The World’s Finest Brands Begin With Ours.

Some of the world’s most respected tobacco manufacturers rely on Universal Leaf to supply them with the tobaccos they need for the highest quality product. And with good reason. As the world’s largest dealer and processor of leaf tobacco—and with over 80 years of experience selecting and purchasing tobacco—we choose only the finest leaf for our customers. Once purchased, our dedicated employees and state-of-the-art processing facilities ensure that our product meets the most exacting standards.

With so many advantages to offer, it’s little wonder why the brands that begin with Universal end in success.

Universal Leaf Tobacco Company, Inc.

www.universalcorp.com
Dear Members

I am writing this report one day before Christmas, therefore it will only be a brief message of good wishes to all our members around the world. This is a time when families get together all over the world to celebrate and also to reflect on the year that is drawing to a close.

Although many tobacco farmers in certain parts of the world are very busy during this time, families still get together during this time. To all of you, in some way or another, it has been a tough year with many problems and challenges. Hopefully during the festive season, you can all find some quiet time to look back at especially the good times of the past year, and extract positive energy from it to recharge the batteries for next year.

During the year, we have reported frequently on the activities of ITGA through the Courier, the newsletter and meetings. In my view, our AGM in Madrid was one of the more successful meetings we had in many ways. Our Issues Day was certainly a highlight of the year, and our closed AGM was at the highest level of discussion, which is expected of a professional organization and its members, such as the ITGA. I can only congratulate you as members for your attendance and active participation, and well done to our staff for doing a phenomenal job.

As I always say, the only reason for the ITGA’s existence, is to serve and act on behalf of its members. The ITGA can only be as good as the collective participation of its members, and the leadership provided by the Board and the Executive. We have done well on these counts during the past year, and it clearly showed during our AGM.

I would like to thank all our members for hard work and support during the year. You are doing important work in the interest of growers all over the world, and together we will have to continue to protect the interests of our growers in the future.

I also want to thank our CEO and his staff for another year of good service to the ITGA. Our organization is all we have to unite the efforts of growers, and without dedicated staff, this will not be possible and our growers will be much worse off!

I want to wish you all a blessed festive season, with peace, some rest, precious time with families and good reflection on the past year. May 2016 be a good year to you all and may you receive the strength and energy to continue the important work you do!

Warm regards

Francois
Chief Executive Report

A. Abrunhosa
ITGA Chief Executive

Calendars have their own way of organizing people’s life.

The end of the year is usually the time to summarise what happened during the year and to try to foresee what will come our way.

To summarise 2015 is not an easy task due to the enormous amount of events that have affected and will continue to affect our business.

To start with there are geopolitical and economical changes that have strongly affected our market. To name just a few:

The slow down of the Chinese economy, getting worse by the day, has had a huge immediate impact on emerging economies, especially in Africa, but is also affecting the world economy as a whole, due to the economical and financial interconnection of the most relevant economies.

The record low price of oil is leaving many consumers with more money in the pocket but, on the other hand is having a huge negative impact on the economies of several important markets for our production like Russia, Brazil, Iran, Saudia Arabia and others.

The war in Syria, after the Arab Spring, is reshaping the whole Middle East, destroying entire countries and tobacco production and distribution networks across the region, besides creating a huge problem in Europe to control the borders, with millions of refugees trying to cross them.

The El Niño phenomenon had huge consequences with the usual procession of droughts and floods, some of which affected and are still affecting important tobacco regions.

All this is affecting the markets for tobacco products, as one of the factors for its growth in the last decades was, precisely the raise of personal income of millions of people living in developing countries.

As this was not enough we have watched an enormous activity from the entire anti tobacco lobbyists pursuing their main objective, the ruining of the tobacco sector. With that in mind, they have pushed for more and more aggressive actions by governments to ban smoking, to commoditize the products via plain packaging and to increase their prices with higher taxes.

New and stricter legislation has been enacted in many countries, among them important markets like the European Union and Russia and this is having a negative impact in global demand.

Tobacco growers across the world face difficult challenges. With global demand static or even, possibly, decreasing, they are facing a dilemma: with prices barely covering costs and with no alternatives on sight, they must maintain or even increase their production to guarantee a reasonable income, but acting like this globally they will bring over production to a market that is already saturated.

In normal times and with circumstances like these, governments would do nothing that might generate unemployment. But, with all the millions of dollars it has for spending, the anti tobacco industry will not give the governments any respite.

2016 is a COP year and that means that we will see proposals to attack our sector popping up from many different origins, expecting to become guidelines next November in New Delhi, where the COP7 will take place.
This time it will be more difficult for the growers to identify the threats they may face, as the FCTC procedures are becoming more and more secret, with the proposals being elaborated in total secrecy and announced at a time when changes are almost impossible to obtain.

In any case ITGA and the millions of growers it represents will not give up.

