

# Tobacco industry

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The **tobacco industry** comprises those persons and companies engaged in the growth, preparation for sale, shipment, advertisement, and distribution of tobacco and tobacco-related products. It is a global industry; tobacco can grow in any warm, moist environment, which means it can be farmed on all continents except Antarctica.

Tobacco, one of the most widely-used addictive substances in the world, is a plant native to the Americas and historically one of the half-dozen most important crops grown by American farmers. More specifically, tobacco refers to any of various plants of the genus *Nicotiana*, (especially *N. tabacum*) native to tropical America and widely cultivated for their leaves, which are dried and processed chiefly for smoking in pipes, cigarettes, and cigars; it is also cut to form chewing tobacco or ground to make snuff or dipping tobacco, as well as other less common preparations. From 1617 to 1793 tobacco was the most valuable staple export from the English American mainland colonies and the United States. Until the 1960s, the United States not only grew but also manufactured and exported more tobacco than any other country.

Since 1964 conclusive epidemiological evidence of the deadly effects of tobacco consumption has led to a sharp decline in official support for producers and manufacturers of tobacco, although it contributes to the agricultural, fiscal, manufacturing, and exporting sectors of the economy. Tobacco is an agricultural commodity product, similar in economic terms to agricultural foodstuffs: the price is in part determined by crop yields, which vary depending on local weather conditions. The price also varies by specific species or cultivar grown, the total quantity on the market ready for sale, the area where it was grown, the health of the plants, and other characteristics individual to product quality. Laws around the world now often have some restrictions on smoking, but 5.5 trillion cigarettes are still smoked each year. Tobacco is often heavily taxed to gain revenues for governments and as an incentive for people not to smoke.

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## History

*Main article: History of tobacco*

For a history of how tobacco has been grown and marketed, see tobacco, smoking and articles on similar topics.

## Current position

The tobacco industry generally refers to the companies involved in the manufacture of cigarettes, cigars, snuff, chewing and pipe tobacco. The largest tobacco company in the world by volume is China National Tobacco Co.. Following extensive merger and acquisition activity in the 1990s and 2000s, international markets are dominated by five firms, in alphabetical order: Altria, British American Tobacco (represented in the U.S. market by a 42% stake in Reynolds American, Inc.), Imperial Tobacco, Japan Tobacco, and Philip Morris International. Altria was formerly called the Philip Morris Cos, and it still owns the Philip Morris tobacco business in the United States, but Philip Morris International has been fully independent since 2008. In most countries these companies either have long established dominance, or have purchased the major domestic producer or producers, often a former state monopoly. The United States has one other substantial independent firm, Lorillard. India has its own major player, ITC Limited. There are a small number of surviving state monopolies, and some small independent firms.

Tobacco advertising is becoming increasingly restricted around the world.

## Industry outlook in the United States



Anti-smoking ad, 1905

The tobacco industry in the United States has suffered greatly since the mid-1990s, when it was successfully sued by several U.S. states. The suits claimed that tobacco causes cancer, that companies in the industry knew this, and that they deliberately understated the significance of their findings, contributing to the illness and death of many citizens in those states.

The industry was found to have decades of internal memos confirming in detail that tobacco (which contains nicotine) is both addictive and carcinogenic (cancer-causing).

The suit resulted in a large cash settlement being paid by a group of tobacco companies to the states that sued. Further, since the suit was settled, other individuals have come forth, in class action lawsuits, claiming individual damages. New suits of this nature will probably continue for a long time.<sup>[*citation needed*]</sup>

Since the settlement is a heavy tax on the profits of the tobacco industry in the US, regressive against smokers, and further settlements being made only add to the financial burden of these companies, it is debatable if the industry has a money-producing long term outlook.<sup>[*citation needed*]</sup>

The tobacco industry has been largely successful in this litigation process, with the majority of cases being won by the industry. During the first 42 years of tobacco litigation (between 1954 and 1996) the industry maintained a clean record in litigation<sup>[1]</sup> thanks to tactics described in a R.J. Reynolds Tobacco Company internal memo as "the way we won these cases, to paraphrase Gen. Patton, is not by spending all of Reynolds' money, but by making the other son of a bitch spend all of his."<sup>[2]</sup> Between 1995 and 2005 59% of cases were won by the tobacco industry either outright or on appeal in the US,<sup>[3]</sup> but the continued success of the industry's efforts to win these cases is questionable.

