The Tobacco Files
by Donna Eberwine
Photos © Carlos Gaggero

What insider documents show about tobacco industry tactics to protect profits at the expense of public health efforts in Latin America and the Caribbean

Editor’s note: The release of internal tobacco industry documents as part of antitobacco litigation in the United States in the 1990s provided a treasure trove of evidence of the industry’s attempts to confuse and deceive consumers and undermine public health efforts in the United States and abroad. To find out what these documents show about tobacco industry activities in Latin America and the Caribbean, the Pan American Health Organization (PAHO) in 2001 commissioned a research project focusing on the two market leaders in the region, British American Tobacco (BAT) and Philip Morris International (PMI). The result, drawn from more than 10,000 pages of documents, is Profits Over People: Tobacco Industry Activities to Market Cigarettes and Undermine Public Health in Latin America and the Caribbean (PAHO, 2002), by Stella Aguinaga Bialous and Stan Shatenstein. The full text of the report is accessible online at www.paho.org. Printed copies can be requested by e-mail from Heather Selin at selinhea@paho.org.

It was 1990, and the two leading multinational tobacco companies in Latin America and the Caribbean were concerned that antitobacco sentiment was spreading from North America and Europe to their fast-growing markets south of the U.S. border.

Sharon Boyse, then a public affairs specialist with British American Tobacco (BAT), described the situation in a memo to officials of her company’s affiliates in Argentina, Brazil, Chile and Venezuela: "The main issue facing the industry in South America, now and in the future, is ETS [environmental tobacco smoke]/public smoking restrictions/social unacceptability of smoking ... The influence of anti-smoking stories in international media (particularly those emanating from the U.S./England) and of WHO [World Health Organization]/PAHO [Pan American Health Organization] must not be underestimated in this context."

Boyse’s concerns were echoed in a presentation that same year by Marc Goldberg, Latin America manager for Philip Morris International.

"Legislation efforts have been intensified by governments to restrict smoking in public places and further limit advertising," he said, according to the transcript. "We have been
able to challenge successfully anti-smoking proposals in Costa Rica, Guatemala, and Paraguay, but it is clear that the tendency to restrict smoking in public places will continue to prompt legislation throughout the region."

Goldberg’s notes make it clear that the industry would not just watch these growing threats to some of its most lucrative developing markets. Instead, it would enlist the help of one of the region’s most prestigious medical organizations to counter them. "Under the guidance of Shook, Hardy and Bacon [a U.S. law firm] and under the sponsorship of the Interamerican College of Physicians and Surgeons, a survey is being conducted to determine the health priorities of the region according to the deans of medical schools," Goldberg reported.

"We expect the results of the survey will demonstrate that the concern with smoking in Latin America as a public health hazard is the result of outside pressure and not a primary item of concern among the medical community. If the study confirms our suspicion, we expect the Interamerican College of Physicians and Surgeons to amply publicize these findings."

He added: "We are continually developing lobbying strategies and coalitions with those who share an economic interest with us, and plan to stay one step ahead of our adversaries." According to insider documents released by the tobacco industry since 1998 and reviewed at the request of PAHO,

this wasn’t the first or the last time that the industry would enlist the help of respected medical and scientific professionals to undermine tobacco control efforts in Latin America and the Caribbean. In one such effort, tobacco companies recruited the dean of the Graduate Program in Health Sciences of the Catholic University of Argentina, a friend of then Argentine President Carlos Menem, to lobby against legislation that would ban advertising and restrict smoking in public or enclosed areas.

In addition, according to insider documents, tobacco companies:

- Secretly hired medical and scientific researchers throughout the region to misrepresent the science linking secondhand smoke to disease in nonsmokers;
- Courted the media with expenses-paid junkets and cosponsored proindustry conferences with journalists’ associations;
- Designed "youth smoking prevention" campaigns primarily as public relations tools while simultaneously targeting young smokers in their marketing strategies;
- Actively participated in smuggling networks to increase market shares and sales volumes, while publicly opposing illegal cigarette sales.
Science for hire

In the early 1990s, the issue of secondhand tobacco smoke came to the fore in the United States as scientific evidence mounted concerning its harmful effects on health. The U.S. Environmental Protection Agency (EPA) and the National Institute of Occupational Safety and Health (NIOSH) both issued reports confirming that so-called passive smokers were at significantly increased risk of disease.

