

GEORGIA

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TOBACCO  
INDUSTRY  
INTERFERENCE  
INDEX

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## Background and Introduction

Georgia has a population of 3.7 million,<sup>1</sup> of which smoking prevalence among males is 57% and females is 12.2%.<sup>2</sup> The World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) entered into force for Georgia on 15 May 2006.<sup>3</sup> The most recent and comprehensive legislative changes were made in May 2017, and most regulations took effect on 01 May 2018. These changes were led by the Healthcare Committee of the Parliament of Georgia and the authored by Tobacco Control Alliance in Georgia. Other contributors include the National Center for Diseases Control, medical associations, non-governmental organizations (NGOs), the Public Defender, the WHO local and European offices, Campaign for Tobacco Free Kids, European Network for Smoking Prevention and other stakeholders.<sup>4</sup>

### Status of tobacco control

In general, current regulations prohibit smoking in public places and public transport with a few exemptions. A complete ban on tobacco advertising, promotion and sponsorship entered into force since May 1, 2018 and outdoor display ban entered into force since September 1, 2018, and indoor tobacco product displays will enter into force on 01 January 2021. Plain packaging has been mandated since 01 January 2018. However, the parliament postponed plain packaging to 31 December 2022 due to efforts made by Philip Morris International (PMI), together with American Chamber of Commerce. This happened in July 2017, just a few days before the visit to Georgia of United States Vice-President Michael Pence, who is well known for his links to the tobacco industry.<sup>5 6 7 8 9</sup>

According to the new changes, the Law obliged Government to adopt a special decree “on Protecting the State Policy Related to Tobacco Control in Public Institutions and Establishing the Rule of Communication of State Servants with the Tobacco Industry” (to implement the article 5.3 of FCTC) before July 1, 2018.<sup>10</sup>

The National Center of Diseases Control of Georgia (NCDC) together with Tobacco Control Alliance in Georgia prepared draft of the abovementioned Decree and was submitted to the concerned governmental offices before June 2018. It was then sent for approval to the Administration of the Primer-Minister in July 2018, but unfortunately it is still under consideration. The Tobacco Control Alliance in Georgia assumes, that the delay is because of the tobacco industry’s serious influence on the Georgian government.<sup>11</sup> The situation in this regard was heard on the Post Legislative Scrutiny (PLS) on the Law of Georgia “on Tobacco Control”

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<sup>1</sup> National Statistics Office of Georgia. Population and Demography. Jan1, 2020.

<https://www.geostat.ge/en/modules/categories/316/population-and-demography>

<sup>2</sup> National Centre for Diseases Control of Georgia. STEPS Survey – Georgia. 2016.

<https://www.ncdc.ge/Handlers/GetFile.ashx?ID=4c558bf2-4b06-4fd6-a5af-5c98e85c321c>

<sup>3</sup> United Nations. WHO Framework Convention on Tobacco Control Members

<sup>4</sup> Evaluating health and economic impact of tobacco control law in Georgia. Dec 2019. DOI: 10.13140/RG.2.2.31764.53124

[https://www.researchgate.net/publication/341278009\\_Evaluating\\_health\\_and\\_economic\\_impact\\_of\\_tobacco\\_control\\_law\\_in\\_Georgia\\_Report\\_on\\_Georgian](https://www.researchgate.net/publication/341278009_Evaluating_health_and_economic_impact_of_tobacco_control_law_in_Georgia_Report_on_Georgian)

<sup>5</sup> Georgian Law on Tobacco Control. Tbilisi, 2017. <https://matsne.gov.ge/document/view/1160150?publication=3>

<sup>6</sup> WHO/Euro. New law on cigarettes and tobacco coming into effect in Georgia. 01.05.2018.

<http://www.euro.who.int/en/countries/georgia/news/news/2018/5/new-law-on-cigarettes-and-tobacco-coming-into-effect-in-georgia>

<sup>7</sup> Changes in the Law on Tobacco Control, 26.07.2017. <https://matsne.gov.ge/ka/document/view/3754138?publication=0>

<sup>8</sup> Ministry of Foreign Affairs of Georgia, 30.06.2017. <https://mfa.gov.ge/News/%E2%80%8Bashsh-is-vice-prezidenti-saqartvelos-oficialuri-v.aspx>

<sup>9</sup> Think Progress. Mike Pence, cigarette truth. 14.07.2016. <https://archive.thinkprogress.org/mike-pence-cigarette-truth-4b89e9304759/>

<sup>10</sup> Ibid

<sup>11</sup> Georgian Public Broadcasting Company. Statement of the Tobacco Control Alliance in Georgia. 03.04.2019.

<https://1tv.ge/news/tambaqos-kontrolis-aliansi-ganckhadebas-avrclebs/>

by the Healthcare and Social Issues Committee of the Parliament of Georgia from March to June 2019. The Parliament came up with special recommendations on the issue, which await adoption in a future session.<sup>12</sup>

### **Tobacco industry in Georgia**

The world's top three transnational tobacco companies, Philip Morris International (PMI) Georgia LLC, British American Tobacco (BAT), and Japan Tobacco International (JTI), Imperial Tobacco all have businesses in Georgia. JTI has been operating in Georgia since 2000. In 2011, JTI Caucasus LLC was established in Tbilisi to operate as the regional hub for Armenia, Azerbaijan, and Georgia.<sup>13 14</sup> According to the Revenue service of Georgia, the transnational tobacco companies bought 98% of excise marks in 2019, meaning they have dominant share of Georgian market last year, while locals' share was 40% in 2018 and it is around 26% during first quarter of 2020. The transnational tobacco companies still control the bulk of the Georgian market.<sup>15</sup>

The FCTC Implementation and Monitoring Center in Georgia – FCTC IMCG (Coordinator of the Tobacco Control Alliance in Georgia) has constantly monitored tobacco industry interference since 2004.

### **Tobacco industry interference in Georgia**

During of Shevardnadze's Presidency (1995-2003), the main lobbyists of tobacco industry (TI) were members of the family of President and the Minister of Interior Affairs. During of Saakashvili's time (2004-2012), the main lobbyist of TI was the Minister of Reforms Mr. Kakha Bendukidze, who also was a leader of an autocratic liberal economy in Georgia. Mr. Bendukidze made total de-regulation of tobacco related issues. During 2005-2006 years, all licenses related to tobacco production, sale, import and export were abolished, also tobacco taxes has been decreased, barriers were created for the ratification of the FCTC and then adoption of new tobacco control regulations, etc.<sup>16</sup>

Since 2013, the institutional supporters and lobbyists of tobacco industry interests in government include the Ministry of Economy and Sustainable Development (MoESD), together with the Business Ombudsman's Office (BOO). The MoESD has a special state program "Produce in Georgia" which supports production of local tobacco since 2014.<sup>17</sup> The MoESD Deputy Ministers permanently support tobacco industry interests on governmental level and in the Parliament.<sup>18 19</sup>

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<sup>12</sup> Post legislative scrutiny (PLS) on the Law of Georgia "on Tobacco Control" – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

[http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis\\_komit\\_broshura\\_ENG\\_PRINT](http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis_komit_broshura_ENG_PRINT)

<sup>13</sup> Shalutashvili Al., et al. Tobacco Economic Study in Georgia since the Fall of the Soviet Union. September 2007. FCTC Implementation and Monitoring Center in Georgia.

