

**Dr Tibor Szilágyi**

**MD, MPhilPH**

**HUNGRY FOR HUNGARY:**  
**EXAMPLES OF TOBACCO COMPANIES' EXPANSIONISM**  
**Case studies from Hungary**

**Egészségünkért a XXI. században Alapítvány/  
Health 21 Hungarian Foundation**

**June 2006**

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## Acknowledgments

Publication of this book was funded by the following organisations:

Roswell Park Transdisciplinary Tobacco Use Research Center (TTURC – P50 CA111236), supported by the U.S. National Cancer Institute.



American Cancer Society



Egészségünkért a XXI. században Alapítvány/Health 21 Hungarian Foundation



The author thanks the invaluable help of and scientific input provided by Professor Simon Chapman of the University of Sydney, one of the most skilled and influential tobacco control advocates in the world. The material of this book could not have been put together without his guidance and continuous assistance.

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Egészségünkért a XXI. században Alapítvány/Health 21 Hungarian Foundation

65 Áfonya st

H-2030

Érd

Hungary

Phone/fax: (+36) 23-371299

Email: [h21hf@axelero.hu](mailto:h21hf@axelero.hu)

Website: <http://health21.hungary.globalink.org>

ISBN 963 87171 0 6

ISSN 1587 3137

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# PREFACE

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A lion. Chases an antelope. Catches it. Eats. Leaves remnants behind. Looks for a new victim.

Similarly, Hungary fell to transnational tobacco companies when these headed east in 1991-1992. During the past 15 years five multinational tobacco companies (British American Tobacco, Philip Morris, RJ Reynolds, Reemtsma and Imperial Tobacco) entered the Hungarian market and bought production facilities in the country. In spite of substantial tax concessions they were given by the Hungarian state four have already sold their interests (Philip Morris, RJ Reynolds, Reemtsma and Imperial Tobacco). In the years they spent in Hungary they paid less taxes than they could have been and withdrew an important share of their profits from the country. They left behind a social burden which amounts three to four times more than the state incomes from the entire tobacco sector.

Why should a country be partner in making wealthy tobacco companies wealthier against its own interests? This is a case study of a country which did not resist the pseudo-shining of tobacco investments and experienced the "living together" with the world's richest tobacco transnationals.

# INTRODUCTION

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This book deals with the most important threat to the health of the Hungarian public: tobacco use. A wide range of interventions, usually referred to as a “*comprehensive tobacco control programme*”, have already demonstrated their effectiveness in curbing the tobacco epidemic. These interventions aim to reduce disease and disability as well as social costs related to tobacco consumption. Reducing social acceptance of smoking and of the tobacco industry are other strategies expected to lead to reduced smoking, and eventually to reduced disease and suffering.

The first public health treaty ever adopted, the Framework Convention on Tobacco Control (FCTC), is a global instrument which is expected to reduce tobacco related mortality globally. (1) The treaty supports national action through recommending scientifically proven, evidence based tobacco control measures. Article 20 of FCTC calls for a global system for monitoring practices and strategies of the tobacco industry; the revelations contained in this book should be seen as an example of such collection and dissemination efforts.

The core of the material of this book has been compiled by Dr Tibor Szilágyi in 2001-2002. He did industry document research as part of his masters' thesis completed at the University of Sydney under the guidance, invaluable help and professional input of professor Simon Chapman.

That was the first time when formerly internal, private and often top secret tobacco industry documents referring to a former communist country of Central and Eastern Europe (CEE) have been analysed. Hungary, with 28,000 annual deaths related to smoking in a population of 10 million, has the world's highest mortality rates for lung cancer in both men and women, some 90% of which is attributable to smoking. (2) Insights into tobacco industry strategies designed to maintain and increase tobacco use are therefore potentially of great importance to tobacco control.

Since then, some materials of this book – in amended, shorter versions – were published as follows:

Szilágyi T. Studying the Hungarian anti-smoking movement. *Tob. Control*, Sep 2002; 11: 280.

URL: <http://tc.bmjournals.com/cgi/content/full/11/3/280?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&author1=Szilagyi&andorexactfulltext=&and&searchid=1&FIRSTINDEX=0&sortspec=relevance&resourcetype=HWCIT>

Szilágyi T, Chapman S: Hungry for Hungary: examples of tobacco industry's expansionism. *Cent Eur J of Publ Health* 2003; 11: (1), 38-43.

