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Report Highlights: Total 2000 Brazilian unmanufactured tobacco production estimate revised upward to 589,000 MT, farm sales weight, due to record yields in southern Brazil crop. Marketing of the 2000 crop is virtually over and producers' price was up 7 percent relative to the last crop. Total MY 2000 unmanufactured tobacco exports estimated at 350,000 MT, up 7,000 MT, from the revised 1999 export estimate. The cigarette production estimate for MY 1999 revised downward to 108 billion pieces, due to lower than expected exports and domestic consumption. Cigarette production for MY 2000 is projected stable at 110 billion pieces.

Includes PSD changes: Yes
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Executive Summary

Total 2000 Brazilian unmanufactured tobacco production estimate revised upward to 589,000 metric tons (MT), farm sales weight, due to record yields in the southern Brazil crop. Marketing of the 2000 crop is virtually over and producers' price was up 7 percent from last season. Total MY 2000 unmanufactured tobacco exports are estimated at 350,000 MT, up 7,000 MT, from the revised 1999 export estimate. The cigarette production estimate for MY 1999 has been revised downward to 108 billion pieces, due to lower than expected exports and domestic consumption. Cigarette production for MY 2000 is projected stable at 110 billion pieces.

UNMANUFACTURED TOBACCO

PS&D: Unmanufactured Tobacco, Total

PSD Table						
Country	Brazil					
Commodity	Tobacco, Unmfg., Total				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	346000	346000	346000	346000	329500	329500
Beginning Stocks	231500	231500	162950	162950	233950	214850
Farm Sales Weight Prod	447000	447000	595000	595000	541000	589000
Dry Weight Production	373150	373150	498400	498400	452150	493100
U.S. Leaf Imports	2720	2720	250	0	250	250
Other Foreign Imports	11830	12005	1300	2650	1300	2000
TOTAL Imports	14550	14725	1550	2650	1550	2250
TOTAL SUPPLY	619200	619375	662900	664000	687650	710200
Exports	300500	300500	318000	343000	320000	350000
Dom. Leaf Consumption	141200	141200	109400	103500	110000	105500
U.S. Leaf Dom. Consum.	2720	2720	250	0	250	250
Other Foreign Consump.	11830	12005	1300	2650	1300	2000
TOTAL Dom. Consumption	155750	155925	110950	106150	111550	107750
TOTAL Disappearance	456250	456425	428950	449150	431550	457750
Ending Stocks	162950	162950	233950	214850	256100	252450
TOTAL DISTRIBUTION	619200	619375	662900	664000	687650	710200

PS&D: Unmanufactured Tobacco, Flue Cured

PSD Table						
Country	Brazil					
Commodity	Tobacco,Unmfg.,Flue Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	200000	200000	205500	205500	195000	195000
Beginning Stocks	116600	116600	59500	59500	117550	103950
Farm Sales Weight Prod	315000	315000	440000	440000	405000	438000
Dry Weight Production	270900	270900	378400	378400	348300	376500
U.S. Leaf Imports	575	575	100	0	100	100
Other Foreign Imports	4325	4325	900	1100	900	900
TOTAL Imports	4900	4900	1000	1100	1000	1000
TOTAL SUPPLY	392400	392400	438900	439000	466850	481450
Exports	239300	239300	254900	272800	257000	279000
Dom. Leaf Consumption	88700	88700	65450	61150	65700	62600
U.S. Leaf Dom. Consum.	575	575	100	0	100	100
Other Foreign Consump.	4325	4325	900	1100	900	900
TOTAL Dom. Consumption	93600	93600	66450	62250	66700	63600
TOTAL Disappearance	332900	332900	321350	335050	323700	342600
Ending Stocks	59500	59500	117550	103950	143150	138850
TOTAL DISTRIBUTION	392400	392400	438900	439000	466850	481450

