Market-Oriented Transformation of Tobacco Sector in Turkey

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Abstract

The tobacco sector in Turkey has passed through a market-oriented transformation together with the neo-liberal policies since 1980. Within this period, as an input of cigarette manufacturing, the state control over the conditions of tobacco production and cigarette manufacturing and distribution has been gradually deactivated and left to the decisions of transnational tobacco companies. The restructuring of tobacco sector as a new area of valorization for capital has led to an increase in cigarette consumption. On the other hand, demand-side policies to reduce cigarette consumption that have been implemented since the mid-1990s have been doomed to have a much weaker effect, in an environment of increasing manufacturing and trade. As the case of Turkey illustrates, a real struggle against cigarette consumption has to target manufacturing and thus, the tobacco industry itself. From a public health-perspective, this fact indicates the necessity of establishing public control over manufacturing and trade of tobacco products.

KEY WORDS: Tobacco, tobacco industry, Turkey, tobacco control policies

INTRODUCTION

The journey of tobacco plant beginning from the field ending up in addicts has some stages: the journey begins with the cultivation and harvest of tobacco plant; thereafter, in large industrial facilities, tobacco is converted into tobacco products, which are industrial commodities; and finally, tobacco products arrive to the last point, i.e. the consumer, via sales channels. In the capitalist mode of production, what differentiates tobacco products from other commodities that are produced for sale but not to directly meet the needs is that tobacco products trap the consumer into addiction. That is because consumers start to use tobacco products when they are not yet completely aware of the health risks associated with tobacco, and the addicts could perceive fatal effects after a long time and usually when it is too late. From this point of view, the political economy of tobacco is of critical importance since tobacco is directly involved with a person’s right to live. This fact brings forward the importance of the actors that influence the circumstances of the journey of tobacco plant. These actors are farmers-villagers, tobacco trading companies, tobacco manufacturers, retailers, governments, international institutions, consumers, and non-governmental organizations. Thereby, an evaluation of the journey of tobacco plant also has to face with these actors. Figure 1 illustrates the stages in capital accumulation process in tobacco industry. Accordingly, tobacco manufacturers use money capital to obtain means of production from input companies and to employ labour power, and the commodities manufactured by using variable and fixed capital in production process, are put into circulation through the retailers. Thus, extended reproduction of capital accumulation in tobacco sector requires a parallel increase in the consumption of tobacco products. Such a point that expanded production and trade needs an increase in consumption shows why it is not adequate to restrict tobacco consumption via the policies aiming at only the control of demand.

As will be discussed below, after the 1980s, production and trading of tobacco and tobacco products have been left to valorization of capital and this transformation has brought along enhanced commodification of labour power and inputs. With regard to the above-mentioned transformation, 1984 indicates a critical breaking point for tobacco sector in Turkey. Until that year, cultivation and trading of tobacco as well as manufacturing and trading of tobacco products were kept under the state control by means of farming subsidies, incentive and trade policies performed by the state monopoly TEKEL. After 1984, commodification of the sector was witnessed in all stages from tobacco cultivation and trading to the manufacturing and trading of tobacco products. In this process Turkey went through a period in which the state monopoly and farming subsidies were abolished; tobacco production was reduced while import was increased; and transnational tobacco companies shared the market. This study explores the aforementioned market-
FROM THE FARMER TO TOBACCO INDUSTRY:
TRANSFORMATION IN CULTIVATION AND TRADE OF TOBACCO

Tobacco and tobacco products are two sectors, one within the other. Transformation in tobacco, as a main input of tobacco industry, could be understood only when the needs of this industry are taken into consideration. Tobacco production and the future of the farmers in Turkey have been re-designed in line with the needs of tobacco industry through the restructuring in the 2000s. Owing to this transformation, tobacco cultivation has shrunk in linkage with the geographical shift in tobacco production in the global scale and tobacco input has become available at lower costs to the cigarette companies in Turkey.

Two essential intertwined processes underlie the change in tobacco in Turkey: the first is the rising penetration of transnational tobacco companies into the Turkish cigarette market via first trading and then direct production. The second is a set of legal and institutional changes that has been performed under the supervisions of the IMF and WB in the 2000s, paving the way for this process. Aforementioned processes that were unveiled in Turkey have been observed also in many other regions of the world. As discussed below, cigarette companies have embarked on a search for new markets to compensate for their shrinking markets in developed countries and to grow further. In this period, cigarette companies succeeded to penetrate into the national markets, which had been impenetrable for foreign cigarette brands and manufacturers, as the consequence of their lobbying the governments of developed countries and international organizations such as the IMF, WB and WTO. Turkey as well has been one of the aforementioned countries. As will be discussed in the following sections, Turkey has been consolidated as a profitable market for transnational companies via the gradual liberalization of the tobacco market. The penetration of transnational tobacco companies into the Turkish market and enhancement of their market shares since 1986 have led to a comprehensive transformation in tobacco cultivation, in line with the specific needs of these companies for tobacco input. New regulations that were put into practice for this transformation in the 2000s under the supervisions of IMF and WB have enabled tobacco production and pricing conditions to be formed according to the interests of transnational tobacco companies.

As an important breaking point in this transformation, support purchases for tobacco were virtually ended in 2002 by the Law No. 4733 on the Organization and Duties of Tobacco and Alcohol Market Regulatory Authority. In general, regulations concerning tobacco market and privatization of TEKEL as well as agricultural support policies were among the commitments given to the IMF and WB after 1998 and the tobacco sector reform was included in ‘Strengthening the Turkish Economy- Turkey’s Transition Program’, which was put into practice under the auspices of the IMF following the 2001 financial crisis. Article 51 of the program expresses that support purchases for tobacco by TEKEL would be finalized, the preconditions for its privatization would be prepared and the sector would be left to the regulation of the Tobacco and Alcohol Market Regulatory Authority.

The study firstly focuses on the cultivation and trade of tobacco and evaluates the transformation of the stage from the cultivation to the sales of tobacco to cigarette companies in Turkey in association with the transformation in tobacco industry. In the subsequent two sections, global trends in cigarette manufacturing and consumption are pointed out, and the reflections of the drivers of global change on the Turkish tobacco market in the process of liberalization and international expansion of the sector are tracked step by step. Finally, government policies regarding cigarette consumption are evaluated and recommendations are made on future policies for an effective tobacco control.

![Figure 1. Capital accumulation process in tobacco sector](image-url)
transformation in the agricultural support system in Turkey. In the 2000s, this situation was intended to be ended with the increase in tobacco cultivation since income support could be obtained even if they did not cultivate tobacco. Sharecrop farmers/sharecroppers, who are not landowners and usually cultivate the lands of others in the Eastern and South-Eastern Anatolian regions, have suffered most in that period and they have become agricultural workers that seasonably travel among various regions of the country [2].

In addition to the direct income support, the most important change that the Law No. 4733 brought along in 2002 is the contracted farming, which “leaves the producer to the mercy of the buyer” and is based upon a personal contract between the buyer and the farmer [3]. Although this model is based upon the determination of tobacco prices according to the bargaining between the farmer and the trader, the farmers could not have the power to comment. According to Bor [4], control of tobacco production passes to buyer companies and those who continue to cultivate tobacco lose their decisive influence on the inputs, quality of production, price and amount of production, along with the shift of tobacco production to contracted farming, which is a kind of industrial production. Furthermore, although the Law allows sales of agricultural surplus by auction in sales centres, this method was of no use in practice. In conclusion, as it will be discussed below, conditions and pricing of tobacco production in Turkey started to be dictated to the tobacco farmers by transnational tobacco companies via tobacco trading companies.

Justifications stated for the changes in the tobacco support system were agricultural surplus and its burden on the state budget [5]. However, as the consequence of the implemented policies, while tobacco production has decreased on the one hand, tobacco import increased on the other hand. In Turkey, family cultivation, Oriental type tobacco cultivation, which provided subsistence for 406,000 farmers and their families in 2002, has now lost this characteristic. As will be seen in Table 1 below, the number of tobacco farmers and the amount of tobacco produced shrank in the 2000s.

Along with the transformation in tobacco, transnational tobacco companies established hegemony over the terms of production and pricing. It is possible to observe this situation in the decreases in tobacco cultivation and prices. The national tobacco prices were higher than the world’s average before the transformation. According to the Food and Agriculture Organization of the United Nations (FAO) [6], although the real prices of tobacco in the world have displayed a downward trend since the 1970s, tobacco producers in Turkey could sell their products at a 25%-higher price than the world prices in 1999 thanks to price supports. In the 2000s, this situation was intended to be ended with the transformation in the agricultural support system in Turkey. In fact, the rate of increase in producer tobacco prices has become much lower than the rate of increase in input prices so that farmers’ real incomes have persistently decreased [5].

As a result, whilst transnational tobacco companies have the opportunity to obtain tobacco input cheaper, tobacco farmers have become poorer.

Tobacco’s losing its characteristic of being a source of subsistence has paved the way for tobacco farmers’ exclusions from this area to become proletarians. The number of tobacco producers rapidly decreased in the Aegean, Black Sea and Marmara regions, as young farmers did not want to cultivate tobacco, which produces a low income in comparison to the intensive labour spent, and people over the 40 years of age were alienated from tobacco cultivation [5]. On the other hand, whilst the tobacco produced in the Aegean region had been demanded by also transnational tobacco companies before support purchases were abolished, tobacco produced in the Eastern and South-eastern regions had not been demanded by tobacco industry and these tobaccos were bought by TEKEL. Along with the TEKEL’s withdrawal from tobacco purchases on behalf of the state and its subsequent privatization, there has been a limited demand in the domestic market for the tobacco produced in the Eastern and South-eastern regions. In addition to the privatization of TEKEL, the presence of other countries that produce the same kind of tobacco with the Eastern and South-eastern regions, but at much lower prices, the farmers in these regions have become the population that were particularly hit hard [7].

