

CASE STUDY

ANALYSIS

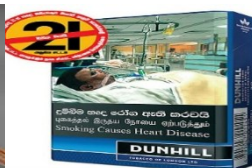
Corporate Profitability vs. Public Health Policy: A Critical Analysis of Ceylon Tobacco Company (CTC) and the 80% Pictorial Health Warnings in Sri Lanka



Executive Summary

Prepared by Group 02

This report critically analyzes the legal battle between Ceylon Tobacco Company (CTC) and the Ministry of Health over the 80% Pictorial Health Warning (PHW) mandate. It examines how sovereign public health legislation (NATA Amendment Act No. 3 of 2015) successfully overrode a corporate monopoly's defense of brand equity and profits



KEY HIGHLIGHTS

ANALYSIS OF CORPORATE
RESPONSE STRATEGIES

PUBLIC HEALTH VICTORY &
LEGISLATIVE OVERRULE

SOCIO-ECONOMIC IMPACT &
STRATEGIC LESSONS

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1. Executive Summary

This case study critically investigates the strategic, legal, and ethical conflict between Ceylon Tobacco Company PLC (CTC) and the Ministry of Health, Sri Lanka between 2012 and 2015 regarding tobacco packaging regulations.

Corporate Overview:

Ceylon Tobacco Company PLC (CTC), a subsidiary of British American Tobacco (BAT), operates as a legally protected monopoly in the manufacture, distribution, and marketing of cigarettes in Sri Lanka. While the company is historically recognized as one of the largest corporate taxpayers on the Colombo Stock Exchange (CSE), its reliance on a lethal, addictive single product portfolio place it under intense regulatory and public welfare scrutiny. Following the 2006 advertising ban under the National Authority on Tobacco and Alcohol (NATA) Act, traditional marketing channels were eliminated, leaving the physical cigarette pack as CTC's sole remaining medium for brand differentiation and consumer engagement.

The Regulatory Conflict & Strategic Battle:

The conflict was triggered in August 2012 when the Ministry of Health issued Gazette Extraordinary No. 1770/15, mandating that 80% of the front and back surface areas of all cigarette packages display graphic Pictorial Health Warnings (PHWs). Facing severe commoditization and potential volume decline, CTC aggressively litigated against the state in the Court of Appeal (CA Writ 336/2012) and Supreme Court (SC Appeal 04/2014). The company argued that an 80% warning space expropriated its registered trademarks under the Intellectual Property Act No. 36 of 2003 and threatened government tax revenues by incentivizing illicit trade.

Outcome & Strategic Findings:

Although the Court of Appeal attempted a judicial compromise in May 2014 by recommending a reduced 50%–60% warning space, the Sri Lankan Government deployed a decisive constitutional masterstroke. By bypassing judicial delays, Parliament unanimously enacted the NATA Amendment Act No. 3 of 2015, legally overriding the court's recommendation and enshrining the 80% Pictorial Health Warning requirement into statutory national law.

This study evaluates how CTC ethically failed by prioritizing shareholder dividends over human lives and exposes its "illicit trade" claims as a corporate scare tactic. Ultimately, the case established a landmark governance precedent in Sri Lanka: sovereign state health policies and international treaties (WHO FCTC) hold permanent legal supremacy over corporate intellectual property and trademark rights. Strategic recommendations advise corporate managers in sensitive sectors to adopt proactive compliance, genuine ESG governance, and product diversification over protracted, unethical litigation.

2. Organizational Context & The Monopoly Landscape

2.1 Corporate Dominance and Market Structure

Ceylon Tobacco Company PLC (CTC) operates as a legally protected monopoly in the manufacture and distribution of cigarettes in Sri Lanka. As an affiliate of British American Tobacco (BAT), CTC historically functioned as one of the highest corporate taxpayers on the Colombo Stock Exchange (CSE). However, operating as a monopoly in a lethal consumer goods sector places the organization under intense ethical and regulatory scrutiny.

2.2 The Advertising Ban and Packaging as the Final Marketing Tool

Following the enactment of the National Authority on Tobacco and Alcohol (NATA) Act No. 27 of 2006, all forms of traditional tobacco promotion including television, radio, print advertising, sports sponsorships, and point-of-sale displays were strictly prohibited in Sri Lanka.

- **The Pack as an Advertising Medium:** With media channels closed, the physical cigarette package became CTC's *sole remaining marketing instrument* to build brand equity, project lifestyle prestige, and attract new smokers.
- **The Regulatory Trigger:** In August 2012, the Ministry of Health published Gazette Extraordinary No. 1770/15 requiring 80% graphic health warnings on both the front and back of packs. This regulation threatened to strip CTC of its last advertising tool, transforming a branded luxury product into an unappealing commodity.

2.3 SWOT Analysis of CTC (In the Context of Regulatory Risk & Packaging Dependency)

To understand why Ceylon Tobacco Company (CTC) reacted with such extreme legal aggression against the 80% Pictorial Health Warning mandate, their strategic position is evaluated below:

Strategic Dimension	Critical Evaluation & Case Evidence
Strengths	1. Monopoly Market Control: Holds near 100% legal market share in Sri Lanka. 2. Multinational Backing: Supported by British American Tobacco's (BAT) global legal and financial resources.

	3. Litigation Capability: Immense capital reserves to sustain multi-year legal battles (CA Writ 336/2012).
Weaknesses	1. Single-Product Vulnerability: Over-reliance on lethal cigarettes without portfolio diversification. 2. Zero Advertising Capability: Total prohibition of traditional media ads under the 2006 NATA Act. 3. High Packaging Dependency: The physical pack remained CTC's <i>only</i> tool to project brand prestige and lifestyle glamour.
Opportunities	1. Proactive Risk Mitigation: Co-operating with public health authorities to adopt moderate, smaller warnings before statutory overrule. 2. Non-Tobacco Diversification: Transitioning capital into sustainable, healthcare, or non-controversial consumer sectors.
Threats	1. Uncompromising State Legislation: Enactment of the NATA Amendment Act No. 3 of 2015, legally overriding judicial compromise. 2. Brand Commoditization: Loss of 80% surface area strips away brand differentiation, turning premium cigarettes into generic products. 3. Societal De-glamorization: Graphic cancer imagery destroying the social appeal of smoking among youth.

Critical Strategic Insight (The "Single-Product Monopoly Trap")

This SWOT analysis exposes why CTC had no choice but to fight the Government. Because CTC suffered from a total advertising ban (Weakness #2) and zero product diversification (Weakness #1), the cigarette package was

their sole surviving marketing asset. Losing 80% of that pack space to graphic medical imagery was an existential threat to their brand equity. Their aggressive litigation was not a fight for "trademark justice," but a desperate corporate survival strategy to delay brand commoditization.

3. Core Problem Statement & Conflicting Motives

3.1 The Clash of Rights: Commercial Profit vs. Sovereign Public Health

The core conflict of this case study lies in the fundamental incompatibility between a tobacco monopoly's commercial motives and a sovereign state's constitutional duty to protect human life.

Analytical Dimension	Ceylon Tobacco Company (CTC / BAT)	Ministry of Health / WHO FCTC
Primary Motive	Protect brand equity, retain trademark visibility, and maximize shareholder dividends.	Prevent premature mortality, combat Non-Communicable Diseases (NCDs), and reduce healthcare costs.
Core Argument	80% warnings violate the Intellectual Property Act No. 36 of 2003 by destroying registered trademarks.	The constitutional Right to Life and international WHO FCTC treaty obligations override commercial trademarks.
Strategic Goal	Delay or dilute packaging legislation to preserve cigarette sales volumes and lifestyle appeal.	Visually shock consumers, deglamorize smoking, and deter youth initiation.

4. Critical Evaluation of CTC's Corporate Political Activity

4.1 Prioritizing Shareholder Profit Over Human Lives

CTC's primary legal argument that graphic health warnings diminished its registered trademark rights demonstrates a profound ethical failure. Cigarettes are fundamentally unlike conventional consumer goods; they are highly addictive and lethal when used exactly as intended. By litigating to preserve brand prominence over images of oral cancer and cardiovascular disease, CTC actively elevated commercial brand equity above the right to life of Sri Lankan citizens.

4.2 The "Illicit Trade" Bluff as a Scare Tactic

Throughout the dispute, CTC deployed national media campaigns arguing that 80% pictorial warnings would make cigarette packs easier to counterfeit, leading to a massive increase in smuggled illicit cigarettes and severe tax revenue losses for the Treasury.

- **Critical Debunking:** Public health research and macroeconomic evaluations by the Institute of Policy Studies (IPS) proved this argument to be a corporate bluff. The long-term healthcare expenditure incurred by government hospitals treating tobacco-related cancer and heart disease significantly exceeded the temporary excise tax contributions of the tobacco industry.

4.3 Litigation as an Unethical Delaying Tactic

CTC's decision to escalate the legal battle through the Court of Appeal (CA Writ 336/2012) and Supreme Court (SC Appeal 04/2014) was not merely a defense of rights, but a calculated Corporate Political Activity (CPA) designed to buy time.

- By obtaining judicial stays, CTC successfully delayed the market implementation of 80% graphic warnings by three full years (from 2012 to 2015). During this three year litigation window, CTC continued to sell standard, attractive cigarette packs, securing billions of rupees in shareholder revenue at the direct expense of public health awareness.

4.4 Deceptive Marketing and the Destruction of "Glamour"

CTC defended its packaging as "registered intellectual property," but from a behavioral standpoint, the attractive color palettes and gold leaf typography were intentionally designed to mislead young adults and mask the lethal nature of the product. Requiring 80% graphic medical imagery stripped away this deceptive glamour, exposing the true biological consequence of tobacco consumption.

5. The Legal Battle & Legislative Masterstroke (Timeline & Outcome)

[2012: Health Ministry Gazettes 80% PHW Rule (Gazette No. 1770/15)]

|

[2012-2014: CTC Files CA Writ 336/2012 & SC Appeals to Delay Rule]

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[2014: Court of Appeal Suggests Compromise of 50% - 60%]

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[2015: GOVERNMENT MASTERSTROKE - Parliament Passes NATA Act No. 3 of 2015]

|

[FINAL OUTCOME: Government & Public Health WIN -> 80% PHW Enacted into Statutory Law]

5.1 The Judicial Compromise (2014)

In May 2014, the Court of Appeal (CA Writ 336/2012) attempted to balance corporate intellectual property rights with national health policies. The Court ruled that an 80% warning space was excessive and recommended reducing the pictorial warning size to 50%–60%, giving CTC a temporary legal compromise.

5.2 The Government Masterstroke: Legislative Supremacy (2015)

Rather than surrendering to the judicial compromise, the Ministry of Health deployed a decisive constitutional counter-strategy. Recognizing that court proceedings could dilute public health goals, the Government bypassed the courts and brought an amendment directly to Parliament.

- **The Victory:** In March 2015, the Sri Lankan Parliament unanimously enacted the National Authority on Tobacco and Alcohol (NATA) Amendment Act No. 3 of 2015.
- **The Outcome:** This Act codified the 80% Pictorial Health Warning requirement into statutory national law, legally overriding the Court of Appeal's 50%–60% recommendation. CTC was completely defeated, forcing the monopoly to comply with one of the strictest tobacco packaging laws in Asia.

