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Tobacco and Products

Annual

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Report Highlights:

Tobacco was America's largest ag export item to Malaysia in 2000. The sharp decline in domestic consumption of cigarette resulted in a decline in flue-cured tobacco imports. However, burley imports rose in response to the increase in production of US blended cigarettes. Outlook for flue-cured leaf imports in 2001 is not promising as cigarette demand is expected to decline further. Domestic output of flue-cured is expected to rise 38 percent while burley output is likely to increase to 1,100 MT. Cigarette prices went up by US\$0.08 per packet of 20 in response to a hike in sales tax.

Includes PSD changes: Yes
Includes Trade Matrix: Yes

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Executive Summary

Tobacco was America's largest ag export item to Malaysia in 2000. The sharp decline in domestic consumption of cigarette forced tobacco manufacturers to reduce flue-cured tobacco imports in 2000. However, imports of burley tobacco also soared in response to the sharp increase in production of US blended cigarettes. While US remains the top supplier of tobacco leaves to Malaysia, Brazil is poised to match or overtake the US. As the domestic cigarette market has not fully recover from the negative impact of the latest price increase and an expected increase in local leaf output, total flue-cured tobacco imports are expected to drop to 11,500 MT in 2001.

Domestic output of flue-cured tobacco dropped 7 percent to 7,260 metric tons (MT) in 2000 due to adverse weather conditions. Yield per harvested hectare dropped from 1,065 kg in 1999 to 422 kg in 2000. The total value of the 2000 crop was estimated to be at US\$26 million. The outlook for 2001 is much brighter with no report of adverse weather to date. Barring any unforeseen circumstances, Post forecasts flue-cured leaf production to jump to 10,000 MT, against a given quota of 15,100 tons.

Domestic burley rose to 928 MT in 2000, reflecting an increase in planted area and improvement in yields. Total area rose from 788 hectares in 1999 to 831 hectares in 2000. For 2001, farmers plan to increase planted area and Post expects domestic burley output to increase to 1,100 MT.

Domestic cigarette output dropped seven percent in 2000, reflecting the decline in exports as well as domestic consumption. Despite an anticipated increase in overseas demand, the 2001 lookout for cigarette manufacturing is not promising. Depressed domestic consumption is expected to drag local cigarette output further down in 2001. Post estimates a 4 - 5 percent decline in cigarette production in 2001. After the recent price increase in 1999, local manufacturers again hiked cigarette prices by RM0.30 (US\$0.08) per packet of 20 in October, 2001 in response to a ten percent increase in cigarette sales tax.

Exchange rates: 2000: US\$1.00 = M\$3.799 (May 15)

2001: US\$1.00 = M\$3.799 (May 15)

Tobacco, Unmfg., Flue Cured:

PSD Table						
Country	Malaysia					
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	18522	18522	16750	15764	0	16000
Beginning Stocks	21096	21096	18010	18010	20440	17283
Farm Sales Weight Prod	7817	7817	8000	7260	0	10000
Dry Weight Production	7035	7035	7200	6535	0	9000
U.S. Leaf Imports	4578	4578	6000	3452	0	3500
Other Foreign Imports	8212	8212	13800	8174	0	8000
TOTAL Imports	12790	12790	19800	11626	0	11500
TOTAL SUPPLY	40921	40921	45010	36171	20440	37783
Exports	61	61	0	188	0	300
Dom. Leaf Consumption	10250	10250	7000	7000	0	6540
U.S. Leaf Dom. Consum.	4600	4600	5000	3500	0	3500
Other Foreign Consump.	8000	8000	12570	8200	0	7960
TOTAL Dom. Consumption	22850	22850	24570	18700	0	18000
TOTAL Disappearance	22911	22911	24570	18888	0	18300
Ending Stocks	18010	18010	20440	17283	0	19483
TOTAL DISTRIBUTION	40921	40921	45010	36171	0	37783

Production

Heavy downpours and flooding caused substantial damage to the 2000 crop. Only 58 percent of planted area was harvested and domestic output of flue-cured tobacco dropped 7 percent to 7,260 metric tons (MT) in 2000, well below the quota agreed to by local cigarette manufacturers. Yield per harvested hectare dropped from 1,065 kg in 1999 to 422 kg in 2000. The total value of the 2000 crop was estimated to be at US\$26 million in 1999, the same level as the previous year.

