

Japanese Government Expands Tobacco Business in Low Income Countries

The Japanese government's 33 percent ownership of Japan Tobacco Inc. (JTI) makes it an active participant of its business expansion overseas. About 60 percent of JTI's profits come from cigarette sales overseas.¹ These past two months, JTI has acquired a tobacco company in Indonesia and one in Philippines, spending about USD1.67 billion. JTI announced these acquisition will further enhance their business base in the region. Indonesia has the highest smoking prevalence in Asia, and the Philippines has the third-highest, with bulk of smokers being the poor. In addition, according to JTI, "We want to establish ourselves in markets like Brazil, Bangladesh, Indonesia, Philippines, and grow sustainably to strengthen our business foundations."² Last year, JTI acquired a 40 percent stake in the Ethiopian National Tobacco Enterprise for USD510 million, strengthening its operations in Africa.

In 2005 The Japanese government ratified the WHO Framework Convention on Tobacco Control (FCTC) thus having an international obligation to reduce tobacco use. However Japan is notorious for its weak tobacco control measures in Asia and the world, lagging far behind many of the 180 Parties to the WHO FCTC. Conversely, the Japanese government/ JTI promote tobacco in poor countries and exert their influence to thwart tobacco control policy development and regulations within countries, including inter-governmental agencies.

This is now being unravelled in the activities of the International Labour Organization (ILO) as outlined below. In November 2017, the ILO will decide whether to cut its ties with the tobacco industry or continue with its partnership.

1. Japanese government violates WHO FCTC decisions

The Japanese Embassies in Ethiopia and Malawi have participated in JTI's activities and have endorsed the tobacco business. The Japanese Ambassador to Ethiopia attended the signing ceremony of JTI's purchase of the Ethiopian National Tobacco Enterprise in July 2016.³ The Japanese Ambassador to Malawi visited the Lilongwe tobacco auction floors praising the tobacco business.⁴ This runs contrary to the decision adopted by Parties to the FCTC in 2014 not to allow their Diplomatic Missions to be used by commercial and other vested interest of the tobacco industry.⁵

2. JTI profits by paying low prices to leaves from developing countries

The Ministry of Finance fixes the price of tobacco for Japanese growers ensuring the prices are fair to protect them. For 2017, the price was fixed at USD16.90 (¥1,877.57) per kg.⁶ JTI on the other hand pays pittance for leaves from developing countries. In 2017, the average price of leaves in developing countries were: Indonesia USD2.25 – 3.00, Philippines USD1.55, Malawi USD1.84 and Tanzania USD2.20.

Tobacco growers in developing countries earn so little because of the low prices they are paid and have remained poor. This is reflected in children working on tobacco farms as free labour, or paid next to nothing, for working on tobacco farms and being exposed to harms and exploitation.

3. JTI drives policy within ILO

JTI's close relationship with ILO extends over many years. The main area of collaboration seems to be in addressing child labour. ILO acknowledges it has a "long standing collaboration with JTI in tackling child labour in tobacco growing communities."⁷

In 2011 JTI entered into a joint programme with ILO called ARISE (Achieving Reduction of Child Labor In Support of education)⁸ JTI provided a budget of USD4.5 million, where part of the money flowed back into training own JTI staff. In a promotional brochure, where the ILO describes the partnership programme as "unique" and "ground breaking public-private partnership", is for 3 countries Brazil, Malawi and Zambia which till today continue to face child labour problems.⁹

The ILO expresses enthusiasm on their collaboration and their own document promotes the partnership: "[B]eing linked to child labour through business relationships can damage a brand and have strong repercussions on business performance." Why would the ILO want to protect a brand that is associated with disease and 7.2 million deaths a year worldwide?

JTI has undue influence over ILO and this is demonstrated when the ILO staff champion JTI. In 2012, at a Conference in Malawi's National Conference on Child Labour in Agriculture the Director of ILO

and President of the ECLT Foundation speak at the opening, while a session was chaired by ECLT, where ILO and JTI were rapporteurs.¹⁰ In 2015, the ILO prepares a Child Labour Guidance Tool for Business and JT contributed to the development of the Tool. It includes a pledge from tobacco companies (page 31); “JTI has been working with ILO-IPEC to address the risk of child labour impacts at the level of tobacco growing communities (page 42). ECLT has been acknowledged.”

