

CZECH REPUBLIC

2021

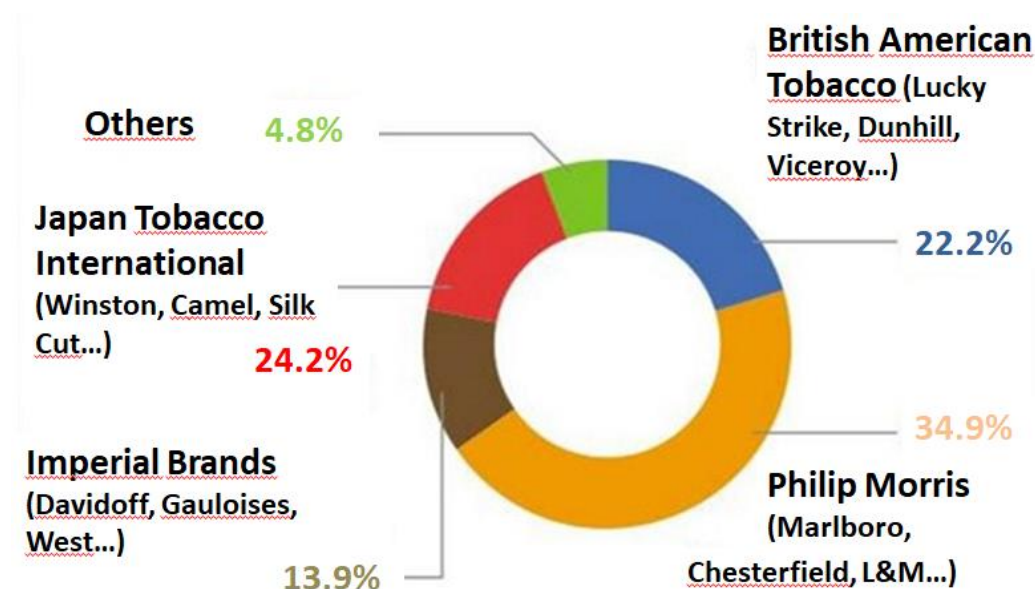
TOBACCO  
INDUSTRY  
INTERFERENCE  
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## Background and Introduction

The Czech Republic ratified the WHO Framework Convention on Tobacco Control (FCTC) on 1 June 2012 and since then has made progress in the implementation of the treaty. However, the progress has been hampered by interference from the tobacco industry. This is a report on the implementation of FCTC Article 5.3 guidelines,<sup>1</sup> based on the Tobacco Industry Interference Index developed by the Southeast Asia tobacco Control Alliance.

Cigarette consumption in the Czech Republic was 1,958 cigarettes per person annually in 2019, according to the Czech Statistical Office<sup>2</sup>. Main tobacco companies operating in the Czech Republic (CR) are Philip Morris International (PMI), British American Tobacco (BAT), Imperial Brands and Japan Tobacco International (JTI). Revenue from cigarettes amounts to US\$236.8m in 2020. The tobacco market is expected to grow annually by about 3 percent. Figure 1 shows cigarette market share of the 4 tobacco companies in the CR: PMI CR (34.9%)<sup>3</sup>, JTI (24.2%)<sup>4</sup>, Imperial Brands (13.9%)<sup>5</sup>, BAT (22.2%)<sup>6</sup>.

Figure 1: Cigarette market shares of tobacco companies in the Czech Republic<sup>3-6</sup>



<sup>1</sup> Article 5.3 Guidelines: [http://apps.who.int/iris/bitstream/10665/80510/1/9789241505185\\_eng.pdf?ua=1](http://apps.who.int/iris/bitstream/10665/80510/1/9789241505185_eng.pdf?ua=1)

<sup>2</sup> Czech Statistical Office. [The Czech Republic in numbers since 1989 - updated 8/28/2020. Cigarette consumption per capita in the Czech Republic] <https://www.czso.cz/csu/czso/graf-spotreba-cigaret-na-1-obyvatele-v-ceske-republice>

<sup>3</sup> Philip Morris ČR. MID-YEAR REPORT 2020: [https://www.pmi.com/resources/docs/default-source/czech-market/investors-relation/vyrocní-zpráva/pololetní%20AD-zpráva-2020.pdf?sfvrsn=69e4ffb4\\_8](https://www.pmi.com/resources/docs/default-source/czech-market/investors-relation/vyrocní-zpráva/pololetní%20AD-zpráva-2020.pdf?sfvrsn=69e4ffb4_8)

<sup>4</sup> JTI. [JTI in the Czech Republic]: <https://www.jti.com/cs/europe/czech-republic>

<sup>5</sup> Novinky.cz. [Czech branch of Imperial Tobacco's profit rose by 81 percent, Davidoff cigarettes contributed to this]. 9/Jan/2019: <https://www.novinky.cz/ekonomika/clanek/ceske-pobocce-imperial-tobacco-stoupl-zisk-o-81-procent-prispely-k-tomu-cigarety-davidoff-40267095>

