

The International Tobacco Growers' Association 2022 Americas Regional Meeting gathers representatives from five tobacco growing countries in the Dominican Republic

Member Organizations of the International Tobacco Growers' Association from the Americas call for dialogue between all major stakeholders at national and international level to address the growing challenges aggravated by the global pandemic, the disconcerting impact of climate change, the high costs of production and the persistent hostility of the World Health Organisation Framework Convention on Tobacco Control against our sector.

After three years without being able to conduct meetings in person, the International Tobacco Growers' Association (ITGA) met in the Dominican Republic on August 5 and 6 for its Americas Regional Meeting 2022. The occasion attracted key tobacco sector stakeholders from the region, including representatives from Argentina, Brazil, Colombia, the Dominican Republic, and the US, as well as media and high-ranking government officials from the host country.

On the opening session, the Deputy Minister of Agriculture of the Dominican Republic, Mr. Dario Vargas, expressed the government's satisfaction with the tobacco sector in the country. Mr. Vargas noted that a key driver for its positive trajectory is the fact that buyers have established quality standards, which in turn contribute to high-quality end products. For the Ministry of Agriculture, the tobacco sector is one of the most consistent value chains in the Dominican Republic. Mr. Vargas also outlined important governmental investments in hardware and the increasing focus on technological innovation. In addition, local growers can take advantage of subsidies equivalent to USD 35 million facilitating the crop growing process. Nevertheless, Mr. Vargas is aware that still more could be done, so renewed efforts are also concentrated to promote agricultural insurance mechanisms, some of which in partnership with neighbouring countries.

The Director of INTABACO, Mr. Rafael Almonte, the host organization which oversees the sector in the country, shared his pride with the fact that the last pre-COVID 19 meeting of ITGA was held in the Dominican Republic and now the first in person meeting is happening in the Dominican Republic again. Mr. Almonte emphasized the cultural importance of tobacco for the country, dating back to pre-colonial times and the role of the sector in recovering the employment levels after the initial waves of the pandemic. Tobacco is extremely important for the local economy, being one of its major drivers, generators of income and foreign currency.

The President of ITGA, Mr. Abiel M. Kalima Banda, highlighted the importance of the meeting in getting the sector back together and praised the efforts made from all corners of the world to suppress the spread of COVID-19. Mr. Banda focused on the difficult global economic situation, including rising inflation rates and growing prices of key commodities. It is worrying to see the skyrocketing costs of production, which are likely to continue their current trajectories well into the foreseeable future. Vitally for growers, the question of whether tobacco leaf prices will keep up remains open. Mr. Banda also noted the role of growers in protecting the environment and the growing threats posed by climate change. Crucially, Mr. Banda emphasised the need for inclusion of

farmers in discussions related to alternative crops carried by international bodies, mainly by the World Health Organization Framework Convention on Tobacco Control (WHO FCTC).

The CEO of ITGA, Mercedes Vázquez, focused on the WHO FCTC Article 5.3 (industry interference) and Article 17 covering the need to promote economically viable alternatives to tobacco production to prevent possible adverse social and economic impacts on populations whose livelihoods depend on the crop. Unfortunately, Article 17 has been highly underestimated. Implementation at country level is poor or simply non-existent. The WHO FCTC has not provided significant technical, nor financial support to growers. Ms. Vázquez gave clear examples of Article 17 implementation at country level sourced from the FCTC secretariat platforms. In addition, ITGA's CEO explained the long trajectory of tobacco growers demanding inclusion for almost 15 years at the FCTC Conferences of the Parties and how the FCTC has misused the Article 5.3 to prevent growers and their legitimate representative from attending meetings. By doing so, the FCTC is acting against the international institutions' rules of procedures and therefore against its own. *"ITGA will move every piece to make sure the FCTC won't manipulate the rules ever again with the inconsistent claim of Article 5.3. We will move up this conversation to the United Nations and will demand legal approach to this matter as to ensure growers' representation in the FCTC discussion from now on. Being excluded from the global decision-making process is simply unacceptable."*

Benjamin Dessart, Director of External Affairs of Universal Leaf Tobacco Company, made a thorough review of the global regulatory landscape. Among the key focus points were WHO FCTC COP9 and COP10, with the potential changes that could impact growers, as well as the pending proposed rules in the US. According to Mr. Dessart the proposed rules to prohibit menthol as a characterizing flavour in combustible cigarettes, roll-your-own, and heat-not-burn products and to prohibit all characterizing flavors, including menthol, in mass-marketed and premium cigars, could radically transform the industry dynamics in the country. The other key point raised was the notice of proposed rulemaking regarding the reduction of nicotine in cigarettes, which could affect other countries' approach to nicotine levels in the future. Mr. Dessart also discussed the EU Tobacco Products Directive revision, which is also likely to bring additional restrictions on leading tobacco categories.

Dr. William Snell, Co-Director, Kentucky Agricultural Leadership Program, focused on US tobacco growers' diversification efforts. In fact, the number of farms growing tobacco in the country declined by 93% in the last 20 years. Dr. Snell explained this was largely a result of the elimination of the Federal Tobacco Program, declining profit margins, labour and infrastructure changes, long term uncertainty and diversification alternatives. Hemp was seen as one of the very promising diversification opportunities for local growers, but prices have crashed due to massive oversupply, credit challenges across the supply chain and slow regulatory response. Dr. Snell noted that despite decline in Kentucky tobacco value, dark tobacco has been able to sustain its value over time. This variety is used for smokeless tobacco products, has limited substitutes on global level and brings greater profitability for growers.

Ivan Genov, Manager Tobacco Industry Analysis at ITGA, presented the global leaf dynamics with key crop size and pricing developments for the leading tobacco varieties. Although tobacco prices are going up in key tobacco growing markets, the rising costs of production mean that we are seeing the most expensive crops in history being grown. Mr. Genov also touched upon leading global regulations, shaped by the US Food and Drugs Administration, the EU Commission and major sustainability initiatives like cigarette butts' pollution, as well as delved into the consumption side of the business. Attention was also paid to the transformation narrative of leading industry players, their strategic orientation, and the emerging legal cannabis opportunities.

The open session on August 5 concluded with participants agreeing with a Declaration, presented by ITGA's Vice President, Mr. José J. Aranda. Mr. Aranda summarized some of the key issues facing the sector, that include the skyrocketing costs of production, rising inflation, and big challenges in the wider agricultural context arising from the war in Ukraine. Growers are also concerned about the impact of climate change that is affecting farming communities around the world. On behalf of growers, Mr. Aranda expressed willingness to contribute to fighting climate change issues through the vast experience growers have built over many generations. Mr. Aranda also expressed growers' disappointment about the increasing hostility of the WHO FCTC with the tobacco sector. Tobacco growers will, from now on, put high levels of pressure to ensure their participation and will do their utmost to ensure their legitimate representation at the future COP. The next one will take place in Panama in 2022. Tobacco growers appeal to all partners within and outside of the sector, mainly governments, companies, and other relevant players in the value chain, considering that tobacco production is an important generator of employment and provides great economic benefits in the countries where it is grown, to come together and face the common challenges in a united way.