PS&D: Unmanufactured Tobacco, Burley

PSD Table						
Country	Brazil					
Commodity	Tobacco, Unmfg., Burley				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	61000	61000	58000	58000	52000	52000
Beginning Stocks	107900	107900	101400	101400	112900	107300
Farm Sales Weight Prod	85000	85000	100000	100000	80000	95000
Dry Weight Production	72250	72250	85000	85000	68000	80750
U.S. Leaf Imports	1075	1075	50	0	50	50
Other Foreign Imports	4375	4375	100	250	100	100
TOTAL Imports	5450	5450	150	250	150	150
TOTAL SUPPLY	185600	185600	186550	186650	181050	188200
Exports	49600	49600	52000	59000	52000	60000
Dom. Leaf Consumption	29150	29150	21500	20100	21850	20600
U.S. Leaf Dom. Consum.	1075	1075	50	0	50	50
Other Foreign Consump.	4375	4375	100	250	100	100
TOTAL Dom. Consumption	34600	34600	21650	20350	22000	20750
TOTAL Disappearance	84200	84200	73650	79350	74000	80750
Ending Stocks	101400	101400	112900	107300	107050	107450
TOTAL DISTRIBUTION	185600	185600	186550	186650	181050	188200

PS&D: Unmanufactured Tobacco, Light Air Cured

PSD Table						
Country	Brazil					
Commodity	Unmfg., Light Air Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	3500	3500	3000	3000	3000	3000
Beginning Stocks	1500	1500	400	400	1900	2000
Farm Sales Weight Prod	4000	4000	6000	6000	7000	7000
Dry Weight Production	3400	3400	5100	5100	5950	5950
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	4900	4900	5500	5500	7850	7950
Exports	900	900	900	1000	900	900
Dom. Leaf Consumption	3600	3600	2700	2500	2700	2550
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	3600	3600	2700	2500	2700	2550
TOTAL Disappearance	4500	4500	3600	3500	3600	3450
Ending Stocks	400	400	1900	2000	4250	4500
TOTAL DISTRIBUTION	4900	4900	5500	5500	7850	7950

Production

Production and Crop Area

The Agricultural Trade Office (ATO)/São Paulo estimate for total Brazilian unmanufactured tobacco production for marketing year (MY) 2000 (January-December) has been revised upward to 589,000 metric tons (MT), farm sales weight (FSW), a 9 percent increase compared to previous estimate, due to higher than expected production in southern Brazil. This region contributed 540,000 MT, up 48,000 MT from previous estimate and down 6,000 MT from previous season. Industry contacts report the 2000 northeastern tobacco crop estimated at 49,000 MT.

ATO/São Paulo estimates total MY 2000 area planted to tobacco unchanged at 329,500 hectares (HA), and down 16,000 HA from the previous crop. According to post contacts, in spite of the lower area planted to tobacco for the 2000 southern crop, the higher volume of harvested product is a consequence of good weather conditions that prevailed during the production season (colder nights and mild days) which extended the development cycle of the plants. The use of "floating system" seedlings is also reported as a positive factor for improved productivity. Additionally, tobacco growers have been more conscious regarding crop management, thus improving their agricultural practices. The southern harvest season was over in late April and currently nearly all tobacco has been purchased by manufacturers. According to industry contacts, the quality of the 2000 crop southern crop is average and slightly above last season.

No forecast has yet been done for the MY 2001 southern crop. Currently, tobacco growers are managing the seedlings to be planted in the next couple of months. According to contacts, area planted to tobacco for MY 2001 will likely remain stable. The table below shows Brazilian tobacco production estimates for MY 1998, 1999 and 2000 for southern tobacco and northeastern Brazil by type of tobacco.

Total Brazilian Tobacco Area and Production (1,000 HA, 1,000 MT, FSW).						
Region/Type	Area			Production		
	1998	1999	2000	1998	1999	2000
South Brazil	264.5	266.0	250.0	404.0	546.0	540.0
Flue Cured, Virginia	200.0	205.5	195.0	315.0	440.0	438.0
Flue Cured, Amarelinho	0.0	0.0	0.0	0.0	0.0	0.0
Burley	61.0	57.5	52.0	85.0	100.0	95.0
Light Air Cured	3.5	3.0	3.0	4.0	6.0	7.0
Northeast Brazil	81.5	79.5	79.5	43.0	49.0	49.0
Cigar Leaf	5.5	5.0	5.0	5.5	5.5	5.5
Cigarette Leaf	36.5	36.0	36.0	16.0	18.0	18.0
Other (Twist)	39.5	38.5	38.5	21.5	25.5	25.5
Total Brazil	346.0	345.5	329.5	447.0	595.0	589.0
Source: ATO/São Paulo						

