Addressing conflicts between public health and tobacco production

SUMMARY

The influence of the tobacco industry is a significant factor in delaying implementation of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC). Much of its focus is on low- and middle-income countries (LMICs), where most of the world’s tobacco is grown and where growth in consumption is greatest. The result is a fear of tobacco control that is unwarranted. Research results show that the concern among policy makers that tobacco-control measures are in conflict with economic and agricultural development is unfounded. There is a false perception that alternative livelihoods must be in place before any further action is taken to implement tobacco-control measures at the national level. Policy solutions exist to advance both tobacco control and rural development objectives.

Inside this policy brief:

- Tobacco-production related myths, generated by the tobacco industry, that slow down tobacco-control efforts
- Research findings from LMICs that refute these myths
- Recommendations that advance both tobacco-control policy and rural development
THE DETERMINANTS OF TOBACCO LEAF DEMAND

Tobacco Industry Myth:
Measures to control tobacco use will suppress global demand and drive down prices for tobacco leaf, thereby provoking a livelihood crisis among tobacco farmers.

Research Findings:
• Overall consumption of tobacco products will actually increase for the next several decades, driven by the growth in population and rising rates of tobacco use in low- and middle-income countries.
• Consequently, the global tobacco leaf market will remain substantial enough to sustain the current generation of tobacco farmers, most of whom sell a product that goes into global markets.
• Corporate strategies of a monopolistic industry (among other factors such as government subsidies and population growth) carry much more weight in driving demand for and production of tobacco globally and in particular national contexts.
• The real source of vulnerability of tobacco farmers to fluctuations in demand and falling farm-gate prices for tobacco leaf has to do with their weak bargaining position in the leaf marketing chain and not due to tobacco-control measures.

TOBACCO FARMING CONDITIONS IN LOW- AND MIDDLE-INCOME COUNTRIES

Tobacco Industry Myth:
Tobacco farmers are currently relatively prosperous and tobacco farming poses no significant risks that cannot be mitigated.

Research Findings:
• Comprehensive cost calculations (that included the cost of unpaid family labor) often demonstrate that tobacco farming rarely generates a net gain and often leaves farmers indebted to tobacco companies.
• Tobacco farming is extremely labour intensive and, as a result:
  – Child labour is frequent and leads to missed educational opportunities for children;
  – Women’s unpaid labor is dedicated to tobacco farming rather than producing food or independently generating income and resources for the family.
• The tobacco crop generates many unique and serious occupational health hazards, including green tobacco sickness, exposure to exceptionally high levels of toxic agrochemicals and respiratory problems from drying and storing tobacco leaf.
• Tobacco farming in LMICs causes severe environmental damage, including deforestation, land and soil degradation, pollution of waterways and a host of other ecosystem disruptions.

ECONOMICALLY SUSTAINABLE ALTERNATIVES TO TOBACCO

Tobacco Industry Myth:
There are currently no economically sustainable alternatives to tobacco farming for small-scale farmers, particularly in low- and middle-income countries.

Research Findings:
• Where support for smallholder agriculture was nonexistent or had been reduced (particularly as a result of structural adjustment programs), many farmers felt they had little choice but to turn to tobacco where the industry provides the missing market infrastructure and extension services needed.
• Despite this challenge, many other crops, crop combinations, farming systems and livelihood strategies offer better opportunities for farmers.
• Although the current generation of tobacco farmers will not be affected by tobacco-control measures, given the harsh nature of the work, it will be important for governments to help farmers transition to alternative crops.
• The transition will require a national vision for sustainable rural development. Such a vision should include support for market infrastructure and extension services for alternative crops that were previously missing. Furthermore, access to public financing for tobacco-farming transitions is justified, and can be financed in part through domestic taxes on the consumption of tobacco and, where it exists, the removal of public funding for tobacco cultivation.
• The active participation of farmers and other stakeholders in the development of new options is key to success.
Context and Importance of the Problem

Despite the unarguable merits of tobacco control, implementation of the Framework Convention on Tobacco Control (FCTC) is only just beginning in many countries. The slow pace of implementation costs countless lives and imposes economic hardship on governments faced with rising health-care costs and lost opportunities to invest in sustainable development. There is no time or need to delay.1

