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Tobacco - settlement - international

Total Pages: 12

LRM ID: RJP117

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

SPECIAL

Tuesday, August 5, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT: Robert J. Pellicci
PHONE: (202)395-4871 FAX: (202)395-6148

SUBJECT: COMMERCE Report on S1060 Worldwide Tobacco Disclosure Act of 1997

DEADLINE: NOON Wednesday, August 6, 1997

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Commerce Secretary Daley has promised Sen. Lautenberg a response by August 7th.
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Eliz / Tony / 1st page to Bruce —
Sec Daley's response is absolutely right, but FYI I kind of like this.
E

LRM ID: RJP117 SUBJECT: COMMERCE Report on S1060 Worldwide Tobacco Disclosure Act of 1997

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Robert J. Pellicci Phone: 395-4871 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)

_____ (Name)

_____ (Agency)

_____ (Telephone)

The following is the reponse of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this reponse sheet

The Honorable Frank Lautenberg
506 Hart Senate Office Building
Washington, DC 20510-3002

The Honorable Ron Wyden
717 Hart Senate Office Building
Washington, DC 20510-3703

Dear Senators Lautenberg and Wyden:

Thank you for your letter requesting the Administration's views regarding your bill, the "Worldwide Tobacco Disclosure Act of 1997" (S. 1060). President Clinton has called for an interagency review of the proposed tobacco settlement, including an examination of a wide range of domestic and international policies and recommendations in this area. Since the review is ongoing, the Administration is not in a position to comment on specific, related proposals prior to the completion of the review. However, as this interagency review progresses, the Administration will give serious consideration to your proposals, and will follow developments concerning your bill.

Sincerely,

William M. Daley
Secretary of Commerce

105TH CONGRESS
1ST SESSION

S. 1060

IN THE SENATE OF THE UNITED STATES

Mr. LAUTENBERG (for himself, Mr. WYDEN, Mr. DURBIN, and Mr. HARKIN) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To restrict the activities of the United States with respect to foreign laws that regulate the marketing of tobacco products and to subject cigarettes that are exported to the same restrictions on labeling as apply to the sale or distribution of cigarettes in the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Worldwide Tobacco Disclosure Act of 1997".

SEC. 2. DEFINITIONS.

In this Act:

(1) CIGARETTE.—The term "cigarette" means—

(A) any roll of tobacco wrapped in paper or in any substance not containing tobacco which is to be burned,

(B) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling is likely to be offered to, or purchased by consumers as a cigarette described in subparagraph (A),

(C) little cigars which are any roll of tobacco wrapped in leaf tobacco or any substance containing tobacco (other than any roll of tobacco which is a cigarette within the meaning of subparagraph (A)) and as to which 1000 units weigh not more than 8 pounds, and

(D) loose rolling tobacco and papers or tubes used to contain such tobacco.

(2) DOMESTIC CONCERN.—The term "domestic concern" means—

(A) any individual who is a citizen, national, or resident of the United States; and

(B) any corporation, partnership, association, joint-stock company, business trust, unin-

corporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States.

(3) NONDISCRIMINATORY LAW OR REGULATION.—The term "nondiscriminatory law or regulation" means a law or regulation of a foreign country that adheres to the principle of national treatment and applies no less favorable treatment to goods that are imported into that country than it applies to like goods that are the product, growth, or manufacture of that country.

(4) PACKAGE.—The term "package" means a pack, box, carton, or other container of any kind in which cigarettes or other tobacco products are offered for sale, sold, or otherwise distributed to customers.

(5) SALE OR DISTRIBUTION. The term "sale or distribution" includes sampling or any other distribution not for sale.

(6) STATE.—The term "State" includes, in addition to the 50 States, the District of Columbia, Guam, the Commonwealth of Puerto Rico, the Com-

monwealth of the Northern Mariana Islands, the Virgin Islands, American Samoa, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(7) TOBACCO PRODUCT.—The term "tobacco product" means—

(A) cigarettes;

(B) little cigars;

(C) cigars as defined in section 5702 of the Internal Revenue Code of 1986;

(D) pipe tobacco;

(E) loose rolling tobacco and papers used to contain such tobacco;

(F) products referred to as spit tobacco; and

(G) any other form of tobacco intended for human use or consumption.

(8) UNITED STATES.—The term "United States" includes the States and installations of the Armed Forces of the United States located outside a State.

SEC. 3. RESTRICTIONS ON NEGOTIATIONS REGARDING FOREIGN LAWS REGULATING TOBACCO PRODUCTS.

No funds appropriated by law may be used by any officer, employee, department, or agency of the United States—

(1) to seek, through negotiation or otherwise, the removal or reduction by any foreign country of any nondiscriminatory law or regulation, or any proposed nondiscriminatory law or regulation, in that country that restricts the advertising, manufacture, packaging, taxation, sale, importation, labeling, or distribution of tobacco products; or

(2) to encourage or promote the export, advertising, manufacture, sale, or distribution of tobacco products.

SEC. 4. CIGARETTE EXPORT LABELING.

(a) LABELING REQUIREMENTS FOR EXPORT OF CIGARETTES.—

(1) IN GENERAL.—It shall be unlawful for any domestic concern to export from the United States, or to sell or distribute in, or export from, any other country, any cigarettes whose package does not contain a warning label that—

(A) complies with Federal labeling requirements for cigarettes manufactured, imported, or

packaged for sale or distribution within the United States; and

(B) is in the primary language of the country in which the cigarettes are intended for consumption.

(2) LABELING FORMAT.—Federal labeling format requirements shall apply to a warning label described in paragraph (1) in the same manner, and to the same extent, as such requirements apply to cigarettes manufactured, imported, or packaged for sale or distribution within the United States.

(3) ROTATION OF LABELING.—Federal rotation requirements for warning labels shall apply to a warning label described in paragraph (1) in the same manner, and to the same extent, as such requirements apply to cigarettes manufactured, imported, or packaged for sale or distributed within the United States.

(4) WAIVERS.—

(A) IN GENERAL.—The President may waive the labeling requirements required by this Act for cigarettes, if the cigarettes are exported to a foreign country included in the list described in subparagraph (B) and if that country is the country in which the cigarettes are in-

tended for consumption. A waiver under this subparagraph shall be in effect prior to the exportation of any cigarettes not in compliance with the requirements of this section by a person to a foreign country included in the list.

(B) LIST OF ELIGIBLE COUNTRIES FOR WAIVER.—

(i) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the President shall develop and publish in the Federal Register a list of foreign countries that have in effect requirements for the labeling of cigarette packages substantially similar to or more stringent than the requirements for labeling of cigarette packages set forth in paragraphs (1) through (3). The President shall use the list to grant a waiver under subparagraph (A).

(ii) UPDATE OF LIST.—The President shall—

(I) update the list described in clause (i) to include a foreign country on the list if the country meets the criteria described in clause (i), or to

remove a foreign country from the list if the country fails to meet the criteria; and

(II) publish the updated list in the Federal Register.

(b) PENALTIES.—

(1) FINE.—Any person who violates the provisions of subsection (a) shall be fined not more than $100,000 per day for each such violation. Any person who knowingly reexports from or transships cigarettes through a foreign country included in the list described in subsection (a)(4)(B) to avoid the requirements of this Act shall be fined not more than $150,000 per day for each such occurrence.

(2) INJUNCTION PROCEEDINGS.—The district courts of the United States shall have jurisdiction, for cause shown, to prevent and restrain violations of subsection (a) upon the application of the Attorney General of the United States.

(c) REPEAL.—Section 12 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1340) is repealed.

(d) REGULATORY AUTHORITY.—Not later than 90 days after the date of enactment of this Act, the President

shall promulgate such regulations and orders as may be necessary to carry out this section.

(e) EFFECTIVE DATE.—The provisions of subsections (a) through (c) shall take effect upon the effective date of the regulations promulgated under subsection (d).

The U.S. & International Tobacco Trade: A Perspective

The U.S. is one of the largest tobacco producing and exporting countries in the world. The value of the U.S. tobacco crop in 1995 was about $2.3 billion, or 2.7% of cash crops. The value of shipments by tobacco manufacturers was about $33 billion. The value added in tobacco manufacturing – income earned by labor, capital and other factors of production engaged in manufacturing – was about $24.7 billion. Consumers spent $47.2 billion on tobacco products; this was about 1% of consumer expenditures.

From a global perspective, the U.S. produced 11% of the world's tobacco and accounted for approximately 13% of the tobacco that moved into international trade in 1996. For 1994-96:

- **U.S. exports of tobacco leaf have been between $1.3-1.4 billion annually.** Tobacco is produced by an estimated 124,000 farmers in the U.S. Almost 40% of the tobacco grown is exported, with a farm value of over $1 billion. **Exports of finished tobacco products have been between $5.0-5.3 billion per year.** Cigarettes are major tobacco export items, accounting for over 80% of total tobacco exports. In 1996, 760 billion cigarettes were produced in the U.S.; approximately one-third of these were exported (containing 50,000 tons of U.S.-grown tobacco with a farm value of over $200 million).

- **Imports of tobacco leaf varies more widely: $692 million in '94, $555 million in '95 and $1.1 billion in 1996.** Some 35% of imports are of oriental-type tobaccos primarily from Greece and Turkey and not grown in the U.S. Imports of competing tobaccos – including those from major competitors such as Brazil, Argentina, Zimbabwe and Malawi – are limited to about 150,000 tons by a tariff rate quota. Although the quota has not been filled since becoming effective in September 1995, it is expected that most suppliers will fill their portion of the quota in the future. Imports in excess of the quota are assessed a 350% duty, though most of this can be drawn back if the tobacco is included in cigarettes that are exported. **U.S. imports of finished product were only about $280 million in 1996.**

The international tobacco trade is a major source of U.S. farm income and contributed $5.3 billion to the U.S. balance of payments in 1996. However, there has been a net long term trend downward in the U.S. share of global tobacco leaf production and trade (the 1996 figures for production and trade are down from 20% and 30%, respectively, in 1970) as other major producing and exporting countries have increased their output and exports of leaf tobacco.

- According to the WHO (1996), there are 1.1 billion smokers in the world – about one-third of the world's population aged 15 and over. The vast

majority of these are in developing countries (800 million), and most are men (700 million). In China (which prohibits the import of U.S. tobacco), there are some 300 million smokers – about the same as in all the developed countries combined. About one-third of regular smokers in developed countries are women, compared to only about 1-in-8 in LDCs.

Despite a downward trend in global share of leaf production and trade, foreign markets are growing – and are the major source of growth for the U.S. cigarette industry.
International sales will continue to grow, despite the increasing tobacco control efforts in the U.S., because there is increased access to markets that were previously closed. Further international sales growth may come from increased per capita consumption in developing countries as a consequence of higher disposable incomes, more aggressive marketing and innovative packaging. However, many countries, including developing countries, have regulations governing advertising and the labeling of cigarette packages due to health considerations.

- 96% of all smokers live outside of the U.S. (though the U.S. accounts for approximately 9.2% of global consumption), with Asia being the largest market: China alone is estimated to account for 33% of all cigarettes smoked. Asian countries have male smoking rates up to 70%, compared to around 28% in the U.S.

As of 1993, according to WHO figures, most of the tobacco manufacturing industry is controlled by a small number of state monopolies and multinational corporations. The largest of these is **China**'s state industry which sold 1,700 billion cigarettes – 31% of the global market, about the same as the three largest multinationals combined. The U.S. is the second largest producer of cigarettes, accounting for 13% produced (by count) in 1995.

While dominating the domestic markets, selling half of the cigarettes sold in the U.S., foreign sales (including exports) accounted for more than half of **Phillip Morris**' $68 billion in 1996 revenues, "primarily due to demand for cigarettes in markets not as attuned to the health risks of smoking as the United States," according to the Journal of Commerce. A settlement leading to less domestic smoking in the U.S. may result in greater export capacity, according to another industry analyst, although this is downplayed by Philip Morris which notes that some 75% of cigarette sales by volume already is exported and that "overseas tobacco is 'our star business.'" **RJR**, the second largest firm, with about a quarter of the U.S. market, has about 40% of its net sales abroad.

Companies operating overseas also do not face the same obstacles and legal liabilities – through product liability suits, with large contingency fees and punitive damage awards, for example – faced in the U.S. Indeed, many countries are

dependent on the tobacco industry for employment and for tax revenue and are therefore hesitant to act against smoking.

- In **India**, the world's third largest producer and consumer of tobacco, tobacco contributes 10 percent of the total revenue collected through excise duties; some 6 million farmers and farm hands are engaged in the tobacco industry, directly or indirectly.

Tobacco is also a major source of export revenue for several developing and transition economy countries.

- Tobacco exports accounted for 64.1% of **Malawi**'s foreign exchange earnings in 1993. Other top earners (by percentage) include **Zimbabwe** (23.5%), **Albania** (7.2%) and **Bulgaria** (4.4%).

Tariff and non-tariff barriers (from state monopolies) and threats (e.g., to intellectual property) continue to challenge U.S. tobacco companies in these markets, however.

- **China**'s nearly 240% tariff on cigarette imports has helped to limit foreigners' market share to between 4-6% – not counting sales through Hong Kong and the considerable smuggling that takes place.

The negative health impacts of smoking are also global in nature. Tobacco use is a major source of mortality outside of the United States: of the current 3 million tobacco related deaths annually, 85% occur outside of the U.S. The World Health Organization (WHO) predicts that the number of deaths will increase to 10 million per year worldwide by 2025, with 70% of these deaths occurring in developing countries.

- The global burden of disease (in terms of premature death and disability) attributable to tobacco, according to a World Bank/WHO report, is expected to outweigh that caused by any single disease, with a 9% share of the total disease burden by the year 2020.

The costs in terms of lost productivity and additional health care expenditures as a consequence of smoking are substantial.

- Tobacco use is a major drain on the world's financial resources, with a global net loss of $200 billion/year, according to a World Bank estimate.

Much of this is borne by countries ill prepared to shoulder the cost.

U.S. International Tobacco Policies: An Overview

Trade Policy

Current U.S. tobacco export policy is to not object to tobacco control interventions by foreign governments, either existing or proposed, which are based on sound public health principles and follow the principle of "national treatment," that is, if they are applied in a non-discriminatory manner to both imported and domestic tobacco products. The U.S. trade policy coordination committee structure (TPRG and TPSC), chaired by **USTR**, has involved the **HHS** and **EPA** since early in the Clinton Administration to ensure that these health-oriented agencies are involved in the determination and implementation of trade policy, including those relating to tobacco products.

Staff of USTR and HHS have worked together to develop a statement of policy on the appropriate relationship between the trade and health policy objectives in addressing trade issues relating to U.S. tobacco and tobacco products. The policy's thrust is that the U.S. treats as presumptively valid any foreign country's non-discriminatory health policy measures intended to reduce tobacco consumption that do not contravene either national treatment or "most favored nation" (MFN) principles. USTR does not object to foreign countries' adoption or enforcement of measures necessary to protect public health, including advertising and promotion restrictions. However, USTR reserves the right to object to such measures when they are discriminatory.

The Office of Consumer Goods (OCG) within the **Department of Commerce** provides industry analysis to the tobacco industry and industry advocates within the context of trade negotiations. OCG's industry analysis has focused on determining the competitiveness of U.S. tobacco products in world markets. Most efforts occurred during the 1980s in Section 301 actions during the negotiation of market-opening trade agreements with Japan, Korea, Thailand and Taiwan. More recent activities have focused on Taiwan's accession to the WTO regarding the privatization of Taiwan's government-owned tobacco and wine monopoly. There have been limited discussions about leaf tobacco in the context of the China market access negotiations.

The Foreign Agricultural Service (FAS) of the **Department of Agriculture** collects, compiles, analyzes and publishes information and data related to world production, consumption and trade in tobacco. The information and analysis services other USG agencies, the U.S. tobacco farming sector, industry, as well as other interests (including the health sector). The world situation and outlook analysis is utilized in the administration of the no-net-cost U.S. farm policy program concerning tobacco. FAS is also involved in market access and other trade policy issues to assure U.S. tobacco fair access to foreign markets, as well as issues concerning foreign access

to the U.S. market.

The **State Department** and the Department of Commerce, through our embassies overseas, promote the adherence by other nations to bilateral and multilateral trade rules and agreements to address issues around unfair treatment or discrimination by a foreign government. A question that emerges is the discretion to defend U.S. industry in tobacco trade negotiations and disputes. In negotiations with other countries – regarding WTO accession, for example – tobacco may or may not be on the list of items for possible tariff reduction. Tobacco could wind up on the table during the course of negotiations even if U.S. policy was to ignore high tariffs or non-tariff barriers to tobacco in trade negotiations.

Issues for discussion: *Should U.S. trade policy be revised to limit further the circumstances in which trade officials will take action to enhance market access (e.g., tariff and non-tariff barriers) for tobacco and tobacco products? Are there any legal constraints on the ability to do so? Would these constraints, if any, be less significant were tobacco no longer legally traded within the United States?*

Export and Investment Promotion

The State Department and the Department of Commerce, through our embassies overseas, in general are willing to intervene on behalf of any U.S. company, including tobacco growers or cigarette manufacturers, to provide access to a foreign government and in commercial advocacy efforts involving the industry.

Commerce is surveying its international offices to determine the extent to which U.S. tobacco companies seek its services. The search has uncovered no promotional activities for the U.S. tobacco industry and only limited instances of advocacy on issues such as taxes, import restrictions and illegal imports. USDOC General Counsel is not aware of any statutory, administrative or Departmental restrictions on its assistance to the tobacco industry.

Tobacco is no longer included in market development and export credit programs administered by the FAS. The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act of 1994 precludes the use of funding made available to the FAS and the Office of the General Sales Manager to promote sales of tobacco abroad; Foreign Market Development (FMD) and Market Promotion Program (MPP) funding for tobacco had been limited to trade servicing and technical assistance and did not include consumer promotion. No GSM-102 Export Credit Guarantees have been allocated to tobacco since 1989 and tobacco has not been sold under the PL-480 direct credit program since the early 1980s. Tobacco was never included in the Export Enhancement Program.

Issue for discussion: *The activities of U.S. Ambassadors and their Foreign and Commercial Services staffs in commercial advocacy efforts involving the tobacco industry should be consistent with U.S. Government treatment of tobacco companies domestically. State proposes that guidelines be issued to posts allowing Department of State and Department of Commerce involvement in marketing and/or export promotion of tobacco and tobacco products only to the extent that firms are engaged in activities that would be permitted in the United States. These guidelines would only affect the involvement of the U.S.. Government and not affect the tobacco companies' rights and obligations to conform to the tobacco marketing and other health regulations of the foreign government.*

Export and Investment Financing

Export-Import Bank support is available to assist in the export of tobacco and tobacco related products – there are no explicit prohibitions on any of these products. Ex-Im does not pick or distinguish the support it provides based on industry sector, but rather responds to the demand for financing support from the market that meet its criteria, i.e., that foreign credit risk prevents private lenders from participating without Ex-Im assistance and/or USG assistance is needed to neutralize financing offered by a foreign government.

Since January 1988, Ex-Im has provided support for tobacco and related products through its short and medium-term export credit insurance programs. Specifically, Ex-Im has offered support in a total of five transactions with a total value of only $2.75 million, with the most recent authorization having occurred in 1992. Of these transactions, three (valued at $1.75 million) involved the export sale of tobacco curing and processing equipment; the other two probably supported some tobacco products, though this is not clear from the exporter's insurance policy which referenced "food, wine, spirits and tobacco."

The **Overseas Private Investment Corporation** (OPIC) reviews on a case-by case basis proposed projects involving the growing or processing of tobacco. In considering applications for OPIC support of such projects, OPIC considers the public health and related economic consequences of tobacco consumption, as well as the project-related developmental and U.S. economic effects. OPIC has not assisted any projects involving the growing of tobacco or the processing of tobacco products since this policy was articulated in the mid-1980s.

Issue for discussion: *Explicitly including health and safety concerns into credit support decisions, including the costs imposed by tobacco consumption, may be appropriate. A broader prohibition of official support for tobacco and*

tobacco-related exports and investments might also be warranted, though the practical benefit of such a prohibition would be minimal.

International Development Policy

The Foreign Assistance Appropriations Act, for several years, has included the "Bumpers' Amendment" [Section 513(b) in the 1997 Act] which generally prohibits **USAID** from expending funds on programs which support the production of agricultural commodities for export that could compete with U.S. agricultural exports. USAID's development programs, therefore, normally do not involve or relate to tobacco production.

(In Malawi, however, USAID has a program designed to develop policies which could liberalize agricultural production and marketing, and thereby increase the incomes of small-scale farms. Because tobacco is so important to the rural economy of Malawi, this initiative (which received a special exception) could not do much in the agricultural production arena without dealing in some way with that crop.)

Issues for discussion: *What are the policy issues raised by including tobacco and tobacco products as eligible under the Generalized System of Preferences (GSP)? How would their removal effect the Administration's Africa initiative? What is the trade-off between the economic development and public health considerations?*

Of the five multilateral development banks (MDBs), the **World Bank** has the most comprehensive policy regarding the growing and sale of tobacco. Pursuant to the policy adopted by its Board in 1992, the Bank will not lend directly for, invest in or guarantee loans for tobacco production, processing or marketing; lend indirectly for tobacco production activities; or finance imports of unmanufactured and manufactured tobacco, tobacco processing machinery and equipment or related services.

Exceptions may be allowed for countries that are heavily dependent on tobacco as a source of income (especially poor farmer and farm workers) and foreign exchange. The Bank's policy is to help such countries to diversify away from tobacco, and no exceptions have been granted in recent years. Of the regional MDBs, the European Bank for Reconstruction and Development has a 1991 management policy that it will not finance investments in the tobacco industry or imports of tobacco. The African, Inter-American and Asian Development Banks do not have formal policies on tobacco but, in practice, do not support the local tobacco industry.

Issue for discussion: *A more formal USG statement of policy regarding*

tobacco-related development financing would clarify any policy ambiguities.

International Health Policy

The MDBs, through **Treasury Department**-led policy coordination and budgetary support, are supportive of public health efforts to promote education and help counter the effects of tobacco use. The **State Department** supports international health and educational programs in the United Nations systems. The UN's Economic and Social Council will discuss this month strategies by which member states can curtail smoking and other uses of tobacco.

- Through its International Organizations (CIO) account, State contributes over $150 million annually to the regular budgets of the World Health Organization (WHO) and the Pan American Health Organization (PAHO), both of which have small tobacco education and research programs. Another $1.7 million goes to the International Agency for Research on Cancer which devotes a significant part of its activities to the connection between tobacco and cancer.

USAID's international health focus is on maternal and child health but does not include tobacco-related health programs. According to UNICEF, an estimated 300 million of today's children and teen-agers will eventually die of tobacco-related illness, a third of them in developing countries; the total is projected to rise significantly, with the developing world's share of deaths doubling within 30 years.

