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Can Global Health Governance Contend with Transnational Corporate Activities? A Case Study on the Chinese Tobacco Industry

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Can Global Health Governance Contend with Transnational Corporate Activities?

A Case Study on the Chinese Tobacco Industry

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Geography

April 26, 2017

Table of Content

Glossary-----	2
Acknowledgment-----	3
Abstract-----	4
Chapter 1: Introduction-----	5
Chapter 2: Literature Review-----	11
The Chinese Tobacco Industry-----	11
Development of Transnational Tobacco Companies-----	14
The Framework Convention on Tobacco Control-----	21
Global Health Governance-----	26
Chapter 3: Methodology and Analytical Framework-----	31
Chapter 4: Results and Discussions-----	38
At the intersection of health and trade-----	38
On the demand side-----	54
Policy interference-----	60
Chapter 5: Conclusion-----	68
Appendix-----	72
Works Cited-----	81

Glossary

CNTC	-----	China National Tobacco Corporation
FCTC	-----	Framework Convention on Tobacco Control
GHG	-----	Global Health Governance
ITGA	-----	International Tobacco Growers Association
NCD	-----	Non-Communicable Disease
SOTC	-----	State-Owned Tobacco Company
STMA	-----	State Tobacco Monopoly Administration
TTC	-----	Transnational Tobacco Company
WHO	-----	World Health Organization
WTO	-----	World Trade Organization

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Abstract:

In the past two decades, China's state-owned tobacco enterprise (CNTC) has expanded its operation and influence abroad under the "going global" strategy. These globalization activities directly and indirectly impact the Framework Convention on Tobacco Control (FCTC), the first international treaty signed under the WHO auspices. In this project, I explore how certain CNTC expansionary strategies undermine FCTC articles, as well as the ways in which FCTC articles have failed to curb the tobacco industry's transnational growth. Using international political economy as an overarching framework for the analysis of global health governance, I argue that the FCTC fails to halt the CNTC expansion activities due to global health governance's disconnect from international political and economic networks. Furthermore, this case study questions the extent to which global health governance can engage with structural and global corporate influence on harmful substance consumption, such as tobacco use, and the potential of global health governance to act as a mediator between alleviating non-communicable diseases and international economic activities.

Chapter 1: Introduction

On September 9, 2006, the Framework Convention on Tobacco Control (FCTC), the first international treaty negotiated under the World Health Organization's auspices, took effect in China. As the largest consumer and producer of tobacco, China's successful implementation of the FCTC could lead to a decrease in morbidity associated with tobacco, both domestically and internationally. On the other hand, the pace of China tobacco industry's internationalization efforts perhaps matches the strides made in global health governance toward tobacco control. The China Tobacco National Corporation (CNTC), as a state-owned enterprise, generates more revenue than British American Tobacco, Philip Morris International, and Altria combined (Fang et al., 2016). Although the CNTC has traditionally focused on the domestic market, the corporation has made significant effort to "go global" by expanding abroad following China's accession to the World Trade Organization in 2001 and growing saturation in the domestic market (Fang et al., 2016).

Despite the FCTC's attempt to curb transnational tobacco corporate activities, the CNTC has become the latest tobacco company to expand into a global corporation. The newly initiated oversea CNTC expansion follows a long history of transnational tobacco company (TTC) globalization. Starting in the mid-20th century, the transnational tobacco companies began to expand its sphere of influence from their countries of origin, which were often Western and developed countries in the Global North, to developing countries in Latin America, Africa, and Asia. As the latest installment of TTC globalization, CNTC's development contributes further to the discussion about transnational corporations and global health governance. CNTC's "going global" strategy, ever since the FCTC has been widely adopted, challenges the effectiveness of global health governance to seriously combat structural factors such as corporate activities.

Furthermore, an analysis of the CNTC, as a state-owned corporate enterprise, reveals further nuances in understanding and engaging corporate activities in the tobacco industry. The FCTC largely demands enforcement on a party by party basis, which raises questions about China's conflict roles as a party to the treaty and as the state sponsoring the CNTC.

The relationship between CNTC globalization and FCTC enforcement extends beyond just the issue of tobacco control; it offers a glimpse into the tension between transnational corporations and global health governance. In a commentary, Glasgow and Schrecker question the widespread individualization of responsibility for health that characterizes much of health promotion and disease prevention programs (2015). Instead, the pair suggests that as the increasing prevalence of NCDs becomes a significant global health policy issue,

the unreflective adoption of an individualized or risk factor oriented approach to NCD prevention and control may fit destructively with broader currents of neoliberal ideology and serve to reinforce or legitimize them, [creating] an additional burden of ascribed responsibility that weighs most heavily on those who have least control over their conditions of life and work (p. 282).

Glasgow and Schrecker call for finer understanding of the structural forces that impact NCDs outcomes such as corporate activities (2015). Transnational tobacco companies, as an example of the large-scale corporate influence, represent the sort of structural forces, such as trade liberalization, neoliberalism, and globalization, that global health policy must contend with. At first glance, global health governance seems to recognize corporation activities as a structural factor. The phenomenon of "tobacco exceptionalism", in which global health governance such as the Framework Convention on Tobacco Control recognizes the irreconcilability between corporate goals and public health agendas, differentiates the tobacco industry from other similar

food and drink commercial sectors that are also associated with risk factors for NCDs. Contrary to the FCTC's declaration that tobacco corporate interests should be excluded from public health policymaking, global health community's engagement with other commercial sectors emphasizes stakeholder participation. Such a stance advocates that involving the commercial sectors and encouraging strategies like harm reduction can lead to successful policy development. An example of this view manifests in International Labor Organization's "tripartism", in which the employers and the workers' organizations have an equal voice, and the WHO's consultation with alcohol companies to push for harm reduction (Collin, 2012, p. 277). However, there has been an increasing push for "policy congruence", or for policies regulating tobacco industry to be translated to other industries such as alcohol and sugar. This demonstrates the importance for understanding how effectively global health policies have engaged with tobacco control, and how translatable such regulations are to other industries (Collin, 2012). As a first foray into restricting the commercial sector, the FCTC's failures and successes during its engagement with the tobacco industry can serve as a case study for the broader conversation about the tension between commercial sectors and NCDs global health agendas, as well as what role global health governance will play in this mediation.

My research question is: To what extent can the Framework Convention on Tobacco Control policies effectively regulate or curb China National Tobacco Industry's globalization activities? In asking this question, I am interested in both how the CNTC circumvents and undermines FCTC implementation, as well as how well FCTC policies address CNTC's expansion activities. What are the implications when FCTC falls short of matching the pace and reach of CNTC's activities overseas? By linking CNTC's expansionary strategies to related FCTC articles, which were either designed to contend with certain corporate activities or

designed without taking these activities into consideration, I ask: what factors contribute to FCTC's ineffectiveness in curbing further international expansion of tobacco companies? Lastly, since this project presents the tension between CNTC globalizing activities and FCTC policies as a case study, another category of sub-questions addresses the implications this study holds for designing a comprehensive set of global health policies to halt the rise of non-communicable diseases. In other words, how does the tension between the CNTC and the FCTC contribute to the broader conversation about transnational corporate activities and global health governance? Moving forward, how can we evaluate transnational tobacco companies' activities while taking into account their global nature, rather than delimiting these endeavors within national or regional boundaries? Do state-owned enterprises such as the CNTC require a separate form of global health governance? This study aims to offer insights that can help in constructing a global health regulatory framework capable of engaging with nuanced transnational corporate activities.

In order to answer these research questions, I first evaluate CNTC's current expansionary strategies using a modified model based on Lee et al. (2012)'s study outlining the four types of strategies other transnational tobacco companies have employed in low- and middle-income countries. My modified model re-organizes the four types of CNTC's activities into three categories—economic activity, demand side promotion, and political interference. Then, within each category, I identify FCTC policies that relate to a specific expansionary strategy. The first category of economic activity deals more explicitly with the supply side of tobacco, including import/export, foreign investment, and smuggling. In particular, I utilize a political economist approach to identify the actors and systems that have contributed to the FCTC's inability to regulate trade. The second category focuses on strategies that stimulate the demand side, which includes strategies of marketing and brand development. I address Lee et al. (2016)'s discussion

about tobacco corporations' use of agency and structural power, as well as Hogg et al. (2016)'s proposal of how global health governance should approach state-owned tobacco companies (SOTC). Lastly, the CNTC also employs political and deceptive lobbying of politicians and third parties at both the national and global level, further illustrating that TTC activities exist in the supraterritorial sphere and should be considered holistically as a global process. Bringing these three categories together, I explore how economism, which creates specific imaginative geographies within the global health landscape, manifests in this contestation between health and trade.

Based on this analysis, I propose that China National Tobacco Corporation's "going global" strategy exemplifies the ways globalization challenges global health governance of tobacco control, and more broadly, non-communicable disease prevention. Existing studies have documented the success and failure of FCTC implementation, as well as how transnational tobacco companies have operated, in various national or regional contexts (Albuja and Daynard, 2009; Charoenca et al., 2012; Owusu-Dabo et al., 2010). However, I argue that focusing on FCTC implementation purely within national or regional boundaries has failed to address the global nature of TTCs, leading to the continued growth of CNTC's expansion abroad. By examining the relationship between CNTC internationalization and FCTC policies, I illustrate the disconnect between global health governance and the international trade network. To be effective, global health governance such as the FCTC should account for the fact that tobacco companies can influence policies outside of national borders and treat such influence as a holistic and global process, rather than the sum of its activities within national or regional boundaries. Furthermore, I argue that because of the possibility for SOTC to expand internationally, as exemplified by the CNTC, the FCTC and the broader global health governance's engagement

with SOTCs warrants further consideration. The CNTC has adopted similar methods as other TTCs, but also exhibits strategies associated with its evolution from a SOTC to a globally oriented company, such as marketing a high-quality segment of cigarettes for gifting or status symbolization and selecting geographically strategic locations aimed at region-driven expansion abroad. Lastly, pointing to the evolving strategies that the CNTC has employed to facilitate its increasing presence globally, I suggest that a stronger effort at monitoring and understanding corporate influence is needed, and that such expertise may be helpful for future global health engagement with other commercial sectors associated with NCDs such as sugar, processed food, and alcohol. Ultimately, this case study questions the extent to which global health governance can engage with structural and global corporate influence in tobacco consumption, and its implications for global health governance as a mediator between alleviating NCDs and international economic activities.

Chapter 2: Literature Review

In this chapter, I explore existing research about the Chinese tobacco industry, as contextualized within the development of transnational tobacco companies, and the Framework Convention on Tobacco Control, as situated within the broader studies of globalization and global health governance. This chapter also provides material that constructs my analytical framework, including theories about the ontological variations within global health governance studies, international political economy analysis, and imaginative geographies of global health.

The Chinese Tobacco Industry

The China National Tobacco Corporation (CNTC) has its own unique history of developing from a state-owned enterprise to a globally-oriented company. In this section, I outline the history of CNTC as a state-owned enterprise, its political and economic influence within the Chinese market and government, and its development into a globally competitive company. CNTC was established in 1981 to consolidate tobacco production and sale. The CNTC is a state-owned tobacco company that utilizes a vertical three-tier structure, produces 40 percent of the world's supply, and enjoys a virtual monopoly in the Chinese tobacco market. (He et al., 2013, p. 86). Under CNTC leadership, tobacco companies have been established in provinces, autonomous regions, and municipalities. The CNTC holds sustained government support at every level due to the high revenues involved in tobacco production and sale (Fang et al., 2016). The State Tobacco Monopoly Administration (STMA) was established in 1983 as the regulatory and administrative body for the industry (Fang et al., 2016, p. 2). Although formally the CNTC and STMA are separate entities, the two operate together to govern the industry through a vertical bureaucracy (Wang, 2009). Together, the CNTC and STMA control the entire

production chain of cigarettes from agricultural production to manufacturing to wholesale and retail.

The CNTC and the STMA act as a barrier to tobacco control efforts in China due to their economic and political influence. In the mid-1990s, when the cigarette market became increasingly saturated, growing competition among producers resulted in increased protectionism and preferential policies to support local cigarette manufacturers (Yang et al., p. 5). After the abolition of rural agricultural taxes in 2005, provincial governments have encouraged farmers to plant tobacco crops since the remaining tobacco leaf tax became some provincial governments' only source of revenue from agriculture. To this day, the revenue generated by the STMA makes up about eight percent of the national government's tax income. Notably, the STMA also sits on the committee of FCTC Implementation Mechanism despite the conflict of interest, a position that allows tobacco corporations to dominate tobacco control policy making in China. Due to their combined economic revenues over a long period of time, the CNTC and the STMA hold considerable political power within the Chinese government.

In the past, the CNTC and the STMA have primarily focused on the domestic market. However, starting in the 1990s, the Chinese tobacco enterprise began to look outside of the country for potential expansion. By the late 1990s, China's export-based economy was facing serious competition from lower-wage emerging economies, and in response, President Jiang Zemin called for Chinese enterprise to improve products and expand into foreign market in what became known as the "going global" strategy (Fang et al., 2016, p. 4). After China signed the General Agreement on Tariffs and Trade in 1993, the CNTC leadership once again speculated that the CNTC should follow the steps of other transnational tobacco companies to undertake international expansion. However, because of limited competition from other TTCs due to

China's import quota as well as the sheer size of the domestic Chinese market, the CNTC made little tangible effort toward that expansionary goal (Fang et al., 2016, p. 4). A critical turning point occurred after China's accession to the World Trade Organization in 2001. During the accession negotiation, other TTCs attempted to influence the negotiation process in hopes of breaking into China's tobacco market. Holden et al. argue that British American Tobacco's effort "contributed to significant concessions on the liberalization of the tobacco market in China, although the failure to break the Chinese state monopoly has ensured that foreign tobacco companies' share of the Chinese market has remained small" (2010, p. 421). The CNTC and the STMA, seeing foreign competition as a possible erosion of the domestic market, intensified the restructuring of the Chinese tobacco industry in anticipation, which may have resulted in more market-based and internationally oriented Chinese tobacco firms (Fang et al., 2016, p. 5). The broader process of trade liberalization in China contributed to the rise of the CNTC as a transnational corporation.

