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action on smoking and health

## information on

# Tobacco and the developing world

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### Introduction

It has been estimated that there are more than 1.3 billion smokers worldwide, with around 82 percent residing in low and middle-income countries. In people over age 30, smoking accounts for one in every five deaths among men and one in every 20 deaths among women globally. <sup>1</sup>

The World Health Organization (WHO) has estimated that approximately 5.4 million people died worldwide from tobacco-related illnesses in 2006<sup>2</sup> and says that “unless urgent action is taken, tobacco’s annual death toll will rise to more than eight million” by the year 2030, with over 80% of those deaths occurring in low-income countries. <sup>3</sup>

It has been predicted that by the year 2025 smokers will consume 9 trillion cigarettes annually, <sup>4</sup> up from 5,530,474 million which were produced in 2004. <sup>5</sup> As cigarette production increasingly moves into the developing world, <sup>6</sup> these nations will also have to bear the environmental and economic costs of the tobacco industry. This is a price they can ill-afford to pay.

### Smoking prevalence and consumption of tobacco

While tobacco production has doubled since the 1960s, <sup>4</sup> consumption in most high-income countries such as Britain, Canada, the United States, and Australia has fallen over the past 20 years. Demand for tobacco is projected to continue falling in developed countries, dropping to 2.05 million tonnes by 2010. <sup>7</sup> By contrast, tobacco consumption in developing countries is increasing by 3.4% per year. <sup>23</sup> By 2010, smoking in developed countries will amount to 29 percent of world tobacco consumption (down from 34 percent in 1998), while developing countries’ share will be 71 percent. <sup>7</sup>

- ① About 80 percent of this increase in demand is expected to be in the Far East, particularly China.
- ② Of the 1.3 billion people who smoke cigarettes or other tobacco products worldwide, almost one billion are men and 250 million women. <sup>8</sup>
- ③ Globally, tobacco use is significantly higher amongst men (47%) than it is amongst women (12%). <sup>9</sup> In most developing nations this is partly due to cultural traditions, although the situation is changing and more women are taking up smoking in response to the marketing tactics of the tobacco industry. <sup>10</sup>
- ④ In developed countries 35% of men and 22% of women smoke, while in developing countries 50% of men and 9% of women are smokers. <sup>11</sup> Women in developing countries are clearly a key potential market for the tobacco industry. Recent increases in female smoking prevalence have been reported in Cambodia, Malaysia and Bangladesh.

## The spread of smoking to the developing world

Following the Second World War, the USA began exporting tobacco under the "Food for Peace" programme. In the first 25 years of the programme alone, the US exported almost \$1 billion worth of tobacco. This project exposed developing countries to Western-style cigarettes. In the late 1960s, the leading US and UK companies were selling tobacco to dozens of countries<sup>12</sup> and, during the 1980s, international sales rose dramatically. In 1994, 220 billion US-manufactured cigarettes were shipped abroad, a 55% increase since 1989. By the year 2000 the US exported 148,261 million cigarettes.<sup>13</sup>

The large multi-national tobacco companies based in Britain and the USA are largely responsible for the spread of the smoking habit to developing countries. The entry of a multi-national tobacco company into a new market is typically accompanied by sophisticated and effective advertising and promotional activities, often leading national tobacco companies to step up their marketing activities in response. As a result, overall expenditure on advertising increases with a corresponding rise in tobacco consumption and huge impact on human health.<sup>14</sup>

Asian countries in particular have been the target of US tobacco companies. During the 1980s, the US Government threatened trade sanctions against Japan, Taiwan, South Korea and Thailand unless they opened up their markets to American cigarettes. All four countries gave in to US pressure but Thailand later won the right to ban cigarette advertising under a ruling by the General Agreement on Tariffs and Trade (GATT) which ruled that countries could give "priority to human health over trade liberalisation". Since the lifting of import restrictions, the Asian countries have witnessed a dramatic increase in smoking: South Korea's cigarette consumption rose from 68,000 tonnes in 1980-82 to 101,000 tonnes in 1999, whilst consumption in Thailand over the same period grew from 31,000 tonnes to 40,000 tonnes.<sup>15</sup>






The tobacco industry has long been keen to enter the potentially lucrative Chinese market, which accounts for 1 of every 3 cigarettes smoked worldwide<sup>16</sup>. Tobacco in China is controlled by the Chinese National Tobacco Corporation, a state monopoly that annually supplies 1.7 trillion cigarettes to China's 350 million smokers, 36 per cent of the population<sup>17</sup>. In 2005 Philip Morris negotiated a deal to manufacture and market Marlboro cigarettes in China in conjunction with the state company. Although foreign brands account for only 3 per cent of the market, this still amounts to 51 billion cigarettes per year.<sup>18</sup>

In 2006, 4.9% of Chinese women smoked, up from 4% in 1998.<sup>19</sup> For BAT, persuading more Chinese women to smoke is a huge marketing opportunity. BAT have had business interests in China since 1914 and the company was instrumental in encouraging the Chinese people to smoke. Within 30 years, China's annual consumption of cigarettes rose from a negligible number to 100 billion and by 1994 it stood at 1,646 billion.





