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## DEATH CLOCK

SINCE THE OPENING OF THE  
FIRST WORKING GROUP FOR  
THE FRAMEWORK CONVENTION  
ON TOBACCO CONTROL ON  
25 OCTOBER 1999

# 62,955,136

PEOPLE HAVE DIED FROM  
TOBACCO-RELATED DISEASES.  
(AS OF 9AM SEOUL TIME  
ON 13 NOVEMBER 2012)

# 176 PARTIES TO THE FCTC, NOT 27

The development of guidelines for implementation of Article 6 is one of the most important items on the agenda of this COP. Tax increases are the most effective mechanism to reduce tobacco consumption and simultaneously finance tobacco control and public health activities. Article 6 of the Treaty recommends: "implementing tax policies and, where appropriate, price policies, on tobacco products so as to contribute to the health objectives aimed at reducing tobacco consumption". The treaty is clear: the objective is health, by reducing tobacco consumption.

While the treaty text sets out the principles, the guidelines are required to assist Parties in the implementation of effective systems.

There is a strong consensus among economists and intergovernmental institutions on how to do this, but Parties are not taking note of this. We encourage Parties to study the guidance of the World Bank and the World Health Organization, which is informed by best practices and a significant volume of scientific research. The draft text that is developing at the COP is significantly weaker than this consensus and evidence, and will not genuinely assist Parties in designing and implementing tax policies which will reduce tobacco consumption.

Each country has a unique tax policy and circumstances, and these draft guidelines provide Parties with a unique opportunity to learn from successes in other countries. Parties should not seek to use the guidelines to protect entrenched and tobacco industry driven tax policies but rather to set new and effective standards that raise the bar for everyone.

Tax policy, however, is complex and we need to ensure that taxes and prices increase over time in order to reduce

consumption. We need to see that simple and appropriate tax structures are in place to ensure that increases in tax rates actually result in increased prices and reduced affordability. Parties need to be certain that the tax system is administered in such a manner as to ensure that taxes are collected efficiently. In order to achieve this, cooperation between health and fiscal authorities in developing tobacco tax policies is essential. The reality, across the world including the EU, is that health officials find closed doors when they want to engage their finance counterparts.

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**EACH COUNTRY HAS A UNIQUE TAX POLICY AND CIRCUMSTANCES, AND THESE DRAFT GUIDELINES PROVIDE PARTIES WITH A UNIQUE OPPORTUNITY TO LEARN FROM SUCCESSES IN OTHER COUNTRIES.**

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At COP4, the EU originally opposed the formation of the Working Group on Article 6, only to agree to its creation the following day, surprising many by offering to serve as a Key Facilitator. This was a positive development. However, this Working Group was not funded through Committee B, and took place through

the generous extra budgetary support of Australia. Acting as Chair of the Working Group, the EU has had an overwhelming impact on the development of the draft text, driven by the interests of ministries of finance of the member states, which are not concerned with the health goals and obligations of the FCTC. The EU has shown a lack of respect for other members of the Working Group by not taking seriously the important contributions of the other Parties and by focusing exclusively on compromises that relate to the EU member states as opposed to the rest of the world. The EU should understand that compromise with 176 Parties is more important than compromise within 27 Parties.

Within the European Commission, the close cooperation between the Directorate-General for Health and Consumers and DG

*continued on page 6*

# REDUCING BIG TOBACCO'S CONTROL OVER AGRICULTURE



Big Tobacco harms tobacco farmers and farm workers through child labour, bonded labour, pesticide poisoning, deforestation and other exploitative agricultural practices. This document presents key steps for health officials, researchers and decision-makers to counter Big Tobacco's economic and socio-ecological practices in tobacco growing.

The steps serve two purposes: 1) to assist health and tobacco control advocates in the passage of strong policy language in the World Health Organization Framework Convention on Tobacco Control Articles 17 and 18 on alternative livelihoods and environmental protections, and 2) to provide suggestions for building sustainable relationships among tobacco control practitioners and government officials focused on health, agriculture and trade. Relationships of solidarity are needed to counter tobacco industry interference in health policy-making as well as to generate fair leaf prices and living wages for tobacco farmers and farm workers. These relationships, combined with viable mechanisms to enforce Articles 17 and 18, will promote employment, rural development and food sovereignty in countries that seek to end Big Tobacco's control over agriculture.

