



CROP RECONVERSION OF TOBACCO IN MEXICO

On 21 May 2003 the 61st World Health Assembly adopted the "WHO Framework Convention for the Control of Tobacco". On 12 August the same year, the Convention was signed by Secretary of Health and the Senate of the Republic ratified it in April 2004.

The objective is to protect people from the devastating health, social, environmental and economic consequences of tobacco consumption.

The basic principles of the agreement is the recognition and importance of technical and financial assistance to help farmers affected by tobacco control programs in the transition to other productive alternatives.

The main measures contained in the Framework Convention relative to the cultivation of tobacco are:

- Promote economically viable alternatives for workers, growers and individual tobacco sellers.
- Facilitate the development, transfer and acquisition of technology, knowledge, skills, capacity and expertise related to the control of tobacco.
- Provide assistance to tobacco growers to effect the transition from agricultural production to more profitable alternative crops.

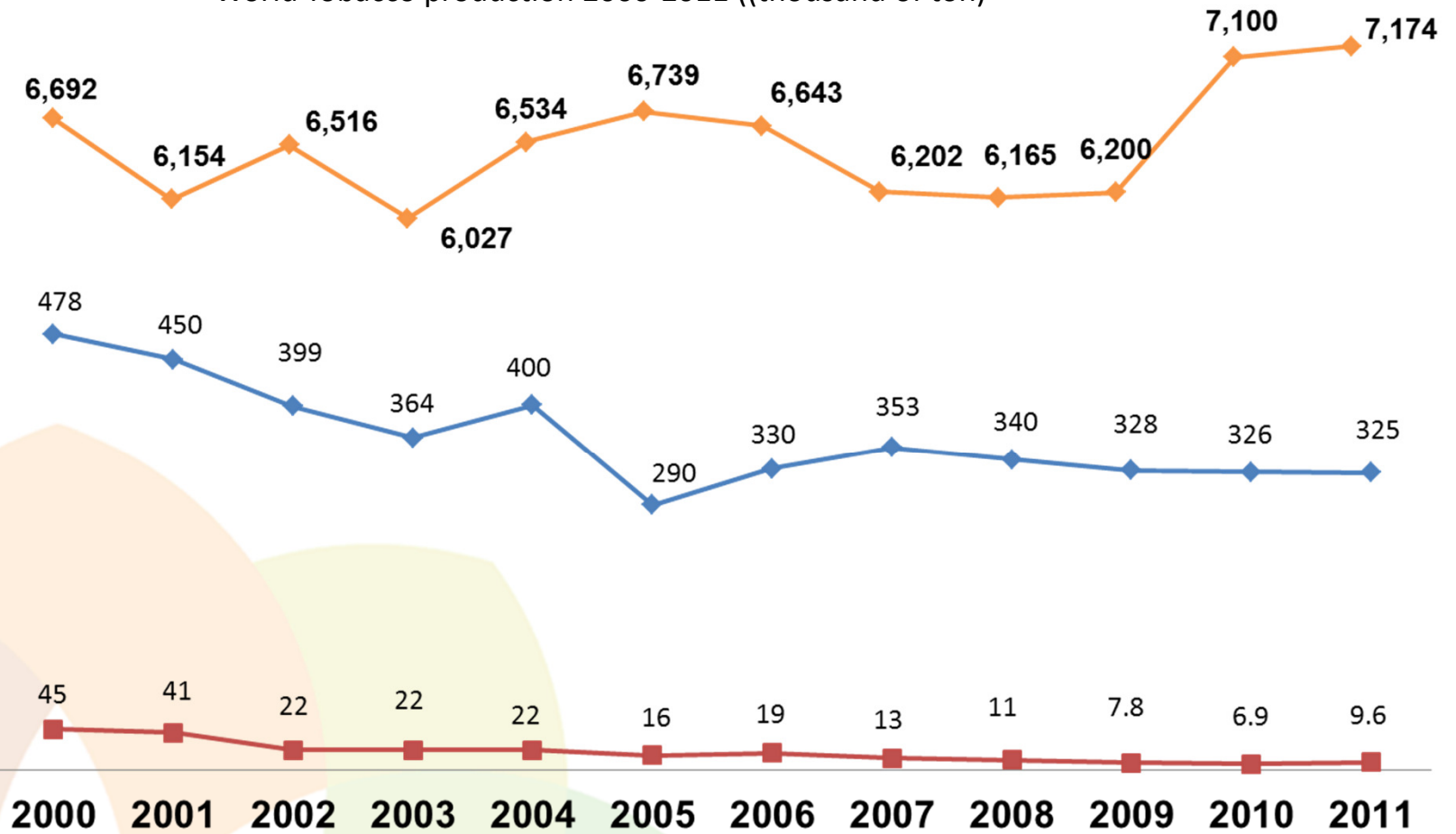
EVOLUTION OF TOBACCO PRODUCTION WORLDWIDE

MÉXICO
2012
Bicentenario
Independencia

GOBIERNO
FEDERAL

SAGARPA

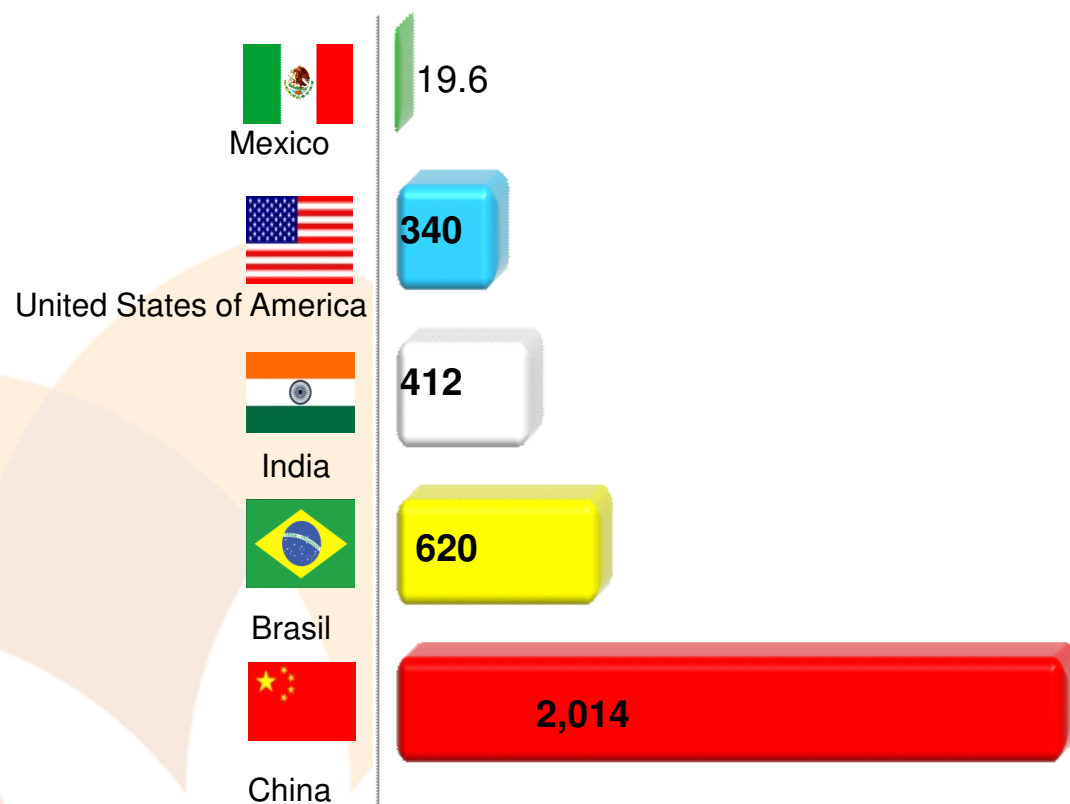
World Tobacco production 2000-2011 ((thousand of ton)



- The Production of Mexico represents only the 0.12% of the world production.

