

Andre Calantzopoulos: 'A future without smoking can be a reality'

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Philip Morris International CEO Andre Calantzopoulos (right), seen during an interview with Kathimerini English Edition editor in chief Tom Ellis at the Metropolitan Club of New York on the sidelines of the Capital Link Invest in Greece Forum earlier in December.

A future without smoking is possible, Philip Morris International CEO Andre Calantzopoulos tells Kathimerini in an interview in which he notes that “today we have the scientific and technological ability to offer smokers better alternatives that have the potential to reduce the harmful consequences of smoking.”

I caught up with him at the Metropolitan Club of New York, on the sidelines of a Capital Link conference on investing in Greece, where he was honored for his “exceptional contribution to Greece.” He seemed optimistic about the future of the Greek economy, provided there is long-term strategic planning, a stable taxation scheme, and less state bureaucracy. He noted that the crisis also had positive effects, mainly the fact that people were forced to recognize the many deep-rooted structural deficiencies Greece is suffering from and has to correct.

Finally, he spoke about the increasing presence of Philip Morris in Greece, but also the illegal tobacco trade which, as he notes, costs the Greek economy millions of euros.

How do you see the future of smoking?

As odd as it may sound coming from me, I firmly believe that a future without smoking can be a reality. Today we have the scientific and technological ability to offer smokers better alternatives that have the potential to reduce the harmful consequences of smoking. As I said, our goal is for these products to replace cigarettes as soon as possible. Of course, we

cannot achieve this massive task alone. Each side has a role to play: the industry to continue developing innovative and scientifically substantiated reduced risk products and the national authorities to ensure a regulatory framework that will encourage smokers to switch to these products as quickly as possible.

While planning, do you take into account your responsibility as far as the negative consequences of your products on people's health are concerned?

You have put it aptly. When your product harms the health of smokers, what is your position? You have at least the ethical responsibility to acknowledge it and to do everything in your power to address it. This is exactly what we are doing. We have decided to change the lives of smokers around the world by developing innovative products that are better alternatives to cigarettes and have the potential to reduce the harmful consequences of smoking. Essentially, we have decided to revolutionize our business as a tobacco industry, building a smoke-free future.

Smoke-free?

Yes. Our vision at PMI is for these products to replace cigarettes as soon as possible. Twelve years ago, we embarked on a titanic effort, which is nothing short of a true revolution in our industry. With more than 400 top scientists and experts from different fields and an investment largely exceeding 3 billion dollars since 2008, we are creating a generation of reduced risk products which can potentially change the lives of 1.1 billion smokers in the world. IQOS, the first such product, with real tobacco that is heated and not burned, has largely lived up to our expectations in terms of smokers' significant acceptance. This is just the beginning though. We are developing additional alternative products, also designed to eliminate combustion, which has been proven to be the problem with traditional cigarettes. Some of these products contain tobacco, as IQOS, and some do not, such as electronic cigarettes. This is a fascinating period both for me personally and for PMI. The world is changing. We, too, are drastically changing the way we operate internally and externally to have a genuine positive impact on public health.

How are the new products being received by consumers?

IQOS has gained important momentum among adult smokers seeking a better alternative to cigarettes. Already 3.8 million smokers in the world have understood the benefits and switched to IQOS. Every day, 8,000 additional smokers turn to IQOS. Of course, the new generation of potentially reduced risk products is not only about IQOS – as I said, we are also developing and will soon commercialize a range of other solutions. Overall, we are confident that the right mix of government leadership and commercial initiative can dramatically accelerate efforts to make the smoke-free future a reality.

How are your activities in Greece, through your affiliate Papastratos?

Papastratos is a company that, in my opinion, reflects and conveys the essence of sound entrepreneurship in Greece. The kind of entrepreneurship that is persistent and forward looking, linking its growth and prosperity to the society. Papastratos is a special case, since in the course of its 86 years of history, it has proven that it can cooperate, lead, cultivate innovation, and create new paths for its people, its partners and the country. With

consistency and continuity. It's basically the philosophy of always redefining and regenerating oneself which is at the core of Papastratos's DNA and is a critical advantage in these difficult times and in such a competitive international business environment. And it is working. Although Papastratos is only a small part of the big family of PMI, it has considerable weight. Our investments and our trust in Papastratos attest to that.

You have made yet another investment.

This new investment will give a different kind of push to the company and its perspectives. This is not just an investment of 300 million euros and 400 new jobs to produce our innovative tobacco product, the heated tobacco units HEETS for IQOS in Greece. We should not overlook the prospects that are opening up as we create a chain of innovation and growth with a number of benefits for the economy, jobs, primary production, exports and Greece's external profile. Greece is now at the center of the immense change that IQOS is bringing about internationally. And Papastratos has won this bet for the future among other, seemingly more obvious options. The decision came about through the hard work, consistency and professionalism of our teams who work hard every day to achieve the best results, not only for the company but the country as well.

How significant is the problem of the illicit tobacco products trade, and how do you address it?

Unfortunately, Greece still scores high as far as the illicit cigarette trade is concerned, with significant impact on the economy. Last year, Greece ranked second among European Union countries with the greatest consumption of illegal cigarettes, reaching 18.8 percent. This accounts for 3.62 billion cigarettes. Had these been consumed in the legal market, the Greek state would have had additional revenues of more than 600 million euros. But, let's be clear: The illicit cigarette market, which is a constant threat to state revenues and a main source of funding for organized crime, is not happening in a vacuum. As research shows, it is directly linked to the overtaxation of cigarettes, which, in Greece, since the beginning of 2017 has reached 90 percent of the average retail price. At some point, the state should face the reality head-on if we want these national statistics to change.

Are you taking measures?

We have been taking initiatives to reverse the current status. We support activities to raise awareness and to provide practical assistance to the state and law enforcement authorities. For example, Papastratos donated to the Finance Ministry and the Independent Authority for Public Revenue an x-ray scanner, the first in Greece at the time, for the control of trucks and containers. Also, through our international initiative PMI Impact, we are supporting projects of public and private organizations against illicit trade.

On a more personal level, how do you feel about Greece?

I have been away for many years. Still, I have family in Greece and I visit often. I keep up with what is happening and this is always my home country. I often think of Odysseas Elytis's verse: "A beautiful and strange country, Like the one that luck gave me, I've never seen."

How do you see the prospects of the Greek economy?

I believe there are signs that allow us to be optimistic. Of course the prolonged crisis has constrained expectations, discouraged investment initiatives, and created a far from productive economic and social “melancholy,” yet even during the crisis, a lot has happened. It forced us to see things differently. To recognize long-standing weaknesses, and to take action to limit, if not eliminate them. Now Greece is at the forefront as far as growth opportunities are concerned. However, saying so is not enough. Greece needs to act. With a view to the future and with long-term planning. There is still a lot to be done if we are to move from words to actions with measurable outcomes. For example, there is a need for reforms to be implemented and to have fiscal stability, to reduce bureaucracy and have a clear and stable growth framework, transparent and effective. This way, Greek businesses will operate better and investments will come to the country. Having said that, I am optimistic that we are on the right track.