

DEB 00 00 102 11901 111

THA 101

71 02

Congress of the United States

Washington, DC 20515

December 8, 1998

Mr. Michel Camdessus
Managing Director
International Monetary Fund
700 19th Street, NW
Washington, D.C. 20431

Dear Mr. Camdessus:

We are writing to register our concern about apparent International Monetary Fund (IMF) support for privatization of state-run tobacco operations. We believe privatization would have serious public health consequences. We urge an immediate change in IMF policy on this matter.

As you know, in connection with receipt of loans from the IMF, Thailand is undergoing an economic restructuring program. It has come to our attention that the August 25, 1998, Letter of Intent from Thailand to the IMF contemplates privatization of the Thai Tobacco Monopoly. Attachment Box F, Section 5, "Privatization of selected enterprises," lists as a goal for the first quarter of 1999 to "complete study outlining strategic options for Tobacco Monopoly."

In conjunction with the economic restructuring South Korea is undertaking with IMF support, that country also has announced plans to privatize in whole or in part its tobacco monopoly.

Whatever the merits of privatization of other sectors of the economy, tobacco represents a grave public health menace that must be treated differently. Policies relating to tobacco must be guided above all by public health considerations.

The experience in opening Asian tobacco markets to foreign imports illustrates what is at stake. After misguided U.S. pressure forced open markets in Japan, Taiwan, South Korea and Thailand, smoking rates rose 10 percent higher than they would have, according to econometric analyses performed by University of Illinois Professor Frank Chaloupka. In time, that increase will lead to thousands of preventable deaths and excess spending of health care resources to treat tobacco related disease.

Experience shows that state-owned enterprises tend to be less aggressive marketers of tobacco products than private corporations, especially the multinational tobacco companies that will bid for state tobacco companies that are privatized. State-run tobacco companies are less likely to attempt to influence, skirt or undermine domestic tobacco control regulations. They are also less likely to deny the health risks of smoking.

For these reasons, we urge the IMF to adopt a formal policy of prioritizing public health over other considerations in tobacco-related matters. The IMF policy should not encourage or advise borrowing countries to privatize state-run tobacco companies. We also urge the Fund to review

the impact of its structural adjustment policies on tobacco-related and other public health concerns, and to ensure economic restructuring does not contribute to preventable disease and death.

Sincerely,

Lloyd Doggett
Rep. Lloyd Doggett

Richard Durbin
Sen. Richard Durbin

Ron Wyden
Sen. Ron Wyden

Ted Strickland
Rep. Ted Strickland

Frank Lautenberg
Sen. Frank Lautenberg

Fortney Pete Stark
Rep. Fortney Pete Stark

John Oliver
Rep. John Oliver

Diana DeGette
Rep. Diana DeGette

George Miller
Rep. George Miller

Dennis Kucinich
Rep. Dennis Kucinich

Bernard Sanders
Rep. Bernard Sanders

Marin Meekins
Rep. Marin Meekins

Barbara Lee
Rep. Barbara Lee

Lane Evans
Rep. Lane Evans

James Hansen
Rep. James Hansen

Frank Pallone
Rep. Frank Pallone

Nancy Pelosi
Rep. Nancy Pelosi