The Fight against Child Labour must continue...

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Universal Corporation is the leading global leaf tobacco supplier. Our modern production methods allow us the flexibility to quickly adapt to new ideas, customer requirements and industry trends. Universal has a diversified range of capabilities for value-added products and services that we can offer our customers, including:

- The formulation of tobacco blends, including shisha and ongoing blend maintenance.
- High-quality liquid nicotine that exceeds U.S. Pharmacopeia standards, and is extracted and purified in our cGMP facility.
- Laboratory facilities that are ISO 17025 accredited, and offer reliable analytical testing services for your tobacco, smoke, shisha, e-liquid and vapor product needs.
- Expertise in naturally reconstituted tobacco. We provide our customers high-quality filler, binder, wrapper, one-leaf, and tipping paper which can be tailored to their specific needs.

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MESSAGE FROM ITGA PRESIDENT

Abiel Kalima Banda, ITGA President

DEAR TOBACCO GROWERS AROUND THE WORLD,

2021 has been another year of limitations and uncertainty. On the positive side, tobacco production has rebounded in a number of key markets. However, others have suffered heavily, from rising costs and stagnant prices, being unable to guarantee the sustainable development of their businesses.

The world of tobacco faces a multitude of challenges: from regulatory changes pushed by the World Health Organization, the US Food and Drug Administration and the European Commission on global and regional level, to market-specific adjustments that have an immediate effect on the wider supply chain. You can read more about the latest developments in our special article: 2021 Market Overview.

This edition of the Tobacco Courier is dedicated to the International Year for the Elimination of Child Labour. Facilitated and implemented by the International Labour Organization, this is a 365-day push towards ending the problem by 2025. Child labour is not something that happens in isolation. The problem intensifies or eases in line with the dynamics of the tobacco supply chain. All issues affecting it - from low incomes to farmers’ discontent to weather conditions affecting the crop, ultimately impact child labour. Having in mind the challenges intrinsically attached to the dynamics of the market, in a case of unexpected disruption, like the global pandemic, we are faced with additional pressures and added impact on child labour.

Growers’ associations have a central role to play in this fight. They are placed best to tackle the issue with a holistic approach, having the experience in knowing the urgent problems of the sector. They are already doing a lot in this regard, but unfortunately are underestimated by many. ITGA considers its member associations in different regions the perfect platforms to reach out to farmers, either to work with them or to provide support when needed. The magazine features many examples about relevant child labour elimination initiatives that are being implemented by our members and have shown tangible results in the fight against it.

In October, we celebrated the World Tobacco Growers’ Day. A special occasion set up by the ITGA 10 years ago to share the good practices and positive contributions of tobacco growers around the world in sustaining local communities and supporting their countries. This year, our key message is: Tobacco Growers are proud of their clear role in achieving the Sustainable Development Goals. Unfortunately, tobacco continues to be associated with negative factors impacting growth and the environment by anti-tobacco NGOs. We believe this happens without evidence. Tobacco is still a legal crop, which is contributing to economic growth, helping in pursuing important targets such as zero hunger, no poverty, quality of education and sustainability. We invite everyone to learn about the myths and facts about tobacco: https://www.tobaccoleaf.org/sustainability/tobacco-growing-myth-and-facts/.

ITGA remains the only worldwide tobacco growers’ association fighting for the rights of the sector and supporting growers through these difficult times. In this capacity, we want to commemorate, in our memories and hearts, those of us that lost the battle against the virus. You can count on us!

MESSAGE FROM PRESIDENT
The last two years were a health disaster. In many countries, this meant a tragic return to the difficult times after the 2008 World Financial Crisis. Moreover, this time the situation was made worse by the death of millions of people. They are the vital ingredient to help economies recover, but sadly are no longer with us.

The impact on our Member Countries was mixed, some being hit harder than the rest. The market for our production suffered much less than others, as it is shown by the profits of the main tobacco companies. The demand for tobacco has increased this year and the prices are better than last year in almost all markets. Unfortunately, in most cases they are still below the costs of production. This will be aggravated by the ruinous hike in fuel and energy prices that we witnessed recently.

All this adds to the growing threat of the radical change of strategy by the main cigarette companies, betting on non-combustible products, which use much less tobacco, or no tobacco at all. And the bet is getting serious as shown by PMI’s proposal to the UK government to ban all combustible cigarettes, allowing only alternatives such as heat-not-burn products like IQOS.

As if this was not enough trouble, the growers face an increasing pressure to grow their crops in a “sustainable” way - economically, socially and environmentally.

As we all know, the buyers’ search for cheaper tobacco led to decades-long process of transferring production from developed to developing countries. But even with much lower prices, the blind pursuit of short term profit has created real problems of sustainability - with some dramatic cases of child labour, deforestation and worsening labour conditions.

Faced with worldwide campaigns by the well-funded anti-tobacco lobby, the companies reacted with very demanding methods, like the Good Agriculture Practices (GAP) or the Sustainable Tobacco Programme (STP).

Both have commendable measures, but the basic idea is to punish the growers who do not play by the book, not only forgetting to reward those who do, but, more dangerously, ignoring the root causes of those problems, mainly poverty and insufficient income. Farmers who take their children to the fields, often do it because they cannot afford to send them to school or to hire paid labour. Farmers who use cheap wood cut from common forests, often do it because they cannot afford to pay for coal or gas to cure their tobacco.

One leg of the table is missing, that is what could be called the Sufficient Income Programme (SIP), which would easily calculate the tobacco price that would allow the grower to have a truly sustainable business. It will be different from country to country, but any experienced grower with a piece of paper and a pen can simply show it to a buyer’s field technician. This is especially needed this year, which the ILO dedicated to the elimination of child labour.

ITGA started talks in 2001 with the IUF, the international trade union that gathers agriculture workers, to tackle the problem of child labour in tobacco production. BAT joined the debate and that led to the creation of the ECLT Foundation, later joined by almost all the main tobacco companies outside China and India. The ECLT has funded projects in several continents, focusing on awareness programs for growers and their governments, defining standards for the companies and education programs for the children in tobacco areas.

After the IUF left the Foundation, the challenging task of justifying the need to treat the disease rather than the symptoms, like GAP and STP do, fell entirely on ITGA’s shoulders. We recognize that we have not been very successful at this. Nevertheless, we continue being a member of ECLT in order to ensure the growers’ interests are taken into consideration.
CHILD LABOUR PROGRAMMES/INITIATIVES

AMERICA
- Argentina
  - Porvenir Programme
  - Jardines de Cosecha
  - Jardin Crecer
  - Buena Cosecha

- Brazil
  - Growing Up Right,
  - Life is Green Project,
  - Awareness Cycles

AFRICA
- Malawi
  - Addressing Decent Work Deficits and Improving Access to Rights in Malawi’s Tobacco Sector project

- Zambia
  - Social Cash Transfer Program
  - Achieving Reduction of Child Labor in Support of Education (ARISE)
  - Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe (DREAMS)

ASIA
- Indonesia
  - Agricultural Labour Practices (ALP) program
  - Sustainable Tobacco Program (STP)
  - Child Labor Eradication in Tobacco Areas (CERIA)
  - Partnership in Action Against Child Labor in Agriculture (PACLAA)

- Switzerland
  - ECLT Foundation
Since the beginning of 2021, the ITGA started sharing with members relevant sector-related news in a new monthly publication called Tobacco Monitor. It comprises of four categories that cover crop updates, regulatory changes, tobacco industry developments and sustainability initiatives. The information is collated through the most reputable tobacco industry and business media outlets, as well as our internal sources in traditional tobacco-growing markets around the world.

This article represents a collection of highlights pieces covered by Tobacco Monitor throughout the year. For more detailed breakdowns and additional information, please refer to the individual Tobacco Courier editions. We also suggest following Tobacco Atlas, which is home to key tobacco sector data points, which can be available on ITGA’s website: https://atlas.tobaccoleaf.org/

Our strategic goal is to continue expanding the platform and improving the quality of our engagements. As a result, you will soon have access to a new product that will focus on providing audio content. We are looking forward to continuing working together for the sustainable future of the tobacco sector.

In the beginning of the 2021 season in April, the Tobacco Farmers Union in Zimbabwe has praised the government decision to increase the nation’s foreign currency retention cap from 50% to 60%. However, the initial growers’ aspiration was for around 70% to 80%, the appropriate level, according to some, to allow covering of production costs. Nevertheless, the Zimbabwe Tobacco Association has warned that most of the local growers find themselves in a vicious debt trap. The government payment system ensures growers receive only part of their income in USD with the remaining share being paid in Zimbabwean dollars at an inflated exchange rate. Since farmers borrow in USD they have issues repaying their loans. This also means that only a quarter of the total revenue ends up in the country.

In September, the Tobacco Industry and Marketing Board (TIMB) in Zimbabwe revealed the final statistics covering the 2021 crop season. Over 210 million kg of tobacco leaf were sold, generating close to USD 590 million, an increase of around 14% and 28% respectively. The 2021 average price was USD 2.80, up from USD 2.50 in 2020. The vast majority (96%) of tobacco was sold via contract, while only 4% went through the auctions floors. TIMB also published statistics suggesting that more than 67,000 farmers have registered for the next 2021-2022 tobacco growing season. Early expectations for the next year’s total volumes suggest further growth.

Another very important development for the market is related to government led initiatives. In April, Zimbabwe’s Minister of Agriculture announced a plan to create a tobacco industry that is worth USD 5 billion by 2025. During the season’s opening event, stakeholders were informed that the government would increase funding for both large-scale and small-scale tobacco farmers to stimulate output. As part of the wider plans, the intention is to rise tobacco production to 300 million kg per year and increase local financial funding from 30% to 70% per hectare.

In September, Zimbabwe’s government has approved the plan to generate more value from tobacco by localizing and increasing production and exportation of tobacco products. These initiatives should result in a significant contribution to the country’s GDP, generate foreign exchange, and boost employment. Along with the target to raise production, other key objectives include diversifying and increasing production of other crops, including medicinal canabis, raising the alternative’s contribution to 25% of farmers’ incomes by 2025.

In the beginning of the year, the Tobacco and Flue-Cured Association of Malawi (TAMA) revealed that the 2021 production closed at 114 million kg despite demand exceeding 165 million kg. The Covid-19 pandemic hit the country hard affecting office and field activities, creating further operational complications.

In September, AHI Tobacco Sales Ltd shared the final cumulative tobacco crop figures from Malawi: Dark Fired, Burley, and Dark Cured. The cumulative no-sale re-jection on the auction burley market, was less than 11%, much lower than the 60% registered in the end of last season. However, throughout the year the local sector faced multiple problems. Farmers have threatened to quit tobacco growing as a result of unsustainable payments. Local farmers claim that the current system makes them poorer if they chose to engage in tobacco. In addition, farmers have said that unless the government intervenes to get rid of the contract system, they will likely switch to other crops, such as soya. Sales at the Kanengo Auction Floors in Lilongwe came to a standstill in August as farmers protested against low crop prices and low offers made by tobacco buyers. The offers reached as low as USD 0.50 per kg, which is below the minimum crop price set by the government. The Minister of Agriculture Lobin Lowe urged the buyers to comply with the country’s regulations.