## BACKGROUND

For decades, tobacco has threatened the lives of tobacco producers in developing countries. Individuals and communities located in tobacco producing countries that are faced with high unemployment and land shortages sell their labour to farm authorities, working long hours in tobacco fields.

Tobacco production is inherently dangerous for workers. In addition to the long hours required for maintaining the crop, the health of men, women and children is vulnerable to pesticide poisoning and green tobacco sickness (nicotine poisoning through the skin).

Food insecurity has become a major

problem for tobacco dependent countries. When tobacco displaces food crops such as vegetables and grains, this shift puts the overall health and socioeconomic conditions of the farmers at risk.

## STEPS FOR REDUCING BIG TOBACCO'S CONTROL IN AGRICULTURE

### 1. Prepare for Sustained Opposition from Big Tobacco

Cigarette manufacturers and leaf-buying companies purchase leaf from about 130 countries and the global demand for tobacco leaf appears steady. To protect Big Tobacco's access to low-cost leaf and labour, these companies will, over the long-term, challenge tobacco control and its goals to improve health and livelihoods. Big Tobacco uses the International Tobacco Growers' Association (ITGA), an agricultural lobbying group designed to promote cigarette makers and leaf buyers, to protect corporate profits. Targeted resources and interventions are required in the next 25 years to reduce the health and ecological impacts of Big Tobacco and the ITGA.

### 2. Debunk Big Tobacco's False Claims that Tobacco Control Harms Farming

Big Tobacco and ITGA circulate mistruths that tobacco control policy making negatively impacts farming and reduces revenues, jobs and rural development. Tobacco control policymaking is a process with the participation of over 175 countries, including virtually all of the major tobacco growing countries, that puts health and livelihoods above corporate profits. Countering Big Tobacco's lies involves a strategy of transparency in the tobacco supply chain. Families and communities who cultivate tobacco are the nerve centres of the chain, and Big Tobacco, in its efforts to publicize 'ethical supply chains,' diverts attention from its bad agricultural practices.

### 3. Publicize the Disconnect Between ITGA Interests and Local Priorities

ITGA says it represents tobacco farmers. In reality, ITGA represents the interests of Big Tobacco and an elite group of tobacco farmers that makes up a tiny portion of the estimated 30,000 individuals who cultivate tobacco around the world. ITGA's interests in protecting earnings of Big Tobacco contrast sharply with interests of civic groups and government organizations that seek to protect the health of populations. Voices that are not funded by or dominated by the tobacco industry exist in tobacco

growing developing countries.

These voices are an alternative to ITGA and Big Tobacco lobbyists from affluent countries. Industry lobbyists seek to draw attention to poverty instead of tobacco-related child labour, bonded labour, deforestation, pesticide poisoning, soil depletion and water pollution. Exposing how corporate interests are opposed to the priorities of farmers and farm workers provides a counter to ITGA and Big Tobacco lobbying against tobacco control. Painting the tobacco supply chain as iron shackles, subordinating slave to master, raises awareness of the disconnect between ITGA interests and priorities of farmers and farm workers.



### 4. Strengthen Public Health Alliances with Tobacco Growers and Farm Workers

Health and tobacco control advocates have a growing track record of building alliances with tobacco farmers and farm workers. In some cases, tobacco control supports initiatives to switch from tobacco to food crops and other cash crops. In other cases, tobacco control collaborates with farmers and farm workers to improve conditions through living wages and fair price campaigns. The history of engagement among tobacco control advocates and tobacco producing families and their organizations provides the basis for forging deeper solidarity with individuals who desire corporate accountability to exploitative agricultural practices. Alliances and their supporters can explore and integrate healthy crops in local and global markets, promote effective prices and transfer skills from tobacco to alternative livelihoods. Involvement of tobacco workers and officials in health and agricultural ministries makes the alliances sustainable and effective for promoting

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# WITHOUT TAX POLICY, CIGARETTE AFFORDABILITY RISES IN SRI LANKA

A study conducted for the National Authority on Tobacco and Alcohol (NATA) of Sri Lanka by Verité Research shows that in 2010, cigarettes were cheaper than 10 years earlier, and that cigarette affordability was at a historic high.

The study analysed historical data to derive a benchmark, based on keeping affordability constant, for the pricing and taxation of cigarettes. Accordingly, it found that prices in 2010 would have to be increased 50 percent to correct for past lapses in adjusting for affordability.