6. Socio-Economic & Business Impact Evaluation

6.1 Stakeholder Impact Matrix & Asymmetry Analysis

The enforcement of the 80% Pictorial Health Warning mandate produced a stark polarization between private corporate wealth and public national welfare:

Stakeholder Group	Strategic Impact	Critical Analysis & Real-World Evidence
Shareholders / BAT (CTC)	Negative (Financial)	Brand Expropriation & Volume Decline: Brand logos were reduced to a minimal 20% typography at the base of the pack. As recorded in CTC's Annual Reports, stick sales volumes contracted significantly as cigarettes lost their lifestyle glamour and premium differentiation.
Ministry of Health / NATA	Positive (Policy)	Sovereign Policy Enforcement: Successfully defended national health sovereignty against multinational legal intimidation, proving that Parliamentary statute overrides corporate political interference.
Sri Lankan Youth & General Public	Positive (Health)	De-glamorization & Prevention: Graphic visual evidence of oral cancer and diseased lungs destroyed the psychological appeal of smoking, leading to a measurable decline in youth smoking initiation rates.

State Healthcare System	Public	Positive (Economic)	Macroeconomic Relief: Reducing smoking prevalence directly alleviates patient congestion and long-term state expenditures in government hospitals for tobacco-attributable Non-Communicable Diseases (NCDs).
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Critical Strategic Insight (1 vs. 4 Stakeholder Isolation):

This matrix demonstrates a profound ethical asymmetry. The negative impact was confined entirely to one private stakeholder group (CTC/BAT Shareholders losing dividends), whereas the positive impacts benefited four major national stakeholders (the Government, Youth, Public Health, and the National Economy). This proves that the 80% mandate was an ethically sound policy where societal welfare overwhelmingly outweighed private monopoly profitability.

6.2 Before vs. After the 2015 Mandate: Comprehensive Comparative Impact Analysis

The statutory enactment of the National Authority on Tobacco and Alcohol (NATA) Amendment Act No. 3 of 2015 marked a structural paradigm shift in Sri Lanka's public health governance. By overriding the Court of Appeal's 50%–60% compromise recommendation (CA Writ 336/2012) and enforcing an 80% Pictorial Health Warning (PHW) requirement, the legislation fundamentally transformed the legal, commercial, and socio-behavioral landscape of the tobacco industry.

The multidimensional contrast between the pre-enactment period (including the three-year litigation delay window) and the post-enactment reality is critically evaluated below:

6.2.1 Brand Equity Expropriation vs. De glamorization of Smoking

- **Before 2015 (The Packaging Frontier):** Following the complete ban on traditional media advertising under the NATA Act No. 27 of 2006, physical packaging remained Ceylon Tobacco Company's (CTC) sole operational channel for brand differentiation and consumer engagement. Premium brands such as Dunhill and John Player Gold Leaf (JPGL) relied heavily on sophisticated gold leaf typography, distinctive color palettes, and three-dimensional packaging psychology to project social prestige and lifestyle glamour.
- **After 2015 (Commoditization & Visual Shock):** The statutory mandate requiring 80% of both front and back surfaces to display graphic medical imagery (Gazette Extraordinary No. 1770/15 – Schedule Types I–IV) effectively destroyed this deceptive glamour. Brand identity was confined to a standardized 20% typography at the bottom of the package. This visual expropriation eliminated the psychological distinction between "premium" and "lower end" cigarettes, transforming a branded luxury commodity into an unattractive, deglamorized product associated directly with oral cancer, cardiovascular disease, and premature death.

6.2.2 Commercial Volume Contraction & Corporate Defensive Shift

- Before 2015 (The Litigation Profit Window): CTC's decision to initiate judicial proceedings in the Court of Appeal (CA Writ 336/2012) and Supreme Court (SC Appeal 04/2014) served as an exceptionally lucrative Corporate Political Activity (CPA). By delaying the market implementation of 80% graphic warnings for three full years (2012–2015), CTC continued selling fully branded, visually appealing packs. This delay protected domestic stick sales volumes and secured billions of rupees in shareholder dividends during the litigation window.
- After 2015 (Structural Volume Erosion): Once the NATA Amendment Act No. 3 of 2015 was enforced, CTC experienced a sustained contraction in domestic cigarette sales. The combination of visual shock on packaging and aggressive excise led price increases significantly eroded stick volume demand across all brand categories. Consumers could no longer ignore the tangible medical consequences displayed on the pack, which directly suppressed daily consumption rates.

6.2.3 Socio-Behavioral Transformation & Youth Deterrence

- Before 2015 (Literacy Barriers & Hazard Undervaluation): Prior to graphic warnings, textual health warnings were ineffective in communicating severe health hazards, particularly among lower-income, rural, and lower-literacy demographics. The attractive visual aesthetics of standard packs masked product toxicity and reinforced the social prestige of smoking among adolescents and young adults.
- After 2015 (Overcoming Literacy Barriers): Graphic visual representations of peripheral vascular disease, gangrene, and diseased lungs transcended linguistic and educational barriers. Medical research and WHO FCTC progress evaluations confirmed that large pictorial warnings generate strong negative emotional responses, increase risk perception, and act as a powerful motivational deterrent against youth smoking initiation.

6.2.4 Constitutional & Legal Precedent: Sovereign Supremacy over Trademarks

- Before 2015 (Judicial Compromise & Vested Commercial Interests): CTC's primary legal defense asserted that an 80% warning space violated registered trademark rights under the Intellectual Property Act No. 36 of 2003. In May 2014, the Court of Appeal attempted to accommodate this commercial argument by suggesting a reduced 50%–60% warning space, temporarily elevating corporate trademark interests over optimal public health standards.
- After 2015 (Legislative Overrule): The unanimous enactment of the 2015 Amendment Act by the Sri Lankan Parliament bypassed judicial compromise and codified the 80% requirement into statutory

national law. This established an enduring constitutional and governance precedent: Sovereign public health mandates, the constitutional Right to Life, and international treaty obligations (WHO FCTC Article 11) hold permanent legal supremacy over private intellectual property and commercial trademark rights.

6.3 International Context: Sri Lanka as a Global Public Health Blueprint

The enactment of the NATA Amendment Act No. 3 of 2015 elevated Sri Lanka from a domestic legal battleground into a historic international benchmark for public health governance:

- **Global Leadership in Warning Size:** By codifying the 80% Pictorial Health Warning requirement into statutory law, Sri Lanka established one of the largest mandatory warning sizes in Asia and globally at the time. This placed Sri Lanka alongside global tobacco control pioneers like Australia (which introduced plain packaging) and earned official recognition from the World Health Organization (WHO FCTC Secretariat).
- **A Blueprint for Developing Nations:** Multinational tobacco corporations frequently use aggressive litigation and threats of "illicit trade booms" to intimidate developing nations into weakening health regulations. Sri Lanka's decisive masterstroke bypassing judicial delays by taking the law directly to Parliament served as a global blueprint for developing economies, proving that sovereign legislative action can successfully defeat multinational corporate political activity.

7. Comparative Analysis: Impact of Health Warnings on Smoking Rates and Cancer (Sri Lanka vs. Australia)

7.1. Are Health Warnings Useless? (Evidence from Sri Lanka)

It is a common argument by tobacco companies that picture warnings on cigarette packs do not work. However, the Global Adult Tobacco Survey (GATS) 2020 proves that these warnings are highly effective in Sri Lanka. After Sri Lanka mandated the 80% pictorial health warnings, 87.5% of adults who currently smoked noticed these warnings on cigarette packages. More importantly, almost half of them (48.9%) considered quitting smoking because of the warning labels during the last 30 days. Furthermore, 34.6% of adults who smoked tobacco made an actual attempt to quit smoking in the 12 months prior to the survey. This clearly proves that graphic warnings successfully create awareness and motivate smokers to stop.

Table 8.2: Percentage of adults ≥15 years old who currently smoked and who noticed health warnings on cigarette packages and considered quitting because of the warning labels during the last 30 days, by selected demographic characteristics, GATS Sri Lanka, 2020

Demographic Characteristics	People who currently smoke ¹ who...			
	Noticed health warnings on cigarette package ²		Thought about quitting because of warning label ²	
	Percentage (95% CI)			
Overall	87.5	(83.5, 90.7)	48.9	(43.1, 54.7)
Gender				
Men	87.5	(83.4, 90.7)	48.8	(42.9, 54.6)
Women	-	-	-	-
Age (years)				
15-24	-	-	-	-
25-44	91.8	(86.4, 95.2)	54.7	(46.4, 62.8)
45-64	83.7	(76.2, 89.2)	40.7	(31.5, 50.5)
65+	-	-	-	-
Residence				
Urban	83.5	(77.7, 88.1)	46.2	(39.5, 53.1)
Rural	88.5	(83.5, 92.1)	49.6	(42.5, 56.6)
Education Level				
No formal education	-	-	-	-

*”Key points: Smoking tobacco: **GATS 2020 Sri Lanka** revealed that in the 12 months prior to the survey, nearly 34.6% of adults who smoked tobacco had made an attempt to quit smoking. Nearly 38.5% of adults who smoked tobacco had visited a healthcare provider within 12 months prior to the survey. Of those who had visited, 55.3% were asked whether they were smoking and 47.0% were advised to quit by the provider, signifying that about 85% of those who were asked whether they were smoking were also advised to quit. Nearly 76.7% of the adults who made attempts to quit tobacco smoking did so on their own without any therapy/assistance and 40.4% attempted to quit with support from family and friends. Notably, 9.4% of these adults switched to smokeless tobacco as a form of quitting smoking. Nearly 8.5% of all adults who attempted to quit smoking had pharmacotherapy support; 7.1% had counseling support; and 1.1% used traditional medicines.”*

Global adult tobacco survey Sri Lanka 2022

7.2. The Urgent Need for the 80% Health Warnings in Sri Lanka

7.2.1. The Rise in Overall Cancer Cases

According to the National Cancer Registry Program, the total number of cancer patients in Sri Lanka has increased from 13,372 in 2005 to 35,855 in 2022. This overall increase is mainly because the country's population is getting older and hospitals now have better testing and diagnostic facilities.

Table 6: Cancer Incidence by sex in Sri Lanka, 2005-2022

Year	Sex	No.	%	CR	ASR
2005	Male	6,058	45.3	62.3	68.1
	Female	7,313	54.7	73.4	73.4
	Total	13,372		67.9	70.6
2006	Male	6,205	44.1	62.7	69.2
	Female	7,875	55.9	79.0	79.5
	Total	14,080		70.9	74.2
2007	Male	6,356	46.6	63.8	70.9
	Female	7,279	53.4	72.2	72.8
	Total	13,635		68.0	71.6
2008	Male	7,695	46.6	76.5	85.5
	Female	8,816	53.4	86.6	88.0
	Total	16,511		81.6	86.4
2009	Male	7,858	46.5	77.4	86.4
	Female	9,030	53.5	87.7	89.1
	Total	16,888		82.6	87.5
2010	Male	7993	47.1	78.0	87.4
	Female	8970	52.9	86.2	87.7
	Total	16963		82.1	87.3
2011	Male	8370	47.8	80.6	90.4
	Female	9112	52.1	86.7	88.7
	Total	17482		83.7	89.2
2012	Male	11363	49.1	115.3	107.8
	Female	11773	50.9	112.1	95.5
	Total	23136		113.6	100.1
2013	Male	11364	48.2	114.0	106.3
	Female	12167	51.8	114.6	97.4
	Total	23531		114.3	100.7
2014	Male	12021	47.6	119.5	112.0
	Female	13250	52.4	123.6	105.3
	Total	25271		121.6	107.3
2015	Male	13921	48.1	137.1	128.6
	Female	15046	51.9	139.1	118.8
	Total	28967		138.1	122.0
2016	Male	16,533	48.4	161.1	151.2
	Female	17,646	51.6	161.3	137.4
	Total	34,179		161.2	142.0
2017	Male	15,458	48.1	148.9	140.2
	Female	16,712	51.9	151.1	128.8
	Total	32,170		150.0	132.7
2018	Male	14,917	48.3	142.2	133.6
	Female	15,936	51.7	142.6	121.1
	Total	30,853		142.4	125.8
2019	Male	14855	46.6	140.6	132.6
	Female	16994	53.4	151.1	128.8
	Total	31849		146.0	128.9
2020	Male	17,451	46.4	164.4	155.3
	Female	20,197	53.6	178.6	152.2
	Total	37,648		171.8	152.3
2021	Male	17,582	46.6	163.9	155.1
	Female	20,171	53.4	176.5	150.4
	Total	37,753		170.4	151.3
2022	Male	16,398	45.7	152.7	144.9
	Female	19,457	54.3	170.1	145.0
	Total	35,855		161.6	143.7

Cancer incidence & Mortality Data Sri Lanka 2022

7.2.2. The Real Danger for Men:

Tobacco-Related Cancers While overall cancer is increasing due to aging, looking at the types of cancers reveals a huge problem caused by tobacco. According to the 2019 data, the top two most common cancers among Sri Lankan men are directly linked to tobacco use:

- Oral Cancer (15%): This is the number one cancer among men, mostly caused by smokeless tobacco and betel quid chewing.
- Lung Cancer (9%): This is the second most common cancer, directly caused by smoking cigarettes.