Some measures were taken to direct the producers towards alternative crops and sectors against the negative effects of the abolition of support purchases in tobacco. In the period between 2002 and 2007, indeed the government supported the efforts to direct tobacco farmers to alternative crops particularly in the two aforementioned regions characterized by low income levels. However, the facts that the fields allocated for tobacco cultivation are small and arid and the income from the new crops is less than the income obtained with tobacco cultivation have created problems [8]. After TEKEL stopped buying tobacco in these regions together with its privatization in 2008, support payments were made per

<table>
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<th>Product year</th>
<th>Number of producers (000)</th>
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<tr>
<td>2002</td>
<td>406</td>
<td>160</td>
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<td>2011</td>
<td>51</td>
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Data source: Seydioğulları M. Evaluation on tobacco production and policies alternative to tobacco in Turkey. 2012
In conclusion, the Turkish cigarette market has turned to be one in which the sales of American blend cigarettes account for 85%. In these cigarettes, Virginia tobacco is used at the highest ratio, followed by Burley tobacco and, the lesser, Oriental tobacco. In time, the decrease in the demand for cigarettes made fully from Oriental tobacco and the shift to cheapened American blend cigarettes have enhanced the imports of Virginia and Burley tobaccos used in these cigarettes. However, despite the increasing demand by tobacco companies, foreign-origin tobacco produced in Turkey in 2010 crop year accounted for only 3.51% of the total production. Within this period, imports of both Virginia and Burley tobaccos and Oriental tobacco, which was an important export product once upon a time in Turkey, were increased. In 2011, 66,308 tons of tobacco were imported and used in the cigarette blends. Thus, the ratio of imported tobacco in cigarette blends increased from 51.74% in 2004 to 80.96% in 2011. At this point, the following question needs to be answered: why the productions of Virginia and Burley tobaccos used in American blend cigarettes could not be increased while the demand for and production of Oriental tobacco was decreasing? Kayaalp [2] states that intended production increase could not be achieved due to unfavorable climate conditions despite the efforts made to enhance the production of Virginia and Burley tobaccos in Turkey. However, there is indeed a more fundamental reason for the low domestic production of Virginia and Burley tobacco: while it is possible to import tobacco in low prices from world markets, independent from the type of tobacco cultivated, tobacco cultivation is in general no longer attractive in Turkey. Figure 2 below illustrates the trends in tobacco production and export as well as the uses of imported and local tobacco between 2003 and 2012 in the country.

In Turkey, for the manufacturing of American blend cigarettes that started in 1988, the import of foreign tobacco began with 610 tons and reached to 80,000 tons in 2008. The tobacco import decreased to 66,000 tons between 2009 and 2011 in line with the contraction in cigarette consumption. In this period:

Turkey, in which tobacco production and import became equal in 2009, has turned to be a country in which its import is more than its production and a “net importer” paying more for tobacco import than its export revenues.

![Figure 2. Production, export and use of imported and domestic tobacco in Turkey (tons), 2003-2012](image)

Data Source: TAPDK
That is because of the privatization of the cigarette unit of TEKEL, withdrawal of TEKEL from the tobacco market, removal of the Tobacco Fund and decrease in the use of domestic tobacco in cigarette blends [9].

Moreover, the data of 2012 indicates a jump in tobacco import which increased to more than 80,000 tons again, besides a rise in cigarette consumption once more, as discussed in Section 4. As the consequence, as illustrated in Figure 2, tobacco export in the country has been decreasing in line with the shrinkage in production. On the contrary, imported tobacco use maintains its upward trend. Thus, whilst tobacco import increases and production shrinks on one hand, the use of domestic tobacco in cigarette manufacturing decreases every passing year.

Both the trends in tobacco prices as well as the data on tobacco production and trade indicate that cultivation and trade of tobacco in Turkey have been re-designed according to the needs of transnational tobacco companies. In the global scale, transnational companies have been increasing tobacco production, shifting it to developing countries (DC) and decreasing the prices by influencing tobacco cultivation policies. In such an environment, tobacco input that is used by tobacco industry was inevitably going to be provided under the global market conditions in Turkey. However, it is seen that the report of SC, which draws attention to the rising dependency on foreign tobacco, attributes the problems encountered in tobacco production and export to the internal dynamics in the country such as poor technology and concludes that this could be changed with accurate policies:

While Turkey, which is the leading Oriental tobacco producer and exporter in the world has been experiencing a number of problems in the production and export of Oriental tobacco in the recent years due to incorrect policies, poor technology and inadequate research and development activities. Moreover, it has become one of the biggest importer countries since the production of foreign-origin tobacco could not be increased [5].

Well then, “why” have incorrect policies been implemented and Turkey become a “net importer” in tobacco? Can the decrease in tobacco production be considered a situation that must be supported from the perspective of tobacco control? Primarily the following fact must be underlined to answer these questions: the decrease in tobacco production in Turkey has not been implemented as a component of tobacco control policies. The facts that tobacco import increased while domestic production decreased and the compositions of production and import were influenced by the needs of transnational tobacco companies support this claim. Therefore, towards the ultimate goal of complete eradication of tobacco consumption, as a compound included in the article No. 17 of the Framework Convention on Tobacco Control (FCTC), the orientation of tobacco farmers to alternative crops and sectors can be considered as a righteous policy. However, the way of the transformation of the tobacco market implemented in Turkey has met the needs of tobacco industry instead of tobacco control. Whilst tobacco industry enhances cigarette consumption, by using imported tobacco instead of domestic tobacco, local tobacco farmers and new cigarette addicts have been the ones who were damaged in this period.

When transformation in tobacco production is linked to the needs of transnational tobacco companies, it is seen that the decrease in tobacco production in Turkey can be explained within the context of the shift in global tobacco production. Tobacco companies use the DCs not only to expand market but also to obtain cheap tobacco [12]. While tobacco production has been maintaining its downward trend in the developed countries since the 1970s, it continues to increase in the DCs [6]. Tobacco industry, which encountered regulations aiming to restrict consumption within the frame of tobacco control policies, makes efforts to further lower the costs and turns its face to the countries from which it could obtain cheaper tobacco input. Whilst manufacturing and consumption of tobacco products are replaced in global scale, as will be seen in Section 3, tobacco cultivation has been shifted to poor countries, Africa being in the first place. This cultivation, which is under the control of cigarette companies, is made with reduced costs via an intensive use of labour, mainly child-labour, as in the South African country, Malawi. In addition, while transnational tobacco companies are turning towards obtaining cheaper tobacco from the DCs, tobacco producers in the developed countries that have been forced to sell tobacco in lower prices enhance labour exploitation as in the USA, in which unregistered immigrant workers from Mexico and the Central-America are made to work in tobacco farms under poor conditions [13]. Within this period, production of Oriental tobacco in China and India with lower costs made Turkey loses export markets to these countries and thus this factor also contributed to the decrease in tobacco production [14]. Therefore, decreases in production and export of tobacco in Turkey are structurally related to the producers’ leaving cultivation under the conditions of reduced prices. Within this context, according to the latest data from Turkey, despite the opportunity of obtaining tobacco input from world markets, the continuous existence of about 60 thousands of tobacco producers might be preferred by the industry for the stability of supply. However, at this point, two latent aims of the industry must be also pointed out: the first is the industry’s desire to use tobacco producers as a basis to provide justification for its own existence. While new legal regulations and policies are being developed to control tobacco consumption, tobacco industry introduces itself as a large population-based actor that advances and protects national tobacco production and tries to influence policy making-process in favour of itself. The second aim is associated with the question to where tobacco control would be positioned within the body of the state. With the draft on the amendment of Law No. 4733, which is nowadays on the agenda, an intervention to connect tobacco production to the Ministry of Food, Agriculture and Livestock could be possible only if tobacco production continued in the country. Because, an opposite scenario such as putting the regulation of tobacco market and control under the roof of the Ministry of Health would be an undesirable option for the industry.
Figure 3 illustrates the top 10 countries from which Turkey imported tobacco most frequently and import values in 2011. Brazil, Germany, the Netherlands, the USA, France, China, India, Argentina, Mozambique and Tanzania account for 83% of the total import, with Brazil in the first place accounting for 23% [11].

What does Figure 3 tell us? In Turkey, the distribution of tobacco import among countries of origin demonstrates that the trade has been among the subsidiaries of transnational tobacco companies. In other words, tobacco trade that appears to be the exports and imports of national countries is actually an intra-firm trade within the industry. Germany, the Netherlands and France, from which Turkey imports tobacco, are indeed not tobacco producers. Tobacco that has been produced for the global market is being transferred to the specialized firms of transnational tobacco companies in Turkey from their affiliated companies in the aforementioned countries. Since overall tobacco production in Mozambique and Tanzania is performed under the organization of British American Tobacco (BAT), tobacco import as well takes place in the form of transfer purchases and sales between the company of BAT in Turkey and its companies in Mozambique and Tanzania.

In brief, since reducing the costs is the decisive factor for tobacco industry, national tobacco support policies are needed to be transformed in a way to allow the procurement of tobacco input with the lowest price. Removing support purchases in tobacco and leaving the farmers’ fate to the market permitted transnational tobacco companies to establish an increased control on tobacco production. The Law No. 4733 brings certain conditions for being a tobacco manufacturer while giving the permission for tobacco import to tobacco manufacturers, limited by their production needs. Accordingly, a production capacity of 2 million cigarettes in a single shift and not less than 15 tons of other tobacco products is required. According to the Law, again, companies manufacturing tobacco products need to be equipped with the latest technology and the companies that fulfill these conditions have the opportunity to freely sell, price, distribute and export their products. As expressed by Islamoglu [3], with all these stipulations in the Law, large-scaled manufacturers are being defined as the main actors in tobacco industry and, moreover, an appropriate environment is built for them to gain such a qualification*. The fact that the greatest tobacco trading companies in Turkey belong to Philip Morris International (PMI), Japan Tobacco International (JTI), BAT, and Imperial indicates that the transnational tobacco companies have become price-makers in tobacco market*. Accordingly, transnational tobacco companies succeeded to subjugate their backward linkages to their goals of profit maximization by taking the farmers under their control. Figure 4 summarizes the transformation in tobacco cultivation in the period following liberalization of tobacco market and the penetration of foreign capital into Turkey.

The Law No. 4733 and transformation in the subsequent period have been largely attributed to the decisiveness of external dynamics [15]. Accordingly, the Turkish government tried to obtain conditional credits from the IMF and WB by implementing legal and institutional changes in tobacco in order to continue to service its external debts. As a consequence, as discussed below, this has also served for the interest of transnational tobacco companies that seek new valorization areas. Today, 90.4% of tobacco manufacturing in Turkey is under the control of foreign capital and, in this respect, it is in the first place within the manufacturing industry [16]. However, there is another dimension of this subject that needs to be highlighted. Market-oriented transformation has not been limited only to tobacco sector in Turkey, but also was applied in many areas such as education, health, energy, etc. In general, in the period after 1980, the public, which reduced the tax burden on private corporations to support capital accumulation, had to take loans in shortage of financial sources while also limiting social welfare expenditures. The removal of support purchases in tobacco is a component of capital accumulation process in the country.

At this point, it is evident that tobacco cultivation needs be discussed within the context of the general transformation of the Turkish agricultural sector. It is seen that support purchases for many crops have been abolished together with neoliberal policies in Turkey. These policies have also meant the elimination of peasantry, capitalization of agriculture and opening it to capital investments in the form of agro-business. Hence, the transformation in tobacco cultivation would
have been targeted even if transnational tobacco companies had not come to the country. Family businesses in tobacco have to be eliminated for such capitalization. The penetration of these few cigarette companies, which keep global tobacco industry under their control, into the Turkish market, has functioned being integral to the transformation intended by state policies.

