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Status of the Tobacco Epidemic in Argentina: The Cutting Edge of Latin America

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Abstract

Argentina has an annual production of 150,000 tons of tobacco and 70% of this is exported. Since 1972, the state subsidy of the national tobacco industry is through a special fund supported by a 7% tax on each pack of cigarettes. Phillip Morris and British American Tobacco control over 90% of the the tobacco market in Argentina through subsidiaries. Overall, 37% of adults over the age 16 years currently smoke cigarettes and second hand smoke exposure affects 70% of homes. Tobacco use accounts for 15% of all deaths in persons under age 65 years and this represents an economic cost equivalent to 0.17% of the gross national product. Health care related to diseases caused by tobacco use make up about 16% of the total health care expenditures in the country. The transnational tobacco industry views Argentina as an expansion market and has developed an intense advertising campaign including targeting all persons 16 years of age and older. Psychographic profiles similar to those used in the U.S. market have been developed in Argentina to target youth and young adults. There is no comprehensive tobacco control law in Argentina. Even though the President has signed the Framework Convention Agreement, ratification is being delayed by the active lobbying of regional legislators from the tobacco growing provinces who in turn are influenced by industry positions. (200 words)
Background

The Republic of Argentina is located in the southern cone of South America and is approximately 3.7 million square km in size with a population of 38 million inhabitants. Argentina’s population is older than most of Latin America with 13% being 65 years of age or older and the annual growth rate of the population is only 1.3%. Life expectancy is 76.8 years for women and 69.7 years for men, with an infant mortality that recently decreased to 14.5 per 100,000 live births. The overall health budget is approximately 9.5% of the gross national product. Despite marked progress through the mid-twentieth century, Argentina has persistent regional differences in economic development and health care with the capital of Buenos Aires and central provinces having overall better health indices compared to more remote areas, especially in the north.

At the beginning of the twentieth century, Argentina appeared to be one of the emerging economic powers of the world. However, it is currently emerging from the most profound national, social and economic crisis in its history triggered by the international debt default and federal government collapse in December 2001. Although the economy has since stabilized and social institutions are functioning, the country has just now reached economic recovery to 1998 standards. As a consequence of this crisis, the official unemployment rate is 12% and under employment is an additional 14%. Approximately 40% of the population lives under the national poverty level after exceeding 50% in 2002 and the average monthly income is only 677 pesos or 230 dollars per month.

Economic Forces of Tobacco Production

Argentina is a tobacco growing country producing nearly 2% of the world’s tobacco leaf. Tobacco growing occurs in the northern provinces of Jujuy, Salta, Catamarca, Chaco, Misiones and Corrientes. In 2004, 77,597 hectares were cultivated with tobacco producing a total of 157,400 tons of tobacco leaf. Of these, nearly 70% or 93,400 tons were exported for a total value of $191 million dollars, with a modest importation of 7,500 tons. Argentina grows indigenous tobacco leaves that are different from those grown in the U.S. but most of the tobacco grown is from the imported
Virginia and Burley strains. Virginia tobacco is the most common, with 70,000 million tons produced, followed by Burley at 40 million tons.

Tobacco production is characterized by a requirement for intensive agricultural work and high labor force needs and this results in 130 person-days of work for each hectare grown. In 2004, the labor force required for tobacco growing was approximately 11.5 million workdays employing 49,334 workers. This may lead to the financial support of up to 250,000 persons, assuming a basic rural family unit of four members supported by each employed person. This contrasts with more mechanized agricultural sectors such as cultivation of soy where a 6 full time workers can manage 3000 thousand hectares.

Since 1972, tobacco production in Argentina has been subsidized by the state through a special tobacco fund, the Fondo Especial del Tabaco (FET or Special Tobacco Fund). This fund is financed by a special tax on tobacco consumption, which represents approximately 7% of the sale price for each pack of cigarettes. The theoretical objective of this special fund is to orient, coordinate and supervise current trends in tobacco production in order to accelerate modernization, assist in conversion, and crop diversification in tobacco growing areas in both primary production and in the related industrial sector. The funds raised by this special fund totaled $146 million pesos (48 million dollars) in 2002 and were distributed to the tobacco growing provinces. About 80% of these funds are distributed to tobacco producers through the State support of prices. In this way, the FET perpetuates a mechanism to maintain a lower price for cigarettes and represents a direct subsidy of the tobacco industry thus helping sustain production and employment in the tobacco sector of the economy. The remaining 20% of the FET funds are allocated to diversification and re-conversion within the tobacco industry.

