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Guatemala

Tobacco and Products

Report

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Report Highlights:

In response to STATE 99501 requesting information on any programs to control smoking, FAS Guatemala uncovered information worth for a voluntary GAINS report. Cigarette consumption is promoted by manufacturers and there are no government funded programs to discourage cigarette smoking.

Includes PSD changes: No
Includes Trade Matrix: No
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1. Nationally funded programs are lacking to decrease tobacco consumption

The Guatemalan Government does not have a program to control or reduce tobacco consumption. The Ministry of Public Health and Social Aid (MSPAS), does not receive a direct tax from the retail sales of cigarettes for cancer prevention or non-smoking public campaign.

Dr. Gorge Rodriguez, manager of The Pan-American Health Organization (OPS) in Guatemala City, worked together with the MSPAS, the National League Against Cancer and the National League Against Nicotine Addiction in elaborating the regulations on Congressional Law Decree Number 50-2000 of the Congress of the Republic. The congress who approved the law that went into effect and was publicized in the Official Newspaper on September 6, 2000:

The OPS also collaborates with MSPAS in providing brochures for the "Non-Smoking Global Day" campaign, that is being held every May 31.

The US Mission in Guatemala does not fund any programs that would support the host government efforts to control tobacco for health reasons.

2. Laws aimed at controlling the sale, advertising and consumption of tobacco

Decree Number 50-2000 is the applicable law on tobacco sale, advertising and consumption in Guatemala. It strengthened Decree Number 90-97 and is part of the Health Code reform, of the Congress of the Republic. Here follows an unofficial translation of the law.

ARTICLE 1 Article 49 has been reformed and remains as such:

Article 49. Publicity and harmful consumption:

a) Prior to advertising, all written, graphical, radio, TV, electric or electronically and movie units of tobacco broadcast requires authorization from the Ministry of Public Health and Social Aid.

b) When advertising, manufacturers, importers and publicists of cigarettes and its sub-products should mention or specify one of the following on its pack or wrapping, the following warnings:

- Cigarettes cause cancer.
- Consumption of this product causes cardiovascular diseases.
- Consumption of this product causes mouth and pharynx cancer.
- Smoking while pregnant may causes miscarriage or fetal malformation.
- Consumption of this product causes lung cancer.

These warning should be legibly written on the package in Spanish, with ARIAL BLACK font and CAPITAL LETTERS, font number 12, and fill 25% of the bottom space at the front of the package. The manufacturer should rotate the warnings every two weeks of production until all the warnings, are used. The same has to apply for the clearly and visible following warning written at the lateral face of the pack: "Consumption of this product causes serious health problems."

All written, graphical, radio, TV, electric or electronically and movie units warning messages should be included at the beginning and end of the publicity referred in this clause, rotating the message and at the same monthly percentage above indicated.

c) Note to reader: This section is regarding alcohol beverages. Therefore it is not reported.

d) General advertisement should not contain any messages that can be considered hazardous for the individual or global health, and cigarette or tobacco should not be advertised in any of its forms that could risk the consumer's self-control.

e) In all tobacco publicity, all warnings indicated in the clause b) should be included. Publicity made by radio, TV, electric or electronic or movie units should not be transmitted during children's programming hours.

f) Tobacco product advertisement should be referred as the product and its presentation or its pack, and should not be in any case demonstrated or suggested on its direct consumption through human models, cartoons, sport athletes or public characters for such purpose.

g) Cigarette or tobacco sub-products consumption advertisement is not allowed to be written less than 500 meters of entrances and exits of pre-schools, elementary, Jr. high-schools, universities, sport event complexes, hospitals or recreational areas.

h) Promotional give-away and individual cigarettes and sub-products using tobacco trade marks are prohibited.

i) Selling of individual cigarettes and the sale of imported packs less than twenty cigarettes is prohibited.

j) All products distributed against these mentioned clauses, or publicity that does not comply with the law, will be suspended or removed immediately by the Ministry of Public Health and Social Aid and such actions are the sole responsibility of the violator.

ARTICLE 2. Article 51 has been reformed and remains like this:

Article 51. Tobacco and its sub-products--places of consumption.

