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Introduction

Myanmar as a party to the World Health Organization Framework Convention on Tobacco Control (WHO FCTC)[1], enacted a national tobacco control law on 4 May 2006, known as "Control of Smoking and Consumption of Tobacco Product Law" which came into effect after a year, by 4 May 2007.[2] According to the Global Youth Tobacco Surveys (GYTS) done in Myanmar for 2001, 2004, 2007, 2011 and 2016 successively, the prevalence of tobacco use among the 8th, 9th and 10th graders (13-15 years old students) was relatively high around 35%. The overall current cigarette smoker rate showed an increased from 4.9% in 2007 to 8.3% in 2016.[3] Exposure to second-hand smoke at home, inside enclosed public place, and any outdoor public place were reported by student 33.2%, 28.4%, and 29%, respectively, in 2016. In 2016, two in five students who were ever cigarette smokers reported that they first tried a cigarette at the age less than 10 years. Mostly, two in five (40.8%) students initiated cigarette smoking between aged 12 and 13 years, followed by 30.9% of students started between aged 14 and 15 years.

The use of smokeless tobacco (SLT) among adults in Myanmar is also very high, when compared to similar prevalence in other Asian countries. The most common SLT product is raw or cured tobacco, which is used as the main condiment ingredient in betel quid. A variety of tobacco products are used in the betel quid preparation: e.g. dried raw tobacco leaves or cured and roasted tobacco leaves, or tobacco leaves including stems, treated with alcohol and honey, scented tobacco soaked in honey and water (Black Water), and varieties of tobacco mixed with flavours and fragrances. NCD Risk Factor Survey conducted in 2014 revealed that 62.2% of adult male and 24.1% of adult female (25-64 years) were smokeless tobacco users. The most common type of smoked tobacco is cheroots. 64% of current smokers reported smoking cheroots, whereas 33% of smokers used cigarettes for smoking, and 3% reported smoking other tobacco products. [4]

Myanmar is a tobacco grower and also importer. Among ASEAN, Indonesia is the largest tobacco producers with annual production of around 200,000 metric tons, while Philippines and Thailand are modest with 56,000 and 39,000 metric tons per year, respectively. Myanmar's annual production is around 29,000 metric tons. [5, 6] Myanmar people use tobacco not only for smoking as ingredient of cigarette and cheroot, but also for chewing as ingredient of betel quid.

Desk-based case study and field study on current situation of tobacco cultivation and cheroot industry in central Myanmar is conducted in 2019 and 2020, with a view to know the general situation of tobacco cultivation and cheroot production.

A case study and quick review of Tobacco Cultivation and Cheroot Industry

PHF team, consisting of a Medical Officer and two Health Assistants[7], was sent to 3 townships, Myingyan and Nyaung U of Mandalay Region and Pakokku of Magway Region, to have a case study and quick review of tobacco cultivation and cheroot industry in central Myanmar. Among all Regions and States, these TWO regions in central Myanmar, i.e., Mandalay and Magway, are known to be the largest tobacco growers/ producers with annual production of 2/3rd of total annual yield of tobacco of the country, which is around 30,000 metric tons. In addition to the growing and producing tobacco, the 2 townships (Myingyan and Pakokku) are also the hearts of cheroot production. Site visits and observations to tobacco cultivation and cheroot industries, and face-to-face interviews were made during August, 2019.

Case study team had also visited 4 villages, namely, Khaung-kwe, Tameiktha, Ah-htet Nyit and Ywa Thit Kone, from Myingyan and Nyaung U Townships, where Tobacco is grown abundantly. The Team had made face-to-face interviews with farmers and labourers, and also made observation of tobacco fields, to solicit the way tobacco is grown and processed. In addition, the team had visited 6 sites of cheroot production in Myingyan and Pakokku, and made observations on cheroot making, and also conducted face-to-face interviews with producers.

PHF Team also review the literature and develop possible policy actions in relation to tobacco cultivation and cheroot industries in Myanmar.