On one hand, we will insist on the need to be paid a fair price allowing us to stabilize or improve our business, to keep our farms and to assure the future of our children.

On the other hand, we will use all our strength to ensure that our governments will defend our rights and will keep the vested interests of the anti tobacco industry out of our farms.

A. Abrunhosa
Countries’ Reports

AGM 2015-SPAIN
A Business Opportunity or the Continuity of Business

“Growers and the trading and export link in the value chain face the worst scenario, affected by the collapse of tobacco exports since 2013 to this day (with an annual decline of 20 per cent in volume), in a context of sharp cost increases and currency exchange shortcomings that negatively impact the sector’s competitiveness.”

The above paragraph shows an evident reality.

Tobacco production in Argentina has long suffered the consequences of climatically complicated and economically difficult years.

An almost uninterrupted succession of high-impact weather events, characterized mainly by severe hailstorms, ostensibly reduced yields in terms of both quality and quantity.

A most unfortunate combination of ever-increasing domestic costs and an artificial exchange rate brought about a scenario of lack of competitiveness, the costs of which we, the growers and our cooperatives, the main tobacco exporters today, are dearly paying for.

The above was compounded by a depressed international market, which forced us to appeal to growers’ prudence and cautiousness in the planning of their crops.

Our proposal was to restrict individual production to 15,000 ha, which would enable us to fulfill sale commitments of about 37,500 tons of Virginia flue-cured. This limit was slightly exceeded, by a little over 16,000 hectares.

With this we averted the risks of oversupply and unsellable stock, which would have negatively impacted the balance sheets of our cooperatives, undermining their market regulation capacity in favor of growers.

Comparing tobacco received in 2015 vs. 2015, the reduction is 29 per cent.

| Received as at Jan. 13, 2015 | 1,359,368 kg |
| Received as at Jan. 13, 2016 | 962,114 kg |

Extensive hail damage has also contributed to this reduction, with the total loss of some 2,200 ha, which mean a 15 per cent overall loss.

It is quite obvious that no economic activity can subsist in a situation of permanent contraction. Tobacco production must recover to normal levels of quantity and quality.
Our input supply policy (agrochemicals, fertilizers, and fuel) and community systems in place — both machinery and bulk curing barns — have enabled us to overcome to a large extent the difficulties arising from the tobacco market downturn.

Full compliance with our employer obligations by means of business co-responsibility agreements and on-going management programs that offer additional pay to seasonal workers during their inactivity periods help mitigate partly the undesirable effects that a reduced labor demand has on them.

Today, when the 2016 crop is already being collected and stored, the time has come to define the price for our tobacco.

Some factors that were reducing our competitiveness have been significantly modified. The foreign exchange regime, with the coexistence of two exchange rates, one official exchange rate that was undervalued (AR$ 9.60) and the “parallel” (black market) exchange rate that was overvalued because of excess demand (it exceeded AR$ 16 at some point), in addition to other foreign trade restrictions, such as the 10 per cent withholding tax on raw tobacco and tobacco products exports, are now a thing of the past.

Today, the US dollar is testing the market for its true value (+/- AR$14) and fluctuates within a range that makes foreign exchange settlements profitable. In other words, today exporters are receiving 37 per cent more pesos for their US dollars and an additional 10 per cent as a result of the elimination of the withholding tax.

Even assuming that the international market downturn and other unfavorable conditions will continue to exist, improved conditions in the domestic tobacco business are for real.

It is then time to decide on a fair and reasonable distribution of such profits. Tobacco traders are afforded the opportunity of doing better in the business, but the tobacco sector as a whole, including them, has the pressing need of staying in business.

For this reason, it is vital to recover volumes and quality, and this recovery starts in the fields, with the primary production. Without tobacco there is no tobacco business.

Growers need to overcome their near-bankruptcy situation and get attractive margins that encourage them to recover the productive apparatus whereon we all depend.
**2015/2016 Crop Production**

For the 2015/2016 Brazilian tobacco crop, initial estimates point to a planted area of 271,070 hectares, split into 231,640 ha of Flue-Cured Virginia, 36,340 ha of Burley and 3,090 ha of Comum, besides 13,260 ha of other varieties, produced in the Northeast, mainly for the production of cigars. Due to excessive rainfall up to the present time, a smaller amount of tobacco has already been cured, compared to the same period in the past growing season.

**Pricing**

On November 18 and 19, the entities that represent the tobacco farmers – Federations of Agriculture (Farsul, Faesc and Faep) and Federations of Agricultural Workers (Fetag, Fetaesc and Fetaep) and Afubra – had a meeting with the tobacco companies for negotiating the prices for the 2015/2016 growing season. In the first round of negotiation the entities asked for a 17.7% increase, but the meeting ended without any agreement. A second round, which involved more tobacco companies, was held on December 17, and equally came to a close without any agreement. The entities are prepared for a new round of negotiations in January.

