

# TOBACCO GROWERS' CHALLENGES AROUND THE WORLD

October 25th - 2023  
UNITAB CONGRESS - SOFIA



International Tobacco Growers' Association

**Mercedes Vázquez**

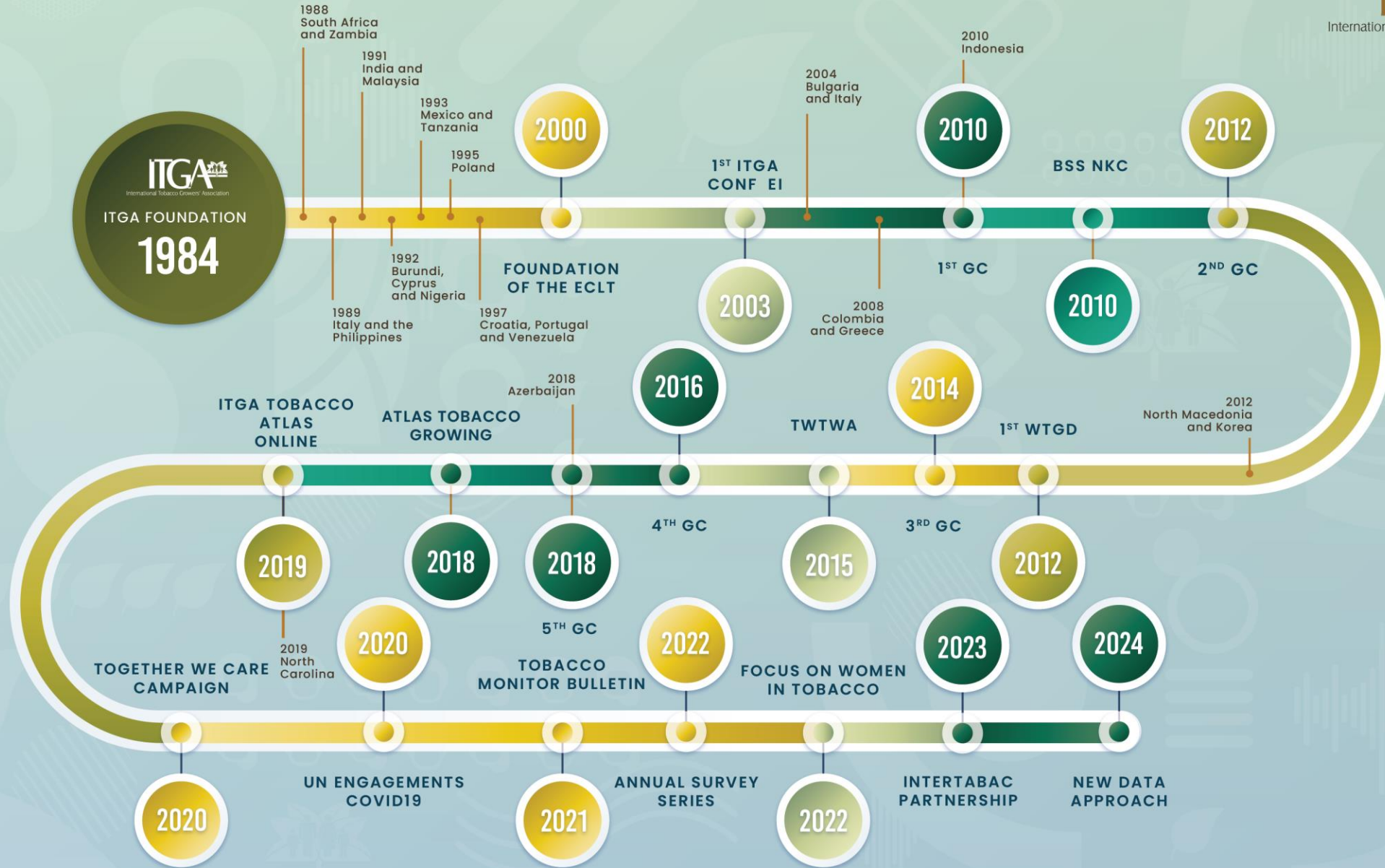
*ITGA CEO*







<https://www.youtube.com/watch?v=yX8oLJtVnj4>





# WORLD ASSOCIATION

*our strength*



International Tobacco Growers' Association

- ARGENTINA
- AZERBAIJAN
- BRAZIL
- BULGARIA
- CHINA
- COLOMBIA
- DOMINICAN REPUBLIC
- KOREA
- GREECE
- INDIA
- INDONESIA
- ITALY
- LEBANON
- MALAWI
- NORTH MACEDONIA
- PAKISTAN
- PHILIPPINES
- TANZANIA
- THAILAND
- U.S.A
- VIETNAM
- ZAMBIA
- ZIMBABWE







