

MOZAMBIQUE

2020

TOBACCO
INDUSTRY
INTERFERENCE
INDEX

**MOZAMBIQUE:
2020 TOBACCO INDUSTRY INTERFERENCE INDEX**



Prepared by

Francisco Valentino Cabo
Augusto Nunes

Associação Moçambicana de Saúde Pública (AMOSAPU)

Background and Introduction

Worldwide, tobacco smoking causes more than 7 million deaths per year. If this trend all over the world does not change, more than 8 million people will die every year from diseases related to tobacco use by 2030. The health burdens of smoking have now moved from high income to middle- and low-income countries; some estimates have suggested that one billion people could die from tobacco over 21st century. Currently, 1.3 billion people worldwide use tobacco products, mostly in the form of cigarettes.

The number of smokers is growing, particularly in low and middle-income countries where cigarettes are marketed aggressively with little or no government control. From the year 2000, approximately 5 million deaths occurred every year attributable to tobacco smoking, corresponding to an average of one person every six seconds. Half of these deaths occurred in low- and medium-income countries. This figure is expected to increase if the current trend continues unchanged.

Recognizing that the spread of the tobacco epidemic is a global problem with serious consequences for public health that calls for the widest possible international cooperation and participation of all countries in an effective, appropriate and comprehensive international response, the World Health Organization Framework Convention on Tobacco (WHO FCTC) was opened for signature in June 2003 in Geneva, Switzerland.

Mozambique signed WHO FCTC on June 18, 2003, ratified on November 9, 2016 and it entered into force for Mozambique on 14 July 2017. The Government of Mozambique is making efforts towards enacting and implementing a Comprehensive Tobacco Control Policy, although knowing that tobacco sub-sector contributes approximately 34% to the total agriculture exports.

Due to this fact, there is an urgent need to promote economically viable alternatives to tobacco production as a way to prevent possible social and economic adverse impacts on populations whose livelihoods depend largely on tobacco cultivation. Obviously, the shift to promote economically viable alternatives to tobacco will not be easy as the Tobacco Industry Influence is very strong due to its economic ability to provide incentives to the government as well as to the farmers involved in the tobacco cultivation.

Poverty remains high, with up to 46.1% of the population living below the national poverty line in 2014/15, down only by 6.7 percentage points from rates prevailing at the beginning of the 2000s: 52.8% in 2002/3. Notwithstanding the reduction in poverty incidence from previous poverty assessments, in absolute terms the number of poor people in Mozambique has remained relatively unchanged. Other measures of basic wellbeing, such as maternal mortality (489 deaths per 100,000 live births in 2015), infant mortality (53.3 deaths per 1,000 live births in 2017), primary completion rates (46.4% in 2007) or access to electricity (24.2% of the population in 2016) also remain problematic and below regional averages, despite large investments going into social sectors over the past two decades (source?). Moreover, improvements in living standards have not been evenly spread across the country, with improvements heavily concentrated in urban areas and in the southern part of the country.

Tobacco production in Mozambique is governed by the Regulation on the Promotion, Production and Marketing of Tobacco (Ministerial Diploma 176/2001) and by the contracts established between the Mozambican State and the tobacco concession companies. The Tobacco Regulation sets out the principles governing the concessions and the role of the players. The Mozambican model is made up of three interrelated elements: (a) the interconnected input and

production markets, (b) a production scheme on contract as the predominant form of production and (c) the adoption of monopsonic territorial concessions.

GROWTH OF TOBACCO CULTIVATION AND TOBACCO INDUSTRY IN MOZAMBIQUE

Three large multinational tobacco companies, **British American Tobacco (BAT)**, **Dimon Inc., Stancom** and **Mozambique Leaf Tobacco (MLT)**, the subsidiary of Universal Corp.) BAT Mozambique is the leading cigarette manufacturer and distributor in the Mozambican market, with over 90% of the market. It operates one manufacturing plant with a capacity of 3.5 billion cigarettes to meet domestic cigarette demand of about 3 billion sticks. The exports of Mozambican tobacco were worth US\$ 217 Million and represented 40.5% of the total value of agricultural exports.¹ Mozambique tobacco export is worth \$230.5 million, 4.9% of total exports². It boasts a brand portfolio of six (6) distinct brands, some of which are Dunhill, Peter Stuyvesant, Pall Mall, GT and Safari. The main rivals are PMI, JTI, Imperial and Sonil. The company distributes approximately 5400 points of sale throughout the country and directly employs 144 workers and indirectly about 7000 people. The company is also ranked among the top 25 best performing companies in Mozambique.