In preparation for "going global", the CNTC and the STMA have undertaken several strategies including consolidating existing companies, developing products, and gaining knowledge from other TTCs (Fang et al., 2016). For example, the central Chinese government employed the strategy of "grasping the large and letting go of the small", or enforcing merger and consolidation among regional tobacco enterprises in China to cultivate "winning" local and regional companies (Wang, 2009, p. 166). This policy moved control from the local governments to the central government and established independent trade among national or cross-regional corporations (Wang, 2009, p. 167). For example, the STMA central bureau's annual work report stipulated that by the end of 2004, all the tobacco factories with annual output lower than 100,000 cases must close, and those with output between 100,000 and 300,000 cases were

encouraged to merge with large scale factories (Wang, 2009, p. 183). To enhance global competitiveness, Chinese tobacco product development consolidated brands into a more curated selection with mass appeal, especially to foreign markets. The STMA also implemented plans to produce more premium cigarettes (Fang et al., 2016). In 2003, the CNTC undertook further reform. The STMA was reorganized into three parts, from a vertical bureaucracy to a multi-branch corporation. The Chinese tobacco industry now consisted of the STMA, the Chinese National Tobacco Industrial Corporation (CNTIC), and the Chinese National Tobacco Trade Organization (CNTTC). The latter two made up the China National Tobacco Company, or CNTC; CNTIC deals with the tobacco production enterprises and CNTTC deals with sales, imports, exports domestically and internationally. This reorganization enabled the CNTC to better compete with international tobacco companies. The regional tobacco enterprises, as sub-companies of the CNTC, could compete with each other without the protection of local government in order to produce the most market-competitive brands (Wang, 2009, p. 190-191). These efforts prepared the CNTC for its expansion overseas.

Tracing the Development of Transnational Tobacco Companies: A Research Agenda

In 2000, an international committee of experts at the World Health Organization published a report outlining the ways transnational tobacco companies (TTCs) had been subverting the WHO's effort at tobacco control. In the conclusion, the authors proclaim. "tobacco use is unlike other threats to global health. Infectious diseases do not employ multinational public relations firms. There are no front groups to promote the spread of cholera. Mosquitoes have no lobbyists" (Zeltner et al., 2000, p. 244). This statement drew attention to the unique challenges that transnational tobacco companies pose for tobacco control efforts, such as their growing influence

in low- and middle-income countries (LMICs). In this section, I first discuss the history of transnational tobacco companies, including tobacco's ties to economic development and strategies that TTCs have employed to expand their influence globally. Then, this section describes existing literature on TTCs, highlighting themes and challenges and identifying how this project fits into the research agenda on TTCs.

The global smoking epidemic, according to tobacco control advocates, can only be tackled beyond the national boundaries, in part because TTCs have seriously undermined tobacco control efforts. The global reach of transnational tobacco companies can be traced back to several decades ago, when a shift from the traditional market in Western countries to the emerging market in LMICs occurred. Throughout the first half of the 20th century, the world's leading tobacco companies showed little interest in foreign expansion, mainly due to the steady growth in domestic cigarette consumption (Stebbins, 1987, p. 523). However, beginning in the 1960s and 1970s, the United States began to export tobacco to Latin America, Asia, and Africa, which accounted for almost 20 percent of all U.S. tobacco export at the time (Taylor, 1984, pg. 262). By the 1980s, a number of health organizations, including the World Health Organization, the U.S. Surgeon General, the American Medical Association, and the British Medical Association have taken a stance that cigarette smoking contributes greatly to mortality and morbidity (Stebbins, 1987, p. 523). In response to the growing awareness of health concerns associated with tobacco, the tobacco companies began to expand their sphere of influence abroad (Stebbins, 1987, p. 526). Such expansionary goals received support from both international and national economic development institutions. While the WHO was actively advocating against tobacco use, the Food and Agriculture Organization, another United Nations body, continued to promote tobacco production in Third World countries (Taylor, 1984, p. 242). Under the Bush

and Reagan administrations, American-based TTCs gained access to markets in Asian countries such as South Korea, Taiwan, and Thailand, with assistance from the U.S. government (Stebbins, 1991, p. 150). Furthermore, TTCs also began to export and promote cigarettes in South American countries; by the turn of the century, cigarette promotion and marketing in South America was virtually ubiquitous (Stebbins, 2001, p. 150). In 1997, Philip Morris's foreign sale profit overtook its domestic sale profit for the first time and British American Tobacco held 15 percent of the global market (Hammond, 1998). Such trends raised concern that governments in developing countries could not effectively counter the influence of TTCs, and TTCs' aggressive push for new markets could lead to a heavy burden of tobacco-related illness and death globally.

TTCs' shares of market overseas are intricately linked to the international economic development agenda. Back in the 1980s, scholars argued that to many national governments, "tobacco offers a lifebelt. It provides jobs, revenue, exports, foreign exchange, education, training and prosperity. It creates wealth and aids development—assuming of course that "development" is the creation of a consumer society which offers the West a market for its goods and services" (Taylor, 1984, p. 242). Although the trade and production of tobacco had a long history, the last half of the 20th century saw key events in development and trade liberalization that contributed to TTCs' global activities today. Some have argued that because of the global smoking epidemic, tobacco control should be thought of as a development issue. In 1986, 61 percent of the world's tobacco consumption took place in developing countries. By 2020, 70 percent of the expected 8.4 million deaths caused by tobacco will take place in developing countries (Yach & Bettcher, 2000). This can be traced back to development projects that fostered tobacco production and sale in LMICs. For example, the U.S. Food for Peace Program, a development and aid project, helped to export tobacco to countries in Asia, Latin America, and

Africa for nearly 25 years between the 1960s and 1980s. If the recipient governments resold the tobacco and used money to finance approved development projects, they could receive debt obligation exemption. This laid the groundwork for TTCs to later develop overseas markets to sell and manufacture cigarettes, due to the already well established presence of tobacco in those countries (Taylor, 1984, p. 262). Another example can be seen in the United Nations Food and Agriculture Organization (FAO) and the World Bank's support for tobacco as a cash crop in developing countries while the WHO was actively discouraging tobacco use; such a tension "marked the beginning of an exercise in which the Secretariats of FAO and WHO were to attempt to weigh the social and economic costs of smoking against the economic and social gains derived from tobacco production, manufacturing, and trade" (Taylor, 1984, p. 240-241). As a result of tobacco's importance to many countries' economic growth trajectory, which were often encouraged by Western countries and international development institutions like the FAO and the World Bank, the burden of tobacco consumption has become a global phenomenon that weighs more heavily on developing countries.

However, TTCs are not just passively reaping the benefits of trade agreements and international development programs; instead, TTCs actively and aggressively utilize tools to expand their business globally. For example, Mackenzie and Collin conducted a case study of how tobacco companies used U.S. trade representatives to break into Thailand's market (2012). In 1990, the United States Cigarettes Export Association, consisting of Philip Morris, RJ Reynolds, and Brown & Williamson, instigated the U.S. Trade Representatives to threaten trade sanctions against Thailand to force the Thai government to liberalize its domestic cigarette market. In response, the Thai government challenged the terms citing the health exemption proviso in General Agreement on Tariffs and Trade (GATT) Article XX(b), arguing that if the

market were open to import, tobacco consumption would increase and create more health risk for the Thai population. This led to a referral to GATT arbitration, which rejected Thai government's claims that foreign imports would lead to increased cigarette sales and agreed with U.S. Trade Representatives that import restrictions would violate GATT. However, the panel ruled that Thailand could enact non-discriminatory policies that restrict tobacco, as long as the policies applied equally to both domestic and foreign tobacco companies (Mackenzie & Collin, 2012). In another instance, British American Tobacco attempted to influence the negotiations for China to accede to the World Trade Organization in 2001, which would remove significant barriers for TTCs to enter the Chinese market (Holden et al., 2010). As Collin et al. explain, trade liberalization and multilateral trade agreements lead to facilitated access to markets (2002, p. 266). These events illustrate that TTCs could use international policies on trade to override national government's control over the level of tobacco consumption in the domestic market.

TTCs use a wide variety of tactics to establish their sphere of influence. Commercial industries affect public health legislation through hard power, such as building financial and institutional relations, and soft power such as influencing culture, ideas, and cognitions (Moodie et al., 2013). In a systematic review of published research on tobacco industry activities to promote tobacco use in low and middle-income countries, Lee et al. (2012) summarize these strategies into four main themes: economic activity such as smuggling and foreign investment; marketing, promotion, and advertising, which includes street advertisement and targeting specific populations; political activity, such as lobbying, establishing voluntary self-regulation, and initiating corporate social responsibility programs; and deceptive and manipulative activity, including opposition to smoke free laws and using third parties allies. The first two categories span from the supply to the demand side of tobacco production and consumption globally while

the latter two deal more with policy interference. In particular, Lee et al. (2012)'s discussion of political and deceptive activities relates to TTCs' direct policy interference. TTCs have been documented to employ methods such as funding scientific and economic studies, lobbying officials, defusing tobacco control legislation through the preemptive adoption of self-imposed industry codes, and interfering with or ignoring passed legislations (Mamudu et al., 2008; Collin et al., 2002). These interferences not only target health-related policies, but also trade and agriculture policies that promote tobacco production and sale, as exemplified by BAT's role in influencing China's WTO accession. While most of these direct interferences took place on the national level, industry documents have also shown TTCs disrupting tobacco control on the regional and international scale, especially exemplified by the attempts to undermine the FCTC negotiations while it was being drafted (Mamudu et al., 2008).

A fuller understanding of CNTC globalizing activities also requires a clearer definition of past research agendas and future potential dimensions of analysis. Lee and Kamradt-Scott (2014) undertook a systematic review of existing literature on tobacco industry's globalization and found four common trends. First, the definition of "globalization" is varied. Existing literature mostly associated globalization with increased policy influence of the industry, marketing activities in emerging markets, or market access and growth. Other definitional traits of industry globalization included privatization, tariff and taxation, and structural consolidation. The authors argue that the timeframe of the analysis was mostly limited to the 1980s and 1990s, which may have been in support for FCTC negotiation process and corresponded with the release of tobacco industry documents. There are few analyses dating from the early to mid 2000s. The unit of analysis was mostly focused on TTCs (72% of the papers reviewed) and the state (22% of the papers reviewed). Lastly, Lee and Kamradt-Scott define agency power as "the capacity of

corporations to act independently in ways that achieve desired ends” and structural power as “situations where governments are compelled to favor industry interests without the need for firms to take explicit action” (2014, p. 4). The former—agency power—is well documented in analyses about the ways tobacco industry attempt to achieve favorable outcomes and influence the FCTC negotiations. Only 5% of the papers reviewed examined structural power. By identifying these themes and gaps in literature, Lee and Kamradt-Scott call for a more intentional approach to conduct research on TTCs globalization.

By evaluating CNTC’s globalizing strategies, this research project focuses on how CNTC’s globalization fit within the broader TTC research agenda by filling in several gaps. Lee et al. (2012)’s review, supplemented by other studies that examine TTCs’ expansion, synthesizes a comprehensive model to evaluate China National Tobacco Corporation’s expansionary strategies as they relate to not only FCTC policies, but also trade and development policies. To this date, limited literature has examined how “globalized” the the CNTC has become. The case study of the CNTC showcases the interplay between several industry globalization indicators, such as structural consolidation, increased policy influence, and increased marketing activities and access. Thus, this example contributes to evaluating how effectively TTC globalizations can be studied using these indicators. Studies produced in this older timeframe between the 1980s to 1990s served as evidence and support for the FCTC negotiations. This study, by further exploring the CNTC globalizing activities from the 2000s onward, fills in a temporal gap in the current research effort about TTCs and examines TTCs influence on global health policies during a more recent time. Moreover, an analysis grounded in the newer timeframe can serve as a study that examines the effects of FCTC after its wide adoption. Lastly, as a state-owned enterprise faced with its nation’s integration into the global economy, the CNTC illustrates the

interplay between agency and structural power, which also contributes to the limited research about TTCs' structural power.

The Framework Convention on Tobacco Control

As the first international treaty negotiated under the WHO auspices, several articles in the FCTC directly or indirectly relate to corporate activities. Article 5.3, often cited as the backbone of the FCTC, seeks to establish a form of global health governance that excludes the tobacco industry due to its conflict of interest (Hogg et al., 2016, p. 369). Specifically, Article 5.3 requires that “in setting and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law” (World Health Organization, 2008). Article 5.3 also underpins the phenomenon of “tobacco exceptionalism” by recognizing the irreconcilability between the corporate goals and public health agendas. This differentiates the tobacco industry from other similar food and drink commercial sectors associated with risk factors for NCDs. In engaging with other industries such as processed food and soft drinks transnational corporations, current global health governance tends to promote stakeholder participation. Thus, a fuller understanding of global health governance's relationship with corporate interests in the case of tobacco may inform future contestation between public health and other commercial sectors. Other FCTC articles of interest include Article 6—pricing and tax measures to reduce tobacco use, Article 13—tobacco advertising, marketing, and sponsorship, Article 15—eliminating illicit trade, and Article 17—provision of support for economically viable alternative activities. These articles are relevant to this discussion, because TTCs activities can undermine the drafting, passing, and implementations of these policies.

Furthermore, the FCTC's treatment of state-owned tobacco companies has not been comprehensive. Earlier recommendations suggested that under Article 5.3, SOTCs should be treated as private companies, which assumes that SOTCs and private corporations behave in the same way. In a following report outlining recommendations for Article 5.3 implementation, the WHO urges that countries with SOTCs should ensure that a separate agency regulate the tobacco industry, encourage the SOTC to consider the consequences of smoking and address those outcomes, and exclude the SOTC from discussion about public health policies (WHO, 2008). In any case, FCTC's treatment of SOTC seems like an afterthought, which is not proportional to SOTCs' share of almost 40 percent of the global tobacco market (Hogg et al., 2016, pg. 367). Furthermore, the FCTC and its recommendations do not consider the potential for SOTCs to expand beyond the national borders.

