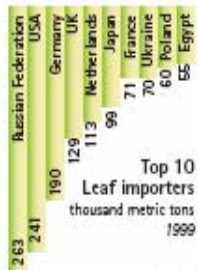
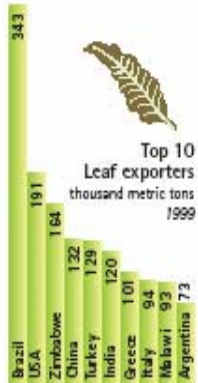




Vintage North Carolina tobacco harvest
NC Dept. of Agriculture

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Tobacco Trade



Tobacco trade is big business, for both the raw material (tobacco leaves) and the finished product (manufactured cigarettes).

Brazil is the largest exporter of tobacco leaf, and the Russian Federation and the USA are the largest importers. Some countries that grow tobacco, such as the USA, also import foreign tobacco as well as exporting their own tobacco leaves. Interestingly, the USA exports approximately the same amount of tobacco that it imports. Because US tobacco is popular globally, and tends to be more expensive than tobacco from other countries, the value of US tobacco leaf exports are about double that of the same quantity of imports.

Manufactured cigarettes are also traded globally. Again, the USA is the largest exporter of manufactured cigarettes, accounting for nearly 20 percent of the world total. Japan is the largest importer of cigarettes.

According to government reports, 846 billion cigarettes were exported, but only 619 billion were reported to be imported. Statistics such as these provide a sense of the size of the cigarette smuggling problem.

China is quietly emerging as a significant cigarette exporter, increasing from virtually no exports in 1980 to over 20 billion cigarettes exported in 2001, worth about US\$320 million. In 2005 the value of China's export trade in cigarettes is predicted to be US\$600 million.



Cigarette exports

million of cigarettes 2000



Cigarette imports

Top 10 cigarette importing countries 2000 numbers of cigarettes





Tobacco Outlook

Tom Capehart

Leaf Production Rebounds

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Flue-Cured &
Burley S&U

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WASDE
Tobacco Briefing
Room

The next release is
April 2007

Approved by the
World Agricultural
Outlook Board.

Production for 2006-07 is higher, but beginning stocks slipped by 250 million pounds, resulting in lower supplies for 2006. Supplies of U.S.-grown tobacco in 2006 are expected to slip 7 percent from last season. With production expected at 743.1 million pounds and stocks of 1,214.6 million, supplies are set at 1,957.7 million pounds.

Disappearance (use) of U.S.-grown leaf is expected to decline 6 percent by the end of the 2005/06 marketing year to about 892 million pounds. The 60-million-pound loss is primarily due to a 100-million-pound decline in domestic use due to lower cigarette production and competition from foreign leaf. Export disappearance in 2006 advanced 40 million pounds, largely due to higher flue-cured shipments.

Cigarette output in calendar 2005 continued long-term trends, slipping by 12 billion pieces to end at 489 billion cigarettes. Taxable removals ended the year at 363 billion. Domestic consumption for 2005 slid 12 billion pieces to 376 billion. For 2006, production is estimated at 496 billion pieces, up 1.5 percent from 2005 and the first production increase in 10 years. Taxable removals are expected to be close to 370 billion cigarettes and consumption is projected at 372 billion cigarettes. Based on January-June trends, exports are set to increase (for the first time since 1996) by 10 percent, to end at 119 billion pieces.

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[STUDENT](#) [STORE](#)



THE
Nation.

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ARTICLE | *posted October 21, 1999 (November 8, 1999 issue)*

George W. Bush: Calling for Philip Morris

ROBERT DREYFUSS

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Excerpts from:

“George W. Bush: Calling for Philip Morris”

- “[26,000]Twenty-six thousand Texans will die this year from smoking-related illnesses. . . . a fact that seems lost on Gov. George W. Bush.”
- “And if Bush’s record in Texas is any indication, should he make it to the White House the industry can feel certain that it will have a friend in the Oval Office.”
- “Some of Bush’s closest aides are allies of Philip Morris . . .” e.g. Karl Rove - PM paid political consultant, & pro tort reform “. . . one of the tobacco industry’s highest priorities . . .”

