

Brazilian tobacco was shipped to 111 countries in 2019

Product quality has maintained the country in the leading global tobacco exports position for 27 years. The Port of Rio Grande, in Rio Grande do Sul, was responsible for almost 85% of all shipments.










Global leader in tobacco businesses and responsible for 25% of all tobacco sales on the planet, in 2019, Brazil brought in revenue of US\$ 2.14 billion from 549 thousand tons in exports, according to the Ministry of Economy. It was a significant increase, because the final numbers attested to an increase of 7.6% in dollar terms and 19% in volume of tobacco shipped abroad, from the previous year (2018), when shipments amounted to 461 thousand tons, generating revenue of US\$ 2 billion.

As a matter of fact, the market has continued stable and this increase is explained by the fact that, in the previous year, there had been a drop by virtue of logistic questions and the decision of China to postpone the shipments to early 2019. In all, 111 countries purchased the Brazilian product.

The main market is still the European Union, the destination of 40% of all Brazilian tobacco shipped abroad.

MAIN IMPORTERS OF BRAZILIAN TOBACCO IN 2019

	1° Belgium: US\$ 526 million		4° Indonesia: US\$ 106 million
	2° China: US\$ 383 million		5° Russia: US\$ 77 million
	3° USA: US\$ 189 million		6° Germany: US\$ 67 million
			7° Turkey: US\$ 60 million

TOBACCO PARTICIPATION IN TOTAL OF BRAZILIAN EXPORTS IN 2019

Tobacco represented

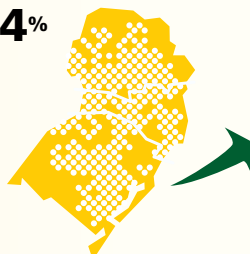
0.95%

of total Brazilian exports



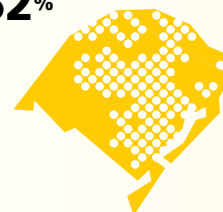
In the South Region

4.84%



In Rio Grande do Sul

9.62%



PRESIDENT'S WORD

Iro Schünke

Of all the challenges in 2020, one of the most difficult will be the 9th Conference of the Parties (COP 9) of the Framework Convention on Tobacco Control (FCTC), to be held in November, in Holland. Subjects like diversification, illicit trade, ingredients and electronic cigarettes will again be on the agenda of this global event. We will be on the alert with regard to the directions of the debates and acting as advocates for the sector so as to prevent any harm to Brazil's tobacco business. We still have expectations as to how Brazil's position will fare in the period prior to the COP 9.

If it came to a question of defining year 2020 in one word, it would be 'information'. To clarify the reality that involves the tobacco supply chain has been the reason for the existence of the SindiTabaco and, in the case of the COP, information turns into essential raw material. The defense of this sector, a source of jobs and income, is always conducted through grounded research works, but – unfortunately – not always accepted. Nonetheless, we continue overcoming barriers, innovating and putting into practice initiatives that transform society and add even more value to the Brazilian product, greatly in demand in the global market.

Fight against child labor, health and safety and environment preservation have already become an integral part of our DNA, and those who know the sector know all too well that the farmers pay heed to these premises and keep an eye on the Integrated Tobacco Production System, which poses advantages and guarantees to the producers, but they also require compliance with best agricultural practices, in return. It is a model that is successful and, because of this, it is copied by several other agribusiness segments.

The fact is that we continue as leading global exporters, responsible for about 25% of all tobacco businesses. In 2019, the sales to international clients exceeded US\$ 2 billion and, at the dawn of the 20th century, we have expectations to repeat the good results – sustainable in every sense.

SPEAK UP, PRODUCER!

This space is destined for farmers that have joined the ITPS (Integrated Tobacco Production System) in all regions in the South of the Country.



