



Tobacco Agriculture

- Although tobacco is grown in more than 100 countries, just four countries -- Brazil, China, India and the United States -- account for two-thirds of total global production. Only two countries -- Malawi and Zimbabwe -- are significantly dependent on export earnings from tobacco.¹

- Only 18 countries derive more than 1% of their total export earnings from tobacco. In only four of those 18 countries do tobacco exports account for more than 5% of total export earnings.²

- Imports of cigarettes and other manufactured tobacco products deprive many countries of badly needed foreign exchange. Out of 194 countries surveyed, two-thirds imported more than they exported in 1998. Ten countries lost more than \$100 million, including Lebanon, Russia and Vietnam. And, of the 62 countries which had a positive balance of trade in manufactured tobacco products, half earned less than \$20 million, while three (the United States, United Kingdom, and the Netherlands) earned over \$1 billion.²

- The tobacco industry estimates that globally, 33 million people are engaged in tobacco cultivation. However, this figure includes not only farmers who rely entirely on tobacco, but also farmers who grow other crops besides tobacco, seasonal laborers, family members and

other part-time workers. Of these 33 million, approximately 15 million are in China and 3.5 million in India.³

Industry Manipulation of Tobacco Growers

Cigarette companies have sought to publicly link themselves with tobacco farmers as a means of putting a "human face" on the industry. By trying to convince tobacco farmers that the public health community and the World Health Organization (WHO) are out to destroy their source of livelihood, the companies hope to enlist farmers' opposition to sensible tobacco control regulations.

- A 1985 report from Philip Morris details the company's efforts to "enlist the help of our natural allies such as the...growers" to oppose tobacco tax increases and other anti-smoking measures. The document states that the company has "already helped organize growers in a number of countries" including Malawi, Zimbabwe, Thailand and Argentina.⁴ Another Philip Morris document from 1989 suggests the creation of a "global agro-lobby" citing as some of the benefits the "purity of the agro-lobby" and "useful Third-World bias" and noting that agricultural issues are the "weak flank of WHO."⁵

In the past year, the tobacco industry and its allies have repeatedly warned that the proposed Framework

Convention on Tobacco Control (FCTC) is a "potential economic catastrophe for many tobacco growing nations" and have been trying to mobilize growers to oppose it.⁶

- According to the World Bank, even under the most optimistic tobacco control scenarios, global tobacco consumption is projected to increase over the next three decades. If current trends continue, the absolute number of smokers will increase from the current 1.1 billion to 1.6 billion in 2025 (due in part to an increase in global population), even as overall prevalence falls in some countries. While future declines in consumption will clearly reduce the number of tobacco farming jobs in the future, this will occur over many generations. There is simply no realistic scenario under which anyone farming tobacco today will be put out of work as a result of the FCTC.⁷

A much greater threat to the viability of tobacco growers are the practices of the tobacco companies. By encouraging more and more countries to cultivate tobacco, by pressuring for the elimination of price support systems, by spending tens of millions of dollars designing cigarettes containing less tobacco, and by playing off countries against each other, the companies are attempting to drive down the global price of tobacco leaf in order to ensure continued profits.⁸

Tobacco Companies Profit at the Expense of Farmers

- In a number of developing countries, tobacco companies provide farmers with loans, equipment and technical assistance. Many of these farmers find themselves heavily in debt to the companies and, since the companies control the price of tobacco, are unable to extricate themselves from tobacco cultivation. In Brazil for example, officials predicted in 1998 that approximately 35% of the tobacco growers would finish the harvest owing more money to the companies than they earned. The companies are "strangling the growers," according to a local official. "Each year they come up with a new way to squeeze the growers tighter."⁹
- Between 1990 and 1998, Philip Morris' international tobacco profits more than tripled, from \$1.3 billion to \$4.97 billion.¹⁰ At the same time, tobacco company executives have seen their salaries soar. In 1999, Philip Morris Chairman Geoffrey Bible collected \$20.6 million in salary, bonuses and stock options.¹¹ Tobacco farmers for the most part have not shared in this wealth. In 1998, the average U.S. tobacco farm had a net income of only \$19,597.¹²
- From 1980 to 1998, the tobacco growers' share of each dollar spent in the United States on a pack of cigarettes dropped from seven cents to about two cents, while the cigarette companies' share increased from 37 to 49 cents. Since then, the tobacco growers' share has shrunk even further, while the cigarette companies' share continues to grow.¹³

