

A LOOK AT THE FUTURE OF TOBACCO PRODUCTION IN MACEDONIA AND IN THE WORLD

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Abstract

In today's conditions, tobacco production remains a massive, globalized production throughout the reproductive cycle and retains its fundamental importance as a serious social and economic culture despite all the challenges, bans and anti-smoking propaganda by the World Health Organization. The tobacco industry mobilizes millions of workers in agricultural production and regenerates other jobs in primary production, in tobacco processing, in the production and trade of tobacco products, while simultaneously engaging science in researching its problems.

Primary tobacco production is located on areas with poor quality, which are on the margins of other alternative production. These are degraded areas, modest in nutritional, organic and mineral structures, but suitable for growing tobacco - because it is a modest plant with minimal vegetation needs. Due to such natural advantages for its production, it covers the smallest part of the arable land, and provides multiple incomes, like no other crop.

In the consumer sphere, the products of the tobacco industry are globally inelastic in terms of price – smokers buy cigarettes with a lower price and quality when the price of cigarettes increases, and vice versa, but consumption remains the same. According to data from the World Health Organization, tobacco production is correlated with population growth – 6,000,000,000 kg of tobacco products (cigarettes) account for 6,000,000,000 people, which means that there is a balance between them. World production and stocks of tobacco, not taking into account current production, are balanced over a long period, and often stocks are larger than current production, of course, at a global level.

The tobacco production area in Macedonia is characterized by enviable quality and world reputation. Efforts are needed to further develop the production and economic policy through the implementation of a development strategy, which includes price policy as a necessary stimulus in tobacco production.

Keywords: motivation, strategy, sustainability, quality, perspectives

1. Introduction

Macedonia, both regionally and globally, on world stock exchanges and markets, is considered a producer of high-quality aromatic oriental tobacco. The production and trade of tobacco and tobacco products have great economic and social importance, with a share of 3.8% in the gross domestic product. Tobacco is represented by a high 80% of the total area under industrial crops and is one of the most widely exported agricultural products with a 18% share in domestic exports. The demand for Macedonian oriental tobacco (it is also found in neighboring countries: Bulgaria, Greece and Turkey, but not with the same quality as Macedonian) remains high. Tobacco production as an agricultural branch is gaining strategic importance for the state economy, since a significant portion of the income generated directly flows into the state budget.

In perspective, tobacco production, with certain oscillations, had a stable trend of movement, with slight upward trends in world production, and our country must follow these trends and adapt to them. The future of tobacco production will depend mostly on good agricultural and export policies, but also on good state subsidy policies, all with the aim of encouraging and directing the young working population towards tobacco production, in which they will see not only an opportunity for existence but also space for development, expansion and, of course, profit. In this regard, motivation and leadership are a necessary link in a series of other related activities for the realization of the entrepreneurial spirit among young people who are the future of our country. If all the measures that are continuously offered by the European Commission for the Protection and Promotion of Agriculture, including the IPARD funds, are used, the development course of tobacco production in our country will be greatly advanced.

Global tobacco companies treat Macedonia as a country with favorable soil, climate and economic conditions for the production of quality tobacco and tobacco products, i.e. it has an economic advantage over neighboring countries. However, it is necessary for our country to carefully follow the recommendations of the Framework Convention on Tobacco Control (FCTC), while simultaneously implementing measures to control tobacco advertising and smoking. The Republic of North Macedonia should not envisage measures to reduce tobacco production because, due to the sensitivity of the socio-economic aspect, this issue should be left for resolution in the future, after Macedonia's eventual accession to the EU, when tobacco production plans are aligned with the rules of the European Union.

