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The European tobacco market: prospects for a single regulatory model.

The European tobacco market: prospects for a single regulatory model.

Traceability systems for raw tobacco: an analysis at European Union level

SUMMARY

INTRODUCTION AND OBJECTIVES OF THE REPORT

The traceability of raw tobacco is a strategic issue in the management and control of European agricultural supply chains, particularly for a sector that continues to have significant economic and employment value in several Member States. Although the European Union has thoroughly reformed the support scheme for raw tobacco production since 2004 and then with the abolition of the old Common Market Organisation (CMO) for tobacco in 2010, it still needs to ensure accurate monitoring of raw tobacco flows for reasons of transparency, security and combating illicit trade.

Unlike processed tobacco products — cigarettes, fine-cut tobacco, cigars and inhalation products — which are subject to a harmonised traceability system at European level (Articles 15 and 16 of Directive 2014/40/EU), raw tobacco is not currently included in a common European framework for digital tracking and mandatory reporting. The current rules therefore delegate the definition of registration requirements, controls and penalty regimes to individual Member States.

This regulatory fragmentation results in heterogeneous national approaches: some countries, such as Italy, have developed a centralised system of registers, contracts and checks that ensures a high level of traceability, while other countries apply weaker mechanisms based on voluntary registration or tax and customs controls.

The aim of this report is to provide an overview of the **main traceability systems for raw tobacco in the EU**, analysing national organisational and regulatory models in a comparative manner, with a particular focus on:

- the degree of regulation of the primary market;
- the presence of recognised interprofessional bodies;
- registration and control mechanisms;
- interactions between the primary sector and the tax/customs system;
- prospects for harmonisation at European level.

The report also aims to identify **critical issues and regulatory gaps**, while highlighting the strengths of the most advanced national systems and proposing **operational recommendations** for the construction of a European model for the traceability of raw tobacco that is consistent with current legislation and compatible with European strategies on supply chain transparency and combating the underground economy.

METHODOLOGICAL NOTE

This report aims to provide a comparative analysis of raw tobacco traceability systems in the main European producing countries, in relation to the European Union regulatory framework and prospects for future harmonisation. The analysis is based on a qualitative-descriptive approach, integrating documentary sources and official regulations (EU regulations, interprofessional reports and public statistical data) with information collected from primary sources.

Research Methodology

The methodology adopted was divided into several phases, each aimed at ensuring an in-depth analysis and consistent evaluation of national systems. The main phases of the research are:

- Collection of Documentary Sources: Regulations, directives and national legislation concerning tobacco traceability were examined. This included an analysis of official European Union documents and relevant national legislation.
- Qualitative Interviews: Structured interviews were conducted with representatives of producer organisations (POs) and interprofessional associations active in the countries under study (Italy, Spain, Poland, Greece, Bulgaria, Hungary, Belgium and North Macedonia). The interviews took place in September 2025 and aimed to gather detailed information on the functioning of traceability systems and control mechanisms.
- Evidence Analysis: The information obtained from the interviews was triangulated with available regulatory and administrative data to ensure consistency and validity. This approach made it possible to identify strengths, operational criticalities, and levels of integration with public authorities.

Analytical Approach

The analysis followed the principles of comparative policy analysis, with a particular focus on the relationship between institutional structure, level of digitisation, and effectiveness of controls.

The parameters examined included:

- Governance Structures: Assessment of interprofessional organisations and their ability to influence traceability policies.
- Registration requirements: Analysis of registration requirements for producers and processing companies, highlighting differences between countries.
- Controls and sanctions: Examination of existing control mechanisms and applicable sanctions in the event of regulatory violations.
- Digitisation and Interoperability: Assessment of the degree of digitisation of traceability systems and their interoperability with tax and customs platforms.

Results and Recommendations

The results obtained from the document analysis and interviews provided an integrated picture of the current situation regarding the traceability of raw tobacco in Europe. The evidence highlighted best practices, but also the critical issues that hinder efficient governance of the sector.

The recommendations made aim to support the definition of coherent and proportionate European policies, promoting cooperation between the various actors in the supply chain.

1. EUROPEAN REGULATORY FRAMEWORK

1.1. The general regulatory context

The regulatory framework governing the raw tobacco sector in the European Union is the result of a complex evolution, marked by the gradual phasing out of direct production aid and the strengthening of sectoral self-regulation mechanisms. Following the abolition of the specific Common Market Organisation (CMO) for tobacco, the regulation of the sector was incorporated into **Regulation (EU) No 1308/2013**, which established a single CMO for agricultural products, while maintaining certain specific features for sectors characterised by contractual and interprofessional supply chains, such as tobacco.

This regulation provides the legal framework for the recognition of Producer Organisations (POs), Producer Associations (PAs) and Interprofessional Organisations (IOs), assigning them the task of coordinating the planning of production, bargaining, quality and traceability of agricultural products, including raw tobacco.

The principle underlying the regulation is that the governance of the supply chain should, as far as possible, be entrusted to mixed representative bodies, composed of producers, processors and first purchasers, with recognised powers and controls delegated by the State.

The regulation is supplemented by Delegated Regulation (EU) No 2016/232, which lays down the conditions for the recognition and functioning of interbranch organisations at transnational level. This provision has enabled, among other things, the establishment and recognition of ELTI (European Leaf Tobacco Interbranch) as a transnational interbranch organisation representing European growers and processors of raw tobacco.

In parallel, other regulatory instruments contribute to the framework:

- **Regulation (EU) No 952/2013** (Union Customs Code), which lays down the declaration and movement requirements for products subject to excise duty, including raw tobacco in international trade;
- **Directive 2014/40/EU** (known as the Tobacco Products Directive, TPD), which regulates the traceability and characteristics of processed tobacco products and establishes a mandatory system of unique identification and movement registration for cigarettes and roll-your-own tobacco;
- **Directive 2008/118/EC** and the subsequent **Directive (EU) 2020/262**, which define the general excise duty regime and fiscal controls on tobacco products, excluding however raw tobacco until the first processing stage.

1.2. Traceability in the raw tobacco supply chain

At EU level, there is currently no harmonised system for the traceability of raw tobacco similar to that provided for finished products. The monitoring of movements and transactions is governed by **national legislation**, which may include administrative registers, computerised declaration systems or contractual obligations.
In this context, the concept of traceability has two dimensions:

1. **Administrative traceability**, i.e. the recording of cultivated areas, volumes produced and contractual transactions between producers and processors;
2. **Physical traceability**, relating to the ability to identify the product's path along the supply chain, from the field to first processing.

In countries where the market is organised through a **recognised interbranch organisation**, traceability is an integral part of the contractual system. Member States may extend interbranch agreements erga omnes, making it compulsory to conclude written contracts, record deliveries and verify checks.
This model, which has been successfully trialled in Italy and Greece, ensures a high level of transparency and reduces the risk of irregular trade, but requires close coordination between the Ministry of Agriculture, payment agencies and control bodies.

1.3. Relationship with the traceability system for finished products

The European traceability system for tobacco products, introduced by Directive 2014/40/EU, operates downstream of the processing chain and does not include raw tobacco. However, consistency between the two levels of control — agricultural and fiscal-industrial — is a political and technical objective of growing importance.
As part of the review of the TPD and strategies to combat illicit trade, the European Commission has already considered extending digital tracking tools to the stages prior to industrial production and pre , in particular to the first processing and trade of raw tobacco.
However, such alignment would require:

- the standardisation of national production and sales registers;
- the definition of identification codes for raw tobacco batches;
- interoperability with European customs and tax databases;
- a common framework for the protection of sensitive commercial data.

1.4. Summary of the regulatory framework

In summary, the traceability of raw tobacco in Europe is currently **governed by a patchwork of rules** combining agricultural, fiscal and interprofessional elements.

Primary competence remains with the Member States, but the European legal bases provide tools for the recognition of coordinated national systems and for the extension of good practices at Community level.
However, the lack of a unified reporting and interoperability framework is the main shortcoming of the system, limiting the EU's ability to ensure effective control of the origins and movements of raw tobacco in a market that continues to be exposed to risks of evasion, counterfeiting and illicit trade, particularly in certain Member States that are not always tobacco-producing countries, quite the contrary.

