The political economy of tobacco and poverty alleviation in Southeast Asia: contradictions in the role of the state
Simon Barraclough and Martha Morrow
Global Health Promotion 2010 17: 40
DOI: 10.1177/1757975909358243

The online version of this article can be found at:
http://ped.sagepub.com/content/17/1_suppl/40
The political economy of tobacco and poverty alleviation in Southeast Asia: contradictions in the role of the state
Simon Barraclough1 and Martha Morrow2

Abstract: Of the members of the Association of Southeast Asian Nations (ASEAN), all but Indonesia have embraced the Framework Convention on Tobacco Control and all endorse some form of tobacco control policy. Nevertheless, except for Brunei, all these states are, to varying degrees, complicit in investing in or promoting the tobacco industry, often using the justification of poverty alleviation. Tobacco use is the major preventable cause of illness and death among the populations of these countries. Claims that tobacco alleviates poverty in developing countries have increasingly been discredited: thus continuing state support for the industry represents a fundamental paradox. Using primary documents from governments and the tobacco industry, and published studies investigating tobacco and poverty, this article explores the contradictions inherent in the state seeking to prevent tobacco use in the interests of health, while actively promoting tobacco for the economic benefit of its citizens. These contradictions result in both symbolic and substantial harm to tobacco control efforts: tobacco production is legitimized, rational policy principles are violated, direct cooperation between the state and multinational tobacco corporations is made possible with associated opportunities for mollifying control policies, and different state agencies work at cross purposes. Although tobacco exports within the Association of Southeast Asian Nations (ASEAN) also threaten the group’s health solidarity, it is argued that divestiture of state ownership of capital in tobacco corporations and a commitment by states not to promote tobacco are urgently required if the Convention is to have full effect both in the countries of the region and in other states that have ratified it. (Global Health Promotion, 2010; Supp (1): pp. 40–50)

Key words: control, policy, poverty, state, tobacco

In the policy context of tobacco control, governments are responsible for regulation and are usually regarded as the natural allies of those working against the interests of the health-damaging tobacco industry. Indeed, most national governments of the world, and all but Indonesia in Southeast (SE) Asia, have embraced the Framework Convention on Tobacco Control (FCTC), negotiated under the auspices of the World Health Organization (WHO). Government representatives attend global and regional forums, indicating their support for various forms of action against tobacco. National tobacco control policies are promulgated. Some states have established health promotion agencies charged with preventing the uptake of tobacco use and encouraging users to quit. In this role governments recognize the serious health consequences of tobacco use and its economic and human costs.

1. Correspondence to: Simon Barraclough, School of Health, La Trobe University, Victoria 3086, Australia. (s.barraclough@latrobe.edu.au)
2. The Nossal Institute for Global Health, The University of Melbourne, Victoria 3010, Australia.

(This manuscript was submitted May 13, 2009. Following blind peer review, it was accepted for publication on October 26, 2009.)
However, in their desire to promote economic development for their people through state participation in the tobacco industry, the governments of most nations of SE Asia are, in various ways, implicated in a fundamental contradiction which compromises their regulatory role and questions the integrity of their articulated commitment to countering the tobacco epidemic. This participation may include active state promotion of the industry in the name of poverty alleviation and socio-economic development, as well as direct and indirect ownership of equity in tobacco corporations through such devices as state monopolies, shareholding, and joint ventures or partnerships with multinational tobacco corporations. It also extends to public policy designed to foster and protect the tobacco industry and to facilitate international trade in tobacco.

This contradiction violates a number of principles of governance. Above all, it vitiates the historic and universal principle salus populi lex suprema (the health of the people is the supreme law). The state is complicit in profiting from and accommodating the supreme preventable cause of morbidity and mortality among its people.