**Hailstorms**

Up to the present time, hailstorms have already hit the tobacco fields of 36,790 Afubra associated farmers; 11,657 more than in the 2014/2015 growing season, during the same period. Besides the bigger number of hailstorm incidences, this year, damages are up 32.5%, per farmer, from the past season.

---

**2015/2016 Crop Review**

The present 2015/2016 crop is progressing normally. As on previous occasions, adverse situations caused by weather and phyto-sanitary factors have negatively impacted transplanting and plant development.

Lack of good rains during the first stage of crop activities has been the limiting weather factor. A prolonged drought has delayed tobacco sowing in many traditional growing areas, resulting in a reduction of planned hectares and affecting the Creole variety mainly. This situation could mean reduced yields and declines in total estimated output.

Regarding plant health, closely linked with weather conditions, we should mention the early incidence of Lepidoptera and Trips, as well as reports of blue mold, TSWV, and Xanthomona and Pseudomonas bacteria. Outbreaks have been successfully managed in accordance with INTABACO’s pest control program, implemented by specialized technicians deployed throughout tobacco-growing areas around the country.

We should note that harvested tobacco is of high quality. More accurate data is being collected on planted area by variety and substantial improvements are being made in curing infrastructure at farm level. All data suggest that the Dominican Republic will have a very good tobacco crop again this year.
### Planned and Sown Hectares – 2015-2016 Tobacco Crop

The table below shows total planned planted area, activities to date and execution rate.

<table>
<thead>
<tr>
<th>Tobacco Group or Variety</th>
<th>Planned Hectares</th>
<th>Sown Hectares</th>
<th>Execution Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creole (Raw)</td>
<td>754.7</td>
<td>214.4</td>
<td>28%</td>
</tr>
<tr>
<td>Creole Tobacco for Andullo</td>
<td>754.7</td>
<td>731.3</td>
<td>97%</td>
</tr>
<tr>
<td>Havanensis</td>
<td>5,346.0</td>
<td>4,236.4</td>
<td>79%</td>
</tr>
<tr>
<td>Olor</td>
<td>1,006.3</td>
<td>1,048.3</td>
<td>104%</td>
</tr>
<tr>
<td>Capa</td>
<td>157.2</td>
<td>161.0</td>
<td>102%</td>
</tr>
<tr>
<td>Burley</td>
<td>188.7</td>
<td>110.4</td>
<td>59%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,207.6</strong></td>
<td><strong>6,501.8</strong></td>
<td><strong>79%</strong></td>
</tr>
</tbody>
</table>

*Tobacco for capa planted in the Cotuí growing region*
Andhra FCV Tobacco – Crop 2015

Production - 190 Million Kg

Auctions for the 2015 crop ended on 2nd November 2015. A total quantity of 190.37 million Kgs was marketed at an average price of US$ 1.52 per kg.

The Tobacco Board has authorised a lower crop size of 120 million kgs for the 2016 FCV crop in Andhra Pradesh.

Karnataka FCV Tobacco – Crop 2015

Production - 100 Million Kg

Auctions are currently in progress and as on 21st January, 2016, a total quantity of 42 million kgs has been marketed at an average price of US$ 2.21 per kg. 

(Converson: 1 US $ = 61 Indian Rupees)

Exports of Tobacco & Tobacco Products

(Quantity in Million Kg & Value in Million US$)

<table>
<thead>
<tr>
<th>Item</th>
<th>2015/15</th>
<th></th>
<th>2015/2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity</td>
<td>Value</td>
<td>Quantity</td>
<td>Value</td>
</tr>
<tr>
<td>Unmanufactured Tobacco</td>
<td>211</td>
<td>670</td>
<td>110</td>
<td>372</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>38</td>
<td>254</td>
<td>18</td>
<td>149</td>
</tr>
<tr>
<td>Total</td>
<td>249</td>
<td>924</td>
<td>128</td>
<td>521</td>
</tr>
</tbody>
</table>

Source: Tobacco Board, Govt. of India

Tobacco Transplanting and Volume Forecast

Planting rains started towards end November, with most coverage in mid-December, 2015. Most farmers finished planting towards end December, as opposed to first week of January in the previous year.

The cost of farm inputs continued to be high and this will negatively affect some farmers with regard to fertilization regime.

The rainfall this season is that of El-nino pattern, as forecasted by the Meteorological Department. This rainfall phenomenon does bring to some areas one or a combination of the two extreme weather situations – dry spells or excessive rainfalls. We are yet to see what this season’s El-nino is going to bring.

