



In an **organized** and **precautionary** manner, the **impacts** of the **pandemic** are **absorbed fairly well** by the tobacco sector

The sudden need for social distancing required fast and effective actions to ensure the continuity of the industrial operations.

A year has already passed since the pandemic started and the new normal has become commonplace all over the world. In the Brazilian tobacco sector, the problems derived from the unexpected situation triggered by the spread of the Covid-19 were circumvented by organized and fast actions. After the industries of the sector halted production for some days in March 2020, all activities were resumed in compliance with public health recommendations.

The speedy implementation of the procedures intended to ensure protection of the people without posing any threat to the industrial activities. A list of general measures was jointly defined, and complied with, by all industries associated with SindiTabaco. Involving structural adjustments and operational processes, the standards establish hygienization and self-care policies in the food and transport areas, besides scheduling visits and contracts with farmers and clients, where virtual communication has become the rule.

According to an agreement signed by all the companies of the sector, each one of them reconfigured their installations to eliminate agglomeration points and get their temperature taken, with and alcohol gel dispenser on hand. Over the past months, there have been constant training sessions on hygienization and self-care policies, and the areas used collectively had their disinfection measures intensified. Furthermore, the meals are now taken in staggered hours in order to reduce the number of simultaneous diners.

With these measures in force, all operations were maintained and the industries exported tobacco, worth US\$ 1.6 billion, in 2020. According to SindiTabaco president Iro Schünke the results attested that the sector adjusted quite well to the new reality. The problem that required much effort was closing business deals, as the clients could not come to the Brazilian industries, which made it necessary to send them samples of the products, causing some delays to shipments, especially to China.

PRESIDENT'S WORD

Iro Schünke

We are halfway through 2021, working and reinventing ourselves every day as pandemic rages. The good news is that tobacco exports could outstrip the 2020 volumes, with good expectations for bigger amounts. According to the projections by Deloitte, in a survey requested by SindiTabaco, there should be an increase of 2.1% to 6% in tons and 6.1% to 10% in dollars from last year, when exports amounted to 514 thousand tons, totaling US\$ 1.6 billion.

The confirmation of this expectation is already coming true, as data released by the Ministry of Economy revealed that, in the first three months in 2021, Brazilian tobacco exports were up 19% from the same period in 2020. From January through March this year, 134 thousand tons were shipped abroad, generating revenue of US\$ 418 million. Over the past years, Brazilian leaf exports have remained at approximately 500 thousand tons, maintaining the Country's position as leading global exporter.

We are also getting ready for the 9th Conference of the Parties of the Framework Convention on Tobacco Control and for the Second Meeting of the Parties of the Protocol to Eliminate Illicit Trade in tobacco products, scheduled for November, in virtual form. The themes are directly related to the sector and, therefore, it is necessary to join efforts to mobilize the sector on behalf of the eighth biggest product exported by Brazilian agribusiness.

In the meantime, we are giving continuity to the programs developed by the sector, like the collection of Empty Pesticide Containers, which is now resuming its activities in its itinerary through Santa Catarina, incentive to soil conservation practices and the media campaign on farmers' health and safety, and child and adolescent protection.

SPEAK UP, PRODUCER!

This space is destined for the farmers who belong to the ITPS (Integrated Tobacco Production System) in all regions in South Brazil.

JOSÉ ANTÔNIO DIEHL
Venâncio Aires – RS

**VENÂNCIO
AIRES**



A common practice among the tobacco farmers is the cultivation of grains or pasturelands after tobacco harvest. This initiative is encouraged by the "Corn, Bean and Pastureland after Tobacco Harvest Program", and is an extra activity that promotes crop diversification, generating additional income for farmers.

In the lands of José Antônio Diehl, in Linha Duvidosa, interior of Venâncio Aires (RS), the cultivation of the winter crop is a technique that started 24 years ago, ever since the family decided to grow tobacco. Diehl and his son-in-law, Roque Pedro Specht, cultivate 50 thousand tobacco plants on 3 hectares and, right after harvesting the high stalk leaves, corn is planted on the same field. Besides the winter crop, Diehl and Specht devote an extra 3.5 hectares to the summer corn crop, resulting into high grain yield, with 115 sacks per hectare.

