

Città del Tabacco

Economy

Tobacco is currently grown in about 120 countries, but 95% of production is concentrated in 28 countries and 90% only in 20 countries: China, India, Brazil, United States of America, Malawi, Argentina, Italy, Zimbabwe, Pakistan, Bangladesh, Indonesia, Turkey, Thailand, Tanzania, Mozambique, North Korea, Zambia, South Korea, Bulgaria and Vietnam. Several studies carried out by reliable independent organizations demonstrate that the agricultural production of tobacco has contributed to the **economic prosperity** of the areas where it is grown and that replacing tobacco with other crops or activities is not easy: in fact tobacco often grows in areas where the production of alternative crops faces serious challenges.

Even if many studies agree on the fact that diversifying production in general is useful, it is also clear from the economic analysis that tobacco very often is the engine of diversification. As an excellent source of revenues in many countries, tobacco has given growers the opportunity to start other farm or non-farm enterprises, **growing out of the level of subsistence agriculture**. Very often tobacco remains the linchpin around which other crops can start being grown.

In many cases the studies show the various barriers to diversification which hinder, if not prevent, the replacement of tobacco with other crops. These barriers include, but are not limited to:



- Legislative aspects or general political-economic instability of tobacco producing countries
- Climatic or geographic barriers, such as dependence on rain for agriculture and tobacco being one of the most drought resistant crops if the rains are poor, or lack of sea access which limits the export of more perishable crops
- Market barriers when there is a lack of organized markets to absorb the alternative crops
- Size of the market of the alternative crops if the potential alternative represents only a minimum fraction of the volume or of the employment provided by tobacco
- Lack of infrastructure such as the lack of transport networks or of a cold chain, which make tobacco a very interesting crop for its high storability
- The level of investment necessary which often is out of reach for smallholder farmers to allow switch to an alternative crop.

With specific regard to Europe, the investments that farmers need to switch to alternative crops, the very high level of employment in tobacco production which is




unmatched compared to other crops, and the marginality of production soils make tobacco a nearly **irreplaceable crop** in many areas.

To learn more, the studies in this section, both as a summary and in their full form, analyze in detail the economic importance of tobacco and the **difficulty in replacing it in the major countries of production**.




From a global point of view






1.  J.C. Keyser: "Crop substitution and alternative crops for tobacco" - Study conducted as a technical document for the first meeting of the ad-hoc study group on alternative crops established by the Conference of the Parties to the WHO Framework Convention on Tobacco Control, February 2007
[Link](#)
2.  UNCTAD: "Economic role of tobacco production and exports in countries depending on tobacco as a major source of income", UNCTAD/COM/63, 8 May 1995
[Link](#)

Americhe




1.  H.F. Gale, Jr., L. Foreman, T. Capehart (U.S. Department of Agriculture): "Tobacco and the Economy: Farms, Jobs, and Communities", Agricultural Economic Report No. 789, September 2000
[Link](#)
2. W. Givan, J.M. Moore (University of Georgia, USA): "What if the alternative to tobacco is tobacco?"
3.  FAO: "Issues in the global tobacco economy: Selected case studies (Brazil)", 2003
[Link](#)
4.  M.A. Vargas, R.R. Campos (World Bank/Health, Nutrition and Population): "Crop substitution and diversifications strategies: Empirical evidence from selected Brazilian municipalities", March 2005
[Link](#)

Europe

1. NOMISMA: "The cultivation of tobacco in the European Union and the impact deriving from the changes in directive 2001/37/EC - Analyzes of socio-economic impact", October 2010
2.  EU Directorate-General for Internal Policies: "Alternative and sustainable production for tobacco cultivated areas in the European Union", 2009
[Link](#)
3.  Cogea: "Evaluation of CAP (common agricultural policy) measures concerning sectors subject to past or present direct support - Lot 6: rice and tobacco", study contracted by the European Community, contract n. 30-CE-0197396/00-06, August 2009
[Link](#)
4.  B. Bittner, A. Mislovics Kerékgyártó, T. Orosz, J. Borsos (University of Debrecen, Hungary): "Difficulties of diversification and alternative crops to tobacco in the European Union", 2009
[Link](#)





