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Up in Smoke - transcript

COMMENTATOR (COMM): Previously on *Life...*

DAVID WILSON: Our consumers smoke because it's something they like to do. It gives pleasure to many, many people around the world each day who choose to smoke.

PROFESSOR MOHAMMED YUNUS: No one should underestimate the abilities of motivated communities in breaking the cycle of poverty.

EDWARD JOSEPH JUDD: Poverty is not created by poor people – so it's not their problem!

HASTON (Tobacco tenant farmer): The tobacco in this cigarette comes from right here in Malawi. The money I earn picking tobacco is very little compared to the price this pack.

COMM: In the southern African country of Malawi, tobacco is the major export crop - responsible for 70 per cent of all export earnings. Agriculture is the mainstay of Malawi's economy - accounting for over 90 per cent of GDP. Out of a total population of 11 million, the majority of Malawians are farmers - and seven million owe their livelihoods to the tobacco industry. But economic dependency on tobacco has not brought the country wealth. According to the World Bank, over 60 per cent of Malawians live below the poverty line - with limited access to land, little education and poor health. With the global tobacco market now worth around US\$ 400 billion a year, Malawians are now questioning if the wealth promised from growing tobacco always goes up in smoke.

Every year Malawi's tobacco growers bring thousands of bales to the Lilongwe auction floors for sale to the major leaf buyers. US subsidiary Limbe Leaf is the largest tobacco buyer in Malawi.

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CHARLIE GRAHAM, Limbe Leaf: Malawi exports tobacco and sells tobacco to over 70 countries worldwide. The major players in this country are Philip Morris, BAT, Japan Tobacco, the New Imperial Group, the Chinese, the Turkish Monopoly. If there's any country that should grow tobacco till the last tobacco leaf is produced, it should be Malawi. Because it is the lifeblood of the country.

COMM: British colonizers introduced tobacco into Malawi over 100 years ago. When the country got its independence in 1964, President-for-life Kamuzu Hastings Banda took control of the tobacco estates. He increased cultivation and made the country even more economically dependent on the crop. When Banda was ousted in 1994, critics began to question who exactly benefited from growing tobacco in the new, democratic Malawi.

DEREK YACH, Executive Director of Noncommunicable Disease, World Health Organization: Over the last two decades, the Malawi government, knowing the harmful impact of tobacco and knowing the poor returns of tobacco on its country, has increased the land under cultivation, slowly and steadily making Malawi a more impoverished country as it becomes more dependent on tobacco, and not a wealthier country. The proof is very clear. It is one of the poorest countries in the world, and it's also one of the most indebted to tobacco.

COMM: One of the major critics of the tobacco industry is the Malawi Consumers Association.

JOHN KAPITO, Consumers Association of Malawi: When you look at this economy, do you see anything smelling of tobacco? Do you see anywhere that this economy is booming because of tobacco? It's a sick economy...we should be saying that, 'Yes, this economy is doing well because our education system is good, our people are living better.' But our economy is going down year in and year in. I think the tobacco industry in Malawi has taken advantage of the poor grower.

COMM: In Malawi, according to US government figures, while tobacco leaf exports have gone up, export revenue from tobacco has fallen steadily. Over the past decade, a massive increase in global tobacco production, encouraged by the tobacco industry, has resulted in a worldwide oversupply, and a corresponding decline in tobacco prices. This inevitably meant less money for the growers.

Two hundred miles north of the Lilongwe auction floors, tenant farmer Miriam Mirota lives

on the Ndapilira tobacco growing estate with her husband and four children.

MIRIAM, Tobacco tenant farmer: I don't profit from the work I do. We work all year. But in the end we get nothing because the crop we grow gets low prices on the auction floors. Sometimes we make so little we have to find extra work to buy food and clothes.

COMM: Small tenant farmers like Miriam are also at the mercy of their landlords on the tobacco estates. The landlords provide the tenants with food, and fertilizers and other inputs for their crop - but then deduct these costs from the prices they later pay for their tobacco.