EPA is working to reduce the exposure to environmental tobacco smoke (ETS) of infants and young children whose parents smoke, since they are most seriously effected by this exposure.

- EPA's 1992 risk assessment estimated that ETS exposure is responsible for between 150-300,000 lower respiratory tract infections in infants and children under 18 months of age annually in the U.S., while 200,000 to 1 million asthmatic children per year have their condition made worse by exposure to ETS.

Coordination with the environment ministries of the Eight resulted in the recent Denver Summit call for a reduction in children's exposure to ETS. HHS provided technical assistance to EPA as part of this initiative. HHS also provides technical and scientific support to the WHO's Tobacco or Health Program through a cooperative agreement with the **Centers for Disease Control and Prevention (CDC).** This includes support for the core program components of the WHO Tobacco or Health Plan of Action, 1996-2000.

- Currently, WHO invests approximately $1 million for tobacco control

activities. In addition, HHS contributes $150,000 to WHO through a CDC-cooperative agreement.

HHS serves as the only WHO Collaborating Center for Tobacco designated for North America and, in collaboration with WHO, is developing a global network of clearinghouses on tobacco prevention and control that will include the six WHO Regional Offices, the nine WHO Collaborating Centers on Tobacco or Health, other WHO-related collaborating centers, tobacco-related clearinghouses, and other electronic information systems. HHS is also involved in economic analyses of tobacco use through the World Bank, and in promoting public health education about the effects of tobacco use through UNICEF, the NIH-CDC-PAHO Secretariat for Latin America and the Tobacco Control Commission of Africa; bilateral efforts with Mexico, Poland, India, Russia, Canada and other nations; and through participation in numerous conferences and symposia, including many involving tobacco control and regulatory issues.

Issue for discussion: *Some proceeds from a settlement could be used to promote additional international health measures through the WHO, the MDBs and other bilateral and multilateral fora.*

Last month, HHS participated in a preparatory meeting which involved discussions on formulating a consultative group to define and promote the objectives of an **International Framework Convention on Tobacco Control** pursuant to a World Health Assembly resolution adopted in May 1996. This resolution recognized that tobacco, although controlled by various legislation and restrictions in many countries, is produced, promoted and used legally in practically all parts of the world. The purpose of the framework strategy is to encourage nations to adopt comprehensive tobacco control policies to reduce the global incidence of premature death and disability due to tobacco.

Issue for Discussion: *While supportive of efforts in the UN system to limit the use of tobacco, the U.S. abstained from the World Health Assembly resolution authorizing the new convention (confident that it would pass anyway), primarily because of fears that it would not be ratified by the Senate and that resources devoted to its negotiation therefore would be wasted. As part of the current policy review, the USG should reconsider the level of political support given to this endeavor.*

July 9, 1997

LEVEL 2 - 10 OF 15 STORIES

The Washington Post

November 17, 1996, Sunday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 4994 words

HEADLINE: U.S. Aided Cigarette Firms In Conquests Across Asia; Aggressive Strategy Forced Open Lucrative Markets

BYLINE: Glenn Frankel, Washington Post Staff Writer

BODY:

On the streets of Manila, "jump boys" as young as 10 hop in and out of traffic selling Marlboros and Lucky Strikes to passing motorists. In the discos and coffee shops of Seoul, young Koreans light up foreign brands that a decade ago were illegal to possess. Downtown Kiev has become the Ukrainian version of Marlboro Country, with the gray socialist cityscape punctuated with colorful billboards of cowboy sunsets and chiseled faces. And in Beijing, America's biggest **tobacco** companies are competing for the right to launch cooperative projects with the state-run **tobacco** monopoly in hopes of capturing a share of the biggest potential market in the world.

Throughout the bustling cities of a newly prosperous Asia and the ruined economies of the former Soviet Bloc, the American cigarette is king. It has become a symbol of affluence and sophistication, a statement and an aspiration. At home -- where the American **tobacco** industry is besieged by anti-smoking activists, whistle-blowers, government regulators, grand juries and plaintiffs' lawyers -- cigarette consumption has undergone a 15-year decline. Thanks to foreign sales, however, the companies are making larger profits than ever before.

But the industry did not launch its campaign for new overseas markets alone. The Reagan and Bush administrations used their economic and political clout to pry open markets in Japan, South Korea, Taiwan, Thailand and China for American cigarettes. At a time when one arm of the government was warning Americans about the dangers of smoking, another was helping the industry recruit a new generation of smokers abroad.

To this day, many U.S. officials see cigarette **exports** as strictly an issue of free trade and economic fairness, while tobacco industry critics and public health advocates consider it a moral question. Even the Clinton administration finds itself torn: It is the most vocally anti-smoking administration in U.S. history, yet it has been in the uncomfortable role of challenging or delaying some anti-smoking efforts overseas.

At the same time, fledgling anti-smoking movements are rising up with support from American activists, passing restrictions that in some cases are tougher than those in the United States.

Having **exported** its cigarette industry, the United States is now in effect **exporting** its anti-smoking movement as well.

Just as the industry's overseas campaign has produced new smokers and new profits, it has also produced new consequences. International epidemiologist Richard Peto of Oxford University estimates that smoking is responsible for 3 million deaths per year worldwide; he projects that 30 years from now the number will have reached 10 million, most of them in developing nations. In China alone, Peto says 50 million people who are currently 18 or younger eventually will die from smoking-related diseases. "In most countries, the worst is yet to come," he warned.

Asia is where tobacco's search for new horizons began and where the industry came to rely most on Washington's help. U.S. officials in effect became the industry's lawyers, agents and collaborators. Prominent politicians such as Robert J. Dole, Jesse Helms, Dan Quayle and Al Gore played a role. "No matter how this process spins itself out," George Griffin, commercial counselor at the U.S. Embassy in Seoul, told Matthew N. Winokur, public affairs manager of Philip Morris Asia, in a "Dear Matt" letter in January 1986, "I want to emphasize that the embassy and the various U.S. government agencies in Washington will keep the interests of Philip Morris and the other American cigarette manufacturers in the forefront of our daily concerns."

U.S. officials not only insisted that Asian countries allow American companies to sell cigarettes, they also demanded that the companies be allowed to advertise, hold giveaway promotions and sponsor concerts and sports events in what critics say was a blatant appeal to women and young people. They regularly consulted with company representatives and relied upon the industry's arguments and research. They ignored the protests of public health officials in the United States and Asia who warned of the consequences of the market openings they sought. Indeed, their constant slogan was that health factors were irrelevant. This was, they insisted, solely an issue of free trade.

But then-Vice President Quayle suggested another motive when he told a North Carolina farming audience in 1990 that the government also was seeking to help the tobacco industry compensate for shrinking markets at home. "I don't think it's any news to North Carolina tobacco farmers that the American public as a whole is smoking less," said Quayle. "We ought to think about the **exports.** We ought to think about opening up markets, breaking down the barriers."

A handful of American health officials vigorously opposed the government's campaign, yet were either stymied or ignored. "I feel the most shameful thing this country did was to **export** disease, disability and death by selling our cigarettes to the world," said former surgeon general C. Everett Koop. "What the companies did was shocking, but even more appalling was the fact that our own government helped make it possible."

Waging the War

Clayton Yeutter, an affable, high-octane Nebraska Republican with a wide smile and serious political aspirations, came to the Office of the U.S. Trade Representative in 1985 with a mission: to put a dent in the record U.S. trade deficit by forcing foreign countries to lower their barriers against American products.

Yeutter (pronounced "Yi-ter") took office at a time when Washington was on the verge of declaring a trade war against some of its staunchest allies in the Far East. Asian tigers such as Japan, South Korea, Taiwan and Thailand were running up huge trade surpluses with the United States on goods ranging from T-shirts to computer chips to luxury sedans. The U.S. annual trade deficit in 1984 totaled a record $ 123 billion. Congressional Democrats proposed a 25 percent surcharge on products from Japan, Taiwan, South Korea and Brazil, while the House and Senate overwhelmingly approved resolutions calling for retaliation against Japan if it didn't increase its purchases of **exports.**

In heeding that warning, the Reagan administration turned to a small, elite and little-known federal agency. The Office of the U.S. Trade Representative (USTR) had only 164 permanent employees, but it enjoyed cabinet-level status and a self-styled, half-joking, half-serious reputation as "the Jedi knights of the trade world." Operating out of the four-story, Civil War-era Winder Building on 17th Street NW, USTR's staff was known for its dedication and aggressiveness. Most staff members came from departments such as Commerce, State and Agriculture, and they saw the trade rep's office as a place where they could practice their craft free from the fetters of larger, more rigid bureaucracies. They worked long hours and displayed a fierce loyalty to each other and the agency they served.

In 1985 they got a new boss to match their mood. Yeutter had worked as a deputy trade representative during the Ford administration, then went on to become president of the Chicago Mercantile Exchange. He came back to Washington with an eye toward using USTR as a launching pad for becoming a U.S. senator, secretary of agriculture or even vice president, according to friends. Yeutter was not a member of Ronald Reagan's inner circle, and he was eager to show the president what he could do. "They told me they needed a high-energy person," he recalled in an interview. "I told them I was ready to hit the ground running."

Yeutter knew that USTR had a weapon in its arsenal that was tailor-made for softening up recalcitrant trading partners. Section 301 of the 1974 Trade Act empowered USTR to launch a full-scale investigation of unfair trading practices and required that Washington invoke retaliatory sanctions within a year if a targeted government did not agree to change its ways. Launching a 301 was like setting a time bomb: both sides could hear the clock ticking.

Yeutter had no trouble persuading the administration to allow him to use Section 301 aggressively. "There was a lot of momentum for attempting something new," he said.

The U.S. tobacco industry had been trying for years to get a foothold in these promising new Asian markets. In 1981 the big three -- Philip Morris Inc., R.J. Reynolds Tobacco Co. and Brown & Williamson -- had formed a trade group called the U.S. Cigarette **Export** Association to pursue a joint industry-wide policy on the issue. But the companies had felt frustrated during the first term of the Reagan administration.

Japan, the West's second largest market for cigarettes, remained virtually closed to American brands due to high tariffs and discriminatory distribution. South Korean law effectively made it a crime to buy or sell a pack of foreign cigarettes. Taiwan and Thailand remained tightly shut. All of these countries

but Taiwan were signatories to the General Agreement on Tariffs and Trade, and Taipei hoped to join soon. Yet each appeared to violate free trade principles.

"In international trade terms, it's really very rare that the issues are so clear-cut and so blatant," recalled Owen C. Smith, a Philip Morris foreign trade expert who serves as president of the association. "These countries were sitting with published laws which on their face discriminated against American products. It was an untenable situation. . . . These were, frankly, open-and-shut cases."

When Yeutter and his staff looked at the cigarette business in these countries, they saw blatant hypocrisy. Each Asian government sought to justify its ban on imported cigarettes in the name of public health, yet each had its own protected, state-controlled tobacco monopoly that manufactured and sold cigarettes -- and provided large amounts of tax revenue to the government. The state companies' marketing techniques were in many ways just as cynical as those of the American companies. In Taiwan, for example, the most popular state brand was called Long Life. These were classic, state-run companies; bloated and inefficient, they produced overpriced, low-quality and poorly marketed cigarettes that could never compete with jazzier American brands in free competition.

Health was simply a smoke screen, Yeutter quickly decided, raised by recalcitrant foreign governments hooked on cigarette profits. "I would have had no problem with Japan or Korea or Taiwan putting up genuine health restrictions," he insisted. "But that's not what these governments were doing. They were restricting trade, and it was just blatant."

What Yeutter didn't seem to appreciate was that the very flaws of the state-run monopolies were exactly what a doctor might have ordered: Their high price and poor quality had helped limit smoking mostly to older men who had the money and taste for harsh, tar-heavy local brands. The monopolies seldom, if ever, advertised and did not target the great untapped markets of women and young people. Per capita sales remained low in every country except Japan. From a public health standpoint, maintaining the monopolies was far preferable to opening the gates to American companies with their milder blends and state-of-the-art marketing.

"When the multinational companies penetrate a new country, they not only sell U.S. cigarettes but they transform the entire market," said Gregory Connolly, a veteran anti-smoking activist who heads the Massachusetts Tobacco Control Program. "They transform how tobacco is presented, how it's advertised, how it's promoted. And the result is the creation of new demand, especially among women and young people."

Connolly, who traveled widely through Asia, documented how American companies skirted advertising restrictions by sponsoring televised rock concerts and sporting events, placing cigarette brands in movies and lending their brand names to non-tobacco products such as clothing and sports gear. A Madonna concert in Spain became a "Salem Madonna Concert" when televised in Hong Kong, while the U.S. Open tennis tournament in New York became the "Salem Tennis Open" in Malaysia. Tennis stars Pat Cash, Michael Chang, Jimmy Connors and John McEnroe appeared in live matches in Malaysia sponsored by RJR.

None of this troubled Yeutter and his trade warriors. They saw foreign advertising restrictions as one more form of trade discrimination. The interagency committee that advised Yeutter on the issue consisted of representatives from State, Agriculture, Commerce, Labor and Treasury, but not from Health and Human Services. There was no one with a public health or tobacco control background to argue that there was a link between advertising and health.

The companies convinced Yeutter t hat helping them sell cigarettes meant helping American trade. They produced studies showing that aside from heavy aviation **parts,** cigarettes were America's most successful manufactured **export** in terms of the net balance of trade. They estimated that cigarette **exports** -- largely to Western Europe and Latin America -- accounted for 250,000 full-time jobs in the United States and contributed more than $ 4 billion to the positive side of the trade ledger.

The industry also turned up the political heat. In a January 1984 letter to an official in the Commerce Department, Robert H. Bockman, then director of corporate affairs for Philip Morris Asia, described trade barriers against his company's products in South Korea. He then went on to discuss what he called "the politics of tobacco in this election year. Attached please find a listing of the 1980 election results in the major tobacco-growing areas in the United States. You will note that the margin of victory for the president [Ronald Reagan] was narrow in some key areas."

Jesse Helms (R-N.C.), who at the time chaired the Senate Agriculture Committee, also intervened. In July 1986 Helms wrote to Japanese Prime Minister Yasuhiro Nakasone congratulating him on his recent election victory and pointing out that American cigarettes accounted for less than 2 percent of the Japanese market. "Your friends in Congress will have a better chance to stem the tide of anti-Japanese trade sentiment if and when they can cite tangible examples of your doors being opened to American products," wrote Helms. "I urge that you make a commitment to establish a timetable for allowing U.S. cigarettes a specific share of your market. May I suggest a goal of 20 percent within the next 18 months."

At Yeutter's urging, Reagan decided not to wait for a formal filing from the industry against Japan. Instead, for the first time the White House filed three 301 complaints with USTR in September 1985, one of them against Japanese restrictions on the sale of U.S. cigarettes.

According to the USTR log of the case, U.S. officials presented a lengthy questionnaire at their opening session with Japanese trade representatives, demanding detailed data on the Japanese market. Meanwhile, other U.S. bureaucrats began drawing up lists of products for possible retaliation -- all **part** of what one negotiator called the "ratcheting-up process."

Japanese negotiators hung tough over the course of 14 sessions. Joseph A. Massey, who was in charge of trade negotiations with Japan, recalled they argued that Japan Tobacco, the state-run cigarette monopoly, was too inefficient to withstand U.S. competition, and that in any case the Americans should continue the previous long-standing practice of giving Japan an indefinite time period to comply.

Massey recalled one other unusual aspect of the negotiation: Industry representatives from both sides sat in on bargaining sessions. "The Japanese insisted that Japan Tobacco should be in the room," he said. "We said, 'If that's the case, there needs to be parallelism.' . . . They did not sit at the table. They sat quietly along the back wall."

Finally in late September 1986, a year after the 301 complaint was filed, Yeutter received a phone call at his McLean home late one evening from Japanese Finance Minister Kiichi Miyazawa. The minister wanted more time, but Yeutter was unrelenting. He recalls telling Miyazawa that the completed retaliation documents were to be forwarded to the White House the following day. "I said, 'I'm sorry, Mr. Minister, but your government has run out of time,' " Yeutter recalled.

Within days the Japanese capitulated, signing an agreement allowing in American-made cigarettes. By giving in on such a politically well-connected product as cigarettes, Japanese commentators said, Tokyo hoped to buy time on other trade issues. It was, commented the Asahi Shimbun newspaper, a "blood offering."

And so Japan was transformed into a battleground for the world's biggest tobacco companies. Philip Morris aimed at Japanese women with Virginia Slims; Japan Tobacco fought back with Misty, a thin, mild-blended cigarette. When RJR wooed young smokers with Joe Camel, JT countered with Dean, named after fabled actor James Dean. Cigarettes became the second most-advertised product on television in Tokyo -- up from 40th just a year earlier.

Today, imported brands control 21 percent of the Japanese market and earn more than $ 7 billion in annual sales. Female smoking is at an all-time high, according to Japan Tobacco's surveys, and one study showed female college freshmen four times more likely to smoke than their mothers.

Yeutter and his colleagues insisted they had done nothing for tobacco they would not have done for any other industry. But the fact remained that at a time when the United States could not overcome Japan's resistance on a broad range of **exports** -- from beef to cars to supercomputers -- U.S. cigarettes flourished, thanks to the perseverance of the trade warriors.

Into South Korea

The next target was South Korea, which had a $ 1.7 billion domestic tobacco market. The U.S. tobacco industry filed a 301 complaint against Seoul in January 1988, and USTR initiated its investigation a month later. South Korea's state cigarette monopoly had done little advertising over the years, and a few months before the 301 case, the Seoul government had formally outlawed cigarette ads. But the United States insisted on defining "fair access" as including the right to advertise.

Even before the formal complaint was filed, tobacco state lawmakers and their allies had supported opening South Korea's market. Senators Dole (R-Kan.) and Helms and 14 others -- including Gore, then a senator from Tennessee -- wrote to South Korean President Chun Doo Hwan in July 1987 demanding that tobacco companies be allowed "the right to import and distribute without discriminatory taxes and duties, as well as the right to advertise and promote their products."

The companies did their own work as well. RJR hired former Reagan national security adviser Richard Allen to lobby the government in Seoul and give the company more influence than its corporate rivals. Philip Morris gave a $ 250,000 contract to former White House aide Michael Deaver, who hired two former USTR officials and later obtained a $ 475,000 lobbying contract with the South Korean government, according to testimony at his 1987 trial for perjury. (Deaver was convicted of lying to Congress about his lobbying activities after he left the White House.)

In May 1988 Seoul formally agreed to open its doors to American brands. The deal allowed cigarette signs and promotions at shops, 120 pages of advertisements in magazines and cigarette company sponsorship of social, cultural and sporting events. Cigarettes quickly became one of the most heavily advertised products in South Korea; from no advertising in 1986, American tobacco companies spent $ 25 million in 1988. Student activists, anti-smoking groups, the South Korean consumers' union and the local cigarette retail association all staged protests against "tobacco imperialism" and boycotted American cigarettes, and the companies accused the state cigarette monopoly of constant violations of the agreement. Still, within a year, American companies had captured 6 percent of the market.

USTR also made fast work of Taiwan. On the heels of the Japanese agreement, Taiwan had agreed in October 1985 to liberalize barriers to wine, beer and cigarettes. But a year passed and the market remained effectively closed. Reagan then ordered Yeutter to propose "proportional countermeasures," while U.S. officials threatened to oppose Taiwan's application for membership in GATT.

"Since Taiwan wasn't a GATT member, we were not under GATT constraints," said a senior USTR negotiator. "I hate to say it, but you can do whatever you want with Taiwan and Taiwan knows it. They're much more vulnerable than other countries."

Six weeks after Reagan's order, Taiwan folded. "The atmosphere in the negotiations was very bad for us," recalled Chien-Shien Wang, then deputy minister of commerce, who was Taiwan's chief negotiator. "We were told the U.S. had lost patience with us and was about to put us on the 301 list. So we had no choice but to agree."

While some USTR officials now concede they were uneasy about using their power on behalf of America's most controversial industry, they say they had no choice.

"For us it was an issue of, it's a U.S. product and it deserves fair market access," said Robert Cassidy, the current assistant U.S. trade representative for Asia and the Pacific. "There are lots of products people here might prefer not to pursue -- I myself didn't much like **exporting** machines to manufacture bullets. But that's not the issue. The issue was, is this discriminatory treatment or not?"

Following the agreement, consumption of imported cigarettes in Taiwan soared. According to one industry trade journal, foreign brands went from 1 percent of annual cigarette sales to more than 20 percent in less than two years, while state-manufactured brands declined accordingly. RJR sponsored a dance at a Taipei disco popular with teenagers and offered free admission for five empty

packs of Winstons. Studies by Taiwanese public health specialist Ted Chen, now a professor at Tulane University Medical Center, tracked a steadily rising rate of smoking among high schoolers.

The Anti-Smoking Crusade

The 301 cases were a boon to the industry. The Boston-based National Bureau of Economic Research estimated in a recent report that sales of American cigarettes were 600 percent higher in the targeted countries in 1991 than they would have been without U.S. intervention. In 1990, after he became secretary of agriculture, Yeutter told a news conference, "I just saw the figures on tobacco **exports** here a few days ago and, my, have they turned out to be a marvelous success story."

The tobacco companies insist that the government's efforts merely allowed them to gain a fair share of existing markets. But the National Bureau projected that American entry pushed up average cigarette consumption per capita by nearly 10 percent in the targeted countries. The report said fiercer price competition and sophisticated advertising campaigns had stimulated the increase.

Then-surgeon general Koop, a fierce critic of the industry, first heard about the 301s when he visited the Japanese Health Ministry during a swing through the Far East in the mid-1980s. "They greeted me with, 'What are you trying to do for us? We will never be able to pay the medical bill,' " he recalled. "I had no idea what they were talking about."

Koop soon found out that USTR was, in his words, "trading Marlboros for Toyotas." But it took several years for anti-smoking activists to become mobilized. In 1988 Koop attempted to hold a hearing on cigarette **exports** in his Interagency Committee on Smoking and Health, but said he was advised a few days before that the Reagan White House wanted him to drop the subject and uninvite witnesses such as Judith Mackay, a prominent anti-smoking activist from Hong Kong.

Koop refused. Officials from State and Commerce who had agreed to appear suddenly withdrew, but Mackay and a parade of critics testified. She accused the United States of waging "a new Opium War" against Asia, an allusion to Britain's 19th-century effort to force China to allow trade of the addictive drug.

When Yeutter learned of the criticism, he wrote to Koop to defend his record. "I have never smoked, have no desire to do so and believe this addiction to be a terrible human tragedy," he told Koop. "However, what we are about in our trade relationships is something entirely different."