Final figures for the number of tobacco growers and curing barns in southern Brazil, as reported by the Brazilian Tobacco Growers Association (AFUBRA), follow. Note that MY 2000 figures show a 10 percent reduction in the number of growers eligible to plant tobacco in the integrated system adopted by local tobacco processing companies. This system reflects the partnership between growers and tobacco companies, in which the companies provide producers with seeds and other production inputs and supplies (plastic bags), and facilitate financing. The reduction in the number of tobacco growers is due to the tobacco companies planning strategies, which set the area to be cultivated for each season based on projected requirements, and their selection of the better growers to participate.

Number of Tobacco Producers and Curing Barns, South Brazil						
	Producers			Barns		
Type	1998	1999	2000	1998	1999	2000
Rio Gde Sul	71,820	71,260	67,940	65,820	66,460	68,960
VI	54,120	54,080	54,110	65,810	66,460	68,960
AM	10	--	--	10	--	--
BY	15,910	15,850	12,790	--	--	--
CO	1,780	1,330	1,040	--	--	--
Sta Catarina	65,580	56,970	47,560	40,650	39,510	34,460
VI	33,310	31,580	28,230	40,640	39,510	34,460
AM	10	--	--	10	--	--
BY	30,940	24,040	17,640	--	--	--
CO	1,320	1,350	1,690	--	--	--
Parana	21,580	21,840	19,350	13,140	12,790	11,760
VI	11,650	11,380	10,780	13,130	12,790	11,760
AM	10	--	--	10		
BY	8,940	9,570	7,390	--	--	--
CO	980	890	1,180	--	--	--
South Brazil	158,980	150,070	134,850	119,610	118,760	117,180
VI	99,080	97,040	93,120	119,580	118,760	117,180
AM	30	--	--	30	--	--
BY	55,790	49,460	37,820	--	--	--
CO	4,080	3,570	3,910	--	--	--
Source: Brazilian Tobacco Growers Association (AFUBRA).						
Note: VI - Flue Cured Virginia, AM - Flue Cured Amarelinho, BY - Burley, CO - Galpão Comum.						

According to the 1999/2000 AFUBRA survey, the average area planted to tobacco on a farm was 2.6 HA, representing approximately 14.9 percent of the total area of the farm. The table below shows the patterns of land utilization on a typical farm in southern Brazil. As reported by AFUBRA, all other activities are mainly for family subsistence. The survey, as shown below, also points out the number of tobacco growers by size of farm, indicating that 25.1 percent of the growers do not have a property of their own, and 30.5 percent of the growers have fewer than 10 HA, indicating that the tobacco crop is mainly planted by small growers.

Average farm size and crop area, South Brazil, 1999/2000 crop.		
Specification	Area (HA)	%
Tobacco	2.6	14.9
Annual crops	4.4	25.1
Grazing area	3.3	18.9
Forestry	5	28.6
Other	2.2	12.6
Total	17.5	100.0
Source: Brazilian Tobacco Growers Association (AFUBRA)		

Tobacco Producers and Size of Farms, South Brazil, 1999/2000.		
Size (HA)	Producers	%
0	33,866	25.1
01 to 10 HA	41,075	30.5
11 to 20 HA	34,416	25.5
21 to 30 HA	15,836	11.7
31 to 50 HA	7,190	5.3
more than 50 HA	2,467	1.8
Total	134,850	100.0
Source: Brazilian Tobacco Growers Association (AFUBRA)		

Inputs

The level of input utilization for the 2000 crop in southern Brazil remained at normal levels. According to post contacts, the use of nitrogen is expected to decrease somewhat for the 2001 crop to control alkaloid content in nicotine.

Yields

Tobacco yields for southern and northeastern Brazil, as well as tobacco yields by variety, follow. Tobacco yields for the 2000 southern crop recorded 2,160 KG/HA, up 5 percent from the previous crop. According to contacts, the record yield is a result of good weather conditions that prevailed during the production season (colder nights and mild days), the use of "floating system" seedlings and the selection of growers more conscious of the need for good crop management.

