Up in Smoke

Big Tobacco Ruins a Small African Nation

By *Bryan Farrell*

"It is probably only in Malawi where one will find nothing strange in the cutting down of a tree that one never planted, protected or looked after. It has to be only in Malawi where the Government fails to apprehend and bring to book people who contravene the forestry and other environmental laws."

This may be more hyperbole than fact, but these passionate words reveal the frustration of those seeking to preserve the environment in one of Africa's smallest, most densely populated, impoverished countries.

The dozen "concerned organizations" that published those words in a petition to their government and fellow citizens in early 2008 are not exaggerating, however, when they write: "Our forests are being destroyed at a rate that is beyond any explanation."

Malawi is losing 2.8 percent of its forests every year, the highest rate in southern Africa – a continent already besieged by the worst deforestation in the world. According to satellite data published in a new UN atlas, 13 percent of Malawi's forest cover was lost between 1990 and 2005.

One explanation for the devastation is that forests are routinely cleared to create more farmland for a rising population – a fairly common phenomenon among poorer countries worldwide. Another reason for the forest loss is the drive to create new farmland for the production of tobacco for export.

Nearly 90 percent of tobacco cultivation takes place in the developing world. In addition to clearing forests to make way for fields, trees are also chopped down to fuel the fires needed to dry out and cure the leaves after they are harvested. Some experts have estimated that tobacco causes five percent of developing countries' deforestation annually.

In Malawi – a country where 70 percent of the workforce is employed in tobacco production – the problem has spiraled out of control. During a study conducted from 1990 to 1995, land-use expert Helmut Geist estimated that 26 percent of Malawi's annual deforestation was a result of tobacco production. He now considers this figure to be conservative.

At the time, Geist was researching the Miombo woodlands – the world's largest dry tropical forest, stretching from Angola in the west to Tanzania in the east. The trees in this region are valued for their solidity, which makes for optimal curing conditions when burned. In the rush to take advantage of this resource, Malawi has overlooked the fact that miombo trees require 70 to 130 years to grow.

As a result, the southern region of Malawi – where tobacco agriculture began – is virtually barren. The landscape of destruction has forged its way into central Malawi – where tobacco cultivation is currently concentrated – and is slowly spreading to the heavily forested northern region.

"This wave of tobacco ravaging forests and woodlands started in the south in the 1890s and is now completing in the north 100 years later," Geist explains. "Except for strictly protected forest and nature reserves, most if not all of the native miombo cover will be eliminated when the tobacco cycle is completed in the north, sometime around 2035."

Exacerbating the situation is the failure of tobacco to generate a decent standard of living. Only two percent of Malawians can afford to be hooked up to the electrical grid, and oil is just as prohibitively expensive. On an income of less than a dollar per day – which is the norm for two-thirds of the population – there aren't many options for heating and cooking. The majority of the population keeps collecting firewood, causing demand for wood to exceed supply by 30 percent.

"We are losing large parts of both natural and protected reserves because there are no alternative sources of energy," says University of Malawi Professor David Mkwambisi. "Most of the problems here are emanating from deforestation."

Without trees to hold soil and nutrients in place, Malawi's arable land has become severely eroded. Nearly 16 percent of cultivation occurs on marginal or unsuitable lands, which has led to an increase in fertilizer and pesticide use. The reliance on chemical inputs, along with siltation from soil erosion, has polluted one of Africa's most water-rich nations and made it one of the most water-stressed.

Despite these environmental catastrophes, there is little talk of Malawi moving away from tobacco production. Even the petition to save Malawi's forests calls for only a small tax on wood used for charcoal production and tobacco curing. The multinational tobacco corporations have attained a virtual stranglehold on Malawi's economy by exploiting a history and culture deeply tied to the world's deadliest consumer product.

Soon after a Scottish missionary introduced tobacco to Malawi in 1893, the British colonists established a forced labor system known as *thangata* – whereby people were compelled to work without compensation in lieu of paying rent. This enabled enough tobacco production to create an export industry.

Malawi remained a British colony and source of cheap plantation labor until its independence in 1964, when Dr. Hastings Banda assumed control of the country. During his 30-year dictatorship, Banda accepted support from the World Bank, the International Monetary Fund, and US companies to develop the tobacco industry – all while amassing a personal empire that saw him become the largest private tobacco grower in the world.

A democratic revolution unseated Banda in 1994, but his successor did little to alleviate Malawi's dependence on tobacco. In 2001, President Bakili Muluzi attempted to motivate Western consumers by telling the international press: "I encourage you to smoke more. The more you smoke, the more we shall grow tobacco."

This attitude has led to conditions that are virtually indistinguishable from the thangata era. Landless tenants are forced to rent everything from fertilizer and equipment to the very food they eat, which ensures that they must keep working in the tobacco fields as bonded laborers to pay off their debt to the estate owners. Many are also forced to take their children out of school and put them to work – one reason why Malawi has the highest incidence of child labor in southern Africa, estimated at 1.4 million child workers.