The influence of the tobacco industry lobby on governments and policy makers has been a significant factor behind delays in implementation of the FCTC. Strategies used for decades by the tobacco industry to dilute, delay and defeat tobacco control in high-income countries are now being redeployed successfully in low- and middle-income countries (LMICs) where most of the world’s tobacco is now grown and where growth in tobacco consumption is greatest. The thrust of their strategy is to create a fear of tobacco control among policy makers where there should be none. Despite evidence to the contrary, industry representatives claim that:

- Measures to control tobacco use will provoke a livelihood crisis among tobacco farmers and workers in the industry;
- Tobacco farmers are currently relatively prosperous and that tobacco farming poses no significant risks that cannot be mitigated;
- There are no economically sustainable alternatives to tobacco farming for smallholder farmers, particularly in low- and middle-income countries.

These myths have created among some governments and policy makers the false perception that alternative livelihoods must be in place before any further action is taken to implement tobacco-control measures in their country. Nothing could be further from the truth. Policies for tobacco control can proceed without affecting the livelihood of tobacco farmers. The creation of economically sustainable alternatives to tobacco farming can proceed in parallel, in the interest of improving livelihoods and protecting the environment. There are many good reasons why governments should promote both tobacco-control policies and the development of economically sustainable alternatives for tobacco growers, as outlined below.

Why the industry claims are myths

Industry investment analysts and health organizations alike confirm that despite substantial progress in implementing demand-reduction measures in many countries there is no indication of an impending rapid decline in global demand for tobacco leaf. While a number of high-income countries have been successful at reducing consumption, this has been more than offset by the growth of consumption in low- and middle-income countries where population increases and aggressive tobacco marketing have stimulated an expansion of the global market. A recent study suggests that in the most optimistic scenario, the number of smokers worldwide could go down from 794 million in 2010 to 523 million in 2030 (a drop of 34 percent). In the absence of substantial further tobacco-control measures, the number would actually grow (by almost 10%) to 872 million. In either case, the global market will remain significant during the lifetime of the current generation of tobacco farmers.

- Lowest labor costs and weakest environmental standards: Tobacco farming is more labor intensive than most other crops and, in the case of flue-cured tobacco, requires large amounts of fuel wood from forests. The business model of the tobacco industry has been to seek out the lowest farm labor costs and weakest environmental standards it can find in environments suitable for tobacco cultivation. This has prompted a rapid shift in tobacco production from high-income countries to low- and middle-income countries with cheap labor and weak or poorly enforced environmental policies and programs, especially with respect to forests and soil resources. Today, 90% of commercial tobacco leaf is grown in LMICs, compared to much lower rates only a few decades ago.

- Vertical integration: The tobacco industry is a vertically integrated supply and marketing chain bound through a few common owners of subsidiary companies and contracted farmers. This has created a market with few buyers.


3. Even in China, where a lot of the lower-quality tobacco produced is only consumed locally, and in the absence of more effective tobacco-control policies, the factors that explain the imminent reduction in demand for lower-quality leaf have to do with the increased competition from higher-quality tobacco imports, occurring as a result of China joining the World Trade Organization (Hu, T., Z. Mao, H. Jiang, M. Tao, and A. Yurekli. 2007. “The role of government in tobacco leaf production in China: national and local interventions.” International Journal of Public Policy 2 (3/4): 235–248).

Wood collected from the hillsides of the Chittagong Hill Tracts (Bangladesh) and floated down the Matamuhuri River feeds the kilns for tobacco grown along the riverbank.
(a handful of transnational corporations) and many sellers (hundreds of thousands of largely unorganized tobacco farmers). Under these monopolistic conditions, the buyers can play sellers in different settings, regions and countries off against one another, to lower their costs. Through contract farming the tobacco companies can also dictate what, how and when tobacco leaf is supplied, and pass off to farmers the risks of overproduction in one place and losses due to climate variability and environmental degradation in another. Vertically integrated companies can also shift costs and income between company branches and country subsidiaries in order to avoid corporate taxes and maximize profits at selected stages in the value chain.

