Transnational Advocacy Networks confront Transnational Tobacco Marketing

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Abstract

World Health Organization’s (WHO) Framework Convention on Tobacco Control (FCTC) is a major blow to the worldwide expansion strategies and marketing practices of transnational tobacco companies. As expected, the industry vehemently opposed the treaty, lobbying instead for voluntary agreements and regulation by the market. However, in spite of bitter and persistent opposition by the tobacco industry, the FCTC was adopted by WHO. If the tobacco industry ‘lost’ its battle to prevent FCTC from being institutionalized, who ‘won’ and how? Our research suggests that Transnational Advocacy Network’s (set of non-state actors working together on an international issue that are bound together by shared values, common discourse, and dense exchange of information and services) efforts won the battle by being able to better convince the decision-makers as to the needs of the FCTC by relying on, and successfully disseminating, its knowledge, expertise and ideas.
1. Introduction

The determinants of international success or failure of businesses at the firm, industry or nation-state level constitute a fundamental research inquiry in International Business Strategy (recent examples include Bartlett and Ghoshal, 1991; Hosskisson et al, 2000; Porter, 1990; Wilkins, 2001; Zaheer, 1995). As a means of contributing to these theoretical and empirical tasks, this research project analyzes the major setback of a powerful group of transnational tobacco companies (TTCs) in the contested policy area of global tobacco control - a setback that is likely to significantly hinder the industry’s globalization strategy beyond its dwindling, core market to foreign markets in developing countries.

The driving force behind globalization has been transnational corporations, which have persistently lobbied national governments and inter-governmental organizations to make it easier for them to put their entrepreneurial skills and capital to work in previously protected national markets. Many analysts highlight globalization’s private-sector benefits – the strength built by competing as well as the gains from trade, specialization and productivity that come with expanding markets. By encouraging trade, globalization encourages consumption and is the natural process of capitalism, constrained by the cost of transport and information and accelerated by technologies that make it cheaper to move goods, services and ideas around the globe. Globalization can be a source of tremendous opportunity, as new markets, workers, business partners, goods, services and jobs become available, but also of competitive threat that may undermine economic activities that were viable before globalization.

In recent years, expansion of domestic firms internationally by the seemingly inexorable forces of globalization has engendered countervailing dynamics in the form of anti-globalization movements. For example, the global alliance against tobacco marketing, epitomized by the World Health Organization’s (WHO) Framework Convention on Tobacco Control (FCTC) is a major blow to the worldwide expansion strategies and marketing practices of TTCs. At the strategic level, segmenting the market by age, targeting ‘new’ users (overwhelmingly pre-adults in most societies) and positioning the product so as to appeal to this segment are banned. At the tactical level, there are stringent controls on the contents of the product, packaging, promotional
and distribution methods as well as pricing to end consumers. It is important to note, however, that much of the restrictive provisions contained in the treaty are not new in the context of the developed countries in North America and Western Europe. In fact, the FCTC may be viewed as the institutionalization of the ‘best practices’ in tobacco control innovated in the developed countries and now being diffused into the developing countries. The industry already is reconciled-and presumably has absorbed the risks-to doing business in these developed parts of the world under significant restrictions. From an industry standpoint, however, the treaty is a significant impediment to its global expansion to poorer nations with less restrictions on the tobacco industry, precisely at the time when many of the erstwhile poor countries’ ‘teeming masses’—say in India, China or Vietnam—now are beginning to have the disposable income to indulge in an expensive ‘foreign’ tobacco product from a Phillip-Morris or a BAT (British American Tobacco). But for the global alliance against tobacco marketing, the future of the industry would have been bright indeed in the low and middle-income countries with its rising income, trade liberalization, lessening social taboos against women smokers and increasing exposure to sophisticated mass advertising campaigns. As is to be expected, the industry vehemently opposed the treaty, lobbying instead for voluntary agreements and regulation by the market. However, in spite of bitter and persistent opposition by the tobacco industry, the FCTC was adopted by WHO. This research project, then, investigates the following question: if the tobacco industry ‘lost’ its battle to prevent FCTC from being institutionalized, who ‘won’ and how?