Since 1997 Argentina began a policy to reduce the internal support of the tobacco industry according to the World Organization of Commerce. Between 1997 and 2001, the support for the FET allocated to produce tobacco producers was decreased. In 2002, this support was increased substantially by 37,500,000 pesos to the tobacco producers. However, because of the devaluation of the Argentine peso by 300% in the previous year, the value of the subsidy in dollars actually represents an absolute reduction of about 50%, consistent with the agreement with the World Trade Organization.
**Tobacco Industry and Production**

The tobacco industry in Argentina is concentrated in two companies that are subsidiaries of transnational tobacco companies on a world level. Massaline Particulares S.A. is a subsidiary of Phillip Morris Corporation and of U.S. origin and they control 64% of the stock while Reemstma Cigarretten Fabrikengmbh of German origin control the remaining 31%. This consortium is responsible for 60% of all cigarette sales in the country and primarily produces Marlboro brand cigarettes, in addition to other brands of lesser importance. The second large consortium is Nobleza Piccardo, which is a subsidiary of the British American Tobacco (BAT) and possesses 96% of the shares of this consortium. They produce the cigarette brands Jockey Club, Derby, Camel and Parisiennes, controlling 40% of cigarette sales. There are several additional small companies that manufacture cigarettes for primarily regional distribution. Several of these small companies have developed the generic brand, targeting the low price cigarette market.

Tobacco production is concentrated on internal consumption, internal market and export market. Internal market is primarily in the form of cigarettes with 1.9 million packs being sold in 2004. Tobacco destined for export is sold in the form of tobacco leaf and principally to the neighboring countries of the MERCOSUR (Brazil, Paraguay and Uruguay). In 2004, a total of $191 million worth of tobacco leaf exports were made.

**Smoking Behavior**

In 2004, according to a preliminary report from the Ministry of Health and Environment, 37.1% of persons between 16-65 years of age had smoked cigarettes in the previous 12 months. Smoking behavior differs by gender since 40% of men but 34.6% of women smoked. As one can see in Figure 1, the highest prevalence of cigarette smoking is observed in persons between 16 and 50 years of age.

*Insert Figure 1, Prevalence of Cigarette Smoking by Age*

Among men, the highest prevalence is observed among those with lowest income and education, since 45% of smokers only have seven years or less of formal education and
have no health insurance. Among women, prevalence of smoking was highest among those who had the highest levels of income and the lowest levels of education with 25.6% in the first quintile and in the fifth quintile of income, respectively. These observations imply that Argentina is at a more advanced stage of the tobacco epidemic especially among men where the more educated sectors of the population have begun to stop smoking in larger proportions.

Age of onset of tobacco consumption is 12.7 years and 11% of adolescents between 12 – 15 years of age smoke without any substantive gender differences in these rates. By the end of high school, 42% of all students smoke. Among health care professionals, smoking rates are also quite high with 34.3% of physicians reported smoking cigarettes. Medical students also smoke at a rate of 35%, but only 5% of students reported having received any formal training on smoking cessation. Unlike the United Kingdom and the U.S., where physicians were the first sector to stop smoking, Argentina has yet to see their physicians lead the way in abandoning nicotine dependence.

Exposure to second hand smoke in Argentina is one of the highest in Latin America. A study using measurement of vapor phase nicotine concentrations in public places in the city of Buenos Aires demonstrated high concentrations of nicotine in all settings evaluated. Public government buildings in the city of Buenos Aires had 27 mcg/m³, restaurants 15 mcg/m³ and hospitals had 13 mcg/ m³ each among the highest of six urban centers measured. Several studies have demonstrated that about 70% of Argentina’s adolescents are exposed to second hand smoke in their home. A school based study in the city of Buenos Aires demonstrated that 30% of children between 9-10 years of age had cotinine levels in the urine about 15 mcg/l and that 25% had levels between 20-50mcg/l. These levels of cotinine exposure are the same as those observed amongst adults with established second hand smoke exposure at home and very light active smokers, respectively.