## Economic Impact

The World Health Organization says that tobacco is responsible for creating a vicious circle of poverty in the world.<sup>33 24</sup> This is especially true in developing countries. In addition to the economic burden (both on individuals and nations) of treating smoking-related illnesses and the consequent lost productivity, tobacco farmers often become trapped in a cycle of poverty and debt after being forced to sign crippling contracts with the tobacco industry.<sup>33</sup>

In developing countries, many of the poorest smokers spend significant amounts of their income on tobacco instead of basic human needs such as food, shelter, healthcare and education:

-  Lower income households in Egypt spend more than 10% of household expenditures on cigarettes or other forms of tobacco.<sup>20</sup>
-  In Bangladesh over 10.5 million currently malnourished people could have an adequate diet if money spent on tobacco were spent on food instead.<sup>21</sup>
-  Homeless people in India often spend more on tobacco than on food.<sup>22</sup>
-  A study in Minhang district of China found that smokers spent around 60% of their personal income and 17% of household income on cigarettes.<sup>23</sup>
-  In the Philippines, smoker's families spend almost 20% of the household income on tobacco.<sup>23</sup>

Contrary to tobacco industry claims that tobacco farming brings positive economic benefits to developing countries, the “overwhelming majority of profits go to the large companies, while many tobacco farmers find themselves poor and in debt.”<sup>24</sup>




-  Tobacco is an extremely labour-intensive crop which requires large amounts of pesticides and fertilizers. These chemicals are expensive and must be bought in advance. If the crops fail, due to drought or poor weather, the farmers are still liable for these costs.<sup>25</sup>
-  It has been estimated that tobacco-growing requires 3 000 hours of labour per hectare per year compared to beans which require 298 hours and maize which require 265 hours.<sup>26</sup>
-  In many developing countries, the tobacco industry forces farmers into contracts which oblige the farmers to buy seeds, fertilizers, pesticides and even technical advice, in advance or via a loan, and then sell their product at a set fee which is often lower than the cost of production.<sup>27 33</sup>
-  Child labour is common in many tobacco-growing countries. In poor families, who depend on tobacco, children work on tobacco farms from a very early age.<sup>33</sup>

This ability to exploit farmers comes from the increased concentration of ownership in the hands of a few transnational companies which has undermined the capacity of small farmers to negotiate better working conditions and prices. This is evident in the takeover of numerous state-owned monopolies across Asia, Africa, Latin America and the former Soviet Union, facilitated by promises of foreign investment and job creation. However, World Bank research indicates that the tobacco industry inflicts a net cost on societies when all social and environmental factors are fully considered. This challenges the argument that tobacco makes good

economic sense to developing economies.<sup>28</sup>

In the past, tobacco has been supported as a cash crop by the FAO (United Nations Food and Agriculture Organization), the World Bank and other governmental agencies. However, in 1992 the World Bank stopped giving loans for growing tobacco.<sup>29</sup> A cost-benefit analysis of tobacco growing for developing countries has shown that the short-term gains are likely to be offset by long-term costs.<sup>30</sup>

Multinational tobacco companies often seek to strengthen their presence in developing countries by engaging in their economies and communities.


-  Seemingly philanthropic acts of building schools and hospitals have allowed the tobacco companies to buy into health and education sectors of society.
-  Poorer developing nations are less likely to resist such financial aid and look favourably on the tobacco industry. However the tobacco industry's portrayal of itself as a responsible investor in the developing world is undermined by internal documents describing its complicity in cigarette smuggling.
-  Research from Vietnam describes how British American Tobacco (BAT) used the promise of import substitution and export growth to negotiate a joint venture. At the same time, documents describe how BAT supplied billions of cigarettes to transit agents for smuggling into Vietnam, undermining the country's tax and health policies.<sup>31</sup>


Although tobacco is grown in more than 120 countries, production is concentrated in just a few. The top five tobacco producing countries are, in descending order, China, Brazil, India, the United States and Malawi.<sup>32</sup> In 2002, Japan Tobacco, Philip Morris/Altria and BAT (the world's three largest tobacco multinationals) had combined tobacco revenues of more than US\$ 121 billion. This sum was greater than the total combined GDP of 27 developing countries.<sup>33</sup> Faced with the offer of jobs, revenue, exports and foreign exchange, Governments of developing countries find it difficult to resist especially when "aid" is also offered.<sup>34</sup>


