



**ITGA  
ANNUAL  
GENERAL  
MEETING**

# COP Update

# COP 8 Main Conclusions

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

## Article 5.3

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

## Article 9 & 10

## Article 17 & 18

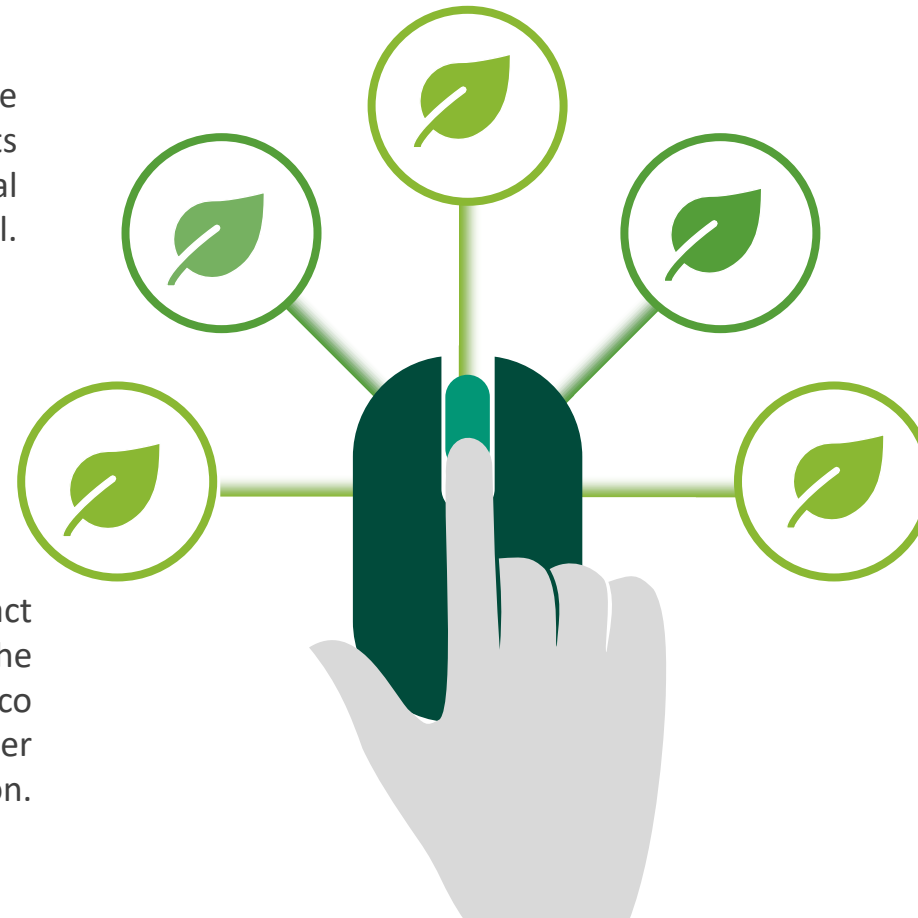
It was highlighted that any policies aimed at promoting alternatives to tobacco farming must be evidence based and locally relevant. Otherwise, there would be a risk of destroying the livelihoods of tobacco farmers and breeding poverty, thus going directly against **SDG 1**.

# COP 9

## What to expect?

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

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

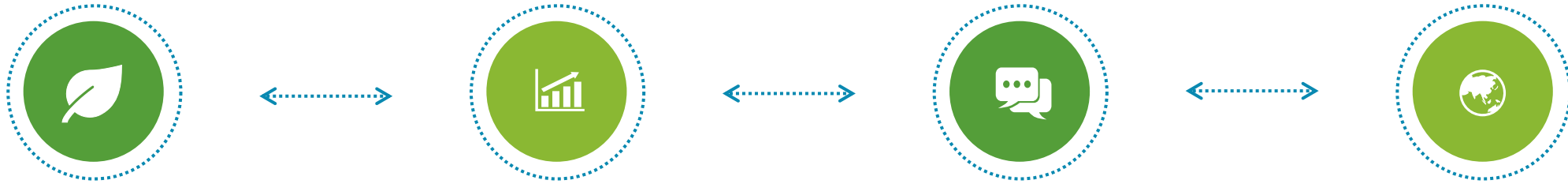


In a recent Webinar Promoted by WHO "Tobacco and Covid-19: Understanding the Science and Policy Implications" industry interference was pointed as a main threat to tobacco control advancement.

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

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

# COP9 ITGA Role



## Reinforcing Engagements

- COP8 engagements
- COVID-19 campaign engagements
- Members at country level

## Promoting Good Practices

- Reinforcing our activity through our platforms = visibility
- Normalizing the 'tobacco' concept into the agriculture general context

## Strength

- Engagement with International organizations
- Members have projects in place which could fast-track initiatives

