

Tobacco exports likely to record reasonable level of growth in 2022

Brazil will reach the position of leading global tobacco exporter for 30 years in a row, should the trend confirm.

Brazilian tobacco exports should come to an end in 2022 with a volume similar to the 2021 shipments, when 464,429 tons left our ports. The conclusion was drawn by a consultancy company called Deloitte, which prepares the yearly projections based on research conducted by companies associated with SindiTabaco. According to the survey, until the end of the year, shipments abroad will either be 2% higher or smaller.

However, when it comes to values in dollar, Deloitte's forecast presented to SindiTabaco, in August, suggests an increase ranging from 6% to 10% from the numbers in 2021, when the generation of foreign currency reached US\$ 1.464 billion. The latest projection suggested by the survey keeps the same trend that was presented in this year's March report.

"In our opinion the survey presents cautious results, which take into consideration the logistic problems faced by the entire world. Based on the numbers available by august, our expectation is for significantly exceeding the numbers presented by the survey, both in volume and in dollars", says the president of the Interstate Tobacco Industry Union (SindiTabaco), Iro Schünke.

More income in the municipalities

According to the statistical data furnished by the Tobacco Growers' Association of Brazil (Afubra), the crop amounted to 560,181 tons of tobacco, down 10.9% from the previous year. However, average prices fetched by the farmers were 61.5% higher, jumping from R\$ 10.54 to R\$ 17.02 per kilogram. Therefore, in spite of the smaller volume, farmers' gross income was up 44%, jumping from R\$ 6.6 billion to R\$ 9.5 billion. In the 2021/22 growing season, tobacco was cultivated by 128,448 farmers in 488 municipalities, 198 in Rio Grande do Sul, 183 in Santa Catarina and 107 in Paraná.



The 10 top tobacco growing municipalities

Source: Afubra (2021/2022 crop year)

			Numbers of farmers	Tons
1	RS	Canguçu	5,114	18,845
2	PR	São João do Triunfo	2,125	18,262
3	RS	Venâncio Aires	3,711	16,948
4	RS	São Lourenço do Sul	3,930	15,325
5	PR	Rio Azul	2,015	14,450
6	SC	Itaiópolis	2,819	14,274
7	SC	Canoinhas	2,560	12,214
8	RS	Vale do Sol	2,664	11,585
9	RS	Candelária	2,929	11,386
10	PR	Ipiranga	1,631	10,926

PRESIDENT'S WORD

Iro Schünke

The end of 2022 is near with good perspectives relative to tobacco exports. We have expectations for bigger shipments abroad compared with the ones recorded in 2021, result that is going to confirm Brazil's position as global tobacco export leader for three decades now, a fact that encourages us to continue reinforcing the initiatives that lend support to the sector, for us to continue as a reference in international businesses. It is also because of this that themes like the ESG agenda (Environmental, Social and Governance) are always in focus.

The year was marked by a resumption of many sectors. And we now have onsite events again, like the 12th edition of the Awareness Cycle on farmers' health and safety and child and adolescent protection. We reinforced the messages to 2.1 thousand people in six municipalities, expanding the public reached by the Cycle to upwards of 32 thousand people since 2009.

Due to our serious work, besides the expected results, we received some recognitions this year, as is the case of the Guri Trophy. To me, it was a great honor to receive an award that throws light on the tobacco sector, especially at SindiTabaco and at the Growing Up Right Institute. The fact is that we will still have many events for the sector in 2022. The Harvest opening ceremony and the graduation ceremony of our Growing Up Right Institute Apprentices are just some of the events ahead. Who knows, we will meet there. Happy reading!

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.



LORIVAL RUTZ KÖHLER Canguçu – RS



PRODUCTIVITY



Farmer Lorival Rutz Köhler, 40, has his life and financial success trajectory linked to the cultivation of tobacco. Since the 1990s, the rural property of his parents, Ciro and Leni Köhler, had in tobacco their main and most lucrative crop. When he married Marluce, Lorival started growing tobacco jointly with his parents-in-law, Egon and Nair Wolter, in Nova Gonçalves, 2nd District in Canguçu (RS). Nowadays, the two couples cultivate 55 thousand plants, with an average production of 12 thousand kilograms per season. They also cultivate approximately 10 hectares with soybean, two hectares devoted to corn and also grow other subsistence crops that include food for their domestic animals.