2. NATIONAL TRACEABILITY AND CONTROL SYSTEMS FOR RAW TOBACCO IN EUROPE

The traceability and control systems for raw tobacco in European countries vary widely. The differences stem both from the institutional and administrative structure of each country and from the different production structure of the supply chains, which are more or less integrated with large international manufacturing groups. The following analysis summarises the main national mechanisms, with reference to registration, contracting, control and sanctions.

2.1. Italy

Italy is the leading tobacco producer in the European Union, accounting for around 30% of EU production, and ranks 18th in the world. Cultivation is mainly concentrated in four regions (Campania, Umbria, Veneto and Tuscany), which together produce 97% of the country's tobacco. In Italy, the production and marketing of raw tobacco are governed by specific sectoral legislation that reproduces, at national level, the system of safeguards previously provided for by the EU's Common Market Organisation (CMO).
The governance of the sector is highly centralised and is based on the activities of the Italian Tobacco Interprofessional Organisation (O.I. Tabacco Italia), recognised under Regulation (EU) No 1308/2013. This OI brings together the majority of national operators – producers, cooperatives, first processors and manufacturing industries – and coordinates the supply chain through three-year Interprofessional Tobacco Agreements (AIT).
Since 2015, the Ministry of Agriculture has granted the OI the erga omnes extension of its agreements, making its provisions mandatory for all national operators, whether or not they are members of the OI. The current Interprofessional Agreement, valid for the three-year period 2024-2026, is governed by Masaf Departmental Decree No. 193229 of 30 April 2024 and Agea Circular No. 39900 of 21 May 2024.
The decree establishes that every delivery of raw tobacco produced in Italy to a first purchaser must be covered by a written cultivation contract, drawn up in accordance with the standard form attached to the AIT. These contracts, which are valid for one year, must contain at least:

- a list of producers and all the information necessary for product traceability;
- the cultivation plans, indicating the areas cultivated and the varieties;
- the obligation to use selected, registered and certified seeds supplied or approved by the purchaser;
- the commitment to comply with production regulations, good agricultural practices and labour and safety standards;
- the reference price on delivery, differentiated by quality grades;

- the quantity, minimum quality and delivery schedule;
- the terms and timing of payment (within 30 days of delivery, exclusively by bank transfer to ensure financial traceability);
- the conditions of packaging, delivery and dispute resolution.

Cultivation contracts are signed by recognised Producer Organisations (POs) or their Associations (APOs) and by first processing or manufacturing companies (or commercial companies linked to the latter) authorised by AGEA, the Agency for Agricultural Disbursements, which manages the entire national information system. AGEA also defines the criteria for the recognition of first purchasers, the methods for the electronic transmission of contracts and the control procedures.
The supervisory system is divided into three levels:

1. Checks on producers, carried out within the Integrated Administration and Control System (IACS), which verify consistency between declared areas, quantities produced and registered contracts.
2. Controls on purchasers, aimed at verifying compliance with the technical and administrative requirements for maintaining recognition, in particular the regularity of payments. These controls cover at least 20% of economic transactions.
3. Checks on POs and APOs, aimed at ensuring the proper management of relations with members, record keeping and payment procedures.

In addition, objective technical checks are carried out by a public company on a minimum sample of 5% of producers to verify the correspondence between the tobacco declared and that actually harvested, as well as the traceability of stocks in curing centres, warehouses and first processing plants.
Failure to comply with the rules results in specific penalties, including suspension or revocation of recognition for non-compliant operators.
Thanks to this integrated system of mandatory contracting, digital registration and multi-level checks, Italy has one of the most comprehensive and transparent models for tracing raw tobacco in Europe. The framework guarantees operational certainty for operators, promotes transparency in commercial relations and prevents opportunistic behaviour along the supply chain.
In 2025, there are 7 recognised producer organisations and 13 authorised purchasers, operating in the three forms provided for by national legislation. This structure has enabled the sector to consolidate on a solid organisational basis, with a high level of qualification of the national product in terms of guarantees, quality and traceability, in a European context still characterised by heterogeneous rules.
Shipments of raw tobacco are reported to AGEA on the Thursday of the week prior to shipment, in order to facilitate traceability.

2.2. Spain

After Italy, Spain is one of the main producers of raw tobacco in Europe, with a supply chain concentrated almost exclusively in the **Autonomous Community of Extremadura**, particularly in the provinces of Cáceres and Badajoz. Spanish production is mainly based on Virginia bright and Burley varieties, with a residual share of Havana seed.
The sector is regulated by a set of national and regional provisions which, while based on the framework of **Regulation (EU) No 1308/2013**, grant broad management powers to the autonomous authorities. The system is based on three pillars:
- the activities of the **Organización Interprofesional del Tabaco de España (OITAB)**;
- ministerial and regional regulations on cultivation contracts and registers;
- administrative and fiscal controls carried out by the competent authorities.

Governance structure and role of OITAB

OITAB, officially recognised in 2013 by the Ministerio de Agricultura, Pesca y Alimentación (MAPA), brings together producers, cooperatives and first processing companies. Its function is to define and coordinate the rules of the supply chain, negotiate interprofessional agreements, promote quality and ensure the transparency of contractual relationships.
Through its agreements, OITAB establishes standard cultivation contract models that must be used by all authorised operators. The agreements cover almost all national production (over 99%) and define:
- the minimum requirements for contracts;
- quality and classification criteria;
- delivery times and parameters for determining prices;
- regulations concerning the use of certified seeds, plant protection products and sustainable practices;
- traceability and control protocols.

OITAB also acts as a platform for dialogue between producers and processors, ensuring the collection of production data and monitoring compliance with the agreed rules. However, unlike in Italy, its agreements are not extended erga omnes at national level: membership remains voluntary, although almost all producers participate for market reasons. This is a significant difference in terms of dissemination and ministerial control.

Contractual system and registration

Spanish national legislation requires a cultivation contract to be formalised between the producer and the first purchaser before the start of the agricultural season.
At the operational level, the Junta de Extremadura has adopted its own regulations, establishing a regional system for the control and registration of tobacco leaf purchase and handling operations.

Each contract must be registered with the regional administration before sowing and must indicate:

- the area cultivated and the varieties;
- estimated quantity and destination of the harvest;
- name of the purchaser and first processing company;
- base price and quality parameters;
- commitments relating to the use of certified seeds and sustainable cultivation techniques.

OITAB keeps a copy of the contracts for statistical and internal control purposes. The information collected is sent to MAPA for reporting production data at national level and to Eurostat.

Controls and monitoring mechanisms

Spain applies a decentralised control model, in which responsibilities are shared between regional authorities and the State.

- Administrative checks on contracts and on the correspondence between declared areas and quantities produced are carried out by the regional agricultural services.
- Field inspections and inspections of storage facilities are carried out by technicians from the Junta de Extremadura and, to a lesser extent, by MAPA officials.
- The Ministerio de Hacienda and the customs authorities are involved in tax audits and commercial movements.

The region has introduced a system of identification codes for each processing centre and warehouse, which allows stocks and product flows to be mapped. However, this system is not yet fully digitised or linked to a national database.

Penalties for violations — failure to register contracts, false declarations of quantities, unauthorised trade — include administrative fines and temporary suspension of purchase or processing licences.

Strengths and weaknesses

The Spanish model has several **strengths**:

- the presence of an active and well-established interprofessional organisation;
- a generalised obligation to enter into contracts;
- regular territorial controls and administrative proximity;
- almost total adherence of operators to the interprofessional system.

However, there are some structural issues:

- the absence of a single, digitised national register of transactions;
- fragmented competences between the State and the Regions;
- failure to extend OITAB agreements erga omnes, which limits the regulatory power of the interprofessional organisation;

- poor alignment with customs and tax systems, which remain autonomous and not interoperable with agricultural data.

Overall, Spain has a reliable but incomplete traceability system, heavily based on territorial administrative control and self-regulation mechanisms within the supply chain. The high degree of production organisation ensures a good level of internal transparency, but it would be advisable to increase digitisation and move towards greater national harmonisation.

2.3. Poland

Poland is a major producer of raw tobacco in the European Union in terms of cultivated area and total volume, with an annual production of approximately 20,000 tonnes. The sector consists of around 6,000 farmers, mostly family-run, concentrated in the regions of Lubelskie, Malopolskie and Podkarpackie. The supply chain is highly integrated with large international primary processing groups such as Universal Leaf, Alliance One and Japan Tobacco International.

