



This document relates to item 4.5 of the provisional agenda

Sixth Session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control,
13-18 October 2014, Moscow

FCA Policy Briefing
Report of the Article 17/18 Working Group

Key recommendations

- The draft policy options and recommendations submitted to COP6 are a substantial improvement over the draft submitted to COP5, but should not be adopted in their present form for a number of reasons:
 - One key concern is the nature of growers' involvement in the policy development process, in particular the wording in Principle 2.
 - Other major concerns include the failure to provide guidance on when substantial efforts to implement Articles 17 and 18 may be needed, and the question of funding for transition to sustainable alternative livelihoods.
 - There are also a number of recommendations in the draft that are unlikely to be implemented in their current form, because of expense or for other reasons, as well as a reduced but still considerable number of drafting problems.
- FCA recommends that the Conference of Parties acknowledge the valuable work done by the Working Group and note with appreciation the Working Group's report, but without formally adopting the draft policy options and recommendations. Based on the experience and divergent views to date, FCA does not believe that consensus can be reached at COP6 on the full content of the Working Group report nor that concerns with its contents can feasibly be remedied at COP6.
- In view of the lengthy work that has already gone into this difficult topic, renewing the Working Group's mandate would not be appropriate. The Working Group report would nonetheless remain available to assist interested Parties, and COP should highlight some key lessons learnt and identify future action, such as cooperation among Parties.

Introduction

As detailed in FCTC/COP/6/12, the Working Group on economically sustainable alternatives to tobacco growing was established six years ago, following two years of work by the study group on alternative livelihoods established by COP1. In short, it has been eight years since intersessional work on this issue began.



COP3 gave this Working Group a different type of mandate than that of other FCTC working groups (see decision FCTC/COP3(16)):

1. “to develop a standardised methodological framework for comprehensive assessment of the viability and sustainability of tobacco growing and alternative livelihoods...”
2. “to standardise, for the purposes of the Convention, the terminology, instruments and variables used in this area...”
3. “to promote the development of studies on the effects of tobacco growing on health, the environment and the social structures in developing country Parties and Parties with economies in transition”
4. ... “to elaborate, based on the above, and as deemed appropriate by the working group, policy options and recommendations for implementation of Articles 17 and 18 of the Convention for consideration by the Conference of the Parties”.

It was clearly the expectation of at least some Parties that the Working Group would oversee a substantial body of research on sustainable alternative livelihoods, based on a standardised methodology, which would then inform policy recommendations that would be referred to the COP.

In practice, this has not occurred. The Working Group has discussed some research in the area, and Brazil proposed an earlier version of the “methodological framework” included in the Working Group’s report (as Appendix 2) during a meeting of some Parties in Brazil in October 2013. However to our knowledge, other Parties have not tested this framework, and its application is clearly not the primary source of information for the draft policy options and recommendations.

Why should Parties care about economically sustainable alternatives to tobacco growing?

The FCTC does not prohibit tobacco growing, nor impose any schedule for phasing out tobacco growing. The Convention does, however, impose the obligation on Parties to “promote, as appropriate, economically viable alternatives for tobacco workers, growers and, as the case may be, individual sellers”. (Article 17) This obligation should be read in the light of two paragraphs of the preamble:

- a) “Recognising the need to develop appropriate mechanisms to address the long-term social and economic implications of successful tobacco demand reduction strategies”
- b) “Mindful of the social and economic difficulties that tobacco control programmes may engender in the medium and long term in some developing countries and countries with economies in transition, and recognising their need for technical and financial assistance in the context of nationally developed strategies for sustainable development” [...]

In other words, the starting point for discussing the situation of tobacco growers within the FCTC context was the concern that tobacco growers might be side-swiped by highly successful FCTC implementation, leading to a global drop in demand for their crop. Parties clearly wished to highlight the long-term need for an orderly transition to economically viable alternatives. As Parties discussed Article 17 in more detail, it became clear that, apart from this long-term expectation of falling global demand, there are at least two other reasons why Parties have turned their attention to Article 17 implementation:

1. Because their country (or regions in their country) is facing a localised drop in demand and/or leaf prices (due to increased competition from lower-wage competitors, exchange rate fluctuations, changes in corporate strategies etc.); or
2. Because working conditions in tobacco growing are often very difficult, with high levels of child labour, abusive contracts imposed by leaf purchasers and cigarette manufacturers, deforestation and environmental destruction, and so on.