Tobacco Yields, South and Northeast Region (KG/HA, FSW).		
Year	South	Northeast
1995	1700	946
1996	1,758	746
1997	2,023	608
1998	1,527	528
1999	2,053	616
2000	2,160	616

Tobacco Yields by Type (KG/HA, FSW).						
Type	1995	1996	1997	1998	1999	2000
Flue Cured, VI	1,806	1,820	2,104	1,575	2,141	2,246
Flue Cured, AM	1,800	2,000	2,000	--	--	--
Burley	1,293	1,522	1,754	1,393	1,739	1,826
Light Air	1,500	1,667	1,800	1,143	2,000	2,333
Cigar Leaf	1,667	1,500	667	1,000	1,100	1,100
Cigarette Leaf	960	571	593	438	500	500
Twist tobacco	857	806	613	544	662	662
Note: VI - Virginia, AM - Amarelinho.						

Weather Patterns

The tables below show rainfall and temperature data as reported by AFUBRA for the Santa Cruz do Sul region, one of the major tobacco producing regions in the southern Brazil state of Rio Grande do Sul (RS).

Rainfall data - Santa Cruz do Sul, RS (mm)				
Month	1998	1999	2000	Avg 75/99
January	161.0	165	122	147.6
February	189.0	188	108	139.1
March	114.0	42	236	122.6
April	198.5	168	132	157.8
May	162.0	182.0	132	121.4
June	110.0	132.0	309	165.6
July	207.0	241.0	--	169.3
August	201.0	84.5	--	143.6
September	209.0	171.0	--	163.8
October	70.5	201.0	--	162.7
November	88.5	106.0	--	127.4
December	118.0	118.0	--	96.4
Total	1,828.5	1,798.5	1039	1,794.0
Source: Brazilian Tobacco Growers Association (AFUBRA).				

Temperature Data - Santa Cruz do Sul, RS (degree Celsius).												
Month	1998			1999			2000			Average 75/99		
	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg
January	32.9	20.6	26.8	36.1	21.9	29.0	32.0	21.8	26.9	32.8	20.5	26.6
February	30.8	20.5	25.7	30.3	20.8	25.6	31.2	21.0	26.1	32.0	20.4	26.2
March	29.1	18.1	23.6	32.6	22.7	27.7	28.1	19.5	23.8	30.5	18.9	24.7
April	25.3	16.6	21.0	23.7	16.8	20.3	26.3	18.4	22.4	26.6	15.6	21.1
May	22.0	14.2	18.1	22.2	13.7	18.0	22.5	13.7	18.1	22.9	12.1	17.5
June	18.8	11.0	14.9	19.1	11.0	15.0	20.8	14.1	17.5	20.1	9.6	14.9
July	19.8	13.6	16.7	17.8	11.4	14.6	--	--	--	20.1	10.1	15.1
August	19.7	14.0	16.9	21.9	12.8	17.4	--	--	--	21.4	11.0	16.2
September	21.2	14.9	18.1	23.4	15.0	19.2	--	--	--	23.2	12.6	17.9
October	25.5	17.1	21.5	23.5	15.7	19.6	--	--	--	26.5	15.3	20.9
November	29.4	18.4	23.9	28.0	17.5	22.8	--	--	--	29.2	17.4	23.3
December	30.0	20.1	25.1	30.8	20.8	25.8	--	--	--	31.8	18.4	25.1
Total	25.4	16.6	21.0	25.1	16.2	20.6	--	--	--	26.4	15.2	20.8
Source: Brazilian Tobacco Growers Association (AFUBRA).												

Prices

As a result of the price negotiations between growers and tobacco processors, tobacco prices increased 7 percent for the 2000 crop, in local currency terms, in relation to last season. The local currency is the “Real.” Tobacco prices by grade for MY 2000 and average prices received by producers for MY 1999 and 2000 follow.