## Cigarettes cheaper in 2010 than in 2000

Real (inflation adjusted) cigarette prices have risen and fallen in Sri Lanka since 1990. A correction at the turn of the century increased prices, then was followed by oscillations with a downward trend. As a result, in real terms a cigarette was cheaper in 2010 than in the year 2000 (as represented in Figure 1).

The graph also demonstrates the vagaries in tobacco pricing – no formula or consistent policy can explain price changes. It would seem that the price is determined more by external and political demands rather than the application of a coherent, explicit and systematic method.

The analysis checked for coherence in terms of inflation adjustment as well as in terms of income adjustment.

## More affordable in 2010

The affordability of cigarettes is based on income (nominal per capita gross domestic product, GDP and price). When income increases faster than price, cigarettes become more affordable and vice versa. Tracking income and pricing data from 1980, it can be seen that while there were long periods in which affordability increased, periodic adjustments were

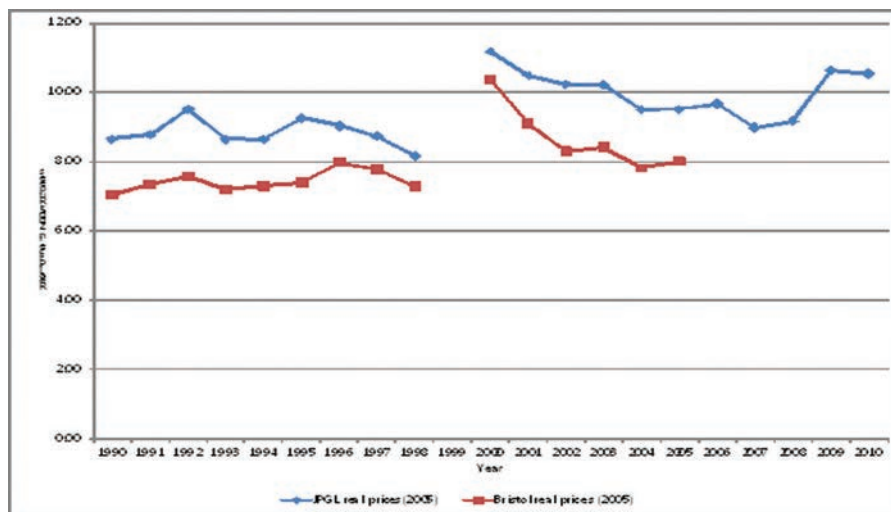


Figure 1 Revenue consequence of a 50 percent price increase in 2009, under various projections of price elasticity of demand.

made to bring it back to the 1980 level – which functions as a benchmark.

Adjustments between 1999 and 2001 once again brought affordability in line with this benchmark.

However between 2002 and 2005, price increases fell well short of rises in income, and affordability increased rapidly. Since 2005, increases in prices once again kept pace with increases in income, but did not correct for the lapses in the 2002-2005 period. This meant that affordability remained much greater than the historical benchmark.

In 2010, the John Player Gold Leaf (JPGL) brand retailed at 19 rupees per stick. However, if prices had been adjusted at the same rate as income from 2002, the cigarette should have retailed at Rs. 31.20. This means that in order for cigarettes to be restored to their historic benchmark level of affordability, the price increase required in 2010 was above 50 percent for the brand. (This brand was selected for analysis because it provides the longest running series of comparative data).

The annual revenues to government from tobacco taxation are around Rs. 40 billion. But pricing that increases affordability, and delays affordability adjustments, results in less government revenue than under a more systematic method of pricing and taxation.

If affordability adjustments had been made to the price of cigarettes, even from 2005 onwards, the extra revenue accrued to government in current rupees would be over Rs. 100 billion. That is 10 times more than the government spends on support for people with low incomes.

**Manjari Peiris, President  
Jeewaka Foundation, Sri Lanka**

*This article is based on original research found in a Special Report by Verité Research, a Sri Lanka-based think tank that provides strategic and policy advice to the state and the private sector in the areas of economics, politics, law and media.*

## ALTERNATIVE OUTLOOK ON TOBACCO GROWERS' LIVELIHOODS IN BRAZIL

Yesterday's lunch-time briefing on alternative livelihoods was somewhat marred by an outburst from the representative of the Brazilian Ministry of Agriculture, who declared that the situation of Brazilian tobacco farmers was completely unlike that of farmers in the four countries which were presenting their experiences. He claimed that Brazil had the world's most successful agri-business, including a highly prosperous and

successful tobacco-growing sector. Perhaps he is unfamiliar with the widely documented difficult working conditions in Brazil's tobacco-growing belt, including heavy debt loads, pesticide poisoning and low socio-economic indicators.