GIOVANE WEBER
Santa Cruz do Sul - RS

SANTA CRUZ DO SUL



One of the top digital agroinfluencers, Giovane Weber, 42, is a rural producer who had to learn how to put up with fame. His videos have gone viral and wherever he goes, there is always someone asking for a selfie from him. His history started in an unpretentious manner, uploading photos of fields to the Notebook. One day, Anderson Rebinski, from the Brazilian Tobacco Farmers' fanpage, invited him to be one of his Page's admins. "When I entered, we had 6 thousand followers and now we have 270 thousand", he says. "It was through simplicity, holding the work of the farmers in high esteem and criticizing laws and governments that cause trouble to us", he comments about his involvement in social networks.

Tobacco farmer, grandson and son of tobacco growers, Giovane Weber stresses that tobacco is the best cash crop for small-scale farms. "Calculations show that tobacco farmers' profits per hectare range from R\$ 20 thousand to R\$ 25 thousand", he argues. "If the farmer uses only family labor and plants his own woodlots, profits are satisfactory", he adds. Weber reveals that, during a certain period he quit the rural activity, but his wife, Louvane, teacher and a farmer's daughter, too, convinced him to resume the farming activities. "Now we are here, firmly and vigorously cultivating tobacco", he stresses.

THE FARM

- **11,5 hectares** (two families live there: Giovane, Louvane and daughter Giovana Luiza; and Giovane's parents, Aloísio and Rosa Maria Weber)
- **8 hectares** of cropland
- **75 thousand** tobacco plants (55 thous belong to Giovane and 20 thous to his parents), cultivated on five hectares
- **4** curing-barns, one electric and the others, traditional model.
- **1,5 hectare** of native forest
- **0,8 hectare** reforested with eucalyptus trees
- **Diversification:** milk, eggs, pigs, grain crops, vegetables and legumes (for their own consumption).

INTERVIEW

Rodrigo Solda, mayor of Rio Azul and president of Amprotabaco (Association of Tobacco Producing Municipalities).

What are Amprotabaco's action directives for your term of office? The purpose of Amprotabaco is to empower the voice of the main agents of the tobacco supply chain: the farmers and the companies. Our goal is to be a political arm in Brasília, defending the sector in the National Congress, putting forward its demands and demonstrating tobacco's capacity to generate income. While many authorities are seeking manners to generate jobs, as members of the sector, we have the challenge to remind people of tobacco's ability to generate income, jobs and progress.

What does tobacco represent for the producing municipalities? It represents the viability of its production on small holdings. As a municipal administrator, one can easily see the result that is derived from tobacco grown on small holdings. Tobacco represents a guarantee for people to grow their own crop, knowing in anticipation its good result, earning a good amount of income in the end. The entire infrastructure is made viable by the companies, SindiTabaco and Afubra, inducing the farmers to, year after year, further improve their skills, willing to do more and better. Here in Rio Azul the rural properties are attesting to the better standard of living of those who grow tobacco.

Rio Azul ranks 12th in the production of tobacco in Brazil. What is the relevance of the crop for the municipality? The history of tobacco in Rio Azul goes back more than

50 years. Rio Azul has become known in the region as the best tobacco producer during many years. More than 50% of the inhabitants are farmers and live in rural communities and, sometimes, the farmers themselves are entrepreneurs in town, but continue growing tobacco, because this crop is an integral part of the identity of the people of the municipality. The people remain in the countryside, there is family succession and the new generations continue interested in growing tobacco.

What are the main challenges of the supply chain for year 2020? One of the challenges consists in debating and making it clear that Brazilian legislation is jeopardizing the cultivation of tobacco. We have to press the federal government to firmly fight illicit trade of tobacco products. We know that in terms of taxes, we occupy a leading position.

In your opinion, what are the reasons for the farmers to continue producing tobacco? The tobacco supply chain is one of the best organized chains I know and I can see the interest of young people in seeking autonomy and in being the owners of their own businesses and their rural property. As tobacco is a seasonal and highly profitable crop, it makes it possible for the farmers to diversify their income sources. The farmers produce tobacco because of the guarantees provided by the integration system. And if there is demand, and we are the best producers at global level, why not continue doing something that is a sure source of income, work and development?