There is also an obvious conflict of interest for the state, since the regulator is, at one and the same time, a part or full owner of the very economic interests affected by regulatory activity. Moreover, the rationality of control policy is questionable in cases where a nation state indicates its intention simultaneously to promote and to restrain the tobacco industry. Finally, there is the paradox of the state seeking to redistribute wealth to poorer farmers and workers through encouraging the tobacco industry. Such policy also redistributes the burdens of ill health among tobacco users and passive smokers, as well as those exposed to the environmental hazards of tobacco production, most of whom are poor.

Before analysing the manifestations of this contradiction in various SE Asian nations, it is necessary to briefly establish two premises upon which the following exploration of the political economy of tobacco in the region is based. First, there is consensus about the magnitude of the burden of tobacco use on human health and the imperatives for governments to deal with this problem, especially in developing countries. Second, the argument that the tobacco industry assists poverty alleviation and economic development is essentially flawed.

In its most recent major document on tobacco control policy, WHO continues to denounce the harm done to human health by tobacco use. WHO maintains that, by the end of this century, tobacco will have killed a billion people and that it is a risk factor for six of the eight leading causes of preventable mortality. Moreover, tobacco harms families as a result of reduced economic productivity and increased costs of health care. WHO emphasizes that most of the burden of ill health caused by tobacco use will fall upon developing countries and calls for governments to take effective steps to protect their populations (1).

WHO has long sought to counter claims that tobacco alleviates poverty. On World No Tobacco Day 2004, it issued a summary of the evidence demonstrating that, far from alleviating poverty, tobacco use contributed to the ‘vicious circle of poverty’ through the diversion of household income from necessities, tobacco-related illness and associated treatment costs, premature death and associated economic loss, and child labour in cultivation. This document also made the telling point that while tobacco growing has helped some farmers to gain wealth, many have been barely able to make a living (2, p. 5).

Perhaps the most significant rebuttal to arguments that tobacco promotion alleviates poverty is provided by the example of the World Bank. This economically rational global financing agency which once provided capital for tobacco production in developing countries but abandoned this practice in recognition of the health costs, adopted a policy of supporting alternative crops and in 1999 published a major report on curbing the tobacco epidemic (3). The Bank has subsequently published a number of studies dealing with the problems caused for the poor by tobacco consumption, several of which are relevant to the SE Asia region.

More recent research documents the negative consequences of tobacco consumption for the poor of Southeast Asia. A study of poverty alleviation and tobacco control in Burma published jointly by the World Bank and the WHO in 2005 found that tobacco was a major problem among the poor. The lowest income groups spent as much as 33% of income on tobacco products. Tobacco users spent more on tobacco than on health, education and other necessities, including clothing and shelter. It was concluded that:

S.Barraclough and M. Morrow
A significant shifting of tobacco expenditure to food could greatly reduce the prevalence of malnutrition and improve the nutrition status of families (4, p.23).

An examination of consumption, taxation and household income in Indonesia published in the same year, under the auspices of the World Bank and WHO, found that low-income households spent 7.2% of their income on tobacco. The report conceded that reducing the demand for tobacco products through taxation and cessation activities could reduce the earnings of those dependent upon this industry for their livelihoods. Nevertheless, policies to reduce tobacco consumption would lead to gains in health outcomes and life expectancy – especially among those on low incomes (5).

A study on tobacco and poverty in the Philippines published by WHO in 2008 concluded that tobacco had a profound effect on poverty by diverting scarce resources away from essentials and causing illness and premature death. A significant proportion of Filipinos do not earn enough for their families’ basic needs yet poor households spent more on tobacco than upon clothing, education or health (6). The same study found that the costs of treating four major smoking-related diseases, together with productivity losses from lost work days, amounted to US$ 6.05 billion (6).

A recent survey of 480 households in both tobacco-growing and non-growing regions of Vietnam by Van Minh et al. concluded that there were minimal profits for the farmers from tobacco cultivation, once personal opportunity costs had been factored into the evaluation. Tobacco farmers were not wealthier than other farmers, a finding that contradicted the claims of tobacco corporations about the economic benefits of the crop. They also found a higher prevalence of a range of health problems among tobacco farmers compared with those cultivating other crops (7).