(Figure 6: Cancer incidence & Mortality Data Sri Lanka Proportion of leading cancers in Males SL 2019)

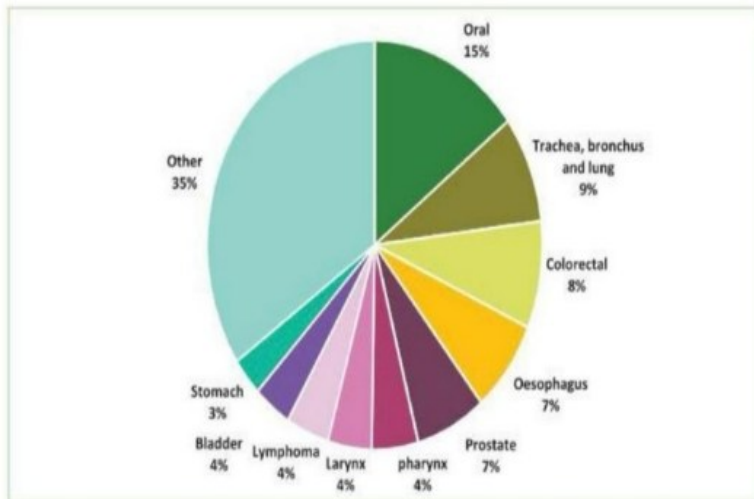


Figure 6: Proportion of leading cancers in Males Sri Lanka, 2019

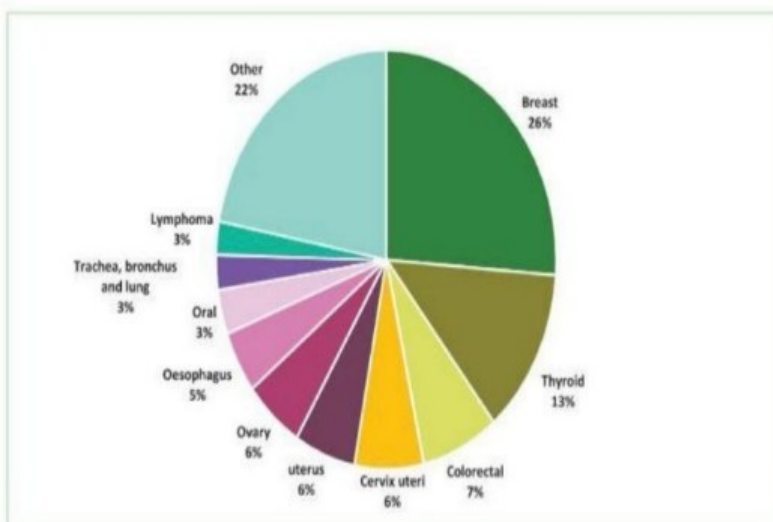


Figure 7: Proportion of leading cancers in Females Sri Lanka, 2019

7.2.3 The Overall Trend in Sri Lanka

According to the National Cancer Registry Program, the overall cancer rate in Sri Lanka has grown steadily from 2005 to 2021 (as shown in Figure 6.23). The report notes that this increase is mainly because the country's population is getting older, and older age groups (especially ages 70–74) record the highest number of cancer cases.

7.2.4 Why This Proves the Need for Tobacco Laws

Even though overall cancers are rising due to an aging population, the government still had to take strict actions—like the 80% health warnings on cigarette packs—to stop preventable lifestyle diseases. Because smoking directly causes major cancers like oral and lung cancer, strict tobacco control laws are crucial to prevent these numbers from getting even higher.

6.3. Cancer

6.3.1. Cancer Incidence

Cancer incidence data in Sri Lanka can be obtained through the National Cancer Registry Program, which is coordinated by the NCCP. The crude incidence rate of cancers reported through the process of cancer registration in Sri Lanka for the time period of 2005–2021 is shown in Figure 6.23.

Age Specific Cancer Incidence Rates

Age-specific cancer incidence rates for both sexes increased from childhood to older age. The highest age-specific cancer incidence rate was reported in the 70–74 age group, and it was 888 per 100,000 in the year 2019. Also, over the last 15 years, age-specific cancer incidence rates have increased in each 5-year age group. Therefore, diagnostic and treatment services for cancer care need to be expanded to cater to the increasing demand for care due to the population's aging over the years.

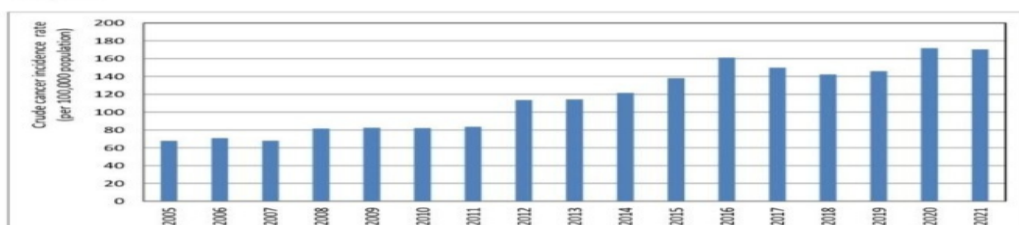


Figure 6.23 : Crude cancer incidence in Sri Lanka, 2005 - 2021

Source: National Cancer Registry Programme

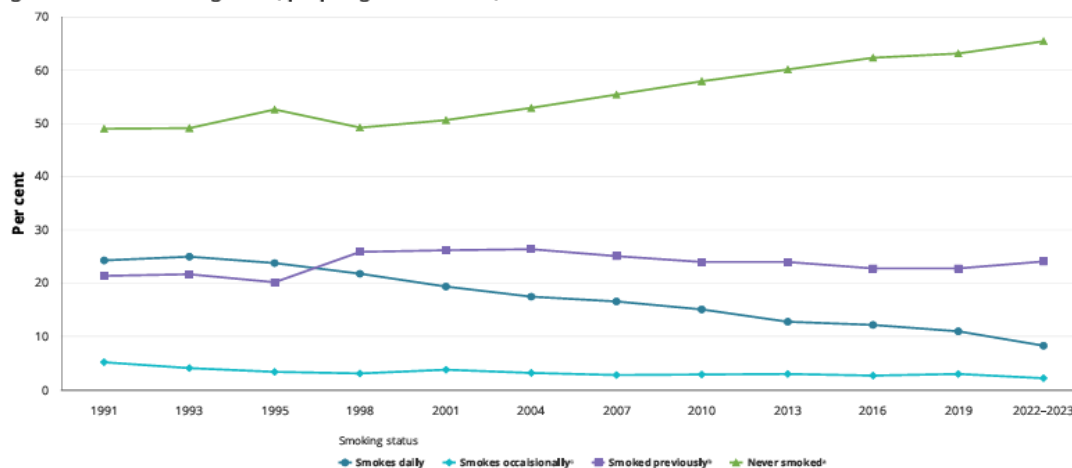
Crude cancer incidence rates of males and females and both sexes have increased over the last 15 years. Therefore, diagnostic and treatment services for cancer care need to be expanded to cater to increasing demand.

Cancer incidence & Mortality Data Sri Lanka 2022

7.3. The "Lag Time" Concept in Cancer Rates (Australia)

When evaluating the success of tobacco control laws, we cannot expect lung cancer patient numbers to drop immediately. Because lung cancer takes many years to develop, there is a "lag time" between when a person stops smoking and when cancer rates drop in a country. Therefore, the most accurate way to measure the immediate success of health warnings is to look at the drop in "daily smoking rates" and the overall "disease burden" over time. (See figure 2)

Figure 2: Tobacco smoking status, people aged 14 and over, 1991 to 2022-2023



7.4. The Australian Blueprint: Before and After Consequences

Australia is a global leader in tobacco control. They introduced Graphic Health Warnings in 2006 and strict Plain Packaging laws with even larger health warnings in 2012. Drop in Smokers: The results of these strict packaging laws were massive. The proportion of people aged 14 and over who smoked daily in Australia more than halved, dropping from 24% in 1991 to just 8.3% in 2022-2023. Reduced Disease Burden: Because smoking rates dropped, the actual health burden on the country improved significantly. The overall health burden caused by tobacco (measured in Disability-Adjusted Life Years or DALY) dropped from 21.6 DALY per 1,000 population in 2003 to 12.7 DALY per 1,000 population in 2024.

7.5. Long-term Impact on Lung Cancer Patients

Tobacco smoking is the largest single risk factor for lung cancer, responsible for about 90% of lung cancers in Australian males. Because Australia has successfully reduced smoking rates over the past decades, male lung cancer rates are actively decreasing. Historical data shows that lung cancer incidence rates have been steadily decreasing among Australian men since the early 1980s. Data analysis shows a statistically significant decreasing trend of about 1.2 cases per 100,000 males per year from 1982 to 2007. The rate was projected to continue to decrease to about 49 cases diagnosed per 100,000 males in 2020.

(Note: Female lung cancer rates have shown an increase over the same period, primarily because the smoking rate among females peaked much later in the 1970s, reflecting the long "lag time" of cancer development.)

Males

Joinpoint analysis of the age-standardised incidence rates of lung cancer for males shows a statistically significant decreasing trend of about 1.2 cases per 100,000 males per year from 1982 to 2007.

Following this trend, it is expected that lung cancer in males will continue to decrease to about 49 cases diagnosed per 100,000 males in 2020, equating to approximately 7,500 cases (Table 3.10a). The largest decrease in rates is expected in males aged 65–84. The rate for males aged 85 and over is expected to remain constant (Figure 3.10a).

Australian Institute of Health & Welfare

The evidence from Australia shows that strict packaging laws directly reduce the number of smokers, which eventually reduces male lung cancer patients and the country's overall health burden. Sri Lanka has already seen great success with the 80% warning rule, motivating nearly half of the smokers to think about quitting. To achieve long-term health victories like Australia, Sri Lanka should continue to strictly enforce these packaging laws and consider introducing plain packaging.

