

Analysis and comment

Public health

Mexico and the tobacco industry: doing the wrong thing for the right reason?

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By linking payments to a health fund with sales of cigarettes, the tobacco industry is undermining international agreements to control smoking

In May 2004 the Mexican government announced an agreement with the tobacco industry that related to tobacco control measures and industry contributions to the *Seguro Popular de Salud*, a programme for people without health insurance.¹ Although the agreement has received little international discussion, it has implications not only in Mexico but in other countries that may be tempted to follow Mexico's example. The timing of the agreement raises concern that it may be an industry model for counteracting the effect of the World Health Organization's Framework Convention on Tobacco Control.

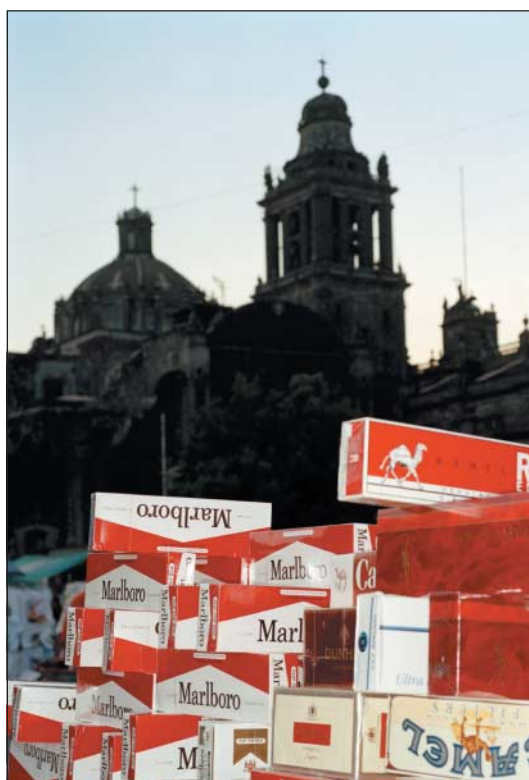
What is the agreement?

The agreement was signed by two agencies within Mexico's ministry of health and by British American Tobacco, Phillip Morris of Mexico, and Cigatam (Cigarros La Tabacalera Mexicana). Notable elements include:

- Minor limitation on the size of billboards
- Restriction on the surface area of the pack for health warnings
- Specific exclusion of graphic health warnings
- Disclosure of ingredients "respecting industrial secrets and confidential information."

These elements conflict with key articles in the Framework Convention on Tobacco Control, which Mexico ratified only days before the agreement was announced (see bmj.com).² Article 11 of the convention calls for health warnings covering a minimum of 30% of the principal display areas of packaging, whereas the Mexican agreement sets a maximum area of 50% of the back. This restriction and the exclusion of graphic warnings will reduce the effectiveness of future warnings. Article 10 specifies that ingredients be disclosed without mentioning any restrictions, and article 13 urges a comprehensive ban on all forms of advertising promotion and sponsorship in accordance with constitutional principles. Mexico does not have constitutional limitations that stops it from instituting a comprehensive ban.

In return for these regulations, the industry has agreed to contribute one peso per pack sold to the



Robbing Pedro to pay Paulo?

Seguro Popular de Salud to cover catastrophic expenses associated with specific diseases and neonatal intensive care. The *Seguro Popular* is the main component of the health reforms initiated by President Fox and approved by congress. In 2005 the approved budget of the fund was \$800m (£450m; €650m), and \$1700m is projected for 2006.³ The tobacco industry will contribute about \$385m by December 2006.^{1,4} However, since this contribution is tax deductible, the net payment will be lower.

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Comparison of the Mexican agreement with the WHO framework convention is on bmj.com

The terms of the agreement bind the government to the existing companies and sales profiles. The funds are to be paid only if tobacco sales are "stable" and a third party does not have more than 3% of the market. The agreement would also be terminated if a federal or state tax increase has a direct effect on the industry. This provision is unfortunate as Mexico has cheap cigarettes (about \$1-2 a pack, including tax) and the government becomes committed to the existing tobacco market configuration.⁵

Effects of agreement

Government officials have claimed that since taxes cannot be earmarked for a specific use in Mexico, tax-free donation is the only way to ensure that the money is directed at health care.⁶ Undoubtedly, the industry contributions will benefit many Mexicans. However, the agreement comes with considerable future costs. The wording of the agreement makes it difficult for any of the contribution to be used towards tobacco prevention efforts, which are badly needed as evidenced by the increasing number of young women who are starting to smoke.⁷ Experience elsewhere has shown that the donation will be paid by smokers, who will eventually suffer from health problems not covered by the *Seguro Popular*.⁸ The government will therefore continue to bear the costs of diseases caused by smoking.

Passing tobacco laws in Mexico is already politically difficult. This agreement will substantially raise the political hurdle to passing new tobacco legislation because the tobacco lobby will be strengthened by interests associated with the public health programme. The fund will become dependent on industry sales since the more cigarettes that are sold, the more money the fund will receive. The donation also provides the industry with an opportunity to improve its public image. The goal of tobacco control should be to limit industry activities and sales and to change society's view of smoking and of the industry. The next government will have to balance the potential loss of funds against maintaining an accord with the tobacco industry that conflicts with the WHO convention and weakens tobacco control.

Efforts to control use of tobacco

Until now, Mexico has been a leader in tobacco control. The current minister of health, Julio Frenk, was an early supporter of the WHO convention and contributed to tobacco control in Mexico. Under his leadership, the legislative chamber approved substantial tax increases on tobacco. Taxes of cheap (unfiltered) cigarettes increased for the first time in 20 years from 20.9% to 110% of the package price.⁵ We are concerned that the agreement in Mexico is yet another example of industry efforts to seek voluntary agreements rather than endure effective government legislation. By providing needed funds for the government's public health programme, the industry may neutralise growing efforts to control the use of tobacco.

Summary points

Mexico has agreed on tobacco control measures with the tobacco industry in return for contributions to a public health fund

The controls are less restrictive than those in the Framework Convention on Tobacco Control, which Mexico has ratified

The agreement makes it difficult for Mexico to enact stricter controls

Other countries should be discouraged from following Mexico's example

Mexico has just published a national plan for implementing the Framework Convention on Tobacco Control,⁹ a plan that stands to be weakened by this agreement. Mexico was also the first country in the Americas to ratify the convention. The integrity of the convention process will be diminished if other countries follow Mexico's example of allowing the tobacco industry to co-opt the public health process. We urge Mexico to reconsider its pact with the tobacco industry and caution other nations against following its example.

Contributors and sources: JS and DY are leading tobacco control experts engaged in international tobacco control research and policy development. HW is a policy specialist focusing on global tobacco control and RP is a scientist researching the health effects of smoking in Mexico. All authors contributed to the writing and editing of the paper. JS is guarantor.

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