The outlook for 2001 is much brighter with no report of adverse weather to date. Barring any unforeseen circumstances, Post forecasts flue-cured leaf production to jump to 10,000 MT, against a given quota of 15,100 tons.

The following table provides a comparison of the domestic production quota and actual output of tobacco over the past ten years:

Year	Production Quota (MT)	Actual Output (MT)	Actual/Quota (Percent +/-)
1991	10,473	9,849	- 6.0
1992	11,348	11,509	+ 1.4
1993	11,403	9,942	-12.8
1994	9,764	6,172	-36.8
1995	12,399	10,467	-15.6
1996	12,561	11,988	- 4.6
1997	13,300	11,444	-14.0
1998	14,160	11,361	-19.8
1999	14,400	7,817	-45.7
2000	15,100	7,259	-51.9
2001 1/	15,100	10,000	-33.8

1/ Estimate

Average yield per harvested area deteriorated in CY2000 due to the abnormally wet weather conditions. The following table provides a comparison of output, area, and yields over the past 10 years.

Year	Output (MT)	Area (HA)		Yield (KG/HA)	
		Planted	Harvested	Planted	Harvested
1991	9,849	14,953	10,678	659	922
1992	11,509	11,905	11,366	967	1,013
1993	9,942	12,355	10,333	805	962
1994	6,172	10,219	6,871	603	898
1995	10,467	10,525	9,889	994	1,058
1996	11,988	10,982	10,431	1,092	1,149
1997	11,444	10,790	10,148	1,060	1,127
1998	11,361	14,200	11,739	800	968
1999	7,817	18,522	8,328	422	1,065
2000	7,259	15,764	9,129	460	795

Consumption

Domestic consumption of flue-cured tobacco dropped 18 percent in 2000. Usage of leaves for the manufacturing of cigarettes was drastically reduced when the domestic cigarette market was hit by a hefty price increase in October, 2000.

The outlook for flue-cured tobacco consumption is not bright in this current year. The domestic cigarette market has not fully recover from the negative impact of the latest price increase. The export cigarette/cut-rag market fares better with a strong growth anticipated in 2000.

Prices

The GOM maintains minimum purchase prices of US\$0.07-US\$0.24 per kilogram for green leaf and US\$1.05-US\$4.42 per kilogram for cured leaf, depending on the grade. These support prices for Malaysian flue-cured Virginia tobacco are among the highest in the world and about twice that from neighboring Thailand.

Trade

The sharp decline in domestic consumption of cigarettes forced tobacco manufacturers to reduce leaf imports. While imports of U.S. flue-cured leaves dropped 25 percent, imports from Brazil rose 18 percent in 2000. Brazil is poised to match the US as the biggest supplier of flue-cured tobacco to Malaysia. Other major suppliers such as Indonesia and Thailand also recorded substantial gains.

In 2000, Malaysia exported/re-exported a total of 188 MT of flue-cured tobacco (124 MT to Switzerland, 46 MT to Indonesia and 18 MT to Cambodia).

With the anticipated decline in cigarette manufacturing in Malaysia and an increase in local leaf output, total flue-cured tobacco imports are expected to drop to 11,500 MT in 2001. While the United States will continue to be the top supplier, its market share is expected to be further eroded by Brazil and other competitors.

Factors Affecting U.S. Trade

Cigarette manufacturers rely on US tobacco to maintain the desired favor in the cigarette. However, in recent years, Brazil has emerged as a formidable competitor with market share rocketing from 7 percent in 1997 to 26 percent in 2000. Apart from being price competitive, Brazilian leaf quality has shown marked improvement over the years.