JOHN KAPITO: You have a family and you take them from their home, their original home and take them to a farm. And you tell them "I'm giving you one acre. You grow tobacco on that acre. That's your tobacco. When the tobacco is ready, I'll buy it from you but I'll subtract whatever I was giving you as you were growing the tobacco." You'll find that minus what you have been giving him throughout the year, he has nothing left. And he cannot leave your farm. In fact, he owes you more.

COMM: The tenant farmers on the big tobacco estates become, effectively, bonded labourers. For Miriam, that means the whole family must now work to repay the landlord, and her daughter Alice must sacrifice going to school.

MIRIAM: Alice helps me work in the tobacco field. And she also helps me string the leaves and she takes care of the baby when I am working. The work Alice does prevents her from going to school. Also, since we are poor, she doesn't have any school clothes. If Alice doesn't get educated, I don't think she'll have a better future. Her future is doomed.

JOHN KAPITO: You are tying up the family. The mother and father, the children, are the same - the same unit. So that unit agrees to say, "Please, stop going to school. We're supposed to repay this loan, and we go - we must go and do work." That's how they tie you up.

COMM: Frederick Sambo is the headmaster at Alice's local school.

FREDERICK SAMBO, School Headmaster: Many of the students here do come from tobacco estates. It is about 70, if not 80 per cent of the pupils. They don't come to school frequently because they are always busy with their work

and because of that they are always backward in class. The students from tobacco estates are forced by their parents to help them do the work. They don't have even a single penny in the pocket. They are waiting for the money to come. Now the only solution they found, they have found, is to use the children at present.

COMM: The tobacco workers' union in Malawi is now trying to end the practice of child labour and improve working condition for the tenants on the tobacco estates.

RAFAEL SANDRAM, Trade Unionist: The tobacco which is sold in the auction floors, it is the same tobacco that the child produced on the ground. The employer - the landlords, the estate owners - are benefiting from the child labour. The union was born to overcome bad practices that is being seen in the tobacco industry. It is the only organization that would represent the workers, the tenants, who are actually oppressed, violated, victimized.

COMM: Back on Miriam's estate, the tenant farmers have asked Leo, a union organizer, to negotiate better working conditions and pay with the landlord. Their worries? - dirty water, child labour, and whether they get enough to eat.

LEO KEFFA AGRIPPA, Labour organizer: They are using the water from the river. When the fertilizer goes into the river through the water, they are making poison. And when the people drink that water, they are going to get sick with these chemicals which are coming from the fertilizers. And a landlord - he said that "I can't afford to make a borehole in my estate because I have no more money."

COMM: Then there's the question of enough food to eat.

LEO KEFFA AGRIPPA: On shortage of food, this landlord - he gives them only two pails of flour through a month. Then problem of child labour. Here there is plenty of kids who are working in the field.

COMM: But the landlord tells Leo he can't improve conditions for the tenant farmers.... The reason? - tobacco's fetching such low prices now on Malawi's auction floor.

ELISA PHIRI, Ndapilira Estate landlord: The prices have stagnated at one dollar. Since 1987 they stayed at one dollar. But now they are going down a lot. With the price increase of the inputs and other things involved in tobacco

farming, at the end we always find little profit. For example in 1997, we were buying 50 kilograms of fertilizer for 100 or 150 kwacha. But now we are buying at 1,750 kwacha.

COMM: So the cost of inputs for tobacco growing is going up at the same time as the prices on the auction floor are dropping. The Malawian government's Tobacco Control Commission was set up to regulate the industry. But many argue that the price for buying tobacco is effectively set by the multinational tobacco giants. So the Commission has little power to ensure a fair return for local producers.

GODFREY CHAPOLA, Tobacco Control Commission: Cost of production and cost of marketing in Malawi goes up very year. Whereas the price of tobacco does not go up very much. So as a result, the net income is eroding. The farmer may not make enough to pay the tenants. The price that is paid to the producer, it starts from the cigarette manufacturer. Because the cigarette manufacturer tells the local merchant here, "can you buy me so much tobacco, deliver it at my doorstep at four dollars twenty?" The local supplier here will then do his arithmetic, putting all their costs. So, that will be the price that at the end they will be competing for at the auction floor.

