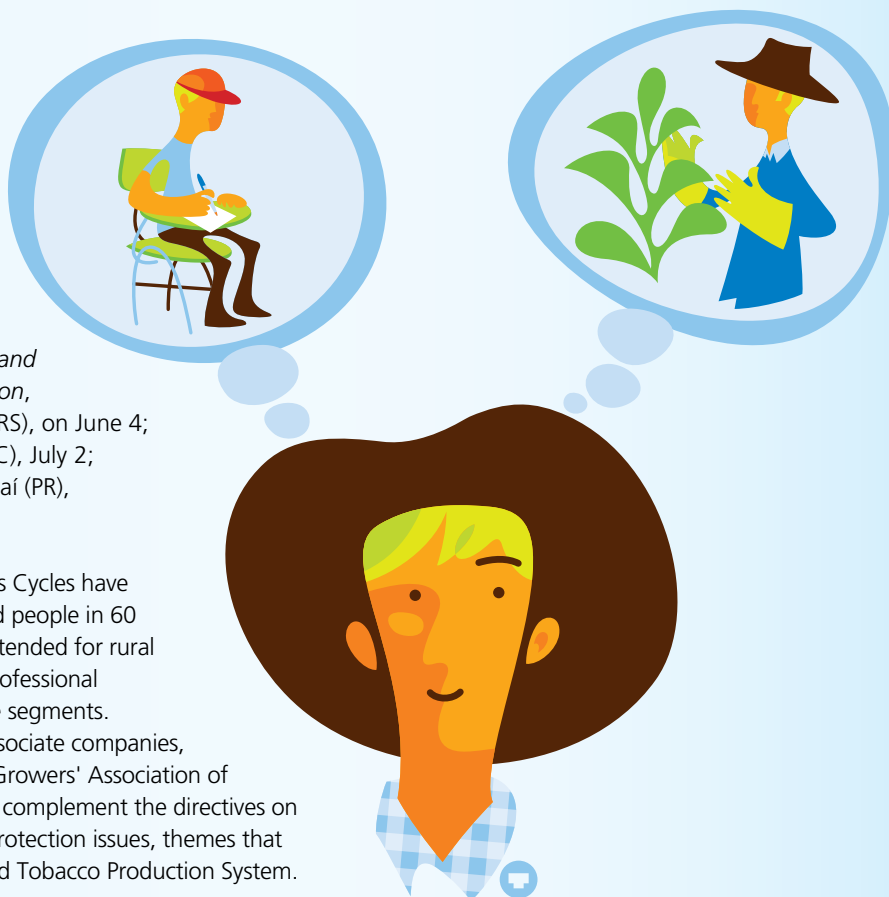


Awareness in the first place

In June and July, six events, two in each State in the region of South Brazil, stir the tobacco farmers to stay aware of the importance to look after the security of their families and refrain from using labor of under-18-year-olds in tobacco farming. It is in fact the *11th Awareness Cycle on Farmers' Health and Safety, Child and Adolescent Protection*, which features seminars in Segredo (RS), on June 4; Rio Pardo (RS), June 6; Papanduva (SC), July 2; Chapadão do Lageado (SC), July 3; Ivaí (PR), July 16; and Rebouças (PR), July 17.

Carried out since 2009, the Awareness Cycles have already been attended by 25 thousand people in 60 municipalities. These gatherings are intended for rural producers, regional leaderships and professional technicians of the rural and healthcare segments. Conducted by the SindiTabaco and associate companies, relying on support from the Tobacco Growers' Association of Brazil (Afubra), the seminars intend to complement the directives on healthcare and child and adolescent protection issues, themes that are constantly present in the Integrated Tobacco Production System.



Video Dr. NikoTino (available at the SindiTabaco channel at the Youtube) and the theater play Radio Fascination are part of the program and are very successful among the tobacco farmers for their playful approach to the themes.



11TH AWARENESS CYCLE

4/6 - Segredo (RS)

6/6 - Rio Pardo (RS)

2/7 - Papanduva (SC)

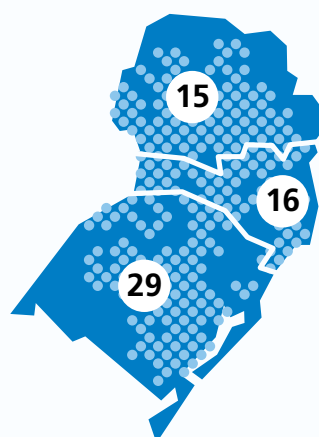
3/7 - Chapadão do Lageado (SC)

16/7 - Ivaí (PR)

17/7 - Rebouças (PR)