Method

For this article, a political economy approach has been employed. This involves a concern with the ways in which state power is employed to shape economic activity. An analysis is presented, in the regional context of Southeast Asia, of the nature of, and justification for, state involvement in the promotion of the tobacco industry. Such involvement is identified through analysis of a range of government and tobacco corporation documents, the reports of international agencies, and secondary sources. Many of these documents are available on the Web and were accessed through standard search engines.

The choice of Southeast Asia allows an analysis of a region whose nations all share membership of the Association of Southeast Asian Nations (ASEAN), a regional body committed, inter alia to working cooperatively for the better health of its citizens. Moreover, this region encompasses a significant portion of the developing world, whose economies are regarded by the Director-General of WHO as offering ‘vast new marketplaces’ for tobacco companies (1). This region also allows us to examine how governments of different ideological persuasions, ranging from ostensibly socialist to staunchly free enterprise, have approached state participation in tobacco promotion. The countries of SE Asia, with the exception of Brunei, which does not have a tobacco industry, are surveyed in this article and the contradictions inherent in state support for tobacco identified.

A survey of Southeast Asian states

Thailand

The Government of Thailand maintains a state tobacco monopoly. According to its website, the Thai Tobacco Monopoly (TTM) assists growers, guarantees prices and covers ‘all aspects of the tobacco industry with great responsibility and contribution (sic) to the society’ (8). The TTM has also entered into a joint venture with a private company to export its products to Vietnam (8). In 2007, the TTM, which has 4,297 employees, marketed some 19 brands of cigarettes and increased its sales by 8.5% on the previous year (9, p. 57).

An examination of the TTM website conducted in February 2009 revealed a number of concerns about conflicting roles and interests on the part of the Thai state. The TTM ‘has initiated a project to reduce the tar content of its various cigarettes through research and development, seeking new, quality casing flavours’. Moreover, the TTM website featured a montage showing the revered King of Thailand with a Buddhist stupa in the background (10). However, the National Tobacco Control Plan prohibits flavoured cigarettes and misleading terms in marketing, including
making claims for mild and light cigarettes, and tobacco sales near religious places; it also precludes the government from receiving ‘monetary support’ from tobacco companies (9). Yet in 2007 the TTM provided ‘monetary support’ to the state to the tune of 44,568.96 million Baht through profits on tobacco sales (9).

The essential paradox of the state both conducting a tobacco monopoly and seeking to control tobacco consumption through legislation and the Thai Health Promotion Foundation (partly funded by a share of tobacco taxes) is illustrated in moves, reported by the Foundation, to seek a public policy to prevent tobacco industry interference in control activities (9). However, in the case of Thailand, the tobacco industry is part of the state, which is also the regulator of tobacco control. Furthermore, according to the Tobacco Control Research and Knowledge Management Center, previous control legislation enacted in 1992 had been achieved, in part by informing the public of tobacco industry misconduct by using ‘their own words from their internal documents’ (9). It is difficult to understand how, in a market characterized by a state monopoly, the misconduct of the tobacco industry can be separated from that of the state itself.

Notwithstanding these contradictions, a recent WHO study of tobacco industry interference in tobacco control cites the case of the TTM to observe that government ownership of the tobacco industry ‘does not always predict lack of resolve to implement strong tobacco control measures’ since Thailand has one of the most advanced control programmes in the world (11). The authors of this study apparently do not consider that a government strongly committed to both reducing the rate of tobacco use and at the same time promoting the production and sale of tobacco is pursuing a fundamentally contradictory policy which must call into question its tobacco control credentials and imply the acceptance of a modus vivendi between conflicting demands.

Vietnam

The contradiction of state participation in the tobacco industry is perhaps most clearly evident in the case of Vietnam, where tobacco is a state monopoly under the direction of the Vietnam National Tobacco Corporation (Vinataba). The Prime Minister’s proclamation on the future of the tobacco industry endorses a policy of reducing domestic consumption and refers to Vietnam’s ratification of the FCTC; at the same time it reveals state capital investment in the industry, sets of plans for the increased production of tobacco and the intensification of cigarette exports. However, in the interests of tobacco control in Vietnam, the quantity of tobacco leaf grown for domestic consumption will be capped while excess production will be exported (12).