# Euromonitor: Key Findings in Global Tobacco

# The 2020 global cigarettes market in figures

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



**5,062 billion** = cigarettes sold  
(2,751 billion excl. China)



**-0.1%** = value decline in  
cigarettes  
(-0.3% excl. China)



**-3.7%** = decline in 2020 v  
2019  
(-5.6% excl. China)



**US\$692 billion** = value of  
global cigarettes market



**12%** = illicit penetration of total  
sales (excl. China)



**US\$2.73** = average pack price  
(US\$3.40 excl. China)



**19%** = proportion of adults in  
the world smoke

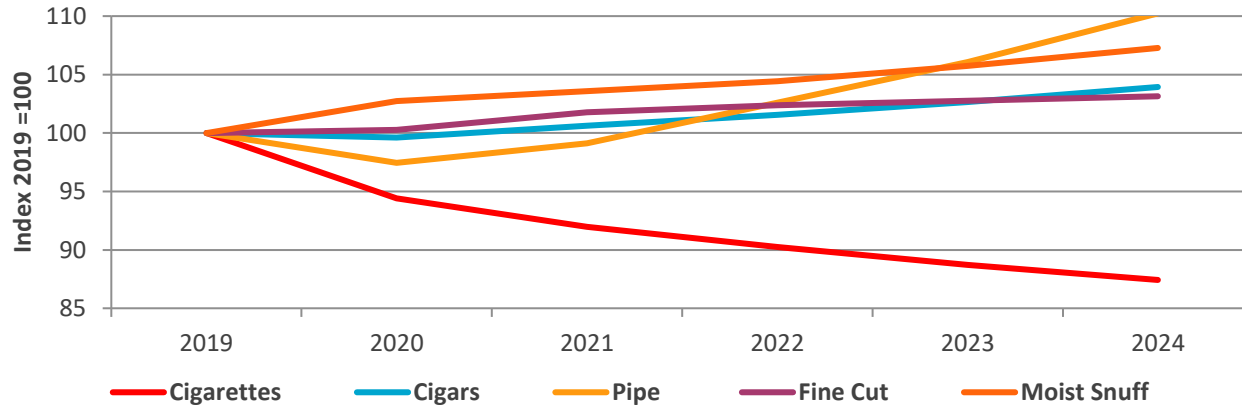


**85%** = cigarettes as share of  
total value sales (82% excl  
China)

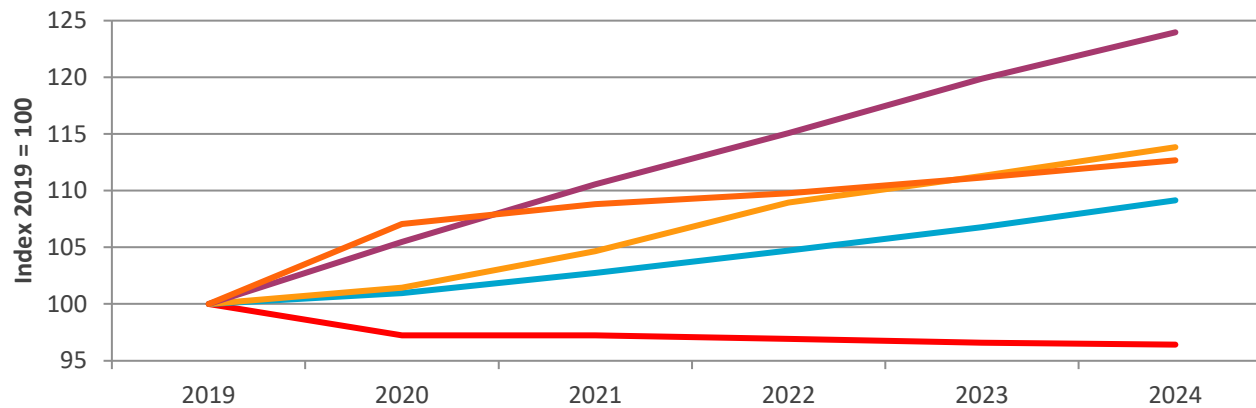
# Tobacco and vapour market outlook 2019-2024

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

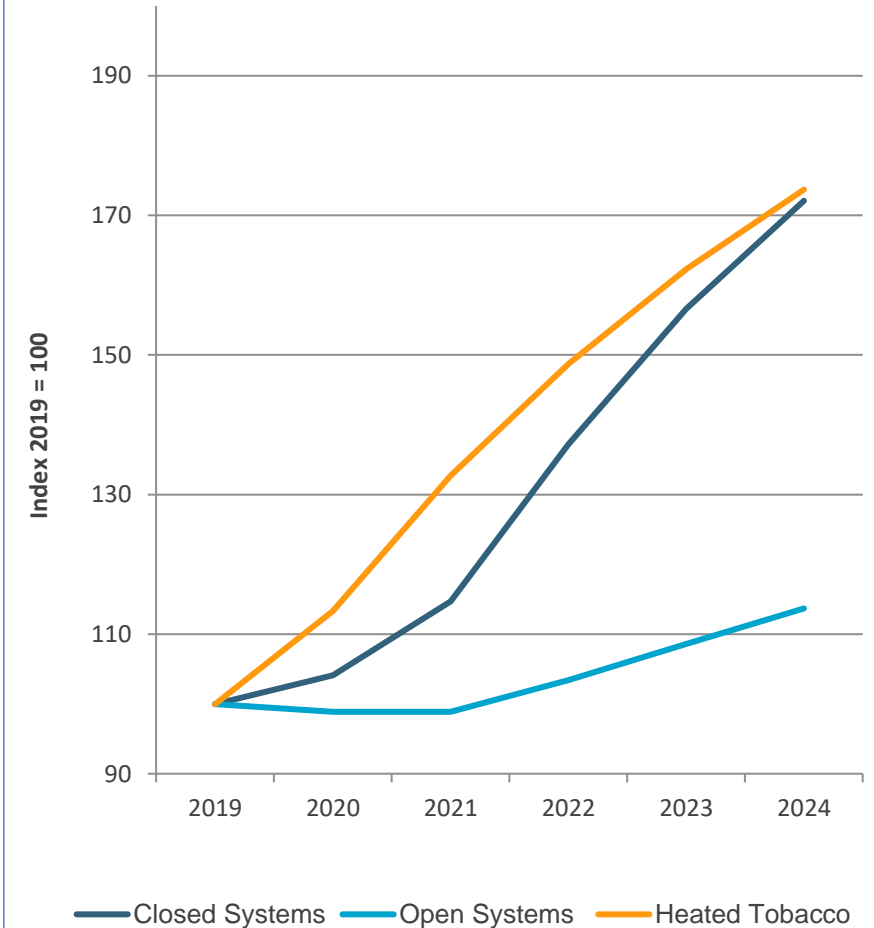
### World\* Volume Outlook by Category 2019-2024



