



## CTPD'S MONDAY OPINION

This is a weekly column aimed at sharing CTPD's perspective and steering public debate on various issues pertaining to Trade & Investments Law, Public Finance Management, Extractives and Human Development.

TODAYS TOPIC

### MAPPING ZAMBIA'S PROGRESS TOWARDS DOMESTICATING THE WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL (FCTC) - PART 2



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**E**ven though tobacco has continued to kill approximately 7 million people annually, the tobacco industry still exerts a relentless push to sell close to 6 trillion cigarettes per year. To achieve this, the industry engages in several activities and strategies ranging from initiating new users and promoting cultivation to developing tactics to interfere with tobacco control policy and implementation. According to the Global Centre for Good Governance in Tobacco Control, both in 2020 and 2021, Zambia has had the highest level of tobacco industry interference in Africa. This could be owed to the fact that there is no regulation on tobacco advertising especially during corporate social responsibility programs.

Furthermore, tobacco industry executives have on several occasions had direct access to government representatives. This increases the chance of direct lobbying to influence legislation and regulation, and ultimately enhance supply. Last week's Monday Opinion embarked on tracing progress made thus far in domesticating the demand side articles/provision of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC). This week's opinion focuses on mapping the progress made towards domesticating the selected supply side articles/provisions of the WHO FCTC.

#### Article 15 - Illicit Trade in Tobacco Products

According to WHO, Illicit trade in tobacco products is any practice or conduct prohibited by law and which relates to production, shipment, receipt, possession, distribution, sale or purchase of these products including any practice or conduct intended to facilitate such activity. Illicit trade in tobacco products has been cited by many as a multibillion-dollar business capable of financing organized crime and corruption. There are various types of illicit trade associated with tobacco products including smuggling, counterfeiting, bootlegging and illegal manufacturing among others. Illicit tobacco products fuel the tobacco epidemic and undermine tobacco control policies. Instead of reducing demand, they increase accessibility and affordability, hence raising demand especially among young people.

With regards to reducing Government

revenue, WHO estimated that these products are responsible for approximately US\$ 47.4 billion in global excise tax revenue losses annually. These are funds that could potentially finance tobacco control programs and other developmental projects especially in low-income countries. One major argument by the tobacco industry has been that applying higher excise taxes on tobacco is an ingredient for increased illicit trade. However, empirical evidence suggests that to a large extent, illicit tobacco trade remains an enforcement issue.

For instance, one major challenge confronting Zambia's taxation of tobacco products is the presence of illicit cigarettes on the market. The presence of illicit cigarettes is mainly owed to smuggling, transit fraud, undervaluation and under declaration. Inadequate knowledge about tobacco uses and consumers' inclination to purchase inexpensive (untaxed) goods have both been mentioned as obstacles. Most of these remain issues strongly tied to weak enforcement. Albeit, curb illicit cigarettes, the Zambia Revenue Authority operates the cigarette tax stamp system which mandates all manufactures and importer of cigarettes for consumption to affix.

under the age of 18" to prevent abuse by minors. However, the biggest challenge has been the presence of illicit cigarettes on the market which make it difficult to enforce and regulate sales especially in rural areas. Illicit cigarettes are often affordable to minors and the high poverty levels coupled with lack of awareness often pushes some sellers to sell to them (minors). To add on, the sale of loose

cigarette (single stick cigarettes) has also contributed to the increased affordability by minors. In the same way, minors are forced to sell cigarettes in order to raise revenues for food and other basic needs. It would then be necessary to have a Tobacco Control Law that speaks to strengthening enforcement and regulating the sale of these products with possible punitive measure in cases of abrogators.

#### Article 17 – Provision for Support for Economically Viable Alternative Activities

Globally, the tobacco industry has been perceived as a well-established industry which positively contributes to development through job creation and ultimately improved livelihoods. However, a report by the Centre for Trade Policy and Development shows that tobacco growing generally compares poorly with other agricultural livelihoods and is in fact the most labor-intensive agricultural crop. Furthermore, evidence suggests that exposure to the tobacco leaf in its natural unprocessed form contains nicotine concentrations and poses a health risk to growers and harvesters, especially in the absence of protective clothing.

Beyond the health risks associated with tobacco farming, questions around its profitability especially among small-scale contract farmers (who are the majority) have been raised. A 2017 report on the economics of tobacco farming in Zambia suggest that on average, contract farmers incur a loss of US\$ 286 (K2728.4 at the 2017 average exchange rate) per acre, compared to an average profit of US\$ 227 (K2165.6) per acre made by independent farmers. Despite all this, the Ministry of Agriculture does not appear to have a policy aimed at identifying and promoting alternative livelihoods for tobacco farmers. Like demand, the supply of tobacco products has not been sufficiently controlled in Zambia. The tobacco epidemic can only be eradicated successfully in the presence of a piece of legislation (The Tobacco Control Act) that mandates such.

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#### Article 16 – Sales to and by Minors

The harmful effects of tobacco could be worse if experienced by minors. As such, there has been strong emphasis on the restriction of selling tobacco products to minors and by minors. For instance, legal cigarettes on the Zambian market do have a labelled sign “Do not sell to persons

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