Ministry of Health
College of Medicine Building
16 College Road
Singapore 169854
Attn.: Director, Epidemiology and Disease Control Division

Madrid, March the 15th 2018

Dear Director:

We refer to the press release by the Ministry of Health on February the 5th 2018 of its "Public Consultation on Standardised Packaging and Enlarged Graphic Health Warnings for Tobacco Products" which announce, among other things, that the Ministry will be seeking the public's views up until March the 16th 2018 on the potential adoption of standardised packaging (also known as "plain packaging") in Singapore. This follows on from a similar exercise undertaken by the MoH in early 2016.

Mesa del Tabaco www.mesadeltabaco.es represents the whole Spanish tobacco value chain business (growers, transformers, manufacturers, wholesalers, retailers, vending machines manufacturers and main Spanish unions and employer associations). We believe that appropriate and proportionate regulation of tobacco products is both necessary and right in order to protect public health. This is why we write to share our views and concerns in respect of the Singapore Ministry of Health public consultation and, in particular, on its proposal to mandate standardised packaging and the ensuing consequences that would inevitably result from any implementation of such an extreme regulation.

Plain packaging does not work

Plain packaging is in fact a ban on branding: it removes trademarks, logos, non-prescribed colours and or graphics and only permits the use of a brand name in a standard font or size. It deprives legitimate businesses of the value of their brands, keeps off investments and creates ample opportunities for criminal activities.

Those elements allow customers to distinguish the origin of the product and also to distinguish between its competitors, which facilitate national and international trade. Trademarks, logos, non-prescribed colours and graphics stimulate competition and innovation, and provide consumer welfare.

The statement "Through trademark protection, consumers have confidence that they are purchasing what they intend to purchase"[1] perfectly summarizes what we are explaining.

The available evidence, including the studies that were considered by the Singapore Ministry of Health, clearly demonstrates that plain packaging does not change smoking behaviour and, accordingly, does not cause a reduction in tobacco consumption.

[1] World Intellectual Property Report 2015 - Breakthrough Innovation and Economic Growth. http://www.wipo.int/publications/en/details.jsp?id=3995&plang=EN

Why does Singapore aim to pursue this flawed policy knowing the outcome beforehand?

Many do not:

- Indonesia, Dominican Republic, Cuba, Honduras, Malawi, Nicaragua, Zambia, Zimbabwe, Denmark, Switzerland, Germany, Italy, Sweden, Spain, Portugal, Greece, Bulgaria, Slovakia, Lithuania, Poland, Romania and Czech Republic[2] are amongst the countries that remain opposed to plain packaging.

- The Netherlands, Taiwan, Brazil and Belgium[3] are amongst the countries that earlier considered plain packaging, however are exploring less restrictive regulatory measures and studying the full impact of plain packaging before proceeding.

- Panama's Senate Committee recommended against a 2014 Ministry of Health bill proposing plain packaging because of its incompatibility with guarantees of intellectual property. This bill has been abandoned since then.

- Other reputable IP and business organizations continue to raise concerns over plain packaging and to oppose the measure. The International Trademark Association (INTA), the International Chamber of Commerce (ICC) and MARQUES[4] are amongst them.

- Even, the French health minister[5] acknowledges the failure of plain packaging in changing smoking behaviour.

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[2] Indonesia, Dominican Republic, Cuba and Honduras are challenging the Australian legislation at the World Trade Organization (WTO). Malawi, Nicaragua, Zambia and Zimbabwe are amongst the countries that consistently raised concerns on Australia's measure at various meetings of the WTO. See via: www.wto.org. Denmark and Switzerland questioned the introduction of the measure in their national legislations as it goes beyond what is necessary in terms of public health, and Italy strongly opposed the measure as it breaches the IP rights. Germany stated its clear position on not introducing plain packaging. See more at: https://www.parlament.ch/fr/ratsbetrieb/suche-curia-vista/geschaeft?AffairId=20143993; http://www.ft.dk/samling/20161/spoergsmaal/s56/index.htm#tale224; http://www.eunews.it/2015/09/08/governo-pacchetto-di-sigarette-generico-danneggia-made-italy-e-qualita/41274 and http://www.genios.de/fachzeitschriften/artikel/LMZ/20140718/keine-plain-packs-in-deutschland-sc/20140718272159.html. The Swedish government faced a strong opposition from the law community on introducing plain packaging as it will breaches the principles for free competition and freedom of speech that are safeguarded by the Swedish constitution. Consequently, plain packaging was not included in the list of proposals that the government submitted to the Council of Legislation in June 2017. See at: http://www.regeringen.se/pressmeddelanden/2017/06/regeringen-foreslar-andringar-i-mediegrundlagarna/. Spain, Portugal, Bulgaria and Czech Republic are amongst those EU member states that have opposed plain packaging proposals by separate EU countries, issuing detailed opinions under the EU Technical Standards Directive (TSD). See more at: http://ec.europa.eu/internal_market/scoreboard/performance_by_governance_tool/tris/index_en.htm.