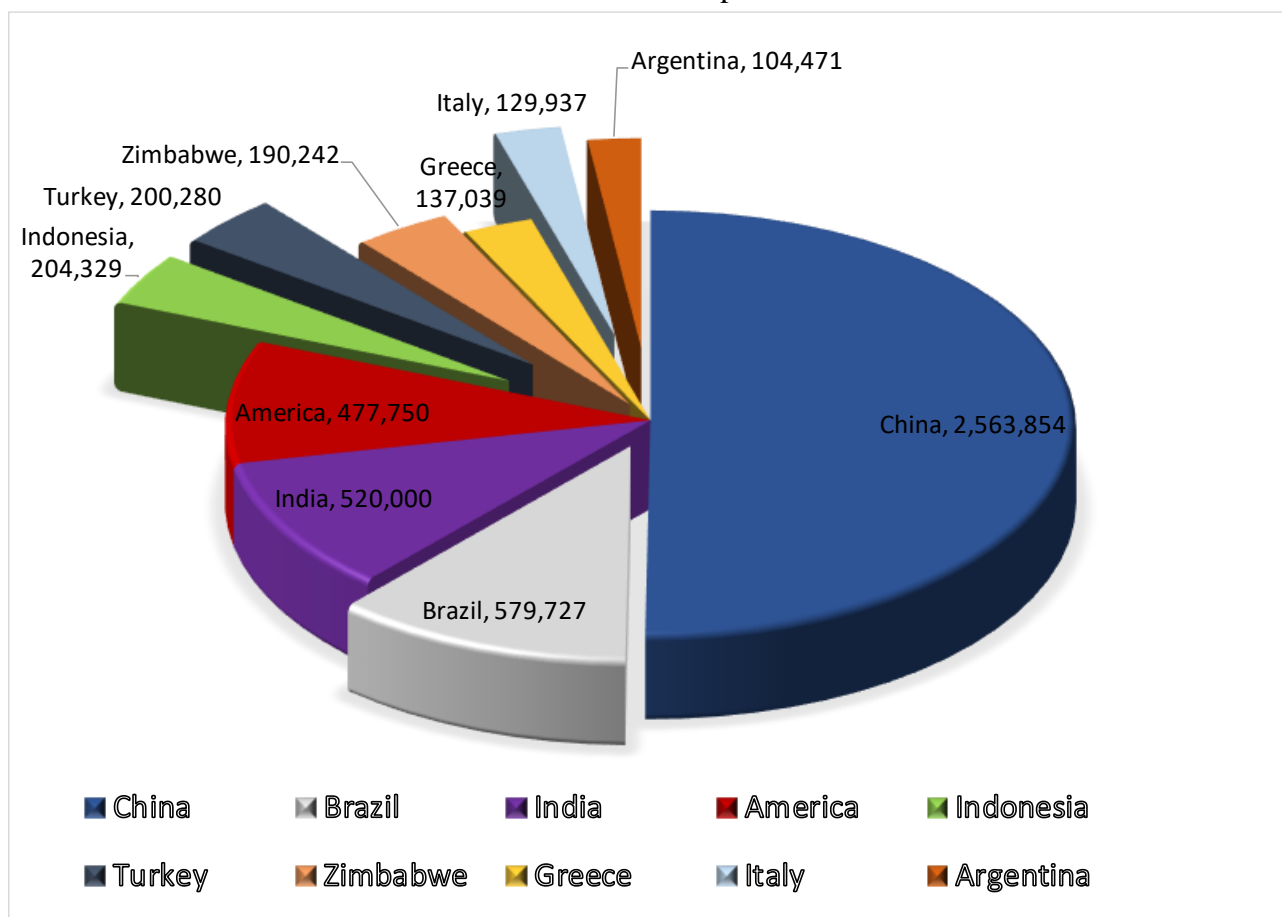
2. Results and discussion

Tobacco is a crop that is grown in about 130 countries in the world, in fact, wherever there are favorable soil and climatic conditions for its cultivation. Namely, this plant, this important industrial crop, is also grown in central Sweden and Finland, all the way to South Australia and New Zealand. It is believed that this production employs about 33 million people in the world and at the same time represents a major source of foreign trade.

In the last 15 - 20 years, the area under tobacco in the world has been around 4 million hectares, which represents 0.32% of the total arable area or an average annual production of about 7 million tons of tobacco.

