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Singapore

Tobacco

Annual Tobacco Report 1999 - Revised

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Annual Report

Singapore [SN1], SN

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Tobacco Unmfg

Production

No local production of leaf tobacco.

Trade

Of the 17,700 metric tons of leaf tobacco imported in Singapore, it is estimated that about a third or 6,200 metric tons were retained for the manufacture of cigarettes. The remaining 11,500 metric tons were re-exported to neighboring countries. Unfortunately this re-export figure is not fully reflected in the official statistics.

Major suppliers of leaf tobacco for the two cigarette manufacturing plants in Singapore in 1998 were U.S., Brazil, China and Zimbabwe. Smaller volumes were also sourced from Greece, India and the Philippines. Most of the cigarette production were shipped to China and Vietnam, markets which demand low price and lower grade quality tobacco products.

As more countries are gradually increasing their cigarette production capabilities, contract manufacturing by the Singapore plants will continue to decline.

Export Trade Matrix - Tobacco, Unmfg., Total

Export Trade Matrix			
Country	Singapore		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan - Dec	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	19
Others		Others	
		Australia	128
		Cambodia	126
		Hong Kong	11
		Malaysia	439
Total for Others	0		704
Others not Listed	37		
Grand Total	37		723

Import Trade Matrix - Tobacco, Unmfg., Total

Import Trade Matrix			
Country	Singapore		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan - Dec	Units:	Metric Tons
Imports for:	1997		1998
U.S.	2096	U.S.	1535
Others		Others	
Brazil	3265	Brazil	2474
China	7664	China	3481
Greece	1226	Greece	1821
India	2771	India	1138
Zimbabwe	1558	Philippines	1034
		Thailand	618
		Zimbabwe	3295
Total for Others	16484		13861
Others not Listed	5159		2348
Grand Total	23739		17744

Export Trade Matrix - Tobacco, Unmfg., Flue Cured

Export Trade Matrix			
Country	Singapore		
Commodity	Tobacco,Unmfg.,Flue Cured		
Time period	Jan - Dec	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	19
Others		Others	
		Australia	128
		Cambodia	126
		Hong Kong	9
		Malaysia	431
Total for Others	0		694
Others not Listed	37		
Grand Total	37		713

Import Trade Matrix - Tobacco Unmfg., Flue Cured

Import Trade Matrix			
Country	Singapore		
Commodity	Tobacco,Unmfg.,Flue Cured		
Time period	Jan - Dec	Units:	Metric Tons
Imports for:	1997		1998
U.S.	1296	U.S.	1085
Others		Others	
Brazil	2765	Brazil	1956
China	7264	China	3231
India	2771	Greece	1529
Zimbabwe	1558	India	1138
		Italy	468
		Philippines	895
		Thailand	444
		Zimbabwe	2238
Total for Others	14358		11899
Others not Listed	1766		1724
Grand Total	17420		14708

Export Trade Matrix - Tobacco Unmfg., Barley

Export Trade Matrix			
Country	Singapore		
Commodity	Tobacco, Unmfg., Burley		
Time period	Jan - Dec	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Listed			
Grand Total	0		0

Import Trade Matrix - Tobacco, Unmfg., Burley

Import Trade Matrix			
Country	Singapore		
Commodity	Tobacco, Unmfg., Burley		
Time period	Jan - Dec	Units:	Metric Tons
Imports for:	1997		1998
U.S.	800	U.S.	450
Others		Others	
Brazil	500	Brazil	518
China	400	China	250
		Zimbabwe	370
Total for Others	900		1138
Others not Listed			0
Grand Total	1700		1588

Tobacco Mfg, Cigarettes

Production

Singapore currently has two cigarette plants, one operated by British-American-Tobacco (BAT) and the other by Rothmans. Total output of the two plants have been estimated at 6,200 metric tons for calendar year 1998.

BAT, the larger of the two plants, and whose annual output ranges between 5,000 - 6,000 metric tons per year will cease operations by end April 1999.

BAT will continue to distribute cigarettes imported from U.K. and the U.S. The main brands currently distributed by BAT are Lucky Strike and Kent from the U.S. and State Express 555 and Bensons from the United Kingdom.

Merger

With the announced takeover of Rothmans by BAT, both companies in Singapore will rationalize distribution and marketing efforts. There will be some economies to be achieved by rationalizing distribution vehicles and combining the sales teams of the two organizations.

PSD Table - Tobacco, Mfg., Cigarettes

PSD Table						
Country	Singapore					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Filter Production	15313	15450	15450	11009	14220	12500
Non-Filter Production	510	530	530	330	420	375
TOTAL Production	15823	15980	15980	11339	14640	12875
Imports	46848	57611	57611	45263	55600	49350
TOTAL SUPPLY	62671	73591	73591	56602	70240	62225
Exports	59282	70124	70124	53280	66940	58745
Domestic Consumption	3389	3467	3467	3322	3300	3480
TOTAL DISTRIBUTION	62671	73591	73591	56602	70240	62225

Trade

Singapore has been a major transshipment center for cigarettes for more than two decades. Re-exports of cigarettes which are about twenty times greater than local consumption are destined for a wide number of countries including China, Hong Kong, Vietnam, Russia, Cambodia, Qatar and India. In 1998, re-exports fell by about 10 percent compared to 1997 partly because of the recession in neighboring countries and partly by imposition of new restrictions on imports by the authorities in Myanmar.

Tariffs

The Singapore authorities raised excise duties on cigarettes by S\$15 per kilo in February 1998 bringing the new excise duty to S\$130 per kilo (US\$76.02). In response to the new excise taxes, cigarettes prices were raised by 20 cents Singapore per pack of 20s in November 1998.

Market Share

Philip Morris has steadily increased its market share in Singapore over the last five years. Its Marlboro brand alone accounts for about half of the Singapore domestic market. As a result, market shares by the other three cigarette companies have fallen.

The breakdown of market shares by companies are as follows:

Philip Morris	48%
Rothmans	21%
BAT	13%
RJR/Japan Tobacco	17%

Marketing

Market Opportunities

While cigarette smoking among the older age groups have declined, smoking among the teenage categories has shown significant increase. The younger age group teenagers and young adults prefer menthol and menthol light cigarettes.

Prices Table

Prices Table			
Country	Singapore		
Commodity	Tobacco, Mfg., Cigarettes		
Prices in	S\$	per uom	pack of 20s
Year	1997	1998	% Change
Jan	5.6	5.6	0.00%
Feb	5.6	5.6	0.00%
Mar	5.6	5.6	0.00%
Apr	5.6	5.6	0.00%
May	5.6	5.6	0.00%
Jun	5.6	5.6	0.00%
Jul	5.6	5.6	0.00%
Aug	5.6	5.6	0.00%
Sep	5.6	5.6	0.00%
Oct	5.6	5.6	0.00%
Nov	5.6	5.8	-3.57%
Dec	5.6	5.8	-3.57%
Exchange Rate	S\$1.638	Local currency/US \$	
Date of Quote	Nov 15, 1998	MM/DD/YY	

Prices Per Pack of 20 sticks	
Brands	Prices as at April 15, 1999
Marlboro soft pack	S\$5.80
Salem Menthol	S\$5.80
Lucky Strike	S\$5.40
Rothmans King size	S\$5.70
Peter Stuyvesant	S\$5.60
Dunhill Lights	S\$5.80
Kent King size	S\$5.80
Benson & Hedges Lights	S\$5.80
State Express 555 Filter kings	S\$5.80
Mild Seven	S\$5.60

END OF REPORT