

## #TruthInTrade

*It Could Happen – Government Ordered to Pay Tobacco Firm Billions with Tax Payer Money*

### Takeaway

- Trade agreements could make it easier for kids to get cigarettes.
- Big tobacco could profit from ending tobacco product control policies.

### Background

Today's trade deals put domestic tobacco control policies at risk of attack from corporate prosecutors in fundamentally flawed trade hearings. The tobacco industry abuses trade and investment agreements to sue or threaten countries over lawfully adopted domestic policies, even after domestic courts have upheld them.

### *Philip Morris International v. Uruguay & Philip Morris Asia v. Australia*

Tobacco giant Philip Morris is using secretive corporate trade court system to attack countries' anti-smoking policies. In 2010, Philip Morris attacked Uruguay's requirements for health warnings on cigarette packages and in 2011, the firm attacked Australia's cigarette "plain packaging" policy. Philip Morris is demanding Australia pay billions in compensation and elimination of the policy, which applies to domestic and foreign brands equally.

Philip Morris claims the health policies violate its privileges under Bilateral Investment Treaties (BIT). These BITs, which include the investment rules propose for the TPP, provide for compensation for foreign firms if changes in regulatory policies undermine their expected future profits. The investment rules cover intellectual property, ongoing business enterprises and much more.

Uruguay [has received](#) accolades from the World Health Organization and anti-smoking activists for its anti-smoking initiatives. But under the investor-state regime, an extra-judicial tribunal could order Uruguay to pay a tobacco firm millions and remove policies aimed at reducing smoking. And, there is no appeal mechanism.

- Phillip Morris wants to "intimidate Uruguay and other countries," [said](#) the past Uruguayan President who enacted the policy, Tabaré Vazquez.

Uruguay's law requires 80% of cigarette packaging to contain health risk warnings and bans variations in packaging that suggest lower health risks from some of a brand's products.

- A [legal opinion](#) from Todd Weiler, an international lawyer whose practice focuses on investment treaty suggests that the claim by PMI is unjustified and unreasonable - and is part of a wider strategy to forestall restrictions on cigarette packaging.