NUMBER OF MUNICIPALITIES COMPRISED BY THE CYCLE



WORD OF THE PRESIDENT

Iro Schünke

In this quarter, the calendar highlights dates relative to some of the valuable initiatives of the sector. May 27 is Atlantic Forest Day, which, for us, is a day to celebrate the results achieved by monitoring 6,899.47 km² of native forest. World Environment Day is celebrated on June 5, and has a special meaning for our commitment to preservation, considering that for decades we have been self-sufficient in the production of fuelwood. Forest Protection Day is celebrated on the 17th of July, a day that makes us proud of the fact that the tobacco growers' farms have reached 25% tree cover. There is also the National Clean Field Day, on August 18, reminding us that, through the Empty Pesticide Container Collection Program, we have achieved excellence in reverse logistics.

In June and July, there are special days that remind us about our commitment to be aware of the need to refrain from the use of labor of under-18-year-olds in tobacco farming. These dates are June 12, World Day Against Child Labor; and July 13, anniversary of the Statute of Child and Adolescent. Within this context, the institute is a reference in that it uses the Learning Law on behalf of the young in the rural setting, who are hired as apprentices, not for performing labor activities but for attending a course that gives priority to education based on personal development and to the perception of life opportunities.

Still in July, family farming day is celebrated on the 25th, and it is reason for pride to know that we encourage diversification in the small farms, through the Corn, Bean and Pastureland Program, which provided the tobacco farmers with an extra income of R\$ 640 million in the past season. Amid so many dates with concrete reasons to celebrate, our history has always involved efforts towards the sustainability of the sector, which include, besides productive excellence, a deep concern about the well-being of all the groups involved in the supply chain. We will continue in the firm belief that we are on the right track.

SPEAK, PRODUCER!

This space is dedicated to producers who belong to the ITPS (Integrated Tobacco Production System) in all regions in the South of the Country.

JOEL JUNKHERR
Santa Cruz do Sul - RS



A major characteristic of the tobacco growing regions is the good use of the natural resources. Conservation techniques like direct planting and minimum tillage are used by 65% of the tobacco farmers. Furthermore, a survey conducted by the Tobacco Growers' Association of Brazil attests that, currently, 10% of the total areas of the farms are covered by native forests and 15% by planted forests.

A tobacco farmer viewed as a model in terms of conservation practices is Joel Junkherr, in the municipality of Santa Cruz do Sul, who 10 years ago replaced the conventional tobacco growing system with such techniques as contour farming and direct planting. Due to his success in environmental preservation, he was honored during the State Forum on Soil and Water Conservation at Expodireto, in Não-Me-Toque (RS).

Junkherr says that the improvements in the quality the soil on his farm are clearly perceptible. "Planting in mulch avoids erosion and fertilizer leaching, conserves the moisture levels during dry spells and prevents the weeds from germinating during the time tobacco is in the field", he explains. "Furthermore, I perceived an improvement in productivity and quality of the tobacco, and smaller amounts of pesticides were applied", he adds. Another advantage, according to the farmer, refers to the production cost, seeing that an increase in organic matter translates into less fertilizer.

THE FARM

- **11 hectares** of his owns (plus 8.6 hectares leased)
- **16 hectares** devoted to field crops
- **270 thousand** tobacco plants
- **2** reforested hectares
- **1,6** hectares of native forests
- **7** curing barns
- **Diversification:** corn for livestock food
- **Family production:** farm administrated by Joel Junkherr, his wife and son.

What are the main flags of the Ministry of Agriculture's Family Farming Secretariat?

The Secretariat for Family Farming and Cooperativism is concerned with the generation of income by small and medium-scale rural properties in the Country, through public policies that support this important economic share in Brazil. Our structure comprises four boards of directors, each one with a specific function and directed: 1. Productive Structure Board, responsible for keeping an eye on the competitiveness of the family farming supply chains and their resulting bottlenecks, which should be treated. 2. Rural Extension and Technical Assistance Board, whose mission and challenge consist in providing the farmers with the best technologies and production practices. 3. Cooperativism and access to markets, responsible for questions related to social organization, its reinforcement and for making it possible for the farmers to place their produce in public and private markets. 4. Farm Credit – Access to Land, through the land-fund financial scheme. We are doing our best to simplify the process and it will be focused on by the young.

What is the relevance of family farming within Brazilian agribusiness?