Also this year, Malawi’s President has urged tobacco growers to switch to other crops, including cannabis, as he sees no future in the golden leaf due to anti-smoking lobbies which are leading to a decline in tobacco trade. Notably, in November, in preparation for cannabis cultivation, the country has created a Cannabis Regulatory Authority. Tobacco contributes more than 60% of Malawian’s export earnings. Some critics have warned that moving to cannabis would be difficult due to lack of skills and inappropriate climate conditions. In an interview, the Tobacco Commission has said misinformation surrounding the sector is not helping tobacco farmers to grow alternative crops is leading to confusion. Instead farmers are encouraged to register in larger numbers for the next season.

According to the Interstate Tobacco Industry Union, Sindi Tabacco, tobacco leaf exports in Brazil, the global leader in this metric, are expected to register a year-on-year growth. The forecast is supported by a survey showing that shipments could rise between 2% and 6% in volume terms and between 6% and 10% in value terms. During 2020, exports generated USD 1.6 billion in revenue and amounted to $14 million kg. Tobacco accounts for 0.8% of all exports in Brazil and 9.5% in the state of Rio Grande do Sul, which is home to more than half of the country’s tobacco leaf production.

Due to complications created by Covid-19, in 2021, companies have been working with reduced operational capacity, in compliance with government decrees. Average prices for FCV reached USD 1.87, up from USD 1.79. Burley is also trading higher—USD 1.85 against USD 1.62 the year before. The EU is the major destination for Brazilian tobacco, accounting for 41%, followed by Asia, Africa and the Middle East.

As of September, the start of the 2021-2022 season in Brazil is fast approaching. Early estimates by AFUBRA suggest a reduction of approximately 5% in the area dedicated to tobacco. During the past 2020-2021 season the total area planted in Brazil for FCV, Burley, Comum, the three main tobacco types, was 273,317 hectares (a little less than a 6% decrease on a year-to-year basis). Tobacco production in 2020-2021 season stood at 1,284,489 tones (a decrease of around 1%). FCV tobacco production in the United States (US) should rebound to over 300 million pounds in the current season, up from an earlier expectation of 234 million pounds. Potential Chinese contracts are playing a central role in this development.

As of September, the season in the US is well underway in many important tobacco growing states. Burley Stabili-}
The Tobacco Board of India has authorized 97 million kg for Karnataka in the 2021-2022 season, an increase by 9 million kg compared to the season before. Tobacco growers who switched to producing other crops, such as ginger, following the crop size reduction in 2020-2021 suffered losses, which intensified the pressure on the Board to rise the guidance for 2021-2022. There was also a problem with significant percentage of low grade tobacco in the region. At the same time, growers in Andhra Pradesh threatened to stall auctions if there is no improvement in tobacco pricing. Overall, the second wave of Covid-19 that hit the country has a negative effect on the sector.

**REGULATORY CHANGES**

In June, the World Health Organization (WHO) published a report detailing what it describes as attempts by manufacturers to avoid regulation of e-cigarettes and heated tobacco products. The key takeaways of the study include: alternative product manufacturers attempt to avoid products being regulated so as to fall within regulatory or legislative gaps; manufacturers are expected to use arguments concerning the relative risk of different product categories and the need for coherent regulation along a continuum of risk. While the document revealed that more than four times as many people are covered under WHO recommended tobacco control measures than in 2007, it expressed concern that children who use "electronic nicotine-delivery systems, such as e-cigarettes, are up to three times more likely to use tobacco products in the future." Harm reduction advocates denounced the report as 'non-sensical and dangerous'.

The Tobacco Board of India has established a crop size for the Andhra Pradesh region for 2021-2022 crop season of 130 million kg. This represents an increase of 15 million kg on a yearly basis. The decision is arguably driven by reasonable prices offered by traders for a big part of the latest tobacco crop.

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**EUROPE’S BEATING CANCER PLAN**

The new European Union (EU) EUR 4 billion ‘Europe’s Beating Cancer Plan’, announced in the beginning of February, is based on an ambitious goal of creating a tobacco-free generation by 2040, meaning that fewer than 5% of the population would use tobacco in 20 years.

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Taking care of cigarette butts pollution will be a central topic in the immediate future.

Government officials in France want to reduce the number of discarded cigarette butts by 40% in the next six years. According to expert estimates, local smokers throw on the streets around 23.5 billion sticks per year. What is crucial is that the French Environmental Ministry wants tobacco companies to help solve the problem. There is already a recycling and anti-waste law in France that requires companies to take responsibility for their products after their 'end of life'. The industry will have to contribute EUR 80 million per year to a newly created institution that will allocate the money to projects aimed at eliminating cigarette butts pollution and raising awareness. The extra costs for companies will likely affect the entire tobacco supply chain.

Earlier in February, the French President has also revealed a 10-year strategy to combat cancer which includes a strong stance on tobacco. The government will provide EUR 1.7 billion for scientific research, while one of the key goals is to make the generation turning 20 in 2030 smoke-free. Consequently, cigarette prices will continue to grow while smoke-free spaces will expand further.

The UK government is also considering a plan to force big tobacco manufacturers pay the annual cost of cleaning up cigarette butts. According to studies, this is the most prevalent form of litter in the country.
Flavoured tobacco products will face more restrictions in the future

In April, the US Food and Drug Administration (FDA) announced it is moving forward with issuing proposed product standards within the next year to ban menthol as a characterizing flavor in cigarettes and ban all flavors, including menthol, in cigars. FDA believes there is strong evidence that a menthol ban would help people quit smoking. It is likely that the industry will bring legal challenges against the ruling. Currently, menthol cigarettes account for a third of the US market. Notably, menthol flavour in e-cigarettes is not part of this decision.

The new US administration is also considering requiring tobacco manufacturers to lower the nicotine in all cigarettes to such levels that are no longer addictive. If enacted, these policies are likely to radically change the industry dynamics in one of the most profitable tobacco markets in the world.

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A new legislative proposal in the US could lead to significant tax increases on tobacco and nicotine products in an effort to help fund the government’s USD 3.5 trillion spending plan. The proposal calls for the tax per 1,000 cigarettes to be increased to USD 100.66. Vaping products would be taxed at the same rate, with 1,000 cigarettes being equal to 1,810 mg of nicotine. Cigars, smoking and smokeless tobacco could also be affected. TGANC has expressed concerns that such changes could negatively impact the sector in the US.

The US FDA issued a number of marketing denial orders to manufacturers in relation to their vaping products on the market. The list includes hundreds of companies and over a million products.

Altria Group has to stop imports and sales of its IQOS heated tobacco device according to the US International Trade Commission ruling, in a patent case brought by rival R.J. Reynolds Tobacco Co (the British American Tobacco (BAT) subsidiary in the US). The case has moved to administrative review. Any final decision must be signed by the President before it takes effect. Altria paused the rollout of IQOS earlier this year.

The US FDA has postponed the deadline by which cigarette manufacturers must print new health warnings on their products once again to 11 October 2022. The FDA encourages manufacturers to submit their compliance plans by December 2021. The decision will introduce images covering 50% of the front and rear panels of cigarette packs, in addition to 20% of the top section of advertisements.

The direction of vaping regulations in China is critical for the future of the category

Source: forbes.com

In March, China showed intentions to update the rules governing the market of e-cigarettes. Draft regulations suggest treating such products like cigarettes. The news caused the share price of RELX, China’s largest vapour brand, to drop. Unlike the traditional tobacco market, dominated by the state monopoly CNCT, vapour remains largely in private hands. Chinese makers have called for the introduction of a national indoor public places smoking ban in order to achieve the goals of the Healthy China Action Plan. According to surveys, support for such measures exceeds 90%.

Stocks of leading Chinese e-cigarette manufacturers took another hit in the beginning of August after state-owned media reported about the risks of vaping. Such news often give clues about incoming regulatory changes. Among the affected companies are RELX Technology and Smoore International.

TOBACCO INDUSTRY DEVELOPMENTS

In 2021, the focus of many leading tobacco manufacturers is on emerging nicotine categories such as heated tobacco, e-vapour and modern retail. Transformation is also a hot topic with most international players actively re-shaping their business strategies. What is more, the future seems to be linked not only with reduced-risk products but categories beyond nicotine in general.

Swedish Match plans to exit combustibles

**Swedish Match**

Source: tobaccobusiness.com

In September, Swedish Match announced that it intends to separate its cigar business via a spin-off to shareholders and to completely exit the manufacturing of combustible tobacco products. This is expected to be completed during the second half of 2022 at the earliest. Currently, the company is among the market leaders in the US cigar market. The company noted: “This is a critical milestone toward achievement of our aspiration to become an entirely smoke-free organization with a clear leadership position in oral reduced risk products, including ZYN, the largest modern oral brand in the US and globally.”

Swedish Tobacco Products will face more restrictions in the future

P&G made two substantial acquisitions following its transformation strategy

Source: pmi.com

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Philip Morris International (PMI) made two substantial investments in pursuing its ‘beyond nicotine’ strategic transformation.

Philip Morris International (PMI) made two substantial investments in pursuing its ‘beyond nicotine’ strategic transformation. First, the company entered into an agreement to acquire Fertin Pharma, a leading developer and manufacturer of innovative pharmaceutical and well-being products based on oral and intra-oral delivery systems, for DKK 5.1 billion (approx. USD 820 million). Then, PMI acquired Vectura for GBP 852 million (approx. USD 1.2 billion). Vectura is a provider of innovative inhaled drug delivery solutions that enable partners to bring their medicines to patients. Tobacco industry critics have voiced their concerns about the current direction of the company. PMI aims to generate USD 1 billion of net revenues from ‘beyond nicotine’ products by 2025.

PMI Q2 2021 highlights:

- Net revenues are up 14.2% to USD 7.59 billion.
- Adjusted quarterly operating income was USD 3.45 billion, up from USD 2.8 billion a year ago.

The company shipped 180.5 billion cigarettes and heated tobacco units during the quarter, 6.1% more on a year-on-year basis. Sales of heated tobacco units increased 30.2% from the 2020 quarter to 24.4 billion units. Combustible cigarette sales increased by 3.2% to 156.1 billion sticks over the same period. Notably, IQOS surpassed 20.1 million users of which approx. 14.7 million have switched completely and stopped smoking. PMI has also urged the UK government to ban cigarettes within the next 10 years in a move towards less harmful products. This comes on top of a similar proposal made in Japan.

The company also announced the launch of IQOS ILUMA, the latest addition to its portfolio of smoke-free products. The new device becomes the brand’s first tobacco heating system to introduce induction-heating technology. The device and its accessories reject no cleaning. The IQOS ILUMA series offers two devices in Japan: IQOS ILUMA PRIME and IQOS ILUMA. The newly designed sticks (TEREA SMARTCORE STICK) are to be used only with IQOS ILUMA.

