

## **Note on the proceedings**

Tripartite Meeting on the Future of Employment  
in the Tobacco Sector

Geneva, 24-28 February 2003

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## Introduction

The Tripartite Meeting on the Future of Employment in the Tobacco Sector was held at the International Labour Office in Geneva from 24 to 28 February 2003.

The Office had issued a report<sup>1</sup> issued in English, French and Spanish to serve as a basis for the Meeting's deliberations. The report focused on the following themes: policy issues in the tobacco sector; consumption, production and international trade; employment trends; structure of the tobacco industry (mergers, acquisitions, closures and privatization); factors driving changes in employment; and dealing with change. In appendix, the report highlighted the special cases of the kretek and bidi sectors in Indonesia and India.

The Governing Body had designated Mr. Tomasz Wojcik, Worker member of the Governing Body, to represent it and to chair the Meeting. The three Vice-Chairpersons elected by the Meeting were: Mr. K.J.B.V. Subrahmanyam (India) from the Government group; Mr. R. Tarneja from the Employers' group; and Ms. G. Mutasa-Hambira from the Workers' group.

The Meeting was attended by Government representatives from Brazil, Bulgaria, China, Cuba, Egypt, France, Germany, Honduras, India, Indonesia, Italy, Malaysia, Mauritius, Nigeria, Philippines, Poland, Spain, Switzerland, Thailand, Tunisia and Venezuela; 18 Employer members and 18 Worker members. Representatives of the Governments of Canada and the United States were present at the sittings.

Observers from the World Health Organization attended the Meeting and representatives from the following non-governmental organizations also attended as observers: the International Confederation of Free Trade Unions; the International Organisation of Employers; the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations; the International Tobacco Growers' Association; the World Confederation of Labour; the World Federation of Agriculture, Food, Hotel and Allied Workers; and the World Federation of Trade Unions.

The three groups elected their Officers as follows:

*Government group:*

<i>Chairperson:</i>	Mr. V. Klotz (Germany)
<i>Vice-Chairperson:</i>	Mr. O. Vieira (Brazil)
<i>Secretary:</i>	Mr. A. Adeyemo (Nigeria)

*Employers' group:*

<i>Chairperson:</i>	Ms. A. Mendy
<i>Vice-Chairperson:</i>	Mr. L. Scarone
<i>Secretary:</i>	Mr. J. Dejardin (International Organisation of Employers (IOE))

<sup>1</sup> ILO, Tripartite Meeting on the Future of Employment in the Tobacco Sector, Geneva, 2003: *Employment trends in the tobacco sector: Challenges and prospects*, Geneva, 2003, 94 pp.

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*Workers' group:*

<i>Chairperson:</i>	Mr. M. Mbele
<i>Vice-Chairpersons:</i>	Mr. A. Cortes Mr. T. Boko
<i>Secretary:</i>	Ms. J. Baroncini (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF))

The Secretary-General of the Meeting was Ms. C. Doumbia-Henry, Officer-in-Charge and Deputy Director of the Sectoral Activities Department. The Deputy Secretary-General was Mr. P. Bailey of the same Department. The Executive Secretary was Ms. C. Foucault-Mohammed. The Clerk of the Meeting was Ms. S. Maybud. The experts were Mr. D. Appave, Mr. P. Blombäck, Ms. L. Elsaesser, Ms. C. Hakansta, Ms. A. Herbert, Ms. K. Smout, Ms. S. Tomoda and Ms. A. Vere.

The Meeting held six plenary sittings.

Mr. Wojcik, Chairperson of the Meeting, extended a cordial welcome to participants in the first ILO meeting ever to be organized on the tobacco sector. The purpose of the Meeting was to review current employment trends in tobacco growing and manufacturing, to discuss future prospects, and to suggest measures to mitigate the negative impact of changes in employment levels and working conditions, examining the role of social dialogue. The tobacco sector was at a crossroads. Over the past decade, employment in tobacco manufacturing, particularly in the OECD countries, had stagnated or seriously declined, although cigarette production had considerably increased. ILO research had brought to the fore a number of social and labour concerns in the growing sector which were related to the ILO's mandate and strategic objectives. Escalating public expenditure to treat tobacco-related diseases also had important social policy implications. The Chairperson expressed hope that the ensuing discussion of the complex questions facing the tobacco sector would foster a broader understanding of sector-specific labour and social issues, promote consensus on how best to address them, and provide guidance for action at the national and international levels, with specific reference to the ILO's role.

Ms. Paxton, Executive Director, Social Dialogue Sector, observed that multiple factors were driving employment changes in the tobacco sector, both in manufacturing and in growing. Tobacco consumption had declined in the industrialized countries since the beginning of the 1980s, but overall world tobacco consumption had been increasing, particularly in developing countries. Changing markets, national industry strategies, and fiscal policies were combining to reshape an age-old sector which depended on a single crop and a single product. In the OECD countries the dwindling number of jobs in tobacco manufacturing and the difficulties prevailing in the sector as a whole had raised concerns among ILO constituents about the future of the sector. Reduced domestic demand for tobacco products and increased competition for fewer domestic smokers had led to market consolidation and the relocation of companies and jobs to lower wage countries. Technological advances in tobacco processing as well as the combination of privatization and trade liberalization had compounded the negative effects on employment. In contrast, employment in tobacco growing continued to provide livelihoods for millions of the world's poor. The steady increase in production in developing countries corresponded to some growth in employment as well. Nonetheless, the quality of these jobs in terms of wages and working conditions needed close examination. Employment in this sector included millions of women and child workers, migrant workers, ethnic minorities, tobacco estate tenants, poverty-stricken communities caught in cycles of debt bondage as

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well as other social groups for whom employment in the tobacco sector was a necessity, not a choice. The report provided some examples of national policies, strategies, and best practices which had been developed to deal with change in this sector. The speaker also highlighted recent international efforts. For example, the ILO had launched a technical cooperation project in India aimed at improving the working conditions and employment opportunities for women workers in the bidi industry. The Foundation for the Elimination of Child Labour in Tobacco Growing had launched international efforts to eliminate child labour in tobacco growing.

One of the concerns on the part of the world's tobacco sector workers was the extent to which tobacco control policies would negatively affect employment levels in the sector. Although there was some empirical evidence that public awareness led to a decline in cigarette consumption, ILO research had revealed no direct link between job losses in the sector and such policies. The health implications of tobacco consumption were rightfully being addressed by the World Health Organization in the context of the Framework Convention on Tobacco Control. While the ILO's mandate was not to focus on public health issues per se, it was evident that tobacco control policies, particularly those concerning workplace health issues, did impinge on employment policy questions, and these must therefore find their rightful place in any policy debate. As currently worded, the draft Framework Convention stated that "the importance of identifying appropriate modalities to aid the economic transition of tobacco growers, workers and individual sellers who may be displaced as a future consequence of successful tobacco-control programmes, particularly in developing country Parties, as well as Parties with transitional economies, should be recognized and addressed". The draft Convention also encouraged countries to look for "economically viable alternatives for tobacco workers, growers and individual sellers" and to request the assistance of competent international organizations in doing so. Governments were thus called upon to address not only the serious health problems created by the use of tobacco, but also the adverse employment effects that tobacco-control policies might imply. Whether the answer was retraining, crop and product diversification, negotiation of separation packages, or even redefining the meaning of enterprise in today's world, the social partners must work closely with their governments to make the necessary decisions and adjustments. It was therefore all the more urgent that the ILO set in place mechanisms to foster social dialogue on policies and programmes to address the labour and social issues facing the tobacco sector.

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Part 1

**Consideration of the agenda item**

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## Report of the discussion<sup>1</sup>

### Introduction

1. The Meeting met to examine the item on the agenda. In accordance with the provisions of article 7 of the *Standing Orders for sectoral meetings*, the Officers presided in turn over the discussion.
2. The spokesperson for the Employers' group was Mr. Rollini and the spokesperson for the Workers' group was Mr. Mbele.
3. The Meeting held five plenary sittings devoted to the discussion of the agenda item.

### Composition of the Working Party

4. At its fifth plenary sitting, in accordance with the provisions of article 13, paragraph 2, of the *Standing Orders*, the Meeting set up a Working Party to draw up draft conclusions reflecting the views expressed in the course of the Meeting's discussion of the report. The Working Party, presided over by the Government Vice-Chairperson, Mr. Subrahmanyam, was composed of the following members:

*Government members:*

Cuba: Ms. Hernández Oliva  
France: Mr. Sacleux  
Honduras: Mr. Pérez Zepeda  
Indonesia: Mr. Situmorang  
Tunisia: Mr. Klibi

*Employer members:*

Mr. Muhara  
Mr. Opukah  
Mr. Paredes Herrera  
Mr. Rollini  
Mr. Staykov

*Worker members:*

Mr. Cortés  
Ms. Gawith  
Mr. Hernández  
Mr. Mbele  
Mr. Murty

<sup>1</sup> Adopted unanimously.

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## General discussion

5. The Employer spokesperson expressed the gratitude of his group to the ILO for organizing this Meeting at this crucial and difficult phase in the life of the tobacco industry. The opportunity to engage in dialogue was greatly appreciated, since elsewhere it was refused. Through dialogue, solutions to the problems facing the industry could be found. These included the future of employment, whether in leaf production, manufacturing or distribution. Industry could be part of the solution. Dialogue also implied recognizing the cultural, social and economic differences which existed among those participating in the debate as well as among the various regions of the world. The speaker concluded by expressing the hope that thorough discussion in the days ahead would lead to solutions.
6. The Worker spokesperson thanked the ILO for convening this Meeting and expressed hope that a tripartite consensus would emerge regarding some of the social and labour concerns raised in the Office report. While problems might differ somewhat in various parts of the world, others were common. These included employment, human rights, trade union rights and child labour. Job losses in manufacturing due to mergers and restructuring and the relocation of companies to low-wage countries were important issues. Tobacco growing was marked by poor working conditions, health problems afflicting workers and widespread child labour. It was good to exchange information regarding company operations around the world as this would be useful for social dialogue. The speaker noted that companies took government policies into account when deciding on whether to close factories; he awaited government policies which would lead to the elimination of child labour. The speaker closed by noting that the adoption of good resolutions would bring together governments, employers and workers to pursue positive approaches which would bear good results.
7. The Secretary-General noted that in table 3.1 in the Office report, the number of persons employed in tobacco farming in Brazil should read 723,000. The aggregate figure would therefore be 38,914,543. In table 5.1, the column headed "Production" should have referred to thousands of metric tons, rather than millions.
8. The representative of the Government of Brazil observed that questions related to the tobacco sector needed to be analysed from an historical perspective. From the 1970s, expansion of the tobacco sector had seemed promising and the World Bank had encouraged tobacco growing as a means of earning foreign exchange. By 1991, however, the World Bank had begun to promote tobacco control efforts and the International Monetary Fund had stimulated the privatization of state monopolies. The Government was now faced with a dilemma. Since 1985, in light of the unquestionable harm tobacco caused to human health, policies had been aimed at tobacco control. Nonetheless, tobacco growing also required special attention, since it ensured the livelihoods of more than 700,000 people, almost 90 per cent of whom were small farmers and their families. The question of future employment in the tobacco sector deserved careful consideration taking into account both the economic survival of thousands of families as well as the adverse health effects of pesticides and other hazards.
9. The representative of the Government of China stated that the tobacco sector was a very important area of economic activity for his country and that dealing with employment in the sector was a major challenge. China produced 1 billion cigarettes annually. Some 500,000 producers worked in the sector and 3 million families were involved in tobacco growing. Manufacturing was a very important pursuit but China was experiencing a drop in production levels mostly due to ongoing reforms in the country and competition from multinational enterprises. Anti-tobacco initiatives had contributed to an overall drop in consumption. The introduction of new technologies had raised the quality of production, but meant that fewer small-scale operations were needed. China had recently become a

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member of the World Trade Organization. While this was beneficial for the world at large, it had also increased pressure on the country's economy. China was taking measures to deal with the employment situation through training in new technologies and job creation. The speaker expressed the hope that the tripartite discussions would be useful and fruitful.

- 10.** The representative of the Government of Germany commended the Office for preparing a detailed and balanced report. He believed it provided an accurate picture of the employment situation in the tobacco sector in the industrialized, transitional and developing countries and dealt with both the current situation and future trends in a helpful way. He welcomed the comments and input from the Employers' group regarding social dialogue and hoped that satisfactory solutions could be found for everyone. He was also sympathetic to the aspirations of the Workers' group, especially regarding the elimination of child labour and welcomed proposals on how to deal with this problem in the sector.
- 11.** The representative of the Government of Cuba thanked the Office for preparing a very useful report but expressed regret that her country was not covered, especially since Cuba considered social dialogue an important aspect of labour relations. Cuba's experience could prove useful to other countries since solutions had been found to a number of problems highlighted in the report. Cuba was the world's first producer of black tobacco and the levels of employment in both agriculture and processing had increased in the last ten years. While Cuba had maintained its most efficient and profitable tobacco producers, the amount of agricultural land used for tobacco production had been reduced, which had not resulted in a loss of jobs or underutilization of land destined for this purpose because the land was temporarily used to grow other compatible produce which benefited the tobacco growers. The sector employed 206,000 workers. Despite declining demand in 2002, a recent agreement adopted after consultation with the social partners had ensured stability to the workforce and mitigated other negative impacts by providing wage guarantees, training and retraining opportunities within the sector where necessary and assistance in finding jobs in other activities.
- 12.** Mr. Abrunhosa, a representative of the International Tobacco Growers' Association, observed that tobacco growing was a fundamental source of income and employment around the world, especially in developing countries. His organization represented 24 tobacco growing countries as well as more than 50 million growers and their families, who had few alternative means of livelihood. He praised the Office for its fine report, and expressed regret that due to timing the Meeting's conclusions would not be incorporated into the WHO's work on tobacco control.
- 13.** Ms. Baroncini, a representative of the International Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF) welcomed the Tripartite Meeting to examine the tobacco sector. The report provided a good overview of the developments driving the industry and a good basis for discussion. All three sides had an important stake. Government strategies to control tobacco and decrease demand had contributed to companies' decisions to close manufacturing sites and to shift production to countries where demand was increasing. The replacement of labour by machines as well as closures and job losses were major concerns not only for workers and their families, but also for the networks of dependent businesses and the communities that surrounded them. Employers and governments were responsible for the impact of such decisions. Jobs being created in emerging countries did not compensate for losses in others either in terms of quantity or quality. Tobacco growing was a dangerous occupation. Hazards included exposure to pesticides, knife injuries and direct skin contact with wet tobacco leaf. Child labour was rampant as entire families had to work to fulfil set tasks. Child labour further depressed adult earnings and thus contributed to the perpetuation of poverty. True corporate social responsibility could be seen in the degree to which ILO core Conventions were respected as well as in the basic social and economic conditions which prevailed in

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the production process. Many of the 40 million tobacco workers worldwide were unorganized and were unprotected by legislation covering labour rights and health and safety standards. The speaker urged ratification of ILO Conventions, particularly those on freedom of association and on safety and health in agriculture. Multinational enterprises should strive to ensure good labour relations, social dialogue and respect for basic labour standards throughout their worldwide operations. The speaker thanked the ILO for hosting the Meeting away from the controversy and negative publicity surrounding the tobacco sector.