**Economic Impact of Tobacco Related Mortality**

In the year 2000, 249,000 persons over the age of 35 years died in Argentina. Approximately 15.7% of these deaths, or 39,131 were attributed to tobacco. Of these
deaths, 71% occurred among men and the percent distribution by cause of death among persons 35-64 years of age is summarized in Table 1.20

Insert Table 1. Causes of Death Attributable to Tobacco Use among Persons 35 to 65 years of age, Argentina, 2000.

The annual costs for loss of economic productivity from premature deaths attributed to tobacco use was approximately 460 million pesos at the time that the Argentinean peso was worth $1 U.S. This represented 0.17% of the gross national product and 89% of these costs were among persons 65 years of age or younger.21

Direct costs for health care in Argentina related to diseases attributable to tobacco use reached $4,330,896,653 pesos in 2003, which represents 15.7% of the total expenditure on health. This far exceeds the total amount of tobacco taxes collected by the Ministry of the Economy that year, which totaled $2,500,139,060 pesos. In this analysis, although persons exposed to second hand smoke were included, indirect costs related to diseases and other consequences of premature mortality were not included. These include those that affect a smoker directly and those that affect the society as a whole as a consequence of the smoker’s disease.22

Tobacco Industry Marketing Strategies in Argentina

The tobacco industry considers Argentina to be an expansion market and because this has developed an intense advertising campaign. Table 2 represents the investments in marketing by two major transnational tobacco companies since the year 2000 until mid 2003. Only investments in television (broadcast and cable), radio, newspapers and magazines are included. However if one considers other methods such as street posters and endorsement of cultural and sporting events, we estimated that investment in marketing and advertising in the year 2002 reached $17.5 million pesos. These resources represented between 1% and 3.4% of the total national investment in advertisement, pending on the source and the year in which they were implemented.23

Insert Table 2. Tobacco Industry Investments in Marketing, Argentina, 2002.
As a consequence of this marketing campaign, 90% of the youth between 14-17 years of age have seen some advertisement about tobacco in a public setting in the 30 days prior to a survey. The tobacco industry’s strategy in Argentina consists of considering youth 15 years of age and older as young adults. They undertook a psychographic study of Argentinean youth and classified them in different groupings. These included the “progressives”, “jurassic or conservatives” and the “crudos” or spoiled brats. Marketing campaigns and strategies were tailored to these psychographic categories in order to promote national values.

Despite the fact that Argentina has no limitations on tobacco advertisement, industry created an internal code in order to guide the marketing and advertisement of cigarettes. These are a set of restrictions that they self imposed in order to anticipate potential legislation that would prohibit advertisement in some or all formats. Within these guidelines they eliminated television publicity after 10 pm at night and any billboard or other publicity in the vicinity of schools. However, they did not place any limits on print advertisement and one can observe that the newspapers with the largest daily circulation have a disproportionate amount of cigarette advertisement. These appear as paid advertisements for a particular brand, advertisements that mention a cigarette in an indirect way (associated with a musical or sporting event sponsorship) and there usually is a newspaper article related to tobacco consumption every three to four days. In the past two years this has led to an overall increase in direct advertisement of cigarettes.

On the other hand, the tobacco industry has produced indirect strategies for publicity among which one can find opinion leaders locally. A leading Argentinean journalist, Mariano Grondona, has promoted the tobacco industry with unequivocal messages of his own on television that promote the theme of “moderate smoking is good”. For example, Grondona is quoted as stating on television: “It is a mix of pleasure and activity that lead to the good life, you can elect different kinds of activities such as exercise and moderate smoking. Smoke intelligently. Because moderate smoking does not have any adverse affects on your physical well being and has good effects on your psychological well being.” Grondona has one of the highest rated television news and talk shows in Argentina and he ends every broadcast by smoking a cigar.
As previously described, the Latin Project was devised by the tobacco industry to recruit prestigious leaders from medical fields with the goal of countering the scientific evidence that demonstrated the association between second hand smoke and disease\textsuperscript{31-32}. This activity played a crucial role in the presidential veto of a strong tobacco control law approved by Congress in 1992. Finally, the tobacco industry has promoted educational programs in schools in order to help youth “make the right decisions”, with respect to tobacco use. Some of these campaigns include the program “Yo tengo poder, proposito, orgullo, determinacion, entusiasmo, y responsabilidad” (translated as “I have power, goals, pride, determination, enthusiasm and responsibility”) which is financed by Phillip Morris and its local subsidiary Massaline Particulares. There is also the smoke-free program sponsored by British American Tobacco\textsuperscript{33}.