If we review a longer-term period of 20 years, we can notice multiple oscillations in world tobacco production. Starting from 2010 until today, through numerous research and statistical data, the state of tobacco production in the world and especially in Macedonia has been reached, which can be graphically presented as follows:

Chart 1. Structure of world tobacco production in 2010



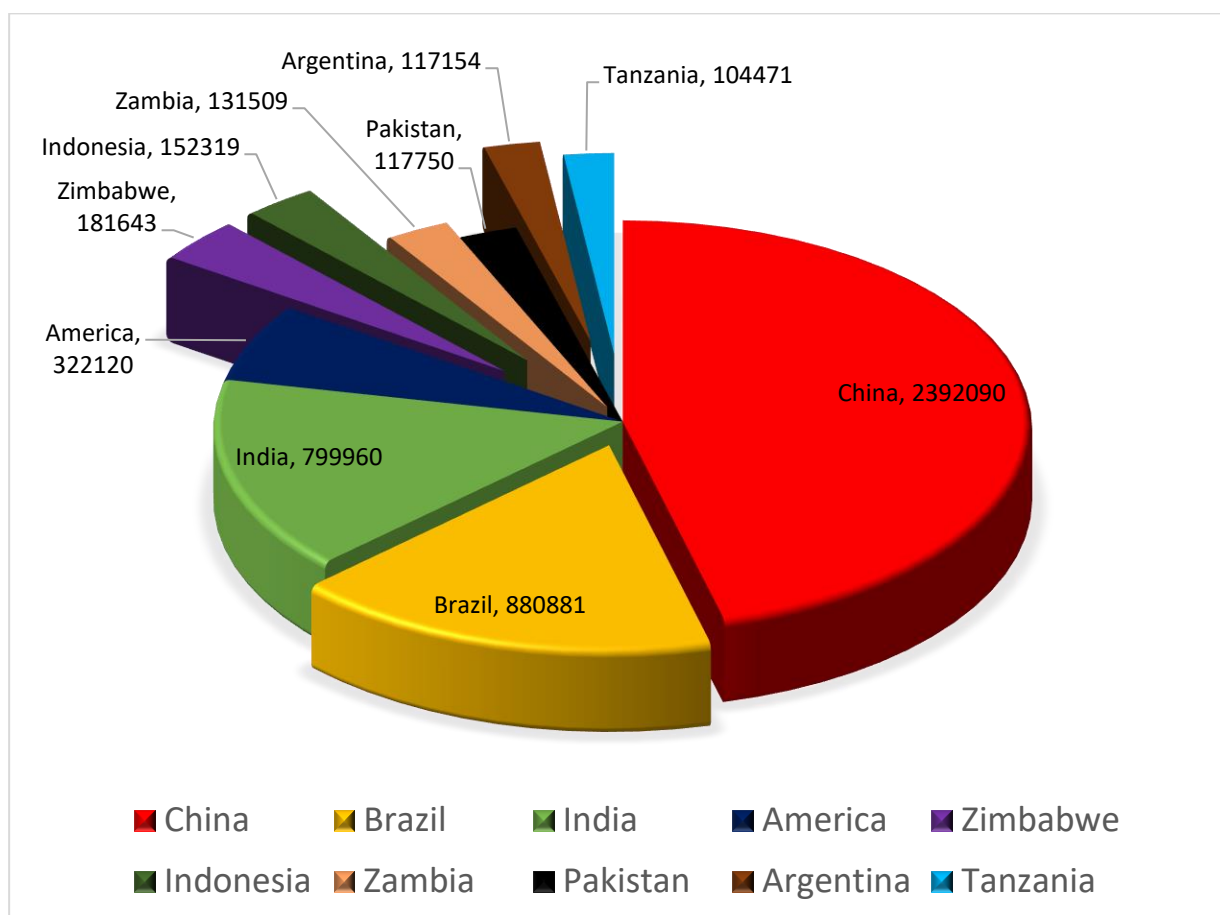
: Source: Food and Agriculture Organization of the United Nations, World Bank

The data in Chart 1 show that world tobacco production follows an uneven line, i.e., certain increases and decreases in tobacco production are observed. However, the largest producer is China, which produced 2,563,854 tons in 2010. The other countries in the world where the most tobacco is produced in 2010 recorded this production trend:

Brazil with 579,727 tons, India with 520,000 tons, America with 477,750 tons, Indonesia with 204,329 tons, Turkey with 200,280 tons, Zimbabwe with 190,242 tons, Greece with 137,039 tons, Italy with 129,937 tons, and Argentina with 114,509 tons.