[3] Pain packaging was considered by Dutch and Taiwanese regulators on few occasions but was dropped in light of recent regulatory initiatives that these countries have chosen to pursue. See more on the Netherlands at: http://ec.europa.eu/growth/tools-databases/tris/en/search/?trisaction=search.detail&year=2017&num=339.
See more on Taiwan at: http://www.taipeitimes.com/News/taiwan/archives/2017/10/08/2003679946.
The Brazilian health minister decided to keep his distance on the measure due to a lack of evidence to demonstrate its health benefits. See more at: http://istoe.com.br/fumo-ministro-evita-embalagem-padrao/. The Belgian and Singaporean health ministers put forward clear conditions (e.g. a wider public consultation, the assessment of the impact of the measure in other countries, local and international law implications) before progressing the measure further. See more on Belgium and Singapore at: http://www.maggiedeblock.be/2016/11/07/stand-van-zaken-antitabaksmaatregelen-in-parlementaire-commissie-volksgezondheid/ and https://www.moh.gov.sg/content/moh_web/home/pressRoom/speeches_d/2017/closing-speech-by-mr-amrin-amin--parliamentary-secretary-for-hea.html.

[4] See, for example, INTA's May 2015 Board Resolution on *"Restrictions on Trademark Use through Plain and Standardized Product Packaging"* at: https://www.inta.org/Advocacy/Pages/RestrictionsonTrademarkUsethroughPlainandStandardizedProductPackaging.aspx. See, further the joint statement from APRAM, BMM, ICC-BASCAP, ECTA, MARQUES, UNION DES FABRICANTS and UNION-IP of March 28, 2014 in relation to plain packaging, at: http://www.marques.org/positionpapers/default.asp. See also, *"the ICC Discussion Paper on Labelling and Packaging Measures Impacting on Brand Assets"*, February 2017, available at: http://www.iccwbo.be/wp-content/uploads/2017/03/20170302-ICC-paper_LabellingPackaging-measures.pdf, and *"The ICC Intellectual Property Roadmap - Current and emerging issues for business and policymakers",* 2017, at: https://iccwbo.org/publication/icc-intellectual-property-roadmap-current-emerging-issues-business-policymakers/.

[5] See the French health minister Agnès Buzyn's November 2017 statement during a parliamentary debate on the Social Security Finance Bill and in response to a Member of Parliament, who interrogated her on the efficiency of plain packaging. She acknowledged that plain packaging: *"does not lead smokers to stop smoking"* and that it did not contribute to reducing tobacco sales in France. Available at: http://www.assemblee-nationale.fr/15/cri/2017-2018/20180075.asp.

Plain packaging in Australia has simply failed

Whereas the Consultation claims that plain packaging was a success in Australia, the official data over the last five years tells a different story:

- The results of the Post-Implementation Review[6] that were released by the Australian Government in early 2016 are ambiguous at best. On the one hand, the Government claims that *"tobacco plain packaging is achieving its aim of improving public health in Australia and is expected to have substantial public health outcomes into the future".* On the other hand, the government acknowledges that it was impossible to analyse the full effect of plain packaging, as a number of regulatory measures (e.g. larger health warnings and tax increases) had come into force simultaneously.

