For more than 80 years, we’ve been building strategic partnerships to help our customers develop a plan for the future. Because we’re committed to taking care of their needs, every relationship—whether decades old or brand new—feels like family. And as the world’s largest supplier of leaf tobacco, Universal Leaf Tobacco Company has the knowledge and experience to take your business to the next level. In today’s uncertain market, doesn’t it make sense to have a reliable partner by your side?
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PRESIDENT’S COMMENT

My chairmanship of ITGA is drawing to a close and therefore I wish to take this opportunity to send you all a farewell message.

During these past two years, I shared with you many gratifying experiences: regional meetings, the WHO tobacco vs. health debate at the Intergovernmental Negotiation Body; some other initiatives such as the materialization of a project initiated by Mr. Richard Tate; the launching of the Foundation for the Elimination of Child Labour from Tobacco; travels, including two visits to China; and the memberships of Dominican Republic and China to our Association, which we welcome into ITGA and invite to share with and learn about us through the Tobacco Courier.

Our tobacco family is growing and getting stronger, and this is a source of great pride, because the “voice of tobacco growers” will be heard louder and louder.

I would like to convey a message of hope for the difficult road ahead of us, a road that is shaping our future, that leads us to a better quality of life, and that dignifies us. We cannot give up the struggle to spread to the non-tobacco world the social and economic importance that tobacco has for growing countries and regions. It’s up to us to ensure that our voice is heard.

The road we set up to take since the creation of ITGA is a very long one, but united we will achieve our goals. I repeatedly insisted on reducing distances; and since we are scattered the world over, the only way to achieve this is by enhancing communications and having a more fluid dialogue.

The time and place to do that is our General Meeting, which affords us the opportunity to exchange views and information and to set new objectives for the coming years.

Thanks to all of you for your support and company during these two years.

Until we meet again,

Best regards,

Marcelo Quevedo Carrillo
Our Association is growing. Our AGM, this month will appreciate the request from the China Tobacco Society and Instituto Del Tabaco from the Dominican Republic to join the ITGA.

In one day, the ITGA will consider the joining of the biggest tobacco producer in the world and the biggest cigar exporter in the world. The moment is appropriate. Tobacco growers face one of the biggest threats to their future in these days. The anti-tobacco activity has become an industry in itself involving tens of thousands of people, hundreds of NGOs (only the Framework Convention Alliance has more than 170) and money, lots of money. It now blends people with serious concerns with a lot of others who only see in it a business opportunity or a way to expand their organizations and influence, which is business again.

A good example of this was the ECOSOC meeting last July in New York, where the seriousness of the Food and Agriculture Organization, who knows the problem of agriculture world-wide contrasted with the demagogy of the World Bank positions.

As Max Weber explained, every task force dreams of becoming a Ministry or, even better, a new UN organization. The anti-tobacco activists who people the Ad-hoc Inter Agency Task Force on Tobacco Control created by the World Health Organization (WHO) are on the brink of starting an unstoppable process that will drown many administrations, specially those from developing countries. Some UN organizations, specially the World Bank, already started commissioning uncoordinated, biased and, in many cases, duplicated studies on the impact of the tobacco control measures on the economies of many tobacco producing countries. Not by chance many serious agronomists, who know the difficulties of crop diversification and replacement in the present world market are being put aside to give place to “backwards” scientists who want to fit reality in their preconceived theories.

Refusing to listen to the experience of the sectors’ representatives, they went ahead with well-intentioned proposals, with perverse effects threatening to ruin the good intentions. One flagrant case is the much repeated need of a steep increase of cigarette taxes. As several countries followed the advice, contraband and counterfeiting exploded world-wide, as predicted by many. Now we are hearing proposals to transform the cigarette trade into one of the most if not the most regulated trade in the world. Given the predictable high costs, there are proposals now to invoice the cigarette multinationals. If this unwise process goes ahead, we will see in some near future the proliferation of illegal cigarette production in an unending spiral that will only ruin the legal side of the business.

Of course, by then, the anti-tobacco movement would have turned into a multibillion dollar business including state, para state and private structures consuming tax payers’ money in an unending spiral.

All this makes it more important than ever to assure that common sense will prevail in the present round of negotiations of the Framework Convention on Tobacco Control (FCTC), the INBs. But this is by no means guaranteed, given the fact that many proposals from the new chairman only reinforce the much criticized proposals that led to the replacement of his predecessor. On the growers’ side there are even more aggressive proposals than before.

With WHO insisting to have the FCTC signed by May 2003, disregarding or, worse, avoiding any scientific evidence proving them wrong, growers’ attention and action is essential.

Our AGM will give the opportunity to strengthen our positions and proposals.

Antonio Abrunhosa
The 2001/2002 season yielded a record crop in Argentina, which is explained by good weather conditions and an increase in planted area.

Virginia production rose by 34 percent as compared with the previous season, while burley increased in 40 percent and Creole varieties in 8 percent, with a total production for all varieties of 131,700 tons. Figures for total sales will be available by the end of the year.

We anticipate a difficult 2002/03 crop, due to the fact that inputs are mostly imported. It should be remembered that our currency suffered a strong devaluation at the beginning of this year.

In spite of the unstable situation in Argentina, all efforts are being made to ensure the continuity of a high-quality tobacco crop, as demanded by international markets.

Price negotiation meetings for the 2002/03 crop have not yet been scheduled. It is expected that planted area will be the same as in the previous season.