As far as tobacco production is concerned, Dimon Inc., Stancom and Mozambique Leaf Tobacco (the subsidiary of Universal Corp.), began operating in Mozambique in the mid-1990s, joining other companies such as SONIL and JFS that had been working in Mozambique since the colonial period but were new to the tobacco trade. As the concession model expanded, tobacco production grew rapidly from an average of 3,000 tons per year in the late 1990s to 9,400 tons in 2000, 65,042 tons in 2005 and 73,000 tons in 2007. When Mozambique's tobacco exports started up again in the early 2000s, there were about 120,000 families working on tobacco cultivation in eight of Mozambique's 11 provinces³

In the early 2000s, Mozambique's tobacco had a consolidated presence on the international market, but had to be exported to Malawi or Zimbabwe for processing and re-exported through the port of Beira, since there were no processing facilities in Mozambique. This resulted in additional transport costs and possibly lost revenue. A domestic proposal to introduce an export tax of 20% on the value of raw tobacco was studied at the Ministry of Agriculture to force commercial companies to invest in leaf cutting infrastructure in Mozambique (Benfica et al., 2004). The MLT processing facility was inaugurated in 2006 and the export tax controversy ended, but in 2005 the government announced that the Chifunde tobacco concession in Tete province would be transferred from Dimon, then already merged with Alliance One, to Mozambique Leaf Tobacco (MLT). At the time, the decision to transfer the concession to MLT was seen as a reward for the willingness to invest in processing (AIM, 2006; Hanlon & Smart, 2008).

Universal Regional Headquarters (Universal Leaf Africa) started the Mozambique Leaf Tobacco (MLT), which has more than 120,000 out growers, as an agronomy-based company in 1996, assisting Mozambican nationals in growing of burley tobacco. Concessions for land were easily available through both national and provincial agricultural directorates, which enabled the

¹ Helena Perez-Nino, The Rise of Tobacco Agriculture in Mozambique: Questions and Challenges for a Sector in Transformation, 2010.

² Daniel Workman, Mozambique's Top 10 Exports, March 2020- www.worldtoexports.com

³ Helena Pérez-Nino, Growth of tobacco cultivation in Mozambique, Challenges for Mozambique 2014).

company to set up its base in Tete Province. The Company identifies and assists prospective and regular growers with agricultural inputs and technical backup in the form of field and leaf experts. The highest level of influence of Tobacco Industry was in 2003, when MLT initiated the construction of a processing facility in Tete city. The facility has an installed capacity of 50,000 tons per year. In 2005, His Excellency Armando Guebuza, the former President of the Republic of Mozambique, officially inaugurated this Processing Plant.

TOBACCO CONTROL IN MOZAMBIQUE

Mozambique is a Party to the WHO FCTC since 2017, whose main objective and that of its Protocols is *“to protect present and future generations from devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke by providing a framework for tobacco control measures to be implemented by the Parties at the national, regional and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke”*.

These measures arising from ratification of WHO Convention at present moment do not have impact in the Mozambican market because the country does not yet have legal instruments to control tobacco, namely: **National TC Act (Law) and National TC Strategic Plan**.

Although the WHO FCTC does not have any significant impact on Mozambique’s tobacco market, there are fears among tobacco producers and traders that its effective implementation, worldwide and in particular in Mozambique, will represent a huge challenge for them, in view of declining international demand for tobacco. As a result of this fear, in August 2012, tobacco producers from the SADC region held a Regional Conference in Maputo to discuss the challenges and seek for governments support as the Convention is affecting negatively the income of tobacco producers and traders. (FAO, Analysis of Incentives and Disincentives for Tobacco in Mozambique, February 2013, MAFAP SPAAA).

Although Mozambique has not yet concluded Tobacco Control National Strategic Plan and Tobacco Control Act, tobacco control in the country regarding tobacco consumption and sale (the protection from exposure to tobacco smoke; prohibition on tobacco smoking in public places; ban on tobacco advertising in social public media, in billboards, in public transport terminals, etc.; prohibition on sale of tobacco products in education and health institutions; prohibition on sponsorship, prohibition on support or collaboration by tobacco industry to public health campaigns), is regulated by Government Decree 11/2007. However, all these measures are not in compliance with the requirement of WHO FCTC and its guidelines.

Regarding tobacco use prevalence, Mozambique successfully implemented the Global Youth Tobacco Survey, GSPS, GHPS and GATS. The results of these surveys brought about the knowledge about the level of tobacco use prevalence in the country, which reveals the following data: a) Adult tobacco use: 25-64 years old, prevalence of current tobacco use was 24.3% in 2004 with 38.8% males and 15.% females, b) Youth tobacco use: 9.1% in 2013 – being 9.3% boys and 8.2% - girls, and c) Youth exposition to tobacco smoke: 19.1% at home and 37.4% inside enclosed places.

PRICE POLICIES, MARKETING, REGULATION AND LICENSING

Despite the liberalization of most products, tobacco production in Mozambique is based on Concession Scheme. The Mozambican Government granted tobacco industries closed

concessions (for up to ten years) as exclusive buyers for tobacco leaf in a specific geographic area.

On other hand, the Government has a minimum pricing system for producer price of tobacco and the tobacco sub-sector operates in a concessionary system of production, where the government grants tobacco companies closed concessions. The main objective of the indicative minimum purchase price for leaf tobacco is to minimize the risk of discrepancy between the minimum price and the international price.

Unmanufactured tobacco is exempt from export taxes in order to promote the domestic industry to export to the lucrative markets, notably Europe.

