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Abstract

On 21st May 2003, after four years of negotiation, the World Health Assembly (WHA) adopted the World Health Organisation (WHO) Framework Convention on Tobacco Control. Once ratified this framework convention will ultimately constrain the activities of the tobacco industry globally. In light of increasing litigation and exposure of the industry's strategies to maintain profitability, will the tobacco industry remain quiescent on this further threat to their legitimacy? A weapon in the tobacco industry's armoury is to redefine the public policy agenda via a legitimate forum. This can include eliciting debate in any credible forum and in doing so, attempt to validate all points of view (Davidson, 1991), This legitimating forum can include corporate social reporting (CSR) (Deegan, 2002), as practised by British American Tobacco in 2001/2002, an exemplar for an industry dominated by several large multinational corporations (Davidson, 1991: Sethi & Steidlmeier, 1991).

Keywords

tobacco industry, corporate social reporting, Framework Convention on Tobacco Control.

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WHO's Looking after the Tobacco Industry

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Keywords: tobacco industry, corporate social reporting, Framework Convention on Tobacco Control.

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Introduction

On 21st May 2003, after four years of negotiation, the World Health Assembly (WHA) adopted the World Health Organisation (WHO) Framework Convention on Tobacco Control. Once ratified this framework convention will ultimately constrain the activities of the tobacco industry globally. In light of increasing litigation and exposure of the industry's strategies to maintain profitability, will the tobacco industry remain quiescent on this further threat to their legitimacy? A weapon in the tobacco industry's armoury is to redefine the public policy agenda via a legitimate forum. This can include eliciting debate in any credible forum and in doing so, attempt to validate all points of view (Davidson, 1991). This legitimating forum can include corporate social reporting (CSR) (Deegan, 2002), as practised by British American Tobacco in 2001/2002, an exemplar for an industry dominated by several large multinational corporations (Davidson, 1991; Sethi & Steidlmeier, 1991).

Background

On the 24th May 1999 the WHA, the governing body of the WHO, resolved to commence work on the Framework Convention on Tobacco Control (FCTC). A Framework Convention is a legal treaty or international agreement between states in written form and governed by international law. This convention outlines the general objectives of health related and other tobacco issues and is supplemented by protocols. These protocols are treaties or separate agreements entailing more specific legal obligations (WHO, 2000).

The objective of this framework convention, as stated in the document is

...to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke (WHO, 2003a p. 7)

This overarching objective encompasses: protecting children, adolescents and vulnerable communities from tobacco through their exposure to smoking and the marketing of tobacco products; addressing the prevention and treatment of tobacco dependence; promoting a smoke-free environment and tobacco-free economies. More specifically, WHO envisages that the protocols could address issues such as advertising, package design and labelling, environmental tobacco smoke (passive smoking), agricultural diversification and smuggling (WHO, 2000).

Smoking and tobacco related issues have worldwide prominence and are publicly contested. For the first time the FCTC will provide a coordinated, organised and authoritative effort to comprehensively address these issues. In contrast, previous attempts from outside the industry have been piecemeal and parochial. The stated ultimate aim of WHO, through the FCTC, is to abrogate the social and health-related risks by the reduction of tobacco smoking globally. In so doing, there is recognition of the anticipated economic effects of tobacco control. In the short to medium term,

WHO expects, those economies relying heavily on tobacco exports will suffer until agricultural diversification is established. However, WHO argues, that the benefit in terms of decreased health and social costs will outweigh the direct economic benefits from tobacco cultivation (WHO, 2000).

Industry Pressures

Organisational legitimacy has been a pressing issue for the tobacco industry for several decades. The FCTC, once formally ratified, will constrain the tobacco industry and the multinational corporations that operate within it. In a climate of decreasing tolerance of tobacco-related issues, a coalition of tobacco companies launched voluntary international minimum Marketing Standards in 2001 (BAT, 2001). According to the Chairman of British American Tobacco (BAT), this initiative was designed to “raise the bar” in terms of advertising, packaging and sponsorship (Broughton, 2001, p.4). Building on this image of an industry capable of self-regulation, BAT produced its first Social Report for the year 2001/2002 as an attempt to provide “broader accountability to stakeholders” and to present “clear evidence of a socially responsible tobacco company” (BAT, 2002 (a), p.1). At this point it is worth noting the interesting time line of events. In 1999, WHA commences negotiations on a treaty to significantly curb the increase of tobacco use worldwide and the tobacco industry within two years introduced its own standards and BAT repositions itself to appear as a ‘transparent’ and responsible corporate citizen.