BAT is leading the e-vapour category

Source: buypodsn.com

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BAT’s New Category constant currency revenue is up by 50%. The company added 2.6 million consumers to its non-combustible product consumer base, to reach 16.1 million. In September, BAT announced that Vuse is the one national volume branding in value share terms. Vuse is the category leader in four of the top five vapour markets globally (Canada, France, Germany and the UK). In addition, BAT’s US momentum in vapour products means Vuse is now leader by value share in 22 states.

Japanese lawmakers have called for the introduction of a tax per 1,000 cigarettes and heated tobacco units increased 30.2% from the 2020 quarter to 24.4 billion units. Combustible cigarette sales increased by 3.2% to 156.1 billion sticks over the same period. Notably, IQOS surpassed 20.1 million users of which approx. 14.7 million have switched completely and stopped smoking. PMI has also urged the UK government to ban cigarettes within the next 10 years in a move towards less harmful products. This comes on top of a similar proposal made in Japan.

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In the beginning of the year, Imperial Brands announced the company is going through managerial as well as a strategic transformation. The company’s new global strategy is based on 3 pillars with a timeframe of 5 years: Focus on priority combustible markets (USA, Germany, UK, Australia and Spain); Drive value from the company’s broad portfolio- prioritizing countries where the company has leadership positions and exiting ones with weaker standing. Build a targeted Next Generation Products business- focusing on heated
tobacco in Europe, Vapour in the US, and Oral in selected European markets.

Imperial Brands FY 2021 highlights:
- Net revenue is GBP 15.6 billion, up 6.1% on a yearly basis.
- Adjusted operating profit is GBP 1.59 billion, up from GBP 1.46 billion on a yearly basis.
- The ongoing legal dispute over heated tobacco patents has delayed the national expansion of IQOS in the US, which is now paused.

In September, Imperial Brand made its heated tobacco products (Pulze in devices and ID heat sticks in consumables) available in Georgia, Virginia, North Carolina and South Carolina and to the Northern Virginia metro market. However, the ongoing legal dispute over heated tobacco patents has delayed the national expansion of IQOS in the US, which is now paused.

KT&G & Q2 2021 highlights:
- Sales are up 4.7% to KRW 950.9 billion (USD 822 million).
- Operating profit is down 11.8% to KRW 326.4 billion (USD 282 million).

These movements were driven by growth in the domestic market for heated tobacco business, partially offset by a FX drop. In South Korea, the company registered a combined volume performance of 10.3 billion sticks, 200 million units less than Q2 2020. The decrease in cigarette sticks is compensated by growth in heat sticks to tobacco. Notably, PMI distributions to the company’s reduced-risk products outside of South Korea. KT&G’s domestic market share for the non-Cigarette category is now 39%. Internally, the company has registered shipment volumes of 11.9 billion sticks, a 14.4% year-on-year drop affected by declines in the Middle East. RELX Technology from China, one of the fastest growing vaping companies, Q2 2021 highlights:
- Net revenues are RMB 2,541.4 million (USD 393.6 million), up 6.0% on Q1 2021.

Company performance was driven by an increase in sales to offline distributors, which was mainly attributed to the expansion of the distribution and retail network. The slowdown in Q2 sequential revenue growth was primarily due to external factors including the negative publicity on e-vapour, coupled with the fact that the draft rules announced in March 2021 had not been formally confirmed and no new implementation details had been revealed. Impacts from external factors, along with recent extreme weather in several provinces and tightening social restrictions on a national level due to delta outbreaks, are likely to persist.

RELX International also announced a partnership agreement with SAF Trading Agencies for the exclusive distribution of RELX products throughout the Kingdom of Saudi Arabia. The company has also entered into a strategic supplier agreement with Sydor Cannabis in Canada to offer RELX closed-pod vaping products across its corporate and franchise stores, e-commerce and wholesale channels. The global expansion of RELX could re-shuffle the current vaping status quo in leading e-vapour markets.

Sustainability initiatives

Deforestation is a major issue in Zimbabwe.

Source: globalpressjournal.com

Leaf merchant operating in Zimbabwe will be required to finance the future.

According to the regulations, companies must also invest in cannabis, such as Altria, BAT and Imperial Brands, PMI has been more conservative in this area.

Lawmakers in New York, US have agreed to legalize marijuana for recreational use. The act could potentially bring USD 350 million in revenue per year.

The new law will allow sales to adults over 21 years and set up a process for delivery of cannabis products to customers. Users will be able to grow up to 3 plants for personal use. Sales tax will amount to 9% for the state and 6% for delivery of cannabis products.

The move is intended to help both the farmers in the Bafut mountains and produce such products to be used in medicine and cosmetics. One of the key drivers for the potential development of cannabis and hemp is the expected tax revenue. TOAT aims to encourage 13,500 tobacco farmers to shift to hemp or cannabis to increase their income. The authority has decreased its tobacco leaf purchases from 20 million kg per year to 13 million kg per year. TOAT also intends to set up a subsidiary to move into the hemp business. In September, TOAT signed a memorandum of understanding for hemp business with Santa Fe Farms (Thailand) Co., a subsidiary of the US Santa Fe Farms LLC.

2021 is the International Year for the Elimination of Child Labour

Source: ilo.org

The Governor of Jujuy province in Argentina proposed to tobacco farmers to begin growing cannabis instead of tobacco. However, some key sector stakeholders have argued that the crop will remain the main source of income for the years to come, so farmers should fight to continue growing tobacco. Argentina is one of the markets that has been more favorable for the growing cannabis category from a regulatory perspective.

Authorities in Mexico approved new rules regulating the use of cannabis for medicinal purposes, allowing pharmaceutical companies to begin research. According to the regulations, companies need to: Get permission from the local health regulator COFEPRIS; Complete rules regulating the use of cannabis for medicinal purposes, allowing pharmaceutical companies to begin research.

Leaf merchants operating in Zimbabwe will be required to finance the future. Meanwhile, Zimbabwe’s Forestry Commission has licensed tobacco farmers in parts of the country for creating woodlots for the cure of the golden leaf under the Tobacco Wood Energy Programme (TWEP), a move that will help avert deforestation. According to experts, Zimbabwe is losing at least 330,000 hectares of forests per year due to deforestation.

The emerging legal cannabis business is a major focus for both country and company activities.

SindiTabaco made a statement pointing out the significant progress Brazil has made in the battle against Child Labour. As a clear example of the organization’s long-term commitment to the cause is the launch of its ‘The Future is Now’ program in 1998, four years before the start of the International Labour Organization’s World Day Against Child Labour. As years went by, these initiatives evolved and gave rise to the Growing Up Right Institute, which has already benefited 500 teenagers in rural areas. The institute pioneered professional learning programs for the young in the countryside, growing adolescents through rural management and entrepreneurship courses.

Zimbabwe is losing at least 330,000 hectares of forests per year due to deforestation.

The Tobacco Authority of Thailand (TOAT), one of the biggest tobacco manufacturers in the world, is hoping that sales of hemp and cannabis will help compensate for declining income from traditional tobacco categories.

TOAT is drafting a regulation to give the organization the authority to grow and produce such products to be used in medicine and cosmetics. The one of the key drivers for the potential development of cannabis and hemp is the expected tax revenue. TOAT aims to encourage 13,500 tobacco farmers to shift to hemp or cannabis to increase their income. The authority has decreased its tobacco leaf purchases from 20 million kg per year to 13 million kg per year. TOAT also intends to set up a subsidiary to move into the hemp business. In September, TOAT signed a memorandum of understanding for hemp business with Santa Fe Farms (Thailand) Co., a subsidiary of the US Santa Fe Farms LLC.

The German federal government has commissioned the growth of medicinal cannabis for sale in drug stores across the country. The cannabis will be sold directly to the drug stores for a price of EUR 4.30 per gram without surplus payments. GMP and a permit are required. Each holder, like 200 kg of medicinal cannabis over the next four years. Up until now, drug stores have been importing medicinal cannabis, which will still be allowed under the new regime.

The Governor of Jujuy province in Argentina proposed to tobacco farmers to begin growing cannabis instead of tobacco. However, some key sector stakeholders have argued that the crop will remain the main source of income for the years to come, so farmers should fight to continue growing tobacco. Argentina is one of the markets that has been more favorable for the growing cannabis category from a regulatory perspective.

Authorities in Mexico approved new rules regulating the use of cannabis for medicinal purposes, allowing pharmaceutical companies to begin research. According to the regulations, companies need to: Get permission from the local health regulator COFEPRIS; Complete rules regulating the use of cannabis for medicinal purposes, allowing pharmaceutical companies to begin research.

Leaf merchants operating in Zimbabwe will be required to finance the future.

Meanwhile, Zimbabwe’s Forestry Commission has licensed tobacco farmers in parts of the country for creating woodlots for the cure of the golden leaf under the Tobacco Wood Energy Programme (TWEP), a move that will help avert deforestation. According to experts, Zimbabwe is losing at least 330,000 hectares of forests per year due to deforestation.

The emerging legal cannabis business is a major focus for both country and company activities.

SindiTabaco made a statement pointing out the significant progress Brazil has made in the battle against Child Labour.

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When it comes to child labor, the main problems in Brazil include the lack of opportunities for adolescents, especially in the rural area, the absence of a contextualizing education that attracts the young rural boys and girls.

In Brazil, statistics show that 1.768 million children and adolescents, up to age 17, are involved in labor activities. According to data furnished by the National Household Sample Survey – PNAD, in 2018, the biggest concentration of child labor involved adolescents aged 14 – 17, representing 78.7% of the total. With regard to child labor in the countryside, statistics show that, in the world, child labor in the agriculture sector represents 72% of the total. In Brazil, the percentage is much smaller, as only 24.5% of the children and adolescents involved in labor lived in the countryside in 2019. Tobacco farming contributed towards reducing the child labor rates in the rural settings, seeing that in accordance with the population census conducted by the IBGE, Brazilian Institute of Geography and Statistics, from 2000 to 2010, child labor cases in the production of tobacco in Brazil decreased by 58%, notwithstanding the fact that the planted area doubled during that decade. It is a fact that we still have a long way to go until the problem is fully eliminated, but the result is expressive if compared with other agricultural crops and with the 10-percent national average reduction during the same period.

In 2010, child labor cases in the production of tobacco and require inputs for the young to stay and grow up in the countryside, through income generating opportunities, along with developing their skills and potentialities. Since then, through the Rural Professional Learning Program, the Institute provides for courses to be attended by the Young farmers, focused on entrepreneurship and rural management. Through the Learning Law in force in Brazil, the adolescents receive a work permit, get a proportional salary and certification, but at the Growing Up Right Institute, the practical activities are not carried out at the companies that hire them, but at the premises of their regular schools. Until 2020, the Growing Up Right Institute, through the Learning Program and other initiatives, has qualified upwards of 500 young rural boys and girls from different municipalities in South Brazil.