Paula Johns  
Executive director,  
**Alliance for the Control of Tobacco Use (ACT), Brazil**

# CHILETABACOS GENERA CRISIS EN LA AGRICULTURA

La Ley del Control del Tabaco del 2006 no ha generado resultados positivos y Chile continúa con una de las mayores prevalencias de consumo de tabaco en el mundo. La ley salió ambigua y no aseguró reales ambientes libres de humo de tabaco. En el debate legislativo, los intereses de Chiletobacos (British American Tobacco) predominaron por sobre la salud de la población.

Para mejorar dicha ley, el ministro de Salud, Jaime Mañalich, envió al Congreso en el año 2011 un proyecto para prohibir definitivamente fumar en lugares cerrados, como pubs, restaurantes y casinos de juegos. En enero del 2012, la Cámara de Diputados rechazó esta modificación. Varios diputados afirmaron después que se equivocaron al votar.



## CHILETABACOS OPERA EL CULTIVO DE TABACO EN CHILE A TRAVÉS DE UN CONTRATO ABUSIVO.

El mismo ministro Mañalich reconoció públicamente las presiones de Chiletobacos. No obstante, algo más estructural ocurre tras esta burda comedia. Es el asunto de los cultivadores de hoja de tabaco.

Chiletobacos es una empresa monopólica, domina el mercado de los consumidores de casi 5 millones de fumadores y controla de modo absoluto, a los más de 1.000 productores de tabaco chilenos, con un total de superficie de cultivo de 3.000 hectáreas, según el Censo agrícola del 2007.

Chiletobacos opera el cultivo de tabaco en Chile a través de un contrato abusivo. Es lo que los especialistas de la FAO llaman la "agricultura por contrato". Ella obliga a firmar un contrato de plantación y compraventa de tabaco donde se determina la forma de comercialización, el precio del tabaco, el número de hectáreas, la cantidad de kilos que será objeto de la obligación de compraventa, la fecha y el tipo de tabaco que será entregado en su

totalidad, libre de embargos, litigios, y prendas.

Además de proporcionarles la semilla. Los pequeños agricultores pueden solicitar anticipos de dinero y se los obliga a tomar seguros y a comprar con ellos los insumos como agrotóxicos, fertilizantes, chapas, alambres. Esta compañía compra a buenos precios grandes volúmenes de insumos, que luego vende a los productores a precios minoristas y lo descuenta del pago de anticipos e insumos. Los precios del tabaco son determinados, en última instancia, por la misma Chiletobacos. Los productores no tienen a quien reclamar.

O sea que, Chiletobacos controla el mercado y traspa los riesgos de la cosecha al pequeño agricultor, lo que contribuye fuertemente a generar una potencial crisis social en el campo.

De hecho, el nivel de endeudamiento de los cultivadores es creciente. Lo que perciben de la venta de la cosecha no alcanza para pagar los créditos que les otorga Chiletobacos y siempre pierden o están endeudados con la tabacalera. Vicente Madariaga, agricultor de Chimbarongo, representó a los productores de tabaco y defendió el sistema en la Cámara de Diputados en 2005. Tres años más tarde, en 2008, acusó el empobrecimiento de los agricultores, y promovió la reconversión, sin encontrar apoyo en el Estado. Ese año habían abandonado 80 hornos a gas para secar el tabaco en Chimbarongo.

El Convenio Marco sobre el Control del Tabaco de la Organización Mundial de la Salud (OMS) que ratificó por el Estado chileno sugiere un programa de reconversión del cultivo del tabaco, con asistencia técnica y financiera para ayudar a los productores a transitar hacia otras alternativas productivas. Pero el Estado chileno, hasta ahora, ha dejado a los agricultores solos a su suerte.

Peor aún, la oficina de INDAP de la Sexta Región, en el 2011, determinó entregarle a la BAT una suma de \$ 19.948.275, en el concurso nacional de alianzas productivas -según informó en la publicación El Mostrador, un artículo de Bernardita García-, para capacitar a un grupo de

agricultores de tabaco a mejorar la productividad del cultivo.

El Estado Chileno subsidia económicamente a Chiletobacos, una empresa que, según el Convenio Marco para el Control del Tabaco, debería combatir.