AGRICULTURE INPUTS SUBSIDIES AND SUPPORT SERVICES

As referred earlier, tobacco is produced under the concession scheme in Mozambique. Through this System, the Concession Companies distribute free inputs (seed and fertilizers) during each cropping season as well as technical support to farmers during the critical period in the tobacco growing cycle. This includes also the transportation of leaf tobacco from the farm gate to the factory. This Incentive Scheme contribute largely for making the smallholder farmers being interested in engaging themselves in production of tobacco and reduce the risk of joining other alternative crop. For the concession companies, it is more cost effective to provide assistance to the farmers towards guaranteeing good quality of production and concentrate their efforts in processing.

It is worth mentioning that this Assistance Scheme seems to be attractive because the farmers receive the inputs freely but on other hand the price paid to them is realistically very low. This enable the Concession Companies to recover the costs of supplying fertilizers, seeds, sprays and chemicals to all tobacco farmers. It is obvious that the TI is the winner in this business leaving the tobacco growers in their poverty.

MAIN HIGHLIGHTS OF TOBACCO INDUSTRY INTERFERENCE IN MOZAMBIQUE

For Mozambique as a developing low-income country, tobacco industry still employs a number of strategies to influence the public policy making and opinion.

In these terms, tobacco industry is still using its strategic programs to interfere in the policy of the Government.

The main focuses are placed on the following arguments by the TI to impress the Governments:

- Unemployment is high – if tobacco industries are closed many people will be unemployed
- If companies are closed many families will fall in extreme poverty as no income will be available
- The taxes paid by tobacco industries will be lost not contributing for the economy of the country,
- Funding of research institutions to support interest groups
- Publishing of research, which support their interests.
- Promoting Corporate Social Responsibility Activities

The current tobacco industry interference index is a report reviewing the government's efforts to implement WHO FCTC Article 5.3. A questionnaire developed by the Southeast Asia Tobacco Control Alliance (SEATCA) looks at twenty questions based on the Article 5.3 guidelines. The analysis that is being done here is very good to understand the complexity of the tobacco control process in Mozambique. However, it is important to note that the content of this analysis has to do with those who advocate or defend the tobacco industry.

It is also important to point out that effective implementation of the WHO FCTC in the country and in the SADC region will help the tobacco growers and traders to shift from tobacco to the alternative crops also economically viable to boost the economy.

Information used in this report is obtained from the public domain only. A scoring system is applied to make the assessment. The score ranges from 0 - 5, where 5 indicates highest level of industry interference, and 1 is low or no interference. Hence the lower the score, the better for the country. The 0 score indicates absence of evidence or not-applicable. Where multiple pieces of evidence are found, the score applied reflects an average.

Summary of Findings

Mozambique has a total score of 64

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

Currently, the Government of Mozambique still considers tobacco industry as one of the main contributors of job creation opportunities (employment) for the population particularly in rural areas. We have witnessed an ever-increasing trend of tobacco cultivation/production in Mozambique, which obviously means that the tobacco industry has a great influence in policy development.

For example, in 2019, the tobacco industry growth forecast was of 2.1%, resulting from the positive contribution (production) of existing companies. On the other hand, it was expected that the new tobacco processing company, located in Nacala, Nampula province would be established with capacity to produce 48,000 units/day.

The Mozambique Leaf Tobacco company, based in Tete province, has invested about 97 million US dollars in the purchase of 68,000 tons of tobacco produced in Tete, Manica, Zambezia and Niassa provinces during this campaign.

According to Ronney Hagger, the director general of that institution, revealed that the purchase of tobacco by its Company had increased by 7,100 tones in relation to the campaign transacted, which allowed the 118,000 farmers involved in the production of that cash crop to obtain, at the end of the season, a revenue of more than USD 60 million. According to information from tobacco companies, "the tobacco produced in these provinces is of the best quality and is highly appreciated by our customers in Europe and Asia to where they export. According also to Mozambique Leaf Tobacco the investments in setting up equipment for processing, computer equipment for weighing and qualifying tobacco in the marketing centers were worth more than USD 100 millions. On other hand they spent 97 million dollars on the purchase of tobacco from producers and spent 25 million dollars on the purchase of agricultural inputs. At the end of the marketing season the farmers took USD 60 million to their homes as their income.

The managing director of the Mozambique Company Leaf Tobacco in Mozambique also indicated that efforts are being made to improve the dialogue between producers and the company fomenting the crop in ways to clear up some situations that lead to a disagreement between the two aspects that result in a failure of the company's production activity.

"We are investing a lot of money in the system of weighing and qualifying the tobacco we buy from growers. We want total transparency and no one is in any doubt when it comes to selecting and marketing tobacco because our common goal is to win at the end of the campaign," said Hagger.

The Ministry of Labour signed a Memorandum of Understanding with the Elimination of Child Labour in Tobacco Growing Foundation, an NGO which is fully funded by the tobacco industry which has a provision that the NGO also participates in revising the legal framework on child labour.

