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Taiwan

Tobacco and Products

Production Update

2000

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Report Highlights:

The Taiwan Tobacco and Wine Board (TTWB), Taiwan's centrally owned tobacco and alcohol monopoly, granted tobacco farmers permission to grow tobacco on 4,394 hectares in 2000. Taiwan flue-cured tobacco production estimate for 2000 is revised to 10,284 mt (dried weight), an increase of 4,074 mt. Flue-cured ending stocks in 2000 has been raised to 33,459 mt, accordingly. This is likely the last year during which tobacco production will be subsidized on Taiwan. Tobacco subsidies will have to be discontinued when Taiwan enters the WTO.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Taipei [TW1], TW

Taiwan Tobacco Production Update-July 2000
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Executive Summary

The Taiwan Tobacco and Wine Board (TTWB), Taiwan's centrally owned tobacco and alcohol monopoly, must be dismantled after Taiwan enters the WTO. Legislation associated with abolition of the current monopoly system (an administration bill, a taxation bill, and a bill reorganizing the Department of the National Treasury) was passed on March 28, 2000, and is awaiting the Executive Yuan's go ahead for implementation. To prepare for its transition from a monopoly to a for-profit corporation, TTWB has gradually, beginning in 1993, decreased the production of subsidized tobacco, and plans to terminate all subsidies when the current monopoly system is abolished. In June the TTWB told farmers how many hectares they will be able to grow tobacco on this year. That total is 4,394 hectares, which will be planted entirely to flue-cured tobacco. As a result of this announcement this report revises the *area planted* and the *production* figures for flue-cured tobacco for 2000. Taiwan tobacco production estimate for 2000 is revised to 10,985 mt on a farm weight basis (10,284 mt on a dried weight basis). Flue-cured ending stocks in 2000 is raised by 4,074 mt to 33,459 mt accordingly. This will be the last tobacco crop planted under the current monopoly system. The current monopoly system must be abolished after Taiwan joins the WTO, which is expected to take place within a year. At the same time, tobacco production subsidies will be phased out. Farmers are currently negotiating with the Ministry of Finance regarding the price that TTWB will pay for tobacco this year, but it is likely that remuneration will be set at NT\$950,000/ha (\$30,840/ha). In the future tobacco production and farm gate prices will be determined by the market. In the future TTWB will likely announce in May or June how much tobacco it intends to purchase. On the basis of this information, and current prices, farmers will have to decide how much tobacco to plant in August and September.

Table 1. Total Tobacco Production, Supply and Demand (MT)

PSD Table						
Country:	Taiwan					
Commodity:	Tobacco, Unmfg.					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	4321	4321	4300	4339	0	4394
Beginning Stocks	28245	30622	29613	31779	30648	31443
Farm Sales Weight Prod	10120	10120	10120	9685	0	10985
Dry Weight Production	9475	9475	9475	8016	0	10284
U.S. Leaf Imports	4645	4680	4050	5460	0	3845
Other Foreign Imports	9335	9335	9950	6506	0	7643
TOTAL Imports	13980	14015	14000	11966	0	11488
TOTAL SUPPLY	51700	54112	53088	51761	30648	53215
Exports	87	87	90	88	0	90
Dom. Leaf Consumption	13307	12843	13300	11679	0	10628
U.S. Leaf Dom. Consum.	4878	4631	4850	4210	0	3830
Other Foreign Consump.	3815	4772	4200	4341	0	3952
TOTAL Dom. Consumption	22000	22246	22350	20230	0	18410
TOTAL Disappearance	22087	22333	22440	20318	0	18500
Ending Stocks	29613	31779	30648	31443	0	34715
TOTAL DISTRIBUTION	51700	54112	53088	51761	30648	53215

Table 2. Flue-cured Production, Supply and Demand (MT)

Production Table						
Country:						
Commodity:	Flue Cured					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin						
Area Planted	4321	4321	4300	4339	0	4394
Beginning Stocks	30000	30000	30846	30592	31381	30543
Farm Sales Weight Prod	10120	10120	10120	9685	0	10985
Dry Weight Production	9475	9475	9475	8016	0	10284
U.S. Leaf Imports	4610	4645	4000	5460	0	3845
Other Foreign Imports	8208	8208	8450	6251	0	6795
TOTAL Imports	12818	12853	12450	11711	0	10640
TOTAL SUPPLY	52293	52328	52771	50319	31381	51467
Exports	87	87	90	88	0	90
Dom. Leaf Consumption	13307	12843	13300	11679	0	10628
U.S. Leaf Dom. Consum.	4838	4602	4800	4184	0	3808
Other Foreign Consump.	3215	4204	3200	3825	0	3482
TOTAL Dom. Consumption	21360	21649	21300	19688	0	17918
TOTAL Disappearance	21447	21736	21390	19776	0	18008
Ending Stocks	30846	30592	31381	30543	0	33459
TOTAL DISTRIBUTION	52293	52328	52771	50319	31381	51467

Table 3. Tobacco Production Table (MT)

Production Table	Area Planted			Production		
	(HECTARES)			Metric Tons		
	1998	1999	2000	1998	1999	2000
Burley	0	0	0	0	0	0
Dark Air & Sun Cured	0	0	0	0	0	0
Dark Air Cured	0	0	0	0	0	0
Dark Fire Cured	0	0	0	0	0	0
Flue Cured	4321	4339	4394	10120	9685	10985
Light Air Cured	0	0	0	0	0	0
Oriental	0	0	0	0	0	0
Tobacco, Unmfg.	4321	4339	4394	10120	9685	10985