Preliminary volume forecast for the 2016 tobacco crop
was done in December through the assessment on the space put to nurseries. All production factors being equal the picture is that of an increase in burley (19%) and fire cured (59%), and a decline in the Flue cured Virginia tobacco (-8%). The overall picture would be a general rise of between 10% and 15%. Last season produced 168.2 million Kg burley, 23 million Kg Flue cured and 1.4 million Kg Fire cured. Total production of all tobacco types was 192.6 million Kg. The reliable industry crop production estimates are planned to be conducted end January, 2016.

SA Tobacco Crop

Being dependent on irrigation water, the South African tobacco sector remains extremely concerned about the serious drought conditions experienced in the region. Seedlings were planted in the fields during September and October in extreme heat with rain fall recorded far beyond normal levels. Hailstorms have already impacted production areas in the Limpopo and North West provinces.

Apart from the extreme weather conditions, the sector faces challenges of a weakening currency, ever-increasing production costs and a general uncertainty about the South African government’s policies in relation to land redistribution and farm-ownership.

For 2016, the South African tobacco-farming sector looks forward to strengthening relations with the Ministry and Department of Agriculture in particular. Tobacco policy requires the input of the Agriculture Minister, but also from the “whole of government”, including finance, trade and industry, health, the revenue service, law enforcement and labour.

Flue-cured Tobacco

<table>
<thead>
<tr>
<th></th>
<th>2014/2015</th>
<th>2015/2016 estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crop Size (Kgs)</strong></td>
<td>10 952 058 kg</td>
<td>11 500 000 kg</td>
</tr>
<tr>
<td><strong>Hectares</strong></td>
<td>3 826 ha</td>
<td>3 868 ha</td>
</tr>
<tr>
<td><strong>Production Cost per Ha</strong></td>
<td>USD 8000 – USD 9880 per ha (ZAR 100 000 – ZAR 123 500 per ha)</td>
<td>Ave USD 8800 – USD 10 400 per ha (Ave ZAR 110 000 – ZAR 130 000 per ha)</td>
</tr>
<tr>
<td><strong>Number of Farmers</strong></td>
<td>97 contracted</td>
<td>93 contracted</td>
</tr>
<tr>
<td><strong>Ave USD Price per Kg</strong></td>
<td>USD 3.37 / kg - estimated (ZAR 42.18 / kg - estimated)</td>
<td>USD 3.67 / kg - estimated (ZAR 45.93 / kg - estimated)</td>
</tr>
</tbody>
</table>
Dark Air-cured Tobacco

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop Size (Kgs)</td>
<td>2 750 766 kg (3,280 million kg total*)</td>
<td>3 500 000 kg (4 100 000 kg total*)</td>
</tr>
<tr>
<td>Hectares</td>
<td>904.2 ha (1,065 ha total*)</td>
<td>1024 ha (1 239 ha total*)</td>
</tr>
<tr>
<td>Production Cost per Ha</td>
<td>Ave USD 8080 per ha (Ave ZAR 101 000 per ha)</td>
<td>Ave USD 8960 per ha (Ave R 112 000 per ha)</td>
</tr>
<tr>
<td>Number of Farmers</td>
<td>80 contracted (95 total*)</td>
<td>85 contracted (96 total*)</td>
</tr>
<tr>
<td>Ave USD Price per Kg</td>
<td>USD 3.04 / kg - estimated (ZAR 38.00 / kg - estimated)</td>
<td>USD 3.28 / kg - estimated (ZAR 41.04 / kg - estimated)</td>
</tr>
</tbody>
</table>

The total* refers to contracted plus non-contracted DAC farmers.

Time to Change the Conversation

It feels like the growers have the same conversation every year when it comes to the tobacco market. Will the industry survive with the decrease in cigarette consumption? It is an important question to discuss, but also an increasingly tedious one in light of the fact that everyone except the farmer appears to be thriving in today’s market.

While the long-term expectation is that the consumption of cigarettes will continue to decline worldwide, a recent report from Bonnie Herzog, managing director of Beverage, Tobacco and Convenience Store Research at Wells Fargo Securities, states that the sale of premium cigarettes is not down as expected. Not only are premium cigarette sales not down, but the prices for these premium products has gone up.

On November 11, 2015 Philip Morris USA instituted a $0.07 per pack wholesale price increase on its core cigarette brands. The following day Reynolds raised the price of its core brand by $0.07, ITG quickly followed announcing a $0.07 per pack increase on Winston, Kool, Salem, and Maverick effective November 13.

Herzog in a November 16 report stated that the recent price increases on cigarettes is, “A Positive For the industry.” She explained that the price increases are positive and demonstrates the industry still has very strong pricing power. She went on to say that, “Given that underlying cigarette industry consumption will likely revert towards its long-term trend of declining, pricing remains a critical driver of revenue and earnings growth.”

This strong pricing power of the companies, coupled with the recent multi-million dollar mergers and acquisitions, such as Reynolds buying Lorillard and then selling off brands and PM USA selling Miller Beer, are also having positive impacts on the companies’ bottom lines.