Although the FCTC has been hailed as the watershed of global tobacco control, the history behind its development extends beyond the present period of global health governance (Reubi & Berridge, 2016). In the mid-1960s to late-1970s, international tobacco control efforts mainly included international conferences and exchange of information and best practices. Following that, in the 1970s, tobacco control efforts, spreading outside of Western countries, began to carry out workshops in Asia and Africa, because "faced with ever more stringent anti-smoking policies and decreasing cigarette consumption in the West, the industry was hard at work establishing new markets for its products across Latin America, Asia, and Africa" (Reubi & Berridge, 2016, p. 463). Around the same time, the WHO also expanded its tobacco control programs. For example, WHO Director-General Halfdan Mahler explicitly integrated smoking within the primary health care agenda developed at Alma Ata and in the Health for All by Year 2000 report (Reubi & Berridge, 2016, p. 461). As the changes occurred in the industry's

expansionary reach, as well as the number and nature of nations participating in international tobacco control, this stage of increased international collaboration was poised to transition to a period of global tobacco control efforts.

From the 1990s to early 2000s, the anti-tobacco effort was marked by a reconfiguration of international action around the idea of globalization. Recognizing the limitation of international health cooperation, which focused on the state as the unit of operation, the concept of global health governance arose in field of international health (Dodgson et al., 2001). Drawing on the theories of globalization, public health experts believed that the world was undergoing economic, political, and social integration. In particular, trade liberalization, growth of communication technology, and rapid transportation, these commentators contend, moved health problems ranging from infectious diseases to non-communicable diseases beyond the nation-state's control. At the time, the dominant neoliberal views also created a sense of skepticism toward the state, which was often portrayed as incompetent and inefficient (Reubi & Berridge, 2016, p. 468). Instead, the advocates favored working through non-state actors such as NGOs and philanthropists. Many post-Cold War, international tobacco control initiatives embodied this type of approach, utilizing mechanisms such as international regulatory frameworks, innovative financing models, transnational advocacy campaigns, private–public partnerships, and global epidemiological surveillance system such as the Global Adult Tobacco Control Survey (Reubi & Berridge, 2016, p. 468). The FCTC fits into this last stage of global health governance by extending beyond the nation state and involving non-state actors such as civil society organizations (Collins et al., 2002). The FCTC's successes and failures have been evaluated within a national or regional context (Charoenca et al., 2012; Owusu-Dab et al., 2010; Albuja S, & Daynard, 2009; Singh, 2012). The approach of evaluating FCTC implementation on a country-

by-country basis ignores the impact that corporations such as the CNTC, working transnationally, have on health policies in many countries under their spheres of influence. For example, a TTC may employ different methods depending on the policy environment, and by looking beyond national borders, researchers can piece together the package of policy interference methods and how these strategies relate to global-scale processes such as trade agreements and trade liberalization.

The implementation of the FCTC has been at best contentious in China. Despite ratifying the FCTC in 2005, China has been slow to implement effective tobacco control measures and legislations. In the WHO's ranking of countries' level of success in tobacco control and FCTC compliance, China ranked in the bottom 20% (Hu et al., 2014, p. 14). The dominance of tobacco economy and the amount of respectability that the CNTC holds, especially in contrast to its Western counterparts, offers the Chinese tobacco industry much political power to prevent anti-tobacco legislation from gaining momentum. Furthermore, the Ministry of Industry and Information Technology (MOIIT) serves as the chairman of the Inter-Agency FCTC Implementation Coordination Mechanism (ICM), which oversees the implementation of the FCTC in China. At the same time, the MOIIT is also responsible for the management and development of the tobacco industry. This conflict of interest is a structural barrier to the successful implementation of the FCTC in China. Furthermore, research studies have demonstrated that if the Chinese government were to raise tobacco tax, which has been proven to be one of the most effective ways to reduce tobacco consumption, especially among the poor, the tobacco revenue would actually increase despite a decrease in consumption. The FCTC also explicitly supports using taxes to decrease tobacco use. The CNTC and STMA continued to oppose a tax increase, arguing that this would decrease revenue and harm the Chinese economy

(Hu et al., 2014). Nevertheless, the increased push for tobacco control within China posed a concern that the domestic tobacco market would be reduced, and the CNTC had turned to expansion abroad to make up for the losses (Fang et al., 2016, p. 4).

Another challenge in enforcing the FCTC in China relates to the CNTC's status as a SOTC. SOTCs were historically very common in Europe, Asia, and Latin America, but from the 1980s, many tobacco monopolies were privatized due to the perceived inefficiency of state-owned enterprises (Hogg et al., 2016). Starting from the 1960s, a TTC or its subsidiary often replaced SOTC in Latin America, Asia, and Europe (Shepherd, 1985, p. 86). The CNTC, as a state-owned enterprise, represents the tobacco industry but also adds nuances to how the FCTC should differentiate between private corporations and state-led companies. Additionally, CNTC's expansion abroad as a SOTC raises new questions about how the FCTC should engage with SOTCs if they begin to expand globally. Hogg et al. (2016) argue that there are three potential models for FCTC to govern SOTCs. The conflict between corporate interests and state responsibility to promote health can be "perceived as either fundamental and fixed ('intrinsic conflict') or as amenable to either exacerbation or amelioration via organizational mechanisms ('institutionally-mediated conflict')" (p. 367). In the former model, the SOTC should be privatized, but privatization historically has promoted the tobacco industry's growth. In the latter model, the two can co-exist as long as there is a separation between the SOTC and its regulatory mechanism. The last model, interest alignment, proposes that SOTCs, as public institutions, can be programmed to serve any public policy stance, including "sunsetting" the tobacco industry and advancing tobacco control (Hogg et al., 2016). However, these three models fail to address how the countries party to the FCTC should approach their SOTC's activities abroad, especially if the market expansion harms tobacco control policies in other countries. If CNTC's strategies

are identical to the typical TTC strategies to expand their business, as outlined by Lee et al. (2012), then it seems the first model of privatization already applies to the CNTC in terms of transnational activities. However, CNTC's overseas strategies can differ due to its status as a SOTC and its flexibility to utilize both agency and structural power, as outlined by Lee et al. (2016). Another question about the state's duty to promoting global health, rather than just its population's health, also arises when considering transnational SOTCs.

Global Health Governance, Globalization, and International Political Economy

The relationship between the Framework Convention on Tobacco Control and the expanding China Tobacco National Corporation stands at the intersection of global health governance and transnational corporate activities. The following section delves into the terrain of global health governance, unpacking the history behind this increasingly popular approach to address certain health issues, such as tobacco control, that have been elevated to the global scale. In this section, I first discuss the shift from international health cooperation to global health governance. Then, I outline the ideology that underpins global health governance, as well as the inconsistencies between the competing dominant paradigms in global health governance. Ultimately, I contextualize CNTC's expansion activities and FCTC implementation within theories about globalization, a term often used without clear definition, and global health governance, a field with various ontological variations. Ultimately, this section expands upon the theoretical framework that underpins the broader discussion about the relationship between the CNTC and the FCTC, as well as how this tangible case study can contribute to the existing understanding of global health governance. This section provides the material that constructs analytical framework for this study, which is discussed further in the next chapter.

The emergence of global health is a rather recent phenomenon that developed within the historical context of public health and relations between nation states. During the late 19th and early 20th centuries, international health mostly referred to the control of epidemics across national boundaries (Brown et al., 2006, p. 62). International health encompassed health work that focused on developing countries suffering the legacies of Western power colonialism and imperialism. Participating in various forms of international health cooperation, nation states, as well as organizations made up of state members, engaged in both the flow of bilateral health funding between donor and recipient country and collaborative efforts such as World Health Organization's mission to eradicate smallpox worldwide (Ng & Ruger, 2011, p. 2). However, as certain features of globalization, such as increased air travel and urbanization, begin to impact health outcomes more strongly, the new paradigm of "global health" came into prominence.

Since the field of global health is growing rapidly, as reflected by the expansion of its associated scholarly endeavors, policy initiatives, and philanthropic programs, a conceptual definition of what the term "global health" entails becomes necessary for addressing common goals and recognizing differences. In 1998, Derek Yach and Douglas Bettcher, while working for the WHO, attempted to capture the essence of global health that differentiated it from international health (Brown et al., 2006, p. 63). In "The Globalization of Public Health", the pair argued that "global health futures are directly or indirectly associated with the transnational economic, social, and technological changes taking place in the world. As a result, the domestic and international spheres of public health policy are becoming more intertwined and inseparable" (Yach & Bettcher, 1998, p. 735). Pointing to globalization and its effects such as increased travel, macroeconomic trade policies, food security, and environmental degradation, Yach and Bettcher (1998) argued that in face of these threats, adoption of proactive global health policies

can provide valuable opportunities to improve health outcomes around the world. Developed from the history of public and international health, global health also shares some of these older paradigms' features such as prioritization of population-based preventive measures, focus on more vulnerable areas and people, multidisciplinary approaches, emphasis on health as a public good, and stakeholder participation (Koplan et al., 2009, p. 1994). On the other hand, a key difference is that global health addresses not only health issues experienced by many nation states, but also challenges that arise from transnational determinants such as globalization, urbanization, and climate change (Koplan et al., 2009, p. 1995). Lee and Kamradt-Scott (2014) argue that a health issue can be defined as "global" based on its nature, namely, whether it requires collective action because the causal factors are "transboundary" (p. 4). As such, tobacco control's "globalness" arises, in part, from the transnational tobacco industry's activities around the world.

However, the emergence of global health is not without inconsistency. As Andrew Lakoff (2010) argues, two different paradigms exist in the global health landscape. The former, named global health security, focuses on keeping emerging infectious diseases outside the border of wealthier countries. This paradigm emphasizes not only response to but also preparation for disease outbreaks. Contrarily, the stance known as humanitarian biomedicine targets diseases, such as HIV/AIDS, malaria, and tuberculosis, that currently afflict the poorer nations of the world. This paradigm fosters "apolitical linkage" between a network of nongovernmental organizations, scientists, and local health workers (2010, p. 60). Using a human rights based justification, humanitarian biomedicine is a global mission that transcends national sovereignty. These two paradigms differ in their perceived type of threat and source of pathogens, as well as places and methods of intervention. In a review of global health governance literature, the

researchers identify persistent problems and challenges within the field that arise from these two competing paradigms, including the contestation between vertical (disease-specific) or horizontal (comprehensive primary care) structures, health inequalities, and local/country ownership and capacity (Ng & Ruger, 2011). Tobacco control, in particular, exhibits certain features of both paradigms. For example, the FCTC, at least in theory, involves both national agencies and civil-society organizations, which is a feature of humanitarian biomedicine. The FCTC also utilizes surveillance system, common in biosecurity monitoring mechanism, such as Global Adult Tobacco Control Survey while integrating tobacco cessation into primary care. Thus, tobacco control global governance serves as an example of how the two paradigms can sometimes overlap.

Although global health governance (GHG), as exemplified by the Framework Convention on Tobacco Control, can be somewhat ambiguous due to the many ontological variations within its literature, there are several key features that generally characterize GHG. GHG draws on global governance, which is a well-established subject area within International Relations. Governance results in arrangements which involve “recognized authority, agreed rules for decision making, and accountability” (Lee & Kamradt-Scott, 2014, p. 2). Converging themes within the global governance field include the agreement that global governance does not equate to global government, a recognition that respects state sovereignty. GHG stresses the importance of non-state actors, ranging from local to international civil organizations, interest groups, scientific community, and individuals. Furthermore, GHG also searches for innovative institutional arrangements beyond the traditional global policies constructed. Lastly, GHG is not only concerned with the global scale but spans its interest from the local to the supranational health issues (Lee & Kamradt-Scott, 2014).

Within global health governance, arrangements can involve state-actors, non-state actors, or both (Lee & Kamradt-Scott, 2014, p. 2). In a comprehensive review of GHG literature, Ng and Ruger (2011) further identified major systems and actors, which include nation-states, United Nations agencies (in particular, World Health Organization), multilateral organizations such as the World Bank and the World Trade Organization (WTO), non-governmental and civil society organizations, and public-private partnerships (PPPs). Many of these actors play a role in the drafting, negotiation, ratification, and enforcement of the FCTC. Notably, the literature has explored the themes of multisectoral connections with health such as the trade sector, and neoliberalism's influence on health. This paper's research questions, which explore the influence of transnational tobacco companies, engage with non-states actors and sectors connected to health that operate at various scales and influence tobacco control global governance.

Chapter 3: Methodology and Analytical Framework

Broadly, this study contains three stages of data collection and analysis. During the first stage, I gathered information about CNTC globalization strategies. I conducted document search using the 2015 Chinese Tobacco Almanac, a publication released by the STMA and CNTC every year recording its activities. This source provided much of the empirical evidence concerning CNTC import, export, joint ventures, manufacturing companies, and the highlights of CNTC's activities in 2015. I also used the UN COMTRADE, an international trade statistics database to supplement the data on CNTC's import and export. The data from this database was used to make visual aids such as the maps on CNTC's partner countries during importation of tobacco and exportation of cigarettes. Furthermore, I used other sources such as past publications, press releases, and company websites to document other demand-side expansionary activities as well as policy interference strategies. I also conducted two interviews with tobacco control experts in Latin America and attended a symposium hosted by the International Union Against TB and Lung Disease on the topic of CNTC expansion abroad. In the second stage, using a model modified from Lee et al. (2012)'s study about typical transnational tobacco industry's methods to expand to low and middle-income countries, I categorize CNTC activities broadly into economic activities, demand side generation, and policy interference. Using the evidence gathered about CNTC's "going global" strategies, I then turn to policy document analysis to identify relevant FCTC articles that relate to these expansionary methods. I discuss the relationship between a particular strategy and the relevant policy, analyzing the extent to which the FCTC article can effectively address CNTC's expansionary strategies. In the last stage, I use this study's analytical framework to discuss the implications behind how well the FCTC articles engage with transnational corporate activities. For this study, I construct an analytical framework primarily

based on three theoretical concepts: ontological variations and normative basis in global health governance scholarship, international political economy as applied to GHG, and imaginative geographies of global processes such as governance and corporate activities.