Tobacco cultivation

Tobacco (known as *hsey or hesy–ywet kyee*) is a foreign product coming into Myanmar, introduced by travelers and traders during First *Innwa* (*Ava*) period of 14-15 centuries to be used for smoking with cheroots, cigars or pipes, and chewing as main ingredient of betel quid. Tobacco use became more popular in *Hanthawaddy Dynasty* around 15 centuries.

Two main types of tobacco, viz., Virginia tobacco (*Nicotiana tabacum*) and Myanmar tobacco (*Nicotiana rustica*), are sown in around 0.2% of the net area of agriculture sown in Myanmar. Myanmar tobacco has more nicotine content than Virginia tobacco. While Myanmar tobacco is grown in almost all States and Regions, two regions - Mandalay and Magway in central Myanmar, are known to be largest tobacco growers/ producers with annual production of 7.3 million viss[8] and 2.5 million viss respectively. Total annual yield of tobacco is around 29,000 metric tons in 2017-18.

While the Government has a ban on import of manufactured cigarettes, there is no limitation on importation of raw and processed tobacco leaves or any other raw material

for production of cigarettes and cigars. Import of tobacco has been used for production of cigarettes and cigars. There are subsidies and incentives, both technology, farm inputs and cash, provided by cigarette and cheroots industries in the last decade for improved yields of high quality tobacco leaves, and better quality tobacco products.

Tobacco is grown abundantly in Mandalay and Magway Regions, where the two rivers - Ayeyarwady and Chindwin, met. The area is arid, wet, sandy soil, and water supply is also easily accessible. Farmers in dry zone of Myanmar cultivate paddy, onion, beans and pulses and edible oil crops as well as tobacco plants. They grow two species of tobacco cultivated on the croplands and alluvial land. Farmers must grow tobacco on the croplands in monsoon while cultivate another one species on alluvial lands when the Ayeyawady River subsides in December and January.

The growing season for Myanmar tobacco (*hsey ywet kyee*) usually starts around September-October, just after the river water retreats. The land is prepared for plantations and the tobacco seeds are scattered onto the surface of the soil. Seed beds are then covered with rice straw or tree-branches to protect the young plants from frost damage. The germination is activated by natural sun light. When the plants reach 6-10 inches length after 45-60 days, seedlings are taken out and re-sown in bigger plots, 3 feet apart. There can be about 6,000 plants in each acre of land. Each land owner usually have around 5-10 acres for tobacco growing.

As the plants grow for the next 2-3 months, 2-3 big tobacco leaves from the bottom part of the plants are usually plucked for each plant. It takes 5-6 times per each plant to pluck during the season. Occasionally, leaves at upper portion of the plants have to be plucked away. Usually around 8-12 leaves are left for each plant to grow for the next 2-3 months. The plants with big leaves are kept under the sun light, so that the leaves become greener or yellowish green. The plants are left alone to grow until April/May. During the planting process, watering, weeding, soil preparing and adding supplement fertilizers are done. The plucked leaves are stacked to a bundle of 20-30 pieces, and the central stalks of the leaves are beaten with a wooden stick for softening. These bundles with beaten stacks of leaves are put under the sun for drying for another month. The dried stacks of bundles are then put in a basket (*poh)* (weighing around 50 or 100 viss). For each acre of tobacco growing, 8-10 manual labours are required to do all jobs related to planting, growing, plucking and stacking leaves, weeding, watering, and bringing leaves to villages for storage. Annual yield per acre for Myanmar tobacco is around 1,000 viss (costing around Kyat 50 lakhs).

"Farmers spend more than MMK 480,000 per acre on cultivation of tobacco on cropland including costs for inputs and farming workers. Tobacco yields about 650 viss per acre. We can sell tobacco at MMK 2,200 to 2,500 per viss at cheroot industries in Myingyan," said a local grower from one village. Some farmers tenant croplands at MMK 200,000 per acre but they can fetch MMK 700,000 per acre as net profit. [9]

Producers of cheroot and smokeless tobacco have made the contracts with the tobacco farmers, and usually paid in advance for the supply of dried tobacco leaves. The leaves are usually collected in bulk at the time of harvesting around April every year.