Koop found Yeutter's letter unconvincing. "I'm a firm believer in the difference between a moral compromise and a political compromise," Koop said in a recent interview. "I suppose Yeutter can say he was just doing his job, but when you really are **exporting** death and disease to the Third World, that's a moral compromise that I would never make."

During congressional hearings on the trade issue in May 1990, the government's sole witness was Sandra Kristoff, then assistant trade representative for Asia and the Pacific, who had negotiated the agreements with South Korea and Taiwan and who vigorously defended USTR's role. She mocked the idea of taking into account health issues in trade policy matters, saying such

considerations might result in banning trade in cholesterol-laden cookies "or hormones in red meat. . . . U.S. trade policy is not in the business of picking winners or losers in terms of products."

After the hearing, two lobbyists for Philip Morris wrote a memo to their boss praising her testimony. "The best witness we had was USTR Representative Sandy Kristoff . . .," they wrote. "She was tremendously effective." Kristoff, who now serves on the staff of the National Security Council, declined to be interviewed.

Eyeing New Markets

When anti-smoking activist Gregory Connolly toured Asia in 1988 he was astonished by how entrenched American cigarettes already had become. In Taipei he discovered 17 billboards advertising foreign cigarettes within sight of a local high school. In Bangkok he was shown student notebooks decorated with the Marlboro logo. In Manila he took photographs of jump boys huddling in an alley smoking Marlboros. Afterward, he protested to Filipino health activist Phyllis Tabla: "You've got to do something about this!"

Her reply: "Don't lecture us! It's not us! It's you!"

Philip Morris was so delighted with the success of the 301 cases that when Yeutter left USTR in 1989 to become secretary of agriculture in the Bush administration, the company threw a celebration in his honor at the Decatur Club here. When critics raised questions about the reception, Yeutter told the Senate Agriculture Committee: "It's unfortunate that when people try to say thank you, it becomes a potential conflict of interest issue, but that's the way the world is these days."

Looking back, Yeutter said he now feels the reception was a mistake. "Philip Morris shouldn't have done it," he said. "They were simply trying to be gracious. . . . It simply was not good judgment on their **part.** And in retrospect I probably should have done more to discourage it."

Today Yeutter practices international trade law from a corner office at Hogan & Hartson, Washington's largest law firm. He also sits on the board of British-American Tobacco (BAT), the British-based tobacco conglomerate that owns Brown & Williamson, the Louisville-based cigarette manufacturer that was one of the participants in the 301s. He insists he has not changed his mind about the dangers of smoking. But cigarettes remain a legal product, and, he says, BAT is an excellent, well-run company that he is proud to serve.

When Yeutter moved to Agriculture, incoming President Bush appointed Carla Hills, a highly regarded lawyer and former housing and urban development secretary, to succeed him at USTR. One canny political pro replaced another. And USTR set its sights on opening more cigarette markets in Asia.

Next on the agenda was Thailand.

Conditions there were similar to those in Japan, South Korea and Taiwan: a very promising market in a country undergoing explosive economic growth; a state-run monopoly; tight restrictions on imported cigarettes; an advertising ban purportedly based on health claims.

After their success in Japan, South Korea and Taiwan, officials were highly optimistic about Thailand.

The Thai Finance Ministry already was holding discussions about opening its market.

Thailand, both U.S. officials and industry representatives agreed, would be easy.

Only they were wrong. As they were about to find out, in pressing on into Thailand, Washington and the industry had gone a country too far.

Research librarian Mary Lou White contributed to this report.

ABOUT THIS **SERIES**

This series of stories -- based on reporting in Bangkok, Beijing, Boston, Hong Kong, Kiev, New York, Taipei and Washington -- focuses on American tobacco's watershed move overseas. It is based on interviews with many of the principals, government records and memos from the files of the U.S. government and the tobacco industry, some of which have never been disclosed before.

Today: How the industry enlisted the Reagan and Bush administrations to break open closed monopoly markets in Asia.

Monday: How one little country, Thailand, unexpectedly fought back and set off a backlash that helped create a growing tobacco control movement in Asia.

Tuesday: How the companies have set their sights on the ruined economies of the former East Bloc, where they have brought millions of investment dollars and a take-charge enthusiasm to societies as starved for optimism as they are for cash.

Wednesday: How China with its 300 million smokers has become the supreme battleground between the industry and the anti-smoking movement.

GRAPHIC: Photo, michael williamson; Illustration ; Photo, U.S. CIGARETTES BREAK INTO ASIAN MARKETS At a time when one arm of the U.S. government was constantly warning Americans about the dangers of smoking, and cigarette consumption declined, another arm was helping American tobacco companies open Asian markets. Officials claimed that only protective trade policies were at issue, not the health consequences of enticing thousands of Asians to smoke American cigarettes. As cigarette consumption in the United States declined, American **exports** grew steadily. The World Health Organization estimates that 1.1 billion people smoke, about one-third of the global population aged 15 and older. Estimated number of smokers in millions: Developed countries Men 200 Women 100 Developing countries Men 700 Women 100 Leading international brands In billions of cigarettes sold* outside the American market in 1994. Marlboro (Philip Morris) 260 Mild Seven (Japan Tobacco) 127 Winston (R.J. Reynolds) 54 L&M (Philip Morris) 40 Camel (R.J. Reynolds) 36 Benson & Hedges (PM/British American Tobacco/AB) 31 Gaulloise (Gaulloise) 31 Bond Street (Philip Morris) 27 SE555 (British American Tobacco) 25 Philip Morris (Philip Morris) 25 *Some of the U.S.

brands are manufactured abroad. TARGETS OF AMERICAN CIGARETTE **EXPORTS** IN THE 1980s China S. Korea Japan Taiwan Thailand SOURCES: USDA, WHO, Philip Morris Clothing and other paraphernalia that advertise U.S. cigarette brands are symbols of sophistication and affluence throughout the newly opened markets in Asia. Galloping market: A worker puts finishing touches on a giant billboard advertising Marlboro cigarettes in Hong Kong. Trafficking in tobacco: A "jump boy" prepares to hop into the street and try to sell packs of cigarettes to passing drivers and pedestrians in Manila.

LANGUAGE: ENGLISH

LOAD-DATE: November 17, 1996

LEVEL 1 - 4 OF 5 STORIES

The Washington Post

November 18, 1996, Monday, Final Edition

SECTION: A SECTION; Pg. A15

LENGTH: 1345 words

HEADLINE: White House Finds Anti-**Tobacco** Pledge Not So Easy to Keep

BYLINE: Glenn **Frankel**, Washington Post Staff Writer

BODY:

Two years after the decision in the Thailand case, the Clinton administration came into office promising a new approach to cigarette trade disputes: Washington no longer would go to bat automatically for the American **tobacco** industry, or stand in the way of foreign governments imposing genuine health restrictions on cigarettes.

The point man for the new policy was Clinton's trade representative, Mickey Kantor. A California lawyer who had worked on **tobacco** litigation and whose firm had represented Philip Morris Inc., Kantor came to office determined to demonstrate his independence from the industry. "We will not challenge the health-based regulations of other countries as [they] were challenged in the past concerning **tobacco** products," he declared early on.

But the old policy has proven more resilient and the administration more ambivalent than public health activists had hoped. And in the case of a controversial **tobacco** control law introduced in Thailand after the GATT ruling, U.S. officials took the side of the industry -- a stand diametrically opposed to that of the government's chief anti-smoking official.

In 1992 the Thai government enacted an ingredients-disclosure law that requires **tobacco** companies to divulge the contents of their products. Its purpose was to alert Thai smokers to possibly harmful additives that companies use to boost flavor and, according to critics, increase the effect of addictive nicotine.

Thai public health activists such as Prakit Vateesatokit and Hatai Chitanondh have demanded since then that the companies disclose ingredients by brand -- and Thailand's cabinet finally approved their proposal two months ago. But the industry has waged an intense lobbying campaign against the measure, arguing that such a detailed disclosure to the Thai government would fall almost immediately into the hands of the Thai state **tobacco** monopoly, which could then create its own versions of the American brands. Instead, the industry has insisted on submitting only companywide lists of ingredients, as is required in the United States.

The U.S. Embassy in Bangkok sided with the companies. "The chances of the list being kept confidential are almost nil," one diplomat said earlier this year.

In September 1993, at the industry's behest, David E. Lambertson, the U.S. ambassador to Thailand, informed the Thai public health minister in a letter that "the recipe of ingredients for a cigarette brand represents extremely valuable intellectual property" and pleaded with him to accept a compromise stipulating disclosure by company. And last year the embassy's economic counselor forwarded to the Thai Council of State a 15-page report from Philip Morris challenging the regulation.

But while the embassy was urging Bangkok to adopt the looser U.S. standard, the director of the U.S. Office on Smoking and Health was advising Thai officials to stick to their more stringent one. "We would recommend that you not use the current U.S. law as an example in drafting regulations," Michael Eriksen advised his Thai counterpart in an August 1992 letter. Eriksen said U.S. law was "insufficient for any meaningful analysis of the health effects" of the ingredients and suggested that Thailand instead adopt a far more stringent disclosure rule used in Canada.

Kantor appeared to side with the companies, telling the National Journal in October 1995 that the administration was prepared to protect their intellectual property rights. But U.S. trade officials now contend the embassy went too far in opposing the ingredient disclosure proposal and say they are only seeking more information from Bangkok about the proposal.

"The embassy made a mistake in taking upon itself to interpret a fairly complex agreement," said a senior trade official, who requested his name not be used. "At this point we've told the embassy that while we want them to monitor the situation, we don't want them advocating on this issue."

The confusion over ingredients disclosure illustrates the difficulty that even an avowedly anti-smoking administration has in dealing with cigarette trade issues. "Our position . . . is that we will not intervene in any countries where there are legitimate and nondiscriminatory health standards in place," said Philip Ziegler, spokesman for the trade representative's office. "At the same time, we do still have a legal obligation to intervene in any country where U.S. products are being discriminated against."

Public health advocates had hoped that any contradictions in the U.S. position would be reconciled by a special interagency group set up in 1993 to review **tobacco** trade policy. Its white paper was supposed to be completed by summer 1994 but never appeared. "We realized that essentially what was coming out of that discussion was nothing different than what had already been enunciated as the policy of this administration," said the senior trade official.

Supporters of **tobacco** control are not satisfied with that explanation. "We'd still like to see a clear and unequivocal statement of support for making health a priority in **tobacco** trade policy," said John Bloom, a longtime activist for the Center for **Tobacco**-Free Kids.

Anti-smoking advocates also would like to see the Clinton administration release Japan, South Korea and Taiwan from cigarette trade agreements they made under pressure of trade sanctions during the presidencies of Ronald Reagan and George Bush. U.S. trade officials eased conditions on South Korea last year, but

only after hard-fought, year-long negotiations. "These agreements violate our sovereignty and have made it harder for us to get good **tobacco** control measures in our countries," said David Yen, a Taiwanese public health activist.

Commercial officers in U.S. embassies abroad say they have been advised to be less aggressive in helping **tobacco** companies expand overseas and ordered not to promote American cigarettes. But there are no written rules governing how far they should go in handling requests from the industry. "Different attaches have different approaches," said Kenneth Howland, director of the Agriculture Department's **Tobacco,** Cotton and Seeds Division and a former embassy staffer. "There are no clear guidelines."

In opening markets in Eastern Europe since the fall of communism, the industry has not sought the intervention of U.S. trade officials the way it did in Asia in the 1980s. Nonetheless, anti-smoking activists contend embassies still often side with the companies. Alfred H. Moses, the U.S. ambassador to Romania, drew complaints when he attended the opening of a new R.J. Reynolds plant in Bucharest two years ago and declared, "I'm sure that Camel and the other splendid products of the R.J. Reynolds Co. will prosper in Romania."

Witold Zatonski, a Polish cancer specialist who is the unofficial leader of the **tobacco** control movement in Eastern Europe, said anti-smoking conferences dispatched letters to Presidents Bush and Clinton pleading for support but received no reply. The U.S. ambassador to Poland has declined invitations to attend news conferences held by Zatonski and his colleagues.

"I feel strongly that the United States has only helped Philip Morris but has never really helped us," Zatonski said in an interview. "At the least, we would like to see President Clinton have the same policy for Polish children that he has for American children."

The companies themselves decline to criticize the administration, even though they are at odds with the White House over domestic **tobacco** issues.

"American trade policy has not changed in this arena," said Owen C. Smith, general counsel and vice president of Philip Morris and a longtime specialist in **tobacco** trade issues. "The United States has always been very clear -- in all of the administrations -- that it will not tolerate other countries discriminating against U.S. exports in any industry. That is our policy today. . . . It was the policy of the previous administration [and] the administration before that."

LANGUAGE: ENGLISH

COUNTRY: THAILAND;

LOAD-DATE: November 18, 1996

LEVEL 2 - 9 OF 15 STORIES

The Washington Post

November 18, 1996, Monday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 4037 words

HEADLINE: BIG **TOBACCO'S** GLOBAL REACH; Thailand Resists U.S. Brand Assault; Stiff Laws Inspire Other Asians to Curb Smoking

SERIES: big tobacco's global reach; Pg. 2/4

BYLINE: Glenn Frankel, Washington Post Staff Writer

DATELINE: BANGKOK

BODY:

Second of Four **Parts**

The first thing Prakit Vateesatokit noticed were the billboards. The broad cowboy vistas and the chiseled features of the Marlboro Man sprouted suddenly in the summer of 1985 along the main highway to Bangkok International Airport, followed a few months later by full-color ads in Thai newspapers and magazines.

More disconcerting were the T-shirts, kites, baseball caps and school notebooks that began appearing with the Marlboro trademark. Philip Morris Inc. denied making or distributing these items and accused pirates of stealing the company logo. But it seemed to Prakit, a doctor and a leader of Thailand's fledgling anti-smoking movement, that someone was targeting children specifically to familiarize them with the brand.

All of it was a bit strange because Thailand's rules effectively banned the import of foreign cigarettes, and the only American brands available for sale were either in the duty-free shop at the airport or smuggled packs sold under the table by small-time street vendors. Then, in March 1989, Prakit learned to his surprise that after three years of secret talks, the Thai Finance Ministry was on the verge of approving a deal with the U.S. Trade Representative's Office that would open the country's markets to American brands. American **tobacco** was poised to enter a new and thriving market.

What Prakit witnessed was the beginning of a full-scale assault. Just as they had in three other promising Asian markets, the U.S. big three cigarette companies -- Philip Morris, R.J. Reynolds and Brown & Williamson -- had targeted Thailand and enlisted Washington's help in prying it open for their products. Following a carefully planned strategy, they started by softening the Thai market with advertisements and sponsorships, then applied U.S. government pressure and the threat of trade retaliation as stipulated by Section 301 of the U.S. Trade Act. After previous successes in Japan, South Korea and Taiwan, the companies were anticipating another triumph. Owen C. Smith, a Philip Morris executive who spearheaded the industry's campaign, said the companies hoped to

ring up at least $ 150 million in cigarette sales from Thailand within a few years.

It did not happen. Instead, a handful of determined Thai health officials and doctors resisted the assault and rolled it back. Led by Prakit and fellow physician Hatai Chitanondh, a senior official in the Thai Public Health Ministry, the counterattack was aided by anti-smoking activists from other **parts** of Asia and from the United States. Invoking Thai nationalist sentiment and economic self-interest, they enlisted the support of the government and the state-run tobacco monopoly. They got themselves appointed to the official delegations that fought U.S. trade demands and pleaded Thailand's case before the World Trade Organization (WTO) in Geneva. There they made an impassioned health argument that won acceptance by the panel.

Technically speaking, the tobacco industry won. The Geneva panel agreed that Thailand's ban on imported cigarettes violated the General Agreement on Tariffs and Trade (GATT), and Bangkok voluntarily lifted the ban on foreign brands in 1990.

But in practical terms, Thailand won an enormous victory. Today it boasts some of the strongest anti-smoking laws in the world. And imported cigarettes still account for less than 3 percent of the legal Thai market, a far cry from the 25 percent anticipated by U.S. firms. Big Tobacco's dreams for Thailand never came true.

Thailand's resistance campaign played a crucial role in creating the anti-smoking movements that are taking root today throughout Asia. Countries as diverse as China, Japan, Taiwan, Mongolia and South Korea are adopting tough tobacco control laws that restrict advertising and sales of cigarettes, although sales for the most **part** are still increasing. And the Thai case also led to the first break in solidarity between U.S. trade officials and American cigarette **exporters.**

Still, Asian public health activists contend that even under the Clinton administration Washington remains a reluctant ally of the tobacco industry when it comes to foreign markets (see story on Page A15). In recent years, U.S. officials retarded efforts to ban cigarette advertising in Taiwan and South Korea and opposed Thailand's attempt to require manufacturers to disclose the ingredients they use in their brands.

Despite the progress the anti-smoking movement has made in Asia, the tobacco industry still predicts its sales will increase through the turn of the century on much of the continent. Public health activists say they are up against not just American companies but a socioeconomic wave of modernization, urbanization and growing affluence that has given Asian women and young people more independence, more money and more impetus to smoke. In many ways, activists are struggling against history. But it was in Thailand that health advocates proved Big Tobacco was not infallible.

"I don't think the companies expected any real opposition," said Judith Mackay, a Hong Kong-based anti-smoking campaigner. "They thought they could come in and have a free ride. But in the end the 301 cases [cases threatening trade retaliation under the U.S. Trade Act's Section 301] probably did quite a lot of good because they galvanized people. They united people in Asia in outrage. And Thailand was the key."

The Campaign Begins

Prakit Vateesatokit was 45 years old in 1989, a man with a quick, wide grin and long, jet-black hair that made him look far younger. But the smile was deceptive. Behind it was a deep reservoir of anger and disgust, all of it focused on one subject: the damage done to the human lung by the act of smoking.

Trained in Bangkok and at the New Jersey College of Medicine in Newark, Prakit specialized in chest and lung diseases, chairing the department of medicine at Ramathibodi Hospital and medical school here and operating his own private practice as well. Most of his patients were heavy smokers, many of them suffering from chronic emphysema, a slow ticket to the grave. Each night Prakit would go home to his wife and three sons for dinner, then drive to nearby Hyathai Hospital to look in on his stricken patients.

"With lung cancer at least they go quickly," he said as he toured the hospital on a steamy Bangkok night recently. "But most of my patients stay in the hospital for years and years on the ventilator, and they die very, very slowly. There came a point when I began to feel it was all very stupid, very unnecessary, and that my work as a doctor trying to help these people was totally useless."

In the early 1980s, Prakit became involved in Thailand's fledgling tobacco control movement. He helped push public efforts to require health warnings on cigarette packs and restrict smoking in public places. But when the Ramathibodi medical school dean asked him to organize a new anti-smoking campaign in 1986, he was reluctant.

"I had worked in tobacco control on and off for 10 years and nothing much had happened," he recalled. "But my dean said this time it will be different. He said I'd get a secretary and some funding. He would not allow me to say no."

Prakit's new office opened its doors at a pivotal moment. The U.S. Cigarette **Export** Association -- which represents the three largest American tobacco companies -- was pressing the U.S. government to turn its attention to Thailand. The Royal Kingdom operated a typical, state-protected cigarette industry. Lurking behind high tariff walls, the Thai Tobacco Monopoly was run directly by the Finance Ministry, and its profits and revenues provided a substantial **part** of the government's annual budget.

The monopoly did not have to advertise or work hard for market share -- indeed, in 1988 at the urging of Prakit's organization, the government banned all advertising of tobacco products. More than 60 percent of Thai men and just 6 percent of Thai women smoked. They were in effect a captive market. There was a substantial black market in Marlboros and other foreign brands, but the state monopoly dominated.

For Smith, a veteran trade lawyer for Philip Morris who served as president of the **export** association, Thailand was an irresistible target. In 1985 the country began a remarkable decade of double-digit economic growth that remains among the world's highest. American franchises such as McDonald's, Baskin-Robbins and Radio Shack all established beachheads. Still, their products were a drop in the trade bucket. Thailand, with its cheap textiles, jewelry, processed food and electronic components, had a $ 2 billion annual trade surplus

with the United States. And the Americans were keen to get some of it back.

Smith saw a sleepy, bloated state tobacco monopoly ripe for challenge. As it had in the past, his association turned to the Office of the U.S. Trade Representative (USTR) for help. Thailand "didn't have a case and they didn't have any justification" for keeping out American cigarettes, he said.

In March 1989, Hatai, then deputy permanent secretary in the Thai Public Health Ministry, was tipped off by a friend in the Finance Ministry about an impending deal with U.S. officials. Hatai, who was trained as a neurologist, had developed a hatred of tobacco in his job as a public health official. Hatai's cabinet minister was away in London, but rather than wait, he decided to act on his own, denouncing "tobacco colonialism" at a news conference. Within days, Prakit and other anti-smoking activists had joined in protest, along with tobacco farmers and cigarette factory workers.

Bowing to pressure, the finance minister put the deal on hold. Shortly after, Smith's association filed an unfair trade practices complaint with USTR. In the petition, the companies demanded the right to import, sell and distribute cigarettes in Thailand. They also insisted that Bangkok lift its advertising ban so they could promote their products "in order to overcome years of exclusion from the market." The petition said the ad ban was motivated not by health considerations but by a need "to put imported products at a competitive disadvantage." Smith held a news conference in Washington at which he lumped Thailand with Syria and Iran as the only three noncommunist countries that banned U.S. imports.

Carla Hills agreed with Smith's argument. Like her predecessor, Clayton Yeutter, the new head of USTR was a nonsmoker; indeed, one of her first acts was to declare the Winder Building, USTR's Civil War-era headquarters on 17th Street NW, a no-smoking zone. But Hills believed that Thailand was shutting out foreign cigarettes merely to shelter its own state-run monopoly. Her stance was endorsed by a coalition of tobacco and farm state senators in a letter signed by Jesse Helms, Robert J. Dole, Al Gore and 16 others.

"I do believe there are health problems with cigarettes, but I'm not [the Food and Drug Administration]," Hills said in a recent interview. "My job was to enforce statutory requirements for USTR and remove trade barriers. Any market that wants to declare a ban against cigarettes, that's great, but countries that have their own industries should treat foreign companies no different than domestic ones."

In April 1989 Hills accepted the case under Section 301, a provision that gave Thailand a year to comply or face retaliatory sanctions. USTR officials quickly began drawing up lists of Thai products to target. Spokesmen for those products -- jewelry, textiles, furniture and processed food -- met with Thai trade officials to plead for a peaceful resolution. But a phalanx of Thai public health officials and representatives of the tobacco monopoly, in an opportunistic marriage of interests, stood fast in opposition. The Bangkok government, which two years earlier had been forced to resign over trade issues, was not prepared to defy this coalition.