### World\* Value Outlook by Category 2019-2024



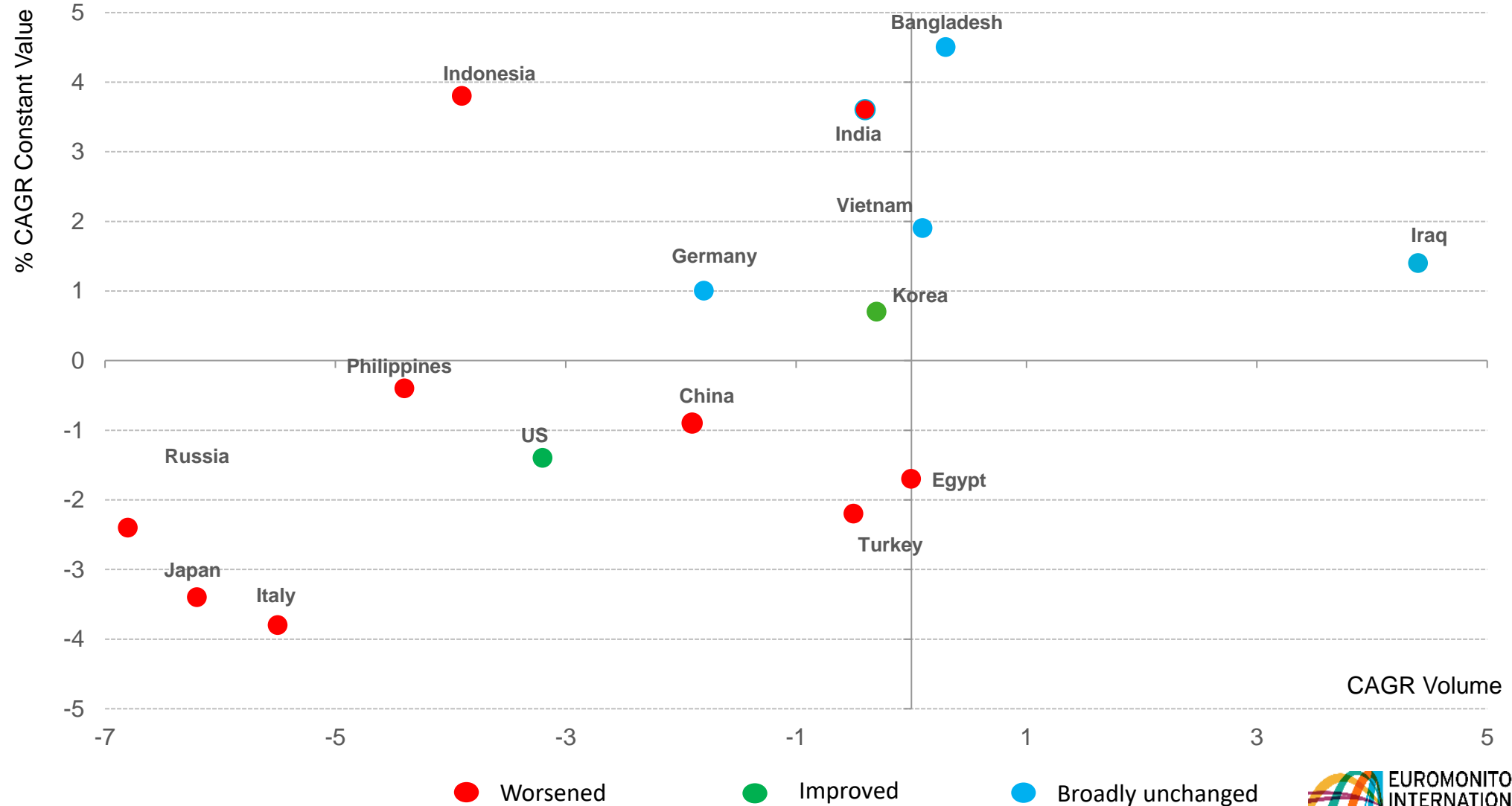
### Vapour Products Value 2019-2024





# Key market outlooks dominated by COVID

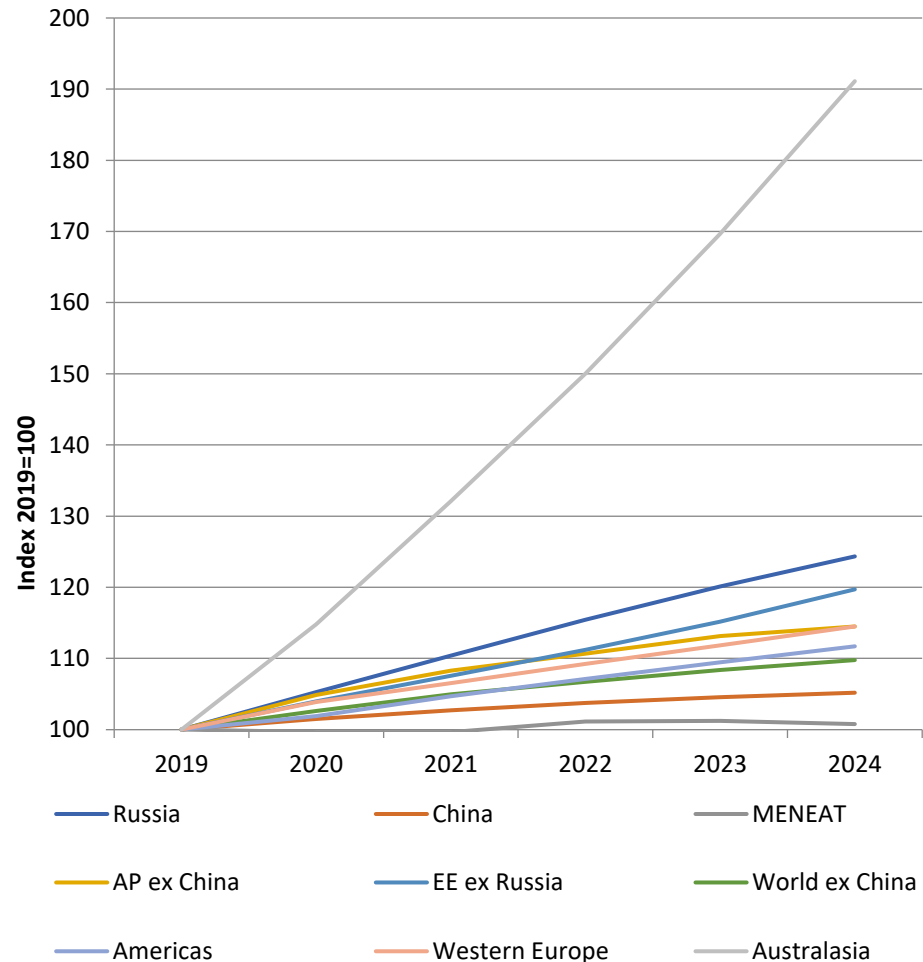
COVID data revisions show pandemic will create additional barriers for cigarette value