In the following section, the change process in tobacco industry that is linked to the transformation in tobacco cultivation will be discussed.

COMMODIFICATION OF TOBACCO AND INDUSTRIAL PRODUCTION PROCESS

Of the world’s tobacco industry, 50% is under the control of four companies [17]. Transnational tobacco companies obtain high turnover shares from their sales and production activities outside their homelands and, in addition to their control on prices within the oligopolistic market structure, they achieve high profitability with continuous cost management [18]. In 2010, the total profit of the largest tobacco companies (China National Tobacco Corporation, PMI, JTI, BAT, Imperial Tobacco and Altria/Philip Morris USA) was 35 billion dollars and this profit is equal to the total profit of Coca-Cola, Microsoft and McDonald’s companies [19]. Tobacco companies, of which the majority of shares belong to financial companies, are traded in the stock market and some pension funds generate returns from the stocks of transnational tobacco companies [20]. Moreover, tobacco industry appears as a common area of interest among capitals that show up in many other sectors via intertwined ownership relations and strategic alliances, etc. [21]. Having these characteristics, tobacco industry can interfere with tobacco control policies via a deeper and effective lobbying. As a matter of fact, tobacco industry could continue growing despite the ratification of the FCTC in 2003. Cigarette companies try to increase their market shares not only via penetration into new market segments and acquisitions within the sector, but also new investments in different sectors primarily drug and food. Given the regulatory restrictions, high tobacco taxes and claims for compensation imposed in many countries for tobacco consumption, penetration into new sectors provides a basis for risk distribution and continuation of accumulation for tobacco industry. Whilst the extreme concentration of the sector, in particular, limits the opportunities for new mergers and acquisitions, transnational tobacco companies prefer to start new businesses in addition to expanding their existing markets for growth [22]. As mentioned by Aguinaga Bialous and Peeters [22], efforts made to maintain nicotine addiction with products other than cigarettes particularly because of the regulations aiming to limit cigarette consumption, are of critical importance for the industry. Therefore, cigarette companies penetrate into the areas of non-cigarette nicotine products such as electronic cigarettes and nicotine patches [23].

To take a stand against cigarettes as a commodity that steals human health for profit requires the understanding of the strategies adopted by transnational tobacco companies. Concerning the strategies that made transnational tobacco companies achieve their current power, centralization and concentration tendencies along with increased international trade and investment attract attention. As a reflection of the aforementioned trends, manufacturing and consumption of cigarettes continue to be shifted to the DC (Figure 5). Restriction of growth opportunities of tobacco industry in the advanced capitalist countries in the 1960s underlies the shift in manufacturing and consumption. Increase in worldwide cigarette consumption began to decelerate in that period [21]. Increased awareness of health risks of tobacco use in advanced capitalist countries due to scientific reports, tobacco control policies that were put in practice, and claims for compensation one after another have been effective in the restriction of increased consumption. Again, in that period, the on-going control of national cigarette monopolies in many countries limited international growth opportunities of cigarette companies. Under these circumstances, cigarette manufacturers needed to search for new markets. Especially, the Eastern Europe, Asia-Pacific, Latin America, Arabian countries and Africa have been the regions that came to the fore [24].

The first strategy used to establish new markets has been the increase in international trade of tobacco products. The removal of tariffs, quotas and non-tariff trade barriers via the GATT/WTO regulations, free trade agreements and other regional integrations has served the establishment of a large market for tobacco industry 4. Thus, trade liberalization has meant the transfer of tobacco epidemic to the DCs [25].

Beyond international trading, the shift in the geography of manufacturing has been used for market expansion. As discussed in Section 2, costs have been lowered by moving tobacco production, which is an input for the industry, to the impoverished countries. Besides, cigarette manufacturing has been shifted in the global scale. Since the 1980s, tobacco companies not satisfied with international trade shifted cigarette manufacturing and consumption to low- and middle-income countries. Transnational tobacco companies managed to enter some national markets, which were previously impenetrable for foreign cigarette brands and manufacturers, by lobbying the governments of the developed countries and international organizations such as the IMF, WB and WTO [26]. The entries of these companies to national markets began with the removal of import bans, and were completed with the permission for domestic manufacturing activities of transnational tobacco companies. Thereby,
transnational tobacco companies became directly existed in the market due to manufacturing activities. This helped them to lobby governments/bureaucracy more effectively [25]. As well, these companies could easily enhance their sales revenues by directly existing in market. Moreover, by means of direct investment, transnational tobacco companies not only penetrate into the host market, but also have the opportunity to penetrate into the other markets which have preferential trade agreements with the host country [27].

Another strategy that complements international trade and manufacturing is the consolidation process that took place through global mergers and acquisitions in tobacco industry. Liberalization of tobacco market under the supervision of international institutions in many countries has paved the way for international trade and manufacturing of tobacco products. The liberalization, thus, allowed transnational tobacco companies to be consolidated by purchasing local companies, as well [12]. As will be seen in the Turkish case below, transnational tobacco companies capture the markets that have been previously controlled by state monopolies by purchasing privatized cigarette factories. Today, there are still state monopolies in a limited number of countries such as Egypt, Thailand, Bulgaria, Taiwan and Vietnam. The major mergers and acquisitions in the global tobacco industry are illustrated in Table 2.

The following conclusion could be made based on the assessments above: a set of legal and institutional changes that was put into practice under the supervision of international institutions and transformed the national tobacco markets have enabled the strategies followed by transnational tobacco companies, and thereby provided the required conditions for the global expansions of these companies. This judgment requires the questioning of tobacco control policies that were put into practice against the concurrent increase in the consumption of tobacco products. The approach defended in the report "Curbing the Epidemic" published in 1999 by the WB, which stands against import bans on tobacco products, has been the basis for the FCTC that was ratified under the auspices of the World Health Organization (WHO); the FCTC, accordingly, has determined the policy ground in tobacco control [28]. In a period when searches for how to struggle against tobacco epidemic within the WHO have arisen, the WB and capital in tobacco-related industries become anxious and needed to intervene in the process. The WB stepped in for the process not to deviate from neo-liberal principles and the report of "Curbing the Epidemic" was publicized as the consequence of this effort.

While initial drafts of the FCTC included some supply-side interventions, supply-side policies could not be comprehensively incorporated in the FCTC together with the interventions of the USA, EU and Japan [29]. Moreover, 5 years after the FCTC was signed, the FCTC was further simplified with MPOWER which was put into practice in 2008 with an argument that it would ease the implementation as a brief policy package for the control of tobacco epidemic. Whilst the FCTC mentions also about supply-side measures and is obligatory as a legal document, MPOWER includes only demand-side policies and also approaches to these policies in a narrow sense. Within this framework, the WB recommends policies aiming to influence consumer behaviours (demand-side) such as higher tobacco taxes, advertisement bans, and public education. The Bank, however, opposes to the measures targeting the limitation and prohibition of tobacco trade and manufacturing, except anti-smuggling initiatives. In other words, the WB opposes to the measures that directly target tobacco industry, with the claim that supply-side policies would not be effective or would be of no use. Thus, international institutions, on the one hand, established liberalization and privatization mechanisms required for the global expansions of transnational tobacco companies, but, on the other hand, they advise to fight with the global tobacco epidemic, intensified as a result of the liberalization process, via only consumer-focused measures. It would go against the grain to expect the opposite from the aforementioned international institutions that have actually established the process.

Turkey as well is not isolated from the trends in question observed in global scale. Transnational tobacco companies established their hegemony in the Turkish market by implementing all of the three strategies: increasing international trade, shifting manufacturing and capturing the market shares from the state monopoly.

In the country, tobacco sector started to be opened up to the dominance of transnational tobacco companies since the 1980s. Steps of this process are displayed in Figure 6. The integration process with global accumulation began with the establishment of the first manufacturing company in the cigarette sector other than TEKEL in 1983: The British company Rothmans found a cigarette factory under the name of "Bitlis Integrated Industrial Corporation Ltd. (BEST)" as export-oriented and the first tobacco import was performed for BEST brand cigarettes. Another important step in the integration of national tobacco market with global accumulation was the removal of cigarette import bans in 1984. Accordingly, TEKEL was licensed to import cigarettes. Until that year, TEKEL was the only organization that produced and sold tobacco products. In addition, TEKEL also had the right to import, price, and distribute foreign tobacco products. With the Law 3291 passed in 1986, manufacturing of tobacco products by domestic and foreign capital was enabled by means of establishing a partnership with TEKEL. Before completely taking over BEST later, TEKEL became a partner in the British company Rothmans in 1988 with a share of 25% [28]. Again in 1988, import ban on foreign-origin tobacco was removed.

While the transnational tobacco companies have entered the Turkish market, tobacco control measures were being brought into the agenda. On 9 January 1991, The Law No. 3694 on the Prevention of Hazards of Tobacco and Tobacco Products was accepted in the Grand National Assembly of Turkey (TBMM). However, on 24 January 1991, the then the Head of State Turgut Özal vetoed the bill with the reasoning that advertisement bans conflicted with freedom of trade. And the law draft on tobacco control could not be passed. In the following months, on 3 May 1991, establishment of cigarette factories by foreign manufacturers without partnership of TEKEL was enabled by a cabinet decree, which was fol-
followed by the foundations of cigarette factories one after another. First, on 16 December 1991, the facility of PhilSA (Philip Morris-Sabancı Holding partnership) in Izmir became operational. On 8 October 1993, the factory of RJ Reynolds (JTI) was opened in Izmir. On 9 October 2002, the factory of BAT in İzmir-Tire Organized Industrial Zone became operational. On 6 November 2004, the Turkish-British partnership EUROPEAN introduced the cigarettes it manufactured into the market. In the following months, on 20 April 2005, the factory of IMPERIAL in Manisa Organized Industrial Zone became active. On 17 April 2008, KT&G opened its facility in İzmir.

