

Working group on economically sustainable alternatives to tobacco growing (in relation to Articles 17 and 18: provision of support for economically viable alternatives and protection of the environment and the health of persons)

Fourth session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control, 15-20 November 2010, Punta del Este, Uruguay

Recommendation

The fourth session of the Conference of the Parties to the WHO Framework Convention on Tobacco Control should decide to continue the work of the working group on economically sustainable alternatives to tobacco growing, and mandate it to:

- continue its efforts to promote synergies and avoid duplication of efforts by identifying and developing mechanisms and areas of cooperation with relevant intergovernmental and nongovernmental organisations¹ for ongoing research on sustainable alternative livelihoods; and
- complete the elaboration of policy options and recommendations for implementation of Articles 17 and 18 and submit the policy options and recommendations for consideration by the fifth session of the Conference of the Parties.

The Conference of the Parties should also request the Convention Secretariat to seek the cooperation of the Food and Agriculture Organization and/or other relevant intergovernmental or non-governmental organisations, in order to obtain an authoritative forecast of global leaf demand for the working group to consider before the fifth meeting of the COP.

Background

Tobacco growing, and in particular the economic and social welfare of tobacco farmers (including labourers), has been raised as a concern by Parties since early in the FCTC negotiation process. The main concern expressed was that effective tobacco control policies, implemented globally, would cause a decline in demand in tobacco leaf that could deprive poor tobacco farmers of their livelihood. A secondary concern was that in some countries, the tobacco industry regularly opposes tobacco control measures on the (usually false) grounds that they would have a negative impact on tobacco growers.

In both cases, it was felt that sharing experiences on diversification and alternative livelihoods would have a positive effect both for tobacco control and for economically vulnerable farmers who are dependent on tobacco growing. Several Parties have run pilot projects (in some cases, programmes) to explore alternatives to tobacco growing. While there is no technical, one-size-fits-all solution to dependence on tobacco growing (i.e. a single crop that can grow well and profitably wherever tobacco is now grown), clearly there are lessons that can be shared between Parties and regions, in line with Article 20.4 of the Convention on exchange of information.²

¹ Not associated with the tobacco industry.

² FCTC Art. 20.4: “The Parties shall, subject to national law, promote and facilitate the exchange of publicly available scientific, technical, socioeconomic, commercial and legal information, as well as information regarding practices of the tobacco industry and the cultivation of tobacco, which is relevant to this Convention, and in so doing shall take into account and address the special needs of developing country Parties and Parties with economies in transition. [...]”[our emphasis]

Having said this, it is important to remember the guiding principle in Article 4.6 of the Convention:

“The importance of technical and financial assistance to aid the economic transition of tobacco growers and workers whose livelihoods are seriously affected as a consequence of tobacco control programmes in developing country Parties, as well as Parties with economies in transition, should be recognised and addressed in the context of nationally developed strategies for sustainable development.” [our emphasis]

Article 17 of the Convention says:

“Parties shall, in cooperation with each other and with competent international and regional intergovernmental organisations, promote, as appropriate, economically viable alternatives for tobacco workers, growers and, as the case may be, individual sellers.”

And Article 18 says:

“In carrying out their obligations under this Convention, the Parties agree to have due regard to the protection of the environment and the health of persons in relation to the environment in respect of tobacco cultivation and manufacture within their respective territories.”

Thus, Parties to the FCTC have undertaken to promote economically viable alternatives for growers “as appropriate”. Articles 4.6 and 18 provide some guidance as to the circumstances under which efforts to promote alternatives are appropriate: they show Parties are committed to addressing the needs of tobacco growers and workers who are negatively affected by tobacco control, and to paying due regard to environmental and health issues related to tobacco production.

Particularly given some of the misrepresentations published in recent months about the FCTC and the welfare of tobacco growers, notably false claims that the FCTC seeks to eliminate tobacco growing or certain types of tobacco growing, it is important to emphasise what the FCTC does not contain:

- 1) It does not propose a global plan to ban tobacco growing;
- 2) It does not commit Parties to restrict tobacco supply. The Convention emphasises demand-reduction measures (tobacco tax increases, advertising bans, product labelling, etc.), with supply-side measures (Art. 15-17) playing a supporting role.

Tobacco leaf is relatively easy to store and transport, so that a high proportion of leaf is sold on the global market (with the notable exception of Chinese production, and Indian production for the domestic market, particularly for use in non-cigarette products). At the global market level, it is difficult to argue that the situation envisioned in Article 4.6 – of tobacco growers and workers seeing their livelihoods “seriously affected as a consequence of tobacco control programmes” – has already occurred: because of the growing world population and continuing rising prevalence in some regions, world cigarette demand has been increasing steadily, with few interruptions, for several decades.