14. The Employer spokesperson thanked the Office for the comprehensive and well-balanced report, which offered opportunities for open discussion. There were two points which he felt were missing. The first was that the tobacco industry was facing the same economic and social challenges confronted by all other industries in terms of the need for development, adaptation and evolution. Nevertheless, there were specific ways in which the tobacco industry differed from others. Its product had serious impacts on health; the industry faced the heaviest excise levels of all fast-moving consumer products; and it had to cope with a hostile environment where dialogue was refused. The second point, which was only briefly dealt with in the report, concerned the employment impact of anti-tobacco initiatives. The speaker noted in conclusion that tobacco was a legal product worldwide and all discussions should be in that context.
15. The Secretary-General called participants' attention to five recent ILO working papers, which reviewed employment trends and prospects in the world tobacco industry and examined the particular cases of Cambodia, China, India, Malawi and the United States.

## Point-by-point discussion

### ***Points 1 and 2: What are the current employment trends in tobacco manufacturing? In growing? What are the forces driving developments that have a bearing on employment in the tobacco sector?***

16. The Executive Secretary introduced the first points for discussion. Tobacco manufacturing employed some 1.2 million workers while a total of more than 40 million were in the whole of the sector, i.e. manufacturing and growing. These numbers seemed unlikely to grow in the future. Fewer workers were needed as a result of increased efficiency in the sector. Employment figures from a number of developing and developed countries illustrated the evolution towards more efficient production as well as the specific characteristics of national industries. In India, for instance, some 4.5 million workers, mostly women and girls, were engaged in bidi production in the informal economy. Employment had declined by up to one-third in certain OECD and transition countries and future prospects were not good. Concentration of production, privatization as well as mergers and acquisitions had led to job losses. In developed countries, fewer cigarettes were sold and production had been concentrated in fewer sites. In some developing countries, employment had increased slightly as companies relocated close to leaf production and in regions where workers were less organized.
17. The speaker then turned to the macroeconomic, fiscal, trade, employment, social and public health policies that were reshaping the sector. State regulation and tobacco control measures had repercussions on the production and consumption of tobacco products and on employment in the sector. Employment levels were also affected by polarization, increased productivity, new technology, changing markets, company consolidation, restructuring and increasing efficiency. Productivity gains had led to plant concentration,

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relocation and job loss in OECD countries. In developing countries, competition from the modern manufacturing sector was putting the artisanal hand-rolling sector at risk. These traditional industries absorbed large numbers of workers, particularly women, who had few if any alternative employment opportunities. The speaker urged industry and government to take proactive measures to mitigate the negative impact on employment through diversification and the development of alternative uses for tobacco.

- 18.** The Worker spokesperson accepted the employment figures contained in the report. Jobs in developed and in some developing countries were either stagnating or declining, although production was increasing. In emerging countries, a temporary increase was expected to be followed by some decline before levels would stabilize. Although tobacco growing was labour intensive, the number of workers was expected to diminish. Child labour was widespread on plantations and small family farms due to the poor economic and social conditions that tenant farmers and farm workers faced. HIV/AIDS further aggravated the poor conditions in the tobacco growing sector. The speaker noted the internal forces driving developments in the tobacco sector, notably the need to satisfy shareholders' expectations, increased productivity, the introduction of labour-replacing technology and the transfer of production to low-wage countries. The industry faced a number of external challenges as well. These included globalization, increased competition, tobacco control measures to discourage consumption, punitive taxes, smuggling and organized crime. Tobacco growers and field workers depended on manufacturers to provide stable demand for leaf; however, the desire for high quality at low prices caused tobacco dealers to set prices at auction which put downward pressure on wages.
- 19.** The Employer spokesperson also accepted the statistics provided in the report. He stressed that tobacco growing provided the highest yield and revenues to growers of any crop. Many had no choice but to grow tobacco as there was no better alternative. Tobacco manufacturing faced the same challenges as other industries. The speaker did not want to minimize the problems related to employment, but stressed that higher skills were needed as technology evolved. Turning to the impact of adverse regulation on the tobacco sector, he cited European Union regulations banning the export of cigarettes with high tar and nicotine levels, which forced companies to relocate to meet consumer demand in other parts of the world. Higher taxes and controls on marketing did not help either.
- 20.** The representative of the Government of France stated that the economic environment facing the tobacco sector was the same as for other products. It included quality requirements, regulations and changes in consumer taste. In his country, consumption patterns were shifting in favour of light tobacco. Consumer preferences, not government health policies, had dictated the changes in production, manufacturing and marketing.
- 21.** The representative of the Government of Egypt requested clarification of information contained in the report as to the relative wage levels for men and women in Egypt. She said that legislation in her country, backed up by regular inspections, ensured equal remuneration without discrimination.
- 22.** The Worker Vice-Chairperson (Zimbabwe) described the consequences of falling tobacco production in her country during the current land reform programme. Previously, some 1,800 large commercial farms had employed over 100,000 workers on a permanent basis as well as many seasonal workers. The number of large farms had dropped to between 300 and 500 and some 54,000 new farmers on smaller-scale holdings now employed about 30,000 semi-permanent workers. Her country's tobacco industry and its workers faced many problems. There was less employment, fewer health facilities and schools on the farm, and more prostitution and gambling. The number of HIV/AIDS sufferers had grown and child labour was on the rise. The new farmers lacked essential farming skills and had little regard for unions. This had grave consequences for employment. Workers were

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abandoned and had no means of income. In the manufacturing sector, enterprises were relocating to South Africa. The speaker concluded that the future of the Zimbabwean tobacco industry looked very bleak indeed.

- 23.** A Worker member (Argentina), with 40 years' experience as a worker and trade union leader in the tobacco sector, described the effects of the phenomenon Argentina was experiencing today. Eighty per cent of the country's tobacco production was exported at prices set by dealers, which were disadvantageous to growers. Falling production, an unfavourable exchange rate and lower purchasing power on the part of the consumer were all having a negative impact on the industry. Technological advancement in the sector had contributed to job losses. Smuggling, particularly from Paraguay, Colombia and China, was another recognized problem. Anti-tobacco campaigns and the World Health Organization's framework convention on tobacco control had also created difficulties for the industry. The Government of Argentina had been asked not to subscribe to the WHO framework convention unless it was ratified by Parliament. The speaker was convinced that tripartite social dialogue was needed to improve working conditions and to encourage trade union recognition and growth in the sector. The World Bank had provided incentives to convert tobacco crops to other crops but this was very costly. He expressed hope that the standards and quality of tobacco products could be improved to lessen the harmful impact on consumers. He supported prevention programmes for adults and the prohibition of sales to those under age 18. Activity in the tobacco sector provided many jobs and this Meeting was a touchstone for correcting and improving the situation within the sector.
- 24.** The representative of the Government of the Philippines provided information on employment trends, and tobacco production and consumption in her country. Both manufacturing and growing were labour and capital intensive. Two million people were dependent on tobacco for their livelihoods. Cigars and cigarettes were a major source of government revenue, contributing \$463 million annually. Currently, there was a shortage of local tobacco for cigar and cigarette manufacturers in her country and demand was increasing. The National Tobacco Administration was exploring other uses for tobacco, for example, in the production of paper, insecticides, ethanol, industrial alcohol and nicotine extracts for medicinal use. If such projects materialized, the sector would not be limited to traditional cigarettes and cigars, but could expand both in terms of production and employment. The Philippines expected 30 per cent growth in employment in the sector in the next five years.
- 25.** The representative of the Government of India observed that his country was the world's second largest tobacco producer after China. Pioneering research into alternative uses for tobacco was being carried out in India. Nicotine sulphate, which could be extracted from tobacco waste, held great potential as a bio-pesticide if toxicity levels could be reduced. Other by-products could be used in anti-ageing pharmaceuticals and oil could be extracted from tobacco seed.
- 26.** The Employer spokesperson noted the trend towards regional structures, such as the European Union and MERCOSUR, intended to encourage the free circulation of goods, persons and services. Formerly, production sites were located in various countries to reduce the costs associated with import taxes. With the disappearance of these barriers, the situation now required rethinking and some regrouping might be justified. It was important not to focus only on job losses, as many jobs had simply moved. Privatization was a government decision. Sometimes state monopolies had to address priorities other than profit. When they were privatized, they needed to create new structures in order to compete. Diversification was a response to the normal forces driving any industry. New activities tended to be linked to the core business of the company. In the case of tobacco growing, there was no reasonable alternative to propose. The consequence of pursuing an alternative would be lower revenues for employers, workers and governments, given the

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fact that the excise level on tobacco was much higher than on other crops. Diversification would not create many more jobs, but it would create new ones. Globally speaking, working conditions were quite good in the sector, although developed and developing countries often saw the situation differently. Workers in developing countries were pleased to have a higher paying job, whereas workers in developed countries reported feeling pressured and guilty about working in the tobacco industry.

- 27.** A Worker member (Spain) stated that the report was comprehensive. Europe was facing a danger as public monopolies were being broken down and replaced with private oligopolies, the three major ones being Philip Morris, BAT and Reynolds. The reasons for job losses in Spain included a number of factors, such as new technological advancements and anti-tobacco campaigns. The harassment of smokers in public places and the escalating tax burden on consumers had played a part as well. The European Union had recently produced directives on the presentation of the product, including messages intended to scare consumers. This, along with strong competition, had created challenges for the sector in Spain. Between 1997 and 2002, Spain had lost 4,000 of the 11,000 jobs in the sector. However, this figure did not take into account the indirect job losses that resulted. In some cases, alternative employment was available but these jobs were often only temporary and were associated with working conditions and pay greatly inferior to those in the tobacco sector.
- 28.** An Employer member (Pakistan) noted that the high tax and excise duty on tobacco had led to the emergence of a group which had grown to roughly 20 per cent of market share, which evaded tax and duty payments and which did not believe in the rights nor in preserving the health and safety of workers and growers. The speaker called upon the Government to initiate corrective measures.
- 29.** An Employer member (France) considered the impact that privatization had had on employment in the sector. Former monopolies were well-integrated both up- and downstream. Now there was a redistribution of activities within privatized companies, including the outsourcing of services. Despite its diminished role in the sector, the State still retained certain public interest functions.
- 30.** A Worker member (Honduras) noted that cigars were his country's second greatest export next to coffee. The Labour Code in Honduras was extremely flexible and employers avoided providing social benefits or paid leave. Many workers were engaged on a piece-rate basis and were not eligible for any kind of social security or medical insurance. These workers worked in hazardous conditions, using dangerous chemicals against which they had no protection. Sexual harassment of women and child workers was rampant in the tobacco industry. However, when complaints were lodged, those who complained were accused of slander.
- 31.** The representative of the Government of Italy recounted her country's experience of privatization, which had been carried out without significant employment problems. Half of the 5,000 workers who had lost their jobs were due for retirement and the other half were absorbed in public sector jobs. The Government had asked the new private employers for a commitment to maintain employment levels for at least three years.
- 32.** An Employer member (India) said that fresh investments had been made in factories, but like other businesses, tobacco companies had to look at other options as well. India's largest tobacco company had diversified into food, clothing and paper and was generating employment in all those areas. Employment, whether direct or indirect and whether related to the tobacco sector or not, was a goal.

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33. A Worker member (Kyrgyzstan) described the effects of economic transition and agricultural reform on employment in the tobacco sector. He focused particularly on the increase in child labour since 1992 when enormous collective farms were converted into roughly 84,000 smallholdings cultivated by small farmers. In 2002, ICFTU and IUF research established the frequent use of child labour on these smallholdings, a feature that was almost absent from the large state farms. He concluded by noting that other CIS countries faced similar problems with regard to privatization in the tobacco sector.
  34. The representative of the Government of Germany responded to the statement regarding Kyrgyzstan by noting that IPEC was planning activities in the agricultural sector in that country. The relevant information should be passed to IPEC so that programmes could be developed to meet the needs of the tobacco industry.
  35. The Worker spokesperson summed up by emphasizing issues of particular importance for workers. Shareholder satisfaction seemed to take precedence over workers' interests. A few tobacco oligopolies were engaged in a cost-cutting battle for market share, which resulted in the elimination of jobs. Tobacco dealers exercised market control to depress prices for small farmers. Contract labour and job outsourcing meant that fewer quality jobs remained both in manufacturing and growing. Land reform could contribute to poverty alleviation if properly implemented, but otherwise could lead to the problems alluded to in the Zimbabwean example.