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US Policy and Tobacco

In an effort to bolster US tobacco trade abroad, the US and “Big Tobacco” worked together to pass the Doggett Amendment to the Trade Agreement of 1998.

Section 301 : Allows the US to legally challenge what it may consider “unfair” trade practices by foreign nations

- Key to lifting trade restrictions on the importation of US tobacco

Beelman M & Z Davidson. 1999.
Support for tobacco trade: Up in smoke?
www.afsa.org/fsj

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US Policy and Tobacco

- 1998 – Tobacco Industry spent **\$40 million to defeat** comprehensive tobacco legislation
- later in 1998 – MSA [Master Settlement Agreement] between the states had ***no international restrictions***
- ***US Trade Guidelines*** later developed & shared with overseas diplomats encouraged them to “*Assist and promote tobacco control efforts in their host countries . . . [BUT], “ . . . Working from the **tobacco industry inserted exception**, . . . it also specified that ‘discriminatory’ national laws, ones deemed **protectionist**, were fair game for attack.*”

Beelman M & Z Davidson. 1999. Support for tobacco trade: Up in smoke?
www.afsa.org/fsj

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www.altria.com

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1847

Philip Morris, Esq., a tobacconist and importer of fine cigars, opens a shop on Bond Street in London.

1854

Philip Morris makes his first cigarette.

1873

The business is taken over by Philip Morris' wife, Margaret, and brother, Leopold upon his passing.

1880

Ownership changes, with Leopold Morris buying Margaret's share of the business and bringing in a new partner.

1881

Philip Morris goes public in London.

1885

Leopold Morris joins with Joseph Grunebaum to establish Philip Morris & Company and Grunebaum.

1887

Morris and Grunebaum dissolve their partnership. Company becomes Philip Morris & Co.

1894

Creditors seize control of Philip Morris, and majority control is taken by William Curtis Thomson and his family.

www.altria.com

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years respectively. Mr. Grünebaum recently contemplated retirement, and offered to sell the goodwill of the business, with the lease of his premises, stock-in-trade, and effects, as a going concern to Mr. Morris. Of this offer Mr. Morris has availed himself, believing that the two businesses could readily be worked under one management with practically little additional expense to that which has hitherto been required for the successful working of each business, and with proportionately increased earning capacity.

Both firms have extended and very valuable connections in London, the Peninsula, the Colonies, and the Continent.

The fact that the Company will have its own factory from which to supply its branches will necessarily prove of substantial advantage.

Messrs. Quilter, Ball & Co. recently examined the accounts of the respective firms for a period in each case of about three years, ending with the last annual stock-taking in December, 1884, and certified the amount of profits made during that period. The same rate of profit has been since maintained up to the present time. The sum so certified by Messrs. Quilter, Ball & Co. is of sufficient amount to pay a dividend of £15 per cent. on the Capital of the Company now proposed to be issued.

The Company will acquire the following leasehold premises:—22, New Bond Street, 45, Old Bond Street, and the factory, warehouses and premises, 41 and 42, Poland Street, and 5, Great Marlborough Street, with the plant, fixtures and fittings. Messrs. Edwin Smith & Co. have valued the above, and their report can be seen at the Offices of the Solicitors to the Company.

The consideration to be given by the Company to the Vendor for the goodwill of the two businesses, and also the premises, plant, fixtures, trade marks and brands, is fixed at £30,000 in fully paid up Shares, and £20,000 in 5 per cent. Debentures, such Debentures to be redeemable at par in five years, or earlier at the option of the Company, upon six months' notice. Thus the Vendor takes no cash, and retains as large an interest in the Company as the rules applying to the obtaining a Stock Exchange quotation will allow.

The stock will be taken over at cost price and the machinery at a valuation in the usual way. Mr. Morris and Mr. Grünebaum have undertaken to act as Managing Directors, the former for five years, the latter for at least one year, and they agree to take no remuneration for their services in any year until the Shareholders shall have received a dividend of 10 per cent. for such year.

