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Tobacco and Products

Annual

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Report Highlights:
When Taiwan enters the WTO, the government tobacco monopoly will be dismantled to bring the industry into compliance with WTO rules. The disappearance of the tobacco monopoly will provide opportunities and challenges for US tobacco and tobacco product exports. In 2000, the US share of the tobacco leaf import market was 33 percent, and the share of the imported cigarette market was 10 percent.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Total tobacco leaf consumption in 2000 is estimated at 18,322 mt, 7 percent less than in 1999. Leaf consumption dropped because the market share of domestically manufactured cigarettes is being eroded by foreign brands (especially Japanese and German). Tobacco leaf consumption in 2001 is expected to decrease by another 3 percent. In 2000, Taiwan imported about 8,000 mt of *flue-cured* tobacco leaf, a drop of 32 percent from a year earlier. Thirty-three percent of the 2000 tobacco imports came from the US. Tobacco imports decline because cigarettes made in Taiwan lost market share to imported cigarettes. Despite the fact that this trend is expected to continue this year, no significant US tobacco import reductions, in terms of tonnage, are anticipated because US tobacco is an essential ingredient of domestic cigarette formulations. Domestic tobacco leaf production is expected to fall and be replaced by mediocre quality tobacco imported from other countries than the US, which means US tobacco import share might drop. After Taiwan enters the WTO, the tobacco monopoly must be dismantled, and because the successor organization will have to be competitive to remain in business, it will no longer be able to subsidize domestic production. Therefore, Taiwan's tobacco monopoly is cutting back on tobacco production contracts a little each year in an attempt to phase out domestic production.

Cigarette consumption in 2000 is 40.7 billion pieces, a 0.9 percent increase from the previous year. Consumption is expected to increase 0.7 percent to 4.1 billion pieces in 2001. This may be attributed to advertising of foreign brands. In 2000, domestic cigarette production totaled 21 billion, a decline of 1.6 billion, or 7 percent, from a year earlier. Market share of local brands was 52 percent, down 4 percent from1999. A significant increase in the market share of foreign brands is projected for 2001 due to growing popularity of Japanese and German cigarettes. The US share of the imported cigarette market in 2000 was 10 percent. The US share has been declining in recent years as Japanese brands have gained in popularity.

Tobacco and tobacco product production, trade, and processing remain under the exclusive control of The Taiwan Tobacco & Wine Bureau (TTWB) a centrally-owned monopoly. To come into compliance with WTO disciplines, TTWB will soon be corporatized and then privatized. When monopoly control ends, the current monopoly tax on cigarette imports (NTD830 per 1000 pieces) will be replaced with an import tariff (27 percent ad valorem) and an excise tax (NTD 590 per 1,000 pieces). A new health tax surcharge of NTD250 per 1,000 pieces will be assessed on cigarettes in the near future. Cigarettes will also be assessed a 5 percent value-added tax. The combination of new taxes is anticipated to go into affect in the near future. These new taxes will add NTD 6 (approximately $ 0.17) to the cost of a pack of cigarettes.

Tobacco Unmanufactured (Flue-cured)

Production

Taiwan only produces *flue-cured* tobacco. There are two harvests, a large one in the fall, and a very small one in the spring. In 1999/00, 98 percent of total production was derived from the fall crop. Tobacco production in 1999/00 was revised to 11,702 mt, (farm weight basis) from 4,230 hectares. Despite a 3 percent planted area reduction, this is 20 percent higher than in 1998/99 due to better yields. Planted area in 2000/01 remains unchanged, but production is estimated at a 10 percent less based on the average yield of 2.5 mt per hectare. Forecast 2001/02 production is 7,500 mt from 3,000 hectares of land.

Tobacco on Taiwan is currently produced and processed in the context of a monopoly system managed by the Taiwan Tobacco and Wine Board (TTWB). TTWB issues annual permits granting farmers the right to produce tobacco on a stipulated number of hectares. The number of hectares depends on yields obtained by the farmer in the previous year. TTWB is obliged to buy all tobacco produced on approved hectares for set prices. (No tobacco is produced outside this program.) Prices are set annually by the Tobacco Price Committee (TPC). The TPC consists of representatives from TTWB, the Ministry of Finance (MOF), the Council of Agriculture (COA), and grower associations. The TTWB subsidizes tobacco production, and Taiwan tobacco costs much more than higher quality imports (see the *Price* section below).