Regulatory framework and registration

The Polish traceability system is based on a combination of agricultural, customs and tax regulations, which together form a comprehensive control regime. All operators who produce, trade or hold raw tobacco must be registered with the National Customs and Excise Agency as 'tobacco intermediaries'.

Registration entails the obligation to:

- submitting a prior declaration of activity;
- provide financial guarantees (sureties or deposits) proportionate to the volume of product handled;
- keeping specific accounts of tobacco transactions and movements.

The possession, processing or sale of unregistered raw tobacco constitutes a tax offence. All tobacco movements must be reported to the SENT (System Elektronicznego Nadzoru Transportu) electronic transport monitoring system, which is integrated into the PUESC (Platforma Usług Elektronicznych Skarbowo-Celnych) government digital platform.

Traceability and control system

The SENT/PUESC system is at the heart of Polish traceability. Each shipment of raw tobacco must be accompanied by an electronic document containing:

- batch identification code;
- quantity, origin and destination;
- details of the sender, carrier and recipient;
- vehicle registration number and declared route.

Customs authorities monitor shipments via geolocation and automatic border controls. Violations (failure to register, false declarations, failure to complete the journey) result in severe penalties of up to 46% of the value of the cargo or immediate seizure of the goods. At the same time, the National Agricultural Support Centre (Krajowy Ośrodek Wsparcia Rolnictwa - KOWR) manages the registers of cultivated areas, which are compared with the production and sales data reported for tax purposes.

Governance and level of integration

Unlike Mediterranean countries, Poland does not have a recognised national interprofessional organisation, and the sector is represented by a group of trade associations and regional cooperatives. This limits the direct participation of producers in the definition of market rules.

The governance model is therefore highly centralised in terms of taxation, but weaker in terms of interprofessionalism and self-governance of the supply chain.

Overall assessment

The Polish system ensures a high level of control and logistical traceability thanks to digital integration between customs administration and relevant ministries. However, administrative and contractual product traceability remains incomplete: the lack of a single agricultural database prevents direct links between registered production and industrial processing.

Looking ahead, Poland could serve as a model for the digital monitoring of flows, but it should strengthen commercial and contractual transparency by adopting interprofessional schemes inspired by those in Italy or Spain.

2.4. Greece

Greece is one of the historically most important countries for the cultivation of raw tobacco in Europe, particularly for Oriental and Basma varieties, which are mainly destined for the domestic processing industry.

Institutional framework

The governance of the sector is based on multi-institutional cooperation, including:

- the PDOAK (National Interprofessional Tobacco Organisation), which defines standards and model contracts, represents producers and processors, and monitors quality and agricultural practices;
- the Ministry of Agricultural Development and Food, which is responsible for national agricultural policy, phytosanitary standards and coordination with EU bodies;
- EKMEA (Unified Central Registry of the Supply Chain of Tobacco and Manufactured Tobacco), established under the Greek Customs Authority (AADE), which acts as a central

registry for all operators in the Greek tobacco and manufactured tobacco products supply chain. EKMEA manages the ICISnet system, an electronic customs platform.

Contractualisation and registration

Since 2013, Greek legislation stipulates that tobacco cultivation can only take place on the basis of an advance sales contract between the producer (or cooperative) and the first purchaser.

The contract must include:

- the identification details of the producer and the areas cultivated;
- expected quantities, varieties and qualities;
- technical and phytosanitary commitments;
- reference price and delivery schedule;
- payment terms.

All contracts are registered electronically with the Agricultural Payments Agency (OPEKEPE), which verifies their compliance and transmits the data to the Ministry of Agriculture.

First processors and traders must also be registered in the Central Tobacco Supply Chain Register, set up by the Ministry of Finance, which collects information on volumes purchased, stored and processed.

Control system

The Greek supervisory system combines administrative, fiscal and technical checks:

- documentary checks are carried out by OPEKEPE, which cross-checks data on areas, contracts and payments;
- physical checks in the field and in warehouses are carried out by the Ministry's inspection services and customs inspectors;
- internal commercial movements are tracked via the ICISnet system, an electronic customs platform linked to tax registers and managed by EKMEA.

The penalty system is governed by Law 4410/2016 and subsequent amendments: failure to register a contract, lack of a processing licence or undeclared possession of tobacco result in administrative penalties and, in serious cases, revocation of the commercial authorisation.

Good practices and innovation

In recent years, PDOAK has promoted traceability digitisation programmes through the introduction of QR batch coding systems and online platforms for uploading delivery data. At the same time, a production sustainability certification plan (Good Agricultural Practices – GAP) has been launched, aimed at improving the reputation of Greek tobacco on international markets.

The binding contractual system and digital registration ensure a high level of administrative transparency, although some critical issues remain related to production fragmentation and the limited technical capacity of some small cooperatives.

Overall assessment

The Greek model is an effective example of integrated administrative traceability, in which the interprofessional organisation and public authorities cooperate in data management and controls.
Thanks to EKMEA, the degree of administrative traceability in Greece is high: there is a national database where the mandatory registers of the agricultural supply chain, producers, processors and retailers of finished products converge. This system has reduced the scope for regulatory evasion by verifying that all operators are registered, authorised and subject to controls. In addition, integration via ICISnet ensures a link between tax/customs data and agricultural/commercial activity records, which facilitates audits, controls and regulatory compliance.

2.5. Bulgaria

Bulgaria is one of the Eastern European countries with the longest tradition of raw tobacco cultivation, particularly for Oriental, Virginia bright and Burley varieties, which are mainly exported to the European industry. Total production is 4,478 tonnes, with a strong prevalence of Oriental varieties. The sector is of significant economic and social importance in rural areas in the south and north-east of the country, despite the steady decline in cultivated areas over the last two decades.

Institutional framework and structure of the supply chain

The governance of the sector is based on the Ministry of Agriculture and Food (MAF), which exercises functions of authorisation, supervision and recognition of operators.
All tobacco producers must register annually in the National Register of Tobacco Growers, while first purchasers and processors must obtain a specific activity licence issued by the regional directorates of the Ministry.
In terms of representation, the sector is coordinated by the National Tobacco Advisory Council, a permanent body that brings together representatives of agricultural cooperatives, primary processing companies, the government and academia. This body has advisory and propositional functions on quality, pricing policy, traceability and support programmes.

Contractualisation and operating rules

The sale of raw tobacco can only take place if there is a written contract registered with

the competent authorities. The contract must indicate the variety, the expected quantity, the minimum accepted quality and the base price per kilogram.
Payment must be made through banking channels within 30 days of delivery to ensure financial traceability.
Each delivery of tobacco must be accompanied by a transport and origin document, indicating the producer's identification, the place of production and the storage centre code.
Bulgaria does not yet have a unified digital system for recording transactions, but the Ministry of Agriculture manages an internal database for collecting contractual data, fed by periodic reports sent by processors.

Controls and penalties

Controls are carried out by the Ministry's inspection services and concern:

- verification of the correspondence between the areas declared and the quantities produced;
- the regularity of contracts and payments;
- the traceability of stocks in warehouses and treatment centres.

The trade or possession of undeclared tobacco is subject to administrative penalties ranging from 50 to 5,000 Bulgarian lev (25–2,500 euro) and, in cases of repeat offences, to the revocation of the licence.
Since 2021, the government has launched a programme to digitise records and integrate tax and agricultural controls, in collaboration with the Revenue Agency and Customs.

Overall assessment

The Bulgarian model is characterised by good regulatory coverage and centralised control, but suffers from structural limitations related to the fragmentation of producers and poor digitisation.
However, cooperation with large international operators has led to a certain degree of standardisation in commercial traceability and quality control processes.
Overall, Bulgaria is evolving towards a more integrated and computerised system, but remains in an intermediate phase of transition between traditional regulation and full digital traceability.

2.6. Hungary

In Hungary, tobacco cultivation remains strategically important for rural areas in the north-east (Szabolcs-Szatmár-Bereg and Hajdú-Bihar regions). The main varieties are Virginia bright and Burley, grown mainly to supply European processing industries. Total production in 2024 was 4,100 tonnes.

Regulatory and institutional framework

The regulation of the supply chain is defined by the Ministry of Finance and implemented by the National Tax and Customs Administration (NAV), which exercises powers of authorisation, supervision and sanction.

All operators in the supply chain – producers, intermediaries and processors – must be registered with the NAV and obtain an annual licence to carry out their activities.