Producer Prices for South Tobacco by Grade - 2000						
	Virginia		Virginia		Burley	Comum
Grade	US\$/KG	Grade	US\$/KG	Grade	US\$/KG	US\$/KG
T01	1.52	CL1	1.21	T1	1.37	
T02	1.29	CL2	1.02	T2	1.2	0.64
T03	1.14	CL3	0.67	T2L	0.95	0.64
TR1	1.23	CR1	1.12	T3	0.88	
TR2	0.08	CR2	0.8	T3K	0.77	
TR3	0.49	CR3	0.51	TK	0.56	0.47
TL1	0.99	C2K	0.64	B1	1.42	
TL2	0.80	C3K	0.37	B1L	1.28	
TL3	0.45	X01	1.34	B2	1.22	0.8
TK2	0.61	X02	1.14	B2L	1.06	0.79
TK3	0.34	X03	0.97	B3	0.99	0.67
B01	1.59	XL1	1.07	B3L	0.82	0.64
B02	1.40	XL2	0.91	BK	0.71	0.55
B03	1.16	XL3	0.54	C1	1.37	
BR1	1.30	XR1	1.05	C1L	1.25	
BR2	0.95	XR2	0.65	C2	1.2	0.9
BR3	0.64	XR3	0.39	C2L	1.05	0.87
BL1	1.21	X2K	0.47	C3	0.97	0.79
BL2	1.02	X3K	0.3	C3L	0.79	0.74
BL3	0.64	G2	0.61	CK	0.71	0.61
B2K	0.80	G3	0.15	X1	1.26	
B3K	0.40	SC	0.15	X1L	1.21	
C01	1.53	ST	0.1	X2	1.07	0.71
C02	1.36			X2L	1.01	0.68
C03	1.13			X3	0.88	
Source: Brazilian Tobacco Growers Association (AFUBRA). Note: Exchange rate: R\$ 1.74/US\$ 1 (March, 2000).				X3L	0.79	
				XK	0.64	0.51
				N	0.25	0.26
				G	0.11	0.18

Average South Tobacco Producer Prices by Type (US\$/KG).			
Type	1999	2000	% CHNG
Flue-cured Virginia	1.08	1.17	8.3
Burley	1.06	1.09	2.8
Light air-cured (Galpão)	0.72	0.76	5.6
Average Price	1.07	1.15	7.5
Source: Brazilian Tobacco Growers Association (AFUBRA).			
Note: R\$ 1.72/US\$ 1 (March, 1999) for 1999, R\$ 1.74/US\$ 1 (March, 2000).			

Others

Farm sales weight (FSW) data in this report are converted to dry weight based on the following conversion factors.

Type	%
Flue cured	86
Burley/Light air cured	85
Cigar leaf	80
Dark cigarette Leaf/Twist	60

Consumption

Total unmanufactured tobacco consumption for MY 1999 has been adjusted downward to 106,150 MT, a 4 percent reduction compared to the previous estimate, due to lower cigarette production. Total unmanufactured tobacco consumption for MY 2000 has been revised downward to 107,750 MT, down 3,800 MT from the previous estimate due to an expected reduction in cigarette output. Note that tobacco consumption data in this report are based on cigarette production plus an estimate for twist tobacco and cigars. The conversion factor used is 0.8 grams of unmanufactured tobacco per cigarette produced.

Utilization Patterns

Flue cured and light air cured tobaccos are used to manufacture most cigarettes in Brazil. Burley is used mainly in blends to improve the taste of domestic cigarettes.

Trade

Exports

The total Brazilian unmanufactured tobacco export estimate for MY 1999 (January-December) has been revised upward to 343,000 MT, a 8 percent increase compared to previous estimate, based on recent data from the Brazilian Secretariat of Foreign Trade (SECEX). ATO/São Paulo estimate for total unmanufactured tobacco exports for MY 2000 is 350,000 MT, up 30,000 MT from the previous projection. According to industry contacts, although there is a projected decrease in world tobacco leaf consumption, the demand for Brazilian tobacco was strong during the first semester of the year. The Brazilian product has been very competitive in international markets since the devaluation of the Real. Post contacts also report that there has been a delay in shipping the Brazilian product due to the political problems in Zimbabwe. Buyers have opted to transport their shipments from Zimbabwe in advance to protect their purchases from any future incident that might occur there. Industry contacts also reported that shipping costs have increased at least twice from 1999 to 2000. The tables below show total unmanufactured tobacco exports for MY 1998 and 1999 (January-December (CY)) and 1999 and 2000 (January-April) by type of product (see Policy for NCM descriptions) and by country of destination as reported by SECEX.