MAIN PRODUCER COUNTRIES OF TOBACCO

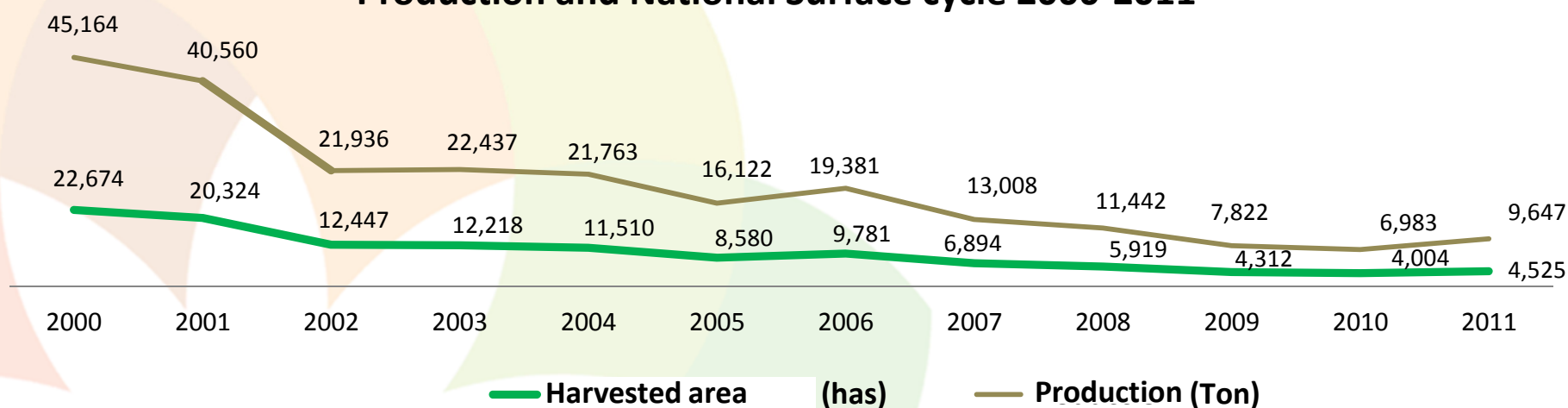
AVERAGE PRODUCTION OF THE MAJOR PRODUCING COUNTRIES OF TOBACCO 2000-2011 (thousand of ton)



TOBACCO PRODUCTION IN MEXICO

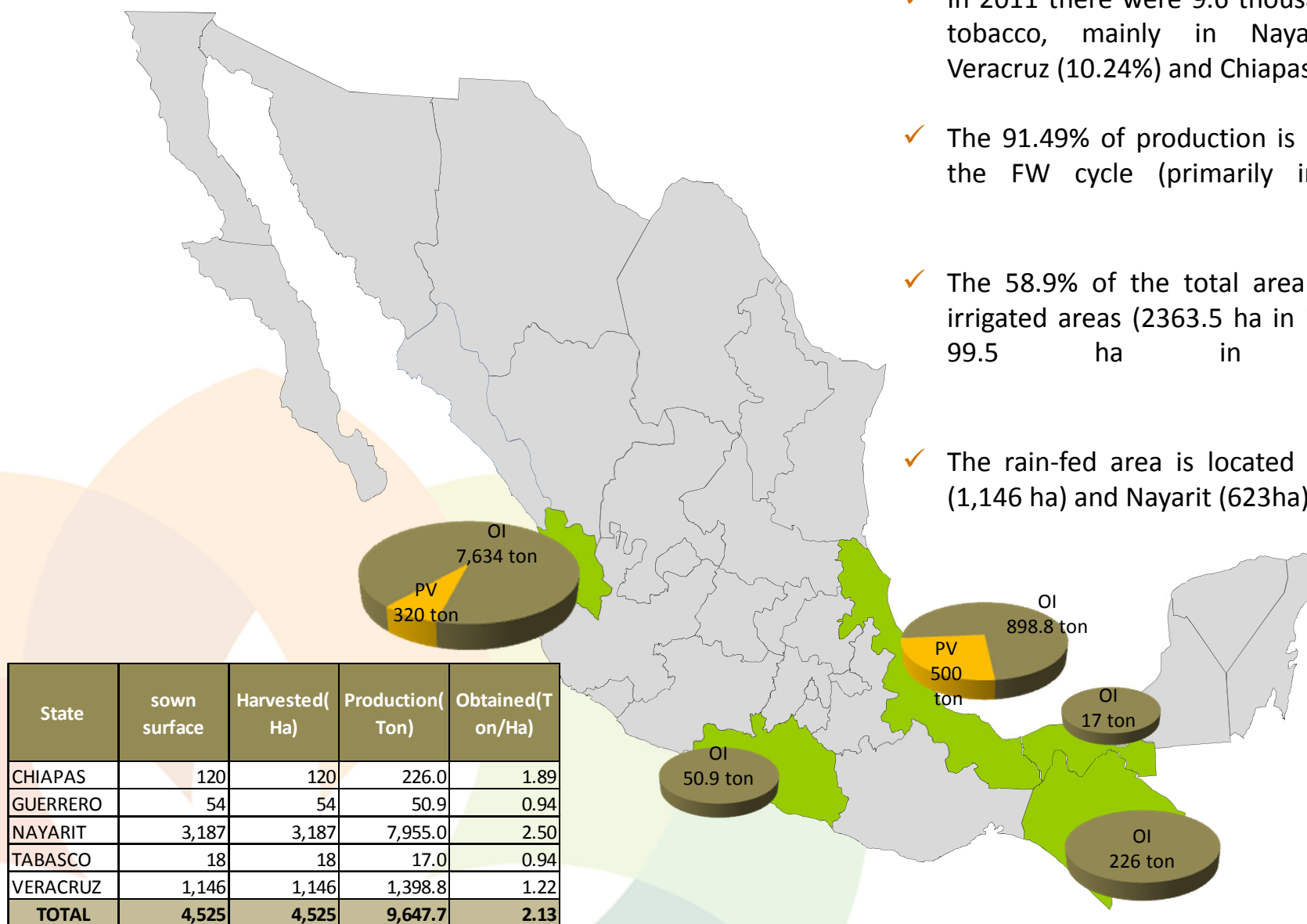
- ✓ More than 3,500 farmers work at the production of tobacco in Mexico.
- ✓ Each farmer cultivates on average less than two hectares.
- ✓ Each hectare requires 238 day's wages.
- ✓ Tobacco harvested area was reduced from 22000 to more than 4500 hectares, in the last twelve years. In the same period, production declined from 45,000 to 9.6 thousand tons. This means a reduction of 78.6% in total production.
- ✓ Yield went from 1.9 ton / ha in 2000 to 2.1 tons / ha in 2011.
- ✓ In 2011, the production value was 300 MDP, with an average rural price up to 31,000 Mexican pesos (2,800 USD) per ton.

