WRITTEN STATEMENT FOR PUBLIC HEARING ON AGRICULTURAL DIVERSIFICATION AND CROP ALTERNATIVES TO TOBACCO

Sir/Madam,

Please find annexed a written statement on behalf of “Burning Brain Society” and “Tobacco Free World Foundation” on agricultural diversification and crop alternatives to tobacco. Kindly place our views for discussion during the hearing.

Thanking you,
Yours cordially

Hemant Goswami
Chairperson, Burning Brain Society
SUBMITTING ORGANIZATION:
Burning Brain Society
&
Tobacco Free World Foundation

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TYPE OF ORGANISATION:
Non-Profit NGO

CONTACT PERSON AND DESIGNATION:
Hemant Goswami; Chairperson

SCOPE OF ACTIVITIES OF THE ORGANIZATION:
Engaged in tobacco control, public health, consumer awareness and civil rights. Protection of interests of tobacco cultivating farmers is an active area of concerns.

Burning Brain Society is a non-profit charitable NGO based in INDIA and Tobacco Free World Foundation is a coalition of 73 organisations working on tobacco control and different aspects of civil, consumer and farmers rights.

ORGANIZATION’S INTEREST IN THIS PARTICULAR STUDY GROUP ON CROP ALTERNATIVES TO TOBACCO:
Agricultural diversification and alternatives to tobacco crop is primary to tobacco control. Since we are working on tobacco control and it's our firm belief that tobacco can not be controlled if the supply side is not effectively addresses so we are submitting our opinion for consideration.

Moreover we are also concerned about the real danger that in the absence of an alternate plan, millions of tobacco farmers will find them jobless if tobacco industry is declared illegal (which is highly probable). It is important to protect the interests of tobacco cultivating farmers and farming nations and motivate them towards alternatives to tobacco crop and encourage them to diversify. The livelihood of farmers cannot be left out in the hands of the tobacco industry. It calls for regulations and a viable exit strategies.

SOURCE OF FUNDING OF THE COMMENTING/SUBMITTING ORGANIZATION:
None

Burning Brain Society and Tobacco Free World Foundation hereby place before the committee some of the issues considered essential for discussion on tackling the tobacco problem at the supply side.
Necessary policy requirements for successful initiatives for diversification and alternatives to tobacco crop

Hemant Goswami: Burning Brain Society, INDIA

INTRODUCTION

Agricultural diversification and alternatives to tobacco crop can not be successful with a piece-meal approach. Comprehensive, specific and firm strategies with short, medium and long term planning is required to achieve quantifiable results through tobacco crop substitution. The Millennium Development Goals mentions that 5.3 million hectares of arable land under tobacco cultivation globally can be put to other constructive cultivation purposes and can be used to feed 10 to 20 million people.

It is prophesised, and is also the general opinion of many experts, that tobacco will not remain a legal product in extended future. In the light of such a possibility, it is not at all prudent to leave the fate of the tobacco farmers in the hands of an uncertain and insecure tobacco industry. It is very important to watch the long-term interests of farmers and plan for an effective and beneficial exit mechanism for the farmers and the tobacco farming countries.

Whatever be decided on the cost-effectiveness of diversification initiatives and whatever be the scientific research and decision on viable crop alternatives, it may not produce the desired results if such options are not strategically supported. Some of the issues which must be decided beforehand are appended hereunder;

ISSUES

ENDING THE SUBSIDY

In many countries across the globe (Including India) tobacco cultivation, trading and processes are directly and indirectly subsidised. Many times this subsidy proves to be a substantial incentive to the farmers and other people involved in the trade to continue the tobacco growing activities; even though it might be counter-productive in long-term time frame. As the first step, all such direct and indirect subsidies and incentives provided to tobacco cultivation and processes must be immediately discontinued. Other direct and indirect subsidies granted to agriculture and cultivation activities in-general should also be identified, and if possible, they should be withdrawn for all tobacco cultivation and trading processes. In the event, withdrawing the country level subsidy to agriculture (but availed by tobacco cultivators) is not feasible or possible; then taxation and/or other such like tax/financial-disincentive must be levied at the first stage (at the level of cultivator) itself. This
recovery should be from the cultivator with a basic objective to recover back any direct or indirect subsidy/incentive granted to agriculture. Concessions granted by the way of providing facilities/seeds/fertilizers/soft loans/ buy back guarantees and also by way of income/sales/excise/VAT and relaxation through other such like taxation instruments on agriculture should be discontinued for tobacco cultivation. Those who continue to cultivate tobacco can (and should) recover such increased costs from the vendors.

The cost of more than 2.5 billion kilograms of waste generated by the tobacco manufacturing produces each year should also be recovered from the tobacco traders. Not recovering this and other such like other detrimental costs incurred by parties also amount to subsidizing tobacco.

FARMERS CURRENTLY ENGAGED IN TOBACCO CULTIVATION

As the first step, all the farmers and farm land currently committed to tobacco cultivation process must be identifies. The identification must conclude in one year time-frame from now at the country/party level.