The permission for building their own marketing and distribution channels as well allowed transnational tobacco companies to strengthen their control on the national market. On 28 May 1993, the cabinet decree authorized the relevant companies and brands to make free sales, pricing and import independent from TEKEL in case their installed capacity in a

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<tr>
<td>Pecsi Dohanygyar (Hungary, 1992)</td>
<td>British American Tobacco</td>
</tr>
<tr>
<td>Mergers and acquisitions in Ukraine, Uzbekistan, Czech Republic, Russia, Romania and Poland (1992)</td>
<td></td>
</tr>
<tr>
<td>American Tobacco Company (1994)</td>
<td></td>
</tr>
<tr>
<td>Cigarrera La Moderna (Mexico, 1998)</td>
<td></td>
</tr>
<tr>
<td>Rothmans (1999)</td>
<td></td>
</tr>
<tr>
<td>Ente Tabacchi Italiani (Italy 2003-4)</td>
<td></td>
</tr>
<tr>
<td>Duvanska Industrija Vranje (Serbia State Tobacco Monopoly 2003)</td>
<td></td>
</tr>
<tr>
<td>Tabacalera Nacional (Peru 2003)</td>
<td></td>
</tr>
<tr>
<td>Cigarette department of Skandinavik Tobak (2008)</td>
<td></td>
</tr>
<tr>
<td>Cigarette department of State Monopoly TEKEL (Turkey, 2008)</td>
<td></td>
</tr>
<tr>
<td>Bentoel (Indonesia, 2009)</td>
<td></td>
</tr>
<tr>
<td>Productora Tabacalera de Colombia, S.A.S. (Protabaco) (Colombia, 2011)</td>
<td></td>
</tr>
<tr>
<td>Tphaccor (Africa, 2001), Reemstmsa (Germany, 2004)</td>
<td></td>
</tr>
<tr>
<td>Commonwealth Brands (USA, 2007)</td>
<td>Imperial Tobacco</td>
</tr>
<tr>
<td>Spanish-Franco Altadis (2007)</td>
<td></td>
</tr>
<tr>
<td>Establishment of JTI via the purchase of the operations of RJ Reynolds outside the USA (1999)</td>
<td></td>
</tr>
<tr>
<td>Ligett Ducat (previously Gallaher, 2000)</td>
<td></td>
</tr>
<tr>
<td>Austria Tabac (previously Gallaher; 2003)</td>
<td>Japan Tobacco</td>
</tr>
<tr>
<td>Gallaher (2007)</td>
<td></td>
</tr>
<tr>
<td>Haggar Cigarette &amp; Tobacco Factory Ltd. (Sudanese, 2011)</td>
<td></td>
</tr>
<tr>
<td>Brown &amp; Williamson (USA, 2004)</td>
<td></td>
</tr>
<tr>
<td>Privatizations in Kazakhstan &amp; Lithuania (1993)</td>
<td>Reynolds American</td>
</tr>
<tr>
<td>Eger Tobacco Factory (Hungary, 1992)</td>
<td></td>
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<tr>
<td>Tabak AS (Czech Republic, 1992)</td>
<td></td>
</tr>
<tr>
<td>Portugal State Monopoly, Tabaqueira (1996)</td>
<td></td>
</tr>
<tr>
<td>Papastratos (Greece, 2003)</td>
<td></td>
</tr>
<tr>
<td>DIN Fabrika Duvana AD Nis (Serbia, 2003)</td>
<td></td>
</tr>
<tr>
<td>PT HM Sampoerna Tbk (Indonesia, 2005)</td>
<td>Philip Morris International</td>
</tr>
<tr>
<td>Coltabaco (Colombia, 2005)</td>
<td></td>
</tr>
<tr>
<td>Sampoerna (Indonesia, 2006)</td>
<td></td>
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<tr>
<td>Separated from Altria: PMI (2008)</td>
<td></td>
</tr>
<tr>
<td>Rothmans, Benson &amp; Hedges (Canada, 2008)</td>
<td></td>
</tr>
<tr>
<td>Lakson (Pakistan, 2008)</td>
<td></td>
</tr>
<tr>
<td>Swedish Match South Africa (pipe and snus) (2009)</td>
<td></td>
</tr>
<tr>
<td>Fortune Tobacco Corporation (Philippines, 2010)</td>
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</tbody>
</table>

single shift exceeded at least 2000 tons/year. On 31 August 1994, PhilSA and RJ Reynolds built distribution companies and began to deliver the cigarettes that they manufactured. Thus, the competitive power of TEKEL, which lost its authorization for pricing, weakened [31].

Table 3 illustrates the numbers of companies and manufacturing facilities as well as the changes in the installed production capacity in the period of 2002-2011. Accordingly, it is seen that the number of facilities and installed capacity have rapidly increased in line with the rising number of companies in the sector and peaked in 2007. However, a decrease in installed capacity is observed in 2008 with the rationalization of BAT that closed down the facilities bought from TEKEL.

In 1992, the market share of PhilSA was 0.7% and the market share of overall imported cigarettes was 12.5%. The market share of TEKEL decreased in a short time when the other cigarette companies became operational in Turkey following PhilSA. Thus, the market share of transnational tobacco companies reached to 70% in 2007 and to 97% in 2010. Figure 7 displays the changes in the market share of the companies in the period of 2001-2010. As is seen, the sector is under the control of a number of transnational companies while EUROPEAN company\(^a\) had a market share of around 3%.

Market-oriented restructuring that started in the 1980s accelerated in the 2000s due to the increased efforts for the privatization of TEKEL [15]. TEKEL was listed in the privatization program with the decree of the Supreme Council of Privatization No. 2001/6 and dated 6 February 2001. Yet, it could be sold to BAT years later in 2008.\(^v\) Concentration in the market increased along with the privatization of TEKEL. Today, only five companies share the whole market. As is seen in Figure 8, whilst the market share of private cigarette companies was 48% in 2003, today it reached to 100% accompanying the market regulations and privatization of TEKEL. In other words, the state monopoly was replaced by an oligopoly, which is under the control of a few transnational companies. Today, market has been extremely concentrated and PhilSA, BAT and JTI control almost 100% of the market.

The justification for the privatization of TEKEL was the claim that private sector would operate in a more competitive envi-

Table 3. Numbers of firms and facilities in cigarette manufacturing and development of the manufacturing capacity, 2002-2011

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of firms</th>
<th>Number of facilities</th>
<th>Theoretical capacity (Sticks cigarette /Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>4</td>
<td>9</td>
<td>121,095,000,000</td>
</tr>
<tr>
<td>2003</td>
<td>4</td>
<td>9</td>
<td>123,481,800,000</td>
</tr>
<tr>
<td>2004</td>
<td>5</td>
<td>10</td>
<td>136,707,480,000</td>
</tr>
<tr>
<td>2005</td>
<td>6</td>
<td>11</td>
<td>142,351,560,000</td>
</tr>
<tr>
<td>2006</td>
<td>7</td>
<td>12</td>
<td>160,673,760,000</td>
</tr>
<tr>
<td>2007</td>
<td>7</td>
<td>12</td>
<td>167,132,160,000</td>
</tr>
<tr>
<td>2008</td>
<td>7</td>
<td>8</td>
<td>125,292,960,000</td>
</tr>
<tr>
<td>2009</td>
<td>8</td>
<td>8</td>
<td>111,365,280,000</td>
</tr>
<tr>
<td>2010</td>
<td>7</td>
<td>7</td>
<td>113,064,120,000</td>
</tr>
<tr>
<td>2011</td>
<td>7</td>
<td>7</td>
<td>113,471,280,000</td>
</tr>
</tbody>
</table>

Data sources: SPO and TAPDK

Figure 6. Integration of Turkey tobacco sector with global accumulation, 1980-2011

Figure 7. Market shares of cigarette producers in Turkey (%), 2001-2010


Figure 8. Shares of public and private sectors in cigarette manufacturing in Turkey (including export), 2001-2010

Data source: TAPDK. Annual report, 2011
rettes. Cigarette manufacturers in Turkey are the transnational companies, which are also dominant in the global market, and cigarette with all its brands is being manufactured by these companies. However, to be able to import cigarettes, according to the Law, manufacturer companies must be producing a certain amount of cigarettes domestically. This means that transnational tobacco companies that have already penetrated into the domestic market could manipulate domestic consumption by controlling cigarette import.

At this stage, it is seen that protectionism in the sector is mainly implemented by means of high entry barriers. Protective environment for tobacco industry is provided by the Article No. 6 of the Law No. 4733 and Article No. 5 of the Regulation on the Procedure and Principles concerning the Manufacturing and Trade of Tobacco Products. As discussed in Section 2, these regulations allow the companies, which have a certain level of annual manufacturing capacity and the latest technology, to manufacture and sell tobacco products and to freely import and sell the brands that they manufacture. The legal provision that tobacco import could be performed by the companies having these conditions allows transnational tobacco companies to have the control on tobacco prices not only via contracted farming but also tobacco import. Besides, penalty brought by the Article No. 8 of the Law No. 4733 prevents roll-your-own tobacco to become an alternative to cigarettes: the article stipulates penalty for those producing or selling roll-your-own tobacco, or supplying it for sale, excluding those producing this kind of tobacco for their own use, not exceeding 50 kilograms. Finally, product proliferation by the existing companies creates an entry barrier into the sector. Thereby, it is seen that small-to-medium scale tobacco manufacturers are not allowed to enter and entry barriers maintaining the oligopolistic market structure have been created with the law No. 4733 and the related regulations.

FROM INDUSTRY TO CONSUMER: REALIZATION OF TOBACCO PRODUCTS

While cigarette was transformed into an industrial commodity in the beginning of the 20th century, its consumption as well had to be increased. The requirement for the sales of cigarettes that are manufactured in bulk has brought along 110% increase in global cigarette consumption between 1880 and 2000 [32]. Diseases and deaths that have incrementally increased as the consequence of the increase in cigarette consumption are called ‘global tobacco epidemic’ by the WHO (see Figure 9). The main mechanisms of this epidemic have been firstly the decrease in prices along with increased supply. Secondly, in an environment of sharpened competition, the companies’ expanding to new market segments such as women and minorities via increased proliferation and advertisement of products contributed to the epidemic [25]. Thirdly, the internationalization strategies followed by the transnational tobacco companies have led to the globalization of this pandemic.

Manufacturing has been doubled since the 1960s along with the rapidly increasing consumption of tobacco products in global scale. However, regional consumption trends show variations: whilst consumption displayed a downward trend in high-income countries such as England, Canada, the USA and Australia, increasing trend of consumption up to 3.4% is on-going in the DCs [33].

Current target markets for cigarette companies are women, children, young population, and, in general, the DCs. As in many countries of the old Soviet Bloc, transnational tobacco companies lead to an increased consumption in the new markets that they penetrated into by purchasing privatized state monopolies. The increase in consumption have been due to increased marketing activities, decreased prices/taxes, prevention of the design of tobacco control policies, or interference by the industry to reduce the effectiveness of the current control measures. Moreover, targeting especially women and young people in these countries leads to a decrease in the initiation age for smoking, which indicates that consumption is increased by penetrating into new market segments [34]. In addition, availability of foreign cigarettes in DC markets makes people switch to foreign cigarettes from local cigarettes and thus, transnational tobacco companies gradually become more influential [25]. Thereby, whilst cigarette manufacturing and consumption is being shifted to impoverished countries since the 1980s, income, health and lives of the people in these countries have been stolen more. Moreover, rising cigarette consumption increases the budget share allocated to the diseases [12].