[https://www.researchgate.net/publication/332231011\\_Tobacco\\_Economic\\_Study\\_in\\_Georgia\\_since\\_the\\_Fall\\_of\\_the\\_Soviet\\_Union](https://www.researchgate.net/publication/332231011_Tobacco_Economic_Study_in_Georgia_since_the_Fall_of_the_Soviet_Union)

<sup>14</sup> Ross Hanna and Bakhturidze George. Georgia: Controlling Illicit Cigarette Trade. Technical Report of the World Bank Group. Editor: Sheila Dutta. December 2018. <http://pubdocs.worldbank.org/en/482091549635012834/WBG-Tobacco-IllicitTrade-Georgia-v2.pdf>

<sup>15</sup> Revenue Service of Georgia. Tobacco excise marks issued in 2018, 2019 and I quarter of 2020. May 2020. <https://www.rs.ge/5905>

<sup>16</sup> Newposts. 17.04.2014. <https://www.newposts.ge/?newsid=36604>

<sup>17</sup> Governmental Decree N365, 30.05.2014 on "adoption of State program regarding "Produce in Georgia". <https://matsne.gov.ge/ka/document/view/2362780?publication=0>

<sup>18</sup> Reporter. 05.05.2014. <http://reportori.ge/old/geworld.ge?menuid=2&id=25411>

<sup>19</sup> Liberali. 29.09.2014. <http://liberali.ge/news/view/12396/giorgi-bakhturidze-tambaqos-kontroli-gantskhadebebis-doneze-rcheba>

The Business Ombudsman's Office of Georgia often has meetings and consultations with tobacco industry representatives. They come up with legislative proposals favorable to the tobacco industry and send it to the government and the parliament. Tobacco Control Alliance in Georgia pushes for the abolition of this structure, which causes disease and deaths and encourages corruption in the country.<sup>20 21 22</sup>

In January 2019, BAT Georgia said it faced two main issues: the first is taxation because of the excise taxes imposed on filtered cigarette doubled since 01 January 2019. BAT complained that the government never announced any radical increase in excise tax.<sup>23</sup> The second issue is regulation at retail outlets, especially the ban on pack display. There are 12,000 retail shops selling tobacco and more than 8,000 of them are located in Tbilisi. BAT revealed that they have contracts with retailers paying them to display their brands. All forms of promotion were banned since 01 May 2018, but all transnational corporations (BAT, PMI and JTI) regularly violate these regulations by keeping contracts with retailers and promoting their products through promotions inside points of sale. The Revenue Service of Georgia is mandated to respond to or investigate such violations. However, the Revenue Service is not that effective so much so that the Parliament asked the Patrol Police to be involved in this matter in 2019.<sup>24</sup>

In 2018, PMI, through Business Association of Georgia (BAG), tried to request for an exemption of its IQOS product from the ban on promotion and get permission to have special shops for IQOS. However, the request was ignored by the Healthcare Committee of the Parliament.<sup>25 26</sup> But PMI found supporters among some Members of the Parliament, such as Irakli (Dachi) Beraia, Sulkhan Makhatadze, David Songulashvili, Irakli Mezurnishvili and Guram Macharashvili, who initiated the same changes as BAG in June 2019.<sup>27</sup> The Healthcare Committee of the Parliament refused to support the initiative. The changes only related to the definition of e-cigarette, heated tobacco and novel products as it is defined in the appropriate EU Directive 2014/40/EU. The pictorial health warnings for heated tobacco products will be obligatory by 01 January 2022.<sup>28</sup>

The Ministry of Finance introduced regulations that limited the packing of Roll Your Own (RYO) tobacco to 50-gram and 100-gram packs only. Also, excise taxes were imposed on row tobacco, which are at around USD 20 per kilogram for domestic RYO tobacco or for domestically manipulated RYO containing imported row tobacco and USD 40 per kilogram of imported RYO tobacco.<sup>29</sup>

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<sup>20</sup> The Business Ombudsman's Office of Georgia, 2020.

<https://businessombudsman.ge/ka/search?q=%E1%83%97%E1%83%90%E1%83%9B%E1%83%91%E1%83%90%E1%83%A5>

<sup>21</sup> Annual Report of the Office of Business Ombudsman of Georgia-2018. <https://bit.ly/2XmhEBO>

<sup>22</sup> Qronika Plus. Tobacco Industry-the serial killer. 09.07.2018. <http://qronikaplus.ge/?p=16255>

<sup>23</sup> Forbes Georgia. Transforming tobacco in a regulated environment. 10 January 2019.

<https://forbes.ge/news/6722/Transforming-Tobacco-in-a-Regulated-Environment>

<sup>24</sup> The Parliament of Georgia. Post legislative scrutiny (PLS) on the Law of Georgia "on Tobacco Control" – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

[http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis\\_komit\\_broshura\\_ENG\\_PRINT](http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis_komit_broshura_ENG_PRINT)

<sup>25</sup> Business Association of Georgia. <https://bag.ge/ge/search>

<sup>26</sup> Commersant. 25.12.2018. <https://commersant.ge/ge/post/komitetma-tambaqos-kontrolis-kanonshi-bag-is-iniciativaze-uari-tqva>

<sup>27</sup> Imedi News. Tobacco Control Alliance critique regarding softening regulations on e-cigarettes. 16.09.2019.

<https://imedinevs.ge/ge/politika/116567>

<sup>28</sup> Changes in the Law on Tobacco Control, N 5128-Is; 16.10.2019.

<https://matsne.gov.ge/ka/document/view/4680943?publication=0>

<sup>29</sup> The Parliament of Georgia. Changes in the Law on Tobacco Control and Tax Code N 07-3/372/9. <https://info.parliament.ge/#law-drafting/18384>

BAG presented the same legislative proposal to the Parliament again in January 2020 but as with the previous one, the Healthcare committee dismissed the proposal in February 2020.<sup>30</sup> Unfortunately, after the unresponsive decision of the US's FDA from July 7<sup>31</sup>, BAG made announcement and criticized previous decisions of the Parliament of Georgia regarding rejection of promotion of e-cigarettes and heating tobacco products (including IQOS). PMI through BAG would like to address to new Parliament (new Parliamentary elections preliminary will be held in Oct 2020) for getting of permission of the IQOS promotion.<sup>33</sup>

Another front group of TI – the Georgian Retailers Association (GRA) sent legislative proposal to the Parliament and Government in June 2020. They are requesting to postpone internal display ban of tobacco products by two years (it should enter into force due to Jan 1, 2021). The Tobacco Control Alliance responded to the GRA and has addressed to their main donor USAID to stop funding of the GRA the aim of which is to promote healthy Georgian Production and instead they are supporting to death product.<sup>34</sup>

### **Tobacco industry promotes its image publicly**

On 13 February 2020, PMI received prize from Top Employers Institute as Top Employer Company.<sup>35</sup>

On 18 February 2020, JTI held an unlawful sponsorship event for media representatives. The Tobacco Control Alliance investigated the case, and together with the partners from the Unfairtobacco, published a special article on the issue on 06 April 2020.<sup>36</sup> The organizer of the event, Center for Strategic Research and Development of Georgia (CSR DG), issued a special statement on the issue and announced that CSR DG fully and publicly opposes any support and popularization of tobacco, its consumption or production.<sup>37</sup> The FCTC IMCG reported JTI's violation to the Revenue Service. At present, it is still waiting for Revenue Service's official reaction.