Globally, in the period after 2010, there have been a number of changes and oscillations, but still the ten largest tobacco producers have achieved the following quantities of tobacco according to FAOSTAT: China as the largest producer has achieved 2,392,090 tons of tobacco, followed by Brazil with 880,881 tons, India 799,960 tons, America 322,120 tons, Zimbabwe 181,643 tons, Indonesia 152,319 tons, Zambia 131,509 tons, Pakistan 117,750 tons, Argentina 117,154 tons and Tanzania 104,471 tons of tobacco.

Chart 2. World tobacco production in 2015 in tons



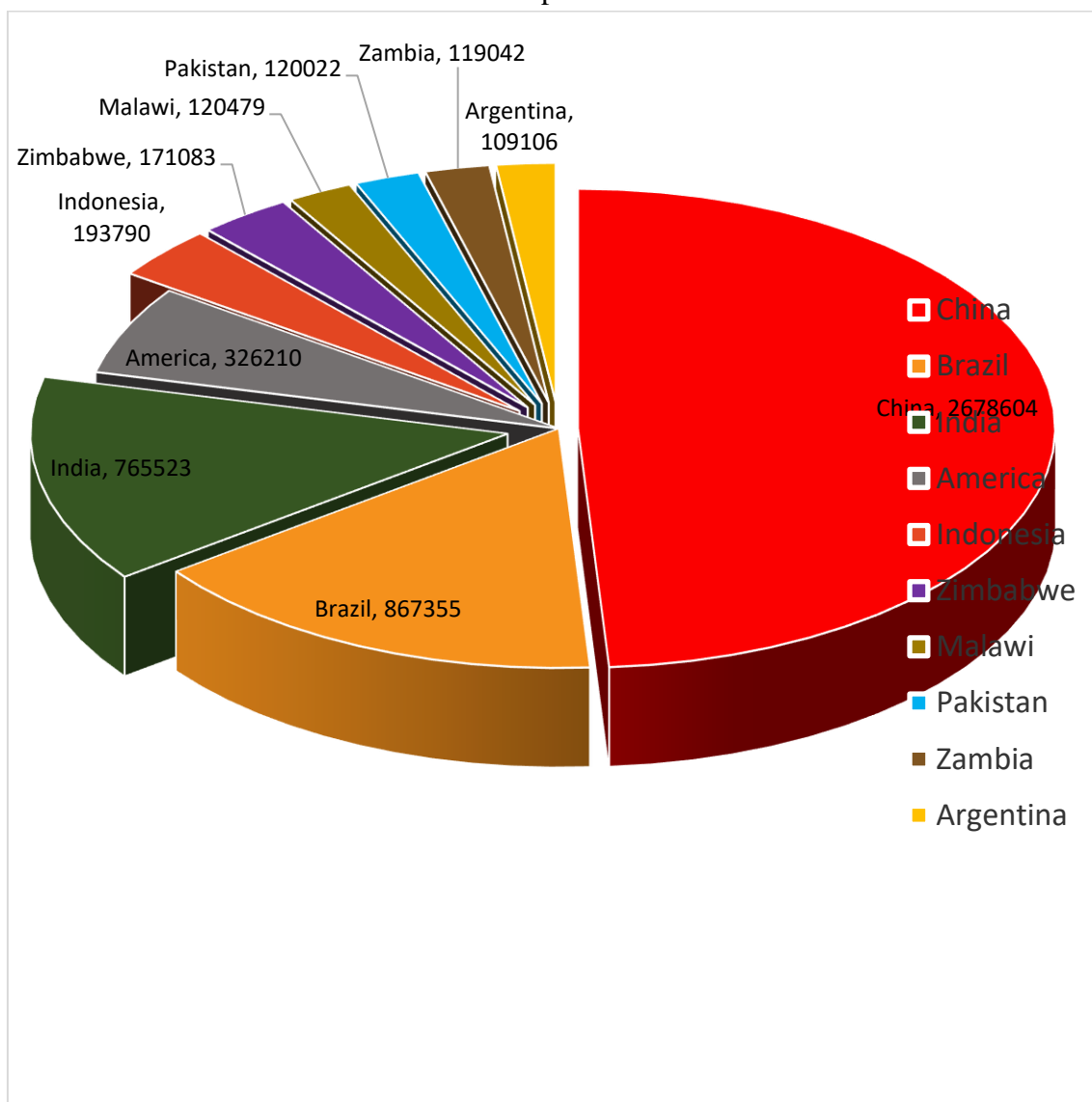
Source: Food and Agriculture Organization of the United Nations , World Bank