UNITAB

**ITGA** 

International Tobacco Growers' Association

## TOPICS OF THIS PRESENTATION:

1. ITGA Survey 2023  
Tobacco Growing Prospects
2. Challenges vs Opportunities  
Economic – Social – Environmental
3. Some final considerations
4. ITGA's Role

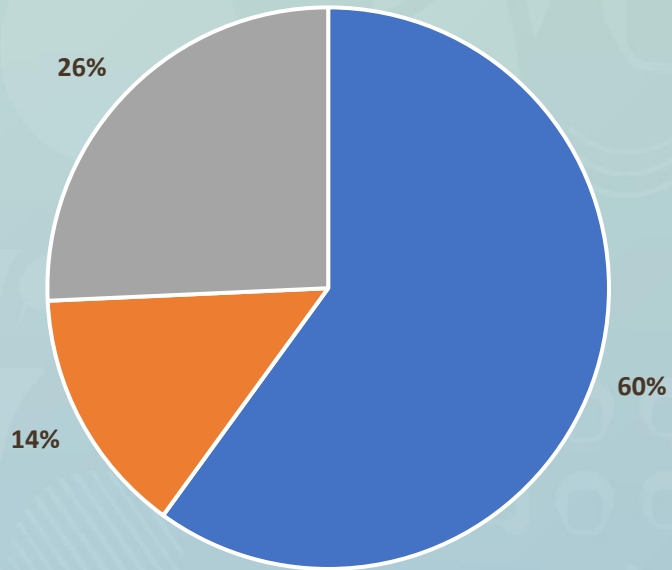




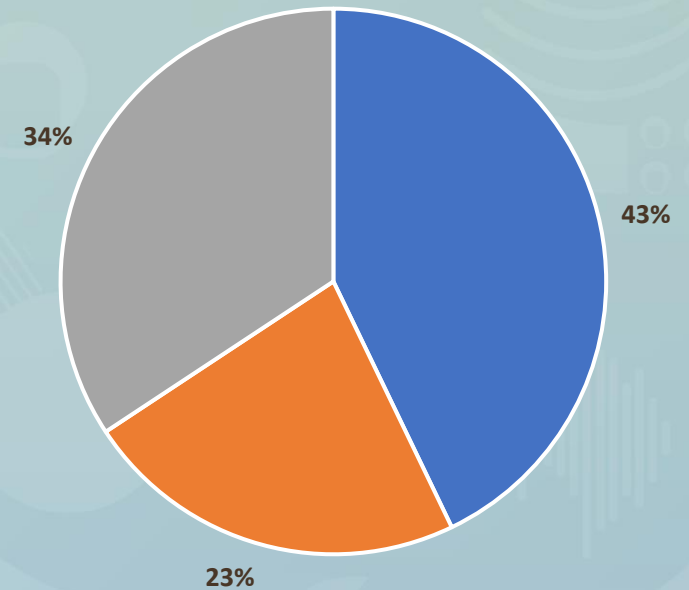
# HOW DO YOU SEE THE PROSPECTS FOR TOBACCO GROWING?

(ITGA 2023 Market Survey)