The TV Pirveli program invited BAT representatives, who promoted their e-cigarette “Glo” in March 2020. FCTC IMCG applied to the Communication Commission on the fact of violation of Ads Law.<sup>38</sup>

### **Tobacco industry during COVID-19 pandemic**

During the COVID-19 crisis, all transnational tobacco corporations in Georgia (BTA, JTI and PMI) donated USD 30,000 each to the special StopCov Fund. The Government then publicised a list of companies who donated to the StopCov Fund, under heading “Organizations with high social responsibility”. The FCTC IMCG advised the government not to accept their donation as it would make the Government beholden to the interest of the tobacco industry. After the NCDC and Tobacco Control Alliance efforts, the government took out all logos of PMI, JTI

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<sup>30</sup> The Parliament of Georgia. 2020. <https://info.parliament.ge/#law-drafting/19623>

<sup>31</sup> The US Food and Drug Agency (FDA) decision on IQOS marketing, 07.07.2020. <https://www.fda.gov/news-events/press-announcements/fda-authorizes-marketing-iqos-tobacco-heating-system-reduced-exposure-information>

<sup>32</sup> Tobacco Free Kids and other US medical organizations Statement, 07.07.2020. [https://www.tobaccofreekids.org/press-releases/2020\\_07\\_07\\_fda-iqos-risk](https://www.tobaccofreekids.org/press-releases/2020_07_07_fda-iqos-risk)

<sup>33</sup> Business Media Georgia, 08.07.2020. <https://bm.ge/ka/article/fda-s-gadawyvetileba-iqos-tan-dakavshirebit-nika-nanuashvilis-mosazreba-/60020>

<sup>34</sup> 1TV. 03.07.2020. <https://1tv.ge/news/tambaqos-industria-parlamentshi-akhali-sakanonmdablo-iniciativit-shesvlas-gegmavs/>

<sup>35</sup> Forbs-Georgia, 13.02.2020. <https://forbes.ge/news/7751/filip-moris-saqarTvelo>

<sup>36</sup> Unfairtobacco. April 6, 2020. <https://bit.ly/2ZvVcsI>

<sup>37</sup> Center for Strategic Research and development of Georgia (CSR DG): <http://new.csrdg.ge/6155-2/>

<sup>38</sup> TV Pirveli, 06.03.2020. Promotion of Glo by BAT. <https://www.facebook.com/watch/?v=805333736639750>

from the Fund's site.<sup>39 40 41</sup> Unfortunately, most media channels covered the donation from the tobacco industry and promoted their businesses.<sup>42 43 44 45</sup> The FCTC IMCG urged the Revenue Service to investigate the case and penalize the violators since the promotion of tobacco products or their producers is strictly prohibited since 01 May 2018.

### **Local tobacco producers lobby decision makers**

With regard to local tobacco producers, one of the biggest local producers of tobacco is JSC “Tbilisi Tobacco”, which has operated since 1998 and produces the local brand “Pirveli”.<sup>46</sup> The second biggest local producer is “Omega Group Tobacco (OGT)” established in 1999.<sup>47</sup> The OGT stopped production of tobacco products last year after a scandal was exposed in media before Presidential election in Oct 2018.

In 2015, in response to the growing gap between filtered and non-filtered cigarettes, abovementioned local manufacturers began to manufacture non-filtered cigarettes with an elongated empty end suitable for inserting filters. The filters are offered separately at the point of sale free of charge. This tax avoidance mechanism saves a company 1.1 GEL (USD 0.45) for every pack of cigarettes (based on 2018 tax rates) and encourages downward substitution that increases the affordability of cigarettes. Though these unlawful operations, the state budget losses around 10 million USD in revenues per year.<sup>48</sup>

In parallel, local manufacturers filed cases in court against PMI and BAT in 2016, because these international tobacco companies kept reducing prices, despite the tax increases since 2013. The first level court rendered a decision ordering PMI to pay around 40 million USD for “Tbilisi Tobacco” and 100 million USD for “OGT” in 2017. However, the appellate court dismissed the suit from the local manufacturers and reversed the decisions of first level court.<sup>49 50</sup>

In autumn of 2018, during of presidential elections in Georgia, the OGT publicized scandalous materials and information through their TV Channel “Tberia TV”. The Transparency International Georgia (TIG) Office investigated a corruption charge involving negotiations between high officials and local manufacturers. The main author of the idea was Ivane Chkhartisvili, former Minister of Economy and multimillionaire and real owner of “Tbilisi Tobacco”. After that scandal, the ruling party lashed out on TIG. Then head of ruling party and

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<sup>39</sup> StopCov Fund of Georgia. <https://stopcov.ge/en/Links>

<sup>40</sup> Global Center for Good Governance in Tobacco Control. Tobacco Industry's COVID Donations vs Economic Cost of Tobacco. April 23, 2020. <https://ggtc.world/2020/04/23/tobacco-industrys-covid-donations-vs-economic-cost-of-tobacco/>

<sup>41</sup> Tobacco Control Alliance's Statement, 06.04.2020. <https://www.interpressnews.ge/ka/article/593895-tambakos-kontrolis-aliansi-tambakos-industria-mgvrie-cqalshi-tevzis-dacheras-cdilobs/>

<sup>42</sup> Comersant, 23.03.2020. <https://comersant.ge/ge/post/filip-moris-saqartvelo-covid-19-is-winaagmddeg-brdzolisatvis-100-000-lars-gamoyofs-2>

<sup>43</sup> TV Pirveli, 30.03.2020. <https://bm.ge/ka/video/biznesis-socialuri-pasuxismgebloba-da-covid-19/17652/>

<sup>44</sup> BMG, 23.03.2020. <https://bm.ge/ka/article/quotfilip-moris-saqartveloquot-covid-19-is-winaagmddeg-brdzolisatvis-100-000-lars-gamoyofs/51860/>

<sup>45</sup> TV Pirveli, 23.03.2020. <https://bm.ge/ka/video/quotfilip-moris-saqartveloquot-covid-19-is-winaagmddeg-brdzolisatvis-100-000-lars-gamoyofs/17529>

<sup>46</sup> Tbilisi Tobacco web source: <http://www.tbilisitobacco.ge/>

<sup>47</sup> Omega group tobacco-OGT. <https://bit.ly/2Xr2iMI>

<sup>48</sup> Ross Hanna and Bakhturidze George. Georgia: Controlling Illicit Cigarette Trade. Technical Report of the World Bank Group. Editor: Sheila Dutta. December 2018. <http://pubdocs.worldbank.org/en/482091549635012834/WBG-Tobacco-IllicitTrade-Georgia-v2.pdf>

<sup>49</sup> Netgazeti, 10.02.2017. <https://netgazeti.ge/news/183477/>

<sup>50</sup> Netgazeti, 09.06.2017. <https://netgazeti.ge/news/200134/>

former Prime-Minister of Georgia, billionaire Bidzina Ivanishvili announced that “we wanted to have cheap cigarettes on the market, special shops for this product ...”.<sup>51 52 53 54</sup>

After the abovementioned scandal, the process stopped. However, in 2019, it was revived when two members of the Parliament again Guram Macharashvili (who was speaker of the initiative drafted by the PMI in 2019) together with Goga Gulordava proposed a draft prepared by “Tbilisi Tobacco”. The change in the Law on “Tobacco control” considers allowance for packing of RYO tobacco in 15 grams too, which will make the product more affordable especially for the youth. Most smokers will switch from one type of cigarette to cheap one, which violates obligations under the FCTC, mentioned EU Tobacco Products Directive and the principle of the Law on “Tobacco Control”.