Production and National Surface cycle 2000-2011



DISTRIBUTION OF THE NATIONAL PRODUCTION OF TOBACCO

- ✓ In 2011 there were 9.6 thousand tons of tobacco, mainly in Nayarit (86%), Veracruz (10.24%) and Chiapas (2.9%).
- ✓ The 91.49% of production is obtained in the FW cycle (primarily in Nayarit).
- ✓ The 58.9% of the total area planted in irrigated areas (2363.5 ha in Nayarit and 99.5 ha in Chiapas).
- ✓ The rain-fed area is located in Veracruz (1,146 ha) and Nayarit (623ha)



TOBACCO GROWING IN NAYARIT

MÉXICO
2012
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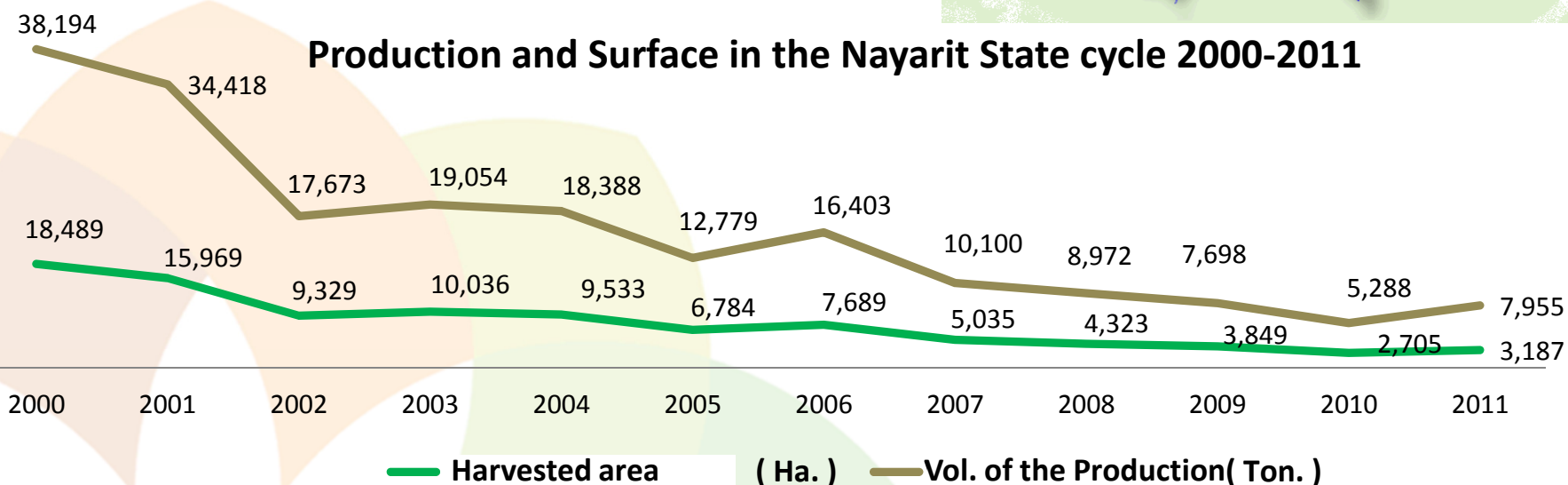
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- Nayarit is the first state tobacco producer with production in 2011 of 7.9 thousand tons (82.5% of the national total).
- The main producing areas are: North Shore Tecuala, Ixcuintla Santiago, San Blas and Compostela.
- In this region there are about 1,900 producers.
- The value of production in 2011 was 220.2 million Mexican pesos (20 million USD).