In the DCs, cigarette consumption is higher among males in the poor community. In fact, in Malaysia, two packages of cigarette daily could take out 30% of income of a poor man [12]. In developed countries, cigarette consumption is higher among poorly-educated women, both women and men of the poor community, minorities, and among those having other addictions. Actually, although primarily poor people are expected to be more responsive to an increase in cigarette prices via taxes and quit smoking, usually educated segments of communities quit smoking on account of health, and as the consequence, cigarette consumers increasingly come from poor community and raise in cigarette prices make this community that could not quit smoking much poorer.

In addition to the expansion strategies of transnational companies, cigarette smuggling is the other factor that increases...
the consumption. Cigarette is the legal product with the highest smuggling rates all over the world and contraband cigarettes account for 1/3 of the international cigarette trade [24]. Cigarette smuggling also weakens the implementation of national tobacco control policies.

Smuggling serves the purpose of tobacco industry in many aspects. Smuggling threat is primarily used by the industry to force the availability of new markets by removing trade barriers: initially, cigarette is illegally brought into a country in which import is banned via smuggling following the establishment of a cigarette factory in a neighboring country. In this way, for the sake of prevention of smuggling, firstly the permission for international cigarette trade is demanded, and then the right is obtained for transnational tobacco companies to perform domestic manufacturing, and subsequently sales of the state cigarette monopolies to the transnational tobacco companies is brought into agenda [24].

In addition, the industry puts pressure for the taxes not to be increased/to be decreased by stating that smuggling would be enhanced. According to the industry, high taxes encourage smuggling and lead to tax losses. Whilst legal sales are decreased, illegal sales are increased due to taxes, thus total sales are not decreased. This, according to the representatives of the industry, means that taxing is not effective in the prevention of consumption [35].

There are assertions that high cigarette prices make attractive the shipment of counterfeit and contraband cigarettes from countries with low cigarette prices to countries with high prices via illegal routes, [5]. However, Jooessens et al. [35] attract attention to the presence of non-price determinants of large-scale container trading (instead of small-scale smuggling) made through transit trading: accordingly, the extensiveness of corruption, presence of organized crime groups and large-scale illicit trade, and whether or not there is policing punishment measures influence cigarette smuggling. Therefore, it is argued that smuggling is more common in the countries with low versus high cigarette prices and taxes. On the other hand, it is seen that average cigarette prices, whether or not tax was paid, is reduced and cigarette sales are increased in case smuggled cigarettes are at a higher ratio to the total amount of cigarette sales in a country. As the consequence, smuggling directly (cheap cigarettes) and indirectly (pressure to keep the taxes low) increases cigarette consumption and enhances health risks [35]. This weakens the national tobacco tax policies and makes struggle against tobacco difficult.

In the literature, connection between cigarette companies and smuggling is also pointed out. Since 1997, there have been civil lawsuits in many regions of the world, in which tobacco companies were accused of being informed that they supply smuggled cigarette or supply their own products by unlawful means, and official investigations have been performed. For example, Hong Kong Supreme Court found an old manager of BAT guilty of his/her role in cigarette smuggling to China [35]. In 2000, the Guardian published evidences documenting that BAT used smuggling channels to expand its market share in the DCs. It stressed that the Asian strategy of BAT is based on illicit trade, thus the company can penetrate into this market that was previously impenetrable and systematically deprives the governments from tax revenues [36].

However, because of increased illicit manufacturing of tobacco products and marketing activities in China and Eastern Europe, cigarette companies think that they are increasingly losing an important market share. Industry requests the taxes to be reasonable and not to be deemed responsible for smuggled products. Moreover, they want the WHO prepare the illicit trade protocol immediately as required by the article No. 15 of the FCTC and the governments to make a commitment [20].

In Turkey, the tobacco sector is inward-oriented in terms of manufacturing and marketing, and a limited amount of products is exported (Figure 10). Cigarette import is scarcely any because of the stipulation for the manufacturing of certain amount and the Tobacco Fund, which was implemented until recently [5].

With regard to the trends in consumption in Turkey, it is observed that consumption has increased with the rising entries of foreign capital through trade and investment channels. While there is a decrease in cigarette consumption in the world, the society has been exposed to all kinds of advertisements and promotion on cigarettes and increase in consumption reached up to 80% between 1984 and 1996 in Turkey [37]. As is seen in Figure 11, increase in cigarette

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Figure 10. Manufacturing, domestic sales* and exports of cigarette in Turkey (billion sticks), 2003-2012
Data source: TAPDK http://www.tapdk.gov.tr/tutunmanulleri7171.asp
* Domestic sales include net sales (after excluding returns, if any) by marketing companies working with manufacturers as their distributors.

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Figure 11. Cigarette sales in Turkey (billion sticks), 1925-2012
Data source: TAPDK
consumption up to 52% in the 1990s in Turkey was the third highest ratio, after Pakistan and Bulgaria [32]. This indicates that Turkey became one of the cigarette markets of the world together with the other DCs. Figure 12 shows the importance of the Turkish market for tobacco industry. Accordingly, Turkey is the 6th greatest market. Given that transnational tobacco companies have not established cigarette factories in all countries, it is understood that Turkey is important both as a large market and a production basis. In the future, Turkey might be used by the transnational tobacco companies as a production basis to increase export to the neighboring markets.

Retail outlets are functional in the delivery of cigarettes manufactured in bulks to the consumer. There are about 180 thousands of retail outlets that have licenses from the TAPDK for tobacco product sale. Cigarettes that are put into country-wide circulation via the distribution channels of tobacco companies are transferred to consumers via groceries, markets, supermarkets, hypermarkets, kiosks, sellers of dried nuts and “specialty outlets” that sell only tobacco and alcoholic beverages as retail outlets. In terms of tobacco control, it is necessary that tobacco products are sold only by specialty outlets and to decrease the number of retail outlets, which are currently quite high, within the scope of this target. This determination becomes more important when extensive legal violations encountered in sales points are taken into consideration.

According to the results of the research conducted in 2012 by the Health Institute Association in collaboration with the Turkish Thoracic Society, violations at retail points have become a norm and display restrictions have not been implemented properly. Accordingly, tobacco industry continues to use the sale points for commercial communication aimed at young people and other target groups [38].

At this point, it would be necessary to address the place of the hospitality sector (coffee shops, night clubs, restaurants, etc.) in cigarette consumption. Despite the efforts of tobacco industry to create an opposite impression and to provide alliance, hospitality sector has no natural common interest with the industry. However, it is observed that tobacco industry collaborated particularly with cafes, coffee shops and restaurants in Turkey along with the implementation of tobacco control laws after 2008. In these places where tobacco products have been most commonly used, it has been observed that industry granted glass folding sections to the enterprises of the hospitality sector and paid the fines for smoking ban violations on behalf of large firms. Therefore, the Ministry of Health explained that regulations would be made for the cancellations of licenses and enhancement of fines for the enterprises with ensuing violations [39]. In addition, it is meaningful that the lawsuits brought against indoor smoking bans are brought by the representatives of the hospitality sector*. However, despite the efforts made by tobacco industry in the opposite way, the hospitality sector, in fact, has no natural common interest with the industry. The hospitality sector is functional also without consumption of tobacco products and will continue operating. Therefore, as a component of tobacco control policies, necessary regulations must be put into practice against efforts made by tobacco industry for an alliance with the hospitality sector.

Actually, the main reason that enhances cigarette consumption is the marketing tactics followed by the industry. Product proliferation is the first to be addressed. As of 2012, there are more than 600 products that have certificate of conformity given by the TAPDK. Besides, the number of new products with certificate of conformity increased by 30% in 2012 [40]. At this point, the introduction of new generation products (cigarettes with menthol capsules in the filters, etc.) into the market draws attention. Besides, in the presence of prohibitions for direct advertisement, brand promotion and advertisements are made in an uncontrolled way via internet and e-mails; new advertisement strategies are developed with the use of social media; product promotion is made in outlets such as petrol stations by establishing marketing teams; and an image of reputable and legitimate corporation is tried to be created via corporate social responsibility projects. Moreover, tobacco industry is trying to influence tobacco control policies aiming to reduce consumption hazards by making changes in traditional products and by obtaining permission for ‘harm reducing’ new products instead of preventing tobacco consumption. According to the industry, adoption of harm reduction policies is not a barrier for the policies of the governments focusing on the initiation and quit of tobacco, contrarily, these policies seem to support each other [20].

With the Law No. 4207 on the Prevention of Hazards of Tobacco Products, which was first introduced in 1996 in the country, prohibition of smoking cigarettes in public transport vehicles, direct or indirect advertisement and promotion via written and visual media, and sales to those under the age of 18 years have been effective in restraining the consumption rise. As a result, cigarette consumption remained relatively stable in the 2000s after the peak in 1999. Enforcement of prohibition of consumption in closed areas and public transport vehicles brought in 2005 by the Law of Misdemeanor as well has been effective on this outcome. Finally, comprehensive prohibition of cigarette promotion, advertisement and sponsorship brought in 2008 by the Law No. 5727 (on the Prevention and Control of Hazards of Tobacco Products) that amended the Law No. 4207 (on the Prevention of Hazards of Tobacco Products) has been an important step. Additionally,
tobacco consumption began to decrease after the indoor smoking bans (100% smoke-free air space), which was initiated in 2008 with this legal amendment and of which the scope was expanded in 2009 (Figure 11). Decrease in consumption is explained partially with smuggling by the industry and the industry claims that contraband and counterfeit cigarettes introduced to the country obscure the actual level of consumption. Although the claim that smuggling disguises actual consumption is reasonable, the consumption is unclear since it is impossible to measure. It is estimated that smuggled cigarettes account for 10-15% of annual cigarette consumption [5,8].

Therefore, whilst consumption rapidly increased in Turkey with the aggressive expansion strategies of giant cigarette companies, tobacco control policies adopted only meant trying to control the sort of monster that we created by ourselves in the last 20 years. Cigarette companies manufacture a great variety of products and continue to sell by sneaky and aggressive marketing tactics. However, current policies are to be inadequate since they are implemented mainly to restrict demand, but not directly manufacturing. Companies continue to be free to supply; such that, although the prevalence of cigarette smoking showed a downward trend since the 2000s, Turkey is among the 10 top countries world-wide, where approximately two of three smokers live in [41]. Moreover, non-governmental organizations attract attention to the fact that current tobacco control policies are not being implemented effectively today due to inadequate inspection, etc. In conclusion, although tobacco control policies, which were put into practice in the 1990s, restrained the increase in tobacco consumption for a while in the country, the weak enforcement of regulations allows tobacco industry continue to expand its market. Accordingly, as Figure 11 indicates, cigarette sales in the country increased in 2012.

