



BRITISH AMERICAN
TOBACCO

BAT'S BIG WHEEZE



2004

THE ALTERNATIVE BRITISH AMERICAN TOBACCO
SOCIAL AND ENVIRONMENTAL REPORT

BAT's big wheeze – the alternative report

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BAT basics:

British American Tobacco is the world's second largest multinational cigarette company. Headquartered in London, BAT sells cigarettes and other tobacco products in 180 markets around the world.

BAT is engaged in harvesting, curing, processing, manufacturing, trade marketing, and distribution of tobacco products. The company has over three hundred brands in its portfolio, including State Express 555, Lucky Strike, Pall Mall, Benson & Hedges, John Player and Kent.

In 2003, BAT's operating profit before goodwill amortization and exceptional items rose by 4 percent to £2,781 million. Volumes rose by 2 percent to 792 billion cigarettes.

Its board includes the leading Conservative politician the Rt Hon Ken Clarke MP, who is the Chairman of the company's Social Responsibility Committee. He is paid £125,000 a year for work which includes promoting the company in new markets such as Vietnam.

Dear Stakeholder,

This report examines the performance of one of the world's largest companies.

British American Tobacco makes profits of more than £2.7 billion a year. It does business in 180 countries and has more than 300 brands in its portfolio. It also claims to have high standards of behaviour and integrity everywhere it operates. Its website is full of statements hailing the company as a model of a socially and environmentally responsible company.

Yet BAT makes products that kill people in their hundreds of thousands, year after relentless year. BAT has a 15 per cent share of the world tobacco market, second only to the American multinational Philip Morris. Five million people across the world die from smoking-related diseases every year. By the 2020s, as the children of today reach middle age, this figure is expected to double to ten million. Seven million of these deaths will be in developing countries, where health services are already hopelessly under-resourced and over-stretched.

Nowhere do BAT's glossy annual reports acknowledge this simple and terrible fact. That is not surprising, since the tobacco industry across the world has spent fifty years suppressing evidence about the health damage caused by smoking. The US Government has recently accused BAT of pursuing a "document retention strategy" through which vital research reports on the dangers of their products were routed through lawyers, marked confidential or even destroyed.

BAT's reports make numerous claims about social and environmental responsibility that do not stand up to serious examination.

- **BAT says** it is a socially responsible company. Yet cigarettes and other tobacco products are the most common preventable cause of death in the world, and are a known or probable cause of about 50 diseases, including lung and other cancers, heart disease, stroke and emphysema. BAT still fails to acknowledge this fundamental fact about its business.
- **BAT says** it has a "unique relationship" with a quarter of a million tobacco growers worldwide. Yet this report shows how BAT charges Nigerian producers high prices for loaned materials and pays them low prices for the tobacco they grow.
- **BAT says** it is opposed to attempts to addict children to nicotine, and hence to cigarettes. Yet this report shows how BAT has flooded Pakistan with advertising and sponsorships that appeal directly to teenagers, and how it has designed its promotions in Russia to appeal to young women.
- **BAT says** that "environmental issues and health and safety" are high priorities for the company. Yet this report shows how small-scale Brazilian and Kenyan tobacco farmers are prescribed a cocktail of pesticides by BAT, which they then routinely use without proper protection. Meanwhile in Uganda, tobacco growing results in forest destruction - it takes between ten and forty tonnes of dry wood to cure one tonne of processed tobacco.

While genuine moves by UK companies to improve their social and environmental standards are welcome, the differences between the claims BAT makes in its social reports and its true impacts are stark. BAT says its statements of business principles and core beliefs underpin its corporate social responsibility. People, health and the environment are purportedly central to these core beliefs. The bitter truth is that BAT is one of the least socially responsible companies in the world

ASH, Christian Aid and Friends of the Earth are calling on the UK government to ensure BAT's reporting reflects its true impact. It is in everybody's interests to ensure that new international standards for tobacco control are met. But alongside the regulation of tobacco use itself, BAT must also be held accountable by the UK government for its failure to protect the health and safety of its contract farmers and for the destruction of forests and farming land in developing countries in the name of tobacco.



D. Arnott

Deborah Arnott,
Director, Action on Smoking
and Health



Daleep Mukarji

Dr Daleep Mukarji,
Director, Christian Aid



Tony Juniper

Tony Juniper,
Director, Friends of the Earth

Behind the smokescreen – health and environmental impacts

“we’re dedicated to being a responsible company in a controversial industry.”¹

BAT, signposts to the future, 2004

BAT cigarettes kill smokers: Tobacco is the most common preventable cause of death in the world and a known or probable cause of over 20 fatal diseases including lung cancer, chronic obstructive bronchitis, emphysema and coronary heart disease. One in two long-term smokers will die prematurely as a result of smoking – half in middle age.²

Tobacco is also the only legally available consumer product which kills people when it is used entirely as intended. BAT’s cigarettes are killing half its customers slowly. With fifteen per cent of the global tobacco market share and five million people dying of smoking related diseases annually, BAT is already implicated in up to 750 thousand deaths every year. The figures are set to double in the next 20 years, with the developing world bearing the brunt of escalating smoking deaths.³

BAT cigarettes kill non smokers: Containing over four thousand chemicals, secondhand tobacco smoke is a known human carcinogen, ranked alongside asbestos, arsenic, benzene and radon gas.⁴ Around the world, people are dying from tobacco related heart disease and lung cancer even though they have never smoked.⁵ In the UK alone, The British Medical Association has estimated that secondhand smoke causes at least a thousand deaths a year. Just 30 minutes exposure is enough to significantly reduce coronary blood flow.⁶

BAT tobacco farmers get sick: Green tobacco sickness is a type of nicotine poisoning caused by the absorption of nicotine through the skin. It is a very serious occupational hazard for tobacco farmers. Symptoms include nausea, vomiting, weakness, headache, dizziness, abdominal cramps and difficulty in breathing. Sufferers can also experience fluctuations in blood pressure and heart rates.⁷ The sickness is worse and more likely when workers regularly don’t wear gloves or protective clothing, as is common in most countries in the global south such as Uganda, Brazil, Kenya, Pakistan and Nigeria.⁸

Many farmers in southern countries don’t have adequate protection from pesticides either. Tobacco is also prone to diseases, so pesticides are liberally applied to crops.⁹ High doses of herbicides and pesticides can be dangerous to workers, damaging eyes, skin and internal organs. They are potentially carcinogenic and mutagenic. Exposure poses a considerably higher risk to children than adults as children’s nervous and immune systems can be damaged, leading to

a greater risk of cancer. As children in poor countries routinely work in tobacco fields, this is a growing health concern.¹⁰

BAT’s chemical toll: The list of chemicals in pesticides commonly used in tobacco production in the global south include aldicarb, chlorpyrifos and 1,3-D (1,3-Dichloropropene, also known as Telone) which are all highly toxic substances.¹¹ In both Brazil and Kenya, farmers routinely use Orthene, an organophosphate insecticide, and Dithane, an ethylene (bis) dithio carbamate fungicide, without protective clothing. Based on nerve agents, organophosphates have been linked with neurological damage. Ethylene (bis) dithiocarbamates have been linked with Parkinson’s Disease-like symptoms.¹² Methyl bromide, a significant contributor to ozone depletion, is also commonly used as a soil fumigant in some countries.¹³

Runoff and leaching of many of these chemicals pollutes waterways, affecting people and their water sources and harming biodiversity. Any wildlife using tobacco fields for food or shelter is at risk from the pesticides. Birds made sick by insecticides may neglect their young and abandon their nests. Even less-toxic pesticides can affect birds and animals by reducing the food and cover they need to survive or by contaminating water supplies. Runoff can also pollute water causing food shortages for fish and other aquatic animals.

Although BAT has made moves to reduce its dependence on chemicals and has phased out methyl bromide use in Brazil, it was still using 43 different active ingredients in 2001 and 2002.¹⁴

BAT deforests: Tobacco is responsible for considerable damage to forests. A 1999 study found deforestation related to tobacco accounted for almost five per cent of overall deforestation in tobacco growing countries in the global south.¹⁵

Wood is used to dry or cure tobacco. An estimated two hundred thousand hectares of woodland is removed as a result of this each year.¹⁶ In industrialised countries, oil, coal or natural gas are often used to cure tobacco as an alternative. This is not a sustainable solution as these are climate change inducing fossil fuels. Meanwhile Africa, Asia and South America are facing wood shortages in tobacco growing areas.¹⁷ BAT has previously said that it uses wood in two-thirds of its growing operations in 20 countries.¹⁸

Additional pressure on forests comes from the paper used in the manufacture of wrapping, packaging and advertising cigarettes. Cigarette manufacturing machines alone use more than six kilometres of cigarette width paper per hour, packaging uses more than this and advertising accounts for up to 84 per cent of paper used by the industry.¹⁹

BAT depletes soil: In addition to pesticides, tobacco cultivation also entails heavy fertilizer use because it rapidly depletes nutrients from the soil. Tobacco uses more nitrogen, phosphorus and potassium than many other major cash and food crops. The impact is particularly severe in tropical countries which have low soil nutrients to begin with. Unless farmers use a system of crop-rotation to replenish the soil nutrients, a practice that many small-scale family farmers do not have the space to follow, soil becomes depleted over time.²⁰

BAT pollutes: BAT's tobacco production generates millions of tonnes of chemical waste. In 1995 over two million tonnes of manufacturing waste and 210 billion metric tonnes of chemical waste were being generated by the tobacco industry.²¹

BAT litter: Cigarette butts and filters are one of the most common types of litter around the world. Filters are not readily biodegradable and can take up to five years to break down. As the butts of tens of trillions of cigarettes degrade they release toxins into the soil. Fifteen per cent of these toxins are BAT's. The considerable tobacco remaining in each is also a significant source of toxic waste.²²

Hooked on tobacco – human rights and economic impacts

“We believe in adding value to the communities in which we operate”

BAT social report 2002/03

“The tobacco industry contributes substantially to the economies of more than 150 countries”