TTWB authorities are still deciding what will happen to the current system which controls tobacco area and sets tobacco prices after the tobacco monopoly is abolished. It is assumed that implemented changes will result in a sharp decline in tobacco production on Taiwan. Tobacco production area will likely fall under 3,000 hectares. A sizeable reduction is expected because Taiwan's tobacco monopoly wants to phase out the production of Taiwan's heavily subsidized and mediocre quality tobacco. Taiwan tobacco cannot compete on quality with US *flue-cured* leaf.

Price

The set price for average quality domestic tobacco remains unchanged at NTD192 ($5.64 per kg farm gate, the current exchange rate is $1=NTD34). This is roughly equivalent to NTD286 ($8.47) per kg for redried stemmed/stripped leaf based on the average redried and stemmed yield rate of 67 percent from farm weight tobacco. This compares with NTD186 ($5.97) per kg CIF for US redried stemmed/stripped flue-cured tobacco and approximately NTD100 ($3.20) per kg for Thailand and other countries' tobacco. It is obvious, given the disparity between Taiwan and imported tobacco prices, that Taiwan tobacco will not be competitive in this market after the monopoly system, which currently subsidizes domestic production, is abolished. (Average exchange rate in 2000 is $1=NTD31.21)

Monopoly System Reform

TTWB, Taiwan's centrally-owned tobacco and alcohol monopoly, must be abolished when Taiwan enters the WTO. Legislation to end TTWB's monopoly (an administration bill, a taxation bill, and a bill reorganizing the Department of the National Treasury) was passed on June 4, 1999 (administration bill) and March 28, 2000 (tax and Treasury reorganization bills). These laws require that TTWB become a limited share company within five years.

To prepare for its transition from a monopoly to a for-profit corporation, TTWB has reduced the production of subsidized tobacco, has cut the number of tobacco processing facilities from four to two, has decreased the number of cigarette manufacturers from four to three, and has cut personnel from 12,000 to some 8,500. Private sector companies will be allowed to manufacture and repack cigarettes on Taiwan three years after its entry into the WTO.

Consumption

Flue-cured tobacco consumption in 2000 is estimated at 18,322 mt, a 7 percent decrease as compared with the previous year due to a 7 percent of decreases in cigarette production (see below). *Flue-cured* tobacco consumption projection for 2001 is a 3 percent decrease from 2000 in line with cigarette production drop. In general, 36 percent of total consumption of stemmed/stripped tobacco was domestic, 33 percent was US, and 31 percent was from other foreign sources. U.S. tobacco is an essential ingredient of the TTWB cigarette formulations due to its unique quality characteristics. Tobacco imported from other countries than the US are categorized into the same quality category, the mediocre class, as domestically grown.

The consumption of expanded tobacco and tobacco stems has been growing because they are lower in tar and nicotine. In 1993 they accounted for only 29 percent of total consumption, while in 1998 they accounted for 35 percent. Consumption of both Taiwan and imported tobacco stems is included in the domestic *flue-cured* consumption figure because TTWB does not separate consumption by source. Expanded tobacco is manufactured solely from Taiwan tobacco.

Trade

Imports. Tobacco leaf imports are primarily *flue-cured* with small amounts of *oriental* imports from Balkan and Mediterranean countries. Taiwan does not regularly import *burley* tobacco, but when it does, it typically imports from the US. In 2000, *flue-cured* tobacco imports accounted for 90 percent of total imports, *oriental* tobacco 10 percent, and 1 mt of *burley*. According to TTWB, o*riental* consumption has increased relative to other tobaccos because its stronger flavor is used to compensate for lost flavor resulting from the greater use of milder, low tar, low nicotine tobaccos in contemporary cigarette formulations, and resulting from new developed cigarettes are mixed or Japanese style cigarette. The relative consumption shares of *burley, oriental* and *flue-cured* tobaccos are not expected to change significantly in current years.

Flue-cured tobacco imports in 2000 amounted to 7,954 mt, a drop of 32 percent as compared with a year earlier. US *flue-cured* tobacco imports accounted for 33 percent of total *flue-cured* imports, decreased by 54 percent. The drop of Taiwan tobacco imports was the result of the accumulation of stocks, and a significant decrease in cigarette production. The decrease of US tobacco import share was primarily because US tobacco is in redried stemmed/stripped form. US tobacco imports in value terms accounted for 60 percent of 2000 total imports. In 2000, stemmed/stripped tobacco imports accounted for 48 percent of total imports, of which 60 percent of stemmed/stripped tobacco supplied by the U.S.

