



Policy Brief: ILO Should End Cooperation With Tobacco Industry

This document relates to ILO GB.329/POL/6

Key points:

- **Tobacco industry CSR activities undermine progress on health and development and stifle the ability of workers in the sector to express their freedom to associate and collectively bargain;**
- **International Labour Organization's (ILO) continued engagement with the tobacco industry via its funding relationship with the Eliminating Child Labour in Tobacco Growing Foundation (ECLT) undermines its efforts to improve working conditions for workers around the world;**
- **ILO should discontinue its engagement with the tobacco industry and its reliance on industry funding, and should take steps to implement the UN model policy to prevent tobacco industry interference.**

Background

Tobacco companies have a long-standing history of denying health risks, fostering poverty wages and unsafe working conditions among tobacco workers, interfering with the implementation of anti-smoking policies, suppressing legitimate worker organizing efforts and using corporate social responsibility (CSR) activities to enhance their public reputation. In recognition of this, the World Health Organisation Framework Convention on Tobacco Control (FCTC), the world's first global public health treaty, includes a provision ("Article 5.3") that calls on Parties to the treaty to enact strong measures to protect public health policymaking from the undue influence of the tobacco industry. The Convention is complemented by a set of guidelines for implementation of Article 5.3, which provide detailed policy guidance on best practices to put Article 5.3 into place at national and international levels.

In October 2016, the United Nations Interagency Task Force on the Prevention and Control of Noncommunicable Diseases (UNIATF), which the ILO is a member of, considered a model policy for agencies of the United Nations (UN) system on preventing tobacco industry interference.¹ The policy aimed to ensure that efforts to protect tobacco control from commercial and other vested interests of the tobacco industry are comprehensive, effective and consistent across the United Nations system.

As an observer to the FCTC and a member of the UN Task Force on Noncommunicable Diseases, the ILO should be familiar with the issue of tobacco industry interference when the FCTC Article 5.3 Guidelines was adopted in 2008.² At the time it was discussed, the ILO reserved its position on the model policy.

During the 329th Session of the ILO Governing Body in March 2017, a draft document (GB 329/POL/6)³ was considered. This paper asked ILO's Governing Body to decide between further engaging with the tobacco sector and continue to accept funds (decision 39.a) or to cut ties with the tobacco industry in full conformity with the purpose and objectives of the FCTC and the UNIATF model policy (decision 39.b) and prevent any undue influence. The decision has been postponed to the 331st Session of November 2017.

¹ Model policy for the agencies of the United Nations (UN) system on preventing tobacco industry interference, October 2016. <http://apps.who.int/fctc/implementation/database/groups/model-policy-agencies-united-nations-system-preventing-tobacco-industry-interference>

² WHO Framework Convention on Tobacco Control (FCTC) Article 5.3 Guidelines on the protection of public health policies with respect to tobacco control from commercial and other vested interests. November 2008 http://www.who.int/fctc/treaty_instruments/adopted/article_5_3/en/

³ ILO cooperation with the tobacco industry in the pursuit of the organization's social mandate http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_545944.pdf



This Policy Brief provides a commentary on several issues for the ILO to consider and a reference for further information to assist members of the ILO's Governing Body to make a decision.

For the reasons outlined below, this paper recommends that the ILO discontinue its dependence on funding from the tobacco industry (decision 39.b) and that it take steps to implement the UN model policy on preventing tobacco industry influence in public health.

1. Tobacco farmers, workers are trapped in precarity and poverty

Tobacco growers do not determine leaf prices nor have any control over them. Wages paid to plantation workers are accordingly very low, hardly providing a livelihood. Prices in developing countries are almost exclusively dictated by big multinational companies (MNC). Harvested tobacco leaves are mainly traded either through the auction or the contract system where the market price is controlled by the tobacco industry through its intermediaries (i.e., leaf buyers and merchants) or direct contract implementation. Tobacco growers have weak bargaining positions and receive low prices for their leaves due to a grading system that heavily favours the industry or contracts that conceal or unfairly present the process in which leaf prices are determined. Multinational tobacco corporations have structured supply chains that marginalize those at the bottom and use opaque contracting systems to obscure their obligations to the workers who produce their products. There are documented cases of the tobacco industry retaliating against workers who attempt to organize and setting up "yellow" trade unions in Brazil in an attempt to keep wages and leaf prizes low and weaken the bargaining position of the workforce.⁴

The global cigarette industry remains one of the most profitable industries in the world. Cigarette retail value is estimated to be worth US\$698,541.7 billion.⁵ A pack of 20 sticks uses about 15 grams of tobacco. The value of tobacco leaf in a 20-stick cigarette pack does not exceed 5% of the retail price universally.⁶ To illustrate, at a premium price of US\$8.00 per kilogram of tobacco leaf, it roughly translates into 1.2% of retail price of cigarettes in the UK, 1.4% of a pack in Singapore and 3.9% in South Africa. Meanwhile, tobacco growers in low- and middle-income countries who grow over 80% of the global leaf supply, do not fetch prices for their leaves at anywhere near that premium price. On average, farmers receive under US\$3.00 per kilogram of tobacco leaf (e.g., Zimbabwe –US\$2.80, Tanzania - US\$2.20, Philippines – US\$2.50, Indonesia - US\$3.00).