8.CTC Cigarette Business: Performance After the 2015 Pictorial Health Warning Requirement

Sri Lanka's 80% pictorial health-warning requirement, introduced in 2015, was intended to discourage smoking and reduce cigarette consumption. Industry data shows that cigarette production volume declined in 2016, providing evidence of a reduction in cigarette volume following the introduction of the policy. However, this reduction in volume did not result in a corresponding decline in CTC's financial performance or government revenue from tobacco. During the same period, the retail price of legal cigarettes increased substantially, including a 43% increase in 2016. As a result, CTC's turnover and net revenue, as well as government levies collected through CTC, continued to increase through 2018.

The evidence therefore suggests that the pictorial health-warning policy was associated with a reduction in cigarette volume, while substantial price increases helped CTC maintain and increase its revenue despite lower production volumes. Consequently, the policy appears to have had an impact on consumption, but its effect on CTC's profitability and government tobacco revenue was offset, at least partly, by higher cigarette prices and taxation.

In 2015, Sri Lanka mandated that 80% of the principal display area of cigarette packaging carry pictorial health warnings. The policy represented a significant tobacco-control measure, with the stated objective of discouraging smoking and reducing cigarette consumption nationally. The subsequent decline in production volume provides relevant evidence for assessing the consumption effect of this policy, while CTC's financial data demonstrates that reduced volume did not necessarily result in reduced corporate revenue or government tobacco revenue.

8.2. Industry Production Volume and Excise Tax (2009–2016)

Year	Cigarettes Produced (Mn. Sticks)	% Change (Volume)	Excise Tax on Cigarettes (Rs. Bn)	% Change (Tax)
2009	4,101	-8.2	37.6	0.8
2010	4,286	4.5	40.6	8.0
2011	4,469	4.3	49.6	22.2
2012	4,320	-3.3	53.9	8.7
2013	4,035	-6.6	58.6	8.7
2014	3,777	-6.4	57.2	-2.3
2015	4,116	9.0	80.0	39.9
2016	3,789	-7.9	88.8	11.0

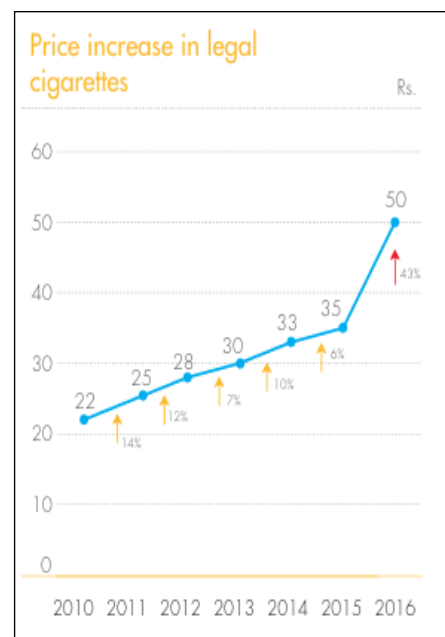
Source: Table 5.7, Department of Fiscal Policy / Department of Customs / Department of Excise.

The production trend shows a reduction in cigarette volume after the implementation of the pictorial health-warning policy. However, the decline was not immediate or consistent. Production increased by 9.0% in 2015, the year in which the pictorial health warnings took effect, before declining by 7.9% in 2016. This indicates that cigarette consumption may have been reduced over time, but the decline cannot be attributed solely to the health-warning policy because cigarette prices also increased significantly, including a 43% increase in 2016. Therefore, both the health-warning policy and higher cigarette prices may have contributed to the reduction in cigarette volume. Importantly, despite the 7.9% decline in volume, excise tax revenue increased by 11.0% in 2016. This demonstrates that higher prices and taxation helped offset the effect of lower cigarette volumes, allowing CTC and the government to maintain increasing financial returns even while cigarette consumption was declining.

8.3. Legal cigarette price increases (2010 – 2016)

Year	Price (Rs.)	Increase over previous year
2010	22	-
2011	25	14%
2012	28	12%
2013	30	7%
2014	33	10%
2015	35	6%
2016	50	43%

Source: Company pricing data, legal cigarette price series 2010–2016.



Although the government introduced stronger tobacco-control measures, including 80% pictorial health warnings, CTC continued to increase cigarette prices. The price increased from Rs. 22 to Rs. 50 during the period, with the largest increase of approximately 43% occurring in 2016. At the same time, production volume declined, indicating that higher prices may have contributed to lower cigarette consumption. However, the significant increase in prices allowed CTC to maintain and increase its revenue despite the reduction in production volume. This suggests that while government health-warning policies may have contributed to reduced cigarette consumption, CTC's ability to increase prices helped offset the financial impact of lower volume and supported continued growth in revenue and profitability.

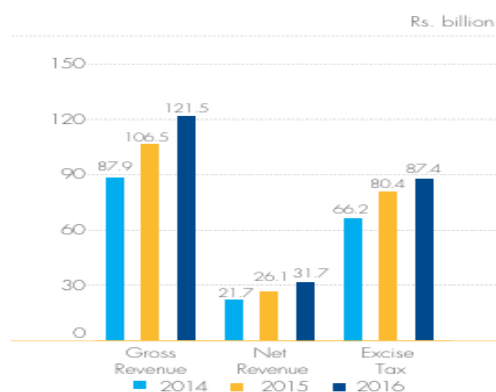
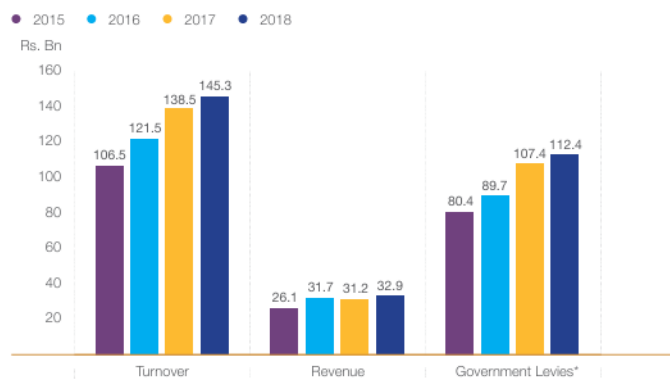
8.4.CTC Financial Performance

Year	Turnover (Rs. Bn)	Net Revenue (Rs. Bn)	Government Levies (Rs. Bn)
2015	106.5	26.1	80.4
2016	121.5	31.7	89.7
2017	138.5	31.2	107.4
2018	145.3	32.9	112.4

Source: CTC turnover, net revenue and government levies, 2015–2018.

Year	Gross Revenue (Rs. Bn)	Net Revenue (Rs. Bn)	Excise Tax (Rs. Bn)
2014	87.9	21.7	66.2
2015	106.5	26.1	80.4
2016	121.5	31.7	87.4

Source: CTC turnover, net revenue and government levies, 2015–2018.



The financial evidence indicates that CTC's business performance and the government revenue generated through the company continued to increase between 2015 and 2018. CTC's turnover increased from Rs. 106.5 billion in 2015 to Rs. 145.3 billion in 2018, while net revenue increased from Rs. 26.1 billion to Rs. 32.9 billion. Government levies collected through CTC also increased from Rs. 80.4 billion to Rs. 112.4 billion during the same period.

Therefore, despite the introduction of stronger tobacco-control measures, CTC remained financially profitable and continued to generate increasing government revenue. The increase in turnover, net revenue and government levies suggests that factors such as cigarette price increases and taxation helped maintain the company's financial performance and government revenue. However, these figures alone cannot establish the level of cigarette consumption; consumption data should be considered separately to assess the full effect of the health-warning policy.

9. Government Initiatives

9.1 Before 2015

Restrictions on tobacco advertising and promotion

NATA introduced legal restrictions on the advertising, promotion and sponsorship of tobacco products. This reduced the ability of cigarette companies to use marketing activities to encourage tobacco consumption. The 2006 Act is the main legal basis for these controls.

9.2 After 2015

2016 – Increase in Tobacco Taxation

In 2016, Sri Lanka significantly increased taxes on cigarettes as part of its tobacco-control policy. The government used taxation to increase the price of cigarettes and discourage tobacco consumption. WHO reported that the tax increases were supported by research on cigarette affordability and the economic harms of tobacco.

The increased taxation placed greater financial pressure on legal cigarette sales. According to WHO, cigarette production subsequently decreased by 31% during the first four months of 2017, while excise revenue from cigarettes and tobacco products decreased by 17%. This shows that higher taxation affected both cigarette consumption and the legal tobacco market.

Impact on CTC:

- Increased retail prices of legal cigarettes.
- Reduced demand for legal cigarettes.
- Reduced cigarette production.
- Increased regulatory and financial pressure on CTC.

Created a stronger price difference between legal cigarettes and cheaper illicit alternatives.

This is important for the CTC case because taxation was not only a public-health measure; it also directly affected the company's legal cigarette market.

2017 – National Tobacco Quitline Established

In 2017, Sri Lanka established its first national tobacco Quitline with support from the World Health Organization (WHO). The service was created to provide tobacco users with assistance to stop using tobacco.

WHO reported that the number of Quitline operators increased from 5 to more than 20, and WHO also provided training for tobacco Quitline counsellors.

The Quitline was important because taxation mainly discourages tobacco use by making cigarettes more expensive, while the Quitline provided direct support to people who wanted to quit. WHO considers Quitlines an important population-level approach to tobacco cessation.

Impact on tobacco consumption and CTC:

- Encouraged smokers to quit.
- Supported long-term reduction in tobacco consumption.
- Added another layer to Sri Lanka's tobacco-control strategy.
- Potentially reduced the size of the legal cigarette customer base.
- Increased the overall regulatory pressure on the tobacco industry.

Quit Line 1948 upgraded, Tobacco-free zones, Tobacco tax formula

1. Quitline 1948 upgraded

Sri Lanka's 1948 Tobacco Quitline was upgraded to provide stronger support for people trying to stop tobacco use. With WHO support, the existing service was improved and 100 volunteers were trained in telephone counselling. The service provides counselling and guidance to tobacco users who want to quit.

The service was later developed as a 24-hour, 7-day toll-free service, allowing people to access counselling more easily. A recent health-policy review reports that the 1948 service receives around 200 calls per day on average.

Importance:

- Helps smokers and tobacco users quit.
- Provides easily accessible counselling.
- Supports the government's tobacco-cessation programs.
- Can reduce long-term demand for cigarettes.

2. Tobacco-Free Zones

Tobacco-Free Zones (TFZs) are community areas where tobacco use and/or the sale of tobacco products are restricted through community-level tobacco-control initiatives.

Sri Lanka began establishing these zones through the public-health network from 2016, with support from NATA, the Ministry of Health and Public Health Inspectors (PHIs). By 2019, NATA reported that more than 150 Tobacco-Free Areas had been created.

The main objective was to prevent exposure to second-hand smoke and create healthier communities. These programmes also encouraged communities to become actively involved in tobacco control.

Importance:

- Protects non-smokers from second-hand smoke.
- Reduces opportunities to smoke in public/community settings.
- Creates awareness about the harms of tobacco.
- Encourages communities to become tobacco-free.

3. Tobacco Tax Formula

Sri Lanka also moved towards developing a systematic tobacco taxation formula rather than relying only on occasional tax increases.

NATA and WHO worked together to develop a tobacco taxation formula in which tobacco taxes would be indexed to inflation and GDP growth. In simple terms:

Tobacco tax adjustment = Inflation + GDP growth

The idea is that tobacco taxes should increase automatically in line with economic changes, helping to prevent cigarettes from becoming relatively more affordable over time. WHO reported that a proposal was prepared and submitted to the Ministry of Health .