**DEBIDO A QUE SUS PRODUCTOS SON LETALES, NO SE DEBERÍAN CONCEDER INCENTIVOS A LA INDUSTRIA TABACALERA PARA QUE ESTABLEZCAN O LLEVEN A CABO SUS NEGOCIOS.**



INDAP de la Sexta Región, tal como lo indica un boletín del servicio, ya había actuado del mismo modo al entregar \$60 millones para financiar hornos para el secado de tabaco.

El acuerdo viola el principio N° 4 del Convenio Marco de la OMS de Tabaco ratificado por Chile: "Debido a que sus productos son letales, no se deberían conceder incentivos a la industria tabacalera para que establezcan o lleven a cabo sus negocios."

Por lo tanto, el Estado chileno ha violado durante el gobierno del Presidente Sebastián Piñera un acuerdo internacional al subsidiar económicamente a la tabacalera.

Chiletobacos es responsable también de problemas ambientales en Chile, pues reduce la diversidad genética, favorece la vulnerabilidad a las plagas, la erosión y contaminación del suelo, y reduce la disponibilidad de cultivos alimenticios nutritivos. Utiliza gran cantidad de pesticidas y fertilizantes químicos que contaminan el suelo y el agua. En Chile también se habría sembrado tabaco transgénico, según la experta en biodiversidad, la bióloga María Isabel Manzur.

**Omar Pérez Santiago**  
Escritor y director ejecutivo de La Liga Ciudadana

## LET'S THINK ABOUT THE BABY GIRL

In her Monday address at the opening of COP5, Dr. Margret Chan referred to the newly adopted Illicit Trade Protocol (ITP) as a baby girl. While that may or may not be an apt analogy, it made me reflect on the issue of gender and tobacco control.

In most of the world, being born male is the greatest predictor for tobacco use, with overall prevalence about four times higher among men than women: 48 percent versus 12 percent. But this will soon change, as girls in many countries now smoke as much as boys. Also, girls are using non-cigarette products, such as bidis, oral tobacco and water pipes, at similar rates as boys. It is also well documented that women are as vulnerable as men to the dangers of tobacco, if not more so. Tobacco causes additional female-specific health risks, including compromised pregnancy.

Decades of history and experience with the tobacco industry's promotional strategies clearly show that the industry has taken gender roles and norms into consideration in its marketing strategies for almost a century. The tobacco control community needs to do the same. But still the global response to tobacco industry marketing is insufficient, inadequate and continues to put women and girls at risk.

The Framework Convention on Tobacco Control (FCTC) is a powerful legal instrument to take measures that address the gender-specific risks when tobacco control strategies are translated into action.

In its preamble, the Convention expresses alarm at the increase in tobacco use among women and girls and at gender-specific risks. The preamble also reinforces the need for women to participate in tobacco control policy-making and implementation at all levels of control, including FCTC meetings.

The FCTC also calls for gender-specific strategies, and emphasizes the special contributions that NGOs, including women's groups, make to national and international efforts. These concerns are later reflected in the Guiding Principles (Article 4.2.d) with a legitimate expectation that gender-specific risks should always be addressed when developing tobacco control strategies.



The FCTC also acknowledges that the right to health is a human right for women and girls just as it is for men and boys. Approaching tobacco control with a gender equality framework is therefore key to achieving the goals of the FCTC, this includes integrating gender and diversity early in the implementation of articles, and establishing a gender-responsive tobacco control infrastructure. Let us also not forget that achieving gender equality is an integral component of accomplishing the United Nations Millennium Development Goals.

Many steps have been taken but much more needs to be done to ensure a healthy future for girls.

**Margaretha Haglund**  
Former President, International  
Network of Women Against Tobacco

### GOVERNMENT OF SEOUL LAUNCHES SMOKE-FREE SEOUL



Smoke-free Seoul was launched at Seoul City Hall on Wednesday. Attending the ceremony (3rd from left) was Domilyn Villarreiz, SEATCA FCTC Programme Manager and FCA Regional Coordinator for the Western Pacific.