Efforts are underway to raise awareness and obtain support for regional economies from government authorities in respect of the Framework Convention on Tobacco Control, as we understand that it is important to strike a balance between tobacco-related health risks and the social and economic impact that our crop has on tobacco growing regions.

**ARGENTINA**

**BRAZIL**

2001/2002 CROP

As reported in the previous issue, the final figures of the 2001/02 crop confirm a record tobacco crop in South Brazil.

<table>
<thead>
<tr>
<th>Production</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>635,110 tons</td>
</tr>
<tr>
<td>Burley</td>
<td>510,290 tons</td>
</tr>
<tr>
<td>Comum</td>
<td>115,790 tons</td>
</tr>
<tr>
<td>Conam</td>
<td>9,030 tons</td>
</tr>
<tr>
<td>Planted area:</td>
<td>304,510 hectares</td>
</tr>
<tr>
<td>Average price/kg:</td>
<td>R$ 2.85 - US$ 1.22</td>
</tr>
</tbody>
</table>
2002/2003 CROP

In spite of Afubra’s campaign warning the growers against the danger of uncontrolled crop increases, the 2002/03 crop in South Brazil points to another record production. Present estimates indicate 700 thousand tons. What justifies this new increase, in the view of Afubra, is the good result obtained by the growers over the last two crops, and the industry incentives for area increases.

Based on the strong demand for tobacco, the industries, at a meeting with Afubra and grower representative associations, on July 30, in Florianópolis/SC, assumed the responsibility to purchasing the entire contracted crop, regardless of volume and quality. At that meeting, the price negotiating meeting was scheduled for 26 November.

AFUBRA’S ASSEMBLY

The members of Afubra, at a regular meeting on 27 July, in Santa Cruz do Sul, decided to keep unaltered the mutual insurance fees and compensations for the 2002/03 crop.

According to the association’s treasurer, Benício Albano Werner, the decision of the members took into consideration the high risks of any farm insurance program and its annual variations, as well as the cash needs of the association for compensation payments.

DEBATE ON TOBACCO

On 12 August, BBC Brasil and Rede Brasil (TVE/RJ) promoted a debate to discuss the role of tobacco and cigarettes in the Brazilian society. This event, transmitted live to the whole country, was part of the series “Cigarette on Trial”, sponsored by BBC Brasil, with the support of the World Health Organization.

The one-and-a-half-hour program had the participation of the president of Afubra, Hainsi Gralow, oncologist Dr. Drauzio Varella, cartoonist and journalist Ziraldo, responsible for a government anti-smoking campaign, and Dr. Ithamar Stocchero, who defends smokers’ rights. Comments and questions sent in by the listeners and internet users were also part of the program, and the guests gave the replies.

Pointing to the fact that thousands of small farmers find in tobacco the support of their families and their properties, Afubra’s president stated that trying to eliminate tobacco without providing any viable alternative crop was to turn the back on millions of Brazilians. “Before sentencing the tobacco growers and the employees of the industries to rural drift moves and unemployment, go to the tobacco regions and see the reality for yourselves,” stated the president.
FAMOUS GUEST

The president of Afubra, Hainsi Gralow, was awarded the Famous Guest Diploma and Medal, by the Federal University of Santa Maria (UFSM). According to the Dean, Prof. Paulo Jorge Sarkis, who granted the distinction on 26 August, the educational institution is very satisfied with the relationship with Afubra, especially since 1997, year in which a partnership was signed for the Ecological Series books, of the Life is Green Project. “Although modest, our homage intends to return the relevant services rendered,” said the Dean. And he complemented insisting on his admiration: “a great association of small farmers that occupies a relevant position in the whole society”.

Mário André Poll
Communications adviser

CANADA

CROP MARKET

Tobacco harvest is nearing completion. Sales at the auction exchange, located in Delhi, Ontario will commence September 30, 2002.

TOBACCO LAW CHALLENGED

An industry challenge to advertising provisions of the 1995 Tobacco Act is nearing completion at the Quebec Superior Court after six months of testimony. The country’s three major tobacco companies argue that the advertising restrictions under the Federal Tobacco Act violates their right to freedom of expression under the federal Charter of Rights and Freedoms. The court is expected to issue a ruling by the end of the year.

SENATORS APPROVE OF LEGALIZING MARIJUANA

A senate committee recommends legalizing marijuana and putting its distribution in the hands of the state. The committee is calling on Ottawa to make marijuana legal for those 16 and older. The 600 page report concluded that marijuana is not harmful to health and should be readily available to cannabis consumers. The committee’s chair, Progressive Conservative Senator Pierre Claude Nolin said the “scientific evidence overwhelmingly indicates that cannabis is substantially less harmful than alcohol and should be treated not as a criminal issue but as a social and public-health issue.” Federal Health Minister Anne McLellan said that clinical trails for marijuana must be conducted before the government can sanction its use as a medicine.
SMOKING BYLAWS

Restriction smoking bylaws continue to be enforced throughout Canadian cities and towns. A city in the province British Columbia has taken the rare step of banning smoking at outdoor venues. Smokers must now butt out at playgrounds and can only light up well away from ice arenas and sport fields.

OVERWEIGHT AND SMOKING

Teenage girls who think they are overweight are much more likely to smoke than those who are comfortable with their bodies, a new study shows. Researchers believe that adolescent girls, who felt they were fat, were 50% more likely to smoke. The study also claims that overweight teenage boys were not more likely to smoke than boys that were satisfied with their weight.