The Vendor has agreed to bear all expenses of, and incidental to, the formation of the Company down to the allotment of Shares. It is intended to make early application for a Stock Exchange quotation.

The following are the Agreements entered into, and can be inspected at the Offices of the Solicitors:—

Agreement dated the 1st day of December, 1885, between Joseph Grünebaum of the one part, and Leopold Morris of the other part.

Agreement dated the 7th day of December, 1885, between Leopold Morris of the one part, and the Company on the other part.

Provisions have been inserted in the Agreement with Mr. Grünebaum for the continued use of his name, for assistance to be rendered by him to the Company, and for the protection of the Company against opposition in trade on his part.

Similar stipulations have also been made with the Vendor.

There are no other contracts or agreements affecting the Company except ordinary business contracts entered into by the Firms which will be taken over by the Company. As it is impracticable to specify these contracts, applicants for shares must be deemed to have had notice of such contracts and agreements, and to waive the specification of them in this Prospectus, and of the dates thereof, and names of parties thereto.

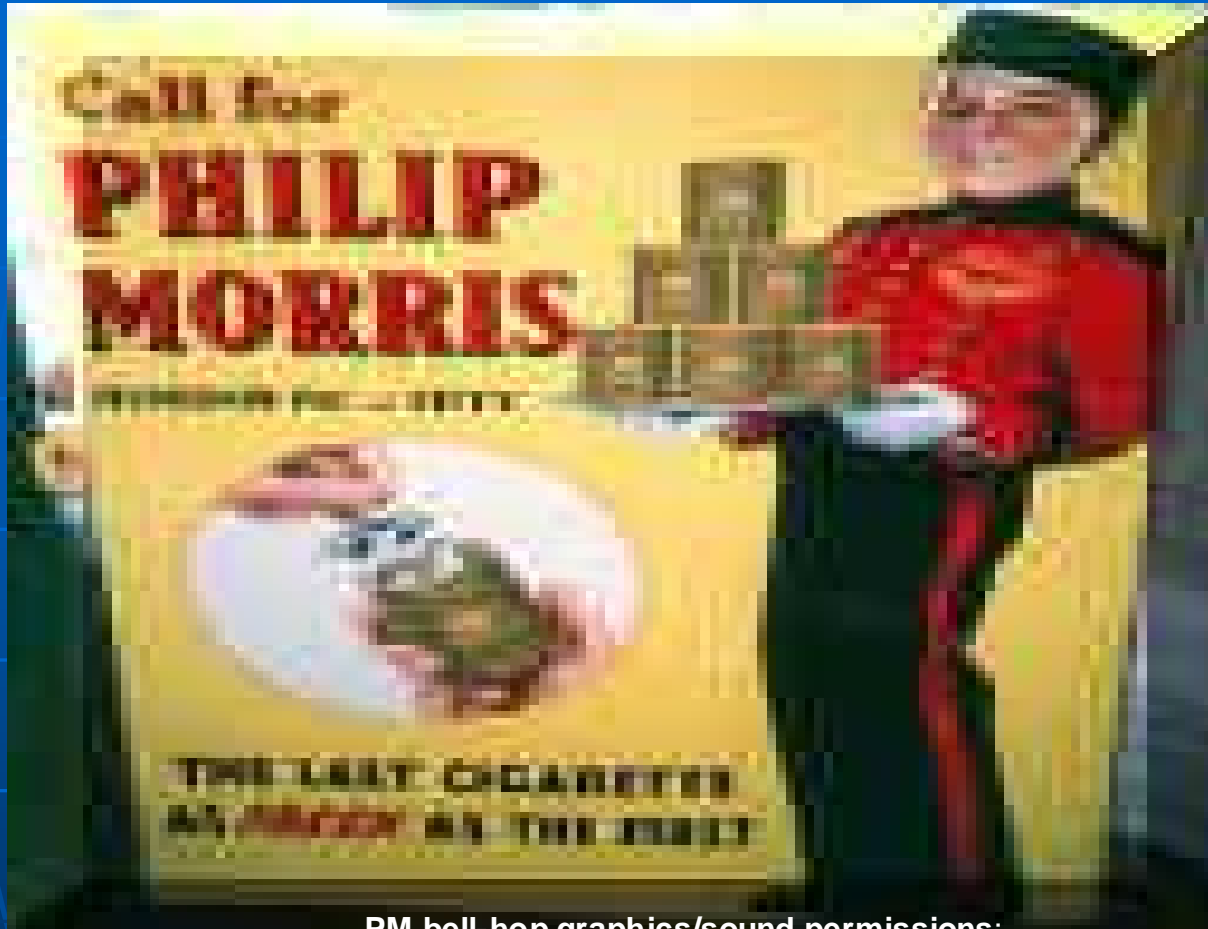
Application for Shares must be made on the accompanying form, and sent with the deposit direct to the Company's Bankers.