Reynolds also recently announced that its board of directors declared a quarterly cash dividend of 36 cents per share on the company’s common stock, payable January 4, 2016, to shareholders of record on December 14, 2015.

Herzog in a Tobacco Industry Trends presentation on November 14 highlighted that currently the industry is in a “Renaissance in Combustible Cigs.” She credits
the trend to stronger tobacco consumer given better employment levels and greater disposable income, the “trading up” to combustible cigs from smokeless tobacco products, dual use with e-cigs/vapor, and consumers being disillusioned by e-cigs, switching back to combustible cigs.

“We expect favorable cig volume trends to continue next year, down around 2-3% in 2016, still above historical average decline,” stated Herzog in a Wells Fargo report on November 15.

Yet in this Renaissance where is the farmer?

In all the industry reports there is nothing that mentions the impact of current market trends trickling down to the farm level. In fact all we are seeing at the farm level is atrophy.

Cuts in contracts from all the main players the last few years have led to a loss of growers and in turn a loss of pounds being produced. The tobacco farmers that still remain are facing lower prices for their product, while also being faced with to increased gap requirements and regulations by the companies. Farmers are in fact at the bottom of the food chain, and no one in the industry off the farm seems to care.

My question to you as growers is “what should we do about our role?” Do we just sit back and accept our bottom feeder level in this new paradigm? Do we continue to have the same meetings with the same conversations?

I believe it is time for us to change the conversation. It is time for the farmers to quit bemoaning our role and take action. We need to work together to identify ways to make the companies more socially responsible to the growers and to the customers. It is time to make sure the successes in the industry do more than just line the pockets of investors.

The Council for Burley Tobacco is the voice of the tobacco farmer, but to be the voice of the growers we need to know what voice you want the organization to have on issues. Do you want the Council to just use your check-off funds for production research and accept the status quo for the farmer in the industry, or do you want us to be an advocate for you and change the conversation?

We want to hear from you! Send your comments, suggestions, and questions to the Council for Burley Tobacco board of directors at councilforburleytobacco@gmail.com or visit the comment page on our website at www.councilforburleytobacco.com. I challenge the board to take up these issues for the future of the burley tobacco farmers in our country.

---

Zimbabwe Tobacco Association (ZTA) Rodney Ambrose

Zimbabwe

Weather

The months of October to December 2015, were described as hot and dry with record high temperatures +40 C recorded in some areas in the month of November. Average total rainfall for the three months was 110mm; 45% of normal. Despite the high temperatures, the number of hail strikes was not significant however there were isolated incidents of 50-100% leaf write-offs.

Cooler temperatures were experienced in January 2016 with an increase in rainfall activity in all areas, except in the south east where high temperatures continued and scattered rains fell. There has been a significant increase in rainfall in all areas as from the middle of January to date. Significant cloud cover and moisture expected to continue into early February, although restricted to the northern parts of the country with drier weather expected mid February. Worrying are the low dam levels, at 20% in key producing areas and the very few running streams. This could have an impact on the winter cropping programme and the start of the irrigated tobacco planting out date, if no meaningful rain is received in the months of February and March.

Cloud seeding programme is ongoing with the first round done 11-15 January 2016 and the second round commenced on 24 January 2016. The programme, when atmospheric conditions are ideal will continue into April 2016. The outlook for the remainder of the
season is “below normal” rainfall. The El Nino is expected to last until March 2016.

**Crop Condition**

Large Scale Commercial: The irrigated crop has grown out very well and yields are expected to be higher than last season. Most areas have one of their best crops in many years. The drier weather has seen a number of dryland crops going under irrigation. Reaping of the crop is slow, with some areas behind a month compared to last year. Early cures of the bottom leaf have been described as spongy, slate, close grained with some “D” and “J” factors. However better cures are expected.

Most of the dryland crop was planted by late November and is growing reasonably well, although needing supplementary irrigation and where not available, more rain. Like the irrigated crop, the dryland crop in most areas is behind in growth in comparison to the same time last season. Some farmers have primed the bottom leaves.

Small Scale: A fair percentage of the crop in this sector, contributing 60% of national production has not progressed well to date given the adverse weather conditions. In one south eastern area, plant stand is deteriorating and lower leaves suffering from ground heat burn. Most areas reported reduced hectares planted, uneven crop growth with gaps and late December – January plantings. In some areas replanting took place twice. Yields were estimated to be much lower than in 2015, with some compromise on quality. However, if more significant rains are received in the month of February most of the crop will make a reasonably good recovery.

**Pest and Diseases**

Pest and diseases reported in various areas were budworm, leaf miner, red spider mite and aphids (however no bushy top).