These reports, issued by U.S. government agencies, put new pressure on the tobacco industry to counter the science linking environmental tobacco smoke (ETS), or secondhand smoke, to disease and in particular to preempt growing tobacco control efforts in this area in Latin America and the Caribbean.

A 1992 proposal by the tobacco industry law firm Covington and Burling outlines the industry’s response:

The ETS Consultants Project in Central and South America ("Latin Project") was initiated in early 1991. The Latin Project currently includes 13 consultants from seven countries: Argentina, Brazil, Chile, Costa Rica, Ecuador, Guatemala and Venezuela. The consultants represent a wide variety of scientific disciplines, including chemistry and biochemistry, epidemiology, oncology and pulmonary and cardiovascular medicine. The Latin Project currently receives 40 percent of its funding from Philip Morris International [and 60 percent from BAT]. The Latin Project is managed by Covington and Burling.

Unlike many other regional ETS consultant programs sponsored by the industry, the Latin Project was initiated in anticipation, rather than in reaction to, the full-force arrival of the ETS issue to Central and South America... Critical to the success of the Latin Project is the generation and promotion of solid scientific data not only with respect to ETS specifically but also with respect to the full range of potential indoor and outdoor air contaminants. This approach encourages government agencies and media in Central and South America both to resist pressure from anti-smoking groups and to assign ETS its proper place among the many potential indoor and outdoor air contaminants found in these regions.

In addition to funding research by the consultants, the industry deployed them as presenters at scientific seminars and symposia and used their influence to obtain co-sponsorship of such events by some of the region’s most prestigious academic bodies. Among these were the Argentine National Academy of Sciences and National Academy of Medicine, the University of São Paulo in Brazil, the Chilean Academy of Sciences, the Catholic University of Chile and the Faculty of Medicine of the University of Chile.
Although the purported goal of the Latin Project was to produce and disseminate "solid scientific data" to counter "extremist" tobacco control efforts, the links between the consultants and the industry were to be strictly concealed. A 1991 letter by BAT’s Boyse to Edgar Cordero of Republic Tobacco in Costa Rica makes this point clear:

I cannot stress strongly enough the absolute necessity for the industry to have no direct contact with these scientists that are part of the program.... If one scientist in the group is perceived by anyone to be associated with the industry, then we run the risk, by association, of this happening for the rest of the group and the whole exercise will become pointless. All contact, as previously explained, must be carried out through Covington and Burling.

A key strategy of the Latin Project was to shift the focus of public debate from the health effects of passive smoking to broader issues of air quality in the region, suggesting that secondhand smoke was a minor contributor to indoor air pollution. Toward this end the project proposed original research on these issues, including a study in Central America that would "acquire data on levels of various gas and particulate phase airborne substances in offices and restaurants in Costa Rica, Guatemala, Panama, El Salvador, Nicaragua and Honduras. Levels of outdoor air pollution will be determined simultaneous to the indoor air measurements." The results of the study, published in the journal Ciencias Ambientales (Environmental Sciences) of the National University of Costa Rica, showed predictably that smoking was not a significant contributor to poor-quality indoor air.

Similar findings were presented at a 1993 industry-sponsored seminar at the International Center for Higher Studies in Communications (CIESPAL) in Quito, Ecuador. Latin Project consultant Carlos Alvarez told dozens of assembled journalists that there was no statistically significant relationship between passive smoking and cardiovascular disease and that, "even assuming a worst-case scenario, the problems presented in Latin America by ETS exposure pale in comparison by those caused by outdoor air pollution, malnutrition, cholera, diarrhea, illiteracy, poor housing and marginalization." This is despite an overwhelming body of established scientific research indicating a causal link between secondhand smoke and heart disease.