The Parliament organized the first hearing in its 17 March 2020 session, which was an extraordinary one due to the COVID-19 pandemic. The healthcare committee, as the lead committee, has organized a second hearing in 18 May 2020 and ignored the proposal. However, this does not guarantee that the Parliament will not approve it on its session.<sup>55 56</sup> Georgia still is under a state of emergency, but the interest of the local manufacturer is higher than public health interest. The Parliament is not giving priority to adopt recommendations made during of Post legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control”, which finished in June 2019.<sup>57</sup> The Tobacco Control Alliance demanded from the initiators the withdrawal of their legislative initiative. Otherwise, the Alliance will endorse the matter to the General Prosecutor for the investigation of MPs’ links to the tobacco industry. The Alliance also urged the Parliament to adopt the recommendations of the PLS at their next session.<sup>58 59</sup>

### **The case of influence of Gambling Business on tobacco control measures.**

Smoking is allowed only in casinos under the new regulations adopted in May 2017. The Georgian Gambling Association asked Parliament in April 18, 2018 to allow smoking in all gambling premises. The Tobacco Control Alliance distributed a statement asserting that the gambling business, as a criminal business, has no right to be involved in tobacco control policymaking process. The chairperson of the Georgian Gambling Association is the former General Director of “Tbilisi Tobacco” Zurab Beruashvili. The Association filed a case with the court against Tobacco Control Alliance to require it to retract its statement regarding criminal character of gambling business. The court of first instance dismissed the suit of Association. The Association appealed the dismissal. The case was set for hearing on 26 March 2020, but was

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<sup>51</sup> Qronika Plus. “Stop the Corruption” disclosures ruling party “Georgian Dream”. 29.09.2018. <http://qronikaplus.ge/?p=16669>

<sup>52</sup> Kvisir Palitra. Secret schemes of Vano Chkhartishvili. 01.10.2018. <https://www.kvirispalitra.ge/economic/46853-vano-chkhartishvilis-sigaretis-saidumlo-sqema-gza-romlithac-thambaqos-biznesi-filtrian-sigaretis-ufiltrod-asaghebs.html>

<sup>53</sup> Transference International Georgia. Smoke of Corruption: The Grand Scheme to Allocate the Tobacco Market. 03.10.2018. <https://www.transparency.ge/en/blog/smoke-corruption-grand-scheme-allocate-tobacco-market>

<sup>54</sup> OC Media. Georgia’s ruling party lashes out at NGOs over Omega tapes criticism. 10.10.2018. <https://oc-media.org/georgia-s-ruling-party-lashes-out-at-ngos-over-omega-tapes-criticism/>

<sup>55</sup> The Parliament of Georgia. Changes in “Tobacco Control” Law. 2020. <https://info.parliament.ge/#law-drafting/19518>

<sup>56</sup> The Parliament of Georgia. Announces of the Healthcare Committee. 2020. <http://parliament.ge/ge/saparlamento-saqmianoba/komitetebi/djanmrteobis-dacvisa-da-socialur-sakitxta-komiteti-149/anonsi1150/18-maisijandacva180520.page>

<sup>57</sup> Post legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control” – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

[http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis\\_komit\\_broshura\\_ENG\\_PRINT](http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis_komit_broshura_ENG_PRINT)

<sup>58</sup> Rustavi 2. Statement of the Tobacco Control Alliance. 16.06.2020.

<http://web1.rustavi2.ge/ka/news/164643?fbclid=IwAR1P38jva9jTwZ9iBMgsGIEMAdG5FEyU4xq4MpGVGgHS8IRpOWYBEO5qVr4>

<sup>59</sup> Kvisir Palitra. Statement of the Tobacco Control Alliance. 16.06.2020. <https://www.kvirispalitra.ge/public/64901-qthambaqos-kontrolis-aliansi-ganckhadbas-avrcelebs.html?fbclid=IwAR2zVNijl8lfQYbG5388SIoEzoq2l1UEGBOwbN-nI4rBZ7qX2BYreXmDvEQ>

postponed due to the COVID-19 situation.<sup>60 61</sup> In the meantime, the Georgian Parliament partially considered proposal from the Gambling Association and allowed smoking in some of slot-clubs where 20 or more slot machines are operated and paying GEL 200,000 (60,000 USD) per year as license fees. This regulation is effective since 13 December 2018.<sup>62</sup>

The Tobacco Control Alliance in Georgia, together with other stakeholders, continue to battle with tobacco industry and monitor policy or decision-makers having ties with this criminal business, which kills 11,400 Georgians every year and creates serious negative impact on economic development of the country and exacerbates problems related to COVID-19.<sup>63 64</sup>

This report uses the questionnaire developed by the Southeast Asia Tobacco Control Alliance based on the Article 5.3 guidelines. Information used in this report is obtained from the public domain only. A scoring system is applied to make the assessment. The score ranges from 0–5, where 5 indicates the highest level of industry interference. Hence, the lower the score, the better for the country.

## Summary Findings

### 1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

Tobacco Industry (TI) intensively participates in policy development processes. This business has strong support from the economic arm of the Government and Parliament. Keen supporters and lobbyists of TI include the Ministry of Economy and Office of Business Ombudsman of Georgia.

### 2. INDUSTRY CSR ACTIVITIES

TI is not allowed to organize CSR actions and support any physical or judicial person. Georgia has no regulations regarding charity. This means that it is possible for TI to make donations as long as there is no promotion of their company or their deadly products. During of COVID-19, all transnational tobacco corporations working in Georgia (BTA, JTI and

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<sup>60</sup> Qronika plus, 12.12.2018. <http://qronikaplus.ge/?p=17267>

<sup>61</sup> 1TV, 17.04.2019. <https://1tv.ge/news/sasamartlom-saqartvelos-satamasho-biznesis-asociaciis-sarcheli-ar-daakmayofila/>

<sup>62</sup> Law of Georgia on “Tobacco Control”. Updated in 16.10.2019.

<https://matsne.gov.ge/ka/document/view/1043717?publication=161>

<sup>63</sup> Investment Case for Tobacco Control in Georgia. 29.08.2019.

<https://www.undp.org/content/undp/en/home/librarypage/hiv-aids/investment-case-for-tobacco-control-in-Georgia.html>

<sup>64</sup> WHO statement: Tobacco use and COVID-19. 11.05.2020. <https://www.who.int/news-room/detail/11-05-2020-who-statement-tobacco-use-and-covid-19>

PMI) donated to the special StopCov Fund at USD 30,000 each, and in the process promoted their business although it is responsible for the death of 11,400 Georgians every year.

### **3. BENEFITS TO THE INDUSTRY**

The Ministry of Economy and Sustainable Development has a special state program called “Produce in Georgia” which supports production of local tobacco since 2014.

### **4. UNNECESSARY INTERACTION**

Unnecessary interaction of TI with Governmental officials or Members of Parliament happens and they have direct and unlimited relations and communications.

### **5. TRANSPARENCY**

No transparency exists in the relations between TI and state institutions. A draft Decree on “Protecting the State Policy Related to Tobacco Control in Public Institutions and Establishing the Rule of Communication of State Servants with the Tobacco Industry” was prepared in June 2018. However, the draft still awaits the approval of the Georgian Government. The reason for this delay is the TI’s broad influence on the government.