Case Study: Brazil

Brazil is the world's largest exporter of tobacco. Two U.S.-based companies, Universal Corporation and Dimon Inc., have contracts with nearly half of Brazil's tobacco farmers, while Souza Cruz, a subsidiary of British American Tobacco (BAT), contracts with most of the rest. Farmers must sign a contract in advance promising to only sell their crop to one company and then are legally bound to purchase seeds, fertilizers and pesticides from that same company. The companies determine how much land will be cultivated and how much of each type of fertilizer and pesticide must be used. Company inspectors make regular visits to the farms to make sure their guidelines are being followed. Even though Brazilian leaf sells for about half the price of U.S.-grown leaf, this has not satisfied the companies.¹⁴ In the past, prices for different grades of tobacco fluctuated according to supply and demand. Following a growers' strike in the late 1980s, however, the companies "tightened the pricing noose" by banding together. In an effort to keep production costs even lower, the tobacco companies now "decide prices among themselves, and punish growers heavily should they decide to sell elsewhere....the big companies join together to estimate the growers' cost of production plus a modest margin. To help enforce their control, the companies hold back a share of the farmer's payment until the entire harvest is delivered." Farmers who try to withhold their crops over grading disputes often have their crops seized by police acting on behalf of the companies.¹⁵

Other Issues

Child Labor

Although the tobacco sector is not unique in its use of child labor, the rigors of working the tobacco crop places the health and physical development of children at risk. The use of child laborers in tobacco production is widespread in the major tobacco producing countries including Argentina, Brazil, China, India, Indonesia, Malawi, the United States and Zimbabwe.¹⁶ In Brazil, for example, some 520,000 children under the age of 18 work on tobacco farms, 32% of whom are younger than 14.¹⁷ Those companies (mostly foreign) that purchase Brazil's tobacco have reportedly asked that school schedules be rearranged so that children would be available to work in the fields.¹⁸

Health Hazards

In many countries, people working in the tobacco fields are continually exposed to dangerous agro-chemicals, many of which are provided directly by the tobacco companies. An instruction leaflet given to tobacco farmers in Kenya, for example, includes the recommendation that during the three month period from seedbed to transplanting, there should be 16 separate applications of pesticides.¹⁹

The risks begin during the preparation of the soil, where highly toxic fumigants such as methyl bromide are often used to kill nematodes and other soil organisms. During the course of cultivating the crop, tobacco workers are directly exposed to chemicals such as aldicarb, butralin, and endosulfan which can cause damage to eyes, skin, internal organs, and are potentially carcinogenic and muta-

genic. Exposure to these chemicals poses a considerably higher risk to children than adults since exposure in the early years can lead to a greater risk of cancer, damage to the child's developing nervous system and cause immune system dysfunction.²⁰

Workers picking tobacco have been reported to experience green tobacco sickness (GTS), a type of nicotine poisoning which is caused by the absorption of nicotine through the skin.²¹ GTS is characterized by symptoms that may include nausea, vomiting, weakness, headache, dizziness, abdominal cramps, difficulty in breathing, as well as fluctuations in blood pressure and heart rates. Researchers in the United States have found that moisture on tobacco leaves greatly increases the severity of GTS because it enhances

the absorption of nicotine, a toxin, by the skin. Since harvesting often occurs under wet conditions, including morning dew, avoiding exposure is difficult.²²

Recent Developments

- In recent years, tobacco growers and the public health community in the United States have established on an ongoing dialogue on issues of mutual concern. This could perhaps be replicated in other countries.²³
- Many scientists believe that the tobacco plant can be genetically engineered to produce vaccines and medicines. This holds great potential as an alternative source of income for those currently cultivating tobacco.²⁴

Resources on the World Wide Web

Tobacco Briefing Room (United States Department of Agriculture, Economic Research Service)
www.ers.usda.gov/briefing/tobacco

Eric Lindblom, *False Friends: The U.S. Cigarette Companies' Betrayal of American Tobacco Farmers* (Washington: National Center for Tobacco-Free Kids, 1999)
<http://tobaccofreekids.org/reports/falsefriends/>

Panos Institute, "Tobacco: The Smoke Blows South" (1994)
<http://www.oneworld.org/panos/briefing/tobacco.htm>

¹ World Bank, *Curbing the Epidemic: Governments and the Economics of Tobacco Control*, 1999; <http://www1.worldbank.org/tobacco/reports.htm>

² Tobacco export data from FAO statistical database (<http://apps.fao.org>); total export earnings data from the World Bank, *Entering the 21st Century: World Development Report 1999/2000*; <http://www.worldbank.org/html/dec/wdr/2000/fullreport.html>

³ World Bank, *Curbing the Epidemic: Governments and the Economics of Tobacco Control*, 1999; <http://www1.worldbank.org/tobacco/reports.htm>

⁴ Philip Morris International, "The Perspective of PM International on Smoking and Health Issues," March 29, 1985 Appendix 2, <http://www.pmdocs.com/getallimg.asp?DOCID=2023268340/8348>; emphasis in the original.

