

# E-CIGARETTES IN PAKISTAN



## Towards a Policy Statement

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Tuberculosis and Lung Disease  
*Health solutions for the poor*

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## **Acronyms**

E-Cigarettes: Electronic Cigarettes

ENDS: Electronic Nicotine Delivery Systems

ENNDS: Electronic Non-Nicotine Delivery Systems

FCTC: Framework Convention on Tobacco Control

HnB: Heat-no-Burn

HTPs: Heated Tobacco Products

MoNHSR&C: Ministry of National Health Services Regulations and Coordination.

TCC: Tobacco Control Cell

TI: Tobacco Industry

WHO: World Health Organization

## Overview

Though introduced in the year 2006 in the USA,<sup>1</sup> the product was first launched two years before in China.<sup>2</sup> With a total market volume of US\$6.245 billion in 2020, most of the revenue for the E-Cigarettes is generated in the United States whereas Pakistan's share is a whopping \$61.3 million.<sup>3</sup> Electronic Nicotine Delivery Systems (ENDS) is the umbrella term used for the electronic smoking products and includes e-cigarettes, vapes, vape pens, etc.<sup>4</sup> ENDS are the devices that heat the liquid containing nicotine to create an inhalable aerosol. The products vary in shape, size, function, and price, ranging between low-cost disposable devices to large refillable tanks. E-Cigarettes also vary with regard to nicotine dosage, flavours, emissions, design, battery voltage, and unit circuitry<sup>5, 6</sup>. Additionally, the open systems in E-Cigarettes contain a refillable tank whereas the closed systems are either disposable or a prefilled cartridges can be added to such devices.<sup>7</sup> Juul, Vype and Blu are some of the examples.

Similarly, as per WHO<sup>8</sup>, the Heated Tobacco Products (HTPs) or Heat-no-Burn (HnB) products use a device to heat the tobacco and other chemicals to produce the aerosol. They have been available in the market since 1980. These are the specially designed cigarette-pods or plugs such as 'heat sticks' or 'neo sticks', which are designed to heat the tobacco to 250 to 300 degrees Celsius compared to the conventional cigarette burning at 900 degrees and producing many toxicants.<sup>9</sup>

E-Cigarettes and HTPs are often described as 'novel products', 'alternative products', 'emerging products', or 'next-generation products'<sup>10</sup>. The emergence of hybrid tobacco products blurs the difference between the HTPs and E-Cigarettes, making its regulation and control further challenging especially in the Low-to-Middle-Income Countries (LMICs). As argued by WHO<sup>11</sup>, these products are also classified as Electronic Nicotine Delivery Systems (ENDS) and Electronic Non-Nicotine Delivery Systems (ENNDS).

Tobacco Industry (TI) is constantly evolving strategies to outwit all the efforts to make this world tobacco-free<sup>4, 12</sup>. Under the garb of ‘harm reduction’, the tobacco companies have been attempting to rehabilitate their reputation to influence the government to soften their policies or create exemptions for products such as HTPs. Such efforts are intended at renormalization of the tobacco products and increase social acceptability. The industry is more actively yet discretely exploiting the policy gaps, regulatory loopholes, and enactment of stricter laws especially in those countries where the implementation of such laws is weak, or non-existent. Pakistan continues to be an example where multiple laws exist, however, its sluggish implementation as well as excessive TI influence in taxation adds to the defiance space.

Pursuant to these developments in the tobacco market, WHO in a report on the Global Tobacco Epidemic in 2019,<sup>13</sup> claimed that there is ‘insufficient independent evidence to support the use of [E-Cigarettes] as a population-level tobacco cessation intervention to help people quit conventional tobacco use’; these products are ‘undoubtedly harmful’. This report further concluded that there is a similarity between the toxic chemicals emitted through regular smoking and HTPs, and there is no evidence that these products will reduce tobacco-related diseases.<sup>13</sup>

Sustainable Development Policy Institute (SDPI) shares the commonality of the views with the authentic opinion and positions taken by the leading international health experts, including WHO and The Union, and aspires to highlight the localized context concerning Pakistan. This is our first study in this regard and we intend to contextualize the issue of ENDS/ENNDS with specific problems and the tobacco control environment in Pakistan. We also intend to highlight that the current studies and policy proposals are focused on the evidence generated/collected and analyzed concerning the High-Income Countries (HICs) whereas there are evidence and policy void related to the LMICs. The urgency to address this gap is further hastened by the fact that the TI is aggressively and consciously introducing these products in the market. Many

policymakers and legislators and those proposing the policies lack the comprehensive understanding, capacity, and requisite knowledge about the health, social and cultural effects of these products on the youth, existing smokers and beginners. In the presence of such a murky environment with conflicting interests of multiple segments of the society and government, SDPI recommends an urgent need for discussion and policy development in handling the E-Cigarettes and HTPs.