2. INDUSTRY CSR ACTIVITIES

Universal Leaf Tobacco Company, Inc. under Corporate Social Responsibility identified and assisted prospective and regular growers with agricultural inputs and technical backup in the form of field and leaf technicians. MLT a long-standing partnership with a local Mozambican/Portuguese Company, João Ferreira dos Santos, which has been established agricultural entity for well over a hundred years within the northern provinces of the country. The partnership was originally set up in the early nineties and has grown into meaningful tobacco producing operation that is key to achieving the volumes that are required. In 2003, MLT initiated the construction of a Processing Facility in Tete city. The facility has an installed capacity of 50,000 tons per year (6-8 months of operation). President Armando Guebuza inaugurated the Processing Plant, the first in the country's history in 2005.

On 27 June 2018, the Ministry of Labour signed a Memorandum of Understanding (MoU) with the ECLT Foundation for US\$1.2million to address child labour and strengthen children's rights, particularly those in rural areas where tobacco is grown.⁴ Over a 3-year period, the MoU will focus on, getting children out of child labour, community education and training, awareness and communication, institutional capacity building and revising legal frameworks.⁵ The ECLT is an international NGO which is fully funded by the transnational tobacco companies (BAT, Philips Morris, Japan Tobacco and Imperial Tobacco).

In signing the MOU the Minister of Labour Vitoria Dias Diogo said the action plan requires joint efforts, not depending only on government, and the partnership is a clear sign of openness and alignment of cooperation partners in relation to government policies.⁶ The Executive Director of ECLT said that he was proud to be a partner of the government's endeavours.

3. BENEFITS TO THE INDUSTRY

Exemptions of export taxes being the contribution of tobacco industries limited on direct payment to the tobacco farmers/producers and the taxes paid by commercial companies on local transactions. The real benefits of tobacco export within the framework of preferential trade agreements with European Union and United States of America aimed at increasing the African Exportations (Cotonou Agreement and Everything But Arms. With reduction of tobacco production in Zimbabwe in the 90s, the Multinationals decided to compensate Mozambique with an increase of additional investments for the production of tobacco. The table 3 illustrates a major inequality in distribution of use of bank credit, inputs or services in favour mainly to the provinces of Tete and Niassa, which produce tobacco.

The Tobacco Sub-sector operates in a concessionary system of production (since 2002), where the Government grants tobacco companies closed concessions as exclusive buyers for tobacco in specific geographical areas. Overall indicators show that the effect of policy and regulation, i.e. the government policy of fixing of the minimum producer price of tobacco and the concession of monopoly to tobacco millers has created disincentives to tobacco producers, suggesting that these government policies are more supportive to millers than to

⁴ <https://allafrica.com/stories/201806280081.html>

⁵ <https://www.eclt.org/en/news-and-insights/natural-disasters-impact-on-child-labour>

⁶ <http://moz-agri.com/diogo-determined-to-end-child-labour-especially-in-tobacco-cultivation-industry/>

tobacco growers. It worth mentioning that unmanufactured tobacco is exempt from export taxes in order to incentivize the domestic industry to export to the lucrative markets, notably in Europe. There no explicit taxes on export of tobacco, the only tax is the 2.5 percent of export price paid to Tobacco Authority which serves to finance its activities as the regulator of the tobacco sub-sector.

As mentioned before, tobacco is produced under the concession scheme in Mozambique. Under this System, the concessionaire companies distribute free inputs (seed and fertilizers) during cropping season as well as technical support to farmers during the critical period in the tobacco growing cycle – before and soon after the sowing period and in the yield formation period. This also comprises the transportation of leaf tobacco from the farm gate to the factory. This support serves to incentivize smallholder farmers engaging in production of tobacco and reduce the risk of crop substitution. For the concession companies, it is more cost effective to provide support to the farmers and guarantee good quality of production, and concentrate their efforts in processing, which requires more complex curing process.

Regarding the government subsidies, the Mozambican government introduced in 2010 production subsidies consisting of a 10 percent reduction of electricity price per kilowatt-hour aiming to incentivize the domestic industry, notably farmers that use electricity for food production. Tobacco producers and processors also benefited from this government subsidy.

In 2019, His Excellency, President Nyusi announced China will import about 60,000 tons of tobacco produced in Mozambique by February 2020 and that production of tobacco will be boosted.⁷ This news was presented as positive development for Mozambique.

International travelers can bring 200 ticks of cigarettes or 250 grams of tobacco into Maputo.⁸

4. UNNECESSARY INTERACTION

In 2005, His Excellency, the President of Republic of Mozambique, Mr. Armando Emilio Guebuza, inaugurated officially the Tobacco Processing Plant. This Plant is considered as the second largest Company in the World. The Social Affairs, Gender and Media Commission (CASGTCS) of the Mozambican Parliament (AR) received a donation consisting of 50 solar panels with a capacity of 70 watts, which should be distributed to the Health and Education sectors in Gaza, Sofala and Tete provinces.

According to the President of CASGTCS, Antonia Charre, this donation arises because of the partnership agreement between that Specialized Commission of the AR and the British American Tobacco (BAT) in the scope of social responsibility and was supposed to contribute to minimize the suffering of populations whose places of residence still lack electricity.