Moreover, despite considerable success by Parties in implementing some aspects of the Convention, global demand is expected to continue to rise. According to private economic forecasting firm Euromonitor International, global cigarette sales dropped by 0.2% in 2009 compared to 2008 as a result of the financial crisis and recession that affected much of the world; but from 2009 to 2014, sales are expected to rise significantly, driven by population growth, particularly in the Asia-Pacific, Middle East and African regions. The number of smokers in developed countries is forecast to go down by 7 million, but in developing countries, the number of smokers will likely increase by 42 million. Overall, cigarette sales can be expected to rise by more than 5% over this five-year period.³

Apart from cigarette consumption, global tobacco leaf demand is affected by several other factors, particularly:

- Sales of non-cigarette tobacco products (shisha, bidi, smokeless), particularly in the SEARO and EMRO regions – but high population growth in these regions is likely to prevent a rapid drop in demand for these products.
- Cigarette manufacturing practices, particularly manufacturer efforts to reduce tobacco per

³ Euromonitor International. The Shapes and Sizes of Recovery in 2010. (Report, June 2010. Available by subscription.)

cigarette (through use of expanded and reconstituted tobacco).

In short, there is no indication of an impending global collapse in tobacco leaf demand that would require a large-scale international effort to help growers rapidly find an alternative livelihood.

However, there is evidence of human rights violations and other harmful practices associated with tobacco growing and curing, including child labour, exposure to pesticides, abusive contracts, debt bondage and manipulation of leaf grading and pricing. These merit a policy response in their own right, and suggest that a significant proportion of tobacco growers would choose an alternative livelihood if they thought there was a viable one available to them.

In this respect, the working group and its predecessor, the study group on economically sustainable alternatives to tobacco growing, have considered at some length economic and social problems that are common in tobacco-growing areas:

- Tobacco is a labour-intensive crop at the harvesting, curing and sorting stage. In practice, many tobacco growers require the labour of all family members, including children, to remain financially even marginally viable. Child labour is thus widespread in major tobacco-growing areas.
- There is a wide variety of arrangements for the marketing/purchasing of tobacco leaf. The global leaf market is dominated by a small number of leaf companies; they or their intermediaries often provide loans to farmers to enter the tobacco-growing business, build curing barns or purchase inputs such as fertilizers or pesticides. The terms of such loans are often disadvantageous; farmers who find tobacco is not a viable crop may find it very difficult to switch crops because of their debt load and the obligation to re-pay loans in leaf form.
- Pesticide use is widespread in tobacco growing. Leaf companies frequently provide pesticides without appropriate protective equipment or training, resulting in reports of pesticide poisoning.

Hence, the primary task of the working group on economically sustainable alternatives to tobacco growing should be seen as preparation for localised drops in tobacco leaf demand (e.g. due to currency fluctuations) as well as to respond to the continuing difficult social and economic conditions experienced by a substantial proportion of long-time tobacco growers.

The mandate of the working group

The third session of the Conference of Parties (COP-3) established the working group on economically sustainable alternatives to tobacco growing to replace the study group established by the first session of the COP (COP-1) and continued by the second session of the COP (COP-2).⁴

The working group was given an ambitious mandate:

- (a) to develop a standardised methodological framework for comprehensive assessment of the viability and sustainability of tobacco growing and alternative livelihoods including, but not limited to, alternative cropping systems, and taking into account health, social, environmental and economic factors;
- (b) to standardise, for the purposes of the Convention, the terminology, instruments and variables used in this area in line with international standards and practices;
- (c) 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 'Establishment of a study group on alternative crops' (World Health Organization, Conference of the Parties to the WHO Framework Convention on Tobacco Control, first session, decision FCTC/COP1(17)); 'Study group on economically sustainable alternatives to tobacco growing' (World Health Organization, Conference of the Parties to the WHO Framework Convention on Tobacco Control, second session, decision FCTC/COP2(13)); 'Working group on economically sustainable alternatives to tobacco growing (in relation to Articles 17 and 18)' (World Health Organization, Conference of the Parties to the WHO Framework Convention on Tobacco Control, third session, decision FCTC/COP3(16)).

(d) to identify and actively promote exchanges of information and experience between countries undertaking initiatives to assist farmers in switching to alternative livelihoods to tobacco growing;

(e) to assess existing sources of information, research, experience, best practices and regulations covering the status of tobacco growing, employment and the role of the tobacco industry, and to collect and share them as appropriate;

(f) to promote synergies and avoid duplication of efforts by identifying and developing mechanisms and areas of cooperation with relevant intergovernmental organisations and nongovernmental organisations (NGOs) with expertise in the promotion of sustainable alternative livelihoods to tobacco growing, e.g. alternative cropping systems; and

(g) 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.