A Veteran Joins the Fight

A few weeks after the complaint was filed, Prakit traveled to Taiwan to

attend the first meeting of the Asia-Pacific Association for Control of Tobacco. There he met a number of veteran anti-smoking activists for the first time, including Gregory Connolly, head of the Massachusetts Tobacco Control Program and a representative of the American Public Health Association, who had become an avowed enemy of the tobacco industry after his sister died of lung cancer.

Connolly listened to Prakit describe Thailand's struggles with the 301 complaint and pleaded with him to hang tough. "Whatever you do," he told Prakit, "don't let the Americans in. They'll launch an incredible advertising campaign, and they'll get Thai women and children to smoke."

Under Connolly's tutelage, Prakit received a crash course in the international politics of tobacco. Soon the lone fax machine at Ramathibodi Hospital was humming with newspaper articles, reports and ideas. Connolly persuaded Prakit to apply to USTR for a public hearing, something the agency had not held in any previous 301 case. Connolly also helped form a Thailand task force in Washington that included representatives of various American anti-smoking groups, which began pressuring USTR for the hearing.

Prakit used personal connections with the Commerce Ministry to get himself appointed to the official Thai delegation for the first session with USTR negotiators in late July 1989. Although Peter Collins, the head of the U.S. delegation, insisted in his opening remarks that the issue was strictly a matter of trade, not health, he reluctantly agreed to allow Prakit to participate.

The atmosphere was tense. The USTR delegation was so afraid of public protests that Collins insisted on holding the sessions in the town of Pattyar, a two-hour drive from Bangkok, and Thai officials say he refused to allow local television crews to film the opening of the meeting. At the first session, USTR asked a **series** of questions on how the state tobacco monopoly was run and how taxes were collected. Then Prakit gave a history of the Thai anti-smoking movement and the cigarette ad ban.

Prakit was not informed of later negotiating sessions, and a Thai official told him that the USTR team had insisted he be dropped from the delegation. At around this time he also stopped receiving invitations to attend social events at the U.S. Embassy in Bangkok.

A few weeks later, Prakit received a letter from USTR granting a public hearing and inviting him to appear. Connolly was delighted. He saw the hearings as a golden opportunity for the anti-smoking movement to make its case. But Prakit was terrified at the notion of being interrogated by lawyers in public. "In Thailand the patient never sues," he said. "The whole idea of a public hearing was very scary to me."

The hearing, held in September 1989, was a turning point. Hills and USTR, usually lauded in the press, suddenly found themselves portrayed as handmaidens of Big Tobacco. No USTR witnesses appeared at the session. Instead the agency was defended by Philip Morris's Smith and a handful of tobacco state lawmakers. They were opposed by a parade of advocates from every major American public health group as well as former surgeon general C. Everett Koop and congressional critics. "It is my firm belief that America's dark secret of cigarette promotion overseas cannot survive in the sunshine of public scrutiny," testified Rep. Chester G. Atkins (D-Mass.).

Prakit testified that the Thai government was opposing imported cigarettes not merely at the bidding of the state tobacco monopoly. Using slides and reading a text in English, he sought to convince the panel that an authentic anti-smoking movement existed in Thailand.

Faced with growing pressure and working for George Bush, a president who seemed less inclined than Ronald Reagan to go all out for tobacco, Hills broke precedent. She suspended the 301 procedure and referred the Thailand case to the WTO in Geneva for adjudication under the provisions of GATT.

Smith opposed the move -- he feared the process could be time-consuming and knew the industry would have little or no leverage over the GATT hearing's panel. In a pointed letter to USTR, Smith's association called Hills's decision "unnecessary, unprecedented, unsuccessful and against the interests of United States **exporters.**"

Hills did not budge. "I believed that where you have an international rule that governs trade you ought first to use it before you apply unilateral sanctions," she recalled. It was the first clear break between Washington and the tobacco industry on a cigarette trade issue.

Still, the industry saw no reason to panic. Article XI of GATT unequivocably prohibited signatory countries from banning or discriminating against other countries' products and gave the panel the power to order changes in governmental policies. The United States argued that Thailand's import licensing restrictions and discriminatory taxes amounted to an improper restraint of trade. And because Thailand **exported** cigarettes elsewhere in Asia, the U.S. brief dismissed the health argument as incongruous.

Prakit had never heard of GATT before Hills announced her decision. But he and Hatai, his colleague, wrangled appointments to the official Thai delegation in Geneva. In February 1990 they took an all-night flight from Bangkok. Prakit had borrowed a copy of the GATT treaty from a friend, and when they arrived at the Rome airport at 5 a.m. for a two-hour layover, he began reading. His tired eyes were blurry, but he came upon a clause in the preamble that woke him up. It summed up the reasons for the agreement: " . . . recognizing that their relations in the field of trade and economic endeavor should be conducted with a view to raising standards of living, ensuring full employment and . . . developing the full use of the resources of the world."

In other words, as he read it, the purpose of GATT was to promote health and welfare. Yet cigarettes undermined both.

"I think we've got something to argue," he told the leader of the delegation.

The U.S. delegation had not enlisted a health expert for its team; instead, it marshaled the tobacco industry's standard arguments -- claiming, for example, that American cigarettes were healthier than Thai products because they contained less tar.

Connolly, serving as an expert witness for the World Health Organization, replied, "It's like jumping from the 10th floor versus the seventh floor. At the end, all cigarettes, in any way, shape or form, will eventually kill you."

In November 1990 the GATT panel concluded that Thailand's failure to allow imported cigarettes was indeed a clear violation of Article XI. At the same time, however, the panel ruled that smoking constituted such a serious health risk that Thailand justifiably could restrict cigarette sales and ban advertising, as long as it applied the rules equally to both domestics and imports. The health testimony proved decisive: The panel's report included four pages of Connolly's testimony virtually verbatim.

Hills and USTR declared the GATT decision a victory. But they also quietly dropped their demand that Thailand allow cigarette ads. The two governments reached an agreement two days before the Nov. 25 deadline set by the 301 complaint.

Prakit and Hatai were advised in advance by friends in the Commerce Ministry to prepare a new tobacco control law to cushion the public health impact. With help from Connolly and other American activists, they drafted one of the world's strictest anti-smoking codes.

The Tobacco Products Control Act bans all cigarette advertising, as well as sales to young people. No cigarette promotions or free samples are allowed. Cigarette packs must prominently display one of 10 health warnings. Another provision requires companies to disclose to the Public Health Ministry the ingredients and additives in each of their brands.

A second law, the Non-Smokers Health Protection Act, bans smoking in most public places. In effect, the new laws meant that while American tobacco companies were allowed to enter Thailand, they were denied the tools they traditionally use to attract new customers.

Smith was philosophical about the outcome of the Thailand case. "It's a little bit like making sausage," he said in a recent interview. "No result of a trade negotiation is likely to be perfect."

Hatai still wages a one-man campaign against new incursions. When Japan Tobacco introduced cigarette cartons and packs with pictures of Thai Buddhist shrines, Hatai led a protest at the Japanese Embassy. The shrine photos quickly were withdrawn. Hatai personally patrols restaurants and tobacco shops, confiscating ashtrays, napkins and anything else that displays the trademarks and logos of cigarette brands.

Nonetheless, Hatai has a folder full of charts and statistics suggesting that after a decade of fervent tobacco control efforts, smoking is increasing among Thai teenagers. "I still don't think we are winning this war," he said.

"It's not like fighting tuberculosis. There you know if you have a good antibiotic you have won more than half the battle. But in tobacco control there's no antibiotic. Once you have the tobacco companies inside your country, you have to fight them all the way and all the time. It never ends," Hatai added.

Thailand's success reverberated throughout Asia.

Asian Backlash

Led by a handful of activists in each country, the anti-smoking movement began to push for higher tobacco taxes, warning labels on cigarette packs, disclosure of tar and nicotine data, as well as restrictions on cigarette advertising and promotion, sales to young people and smoking in public places. By 1995, 33 of 35 Asian countries had tobacco control laws on their books, according to Mackay, the Hong Kong-based anti-smoking campaigner.

Those laws were prompted not just by health concerns but by a sense of righteous Asian nationalism. According to a widespread conviction, the United States and Europe were seeking to inflict death and addiction on Asia in a replay of the opium wars of the 19th century.

"America has given us so many good things over the years," said David Yen, a Taiwanese businessman who founded the John Tung Foundation in Taipei after his own brush with cancer cost him a lung and caused him to quit his two-pack-a-day habit. "We think it's a pity that with so many wonderful products to sell, you have insisted on pushing disease instead."

Japan, South Korea and Taiwan all had signed binding 301 agreements with the United States that not only allowed American brands into their markets but permitted certain forms of advertising and set tax limits. Now they pressed for Washington's consent in amending the pacts. But U.S. trade officials again sided with the industry, delaying or defeating tobacco control measures in all three countries.

For example, when Taiwanese health officials sought a total advertising ban to counteract an alarming increase in high school smoking rates after American brands entered the country in 1988, USTR officials objected. Reciting the industry's arguments, U.S. officials argued that such a ban would not reduce cigarette consumption and did not qualify as a health measure. Officials also again raised the threat of opposing Taiwan's application to join GATT. The proposed ban has since been bottled up by pro-tobacco forces in the Taiwanese parliament.

While Asia remains a market of great promise for international tobacco companies, their growth is being challenged at every step by increasingly aggressive and self-assured tobacco control campaigners. By contrast, there is another region where public health movements are frail and where governments are not just willing but desperately eager for the industry, its brands and its money.

With the fall of the Soviet Union and the collapse of communism, Eastern Europe put out the welcome mat for Western products, technology and investment capital. While other Western companies hung back, wary of the risks involved in entering the ruined economic landscape, the tobacco industry moved swiftly and boldly through the newly opened door.

GRAPHIC: Photo, glenn frankel; Illustration, The Washington Post, ABOUT THIS **SERIES This series** of stories -- based on reporting in Bangkok, Beijing, Boston, Hong Kong, Kiev, New York, Taipei and Washington -- focuses on American tobacco's watershed move overseas. It is based on interviews with many of the

principals, government records and memos from the files of the U.S. government and the tobacco industry, some of which have never been disclosed before. Sunday: How the industry enlisted the Reagan and Bush administrations to break open closed monopoly markets in Asia. Today: How one little country, Thailand, unexpectedly fought back and set off a backlash that helped create a growing tobacco control movement in Asia. Tuesday: How the companies have set their sights on the ruined economies of the former Eastern Bloc, where they have brought millions of investment dollars and a take-charge enthusiasm to societies as starved for optimism as they are for cash. Wednesday: How China, with its 300 million smokers, has become the supreme battleground between the industry and the anti-smoking movement. ASIA'S SMOKERS DEVELOPMENT OF CIGARETTE CONSUMPTION IN ASIA over the past two decades, ranked in order of fastest increase CIGARETTES SMOKED PER PERSON AGE 15 OR OLDER 1970-72 1980-82 cigarettes *rank cigarettes *rank per year per year Country China 730 72 1,290 56 Indonesia 500 83 950 72 South Korea 2,370 20 2,750 15 Bangladesh 510 81 630 82 India 1,010 62 1,310 55 Japan 2,950 12 3,430 5 Thailand 810 69 1,080 66 Malaysia 1,400 42 2,050 30 Philippines 2,010 27 2,190 27 Singapore 2,510 17 2,550 20 1990-92 places move

LANGUAGE: ENGLISH

COUNTRY: THAILAND;

LOAD-DATE: November 18, 1996

LEVEL 2 - 8 OF 15 STORIES

The Washington Post

November 19, 1996, Tuesday, Final Edition

SECTION: A SECTION; Pg. A01

LENGTH: 3323 words

HEADLINE: In Ex-Soviet Markets, U.S. Brands Took On Role of Capitalist Liberator

BYLINE: James Rupert; Glenn Frankel, Washington Post Staff Writers

BODY:

In the summer of 1990, the Soviet Union's terminal economic crisis descended upon the product that many Russians considered their most irreplaceable: cigarettes. Faced with mass shortages of Soviet-made brands, angry smokers in Moscow, Leningrad, Kiev and other Soviet cities staged the protests that became known as the **tobacco** rebellion. A desperate President Mikhail Gorbachev fired the minister in charge of the industry and pleaded with the West for help.

To the rescue rode Philip Morris and R.J. Reynolds.

In return for cash and barter goods, the American **tobacco** giants agreed to deliver 34 billion cigarettes -- the single biggest **export** order in their history. The crisis abated, and Gorbachev and the old order helped buy themselves an extra year in power. And the companies achieved an important foothold in a vast market that for decades had kept them tightly restricted or had shut them out altogether.

Since then, the American companies and their European counterparts have swept across Eastern Europe and the republics of the shattered Soviet Union, buying up failing state-owned enterprises and ancient factories, launching mass advertising campaigns and asserting broad influence over new governments and political leaders. In the process, they have laid the foundation for a Western-owned tobacco industry in a vast market that may someday surpass the shrinking markets of the United States and Western Europe.

Big Tobacco's entry into Ukraine, one of the largest former communist markets, is in many ways typical. While other Western industries hung back, scared off by Ukraine's formidable bureaucracy, chaotic laws and unstable currency, Philip Morris Inc., R.J. Reynolds Tobacco Co. and Reemtsma, the giant German tobacco conglomerate, moved in quickly, buying up shares in the new nation's five largest cigarette factories and capturing 75 percent of its manufacturing capacity.

Their billboards became a regular feature of Kiev's urban landscape, and they launched advertising campaigns that provided much of the revenue that kept the state-run broadcast industry afloat. And when the country's small but active anti-smoking movement persuaded parliament to pass a ban on tobacco ads, the industry responded with a well-financed lobbying campaign that recently overturned the ban.

The results are visible throughout Ukraine: Billboards for the Marlboro Man and the rugged Lucky Strike motorcyclist are back; ads for American brands again dominate the country's coffee shops and trolley cars, and the brands' brightly painted logos adorn posters, T-shirts and shopping bags. And while the companies have yet to see the kind of profits that would justify their vast investment in Ukraine, they have great hopes for the future. "It's risky . . . but the potential is huge," said Ronnie Lindquist, general director of Reynolds in Ukraine.

When the tobacco companies went to the thriving but closed markets of East Asia in the 1980s, they went as invaders, using the full weight of the U.S. government and the threat of trade sanctions as a weapon to force their way in. But as their 1990 Soviet rescue mission illustrates, they went to the ruined economies of the former Soviet empire as self-styled liberators and capitalist pioneers, bringing hundreds of millions of investment dollars, advanced technology and a dynamic, take-charge enthusiasm to societies that are as starved for optimism as they are for cash.

"We have enormous opportunities to use the tobacco industry as a powerful force for improving the economic and social well-being of this **part** of the world," said James W. Johnston, then chairman of Reynolds, in a Moscow speech last year that captured the spirit the industry is trying to project.

Opponents see it very differently. Public health officials contend the industry is preying upon a set of supine and vulnerable societies still recovering from the collapse of the Soviet empire, selling a product that kills more people than any other in the world. These critics argue that the companies are using their advertising and marketing skills to addict a new generation of young people while riding roughshod over the fledgling tobacco control movements that are struggling to take root throughout the region.

"They are very clever, very powerful, very intelligent and very experienced, and we are a very small group without any money," said Witold Zatonski, a Polish cancer specialist who has emerged as the unofficial leader of Eastern Europe's anti-smoking movement.

The American tobacco industry operates abroad in many different forms. In Asia, its point men were lawyers wielding legal briefs to force open restricted markets. In Eastern Europe, fast-talking entrepreneurs spearheaded a mass buying spree in the early 1990s. And in Kiev, the industry's newest agent is a young Ukrainian American advertising executive from Chicago who engineered its victory over the tobacco ad ban. While the companies hailed their campaign as a triumph for freedom of speech, its success illustrates the power that the industry and its allied advertising agencies and financial consultants wield in new economies eager for their money and susceptible to their influence.

World's Greatest Smokers

No one smokes more cigarettes per capita than East European men -- and no one has higher rates of tobacco-related ailments, such as lung cancer and respiratory disease. Ukraine and the other states of the former Soviet Bloc constitute the second largest tobacco market in the world after China -- 40 percent larger than the U.S. market.

For more than three decades, American companies sought a foothold in the region's cigarette trade through cooperative agreements and other arrangements, but Communist governments kept them small, constricted and under tight state control. When the Berlin Wall came down in 1989, however, the companies were free at last to make their move.

Philip Morris led the way, committing more than $ 1 billion to acquire plants in the region.

The industry as a whole -- including Philip Morris, Reynolds, Reemtsma and British-American Tobacco, the British parent of American cigarette maker Brown & Williamson -- made commitments exceeding $ 2 billion. That sum made the tobacco industry by far the largest investor in the former Soviet Bloc. Five years ago, Reynolds sold no cigarettes in the former Soviet republics; today, it sells 50 billion a year.

When Philip Morris hired former British prime minister Margaret Thatcher as a **part**-time consultant on a three-year contract reportedly worth $ 2 million, one of her first tasks was to travel to Kazakstan to help persuade its leaders to sell a major stake in its state tobacco company to Philip Morris. Analysts project that within the next decade Western companies will gain control of the entire East European cigarette market.

Ukraine's cash-strapped cigarette industry had virtually no experience in dealing with Western firms. Still, local factories and the U.S. companies seemed to jump into each others' arms. "The Ukrainian tobacco industry has a higher share of privatized entities and foreign investment than any other sector of the [Ukrainian] economy," the U.S. consulting firm Deloitte & Touche noted in a 1995 study. Foreign firms "are expected to invest more than $ 520 million" by 1999, the study said.

When the foreign companies arrived, they were dismayed to find a ragged collection of ancient brick factories with wheezing machinery that churned out harsh, poor-quality cigarettes. The plants were "a real mess. . . . Nobody had done any housekeeping" for years, Reynolds' Lindquist said. In many cases, "it would have been more rational to put a bulldozer to [the existing plant] and build a new, streamlined factory from the ground up."

Ukraine's legal code is in a similar state of disarray. Every aspect of business is overshadowed by the murky legal environment of a country still writing its most basic laws. Ukraine adopted a constitution only in July, and it is still working on a new tax code.

"As a big company, we have to be law-abiding," said Lindquist, but as the company makes business decisions, "nobody can tell us whether what we are doing is legal or not."

American tobacco companies contend they are selling much more than a product. Long before the collapse of Communist rule, millions of people in Eastern Europe and the Soviet Union had grown weary of an existence that seemed grayer and meaner than life in the West. As these societies join the world economy, it has become possible to sell almost anything there that is perceived as representing Western wealth and sophistication -- especially if it is American.

"People assume that whatever comes from the West is better," said Miroslav Matseikiv, a psychology professor in Kiev. Consumer goods produced domestically, he added, "are associated with the failure of the Soviet system."

Advertising companies -- such as the Leo Burnett agency, which handles much of Philip Morris's overseas advertising -- recognized the American advantage early on. Marlboro's colorful billboards featuring dramatic sunsets and Old West vistas soon dominated the gray, Soviet-era cityscapes and kiosks of Kiev and other urban centers. Foreign cigarette brands became the leading advertisers on Russian television and radio. Tobacco ad revenues maintained municipal transit systems from St. Petersburg to Sofia, Bulgaria. In Bucharest, Reynolds provided a year's supply of bulbs for traffic lights -- in exchange for permission to add the Camel logo to each yellow light.

From the beginning, tobacco companies faced opposition from East European public health officials. Poland -- and Zatonski, the cancer specialist -- have led the way, with a comprehensive tobacco control program that includes strong health warnings on cigarette packaging, bans on smoking in public places and tough restrictions on advertising. But the companies are resisting Zatonski's proposed next step -- heavy tax increases to cut cigarette consumption and fund anti-tobacco education. "They are fighting us in every possible way," he said in a telephone interview.

The most recent battle has been fought over advertising. The tobacco companies argue that advertising is one of the most effective ways to present their products in markets that state-owned monopolies dominated for decades. But Zatonski and his supporters contend that the sophisticated advertising campaigns also are designed to induce young people and women to smoke.

The ads introduced in Ukraine in the early 1990s "were artistically beautiful, professionally photographed, like movies," recalled Vitaliy Movchanyuk, director of the Ukrainian Health Ministry's public education institute. "The Soviet Union never had such advertising. People are used to it in the West. They have learned to sift through it for truth and lies. . . . But our consumers are more psychologically vulnerable to being manipulated by slick advertising."

Public health advocates campaigned successfully for advertising bans in Russia, Poland and Bulgaria, but the bans often were ineffective. After the Russian parliament banned ads from television, radio and billboards in 1993, Russian media firms, desperate for cash, kept selling ads in defiance of the law. The companies skirted a Polish ban by advertising brand names and logos without mentioning cigarettes.

Still, Movchanyuk and his allies set out to push an advertising ban through Ukraine's new government -- and the tobacco industry began mobilizing a campaign to stop them.

In Legal Limbo

When Kalyna Hrushetsky arrived in Kiev in the spring of 1995, cigarette billboards already were beginning to disappear from the city, due to a temporary decree by President Leonid Kuchma. Her first mission was to find a way to get them back up.

Hrushetsky was just 26 when the Burnett agency sent her to open a Kiev office, largely to manage the Philip Morris ad account. Her parents had fled Ukraine after World War II, and she spoke fluent Ukrainian. "I was pretty young to be a candidate to run an [overseas] office," Hrushetsky recalled. But her language skills and high energy level helped her win the job.

Hrushetsky's parents would have preferred that she return to their homeland as a missionary for the Ukrainian Orthodox Church, but she had no problem defending her work. "Advertising does not encourage people to smoke," she said, echoing the industry's long-standing position. "It encourages them to try a specific brand. . . . Ukrainians smoked heavily before we got here -- and those were non-filters. We're moving them to a better product."

When she arrived, Hrushetsky was surprised to find that the young Ukrainians who formed an embryonic local advertising industry had given no thought to the advertising ban. "I tried to explain that this was a big problem," she recalled, "but I didn't get much response."

Kuchma's decree had left tobacco firms and their advertisers in legal limbo. The ban did not define advertising, so tobacco firms avoided ads that referred directly to cigarettes. Instead, they focused on trademark advertising, emblazoning cigarette logos on T-shirts, cafe umbrellas -- even trolley cars.

Martin Nunn, a British business consultant working in Kiev for Reynolds, sponsored gala parties organized by a Kiev fashion magazine called Looks International. Reynolds made videotapes showing affluent, fashion-conscious young sophisticates dancing, drinking champagne and smoking in a nightclub adorned with Camel posters, featuring a skimpily clad Camel girls' dance group. The state TV network, too poor to produce its own programs, gladly filled evening broadcast hours with reruns of the parties -- with the Camel logo prominently displayed.

To head off a legal ban, five foreign tobacco companies signed a voluntary code of advertising conduct and offered it as the basis for an advertising law, which the legislature -- called the Supreme Rada -- had begun considering. Among other things, the code barred the broadcasting of tobacco commercials on television before 10 p.m. and in movie theaters before 7 p.m., and outlawed billboard ads less than 100 yards from schools.