CLASSROOM

With a mood of celebration

With 129 apprentices graduated from the Growing Up Right Institute in late 2019, the number of young people from the countryside with a certificate of a course focused on Entrepreneurship and Rural Management, has risen to 333. This course is possible thanks to the Rural Professional Learning Program, whereby the young are hired by tobacco industries via Learning Law, but, instead of working for the contractor companies, they meet daily on the premises of their school during the shift opposite to regular classroom hours to study and enter into contact with rural management practices and entrepreneurship initiatives. Due to this, besides preventing the young from working on the farms, the Institute fulfills its role of offering chances for the young to stay and succeed in the countryside.

In 2020, year in which the institute turns five, another group of 140 young people is attending the course split into seven groups. The novelty is the implementation of the Learning Program in the municipality of Canguçu, South of Rio Grande do Sul, with a group in the partner school Carlos Soares da Silveira. The other six groups of this year will be organized in: Boqueirão do Leão, in the district of Alto Boqueirão; Cerro Branco, in Arroio Bonito; Herveiras, in Herval São João; Passo do Sobrado, at the Municipal Secretariat of Education; Santa Cruz do Sul, in Alto Paredão; and Sinimbu, at school Our Lady of Glory.



True facts about tobacco

Anderson Rebinski, tobacco farmer in Ivaí, municipality located in southeastern Paraná. He runs a fanpage 'Tobacco Farmers' in Brazil, with more than 260 thousand followers, and is a columnist at blog Field Entrepreneurs.

What is amazing is the fact that newspaper articles throughout Brazil show little knowledge of the tobacco farmers. We are treated as people who are ill, depressive, accused of using child labor, knocking down native forests or caring little about PPEs. The reality, however, is quite different: for us to produce – and find someone to sell our produce to – our children are required to have a school record with few absences, our fire-wood for curing the tobacco must come from reforested plots, and when applying pesticides, PPE must be worn. If we are caught in non-compliance with these terms of use, our contract with the company is terminated on the spot, and we end up with no one to deliver our produce to.



Tobacco has changed the life of my family for the better. Fifteen years ago, my parents and brothers grew only corn and beans. Year after year, what was left at the end of the crop was barely enough to make ends meet. When my father decided to change and invest in tobacco, from the first year onwards, things began to change considerably. Now I can say openly that we are happy producing tobacco. We are leading a good life, economically stable, we set our schedules, have a break whenever we please because we are free to take our own decisions!

I am convinced that my story takes place in other corners, too. I have already visited hundreds of farms in South Brazil, covering more than 10 thousand kilometers, having a good chat with hundreds of tobacco farmers. The most common scenarios are the happy and smiling faces of those who are satisfied with what they do.

NEWSFLASHES

TOBACCO YEARBOOK

Technologies and novelties of the tobacco sector are the driving force behind the Brazilian Tobacco Yearbook, launched in December 2019 by Editora Gazeta. The articles address such aspects as sustainability of the sector and programs conducted in area of the environment, healthcare and fight against child labor. Furthermore, other highlights of the publication address illicit cigarette trade and the Conference of the Parties (COP 9) scheduled for November, in Holland. The electronic version can be accessed at site www.editoragazeta.com.br.

EXPOAGRO AFUBRA

From 18 to 21 March, there will be an intense program going on at Expoagro Afubra Park, in Rincão Del Rey, Rio Pardo (RS). The occasion marks the 20th edition of the fair that is a reference for family farming. Contrary to previous editions, this year, Expoagro will be a four-day event, with the extra day for celebrating the 20 years of the fair and the 65 years of the Tobacco Growers' Association of Brazil (Afubra). With more than 400 exhibitors, the fair features demonstration fields, exhibition of machinery and equipment, technical lectures, machine dynamics, agroindustries and livestock, among other attractions.