<sup>6</sup> Investice.cz. [British American Tobacco doubled its profit in the Czech Republic]. 16/Nov/2020: <https://www.investice.cz/british-american-tobacco-se-zdvojnasil-zisk-v-cr>

Philip Morris is portrayed as one of the most attractive employers in the Czech Republic. In recent years it has regularly received the Top Employer award from the international organization Top Employers Institute.<sup>7</sup>

In 2019, researchers exposed how Czech celebrities and influencers have been actively promoting PMI's heated tobacco product, IQOS, in their posts and videos since 2018 on Instagram as a gateway to an aspirational, healthy, attractive and celebrity lifestyle.<sup>8</sup>

In the Czech Republic, the tobacco industry is a strong and stable business, recognized by Ministry of Finance by being awarded, conducted charity during the pandemic, enjoys important connection politics.

In 2020 throughout the COVID-19 pandemic, PMI claimed it "did not interrupt production for a moment and did not encounter any problems during it."<sup>9</sup> It described itself as, "A priceless partner" during the pandemic where, "Our overall financial and in-kind contribution to external stakeholders reached more than 16 million within the Czech Republic."

PMI also claimed, "We are also preparing a long-term plan for the recovery of the Czech economy in the Confederation of Industry and Transport, which is to be a set of measures that will help us cope with the difficult situation."<sup>10</sup>

This is the second report on the implementation of WHO FCTC Article 5.3 and shows there is no improvement. Tobacco industry interference in tobacco control policy remains a problem.

This report uses the questionnaire developed by the Southeast Asia Tobacco Control Alliance based on the Article 5.3 Guidelines. Information in this report is obtained from the public domain. A scoring system is applied to make the assessment. The score ranges from 0 - 5, where 5 indicates highest level of industry interference, and 1 is low or no interference. This report gathers evidence for the period January 2020 to March 2021.

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<sup>7</sup> Tetřevová L et al. [Corporate social responsibility of companies in socially sensitive sectors]. 2017. <https://www.grad.cz/spolecenska-odpovednost-firem-spolecensky-citlivyc-9432/>

<sup>8</sup> Hejlová D et al. Analysis of Presumed IQOS Influencer Marketing on Instagram in the Czech Republic in 2018–2019. Adiktologie. 2019. <https://adiktologie-journal.eu/wp-content/uploads/2019/10/kulhanek2.pdf>

<sup>9</sup> Viliam Buchert. The crisis has tested us but strengthened us in some ways, says Philip Morris boss. E15.cz. May 19, 2020. <https://www.e15.cz/rozhovory/krize-nas-proverila-ale-v-necem-i-posilila-rika-sefka-philip-morris-1369817>

<sup>10</sup> <https://www.e15.cz/rozhovory/krize-nas-proverila-ale-v-necem-i-posilila-rika-sefka-philip-morris-1369817>

## Summary Findings

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

There is minimal evidence that the tobacco industry is influencing policy. However, the actual National action plan National strategies for the prevention and reduction of harm associated with addictive behavior 2019-2021 includes key points of MPOWER WHO often in general formulation without concrete aims like conceptual plan on taxes, adoption of plain packaging in future, ban on point-of-sale advertisement or sale of tobacco products only in licensed shops.

### 2. INDUSTRY CSR ACTIVITIES

We did not find documented government support of CSR activities.

### 3. BENEFITS TO THE INDUSTRY

There are signs of communication between the Ministry of Finance and the tobacco industry in raising taxes. The Ministry of Finance, as well as the Ministry of Industry and Trade and the Ministry of Agriculture do not want to disrupt the business of the tobacco industry. They literally do not want to introduce tobacco control policies that could have an impact on the business outputs of tobacco companies (plain packaging, ban on advertising at the point of sale, sales in licensed stores, increasing the affordability of cigarettes).

Today, heated tobacco is only about a quarter of the excise tax, compared to how much people pay in the price of a pack of cigarettes. The tax is calculated differently - according to the weight of the tobacco.

### 4. UNNECESSARY INTERACTION

Top level government officials meet with/ foster relations with the tobacco companies such as attending social action. A representative of the tobacco company is a member of Board of Directors of the Confederation of Industry and Transport of the Czech Republic.

The Ministry of Finance sent the award to the twenty most important taxpayers including the tobacco industry.

### 5. TRANSPARENCY

A clear procedure needs to be established for publishing meetings/interactions with information that government officials may have with the tobacco industry.

### 6. CONFLICT OF INTEREST

There are four documented cases when former government officials form part of the tobacco industry.

### 7. PREVENTIVE MEASURES

Tobacco control is a multisectoral issue, thus not only Ministry of Health but also other relevant Ministries are involved in this field - Ministry of Finance, Ministry of Agriculture and Ministry of Industry and Trade. However, their commitments for highlighting of public health policies among other priorities such as commercial aspects differ. The ministries do not currently view the adoption of efficacy measures as important and even reject the discussion on the possible introduction of individual tobacco control policies in the future.