Growing Virginia tobacco (Virginia *hsey*) is almost the same process for Myanmar tobacco, except there is some differences in soil condition and also in drying methods. Some villages, which have dry sandy land, usually river beds, grow this variety of tobacco. Sun-drying method is a little different. Leaves are pulled together and dried in sun shade by hanging in the air. Income from Virginia tobacco is less than that of Myanmar tobacco.

Tobacco growers in Myingyan areas have been doing the same businesses for generation, and they had indicated that their income is regular and stable for decades.

Cheroots or Hsey Pawt Leik

Myanmar version of cigarette, called "Cheroot" or "*Hsey Pawt Leik*", is a smoking tobacco product, prepared by mixing tobacco with flavours and other ingredients wrapped and rolled in local leaves called *thanatphet*. *Thanatphet* is a natural product, dried and cured leaf of the tropical tree (*Cordia dichotoma or Cordia myxa*), grown abundantly in the Danu and Pa-Oh Self-Administration Areas, and Taung-gyi, Loilem and other parts of southern Shan State. In Southern Shan, *thanatphet* has been grown mainly on the hillsides and is sometimes found in home gardens as well. The leaves are known locally as the "gold" leaves, since each family has a regular annual income of around 25-30 lakhs MMK.

The trees are grown freely on the prepared land, and once the trees grow to a height of 4-6 feet. The leaves can be harvested for at least two year. The leaves reach to a certain size (4-6 inches diameter), and they are plucked and harvested. The plucked raw leaves are then steam-dried at home on fire-stoves and kept in stacks for export to cheroot producers. The harvest period is from June to September, which is the rainy season, and the leaves are picked fortnightly. Manure and chemical fertilizers are used for *thanatpet* cultivation and pesticides are usually applied. Some scientific studies on the leaves, tree-barks and fruits of *thanatpet* tree had been carried out in Myanmar, India and China, and elsewhere, especially for the pharmaceutical properties,[10] only the leaves are mainly used as wrappers for cheroots in Myanmar. The processed leaves are classified by size and sold to Myin-gyan and other places in central Myanmar for cheroot making.

A cheroot (*Hsey Pawt Leik*) is usually a 3-5 inches long, cigarette-like smoking product, hand-rolled and wrapped in *thanatphet.* Ingredient contains a mixture of processed tobacco, chopped tobacco-stalks, wooden chips and other combustible materials, added with flavours and additives.

Over 2000 brands of *cheroots* are available all over the countries, and majority are of local and regional specific produce. Production data, as per Myanmar Statistical Year Book 2018, showed that there was a marked decrease in *cheroot* production from five

billion sticks in late 1990s to around two billion sticks by 2015. Around the same period, the cigarette production is increased from 2.5 billion in early 2000 to about 9 billion sticks by 2017-18.[11]

Cheroot production

The Myanmar cheroot industry is concentrated in and around Myingyan district. The number of cheroot making companies/centres (*Hsey Leik Khon*) in Myingyan has been gradually increasing for the last few decades. Over 200 cheroot manufacturing companies/centres are probably operating in Myingyan town. There were at least 60 large scale companies with their own brand of cheroots with small subcontractors under them. One study had indicated that a large-scale cheroot company can produce more than 150,000 cheroots per day.[12] In Myingyan area, most of the cheroot production sites are based in the villages, scattered around and near-by townships. Cheroot production is home-based cottage industry spread out not only in Myingyan area but also in other parts of the country.

There are other cheroot production sites in majority of districts in Bago, Mandalay, Ayeyarwady and Sagaing Regions, and Shan State. Many of them have their own brand and local markets, and only a few specific brands are sold beyond their own townships and Regions. The cheroot industry in other regions of Myanmar, in general, has been decreasing or has become a sub-center depending on Myingyan. Mandalay is probably the second largest center of cheroot production and approximately 15 companies were working in 2009, but most owners said that the industry was in a downward trend. Bago was also well-known for cheroot making in lower Myanmar and approximately 20 companies were producing their own brand in 2011; most of them use ready-made materials purchased from the manufacturers in Myingyan. After millions of cigarettes being flooded in the market in late 1990s, the cheroot production, except for popular brands, has been declining year after year.