Agribusiness without small and medium-scale farms would be like cities without small and micro companies. This is an easy comparison for town people to understand. There are 4.5 mil-

lion rural enterprises, 20 million people working hard to feed cities and the world. The family farming GDP has almost doubled over the past 10 years, jumping from R\$ 35 billion to R\$ 66 billion from 2007 to 2017. It generates income, dividends and jobs. It is a value-adding activity. The R\$ 66 billion are the result of a R\$ 20 billion government credit line, that is to say, 1 billion generates three billion. Sectors like tobacco, grape and wine, milk, pigs, birds, fruit, vegetables and flowers come from family farming operations. And we cannot afford not to mention that the pillars of the so-called commercial agriculture lie on family farming operations in South Brazil.

The federal government is signaling its recognition of the importance of the tobacco supply chain. Within this context, what kind of treatment will be bestowed on the producers of the crop?

The same treatment bestowed on the other supply chains, acknowledging their relevance with Brazil's primary sector, allowing the sector to produce and export nearly 90% of its production, ensuring the necessary tranquility for this supply chain to work and continue generating dividends for our country. It is as simple as that. The government is in favor of less government interference in the productive sectors, in line with what minister Tereza Cristina has reiterated. We want all people to produce, generate income and jobs so that Brazil can grow. This is what we need and we will do our best for this to happen!

CLASSROOM

Learning program Waking up to entrepreneurship

The layout of the classroom, in circle, is an indicative of the distinguishing factor proposed by the Rural Professional Learning Program of the Growing Up Right Institute. In its third edition, the initiative has consolidated as a tool that helps adolescents reflect on life's opportunities and their own choices. This year, there are seven groups underway, totaling 136 youths in the municipalities of Boqueirão do Leão, Cerro Branco, Herveiras, Passo do Sobrado, Sinimbu, Vale do Sol and Vera Cruz, all in the State of Rio Grande do Sul.

Besides the current apprentices, 204 have already received their diplomas of the course **Entrepreneurship in Multi-Purpose Agriculture – Rural Administration** in the first two editions. Furthermore, after the course, the young have the chance to give continuity to their personal improvement through the Former Students Program, which offers opportunities for the development of skills like interpersonal relationship and leadership.

WHAT IS IT LIKE - The adolescents are hired as apprentices by tobacco companies associated with the Institute. Therefore, without working for the company, they receive a salary proportional to 20 hours a week, besides transport, school meals, school supplies, uniforms and certificates as rural administrators. In such a situation, they stay away from child labor and are prepared to join the world of labor in a proper manner.

**RURAL
ADMINISTRATOR**

A light in the fight against contraband

Rodolfo Tamanaha, lawyer, professor and former executive secretary of the National Council Against Piracy

An auspicious piece of news was announced by the minister of justice, Sérgio Moro: the creation of a working group which will evaluate the need to reduce taxes levied on cigarettes manufactured in Brazil as a manner to fight the constantly rising illicit cigarette trade. This measure directly attacks one of the main problems that the Country faces in its fight against this type of crime: the enormous disparity between the taxes levied on Brazilian cigarettes and on cigarettes manufactured in Paraguay, main producer of cigarettes smuggled into our national territory.



Recently, the neighboring country – where taxes on cigarettes only reach 18%, against 90% in Brazil – has been signaling changes to this reality by ratifying, early this year, the Protocol to Eliminate Illicit Trade in Tobacco Products (ITP).

With a production of 62 billion cigarettes in 2017 – and domestic consumption plus exports amounting to only 3.6 billion pieces –, Paraguay manufactures as many cigarettes as Brazil, with a population 30 times bigger. No less than 54% of the cigarettes consumed in Brazil come from Paraguay. Any attempt to increase taxes in Brazil will affect only 46% of the market and encourage contraband. That is why, there is need to equalize the sector on both sides of the frontier.

For the fight against contraband to reach positive results, it is of fundamental importance to implement measures like the ones previously announced, as well as the adoption of the Protocol by all the countries in the region. It is a very complex issue, which involves intelligence, actions at the frontiers, fight against organized crime, tax related measures and diplomacy. Finally, Brazil and Paraguay seem to be on the right track!

NEWSFLASHES

PACKAGE RECEIVING SERVICE

When the itinerary of the Empty Pesticide Container Collection Program comes to an end after passing through the northwestern region of Rio Grande do Sul, the itinerary collection progresses to Santa Catarina. July 10 marks the beginning of the collection of the empty pesticide containers in the Southern Coastal region in Santa Catarina. The farmers are informed in anticipation about the time and delivery sites in the different localities. After the Coastal Area in Santa Catarina (where the itinerary finishes on July 3), the teams of the Program progress to a region known as Alto Vale de Santa Catarina.