Globalization of trade, marketing and investment has important implications for public health—both negative and positive. On the negative side is the extended promotion and marketing of harmful commodities, especially tobacco. Note that while incremental measures to control tobacco use by national legislation may not seem to be a complex problem, a binding, comprehensive global treaty with pervasive, stringent restrictions on the tobacco industry was a complex problem faced by the national delegations to the numerous FCTC negotiating rounds. The very first treaty on public health and under WHO auspices, there is less obvious reason why global coordination is necessary for tobacco control, in contrast, say, to a treaty on global warming or the ‘laws of the sea’. Also, many policymakers in developing countries felt that they had much more urgent problems to deal with in public health like AIDS, infectious diseases etc.
and worried about the loss of tobacco revenue and costs of implementation measures of FCTC. Finally, the tobacco industry vehemently opposed the FCTC and spent considerable resources in fighting its adoption. Against this background, the success of the civil society in institutionalizing the FCTC is significant and an important learning opportunity for business and commercial interests.

In the relational dynamics among business, government and society, both business and civil society attempt to influence public policy. In this case, business and civil society wrestled in the WHO arena over FCTC with a convincing win by the civil society. This research project studies the role of the civil society in the adoption of the FCTC. In our attempt to understand the role of community, activism, domain-specific expertise and ideas in the shaping of the FCTC, we use the conceptual tool of the Transnational Advocacy Network or TAN described in the next section.

2. Transnational Advocacy Networks

Recent scholarship on civil society activism has paid great attention to TANs within the context of a globalizing world where borders between states become permeable to cross-border political influence. Research on TANs is relatively new, the agenda being systematic examination of how transnational networks of advocates interact to effect policy change. Keck and Sikkink sparked the debate about TAN’s role in their seminal work, *Activists beyond Borders: Advocacy Networks in International Politics* (Keck and Sikkink, 1998). According to them, “a transnational advocacy network includes those actors working internationally on an issue, who are bound together by shared values, a common discourse, and dense exchanges of information and services” and “often involve individuals advocating policy changes that cannot be easily linked to their interests” (Keck and Sikkink, 1999). TANs emerge on complex issue areas characterized by information uncertainty leading to a range of choices with uncertain outcomes. These networks not only attempt to influence policy, they also attempt to shape the policy environment by framing the ways their issues are discussed; by seeking hospitable venues and by deploying information quickly, accurately and effectively. The approach emphasizes the shared values held by coalition/network members that are ideologically based and serve to bond the group together. According to Keck and Sikkink, these political entrepreneurs show a
A sophisticated understanding of the political opportunity structures within which they operate and “mobilize information strategically to help create new issues and categories, and to persuade, pressurize, and gain leverage over much more powerful organizations and governments.” TANs are not necessarily about mass mobilization at the grassroots level, though they do make resources available to emerging actors in the developing world engaged in political and social struggles. Indeed, the kind of pressure and agenda politics in which they engage often involve a small number of activists in a given campaign or advocacy role.

3.1 FCTC: Overview

In February 2005, the FCTC, the first treaty ever adopted under WHO auspices, entered into force. By September 2007, 168 countries have signed the treaty and it is now binding international law for the 150 states that have also ratified the FCTC. The Foreword to the treaty declares:

The WHO FCTC was developed in response to the globalization of the tobacco epidemic. The spread of the tobacco epidemic is facilitated through a variety of complex factors with cross-border effects, including trade liberalization and direct foreign investment. Other factors such as global marketing, transnational tobacco advertising, promotion and sponsorship, and the international movement of contraband and counterfeit cigarettes have also contributed to the explosive increase in tobacco use. (WHO 2003: v)

The FCTC contains both demand reduction and supply reduction provisions. Key obligations in the treaty are to:

- enact comprehensive bans on tobacco advertising, promotion and sponsorship
- increase tobacco taxes
- adopt and implement large, clear, visible, legible and rotating health warnings on tobacco products and their packaging
- protect people from exposure to tobacco smoke from indoor work and public places
- ban the use of terms such as ‘light’ and ‘mild’
- implement measures to combat smuggling of tobacco products.
The treaty also contains numerous other measures designed to promote and protect public health, such as mandating the disclosure of ingredients in tobacco products, providing treatment for tobacco addiction, encouraging legal action against the tobacco industry, and promoting research and the exchange of information among countries.