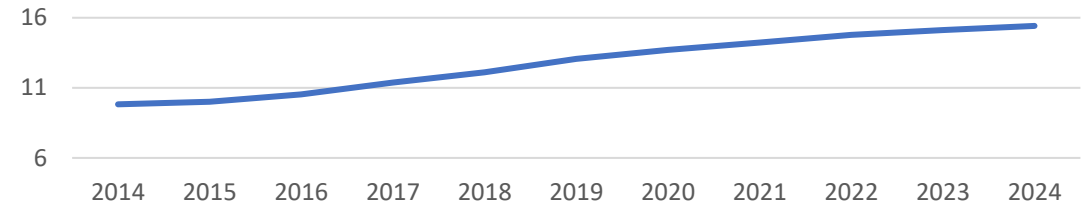
# Pricing and illicit context is potentially ominous

*Industry will find pricing challenging with the potential for illicit to rise out of the pandemic*

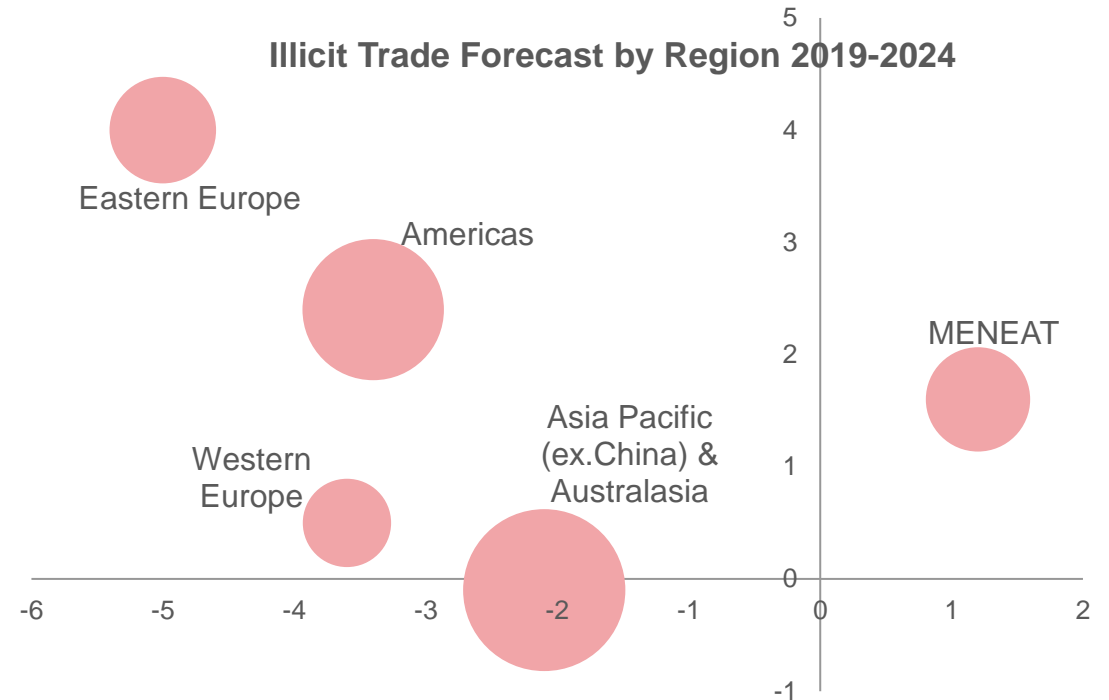
**Cigarettes: Global Price Trends 2019-2024**



**Global (ex-China) Illicit Trade Penetration 2014-2024**



**Illicit Trade Forecast by Region 2019-2024**



# Covid-19 Impact on Tobacco

# Covid-19 Impact Main Disruption Factors for Growers

Lack of inputs for tobacco farming due to travelling and transport restrictions

Lack of workers in the harvesting season due to the difficulty in earning visas and restrictions on traveling