Often farmers are trapped in a cycle of requiring loans at the beginning of each planting season to pay for seeds and fertilizers and find themselves unable to repay them completely after a harvest. The only source of financing available to them is earmarked funds by the local tobacco industry that locks them into cyclic credit bondage until the next harvest.⁷ Trends show the tobacco industry is purposefully shifting production away from high income countries to low income countries, seeking cheaper costs. From 2003 to 2012, tobacco production increased by 48% in countries on the African continent, while it decreased by 5% in the United States and 43% in Europe.⁸ And while industry profits continue to grow, there has been no corresponding increase in the prosperity of the nations increasing tobacco production, nor in those who work tobacco fields.

2. Tobacco is hazardous for growers

Despite the tobacco industry's rhetoric about occupational safety in farming practices, growers, and plantation workers continue to face harms at different stages of cultivating tobacco. Unlike other agricultural crops, tobacco readily exposes many growers to chemical hazards, aside from pesticides, just by handling the tobacco plant. Tobacco growers and farm workers, including children, are at risk of green tobacco sickness (GTS), caused by dermal absorption of nicotine from skin contact with tobacco leaves.

⁴ Angela Cordeiro, Francisco Marochi and Jose Maria Tardin -A Poison Crop -- Tobacco in Brazil. Global Pesticide Campaigner, Volume 8, Number 2, June 1998

⁵ Campaign for Tobacco Free Kids. The Global Cigarette Industry Factsheet. December 2016
http://global.tobaccofreekids.org/files/pdfs/en/Global_Cigarette_Industry_pdf.pdf

⁶ Rossel, S. Matchmaker, Tobacco Reporter, May 2017, pg.22

⁷ Centre for Tobacco Control in Africa, Tobacco Industry Monitoring Regional Report for Africa, August 2013

⁸ The-wei Hu and Anita H. Lee, Journal of Public Health Policy, November 27, 2014



Aside from GTS, tobacco farmers and farm workers are frequently exposed to high levels of agrochemicals (i.e., insecticides, herbicides, fungicides, fumigants, growth inhibitors, and ripening agents) throughout the growing cycle. Various cases documented in Kenya,⁹ Malaysia,¹⁰ and Brazil¹¹ showed how tobacco farmers exhibited symptoms related to chemical toxicity, and poor neurological and psychological health.

Tobacco farmers and farm workers in Malawi,¹² Vietnam,¹³ and Bangladesh,¹⁴ where farm size is typically small (e.g. 1 hectare) tend to dedicate available farmlands to tobacco growing limiting their ability to grow staple food crops for household consumption and may increase food insecurity.

3. Transnational tobacco companies (TTCs) sponsored CSRs – more problem than solution

Non-governmental organisations sponsored by the TTCs conduct corporate social responsibility (CSR) activities in the guise of inclusiveness, goodwill and development. The International Tobacco Growers Association (ITGA), a global agricultural lobbying organisation for international cigarette makers and leaf buying companies, and their local chapters (23 countries) mobilise tobacco farmers to represent the sector, but in reality are under the bidding of the TTCs, and routinely oppose tobacco control measures both in national and international settings.¹⁵ The tobacco industry's publicised attempts at representation and agendas to improve the welfare of tobacco farmers and communities remain tokenistic at best as tobacco growers and farm workers remain socio-economically vulnerable and exploited.