***Point 3: What are the implications of these developments for employment and working conditions in the tobacco sector?***

36. The Executive Secretary suggested that international labour standards needed to be considered and that social dialogue structures and mechanisms should be developed and placed at the service of the sector. In the event of product diversification, training and retraining issues were important. With regard to working conditions and the shift of high-quality jobs to low wage countries, the ILO Tripartite Declaration on Multinational Enterprises and Social Policy had provided guidance. Examples of best practices should be documented. She suggested a link between corporate social responsibility and the principles of decent work and raised the possibility of a clearer articulation between ethics and trade. In conclusion, the speaker noted the need to develop social safety nets to protect workers, particularly in developing and transition countries.
37. The Worker spokesperson stated that fierce competition for market share in the tobacco sector and the need to increase profits had led to permanent restructuring in the tobacco sector. Cost-cutting and productivity-enhancing measures contributed to falling employment. This was particularly true in the context of liberalization and privatization, when workers lost whatever social protection they had enjoyed in the past. The concentration of the tobacco industry had implications for tobacco growers, as companies exerted downward pressure on prices and developed alternative, and lower cost sources of tobacco. The result was further poverty, debt and recourse to child labour.
38. A Worker member (Benin) stated that democratization in his country had been accompanied by economic liberalization. This had resulted in negative impacts on employment and working conditions in the tobacco sector as well as on the social situation of workers both in growing and manufacturing. Most tobacco workers in Benin were in the informal sector. They faced poor working conditions. They were illiterate and lacked social security. Their work exposed them to dangerous substances and diseases, but they had no access to medical care or other social protection. Relevant international labour standards needed to be applied.

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39. A Worker member (Malaysia) underlined the predominant role of women in the workforce in the tobacco industry in his country. Now that manual jobs were being eliminated and multiskilling introduced, job opportunities for women were declining in favour of jobs for men with technical qualifications. Women's job loss was a grave concern.
  40. The representative of the Government of Malaysia responded to the Workers' intervention by noting that wage levels in tobacco manufacturing were higher than in similar jobs in other industries. He was unaware of any women losing their jobs due to multiskilling requirements.
  41. A Worker member (France) referred to a merger between a French and a Spanish company which had resulted in job loss. Negotiations between the company and the trade union had led to the adoption of a social plan providing a pension among other benefits. More jobs would be lost in the future as more mergers took place and more services were outsourced.
  42. The Worker Vice-Chairperson (Zimbabwe) described the poor working conditions in which women worked in her country's tobacco industry. Among the problems were long working hours, lack of maternity leave, lack of kindergartens, no social security coverage, and lack of education facilities. Though the national social security scheme was universal, access to social security depended on a valid national identity which many women workers lacked. Hence, they were denied benefits. It was common for women to take a short period of unpaid maternity leave and return to work either with their babies on their backs or left in the care of older children or young domestic workers who worked for low wages. The speaker described the plight of the girl child workers who were susceptible to abuse, and were thus likely to be infected by HIV/AIDS. Finally, the speaker highlighted the issues facing migrant workers in the tobacco sector. Land reform in Zimbabwe had led to massive job loss and many tobacco workers had migrated to neighbouring South Africa, Malawi, Mozambique and Zambia where they worked at poor-quality jobs for low pay.
  43. A Worker member (Honduras) spoke about the use of temporary or seasonal employment contracts so that employers could avoid making social insurance contributions and providing paid leave or other benefits. Even if jobs were ongoing, short-term contracts were typical in the tobacco industry of Honduras.
  44. The representative of the Government of Germany sympathized with previous speakers' comments regarding the situation of women workers in the tobacco sector and proposed that the conclusions include specific mention of their working conditions.
  45. The representative of the Government of Cuba noted that almost half the workers in her country's tobacco industry were women. Women workers were covered by the same labour laws and social protections as in other industries. They had maternity protection, equality with men as concerns remuneration, full social security benefits, as well as access to education and training.
  46. An Employer member (Malawi) stated that, in his country, seasonal workers did not lose any social security benefits, but for all practical purposes were treated as regular employees when they were employed again. This was achieved by virtue of a law adopted in 2000 which had been prepared with the assistance of the ILO.
  47. The representative of the Government of Tunisia said that many of the problems highlighted in the debate were common to many industries. He felt that the Meeting should focus more closely on the future of employment in the tobacco sector and the threat of job loss due to declining production. The industry was at a crossroads and choices must be made. What solutions were viable? Could employment levels be maintained or would the industry be faced with constant cutbacks as consumption declined?

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- 48.** The representative of the Government of Germany, speaking on behalf of the Government group, indicated that while there was great commitment to the sector, there was also concern that employment levels would decline, particularly in certain regions where production was concentrated and affected by delocalization. Societal pressure concerning tobacco control and the pressure of restructuring had also affected markets. Governments were therefore keen to maintain employment levels as far as possible or take steps to create jobs in other sectors to protect employment levels. Care should be taken to ensure similar income levels where alternative employment options were created. The speaker stressed the importance of decent work principles and respect for core labour standards, noting as examples the equal treatment of men and women, the elimination of child labour, and restructuring within the industry in line with best practices. Publicity on workers' rights should be increased. Employers and workers should promote greater transparency in the sector, and seek solutions to mitigate the harmful effects of tobacco as had been done for other dangerous substances. Research should be undertaken with a view to reducing the dangers of tobacco. For those workers who remained in the industry, safety and health were important concerns. The speaker called for an integrated approach to addressing safety questions, such as the one adopted for the ILO Safety and Health in Agriculture Convention, 2001 (No. 184). Governments should examine issues in the tobacco sector within the context of the overall economy. Questions such as taxation, creating a level playing field for the tobacco industry internationally, and comprehensively fighting illegal tobacco production and smuggling were all important. Labour ministries and industrial organizations should keep employment issues high on the agenda, as health ministries had done with health issues. The issue might become one of reconversion of the entire sector. Partnerships should be forged to deal with alternative production systems. There were special cases where a multi-sectoral approach was needed. Backward and forward linkages should be studied. Diversification of the uses of tobacco in other sectors and retraining of workers for alternative employment were advocated. Special attention should be paid to vulnerable groups, such as women and children working in the sector. The speaker noted that tobacco-related health issues affecting the general population were being discussed concurrently in the context of the WHO draft framework convention, while the ILO Meeting on employment issues in the tobacco sector was under way.
- 49.** The Employer spokesperson addressed the third and fourth points together. While technological evolution had led to job losses in certain circumstances, it had also led to significant improvements, had enabled companies to face ever tougher competition and had contributed to higher safety and environmental standards. Similarly, restructuring had led to some job losses, but had not reduced remuneration or compromised working conditions, as had been the case in other industries. Increasing shareholder value was not the only driving force in business. Close cooperation between manufacturers and tobacco growers had led to significant progress both in terms of working conditions and crop yields. Close dialogue among employers, workers, governments and other bodies, when needed, could mitigate the consequences of restructuring and help to maintain good working conditions. Dialogue was the key word. The absence of dialogue would lead to antagonism, job losses and other negative consequences for governments, companies and workers. Turning to issues of regulation and taxation, the speaker noted the absence of tripartite dialogue at the early stages of the deliberative process, when the potential negative impact on the industry of overly restrictive regulation or excessive excise levels could be assessed and pitfalls avoided. Unreasonable excise levels on tobacco products would lead to job losses, falling government revenues as well as a drop in quality, information and accountability as consumers turned to alternative production and distribution channels.
- 50.** The representative of the Government of France reiterated the importance of transparency. The tobacco industry had worked in a closed environment for so long, producing products decried by society, that now it had to grapple with a negative image. He urged the industry

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to take a more realistic and transparent approach to the problems it faced, such as those related to job losses. Work had to be done on two aspects related to employment policy in the tobacco sector, that is on the economic rationalization of production and on the negative social environment within which this rationalization was taking place.

51. An Employer member (United Kingdom) stated that the point about transparency had been well taken, particularly in view of the industry's past experience leading up to the Master Settlement in the United States. The industry had learned a bitter lesson and it had been for the good. Transparency, trust and confidence should be built into social dialogue as a fundamental principle of negotiation, resulting in action and providing results. He cited the example of Malawi, where NGOs and workers' groups had accused the industry of exploiting child labour to such an extent that there was talk of boycott. The industry sat together with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF) and the International Tobacco Growers' Association (ITGA) and cooperated in the setting up of the Foundation for the Elimination of Child Labour in Tobacco Growing (ECLT Foundation) which currently implemented programmes in Malawi and in other parts of the world. Another positive example of social dialogue based on inclusiveness and transparency was cited from Mexico. The "Blossom" project targeted migrant Indian labourers working on tobacco farms. It brought together growers, manufacturers, processors, farmers, social workers, the Government and the trade union to address child labour and alleviate some negative consequences of employment in tobacco farming. A third example had to do with the sensitive issue of pricing. When the NGO Christian Aid published a detailed report critical of a BAT affiliate in Brazil, the company invited Christian Aid into dialogue with a view to addressing pricing issues, child labour and pesticide use, among other issues. This approach brought together all the parties involved to search for solutions. These examples illustrated the value of dialogue. The speaker concluded by thanking the ILO for being the first UN specialized agency to invite tobacco companies to participate in a dialogue on issues affecting the industry.
52. An Employer member (Nepal) briefly summarized the economic and social situation prevailing in his country, where unemployment and underemployment were widespread. Government and the social partners should focus on employment creation, rather than on lessening employment opportunities in a well-established sector that was thriving. National health priorities had to be addressed, but tobacco-related issues did not figure among the top ten health problems in the country.

***Point 4: What should the social partners at all levels as well as governments do to mitigate any negative impacts of changes in employment levels and to tackle the challenges for the future?***

53. The Executive Secretary drew attention to the importance of social dialogue at all levels. Key issues for consideration included the social dimension of trade liberalization, the identification of vulnerable groups, the provision of training and retraining to prepare workers for diversification of the tobacco industry and its products, alternative crop production, and the implications for poorer countries of tobacco control policies on international development policies.
54. An Employer member (Bangladesh) recounted his personal experience of tripartite social dialogue when he negotiated a severance package for workers affected by a factory closure. An amicable settlement was reached and it was agreed that a local NGO would be involved in outplacement training, counselling and the provision of soft loans to redundant workers. By involving a local NGO in the social dialogue process along with the

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traditional social partners, the company was able to work out the best possible solution at the micro level for workers affected by the closure.

- 55.** The Worker spokesperson stressed the importance of consultation, information sharing and dialogue before management decisions affecting employment were taken. Valid social plans should be negotiated to offer new perspectives to workers made redundant. Training had to be continuous and relevant for changing labour market needs in order to keep pace with new technologies, product changes and company restructuring. Small farmers should receive a fair price for their crops and workers a fair wage for their labour. They should benefit from the tremendous wealth generated by the tobacco industry. Respect for core labour standards, as well as those specific ILO Conventions pertaining to agriculture was needed. The latter category included the Minimum Age (Agriculture) Convention, 1921 (No. 10), the Right of Association (Agriculture) Convention, 1921 (No. 11), the Plantations Convention, 1958 (No. 110), the Rural Workers' Organizations Convention, 1975 (No. 141), and the Safety and Health in Agriculture Convention, 2001 (No. 184). Framework agreements were the ideal instruments to advance labour standards and constructive industrial relations. Unlike unilateral company initiatives, such as codes of conduct, framework agreements could be continuously monitored and verified by trade unions, thus enhancing their credibility. Public authorities and companies should co-finance proactive training and job-creation programmes. Industrial policies should promote high-quality employment. Taxation policies should be reviewed to remove incentives for smuggling, counterfeiting and illegal trading in tobacco products. Finally, governments were called on to ratify international labour standards related to the agricultural sector, and to ensure companies operating in their countries respected those standards. The agricultural sector should be included in the scope of labour legislation. Government authorities should pursue the elimination of exploitative child labour and the provision of social support and educational facilities for children withdrawn from work as a priority.
- 56.** The Employer spokesperson reiterated his group's strong support for social dialogue, but considered that strategic decisions affecting the future of the enterprise should be made by those who took the risk of setting up and running the business.
- 57.** A Worker member (Argentina) noted the general consensus which had emerged on the value of social dialogue. He reviewed three elements needed to ensure that permanent dialogue was fruitful. First, trade unions should have the right to reliable information related to employment, working conditions and the introduction of new technologies, so that agreements could be reached quickly. Second, collective bargaining agreements should have the force of the law. Third, discussions should be sincere. Framework agreements could help ensure equality between the partners and could provide for continuity of livelihoods, particularly where workers had been made redundant and were too old or ill-prepared to re-enter the labour market. There was a need for a permanent management system to ensure that vacant positions could be filled quickly so as not to jeopardize productivity. Tripartite dialogue was important and was already being carried out in some regions where collective agreements were passed on to governments for approval. These were some of the preconditions for ongoing dialogue.
- 58.** A Worker member (India) described the employment situation of the more than 4 million bidi workers earning their living in the informal economy. Despite the existence of labour laws covering bidi and cigar workers, it was a struggle to gain the protection of the law because bidi workers were paid on a piece-work basis and an employment relationship was difficult to prove. Similar problems faced agricultural workers in the tobacco sector who were daily wage earners. Employment was declining in tobacco growing and processing as well as in bidi rolling. Finding alternative employment for these workers was the biggest challenge since the workers needed new skills to sustain themselves. Training activities

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had been undertaken to impart agriculture-related skills to displaced workers, but this had highlighted the need for a revolving fund to maintain such efforts.