In any case where no allotment is made, the deposit will be returned in full, and when the number of Shares allotted is less than the number applied for, the surplus will be credited in reduction of the amounts payable on allotment.

Copies of the Memorandum and Articles of Association of the Company can be inspected at the Offices of the Solicitors to the Company.

Prospectuses and Forms of Application can be obtained at the Offices of the Company, or from the Bankers, Solicitors, or Brokers.

THIS PROSPECTUS APPEARED FIRST IN 1885



PM bell-hop graphics/sound permissions:

1) L.D. Pierce, www.bellhop.org

2) Danny Goodwin, archivist

RealPlayer:<http://switchboard.real.com/player/email.html?PV=6.0.12&&title=Old%20Time%20Radio%20Soundbytes&link=http%3A%2F%2Fwww.old%2Dtime.com%2Fweekly%2Fpmorris.ram>

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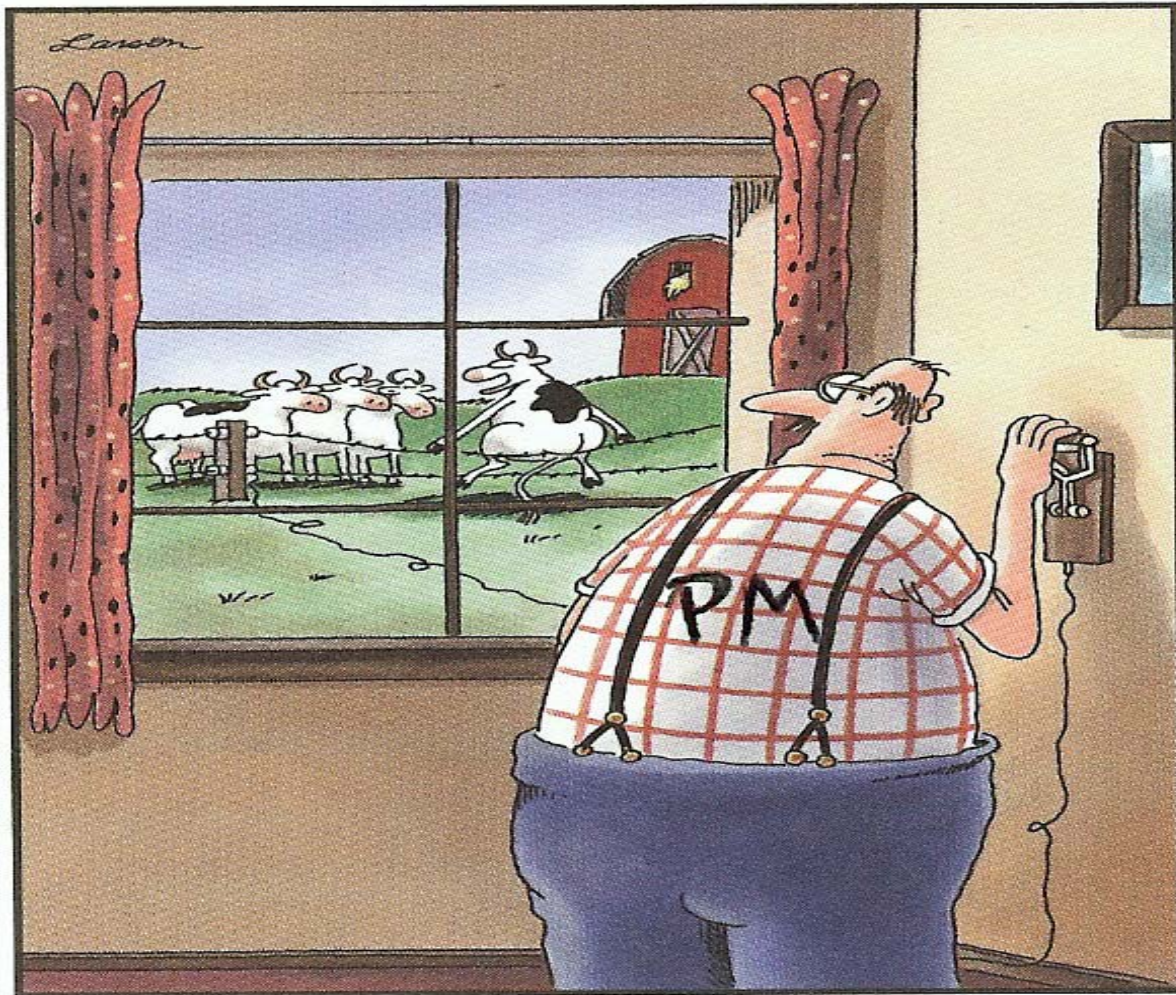
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m1



