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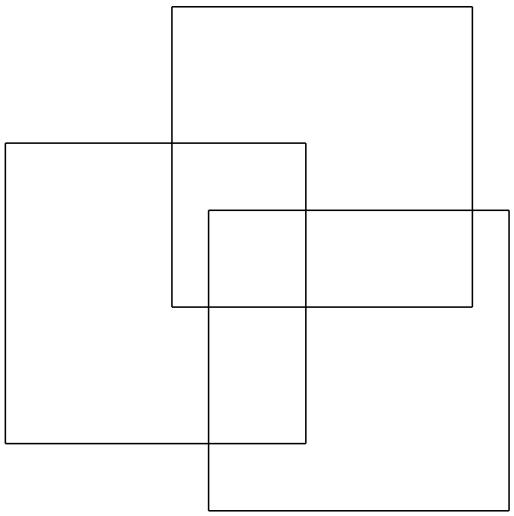
Background report for the Technical Meeting to Promote an Exchange of Views on the Further Development and Implementation of the Integrated Strategy to Address Decent Work Deficits in the Tobacco Sector

Report for discussion at the Technical Meeting to Promote an Exchange of Views on the Further Development and Implementation of the Integrated Strategy to Address Decent Work Deficits in the Tobacco Sector
(Kampala, 3–5 July 2019)



Geneva, 2019

Sectoral Policies Department

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Contents

Introduction

1. At its 335th Session (March 2019), the Governing Body of the International Labour Organization (ILO) approved the holding of a Technical Meeting to promote an exchange of views on the further development and implementation of the integrated strategy to address decent work deficits in the tobacco sector.

2. This background report has been prepared to inform discussions at the meeting. It provides an overview of the recent economic trends and development in the tobacco sector, with a specific focus on addressing decent work deficits and promoting opportunities for alternative livelihoods in tobacco-growing communities.

3. This report should be read in conjunction with the following reports of the Governing Body: GB.331/POL/5 (October 2017) and GB.329/POL/6 (February 2017) on the ILO's cooperation with the tobacco industry in the pursuit of the Organization's social mandate; as well as GB.334/POL/5 (October 2018) and GB.332/POL/5 (March 2018) on the integrated strategy to address decent work deficits in the tobacco sector. The integrated strategy discussed by the Governing Body at its 332nd Session (March 2018), has three prongs: (1) promote an enabling policy environment for decent work in tobacco-growing countries; (2) strengthen social dialogue; and (3) assist tobacco-growing communities to address decent work deficits, including child labour, and to transition to alternative livelihoods. [1]

4. The integrated strategy as well as this report build on the conclusions and resolutions of the Tripartite Meeting on the Future of Employment in the Tobacco Sector held in February 2003, which underscored the importance of continued research on employment and occupational safety and health (OSH) in the sector; the promotion in the tobacco-growing and processing sectors of the Decent Work Agenda, especially through the adherence to and observance of the principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up; and the promotion of social dialogue. The conclusions and resolutions emphasized the need to promote the ratification and implementation of the eight ILO core Conventions and other relevant instruments such as the Workers' Representatives Convention, 1971 (No. 135), and the Safety and Health in Agriculture Convention, 2001 (No. 184), and the elimination of discrimination on the basis of gender in the tobacco sector. [2]

5. The tobacco supply chain comprises growing and processing of tobacco leaf, industrial manufacturing and home industries of tobacco products and marketing and distribution. While the overall objective of the integrated strategy is to promote decent work across the entire supply chain, given that the ILO's recent engagement in the sector has focused on the upstream supply chain, the discussion in this note primarily focuses on growing and production of raw tobacco.

[1] For the text of the strategy, please refer to GB.332/POL/5.

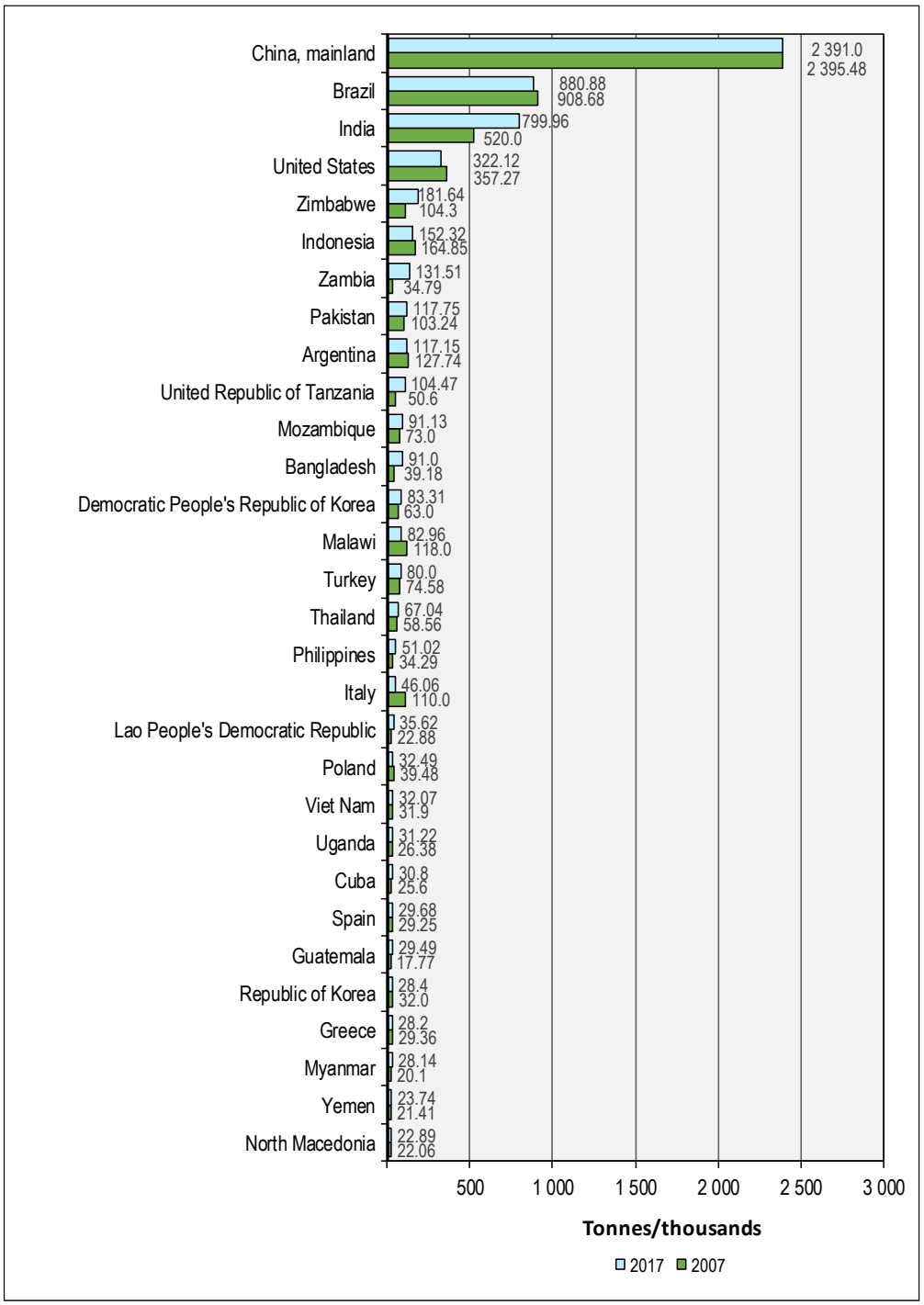
[2] ILO: Note on the proceedings: Tripartite Meeting on the Future of Employment in the Tobacco Sector (TMETS/2003/15) (Geneva, 2003), pp. 25–37.

The economics of tobacco

Trends in the production of tobacco leaves

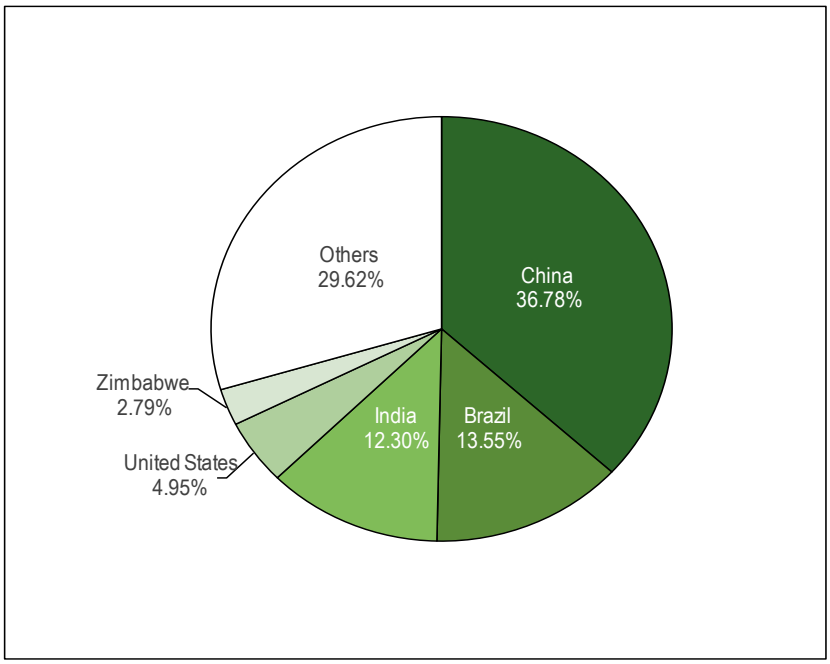
6. Tobacco is currently produced in some 130 countries around the world, with 32 countries accounting for nearly 95 per cent of the global production. According to the latest available estimates, China dominates global tobacco production, followed by Brazil, India, the United States and Zimbabwe (figure 1). Together, the top five account for almost 70 per cent of the global production (figure 2).