Tobacco’s economic contribution, BAT web statement 2004²³

Western farmers lose out: BAT and the other big tobacco companies have taken full advantage of trends towards increased mechanisation in industrialised countries. Their share of the profits grew by about 11 cents per packet of cigarettes in the US between 1980 and 1998. Meanwhile the producer’s share declined from seven cents to two cents.²⁴ Because of the need to increase the scale of operations in order to break even only the bigger farms could survive. Thirty two per cent of US farms failed over the same two decades.²⁵

Southern farmers lose out: Today more than 80 per cent of the world’s tobacco is grown in the global south where tobacco production grew by 128 per cent between 1975 and 1997.²⁶ Millions of farmers in the south are having trouble surviving as a result – for very different reasons. Here, growing tobacco remains a back breaking and labour intensive way of life. And for all their labours, many barely eke out a living.²⁷

The daily grind: Tobacco farmers under contract to BAT and its subsidiaries are bound to follow company instructions. If they require credit, then they must accept the company’s package of pesticides and fertilisers (offered as a loan) rather than choosing their own farming methods. Farmers must prepare the soil, raise the seedlings, transplant the thousands of plants to the fields and maintain the crop which includes spraying them with pesticides. On average growers tend to between 250,000 and 400,000 individual leaves per hectare. Harvesting follows which is the most labour intensive part of the process. The farmer must then dry the leaves over a curing fire, sort them into grades and sell them to BAT at market prices.²⁸

The real cost to farmers: BAT and other tobacco companies often supply their contract farmers with an initial loan of fertilizers and pesticides. The cost of these is then deducted at the end of the growing season. A major problem with this system is that BAT’s farmers often find they have fewer profits at the end of the season than expected. In Kenya for example, recent studies have revealed many farmers don’t make any profit at all.²⁹ Increasingly it is small-scale family farmers that are putting the tobacco in BAT’s cigarettes, but their rewards are at best not commensurate with their efforts.

But farmers are left with little choice other than to accept the prices that are offered as they are bound by their contracts to sell to BAT. In addition the inherent value of their land declines due to the terrible toll that tobacco takes on its nutrient and organic matter levels. Land is farmed until it is no longer productive. Even for larger-scale commercial farmers, especially in industrialised countries, most of the profits come in the form of government subsidies.³⁰ Whatever the system employed, the majority of the profits accrue to BAT and the other big tobacco companies.

BAT and child labour: BAT’s efforts to tackling child labour are to be welcomed. But as tobacco production shifts to the global south, the number of child labourers has increased.³¹ While the tobacco sector is not alone in its use of child labour, the unique hazards to health and physical development posed by exposure to tobacco and the pesticides used during its cultivation put these children at particular risk.

Illusions of profit: It is not only the farmers that are feeling the negative economic impacts of tobacco. Tobacco’s cost to society and the environment is considerable.³² In the UK alone, smoking costs the National Health Service approximately £1.5 billion a year for treating diseases caused by smoking. This includes hospital admissions, GP consultations and prescriptions. The state also pays for sickness/invalidity benefits, widows’ pensions and other social security benefits for dependants.³³ Consumption is levelling off and decreasing in some countries but worldwide the numbers will increase, especially in countries where health services are already inadequate.³⁴ BAT’s cigarettes are costing governments and societies billions of pounds.

Smuggling: Hundreds of internal documents show BAT has actively managed and developed the black market in its own products.³⁵ The company does not do the smuggling itself but it relies on middlemen. However, the documents show BAT treating smuggling as if it is just another distribution channel. The practice reduces average prices, increases consumption and undermines government health, consumer protection and tax policies.

In the UK, a recent inquiry into BAT’s alleged complicity in smuggling did not uncover sufficient evidence to launch a criminal investigation, but the DTI themselves made clear that this conclusion was “not the same as a vindication”.³⁶ BAT has confirmed that it has no plans to sue the Guardian which first revealed the allegations as it “wanted to draw a line under the affair”. BAT has also recently faced legal action in the US courts for racketeering and money laundering. Meanwhile in Australia it has been found guilty of document shredding.³⁷

This report examines how smuggling worked to benefit BAT in Russia and other countries in the Former Soviet Union.

PR – spin gone mad?

"We believe our businesses should uphold high standards of behaviour and integrity in everything we do and wherever we operate.

BAT social report 2002/03

Culture of denial: BAT continues to deny secondhand smoke is a cause of serious illness. Rather than put efforts into supporting moves to restrict smoking in enclosed public places, BAT is conducting an intensive campaign of misinformation and denial. In the face of overwhelming evidence from the global scientific community, BAT still won't accept that tobacco smoke pollution kills people.³⁸

BAT has also taken a notably combative stance in response to serious revelations from Christian Aid and grassroots organisations in Brazil and Kenya. Falling back on using attack as the best form of defence, Martin Broughton has accused Christian Aid of "unfounded allegations" and "irresponsibility".³⁹ The company's outgoing chairman even said Christian Aid had retracted the findings in *Hooked on tobacco*, its 2002 report into the conditions for Brazilian farmers. This is untrue.

It appears that BAT would rather not make genuine moves to address the problems faced by tobacco farmers around the world. Instead the company prefers to enter into a massive programme of denial, reassurance and public relations.

Youth smoking prevention (YSP) initiatives: BAT tells us it is running a variety of youth smoking prevention schemes in up to 60 countries.⁴⁰ It has point of sale programmes, education-based prevention programmes and advertising-based prevention programmes. Such initiatives have been shown to be counter productive because they can encourage teenagers and children to see smoking as an adult choice and something to aspire to. They also give the impression that addiction to tobacco is only a youth issue and not relevant to the population as a whole.

BAT's attempts to represent itself as a responsible company battling against the odds to prevent youth smoking are further discredited by its marketing elsewhere. Our case studies on Russia and Nigeria show how BAT aggressively markets its products to the youth market.

Pesticides going up? BAT makes much of its integrated pest management approach and says its growing programmes lead the industry in reducing the use of agrochemicals.⁴¹ It boasts that it cut the amount of active ingredients used to 1.3kg per hectare in 2002. BAT anticipates active ingredients usage of 1.5kg per hectare will be a long term standard.⁴² Small-scale family farmers in both Brazil and Kenya

are still not sufficiently aware of the need to use protective clothing and routinely handle harmful pesticides without protection.

Inadequate, counter productive tree planting: BAT claims to have run ambitious afforestation programmes since the 1970s. However plantations are an agricultural crop that bears no resemblance to the indigenous woodland habitat they replace. Also the trees for the schemes BAT takes credit for are often paid for by the tobacco farmers themselves. In Brazil for example eucalyptus seedlings are sold to farmers as part of the package of inputs they receive from the company at the beginning of the year.

The company says it sponsored and promoted the planting of over 250,000 hectares (980 square miles) of manageable woodland.⁴³ As the 2001 *Golden Leaf, Barren Harvest* report from the US tobacco control organisation, Tobacco Free Kids indicates, BAT has taken up to 30 years to plant the equivalent amount of wood, the tobacco industry cuts down in southern Africa in under two years. BAT has a 90 per cent share of the tobacco market in Africa as a whole.⁴⁴ Meanwhile, 12 per cent of deforestation in southern Africa was due to tobacco production in the 1990s.⁴⁵

And as big tobacco moves south the amount of forest loss looks likely to escalate. BAT admits that the total amount of wood consumed was up to 1.02 million tonnes in 2002 from 0.91 million tonnes in 2001.⁴⁶

Although BAT's public concern about deforestation is welcome, its sponsorship and promotion of managed woodlands is misguided. Also BAT's species of choice is the eucalyptus, a thirsty and alien tree. Its fast growth rate places great demand on soil water and nutrients.

Our case studies on Uganda and Pakistan expose the complete inadequacy of BAT's extensive tree planting programmes. The eucalyptus is not even a native species in these countries. Often tobacco farmers don't use its wood for tobacco curing, preferring the traditional species. BAT has a similar planting scheme in Brazil, another country where the favoured eucalyptus tree isn't native and where the plight of the rainforest is well documented. In Kenya some are concerned that soon there won't be any forests left at all. As Samson Mwita Marwa, a former tobacco farmer and Member of Parliament from the Kuria district in Kenya said in 2001:

*"The lands are increasingly becoming bare and barren, unproductive, caked, ugly and blistering. BAT claims to be engaged in reforestation programmes. I am yet to see a single mature tree that BAT has planted in Kuria district. In any case, the rate of deforestation is far too fast to be equal to the rate of reforestation. Surely that much cannot be in doubt."*⁴⁷

Regional Summaries

Into Africa

Tobacco was first shipped to Africa by the Portuguese and Spaniards in 1560. In 2004 people on the sub continent are still taking up the habit in increasing numbers. Tobacco companies are the main beneficiaries. Over 121.5 million more manufactured cigarettes are being sold in Africa today than were being sold in the seventies.^{48,49} In several African countries the acreage devoted to tobacco growing has also increased up to ten-fold since the seventies with accompanying increases in the number of workers employed in tobacco manufacture.⁵⁰ During this time Africa has become a prime target for BAT, the dominant player in the region with a 90 per cent control of the market in 11 countries in 2003.⁵¹

Advertising is also increasing across the region and BAT is exploring non-traditional means like concerts, cinema tours and brand stretching to maintain visibility.⁵² While big tobacco claims it is just responding to demand, rising smoking prevalence is more probably attributable to the massive volume of tobacco promotion.⁵³ The result is that with the exception of South Africa, cigarette consumption is increasing alarmingly in most African countries. Youth smoking in particular is noticeably up.⁵⁴

Meanwhile BAT and the rest of the industry have opposed tobacco control initiatives vigorously. They are quick to point out questionable economic benefits, employment and social responsibility programmes to justify their preference for the voluntary approach.

Our case studies on Kenya, Nigeria and Uganda expose BAT's market domination means in practice. But it is important to note that they only provide a snapshot of BAT in Africa. They are by no means exceptional.⁵⁵

- Africa is already battling with serious health issues such as HIV/AIDS. The additional burden of increased tobacco-related diseases is set to compound the problems,
- tobacco cultivation is also a problem. Industry lobbyists have touted tobacco farming as a great employer but farmers are often barely making a living and also report an annual catalogue of health problems related to tobacco production,
- tobacco production is also taking its toll on the continent's countryside through soil erosion, deforestation, waste problems and pesticides leaching into water supplies, and
- in common with many African countries, Uganda, Nigeria and Kenya lack comprehensive anti-tobacco laws and in Uganda and Kenya there is still no regulation on tobacco advertising in the media.