“I do not believe that nicotine is addictive . . . “ 1994

Congressional hearing with top tobacco industry CEOs
SP Brown 2007



“Look, if it was electric, could I do this?”

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Adapted from Gary Larson

News Releases

***Altria Group, Inc. Announces Plans by
Its Tobacco Subsidiaries to Optimize
Worldwide Cigarette Production***

June, 2007
www.altria.com

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Shut down

Philip Morris will close its Cabarrus County manufacturing plant. Here are some facts about the plant:



Built:	1983
Plant size:	2.4 million sq. ft
Employees:	2,500
Annual production:	155 billion cigarettes

Source: Philip Morris USA

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Altria Group, Inc. Agrees to Acquire John Middleton, Inc. for \$2.9 Billion

November 1, 2007 www.altria.com

SP Brown 2007

For Immediate
Release
April 6, 2005



Virginia BioTechnology Research Park announces new \$300 million Philip Morris project

Richmond, VA – The Virginia BioTechnology Research Park announced yesterday that Philip Morris USA will begin construction on a new \$300 million research and technology center in the Park's downtown campus.

"This is a tremendous development for the greater Richmond region and the Virginia BioTechnology Research Park," said Robert T. Skunda, president and CEO of the Park. "The new research center will help us further develop the critical mass that is necessary when growing and attracting the life sciences industry, and shows that we have truly become the 'New East Coast Center for Biosciences'."

www.vabiotech.com

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Nightingales @ Altria

The “Inner World” of PM

- “Hoops” prior to annual meeting
- Description of the location
- Security
- Groups present
- Security
- Shareholder Questions/Statements

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Letters [from www.henrywaxman.house.gov]

A summary of the documents showing that several tobacco companies targeted children

January 29, 1998 Memorandum

To: Members of the Committee on Commerce
From: Hon. John D. Dingell, Ranking Member
Hon. Henry A. Waxman
Hon. Sherrod Brown

Re: Philip Morris Documents on Youth Smoking

Two weeks ago, Rep. Henry A. Waxman

“ . . . released documents from the nation’s second largest tobacco company, R.J. Reynolds Tobacco Co., that demonstrated that RJR had targeted children for decades. New documents our offices have obtained demonstrate that the nation’s largest tobacco company, Philip Morris, has also targeted children. The documents are four documents from the 1970s and 1980s. They state that “[t]oday’s teenager is tomorrow’s potential regular customer,” that “the smoking patterns of teenagers are particularly important to Philip Morris.” and that

in the case has been attributable in large part to our high market penetration among younger smokers. One document

USP is vitally important to our business and it almost looks as though stimulants and cigarettes are inherently susceptible to these kids.”