Production and Surface in the Nayarit State cycle 2000-2011



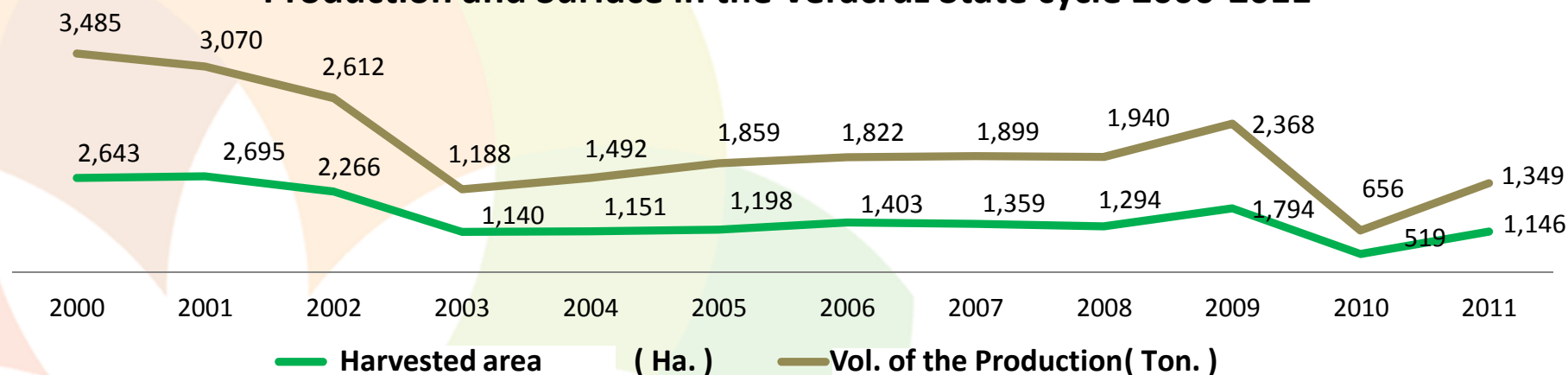
The increase in production in 2006, was due to tobacco companies, introduced hybrid materials with yields up to 4.0 ton / ha which encouraged planting. However the quality of the product was not required by the industry, so producers turned to planting traditional varieties.

TOBACCO GROWING IN VERACRUZ

- In 2011 there were nearly 1.398 tons of tobacco within an 1,146 hectares area.
- The main producing municipalities are San Andres Tuxtla and Catemaco. 790 producers.
- Varieties cultivated: Black San Andrés, Sumatra and Habano 2,000, whose main production is for havana cigar. Most of the production is exported (United States, Canada, Germany and Spain).