Section I of the document commits the government to ‘pay special attention to develop tobacco growing in mountainous, deep-lying and remote areas, making contributions to hunger eradication and poverty alleviation’ (12).

Item one of Part I firmly states that:

The State does not encourage tobacco product consumption,....adopts tax policies to limit tobacco consumption and conducts propaganda to reduce tobacco use demand.

Nevertheless, Part II of the policy commits the government:

to continue cooperation with major international tobacco groups as strategic partners in producing cigarettes in international brands in the forms of joint venture, export processing and licensing, to raise the tobacco industry’s competitiveness and reduce smuggled cigarettes without increasing the output for domestic consumption.

Despite FCTC concerns with preventing the tobacco industry from influencing public policy, the Prime Minister’s proclamation identified British American Tobacco, Philip Morris, Imperial Tobacco and Japan Tobacco as potential ‘partners’ in realizing the government’s vision for the industry. British American Tobacco has already negotiated a joint venture with Vinataba.

Cambodia

The Cambodian state once operated a monopoly through the Cambodia Tobacco Company but as part of privatization policies in the 1990s sold this enterprise to British American Tobacco (BAT) and its local and Singaporean joint venture partners. It is clear that the state regards British American Tobacco Cambodia as contributing to poverty reduction. The Ministry of Commerce has endorsed BAT Cambodia as a ‘good
corporate citizen and responsible company’ and commented favourably on the prices paid to farmers for tobacco leaf and the improvement in their standard of living. For its part, BAT Cambodia has recognized the ‘continued support and assistance’ of the Royal Government of Cambodia (13).

Laos

Despite its professed ideological orientation, the government of the socialist Lao People’s Democratic Republic partially privatized its state-owned monopoly and permitted the formation of Lao Tobacco Limited (LTL) in partnership with Coralma S.A.S, a French company in the transnational Imperial Tobacco Group. According to Imperial Tobacco’s corporate responsibility case study of Laos, the corporation is committed to working closely with its partner ‘to help meet shared social objectives for the country’ and to:

- develop the countryside through maintaining and increasing tobacco cultivation; and to limit the rural exodus by providing employment, which in turn will alleviate poverty (14).

A spokesperson for the Ministry of Agriculture interviewed in a recently published study of stakeholders views about tobacco policy in Laos denied that there was a public health issue involved and maintained that poverty would increase without tobacco cultivation (15).

These two cases demonstrate that poverty alleviation is stressed on the part of the multinational tobacco corporation, as well as a representative of a state agency, without any consideration of the potential costs to the poor of expenditure upon tobacco or the health-related costs of tobacco use.

The Philippines

The state is actively involved in fostering and regulating tobacco production through the National Tobacco Administration (NTA) within the Department of Agriculture. The state also symbolically endorsed tobacco manufacturing through the attendance of the current President of the Philippines as guest of honour at the groundbreaking ceremony for Philip Morris International’s plant in Batangas Province.

In its annual report, the NTA noted the contribution of its activities to the government’s goals of poverty reduction, job creation and agribusiness development, and claims that some 1.56 million Filipinos are involved in the tobacco industry and that tobacco contributed ‘an enormous sum to the family income of farmers’ (16).

Given the historical commitment of the state to tobacco production, it is not surprising that tobacco control policies are a comparatively recent development in the Philippines, slowed in their introduction by the effective tobacco lobbying of legislators, many of whom were sympathetic to tobacco interests (17). The national Tobacco Regulation Act, regulating the use, sale and advertising of tobacco products, was not passed by Congress until 2003.

The NTA, despite being an agency of the government, has been active in seeking to influence public policy to protect the tobacco industry. Its chief executive publicly supported the efforts of a bloc in the Philippines Congress to oppose a Department of Finance initiative to introduce a uniform taxation regime for all categories of cigarettes, warning that it would force local farmers to give up growing tobacco (18). This stance was taken despite the efforts of WHO to rationalize and increase tobacco excise as an effective control measure.