Tobacco industry documents show that events such as the CIESPAL seminar were a favorite public relations tactic in Latin America and the Caribbean. Similar symposia sponsored jointly by BAT and Philip Morris throughout the region targeted journalists with proindustry messages on the issues of smoking and health, secondhand smoke, freedom of speech and WHO activities and priorities. For speakers, the companies drew heavily on Latin Project and other ETS consultants but also relied on allies in advertising and related industries. Only when addressing the core issue of smoking’s direct effects on health—which the industry has subsequently conceded to its critics—was it forced to rely on its own PAHO paid staff.
"We do not have any external consultant willing to do this, let alone a Spanish speaker," as Boyse put it in a 1994 memo.

The purpose of these symposia was, as another Boyse memo put it, to "inform local media representatives of the company's position on smoking issues; to persuade them that we have a credible and interesting response to the claims that are made about our products, and that our position is based on independent research and thus supported by independent experts. More specifically, to persuade media to become allies in lobbying against smoking restrictions." [emphasis added]

Other documents show that both BAT and Philip Morris frequently invited journalists from the region to visit their corporate headquarters, often at industry expense. These visits were designed, according to a 1994 proposal, to give journalists a "better understanding ... of the other sides of tobacco issues" as well as to establish "better understanding ... of the othersides of tobacco issues" as well as to establish "better personal relationships" between industry representatives and "the editors and senior journalists of the South American media."

The same proposal noted, however, that "some media have a policy that they do not accept all expenses paid trips for their journalists as this could be seen to compromise their independence... In this respect, freelancers can be a better bet as they are more open to having their trip paid for, and they are less likely to 'bite the hands that feed them' as they will want to safeguard their place on any future trips."

The industry also found it useful to produce its own articles—by internal staff, paid consultants or, in at least one case, by a freelance journalist based outside the region. In a 1991 memo, Boyse writes:

We have discussed the possibility of having articles written in a suitable style and on suitable issues that could then be circulated to operating companies and hopefully, through their contacts, printed in the local press.

It was agreed that for the purposes of this region it would probably be most suitable to have a freelance journalist based in the USA to write these articles. Philip Morris have therefore been looking for a suitable Spanish-speaking journalist for some time now and believe that they have found one that may be suitable for us.

Copies of the first articles that were drafted by this journalist are enclosed: two short pieces: one newspaper story and one editorial, and one longer feature piece, 'Historia de la evaluacion sobre el riesgo en el fumador pasivo' [A history of the evaluation of the risks of passive smoking]. I would be grateful if all companies could let me have comments on these articles ...
the kinds of articles that companies feel they could pass on to local media contacts for possible printing?

A far more audacious proposal, described in a 1991 Boyse memo to her colleague David Bacon, but apparently never carried out, would have had BAT’s affiliate in Argentina organize disruptions of the March 1992 8th World Conference on Tobacco or Health, held in Buenos Aires:

Argentina have a plan but I’m no longer confident that they will be able to influence the media output as they refused to participate in the second part of the Paul Dietrich proposal, which was essentially to persuade some journalists to go along to the press conferences and harangue people like [former U.S. President] Jimmy Carter about health priorities. That would have influenced coverage and we were going to arrange for training in how to disrupt a press conference—but they declared (as usual) that this wouldn’t work in Argentina.

For adults only?

Facing growing public sympathy in Latin America and the Caribbean for stronger tobacco control, the industry made special efforts beginning in the 1990s to appear amenable to, even cooperative with, "reasonable" regulation. A 1993 memo by Cathy Leiber, Philip Morris’s director of corporate affairs for Latin America, describes the industry’s approach to the particularly sensitive issue of youth smoking:

Taking into consideration the emerging adverse legislative climate in the region, we have an opportunity to create good will for the tobacco industry by going public with a campaign to discourage juvenile smoking. Our objective is to communicate that the tobacco industry is not interested in having young people smoke and to position the industry as a "concerned corporate citizen" in an effort to ward off further attacks by the anti-tobacco movement.

By 1997, Leiber was describing the development and promotion of model legislation on minimum age for cigarette purchase, for use throughout the region. The idea was that "to continue to protect our ability to market and advertise to adults, we must be preemptive, proactive, communicative and cooperative with government officials."

