

The sky is not falling!

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PATH Canada

Brasilia, 11 April 2005



When the tobacco industry feels threatened...



...it claims the sky is falling.

Tobacco tax increases kill jobs!

In the early 1980s, Canadian federal and provincial governments increased tobacco taxes sharply.

The tobacco industry warned that consumption would drop sharply and many jobs would be lost.

But the governments didn't listen, because they were happy to see consumption fall...

Tobacco taxes have no impact on consumption, but cause smuggling!

In 1991, Canadian manufacturers suddenly “discovered” that tobacco taxes have no impact on consumption after all.

But they do cause smuggling, they claimed.

Note: Criminal charges for involvement in smuggling have been filed against one manufacturer, the other two are still under police investigation.

Ban tobacco advertising and the billboard industry will collapse!

In the late 1980s, Canadian politicians began seriously debating a ban on all tobacco advertising.

The association of billboard operators, egged on by the industry, claimed cigarette ads were irreplaceable and they would go out of business.

A ban came into effect in 1989. Total spending on billboard advertising rose.

Ban tobacco industry sponsorship and sports and cultural events will be cancelled!

- In 1996, after parts of the previous law were overturned by the courts, the federal government proposed restricting tobacco sponsorship advertising to the site of sponsored events.
- A group called the “Alliance for Sponsorship Freedom”, run by a tobacco industry-funded PR agency, claimed major events like the Montréal Grand Prix and the Jazz Festival would be cancelled.
- Parliament passed the law anyway, and all events found new sponsors.

Ban smoking in bars and restaurants and they will all close!

In 2001, the municipal council of Ottawa was debating a proposal to make bars and restaurants in the city 100% smoke-free.

A tobacco industry-funded group claiming to represent bar owners said numerous bars would close, because smokers would cross the river to go drink in Québec, where no ban existed.

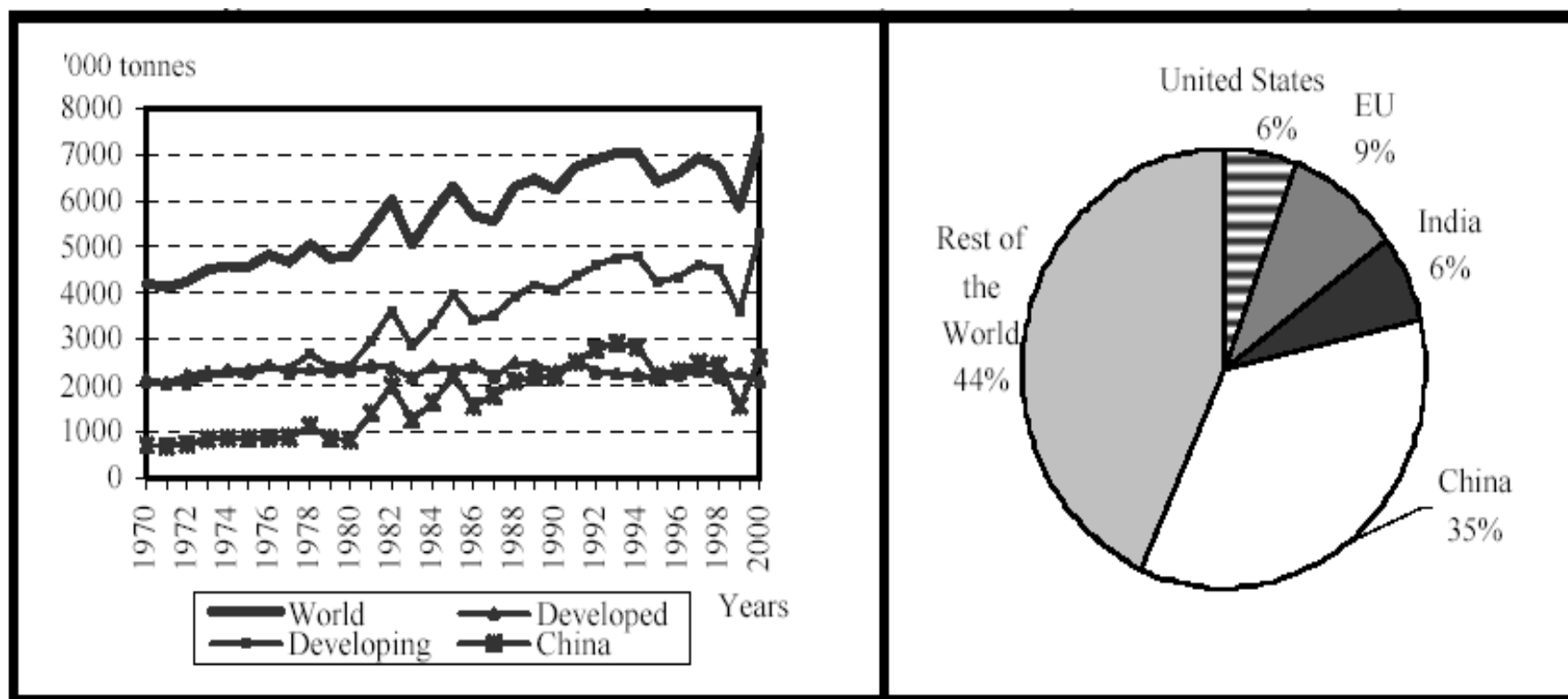
The council voted for the by-law anyway. Two years later, researchers found no impact on bar sales, and people in Québec were asking for the same rule.