Each company has acquired specific regions as their steady markets. Most of the large companies have continued to purchase cured tobacco leaves from farmers of specific villages, and each company working with different villages.

For producing cheroots, the producers provided tobacco mixture baskets to the rollers. Usually, each basket contains a mixture of coarsely grounded processed tobacco, dried tobacco leave-stalks (*hsey yoe*), wooden chips and other combustible materials, and other flavours and additives, cheroot wrappers (dried *thanaphet* leaves), labels, packaging (plastic wrappers) and other packing materials. The cheroot rollers/wrappers are manual labourers, self-employed, and usually village women who would spend their free time for rolling cheroots. Each roller would wrap the cheroot according to the standard size, prescribed by the producer. They are paid according to the number of rolls (sticks) of cheroots they have completed per day. Each roller will make bundles of rolls of cheroots and send back to the producers, who would resend them to various markets for wholesale distribution. There may be 1-2 rollers existed per each rural house and 10-20

households being assigned by the Cheroot Industry Owners in each village. Each family may earn around MMK 20-30,000.- per month on average.

Some home-made cheroots may have been wrapped with dried corn-leaves or coconut-tree leaves, or even with old newspaper sheets. Cheroots rolled with corn-leaves or coconut-leaves or papers are longer and bigger in size, mostly sold in their own locality.

Since each producers have used different brand names, it is difficult to register them. The cheroot industries are home-based cottage industries, and the business is more of family-based, inherited nature. Majority of cheroot producers are not paying any tax for their businesses for generation. Owners do not want to reveal their production volume, number of workers, their market areas or even income. They also indicated that they have paid for medical expenses of their workers and observed no incidents of any occupational hazards. In addition, although cheroots are taxable item under the Special Good Tax Law, successive Union Tax Laws since 2016 have made exemption for those cheroot industries whose annual production is worth not more than MMK 200 lakhs.

Smokeless tobacco production

Prevalence on the use of smokeless tobacco (SLT) in Myanmar is the highest among ASEAN countries, and there is a high incidence of oral and oropharygeal cancers. The most common SLT product is raw or cured tobacco. Chewing *betel quid* by people is accepted traditional practice, without knowing that it would cause cancer of mouth, larynx and liver. [13] A variety of SLT products are used as the main condiments of *betel quid*, such as dried raw tobacco leaves (yellow tobacco or *hsey wah*), cured or roasted tobacco leaves (dark tobacco or *hsey me'*), tobacco leaves soaked in water, alcohol, lime juices and honey or kept fermentation for some period (tobacco water with multiple compounds or *hnut hsey* or *hsey paung*), scented tobacco drenched with honey, water, lemon juice and other ingredients (black tobacco water or *hsey paung yay*), and other tobacco mixture added with varieties of fragrances (scented tobacco or *hsey hmway*). Some popular *hsey hmway* products are imported from neighbouring countries, but nowadays, being produced locally as imitated products.

A few cheroot industries in Myingyan have been producing varieties of SLT products, such as dried raw tobacco leaves (yellow tobacco or *hsey wah*), cured or roasted tobacco leaves (dark tobacco or *hsey me'*), tobacco leaves soaked in water, alcohol, lime juices and honey or kept for fermentation for some period (tobacco water with multiple compounds or *hnut hsey* or *hsey paung*), scented tobacco drenched with honey, water, lemon juice and other ingredients (black tobacco water or *hsey paung yay*), and other tobacco mixture added with varieties of fragrances (scented tobacco or *hsey hmway*). Some brands of the SLT products available in the market showed the name and place of original producers, while majority of them mentioned only the products.