INDIA

I. FLUE CURED VIRGINIA CROP (FCV)

(A) ANDHRA PRADESH FCV CROP – 2001/02

1. There was a Crop Holiday in Andhra Pradesh during the crop year 2001. Despite the Crop Holiday some farmers planted tobacco at their own risk. The crop size was 3 million kgs.
2. For Crop 2002, the Tobacco Board authorized a crop Size of 102.58 million kgs. However, the actual crop exceeded the authorized quantity. Finally, 121 million kgs was marketed at an average price of Rs. 33.22 per Kg. The auctions commenced on 24 January 2002 and concluded on August 8, 2002.
3. The crop quality was normal
   I - Bright Grades – 55%
   II - Medium Grades – 25%
   III - Low Grades – 20%

(B) ANDHRA PRADESH FCV CROP – 2002/03

1. Tobacco Board authorized a quantity of 95.5 million kgs. Farmers have commenced sowing of nurseries. Plantation will commence by mid October 2002. Purchases are likely to commence by February 2003.
2. Due to uncertain and delayed monsoon conditions, other Agricultural crops are not faring well. Consequently, it is likely that more acreage may come under tobacco cultivation. Hence, the tobacco crop is likely to exceed the authorized quantity fixed by the Tobacco Board.

(C) KARNATAKA FCV CROP – 2001

1. Authorized Quantity by the Tobacco Board: 36.99 Mln kgs.
2. Actual Quantity Marketed: 57.68 Mln kgs.
3. Average Price Paid: 38.29 Rs/kg
2. The quality of the crop was good. The yield recorded was 1200 kgs per ha. Out of the 57 million kgs produced, around 25 million kgs was exported and the balance was used for domestic purposes.

(D) KARNATAKA FCV CROP – 2002

1. Authorized Quantity by the Tobacco Board: 47.10 Mln. kgs.
   Est. crop size: 60.00 Mln. kgs.
   Marketing of the Crop commenced on September 5, 2002 and is likely to continue till January 2002.

II. OTHER TOBACCO VARIETIES

(A) SUN/AIR CURED TOBACCOS
   KURNOOL CROP 2003

   A crop size of 4 million kgs is being planted. Sowing of seedbeds has been completed and germination is satisfactory. Plantation has commenced in a small way.

(B) SUN/AIR CURED TOBACCOS
   HDBRG CROP 2003

   We anticipate a crop size of 16 to 18 million kgs. All the old stocks have been liquidated. It is expected that the demand for this crop in the International market will be satisfactory.

(C) SUN/AIR CURED TOBACCOS
   LIGHT SOIL BURLEY YELESHWARAM 2002

   The production plan for this crop is fixed at 5 million kgs. Nursery sowings have been completed. Planting got delayed due to a prolonged dry spell. Farmers are eagerly awaiting the rain, so that the planted crop develops well.

(D) SUN/AIR CURED TOBACCOS
   LIGHT SOIL BURLEY RAGAHAVAPUR CROP 2002

   Plantation of the crop has been completed. The standing crop is looking healthy. With some rainfall, the crop will develop well.

(E) SUN/AIR CURED TOBACCOS
   LIGHT SOIL BURLEY VINUKONDA CROP 2003

   A crop size of 1 million kgs has been planned. Sowings in the nursery bed has been delayed due to dry weather. With good rainfall the projected crop size can be achieved.

(F) SUN/AIR CURED TOBACCOS
   ELURU NATU CROP 2003

   Estimated production is 11 million kgs. 90% of the crop has been marketed. A crop size of 12 to 14 million kgs may be planned for Crop 2003.
Within the period in question, prices continued to decline forcing growers to disrupt sales on several occasions. However, continuous discussions between TAMA and other stakeholders yielded insignificant fruits.

From third week of July, lower prices than last year were experienced except for fourth week of August. The sales this year started on a good note while last year, attractive prices were observed towards the end of the season.
As is expected, however, Leaf group fetched the highest average price of 128 c/kg though it lost 21 c on last year’s sales. As regards styles, the majority Standard (STD) also went down to 119 c/kg against 132 c/kg the previous year.

As the report covers the second half of the market, Leaf and Tips together made up over 54% of sales and was mostly of tan (o) colour. Quality this period slackened and the first two added to 17% against 23% over the same period last year.

Style analysis also indicates a negative movement whereby all the desirable styles were less prevalent than last year giving more room to yellow/grey mottled tobacco which has contributed 23% as opposed to 7% last year. The high volume of yellow/grey tobacco is attributed to (i) dry spell which was experienced between mid February and mid March 2002 (ii) lack of proper curing structures.

**FLUE CURED SALES**

Prices for Flue-cured tobacco this season were slightly lower than the previous season. No single week did the sales average price go above 200 c/kg unlike the previous season whereby third week of August recorded as high as 223 c/kg.

The dominant leaf group continued to attract good support by averaging 223 c/kg, 7 c higher than the previous season.

As regards styles, the highly matured (F/FA) tobacco was 7c up on last year to stand at 244 c while the majority Standard (STD) went for 201 c/kg to gain 6 c on last year.

As the market started late, lower reapings still dominated the market as a combination of Primings, Lugs and Cutters accounted for 53%. However, Leaf at 32% was the most prevalent.

Standard (STD) tobacco contributed the highest mass at 51% and was distantly followed by Spotty (A) tobacco which comprised about 15% of total sales.