The questions at the center of my research project concern the successes and failures of the FCTC. Certain factors that constructed these outcomes originated from the nature and practice of global health governance. As Lee and Kamradt-Scott put it, clarifying “ontological and definitional distinctions in GHG scholarship” and being “critically reflexive of their normative underpinning” can advance GHG as a field of study and practice (2014, p. 1). In a critical review of GHG research from the 1990s and onward, the pair identifies three distinct ways the term GHG is used: 1. Globalization and health governance, which describes the institutional actors and policy making processes required to govern health in a globalizing world; 2. Global governance and health, which explores the ways global governance institutions outside of health sectors, such as those that control trade and investment agreements, have influenced determinants of health; and 3. Governance for global health, or the arrangements necessary to further global health goals (Lee & Kamradt-Scott, 2014, p. 5-6). The FCTC embodies the first and third ontological forms of GHG. In the former case, the FCTC views tobacco consumption as a global health issue and utilizes international treaty process to build a uniform approach to address this problem. In the latter case, the FCTC sets up a structure that places the responsibility of implementation onto the state and offers support from non-state sources to achieve the realization of the treaty, which is an arrangement aimed at broader public health goals related to NCDs associated with tobacco use. Although the FCTC recognizes the impact TTCs have on global tobacco consumption, the treaty falls short of recognizing how trade and investment agreements, much of which favor transnational tobacco companies’ expansion abroad, operate

through global governance institutions outside of the health sector. In this way, the FCTC has not embodied the second ontological variation—global governance and health. Furthermore, this second ontological variation places trade as “outside of health sector”, a distinction that perhaps further contributes to the disconnect between GHG and global economic processes. Thus, mapping out the ontological variations within GHG scholarship and the normative basis of its practice contextualizes some of the shortcomings in the FCTC.

I situate my analysis within an analytical framework constructed at the intersection of global health governance and international political economy. Because of the complex network of actors and institutions involved in GHG, Adrian Kay and Owain Williams argue that international political economy can provide an overarching framework for the analysis of GHG (2009). Pointing out the “almost routine linkage of new disease patterns and resource scarcity in healthcare with key features of globalization” such as prioritization of certain health issues, urbanization, and migration, Kay and Williams critique that despite this connection, existing GHG literature still largely conceives of “globalization [...] as either a natural, inevitable, or purely economic process whose locus is beyond the space of GHG, [which is seen] as a part of a separate political sphere where responses to globalization and its associated health risks and disease patterns are developed” (Kay & Williams, 2009, p. 3). Such a critique further constructs a view of GHG as a contested space that is characterized by competition between different discourses of health and governance. At the same time, other critiques also recognize that the normative conceptualization of GHG materializes in real consequences through policy-making and institutional advocacy (Lee, 2009, p. 28). An international political economy approach to GHG centralizes “economic processes and policies which explain the disjuncture between the challenge of the global system of diseases *and* the nature of the response” (Kay & Williams,

2009, p. 2, original italics). Within this perspective, the rise of transnational tobacco companies, as a challenge to global health, and the FCTC, as the response to that challenge, meet at a disjuncture created by economic globalization processes such as trade liberalization, commodification, and neoliberalism. This paper's focus on the CNTC also raises the question of state-owned enterprises' role in the neoliberalization and commodification that characterize much of the international political economy of contemporary global health and trade.

The last component of my analytical framework concerns how conceptualization of the global landscape shapes the understanding of global processes such as FCTC implementation and CNTC expansion. I combine the idea of supraterritoriality, a term that comes from Global Studies about how globalization redefine traditional geographic scales, and the imaginative geographies of economism, or how economic globalization and the neoliberal pro-market approach to government have reterritorialized the terrain of global health. Health geography has always approached health problems as situated within various historical-geographical scales, such as the urban city, the neighborhoods, the colonial zones, and so on. Thus, this analytical framework hopes to define or clarify the global scale.

In this discussion, the term globalization presents a persistent ambiguity that needs to be addressed. Jan Aart Scholte, a Global Studies scholar, emphasizes the importance of differentiating globalization from other similar concepts, including internationalization, liberalization, universalization, and westernization, in order to avoid generating redundant analyses. Instead, Scholte argues that globality “resonates of spatiality”, a concept that consists of transplanetary connectivity, which has been featured in human history for a long time, and supraterritoriality, or newly risen social connections between people that transcend territorial geography (Scholte, 2008, p. 1480). These connections have *transworld simultaneity*—they

“extend anywhere across the planet at the same time, and *transworld instantaneity*—they “move anywhere on the planet in no time”, two qualities that together essentially reconfigure social space (Scholte, 2008, p. 1480). A manifestation of globality exists in global companies that participate in transworld production, global governance institutions that aim to perform regulatory functions, and the consumption of commodities (pg. 1486-1488). However, Scholte qualifies that globalization does not end territorialism, but brings greater complexities to geography by creating supraterritoriality, where the global and other spatial scales intersect (p. 1492-1494). Applying this concept to this research project, I argue that, in addition to considering CNTC activities abroad and FCTC enforcement within national or regional boundary, an effective conceptualization should also consider these processes in the supraterritorial sphere. As discussed in previous sections, current evaluation of FCTC implementation and TTC activities tend to be limited to country or regional boundaries, which are valuable studies but ultimately lack an understanding of the globality in both processes.

The discussion about economism in global health governance also maps out imaginative geographies of the global health terrain. Kelley Lee, in a chapter in *Global Health Governance: Crisis, Institutions, and Political Economy*, outlines four normative views of global health: the bio-medical model, the rise of economism, the security agenda, and social medicine. In particular, she argues that “global health has featured a strong streak of utilitarianism in the form of economic rationalism for increasing political attention to, and resources for, certain issues” (Lee, 2009, p. 32) Some key examples of economic rationalism include the Global Burden of Disease Project, which prioritizes specific disease burdens based on economic productivity lost due to illness, and the creation of the WHO commission on Macroeconomics and Health, which encouraged the investment in cost-effective interventions (Lee, 2009, p. 32-33). Furthermore,

economic utilitarianism has led to private-public partnerships, which have, to some extent, replaced healthcare traditionally provided by the state. Lee argues that this trend of favoring partnership with industry and private sector reflects the overall “ascendancy of neoliberalism in health” (2009, p. 35). Although the global health community has embraced the idea of “tobacco exceptionalism” and agrees that tobacco control measures must be protected from industry interests, the continuous expansion of the CNTC demonstrates that global health governance fails to account for industry partnerships with other sectors, such as agriculture and trade, that strongly influence health outcomes.

In a critique of economism in global health governance, geographer Matthew Sparke sets out to unpack the three ways economism “activate a distinct ‘imaginative geography’ of globalization that then frames and visualizes the terrain of global health in a distinct way”: 1) Economism of market fundamentalism, which argues that economic progress can promote health and flattens the global space to strive for a “borderless world”; 2) Economism of market foster-care, which creates places of pathology to advocate that improving health will promote economic development; 3) Economism of market failure, which treats economic inequalities as an independent variable that impedes further progress or a symptom of other forces at work (Sparke, 2009, p. 132). The discussion about transnational tobacco companies and the FCTC reveals all three ways of economism: 1) The transnational tobacco industry’s expansion took place in part due to trade liberalization and trade agreements, demonstrating that navigating the relationship between development and health cannot rely on market fundamentalism; 2) The FCTC, which is being implemented and evaluated on a national or regional basis, focuses on places of pathology (in this case, tobacco use) and perpetuates the narrative that tobacco use is now a challenge that certain states and regions are responsible to tackle; 3) As Sparke points out,

comparing how well countries are following FCTC guidelines, such as publishing reports counting how many FCTC articles parties have successfully enforced, fails to “address the ways in which *transnational* processes of exploitation and dominance might also codetermine differences in health outcomes”, namely, the influence of transnational tobacco companies on health (2009, p. 151, original italics). For example, a country that a TTC explicitly targets, either as the consumer or the producer, will have many more obstacles while trying to implement the FCTC, than a country that does not consume or produce much tobacco. Previously, health problems and solutions were visualized on various historical-geographical levels. However, Sparke (2009) argues that economic globalization today and “pro-market” neoliberal approach to the government have reterritorialized the geographic horizons of health. Hence, the FCTC and transnational tobacco companies play out in a remapped terrain of global health, rather than the older historical-geographical horizons, and as such the global scale requires more careful definitions and conceptualizations.

Chapter 4: Results and Discussions

In the following chapters, I outline the various activities the CNTC and its subsidiary companies have been undertaking as a part of their strategy to expand abroad. These activities are broadly divided into three categories: economic and trade pursuits, demand-side promotional strategies, and political interferences. The Framework Convention of Tobacco Control, designed to address global tobacco consumption, directly or indirectly conflicts with many of the CNTC's expansion strategies. This chapter includes three sections based on each of the categories. In each section, I will first outline the evidence I gathered about the category of strategies, then connect these strategies to specific FCTC articles affected by the CNTC's utilization these expansionary strategies. I propose and evaluate the factors that contribute to the FCTC's ineffectiveness in regulating the CNTC's activities overseas, as all as the conditions that allows the CNTC to circumvent certain FCTC regulatory articles. Additionally, I also discuss how this study and its findings fill in the gaps in existing literature and demonstrate the merits of a theoretical framework that combines international political economy and critical global health governance studies.

At the Intersection of Trade and Health:

This section focuses on CNTC's economic strategies to expand abroad, including direct investments and illegal smuggling. In countries where the government views tobacco as a source of economic revenue, TTCs invest directly through joint ventures or leaf production agreements with the local private or state monopolies. This strategy allowed TTCs to gain access to markets in countries such as Russia, Uzbekistan, Indonesia, and the Philippines (Lee et al., 2012, p. 122). CNTC's direct investments include exporting tobacco products, importing tobacco leaves, and

establishing joint ventures and operations abroad. In addition to the range of economic activities outlined by Lee et al. (2012), I add that CNTC's partnerships with other TTCs are also a type of economic activity, often related to direct investment in the form of joint venture and brand promotion. Additionally, smuggling also constitutes a form of economic activity often used to access foreign markets when legal means are not available or profitable. I then outline how these economic activities relate to Article 6 on taxation, Article 17 on diversification of livelihood, and Article 15 on illicit trade. Specifically, I discuss how these policies fail to regulate these economic activities or how certain economic activities undermine, either directly or indirectly, the implementation of these FCTC articles. Lastly, this section also utilizes an international political economist perspective to identify the policies and institutions that constructed the structural disconnection between global health governance and international trade.

One form of CNTC direct investment is exportation of its tobacco products to other countries. In 2014, the CNTC exported 572.7 million U.S. dollar worth of cigarettes, which makes up the bulk of Chinese tobacco-related export (Tobacco Cigarettes Exports by Country, 2016). Apart from cigarettes, the CNTC also exports tobacco leaves, tobacco by-products, and pipe tobacco. In 2015, the CNTC exported tobacco and manufactured tobacco substitutes that summed up to approximately 1.35 billion USD. In the appendix, *Figure 1* depicts countries that the CNTC exports to (United Nations Statistics Division). The shades of pink denote the percentage of CNTC tobacco export a particular country receives. The lightest shade corresponds to about one percent. The medium pink shade shows countries receiving between one to ten percent of CNTC exports, and the darkest pink shade denote the countries receiving between 10 to 23 percent of CNTC exports. This map shows that CNTC export market is primarily in

Southeast Asia, Europe, and the Middle East. According to data from Trade Statistics for International Business Development, *Table 1* shows the top destinations of CNTC exports.

The CNTC also establishes its international presence through importing raw tobacco from other countries. In 2004, under the World Trade Organization, the import duty for tobacco dropped from 40 percent to ten percent, increasing opportunity for more import. Furthermore, the CNTC has been more focused on producing better quality cigarettes and consolidating cigarette output to keep up with the competition for high quality cigarettes. Of course, profit is also a major motivator. In 2015, the CNTC imported 1.86 billion USD worth of tobacco products. *Figure 2* is a map which illustrates the countries that the CNTC imports from. The shades of purple denote the percentage of CNTC tobacco import a specific country produces. The lightest shade of purple corresponds to countries contributing below one percent of the CNTC import, followed by one to ten percent, 10 to 20 percent, and the darkest shade corresponds to 20 to 32 percent, which includes Zimbabwe, Brazil, and the United States. *Table 2* shows the top five countries from which China imports the most of its raw tobacco.

Zimbabwe, as the top country that China imports from, provides a good case study for CNTC import activities abroad. Tobacco has always been an important part of Zimbabwe's economy, making up about 45 percent of all agricultural export and 14-18 percent of national GDP. In 1998, Zimbabwe underwent agricultural land reform where the land previously owned by white, larger scale, commercial farmers was redistributed to indigenous, small farmers (Mukwereza, 2015). Because of this reform, the West imposed economic sanctions on Zimbabwe, who then turned to China as a trading partner. Chinese foreign policy of non-interference was very appealing, and Zimbabwe adopted the "Look East" policy (Mukwereza, 2015). In 2004, after a delegation from Yunnan visited Zimbabwe, the Chinese decided to set up

Tian Ze as a 100 percent subsidiary of the China National Tobacco Company (Mukwereza, 2015). Tian Ze's main activities include contract farming and purchase of the Zimbabwean crop on the auction floor. This was seen as a win-win situation. Chinese investment was credited for the high average price of the premium crops. Furthermore, this investment came at a time when demand for tobacco had decreased in the West. The CNTC also provides technical assistance for tobacco farming. In return, the CNTC receives good quality tobacco. (Mukwereza, 2015).

Notably, the tobacco import from Zimbabwe to China is one of many connections between the two countries. The China-Zimbabwe relationship has been well studied, and is often used as a microcosm for China-Africa relation due to the economic trade as well as China's willingness to support "pariah regime", or government without good governance and human rights practices (Zhang, 2014). China's contemporary relation with Zimbabwe include economic cooperation, military assistance, investment, governmental ties, and socio-cultural exchange (Zhang, 2014). Therefore, while this study does not delve into a deeper understanding of the economic and political context, it does note that the tobacco import takes place within the broader bilateral relation between the two countries.

Furthermore, the CNTC strategically establishes tobacco companies and factories abroad, as another way to expansion its sphere of influence. Provisional tobacco companies under the CNTC usually partner with other TTCs or with local companies and government to establish operations abroad. These operations include joint ventures and factories that produce cigarettes and promote Chinese brand cigarettes. They also develop and produce particular brands of cigarettes tailored to the local market. Often using these joint ventures as launching pads, CNTC international companies are poised to expand into neighboring countries or cultivate a regional market.