### **Recommendations**

1. The government as well as ministries' officials should disclose all records of interaction with the TI as well as publish all contacts with TI on its website
2. Tobacco control should be an issue under Ministry of Health. The number of employees included in tobacco control should be appropriate. All employees involved in tobacco control task should be trained.
3. A ministry that refuses to take effective tobacco control measures should substantiate its arguments with relevant sources.

# Czech Republic: 2020 Tobacco Industry Interference Index

## Results and Findings

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<b>INDICATOR 1: Level of Industry Participation in Policy-Development</b>						
1. The government <sup>11</sup> accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry <sup>12</sup> in setting or implementing public health policies in relation to tobacco control <sup>13</sup> (Rec 3.1)					4	
<p>In January 2020 the government of the Czech Republic approved national action plan National strategies for the prevention and reduction of harm associated with addictive behavior 2019-2021. It includes key points of WHO's MPOWER,<sup>14</sup> however often in general formulation only like "plain packaging - potential discussion will be considered in future" or "taxation - regular increasing" but without any concrete vision. Hence these measures have been delayed. It is important to emphasize that the main tobacco control policies like taxes, packaging of tobacco products and ban on advertising for tobacco products at the point of sale are under competition of Ministry of Finance, Agriculture and Minister of Industry and Trade - government bodies which do not publish potential contacts with tobacco industry (TI) although representatives of ministries admit that they are contacted by TI mainly before discussing some tobacco control policy in the Parliament or the Senate.</p> <p>The Ministry of Agriculture, which is responsible for the decree on the packaging of tobacco products, rejected plain packaging, stating that it will wait until 2021 for a statement from the European Commission to discuss a possible introduction. The Ministry of Agriculture does not reflect the submission of evidence, an open letter from the European company Smoke Free Partnership addressed to the Minister of Agriculture and its answer are available at <a href="http://www.slzt.cz">www.slzt.cz</a>.<sup>15</sup></p> <p>The Czech Ministry of Industry and Trade, which is responsible for regulating tobacco advertising, considers the introduction of a ban on advertising for tobacco products at the point of sale to be inappropriate: "Tobacco products are currently a legal commodity in the Czech Republic. Provided that a product is legally manufactured, distributed and sold, entrepreneurs cannot be prevented from providing information and promoting this product. However, the possibility of introducing a ban on advertising for tobacco products at the point of sale was discussed with the Minister of Industry and Trade and with regard to the rights of manufacturers and sellers of tobacco products this option is considered inappropriate."<sup>16</sup></p>						

<sup>11</sup> The term "government" refers to any public official whether or not acting within the scope of authority as long as cloaked with such authority or holding out to another as having such authority

<sup>12</sup> The term, "tobacco industry" includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

<sup>13</sup> "Offer of assistance" may include draft legislation, technical input, recommendations, oversees study tour

<sup>14</sup> World Health Organization. MPOWER: [https://www.who.int/tobacco/mpower/mpower\\_english.pdf](https://www.who.int/tobacco/mpower/mpower_english.pdf)

<sup>15</sup> [Society for the Treatment of Tobacco Dependence. Plain packaging of tobacco products in the Czech Republic]: <https://www.slzt.cz/novinky/jednotne-balení-tabakových-výrobků-v-cr-387>

<sup>16</sup> [Annex - summary final evaluation of the implementation of the Action Plan for Tobacco Control in the Czech Republic for the period 2015 to 2018 - information on the implementation of individual activities (status of implementation as of 12/2018)]: <https://ppo.mzcr.cz/upload/files/mps-kota-2019-vysledne-zaverecne-hodnoceni-akcniho-planu-v-oblasti-kontroly-tabaku-v-cr-2015-2018-priloha-k-zaverecnemu-hodnoceni-akcniho-planu-v-oblasti-kontroly-tabaku-2015-2018-5f16dfb99c438.pdf>

	0	1	2	3	4	5
2. The government accepts, supports or endorses <u>policies or legislation drafted</u> by or in collaboration with the tobacco industry. (Rec 3.4)				3		
<p>The bill for protection against harmful effects of addictive substances (including tobacco smoke) allow to smoke water pipe:  “...An exception for the use of hookahs arose from voting in the Chamber of Deputies of the Parliament of the Czech Republic. According to the parliamentary proposal, smoking hookahs is common in teahouses, which are already inextricably linked with their own,” said the Ministry of Health... According to the State Agricultural and Food Inspection Authority, a blanket ban on smoking could have "liquidating effects on teahouses, because the supply of hookah belongs to their characteristic features and forms a substantial part of sales," as Pavel Kopřiva, a spokesman for the iROZHLAS.cz server, wrote...”<sup>17</sup></p> <p>The Czech Ministry of Industry and Trade:  Tobacco products are currently a legal commodity in the Czech Republic. Provided that a product is legally manufactured, distributed and sold, entrepreneurs cannot be prevented from providing information and promoting this product. However, the possibility of introducing a ban on advertising for tobacco products at the point of sale was discussed with the Minister of Industry and Trade and with regard to the rights of manufacturers and sellers of tobacco products this option is considered inappropriate.”<sup>18</sup> This explanation is the same explanation as that used by tobacco industry uses to oppose regulation of tobacco.</p> <p>The final report of the RIA<sup>19</sup> on the bill on health protection against the harmful effects of tobacco, alcohol and other addictive substances included:  Impacts on the state budget and other public budgets: YES  Costs - the impact on the collection of excise tax due to the reduction of smoking in restaurants, resulting in an estimated 5% reduction in the consumption of tobacco products, could result in a state budget revenue of approximately CZK 2.1 billion (qualified estimate).  Impact on business entities: YES  Negative impacts can be expected on some businesses in the production, distribution and sale of tobacco products, electronic cigarettes, alcoholic beverages, etc., especially in connection with restricting the sale of these products and tightening the conditions related to the sale of related products. Reducing the consumption of tobacco products and alcoholic beverages can lead to a loss of profits in this industry. On the other hand, profits in other industries can be expected to increase.*  *Tobacco industry and the sale of tobacco products in the Czech Republic are still considered to be a normal commodity and a normal industry that should not be damaged.</p>						
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group	0					