**NORTHERN DIVISION DARK FIRED**

The bulk of the leaf has been sold during the second half of the market.

Prices were very attractive in the early days but steadily decreased (though above last years) as the season progressed. The majority leaf, as is normally the case, attracted best support at 211 c/kg while over the same period last year, it went for 184 c/kg. Standard (STD) tobacco, in monetary terms, was the second best after the ripe tobacco and it averaged 201 c/kg against 161 c/kg last year.

Leaf, as a tradition, dominated the floors at 37% and was followed by Tips which comprised 24%.

Standard (STD) tobacco was by far the most abundant at 48% while the quality of tobacco was almost the same as that of last year.

**SOUTHERN DIVISION DARK FIRED**

The market performance for Southern Division Dark Fired was relatively very good. The highly ripe tobacco which was in minimum quantity averaged as high as 280 c/kg while the Standard (STD) which had a lions share followed at 214 c/kg, up by 40 cents on last season.

Leaf which averaged 215 c/kg was narrowly beaten by Cutters at 222 c/kg.

As anticipated, Leaf dominated at 38% and most of the tobacco was of off-colour style.

**GENERAL**

The price levels for burley and flue cured Virginia were not encouraging enough. If this trend continues, the production will dwindle significantly unless something is done.

Y.S. Komotedza
Principal Production and Classification Officer
VISIT US ONLINE AT WWW.PMINTL.COM
The 2002 flue-cured growing season was extremely difficult. During transplanting, growers experienced wet and cold conditions. During the peak growing season, the entire tobacco growing area experienced a severe drought and unusually hot days baking the top leaves of the stalk. In addition to the weather problems, many growers experienced a higher rate of tomato spotted wilt virus. Due to the above factors, the crop was more difficult to cure and will have an impact on the yield and quality of the crop. Fortunately, some growers had carry-over from last year’s excellent crop; but, even with the carry-over, the overall marketings may fall short of the quota allowed.

The 2002 flue-cured growing season was extremely difficult. During transplanting, growers experienced wet and cold conditions. During the peak growing season, the entire tobacco growing area experienced a severe drought and unusually hot days baking the top leaves of the stalk. In addition to the weather problems, many growers experienced a higher rate of tomato spotted wilt virus. Due to the above factors, the crop was more difficult to cure and will have an impact on the yield and quality of the crop. Fortunately, some growers had carry-over from last year’s excellent crop; but, even with the carry-over, the overall marketings may fall short of the quota allowed.

The South African tobacco legislation currently in force has been in operation for about two years. Some of the practical problems pointed out by the tobacco industry and other role-players during the law-making process are starting to emerge, for example, small hospitality establishments that could not financially or structurally provide a smoking area for their smoking customers are now starting to experience financial difficulties. Their smoking customers have moved to establishments which are able to accommodate smokers. Another problem is selective enforcement of the public place smoking legislation due to the lack of resources – it appears that the more affluent shopping malls are being targeted while informal settlement areas are overlooked. The South African Department of Health intended to table amendments to the Tobacco Products Control Act, Act 83 of 1993 (as amended by the Amendment Act 12 of 1999) at the Cabinet meeting held on 14 March 2002. Through active intervention by the CEO of the Tobacco Institute of South Africa, the amendments were not tabled. The Department of Health recently confirmed that the amendments would not be tabled this year, but early in 2003. At the time of writing, a draft of the proposed amendments has not been published.
MARKETING

As expected approximately 80% of the crop was contracted directly with private companies. The remaining is being sold at auction markets. The grower owned Flue-Cured Tobacco Cooperative Stabilization Corporation opened and operated 14 auction marketing centers. Designation by growers indicates that the Cooperative operated centers will sell approximately 64% of the auctioned tobacco. Even though there is no price support at the private receiving centers, all tobacco sold this year must be graded by an USDA grader, and the growers pay for the cost of grading. At the writing of this report, approximately 424 million pounds had been sold (including auction and non-auction) for an average price of $1.81 per pound.

ANTI-TOBACCO ISSUES

The lawsuits against the tobacco companies continue to mount. Cigarette taxes continue to increase as State legislators seek ways to balance their respective State budgets. These actions increase cost and reduce consumption. Grower groups and the companies are constantly working to provide a balance to the discussions.

LEGISLATION

After two years of discussions and meetings about a quota “buy-out” plan, there is not an industry-wide acceptable agreement on how the legislation should read. This uncertainty of the current tobacco program and the lack of an agreement for a new proposal continues to frustrate the growers.

ZIMBABWE

FLUE CURED AUCTION UPDATE

After the announcement of the new tobacco auction exchange rate on 01 August of Z$158.5: 1US$, based on the official rate of Z$55.0:1US$ plus a 188% support premium financed by the government, flue cured volumes delivered to the auction floors increased from both the small and large-scale sectors. The higher volumes resulted in all three floors operating at maximum levels and congestion was experienced on the more popular floor TSF, due to the sale allocation restriction. The higher volumes traded were also a result of the eviction of many white commercial farmers from their farms resulting in many farmers being forced to sell on a floor not of their choosing. Volumes traded more recently have declined as many of the evicted farmers have completed their sales and grading has stopped on some commercial farms as a result of disputes over onerous severance packages. This slow down in volumes traded could see auctioning finish towards the end of November almost one month later than the anticipated 31 October. This will no doubt upset merchants, eager to set up their blends and complete promised customer orders. The estimated crop expected to be sold this year remains at 168.0 million kilograms. Prices have remained very firm with current daily averages of US$2.45/kg, as leaf grades constitute 90% of throughput.
Buyer share out continues with top leaf grades shared out at price ceilings of US$2.75/kg. The higher tobacco exchange rate together with the high US dollar prices paid on the floors will see growers local dollar returns being double last years, sufficient to recover historical production costs but not providing any extra cash flow towards funding the next crop. As of 30 September a total of 131.8 million kilograms had been sold at an average price of US$2.22/kg compared to 159.2 million kilograms sold last year same time at an average price of US$1.80/kg.