AMPROTABACO

Until February 2021, the Association of the Tobacco Growing Municipalities will be presided over by the mayor of Rio Azul (PR), Rodrigo Solda. The vice-presidents are mayors Rudinei Harter (São Lourenço do Sul/RS), Gervásio Maciel (Ituporanga/SC) and Abimael do Valle (São João do Triunfo/PR). The secretary is mayor Vinicius Pegoraro (Canguçu/RS) and his vice secretary is Guido Hoff (Vera Cruz/RS). The treasurer is Giovane Wickert (Venâncio Aires/RS) and his vice treasurer is Paulo Joel Ferreira (Boqueirão do Leão/RS). Rodrigo Solda dwells on the purposes of the entity in the Interview of this edition.

COLLECTION OF PESTICIDE PACKAGING

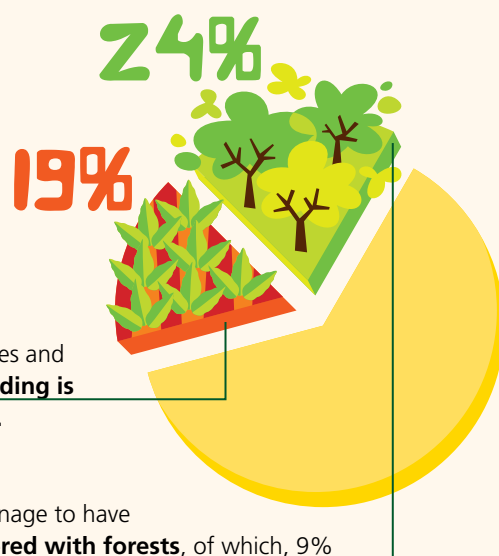
As of February 3, the Empty Pesticide Container Collection Program passes through the Central Region in Rio Grande do Sul. Until February 24, the collection of the triple rinsed empty pesticide packaging takes place in 25 municipalities. After this, it progresses to the Gaucho Sierra Region. In operation since year 2000, the Program promotes the correct disposal of the empty containers with an eye on farmers' safety and comfort, as well as environmental preservation.

As far as farmers go, soil is well-cared for

Tobacco farming is predominantly characterized by small-scale producers, diversified and who have adhered to best soil, water and environment conservation practices. According to surveys by the Tobacco Growers' Association of Brazil (Afubra), 87% of the farmers own less than 20 hectares and the area distribution of their farms reveals that only **19% of the total holding is devoted to tobacco, a crop that accounts for 46.2% of their income.**

Taking advantage of efficient planning of the resources of the farm, with satisfactory income coming from small tobacco fields, the farmers also manage to have substantial forest reservation plots. On average, **24% of the farm is covered with forests**, of which, 9% native forests and 15%, reforested lots. The widespread reforestation efforts by the tobacco farmers stems from the initiative of the industries in the 1970s, when they began to encourage the farmers to invest in energy forestry for their firewood needs in the tobacco curing process, a fact that, besides turning the farmers self-sufficient in woodfuel, has increased the acreage of forests in the tobacco growing regions.

Furthermore, careful soil and water handling, which have always been an integral part of the activities of the tobacco farmers, have become more intensive over the past years. For example, according to a survey conducted by SindiTabaco, the conservation practices in management and soil preparation have practically doubled in the past decade. In 10 years, conventional tobacco farming was reduced from 80% to 35%. And, during the same period, direct planting and minimum tillage practices went up from 20% to 65% of the total number of tobacco fields.



TOBACCO ROADS



The main tobacco producing regions are noticeable at every edition of SindiTabaco News. In the sequence, please know a little more about the municipality of Barros Cassal, 256 kilometers from Porto Alegre, the capital city of Rio Grande do Sul.

In the municipality of Barros Cassal, tobacco is the biggest cash crop. Although being a municipality small in size, its representativeness in the national production volume is considerable. In the ranking of the largest producers in Brazil, Barros Cassal ranks 29th; and, in Rio Grande do Sul, it occupies the 15th position. In the 2018/2019 growing season, its production volume amounted to 6,910 tons of leaf tobacco, cultivated on 3,106 hectares, split into 1,370 farms, with a total of 1,977 curing barns.