**Legislative Agenda for Tobacco Control**

Argentina is a federal country with a constitution that grants the national government exclusive rights over certain aspects of government and others allocated to provincial governments. At the national level, there is only one law that restricts tobacco advertisement at certain times and specific places\textsuperscript{34}. Recently, the Ministry of Health has sent a bill to the Senate to update these laws. At the provincial level, 80% of the provinces have laws that in theory protect persons from passive smoking and prohibit the sale of cigarettes to minors\textsuperscript{35-36}. These set of laws are ineffective and incomplete and reflect to a large degree the power and influence of the tobacco industry over the past four years in blocking the development, approval and implementation of laws against controlling tobacco consumption in Argentina\textsuperscript{37}. The tobacco industry has utilized similar strategies as they have used in other parts of the world and have successfully won each litigation case brought against them in Argentinean courts\textsuperscript{38}.

Argentina is one of the countries that signed the Framework Convention for Tobacco Control (FCTC) sponsored by the World Health Organization on September 25, 2003. In June 2004, the national government introduced a law to support the FCTC in the Argentinean national senate. Despite this, to this day, the FCTC has not been ratified by the Argentinean congress. There is currently an enormous amount of pressure being exerted by the elected officials from the northern provinces that grow and produce
tobacco and has led to a delay or slowing down of this proposed law. These pressures are a direct consequence of tobacco industry efforts and emphasize distorted economic adverse effects that tobacco control may have on regional economies in the already impoverished northern provinces.\textsuperscript{39-40}

**Conclusions and Recommendations**

In conclusion, Argentina is a country with a high prevalence of tobacco use, where tobacco is responsible for 15% of all deaths in persons under 65 years of age. The federal government has a dual attitude towards the tobacco consumption since it considers production of tobacco an important economic activity. On the other hand, President Nestor Kirchner signed the FCTC and the Ministry of Health has proposed a comprehensive law to control tobacco. Furthermore, initial efforts at a national program for tobacco control have been implemented independent of the FCTC ratification process.

The tobacco industry intends to maintain and intensify their sales in Argentina by various mechanisms including implementation of an aggressive marketing campaign directed at youth and lobbying legislative and opinion leaders in order to develop strategies to change their public image and influencing public opinion. It is imperative that all persons involved in tobacco control policy and research collaborate in a way to achieve improved control over this epidemic that affects 40% of the adult population in Argentina.
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34. Ley Nacional 23344/86. Restricciones a la publicidad del tabaco y derivados para fumar


Figure 1 Prevalence of Cigarette Smoking by Age
**Table 1. Causes of Death Attributable to Tobacco Use among Persons 35 to 65 years of age, Argentina, 2000**

<table>
<thead>
<tr>
<th>Cause of Death</th>
<th>Total n: 13.452</th>
<th>Men n: 10.294</th>
<th>Women n: 3.158</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lung cancer</td>
<td>24%</td>
<td>26%</td>
<td>17%</td>
</tr>
<tr>
<td>All Cardiovascular disease</td>
<td>20%</td>
<td>17%</td>
<td>32%</td>
</tr>
<tr>
<td>Coronary heart disease</td>
<td>19%</td>
<td>20%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Table 2. Tobacco Industry Expenditures in Marketing, Argentina, 2002.

<table>
<thead>
<tr>
<th>Company</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>Jan-June 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pesos</td>
<td>%</td>
<td>Pesos</td>
<td>%</td>
</tr>
<tr>
<td>Massalin Particulares</td>
<td>27139</td>
<td>67</td>
<td>16926</td>
<td>58</td>
</tr>
<tr>
<td>Nobleza Piccardo</td>
<td>13021</td>
<td>32</td>
<td>12300</td>
<td>42</td>
</tr>
<tr>
<td>Other</td>
<td>559</td>
<td>1.4</td>
<td>141</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>40719</td>
<td>100</td>
<td>29367</td>
<td>100</td>
</tr>
</tbody>
</table>

Expenditures are shown in thousands of pesos
%: Percent of total marketing expenditures by tobacco industry company