Regulatory benefits for the TI



absence of regulations, tax reductions, repeal of regulations, delays in regulatory approvals

corporate accountability
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It is important to dedicate **a special section** about regulatory benefits that favors the TI in the region, because they block the compliance of the WHO FCTC and the effective protection of public health.

While these privileges are granted globally, the widespread nature of these practices in the region is of concern because the evidence indicates interference by the TI in legislative and regulatory processes. **In many countries, the TI has been given a favorable environment to operate through the absence of regulations, the reduction or elimination of taxes, the annulment of existing legal frameworks, or through strategies to delay the approval of new regulations**. These practices reinforce its economic and political power, while weakening tobacco control policies.

Below are concrete examples of the **main regulatory benefits observed in the region:**

Tax exemptions and preferential treatment:



Judicial route: In **Argentina** medium-sized tobacco companies have managed to avoid paying taxes through legal disputes, which generates a risky precedent that distorts the market and affects those who do comply with their tax obligations.[i]



International trade agreements: Free trade agreements include clauses granting tariff exemptions to imported tobacco products in many countries in the region. For example, in Panama, where there is no local manufacturing industry, cigarettes and other products enter freely from abroad without paying import tariffs, facilitating their easy access and marketing.[ii]



Postponement of tax adjustments: Some governments avoid the annual updating of specific taxes on tobacco, which reduces its effectiveness as a tool to discourage consumption, especially in the context of inflation. For example, in **Paraguay** a bill to increase the tobacco excise tax by 2% was rejected.[iii]



Exemptions for small producers: In **Uruguay** tax exemptions have been granted to small family producers, which is exploited by the industry to legitimize its presence and divert attention from the health risks.[iv]

Tax elimination or tax reduction

- In **several countries, tobacco taxes, including minimum tax required, have been eliminated or reduced further**, which directly benefits large tobacco companies, as it allows them to maintain low,competitive prices for their cigarettes. For example, in **Argentina** the minimum tax on cigarettes was eliminated.[v]

- The TI also **seeks tax exemptions** by presenting itself as a promoter of social or cultural projects, thus generating a narrative of corporate social responsibility that often becomes a shield to avoid tax burdens. In **Colombia**[vi] the TI can benefit from tax deductions when they make donations to non-profit organizations officially recognized by the government.

- Likewise, **differentiated tax systems have been proposed** according to the type of product, a strategy that aims to reduce the tax burden on "artisanal" or alternative products, facilitating their entry into the market without the due controls. Such is the case of **Brazil,** where the industry has made several attempts to differentiate taxes on smoking products, like cigars and handicrafts products.[vii]

- In **Paraguay**[viii] **proposals to increase tobacco taxes have been repeatedly rejected,** demonstrating the political influence and lobbying by the TI in legislation. Similarly, in **Colombia,** pressure from the tobacco industry has blocked all attempts to increase taxes on tobacco products.[ix]

Cancellation, absence or delays in regulations

Regulatory measures are weakened by regulatory gaps in many countries, lack of sanctions, or attempts to establish regressive reforms, especially regarding tax and marketing laws. In the **Dominican Republic**,[x] tax reform proposals affecting the sector were initially presented, and then were withdrawn for unclear reasons. The excise tax policies benefit heated tobacco products and provide an exemption for e-cigarettes.

There were **significant delays in the approval of key tobacco control legislation**. Among the most delayed measures were:

- The implementation of plain packaging. In **Ecuador**[xi] the tobacco regulations, which seek to implement plain packaging, have not been renewed since 2011.

- The prohibition of additives and flavorings of tobacco products, especially attractive to young people. In **Jamaica,** criticism was leveled at youth's easy access to tobacco products, especially e-cigarettes, prompting the Minister of Health and Wellness to emphasize the urgency of fully implementing the legislation. However, there has been a delay that appears to favor the TI.[xii]

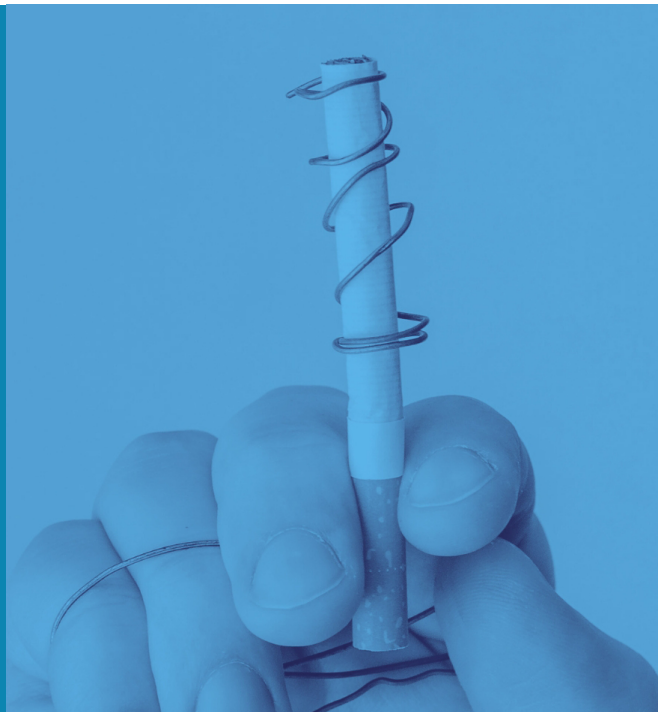
- The ban on product displays at points of sale is a critical strategy to reduce impulsive purchase. In **Honduras**, in 2024, Congress debated for the first time in years a proposal to reform the Tobacco Control Law, which sought to ban the sale of e-cigarettes due to their risks and lack of regulation. Although it did not advance due to a lack of consensus and the end of the political year, it set a precedent and demonstrated that Congress can facilitate reforms even without a clear policy from the Executive Branch.[xiii]

In the case of ENDS, permissive concessions have been granted, such as the authorization of their use in public spaces or unjustified delays in the publication of regulations that adequately regulate them. In **Guatemala**,[xiv] although the government does not provide subsidies or exemptions, the absence of tax policies on products such as electronic cigarettes and heated tobacco allows their sale without taxes and with minimal regulation, which makes them more attractive and accessible to consumers.

Added to this is the lack of updated regulations, many of which are outdated and do not address emerging products in the tobacco market, leaving legal loopholes that the TI exploits. In **Brazil**[xv] the tobacco industry has delayed health policies through legal and political strategies. For example, a lawsuit was filed against ANVISA's resolution on flavoring and aroma additives.

Delayed deadlines to publish new provisions, such as labeling, which implies an unnecessary delay in the implementation of effective measures. In **Bolivia**[xvi] there is a lack of implementation of their tobacco law more than five years after its enactment, as well as a lack of penalties for violations.

In synthesis, the regulatory benefits granted to the TI in the region constitute a systematic form of interference that undermines public health policies. This trend requires constant vigilance, as well as a coordinated response from States and civil society free from conflicts of interest to counter the industry´s strategies, strengthen regulation, and protect the right to health, especially for the most vulnerable groups.



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