Figure 1. Production in top 30 producers of unmanufactured tobacco, 2007 and 2017
(tonnes/thousands)



Source: ILO based on FAOSTAT.

Figure 2. Share of production in top five tobacco leaf producing countries to total production, 2017

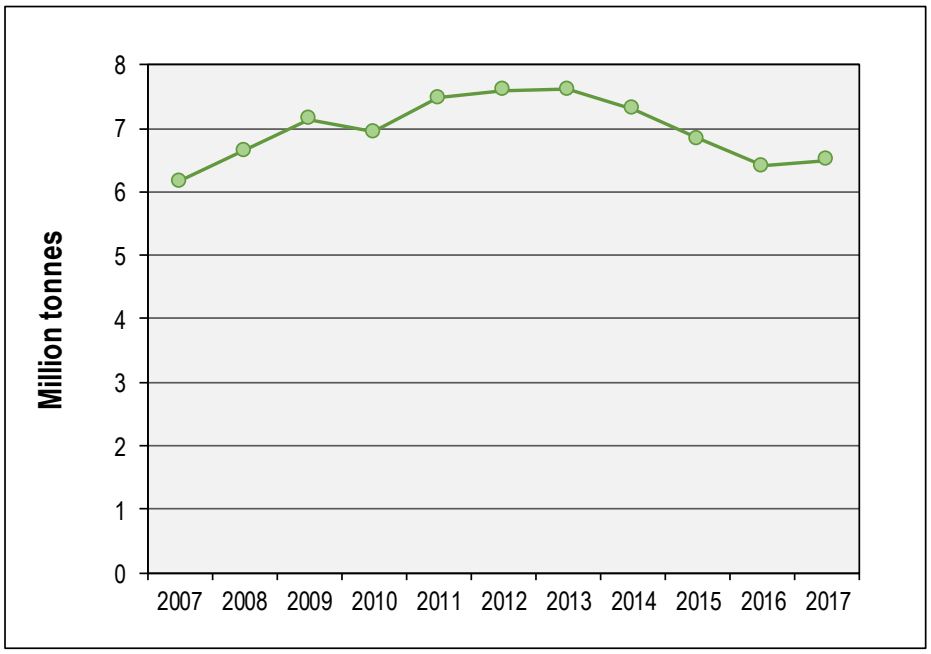


Source: ILO based on FAOSTAT.

7. In the last decade, tobacco leaf production has increased from 6.1 million tonnes in 2007 to 6.5 million tonnes in 2017 (figure 3). Africa has witnessed the fastest growth, with an average annual rate of 4.14 per cent. In terms of individual countries, Zambia's production has increased by four times, while the United Republic of Tanzania and Zimbabwe are now producing nearly twice the amount produced in 2007. [3] Zambia has also witnessed a significant increase in the area under tobacco cultivation as well as the yield. On the other hand, yield in Zimbabwe and the United Republic of Tanzania has decreased in comparison to 2007, despite a significant increase in the area under cultivation, which could potentially be attributed to suboptimal agricultural practices. Malawi has witnessed a significant decrease of 40 per cent of the area under tobacco cultivation and a reduction of 30 per cent in tobacco production, while no significant changes have occurred in the yield (table 1). Table 2 provides information on the share of area under tobacco cultivation to total area under cultivation in the top five tobacco-producing countries in Africa.

[3] FAO: Statistical database (2017).

Figure 3. Global tobacco leaf production, 2007–17 (million tonnes)



Source: ILO based on FAOSTAT.

Table 1. Top five producers of unmanufactured tobacco in Africa: Comparison in production, area and yield, 2007 and 2017

	Production (tonnes/thousands)		Area under cultivation (hectares)		Yield (tonnes/hectares)	
Country	**2007**	**2017**	**2007**	**2017**	**2007**	**2017**
Zimbabwe	104.30	181.64	75 202	150 124	1.39	1.21
Zambia	34.79	131.51	23 928	73 357	1.45	1.79
United Republic of Tanzania	50.60	104.47	44 000	118 763	1.15	0.88
Mozambique	73.00	91.13	70 000	78 024	1.04	1.17
Malawi	118.00	82.96	118 551	71 639	1.00	1.16

Source: ILO based on FAOSTAT.

Table 2. Share of area under tobacco cultivation to total area under cultivation in the top five producers of unmanufactured tobacco in Africa, 2017

	Area under tobacco cultivation (hectares)	**Total area under cultivation** (hectares)	**Area under tobacco cultivation as share of total area under cultivation** (per cent)
Zimbabwe	150 124	261 0618	5.75
Zambia	73 357	2 778 556	2.64
United Republic of Tanzania	118 763	1 688 5458	0.70
Mozambique	78 024	5 745 431	1.36
Malawi	71 639	4 235 067	1.69

8. With regard to trade, as per the latest data available, Brazil is the top exporter of unmanufactured tobacco [4] and tobacco refuse [5] (US$2 billion), followed by the United States (US$1.11 billion), Belgium (US$975 million), Zimbabwe (US$800 million), China (US$620 million) and India (US$612 million) (table 3). In a number of countries, export of unmanufactured tobacco constitutes a noticeable share of total exports (table 4). Among the top five global producers, tobacco exports account for less than 1 per cent, with the exception of Zimbabwe, where the share is 23 per cent (table 5). Some of the major exporters of tobacco such as the United States, Belgium, China, and Turkey, are also among the top ten importers of unmanufactured tobacco and tobacco refuse (table 6).

Table 3. Top ten exporters of unmanufactured tobacco and tobacco refuse

	2007	**Trade value** (US$ billion)	**2017**	**Trade value** (US$ billion)
1.	Brazil	2.19	Brazil	2.00
2.	United States	1.21	United States	1.11
3.	Turkey	0.45	Belgium	0.98
4.	Malawi	0.42	Zimbabwe	0.8
5.	China	0.36	China	0.62
6.	India	0.33	India	0.61
7.	Italy	0.31	Malawi	0.53
8.	Greece	0.30	Germany	0.48
9.	Germany	0.30	Turkey	0.35
10.	Argentina	0.26	Italy	0.31

Source: UN Comtrade.

Table 4. Top ten countries according to share of unmanufactured tobacco exports in total exports

	2017	**Unmanufactured tobacco export** (US$ billion)	**Total export** (US$ billion)	**Share of tobacco exports in total exports** (per cent)
1.	Malawi	0.53	0.88	59.66
2.	Zimbabwe	0.80	3.48	23.00
3.	United Republic of Tanzania	0.20	4.18	4.69
4.	Mozambique	0.21	4.72	4.48
5.	North Macedonia	0.14	5.67	2.51

[4] *A Guide to the Tobacco and Nicotine Database* compiled by Philip Morris International, defines unmanufactured tobacco as "tobacco, un-stemmed or unstripped; partly or wholly stemmed or stripped tobacco, otherwise unmanufactured".

[5] Tobacco refuse can be defined as "all waste resulting from the manipulation of tobacco leaves or from the manufacture of tobacco products". The Government of the United Kingdom, *Guidance: How to classify tobacco for import and export*, 2012–19.

	2017	Unmanufactured tobacco export (US$ billion)	Total export (US$ billion)	Share of tobacco exports in total exports (per cent)
6.	Uganda	0.04	2.90	1.52
7.	Zambia	0.09	8.16	1.08
8.	Dominican Republic	0.09	8.86	0.98
9.	Brazil	2.00	217.74	0.92
10.	Senegal	0.03	2.99	0.88

Source: UN Comtrade.

Table 5. Share of unmanufactured tobacco exports in total exports in top five producers, 2017

	Unmanufactured tobacco export (US$ billion)	Total export (US$ billion)	Share of tobacco exports in total exports (per cent)
China	0.62	2 263.37	0.03
Brazil	2.00	217.74	0.92
India	0.61	294.36	0.21
United States	1.11	1 545.61	0.07
Zimbabwe	0.80	3.48	23.00

Source: UN Comtrade.