Ratify FCTC and Brazilian tobacco farmers will go bankrupt!

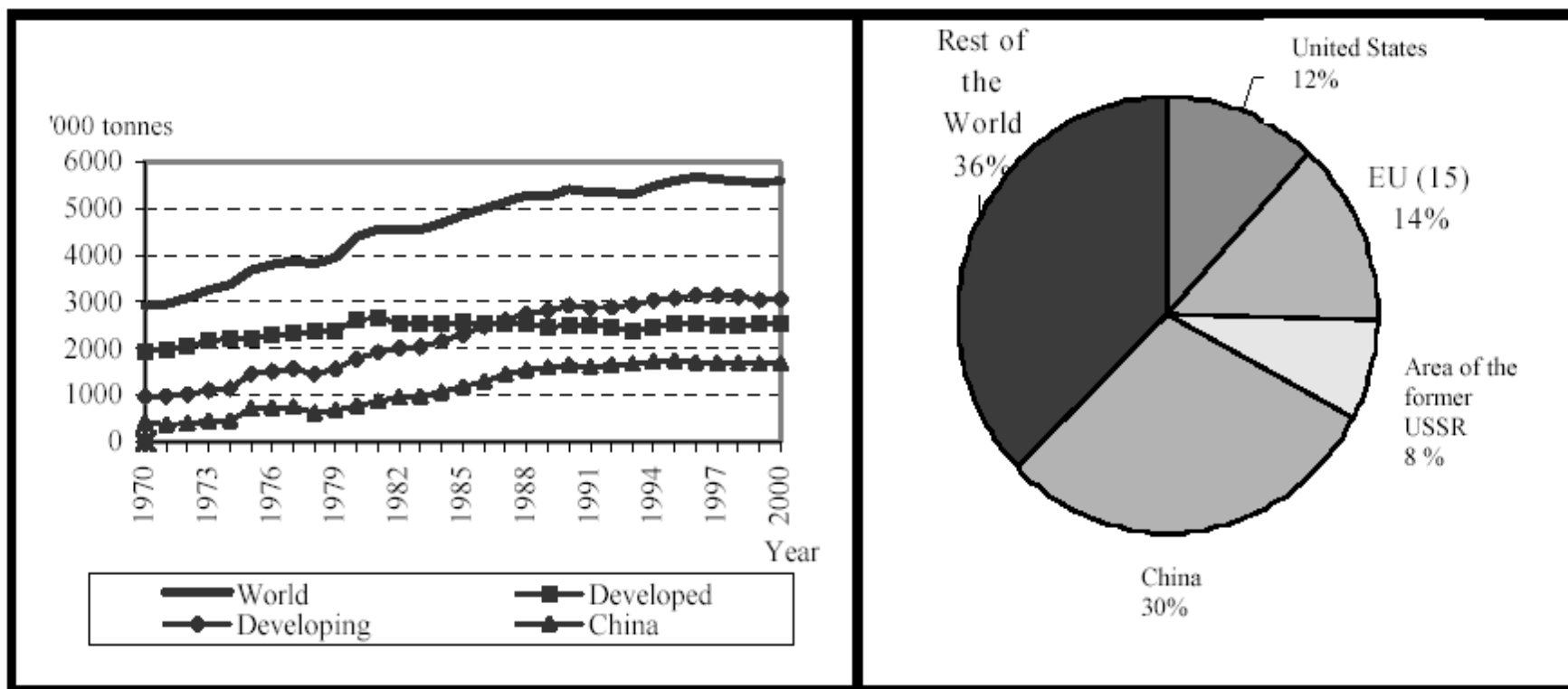
There is heavy lobbying, especially in Southern Brazil, claiming that FCTC ratification by Brazil will hurt tobacco growers.