COMM: At harvest time, all the growers in Malawi - the small landlords and the large tobacco estates - take their tobacco to the auction floors. Here, the leaf companies inspect the quality of the leaves, and bid against each other. But in Malawi, there's one company which buys over 50 per cent of the crop. TAMA, the landlords' organisation, says this reduces competition and means prices are kept artificially low so that both the landlords and the tenant farmers suffer.

ALBERT KAMULAGA, Tobacco Association of Malawi: We have mainly four buying companies in Malawi - which is Limbe Leaf, Dimon, Stancom and Africa Leaf. And the system being used now is more or less sharing, rather than actual auctioning. The price is driven mainly by the largest buyers, and the others just give way. The way it is, it is monopolistic, because once you see a giant like Limbe Leaf on the floors, you know they will control the price that day. Each one of the buyers should at least bargain for his tobacco so that a farmer benefits from the highest offer.

COMM: Limbe Leaf's Charlie Graham hotly refutes any charges of monopoly.

CHARLES GRAHAM, Limbe Leaf: Frankly speaking, I think it is quite ridiculous that such big and competitive companies would participate on the auction floor in the way we do and collude on pricing. We have to gain market share with every single customer. We are competing. The problem that we are facing with organizations such as TAMA are that they, in their own right, need to address some of their basic problems where they stop focusing on a side of the industry that is actually working very well and together we concentrate on the side of the industry that is not working very well, which is the growers - they are definitely suffering.

COMM: According to Malawi's Tobacco Control Commission, auction floor prices have dropped around 30 per cent in the last six years. Farmers feel they are the ones losing out. During the same period, earnings for the CEOs of multinational tobacco companies increased. The head of Philip Morris made over ten million dollars in 2002.

ALBERT KAMULAGA, TAMA: What we are worried about is the inconsistencies of the prices - pricing system. Because we could take the same tobacco today, sell at so much, and we are encouraged that we are making money. Take the same type of tobacco next week, you sell about 20-30 per cent lower when you have budgeted for the previous price. So that inconsistency - that instability of the price - is what is delaying our economy.

COMM: But Limbe Leaf argues that any change in tobacco buying practices would plunge Malawi's economy into even graver crisis.

CHARLES GRAHAM, Limbe Leaf: If we go and push the price we probably won't be able to sell as much tobacco - Number One. The prices would go up if the crop went down. People would replace their tobacco from other countries, and Malawi would lose its opportunity - which it currently enables the tobacco industry to touch 200,000 - which then extrapolates into 7 million people, you know.

COMM: As the multinational tobacco companies have encouraged more and more countries to grow tobacco, world prices have come down. In today's globalized economy, tobacco farmers must now compete - not only with farmers in their own country, with other farmers halfway round the world. 'Life' asked both Philip Morris and British American Tobacco to comment on their leaf buying practices. Both declined our invitation for an interview.

But growing tobacco doesn't just mean a poor

deal for the growers. As a Ministry of Health advisor points out, it causes huge social problems and may have contributed to the country's recent food crisis.

WESLEY SANGALA, Ministry of Health: Anything that happens to the tobacco - poor prices on the floor - means major disruption. There are people affected in terms of food security. That is why you have these people rioting at the auction floors when the prices are too low. The tenant workers - they are busy growing the tobacco, and therefore not busy growing foodstuffs, vegetables, that are essential to their well-being.

COMM: As well as using up valuable agricultural land, tobacco is also a major consumer of wood. It's used to build drying sheds and for the production of flue-cured tobacco. According to Malawi's Department of Environmental Affairs, the result is that Malawi has one of the highest rates of deforestation in the world.

ANDREW NYASULU, Ministry of Forestry: You know, some of the areas that have been cleared through by tobacco estates were actually containing very valuable tree species which may never ever be able to come back again. Over cutting of trees, it has led to soil erosion. Most of the wood has been cleared.

COMM: Companies like Limbe Leaf say they recognized the downside of tobacco growing in Malawi. But what do they see as the solution?