Russian revolution

The collapse of the former Soviet Union resulted in tremendous changes in every area of people's lives in Russia and across the region. In the tobacco industry alone the suddenness of the economic deregulation resulted in a cigarette-rush on an extraordinary scale. Rapidly opening markets led to a stampede amongst the multinational tobacco companies eager to gain their share of the spoils.⁵⁶

British American Tobacco was no exception. The countries of Eastern Europe and the former Soviet Union have now become a major growth market for BAT. While cigarette sales have dropped in the west, they have been increasing in the former Soviet Union.⁵⁷ The key factor in the rise in smoking has been the scale of the involvement of the tobacco companies and BAT sees the markets of Central Asia and the Commonwealth of Independent States as being vital for its future profits.⁵⁸

The case study examining BAT's entry into the former Soviet Union demonstrates how BAT opportunistically capitalised on the world's fourth largest cigarette market by following a carefully devised policy of creating new opportunities out of previously state owned monopolies.⁵⁹ The exploitation of vulnerable populations in rapid transition is not new. BAT wasn't alone in exploiting the Russian Federation. But it is also clear that BAT did not behave responsibly voluntarily while these countries were in chaos.

Eastern promise?

Tobacco has had a presence in Asia for over four centuries but recently there has been a shift from more traditional and hand-made tobacco products towards manufactured cigarettes.⁶⁰ Production also has been going up in most Asian countries especially in India, Bangladesh and Burma.⁶¹

BAT is capitalising on this trend and its regional profit of £473 million was ten million up on last year.⁶² BAT has more than a 50 per cent market share in India, Bangladesh and Nepal and almost a 100 per cent share in Sri Lanka.⁶³

BAT gained a foothold in the Burmese market when it acquired the Rothmans brand in 1999. Although BAT has recently withdrawn from this country, this was only after considerable pressure was put on it by human rights groups and the British Government. Other farmers in Asia continue to be dependent on the company.⁶⁴

The ultimate prize remains China however, with roughly a third of the world's smokers. While the majority of the market here remains under the control of a state tobacco monopoly, BAT hopes growing demand for international brands (largely as a result of smuggling) will render this monopoly toothless. BAT says *"We are keen to develop our cigarette business in China and we have brands which are highly sought after there."*⁶⁵

If BAT gets its way, China has a lot to look forward to. Our case study on Pakistan gives an indication of how BAT is already likely to be failing farmers and the environment across Asia.

South American misadventure

The tobacco market in the Americas outside of the US and Canada is dominated almost entirely by BAT. In 1999 BAT controlled 60 per cent of the Latin American market and in many countries BAT has a virtual 100 per cent share. Despite the challenges to its credibility in Canada and the US, the industry still enjoys widespread access to and influence among many governments in Latin America and the Caribbean.⁶⁶

There remains a strong perception throughout the region that the tobacco industry is critical to national economies and that tobacco control measures will harm the economy. In some countries BAT is seen as a good corporate partner and many governments have signed agreements with the industry to implement largely ineffective “*youth smoking prevention*” programs in schools. Despite decades of evidence showing voluntary promotional restrictions by the industry to be ineffective, the industry continues to convince governments in Latin America to buy into these voluntary codes. In the absence of strong civil society pressure, the industry has been able to maintain a status quo of weak regulation.

Our Brazil case study illustrates both how BAT is failing farmers and the environment. These are almost certainly not isolated cases within Latin America. Elsewhere in the region, BAT is still advertising on television and on billboards and while Brazil now has legislation on advertising in place, BAT is exploiting loopholes where it can – using sponsorship to reach its target youth audience.⁶⁷

Unimpressive in Uganda

"Tobacco causes disease, poverty and underdevelopment. It also causes environmental degradation and thus affects all our lives whether we smoke or not."

Phillip Karugaba,

The Environmental Action Network (TEAN) Uganda

Although it has one of the fastest growing economies in Africa, Uganda has its problems. In common with many African countries, it is struggling to cope with huge debt, an AIDS crisis and the legacy of an appalling human rights record. At first sight tobacco looks like part of the answer. As Uganda's second largest cash crop after coffee, tobacco is a big money spinner. But the unique health, human rights and environmental consequences of a reliance on the tobacco industry indicate other solutions must be found.

Most of Uganda's tobacco is grown, manufactured and sold by BAT Uganda which has been operating in the country since 1927. BAT Uganda is quick to boast about its contribution to the Ugandan economy. Its ninety per cent share of the tobacco market brings in about \$30 million and it employs around 540,000 people.⁶⁸

Health problems

So BAT Uganda is selling a lot of cigarettes. To adults and also to children. In 2003 the Global Youth Tobacco Survey was conducted in selected districts in Uganda with the aim of establishing tobacco use prevalence and attitudes among 13-15 year olds. The survey conducted by Uganda Parliamentary Research Services found that smoking was as high as 30 per cent in the tobacco growing region of Arua district and more than 15 per cent in other districts surveyed. Nearly 40 per cent of these young people had started smoking before they were ten years old.

Photo: Sue O'Conner



Ugandan children at a BAT entertainment promotion

The high cigarette sales have naturally been to the detriment of the nation's health. A 2001 study found that 75 per cent of oral cancer victims had a history of smoking and that acute respiratory infections were the leading cause of infant death. In recent years there has also been an increase of tobacco related diseases such as asthma, diabetes, cancers, heart and cardio-vascular diseases, strokes and hypertension.⁶⁹ In common with Russia, Pakistan, Nigeria and other countries around the world, as more young people take up smoking, so smoking related deaths will rise accordingly.

Despite, or perhaps because of these unhealthy statistics, British American Tobacco chose Uganda as one of 14 "pioneer markets" for a social reporting exercise involving consultation with stakeholders about health risks and trade issues. Uganda's first report to society tackled several issues but its overriding message was to assure people it was a responsible company, ready and willing to self police.

Shane de Beer, the Managing Director of BAT Uganda launched the report with a speech consisting of the familiar party line:

"...about 850,000 adults countrywide derive pleasure from cigarettes and are aware of the risk posed by smoking.

"Over 60,000 farmers depend on tobacco as their only source of income while the industry is supporting about two million jobs".⁷⁰

But a closer examination of BAT in Uganda shows as in many other parts of the world, the company is urgently in need of some regulation.

Public smoking harm

Uganda has been struggling to deal with the health problems associated with passive smoking in enclosed public places. In 2002 ASH highlighted evidence of BAT's attempts to influence tobacco control legislation in Uganda through lobbying its politicians.⁷¹ Legal attempts to protect Uganda's consumers and workers from the negative health impacts of passive smoking were challenged by BAT. It has taken until March 2004 for smoking to be banned in Uganda's enclosed public spaces.⁷²

Growing troubles

In Uganda, tobacco is a labour intensive crop, grown on smallholdings, involving women and children.⁷³ Farmers under contract to BAT in Uganda are facing similar problems to farmers contracted to BAT in the other parts of Africa, South America and Asia.

As in other countries, BAT claims that a typical farmer in rural Uganda can earn a good income from planting a small part of the land with tobacco and that it can be helpful in giving feed, fertiliser, advice on planting, growing, harvesting and curing.

But in return the farmer must then sell his crop to BAT which recovers the loan from the proceeds of the sale.⁷⁴ Farmers are locked into producing tobacco for BAT by their contract with the company and by a system of debt which is accrued annually and paid off with the tobacco they grow. After paying taxes, deducting BAT loans and offsetting the cost of wood fuel, farmers are often left with little.⁷⁵ In some areas the increasing number of households shifting from producing food crops to tobacco growing is considerably increasing their vulnerability to food insecurity if the tobacco crop fails. The poorest families are particularly at risk.⁷⁶

Additionally pesticides are used widely in tobacco growing. And yet the Ugandan government has no data on the chemicals involved. It is probable that in addition to the green tobacco sickness farmers around the world are prone to, Ugandan tobacco farmers are facing the same health problems as BAT's tobacco farmers in Brazil, Kenya and elsewhere. The chemicals from the pesticides used will also be entering the food chain, since farmers grow food on the same land as their tobacco, and pesticide residues wash into water supplies.

Cutting down forests

Ugandan forests are disappearing. Out of a forest cover of 31,000 square kilometres in 1900, less than 6,000 square kilometres remain today.⁷⁷ In West Nile, deforestation has caused wells and streams to dry up.⁷⁸ A report by the National Environment Management Authority estimated that it takes between ten and forty tonnes of dry wood to cure one tonne of processed tobacco while a World Bank/UNDP report in 1996 estimated wood used for tobacco curing accounted for over five per cent of Uganda's deforestation.⁷⁹ In practice this means the search for wood takes people further and further away from home each day.

There are serious concerns about BAT Uganda's reforestation schemes. Plantations are an agricultural crop that bear no resemblance to the indigenous woodland habitat they replace. Through BAT's schemes a farmer is under contract to plant 200 eucalyptus trees for every half-acre of tobacco planted. A flaw is that eucalyptuses are only used for barn construction and not for the tobacco curing process which consumes the majority of the wood.⁸⁰ For curing farmers prefer to use the indigenous species such as the Shea Butter tree. This tree, whose seeds produce cooking oil used throughout northern Uganda, has virtually disappeared. The eucalyptus is thirsty and alien. Its fast growth rate places great demand on soil water and nutrients.

In the tobacco growing Aura district in the North West, on the border of the Sudan and the democratic Republic of Congo, a 2002 study conducted by Save the Children highlighted the alarming rate of deforestation related to tobacco curing in the area.⁸¹ Sheet erosion is now very evident in the district and much of the topsoil has been washed away.⁸²

Local stakeholders engage with BAT:

Dr Margaret Mungherera is President of the *Uganda Medical Association (UMA)*.