When it comes to child labor, the main problems in Brazil include the lack of opportunities for adolescents, especially in the rural area, the absence of a contextualizing education that attracts the young rural boys and girls.

ITGA: What is the current extent of child labor practices in Brazil?

Iro Schünke: The reality of the world paints to numbers estimated at 160 million children and adolescents subjected to child labor, 8.2 million of them in the region of Latin America and the Caribbean. In Brazil, statistics show that 1.768 million children and adolescents, up to age 17, are involved in labor activities. According to data furnished by the National Household Sample Survey – PNAD, in 2018, the biggest concentration of child labor involved adolescents aged 14 – 17, representing 78.7% of the total. With regard to child labor in the countryside, statistics show that, in the world, child labor in the agriculture sector represents 72% of the total. In Brazil, the percentage is much smaller, as only 24.5% of the children and adolescents involved in labor lived in the countryside in 2019. Tobacco farming contributed towards reducing the child labor rates in the rural settings, seeing that in accordance with the population census conducted by the IBGE, Brazilian Institute of Geography and Statistics, from 2000 to 2010, child labor cases in the production of tobacco in Brazil decreased by 58%, notwithstanding the fact that the planted area doubled during that decade. It is a fact that we still have a long way to go until the problem is fully eliminated, but the result is expressive if compared with other agricultural crops and with the 10-percent national average reduction during the same period.

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The families are also invited to take part in the activities, making it possible for them to perceive that the young are evolving and that subjecting them to activities inappropriate to their age is very harmful.

ITGA: Iro Schünke: What are your future plans regarding working with the youth besides your current projects? What is necessary to keep youngsters engaged with such initiatives?

Iro Schünke: The rural apprentices are committed and very happy to receive their first salaries and, at the same time, learn a lot and take part in attractive activities like study and interaction trips with their communities. These are studies and experiences that pave the way for new perspectives and broaden the horizon, making it possible for the young to perceive future options, to wake up to entrepreneurship and, therefore, many of them begin to consider the rural setting in their life projects. Furthermore, after their young apprentices course, they are offered new opportunities. Some of them are conducted with support from partners, like the “Us for Her Project – Giving a voice to rural women”, carried out in partnership with the University of Santa Cruz do Sul, which provides capacity building courses for young rural boys and girls, preparing them for radio programs, and they record programs on themes related to the women’s universe and to the young people in rural areas.

ITGA: The Growing-Up Right Program has been highlighted as a case of success by many institutions, including the International Labour Organization (ILO). Have you considered implementing it or helping to implement it in other countries?

Iro Schünke: After six years of experiences and adjustments, including the Covid-19 pandemic requirements and regulations, it has become clear that the initiatives of the Growing Up Right Institute have reached maturity. It is rather apparent that the Learning Program makes a positive difference in the lives of the young apprentices, their families and communities where they live. Many of the young apprentices have become ambassadors of the ideas of the Institute, suggesting that education and learning pave the way for a successful future, and that young people should study and get prepared. We are sure that the Growing Up Right can serve as a model and set an example to other countries, where child labor is still a problem to be surmounted. Brazilian society has already attested to the importance of the efforts of the Institute on behalf of young people in the rural settings. An example of this was the acknowledgement as a justice and citizenship reference at national level, and the homage paid to the Institute in the form of the Innovare Award. In 2020, the Rural Professional Learning Program was highlighted in the 17th edition of the Innovare Award, acknowledging the “Professional Learning Program as an alternative to the fight against child labor in the rural areas”, receiving homage in the Justice and Citizenship category, among 646 participants from all over the country.

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In Brazil, especially in the Southern Region (Rio Grande do Sul, Santa Catarina and Paraná) the 2020/2021 tobacco crop has come to a close and the 2021/2022 crop is now beginning, with the farmers transplanting their seedlings into well-prepared fields. A survey of associate members of Afubra points to a reduction of approximately 5% in area dedicated to tobacco.

**PROBLEMS/CLIMATE CHANGES**

The 2020/21 crop experienced lots of ups and downs. At the beginning of the transplanting period, a prolonged dry spell hit the three Southern States, but, in most regions, the tobacco plants developed well because, after the dry spell, weather conditions improved and became favorable for a normal production and excellent quality. In some areas, the drought conditions were more serious and lasted longer, resulting into bigger losses incurred by some farmers. The most affected regions were the Northwestern region of Rio Grande do Sul and the Western region of Santa Catarina (where Burley is produced) and, in the final development stage the Northern, Northwestern and Western regions of the State of Paraná, where Flue-Cured Virginia predominates, the final reappings were most affected. In these regions, the dry spells affected other crops, too. In comparison with the climate in the previous season, in the current one the drought conditions had a lower impact. Even though many farmers were affected, the drought was less intensive. Even so, it caused losses and reduced the income earned by the affected farmers.
Salta, Argentina Report
Original text provided in Spanish

CROP EVOLUTION:
WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY - PLANT, HARVEST, OR DELIVERY (CONTRACT AND/OR AUCTIONS):
Starting the planting stage, which lasts until December, is beginning.

LATEST WEATHER PROBLEMS/CHANGES:
So far there have been no problems. The dry season could occur with strong heat that increases evapotranspiration and decreases the yield of irrigation flows.

WHAT IS THE NUMBER OF GROWERS INVOLVED IN THE CURRENT SEASON VS LAST SEASON:
2019/2020  1,699
2020/2021  1,794
2021/2022  (Registration for this campaign is being worked on)

HOW MUCH IS THE AREA PLANTED IN HECTARES - CURRENT SEASON VS LAST SEASON:
HARVEST   Ha planted
2019/20 20,495.21
2020/21 20,425.56

VOLUME OF TOBACCO PRODUCED IN THE CURRENT SEASON VS LAST SEASON:
HARVEST   Kg produced
2019/20 34,954.608
2020/21 37,480.969

AVERAGE PRODUCTION COSTS FOR THE CURRENT SEASON VS LAST SEASON:
2020/2021 $646,872 (US $ 1.00 = $ 41.70)
2021/2022 $790,308 (US $ 1.00 = $ 60.75)

AVERAGE PRICE FOR THE CURRENT SEASON VS LAST SEASON:
2019/2020 $100,13 (US $1.00 = $60.75)
2020/2021 $154,47 (US $1.00 = $91.50)

CHILD LABOUR FOCUS:
It plays a leading role in the Network of Companies against Child Labour, which has the technical support of the National Commission for the Eradication of Child Labour (CONAETI), as well as advice from UNICEF and ILO.

As a consequence, a very high percentage of child labour has been eradicated and if there is any remnant, it takes place in a context of marginality and illegality, given that the Argentine Republic has effective legal support that represses and discourages it, including the following laws: 25,255/2000 (Ratification of ILO Convention No. 182 on the Worst Forms of Child Labour, 1999); 24,650/1996 (Ratification of ILO Convention No. 138 concerning Minimum Age for Admission to Employment, 1973); 26,390/2008 (Prohibition of Child Labour and Protection of Adolescent Labour) and 26,847, enacted in 2013, incorporated into the Penal Code art.148 bis, which states: “It shall be punishable as a criminal offence to work as a child”. It shall be punished with imprisonment from 1 (one) to 4 (four) years whoever takes economic advantage of the work of a child in violation of the national regulations prohibiting child labour....

PLEASE, SHARE DETAILS ABOUT LOCAL INITIATIVES THAT HAVE TAKEN PLACE IN ORDER TO ELIMINATE CHILD LABOR.
There are four initiatives in the province to eradicate child labour in the sector:
• Porvenir Programme, since 2003, 115 participants per campaign.
• Jardines de Cosecha (Harvest Gardens), since 2009, 600 participants per campaign.
• Jardín Crecer, since 2015, 180 participants per campaign.
• Buena Cosecha (Good Harvest), since 2021, 600 participants per campaign.

The goal is to try to prevent and eradicate child labour.

All programmes seek to improve the quality of life of children and their families, working with all members of the family and the tobacco production value chain.

The replacement of traditional stoves with bulk-curing cookers and the setting up of community drying centres were decisive in putting an end to the ancestral custom of harvest workers of incorporating their young children into some of their usual tasks in the conditioning of tobacco.

Such actions are complemented by training for growers and workers aimed at creating social awareness of the need to achieve the total elimination of child labour.

The Salta Tobacco Producers’ Corporation (COPROTAB), the main tobacco growers’ cooperative in the province, has a Sustainable Tobacco Programme which, among other socio-environmental requirements, discourages the employment of minors on the farms of its associated suppliers.

The seeds of a more promising tomorrow for young rural boys and girls are sown today

The Growing Up Right Institute is the first Brazilian institution that offers education geared toward Rural Management and Entrepreneurship for adolescents whose parents are rural producers or tobacco growers.

To this end, for six years now, the Institute has been encouraging the young boys and girls to make conscious choices regarding their future and to take part in the development of their communities.

MORE THAN 500 ADOLESCENTS INVOLVED

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Instagram: @instituto_crescer_legal
argentina

Child Labor Programmes

Original interview carried in Spanish

Roque Fleming: The tobacco sector creates or articulates the following programmes and initiatives:

Jardines de Cosecha (Harvest Gardens): This is a partnership between the National Secretariat for Children, Adolescents and Families of the National Ministry of Social Development, a company that is part of the National Commission for the Eradication of Child Labour (CONAETI), which in turn is part of the National Ministry of Labour, Employment and Social Security. With the technical collaboration of the ILO, this alliance is also formed by the Salta Tobacco Producers’ Mutual Association and, finally, the Salta Tobacco Chamber. The programme was founded in 2009 and keeps children away from the risk of child labour by convening participants in schools that operate during the summer, which coincides with the peak of the tobacco season. The 600 participants aged between 1 and 12 years stay 10 hours in the centres and receive full meals, educational, recreational and training activities and work on all their rights in a cross-cutting manner with all the activities.

Porvenir Programme: An alliance of the tobacco production sector in the province of Salta involving the Salta Tobacco Producers’ Corporation (COPROTAB), the Salta Tobacco Chamber and Mas salin Particulares. The programme was created in 2003 and is developed, in this edition, in the tobacco farm that has housing for its workers. The programme runs from November to March and includes, in this latest edition, 10 farms, 112 families and 295 children and adolescents. It works strongly on unsatisfied basic needs and raises awareness about the consequences of child labour on children and adolescents.

Jardín Crecer: This programme was created in 2015 in coordination with the national registry of rural workers and activators RENATRE, the Salta Tobacco Producers’ Corporation (COPROTAB) and the Salta Tobacco Chamber. This programme annually incorporates 100 participants who are children of rural tobacco workers and operates under a methodology similar to Jardines de Cosecha (Harvest Gardens).

Roque Fleming: The success of the programme is due to the public-private articulation, the approach of different institutions and the commitment of the tobacco sector.