- a) Smoking is not allowed at the State's offices, its decentralized or autonomous entities and enterprises of the State,
- b) at educational pre-school, primary and secondary centers, and at the university classes,
- c) collective urban and extra urban transportation units, taxis, medical centers, public and private hospitals, movie theaters, small places where public shows are being presented, theaters, airports,
- d) gas stations, flammable products or other gas places,
- e) and in general, all small places where public services are being obtained, except when the owners of theaters, movies or public entertainment places have an adequate local for smokers, well ventilated and for not affecting the non-smokers.

ARTICLE 3. Not applicable to tobacco.

ARTICLE 4. The last paragraph of Article 224 has been changed and reads as follows:

"The person who does not obey the above mentioned ARTICLE 51 will be penalized according to the indicated amounts mentioned in Article 219, section b) of the Health Code. Selling cigarettes at commercial malls to persons under 18 years of age will be penalized with FIVE THOUSAND QUETZALES (Q5,000), and will be fined HUNDRED THOUSAND QUETZALES (Q100,000) when the manufacturers, importers or distributors promote tobacco in free give-a-ways to the public. The Ministry of Public Health and Social Assistance will take care that the above mentioned will be accomplished.

ARTICLE 5. Article 229 has been changed, adding a number 7, as follows:

7. When numbers 1, 2, 3 and 8 of Article 224 are disobeyed twice or more times, the establishment in which the infraction has occurred will be temporarily closed.

3. Observed Cigarette Advertisement in Guatemala City

Along one of the most transited highways in Guatemala City, "Calzada Roosevelt", three gigantic billboards can be seen, advertising, at its both sides, the most popular Guatemalan cigarette brand: "Rubios". The annual cost of each of these billboards is \$25,000. There is also a small billboard of the same brand at a transited bridge, and a big one at another transited boulevard "Los Proceres".

There are also two small billboards on this road, advertising the "Marlboro" brand.

These two cigarette brands are also advertised on TV, with a cost of Q8,000 - Q10,000 for 30 seconds of advertisement space. Cigarette advertising on television is frequent and is not limited to certain times of the day.

The same 30-seconds of advertisement on the radio costs Q12.00 or more per second.

In the local newspapers, a full page of "Rubios Menthol" and "Kool" are being advertised with the required health warnings.

Every year, the Central American Tobacco Manufacturer Co. (Tabacalera Centroamericana, TACASA) and "Rubios" sponsor the Guatemalan bicycle racing, as well as other small sport events in the republic's suburbs.

The warning "CONSUMPTION OF THIS PRODUCT IS HARMFUL FOR THE CONSUMER'S HEALTH" is being shown on each of these advertisements.

4. The Retail Cost of Cigarettes

BRAND	SIZE	PRICE (PACK)
RUBIOS	20	Q 7.50
RUBIOS	10	Q 4.00
CASINO	20	Q 7.50
CASINO	10	Q 4.00
BELMONT	20	Q 8.00
BELMONT	10	Q 4.25
MARLBORO	20	Q 10.00
MARLBORO	10	Q 5.00
DIPLOMAT	20	Q 8.50
KOOL	20	Q9.00

All these brands are sold both regular or menthol.

5. Manufacturers, Production, Trade and Taxes

TACASA, a Philip-Morris subsidiary, is the only cigarette manufacturer remaining in Guatemala. The National Tobacco Co. (TANSA) is a British American Tobacco subsidiary, and a cigarette distributor, with its production factory in Honduras.

In 1999, TACASA captured 79 percent of the total of Guatemalan cigarette market. From the 79 percent, Rubios brand represents 90 percent of total sales. In 2000, TACASA should capture 80 percent of the total Guatemalan cigarette market.

TACASA exported 1,613 million cigarettes in 1999 and is estimated by USDA to have exported 1,900 million cigarettes in 2000. In 1999, TANSA imported 563 million cigarettes and imported an estimated 600 million cigarettes in 2000. Total production of cigarettes in 1999 reached 3.3 billion pieces and estimated 2000 production was 3.6 billion pieces. This increase is attributed to increases in local cigarette consumption and exports.

The luxury tax is 44 percent of the retail price without the VAT or in Guatemala called the IVA, according to decree 6177 for tobacco. The IVA is 10 percent of total retail price, applied after the 44 percent luxury tax is added.