She has been very involved in tobacco control and was at one time the Intergovernmental Negotiating Body (INB) delegate for Uganda.

"The tobacco industry on the whole has actually pretended it isn't aware of the adverse implications of smoking. In Uganda this is of particular concern because tobacco related illnesses are going up.

"They maintain tobacco is not addictive and complain that our research has not been locally done. But we have no money for research in Uganda.

"BAT's corporate social responsibility programme is a farce. In Uganda BAT has contrived to target young children and young people. They are taking advantage and it's confusing a big bunch of the public.

"What we desperately need is more money to be put into researching the health implications and money for treatment. Cigarette patches are too expensive for most people.

"My husband smokes, but he really wants to quit. He is lucky, he only has a smoker's cough at the moment, but it is a concern.

"I have watched him try to give up smoking so many times. He started when he was 13, now he is 52. None of the other smokers he knows started over the age of 21.

"One thing I'd say to BAT shareholders is, it is a pity they can sit there and gain enormous economic benefits while BAT is selling cigarettes that are killing so many people."

Depressing Kenya

“During spraying we have problems with the chest and when we harvest we get skin irritations, especially on the arms... When we ask for protective gear, they (BAT) say they will bring it and then time goes by.”

Tobacco farmer
under contract with BAT Kenya, 2003⁸³

BAT makes much of its economic contribution; proudly announcing over one hundred million people world wide depend on it for employment – more than the populations of Argentina, Kenya and Spain combined. This is a tremendous responsibility and BAT confidently reports it is meeting the challenge, *“Environmental issues and health and safety are high priorities for responsible companies – and British American Tobacco is no exception.”*^{84,85}

In Kenya, where BAT had 92.3 per cent of the tobacco market in 2000, many farmers do not agree. They believe their health is being put at risk by the pesticides BAT sells to them and insists they use on their tobacco. Many Kenyan farmers appear prone to illnesses from constipation, nausea, blurred vision, headaches, eye and skin irritation to chest pains and aching joints.^{86,87}

The pesticides wash into Kenya’s rivers which rural people rely on for their washing, drinking and cooking water. In Kenya, as in Brazil, the poor communities who grow tobacco live as well as work among their crops. They find it difficult to escape chronic, and sometimes acute, exposure.⁸⁸

BAT is not under any legal obligation to make sure farmers or their children wear protective clothing when they spray pesticides or handle the crops.⁸⁹ BAT says that *“all farmers have protective clothing and training on how to use it”*, indicating the company feels it is going above and beyond the call of duty. And as BAT is quick to point out, *“the ultimate responsibility of wearing this clothing is with the farmer”*.⁹⁰

It seems that as long as BAT fails to meet its moral obligations, farmers will continue to suffer. A recent survey by a Kenyan NGO, the SocialNEEDs Network, found 96.3 per cent of farmers didn’t use goggles and 96.2 per cent didn’t use gumboots. Figures for children were equally worrying. Only one per cent wore overalls and less than one percent wore boots.

Associated production problems

Intense tobacco production may also contribute to the poor food supply and aridity in some areas. The district of Kuria, known for its tobacco production, is now constantly in need of famine relief. A survey by UNICEF found 52 per cent of children in one major tobacco-producing area suffer from

either chronic or acute under-nutrition or are underweight.⁹¹ Green tobacco sickness is also common. Farmers regularly absorb nicotine through the skin if they touch wet tobacco leaves.

Not earning a living wage

A new study by Dr Esther Arthur-Ogara of the Kenyan Ministry of Health in conjunction with the University of Indiana indicates up to 80 per cent of Kenyan tobacco farmers can also lose money on tobacco cultivation.⁹² Kenya’s farmers regard tobacco as a good earner because they receive an annual lump sum after their tobacco leaf is graded. This is significant psychologically because cash flow is a major problem for the majority of poor farmers. BAT Kenya’s record for prompt payment on delivery of the tobacco crop is seen as a plus point.⁹³

The tobacco is graded by BAT Kenya and farmers are paid accordingly. BAT says that an elected farmers’ representative should act as an independent checker. The company also states that government officials have the power to inspect any premises where tobacco is grown and this gives the farmers protection and assurance.⁹⁴ But Kenyan farmers interviewed in a recent Christian Aid study tell a different story. They believe they lose out as a result of an untransparent system of classifying their tobacco, which is not verified independently.⁹⁵

Local stakeholder action:

Kenya’s National Tobacco Free Initiative Committee is headed by Professor Peter Odhiambo and campaigns for crop substitution – replacing tobacco growing with food-crop cultivation. He is scathing about what he sees as interference by tobacco companies in what he thinks should be domestic Kenyan affairs:

“Multinationals are lethal, unethical and corrupting... they think they can arm twist Third World governments with threats of labour unrest and loss of revenue.

*“These are the revenues from that area – 16 million schillings from mangoes, eight million from papaya, 5.5 (million) from cotton and for tobacco 430,000 schillings. Tobacco is not essential for our economy and we should be concentrating on building a market system for food crops.”*⁹⁶

Tobacco farmers speak out:

Christian Aid's 2004 report, *Behind the mask*, revealed the plight of *George O* who has been farming for BAT Kenya since 1996. His real identity has been disguised as he is still under contract to the company.⁹⁷

"During spraying we have problems with the chest and when we harvest we get skin irritations, especially on the arms.

"When we ask for protective gear, [BAT] say they will bring it and then time goes by."

George O

George has to grow his crop according to BAT Kenya's instructions. He must raise seedlings, transplant them into his fields, spray pesticides from a backpack and harvest by hand. He must dry the leaves, by curing them over a fire, sort them into grades and sell them to the company at market. For this effort he earns about US \$140 a year.

George O would prefer to grow vegetables for a living as he thinks it would be less labour intensive and less harmful to his health. He wears no protective clothing and has little understanding of what some of the pesticides – especially organophosphate insecticide – might be doing to his health.

Photo: Christian Aid / Judith Melby



Kenyan tobacco worker spraying without protection

An unpublished study from the Kenyan Ministry of Health in conjunction with the University of Indiana contains some more revealing interviews with tobacco farmers. The real identities of the tobacco farmers and the tobacco company(s) they have worked for are withheld.⁹⁸

A district health officer and tobacco farmer, **Mr Ambwere**, has been farming since 1998.

"I have losses from tobacco since my wife... it has messed her health until now she suffers from the smoke that she has been inhaling – she suffers from chest pains but the money is very little that we get from tobacco.

"Recently I even told her to stop since we only get a little [money] from it. For I explained to her that even if we get income from tobacco farming, it may be insufficient to cover the cost of her chest treatment. So, I see it as a problem. It would be fine if I were to stop tobacco farming.

"After I started harvesting and curing, most of it went to debt recovery. I didn't see the money – (the global tobacco manufacturer) would reduce the check amounts for all kinds of things such as fertilizers and chemicals – almost all went to such debt, yet that is how I intended to meet my household needs. I didn't get any returns and even now I am still recovering from the loss."

A former tobacco farmer, **Mrs Agnes Minjo**, gave up the work after suffering from chest pains.

"Even if you inquire from all those that grow tobacco each will tell you that they are suffering from one ailment or another.

"What I would recommend is for you people or the government to help citizens come up with different projects or alternatives to tobacco farming.

"In my village a handful reverted to tobacco farming because sugarcane does not pay well. But when we were getting good money from sugarcane, tobacco farming declined for tobacco is very labour intensive.

"The thing that I could suggest to the government is that there are many income generation alternatives that the government could consider for the citizens in this area – it doesn't just have to be sugarcane farming; it could be silk production and such kind of things – why can't the government introduce these?"

No pride in Nigeria

"BAT shouldn't come to Nigeria and do what it can't do in the UK. We don't want this tobacco company to come here to addict our children so that its shareholders will have more dividends. Tobacco is not bread, it is not milk, it is not egg that African children need"

Akinbode Oluwafeme,
Tobacco Control Advocate
Environmental Rights Action
(Friends of the Earth Nigeria)

Since independence in 1960, Nigeria has suffered from civil war, corruption, military governments and economic exploitation. Poverty is endemic and the nation has yet to come up with an effective response to health problems such as HIV/AIDS, malaria and polio. Now a new set of health problems are on the horizon as tobacco consumption in Nigeria rapidly increases.

Operating through the one hundred per cent owned British American Tobacco Nigeria, BAT had a market share of more than 90 per cent of the tobacco industry in 2003. In Nigeria as in other parts of Africa, BAT is increasing its acquisition of local factories.⁹⁹ In 2001 BAT capitalised on its connections and signed a memorandum of understanding with the Nigerian Government. A subsequent \$150 million was ploughed into the country culminating in the construction of an ultra-modern manufacturing plant in Nigeria's south west which will produce BAT's "international brands" for Nigeria. This investment is expected to make Nigeria the hub of the tobacco industry in West Africa:

"As Africa's most populous country and the fact that it has tremendous potentials, we believe that Nigeria will serve as the backbone of a self sufficient Africa"

Nicholas Hales,
Managing Director
BAT Nigeria

So far so good for business. BAT in Nigeria is thrilled to report that in a short time it has generated an annual turnover approaching US\$250 million in 2003.

Irresponsible marketing

But BAT has made its inroads into the Nigerian market using the power of advertising in both print and electronic media. All these practices are banned in the UK. The company has littered Nigeria's highways, streets and parks with sophisticated, glitzy and scintillating billboards and flooded Nigeria's magazines and dailies with adverts.¹⁰⁰

By sponsoring road shows, concerts and talent competitions the company has particularly appealed to the youth market. One of BAT's most successful promotional efforts consists of a nationwide talent hunt focussed on recruiting youth smokers through a pop-idol style competition. BAT finances the winning group's first album and organises its tours. Free cigarettes and other BAT branded products are then widely distributed to young people at follow-up BAT sponsored pop concerts.