Short-term



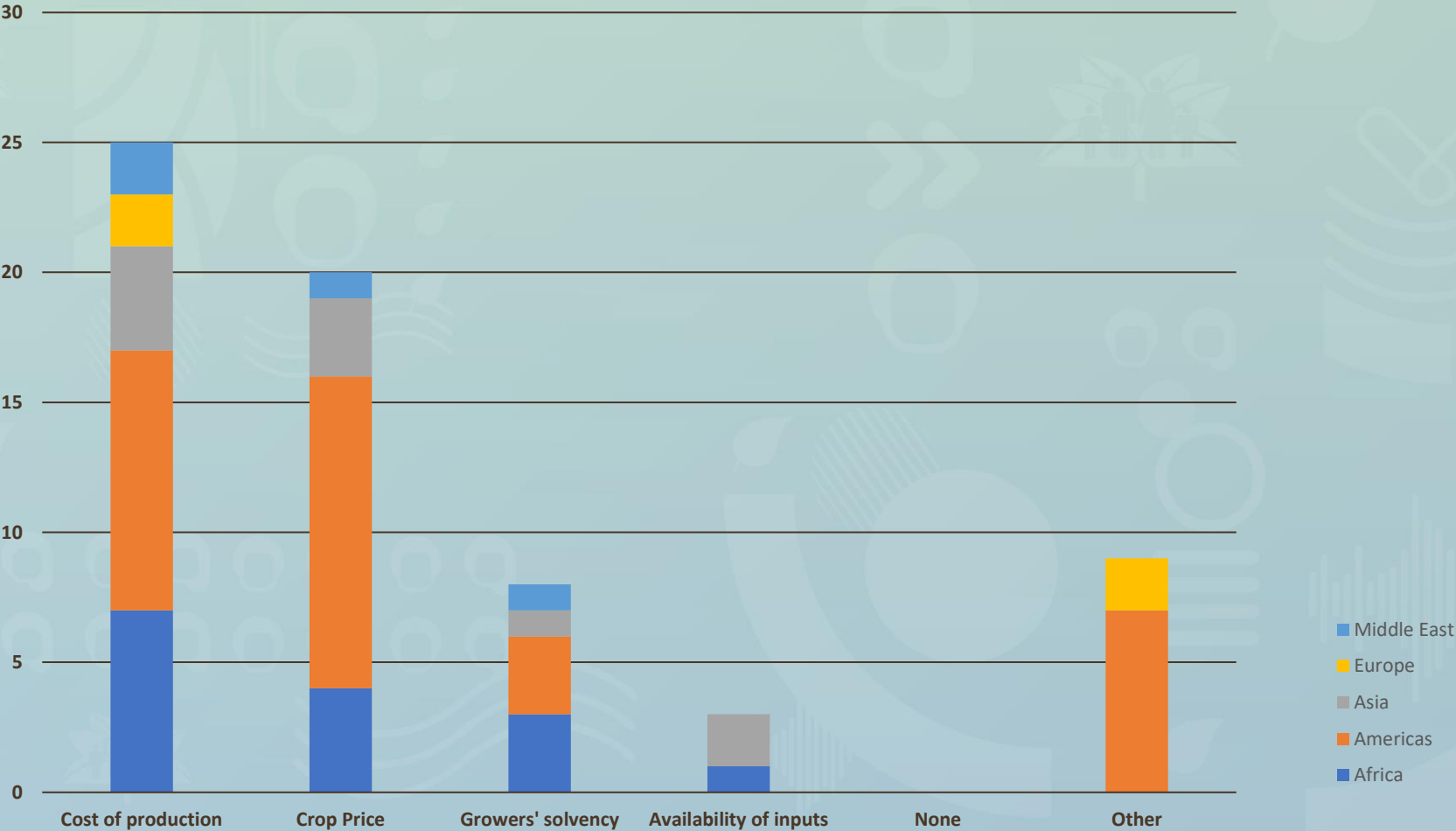
Long-term



■ Positive ■ Negative ■ Neutral



# SELECT THE MOST URGENT ECONOMIC ISSUE IN YOUR MARKET





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## CHALLENGES

### ECONOMIC:

Cost of production vs Pricing  
Growers' solvency

#### Malawi:

Sharp increase in COP  
High increase in cost of living  
COP definition

#### Zimbabwe:

Structural inefficiencies  
Dual exchange (crop lost value)