Unmanufactured Tobacco Exports (CY) (MT & 1,000 US\$ FOB).								
NCM	1998		1999		1999 1/		2000 1/	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
24011010	820	4,627	122	918	10,608	84,232	0	0
24011020	374	2,588	467	2,595	87	508	142	599
24011030	12,687	40,322	17,177	40,804	1,317	4,271	2,290	5,053
24011040	1,157	3,992	767	1,521	0	0	0	0
24011090	9,464	26,021	11,564	26,756	2,127	4,636	2,140	4,385
24012010	137	2,204	103	1,871	103	1,871	0	0
24012020	0	0	0	0	0	0	112	331
24012030	166,235	680,177	189,949	629,590	24,109	83,774	36,834	102,618
24012040	33,295	133,935	43,459	143,767	5,297	15,084	10,672	28,609
24012090	914	4,843	2,175	6,937	517	1,385	441	1,041
24013000	75,479	41,182	77,246	37,927	17,603	7,498	16,047	8,401
Total	300,563	939,891	343,029	892,687	61,768	203,259	68,679	151,038
Source: Brazilian Secretariat of Foreign Trade (SECEX).								
1/ January-April								

Unmanufactured Tobacco Exports (CY) (MT, 1,000 US\$ FOB) (Flue cured, Burley and Residues)				
Destination	1998		1999	
	Quantity	Value	Quantity	Value
United States	50,211	115,063	58,692	201,064
Germany	42,972	145,633	53,309	139,727
U.K.	41,123	119,107	29,668	72,052
Netherlands	10,285	38,521	19,662	51,313
China	1,467	6,367	12,945	38,462
Japan	19,443	70,102	18,514	61,220
Belgium	8,762	32,499	15,415	50,028
Italy	6,550	25,840	7,182	22,039
Poland	1,032	3,697	6,717	19,845
Philippines	7,788	29,763	4,098	16,152
Russia	2,246	8,904	5,153	9,969
Others	95,818	300,121	96,475	170,216
Total	287,696	895,616	327,831	852,088
Source: Brazilian Secretariat of Foreign Trade (SECEX).				
Note: Total figures represent 96 percent of total Brazilian exports.				

Unmanufactured Tobacco Exports (CY) (MT, 1,000 US\$ FOB) Not stemmed, leaf, flue cured Virginia (NCM 2401.10.30).				
Destination	1998		1999	
	Quantity	Value	Quantity	Value
Netherlands	3,458	11,669	6,791	16,028
Uruguay	2,580	6,526	2,675	5,101
South Africa	2,191	6,863	1,289	2,945
Belgium	528	1,857	1,507	3,387
Norway	348	1,598	1,046	4,139
Morocco	948	3,307	575	1,479
Australia	90	315	175	513
Vietnam	78	261	212	551
Paraguay	200	430	160	406
China	438	1,687	2,325	5,173
United States	59	244	0	0
Others	1,829	5,808	422	1,082
Total	12,687	40,322	17,177	40,804
Source: Brazilian Secretariat of Foreign Trade (SECEX).				

Unmanufactured Tobacco Exports (CY) (MT, 1,000 US\$ FOB) Partly/wholly stemmed, leaf, flue cured Virginia (NCM 2401.20.30).				
Destination	1998		1999	
	Quantity	Value	Quantity	Value
Germany	24,314	106,104	32,186	106,743
United States	19,886	77,345	23,507	79,114
U.K.	25,904	106,659	17,890	63,250
Japan	13,352	57,341	12,184	48,246
China	1,029	4,680	10,520	32,987
Belgium	4,889	19,913	9,148	33,627
Netherlands	4,691	20,741	9,029	27,434
Italy	5,847	24,842	6,469	20,907
Poland	972	3,658	4,324	14,377
Philippines	7,399	27,770	3,878	15,058
Russia	1,881	7,408	1,881	7,408
Others	56,070	223,716	58,933	180,441
Total	166,235	680,177	189,949	629,590
Source: Brazilian Secretariat of Foreign Trade (SECEX).				