And in an attempt to break into the youth orientated fashion world BAT also sponsors the "St Moritz style selection" fashion show. This promotion ensures that a key target audience get maximum exposure to its St Moritz cigarette brand and logo. Held annually in collaboration with some of Nigeria's top fashion designers the show is of great appeal to aspirational young women.¹⁰¹

Other promotional gimmicks with youth appeal have included plastering car parks and other venues with glossy posters and raffle draws. Youth orientated raffle prizes have included t-shirts and school bags emblazoned with cigarette logos.¹⁰²

Tobacco growing discontent

Tobacco farmers in Nigeria are at breaking point because they cannot make a decent living from the prices BAT pays for the tobacco leaves. These prices haven't been reviewed in the past four years.

Farmers are subject to the usual range of tobacco production health problems such as green sickness and the consequences of applying large doses of pesticides. The environment is also suffering with the gradual damage done to the soil by tobacco cultivation making the soil unsuitable for other crops. This is exacerbated by decline in the cultivation of other suitable cash and food crops by farmers who have now concentrated on tobacco farming. Tobacco farming areas in Nigeria are also subject to rapid deforestation.

BAT boasts

On its Nigerian profile website BAT proudly boasts about the lengths it has taken to re-mould itself as a "responsible Corporate Organisation" and in September 2003 the company presented its first *Social Report* which it claims was compiled as a result of intensive stakeholder dialogue.¹⁰³

Local stakeholders engage with BAT:

But many of BAT's key stakeholders in Nigeria are unconvinced by the process. The company's professed concern for society is not reflected in its actions. Farmers, environmentalists, health workers and human rights activists are questioning the true nature and purpose of BAT's stakeholder dialogues in Nigeria and they are not impressed by BAT's responses.

In the tobacco-growing communities of Oyo state in South West Nigeria farmers have had enough. Federal lawmakers representing the tobacco farmers lodged an official complaint with BAT in March 2004 in an attempt to raise the standard of living of the farmers who are directly affected by the company's operations.¹⁰⁴ The legislators have met with representatives of BAT to present the cases of their constituents who had been inundating them with complaints about unfair and inhumane treatment by BAT officials.¹⁰⁵

Photo: Ken Dahlgren



Nigerian tobacco farmers

As well as concerns about the tobacco prices, health risks and the environment, they are also complaining that BAT officials will not let them speak to journalists or others from outside the area. BAT officials have denied ever asking the farmers not to speak to the press and say they are willing to address the issue of poor pricing.

Since 1993 the environmental campaign group, *Environmental Rights Action (Friends of the Earth Nigeria)* has been fighting for environmental justice in Nigeria and The *Journalists Action on Tobacco and Health (JATH)* group works to secure a safe, clean environment by preventing tobacco use and advocating changes in public health and environmental policy. JATH is a member of the Framework Convention Alliance (FCA), an international tobacco control group made up of advocates from all over the world.

JATH and ERA are urging the Nigerian Government to sign and ratify the *Framework Convention on Tobacco Control (FCTC)* and to mobilise other African Nations to sign.

Akinbode Oluwafemi

Environmental Rights Action's Tobacco advocate speaks out:

"BAT shouldn't come to Nigeria and do what it can't do in the UK. We don't want this tobacco company to come here to addict our children so that its shareholders will have more dividends. Tobacco is not bread, it is not milk, it is not egg that African children need.

"BAT has greatly undermined tobacco control efforts in Nigeria. One of the problems we face is that the tobacco industry has also formed a huge lobby. It has been deceiving the government using its social report

process and has rejected the International Marketing Standards as the ideal tobacco control measure for Nigeria.

"BAT has been vocal on employment opportunities but they have remained silent on the health implications; the death and destruction associated with tobacco use.

"Recently we were on a trip to the tobacco growing areas of Nigeria and what we found was shocking. We discovered that the farmers are in modern slavery. Their contract with BAT keeps them perpetually indebted to BAT and the only way to pay anything back to BAT is through tobacco leaves.

"BAT supplies the farmers with seedlings, fertilizers, chemicals. At the end of the season BAT deducts the costs of what it has lent from whatever it pays the farmers for the leaves. And most often nothing or very little is left for the farmer. The farmers told us that BAT has continued to raise the prices of the products it lends but doesn't raise the price of the leaves.

"Another shocking part of the visit to the tobacco growing areas is that the farmers are forbidden to talk to visitors. They only talk if the visitor produces a written permission from BAT."

Adeola Akinremi, project director of JATH engages with BAT.

"Since BAT got approval to invest \$150 million in tobacco manufacturing in Nigeria it has dominated almost every sphere of the lives of Nigerians, especially the youth.

"Giant billboards, aggressive media campaigns, partnership with tobacco farmers, provision of employment for jobless graduates and its recent foray into the entertainment industry are some of the decoys employed by the tobacco giant in Nigeria.

"At the entrance to the BAT sponsored "Experience It" cinema bonanza ...two registration points were manned by young ladies who would register every guest and identify smokers and non smokers. While smokers were encouraged with packs of cigarettes, non-smokers are asked whether they want to "Experience It". And of course every youth would want to say yes.

"What followed was a lecture on why Rothmans is the best tobacco money can buy and why a smoker should patronise the brand.

"There were young girls at the music show as well as young boys below undergraduate age. On the nights before the show kicked off BAT had distributed tickets freely around the city of Lagos where young people are found."

Tobacco-rush in the Russian Federation

“Despite the enormous human toll caused by tobacco, the efforts to control it are an uphill battle in Russia, with tiny groups of people challenging enormous corporate interests, with minimal or no interest from government.”

Dr Vladimir Levshin,

Russian Cancer Research Centre, Moscow 2004

BAT in 2004 proudly announces itself the second largest, fastest growing tobacco company in Russia. This is very good business for BAT as Russia today is the biggest importer of tobacco in the world.¹⁰⁶ Sales are growing, profits are up and the tobacco giant has set its sights on market leadership.¹⁰⁷

But Russia's health statistics tell the other side of the story. With the worst male smoking related mortality rates in Europe, 30 per cent of male deaths were attributed to smoking related diseases in 2003. Many of these smokers first became addicted as teenagers. Sadly, trends in youth smoking suggest Russia's smoking death rates are going to get worse before they get better.¹⁰⁸ Surveys conducted by the World Health Organisation in the 1990s showed 19.4 per cent of boys and nearly eight per cent of girls aged 15 to 16 smoked at least once a week but by 2000 the figures had risen to 46 per cent of boys and 38 per cent of girls.¹⁰⁹ These figures look especially bad for women for whom smoking was only an issue in four per cent of deaths in 2003.

Profiting from irresponsibility

Undaunted by the dreadful health impact of its increasing sales, BAT places a lot of emphasis on being seen as a leader in the field of corporate social responsibility. On the home page of its Russian website the company proclaims itself:

“...a corporate citizen living the principles of social responsibility and accountability”.

The company's own records tell a different story. BAT's archives have revealed its true attitude towards corporate responsibility in Russia and across the former Soviet Union where a cynical marketing strategy underpinned expansionist ambitions.

Behind BAT's love affair with corporate social responsibility has been a desperate intent to capture the Russian market ahead of competitors. There is little to suggest BAT Russia's massive investment in good works has been motivated by any genuine desire to meet its social and environmental responsibilities.

On the contrary. In two papers investigating how big tobacco gained entry into the emerging markets of the former Soviet Union, researchers from the London School of Hy-

giene and Tropical Medicine discovered BAT had another agenda entirely. Their research shows the extent of BAT's ruthlessness capturing and consolidating the cigarette markets in the former Soviet Union. It was a crude and exploitative venture.^{110,111}

Being seen to be good was paramount for BAT throughout the scramble for Russia. Gambling that its reliable corporate image would open up new markets, it actively sought out promotional opportunities.

- BAT's use of political contacts was key to its plans. The company promoted itself to the governments of the former Soviet Union as a tax collector, an arts sponsor, a company of good works, a business adviser, management trainer and supporter of local community schemes,¹¹²
- cynical offers of assistance were offered to governments in order gain contracts ahead of competitors. Documents even reveal BAT was only interested in helping with infrastructure improvements in Moscow if it could be sure of short term financial gains,¹¹³
- public relations exercises took Ministry of Agriculture representatives to Brazil to witness BAT tobacco growing expertise at first hand. Christian Aid's 2002 report, *Hooked on tobacco*, highlights the true plight of the Brazilian tobacco farmers.¹¹⁵ Presumably BAT didn't introduce these farmers to the visiting Russian dignitaries, and
- emphasis was put on benefits investment and presence would bring to the economies of the former Soviet nations. In this tactic it was supported by the prevailing policies of the international financial institutions such as the International Monetary Fund (IMF), in particular, their support for privatisation. In Moldova government failure to approve tobacco industry privatisation led the IMF to suspend its Extended Fund Facility disbursements in 1999.^{116,117,118}

Rogue trader

“Although I believe PM [Philip Morris] could well be looking at such a project nobody would be foolish enough to expect a guarantee of anything in Russia particularly for 49 years. I suggest we explore the avenue of assisting the Moscow government with infrastructure improvements only if we can derive benefit in the short term.”

B Brady,
travel notes
1994¹¹⁴

But BAT was twisting the economic facts. In the former Soviet Union as elsewhere, BAT has been knowingly involved in smuggling rackets.¹¹⁹ It sold cigarettes to organisations in quantities and circumstances where it must have been clear

to the company that these cigarettes would be smuggled into other countries. This enabled BAT to gain entry to Russia and the former Eastern Bloc, and by doing so in this way BAT deprived countries already in economic turmoil of revenues which could have been spent on health care and law enforcement.¹²⁰

Although BAT has denied complicity in smuggling operations, documents suggest that it could not have been blind to the fact that considerable volumes of illegal cigarettes were crossing the Russian-Chinese border. Documents also suggest that in the early 1990s, the majority of BAT's cigarettes were entering Russia and the rest of the region illegally.¹²¹

A 1994 marketing strategy for the Russian Federation in 1994 illustrates the central role smuggling played at this time:

"At the present time it is also not advisable for BAT to own or operate warehouses as this step would directly give us the burden of complying with customs regulations."

Rolf Bielefeldt,
Company Marketing Strategy,
Former manager for corporate affairs, BAT, 1994.¹²²

Young, free and female

"Historically, local products have been too strong to attract large number of female smokers. Female smoking is now more socially acceptable and females can be drawn into the market via menthol offers or lighter brands."