Furthermore, some of the countries and regions that are most heavily dependent on tobacco growing also suffer from varying degrees of food insecurity.

Highlights of the draft policy options and recommendations

The Working Group's report contains a number of important insights. These include (but are not limited to):

1. Parties should consider broad diversification and rural development strategies, not merely replacement of one monocrop (tobacco) by another. Tobacco farmers may choose to diversify wholly or partially out of farming, or replace a portion of their tobacco crop with food for family or local use. To do so, they may require access to markets, expertise and economies of scale. This in turn may not be achievable by a single farming household on its own, but may require the establishment or reinforcement of local organisations (e.g. farmers' co-operatives to process and market foodstuffs).

FCA welcomes the emphasis in the document on a holistic, livelihoods diversification approach. (See for example Principle 1 and the discussion at the start of Section 4.)

The list of mechanisms to support alternative livelihoods in 4.7, while not exhaustive, provides a useful starting point for Parties looking for concrete ways to begin Article 17 implementation.

2. Tackling poor labour conditions (and in particular child labour), as well as occupational health and safety problems, should be a priority in its own right – and should be done, where possible, within the framework of existing national and international obligations. In particular, we note that this draft, in contrast to the draft submitted to COP5, makes explicit mention of the various international conventions on labour rights, as well as the importance of “collective bargaining and better contract practices, including the introduction and enforcement of labour rights in contracts”. (4.10). The draft also makes the important point, in explaining Principle 5, that “the tobacco industry should be liable for the health and environmental harms related to tobacco growing...”.

3. The tobacco industry, including leaf companies, is a problem with respect to tobacco growing. This has at least two aspects. First, the tobacco industry attempts to prevent broad FCTC implementation through alarmist claims about its short-term impact on farmers (1.6).

Second, the tobacco industry has an interest in having a large pool of farmers dependent on tobacco for their livelihoods and, in some cases, attempts to undermine or hijack diversification efforts, for example by suggesting it is sufficient to grow subsistence crops between tobacco harvest seasons (4.3). In view of this, and the underlying conflict of interests between the tobacco industry and public health, Parties should “protect the formulation, implementation and funding mechanisms to implement Articles 17 and 18 of the WHO FCTC from the tobacco industry” (Principle 5).

Importantly, this principle extends to tobacco leaf companies (which do not necessarily fall under the FCTC definition of “tobacco industry”).

4. The focus of government efforts to implement Article 17 should be on removing obstacles to leaving tobacco farming, rather than on coercive measures. We note that some of the more controversial proposals from the COP5 draft (such as placing a ceiling on land under tobacco cultivation) have been removed from this draft, and the emphasis is now squarely on helping tobacco growers in their search for alternatives (see in particular 4.3).

5. Policy coherence is important. Some governments simultaneously support expansion in tobacco farming and promote alternatives to it – sometimes because different ministries, agencies or levels of government are working at cross-purposes. Better co-ordination is crucial (4.4).

Unresolved problems with the draft policy options and recommendations

While the Working Group has worked very hard to grapple with complex issues, FCA notes a number of remaining problems in the draft. Among the more significant ones:

1. There is a lack of clarity about the role of the tobacco industry and tobacco industry proxies in the policy development process related to Articles 17 and 18. It is an unfortunate fact that, in many but not all tobacco-growing countries, the tobacco industry has extensive influence (or even de facto control) over organisations claiming to represent tobacco growers.

For example, as has been documented extensively elsewhere, the International Tobacco Growers’ Association was founded with funding from tobacco companies, and has repeatedly received large donations from tobacco companies – including in its campaigns against the FCTC.¹

Principle 5 of the Working Group’s draft talks of the importance of protecting Art. 17 policy formulation and implementation from the commercial interests of the tobacco industry, including of leaf companies. However, Principle 2 says “tobacco growers and workers should be involved in policy development in line with Article 5.3 of the WHO FCTC and its guidelines”, and suggests a “bottom-up and territorial approach” to this involvement. Unfortunately, as drafted, this principle is not even restricted to Article 17, and could hence be misread to suggest a right to involvement for policy development on *all* aspects of the FCTC.

¹ See Assunta, M. Tobacco industry's ITGA fights FCTC implementation in the Uruguay negotiations, Tob Control doi:10.1136/tobaccocontrol-2011-050222.