CHARLIE GRAHAM, Limbe Leaf: We are good corporate citizens. We look after our own interest. We look after the interests of the nation as well. There's lots of different threats to our industry. It is not only child labour, it is deforestation, it's social responsibility programmes, it's tenant farming. And our job and responsibility is to try and counter those, manage them, eliminate them. If they are real problems, solve them.

COMM: To address the specific problem of child labour, Limbe Leaf and other tobacco companies like Philip Morris are financially supporting programmes aimed at halting child labour in the industry.

MARC HOFSTETTER, Eliminating Child Labour in Tobacco Growing Foundation, ECLT: We have currently two projects in Malawi. We are trying concretely on the ground to improve conditions of child workers or of the farmers who use child workers. We are not going to eliminate child labour now, but we are trying to launch a process that will take a few years and that will

see - we should see - a reduction of child labour, more children attending school... that's what we are looking at.

COMM: But one of Malawi's leading rights campaigners thinks this doesn't go nearly far enough.

COLLINS MAGALASY, Malawi Economic Justice Network: We should not consume anything that has been produced with unfair conditions. For example, if we know that tobacco from such and such an institution is produced by using child labour, then the buyers should not buy that. Even, whether it is at the auction floors level, if we know that a particular farm in the country or elsewhere uses child labour, or uses unfair conditions to produce that particular tobacco, then say "we do not buy."

COMM: Many Malawians now want to end tobacco production - seeing the costs as far outweighing the benefits. But with no substitute crop, the impact on the economy could be devastating.

WESLEY SANGALA, Ministry of Health: We haven't found something yet that can replace tobacco today and be economically viable.

GODFREY CHAPOLA, Tobacco Control Commission: We've been growing tobacco for the last 117 years I think. And we just can't get out like that overnight.

CHARLIE GRAHAM, Limbe Leaf: Ongoing development of the tobacco industry is critical. Outside tobacco, I don't think there is any equivalent cash crop.

COMM: But some critics wonder if Malawi has made any serious effort to develop alternative crops.

DEREK YACH, Exec. Director of Noncommunicable Diseases, WHO: The Food and Agriculture Organization since 1983 has had a resolution on their books saying they will provide technical support to agricultural ministries in the world to help them diversify. But in the last 20 years not one country has ever approached FAO to use that resolution and challenged them to provide the support. The reason is very simple... the very strong stranglehold by tobacco companies on agricultural ministries has blocked this happening because they fear that farmers would eventually start seeing they could get a better return on their money in a diverse range of other product areas.

COMM: John Kapito agrees; the global tobacco giants, he says, have helped persuade Malawians there's no viable alternative to tobacco growing.

JOHN KAPITO, Consumer Association of Malawi: It starts from every child. A small little baby, you ask a small child - 'Where does the economy of Malawi survive on?' Tobacco. Tobacco is our gold. Now that has gone in your head for too long. And who is running tobacco - it is not government. It is the tobacco industry. So you worship them. They decide where we should go. They tell us what we should do. Malawi can still survive, irrespective of whether it grows tobacco or it does not.

COMM: In Geneva in May this year, 192 nations approved a World Health Organization treaty aimed at controlling global consumption of tobacco.

DEREK YACH, WHO: The Framework Convention on Tobacco Control is WHO's first entry into using hard law or treaties to control a major public health problem. We know that with 4.9 million deaths from tobacco worldwide, and about 1.2 billion smokers, tobacco constitutes one of the gravest threats to public health. We have often heard the argument that as the rest of the world reduces consumption, a country like Malawi will become increasingly more impoverished. The dependence they have on tobacco has certainly not brought them wealth. The treaty may allow Malawi to seek additional financial resources to start doing the research required to reduce their dependence on tobacco. We're not saying people should switch tomorrow out of tobacco. We're saying - "let's see demand reduction happen, and let's make sure that countries start looking at sustainable livelihoods for their people."

COMM: It's a sentiment shared by many in Malawi itself.

COLLINS MAGALASY, Malawi Economic Justice Network: There is no hope in relying on tobacco. They should stop using child labour. I only hope that one day one time, we will have a real replacement. Because if there is a replacement of this tobacco business, then we can forget about all these concerns.

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