NATA had established a subcommittee on a comprehensive taxation formula for tobacco and alcohol as part of its tobacco-control strategy.

Importance for CTC:

- Regular tax increases can raise cigarette prices.
- Higher prices can reduce cigarette consumption.
- It increases the tax burden on legal cigarette manufacturers such as CTC.
- It can reduce the affordability of legal cigarettes.

However, if legal cigarettes become much more expensive than illegal products, the price gap may encourage illicit trade, creating a challenge for CTC and government tax revenue.

10. Strategic Recommendations & Corporate Lessons

The CTC vs. Ministry of Health legal battle remains Sri Lanka's definitive case study in regulatory risk and corporate governance. It provides clear proof that no commercial monopoly regardless of its tax contributions or legal resources can permanently block data driven, state backed public health policies.

1. **Proactive Compliance over Unethical Litigation:** Corporations operating in controversial or health-sensitive sectors must realize that litigating against public welfare destroys corporate reputation and only provides temporary relief.
2. **Product Portfolio Diversification:** Relying exclusively on a single lethal product in a highly regulated industry represents unsystematic risk. Companies must diversify into sustainable, non-controversial business models.
3. **Authentic ESG vs. Superficial CSR:** Modern society rejects corporations that promote superficial CSR campaigns while litigating against public health laws. True ESG compliance demands prioritizing human wellness and ethical governance above short-term shareholder profits.

11.Conclusion

Overall, this case demonstrates that strong government regulation can successfully overcome corporate resistance when public health is at stake. The 80% pictorial warning policy reduced the attractiveness of cigarette packaging and contributed to tobacco-control objectives, while CTC remained financially capable of adapting through price increases and other commercial strategies.

The main business lesson is that companies operating in highly regulated and socially sensitive industries should not depend on prolonged litigation to protect short-term profits. Instead, they should focus on proactive regulatory compliance, risk management, genuine ESG practices and diversification. From the government's perspective, the case demonstrates the importance of combining legislation, taxation, cessation support, tobacco-free zones and public awareness rather than relying on a single intervention.

Appendix A: Primary Legislation & Statutory Framework

A.1: Statutory Framework and Core Provisions of the NATA Act No. 27 of 2006



The National Authority on Tobacco and Alcohol (NATA) is the pioneer government institution which was established by the National Authority on Tobacco and Alcohol Act, No. 27 of 2006. The purpose of establishing NATA is enactment of the legal aspects for alcohol and tobacco prevention in Sri Lanka.^[1]

The Framework Convention on Tobacco Control (WHO-FCTC) of the World Health Organization is the first Global Health Treaty which was developed by countries in the year 2003, in responses to the globalization of tobacco epidemic.^[1] Sri Lanka has been constantly addressing the issue of tobacco and Alcohol and we are one of the very first countries that ratified the WHO FCTC, which is a legally binding treaty, where countries are bound to implement evidence-based tobacco control measures.^[1]

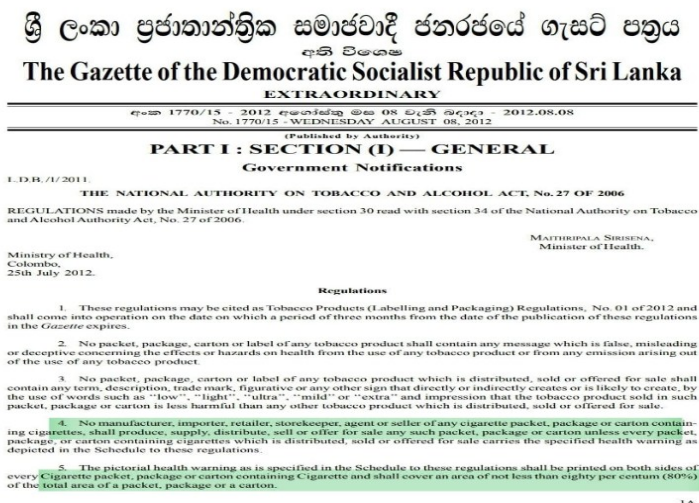
Objectives of establishing NATA^[1]

- To identify the policies on protecting Public Health
- To elimination of tobacco and alcohol related harm through assessment and monitoring of the production, marketing and consumption of tobacco products and alcohol products
- To make provisions to discourage persons, especially children, from smoking or consuming alcohol by curtailing their access to tobacco products and alcohol products

Important points of NATA Act^[1]

- Prohibition of the sale of any tobacco product or alcohol product to persons under twenty one years of age
- Prohibition on installation of vending machines for dispensing tobacco product or alcohol product
- Prohibition of the manufacture or sale of tobacco products which are prescribed by regulations
- Prohibition on the sale of tobacco products without health warning and the tar, nicotine content in each tobacco product
- Prohibition of tobacco or alcohol advertisements
- Prohibition of sponsorships
- Free distribution of tobacco products or alcohol products is prohibited
- Offences related to trademarks of tobacco products and alcohol products
- Smoking in an area to which the public have access to be an offence.
- Tests for constituents of tobacco products.
- Provisions related to the Motor Traffic Act.

This exhibit highlights Sri Lanka's ratification of the WHO FCTC in 2003 and the statutory prohibition of all tobacco advertisements, sponsorships, and promotions under the NATA Act No. 27 of NATA



(Gazette No. 1770/15 - 2012) Clause 4 & Clause 5: The statutory mandate stating that pictorial health warnings shall cover not less than 80% of the total surface area of cigarette packages. [Gazette](#)

2A. (1) අනුකූල - 8 වන ප්‍රතිපත්තිමය නියෝගයේ සඳහන් කර ඇති දිනක සිට 2012.08.08
 Part 1, Sec. 10. CIGARETTE EXHIBITORY IN THE SRI LANKAN SMOKELESS TOBACCO ACT, No. 01 of 2012

8. Every packet, package, carton or label which is used in connection with the sale of any tobacco product shall have printed thereon information on the relevant constituents and emissions of the tobacco product contained in such packet, package, carton or label including Formaldehyde and other toxic contents if any.

9. Every tobacco product whether sold in a packet, package and carton shall have printed thereon the date, month and year of production thereof.

10. Every health warning and other information relating to any emission printed on any packet, package, carton or label of any tobacco product shall be printed thereon in a font size which is not less than ten (10) and shall be in all three languages.

11. The health warning on any packet, package, carton or label of cigarette product shall not be concealed by any other marks or pictures and shall be printed on either a black background in white letters or on a white background in black letters.

12. Every cigarette manufacturer of the different brands of cigarette products shall ensure that, there shall be printed on any packet, package or carton containing cigarette product, only one type of pictorial health warning of each category as is set out in the Schedule to these regulations and such pictorial health warning, shall be changed once in every six months.

SCHEDULE II
 Health Warnings

1. Smoking makes children ill.



Type II



2. Smoking causes Heart Diseases

Type I



3. Smoking causes Cancer

Type I



Type II



Schedule (Health Warning Types I to IV): The official government prescribed graphic health warning images of cancer and heart disease to be printed on cigarette packs. [Tobacco products Regulations, Act No 01 of 2012](#)

34. (1) A manufacturer of a tobacco product shall cause to be displayed, conspicuously and in easily legible print, on every packet containing tobacco products manufactured by such manufacturer, a label of such dimensions as may be prescribed containing a statement of the tar and nicotine content in each tobacco product in such packet and such health warnings as may be prescribed. Different dimensions may be prescribed in respect of packets of different sizes.

Prohibition on the sale of tobacco products without health warning and the tar, nicotine content in each tobacco product.

Prohibition of tobacco or alcohol advertisements.

35. (1) A person shall not publish or cause to be published, or authorize the publication of, a tobacco advertisement or an alcohol advertisement.

(2) It shall not be a contravention of subsection (1) —

- (a) to display a trade mark or a brand name of a tobacco product or alcohol on such tobacco product or alcohol product or on any package containing such tobacco product or alcohol product ;
- (b) for any manufacturer or importer of a tobacco product or alcohol product to send a notice to a distributor of such product, describing the tobacco products or alcohol product manufactured or imported, as the case may be, by such manufacturer or importer, as the case may be, and indicating their respective prices ;
- (c) to display, inside a place where tobacco products or alcohol product are available for sale to the public, a notice of the prescribed dimensions, identifying the tobacco products or alcohol product that are available for sale in that place and indicating their respective prices ;

16 National Authority on Tobacco and Alcohol Act, No. 27 of 2006

(2) A person shall not sell or offer for sale, a packet containing tobacco products unless there is displayed on such packet, a label of the prescribed dimensions containing a statement of the tar and nicotine content in each tobacco product in such packet and the prescribed health warning.

(3) Any person who contravenes the provisions of subsection (1) or subsection (2) shall be guilty of an offence under this Act, and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding two thousand rupees or to imprisonment for a period not exceeding one year or to both such fine and imprisonment.

18 National Authority on Tobacco and Alcohol Act, No. 27 of 2006

"publish" in relation to a "tobacco advertisement" or "alcohol advertisement" includes the following:—

- (a) the displaying, screening or playing, of the advertisement or anything containing the advertisement so that it can be seen or heard in or from any place or vehicle to which the public have access ;
- (b) the insertion of the advertisement in a newspaper, magazine, programme, leaflet, handbill, or other document that is available, or distributed, to the public or a section of the public ;
- (c) the inclusion of the advertisement in a film, video, radio programme or television programme or through the internet that is seen or heard, or intended to be seen or heard by the public or a section of the public ;
- (d) the sale, hire or supply or the offer for sale, hire or supply, of the advertisement or anything containing the advertisement to the public or a section of the public.

"tobacco advertisement" means any writing, still or moving picture, sign, symbol or distinctive colours or other visual image or any audible message or any combination of the aforesaid that promotes or is intended to promote—

- (a) smoking ;
- (b) the purchase or use of a tobacco product;
- (c) a trade mark registered in respect of a tobacco product or articles that include tobacco products ;
- (d) a brand name associated with a tobacco product ;
- (e) the name of the manufacturer of a tobacco product.

Section 34 & Section 35: The statutory prohibition of all tobacco advertisements, promotions, and sponsorships, and the mandatory tar/nicotine content labeling rules. [National Authority of Tobacco & Alcohol Act, No. 27 of 2006](#)

Appendix B: Legal Litigation Records & Industry Interference Observatory

B.1: Tobacco Unmasked Archive on CTC's Supreme Court Litigation Against 80% PHWs



In 2012, then Minister of Health of Sri Lanka, Maithripala Sirisena, issued a special gazette notification to mandate pictorial health warnings covering 80 per cent of the front and back of the cigarette packs.^{[2][3]} This was in accordance with FCTC Article 11: Packaging and Labeling of Tobacco Products of the WHO Framework Convention on Tobacco Control (FCTC).^[4]

Industry Response

Ceylon Tobacco Company PLC (CTC), the only cigarette manufacturer in Sri Lanka, went to courts requesting a repeal of the order given by the Minister of Health. This legal challenge was upgraded through several levels of the judiciary and ultimately reached the Supreme Court. The case was heard at the Supreme Court in front of a panel of three judges, namely then Chief Justice Mohan Peiris, Justice Rohini Marasinghe and Justice Sisira J. De Abrew.^[5]

Outcome

The court order was finally given in July 2014, which forced to reduce the size of the warning to 60% and further delayed the implementation of the warnings until January 2015 (i.e. around two and half years since the special gazette order was issued).^[6]

TobaccoUnmasked Resources

Other relevant TobaccoUnmasked entries:

- Ceylon Tobacco Company PLC (CTC)
- Mohan Peiris
- Romesh De Silva
- Faisz Musthapha

This evidence documents how Ceylon Tobacco Company PLC challenged the August 2012 Gazette Notification (80% rule) up to the Supreme Court, resulting in a temporary judicial compromise of 60% and delaying implementation until January 2015. [TobaccoUnmasked](#)

B.2: Legal Litigation Records & Court Judgments



Ceylon Tobacco v. Minister of Health

The Sri Lanka Ministry of Health adopted regulations requiring tobacco products to contain graphic pictorial health warnings on 80% of the pack. The Ceylon Tobacco Company sued, claiming that the regulations exceed the authority of the Ministry and also violate the company's intellectual property rights. In this decision the Court of Appeal found that the national tobacco law does provide the Ministry with authority to require pictorial health warnings, not just textual warnings. However, the court reduced the size of the warnings to between 50% to 60% of the cigarette pack in order to give tobacco companies more space in which to display their trademark. The court said that it was balancing the need to protect the health of citizens against the rights of a business to use its trademarks to help identify and sell its products. The court ordered the Ministry to issue new regulations allocating between 50% to 60% of the package for pictorial health warnings.