It is clear that it is very difficult to formulate and implement effective rural development strategies without involving and empowering those who live in rural areas. But careful drafting is needed so as not to create the impression that industry-dominated organisations have a guaranteed seat at the table merely because they claim farmers as members.

2. The draft still provides no guidance on when significant Article 17 and 18 implementation efforts are likely to be needed, and could be read to suggest that, in any event, significant financial resources are required.

As mentioned, at the global level tobacco leaf demand moves quite slowly (as acknowledged in 1.6). Hence, in some cases the appropriate course of action at present may be to focus primarily on ensuring that the health and working conditions of tobacco growers are improved. Guidance on this point would be very useful, in particular to prevent scarce tobacco control resources from going into diversification programmes.

At several points in the draft, there is an assumption that Article 17 implementation requires significant financial investments. For example:

- In the explanation of Principle 3, the text claims: “A successful shift from tobacco growing to alternative economic activities *requires* profitability, the provision of technical *and financial assistance*, research, capacity building, the promotion of community organisation, and market and social support, with special emphasis on the transition period.” [Our emphasis.] This is clearly incorrect – in some cases, tobacco farmers are able to exit the sector without any form of financial assistance, for example because market conditions for some other crop are particularly favourable. In other situations, it may be possible to re-purpose existing support mechanisms that, at present, create incentives to enter tobacco growing or barriers to exiting it.
- In 4.1, an extensive research programme is presented, including “demand forecast studies on food crops”, “environmental and health impact studies”, “economics of raw tobacco production”, “standard information set for alternatives”, “field trials”, “development of a business plan”, etc. The draft claims these will “require standardisation of methodology and approach, for example a standardised questionnaire, and should also be made available in an international database”. This is potentially very expensive, and the rationale for having a standardised methodology for determining demand for food crops in (say) Brazil, China and Kenya is never explained and is clearly far outside the scope of the FCTC and the FCTC Secretariat’s mandate.
- In 4.8, the draft claims: “As diversification of tobacco cultivation is a long-term task, *financial support* for the information and support centres undertaking this work *should be ensured for at least 10 years* to facilitate sustainable diversification and alternative livelihoods.” [Our emphasis.] Diversification is not always a long-term task – countries may move out of tobacco growing rapidly, for example because of rapid industrialisation and an appreciating currency. Moreover, Parties differ in their approach to budgeting, and many may not be in a position to provide a guaranteed budget to a centre for a 10-year period.

In FCA's view, it is important to influence the priorities of donors and other partners in the agricultural area in order to facilitate the transition to sustainable alternative livelihoods. For example, some rich countries give tariff reductions to imports of tobacco from many developing countries, but fail to provide the same market access for commercially valuable alternative crops. Also, particularly in Africa, donor countries are planning to invest substantially in agricultural development in the coming decades – yet insufficient attention is being paid to the specific needs of tobacco-dependent communities.

The key advice to governments, then, is to aim for policy coherence – including at the bilateral and multilateral level – rather than attempt to raise funds for standalone “reconversion” funds.

3. The discussion of Article 18 implementation is incomplete, in particular with respect to health and environmental issues.

Article 18 implementation is discussed in 4.10 of the draft policy options and recommendations, and in somewhat more detail in section 5.2, in the “monitoring and evaluation”. We note that the latter section puts the entire onus on government, without holding the tobacco industry accountable.

- Recommendations in Table 5.2a are cumbersome for governments to implement without adequate resources. (Table 5.2b on child labour and green tobacco sickness is a good starting point.)
- The tobacco industry (tobacco companies and leaf merchants) should be held liable for the harm and destruction their industry causes, whether directly through leaf production or through the deforestation caused by high wood use for curing. Harm to human health includes the use of unsafe/banned pesticides and herbicides and failure to provide protective clothing to tobacco growers. Child labour is a particular problem, as this can result in pesticide exposure at vulnerable ages, green tobacco sickness and of course inadequate education. As virtually all profit from tobacco leaf is captured by leaf merchants and tobacco companies, policies should be implemented to ensure they bear the costs of corrective action and are held responsible for working conditions.

4. The purpose of the “proposed list of standardised terms” and the “methodological framework” (Appendices 1 and 2) are unclear and further work would be required to make them more useful.

As mentioned in the introduction, the Working Group's original mandate appears to have been based on the assumption that it would first agree on and supervise a programme of research, then draw conclusions in the form of policy options and recommendations. As the work did not develop in this form, the Working Group found itself attempting to discharge all aspects of its mandate simultaneously.