D Sims,
BAT marketing report to Uzbekistan, 1993¹²³

BAT was particularly keen to expand into the Russian Federation and former Eastern Block and capitalise on the great potential of the young female market. Until the collapse of the Soviet Union, women weren't big smokers.¹²⁴ BAT's expectation that women would be drawn to smoke international filter brands such as their own seems to have been fulfilled.^{125,126}

By 2004 BAT Russia is able to hail its Vogue brand as being the benchmark amongst female premium lights smokers while there has been a huge leap in the number of young female smokers in Russia.^{127,128} In 2004 sociological surveys revealed the percentage of smoking girls exceeding that of smoking boys.¹²⁹

But addicting thousands more women to cigarettes wasn't left to chance. Once BAT had identified women as a particularly important market, they were targeted through selected advertising, and, like those living in urban areas,

through focused distribution systems.^{130,131} It is no surprise therefore that smoking in the region appears to have increased most markedly among young women in cities.^{132,133}

Also targeted were young opinion leaders.^{134, 135} One Russian marketing study uncovered among BAT's archives spells out how deliberately the company targets aspirational young people:

"1) Most young Russians aspire to western international F.M.C.G (fast moving consumer goods) brands and will forego "necessities" in order to afford them.

2) Those that can afford to consistently buy western brands are younger consumers who are involved directly or indirectly in private enterprise and, ipso facto, are the "opinion leaders".¹³⁶

Six years on we know that Rolf Bielefeldt, BAT's manager for corporate affairs was being somewhat misleading in the following statements he made to the Financial Times in 1998:

"We are not getting more people to smoke. It is just that they are switching from local, often filterless brands to better-quality tobacco."¹³⁷

Talk of major youth prevention initiatives, membership of underage smoking prevention programmes, advisory schemes and work with parents and teachers is unconvincing.¹³⁸ BAT would have us believe it is single-minded in a determination to stop the young from picking up the habit. Health and human rights groups in Russia suspect the same old hypocrisy. The particularly self congratulatory case study on Russia in its 2003 public report will do little to put right the epidemic of youth smoking its own unethical marketing helped to generate.

Local stakeholders take action:

Dr Vladimir Levshin from the *Russian Cancer Research Center in Moscow*, is working to help people who are desperate to quit smoking. The Unit develops smoking cessation programmes and trains doctors. Many of the doctors are smokers themselves which makes it especially difficult for them to advise others.

"Despite the enormous human toll caused by tobacco, the efforts to control tobacco are an uphill battle in Russia, with tiny groups of people challenging enormous corporate interests with minimal or no interest from government.

"Russian society and the Russian economy cannot continue to tolerate the heavy health care, social and economic burden which tobacco and tobacco related diseases continue to exact. Our recent survey in Moscow shows 60 per cent of current adult smokers want to quit. The majority of them had already tried to quit without success.

"Meantime the effect of tobacco addiction on users is underestimated and very little is provided in the country for the smokers who need assistance to stop smoking."

Betraying Brazil

"This year Souza Cruz is offering even lower prices than last year and there is no improvement in conditions. It is so bad the farmers are refusing to sell Souza Cruz their tobacco"

President of The Department of Rural Socioeconomic Studies (DESER),
Brazil, Marcos Rochinski, 2004

BAT's one hundred per cent owned subsidiary, Souza Cruz, dominates the tobacco industry in Brazil. Over 80 per cent of the country's cigarette sales were Souza Cruz's in the 1990s.^{139,140} Although this is bad news for health, it is good for business, making Souza Cruz a net profit of over \$260 million dollars in 2003.¹⁴¹ But such economic success is also a big responsibility because the company has contracts with about half of Brazil's tobacco farmers. Approximately 47,500 small-scale family farmers, many working less than one hectare of land, depend on Souza Cruz for a living and there is strong evidence that Souza Cruz is failing them despite protestations to the contrary.¹⁴²

One of Souza Cruz's stated aims is to drive down production costs. Research by Christian Aid and the Brazilian farm workers group, Departmentao de Estudos Socio-Economicos Rurais (DESER) indicates BAT is putting this aim into practice with some ruthlessness. Their 2002 joint report, *Hooked on tobacco*, first revealed the extent of the problems in the relationship between BAT and its contract farmers.¹⁴³

Profit and loss

As in other tobacco growing countries, Souza Cruz's contracted farmers have little control over the price they get for their tobacco which the company grades according to its quality. Many farmers claim that the grading process is not transparent, is rarely verified by a third party and that they are rarely able to be present. Consequently farmers feel they receive less for their crop than they should and some are even left unable to pay back the loans they received from Souza Cruz at the start of each season.

Brazilian tobacco is a close second in quality to the USA crop and Brazil is now the world's largest exporter of tobacco. But the country's tobacco farmers are paid around a quarter as much as their US counterparts.¹⁴⁴ Until recently Souza Cruz was also claiming government credit on behalf of the farmers. This credit was intended for the farmers themselves. It is believed Souza Cruz and others in the Brazilian tobacco industry, were underwriting its loans to farmers using this money. Many farmers were unaware the credit had already been claimed in their name, others only discovered they already owed the scheme money when they tried to claim credit themselves. Since 2002, tobacco companies have been prevented from using this credit scheme.¹⁴⁵

Failing health, failing children

Some Brazilian tobacco farmers report illnesses associated with over exposure to pesticides including depression, anxiety, neurological dysfunction, muscle aches and Parkinson's disease-like tremors.¹⁴⁶ In addition farmers also report nausea and sickness during the harvest - the symptoms of green tobacco sickness.

Farming families also habitually involve their children in the production of tobacco. While this is common practice in many rural communities, Christian Aid's 2002 investigation revealed farmers have no option since they are not paid enough to allow them to employ casual labour and cannot manage all the work themselves. At key times of the year, children as young as six risk coming into contact with pesticides and nicotine as they participate in work on the farm.¹⁴⁷

Photo: Christian Aid / Antonio Olmos



Whole families get involved in the processing of tobacco. Here, a family cuts and sorts the tobacco harvest.

Corporate misconduct

BAT's apparent lack of concern for the health and safety of the poor families who grow its tobacco in Brazil is set against an extraordinary background of public relations exercises. Souza Cruz runs programmes for employees based on what it refers to as the *Real Progress for the Real World* toolkit, featuring a video presented by a well-known TV journalist. The company now intends to extend this scheme to its tobacco leaf providers.

Programmes like these and glossy posters proclaiming, *Let's clarify all your doubts about tobacco and health*, suggest Souza Cruz is spending a lot of time and money on self promotion. And yet in negotiations aimed at improving conditions for farmers and their families, farmers' representatives have become frustrated at the lack of substantial improvements made by Souza Cruz. The company told DESER that it has lost contracts because of the *Hooked on tobacco* report but even this hasn't motivated it to put right the human and environmental costs of its operations in Brazil.

Economic case overstated

BAT makes much of its economic contribution in Brazil which is currently the world's second biggest tobacco growing nation after China.¹⁴⁸ The country has received the dubious blessing of a three per cent increase in production every year since the early seventies.¹⁴⁹

But the World Bank's 2003 background paper, *The Economics of Tobacco Use & Tobacco Control in the Developing World*, found that even though Brazil is a major growing country for tobacco, the leaf exports make only a modest contribution of one or two per cent to Brazil's total export revenues.¹⁵⁰

In addition to the suffering of Brazil's farmers, the health toll on the Brazilian nation is considerable and rising. The poorest are set to be the hardest hit.¹⁵¹ According to another 2002 World Bank report, uneducated adults in Brazil were 5 times more likely to smoke than adults who had received at least a secondary education.¹⁵²

Photo: Christian Aid



Some of the pesticides used for tobacco production

Local stakeholders engage:

The Department of Rural Socio-economic Studies (DESER), is a non-governmental organization made up of several rural workers' unions, rural grassroots movements, farmers' associations, church related ministries, and academics. DESER is working to improve the conditions of life and work of family farmers. DESER worked in partnership with Christian Aid to produce *Hooked on tobacco*.

A report from the attorney general in Parana calls for measures to control the use of pesticides, check the health of farmers, eliminate the use of child labour in tobacco production, control the grading of farmers' tobacco by companies and the development of alternative crops to tobacco.¹⁵³

DESER speaks out:

"This year Souza Cruz is offering even lower prices than last year and there is no improvement in their conditions. It is so bad the farmers are refusing to sell Souza Cruz their tobacco."

Marcos Rochisnki
President

"Most importantly the farmers want to organise their production through a cooperative so they will stop relying exclusively on companies for buying their harvests. The present situation for the tobacco farmer in Southern Brazil clearly shows that one of the only ways that farmers effectively have control of the fruits of their labour is to have control over its commercialisation".

Marilza Aparecida Biolchi

Out of control in Pakistan

"BAT's youth campaigns in Pakistan are a farce. The tobacco industry is fully aware that 34 percent of the Pakistani population lives below the poverty line. The Pakistani government faces huge difficulties in controlling child labour never mind implementing youth smoking policies. Often the sellers of tobacco products are also under 18".

Dr Ehsan Latif,
Program Coordinator,
The Network for Consumer Protection

In 1947 BAT became the first multinational to establish operations in the newly independent state of Pakistan. Over 56 years later BAT still owns 67 per cent of The Pakistan Tobacco Company which remains one of the major players in Pakistan's tobacco industry.

But times have moved on. In 2004 both in Pakistan and the rest of the world, much more is known about the dangers of cigarette production and consumption. Concerns are growing about the health impacts of cigarettes. In Pakistan in 2001 lung cancer was the most commonly reported fatal cancer.¹⁵⁴ As in the rest of the world, smoking is responsible for approximately 90 per cent of all lung cancers.¹⁵⁵

And as tobacco control tightens in some parts of the world, BAT is becoming more active in countries such as Pakistan where control is currently weaker. The result is that Pakistan is having its markets flooded with advertisements and promotional products designed to encourage new smokers. Every year the government spends up to US\$20,000 on anti-smoking messages. Meanwhile BAT is trying to increase its market share through an increase in promotions. BAT advertises its marketing successes in Pakistan online:¹⁵⁶

"Substantial marketing funds were made available for a series of promotions, while line extensions increased capacity. Combined volume of Wills Gold Flake and Capstan soared from 1.9 billion to 8.3 billion."¹⁵⁷

Pakistan Tobacco's Chairman, Gottfried Thoma, is quoted a little further down on the same web page:

"It's all about people.