One example is the China Tobacco International Europe Company SRL (CTIEC) in Romania (STMA, 2015; China Tobacco International Europe). The company was established in 2008 with an annual yield capacity of 3 billion cigarettes, exporting products to Iraq, Ukraine, Tunisia, Libya, Moldova and other countries. In 2013, the company founded the International Development Department, aiming to further implement CNTC's "going global" strategy to export goods to the neighboring markets surrounding Romania. This company aims to expand market in Central and Eastern Europe, Middle East, and Africa. Its goals included factory expansion or relocation and increasing production and quality by 2016. By 2018, it aims to produce 10 billion cigarettes per year and generate 8 million USD in profit. CTIEC aims to be China Tobacco's production and sale base for Europe and the commonwealth of independent states. CTIEC will also target Middle Eastern and African markets. *Table 3* lists CNTC operations abroad whose main missions center around manufacturing cigarettes, the year these operations were established, and their production capacity. Additionally, *Table 4* lists other CNTC joint ventures more focused on developing regional markets and importing tobacco to China.

The last strategy the CNTC utilizes is international partnerships with other transnational tobacco companies. Although this strategy is not discussed in Lee et al. (2012), these partnerships manifest in joint venture and access to new market, which qualify as economic activities. The CNTC has had a long history of partnership with other TTCs due to foreign interest in accessing the large Chinese domestic cigarette market. The CNTC hopes to expand abroad and TTCs who have established markets in other regions can help facilitate CNTC's expansion. In exchange, TTCs hope for benefits such as promotion of their brands within China and access to the domestic Chinese smoking population. TTCs are also becoming more restricted

in Western countries, in part due to anti-tobacco policies, so they are seeking more markets in China. There are many forms of cooperation between the CNTC and other transnational tobacco companies, such as selling each others' brands of cigarettes, providing technical assistance on agricultural production or manufacturing, and establishing joint ventures together. *Table 5* tabulates CNTC's partnerships with three top TTCs, as well as the brands they share between each other.

In 2008, Philip Morris Chairman and Executive Officer Louis Camilleri said, "as we look to the future, there are a number of markets that still represent essentially virgin territory for us. China is obviously our largest opportunity but the magnitude of its potential is matched by its complexity and it is currently very difficult to access in a meaningful manner... Our ambition is to become [the] CNTC's key strategic partner and thus be in a position to capture any meaningful opportunity that may arise should state control of the industry ever be relaxed" (Remarks of Mr. Camilleri, 2008).

The CNTC and Phillip Morris announced an agreement to manufacture and sell Marlboro in China and set up an international joint venture company. Each side will hold 50 percent of the joint venture (PMI Operations Center Media Office, 2005). In 2008, the joint venture launched three Chinese heritage brands in six different markets in Central Europe, Eastern Europe and Latin America. The three heritage brands are *Red Gold Dragon (RGD)* (low-priced segment), *Dubliss* (mid-priced segment), and *Harmony* (premium segment). *RGD* is being sold in the Czech Republic, Hungary, Poland, and Slovakia (Tobacco-free Kids, 2012). Following a strong launch in the Czech Republic in 2008, *RGD* already accounted for 2 percent of the country's total market share in 2010. Sinorama Industry Com SRL, a CNTC-owned factory, produces *Dubliss* in Romania. PMI subsidiary Massalin Particulares SA launched *Harmony* in Argentina in

December 2008. *Harmony* accounted for 0.4 percent of Argentina's market share in 2010 (Tobacco-free Kids, 2012).

British American Tobacco has established offices in various Chinese cities. The CNTC imported the brand SE555 and Kent from BAT. BAT also participates in social responsibility activities in China, such as donating to education, preventing smoking in youth, and practicing sustainable farming (British America Tobacco China, 2011). BAT made a strong effort to influence China's accession to the WTO in hope of penetrating the Chinese cigarette market further (Holden et al., 2010).

In 2003, Japan Tobacco established its China division responsible for Japanese duty-free market and retail market in China. In 2003, JT began to import the brands *Zhonghua*, *Double Happiness*, and *Golden Deer* into Japan (He et al., 2010). The rationale is that by allowing Chinese brands to sell in their country, JT might be able to establish a good relationship with China and get a bigger market share in China's expanding tobacco market. JT has acquired Gallaher Group and inherited a partnership with Shanghai Tobacco Group. In 2003, Gallaher and Shanghai Tobacco Group signed a reciprocal licensing agreement for their respective brands, *Memphis* and *Golden Deer*. Gallaher produces and distributes *Golden Deer* in Russia, which sold 515 million sticks in the first quarter of 2011 (Tobacco-free kids, 2012).

Moving from legal direct investment strategies, this section now turns to illegal smuggling of cigarettes. According to the Lee et al (2012)., smuggling has been an important part of TTCs market entry strategy. Because illicit cigarettes undermine tobacco regulatory mechanisms such as taxation policies and licensing agreements, TTCs sometimes utilize a well-established presence of smuggled cigarettes to negotiation concessions with the local governments. For example, BAT, faced with restrictions on foreign investment in China, aided

the smuggling of its brands so well that by 1996, 99 percent of the foreign brands sold in China were smuggled BAT cigarettes (Lee & Collin, 2006). BAT restructured operations and controlled the supply chain so that cigarettes could be distributed to various “agents” who then sold illicitly as contraband. Similarly, in Ghana, cigarettes were smuggled in from the neighboring country Togo. The company that produced the smuggled cigarettes, Rothmans UK, was able to establish a commercial partnership with the previous tobacco monopoly shared by the state and BAT because its market share had grown so significantly in Ghana (Owusu-Dabo et al., 2009, p. 207).

The CNTC has benefited from smuggling in Latin America, although such effort has not garnered much attention from the tobacco control field. In my interview with a civil society organization leader who has worked in regional tobacco control effort in Latin America for two decades, the informant said,

Surprisingly, I found that CNTC is more active than I thought at the beginning. In general, tobacco control advocates here in the region, including me, were not aware of what CNTC was doing at the regional level. I noticed that in certain ways, this company, via [sometimes] legal [selling] but mainly illegal tobacco [smuggling], is present in most of these Latin American countries (Tobacco control expert 1, research interview, January 2017).

This informant conducted a small survey among their colleagues who work on tobacco control at the country level. During their presentation at an international conference on lung health in October 2016, the informant stated that this survey found that the CNTC has established presence through their cigarette brands in ten out of the 14 Latin American countries that responded to the survey. Out of the ten countries, seven reported that the cigarettes were sold

illegally, including Colombia, Ecuador, Panama, Costa Rica, El Salvador, Guatemala, and Mexico. Argentina reported legal sale of Chinese cigarettes. Bolivia and Peru reported both legal and illegal sale of Chinese cigarettes. According to the interviewee, such smuggled cigarettes are fueling the tobacco industry in these countries because the low prices are undermining the tobacco taxation policies in many countries. At the aforementioned conference presentation, the informant also discussed two specific examples. In Panama, a company associated with China Hunan Tobacco produces three different brands: the brand *Marshal*, which is illegally smuggled to Mexico and Colombia, the brand *Modern*, which sells illegally in Guatemala, and *Silver Elephant*, which sells illegally in Costa Rica.

Discussion:

The CNTC engages in a variety of economic activities, which can be broken down generally into foreign direct investment (FDI) operations such as joint ventures and cigarette-manufacturing factories, transnational trade such as import and export, and illicit trade such as smuggling. Although some of these activities do not explicitly contradict policies outlined in the FCTC, they undermine the implementation of several other FCTC Articles on reducing both the supply of and demand for tobacco, including Article 6 on taxation, Article 17 on diversification of livelihood, and Article 15 on illicit trade. CNTC economic activities undermine implementation of existing FCTC policies and illuminate the absence of an FCTC provision that addresses international trade directly.

CNTC FDI, by establishing joint ventures to develop oversea markets and cigarette manufacturing companies to supply tobacco, undermines FCTC articles designed to reduce the supply side of tobacco. Literature about FDI's impact on tobacco control is limited. However, a

study showed that tobacco consumption increased more in formerly Soviet Union countries that received tobacco foreign investment (Gilmore & McKee, 2005). Multilateral and bilateral agreements establish rules about international investment. The WTO General Agreement on Trade and Services (GATS) considers commercial presence as an investment activity and provides multilateral agreement rules that extend to tobacco retailing and sale, but not production. Generally, the bilateral investment treaties utilize a “negative list” approach, which identifies sectors exempt from investment liberalization. These agreements also require that foreign investments receive national treatment and most-favored-nation treatment (Lo, 2010, p. 306). These rules stipulate that if one party allows domestic tobacco companies to establish new enterprise or acquire existing enterprises, it must allow foreign companies to do the same. This treatment of foreign tobacco companies erodes the benefits of tariff on tobacco product because the CNTC, through FDI, can establish production facilities within other countries and circumvent the tariff (Lo, 2010, p. 307). Thus, CNTC FDI indirectly impacts FCTC Article 6 which “recognize[s] that price and tax measures are an effective and important means of reducing tobacco consumption by various segments of the population, in particular young persons” (WHO, 2005). Article 6 mostly focuses on utilizing taxation policies to curb tobacco consumption. However, this article does not explicitly mention tariff, a possible pricing measure to curb tobacco usage, which is an absence that weakens the strategy of using tariff to protect against foreign influence on national tobacco control. Furthermore, FDI allows transnational tobacco companies to leverage its presence and influence national policies, reduce production costs, penetrate new markets, and increase sales (Lo, 2010, p. 307). Many CNTC joint ventures aim to “collect information on tobacco market” and “promote sales of Chinese cigarettes and cooperation” (STMA, 2015). Although the FCTC does not explicitly address these effects of

FDI, the general consensus on the need to reduce demand and supply of tobacco, as well as the Preamble's recognition of "the need to be alert to any efforts by the tobacco industry to undermine or subvert tobacco control efforts", suggests that CNTC FDI contradicts the spirit of FCTC (WHO, 2005).

The second broad category of CNTC economic activities consists of transnational trade, including import and export. CNTC investment into tobacco import and export stimulates the supply side of tobacco. For instance, in Zimbabwe, CNTC subsidiary Tian Ze was credited for reviving local tobacco production and purchasing the crop for importation. Tian Ze utilizes a contract farming scheme to work directly with both small and large scale farmers. Again, Article 6, which advocates for taxation policies and fails to recognize the usefulness of tariff, falls short of countering the effect of transnational trade on tobacco control. Additionally, FCTC Article 17 calls for parties to promote economically viable alternatives for tobacco workers, growers, and individual sellers. CNTC import of raw tobacco sustains the tobacco production sector, further complicating any effort to substitute tobacco with other crops. Additionally, the CNTC also exports cigarettes to other countries and aims to develop market for these cigarettes, which sustain both the supply and demand side of tobacco. There is a regional pattern in CNTC import/export and the corresponding effects of FCTC articles. On one hand, because the CNTC imports from the Americas and select African countries, FCTC Article 17 on promoting alternatives for tobacco production may be more related. On the other hand, CNTC's export mostly focuses on Southeast Asia, the Middle East, and Eastern Europe, which further illustrates Article 6's loophole that failed to address tariff as an effective protection against foreign tobacco products.

CNTC's transnational trade activities, which persist despite China and its select partner countries' commitment to the FCTC, illustrate the interconnectedness between the trade and health sectors. Generally, the relationship between international trade and tobacco control has been contentious. Such tension manifested during the FCTC negotiation process when trade experts and public health advocates clashed over whether a provision on international trade should be included. In 1999, the World Health Assembly created the Intergovernmental Working Group to draft the terms of the FCTC. In one of the earlier versions of the draft released on March 2000, Guiding Principle D.4 (later renamed D.5) outlines that "trade policy measures for tobacco control purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade" (Mamudu et al., 2011, p. 3). This approach exemplified the "trade-over-health" stance, which generated much discontent among the public health advocates and civil society organizations that argued WTO's policies undermined tobacco control (Mamudu et al., 2011). Curiously, the WHO Tobacco Free Initiative (TFI), prioritizing the successful negotiation of FCTC over health-trumps-trade stance, supported Guiding Principle D.5. TFI argued that this language was also used in a number of multilateral environmental agreements and similar to GATT Article XX, which burdened the governments to prove that the intent and effect behind a challenged regulation is not discriminatory (Mamudu et al., 2011, p. 6). A World Bank representative argued that tobacco control should focus on the demand side since trade restrictions will not be effective. (Mamudu et al., 2011, p. 7). D.5 later evolved to two articles that subordinated the FCTC to WTO, which was inconsistent with the international conventions on treaties. Specifically, a proposed Article 2.3 stated that "nothing in this Convention and its related protocols shall be interpreted as implying in any way a change in rights and obligations of a party under any existing international treaty", which contradicted the

Vienna Convention on the Law of Treaties that stipulated the more recent and specific treaty (FCTC) takes precedence over the older and more general treaty (WTO) (Mamudu et al., 2011, p. 7). These two articles were later deleted due to protest from the civil society alliances and lack of support from WHO members. Unable to reach an agreement, several delegations and members of the public health community advocated for silence on this issue in fear that this stalemate would prevent the FCTC from proceeding. People who supported the silence hoped that the preamble and Article 2.1, which stated that “parties are *encouraged* to implement measures beyond those required by this Convention and its protocols” (Mamudu et al., 2011, p. 7, italics mine). The lack of a binding clause led the FCA to declare that it was wishful thinking for health advocates to believe conflicts would not arise between the FCTC and trade agreements. In the end, the trade-over-health and health-over-trade sides compromised on silence, leading to the glaring absence of trade provisions in the FCTC. (Mamudu et al., 2011).

Lastly, CNTC’s smuggling of cigarettes, specifically within the Latin American region, also challenges FCTC’s article on illicit trade. Article 15 states that

“the elimination of all forms of illicit trade in tobacco products, including smuggling, illicit manufacturing and counterfeiting, and the development and implementation of related national law, in addition to sub-regional, regional and global agreements, are essential components of tobacco control” (WHO, 2015).