They almost succeeded. After lobbying by the companies, the Rada gave preliminary approval to a law that was "practically a translation of the [voluntary] code," said Konstantin Kuznetsov, co-owner of Dialla Communications, a leading Kiev ad firm.

But the Rada's action triggered a sharp response from tobacco opponents. The Health Ministry contacted doctors, the Ukrainian Red Cross, the Afghan veterans' committee and other groups concerned with health issues, encouraging them to push for a tougher measure. Faced with powerful opposition, the legislature enacted a stronger, mandatory ban in March.

As a result, Hrushetsky had no trouble persuading her Ukrainian colleagues to go to work. They formed a coalition to lobby against the new law, and several times a week she held standing-room-only meetings in her tiny office.

"Hrushetsky," Kuznetsov recalled, "was like a tornado."

She got Dialla and other firms to contribute billboard space and TV and radio time to the campaign. The group contacted newspapers, which, fearful of losing ad revenues, published articles criticizing the bill. The group prepared flyers that Hrushetsky personally carted into the lobby of the Rada chambers to distribute to legislators. They also lobbied aides to Kuchma, who soon sent the bill back to the Rada.

One of the most effective lobbying tools was a slick information packet produced by Philip Morris. A cover photo displayed the figure $ 400 million laid out in crushed tobacco leaves. "That's the amount that Ukraine's economy will lose in the next five years as the result of a ban on tobacco advertising," it warned.

The estimate came from Deloitte & Touche, which had opened an office in Kiev to advise Western firms trying to enter Ukraine's markets and produced a 40-page report projecting the ban's economic cost to Ukraine.

The Philip Morris folder did not identify its sponsor. One of the documents inside said it had been "prepared for the members of the Supreme Rada . . . by the Association of Independent Advisors on the Question of Reviving the Ukrainian Tobacco Sector." There was, in fact, no such association. Michael Parsons, a spokesman for Philip Morris International in Lausanne, Switzerland, later acknowledged the company's authorship.

The secretiveness of Philip Morris's lobbying was essential, said tobacco industry and Rada officials. Many Ukrainian legislators, especially in the large Communist and Socialist factions, retain Soviet-era suspicions of foreign involvement in the country. Had they known of the company's role, they might have sided with the anti-smoking forces, industry officials said.

In the end, the industry's opponents were outspent and outmaneuvered. The Health Ministry distributed its own materials to lawmakers -- gray pages of typewritten statistics -- but neither its data nor its presentation came close to matching the work of Philip Morris, Deloitte & Touche and Hrushetsky's advertising coalition, said Zoya Sharykova, a consultant to the Rada's committee on mass media.

The $ 400 million estimate "played a great role in forming the advertising law," said Volodymyr Rudiy, staff director of the Rada's health committee and a proponent of the ban. "The legislators could see a concrete figure of what it would cost" to ban tobacco advertising, he said, while proponents lacked the funds to do their own counter-study, which might have demonstrated the health costs associated with tobacco use.

On July 3, the Rada reversed its vote, scrapping the ad ban except for television and radio. Within weeks, cigarette ads began sprouting again on signs and billboards. "Now that we have this law -- boom!" said a triumphant Hrushetsky, who was soon installed in a bigger office in downtown Kiev. "You're going to see a lot of changes in this city."

The repeal of the ad ban may yet be seen as the high-water mark in the tobacco industry's conquest of Eastern Europe. Even industry officials say they

expect anti-smoking advocates to press a strong counterattack that, inevitably, will impose the kinds of restrictions on smoking that are now commonplace in the West. Still, company officials say they are confident that they have made enormous, irreversible inroads into the East European market.

There remains one more market, however, that the industry is determined to crack open. China is the elusive grand prize in the tobacco companies' world campaign -- and in the anti-smoking movement's attempt to stop them. It is the last -- and biggest -- battlefield.

Frankel reported from Washington and New York, Rupert from Kiev, Ukraine.

ABOUT THIS **SERIES**

This series of stories -- based on reporting in Bangkok, Beijing, Boston, Hong Kong, Kiev, New York, Taipei and Washington -- focuses on American tobacco's watershed move overseas. It is based on interviews with many of the principals, government records and memos from the files of the U.S. government and the tobacco industry, some of which have never been disclosed before.

Sunday: How the industry enlisted the Reagan and Bush administrations to break open closed monopoly markets in Asia.

Monday: How one country, Thailand, unexpectedly fought back and set off a backlash that helped create a growing tobacco control movement in Asia.

Today: How the companies have set their sights on the ruined economies of the former Eastern Bloc, where they have brought millions of investment dollars and a take-charge enthusiasm to societies as starved for optimism as they are for cash.

Wednesday: How China, with its 300 million smokers, has become the supreme battleground between the industry and the anti-smoking movement.

GRAPHIC: Photo, james rupert; Chart, The Washington Post, EAST EUROPEAN SMOKERS (This chart was not available) Kalyna Hrushetsky opened an advertising office in Kiev on behalf of client Philip Morris. West is best: With a juke box adding an American flair, a billboard outside a Kiev metro station advertises: 'American Pleasure, New Chesterfield.' A foothold in the region: Kiev residents line up to buy American cigarettes at an outdoor wholesale market.

LANGUAGE: ENGLISH

LOAD-DATE: November 19, 1996

LEVEL 2 - 7 OF 15 STORIES

The Washington Post

November 20, 1996, Wednesday, Final Edition

SECTION: A SECTION; Pg. A23

LENGTH: 1138 words

HEADLINE: Smuggling a Burning Issue for China; Hong Kong Mafia, **Tobacco** Executives Allegedly Colluded in Contraband

BYLINE: Glenn Frankel , Washington Post Staff Writer

DATELINE: HONG KONG

BODY:

Tommy Chui's black Porsche sat in its usual space in a Singapore parking garage, but Chui himself did not arrive for work one morning in late March of last year. He surfaced two days later -- literally -- his battered corpse floating in a laundry bag in the harbor. From the water in his lungs, investigators concluded he was still alive when his killers dumped him off Clifford Pier.

The Chinese businessman had been due to appear as the star witness in a Hong Kong criminal trial about a multimillion-dollar smuggling operation into China that allegedly involved public corruption and organized crime. The product was one of China's most profitable and tightly restricted imports: foreign cigarettes.

Investigators say Chui was prepared to testify that a powerful triad gang -- the Chinese version of the Mafia -- had bribed customs officers and colluded with one of the colony's largest shipping companies to divert cigarettes to the black market in China. And they contend a crucial element in the smuggling network -- the largest ever uncovered in the colony -- were four senior managers of British-American Tobacco Co. (BAT) in Hong Kong, who investigators believe arranged the purchases of millions of dollars of cigarettes with phony shipping papers and manifests in return for payoffs. BAT has denied knowledge of the scheme; all four managers have left Hong Kong and no longer work for the company.

BAT and the tobacco industry's other multinational giants say they deplore smuggling, and no one has accused them of direct involvement. But critics contend the companies are prime beneficiaries of the illegal practice and do little to prevent it. In a hard-to-crack market such as China, where the state has imposed import quotas, punishingly high tariffs and other trade barriers to keep out foreign cigarettes, smuggling has introduced Chinese smokers to foreign brands at far lower prices than the government allows. Beijing officials estimate they lose $ 1 billion per year in tax revenues -- more than 10 percent of their current take -- to the black market.

"The companies lose nothing from smuggling," said anti-smoking campaigner

Judith Mackay, who has served as an expert witness for the prosecution in the Hong Kong case. "It helps make their products cheaper and it helps develop new markets and brand loyalty."

Cigarette smuggling is one of the world's most commonplace and profitable international crimes. The World Health Organization says 300 billion cigarettes -- one-third of the total produced for **export** each year -- go missing somewhere between the factory and the final destination.

"Smuggling happens in a lot of places in a lot of different ways," said WHO researcher Neil Collishaw, author of a recent report on the practice. "But it often seems to work to the benefit of multinational tobacco companies and results in the weakening of state and local companies. Their taxed product has to compete with untaxed product from the multinationals."

The companies say they have internal safeguards against smuggling and cooperate with the authorities in investigating wrongdoing. But they contend governments are largely to blame for setting taxes and import duties at such a high level that they make smuggling profitable.

"The solution rests with governments," said David Bacon, head of corporate communications for BAT in London, who denied the company benefited from the practice. "With smuggling, we can't ensure consistent freshness or quality, we have no control over marketing and distribution, and those things are very important to us. We estimate the value of smuggling at anywhere from $ 10 [billion] to $ 20 billion a year, which is far too much of your product out of your control."

Hong Kong has long served as a gateway for the Far East, and the main international cigarette companies have established their regional headquarters here. With its intricate web of piers and warehouses, police say it also has been the launching point for much of the region's most lucrative smuggling operations.

Chui was one of the founders and directors of Giant Island Ltd., a shipping company that dealt exclusively with cigarettes and alcohol. Established in 1986, it quickly became the leading distributor for BAT (Hong Kong) Ltd. But from the beginning, Chui alleged to investigators, employees of Giant Island engaged in smuggling to China and Taiwan in partnership with the Wo On Lok, one of China's most notorious and influential triads.

According to trial testimony, Giant Island employees drafted phony shipping papers for destinations such as Manila and Singapore. They dispatched loaded ships from warehouses in Hong Kong that rendezvoused with small fishing boats in the South China Sea. The boats, supplied by the triad, unloaded contraband cigarettes and hauled them to the mainland. A second method was to load contraband cigarettes into hollowed-out wooden pallets and deliver them directly.

The alleged collusion of some of BAT's local managers was an important **part** of the network, according to court testimony. They allegedly provided the cigarettes and signed the shipping papers in return for substantial cash payments that Chui claimed totaled more than $ 13 million. A Hong Kong magistrate reviewing the case said Swiss bank records showed "very large sums" had been paid by Giant Island to Jerry Lui, BAT's former commercial **export**

director, between 1991 and 1993.

Investigators eventually raided a local timber yard where officials in March 1994 seized 13 shipping containers of wooden pallets and aluminum doors with 12 million cigarettes hidden inside. Later that year officers arrested two of Giant Island's directors, two timber yard operators, plus a customs official who allegedly approved the phony shipping papers in return for payoffs. Giant Island itself has not been charged.

Soon after the raid, Chui fled Hong Kong. Investigators tracked him to Singapore and persuaded him to testify against his former partners. But despite threats against his life, he refused their offer of protection, telling them he felt safe in Singapore. It was a fatal miscalculation.

After his death, Hong Kong police issued arrest warrants for five suspects, all of them known members of the Wo On Lok triad. Two of the five recently were turned over to Hong Kong by the authorities in Beijing. They are being held on murder charges.

Last December, Lui, the former BAT manager, was taken into custody by the FBI at Logan Airport in Boston, where he had gone to visit a sick in-law. He has denied guilt, contending he was engaged in legitimate business transactions, not bribery, and is resisting extradition. Meanwhile, investigators say Giant Island has closed its Hong Kong operation and relocated to Subic Bay in the Philippines.

LANGUAGE: ENGLISH

COUNTRY: CHINA; HONG KONG (UK);

LOAD-DATE: November 20, 1996

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	Paul Weinstein	456-5577	456-7028
	Tom Freedman	456-5587	456-7431
	Mary L. Smith	456-5571	456-7431
OSTP	Jerry Mande	456-6018	456-6027
OVP	John Norris	456-9500	456-9518
OMB	Joe Minarik	395-5873	395-1198
USTR	Jennifer Haverkamp	395-7320	395-4579
	Jan McAlpine	395-9582	395-4579
	James McGlinchey	395-5656	935-9674
HHS	Andy Hyman	690-6318	690-7998
HHS/CDC	Michael Eriksen	205-9221	205-8313
HHS/FDA	Judith Wilkenfeld	301-827-0933	301-443-5169
	Linda Horton	301-827-3344	301-443-6906
HHS/OPHS	Ripley Forbes	260-2255	260-1570
State/OES	Nancy Carter-Foster	647-2435	736-7336
State/EB	Amy Winton	647-1490	647-1894
	Terry Miller	647-3090	647-2302
	Paul Aceto	647-1490	647-1894
USDA	Charlie Rawls	720-6158	720-5437
USDA/FAS	Lana Bennett	720-9519	690-1171
	Dan Stevens	720-9493	690-1171
USDOC	Troy Cribb	482-3737	482-2331
Labor	Andrew Sammit	219-6043	219-5980
EPA	David Berman	260-8138	260-0279
	Mary Smith	233-9370	233-9652
Treasury/OASIA	Meg Lundsager	622-0168	622-5304
	Whit Warthin	622-1733	622-1731
Ex-Im Bank	James Cruse	565-3761	565-3770
	Piper Starr	565-3767	565-3770
OPIC	Harvey Himberg	336-8614	408-5145

General use 5/27

UNCLASSIFIED FAX FROM
THE NATIONAL ECONOMIC COUNCIL
AND
THE NATIONAL SECURITY COUNCIL OF
THE WHITE HOUSE

SENDER: **DANIEL K. TARULLO**

William J. Antholis ☐
Sherman G. Boone ✔
Barbara A. Matzner ☐

PH: 202-456-9288
FAX: 202-456-9280

PAGES: 2 **DATE:** July 2, 1997

SUBJECT: **International Tobacco Issues Meeting Follow-up**

TO: **Addressees (over)**

I would like to thank all of you who participated in today's meeting -- it was a helpful overview of existing policies and practices, and raised some critical issues that warrant further discussion.

I would also like to reiterate the need to receive your agency's input for the international issues discussion paper by the end of the day Monday, July 7. A draft will be circulated for comments and clearance prior to the opening of business on Wednesday with the expectation that a final draft will be circulated by the end of that day to participants in the Thursday meeting.

Please do not hesitate to contact me (direct phone: 456-5363; fax: 456-5334) should you require any clarification or guidance. I look forward to working with you.

General use 5/27

UNCLASSIFIED FAX FROM
THE NATIONAL ECONOMIC COUNCIL
AND
THE NATIONAL SECURITY COUNCIL OF
THE WHITE HOUSE

SENDER: DANIEL K. TARULLO

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PAGES: 2 DATE: 7/1/97

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State/EB	Amy Winton	647-1490	647-1894
OMB	Joe Minarik	395-5873	395-1198
USDA	Charlie Rawls	720-6158	720-5437
USDOC	J. Hayden Boyd	482-0337	482-3981
Labor	Jennifer O'Connor	219-6197	219-9216
EPA	David Berman	260-8138	260-0279
Treasury/OASIA	Meg Lundsager	622-0168	622-5304
Ex-Im Bank	James Cruse	565-3761	565-3770
OPIC	Harvey Himberg	336-8614	408-5145

Re: July 2 meeting on tobacco-related trade and international issues

You are invited to participate in an inter-agency meeting focusing on international trade and other policy issues pursuant to the Administration's review of the proposed tobacco industry settlement. Our goal will be to prepare a brief paper outlining international policy issues for use by a Working Group to be chaired by Dan Tarullo. (The Tarullo group will meet next week.)

In addition to a brief overview of the review process, topics to be addressed include:

1. Current USG policies re: tobacco:
   -- trade & investment
   -- health
   -- economic development

2. The proposed settlement:
   -- international activities of the U.S. tobacco industry; export trends
   -- international policy implications of the proposed settlement
   -- possible USG policy reponses

A brief organizational meeting will be held **Wednesday, July 2 at 3:00 pm in Room 231 of the OEOB.** RSVP with the name of the person(s) that will be attending this meeting; those requiring clearance into the White House complex should **fax date of birth and Social Security number to 456-9280 or 456-5334.**

For further information, contact Sherman Boone at 456-5363.

2. Global Tobacco Production, Industry, and Trade

China is the world's dominant producer of unmanufactured tobacco. While tobacco is grown in over 100 countries, the 25 leading producers account for over 90% of global tobacco production. Countries that import large amounts of unmanufactured tobacco are usually major tobacco manufacturing centers. Most of them, such as the United States, Germany, the Russian Federation and Japan, are also major consumers of manufactured cigarettes. For many years United States was the world's leading exporter of unmanufactured tobacco. However, by 1994, it has been surpassed by Brazil and Zimbabwe, the two leading sources of internationally traded unmanufactured tobacco. Just five countries, Brazil, Zimbabwe, the United States, Turkey and Italy, account for over half of all the global exports of unmanufactured tobacco. China leads the world in tobacco manufacturing. Worldwide, United States, Japan, China and Germany accounts for over half of global production. Some of the major importers of cigarettes are also major consumers of cigarettes (such as Japan, France and the Russian Federation). The United States is a major cigarette production center and the world's leading exporter of manufactured cigarettes. Two other major cigarette producers, Brazil and China have sharply increased their cigarette exports in recent years. China, the world's most populous country, is also the world's leading consumer of cigarettes. The world's second most populous country, India, ranks second globally for total cigarette consumption (include use of unmanufactured cigarette, *bidis*)

Developed countries, particularly, the United States, earn the most money from tobacco exports. Malawi and Zimbabwe, are particularly dependant on tobacco as a major source of all export earnings. The question of economic dependency on tobacco has been the subject of analysis in the United Nations Conference on Trade and Development.

It has been estimated that each additional 1000 tones of tobacco produced will eventually result in about 1000 deaths. The net economic costs of tobacco are negative: the costs associated with treatment, mortality and disability exceed estimates of economic benefit to producers and consumers by at least $200bn a year. One third of this loss is incurred by developing countries. Currently it is estimated that 800m people smoke in developing countries, 50% of men and 10% of women. Women and young people in developing countries are being targeted as a growth market for tobacco.

3. Federal Activities in Global Tobacco Control and Prevention

- **CDC Cooperative Agreement with WHO's Tobacco or Health Program**

(Take from description in OSH Progress Review, also include $ of current agreement.)
The program components of the WHO Tobacco or Health (TOH) Plan of Action 1996-2000 are;
- Promotion of the development and strengthening of national and international tobacco control programmes to prevent and reduce tobacco use,
- Advocacy and Public information to promote the concept of tobacco-free societies, and
- Develop a "Tobacco or health" research and information center to collect, prepare and disseminate valid information on tobacco or health epidemiology and on strategies to control tobacco consumption.

World Health Organization: First Global Status Report: Regional Profiles: The Americas

UNITED STATES OF AMERICA

Socio-demographic characteristics			
Population	1990	1995	2025
Total	249,924,000	263,250,000	331,152,000
Adult (15+)	195,685,000	205,210,000	265,975,000
% Urban	75.2	76.2	84.9
% Rural	24.8	23.8	15.1

Health Status

Life expectancy at birth, 1990-95 : 72.5 (males), 79.3 (females)
Infant mortality rate in 1990-95 : 9 per 1,000 live births

Age-standardized annual death rate per 100,000 (early 1990s)						
	Ischaemic heart disease	Cerebrovascular disease	Chronic Obstructive Pulmonary Disease	Lung cancer	All cancers	All causes
Males	235.5	52.8	45.3	85.9	251.7	1,021.7
Females	126.4	46.2	23.6	36.9	163.4	616.8

Socio-Economic Situation

GNP per capita (US$), 1991 : 22,340, *Real GDP per capita (PPP$), 1991* : 22,130
Average distribution of labour force by sector, 1990 : 3% Agriculture, 8%; Industry 25%; Services 72%

Tobacco production, trade and industry

Agriculture In 1995, 277,630 hectares, (approximately 0.1 % of total arable land), were used for growing tobacco, a slight reduction from 278,430 hectares in 1985.

Production and Trade The USA is the largest single cigarette exporting nation in the world, exporting up to 30% of its production. Production of unmanufactured tobacco increased from 663,416 tonnes in 1990 to 745 tonnes in 1992, after which it declined to 638,382 tonnes in 1994. Exports increased from 223,412 tonnes in 1990 to 266,526 in 1992, and then fell to 192,792 tonnes in 1994, while imports of unmanufactured tobacco stabilized around 180,000 tonnes. In 1993, Brazil replaced the USA as the world's leading exporter of unmanufactured tobacco. During the early 1990s, cigarette production showed a one year drop to 661,00 million in 1993 (average of the 1990-1992 period was 707,600 million per year). By 1994, this was back up at 725,600 million. During the early 1990s, exports of cigarettes increased substantially (from 164.7 million in 1990 to 220.2 million in 1994) due primarily to opening of markets in Eastern Europe, Asia, and the former Soviet Union. In 1994, cigarette exports from the USA accounted for 23.5% of total exports in the world. Total export earnings on manufactured tobacco was US$ 4,965 million in 1994. Export earnings from tobacco leaf decreased from US$ 1,441 million in 1990 to US$ 1,322 million in 1993. Import costs of tobacco increased from US$ 669 million in 1990 to US$ 1,560 million in 1993, accounting for 0.2% of total imports, with the majority (US$ 1,002 million) spent on tobacco leaf. Revenue derived from tobacco in 1990 included US$ 42,000 million in retail sales and US$ 10,000 million in taxes.

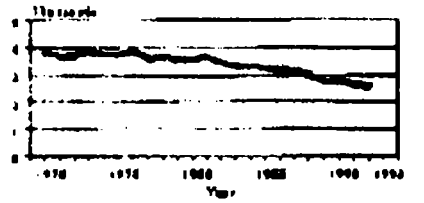
Industry In 1990, 49,000 persons were employed in tobacco manufacturing, approximately 0.4% of the total labour force.

Tobacco consumption

From 1970 to 1992, overall consumption decreased by 31.5%, while from 1970 to 1990, the average number of cigarettes smoked per day declined slightly for both men and women, (21.2 to 20.7 per day and 17.6 to 17.2 per day, respectively). Overall, the percentage of persons smoking 25 or more cigarettes per day has declined only slightly, from 23.5 to 22.9%. Between 1970 and 1992, cigar use declined from 944 to 182 gms per male (age 18 and older), chewing tobacco decreased from 481 to 336 gms per male age 18 and older, but snuff use increased from 86.3 to 132 grams per person (men and women). In 1994, an estimated 3,400 million roll-your-own cigarettes were consumed

Consumption of Manufactured Cigarettes	
	Annual average per adult (15+)
1970-72	3,700
1980-82	3,560
1990-92	2,670

Per adult consumption of cigarettes (age 15 +)



Tar/Nicotine/Filters In 1990, the tar yield of all brands of cigarettes ranged from 0.5 mg to 26 mg (averaging 12.5 mg.), with the most popular brand containing 17 mg of tar. Nicotine yields ranged from 0.05 mg to 1.7 mg, with the most popular brand yielding 1.2 mg of nicotine. In 1994, 98% of manufactured cigarettes consumed were filter-tipped.