Table 6. Top ten importers of unmanufactured tobacco and tobacco refuse

	2007	Trade value (US$ billion)	2017	Trade value (US$ billion)
1.	Germany	0.92	China	1.21
2.	Russian Federation	0.87	Belgium	1.11
3.	United States	0.83	Germany	0.86
4.	Netherlands	0.53	Russian Federation	0.72
5.	China	0.47	United States	0.66
6.	United Kingdom	0.34	Poland	0.63
7.	Belgium	0.32	Indonesia	0.62
8.	Ukraine	0.30	Turkey	0.39
9.	Poland	0.29	Netherlands	0.32
10.	Japan	0.29	Viet Nam	0.29

Source: UN Comtrade.

9. Data on tobacco's contribution to gross domestic product (GDP) are not readily available. Among the major tobacco-producing countries, the tobacco sector is significant only in a limited number of countries. These include Malawi and Zimbabwe, where tobacco makes

up for approximately 60 per cent and 23 per cent of their total exports respectively. [6] In the former, it accounts for about 10 per cent of the county's GDP, [7] whereas in the latter, its contribution to the GDP is estimated at 15 per cent. [8] In other major tobacco-producing countries, this contribution is much less significant. For example, in Zambia, in 2012, the year for which the latest comparable data are available, tobacco production contributed a mere 0.4 per cent of GDP. [9]

10. Table 7 below shows the contribution of the agriculture sector, which also includes forestry and fishing, to the GDP in the top 30 tobacco-producing countries. In addition to permitting a perspective on the contribution of tobacco growing to these economies, this information may also be useful in identifying effective strategies for diversification.

Table 7. Agriculture's value added to GDP in the top 30 tobacco-producing countries

2017	**Production of tobacco** (tonnes/thousands)	**Agriculture, forestry, and fishing, value added to GDP** (per cent)
United Republic of Tanzania	104.47	30
Malawi	82.96	26
Myanmar	28.14	26
Uganda	31.22	25
Pakistan	117.75	23
Democratic People's Republic of Korea	83.31	23
Mozambique	91.13	22
Lao People's Democratic Republic	35.62	16
Yemen	23.74	16
India	799.96	15
Viet Nam	32.07	15
Bangladesh	91.00	13
Indonesia	152.32	13
Guatemala	29.49	10
Philippines	51.02	10
Zimbabwe	181.64	10
Thailand	67.04	9
North Macedonia	22.89	9

[6] United Nations Comtrade Database, 2017. Please also see table 3 above.

[7] E.W. Chirwa: *Competition issues in the Tobacco Industry of Malawi* (New York, UNCTAD, 2011), p. 1. According to other sources, this contribution is 11 per cent. R. Mweninguwe: "Smoking kills", in *Development and Cooperation*, 13 Aug. 2018.

[8] "Agriculture in Zimbabwe", in *Zimfact*, 12 Mar. 2018.

[9] F. Goma et al.: *The Economics of Tobacco Farming in Zambia,* revised version (University of Zambia School of Medicine and the American Cancer Society, 2017).

2017	**Production of tobacco** (tonnes/thousands)	**Agriculture, forestry, and fishing, value added to GDP** (per cent)
China	2 391.00	8
Zambia	131.51	7
Turkey	80.00	6
Argentina	117.15	6
Brazil	880.88	5
Cuba	30.8	4
Greece	28.2	4
Spain	29.68	3
Poland	32.49	2
Republic of Korea	28.4	2
Italy	46.06	2
United States	322.12	1

Source: ILO based on World Bank and the *World Factbook*, CIA.

Structure of the tobacco sector

11. The tobacco supply chain comprises growing and processing of tobacco leaf, manufacturing of tobacco products, marketing and distribution. While production for domestic tobacco products and sale in free market to small buyers, cottage industries and auction exists, upstream activities are characterized by the prevalence of out-grower or contract-based models of production, where farmers contract with buyer companies for exclusive production of tobacco. [10] Contract farming can have a positive impact on farmers' productivity and incomes, and therefore on poverty reduction, but much depends on the nature of the farming contract. [11] Out-grower models can also improve the traceability of production and promote the adoption of good agricultural, labour and environmental practices by the farmers as well as contribute to transparency through audits. The type of contract determines the predetermined quantity and price, supply of inputs and credit and assumption of risks in cultivation of the crop. The leaf buyer market is dominated by few international companies, while only five companies account for over 75 per cent of the global manufacturing of tobacco products. [12]

[10] A. Goger et al.: *The Tobacco Global Value Chain in low-Income Countries*, Duke Center on Globalization, Governance and Competitiveness (2014).

[11] ILO: *World Employment and Social Outlook 2016: Transforming jobs to end poverty* (Geneva, 2016), p. 150.

[12] Tobacco-Free Kids: "The global cigarette industry" (2018). The five companies by retail volume are: China National Tobacco Corporation (43 per cent), Philip Morris International (14 per cent), British American Tobacco (12 per cent), Japan Tobacco Inc. (8 per cent) and Imperial Tobacco (4 per cent).

12. The sector is heavily regulated; and, while state monopolies have declined since the 1980s, they continue to be primary manufacturers in 16 countries including China, where the state-owned corporation holds 42.6 per cent of the global market share. [13] In some other countries such as Japan, Kenya and India, while the market is dominated by multinational tobacco companies, government and state-owned enterprises have made substantial investment and hold stakes in private tobacco companies. [14]

Employment in the tobacco sector

13. Employment-related data specific to tobacco growing and manufacturing are not readily available, comparable and publicly accessible. This is due to the fact that in some countries these data may simply not exist; in others, they may not be systematically reported. [15]

14. Tobacco production is labour intensive; and, in developing countries, the largest share of employment remains in leaf production. For example, in Zimbabwe, the fifth largest producer of tobacco leaf in the world, tobacco growing provides livelihood to more than 171,000 small-scale farmers, while the sector supports additional 50,000 jobs along the supply chain, including in auction houses, processing, cigarette manufacturing, input supply, retail and financial services. [16] In Zambia, the seventh largest producer of tobacco leaf, the tobacco sector is a source of 48,000 direct jobs. [17]

15. Recent estimates suggest that in Indonesia, tobacco farmers account for around 1.6 per cent of total farmers in the agricultural sector and 0.7 per cent of the total workers in the economy. [18] This share is much higher in Malawi or Zimbabwe, where the agricultural sector employs the overwhelming majority of the labour force and tobacco is one of the primary export commodities.

[13] S.L. Hogg et al.: "State-ownership of tobacco industry: a 'fundamental conflict of interest' or a 'tremendous opportunity' for tobacco control?", in *Tobacco Control* (2015), pp. 1–6; Tobacco-Free Kids, ibid.

[14] S.L. Hogg et al.: ibid.

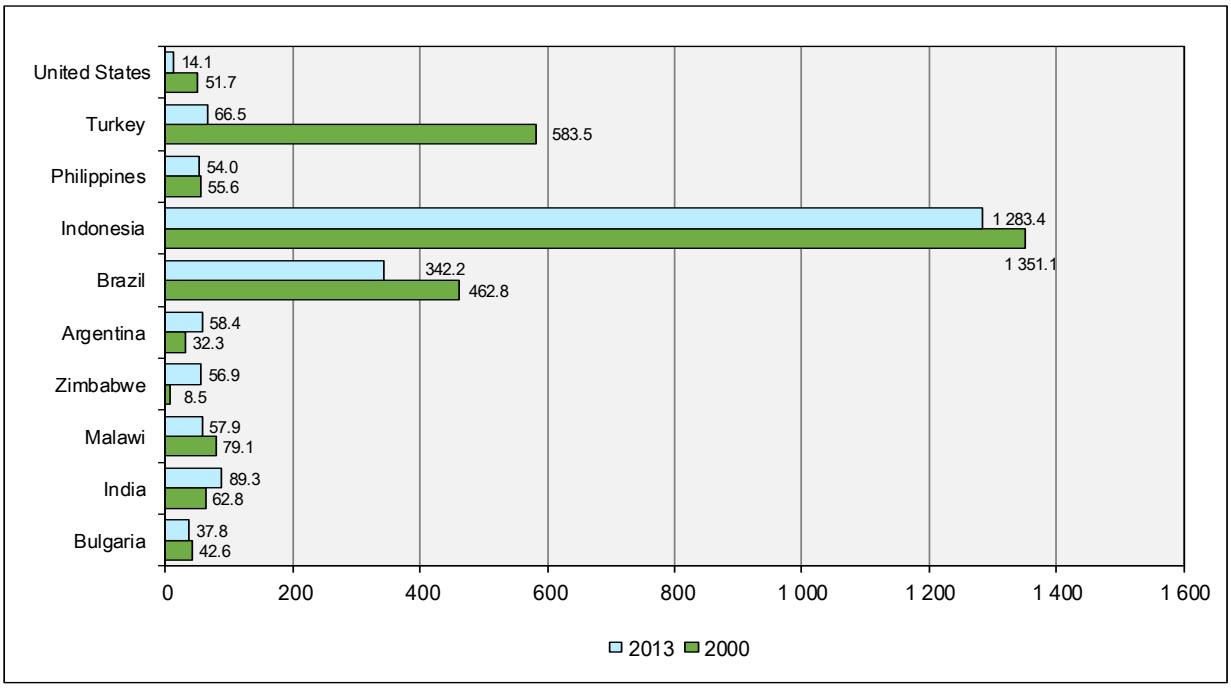
[15] ILO: *Tobacco sector: Employment statistical update* (Geneva, 2014).