Trade Trends

Import volumes and values of Unmanufactured Flue-Cured Tobacco in CY1999 are provided below :

		1999(Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	4,578	32,974,390
2	Brazil	2,548	8,356,809
3	Zimbabwe	1,000	3,335,578
4	China	837	2,085,440
5	Indonesia	828	1,678,921
6	Philippines	517	1,488,656
7	India	413	1,110,736
8	Thailand	401	994,682
9	Spain	303	737,184
10	Canada	300	1,231,944
11	Pakistan	193	287,266
12	Greece	158	382,016
13	Italy	124	528,187
14	Kenya	118	305,919
15	Portugal	102	207,783
16	Argentina	92	82,746
17	Turkey	87	470,144
18	Australia	53	31,816
19	Tanzania	40	126,797
20	Belize	38	162,091
21	Chile	33	124,759
22	South Africa	27	111,000
	--Total	12,790	56,814,862

Trade Trends

Import volumes and values of Unmanufactured Flue-Cured Tobacco in CY2000 are provided below :

		2000 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	3,452	25,061,704
2	Brazil	3,010	11,527,618
3	Indonesia	1,544	4,579,874
4	Zimbabwe	908	3,125,609
5	Thailand	587	1,665,748
6	China	492	1,353,445
7	India	447	1,188,197
8	Canada	218	866,649
9	Argentina	211	415,246
10	Spain	156	318,857
11	Italy	136	544,703
12	Pakistan	122	213,612
13	Greece	118	217,401
14	Kenya	78	155,500
15	Vietnam	40	105,239
16	Germany, FR	39	106,471
17	U.A.E.	27	36,725
18	South Africa	19	49,366
19	Philippines	10	24,583
20	Uganda	8	29,891
21	Malawi	4	16,394
	--Total	11,626	51,602,832

Import Trade Matrix for Tobacco, Unmfg, Flue-Cured

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco,Unmfg,Flue Cured		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	4578	U.S.	3452
Others		Others	
Brazil	2548	Brazil	3010
Zimbabwe	1000	Indonesia	1544
China	837	Zimbabwe	908
Indonesia	828	Thailand	587
Philippines	517	China	492
India	413	India	447
Thailand	401	Canada	218
Spain	303	Argentina	211
Canada	300	Spain	156
Pakistan	193	Italy	136
Total for Others	7340		7709
Others not Listed	872		465
Grand Total	12790		11626

Export Trade Matrix for Tobacco, Unmfg, Flue-Cured

Export Trade Matrix			
Country	Malaysia		
Commodity	Tobacco,Unmfg.,Flue Cured		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Indonesia	53	Switzerland	124
Japan	8	Indonesia	46
		Cambodia	18
Total for Others	61		188
Others not Listed			
Grand Total	61		188

Stocks

As it takes about a year to age tobacco leaf, most of the increase in the 2001 crop will contribute to the increase in the carry-out stock level at the end of 2001.

Policy**Production Policy**

As a result of the financial crisis which started in mid-1997, the GOM has taken measures to reduce expenditures on agricultural imports. The GOM has reversed its policy to phase out the local tobacco industry and given a mandate to Malaysian Agricultural Research and Development Institute (MARDI) and the Tobacco Board to step up research and development programs to prepare the farmers to face the eventual removal of tariff protection under the ASEAN Free Trade Area (AFTA). A study of the impact of the implementation of AFTA on 10 countries shows that Malaysia is in a position to expand its tobacco sector and compete in the regional market. However, tobacco has to compete with other crops such as rice and oil palm as land resources are limited.

Tariff Changes

The GOM has not imposed additional import taxes on unmanufactured leaf since 1982. A chronology of tax/duty increases in Malaysia is provided in MY3022.

Non-Tariff Barriers

All imports of flue-cured or Virginia tobacco must be approved by the Ministry of Primary Industries (MPI). The MPI is apparently quite lenient in administering the import quota as import licenses have been routinely approved for the quantities requested by the cigarette manufacturers. In addition, cigarette manufacturers are not required to use local leaf in the manufacture of cigarettes for the export market and this augurs well for U.S. tobacco.

Competitor Activities

Most competitor countries do little in the way of market promotion but use lower prices as a selling point. In the past, only Canada made a serious effort to promote its tobacco but the promotions had minimal impact.