According to José Diehl, corn and tobacco are two crops that generate income in the farm, but there other small scale activities, like chicken, pigs, cattle and vegetable gardens. Diehl comments that he and his son-in-law decided to grow tobacco because it is the best cash crop for small-scale farms. "In the past, I raised hogs which were delivered to meat packing industries, but this activity generated low profit margins and we switched to tobacco and corn", he says.

THE FARM

- **13 hectares**
- **7 hectares** devoted to crops
- **50 thousand** tobacco plants (in 3 hectares)
- **2** curing-barns (1 conventional and 1 electric)
- **500** eucalyptus trees for curing tobacco
- **3** hectares of reforested plots
- **2** hectares of native forests
- **6.5** hectares of corn (3 hectares after tobacco harvest)
- **Diversification:** tobacco and corn (cash crops) and chicken, pigs, cattle and vegetables.

How do you evaluate the contribution of tobacco in Brazilian agribusiness in the scenario of the pandemic?

With a deep knowledge of the tobacco sector and aware of its importance within Brazilian agribusiness, there has always been full confidence with regard to the protocols in order to continue the operation with maximum safety, without adversely affecting the sector, within the pillars that sustain the security of the business.

Minister Tereza Cristina had a meeting with the presidents of the sectoral chambers. In your opinion, what is the position of the Ministry of Agriculture relative to questions of the tobacco supply chain?

The position of the Mapa in defense of the tobacco supply chain, by virtue of its economic and social importance for Brazil, in terms of revenue from exports and, particularly, by virtue of the safety that the sector represents for thousands of people that

depend on it. The minister's opinions on this matter were always very clear within this context.

What are the perspectives of the Sectoral Chamber with regard to COP 9?

The perspective is always of extreme concern, as all subjects relative to the Framework Convention have always been dealt with the aim to seriously harm the sector, showing no respect with regard to the economic and social importance of the tobacco sector. This holds true for both the production area and for exports and its importance in terms of revenue for the Brazilian government, greatly in need of funding sources to surmount its difficulties, especially now, with the pandemic wreaking havoc. We are harboring high expectations of having this matter debated at COP 9 and MOP, as it is one of the serious negative factors, in the Brazilian cigarette market, and is very damaging in every sense.

CLASSROOM

There are young apprentices in the countryside



Rural landscapes in the tobacco producing regions are now taking advantage of the freedom of movement of young apprentices in the countryside. They are hired by the tobacco industries to take the rural management and entrepreneurship course in partner schools based in rural districts. This is a relevant contribution of the Growing Up Right Institute, which completed six years in April, and is making history with its initiative in skill training of rural youth.

Through the Professional Learning Program, the apprentices, instead of working on their farms, receive a salary proportional to 20 hours a week making it possible for them to attend the course on a daily basis, in the shift opposite to their regular school hours, without having to leave the countryside. This action is the result of the joint work of a group of enthusiasts eager to fight child labor, in conjunction with the SindiTabacco and associate companies.

In its six years in operation, the Learning Program has already qualified 474 teens in 11 municipalities in the State of Rio Grande do Sul. In 2020, the course assisted 141 young farmers who, due to the restrictions imposed by the pandemic, were invited to continue attending the course in 2021, in the form of complementary lessons. This year, there are seven groups attending the course. They are from the municipalities of Boqueirão do Leão, Canguçu, Cerro Branco, Herveiras, Passo do Sobrado, Santa Cruz do Sul and Sinimbu.

Tobacco production in constant evolution

Vinicius Pegoraro, mayor of Canguçu (RS) and president of the Association of Tobacco Producing Municipalities (Amprotabaco)

One of the principles that I have adopted in my task as public administrator consists in remaining open to continuous learning and stimulate actions by private initiative that reverberate positively throughout the community. Within this context, I have been keeping a close watch on the tobacco supply chain.

There is no denying the importance of the economic gains generated by the production of tobacco in Brazil, now the second largest producer and leading global exporter of this crop. These are values that have visible repercussions on the budgets of the municipalities where this crop is cultivated, directly financing countless services on behalf of the citizens, especially in the areas of education and healthcare.

Due to its levels of profitability, tobacco farming is by itself an incentive for the young to stay in the countryside. In Canguçu, as well as in other cities, the Growing Up Right Institute, in partnership with the Municipal Administration, benefits boys and girls, aged 14 – 17, coming from tobacco producing families of four different districts, qualifying them in entrepreneurship. Along with the investment in education and professional qualification, the Institute has pioneered the introduction of strict rules against child labor.