### **6. CONFLICT OF INTEREST**

A former Minister of Economy owns a local tobacco manufacturing company and influences current Government to create a profitable environment for his business. Relatives of current government officials hold positions in the tobacco business.

### **7. PREVENTIVE MEASURES**

No preventive measures exist yet. The government has not adopted or implemented a code of conduct for public officials, to prescribe the standards when dealing with the TI.

## **Recommendations**

1. Adopt the draft Governmental Decree “on Protecting the State Policy Related to Tobacco Control in Public Institutions and Establishing the Rule of Communication of State Servants with the Tobacco Industry” as soon as possible.
2. Disallow participation of the tobacco industry in public health policy setting and implementation.
3. Ban and de-normalize CSR and charitable activities from the tobacco industry.
4. Disclose all records of meeting with the tobacco industry and
5. Implement a code of conduct for public officials to guide them when dealing with the tobacco industry.

# 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>65</sup> accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry <sup>66</sup> in setting or implementing public health policies in relation to tobacco control <sup>67</sup> (Rec 3.1)   |   |   |   |   | 4 |   |
| <p>The tobacco industry, including local or international companies, has serious ties with Georgian policy or decision-makers.</p> <p>The Business Ombudsman's Office of Georgia has regular meetings and consultations with tobacco industry representatives. They draft pro-TI legislative proposals and send it to the government and the parliament.<sup>68 69 70</sup></p> <p>In 2017, a draft bill was presented by the Tobacco Control Alliance to the Parliament which contained basic tobacco control provisions, such as ban on smoking in all closed public and working places with few exemptions; prohibition of tobacco-products advertising, promotion and sponsorship; increase in the size of health warnings from 30 percent to 65 percent; display ban of tobacco products; and plain packaging. The draft was adopted in 17 May 2017, but most new regulations entered into force on May 1, 2018. One of the serious problems the Georgian community faced was date of execution of plain packaging.</p> <p>The Parliament postponed plain packaging to 31 December 2022 from the original date of 01 January 2018. This is due to efforts made by PMI, together with American Chamber of Commerce, and it happened just a few days before the visit of US Vice-President Mike Pence's visit to Georgia in July 2017. Notably, US Vice President Pence is famous for his links to Tobacco Industry.<sup>71 72 73 74 75</sup></p> |   |   |   |   |   |   |

<sup>65</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>66</sup> The term, "tobacco industry" includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

<sup>67</sup> "Offer of assistance" may include draft legislation, technical input, recommendations, oversees study tour

<sup>68</sup> The Business Ombudsman's Office of Georgia, 2020.

<sup>69</sup> Annual Report of the Office of Business Ombudsman of Georgia-2018. <https://bit.ly/2LVDJBT>

<sup>70</sup> Qronika Plus. Tobacco Industry-the serial killer. 09.07.2018. <http://qronikaplus.ge/?p=16255>

<sup>71</sup> Georgian Law on Tobacco Control. Tbilisi, 2017. <https://matsne.gov.ge/document/view/1160150?publication=3>

<sup>72</sup> WHO/Euro. New law on cigarettes and tobacco coming into effect in Georgia. 01.05.2018.

<http://www.euro.who.int/en/countries/georgia/news/news/2018/5/new-law-on-cigarettes-and-tobacco-coming-into-effect-in-georgia>

<sup>73</sup> Changes in the Law on Tobacco Control, 26.07.2017. <https://matsne.gov.ge/ka/document/view/3754138?publication=0>

<sup>74</sup> Ministry of Foreign Affairs of Georgia, 30.06.2017. <https://mfa.gov.ge/News/%E2%80%8Bashsh-is-vice-prezidenti-saqartvelos-oficialuri-v.aspx>

<sup>75</sup> Think Progress. Mike Pence, cigarette truth. 14.07.2016. <https://archive.thinkprogress.org/mike-pence-cigarette-truth-4b89e9304759/>

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| <p>All forms of tobacco promotion were banned since 01 May 2018. However, all transnational corporations (BAT, PMI and JTI) constantly violate these regulations by keeping contracts with retailers and promoting their products through actions inside points of sale. The Revenue Service of Georgia is obliged to investigate or fine such violations, but the agency failed in its mandate so much so that the Parliament involved the patrol police in this matter in 2019.<sup>76</sup></p> <p>PMI, through the Business Association of Georgia (BAG), proposed legislative changes to the Parliament several times. The proposals were mostly ignored by the legislative body during the 2018-2020 period.<sup>77</sup> The BAG presented the same legislative proposal to the Parliament again in January 2020, but in February 2020, the Healthcare committee again ignored their proposal.<sup>78</sup></p> <p>In January 2019, new changes in tax code came into force. The excise tax on a pack of 20 filtered or unfiltered cigarettes has been set at 1.70 lari (100 tetri = 1 lari). Previously, unfiltered cigarettes were taxed at the rate of 60 tetri for a pack of 20 cigarettes. The <i>ad valorem</i> tax for local manufacturers was kept at 10% but was increased to 30% for imported cigarettes.<sup>79</sup> Tax equilibration on filtered and non-filtered cigarettes was the reaction of the ruling party to the scandal raised by the “Omega Group Tobacco-OGT” in Oct 2018, which was before the Presidential election.<sup>80 81 82 83</sup> BAT, PMI and JTI are still battling for the decrease in <i>ad valorem</i> tax.<sup>84</sup> The result of the pressure from the tobacco industry was the reason for the government not to include increased tax rates on tobacco products during of adoption of the 2020 state budget.<sup>85</sup></p> |   |   |   |   |   |   |
| <p>2. The government accepts, supports or endorses policies or legislation <u>drafted</u> by or in collaboration with the tobacco industry. (Rec 3.4)</p>  |   |   |   |   | 4 |   |
| <p>Sometimes, it happens and we already provided several facts from PMI and local manufacturers, who would like to weaken the comprehensive and effective regulations, which are in place since May 2018. These regulations have the support of more than 85% of the population.<sup>86</sup> Guram Macharashvili (who was speaker of the initiative drafted by the PMI) and Goga Gulordava, who are members of the Parliament, again introduced a draft prepared by “Tbilisi Tobacco”. The change in the Law on “Tobacco control” considers allowance of packing RYO tobacco in 15 grams too, which will make the product affordable for the youth. This will induce most smokers to switch from one type of cigarette to a cheaper one, violating</p>  |   |   |   |   |   |   |

<sup>76</sup> The Parliament of Georgia. Post legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control” – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

[http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis\\_komit\\_broshura\\_ENG\\_PRINT](http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis_komit_broshura_ENG_PRINT)

<sup>77</sup> The Parliament of Georgia. Changes in the Law on Tobacco Control and Tax Code N 07-3/372/9.