- Interestingly, the most recent official data from Australia, which was dismissed by the Singaporean government, reveals that the long-term decline in smoking prevalence has come to a halt after plain packaging was introduced: *"While smoking rates have been on a long-term downward trend, for the first time in over two decades, the daily smoking rate did not significantly decline over the most recent 3 year period (2013 to 2016)".*[7] In 2013, the daily smoking rate was 12,8% and, in 2016, was 12,2%.

Instead, the fundamental flaws of the plain packaging experiment in Australia are reinforced by the policy's discernible negative impact on competition, market dynamics and illegal trade:

- KPMG's analysis over the recent years, the methodology of which has been acknowledged by Australian public experts as "*probably the most appropriate way of collecting that type of information and tracking it over time",*[8] demonstrates that the level of illegal tobacco consumption has grown since plain packaging was introduced in Australia, reaching 13.9% (from 11,5% in 2012) of total consumption and representing about AUD 1.61 billion excise value loss for the Australian government in 2016.[9] In addition, the Australian Border Force has seized considerable volume of illegal cigarettes, many of which contain *"metal shavings and even bird droppings"* that may risk creating serious health hazards for consumers of these products.[10]

- Plain packaging has largely contributed to the price becoming the most important factor of product selection, depriving premium brand-owners of the value of their brands. Down-trading has dramatically reduced the margins for all in the supply chain over the last few years.[11]

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[6] See the Post-Implementation Review, Tobacco Plain Packaging, 2016, available at: http://ris.dpmc.gov.au/2016/02/26/tobacco-plain-packaging/.

[7] See the National Drug Strategy Household Survey (NDSHS) at: https://www.aihw.gov.au/reports/illicit-use-of-drugs/ndshs-2016-key-findings/contents/summary.

[8] See Dr. Tim Beard, the Australian Institute of Health and Welfare (AIHW), Parliamentary Joint Committee on Law Enforcement, illicit tobacco, 4 March 2016, page 33. The AIHW is in charge for the NDSHS.

[9] See KPMG 2016 Full-Year Report "Illicit Tobacco in Australia", March 2017, page 6. Available at: https://home.kpmg.com/content/dam/kpmg/uk/pdf/2017/04/Australia-illict-tobacco-Report-2016.pdf.

[10] See more at: http://www.abc.net.au/news/2017-02-20/illegal-tobacco-cigarettes-smuggled-into-australia-fluffy-toys/8285470. In relation to lost government revenues, see also at: http://www.dailytelegraph.com.au/news/nsw/illicit-tobacco-imports-ripping-off-aussie-taxpayers-of-at-least-640-million/news-story/e8c1ff8ad04a466c94f4cba17c38e273.

[11] See, for example, KPMG 2016 Full Year Report, page 11.

The impact of plain packaging is questionable in other countries that have implemented it

While the Australian experience remains the key indicator of the effects of plain packaging, the data emerging from the early stages of the plain packaging implementation in the UK and France is pointing in the same direction:

- Data published by the French public authorities[12] and quoted by the French health minister[13] demonstrates that the combination of plain packaging and the requirements of the revised Tobacco Products Directive 2014/40/EU have not had any discernible effect on tobacco sales in France.

- The first counterfeit 'plain' packs have been officially discovered in the UK: *"Following a tip-off, Retail Express was sold a plain pack counterfeit of a premium brand by a London newsagent for £10.50. The retailer took a legitimate pack out of the gantry and swapped it out with a fake pack, while processing the card transaction"*.[14]

Plain packaging for tobacco products would set a precedent for a similar measure to be applied across a whole range of other consumer products

- This precedent is even stressed by the representatives of the World Health Organization (WHO): *"We are also watched by sugar and alcohol products manufacturers, who see the tobacco control movement as a precursor to threats they now face from public health campaigns. These industries fear a united international community acting on behalf of consumers. In the coming days, I hope their fears will be fully justified as we take further steps to end the tobacco epidemic"*.[15]

- A total of 168 business associations from 59 countries, including the American Chamber of Commerce in Singapore and the European Chamber of Commerce in Singapore (EuroCham), have ratified a manifesto expressing their opposition to this measure. [16]

Plain packaging would infringe intellectual property rights

As aforementioned, Panama's Senate Committee recommended against a 2014 Ministry of Health bill proposing plain packaging because of its incompatibility with the guarantees of intellectual property. This bill has been abandoned since then.

