Tobacco Growing in the European Union - reconversion measures-

Lunch Seminar on Experiences on the implementing Article 17 (Support for economically viable alternative activities) of the WHO Framework Convention on Tobacco Control
Conference of the Parties Moscow, 13-18 October 2014

D. Vanderelst
European Commission
1. Raw tobacco production in the EU
2. The EU Common Agricultural Policy
   • Pillar I and II
3. Studies for alternatives to tobacco production and main results
1. Raw tobacco production in the EU

- 100,000 hectares / 230,000 tonnes (50% Flue-cured)
- 12 Member States (MS) producing tobacco
- Main producers: Italy, Bulgaria, Greece, Poland, Spain
- **downward trend** due mainly to the phasing out of the subsidies linked to production
- About 80,000 farmers, often small farmers; 300-400 workers, mainly seasonal.
2. Pillar I – Direct support

- **Market orientation**: farmers are free to produce what they consider the best for them
- Subsidies converted gradually into a flat rate support per hectare
- Some specific support for specific crops or agricultural conditions: tobacco growing not eligible.
2. Pillar II – Rural Development (RD)

- To improve competitiveness and environment and encouraging diversity in rural areas
- Co-financing EU and MS for restructuring, investments, diversification, reconversion to non- or agricultural activities, agri-environmental measures
- Tobacco:
  - transfert of 50% of the former tobacco subsidies to RD programmes with priority to the regions with tobacco growing
3. Studies/projects for alternatives

- Community Tobacco Fund.

- Major Studies/Projects co-financed by EU:
  - Leaves and cigarettes: modelling the tobacco industry. With applications to Italy and Greece; Financed by the Italian Ministry, Consiglio Nationale de Richerche Agraria and DG AGRI (2004-2006)
  - ASTRA-project: Accomplishing Sustainability in Tobacco Reconversion Activities Program (2006-2007)
  - Go4stevia-project: to solve the problem of livelihood for tobacco farmers with a new business opportunity: stevia.
3.1 Community Tobacco Fund (1999-2010):

- Financed via a deduction of the envelope for coupled production support
- 2 types of projects:
  - information programmes on health risks (Euro 83 Mio)
  - measures to promote a switch/reconversion of production (Euro 51 Mio)
    - financing of 72 projects/studies, guidance, experiments
    - financing of 1,200 farmers’ individual projects
- Main results on reconversion:
  - exist factors hindering the conversion, structural type, organization, human / professional
  - investments relate crops/livestock existing already in the farm
  - negligible emergence of innovative cultures / activities.
3.2. DIVTOB Project

The DIVTOB Mission

- For the Tobacco Farmers in Greece, Italy, Portugal and Spain to provide a basis that they can make their decisions for their future.

- To quantify in terms of hectares, working hours and income the magnitude of necessary diversification efforts in order to give a sustainable future to the Tobacco farmers.
Conclusions DIVTOB III

- Socio-economics: Diversification is in most of the Tobacco Growing Regions a very delicate undertaking as mainly small family farms are affected. A lot of interviews done during the DIVTOB project showed that the Tobacco farmers are not really prepared for the Tobacco reform.

- Most prominent alternatives: But as a matter of fact, there is no alternative available which can be implemented until 2010. That is a major challenge which needs further research and innovation.

- Impact on Labor: All scenarios show that the labor demand decreases whatever the alternatives are with the exemption of green house production.

- Impact on Rural Development: The diversification alternatives shall push the rural development and shall give the chance for new jobs opportunities in the secondary and tertiary job sector. However, investments in research and innovations are necessary.
Some conclusions from these studies (made in 2010)

- A lot of diversification alternatives have been identified by different projects.

- Most of the identified alternatives may have a limited local importance, but not a big impact on a larger number of farms.

- For the small Tobacco farms (< 15 ha) only a limited number of diversification alternatives can maintain their farm income:
  a) Vegetable (and fruits) production either organic or conventional
  b) Hydroponic production (soil less production)
  c) Aquaculture
  d) New crops e.g. Pomegranate, Stevia

- To diversify the Tobacco farms until 2013 a high investment in new production chains are necessary.
Thank you!