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Press Release

FAIFA Appeals to Government for Reduction of Coverage by Graphical Health Warnings on Tobacco Packages

- *The current policy on warnings on tobacco products is hurting all stakeholders including the Government*
- *Demands for a balanced approach, after consultation with all the stake holders so that it does not negatively impact either the Indian FCV farmers, the tax revenue and domestic legal industry*

New Delhi, 19 December 2017: The Federation of All India Farmer Associations (FAIFA), a non-profit organization representing the cause of millions of farmers and farm workers of commercial crops across the States of Andhra Pradesh, Telangana, Karnataka, Gujarat etc. has appealed to Government of India that the current rules on the Graphical Health Warnings must be reviewed as it hurting all stake holders including the Government. The Government must have a balanced approach, after consultation with all the stake holders, that does not negatively impact either the Indian FCV farmers, the tax revenue and domestic legal industry.

Mr. Murali Babu, General Secretary, Federation of All India Farmer Associations (FAIFA), said, "Large health warnings are excessive, unreasonable and have had adverse impacts and unintended consequences. They have only impacted the domestic legal industry by severely undermining the competitiveness of Indian Tobaccos, giving an impetus to the illicit trade and the unorganised sector, while the overall tobacco consumption in the country continues to grow. We had expressed our fears on multiple occasions as to the possible consequences of such legislation. We wish to state that the Regulatory overreach has created panic and strain to the FCV tobacco farmers in the country and for the first time in independent India, **22 FCV farmer committed suicide** in Andhra Pradesh and Karnataka."

The domestic industry also was not able help the farmers, as Larger Health Warnings have encouraged the growth of illegal cigarettes. Since these illegal cigarettes do not use Indian tobacco, it impacts the Indian tobacco farmers, further reducing demand for their tobaccos. It may be noted that the Indian FCV Tobacco farmers have lost about 22 million kgs. (over 25%) of sale in the domestic market to farmers in other countries or to those who cultivate non-FCV tobacco. Governments all over the world are supportive of their tobacco farmers. Of the major FCV tobacco growing countries only the Indian

FCV farmers are facing such restrictions while farmers in China, Brazil, Zimbabwe, Malawi and Zambia are being encouraged with incentives to grow their share in the global market. Despite the restrictions FCV farmers earn Rs. 6000 crs of valuable foreign exchange for the country.

Excessively large and gruesome warnings have also created an incorrect impression in the consumer's mind that smuggled tobacco products and tobacco products from the unorganised sector are safer, as they do not carry any health warnings.

Approximately 1/4th of the Cigarette market is smuggled and now in the hands of anti-social elements and criminal syndicates. The shift is a result of the **excessive regulation** and **increased taxation on the legal domestic industry**. The unabated growth in illegal cigarettes has also been confirmed by Union Minister of State for Finance in the Parliament.

Apart from the above stated issues the Government should consider the following to ensure a balanced regulation is in place.

- China, Thailand and India are perhaps the only major countries which have strong domestic brands of Cigarettes. Vested interest have continued to pump in foreign funds in these countries and have carried out sustained campaigns with misinformation to misguide the policy makers. In Thailand these vested interests have succeeded in making a significant impact on local brands whose share have reduced from 99.4% in 1990 to 69.9% in 2014. The objective in India seems to be similar i.e. to shrink the domestic industry and increase the share of foreign brands over time. This is the reason that these vested interests are only targeting the smallest component of tobacco consumption i.e. Cigarettes in India . Cigarettes is only 11% of overall tobacco consumption and these vested interests do not seem to concerned with the 68% of the tobacco consumption, which escapes regulation as they are manufactured in the unorganised sector with little statutory oversight. The current imperative should be to effectively implement existing regulations across the spectrum of tobacco consumption in the country rather than targeting the over-regulated organised and the smallest component of the domestic legal industry.

- Some of the largest cigarette consuming countries like United States, China & Japan, which account for 51% of global cigarette consumption, have not opted for graphic health warnings. Instead, they have opted for text-based warnings which adequately caution the consumers.

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Country	**Annual Cigarette Consumption (Billions)***	**Per Capita Adult Cigarette Consumption (Sticks)#**	**Warning Size $**
USA	261.7	1028	Text (only on side panel)
China	2350.5	1711	Text - 35%
Japan	173.8	1841	Text - 30%

*Source: TMA.org # Source: Tobacco Atlas $Source: Canadian Cancer Society

It is important to note that USA has not even ratified the FCTC till date.

- According to the Global Adult Tobacco Survey (GATS) 2009-10, conducted by Ministry of Health, reported that within 2 years of the implementation of the Graphical Health warnings 60% of the users were aware of the Graphical Warnings. During this a period the Graphical warning was 40% coverage in the front of the pack only. With warnings being in force for approximately a decade it can safely be stated that there is 100% awareness and have served the purpose of cautioning the users of this segment.

In view of the above we appeal that the current rules on the Graphical Health Warnings must be reviewed as it hurting all stake holders including the Government. The Government must have a balanced approach, after consultation with all the stake holders, that does not negatively impact either the Indian FCV farmers, the tax revenue and domestic legal industry.

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