"Despite the enormous effort that the Government is making to supply electricity in all places throughout the country, there are still areas where some health posts and schools do not have electricity and the installation of solar panels would help greatly", said the president of CASGTCS, adding that "this support,

⁷ Xinhuanet. China to import tobacco from Mozambique by 2020 August 31, 2019
http://www.xinhuanet.com/english/2019-08/31/c_138352173.htm

⁸ <https://www.iatatravelcentre.com/MZ-Mozambique-customs-currency-airport-tax-regulations-details.htm>

which already dates from 2011, has helped to improve the lives of people in the country. According to the President of CASGTCS, Antonia Charre, this donation arises as a result of the partnership agreement between the Parliament (AR) and British American Tobacco (BAT) in the scope of social responsibility.⁹

For his part, the Representative of BAT, Alexandre Carpenter, assured that his company will continue to provide support to the Mozambican Parliament and, above all, to CASGTCS.

5. **TRANSPARENCY**

There is no procedure in place to guide public officials in the event they have to meet with tobacco industry in cases when such interactions are strictly necessary.

There is no requirement for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists.

6. **CONFLICT OF INTEREST**

There is no prohibition on contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions.

There is no record of any senior government officials joining the tobacco industry.

There is no record of current government officials holding any position in the tobacco business

7. **PREVENTIVE MEASURES**

The government does not have a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives.

The tobacco industry is not required to submit information on tobacco production, manufacture, market share, marketing expenditures, revenues or any other activity, including lobbying, philanthropy and political contributions.

According to Decree No. 11/2007: The Regulation of Consumption and Marketing of Tobacco, “It is prohibited for the tobacco industry, and the competent government authorities, to disclose all the industry’s expenses related to advertising, promotion and sponsorship.”¹⁰

⁹ Weekly paper SAVANA 19th November 2014, and Daily Newspaper Notícias 19th November 2014

¹⁰ <https://www.tobaccocontrol.org/files/live/Mozambique/Mozambique%20-%20Decree%20No.%2011-2007.pdf>

Recommendations

Mozambique has ratified most recently the WHO FCTC which constitutes an important landmark for the country to launch a number of initiatives aimed at implementing successfully the FCTC provisions in the country. On the other hand, Mozambique's main objective is focused on eliminating extreme poverty, which unfortunately continues to affect large part of its population. That is why some strategic options are not the desired ones.

On the other hand, communicable diseases are on the top of Health Plan, allocating fewer resources to non-communicable diseases as in the cases of tobacco-related diseases control. Taking into account the current situation, the following recommendations are put forward:

1. Mozambique should as a matter of urgency, enact national TC Law, which incorporates WHO FCTC provisions, and adopt a National TC Plan aimed at the TC Act;
2. There is a need for provision of adequate resources for tobacco control programs;
3. Concerted efforts are needed among Government, Civil Society Organizations including NGOs and population at large to establish a common strategy with the aim of saving human lives;
4. Create necessary conditions for future generations to lead healthier more sustainable lives free from harms of tobacco use; and
5. There is also a need for more institutional implementation of education, communication, training and public awareness programs on tobacco use hazards to cover the most disadvantaged groups of population, particularly in rural areas.

Results and Findings

	0	1	2	3	4	5
INDICATOR 1: Level of Industry Participation in Policy-Development						
1. The government ¹¹ accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry ¹² in setting or implementing public health policies in relation to tobacco control ¹³ (Rec 3.1)			2			
The Ministry of Labour signed an MOU with the Elimination of Child Labour in Tobacco Growing (ECLT) Foundation, an NGO which is fully funded by the tobacco industry (see Q5), which has a provision that the NGO also participates in revising the legal framework on child labour .						
2. The government accepts, supports or endorses <u>policies or legislation drafted by or in collaboration with the tobacco industry</u> . (Rec 3.4)	0					
There is no recent evidence of the government accepting or endorsing policies or legislation drafted by the tobacco industry.						
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy. (Rec 4.8)		1				
As soon as the Government ratified the WHO Framework Convention on Tobacco Control on October 12 th , 2017, it is totally on alert to any efforts by tobacco industry to undermine or subvert tobacco control efforts. Our Government is well informed of activities of the Tobacco Industry that have a negative impact on tobacco control efforts.						
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) ¹⁴ (Rec 4.9 & 8.3)		1				
In COP meetings/conferences, our delegations do not include representatives from the tobacco industry.						
INDICATOR 2: Industry CSR activities						
5. A. The government agencies or its officials endorses, supports, forms partnerships with or participates in so-called CSR activities organized by the tobacco industry. (Rec 6.2)					4	

¹¹ The term “government” refers to any public official whether or not acting within the scope of authority as long as cloaked with such authority or holding out to another as having such authority

¹² The term, “tobacco industry” includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

¹³ “Offer of assistance” may include draft legislation, technical input, recommendations, oversees study tour

¹⁴ Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

	0	1	2	3	4	5
B. The government (its agencies and officials) receives contributions ¹⁵ (monetary or otherwise) from the tobacco industry (including so-called CSR contributions). (Rec 6.4)						

Universal Leaf Tobacco Company, Inc. under Corporate Social Responsibility identified and assisted prospective and regular growers with agricultural inputs and technical backup in the form of field and leaf technicians. MLT has a long-standing partnership with a local Mozambican/Portuguese Company, João Ferreira dos Santos, which established an agricultural entity for well over a hundred years within the northern provinces of the country. The partnership was originally set up in the early nineties and has grown into meaningful tobacco producing operation that is key to achieving the volumes that are required. In 2003, MLT initiated the construction of a Processing Facility in Tete city. The facility has an installed capacity of 50,000 tons per year (6-8 months of operation). President Armando Guebuza inaugurated the Processing Plant, the first in the country's history in 2005.