[16] V. Bhoroma: "Zimbabwe: Billions Possibly Missed Via Raw Tobacco Exports", in *Zimbabwe Independent*, 8 Mar. 2019.

[17] D. Mulenga, "Zambia's tobacco production hits all-time low", in Africanfarming.com (2 Mar. 2018).

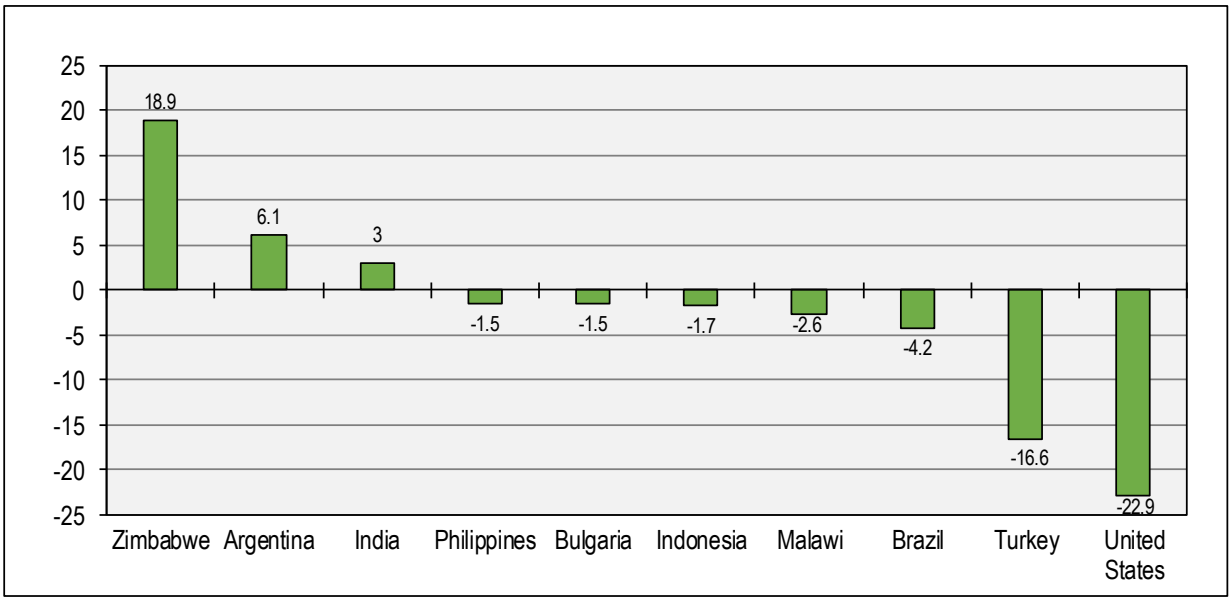
[18] World Bank: *The Economics of Tobacco Taxation and Employment in Indonesia: Health, Population, and Nutrition Global Practice* (2018), p. 36.

Figure 4. Employment levels in tobacco leaf growing ('000s) 2000 and 2013, selected countries



Source: ILO based on official national and international sources. [19]

Figure 5. Annual average growth rate in employment, 2000–13, selected countries (percentage)



Source: ILO based on official national and international sources. [20]

[19] ILO: *Tobacco sector: Employment statistical update* (Geneva, 2014). Earliest and latest available year used where 2000 and 2013 data are not available. Bulgaria, Malawi, India and Zimbabwe refer to "registered growers". In Malawi, "registered growers" consist of "clubs" and "estates", which are each made up of a minimum of ten to 15 people, and in India refer to those registered in Andhra Pradesh (including Odisha and Maharashtra) and Karnataka.

[20] ibid.

16. Overall, growing and processing is estimated to employ some 40 million workers located primarily in Asia, sub-Saharan Africa, Brazil and the United States. Between 2000 and 2013, the year for which the latest comparable data are available, substantial drops in employment in tobacco leaf growing have been observed in a number of countries, including Turkey (from 583,500 to 66,500), Brazil (from 462,800 to 342,200) and the United States (from 51,700 to 14,100). In contrast, increases were seen in Argentina (32,300 to 58,400), India (62,800 to 89,300) and Zimbabwe (8,500 to 56,900). [21]

17. Tobacco manufacturing, for its part, employs 1.2 million workers, almost 70 per cent of whom are located in China, India and Indonesia. Related home industries employ a significant number of workers, principally in India, where there are some 3.5 million hand-rolling *bidi* workers. [22] Estimates suggest that there are some 307,793 workers in Indonesia's *kretek* industry, which supports livelihoods of some 1.2 million people. [23]

18. While limited global data exist on the participation of women in the tobacco labour force, country-level evidence indicates their substantial involvement, especially in the unorganized and home-based tobacco industry. In Indonesia, women comprise 66 per cent of workers in the tobacco manufacturing industry [24] and 94 per cent of workers in the *kretek* hand-rolling factories. [25] Similarly, the *bidi* industry in India employs twice as many women as men. [26] In both instances, the opportunity for home-based work and flexible work arrangements to accommodate domestic care responsibilities attracts women to this work, despite the poor working conditions and lower wages when compared to their male counterparts. [27]

19. As discussed above, jobs in tobacco growing have been declining during the previous two decades due to new technology, increased productivity, decreasing demand, and national and international policies targeting tobacco consumption. Around 1.1 billion people or 20 per cent of the world population over the age of 15 smoke, [28] with 80 per cent of them living in low- and middle-income countries. [29] More recently, the industry has been

[21] ibid.

[22] Public Health Foundation of India, WHO: "Bidi industry in India: Output employment and wages" (2017).

[23] World Bank: *The Economics of Kretek Rolling in Indonesia – Health, Population, and Nutrition Global Practice* (2017).

[24] World Bank: *The Economics of Tobacco Taxation and Employment in Indonesia*, op. cit.

[25] World Bank: *The Economics of Kretek Rolling in Indonesia*, op. cit.

[26] Public Health Foundation of India, WHO, op. cit.

[27] ibid.; A. Hoque: "Quality of housing environment and health status among the female bidi workers: A micro-level study of Indian villages", in *Annals of Valahia University of Targoviste, Geographical Series* (2018), 18(1), pp. 84–91; A. Chilkoti, "Indonesia: Toiling over transition", in *Financial Times*, 17 Apr. 2016; University of Gadjah Mada, "Gender Dynamics in Tobacco Industry in Indonesia", 4 Feb. 2016.

[28] World Bank: "Smoking prevalence, total (ages 15+), 2016 estimates"; WHO: "Types of tobacco use". This document acknowledges that tobacco is consumed in different forms – smoking (cigarettes, *bidis*, cigars, *kreteks*, pipes, sticks), chewing, snuff and heated tobacco products among others. Statistics on smoking cigarettes have been highlighted for the reliability of available data and it being the most common tobacco consumption method.

[29] World Bank, ibid.

transforming rapidly as a result of a growing demand in vapour and heated tobacco products, [30] and is adapting to this new trend. Estimates suggest that by 2021, the cigarette market (currently worth US$680 billion) [31] will record a loss of US$7.7 billion, while heated tobacco products will grow by US$13.2 billion in sales. [32] Since the introduction of the WHO Framework Convention on Tobacco Control (FCTC), there has been a steady decline in the number of tobacco smokers, with an additional 20 million fewer smokers projected during the 2015–25 period, if the countries maintain tobacco control at the current intensity. [33] Combined with the emerging preference for vapour and heated tobacco products that make it possible to mechanically harvest tobacco, this may have a significant impact on the employment patterns in tobacco growing.

Opportunities and challenges for the promotion of decent work in tobacco-growing communities

20. The following section highlights the opportunities and challenges for the promotion of decent work in tobacco-growing communities in line with the three prongs of the integrated strategy, namely promoting an enabling policy environment for decent work; strengthening social dialogue; and, assisting these communities to address decent work deficits, including child labour, and including through a transition to alternative livelihoods.

Assisting tobacco-growing communities to address decent work deficits and transition to alternative livelihoods

Promoting decent work in tobacco-growing communities

21. Rural economies have a great untapped potential for inclusive growth, sustainable development and decent jobs. Approximately 88 per cent of the world's 1.2 billion young people (aged 15 to 24) live in developing countries, many of which, despite rapid urbanization, remain largely rural. [34] Such a demographic trend offers a unique opportunity to advance rural economies and shape the process of rural transformation. Rural areas are often characterized by severe decent work challenges, including governance gaps, informality, low productivity, underdeveloped production systems and limited access to services, infrastructure and social protection. These challenges are common across many developing countries engaged in tobacco leaf production. Smallholder and family farms, which dominate tobacco growing in these countries, are typically challenged by the lack of economies of scale; inadequate access to markets, inputs and technology and high input costs; poor agribusiness management skills; poor infrastructure and environmental factors.