Unmanufactured Tobacco Exports (CY) (MT, 1,000 US\$ FOB) Partly/wholly stemmed, leaf, Burley (NCM 2401.20.40).				
Destination	1998		1999	
	Quantity	Value	Quantity	Value
United States	7,117	29,632	12,192	42,836
Germany	8,350	32,227	8,708	26,046
Belgium	2,370	10,035	2,965	12,040
Japan	2,473	10,251	2,720	10,401
Mexico	1,072	4,313	2,580	7,933
Netherlands	1,247	5,357	2,255	7,040
Spain	2,981	11,390	1,870	5,874
Poland	0	0	1,340	4,826
Paraguay	1,038	3,292	730	2,123
U.K.	752	3,363	665	2,330
Russia	365	1,496	662	1,521
Others	5,530	22,581	6,772	20,797
Total	33,295	133,935	43,459	143,767
Source: Brazilian Secretariat of Foreign Trade (SECEX).				

Unmanufactured Tobacco Exports (CY) (MT, 1,000 US\$ FOB) Tobacco Refuse/Waste (NCM 2401.30.00).				
Destination	1998		1999	
	Quantity	Value	Quantity	Value
United States	23,149	7,843	22,993	6,909
Germany	10,230	7,035	12,337	6,768
U.K.	14,457	9,047	11,112	6,473
Japan	3,618	2,511	3,610	2,573
Russia	0	0	2,610	1,039
Argentina	593	179	2,121	804
Venezuela	1,923	666	2,109	516
France	959	925	1,874	1,836
Belgium	974	695	1,796	974
Paraguay	1,761	949	1,617	881
Netherlands	889	754	1,588	810
Others	16,926	10,579	13,479	8,343
Total	75,479	41,182	77,246	37,927
Source: Brazilian Secretariat of Foreign Trade (SECEX).				

Imports

Brazilian tobacco imports for MY 1998 have been adjusted to 14,725 MT, up 175 MT from the previous estimate, based on recent data from SECEX. Tobacco imports for MY 1999 are estimated at 2,650 MT, up 1,100 MT from the previous season, based on SECEX data. Tobacco imports for MY 2000 estimated at 2,250 MT. Brazilian unmanufactured tobacco imports for MY 1998 and 1999 (CY) and MY 1999 and 2000 (January-April) by type of product (see Policy for NCM descriptions) follow.

Unmanufactured Tobacco Imports (CY) (MT, 1,000 US\$ FOB)								
NCM	1998		1999		1999 1/		2000 1/	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
24011010	18	20	0	0	0	0	0	0
24011020	0	13	0	0	0	0	0	13
24011030	294	539	0	0	0	0	80	132
24011040	0	0	9	24	0	0	0	0
24011090	46	69	277	362	15	23	202	394
24012010	0	0	0	0	0	0	0	0
24012020	0	0	0	0	0	0	0	0
24012030	4,600	14,538	1,098	2,142	358	825	177	442
24012040	5,434	21,084	248	879	89	331	0	0
24012090	4,150	14,326	754	2,010	200	600	455	1,740
24013000	184	106	261	117	24	12	188	85
Total	14,726	50,695	2,646	5,533	686	1,792	1,101	2,807
Source: Brazilian Secretariat of Foreign Trade (SECEX).								
1/ January-April								

Stocks

The MY 1999 unmanufactured tobacco ending stocks estimate has been revised downward to 214,850 MT due to stronger than expected exports. Unmanufactured ending stocks for MY 2000 are estimated at 252,450 MT. Actual stock data are not available.

Policy

The MERCOSUL Common External Tariff Schedule follows. MERCOSUL represents a trade pact among Brazil, Argentina, Uruguay and Paraguay.

Brazilian Unmanufactured Tobacco - Common External Tariffs		
NCM	Description	Tariff
	Not stemmed, leaf	
2401.10.10	Not dried/fermented	17
2401.10.20	Wrapper, dried/ferm.	17
2401.10.30	Dried, Flue cured, Virginia type	17
2401.10.40	Dried, volatile content over 0.2%	13
2401.10.90	Others	17
	Partly/Wholly stemmed, leaf	
2401.20.10	Not dried/fermented	17
2401.20.20	Wrapper, dried/ferm.	17
2401.20.30	Dried, Virginia type	17
2401.20.40	Dried, Burley type	17
2401.20.90	Other	17
2401.30.00	Tobacco refuse	17
Source: Brazilian Secretariat of Foreign Trade (SECEX).		