On 27 June 2018, the Ministry of Labour signed a Memorandum of Understanding (MoU) with the ECLT Foundation for US\$1.2million to address child labour and strengthen children's rights, particularly those in rural areas where tobacco is grown.¹⁶ Over a 3-year period, the MoU will focus on, getting children out of child labour, community education and training, awareness and communication, institutional capacity building and revising legal frameworks.¹⁷ The ECLT is an international NGO which is fully funded by the transnational tobacco companies (BAT, Philips Morris, Japan Tobacco and Imperial Tobacco).

In signing the MOU the Minister of Labour Vitoria Dias Diogo said the action plan requires joint efforts, not depending only on government, and the partnership is a clear sign of openness and alignment of cooperation partners in relation to government policies.¹⁸ The Executive Director of ECLT said that he was proud to be a partner of the government's endeavours.



Source: <https://bit.ly/2JT3OAF>

The ECLT has funded other programmes on child labour earlier (2013 -2016) in Mozambique.¹⁹ Through Total Land Care and ECLT, BAT, Philips Morris, Japan Tobacco and Imperial Tobacco gave US\$22.2 million over the 13 years from 2001 to 2014 for CSR

¹⁵ political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

¹⁶ <https://allafrica.com/stories/201806280081.html>

¹⁷ <https://www.eclt.org/en/news-and-insights/natural-disasters-impact-on-child-labour>

¹⁸ <http://moz-agri.com/diogo-determined-to-end-child-labour-especially-in-tobacco-cultivation-industry/>

¹⁹ <http://old-site.eclt.org/project-countries/mozambique/mozambique-objectives/>

	0	1	2	3	4	5
projects aimed at reducing tobacco-related child labour and deforestation in Mozambique, Malawi, Tanzania and Zambia.						
INDICATOR 3: Benefits to the Tobacco Industry						
6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be implemented within 1 month) (Rec 7.1)					4	
There is a lack of implementation of the Regulation which has benefited the tobacco industry. Tobacco control measures in the Regulation are still basic and not best practice. For example, health warning on the cigarette pack is still text-only occupying 30 percent of the front surface of the pack, there is still no ban on advertising at retail outlets.						
7. The government gives privileges, incentives, exemptions or benefits to the tobacco industry (Rec 7.3)				3		
<p>Exemptions of export taxes being the contribution of tobacco industries limited on direct payment to the tobacco farmers/producers and the taxes paid by commercial companies on local transactions. The real benefits of tobacco export within the framework of preferential trade agreements with European Union and United States of America aimed at increasing the African Exportations (Cotonou Agreement and Everything But Arms. With reduction of tobacco production in Zimbabwe in the 90s, the transnational companies decided to focus on Mozambique by increasing additional investments for the production of tobacco.</p> <p>The Tobacco Sub-sector operates in a concessionary system of production (since 2002), where the Government grants tobacco companies closed concessions as exclusive buyers for tobacco in specific geographical areas. Overall indicators show that the effect of policy and regulation, i.e. the government policy of fixing of the minimum producer price of tobacco and the concession of monopoly to tobacco millers has created disincentives to tobacco producers, suggesting these government policies are more supportive to millers than to tobacco growers. Unmanufactured tobacco is exempt from export taxes to incentivize the domestic industry to export to the lucrative markets, notably in Europe. There no explicit taxes on export of tobacco, the only tax is the 2.5 percent of export price paid to Tobacco Authority which serves to finance its activities as the regulator of the tobacco sub-sector.</p> <p>Tobacco is produced under the concession scheme in Mozambique. Under this System, the concessionaire companies distribute free seed and fertilizers during cropping season as well as technical support to farmers during the critical period in the tobacco growing cycle – before and soon after the sowing period and in the yield formation period. This also comprises the transportation of leaf tobacco from the farm gate to the factory. This support incentivizes smallholder farmers in tobacco production and reduces the risk of crop substitution. For the concession companies, it is more cost effective to provide support to the farmers and guarantee good quality of production, and concentrate their efforts in processing, which requires more complex curing process.</p> <p>Regarding the subsidies, the Mozambican government introduced in 2010 production subsidies consisting of a 10 percent reduction of electricity price per kilowatt-hour aiming to incentivize the domestic industry, notably farmers which use electricity for food production. Tobacco producers and processors also benefited from this government subsidy.</p>						