[30] Euromonitor: "Tobacco In Flux: Smoke-Free Products As An Alternative To Cigarettes" (2017).

[31] British American Tobacco: "The global market – Trends affecting our industry".

[32] Euromonitor, op. cit.

[33] WHO: *WHO Global report on trends in prevalence of tobacco smoking 2000–2025, Second edition* (Geneva, 2018).

[34] United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects: Highlights, 2014 Revision (2014).

Land renting and tenant farming, which are common in some countries, such as Malawi [35] and Bangladesh, [36] aggravate rural poverty. [37] In order to lower production costs, which are often much higher than other cash crops, farmers tend to rely heavily on informal and unpaid family labour, including child labour.

22. This pattern highlights some of the areas that warrant particular attention in the further development of the integrated strategy on the promotion of decent work in tobacco-growing communities and of country-specific interventions based on the strategy.

Ensuring rights at work

23. As is often the case with rural workers in many developing countries, workers and tenants in the tobacco sector often face challenges in exercising their rights at work, in particular fundamental principles and rights at work, including freedom of association and the effective right to collective bargaining. In some countries, they are inadequately covered by labour legislation; in others, they lack protection because in many remote areas law enforcement, labour inspection and compliance are lacking or simply ineffective. Low literacy levels, a lack of education and awareness about the role of workers' unions; poor working and living conditions; the prevalence of child labour; informality and discrimination and inequitable labour relationships prevent rural workers from fully exercising these rights. [38] In many developing countries, trade unions in agriculture may also lack the capacity to effectively engage in collective bargaining and represent the workers. [39]

24. Ensuring that agricultural workers are adequately covered by labour legislation and removing legislative restrictions, including regulatory obstacles to union membership, is critical to ensuring workers' ability to fully exercise their rights at work. Governments have the duty to adopt, implement and effectively enforce national laws and regulations. They must ensure that the fundamental principles and rights at work and ratified international labour Conventions protect and are applied to all workers in the tobacco sector and the rural economy at large. Enterprises have a responsibility to comply with national law wherever they operate.

[35] GB.334/POL/5 (Oct. 2018); M. Otañez and L. Graen: ""Gentlemen, why not suppress the prices?": Global Leaf Demand and Rural Livelihoods in Malawi", in W. Leppan, N. Lecours and D. Buckles (eds): *Tobacco Control and Tobacco Farming: Separating Myth from Reality* (London, New York, Anthem Press, 2014).

[36] N. Lecours: "The harsh realities of tobacco farming: A review of socioeconomic, health and environmental impacts", and F. Akhter, D. Buckles and R. Haque Tito: "Breaking the dependency on tobacco production: Transition strategies for Bangladesh" in W. Leppan, N. Lecours and D. Buckles (eds): *Tobacco Control and Tobacco Farming: Separating Myth from Reality,* op. cit.; F. Akhter: Prioritizing food production over tobacco farming in Bangladesh in UBINIG, 18 Sep. 2017.

[37] S. Boseley and M. Oliver: "Special report – The children working the tobacco fields: 'I wanted to be a nurse'", in *The Guardian*, 25 June 2018.

[38] ILO: *Giving a voice to rural workers: General Survey concerning the right of association and rural workers' organizations instruments*, Report III (Part 1B), International Labour Conference, 104th Session, Geneva, 2015.

[39] ibid.

Eliminating forced labour and bonded labour

25. Poverty, the tenancy systems, high migration and trafficking as well as imbalance in power to influence leaf prices, coupled with low levels of literacy and lack of awareness of rights, contribute to the risk of forced labour and bonded labour in the sector. As payments are pegged to the sale of harvest, farmers often draw advances from estate authorities and tobacco companies they have a production agreement with or take high interest loans from local moneylenders for food, sustenance and purchasing inputs. [40] These loans are carried forward to the following year. In bad years, farmers accumulate debt and therefore risk being trapped in a cycle of over-indebtedness. [41]

26. A number of measures are needed to reduce the vulnerability of workers in the sector and the rural economy at large. These may include, inter alia: strong anti-forced labour and anti-trafficking regulations; improved monitoring; strong organizations of rural workers and employers; effective social protection programmes; improved governance for fair recruitment and access to skills development programmes; improved opportunities for decent work in other sectors; and, the elimination of the tenancy system. Particular attention needs to be paid to promoting compliance and enforcement of relevant laws, including by strengthening the capacity of law enforcement officials, including labour inspectors, to identify – and to ensure follow-up to – cases of forced and compulsory labour in the rural economy.

Abolishing child labour

27. According to recent ILO estimates, nearly 152 million children in the world are engaged in child labour, of which 73 million undertake hazardous work. The majority of working children are found in the agriculture sector. Although global estimates are not available, ILO research indicates that child labour is widespread in the tobacco sector. And as in most other sub-sectors of agriculture, child labour occurs primarily in the form of unpaid family work to supplement labour input for increasing production.

28. Children may be involved in clearing the land, preparing tobacco nurseries, sowing, watering, ridging, weeding, applying fertilizers, plucking leaves, harvesting, smoking the leaves and tying them in bundles, among other farm-related activities. [42] They may be engaged in hazardous work such as handling chemicals and pesticides and carrying heavy loads. Children are particularly at risk of suffering from the green tobacco sickness – a form of poisoning due to absorption of nicotine through the skin. [43]

[40] M. Otañez and L. Graen, op. cit., pp. 68–69; Swedwatch: *Smokescreens in the supply chain: The impacts of the tobacco industry on human rights and the environment in Bangladesh* (2016), pp. 43–45.

[41] Swedwatch: "The hidden side effects of tobacco" (2016).

[42] ILO: *Child labour, commercial agriculture and role of tobacco farmers* (the United Republic of Tanzania, 2009).

[43] R.H. McKnight and H.A. Spiller: "Green tobacco sickness in children and adolescents", in *Public Health Reports* 2005 Nov.–Dec.; 120(6), pp. 602–606.

29. Exploitative contracting arrangements for farming push tobacco farmers into cycles of debt and poverty and act as a gateway for child labour. [44] Inadequate education infrastructure and quality in tobacco-growing communities further pushes parents to involve children in work over sending them to school. [45]

30. Coherent legislation prohibiting child labour and imposing a heavy penalty on violations is imperative to ensure elimination of child labour. States should also focus on actively addressing the root causes of child labour by, inter alia, developing integrated preventive policies and actions that recognize the crucial importance of promoting decent work for adults and youth of working age through increased opportunities, improved earnings, income security and social protection; reducing farmers' need to rely on child labour through measures to increase productivity and incomes of farmers, for example by skills training and by introducing new/intermediate technologies; improving education infrastructure and access to quality public education; raising awareness among rural communities of the legislation on national minimum age and the benefits of education for children. Stakeholders should also collaborate through community-based child labour monitoring systems to ensure that children remain out of child labour.

31. The ILO has collaborated with the private sector in recent years to eliminate child labour in tobacco-growing communities. In particular, with support from the Eliminating Child Labour in Tobacco Growing Foundation, a programme aimed at tackling child labour in tobacco-growing communities was implemented in the United Republic of Tanzania, Malawi, Uganda and Zambia. The project spurred the strengthening or creation of community-based child labour monitoring systems that identify and remediate child labour in tobacco-growing areas, drawing linkages with education and social protection systems and labour inspectorates. [46] Another programme, Achieving Reduction of Child Labour in Support of Education (ARISE), was implemented between 2012 and 2018 in Brazil, Malawi, United Republic of Tanzania and Zambia as a public–private partnership between the ILO and Japan Tobacco International. [47] Independent evaluations of these projects concluded that they had met or surpassed their targets.

Empowering women and eliminating gender discrimination

32. Women make up nearly 50 per cent of the agriculture labour force in low-income countries. [48] According to an area study on the labour input of women on tobacco farms in China, the United Republic of Tanzania and Kenya, women undertake 43 per cent of work

[44] M.C. Kulik et al.: "Tobacco growing and the sustainable development goals, Malawi" in *Bulletin of the World Health Organization*, 1 May 2017, 95(5), pp. 362–367; Anna R. Kuperstein: "Tobacco's Weakest Link: Why Tobacco Farmers are Essential Players in the Fight against Big Tobacco" in *Journal of Health Care Law and Policy*, 2008, Vol. 11, issue 1, pp. 103–125; F. Naher and D. Efroymson: "Tobacco cultivation and poverty in Bangladesh: Issues and potential future directions", Feb. 2007.

[45] In Malawi, ILO research from 2015 documented a literacy rate of just 54 per cent among tenant farmers.

[46] GB.329/POL/6.

[47] ibid.