Data on chemical analysis of the contents of SLT products in Myanmar has not been available. In addition to the tobacco as main content which is major toxic ingredient,

what are other chemicals contained in all SLT products in Myanmar is unknown. Although WHO FCTC Articles 9 and 10 have called for regulation of the contents and disclosures of tobacco products, the average implementation rate of Article 9 in all Parties was around 50 per cent and that comprised mostly for smoking.[14]

Cigarettes

Local production of cigarettes started in mid-1960s with two state-owned cigarette factories (one each in Yangon and Pakokku) which produced around 2-3 billion sticks annually till early 2000. Majority of foreign brands like *555, Marlboro, Benson and Hedges, Mild Seven, London,* etc., are available in the market in those days through illicit trade or duty-free imports. After economic liberalization policy launched by mid-1990, more than a dozen cigarette factories have been established by joint ventures with foreign multinational tobacco companies at various locations in Myanmar.

British American Tobacco (BAT) initially made a joint venture with Myanmar Economic Cooperation (MEC) and established Rothmans of Pall Mall Myanmar Ltd., in 1995, to produce *London* and other brands including *Red Ruby*. Virginia Tobacco Co. Ltd., a joint venture subsidy of Myanmar Economic Holding Ltd. (MEHL) and Rothmans of Pall Mall Myanmar Pte Ltd had established its factory in Industrial Estate, Mingaladon, in suburb of Yangon, and continued to produce *Red Ruby* and 2 other brands - *Premium Gold and Super 5* (mid-price range). In 2013, BAT came back in Myanmar to have a joint venture with IMU Enterprises Ltd, a unit of *Sein Wut Hmon Group.* This joint venture investment has the production facility in the *Shwe Than Lwin Industrial Zone* in Hlaing Tharya Township, Yangon, and producing major international brands like *London, Lucky Strike*, and *State Express 555* with several flavours, and a low-price brand like *Richland*.

Japan Tobacco International (JTI) Company, having a joint venture with Focus Star Co. Ltd. and forming as "Myanmar Japan Tobacco Co. Ltd" in 2012, has its production facility in the industrial zone at Mingaladon, Yangon. JTI produces major international brands like *Mevius, Winston and Camel*, with various flavours.

Since 2012, Hongyun Honghe Tobacco (Group) Co. Ltd. (one of the China's largest tobacco manufacturing enterprises based in Kunming, Yunnan) signed a joint venture agreement to operate the Muse Universal Cigarette Factory (later known as Global Cigarette Factory) at Muse Town in north-eastern Shan State, Myanmar, bordering with Yunnan Province, China, to produce around 6 billion sticks of cigarettes with major high price brands like *Yun Yan, Hongtashan, and Honghe, and Xing Xing,* mid-priced brand like *Yuxi,* and low-priced brand like *Win*, and also export them to China over the years.

Myawaddy and Golden Hill (M&GH) International Company with its factory in Mae-ze-gon Street, Hlaing township, Yangon, established in 2009, is producing low-priced cigarette brands like *Red and Blue, Villa and Karaweik*. Another company, Blue Diamond Manufacturing and Distributing Company Ltd. (subsidy of Htoo Group of companies), situated at No(4), Ngwe Pyithar Yeikthar, Thu Mingalar Road, Mayangone,

Yangon, is producing low- and mid-priced brands of *Blue Diamond, Flavour, Inn-lay, Perfact, and MG (Myanmar Gold).*

Myanmar Muse Kokang (MMK) factory at Muse, Northern Shan State, is producing more than 16 brands of low-priced cigarettes, such as *Duya, Kabaung, GEM, 99 International, Golden Elephant, Boss, Lincoln, Hummer, EURO, Marcopolo*, *Golden Myanmar, Red Bull,* etc. Khine Khant Hein Co in Pakokku, Magway Region and Myanmar Kokang Cigarette Factory in Lauk-kai, Northern Shan State are producing *Kabaung* brand, which is more popular in China. Golden Oriental Leaf Factory in Mandalay City is producing low- and mid-priced cigarette brands like *Duya, Mount Popa, V-Mild, and V-Valiant*. Another factory in Mandalay, known as Yong Fong Cigarette Factory, is producing low-priced *Mandalay and Innlay* brands. Myanmar Pi Oh Ni Co. Ltd in Lashio, Northern Shan State, produced low-priced brands like *3G, Classy and Manton*.