"They are the most important asset of any organization. A winning culture enables ordinary people to achieve the extraordinary by willingly performing to the best of their abilities."

BAT's revolting attentions

As Pakistan reaps the consequences of this intensive marketing attention it is estimated that although more than a third of men smoke still only four per cent of women are smokers in Pakistan today.¹⁵⁸ The figures are still substantially lower for women because they have not traditionally

been smokers. This also compares favourably with a figure of about 25 per cent of women smokers in industrialised countries. It may go some way to explaining why BAT is targeting Pakistan.¹⁵⁹ BAT's marketing could be paying off if the 2004 cricket match between India and Pakistan in Karachi is anything to go by. Sunil Lalahandani, a fan from Bombay expressed his surprise that:

'It's really very like India: I've even seen women smoking.'¹⁶⁰

And according to the Pakistan Pediatric Association, every day more than 1,000 children between the ages of six and 16, start smoking.¹⁶¹

Production concerns

The Pakistan Tobacco Company has been swift to pass on its recent losses to producers. In 2003, it slashed the amount it was paying for Virginia tobacco by 32 per cent and also reduced the amount it was buying from them.¹⁶² The Network for Consumer Protection, a grassroots NGO working to strengthen tobacco control in Pakistan is also concerned about the health of tobacco farmers and is conducting surveys in two of Pakistan's major tobacco growing areas in Mardan and Swabi.¹⁶³

As in Nigeria, tobacco growers are becoming increasingly desperate and are in protest at falling tobacco prices and poor conditions. In August 2003 tobacco growers in Swabi blamed the federal and provincial governments, saying if they did not take remedial steps to address the problems with tobacco purchasing companies such as The Pakistan Tobacco Company they would revert to growing the banned poppy crop. The farmers' particular concern was that tax burdens were being passed on to them and also that a new grading system was favouring the companies.¹⁶⁴

Such was their desperation, the growers had initially planned to torch their tobacco produce in front of the Pakistan Tobacco Company Offices, but the local government prevented them from doing so. Police personnel were deployed at the tobacco company offices to keep the protesters from reaching there.¹⁶⁵ All the tobacco purchasing centres remained closed. According to local newspaper reports the



Under a banner that reads 'Environment Friendly - Afforestation Programme', BAT subsidiary, Pakistan Tobacco Company engages in local CSR

protesters felt that the Pakistan Tobacco Company was giving undue importance to tobacco dealers and ignoring the genuine growers.¹⁶⁶

The central chairman of a local growers group, Dr Salim, blamed the companies for forcing growers to sell their crops at minimum rates.¹⁶⁷

The Network for Consumer Protection is also concerned about Pakistan's dwindling forests. One and a half million cubic metres of wood are currently used for tobacco curing in the country per year.¹⁶⁸ In the 1990s up to 19 per cent of Pakistan's deforestation was related to tobacco production and curing.¹⁶⁹ To make up this loss BAT runs its familiar eucalyptus planting schemes.

The companies efforts to replant the forests are a welcome sign that the industry recognises the environmental costs of cultivating tobacco. But its policy of planting eucalyptus is disastrous as the plantations are an agricultural crop and bear no resemblance to the indigenous woodland habitat they replace. In arid Pakistan these thirsty trees are particularly unwelcome. Farmers believe plantations have contributed to a dramatic decrease in water levels.¹⁷⁰

Corporate conduct

Health organisations and environmentalists in Pakistan are also very suspicious of Pakistan Tobacco's sudden but grudging decision to stop advertising on television and radio. When announcing this decision in January 2003, Pakistan Tobacco did not even admit that advertising persuades people to take up smoking. It quotes the expectations of society as its sole reason for stopping the practice. This is in line with BAT's global position on regulation – BAT is rejecting the Framework Convention for Tobacco Control because it believes different countries require different approaches. In this way BAT can continue to operate to lower standards where tobacco control laws are weaker.

While BAT's decision to cut back on its broadcast advertising is welcome, Pakistan's human rights and health organisations are alarmed. They are concerned this is a cynical move to dissuade the Government from bringing in much needed legislation that will ban tobacco advertising in broadcast media.

The Pakistan Tobacco Company is cultivating an image of a company that cares about people. It has set up several different social services including mobile dispensaries during extensive floods in 1992. It has also run a youth smoking prevention campaign.¹⁷¹

But the pattern is familiar. The company sponsorship of isolated health initiatives is offset by its aggressive marketing. Its youth smoking prevention campaign billboards also prominently display the company name - perhaps in the expectation young people will ignore the message.

Local stakeholder's engage:

Dr Ehsan Latif

The Network for Consumer Protection has been campaigning for Pakistan to adopt the Framework Convention on Tobacco Control (FCTC). Dr Ehsan Latif the group's programme coordinator has outlined some of his concerns:



Photo: Lisa Rimmer

"BAT's youth campaigns in Pakistan are a farce. The tobacco industry is fully aware that 34 percent of the Pakistani population lives below the poverty line. The Pakistani government faces huge difficulties in controlling child labour never mind implementing youth smoking policies. Often the sellers of tobacco products are also less than 18.

"It is not only exploitation of the growers while buying tobacco leaf but also the way they way tobacco growing exposes them to pesticides used for it. Up to 48 different chemicals are used between the processes of sowing the seed to its implantation at the sapling stage. Inadequately trained and lacking in proper gear the farmers continue to expose themselves to the dangers of chemical and pesticide exposure year after year."

Allah Rakha is 13 years old. He lives in a temporary shelter in slums on the outskirts of Islamabad. Instead of going to school he sells flowers at the side of the road so his family have enough to eat. But Allah has also been smoking for nearly a year. He says:

"I started to smoke because the ads show the hero to be so powerful and clever that he saves all his friends. I wish I could be one like him."

Greenwash, bluewash, and hogwash

BAT won: the Association of Chartered Certified Accountants awards (ACCA) awards in 2003 for the best first-timer social report and in 2004 was commended for the electronic communications used in support of its social reporting. BAT loses no time flashing-up these and other quick-wins.¹⁷²

In reality: the extraordinarily controversial nature of BAT's core business makes a mockery of such decorations. The tobacco industry is unique in killing half of the people who use its produce as intended. BAT's reporting also fails to address the significant negative impacts of its business, policies, products, operations and procurement practices.

Martin Broughton claims: *Corporate social responsibility is integral to our approach to the management of our businesses globally.*¹⁷³

In reality: our case studies from Nigeria, Uganda, Pakistan, Russia, Kenya and Brazil show the stark differences between BAT's operating standards around the world. BAT does not advertise on TV or on billboards in the UK. People in other parts of the world are not so fortunate. Every year the tobacco industry spends billions of pounds worldwide on advertising and promotions.

According to Martin Broughton: *"We embarked on social reporting two years ago as part of a serious commitment to embedding the principles of corporate responsibility in the BAT group."*¹⁷⁴

In reality: Mandatory reporting requiring businesses to report on the significant negative social and environmental impacts of its business, operations, policies, products and procurement practices would highlight areas where BAT is failing to meet the reasonable expectations of society. Reading BAT's 24 social reports from around the world, gives little idea of the real extent of BAT's health, human rights and environmental impacts.

BAT's Brazilian, Nigerian, Russian and Ugandan reports paint a picture of an ethical, responsible company doing its best to be an upstanding corporate citizen. Our case studies demonstrate how, on the contrary, BAT is failing in its public health, human rights and environmental responsibilities in each of these countries.

According to BAT: *"We believe in engaging constructively with our stakeholders."*¹⁷⁵

In reality: In Brazil two years of negotiations between local rural workers' unions and BAT subsidiary, Souza Cruz, have yielded little. In Pakistan, Uganda and Nigeria local tobacco control groups are concerned that the tobacco industry is lobbying governments to pre-

vent effective control on advertising and smoking in enclosed public spaces. In Russia, stakeholders were told BAT was acting in their best interests. BAT's real intent was aggressively optimising its market share.

BAT on passive smoking: *"We believe the claim that ETS (environmental tobacco smoke) exposure has been shown to be a cause of chronic disease is not supported by the considerable body of research that has been conducted. In our view, there is no convincing evidence that ETS exposure genuinely increases the risk of non-smokers developing lung cancer or heart disease."*¹⁷⁶

In reality: BAT has minimal evidence in support of this statement. It is well documented by top scientists that tobacco smoke pollution causes lung cancer and heart disease. It also has a range of impacts on children's health. Belittling this large body of research is reminiscent of previous industry denials that active smoking caused lung cancer and heart disease.¹⁷⁷

BAT distorts: To this day BAT insists World Health Organisation (WHO) findings indicate workplace non smokers exposed to tobacco smoke show "no meaningful increase" in lung cancer risk.

In reality: WHO findings show that workplace non-smokers exposed to tobacco have a 17 per cent greater risk of lung cancer. BAT's comments appear to be aimed at undermining the WHO conclusions. The overwhelming scientific evidence is that secondhand smoke is killing thousands of people around the world.¹⁷⁸

Special mention: is given to a BAT Kenya scheme aimed at "communicating the "Don't Smoke" message through song to children who can't read".

In reality: Such initiatives are counter productive because they portray smoking as an adult decision and that children should wait until they are grown up before they decide to smoke. Since young people aspire to be adults the initiatives are likely to be making smoking more appealing to youth. In Kenya in 2002, 13 per cent of 13 to 15 year olds smoked.¹⁷⁹

According to BAT Chairman Kenneth Clarke: *"BAT is not about "window dressing."*

In reality: In Nigeria, Uganda, Pakistan, Kenya, Brazil and Russia BAT advertises itself as a good corporate citizen while aggressively marketing its cigarettes to the youth and female market, failing to look after its farmers and failing in its environmental stewardship responsibilities. BAT will continue to face accusations of "window dressing" as long as it persists in spending huge amounts on public relations while failing its basic responsibilities to society and the environment.