#### Argentina:

Huge inflation rate (94% last year)  
Porous border with Brazil

#### Europe:

High price increases of oil, gas and energy  
Disadvantages of upper price range

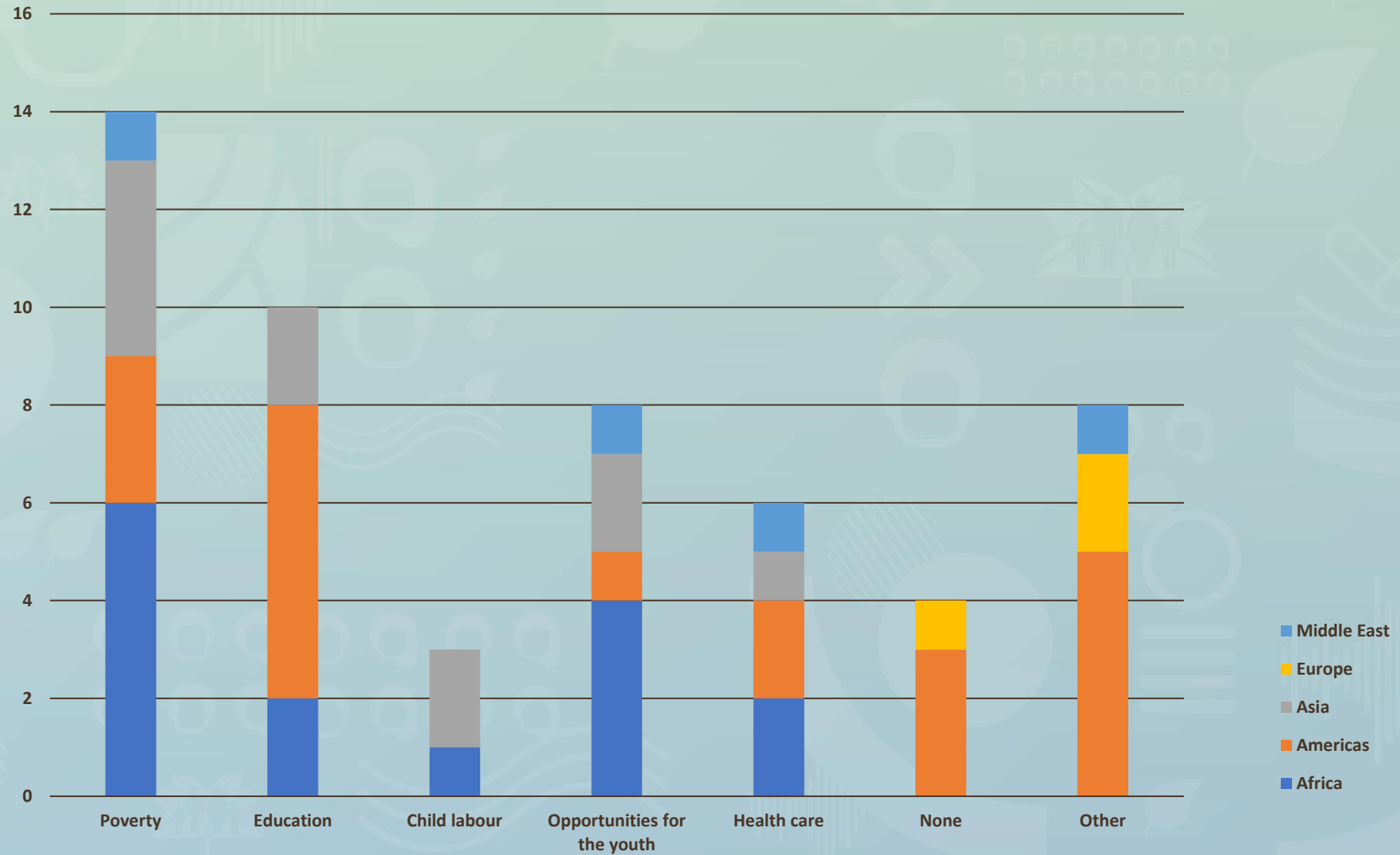
#### Lebanon:

2019 financial crisis  
Beirut port explosion 2020  
Influx of refugees





# SELECT THE MOST URGENT SOCIAL ISSUE IN YOUR MARKET





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## CHALLENGES

### **SOCIAL:**

**Poverty**

**Lack of opportunities for the youth**

**Education**

**Generational replacement in labour**

### **USA & Europe:**

Lack of labour at any cost

Lack of generational replacement  
(general market wise)