Despite the promotional statements, colourful reports and a new **3-year partnership** (2015 – 2018)¹¹ tackling child labour, this issue remains a problem.

4. Japan’s conflict of interest in ILO tripartite Governing Body

Japan is a titular member the ILO and is represented in all three components of the tripartite – government, employers group and workers group.¹² This represents a conflict of interest for Japan to be voting in all the three components on a tobacco control policy decision in November. The business interest of JTI will pre-determine these three votes in favour of continuing the relationship with the Japanese tobacco industry.

5. JTI’s \$10million funding to ILO is paid by poor smokers

CSR is a form of sponsorship, hence becomes an operating cost factored into the price of cigarettes. The USD10 million given to the ILO is actually paid for by smokers, many of whom are from developing countries.

The Japanese government appears to have abandoned its WHO FCTC international obligation to reduce tobacco use, instead is doing harm actively participating in JTI’s expansion in developing countries to increase tobacco use. Actively increasing tobacco use in developing economies and poor countries tantamounts to irresponsibility. This is also contradictory to Japan’s foreign policy on global health, which is to make every effort to domestically and internationally to achieve the SDGs and ensure there is a diverse society in which no one is left behind.¹³

¹ Japan Tobacco Annual Report 2016; pg. 71

https://www.jt.com/investors/results/annual_report/pdf/annual.fy2016_E_all.pdf

² Japan Tobacco targets emerging markets with fewer health controls as rival go high-tech by Lisa Du, Japan Times, 23 Aug 2017 <https://www.japantimes.co.jp/news/2017/08/23/business/corporate-business/japan-tobacco-targets-emerging-markets-fewer-health-controls-rivals-go-high-tech/#.WZ4h68ZLfDA>

³ Japan Tobacco pays USD510 mln to acquire stake in national tobacco by Kaleyesus Bekele; The Reporter; 16 Jul 2016, <http://www.thereporterethiopia.com/content/japan-tobacco-pays-usd-510-mln-acquire-stake-national-tobacco>

⁴ Japan Ambassador tours Lilongwe auction floors impressed with Malawi tobacco prices. Nyasa Times, 14 Jul 2017 <https://www.africanewshub.com/news/7060873-japan-ambassador-tours-lilongwe-auction-floors-impressed-with-malawi-tobacco-prices>

⁵ Conference of the Parties to the WHO Framework Convention on Tobacco Control. Protection of public health policies with respect to tobacco control from commercial and other vested interest of the tobacco industry; FCTC/COP6(14); Moscow; 18 Oct 2014; [http://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6\(14\)-en.pdf](http://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6(14)-en.pdf)

⁶ Japan Tobacco Inc. 2016 https://www.jt.com/media/news/2016/pdf/20161109_E02.pdf

⁷ ILO and Japan Tobacco International step up joint work to promote fundamental labour rights in the tobacco supply chain http://www.ilo.org/pardev/news/WCMS_409381/lang--en/index.htm

⁸ http://ariseprogram.org/files/6214/0078/4408/jti_ARISE_brochure_entire.pdf

⁹ http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_239413.pdf

¹⁰ [http://www.ecit.org/wp-](http://www.ecit.org/wp-content/uploads/2013/07/Malawi_National_Conference_on_Child_Labour_in_Agriculture_Programme.pdf)

[content/uploads/2013/07/Malawi_National_Conference_on_Child_Labour_in_Agriculture_Programme.pdf](http://www.ecit.org/wp-content/uploads/2013/07/Malawi_National_Conference_on_Child_Labour_in_Agriculture_Programme.pdf)

¹¹ http://www.ilo.org/pardev/news/WCMS_409381/lang--en/index.htm

¹² ILO Governing Body; March 2017 http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_547072.pdf

¹³ Ministry of Foreign Affairs of Japan; 17 Jul 2017 http://www.mofa.go.jp/ic/gic/page1e_000171.html#section3