

PRIVATIZATION OF TATE TOBACCO MONOPOLIES AND IMPACTS ON TOBACCO CONTROL

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With progressive decline in tobacco consumption in the west the transnationals relentlessly expand production bases throughout the world. Several countries maintain closes markets and allow only domestic cigarettes to be produced and sold. Generally government monopolies are inefficient, having a limited number of retail outlets and producing a less 'flavorful' or harsh products. With no competition the price is high and there is no need for advertisement nor promotion.

Several governments privatize their monopolies because of several reasons - opening up of formerly closed and centralized economies in Eastern Europe, an attempt to attract foreign investment, cheaper labor and transport costs, the threat of more rigid regulation in home countries, and pressure on governments by the international financial institution to privatize state industries. Thailand and South Korea, facing an economic meltdown in 1998, had to ask for help from the International Monetary Fund (IMF). One of the conditions demanded by the IMF was privatization of state enterprises, including tobacco monopolies. Early this year the IMF suspended lending to Moldova after the parliament refused to approve privatization of tobacco industry and the government had to resign.

Consequences of the privatization are enormous - increased tobacco consumption, laying off of monopolies workers, unemployment of tobacco farmers, loss of government revenues, and, most important of all, weakening of tobacco control because of domestic solid foundation of the multinational cigarette companies wielding formidable economic and political clout.