URL: [http://www.szu.cz/svi/cejph/1\\_2003/08.htm](http://www.szu.cz/svi/cejph/1_2003/08.htm)

Szilágyi T, Chapman S: Tobacco industry efforts to keep cigarettes affordable: a case study from Hungary. *Cent Eur J of Publ Health*, 2003;

11: (4), 223-228. URL: [http://www.szu.cz/svi/cejph/4\\_2003/09.htm](http://www.szu.cz/svi/cejph/4_2003/09.htm)

Szilágyi T, Chapman S: Tobacco industry efforts to erode tobacco advertising controls in Hungary. *Cent Eur J of Publ Health*, 2004; 12: (4),

190-196. URL: [http://www.szu.cz/svi/cejph/4\\_2004/4\\_04\\_04.pdf](http://www.szu.cz/svi/cejph/4_2004/4_04_04.pdf)

The text of this book is based on Dr Szilágyi's original research. The original chapters have been updated and completed with information emerged since 2002.

## **Objectives**

This book aims to:

- provide insights strategies and tactics used by transnational tobacco companies (TTCs) used in Hungary after the fall of the Berlin Wall;
- provide decision makers (parliamentarians, high ranking ministry officials) media representatives, and tobacco control advocates in Hungary with facts on the divergence of TTCs public statements with their private, internal thoughts and plans on issues related to smoking and health;
- provide tobacco control communities in countries in similar or earlier stages of development of the tobacco epidemic with information on what they should expect from TTCs when they enter their countries.

## **Structure**

The material of this book is the result of research based on a review and analysis of formerly secret, internal tobacco industry documents, which have been made available to the public as a result of the 1998 Master Settlement Agreement (MSA) between tobacco companies active in the United States and the US state governments. An estimated 40 million pages from 6,286,970 documents (as at 3 March 2003) are available on the World Wide Web, searchable by researchers.

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The book consists of four chapters, depicting various facets of TTCs strategies and tactics used in Hungary. These are as follows:

- Hungry for Hungary: examples of tobacco companies' expansionism. This chapter focuses on the reasons for and circumstances in which TTCs entered the CEE region and especially the Hungarian market after the fall of former communist regimes. It also provides insights into tobacco company efforts in creating new partnerships while participating in the Hungarian privatisation.
- Transnational tobacco industry efforts to erode tobacco advertising controls in Hungary since 1990. Acquiring as many new consumers for tobacco products as they needed to make their Hungarian business profitable was a priority for TTCs. To achieve this, they violated the existing Hungarian legislation in force – which banned all forms of promotion of tobacco products except for event sponsorship – since they considered it “*obsolete*”. This chapter presents the main partners of the industry in the process of promoting liberalisation of tobacco advertising.
- Keeping cigarettes affordable. The chapter focuses on the TTCs efforts to prevent the Hungarian government from raising taxes and to keeping cigarettes affordable for the public. It also describes the latest developments in Hungarian tobacco taxation policy in the wake of the country's accession to the European Union.
- Sponsoring the scientific community: buying supportive science. TTCs succeeded in giving leading Hungarian scientists of the Semmelweis University of Medical Sciences and the National Public Health Institute charge of the preparation and dissemination of studies aimed at undermining tobacco control efforts in the country and even internationally. The chapter provides evidence and details on how the industry infiltrated the Hungarian Academy of Sciences.

## **Methodology**

Documents used in this research were located from public tobacco industry document sites, including those of Philip Morris, RJ Reynolds, Lorillard, Brown&Williamson and the American Tobacco Company, and also that of the Tobacco Institute and the Council for Tobacco Research (all relocated by now to <http://www.tobaccodocuments.org>). Additional searches for British American Tobacco documents were undertaken on the site of the Canadian Council on Tobacco Control (<http://www.nctc.ca/Guildford.nsf>) and also on the British Columbia's Tobacco Industry Documents site [http://www.moh.hnet.bc.ca/cgi-bin/guildford\\_search.cgi](http://www.moh.hnet.bc.ca/cgi-bin/guildford_search.cgi)).

Initially, general terms were used to search all the above mentioned sites. These included “hungar\*, budapest and magyar” (Hungarian). From the documents thus located further searches were performed using names of individuals, industry sites, abbreviations, misspelled names. Hungarian terms like ‘garamszegi’, ‘fehervary’, ‘fehervari’, ‘patai’, ‘egri’, ‘eger’ were used on the Philip Morris site, ‘pecs’, ‘pécs’, ‘pecsi’ on sites containing BAT documents, ‘lengyel’ and ‘lutz mueller’ for the RJ Reynolds sites.

Searches were repeatedly undertaken between July 1, 2001 and October 31, 2002 to capture more recently uploaded material. Documents thus located were sorted into major themes, stored in separate files before being reviewed. Then, documents in chronological order were reviewed and an historical narrative produced as a basis for the later articles. A total of 1,627 Philip Morris documents, 534 BAT (from the B&W and other sites on Guildford- documents) documents, 872 RJ Reynolds documents, 480 CTR documents and 582 documents from the Tobacco Institute site were stored and reviewed. Illegible handwritten documents, shipping documents, documents referring exclusively to quality checks of manufactured cigarettes, and those containing Hungarian names but not referred to Hungary were excluded from the review.