"For us. Tobacco is the best cash crop, mainly because we do not have much land", Lorival explains. "And, nowadays, work is no longer that hard, with technologies that include a tractor, modern curing-barns and irrigation, which make it possible to invest in quality in comparison with the past, when there was need for more labor and draught animals were used, and the curing barns used bamboo sticks, all this required much work", he admits. Other differentials of tobacco mentioned by Lorival Köhler have to do the Integrated Tobacco Production System (ITPS)", he recalls.

THE FARM

- **20 hectares**
- **13 hectares** devoted to crops (plus 7 leased for soybean)
- **55 thousand** tobacco plants
- **2** curing-barns (loose leaf electric barns)
- **2 hectares** with native forests (APP)
- **2,5 hectares** reforested (eucalyptus)
- **Technologies:** tractor, modern curing-barns, sprinkle irrigation and implements
- **Diversification:** Besides tobacco, they cultivate about 10 hectares with soybean, 2 hectares with corn, besides subsistence crops and food crops for animals.

Recently, the ESG acronym was emphasized by the productive sectors. How does agribusiness fit into these practices?

The ESG acronym emerges at international level with a demand by the consumer markets to the productive sectors, whose markets long for products and services duly engaged in environmental, social and regulatory responsibilities. Agribusiness, with its activity intrinsically related to the environment, social relevance and direct regulation, is permanently required, while keeping focused on these conditioning factors. It is a reality, whose characteristics seek to meet the requirements, along with an additional cultural asset bias, given that Brazil's livestock operation is based on historical tradition, resulting into its vocation as global protagonist and global pioneer in production and exports of food items and livestock feed.

In the case of some sectors, like the tobacco sector, these practices have been encouraged for decades. Is it more difficult to do ESG or communicate ESG.

In dynamic and well-organized productive sectors like the tobacco sector, ESG practices are permanent. However, contrary to initiatives that adopt ESG communication as a marketing strategy, the tobacco sector performs an adoption prior to communication. Additionally, all actions are performed at sector level, which attests to innovation and organization between the agents, but makes communication more difficult seeing that there is a great number of agents involved.

The tobacco sector was a pioneer in complying with such requisites as reverse logistics, even prior to legislation on the theme. How does this type of innovation impact on the image of Brazilian agribusiness?

Proactive measures like this one, promote a very positive image, contributing towards acknowledging the responsibility associated with the ESG agenda. This attests to the capacity of the organized sectors in anticipating the demands even prior

to the legal requirements. However, without any due publicity, these actions are not perceived, and are subject to be discredited, and they even give rise to opposite opinions and opinion manipulators. As a result, innovative measures consistent with the ESG standards should be accompanied by sectoral, national and international publicity.

Is the decent income from family farming provided by tobacco a social value proposed by the ESG acronym?

Income earned by the family farmers translates into an occupation for these farmers, whilst keeping them on the rural setting and preventing them from adhering to rural exit. That's why, there is need for a stable market that acquires their crops, besides being a recipe for the farmers to generate wealth. Within this context, the sector configures itself as a stable market for agriculture, making it possible to make profits in small areas, besides much support provided by the companies in terms of technical assistance and the acquisition of inputs.

With regard to the environmental question, the Brazilian tobacco growers meet requirements that are not seen in many parts of the world. To what do you attribute this effectiveness?

In general, family farming complies with all environmental requirements for several factors, like the entrepreneurial spirit of the family farmers, who need to treat their production unit in accordance with plants in the short, medium and long terms, in compliance with laws and standards, a reading of the productive environment and its efficiency, giving the farmers a chance to plan their diversification systems and the use of the land, just to mention a few factors. As a result of these questions, the family farmers, including the tobacco growers, get consolidated as environment preservations agents, besides performing their social responsibility in generating wealth with their crops.

CLASSROOM

32 thousand people in the Awareness Cycles

Health and safety in tobacco farming and the protection of children and adolescents are issues permanently addressed by the Integrated Tobacco Production System. And, since 2009, these issues have also been on the agenda of the seminars in municipalities in the States of Rio Grande do Sul, Santa Catarina and Paraná, in programs devised to expand the scope of the reflections.