Tobacco, Mfg., Cigarettes:

PSD Table						
Country	Malaysia					
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	28110	28110	30360	26120	0	25760
Non-Filter Production	2457	2457	2640	2270	0	2240
TOTAL Production	30567	30567	33000	28390	0	28000
Imports	903	903	900	1037	0	1000
TOTAL SUPPLY	31470	31470	33900	29427	0	29000
Exports	12467	12467	14500	10609	0	11000
Domestic Consumption	19003	19003	19400	18818	0	18000
TOTAL DISTRIBUTION	31470	31470	33900	29427	0	29000

Production

The Malaysian cigarette industry is dominated by British American Tobacco (M) Bhd (BAT) which accounts for 70 percent of the Malaysian cigarette market. JT International (the former R.J. Reynolds Tobacco Company Bhd) and Philip Morris share the remaining 30 percent. Philip Morris (PM) is the only American tobacco company operating in Malaysia and the only company committed to using US leaf. Since PM is 100% foreign-owned, 80% of its output has to be exported. Apart from manufacturing cut-fillers, PM started producing cigarettes at the beginning of 1999.

Domestic cigarette output dropped seven percent in 2000, reflecting the decline in exports as well as domestic consumption. Despite an anticipated increase in overseas demand, the 2001 lookout for cigarette manufacturing is not promising. Depressed domestic consumption is expected to drag local cigarette output further down in 2001.

Consumption

Domestic consumption of cigarettes was on the uptrend until the hefty price increase in response to the hike in excise duty in October, 2001. Cigarette companies have again expressed concern that high excise duty encourages smuggling of non-duty paid cigarettes into the country. The non-duty paid (contra-bands and counterfeit) cigarettes make up roughly 20-22 percent of the total cigarette market.

The domestic cigarette market has not fully recover from the negative impact of the latest price increase. The outlook for cigarette consumption is even less promising in this current year. Post expects a four percent drop in domestic consumption in 2001.

Younger Malaysians prefer to smoke American-blended cigarettes. With about half of the population below age 25, the demand for these cigarettes should continue to climb. The local market share for American-blend cigarettes has expanded from 38 percent in 1998 to 42 percent in 2001. Marlboro has overtaken Salem as the current leading American-blended cigarette brand. Other good sellers include Camel, Winston, Kent, Lucky Strike and Peter Stuyvesant. However, straight Virginia or English-blend cigarettes still dominate the Malaysian cigarette market with Dunhill and Benson & Hedges being the top brands. BAT had launched the new Kent in lighter variants of nine, six and one milligram of tar and the company has claimed that consumer response has been highly encouraging.

Prices

Effective October 30, 2001, local manufacturers increased the cigarette price by RM0.30 (US\$0.08) per packet of 20. (The previous price increase was in Sept, 1999). While this single increase was not large, cigarette prices have been raised substantially over the last 21 years. For example, the retail price of Benson & Hedges' Special Filter (20's) has gone from RM1.40 (US\$0.37) in 1980 to RM4.50 (US\$1.18) in 2001. Some representative cigarette prices are as follows (RM per pack of 20):

Cigarette Representatives	Prices
Benson (sp. Filter)	RM4.50
Rothmans International	RM4.80
Pall Mall Kings	RM4.90
Mild Seven King Size	RM4.60
Lucky Strike	RM4.80
Dunhill King Size	RM4.60
Player's Gold Leaf 100's	RM3.30
Peter Stuyvesant King Size	RM4.60
SE 555 Kings	RM4.60
Kent Kings	RM4.60
Marlboro King Size	RM4.50
Salem King Size	RM4.50
More King Size	RM3.20
Camel (Regular)	RM4.70

Trade

Imports of cigarettes rose 15 percent in 2000. Imports of premium brands from Switzerland, Japan and Singapore increased while imports from most other suppliers such as the U.S. and Hong Kong recorded declines. In general, very high Malaysian tariffs restrict imports of cigarettes for the local market. For example, a popular Japanese brand amongst the Japanese expatriates living in Malaysia is being produced in Malaysia instead of being imported from Japan. Imports of American and European cigarettes are destined for the higher-priced specialty shops.