In June 2009, U.S. President Barack Obama signed into law the Family Smoking Prevention and Tobacco Control Act which has been called a "sweeping anti-smoking" bill.<sup>[4]</sup> Amongst other restrictions, this Act banned the use of any constituent, additive, herb or spice that adds a "characterizing flavor" to the tobacco product or smoke (Section 907)(a)(1)(A).<sup>[5]</sup> The aim of this ban is to prevent children and teenagers from becoming addicted to cigarettes at a young age with the U.S. Department of Health and Human Services citing that "studies have shown that 17 year old smokers are three times as likely to use flavored cigarettes as are smokers over the age of 25".<sup>[6]</sup> This ban however does not apply to menthol cigarettes, which are exempt from the bill. **Now that Obama has won a second term it is high time that he ratified the FCTC Treaty instead of condoning the despicable industry's repeat addiction-murders-of-children-for-profit.** [http://www.huffingtonpost.com/2012/11/03/mitt-romney-anti-smoking\\_n\\_2057840.html](http://www.huffingtonpost.com/2012/11/03/mitt-romney-anti-smoking_n_2057840.html) **Mitt Romney Crippled Model Anti-Smoking Program In Massachusetts Thank God the industry's puppet did not win! Any politician placing industry profits and contributions before health does not deserve to survive.**

Lawsuits against the tobacco industry are primarily restricted to the United States due to differences in legal systems in other countries. Many businesses class ongoing lawsuits as a cost of doing business in the US and feel their revenue will be only marginally affected by the activities.<sup>[7]</sup>

## Conflicting points of view

There are two entrenched interests that have opinions about the tobacco industry: (a) participants in the industry, and (b) people affected by the deaths attributable to tobacco use. These interests conflict as they involve large amounts of money, long-held (historically) belief systems, and the premature deaths of loved family members.

Participants in the industry argue that commercial tobacco production is a vital part of the American and world economy. They state that thousands of farmers in the United States, alone, make their living from raising tobacco leaves for use by the industry. They cite the fact that the tobacco industry contributes billions of dollars in tax revenue to the state and federal government every year.<sup>[8]</sup>

People affected by or sympathetic to the large death rate attributable to active and/or passive tobacco use cite the fact that half of all tobacco users die from tobacco-related causes worldwide. According to the World Health Organization, that means that about 650 million current smokers will die from a preventable cause. They also indicate that smoking-related health problems contribute to rising health care costs.

## Tobacco control

On May 11, 2004, the U.S. became the 108th country to sign the World Health Organization's Global Treaty on Tobacco Control. This treaty places broad restrictions on the sale, advertising, shipment, and taxation of tobacco products. The U.S. has not yet ratified this treaty in its senate and does not yet have a schedule for doing so.

Most recently, there has been discussion within the tobacco control community of transforming the tobacco industry through the replacement of tobacco corporations by other types of business organizations that can be established to provide tobacco to the market while not attempting to increase market demand.<sup>[9]</sup>

On February 20, 2007, the US Supreme Court ruled that the Altria Group (formerly Philip Morris) did not have to pay \$79.5 million in punitive damages awarded to Mayola Williams in a 1999 Oregon court ruling, when she sued Phillip Morris for responsibility in the cancer death of her husband, Jesse Williams.<sup>[10]</sup> The Supreme Court's decision overturns a ruling made by the Oregon Supreme Court that upheld the award.<sup>[11]</sup>

On April 3, 2008, The U.S. Court of Appeals for the Second Circuit threw out a \$800 billion class-action lawsuit filed on behalf of a group or class of people who smoked light cigarettes. The plaintiffs' lawyers were confident that they would be able to win this suit due to the success of the Schwab case<sup>[12]</sup> wherein tobacco companies were found guilty of fraud-like charges because they were selling the idea that light cigarettes were safer than regular cigarettes. The ruling by the three-judge panel will not allow the suit to be pursued as a class, but instead need proof for why individual smokers chose light cigarettes over regular cigarettes.<sup>[13]</sup>

### Working to change smokeless tobacco control

As of 2007, British American Tobacco, Reynolds American, Imperial Tobacco and Philip Morris are lobbying the European Union to lift a ban on smokeless alternatives to cigarettes. This was imposed in Britain in 1990 after the US Smokeless Tobacco company attempted to bring pouches of snuff (i.e. ground tobacco) for oral use, called Skoal Bandits, to market. The move to lift the ban is supported by anti-smoking groups and the Royal College of Physicians,<sup>[14]</sup> as the oral snuff which the industry is attempting to introduce only verifiably increases the user's risk of pancreatic cancer, but not of oral or lung cancer.<sup>[citation needed]</sup> Indications of an increase in oral cancer are present in some studies, but have only very rarely been statistically significant.