For more general information on global tobacco trends:


[ASH's Global Trends Briefing](#)


**Health effects** Smoking has been identified as the leading cause of preventable disease and premature death in industrialised countries. Half of all life-long smokers will die of a smoking-related illness with tobacco killing more people than AIDS, legal drugs, illegal drugs, road accidents, murder and suicide combined. By 2030, a projected 8 million people in developing countries will be killed by tobacco every year.<sup>3</sup>


 In 1998, an estimated 514 100 in China people died prematurely from smoking-related illnesses, resulting in a productivity loss of 1.146 million person years.<sup>35 36</sup> Currently, there are over a million deaths a year from tobacco-related diseases in China. This figure is expected to have at least doubled by 2025.<sup>37 38</sup>

 Studies in Bangladesh have shown that tobacco consumption has a direct impact on the health of poor households, with poorer people spending less on food, resulting in malnutrition. The studies have found that the typical poor smoker could add over 500 calories to the diet of one or two children with his or her daily tobacco expenditure. Applied to the whole country, an estimated 10.5 million people who are currently malnourished could have an adequate diet if money spent on tobacco were spent on food instead.<sup>39</sup>

 An Indonesian study found an association between paternal smoking and increased risk of child malnutrition in families living in rural areas. Researchers found that households where the father was a smoker spent less money on food than households where the father was a non-smoker.<sup>40</sup>

 A packet of Marlboro cigarettes, or equivalent brand, will buy a dozen eggs in Panama, a kilogram of fish in Ghana or six kilograms of rice in Bangladesh.<sup>41</sup>

 In a 2007 study, parental tobacco use in Bangladesh was found to be at a prevalence of 70 per cent, and using WHO child growth standards, instances of stunting, underweight and wasting were found to be 46, 37.6 and 12.3 per cent respectively.<sup>42</sup>

 A 2003 study estimated that the direct cost of treating tobacco-related diseases in Egypt was in the region of US\$ 545.5 million every year.<sup>43</sup>

The effects of tobacco use may be worsened by the incidence of infectious disease and environmental hazards in the developing world that may cause increases in certain cancers. Occupational hazards such as organic dusts, uranium or asbestos can act as synergistic carcinogens in workers.<sup>44</sup>

**Environmental impact** The share of global tobacco produced in the developing world increased from 57% in 1961 to 86% in 2006.<sup>45</sup> Serious environmental costs are associated with tobacco production, especially deforestation, erosion and desertification. There is also an increased risk of fires resulting from cigarette smoking in countries where dwellings are often constructed of highly flammable materials.

For further information on the environmental impact of tobacco see Fact Sheet no. 22: [Tobacco & the Environment](#)



## Tobacco control

It is difficult to compile accurate data about tobacco consumption in the developing world as two in three of these countries do not have even minimal information about youth and adult tobacco use. However, in countries which do record information, the WHO has found that total national tobacco control expenditure was only US\$ 14 million per year. In contrast, tobacco tax revenue for these same countries was US\$ 66.5 billion.<sup>46</sup>

The tobacco industry is able to wield a great deal of power over the governments of the poorer countries and regulations to control smoking tend to be weak. Advertising restrictions are few, or negligible, and advertising tends to reflect the aspirations of the poor to emulate the West.



In Africa, brand names have an aspirational sound: “Diplomat”, “High Society” and “Sportsman” & “Champion”.<sup>47</sup>



More than 30 developing countries do not require health warnings to appear on cigarette packs,<sup>11</sup> and of those that do, 73% require weakly worded warnings, often in English rather than in local languages.<sup>48</sup>



There are some commendable exceptions: South Africa, Thailand and Singapore all have comprehensive tobacco control laws including bans on tobacco advertising and sponsorship, smoke-free public places, large clear health warnings, and health education campaigns.

In August 2006 Michael R. Bloomberg, mayor of New York City, announced his commitment to donate US\$125 million towards scaling up tobacco control efforts in developing countries where the health burden from tobacco use is highest.<sup>49</sup>

## Framework Convention on Tobacco Control

Created under the auspices of the WHO, The Framework Convention on Tobacco Control (FCTC) is the first-ever global health treaty. It came into force on 27 February 2005. It provides the basic tools for countries to enact comprehensive tobacco control legislation and take on the powerful tobacco industry. For example, the treaty commits nations to ban all tobacco advertising, promotion and sponsorship (with an exception for nations with constitutional constraints) and to require large warning labels covering at least 30 percent of the display areas of the cigarette pack.

As of August 2009, the number of countries that had signed up to the FCTC was 168, of which 148 had ratified it.<sup>50</sup>

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