**FLUE CURED SEED SALES FOR 2002/03 CROP**

Flue cured seed sales to date of 298.2 kilograms are 15% down on last year’s total amount of 352.0 kilograms. Large scale have bought an estimated 185.0 kilograms (309 kilograms last year) and small scale the remainder of 113.2 kgs (43.0 kilograms last year). However owing to ongoing disruptions and evictions on white commercial farms a significant amount of seed bought has not been planted out in this sector. Current estimates are that around 155.0kgs sufficient to plant a crop of 30,000 hectares (down 26 000 hectares on last year) may have been planted into seedbeds and a lesser amount transplanted into the lands. A new planting survey currently underway is expected to reveal actual commercial plantings to drop to around 16,000 hectares. Small holder growers however are estimated to have sowed at least 100.0 kgs of seed sufficient to plant 30,000 hectares, up 16,000 hectares on last year but the sector still faces serious constraints such as timely access to tillage, rising chemical and fertilizer costs, procurement of curing fuels which is mainly wood, expertise, etc. These problems may restrict the actual hectarage to be planted to 25,000 hectares. Despite indications made by Government to finance the small-scale sector especially the newly resettled farmers, finance made available has been restricted mainly to established growers. Government has now decided that tobacco, paprika and soya beans production be privately financed. The increase in the small-scale area expected to be planted, mainly dryland, fall far short of the decrease in planting and will not match the quality from the large-scale sector. Small-scale growers average yields around 1,000kg/ha while large-scale growers average yields of at least 2,700kg/ha with irrigated yields above 3,100kg/ha.

Continual evictions and work stoppages due to demands by farm labour for severance packages in the commercial sector have resulted in the irrigated crop being reduced from an initial estimate of 24 million kilograms to 10 million kilograms at most. (2001/02: 66.0 million kgs) The dryland crop is also being affected in this sector with the current estimates reduced from 60 million kilograms to 35 million kilograms. (2001/02: 87.0 million kgs) Small-scale production is projected to increase from 15 million kilograms to 25 million kilograms. In total the flue cured crop is currently forecast at 70 million kilograms the lowest since 1981.

<table>
<thead>
<tr>
<th>2002/03 Initial Estimate</th>
<th>2002/03 Estimate</th>
<th>2001/02 Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large Scale</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Irrigated</strong></td>
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<td></td>
</tr>
<tr>
<td>Ha</td>
<td>Kg/Ha</td>
<td>M.Kg</td>
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<tr>
<td>8,000</td>
<td>3,000</td>
<td>24.0</td>
</tr>
<tr>
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<td>14,000</td>
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<tr>
<td><strong>Dryland</strong></td>
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<tr>
<td>Ha</td>
<td>Kg/Ha</td>
<td>M.Kg</td>
</tr>
<tr>
<td>30,000</td>
<td>1,000</td>
<td>31.0</td>
</tr>
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<td>25,000</td>
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<tr>
<td><strong>Small Scale</strong></td>
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<tr>
<td>Ha</td>
<td>Kg/Ha</td>
<td>M.Kg</td>
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<tr>
<td>30,000</td>
<td>1,000</td>
<td>31.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>1,900</td>
</tr>
</tbody>
</table>

If all flue-cured seed bought was planted a maximum crop of 130.0 million kilograms was forecast, with large scale producing 100.0 million kilograms and small scale 30.0 million kilograms.
Clearly Zimbabwe’s reputation as a source of high quality premium tobacco; its reliability as a consistent supplier of 200 million kilograms and its place as a top world exporter of flue cured tobacco is in jeopardy. With government’s non transparent policies of driving indigenous agriculture the country’s top single source of foreign currency (up to 40%) and the largest single employer (over 800,000 people dependant on income derived from tobacco activities) the tobacco industry faces meltdown. Despite governments promises of land for all those who wish to farm and its “one man one farm” policy regardless of race, the government has dispossessed too many white farmers who were committed to farming of all their land without any compensation or prospects of alternate land to farm on. For those that remain farming on a reduced scale, they live in constant fear of being evicted and receive excessive monetary demands by farm labour. Major merchants acknowledge the deteriorating political and economic situation in Zimbabwe and the threat to their investments valued well above US$100 million. Many have made alternate plans for supplies to be made available for the coming years in the form of expanding existing and developing new sources of supply. Merchants and cigarette manufacturers alike rue too heavy dependence on fewer sources. Most merchants to do not see an early return to stable production in Zimbabwe in the short term and have little confidence in the country’s ability to recover to desired levels in the foreseeable future and are either encouraging expansion in other countries or relying on expansion of supplies from Brazil.

Market Information Dept.