Agriculture is the economic pillar, followed by the retail business and livestock rearing. According to the chief of staff of the Municipal Administration, Eleno Ribeiro Dias, agriculture is the main economic source, where tobacco and soybean are the two leading crops. "Tobacco is the most important cash crop of the municipality, a fact that is explained by the large number of small holdings where rough relief prevails, and because tobacco is the main source of cash for the families", reveals Dias. "The crop is also the source of income that drives the municipality's financial activities and sustains the local retail business now 45 years in operation", he adds.

- Region settled by Portuguese immigrants, also received Italian and German immigrants between the 19th to the 20th century. Initially a district of Soledade but got its independence in 1963. Tobacco is the flagship crop there.
- Mayor: Adão Reginei dos Santos Camargo

BARROS CASSAL IN NUMBERS

Sources: Municipal Administration and IBGE

Population (estimated 2019): **11,199** people

Territorial area: **648** km²

GDP of the municipality: **R\$ 184,295,000.00**

GDP per capita (2016): **R\$ 16,048.05**

Farms: **1.600**

Average size of farms: **5 to 10** hectares

Tobacco farmers (crop year 2018/2019): **1,370**

Main agricultural products: tobacco, soybean, corn and livestock.



GLOSSARY

COP

Conferences of the Parties are biennial events, and they represent the deliberative court of the Framework Convention on Tobacco Control (FCTC), whose members are the countries that have ratified the treaty, among them, Brazil. During the COP sessions, the delegations of the States that are Parties debate to approve directives that serve as guide for the countries in their adoption of national measures.

NR 31

Regulatory Standard relative to health and safety in the activities linked to agriculture.

RURAL PROFESSIONAL LEARNING PROGRAM

Created in 2015 by the Growing Up Right Institute, the program offers professional learning courses to young farmers, without having to leave the countryside or their school, providing capacity building courses on Rural Management and Entrepreneurship. The apprentices, aged 14 – 17, carry out their theoretical activities in the school environment, or home or in their communities and, in compliance with the Learning Law, they receive a salary proportional to 20 hours a week - corresponding to the 20-hour load of the course, during the shift opposite to regular school lessons.

CALENDAR

JANUARY 11

National Pesticide Pollution Control Day

MARCH 3

National Contraband Fighting Day

MARCH 18 - 21

20th Expoagro Afubra

MARCH 22

World Water Day

APRIL 15

National Soil Conservation Day

APRIL 23

5th anniversary of the Growing Up Right Institute

DID YOU KNOW?



Research has attested that the tobacco farmers, contrary to other farmers, are much more conscious of the need to be cautious when it comes to applying pesticides.

CONTRASTING REALITY

Brazil

Source: The Census of Agriculture conducted by the Brazilian Institute of Geography and Statistics (IBGE), 2017

- **1.6 million agricultural enterprises use pesticides in Brazil**
- **89% of them did not receive any technical advice on how to apply the chemicals.**

Tobacco Farmers - South Region of Brazil -

Source: Administration and Research Center of the Federal University of Rio Grande do Sul (CEPA/UFRGS), 2016

- **98% receive permanent technical advice on the conscious use of pesticides**
- **75% took some capacity building course in the past ten years**
- **Of all the courses, the most cited was the NR 31, mentioned by 85%**
- **Tobacco is the commercial crop that uses the least amount of pesticides**

ASSOCIATED COMPANIES

SindiTabaco comprises 13 associated 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 are SindiTabaco's strategies, whilst emphasizing the social and economic importance of the sector, whether in the generation of jobs and taxes, or through the relevance of tobacco for the economy of the municipalities and States in the South Region. Furthermore, the Entity encourages sustainability, through social and environmental responsibility, a fact that attests to the reason for the existence of the SindiTabaco and its vast operational field

- Alliance One Brasil Exportadora de Tabacos Ltda.
- ATC - Associated Tobacco Company Brasil Exportação e Importação de Tabaco Ltda.
- Brasfumo Indústria Brasileira de Fumos S.A.
- China Brasil Tabacos Exportadora S.A.
- CTA – Continental Tobaccos Alliance S.A.
- 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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(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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