It is about the Awareness Cycles, which have already attracted more than 32 thousand people in seminars held in 70 municipalities. Besides the face-to-face meetings, in 2021, because of the pandemic, the seminar took place in virtual format and attracted 11 thousand visualizations.

The program, organized by the SindiTabaco and by the Tobacco Growers' Association of Brazil (Afubra), clarifies issues relative to the rights of children and why tobacco growers' children are not allowed to work in tobacco growing activities before the age of 18. The program also tries to make the farmers aware of the importance of preventive attitudes, like wearing standard tobacco harvesting clothing and personal protection equipment when handling pesticides.

Six meetings were held in 2022 - in Cerro Branco and Canguçu (RS); Prudentópolis and Mallet (PR); and Major Vieira and Vitor Meireles (SC) – and attendance exceeded 2.1 thousand people.



Use the QR code to access the video of the event held in Canguçu.

Agroinfluencer: land is pop



Giovane Luiz Weber, rural producer and agro influencer, is one of the founders of the Brazilian Tobacco Growers Fanpage [416 followers]. Weber also talks with his 126 persons who follow him on Facebook [fanpage Giovane Luiz Weber] and with nearly 15 thousand followers on Instagram @giovaneweber.agro

On publishing on social media my everyday life as rural tobacco producer, I try to show how this crop is cultivated, as it is an important part of Brazilian agribusiness, especially in the South of the Country. If, at the time of my grandparents it was necessary to deforest large areas to cultivate agricultural crops, the fact is that now preservation is the key word, thanks to modern techniques that made it to the small farms through the Integrated Production System.

I show our farm, which is very similar to so many others. An area of 11.5 hectares is where my parents live – and they still grow tobacco -, along with myself, my wife and our daughter. Eight hectares are dedicated to crops, approximately 3.5 hectares of native forests and a small pastureland area. From the area devoted to crops, we use only four hectares to grow tobacco and the remaining areas are dedicated to food crops for consumption. But I also have the opportunity to show other realities and all of them have something in common; they are sustainable and economically viable as far as production goes.

Of course, it aroused criticism. But people began to realize that production goes hand in hand with well cared for land, with plantings correctly implemented. In our region, for example, tobacco is grown from July to August, and harvest comes to an end in early January. And then, in the same area, we grow corn to feed the animals that give us meat, milk and eggs. We also grow cover crops for their mulch for the direct planting system.

My daily routine deals with issues sensitive to the farmers, but also demystify matters to society as a whole. In some cases, I act as a kind of press checker as the media is still associating tobacco with practices that do not belong to our reality, especially when it comes to the use of pesticides, workplace conditions and environment protection. These are videos that have great repercussions because they represent the voice of the farmers that are usually left unheard. I will always follow on this track, showing to all corners of the world how proud I am of dealing with land, our biggest asset.

NEWSFLASHES

GROWING UPRIGHT IN SANTA CATARINA

The Rural Professional Learning Program run by the Growing Up Right Institute is now also going to benefit young people in Santa Catarina. The novelty for 2023 is the entrepreneurship and rural management course offered in the municipality of Itaiópolis. In addition to this group of young people, there will be six new groups in Rio Grande do Sul, in the municipalities of Agudo, Canguçu, Novo Cabrais, Progresso, Rio Pardo and São Lourenço do Sul. On the other hand, the 150 apprentices from the seven groups in 2022 will receive their certificates on December 8.

GURI TROPHY

Iro Schünke was one of the personalities awarded the Guri Trophy, presented by the RBS Group, during the 2022 Expoiner. This distinction is awarded to those who are in the spotlight in their operational areas and contribute towards the development of the State. Iro Schünke is an agronomic engineer, president at SindiTabaco for 16 years now, chief executive officer at the Growing Up Right Institute since its foundation, in 2015, and director of the Rio Grande do Sul Industries Federation since 2008.

