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EFFAT SUBMISSION TO DG SANCO ON THE PUBLIC CONSULTATION ON THE RAND REPORT AND ON THE REVISION OF THE TOBACCO PRODUCTS DIRECTIVE 2001/37/EC

Background

EFFAT is the European Trade Union Confederation representing 2.6 million workers employed in the food processing, agriculture, tobacco, hotel, catering and tourism industries across the EU. EFFAT therefore represents waged employees of the tobacco industry both in growing and manufacturing operations.

EFFAT fully acknowledges that non-smokers should be protected from smoke and that workers should work in a smoke-free environment. EFFAT is particularly concerned about the protection from passive smoke of those employed in the catering, hotel and tourism industries. Representing waged employees in the tobacco growing and manufacturing industry, EFFAT equally respects smokers' right to choose to smoke and favours the principles of subsidiarity and proportionality in the regulation of the EU tobacco sector.

Employment in the EU tobacco industry

Employment in the tobacco sector in the EU has faced a consistent decline with a number of major closures and production transfers to third countries. Several thousand jobs have been lost since over the introduction of tar and nicotine limits in cigarette manufacturing mandated by the 2001 Tobacco Product Directive. Likewise, EU tobacco agriculture workers employed in tobacco fields paid a heavy employment toll to the 2008 reform of the tobacco regime. Over the past couple of decades, the EU tobacco manufacturing and growing industry has lost approximately half of its jobs. In particular, the number of workers employed in the cultivation and harvesting of tobacco - including seasonal workers - passed from approximately 500,000 to about 260,000, while 50,000 jobs are left in tobacco manufacturing¹.

Tobacco is a highly labour-intensive crop. The vast majority of tobacco growers in the EU is composed of smallholder families for whom tobacco growing is the principal source of income: within these households a large share are women. Employment in tobacco fields represents a key economic activity in a number of disadvantaged areas of the EU: the highest numbers of tobacco growers and primary processors is concentrated in the rural areas of countries with high unemployment rates such as Bulgaria, Poland, northern Greece (Voreia Ellada), central and southern Italy (Umbria and Campania) and Spain (Extremadura). These are all rural areas where tobacco growing and first processing secures a stable income and jobs for the local communities and allows the cultivation of other crops in areas that would otherwise be abandoned by farmers. This means that tobacco agriculture workers pushed out of growing tobacco cannot easily switch to other lower-income crops as they cannot achieve the economies of scale needed to match tobacco-generated income or find work elsewhere as there are little or no alternative employment opportunities in these rural areas.

¹ EFFAT, "Managing Change in the Tobacco Sector. Enhancing Information and Consultation Rights of Employees to Anticipate Change in the Tobacco Sector", acts from the EFFAT meeting, Verona, 29-30 April 2008, p. 9.



Although EFFAT does not represent commerce workers, it should by no means be forgotten that about 800,000 retail jobs plus all the ancillary industries jobs depend on the tobacco sector. These jobs should be added to those in tobacco growing and manufacturing and taken into account during any social impact assessment of the possible effects of a reform of the 2001 TPD.

EFFAT Remarks on the RAND Report

- In terms of methodology, direct interviews with workers and other stakeholders could have complemented the consultation. On p. 24-25 RAND says that its data collection exercised aimed at allowing all stakeholders to express their views but that in spite of best efforts only a small set of stakeholders provided input for the report. EFFAT is not aware of having been requested to provide input by RAND although we have a number of affiliated organizations which wished to provide their input. The report only mentions efforts geared to reach manufacturer and retailer associations. The workers and their trade union representatives seem not to have been taken into account in the design and in the conduction of RAND's survey. RAND did not design a survey for employees in the tobacco supply chain: only manufacturers (employers) and commerce associations were consulted through this tool. EFFAT therefore encourages DG SANCO to take employees into account as a separate stakeholder in its Impact Assessment, as the tobacco industry is by no means monolithic.
- EFFAT regrets the absence in the RAND Report of a specific chapter on the social impact assessment from a possible reform of the sector. EFFAT therefore encourages the Commission to encompass a specific social impact assessment chapter in its impact assessment in order to evaluate - not just through extrapolations of economic modelling - the effects on employment and the social burden for household and communities associated with it. On p. 56-57, RAND already draws an initial mapping of the value chain. Unfortunately, drawing on a World Bank document, on p. 57 RAND presents a simplistic analysis which looks at the marketing agencies of tobacco products and the easy switch they can do passing from advertising tobacco products to other products as a proxy for other suppliers. EFFAT finds this example inappropriate and misleading and believes that the Commission's impact assessment should look at social effects along the whole EU supply chain, with a specific focus on growers, waged agriculture workers, manufacturing, wholesalers, retailers, ingredient suppliers and ancillary industries. A realistic analysis of what alternative employment options and cushioning instruments should be there for each of these categories.
- RAND analyzes prospective trends and employment effects of the reform through economic modelling and extrapolations. However, this cannot be the only instrument for a social impact assessment. Economic modelling needs to be complemented with the analysis of primary qualitative data to put expected trends in context. Behind expected employment loss figures are specific people, households and entire communities which will incur hardship. EFFAT encourages the Commission to carry out a more fine tuned analysis in its Impact Assessment to understand the effect on employment of each of the presented options for each segment of the tobacco supply chain across the EU. Prospective job losses should also be placed in their geographical context (by region, not only by country) and take into account the economic dependency of that region on tobacco and tobacco-related activities (i.e. the share tobacco