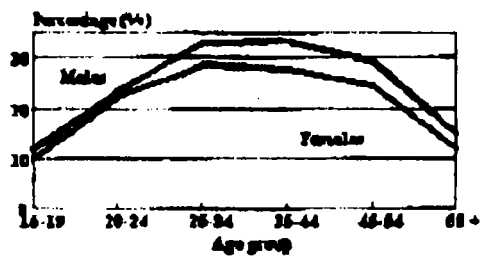
Relative cost of cigarettes In 1995, the average retail price of a packet of 20 cigarettes ranged from US $1.73 to US $2.33, with an average of US $1.89. In 1991, the average minutes of labour required to purchase 20 cigarettes in the USA, at the average industrial wage, was 10 minutes.

Prevalence

National surveys of persons age 18 and older from 1970 to 1993 report a decline in prevalence (daily and occasional smoking) among men from 44.1% to 27.7.1%, and among women, from 31.5 % to 22.5%, with overall prevalence of 25.7% in 1991. In 1993, daily smoking prevalence among adults (age 18+) was 22.4%, compared to 22.3% in 1992. The rate of decline among women is less than for men, and the quit index for men is substantially higher than for women (51.6 vs 44.7%).

Tobacco use among population sub-groups The prevalence of smoking is lowest among those with the highest educational level. In 1993, smoking prevalence among those with 16 or more years of education was 13.7% compared to prevalence of 36.8% among those with 9-11 years of education. By race, smoking among adult blacks is similar to whites (26% vs 25.4%, in 1993), however, among high school students, smoking prevalence is highest for both males and females among white (non-Hispanic) teenagers, followed by Hispanics, and was lowest among blacks. In 1991, 3% of physicians and 18% of registered nurses smoked. The prevalence of smoking is generally higher in the southeastern US, where tobacco is grown, than in other parts of the country. Regardless of gender, education, age, and race, smoking rates are highest in urban areas. Current smoking prevalence was higher among persons age 18 and above residing in inner cities (32%) than in suburban areas (25%) and nonmetropolitan areas (27%).

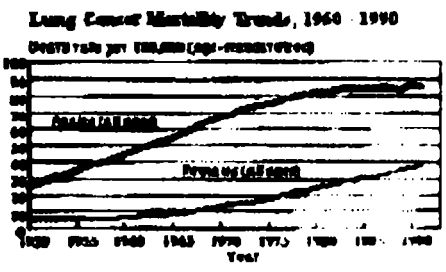
USA, CURRENT CIGARETTE (DAILY+OCCASIONAL) SMOKERS, 1991 +

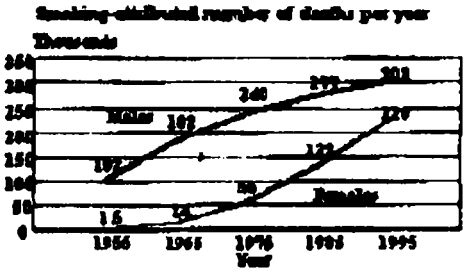


Age Patterns Almost 80% of smokers begin to smoke regularly at 16 years and below. For those age 12-17 years, smoking prevalence declined from 25.0% in 1974 to 10.8% in 1991, but the change in prevalence since 1990 is negligible. In 1992, 17.2% of high school seniors smoked, but in 1993, this figure had risen to 19%. In 1991, prevalence was highest in the 35-44 age group among men (33.1%) and in the 25-34 age group among women (28.4%). It is lowest in the 65+ age group (15.1% for men and 12.0% for women). The rate of change is greatest among those in the 18-24 age group for men and in the 35-44 age group for women. Data from a 1991 survey of high school students (grades 9-12) indicated that 19% of males (and only 1% of females) used smokeless tobacco within the past month.

Mortality from Tobacco Use

Lung cancer mortality is increasing steadily among women but appears to be levelling off among men. Substantial decreases in ischemic heart disease mortality rates for men are noted since 1980 (more than 50%). It is estimated that in 1995, around 529,000 deaths were attributable to smoking (24% of total mortality). Among females, smoking attributable mortality in middle age (35-69 years) increased from 5% of all deaths at these ages in 1965 to 31% in 1995. An estimated 52% of all cancer deaths among middleage males (35-69 years) in 1990 were due to smoking.





Tobacco Control Measures

Control on Tobacco Products A number of governmental and nongovernmental organizations are actively involved in tobacco issues, and tobacco control continues to be the subject of much debate in the US. All states prohibit the sale and distribution of tobacco to minors (under age 18), and as of 1994, each state is required to actively enforce their minors' access laws. A rotating system of four health warnings is required on all cigarette packets and advertisements (including at point-of-sale). Federal law prohibits advertising of tobacco via television and radio. Several cities have passed laws prohibiting the advertising of cigarettes on billboards.

Cigarette manufacturers are required to submit a list of cigarette additives to the Department of Health and Human Services. In 1995, the Food and Drug Administration (FDA) proposed restrictions on the sale, distribution and marketing of nicotine-containing tobacco products to person under age 18. Since the early 1990s, there has been a major increase in anti-smoking litigation, ranging from a class action suit on behalf of everyone who has ever been addicted to nicotine, to state governments attempting to recoup the medical cost of treating patients' smoking-related illnesses. As of 1995, taxes comprised an average of 30% of the retail price of cigarettes (with a range of 20 to 44% from the lowest to the highest state), while most other developed countries' tobacco taxes are in the range of 50% to 86% of the retail price. A few states have earmarked a portion of cigarette tax revenues for comprehensive tobacco control programs.

Protection for non-smokers The 1993 report by the US Environmental Protection Agency, classifying passive smoke as a Class-A carcinogen has been an important factor in greatly strengthening US anti-smoking legislation. President Clinton ruled that the White House was to be smoke-free. Policies of federal agencies generally restrict, but do not ban smoking in the workplace. The General Services Administration has issued regulations on smoking in federal buildings, and the Department of Health and Human Services has issued a total ban on smoking in its buildings. Smoking has been banned in all military areas, and the Labour Department is considering plans to implement a ban on smoking in all workplaces, except in separately ventilated enclosed areas. Smoking is prohibited on buses, on domestic flights and restrictions apply for rail service. Smoking is also prohibited in facilities providing federally funded childrens services including schools and daycare centres. Several states have passed extremely stringent smoking regulations, while some cities have virtually banned all smoking in public places. Many local governments have passed laws prohibiting smoking in restaurants and workplaces.

Health education Many of the health-oriented NGOs offer a variety of materials and information on the hazards of smoking, and also offer smoking cessation classes. The American Cancer Society sponsors an annual "Great American Smoke-Out". The Centers for Disease Control and Prevention has run media campaigns to educate the public on the hazards of smoking and exposure to environmental tobacco smoke, and is distributing media campaigns developed by states throughout the country. The American Medical Association has also taken a strong position in support of increased tobacco control.

Previous Country The Americas Next Country

WORLD HEALTH ORGANIZATION
TOBACCO ALERT
WORLD NO-TOBACCO DAY 1996 ■ SPECIAL ISSUE

THE TOBACCO EPIDEMIC: A GLOBAL PUBLIC HEALTH EMERGENCY

Every ten seconds, another person dies as a result of tobacco use. Tobacco products are estimated to have caused around 3 million deaths a year in the early 1990s, and the death toll is steadily increasing. Unless current smoking trends are reversed, that figure is expected to rise to 10 million deaths per year by the 2020s or early 2030s, with 70% of those deaths occurring in developing countries.[1] The global public health community, through the World Health Assembly, has expressed increasing concern about these alarming trends. From 1970 to 1995, the World Health Assembly adopted 14 resolutions which, taken together, strongly urge Member States to implement comprehensive tobacco control measures.

This report will provide a global overview of the varieties and quantities of tobacco products in use around the world, estimates of smoking prevalence by country and by region, and trends in global tobacco consumption. The economic importance of tobacco industry and trade to the global economy will also be discussed. Estimates of trends in tobacco mortality will be presented. Finally, highlights of some current successes in tobacco control policy will be examined.

TOBACCO ALERT

CONTENTS

TYPES OF TOBACCO PRODUCTS

By the end of the twentieth century, manufactured cigarettes have come to be the predominant form by which tobacco is consumed around the world. However, there are many other methods by which tobacco is consumed, and in some regions, other forms predominate. Some of the major forms of tobacco products currently in use are:

Smoking tobacco

- Cigarettes
  - Manufactured and "roll-your-own cigarettes" (tobacco wrapped in paper)
  - Kreteks
  - Bidis (tobacco wrapped in a temburni leaf)
- Cigars (air-cured and fermented tobaccos, with a tobacco wrapper)
- Briar, slate and clay pipes
- Water pipes

Smokeless tobacco

- Chewing tobacco (Plug, loose-leaf and twist)
- Pan (Betel quid)
- Snuff (Nasal snuff (dry) and oral snuff (moist))
- Other smokeless tobacco products

For further information on types of tobacco products and the history of tobacco use, the reader is referred to publications of the International Agency for Research on Cancer[2,3] and other publications.[4,5]

In general, global sales data are most complete for manufactured cigarettes, and range from incomplete to non-existent for other tobacco products. Moreover, it is not a straightforward matter to combine sales data for different tobacco products to arrive at an overall index of tobacco consumption. It is not surprising, therefore, that most sources of tobacco consumption statistics concentrate on manufactured cigarettes. In this report, however, estimates have been made of total cigarette consumption, including manufactured cigarettes, roll-your-owns, bidis and kreteks.

In the absence of reliable data on the consumption of all the various forms of tobacco products, it is difficult to estimate total tobacco consumption. It is nevertheless possible to arrive at an estimate of all non-cigarette tobacco consumption using a residual method of calculation. From the WHO Tobacco or Health data base it has been estimated that the total number of cigarettes consumed annually in the period 1990-92 was 6.05×10^{12}. These consisted of about 0.75×10^{12} bidis (average weight 0.25 g), 0.1×10^{12} roll-your-own cigarettes (average weight 1 g) and 5.2×10^{12} manufactured cigarettes and kreteks (average weight, 0.75 to 1 g). It is thus estimated that the weight of cigarettes consumed globally was 4.2 to 5.5×10^{9} kilograms. Total annual global consumption of unmanufactured tobacco (dry weight) in the period 1990 to 1992 was 6.5×10^{9} kilograms, which is estimated to have been distributed as follows:

All cigarettes:	4.2-5.5[a]	(65-85%)[b]
Manufactured cigarettes and kreteks:	3.9-5.2[a]	(60-80%)[b]
Bidis:	0.2[a]	(3%)[b]
Roll-your-owns:	0.1[a]	(2%)[b]
All other tobacco products:	1.0-2.3[a]	(15-35%)[b]
All tobacco products:	6.5[a]	(100%)[b]

In view of the paucity of data on tobacco products other than cigarettes, most of the smoking prevalence and tobacco consumption data presented in the following sections refer to consumption of cigarettes, including manufactured cigarettes, RYOs, bidis and kreteks. It should be kept in mind, however, that these estimates do not account for a further 15% to 35% of global tobacco consumption, consumed in the form of tobacco products other than cigarettes. This under-estimation is likely to be particularly relevant in the Mediterranean region, and Central and Southern Asia, where these other forms of tobacco products are in widespread use.

SMOKING PREVALENCE

Data sources and quality

For many years, WHO has encouraged Member States to use standardized survey questions and methods to elicit information on smoking prevalence. Guidelines on standardized survey methods were first issued in 1983,[6] and then revised in 1987.[7] In 1996, these guidelines were expanded and updated.[8] In a growing number of countries, surveys of smoking prevalence are being conducted, using WHO recommendations for standardized survey procedures.

With the assistance of WHO's Member States, country representatives and Regional Offices, WHO Headquarters has received data from a number of smoking prevalence surveys from around the world. Of these, surveys from 87 countries were judged to be methodologically sound, with reasonably reliable and comparable results. These surveys were representative of national populations, or of a large segment of the national population. The results of these surveys have been used to construct regional and global estimates of smoking prevalence.

WHO guidelines for conducting surveys of tobacco use recommend that current smokers be further classified as daily or occasional smokers, and that all three categories be reported (daily, occasional and current (daily + occasional)). Most countries that have carried out prevalence surveys have reported daily smoking, and that is the basic prevalence indicator that has been used here. In many cases, it was not always possible to distinguish between daily and current smoking, based on available survey reports. Some of the surveys reported here may therefore not be strictly comparable with each other. Differences in survey methods, definitions and other biases may reduce the comparability of data.

Despite these limitations, a large number of countries have followed WHO recommendations for standardized survey procedures and reporting. It has thus been possible to provide reasonably reliable global and regional estimates of smoking prevalence based on data for 87 countries, representing 85% of the world's population. As more and more countries adopt the WHO recommendations for standardized survey procedures and reporting, estimates of global and regional smoking prevalence will become more reliable.

Table 1. Estimated number of smokers in the world (early 1990s, M = millions)

	Males	Females	Total
Developed countries	200 M	100 M	300 M
Developing countries	700 M	100 M	800 M
World	900 M	200 M	1 100 M

Source: WHO estimates

Estimation methods

The estimated percentage of the adult population in each WHO Region for which there are reasonably reliable data on smoking prevalence is as follows:[a]

WHO Regions (87/190)	
African (7/46)	33
American (19/35)	94
Eastern Mediterranean (8/22)	62
European (34/50)	83
South-East Asia (5/10)	94
Western Pacific (14/27)	95
World (87/234)[d]	85
More developed countries (34/54)	90
Less developed countries (53/180)	84

With the exception of the WHO African Region, survey results

a Estimated annual global consumption, 1990-1992 (in kilograms x 10^9).
b Estimated percentage of global consumption.
c The numbers shown in [illegible] are the [illegible] of countries reporting smoking prev[illegible] data over the total number of countries in the region.
d Developed countries: 33 countries with established market economies and 19 formerly socialist countries of Europe. The world total (234) is greater than [illegible] States.

Table 2. Daily smoking prevalence, men and women aged 15 and over, selected regions, early 1990s

	Men	Women
WHO Regions		
African Region*	29	4
American Region	35	22
Eastern Mediterranean Region	35	4
European Region	46	26
South-East Asia Region	44	4
Western Pacific Region	60	8
Developed countries	42	24
Industrialized market economies	37	23
Formerly socialist economies of Europe	60	28
Less developed countries	48	7
China (1984)	61	7
India (1980s)	40	3
Other Asia and Islands	54	7
Middle Eastern crescent**	41	8
Sub-Saharan Africa*	25	3
Latin America and the Caribbean	40	21
World	47	12

Source: WHO estimates

* Smoking prevalence estimates for Africa are based on very limited information and should be used with caution (see text).
** Includes countries of Northern Africa, Western Asia and the Central Asian Republics of the former Soviet Union.

are available from countries representing 60%-95% of the total population. Apart from the African Region, available data are reasonably representative of the region as a whole. Within each region (excluding the African Region), average daily smoking prevalence of the population 15 years of age and over was first estimated for both men and women for all countries with known smoking prevalence. The regional estimate was calculated by weighting these national estimates by the adult population of those countries. The resulting weighted average smoking prevalences were then assumed to apply to the entire region, including those countries for which smoking prevalence was not known. Multiplication of these estimated regional prevalences by the regional adult population aged 15 years and over yielded estimates of the total number of smokers in each region.

For the African region, very little survey information was available. Therefore, a modified estimation method was used. Reasonably reliable national survey data are available for 7 out of the 46 countries in WHO's African region, representing 33% of the region's total population aged 15 years of age and over. Population-weighted average prevalence estimates for these few countries were 36% for men and 10% for women. However, it is unlikely that these countries are representative of smoking prevalence in the region as a whole. Scattered local surveys, reports of per capita cigarette consumption and other information suggest that average smoking prevalence for other countries in the African region is lower than these estimates, possibly as low as 25% for men and 1% for women. These prevalence levels were combined with the estimates for the countries where smoking prevalence is better known to yield the final population-weighted smoking prevalence estimates reported here. Clearly, smoking prevalence estimates for Africa are based on very limited information, and should be used with great caution.

Results

WHO estimates that there are about 1.1 thousand million smokers in the world, about one-third of the global population aged 15 years and over (see Table 1). The vast majority of these are in developing countries (800 million), most of whom are men (700 million). In China alone, there are about 300 million smokers (90% men, 10% women), about the same number as in all developed countries combined. About one-third of these regular smokers in developed countries are women, compared with only about 1 in 8 in the developing world.

Globally, it is estimated that 47% of men and 12% of women smoke (see Table 2). In the developed countries the corresponding figures are 42% for men and 24% for women. In developing countries, available data suggest that about 48% of men and 7% of women smoke. Table 2 also provides estimates of daily smoking prevalence for each of the six WHO regions and eight geo-

Table 3. Estimated smoking prevalence among men and women 15 years of age and over, by country, latest available year (ranked in order of male smoking prevalence)

	Country (year of survey)	Men	Women		Country (year of survey)	Men	Women
1	Republic of Korea (1989)	68.2	6.7	42	India (1990s)	40.0	3.0
2	Latvia (1992)	67.0	12.0	42	Iraq (1990)	40.0	5.0
3	Russian Federation (1992)	67.0	28.0	42	Malta (1992)	40.0	18.0
4	Dominican Republic (1990)	66.3	13.6	42	Mongolia (1990)	40.0	7.0
5	Tonga (1991)	65.0	14.0	42	Uzbekistan (1989)	40.0	3.0
6	Turkey (1988)	63.0	24.0	50	Brazil (1989)	39.9	25.4
7	China (1984)[1]	61.0	7.5	51	Egypt (1986)	39.0	1.0
8	Bangladesh (1990)	60.0	15.0	52	Morocco (1990)	39.6	9.1
9	Fiji (1985)	59.3	30.6	53	Lesotho (1989)	38.3	1.0
10	Japan (1994)	59.0	14.0	53	Mexico (1990)	38.3	14.4
11	Sri Lanka (1988)	54.0	8.0	55	El Salvador (1988)	38.0	12.0
12	Algeria (1980)	53.0	10.0	55	Italy (1994)	38.0	26.0
12	Indonesia (1986)	53.0	4.0	55	Portugal (1994)	38.0	15.0
12	Samoa (1984)	53.0	18.6	58	Chile (1990)	37.9	25.1
15	Saudi Arabia (1990)	52.7	N/A	59	Guatemala (1989)	37.4	17.7
16	Rwanda (1990)	52.0	24.0	60	Denmark (1992)	37.0	37.0
16	Kuwait (1991)	52.0	12.0	61	Germany (1992)	36.8	21.5
16	Lithuania (1992)	52.0	10.0	62	Norway (1994)	36.4	35.5
16	South Africa (1995)	52.0	17.0	63	Honduras (1988)	36.0	11.0
20	Poland (1993)	51.0	29.0	63	Netherlands (1994)	36.0	29.0
21	Seychelles (1989)	50.9	10.3	63	Switzerland (1992)	36.0	36.0
22	Bolivia (1992)	50.0	21.4	66	Colombia (1992)	35.1	19.1
23	Albania (1990)	49.8	7.9	67	Costa Rica (1988)	35.0	20.0
24	Cuba (1990)	49.3	24.5	67	Slovenia (1994)	35.0	23.0
25	Bulgaria (1989)	49.0	17.0	69	Swaziland (1989)	33.0	8.0
25	Thailand (1995)	49.0	4.0	70	Luxembourg (1993)	32.0	26.0
27	Spain (1993)	48.0	25.0	71	Singapore (1992)	31.9	5.7
28	Mauritius (1992)	47.2	3.7	72	Belgium (1993)	31.0	19.0
29	Greece (1994)	46.0	28.0	72	Canada (1991)	31.0	29.0
29	Papua New Guinea (1990)	46.0	28.0	72	Iceland (1994)	31.0	28.0
31	Israel (1989)	45.0	30.0	75	Australia (1995)	29.0	27.0
32	Czech Islands (1988)	44.0	26.0	75	Ireland (1993)	29.0	28.0
33	Czech Republic (1994)	43.0	31.0	77	United Kingdom (1994)	28.0	26.0
33	Jamaica (1990)	43.0	13.0	78	United States of America (1991)	28.1	22.5
33	Philippines (1987)	43.0	8.0	79	Pakistan (1988)	27.4	4.4
33	Slovakia (1992)	43.0	26.0	80	Poland (1994)	27.0	19.0
37	Cyprus (1990)	42.5	7.2	81	Turkmenistan (1992)	26.6	8.5
38	Austria (1992)	42.0	27.0	82	Nigeria (1990)	24.4	6.7
39	Malaysia (1986)	41.0	4.0	83	Paraguay (1990)	24.1	5.5
39	Peru (1989)	41.0	13.0	84	Bahrain (1991)	24.0	6.0
41	Uruguay (1990)	40.9	26.6	84	New Zealand (1992)	24.0	22.0
42	Argentina (1992)	40.0	23.0	86	Sweden (1994)	22.8	24.0
42	France (1992)	40.0	27.0	87	Bahamas (1987)	19.3	3.8
42	Hungary (1989)	40.0	27.0				

[1] More recent data collected in 1991 on the smoking habits of men and women in the context of a prospective study of the health effects of smoking in China suggest that there has been little change in smoking prevalence since 1984.

Sources see text

graphic regions. Male smoking prevalence varies substantially among regions, from less than 30% in the African Region to 60% in the Western Pacific Region (largely as a result of male smoking prevalence being 61% in China, the largest country in the region). Nor are patterns of male smoking prevalence uniform among developed countries. In countries with established market economies, male smoking prevalence averages 37%, compared to 60% in the formerly socialist countries of Central and Eastern Europe.

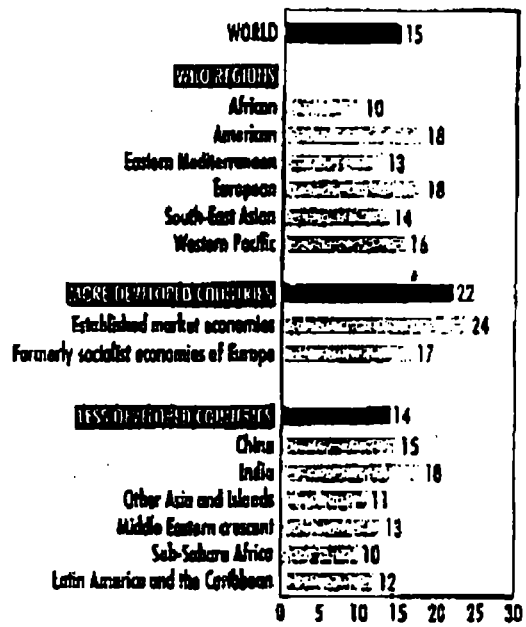
Smoking among women is most prevalent in the formerly socialist countries of Central and Eastern Europe (28%), countries with established market economies (23%) and Latin American and Caribbean countries (21%). In all other regions, fewer than 10% of women smoke.