- 59.** The representative of the Government of Egypt concurred that employment trends did not augur well for workers in the tobacco sector. Enterprises should help displaced workers by providing retraining or assistance in finding alternative employment. Governments had an important role to play with regard to redundancies in terms of ensuring that workers received the benefits to which they were entitled and that their labour rights were protected. Governments should intensify labour inspections and consult with the ILO in matters concerning the welfare of workers.
- 60.** A Worker member (Malawi) briefly explained how the tenancy system operated in his country. Approximately half the population of Malawi was engaged in the agriculture sector, with the majority growing tobacco. Most workers lived in dire poverty. Although Malawi had ratified all eight core Conventions, the rights of workers were not fully respected and tenant farmers were not protected by any law. Legislation to regulate the tenancy system and to improve the living and working conditions of tenants had been delayed since 1994. Agricultural workers had no social security. Many companies were not unionized. Recently the Government, employers and workers had sat together to look into a possible code of conduct on the elimination of child labour and a school was being constructed in an area where the union was involved, thanks to the Foundation for the Elimination of Child Labour in Tobacco Growing.
- 61.** An Employer member (Malawi) confirmed the undesirable aspects of the tenancy system in Malawi and noted that his company was working with the World Bank to strengthen cooperatives for small farmers. Land tenure for individual farmers and food security were important issues being dealt with in the project. Regarding unionization, his company had invited national level union leaders to come to talk to their factory workers on several occasions, but so far they had not come. He expressed his willingness to work together with the Worker member once they returned to their country.
- 62.** A Worker member (Japan) described an agreement on rationalization reached between his union and Japan Tobacco. It was agreed that in the event of rationalization, the company would improve working conditions for remaining employees and provide supportive measures for those made redundant. To avoid unnecessary conflict between the company, the trade union and the workers, the company had to submit its rationalization plans 30 days before they were to go into effect. Those made redundant were assisted in finding new jobs, were provided with training and were entitled to receive a supplementary retirement payment. Social dialogue and consultation regarding employment and working conditions enabled industrial relations to progress.
- 63.** The Worker Vice-Chairperson (Zimbabwe) expressed workers' appreciation to employers for providing them with jobs and asked that employers express their appreciation for workers by providing them with the basic needs prescribed by the UN Charter and the Universal Declaration of Human Rights. By this she meant that employers should plough back into communities some of the profits they made, in the form of health facilities and schools. She proposed that employers pay school fees for children being withdrawn from child labour so that they could acquire the skills they would need in later life. She urged employers to consider workers not as enemies, but as social partners. Both parties should commit themselves to social dialogue in order to create a conducive working environment where workers feel that they are a part of the company. She also urged the Government to consult employers and workers so that problems could be avoided.
- 64.** The Employer spokesperson responded that employers distinguished between the provision of basic education, which was the responsibility of governments and families, and the

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provision of vocational and advanced training to which the tobacco industry was highly committed.

- 65.** A Worker member (Kyrgyzstan) said that social dialogue should not just be a declaration of intention, but an everyday practice in the sector. In the countries of the former Soviet Union, the transnational companies which now controlled the tobacco sector had tried to annihilate the trade unions, interfere in their internal affairs, replace trade union leaders, interfere in elections and create unfavourable conditions for trade union members. Some refused to conclude collective bargaining agreements. In light of the positive words spoken about social dialogue, it would be helpful if the employers would provide conditions at the enterprise level in which trade union organizations could develop in a favourable manner.
- 66.** The Worker spokesperson stressed that social dialogue involved negotiation and collective bargaining in the context of labour relations. While employers had mentioned the role of NGOs, the latter could not replace unions. It was the prerogative of employers to manage risks and take decisions, but it was important that the impact of those decisions on families and communities be recognized. Employment decisions did not just affect individual workers. The Workers supported the Foundation for the Elimination of Child Labour in Tobacco Growing (ECLT Foundation) as an important model in which companies all along the value chain recognized responsibility with regard to child labour. The speaker hoped that the model could be replicated in other sectors.
- 67.** The Employer spokesperson indicated that tobacco companies were aware of the impact their decisions were likely to have on individuals, families and society at large. That was why sound and reliable impact assessments were needed prior to decision-making. He urged public authorities to assess the impact of their decisions in the same way. Wrong decisions did not become right decisions simply because they were anti-tobacco decisions.
- 68.** An Employer member (France) pointed out that the constant pressure for greater productivity was in part due to heavy taxation. While the background report did not find a direct link between declining consumption and declining levels of employment, perhaps the increasing tax burden had played a role in spurring companies to adopt cost-cutting measures which adversely affected employment. The speaker thought it desirable to consider what measures governments might apply to reduce excessive or inappropriate tobacco consumption without further depressing employment.
- 69.** The representative of the Government of Tunisia called the participants' attention to the fact that the WHO draft framework convention contained a clause on assistance to governments which ratified the convention with regard to the retraining of workers.
- 70.** The representative of the Government of Germany noted that some Governments had expressed the view that the work of the WHO on the draft framework convention on tobacco control could not be ignored. While the work of the WHO concerned health issues and the ILO's work focused on employment, eventually the impact of the WHO's efforts would be felt on employment in the tobacco sector. Closer cooperation was therefore needed between the two organizations. Turning to another issue, the speaker noted that social dialogue had to be strengthened and carried out at various levels – the enterprise level, the sectoral level and the local or national levels. The ILO could help governments and the social partners in a number of ways, for example, through the elaboration of employment statistics, by carrying out research on working conditions and occupational safety and health as well as by intensifying the exchange of information among member States.
- 71.** The Employer spokesperson expressed the view that the social partners should be involved and consulted in other forums where tobacco issues were being discussed.

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72. The representative of the Government of France agreed that the social partners should certainly be consulted about the general trends in the sector. However, they should also take their own initiatives and reach their own agreements concerning, for example, the restructuring of enterprises, the retraining of workers for alternative employment or the conversion of factories. Local partners, communities and government authorities should be associated with these efforts.

***Points 5 and 6: What measures should the social partners and governments take to promote decent work in the bidi and kretek industries? What can the ILO do to assist?***

73. The Executive Secretary observed that governments might wish to review their employment policies and protective legislation covering the tobacco sector, with special attention to women and child workers, the promotion of social dialogue at all levels and the protection of employment levels. There was ample scope within the ILO's four strategic objectives to address the issues raised so far in the discussion. ILO instruments, including both the core labour standards and others, such as the Employment Policy Convention, 1964 (No. 122), and the Safety and Health in Agriculture Convention, 2001 (No. 184), offered guidance on issues of concern to the tobacco sector, including fundamental rights, employment promotion, social protection and social dialogue. Through its technical programmes and advisory services the ILO could offer its expertise on poverty alleviation, skills development, cooperatives, small enterprise development, safety and health as well as capacity building for the social partners. The ILO could also play a key advocacy role, participate in international partnerships and create synergies with other UN agencies to improve the quality of work in the tobacco sector and promote alternative employment prospects for at-risk groups.
74. The Employer spokesperson identified the bidi and kretek industries as having strong cultural components. Because bidi and kretek were traditionally produced in small family-owned facilities and by homeworkers, these industries could not be directly compared with the cigarette industry in terms of structure. Therefore, issues such as child labour and working conditions should be dealt with primarily at the local and national level, with education playing an essential role. Initiatives such as the ILO's International Programme on the Elimination of Child Labour and the ECLT Foundation as well as more generally observance of the ILO Declaration on Fundamental Principles and Rights at Work could contribute to addressing these issues.
75. The Employer Vice-Chairperson (India) stated that in his country the manufacture and distribution of bidi cigarettes employed approximately 4.5 million persons in 1992-93. Ten years later, the figure had fallen to 4.25 million, indicating a 1-1.5 per cent decline per year in employment, mostly in the agriculture sector. While workers in the bidi industry were covered by most general labour legislation, there were two laws specific to the bidi industry: the Bidi and Cigar Workers' Welfare Act and the Bidi and Cigar Workers' (Conditions of Work) Act. The existence of these two acts demonstrated the importance given by the social partners to the bidi industry. With regard to supply and demand, three factors had recently come into play: the alternative use of tobacco for purposes other than bidi manufacture, especially chewing tobacco; increased urbanization and changing lifestyles leading to the replacement of bidi cigarettes by mini cigarettes; and the use of cigarette paper instead of tendu leaves in the production of bidis. The speaker cited improvements in certain areas, namely in occupational safety and health, particularly in packaging and distribution, in access to education for the children of bidi workers, and in child labour. He further identified the cooperative movement in the State of Kerala and the

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existence of the Self-Employed Women's Association as additional examples of positive factors in the industry.

- 76.** A Worker member (India) described the Indian bidi experience from the perspective of the Self-Employed Women's Association (SEWA). She highlighted the two previously mentioned acts that dealt specifically with Indian bidi workers, and stated that as a result of these acts, bidi workers were able to benefit from social security schemes such as insurance, housing and maternity benefits. Most importantly, workers could get an identity card under this Welfare Act. She agreed with the Indian Employer member that other labour legislation was applicable to bidi workers but stated that its actual implementation among bidi workers was virtually non-existent. She then went on to describe two court cases that had been brought by SEWA on behalf of workers in the bidi industry, dealing with the issue of the Workers' Provident Fund. Several factors were cited as contributing to the recession in the bidi industry. These were the prohibition on smoking bidi in public spaces leading to increased consumption of chewing tobacco, a product on which there was no public ban; the entry of foreign cigarette companies into the Indian market; and an increase in the consumption of cigarettes. Finally, the lack of a national minimum wage put workers in a precarious position, as any efforts to increase wages in one state resulted in industries moving to another state. The decrease in employment in the tobacco industry was ascribed to the increased mechanization of tobacco growing and processing, a general shift towards less labour-intensive crops, and an increase in the employment of migrant workers.
- 77.** The representative of the Government of Indonesia indicated that in 1999 government regulations were introduced relating to the levels of tar and nicotine in cigarette products and it was expected that producers would be in full compliance with these regulations within seven to ten years. Tobacco manufacturing was one of the most stable industries in his country over the past five years, a period characterized by financial instability, and 95 per cent of the cigarettes produced in Indonesia were consumed domestically. In Indonesia, kretek cigarettes comprised 85 per cent of the cigarettes produced and 40 per cent of all kretek cigarettes were produced by hand rolling. Ninety per cent of these hand rollers were women. One of the priority means the Government used in its efforts to improve decent and productive work, including the working conditions of kretek workers, was the empowerment of a bipartite forum through the labour education programmes. In addition, efforts were being made to improve the wage system, based on minimum wage regulations and a new approach to productivity.
- 78.** The Worker spokesperson emphasized the importance of social dialogue and stressed that it could only be effective when there was a true exchange involving the tripartite partners. Freedom of association was essential to successful social dialogue. He suggested that the ILO establish a task force to examine the issue of social dialogue in the tobacco sector. On the question of migrant workers, a description of the situation in South Africa was given, highlighting the importance of the migrant worker issue in that country. The inclusion of the issue of migrant workers on the agenda of the 92nd Session of the International Labour Conference in June 2004 was welcomed. The ILO should carry out specific research on migrant workers in the tobacco industry. The ILO should also conduct research on women in the tobacco industry and on the changes in employment due to the restructuring of the tobacco industries in Central and Eastern Europe and Asia.
- 79.** The Employer spokesperson said that the ILO should not issue press releases without prior tripartite consultation and approval, and cited the example of a recent press release, which presented an overly negative view of the tobacco sector. The ILO's role should include encouraging dialogue at all levels to address the challenges facing the industry, ensuring that labour issues were taken into consideration in all discussions related to the tobacco industry, promoting the participation of the social partners at all stages of regulatory

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activities to assess the impact on employment and working conditions, and supporting research on the evolution of employment and working conditions.

- 80.** The Secretary-General of the Meeting clarified that the formulation of press releases was an internal ILO function and was therefore not a process that could be subject to tripartite consultation.
- 81.** The Secretary of the Employers' group reiterated his group's request that future press releases be submitted to his group for consultation and approval.
- 82.** A Worker member (Japan) reminded the Meeting that the final negotiations on the draft framework convention on tobacco control were taking place concurrent to this Meeting and that this convention would certainly have effects on the tobacco sector and the employment of its workers. He therefore suggested that the ILO conduct a study examining the impact of the framework convention on employment and working conditions in the tobacco sector and take measures to mitigate any negative effects.
- 83.** The representative of the Government of China urged close cooperation between the ILO and the WHO and supported research on the impact of tobacco control on employment levels.
- 84.** The representative of the Government of Nigeria observed that the draft framework convention on tobacco control was focused only on the adverse effects of tobacco on the health of individuals. A more appropriate title would therefore be the "framework convention on tobacco consumption control". He urged support for the study of alternative uses of tobacco, given that the tobacco industry was providing decent employment.
- 85.** The Government Vice-Chairperson (India) suggested that, in addition to supporting research, the ILO could fund projects into alternative uses of tobacco in order to sustain employment levels. This could be done in coordination with other multilateral organizations, such as the World Bank and the World Health Organization.
- 86.** The representative of the Government of Egypt referred to the manual work previously done by women which was being replaced by machines. New employment prospects were needed, particularly for the most vulnerable workers. The ILO could provide technical assistance to advise on appropriation action. Child labour could be tackled with promotion campaigns and inspections. IPEC could help families with subsistence incomes so that children could be sent to school. Tobacco companies could contribute to programmes that assist women and children.
- 87.** A Worker member (Kyrgyzstan) described the situation of migrant workers in his country, in which Kyrgyz workers migrated to neighbouring countries where they were employed on oral contracts and were therefore not afforded the protection accorded by national labour legislation. He suggested that the ILO carry out a study on migrant workers in Kyrgyzstan and the Central Asian region.
- 88.** A Worker member (Russian Federation) stated that while the Russian tobacco market was growing and the industry was not experiencing any serious problems, there had been violations of labour codes by employers, as well as job losses due to the introduction of modern production techniques. She suggested that the ILO hold an additional meeting specifically on the Russian tobacco sector.
- 89.** A Worker member (Malaysia) described the effects of restructuring on the tobacco workers in his country, with particular emphasis on the situation of women, who were particularly affected. He proposed that the ILO take measures to ensure women were not

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disproportionately affected by job losses resulting from restructuring. He also highlighted the importance of training programmes aimed at the acquisition of skills related to new technologies and emphasized the particular importance of training for women to promote equal employment opportunities for men and women.

90. A Worker member (Honduras), speaking on behalf of Latin America and the Caribbean, described some of the differences between cigarettes and cigars and suggested that the ILO carry out an in-depth study on the production of cigars.
91. The representative of the Government of Germany reminded the Meeting that, while some very important proposals had been made, these were subject to budgetary constraints. He suggested that proposals be concrete and aim to provide practical assistance and guidance to the social partners. He observed that the issue of migration was one that might be better discussed in a broader context, since it affected many sectors of the economy in many countries.