Because of the breadth of this mandate, the working group was mandated to “present a progress report to the Conference of the Parties at its fourth session, which will include, if possible, a first set of policy options and recommendations for implementation of Articles 17 and 18 of the Convention.” [our emphasis]

The working group’s outline of policy options and recommendations

The Framework Convention Alliance (FCA) commends the working group for its efforts in formulating some initial policy recommendations on the complicated and multi-faceted issue of sustainable alternatives to tobacco growing. The outline (Annex to document FCTC/COP/4/9) contains several important points:

- The principle that “[t]obacco growers and workers should be involved at every stage of policy development and implementation”, which should be balanced against the principle that “[p]olicies promoting economically sustainable alternative livelihoods should be protected from commercial and other vested interests of the tobacco industry and leaf companies.” Unfortunately, some “growers associations” are closely aligned with leaf companies, despite the clear divergence of interests between the companies and many growers, particularly poorer farmers.

FCA suggests that these principles should be supplemented by a related principle: efforts to promote alternative livelihoods should concentrate on those growers who are economically marginal or who would prefer to leave tobacco growing for various other reasons. Even when dealing with localised drops in demand, targeted programmes are likely to be more efficient and effective.

- With respect to international information exchange, the draft recommends “cooperation with relevant international organisations and secretariats” and an “international information exchange system on sustainable alternative livelihoods and global tobacco leaf demand”.

Concerning cooperation with other organisations, there is a clear need to draw on established sources of international expertise on labour and agricultural issues so as to promote synergies and avoid duplication of efforts, as recognised in the COP decision establishing the working group. This should be done while being mindful of Articles 5.3 and 13 of the FCTC: tobacco companies have included child labour prevention amongst their “corporate social responsibility” activities and sought partnerships with organisations such as the International Labour Organization (ILO).

Concerning forecasts of global leaf demand, it is essential that Parties have access to reliable and authoritative projections in order to determine the level of effort required to fulfil their Article 17 obligations. Ideally, updated forecasts could be presented at each meeting of the COP.

- FCA would like to suggest that in its future work, the working group refine its recommendation

about reducing tobacco production and/or promotion of production. In the existing draft, the working group recommends:

6.6 Parties should, in cooperation with relevant national, regional and international organisations, not invest in the production and/or promotion of tobacco production. Parties should also gradually reduce the area under tobacco and take steps to redefine the role of the institutions or boards formed for the promotion of tobacco and tobacco products. [...]

The underlying principle, as FCA understands it, is that Parties and intergovernmental organisations should strive for policy coherence. That is, it is obviously counter-productive if one government ministry, agency or programme promotes alternatives to tobacco growing while another subsidises farmers who switch *into* tobacco growing. To avoid misinterpretations, particularly by the tobacco industry and its allies, FCA suggests the following reformulation:

“Parties should identify and analyse subsidies and other government mechanisms that may support tobacco growing and primary processing of tobacco leaf to determine whether they have the effect of encouraging farmers to switch into tobacco growing or of preventing existing tobacco growers from moving partly or completely to other crops. In such cases, they should be modified so as to reduce new entries into tobacco growing and to encourage an orderly transition to alternative livelihoods.”

This recommended reformulation takes into account the reality that, even in the longer term, global tobacco leaf demand is likely to decline gradually and that leaf production in some countries may continue to grow for some time, influenced by currency fluctuations, weather, labour costs and many other factors.

More generally, FCA reminds Parties that the Convention proposes to address the economic transition of tobacco growers “in the context of nationally developed strategies for sustainable development.” (Article 4.6). This means a sustained, multisectoral approach to increasing income opportunities from agricultural and non-agricultural activities in tobacco growing areas. Technical and financial resources to deal with such multi-faceted issues should not come from limited tobacco control budgets.

- FCA also recommends that the working group consider possible mechanisms for the financing of any programmes to encourage transition to alternative livelihoods, including the use of tobacco tax revenue.

The future of the working group

The plight of tobacco growers is a potentially important obstacle to FCTC implementation, although at present there appear to be considerable misperceptions or even deliberate misrepresentations of the actual impact of implementation of tobacco control measures on tobacco growing. The working group has made an important start in addressing the situation. FCA recommends that:

- 1) The working group’s mandate should be extended until at least COP-5.
- 2) The Secretariat should be asked to seek an authoritative forecast of global leaf demand in time for COP-5, probably in close collaboration with FAO or other intergovernmental organisations.
- 3) The policy options and recommendations should be completed for COP-5.
- 4) The aspects of the working group’s mandate dealing with research (paras (1)(a) to (1)(e) of decision FCTC/COP3(16)) are important but are likely to require considerable supplementary work. The working group should continue its efforts in respect of para (1)(f) of its mandate so as to identify possible partners and/or mechanisms of cooperation for this work.