[48] ILO: *Empowering women in the rural economy: Decent work in the rural economy, Policy guidance notes* 2017 (Geneva).

on average. [49] This is in addition to unpaid domestic and care-work, which is disproportionately borne by women [50] and excluded from these estimates. This study found women tobacco growers to have limited to no knowledge of occupational hazards of exposure to pesticides, sun and tobacco and the impact of tobacco exposure on pregnant women. [51] The study also indicated that women received lower wages for contracted labour than their male counterparts. [52]

33. Land ownership and decision-making and contractual powers are clustered with men in most countries, [53] making them economically dependent on men. Although women work alongside men, [54] agreements are often made between owners and the husband or male partner, and payments at the end of the season are made to the man. Especially in contract farming, women may be obliged to supplement the farm income with unpaid labour to meet the contracted supply, limiting their opportunity to engage in other income-generating activities. [55] Segregation of roles on the farm by gender, domestic gender-based violence and societal limitations limit women's active participation outside the home and accessing tobacco markets and entrepreneurial opportunities. [56] In addition, women and children, as is the case in many other sectors, are susceptible to physical and sexual abuse from their landlords or managers. [57] Barriers to participation in unions for women are often higher than for men. [58]

34. Addressing discrimination and empowering women through participation in decision-making, equal wages, education and training including on OSH, ensuring equal access to information, credit and markets, especially with respect to transitioning out of tobacco farming, warrants particular attention. In addition, legislation prohibiting gender-based discrimination, violence and sexual harassment should be passed with severe sanctions for

[49] A. Kidane et al.: "Labor input of women tobacco farmers in Tabora, Tanzania in *African Journal of Agriculture*, Vol. 5(2), pp. 338–344, Feb., 2018.

[50] ILO: *Empowering women in the rural economy*, op. cit.; T. Hu and A.H. Lee: "Women in Tobacco Farming: Health, Equality, and Empowerment. A study conducted in China, Tanzania and Kenya" (Oakland, Center for tobacco control, 2016). The study also indicated that while women in China were more involved in the decision-making behind tobacco farming, including contracts with tobacco companies and bank accounts in their names, their counterparts in Africa were far less empowered and mostly supplemented labour for their husbands.

[51] T. Hu and A.H. Lee, ibid. Also see F. Castro Fernandes, "Human rights situation of women tobacco growers in the state of Rio Grande do Sul".

[52] T. Hu and A.H. Lee, ibid.

[53] China is an exception. See T. Hu and A.H. Lee, ibid.

[54] Women contribute over 50 per cent of labour input into crop production in Malawi, United Republic of Tanzania and Uganda. A. Palacios-López, L. Christiansen and T. Kilic: "How much of the labor in African agriculture is provided by women?" in *Food Policy*, 2017, Vol. 67, pp. 52–63.

[55] N. Lecours: "The harsh realities of tobacco farming: A review of socioeconomic, health and environmental impacts", in W. Leppan, N. Lecours and D. Buckles (eds): *Tobacco Control and Tobacco Farming: Separating Myth from Reality,* op. cit., p. 102.

[56] M. Sande: "When women are used as tobacco tenants" in *The Nation,* 19 Dec. 2014.

[57] ILO: "A Rapid Assessment of the Tobacco Sector in Malawi" (unpublished manuscript).

[58] ibid.

offenders to bring about substantial improvements in eliminating gender discrimination in respect to employment and occupation.

Improving occupational safety and health

35. Tobacco farming is labour intensive and, as most agricultural activities, by its nature physically demanding; and those engaged in it are exposed to multiple potential OSH risks and hazards with short- and long-term consequences. These include musculoskeletal injuries, which result from repetitive and forceful movements, bending, lifting and carrying heavy loads; heat exhaustion and high levels of skin exposure. [59] Exposure to pesticides, the application of which is required at different stages of production – from sowing and transplantation to pest control and harvesting – may be a cause of long-term health problems. [60] In addition, as mentioned earlier, workers handling moist tobacco leaves, especially children, are vulnerable to green tobacco sickness. [61] Lack of information among farmers about the symptoms of the sickness in particular [62] and the absence of adequate personal protective equipment, including rubber gloves, appropriate and water-resistant clothing contribute to the occupational risk of tobacco farming with negative effects on labour productivity and the livelihoods of the tenants. [63]

36. An education and training system catering to the needs of the agriculture sector, including tobacco – and the rural economy at large – needs to be operationalized by governments to promote awareness on occupational risks and prevention related to tobacco farming and provide relevant training underpinned by sectoral health-risk assessments and corrective action plans. In particular, in countries where a large share of tobacco production goes through the auction floors and intermediate buyers and to cottage industries, governments should put in place education and monitoring systems to support farmers to protect their own and their workers' health. Such systems should work in collaboration with rural workers' and employers' organizations to increase their outreach and reception. Improving rural communities' access to universal and free, quality, basic public education and health care in rural areas will have an important impact on efforts to address other critical decent work challenges, in particular child labour, and should be promoted as part of broader strategies to improve the working and living conditions of rural workers.

Promoting decent wages and incomes

37. Incomes of workers engaged in tobacco growing are generally low and in some areas are not sufficient to meet basic needs and those of their families. [64] As is often the case with the agriculture sector in many developing countries, tobacco growing is characterized by low productivity levels and waged workers engaged in the tobacco sector may be paid below the

[59] ILO: *Hazardous child labour in agriculture: Tobacco,* Safety and health fact sheet, IPEC (Geneva, 2004).

[60] ibid.

[61] R.H. McKnight and H.A. Spiller: "Green tobacco sickness in children and adolescents", op. cit.

[62] K. Lamb: "'I've been sick in the chest': Tobacco fields take toll on Indonesian children", in *The Guardian*, 26 June 2018.

[63] USDOL: "Green tobacco sickness".

[64] R. Labonte: "The tobacco industry is luring African farmers with bogus promises of prosperity", in *Quartz Africa*, 4 Jan. 2018.

established minimum wage. [65] A study on tobacco farming in Indonesia revealed that most tobacco farmers were dependent on social assistance programmes, as the cost of inputs and labour intensity was much higher in tobacco than non-tobacco crops while the actual profits were negative. [66] More than 60 per cent of households reported food insecurity at some point in the year, which could be related to limited profits as well as limitations of what could be grown for sustenance alongside tobacco. [67] Financial cycles and bulk annual payment for the harvest [68] may restrict the farmers' financial capacity to meet regular expenses such as payment of school fees at the start of the academic year. [69]

38. Given that tobacco growing is labour intensive, workers often must involve their family members, including children, as unpaid labour, to decrease costs of production, thereby incrementing the family income. [70] Under the tenancy system in tobacco growing in Malawi, estate owners extend loans or credit to farmers for the purchase of agricultural inputs and provide accommodation and food rations, which are deducted from future profits from the sale of tobacco. However, the costs for tenancy often outweigh the profit from sales; and, unable to pay back their loans from one season to the next, the farmers fall into a poverty trap. [71]

39. National laws and collective bargaining agreements should ensure that workers receive at least the prescribed minimum wage and adequate periodicity of payments and are informed about the rates of wages, the method of calculation, the periodicity and place of payment, and the conditions under which deductions may be made, while all stakeholders in the sector should monitor that minimum wages are paid. Legislation abolishing the tenancy system should be passed in countries where it is still practised. States also have an important role to play in regulating the forms of contracting in the sector.

40. Furthermore, efforts to promote productivity gains are central to improved incomes and poverty alleviation. A common finding of existing research on agriculture is that agricultural

[65] GB.332/POL/5 (Mar. 2018). For example, in Zambia, agricultural workers are not covered by the general minimum wage and their wages are determined by the collective agreement between the National Union of Plantation, Agricultural and Allied Workers representing all sub-sectors of agriculture, including tobacco, and the Zambia Farm Employers Association, and are currently below those in other sectors of the economy.

[66] World Bank: *The Economics of Tobacco Farming in Indonesia: Health, Population, and Nutrition Global Practice* (2017) pp. 41–58.

[67] World Bank: *The Economics of Tobacco Taxation and Employment in Indonesia*, op. cit.

[68] Although this may be a regular practice in agriculture in most countries, for example, in 2015–16, in order to support farmers during a difficult tobacco-growing season in Brazil due to El Niño, Philip Morris Brazil initiated a cash advance programme through which farmers received 50 per cent of their estimated sales revenues before delivering their crop. Stefanie Rossel: "Bouncing back" in *Tobacco Reporter*, 1 Mar. 2017.

[69] M. Wurth: "A Bitter Harvest: Child Labor and Human Rights Abuses on Tobacco Farms in Zimbabwe", in Human Rights Watch, 5 Apr. 2018.

[70] Human Rights Watch: "The Harvest is in My Blood": Hazardous Child Labour in Tobacco Farming in Indonesia (United States, May 2016); S. von Eichborn and L. Norger (eds): *Alternative Livelihoods to Tobacco: Approaches and Experiences* (Berlin, May 2012).