### **Consideration and adoption of the draft report and the draft conclusions by the Meeting**

92. The Working Party on Conclusions submitted its draft conclusions to the Meeting at the latter's sixth sitting.
93. The Chairperson of the Government group reported on the proceedings of the Working Party on Conclusions, indicating that further negotiations had taken place that morning concerning a proposed amendment by the Government group, after which the Secretary-General of the Meeting read two amendments which had been accepted.
94. The Employer spokesperson suggested that the chronic shortage of time for the negotiations of the conclusions needed to be brought to the attention of the Governing Body.
95. The spokesperson for the Government group supported the suggestion, declaring that the Government group had dedicated a lot of effort to the introduction of the first amendment. He conveyed his thanks to all the members of the group for their cooperation.
96. At the same sitting, the Meeting adopted the present report and the draft conclusions.

Geneva, 28 February 2003.

*(Signed)* Mr. T. Wojcik,  
Chairperson.

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## Conclusions on the future of employment in the tobacco sector<sup>1</sup>

The Tripartite Meeting on the Future of Employment in the Tobacco Sector,

Having met in Geneva from 24 to 28 February 2003,

Adopts this twenty-eighth day of February 2003 the following conclusions:

### General considerations

1. Tobacco, both as a crop and a manufactured product in various forms, has helped to sustain and contributed to world economies for several centuries. In many countries today, tobacco is often the sole source of direct and indirect income, fostering community and regional growth. However, the sector needs to be reviewed in terms of recent economic and social developments.
2. Employment levels in the tobacco sector are affected by a combination of factors, inter alia, globalization, the relocation of companies, the introduction of new technologies, as well as corporate restructuring. In addition, choices are imposed on governments which have an impact on their responsibility on the one hand, to preserve and safeguard the health of their citizens, and on the other, for employment policy. These factors, as well as government decisions, at national and international levels, were determining in the decline in employment levels registered in certain regions over the past four decades.
3. A review of the sector needs to be conducted on a dual front: firstly, taking into account the economic and social consequences of rationalization of the sector and, secondly, the factors driving these developments which have implications for the current adverse and future employment trends in the sector. The tobacco sector still, however, continues to provide jobs for close to 100 million people worldwide, although there are indications today that the constraints which the sector faces are likely to lead to downward adjustment in employment. Conditions of employment in the sector, in particular in the creation of new jobs in developing and transition countries, should comply with the principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up.
4. Special attention should be given to the large numbers of workers employed in tobacco growing who do not enjoy freedom of association and the right to collective bargaining, with a view to providing them with sustainable livelihoods.
5. A number of initiatives have been undertaken in the tobacco sector and good practices regarding working conditions are prevalent in most of the manufacturing and processing areas. Nevertheless, special attention should be given to the growing sector and unorganized groups. In view of the expressed concerns over employment, social security and welfare benefits, social partners and governments should continue to put in more efforts in addressing the uncertainty prevailing due to the increasing challenges in the tobacco sector.

<sup>1</sup> Adopted unanimously.

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## Employment

6. Whatever the constraints in the tobacco sector today, efforts should be made to minimize adverse employment impacts on the sector. Steps should be taken to ensure that all jobs in the tobacco sector, as well as the quality of the new jobs being created in the host countries, reflect the principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up.

## Conditions of work

7. Occupational safety and health of agricultural workers in the tobacco sector should be protected.
8. Special attention should be given to vulnerable groups such as women and migrant workers with regard to improving their conditions of work in the sector where necessary. Measures should be taken in order to eradicate child labour in the tobacco-growing sector, particularly through sound poverty-alleviation programmes, appropriate employment policies for the adult workforce and educational opportunities for the children.

## Training

9. Training and development should be made available to maintain and enhance professional skills, in order to address new challenges related to the evolution of the activities in the sector.

## Role of international instruments

10. Steps should be taken to ensure that growing, processing and manufacturing in the tobacco sector respect core labour standards. ILO fundamental principles and rights at work should be applied to the sector as laid down in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, namely:
  - (a) freedom of association and the effective recognition of the right to collective bargaining;
  - (b) the elimination of all forms of forced or compulsory labour;
  - (c) the effective abolition of child labour; and
  - (d) the elimination of discrimination in respect of employment and occupation.
11. In formulating social policy, multinational tobacco enterprises should be guided by the recommendations of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

## Social dialogue and the role of social partners

12. Governments, employers' and workers' organizations should address the social and economic challenges that face the sector through social dialogue.

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13. The participants at the Meeting agreed on the importance and role of social dialogue and of the need to engage in social dialogue for problem-solving. Bipartite and tripartite structures and mechanisms for social dialogue on a regular basis should be set in place to address all the challenges which the sector faces, with an aim to arriving at concrete proposals. Social dialogue should be conducted at the enterprise level, the local level and the sectoral level. The sharing of pertinent and relevant information in a timely fashion is essential for social dialogue.
  14. Should employment decline, proposals to provide alternative employment opportunities for workers employed in the tobacco sector today should be drawn up.

### **International action**

15. In partnership with other international agencies, proposals should be considered for developing other effective employment opportunities and alternative income-generating activities for workers in the bidi and kretek sectors, especially vulnerable workers like women and migrant workers, some of whom live at poverty levels.

### **Priority areas for ILO action**

16. The ILO should take steps to develop action proposals with regard to labour and social issues in the tobacco sector as follows:
  - continue to undertake research on employment trends and conditions in the tobacco sector, as well as on vulnerable groups, including the gender dimension;
  - undertake research on the sector with a view to documenting occupational health and safety hazards so that appropriate solutions could be implemented;
  - provide capacity building to the social partners to assist in dealing with social dialogue issues;
  - facilitate international exchange of information on labour and social issues affecting the tobacco sector and organize a follow-up tripartite meeting as soon as possible;
  - study the impact of tobacco control policies on employment, taking into account the status of the framework Convention on tobacco control.

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Part 2

**Resolutions**

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## Consideration and adoption by the Meeting of the draft resolutions

At its fourth plenary sitting, the Meeting set up a Working Party on Resolutions, in accordance with article 13, paragraph 1, of the Standing Orders.

The Working Party, presided over by the Chairperson of the Meeting, consisted of the Officers of the Meeting and three representatives from each of the groups. The members of the Working Party were:

*Officers of the Meeting:*

Mr. T. Wojcik (Chairperson)

Mr. K. Subrahmanyam (Government Vice-Chairperson)

Ms. A. Mendy (Employer Vice-Chairperson)

Ms. G. Mutasa-Hambira (Worker Vice-Chairperson)

*Government members:*

Egypt: Ms. N. El-Gazzar

Honduras: Mr. B. Zapata

Philippines: Ms. Y. Porschwitz

*Employer members:*

Ms. B. Martellini

Mr. S. Opukah

Mr. L. Scarone

*Worker members:*

Ms. J. Macwan

Mr. R. Schouller

Ms. B. Uruñuela

At the Meeting's sixth plenary sitting the Chairperson, in his capacity as Chairperson of the Working Party on Resolutions, and in accordance with article 14, paragraph 8, of the Standing Orders, submitted the recommendations of the Working Party on Resolutions regarding the five draft resolutions before the Meeting. As required by the same provision of the Standing Orders, the three Vice-Chairpersons of the Meeting had been consulted on the contents of his oral report.

The Working Party had before it four draft resolutions submitted by the Workers' group and one submitted by the Employers' group. The texts of all five resolutions were declared receivable. The Working Party amended the texts of the resolutions on the basis of proposals made by its members within the time limit set by the Officers of the Meeting. The Working Party recommended the adoption by the Meeting of the amended draft resolutions.

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**Resolution concerning future activities of the ILO in the tobacco sector**

The Meeting unanimously adopted the resolution.

**Resolution concerning the strengthening of institutional links and cooperation between international organizations working on issues relevant to the tobacco sector**

The Meeting unanimously adopted the resolution.

**Resolution concerning child labour in the tobacco sector**

The Meeting unanimously adopted the resolution.

**Resolution concerning fundamental principles and rights at work in the tobacco sector**

The Meeting unanimously adopted the resolution.

**Resolution concerning the employment of women in the tobacco sector**

The Meeting unanimously adopted the resolution.

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## **Texts of the resolutions adopted by the Meeting**

### **Resolution concerning future activities of the ILO in the tobacco sector<sup>1</sup>**

The Tripartite Meeting on the Future of Employment in the Tobacco Sector,

Having met in Geneva from 24 to 28 February 2003,

Noting that this is the first meeting ever organized by the ILO on the tobacco sector;

Adopts this 28th day of February 2003 the following resolution:

The Tripartite Meeting on the Future of Employment in the Tobacco Sector invites the Governing Body of the International Labour Office to:

- (1) Allocate the necessary resources to the ILO programme of sectoral activities in order that activities in the tobacco sector may continue and that expertise on the sector may be enhanced.
- (2) Request the Director-General of the ILO to:
  - (a) continue to carry out research and issue publications on employment and occupational safety and health trends in the tobacco sector and to initiate research on other uses of tobacco;
  - (b) promote in the tobacco growing and processing sectors the ILO's Decent Work Agenda, especially through the adherence to and observance of the principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up;
  - (c) facilitate social dialogue, through collective bargaining or other available means at appropriate levels, amongst the partners and between these and relevant international organizations, with a view to mitigating the adverse effects on employment levels in the tobacco sector.

<sup>1</sup> Adopted unanimously.

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**Resolution concerning the strengthening of institutional links and cooperation between international organizations working on issues relevant to the tobacco sector<sup>2</sup>**

The Tripartite Meeting on the Future of Employment in the Tobacco Sector,

Having met in Geneva from 24 to 28 February 2003,

Noting the activities undertaken by the World Health Organization to reduce the demand for tobacco worldwide, in particular, its promotion of a Framework Convention on Tobacco Control which is currently being negotiated by WHO member States;

Noting the activities undertaken by the United Nations Inter-Agency Task Force on Tobacco Control;

Noting the activities undertaken by the World Bank and the International Monetary Fund to support tobacco control and to persuade governments to adopt policies aimed at demand reduction, in particular policies aimed at diversifying away from tobacco growing;

Noting the activities undertaken by the Food and Agriculture Organization to support the WHO and the World Bank through research on alternative crops;

Considering that within the UN system, the ILO has a unique tripartite structure with workers, employers and governments participating as equal partners in the work of its governing organs;

Considering the ILO's commitment to promote the principle of social dialogue;

Adopts this 28th day of February 2003 the following resolution:

The Tripartite Meeting on the Future of Employment in the Tobacco Sector invites the Governing Body of the International Labour Office to:

(1) Request the Director-General of the ILO to ensure that social partners are duly consulted and involved in the cooperation of the ILO with UN agencies, the WHO, the Bretton Woods Institutions and other relevant multilateral institutions in order to ensure that employment and social impact will be adequately addressed and recognized when adopting policies regarding this sector.

<sup>2</sup> Adopted unanimously.

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## Resolution concerning child labour in the tobacco sector<sup>3</sup>

The Tripartite Meeting on the Future of Employment in the Tobacco Sector,

Having met in Geneva from 24 to 28 February 2003,

Recalling that tobacco growing requires over 40 million workers at farm level only,

Considering that, as in other agricultural sectors, child labour is prevalent especially in the poor areas, and that child labour cannot be sustainably dealt with in isolation from adult poverty,

Recalling the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up adopted by the International Labour Conference in 1998,

Recalling and reaffirming its support to the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182),

Recalling and reaffirming support to the ILO Global Report under the follow-up to the Declaration on Fundamental Principles and Rights at Work “A future without child labour”, 2002,

Noting the initiative in October 2001 to establish the Foundation for the Elimination of Child Labour in Tobacco in which the ILO is the key adviser,

Adopts this twenty-eighth day of February 2003 the following resolution:

The ILO Tripartite Meeting on the Future of Employment in the Tobacco Sector invites the Governing Body of the International Labour Office to:

- (1) Request the Director-General of the ILO to continue to promote the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182), and to assist in their application in the tobacco sector.
- (2) Continue to encourage and assist as appropriate tripartite constituents to apply the fundamental principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998).
- (3) Promote social dialogue among the tripartite constituents to lead to the adoption of concrete measures to eliminate child labour in the tobacco chain.
- (4) Urge member States to ratify and apply the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182).

<sup>3</sup> Adopted unanimously.

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## Resolution concerning fundamental principles and rights at work in the tobacco sector<sup>4</sup>

The Tripartite Meeting on the Future of Employment in the Tobacco Sector,

Having met in Geneva from 24 to 28 February 2003,

Noting that tobacco companies are currently investing in developing, emerging and transition countries,

Noting that the agricultural sector, including the tobacco-growing sector, in some countries, is not included within the scope of legislation covering labour rights and health and safety standards,

Noting also that tobacco companies are increasingly committed to the protection of their workers and workers' rights,

Recalling that the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up represent an undertaking on the part of ILO member States to respect, promote and enforce basic rights and principles concerning, inter alia, the right to organize and to engage in effective collective bargaining as set forth in the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98),

Adopts this twenty-eighth day of February 2003 the following resolution:

The Tripartite Meeting on the Future of Employment in the Tobacco Sector invites the Governing Body of the International Labour Office to:

- (1) Urge all member States to:
  - (a) ratify and implement the eight ILO core Conventions,<sup>5</sup> as well as the Workers' Representatives Convention, 1971 (No. 135), and to extend these rights to the tobacco-growing sector;
  - (b) ratify and implement those Conventions relevant to the agricultural sector, in particular the Safety and Health in Agriculture Convention, 2001 (No. 184).
- (2) Request the Director-General of the ILO to urge the tripartite partners at all appropriate levels to observe and promote the principles embodied in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

<sup>4</sup> Adopted unanimously.

<sup>5</sup> Forced Labour Convention, 1930 (No. 29); Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Equal Remuneration Convention, 1951 (No. 100); Abolition of Forced Labour Convention, 1957 (No. 105); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182).