Singapore

Singapore has no domestic tobacco cultivation industry and is not a significant manufacturing centre for tobacco products, although as an entrepot it profits from the re-export of tobacco products. Its government has one of the most stringent tobacco control policies in the world with high rates of excise, substantial fines for smoking in prohibited places, active support for cessation, and a zero duty free tobacco allowance for international passengers.

Despite this scrupulous domestic commitment to tobacco control, the Government of Singapore apparently considers that, in the interests of generating income for its population, tobacco is a legitimate and attractive investment. According to the 2004 annual report of British American Tobacco Malaysia, the Government of Singapore Investment Corporation, through its nominees, was the 21st and 23rd largest shareholder with some 2,094,600 shares (19). Demonstrating the conflicting attitudes of different agencies within the same state towards...
tobacco, these shares had been purchased in the very year that the Government, with the support of the health ministry, had ratified the FCTC.

**Burma (Myanmar)**

The Government of Burma has been actively involved in cigarette manufacturing through two state-owned factories. Until BAT’s withdrawal from Burma under pressure from the British Government in 2004, the state was actively involved in a joint enterprise with this multinational corporation to manufacture cigarettes. The British Government wanted all British corporations to de-invest from Burma in order to put pressure upon the military regime to respect human rights. After withdrawing from this joint enterprise, BAT licensed its brands for local production, an arrangement which ceased in 2008 (20).

According to the Foreign and Commonwealth Office:

BAT’s operations in Burma were a joint venture with the Union of Myanmar Economic Holdings, the business arm of the military regime. The main beneficiaries of Rothmans Myanmar were the generals who run UMEHL, and the military families who are shareholders in Myawadi Trading Company – the military’s trading arm – which distributes the cigarettes and reaps the profits. (21)

It was clear that BAT had reluctantly bowed to pressure from the British Government, selling its equity to a Singapore-based investment corporation and affirming its belief that every country has a right to economic development and that prosperity is an important catalyst for long term social development (22).

With the departure of BAT, cigarette production reverted to state corporations.

**Indonesia**

Southeast Asia’s most populous nation is unique in the region for the reluctance of its government to embrace the FCTC. This reluctance may be explained by a fear that implementing the treaty’s content would damage the tobacco industry, which is considered an important source of income and employment. Indonesia has, nevertheless, introduced a range of tobacco control measures and its health agencies promote anti-tobacco messages and programmes.

While not a major investor in the industry, the Indonesian state is nevertheless a supplier of various types of tobacco leaf through the plantations operated by PT Perkubunan Nusantara II in Sumatra. This limited company is owned by Badan Usaha Milik Negara (BUMN), the national state enterprise body, and its mission includes increasing the contribution of the plantation sector to the national income and improving the general welfare of the people and the standard of living of farmers (23).

State participation in the tobacco industry further strengthens the case of regarding this industry as economically important and serves to detract from progress towards tobacco control.

**Malaysia**

The Malaysian state has been closely involved with the tobacco industry on two levels: promoting and regulating growing and investing state capital in tobacco corporations by purchasing shares in publicly listed companies. At both levels the socio-economic advancement of poorer populations has been an important rationale for state involvement in tobacco.

For almost half a century it fostered and encouraged tobacco growing, mainly in the less economically developed states of Kelantan and Terengannu on the east cost of peninsular Malaysia. Tobacco was considered to be an important cash crop, could be grown in poor soils, and offered smallholders opportunities to supplement their incomes. To further these goals the state protected tobacco growers with tariffs and established a substantial bureaucracy, the National Tobacco Board, to regulate and promote the industry. State research and financial institutions were also used to support the industry.

As the list of major shareholders of British American Tobacco and Japan Tobacco International Malaysia reveals, after the parent companies in the UK and Japan respectively, the Malaysian state is the largest local investor (24). These investments are made through the Kuala Lumpur stock exchange and involve a variety of state-controlled investment entities including the national pension fund, government investment corporations, and state-controlled unit trusts.