Cultivation is only permitted if there is a registered cultivation contract between the producer and an authorised first processor. Contracts must specify:

- the variety and area cultivated;
- the expected volumes and destination of the harvest;
- the terms of delivery and payment;
- the methods of product control and classification.

The Ministry of Agriculture maintains an up-to-date list of growers and treatment centres, linked to the NAV tax registers.

The traceability of commercial movements is guaranteed through the EKAER (Electronic Road Control System), which monitors sensitive goods in real time using electronic identification codes and mandatory communications from transporters.

Controls and penalties

Each batch of raw tobacco must be accompanied by a transport and identification document issued by the NAV and registered in the EKAER system before transport begins.

Violations – such as failure to declare movements, transport of unregistered tobacco or absence of tax documentation – result in severe penalties of up to 100,000 forints per kilogram (approximately £55), in addition to confiscation of the goods and suspension of licences. From 2026, there will be a penalty of €75,000 per hectare cultivated for those who produce tobacco without being registered.

The NAV carries out regular inspections at farms and processing plants to verify that the volumes declared, stocks and registered contracts match.

This system ensures a high level of fiscal control, but also entails a significant administrative burden for small producers, who often lack advanced digital tools.

Tax pressure and market challenges

In recent years, Hungarian producers have found themselves in a situation of considerable economic and regulatory uncertainty, due to three main factors:

1. increased taxation on processed tobacco and agricultural products;
2. reduced profitability of cultivation due to increased production costs (energy, agricultural inputs, labour);
3. expansion of the black market following the tightening of excise duties and the bureaucratic complexity of the control system.

According to a survey published by Trademagazin.hu, the illicit tobacco market in Hungary currently accounts for around 15% of total consumption, with peaks of over 25% in some regions in the past.
This phenomenon, amplified by the price differential with neighbouring countries, deprives the state of tax revenue and weakens the competitive position of regular producers.
Many farmers also complain about increasing regulatory instability and excessive bureaucracy, which makes it difficult to plan production and maintain compliance with tax and customs regulations.
Agricultural organisations and industry representatives are calling for a review of the taxation system and greater integration between tax controls and agricultural support instruments, to prevent regulatory rigidity from fuelling informal behaviour or the gradual exit of regular operators from the market.

Overall assessment

The Hungarian traceability model is robust from a fiscal point of view, thanks to the interconnection between NAV, EKAER and the Ministry of Agriculture, but it has structural weaknesses from an economic and interprofessional point of view.
The absence of a shared supply chain governance system and growing regulatory pressure risk compromising the sustainability of legal production, pushing part of the sector towards irregularity.
To ensure a balance between control and competitiveness, a more integrated and proportionate approach would be desirable, combining digitalisation, administrative simplification and specific support measures for small producers.
Only through balanced regulation will it be possible to maintain an effective traceability system without penalising the agricultural production base, thus preserving the continuity of a sector which, although small, remains strategic for the Hungarian rural fabric.

2.7. Belgium

The production of raw tobacco in Belgium is now residual but historically significant, concentrated in the Flemish regions of Flemish Brabant and Limburg. For decades, the country has been a small but steady producer of Burley and Virginia bright varieties, mainly used in the domestic cigar and shredded tobacco industry.

Institutional framework and organisation of the supply chain

The supply chain is regulated by the Service Public Fédéral Économie and the Flemish and Walloon regional authorities, which manage agricultural competences. There is no

nationally recognised Interprofessional Tobacco Organisation, but producers operate through small-scale cooperatives and local supply chain associations.

Production rules and traceability

Since 2010, following the end of the EU support scheme, the sector has undergone a sharp decline. Current legislation stipulates that the cultivation and marketing of raw tobacco can only take place with regional authorisation and with mandatory notification of the areas, varieties and quantities produced.
The information is sent to the Regional Agricultural Register (Landbouwregister), which monitors agricultural production for statistical and environmental purposes.
However, there is no specific digital traceability system for tobacco, nor is there a formal obligation to register contracts as in Italy, Spain or Greece. Transactions take place on a private basis, with limited controls for tax and customs purposes.

Controls and surveillance mechanisms

Controls are carried out by the regional agricultural services and the Customs Administration, with the aim of verifying the regularity of raw tobacco flows intended for processing or export. Penalties for the undeclared possession or sale of tobacco are applied under the Excise Code (Wetboek van de Accijnzen), which provides for financial penalties and the confiscation of goods.

Overall assessment

The Belgian system can be considered unstructured from the point of view of supply chain governance, but transparent and compliant with European standards on taxation and product safety. The limited size of production allows for direct control by local authorities without the need for a dedicated regulatory framework.
Looking ahead, Belgium represents an emblematic case of a residual supply chain integrated into a broader European market, where local production survives thanks to high-quality niches and collaboration with foreign processors, mainly Italian and Dutch.

2.8. North Macedonia

Although not a member of the European Union, the Republic of North Macedonia plays a strategic role in the European tobacco market, particularly as a supplier of prized Oriental varieties (Prilep, Yaka, Basmak). The tobacco sector is one of the traditional pillars of national agriculture and employs around 25,000 small producers. In 2024, it recorded a total production of 24,000 tonnes.

Regulatory framework and alignment with EU standards

In recent years, the country has embarked on a process of progressive harmonisation of

national legislation with the acquis communautaire, under Chapter 11 – Agriculture and Rural Development of the EU accession negotiations.
The tobacco supply chain is governed by the Law on Tobacco, Tobacco Products and Related Activities (amended in 2020), which defines the conditions for production, purchase, processing and trade.

Registers and contracting

All growers must be registered in the National Register of Tobacco Producers, managed by the Ministry of Agriculture, Forestry and Water Resources, and may only sell their product to first processing companies authorised annually by the same Ministry.
Each transaction must be governed by a written contract, registered with the local administration and containing data on area, variety, expected quantity and reference price.
The Ministry of Agriculture, Forestry and Water Economy has introduced an information system for tobacco registration (ISET), in which data on tobacco purchased (areas and quantities) are stored according to key variables, including farmer, buyer, type and quality. Purchasing companies (mostly affiliated with international groups such as Philip Morris, Socotab, Alliance One) are required to submit an annual procurement plan and report actual quantities purchased, stocks and exports.

Controls and traceability system

Controls are carried out jointly by the Ministry of Agriculture and the Customs Administration, which verifies the movement of the product from the place of production to the processing plants.
The ISET system guarantees digital monitoring of deliveries and ensures very strict control, reinforced by random on-site inspections.
Payment to producers is made exclusively by bank transfer, and the law provides for the suspension of licences for purchasers who do not comply with the contractual or payment terms.

Overall assessment

The Macedonian model has a high level of regulation and a clear orientation towards convergence with European standards.
Thanks to the implementation of the ISET system, the system guarantees a very high level of administrative traceability and joint supervision by agricultural and customs authorities.
Looking ahead, the Macedonian experience provides a useful laboratory for understanding how pre-accession countries can align their agricultural control and traceability systems with EU standards, promoting transparency of flows and commercial compatibility with the single market.

3 COMPARATIVE ANALYSIS OF NATIONAL MODELS

This section compares the main elements of governance and control that emerged in the national factsheets, with the aim of highlighting convergences, differences and practical implications for the construction of a harmonised European model.

3.1. Governance structures and the role of interbranch organisations

- **Models based on recognised interbranch organisations (Italy, Greece, Spain)**: in countries with recognised interbranch organisations (IBOs), supply chain governance is more structured. IBOs perform key functions: defining standard contracts, variety and quality specifications, codes of good agricultural and labour practice, and coordinating controls. The extension erga omnes of interprofessional agreements (e.g. through ministerial decrees) confers de facto regulatory power on private regulatory intervention, increasing transparency and effectiveness.
- **Tax/customs-centred models (Poland, Hungary, Bulgaria)**: in these cases, oversight is mainly exercised by tax and customs authorities. This approach ensures strong control against tax evasion and illicit trade, but may be less sensitive to the market and quality requirements of the agricultural supply chain, and often leaves the regulatory role to businesses or fragmented administrative registers.
- **Hybrid and alignment models (North Macedonia)**: show progress towards schemes that comply with EU standards, with national registries and contract obligations, but require administrative consolidation and operational capacity.