5.  B. Bittner, A. Mislovics, T. Orosz, J. Borsos (University of Debrecen, Hungary): "Rural areas and tobacco in the European Union", 2008
6.  B. Bittner (University of Debrecen): "The economic and social analysis of tobacco sector", 2011
[Download the questionnaire](#) [Download the power point presentation](#)
7.  European Commission (coordinated by T. Jungbluth, University of Hohenheim, Germany): "DIVTOB: Diversification for Tobacco Growing Regions in the Southern European Union", project n. SSPE-CT-2006022739, 20
8. COPA-COGECA: "The white paper on tobacco growing in Europe", April 2003
9.  C. Vidal, P. Marquer (Eurostat): "Twenty years of agriculture in Europe: The tobacco industry and employment in less-favored regions", published in Statistics in focus - 15/2001
[Link](#)
10.  F. Arfini, M. Donati, D. Menozzi (University of Parma, Italy) : "Analysis of Socio-economic impact of the tobacco CMO reform on Italian tobacco sector", 2005
[Link](#)

Africa





1.  H. Leared (The Brenthurst Foundation): "The case for agricultural hubs as platforms for growth and development in sub-Saharan Africa", The Brenthurst Foundation, Discussion Paper 2010/06
[Link](#)
2.  D. Games (The Brenthurst Foundation): "A missed opportunity? A three-country study of African agriculture", discussion paper 7/2006
[Link](#)
3.  International Food Policy Research Institute and Bunda College of Agriculture, Malawi : "Collaborative Research and Capacity Strengthening for Multi-Sector Policy Analysis in Malawi and Southern Africa", Policy Background - Policy Paper n. 1, 2000
[Link](#)
4.  C.S. Mataya, E. Tsonga (UNCTAD): "Economic aspects of development of agricultural alternatives to tobacco production and export marketing in Malawi", 2001
[Link](#)
5.  S. Jaffee (World Bank): "Malawi' s Tobacco Sector: Standing on One Strong Leg is Better Than on None", June 2003
[Link](#)
6.  FAO: "Issues in the global tobacco economy: Selected case studies (Malawi)", 2003
[Link](#)
7.  C. Poulton, G. Tyler, P. Hazell, A. Dorward, J. Kydd, M. Stockbridge (World Bank/FAO): "All-Africa Review of Experiences with Commercial Agriculture Lessons from Success and Failure", February 2008
[Link](#)
8.  H. Tchale, J. Keyser (World Bank): "Quantitative value chain analysis: an application to Malawi", March 2010
[Link](#)
9.  FAO/WFP Special Report: "FAO/WFP crop and food supply assessment mission to Mozambique", 14 July 2004
[Link](#)
10.  Mozambique Ministry of Agriculture and Rural Development (MADER), Policy

Analysis Department, Directorate of Economics, in collaboration with Michigan State University: "How to avoid killing the chicken that lays the golden eggs: an analysis of the impacts of an export tax on raw tobacco in Mozambique", December 2004

[Link](#)

11.  Mozambique Ministry of Agriculture, Cotton Institute: "Agricultural diversification and crop alternative to tobacco: perspective and experience of the tobacco sub-sector in Mozambique", 20 February 2007
[Link](#)
12. G. Mills "Why Africa is poor and what Africans can do about it", Penguin Books
[Link](#)
13. Research Program Consortium for Improving Institutions for Pro-Poor Growth / A.s. Olomola: "Models of contract farming for pro-poor growth in Nigeria", IPPG Briefing Note August 2010
[Link](#)
14.  World Bank, Environmental, Rural & Social Development Unit: "Zambia competitiveness report", June 2007
[Link](#)
15.  J. Keyser (World Bank / Health, Nutrition and Population (HNP)): "The cost and profitability of tobacco compared to other crops in Zimbabwe", July 2002
[Link](#)
16.  FAO: "Issues in the global tobacco economy: Selected case studies (Zimbabwe)", 2003
[Link](#)

Asia

1.  FAO: "Issues in the global tobacco economy: Selected case studies (China, India, Turkey)", 2003
[Link](#)
2.  The-Wei Hu, Z, Mao (World Bank /Health, Nutrition, Population (HNP)): "Economic analysis of tobacco and options for tobacco control: China case study", December 2002
[Link](#)
3.  H. Wang (Yale Public School of Health): "Tobacco control in China: the dilemma between economic development and health improvement", published in Salud Pública de México, vol. 48, suppl. 1 of 2006
[Link](#)
4.  J. Keyser, N. Ratna Juita (World Bank /Health, Nutrition, and Population (HNP)): "Smallholder tobacco growing in Indonesia: Costs and profitability compared to other agricultural enterprises", February 2005
[Link](#)