Declining public investment in smallholder agriculture: Decades of structural adjustment policies and unequal trade regimes have undermined national and international investment in diversified smallholder agriculture. This decline and reorientation of investment shifted production in many low- and middle-income countries to export crops favoring economies of scale (large farms) and the lowest price on the global market for raw materials. The resulting decline in domestic agricultural markets, government extension support and market infrastructure has left smallholders with few meaningful choices, a vacuum the tobacco industry filled through its monopoly practices.

Recognition of the underlying drivers of global demand for tobacco leaf and price volatility affecting today’s tobacco farmers helps to put the industry in perspective, and examine the harsh realities of tobacco farming. Tobacco farming as it is practiced in LMICs today does not lift farmers out of poverty. The profitability of tobacco farming quickly evaporates into losses once even the most basic costs such as labor and inputs are factored into the calculation of net gains. Instead, many tobacco farmers are trapped by the accumulation of debt, the exploitation of child labor and the selling of false hopes for seasons to come. Meanwhile, exposure to unique occupational health hazards is borne by the entire family, field workers and neighboring communities. The mining of soils and forests to fuel the tobacco industry adds to exploitation, vulnerability and dependence. Due to these features, the world-wide tobacco pandemic is rightly seen not only as an important health issue but also a development issue holding back the creation of income and savings normally expected from a viable farming operation and general advancement of the rural economy.
edge available about the conditions for a tobacco farming transition. While research has shown that there exist a variety of context-specific alternatives to tobacco, less is known about how to scale-up these initiatives in the context of the sector-wide challenges facing smallholder farmers as a whole. This uncertainty increases the complexity of policy interventions, not because there are no alternatives to tobacco farming but rather because the goal is long-term development of a strong and diversified agricultural economy. Pitting tobacco-control policies against farmers and the legitimate search for better livelihoods is actually a false dilemma promoted by the tobacco industry with a single purpose – to undermine the national and international consensus on the urgency of tobacco control as both a public health and a development policy.

Implications and Recommendations

The issues that should form the core of government policies for tobacco control and tobacco farming revolve around the need to urgently address the public health threat posed by the tobacco epidemic and, in parallel, create the conditions for the development of sustainable alternatives to tobacco farming suitable for smallholder agriculture. The policy implications and related recommendations are fourfold.

- **Strong domestic tobacco-control policies.** These can be pursued aggressively by all tobacco exporting and importing nations, knowing that global demand for tobacco leaf is likely to continue at current or higher levels for some time. This demand shelters the livelihoods of the current generation of tobacco farmers from domestic policy change.

- **Strategic public investment in market infrastructure, technical assistance and access to financing.** Evidence from a variety of settings shows that many other crops, crop combinations, farming systems and livelihood strategies can offer better opportunities for farmers. However, the market guarantee provided through contract farming and supply management remains compelling for farmers with limited access to market infrastructure and financing. The challenge for a tobacco farming transition is to overcome the efforts of many years of decline in agricultural markets and limited government investment in smallholder agriculture. Access to public resources is necessary, especially in the form of credit financing, technical assistance and the
development of local and regional market infrastructure. As adjustment to new cropping systems and product markets takes time, creativity and resources, government support for access to start-up capital and the incremental costs of the transition period is also justified. While this is not easy for resource-poor governments, much can be done through different ministries and levels of government by coordinating the use of existing agricultural policies and programs. National food acquisition and school feeding programs designed to provide a social safety net for the food insecure while also stimulating smallholder food production are examples. It can also be financed in part by the gradual withdrawal of public funding for tobacco farming.

- **Diversification, not substitution.** While substitute crops are likely to be essential components of economically sustainable alternatives to tobacco growing, single crops are not magic bullets and are unlikely to be the answer for smallholders in most regions where tobacco is currently grown. The reasons for this are twofold. First, it is technically difficult and costly to simply insert another monocrop into the same space as tobacco and in the same season without first improving the soil. Tobacco is notoriously hard on the soil, not only depleting nutrients and soil organic matter but also exacerbating weed infestation, soil erosion, soil pollution and salinization. Second, a focus on the direct substitution of another crop limits the range and diversity of cropping systems and livelihood options farmers can consider. A focus on crop and livelihood diversification rather than a single substitute crop offers more scope for innovation and the use of all resources available, including minor seasons, marginal soils, value-added production and off-farm employment.