According to the global study on Myanmar in 2017, *Red Ruby*, a product of Rothmans of Pall Mall Myanmar, is the most sold brand by volume (around 40%). It is followed by *London and Lucky Strike* (by BAT), and *Mevius and Winston* (by JTI).[15] All major foreign brands produced locally have the cost around MMK 1,500-4,500/- (around 1-3 USD) per pack of 20 sticks. The average cost of cigarette pack of high- and low price series would range from around MMK 300-400/- (less than US30 cents) per pack for low-end brands like *Karaweik or Villa*, to MMK 3,000-4,500/- (USD 2-3) per pack for high-end illegally imported brands (*Malboro or Dunhill or Kent*).

Raw and processed tobacco and other necessary materials for cigarette production are imported since early 1990s. Importation of raw tobacco has increased three folds in recent years.[16] Locally produced Myanmar tobacco has been used for production of cheroots, cigars and smokeless tobacco products. Since cigarettes are available abundantly and cheaply from late 1990s, the pattern of tobacco use has changed to more use of cigarettes in place of cheroots.

Discussions

The industries for production, processing, sale and distribution of tobacco are the agricultural based local businesses and they have been doing these businesses for generation. Two main types of tobacco - Virginia tobacco (*Nicotiana tabacum*) and Myanmar tobacco (*Nicotiana rustica*), are sown in around 0.2% of the net area sown in Myanmar. While tobacco is grown in almost all States and Regions, the two regions - Mandalay and Magway in central Myanmar, are known to be largest tobacco growers/ producers. Combined with Sagaing Region, the tobacco produced in three regions where 2 rivers – Ayeyarwady and Chindwin meet in central Myanmar, comprised the 2/3rd of whole of Myanmar production. Sown acreage for tobacco and how many tons being produced per acre or per specific townships may have been fully recorded by the Agricultural Ministry and local administration, but there is no formal published

document showing how much taxation being collected from Myanmar tobacco or Virginia tobacco.

Although tobacco grown acreages and the production yields per year had been declining over the years, there is not much data on how much of alternative crops are being replaced.

Cheroot industries are usually family-based businesses, and production units are scattered in villages. Most of the products are also sold at specific localities. Another issue is that there is no standard pack for cheroots. Cheroots may be singly wrapped with plastic or transparent paper cover, printed with product name and/or company name. Some packs may have pictorial health warnings and tax stamps. Cheroots are usually sold in the retail market with a pack of 5 or 10 or 12 or 25 or 50, and even 100 pieces per pack. The pack may have covered with plastic or rubber ring or cotton strings. Due to this different sizes of the packs for cheroots, tax stamps have to be made for different package sizes, i.e. 10, 25 or 50.

No further update on the prevalence of use of cheroot smoking was available after 2014 survey. Based on the production data available to date, there is the possibility that people who are smoking cheroots may have been reduced since cigarettes are cheaply available abundantly.

Taxation on cheroots had been introduced for decades and the taxation on tobacco (raw or cured), cigarettes, cheroots and other tobacco products since 1976 till 2015 is shown in the Table 1.

Table 1: Commercial Tax* on Tobacco Products, from 1976 to 2015

No	Tobacco Products	1976-1990	1990-1991	1991-2009	2009-2012	2012-2014	2015
1	Virginia Tobacco Cured	--	--	--	25	50	60
2	Raw Tobacco	--	--	--	25	50	60
3	Cigarettes	125	125	75	75	100	120
4	Cheroots	30	10	10	10	50	60
5	Cigars, pipes, all sorts	30	20	20	20	50	60
6	Piped tobacco	60	20	25	25	50	60
7	Tobacco for Betel chewing	60	30	25	25	50	60

Note: *Commercial Tax as Percentage of factory sale price value or CIF for imports
Source: Internal Revenue Department, Ministry of Finance (2017)

The Cheroot manufacturers and distributors Association are arguing that tax on their products has reduced the demand. They had successively lobbied the reduction of Special Goods Tax on cheroots.[17] According to the tax collection data shown below, taxation from cheroots and tobacco products are negligible comparing to that on cigarettes.

