



THE TOBACCO INSTITUTE OF SOUTHERN AFRICA

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## MEDIA RELEASE

### **New study shows 24-million Africans rely on the US\$10-billion tobacco value chain for their livelihood**

**OCTOBER 29, 2012. JOHANNESBURG** — A new study conducted by award-winning NKC Independent Economists and commissioned by the Tobacco Institute of Southern Africa (TISA), reveals the significance of tobacco within 15 regional economies and the impact it has on the livelihoods of over 24-million Africans. The study found the tobacco value chain in these countries to be worth in excess of US\$10-billion.

TISA Chairman and CEO Francois van der Merwe said, "For the very first time, this study quantifies the importance of the tobacco value chain. In Malawi, tobacco represents 15% of GDP, in Zambia it supports some 20% of the population, and in Zimbabwe it employs over 1.3-million people. These are not insignificant numbers."

The study covers Angola, Botswana, Egypt, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. These represent major countries in Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC), and Southern African Customs Union (SACU).

Van der Merwe said the study was done partly in response to the injudicious effort by the working group bureaucrats within the Framework Convention on Tobacco Control (FCTC) who are pushing for the adoption of Article 17 at the fifth FCTC Conference of the Parties (COP5) in Seoul, Korea, in November. "Their motivation has been the on-going failure to decrease the demand for tobacco products that has resulted in an ill-conceived attempt to tackle the most vulnerable people in the supply chain, namely the farmers."

TISA supports the original intent of the FCTC's article 17 treaty, namely to provide "*technical and financial assistance to aid the economic transition of tobacco growers and workers*" to viable alternative crops. The proposals under consideration, however, represent a departure from this original goal as they seek to artificially reduce the supply of tobacco without providing growers any viable alternatives to support their families.

The measures will have a negative impact on the 27 economies that comprise COMESA, SADC and SACU.

In the COMESA states, more than 18.5-million people are reliant on the tobacco sector for employment or household income. Tax revenues generated by the tobacco value chain were valued at \$3.7-billion during 2011. Exports of tobacco and related products totalled \$1.4-billion in 2011 compared to imports of only \$622-million.

In the SADC countries, 451,627ha (1.1-million acres) are under tobacco and the sector employs 3.66-million people with 17-million dependants. Formal and informal retailing employs more than 326,000 people with more than one-million dependants. Export revenues in 2011 generated by the tobacco value chain totalled \$2.3-billion.

In SACU, wholesale and retail enterprises employ 181,780 workers with almost 630,000 dependants. Tax revenues generated by the tobacco value chain during 2011 totalled \$1.57-billion. Six processing/manufacturing facilities contributed to \$200-million in tobacco and related product exports in 2011.

These are the countries that will be most affected by the Framework Convention on Tobacco Control (FCTC) working group's proposals to curtail the growing of tobacco leaf.

"Should this ill-advised and misguided proposal [Article 17] come into effect, it will have a dire impact on the livelihoods of farmers and tobacco growing countries more broadly," said Van der Merwe. He pointed out that besides the tobacco sector contributing more than R11-billion (\$1.3-billion) to SA's fiscal revenues during the 2010/11, the value chain makes a substantial contribution to the local economy.

**- ENDS -**

#### **Notes to Editors:**

The proposals known as 'Articles 17&18' of the WHO's Framework Convention on Tobacco Control (FCTC) and will be discussed at the Fifth Conference of the Parties (COP5) in Seoul, Korea from November 12 - 17, 2012. All 175 countries that are signatories to the FCTC are eligible to attend the Conference and vote. To read the full text of the proposals visit: [http://apps.who.int/gb/fctc/E/E\\_cop5.htm](http://apps.who.int/gb/fctc/E/E_cop5.htm)

The study did not take into account those industries supplying intermediate goods, inputs and services also reliant upon tobacco such as warehousing, paper manufacturing, metal products and machinery producers, banking, transportation, insurance and legal services. The study also excludes "in totality the value of tobacco products sold to consumers, the value and equity of brands, the market capitalisation of companies and all taxes"—apart from excise duties and VAT/GST—generated within the value chain.

For all International Tobacco Growers Association media coverage on these issues please visit: [http://ITGA media hub here.](http://ITGAmediahub.com)

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