



# Mapping the tobacco lobby in Brussels: a smoky business

Corporate Europe Observatory – 6 November 2012

**Around 97 full-time lobbyists defend the interests of the tobacco industry in Brussels, and the industry's total annual lobbying budget in the EU capital exceeds €5.3 million, according to entries in the EU's voluntary Transparency Register. But these figures are only the tip of the iceberg. And a key Dalligate-related question remains: is the mystery “company with expertise in EU affairs” allegedly working with Silvio Zammit, the political associate of former Health Commissioner John Dalli, in the register?**

Searches in the register and public records show that 9 tobacco companies and 22 tobacco industry lobby groups are active in Brussels to “influenc[e] the policy formulation and decision-making processes of the European institutions” – as the European Commission defines EU lobbying<sup>1</sup>. To help them in their job, these 31 players are paying some additional 12 ‘for-hire’ PR and lobbying firms (see table on page 4).

With €1,125,000, Philip Morris International declared the highest lobbying budget of all registered tobacco companies in 2011. This figure is however over seven times smaller than the firm’s lobbying expenses in Washington for that same year (\$11,010,000 or €8,434,761)<sup>2</sup>.

In the lobby groups category, the European Association of Tobacco Growers (UNITAB) ranks first with a lobbying budget of €875,000, more than 90% of which was paid to Communication & Institutions (C&I), a French PR and lobbying firm, and member of the Omnicom network, to lobby on behalf of UNITAB.

From tobacco growers to retailers, passing through manufacturers and distributors, the whole tobacco supply chain is represented in Brussels. But the number of tobacco industry lobbyists, and the size of the lobbying budgets declared by the 31 players identified, are, for several reasons, clearly underestimates.

## 1. The Register is not mandatory

First, the Transparency Register is not mandatory and several tobacco industry companies, lobby groups, PR firms or law firms which are known to be lobbying the EU institutions on tobacco, have simply not registered.

### *Companies*

Germany-based company Reemtsma, a subsidiary of Imperial Tobacco and one of the biggest tobacco and cigarette producers in Europe, has not registered, despite hiring a Brussels-based lobbyist in 2011 to follow the revision of the TPD<sup>3</sup>. Reemtsma deliberately chose not to register, as is the case with many other tobacco industry players, such as Oliver Twist and Assens Tobaksfabrik, both of which are represented on the board or in the committees of the European Smokeless Tobacco Council (ESTOC).

### *Lobby groups*

The Electronic Cigarette Industry Trade Association (ECITA), which has said with regards to EU lobbying that “the only way forward is true transparency”<sup>4</sup>, has not registered. Yet, there is documented evidence that it was lobbying the European Commission on the ongoing revision of the Tobacco Products Directive (TPD) last June<sup>5</sup>.

Other examples include the Hungarian Tobacco Growers’ Association and the International Tobacco Growers’ Association (ITGA). In July 2011 both groups had lobbyists participate in a meeting at the European Parliament, where they made their views known, in an attempt to try to influence the political debate<sup>6</sup>.

### *PR firms*

Besides tobacco companies and their lobby associations, several prominent PR firms active on the EU lobbying front have also chosen not to register. One of the most striking examples is Bell Pottinger, which has been hired by Imperial Tobacco to lobby the European Commission on its behalf, according to an access-to-documents request filed by researchers at the University of Bath<sup>7</sup>.

In October 2011, Tobias Gheretti, a public affairs consultant from the PR firm, wrote to DG Trade about the TPD consultation process, arguing against the introduction of plain packaging. More recently, on 24 October 2012, the Director of European Affairs at Bell Pottinger, Daniel Hamilton, was providing live Twitter updates on John Dalli’s press conference in Brussels<sup>8</sup>. As Bell Pottinger is unregistered, it is impossible to know how much Imperial Tobacco has paid the firm to lobby the Commission, or to monitor so-called Dalligate on its behalf.

### *Law firms*

Tobacco companies and their lobby associations – registered or not – may have hired law firms to lobby on their behalf. Law firms generally boycott the Transparency Register (or register but do not disclose their clients<sup>9</sup>), so it is impossible to know who their clients are or their lobbying budgets.

A clear example concerns the European Smokeless Tobacco Council (ESTOC), a lobby group involved in the case leading to Commissioner Dalli’s resignation, which has hired Pappas & Associates, an unregistered Brussels-based law firm<sup>10</sup>. In June 2010, Spyros Pappas made a presentation at ESTOC’s 5<sup>th</sup> Parliamentary Evening in Strasbourg, a meeting co-hosted by two MEPs and clearly aimed at influencing the policy formulation and decision-making processes of the European institutions.

