

- from dispute settlement provisions, like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and from trade and investment agreements wherever possible.
- Support implementation and enforcement of tobacco control policies related to trade and industry, per the ministry's mandate. These include:
 - A comprehensive ban on all forms of tobacco advertising, promotion and sponsorship²²
 - All tobacco products required to carry large graphic health warnings²³
 - Plain packaging of all tobacco products^{24, 25}
 - Support the process to become a Party to the Protocol to Eliminate Illicit Trade in Tobacco Products and/or support implementation if already Party.²⁶
 - Implement the reporting requested under the Convention, including monitoring and providing information on tobacco trade and related activities.
 - Work with other parts of government to protect public health tobacco control policies from tobacco industry interference, in line with WHO FCTC Article 5.3 and its guidelines for implementation.

In line with the Convention Secretariat's [Global Strategy to Accelerate Tobacco Control 2025](#) and [UNDP's Strategic Plan 2022-2025](#) and [HIV, Health and Development Strategy \(2022-2025\)](#), these briefs emphasise the importance of a coordinated, multisectoral whole-of-government approach to tobacco control, empowering Parties to work across sectors to achieve policy coherence.

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Tobacco Control

What Ministries of Trade and Industry Need to Know

Key Points

- 1 Tobacco control makes economic sense.
- 2 Trade and investment tribunals have recognized the rights of countries to take strong tobacco control measures.
- 3 Calls for stronger tobacco control have support from consumers and growers alike.
- 4 The threat of illicit trade to tobacco tax revenue is often overstated by industry and can be overcome.
- 5 Ministries of trade and industry can take important first steps to advance tobacco control and accelerate progress towards the Sustainable Development Goals (SDGs).

Sustainable Development Goal 3 (SDG 3) aims 'to ensure healthy lives and promote well-being for all at all ages'.¹ One of the means of achieving this goal is to strengthen implementation of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC) in all countries, as appropriate (Target 3.a).

The WHO FCTC is a legally binding treaty that reaffirms the right to health.² It was developed in response to the tobacco epidemic and currently has 183 Parties, covering more than 90 percent of the global population.³

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1. Tobacco control makes economic sense.

Tobacco use leads to enormous economic losses. Worldwide, health-care expenditures to treat diseases caused by smoking total nearly 6 percent of global health expenditures.⁶ Analysis of 24 low- and middle-income countries (LMICs) from phase 1 and 2 of the FCTC 2030 projectⁱ found that tobacco use is costing over 2 percent of their annual gross domestic product (GDP) on average.⁷ In addition to health-care costs to treat tobacco-related diseases, massive productivity losses accrue due to premature death and ill health.

Investments in stronger tobacco control deliver high returns. Interventions such as plain packaging and large graphic warning labels would yield US\$64 billion in economic benefits over the next 15 years in those 24 LMICs. Across those countries, comprehensive tobacco control would deliver an average return on investment (ROI) of 41:1 over five years and 101:1 over 15 years.

Tobacco-related diseases mean increased health-care costs and insurance premiums. These higher costs are paid by the employer through increased health insurance premiums, or by the public through increased taxes and out-of-pocket expenses. Such costs have a direct impact on the bottom line of companies.

Multinational tobacco conglomerates siphon profits abroad, out of the national economy, leaving countries to deal with the enormous costs of tobacco use. In Jordan in 2015 the tobacco industry generated 889 million Jordanian dinar (JOD) (US\$1.2 billion), which included government tax revenue, employee wages and payments by the industry to the government for goods and services. However, total economic losses to the country due to tobacco use were far higher at JOD 1.6 billion (US\$2.2 billion).

THE DEADLY CONSEQUENCES OF TOBACCO AND WHY GOVERNMENT SECTORS MUST WORK TOGETHER TO IMPLEMENT THE WHO FCTC

The social, economic and environmental impacts of tobacco consumption and production are staggering. Tobacco kills more than 8 million people each year, with LMICs disproportionately burdened.⁴ Smoking-attributable diseases cost the global economy over a trillion US dollars annually, due to medical expenses and lost productivity.⁵ The environmental impacts, due to plastic pollution, deforestation and soil degradation from tobacco growing, as well as water and soil pollution from pesticide use and cigarette littering, are of growing concern.

