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Tobacco and Products

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Report Highlights:

In 2001, French production of unmanufactured tobacco declined to 24,723 MT, mainly due to the reduction of dark tobacco production. France is a net importer of both raw tobacco and cigarettes. In 2001, France's leading suppliers of raw tobacco were Brazil and Turkey. Philip Morris has cigarette manufacturing facilities in the Netherlands. Consequently, the Netherlands is the major supplier of cigarettes imported by France.

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

In 2001, French production of unmanufactured tobacco declined to 24,723 MT, due largely to the reduction in dark tobacco production. France is a net importer of both raw tobacco and cigarettes. In 2001, France's leading suppliers of raw tobacco were Brazil and Turkey. The Netherlands was France's leading supplier of cigarettes, due to the fact that Philip Morris has cigarette manufacturing facilities in the Netherlands. Consequently, much of cigarettes consumed in France is imported from the Netherlands. Philip Morris is the leading manufacturer of cigarettes sold in France, ahead of the French Altadis.

Note: French tobacco growers' website and French tobacco processing company Altadis' website include information of interest in English on their activities, as well as key-figures:

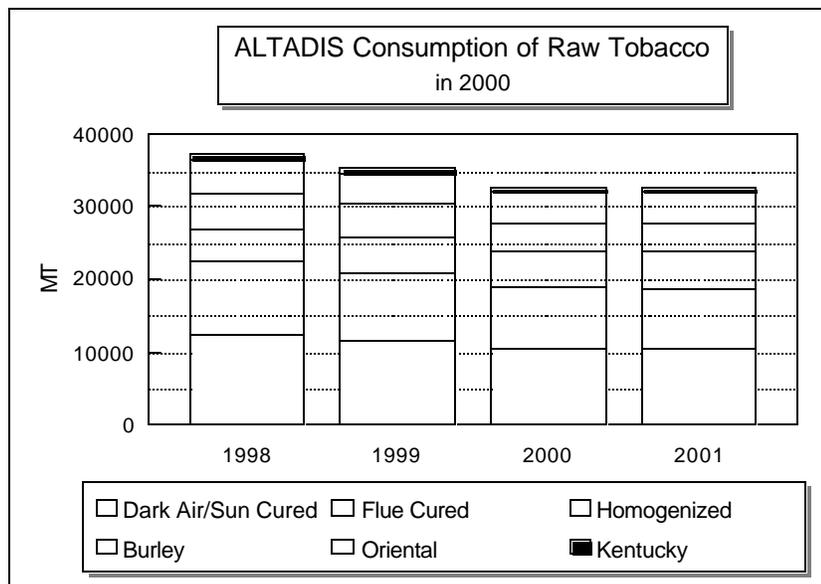
<http://www.france-tabac.com>

<http://www.altadis.com>

Section I: Situation and Outlook

Altadis consumption of raw tobacco

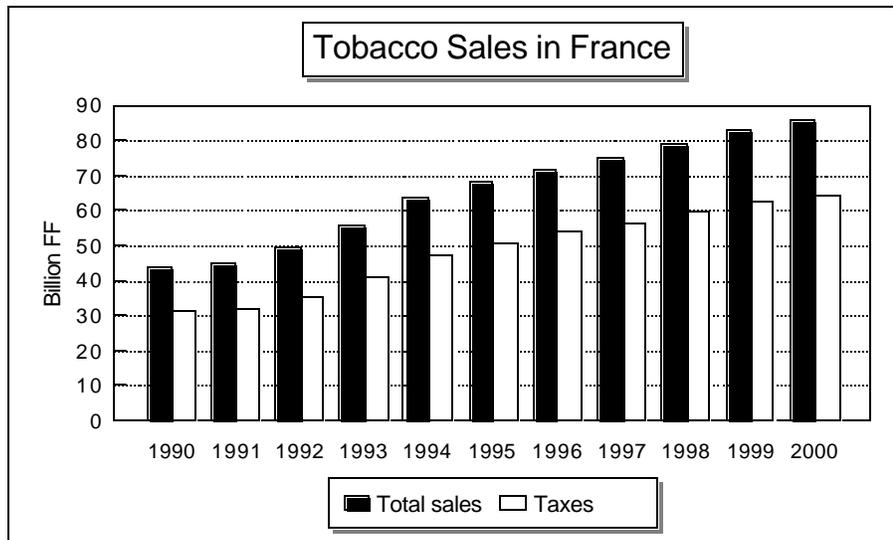
The following graph shows the fluctuations of Altadis' purchases of raw tobacco over the past four years. Altadis' purchases declined by less than 1 percent in 2001 from 2000, which is a significantly lower rate of decline than those recorded in the past few years.