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Malawi Country Report

CROP EVOLUTION:
WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY -?

CHILD LABOUR FOCUS:
PLEASE, BRIEFLY DISCUSS THE PRESENCE OR ABSENCE OF CHILD LABOR ISSUES IN YOUR MARKET. WHAT ARE THE MAIN CHALLENGES IN COMBATING CHILD LABOUR IN YOUR REGION?

On the other hand, efforts to reach out to do physical inspection was affected by Covid19. Nonetheless, radio, social media and text messaging were used and rendered positive results in the fight against child labour.

PLEASE, SHARE DETAILS ABOUT LOCAL INITIATIVES THAT HAVE TAKEN PLACE IN ORDER TO ELIMINATE CHILD LABOR.

The experienced good rainfall and promising another good rainfall season according to a report produced by weather experts.

WHAT IS THE NUMBER OF GROWERS INVOLVED IN THE CURRENT SEASON VS LAST SEASON:

The presence of child labour incidents still being experienced all due to poverty levels being high.

PLEASE, SHARE DETAILS ABOUT LOCAL INITIATIVES THAT HAVE TAKEN PLACE IN ORDER TO ELIMINATE CHILD LABOR.

Efforts to eliminate tenancy which fuels child labour, forced labour gaining ground with a legislation to outlaw it very soon.

Please send us your full report by email to info@itga-agr.com

The most recent National Child Labour Survey (NCLS), conducted in 2015 and re-leasing in 2017 found that 38 percent of children in Malawi aged 5 – 17 years are involved in child labour, estimated at 2.1 million children, more than half of whom are engaged in hazardous work. The results further indicate that 72% of children aged 5 to 17 worked in the agriculture sector. There has been no specific survey for child labour in tobacco growing and this survey did not show specific agriculture sector thereby not able to have credible data to ascertain the level of child labour involved in tobacco sector. Nonetheless, United States Bureau of International Labor Affairs in its report indicated that there is a moderate positive advancement on the fight against Worst Forms of Child Labour in Malawi. The report attributes the passing of a tobacco act by the Malawi Government that allowed Tobacco Commission to enforce a law on child labour and also related to forced labour in the country.

In the just ended tobacco marketing season, there were efforts from concerned stakeholders making sure that tobacco growers are not using any form of child labour. Again with introduction of Withhold Release Order enforced by USA Government’s Customs and Boarder Protection that came into force in 2019, all players in the industry worked towards eliminating childlabour beginning 2020 marketing season. Information sharing was enhanced and now all tobacco growers are aware that using child labour is not only illegal but can affect marketability of Malawi tobacco.

The experienced good rainfall and promising another good rainfall season according to a report produced by weather experts.

WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY -?

CROP EVOLUTION:
WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY -?

 Latest Weather Problems/Changes:
The just ended agricultural season had normal to above normal rainfall in the country, as such not affecting tobacco production negatively.

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Malawi International Labour Organization (ILO)

Precious Mkukumira: National Project Officer for the ILO’s “Addressing Decent Work Deficits and Improving Access to Rights in Malawi’s Tobacco Sector” project (ADDRESS). Prior to joining the ILO, the Project Coordinator at the Youth Net and Counselling (YONECO) on the Child Labour Elimination Actions for Real Change (CLEAR) Project, which aimed at eliminating child labour in tobacco-growing districts of Machinga, Mchinji and Rumphi. Primarily managed CLEAR’s child protection component and all activities related to occupational safety and health.

ITGA INTERVIEW - CHILD LABOUR FOCUS

ITGA: In December 2020, the International Labour Organization (ILO) and the Government of Norway signed a partnership agreement for a new project to improve working conditions and access to rights in Malawi’s tobacco sector. Could you please share more details about the initiative? What is the project scope?

Precious Mkukumira: The overall objective of the ADDRESS Project is to ensure that the Government, employers’ and workers’ organizations in Malawi effectively address decent work deficits in the tobacco sector and ensure access to rights, in particular fundamental principles and rights at work as a means to improve livelihoods, incomes and food security. The Project is supported by the Government of Norway and will be implemented over four years (2020-2024) with a budget of approximately US$ 2 million.

The Project’s strategy is based on the three building blocks of the ILO’s global integrated strategy to address decent work deficits in the tobacco sector: (1) enabling policy environment; (2) strengthened social dialogue; and (3) addressing decent work deficits in tobacco-growing communities, including child labour. The strategy is further framed by Alliance 8.7 for which Malawi is a Pathfinder Country.

Gaps in the country’s legal frameworks, limited compliance with relevant labour laws and the limited capacity of the government to enforce labour laws present serious challenges to the elimination of child labour. The ADDRESS Project will explore opportunities to engage TAMA to work jointly on selected interventions, especially those aimed at improving livelihood and income security for tobacco-dependent farmers in the Project’s targeted districts, and community-level approaches to eliminate child labour.

ITGA: What is the project scope?

Precious Mkukumira: In general, children work and do not go to school because of a combination of factors, especially where there is a lack of decent work opportunities for adults and where they are unable to earn enough for a decent living for them and their families; where schools are not available or are of poor quality, where the direct and indirect costs of schooling are high, where parents consider that to have a child work is more valuable than for the child to go to school; and where cultural factors discourage education, particularly at the secondary level - a situation that commonly affects girls. Successful programmes for the elimination of child labour should first, economically empower vulnerable households so that parents are not forced to resort to strategies that include their children as sources of labour to supplement their household income. Improving skills and access to income generating opportunities in both farm and non-farm rural economy sectors is particularly important. Initiatives such as livestock pass-on programmes, vibrant Village Savings and Loans Association (VSLAs), crop diversification and subsidized farm inputs programmes could potentially have a positive impact on addressing child labour in Malawi. Second, the programmes should ensure access to free and quality education, especially at the primary and secondary levels, to retain children’s interest in learning. This could include improvements in physical infrastructure and sanitation facilities in schools, increased access to schools for children in rural areas through new school blocks or transport facilities, improvements in student-teacher ratio and quality of education etc. Third, the programmes should focus on enhancing the capacity of the labour inspectors, especially at the district level, to effectively enforce labour laws and contribute to the elimination of child labour.

ITGA: What is the role of the government in combating child labour in Malawi? Are appropriate regulations/practices coded into local legislation?

Precious Mkukumira: Government’s role is to ratify relevant ILO instruments, translate them into national labour laws and regulations, and formulate and effectively implement policies that aim at combating child labour, ensuring policy coherence with, and mainstreaming into, other relevant international conventions, treaties and recommendations. Malawi’s labour laws empower labour inspectors to inspect tobacco farms and refer violations related to child labour to criminal law enforcement authorities for investigation and imposition of penalties. The Employment Relations Authority administers the country’s Employment Relations Authority, which is also of direct relevance to the issue of child labour in the sector.

ITGA: What added value could TAMA Farmers’ Trust bring to this partnership?

Precious Mkukumira: The ADDRESS Project is one of the implementing partners. In this regard, the Project will explore opportunities to engage TAMA to work jointly on selected interventions, especially those aimed at improving livelihood and income security for tobacco-dependent farmers in the Project’s targeted districts, and community-level approaches to eliminate child labour.

ITGA: Are there other child labour initiatives in Africa that the ILO is working on at the moment?

Precious Mkukumira: There are a number of child labour initiatives implemented by the ILO in Africa. For example, with support from the Government of Netherlands, the ILO has been implementing the “Accelerating the Elimination of Child Labour in Supply Chains in Africa” Project in six African countries: Cote d’Ivoire, Egypt, Malawi, Mali, Nigeria and Uganda. The overarching goal of this ILO project is to accelerate the elimination of child labour in Africa through targeted actions in selected supply chains. Scheduled to be implemented until October 2024, the Project focuses on the problem of child labour in tea and coffee supply chains.

The overall objective of the ADDRESS Project is to ensure that the Government, employers’ and workers’ organizations in Malawi effectively address decent work deficits in the tobacco sector and ensure access to rights, in particular fundamental principles and rights at work as a means to improve livelihoods, incomes and food security.
Malawi
The Norwegian Government

Norway is one of the significant foreign donors in Malawi. The Scandinavian country has made long-term commitments related to social and environmental causes in Malawi and the African region and provides vital support in the wider agricultural and educational context. The project will be implemented over four years up to 2024 and is meant to address decent work deficits within the tobacco sector in Malawi. It is partly sequential but many of the ongoing activities are overlapping. The focus is on addressing important knowledge gaps. In collaboration with the Malawi government, research is being conducted in regards to the extent of any existing labour right deficits, particularly related to the tenant farming system, which is a major driver of child labour. The project will support a knowledge-based dialogue regarding the key issues with stakeholders.

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Considering the specifics of the sector in Malawi, mainly the importance of tobacco for the country’s economy, it makes sense to tackle the issue where potential is substantial.

Impact, but we cannot shy away from existing problems. For Norway, it is of primary importance to do a fact-based assessment of where real impact could be achieved. In addition, the ILO has the technical knowledge and regional experience, and wider engagement in combating the issue and it is important to bring this in the project. What is more, Norway, as well as Malawi, is a member of the International Alliance 8.7, a partnership of governments, international agencies, civil society organisations, labour unions and employers/business organisations, working together to accelerate the actions against modern slavery, human trafficking, forced labour and child labour. This is a concerted effort to reach SDG target 8.7 and with an accelerated timeline for child labour in particular, not for 2030 but 2025. This is ambitious, and with COVID 19 has become an even greater challenge, but is the framework of the work. It is important to mention, that Malawi has made commitments in this field, reflected in plans at national level, which will help in gaining ownership to achieve positive results. This has also informed Norway’s decision to engage in the project. Norway has strong tradition in Tripartite which is one of the pillars of the project. It is part of Norway’s added value when it comes to labour relations, regulating the labour market and encouraging dialog to achieve better compliance and rights for workers. In July 2021, Norway launched a strategy for the work against modern slavery which is also part of the country’s commitment to this agenda.

The role of Covid-19 in implementing the project Covid-19 has created practical challenges, for example in recruitment, and setting up of digital communications that takes longer in Africa. Crucially, the pandemic has exacerbated the core problem. It is estimated that Covid-19 led to increases in child labour cases in Malawi and globally. The large number of school closures and the general lack of income for many farming families resulted in a setback for years worth of work. There are outside factors that could help the agenda. The business community will also have an interest in bringing and making improvements in this area. Showing not only commitment, it has to make concrete adjustments and changes that have to do with possibilities to export. The recent US export ban on Malawi tobacco produced with child labour will have an influence in pushing the agenda forward. It is important to bear in mind the complexity of the challenge. Norway is engaged in a number of other programs and initiatives to support the Malawi government to improve its educational and health services. Norway also supports development of the agricultural sector in Malawi. Pressing issues are addressed in multiple ways.