<https://info.parliament.ge/#law-drafting/18384>

<sup>78</sup> The Parliament of Georgia. 2020. <https://info.parliament.ge/#law-drafting/19623>

<sup>79</sup> Tax Code of Georgia. Updated 17.03.2020. <https://matsne.gov.ge/ka/document/view/1043717?publication=161>

<sup>80</sup> Qronika Plus. “Stop the Corruption” disclosures ruling party “Georgian Dream”. 29.09.2018. <http://qronikaplus.ge/?p=16669>

<sup>81</sup> Kvisir Palitra. Secret schemes of Vano Chkhartishvili. 01.10.2018. <https://www.kvisirpalitra.ge/economic/46853-vano-chkhartishvili-sigarets-saidumlo-sqema-gza-romlithac-thambaqos-biznesi-filtrian-sigarets-ufiltrud-asaghebs.html>

<sup>82</sup> Transference International Georgia. Smoke of Corruption: The Grand Scheme to Allocate the Tobacco Market. 03.10.2018. <https://www.transparency.ge/en/blog/smoke-corruption-grand-scheme-allocate-tobacco-market>

<sup>83</sup> OC Media. Georgia’s ruling party lashes out at NGOs over Omega tapes criticism. 10.10.2018. <https://oc-media.org/georgia-s-ruling-party-lashes-out-at-ngos-over-omega-tapes-criticism/>

<sup>84</sup> Business Media Georgia, 08.04.2019. <https://www.bm.ge/ka/article/tambaqos-seqtori-sigaretze-advaloruli-gadasaxadis-shemcirebas-itxovs/32304>

<sup>85</sup> Comersant, 18.10.2019. Short overview of State Budget 2020. <https://www.bm.ge/ka/article/tambaqos-seqtori-sigaretze-advaloruli-gadasaxadis-shemcirebas-itxovs/32304>

<sup>86</sup> NCDC. Guideline for implementation of the tobacco control policy. 2018.

<https://www.ncdc.ge/Handlers/GetFile.ashx?ID=bef2c866-41a3-47ae-9edb-ce1b722c244c>

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| the obligations under the FCTC, mentioned EU Tobacco Products Directive, and the principle of the Law on “Tobacco Control”. The Parliament organized the first hearing in its 17 March 2020 session, which was an extraordinary session due to the COVID-19 pandemic. The healthcare committee, as the leading committee, organized a second hearing on May 18, 2020. Ultimately, the healthcare committee did not support the proposal. However, this is not a guarantee that the Parliament adopt the same stance in its session. <sup>87 88</sup>   |   |   |   |   |   |   |
| 3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy. (Rec 4.8)  |   |   |   | 3 |   |   |
| <p>The tobacco industry still continues to hold shadow meetings with governmental officials, mostly working in the economic affairs. The regular supporter and lobbyists of tobacco industry interests in the government are the Ministry of Economy and Sustainable Development (MoESD) and the Business Ombudsman’s Office of Georgia (BOO). The MoESD has a special state program “Produce in Georgia” which supports the production of local tobacco since 2014.<sup>89</sup> The MoESD Deputy Ministers supports tobacco industry interests at the governmental level and in the Parliament.<sup>90 91</sup> During the COVID-19 pandemic, they, together with other business operators, met with Prime Minister, who was the Business Ombudsman a few years ago and supporter of the tobacco industry that time.<sup>92 93 94</sup></p> <p>The National Center of Diseases Control of Georgia (NCDC) together with Tobacco Control Alliance in Georgia prepared a draft decree for the implementation of Article 5.3 of the FCTC. This should be approved by the government in July 2018. The draft was sent for approval of the Administration of the Primer-Minister in June 2018, but unfortunately it is still under consideration. The Tobacco Control Alliance in Georgia assumes that the delay is due to the serious influence of the tobacco industry on the Georgian Government.<sup>95</sup> The situation in this regard was heard on the Post legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control” by the Healthcare and Social Issues Committee of the Parliament of Georgia during March-June 2019. The Parliament proposed special recommendations on the issue, which are still pending adoption.<sup>96</sup></p> |   |   |   |   |   |   |
| 4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the   |   |   |   |   | 4 |   |

<sup>87</sup> The Parliament of Georgia. Changes in “Tobacco Control” Law. 2020. <https://info.parliament.ge/#law-drafting/19518>

<sup>88</sup> The Parliament of Georgia. Announces of the Healthcare Committee. 2020. <http://parliament.ge/ge/saparlamento-saqmianoba/komitetebi/djanmrtelobis-dacvisa-da-socialur-sakitxta-komiteti-149/anonsi1150/18-maisijandacva180520.page>

<sup>89</sup> Governmental Decree N365, 30.05.2014 on “adoption of State program regarding “Produce in Georgia”.

<https://matsne.gov.ge/ka/document/view/2362780?publication=0>

<sup>90</sup> Reporter. 05.05.2014. <http://reportiori.ge/old/geworld.ge?menuid=2&id=25411>

<sup>91</sup> Liberali. 29.09.2014. <http://liberali.ge/news/view/12396/giorgi-bakhturidze-tambaqos-kontroli-gantskhadebebis-doneze-rcheba>

<sup>92</sup> Business Association of Georgia. 2020. <https://bag.ge/>

<sup>93</sup> Ipress, 08.07.2016. Tobacco control Alliance’s statement regarding business ombudsman links with tobacco industry.

<https://ipress.ge/new/thambaqos-kontrolis-alian/>

<sup>94</sup> Business Media Georgia, 08.07.2016. <https://bm.ge/ka/article/quottambaqos-moxmarebis-akrdzalvis-shesaxe-kanoni-mtavrobam-tambaqos-industriis-dakvetit-dablokaquot/4793>

<sup>95</sup> Georgian Public Broadcasting Company. Statement of the Tobacco Control Alliance in Georgia. 03.04.2019.

<https://1tv.ge/news/tambaqos-kontrolis-aliansi-ganckhadebas-avrcelebs/>

<sup>96</sup> Post legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control” – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

[http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis\\_komit\\_broshura\\_ENG\\_PRINT](http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis_komit_broshura_ENG_PRINT)

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| COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) <sup>97</sup> (Rec 4.9 & 8.3)   |   |   |   |   |   |   |
| <p>There were two instances when the Business Ombudsman or its representative wanted to participate on the COP though BAT financial support. Timely action taken by the Tobacco Control Alliance resulted in those people not participating. After these instances, the tobacco industry changed tactics and for the COP-7 in New Delhi in Nov 2016, the Georgian Ambassador participated in all sessions. Throughout this time, the Georgian Ambassador was in contact with BAT representative, Zviad Skhvitadze, who was also in Delhi at the time, although outside the conference venue. During the process of negotiations, the Deputy Minister of Economy Genady Margvelashvili and Head of Economic Relations of the Ministry of Foreign Affairs had direct contact with the BAT representative and the Georgian Ambassador in India.<sup>98</sup></p>  |   |   |   |   |   |   |
| <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>99</sup> (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)   |   |   |   |   | 4 |   |
| <p>JTI's CSR Projects in Georgia cover two main areas: (1) arts and culture and (2) community projects.<sup>100</sup> JTI conducted several projects targeted at the elderly through the charity fund "Caritas Georgia". As to arts and culture, JTI supports Marjanishvili Theater and the Georgian Program of Tbilisi International Theatre Festival. It also finances the annual educational journal of the National Museum.</p> <p>There was an unlawful sponsorship event of media representatives by JTI on 18 February 2020. The Tobacco Control Alliance investigated the case, and together with the partners from the Unfairtobacco, published a special article on the matter on 06 April 2020.<sup>101</sup> Then the organizer of the event, Center for Strategic Research and development of Georgia (CSR DG), issued a special statement on the issue and announced that CSR DG fully and publicly opposes any support and popularization of tobacco, its consumption or production.<sup>102</sup></p> <p>During the COVID-19 crisis, all transnational tobacco corporations having business in Georgia, namely BTA, JTI, and PMI, each donated USD 30,000 to the special StopCov Fund. The FCTC IMCG urged the Government not to accept their donation by which they would like to buy political loyalty for the Government in the future. The Government publicized a list of companies that donated to StopCov Fund under the heading "Organizations with high</p> |   |   |   |   |   |   |

<sup>97</sup> Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

<sup>98</sup> Author's communication with senior government officials from the Ministry of Health (represented on the Conference), Economic Relations department of the Ministry of Foreign Affairs, and the Ambassador of Georgia to India. 7-12 Nov 2016, New Delhi.