In this context, it is unclear what the purpose of publishing a terminology list now is, and we note that some of the terms defined (e.g. “Human capital”, “Individual capacities/capabilities”, “Intersectoral approach”) are extremely general. Some definitions would require further work: for example, the definition of “tobacco crop” appears to exclude tobacco produced for sale on the open market (that is, not under contract or as part of a quota system).

With respect to the “methodological framework”, this appendix is in effect a guide to community mobilisation for rural diversification, in a Brazilian context. To our knowledge, it has not been tested elsewhere and might or might not be an appropriate blueprint for action in a significantly different agricultural or policy setting.

It is also not clear what purpose would be served, at this juncture, by attempting to standardise methodologies on the evaluation of alternative livelihoods.

5. Drafting problems remain

There are a number of passages in the draft policy options and recommendations that are unclear or that do not necessarily reflect the intent of the working group. A selection:

- In 1.1.1., second paragraph, the text appears to be making the claim that *most* tobacco-growing regions are in “developing countries where tobacco represents a significant source of income”. This of course depends on one’s definition of “significant”, but it is worth noting that the world’s three largest tobacco leaf producers, China, India and Brazil, do *not* depend on leaf exports for an appreciable portion of their export income. The intent of this paragraph appears to have been to say that Article 17 implementation is particularly relevant in the (small number of) countries that *are* heavily dependent on leaf exports – but that is not what the text says.
- In 1.6, there is the statement that “annual consumption usually decreases by fractions of percentage points, thus allowing time for growers to diversify into other activities gradually...”. But the text fails to specify that this is at the *global* level – clearly there are many countries where consumption has fallen much more sharply from one year to the next, particularly after a large tax increase.²
- The first explanatory sentence under Principle 1 is unclear and, at best, tautological: “The concept of livelihood diversification is based on the fact that the more diversified a productive unit is, the more likely it is that farmers will have wider choices to diversify their economic and productive activities.” Are we to understand that livelihood diversification means that if a farm is diversified, farmers will have more options for further diversification?
- The first recommendation in section 4 makes the claim that “the problem of poverty and vulnerability of tobacco growers and workers” is “typical of economic agents from the primary sector”. The primary sector includes, of course, not just farming but also mining, forestry, oil and gas extraction and so on – and “economic agents” presumably includes everybody from the landless peasant to the richest mining company. Clearly “poverty and vulnerability” cannot be described as typical for all these actors. Presumably the intent was to highlight that it is not just tobacco growers and workers, but many of their colleagues who grow other crops, who may be subject to poverty and vulnerability.
- The fourth paragraph in the same section says: “Diversification strategies should promote new forms of cooperation and local interaction that would reflect on scale of profits and reduction of transaction costs.” We suspect this means that diversification efforts should encourage farmers to work together (e.g. by forming processing co-operatives), which could yield economies of scale and reduce transaction costs – but the text is really not clear.

² It is the global fall in consumption that is usually relevant to demand for tobacco leaf, as leaf is a widely traded commodity.

- In section 4.2.1, “Farmers’ associations should be supported to develop the skills needed by farmers in the production of new crops.” Would that include the International Tobacco Growers’ Association and other industry-sponsored groups?
- In section 4.5, the last paragraph refers to Parties applying “corporate social responsibility rules in relation to farmers”. We suspect what is meant is that Parties should hold tobacco and leaf companies accountable (or liable) for the economic and social conditions experienced by growers, but this could also be misread as a recommendation to encourage CSR-type public relations programmes, which guidelines for Article 5.3 and Article 13 recommend should be banned.

What should happen next?

FCA recommends that the Conference of the Parties acknowledge the valuable work done by the Working Group and receive its report with appreciation, but without formally adopting the contents of policy options and recommendations. A decision to this effect could highlight some of the particularly useful aspects of the report.

Based on the experience and divergent views to date, FCA does not believe that concerns with the content of the document can feasibly be remedied at COP6, nor that consensus can be reached on the full content of the policy options and recommendations.

In view of the lengthy work that has already gone into this difficult topic, renewing the Working Group’s mandate would not be appropriate. The Working Group report would nonetheless remain available to assist interested Parties, and COP should highlight some key lessons learnt and identify future action such as cooperation among Parties.