The large number of school closures and the general lack of income for many farming families resulted in a setback for years worth of work.

\[\text{\#} \text{\#} \text{\#}\]
2020-2021 SEASON UPDATE

Final sales for the 2021 season are being completed with a higher than estimated crop to be sold. Initial estimates were under 200 million kgs, but now are expected to sell close to 212 million kgs by the end of clean up sales at the end of September. As of 08 September 2021, 209 million kgs had been sold at 2.80/kg vs. a seasonal 2020 production of 185 million kgs at 2.50/kg. 96% of the crop to date has been sold under the direct contract system. Prices were firmer because of the better quality of tobacco on offer.

The 2020 season was affected by wet weather and this impacted on yields being significantly lower, although quality was very good, which boosted prices up. The weather forecast for 2021/22 season is a good and normal rainfall. This should aid in good yields and quality. For the 2021/22 season seedbed, land preparations and irrigated plantings have started. Seed sales to date indicate at least a similar hectarage to be planted, though in few areas there may be a reduction in commercially planted areas due to farm labour constraints. An early estimate is a crop size of 220-240 million kgs.

Grower viability still remains inadequate and large commercial farmers continue to diversify into other crops. Tobacco remains a key cash crop for this sector in particular. This season farmers were paid 60% in USD currency and 40% in local currency at a fixed exchange rate at ZWL86:1USD vs. an open market exchange rate now at ZWL150:1USD. This disparity in exchange rates significantly reduces farmers’ viability by 30%.

With global prices up this past season, production may increase which will result in global oversupply, which may affect future pricing.

To date 67,025 growers have registered for the coming season compared to an estimated 150,000 growers expected to register by year end.

There are increased calls for further compliancy and sustainable tobacco production and a need to meet ESG requirements of major export markets outside of China.

Increased deforestation remains a major concern as future production levels are forecasted to +240 million kgs without any immediate solutions to provide farmers with green, sustainable curing fuels. Coal is not an option.

ELIMINATION OF CHILD LABOUR ON TOBACCO FARMS IN ZIMBABWE

The industry in close collaboration with the Elimination of Child Labour in Tobacco (ECLT) has established a multi-stakeholder working group to start programmes that will see the elimination of child labour on tobacco farms. Three sub committees have been formed looking at: 1. Definition of Child Labour 2. Minimum ALP Standards 3. Levels of existence of child labour elimination programmes on tobacco farms. The sub committees have received further valued guidance and support from the ECLT and will report back to the main working group later in the month of September. Actual action plans and programmes will be established and launched over the coming months.

TOBACCO VALUE CHAIN TRANSFORMATION PLAN

On 7th September 2021 the government approved the Tobacco Value Chain Transformation Plan which aims at transforming the tobacco value chain into a USD 5 billion industry by 2025 through localization of tobacco financing, increased production and productivity, value addition and beneficiation and exports of cigarettes. The immediate objective is to increase tobacco production and productivity through increasing the yield per unit, increasing the area under crop and minimizing losses. The above measures are being taken because the country is not getting maximum benefit from its tobacco crop in terms of value addition and beneficiation.

The Tobacco Research Board is already conducting research on alternate crops such as Chia, Industrial Hemp and Sesame, as well as other types of tobacco such as Shisha, which is very popular in the Middle East. Research is also being conducted into the extraction of high-value compounds from tobacco, such as nicotine, solanesol and edible oil. Preliminary studies have already been done on the extraction of tobacco edible oil and identified varieties that could be used for oil extraction. All these efforts are meant to increase the income that accrues directly to the farmers. The Tobacco Research Board is already conducting research on alternate crops such as Chia, Industrial Hemp and Sesame, as well as other types of tobacco such as Shisha, which is very popular in the Middle East. Research is also being conducted into the extraction of high-value compounds from tobacco, such as nicotine, solanesol and edible oil. Preliminary studies have already been done on the extraction of tobacco edible oil and identified varieties that could be used for oil extraction. All these efforts are meant to increase the income that accrues directly to the farmers.
FROM LEAF TO SMOKE EXPERIENCE.
Zambia Country Report

**CROP EVOLUTION**

**Current status of tobacco production**

<table>
<thead>
<tr>
<th>Planting</th>
<th>Irrigated – September/October</th>
<th>Rain feed – October/November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvesting</td>
<td>Irrigated – November/December/January/February</td>
<td>Rain feed – January/February/ March</td>
</tr>
<tr>
<td>Delivery</td>
<td>Contract – April – September – purchase by classification on a licensed sales floor</td>
<td>Auction – April – September – no auctioning in Zambia, only by Classification</td>
</tr>
</tbody>
</table>

**Latest weather**

- **Problems and Changes**
  - November – An unpredictable month, but usually with some afternoon rain. Temperatures average between 18°C/64°F in the morning and 29°C/84°F in the afternoon.
  - December, January, February & March – The wettest months, with heavy downpours in the afternoon. Afternoon temperatures are around 26°C/78°F and the humidity is high.
  - April - The rains slow down and so does the humidity.

**Number of Growers**

- Last season: 20,000 both large scale and small scale combined
- Current season: Est. 19,000 both large scale and small scale combined

**Area planted**

- Last season: Fcv 15,000ha, Burley 3,000ha
- Current season: Est. Fcv 15,000ha, Est. BURLEY 3,000ha

**Volume of Production**

- Last season: Fcv 25,691,965 kgs, Burley 4,821,154 kgs
- Current season: Fcv 30,600,670 kgs, Burley 5,407,212 kgs

**Average Production Costs**

- Last season: Large scale; FCV USD 9500/ha, small scale FCV/USD 4,200/ha
- Current season: All est. Large scale; FCV USD9500/ha, small scale FCV USD 4,200/ha

**Average Prices**

- Last season: FCV USD 2.64, Burley USD 1.69
- Current season: FCV USD 2.68, Burley USD 1.69

**CHILD LABOUR FOCUS:**

**PLEASE, BRIEFLY DISCUSS THE PRESENCE OR ABSENCE OF CHILD LABOR ISSUES IN YOUR MARKET. WHAT ARE THE MAIN CHALLENGES IN COMBATING CHILD LABOR IN YOUR REGION?**

In 2020, Zambia made moderate advancement in efforts to eliminate the worst forms of child labor. The government significantly increased funding for its labor inspectorate and finalized its second National Action Plan for the Elimination of the Worst Forms of Child Labor. It also reinvigorated key coordinating bodies, including the National Steering Committee on Child Labor and the National Coordinating Committee for Children.

However, children in Zambia are subjected to the worst forms of child labor, including in agriculture and commercial sexual exploitation, each sometimes as a result of human trafficking. Children also perform dangerous tasks in agriculture. The Education Act does not specify a compulsory education age, and human trafficking laws do not meet international standards because they require threats, the use of force, or coercion to establish the crime of child trafficking. In addition, labor inspectors do not routinely inspect non-registered businesses in which child labor is known to occur.

**LAWS AND REGULATIONS ON CHILD LABOR**

<table>
<thead>
<tr>
<th>Standard</th>
<th>Meets International Standards</th>
<th>Age</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Age for Work</td>
<td>Yes</td>
<td>15</td>
<td>Article 24 of the Constitution; Articles 16 and 81 of the Employment Code Act (25,26)</td>
</tr>
<tr>
<td>Minimum Age for Hazardous Work</td>
<td>Yes</td>
<td>19</td>
<td>Article 83 of the Employment Code Act (26)</td>
</tr>
<tr>
<td>Identification of Hazardous Occupations or Activities Prohibited for Children</td>
<td>Yes</td>
<td></td>
<td>Prohibition of Employment of Young Persons and Children (Hazardous Labor) Order; Section 137(2)(n) of the Employment Code Act (26,27,28)</td>
</tr>
<tr>
<td>Prohibition of Forced Labor</td>
<td>Yes</td>
<td></td>
<td>Articles 14 and 24 of the Constitution; Articles 143, 261, and 263 of the Penal Code; Article 3 of the Anti-Human Trafficking Act; Section 8 of the Employment Code Act (25,26,29,30)</td>
</tr>
<tr>
<td>Prohibition of Child Trafficking</td>
<td>No</td>
<td></td>
<td>Article 17 of Amendment to the Constitution; Article 143 of the Penal Code; Articles 2 and 3 (1-4) of the Anti-Human Trafficking Act; Sections 80 and 83 of the Employment Code Act (25,26,29,30)</td>
</tr>
<tr>
<td>Prohibition of Commercial Sexual Exploitation of Children</td>
<td>Yes</td>
<td></td>
<td>Articles 143 and 144 of the Penal Code; Sections 80 and 83 of the Employment Code Act (26,30)</td>
</tr>
<tr>
<td>Prohibition of Using Children in Illicit Activities</td>
<td>Yes</td>
<td></td>
<td>Sections 80 and 83 of the Employment Code Act (26)</td>
</tr>
<tr>
<td>Minimum Age for Voluntary State Military Recruitment</td>
<td>Yes</td>
<td>18</td>
<td>Article 14 of the Defence Act (31)</td>
</tr>
<tr>
<td>Prohibition of Compulsory Recruitment of Children by (State) Military</td>
<td>No/A*</td>
<td></td>
<td>Article 3 of the Anti-Human Trafficking Act; Articles 80 and 83 of the Employment Code Act (29)</td>
</tr>
<tr>
<td>Prohibition of Military Recruitment by Non-state Armed Groups</td>
<td>Yes</td>
<td></td>
<td>Article 16 and 17 of the Education Act (32)</td>
</tr>
<tr>
<td>Compulsory Education Age</td>
<td>No</td>
<td></td>
<td>Article 15 of the Education Act (32)</td>
</tr>
</tbody>
</table>

* N/A: Not Applicable
Some Social Programs to Address Child Labor between Government, NGOs and Private Sector

Program | Description
--- | ---
Social Cash Transfer Program | Government program to provide funds to families and increase school enrollment. (88,61) As of September 2020, about 700,000 were receiving benefits under the Social Cash Transfer Program. (1) During the reporting period, the government, with support from Child Fund, UNICEF, Red Cross, Plan International, the World Food Program, and other organizations, launched an emergency expansion of the Social Cash Transfer Program to provide cash assistance to families to mitigate the economic hardships resulting from the pandemic. (1) The emergency program provides families with a monthly stipend of approximately $18, along with nutritional support, and is expected to ultimately reach 249,200 households (around 1.2 million people). (1,62)

Achieving Reduction of Child Labor in Support of Education (ARISE) | Japan Tobacco International and Winrock International joint initiative that seeks to combat the worst forms of child labor in tobacco-growing communities in Brazil, Malawi, Tanzania, and Zambia. (21,63) In 2020, the ARISE project trained eight CCLCs and built the capacity of DCLCs in Kabwe and Nkaya districts and developed 15 community action plans to support communities to promote economic empowerment for families and independently continue child labor prevention programs in the future. In addition, an estimated 921 children, including 534 girls, were removed from child labor. (1)

Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe (DREAMS) | $30 million U.S. President’s Emergency Plan for AIDS Relief and USAID-funded project to increase protections for vulnerable adolescent girls and young women through access to health services, including support for HIV prevention and treatment, family planning, care for survivors of gender-based violence, and economic empowerment activities to promote access to a basic income; a total of 177,015 adolescent girls and young women were enrolled in the program in 2020. (1,51,64-28)

EMPOWER: Increasing Economic and Social Empowerment for Adolescent Girls and Vulnerable Women in Zambia (2016–2020) | $5 million, 4 year, USDOL-funded project implemented by Winrock International to address child labor. (66) The EMPOWER program concluded at the end of 2020; during the year, the program provided training to local District Child Protection committees on child labor prevention and gender equality. (67) A total of 1,740 adolescent girls were provided education or vocational skills training during the life of the project. (58) Additional information is available on the USDOL website.