A FINAL WORD: A POLICY PERSPECTIVE FOR AN EFFECTIVE TOBACCO CONTROL

Within the period of resistance against market-oriented transformation of tobacco sector in Turkey, it has been frequently mentioned to the public that transformation would cause unfavorable impacts on tobacco farmers and workers, increase unemployment and immigration and threaten public health, besides posing risk due to additives associated with the use of foreign-origin tobacco [15]. The Prime Minister, Ahmet Necdet Sezer’s justification for his veto dated 6 July 2001 concerning the Law No. 4733 could foresee what was going to happen [42]. However, despite all the resistance and warnings, privatization of TEKEL has been completed, the sector has been opened to the control of transnational tobacco companies, and the predicted unfavorable outcomes had to be encountered. Losses caused by the transformation in tobacco sector, in which the only winner is profit-oriented private companies, have not been limited only to tobacco farmers and cigarette consumers, but the transformation also hit the workers of TEKEL. Losses of rights of TEKEL workers that became jobless with the privatization of the state monopoly and forced to work at 4-C status in other public institutions without job security could not be prevented although these workers had a struggle and resistance that was committed to the memories [43].

As was mentioned above, legal regulations on tobacco control in Turkey were made in 1996 and 2008 and, in addition to these; a national plan including the period of 2008-2012 was prepared in 2006 within the scope of the FCTC. Moreover, since the Ministry of Health is not authorized to determine tobacco control policy, the status of the TAPDK in tobacco control was strengthened in 2008 with the Law No. 5752, which amended the Law No. 4733, and the Department of Tobacco and Alcohol Control was constituted within the Institution. However, this situation meant a distorted way of organizing the structure regarding tobacco control. Among the concerns that both markets should function properly and effectively and adequate measures should be taken against the hazards of cigarette and alcohol, the second aim has remained secondary. This situation is clearly observed in the regulations, notifications and resolutions as well as practice of the TAPDK. Such an organization must be considered as a reflection of a market-oriented regime. Although tobacco cultivation has receded in the country, the importance of tobacco industry in the economy supports this judgment. Today, cigarette is still being considered as an important source of revenue by the state, and contribution of the sector to production, employment and the budget is mentioned by the industry. In this respect, particularly high tax revenues from the consumption of tobacco products (which reached to 19.9 billion TL in 2012) and corporation tax revenues from tobacco industry are noticeable. Moreover, the fact that three companies are supplying this tax revenue makes the industry an important counter-power for an effective implementation of tobacco control policies in the country. Industry’s maintaining its margin of profit by reflecting increased taxes to cigarette prices while consumption is decreasing in Turkey is an indicator of this situation.

Effects of the aforementioned distorted way of organization in tobacco control were observed when a number of solutions were suggested against the downward tendency in tobacco consumption in the 2000s due to the tobacco control policies. For example, the quotation from the SC report on the 9th Development Plan, which reached to a conclusion that ‘health is important but the tax revenue is also important’, reflects a point of view that turns into a barrier against the tobacco control policies that would give consistent results regarding cigarette consumption:

The size of cigarette market is very important not only for tobacco production but also for the proportion of taxes obtained from cigarettes in the state budget. Approximately 8% of the government tax revenues in 2004 were obtained from cigarette. The tax accounts for approximately 75% of sales price of cigarettes. Therefore, the financial aspect of the issue should be considered when designing tobacco, cigarette and health policies of the country [5].

Moreover, while the SC report of the 9th Development Plan states that reducing cigarette consumption is targeted to protect public health, it also mentions about the measures that would be taken against domestic and external market contraction in tobacco and tobacco products [5]. As another example, product proliferation is recommended in the report. Accordingly, it would be appropriate to widen the
product range by manufacturing new brands of cigarettes in order to stop the contraction in the market share of cigarettes produced from hundred percent Oriental tobacco. The following emphasis in the SC report is also conspicuous: "For tobacco producers, consumers and tobacco product industry that are the three important elements of tobacco sector, it should be aimed to maintain tobacco production and preserve world-wide leadership in quality, production costs and revenue". All these emphases and quotations from the SC report are not surprising when the preparation phase of the report is taken into consideration. As was mentioned in the endnote "w", the report, which is a manifestation of a profit-driven neo-liberal point of view, was contributed to and written mainly by the representatives of the commercial sector. Whereas the Ministry of Health has a minimum representation in the report team, it is notable that tobacco industry has a wide representation and, moreover, one of the reporters is a direct representative of tobacco industry. Naturally, such a representation by the tobacco industry would mainly serve to its interests and would lead to implementations that impair public health. On this ground, within the frame of the SC report, gathering tobacco industry representatives and public representatives for a common activity is a situation against FCTC Article No. 5.3.

In conclusion, at the point reached in Turkey, the essence of the problem is being ignored although the implementation of a series of tobacco control policies is beneficial and necessary. Turkey has restrained itself in a formalistic tobacco control by implementing demand-side policies included in MPOWER. Given that the hazards of cigarette consumption are explicit, complete termination of tobacco consumption should be the main target rather than the limitation of consumption via demand-side policies such as tax increases and indoor restrictions. Cigarette market has the potential of continuous expansion due to aggressive/sneaky sales strategies of private companies, and thereby, achieving effective results against cigarette consumption requires measures that would directly deter cigarette companies from manufacturing. Accordingly, tax burden on cigarette companies must be increased and their manufacturing must be limited. In a transition period, cigarette companies must be excluded from the realm of manufacturing. As well, delivery of cigarettes to consumers must be done by non-profit organizations that adopt tobacco control policies so that public control could be established on the stage of marketing and sales. The final goal must be a world where tobacco products could not be sold legally. Stealing our right to live for someone’s profit could be prevented only by taking these steps.

Furthermore, transfer of the representation of the TAPDK to the ministries independent from tobacco control provisions raises the concern that we would be pushed back to a point worse than where we are today regarding the implementation of tobacco control policies in Turkey. In the event that the responsibilities of the TAPDK cannot be fulfilled by the ministries, tobacco industry might further increase its efficacy in the upcoming period [44].

Moreover, industry’s linkages with other sectors must be taken into account in the fight against tobacco industry. The FCTC as well emphasizes the importance of the consideration of the collaboration between tobacco and other sectors in order to fight against tobacco consumption [45]. Those who struggle against smoking need to stand up to not only the giant cigarette companies, but also to other capitals operating in many other sectors and having common interests with cigarette companies through intertwined ownerships and business agreements. Drug, medical device, health, advertisement, media and retail sectors as well as institutions that receive funds via the sponsorship activities of cigarette companies may also be included in this coalition. The question how cigarette companies could maintain growth and high profitability despite various restrictions on cigarette consumption can be answered by noticing the counter interventions of this network of common interest.

Finally, it is clear that measures must be taken against sneaky marketing strategies of tobacco industry and its efforts to weaken tobacco control in the DCs. Furthermore, precautions must be adopted against tobacco companies’ spread to the areas of other nicotine products such as electronic cigarette, which maintain nicotine addiction. It is a sneaker danger that the industry can create an illusion that smokeless cigarettes, electronic cigarettes or cigarettes with altered content are less harmful by misleading people.

Showing awareness about the above-mentioned issues is possible only with strengthening the national legislations and practices in the way to prioritize public health instead of interests of tobacco industry. According to the Article 5.3 of the FCTC, while parties prepare and implement tobacco control policies aimed to protect public health, they are obliged to secure these policies from the interests of tobacco industry in consistence with national laws. The Guideline 5.3, which was developed for the implementation of Article 5.3 and approved in the third session of the Conference of the Parties (Cop-3) in November 2008, includes restrictions on the relations of governments with the industry, prevention of their common actions and guarantee of efficiency and transparency in action [46,47]. Measures in the FCTC 5.3 guideline must be included in the legislation in Turkey. Within this frame, negotiation and collaboration at any level between the political power and tobacco industry is unacceptable and activities of the political mechanism should be formed consistent with the spirit of the FCTC Article 5.3. Moreover, given that Turkey took the lion’s share (25.3%) of the funds distributed in 2011 by PMI within the world-wide social responsibility projects, another subject needs urgent attention [48]: social responsibility projects, which are arranged or supported by tobacco companies both to provide public legitimacy and to be used as a tool for access to and dialog with public authorities and thereby to involve in the determination of tobacco control policies, or donation and/or charity they provide to the public and/or civilian organizations must be completely refused and foundations and institutions that are associated with tobacco industry must be declared to the public [49]. To accomplish this goal, a prime ministry memorandum with the topic “Principles for Public Institutions and Public Officers” is required to be prepared within the scope of the FCTC 5.3 under the leadership of the Ministry of Health [50]. Ignorance of all these issues in these...
days, when the National Tobacco Control Program and Activity Plan comprising the period of 2013-2017 is prepared, purely and simply would reinforce the dominance of tobacco industry, push us backwards from the point where we are now in tobacco control, and the whole population would pay the penalty.

Endnotes

a) As of 17 February 2013, active companies that have production licenses in Turkey are as follows; 7 for cigarettes, 6 for water-pipe tobacco product, 6 for roll-your-own tobacco products, 2 for pipe tobacco product, 1 for cigar and cigarillo, and 1 for macaron; in addition, there are 6 companies that have import licenses for cigar and cigarillo (Regulations for Tobacco Products Market, http://www.tapdk.gov.tr/tutunmanulleri11.asp)

b) According to the Article 7 of the Law No. 4733, it was stated that “Within the frame of agricultural support policies, Cabinet is authorized for the determination of procedures and principles related to any direct and/or indirect payment directly from the budget or provided from international organizations”. However, since support purchases were not made after 2002, the Law No. 4733 meant an actual finalization of support purchases. In 24 July 2008, the Article 7 was repealed by the Article 47 of the Law No. 5793 and authorization of the Cabinet in support purchases was ended besides completely abolishing support purchases. In the provisional article 1.b of the Law No. 4685, which was accepted in January 2002 in the TBMM, the presence of the provision “support purchases for tobacco product will not be made in 2002 and the following years” already indicated that support purchases would not be made for producers’ tobacco.

c) Although the auction method did not function as it is in the Law because of not establishing tobacco sales centres and etc. (See. SPO. 9th Development Plan (2007-2013), the Preliminary Report of Alcohol, Tobacco and Tobacco Products Industry Special Commission on Tobacco and Tobacco Products. 2006. Accessed on 15 March 2011; Bor Ö. ibid), catalogue-based auction method in the regulation is occasionally being performed, but this method could not be more than a partial solution. The catalogue-based auction method has been embodied with the 3rd subsection of Article 14 of the Regulation on the Procedures and Principles of Tobacco Production, Processing, Domestic and International Trade (See. TAPDK. Regulation on the Procedures and Principles of Tobacco production, Processing, Domestic and International Trade, Official Journal Date: 10 July 2010. Official Journal No: 27637. http://www.tapdk.gov.tr/yonetmelikler.asp). In the recent years, this model, which is called as “auction method”, is being activated in demanded years because the system “purchase and sale by auction method”, which was amended in the Law No. 4733 Article 13, could not be established. The auction method has been included in the regulation to be a solution for tobacco produced as extra-contract and surplus tobacco and can be considered as an intermediate model. Industry objected to the inclusion of the auction method in the regulation considering it as a threat for the contracted farming. In this model, the TAPDK reports excessive tobacco to the suppliers and determines a base price. Purchases and sales of extra-contract and surplus tobacco are made via the auction method over this base price. This model that is used when necessary, for example, provided purchase and sales of a small amount of tobacco in 2011 in Adıyaman.

d) Data of 2012 indicates that there is a substantial increase in the number of farmers (63,000) and in output (65,000 tons). It is observed that, in 2010 and 2011, supplier companies paid higher prices to the farmers even than specified in the contract because of lower tobacco production than ordered. Supplier companies go into the effort of both meeting the order and not losing contracted farmers to other suppliers.