Official legal archive from 'Tobacco Control Laws' documenting the Court of Appeal ruling, which affirmed the Ministry's authority to require pictorial health warnings but proposed a reduced size of 50%–60% to balance corporate trademark rights with public health. [Article](#)

IN THE COURT OF APPEAL OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

Ceylon Tobacco Company PLC
No 178, Srimath Ramanathan
Mawatha, Colombo 15.

PETITIONER

Vs.

CA 336/2012 (Writ)

1. Hon. Maithripala Sirisena
Minister of Health.
Ministry of Health.
"Suwasiripaya",
Colombo 10.
2. Dr. Nihal Jayathilaka
Secretary,
Ministry of Health.
"Suwasiripaya",
Colombo 10.
3. National Authority on Tobacco and
Alcohol
"Suwasiripaya",
Colombo 10.

Trade Mark rights, within that space. The authorities concerned are directed to

suitably amend the regulation to allocate a ratio anything between 50% to 60% for health/pictorial warnings.

We have also noted the contents of motion dated 14th March 2014, filed by the registered Attorney-at-Law for the Respondents. The said motion indicates that regulations marked P11, R3 & R15 had been placed before Parliament and same had been approved by Parliament on 19.2.2014. Section 30(4) of the NATA Act requires the regulations to be placed before Parliament after 30 days of its publication in the Gazette for approval. Regulations not so approved deemed to be rescinded. As such after a lapse of the 30 day period, as stated in section 30(4) the regulation, need to be placed before Parliament. I cannot see a prohibition as regards the provisions conferred in Section 30(4) to place the regulations before Parliament at any time after 30 days of publication in the Gazette. Now that regulation P11, R3 & R15 are approved by Parliament as subordinate legislation it remains valid for all purposes which has a quasi – Parliamentary validity subject to the views expressed by this court, as regards regulation No. 5 of P11 as amended by regulation R15. The space to be occupied for pictorial health warnings should only occupy a space in the ratio anything

may even misuse such situation to mislead the consumers by selling products from wrong sources rather than selling what actually the consumer wants to buy.

This court observes that a balance need to be maintained, having considered the case of either party. Health of each and every citizen of our country and all those living in Sri Lanka permanently or in a temporary capacity is paramount and need to be protected. On the other hand a legally established business/industry cannot be denied its legitimate rights, flowing from the laws of our country. If 80% of the space is covered by health warnings the remaining space would not be sufficient to display the manufacturers trade mark. At the oral hearing of this application, the learned Deputy Solicitor General very correctly conveyed to this court that the authorities concerned would be agreeable and willing to allocate 75% of the space for health warnings. However at that point of time of the hearing the learned President's Counsel for the Petitioner Company was not prepared to act on the above ratio of 75%, as he may have thought that to accept the suggestion of learned Deputy Solicitor General would not be in the best interest of his client. However it is the view of this court that warnings/pictorial health warning should cover a space between 50% to 60%. Thus giving the Petitioner Company at least 40% space to manage the Companies

Original Court of Appeal Judgment (CA Writ 336/2012) – The Judicial Compromise explicitly directing the Ministry of Health to reduce the 80% mandate to a 50%–60% space allocation to protect CTC's Trademark rights. [Court of appeal judgement](#)

Appendix C : Press Archives & Public Health Evidence Clippings

C.1: Media Report on the 80% Warning Debate and Socio-Economic Tobacco Burden (Asian Tribune, 2013)

Controversy over pictorial health warnings covering the front and back of the tobacco packs

by Deepa Devi

The Minister of Health of Sri Lanka made a declaration by a special genome notification in August 2012 to introduce pictorial health warnings covering the front and back of the tobacco packs and to declare toxic substances contained in cigarettes. In such pack.

Implementation of the regulation of pictorial health warnings on cigarette packs (Article 11 of the FCTC) is an implementation of the Framework Convention on Tobacco Control (FCTC) of the World Health Organization, for all the Parties to the treaty within 5 years from the date of ratification of the treaty. Sri Lanka became a Party to the FCTC in 2005.

The tobacco industry in Sri Lanka which is a monopoly of the Lanka Cigarette Company (LCC) has expressed its opposition to the introduction of pictorial health warnings on cigarette packs on those countries respectively 20% and 80%. The very same industry in Sri Lanka is reluctant to give that opportunity to our people.

Dr. Prabath Weeraratne, a Psychiatrist attached to the General Hospital, Trincomalee, said that the National Cancer Institute, Maharagama, Sri Lanka, reported that the tobacco industry in Sri Lanka is a monopoly of the Lanka Cigarette Company (LCC) which covers tobacco companies in Australia and Thailand has agreed to display graphic warnings on cigarette packs on those countries respectively 20% and 80%. The very same industry in Sri Lanka is reluctant to give that opportunity to our people.

From all countries have adopted to display pictorial health warnings on cigarette packs which are a requirement of the WHO Framework Convention on Tobacco Control for its Parties.

Research gives a decisive answer to this debate. Study 80% size of warning covers to the vehicle requested distance of attaching pictorial warnings to cigarettes.

Figure in its design that cigarette smoking is the biggest health hazard and the financial threat faced by Sri Lanka at present. It is estimated that 1,000-2,000 people die due to smoking each year in Sri Lanka. This every day death toll is a stark reminder of the health risks of smoking. The industry has been using the same tactic of tobacco in the industry since 1952 to make it more difficult for the consumer to understand the health risks of smoking. The industry has been using the same tactic of tobacco in the industry since 1952 to make it more difficult for the consumer to understand the health risks of smoking. The industry has been using the same tactic of tobacco in the industry since 1952 to make it more difficult for the consumer to understand the health risks of smoking.

When considering these alarming facts we are faced with the question why people continue to smoke and why young people start smoking. This has a simple answer. The industry does an advanced and sophisticated advertising campaign to attract the customers. Pictorial health warnings, however, are developed to address the educational challenges of adolescents and young adults and attract them to the market. Pictorial health warnings are developed to address the educational challenges of adolescents and young adults and attract them to the market. Pictorial health warnings are developed to address the educational challenges of adolescents and young adults and attract them to the market.

The implementation of today's cigarette packs is the culmination of decades of industry research into how color, shape, size, and the three-dimensional pack can be manipulated to influence personality, sensory and health perceptions of the cigarette.

Since we are faced with the problem how to increase the challenge and our society for the industry, there is a need to change the pack design. A pack design that is able to reach and help the consumer and the tobacco industry. The pack design that is able to reach and help the consumer and the tobacco industry. The pack design that is able to reach and help the consumer and the tobacco industry.

Through there are numerous awareness programs on the risks of smoking, studies show that a large number of smokers have no knowledge of the health effects of smoking. While some smokers have knowledge of the health risks of smoking, they are often unaware of the health risks of smoking. While some smokers have knowledge of the health risks of smoking, they are often unaware of the health risks of smoking. While some smokers have knowledge of the health risks of smoking, they are often unaware of the health risks of smoking.

These studies show that the health effects of smoking are not known among people who are poor and have low education levels. The health effects of smoking are not known among people who are poor and have low education levels. The health effects of smoking are not known among people who are poor and have low education levels.

The industry has been using the same tactic of tobacco in the industry since 1952 to make it more difficult for the consumer to understand the health risks of smoking. The industry has been using the same tactic of tobacco in the industry since 1952 to make it more difficult for the consumer to understand the health risks of smoking. The industry has been using the same tactic of tobacco in the industry since 1952 to make it more difficult for the consumer to understand the health risks of smoking.

The size of the warning has proven to be important as well. Research conducted in Canada found that warnings occupying 70% of a cigarette pack were more effective in eliciting negative perceptions and conveying information about the health risks of smoking to adult smokers, as compared with warnings occupying 30% of the pack. The health risks of smoking are not known among people who are poor and have low education levels.

Research was that to elicit a similar response among smoking adolescents the warning size should be more than 80% stated for effectiveness.

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nan Jayaratne

♦ Solution for North Korean nuclear issue lies in Israel

Home » Controversy over pictorial health warnings covering the front and back of the tobacco packs

Controversy over pictorial health warnings covering the front and back of the tobacco packs

Res. 2013-03-26 02:06 — editor

An expert medical analysis highlighting the double standards of British American Tobacco (BAT), the national mortality burden of 12,000–20,000 annual deaths, and how 80% pictorial warnings effectively dismantle deceptive cigarette packaging. [Article](#)

C.2: Academic & Medical Evidence on PHW Effectiveness

Cureus Journal of Medical Science

Cureus
Part of SPRINGER NATURE

Article Authors etc. Metrics Media Comment

Does the Graphic Health Warning on Tobacco Products Have an Influence on Tobacco Consumers in India? A Scoping Review

Abhay Mudey • Apoorva Shukla • Sonali G. Choudhari • Abhishek Joshi

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Academic and medical research confirming that prominent graphic/pictorial health warnings significantly influence consumer behavior, increase risk perception, and act as an effective deterrent against tobacco consumption.

[Academic & Medical Research](#)

C.3 CTC v. Minister of Health Report + Research Report

Halsbury's Laws of England (4th ed. vol. 1(1) reissue 1989) recognizes proportionality in the context of administrative law.¹⁷

In *Sunila Aheyskera vs. Ariya Rubasinghe, Competent Authority and Others*¹⁸ it was stated ".....That is the restriction must be proportionate and closely tailored to the accomplishment of the legitimate governmental objective necessitating it."

The purpose of the Regulations is devoid of ambiguity and does not aim to strip away the ability to promote the product to consumers, from manufacturers and suppliers. The Regulations however inter alia:

- (i) Have not placed a taboo on the sale of cigarettes altogether;
- (ii) Permit the brand name/new brand names and/or identity of the producer to be developed/placed on the package;

Hence the argument that the regulations are disproportionate should be treated as lacking merits.