### PLEASE, SHARE DETAILS ABOUT LOCAL INITIATIVES THAT HAVE TAKEN PLACE IN ORDER TO ELIMINATE CHILD LABOR.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Activity</th>
</tr>
</thead>
</table>
| Agriculture | Work in the production of cotton,† tobacco,† and other cash crops  
Raising and herding† cattle  
Fishing,† working on boats, and cutting and smoking fish  
Production of charcoal  
Loading of timber |
| Industry | Mining of ore and gems, including manganese  
Work in quarries, including carrying heavy loads;† and crushing stones |
| Services | Domestic work  
Street work, including begging and vending |
| Categorical Worst Forms of Child Labor | Commercial sexual exploitation, sometimes as a result of human trafficking  
Forced labor in agriculture, herding, construction, domestic work, mining, and textile production, each sometimes as a result of human trafficking |

Tobacco Association of Zambia celebrations of World Tobacco Growers’ Day October 28th.
CROP EVOLUTION:

WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY - PLANT, HARVEST, OR DELIVERY (CONTRACT AND/OR AUCTIONS):
The tobacco crops are in the current status of harvest. In some areas where early varieties of tobacco have been grown, the harvest has almost been completed. The production per hectare seems now to be satisfactory, however further checks at the end of the harvest are necessary to establish the quantity of harvested product. In the areas where the late varieties are grown, the harvest is still underway.

LATEST WEATHER PROBLEMS/CHANGES:
During the month of July hailstorms and strong winds have created serious bending of the plants with extensive damages.

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AVG. PRODUCTION COSTS FOR CURRENT SEASON VS LAST SEASON:
- Italian farmers are asking 50-80 euro cents price increase to cover the steep production costs increase.
- Crop 2021 heavily hit by hail and drought.
- The entire system is under stress and the future is very uncertain.
- Interbrench Organization continuous pressure on the farmers

CHILDLABOUR FOCUS:

PLEASE BRIEFLY DISCUSS THE PRESENCE OR ABSENCE OF CHILDLABOR ISSUES IN YOUR MARKET, WHAT ARE THE MAIN CHALLENGES IN COMBATING CHILDLABOR IN YOUR REGION:
In Italy tobacco farms do not hire staff under the age of 18. Controls in the various companies by the Labour Inspectorate allow to avoid the hiring of minors.

WHAT IS THE NUMBER OF GROWERS INVOLVED IN THE CURRENT SEASON VS LAST SEASON:
- BAT and Imperial have announced they will not sign new agreements with Italian Government to buy Italian tobacco.
- Philip Morris is offering money to the burley farmers to stop production. They currently buy 90% of the Italian production.
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- JTI is stopping the Vertical Integration program (12 million kg when they started in 2012, stable for the first 6 years, then down to 7 in 2021). JTI is stopping the Vertical Integration program (12 million kg when they started in 2012, stable for the first 6 years, then down to 7 in 2021).
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As the largest tobacco-producing country in Africa, and one of the main producers in the world, Zimbabwe depends on tobacco as its major export crop and is home to an estimated 145,000 farmers and families that count on it for their livelihoods. Earlier this year, the Zimbabwe Ministry of Public Service, Labour and Social Welfare completed a survey on child labour on tobacco farms, which has served as a starting point for collective action, including the recently launched Government survey on child labour in tobacco. The survey was an important tool to strengthen understanding of child labour on farms where tobacco is grown in order to help efficiently coordinate efforts and direct funds.

The ECLT Foundation has been supporting this process, working with the government, international organisations, companies, unions, farmers associations and other important stakeholders to come together to address knowledge gaps and fragmentation of efforts.

Launching the survey provided an important platform for the Ministry of Labour to foster multi-stakeholder and multi-sector commitment. Through workshops across sectors, including with tobacco, sugar, tea and mining, the Ministry requested action pledges, in line with the ILO call to support this year as the International Year for the Elimination of Child Labour. The ECLT Foundation has been supporting this process, working with the government, international organisations, companies, unions, farmers associations and other important stakeholders to come together to address knowledge gaps and fragmentation of efforts.

The wide engagement within the Tobacco Working Group on Child Labour has opened doors for many players to work together in a way we had not before. Step by step, we are creating momentum and seeing progress towards achieving our common goals. – Mathew Wilde, Head of Group Sustainability, Contrac-Nicoter-Tobacco (CNT)

Across the tobacco sector in Zimbabwe, pledges helped to mobilise actors to come together on issues of setting minimum standards, in line with the UN Principles on Business and Human Rights, better understanding hazardous work in tobacco growing and connecting with broader industry sustainability efforts. These pledges have led to the creation of working groups by the TIMB, for companies, the Ministry of labour, auction floors, the National Employment Council, ITGA farmers associations and others to make concrete progress against the pledges as an industry. A first step has been taking stock across the working groups to understand what measures are already in place, build from identified good practice, and have a baseline to measure future progress.

The ECLT Foundation is committed to provide technical assistance and support increased capacity, including training to farmers, to address child labour in communities where tobacco is grown. At the national level in Zimbabwe, the government is continuing to follow and build on the recommendations from the 2018 stakeholder engagement, including moving to revive National Steering Committee on Child Labour. Strong commitment from all actors is necessary to make real progress on this cross-cutting issue. For the children, farmers and families still affected by child labour in Zimbabwe, effective, systemic and sustainable action is urgent.

Zimbabwe ECLT Foundation

Advancing sector-wide progress against child labour in Zimbabwe

As the tobacco-growing sector in Zimbabwe has grown in order to help efficiently coordinate efforts and direct funds.

Taking action together

As the tobacco-growing sector has evolved significantly over the last two decades, so has public awareness about challenges faced by rural communities, including child labour. A 2018 report by Human Rights Watch shed additional light on this issue within the tobacco agricultural sector in Zimbabwe, speaking multi-stakeholder momentum for collective action, including the recently launched Government survey on child labour in tobacco. The survey was an important tool to strengthen understanding of child labour on farms where tobacco is grown in order to help efficiently coordinate efforts and direct funds.

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About child labour in Zimbabwe

Agriculture is the backbone of Zimbabwe’s economy, providing employment and income 60 to 70% of the population. It is also the sector with the most child labour. The Government’s 2019 Child Labour Survey estimated that just over 70% of all children in child labour were in farming or forestry. The latest Global Estimate on Child Labour by the ILO and UNICEF confirm that most of the world’s 160 million children in child labour work in agriculture, especially in the African region. This situation is exacerbated by the current COVID-19 pandemic, as well as the previous HIV/AIDS crisis that left behind over a million Zimbabwean children as orphans.

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Looking forward

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Indonesia
Alliance One International (AOI)

Child labor is a significant issue in most developing countries with an agricultural economy and Indonesia is no exception. Recognizing this, the International Labour Organization (ILO) declared 2021 the International Year for the Elimination of Child Labour and warned that due to the COVID-19 pandemic much of the recent progress made fighting child labor could be eroded. For example, in Asia-Pacific recent ILO figures demonstrate this progress: the percentage of children in child labor has declined to 5.6% in 2020, down from 13.3% in 2008. Though this decline is a step in a positive direction, as long as child labor exists, more work will need to be done by governments, NGOs and companies.

Alliance One International (AOI) and its Indonesian subsidiary PT. Alliance One Indonesia (PT.AOI) have a clear policy of zero child labor. The Company’s commitment to progressively eradicating child labor from its supply chain is embedded throughout all operations. The majority of the Company’s Indonesian tobacco is purchased through the Integrated Production System (IPS). That tobacco is grown by contracted farmers who receive support from the Company in all aspects of the tobacco growing cycle, including the prevention of child labor. This support helps ensure the grower’s compliance, while improving overall crop quality and yield and positioning the grower, and Indonesia’s tobacco industry, for long-term viability.

Indonesia has ratified all relevant ILO conventions and has a comprehensive legal framework to address child labor. However, the U.S. Department of Labor is closely monitoring for child labor within Indonesia’s supply chain, noting gaps that hinder the adequate enforcement of child labor laws such as the number of labor inspectors in the country, which they’ve deemed insufficient. However, measures to combat child labor in Indonesia must not focus solely on enforcement of laws and regulations. There is a longstanding tradition of children supporting their parents on family farms in the country. Therefore, many efforts to eradicate child labor in Indonesia must focus on education and addressing the root causes of child labor.

With this in mind, PT.AOI provides a number of tools and programs to its contracted growers that are essential to meeting its zero child labor objective. This includes the Company’s Agicultural Labor Practices (ALP) program and the Sustainable Tobacco Program (STP), which are geared toward grower education.

Child Labor in Agriculture (PACLA), work directly with the children of contracted growers to foster education. CERIA, which means “happiness” in Bahasa, is a program managed by PT.AOI through a third party and is implemented through schools with a high population of children of tobacco farmers. The program uses storytelling to raise awareness of child labor risks. In 2019, the CERIA program reached over 4,000 children. While typically held in person, due to the COVID-19 pandemic, in 2020-2021 PT.AOI adapted the program to a virtual format and distributed educational materials for students to use at home.

The PAACLA program is a partnership between the Eliminating Child Labor in Tobacco Growing (ECLT) Foundation and the Ministry of National Development Planning. In cooperation with local governments’ actions against child labor, PAACLA aims to increase awareness of common risks on farms for workers. In 2019, PAACLA launched its KESMPA-TAN project with an objective to reach 3,000 children and 600 adults by 2022. Despite the significant impacts of the COVID-19 pandemic, the project has already reached almost 3,500 children and more than 700 parents to date. The range of PT.AOI projects and partnerships, combined with the Company’s commitment to progressively eradicating child labor in the tobacco supply chain, has resulted in visible progress in the fight against child labor.

PT.AOI first introduced the ALP program to its contracted growers in 2011 and rolled it out to 100 percent of them in 2012. The Company’s field technicians visit each grower 10 to 15 times per crop season. During their visits, they place a substantial emphasis on grower education on the ALP principles as well as analyzing labor issues so that the Company can better understand the reasons why they are occurring.