Imports of cigarettes by volume and value in CY1999 are listed below:

		1999 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	231	6,529,456
2	Indonesia	253	4,116,289
3	Philippines	111	891,787
4	Singapore	66	887,359
5	China	61	1,589,920
6	Hong Kong	58	533,313
7	Japan	51	1,104,173
8	U.K.	36	918,443
9	Switzerland	17	414,250
10	Thailand	17	213,072
11	Germany	2	52,163
	--Total:	902	17,250,225

Imports of cigarettes by volume and value in CY2000 are listed below:

		2000 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	104	1,230,448
2	Indonesia	230	3,181,123
3	Switzerland	193	4,852,136
4	Singapore	180	2,555,042
5	China	85	1,194,454
6	Hong Kong	48	1,025,581
7	Philippines	46	433,195
8	Germany	37	981,953
9	U.K.	36	1,109,732
10	Japan	33	624,004
11	U.A.E.	20	379,020
12	Cyprus	16	374,726
13	Thailand	5	58,476
14	Netherlands	1	48,018
15	Belgium	1	26,539
16	Sweden	1	14,404
17	Taiwan	1	22,044
	--Total:	1,037	18,110,896

After a hefty increase in 1999, exports of cigarettes dropped 15 percent to 10,609 MT in 2000 primarily due to the sharp decrease in demand from Thailand and South Korea. Exports of low-priced cigarettes to Afghanistan continued to be on a downtrend. The outlook for cigarette exports in 2001 is promising and Post expects cigarette exports to increase 3.7 percent in 2001.

Exports of cigarettes by volume and value in CY1999 are listed below:

		1999 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	150	1,513,675
2	Thailand	3,654	30,342,546
3	Korea Rep.	2,062	21,537,143
4	Singapore	2,024	22,281,845
5	Hong Kong	1,669	17,792,610
6	Belgium	1,605	19,358,321
7	Taiwan	286	3,934,529
8	Brunei	189	3,553,299
9	Iran	150	778,810
10	Philippines	146	2,192,479
11	U.A.E.	94	610,908
12	Kuwait	78	522,462
13	Afghanistan	58	380,879
14	Panama	57	1,166,410
15	U.K.	55	1,317,820
16	Bulgaria	37	827,941
17	Nepal	30	404,681
18	Vietnam	16	303,801
19	China	14	70,088
20	Japan	14	122,126
21	Australia	12	170,956
22	Indonesia	12	170,592
23	Macau	9	297,765
24	Uruguay	8	60,800
25	Maldives	5	49,785
26	India	5	34,472
27	Paraguay	3	31,594
28	Bangladesh	3	40,685
29	Mali	3	28,989
30	Bahrain	3	21,986
31	Chile	2	35,991

32	Monaco	1	53,743
33	Germany	1	8,277
34	Others	12	494,951
	--Total	12,467	130,512,961

Exports of cigarettes by volume and value in CY2000 listed below:

		2000 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	209	1,467,486
2	Singapore	2,522	43,722,460
3	Hong Kong	2,237	24,442,825
4	Belgium	1,549	15,851,146
5	Thailand	1,542	16,118,285
6	Korea Rep.	959	10,133,154
7	Taiwan	294	3,286,856
8	Brunei	274	4,827,313
9	Cambodia	178	1,716,018
10	Philippines	159	3,052,188
11	Japan	103	928,545
12	U.A.E.	77	518,946
13	Maldives	69	690,872
14	Vietnam	66	1,951,079
15	Kuwait	62	525,788
16	Iran	50	255,850
17	Afghanistan	49	237,447
18	Loa, PDR	36	368,182
19	Ireland	35	574,778
20	Moldova	32	317,202
21	Nepal	27	271,137
22	Indonesia	17	228,921
23	Panama	8	44,116
24	Paraguay	8	49,179
25	China	7	279,194
26	Mauritius	6	198,522
27	Uruguay	6	34,691
28	Chile	4	20,058

29	Australia	3	50,083
30	United Kingdom	3	101,035
31	Bahrain	3	20,304
32	Macau	2	85,937
33	Bangladesh	1	34,009
34	South Africa	1	5,113
35	New Zealand	1	46,983
36	India	1	18,446
37	Others	10	461,427
	--Total	10,609	132,935,577