<sup>99</sup> political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

<sup>100</sup> <https://www.finchchannel.com/csr/71756-japan-tobacco-international-among-the-few-georgian-companies-with-a-dedicated-budget-for-csr-activities>

<sup>101</sup> Unfairtobacco. April 6, 2020. [https://unfairtobacco.org/en/strategies/fighting-bad-reputation-by-sponsoring-media/?fbclid=IwAR3M7XjbbEtL8\\_UMTtJSXA6PSV1cMs0NtCM5NkSdjZQj88Io7WyA53OXBy4](https://unfairtobacco.org/en/strategies/fighting-bad-reputation-by-sponsoring-media/?fbclid=IwAR3M7XjbbEtL8_UMTtJSXA6PSV1cMs0NtCM5NkSdjZQj88Io7WyA53OXBy4)

<sup>102</sup> Center for Strategic Research and development of Georgia (CSR DG): <http://new.csrdg.ge/6155-2/>

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| social responsibility”. After efforts from NCDC and Tobacco Control Alliance, the government administration took out all the logos of BTA, PMI, and JTI from the Fund’s site. <sup>103 104 105</sup> Unfortunately, most media channels covered the donation from the TI, thereby promoting their businesses. <sup>106 107 108 109</sup>   |   |   |   |   |   |   |
| In 2018, PMI gave US\$40,000 to Economic Policy Research Center (EPRC) for “general operating support”. The EPRC is held in high regard in Georgia and they have direct contacts with Governmental officials. <sup>110</sup> The EPRC did not declare receiving the grant from PMI on their website. <sup>111</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 implemented within 1 month) (Rec 7.1)   |   |   |   |   | 4 |   |
| The law mandating plain packaging was postponed from January 2018 to January 2023 due to PMI and American Chamber of Commerce. Another example is the two-year delay in the approval of the decree of Government that implements Article 5.3 of the FCTC.  |   |   |   |   |   |   |
| 7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)   |   |   |   |   | 4 |   |
| Duty-free Zones in Georgia are not required to cover tobacco packs with pictorial health warnings. Hence, they can display tobacco products without restrictions. <sup>112</sup><br><br>Smoking is permitted in casinos and also slot clubs that operate 20 slot machines. In return, they pay GEL 200,000 per year as license fees. <sup>113</sup><br><br>International travellers entering Georgia can bring in duty-free 200 sticks of cigarettes or 50 cigarillos or 50 cigars or 250 grams of tobacco. <sup>114</sup> |   |   |   |   |   |   |
| <b>INDICATOR 4: Forms of Unnecessary Interaction</b>   |   |   |   |   |   |   |

<sup>103</sup> StopCov Fund of Georgia. <https://stopcov.ge/en/Links>

<sup>104</sup> Global Center for Good Governance in Tobacco Control. Tobacco Industry’s COVID Donations vs Economic Cost of Tobacco. April 23, 2020. <https://ggtc.world/2020/04/23/tobacco-industrys-covid-donations-vs-economic-cost-of-tobacco/>

<sup>105</sup> Tobacco Control Alliance’s Statement, 06.04.2020. <https://www.interpressnews.ge/ka/article/593895-tambakos-kontrolis-aliansi-tambakos-industria-mgyrie-cqalshi-tevzis-dacheras-cdilobs/>

<sup>106</sup> Commerciant, 23.03.2020. <https://commerciant.ge/ge/post/filip-moris-saqartvelo-covid-19-is-winaagmddeg-brdzolisatvis-100-000-lars-gamoyofs-2>

<sup>107</sup> TV Pirveli, 30.03.2020. <https://bm.ge/ka/video/biznesis-socialuri-pasuxismgebloba-da-covid-19/17652/>

<sup>108</sup> BMG, 23.03.2020. <https://bm.ge/ka/article/quotfilip-moris-saqartveloquot-covid-19-is-winaagmddeg-brdzolisatvis-100-000-lars-gamoyofs/51860/>

<sup>109</sup> TV Pirveli, 23.03.2020. <https://bm.ge/ka/video/quotfilip-moris-saqartveloquot-covid-19-is-winaagmddeg-brdzolisatvis-100-000-lars-gamoyofs/17529>

<sup>110</sup> Philip Morris International. 2018 Charitable contributions. [https://www.pmi.com/resources/docs/default-source/our\\_company/transparency/charitable-2018.pdf?sfvrsn=d97d91b5\\_2](https://www.pmi.com/resources/docs/default-source/our_company/transparency/charitable-2018.pdf?sfvrsn=d97d91b5_2)




<sup>111</sup> Economic Policy Research Center (EPRC). Our Funding. 2020. <http://eprc.ge/index.php?m=88>

<sup>112</sup> Law of Georgia on “Tobacco Control”. Updated in 16.10.2019.

<https://matsne.gov.ge/ka/document/view/1043717?publication=161>

<sup>113</sup> Ibid

<sup>114</sup> Tax Code of Georgia, updated 17.03.2020. <https://matsne.gov.ge/ka/document/view/1043717?publication=161>

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| 8. Top level government officials (such as President/ Prime Minister or Minister <sup>115</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 |   |   |
| <p>In October 2018, Transparency International Georgia reported how key tobacco industry executives participated in a corruption scheme involving high-level government officials and the ruling Georgian Dream Party has been implicated.<sup>116</sup></p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div> |   |   |   |   |   |   |
| 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)   |   |   |   | 3 |   |   |
| <p>JTI reports that it has successfully conducted a series of AIT seminars to the Georgian State Customs and sponsored students in business administration in several universities.<sup>117</sup> BAT sponsored several trainings of staff members of the Ministry of Economy, Ministry of Finance, Customs Service, students of Faculty of Economy of the Tbilisi State University, and other state or private universities, as well as media companies.<sup>118</sup></p>  |   |   |   |   |   |   |
| 10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1)<br><i>NOTE: This must not involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</i>   |   |   |   | 3 |   |   |

<sup>115</sup> Includes immediate members of the families of the high-level officials

<sup>116</sup> Transparency International. Smoke of corruption. 3 October 2018 <https://www.transparency.ge/en/blog/smoke-corruption-grand-scheme-allocate-tobacco-market>

<sup>117</sup> <https://www.jti.com/europe/georgia>

<sup>118</sup> Business Media Georgia, 08.07.2016. <https://bm.ge/ka/article/quottambaqos-moxmarebis-akrdzalvis-shesaxeb-kanoni-mtavrobam-tambaqos-industriis-dakvetit-dablokaquot/4793>