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## Resolution concerning the employment of women in the tobacco sector<sup>6</sup>

The Tripartite Meeting on the Future of Employment in the Tobacco Sector,

Having met in Geneva from 24 to 28 February 2003,

Noting that in the manufacturing industry, women are often employed in manual and repetitive tasks and in precarious forms of employment and are therefore often the first affected by restructuring programmes, by the elimination of jobs and changes in working conditions,

Noting on the other hand that within this same context, jobs are being created in developing, emerging and transition countries,

Recalling that the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up include a commitment to eliminate gender discrimination in employment and occupation,

Adopts this twenty-eighth day of February 2003 the following resolution:

The Tripartite Meeting on the Future of Employment in the Tobacco Sector invites the Governing Body of the International Labour Office to:

- (1) Appeal to member States to:
  - (a) take measures aiming at eliminating discrimination on the basis of gender in rationalization of the tobacco sector by encouraging enterprises involved in any form of restructuring which affects employment levels or working conditions to implement training programmes aimed at the acquisition of skills related to new technologies and at enhancing the future employability of workers who have been made redundant;
  - (b) take measures aiming at eliminating discrimination on the basis of gender in the tobacco sector where employment is being created by encouraging enterprises to promote equal employment opportunities for men and women including by organizing work in such a way that it responds to the needs of parents, and by implementing training programmes aimed at putting men and women on an equal footing with respect to skills related to new technologies;
  - (c) promote the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up and relevant Conventions (Nos. 100 and 111) on equality and non-discrimination.
- (2) Request the Director-General of the ILO to:
  - (a) Collect data country-by-country on employment in the tobacco sector including the number of women in the sector in absolute figures and percentages, the types of jobs they can be found in and their earnings levels, to assist the tripartite partners in identifying possible patterns of discrimination which need to be eliminated.

<sup>6</sup> Adopted unanimously.

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Part 3

**Other proceedings**

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## Panel discussions

### The economics of tobacco

*Moderator:* Mr. Peter Auer, Chief, Employment Analysis and Research, Employment Strategy Division, ILO, Geneva

*Panellists:* Mr. Antonio Abrunhosa, Chief Executive, International Tobacco Growers' Association (ITGA), Portugal

Ms. Joy de Beyer, Tobacco Control Coordinator/Health, Nutrition, Population Knowledge Coordinator, World Bank, Washington, DC

Mr. Themba Masuku, Director, FAO Liaison Office with the United Nations, Geneva

Dr. Vera da Costa è Silva, Project Manager, Tobacco Free Initiative (TFI), WHO, Geneva

Dr. Derek Yach, Executive Director, Non-communicable Diseases and Mental Health Cluster, WHO, Geneva

Dr. Yach's foremost message was the paramount importance of health, and pointed to what he perceived as the inherent contradiction of any link between the tobacco industry and the notion of corporate social responsibility. Tobacco products, declared the speaker, were legal but lethal and led to 4.9 million deaths every year. They affected the health of people of all ages, both in developed and increasingly in developing countries. The dose of nicotine in cigarettes was carefully engineered to ensure its addictive property, which in turn robbed people of freedom of choice. Dr. Yach stated that WHO estimates forecasted that the number of tobacco-related deaths would rise to as many as 10 million by 2030. He mentioned marketing campaigns targeting children and a report published by the WHO (*Tobacco company strategies to undermine tobacco-control activities at the World Health Organization*, report of the Committee of Experts on Tobacco Industry Documents, July 2000) which documented how the tobacco industry and agencies funded by the tobacco industry, such as the International Tobacco Growers' Association (ITGA), tried to subvert anti-tobacco initiatives in several UN agencies, including the WHO and the ILO. Evidence to that end had been stored in tobacco industry document archives in Minnesota, United States, and Guildford Hall, United Kingdom. The corporate world did itself a disservice by recognizing tobacco companies as socially responsible. Dr. Yach closed by defending the WHO from criticism that its position with regard to the tobacco industry was too radical; in his view, the Organization was rather a radical proponent of health for all. Embarking on the development of a Framework Convention on Tobacco Control (FCTC) represented the WHO's first attempt to develop a legal instrument, and why, asked the speaker, would tobacco have been chosen if it were not for its capacity to kill its consumers.

Dr. da Costa è Silva declared that the TFI had been promoting inter-agency collaboration with other international agencies. Dr. da Costa è Silva reiterated Dr. Yach's criticism of the tobacco industry, underlining in particular the role which the ITGA had allegedly played in attempting to have tobacco issues removed from the agenda of UN agencies including the ILO, FAO, WHO and UNCTAD. The speaker also provided general background information on the UN Ad Hoc Inter-agency Task Force on Tobacco Control and the negotiations of the FCTC. The speaker also referred to a meeting organized by the

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WHO in Kobe, Japan, in December 2001, at which papers had been presented on the social, economic and health issues in tobacco control. The speaker closed by stressing the importance of placing health issues at the forefront of corporate social responsibility and that the lethal products of the tobacco industry were not compatible with that goal.

The main thrust of Ms. de Beyer's presentation was that a reduction in tobacco consumption could well represent an asset to overall public health and at the same time make economic sense. The World Bank's position with regard to tobacco had changed during the late 1980s: from supporting tobacco production in many of the poorest countries of the world, the realization of death and diseases resulting from the consumption of tobacco products had led to a consensus among the World Bank's senior management to stop supporting the tobacco industry. However, the World Bank decided that tobacco growers should still be supported in the poorest areas, with an emphasis on switching to other crops in due course. World Bank research had shown that very few countries were seriously dependent on tobacco growing and that profits that actually reached the beneficiaries in developing countries were negligible, not to mention the health problems, fires caused by negligence and costs of financing personal tobacco consumption. Price and tax increases would generate revenues which could be used to help poor people. The counter-argument was that price increases would mean more smuggling, but the speaker pointed out that corruption played an equally important role, as well as involvement of the tobacco industry. As for jobs, the speaker developed the argument that the slow pace of reducing the rate of smoking would allow ample time for tobacco growers to adjust, while the release of consumer capital as a result of smoking cessation would be spent on other consumer goods and thus continue to benefit the economy. Partial advertising bans, however, were not effective, nor did advertising bans have any negative effect on media channels such as papers or radio stations. Ms. de Beyer finally pointed out that there was no conclusive evidence that the hospitality industry would lose revenue because of smoking bans. In closing, Ms. de Beyer drew attention to the occupational hazards of tobacco farming and to the need to address those issues.

Mr. Masuku structured his presentation on FAO projections for world tobacco leaf consumption, production and trade for the year 2010, first indicating the general trends from 1970 to 2000. Consumption had increased but with a slight decline in developed countries and a strong increase in developing countries, where high population and income growth had combined to boost consumption. Production had also increased, but with growth almost exclusively taking place in developing countries where international trade had changed in character from being mainly tobacco leaf-based to include cigarettes, indicating a shift in cigarette production from developed to developing countries. A baseline scenario assumed the continuation of present-day government policies, while a policy scenario assumed the adoption of clearly defined policies to reduce tobacco consumption and production, including higher taxes and the elimination of crop support. Consumption in the baseline scenario would, by 2010, increase from 6.5 to 7.1 million tons, whereas it would stagnate at 6.5 million tons in the policy change scenario. Future consumption would, to an increasing extent, be determined by developing countries. Although consumption would decline slightly in all countries, overall use would expand because of population growth. The importance of developing countries in production would increase from 76 per cent in 1991 to 87 per cent in 2010, with China remaining the world's largest producer. Trade flows were more difficult to predict since they depended on demand and supply, tariffs and non-tariff barriers, export promotion, and domestic policy. Production would decline slightly in developed countries but increase in developing countries. Mr. Masuku added that an important factor for the location of production would be the amount of support for tobacco production. The speaker concluded by predicting that tobacco demand would increase, albeit at a lower rate than previously, with demand and production in developing countries setting world trends. He recommended that tobacco-control measures be applied in order to reduce tobacco

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consumption in developing countries through a combination of tax and direct restriction policies.

Mr. Abrunhosa opened his statement by taking issue with Dr. Yach's criticism of the ITGA and the tobacco industry. Tobacco growers also wanted transparency, and that they had been disappointed about not being invited to the negotiations of the Framework Convention on Tobacco Control. He also commented on the WHO report referred to by Dr. Yach, entitled *Tobacco company strategies to undermine tobacco-control activities at the World Health Organization*, the purpose of which, according to Mr. Abrunhosa, was merely to prejudice UN agencies against collaboration with the tobacco industry. He added that whatever anti-UN activities had allegedly been planned or carried out by the ITGA and the tobacco companies were part of the past. By promoting the FCTC, the WHO itself might have a hidden agenda: to promote the pharmaceutical industry. However, the ILO was not a forum for health issues but labour issues, and the question remained how WHO policies would affect the tobacco sector.

The speaker added that tobacco was the best choice for poor countries like Malawi and Zimbabwe given its labour-intensive nature; the stability of tobacco prices; the facility it offered as a world trade product, being the third or fourth most traded commodity in the world; and the difficulties to switch from tobacco production to other crops because of poor soil, small land plots and the lack of viable alternative crops. Mr. Abrunhosa referred to an UNCTAD study showing tobacco as one of the few crops which had not been registering a decline in the developing countries' share of world agricultural exports. It was noteworthy that tobacco occupied only 2 per cent of arable land in Malawi, that Yunnan province in China earned 40 per cent of its income from tobacco, and that no other crop would ever generate such levels of employment. The speaker provided statistics showing that fruit and vegetables as substitutes for tobacco would mean ruin for the European Union. His third point related to the social costs involved by job losses in the tobacco sector, including the costs of the accompanying massive migration flows to congested megacities likely to occur as a consequence, as well as social unrest and criminality. His fourth and last point was a reminder to the tobacco control lobby that despite a slight increase in smoking, tax increases and cigarette companies' liabilities were already having a negative effect on the sector. Mr. Abrunhosa acknowledged the effort by governments to limit smoking, but also asked them to consider the possible consequences of their action.

## **Discussion**

During the debate which followed, an Employer member challenged the democratic nature of the FCTC negotiation process, considering that neither smokers nor tobacco growers had been invited to participate. An observer delegate challenged the ITGA's transparency argument, claiming that although the tobacco industry operated in full collaboration with the Government of Malaysia, tobacco growers remained poor and at risk. She also claimed the existence of viable alternative crops.

Dr. Gold from ILO SafeWork mentioned that draft ILO guidelines on smoking in the workplace were expected to be adopted after extensive tripartite consultations. He also referred to SOLVE, a training programme that addressed five psychosocial issues, including smoking.

An observer representing the Government of Canada asked the ITGA why there had been no protests against subsidies to tobacco growers in developed countries, a practice which led to discrimination against products from developing countries. The speaker also wondered whether the tobacco sector would not be well suited to be addressed within the ILO's decent work parameters, considering the health costs involved. He observed that even if the FCTC were to be enforced, there was already a marked shift of tobacco

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production and consumption from the developed world to the developing world. At the same time, listening to some speakers on the panel, the situation was presented as if tobacco were a fatality, as if no other crop or sources of income could replace tobacco. The speaker also questioned whether the average wage of a worker growing tobacco was actually known, and whether the health costs incurred as a result of tobacco-related diseases were actually known. He expressed the opinion that within the framework of the ILO's decent work approach, it was vital that alternatives to tobacco be found, and that all possibilities be explored for replacing the sector.

A Worker member was surprised that no Worker sat on the panel. He referred to a meeting which had been held between Dr. Yach and the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations) and called on the WHO to understand that workers had a say in matters relating to employment. The speaker stressed that it was the responsibility of trade unions to defend the interests of the millions of workers whom they represented, not just their health but their livelihoods and working conditions. It was their responsibility to defend workers' interests both against the tobacco companies and growers and they resented any suggestion that they were to be merely followers and not active partners.

An Employer member from Nepal mentioned that tobacco created some 18,000 jobs in his country and that smoking was not ranked among the major causes of disease in his country. At the same time tobacco taxes accounted for about 7 per cent of state revenue. A Worker member complained that the Workers had not been involved in WHO consultations with the Government of Malawi, where the conditions of workers in the tobacco sector were not improving. An observer protested against the ITGA's claim that it was not involved with the tobacco industry any longer, referring to a report from 2001 quoting the opposite.

Mr. Abrunhosa acknowledged that the economics of tobacco was a very complex question, and that tobacco products were harmful to health. All the same, the FCTC would undoubtedly have a huge impact on people's lives. He questioned the data presented by the WHO panellist, which never mentioned the age at which tobacco-related deaths occurred, adding that in many countries the average lifespan was very short. He criticized international agencies for spending much time and effort on tobacco, when malaria and HIV/AIDS should be tackled instead. He criticized consumer boycotts on grounds of alleged child labour, which hurt rather than assisted poor populations. No viable alternatives to tobacco had been found, and other crops required capital, land, and different forms of support which tobacco growers simply lacked. The ITGA, affirmed the speaker, had indeed started lobbying activities with various governments when it realized that only the ministries of health were aware of the negotiations of the FCTC.

Ms. de Beyer responded that the World Bank's aim was to achieve the best social issue possible. The huge amounts allocated to malaria and HIV/AIDS simply could not compare with the meagre resources allocated to tobacco prevention. While crop substitution was not a simple black and white picture, viable alternatives did exist, although there was no easy diversification strategy.

Dr. da Costa è Silva replied that subversive action by the tobacco industry had been documented in the industry's own documents. She also stressed that the WHO's goal was to promote health. She welcomed the ILO SafeWork's initiatives to promote smoke-free workplaces and announced the WHO's readiness to seek more ways to collaborate with the ILO. Another important issue was the health of workers in the tobacco sector itself. In Brazil, surveys had shown that the same families from generation to generation had remained in the sector, growing tobacco in a sharecropping system at the poorest income levels. They had no say in the classification of tobacco leaf which determined the prices

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they were paid for their product. Tobacco farmers, stressed the speaker, had a lot to say about their conditions in the sector.