Table 2. Tax Collection on the Producer of Cigarette, Cheroot and Tobacco 2013-2014 to 2016-2017 Fiscal Years (MMKs in Millions)

	Types of Tax	Types of Goods	2013-2014 Fiscal Year	2014-2015 Fiscal Year	2015-2016 Fiscal Year	2016-2017 Fiscal Year (Until July)
A	Commercial Tax	Cigarette	6594.355	8184.899	15572.387	81.850
		Cheroot	77.540	76.355	77.779	19.295
		Tobacco	0.357	0.429		
Total			6672.252	8261.683	15650.166	101.145
B	Income Tax	Cigarette	177.616	307.215	429.462	7.937
		Cheroot	32.71	35.616	34.260	1.224
		Tobacco	1.728	0.842	0.063	
Total			212.054	343.673	463.785	9.161
C	Specific Goods Tax	Cigarette				22117.348
		Cheroot				
		Tobacco				26.136
Total			0.000	0.000	0.000	22134.483
Sum of Tax			6884.306	8605.356	16113.951	22253.79

Source: IRD/Myanmar

WHO FCTC Article 6 calls for raising taxation on tobacco products, so as to contribute to the health objectives aimed at reducing tobacco consumption. Latest Union Tax Law for 2020 proposed that there should be ONE MMK for each stick of cheroot, whereas the minimum tax for a cigarette stick should be TEN MMK. Today in the retail market, people could buy 3-4 sticks cheroots for 100 MMK. The tax for cheroot is 10 times less than cigarette. Therefore, it is rational to raise tax for cheroot, equivalent to the basic level for lowest segment of cigarette.

Successive Union Tax Laws since 2017 has exempted on imposing SGT to those cheroot industries whose annual production is worth less than 200 lakhs MMK. This is against the principle laid down in WHO FCTC Article 5.3, which calls for the Government to avoid giving incentives, privileges or benefits to the tobacco industry to establish or run their business, and also not to provide any preferential tax exemption to the tobacco industry.

Tax collection and administration for cheroot, raw tobacco, and other tobacco products may be another challenge, since the industries are more of family businesses and scattered in nature. However, the economy is not small. Tobacco growers produce around 30,000 metric tons per year with an annual profit of MMK 1000 billion. Since the estimated production of cheroots is around 2 billion sticks a year, it could be estimated that the cheroot business is also worth around MMK 60-100 billion. Similarly, there is an estimation of 12 million users of betel quid (*kun-yar*) on a single day, and each betel quid user spent around MMK 1000.- per day, the betel quid with SLT market is also worth around MMK 12 billion.

One estimate by WHO FCTC Secretariat showed that Myanmar citizens spent MMK 227 billion in out-of-pocket expenditures due to smoking annually. Every year, total estimated cost of tobacco use in Myanmar is around MMK 2.62 trillion, which is equivalent to 3.3 per cent of Myanmar's GDP that year in 2016. [18]

Several studies in Myanmar during previous decades showed that poor families would benefit greatly if they shifted their tobacco expenditure to essential food and clothing. Less household spending on tobacco products and tobacco-related attributable diseases can unlock resources for the poor to potentially invest in nutritional food, children's education, better housing and other productive purchases for the household.[19]

WHO FCTC Article 17 stipulates that the parties in cooperation with each other and with competent international and regional intergovernmental organizations, promote, as appropriate, economically viable alternatives for tobacco workers, growers and, as the case may be, individual sellers. Generally, the numbers of farmers employed in tobacco cultivation in ASEAN countries is small compared to overall national employment, contributing less than 1% of total employment in all the Tobacco producing countries.[20]

In Indonesia, Malaysia and Thailand, kenaf (*Hibiscus cannabinus L*) has been used as alternative crops for tobacco. This plant may not have been known by most people but is used to produce many types of eco-friendly materials. From paper to furniture and from biofuel to textiles, kenaf has been grown for over 3,000 years and can be harvested in just four to five months, alleviating the shortage of forest based raw materials and countering deforestation.[21] In ASEAN, the Malaysian government has actively implemented crop substitution since 2004, with kenaf being promoted as substitution for tobacco. Tobacco farmers from Cambodia, Indonesia and Philippines are progressively switching to more profitable alternative crops including rice, corn, sweet potatoes, bitter gourd, chili, eggplant, soy bean, as well as other vegetables and also change of livelihoods. Myanmar should have a comprehensive policy on alternative crops.