On starting this report on the activities of the Committee, I again come across with the lack of information from the ITGA members. Thus, I face the limitation of just depicting subjects developed by Afubra. I would like to remind you that this space belongs to all of you. Any news is always welcome. I am convinced that, by approaching such activities, we convey to our readers a testimony to the seriousness of the educational, social and environmental commitment of all the tobacco growers.

1. ENVIRONMENTAL AREA

TOBACCO WITHOUT AGROCHEMICALS

On-field trials conducted by Afubra and Gaia Foundation on tobacco without agrochemicals have taken a new course from 2001/02 on, when the university of Santa Cruz do Sul and Sindifumo decided to join this initiative.

The results of the first year
of joint efforts, released on 15 July, in Santa Cruz do Sul, have been given the status of mere references toward the continuity and improvement of the alternatives under study, which will require two more crops of intensive research.

The experiments seek to comparatively assess conventional and organic productions, in order to establish the cost-benefit relation of the recommendations, and study the viability of reducing or eliminating the use of agrochemicals on tobacco. At this initial stage of implementation, the technicians utilized different soil cover and treatment practices – some fields without any fertilization, and some fertilized with manure from pigs, bovines, earthworm humus and organominerals.

According to Marco Antonio Dornelles, Afubra agronomist and coordinating member of the program, the project made some progress from the previous years. For example, the trial areas were expanded – experiments were carried out on Afubra’s holding and on three properties belonging to traditional tobacco growers – and two other properties are scheduled for inclusion at the coming crop. As to the results, Dornelles insists that during the first year they are normally not very significant, and such areas require more preparation time for the cultivations.

**FIRST “NATIVE SEED BAG” HARVEST**

On 25 September, the town of Agudo/RS received the first libraries from the Socioenvironmental Action Programme, developed by Afubra’s Life is Green project. The teachers of the hub schools in the microregion of Santa Cruz do Sul (where Afubra has its headquarters) were given the trunk-shaped wooden boxes for storing didactic and seed collecting materials which are to form the Native Seed Bag of the southern region in Brazil. In addition, the schools are given a manual containing instructions on how to collect, process, store and analyze seeds, an initiative that counts on the partnership of the Federal University of Santa Maria (UFSM). On that same day, all teachers attended a practical lesson on the correct collection of seeds.

The delivery of the libraries and collecting material is to continue across the 8 microregions, which include municipalities in the states of Rio Grande do Sul, Santa Catarina and Paraná. In its first year, the Socioenvironmental Programme is to reach 154 schools.
RATIONAL MANAGEMENT OF BRACATINGA

Concerned with advising the farmers on how to make rational use of the natural resources, Afubra started a partnership with the Federal University of Santa Maria (UFSM) and Sindifumo to carry out a study on the native tree “Bracatinga”. The target is to reduce soil exhaustion caused by the extraction of this native tree, advising the growers on rational and appropriate soil management practices. Scheduled over a period of eight years, monitoring started in 1997.

Partial results from assessing the physical and chemical regeneration traits of the soil in Bracatinga lots, a species whose scientific name is “Mimosa Scabrella Benth”, were disclosed on 3 September, in the town of Rio do Sul/SC.

ORGANIC FOOD

An initiative by the Agroforestry Department, which places special emphasis on crop diversification, Afubra held a meeting with vegetable growers and dealers for the demonstration of new cultural practices in the growing of vegetables and fruit trees with a minimum use of agrochemicals. The event took place on August 28, in Santa Cruz do Sul. The programme consisted in lectures and in the display of products and services.

2. SOCIAL AREA

FRIENDSHIP CUP

For the third consecutive year, Afubra is to sponsor the amateur football Friendship Cup tournament, which comprises several districts in the interior of the county of Venâncio Aires/RS, the biggest tobacco producer in Brazil. The 2002 edition was officially launched on 23 August, when the Afubra-sponsored trophies and medals were presented. The aim of the Friendship Cup is to integrate the sports activities in the interior of the municipality.

3. EDUCATIONAL AREA

ENVIRONMENTAL SQUAD

Awareness promoted by Afubra, through the Life is Green Project, has been gradually contributing toward reducing damage caused to the environment by human action. The statement was made by Squad 11 of Environmental Protection Military Police Squad, at a meeting held at the City Council chamber in Bandeirantes/SC, on 27 August. The squad acts in 32 municipalities in the west of Santa Catarina, through educational and environment crime prevention programmes. Besides being involved with protecting the fauna, flora and water streams, and control of pollution levels, the squad gives lectures on the right use of the natural resources. In 2001, the initiative reached a total of 12 thousand citizens in the state of Santa Catarina.

Hainsi Gralow
President
A. The Third Board Meeting of the Foundation for the Elimination of Child Labour in Tobacco Production was held in Geneva on the 1st October with the following agenda:

09h00: Beginning of the Board Meeting and Welcome
1. Adoption of the Agenda
2. Approval of minutes of 5 April 2002 2nd Board Meeting
3. ECLT Foundation Board and Staff composition
   3.1. Update on new and prospective Board members
   3.2. Election of the ECLT Foundation Board Secretary/Treasurer
3.3. Introduction of Cécile Requedaz, new Office Administrator
4. Update on ECLT Foundation activities: mission reports
   4.1. Mozambique
   4.2. Philippines
   4.3. Indonesia
11h00 – 11h15: Coffee break
5. Update on ECLT Foundation activities: development of projects
   5.1. Malawi (TECS and AECL)
   5.2. Mexico
   5.3. India
   5.4. Tanzania, Uganda
   5.5 Other contacts
12h45 – 13h45: Lunch break
8. Update on budgets and funding
9. Dates of next Board Meetings
10. Other Business
16h30: Closure of Board meeting

B. The meeting debated an extensive report on the assessment trips done by the Foundation Director and the Project Manager to Mozambique, the Philippines, Indonesia, Malawi and reviewed some of the previous visits to Uganda and Mexico.