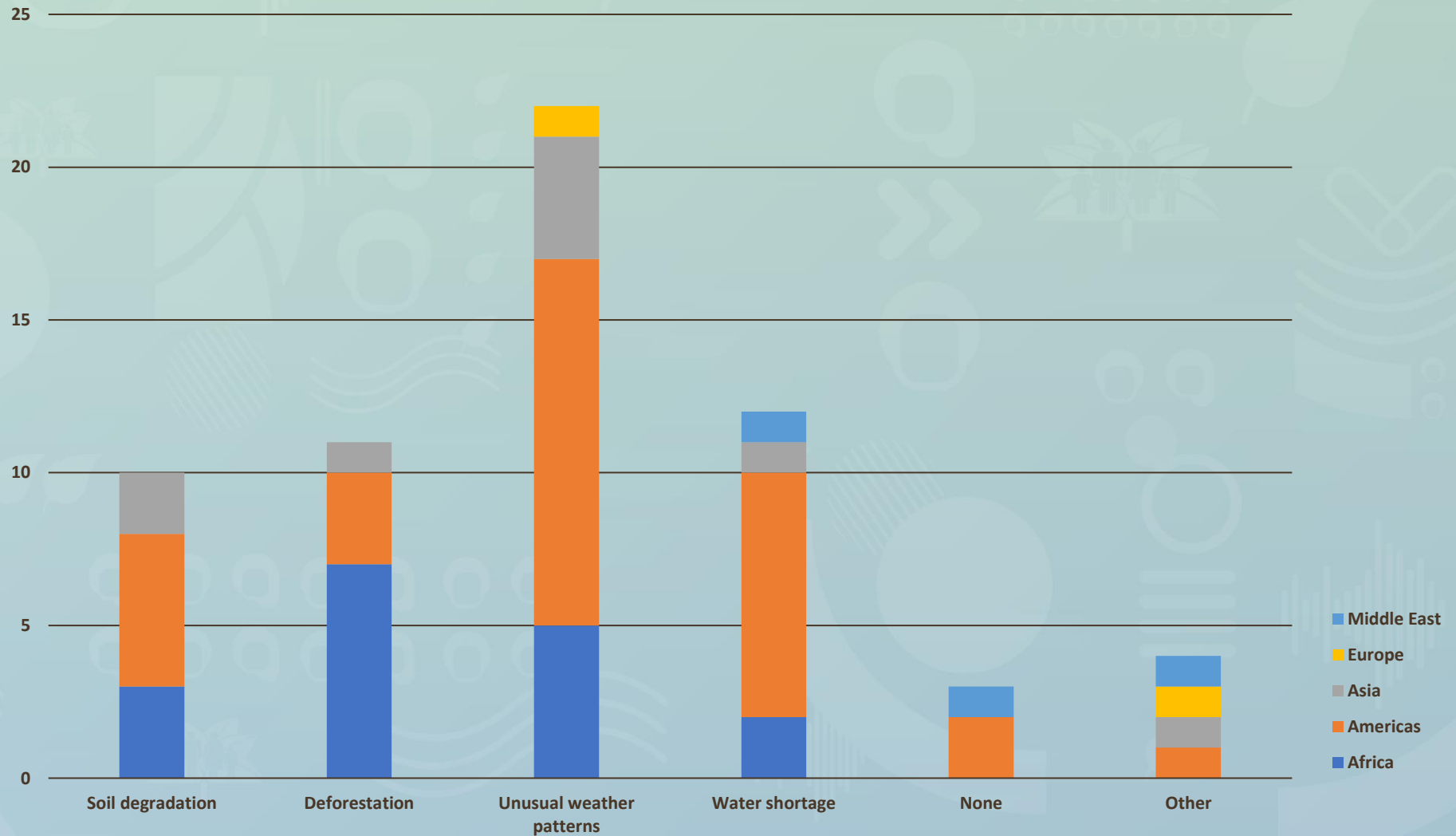
### **Africa:**

Agriculture linked to poverty  
Child labour





# SELECT THE MOST URGENT ENVIRONMENTAL ISSUE IN YOUR MARKET





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## CHALLENGES

### **Environmental:**

**Climate change**

**Unusual weather patterns**

**Deforestation**

**Soil degradation**

### **Americas:**

Water storage capacity for irrigation

### **Africa:**

Increasing occurrences of cyclones (massive devastation)

Lack of government enforcement of regulation

### **Asia:**

Water shortages (Pakistan)

Heavy rains (India)





# ITGA REGULATIONS SURVEY IN PROGRESS



- **Potential impact on the new decisions taken by the WHO FCTC**
- **Evaluation of individual Articles on tobacco production**
- **Most threatening topics to be discussed during COP10 in November**
- **The importance of EU's Supply Chain Due Diligence across markets**
- **Other priority issues for growers**



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## CHALLENGES

**Regulatory:**

**WHO FCTC**

**Supply Chain Due Diligence**

**Regional and Local Frameworks**

**FCTC:**

COP10 Panama Agenda

(impact on tobacco growing and growers)

Articles 17&18 (Article 17 no evolution)