AGRICULTURAL FRONT

The inauguration of Rio Grande do Sul federal deputy Alceu Moreira as president of the Agricultural Parliamentary Front represents an opportunity for the Legislative Assembly to have a better grasp of the economic and social importance of the tobacco supply chain – sector that provides jobs and income to about 600 thousand people in the rural setting and 40 thousand direct jobs at industry level. His inauguration as president, in February, was attended by president Jair Bolsonaro and by the Minister of Agriculture Tereza Cristina.

72 YEARS SINDITABACO

On June 24, SindiTabaco completes 72 years of existence. The work of the entity is vastly related to sustainability and regulatory matters, as well as to the communication of the expressive results achieved by the tobacco supply chain, which generates income for thousands of people. Iro Schünke presides over the Union that represents 15 associate companies.

GROWING UP RIGHT

The Growing Up Right Institute had a prominent participation in the 19th Expoagro Afubra. In 2019, the theme of the biggest family farming fair in the country was 'rural management' and the Institute contributed through the presentation of its success case in which it articulates the application of the Learning Law in an administration and entrepreneurship course for children coming from rural producers. With a stand close to the fair's Cultural Space, the team of the institute was contacted by authorities, and handed out the activities report. Furthermore, the seven student groups of the 2019 Learning Program visited the fair and learned about novelties focused on agribusiness.

Diversification raises tobacco farmers' income to R\$ 640 million

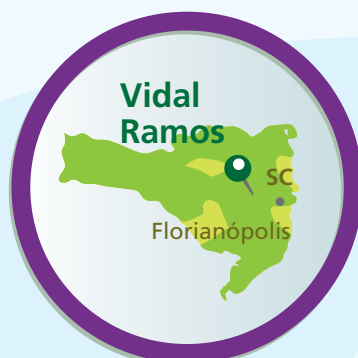
The cultivation of grain crops and pasturelands after tobacco harvest represented approximately an extra R\$ 640 million for the tobacco farmers in South Brazil. The initiative to grow a second annual crop is encouraged by the Corn, Bean and Pastureland After Tobacco Harvest Program – conducted by the SindiTabaco with financial support from entities and the governments of Rio Grande do Sul, Santa Catarina and Paraná –, as it encourages diversification and a better use of the farm's resources.

According to data raised by the Program, 170,810 hectares were cultivated after the harvest of the 2018/2019 tobacco crop, resulting into an estimated income of R\$ 400 million for the tobacco farmers in Rio Grande do Sul, R\$ 130 million for the farmers in Santa Catarina and R\$ 110 million for the farmers in Paraná. In the three states, cultivations amounted to 20,853 hectares of beans, 99,810 of corn, 31,443 of pasturelands and 18,704 hectares of soybean.

Compared to the previous winter crop, there was an increase of R\$ 90 million in the total amount of gross income (from R\$ 550 million to R\$ 640 million), representing an increase of 16.4%. The Program brings together the field structure of the companies associated with the SindiTabaco and technicians of the supporting entities, offering technical assistance whilst proclaiming the advantages of growing crops after tobacco harvest.



TOBACCO ROADS



- ✓ Vidal Ramos is located in the microregion of Alto Vale do Itajaí and its economy is based on agriculture.
- ✓ Mayor: Helmut Stoltenberg

The main tobacco growing regions highlight every edition of SindiTabaco News. Now, know a little bit more about the municipality of Vidal Ramos, 166 kilometers away from Florianópolis, capital city of Santa Catarina.

Tobacco is an integral part of the history of the municipality of Vidal Ramos in Santa Catarina and the crop is the pillar of the economy of the city, which got its independence 63 years ago. With little more than 6 thousand inhabitants, the municipality is deeply involved with agriculture and, among other crops, the highlight is tobacco. According to the Secretary of Agriculture, Almir Schmitz, the municipality comprises mostly small-scale farms, and the size of the majority of them ranges from 12 to 20 hectares. Another characteristic of the region is diversification. "Besides tobacco, other agricultural crops include onion, soybean and corn, and there are also livestock operations and dairy farms", he explains.

"In 2018, more than 5.8 thousand tons of tobacco were produced and sold, bringing in revenue of upwards of R\$ 52 million", Schmitz recalls. The surveys conducted by the Interstate Tobacco Industry Union place Vidal Ramos in the 22nd position amongst the major tobacco producers in Brazil and in the 6th position in the ranking of the tobacco producing municipalities in Santa Catarina.