3.2 FCTC: The Negotiation Process

The FCTC was negotiated over a period of nearly four years by extensive participation by the 192 member states of the WHO. Work began in earnest during the 52nd World Health Assembly in May 1999, when Member States adopted a resolution which established both a FCTC Working Group and an Intergovernmental Negotiating Body (INB). The pre-negotiation Working Group, which was open to participation by all WHO member states and regional economic integration organizations, met twice during 1999 and 2000. Meanwhile, public hearings on the proposed Framework Convention were conducted in October 2000 during which representatives of 144 organizations gave verbal testimony before the hearings panel. Among the testifiers were representatives of most major TTCs and state tobacco companies, as well as several tobacco farming groups along with a diverse range of public health agencies, community based organizations and academic institutions. Finally, the Working Group produced a draft catalog of possible elements of the FCTC which was forwarded to the INB tasked with negotiating the text of the FCTC. The INB was open to participation by all WHO Member States, regional economic integration organizations and observers. Between 2000 and 2003, the INB met in six sessions. Several inter-sessional regional consultative meetings were also held in various parts of the world. The final text of the protocol was forwarded to the 56th World Health Assembly in May 2003 which unanimously adopted the FCTC. (WHO 2007)

3.3 FCTC: Industry Opposition

TTCs have steadily extended their activity around the world. BAT operates in about 180 markets worldwide with 81 factories in 64 countries. Philip Morris International (now part of the Altria Group Inc.) has more than 50 factories worldwide and it operates in over 160 markets (Mamudu 2005:61) However, demand for tobacco products is steadily declining in North America and Western Europe due to changing public attitudes toward tobacco use and more robust regulation.
U.S. per capita consumption of tobacco in 2005 fell to levels not seen since the early 1930s—a 4.2% decline in 2005 alone and an overall drop of more than 20% since the tobacco companies reached a $246 billion settlement with the states in 1998. (Kaufman, 2006) Volume sales of cigarettes in Western Europe declined by 4.4% between 1999 and 2004. (Euromonitor, 2006) In spite of this contraction in their traditional markets, TTCs have enjoyed record sales and profits since the early 1990s mainly because of increasing sales in the developing world. (New York Business, 2006; Telegraph, 2006; Satcher 2001). As the WHO Director-general pointed out in 1994, “In the developed countries, per capita cigarette consumption has fallen by 10% since 1970. In the developing countries it has gone up by 67% over the same period.” (WCTOH, 1995: 2) Globalization, then, has the clear potential to benefit the TTCs by a) facilitating access to markets around the world through trade liberalization and specific provisions under WTO; b) enhanced marketing, advertisement and sponsorship opportunities via global communication systems; and c) enhanced economies of scale by strategically dispersed production facilities, improved access to larger markets and the development of global brands (Shaffer et al 2005; Colin et al 2002; Taylor et al. 2000; Cornwell, 1997).

Juxtaposed against this globalization opportunity is the anti-globalization threat of the FCTC—its genesis can be traced to 1993 and by the late 1990s the movement for FCTC within WHO had gathered sufficient momentum to raise alarm in the tobacco industry. As expected, the industry vehemently opposed the treaty, lobbying instead for voluntary agreements and regulation by the market. TTC strategies to systematically undermine tobacco control research and policy at the WHO have been the subject of an inquiry by WHO, regarding which Dr. Derek Yach, the WHO Executive Director of Non-Communicable Diseases and Mental Health, stated “Malaria experts cannot make progress without understanding how the primary vector, the mosquito functions, behaves, breeds and thrives. For tobacco-control experts, the vectors are tobacco companies’. (Yach, 2001:2) Carried out by a Committee of Experts that included prominent figures like Dr. David Kessler, Dean of the Yale School of Medicine and ex-Commissioner of the U.S. Food and Drug Administration, the well publicized inquiry (WHO 2000) found that there had been a conspiracy since the early 1980s to try to ensure that the WHO didn’t establish a strong global tobacco control regime. Information in the report, based upon thousands of industry documents
released as a condition of Minnesota tobacco lawsuit settlements (Ciresi et al, 1999), revealed that the tobacco industry carried out their plan by:

- staging events to divert attention from the public health issues raised by tobacco use;
- attempting to reduce budgets for the scientific and policy activities carried out by WHO;
- pitting other UN agencies against WHO;
- seeking to convince developing countries that WHO's tobacco control program was a rich nation agenda carried out at the expense of the poorer nations;
- distorting the findings of WHO studies on the detrimental health effects of tobacco use;
- discrediting WHO as an institution dedicated to advancing global public health.

The inquiry results and follow-up research (WHO 2001; Yach & Bialous 2001; Yach & Bettcher 2000) were very damaging to tobacco industry interests and led to the industry’s eventual exclusion from the formal FCTC negotiations. (Mehl et al. 2005: 55).

3.4 FCTC: The Role of the World Conference on Tobacco or Health (WCTOH)

For four decades, the WCTOH has united thousands of the world’s tobacco control professionals to effectively support comprehensive global efforts to reduce tobacco use. The genesis of the WCTOH goes back to 1967 at the 1st WCTOH in New York where public health professionals, experts in tobacco control, scientists and policy makers from the developed countries came together. This was the first time that tobacco use was recognized as a global problem with a concomitant need for a globally coordinated tobacco control agenda. Between 1967 and 2006, thirteen WCTOH were held in various parts of the world attempting to influence public policy regarding tobacco use at the sub-national, national and global level. Discussions at the 1990 conference led to the founding in 1992 of the influential international journal *Tobacco Control* (Studlar 2006). The conference has increasingly become much larger with active participation from the developing countries. Initially, the conference focused on the diffusion of ‘best practices’ tobacco regulation from the developed to the developing countries but since the 9th WCTOH in 1994, it strongly advocated an international regulatory regime to curb tobacco use. Over the years, WHO’s anti-tobacco initiative, particularly the FCTC, has been strongly influenced by the WCTOH. (Mamudu 2005)
3.5 FCTC: The Role of Research Network

From the very beginning of the FCTC initiative, an increasingly robust global tobacco control research network has been instrumental in persuading nation-states to support the FCTC. In 1999, collaboration between WHO and Research for International Tobacco Control (RITC) produced a report entitled *Confronting the Epidemic: A Global Agenda for Tobacco Control Research* that outlined the most important areas of research needed to address the tobacco problem (WHO 1999c). In the same year, the World Bank, in close partnership with WHO, produced a report entitled *Curbing the Epidemic: Governments and the Economics of Tobacco Control* (Jha 1999) drawn from a 512-page book published next year entitled *Tobacco Control in Developing Countries* (Jha 2000). The World Bank justified the need for its involvement in the tobacco control debate and summarized the report in these words:

> While the effects of tobacco on health are less and less disputed, attention has turned increasingly to the economic arguments for and against tobacco control. However, the debate usually occurs in the absence of empiric and systematic analyses of the economics of tobacco control. The World Bank, with its comparative advantage in economic and inter-sectoral analyses, can help fill that gap.

This report outlines effective policy interventions to reduce smoking in developing countries. It discusses tobacco use and its consequences both on health and on the economy, and highlights the relationship between smoking and poverty. It examines how tobacco differs from other consumer goods and spells out a rationale for government involvement in tobacco control. It provides an evidence-based review of policies to reduce demand for cigarettes, including taxation, the provision of information about the health consequences of smoking, comprehensive bans on advertising and promotion, and regulatory changes. The report concludes that raising tobacco taxes and introducing a package of other demand-reducing measures could substantially cut the number of smoking-related deaths worldwide. (World Bank 2006)
A number of research or research capacity building networks have been established for tobacco control and the support of the FCTC adoption-ratification-implementation process. Prominent among these are The National Tobacco Information Online System (NATIONS) and The Global Tobacco Research Network (GTRN). NATIONS is a comprehensive database on tobacco control issues-regulatory, economics, industry, health etc.-pertaining to nearly 200 countries. It is a collaborative effort of WHO, the World Bank, the American Cancer Society and the CDC. GTRN was developed to enhance global tobacco control research through information sharing and collaboration among researchers worldwide. Organizations represented in the network include the Institute for Global Tobacco Control, the US National Cancer Institute, American Cancer Society, the CDC and the Society for Research on Nicotine and Tobacco. Within the UN family, an UN Ad Hoc Inter-Agency Task Force on Tobacco Control was set up in 1999 to develop a coherent approach to tobacco control. The members include, among others, the WHO, the World Bank, FAO, WTO, UNICEF, ILO and UNESCO (WHO, 2006c).