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| The Georgian government sometimes accepts, supports, endorses or enters into partnerships or agreements with the tobacco industry. The last time it happened was between the Minister of Adjara Autonomy Republic of Georgia and China's company "Georgian Tobacco" on 19 December 2019. Both sides signed a Memorandum of Understanding regarding the promotion of growing and production of tobacco in the Adjara region and the promotion of Georgian tobacco in China. <sup>119</sup>   |   |   |   |   |   |   |
| <b>INDICATOR 5: Transparency</b>  |   |   |   |   |   |   |
| 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)  |   |   |   |   |   | 5 |
| <p>The relation between Government and Tobacco industry is absolutely not transparent. They have systematic meetings in the MoESD, MoF, Business Ombudsman's Office, Administration of Primer-Minister, which are contrary to the provisions of Article 5.3 of the FCTC. The "Tobacco Control" Law mandates the government to adopt a special decree "on Protecting the State Policy Related to Tobacco Control in Public Institutions and Establishing the Rule of Communication of State Servants with the Tobacco Industry" (to implement the Article 5.3 of the FCTC) before 01 May 2018.<sup>120</sup></p> <p>The National Center of Diseases Control of Georgia (NCDC) together with Tobacco Control Alliance in Georgia prepared a draft of the abovementioned Decree. This should be approved by the government before July 2018. Then it was sent for approval to the Administration of the Primer-Minister in June 2018. Unfortunately, it still is under consideration. The Tobacco Control Alliance in Georgia assumes that the delay is because of the serious influence of the Tobacco Industry on the Georgian Government.<sup>121</sup> The situation in this regard was heard in the post-legislative scrutiny (PLS) on the Law of Georgia "on Tobacco Control" by the Healthcare and Social Issues Committee of the Parliament of Georgia during the March-June 2019 period. The Parliament issued special recommendations on the issue and awaits adoption in a future session.<sup>122</sup></p> <p>Government departments do not publicly disclose their meetings or interactions with the tobacco industry. Through news reports, the public learned that BAT had a meeting with the Finance Minister in the middle of the year to discuss tobacco regulations. According to the Corporate and Legal Director of BAT, they have a "good relationship with the Ministry of Finance, Revenue Service and Ministry of Finance, but we must work in a way that given promises must be fulfilled. We had an extended meeting with the Minister in the middle of the year and we talked about two issues - one was cutting tobacco regulation, however we have achieved and regulated it. While, the second was an action plan for several years, which will become part of the tax code related to excise tax increase, but that promise remained as a promise."<sup>123</sup></p> |   |   |   |   |   |   |

<sup>119</sup> Government of Adjara Region of Georgia, 19.12.2019.

[http://www.adjara.gov.ge/branches/description.aspx?gtid=841324&gid=4#.XsIc\\_GgzaM8](http://www.adjara.gov.ge/branches/description.aspx?gtid=841324&gid=4#.XsIc_GgzaM8)

<sup>120</sup> Ibid

<sup>121</sup> Georgian Public Broadcasting Company. Statement of the Tobacco Control Alliance in Georgia. 03.04.2019.

<https://1tv.ge/news/tambaqos-kontrolis-aliansi-ganckhadebas-avrcelebs/>

<sup>122</sup> Post legislative scrutiny (PLS) on the Law of Georgia "on Tobacco Control" – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

[http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis\\_komit\\_broshura\\_ENG\\_PRINT](http://www.parliament.ge/ge/ajax/downloadFile/132419/jandacvis_komit_broshura_ENG_PRINT)

<sup>123</sup> Business Media Georgia. Promise has remained as a promise. 25 December 2019. <https://bm.ge/en/article/promise-has-remained-as-a-promise-quot-corporate-director-of-british-american-tobacco-declares/45965/>

|  | 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 |
| The government does not have rules 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 TI or any entity working to further its interests in political parties.  |   |   |   |   |   |   |
| 14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)  |   |   |   | 3 |   |   |
| The Transparency International Georgia (TIG) Office investigated corruption negotiations between high officials and local manufacturers. The main author of the idea was Ivane Chkhartishvili, former Minister of Economy and multi-millionaire and real ruler of “Tbilisi Tobacco”. After that scandal, ruling party lashed out to TIG. Then head of ruling party and former Prime-Minister of Georgia, billionaire Bidzina Ivanishvili announced that “we wanted to have cheap cigarettes on the market, special shops for this product ...”. <sup>124 125 126 127</sup> |   |   |   |   |   |   |
| 15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)   |   | 1 |   |   |   |   |
| There is currently no record of relatives of current government officials holding positions in the tobacco business, including consultancy positions, because it is a commercial secret. However, there is no procedure to prevent this.   |   |   |   |   |   |   |
| <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 a procedure for disclosing records of interaction (agenda, attendees, minutes, etc.) with the tobacco industry.   |   |   |   |   |   |   |
| 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 |

<sup>124</sup> Qronika Plus. “Stop the Corruption” disclosures ruling party “Georgian Dream”. 29.09.2018. <http://qronikaplus.ge/?p=16669>

<sup>125</sup> Kvisir Palitra. Secret schemes of Vano Chkhartishvili. 01.10.2018. <https://www.kvirispalitra.ge/economic/46853-vano-chkhartishvilis-sigaretis-saidumlo-sqema-gza-romlithac-thambaqos-biznesi-filtrian-sigaretis-ufiltrod-asaghebs.html>

<sup>126</sup> Transference International Georgia. Smoke of Corruption: The Grand Scheme to Allocate the Tobacco Market. 03.10.2018. <https://www.transparency.ge/en/blog/smoke-corruption-grand-scheme-allocate-tobacco-market>

<sup>127</sup> OC Media. Georgia’s ruling party lashes out at NGOs over Omega tapes criticism. 10.10.2018. <https://oc-media.org/georgia-s-ruling-party-lashes-out-at-ngos-over-omega-tapes-criticism/>

|   | 0 | 1 | 2 | 3 | 4 | 5         |
|---|---|---|---|---|---|-----------|
| The government has not adopted or implemented a code of conduct for public officials, prescribing the standards when dealing with the TI. The National Center of Diseases Control of Georgia (NCDC) together with Tobacco Control Alliance in Georgia prepared a draft of the abovementioned decree, which should be approved by the government before July 2018. Then it was sent for approval in the Administration of the Primer-Minister in June 2018, but unfortunately it still is under consideration. The Tobacco Control Alliance in Georgia assumes that this delay is because of the serious influence of the TI on the Georgian government. <sup>128</sup> The situation in this regard was heard on the post-legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control” by the Healthcare and Social Issues Committee of the Parliament of Georgia in March-June 2019. The Parliament issued a special recommendation on the issue, which awaits adoption in a future session. <sup>129</sup> |   |   |   |   |   |           |
| 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)  |   |   | 2 |   |   |           |
| There is partial requirement for information from the tobacco industry, such as for tax purposes. However, there is no requirement for reporting on marketing expenditures, revenue, lobbying, and philanthropy.  |   |   |   |   |   |           |
| 19. The government has a program / system/ plan to consistently <sup>130</sup> raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)   |   |   |   |   |   | 5         |
| The government does not have a program or plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines.  |   |   |   |   |   |           |
| 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 contributions or gifts from the tobacco industry, including offers of assistance, policy drafts, or study visit invitations.   |   |   |   |   |   |           |
| <b>TOTAL</b>  |   |   |   |   |   | <b>77</b> |

<sup>128</sup> Georgian Public Broadcasting Company. Statement of the Tobacco Control Alliance in Georgia. 03.04.2019. <https://1tv.ge/news/tambaqos-kontrolis-aliansi-ganckhadebas-avrcelebs/>

<sup>129</sup> Post legislative scrutiny (PLS) on the Law of Georgia “on Tobacco Control” – Final Report. Healthcare and Social Issues Committee of the Parliament of Georgia.

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<sup>130</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.