British American Tobacco, is a major player with over fifteen percent market share in tobacco and tobacco-related products. This includes ‘doing business’ in 180 countries, controlling 250,000 tobacco farmers, running 84 factories in 64 countries and employing 85,000 people globally. From direct and indirect tax, governments are estimated to gather £14 billion annually (BAT, 2002(a)). The move into social reporting has provided an avenue for BAT to go beyond the narrow technical aspects of tobacco marketing and enter the dialogue on more conceptual social issues, by providing a platform in the public policy arena. According to BAT, the ultimate question for stakeholders is, who would they prefer to manage the tobacco industry? BAT identifies the options as, either the legitimate well-run responsible tobacco industry or organised crime, the counterfeiters and the back-door salesman likely to flourish under the new framework (Broughton, 2001). The management of BAT are, however, in agreement with some of the aspirations of the WHO initiative, but question the appropriateness of a global health organisation to properly address the issues surrounding the whole tobacco debate. Much of this debate centres on proprietary rights and the commercial secrets implication of full product disclosure. The WHO, according to BAT, has not engaged the tobacco industry as an important player and has excluded it from the FCTC negotiations (BAT, 2001). BAT contests the validity of data and the method for calculating the future mortality statistics generated by WHO, as the basis for implementing the FCTC. Contesting those data and those methods, also undermines the legitimacy of WHO and its objectives. “To debate the question in any serious forum is in itself a victory for the tobacco forces because it presumes that either side may be correct” (Davidson, 1991, p. 54)

The Debate

The conflict and ensuing debate differentiates the 'economic view', which is the argument taken by the tobacco industry, and the 'health or social view' taken by WHO. This conflict is exacerbated in the Third World, developing countries in which issues surrounding economic development dominate health issues¹. The consumption of cigarettes in the Third World is increasing through sophisticated mass marketing and promotion. Apart from the health issues there is the problem of land degradation, deforestation and the shift away from food production to revenue producing tobacco crops (Sethi and Steidlmeier, 1991). As one of the most heavily taxed commodities, tobacco provides significant revenue from tax, income to farmers, income to processors and foreign exchange (Sethi and Steidlmeier, 1991). BAT enters this debate by contesting the appropriateness of a "one size fits all" approach by WHO (BAT, 2002(b)) as a "clumsy imposition of first world solutions" threatening self-determination and an example of moral and cultural imperialism (Broughton, 2001, p 2). BAT further expands the argument to capture the World Bank's alignment with WHO as the 'dark side' of globalisation and an abuse of power (Broughton, 2001). Although we are in tacit agreement with these sentiments, the championing voice of a multinational corporation relying on an overtly dangerous product for economic survival is questionable in the extreme.

The global tobacco industry is considered by BAT to be indispensable in terms of employment and taxation revenue. And, the tobacco issue has broader implications. For example, there are significant concerns regarding smuggling and illegal aspects, agricultural issues such as biodiversity, chemical use and deforestation, as well the health issues, which WHO seeks to address in the FCTC. In question is whether the tobacco industry can self-regulate through industry standards and corporate social reporting, and encompass not only the economic, but also the social and political aspects of the debate.

Concluding Remarks

The FCTC is now on the table. Once forty of the member states (192) ratify, accept or approve the FCTC it is legally binding on those states and for every other state that ratifies, accepts or approves from that point.. At the time of writing 47 states have become signatories, indicating political support and a commitment to abide by the principles until ratification (WHO, 2003b). Only Norway has become a signatory and also formally ratified the FCTC. How will the tobacco-industry respond? An initial reaction indicates that, although excluded from negotiations, BAT intends to lobby governments at national level to offer proposals and solutions for "real and workable tobacco regulation" (BAT, 2003).

BAT's pre-emptive move into public policy debate via social reporting has provided legitimacy for the tobacco industry to contest the appropriateness and validity of the FCTC. As Davidson (1991, p.54) asserted "[p]erhaps no move has been more critical to the tobacco industry's [legitimation] strategy than its efforts to redefine the public policy agenda" by shifting issues and directing public attention away from health to

¹ The social, political and historical implications of this issue are acknowledged, but are not within the ambit of this paper.

economic issues. More than a decade later it appears the same strategies prevail with corporate social reporting included in the armoury.

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