Total *flue-cured* import projection for 2001 is 7,555 mt, a 5 percent of decrease from 2000. US *flue-cured* is forecast to have 30 to 50 percent of import share. Because U.S. tobacco is considered an essential ingredient of TTWB cigarette formulations, US tobacco is competitive with tobacco imported from other countries. Fluctuations of US tobacco import shares are primarily attributed to its forms of whether been redried and stemmed/stripped or not.

Exports. Taiwan produces only *flue-cured* tobacco. TTWB uses the best quality domestic *flue-cured* to manufacture cigarettes and exports the rest. Its export market is very small. In 2000, exports totaled 43 mt worth FOB $131,240 ($3 per kg) to Japan, decreased 50 percent from the previous year. It is difficult for TTWB to locate export markets for surplus domestic tobacco due to its low quality. After Taiwan enters the WTO it will not be able to continue exporting because tobacco production is subsidized.

TTWB has an annual contract for the production of expanded tobacco cutfiller with Philip Morris in Australia. TTWB ships domestic tobacco cutfiller to Philip Morris for processing and re-imports it as expanded tobacco cutfiller. (These shipments to Australia are not included in this report's trade matrix.) This re-imported tobacco is levied a 20 percent tariff. TTWB is planning to build a tobacco expansion processing plant in Taiwan within the next couple years.

Tariff Changes

The tariff rate for tobacco leaf remains at 20 percent. The rate for tobacco stems, dusts, siftings, and refuse remains at 35 percent. The tariff rate for manufactured tobacco products or manufactured tobacco substitutes, such as homogenized tobacco sheets, expanded tobacco leaves, tobacco extract and essences, is 20 percent. After Taiwan joins the WTO, tariff rates on above will remain unchanged

Stocks

Tobacco stocks are very high due to TTWB's guaranteed purchase contracts with farmers and because Taiwan's exportable surplus tends to be hard to export. Accumulations will likely begin to decline in 2001 if the TTWB can succeed in cutting domestic tobacco area to 3,000 ha. It is currently about 4,300 ha.

Marketing

Currently about one-half of Taiwan's tobacco leaf imports are stemmed/stripped tobacco. TTWB has closed two of its four tobacco processing plants. The two plants that remain in operation use mostly stemmed tobacco; consequently, imports of un-stemmed tobacco will fall. The two factories closed by TTWB were more labor intensive and used older technology. They were closed to cut costs.

Tobacco Manufactured (Cigarettes)

Production

Since Taiwan opened its cigarette market to Japanese brands in 1993, the market share held by local brands has declined continuously. TTWB has reduced its number of cigarette manufacturers to three from previous four, with total annual cigarette production capability down to 27 billion pieces. In 2000, domestic cigarette production fell by 1.6 billion pieces, or 7 percent, from a year earlier. Domestic cigarette production in 2000 was valued at NT$24.7 billion or $792 million. Cigarette production for 2001 is expected to drop by a slower pace at 3 percent to 20.5 billion pieces. This is because no old brand cigarettes are expected to be removed from the market, and more than one new brand is anticipated to be introduced to the market by TTWB in 2001.

To counter the downward market trend TTWB is removing old brands that are not doing well, and is developing new cigarette types (e.g., menthol, light, mild brands, etc.), new packaging (e.g., hard pack boxes), and new presentations (e.g., 100 mm cigarettes) to compete with popular foreign brands and to target young smokers who prefer foreign brands. Currently, the most popular domestic brands are *Long Life*, *New Paradise*, and *Prosperity Island* which are mostly British style cigarettes. All TTWB attempts to launch American style cigarettes have failed. Japanese mixed-style brands, such as *Mild Seven*, are becoming increasingly popular. TTWB targeted *Mild Seven* by creating its own mixed style cigarette named *Yes* which was launched to the market in January 2000 and is doing okey in the market. Without advertising, the survival rate of a new cigarette brand is low.

TTWB will also gradually reduce the tar and nicotine content of existing brands. This is not only because foreign brands are generally lighter than domestic brands, but also because it has to meet the tar and nicotine requirements of the Tobacco Hazards Prevention Act (THPA) which became law in September 1997. By July 2001 tar levels must be below 15 mg and nicotine levels below 1.5 mg. By July 2007, tar and nicotine levels must be below 12 mg and 1.2 mg respectively. Currently, the tar/nicotine content of most domestic brands is clustering at 14 mg/1.4 mg and 11 mg/1.1 mg, compared to the best selling foreign brands at 12 mg or 13 mg/0.9 mg for regular cigarettes and 7 mg or 8 mg/0.6 mg for light cigarettes. TTWB has already developed several *light* cigarette brands with nicotine contents that are even lower than 1.2 mg. In March 2001, TTWB introduced *Long Life* Gentle Lights, with 10 mg/0.8 mg.