3.2. Registration, contracting and control requirements

- **Registration**: the most comprehensive systems require registration of all actors (producers, POs/APOs, first processors). Italy is the most advanced case with a centralised register managed by the agricultural payment agency; Poland and Hungary apply registers at customs/tax authorities, while in Spain registration is more regional and less uniform.
- **Contracting**: the requirement for written and registered contracts is common in inter-professional models (Italy, Greece, Spain), with standard schemes that protect the parties and allow for administrative traceability. In fiscal models, contracting exists but is often aimed at justifying fiscal movements and guarantees.
- **Controls and sanctions**: where extensive OIs exist, administrative and on-site controls are frequent and integrated with specific sanctions. In fiscal systems, sanctions tend to be heavy and aimed at combating evasion (seizure, high fines). In contexts with low digitisation, effectiveness depends on the capacity for physical inspection and cooperation between agencies.

3.3. Degree of digitisation and interoperability

- **High digitisation (Italy, Poland and North Macedonia in part)**: presence of platforms for contract registration, delivery declarations and volume monitoring. This facilitates analytics, auditing and interoperability with payment and customs systems.
- **Limited digitisation (Bulgaria, some contexts in Spain)**: systems still partially paper-based or with local registers; this slows down controls and increases compliance costs.
- **Interoperability**: to date, there is little interoperability between national agricultural registers and the traceability systems of finished products or European customs authorities. This gap hinders end-to-end reconstruction of the product's journey.

3.4. Private sector involvement and administrative capacity

- **Private involvement**: in interprofessional models, the private sector works closely with the public sector; this produces shared rules that are appropriate for the market, but can pose risks of regulatory capture if not balanced by independent public controls.
- **Administrative capacity**: the central role of the paying agency (e.g. AGEA in Italy) and customs authorities is a critical factor. States with robust administrative structures can implement electronic registers and large-scale controls; where capacity is limited, the system relies on more fragile self-regulatory practices.

3.5. Effects on supply chain security and combating illegality

- Combined systems (mandatory contracting + central registration + customs controls) are more effective in preventing the circulation of undeclared tobacco and reducing opportunities for illicit trade. Exclusively fiscal approaches, while effective in terms of tax recovery, do not always prevent the formation of irregular flows at the agricultural level.

4. COMMON CRITICAL ISSUES AND CHALLENGES

The analysis reveals a number of good practices in national raw tobacco traceability systems, but also some recurring critical issues that affect the quality of any traceability scheme and must be addressed if a single, coherent European solution is to be developed.

4.1. Regulatory heterogeneity and fragmentation of registries

The main barrier to harmonisation is the lack of uniformity in national regulations: differences in who must register, what data must be declared, and how and when updates must be made. This fragmentation makes effective cross-border control difficult and encourages regulatory arbitrage.

4.2. Poor interoperability between systems

The absence of shared technical standards limits the exchange of information between agricultural registers, customs systems and any European databases. Without interoperability, any attempt to reconstruct the product chain of custody on an EU scale requires manual and costly processes.

4.3. Variable levels of digitisation and administrative capacity

The ability to apply automated controls and perform risk analysis depends on the digitisation of registers and the technical expertise of administrations. Countries with low IT investment struggle to implement advanced traceability models.

4.4. Risk of bureaucratic overload for small producers

Imposing stringent administrative obligations (registers, registered contracts, periodic reports) can place a burden on small farmers, who often constitute the majority of operators in many rural areas. It is necessary to balance control requirements with simplification and operational support measures.

4.5. Protection of commercial and competitive data

The centralised collection of sensitive information (contract prices, volumes, counterparties) raises issues of confidentiality and competition. Clear rules on data management, access and purpose, compatible with the GDPR, need to be defined.

5. THE IMPACT OF THE RECENT PROPOSAL FOR A COUNCIL DIRECTIVE ON THE STRUCTURE AND RATES OF EXCISE DUTY APPLIED TO TOBACCO AND RELATED PRODUCTS

An issue of growing importance for the European tobacco supply chain is the planned increase in excise duties on tobacco and the regulation of new generation products, which are being revised in the new proposal for a Directive on the taxation of tobacco products (TED). Although aimed at harmonising product categories and their tax regimes, as well as protecting public health, the rules contained in the proposed Directive have significant side effects along the agricultural and processing chain:

- a reduction in European demand for raw tobacco;
- increased economic and bureaucratic pressure on farms, with the risk of crop abandonment;
- potential growth of the illicit market for tobacco products, already estimated in some countries at between 10% and 20% of consumption, as reported in Hungary and Eastern Europe; in France, it is as high as 40%.
- loss of tax revenue and weakening of the capacity of national authorities to exercise effective control.

Comparative experience suggests that excessive taxation does not automatically translate into greater legality or lower consumption, but may rather encourage the emergence of untraceable parallel channels, undermining the transparency efforts built up over the years.

For this reason, the evolution of tax policies should proceed in a balanced and coordinated manner with traceability tools, ensuring consistency between fiscal, health, economic and market control objectives.

Looking ahead, a balanced European policy should:

- maintain the distinction between raw tobacco and finished products, preventing agricultural raw materials (raw tobacco) from being subject to excise duties;
- strengthen administrative cooperation against smuggling, using traceability as a preventive tool and not just a means of punishment.

6. OPERATIONAL RECOMMENDATIONS

A comparative analysis of raw tobacco traceability systems at European level highlights the existence of established but differing national models, characterised by varying levels of digitisation, interprofessional governance and integration with fiscal and customs controls. Among these, the Italian model stands out for its completeness and regulatory consistency, thanks to the erga omnes system introduced by MASAF and the centralised application of controls and sanctions, elements that make it a European best practice and which could be a benchmark for possible extension at European level.
In the current context, however, the sector is facing profound regulatory change. The recent proposal to revise the Excise Duty Directive (TED – COM(2025)580), the future reform (expected in the second quarter of 2026) of the Tobacco Products Directive (TPD) and the international discussions within the FCTC-COP 11 (November 2025) will redefine the European regulatory framework, directly affecting the agricultural production structure, costs and sustainability of the tobacco supply chains.
An analysis of the various traceability systems for raw tobacco in different countries and the production structure of the sector reveals a number of strategic points and policy recommendations, which can be summarised as follows:

1. Protection of European supply chains of excellence.
European raw tobacco is a high value-added agricultural sector, with over 20,000 farms operating on 50,000 hectares and playing a key role in rural employment. It is necessary to protect these supply chains from the combined effect of tax increases and new regulatory requirements that could reduce their competitiveness compared to non-EU producers.

7. Enhancement of national traceability systems.
Some countries already have very effective national systems in place. Since 2015, Italy has been applying a comprehensive traceability system based on registers, controls and penalties. Poland, through the SENT/PUESC system, has a very effective geo-localised traceability model. The possible inclusion of raw tobacco in the EMCS (Excise Movement and Control System) would lead to duplication and high administrative costs, penalising SMEs and agricultural cooperatives in particular. The priority should be to extend and harmonise existing models rather than create new parallel tax control mechanisms.

8. Avoid tax equalisation between different products.
The proposal to standardise taxation between traditional and new-generation products (heated tobacco, e-cigarettes, oral nicotine) risks discouraging innovation, generating re-

gressive effects on demand and favouring the entry of non-European products without comparable quality standards.

9. Socio-economic impact analysis.
Any reform should be accompanied by an assessment of its effects on agricultural activity, rural employment and territorial cohesion. A sudden increase in excise duties or new administrative requirements on raw tobacco could lead to the disappearance of thousands of European farms, particularly in Italy, Spain, Poland, Hungary and Greece.

10. Support for integrated supply chain models.
The Coldiretti–Philip Morris–ONT Italia agreement, launched in 2011 and recently renewed until 2034, covers around 50% of the raw tobacco produced in Italy and is a model of sustainable vertical integration, combining innovation, investment, digitalisation, stability and ecological transition.
This type of agreement demonstrates how collaboration between farmers, industry and institutions can guarantee economic predictability and environmental sustainability, ensuring continuity in European quality production.

11. Active role of national governments and the EU.
Member States should promote a balanced position at European level that recognises the specific agricultural nature of raw tobacco, keeping it outside the scope of excise duties and therefore the Tax Directive, and promote the extension at EU level of traceability mechanisms already in place through their standardisation.