Eliminating Child Labour in Tobacco Growing Foundation (ECLT), a TTCs funded group, conducts CSR activities on their behalf, over-promoting their activities and seeks to sidestep exploitation at the farm level.¹⁶ After 17 years of funding from the TTCs, the tobacco companies that fund the initiative have made it a hallmark of their sustainability reporting, though it has had very little impact on prevalence of child labor in the countries in which it operates.¹⁷ There is wide recognition that the poverty of tobacco farmers is a driver of child labor. The ECLT allows TTCs to invest a relatively small amount of money in social programs that work to address some of the symptoms of that poverty, while ignoring their role in perpetuating it. In Malawi, for example, a recent study by the Centre for Social Concern found that tenant farmers, who comprise more than half of the laborers in Malawi's tobacco production, would need a 78% increase in their average gross income to be able to earn the minimum needed to cover the cost of a decent living. Instead, more than 90% of them live with insufficient levels of food, which hurts school performance even if children are able to go to school rather than the fields.¹⁸

Further, TTCs-sponsored CSR activities do not benefit the marginalized sectors of tobacco farmers, women, and children. The US\$15.4 million from the TI (ECLT - US\$5.3million, JTI – US\$10.1million) given to the ILO is a relatively small sum, which does not solve the problem. These CSR activities are

⁹ Ohayo-Mitoko et al., 1997. "Acetylcholinesterase Inhibition as an Indicator of Organophosphate and Carbamate Poisoning in Kenyan Agricultural Workers". *International Journal of Occupational and Environmental Health* 3 (3):210-20

¹⁰ Cornwall et al., 1995. "Risk Assessment and Health Effects of Pesticides Used in Tobacco Farming in Malaysia." *Health Policy Plan* 10 (4): 431-37

¹¹ Salvi et al., 2003 "Neuropsychiatric Evaluation on Subjects Chronologically Exposed to Organophosphate Pesticides." *Toxicology Science* 72:267-71

¹² Tobin and Knausenberger. 1998. "Dilemmas of Development: Burley Tobacco, the Environment and Economic Growth in Malawi". *Journal of South African Studies* 24 (2): 405-24

¹³ Nguyen Thanh et al., 2009. "Impact of Tobacco Growing on the Livelihood and Health Of Tobacco Farmers and the Environment: A Preliminary Study in Vietnam." Southeast Asia Tobacco Control Alliance, 72 pp.

¹⁴ Akhter et al., 2014. "Breaking the Dependency on Tobacco Production: Transition Strategies for Bangladesh". Tobacco Control and Tobacco Farming *Separating Myth from Reality*.

¹⁵ Santos, T. G. Health advocates slam int'l tobacco growers meet in PH; Philippine Daily Inquirer, 25 Sep 2012 <http://newsinfo.inquirer.net/277306/health-advocates-slam-intl-tobacco-growers-meet-in-ph>

¹⁶ Otanez MG, Muggli ME, Hurt RD, Glantz SA. Eliminating child labour in Malawi: a British American Tobacco corporate responsibility project to sidestep tobacco labour exploitation. *Tob Control*. 2006;15(3):224-230. doi:10.1136/tc.2005.014993

¹⁷ Marty Otanez and Stanton Glantz. Social Responsibility in Tobacco Production? Tobacco Companies' use of Green Supply Chains to Obscure the Real Costs of Tobacco Farming. *Tob Control*. 2011 Nov;20(6).403-411.

¹⁸ Centre for Social Concern. Malawi at 52: Using Tenants at the Expense of Decent Work in the Tobacco Value Chains. 2017. Pg. 22.



not real solutions and serve to divert public attention from meaningful steps to engage these sectors in genuine dialogue and affect national and international policies to address their issues.

ECLT has merely succeeded in promoting discourse that focuses solely on ending child labour without actually addressing the tobacco industry practices that keep children in tobacco fields instead of schools, that keep tobacco families indebted because of unfair contracts, and that perpetuate a system where companies seemingly collude to keep leaf prices low in countries where ECLT administers its projects. ECLT's initiatives have not addressed the problem of low earnings of adult tobacco workers, nor improved labour standard nor raised working conditions of the plantation workers.¹⁹

Children subsidise cost of tobacco leaves

While it is not uncommon for children to contribute to household agricultural work especially in low- and middle-income countries, the labour intensiveness required in cultivating tobacco leaves worsens the situation and contributes to the highest rates of child labour across sectors.²⁰ Child labour is usually unpaid or underpaid family work, which subsidizes the low prices tobacco companies pay for the leaves.

In Malawi, a country highly dependent on tobacco growing, unpaid child labour is estimated to contribute US\$10 million per year.²¹ This is a modest cost to replace child labourers with adults paid at minimum rural wage, compared to the \$700 billion in revenues the tobacco industry generates annually. Children and women receive significantly less payment compared to men for an equal number of hours worked.²²

Not ending child labour but continuing to conduct CSR activities has enabled the TI to collaborate with high profile bodies like the ILO and gain access to high level government officials in countries where child labour still persists. The partnership among the ILO and tobacco companies is a social determinant of poor health at the farm level in tobacco growing developing countries.