**Marketing**

Very few farmers are expected to sell early, when the floors open in early March 2016. Prices are hoped to be much firmer to improve grower viability and farmers are reasonably optimistic of a very good tobacco season. The small scale sector were concerned about the possibility of a high rate of side marketing as farmers may not be able to fulfill their loan obligations with contractors given the difficult season experienced. This practice is being discouraged. Based on returns submitted by tobacco contractors, a total of 46,412 growers are under contract vs. 42,253 growers in the 2015 season. Total estimated hectares are 63,789 down -11% on 2015. Contract crop estimate: 130.5 million kilogrammes vs. 152.3 million kilogrammes in 2015, reflecting an -14% decrease. Assuming contract crop 75% of national crop, in a normal season 2016 national crop could be +/-170 million kilogrammes, weather dependent.
Educational, Social and Environmental Committee
The 16th Expoagro Afubra is scheduled for March 21, 22 and 23, 2016. Viewed as the biggest Brazilian rural fair focused on family farming, this year’s event will again feature a vast and diversified program, organized jointly with entities, institutions, sponsors and exhibitors. The novelties include bigger prizes for inventions focused on family farming, besides the traditional attractions like the Rice Day, Machinery Dynamics, Pavilion of Agroindustries, exhibition of animals, machines, equipment and services. The Cultural Side will address the Yerba Mate theme and will present 14 scientific research works by students from Rio Grande do Sul, Santa Catarina and Paraná.

On October 28, the celebrations of the Tobacco Growers’ Day in the State of Paraná attracted 450 tobacco farmers. The event took place in the municipality of Rio Azul and was attended by the president of Afubra, Benício Albano Werner; by the representative of the Paraná State Federation of Agriculture (Faep), Mesaque Kecot Veres; by the vice-president of the Federation of Agricultural Workers (Fetaep), Marcos Júnior Brambilla; by the president of the SindiTabaco, Iro Schüncke; by the head of the Regional Nucleus of Tobacco Courier nº67 December 2015

BRAZIL

Expo-Agro AFUBRA 2016

Tobacco Growers’ Day

Expoagro 2015
the State Secretariat of Agriculture and Supply, Igor Felipe Zampier; by the president of the Association of Tobacco Growing Municipalities (AmproTabaco) and mayor of São João do Triunfo/PR, Marcelo Distefano; by state deputy Anibelli Neto; and by the mayor of Rio Azul, Silvio Paulo Girardi, among other authorities. This was the third gathering of this kind so far. The first one was held in 2013, in Santa Cruz do Sul/RS and the second, in Canoinhas/Santa Catarina, in 2014.

DOMINICAN REPUBLIC

Assistance Programs for Tobacco Growers

The technical assistance program for tobacco growers is implemented in all tobacco-growing areas around the country. Emphasis is placed on improving the quality of technical visits to farms, and practical demonstrations of farming methods and results, among other activities, based on an effective technology transfer system.

Additionally, growers receive basic inputs and support for tobacco farming activities. To date, technical support includes the following:

a) Preparation of 1,887 hectares for tobacco sowing.
b) Construction of 51,000 seedlings and 54,000 seedling trays.
c) Distribution of 2,901 quintals of fertilizers; 3,892 kg of fungicides; 3, 485 units of insecticide; 231 liters of other agrochemicals (bactericide, adjuvant products, weed control chemicals); and 194 sprinkling pumps.
Dr. Allan Chiyembekeza, MP, Minister of Agriculture, Irrigation and Water Development officially opened the 17th Tobacco Industry Conference that took place in Lilongwe from 9th to 10th December 2015, under the theme, “Enhanced Sustainability”.

Speaking on one of the matters that concern the industry in general the Minister pointed out that Government will continue to support both contract and auction market systems as long as they benefit the tobacco producers.

“The farmer is the one who makes the decision on which market system to sell his or her tobacco,” he cleared.

On challenges facing the grower registration system he announced that by 1st April 2016 a new system will be in place to start registering for the 2016/17 growing season.

The system which is known as Farmers Management System (FMS), is a registration system to be implemented by a South African Company called Novameric, which is felt to be more robust than the current system. It is believed that once the new system is in place, crop size management will be properly regulated. The system will also enhance product compliance and traceability.

The Minister also announced that work on finalising the new tobacco act is progressing well so as to be in tandem with current developments within the tobacco industry.