[71] ILO: *Understanding child labour and youth employment in Malawi* (Geneva, Sep. 2018); Centre for Social Concern: *Tobacco Production and Tenancy Labour in Malawi: Treating Individuals and Families as mere Instruments of Production* (Lilongwe, Jan. 2015).

productivity growth has a much greater impact on poverty reduction than productivity growth in industry, manufacturing or services. [72] In this respect, the establishment of cooperatives and farmer organizations, which are an important means for rural producers to strengthen their representation and voice and mobilize for self-help, can facilitate the provision of technical assistance and training to upgrade farmers' technical capacities and know-how in business and financial management; permit economies of scale, including through the pooling of resources; increase farmers' access to markets and information, and inputs and technologies at fair costs. [73] Building the capacity of cooperatives in tobacco-producing developing countries to support their members to effectively negotiate in both input and output markets can bring improvements for tobacco-growing communities in developing countries.

Ensuring compliance with laws and regulations

41. Some countries have limited capacity and resources to effectively monitor and enforce compliance with laws and regulations in rural areas including among tobacco-growing communities. Efforts have been made by these countries to diminish governance gaps by strengthening labour administration and inspections systems. As states have the duty to ensure that the fundamental principles and rights at work and ratified international labour Conventions protect and are applied to all workers in the tobacco industry, the development of effective compliance systems must be a government priority and should form the backbone of ILO country-level interventions.

Promoting economic diversification and alternative livelihoods

42. Advances in technologies, rising health awareness, increasing popularity of alternative products, as well as governments' commitment to the FCTC that result in stricter regulations on tobacco products, [74] are resulting in the changing patterns of employment in the sector. In addressing the impact of any decline in tobacco demand, facilitating a transition from tobacco growing to alternative economic activities on-farm or in non-agricultural sectors to minimize disruptions in the labour market and economic loss will require particular attention to appropriate investments and skills development. [75] Furthermore, the cost of tobacco use to the global economy, through losses in productivity and health expenses on tobacco-related illnesses, is estimated at approximately US$2 trillion annually, which is equivalent in magnitude to 1.8 per cent of the world's annual GDP. [76] In addition to environmental concerns of deforestation and soil degradation through tobacco growing and water and soil pollution from toxins in manufacturing, another serious environmental impact of the

[72] ILO: *World Employment and Social Outlook 2016: Transforming jobs to end poverty*, op. cit.

[73] ILO: *Building Local Development in Rural Areas through Cooperatives and other Social and Solidarity Economy Enterprises and Organizations*: *Decent work in the rural economy, Policy guidance notes* (2017).

[74] Parties to the WHO FCTC (ratifications and accessions).

[75] FAO: "Tobacco Supply, Demand and Trade by 2010: Policy Options and Adjustment – Volume II" (Rome, 2003).

[76] M. Goodchild, N. Nargis and E. Tursan d'Espaignet, "Global economic cost of smoking-attributable diseases", in *Tobacco Control* (2017).

smoking of cigarettes is caused by non-biodegradable cigarette residue. [77] Policies that promote economically sustainable alternatives to tobacco growing should therefore address all aspects of livelihoods, including health, economic, social, environmental and food security. [78]

43. Currently, many factors contribute to farmers' continued engagement in tobacco cultivation, including the perception of profitability of the sector; [79] limited access to land for independent farming; limited access to financial services, including credit facilities and loan packages that could facilitate diversification; and lack of awareness about alternative crops. In addition, farmers are often dependent on tobacco companies for inputs such as agricultural supplies, equipment, pesticides and fertilizers. In Malawi, for instance, a loan package as part of the contract with a leaf company includes seeds, fertilizers and pesticides, and plastic sheets to cultivate tobacco, as well as maize seeds and fertilizer to cover a season of production. [80] Low levels of education and lack of awareness about the terms of agreement and cost-effectiveness of such packages may put the farmers at a disadvantage, causing them to accumulate debt that they cannot pay off. In view of these factors and in the absence of national strategies for alternative livelihoods, social protection measures or easily accessible financial support, farmers are severely limited in their capacity to transition out of tobacco cultivation.

44. Those farmers who have successfully switched to alternative crops cite profitability, the availability of more viable low-cost alternatives and climate-related considerations [81] as main factors for their decision. [82] Others have attributed their decision to switch away from tobacco growing to its high labour-intensiveness, low returns, unsanitary conditions, and health concerns. [83] Diversification has also been credited with insuring against a bad crop outcome, meeting household sustenance needs, improving soil fertility through mixed cropping, bringing food security and ensuring work across different seasons and in the long term. [84]

45. Over the years, countries have experimented successfully with crop diversification and the development of complementary agricultural and non-agricultural sectors as alternative decent work opportunities for tobacco farmers. For instance, in Kenya, bamboo was planted

[77] UNDP: *The WHO Framework Convention on Tobacco Control: An accelerator for sustainable development* (New York, FCTC–UNDP, 2017); The Tobacco Atlas: "Environment".

[78] WHO: "Economically sustainable alternatives to tobacco growing (in relation to Articles 17 and 18 of the WHO Framework Convention on Tobacco Control) – Report by the Working Group" (Seoul, 2012).

[79] World Bank: *The Economics of Tobacco Taxation and Employment in Indonesia*, op. cit.

[80] Centre for Agricultural Research and Development (CARD) and Lilongwe University of Agriculture and Natural Resources (LUANAR): "Farm-Level Economics of Tobacco Production in Malawi" (Lilongwe, 2016).

[81] In Indonesia, the rainy season is longer than expected, disrupting the crop production. World Bank: *The Economics of Tobacco Farming in Indonesia*, op. cit.

[82] ibid.

[83] S. von Eichborn and L. Norger (eds): *Alternative Livelihoods to Tobacco: Approaches and Experiences,* op. cit.

[84] ibid.

in four tobacco-growing regions as a part of an intervention between 2006 and 2013 to reduce the dependence of smallholder farmers on tobacco for livelihood. [85] Bamboo was chosen for its economic productivity and high yield, environmental restoration capacity, amenability to intercropping and multifarious uses in construction and repair, pulp and paper industry, handicraft, household goods and human consumption. [86] The project supported the farmers through bamboo seedlings, nurseries for bamboo plants and capacity-building for farmers to facilitate bamboo harvesting, preservation and treatment and creation of bamboo products such as handicrafts. Over 75 per cent of the households engaged in the project reported an improvement in household livelihood, with the majority using money from bamboo for food and children's education. Additionally, 73.8 per cent of the farmers reported a complete transition out of tobacco farming to bamboo and other viable local alternatives during the course of the project. Lack of land and markets for bamboo products, absence of dedicated government policies for bamboo industry development and weak bamboo value chains were identified as some challenges to be addressed to make bamboo cultivation a viable alternative to tobacco farming. [87] This highlights the importance of identifying and supporting diversification strategies that are primarily driven by market demand.

46. In Indonesia, many farmers have chosen to diversify on their own with locally grown crops. A recent study indicated that many former tobacco farmers were making a better living growing other common, locally grown crops such as corn, sweet potato and vegetables, where they already had knowledge about cultivation, instead of searching for new crops as alternatives to tobacco. [88]

47. Brazil adopted a policy approach to the promotion of alternative livelihoods with the programme for diversification in tobacco-growing areas launched in 2005. The programme supported the implementation of rural extension projects and training and research to create new income-generation opportunities for sustainable rural development with diversification from tobacco. Advisory and extension services of continuous nature in rural areas provided farmers with access to education on management processes, production, processing, and marketing to help them diversify from tobacco farming. Farmers also had access to low-interest financing to finance crop costs, machinery, tools and infrastructure on the property, as well as direct market facilities such as purchasing at least 30 per cent of public school meals through family farming. [89] The example of Brazil, which despite significant declines in numbers of farmers engaged in tobacco growing remains one of the biggest producers of unmanufactured tobacco thanks to productivity growth spurred by investment in production

[85] J.K. Kibwage et al.: "Bamboo Production as an Alternative Crop and Livelihood Strategy for Tobacco Smallholder Farmers in South Nyanza, Kenya: Phase II" (2013).

[86] P.O. Magati et al.: "A Cost-benefit Analysis of Substituting Bamboo for Tobacco: A Case Study of Smallholder Tobacco Farmers in South Nyanza, Kenya" in *Science Journal of Agricultural Research & Management,* 2012.

[87] INBAR: "Bamboo as an alternative to tobacco" (2013).

[88] World Bank: *The Economics of Tobacco Farming in Indonesia*, op. cit.

[89] Brazil Special Secretariat for Family Agriculture and Agrarian Development: *Economically viable alternatives to tobacco growing – Diversification Program Areas Tobacco Cultivation* at the Conference of the Parties on Framework Convention on Tobacco Control, New Delhi, 8–12 Nov., 2016.

technology and innovative processes, [90] highlights the importance of developing effective strategies for diversification.

