

*** Forwarding note from SCARLSON--VCH0021A 09.06.95 12:53 ***

To: HSCHEDDEL--VCH0021A Harald Schedel JGUARINO--VCH0021A John Guarino
MREARDON--VCH0021A Michael J. Reardon KLINEHAN--VCH0021A Kathleen Linehan

From: Stig Carlsson
To : John Guarino
Subject: Israel Field Visit

I have today briefed HHS and MJR verbally on my trip to Israel 6-8.6.
These are the main points:

1. Advertising

The joint economy and health committee of the Knesset decided June 6th to forward a lenient version of the advertising regulation proposal to the Parliament. The law accept media advertising and limits HWI's to 5%.

Note:

The Consumer Protection law of 8.3.1991 already bans advertising directed towards minors.

In meetings with the Kantor Law firm 8.6 I found that Mr Kantor has excellent contacts with all 3 major publishing houses. - He felt that the European idea of a European Publishers' Association, as an additional ally against further ad restrictions, should be investigated.

I met with "Noni" Moses of one of the 3 leading newspapers in the Knesset June 7th. Mr Moses, who controls "Yediot Ahronet", is an ally, who signalled a need for more international argumentation. - We will forward basic facts re the effects of tobacco ad bans via Boris Krasny at "Policy";

It became clear that 2 new law proposals have been introduced,

1. one banning sales to minors under 18 (see below);
2. a law against "hidden advertising". The translation suggests the aim of the proposal is to ban product placement in movies, plus outlaw so called "Subliminal advertising". However, the way I read the text it could be a problem for events marketing.

I have alerted the local industry, Dubek, to the issue in a meeting June 7th.

I also have, thanks to PMI, a chance to meet the Israeli IAA chapter president, Mr Eli Warshavski, on June 22nd.

2. Tar & Nicotine

With the strong input of Jean-Bernard Boder, who arrived in Israel a day earlier than I, our PR agency "Policy" had briefed key members of the joint economy and health committee of the Knesset of the main arguments and facts regarding "tar", nicotine, CO etc.

We were invited by the committee to attend the session June 7th. After a 2 hour debate the committee agreed that

- . T&N listing only would be suggested to Knesset;

- . no ceilings were included;
- . a grace period of 1 year from publication of the law was recommended.

There is no mentioning of other ingredients in the proposed text from the committee. The proposal will now go into first reading, possibly before July. At this stage changes can be introduced. It was agreed that JBB is available for further expert consultations during this process.

3. Class Action

To my surprise, the law firm, on June 8th during my introductory visit to their offices, revealed that a Class Action law has been passed in Israel. Following discussions with Michael Reardon this morning, the law firm will be asked to urgently submitting a full translation of the law plus an assessment of the applicability and possible risks.

It became obvious - also when discussing ETS related issues - that our most competent lawyer, Mrs Hagit Avrahami, has not been briefed on key tobacco industry issues. I have recommended to MJR that a study trip to Lausanne and Neuchatel is arranged urgently. EVM is standing by to assist in putting together this training.

4. Workplace smoking

The present law, based upon a law 1.2.1984 with an addendum decided on 19.10.1994, will be re-discussed in October 1995. The addendum was taken for one (1) year only, hence leaving the room for either a negative law proposal to pass, or an industry driven proposal, following Danish and Belgian principles, to pass.

I suggest that the PR agency is given an assignment to produce suggestion for key ally briefings, which should also include the "Histradut", the largest labour union.

I have identified the leader of the local HoReCa, Mr Mike Federmann, also the owner of the Dan Hotel chain. I also suggest an approach to him, in stage One via IHA as well as HoReCa Int. IHA has already confirmed a willingness to push for an Accommodation project in Israel.

In a meeting with Dubek (see above) June 7th, they signalled an interest and willingness to join forces in supporting an Israeli Smoker Rights groups. One of the first tasks of such a potential group would be to prepare for the fall workplace debate via a consumer attitude survey. (RJR has also signalled a pre- interest to join in).

5. Other issues

a. There are some other bills pending, ie

- . a proposal of earmarking cigarette sur-taxes for research about the adverse effects of sun tanning (yes, correct...). Not likely to pass;
 - . earmarking tobacco tax money for an Australian tobacco fund type construction (this follows a visit to Israel by Australian and presumably also US anti- tobacco professionals). Not likely to pass due to Finance Ministry opposition;
 - . non-deductibility of marketing costs from VAT. Not likely to pass due to media owner opposition;
 - . sales limit for tobacco sales 18 years. The industry, during the meeting June 7th, agreed that this principle should be supported and that the industry's responsible attitude should be made known to key politicians.
- PM was asked to inform the industry about experience of Juvenile Integrity initiatives from other markets. - SGC will tentatively do this June 21st.

b. I met, over lunch, with Mrs Lubelski, Deputy Minister of Trade and Industry. Mrs Lubelski is strongly for marketing freedoms. - She also expressed an interest in making a study tour to Brussels to learn more about EU issues. Most likely time for her planned trip is September.

c. My general assessment after this first trip is that

- a. we have a very solid law firm. However, it needs information and education;
- b. our PR firm "Policy" is creative and politically very effective. However, it has all its main contacts in Labour. There is a pos-

sibility the Conservatives win the elections 1996;
c. Dubek send signals about an interest to cooperate on initiatives
to defend smoker rights as well as marketing possibilities. - The
signals could also be read that they are willing to meet Area
management to discuss taxation related issues;
d. Ally-building offers many possibilities in Israel.
Regards, Stig

cc: LFREYMON--VCH0021A Jacques Guyot HREIF --VCH0021A Helmut Reif
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