DOMESTIC GUIDELINES/LEGISLATION FOR FARMERS

For a long term success of any initiative on agricultural diversification and alternatives to tobacco crop, it is important that new areas should not come under tobacco cultivation. The existing land under tobacco cultivation should be frozen to prevent any new area going under tobacco cultivation. If this possibility is not effectively tackled and closed, then it is likely to become a case of moving target. To handle such a possibility, it is important that the identified farmers are granted license/permit/permission to cultivate tobacco and firm restriction/licensing conditions imposed on land-use for any form of tobacco cultivation and primary trade.

SUPPORT TO FARMERS

Though it is imperative to withdraw the incentive to grow tobacco but at the same time it’s equally important to provide a catalytic push for crop-diversification. This must be supported by suitable subsidy/incentives for substitution of tobacco cultivation. Such a strategy will make the incentive two fold for the cultivators interested in tobacco crop diversification. On the one side the farmer will try to avoid direct taxation and cut in subsidy, and on the other, he will try to avail the incentives available for cultivating alternate crops. This will significantly reduce the attraction to cultivate tobacco. The benefit must go only to areas currently put under tobacco cultivation, as identified by the parties at the first stage (as mentioned earlier). The support should have both short-term and long-term component to it. While the short term incentive component should be made available immediately on taking the decision to discontinue tobacco cultivation; the long term incentive should extend over a period of ten years or so.
DEVELOPMENT OF A GLOBAL POOL OF FINANCIAL RESOURCES

A global pool of financial resources must be urgently created to make the process of cultivation of alternative crop a success. The funds to the financial resources should necessarily be contributed on the basis of tobacco export and trade by the countries/parties.

BASIS FOR FINANCIAL CONTRIBUTION TO THE GLOBAL POOL

The formula for financial contribution to the global pool has to be based on the quantum of current tobacco cultivation, finished product manufactured, tobacco traded and the import and export of the finished and raw tobacco. The export and import of tobacco by any county/party has to be the deciding factor for the compulsory contribution to the global pool. Similarly current (Cut-off date to be worked out) tobacco cultivation, domestic trade and the percentage of revenue generated by tobacco to contribute to the overall GDP of an economy will decide the compulsory spent and available resources from the global pool for the county/party for alternative crop cultivation and diversification.

DEVELOPING GUIDELINES FOR PHASED DEGROWTH

Tobacco crop diversification and alternatives have to be based on a long-term phase-out plan. Stabilising the supply and phased reduction of tobacco supply shall also naturally reflect in the price of the end-product. It is well known that tobacco demand is price sensitive. The cost factor also affects the number of new users.

If no new cultivation is allowed and the older tobacco cultivators are offered incentives to shift over to other crops; a phased de-growth is a natural result. Such a strategy may also require an (short-term) incremental incentive scheme so that a specific percentage of cultivators (In proportion to the targeted de-growth) adopt the crop swapping schemes.

DECISION ON TIMEFRAME AND ROADMAP FOR CROP DIVERSIFICATION AND ALTERNATIVES

Targets are important and they can be measured only in a formula having time-span, land-converted and yield as three of the important variables. After due deliberations and calculations, the annual de-growth percent can be worked out. Variations from country-to-country on tobacco crop swapping can be expected during the initial period of the planned phased de-growth period. Some factors which are likely to influence the speed of agricultural diversification and alternatives cultivation are; the quantity of domestic cultivation; export earnings; the dependence of the countries economy on tobacco; the amount of domestic trade; legal environment for the tobacco trade; the partnership of the government in tobacco trade.

To counter all these possibilities, a definitive roadmap to tackle any such issue has to be worked out and countered at the planning stage itself.
HANDLING WILFUL SMUGGLING AND CONTROL OF ILLEGAL TOBACCO

While “Tax Stamps” is one of the means to control the counterfeit and unregulated trade of tobacco; compulsory serialising and bar coding of all finished products can be another mean to effectively control consumption of unaccounted tobacco and can also be helpful in controlling smuggling. Each pack must contain a serial number both at the large packing and the end-user pack level to help the law enforcers’ track the source (of smuggled/illegal products), if required. The consumption of illegal tobacco (Grown without license or smuggled) can also be controlled by adopting such a mean. The cost of serialising each tobacco pack is a very minor cost and can be easily adopted by each tobacco manufacturer without the need of any complicated machinery or tools. Such a formality and legal requirement can be adopted immediately within a very short time span by the tobacco industry under the guidelines and supervision of the domestic governments.

ECONOMIC SANCTIONS AND PENALTIES FOR NOT ADHERING TO THE TIMELINES AND THE TREATY GUIDELINES

A voluntary code is likely to be followed in breach. It can be expected that for many parties, the economic interests are likely to overweigh the motivation to adhere to the guidelines. So it’s pertinent that parties agree to economic consequences of not adhering to the guidelines and timeframes. The penal consequences should be sufficient to offset any possible economic gain by possible breach of understanding. The possibility of tobacco industry shifting bases to developing counties (and other non-parties) and trading from there must also be taken into account. If restriction on exports from such countries/parties cannot be placed for the reason that the exporting country is a non-party, then restriction on imports from such countries must be worked out. Penal consequences for any party supporting any such tobacco industry tactic must also be thought out and blocked at this stage itself.