

SPECIAL REPORT

World Unmanufactured Tobacco Trade

Exports:

For 2001 world unmanufactured tobacco exports are projected to reach nearly 2.1 million metric tons, unchanged from a year ago. The world's top leaf exporting nations are: the European Union, Brazil, Zimbabwe, the United States, China, India, and Malawi. The European Union's leaf shipments are forecast to drop by 2 percent while Brazilian exports are up 4 percent from a year ago. Leaf exports for the United States, Zimbabwe, and China are forecast to increase slightly. Malawi's leaf exports are expected to remain constant in 2001.

The United States: Leaf exports dropped nearly 4 percent in 2000 from the previous year. A number of factors are to blame for the decline seen in U.S. leaf exports. Competitive prices, aggressive anti-smoking campaigns, ample global supplies, and a decline in U.S. tobacco production have all impacted U.S. sales abroad. Countries that once bought solely American leaf found more competitive prices and good quality leaf from our competitors such as Brazil and Zimbabwe. In 2001, U.S. leaf exports are expected to reach 185,000 tons, up slightly from 2000 because of improved prospects for expandable sales to China along with greater production levels in the U.S.

Central America and the Caribbean: Leaf exports are projected to increase marginally because of increased leaf availability in the region. Leaf production in Guatemala rose 5 percent in 2001 because of increased demand from manufacturers in Mexico, Honduras, and Costa Rica. Guatemalan leaf exports are forecast to total 8,350 metric tons in 2001, up slightly from 2000. The U.S. remains a main destination for Guatemalan leaf. For 2001, Guatemalan leaf exports to the United States reached 4,895 tons compared to 4,751 tons in 2000.

South America: South American exports are projected to increase by nearly 4 percent in 2001. Brazilian exports are estimated at 354,900 tons in 2001, up 4 percent from 2000. Much of this growth is due to an increase in the amount of leaf available for export and lower export prices making Brazilian leaf more competitive on the international market. In addition, Brazil is expanding to new markets such as Turkey in 2001. Argentine tobacco exports for 2001 are projected at 57,500 tons, up nearly 4 percent. Sources expect that increased exports will lower stock levels in 2002.

The European Union: Leaf exports are forecast to reach 392,741 metric tons in 2001, down 2 percent from 2000. Leaf shipments from Germany to Central and Eastern Europe continue to increase in 2001. Leaf sales to major buyers such as the Asia region have decreased because of their economic recession.

Africa and the Middle East: In Africa and the Middle East, leaf exports dropped as a result of economic and social turmoil in selective countries and declining cigarette production in the western world. Turkey's leaf exports are forecast to drop by 10 percent in 2001 to 90,710 tons. In Zimbabwe, leaf exports are expected to drop from 205,500 tons in 2000 to 185,600 tons in

2001 due to farm invasions prohibiting production, along with shortages in fuel, electricity, and financing.

Imports:

World leaf imports are forecast at 1.95 million metric tons in 2001, down slightly from 2000. The world's leading leaf importing countries are the European Union, the United States, Russia, Japan, Egypt, Poland, and Turkey.

The United States: Imports of unmanufactured tobacco are forecast to reach 215,000 tons in 2001, up 9 percent from 2000. The 9-percent increase is due to U.S. suppliers replenishing stocks. Flue-cured, burley, and oriental tobaccos combined account for nearly 81 percent of the U.S. leaf tobacco imports. The leading suppliers to the United States of leaf tobacco are Brazil, the European Union, Argentina, Malawi, and Turkey.

The European Union: The European Union is the world's leading importer of unmanufactured tobacco. Germany, the United Kingdom and the Netherlands combined account for almost 65 percent of the European Union's leaf imports. Leaf imports by the EU in 2001 are expected to total 697,519 tons, down by 2 percent. The 2-percent decline in imports is due to decreased demand for tobacco products within the EU. Leaf imports by the United Kingdom and the Netherlands are expected to drop by 4 percent and 5 percent, respectively, in 2001. Germany's leaf imports are forecast to remain constant in 2001 at 263,000 tons.

Eastern Europe and the Former Soviet Union: Leaf imports by the Eastern European region are estimated to increase 4 percent. Leaf imports by the former Soviet Union rose 5 percent in 2001. Russian leaf imports are estimated to total about 299,800 tons in 2001, up from 285,000 tons in 2000. Demand for imported leaf in Russia increased during 2001 because of consumer preferences for domestically produce cigarettes which were more economical than imported brands.

Africa and the Middle East: Leaf imports by the African and Middle East regions are expected to remain constant in 2001. Turkey's leaf imports are forecast to drop by 14 percent in 2001. This decline is due to Turkish manufacturers utilizing stocks in order to reduce carry-over into 2002. Egyptian leaf imports are projected to remain constant in 2001. Despite reports that Egyptian manufacturers continue to import leaf in order to replenish stock levels.

Asia: Leaf imports are forecast to increase slightly for the region. Leaf imports by Japan are forecast to drop to 92,000 tons in 2001, down 2 percent from the previous year because cigarette production continues to decline. The Philippines is forecast to import 26,200 tons, up slightly from a year ago. Sources indicate that the Philippines will continue to import leaf tobacco in order to replenish stocks levels which have fallen in recent years.