<sup>17</sup> iRozhlas. [Cigarettes are smoked again in pubs thanks to water pipes. However, the exception does not apply to them].6/Feb/2018: [https://www.irozhlas.cz/zpravy-domov/hospody-vodni-dymka-na-cigarety-zakaz-koureni\\_1802061100\\_pj](https://www.irozhlas.cz/zpravy-domov/hospody-vodni-dymka-na-cigarety-zakaz-koureni_1802061100_pj)

<sup>18</sup> [Annex - summary final evaluation of the implementation of the Action Plan for Tobacco Control in the Czech Republic for the period 2015 to 2018 - information on the implementation of individual activities (status of implementation as of 12/2018) ]: <https://ppo.mzcr.cz/upload/files/mps-kota-2019-vysledne-zaverecne-hodnoceni-akcniho-planu-v-oblasti-kontroly-tabaku-v-cr-2015-2018-priloha-k-zaverecnemu-hodnoceni-akcniho-planu-v-oblasti-kontroly-tabaku-2015-2018-5f16dfb99c438.pdf>

<sup>19</sup> Government of the Czech Republic. [RIA Final Report to the bill on health protection against the harmful effects of tobacco, alcohol and other addictive substances]: <https://www.vlada.cz/assets/ppov/lrv/ria/databaze/ZZ-RIA-k-navrh-zakona-o-ochrane-pred-navykovymi-latkami.pdf>

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body that sets public health policy. (Rec 4.8)						
The government does not allow the tobacco industry to sit in government interagency committee that sets public health policy.						
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) <sup>20</sup> (Rec 4.9 & 8.3)		1				
The government does not have any representative of the tobacco industry in the delegation to the COP or any of its related meetings. <sup>21</sup>						
<b>INDICATOR 2: Industry CSR activities</b>						
5. A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. (Rec 6.2)						
B. The government (its agencies and officials) receives contributions <sup>22</sup> (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)				3		
At the very beginning of the pandemic, Philip Morris ČR a.s. allocated several million CZK to support several large central hospitals. Its contributions have been identified as indicated below: <ul style="list-style-type: none"> <li>procurement of lung ventilators and personal protection equipment (surgical masks, respirators, disposable gloves, disinfection etc.).</li> <li>ozone generators for ambulances of the Medical Rescue Service of the Central Bohemian Region.</li> <li>donated CZK 200,000 to the Kutná Hora Hospital, as part of the Kolín Regional Hospital, a.s.,</li> <li>a hospital in the Central Bohemian Region, for the purchase of personal protective equipment. In addition,</li> <li>funding to Czech Association of Nurses for the recovery activities of nurses and other non-medical hospital staff involved in the care of patients with COVID-19 disease.”<sup>23</sup></li> </ul> Three Prague hospitals (one of them is state) received a donation of over seven million to fight coronavirus. The extraordinary fund was managed by the Charter 77 Foundation - Barriers Account. <sup>24</sup>						
<b>INDICATOR 3: Benefits to the Tobacco Industry</b>						
6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be				3		

<sup>20</sup> Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

<sup>21</sup> [https://www.who.int/fctc/cop/sessions/cop8/LOP\\_Final.pdf?ua=1](https://www.who.int/fctc/cop/sessions/cop8/LOP_Final.pdf?ua=1)

<sup>22</sup> political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

<sup>23</sup> Philip Morris ČR. Mid-year report 2020.