The veracity and reliability of documents can only be verified by searching for evidence on what the industry really did in the country. In order to achieve this, additional searches were undertaken on documents in Hungarian language. These included a search on the coverage of tobacco issues in the same period of time in the Hungarian press by using the free search engine of Observer Media Search Ltd. Hungarian industry websites, the website of the National Assembly and the available public health literature were also reviewed. These provided information on what tobacco companies have done or said in the public domain, which has then been compared to revelations from the internal document analysis.

Documents found during searches were sorted into major themes (e.g. advertising and promotion, taxation and pricing, entering the Hungarian market, industry-funded research, youth smoking), then printed and stored in chronological order. A historical narrative was then written based on the industry documents and additional materials on the topic found in the available Hungarian scientific literature, on Hungarian industry sites and in various media covering tobacco issues. The latter was given as much attention as to documents themselves, since the combination of information of both secret documents and public declarations helps better characterising industry conduct and behaviour.

## **Limitations**

The research, which resulted in the material of this book, is subject to some important limitations, especially related to industry document research. These include:

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- Only documents available on the WWW were reviewed. This poses serious problems in accessing BAT documents. BAT, the market leader in Hungary was not required to comply with the website provision of the MSA. Hard copies of BAT documents are only accessible at the Guildford depository, but with much of the material (considered “privileged” or trade secret) remaining inaccessible and BAT placing obstacles in the way of those wishing to review materials. (3) I had no access to documents stored in Guildford, which have not been placed on websites by others who have retrieved them. Efforts to collaborate with research groups from the UK working on BAT documents were made, but regrettably did not result in any access to BAT documents.
  - The number of documents uploaded to industry sites is continuously expanding. No documents uploaded after we drawing the line on October 31, 2002 have been taken into consideration.
  - No documents related to the Hungarian activities of the German tobacco company, Reemtsma, which privatised one of the plants of the former Hungarian Tobacco Monopoly, have been made available through the MSA. Therefore, no access to their internal documents is available.
  - Finally, only documents in English are available on public sites. Local branches of the TTCs were not requested to make their internal documents public. Therefore, only very few documents in the Hungarian language are available. Only that subset of documents related to Hungary is available which have been produced, written or translated into English.

## **Background and possible impact of the research**

Life expectancy of Hungarians remains about ten years lower than the average throughout the European Union. Smoking is the single most important cause of death in Hungary, being responsible for about one quarter of all deaths. Although Hungary had, at the time of the compilation of this book’s material, among the World’s most advanced tobacco control regulatory systems, this new and fragile achievement remains endangered by the very powerful and influential tobacco lobby. The TTCs find ways of circumventing anti-smoking regulations or publicly promoting different interpretations of laws and regulations on tobacco, which they hope will result in a reduced impact on consumption.

Hungarian society has now more than ten years experience of living together with the TTCs. The case of their settling and doing business activities in Hungary is, however, relevant to other countries of CEE, especially those in similar or earlier stages of their tobacco epidemics. These countries experience similar strategies and tactics imported and used by TTCs aimed at preventing or delaying decision makers from taking adequate actions to safeguard the health of their populations against apparent economic gains heavily popularised by the recently arrived TTCs.

Formerly private tobacco industry documents, made publicly available as a result of the 1998 Minnesota Settlement, reveal TTCs behaviour in establishing, promoting and practicing their business activities in the emerging democracies of CEE. Documents concerning Hungary highlight the reasons why tobacco companies considered the invasion of the Hungarian market – with its around 3,5 million smokers – important, how the tobacco industry markets to and communicates with smokers and non-smokers in Hungary, while violating the laws in force of the country, how they succeeded in infiltrating the Hungarian scientific community in their efforts to look for scientific witnesses and to commission scientific research in the support of industry views. In addition, documents have been found exposing the tobacco industry’s efforts to map and neutralize the activity of the increasingly active Hungarian anti-tobacco lobby.

Hungary still has a significant number of parliamentarians supportive of the tobacco industry’s efforts and positions. A considerable number of articles are still being published in Hungarian magazines and newspapers about the economic importance of TTCs which echo the industry’s arguments against a tough legislative and regulatory framework expected to have a significant health impact. TTCs are still capable of maintaining close relationships with key ministry officials and other relevant industries supportive to their initiatives.

Hungarian tobacco control advocates still have little knowledge about formerly secret tobacco industry documents, including the possible use of document searches in promoting their positions on tobacco policy development. Promoting awareness that the tobacco industry is not to be trusted in smoking and health issues may result in a more pronounced decrease in the social acceptability of smoking. Analysis and publicity abroad of what TTCs have done could be an indispensable part of a comprehensive tobacco control policy in Hungary.

## **References**

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