Tobacco companies seek to prevent child labor violations at estates where they have direct control. But since 80 percent of tobacco is grown without a contract from the tobacco companies, most incidents go unnoticed. One study, conducted by the Center for Tobacco Control Research and Education (CTCRE) at the University of California, reveals the extent to which tobacco companies will go to maintain their image.

By studying British American Tobacco's internal documents, the researchers found that "rather than actively and responsibly working to solve the problem of child labor in growing tobacco, the company acted to co-opt the issue to present themselves as a 'socially responsible corporation.'"

Similar PR spin is found in the environmental realm as multinational companies plant new trees in razed areas. But they often are planting fast-growing, non-native species that disturb ecosystems more than they help, and it's never enough to make up for what has been lost. All this enables Big Tobacco to continue business as usual, which in this case means profiting at the expense of an entire nation.

Despite being the world's seventh largest producer of tobacco in 2005, Malawi earned just $162 million from this so-called cash crop and posted a trade deficit of $174 million. Meanwhile, key buyers Philip Morris and British American Tobacco (BAT) – along with the several other companies that use Malawi tobacco – posted sales of $120 billion in 2006.

The disparity can be explained, in part, by the fact that tobacco multinationals have been encouraging more countries to grow the crop, which drives down world prices and forces farmers in Malawi to compete with an ever-increasing pool of tobacco farmers – some of whom come from countries even worse off than Malawi and can sell their leaves for less.

While that may seem like the ever-globalizing nature of business, these tobacco multinationals use more than just market economics to maximize profit. Last year, the CTCRE reported that BAT and Philip Morris are able to dictate the raw tobacco prices in Malawi by setting up pre-arranged contracts with middlemen to purchase the leaves for a set low price, regardless of supply and demand. Where there should be healthy competition among the middlemen resulting in fair prices for farmers, there is instead collusion and the fleecing of a country already deep in poverty.


Marty Otañez, www.sidewalkradio.net

Malawi has the highest incidence of child labor in Africa.

> This has been made easier by the fact that until this year, 90 percent of Malawi's leaves were purchased by just two middlemen companies, which happen to be subsidiaries of US-based corporations that are benefiting from favorable free trade agreements struck with Africa during the Clinton era. By lowering its trade tariffs, Malawi was told it would reap the benefits of increased competition. Instead, it's BAT and Philip Morris that are reaping the benefits of little to no tariffs.
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> Collusion and monopoly control, however, are just part of the price crisis. According to Malawi's leading newspaper, *The Nation*, in 2005 the equivalent of 34 percent of the tobacco sold at auction was smuggled into neighboring countries, where the middlemen can purchase it tax free and pass along the savings to the multinationals.
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> Worse yet – as the CTCRE has noted – this action involves government complicity. Many plantation owners involved in the smuggling are politically connected, and the issue is often ignored when it arises in Parliament. Since the corporate secretary for one of the two major leaf-buying companies sits on several government trade policy committees, industry interests are guaranteed to be protected.
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> The injustice of the tobacco system has been recognized by current President Bingu wa Mutharika, an economist who, in 2006, put the two largest tobacco middleman leaf-buyers on alert.
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> "Poor smallholder farmers in Malawi have remained poor because they are cheated by an international cartel that connives to buy our tobacco at exploitative prices, and yet they sell the same tobacco at huge profits in their countries," he said. "If you dare to threaten me," Mutharika continued, referring to middlemen, "some of you will find yourselves in handcuffs."


Amy Gottlieb

Two middlemen companies purchase 90 percent of Malawi's tobacco. Where there should be healthy competition and fair prices for farmers, there is instead collusion.

The leaf-buyers didn't take this proclamation seriously and continued paying below-market value. But the following year, Mutharika made good on his promise and refused to extend the passport of Charles Graham, an Australian, who was the managing director for Limbe Leaf – a man who once remarked, "If there's any country that should grow tobacco until the last tobacco leaf is produced, it should be Malawi."

Prices began to increase after that, and finally, in 2007, for the first time in years, they reached US$1 per kilogram at auction, which is the estimated cost of production. Then, when the auction opened in spring 2008, tobacco prices soared above US$2, due in part to competition from a new government-run leaf-buying company. Some districts even experienced prices as high as $11 per kg.

The *Daily Times* of Malawi ran an editorial lauding the tobacco buyers for "delivering this good news to the farmers of Malawi." But the goodwill didn't last long, as three days later, prices dropped to as low as 60 cents and farmers protested by forcing a suspension of the auction.

"The $11 per kg is an anomaly," says Marty Otañez, an assistant professor of political ecology at the University of Colorado. "And the drop to 60 cents shows how the tobacco companies still have so much power over the prices."

As much as it would be a welcome relief for farmers to earn a living wage, Otañez says that higher auction prices tend to reinforce dependency and encourage the notion that tobacco is beneficial to Malawi's economy and society, despite all the evidence to the contrary.