It is with satisfaction that I keep an eye on this type of initiatives, which attest that the future is being carefully planned, with positive repercussions not only on this crop, but on the qualification of a generation as a whole committed to the countryside and ready to face its challenges.



NEWSFLASHES

PACKAGING

The Empty Pesticide Container Collection Program, temporarily discontinued due to the ever-increasing clinical problems caused by the coronavirus pandemic, is scheduled to resume its activities in June, following a pre-planned itinerary that includes 14 municipalities in the Center-North region in Santa Catarina. From June 14 to July 6, the container collection teams will call at the following municipalities: Porto União, Irineópolis, Bela Vista do Toldo, Canoinhas, Major Vieira, Papanduva, Monte Castelo, Timbó Grande, Mafra, Três Barras, Campo Alegre, São Bento do Sul, Rio Negrinho and Itaiópolis. The receiving process at the collection sites was reorganized to ensure all safety requirements in accordance with social distancing standards.

AMPROTABACO

Mayor Vinicius Pegoraro, of Canguçu (RS), was elected president of the Tobacco Producing Association, along with his vice-presidents Gervásio Maciel (Ituporanga/SC), Helena Hermany (Santa Cruz do Sul/RS) and Abimael do Valle (São João do Triunfo/ PR). Other elected officials are as follows: secretary Rudinei Harter (São Lourenço do Sul/ RS), vice-secretary Leandro Jasinski (Rio Azul/ PR), treasurer Carlos Schuck (Vale Verde/RS) and vice-treasurer Jarbas da Rosa (Venâncio Aires/RS). The supervisory board comprises the following members: Marciano Ravello (Arroio do Tigre/RS), Edilson Brum (Rio Pardo/RS), Ivo Ferreira (Camaquã/ RS), Maiquel Silva (Vale do Sol/RS), Luiz Saliba (Papanduva/SC) and Gilberto dos Passos (Canoinhas/SC).

REPORT

At its institutional publication "Tobacco is Agro 2021", SindiTabaco highlights the sector's most recent information on exports, production, environmental and social programs conducted by the entity and its associate companies. With regard to exports, the numbers show that, in 2020, shipments totaled 514 thousand tons, bringing in revenue of US\$ 1.6 billion from sales to 113 countries. As far as production goes, 146 thousand farmers harvested 603 thousand tons of tobacco. This information is available at the entity's site: www.sinditabaco.com.br, at section Publications.

IN THE PRESS

The themes relative to health, safety, child and adolescent protection are an integral part of the media campaign, from June to November, in communication vehicles highly popular in tobacco farming regions. The campaign is divided into two stages, one in the planting and seedling transplanting period (June-August) and the other at harvest time (September-November). About 280 TV Spots have been previously scheduled, along with two thousand radio spots and 14 newspaper ads. The campaign intends to promote awareness of the importance of these themes for rural properties.

Winter crop, the procedure that boosts farmers' income and protects the soil



The cultivation of grains and pasturelands right after tobacco harvest is a profitable activity that is present in almost all tobacco-producing farms. And, besides the economic returns, the annual winter crop also protects the soil from degradation and contributes toward breaking the proliferation cycle of pests and weeds, ultimately benefiting the environment.

In the South Region, the tradition of the winter crop is stimulated by the 'Corn, Bean and Pasturelands after Tobacco Harvest Program', conducted by SindiTabaco with support from farmer associations and governments of the States of Rio Grande do Sul, Santa Catarina and Paraná. A positive perception of the results is ascertained in the annual surveys. Extra income derived by the farmers from the winter crop reached R\$ 933 million, up 47% from the result in 2020: this is due to the rising value of the grain crops, when the farmers raked in R\$ 634.2 million from the cultivation of corn, bean and soybean.

Among the States, extra income amounted to R\$ 368 million for the farmers in Rio Grande do Sul, R\$ 374 million in Santa Catarina and R\$ 191 million in Paraná. This year farmers showed preference for the cultivation of grains to the detriment of pasturelands, which resulted into higher gains in light of the good moment these commodities were experiencing in agribusiness.

In the 2021 winter crop, the area devoted to grains reached 144,222 hectares, up 22% from last year, and total production amounted to 580,442 tons. On the other hand, the area dedicated to pastureland dropped 27%, to 25,572 hectares.

