Uruguay Wins Case Against Tobacco Company Philip Morris

Montevideo, July 19 (RHC)-- An international arbitrator has ordered tobacco company Philip Morris to pay Uruguay $7 million in damages and court costs after losing a lawsuit that challenged government anti-smoking policies.

The International Center for the Settlement of Investment Disputes (ICSID), an arm of the World Bank, ruled that the Swiss-based tobacco-manufacturer had failed to prove that Uruguay had violated the terms of its 1998 Bilateral Investment Treaty in approving a ban on smoking in enclosed spaces, higher cigarette taxes and warning labels between 2005 and 2010.

The lawsuit represented the first time a tobacco company had sued a sovereign state before an international forum. In enforcing the laws, government officials ordered a review of each of the 12 brands of cigarettes sold in Uruguay and required the manufacturer to increase the size of the health warnings on cigarette packaging by 80 percent. The resulting costs forced Philip Morris to withdraw seven of the 12 types of cigarettes that it sold on the Uruguayan market.

But in their defense, lawyers for Uruguay cited scientific studies which showed a correlation between smoking and a 15 percent increase in cancer cases in the country, making it an "addictive chronic disease." The position is shared by the World Health Organization and its Framework Convention on Tobacco Control, as well as the Pan American Health Organization and international scientific and medical institutions.

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