	0	1	2	3	4	5
In 2019, His Excellency the President announced China will import about 60,000 tons of tobacco produced in Mozambique by February 2020 and that production of tobacco will be boosted. ²⁰ This news was presented as positive development for Mozambique.						
International travelers can bring 200 ticks of cigarettes or 250 grams of tobacco into Maputo. ²¹						
INDICATOR 4: Forms of Unnecessary Interaction						
8. Top level government officials (such as President/ Prime Minister or Minister ²²) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests. (Rec 2.1)				3		
<p>In 2005, His Excellency President of Republic of Mozambique inaugurated officially the Tobacco Processing Plant. This Plant is considered as the second largest Company in the World. The Social Affairs, Gender and Media Commission (CASGTCS) of the Portuguese Parliament (AR) received a donation consisting of 50 solar panels with a capacity of 70 watts, which should be distributed to the Health and Education sectors in Gaza, Sofala and Tete provinces.</p> <p>According to the President of CASGTCS, Antonia Charre, this donation arises as a result of the partnership between that Specialty Commission of the AR and British American Tobacco (BAT) in the scope of social responsibility and has contributed to minimize the suffering of populations whose places of residence still lack electricity.</p> <p>"Despite the enormous effort that the Government is making to allocate electricity in all corners of the country, there are still areas where some health posts and schools do not have electricity and the allocation of solar panels has helped greatly," said the president of CASGTCS, adding that "this support, which already dates from 2011, has helped to improve the lives of people in the country." (Weekly Paper "SAVANA)</p> <p>According to the President of CASGTCS, Antonia Charre, this donation arises as a result of the partnership agreement between the Parliament (AR) and British American Tobacco (BAT) in the scope of social responsibility.²³</p> <p>For his part, the president of BAT, Alexandre Carpenter, assured his company will continue to provide support to the Mozambican Parliament and, above all, to CASGTCS. General Secretariat.</p>						
9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities) (Rec 4.3)			2			

²⁰ Xinhuanet. China to import tobacco from Mozambique by 2020 August 31, 2019

http://www.xinhuanet.com/english/2019-08/31/c_138352173.htm

²¹ <https://www.iatatravelcentre.com/MZ-Mozambique-customs-currency-airport-tax-regulations-details.htm>

²² Includes immediate members of the families of the high-level officials

²³ Weekly paper SAVANA 19th November 2014, and Daily Newspaper Notícias 19th November 2014

	0	1	2	3	4	5
The Ministry of Labour signed an MOU with ECLT, an NGO which is fully funded by the tobacco industry (see Q5), which has a provision that the NGO assist the government in tackling the issue of child labour.						
10. The government accepts, supports, endorses, or enters into partnerships or agreements with the tobacco industry. (Rec 3.1) <i>NOTE: This must not involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.</i>			2			
Mozambique Leaf Tobacco Ltd has sunk over 60 boreholes over the last four years. ²⁴ Combating Child labour and school Absenteeism through the Power of Food. MLT founded with Kukula Program in collaboration with the Associação Portuguesa de Apoio África (APOIAR). This initiative aims to fight labour, absenteeism and underachievement in elementary schools through the distribution of daily meals to all children enrolled at the Nacalongo, Joho and Mepapa Schools in the Mandimba in Northern Mozambique. There is no publicly available information to show the government has endorsed or supported these activities. Between 2017 – 2019, when the ILO was reviewing whether to end its policy on partnership with the tobacco industry, Mozambique promoted the continuation of the partnership. ^{25, 26}						
INDICATOR 5: Transparency						
11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation. (Rec 2.2)						5
There is no procedure in place to guide public officials in the event they have to meet with tobacco industry in cases when such interactions are strictly necessary.						
12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists (Rec 5.3)					4	
There is no requirement for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists.						
INDICATOR 6: Conflict of Interest						
13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions. (Rec 4.11)						5

²⁴ www.universalcorp.com/africa/mozambique

²⁵ ILO. Note on the proceedings Kampala, Uganda, 3–5 July 2019 https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/meetingdocument/wcms_717011.pdf

²⁶ <https://bit.ly/34qwWZq>

	0	1	2	3	4	5
There is no prohibition on contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions.						
14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)	0					
There is no record of any senior government officials joining the tobacco industry.						
15. <u>Current government officials</u> and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)	0					
There is no record of current government officials holding any position in the tobacco business.						
INDICATOR 7: Preventive Measures						
16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives. (Rec 5.1)						5
The government does not have a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives.						
17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry. (Rec 4.2)						5
The government has not formulated nor adopted a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry.						
18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions and all other activities. (5.2)						5
The tobacco industry is not required to submit information on tobacco production, manufacture, market share, marketing expenditures, revenues or any other activity, including lobbying, philanthropy and political contributions. According to Decree No. 11/2007: The Regulation of Consumption and Marketing of Tobacco, "It is prohibited for the tobacco industry, and the competent government authorities, to disclose all the industry's expenses related to advertising, promotion and sponsorship." ²⁷						

²⁷ <https://www.tobaccocontrol.org/files/live/Mozambique/Mozambique%20-%20Decree%20No.%2011-2007.pdf>