12. Digital transition and sustainability.
The Italian experience (as well as the Greek one) shows how the digitisation of registers and contracts, combined with certified environmental standards, can reduce illicit trade and improve traceability. These tools should form the core of a future shared European model, supported by post-2028 CAP funding programmes.
In summary, the prospects for harmonising the traceability of raw tobacco at European level should be based on three guiding principles:

- recognising and enhancing already effective national systems;
- ensuring the proportionality and economic sustainability of the new rules;
- promoting an integrated approach that combines security of flows, innovation and protection of agricultural supply chains.

Thanks to its mature traceability models and sustainability practices already in place, the European raw tobacco sector is now a laboratory for advanced governance of the Union's agricultural and fiscal policies. Any new regulatory framework should avoid ideological, punitive or generalist approaches, favouring regulatory cooperation and recognition of the results achieved by the most virtuous Member States.

7. CONCLUSIONS

The traceability of raw tobacco in Europe is currently mainly entrusted to heterogeneous national solutions, ranging from advanced interprofessional models to systems based on fiscal and customs controls. The most effective models combine three fundamental elements:

1. mandatory and registered contracting;
2. centralised or interoperable digital registers;
3. well-coordinated administrative and on-site controls between agricultural, fiscal and customs authorities.

A truly effective European strategy must aim to define harmonised minimum requirements, combined with open technical standards and governance mechanisms that enhance public-private cooperation without compromising transparency and public oversight.

The Italian experience shows that traceability is technically feasible and sustainable if it is part of a clear and digitised contractual framework. The challenge is now political and organisational: to build a European architecture that allows for effective controls, respects the rights of agricultural producers and limits administrative costs for smaller operators.

The recommendations proposed here offer a pragmatic roadmap: start with minimum requirements and shared standards, test solutions through transnational pilot projects, and provide operational support to producers.

This approach balances the needs for control, protection of competition and economic sustainability of supply chains, helping to reduce the risk of illicit trade and strengthen the resilience and transparency of the European tobacco supply chain.

Ultimately, traceability and fiscal policy must be conceived as complementary *governance* tools, not as separate punitive mechanisms: only a coordinated, proportionate and sustainable approach can ensure the survival of European tobacco supply chains, enhancing the legality, quality and competitiveness of the sector.

APPENDIX

FOCUS on 'The European Tobacco Supply Chain'

by the DIVULGA Research Centre

1 – The global context

In 2024, global raw tobacco production exceeded 5 million tonnes, with a further increase expected in 2025 to 5.9 million tonnes.
Between 2021 and 2025, estimated growth is around +21.65%, but with significant differences between varieties.

Table 1.1 – Global tobacco production by varietal group (2021–2025)

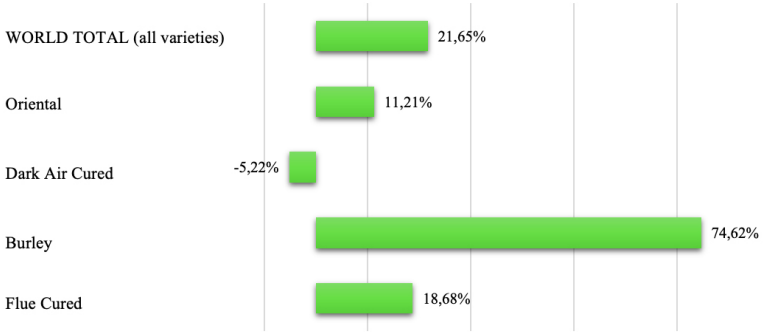
Varietal Group/Years	2021	2022	2023	2024	2025
G.v. I - *Flue Cured*	3,593	3,484	3,911	3,759	4,264
G.v. II - *Burley*	398	354	442	467	695
G.v. III - *Dark Air Cured*	134	133	120	123	127
G.v. V-VIII - *Oriental*	116	111	103	112	129
WORLD TOTAL (all varieties) **	**4,877**	**4,673**	**5,226**	**5,156**	**5,933**

Note: * Estimates
** The total differs from the sum of the individual items due to rounding and other small, unspecified items.

Source: *Universal Leaf Tobacco Company, updated on 6 August 2025.*

Table 1.1 shows that *Burley* is the fastest growing variety (+74.62%), followed by *Flue Cured* (+18.68%) and *Oriental* (11.21%). Meanwhile, *Dark Air Cured* shows a slight decrease in production of -5.22%.

Figure 1.1 – Percentage change in production by variety (2021–2025)



Source: *calculations based on Universal Leaf Tobacco Company data*

1.1 Geographical distribution of production

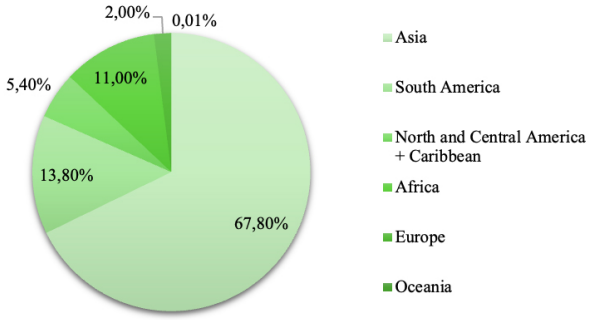
World production remains concentrated in a few areas. Asia dominates with over two-thirds of world production (4.08 million tonnes in 2023), followed by South America (13.8%), Africa (11%) and North and Central America (5.4%). Europe accounts for around 2%, a share that is declining compared to the past.

Table 1.2 – Tobacco production by continent (2021–2023)

Years	2021		2022		2023	
	Production (tonnes)	%	Production (t)	%	Production (t)	%
Asia	3,929,541	66.7	3,938,774	68.2	4,081,566	67.8%
South America	889,780	15.1	803,915	13.9	829,747	13.8
North and Central America + Caribbean	334,741	5.7	322,290	5.6	326,330	5.4
Africa	562,755	9.6	570,874	9.9	662,383	11.0
Europe	171,601	2.9	135,853	2.4	123,320	2.0
Oceania	688	0.01	673	0.01	594	0.01%
World	**5,889,105**	**100**	**5,772,379**	**100**	**6,023,940**	**100%**

Source: *FAOSTAT.*

Figure 1.2 – Breakdown of global production by continent (2023)



Source: *FAOSTAT.*

At country level, China confirms its global leadership with over 2.2 million tonnes, accounting for 38% of global production and one third of cultivated land. India and Brazil follow with shares of 12.8% and 11.3%. Italy, despite its reduced volumes (29,000 tonnes, 0.5% of the world total), is the leading European producer.

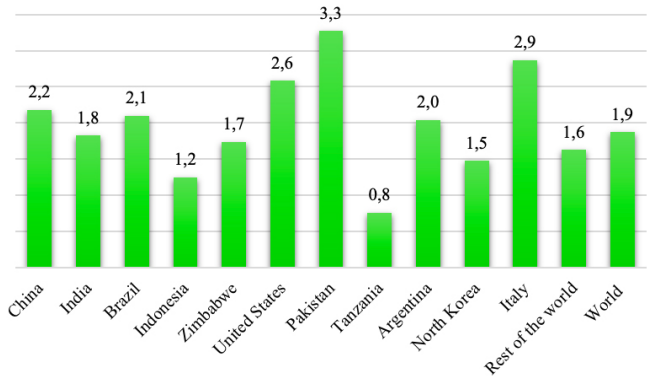
Table 1.3 – Main raw tobacco producing countries (2023)

	Countries	Production (t.)	Percentage of production (	Area (Ha)	Percentage of area (%)
1	**China**	2,296,700	38.1	1,052,685	32.7
2	**India**	769,671	12.8	422,115	13.1
3	**Brazil**	683,469	11.3	325,408	10.1
4	**Indonesia**	238,806	4.0	191,816	6.0
5	**Zimbabwe**	236,815	3.9	136,126	4.2
6	**United States**	196,160	3.3	75,930	2.4
7	**Pakistan**	151,858	2.5	46,443	1.4
8	**Tanzania**	122,859	2.0	162,062	5.0
9	**Argentina**	107,880	1.8	52,998	1.6
10	**North Korea**	87,427	1.5	59,311	1.8
22	**Italy**	29,012	0.5	10,128	0.3
	Rest of the world	460,770	7.6	283,210	8.8
	World	6,023,940	100.0	3,222,582	100.0

Source: *FAOSTAT.*

Average productivity per hectare varies greatly: the highest levels are recorded in Pakistan (3.3 t/ha) and Italy (2.9 t/ha), followed by the United States and China. This shows significant technological and organisational differences between global production systems, with particular attention to the technological models used, i.e. the set of knowledge and cultivation practices that favour production and promote innovation in the tobacco sector. In this context, Italy stands out not only as the leading European country in terms of production and tobacco acreage, but also for its high levels of productivity, which highlight greater technological efficiency and a supply chain characterised by high levels of modernisation.