The advent of regional trade liberalization caused a major upheaval in the Malaysian tobacco-growing
industry since tobacco was included in the list of goods to be subjected to tariff liberalization by the year 2010. Under the Common Effective Preferential Tariff (CEPT) agreement between the states in ASEAN, tariffs on tobacco leaf imports will be largely abolished by member states. By the year 2010, Malaysian tobacco farmers will be obliged to compete fully with those in other ASEAN countries. This development necessitated the eradication of smaller, less efficient production units. Two-tiered production has been replaced by an integrated grower-curer system characterized by larger-scale operations.

In a significant change in policy towards tobacco as an agricultural commodity, the Malaysian Government has dissolved the National Tobacco Board and replaced it with the National Kenaf and Tobacco Board. The contradictions in the role of the state are clearly to be seen in this policy change. While continuing the responsibilities of its predecessor to promote the efficient and orderly cultivation of tobacco, the new Board has been specifically mandated simultaneously to do the same for an alternative crop: kenaf, or *hibiscus cannabinus*. This crop may be used for products such as cordage, paper and textiles. It is noteworthy that Section 6 of the National Kenaf and Tobacco Board Act stipulates that its membership must include the Secretary-General of the Ministry of Health. This legislation represents a clear recognition in public policy of the need to promote an alternative crop to tobacco, as well as recognizing the significance of this aim to health concerns. Yet, the contradictory role of the state continues to be evident since it will continue to regulate and facilitate tobacco growing and processing.

Claims that tobacco cultivation alleviates poverty are also undermined by the frequent recourse of Malaysian tobacco farmers to subvention, not only to maintain their economic viability in the wake of trade liberalization but also to deal with natural disasters. For example, early in 2009, floods devastated the East Coast tobacco crop, necessitating further subsidies to growers from both tobacco companies and the Malaysian government (25).

Tobacco farmers are therefore presented in policy discourse as both part of a viable economic enterprise contributing to poverty alleviations and also as deserving of special assistance. An example of how support for ‘struggling tobacco farmers’ outweighed health imperatives was the Cabinet’s decision in 2005 not to immediately prohibit 14 stick packets of cigarettes as recommended by the FCTC, but to phase out such packs over a five-year period (26).

**Concluding observations**

The various types of state participation in the tobacco industry in Southeast Asia are summarized in Table 1. There are many reasons why such state involvement in tobacco promotion is of concern. These range from the symbolic and ethical to the logical and practical.

**State support for tobacco production: a symbol of endorsement**

At the symbolic level, tobacco growing and processing continue to enjoy visible endorsement by the state as a legal and economically desirable activity. The example of the Cambodian government’s praise of British American Tobacco as a ‘good corporate citizen’ has been echoed in Malaysia, while the governments of Vietnam and Laos regard multinational tobacco companies as ‘partners’. In Vietnam, the state has even bestowed national decorations upon Vinataba, awarding the second and third class Independence Medal, as well as the Emulation Flag (27). Such endorsement stands in stark contradiction to the widely known and accepted evidence of the health and economic costs of tobacco use and the efforts of the tobacco industry to subvert control policies.

This contradiction serves to divide various agencies of the state. As the cases of the Philippines and Laos demonstrate, health ministries work to further reduce tobacco consumption through policies emphasizing control, while other ministries have a strong interest in protecting the tobacco industry. This may lead to stasis in the progress of control and the creation of a longer-term *modus vivendi* in which both promotion and control of tobacco co-exist.

**The poor lose out in conflicts of interest**

From an ethical perspective, the state is forced into a continuing and serious conflict of interest. At one and the same time it has a stated interest both in controlling and promoting the production, processing and consumption of tobacco. In most policy areas (e.g. alcohol, highly calorific foods), public policy seeks to accommodate conflicting demands and
interests but in the case of tobacco this is ethically absurd since there is no safe level of consumption of the product in question.