At the present time, Taiwan authority at the Department of Health (DOH) is drafting sampling scheme for cigarette tar and nicotine inspections. According to DOH, Taiwan will start conducting tar and nicotine inspections for cigarettes at retailing outlets. Sampling and inspection methods are very likely to follow Singapore's scheme.

Consumption

Although the THPA has taken effect since 1997, which identifies several categories of public areas as smoke-free zones and imposes certain constraints on cigarette advertising, cigarette consumption continues to grow, but with some small increments. In 2000, cigarette consumption increased 0.9 percent from a year earlier. Consumption in 2001 is forecast to 40.9 billion pieces.

In 1999, DOH replaced TTWB and started conducting biannual surveys of Taiwan's smoking population. The 2001 survey has not yet completed. The 1999 survey results indicate that the male smoking population is 47 percent, declined slightly from 50 percent in 1993. Meanwhile, the female smoking population is 5 percent, increased from 3 percent in 1993. (Smokers are defined as individuals who smoke daily or occasionally, and who are 18 or older. This is based on a World Health Organization definition.) The 1999 survey results also indicate that 2 and 3 percent, respectively, of all girls and boys between the ages of 12 and 14 are smokers; and 3 and 11 percent, respectively, of all girls and boys, between the ages of 14 and 18, are smokers. Due to increasing females and younger aged smokers, TTWB is anticipated to develop extra light cigarettes in the coming years.

Because cigarette consumption continues to rise, and because existence of teenager smokers, in early 2000 the Department of Health (DOH) made a proposal to the Executive Yuan (EY) that the THPA is amended. The proposed amendments were approved by the EY on May 11, 2000 and are currently awaiting Legislative Yuan approval. DOH-proposed amendments call for increasing fines for violations of cigarette advertising regulations and for selling cigarettes to teenagers by 300 to 500 percent; expanding smoke-free zones to include all high schools, primary schools and amusement parks; separating smoking and non-smoking areas in restaurants with physical barriers; and providing non-profit anti-smoking organizations the right to report any THPA violations to DOH. While these amendments may decrease inhalation of second-hand smoke by non-smokers, they are not expected to result in a decrease in smoking.

Trade

Imports. In 2000 total cigarette imports reached 19.6 billion pieces, up 11 percent or 2 billion pieces over the previous year. It took 48 percent of market share. The large increase in cigarette imports was attributed to advertising. The top four exporting countries remained unchanged and combined having 90 percent of imports. They were Japan (a 37% import share), Germany (23%), the United Kingdom (21%), and the United States (10%). The US share of the cigarette import market declines continuously from 31 percent in 1994. The market share of cigarette imports from the other top three exporters grew from 78 percent in 1999 to 80 percent in 2000. In line with recent trends, Japan, Germany, and the United Kingdom are expected to increase their market shares. US imports are forecast to 1.8 billion pieces.

It is estimated that cigarette imports in 2001 will reach 20 billion pieces and take 50 percent of market share. The best selling foreign brands are *Mild Seven* and *Davidoff* . US brands *Marlboro* and *Parliament* remain popular. In addition, US *Virginia Slims* is the leading menthol brand.

Exports. Taiwan's cigarette exports are insignificant, accounted for only about 0.2 percent of its production. Its major export markets in 2000 were Hong Kong and Philippines. However, TTWB is eager to increase exports to compensate for the loss of market share to imported brands. TTWB has targeted China and overseas Chinese markets. It is getting its way to market its cigarettes in these target markets by building up marketing skills. Therefore, Taiwan cigarette exports are forecast to increase slowly in the coming years.

Tariff Changes

Currently, importers must pay a monopoly tax of NTD830 per 1,000 cigarettes (equivalent to NTD16.6 per pack). When monopoly control ends, the current monopoly tax on cigarette imports will be replaced with an import tariff (27 percent ad valorem) and an excise tax (NTD590 per 1,000 pieces). A new health tax surcharge of NTD250 per 1,000 pieces will be assessed on cigarettes in the near future. Cigarettes will also be assessed a 5 percent value-added tax. These new taxes will add approximately NTD 6 (approximately $ 0.17) to the cost of a pack of cigarettes.