## **2. Incomplete client lists**

The registrants do not always disclose all their clients. Corporate Europe Observatory (CEO) has gathered clear evidence that Luther Pendragon, a British PR and lobbying firm with a Brussels office, is working for the European Retailers and Tobacconists Association (CEDT). In an e-mail sent to dozens of Brussels-based EU affairs journalists, Luther Pendragon promoted a protest action of tobacco retailers in several EU countries, offering to arrange interviews and providing pictures to illustrate press articles<sup>11</sup>. CEDT’s Italian member Federazione Italiana Tabaccai (FIT) later boasted that the demonstration was “un grande successo” (a big success)<sup>12</sup>.

### **3. Widespread under-reporting of lobbying budgets and lobbyists**

Recent research by the Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU) has shown that many of the reported lobbying expenditures in the EU Transparency Register are unrealistically low<sup>13</sup>. In some instances, the real lobbying expenditure “could easily be 10 times higher than the amount declared in the register”, the ALTER-EU report concludes.

This widespread under-reporting trend also applies to the number of lobbyists declared. ESTOC, for instance, declared only two lobbyists on the register while its own website shows that 27 different people are active either on its board or in its committees. Perhaps some of these individuals, who come from ESTOC member companies, are not working full-time for ESTOC, but it seems very unlikely that altogether they represent only two full-time equivalents.

#### **EU consultancy working with Silvio Zammit?**

On 13 February, Maltese entrepreneur Silvio Zammit – the political associate of former Health Commissioner John Dalli – met a local lawyer hired by Swedish Match, Gayle Kimberly, and a Swedish Match employee, in his restaurant in Malta, according to the Wall Street Journal<sup>14</sup>. It was allegedly during this meeting that Zammit laid out details of the payment of a €60 million bribe, requesting that it be paid in two parts: €10 million following a meeting between Dalli and a Swedish Match official, and the remaining €50 million after the ban on snus was lifted.

In an email dated 8 March 2012 sent to the Brussels-based European Smokeless Tobacco Council (ESTOC), which is chaired by Swedish Match’s Patrik Hildingsson<sup>15</sup>, Silvio Zammit named a company “through which [his] services will be provided”, according to the Wall Street Journal<sup>16</sup>.

Zammit went on to clarify that he was offering these services alone and personally: “I use the company below as my consultants on EU law and public affairs. I simply wanted to give you options regarding invoicing should you need to bill an established company with expertise in EU affairs for all or part of the cost.”

This statement seems to imply that this mystery “established company with expertise in EU affairs” would have been ready to bill “all or part” of the alleged €60-million bribe at the heart of the cash-for-influence scandal that lead to John Dalli’s resignation.

This is another of Dalligate’s many unanswered questions: who is the mystery EU lobby consultancy working with Zammit, and is it in the Transparency Register?

**Table – Companies, industry associations and consultancies identified as working for the tobacco industry at EU level**

Companies/consultancies hired	Lobbyists	2011 declared lobbying budget (€)
Philip Morris International	9	1,125,000
Europtimum Conseil	1 (est.)	150,000*
Viestintätoimisto Conexio	1 (est.)	25,000
Imperial Tobacco Group	3	225,000
Thierry Politikberatung GmbH	1 (est.)	25,000
Bell Pottinger ( <i>not registered</i> )	1 (est.)	-
Reemtsma ( <i>not registered</i> )	1 (est.)	-
Carsten Klenke ( <i>hired by Reemtsma</i> )	1 (est.)	25,000
British American Tobacco	7	425,000
EUK Consulting	1 (est.)	75,000
Japan Tobacco International	4	550,000
College Public Policy	1 (est.)	25,000
Swedish Match	2.5	125,000
Kreab Gavin Anderson	1 (est.)	125,000
Hunters & Frankau Limited	1 (est.)**	25,000 (2010)
House of Oliver Twist ( <i>not registered</i> )	1 (est.)	-
Assens Tobaksfabrik ( <i>not registered</i> )	1 (est.)	-
<b>SUB TOTAL</b>	<b>37.5</b>	<b>2,925,000</b>
Industry associations/consultancies hired	Lobbyists	2011 declared lobbying budget (€)
CECCM - Confederation of European Community Cigarette Manufacturers	4	550,000
ESTA – European Smoking Tobacco Association	3	325,000 (2010)
ESTOC - European Smokeless Tobacco Council	2	75,000 (2010)
Pappas & Associates ( <i>not registered</i> )	1 (est.)	-
TIP – Tobacco Industry Platform	2	25,000 (2010)
UNITAB - European association of tobacco growers	1	75,000
Communication & Institutions	1 (est.)	800,000
CEDT - Confédération Européenne des Détailants en Tabac	8	25,000
Luther Pendragon	1 (est.)	<i>Client not declared</i>
ECMA - European Cigar Manufacturers Association	2	75,000 (2010)
Aspect Consulting***	1 (est.)	25,000
ECITA - Electronic Cigarette Industry Trade Association ( <i>not registered</i> )	1 (est.)	-
ITGA - International Tobacco Growers' Association ( <i>not registered</i> )	1 (est.)	-
GITES - Groupement des Industriels Européens du Tabac	5	25,000
ITPAC - Imported Tobacco Products Advisory Council	1	25,000
FETABEL - Fédération de l'industrie du tabac de coupe en Belgique et au Luxembourg	3	7,000
CIMABEL - Cigarette Manufacturers of Belgium and Luxembourg	1	10,000 (2010)
FIT - Federazione Italiana Tabaccari	7	225,000 (2009)
TI - Tobaksindustrien, (Tobacco Manufactures Association of Denmark)	1	30,000
IGT - Interessengemeinschaft Tabakwirtschaft e.V.	1	25,000
DZV - Deutscher Zigarettenverband e.V.	5	25,000
BDTA - Bundesverband Deutscher Tabakwaren-Großhändler und Automatenaufsteller e.V.	2	25,000
ETV - Europäischer Tabakwaren-Grosshandels Verband e.V.	2	25,000
VdR - Verband der deutschen Rauchtabakindustrie e.V.	2	25,000
BdZ - Bundesverband der Zigarrenindustrie	1	5,000 (2010)
Magyar Dohánytermelők Országos Szövetsége (Hungarian Tobacco Growers' Association) ( <i>not registered</i> )	1 (est.)	-
<b>SUB TOTAL</b>	<b>60</b>	<b>2,427,000</b>
<b>GRAND TOTAL</b>	<b>97.5</b>	<b>5,352,000</b>