BEGINNING OF HARVEST

In December, the municipality of São Lourenço do Sul will be the venue for the Tobacco Harvest Opening Ceremony Rio Grande do Sul. Promoted by the Secretariat of Agriculture, Livestock and Rural Development (Seapdr), the festivity is an official event promoted by the State Government and it relies on support from the SindiTabaco and the Tobacco Growers' Association of Brazil. The first edition was held in Venâncio Aires, in 2017; the second, in 2018, in Canguçu; and the third in 2019, in Arroio do Tigre. In 2020, the event did not happen due to the pandemic. In 2021, the opening ceremony was in Vale do Sol.

TOBACCO GROWERS DAY

The World Tobacco Growers Day is celebrated on October 28, in recognition of the work of those who are the pillars of our supply chain and keep Brazil's position of second largest global tobacco producer. The date was defined at the General Assembly of the International Tobacco Growers Association (ITGA) in 2012, and was chosen because, on this day, in 1492, crew members of the Columbus vessel fleet came across native inhabitants who were inhaling smoke from burning leaves. The date was officially set in 2013 by the Legislative Assemblies of Rio Grande do Sul (Law 14.208), Santa Catarina (Law 16.114) and Paraná (Law 17.729).

For 22 years now, pesticide containers have a proper destination

The initiative by the tobacco sector has already given proper destination to 18.8 million pieces, including the ones used on crops other than tobacco.

In the production of tobacco it has become a tradition. Even pesticide containers coming from crops other than tobacco are given proper destination, in a safe and comfortable manner. This is the main target of the Empty Pesticide Container Collection Program, an initiative by SindiTabaco, in force since 2000, two years before the reverse logistics legislation was passed.

Nowadays, there are 1.8 thousand collection sites in 381 municipalities in Rio Grande do Sul and Santa Catarina, which benefit 106 thousand tobacco farmers. Collections are conducted in accordance with ten distinct itineraries. In Santa Catarina, the itineraries comprise the following regions: High Valley, Center North, Coastal Area and West. In Rio Grande do Sul, the container collecting teams visit the following regions: Center Sierra, Central, Northwest, Sierra Plateau, South, Rio Pardo and Taquari River Valleys. In the State of Paraná, similar initiatives are supported by the tobacco companies.

In 22 years, a total of 18.8 million containers have already been collected. Once collected, the containers are taken to receiving centers accredited by the National Institute for Processing empty Packages (inpEV), where selective separation takes place, and the containers are packed and sent to recycling companies. Approximately 93% of all containers collected are recycled, giving origin to other products made of plastic.



TOBACCO ROADS



- Located along the Patos Lake, in Rio Grande do Sul, the economy of the municipality of São Lourenço do Sul is based on agriculture, and it takes advantage of the fertile soil and abundant water sources.
- Mayor: Rudinei Härter

SÃO LOURENÇO DO SUL IN NUMBERS

Sources: Municipal administration, IBGE and Afubra

Population (estimated in 2021): **43,501** people

Territorial area: **2,036.125** km²

GDP per capita (2019): **R\$ 29,051.89**

Tobacco farmers (2021/2022 crop year): **3,930**

Average size of the farms: **23** hectares

Hectares cultivated with tobacco: **6,958**

Principais produtos: tabaco, soja, leite,

Main products: tobacco, soybean, milk, corn and rice.



The main tobacco growing regions are the highlight in every edition of SindiTabaco News. What follows will show you a little more about São Lourenço do Sul, municipality in Rio Grande do Sul 200 kilometers from Porto Alegre.

The municipality ranks fourth among the tobacco growing municipalities in Brazil. São Lourenço do Sul has a number of 3,930 tobacco growers, who harvested 15,325 tons in the 2021/2022 growing season. Due to its importance, the municipality was chosen as venue for the 2022/2023 Tobacco Harvest Opening Ceremony, an official event promoted by the State of Rio Grande do Sul, to be held in December.

According to the secretary of Rural Development of São Lourenço do Sul, Moisés Araújo, tobacco is the main source of income in all family farming operations throughout the municipality, followed by soybean and by dairy farms. "Tobacco represents the financial security for the family farmers, seeing that it is a crop that is very profitable in small areas", he recalls.

Another advantage referred to by the municipal secretary has to do with the feeling of stability the tobacco farmers experience. "All inputs are provided by the companies and the entire crop is acquired by them", he stresses. As the countryside is responsible for 60% of the Gross Domestic Product (GDP) in São Lourenço do Sul, the municipal administration acknowledges the relevance of the tobacco crop regarding other crops and the wellbeing of the population. "Good tobacco crops directly impact on all local businesses, as they help heat up the economy of the municipality", Moisés Araújo concludes.