Export Trade Matrix for Tobacco, Mfg, Cigarettes

Export Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	1999		2000
U.S.	150	U.S.	209
Others		Others	
Thailand	3654	Singapore	2522
Korea Rep.	2062	Hong Kong	2237
Singapore	2024	Belgium	1549
Hong Kong	1669	Thailand	1542
Belgium	1605	Korea Rep.	959
Taiwan	286	Taiwan	294
Brunei	189	Brunei	274
Iran	150	Cambodia	178
Philippines	146	Philippines	159
U.A. Emirates	94	Japan	103
Total for Others	11879		9817
Others not Listed	438		583
Grand Total	12467		10609

Import Trade Matrix for Tobacco, Mfg, Cigarettes

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	231	U.S.	104
Others		Others	
Indonesia	253	Indonesia	230
Philippines	111	Switzerland	193
Singapore	66	Singapore	180
China	61	China	85
Hong Kong	58	Hong Kong	48
Japan	51	Philippines	46
United Kingdom	36	Germany	37
Switzerland	17	United Kingdom	36
Thailand	17	Japan	33
Germany	2	U.A.E.	20
Total for Others	672		908
Others not Listed			25
Grand Total	903		1037

Policy**Tariff Changes**

The cigarette sector was spared another tax hike in the last budget. The previous increase was in October 1998 when the GOM increased the import duty on cigarettes from US\$42.63/kg to US\$47.38/kg. For locally manufactured cigarettes, the sales tax was increased from 15 to 25 percent on October 27, 2000.

Import Requirements

All cigarette packages are required by the GOM to carry the warning: Amaran Kementerian Kesihatan Malaysia-merokok membahayakan kesihatan ("Warning by the Malaysian Ministry of Health-smoking endangers health"). Labels must also state that the levels of tar and nicotine are below the allowable maximum levels. Where the container is a packet which is a rectangular block in shape, the words shall be placed on either side panel of the packet. The words shall be in block letters of not less than 3mm in height and in the same color and background as the name of the brand. If the words appear on a label, the label shall be securely affixed to the container. This rule applies to imported as well as domestically manufactured cigarettes.

Tobacco, Unmfg., Total:

PSD Table						
Country	Malaysia					
Commodity	Tobacco, Unmfg., Total				(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	19310	19310	19200	16595	0	17000
Beginning Stocks	22536	22536	19191	19191	21700	18921
Farm Sales Weight Prod	8402	8402	8765	8188	0	11100
Dry Weight Production	7562	7562	7890	7390	0	9990
U.S. Leaf Imports	6530	6530	8380	6288	0	6300
Other Foreign Imports	12460	12460	18620	13217	0	14090
TOTAL Imports	18990	18990	27000	19505	0	20390
TOTAL SUPPLY	49088	49088	54081	46086	21700	49301
Exports	252	252	0	355	0	500
Dom. Leaf Consumption	10650	10650	7560	7560	0	7440
U.S. Leaf Dom. Consum.	6630	6630	7370	6250	0	6240
Other Foreign Consump.	12365	12365	17451	13000	0	14050
TOTAL Dom. Consumption	29645	29645	32381	26810	0	27730
TOTAL Disappearance	29897	29897	32381	27165	0	28230
Ending Stocks	19191	19191	21700	18921	0	21071
TOTAL DISTRIBUTION	49088	49088	54081	46086	0	49301

Production

The state of Sabah in East Malaysia remains the main burley growing area in Malaysia followed by the states of Kelantan and Perlis in the Peninsula. Total area rose from 788 hectares in 1999 to 831 hectares in 2000. Domestic burley rose to 928 MT in 2000, reflecting an increase in planted area and an improvement in yields. Yield per hectare rose from 742 kg/ha in 1999 to 1,117 kg/ha in 2000. For 2001, farmers plan to increase planted area and Post expects domestic burley output to increase to 1,100 MT.

Summary for area and production for Flue-cured and Burley

Year	1998	1999	2000	2001 1/
AREA (Hectares)				
Flue-Cured	14,200	18,522	15,764	16,000
Burley	520	788	831	1,000
--TOTAL	14,720	19,310	16,595	17,000

Year	1998	1999	2000	2001 1/
PRODUCTION (Metric Tons)				
Flue-Cured	11,361	7,817	7,260	10,000
Burley	444	585	928	1,100
--TOTAL:	11,805	8,402	8,188	11,100

1/ AgAtt Estimate

Consumption

All the major cigarette manufacturers are stepping up cigarette and cut-rags exports to countries within the region. In line with a gradual shift to U.S. blend cigarettes in the local market, burley usage is expected to increase in the coming years.