represents out of the growth generated by the total local economy) and be weighed against real local unemployment rates. Finally, it is necessary to identify concrete alternative employment options that guarantee a comparable livelihood for the workers potentially impacted by a reform. Such alternatives should also consider how realistically viable the reconversion of tobacco and tobacco-related workers is in other sectors (especially for mid-age and senior workers), considering a realistic timeframe for re-employment and looking at the presence and accessibility of social cushioning system as well as the accessibility and efficiency of public re-employment services in place in such areas. The Impact Assessment should have people's livelihood and Decent Work Agenda as a paradigm for identifying such viable employment alternatives.

- The RAND Report does not cover the most significant development in the tobacco sector in the last two decades, namely the rise in illicit trade in tobacco products. The remarkable growth of illicit tobacco trade should be incorporated in the assumptions, analysis and conclusions of the Report and weighted against the introduction of plain packaging, which would make it easier for organized crime and smugglers to imitate and trade counterfeited tobacco products. EFFAT would welcome an evaluation of what is the employment toll paid by the industry to illicit trade and counterfeited tobacco products and its future developments under each proposed option.
- On Swedish snus, the RAND Report does not seem to take sufficiently into consideration the recent scientific evidence and public health statistics from Sweden that show that while Swedish men have the highest per capita consumption of smokeless tobacco, they have the lowest cigarette consumption in Europe as well as the lowest incidence of lung, oral and pancreatic cancer in Europe.
- The RAND Report should have based its recommendations on actual behavioural data (e.g. increased quitting, lower incidence, reduced daily cigarette consumption) related to the claim that increasing the size and/or the use of graphic images increases the efficacy of health warnings. It is our understanding that no such data are available yet.
- RAND's argument that plain packaging would reduce the attractiveness of tobacco packaging and branding is only relevant if such an effect results in fewer people taking up smoking or continuing to smoke. Such a conclusion has no evidentiary basis to date and does not consider the various factors that lead people to smoke and continue smoking.
- No definition of "ingredients" is provided in the Report and RAND's use of the term is confused and does not distinguish between ingredients as defined by the TPD, additive, constituent of smoke and constituent of tobacco.
- RAND should have considered the available data on the trends relating to youth or adult smoking before and after Retail Display Bans in jurisdictions such as Iceland and Canada.



EFFAT observations on specific points related to the revision of the Tobacco Directive 2001/37/EC

a. Consultation Methodology

It is a policy of the Commission to conduct extensive and scientific, fact-based analysis and impact assessment studies prior to legislation. EFFAT emphasizes that in the case of the revision of the 2001 TPD any regulatory measure should be based on scientific evidence, figures and facts, as well as on the principle of proportionality and subsidiarity. This is particularly evident in the case of Swedish snus, where the recent scientific evidence no longer justifies a ban. As for the electronic consultation methods on the TPD reform, EFFAT regrets that this was only available in English as this represents a considerable obstacle for the majority of working people whose employment will be directly affected by the reform and recommends that such consultation be carried out in a format and language that are accessible and understandable to a wide number of tobacco sector employees, not only to sector experts and practitioners.

b. Smokeless Tobacco (ST) Products

EFFAT represents about 1,200 Nordic full-time workers producing snus. These workers have consistently worked overtime and week-end shifts to meet the increasing demand for snus which grew by 30% since 2000 despite the EU ban. Exports to the USA and to Norway have especially thrived. Nonetheless, the larger EU market remains closed to snus even if they are less harmful than smoked tobacco products and recent scientific research has considerably reassessed the claim that they can cause oral cancer² and show that they are overall less harmful than cigarettes and other form of tobacco products that require ignition for consumption.