	0	1	2	3	4	5
19. The government has a program / system/ plan to consistently ²⁸ raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)						5
<p>Mozambique does not yet have the capacity to enforce the National Tobacco Control Law and National TC Strategic Plan. This law was developed prior to Mozambique ratifying the WHO FCTC and is not compliant with its requirements. There are many gaps that the tobacco industry can exploit.</p> <p>The government does not have a program to raise awareness on policies relating to Article 5.3 Guidelines within its departments.</p>						
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives. (3.4)						5
<p>The government does not have a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry including offers of assistance, policy drafts, or study visit invitations given to the government officials.</p>						
TOTAL					61	

Bibliographic references

- Article 5.3 Guidelines:
http://apps.who.int/iris/bitstream/10665/80510/1/9789241505185_eng.pdf?ua=1
- Report Card on WHO Framework Convention on Tobacco Control
- Decree No. 11/2007 The Regulation of Consumption and Marketing of Tobacco
- Dias P., 2013. Analysis of Incentives and Disincentives for tobacco in Mozambique. Technical Notes Series, MAFAP, FAO, Rome, 2013
- WHO Framework Convention on Tobacco Control,
 - Tobacco – Supply and Distribution
 - Tobacco Industry – Legislation
 - Tobacco smoke – Prevention and Control
 - Tobacco Use Cessation
 - Treaties I. World Health Organization.2003, updated reprint 2004, 2005
- www.universalcorp.com/africa/mozambique
- <https://www.thebusinessyear.com/mozambique-2014/get-it-while-its-hot/forum>
- Daniel Workman, Mozambique's top 10 exports. March 2, 2020.
<http://www.worldstopexports.com/mozambiques-top-10-exports/>
- Mosca J., Abstracts - Family Agriculture in Mozambique: Ideologies and Policies
- Benfica R.; Zandamela J.; et al The Economics of Smallholder Households in Tobacco and Cotton Growing Areas of The Zambezi Valley of Mozambique, Research Report No. 59E, August 2005
- Diploma Ministerial no. 167/2001, 28 de Novembro Regulamento sobre Fomento, Produção e Comercialização do Tabaco

²⁸ For purposes of this question, “consistently” means: a. Each time the FCTC is discussed, 5.3 is explained. AND b. Whenever the opportunity arises such when the tobacco industry intervention is discovered or reported.

12. Further Africa. March 21 2017 Mozambique : Control stamps obligatory for tobacco
13. Bunderson, W, Jere Z. et al, Enhancing Rural Livelihoods in Malawi, Tanzania and Mozambique, August 2006
14. Hanlon J.; Smart T. Small farmers or big investors? The Choice for Mozambique – Research Report 2 Making Money Farming in Manica
15. Pérez-Nino H. O Crescimento da Cultura do Tabaco em Moçambique – Questões e Desafios para um Sector em Transformação . IESE 2014
16. Newspaper Verdade, Tobacco company admits bribe of Governor in Mozambique
17. Universal Leaf Tobacco Company Inc. Company Profile and History
18. Otanez Marty; Glantz Stantor Social Responsibility in Tobacco Production? Tobacco Companies Use of Green Supply Chain to Obscure the Real Costs of Tobacco Farming, April 2011
19. www.inbr1mz.com
20. Report Card on WHO Framework Convention on Tobacco Control
21. Decree No. 11/2007 The Regulation of Consumption and Marketing of Tobacco
22. Dias P,, 2013. Analysis of Incentives and Disincentives for tobacco in Mozambique. Technical Notes Series, MAFAP, FAO, Rome, 2013
23. WHO Framework Convention on Tobacco Control,
 2. Tobacco – Supply and Distribution 2. Tobacco Industry – Legislation 3. Tobacco smoke – Prevention and Control 4. Tobacco Use Cessation 5. Treaties I. World Health Organization.2003, updated reprint 2004, 2005
24. www.universalcop.com/africa/mozambique
25. Mosca J., Abstracts - Family Agriculture in Mozambique: Ideologies and Policies
26. Benfica R.; Zandamela J.; et al The Economics of Smallholder Households in Tobacco and Cottow Growing Areas of The Zambezi Valley of Mozambique, Research Report No. 59E, August 2005
27. Diploma Ministerial no. 167/2001, 28 de Novembro Regulamento sobre Fomento, Produção e Comercialização do Tabaco
28. Further Africa. March 21 2017 Mozambique : Control stamps obligatory for tobacco
29. Bunderson, W, Jere Z. et al, Enhancing Rural Livelihoods in Malawi, Tanzania and Mozambique, August 2006
30. Hanlon J.; Smart T. Small farmers or big investors? The Choice for Mozambique – Research Report 2 Making Money Farming in Manica
31. Pérez-Nino H. O Crescimento da Cultura do Tabaco em Moçambique – Questões e Desafios para um Sector em Transformação . IESE 2014
32. Newspaper Verdade, Tobacco company admits bribe of Governor in Mozambique
33. Universal Leaf Tobacco Company Inc. Company Profile and History
34. Otanez Marty; Glantz Stantor Social Responsibility in Tobacco Production? Tobacco Companies Use of Green Supply Chain to Obscure the Real Costs of Tobacco Farming, April 2011
35. www.inbr1mz.com

Maputo, April 2020