\* €125,000 paid by Philip Morris International and €25,000 by Philip Morris France.

\*\* The company declared 35 lobbyists but it must be a mistake given that the lobbying budget is less than €50,000, a sum with which 35 lobbyists cannot be paid.

\*\*\* Client could also be the European Carton Makers Association as only the acronym is mentioned.

## Notes and references

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<sup>1</sup> [http://europa.eu/legislation\\_summaries/institutional\\_affairs/decisionmaking\\_process/ai0003\\_en.htm](http://europa.eu/legislation_summaries/institutional_affairs/decisionmaking_process/ai0003_en.htm)

<sup>2</sup> <http://www.opensecrets.org/lobby/indusclient.php?id=A02&year=2011>

<sup>3</sup> Self-employed consultant Carsten Klenke used to be the director of the Saxony office in Brussels.  
<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=98413578670-86> ;  
<http://www.european-agenda.com/events/25385.php>

<sup>4</sup> <http://corporateeurope.org/comment/834#comment-834>

<sup>5</sup> [http://ec.europa.eu/health/tobacco/docs/ev\\_20120703\\_mi\\_en.pdf](http://ec.europa.eu/health/tobacco/docs/ev_20120703_mi_en.pdf)

<sup>6</sup> <http://www.euractiv.com/health/lobbyists-link-eu-tobacco-curbs-news-506560>

<sup>7</sup> [http://tobaccotactics.org/index.php/Imperial%27s\\_lobbying\\_against\\_the\\_Tobacco\\_Products\\_Directive](http://tobaccotactics.org/index.php/Imperial%27s_lobbying_against_the_Tobacco_Products_Directive)

<sup>8</sup> <https://twitter.com/erikwesselius/status/261091599319187457>

<sup>9</sup> Recently, two law firms, White & Case and Reed Smith LLP, were suspended from the Register for breaching this guideline. <http://www.publicserviceeurope.com/article/2508/eu-transparency-register-incomplete-and-inconsistent>

<sup>10</sup> "Mindestens einer lügt", Financial Times Deutschland, 1 November 2012.  
<http://www.ftd.de/unternehmen/industrie/:agenda-mindestens-einer-luegt/70112411.html>

<sup>11</sup> The email dated 7 September starts with: "On behalf the CEDT – the European retailers and tobaccoconist association I am writing to let you know about protests involving 1000s of retailers that have been taking place in several European countries."

<sup>12</sup> [http://www.tabaccal.it/index.php?option=com\\_content&view=article&id=1489:protesta-6-settembre-un-grande-successo&catid=49:vdt-e-pubblicazioni&Itemid=184](http://www.tabaccal.it/index.php?option=com_content&view=article&id=1489:protesta-6-settembre-un-grande-successo&catid=49:vdt-e-pubblicazioni&Itemid=184)

<sup>13</sup> <http://www.alter-eu.org/sites/default/files/documents/Dodgy-data.pdf>

<sup>14</sup> "European Tobacco-Related Payment Probe Widens", Wall Street Journal, 23 October 2012.  
<http://online.wsj.com/article/SB10001424052970203400604578074762715100962.html>

<sup>15</sup> <http://www.estoc.org/about-estoc/structure>

<sup>16</sup> "Email Correspondence Offers Murky Picture on Dalli's Resignation", Wall Street Journal, 25 October 2012.  
<http://online.wsj.com/article/SB10001424052970203937004578079333672961470.html>