Production and Surface in the Veracruz State cycle 2000-2011

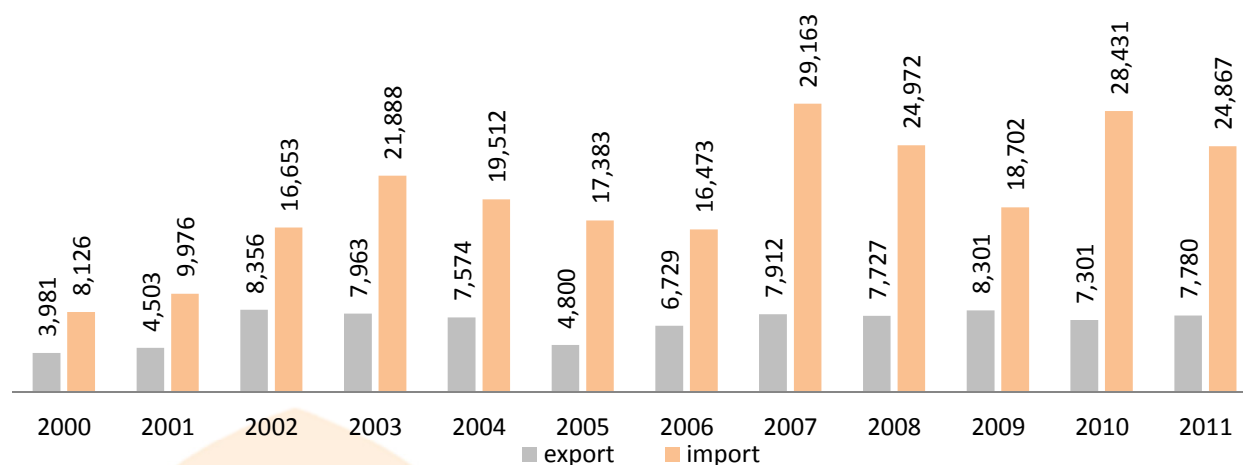


TOBACCO AND CIGARRETES TRADING VOLUME IN MEXICO

MÉXICO
2012
Bicentenario
Independencia

**GOBIERNO
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SAGARPA

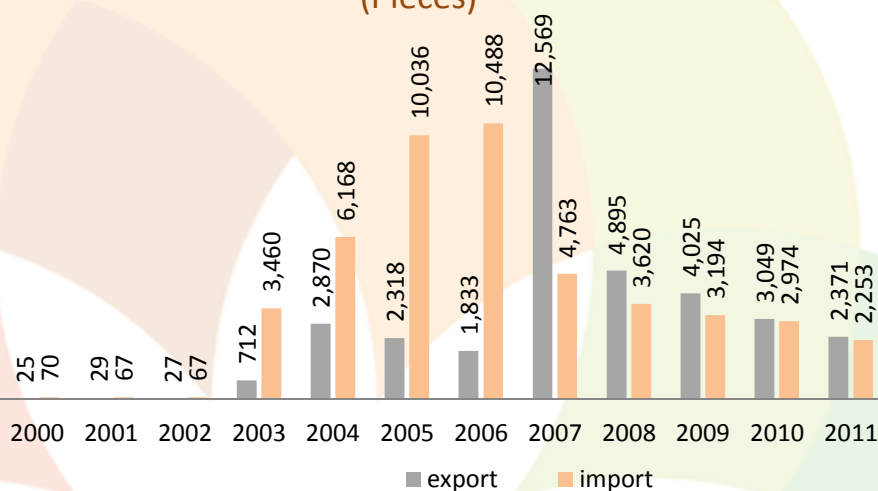
TOBACCO (tons)



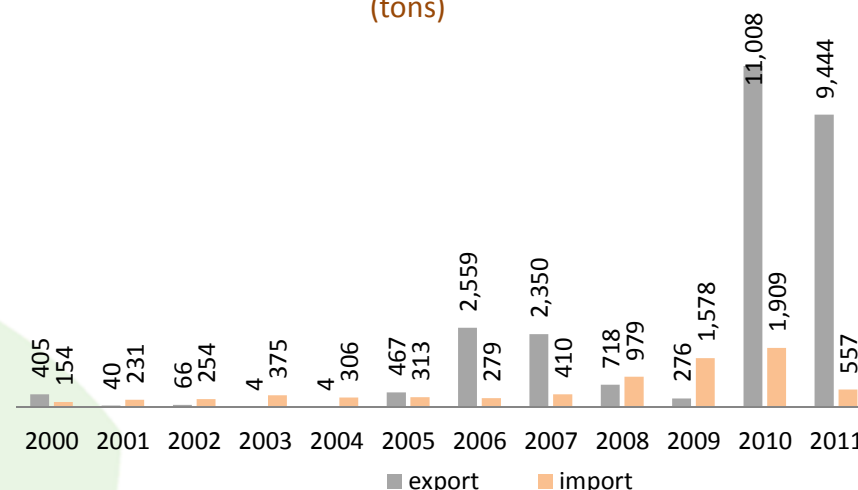
In 2011, total imports were 24.969 tons tobacco, of those permanent imports were of 17.015 tons, as shown in the figure.