Specifically, the article calls for parties to adopt cigarette packaging that clearly labels the origins, monitor and record cross-border illicit trade, prevent illicit manufacturing, document storage and distribution, and consider licensing. It is unclear whether the party of origin for the companies manufacturing the illicit cigarettes or the party on the receiving end of the illicit cigarettes is responsible for adopting these measures. In regards to the more regional and

national nature of illicit trade, Article 15 notes that measures controlling illicit trade should be developed “in accordance with national law and relevant bilateral or multilateral agreements” (WHO, 2005). Furthermore, parties should “promote cooperation between national agencies, as well as relevant regional and international intergovernmental organizations” in order to eliminate illicit trade (WHO, 2005). Curiously, although international trade treaties such as the WTO theoretically should also advocate against illicit trade, the WTO’s regulatory framework against illicit trade is quite weak as well. In a news brief published in 2015, Columbia and other Latin American countries, citing the fact that illicit trade has grown to between 8 percent and 15 percent of global GDP, call for the WTO to devise a collective instrument to address this problem (Goods Councils, 2015). Therefore, perhaps FCTC, at least at the moment, takes a stronger stance against illicit trade than other trade agreements.

In Latin America, CNTC companies have been manufacturing cigarettes in select countries where such production is legal, and smuggling these cigarettes to other countries. These cigarettes are usually very cheap, especially compared to other cigarettes which are taxed in accordance with laws. Although Article 15 outlines some specific measures to prevent illicit trade, CNTC subsidiaries, as well as other TTCs, continue to circumvent the rather weak cross-border control of cigarettes. In addition to smuggling’s indirect harm to specific FCTC Article 15, the presence of smuggled cigarettes has traditionally been a way for TTCs to influence policy negotiation. In an interview with a civil society organization leader working in Brazil, the informant discusses how the tobacco industry not only uses smuggling as an argument against taxation increases, but also against policies on smoke-free legislation and restricting flavoring additive that entices young people to smoke (Tobacco control expert 2, research interview, March 2016). The argument is that these tobacco control policies will at worst be ineffective, and

at best encourage the practice of smuggling. In the past, smuggled cigarettes have also been used to establish a considerable market share, which the TTCs then use as leverage to negotiate with the government for tax decrease, joint venture agreements, or licensing agreement (Lee et al., 2012, p. 122). Furthermore, the FCTC article recognizes the necessity for cooperation among national and regional partners. However, the informant observes that there has been no active monitoring or even awareness of illegal Chinese cigarettes among tobacco control experts in Latin America, which suggests that tobacco control within the Latin American nations falls short of curbing this type of industry activity. Although this informant's methodologies or knowledge may be limited, their findings, along with their affiliation with civil society organizations working beyond national boundaries, suggest that a regional or international approach may benefit the effort to monitor this type of transnational activities.

Expanding upon the rather vague details in Article 15 and recognizing the importance of addressing illicit trade, the FCTC adopted a new protocol in 2012, which was an international treaty available for ratification and accession to FCTC parties. Over a period from 2013-2014, the Protocol was open for signatures and received them from 53 states. This protocol will be enforced 90 days after the 40th instrument of ratification, acceptance, approval, formal confirmation or accession. To this day, this protocol only has 26 parties, and therefore has not been entered into effect. Despite this lack of enforcement, the Protocol represents a next step of governance and warrants consideration in regard to the smuggling of Chinese cigarettes in Latin America. The Protocol mainly includes articles on controlling the supply chain, penalties for offenses, reporting, and settlement of disputes. The section on international cooperation outlines specific expectations on how parties should work with each other. Notably, Article 25 states that this Protocol only operates in accordance to the "sovereign equality and territorial integrity of

States and that of non-intervention in the domestic affairs of other States” (WHO, 2012). As such, it seems that even a more stringent form of global health governance on illicit trade would prioritize state sovereignty over cross-border regulation.

The plethora of economic activities the CNTC has been undertaking, in addition to undermining the implementation of several FCTC articles, also illustrates the impact of global tobacco governance’s silence on the trade-health relationship. In addition to these economic activities’ specific connections to FCTC Articles 6, 15, and 17, there are several broader implications. First, CNTC’s partnerships with other TTCs such as joint venture, reciprocal promotion of brands, and sharing markets are driven by common interest in profit, and they constitute a type of economic activity not addressed by FCTC. The flexibility and variety in these partnerships is not matched by how FCTC parties operate at a defensive, fixed national unit, largely bound by rules of sovereignty and trade agreements. For example, TTC partnerships allow the CNTC to access new markets, but national governments, bound by trade agreement, cannot deny such entry. This imbalance illustrates the idea that transnational tobacco industry’s activities cannot be evaluated on a strictly national or regional basis. The findings about CNTC’s illicit tobacco trade in Latin America, collected by an expert working with regional and international organizations, also demonstrate the important of transnational civil society organizations in tracking TTCs’ activities. Second, the FCTC’s deficiency in addressing the supply side of tobacco, sustained by both legal and illicit trade, demonstrates global health governance’s emphasis on individualized responsibilities rather than structural forces. This lack of attention to the supply side has serious implications for the effective implementation of FCTC. For example, the Bloomberg Philanthropies sponsored the MPOWER policies, which is also supported financially by the Bill and Melinda Gates Foundation, includes five components.

MPOWER includes: monitor tobacco use and the policies to prevent it; protect people from tobacco smoke; offer people help to quit tobacco use; warn about the dangers of tobacco; enforce bans on tobacco advertising, promotion and sponsorship; and raise taxes on tobacco (WHO, 2009). Assuming that consumers rather than manufacturers will pay the taxes, there is no reference to reducing the supply side in MPOWER. The large-scale financial support for MPOWER may risk diverting attention from FCTC mandate to address the supply side of tobacco consumption (Townsend et al., 2012, p. 191). Lastly, the CNTC, as a state-owned enterprise, further complicates the already unclear distribution of responsibilities outlined in FCTC. For example, FCTC requires that all Parties utilize taxation and other price measures to reduce tobacco use in various segments of population, but should China impose taxation on its subsidiary companies' exported cigarettes? In regards to illicit trade, if a company under the CNTC umbrella manufacture and smuggle cigarettes from one country abroad to another country also abroad, should China, the origin country, or the receiving country take measures to prevent such trade? Although global health governance distinguishes itself as transcending national boundaries, the FCTC still operates at the national or regional level but without clear definition of each party's duties, and in many cases, without binding clauses.

On the Demand Side:

In this section, I discuss the activities that I have categorized as those that play a role in stimulating the demand side of tobacco. First, TTC strategies of tobacco marketing, promotion, and advertising have been well documented, both in high-income countries and LMICs. According to Lee et al. (2012), this category can be further broken down into direct and indirect advertising tactics, targeting a particular audience, and developing/introducing new cigarettes

brands. In countries without restrictive tobacco control policies, such as the Philippines and Cambodia, companies would advertise directly using means such as billboards and television (Lee et al., 2012). In countries where the policies are more restrictive, TTCs engage in indirect promotion such as sponsorship and trademark diversification (Lee et al., 2012). A tobacco control expert discussed anecdotal evidence of CNTC utilizing billboard advertising in Peru's International Airport and indirect media articles advertising in Argentina (Tobacco control expert 1, research interview, January 2017). However, this study otherwise found little evidence of CNTC's use of direct and indirect marketing, which does not mean the CNTC does not employ such tactics, but rather that these strategies are harder to identify and require more knowledge of the local environment.

Another tactic involves targeting a particular audience to create demand. This refers to TTCs' attempt to target women and youth by portraying smoking as a glamorous and youthful activity. Relatedly, another tactic involves TTCs developing new cigarettes for a new target audience, such as "light", "low-tar", and "mild" cigarettes which target women (Lee et al., 2012). Similarly, the CNTC sometimes develops a series of brands tailored to a nation or a region. For example, as *Figure 3* in the appendix shows, in Cambodia, the Chinese brands include *Angkor*, which has an image of a national landmark, *Cambo*, which has packaging with same colors as the Cambodian flag, and *Coco Palm*, which alludes to the physical environment.

Additionally, CNTC usually develops a brand for each of the low-, middle-, and high-price segment in a market, a strategy that tailors the pricing mechanism to cover all purchasing populations. For example, a company in Romania produces the brand *Dubao* in the low-middle segment, *D&B* in the middle segment, and *Dubliss* in the high segment. Another joint venture, which has different markets in Central Europe, Eastern Europe, and Latin America, produces the

three heritage brands: *Red Gold Dragon* (low-priced segment), *Dubliss* (mid-priced segment), and *Harmony* (premium segment). This is a strategy that CNTC has utilized domestically with success and is now utilizing internationally to allow people from all socioeconomic backgrounds to access cigarettes more easily. Additionally, the high-price segment aligns with the cultural norm of gifting cigarettes as *guanxi* (social network) and creates status symbolization associated with the premium cigarettes. However, in countries where gifting cigarettes is not a part of cultural norm, or has changed due to shifting attitude toward tobacco use, premium cigarettes may not be appropriate. As explained by a civil society tobacco control organization leader in Brazil in our interview, there is no culture of gifting cigarettes in Brazil, especially as tobacco control policy has changed people's perception of smoking to a more negative view, thus the low-price segment is more concerning than the high-price segment (Tobacco control expert 2, research interview, March 2016).

Discussion:

On the demand side, the CNTC has engaged in marketing, promoting, and advertising activities, which are specifically outlined in FCTC articles as activities that should be banned. CNTC subsidiary companies have used direct and indirect marketing tactics, targeting population overseas by appealing to their national or regional identities, and developing new cigarettes suitable for regional promotion. FCTC Article 13 explicitly addresses demand-side promotional activities by demanding that parties undertake a comprehensive ban on all tobacco advertising, promotion, and sponsorship. This ban includes both direct and indirect forms of advertisement that portray smoking cigarettes in a misleadingly positive manner. Furthermore, in cases where a comprehensive ban is not available, Article 13 also includes other minimum party obligations

such as health messages appearing alongside all advertising, tobacco industry submitting expenditure reports on advertising to the government, and the prevention of tobacco industry's sponsorship of any international event (WHO, 2005). In countries with lax implementation of this article, TTCs usually utilize direct marketing such as billboards on the streets, plastic bags, TV, and magazines. In countries with stricter policies, TTCs usually utilize indirect advertising such as sponsoring music, movies, sport events, encouraging positive TV coverage, and diversifying trademarks (Lee et al., 2012, p. 119). CNTC utilizes strategies similar to the ones TTCs have traditionally employed, with direct advertising in Peru and indirect advertising in Argentina. Argentina has not ratified the FCTC, therefore this trend seems to contradict the observation that indirect advertisement is more frequently used in environments with a strong policy ban on advertisement.

In regard to cross-border advertisement, Article 13.7 states,

Parties which have a ban on certain forms of tobacco advertising, promotion and sponsorship have the sovereign right to ban those forms of cross-border tobacco advertising, promotion and sponsorship entering their territory and to impose equal penalties as those applicable to domestic advertising, promotion and sponsorship originating from their territory in accordance with their national law (WHO, 2005).

Thus, TTCs should abide by the national laws on tobacco advertisement in their market countries. Although the evidence on CNTC advertisement is too scarce to reach a solid understanding in this study, if the CNTC utilizes traditional advertising methods, which, at least according to FCTC, should be addressed by the Party receiving transnational tobacco advertisement, rather than China, a state that both sponsors CNTC and is a party to the FCTC.

CNTC companies also develop cigarettes that appeal to specific national/regional populations, a strategy that does not violate any specific FCTC but warrants consideration. This strategy not only resembles other TTCs' past methods, but also reflects CNTC's evolution as a state-owned enterprise. As Fang et al. (2016) outlines, the CNTC undertook product development, specifically brand consolidation, in preparation for "global global". In the past, the tobacco monopoly within the domestic Chinese market was very regionalized, with local government adopting protectionist measures to promote their own regional companies. During the consolidation, these measures were removed and companies competed with one another for the best performance. However, the CNTC subsidiary companies still, in many ways, are associated with specific provinces in China. For example, the Hongyun Honghe Tobacco Group, the fourth largest company by sale volumes in the world, originated from two well-performing companies in Yunnan. Other companies, such as the Anhui Tobacco Industrial and Chuanyu Industrial, are also associated with regional provinces (Fang et al., 2016). This history may become important when considering CNTC's global strategies of breaking into each regional market, with joint ventures and manufacturing facilities serving as the epicenter of those regions. Furthermore, CNTC subsidiary companies, such as the Vinton Group Inc. in Cambodia, also utilize their understanding of regional identities to develop cigarettes that bear national landmarks or physical landscape characteristics in order to appeal to specific populations. Moving forward, understanding the unique regional history of this state-owned enterprise can differentiate its strategies from other TTCs.

Lastly, the CNTC, during its preparation for "going global", also underwent premiumization, or the creation of a high-price, high-quality segment of cigarettes, a strategy that indirectly connects to the previously discussed FCTC Article 6 on taxation. Studies have

documented how the price elasticity of demand, formally defined as the percentage change in consumption resulting from one percent increase in price, impact the rate of tobacco consumption (Chaloupka et al., 2002). Furthermore, analysis of tobacco industry documents shows that TTCs have a comprehensive set of pricing strategies to accommodate for price elasticity, which impacts people with lower-income the most (Chaloupka et al., 2002). Thus, TTC pricing strategy undermines FCTC Article 6, which advocates for using pricing measures such as taxation to control demand for tobacco. Relatedly, one of CNTC's regional market development strategies include producing three brands of cigarettes in each of the three pricing segments—low-, middle- and high-price tier. In addition to this strategy's resemblance to well-documented industry pricing practices, such segmentation also echoes the period during CNTC's evolution that saw premiumization as a key development. As Fang et al. (2016) explains, in China, the system of *guanxi*, or a social network that facilitates relationship building for business and other purposes, has adopted luxury cigarettes as an important currency. Within China, luxury brands are seeing the most growth, followed by modest growth in the middle-price tier, and a decrease in the growth in the low-price tier. These premium brands are also seen as ways for the CNTC to match the perceived quality of other TTCs cigarettes (Fang et al., 2016, pg. 8). However, in my interview with a Brazilian tobacco control expert, the informant suggests that in Brazil, due to tobacco control effort, people do not perceive cigarettes with positive connotation, which may impede this sort of luxury cigarette sale. Nevertheless, while TTCs have been documented to utilize pricing strategies to circumvent policies on price or tax increase, CNTC's unique history of cigarette premiumization and the current emphasis on luxury cigarettes domestically may also influence its likelihood of transplanting similar practices abroad.