The minister also asked buyers to ensure setting up market prices that would motivate growers to continue growing the crop.
ZIMBABWE

Zimbabwe National FCTC Workshop

This was held on 21 January 2016 in Harare with good attendance by the industry (local representatives, PMI, AOI and ULT – Corporate Affairs and the ITGA President) and government officials. The main emphasis of the meeting was the adoption of the T5 (Zambia, Malawi, Mozambique, Tanzania and Zimbabwe) grouping and for Zimbabwe to assume the first rotational chairmanship. The draft form of the T5 Lilongwe Declaration was adopted. A full update of COP processes, future Working Group meetings for 2016 (the first being on product regulation and ingredients (Art 9&10) in Feb 2016) and expectations at COP7 in India, November 2016 was given through presentations from various invited guests. The immediate threat to the industry is the “trade exclusion”/tobacco “carve out” being pushed by the WHO at the WTO. Also discussed was the importance of complimentary and alternate crops for tobacco dependent economies as long term demand for tobacco is declining. It was also noted that issues of “Health” are being favoured more and more. There appears to more support for the growing of tobacco but less for the trade and consumption of its products in many tobacco producing nations. The workshop was appreciated by all who attended.
Special Features
SEKE and tobacco growing in Greece: Let’s talk about tobacco, let’s talk about history, let’s talk about tradition

During the Oriental meeting held by the ITGA together with the Governor of the province of Eastern Macedonia - Thrace, in Komotini, Greece, during September 2015, we were pleased and honoured to be received by our Greek member SEKE at their facilities in Xhanti.

We are increasingly becoming used to the widespread pessimism that has taken root in our sector over the past few years. We have talked about it before and, unfortunately, available data do not show any sign of future improvement. Visiting SEKE and its facilities and having the opportunity to know first-hand their work was a breath of fresh air and optimism that left a very positive impression on me, personally, about what we have vs. what we don’t have and, therefore, cannot control. However, focusing on what we have and, in fact, on what can be done, we could take the example of this association that, in spite of the hardships we have all been suffering, has managed to grow and boost growth in its region based on work ethics and tradition. So, let’s learn a little bit more about the history of Greece and tobacco in the context of SEKE’s business. Based on excerpts of an article by the Greek historian Dimitrios Kalpakis, we can understand the importance of tobacco for Greece’s economic development through the last centuries and especially for the areas where tobacco has been historically grown.

Xanthi, the city of Oriental tobacco

“As it is very well known, Xanthi is primarily the most important tobacco city in Greece, not because of the quantity it produces, but for the quality of its product, which is on the top of the world’s production. Tobacco companies in the East and West are represented everywhere by large worldwide branches and they have big tobacco warehouses that cover whole neighbourhoods and employ about ten thousand workers”.

Thus was Xanthi described in an article published in 1927, a period in which tobacco merchants had already passed into a new phase, as the flourishing period of the city with the important merchants had come to an end. Tobacco, this special plant from the New World, spread quickly in European courts. It was first farmed in Greece, in Thessaloniki, by French merchants at the end of 16th century. By the end of the next century its cultivation was generalized in the whole Ottoman Empire: the Balkans, Macedonia, Thrace, and Asia Minor. The importance of the tobacco merchants on an economic level soon became visible and resulted in the first state monopolies in the 17th century. Two hundred years later, at the end of 19th century, appeared the Régie des Tabacs (state monopolies) of the Ottoman Empire. Especially in Thrace, its weather conditions and its soil created the special highly aromatic, small-leafed varieties. One of the top varieties was from Xanthi, known as Basmas Tobacco 1. It was grown up to the mountainous area, in the villages next to the river Nestos and further east, in the area of Chrissa, which is a settlement northwest of the city. The tobacco variety from Chrissa (Kiretsiler, from the old name of the settlement) was very special because it was highly aromatic; this was the result, among other things, of the natural curing of tobacco leaves with the help of the heat radiating from the environment and soils, rich in lime.

The aromatic tobacco from Xanthi was considered to be a luxury product, known as the “king” of its kind, and it was mostly intended for “selective” consumers in the Ottoman and European courts. In the 19th and at the beginning of the 20th centuries, Xanthi transformed into a vast tobacco land and experienced a unique period of prosperity. Apart from the large number of growers, who went in for this hard work mostly because their lands were infertile — the ones that favour the specific aromatic types —, the thousands of tobacco workers were mostly the ones who supported that phenomenon. More than half of the population of the city constituted that workforce and were active on all levels of tobacco leaf processing.

Only after the 19th century, the well-known cigarette appeared (finely cut blend of tobacco leaves in paper role). Tobacco workers
added to their duties the phase of mixing (blending), cutting and producing cigarettes, which were made by hand for a long period of time. However, most of the production intended for local and foreign markets was in leaves. Huge amounts of packed tobacco leaves were loaded in the city’s rail station and at the port of Kavala, to be transferred to different destinations.

A chain of farmers, dockers, merchants, and agents helped the city and the area around it to flourish as never before. Especially in the second half of the 19th century, tobacco revealed a new middle class made up of a few tens of agents, bankers, and — mostly — tobacco merchants. Manors that have survived until now in the city show the prosperity of those families. On the other hand, thousands of tobacco workers in the city were the prime movers that helped the area rise.