Other programs, like the Child Labor Eradication in Tobacco Areas (CERIA) and the Partnership in Action Against
India Country Report

CROP INFORMATION

ANDHRA FCV TOBACCO

The auctions for 2020 tobacco crop is in progress and as on September 7, 2021, a total quantity of 112 million Kgs has been marketed (against the authorised crop size of 115 million kgs) at an average price of US$ 2.02 per Kg.

The Tobacco Board has authorised a crop size of 130 million kgs for the next crop (2021) in Andhra Pradesh.

FCV CROP - ANDHRA PRADESH

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Planted (Hectares)</th>
<th>Quantity Marketed (Million Kgs)</th>
<th>Average Price US$/Kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>79294</td>
<td>128</td>
<td>1.77</td>
</tr>
<tr>
<td>2020-21</td>
<td>65142</td>
<td>112*</td>
<td>2.02</td>
</tr>
</tbody>
</table>

*K Auction in progress
Source: Tobacco Board, Government of India
Currency Conversion: US$ = INR 73

Weather: Incessant rains caused by Cyclone Nivar led to the flooding of fields seriously impacting the initial phase of the FCV crop production in Andhra Pradesh in the late 2020. However, favorable weather conditions in the following months have helped the growers to produce record crop during the 2020-21 crop season with a significant bright grade outturn.

KARNATAKA FCV TOBACCO

The Tobacco Board has authorised a crop size of 97 million kgs for the current crop (2021) in Karnataka. Auctions for this crop are likely to start around the last week of September 2021.

The previous crop (2020) of 88 million kgs was marketed at an average price of US$ 1.64 per kg in Karnataka.

FCV CROP - KARNATAKA

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Planted (Hectares)</th>
<th>Quantity Marketed (Million Kgs)</th>
<th>Average Price US$/Kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>80364</td>
<td>106</td>
<td>1.69</td>
</tr>
<tr>
<td>2020-21</td>
<td>73609</td>
<td>88</td>
<td>1.64</td>
</tr>
</tbody>
</table>

Source: Tobacco Board, Government of India
Currency Conversion: US$ = INR 73

EXPORT INFORMATION

INDIA’S EXPORT OF TOBACCO & TOBACCO PRODUCTS
(Quantity In Million Kgs & Value In Million Us$)

<table>
<thead>
<tr>
<th>Item</th>
<th>2020-21 (April to March 2021)</th>
<th>2021-22 (April to June)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity</td>
<td>Value</td>
</tr>
<tr>
<td>Unmanufactured Tobacco</td>
<td>169</td>
<td>509</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>36</td>
<td>314</td>
</tr>
<tr>
<td>Total</td>
<td>205</td>
<td>823</td>
</tr>
</tbody>
</table>

Source: Tobacco Board, Govt. of India

FAIFA India World Tobacco Growers' Day Celebrations October 28th.
USA Country Report

Burley Stabilization Corporation (BSC)

CROP EVOLUTION:

WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY - PLANT, HARVEST, OR DELIVERY (CONTRACT AND/OR AUCTIONS):

FLUE
As of the end of September, harvesting of flue-cured tobacco crop is 90 percent complete. Marketing will be completed by the end of October with prices trending higher than 2020. Although some of the flue-cured tobacco production area experienced weather challenges that will reduce yields, overall yield is estimated to be similar or higher than yield in 2020.

BURLEY
At the end of September, burley is currying in the barns with some early tobacco already cured and being prepared for market. The number of flue-cured hectares in the United States increased substantially over 2020 with the return of purchasing by China. Although some of the flue-cured tobacco production area experienced weather challenges that will reduce yields, overall yield is estimated to be similar or higher than yield in 2020.

LATEST WEATHER PROBLEMS/CHANGES:
Excess rainfall during planting delayed crop establishment in some tobacco production areas of the country, while a smaller area was adversely affected by dry weather. After crop establishment and throughout the production season, excessive rainfall resulting from several hurricanes damaged some tobacco and reduced yields areas throughout the tobacco production region. A small percentage of the tobacco production area experienced drought conditions through the first two-thirds of the season that may have limited growth and yield potential. Harvest season began on time but was delayed in parts of the tobacco production area by late-season rains, possibly resulting in some losses in quality. However, the weather challenges described above are extremes and did not adversely impact the majority of U.S. tobacco. Overall, most of the U.S. tobacco production area experienced a good tobacco-growing season.

WHAT IS THE NUMBER OF GROWERS INVOLVED IN THE CURRENT SEASON VS LAST SEASON:
The number of growers declined slightly down from 2020 and is expected to continue to decline. Growers continue with challenges related to unavailable labor and expensive labor rates relative to the price of burley. There are more alternative crops available to burley growers as other commodity prices continue to rise and many growers have accessed strong local markets for fruits and vegetables. Due to excessive rain throughout the primary burley production area, yields are projected to be lower than yield last year. Growing conditions have been optimal and prices are expected to be higher with a good quality crop that may be in short supply.

Volume of Dark Tobacco Produced in the Current Season vs Last Season:
Flue Cured: 136,986 in 2021 vs 107,838 in 2020
Burley: 61,100 in 2021 vs 51,700 in 2020

Volume of Flue Tobacco Produced in the Current Season vs Last Season:
Flue Cured: 54,550 in 2021 vs 4,376 in 2020
Burley: 55,980 in 2021 vs 4,376 in 2020

AVERAGE PRODUCTION COSTS FOR THE CURRENT SEASON VS LAST SEASON:
Average production costs included in 2021 to $9,650/ha for flue cured and $9,980/ha for burley.

AVERAGE PRICE FOR THE CURRENT SEASON VS LAST SEASON:
Flue Cured: $4.41 in 2021 vs $4.36 in 2020
Burley: $4.43 in 2021 vs $4.41 in 2020

CHILD LABOUR FOCUS:
Please, briefly discuss the presence or absence of child labor issues in your market. What are the main challenges in combating child labor in your region?

Child labor in tobacco is not prevalent in the United States due to an increased reliance on government agriculture employment programs which prohibit child labor, and a strict adherence to U.S. child labor laws by the tobacco industry.

Please, share details about local initiatives that have taken place in order to eliminate child labor.

The tobacco industry in the U.S. adheres strictly to U.S. child labor laws. In most aspects of tobacco production and manufacturing, employees must be over the age of 18. In the few instances where employees under the age of 18 are permitted by law to work, they are prohibited from any work that is hazardous or likely to harm their health. Also, U.S. tobacco producers receive annual training on agricultural standards and practices. Part of this training emphasizes adherence to labor laws and the safety and rights of farm laborers. This training is required of tobacco growers by the tobacco industry. US tobacco producers participate in an industry-wide Good Agricultural Practices (GAP) program that provides training on issues surrounding child labor and provides a certification program so growers can demonstrate the absence of child labor on their operations.

The United States increased over 2020.

Overall, the 2021 crop is above average yield and quality, and the curing season has been good going into October.
**North Carolina, USA Report**

**CROP EVOLUTION:**

**WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY?**

Harvest is well underway since the beginning of July. Certain regions have begun the final phase of field harvesting.

**LATEST WEATHER PROBLEMS/CHANGES:**

2021 has been another challenging weather crop. It is very “hit n miss” however. In isolated areas the crop is excellent. But overall, the crop has been impacted by the driest spring on record. Hot dry winds in late April created a difficult start. Then the month of June deliver as much as 30+ inches of high drought. Instability in rainfall cycles. This crop is going to miss its June deliver as much as 30+ inches of rainfall. This crop is going to miss its June deliver as much as 30+ inches of rainfall.

**WHAT IS THE NUMBER OF GROWERS INVOLVED IN THE CURRENT SEASON VS LAST SEASON?**

In Flue-cured we estimate about 2,200 which could be reduced 10% from the previous season.

**VOLUME OF TOBACCO PRODUCED IN THE CURRENT SEASON VS LAST SEASON:**

The Crop demand is estimated to be up by 25-28% over the 2020 season.

**AVERAGE PRODUCTION COSTS FOR THE CURRENT SEASON VS LAST SEASON:**

Cost of production have increased drastically. Fertilizer is up $250 per ton. Guest worker H2A Labor increased from $12.46 per hour to $13.15. Fuel is up 60%. By some economic estimates it may cost $1.70+ per pound to produce this crop.

**AVERAGE PRICE FOR THE CURRENT SEASON VS LAST SEASON:**

Public knowledge of the prices suggest that top grades have increased from $14.00 hour to $14.00 hour. We are predominately comprised of labor via the H2A guest worker program which uses migrant labor on a temporary basis. This is a federal government program with strict guidelines. The program dictates a minimum age of 18 to enter the country for seasonal employment.

Finally, the US farmers participate in the GAP (Good Agricultural Practices) program which conduct audits. Labor is a heavy emphasis of the audit and for those who choose, the certification process. These on farm audits serve as another review that would capture or identify child labor in use.

**CHILD LABOUR FOCUS:**

Please, briefly discuss the presence or absence of child labor issues in your market.

I firmly believe that the presence of child labor in tobacco in North Carolina is near zero and most certainly does not exceed single digit percentages if it were discovered.

**PLEASE, SHARE DETAILS ABOUT LOCAL INITIATIVES THAT HAVE TAKEN PLACE IN ORDER TO ELIMINATE CHILD LABOR.**

**DOMINICAN REPUBLIC: DOMINICAN REPUBLIC REPORT**

**CROP EVOLUTION:**

**WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY?**

In the Dominican Republic there are no child labor problems, since minors do not work in tobacco activities.

**WHAT IS THE CURRENT STATUS OF TOBACCO PRODUCTION IN YOUR COUNTRY?**

Season 2020-2021 the selling price is 2.50 US$ per kilo; Season 2019-2020 the selling price was 2.20 US$ per kilo.

**CHILD LABOUR FOCUS:**

Please, briefly discuss the presence or absence of child labor issues in your market.

In the Dominican Republic there are no child labor problems, since minors do not work in tobacco activities.

**WHAT IS THE NUMBER OF GROWERS INVOLVED IN THE CURRENT SEASON VS LAST SEASON?**

2020-2021 season there are 3,502 growers; 2019-2020 season there were 3,502 growers.

**HECTARES - CURRENT SEASON VS LAST SEASON:**

A. 6,565 ha were planted in the 2020-2021 season; 8,648 ha were planted in the 2019-2020 season.

**VOLUME OF TOBACCO PRODUCED IN THE CURRENT SEASON VS LAST SEASON:**

2020-2021 season produced 12,200 kilos; In the 2019-2020 season 14,300 kilos were produced.

**AVERAGE PRODUCTION COSTS FOR THE CURRENT SEASON VS LAST SEASON:**

Season 2020-2021 the cost is 2.25 US$ per kilo; 2019-2020 season the cost was 2.11 US$ per kilo.

**WHAT IS THE MAIN CHALLENGES IN COMBATTING CHILD LABOR IN YOUR REGION?**

The program dictates a minimum age of 18 to enter the country for seasonal employment.