It is apt to reproduce the observation made by the Court in the S.C. **Determination on the NATA Bill**¹⁹

"In this connection we cite the observations made by Supreme Court of India in the case of **Vincent vs. Union of India 1987 AIR - S.C. 1- page 990 at pg. 995** which reads as follows:

".....maintenance and improvement of public health have to rank high as these are indispensable to the very physical existence of the community and on these depends the building of the society of which the

¹⁷ "The court will quash exercise of discretionary power in which there is not a reasonable relationship between the objective which is sought to be achieved and means used to that end, or where punishment imposed by administrative bodies or inferior courts are wholly out of proportion to the relevant misconduct. The principle of proportionality is well established in European Law and will be applied by English Courts where European law is enforceable in the domestic courts. The principle of proportionality is still at a stage of development in English Law: lack of proportionality is not usually treated as a separate ground of review in English law but is regarded as one indication of manifest unreasonableness."

¹⁸ (2008) 1 Sri L.R. 314

¹⁹ S.C. (S.D.) No. 13-22-05 (Available at: <http://www.indiacourts.org/Link/Content/SupremeCourt%20Cases%20List%201990-2000.pdf>) [Accessed on 01.11.2020]

Constitution makers envisaged. Attending to public health, in our opinion, therefore, is of high priority - perhaps the one at the top."

The Court had opted to place reliance on the Directive Principles of State Policy which is enumerated in Chapter VI, Art. 27 of the Constitution albeit the presence of an enabling provision in the NATA Act²⁰ provides ample space to adopt the essence of international instruments such as FCTC. The Judiciary too entertains a liberal ideology in following international conventions when it comes to state responsibilities. This was elicited in the case of *Balamkula vs. Secy Min of Industrial Development*²¹ and *Sriyani Silva vs. Idamalgoda GIC Police Station Puttalam*.²² Despite the absence of an enforceable domestic legal right to health enshrined either in the Constitution or in an Act of Parliament, SL's international obligations recognise the state responsibility of SL towards public health specifically in the light of tobacco regulation.²³

(iii) The Allegation of Unreasonableness

One of the many claims raised by the Petitioner was that the regulations were unreasonable.

"The hallmark of the Wednesbury connotation of unreasonableness is that the repository of discretion, although acting within the four corners of the legislative grant of discretion, has arrived at a decision which is repugnant to all reason"²⁴

The question of unreasonableness was settled by scrutinising the qualitative and quantitative evidence relating to tobacco related fatalities in Sri Lanka and around the world which justified the tighter restrictions stipulated in the gazette. Tobacco industry was initially denied the opportunity to advertise and it was quite evident that the only mode of advertising was the cigarette packets. Hence, the government policy

²⁰ Section 15(i), NATA Act

²¹ (2008) 1 Sri L.R. 387-409

²² (2008) 2 Sri L.R. 63

²³ (2008) 1 Sri L.R. 314

²⁴ *Attorney General vs. M. J. Perera* in *Administrative Law*, Sarvodaya Book Publishers, pg. 2

Section (ii)
Proportionality & Public Health
Priority: Citing the Supreme Court ruling (Vincent v. Union of India) affirming that "attending to public health is of high priority the one at the top" over corporate commercial interests.

C. Comparative analysis of Sri Lankan and Australian Tobacco Control Strategies

Australia is considered as the world's first country which stepped forward in hammering the last nail on the coffin for the Tobacco industry by giving effect to plain packaging laws.

Implementation dates:

- **29 April 2010:** Government announced it would legislate to mandate plain packaging
- **November 2011:** legislation enacted (Tobacco Plain Packaging Act -TPP)
- **1 October 2012:** All packs manufactured to comply with plain packaging requirement
- **1 December 2012:** All packs for sale to comply with plain packaging requirements

Under plain packaging laws, all tobacco products must:

- ✓ Be packaged in a certain colour
- ✓ Display brand names in certain ways
- ✓ Display the required text and graphic health warnings
- ✓ Not display logos, brand images or promotional text²⁵

The objective of the government was to reduce the appeal of tobacco products and giving more prominence to health warnings. It will also facilitate the removal of misleading information on Tobacco products.²⁶

The tobacco companies like duck to water began filing a gamut of law suits against the Australian government subsequent to the implementation of the plain packaging laws. The three major legal challenges were:

1. Constitutional challenge in High Court of Australia by 4 major multinational tobacco companies (British American Tobacco, Philip Morris, Imperial Tobacco and Japan Tobacco International)
2. Investment treaty challenge by Philip Morris Asia
3. World Trade Organization challenge by Cuba, Dominican Republic, Honduras and Indonesia

All of these lawsuits were unsuccessful.²⁷

The case which is chosen for a comparative analysis with that of Sri Lanka is *JT International SA vs. Commonwealth of Australia*²⁸

This case has completely abolished the use of trademarks on consumer tobacco packs unlike the Sri Lankan context where the Court attempted to strike a balance between public health and Trademarks rights.

The Australian Trade Marks Act of 1995 (Cth) is identical to the SL statute and ensures that all trade mark owners possess a right to use their marks.²⁹

²⁵ Tobacco Plain Packaging – Department of Health (Available on: <https://www.health.gov.au/health-topics/smoking-and-tobacco/tobacco-control/tobacco-plain-packaging/>) [Accessed on 01.02.2021]

²⁶ Annexure 4

²⁷ Plain Packaging of Tobacco Products: landmark ruling (Available on: https://www.wipo.int/wipo_magazine/en/2018/06/article_0006.html) [Accessed on 05.01.2021]

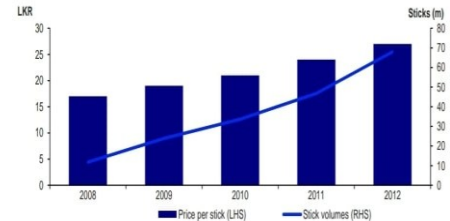
²⁸ [2012] HCA 43 (5 October 2012)

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Ceylon Tobacco Company PLC

Since the introduction of the innovative Dunhill Switch brand, which features a filter that allows the smoker to enjoy a second taste, in late-2011 as part of CTC's premium segment, sales in this segment have increased significantly, albeit from a lower historical base. Dunhill volumes increased at a 55.0% CAGR over 2009-2012 while prices increased at a 12.3% CAGR over the same period. Dunhill has been able to increase its market share in CTC's portfolio, in terms of sales volumes, to 1.6% in 2012 from 1.0% in 2011, partly due to the introduction of Dunhill Switch, with the brand currently accounting for approximately 50% of Dunhill volumes. Dunhill is the most expensive product in CTC's portfolio and enjoys the highest margins, and has therefore been able to partially offset the decline in revenue caused by volume declines among other brands.

Figure 9: Dunhill volumes increased at a 55.0% CAGR and its price at a 12.3% CAGR over 2009-2012



Source: CTC

Growing health concerns about smoking may impact any significant revenue upside

The number of smokers in Sri Lanka has been on a steady decline; CTC's management believes the average daily consumption has reduced from 8-9 sticks per day in 2008 to 6-7 sticks currently. In addition to the rising prices of cigarettes, another reason for the drop in consumption has been the growing awareness of the health issues related with smoking. Authorities such as NATA have carried out numerous campaigns to increase public awareness of the ill effects of tobacco use. The Global Youth Tobacco Survey (GYTS) conducted in 2011 noted that 69.6% of Sri Lankan students had been educated in class about the dangers of smoking. With the enactment of the smoking ban, which prohibits smoking in public areas that include enclosed public places such as restaurants and social clubs, the negative image of smoking has been further emphasized.

Increasing concerns and awareness regarding the ill effects of smoking contributes to volume decline

The ministry of health in Sri Lanka plans to introduce legislation enforcing the introduction of health warnings with graphic labeling that covers 80% of the area of cigarette packaging. CTC has appealed against this measure and the Supreme Court has issued a stay order suspending the implementation of the regulation until 22 January 2014. If the packaging regulation is passed by the Supreme Court, we believe the impact will be minimal, as roughly 95% of cigarettes are sold in loose stick form. Globally, similar packaging laws have been passed, such as the landmark plain packaging case in Australia enforced in 2012 whereby cigarette companies have had to sell their product in logo-free plain packages; however, the negative impact has only been in the short term followed by a normalizing effect in the long term.



Growing health concerns about smoking...": Analysis highlighting how the proposed 80% graphic labeling regulation threatened cigarette volumes and brand appeal.
Research report

Comparative Analysis (Australia TPP Act):
Comparing Australia's Plain Packaging legislation with Sri Lanka's 80% pictorial warning mandate

Appendix D: Corporate Risk & Market Analysis

D.1 Amba Research Report – 2013



Company Overview & Brand Portfolio: Confirming CTC is an 84.1% subsidiary of British American Tobacco (BAT) and detailing premium brands like Dunhill and JPGL

The charts illustrating price increases per stick alongside declining sales stick volumes.

SWOT Analysis: The table showing Threats, specifically highlighting NATA regulations, health awareness campaigns, and excise tax increases.

Appendix E: Post-Enactment Public Health Success & WHO Verification

E.1: WHO Country Profile (2023)

Tobacco use prevalence from the latest survey completed by 31 December 2022										
	Tobacco use		Tobacco smoking		Cigarette smoking		Smokeless tobacco use		E-cigarette use	
	Current	Daily	Current	Daily	Current	Daily	Current	Daily	Current	Daily
Adults survey: Global Adult Tobacco Survey (GATS), 2019-20; National, ages 15+										
Male	36.2	...	19.7	13.9	13.4	8.6	23.4	0.0	...	...
Female	4.9	...	0.0	0.0	0.0	0.0	4.9	0.0	...	...
Both sexes	19.4	...	9.1	6.4	6.2	4.0	13.4	0.0	...	...
Adolescents survey: Global School-Based Student Health Survey, 2016; National, ages 13-15										
Male	13.0	...	...	...	4.2	...	4.2 ¹	...	...	...
Female	3.1	...	...	...	0.7	...	0.5 ¹	...	...	...
Both sexes	8.1	...	...	...	2.5	...	2.4 ¹	...	...	...

¹ Global Youth Tobacco Survey, 2015; National, ages 13-15

Official verification of reduced youth initiation, demonstrating that adolescent current daily cigarette smoking has dropped to 2.4% following the comprehensive implementation of 80% pictorial warnings and NATA advertising bans [WHO country profile](#)

Health warnings on tobacco packages

	2022				2022		
	Cigarettes	Other smoked tobacco	Smokeless tobacco		Cigarettes	Other smoked tobacco	Smokeless tobacco
Does the law mandate that health warnings appear on tobacco packages?	Yes	Yes	Sale is banned	Does the law require or establish fines for violations regarding health warnings on packages?	Yes	Yes	—
What percentage of the principal display areas of the package is legally mandated to be covered by health warnings? FRONT AND REAR COMBINED	80	80	—	Are there any laws requiring that tobacco packaging and labelling do not use misleading terms which imply the product is less harmful than other similar products, such as "low tar", "light", "ultra-light", or "mild"?	Yes	Yes	—
What percentage of the principal display areas of the FRONT of the package is legally mandated to be covered by health warnings?	80	80	—	Are there any laws requiring that tobacco packaging and labelling do not use figurative or other signs, including colours or numbers, as substitutes for prohibited misleading terms and descriptors?	Yes	Yes	—
What percentage of the principal display areas of the REAR of the package is legally mandated to be covered by health warnings?	80	80	—	Are there any laws requiring that tobacco packaging and labelling do not use descriptors depicting flavours?	No	No	—
Does the law mandate that the warning be placed at the top of the principal display areas of the package?	Yes	Yes	—	Does the law ban the display of quantitative information on emission yields (such as tar, nicotine and carbon monoxide) on tobacco packaging, including when used as part of a brand name or trademark?	No	No	—
Does the law mandate font style, font size and colour for package warnings?	Yes	Yes	—	Does the law mandate the display of qualitative information on relevant constituents and emissions of tobacco products on tobacco packaging?	No	No	—
Are the health warnings rotating on packages?	Yes	Yes	—	Does the law mandate that this information is displayed on one or more of the principal display areas (front, rear) of the package?	—	—	—
Are the health warnings on packages written in the principal language(s) of the country?	Yes	Yes	—	Does the law prevent the display of expiry dates on tobacco packaging?	No	No	—
Does the law require that health warnings on packages are not obscured in any way, including by required markings such as tax stamps?	Yes	No	—	Is it mandatory for the quit line number to appear on packaging or labelling?	No	No	—
Do the health warnings on packages include a photograph or graphic?	Yes	No	—	Does the law mandate plain packaging?	No	No	—
Do health warnings appear on each package and any outside packaging and labelling used in the retail sale?	Yes	Yes	—				
Does the law on health warnings apply to products whether manufactured domestically, imported, AND for duty-free sale?	Yes	Yes	—				
Does the law state that warnings on packages do not remove or diminish the liability of the tobacco industry?	No	No	—				
Do health warnings on packages describe the harmful effects of tobacco use on health?	Yes	No	—				
Does the law mandate specific health warnings on packages?	Yes	No	—				
How many specific health warnings are approved by the law?	4	—	—				