Prices

The mainstream retail prices for foreign brands are NTD40 or NTD50, and local brands are NTD25 or NTD30 per pack. Luxury cigarettes are priced two to three times higher than mainstream brands. For example, *Mi-Ne Prestige* is priced at NTD80 per pack, *Davidoff Magnum* is NTD150 per pack.

Cigarette Market Situation pre/post WTO

Pre-WTO/US Cigarette. An example price structure of a pack of US cigarette (20 pieces per pack) under the current monopoly tax is:

Average CIF import price in 2000 is NTD11.
Monopoly tax is NTD16.6.
Estimated Retail Margin and distribution costs are NTD12.4 (Retail Price - CIF - Tax).

Current retail price (US Brand) is NTD40

Post-WTO/US Cigarette. An example price structure of a pack of US cigarette (20 pieces per pack) under the new tobacco and alcohol tax scheme is:

Average CIF import price is expected to remain at NTD11.
The tariff (27% ad valorem) is NTD2.97.
Excise tax for all cigarettes is fixed at NTD11.8.
Health surcharge for all cigarettes is fixed at NTD5.
VAT is estimated at NTD2.2.
Estimated Retail Margin and distribution costs are forecast to remain at NTD12 (from above).
Estimated Retail Price is NTD45 (adds up to 46, but retailers most likely will sell at 45 for convenience sake)

TTWB (Local Brand) Cigarette. The TTWMB estimates that locally produced cigarettes will also increase in price under the new tax scheme (see the following table).

Domestic Brand	**Current**	**Post-WTO**
Long Life (leading brand)	NTD25	NTD32-NTD33
Prosperity Island (PI)	NTD30	NTD37
PI Light	NTD35	NTD37
New Paradise	NTD15	NTD32-NTD33

The reason for the highly variable increases Post-WTO is that these prices have a large fixed tax base, the Excise tax (NTD11.8) and Health Tax (NTD5) are on a per pack basis and total NTD16.8 per pack. The value-added tax varies probably from 1 to 2 NTD and the retail margin is about 7 for a total of about NTD25, which doesn't even include the cost of manufacturing and distribution. Currently TTWB is getting a significantly higher profit out of some local brands than others.

The gap between the price of imported and locally produced cigarettes will narrow, although it will still be significant. While we will likely continue to see the trend of increased imports of Japanese cigarettes, we may also see a shift from lower priced/quality local brands to higher quality local brands. The higher quality local brands use more imported tobacco which should benefit US exports to this market (currently a 33% market share of imports and a 33% share of leaf consumption).

Advertising

The Tobacco Hazards Prevention Act (Articles 9 and 10) stipulates that (1) each manufacturer can take out only 120 magazine advertisements per year; (2) cigarette manufacturers can display their cooperate name when they sponsor activities but they cannot use these events to directly promote tobacco products or brands; and (3) point-of-sale promotions are permitted, but are subject to restrictions (e.g., the value of give-away gifts can not exceed 25 percent of the retail value of the cigarette product, and the gift can not bear the cigarette’s brand name). All other advertising is prohibited. Marketing channels are also limited by this law. The DOH, the agency with responsibility for enforcing the THPA, would like to close some loopholes in the law that currently make it possible for cigarette companies to run TV advertisements of spin-off products that bear the same brand name as their cigarettes.

Labeling Requirements

Currently, tobacco product labels must contain tar and nicotine levels and health warnings. There are six officially approved health warnings which cigarette manufacturers must display on labels in rotation in accordance with the provisions of the THPA. According to the Tobacco and Alcohol Administration Law, information about the importer, the manufacturer, the ingredients, the manufacture/expiry date, the brand name, and the quantity of cigarettes must also appear on the label.

Marketing

Local brands are exclusively manufactured and distributed by TTWB in the context of a monopoly system. TTWB has a very good distribution system. TTWB owns 15 branch offices and 84 distribution centers island wide to distribute its cigarettes and other products. Foreign brands of cigarettes have their exclusive distributors for the Taiwan market.