48. Given different country contexts and the multifaceted nature of challenges facing agriculture and other rural sectors in many developing countries, the promotion of tobacco alternative economic activities requires long-range strategies, especially in countries with limited capital and skills development. Such processes will therefore need a range of targeted measures including, among others: increasing public investment in the development of supply chains for alternative products (e.g. through infrastructure development); raising awareness among growers and increasing their capacity to grow non-tobacco crops in sustainable ways; and improving access to business development services, technology and markets. In addition, market systems development work that strengthens alternative sectors and their value chains can contribute to supporting the diversification of economic activities in tobacco-growing communities. Improving access to a range of financial services such as loans and cash subsidies during transition periods as well as offering insurance programmes to protect farmers against the risks of transitioning out of tobacco growing could contribute to the process of diversification. [91] Building new and better support systems [92] for technical advice on diversification; providing logistical support and promoting the creation of cooperatives may also be important in facilitating diversification.

49. The development and implementation of national policies in line with the integrated strategy therefore warrants a thorough understanding of labour market dynamics across sectors of the economy, as well as between rural and urban economies, and the informal and formal sectors. These policies need to be well-targeted to needs and opportunities and comprise a holistic approach to adequately facilitate the creation of decent work opportunities in the rural economy.

Promoting an enabling policy environment for decent work in tobacco-growing communities

50. As noted in the draft integrated strategy, the development of new and improved policies to promote decent work in tobacco-growing areas in the context of country strategies for employment and for rural development is the key building block, which will involve, inter alia, working with tobacco-producing countries to develop national employment plans in which there would be a clear focus on building the evidence base for economic diversification strategies and for policies that facilitate improved labour and enterprise productivity as well as improved working conditions including OSH and wages in the sector. [93]

51. Active labour market policies including those aiming at training and skills development throughout people's lives, an enabling environment for sustainable enterprises and access to various public and private services will constitute key ways to facilitate the promotion of decent work in tobacco-growing communities and transition to alternative livelihoods.

[90] S. Rossel: "Bouncing back", op. cit.

[91] T. Hu and A.H. Lee, op. cit.; ILO: *An integrated strategy to address decent work deficits in the tobacco sector,* Consultation in Zambia: see paras 21–24, Governing Body, 334th Session, Geneva, 25 Oct.–8 Nov. 2018, GB.334/POL/5.

[92] N. Chandran: "Why getting farmers to switch from tobacco crops is a struggle", in CNBC, 10 Jan. 2017.

[93] GB.332/POL/5.

Identification of growth sectors and industries and the type of skills needed for them are important steps to guide national and sectoral development strategies that can support an inclusive structural transformation process. Throughout this process, investment in people's capabilities, institution and decent and sustainable jobs are key for success. In this context, policy coherence and coordination at multiple levels will be critical to ensure a balanced approach to demand and supply side interventions. This will also require establishing linkages with other relevant policy areas, such as OSH, social protection and education. [94]

52. Country-specific policy and investment objectives and plans with regard to tobacco growing and trade specifically, and the agriculture sector at large, including on diversification, could be identified on the basis of the national priorities articulated in national development strategies and frameworks, and through national ownership. These national priorities determine how decent work deficits can be effectively and sustainably addressed in a given country. In this regard, there needs to be a greater focus on the promotion of decent work in tobacco-growing communities in country frameworks such as poverty reduction programmes, United Nations Cooperation Frameworks, national action plans on child labour, forced labour and youth employment, and national action plans on business and human rights, in line with the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). [95]

53. National agendas will also drive policy, budgetary and programme coherence. This will be crucial to avoid potential competition between national policy objectives and targets. Adequate financing will also need to be secured. Realizing the objectives and the targets set at the national level will require that all sources of financing, domestic and international, public and private, are aligned to achieve these results. Policy coherence across national development frameworks, sectoral strategies, national employment policies and plans will ensure this alignment.

54. A critical element of setting an enabling policy environment would be to ensure a whole-of-government approach, characterized by strong inter-ministerial coordination and policy coherence at the national level, for example between ministries of labour, agriculture, planning and education, and between national and local governments.

Strengthening social dialogue

55. Effective social dialogue is critical to the implementation of the strategy. It will play a key role in developing an enabling policy environment and addressing decent work deficits in the sector, particularly in critical areas such as wages and working conditions. It will also be of paramount importance in the development of policies promoting decent work in the rural economy including diversification strategies and in effectively addressing the longer-term social and economic implications of such policies, if any.

56. Strengthening social dialogue and the institutions for social dialogue, which constitutes one of the three building blocks of the strategy, would require, inter alia: building the capacity of employers' and workers' organizations as well as labour and other relevant ministries to engage in and promote social dialogue covering the key decent work deficits in the sector; strengthening the capacity of employers' organizations and trade unions to increase their membership and effectively represent and advocate for their members; promoting the establishment and growth of cooperatives and farmer organizations through creating an

[94] ibid.

[95] ibid.

enabling legal and governance framework, and building their capacity to operate effectively; and providing training to farmers on various technical economic and social issues.

57. In addition, support for government measures to encourage and promote effective recognition of collective bargaining rights and utilization of machinery for voluntary negotiation between employers' and workers' organizations is particularly important. [96] The development of information outreach campaigns on the significance of the rights to organize and bargain collectively, and rights at work in general, as well as engaging rural workers' organizations in the preparation of relevant policies and legislation should be part of this endeavour.

58. The private sector has an important role to play in promoting decent work in the tobacco sector as well as the rural economy at large. The promotion of systems for responsible business conduct and due diligence in the tobacco industry and the rural economy at large, in line with the MNE Declaration and the UN *Guiding Principles on Business and Human Rights*, should therefore constitute an integral element of the strategy. Leading multinational enterprises have demonstrated their commitment through due diligence in their supply chains and responsible business conduct initiatives. For instance, many have developed voluntary codes for agricultural labour practices and targeted programmes in line with international labour standards for decent work in the farms they source from, with special focus on the elimination of child labour. [97] In addition, lead manufacturers and suppliers have engaged in industry-wide initiatives that seek to align with international labour standards and the UN *Guiding Principles on Business and Human Rights* such as the "Sustainable Tobacco Programme". [98] Tobacco enterprises have also contributed through extension services to building farmers' capacity for crop diversification and improved economic outputs and food security. [99] Some have also voluntarily reported on existing schemes such as the Global Reporting Initiative. [100] While significant progress has been made in private sector engagement, much remains to be achieved in realizing its potential in addressing these issues including through robust due diligence in supply chains. Private compliance initiatives may support, but not replace, the effectiveness and efficiency of public governance.

Conclusion

59. The strategy discussed by the Governing Body in March 2018 builds on the mandate of the ILO and follows the integrated approach of the Decent Work Agenda set out in the 2008 ILO Declaration on Social Justice for a Fair Globalization. It also builds on the conclusions and resolutions of the Tripartite Meeting on the Future of Employment in the Tobacco Sector held in February 2003. In promoting decent work in tobacco-growing communities, the

[96] ibid.

[97] For example, Philip Morris International: *Agricultural labour practices code: Principles and measurable standards* (2011); Japan Tobacco International: *Agricultural Labor Practices 2017* (2017).

[98] J. Buchanan, "Tobacco Companies Commit to Protect Child Workers Worldwide" in Human Rights Watch, 15 Nov. 2017; British American Tobacco: "Sustainable Tobacco Programme" (2016); Imperial Brands: "The Sustainable Tobacco Programme" (2016).

[99] British American Tobacco: *Transforming Tobacco: Sustainability Report 2018* (2018).

[100] For example, Imperial Brands: "Global Reporting Initiative (GRI) Content Index" (2018).

strategy addresses multiple facets of decent work, paying particular attention to the fundamental rights enshrined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work, and the transition to alternative livelihoods, taking into consideration the obligations of 176 ILO member States party to the FCTC. It therefore represents a shift from a project-based approach, which has hitherto focused predominantly on the elimination of child labour in tobacco growing, to an integrated approach of economic development through the promotion of an enabling policy environment for diversification into higher value-added agricultural production and rural non-farm activities that provides decent work for rural populations. This is in line with the conclusions of the report of the Global Commission on the Future of Work that states that investments in decent and sustainable work in the rural economy should be a priority. [101]

60. The implementation of the strategy will require a whole-of-government approach ensuring policy coherence and coordination at multiple levels. It also needs to be advocated and supported by social partners who need to actively participate and effectively contribute to discussions on the employment and labour issues facing their economies and identify effective solutions. Governments need to ensure that national agendas drive policy, budgetary and programme coherence and that all sources of financing are aligned to achieve these results. They also have an important role to play in fostering partnerships at country level and ensuring coherence of interventions among donors and technical agencies by coordinating the intervention of the international community on the basis of their national development frameworks.

61. In assisting the tripartite constituents with the implementation of this strategy, the ILO will pursue an integrated approach through Decent Work Country Programmes with national employment programmes serving as the umbrella for improving working conditions and productivity in agriculture and the rural economy at large. Partnerships will also be strengthened with key partners active in the field of the rural economy including the World Bank, Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development, the African Development Bank and the Asian Development Bank.

[101] ILO: *Work for a brighter future: Global Commission on the Future of Work*, Geneva (2019).