Delays at the beginning of the marketing season

Prohibition of growers to be present during the sales process

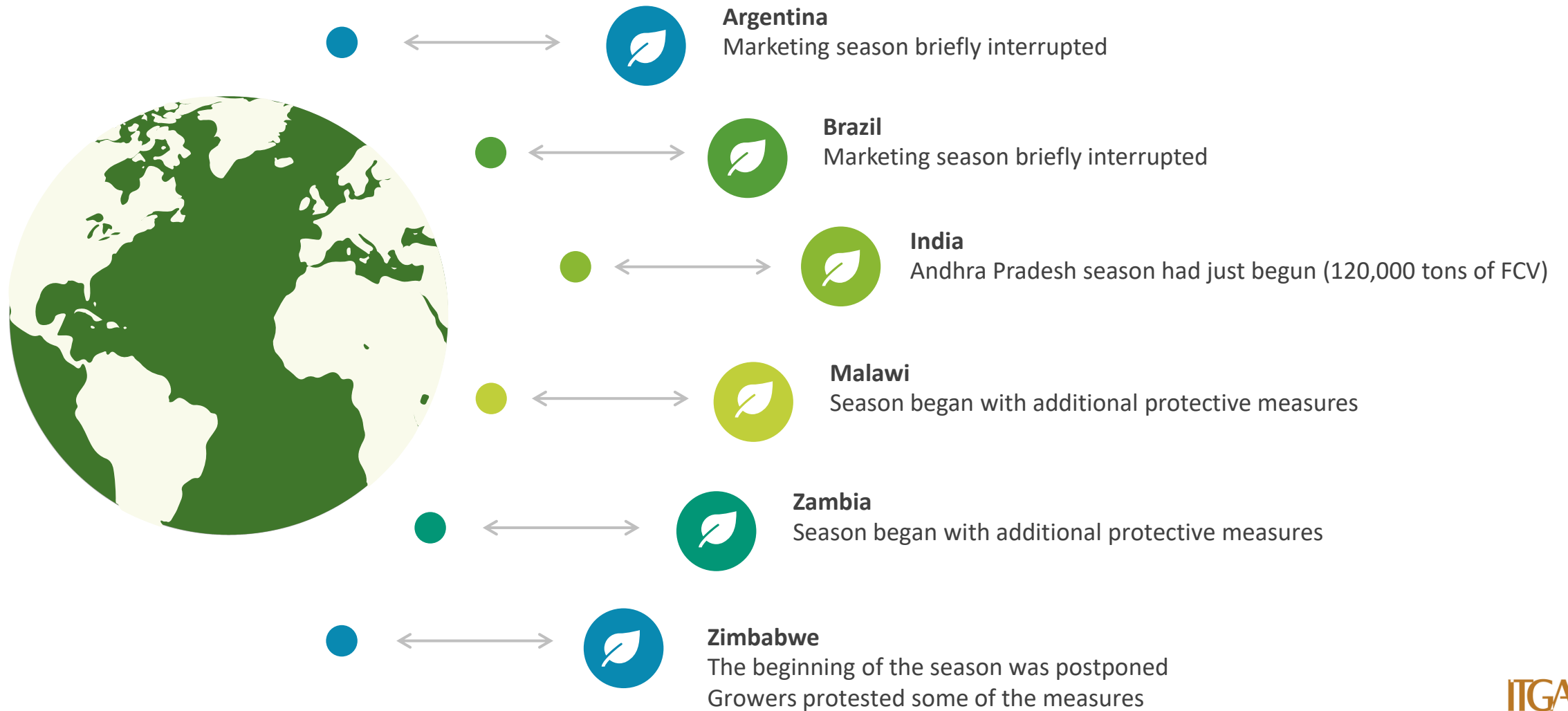
Lack of international leaf dealers due to the travelling restrictions

Lack of long-term storage facilities for tobacco leaf

- Storing tobacco lowers its weight, increases dryness and leads to lower quality leaves

Decrease of the tobacco leaf demand due to the lower consumption of tobacco products

# Covid-19 Impact Disruption in Key Markets



# Covid-19 Impact

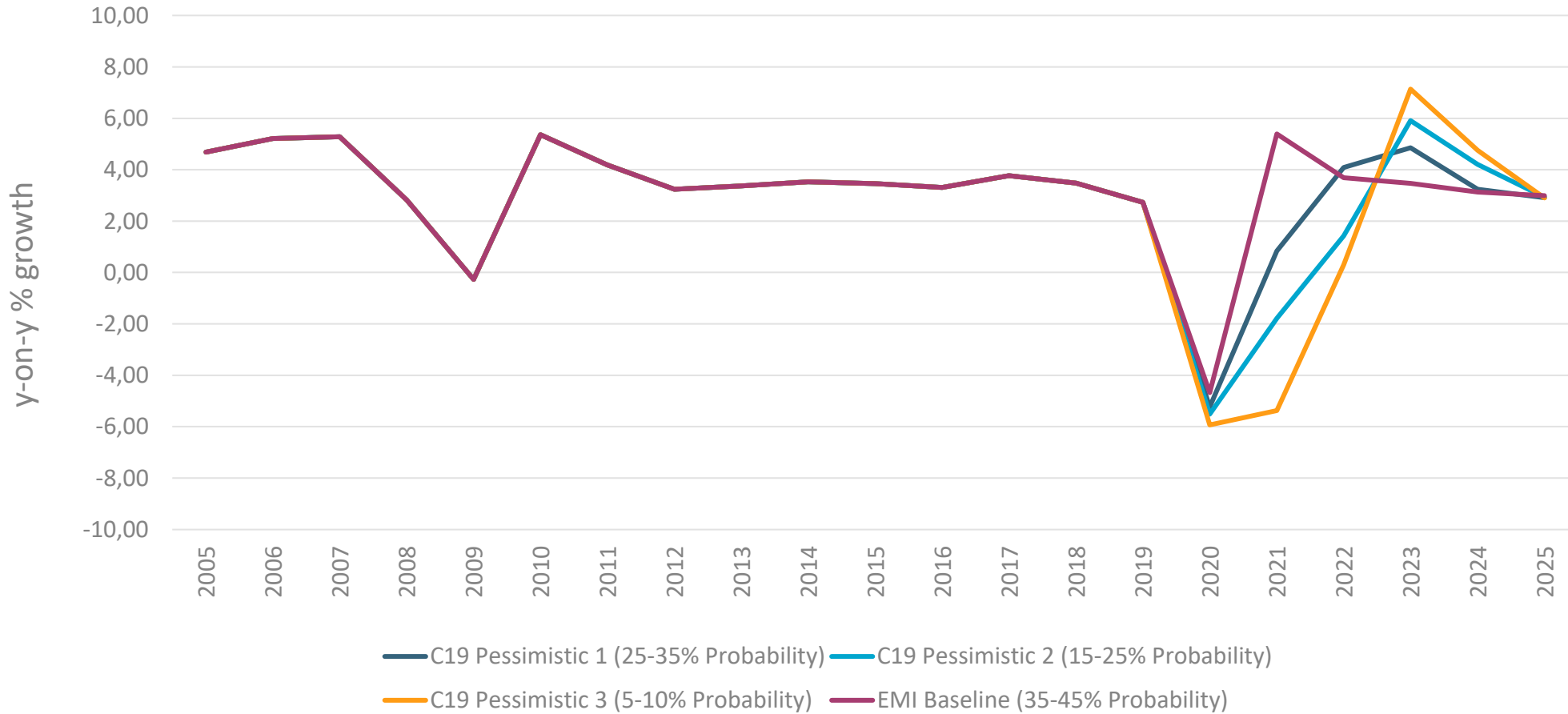
## Main Disruption Factors for Manufacturers and Consumers