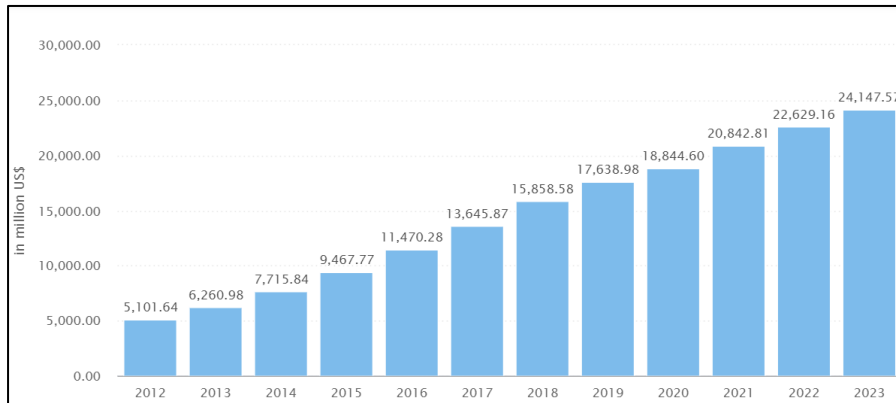
### **TI Influence in Pakistan**

TI claims to be one of the largest taxpayers in the revenue starved Pakistan. The influence is evident through the ingress in government circles as after the completion of 100 days in office the Prime Minister Imran Khan, guided by the data presented to him, announced that the two tobacco industries pay 98% of the tax but only have 60% of the market share – both these assertions are unsubstantiated.<sup>14</sup> Consequently, the TI breached additional local laws and FCTC obligation, to which Pakistan is a signatory, by presenting a cheque worth Rs 5 million to the prime minister for dam fund as a Corporate Social Responsibility measure.<sup>15</sup>

Additionally, the target audience of the TI propaganda continues to be the youth and new smokers, excessively being misinformed<sup>16</sup> through infodemic. The publication hype created pre-budget every year is a clear indicator of the TI efforts to influence general and social opinion. As a result, SDPI examined almost over 142 newspaper articles, published between February and June 2020, which mostly highlighted the tobacco industry's narrative and presence of more than 40% illegal tobacco products in Pakistan. The sudden mushrooming of these articles in itself is an effort to prevent tax increase in tobacco products, but it happens every year.<sup>16</sup> The TI clout in policy circles is so strong that, while people in the entire world were quitting and cutting down on smoking, Philip Morris was able to start a new factory in Sahiwal area.<sup>17</sup> The rampant presence of TI footprint on many retail stores, malls, and shopping plazas remained a serious shortfall in the tobacco control steps taken by the government as well

as civil society. However, the extension of the tobacco ad-ban has been an effective tool to control the tobacco influence through ads.<sup>18</sup>

## E-Cigarettes Market



Graph 1: Revenues for the E-Cigarettes Markets<sup>3</sup>

The E-Cigarettes market has been expanding with leaps and bounds and the 2012 revenues were more than US \$5 billion and are estimated to cross \$25 billion in 2023. The volume of the market is too large to be ignored by the TI, and realizing this in December 2018, Altria (a subsidiary of Philip Morris), struck a deal with Juul, a US E-Cigarette company, to buy 35% of the share to enter the E-Cigarettes market.<sup>19</sup> This acquisition price was based on a UD \$38 billion valuations, which was more than double the valuation for Juul Labs in August the same year, and was a surprise for many Wall Street investors.

The HTP market is dominated by Philip Morris, Japan Tobacco, and British American Tobacco. Philip Morris introduced *iQOS* at the end of 2014, while Japan Tobacco entered the market with the introduction of *Ploom* in 2013, and British American Tobacco introduced *Glo iFuse* in Romania in 2015 and Korean Tobacco launched *Lil* in 2018.<sup>8</sup> According to Euromonitor in 2017, the total sales for HTPs in 2016 were US \$ 2.1 billion and are projected to reach \$ 17.9 billion by the year 2021. The profit margin for *iQOS* was 20% to 50% higher as compared to conventional cigarettes.

In Pakistan, E-Cigarettes and all ENDS/ENNDS products are mostly sold online. The sale points started their operations mostly during 2008 in Karachi and expanded their operations in

the rest of the country during 2010. Many stores have cropped up in the twin cities of Rawalpindi and Islamabad, the federal capital. There are no policies/regulations to control, tax, or monitor the sales of the E-Cigarettes in these stores, which is in violation of the 1958 Pakistan Vendors Act.<sup>20</sup>

### **Ban vs Regulation**

Though E-Cigarettes have been outlawed in many countries, the tobacco industry continues to flout the international efforts and finds ways to outflank the policies. For example, in 2018, iQOS and HEETS, heated tobacco sticks, were launched by the Philip Morris in Indonesia and Malaysia. These imported products became available through e-commerce platforms and the compound annual growth rate (CAGR) is estimated to reach 171% in Malaysia and 42% in Indonesia by the year 2023 <sup>21</sup>. However, in other prominent South Asian markets, such as Singapore and Thailand these products are yet to be legalized. These HnB products are aimed at achieving two objectives for the TI:

- i) to help diversify the portfolio and capture the rapidly expanding E-Cigarette market;  
and
- ii) to project these as the (comparatively) safer option for the smokers as reduction/quitting aid.