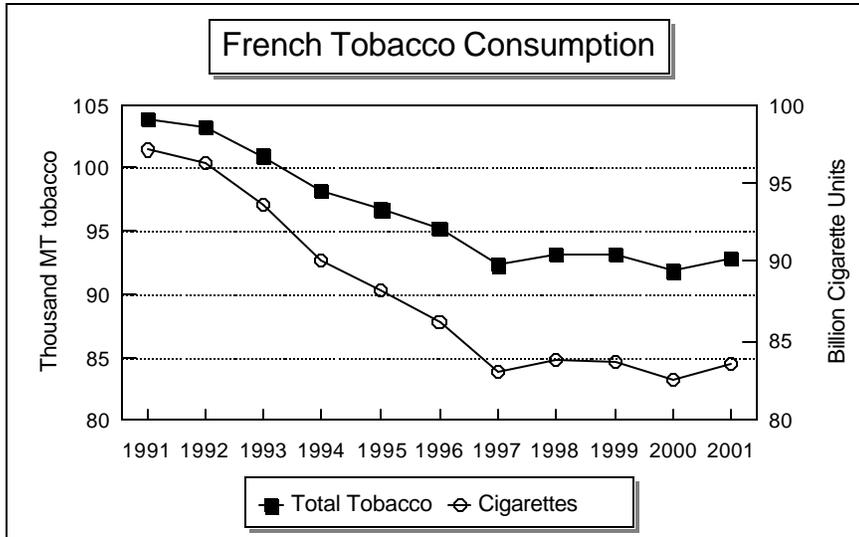
Consumption of manufactured tobacco products

The value of French tobacco sales has increased significantly in recent years, as illustrated in the graph below. This is due to the increase in tobacco retail prices, which have offset the decline in the quantity of tobacco sold in France. Total sales of manufactured tobacco products continued to increase in 2001: they were up 6 percent from 2000 to Euro 13.91 billion (USD 12.46 billion). The bulk of the French market for tobacco products are cigarette sales (92.6 percent), followed by smoking/cut tobacco (4 percent) and cigars (3 percent).

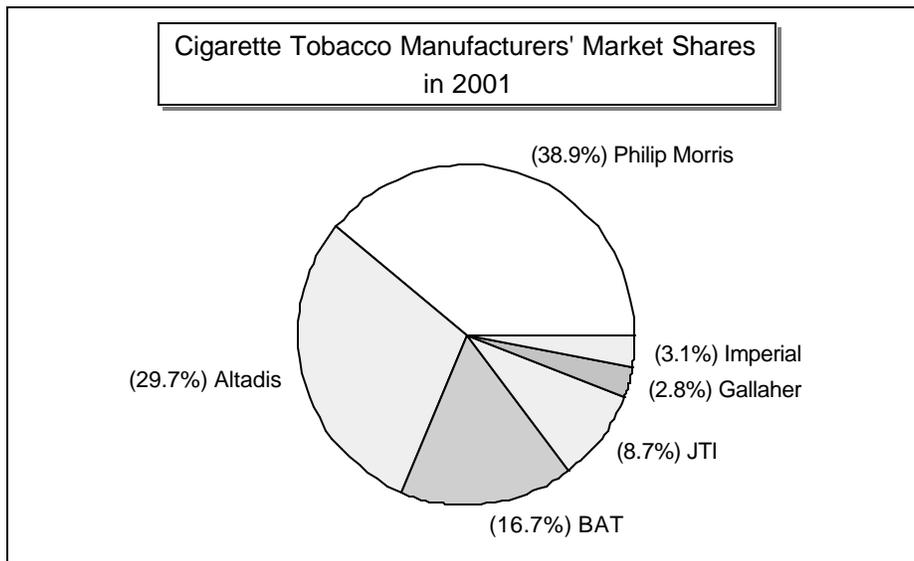
In 2001, the French Government's revenue generated from taxes on tobacco amounted to Euro 10.4 billion (USD 9.3 billion), which is about 6 percent higher than in 2000. The GOF is the leading beneficiary of tobacco sales in France, as more than 70 percent of the retail price of tobacco products is made up of taxes. For example, a pack of 20 blond cigarettes "Gauloises" produced by Altadis was selling for Euro 3.10 (USD 2.78) in January 2002. This breaks down to 76.6 percent from taxes, 15.4 percent manufacturer's share, and 8 percent retailer's share.