In many countries, people begin smoking at younger and younger ages with the median age of initiation under 15 in many countries. Moreover, smoking is frequently very prevalent among younger people. For example, in South Africa, over

...f of young men under the age of ... are smokers. Over 40% of young ... people age 18-24 in both France and ... are smokers. Starting to smoke ... younger ages increases the risk of ... death from a smoking-related cause, ... advances the age at which such ... will occur. Young people who ... smoking early in life will often ... it very difficult to quit smoking. ... those who continue to ... smoke throughout their lives, about ... half can be expected to die from ... smoking-related cause, half of these ... middle age (age 35-69), and the ... half in old age (70 and over). ... countries such as South Africa, ... more than half of the young ... are smokers, or France and ... where more than 40% of ... people aged 18-24 smoke, ... of those began at a young ... a very heavy future death toll ... tobacco use can be expected.

... smoking prevalence esti... for each of the 87 countries ... which data were available are ... in Table 3, with prevalence ... separately for men and ..., and ranked by order of ... smoking prevalence. Of these ... countries, male smoking preva... is 50% or more in 22 coun... and 60% or more in eight ... countries. In general, smoking is ... less prevalent among women, ... highest prevalence reported be... for Danish women (37%). ... smoking prevalence is ...% or more in 26 countries and ...% or more in six countries. Three ..., the Russian Federation, ... and Fiji rank in the top ... for both male and female ... prevalence. Although de... estimates are presented in ..., great care must be exer... in comparing results. Small ... in prevalence among ... may be due to various ... of bias or other measure... error. In virtually all cases, the estimated prevalence levels should be considered as approximate, given the problems of data comparability and reliability.

Figure 1. Number of cigarettes smoked per day per daily smoker, by region



The estimated number of cigarettes smoked per day per daily smoker for each WHO region and various geographic regions is shown in Figure 1. In general, fewer cigarettes are smoked per day per smoker in developing countries (14) than in developed countries (22). Among developed countries, the highest rate of daily consumption per smoker occurs in countries with established market economies (24 cigarettes per day), while in the formerly socialist countries of Europe, smokers smoke 17 cigarettes per day, on the average. Among regions, the number of cigarettes smoked per smoker ranges from a low of 10 per day in the African Region to a high of 18 per day in the American and European Regions. The rate shown for all developed countries, 22 cigarettes per smoker per day, is higher than in any single WHO Region. This is because all WHO regions include at least some developing countries, where daily consumption per smoker is usually lower than in developed countries.

However, developing countries can take little comfort from these data. One of the characteristics of tobacco addiction is that tolerance to nicotine increases over time. In response, smokers increase their intake and, to the extent that they can afford to, smoke more cigarettes per day. In many developing countries, smoking has only become very widespread in recent years. As large cohorts of young smokers age, increases in daily consumption of cigarettes per smoker can be expected. This trend towards increasing daily consumption per smoker will be accelerated where economic development successfully results in increased real disposable personal income, unless there are effective tobacco control measures in place to reduce demand.

Table 4. Global and regional estimates and trends in consumption of cigarettes per adult 15 years and over, 1970-72 to 1990-92

	Cigarettes per adult 15 +			Annual % change		
	1970-72	1980-82	1990-92	1970-72 to 1980-82	1980-82 to 1990-92	1970-72 to 1990-92
WHO Regions						
African Region	460	570	590	2.1	0.3	1.2
American Region	2580	2510	1900	-0.3	-2.8	-1.5
Eastern Mediterranean Region	700	940	930	2.9	-0.1	1.4
European Region	2360	2500	2340	0.6	-0.7	0.0
South-East Asia Region	850	1140	1230	2.9	0.8	1.8
Western Pacific Region	1100	1610	2010	3.8	2.2	3.0
More developed countries (EME)	2860	2980	2590	0.4	-1.4	-0.5
Established market economies	2910	3000	2570	0.3	-1.5	-0.6
Formerly socialist economies of Europe (FSE)	2450	2830	2770	1.4	-0.2	0.6
Less developed countries	860	1220	1410	3.5	1.4	2.5
China	730	1290	1900	5.7	3.9	4.8
India	1010	1310	1370	2.6	0.4	1.5
Other Asia and Islands	780	1130	1190	3.7	0.5	2.1
Middle Eastern crescent	950	1240	1200	2.7	-0.3	1.2
Sub-Saharan Africa	410	490	500	1.8	0.2	1.0
Latin America and the Caribbean	1430	1540	1310	0.7	-1.6	-0.4
World	1410	1650	1660	1.6	0.1	0.8

Source: WHO estimates based on different sources (see text)

TOBACCO CONSUMPTION

Estimation methods, data sources and data quality

Cigarette consumption per adult 15 years of age and over is an important summary measure of tobacco use. It gives a good overall indication of how much tobacco is currently consumed, and by inference, the relative size of the future burden of disease and death that will be caused by tobacco. Manufactured cigarettes are an important source of income for tobacco manufacturers and often an important source of taxation revenue for a number of governments. Therefore, manufacturers, governments or both have an incentive to carefully monitor and record manufactured cigarette production, sales, import, and export volumes. Hand-made cigarettes and bidis are less carefully monitored, but based on information available on consumption of bidis, manufactured and hand-made cigarettes, an estimate of apparent total cigarette consumption per person 15 years of age and over has been prepared based on the following formula:

$$\text{Cigarette consumption per adult} = \frac{\text{Production} + \text{Imports} - \text{Exports}}{\text{Population aged 15+}}$$

Estimates of consumption were based mainly on the comprehensive, standardized set of data reported by the United States Department of Agriculture (USDA) for manufactured cigarette production and trade, supplemented wherever appropriate by information from the United Nations Statistical Office (UNSO). Data from national sources were preferred when these were deemed to be the most reliable. This measure of apparent consumption is an approximation of true consumption because it does not take account of stocks held by cigarette traders, wholesalers and retailers. This will only be a source of inaccuracy when there are large fluctuations in stocks from one year to the next.

TOBACCO ALERT

...eight times more bidis ...manufactured cigarettes are ...annually, and in Bangla... ...four times more. A bidi ...constituents equal ...a cigarette. For ...this analysis, one bidi ...considered equal to one ciga... Accordingly, information ...a number of regional surveys ...used to estimate total bidi con... ...of these two countries, ...these estimates were added to ...manufactured cigarette consump... ...to yield total ciga... ...consumption estimates for ...Bangladesh.

...countries, roll... ...are particularly ...account for more ...cigarettes consumed ...and slightly less than ...Netherlands. In a number ...countries, the consump... ...roll-your-own cigarettes also ...a substantial propor... ...consumption. For ...which information ...on roll-your-own ciga... ...consumption was available, ...were added to estimates of ...manufactured cigarette consump..., assuming that one gram of ...roll-your-own tobacco is equiva... ...to one cigarette.

As this measure of per-capita ...consumption is based only ...and trade informa... ...inherent limitation ...information about ...the people who ...cigarettes. The ...provide informa... ...behaviour of ...groups. For this, sur... ...smoking prevalence are ...Taken together, estimates ...prevalence combined ...per capita cigarette ...provide a more com... ...of the extent of ...a population.

Figure 2. Trends in per adult cigarette consumption in developed and developing countries, 1970-92

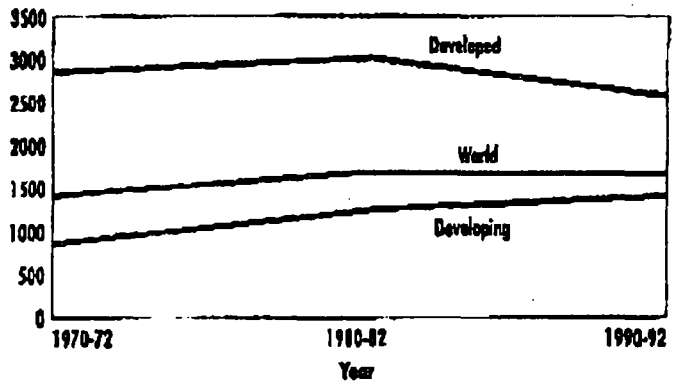


Figure 3. Average cigarette consumption per adult in industrialized countries, 1920-1990

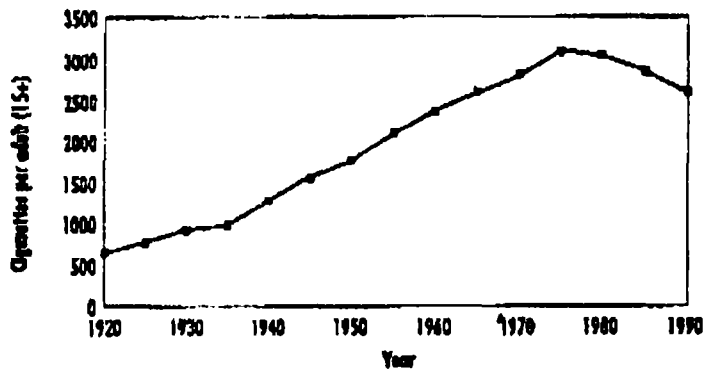


Figure 4. Relative change in cigarette consumption: developed versus developing countries

(ratio of cigarette consumption per adult in developed to that in developing countries)

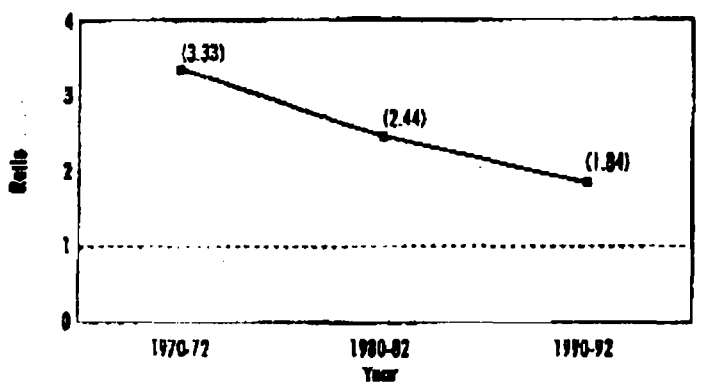


Table 5. Estimated per capita consumption of cigarettes per adult 15 years of age and over, selected countries, 1970-72 to 1990-92, ranked according to consumption in 1990-92

	Per capita consumption					
	1970-72	Rank	1980-82	Rank	1990-92	Rank
Poland	3 010	11	3 400	6	3 620	1
Greece	2 640	16	3 440	4	3 590	2
Hungary	2 940	13	3 220	7	3 268	3
Japan	2 950	12	3 430	5	3 240	4
Korea, Republic of	2 370	20	2 750	15	3 010	5
Switzerland	3 760	2	3 060	10	2 910	6
Iceland	2 940	14	3 250	9	2 860	7
Netherlands	3 150	6	3 290	8	2 820	8
Yugoslavia	2 330	21	3 030	12	2 800	9
Australia	3 410	4	3 440	3	2 710	10
United States	3 700	3	3 540	2	2 674	11
Spain	2 190	22	2 440	21	2 670	12
Canada	3 910	1	3 300	1	2 540	13
New Zealand	3 060	9	2 890	13	2 510	14
Ireland	3 050	10	3 030	11	2 420	15
Germany	2 430	18	2 420	22	2 360	16
Belgium	3 090	7	2 880	14	2 310	17
Israel	2 060	23	2 400	23	2 290	18
Cuba	2 890	15	2 630	17	2 280	19
Bulgaria	1 770	35	1 880	36	2 240	20
United Kingdom	3 250	5	2 740	16	2 210	21
Austria	2 390	19	2 620	18	2 210	22
Saudi Arabia	1 220	52	1 940	35	2 136	23
France	1 840	31	2 080	29	2 120	24
Turkey	1 930	29	2 250	25	2 100	25
Luxembourg	3 040	8	2 580	19	2 080	26
Portugal	1 448	40	1 830	41	2 010	27
Syria	950	63	1 730	45	2 008	28
Italy	1 800	34	2 310	24	1 920	29
Venezuela	2 060	24	2 210	26	1 920	30
Denmark	2 050	25	2 020	31	1 910	31
China, People Republic of	730	72	1 290	56	1 980	32
Surinam	1 160	56	1 870	37	1 870	33
Norway	2 030	26	1 950	33	1 830	34
Mauritius	1 310	48	1 940	34	1 830	35
Trinidad and Tobago	1 440	41	1 960	32	1 780	36
Philippines	2 010	27	2 190	27	1 760	37
Colombia	1 888	30	1 790	42	1 750	38
Tunisia	1 388	44	1 590	49	1 750	39
Finland	2 000	28	1 880	40	1 740	40
South Africa, Republic of	1 340	46	1 600	48	1 720	41
Uruguay	1 630	38	1 720	46	1 700	42
Jordan	1 029	61	1 840	39	1 680	43
Malaysia	1 400	42	2 058	30	1 630	44
Singapore	2 510	17	2 550	20	1 610	45
Argentina	1 810	33	1 770	43	1 610	46
Algeria	950	64	1 580	50	1 600	47
UK	1 150	57	1 650	47	1 590	48
Romania	1 740	36	2 130	28	1 550	49
Sweden	1 700	37	1 840	38	1 550	50
Brazil	1 338	47	1 758	44	1 508	51
Mozambique	1 380	45	1 440	52	1 460	52
India	1 010	62	1 210	55	1 370	53
Costa Rica	1 850	32	1 520	51	1 340	54
Iran	1 250	51	1 090	64	1 288	55
Zimbabwe	940	65	1 268	58	1 228	56

	Per capita consumption					
	1970-72	Rank	1980-82	Rank	1990-92	Rank
Albania	1 220	54	1 230	59	1 220	57
Egypt	730	73	1 180	61	1 210	58
Indonesia	500	83	950	72	1 180	59
Guyana	1 220	53	1 280	57	1 130	60
Paraguay	1 190	55	1 080	68	1 160	61
Thailand	810	69	1 080	66	1 050	62
Senegal	430	88	760	79	1 030	63
Chile	1 310	49	1 380	53	1 030	64
El Salvador	1 260	50	1 030	67	1 010	65
Dominican Republic	910	66	1 010	69	1 010	66
Bangladesh	510	81	880	82	990	67
Mexico	1 480	39	1 370	54	970	68
Korea, Democratic People's Republic	1 050	60	1 210	60	960	69
Panama	1 150	58	950	71	960	70
Iran	900	67	1 160	62	930	71
Morocco	680	75	1 120	63	920	72
Congo	880	68	890	73	900	73
Ecuador	650	77	820	74	870	74
Jamaica	1 400	43	990	70	860	75
Honduras	1 090	59	1 038	65	850	76
Sierra Leone	460	86	810	76	810	77
Yemen	470	85	570	88	810	78
Vietnam	N/A	111	790	77	790	79
Angola	740	71	740	80	740	80
Cameroon	270	98	590	87	740	81
Cote d'Ivoire	800	70	810	75	710	82
Benin	640	78	770	78	650	83
Pakistan	630	79	720	81	640	84
Laos	510	82	680	86	680	85
Haiti	170	104	630	85	580	86
Nepal	170	105	290	103	500	87
Kenya	420	89	540	89	500	88
Togo	560	80	480	92	490	89
Madagascar	270	99	470	93	460	90
Mozambique	370	95	460	94	460	91
Zimbabwe	700	74	660	83	430	92
Bolivia	480	92	560	90	420	93
Sri Lanka	460	87	520	91	430	94
Zambia	500	84	430	96	430	95
Liberia	390	93	420	97	420	96
Tanzania, United Republic of	380	94	370	99	370	97
Nigeria	290	97	950	100	370	98
Peru	410	90	390	98	350	99
Guatemala	660	76	640	84	340	100
Malawi	280	102	338	101	330	101
Uganda	300	96	300	102	300	102
Zaire	228	101	240	105	270	103
Ghana	410	91	440	95	250	104
Niger	110	108	100	110	170	105
Sudan	170	106	150	108	150	106
Myanmar	90	109	140	109	150	107
Solomon Islands	250	100	250	104	140	108
Afghanistan	150	107	160	107	140	109
Ethiopia	60	110	70	111	90	110
Cape Verde	200	103	220	106	N/A	111

Source: WHO estimates based on different sources (see text)

...parent use of unmanufactured tobacco by ...bacco manufacturers, 25 leading countries, 1994*

	Metric tonnes of tobacco (dry weight)	Percent of world total
	6 971 738	100.0
	2 899 700	41.6
United States	667 146	9.6
	436 535	6.3
	190 080	2.7
	187 381	2.7
	179 200	2.6
Indonesia	165 786	2.4
Brazil	152 500	2.2
Russian Federation	138 005	2.0
Pakistan	96 403	1.4
United Kingdom	92 328	1.3
Poland	88 052	1.3
Netherlands	87 775	1.3
	80 512	1.2
Republic of Korea	73 657	1.1
	71 840	1.0
	71 200	1.0
	62 758	0.9
	55 951	0.8
	55 059	0.8
	52 500	0.8
	44 271	0.6
Thailand	40 968	0.6
South Africa	39 634	0.6
Democratic Peo. Rep. of Korea	38 500	0.6
	6 067 661	87.0

...ks + imports + production - exports - ending stocks

...United States Department of Agriculture, Foreign Agricultural Service

...justments

...ication and trade data sup... by the United States De... of Agriculture were ... accuracy, validated ... appropriate, adjusted. ... evidence of wide... smuggling was of... reason for ... data. Where ... USDA has corrected ... estimates to account for smuggling. When supplementary information was available from countries on the extent of cigarette smuggling, further adjustments have been made. Adjustments for smuggling improve the quality of the consumption estimates, but remain a source of potential error, since estimates of smuggling can seldom be verified. In some countries, duty-free sales and/or smuggling were known to be widespread and were probably the source of unreasonably high estimates of cigarette consumption, but no information was available to carry out further adjustments to consumption data. In these cases, data for these countries were excluded from comparative analyses.

In a few cases, very large (over 4000) or very small (under 50) estimates of annual cigarette consumption per adult resulted from these indirect estimation methods. These estimates were viewed as implausible and have not been retained for comparative analyses. In the absence of possible explanations such as armed conflict, smuggling, or sudden economic change, large year-to-year changes in per adult consumption (i.e. a change greater than 250 cigarettes per adult in one year) were adjusted using curve-smoothing techniques.

When reported absolute production and/or import figures remained constant for several years, adjustments were made to ensure that consumption per adult was kept constant. Because of an increasing adult population in most countries, this generally resulted in an upward adjustment of reported cigarette production and/or imports. Where there was reason to believe that per adult consumption may well have declined over the period in question, this adjustment was not performed.

The effect of short-term temporal fluctuations in per adult cigarette consumption was minimized by reporting three-year annual averages rather than yearly data for this indicator. Thus, three-year annual average per adult cigarette consumption are reported here for the periods 1970-72, 1980-82 and 1990-92.

Results

Global and regional estimates of cigarette consumption per adult 15 years of age and over are given

Figure 5. World unmanufactured tobacco and cigarette consumption, 1970-94

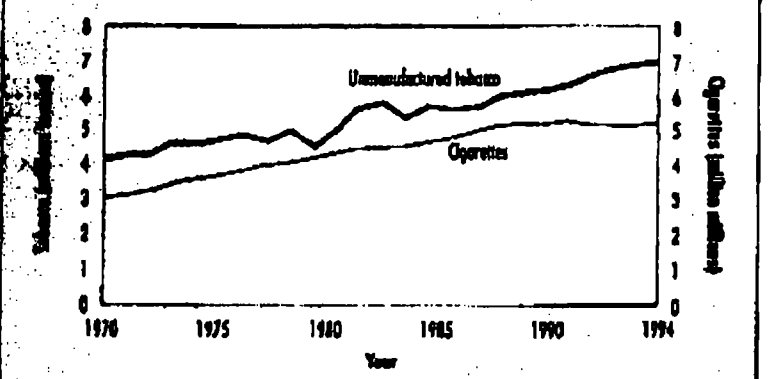
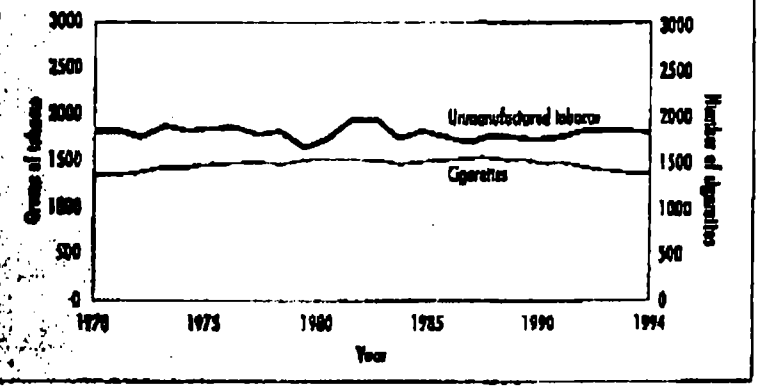


Figure 6. World unmanufactured tobacco and cigarette consumption per adult (15+), 1970-94



in Table 4 for the period 1970-72 to 1990-92 for WHO regions and economic development regions. Cigarette consumption has increased in some regions and decreased in others. Over this twenty-year period per adult consumption remained about the same in the European Region, decreased in the American Region and increased in all other regions, most rapidly in the Western Pacific Region. Consumption has decreased in developed countries since 1980-82, but this decrease has been counterbalanced by a comparable increase (1.4% per year) in less developed countries. As a result, global cigarette consumption remained steady at about 1650 cigarettes per adult from 1980-82 to 1990-92.

Figure 2 demonstrates clearly that the apparent stability in global cigarette consumption per adult is composed of decreasing consumption in developed countries, offset by increasing consumption in developing countries. Increases in consumption have been most rapid in China, the world's most populous nation, accounting for about 80% of the adult population of WHO's Western Pacific Region. In China, estimated per adult consumption of cigarettes increased by 260% from 1970-72 to 1990-92.

Despite these opposite trends in developed and developing countries, average per adult consumption in developed countries (2590 in 1990-1992) remains substantially higher than in developing countries (1410 in 1990-92). Figure 3 shows that average per adult consumption of cigarettes in developed countries with established market economies rose steadily from around 600 cigarettes per capita in 1920 to a high of over 3000 cigarettes per adult in the mid 1970s. Since then, the rate has declined by about 16%. Increases in cigarette consumption in developing countries in the 1970s and 1980s mirror ominously increases in cigarette consumption in industrialized countries earlier in the twentieth century. Moreover, the gap in per adult cigarette consumption between developed and developing countries is narrowing. Figure 4 shows that in the early 1970s, average cigarette consumption per adult was 3.3 times higher in developed countries than developing countries. By the early 1990s, this ratio had decreased to 1.8. If this trend continues, per adult consumption in developing countries will exceed that of developed countries shortly after the turn of the century.