But what is the reality?

Leaf — consumption trends (1970-2000) and shares (2000)



Cigarette production trends (1970-2000) and shares (1999)

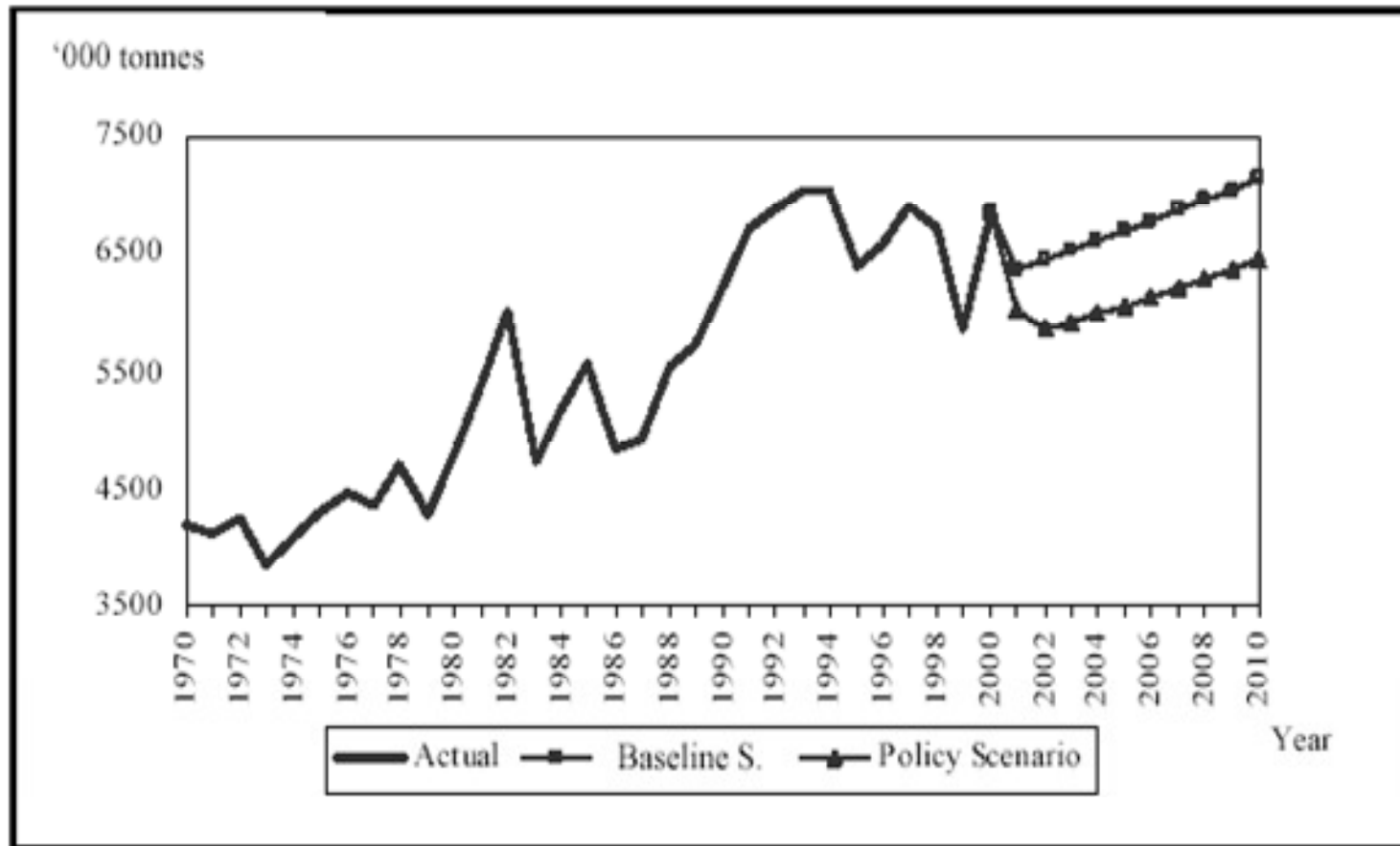


If the FCTC is widely ratified and implemented...

... As a result of such measures, it is assumed that consumer prices increase by 30 percent and production support is reduced by 40 percent in the developed countries and by 20 percent in the developing countries... No change, however, is assumed for Brazil, Zimbabwe and Malawi, where tobacco production does not receive any government support.

— FAO Report, *Projections of Tobacco Production, Consumption and Trade to the Year 2010*

Tobacco leaf demand, world, 1970-2010



Projections for world tobacco leaf production

	Actual				Projected			
	1970-72	1980-82	1990-92	1997-99	Baseline		Policy	
					2005	2010	2005	2010
	' 000 tonnes							
World	4 269.4	5 455.3	6 936.2	5 938.3	6 809.4	7 160.0	6 098.1	6 430.7
Developed	1 797.6	1 959.5	1 659.0	1 178.6	1 180.1	1 195.7	1 081.9	1 115.2
<i>North America</i>	815.9	882.7	745.0	593.8	570.1	579.4	534.5	555.3
United States	729.7	795.5	682.7	536.6	516.1	526.8	480.6	502.7
<i>Europe</i>	544.6	648.3	602.5	418.8	460.3	467.2	418.2	435.9
EU (15)	248.9	320.3	397.7	278.9	297.8	300.9	258.2	272.8
<i>Other Europe</i>	295.7	328.0	204.8	139.9	162.5	166.3	160.0	163.1
<i>Area of the former USSR</i>	249.0	258.6	55.2	85.3	69.8	70.0	61.0	61.0
<i>Oceania</i>	19.4	15.0	11.7	6.3	6.0	6.0	5.4	5.4