The graph below illustrates the decline in French tobacco and cigarette consumption from 1991 to 1997, followed by a stabilization. The decline is attributed to health concerns and increasing retail prices. In 2001, there were 83.5 billion cigarettes consumed in France, slightly up from 2000. Similarly, French per capita consumption of cigarettes went up slightly to 1,408 units in 2001.

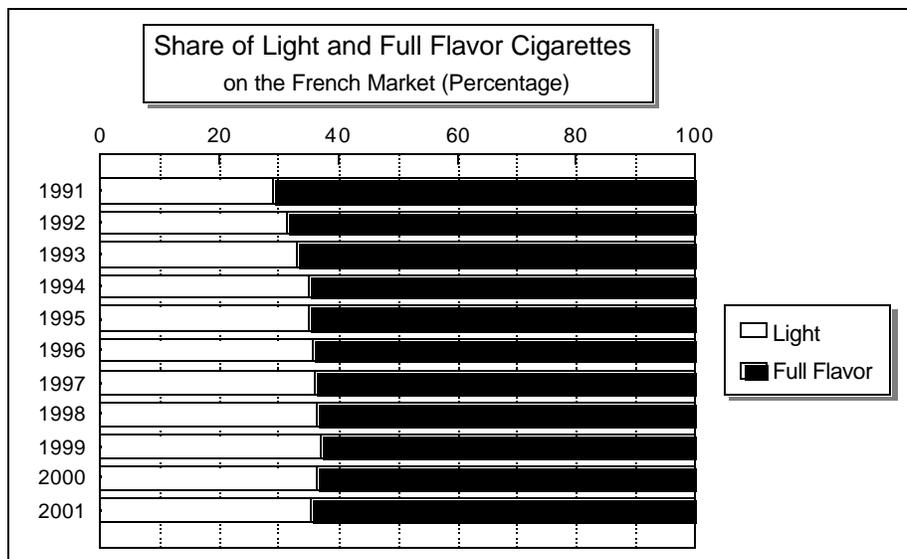


For 2001, the distribution of cigarette market share is illustrated in the graph below. It clearly shows that Philip Morris and Altadis are the leaders, with 38.7 and 29.6 percent of the market, respectively. In 2001, Philip Morris market share increased by 1.1 percent, while Altadis' market share declined by 1.1 percent from 2000.



In 2001, the long-term substitution of dark for blond cigarettes continued. Dark cigarettes represented 15.8 percent of the market, while blond cigarettes accounted for 84.2 percent.

In contrast, the market for full flavor cigarettes, which was declining to the benefit of light cigarettes until 1999, has grown slightly since then. In 2001, light cigarettes represented 35.6 percent of the French market, as indicated in the following graph.



Trade

France is a net importer of unmanufactured tobacco. Brazil and Turkey were France's leading suppliers of raw tobacco in 2001, and the United States ranked third. The following table shows the distribution of French imports and exports of raw tobacco to and from the United States in 2000 and 2001 (in MT):

			IMPORTS		EXPORTS	
			2000	2001	2000	2001
Flue-Cured		Total	10,839	12,219	8,212	6,688
		U.S.	1,094	1,103	461	451
Light-Air-Cured	Burley	Total	1,682	2,148	5,338	5,834
		U.S.	448	917	0	54
	Other	Total	2,849	4,063	246	2
		U.S.	514	155	0	0
Dark Air/Sun Cured		Total	11,179	10,763	1,925	2,734
		U.S.	0	0	147	767
Fire-Cured		Total	1,855	1,848	2,008	2,896
		U.S.	212	154	0	0
Other Tobacco		Total	190	110	1,545	713
		U.S.	1	0	836	42
GRAND TOTAL		Total	28,594	31,151	19,274	18,867
		U.S.	2,269	2,329	1,444	1,314

Source: French Customs

France is also a net importer of cigarettes. The Netherlands is France's leading supplier of cigarettes, which mostly come from Philip Morris plants in Holland.