[https://www.pmi.com/resources/docs/default-source/czech-market/investors-relation/vyrocnizpravy/pololetn%C3%AD-zpr%C3%A1va-2020.pdf?sfvrsn=69e4ffb4\\_8](https://www.pmi.com/resources/docs/default-source/czech-market/investors-relation/vyrocnizpravy/pololetn%C3%AD-zpr%C3%A1va-2020.pdf?sfvrsn=69e4ffb4_8)

<sup>24</sup> Prague daily. 8/Apr/2020. [Three Prague hospitals will receive a donation of over seven million to fight coronavirus]. [https://prazsky.denik.cz/zpravy\\_region/prazske-nemocnice-darem-koronavirus-20200408.html](https://prazsky.denik.cz/zpravy_region/prazske-nemocnice-darem-koronavirus-20200408.html)



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implemented within 1 month) (Rec 7.1)						
<p>In May 2019, the government approved a proposal for an amendment to the Excise Duties Act on increasing of excise taxes on tobacco products from January 1, 2020. The Parliament approved the amendment in December 17, 2019. The effective date of the amendment was January 1, 2020, while the tobacco excise tax was granted a two-month grace period, in which the 2019 tax rates were still used. The new excise tax rate was effectively applied since March 1, 2020.<sup>25</sup></p> <p>Tax increase on heated tobacco products was defeated. The proposal did not pass in the Senate. The head of the largest Czech tobacco company warned that such a change would slow down the transition of domestic smokers from cigarettes to a safer alternative.<sup>26</sup></p> <p>Tax on heated tobacco is only about a quarter of the excise tax, compared to what people pay in the price of a pack of cigarettes. The tax for heated tobacco is calculated differently - according to the weight of the tobacco.<sup>27</sup></p> <p>Flavored cigarettes including vanilla, blueberry and other varieties deemed to appeal to young demographics had been banned under EU regulations from 2018. Menthol cigarettes also fell under this ban, but were given a two-year exemption.<sup>28</sup></p> <p>Tobacco promotion is still allowed, including contests. BAT's electronic cigarettes are promoted online and sold via a special system for retailers.<sup>29</sup></p>						
7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)						5
<p>April/2019: "The state has lost hundreds of millions of heating cigarettes. An analysis that they could not be taxed, but they do not": A new type of cigarette that does not light up but only heats up is not subject to excise duty. This is how the Ministry of Finance approached Philip Morris' HEETS products. The state has been able to collect hundreds of millions in excise duty over the last two years. The customs administration and the ministry do not have an analysis that excise duty does not have to be paid on this tobacco. The new law was not adopted until a year and a half after its launch. At the same time, for example, in Slovakia, these cigarettes were taxed immediately.<sup>30</sup></p>						

<sup>25</sup> Philip Morris ČR. Annual report 2019:

[https://www.pmi.com/resources/docs/default-source/czech-market/investor-relations-en/annual-report/annual-report-201930b455bd6c7468f696e2ff0400458fff.pdf?sfvrsn=b9c03db4\\_4](https://www.pmi.com/resources/docs/default-source/czech-market/investor-relations-en/annual-report/annual-report-201930b455bd6c7468f696e2ff0400458fff.pdf?sfvrsn=b9c03db4_4)

<sup>26</sup> Hospodářské noviny. 10/Dec/2020. [Smokeless cigarettes were in danger of jump price increase. However, the proposal in the Senate did not pass].

<https://archiv.ihned.cz/c1-66856420-cigaretam-bez-dymu-hrozi-skokove-zdrazeni>

<sup>27</sup> iDnes.cz. 14/Sep/2020. [Cigarettes and tobacco will become more expensive. The ministry needs more money from excise].

[https://www.idnes.cz/ekonomika/domaci/cigarety-tabak-spotrebni-dan-ceny-zdrazeni-kuraci-ministerstvo-financi-rozpocet.A200913\\_201450\\_ekonomika\\_wass](https://www.idnes.cz/ekonomika/domaci/cigarety-tabak-spotrebni-dan-ceny-zdrazeni-kuraci-ministerstvo-financi-rozpocet.A200913_201450_ekonomika_wass)

<sup>28</sup> Expats.cz. Czech Republic raises cigarette prices by more than 10 crowns per pack, bans menthols. 2/Mar/2020: <https://news.expats.cz/weekly-czech-news/czech-republic-raises-cigarette-prices-by-more-than-10-crowns-per-pack-bans-menthols/>

<sup>29</sup> BAT partners terms and conditions:

<https://translate.google.com/translate?hl=en&sl=cs&u=https://myglo.cz/assets/podminky-programu-glo-partners-2019.pdf&prev=search>

<sup>30</sup> iRozhlas. [The state lost hundreds of millions of crowns from heating cigarettes. Analysis that it was not possible to tax them, but it does not]. 7/Dec/2020: [https://www.irozhlas.cz/zpravy-domov/heets-zahrivany-tabak-celni-sprava-ministerstvo-financi-analyza-spotrebni-dan\\_1904090600\\_tec](https://www.irozhlas.cz/zpravy-domov/heets-zahrivany-tabak-celni-sprava-ministerstvo-financi-analyza-spotrebni-dan_1904090600_tec)

Ministry of Finance and Tobacco industry:

December/2019: "Cigarettes and tobacco should increase in price in the coming years, excise duty will rise": "...The Ministry of Finance plans to increase the excise tax on tobacco and cigarettes in the years 2021 to 2023. The Ministry of Finance announced it. According to it, the growth of rates will correspond to the expected growth in the volume of wages and salaries in the economy. According to the November forecast of the ministry, they should grow by 5.2 percent in 2021 and by 4.7 percent in 2022.... "This plan represents the certainty and predictability that the tobacco industry has called for. The plan is proposed for three years and, as with the current proposal for 2020, it will not increase affordability," said the Ministry of Finance. ... The Ministry of Finance has already presented the plan for the years 2021 to 2023 to representatives of the tobacco industry. The statement of tobacco companies shows that the Ministry of Finance should be reluctant to set new rates in the coming years due to the jump in the tax next year. Otherwise, according to them, there is a risk of an increase in the black market. They generally welcome the long-term plan to increase excise duty..."<sup>31</sup>

May/2020: Philip Morris will produce menthol cigarettes in Kutná Hora even after the sale ban, they will go for export.<sup>32</sup>

25.5.2020 "According to economists, the government could give more money to the economy.



The state is not a money machine, Havlíček opposes" About how to do business in the Czech Republic discussed (from left): Czech Fund Chief Economist Lukáš Kovanda, Deputy Prime Minister, Minister of Industry and Trade and Minister of Transport Karel Havlíček, British American Tobacco CEO for the Czech Republic and Slovakia Štěpán Michlíček and owner of C2H, Pietro Filipi and Kara, Michal Mička. In the middle, moderator Jana Niedermeierová. Štěpán Michlíček from BAT also agreed with the conclusions of the research, with one reservation: "It is also important for us that the business environment in the Czech Republic is

<sup>31</sup> iDnes. [Cigarettes and tobacco should become more expensive in the coming years, excise duty will be raised]. 13/Dec/2019: [https://www.idnes.cz/ekonomika/domaci/cigarety-tabak-zdrazeni-spotrebni-dan.A191213\\_111923\\_ekonomika\\_cern](https://www.idnes.cz/ekonomika/domaci/cigarety-tabak-zdrazeni-spotrebni-dan.A191213_111923_ekonomika_cern)

<sup>32</sup> Fio bank. [Philip Morris will produce menthol cigarettes in Kutná Hora even after the sale ban, they will go for export]. 14/May/2020: <https://www.fio.cz/zpravodajstvi/zpravy-z-burzy/239000-philip-morris-bude-v-kutne-hore-vyrabet-mentolove-cigarety-i-po-zakazu-prodeje-pujdou-na-export>

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more predictable, especially in the area of excise duty. We would welcome a greater balance of excise duty between individual categories of goods." <sup>33</sup>						

#### INDICATOR 4: Forms of Unnecessary Interaction

8. Top level government officials (such as President/ Prime Minister or Minister <sup>34</sup> ) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests. (Rec 2.1)				3		
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‘TOP Responsible Company 2020’ award: This award is described as “most prestigious award in the field of sustainable business and responsible behaviour of companies.” It is under the patronage of the Chamber of Deputies of the Parliament of the Czech Republic, Confederation of Industry and Transport.<sup>35</sup>

Philip Morris CR a.s. is repeatedly awarded by the Ministry of Finance and the General Finance Directorate as one of the twenty most important corporate taxpayers.<sup>36</sup>

May/2020: “Salvation for the region? Production with higher added value” Governor Jaroslava Pokorná Jermanová, her Deputy with competition for finance area and European Funds area Gabriel Kovács (both ANO) and the Director of the Central Bohemian Innovation Center met to discuss with members of employers' unions on how to support business in the region affected by the coronavirus crisis and contribute to its recovery.



The invitation was accepted by Irena Bartoňová Pálková, Vice President of the Czech Chamber of Commerce, Andrea Gontkovičová, Member of the Board of the Confederation of Industry and Trade of the Czech Republic from the tobacco company Philip Morris, and Jiří Belinger, Vice-Chairman of the Association of Small and Medium-Sized Enterprises and Crafts CZ.<sup>37</sup>

<sup>33</sup> Hospodářské noviny. [According to economists, the government could give more money to the economy. The state is not a money machine, Havlíček opposes]. 25/May/2020: <https://archiv.ihned.cz/c1-66768180-stat-by-mohl-pumpovat-do-ekonomiky-vyrazne-vice-penez>

<sup>34</sup> Includes immediate members of the families of the high-level officials

<sup>35</sup> Business for Society. 30/Jun/2020 [TOP Responsible company 2020]. 25/May/2020: <https://byznysprospolecnost.cz/top-odpovedna-firma-2020/>

<sup>36</sup> Financial management. 16/Jun/2021 [Twenty of the TOP most important corporate income tax payers received the award]. <https://www.financnisprava.cz/cs/financni-sprava/media-a-verejnost/tiskove-zpravy/2021/top-20-11522>

<sup>37</sup> Berounský deník. [Salvation for the region? Production with higher added value]. 28/May/2020: <https://berounsky.denik.cz/z-regionu/spasa-pro-kraj-vyroba-s-vyssi-pridanou-hodnotou-20200528.html>