The first crisis in the tobacco industry apparent in the working class came with the automatisation of cigarette production. The tobacco crisis caused widespread damage after the Balkan Wars (1912 - 1913). The withdrawal of the Greek army from Thrace in 1913 and the expansion of the Bulgarian State in the area caused most of the tobacco merchants to cross the river Nestos (the natural border between the two countries) and move to Kavala. The six years of the Bulgarian occupation in Thrace were the basis for progress for Kavala, as opposed to the decline of Xanthi.

After the liberation (1920), tobacco trade recovered in Xanthi, but on a different base. The general political evolution, in combination with the absence of the Ottoman monopoly, created new conditions. With some of the tobacco merchants, who returned back, a large number of foreign companies settled in the city and took on action in the tobacco sector. It was the period when all the old important tobacco merchants were replaced by a large number of new ones, who however did not have the range of the previous ones.

In 1926, handmade cigarettes were banned for good, while the cut in wages made the situation worse. It was then that the tobacco labour became strong, unions were created and the first actions took place (1922, 1924, and 1928 when there were also victims). Only a few tobacco merchants survived, like some of those who traded with European countries and mostly those who took action in the manufactured cigarettes sector, that is to say in the cigarette industry. The most important of all were the Ardittis, Zouliamis, and Sigalas. Their products were milestones in Greek cigarettes’ history. The Zouliami and Sigala factories started in 1928. Characteristic brands of the former were the cigarettes “Gloria” and “Veto”, which won awards at several international exhibitions.

The tobacco industry in Xanthi, which was already slack, got after WWII the last big blow, which consisted of three main facts: the reduction of tobacco demand from the area, with the introduction and widespread use of filters in cigarettes (so the aromatic tobacco loses its specialness); the imports of tobacco from the West, which were included in the Marshall Plan; and finally Law 2348/1953, which introduced amendments to tobacco processing and consolidated the Tobacco Workers’ Funds with the IKA 4. Especially the last one resulted in the mass exit of tobacco workers from their trade on account of paltry wages. It also caused a dramatic reduction in tobacco workers from some thousands to a few hundreds, mostly women, as at the same time new tobacco workers were not allowed to enter the trade.

In 1976 SEKA P3, the local tobacco industry’s cooperative took over and started production in 1980. Based on the tried and tested local blends and in light of the circumstances of both customers’ demands and know-how on an international level, the new industry was launched mostly on the development of the cigarettes production sector, playing an important part in the trade. As a result, the plant’s modern equipment went into full production with products designed for both domestic and foreign consumption.

In the last few years, the general policy on
tobacco and also changes in taste habits have brought about the downfall of the well-known tobacco of this area. Oriental blends have been replaced by “oriental-type blends”, which contain a much smaller amount of aromatic tobacco. The most characteristic type of the area, the proud “Mpasmas”, is now used only in very small amounts, so as to give aroma and taste to the neutral tobaccos from the West. However, the growing of these types has not disappeared. The work of those numerous businesses from the past is carried on by the few which are left now, with SEKA P as the most important and still active in processing and manufacturing local tobacco leaves. Most of the farmers of these types of tobacco — in Macedonia and Thrace — are gathered in SEKA P. Maybe in excess of 90%, the Oriental tobaccos of Xanthi and the surrounding areas are exported through or via SEKA P to different places around the world. Well experienced tobacco workers, although not as skilled as their predecessors, who are mostly seasonal labour, carry on the work of tobacco leaves processing, keeping the ties that connect today’s Xanthi with the 19th century famous and flourishing capital of Oriental tobaccos.

Dimitrios Kalpakis, Archaeologist - Historian

SEKE has honoured this centuries-old tradition and dynamically contributed to the wellbeing of its region by creating jobs and actively participating in social initiatives, while respecting the environment.

Founded in 1947, SEKE has been able to combine the ancient traditions of the region where it operates with more innovative elements present in today’s market. Thanks to its strong commitment to quality and rigor, SEKE exports to over 30 countries in Europe, Asia, North America, South America and Africa. In spite of the hardships we are all experiencing in our sector, SEKE has been able to grab opportunities, making large investments that have placed it in a position of growth with an almost exclusive product, given its high quality.

SEKE’s headquarters are located in Xanthi. It has recently acquired state-of-the-art processing machinery for its facilities. During our visit we were invited to tour SEKE’s plant. Our guide explained the huge investment made for its renovation with advanced processing technology for purposes of meeting market demands.

SEKE pioneered organic tobacco growing in Greece. Its rigor has enabled SEKE to expand its market to the Balkans. In 2013 SEKE opened its first foreign branches in Prilep and Kardzhali, Bulgaria.

SEKE is committed to protecting the environment and contributes to sustainable development in the areas where it operates.

Thank you to SEKE for contributing to the enrichment of the sector.

Mercedes Vázquez  
(PR Officer)