Human rights

Tobacco as an enemy to advance SDGs

Lack of tobacco growing expertise due to exclusion (Article 5.3)

**EU Due diligence:**

Supply chain good governance  
(social and environmental)

**Regional / Local Frameworks:**

EU Tobacco Products Directive

US FDA: Nicotine Reduction





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## OPPORTUNITIES

**Undersupply for main leaf types**

**Key markets more robust than expected**

**Resilient growers likely to have good prospects**

**New types of products/crops**

### **Undersupply:**

Burley: Shortage in part due to 2022 marketing issues in Malawi  
FCV: Main markets produced less in the previous season

### **Consumption:**

Key markets for smokeable products remain stable

### **Growers' resilience:**

Demand for quality leaf will favour experienced growers

### **New products:**

Some of the leading new products require tobacco – heated tobacco  
Farming of cannabis could favour tobacco growers



## **SOME FINAL CONSIDERATIONS: PRODUCTION WISE**



- **Tobacco has suffered from lack of advancements in production technology and yield growth compared with other crops**
- **Is tobacco the only agricultural commodity to produce less yield/hectare today than 50 years ago**
- **Capital cost have risen substantially and giving advantage to crops requiring lower input/labor cost**
- **In productive regions with access to alternative crops, growers are very unlikely to return to tobacco production once they stop.**





## SOME FINAL CONSIDERATIONS: ENVIRONMENTAL WISE



- **Future supply growth will rely on areas with challenging production issues and fewer alternative crops opportunities. For example :**
- **FLUE CURED – Zimbabwe (price resistant among rapidly increasing cost of production)**
- **BURLEY – Malawi (foreign exchange limitations, inputs availability)**



## SOME FINAL CONSIDERATIONS: OPPORTUNITIES



- **The world tobacco market remains huge. Significant production will be required for many years and the growers base is shrinking.**
- **International leaf product industry remains very profitable and leaf supply is critical to its success.**
- **Manufacturers will pay prices and implement the programs necessary to maintain supply.**
- **Growing regions that are able to meet the environmental and social demands of the market will find greater opportunities.**



# ITGA'S ROLE: SUPPORTING GROWERS OVERCOME CHALLENGES





# Social & Environmental Campaigns





# Close collaboration with governments around the world







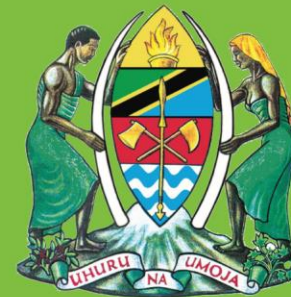
# REGIONAL AND GLOBAL MEETINGS





# ITGA ANNUAL GENERAL MEETING

Dar es Salaam Tanzania  
29<sup>th</sup> October to 1<sup>st</sup> November



Government  
of Tanzania



# ITGA

International Tobacco Growers' Association

S U P P L Y C H A I N

Join us this year!

**E**  
ENVIRONMENTAL  
ENHANCING  
**E**

**S**  
SOCIAL  
SUSTAINABLE  
**S**

**G**  
GOVERNANCE  
GROWING  
**G**





# GLOBAL CAMPAIGNS







**World  
Tobacco  
Growers'**

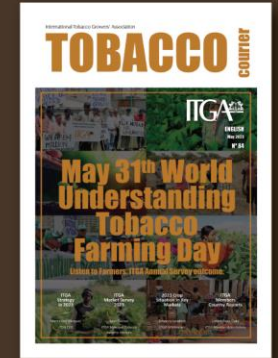
**Day 28 oct**

**Together we grow**



**ITGA**

International Tobacco Growers' Association



**THE VOICE OF TOBACCO FARMERS SINCE 1984**



**ITGA  
AFRICA  
REGIONAL  
MEETING**



**ITGA  
AMERICA  
REGIONAL  
MEETING**



**ITGA  
ORIENTAL  
REGIONAL  
MEETING**



**ITGA  
ASIA  
REGIONAL  
MEETING**



A man in a dark suit and tie is speaking into a microphone at a podium. The background features the logo for the International Tobacco Growers' Association (ITGA), which includes the acronym 'ITGA' in large red letters with a tobacco leaf graphic, and the full name 'International Tobacco Growers' Association' in smaller text below it.

**In memory of our friend Carlo. We will miss you dearly**



# Thank you



International Tobacco Growers' Association