GLOSSARY

ESG

Acronym that stands for Environmental, Social and Governance is a set of practices focused on the preservation of the environment, social contributions and governance actions carried out by companies. The companies that enact good practices in these fields tend to reap better results over the years.

RURAL PROFESSIONAL LEARNING PROGRAM

An initiative by the Growing Up Right Institute that offers professional learning courses to young rural people without having to leave the rural setting. The adolescents are hired on the basis of the Learning Law to attend the Rural Administration and Entrepreneurship course in the shift opposite to their regular school hours.

DECREE 4074/2002

Determines, in its article 53, that "users of pesticides and related products should return the empty containers and respective lids to the business premises where they were acquired, in accordance with the instructions on the labels, in one year of the date of purchase".

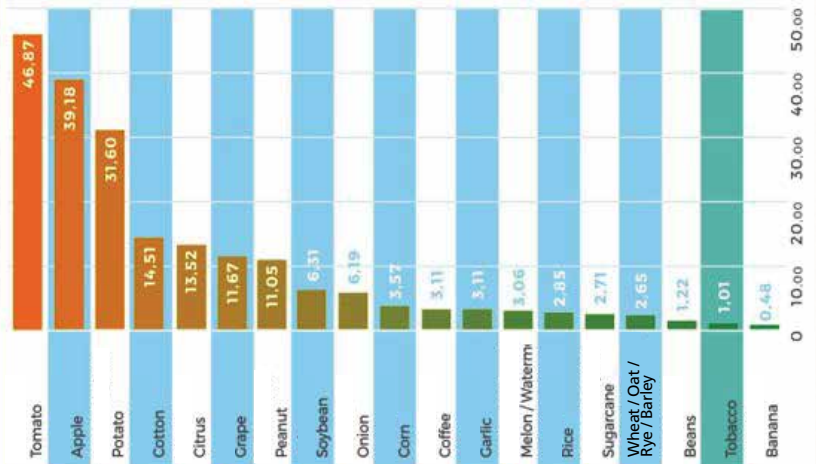
DID YOU KNOW?

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

Research conducted in 2016, by professors from the Luiz de Queiroz College of Agriculture, concluded that tobacco ranks second to last on the list of 19 commercial crops, with 1.01 kg of active ingredient per hectare. At that time, tomato crops used 46.8 kg of active ingredients per hectare; apples, 39.1 kg of active ingredients per hectare and potatoes, 31.6 kg.

Use of pesticide on major crops

Kg of active ingredient per hectare, in 2016



Source: Esalq/USP, with data from the National Union of the Industry of Plant Protection Products (Sindiveg), National Union of the Industry of Crop Protection Products (Sindag) and the Brazilian Institute of Geography and Statistics (IBGE).

CALENDAR

OCTOBER 15

International Day of Rural Women

OCTOBER 23

22nd anniversary of the Empty Pesticide Container Collection Program

OCTOBER 28

World Tobacco Growers Day

NOVEMBER 8

Meeting of the Tobacco Supply Chain Sectoral Chamber, in Brasília

DECEMBER 8

Graduation day of the Growing Up Right Institute's Rural Professional Learning groups

ASSOCIATED COMPANIES

SindiTabaco comprises 14 associate companies and sees to the needs of the entire Country, with the exception of the States of Bahia, Rio de Janeiro and São Paulo. Transparency and visibility are strategies implemented by the SindiTabaco, which emphasizes the social and economic importance of the sector, whether through the generation of jobs and taxes or through the relevance of tobacco for the economy of municipalities and States in the South Region. Furthermore, the entity strongly

- Alliance One Brasil Exportadora de Tabacos Ltda.
- ATC - Associated Tobacco Company Brasil Exportação e Importação de Tabaco Ltda.
- BAT Brasil
- 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.
- OTC Comércio e Fabricação de Fumos Ltda.
- Philip Morris Brasil Indústria e Comércio Ltda.
- Premium Tabacos do Brasil S.A.
- ProfiGen do Brasil 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

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