Trade

In 2000, imports of burley rose 38.7 percent to 6,151 MT largely due to the increase in US blended cigarette production. The US's market share improved from 44 to 46 percent of the Malaysian burley import market. Thailand and Brazil competed aggressively although Canada suffered a setback. Burley imports are expected to grow in 2001 in line with the anticipation of greater demand for US blended cigarette. Domestic manufacturers also imported about 1,728 of oriental tobacco in 2001, mainly from Turkey and Greece for blending purposes. Macedonia and Bulgaria dropped off the market in 2000.

In 2001, Malaysia exported/re-exported 167 MT of burley, mainly to Switzerland, Germany, Indonesia and Cambodia.

Imports volumes and value of Total Unmanufactured Tobacco CY1999 are provided below:

		Jan -Dec 1999	
		MT	Value (US\$)
1	U.S.A.	6,529	47,200,715
2	Brazil	2,904	10,111,741
3	Turkey	1,615	7,759,853
4	Thailand	1,359	4,015,620
5	China	1,108	3,225,212
6	Zimbabwe	1,085	3,636,207
7	Indonesia	1,072	1,985,079
8	Philippines	688	2,032,579
9	India	433	1,157,166
10	Greece	391	1,671,027
11	Canada	329	1,345,213
12	Spain	303	737,184
13	Pakistan	193	287,266
14	Italy	184	882,798
15	Chile	156	702,174
16	Kenya	118	305,919
17	Portugal	102	207,783
18	Belize	96	414,445
19	Argentina	92	82,746
20	Switzerland	58	424,435
21	Australia	53	31,816
22	Tanzania	40	126,797
23	South Africa	37	141,056
24	Vietnam	20	62,624
25	Melawi	20	63,179
26	Bulgaria	3	8,031
27	Japan	0	0
28	Taiwan	0	0
	Total	18,989	88,618,663

Imports volumes and value of Total Unmanufactured Tobacco CY2000 are provided below:

		Jan -Dec 2000	
		MT	Value (US\$)
1	U.S.A.	6,288	48,799,799
2	Brazil	3,502	13,772,587
3	Indonesia	2,007	5,501,554
4	Turkey	1,531	7,275,530
5	Thailand	1,513	4,517,987
6	China	1,002	3,350,915
7	Zimbabwe	908	3,125,609
8	India	447	1,188,197
9	Melawi	341	1,142,915
10	Greece	315	1,270,844
11	Canada	306	1,541,850
12	Italy	217	1,042,666
13	Argentina	211	415,246
14	Vietnam	198	588,574
15	Spain	156	318,857
16	Philippines	149	545,834
17	Pakistan	122	213,612
18	Chile	78	382,260
19	Kenya	78	155,500
20	Switzerland	42	268,653
21	Germany, FR	39	106,471
22	U.A.E.	27	36,725
23	South Africa	19	49,366
24	Uganda	8	29,891
25	Singapore	1	22,828
	--Total	19,505	95,664,270

Import Trade Matrix for Tobacco, Unmfg., Total

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	6529	U.S.	6288
Others		Others	
Brazil	2904	Brazil	3502
Turkey	1615	Indonesia	2007
Thailand	1359	Turkey	1531
China	1108	Thailand	1513
Zimbabwe	1085	China	1002
Indonesia	1072	Zimbabwe	908
Philippines	688	India	447
India	433	Melawi	341
Greece	391	Greece	315
Canada	329	Canada	306
Total for Others	10984		11872
Others not Listed	1476		1345
Grand Total	18989		19505

Export Trade Matrix for Tobacco, Unmfg., Total

Export Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Belgium	99	Switzerland	221
Egypt	72	Germany FR	56
Indonesia	53	Indonesia	46
Ukraine	20	Cambodia	18
Japan	8	Singapore	8
		Greece	6
Total for Others	252		355
Others not Listed			
Grand Total	252		355