Accordingly, periodical fluctuations in tobacco outputs and prices can be expected in future years. In an environment, where cigarette companies strengthen their dominance in tobacco market by constituting affiliated tobacco trading companies, supplier companies may be torn between tobacco producers and cigarette companies. In the event that cigarette companies discontinue ordering, supplier companies face the risk of being wiped off from the market. In other words, cigarette companies have the power of keeping the suppliers that they want in the market and removing those that they do not (in addition, see endnote “n”).

e) Instead of the tobacco which neither has export opportunity nor has the possibility of being used in domestically manufactured cigarette blends, the state tried to encourage the production of other kinds of tobacco. In Eastern and South-eastern provinces as well as in Hatay, the production of tobacco, which has the opportunity for sale in domestic and foreign markets, is tried to be increased within the scope of production subject to permission. The provinces specified for this production cultivated with the permission of the TAPDK because of their cheap labour force. For tobacco production subject to permission, see Regulation on the Procedures and Principles of Tobacco Production, Processing, Domestic and International Trade, Article 7. Official Gazette Date: 10.07.2010 Official Gazette No: 27637.

f) Consumers started to get accustomed to the taste of foreign-blend cigarettes along with the illicit trade that began in the 1970s. It is known that, in that period, transnational cigarette companies made a move to penetrate into the Turkish market and established illegal cigarette companies in Bulgaria to introduce smuggled cigarettes into the country. Thus, in 1979, Demirel’s Government stated in the government program that an opportunity should be given to private enterprises for cigarette manufacturing and distribution in order to prevent currency losses as cigarette smuggling could not be avoided (See. Aysu A. Tear-shedding crocodiles in TEKEL. http://www.bianet.org/bianet/bianet/119705-tekelde-gozyasi-doken-timsahlar. 28 January 2010).
g) The ratio of Oriental tobacco used in American blend cigarettes first increased with the tax regulation in 2004 and then showed a downward trend with the removal of the lump sum tax implemented according to the use of Oriental tobacco.

h) In 2011, the import proportion of Virginia, Burley, expanded tobacco and homogenized tobacco was approximately 90% in overall tobacco import. Virginia type tobacco was the leading with a ratio of 44.5% (TAPDK. Annual Report. 2011. http://www.tapdk.gov.tr/TAPDK_Faaliyet.pdf. Accessed on 15 January 2013). TAPDK attracted attention to the fact that the high initial investment cost for the facilities used for foreign-origin tobaccos is a barrier for the enhancement of local production and stated that the companies and farmers must be urgently supported (See. TAPDK, ibid).

i) Another regulation that supported profitability by reducing the costs for tobacco industry is related to the Tobacco Fund. In the EU negotiations, the Tobacco Fund was requested to be removed because it is against the Customs Union. Accordingly, “the Tobacco Fund that is recorded as a source of revenue to the state budget by levying 3 dollars per kilogram of imported tobacco and 40 cents per package of imported cigarettes was removed as of 01/01/2010 from the import of “homogenized tobacco or reconstituted tobacco”, “expanded tobacco”, “expanded stem” and any kind of tobacco. The Tobacco Fund, which constitutes an important guard wall for tobacco produced in the country lands, was reduced to 2.25 dollars in 2011, to 1.8 dollar as of 01/01/2012 for imported leaf tobacco (Seydioğulları M. Evaluation on tobacco production and the policies alternative to tobacco in Turkey. 2012 www.ssuk.org.tr/savefiles/tutun_yretim_20_12_2012.doc). The Tobacco Fund was finally reduced to 1.5 dollar in 2013 and expected to be set to zero in the coming years. It is estimated that the use of domestic tobacco would gradually decrease and tobacco import would increase along with the removal of this Fund. In fact, 2012 data indicate a rapid increase in the use of import tobacco (See Figure 2). (For demands and warnings related to the Tobacco Fund stating that it should not to be removed otherwise we would become completely dependent on foreign tobacco, see SPO. 8th Development Plan, Tobacco and Tobacco Products Industry, Special Commission Report. SPO: 252 - SC: 539. 2000. Accessed on 18 January 2011). It is stated that particularly the import of «homogenized tobacco», «expanded tobacco» and «expanded stem» would be increased and thus, domestic tobacco producers would suffer (See, Doğan S. Aegean tobacco is in danger. Yeni Asr. 4 January 2010). These tobaccos which are formed by using chips, dusts and stems that come out of the production process of tobacco leaves are preferred to reduce the cost of American blend cigarettes (See. Kayaalp E. Change in Turkey Tobacco Market in the Last 10 Years. Interview, Express Journal 1-15 January 2010; 102:13-15).

Moreover, while the removal of the Tobacco Fund decreased the cost of cigarette producers, tax increase brought the claim that the revenue the government gave up by removing Tobacco Fund is passed on to cigarette addicts (See. Uras G. Increase in cigarette price will be given to the foreign cigarette producers. Milliyet. 6 January 2010).


k) The FCTC, an international agreement that was ratified in 2003 under the auspices of the WHO, draws the frame for tobacco control policies and is obligatory for signing countries. As of January 2013, 176 countries ratified this agreement. Turkey signed it in 2004.

l) The fifth session of the Conference of the Parties (COP-5), which is found in Article 23 of the FCTC and is the decision-making body of the FCTC, was held in South Korea between 12 and 17 November 2012. In the COP-5, the text entitled “Draft Policy Options and Recommendations on Economically Sustainable Alternatives to Tobacco Growing” which was prepared by the study group on economically sustainable alternatives to tobacco growing within the scope of the FCTC Articles 17 and 18, was discussed and agreed to be discussed again in the conference that will be held two years later based on the request of some signatory countries.

Whenever a regulation restricting tobacco agriculture for tobacco control purposes comes into agenda, the industry begins to highlight how tobacco production is important for the national economy. In addition to tobacco supply, another concern of the industry is related to the FCTC Articles 9 and 10 on the additives used in the cigarettes, which was on the agenda in the COP-5. Upon such restrictive steps for tobacco cultivation and cigarette additives, the industry stressed that tobacco cultivation is a means of subsistence for tobacco farmers and their families and that tobacco cultivation is important for Turkey to accomplish the 2023 targets in terms of the size of agricultural production and export revenue (the value of tobacco export is targeted to be 1 billion dollars within the total export target of 500 billion dollars in 2023). For such statements by the representatives of the Turkish Exporters Assembly (TIM) and International Tobacco Growers’ Association (ITGA), see. “Concerns about global prohibition of tobacco”, http://www.tim.org.tr/tr/tim-gundem-tutune-kuresel-yasak-endisesi.html; “WHO fret about surviving while TIM fret about, employment”, 18 Eylül 2012, http://www.haber10.com/haber/300591/. In the general assembly of the Aegean Tobacco Exporters Union, which is affiliated to the Aegean Exporters Union under the roof of the TIM, on 26 April 2010, the existence of representatives of PhilSA and JTI (Japan Tobacco International) on the board were experienced for the first time and this situation was interpreted as enhanced foreign control on the national tobacco market (See, Seydioğulları M.
Evaluation of 2009 with some indents in terms of TEKEL, tobacco, tobacco products and tobacco control. Bulletin of Tobacco Experts Society 2010; 82. 14 May). In fact, today, interventions for the limitation of tobacco cultivation by regulations are directly against the benefit of tobacco industry. Therefore, the industry stands against the limitations of tobacco supply over the claim that tobacco cultivation is important for national economic growth, export and employment (See, Seydioğlu M. Evaluation on tobacco production and the policies alternative to tobacco in Turkey. 2012 www.ssuk.org.tr/save-files/tutun_yretim_20_12_2012.doc).

m) As the consequence of decreased tobacco production and accompanied shortage of tobacco output, leaf tobacco firms demanded an extension of the scope of the Inward Processing Regime (DIR) and permission for tobacco import for the purpose of export after processing. Article 6 of the Law No. 4733 on the Organization and Functions of Tobacco and Alcohol Market Regulatory Authority limits import within the scope of the DIR. Sub-section 5 of Article 6 of the Law has brought the following provision: “Tobacco import is allowed for the manufacturers of specified tobacco products even for the purpose of export after processing”. The Aegean Tobacco Exporters Union requested this opportunity also for the companies that have leaf tobacco facilities with an adequate capacity to be able to import tobacco within the scope of the DIR on the condition of export. Here, the main problem is the decrease in capacity utilization rates that appeared as the result of the establishments of large tobacco processing facilities and the recession in tobacco production in the country. Therefore, the inadequacy in the production of domestic tobacco is aimed to be compensated by tobacco import. The opportunity for tobacco import by large cigarette companies serves as a mechanism that reinforces tobacco industry while putting a spoke into the wheels of idle supplier firms.

c) Tobacco trade companies (supplier companies) are the mediators between farmers and transnational tobacco companies. Kayaalp attracts attention to the fact that transnational tobacco companies impose production and pricing conditions to the farmers within the scope of contracted farming by using tobacco trading companies (See, Kayaalp E. Change in Turkey tobacco market in the last 10 years. Interview, Express Journal 1-15 January 2010;102:13-15). A small number of tobacco trading companies are some Aegean families that deal with tobacco trading since the period of Reji; nevertheless, most of them are transnational companies. Many of tobacco trading companies that have been constituted by domestic capital in the past have withdrawn from the sector because of inability to make high cost investment necessary for the standardization required by tobacco industry to reduce production costs. They were replaced by tobacco trading companies such as PMI and JTI which are affiliated with tobacco industry, and the trading companies such as Socotab, which mainly trade tobacco and act in concert with tobacco industry. Local companies have been pushed into competition with above-mentioned transnational companies. Particularly supplier companies that are not a natural extension of cigarette companies are torn between tobacco farmers and cigarette companies. Supplier companies face the risk of withdrawal from the market in case cigarette companies discontinue ordering. In other words, cigarette companies have the power of keeping suppliers they want to and removing those that they do not in market. As the result of consolidation in the sector, the number of the trading companies decreased down to 15 (active companies) in 2010, which was more than 100 in the 1980s. The total number of real and legal persons that obtained the Tobacco Trade Authorization Certificate (TTAC) from the TAPDK is 52 (See: http://www.tapdk.gov.tr/tutunpiyasasi/tpd_ttyb_fir-malar.htm).