## DIRTY ASHTRAY AWARD



To the EU for refusing to compromise, thereby threatening adoption of Guidelines on Article 6 at COP5

## ORCHID AWARD



To Parties, in particular Kyrgyzstan and Kazakhstan, for suggesting constructive text on Article 6



FRAMEWORK CONVENTION  
**ALLIANCE**  
BUILDING SUPPORT FOR TOBACCO CONTROL

The Framework Convention Alliance (FCA) is a grouping of global NGOs working to achieve the strongest possible Framework Convention on Tobacco Control (FCTC). Views expressed in signed articles in the Bulletin are those of the writers and do not necessarily represent the views of the FCA. Front-page articles are unsigned as they do represent the consensus of the FCA membership at COP5.

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## LOS DESAFIOS Y OPORTUNIDADES PARA AVANZAR EN EL ART. 6 Y SUS DIRECTRICES EN LOS PAISES DE AMERICA LATINA

En esta COP la aprobación de las Directrices para el Art. 6 nos dan un nuevo impulso para avanzar en una política de impuestos y precios más altos en los productos de tabaco.

Se trata de una política costo-efectiva de tal magnitud que además de la reducción del consumo de tabaco, genera recursos financieros adicionales por el aumento de la recaudación fiscal. Esto se está comprobando en todos los estudios de demanda de productos de tabaco que se están haciendo en la región y se alinean con resultados similares en casi todos los países del mundo.

Son bienvenidas entonces estas Directrices que recomiendan introducir impuestos específicos (specific taxes) por unidad de cigarrillo, cajetilla o gramo de tabaco, o al menos en los sistemas ad-valorem incluir adicionales de suma fija.

Este tema es de gran importancia porque los países de la región, salvo alguna excepción, están respondiendo lentamente a la estrategia de aumento de impuestos y precios y se está perdiendo una oportunidad.

No ha existido una comunicación deseable en muchos países entre los ministerios de salud y los de finanzas; además la industria continúa teniendo fuerte presencia como "expertos" y su influencia aun es percibida como importante en los ministerios de finanzas de la región. Debemos recordar esta influencia está basada en una percepción errónea: las tabacaleras son contribuyentes del impuesto al tabaco pero no recae sobre estas empresas el impacto económico sino que es el fumador el que realmente paga el impuesto ya que las empresas lo trasladan al precio final.

En los últimos dos años solamente Costa Rica, Ecuador, Brasil, Chile y México han aumentado los impuestos, aunque sólo Brasil ha planteado aumentos progresivos (progressive increases of specific and ad valorem rates during a period of four years) durante un periodo de 4 años como parte de una política clara y bien delineada hacia el futuro. Un cambio notable en la posición de Brasil frente a lo planteado en este tema en los 10 años anteriores.

Siguiendo este ejemplo, para la región solamente tendrá el impacto necesario una política que no implique un aumento de impuestos aislado, sino que sea sostenible

a través de algún mecanismo legal de ajuste periódico de impuestos.

Si es el caso de un impuesto específico será necesario que dichos ajustes sean mayores a la inflación esperada y al aumento del ingreso de los fumadores en una economía que crece. Si el sistema es ad valorem, introducirle un adicional de suma fija por cigarrillo y ajustarlo en la línea de lo anterior.

Por tanto, es necesario que los Estados Parte del CMCT que aun no han avanzado en el tema fiscal (y los de la región AMRO en particular) claramente utilicen estas Directrices y los antecedentes de estudios y de experiencias en otros países líderes para avanzar en una verdadera política "fiscal-sanitaria" respecto a los productos de tabaco.

Para esto es esencial que los Ministerios de salud y los de Finanzas trabajen en acuerdo y coordinación.

Lo que resulta lógico si se tiene en cuenta que hay beneficios tangibles para el sector sanitario y el fiscal.

Que estamos esperando?

**Alejandro Ramos, Independent Consultant**

### 176 PARTIES TO THE FCTC, NOT 27 continued from page 1

Taxation and Customs Union has led to an EU-wide tax policy that recognized Article 6 and its aim to reduce tobacco

consumption. It is therefore difficult to understand why the EU is acting in such an obstructive and insular manner.

It is absolutely unacceptable for Parties to attempt to link tax increases and tax rates to illicit trade. We are encouraged that most Parties accept this principle; however, a very small number of Parties are insisting on repeating this debunked tobacco industry argument. The evidence is clear: the countries with the highest rates of illicit trade have amongst the lowest rates of tax in the world; additionally, many countries have experienced declines in the rate of illicit trade while simultaneously increasing tax rates by implementing many of the measures recommended by the ITP. An insistence by Parties to repeat this industry myth is likely to threaten the adoption of the Article 6 Guidelines at this COP.