Section II: Statistical Tables

PS&D Tables

PSD Table						
Country	France					
Commodity	Tobacco, Unmfg., Total				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	9254	9254	9100	8940	0	8800
Beginning Stocks	43697	43697	41569	41463	40479	42193
Farm Sales Weight Prod	25022	25022	24660	24723	0	24200
Dry Weight Production	21519	21519	21210	21262	0	20810
U.S. Leaf Imports	2244	2269	2200	2329	0	2300
Other Foreign Imports	25917	26325	25000	28822	0	28000
TOTAL Imports	28161	28594	27200	31151	0	30300
TOTAL SUPPLY	93377	93810	89979	93876	40479	93303
Exports	18735	19274	17000	18867	0	19000
Dom. Leaf Consumption	8175	8175	8000	8200	0	8200
U.S. Leaf Dom. Consum.	1438	1438	1500	3192	0	3000
Other Foreign Consump.	23460	23460	23000	21424	0	21000
TOTAL Dom. Consumption	33073	33073	32500	32816	0	32200
TOTAL Disappearance	51808	52347	49500	51683	0	51200
Ending Stocks	41569	41463	40479	42193	0	42103
TOTAL DISTRIBUTION	93377	93810	89979	93876	0	93303

Sources: Altadis, Eurostat

PSD Table						
Country	France					
Commodity	Unmfg., Dark Air & Sun Cured				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	2517	2517	2400	2200	0	2000
Beginning Stocks	53850	53850	58766	58837	62426	61875
Farm Sales Weight Prod	7473	7473	7150	6600	0	6000
Dry Weight Production	6128	6128	5860	5412	0	4920
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	10978	11179	10400	10763	0	10700
TOTAL Imports	10978	11179	10400	10763	0	10700
TOTAL SUPPLY	70956	71157	75026	75012	62426	77495
Exports	1795	1925	1900	2734	0	2600
Dom. Leaf Consumption	2750	2750	2900	2533	0	2500
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	7645	7645	7800	7870	0	7900
TOTAL Dom. Consumption	10395	10395	10700	10403	0	10400
TOTAL Disappearance	12190	12320	12600	13137	0	13000
Ending Stocks	58766	58837	62426	61875	0	64495
TOTAL DISTRIBUTION	70956	71157	75026	75012	0	77495

Sources: Altadis, Eurostat

PSD Table						
Country	France					
Commodity	Tobacco,Un mfg.,Flue Cured				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	3755	3755	3750	3750	0	3750
Beginning Stocks	17977	17977	20719	20698	22119	25629
Farm Sales Weight Prod	9769	9769	9770	9770	0	9770
Dry Weight Production	8597	8597	8500	8500	0	8500
U.S. Leaf Imports	1091	1094	1000	1103	0	1100
Other Foreign Imports	9729	9745	9000	11116	0	10000
TOTAL Imports	10820	10839	10000	12219	0	11100
TOTAL SUPPLY	37394	37413	39219	41417	22119	45229
Exports	8172	8212	8000	6688	0	8000
Dom. Leaf Consumption	356	356	400	400	0	400
U.S. Leaf Dom. Consum.	629	629	700	700	0	700
Other Foreign Consump.	7518	7518	8000	8000	0	8000
TOTAL Dom. Consumption	8503	8503	9100	9100	0	9100
TOTAL Disappearance	16675	16715	17100	15788	0	17100
Ending Stocks	20719	20698	22119	25629	0	28129
TOTAL DISTRIBUTION	37394	37413	39219	41417	0	45229

Sources: Altadis, Eurostat

PSD Table						
Country	France					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Filter Production	31358	31358	31000	30900	0	30350
Non-Filter Production	6884	6884	6000	6830	0	6650
TOTAL Production	38242	38242	37000	37730	0	37000
Imports	67571	67571	68000	64008	0	64000
TOTAL SUPPLY	105813	105813	105000	101738	0	101000
Exports	23300	23300	24000	18274	0	18000
Domestic Consumption	82513	82513	81000	83464	0	83000
TOTAL DISTRIBUTION	105813	105813	105000	101738	0	101000