⁵ Philip Morris, <http://www.pmdocs.com/getallimg.asp?DOCID=2501045258/5268>

⁶ See for example: International Tobacco Growers Association, "Tobacco Farmers from 3 Continents Call on United Nations To Wait for Major FAO Study," 14 June 2000; <http://www.tobaccoleaf.org/releases/ecosoc.htm>

⁷ World Bank, *Curbing the Epidemic: Governments and the Economics of Tobacco Control*, 1999; <http://www1.worldbank.org/tobacco/reports.htm>

⁸ See for example: Eric Lindblom, *False Friends: The U.S. Cigarette Companies' Betrayal of American Tobacco Farmers* (Washington: National Center for Tobacco-Free Kids, 1999); <http://tobaccofreekids.org/reports/falsefriends/>

⁹ Diana Jean Schemo, "In Brazil Tobacco Country, Conglomerates Rule," *New York Times*, 2 April 1998.

¹⁰ Philip Morris, SEC Form 10K-405, 11 March 1997 and Annual Reports.

¹¹ Cathleen Egan, "Philip Morris Paid Special Cash Bonuses In '99," *Dow Jones Newswires*, 10 March 2000; <http://interactive.wsj.com/archive/retrieve.cgi?id=BT-CO-20000310-004187.djml> (registration required).

¹² U.S. Department of Agriculture, "Agricultural Income and Finance Situation and Outlook," December 1999; <http://usda.mannlib.cornell.edu/reports/erssor/economics/ais-bb/1999/ais73.pdf>

¹³ Sources: Tom Capehart, USDA Economic Research Service, "The Changing Tobacco User's Dollar," *Tobacco Situation and Outlook* (December 1999); Verner N. Grise, USDA Economic Research Service, "The Changing Tobacco User's Dollar," *Tobacco Situation & Outlook* (June 1992).

¹⁴ Chip Jones, "A Virginia Grower Sees Offshore Battle Brewing," *Richmond Times-Dispatch*, 28 June 1998; Katherine Ellison, "Threat to U.S. Markets isn't in Courtroom - it's in Brazil," *Miami Herald*, 29 June 1997; Chip Jones, "Brazilian Leaf is Smoked Around the World -- Even in American-made Cigarettes," *Richmond Times-Dispatch*, 29 June 1998.

¹⁵ Diana Jean Schemo, "In Brazil Tobacco Country, Conglomerates Rule," *New York Times*, 2 April 1998.

¹⁶ UNICEF, *The State of the World's Children 1997* (Oxford, 1997) and U.S. Department of Labor, *By the Sweat and Toil of Children Volume II: The Use of Child Labor in U.S. Agricultural Imports & Forced and Bonded Child Labor* (Washington, 1995).

¹⁷ Inter Press Service, "Child Labor Rampant In Tobacco Industry," 4 February 1999.

¹⁸ Angela Cordeiro, Francisco Marochi and Jose Maria Tardin, "A Poison Crop - Tobacco in Brazil," Pesticide Action Network Briefing Paper, June 1998; <http://www.igc.org/panna/resources/pestis/PESTIS980622.2.html>

¹⁹ "Tobacco--The Smoke Blows South," Panos Media Briefing No. 13, September 1994; <http://www.oneworld.org/panos/briefing/tobacco.htm>

²⁰ Inter Press Service, "Health-Brazil: Kids at Risk from Agrochemicals on Tobacco Farms" 17 February 1999; A. Cordeiro, F. Marochi and J.M. Tardin, "A Poison Crop--Tobacco in Brazil," *Global Pesticide Campaigner*, June 1998; <http://www.igc.org/panna/resources/pestis/PESTIS980622.2.html>

²¹ "Green Tobacco Sickness in Tobacco Harvesters -- Kentucky, 1992," *Morbidity and Mortality Weekly Reports*, 9 April 1993, vol. 42 (13) pp. 237-240; <http://www.cdc.gov/epo/mmwr/preview/mmwrhtml/00020119.htm>

²² "Southeast Center Studies Ways to Prevent Green Tobacco Sickness," *NIOSH Agricultural Health & Safety Center News*, 4 August 1996.

²³ See the web page of the Southern Tobacco Communities Project, <http://www.virginia.edu/~envneg/tobacco/>

²⁴ For background, see Brandy Fisher, "Alternative Applications," *Tobacco Reporter*, December 1999; http://www.tobaccoreporter.com/Dec1999_feature3.asp