Levels of tobacco consumption and production in society are determined largely by policies beyond the health sector. This means that the development consequences of tobacco are largely avoidable through better policy coherence and common strategies that deliver shared gains for all sectors involved, accelerating progress against multiple SDGs.

Tobacco taxes are inexpensive to implement, revenue generating, and economically efficient; they also reduce health inequities.

A study estimated the cost of implementing and administering increases in tobacco tax to be US\$0.05 per person per year in LMICs, positioning it as the least costly of all tobacco control policies.⁸ Taxes that raise the retail price of tobacco by 20 percent could produce a global gain of US\$2 trillion over 50 years; gains increase to US\$3.6 trillion with tobacco



tax increases of 50 percent.⁹ For example, Panama provides a substantial portion of its tobacco tax revenue to its customs authorities to fight illicit trade in tobacco products.¹⁰

2. Trade and investment tribunals have recognized the rights of countries to take strong tobacco control measures.

Trade and investment tribunals have consistently recognized that governments have a sovereign right to adopt tobacco control measures and other regulatory measures for public health and sustainable development. An investment tribunal comprehensively rejected the legal challenge brought by Philip Morris International against Uruguay's tobacco control measures in 2016,¹¹ while the World Trade Organization (WTO) Appellate Body upheld Australia's plain packaging laws in June 2020.¹² Tobacco industry legal challenges have also been rejected under regional economic integration agreements in the European Union and Norway.¹³ Each of these cases has recognized that WHO FCTC implementation is an important public health goal that justifies limitations on the commercial interests of the tobacco industry.

3. Calls for stronger tobacco control have support from consumers and growers alike.

Worldwide consumers are increasingly demanding health-enabling environments and services. Many tobacco farmers are dissatisfied but lack the means to transition.¹⁴ Where trade and industry are not sensitive or adequately responsive to shifting preferences, they risk losing opportunities to strengthen businesses, grow market share and diversify economies.

Smoke-free policies in workplaces and public places are widely accepted – even more so after implementation.^{15, 16} Contrary to dire industry predictions, such policies do not negatively impact businesses or cost jobs.

Tobacco growing is a social, economic and environmental detriment.¹⁷ Tobacco growing

is linked with food insecurity, malnutrition, sickness for farmers, child labour, poverty and debt. Cigarette manufacturers and leaf buying companies often exploit tobacco farmers, including through low-paid and bonded adult labour as well as unpaid child labour.¹⁸ According to a 2017 survey of smallholder tobacco farmers in Zambia, farmers were not making profits but instead experiencing drastic losses in income.¹⁹ Tobacco farmers also face a plethora of health risks, including nicotine poisoning from harvesting the tobacco leaves.²⁰

4. The threat of illicit trade to tobacco tax revenue is often overstated by industry and can be overcome.

Tobacco taxes deliver multiple benefits at once. They raise fiscal revenues, improve health and well-being and address market failures. These include lost economic output from tobacco-related death and disease as well as the externalization of avoidable health costs for society to treat tobacco-related diseases. The tobacco industry uses the argument that increased taxation can create an incentive for illicit trade in tobacco products. However, empirical evidence does not support this claim, as many countries in which tobacco taxes were increased did not experience an increase in illicit tobacco. Inversely, the main determinants of illicit trade are weak governance/lack of high-level commitment, weak customs and excise administration and corruption.²¹

5. Ministries of trade and industry can take important first steps to advance tobacco control and accelerate progress towards the SDGs.

Trade and industry authorities can advance the right to health as a fundamental responsibility of government by supporting WHO FCTC implementation. In the first instance, trade and industry authorities should:

- Make tobacco control a strategic priority.
- Work with trade partner countries to ensure policy and legal coherence for health and development, including in the negotiation and implementation of trade and investment agreements and commitments.
- Negotiate strong public health and development protections, by excluding tobacco products both

ⁱ See WHO Framework Convention on Tobacco Control. FCTC 2030. <https://fctc.who.int/who-fctc/development-assistance/fctc-2030>.