<i>Other developed</i>	168.7	155.0	94.4	74.4	73.9	73.1	62.8	57.6
Developing	2 471.8	3 495.8	5 282.3	4 759.6	5 629.3	5 964.3	5 016.1	5 315.5
<i>Africa</i>	157.7	218.8	362.0	391.3	463.0	503.3	422.5	462.5
Malawi	23.8	49.1	109.3	102.5	125.4	137.9	114.3	132.7
Zimbabwe	56.0	88.7	156.1	174.7	213.0	232.8	198.5	217.0
<i>Latin America</i>	489.7	652.8	679.3	714.4	846.2	889.0	692.7	724.4
Brazil	225.4	357.3	430.6	450.6	545.1	584.7	421.3	450.7
<i>Near East</i>	203.7	237.8	312.8	268.3	317.3	337.3	279.2	298.0
Turkey	151.1	181.2	261.4	210.5	250.2	268.8	218.6	237.2
<i>Far East</i>	1 620.7	2 386.2	3 927.9	3 385.6	4 002.8	4 234.7	3 621.7	3 830.6
China	755.2	1 413.6	2 780.4	2 345.6	2 806.2	2 972.5	2 505.1	2 653.5
India	335.4	431.8	507.6	514.1	628.4	685.4	596.5	650.6
Indonesia	62.6	92.1	122.5	108.4	117.9	119.6	107.8	109.0

For Brazil: a reduction in growth, not a collapse in tobacco growing

- If no further measures are taken to reduce world consumption and production (which is very unlikely), Brazilian production is projected to rise by 30% compared to 1997-99 average.
- If the FCTC is vigorously implemented, Brazilian production is expected to remain constant.
- Likely result: moderate growth in production.

Brazilian ratification will have little direct effect on world demand...

... but will affect eligibility for transition aid, if aid is needed

... and will determine whether Brazil has a seat at the table to discuss such issues.