MANUFACTURED TOBACCO, CIGARETTES

PS&D Manufactured Tobacco, Cigarettes

PSD Table						
Country	Brazil					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Filter Production	170000	170000	114000	108000	115000	110000
Non-Filter Production	0	0	0	0	0	0
TOTAL Production	170000	170000	114000	108000	115000	110000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	170000	170000	114000	108000	115000	110000
Exports	73000	73000	7500	6300	8000	6000
Domestic Consumption	97000	97000	106500	101700	107000	104000
TOTAL DISTRIBUTION	170000	170000	114000	108000	115000	110000

Production

The MY 1999 Brazilian cigarette production estimate has been revised downward to 108 billion pieces (BP), based on recent information from post contacts. Brazilian cigarette production for MY 2000 is estimated at 110 BP, up 2 BP from previous season.

Consumption

The Brazilian cigarette consumption estimate for MY 1999 has been revised downward to 101.7 BP, according to trade sources. Cigarette consumption for MY 2000 is estimated at 104 BP. Contrabanded cigarettes, especially from Paraguay, which are marketed locally at significantly lower prices, represents the major concern and competition for Brazilian cigarette companies' local sales. According to the tobacco industry, approximately 35 percent of the actual domestic consumption results from contrabanded cigarettes.

Prices

Retail cigarette prices per pack of 20 pieces vary between R\$ 1.10 and 2.50 for Souza Cruz (British America Tobacco) and R\$ 1.10 and 2.15 for Philip Morris depending on the brand. Prices have been steady since mid-July 1999.

Trade

Exports

Total Brazilian cigarette exports for MY 1999 are estimated at 6.3 BP, down 1.2 billion from the previous estimate, based on recent information from the Brazilian Secretariat of Foreign trade (SECEX). The cigarette export estimate for MY 2000 is likely to remain stable at 6 BP. The sharp decrease in cigarette exports during 1999 and 2000 is a result of the 150 percent tax imposed on exports to inhibit cigarettes exported to Paraguay from being contrabanded back into Brazil. Total manufactured tobacco exports for MY 1998 and 1999 by country of destination, as reported by SECEX, follow.

Export Trade Matrix			
Country	Brazil		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan.-Dec.	Units: Million Pieces.	
Exports for:	1998		1999
U.S.	0	U.S.	63
Others		Others	
Belgium	20,709	Belgium	2,316
Russia	16,599	Russia	736
Paraguay	22,674	Paraguay	540
Bolivia	1,240	Bolivia	512
Uruguay	5,547	Uruguay	419
Finland	1,589	Finland	332
Australia	10	Australia	231
South Africa	0	South Africa	190
Israel	114	Israel	128
Madeira Islands	104	Madeira Islands	229
Total for Others	68,587		5,631
Others not Listed	3,644		611
Grand Total	72,231		6,305

Imports

According to data provided by SECEX, cigarette imports for 1999 were 205.2 million pieces, up 9.1 million from 1998.

Policy

The MERCOSUL Common External Tariff Schedule follows. MERCOSUL represents a trade pact among Brazil, Argentina, Uruguay and Paraguay.

Brazilian Manufactured Tobacco - Common External Tariffs.		
NCM	Description	Tariff
2402.10.00	Cigars and Cigarillos	23
2402.20.00	Cigarettes	23
2402.90.00	Others	23
Source: Brazilian secretariat of Foreign Trade (SECEX).		

Marketing

The Ministry of Health sent a proposal to the Brazilian Congress forbidding all types of radio and television commercials for cigarettes. The proposal will be voted next August. Both tobacco growers and manufacturers allege that such measure will promote a negative social and economic impact to the tobacco industry. The Brazilian Radio and Television Association advocates that commercials should be allowed from 12 am to 5 am.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)				
Month	1997	1998	1999	2000
January	1.05	1.12	1.92	1.80
February	1.05	1.13	2.03	1.77
March	1.06	1.14	1.77	1.75
April	1.06	1.14	1.66	1.81
May	1.07	1.15	1.72	1.82
June	1.08	1.16	1.77	1.80
July	1.08	1.16	1.79	--
August	1.09	1.18	1.81	--
September	1.10	1.19	1.92	--
October	1.10	1.19	1.95	--
November	1.11	1.20	1.92	--
December	1.12	1.21	1.79	--