o) As of 2008, these companies and their global market shares are (Eriksen M Mackay J Ross H. The tobacco atlas. 4th ed. USA: The American Cancer Society, 2012): Philip Morris International (17.4%), British American Tobacco (BAT) (12%), Japan Tobacco International (9.6%) and Imperial Tobacco (4.9%). The remaining market is shared between China National Tobacco Corporation, state monopoly in China (37.1%), Altria-mediated activities of Philip Morris in the USA (2.8%), and other companies (19%). The State Tobacco Monopoly of China is the world’s greatest tobacco company in terms of sales volume and still controls China’s national market. Moreover, it reorganized cigarette manufacturing and marketing activities to enhance competitiveness and pursuits being a transnational actor (Aguinaga Bialous S and Peeters S. A brief overview of the tobacco industry in the last 20 years. Tobacco Control 2012;21:92-4). Despite the state monopoly in China, the increase in tobacco consumption and efforts for transnationalization indicate that public control on tobacco industry is not adequate alone and public control on tobacco manufacturing and consumption must be performed from the perspective of public health.

p) The following statement from an internal BAT document is meaningful: “We should not be depressed simply because the total free world market appears to be declining. Within the total market, there are areas of strong growth, particularly in Asia and Africa...It is an exciting prospect.” (See, British American Tobacco (BAT) –“100 Years in Africa”, http://snus-news.blogspot.com.tr/2008/09/british-american-tobacco-bat-100-years. html)

q) For example, during the membership process of China to the WTO, the BAT lobbied the trade authorities of the USA and EU for tariff reductions on Chinese tobacco products and removal of the state monopoly in the distribution of these products (WHO. Confronting the tobacco epidemic in an era of trade and investment liberalization. http://www.who.int/tobacco/publications/industry/trade/confronting_tob_epidemic/en/index.html Tobacco Free Initiative, 2012). Such interventions by
tobacco industry limit the chance of applicability of tobacco control policies. As was emphasized by the WHO, tobacco industry has begun to use and will continue using international trade and investment agreements to confront new regulations that would strengthen tobacco control (WHO. Confronting the tobacco epidemic in an era of trade and investment liberalization. http://www.who.int/tobacco/publications/industry/trade/confronting_tob_epidemic/en/index.html Tobacco Free Initiative, 2012.).

r) Relying on the Trade Law dated 1974 that put the protective policies into practice, the USA forced the four Asian countries (Japan, South Korea, Thailand and Taiwan) in the 1980s to open their cigarette markets (Bettcher D Subramaniam C Guindon E Perucic et al. Confronting tobacco epidemic in an era of trade liberalization. http://whqlibdoc.who.int/hq/2001/WHO_NMH_TFI_01.4.pdf. A WHO Commission on macroeconomics and health. Updated 2001. Accessed on 3 February 2011). In Thailand, where the WTO stipulated liberalization of cigarette import for the acceptance to membership, import ban on tobacco products was abolished in 1990. A similar condition was valid for Taiwan as well, where tobacco product sales were under the control of the state monopoly until the end of the 1980s. Likewise, the import ban in Vietnam was abolished in 2006 to be a member of the WTO (Physicians for a Smoke-Free Canada, 2009, 17). Similarly, the formation of the North American Free Trade Agreement (NAFTA) allowed cigarette companies to reduce costs and increase sales by removing the barriers against manufacturing and trade in the region (See, Bettcher D Subramaniam C Guindon E Perucic et al. Confronting tobacco epidemic in an era of trade liberalization. http://whqlibdoc.who.int/hq/2001/WHO_NMH_TFI_01.4.pdf. A WHO Commission on macroeconomics and health. Updated 2001. Accessed on 3 February 2011)

s) Signs of transformation in the sector had been already seen in the previous years. On 29 June 1980, Sabancı Holding signed a pre-agreement with Philip Morris Company for cigarette manufacturing. During the 44th cabinet established on 21 September 1980 by the Prime Minister Bülent Ulusu just after the coup on 12 September 1980, the cabinet program proposed that the tobacco monopoly would be removed and the entries of foreign capital would be facilitated (Seydioğulları, M. Tobacco markets and demand policies, Presentation in the Tobacco Control Symposium, 16 November 2012, İzmir). In 1984, the Fifth Five-Year Development Plan (1985-1989) targeted the abolishment of the tobacco monopoly and the discussion of production of new types of tobacco according to a program (See, SPO. 5th Development Plan (1985-1989). 1984).

‘Tekel 2000’ cigarette, which was introduced for sales in 1988 with the claim that it would be a competitor for the best-selling imported cigarette in Turkey (Marlboro), and ‘Tekel 2001’ cigarette, which was put on the market in 1995, rapidly increased their market share in time and reached to the highest sales figures (See, Şahin SC. Cheap tactic did not work. Takvim, http://www.takvim.com.tr/ek0106.html 29 October 2006). These cigarettes led to a more widespread consumption of American blend cigarettes and to increased imports of Virginia and Burley type tobaccos.

u) Mahmut Arslan, the Chairman of Board of Directors of Arbel Group Companies sold EUROPEAN to Energy Petrol which is a part of Can Holding. Can Holding is active in fuel oil, finance, tourism, food, retail, construction, health, foreign trade and electronic product sectors (See, Zenginli K. Energy Petrol purchased the eventful company European Tobacco. Star. 8 February 2013; Demir A. Our shares are among the most traded in Canada. We are a world company. Sözcü. 3 September 2012).

v) Kayıkçı, who attracted attention to the high cost in the tender announced for the privatization of TEKEL, could foresee that the privatization would be particularly for the benefit of large transnational tobacco companies instead of domestic capital (See, Kayıkçı S. Analysis of a public policy period: Tobacco policy in Turkey after 1980. Mülikiye Journal 2005;29 (47). Whilst the proposal of JTI in the privatization tender in 2003 was found low and declined, Philip Morris could not purchase TEKEL since its market share would increase in the way to have monopoly power and would be left subject to a refusal by the Competition Board. Finally, the cigarette unit of TEKEL was captured by BAT, which follows an aggressive growth in the sector (Kayaalp E. Change in the Turkish tobacco market in the last 10 years. Interview, Express Journal 1-15 January 2010;102:13-15). For the privatization period of TEKEL, See Bor Ö. Tobacco in Turkey in the Process of Globalization period. Mülikiye Journal 2011; XXXV (270):65-91.

w) In the Ninth Development Plan that comprised the period of 2007-2013, it was stated that necessary regulations were going to be put into practice in order to transform the market into a competitive form and to regulate and supervise the tobacco market accordingly, besides several other sectors including energy, telecommunication and sugar cane (See, SPO. 9th Development Plan (2007-2013) Preliminary Report of Tobacco and Tobacco Products Industry, Alcohol, Tobacco and Tobacco Product Industry Special Commission. 2006. Accessed on 15 March 2011). Moreover, it was emphasized that to make cultivation in balance with demand by switching to alternative crops from excessively produced products such as sugar and tobacco, regulations were made within the scope of the agricultural reform. The complete withdrawal of the public from tobacco processing activities by the end of the plan period was listed among the targets. It is seen that the targets specified in the Ninth Plan were put into practice before the planning period was completed.

x) Production and trade of roll-your-own tobacco is done unrecorded and this type of tobacco becomes attractive...
According to the Action on Smoking and Health (ASH) research report, smuggled sales via internet and other routes presumably account for 14% of the USA market and approximately 15% of British market. In China, 95% of the foreign cigarettes are smuggled and this leads to an annual tax loss up to 2.5 billion $. (See, Action on Smoking and Health, ASH). Tobacco and the developing world. http://www.ash.org.uk/files/documents/ASH_126.pdf. Updated August 2009. Accessed on March 10, 2011).

More than 140 countries that are the parties of the FCTC accepted the Protocol “To Eliminate Illicit Trade of Tobacco Products” in the COP meeting on 12 November 2012 in South Korea. Within the scope of the protocol, taking a number of measures, primarily the control of supply chain and international collaboration, and establishment of a global tracking and tracing system is proposed for the elimination of illicit trade of tobacco products. Protocol, was opened for signature on 10 January 2013 to be completed within a year and it will become valid on the 90th day following the approval according to the national legislation of 40 countries. See, the TAPDK. Tobacco and Alcohol Market Regulatory Authority Public Statement [On the International Protocol Accepted on the Struggle against Illicit Trade of Tobacco Products], 22 November 2012. http://www.tapdk.gov.tr/kamuoyu_22112012.asp.

For indoor smoking bans carried to the Constitutional Court by Izmir Coffeehouse Managers Chamber and the decision of the Court on the protection of smoking bans, see SSUK. Right for health is superior to right for trade. Press release. On 20 June 2010; SSUK. Constitutional Court decided for the smoking ban: 100% smoke-free air implementation is to be sustained!. Press release. 7 January 2011.

According to the 2013 results of PMI that have not been audited yet, it is estimated that the Turkish cigarette market increased to 99.2 billion sticks of cigarettes with an increase by 8.8%. In 2012, the highest cigarette market growth occurred in Turkey among the large markets of PMI all over the world. Whilst the growth was 8.2% in Indonesia, 5.0% in the Philippines, and 0.7% in Japan, the market contracted by 6.3% in the EU, 0.9% in Korea, 0.9% in Argentina, and 2.2% in Mexico (See, PMI. Philip Morris International Inc. (PMI) reports 2012 results; provides 2013 earnings per share forecast. News Release. http://www.pmi.com/eng/media_center/press_releases/pages/201302071005.aspx Updated on 7 February 2013, Accessed on 15 February 2013).

In Turkey, increase in cigarette sales results from 3 factors: first, it is observed that a high amount of products have been released into the market by cigarette companies from the first days of October 2012 before cigarette tax increases became valid in the early 2013. Second, increasing operations against cigarette smuggling due to the signed protocol on the struggle against illicit trade mentioned in the endnote z, led to a certain degree of shift from the consumption of smuggled products to legal products. In fact, it is claimed that the ratio of smuggled cigarettes which was 20% in 2011, decreased to 13% (Ersoy M. One million addicts quitted smuggled cigarette. Habertürk. 30 January 2013). Finally, violations of indoor smoking bans in many places such as night clubs and restaurants because of weak inspection have been effective in the increased consumption.

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