Source: Altadis

Trade Matrices

Export Trade Matrix			
Country	France		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	MT
Exports for:	2000		2001
U.S.	1444	U.S.	1314
Others		Others	
Germany	5402	Germany	4495
Ivory Coast	1746	Ivory Coast	2085
Belgium	2271	Belgium	1706
Netherlands	2123	Poland	1690
Poland	1488	Spain	1627
Spain	1217	Netherlands	1531
Senegal	442	Senegal	716
Switzerland	439	Philippines	531
Total for Others	15128		14381
Others not Listed	2702		3172
Grand Total	19274		18867

Import Trade Matrix			
Country	France		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	MT
Imports for:	2000		2001
U.S.	2269	U.S.	2329
Others		Others	
Brazil	4803	Brazil	4479
Argentina	3270	Turkey	3650
Turkey	1974	Malawi	2381
Zimbabwe	1778	Argentina	2172
Paraguay	1612	Zimbabwe	2071
Indonesia	1456	Paraguay	1352
Malawi	1375	Indonesia	1314
India	1087	Spain	1245
Italy	1005	Italy	1238
Total for Others	18360		19902
Others not Listed	7965		8920
Grand Total	28594		31151

Source: Eurostat

Export Trade Matrix			
Country	France		
Commodity	Unmfg.,Dark Air & Sun Cured		
Time period	Jan-Dec	Units:	MT
Exports for:	2000		2001
U.S.	147	U.S.	767
Others		Others	
Belgium	700	Belgium	710
Poland	316	Poland	541
Netherlands	293	Netherlands	249
Total for Others	1309		1500
Others not Listed	469		467
Grand Total	1925		2734

Source: Eurostat

Import Trade Matrix			
Country	France		
Commodity	Unmfg.,Dark Air & Sun Cured		
Time period	Jan-Dec	Units:	MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Turkey	1974	Turkey	3443
Brazil	1739	Brazil	1498
Paraguay	1612	Paraguay	1352
Argentina	1562	Colombia	1050
Greece	826	Argentina	853
Colombia	715	Greece	737
		Cuba	679
Total for Others	8428		9612
Others not Listed	2751		1151
Grand Total	11179		10763

Export Trade Matrix			
Country	France		
Commodity	Tobacco, U nmfg., Flue Cured		
Time period	Jan-Dec	Units:	MT
Exports for:	2000		2001
U.S.	461	U.S.	451
Others		Others	
Germany	3258	Germany	2957
Netherlands	1071	Netherlands	893
UK	799	Poland	522
Poland	792	Belgium	458
Belgium	599	Egypt	279
Total for Others	6519		5109
Others not Listed	1232		1128
Grand Total	8212		6688

Source: Eurostat

Import Trade Matrix			
Country	France		
Commodity	Tobacco, U nmfg., Flue Cured		
Time period	Jan-Dec	Units:	MT
Imports for:	2000		2001
U.S.	1094	U.S.	1103
Others		Others	
Brazil	2986	Brazil	2873
Zimbabwe	1749	Zimbabwe	1975
Argentina	1673	Argentina	1299
Italy	545	Italy	1235
Malawi	512	Tanzania	735
Kenya	438	Spain	498
India	390	Malawi	480
		India	408
Total for Others	8293		9503
Others not Listed	1452		1613
Grand Total	10839		12219

Export Trade Matrix			
Country	France		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	Million Pieces
Exports for:	2000		2001
U.S.	21	U.S.	31
Others		Others	
Germany	4836	Germany	5301
Finland	762	Belgium	764
Belgium	742	Finland	623
Mauritania	677	Syria	623
Austria	657	Italy	560
Italy	580	Austria	545
Spain	386	Luxemburg	426
Luxemburg	380	Spain	406
Slovenia	360	Netherlands	375
Moldovia	307	Mauritania	342
Total for Others	9687		9965
Others not Listed	6479		3700
Grand Total	16187		13696

Source: Eurostat

Import Trade Matrix			
Country	France		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	Million Pieces
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Netherlands	36616	Netherlands	45490
Germany	8930	Germany	8944
Belgium	1275	Belgium	2107
UK	1238	Spain	1113
Spain	719	UK	680
Italy	169	Portugal	245
Poland	100	Luxemburg	151
Luxemburg	87	Italy	113
Portugal	83		
Total for Others	49217		58843
Others not Listed	35		27
Grand Total	49252		58870