

Poverty: The high price of tobacco in Malawi

Oral proffered Session on „Costs of Tobacco“, 21st March 2012, 15th World Conference on Tobacco or Health, Singapore.

Presentation manuscript

Good afternoon Ladies and Gentlemen,

Title Slide

we have heard a lot about the economic impact of tobacco consumption in this session so far. To broaden the picture a bit, my presentation will give you some insight into tobacco production. Before tobacco *use* can have an impact on people's health or can cause costs, tobacco *production* already caused poverty in tobacco growing countries. My presentation is about the Southeast African country of Malawi where I did anthropological fieldwork. But Malawi is just an example country – there are many more with similar problems.

Malawi Slide

Some basic facts about Malawi: Malawi's population is about 15 million. 65% are living below the national poverty line. In terms of tobacco, there are several significant figures to mention: Malawi is the country with the highest dependancy on tobacco in the world. 70% of its foreign exchange derives from tobacco. In 2011, the country earned 400 million US-dollars from tobacco sales. Tobacco auctions provide 23 % of total tax income. And, though it is a tiny country, it is one of the biggest exporters of burley tobacco. That means, Malawi's tobacco is contained in virtually all American blend cigarettes. Malawi also is one of the last countries in the world that did not sign nor ratify the Framework Convention on Tobacco Control.

Green Gold Slide

Tobacco is described as the „green gold“ in Malawi. „Green gold“ is the notion that dominates

* Es kann keinen fair gehandelten Tabak geben. Tabakanbau schädigt die Gesundheit, zerstört die Umwelt und führt zu Menschenrechtsverletzungen.

the discourse in newspapers and speeches of politicians. It is said that it provides the foreign exchange that is necessary to import medicines, fuel, fertilizers and other important goods. It is also said that it provides employment. These are the two major arguments for not diversifying away from tobacco. „We cannot diversify, we are too dependent.“ The dependency makes government and people lethargic. However, tobacco is not gold, it's one of the major causes of poverty in Malawi.

Employment Slide

It is estimated that up to 2 million of the 4.5 million workforce are working full- or part-time in the tobacco sector. There you have the employment that is provided by tobacco production. But very little of these jobs are well paid. The majority labours as tobacco smallholders and tobacco tenants in the fields and earns little or nothing for producing one of the most labour intensive crops that exist.

Tenants Slide

The most vulnerable group among these are the tobacco tenants. About 300,000 to 500,000 of them live and work on tobacco estates in Malawi. In the so called tenancy system, the owner of an estate recruits tenants for his estate at the beginning of the season. Landlords prefer families over individuals. Not because they have mercy, but because the work is too much for one person. The tenant will need the support of his family members, including the children. The landlord provides all inputs that are necessary to grow tobacco: fertilizers, pesticides, tobacco seeds and other farming materials. These inputs are given on loan. Food is also provided on loan.

In return for all the great things that they get on loan, the tenants have to grow tobacco and sell it to their landlord – and only their landlord - after harvest. From the payment, costs for inputs and food are deducted. Landlords tend to inflate prices of inputs and food, so there remains very little or nothing for the tenant at the end of the season. The American anthropologist Marty Otañez even found that there exists a debt bondage system on Malawi's tobacco estates.

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Bonface Slide

What does it actually mean to be a tobacco tenant in Malawi?

- Tenants get starvation wages. For example Bonface who worked with his wife and three children on a tobacco estate. They earned barely 50 US-dollars for 9 months of work.

Isaac Slide

- Tenants usually do not have proper housing. Like Isaac, who lives with his wife and three children in the hut that can be seen behind him on the picture.

Water Slide

- Tenants usually do not have access to safe drinking water. They source water from unprotected wells and even water holes like the one shown on the slide.

Food Slide

- Food is also a problem. The tenants I interviewed during my research in 2008 and 2009 mostly did not have more than two meals a day, some only ate once a day. Additionally, the lack of nutritious relish causes malnutrition, especially among children.

Child labour Slide

- As mentioned earlier, the tobacco work is just too much to be done by one worker, at least with the low prices they are paid. Therefore, parents ask their children to assist. Marty Otañez and others estimate that some 78,000 children work full- or parttime on Malawi's tobacco estates. Tobacco work is hazardous. The children are exposed to hazardous chemicals and risk to get poisoned by the tobacco plant itself. Nicotene absorption through the skin causes the Green Tobacco Sickness. Because tobacco work is hazardous and because it prevents the children to get an education, it is prohibited under the United Nations Convention on the Rights of the Child. Thanks to Marty Otañez for providing this picture.

Foreign Exchange Slide

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Cynical people would say: Let some people be enslaved for the wealth of all others. But Malawi's tobacco monoculture does not help the Malawian people to get out of poverty. The dependence on this one major foreign exchange earner is quite dangerous: Any change on the tobacco world market can cause an economic shock in Malawi. And do you think it is wise as a country to depend on the goodwill of only 2 multinational companies that control the world tobacco leaf market and buy 80% of Malawi's tobacco crop?

The government's major argument to keep on promoting tobacco farming is the high amount of foreign exchange that the country derives from leaf exports. But in 2011 the buyers rejected up to 90 % of tobacco bales that were offered on auction days. Rejected bales had to be re-offered and re-offered until they were sold – and the auction season was prolonged for more than two months till December, a record in Malawi's history. In the end, Malawi earned 100 million US-dollars less than in 2010 and the lack of foreign exchange caused the most severe economic crisis since 1993. It led to a scarcity of fuel and a crisis in the education and social sector. 19 people died during protests against the government.

On the other hand, one has to admit that Malawi did not only get 100 million US-dollars less from tobacco sales, it also lost a lot of donor support in 2011. Foreign aid was put on hold because of the deteriorating human rights situation.

So, the major government argument for keeping tobacco growing does not work in two ways:

1) If tobacco really is the major foreign exchange earner of the country and Malawi was not able to import fuel and fertilizers without it – then it is really time to diversify. The tobacco monoculture causes economic and political turmoil.

2) The situation became really bad because both – tobacco money and foreign aid – were cut. That means that the tobacco dependancy is over-exaggerated and can be tackled – especially when they ask for foreign assistance for that.

In any way, the tobacco monoculture did not help the country in this situation.

Tobacco industry causes poverty Slide

So, to conclude, the tobacco industry causes poverty at the beginning and the end of the commodity chain. Only the ones in the middle – which are the tobacco companies – profit

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from tobacco.

As tobacco control advocates, we got to understand that tobacco growers are also victims of the tobacco industry, just like tobacco consumers. The growers can become new allies in our fight against tobacco. Let's not leave the field to the tobacco industry which tries to use farmers to counter tobacco control.

Facebook Slide

If you want to know more about our campaign work, visit my presentation on friday. It's in the oral proffered session on „Tobacco Control Interventions“. I'm going to talk about the use of tobacco growers' stories in tobacco prevention campaigns. If you want more information and regular updates, go to our website www.unfairtobacco.org or join us on facebook and twitter.

Thank you for listening.

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