To summarize, CNTC strategies to influence the demand side of tobacco consumption hold several implications. First, in Lee and Kamradt-Scott (2014)'s discussion on agency versus structural power, the authors define the former as relying on tobacco industry's active attempt to achieve favorable outcomes and the latter as relying on environments in which the government is required to favor tobacco industry without much action from the industry. In order to stimulate the demand of cigarettes, access new markets, and circumvent taxation policies, the regional brand development and pricing strategy more closely exemplify agency power due to CNTC's conscious effort to access markets. On the other hand, CNTC's direct/indirect advertisement fits more with structural power because of the lack of national policy enforcing a comprehensive or partial ban in accordance to the FCTC. Secondly, regarding Hogg et al. (2016)'s three paths for state-owned enterprise, CNTC's market development strategies abroad and the unclear distribution of Party duty in the FCTC both complicate the model by questioning the state's obligations to manage its overseas corporation in addition to the domestic influence. Lastly, CNTC strategies, such as premiumization and regionally-focused brand development, not only resemble other TTC methods, but also are rooted in CNTC's evolution as a state-owned enterprise during its preparation to "go global".

Policy interferences:

The third category of expansionary strategies encompasses lobbying, voluntary self-regulatory code, and corporate social responsibility programs. TTCs, employing agency power, engage in activities that produce outcomes favorable for their goals. For example, BAT used extensive and longstanding relationships with Kenyan presidents to block tobacco-control policies. An industry document analysis revealed that BAT worked to delay health legislations

and eliminate competitors in Kenya (Patel et al., 2007). The elimination of competition ensured that tobacco farmers were forced to sell to BAT at a low price rather, leading to “entrenched poor pay and a quasi-feudal relationship” (Patel et al., 2007, p. 5). In another case, within China, the STMA and CNTC hold considerable influence over the implementation of FCTC (Hu et al., 2014). Overseas, the CNTC continues this practice by acting through politicians to oppose anti-tobacco policies.

This study finds an instance of CNTC utilizing funding politicians to influence policies. In Brazil, China Brasil Tabacos Exportadora (CBTE), a joint venture between China and an U.S. company called Alliance One, funded eight politicians’ campaigns during the 2014 election cycle for about a total of \$60,000 (SPCE, 2014). These politicians, mostly representing Southern tobacco-producing states such as Rio Grande do Sul, Paraná, and Santa Catarina have engaged in various policy-making processes that either undermined tobacco control or favored tobacco production. For example, Heitor Schuch, the elected federal deputy of Rio Grande do Sul, received \$13,000 in election campaign fund from CBTE. Schuch has a track record of advocating against tobacco control policies (Heitor Schuch). For instance, he requested a public hearing that led to representatives signing a decree rejecting the new restriction on the production and sale of tobacco under study by the National Agency of Sanitary Surveillance (Dos Santos, 2011). Elton Weber, who received \$6,475 from CBTE and holds the state representative position in Rio Grande do Sul, has also criticized efforts to diversify tobacco production and proposed a public hearing to discuss importance of tobacco production in hope of opposing FCTC (Deputados gaúchos).

In terms of other strategies such as adopting voluntary self-regulatory code to avoid outside regulation and initiating corporate social responsibility programs under the guise of harm reduction, I did not find any related evidence in regards to CNTC strategies.

Another global TTC strategy entails deceptive and manipulative activities such as opposing smoke free laws, using third party allies, and imitating litigations (Lee et al., 2012). One particular example of this manifests in CNTC's ties with the International Tobacco Growers Association (ITGA), which is an international nonprofit that organizes tobacco farmers in opposition to anti-tobacco policies. According to the WHO, the ITGA is "an organization that is funded and directed by tobacco companies. It is used by the tobacco industry to mobilize tobacco growers, despite evidence of systematic exploitation of farmers by major tobacco companies" (Chung-Hall et al., 2016). As early as 2002, Chinese farmers and the CNTC conducted negotiations to enter the ITGA. Currently, the China Tobacco Society, an organization under the STMA that focuses on scientific and innovative improvement of tobacco production, is a member of ITGA (ITGA).

Discussion:

Serving as guideline that underpins "tobacco exceptionalism", FCTC Article 5.3 states that "in setting and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law" (WHO, 2005). The FCTC also has comprehensive guidelines on how to implement Article 5.3. Broadly summarizing, the guidelines emphasize raising awareness about industry activities, limiting interactions with the tobacco industry, ensuring transparency, restricting industry access to government officials, and

denormalizing corporate social responsibility programs (WHO, 2008). Although this declaration resoundingly affirms the irreconcilability between commercial interest and tobacco control policy, its implementation can be rather weak, as demonstrated by CNTC's successful attempts to lobby local politicians in Brazil and participate as a member of ITGA.

CNTC's engagement with local government politicians as well international organizations such as the ITGA represent a form of comparatively direct interference with tobacco control policies. In a recently published study, Fooks et al. identified two types of opportunities for policy interference—vertical, or along various levels of government, and horizontal, or across many departments—as well as five tactic-based opportunities for tobacco industry to alter politico-institutional conditions (2017, p.20). China Brasil Tabacos Exportadora (CBTE)'s use of campaign fund to support politicians from tobacco-producing states to interfere with various tobacco control legislation processes, such as negotiating the ratification of FCTC in Brazil and halting effort to diversify tobacco production, utilizes what Fooks et al. (2017) call “agent-based opportunities, “which derive from tobacco companies' practice of using different actors either to optimize the credibility-leveraging effects of third parties, or because they are excluded from specific policy-making venues” (p. 3). Notably, the politicians supported by the CBTE, in addition to working with health-related policies such as FCTC negotiation, also engage with agricultural and economic policies, such as the diversification of tobacco production. Instead of lobbying the Ministry of Health officials, the CBTE chose to support politicians representing a region with pro-tobacco interests. Thus, this kind of lobbying activity exhibits horizontal opportunity characteristics by working across many departments.

In addition to CNTC's subsidiary company's activities in Brazil's national context, CNTC's participation in the ITGA represents the industry's interference on the international

scale. The ITGA, backed by the tobacco industry, usually participates in international policy making as a civil society organization representing the interests of tobacco growers. For example, at the 4th Conference of the Parties (COP4) in 2010, the ITGA, largely paralleling Philip Morris and BAT views, spoke out against guidelines on Article 9 and 10, which would ban certain ingredients in cigarettes (Assunta, 2012). Tobacco-producing countries, including Tanzania, Brazil, Zambia, Malawi, Zimbabwe, and the Philippines, sent a larger-than-usual ITGA delegations to the COP4. China, which at the time was the largest tobacco-producing country, also took a pro-industry/ITGA stance (Assunta, 2012). Applying a political economist perspective, CNTC's participation in the ITGA highlights the many actors that can influence policy outcomes, including the agricultural sector and international interest groups presenting as third parties or civil society. Although it is difficult to quantify CNTC's influence on the ITGA compared to other TTCs' influence, its participation in the ITGA is notable as China has representatives within the association due to both its own domestic tobacco production and its needs to import tobacco produced abroad.

Chapter Discussion:

The CNTC's strategies for stimulating the demand and supply side of tobacco, as well as attempts to directly interfere with policies, undermine or circumvent various FCTC articles. As a follow up to the discussions on specific strategies and corresponding articles, this section turns to the broader implications generated by this study's findings, discussing how these findings answer the research questions, fit into existing literature, and engage with the analytical framework.

This study's findings demonstrate that, because of ambiguity in the relationship between international trade network and global health governance, the CNTC is able to undertake many forms of economic activities that either contradict FCTC policies or weaken their implementation. The FCTC's trade-versus-health negotiation in 2000 reached a compromise of silence. However, that silence contributed to the failure of the FCTC to halt CNTC globalization activities, many of which have taken place from the late 1990s to present. As Lee and Kamradt-Scott (2014) point out, much of the current literature on TTCs' global activities leave a temporal gap, as they mostly document industry activities from the 1980s to 1990s. This study on the CNTC shows that much of its economic activities abroad took place post-FCTC negotiations, demonstrating how the FCTC has fallen short of curbing future development of transnational tobacco companies. So in this way, the temporal frame of this study allows it to illustrate the effect of FCTC refraining from engaging with the international trade network.

The contestation between trade and health displayed here also echoes Matthew Sparke (2009)'s discussion on how economism has transformed the imaginative geography of global health. Economism of market fundamentalism assumes that economic progress will encourage the improvement of health, creating a borderless and flat geography of the world. The expansion of TTCs, including CNTC, often relies on trade liberalization and trade agreement but directly undermines FCTC implementations. The gap between the institutional power that accompanies trade liberalization versus the weak global health governance enforcement mechanism shows that certain global processes are more forceful than others. Economism of market foster care assumes that certain area in global health governances can only function efficiently if capitalist markets are made more accessible through an improvement of population health, creating places of pathology. The FCTC requires parties to submit report periodically to discuss the progress

made toward fulfilling each article. This separates the nations based on how well they perform in accordance to the guidelines without considering that certain countries are more vulnerable to TTCs influence. For example, CNTC's strong ties to tobacco producing nations, and specific regions within those states, undermine the implementation of articles on reducing the supply side of tobacco chain. Thus, economism of market failure can invoke "transnational attention to territory transcending, multifactor historical-geographical processes lead ultimately to an epistemological problematization of economic correlation as a stand along instrumental guide for health governance" (Sparke, 2009, p. 137). Ultimately, connecting the international trade network, including its history and development, to the state of global health governance today, can explain why the CNTC is able to expand despite FCTC articles.

Additionally, this study's findings show that the CNTC has operated at national, regional, and international scales, which echoes the conceptual supraterritorial sphere that encompasses the local to the global. This offers support for the understanding that tobacco companies can influence policies in different contexts and emphasize the importance of treating both TTC expansionary activities and FCTC implementation, as well as the tension between the two, as global processes, rather than limiting policies and analysis to national or regional contexts. Many of the FCTC articles mostly utilize parties as the unit at which guidelines should be implemented. The call for regional and international cooperation is often vague and undefined, sometimes presented as an afterthought in the guideline recommendations. Conceptualizing both FCTC and TTCs expansion as processes with globality, within context of globalization, can overcome this boundary.

At several points, the nature of CNTC as a state-owned enterprise adds nuances to the enforcement of FCTC articles, which is a responsibility often assigned to the parties'

governments and relevant state institutions. As Hogg et al. (2016) argue, SOTCs can be used to carry out pro-health agenda, since they are instruments of the state and can be used in whatever way that aligns with state interest. Therefore, should the government decide that public health takes precedence over trade, SOTCs can assist with advancing such goal. However, CNTC's expansion abroad shows that this route would not be viable if a nation is only interested in promoting its own population health. When FCTC invokes the idea of global health, does each Party hold responsibilities to commit to health beyond its own borders? Moving forward, state-owned enterprise should be differentiated from traditional TTCs in global governance for tobacco control, as the political and social context of a SOTC differ from a private corporation.

Chapter 5: Conclusion

Illuminating the contestation between CNTC's globalizing activities and FCTC articles as a case study, the heart of this study centers on the question of how well global health governance can contend with the pace and reach of transnational corporate activities that contribute to non-communicable diseases. This project explores many CNTC expansion strategies overseas and connect these activities to related FCTC articles. The connections either explain how the articles could not effectively engage with the CNTC globalization, such as the failure of Article 5.3 to curb political lobbying and the persistent practice of smuggling cigarettes despite FCTC's attempt to halt illicit trade, or how the globalizing activities directly undermine FCTC implementation, such as the way CNTC importation undermine efforts to provide alternative livelihoods for farmers. As FCTC falls short of controlling CNTC globalization, a significant implication is that global health governance's disconnect from the international trade sphere cripples its ability to tackle transnational corporate activities effectively.

Another important question this study asks concerns how global health governance should approach state-owned enterprise. The CNTC, as a state-owned enterprise, differs from other TTCs in terms of its development and current strategies. Furthermore, the emergence of the CNTC also challenges how FCTC, a piece of global health governance that recognizes parties as the primary scale at which articles should be implemented, should deal with a SOTC that has expanded beyond its own national boundaries.

By focusing on the FCTC and how well it has been in regulating transnational corporate activities, this study also hopes to explore whether the stance of "tobacco exceptionalism" can be adopted as a broader agreement within global health governance when dealing with other commercial sectors such as the sugar, alcohol, processed food, and soft drinks industries. Since

this study illustrates that despite the recognition of a fundamental conflict of interests between the tobacco industry and public health agenda, the FCTC, due to its lack of structural power to regulate economic activities or engage with policies outside of the health sector, falls short of truly enforcing the stance of excluding the tobacco industry. As such, in the future, global health governance can consider stronger and more structural mechanisms to keep out the commercial industry's influence. In another route of possible solutions, global health governance can drop the stance of excluding the commercial industry and implement a more transparent representation of each party's interest. For example, recognizing that "the WHO's work on global health issues requires the assistance of external experts who may have interests related to their expertise", the WHO sometimes require a disclosure of interest from all participants in technical meetings. The disclosure of interest forms solicit information from the participants about their investments, past public testimonies, research funding, consulting positions, and proprietary information, and so on.¹ Although this approach is utilized when dealing with experts, it may also translate to engagement with industry. Of course, ensuring that the commercial industry fully disclose their interests also poses significant challenge in terms of enforcement. Generally, tobacco control advocates do not stand behind such an approach due to the tobacco industry's decades-long attempt to undermine tobacco control policies through a variety of strategies. However, substances like sugar and fat perhaps do not pose threats to health as severe as tobacco, so their governance should be tested out and designed while also considering the difficulty of implementing FCTC Article 5.3. Lastly, it is important to recognize that the FCTC has only been adopted for a decade, so the long term impacts are still uncertain.