Dr. Yach ended the round of replies by underlining the mandate of the WHO's work: to prevent death and disease. Among preventable deaths, he said, the number caused by tobacco-related diseases was larger than that caused by malaria, tuberculosis and measles combined, but prevention of the other diseases received funding that was far superior to that received for tobacco control. Concerning democratic procedure, prior to the development of the FCTC, WHO surveys and intensive consultations had been carried out involving smokers, non-smokers, tobacco growers and tobacco farmers. He explained that the largest cigarette manufacturers had also been invited by the WHO, but that no invitations had been extended to surrogate organizations. The WHO's condition for the participation of organizations in the negotiations was that they stopped using their political leverage to hinder the progress of health. He also mentioned 55 alternatives to tobacco growing presented at a meeting in Zimbabwe in 1993, of which none had been used. Use could also be made of the FAO resolution offering development funding and research as well as working on an increase in fruit and vegetable production and consumption, but he could not determine whether the underlying cause of such lack of effort to replace tobacco was due to mere lack of knowledge of possibilities or to the undue influence of the tobacco companies on government policies. Dr. Yach concluded by observing that great opportunities for interaction and partnerships lurked beneath the surface if the long-term interests of all were to be taken into account.

In the last round of questions and comments, the representative of the Government of Germany expressed the concern of the Government group which faced a dilemma: while the basic mandate of the ILO Meeting was to deal with maintaining employment levels in the sector through retraining and other measures, governments also needed to take health issues into consideration. It was all the more important, therefore, that the Workers and Employers addressed the issues at hand through social dialogue, and that cooperation be strengthened between the ILO and other international agencies, as well as with NGOs. A Worker member declared that intergovernmental organizations like the WHO did not understand trade unions and the role they played in society.

The representative of the Government of France considered that governments had somehow missed the opportunity for social dialogue. France was committed to the FCTC and shared its public health objectives. However, France had expected to see consistency reflected in the different agendas of the international organizations. It was already a great achievement that the ILO was promoting social dialogue in the tobacco sector, especially since it was the intention of the FCTC to eradicate tobacco altogether, in which case it could not be expected that jobs would be created in the sector. He commented that the ILO dealt with specific issues and that he was not convinced by the health lobby's arguments that the FCTC would have only a negligible negative impact on employment. International agencies such as the World Bank and the WHO dealing with health issues which carried social and economic consequences needed to let other specialized agencies deal with those issues in their own independent way.

Mr. Bailey, Deputy Secretary-General of the Meeting and an official of the ILO Sectoral Activities Department, intervened to respond that the coinciding dates of the ILO Meeting and the sixth session of the Intergovernmental Negotiating Body on the FCTC had not been planned but were the result of sheer accident. He also said that the constituents' initial request had been to hold a meeting only on the tobacco manufacturing sector, but that after the insistence of one government, tobacco growing had also been included. Mr. Bailey added that not every UN agency appreciated the role of trade unions and that the purpose of the panel was that it should serve as a learning experience for all.

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The last comment from Dr. Yach was a response to the Workers. He recognized that the WHO's consultations with trade unions had not been adequate with regard to the FCTC negotiations. He agreed that such interaction should increase and welcomed further collaboration with the ILO for that purpose.

Mr. Abrunhosa referred to letters sent to ECOSOC and WHO offering technical advice on several occasions, to which there had never been any response. The speaker expressed his appreciation for the opportunity which the Meeting had afforded all the stakeholders for dialogue. He also criticized the FCTC, which in his opinion had too little supporting documentation. Mr. Abrunhosa ended the discussions by challenging the World Bank's assumption that smokers who stopped smoking would spend their savings on other luxury goods.

## Corporate social responsibility

*Moderator:* Mr. Ram Tarneja, Employer Vice-Chairperson of the Meeting

*Panellists:* Mr. Gijsbert van Liemt, economist, international consultant, Haarlem, Netherlands

Ms. Paula Pinoargote, Multinational Enterprises Programme, ILO, Geneva

Mr. Frans Roselaers, Director, InFocus Programme on Child Labour, ILO, Geneva

Mr. Marc Hofstetter, Director, Foundation for the Elimination of Child Labour in Tobacco Growing (ECLT), Geneva

Mr. Shabanji Opukah, International Development Affairs Manager, British American Tobacco (BAT), Switzerland

Mr. Jim Baker, Head, Multinational Enterprises Unit, ICFTU, Brussels

At the outset, the moderator commented that although enterprises had in the past mainly been responsible to their shareholders, the concept of corporate social responsibility (CSR) was increasingly being accepted by enterprises acknowledging the impact of their activities on the environment and on society as a whole.

The first speaker, Mr. van Liemt, stressed the changes in the interpretation of CSR over the years by giving some concrete examples. One view was reflected in the statement made in 1970 by Milton Friedman, an economist of international reputation, that the social responsibility of business was to increase its profit. On the other hand, the company mission of Body Shop, a producer of personal care products, drawn up in 1997, declared that it was dedicated to the pursuit of social and environmental change and campaigning for the protection of the environment and of human rights. Giving the illustration of an oil spill by a tanker registered in one country, but owned by a company located in another country, contracted by someone else in yet another country, etc., the speaker demonstrated that it had become difficult to pinpoint where exactly responsibility lay in today's business which was increasingly globalized and operated on a subcontracting basis. Nevertheless, business had been forced to become more responsible for the environmental impact of their production processes, the working conditions under which production was carried out, and the impact of products on consumers and the environment. International labour standards regulated working conditions, but how they were applied was another matter. Enterprises

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and stakeholders engaged in discussions on CSR, but each party spoke in its own “language” and discussion often ended in conflict. He expressed the view that if regulations did not work well, self-regulation expressed in codes of conduct, for example, might be an alternative approach. However, the proper measuring of the impact of industries on health and the environment required a long-term perspective, while today’s enterprise placed excessive emphasis on short-term profit. This short-term approach was why the concept and application of CSR was too important to be left to enterprises alone.

Stressing the importance of multinational enterprises (MNEs) in the tobacco industry, Ms. Pinoargote presented the ILO’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, which had been adopted by the Governing Body in 1977. The Tripartite Declaration, applicable in all countries where MNEs operated, contained universally agreed guidelines on CSR, on the respective roles and responsibilities of governments, MNEs, employers and workers, and encouraged partnership among them. It promoted positive contributions by MNEs to economic and social progress, and at minimizing and resolving difficulties arising from MNE operations. In addition to general policies, it addressed all aspects of employment and labour issues; promoting full and productive employment, the pursuit of equality of opportunity and treatment, and enhanced employment security by avoiding arbitrary redundancy at the time when MNEs were setting up or changing operations. The MNE Declaration also promoted freedom of association and the right to bargain collectively and recognized consultation as the best means for resolving disputes between management and workers. The application of the MNE Declaration was being followed up through surveys every four years: an ILO questionnaire was sent to tripartite constituents to identify good practices as well as areas that needed further promotion of its application. The MNE Declaration also served as an instrument in promoting CSR, offering benchmarks for corporate performance and providing baselines for global framework agreements.

The third panellist, Mr. Roselaers, gave an overview of the ILO’s International Programme on the Elimination of Child Labour (IPEC) which had commenced in the early 1990s. He noted that there were some 246 million child labourers worldwide, of whom 70 per cent were estimated to be in the agricultural sector, including the tobacco sector. Since 1990, the problem of child labour had increasingly been acknowledged by governments and the campaign for the elimination of child labour had been intensified with the support of the mass media, social partners and civil society. Policy-makers had taken legislative action, as reflected in massive ratifications of the ILO Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182). Although some had argued that certain forms of agricultural work, such as children assisting parents in weeding and harvesting, could not be considered hazardous, there was general agreement that carrying heavy loads, working with toxic chemicals, and using hazardous farm implements and equipment were harmful to children’s healthy growth. Measures being taken under IPEC to combat the problem included mapping and identifying hazardous work in different sectors and situations; promoting worldwide direct action and time-bound programmes; facilitating access to quality primary and secondary education and vocational training; building institutional capacity at all levels; and elaborating and setting in place effective, independent and credible monitoring systems. IPEC action in the agricultural sector in many countries had been stepped up recently, and the programme was assisting stakeholders in the tobacco and cocoa/chocolate industries as an integral part of overall national development policies in the partner countries. The speaker recognized the daunting challenge which IPEC faced, but was confident that the partnerships in place would contribute to the improvement of the situation, including in the tobacco sector.

Mr. Hofstetter also gave an overview of the activities of his organization, the Foundation for the Elimination of Child Labour in Tobacco Growing (ECLT). It had been created in 2001 by the IUF (International Union of Food, Agricultural, Hotel, Restaurant,

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Catering, Tobacco and Allied Workers' Association), the ITGA (International Tobacco Growers' Association) and British American Tobacco (BAT), with ILO's IPEC programme as advisor to its board. ECLT now had several multinational tobacco companies and tobacco leaf processors as new members of the board. The 1989 UN Convention on the Rights of the Child, as well as the ILO Minimum Age Convention, No. 138 (1973) and the Worst Forms of Child Labour Convention, No. 182 (1999), provided the legal framework for the Foundation, which upheld the principles that children under the minimum legal age should not be employed in the production of tobacco leaf, that they should not take part in potentially hazardous tasks, and that they should not be prevented from attending school because of their routine chores as part of family life. The strategies of the Foundation included, among others, mobilizing local stakeholders and helping them develop their own initiatives, providing advice and support during project development, following up on project implementation, and applying lessons learnt. Since 2002 it had been active in Malawi, in rehabilitating and building schools to make them more attractive, in providing sanitation and water supply programmes (to liberate children from water-fetching tasks), and food security and agro-forestry programmes to improve harvest and diversification of crops. Similar activities were being extended to other countries. He believed that the key to the Foundation's success so far lay in the unique alliance among its members and the involvement of all their local affiliates and stakeholders.

In presenting BAT's approach to CSR, Mr. Opukah admitted that after the tobacco industry had badly damaged its reputation due to past errors, people rightly looked at the industry's initiative for CSR with cynicism. The speaker therefore expressed the view that BAT needed to be proactive in the future. Business had the responsibility to provide all available information, develop "lower-risk" products and engage in smoking prevention campaigns targeting youth. BAT's three pillars for CSR consisted of "profit, productivity and responsibility". He stated that productivity led to profit, that a company could not exist without profit, but that the whole CSR strategy rested on responsible behaviour. The core elements of BAT's approach to CSR included, among others, properly defined business principles and values, its board's firm commitment to CSR, inclusive and open dialogue with stakeholders, and thoroughness in the verification and evaluation processes, all of which were underpinned by universally accepted values, conventions and framework agreements. Such practices would enhance company reputation, staff morale and investor confidence which, in turn, would lead to higher shareholder value, more employment creation and attraction of better talent. He firmly believed that business had a role to play beyond making profits, but at the same time it had to define its boundaries of responsibilities as it could not be a substitute for government. While its *raison d'être* was to make profits for its shareholders, it had to do so in a responsible way, which was what CSR was all about. BAT as a responsible company in a controversial sector was committed to CSR. It had developed initiatives to combat child labour and protect the environment together with various stakeholders and had implemented those initiatives in a number of countries. The company also provided full consumer information and was engaged in the search for sensible and practical solutions regarding its products, since some challenges in the area of health remained unresolved. He believed that a responsible tobacco company still offered good prospects for employment, government revenue and wealth creation and that there was not yet a viable alternative to the tobacco crop. From that point of view, it was all the more necessary to continue engaging in sensible dialogue with stakeholders and pursuing the application of the principles of CSR.

Mr. Baker stated that business had an important role and responsibility with regard to CSR. However, business would have difficulties in fulfilling its commitment to the principles of CSR in countries where there was no level playing field nor any proper governance structure, since it would be operating without the constraints of various regulations. Disagreeing with the view expressed by the first speaker, he declared that voluntary or self-regulation in the protection of workers and the environment, for example,

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would hardly exist if universally accepted standards were not there. Even the notion “self-regulation” or “voluntary action” did not really mean that companies were practising these purely on their own initiative. For example, private inspectors often took only snapshots of problems without being fully aware of existing standards. As far as he was concerned, the Global Compact could not be considered a code of conduct, although it provided a good basis for discussion. Similarly, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was not an effective instrument, in his view, but provided a good basis for dialogue. On the other hand, collective bargaining was a form of self-regulation which was voluntary and sustainable on condition that a balance of power prevailed between the parties involved. ILO standards were important binding instruments and those, in combination with self-regulation, could guide enterprises towards the effective application of CSR principles. Social dialogue in the sectoral context was very useful, but the question was how such dialogue could be brought into an effective framework or transformed into a framework agreement in both national and global settings.

## **Discussion**

Very little time was left for discussion, but a Government representative asked Mr. Baker whether there had been any evaluation of the impact of framework agreements. He replied that such agreements as industrial relations instruments negotiated over a long period of time were not often made public. A Worker member commented that framework agreements reached between the head offices of MNEs and trade unions were much more effective than those reached at the enterprise level in applying CSR principles, and added that more international framework agreements would be desirable. An Employer member added that in the European Union agreements had been concluded between associations of employers and confederations of workers. Another Government representative expressed the opinion that, until then, very little discussion had taken place on the really important issue in the tobacco sector, namely, how to maintain employment levels in the sector and at the same time address the public health issues which posed a major challenge to governments. He questioned why so much emphasis was being placed on child labour in the panel discussion since no one disputed the issue. Agreeing with the previous speaker, Mr. Baker once again stressed that framework agreements should be signed only by equal partners since very powerful MNEs could often dictate to small governments the terms they wished to impose. Framework agreements were not a substitute for collective bargaining or collective agreements.