Figure 1.3 – Average productivity per hectare in the main countries (2023)



Source: *Based on Faostat data.*

2 – THE EUROPEAN CONTEXT

Tobacco production in the European Union has a limited impact on the global context, but it is an agricultural sector with high levels of efficiency and specialisation. In 2024, there were 20,144 producers in the EU, who cultivated 42,625 hectares, producing 103,641 thousand tonnes of raw tobacco. Over time, labour productivity has improved significantly, rising from 3.5 to 5.1 tonnes per producer between 2011 and 2024, while land productivity has remained constant at around 2.4 tonnes per hectare, after a slight decline in previous years.

Table 2.1 – Number of producers, area (hectares) and production (tonnes) of tobacco in the EU (Year 2011, 2015, 2020, 2022, 2023, 2024)

Paesi/Anni	2011			2015			2020			2022			2023			2024		
	Produttori	Superficie	Produzione	Produttori	Superficie	Produzione	Produttori	Superficie	Produzione	Produttori	Superficie	Produzione	Produttori	Superficie	Produzione	Produttori	Superficie	Produzione
Germania*	206	2.116	5.335	110	1.900	5.200	100	1.980	4.500	100	1.500	3.500	100	1.500	3.500	n.d.	n.d.	n.d.
Belgio	67	50	118	45	42	118	24	24	44	23	22	44	17	16	48	17	19	49
Bulgaria	34.060	18.630	29.065	25.030	15.579	24.200	3.210	4.382	7.508	3.466	3.221	5.145	7.392	3.867	4.544	7.989	4.010	4.478
Croazia**	n.d.	5.905	10.643	n.d.	4.752	10.132	n.d.	3.420	7.080	382	2.850	6.150	382	2.850	6.150	n.d.	2.810	6.180
Spagna	2.191	10.155	29.274	2.058	18.156	29.360	1.213	8.077	24.884	962	6.269	19.870	884	5.598	12.234	891	6.058	19.405
Francia	1.804	5.819	35.962	974	3.583	9.004	399	1.450	3.835	315	1.065	3.126	271	910	2.605	262	915	2.684
Grecia**	14.000	15.122	25.522	16.620	19.250	30.159	10.352	13.465	18.091	7.088	8.203	11.527	6.810	8.052	10.723	6.350	6.250	12.660
Ungheria	1.101	4.942	9.194	960	4.418	7.447	671	3.266	4.114	490	2.840	3.153	411	2.565	3.715	381	2.756	4.106
Italia	4.287	22.424	69.240	2.700	15.938	51.406	1.790	13.378	37.830	1.415	10.899	30.847	1.251	10.128	29.012	1.228	11.359	33.897
Polonia	13.526	14.731	30.076	12.703	12.972	26.434	4.350	9.710	19.131	3.111	7.920	18.486	2.996	8.436	18.844	3.026	9.058	19.753
Romania	n.d.	1.680	2.560	n.d.	750	1.080	n.d.	880	1.150	n.d.	280	190	n.d.	530	490	n.d.	390	430
Totale UE-27	71.242	101.575	246.989	61.200	97.340	194.540	22.109	60.032	128.167	17.352	45.070	102.038	20.514	44.452	91.865	20.144	43.625	103.641

Note: * The data for Germany are estimates; no updated data are available for 2022 and 2023.
** The value reported for Croatia in 2023 is based on an estimate, as is the figure for Greece in 2024, in the absence of updated data.

Sources: *Eurostat and Unitab Europa.*

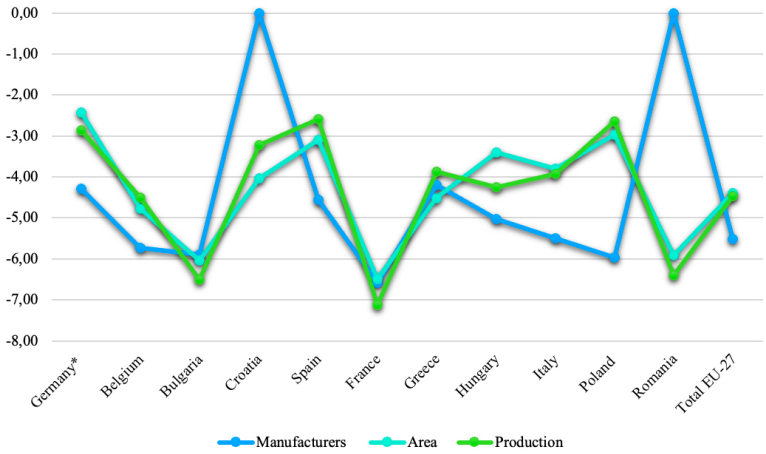
Figure 2.1 shows the average annual rates of change in the number of producers operating in the sector, the areas under cultivation and production, using the following formula:

$$r = \frac{V_n - V_0}{V_0 \cdot n}$$

Where:

- r = average annual rate of change (in decimal form)
- V0 = initial value
- Vn = final value after n years
- n = number of years

Figure 2.1 – Average annual rates of percentage change in producers, area and production



Note: * The average annual rate of change for Germany refers to the period 2011-2023; The number of producers is not available for Croatia and Romania.

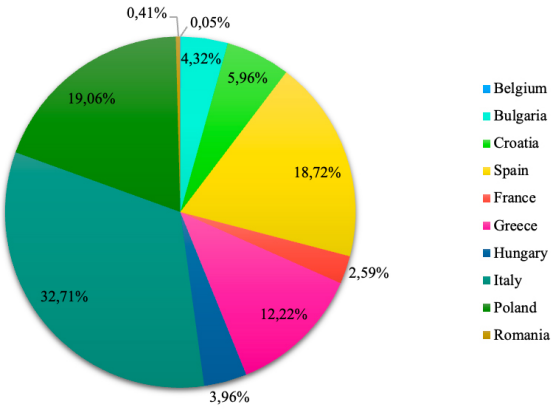
Source: *Calculations based on Unitab Europa and Eurostat data.*

There is a steady decline in all indicators: considering the EU-27 as a whole, the number of producers is falling by around 5.5% per year, land area by 4.4% and production by 4.5%. Some countries show more significant reductions. In France, the decline is most marked: production is falling by 6.6% per year, while both producers and areas are declining by 6.5%. Bulgaria also shows a negative trend, with reduction rates of between -5.9% and -6.5% for all indicators. In Belgium, producers recorded a decline of -5.7%, cultivated areas decreased by -4.8%, while production showed a slightly lower reduction (-4.5%). In Poland, the decrease in the number of producers (almost -6%) is greater than the decrease in area (-3%) and production (-2.6%), indicating a rationalisation of the sector rather than a real downsizing of production.

2.1 Distribution by producer country

In 2024, Italy confirmed its leading position in Europe, with approximately 33,000 tonnes, equal to 32.71% of EU production. It was followed by Poland (19.06%), Spain (18.72%) and Greece (12.22%). Other Member States had residual or progressively declining production.

Figure 2.2 – Percentage distribution of EU tobacco production by country (2024)



Source: *Calculations based on Unitab Europa and Eurostat data.*

2.2 Distribution by variety group

European production consists mainly of the *Flue-Cured* variety, which accounts for about 74% of production and 65% of cultivated land. Italy stands out in this category, with just under a quarter of the land and almost 30% of European production, followed by Poland, with more land (26.6%) but slightly lower production per hectare (25.3%). Italy's leadership is even more evident in other varieties. In *Light Air Cured*, it accounts for almost half of the area (48.1%) and over 63% of production, a sign of high productivity. In *Dark Air Cured*, its share of production rises to 73%, while in *Fire Cured* it reaches almost exclusive values (89% of the area and 85.8% of production).
Poland maintains significant positions in the *Flue* and *Fire Cured* varieties, while France has a secondary but stable role in *Dark Air Cured* (around 10%).