Many countries across the globe have banned the sales and consumption of E-Cigarettes. These countries include: Argentina, Australia, Bahrain, Brazil, Brunei Darussalam, Cambodia, Colombia, Egypt, Gambia, India, Iran, Japan, Jordan, Kuwait, Lebanon, Malaysia, Mauritius, Mexico, Nepal, Nicaragua, Norway, Oman, Panama, Qatar, Saudi Arabia, Seychelles, Singapore, Sri Lanka, Suriname, Tajikistan, Thailand, Timor-Leste, Turkey, Turkmenistan, Uganda, and Uruguay.<sup>3</sup>

Despite a large number of countries that have resisted the spreading of E-Cigarettes, TI continues to push these products to the LMICs. The policy statement paper published by The



Union advocates the banning of these products in LMICs for multiple reasons, most of which are directly linked to Pakistan. Following are the likely fallouts if these products are allowed unchecked:

1. As highlighted in The Union policy paper, neither there is any evidence of health benefits of E-Cigarettes, ENDS/ENNDS, nor is there any proof of its utility for smokers.<sup>10</sup> Consequently, any efforts by the TI should be resisted with logic and making policy measures
2. Ignoring the issue means exacerbating the issue. In the Federal Budget 2020/21, the government announced raising the Federal Excise Duty on all the imported cigarettes and tobacco products to 100% up from 65%, and the list also included E-Cigarettes.<sup>22</sup> In the absence of any discernible policy imposition of the Excise Duty on these items is being considered as tacit permission to allow its rampant spread. Many policymakers are not even aware of the health dangers of these products. As a result, this loophole is likely to be exploited by the TI and soon the situation will get out of control of any regulatory mechanism.
3. Assessing the 'harm reduction' claim by the TI for E-Cigarettes and HTPs, in the absence of the scientific evidence, the youth is likely to be targeted in the LMICs, adversely affecting their health. The overall health impact is likely to add to the health burden in LMICs, further pressurizing the overburdened health sector.
4. Pakistan is a signatory to the Framework Convention for Tobacco Control (FCTC)<sup>23</sup> and needs to meet its international obligations. The best tobacco control practices and measures suggested by FCTC are the keys to tobacco control. Implementation of the population-level evidence-based policies can resist TI expansion.
5. As mentioned above, Pakistan has no dearth of the laws, but the major problem is that of their implementation. TI is aware of this problem and is likely to exploit the situation. Given the complexity of the nature of these products and the quick changes in their constituents, manufacturing, and a wide variety of combinations of the contents in these devices makes their regulation even more challenging. TI generally exploits this rapidly changing technological

advancement by introducing the products that may not be covered by the law and keep on making profits at the cost of youths' health.

6. The introduction of these novel products in the LMICs is likely to divert the resources (money, effort, time, and policies) from the main tobacco control, and the diminishing support for tobacco regulation is likely to further dwindle.
7. Many Western countries such as the UK and the USA have permitted the use of these products, however, the contextual realities of these products are different as compared to the LMICs and the development, enactment, and implementation of the tobacco control policies. The research base in the LMIC is generally absent and most of the results are used to develop policies based on the researches and data collected in the Western countries with diminishing utility. There is thus a need to develop a localized database and conduct contextualized studies to understand the extent of the issues suggesting corrective measures.

## **Conclusion**

The above-mentioned highlights, including the excesses of the TI, are some of the issues that need to be considered by Pakistan in developing a policy position regulating or banning E-Cigarettes/ENDS/ENNDS, including all novel products. These products demonstrate vital yet new challenges forcing the LMICs to face the resource constraint. Just like many other LMICs, Pakistan faces an environment of the high rate of tobacco use is prevalent, incomplete adoption of the FCTC and MPOWER measures, weak and absent enforcement mechanisms, limited human and financial resources to implement tobacco control measures, very weak health system, and heavy TI influence in the policy circles.

For these reasons, Pakistan must adopt the forward-looking policies and those advised by the world health experts, WHO, and the organizations working on tobacco control such as The Union. The decision and choice between the ban and regulation should be evidence-based, locally contextual, and conform to the best practices. The aim should be to prevent the youth from falling prey to the TI profit-seeking strategies.

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