4. ILO should promote all fundamental rights at work

By separating the issue of child labor from other fundamental ILO fundamental rights at work, ECLT allows the tobacco industry to promote a positive public image while continuing the practices that cause labor exploitation in the first place. The guiding principles for the ECLT do not include protecting the rights to freedom of association and collective bargaining, and the companies that fund it have shown hostility to organizing efforts. The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), which was a founding member of the ECLT but has since severed ties, convened a meeting of tobacco worker unions from Africa, Latin America and the United States in Malawi in October 2016. The Tobacco Workers Trade Group subsequently issued a declaration in February 2017 that noted the worldwide and sector-wide deficiencies in respect for workers' rights in tobacco and called on TTCs to implement substantive changes, including:²³

- Good-faith negotiations with representative worker organizations and a pathway for recognition by contract growers;
- Access agreements for union organizers and neutrality commitments;
- Strict enforcement of prohibitions against retaliation or discrimination against workers for union activities; and
- Transparency in tobacco supply chains.

The Declaration also acknowledges the importance of establishing pricing and procurement policies that reflect the true cost of an economic system in which growers and farmworkers can negotiate for a price that affords a decent livelihood, ends reliance on precarious work arrangements, allows for decent working hours, and fosters safe working conditions. Previous supply chain organizing efforts

¹⁹ Otanez MG, Muggli ME, Hurt RD, Glantz SA. Eliminating child labour in Malawi: a British American Tobacco corporate responsibility project to sidestep tobacco labour exploitation. *Tob Control*. 2006;15(3):224-230. doi:10.1136/tc.2005.014993

²⁰ Otanez et al., 2006; Nguyen Thanh et al., 2009; Arcury and Quandt, 2006 in Tobacco Control and Tobacco Farming *Separating Myth from Reality* 2014

²¹ Otanez et al., 2006 *ibid*

²² Amigo, M. F. 2010. "Small Bodies, Large Contributions: Children's Work in the Tobacco Plantations of Lombok, Indonesia." *The Asia Pacific Journal of Anthropology* 11 (1): 34-51.

²³ <http://www.floc.com/wordpress/declaration-presented-in-myanmar/>



demonstrate that when these conditions are met, child labor quickly goes away because parents can afford for their children not to work.²⁴

The very companies funding the ECLT are also avoiding legitimate calls to sign agreements with worker organizations around the world, including in Malawi²⁵ and the United States²⁶. As a tripartite organization, the ILO should not accept funds from or sign partnerships with employer organizations that do not fulfill the requirements of international standards for decent work.

5. Increasing importance of alternatives to tobacco growing and providing sustainable employment

Article 17 and 18 of the FCTC obligates Parties to provide support for economically viable alternative livelihood to tobacco growers and workers.²⁷ This is to be undertaken by Parties in cooperation with each other and with international and regional intergovernmental organizations. The sixth session of the Conference of the Parties (COP6) in 2014 and the seventh session (COP7) in 2016, adopted policy options and recommendations on economically sustainable alternatives to tobacco growing, and, inter alia, requested the Convention Secretariat and WHO to support Parties in their implementation of the adopted policy options and recommendations.^{28 29}

Viable alternative crops and livelihoods do exist, and some countries have invested in programs to replace tobacco as a means to fetch a higher income for small-scale farmers, improve occupational health for workers who harvest crops help people involved with tobacco growing and manufacturing transition to more sustainable, less precarious livelihoods.

FCTC Articles 17 and 18 recognize the need to promote alternative livelihoods to tobacco production as a way to prevent possible adverse social and economic impacts on populations whose livelihoods depend on tobacco production. It also takes into consideration the occupational health and safety of farmers in tobacco cultivation and manufacturing, which resonate with the ILO's broader mission to promote rights at work, encourage decent employment, and enhance social protection.

6. Exaggerated figures and downward labour trend in the tobacco sector

Ascertaining the actual number of growers and workers in tobacco farming is as varied as there are reports. The ILO background document refers to the 2003 estimates of about 60 million people employed in tobacco growing and leaf processing in 124 countries. A more recent ILO report in 2014 on the tobacco sector³⁰ shows employment in many of the main tobacco growing countries is on a downward trend.