# A multi-generational crisis

*With a macro-economic impact significantly worse than the The Great Financial Crisis*

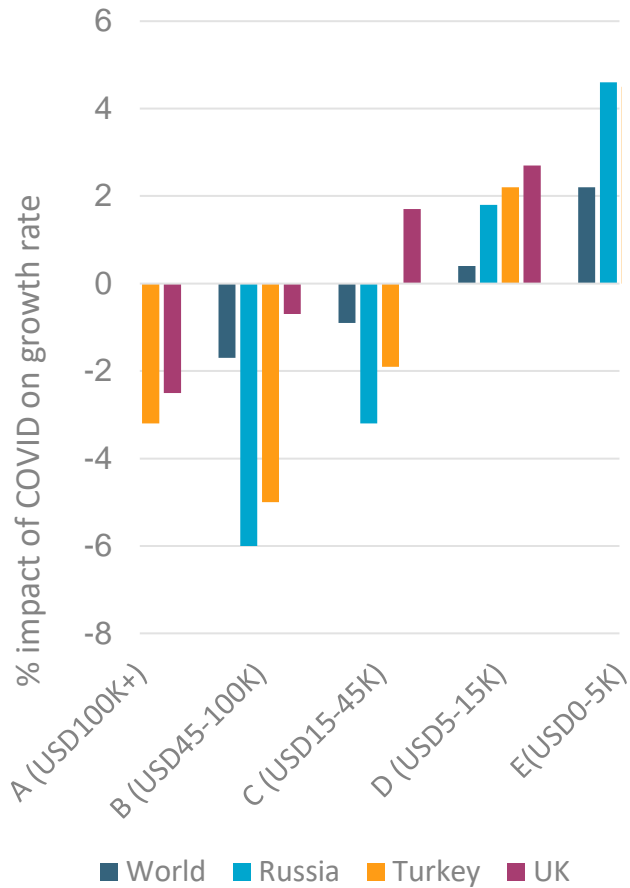
## World Real GDP Growth Scenario Forecasts



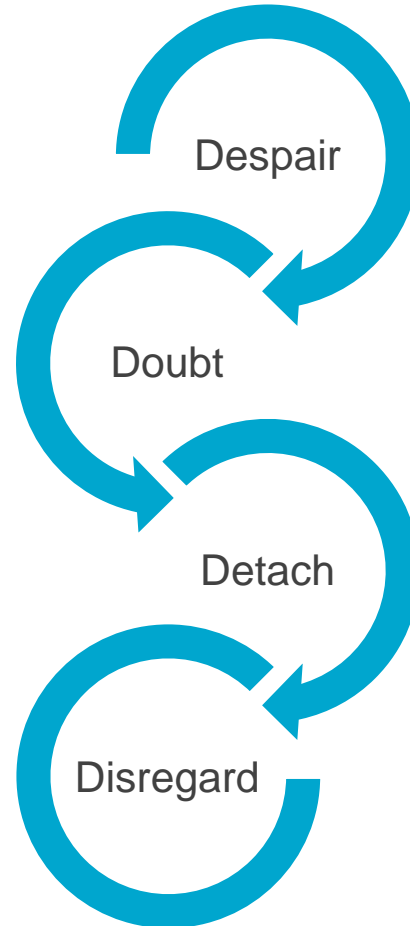
# Downtrading, accelerated

Existing regulatory environment and COVID impact will further fuel commoditisation

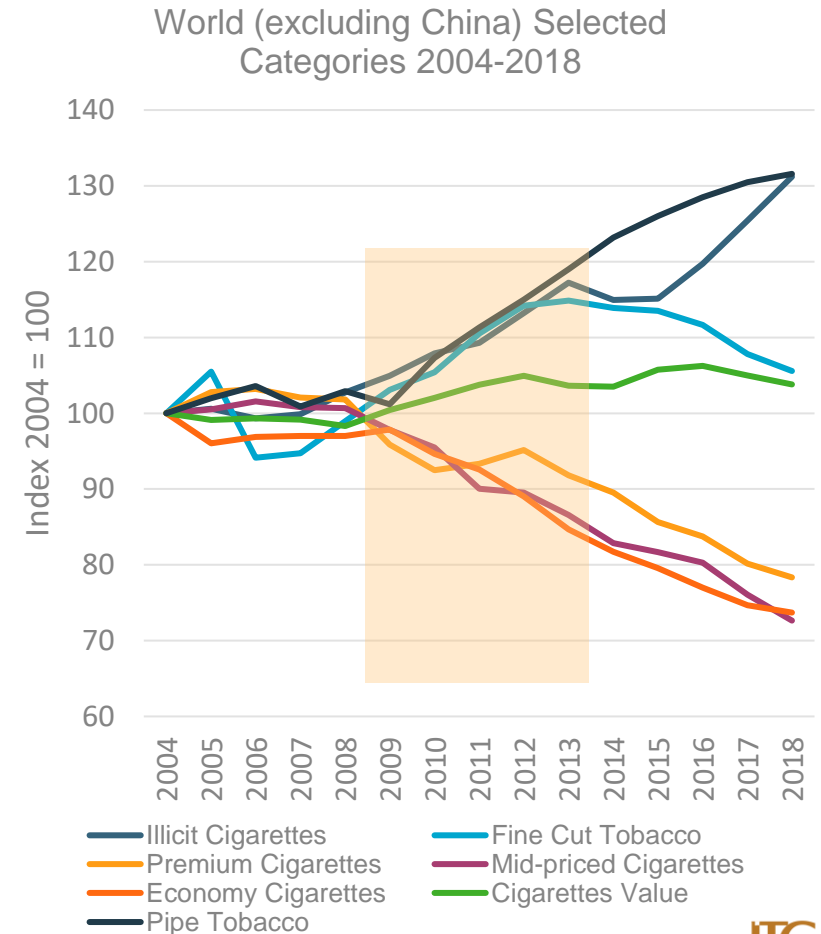
Combine COVID brake on income growth ..