Yet during the same period, industry marketing plans for the region refer openly and repeatedly to the "Young Adult Smoker" or "Young Adult Urban" market segments. The vast majority of the industry documents define these groups as 18- to 24- or 25-year-old smokers, but several point to the deliberate targeting of so-called "starters." One such document is a 1992 brand strategies report by the Argentine BAT affiliate Nobleza Piccardo:

Camel is the U.S. International full flavour cigarette for men who see themselves as independent, self-assured and individualistic in their lifestyle.
The target smoker is male, urban, aged 19 to 24 ... Starters are an important part of the target.

Similarly, a 1994 analysis of Marlboro in the region describes the brand as "#1 in terms of starters and young adult smokers." If there is one truly "smoking gun" in the tobacco documents, it is the revelation that the industry has detailed knowledge of, and actively participates in, cigarette smuggling. The industry’s support of such illegal activities deprives governments of much-needed revenues, but also puts downward pressure on prices, making cigarettes more affordable for lower-income and younger consumers.

As a result of other documentary investigations, UK officials have launched an investigation of BAT involvement in smuggling in Asia and Latin America. In addition, authorities from Canada, Colombia, Ecuador, the European Union and the United States have filed lawsuits to recoup tax revenues they believe have been lost to the illegal cigarette trade.

Analysis of industry documents in Latin America and the Caribbean shows that strategies for competing in and expanding so-called "duty not paid" (DNP) markets could be traced to the highest corporate levels. In a 1993 memo, BAT’s regional manager for Latin America, Keith Dunt, wrote:

Due to the sensitivity, management and co-ordination of the DNP business, all brand should be concentrated on one operator per channel.... There should be complete clarification in the coordination and management of the DNP.... Due to the importance of this business in the region, we propose that a "Border Trading Group" be formed to monitor and take decisions, when appropriate, to protect BAT Industries’ interests. It is recommended that there be one member from Souza Cruz, one from Nobleza Piccardo, and one from BATCo.

Other documents discuss the contraband market in great detail with respect to product pricing, competition for market share and contributions to total sales.

Yet the ethical dilemma presented by the industry’s active participation in smuggling was not ignored. In a 1992 memo, Dunt wrote to Nobleza Piccardo, BAT’s affiliate in Argentina: "We will be consulting here on the ethical side of whether we should encourage or ignore the DNP segment. You know my view is that it is part of your market and to have it exploited by others is just not acceptable."

A 1992 memo from BAT’s Mark Waterfield to Delcio O. Laux, then president of C.A. Bigott in Venezuela, discussed the companies’ strategy for straddling the ethical fence on the issue, preserving the image of a good corporate citizen while maintaining its presence in the illegal trade:
It is recommended that a BATCO Company is given responsibility to develop the group share of the others DNP segment of the Venezuelan market. It would be unappropriate [sic] for Bigott’s marketing staff to develop the strategy to increase share of this segment. The role of Bigott is to persuade the authorities to close the borders and confiscate DNP product which is transmitted into Venezuela.

Similarly, a 1992 BAT marketing document confirms the involvement of both Philip Morris and BAT in supplying Argentina's illegal market through their affiliates in Brazil and Paraguay. The document glibly rationalizes this involvement, noting that "contraband is 9 percent of the Argentine cigarette market and 46 percent of the market in NEA [northeast Argentina]. DNP cigarettes are a fact of life and almost institutionalized. DNP has at no recent stage been significantly restrained by the authorities. DNP volumes are more likely to grow than to reduce in the foreseeable future."

The writer notes that the potential market for DNP is even greater and that "assuming there is an unsatisfied market, our priority is to cover this with brands which have a future in the Argentine market."

Aside from these clearly illegal activities, it is perhaps not surprising that the tobacco industry has employed aggressive strategies in Latin America and the Caribbean—as it has elsewhere—to defend its products and its ability to promote them as it sees fit. Any industry might be expected to do the same; the difference is that tobacco is the only product that, when used legally and as directed, will kill up to half of those who consume it.

Yet the revelations about its past deceptions should make it increasingly difficult for the tobacco industry to develop new arguments and to conceal the true dangers of its products and its marketing practices. For public health advocates, the hope is that growing awareness—among policymakers, government officials and consumers throughout the region—will translate into growing support for tougher tobacco controls.

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