Despite the fact that the EU decided to abolish the cancer warning in 2001 a total ban on snus is still in place. Conservative estimates by EFFAT affiliate the Swedish Food Workers' Union LIVS indicate that – should the ban on snus be lifted – over 2,000 excellent quality jobs would be created in Sweden alone. EFFAT is therefore in favour of a lift of the ban on Swedish snus and welcomes scientifically-based regulation in product content that further reduces toxicity, health risks and addiction.

c. Consumer Information, Education and Prevention

EFFAT affiliated organizations believe that the most effective deterrent to prevent smoking initiation and protect vulnerable categories are extensive education, information and prevention campaigns about the consequences on health and about the economic burden tobacco addiction can represent on households. Such measures enable consumers to willingly make responsible choices. Accessible health options – either under public or public-private partnerships schemes - should be made available to smokers to help them deal with the health risks they incur. Smokers should not suffer social stigmatisation and marginalization.

² “(...) a high risk for development of oral cancer has been shown for various STP but the evidence for oral cancer in users of Swedish moist snuff (snus) is less clear”. SCENIHR, Health Effects of Smokeless Tobacco Products, p. 5, 2008.



d. Ingredients

EFFAT is profoundly worried by the social consequences of a ban on the use of ingredients in tobacco blends. Certain kinds of tobacco grown and processed by EFFAT-represented employees require blending with natural products such as cocoa, vanilla, sugar or liquorice that are equally grown by agriculture workers. Besides, certain tobacco blends naturally lose their sugar content during the drying process whereas other varieties keep it. This is part of traditional flavouring habits that date back to local cultures, craft and tastes. About 85% of the total EU cigarette market requires ingredients to be brought to market. Over half of the leaf grown in the EU is used for the production of such cigarettes.

A generalized ban on ingredients – essential for tobacco products made of EU blends - would put the EU blends at a disadvantage and have a devastating effect destroying the jobs left in the sector in Europe all at once. A switch from a tobacco crop that needs ingredients (e.g. Burley and Oriental tobacco, typically grown in the EU) to another that does not need them (e.g. Virginia) would just not be economically viable for the majority of growers as it would imply massive capital investment in mechanical harvesting, curing facilities and fuel. EFFAT also holds that regulation of tobacco products should have strong scientific evidence to back it up. Such evidence would imply proven scientific data that shows they increase toxicity, smoking initiation or youth smoking, rather than on considerations of attractiveness or addictiveness, which can be extremely subjective.

Finally, whilst it agrees that regulation is necessary and that candy cigarettes are a threat to public health especially for young people and should be banned - EFFAT is concerned that an undifferentiated ban on ingredients would lead to increased illegal trade and cross-border sales. Consumers with a preference for traditionally blended cigarettes (containing ingredients) will still find them abroad, via the Internet or on the black market. This fuels illegal trade in cigarettes by organised crime and increases the market share occupied by smuggled and fake cigarettes. Counterfeited tobacco products can notoriously be much more toxic than original ones because of lower quality, extremely high in tar and have been found to be contaminated with sand, packaging materials such as plastic bits, strychnine, heavy metals, faeces and insect eggs to name a few.

Conclusions

EFFAT is principally concerned with the social and employment effects of the new Directive on Tobacco products. The Impact Assessment Study of the revised TPD should take specifically into account the social burden on households and communities associated with further decline in employment in the EU tobacco industry and its timeframe. The livelihood and future of a considerable number of people and communities in the EU depend on tobacco growing and manufacturing. A large number of these is concentrated in rural areas and concerns vulnerable categories of workers. Employment in the EU tobacco sector has traditionally been of high quality: these jobs are now irreversibly disappearing and are not being replaced by comparable ones, leaving especially young workers deprived of quality employment opportunities. Besides, little alternative options are available to misplaced tobacco workers in growing and manufacturing whose jobs are eliminated.



EFFAT

EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM TRADE UNIONS

The key current challenge on the agenda of the EU is to create and preserve quality employment. EFFAT believes that employment in the tobacco sector should be preserved, valued and accompanied into a sustainable transition rather than shut down at once through restrictive product regulation. Viable, accessible employment options and effective retraining programmes must be envisaged so that EU tobacco workers, households and communities hit by regulation-related restructurings can re-enter the labour market without experiencing social exclusion and a dramatic loss in their standard of living.