Several of the states in this study have demonstrated a readiness to export their tobacco crops and with them the harm to human health and further damage to the poor. In the case of Vietnam, local quotas are intended to reduce the availability of tobacco in the interests of the health of its citizens, yet surplus production will be sold to its neighbours. Thailand intends to export to Vietnam. Under the Common Effective Preferential Tariff (CEPT) agreement between the states in ASEAN, tariffs on tobacco leaf imports have been largely abolished by member states or reduced to token levels. Quantitative restrictions and other non-tariff obstacles to trade will also be removed. The states of SE Asia have engaged in contradictory foreign policy since they have facilitated the regional trade in tobacco while at the same time committing their health ministries to work towards a healthier

Table 1. A summary of state tobacco industry participation in Southeast Asia

<table>
<thead>
<tr>
<th>State</th>
<th>State ownership</th>
<th>State agencies dedicated to tobacco promotion</th>
<th>‘Partnership’ arrangements</th>
<th>Support and endorsement by the state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Burma</td>
<td>State-owned factories</td>
<td>Vietnam National Tobacco Corporation (Vinataba)</td>
<td>Major global tobacco corporations described as potential partners in developing the industry</td>
<td>Vinataba awarded two classes of the Independence Medal and Emulation Flag</td>
</tr>
<tr>
<td>(Myanmar)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>State monopoly</td>
<td>Vietnam National Tobacco Corporation (Vinataba)</td>
<td>Major global tobacco corporations described as potential partners in developing the industry</td>
<td>Vinataba awarded two classes of the Independence Medal and Emulation Flag</td>
</tr>
<tr>
<td>Laos</td>
<td>State is part-owner of Lao Tobacco</td>
<td>Joint enterprise with a subsidiary of Imperial Tobacco</td>
<td>Ministry of Agriculture supports tobacco cultivation</td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>State monopoly privatized and sold to a BAT joint venture</td>
<td>National Tobacco Agency under the Department of Agriculture</td>
<td>Supportive environment and endorsement by Commerce Ministry of economic activities of BAT consortium</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>State monopoly</td>
<td>National Tobacco Agency under the Department of Agriculture</td>
<td>President ‘guest of honour’ of Philip Morris National Tobacco Agency lobbies Congress to oppose taxation measures</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>Occasional investment in tobacco shares</td>
<td>National Tobacco Agency under the Department of Agriculture</td>
<td>Declines to sign or ratify the FCTC</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>State ownership of a tobacco plantation</td>
<td>National Tobacco Agency under the Department of Agriculture</td>
<td>Good corporate citizen endorsements by several national leaders</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>State is the largest local investor in tobacco shares</td>
<td>National Kenaf and Tobacco Board</td>
<td>Good corporate citizen endorsements by several national leaders</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>State-owned monopoly</td>
<td>Joint venture with a private company to market products in Vietnam</td>
<td>Good corporate citizen endorsements by several national leaders</td>
<td></td>
</tr>
</tbody>
</table>
region through combating tobacco use by their populations. The CEPT serves the interests of trans-national tobacco corporations, which can now seek cheaper sources of tobacco leaf and are freed from reliance upon in-country suppliers in the event of a poor harvest. As William Onzivu warned some years ago, tobacco ‘will continue to be a major public health disaster for ASEAN’ and trade liberalization was likely to increase the problem if counter-action was not taken (28).

**Genuine commitment to tobacco control or strategic accommodation?**

While a WHO publication can concede, as in the case of Thailand, that a state can both operate a tobacco monopoly and preside over world’s best practice in control programmes, such a contradiction challenges the fundamental rationality of public policy. There will always be a suspicion that the control programmes represent a strategic accommodation which, paradoxically, guarantees the viability of the tobacco industry since the state can claim to have done as much as it can to dissuade its citizens from tobacco use and has even received global recognition for its efforts.