"Economic dependency has brought them deeper and deeper into poverty," explains Otañez, who spent seven years studying the tobacco sector in Malawi. "To me it signals a larger issue, which is that for some reason Malawi has opted not to be a part of global discussions to deal with crop diversification and alternative livelihoods for tobacco farmers."

Article 17 of the Framework Convention on Tobacco Control (FCTC) – a global treaty developed in 2003 by the World Health Organization and signed by 168 countries – includes a provision to try to break farmers' tobacco dependence. While most of the FCTC calls for demand reduction, Article 17 is concerned with supply reduction, requiring signatory countries to promote "economically viable alternatives" for those cultivating tobacco.

While 80 percent of the world's population lives in countries that have ratified the treaty, Malawi is one of only a few African nations yet to sign. Corporate Accountability International (CAI), a nonprofit group that works to ensure the treaty is enforced, has identified East Africa as one of the regions where the tobacco industry is actively subverting the enactment of the convention.

"There's heavy industry investment in having a country like Malawi not get on board," says CAI International Policy Director Kathy Mulvey. "The grower organizations and the multinationals have set up a production system that keeps farmers tied very closely to the crop."

Even the poor farmers, working under oppressive conditions, are skeptical of the World Health Organization's efforts, fearful that their only livelihoods will be taken away.

“The industry has done some interference, through political pressure or through their lobby,” says Laurent Huber, director of the Framework Convention Alliance, which is another watchdog group for the FCTC. “They create a feeling that if a country were to ratify the treaty, it would create total economic chaos for that country.”

The World Bank – one of Malawi’s main international donors – has done little to counter this notion. In a 2005 report, the Bank declared, “Fast economic growth and poverty reduction in Malawi will not be possible without strong export-oriented growth in the tobacco sector.”

“The World Bank has been part of the problem,” Otañez says. “We have this economic logic that says the two most effective ways to reduce tobacco consumption are to increase taxes and continuously increase smoke-free environments. What they’re doing is leaving out the production or supply part of the equation.”

The environmental destruction caused by tobacco cultivation has also received relatively little attention from health policy makers. Article 18 of the FCTC simply asks that “the Parties agree to have due regard to the protection of the environment.”

Part of the reason why the supply side of the equation and the environmental costs of production haven’t received enough attention is that the public health establishment that oversees anti-smoking efforts is far removed from the reality in producer nations. As Amanda Sandford, research manager with the London-based Action on Smoking and Health, notes: “Tobacco production is a minor economic activity in most developed countries, so it’s just not an issue for most people, as it doesn’t affect them directly.”

That’s why global institutions that actually work with developing nations, such as the World Bank and the IMF, need to be involved. Otañez says that if they were to retool their priorities, and use their loans to encourage countries like Malawi to reduce tobacco acreage and plant more sustainable crops that are less toxic to human health, they would be doing a service to the many countries that are addicted to tobacco.

In the long run, as former WHO Executive Director Derek Yach once said, “Farmers will eventually start seeing that they can get a better return on their money in a diverse range of other product areas.” And that, of course, is what scares the tobacco companies most.

The situation in Malawi today has a historical antecedent, the experience 400 years ago of Jamestown, Virginia – the birthplace of export-oriented tobacco cultivation. Some 20 years after they started growing tobacco for commercial purposes, the Jamestown settlers found prices bottoming out, leaving farmers penniless and hungry with fields full of an inedible crop.

Instead of limiting production and diversifying their crops, they kept growing tobacco. This was not because they were stubborn or ignorant, but because they had little control over the situation. The King of England and his colonial governors made more money from taxing tobacco than any other imperial good at the time, and they demanded that the shipments continue.

Today, of course, the situation is starkly different, as the US has taken the lead in transitioning its farmers away from tobacco. Since the massive smoking litigation settlements of the late 1990s, the tide of opinion has turned against cigarettes. State and local governments have enacted public smoking restrictions, and the number of smokers has declined. Equally important, the federal government has phased out support for tobacco farming.

In North Carolina, a nonprofit called the Golden Leaf Foundation has received half of the funds coming from the state’s settlement with cigarette manufacturers, using them to help “North Carolinians make the transition from a tobacco-dependent economy” to alternative programs, such as goat farming.

Similar efforts are underway in Virginia. A nonprofit organization called Appalachian Sustainable Development is working to create jobs that help the environment, which has put them in direct contact with tobacco farmers. They’ve begun assisting the transition to organic crops by teaching sustainable agriculture methods, as well as by finding local supermarkets that will buy the produce.

The challenge now lies in transferring this more recent example to the fields of Africa.

“In Malawi, there’s a tobacco trade union that’s been successful at getting money to investigate ways of reducing the number of tobacco plants,” Otañez says. “We [in developed nations] need to look at these micro-projects and fund them to the extent that they can become national pilot studies that ultimately transition away from tobacco. The reality is that people on the ground in tobacco dependent economies are having little victories every day. We need to ask ourselves: ‘How can we build on these little victories?’”

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