After one year of activity, there are some important conclusions to draw from the ECLT’s work:
- The Foundation’s work has done an extraordinary work assessing locally the potential cases for action by the Foundation. This meant travelling to 3 continents and visit tobacco growing areas all over the world establishing contacts with local growers, partners, NGOs, government officers and United Nations’ local staff.
- The situations are very different from continent to continent and from country to country, with distinct needs and proposals for action.
- In only one year, several projects were identified and it is clear that sure steps are being taken to produce results on the ground in the future.

C. Of the several countries visited, very different pictures emerged. Most of the Asian countries visited have small or very small incidents of child labour in the tobacco fields. On the other hand, a potential case for future action is Mozambique where tobacco production is increasing steeply due to the situation in neighbouring Zimbabwe. As thousands of families are starting to grow tobacco, specially in the North, some situations may arise justifying the Foundation’s action.

The Malawi projects managed by TEAM and the AECL were examined in detail and possibilities of expansion of their scope were analysed.

The meeting closed with a general praise for the work done up to now.

FOURTH AFRO-REGIONAL MEETING ON THE FRAMEWORK CONVENTION ON TOBACCO CONTROL

The fourth Afro-Regional meeting on the Framework Convention on the Tobacco Control started in Lilongwe Malawi on the 2nd of September 2002 and went on to the 6th of September 2002.

Very noticeable was the absence of the International Community and Diplomatic services in Malawi. Up to 12 chairs were reserved for the Diplomatic Corps and none attended the opening ceremony.

Comments from one delegate indicated: “Maybe the whole Diplomatic Corps appreciate that Tobacco is the backbone of Malawi’s Economy and they would not like to be associated with efforts that will bring more hardships and poverty to Malawi’s Tobacco based economy.”

Malawi’s Minister of Health and population opened this WHO sponsored International Convention drafted to Control Tobacco Consumption worldwide. 46 African countries were invited and 36 attended. They aimed to consider the new draft text by the chairman of the convention; Ambassador Luiz Correa of Brazil to Switzerland.

They hope to come with acceptable African positions on items tackled by the convention when Governments negotiate at the next meeting in Geneva 14-25th October, 2002.

Most of the debate evolved around the procedures for the next round of negotiations, defined by the new chairman of the INB and his proposal to choose the chairmen of the Working Groups among “friends of the chair”.

Delegates endorsed Senegal as host of the next inter-sessional meeting of the African group.

ECONOMIC AND SOCIAL COUNCIL

The Economic and Social Council of the United Nations (ECOSOC), in its substantive session of 2002, last July in New-York, examined the work done by the Ad Hoc Interagency Task Force on Tobacco Control.

The meeting heard reports by:
- Drª Vera da Costa e Silva, project manager from the Tobacco Free Initiative, WHO, on the Task Force work since 2000.
- Mr. Brian Moir, from the Food and Agriculture Organization on the research in progress in FAO on the impact of the tobacco control initiatives on the economies of tobacco growing regions and countries.
- Mrs. Carin Hakansta, from the International Labour Organization on the work done by ILO on tobacco control, specially on tobacco and the working environment.
- Mr. Joy de Beyer, Tobacco Control coordinator at the
World Bank on the work in progress at the Bank, on tobacco control, specially studies on economic and social issues commissioned in more than 25 countries.

The session ended with a report by the Secretary General of the United Nations on the work done by the United Nations on tobacco control.

It closed with a request to the Secretary General to submit to the Council, at its substantive session of 2004, a report on the work of the Task Force.

The debate showed much greater attention from the United Nations' agencies to the subject. Unhappily, it also showed a high lack of coordination in their work. Specially flagrant is the duplication of studies being done by the World Bank.

WHO commissioned FAO to study the impact of tobacco control initiatives on the agriculture and economies of tobacco growing regions and countries, with the wish to fill in the gap of technical material to support WHO’s views on the easy diversification away from tobacco.

It soon became clear that the complex realities of tobacco growing and the difficulty to diversify away from tobacco was being acknowledged by FAO researchers, who know the agricultural realities of this world.

So, it seems that WHO is taking the shortcut and is asking the World Bank to do the dirty job of producing technically unfounded studies that would contradict FAO’s conclusions.

The United Nations are also paying more and more attention to the problem of smuggling. There is no need for rocket science to predict that if tobacco taxes are raised in an uncoordinated way this will mean an enormous opportunity for illegal cross border trade. And to coordinate a generalized tax raise, specially in a sector like tobacco, which has very different national tax structures, is an almost impossible task.

Since the beginning of the Framework Convention discussions in Geneva, many developed countries' governments went along WHO’s suggestions, particularly if its costs are allocated to the legal cigarette manufacturers, this will mean an enormous increase in business for illegal cigarette production and trade.

It is also obvious that the anti-tobacco activity in the United Nations is becoming a self-sustained growing process involving an ever-growing number of functionaries, studies, committees, conferences, spending unending millions of dollars of tax payers.