3.6 FCTC: The Role of ‘Activist’ Network

The Framework Convention Alliance on Tobacco Control (FCA) is made up of almost 300 organizations representing over 100 countries around the world that are working to support the signing, ratification and effective implementation of the FCTC and related protocols. The Alliance includes individual NGOs and organizations working at the local or national levels as well as existing coalitions and alliances working at national, regional, and international levels. The FCA was formed out of the need for improved communication among groups already engaged in work around the FCTC process and the need for a more systematic outreach to NGOs not yet engaged in the process, particularly in developing countries, who could both benefit from and contribute to the creation of an effective FCTC. The FCA strives to promote and support a global network for co-ordinated international campaigning against tobacco; developing tobacco control capacity, particularly in developing countries; and carrying out effectively the watchdog function for the FCTC. (FCA, 2007).
The Network for Accountability of Tobacco Transnationals (NATT) was founded by Corporate Accountability International in the spring of 1999 to broaden support for the FCTC. NATT members emphasize grassroots organizing, and are located in the developing world. NATT works to ensure a strong, unified voice for the global tobacco treaty, to institute effective controls over tobacco corporations and is made up of more than 100 organizations in 50 countries, including consumer, environmental, fair trade, human rights, faith-based and corporate accountability organizations. NATT played a vital role in mobilizing global support for the adoption of the FCTC and continues to campaign for speedy ratification and implementation of the treaty. NATT members also push for effective advertising and promotion limits and measures that restrict tobacco industry interference in public health policy. (CAI, 2007)

4. Conclusion

As multinational corporations truly become global— with global procurement, manufacturing, financing and marketing—they increasingly come under the scrutiny of international governmental organizations attempting to regulate various aspects of their business practices. Indeed, the implications of FCTC go far beyond tobacco control. Advocates of the obesity control movement, for example, are investigating the possibility of applying policies and mechanisms similar to those in the FCTC to rein in ‘fast food multinationals’ (Daynard, 2003). In essence, the FCTC is a pioneering attempt to develop a form of global health governance capable of effectively regulating multinational corporations. Its negotiations raised fundamental questions about the social impacts of globalization, particularly the trade-off between trade and health. Already there are calls to rein in WTO powers in international trade when it comes to issues of public health (Woodward et al 2001, Bettcher et al 2000). In our case study, we employed the conceptual tool of the TAN to understand the role of the civil society in the formulation of the FCTC.

Tobacco control had traditionally been viewed as being almost exclusively a national concern. This suited well the TTCs because they were largely able to manage the tobacco control policy process at the national level to maintain commercial advantage. However, their very success in expanding their market globally and in thwarting the development and implementation of
effective tobacco control policies at the national level led to the emergence of a strong anti-
tobacco transnational advocacy network. The key to its success was overwhelming scientific
evidence as to the need for effective tobacco control measures. Its common policy enterprise was
globally effective measures of tobacco control by means of a binding treaty under the auspices of
the WHO. This TAN did not believe in the ‘freedom of choice’ argument proffered by the
industry and seemingly shared an antipathy toward the tobacco industry based on the principled
belief that an industry with so much to lose with a robust implementation of the FCTC, cannot be
trusted to do the right thing. The members coordinated their efforts during the protracted
negotiations over FCTC in their quest to defeat the tobacco industry and to get the treaty passed
into international law.
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