The state’s role in redistributing economic benefits to its poorer citizens through its promotion of tobacco is undermined by the redistribution of the burden of disease. Moreover, while large sections of the population suffer the health and economic costs of tobacco use, a comparatively small, and under the CEPT a decreasing proportion of the population actually benefit from tobacco growing and processing.

As can be seen in the case of Cambodia, joint partnerships and encouragement of multinational participation in local markets strengthens the hand of global tobacco corporations, gives them comfort, and legitimizes their activities. Apart from the public message endorsing their activities, these arrangements allow international corporate executives, bringing their sophisticated political, management, and marketing skills, to be appointed to the local operations of their parent companies. They also provide further points of access to the state, allowing tobacco corporations to seek to influence tobacco control policies with a view to lessening their impact. It is not surprising that global tobacco corporations have actively endorsed the concept of tobacco production as contributing to poverty alleviation.

In contrast to the strengthening of the strategic position of multinational tobacco corporations, state involvement in tobacco promotion threatens to weaken the position of civil society advocates for tobacco control. In many SE Asian countries direct criticism of the state for its complicit role in the tobacco industry would be culturally inappropriate and even risk unwanted consequences. Moreover, some tobacco control advocates are indirectly funded by the state and are likely to be sensitive about future financial support, should they engage in overt criticism.

**Challenges for WHO and the FCTC**

The continuing involvement of states as shareholders and promoters of the tobacco industry presents a major contradiction to Article 5.3 of the FCTC and a major challenge for WHO. As a voluntary body of sovereign states, WHO can only admonish, and not direct, its members to comply with both the letter and spirit of the FCTC. Ratifying states are obliged to protect their health policies from tobacco industry interference, limit their interactions with the industry and reject partnerships. This implies that the tobacco industry is an external force seeking to influence public policy makers within the state. Yet, as this survey has shown, in both Thailand and Vietnam, the state is the tobacco industry due to its monopoly, while in Malaysia and Laos the state is a part-owner and active promoter of the industry.

In 2008, guidelines were promulgated by WHO for protecting public health policies from tobacco industry influence (Article 5.3). These deal in greater detail with the problem of the state promotion of tobacco interests and state ownership of tobacco enterprises. They affirm that there is ‘fundamental and irreconcilable conflict between the tobacco industry’s interests and public health policy interests’ and note that since ‘their products are lethal, the tobacco industry should not be granted incentives to establish or run their businesses’. The Guidelines also admonish member states to:

- avoid conflicts of interest for government officials and employees;
- treat State-owned tobacco industry in the same way as any other tobacco industry (29).

It is further recommended that member states:
• which do not have a State-owned tobacco industry, do not invest in the tobacco industry and related ventures;
• with a State-owned tobacco industry, ensure that any investment in the tobacco industry does not prevent them from fully implementing the WHO Framework Convention on Tobacco Control.

The Guidelines also seek to deal with obvious contradiction of state functionaries serving the interests of both the tobacco industry and health advocacy asking member states to ‘ensure that representatives of State-owned tobacco industry does (sic) not form part of delegations to any meetings of the Conference of the Parties’ (29).

Such recommendations fall short of resolving the contradiction. There is a need for tobacco control advocates and non-government organizations to lobby the governments of states which have ratified the FCTC to commit themselves to disinvest from the tobacco industry and to cease the promotion of tobacco. This is not to say that the state should not generate income through taxation, since such revenue benefits the state, reduces rates of smoking – especially among the poor – but such revenue-raising is dispassionate since the state is not directly involved in the tobacco industry. Moreover this revenue can be used for poverty alleviation purposes and to assist farmers and other workers in the tobacco industry in their transition to other sources of livelihood. The FCTC is intended to be an evolutionary instrument. The severance of state links with the tobacco industry must be a prime concern in the future development of this pioneering treaty.

Acknowledgement
The authors are grateful for the support of the International Union for Health Promotion and Education, which allowed them to present this research at the 14th World Conference on Tobacco or Health, in Mumbai, India, in 2009. The authors also acknowledge the constructive suggestions for improving a previous version of this article from two anonymous reviewers.

References