TOBACCO ROADS



Located in Southeastern Paraná, 70% of São João do Triunfo's population live in the rural area. Nowadays, the municipality is the leading tobacco producer in Brazil.

Mayor: Abimael do Valle

The main tobacco growing regions are the highlight in every edition of SindiTabaco News. What follows will show you a little more about São João do Triunfo, a municipality in the State of Paraná, 127 kilometers from the capital city Curitiba.

With nearly 20 thousand tons of tobacco produced in 2019/20 crop year, São João do Triunfo ranks first among the tobacco producing municipalities. The crop plays an important role in the economy of the municipality, where the agricultural sector accounts for 65.74% of the municipal GDP. Tobacco is responsible for 50% of the revenue derived from the primary sector, followed by soybean (7%). Corn and bean together account for 5% and yerba mate, 1.2%.

According to the municipal secretary of Agriculture, Fabio Hoffmann, 94% of the small-scale farmers own less than 10 hectares. "That is why tobacco prevails throughout the municipality, as it generates more income in small areas", he explains.

In Hoffmann's view, the profitability of tobacco is favored by the technical assistance provided by the companies, along with input logistics and the purchase of the entire crop. "Besides income for the farmers, tobacco creates direct and indirect jobs, contributing towards the generation of income both at farm and industry level", he concludes.

SÃO JOÃO DO TRIUNFO IN NUMBERS

Sources: Municipal Administration and IBGE

Population (estimated 2020): **15,241** people

Territorial area: **720.407** km²

Per capita GDP (2018): **R\$ 36,354.97**

GDP of the municipality: **R\$ 545,179,000**

Farms: **4,301**

Average size of the farms: **20** hectares

Tobacco growers (2019/2020 growing season): **2,359**

Main agricultural products: tobacco, soybean, corn, bean, timber and yerba mate.



GLOSSARY

AMPROTABACO

The Association of the Tobacco Producing Municipalities (Amprotabaco) is an entity founded on 8 November 2013, whose aim is to represent and advocate for the interests of the supply chain.

COP

The Conferences of the Parties (COP) are biennial events that represent the deliberative forum of the Framework Convention on Tobacco Control (FCTC) whose member countries have ratified the treaty, and Brazil is one of them. During the COP sessions, the delegations of the Member Parties debate and approve guidelines advising the countries on how to implement national measures.

RURAL PROFESSIONAL LEARNING PROGRAM

Pioneered by the Growing Up Right Institute in 2015, the program offers professional development courses to young rural teens. They do not need to leave their school or countryside to get a qualification in Rural Management and Entrepreneurship. The apprentices aged 14 – 17 carry out their theoretical and practical activities on the premises of the course, at home or in their communities and, in compliance with the Learning Law, receive a salary proportional to 20 hours a week – equivalent to their study load, which takes place in the shift opposite to their regular school hours.

DID YOU KNOW?

Tobacco is the best cash crop for small farms

- According to the surveys conducted by the Tobacco Growers' Association of Brazil (Afubra), in the past growing season, tobacco occupied only 21% of the total area of farms and represented 46.4% of farmers' income.

Current diversification:

The numbers confirm that the rural holdings are diversified.

Check this out:



23% of the area with pasturelands



21% used for tobacco production



18% with corn fields



15% with native forests



9% with reforested plots



8% with soybean



1% with bean



5% with other crops (sugarcane, rice, potatoes, onions, cassava, vegetables and fruit).

The environment

- On average, forest cover reaches 24% of the area of farms where tobacco is cultivated, split into 15% native forests and 9% reforested plots.

(Data furnished by Afubra – 2019/2020 crop year)

CALENDAR

25 MAY	Industry Day
27 MAY	Atlantic Forest Day
5 JUNE	Environment Day
12 JUNE	World Day against Child Labor
24 JUNE	74th Anniversary of the SindiTabaco
13 JUNE	Anniversary of the Child and Adolescent Statute
17 JULY	Forest Protection Day
18 AUGUST	National Clean Field Day

ASSOCIATED COMPANIES

SindiTabaco comprises 15 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.
- JRM Tabacos do Brasil Eireli
- OTC Comércio e Fabricação de Fumos 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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Production: SindiTabaco (www.sinditabaco.com.br)
Rua Galvão Costa, 415 - Centro
96810-012 - Santa Cruz do Sul - RS
Fone: (51) 3713 1777

Editorial coordination:

MSL
ANDREOLI

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