In 2003 BAT Uganda reported: *"Since the 1970s BAT Uganda has sponsored and promoted the planting of 12,778 hectares of managed renewable woodlands with an approximated 32 million planted trees with the aim to provide wood supplies for tobacco farmers and prevent the loss of natural forests."*¹⁸⁰

In reality: Plantations are an agricultural crop and bear no resemblance to the indigenous woodland habitat they replace. BAT continues to be a major contributor to tobacco related deforestation around the world.¹⁸¹

BAT claims enhanced understanding: *"Souza Cruz has been engaged in ongoing constructive discussions with both Christian Aid and Brazilian farm workers' groups... Representatives from Christian Aid's partner organisation in Brazil .. visited the Souza Cruz Research & Development Centre...to enhance understanding of issues mentioned in the [Hooked on tobacco] report."*¹⁸²

In reality: Christian Aid has turned down offers to pursue discussions because in its view BAT fully understands concerns expressed in the report. Although BAT confidently ticks the box requiring it to have dialogue with its stakeholders, little has changed on the tobacco farms. Prices being offered to farmers in Brazil have even gone down this year and conditions have not improved.

In Brazil itself The Department of Rural Socioeconomic Studies (DESER) has been involved in a series of dialogues with Souza Cruz, local and state government officials, tobacco growers' unions and rural workers' representatives in Brazil. But in 2004 DESER feels the talks have yielded little. It still lives in hope that the short-term well-being of the tobacco farmers may be improved although a February 2004 statement by Souza Cruz dashed hopes. Souza Cruz has announced negotiations are closed and there is no change to tobacco prices.

BAT fails sick farmers, because it: *"...cannot provide a blanket response on farmers' health conditions without professional medical reports and careful consideration of each individual's health condition and other mitigating circumstances."*¹⁸³

The result: The pattern of chronic health symptoms related to the tobacco growing calendar in both Brazil and Kenya looks set to continue.

A BAT web-statement claims: *"...farmers choose to grow tobacco because it is hardy under diverse climatic conditions, grows well in poorer soils and still fetches a higher and more stable income than many other crops."*¹⁸⁴

In reality: There is growing concern that tobacco's economic contribution to the districts in which it is grown is overstated. In Kenya, Brazil, Nigeria, Uganda and Pakistan, many argue for crop substitution programmes that would gradually replace tobacco growing with food-crop cultivation.

All over the world BAT is telling governments it is a responsible company, capable of self regulation: *We believe that high standards of corporate social responsibility should be promoted within the tobacco industry.*¹⁸⁵

In reality: Evidence in this report from the Former Soviet Union suggests that more stringent regulation is needed to ensure that multinational companies like BAT stop making millions from smuggling rackets while governments lose out on vital revenues. Populations everywhere should be protected from the massive influx of cheaply smuggled cigarettes. Countries in crisis and people living in such countries shouldn't be any exception.

Regulation is also needed to ensure all companies, including BAT, have equally high standards in their business, policies, products, operations, promotions and procurement practices wherever in the world they operate.

Conclusions

MPs act against corporate irresponsibility...

Concern over the irresponsibility of some UK corporations has grown rapidly in recent years, not least in the UK Parliament. MPs have repeatedly called on the Government to introduce legislation to improve the social and environmental performance of UK companies across all their business activities, products and procurement.

Some MPs have also proposed new legislation of their own.

In June 2001 Linda Perham, MP for Ilford North, tabled the Corporate Responsibility Bill. The Bill was promoted by The Corporate Responsibility Coalition (CORE), a broad coalition of trade unions, environment, human rights, development, and faith based organisations including Amicus, Amnesty International, Christian Aid, Friends of the Earth, the Transport and General Workers Union, the New Economics Foundation, Save the Children, Traidcraft, Unison and the Unity Trust Bank.

The Bill would have changed company law in three key areas:

- Mandatory reporting
- Directors' duties, and
- Foreign direct liability.

By the end of 2003 more than 300 MPs had signed motions supporting the Bill's principles and calling on the Government to act. In December 2003 Andy King, MP for Rugby and Kenilworth, secured parliamentary time to take forward the Performance of Companies and Government Departments (Reporting) Bill which focused on mandatory reporting and directors' duties. In his opening speech to the House on 30 January 2004 King said:

Companies have effects that reach further than their shareholders. I believe that it is the role of Parliament to set laws that encourage and allow companies to appreciate fully the repercussions of their actions. There is an important point to make here. When failures in company law have affected the richest and most powerful in society, we have always acted. Post-Enron and post-BCCI, there was a clamour for rules and regulations to protect investors who lost out. I applaud such regulations and believe that they represent a correct use of the powers of Parliament, but we must act with equal determination on behalf of those who are less well off.

Hansard 30 Jan 2004
Column 493

Mr King's Bill was eventually "talked out" in the Commons by Mike O'Brien, Minister for Trade and Industry, who defended the Government's position of corporate voluntarism.

Government defends corporate irresponsibility

The UK is the fourth largest economy in the world, and the largest foreign direct investor. The way in which UK plc goes about its business directly affects the lives of hundreds of millions of people across the globe.

On coming to power in 1997 the Labour Government committed itself to a foreign policy "with an ethical dimension". Four years later Foreign Secretary Jack Straw stated that "we cannot leave companies to regulate themselves globally, any more than we can in our national economies. Setting common standards at a global level requires legislation".

Yet the Government has done nothing to progress common standards and legislation and has blocked attempts by others to develop them. New Labour remains wedded to the outdated notion that voluntary codes of conduct, voluntary policies and voluntary targets will do the job. This is despite a long record of failure of voluntary initiatives. For example, in a keynote address to the Confederation of British Industry (CBI) in October 2000, Tony Blair told business leaders: "I am issuing a challenge, today, to all of the top 350 companies to be publishing annual environmental reports by the end of 2001." But by the end of 2001 only 79 of the top 350 companies had bothered to meet Blair's challenge.

Although the Government supports a voluntary approach to corporate social responsibility, when financial institutions and rich shareholders are hurt by corporate wrongdoing, it supports the principle of regulation.

After the Enron, Worldcom and Arthur Anderson scandals Chancellor of the Exchequer, Gordon Brown, said:

"We should all adopt and monitor similar codes and standards for corporate governance and accounting and auditing, working with standard setters to develop stronger regulatory frameworks"

[22 January 2003]

This report shows that British American Tobacco, while trying hard to convince shareholders and government otherwise, flies the flag for corporate social irresponsibility.

It is common enough to read about UK companies that put profits before people and the environment, both here and abroad. But few are in the same league as BAT.

- BAT makes products that addict and then kill their users, when consumed exactly as the manufacturer intends. BAT has a 15 per cent share of the world-wide tobacco market, a market responsible for about five million premature deaths every year and is taking steps to expand this market in poorer countries where within 20 years as many as seven million people will die every year as a result of smoking.
- Evidence in this report also suggests that growing tobacco can be hazardous to the health of farmers under contract to BAT. The pattern emerging from Brazil and Kenya, and now Nigeria, Uganda and Pakistan indicates that BAT is failing in its responsibility to protect the health of its contract farmers who routinely use hazardous pesticides.
- Tobacco production also damages local communities and the environment on which they depend.

It is clear that there will be no voluntary change. So, why isn't the UK Government tougher on companies like BAT that do so much damage?

Corporate accountability legislation, as proposed by Linda Perham MP and Andy King MP, could really make a difference to the way in which BAT behaves.

A duty on directors to report annually on the impact of their operations, policies, products and procurement practices on people and the environment in the UK and abroad would force BAT to admit – first and foremost – that their products kill up to half of the people that use them as directed. It would also force the company to declare the negative social and environmental impacts of its tobacco plantations. BAT would also have to declare all its lobbying activities with Governments and legislators around the world. Finally, BAT would have to take whatever steps a court might consider “reasonable” in reducing its social and environmental impact.

Foreign direct liability would also enable affected communities abroad to seek damages in the UK for damage to their human rights, health and environment committed by British American Tobacco or its overseas subsidiaries during the production and consumption of tobacco.

Recommendations

We call on the UK Government:

- to stop pretending that corporate responsibility can be achieved through voluntary agreements alone.
- to change the law so that UK companies must take account of social and environmental concerns. Specifically, the Government must introduce:

Mandatory reporting – requiring all UK companies to report annually on the significant negative impact of their operations, policies, products and procurement practices on people and the environment both in the UK and abroad (in a manner by which it can be independently certified). This should include publication of independently conducted and verified studies on the global health impacts of BAT products.

New legal duties on directors – to take reasonable steps to reduce any significant negative social, health or environmental impacts

Foreign direct liability – to enable affected communities abroad to seek redress in the UK for human rights, health and environmental abuses resulting directly from the operations, policies, products and procurement practices of UK companies or their overseas subsidiaries

- to introduce new and more effective tobacco control policies as suggested by the Wanless Report, including an end to smoking in the workplace and in enclosed public places
- to publish the full results of the Department of Trade and Industry's investigation into BAT's alleged involvement in tobacco smuggling.

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www.thenetwork.org.pk

Russian Cancer Research Center

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With thanks to:

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Want to know more?

Action on Smoking and Health (ASH) in the UK,
with information and analysis of the tobacco
problem: www.ash.org.uk

UK campaign for corporate responsibility:
www.corporate-responsibility.org

BAT and tobacco farming in Brazil:
Hooked on tobacco report by **Christian Aid** and
**The Department of Rural Socioeconomic
Studies (DESER):**
www.christian-aid.org.uk/indepth/0201bat

BAT and tobacco farming in Kenya:
*Behind the mask. The real face of corporate
social responsibility,*
Hooked on tobacco, Kenya:
[www.christian-aid.org.uk/indepth/0201bat/
0401update.htm](http://www.christian-aid.org.uk/indepth/0201bat/0401update.htm)

**Friends of the Earth's campaign for corporate
accountability**
www.foe.co.uk/campaigns/corporates/index.html

British American Tobacco
What BAT says about itself:
www.bat.com