Different types of smokeless tobacco carry different risk profiles. All have negative health effects, but appear to be safer than cigarettes.<sup>[citation needed]</sup> There is some concern that smokeless tobacco will be used as a "gateway" product to make marketing of cigarettes more effective. One example cited by opponents of this theory is snus. Sweden has the lowest level of tobacco related illness in Europe,<sup>[citation needed]</sup> is the only country which has reduced its smoking below the WHO's target level,<sup>[citation needed]</sup> and is the only EU country in which snus is legal. Studies in Sweden indicate that people tend to switch from smoking to snus, rather than the other way around.<sup>[citation needed]</sup>

### Production by country or region

The United Nations Food and Agriculture Organization estimates the following production of unprocessed tobacco by country/region in 2000. (Figures are in thousands of tonnes.)<sup>[citation needed]</sup>

**Smoke-free UT, a first**  
**Chandigarh Determined To Implement Tobacco P...**

... to be seen. ... every enclosed work and public place will soon have to become completely smoke-free with a few exceptions like hotels where it is difficult to physically segregate areas where smoking is permitted on that no limitation of persons to the area is the...

**The beginning**  
**CHANDIGARH** is the only city in the entire country where educational institutions are showing the smoke-free zone and displaying warning signs to the public.

... the official half-way to all to make the process on Tobacco support and Chandigarh is in.com

0:00 MENU

Chandigarh, a role model for the third world to follow, defined a new strategic approach to counter the tobacco industry to achieve clean air and health for all people. Chandigarh became smoke-free on July 15, 2007. It has now sustained its smoke-free status for nearly three and a half year back but yet no other city/State in India had caught up with Chandigarh. Understand how the use of strategic approach helped in churning out India's first Smoke-Free City.

Country or region	Production in thousands of tons
 China	2,298.8
 India	595.4
 Brazil	520.7
 United States	408.2
 European Union	314.5
 Zimbabwe	204.9
 Turkey	193.9
 Indonesia	166.6
 Russia	116.8
 Malawi	108.0

## Tobacco industry in popular culture

The tobacco industry has had a long relationship with the entertainment industry. In silent era movies, back-lit smoke was often used by filmmakers to create sense of mystery and sensuality in a scene. Later, cigarettes were deliberately placed in the hands of Hollywood stars as an early phase of product placement,<sup>[15]</sup> until health regulating bodies tightened rules on tobacco advertisement and anti-smoking groups pressured actors and studio executives against such tactics. Big tobacco has since been the subject focus of films such as the docudrama *The Insider* (1999) and *Thank You For Smoking* (2005).

## See also

- History of commercial tobacco in the United States
- Smoking bans
- Snus
- Tobacco
- Tobacco industry in Argentina
- Tobacco smoking

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### Notes

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13. <sup>^</sup> Saul, Stephanie (2008-04-03). "Suit on Light Cigarettes Is Thrown Out" ([http://www.nytimes.com/2008/04/03/business/03cnd-tobacco.html?\\_r=1&hp&oref=slogin](http://www.nytimes.com/2008/04/03/business/03cnd-tobacco.html?_r=1&hp&oref=slogin)) . New York Times. [http://www.nytimes.com/2008/04/03/business/03cnd-tobacco.html?\\_r=1&hp&oref=slogin](http://www.nytimes.com/2008/04/03/business/03cnd-tobacco.html?_r=1&hp&oref=slogin). Retrieved 2008-04-03.
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## Further reading

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## External links

- UCSF Tobacco Industry Videos Collection (<http://www.archive.org/details/tobaccoarchives>)
- UCSF Tobacco Industry Audio Recordings Collection ([http://www.archive.org/details/tobaccoarchives\\_audio](http://www.archive.org/details/tobaccoarchives_audio))
- State and Local Tax Revenue, Selected Years 1977-2006 (<http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=403>)
- IRS Publication on Tobacco History and Taxation (<http://www.irs.gov/pub/irs-mssp/tobacco.pdf>)

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Categories: Cigarettes | Tobacco | Industries

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