Also, in 2009, a Lithuanian MP proposed a draft Law to modify the tobacco Law by introducing plain packaging, but it was finally rejected because it was in contradiction with Lithuanian's constitutional principle of inviolability of property, and against the Article 10 of the Paris Convention for the Protection of Industrial Property.

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[12] See data published by OFDT (Observatoire français des drogues et des toxicomanies) regarding the volumes of tobacco products distributed to retailers. The data indicates that the number of cigarettes shipped to retailers remained largely unchanged (-0.7%) in 2017, while the amount of roll-your-own and make-your-own tobacco decreased by 5.1%, following excise tax increases in February and November 2017. Available at: https://www.ofdt.fr/statistiques-et-infographie/tableau-de-bord-tabac/.

[13] See at: http://www.assemblee-nationale.fr/15/cri/2017-2018/20180075.asp.

[14] *"Following a tip-off, Retail Express was sold a plain pack counterfeit of a premium brand by a London newsagent for £10.50. The retailer took a legitimate pack out of the gantry and swapped it out with a fake pack, while processing the card transaction."* See at: https://www.betterretailing.com/first-fake-plain-packs-discovered.

[15] See the statement by the Head of the Secretariat of the WHO Framework Convention on Tobacco Control (FCTC) during the Seventh session of the Conference of the Parties to the FCTC in November 2016 at: http://www.who.int/fctc/secretariat/head/statements/2016/cop7-head-secretariat-speech/en/.

[16] Trademark elimination via plain packaging. http://contenidos.ceoe.es/CEOE/var/pool/pdf/cms_content_documents-file-347-trademark-elimination-via-plain-packaging.pdf

The Government of Singapore became a party to the Convention for the Protection of Industrial Property in February 23, 1995, which has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition.[17]

If Singapore's Government implement Plain packaging for tobacco products, this will be in contradiction with the Convention for the Protection of Industrial Property.

Plain packaging would worsen illegal trade in Singapore

In 2016, the illegal consumption of cigarettes in Singapore was 12% of the total, which means 0,1 billion of Excise tax loss[18].

As aforementioned, in Australia the level of illegal tobacco consumption has grown since plain packaging was introduced, from 11,5% in 2012 to 13,9% in 2016.

If plain packaging is implemented in Singapore, the illegal tobacco consumption could experience a rise, increasing actual Government's Excise tax loss.

Plain packaging would have a serious and widespread negative impact on retailers and on consumers

The experience in Australia shows that plain packaging creates burdensome conditions for retailers in view of additional costs associated with increased transaction times, customer frustration, inventory management delays and, finally, the increased opportunities for criminal activities.[19] These concerns were also echoed by retailers in countries that considered the introduction of this extreme measure.[20]

Conclusion

In light of the detrimental consequences of plain packaging highlighted in the foregoing paragraphs, we encourage the Singapore Government - in its capacity as a supporter of free trade and intellectual property rights - not to implement such a far-reaching and damaging regulation.

We request, at a minimum, that the Singapore Government delay any consideration of plain packaging until after the final outcome of the WTO Dispute, inclusive of any appeal to the WTO Appellate Body, and strongly encourage it to carefully review the effectiveness of plain packaging in France, the United Kingdom and Ireland - as well as assess any further data emanating from Australia - before proceeding further with any plans to implement such a restrictive and detrimental policy in Singapore.

Sincerely yours,

Juan Páramo
Chairman

[17] Paris Convention for the Protection of Industrial Property. Art.1
[18] Asia Illicit Tobacco Indicator 2016: Singapore. Oxford Economics. October 2017.
[19] See via: Australian retailers also claim that their revenues are being *"devastated"* by more than 600 organized crime-backed illegal cigarette and tobacco shops costing up to USD 4 billion a year in lost profits and taxes. See at: http://www.afr.com/news/policy/tax/600-illegal-tobacco-shops-are-devastating-retailers-industry-warns-20170831-gy7w7a.
[20] See at: http://www.cbc.ca/news/canada/prince-edward-island/acsa-cigarette-plain-packs-1.4087287.