In 2025, world tobacco production according to FAOSTAT records the following data for the ten largest producers in the world:

The largest tobacco producer China produced 2,678,604 tons of tobacco, followed by Brazil with 867,355 tons of tobacco, India produced 765,523 tons, America has 326,210 tons, Indonesia 193,790 tons, Zimbabwe 171,083 tons of tobacco, Malawi has produced 120,479, Pakistan records a figure of 120,022 tons, Zambia has 119,042 tons and Argentina 109,106 tons of tobacco produced.

Graph 3 shows the oscillations in the amount of tobacco produced in the world in 2025:

Chart 3. World tobacco production in 2025 in tons



Source: Food and Agriculture Organization of the United Nations , World Bank

The data in Chart 3 show that world tobacco production is not stagnant, but is constantly moving upwards. The relations and conditions in the tobacco industry in our country have changed drastically in the last fifteen or more years, compared to the relations that prevailed in the previous period. The modern way of life, as well as the availability and use of social networks, have helped to increase the education of all parties involved in the tobacco industry, through programs for the modernization of mechanization, greater awareness of ways to work faster, but also more efficiently, which will certainly enable better earnings and profits for further investment in the industry.

By following global trends, it has been possible to regulate tobacco production, to motivate tobacco producers towards greater, but also higher-quality production, which is regulated by the Law on Tobacco, Tobacco Products and Related Products (Official Gazette of the Republic of North Macedonia No. 08-2586/217, from May 2019).

In recent years, of the total quantities of tobacco that are purchased and processed, about 90% belong to privately owned companies, and the remaining 10% belongs to the Tobacco Factory - Prilep, which is predominantly state-owned. These tobacco industry companies purchase and process tobacco according to previously made plans and agreements with multinational companies to which they sell the processed tobacco. Increased levels of subsidies provide growth in terms of increasing revenues because most of the financing through subsidies in agriculture goes to supporting incomes. However, it must be emphasized here that without an appropriate system of control over the spending of funds that do not have a specific purpose, we cannot say that subsidies are drivers of tobacco production growth. Subsidies in Macedonia as direct price support for agricultural producers have been implemented since 1994, and later, after accepting the suggestions of experts from the International Monetary Fund and the World Bank, a restrictive policy was implemented towards them. Subsidies from the period 1994 - 2000 decreased from 3.2% to 0.4%, while from 2001 to the present day they have increased due to the increased participation of capital transfers for loans used for structural programs for agricultural development.

3. Conclusion

The future development of tobacco production and the entire complex of activities related to it must be based on the preferred standards of the European Union and the trends of modern world achievements in that area. The preferred standards of future development point to the need to pay more and more attention to production, both to its quantitative limitations and to its qualitative worthiness, environmental protection, social security, economic efficiency, the healthy way of growing and developing plants, as well as to respecting the guidelines of the World Health Organization. Based on the demands of the world market, scientific and technological achievements in the world and the available natural, production and human potentials, it can be concluded that, today, and even more so in the future, there will be an expressed need to raise the quality of tobacco production to a much higher level, taking into account the demands of customers, the need for efficient and effective production, whereby the existing and potential problems will be identified in an easier way, raising the motivation and satisfaction of employees, guaranteeing the quality of tobacco production and tobacco products and secure placement, as well as the continuous development of research, educational and advisory activities to raise awareness of the correct implementation of good agricultural practices (GAP).

The analyses and research in this paper are focused on the fact that the production of oriental tobacco has real development opportunities over a long-term period, viewed from the perspective of global requirements for the presence of oriental tobacco types in the tobacco blend, in the production of quality cigarettes, as well as for other broader needs for this type of tobacco at the global level.

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