- **A national vision for sustainable agriculture.** Efforts to foster a transition out of tobacco farming cannot be disconnected from the national system of food production, agricultural land use and rural development within which tobacco farming is embedded. The experience of transition in high-income countries suggests that alternatives to tobacco farming framed only in terms of the international competitiveness of single agricultural commodities would likely displace smallholder farmers from the land, not help them develop as food and income producers. Furthermore, the single criterion of international competitiveness reduces agricultural policy to trade policy rather than support for the more complex function agriculture plays in most low- and middle-income countries such as food security, the sustainable use of natural resources and the development of local enterprise. A national vision for sustainable agriculture, and efforts to overcome the effects on smallholder agriculture of decades of declining government support are consequently key to the tobacco farming transition.

Developing a national vision for sustainable agriculture, promoting livelihood diversification and investing in market infrastructure, technical assistance and access to financing are complex policy undertakings. Article 17 of the FCTC provides a constructive and modest space for the tobacco-control community and health ministries to play a supportive role to ministries of agriculture, the environment, labor, finance and rural development with the mandate to pursue these goals. It can also help the tobacco-control community build the alliances needed to counterbalance the current influence of the tobacco industry on government policy, and create buy-in from tobacco farmers engaged in the legitimate search for better livelihoods. In this process, tobacco farmers should not be blamed for growing tobacco or treated as passive victims of an all-powerful industry. Rather, the task is to engage the tobacco-farming community and other stakeholders in the development of better options. Only then can countries set themselves on a track towards a fair and orderly transition consistent with the goals of tobacco control and socio-economic development.

![Farmer harvesting bamboo from a former tobacco field in Kenya.](image)
Tobacco Control and Tobacco Farming
Separating Myth from Reality

Edited by Wardie Leppan, Natacha Lecours, and Daniel Buckles

This book exposes the myths behind tobacco industry claims that implementing policies aimed at curbing tobacco consumption will negatively affect farmers – particularly in low- and middle-income countries – and that no economically sustainable alternatives exist.

The bulk of the world's tobacco is produced in low- and middle-income countries. In order to dissuade these countries from implementing policies aimed at curbing tobacco consumption (such as increased taxes, health warnings, advertising bans and smoke-free environments), the tobacco industry claims that tobacco farmers will be negatively affected and that no viable, sustainable alternatives exist. This book, based on original research from three continents, exposes the myths behind these claims.

Part 1 takes on the claim that demand-reduction measures negatively impact farmers. It examines the trends of global leaf demand and studies the national determinants of leaf demand in two tobacco-growing countries – Malawi and Lebanon. The findings show that there will be no major reduction in global demand for tobacco leaf in the short to medium term and that the tobacco industry controls and manipulates demand at the national level, independently of the effects of tobacco-control measures.

The myth around how profitable tobacco farming is for small-scale farmers is taken on in an extensive survey of the literature in Part 2. The review shows that tobacco is not the most lucrative crop for small-scale farmers in the vast majority of cases and that it imposes many serious negative socio-economic, health, and environmental impacts on tobacco farmers and their communities.

Part 3 presents recent thinking and experience with the transition from tobacco to other crops in Bangladesh, Kenya and Brazil. The findings counter the industry’s claim that no economically sustainable alternatives exist for small-scale farmers in low- and middle-income countries.

A concluding chapter summarizes and broadens arguments made throughout the book regarding the true drivers of global demand for tobacco leaf, the sources of farmer vulnerability and dependency on tobacco production and the conditions needed for an economically sustainable transition.

To order: Print copies of Tobacco Control and Tobacco Farming are available through Anthem Press (www.anthempress.com/tobacco-control-and-tobacco-farming) or you can download an electronic copy from the IDRC website at www.idrc.ca/tobaccobook.