Another global study on employment in tobacco found the number of jobs that depend on tobacco (i.e., growing, manufacturing and distribution) is low and has been falling in most countries.³¹ Tobacco product manufacturing, which includes production of cigarettes and other tobacco products, is estimated to have employed about 1.2 million workers worldwide, and is concentrated in a few countries as with tobacco growing. About 80% of tobacco-manufacturing employment was concentrated in three countries: India (34.7%), Indonesia (27.2%), and China (16.9%). The adoption of new production technologies and improved production techniques, together with the shift from state to private ownership in many countries, has reduced employment in both the tobacco-farming and -manufacturing sectors.³²

²⁴ <http://www.floc.com/wordpress/tag/child-labor/>

²⁵ <http://globalmarch.org/content/labour-rights-deficit-malawi-and-linkages-child-labour-agriculture>

²⁶ <http://www.floc.com/wordpress/floc-speaks-out-against-abuses-in-bat-supply-chain/>

²⁷ World Health Organization. WHO Framework Convention on Tobacco Control, Geneva 2003 <http://apps.who.int/iris/bitstream/10665/42811/1/9241591013.pdf?ua=1>

²⁸ WHO Framework Convention on Tobacco Control, Outcome of the sixth session of the COP Moscow, Russian Federation 13-18 October 2014. <http://www.who.int/fctc/cop/sessions/COP6factsheet.pdf?ua=1>

²⁹ WHO Framework Convention on Tobacco Control, Outcome of the sixth session of the COP New Delhi, India 7-12 Nov 2016. http://www.who.int/fctc/cop/cop7/FCTC_COP_7_12_EN.pdf?ua=1

³⁰ ILO. Tobacco Sector: Employment Statistical Update http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/--sector/documents/publication/wcms_329284.pdf

³¹ Monograph 21: Chap 10: Tobacco growing and tobacco product manufacturing, The economics of tobacco and tobacco growing; pg.548

³² ILO: Up in smoke: What future for tobacco jobs, 18 Sep 2003 <http://www.ilo.org/global/about-the->



Tobacco industry-sponsored analyses tend to overestimate and overemphasize the number of tobacco-related jobs by not distinguishing between part-time, seasonal workers, and full-time workers.³³ The terms 'grower', 'farmer' and 'family' are used inter-changeably contributing to irregularity in computing employment figures. This inflation of employment numbers is consistent with a long history of tobacco industry behaviour to misinform policymakers and general public to conceal the real number of farmers and workers, and to sidestep the industry practices that perpetuate poverty at the farm level in tobacco growing developing countries.

7. FCTC obligations and the ILO

FCTC Articles 5.3 and 13 Guidelines call for a ban on CSR activities by the tobacco industry. Many countries have already banned tobacco industry sponsored CSR activities in line with their obligations under the FCTC. These include: Chad, Ghana, Guinea, Lao PDR, Madagascar, Mauritius, Myanmar, Niger, Seychelles, Thailand and Togo. Several other countries have circulars/ directives/ laws, which do not allow the government and its officials to accept nor endorse these CSR activities, such as Philippines, Pakistan and Uganda.

According to the ILO, it is only an observer to the FCTC, and since it is a non-Party, it is not bound by its provisions. As a UN entity, however, the expectation is that the ILO has policy coherence and ensures that it does not contravene any provisions of the FCTC, which is a UN treaty. The ILO's relationship with the tobacco industry puts it at odds with these countries' legal obligations to implement FCTC Article 5.3.

The FCTC is also complementary to the basic tenets of ILO's two child labour conventions,³⁴ and the United Nations Convention on the Rights of the Child (UNCRC) towards the elimination of child labour. 180 member States, who are Parties to the FCTC, have additional guidance on how to tackle child labour in tobacco cultivation adopted in 2014.³⁵

8. Conclusion: Decision

The ILO Governing Body is well-positioned to end ILO-tobacco industry collaboration. In view of the evidence and policy coherence with international obligations of 180 member States who are Parties to the FCTC, it is vital for the ILO to sever its ties with the tobacco industry. Hence the ILO must choose this option:

39.b. to request the Director-General to discontinue PPP arrangements with tobacco companies and tobacco-related institutions after the current PPPs with the ECLT and the JTI have ended, to renounce receiving funding in the future from such companies and institutions, and continue to explore alternative sources of funding for child labour elimination activities in tobacco growing communities in full conformity with the purpose and objectives of the FCTC and the UNIATF model policy for agencies of the UN system on preventing tobacco industry interference.

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ilo/newsroom/news/WCMS_071230/lang-en/index.htm

³³ Monograph 21: Chap 10: Tobacco growing and tobacco product manufacturing, The economics of tobacco and tobacco growing; National Cancer Institute 2013

https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/docs/m21_10.pdf

³⁴ Minimum Age Convention, 1973 (No. 138) and Worst Forms of Child Labour Convention, 1999 (no. 182)

³⁵ Policy Options and Recommendations on Economically Sustainable Alternatives to Tobacco Growing (In Relation to Articles 17 and 18 of the WHO FCTC), Sixth Session of the Conference of the Parties to the WHO FCTC, Moscow, Russian Federation, 13–18 Oct 2014