

Special Report

World Unmanufactured Tobacco Production, Supply and Distribution

Production

China, the United States, India, Brazil, Indonesia, and Greece, account for nearly three-quarters of the world's unmanufactured tobacco production. China is by far the leading producer with leaf output almost 3.5 times the United States or over 37 percent of the world's output. The Chinese State Tobacco Monopoly Administration continues to implement policies to balance tobacco production and consumption within the next three years. China is forecast to produce 2.40 million tons of leaf tobacco in 2000, down nearly 3 percent.

Total unmanufactured tobacco production in the United States is expected to reach 408,200 tons, down nearly 23 percent in 2000. This 23-percent drop in leaf production is the result of a lower domestic quota for flue-cured and burley in 2000.

For India, Indonesia, and Brazil leaf production is forecast to increase in 2000. Sources expect that India's leaf production will increase marginally in 2000. Indonesia is showing signs of bouncing back from the economic crisis, and leaf production is projected to reach 185,121 tons in 2000, up 18 percent because of a rise in cigarette production.

Consumption

Global leaf consumption is estimated to fall about 4 percent due to lower cigarette demand in selected countries. The world's top leaf consumers are China, the United States, India, Indonesia, Japan, Germany, and the Russian Federation. China, the world's largest leaf consumer, is likely to reduce consumption by nearly 4 percent in 2000. A 3-percent drop in leaf consumption is in line with the China State Tobacco Monopoly Administration goals to balance tobacco production with consumption within three years. In the United States, leaf consumption continues to fall due to lower domestic cigarette consumption and lower cigarette exports. Italy, Japan, Germany will likely see lower domestic consumption because of falling cigarette demand. But leaf demand in Indonesia and the Russian Federation are estimated to increase by 5 percent and 4 percent respectively in 2000 due to increased cigarette production.

Exports

The world's leading leaf exporting nations are Brazil, the United States, Zimbabwe, Malawi, Turkey, and Greece. Brazil, the world's largest leaf tobacco exporter, is expected to export 320,000 tons, up slightly in 2000. Brazil's competitiveness in international markets is enhanced by product availability and the devaluation of its currency. U.S. leaf sales to overseas markets are estimated to slip again in 2000. Competitive prices from world suppliers, aggressive anti-smoking campaigns world-wide, and a global oversupply situation continue to affect U.S. sales abroad. Zimbabwe, the third largest exporter, is likely to see sales decline by 10 percent in 2000 because

of lower availability of export quality leaf and uncertain economic conditions. Turkey and Greece's leaf exports are expected to remain constant in 2000.

Imports

The Russian Federation, Germany, the United States, United Kingdom, and Japan are the world's leading unmanufactured tobacco importing nations. Japan is expected to increase shipments by 5 percent in 2000 because of a shrinking domestic leaf industry. The Russian Federation's imports are projected to increase nearly 4 percent due to a rise in cigarette production. But U.S. leaf imports are expected to total 220,000 tons in 2000, down nearly 9 percent. Lower demand for foreign leaf in the United States is the result of lower demand for cigarettes both abroad and domestically. Germany and the United Kingdom are expected to reduce imports due to falling cigarette demand.

Stocks

World unmanufactured tobacco stock levels are projected to decline by 8 percent in 2000. The 8-percent decline is a result of countries adjusting their tobacco production to domestic consumption. China and the United States combined have over half the world's stock levels. China, which accounts for about 34 percent of world leaf stocks, is expected to reduce stock levels by nearly 28 percent in 2000 by cutting production. The Chinese goal for 2000 is to lower stocks by 1 million metric tons within 3 years. Stock levels in the United States are expected to remain high because of a drop in leaf exports and a decrease in domestic leaf demand. High stock levels will have a negative effect on the U.S. tobacco quota and leaf output in the coming year.