¹ Special thanks to Dr. Christy Hanson for informing me about this practice based on her experience with the WHO and sharing a disclosure of interest form with me

Moving forward, a conceptualization of both corporate activities and governance enforcement should be considered as processes characterized by globality that take place within the supraterritorial sphere. Much of the literature concerns industry interference or FCTC implementation within one specific country or region, failing to examine the relationships between this conflict on a larger scale. In other words, this study's attempt to generate a preliminary but illustrative picture of CNTC's expansionary activities abroad can reveal certain insights about where global health governance should strengthen its regulation. For example, the phenomenon of smuggling or import/export is by nature, transnational, and therefore cannot be understood if the analysis is delimited within national context. Geography's disciplinary attention to scale, from the local to the global, provides the varying levels at which these processes should be monitored, evaluated, and understood.

Considering that this study's set of evidence is more illustrative than exhaustive, future studies can expand into a more comprehensive set of evidence and analysis. This will produce a deeper understanding of topics such as CNTC subsidiary companies' individual pursuits, their operations within a specific national/regional context, or the degree to which these strategies impact FCTC policies nationally and globally. On one hand, more rigorous quantitative statistics on CNTC's development over a period of time can also reveal trends. On the other hand, better qualitative information such as interviews with key informants can also substantiate a political economist analysis of actors that contribute to the relationship between CNTC expansionary activities overseas and FCTC enforcement. Lastly, a closer reading of the FCTC policies and its implementation mechanism can also enrich this discussion.

Lastly, a stronger international political economist analysis, recognizing how the FCTC may apply differently depending on countries' relationships with tobacco production and

consumption, can create a theoretical topography capable of predicting what barriers the FCTC will face in various contexts.² In this framework, countries can be divided into three categories: countries that are big producers of tobacco but have small domestic markets, such as Zimbabwe; countries that have large production and large market, such as China; and countries do not produce tobacco and mostly import their cigarettes. Considering these categories separately can reveal new insights about where the FCTC might face the most challenges due to the presence of TTCs.

This project illuminates the ambiguity present in global health governance designed to control tobacco consumption, especially in regards to the relationship between health sectors and other sectors such as agriculture and trade. Although the FCTC was created as a comprehensive set of policies designed to curb tobacco consumption globally, not a specific treaty dealing with transnational corporate influence, it is nevertheless important to recognize that TTCs such as the CNTC do and will continue to impact other aspects of tobacco control, such as reducing supply and demand through taxation and alternate livelihood. Ultimately, as non-communicable diseases take hold around the world, understanding the relationship between the commercial and health sectors requires more intentionality and specificity. Such understanding will also be vital in constructing solutions that protect health from the structural influence of transnational corporations.

² This idea originated from Professor William Moseley, a member of my thesis committee.

Appendix

Figure 1: CNTC Export Destinations

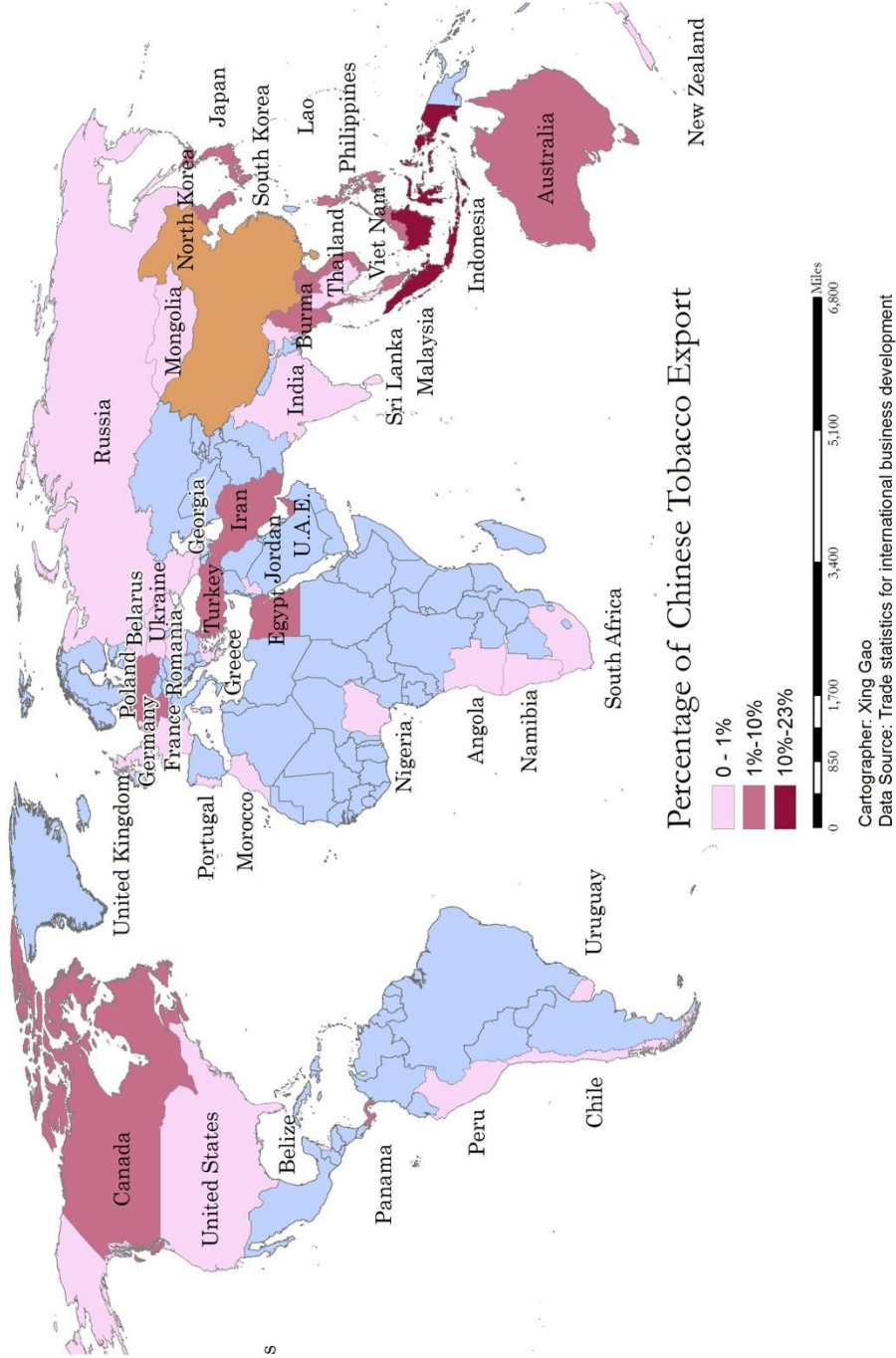


Figure 2: CNTC Import Sources

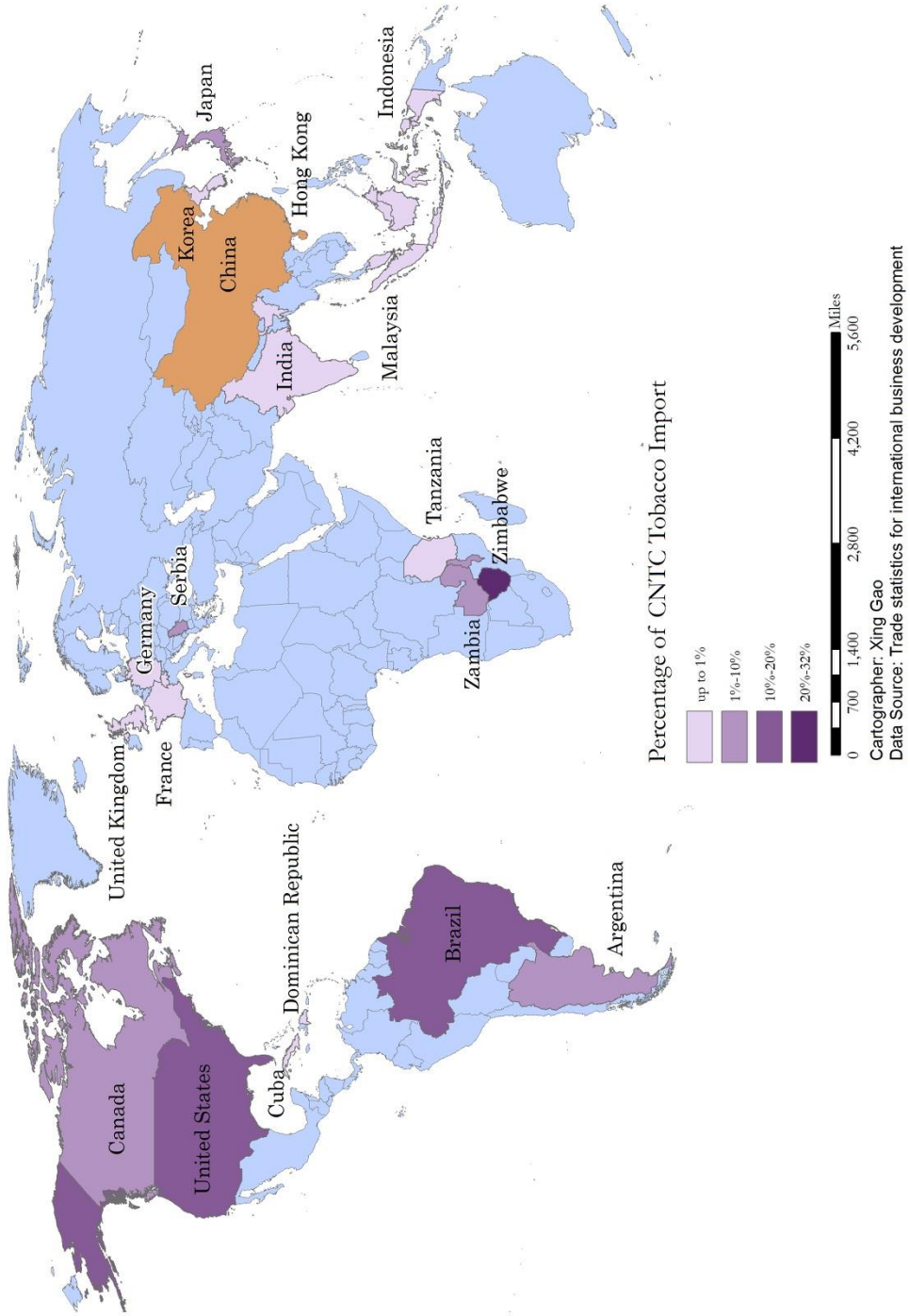


Table 1: Top destinations of CNTC export in 2015

	% of all CNTC export (1,351,466 USD thousand)
Hong Kong	22.9
Indonesia	15.1
Belgium	9.0
U.A.E	4.1
Malaysia	4.0

Table 2: Top 5 source that provide for CNTC import of raw tobacco in 2015.

	% of all CNTC import (1,863,737 USD thousand)
Zimbabwe	31.9
Brazil	15.2
United States	10.6
Hong Kong	4.3
Zambia	4.3

Table 3: Overseas manufacturing operations

	Company location	Year established	Production capacity (billion of cigarettes)
Golden Leaf Tobacco Co. Ltd	Macau Special Economic Zone	1992	3.0
Laos Liaozhong Hongta Haoyun Tobacco Co., Ltd;	Laos	1992	4.0
Hongkong Hongta International Tobacco Co., Ltd	Hongkong Special Economic Zone	1992	4.0
Vinton Group Co., Ltd.	Cambodia	1993	5.7
Myanmar first Special Administrative Region Cigarette Factory	Myanmar	1994	0.5
Taedong River Tobacco Co., Ltd	North Korea	2000	1.9
Mongolia Tobacco Co., Ltd.	Mongolia	2001	2.0
China Tobacco International Europe Company SRL	Romania	2007	3.5
Pyongyang Baishan Tobacco Co., Ltd	North Korea	2008	10
Rason Xinxing Tobacco Trading Company	North Korea	2011	2.0
Universal Tobacco Free Zone Company	U.A.E.	2013	6.0

Table 4: Oversea operations

Location	Year established	Main responsibilities
Russia	1992	collect information on tobacco market in Russia and Commonwealth of Independent States; promote sales of Chinese cigarettes and cooperation
U.A.E	1997	promote Chinese tobacco in the Middle Eastern region
Japan	2001	promote sale of Chinese cigarettes in Japan
Brazil	2002	gather information on tobacco planting, purchase, processing; solve problems in Chinese importation of tobacco leaves
Zimbabwe	2005	engages in the procurement of tobacco, tobacco contract farming, contract acquisition of tobacco, tobacco processing, packaging, and export.
Switzerland	2006	Partnership between Philip Morris and CNTC; CNTC uses Philip Morris' channels to sell Chinese tobacco on the international market while Philip Morris can sell and produce its Marlboro cigarettes in China.
Argentina	2009	collect information on tobacco market and promote cooperation
United States	2012	Engages in tobacco leaf purchase, import, planting, processing, technical assistance, training, etc.

Table 5: CNTC Partnerships with other TTCs

	Brands sold in China	Promotes Chinese brands abroad	Joint venture
British American Tobacco	SE555, Kent, Hilton	Shuang Xi	2015: CTBAT in Hong Kong SEZ
Philip Morris Tobacco	Marlboro	Red Gold Dragon, Dubliss, Harmony	2006: CTPM in Switzerland
Japan Tobacco International	Zhonghua, Double Happiness, and Golden Deer	Mild Seven and Mild Seven Light	N/A

Figure 3: CNTC Brand Development in Cambodia

Image sources:

Angkor cigarettes: <https://readinstant.files.wordpress.com/2016/07/angkor-cigarettes.jpeg?w=616>

Cambo cigarettes: <http://www.cigarettespedia.com/images/4/4b/Cambovirginia.jpeg>

Cocopalm cigarettes: http://www.cigarettespedia.com/images/4/40/Cocopalm_ks_20_s_china.jpg

Table 6: CNTC activities and corresponding FCTC articles

Category	Activities	Corresponding FCTC article
Economic activities	Foreign direct investment	Article 6, 17
	Smuggling	Article 15
Demand side activities	Direct or indirect advertisement	Article 13
	Targeting a specific population	Article 11
	Developing/introducing new types of cigarettes	Article 11
Political and Deceptive activities	Lobbying	Article 5.3
	Using ITGA	Article 5.3

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