	0	1	2	3	4	5
<p>May/2020: "Return to work - a safe workplace during coronavirus": Press conference of the Confederation of Industry and Transport of the Czech Republic on the topic Return to work - a safe workplace during and after coronavirus. The Deputy Minister of Health Roman Prymula, the Vice President of the Association Milena Jabůrková, the General Director Philip Morris Andrea Gontkovičová and Jiří Prokop from Škoda Auto will take part.<sup>38</sup></p> <p>"Experts agree: The public does not know about water problems in the Czech Republic": With the support of the Ministry of the Environment, a new communication platform Water, the basis of life, is being launched": Director of External Relations and Communications of JTI is also the chairman of the board of Water Foundation of Life. Under the auspices of the Minister of the Environment, he founded the vodazakladzivota.cz server.<sup>39</sup></p>						
<p>9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities) (Rec 4.3)</p>	0					
<p>There is no publicly available record showing the government accepting assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors.</p>						
<p>10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) NOTE: <i>This must not involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</i></p>			2			
<p>There is no publicly available record of the national government accepting or entering into a partnership or agreements with the tobacco industry.</p> <p>However, at the sub-national level, Philip Morris CR signed a Memorandum of Cooperation with Association of Hotels and Restaurants and Karlovy Vary. "In order to fulfill the Karlovy Vary - City without Smoke project, the municipality counts on cooperation with a number of other entities - such as hotel and spa facilities in the city, transport companies, schools but also, for example, cigarette manufacturers who have activities aimed at reducing the risk of cigarette smoking. The philosophy of the project follows the three points of Philip Morris' UNSMOKE campaign: (1) do not start if you do not smoke; (2) if you smoke, stop, for example with the help of experts; (3) if you don't want to quit, consider less dangerous alternatives."<sup>40</sup></p>						
<b>INDICATOR 5: Transparency</b>						
<p>11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation. (Rec 2.2)</p>						5
<p>Currently there is no procedure in place for public disclosure of disclose meetings/ interactions government officials may have with the tobacco industry in cases where such interactions are strictly necessary for regulation.</p>						

<sup>38</sup> Czech Press Agency. [Return to work - safe workplace during coronavirus - LIVE].21/May/2020: <https://www.ceskenoviny.cz/zpravy/tk-navrat-do-prace-bezpecne-pracoviste-v-dobe-koronaviru-zive/1893586>

<sup>39</sup> Ministry of the Environment of the Czech Republic. [Experts agree: The public does not know about water problems in the Czech Republic. With the support of the Ministry of the Environment, a new communication platform Water, the basis of life, is being launched]. 18/Mar/2016: [https://www.mzp.cz/cz/news\\_160318\\_Voda\\_pracovni\\_prilezitosti](https://www.mzp.cz/cz/news_160318_Voda_pracovni_prilezitosti)

<sup>40</sup> Karlovy Vary City Hall. [Karlovy Vary wants to be the first "Smoke-free City" in the Czech Republic]. 13/Jun/2019: <https://mmkv.cz/cs/aktuality/karlovy-vary-chteji-byt-prvnim-mestem-bez-koure-v-cr>

	0	1	2	3	4	5
12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists (Rec 5.3)						5
Currently there is no procedure or requirement in place for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists.						
<b>INDICATOR 6: Conflict of Interest</b>						
13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions. (Rec 4.11)						5
The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or disclosure of these contributions.						
14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)			2			
<p>In 2020, there is no record of retired senior government officials joining the tobacco companies upon their retirement. However previous examples show that this remains a problem.</p> <p>MEP Martin Hlaváček - In 2012, Deputy Minister of Agriculture of the Czech Republic. From 2013 to 2015, he served as a member of the Board of Directors and Director of External Relations at Philip Morris Tobacco Company. Member of the European Parliament since 2019, non-partisan for the government movement ANO 2019.<sup>41</sup></p> <p>Petr Šebek, a member of Board of Director Philip Morris CR - He began his career with Philip Morris ČR a.s. in 2011 as a Manager Regulatory and Fiscal Affairs, followed by the positions of Manager Corporate Affairs for Slovakia and Director Communications for the Czech Republic, Slovakia and Hungary. Prior to joining Philip Morris ČR, he held several positions in public sector at the Region of South Bohemia and the European Parliament.<sup>42</sup></p> <p>Jan Procházka - currently External Affairs Manager of Philip Morris International from 2014 until now. From 2003 to 2009, he worked at Ministry of Industry and Trade of the Czech Republic as a Director, Department of Coordination with the European Union. Then he was a head of Financial and Trade policy Unit and represented the Czech Republic to the European Union from 2009 to 2014.<sup>43</sup></p> <p>Martin Jareš - currently Manager Fiscal Affairs at Philip Morris International from Mar 2017 until now. From Sep 2015 to Feb 2017, he worked at Ministry of Finance of the Czech Republic as a Head of Corporate Income Tax Unit. From 1998 to 2011, he worked at Ministry of Finance of the Czech Republic, from Jan 2011 to Oct 2012 as Director of Tax Policy and Administration Strategy.<sup>44</sup></p>						

<sup>41</sup> Members of European Parliament:

[https://www.europarl.europa.eu/meps/cs/197526/MARTIN\\_HLAVACEK/home](https://www.europarl.europa.eu/meps/cs/197526/MARTIN_HLAVACEK/home)

<sup>42</sup> Petr Šebek: <https://www.linkedin.com/in/petrsebek/>

<sup>43</sup> Jan Procházka: <https://www.linkedin.com/in/jan-proch%C3%A1zka-23ab371b8/?originalSubdomain=cz>

<sup>44</sup> Martin Jareš: <https://www.linkedin.com/in/martin-jare%C5%A1-4390873/>

	0	1	2	3	4	5
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)	0					
There is no record of current government officials holding any positions in the tobacco business.						
<b>INDICATOR 7: Preventive Measures</b>						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives. (Rec 5.1)						5
There is no procedure in place yet to disclose the records of interactions with the tobacco industry and its representatives.						
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry. (Rec 4.2)						5
There is no code of conduct in place to guide officials when dealing with the tobacco industry.						
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. (5.2)				3		
<p>Since April 15, 2019, there is a registration of economic operators involved in Tobacco trade.<sup>45</sup></p> <p>Law on lobbying, conflict of interest is being prepared, currently in the Parliament/Chamber of Deputies (Document of the Chamber No. 565). The aim of the act is to make corporate lobbyists (including tobacco industry) report their activities and cliental. Article 5.3 FCTC will be taken into account. The planned entry date of this Act was the 1 January 2021, but the law has long overdue and it is uncertain whether it will be approved by the election.<sup>46 47</sup></p>						
19. The government has a program / system/ plan to consistently <sup>48</sup> raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)			2			
<p>In the official report to the COP, the government reported that the Ministry of Health promoted Article 5.3 during consultations on the preparation of the draft act on lobbying; the government approved draft rules in February 2018. Aim of the act will be to make lobbyists report their activities so that the law can address corruption, conflict of interest and clientelism. Article 5.3 (and its guidelines) should be taken into account, as appropriate. Final draft act was submitted to the government end of 2018.<sup>49</sup></p>						

<sup>45</sup> State Securities Printer: <https://stc.cz/en/?s=tobacco&lang=en>

<sup>46</sup> EUR-Lex Access to European Union law: [https://www.ecb.europa.eu/ecb/legal/pdf/cz\\_25\\_2019-osz-kor\\_1.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/cz_25_2019-osz-kor_1.pdf)

<sup>47</sup> Aktuálně.cz. 13/May/2021[Political movement ANO and Pirates are in a hurry with the Lobbying Act. It could also apply to the president's advisers]. <https://zpravy.aktualne.cz/domaci/zakon-o-lobbovani/r~b9a6c59cb32911ebbfd0cc47ab5f122/>

<sup>48</sup> For purposes of this question, “consistently” means: a. Each time the FCTC is discussed, 5.3 is explained. AND b. Whenever the opportunity arises such when the tobacco industry intervention is discovered or reported.

<sup>49</sup> 2018 - Core questionnaire of the reporting instrument of WHO FCTC: [https://untobaccocontrol.org/impldb/wp-content/uploads/Czech\\_Republic\\_2018\\_report-1.pdf](https://untobaccocontrol.org/impldb/wp-content/uploads/Czech_Republic_2018_report-1.pdf)

	0	1	2	3	4	5
This Act shall enter into force on 1 January 2021. The Act is a general law on lobbying and not specifically on Article 5.3. <sup>50</sup> According to the report submitted by the government to the COP in 2020, Article 5.3 was promoted by the Ministry of Health during consultation of the preparation of the draft act on lobbying (Document of the Chamber No. 565) The aim of the act is to make lobbyist (including the tobacco industry) report their activities and limit interactions with the industry. <sup>51</sup>						
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives. (3.4)						5
The government has not put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry including offers of assistance, policy drafts, or study visit invitations. Non-specific rules are included in the Code of ethics for public administration officials and employees. <sup>52</sup>						
<b>TOTAL</b>						<b>61</b>

<sup>50</sup> EUR-Lex Access to European Union law: [https://www.ecb.europa.eu/ecb/legal/pdf/cz\\_25\\_2019-osz-kor\\_1.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/cz_25_2019-osz-kor_1.pdf)

<sup>51</sup> 2020 - CORE QUESTIONNAIRE OF THE REPORTING INSTRUMENT OF WHO FCTC. [https://untobaccocontrol.org/impldb/wp-content/uploads/Czech\\_2020\\_WHOFCCTReport.pdf](https://untobaccocontrol.org/impldb/wp-content/uploads/Czech_2020_WHOFCCTReport.pdf)

<sup>52</sup> Ministry of the Interior of the Czech Republic. [Code of Ethics for Public Administration Officials and Employees]: [https://www.cuzzs.cz/userfiles/documents/Legislativa/Eticky\\_kodex\\_uredniku\\_a\\_zamestnancu\\_verejne\\_spravy.pdf](https://www.cuzzs.cz/userfiles/documents/Legislativa/Eticky_kodex_uredniku_a_zamestnancu_verejne_spravy.pdf)