Permanent import. - Input foreign goods to remain in the country indefinitely.

CIGAR (Pieces)



CIGARRETTE (tons)



Source: SICVR (Sistema de Información Comercial Vía Red), SE

Frac arancelarias: tabaco: 24011001; 24011099; 24012001; 24012002; 24012099; 24013001; 24031001; 24039101; 24039199; cigarrillos: 24022001; 24029099; puros: 24021001

SUPPORT GRANTED

SURFACE CONVERTED OF TOBACCO IN NAYARIT

Year	Crop	Area Converted (Ha)	Amount of Support(thousa nd of \$)
2005	Lemon, Avocado, Mango	2,500	30,000
2006	Beans (leveling and seed)	1,000	3,500
2007	Beans	600	900
2008	Cane	1,500	2,250
2009	Fruits	900	3,330
2010	Avocado and Corn Limon High Perf.	800	3,200
2011	safflower	2,900	6,525
2012	Corn, Rice and Fruit	23,634	36,752
Subtotal		23,900	86,457

OTHER SUPPORT

2000-2012 AMOUNT OF SUPPORT THOUSAND PESOS)	FINCA, irrigation modernization in 1500 and has cured tobacco for cigar	INTEGRAL PROJECT from the right bank of SANTIAGO RIVER (farm drainage, irrigation and modernization of central machinery)	PROCAMPO	PROTECTED AGRICULTURE	TOTAL
	70,696	100,000	383,556	18,000	572,252

Within the period 2000-2012 Nayarit state has received additional supports of 572.5 millions mexican pesos (49 million USD) of which 67% were delivered by the PROCAMPO Program, 17.4% intended to farm drainage, irrigation and mechanization central machinery, 12.3% for irrigation modernization and 3.3 % of the funds were aimed for protected Agriculture.

AREA CONVERTED OF TOBACCO IN VERACRUZ

Year	Crop	Converted Surface	Amount of Support (thousand of \$)
2005	Beans	4,000	4,000
Total		4,000	4,000

OTHER SUPPORT

Year	Concept		Amount (thousand of \$)
2006	Greenhouse Tomatoes		5,000
Total			9,000

WAGES GENERATED

CROP	SURFACE (HA)	WAGES/HA	TOTAL WAGES
Beans	6,100	12	73,200
Sorghum	5,500	12	66,000
Papaya	800	30	24,000
Vegetables	2,500	25	62,500
Perennial (Lemon, Avocado, Mango)	3,300	40	132,000
Safflower	2,900	25	72,500
Sugarcane	1,500	14	21,000
Total	22,600		451,200

Comparative analysis of the profitability of cultivation of tobacco

Parameter	Tobacco	Tomato	Green Chile	Cucumber	Sorghum	Papaya	Mango	Beans
Performance (ton/ha)	2.0	17.0	15.0	10.0	6.2	50.0	12.6	2.7
Price Price Rural (\$/ton)	18,000.0	4,500.0	5,000.0	2,000.0	2,500.0	2,500.0	1,605.8	13,000.0
Production Value (\$)	36,000.0	76,500.0	75,000.0	20,000.0	15,500.0	125,000.0	20,233.5	35,100.0
Support of PROCAMPO (\$/ha)	930.0	963.0	960.0	963.0	1,160.0	2,889.0	1,160.0	1,160.0
Subtotal	36,930.0	77,463.0	75,960.0	20,963.0	16,660.0	127,889.0	21,393.5	36,260.0
Direct cost of production (\$/ha)	25,231.0	31,127.0	33,158.0	10,963.0	6,200.0	65,099.0	7,558.0	7,500.0
Relation B/C	1.5	2.5	2.3	1.9	2.7	2.0	2.8	4.8

THANK YOU

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