COP Update
COP 8
Main Conclusions

The articles were considered two of the least implemented. A report was commissioned to examine the underlying reasons. The report is due on COP 9.

Article 5.3
A request was made to continue promoting policy coherence on the article within the United Nations system. A knowledge hub is to be established in order to disseminate the best practices for implementation of the article.

Article 17 & 18
It was highlighted that any policies aimed at promoting alternatives to tobacco farming must be evidence based and locally relevant. Otherwise, there would be a risk of destroying the livelihoods of tobacco farmers and breeding poverty, thus going directly against SDG 1.

Article 9 & 10
The articles were considered two of the least implemented. A report was commissioned to examine the underlying reasons. The report is due on COP 9.
COP 9
What to expect?

COP 9 will be held in The Hague (Netherlands) in November 2021

The meeting was postponed due to the Covid-19 global pandemic and its impact on the conduct of international conferences and travel.

The WHO advises governments to act in these challenging times through the implementation of stricter tobacco control regulations to build a healthier environment for the population.

In a recent Webinar Promoted by WHO "Tobacco and Covid-19: Understanding the Science and Policy Implications" industry interference was pointed as a main threat to tobacco control advancement.

Some examples were given about how this interference functioned during the pandemic. Some recommendations were provided to Governments to avoid industry interference.
COP9
ITGA Role

Reinforcing Engagements
• COP8 engagements
• COVID-19 campaign engagements
• Members at country level

Promoting Good Practices
• Reinforcing our activity through our platforms = visibility
• Normalizing the 'tobacco' concept into the agriculture general context

Strength
• Engagement with International organizations
• Members have projects in place which could fast-track initiatives
Euromonitor: Key Findings in Global Tobacco
The 2020 global cigarettes market in figures

*Downward pressure on cigarette volumes in many markets, with some surprisingly robust*

- **5,062 billion** = cigarettes sold (2,751 billion excl. China)
- **-3.7%** = decline in 2020 v 2019 (-5.6% excl. China)
- **12%** = illicit penetration of total sales (excl. China)
- **19%** = proportion of adults in the world smoke
- **-0.1%** = value decline in cigarettes (-0.3% excl. China)
- **US$692 billion** = value of global cigarettes market
- **US$2.73** = average pack price (US$3.40 excl. China)
- **85%** = cigarettes as share of total value sales (82% excl China)
Tobacco and vapour market outlook 2019-2024

COVID data revisions show pandemic will create additional barriers for cigarette value
Key market outlooks dominated by COVID

COVID data revisions show pandemic will create additional barriers for cigarette value

Worsened
Improved
Broadly unchanged
Pricing and illicit context is potentially ominous

*Industry will find pricing challenging with the potential for illicit to rise out of the pandemic*
Covid-19 Impact on Tobacco
Covid-19 Impact
Main Disruption Factors for Growers

- Lack of inputs for tobacco farming due to travelling and transport restrictions
- Lack of workers in the harvesting season due to the difficulty in earning visas and restrictions on traveling
- Delays at the beginning of the marketing season
- Prohibition of growers to be present during the sales process
- Lack of international leaf dealers due to the travelling restrictions
- Lack of long-term storage facilities for tobacco leaf
  - Storing tobacco lowers its weight, increases dryness and leads to lower quality leaves
- Decrease of the tobacco leaf demand due to the lower consumption of tobacco products
Covid-19 Impact
Disruption in Key Markets

Argentina
Marketing season briefly interrupted

Brazil
Marketing season briefly interrupted

India
Andhra Pradesh season had just begun (120,000 tons of FCV)

Malawi
Season began with additional protective measures

Zambia
Season began with additional protective measures

Zimbabwe
The beginning of the season was postponed
Growers protested some of the measures
Covid-19 Impact
Main Disruption Factors for Manufacturers and Consumers

1. Manufacturing facilities forced to close in certain markets
   • Decreased production of tobacco products
   • Shortage of products in inventories

2. In countries where tobacco was not deemed an essential business, kiosks and other points of sale were closed
   • Demand for legal cigarettes decreased abruptly
   • Illicit trade flourished

3. Lower consumption of tobacco products leading to consistent drops of the amount of tobacco leaf required
A multi-generational crisis
With a macro-economic impact significantly worse than the The Great Financial Crisis

World Real GDP Growth Scenario Forecasts

- C19 Pessimistic 1 (25-35% Probability)
- C19 Pessimistic 2 (15-25% Probability)
- C19 Pessimistic 3 (5-10% Probability)
- EMI Baseline (35-45% Probability)
Downtrading, accelerated

Existing regulatory environment and COVID impact will further fuel commoditisation

Combine COVID brake on income growth ..

.. With commoditisation tendency across global markets

% impact of COVID on growth rate

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Must lead to volume quality impairment

World (excluding China) Selected Categories 2004-2018

- Illicit Cigarettes
- Premium Cigarettes
- Mid-priced Cigarettes
- Cigarettes Value
- Pipe Tobacco

Downtrading, accelerated

Existing regulatory environment and COVID impact will further fuel commoditisation
COVID-19 could establish a new normal for tobacco control

Presents several additional narratives which could be leveraged

“The tobacco cigarette pandemic is like COVID-19 in slow motion. The need to ‘flatten the curve’ is urgent......The world will emerge from the COVID-19 pandemic changed. Phasing out cigarette sales would be an enormous long-term gain for public health. However, it is essential to act quickly, because—like containing COVID-19—delaying decisive action will cost many lives.”

– Marita Hefler & Coral E Gartner, Tobacco Control Journal, April 2020

• In many markets governments will use tobacco taxation increases to help pay for their responses to COVID-19.

• In some this could extend to vapour products

• More broadly, COVID could drive additional restrictions on tobacco

• It has established consensus for the following general principles:

  • Large scale coordinated action on a health issue is warranted
  • National public health is an asset of strategic importance
  • Some monitoring and control of private behaviour is a public good
COVID-19 could establish a new normal for tobacco control

Presents several additional narratives which could be leveraged.

Coronavirus: Spanish regions ban smoking over Covid-19 risk

13 August 2020

The Union

Russia Considering Increased Taxation of Mining, Oil, and Tobacco Companies to Fund Budget Shortfalls

COMMENT | ONLINE FIRST

Does the COVID-19 pandemic provide an opportunity to eliminate the tobacco industry?

John P A Ioannidis • Prabhat Jha

Open Access • Published: October 26, 2020 • DOI: https://doi.org/10.1016/S2214-109X(20)30466-6 •
Emerging modern oral formats should see renewed impetus

Address a number of consumer concerns but risk of commoditisation

Key Global Figures for Nicotine Pouches

- USD800 Million in 2020
- 8% Growth to 2025
CPG company strategy moving into a post-COVID world

Broad implications for tobacco and nicotine providers

Affordability
Mood management
Scrutiny on source

Formulating prevention
Addressing new forms of space
Impact on innovation
Demand drivers for new substances and natural actives

Consumer proactivity and disillusionment with existing solutions key
Legal cannabis set to reach US$95 billion by 2025

New Euromonitor system tracks 3 legal categories, 10 formats across 20 markets

Global Cannabis Sales by Category

USD bn

2020
2021
2022
2023
2024
2025

Medical Cannabis
Adult-Use Cannabis
CBD
Thanks!  Gracias!  Obrigado!