## **International cigarette smuggling**

*Moderator:* Mr. Dan Plaum, IUF international consultant, Antwerp, Belgium

*Panellists:* Mr. Luk Joossens, sociologist, international consultant to the European Cancer Leagues and the International Union Against Cancer, Leuven, Belgium

Ms. Blanca Uruñuela, General Secretary, Federación Agroalimentaria (FTA-UGT), Spain

Mr. Joossens provided an overview of international cigarette smuggling by demonstrating the extent of smuggling, identifying its causes, and proposing some solutions. Tobacco smuggling was widespread and had become a problem for many countries in both industrialized and developing countries. The speaker declared that one in three internationally traded cigarettes was smuggled. In all, 400 billion cigarettes were

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estimated to be smuggled per year, representing a loss of tax revenue amounting to approximately US\$25-30 billion. It had long been claimed that smuggling was closely related to the cost of tobacco products and that the problem was mainly limited to countries where tobacco taxes were high. However, recent surveys called into question that relationship. Low-cost countries such as Albania, Mali and the Islamic Republic of Iran had much higher levels of smuggling than countries with a high level of taxation such as France, United Kingdom and the Nordic countries. In some developing countries, smuggled cigarettes accounted for 65-75 per cent of total sales. Mr. Joossens argued that trade restrictions seemed to be a more important contributing factor to smuggling than high taxes. Experience showed, however, that smuggling tended to decrease once markets were opened. Mr. Joossens explained that there were two kinds of smuggling: bootlegging and container smuggling. The latter accounted for the main part of the smuggled volume, as much as 80 per cent in the United Kingdom. Smuggling scenarios varied, but typically the cigarette container was exported to a transit country where it “disappeared” and the cigarettes were hidden. The container was then fitted with false documentation and shipped to its final destination, which could sometimes be the country of origin. Mr. Joossens concluded by saying that the key to controlling cigarette smuggling was to control the tobacco manufacturing industry and its exporting practices. Tobacco companies must be made accountable for ensuring that their products arrived in the end-user market. A case study from Spain showed that improved monitoring practices (all steps of the distribution chain) had a positive effect. From 1995 to 2001, smuggling of cigarettes had decreased from 16 per cent to 2 per cent of total sales.

### Cigarette smuggling – The case of Spain

Ms. Blanca Uruñuela said that even though it was hard to obtain exact data, the share of smuggled cigarettes of total sales was substantial. In some regions, such as Latin America, it ranged from between 30 to 50 per cent of sales. There were even some factories that produced exclusively for smuggling. In Europe, published statistics focused more on volume than on percentage of sales. However, some country level statistics were available, indicating levels around 10 to 20 per cent. In 1993, cigarette smuggling had reached its maximum level in Spain, accounting for 23 per cent of total sales. Thanks to concerted government and industry action, the share of smuggling had decreased to around 2 per cent in 2000. The measures applied included close cooperation between the police and other concerned agencies, as well as various controls on the part of manufacturers. Ms. Uruñuela concluded her presentation by pointing out that smuggling had a severe impact on fiscal income as well as on employment in the tobacco industry and its distribution chain. She called on governments to improve their control of the cigarette trade and urged manufacturers to better control their brands.

### **Discussion**

Replying to a question whether any data were available on the impact of smuggling on employment, Mr. Joossens answered that he was not aware of any such study, but that it was obvious that smuggling led to a move from legal to illegal employment. This was particularly apparent in the distribution chain where retailers were often replaced by illegal immigrants.

A Worker member wondered whether children were employed in cigarette smuggling. Mr. Joossens answered that children often worked in the distribution chain. That was particularly the case in countries of Africa and Asia.

Responding to a question whether any information was available on the effectiveness of the stamp system as a control measure, Ms. Uruñuela answered that the stamps made it easy to detect smuggled cigarettes and also easier to influence consumer behaviour. She

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added that it was important for countries to harmonize their tax systems to remove incentives for smuggling.

A Worker member commented that workers were the worst affected group as smuggling had led to a considerable decline in employment in several countries. He agreed with the speakers that there was a shortage of data on the subject and that more information was needed to guide policies and strategies on how best to combat smuggling. He also saw a need for more clarity with regard to the respective responsibilities of the different actors.

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## Closing speeches

The Secretary-General of the Meeting gave a breakdown of participation and acknowledged the constituents' foresight in adding tobacco to the sectors which required attention. In addition to a set of conclusions, the Meeting adopted a record number of resolutions in 30 years which testified to the commitment to change and review of the sector on the part of the constituents. Those resolutions dealt with child labour, women workers, labour standards, international cooperation, and future activities of the ILO. The proceedings of the Meeting had been characterized by a spirit of compromise and a genuine search for consensus. The three parties had agreed that employment in the sector was declining and that the necessary steps would have to be taken through the process of social dialogue. The Meeting had also focused on working conditions in tobacco growing, with particular attention to women workers and vulnerable groups. The stage was therefore set for new scenarios which would provide a better sense of direction for all concerned. The endorsement of the conclusions and resolutions by the Governing Body would give legitimacy to the ILO's future activities in the sector.

The Chairperson of the Government group stated that the Governments had attached special importance in the Government group to reflecting balanced views in the proceedings of the Meeting, but in particular the dilemma which they faced in reconciling health issues with employment issues. He thanked the governments and the secretariat for their cooperation.

The Employer spokesperson stressed that for the first time the ILO had afforded the employers in the tobacco sector a forum for an open exchange of views with governments and workers on employment issues in the sector. They complained that within the international community the employers' role in employment issues had not received enough attention. The attitude of international agencies had been hostile with regard to hearing their views, and they had accordingly been denied dialogue and consultation. In his view, a broad consensus had been achieved by the social partners with regard to the work which needed to be done in the sector in order to guarantee its sustainability. The tobacco sector, added the speaker, was run more responsibly than any other. However, he regretted that certain forms of propaganda had been allowed in the precincts of the ILO during the Meeting.

The Worker Vice-Chairperson of the Meeting declared that the expectations of the Workers' group with regard to the outcome of the Meeting had been largely met. The conclusions and resolutions adopted provided a basis for common ground on which to engage in social dialogue and map future action in the sector. The speaker had hoped, however, that tobacco multinational enterprises and tobacco growers' associations would have been better represented at the Meeting. As for the application of the principles of corporate social responsibility, the speaker hoped that they would go beyond a mere public relations exercise and lead to effective social dialogue and cooperation.

The Chairperson of the Meeting considered that the participants had charted out a clear and safe path for future action which would enable the tobacco sector to find its rightful place in society in a constructive and transparent way. The tripartite principles upheld by the ILO had been reaffirmed. It was up to the social partners, along with the guidance and advice of governments, to nurture social cohesion so that all citizens had a chance to better their lives. The negotiations had been a win-win process, marked by a spirit of partnership and dedication to the cause of the sector. The texts adopted would provide the Office with clear guidance in formulating its proposals for future activities.

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## Evaluation questionnaire

A questionnaire seeking participants' opinions on various aspects of the Meeting was distributed before the end of the Meeting.

**1. How do you rate the Meeting as regards the following?**

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
The choice of agenda item (subject of the Meeting)	11	6	3	0	0	4.4
The points for discussion	9	8	4	0	0	4.2
The quality of the discussion	7	4	9	0	0	3.9
The Meeting's benefits to the sector	12	7	2	0	0	4.5
The conclusions	4	4	4	4	4	3.8
The resolutions	8	7	2	0	1	4.4
Panel discussion on the economics of tobacco	3	5	6	2	2	3.3
Panel discussion on corporate social responsibility	2	9	7	1	0	3.6
Panel discussion on international cigarette smuggling	1	5	9	2	2	3.1
Opportunity for networking	6	8	3	0	0	4.2

**2. How do you rate the quality of the report in terms of the following?**

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
Quality of analysis	5	13	2	1	0	4.0
Objectivity	3	14	3	0	1	3.9
Comprehensiveness of coverage	4	10	7	1	0	3.8
Presentation and readability	7	11	12	1	0	4.1
Amount and relevance of information	3	11	3	3	1	3.6

**3. How do you consider the time allotted for discussion?**

	Too much	Enough	Too little
Discussion of the report	1	18	2
Panel discussions	3	12	6
Groups	4	14	1
Working Party on Resolutions	0	11	6
Working Party on Conclusions	0	7	12

**4. How do you rate the practical and administrative arrangements (secretariat, document services, translation, interpretation)?**

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
	6	12	1	1	0	4.2

**5. Respondents to the questionnaire**

	Government	Employers	Workers	Observers	Total	Response rate (%)
	4	1	16	0	21	23.6

**6. Participants at the Meeting**

	Government	Employers	Workers	Technical advisers	Observers	Total
	21	15	18	15	20	89

**7. Delegates/technical advisers**

	Government	Employers	Workers	Total
Delegates	21	15	18	54
Technical advisers	9	0	6	15

**8. Female participation**

	Government	Employers	Workers	Total	Per cent female delegates
Delegates	8	2	7	17	31
Technical advisers	0	0	1	1	

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**List of participants**  
**Liste des participants**  
**Lista de participantes**

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Representative of the Governing Body  
of the International Labour Office  
Représentant du Conseil d'administration  
du Bureau international du Travail  
Representante del Consejo de Administración  
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Membres représentant les gouvernements  
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M<sup>me</sup> Nadia El-Gazzar, conseillère des affaires du travail, mission permanente d'Égypte à Genève

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Mr. A.S. Ahmad, Deputy Director, Labour Representative, Permanent Mission of Nigeria in Geneva

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Ms. Yolanda Porschwitz, Labor Attaché, Permanent Mission of the Philippines in Geneva

## **POLAND POLOGNE POLONIA**

Ms. Renata Lemieszewska, Permanent Mission of Poland in Geneva

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M. Bertrand Clerc, secrétariat d'Etat à l'économie (SECO), Direction du travail, marché du travail et assurance chômage, Berne

## **THAILAND THAÏLANDE TAILANDIA**

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## **TUNISIA TUNISIE TÚNEZ**

M. Abderraouf Klibi, directeur à la Direction générale des participations, ministère des Finances, Tunis

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**Membres représentant les employeurs**

**Miembros representantes de los empleadores**

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Mr. Shabanji Opukah, International Development Affairs Manager, British American Tobacco plc., London

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Mr. Syed Abdullah Shah, Factory Manager, Pakistan Tobacco Company, Nowshera Dist.

Mr. Noor Elahi Ali Shibly, Human Resources Director, BOC Bangladesh Limited, Dhaka

Mr. Todor Staykov, Chief Executive Officer, Trakia Tabac Ltd., Sofia

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M. Tegbenou Thimontee Boko, FEPATAA, Cotonou

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Ms. Vera Gawith, Senior Analyst, Amicus MSF, Imperial Tobacco, Nottingham

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Sr. Dorval Knak, Presidente, FENTIFUMO, Santa Cruz Do Sul

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Mr. Kumushbek Mambetov, President, Agro-Industrial Workers' Union, Bishkek, Kirghizistan

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Mr. Hassan Fakih, President, Trade Union of Agriculture and Tobacco in Lebanon, El Nabattia

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Mr. J. Ganesan Murty, General Secretary, BAT (Malaysia) Berhad Employees' Union, Kuala Lumpur

Ms. Gertrude Mutasa-Hambira, General Secretary, GAPWUZ, Harare

Mr. Raphael B. Sandramu, General Secretary, Tobacco Tenants and Allied Workers' Union (TOTAWUM), Nkhotakota, Malawi

M. Ronald Schouller, FGTA Force Ouvrière, Chieulles, France

Ms. Svitlana Ivanovna Shvets, Shop Steward, BAT-Priluki, Agro-Industrial Workers' Union of Ukraine, Chenigovskaya Oblast

Sra. Blanca Uruñuela Aguado, Secretaria General, Federación Agroalimentaria (FTA-UGT), Madrid

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Others

Autres

Otros

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Représentants d'Etats Membres présents aux séances

Representantes de Estados Miembros presentes en las sesiones

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Mr. Don MacPhee, Counsellor, Permanent Mission of Canada in Geneva

**UNITED STATES ETATS-UNIS ESTADOS UNIDOS**

Mr. Robert Hagen, Labor Attaché, United States Permanent Mission in Geneva

Representatives of the United Nations, specialized agencies  
and other official international organizations

Représentants des Nations Unies, des institutions spécialisées et d'autres  
organisations internationales officielles

Representantes de las Naciones Unidas, de los organismos especializados  
y de otras organizaciones internacionales oficiales

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**Organisation mondiale de la santé (OMS)**

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Représentants d'organisations internationales non gouvernementales

Representantes de organizaciones internacionales no gubernamentales

**International Confederation of Free Trade Unions (ICFTU)**

**Confédération internationale des syndicats libres (CISL)**

**Confederación Internacional de Organizaciones Sindicales Libres (CIOSL)**

Ms. Anna Biondi, Assistant Director, Geneva Office

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**International Organisation of Employers (IOE)**  
**Organisation internationale des employeurs**  
**Organización Internacional de Empleadores (OIE)**

Mr. Jean Dejardin, Adviser, Cointrin/Geneva

**International Tobacco Growers' Association (ITGA)**

Mr. Antonio Abrunhosa, Chief Executive, Castelo Branco, Portugal

**International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco  
and Allied Workers' Associations (IUF)**

**Union internationale des travailleurs de l'alimentation, de l'agriculture,  
de l'hôtellerie-restauration, du tabac et des branches connexes (UITA)**

**Unión Internacional de Trabajadores de la Alimentación, Agrícolas,  
Hoteles, Restaurantes, Tabaco y Afines**

Ms. Jacqueline Baroncini, Petit-Lancy/Geneva

Ms. Sue Longley, Agricultural Coordinator, Petit-Lancy/Geneva

Mr. Dan Plaum, Antwerp

Mr. Marc Hofstetter, Director, Foundation for the Elimination of Child Labour in Tobacco Growing (ECLT Foundation), Vernier/Geneva

M. Alain Berthoud, Project Director, ECLT Foundation, Vernier/Geneva

**World Confederation of Labour (WCL)**  
**Confédération mondiale du travail (CMT)**  
**Confederación Mundial del Trabajo (CMT)**

M<sup>me</sup> Béatrice Fauchère, représentante permanente, Genève

M. Hervé Sea, représentant permanent adjoint, Genève

**World Federation of Agriculture, Food, Hotel and Allied Workers**

**Fédération mondiale des travailleurs de l'agriculture,  
alimentation, hôtellerie et connexes**

**Federación Mundial de Trabajadores de la Agricultura,  
Alimentación, Hotelería y Afines**

Mr. José Gomez Cerda, Secretary-General, Brussels

**World Federation of Trade Unions (WFTU)**

**Fédération syndicale mondiale**

**Federación Sindical Mundial**

Sr. Bernardo Oliva, Secretario General, Sindicato Trabajadores Tabacalero Cuba, Habana

Sr. Ramón Cardono, Representante Permanente, Ginebra