.. With commoditisation tendency across global markets



Must lead to volume quality impairment





# COVID-19 could establish a new normal for tobacco control

*Presents several additional narratives which could be leveraged*

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

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

- In many markets governments will use tobacco taxation increases to help pay for their responses to COVID-19.
- In some this could extend to vapour products
- More broadly, COVID could drive additional restrictions on tobacco
- It has established consensus for the following general principles:
  - Large scale coordinated action on a health issue is warranted
  - National public health is an asset of strategic importance
  - Some monitoring and control of private behaviour is a public good

# COVID-19 could establish a new normal for tobacco control

*Presents several additional narratives which could be leveraged*



## Coronavirus: Spanish regions ban smoking over Covid-19 risk

🕒 13 August

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

The Union



COMMENT | ONLINE FIRST

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

John P A Ioannidis ✉ • Prabhat Jha

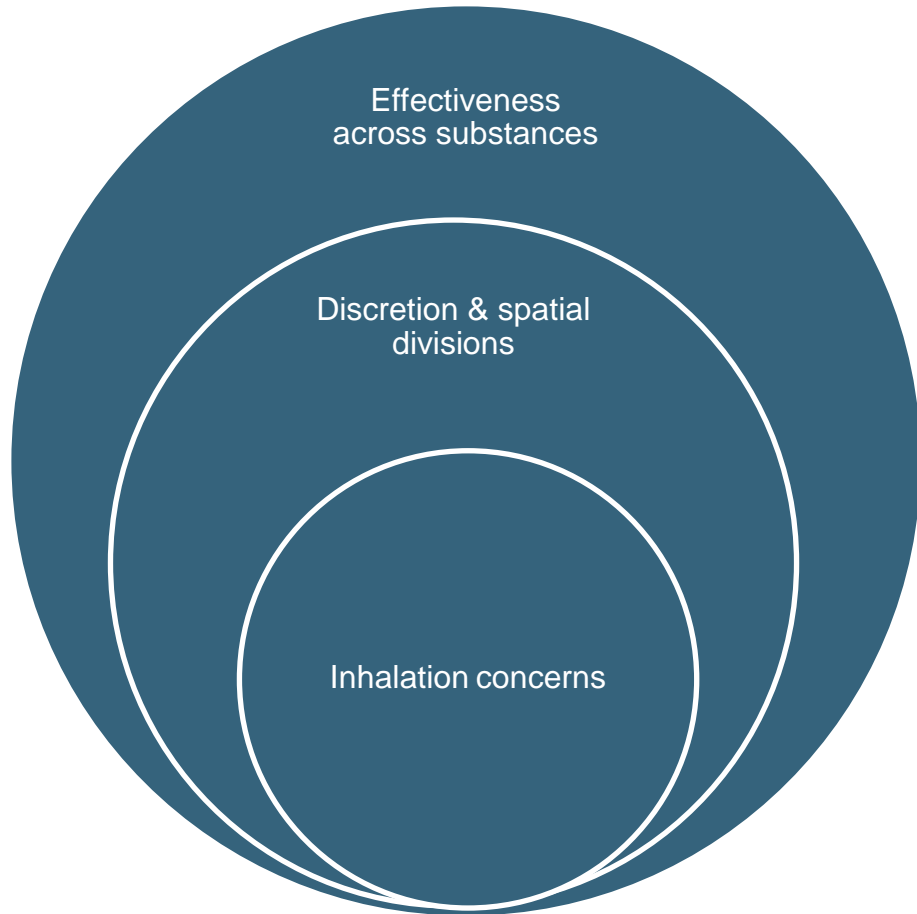
**Open Access** • Published: October 26, 2020 • DOI: [https://doi.org/10.1016/S2214-109X\(20\)30466-6](https://doi.org/10.1016/S2214-109X(20)30466-6)