WHO report on the global tobacco epidemic, 2023

Country Profile: Sri Lanka



Health warnings on tobacco packages

Global recognition of Sri Lanka's statutory compliance with FCTC Article 11, confirming the mandatory enforcement of 80% graphic health warnings on both front and rear display areas of cigarette packaging [WHO country profile](#)

E.2.The Australian Blueprint and Government Initiatives

World Health Organization, Sri Lanka Biennium Report 2020–2021

This analysis helped Sri Lanka in increasing taxes on tobacco products to a maximum of 80% of the selling price of the most popular brand of cigarettes in the country.²⁵

In addition to discouraging tobacco use through taxes, it was clear that more support would be needed to help tobacco users give up the habit. In 2017, WHO helped to create Sri Lanka's first national tobacco outline. The number of operators increased from five to over twenty. WHO also provided training for tobacco-quitline counsellors.

International recognition and support for tobacco control

Sri Lanka was recognized for its outstanding achievements in tobacco control in 2017, when the country's NATA took home WHO's prestigious World No Tobacco Day Award. Among the achievements highlighted by the Award were NATA's role in providing the evidence to support the Government's decision to increase taxation on tobacco as well as working with WHO to address the illicit trade on tobacco products.

Sri Lanka's political commitment to address tobacco control has also been recognized with the WHO Framework Convention on Tobacco Control (FCTC) 2030 grant. The 5-year FCTC 2030 project will bring support to Sri Lanka from WHO, WHO FCTC Secretariat and UNDP to strengthen tobacco control.

WHO is also supporting formulation of policies on plain packaging, and addressing the effects and impact of smokeless tobacco, i.e. tobacco that is chewed, dipped or snuffed. Helping tobacco farmers explore alternative, sustainable livelihoods will be critical to eliminating tobacco use as a public health problem, the goal that Sri Lanka aspires to achieve.

44/84

25 Extraordinary Gazette of Democratic Socialist Republic of Sri Lanka, October 3, 2016

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18. National Authority on Tobacco and Alcohol Act, No. 27 of 2006

"publish" in relation to a "tobacco advertisement" or "alcohol advertisement" includes the following:—

- (a) the displaying, screening or playing, of the advertisement or anything containing the advertisement so that it can be seen or heard in or from any place or vehicle to which the public have access ;
- (b) the insertion of the advertisement in a newspaper, magazine, programme, leaflet, handbill, or other document that is available, or distributed, to the public or a section of the public ;
- (c) the inclusion of the advertisement in a film, video, radio programme or television programme or through the internet that is seen or heard, or intended to be seen or heard by the public or a section of the public ;
- (d) the sale, hire or supply or the offer for sale, hire or supply, of the advertisement or anything containing the advertisement to the public or a section of the public.

"tobacco advertisement" means any writing, still or moving picture, sign, symbol or distinctive colours or other visual image or any audible message or any combination of the aforesaid that promotes or is intended to promote—

- (a) smoking ;
- (b) the purchase or use of a tobacco product;
- (c) a trade mark registered in respect of a tobacco product or articles that include tobacco products ;
- (d) a brand name associated with a tobacco product ;
- (e) the name of the manufacturer of a tobacco product.

National Authority on Tobacco and Alcohol Act, No. 27 of 2006

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36. (1) A person shall not use a brand name or trade mark of, or any symbol associated with, a tobacco product or alcohol product or the name of a manufacturer of a tobacco product or alcohol product in association, whether directly or indirectly, with such tobacco product or alcohol product—

Prohibition of sponsorships &c.

- (a) in connection with the promotion of any educational, cultural, social or sporting organization, activity or event ;
- (b) in such a manner as indicates, or acknowledges, that any financial or other assistance has been given by, or on behalf of, the manufacturer, importer or distributor of such tobacco product or alcohol product towards such organization, activity or event.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding fifty thousand rupees or to imprisonment for a period not exceeding two years or to both such fine and imprisonment.

37. (1) A manufacturer, importer or distributor of any tobacco product or alcohol product shall not—

Free distribution &c. of tobacco products or alcohol product prohibited.

- (a) distribute any tobacco product or alcohol product ;
- (b) supply any tobacco product or alcohol product to any other person for subsequent distribution,

free of charge.

(2) A person shall not offer any prize, gift, cash rebate, discount or the right to participate in any contest, lottery or game to the purchaser of a tobacco product or alcohol product in consideration of the purchase of that product or to any person in consideration of the furnishing of evidence of such purchase.

(3) It shall not be a contravention of subsection (2) for a manufacturer, importer, or distributor of a tobacco product or alcohol product to offer trade discount at the rates prevalent in the relevant trade.

Ministry of Health, Sri Lanka, Performance and Progress Report 2023



Tri-lingual campaign material for World No Tobacco Day 2021 was produced in partnership with the Ministry of Health

WHO assisted the National Authority on Tobacco and Alcohol (NATA) in upgrading the existing "Quit line 1948" and training 100 volunteers on telephone counseling. Additionally, WHO collaborated with NATA to train 120 members from different multisectoral institutions to help patients quit tobacco.

Supported community cessation interventions to sustain the tobacco free zones initiatives through the training of 40 PHC staff to establish tobacco free zones within their health areas.

WHO supported the "No tobacco use" campaign to create awareness among the public and youth during the COVID-19 outbreak. Furthermore, WHO trained district level medical officers on management of substance use disorders.

WHO worked together with NATA in developing a "Tobacco taxation formula" where taxes are indexed to the sum of both inflation and GDP growth. The proposal was presented to MoH and a cabinet paper was prepared and submitted to the MoH.

Summary Report 2020-2021
World Health Organization Sri Lanka

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Q: How common is lung cancer?

A: About 15,000 Australians are diagnosed with lung cancer each year.^a The average age at diagnosis is around 72 years. More men than women develop lung cancer, but since the early 1980s rates have been steadily decreasing among men and increasing among women.^b

Q: What are the symptoms?

A: The main symptoms of lung cancer are:

- a new cough that lasts more than 3 weeks, or a cough you have had for a long time that gets worse
- breathlessness or wheezing
- pain in the chest or shoulder
- a chest infection that is recurring or lasts more than 3 weeks
- coughing or spitting up blood.

Lung cancer may also cause other and more general symptoms such as fatigue, weight loss, hoarse voice, difficulty swallowing, abdominal (belly) pain, joint pain, neck or face swelling, sweats, and enlarged fingertips (finger clubbing).

Having any of these symptoms does not necessarily mean that you have lung cancer; they may be caused by other conditions or from other effects of smoking. Sometimes, there are no symptoms and the cancer is found during routine tests for other conditions. If you have symptoms, see your doctor without delay.



For an overview of what to expect at every stage of your cancer care, visit cancer.org.au/cancercareguides/ung-cancer. This is a short guide to what is recommended, from diagnosis to treatment and beyond.

Key questions

11

World Bank, Tobacco Excise Tax Assessment – Sri Lanka

Cancer Council Australia

What are the harms associated with tobacco use?

Tobacco use continues to be one of the leading risk factors contributing to the burden of disease in Australia

Source: Australian Burden of Disease Study

Over the past thirty years, there has been a decrease in the proportion of children aged under 14 who are exposed to tobacco smoke in the home

Source: National Drug Strategy Household Survey

Burden of disease and injury

In 2020, tobacco was the second highest risk factor contributing to the burden of disease in Australia and was responsible for 7.6% of the total burden of disease and injury (AIHW 2024a). The age-standardised rate of total attributable burden due to tobacco use was 12.7 Disability-Adjusted Life Years (DALY) per 1,000 population in 2020, a decrease from 21.6 DALY per 1,000 population in 2003.

Tobacco use contributed to a number of diseases and injuries including:

- 71% of the burden due to lung cancer
- 71% of the burden due to chronic obstructive pulmonary disorder
- 69% of the burden due to laryngeal cancer
- 47% of the burden due to lip and oral cavity cancer
- 46% of the burden due to oesophageal cancer (AIHW 2024a, Table 5B).

For related content on the burden of disease due to tobacco, alcohol and other drugs in this report, see [Burden of disease and injuries related to alcohol and other drugs](#).

Harms from second-hand smoke

The inhalation of other people's tobacco smoke can be harmful to health. Second-hand smoke can cause coronary heart disease and lung cancer in non-smoking adults and is known to induce and exacerbate a range of mild to severe respiratory effects in infants, children and adults. Second-hand smoke is also a cause of sudden infant death syndrome (SIDS) and a range of other serious health outcomes in young children. There is increasing evidence that second-hand smoke exposure is associated with psychological distress (Campbell et al. 2017).

Results from the 2022–2023 NDHS showed that parents and guardians are choosing to reduce their children's exposure to tobacco smoke at home. The proportion of households with children aged under 14 where someone smoked inside the home on a daily basis has fallen substantially from 31% in 1995 to 2.1% in 2022–2023 (AIHW 2024b, Table 2.14). In 2022–2023, 2.6% of adults who did not smoke were exposed to tobacco inside the home on a daily basis (AIHW 2024b, Table 2.16).

Harms related to smoking during pregnancy

Compared with babies born to mothers who did not smoke at any time during pregnancy, babies born to mothers who smoked tobacco at any time during pregnancy were more likely to:

- be born with low birth weight, 13.7% compared with 5.9%, in 2023 (among liveborn babies)
- be born pre-term, 13.7% compared with 7.8%, in 2023 (among all babies)
- be admitted to a special care nursery or neonatal intensive care unit, 27.3% compared with 17.2%, in 2023 (among liveborn babies)
- have a higher perinatal mortality rate, 17.5 per 1,000 births compared with 5.3 per 1,000, in 2022 (among all babies) (AIHW 2023).

Results for 2023 were based on data from the [National Perinatal Data Collection](#), while 2022 results were based on data from the [National Perinatal Mortality Data Collection](#).

How many people quit smoking or receive treatment for tobacco use?

Intentions to quit

Over 3 in 5 people who smoked in 2022–2023 had future intentions to quit

Source: National Drug Strategy Household Survey

Data from the 2022–2023 NDHS showed that 62% of people who currently smoked had future intentions to quit (AIHW 2024b, Table 2.39).

Of those who had changed their smoking behaviour:

Australian Institute of Health & Welfare

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