Trends in estimated per adult consumption are compared for 111 countries in Table 5. Only countries for which per capita consumption could be estimated with a reasonable degree of reliability have been retained for this comparative analysis. Table 5 shows that there has been a dramatic shift in the group of countries with the highest rates of tobacco consumption over the period 1970-72 to 1990-92. In the early 1970s consumption was highest in Canada, Switzerland,

Figure 5. World unmanufactured tobacco and cigarette consumption, 1970-94

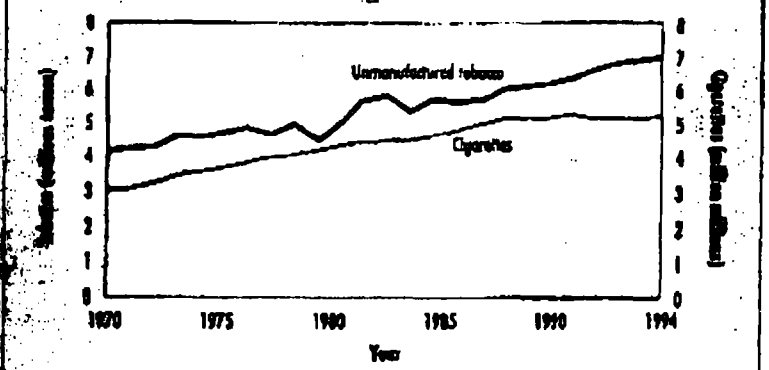
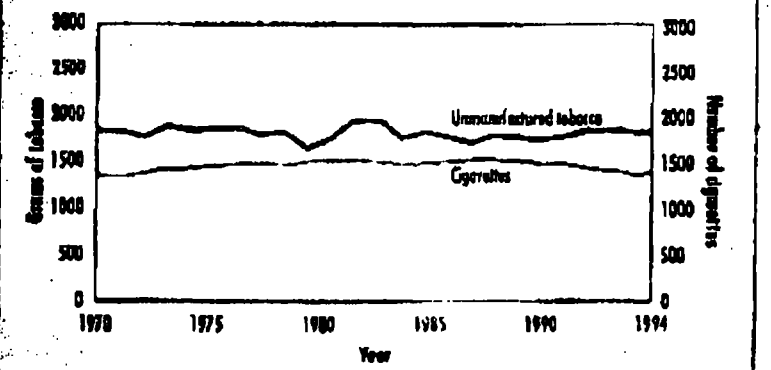


Figure 6. World unmanufactured tobacco and cigarette consumption per adult (15+), 1970-94



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States, Australia and Kingdom, countries smoking among widespread for decline in all these fallen from above cigarettes per adult in so below that level by Per adult tobacco consin the early 1990s was Poland, Greece, Hunand the Republic of order. Consumpcigarettes per countries in exceeded 3500 in Poland

consumption remained early 1970s to the global population has increase. Therefore, number of cigarettes continued to in- in Figure 5. Untobacco consumpabout the same same period, reach- billion tonnes in 1994. Notably, both indicators little change from 1970 when calculated as rates per adult (Figure shown in Figures 5 somewhat from the in Table 4. are based on from the United of Agriculture. bidis and roll- are not in- trends in consumpany of the adjustearlier been other hand, the weight of unmanuconsumption reasonable apglobal conforms of manufac-

Table 7. Apparent consumption of manufactured cigarettes, 25 leading countries, 1994*

Rank	Country	Millions of cigarettes	Percent of world total
WORLD		5 203 417	100.0
1	China	1 646 028	31.6
2	United States	508 917	9.8
3	Japan	321 038	6.2
4	Russian Federation	177 000	3.4
5	Indonesia	164 224	3.2
6	Germany	148 144	2.8
7	Brazil	109 100	2.1
8	Poland	103 087	2.0
9	Republic of Korea	98 300	1.9
10	Italy	96 531	1.9
11	Turkey	94 627	1.8
12	France	90 113	1.7
13	United Kingdom	89 670	1.7
14	India	86 530	1.7
15	Philippines	85 360	1.6
16	Spain	82 940	1.6
17	Ukraine	80 000	1.5
18	Canada	51 047	1.0
19	Mexico	47 115	0.9
20	Thailand	45 692	0.9
21	Argentina	41 800	0.8
22	Egypt	37 979	0.7
23	South Africa	37 685	0.7
24	Romania	37 000	0.7
25	Pakistan	36 146	0.7
Total 25 leading countries for consumption of manufactured cigarettes		4 316 073	82.9

* Production + imports - exports

Source: United States Department of Agriculture, Foreign Agricultural Service

tured tobacco products. For most of the period 1970 to 1994, manufactured cigarettes accounted for about 60% – 80% of total tobacco consumption by weight (assuming 1 cigarette = 0.75 to 1 gram of unmanufactured tobacco). As shown earlier, bidis and roll-your-own cigarettes account for about a further 5% of global tobacco consumption by weight, with the remaining 15% to 35% being made up of a wide variety of other tobacco products.

TOBACCO INDUSTRY

Most of the global tobacco manufacturing industry is controlled by a small number of state monopolies and multinational corporations. The largest of these is

Table 8. Import costs of tobacco, 1993, selected countries, in thousands of US$, ranked according to % of country's total import costs*

Rank	Country	Cigarettes	Other manufactured tobacco products	Unmanufactured tobacco	Import costs: all tobacco	% of each country's total import costs
1	Lebanon	260 000	3 000	2 400	265 400	5.60
2	Gambia	7 600		3 000	10 000	3.73
3	Oman	186 734	8 550	348	195 632	3.52
4	Niger	11 000			11 000	2.62
5	Paraguay	46 525	102	4 596	51 223	2.05
6	Maldives	5 096			5 096	1.99
7	Yemen	21 000		30 500	51 500	1.71
8	Togo	7 128			7 128	1.61
9	Bulgaria	72 393	226	17 502	90 121	1.55
10	Guyana	7 200		700	7 900	1.51
11	Sierra Leone	1 300		2 500	3 800	1.30
12	Central African Republic	661		3 158	3 819	1.26
13	Romania	72 000		16 400	88 400	1.24
14	Albania	9 000		400	9 400	1.19
15	Djibouti	5 047		150	5 197	1.05
16	Egypt	15 594	6	128 222	143 822	0.90
17	Singapore	820 980	1 129	42 567	864 676	0.87
18	Morocco	62 562	1 242	14 054	77 858	0.85
19	Guinea	8 070		350	8 420	0.83
20	Turkey	214 894		93 666	308 560	0.82
21	Mauritania	3 500		1 300	4 800	0.76
22	Russian Federation	268 338	2 585	76 645	347 568	0.73
23	Senegal	3 600		10 000	13 600	0.72
24	Nepal	212		8 000	8 212	0.72
25	Benin	4 696		800	5 496	0.72

* Blank = data not available

Source: World Bank, Human Development Department

the state monopoly in China, which sold 1.7×10^{12} cigarettes in 1993, 31% of the global market, about the same market share as the three largest multinational tobacco corporations combined. In 1993, the seven largest multinational tobacco corporations accounted for nearly 40% of global cigarette sales.[9]

Readers may wish to consult other publications for thorough analyses of the global tobacco industry.[4,9] The current report will be confined to presentation of a few key indicators of the state of the global tobacco industry.

Data sources

Tobacco is grown in over 100 countries and comes in a number of varieties, including Virginia flue-cured, burley, Oriental and others. After the tobacco is harvested, most varieties are subject to an on-farm heat curing process. Depending on the variety, tobacco may be cured by piped warm air (flue-cured), or it may be cured directly over an open, slow-burning fire (fire-cured), or it may be left in the sun to cure (sun-cured). Sales of tobacco from the farm after curing are known as *farm-weight sales*. Leaf dealers purchase this cured tobacco from farmers, and subject the tobacco to further drying and processing for periods varying from a few months to two years. During this time, moisture loss will reduce the weight of tobacco by 8% to 12% in most cases, and occasionally by as much as 40%. It is then resold to tobacco manufacturers for transformation into such products as cigarettes, cigars, pipe tobacco, and fine-cut tobacco for roll-your-own cigarettes. Sales to tobacco manufacturers are known as *dry-weight sales*. Modern manufacturing practices have

...earnings from tobacco, 1993, selected countries, in thousands of US$, ...according to % of country's total export earnings*

	Cigarettes	Other manufactured tobacco products	Unmanufactured tobacco	Export earnings: all tobacco	% of each country's total export earnings
	1 000		212 929	213 929	64.11
	2 000	975	470 000	472 975	23.46
			15 000	15 000	7.17
	173 544	76	55 651	229 271	4.37
	1 725		2 500	4 225	4.21
			7 011	7 011	3.33
	52 171	9	336 711	388 891	2.73
	3 700		13 000	16 700	2.22
	120 313		1 030	121 343	2.09
	193 127	379	697 002	890 508	2.03
		9 000	33 000	42 000	2.02
	42 945		395 560	438 505	1.60
	2 944	3 702	6 347	12 993	1.14
	3 000			3 000	1.04
	970 308	224	6 994	977 526	0.96
	1 155 680	191 359	55 407	1 402 446	0.76
	760		700	1 460	0.76
	38 191		5 836	44 027	0.76
	700		545	1 245	0.75
	1 968		24 392	26 360	0.75
	3 933 930	6 420	1 321 630	5 261 980	0.70
	484 954		134 842	619 796	0.68
	296		116 980	117 276	0.68
		1 800	12 536	14 336	0.60
	21 000		5 667	26 667	0.56

...Development Department

...ge of tobacco ...uring proc... use of global ...bacco leaf by to... ...facturers is a reason... ...proxy measure of final ...acco consumption by

...States Depart... ...ture (USDA) re... ...sales, stocks ...weight and ...factured to... ...information ...cigarettes. ...world-wide network of data collection agents in United States missions and embassies around the world, and devotes a good deal of attention to ensuring the timeliness and accuracy of data on tobacco leaf production and trade. USDA data on world unmanufactured tobacco production and trade are comprehensive, accurate and reliable for most countries. However, it should be noted that USDA estimates are subject to revision for several years as data reports from previous years are received and finalized. Information reported by the USDA for the year 1994 on apparent use of tobacco leaf by tobacco manufacturers (beginning stocks + imports + production – exports – ending stocks) of dry-weight unmanufactured tobacco is given in Tables 6 for 25 leading countries. Table 7 displays corresponding information for 25 leading countries on apparent consumption of cigarettes (production + import – exports).

Based on information provided by countries to the World Bank and the United Nations Statistical Office, the World Bank publishes information on the dollar

value of unmanufactured and manufactured tobacco imports and exports. Tables 8 and 9 display this information for 25 leading tobacco importers and exporters.

Production and trade

China is the world's dominant producer of unmanufactured tobacco, producing as much as the next seven largest producers combined. While tobacco is grown in over 100 countries, the 25 leading producers account for over 90% of global tobacco production. Countries that import large amounts of unmanufactured tobacco are usually major tobacco manufacturing centres. Most of them, such as the United States, Germany, the Russian Federation and Japan are also major consumers of manufactured cigarettes. Others, such as Belgium and Singapore, are major exporters of finished tobacco products. For many years, the United States was the world's leading exporter of unmanufactured tobacco. However, by 1994, it had been surpassed by Brazil and Zimbabwe, the two leading sources of internationally traded unmanufactured tobacco in the mid-1990s. Just five countries, Brazil, Zimbabwe, the United States, Turkey and Italy, account for over half of all global exports of unmanufactured tobacco. There has also been substantial recent growth in tobacco exports from Malawi and China. By 1994, these countries ranked seventh and eighth, respectively, among the world's leading exporters of unmanufactured tobacco.

There were nearly seven million tonnes of unmanufactured tobacco apparently used by tobacco manufacturers in 1994 (Table 6). As previously indicated, this is a reasonably good indicator of final global tobacco consumption, because nearly all this tobacco would be sold to consumers in the form of manufactured tobacco within about one year of being processed by a tobacco manufacturer. It is important to note, however, that the apparent use by tobacco manufacturers shown for each country in Table 6 do *not* indicate final consumption, but only the amount of tobacco that was used in tobacco manufacturing in that country. At the level of each country, final tobacco consumption will be further influenced by imports and exports of finished tobacco products.

China leads the world in tobacco manufacturing, as shown in Table 6. It is noteworthy that India consumes 6.3% of the world's unmanufactured tobacco, but only 1.7% of the manufactured cigarettes (Table 7). This is a reflection of the relative unpopularity of manufactured cigarettes in India, compared to other tobacco products. Brazil, the world's leading exporter of unmanufactured leaf, has increased its tobacco manufacturing capacity in recent years, and now ranks eighth among consumers of unmanufactured tobacco, accounting for 2.2% of the world total. The 25 countries listed in Table 6 transform over 85% of the world's unmanufactured tobacco supply into finished tobacco products.

Worldwide, about 5.5×10^{12} cigarettes were manufactured in 1994, with just four countries, China, the United States, Japan and Germany accounting for over half of global production. Some of the major importers of cigarettes are also major consumers of cigarettes (such as Japan, France and the Russian Federation). Others are major regional distribution centres that re-export a large percentage of the cigarettes they import. As evidenced by the large number of cigarettes they export; Hong Kong, Singapore and the Netherlands are in this category. Other countries, such as Germany and the United Kingdom, are major producers, importers, re-exporters and consumers of cigarettes. The United States is a major cigarette production centre and the world's leading exporter of manufactured cigarettes. Two other major cigarette producers, Brazil and China, have sharply increased their cigarette exports in recent years. In 1994, they ranked sixth and eighth, respectively, among the world's leading exporters of manufactured cigarettes. In theory, world cigarette exports should equal imports, minus a small amount for transit time. In practice, exports exceeded imports by 282 000 million cigarettes, representing 5% of global cigarette production and 30% of cigarettes in international trade. Some of the likely causes and possible solutions to this extensive cigarette smuggling problem are discussed later in the *Tobacco Control Measures* section.

Apparent consumption of manufactured cigarettes among the 25 leading consumer countries is given in Table 7. China, the world's most populous country, is also the world's leading consumer of cigarettes. The world's second most populous country, India, ranks only fourteenth for manufactured cigarette consumption. However, when the estimated 675 thousand million bidis consumed in India are added to the 85 thousand million manufactured cigarettes, India ranks second globally for total cigarette consumption.

Monetary value of tobacco imports and exports

Table 8 provides detailed information on import costs for manufactured and unmanufactured tobacco for 25 leading tobacco importing countries, ranked according to the percentage of their import costs spent

TOBACCO ALERT

Table 10. Estimated deaths caused [illegible] developed countries, 1950 to 2000

	Men			Women		
Mid-decade year	No. of deaths per year	% of all deaths	% of deaths at ages 35-69	No. of deaths per year	% of all deaths	% of deaths at ages 35-69
1955	447 000	10	20	26 000	<1	2
1965	793 000	17	28	70 000	2	4
1975	1 119 000	21	31	165 000	3	7
1985	1 369 000	24	35	317 000	6	11
1995	1 442 000	25	36	476 000	9	13
Total	52 million	20	30	10.5 million	4	7

of all deaths caused by smoking (1950-2000)

Source: Peto et al, 1994

Table 11. Estimated percentage of deaths caused by smoking in 1995, all developed countries, by sex, age and major cause of death groupings

Sex	Age	All causes	All cancer	Lung cancer	Upper aero-digestive cancer*	Other cancer	Chronic obstructive pulmonary disease	Other respiratory diseases	Vascular diseases	Other causes
Men	35-69	36	50	[illegible]	[illegible]	18	82	29	35	35
	70+	21	36	[illegible]	[illegible]	13	73	11	12	12
	All ages	25	43	[illegible]	[illegible]	15	75	14	21	18
Women	35-69	13	13	[illegible]	[illegible]	2	55	16	12	15
	70+	8	13	[illegible]	[illegible]	2	54	7	5	6
	All ages	9	13	[illegible]	[illegible]	2	53	7	6	7
Both sexes	35-69	28	35	61	[illegible]	10	73	25	28	27
	70+	13	25	46	[illegible]	3	65	9	8	8
	All ages	17	30	47	[illegible]	8	66	10	13	12

Source: Peto et al, 1994.

*Cancers of the mouth, oesophagus, pharynx and larynx

Future health effects of current smoking patterns

Based on available data and information, it is likely that tobacco was the cause of about one million adult deaths in developing countries in the early 1990s. By the year 2000, tobacco may already be causing two million deaths annually in the developing world. However, due to lack of reliable data throughout much of the developing world, there is great uncertainty about these estimates; the true mortality from tobacco use in developing countries may be half of what is suggested here, or it may be as much as twice this amount.

Table 12. Estimated percentage of all cancer deaths due to smoking, 1990

	Men	Women	Total
Developed countries	42	10	28
Developing countries	21	4	13
World	29	6	20

Source: WHO estimates based on Peto et al, 1994, and Murray and Lopez, 1996

However, [illegible] of deaths caused by smoking in developing countries will rise substantially due to the massive increase in cigarette consumption in developing countries over the last few decades. Unless a very large number of current smokers in developing countries quit smoking in the next few years, or

Table 13. Estimated [illegible] from tobacco in 1995, by region.

	Men	Women	Total
Developed countries	1 440 000	475 000	1 915 000
Established market economies	840 000	375 000	1 215 000
Formerly socialist economies of Europe	600 000	100 000	700 000
Developing countries	1 095 000	115 000	1 210 000
China	400 000	40 000	440 000
Other Asia and North Africa	500 000	40 000	540 000
Sub-Saharan Africa	90 000	5 000	95 000
Latin America and the Caribbean	105 000	30 000	135 000
World	2 535 000	590 000	3 125 000

Source: Peto *et al.*, 1994 for developed countries
Murray and Lopez, 1996 for developing countries

unless the hazards of tobacco use in developing countries can be demonstrated to be less than in the industrialized world, by the time the young smokers of today reach middle and older ages (by the [illegible] early 2030s), smoking will be causing about 10 million deaths worldwide, 7 million of which will be in developing countries. The chief uncertainty about these predictions is not, on current trends, *whether* they will occur, but exactly *when*. In the first part of next century, annual smoking-attributable mortality will reach ten million. Only through concerted global and national action to strengthen tobacco control measures will this looming public health catastrophe be averted.

It is imperative that an epidemic of this probable magnitude be reliably monitored. In order to do so, and to promote tobacco control measures in developing countries, much more information is required about the health risks of smoking in developing countries, and how these are changing. To meet this need, WHO, in collaboration with scientists at Oxford University in the United Kingdom has established a global network of prospective studies, now in their early stages, to examine the health effects of tobacco use in some developing countries. More reliable and detailed information on the health effects of tobacco in developing countries will be available in the future when the results of these prospective studies are known.

TOBACCO CONTROL MEASURES

Resolutions adopted by the World Health Assembly

From 1970 to 1995, the World Health Assembly adopted fourteen resolutions, all without dissent, in favour of tobacco control measures. Several of the resolutions called for comprehensive tobacco control programmes and policies. In particular, a resolution entitled Tobacco or Health, adopted in 1986 (WHA39.14)[12], urged Member States to consider a comprehensive national tobacco control strategy containing the following nine elements:

1. measures to ensure that non-smokers receive effective protection, to which they are entitled, from involuntary exposure to tobacco smoke, in enclosed public places, restaurants, transport, and places of work and entertainment.
2. measures to promote abstention from the use of tobacco so as to protect children and young people from becoming addicted;
3. measures to ensure that a good example is set in all health-related premises and by all health personnel;
4. measures leading to the progressive elimination of those socioeconomic, behavioral, and other incentives which maintain and promote the use of tobacco;
5. prominent health warnings, which might include the statement that tobacco is addictive, on cigarette packets, and containers of all types of tobacco products;
6. the establishment of programmes of education and pub-

lic information on tobacco and health issues, including smoking cessation programmes, with active involvement of the health professions and the media;
7. monitoring of trends in smoking and other forms of tobacco use, tobacco-related diseases, and effectiveness of national smoking-control action;
8. the promotion of viable economic alternatives to tobacco production, trade and taxation;
9. the establishment of a national focal point to stimulate, support, and coordinate all the above activities.

Elements one and four in this nine-item list came in for special attention again in 1990 when the World Health Assembly passed resolution No. 43.16,[13] which urged all Member States:

1. to implement multisectoral comprehensive tobacco control strategies which, at a minimum, contain the nine elements outlined in Resolution WHA 39.14;
2. to consider including in their tobacco control strategies plans for legislation or other effective measures at the appropriate government level providing for:
   a. effective protection from involuntary exposure to tobacco smoke in indoor workplaces, enclosed public places and public transport, with special attention to risk groups such as pregnant women and children;
   b. progressive financial measures aimed at discouraging the use of tobacco;
   c. progressive restrictions and concerted actions to eliminate eventually all direct and indirect advertising, promotion and sponsorship concerning tobacco.

It is important to note that all four resolutions, including the two cited above, were adopted without dissent, indicating a global consensus in favour of comprehensive tobacco control measures.

Despite this consensus, many Member States have experienced difficulty in effectively implementing the comprehensive tobacco control policies called for by World Health Assembly resolutions. Nevertheless, there are many outstanding examples from around the world of effective and imaginative implementation of elements of comprehensive tobacco control policies and programmes.

Many elements of an effective comprehensive tobacco control policy will eventually involve some form of legislative action, whether in the form of adopting or amending laws, regulations or government decrees. These include:

- protection for children from becoming addicted to tobacco;
- effective protection from involuntary exposure to tobacco smoke;
- prominent health warnings on tobacco product packaging;
- progressive elimination of tobacco advertising;
- the use of financial measures, such as higher tobacco taxes, to discourage tobacco consumption.

Even measures that do not necessarily require legislation to be effective, such as establishing a national tobacco control focal point, monitoring the tobacco epidemic, initiating health education and promotion activities, and offering smoking cessation programmes, are frequently mandated by legislation. A related WHO publication[14] provides a detailed analysis, including regional summary tables, of national tobacco control legislation as it existed in the early 1990s. The following sections will highlight effective ways of implementing the main elements of a comprehensive tobacco control policy, and then focus on examples of a few Member States that have been successful in implementing all or most of the elements of a comprehensive tobacco control strategy called for by the World Health Assembly.

Protecting children from becoming addicted to tobacco

In the early 1990s, about 25 countries had laws that prohibited the sale of cigarettes to minors, with the age of prohibition varying from 16 to 21 years of age. Related measures often include bans or restrictions on cigarette sales from vending machines, prohibitions on sales of tobacco products and smoking in schools, prohibiting the offering of free samples of tobacco products and prohibiting the sales of single cigarettes. Unfortunately, even when such laws exist, relatively few countries have been successful in ensuring that laws banning the sale of cigarettes to minors are respected.

However, that situation is improving, and in a number of local jurisdictions in several countries, changes to penalty structures and enforcement techniques have led to improved compliance with these laws. The following elements have contributed to this success:

- Establishing a minimum age of purchase of 18 or older;
- Creating a tobacco-sales licensing system so that tobacco retailers can be identified and