forces where appropriate:

*There should be specialist IP Officers in every port. There's three in Antwerp – they do an incredible job in difficult circumstances, but there's only three of them and the port's bigger than Brussels. Let's be realistic ... there needs to be more trained IP Officers on the ground.*

*What are these industries doing to contribute to the cost of destruction? ... Why should governments foot the bill?*

*There are some enforcement problems due to limited resources. It's not personnel, it might be a lack of computing equipment, etc. A solution could be looked at in areas of tension where they lack equipment or where better*

*equipment would improve the situation, and where the authorities can accept [financial support from companies].*

Stakeholders suggest BAT contributes to collective efforts such as the Commission's dialogues with countries such as Russia and the Ukraine, since industry input is welcomed at this sort of forum on specific issues such as weak border controls and corruption:

*The Commission has dialogues with the Ukraine and Russia – are you involved in these platforms? Have you been invited to contribute on these issues? How do you interact with these bodies? ... The Commission is very interested in what different industry sectors have to say ... it's a platform of opportunity. They are looking for pragmatic proposals to address specific concrete problems.*

One stakeholder in the policy session suggests more co-ordinated international policing of borders is needed, to combat illicit trade and also organised crime:

*There are weak border controls – people are on low salaries, it's understandable there is bribery ... Because police can't cross borders, co-operation is feeble. I have said we need an FBI for Europe, but that's not on the distant horizon.*

Nevertheless, some stakeholders think that tightening controls in one place will simply move illicit trade to other locations:

*If you go too hard in one place, they will find somewhere else because the profit and the market will still be there. You can find a solution to one place and one problem, [but] it will be there somewhere else another day.*

*If you move [illicit trade] from the Ukraine, it will move somewhere else.*

It is also pointed out that illicit trade via rail and shipping needs to be addressed as well as that using road transport. There are also seen to be opportunities for different customs forces to share best practice:

*Keep in mind rail and shipping also, they are base sources for huge smuggling of cigarettes ... You do not [always] need sophisticated equipment. There are some lessons we can share with others.*

## Counterfeit Product

Several opportunities are identified for BAT to engage on the issue of counterfeit product at the EU level. Stakeholders emphasise that the issues of counterfeiting and intellectual property rights are currently high on the EU agenda (particularly for DG TAXUD and DG Enterprise), and are on the priority list for the German presidency of the EU and the next round of the G8. The potential for engagement with the WCO Framework standards and other bodies such as OLAF is also mentioned, since *'there is huge support for enforcement'*:

*Counterfeiting and piracy (IP enforcement) is ... there as a priority.*

One stakeholder in the policy session suggests that because tobacco products are inhaled or ingested, the increased risk to consumer health from counterfeits could make the issue an even higher priority:

*Some types of counterfeit are worse than others. Sometimes the victim is [just] the companies ... but sometimes the victim is the health of consumers. For example, [counterfeit] pharmaceuticals – we don't know what's in it and it is sold innocently by pharmacists. Is that [issue of potential health risks] the same with tobacco? If so, that could push the issue up the agenda.*

In terms of direct BAT action, some stakeholders are pressing for BAT to help prevent machinery used in the legitimate manufacture of tobacco products falling into the hands of counterfeiters, and even see it as an area in which BAT could play a leading role in the tobacco industry:

*So you can assure me that all machines that are used by BAT are never sold, they are scrapped? Those machines can be bought on the black market and used for counterfeits ... Because acting against counterfeit is in the interests of the whole industry. Your comrades in arms [i.e. competitors] might follow that.*

*It only takes a second to buy the machinery, it's very easy to buy. [Restricting the availability of machinery] cannot solve the whole problem, but it's a part of it.*

Some stakeholders would like to see BAT pressing for the destruction of production equipment when counterfeiters are apprehended, perhaps lobbying for such measures to be included in the upcoming Criminal Sanctions Proposal:

*Something we've been asking for when we catch the counterfeiter, one of the sanctions we want to see in place, is the destruction of equipment. Either recalibration so it*

*produces another product in no way fake, otherwise total destruction. Legally it's not easy.*

However, the difficulty of achieving effective regulation on the issue at the EU level is recognised and some feel national regulation would be a more realistic proposal here:

*It's a good idea, but then [let's] come back to reality. [The Criminal Sanctions Proposal] is causing sovereignty problems throughout the Union. There's more chance at a national level.*