The total cigarette market in 2000 is 40.7 billion pieces, up 0.9 percent from a year ago. Foreign brands gained 4 percent of the market share in 2000 and they captured 48 percent of the market. Local brands held a record low 52 percent of market. The customer base for TTWB brands has been eroded because there are steadily fewer older smokers who prefer the traditional Taiwan brands, and younger smokers prefer Western and Japanese cigarettes. Most cigarette ad campaigns for foreign cigarettes target younger smokers who have less brand loyalty and are especially susceptible to advertising. Despite restriction imposed by THPA on TV ads, the two leading foreign brands, Japan's *Mild Seven* and Germany's *Davidoff* have found ways around those restrictions by advertising watches (*Mild Seven Time)* and coffee (*Davidoff Classic Coffee)*. These TV ads have helped these two brands to steadily increase market share, however, these TV ads will be prohibited after the THPA is amended. Gift give-away promotions are very common for other foreign brands. Gifts are designed to attract teen-aged and women smokers. These two categories of smokers tend to smoke exclusively foreign brands. TTWB has not responded with aggressive ad campaigns of its own, and is losing market share as a result. Cigarette market in 2001 is forecast to grow 0.5 percent to 41 billion pieces. Foreign brands are forecast to capture 50 percent of market share.

Statistical Tables

Table 1. Flue-cured Production, Supply and Demand (MT)

PSD Table						
Country	Taiwan					
Commodity	Tobacco,Unmfg.,Flue Cured				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	4339	4230	4394	4230	0	3000
Beginning Stocks	30592	30592	30543	32971	33459	31550
Farm Sales Weight Prod	9685	11702	10985	10575	0	7500
Dry Weight Production	8016	10444	10284	8990	0	6375
U.S. Leaf Imports	5460	5460	3845	2516	0	2490
Other Foreign Imports	6251	6251	6795	5438	0	5065
TOTAL Imports	11711	11711	10640	7954	0	7555
TOTAL SUPPLY	50319	52747	51467	49915	33459	45480
Exports	88	88	90	43	0	80
Dom. Leaf Consumption	11679	11679	10628	10810	0	10485
U.S. Leaf Dom. Consum.	4184	4184	3808	3848	0	3730
Other Foreign Consump.	3825	3825	3482	3664	0	3557
TOTAL Dom. Consumption	19688	19688	17918	18322	0	17772
TOTAL Disappearance	19776	19776	18008	18365	0	17852
Ending Stocks	30543	32971	33459	31550	0	27628
TOTAL DISTRIBUTION	50319	52747	51467	49915	0	45480

Table 2. Flu-cured Imports

Import Trade Matrix			
Country	Taiwan		
Commodity	Tobacco,Unmfg.,Flue Cured		
Time period	01/1999	Units:	metric ton
Imports for:	1999		2000
U.S.	5460	U.S.	2516
Others		Others	
Malawi	3354	Zimbabwe	2655
Zimbabwe	1397	Thailand	1069
Thailand	455	Brazil	1041
Brazil	250	South Africa	671
Canada	66		
South Africa	729		
Total for Others	6251		5436
Others not Listed			2
Grand Total	11711		7954

Table 3. Flue-cured Exports

Export Trade Matrix			
Country	Taiwan		
Commodity	Tobacco,Unmfg.,Flue Cured		
Time period	01/1999	Units:	
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Japan	88	Japan	43
Total for Others	88		43
Others not Listed			
Grand Total	88		43

Table 4. Cigarette Production, Supply and Demand (Million Pieces)

PSD Table						
Country	Taiwan					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Filter Production	22735	22735	20700	21064	0	20528
Non-Filter Production	0	0	0	0	0	0
TOTAL Production	22735	22735	20700	21064	0	20528
Imports	17618	17618	19672	19652	0	20474
TOTAL SUPPLY	40353	40353	40372	40716	0	41002
Exports	51	51	70	53	0	55
Domestic Consumption	40302	40302	40302	40663	0	40947
TOTAL DISTRIBUTION	40353	40353	40372	40716	0	41002

Table 5. Cigarette Imports

Import Trade Matrix			
Country	Taiwan		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	1/1999	Units:	Million Piece
Imports for:	1999		2000
U.S.	2068	U.S.	1949
Others		Others	
Japan	6688	Japan	7227
Germanay	3766	Germany	4441
U.K.	3370	U. K.	4111
Slovenia	657	Slovenia	818
Switzerland	581	Switerland	601
Malaysia	222	Malaysia	296
Singapore	130	Singapore	125
Belgium	80	Belgium	36
Australia	14	Australia	15
Philippines	14	Philippines	7
Total for Others	15522		17677

Others not Listed	28		26
Grand Total	17618		19652

Table 6. Cigarette Exports

Export Trade Matrix			
Country	Taiwan		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	01/1999	Units:	
Exports for:	1999		2000
U.S.	4	U.S.	
Others		Others	
Hong Kong	44	Hong Kong	21
Panama	3	Philippines	19
		Macau	7
		China	3
		Korea	3
Total for Others	47		53
Others not Listed			
Grand Total	51		53