Table 2.2 – EU production by variety group (2023)

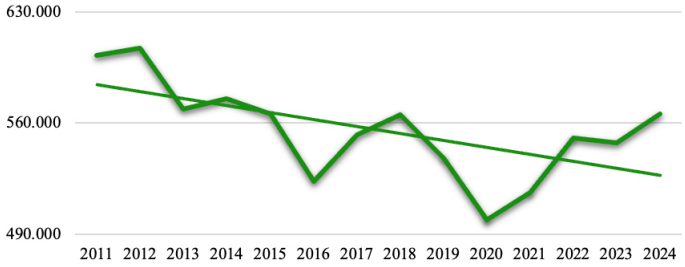
Variety group/ Year	2023				
	Production (t)	European share per variety	Share of European total	Area (ha)	Percentage of area (%)
G.v. 01 - *Flue Cured*					
Italy	20,191	29.8	22.1	6,731	23.6
Poland	17,124	25.3	18.7	7,606	26.6
Spain	12,020	17.8	13.2	5,473	19.2
Croatia	6,105	9.0	6.7	2,827	9.9
Germany	3,500	5.2	3.8	1,500	5.3
Greece	3,000	4.4	3.3	929	3.3
Others	5,733	8.5	6.3	3,503	12.3
Total	**67,672**	**100.0**	**74.1**	**28,569**	**100.0**
G.v. 02 - *Light Air Cured*					
Italy	5,793	63.2	6.3	1,563	48.1
Poland	1,307	14.3	1.4	623	19.2
France	670	7.3	0.7	245	7.5
Hungary	510	5.6	0.6	369	11.4
Bulgaria	466	5.1	0.5	239	7.3
Others	414	4.5	0.5	212	6.5
Total	**9,160**	**100.0**	**10.0**	**3,251**	**100.0**
G.v. 03 - *Dark Air Cured*					
Italy	53	73.0	0.6	278	72.5
France	85	11.6	0.1	40	10.4
Spain	51	7.0	0.1	24	6.3
Others	62	8.4	0.1	41	10.7
Total	**733**	**100.0**	**0.8**	**383**	**100.0**
G.v. 04 - *Fire Cured*					
Italy	2,493	85.8	2.7	1,556	89.0
Poland	394	13.5	0.4	179	10.2
Spain	20	0.7	0.02	13	0.7
Total	**2,907**	**100.0**	**3.2**	**1,748**	**100.0**
Other variety groups					
Bulgaria	3,400	31.2	3.7	2,946	29.5
Greece	7,503	68.8	8.2	7,025	70.5
Total	**10,903**	**100.0**	**11.9**	**9,971**	**100.0**
EU-27 TOTAL	**91,375**		**100.0**	**43,922**	

Source: *Unitab Europe.*

2.3 TRADE AND SUPPLY

In recent years, there has been a gradual reduction in the EU's external dependence on raw tobacco, although imports are expected to pick up again between 2020 and 2024.

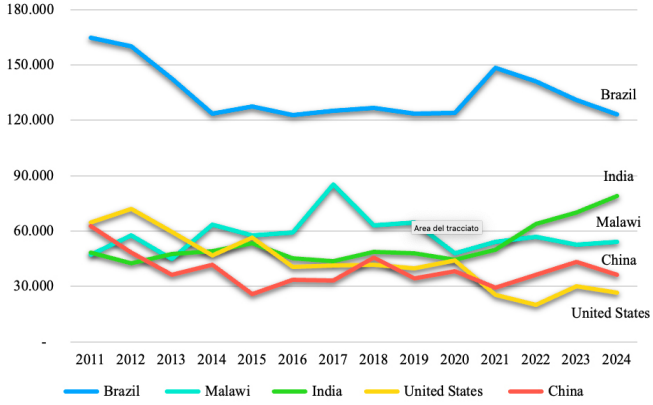
Figure 2.3 – Total imports of raw tobacco into the EU-27 (Values in tonnes)



Source: *Eurostat Comext.*

As shown in Figure 2.4, Brazil remains the main supplier, with over 120,000 tonnes per year, followed by India, Malawi, China and the United States. In recent years, Brazil's relative weight has decreased, while India's competitiveness has grown, now ranking as the second largest exporter to Europe.

Figure 2.4 – Major exporters of raw tobacco to the EU-27 (Values in tonnes – average 2011–2024)



Source*: Eurostat Comext.*

2.4 The tobacco manufacturing supply chain

In 2023, there are 286 tobacco manufacturing companies in the EU-27, with 39,358 employees and a total production value of €21.7 billion. The sector is highly concentrated: a few large industrial centres account for most of the workers and value generated.
Germany has the highest number of companies (19.2%), while Poland leads in terms of number of employees (28.3%) and value produced (34.0%). Italy, with only 8 companies (2.8%), accounts for 12.5% of European value, a sign of strong industrial specialisation and integration.

Table 2.3 – Tobacco manufacturing companies (2023)
(Absolute values and % of EU total)

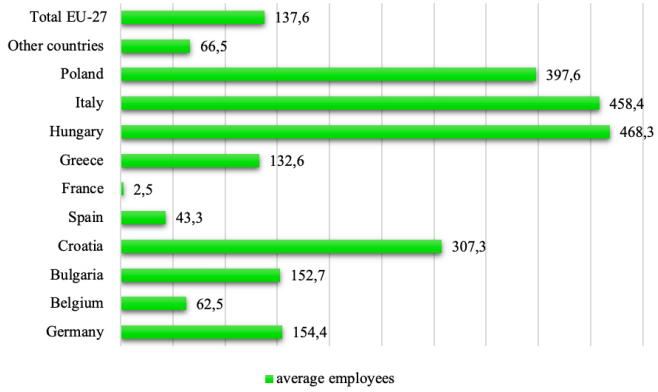
Countries	Number of companies		Number of employees		Production value (in millions of €)	
Germany	55	19.2	8,494	21.6	5,556.08	25.6
Belgium	19	6.6	1,188	3.0	436.96	2.0
Bulgaria	7	2.4	1,069	2.7	167.23	0.8
Croatia	3	1.0	922	2.3	-	-
Spain	36	12.6	1,557	4.0	838.29	3.9
France	8	2.8	20	0.05	2.27	0.01
Greece	24	8.4	3,183	8.1	1,177.24	5.4
Hungary	4	1.4	1,873	4.8	745.65	3.4
Italy	8	2.8	3,667	9.3	2,704.68	12.5
Poland	28	9.8	11,132	28.3	7,383.60	34.0
Other countries	94	32.9	6,253	15.9	2,690.04	12.4
Total EU-27	**286**	**100**	**39,358**	**100**	**21,702**	**100**

Source: *Eurostat, SBS.*

2.5 Average size and productivity of enterprises

Average enterprise size varies greatly between countries. The following stand out:
- Hungary, with 468.3 employees per enterprise;
- Italy, with 458.4 employees;
- Poland and Croatia, with 397.6 and 307.3 employees respectively.

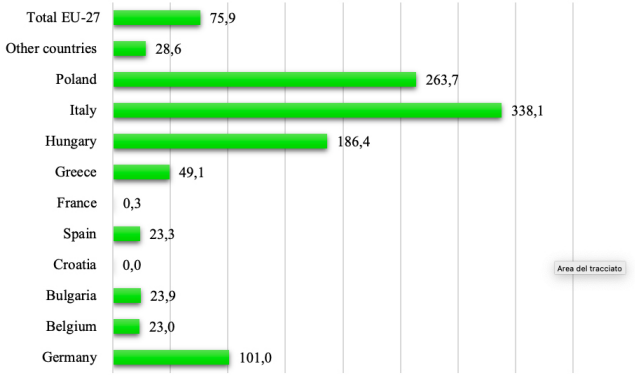
Figure 2.5 – Average size of tobacco manufacturing companies (employees/company)



Source: *calculations based on Eurostat data.*

Calculating the average value per company, Italy confirms its clear leadership: Italy €338.1 million/company, followed by Poland €263.7 million/company, Hungary €186.4 million/company, Germany €101.0 million/company and Greece €49.1 million/company, the latter below the EU average of €75.9 million/company.

Figure 2.6 – Average value produced per manufacturing company (million €/company)



Source: *calculations based on Eurostat data.*

Italy leads European tobacco production with around 33% of EU production and generates an average value per company well above the average, confirming its central role in the processing and valorisation of tobacco.

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