Stakeholders would also like to see BAT contributing to efforts to educate consumers on the dangers of counterfeit product:

*What are you doing on awareness raising among consumers and the dangers of [counterfeit] products? ... Some general messages are never communicated properly. We talk about them at these forums, but other people never hear them. What is the impact or cost [of counterfeit] – on industry, on Government, on the consumer?*

*If I put a fake packet [of cigarettes] in front of you today, if you can't tell [it's fake] as a member of BAT, how can the consumer know [whether] this is genuine?*

Some stakeholders see this as problematic given the restrictions on advertising and promotion of tobacco:

*A specific [consumer education] campaign on tobacco counterfeiting – how do you reconcile that indirect publicity for the product?*

The best route is seen to be collaboration with other industries who are already working on publicising counterfeiting issues, not least to address the concerns about incidental promotion of tobacco products. The FMCG, pharmaceutical, technology and clothing sectors are mentioned as similarly facing problems with counterfeit. BAT is urged to see the problem of counterfeit tobacco products as part of a wider consumer issue:

*Aircraft parts can also be counterfeits, so shouldn't we be raising awareness of the issue as a whole? ... Consumers don't know, I don't know – if I go into Carrefour, something will be fake. The local market is Christmas time for counterfeit.*

*Your problems are almost the same as every other industry. CDs, perfume, jeans – from the East, UK, Russia, on the internet. These industries don't want to admit it because*

*they don't want to alert consumers ... It would be more effective if you worked with other industries. If you got together and told national leaders the whole picture – it's terrifying the amount of revenue that is lost – you would perhaps get more action ... It would make your case much stronger if you worked with other industries which have exactly the same problems as you.*

The importance of engaging the media is also highlighted:

*We need to get the media on side, too. People hear most of their messages from the media nowadays. We need to get [the message about counterfeit] out there.*

The point that the issue of counterfeiting is often associated exclusively with luxury goods is seen as a barrier to wider consumer understanding, but there are seen to be some opportunities to convey appropriate messages about counterfeit products:

*It's OK when the consumer knows they're buying a fake bag, that's OK. But what can they do [if they don't know whether they are buying a genuine tobacco product]?*

*The message can sell – where is the money going? If you know you're buying a fake t-shirt, there's no excuse if you're told where the money is going and how it's produced. 'Give six or eight euros direct to the drug pusher – cut out the middle man'.*

However, messages on the increased health risk of counterfeit cigarettes are seen by some as problematic, in view of the health risks of the genuine product:

*There's health risks of counterfeit, but we don't know the risks of your [genuine] products.*

This stakeholder links the issue of the increased health risks of counterfeit products to the health risks of tobacco in general and the need for BAT to disclose ingredients. Although this line was not pursued by other stakeholders, this perhaps underlines the need for BAT to show a comprehensive overall strategy for responsible business when talking on any specific issue such as AIT, and to make links to other areas such as health and harm reduction clearly accessible, in order for its stance on specific issues to be credible.

## Collaboration & Industry Engagement

Across several areas, stakeholders raise opportunities for BAT to collaborate more with others, both within the tobacco industry and in other sectors to avoid

‘reinventing the wheel’. These include work groups and round tables organised by organisations such as UNICE and AmCham:

*Why aren't you working with others?*

*We get all the supply chain round a table, a multi-industry voice. It's a global world, we're sitting together and finding global solutions, coalition building ... What are you doing on sitting round a table with your competitors and others to find solutions?*

One stakeholder in the policy session calls on BAT (along with other industries) to make specific examples available to UNICE on the issue of border controls, so the organisation can take it up in dialogues with the relevant authorities:

*The Commission is asking for facts and figures. Some companies are reluctant to give them because of fear of retaliation from the countries ... We want every industry to feed into UNICE with specific cases.*

However, one stakeholder in particular would prefer more action to more discussion forums:

*For the last ten years we have been listening to the same speech. You can't fight counterfeit with words ... If I wanted to be provocative I'd say there were more coalitions than customs officers!*

There is even a certain pressure for BAT to match the example of Philip Morris, which is seen to be doing more in several areas (and the point that PMI made its agreement on illicit trade as part of having a legal case against them dropped, is not mentioned and does not seem to detract from the credit it is receiving in European circles for its stance on AIT). Examples cited of Philip Morris good practice include its agreement on track and trace, its collaboration with customs and its links to other agencies such as OLAF:

*If one company does it well, others are understandably reluctant to doing it straight after ... the Philip Morris agreement – could it be signed by your company? To start with just that part [on track and trace].*

*BAT [should] be in contact with companies like Philip Morris who have got good relations with Agencies, etc. OLAF is part of the Commission, it should be represented here. They deal specifically with smuggling issues.*

Some stakeholders would also like to see more CEO-level engagement in these issues, to reinforce their importance and push them up the political agenda. Messages from the CEO are needed to support the engagement conducted at

lower levels in Brussels, and stakeholders highlight the risk of conflicting CEO messages undermining the company's lobbying:

*What are you doing at the highest levels? Unless the Commission hears the message from the highest levels, otherwise they think it can't be important. That's what needs to happen to get the political will ... So much hard work is done by business in Brussels, but CEOs are not backing it up, they're giving different messages. You can do as much as you want at this level, but if it's not supported [by the CEO], it might not be working.*

# Dialogue Process & Reporting

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## Dialogue Process

Some points were also made on how BAT could engage with the Commission in general terms (rather than points specific to the issues discussed above). A few stakeholders praise BAT for undertaking this process of stakeholder dialogue:

*I would like to congratulate BAT on an impressive exercise, including many stakeholders, with a challenging product – it's very important.*

The issue of the participation of stakeholders less favourable to tobacco in the dialogue process is raised (as it has been in previous dialogue sessions at the plc level). Although the difficulty in engaging many of the company's critics is recognised, this is perhaps an issue where continued effort is needed to encourage wider participation and enhance the credibility of the dialogue process:

*This dialogue could be more balanced if it included the WHO and others*

*The biggest challenge is to convince those who are most sceptical that there is something in it for them [to balance] the reputational risk for them to participate*

Another stakeholder advises BAT to also consider the trade unions (on a European level) as stakeholders, since they can play a very important role in terms of workplace issues.

One stakeholder is keen to hear about the next steps BAT is planning, to ensure the dialogue is not a one-off and to communicate the resulting actions to stakeholders:

*Once you embark on this exercise, how do you follow up? You're raising the expectations of stakeholders. In six months to a year, what are your plans for feedback?*

Another stakeholder points out that as part of the dialogue process, society might ask BAT to do things which the company doubts are sensible or doubts will be effective. This stakeholder suggests that it might have to be part of BAT's strategy to do things that it does not think will have an effect, in order to be seen to be responding to societal demands.

*You'll hear lots of things you don't want to do ... Part of your strategy may be to do things you don't think will have any effect. Regulators won't ask this, but society might*

Another stakeholder in the policy session feels the discussion is too focused and limited to product-related issues. He would like the opportunity to discuss wider responsibility issues and a broader range of stakeholders:

*This debate seems too focused on defending your products and justifying yourselves as cigarette makers. There is a danger that you become the stakeholders of yourself. I was expecting the process to give voice to other stakeholders, e.g. employees, products that don't use pesticides, the relationships with tobacco growers, the respect of the communities where you manufacture. I haven't heard about these.*

Another stakeholder highlights the issue of environmental impact as his primary concern. He thinks that BAT must give back to nature and ensure that the production of cigarettes does not harm the environment. This means it has to concentrate on recycling, waste limitation and respecting nature. The stakeholder would like to receive information on BAT's activities in this area, such as its recycling, waste disposal and replanting programme, and would like to see details of how these initiatives benefit the earth.

One stakeholder points to the different challenges in the US on the harm reduction debate, and would like to see BAT engaging more there.

*We have to recognize the differences – the American vs. the EU perspectives – in terms of the paths progress will take. The challenges are different ... In the US the discussions on harm and harm reduction are very carefully orchestrated ... I wish BAT had more of a US presence.*

## Reporting

One stakeholder feels that BAT's Social Report is problematic for the reader as it is too extensive and detailed and therefore not readable. While it is felt to be complete and comprehensive, this does not encourage stakeholders to read the report. This stakeholder would prefer BAT to highlight certain issues, set objectives for the following year, and point out which previous objectives have been met and how. It is thought that this would be more likely to engage the European Commission and other stakeholders.