21 July 2020



# Emerging modern oral formats should see renewed impetus

*Address a number of consumer concerns but risk of commoditisation*



## Key Global Figures for Nicotine Pouches



USD800 Million in 2020



8% Growth to 2025



# CPG company strategy moving into a post-COVID world

*Broad implications for tobacco and nicotine providers*



Affordability



Mood management



Scrutiny on source



Formulating prevention



Addressing new forms of space

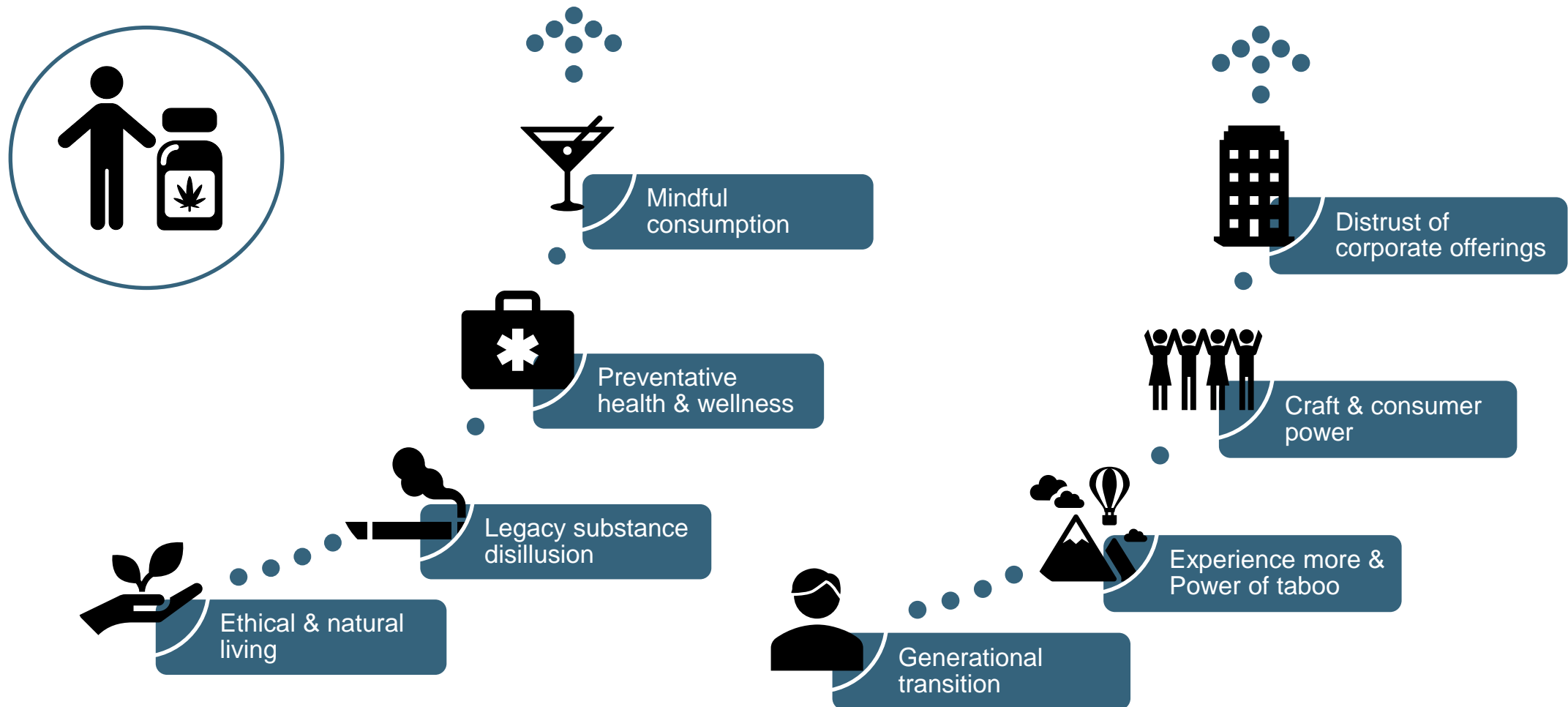


Impact on innovation



# Demand drivers for new substances and natural actives

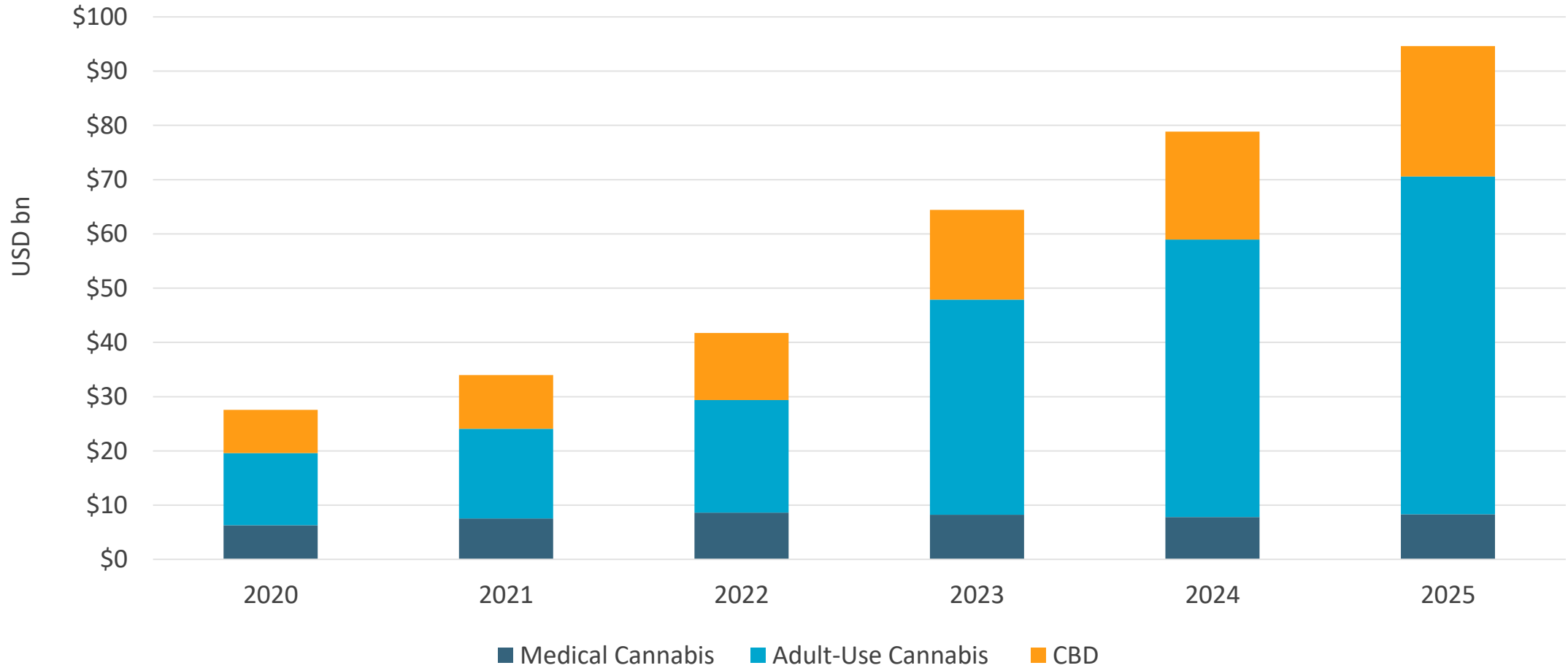
*Consumer proactivity and disillusionment with existing solutions key*



# Legal cannabis set to reach US\$95 billion by 2025

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

### Global Cannabis Sales by Category





Thanks!      Gracias!      Obrigado!



International Tobacco Growers' Association