As every sensible expert from the sector had predicted, contraband and counterfeiting mushroomed all over the world. Unable to recognize the error, WHO is now adding insult to injury calling for new complex trade rules and constraints which will be very difficult to enforce and will mean huge costs for national administrations.

Worse, if it goes ahead, all this is specially shocking since WHO is pushing ahead for the signing of the Framework Convention on Tobacco Control in May 2003, long before any serious conclusions are reached by the Interagency Task Force. Which, by the way, requested the Secretary General to present a new report on the Task Force work in the substantive session of 2004(!).
Last year’s meeting between ITGA’s Board and representatives of the China National Tobacco Company opened formal negotiations on the possibility of Chinese growers joining ITGA.

This year, responding to an invitation of the China Tobacco Society, ITGA’s President, Vice-President and Chief Executive had again meetings, in Beijing, with representatives of the China Tobacco Society who formalized the application to join ITGA.

The two delegations shared views on the main problems experienced by tobacco growers in China and the rest of the world and insisted on the need of exchange of information and coordinated action by tobacco growers all over the world.
The delegations debated market issues and institutional constraints affecting production and marketing of tobacco, world-wide.

The Chinese delegation gave a detailed information on the specificities of tobacco growing in China where there is an integrated policy going from supplying inputs to growers to the buying and even the exporting of Chinese tobacco by different divisions of the national monopoly, the CNTC.

Also debated were the relations between Chinese cigarette manufacturers and the Chinese growers as well as the policy followed by the Tobacco Group who showed the ITGA delegation the Shanghai Cigarette factory and its related printing factory.

China’s application will be decided during ITGA’s AGM.
ITGA ANNUAL GENERAL MEETING PROGRAMME 2002

SUNDAY, 27 OCTOBER

07.00 pm - Welcome Cocktail Party at Tivoli Tejo Hotel (delegates and guests)
        Night free

MONDAY, 28 OCTOBER

09.00 am - Tour of Lisbon
        Visit to the most interesting spots of Lisbon
01.00 pm - Lunch at “Botequim do Rei” Restaurant
02.30 pm - Visit to Lisbon’s Oceanarium
05.30 pm - Return to Hotel
07.00 pm - Transfer from Hotel to Restaurant
07.30 pm - Dinner at a Traditional Portuguese “Fado House”
        “Taverna do Embuçado”

TUESDAY, 29 OCTOBER

09.00 am - Sintra/Cascais/Estoril Tour
        Visit of Sintra and its palace; “Palácio da Vila”, the most
        western point of Europe; Cabo da Roca and panoramic
        tour of Cascais and Estoril
01.00 pm - Lunch at “Regional de Sintra” Restaurant
02.30 pm - Tour resumes
05.30 pm - Arrival at Hotel
07.00 pm - Transfer from Hotel to Restaurant
07.30 pm - Dinner at the “Casa do Leão” Restaurant in S. Jorge Castle

WEDNESDAY, 30 OCTOBER

1st Option
08.00 am - Transfer from Hotel to Ponte de Sôr
10.30 am - Tobacco farm visit
01.30 pm - Lunch at the “O Gato Preto” Restaurant
03.00 pm - Transfer from Ponte de Sôr to Hotel
05.30 pm - Arrival at Hotel

2nd Option
09.00 am - Transfer from Hotel to Shopping mall Colombo
09.30 am - Shopping at Colombo
04.30 pm - Transfer from Shopping mall Colombo to Hotel
ITGA ANNUAL GENERAL MEETING PROGRAMME 2002

DELEGATES

SUNDAY, 27 OCTOBER

02.00 pm - Finance Committee Meeting
07.00 pm - Welcome Cocktail Party at Tivoli Tejo Hotel (delegates and guests) Night free

MONDAY, 28 OCTOBER

08.30 am - Welcome to delegates and guests
- Dr. Marcelo Quevedo Carrillo - ITGA President
09.00 am - Welcome to delegates and guests
- Eng.º Sevinate Pinto - Portuguese Minister of Agriculture
09.15 am - Issues Day
09.45 am - Discussion
10.00 am - Issues Day
10.30 am - Discussion
10.45 am - Coffee break
11.00 am - Issues Day
11.30 am - Discussion
11.45 am - Issues Day
12.15 pm - Discussion
12.30 pm - Lunch
02.00 pm - 2003 Conference – The Economic and Social Impact of Leaf Tobacco Production:
- Dr. Henri Papenfus & Mr. António Abrunhosa
02.30 pm - Regional Meetings
04.00 pm - Coffee break
04.15 pm - Regional Meetings
07.00 pm - Transfer from Hotel to Restaurant
07.30 pm - Dinner at a Traditional Portuguese “Fado House”, “Taverna do Embuçado”

TUESDAY, 29 OCTOBER

08.30 am - Annual General Meeting
10.45 am - Coffee break
11.00 am - Annual General Meeting
12.30 pm - Lunch
02.00 pm - Annual General Meeting
04.00 pm - Coffee break
04.15 pm - Annual General Meeting
07.00 pm - Transfer from Hotel to Restaurant
07.30 pm - Dinner at the “Casa do Leão” Restaurant in S. Jorge Castle

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08.00 am - Transfer from Hotel to Ponte de Sôr
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2º Option
09.00 am - Transfer from Hotel to Shopping mall Colombo
09.30 am - Shopping at Colombo
04.30 pm - Transfer from Shopping mall Colombo to Hotel