VIDAL RAMOS IN NUMBERS

Sources: Municipal Administration, Afubra and IBGE

- Population (estimated 2017): **6,356** inhabitants
- Territorial area: **339,068** km²
- GDP per capita (2016): **R\$ 38,086.77**
- Average size of farms: **12 to 20** hectares
- Tobacco farmers: **1,016**



GLOSSARY

ITP

The Protocol to Eliminate Illicit Trade in Tobacco Products (ITP), entered into force in June 2018 and is the first instrument of the World Health Organization that paves the way to fight contraband. It sets forth, among other actions, the creation of a global traceability regime that makes it possible to follow the tobacco products from production to the sales outlet. In order to ensure its efficiency, there is need for the implementation of measures that allow all countries to share information, mutual administrative and judicial assistance and the introduction of a crime fighting policy.

CALENDAR

MAY

May 25: Industry Day

May 27: Atlantic Forest Day

JUNE

June 4: 11th Awareness Cycle in Segredo (RS)

June 5: Environment Day

June 6: 11th Awareness Cycle in Rio Pardo (RS)

June 12: World Day Against Child Labor

June 24: 72 years of the SindiTabaco

JULY

July 2: 11th Awareness Cycle in Papanduva (SC)

July 3: 11th Awareness Cycle in Chapadão do Lageado (SC)

July 13: Anniversary of the Statute of the Child and Adolescent

July 16: 11th Awareness Cycle in Ivaí (PR)

July 17: 11th Awareness Cycle in Rebouças (PR)

July 17: Forest Protection Day

AUGUST

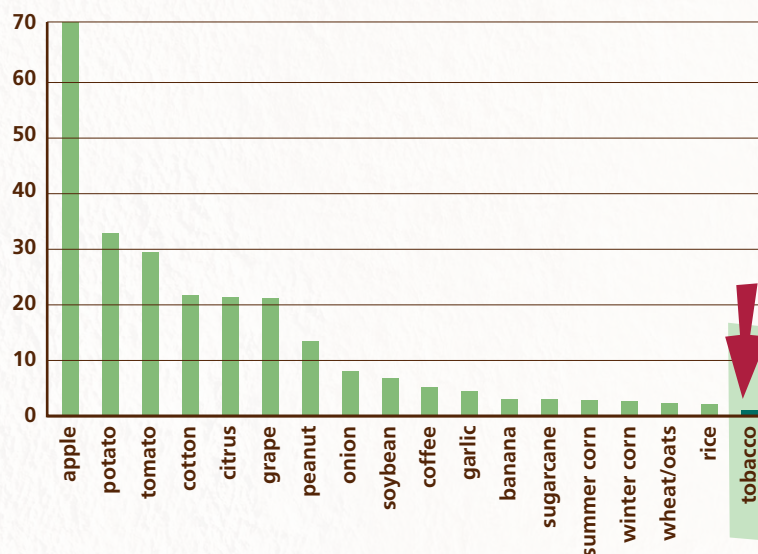
August 18: National Clean Field Day

DID YOU KNOW?

Tobacco is one of the commercial crops that uses the least amount of pesticides.

PESTICIDE USE ON MAJOR CROPS

(Kg of Active ingredient (A.I.)/hectare) in 2011



Source: "Luiz de Queiroz"/USP College of Agriculture – secondary data SINDAG and IBGE, 2012

ASSOCIATE COMPANIES

SindiTabaco comprises 15 associate companies and sees to the demands from all over Brazil, with the exception of the States of Bahia, Rio de Janeiro and São Paulo. Transparency and visibility SindiTabaco strategies, which puts emphasis on the social/economic importance of the sector, whether in the generation of jobs and taxes, or in the relevance of tobacco for the economy of the municipality and South Region States. Furthermore, the Entity stimulates the ideal of sustainability, through its environmental and social responsibility, which reiterates the sense of existence of the Union and its ample range of action.

- Alliance One Brasil Exportadora de Tabacos Ltda.
- ATC – Associated Tobacco Company (Brasil) Ltda.
- Brasfumo Indústria Brasileira de Fumos S.A.
- China Brasil Tabacos Exportadora S.A.
- CTA – Continental Tobaccos Alliance S.A.
- Industrial Boettcher de Tabacos Ltda.
- Intab – Indústria de Tabacos e Agropecuária Ltda.
- JTI Processadora de Tabaco do Brasil Ltda.
- Philip Morris Brasil Indústria e Comércio Ltda.
- Premium Tabacos do Brasil S.A.
- Profigen do Brasil Ltda.
- Souza Cruz Ltda.
- Tabacos Marasca Ltda.
- Universal Leaf Tabacos Ltda.
- UTC Brasil Indústria e Comércio de Tabaco Ltda.

PUBLISHERS AND EDITORS



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Produced by: SindiTabaco
(www.sinditabaco.com.br)
Rua Galvão Costa, 415 - Centro
96810-012 - Santa Cruz do Sul - RS
Fone: (51) 3713 1777

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MSL
ANDREOLI

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