Conclusion

A case study on tobacco cultivation and cheroot industry has highlighted:

(a) Tobacco is one of the agriculture products that has some impact on the people who are involved in the production, processing and distribution. Although it does not have any major impact for crop replacement since major area covered for its production is around 0.2% of total agricultural land area. There is a need to look into this matter. Since some ASEAN countries have already considered alternative crop substitution arrangements to replace tobacco growing, Myanmar should consider a Multi-sectoral policy and plan of actions.
(b) Tobacco for producing cigarettes or cigars is usually imported from neighbours and other countries in Asia. Local tobacco is mainly used for producing cheroots and smokeless tobacco.

(c) Cheroot producers are small and medium scale local businesses, producing products salable to local markets. The work has been established as family business for generation.
(d) Myanmar citizens spent MMK 227 billion in out-of-pocket expenditures due to smoking annually. Every year, total estimated cost of tobacco use in Myanmar is around MMK 2.62 trillion. Poor families would benefit greatly if they shifted their tobacco expenditure to essential food and clothing. Less household spending on tobacco products and tobacco-related attributable diseases can unlock resources for the poor to potentially invest in nutritional food, children's education, better housing and other productive purchases for the household.
(e) Cheroot businesses are worth around MMK 60-100 billion annually and smokeless tobacco market (betel quid) is also worth around MMK 12 billion daily. People has to realize that tobacco use caused around 65,000 deaths, 56% of which occurred among citizens under the age 70. In addition, smoking generated MMK 307.4 billion in direct health care expenditures. Thus, the economic gain does not cover the health expenditure alone.
(f) Raising taxation on cheroots, tobacco (both Myanmar and Virginia), and other tobacco products should be seriously considered, as per guidance of WHO FCTC. Various economic models and experience from other ASEAN countries showed that raising tax on tobacco products would definitely increase national revenue as well as making the decline of smoking prevalence, especially among poor.

Recommendations

1) There is an urgent need to update the national prevalence on cheroots smoking, and use of chewing SLT products.
2) Government should consider to launch a larger scale of economic and social study on tobacco cultivation and cheroot industry, for establishment of a Multi-sectoral policy and plan of actions.
3) Ministry of Health and Sports needs to develop national policy to promote, as appropriate, economically viable alternatives for tobacco workers, growers and, as the case may be, individual sellers, as stipulated per WHO FCTC Article 17.
4) There is a need to carry out an in-depth study on industries related to smokeless tobacco products.
5) General Public has to be informed about the importance of raising tax on tobacco.

Acknowledgement

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Conflict of Interest: None

Photo 1: Plantation of tobacco seedlings on prepared land

Photo 2: Beating stems of tobacco leaves, at half-dried stage of tobacco leaves

Photo 3: Dried Tobacco leaves packed and stored in storage bins/baskets (*poh*), weighing around 50 viss.

Photo 4: Storage baskets (*poh*) in a house

Photo 5: Basic materials for rolling cheroots in a tray (a mixture of processed tobacco, dried tobacco leave-stalks, wooden chips and other combustible materials, added with flavours and additives, ready-made cut filters made with rolled corn leaves, thanatphet leaves, labels, and rolling equipment).

Photo 6: Finished product – Cheroots (unpack and in packages)

Photo 7: Cheroots in 50 pieces package (without pictorial health warning)

Photo 8: Cheroots in 50 pieces package (with and without pictorial health warning)

Photo 9: Smokeless Tobacco (Shredded Cured Tobacco)

Photo 10: Smokeless Tobacco (processed tobacco) in tin and Cigarette Pack

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