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GLOBAL DEMANDS OF PHILIP MORRIS INTERNATIONAL IN ADVANCE OF ALTRIA'S BREAKUP

The prospect of a breakup of Altria that would split Philip Morris USA and Philip Morris International into separate companies raises significant concerns about how an independent Philip Morris International will operate. Decisions that Philip Morris International makes will have major public health ramifications:

Tobacco is a uniquely harmful product, which kills consumers when used as intended;

The World Health Organization estimates that 10 million people will die annually from tobacco-related disease by 2030, 70 percent in developing countries;

The combined Philip Morris is the world's largest tobacco multinational;

Measured by units, 80 percent of Philip Morris' sales are outside of the United States.

Philip Morris International must make commitments -- in advance of a breakup -- to ensure that the separation of Philip Morris International and Philip Morris USA does not worsen the tobacco epidemic.

www.EssentialAction.org

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We call on Philip Morris International and its subsidiaries to commit to:

[REDACTED]
including by ending all advertising and marketing of tobacco products, and ending the use of misleading and deceptive terms such as "mild," "light" and "low."

2. [REDACTED] directly or indirectly through sponsored organizations or otherwise -- on any national or subnational legislative or regulatory proposals, family and child labor, and the terms of the FCTC.

3. [REDACTED] directly or indirectly through sponsored organizations or otherwise -- against legislation or regulation restricting tobacco use or tobacco

4. [REDACTED] to lobby or otherwise influence any government action, or to urge any government to invoke such provisions, to challenge any tobacco control related law or regulation.

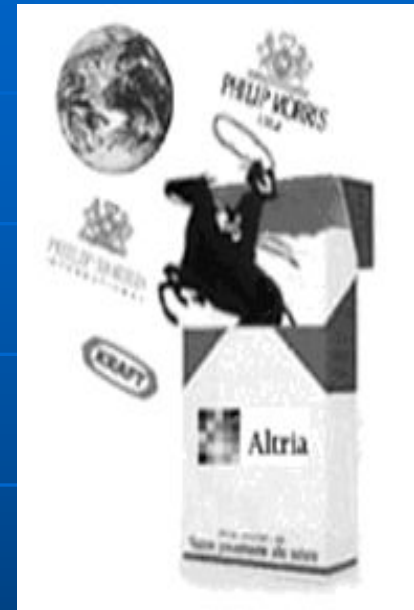
5. [REDACTED] to appear to tobacco smoking and to include every country in which they operate.

6. [REDACTED] to disclose all political contributions, lobbying costs, and charitable educational donations in every country in which they operate.

7. [REDACTED] to disclose all advertising and marketing expenditures -- as the company now is required to do in the United States -- in every country in which they operate.

8. [REDACTED] to sponsor or youth smoking prevention programs.

9. [REDACTED] to refrain from the cultivation, production, or marketing of tobacco products or promoting products produced anywhere in the world.



www.EssentialAction.org

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The “Truth” @ PM Annual Meeting

Corporate Accountability International →

- **The Colombian representative of CAI was testifying re: illegal PM advertising that was rampant in his country:**

PARAPHRASED: “In my country, there has been a lot of violence and death; but NOTHING like the numbers of my people who YOU are killing every day!!”

- Camilleri response [paraphrased]: As he pulls a Colombian magazine from the podium, “YOU need to tell the truth! You say that we illegally advertised on the back of this magazine; but this [as he shows the back of the magazine] is what’s on the back [not PM advertising] →

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The “Truth” @ PM Annual Meeting

Corporate Accountability Int’l. (cont.)

- Speaking afterwards with the translator, it was determined [as she asked for & received the magazine] that it was not even the right issue!
- Camilleri had successfully recreated doubt -
- a key tactic utilized repeatedly in many other venues against tobacco control advocates by the tobacco industry

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More PM Shareholder Q & A

Question

Following a question by the Colombian representative from Corporate Responsibility International, I had the opportunity to “pounce on” the words from Camilleri’s antagonistic response to him regarding “Presenting the truth in numbers. . .” →

- “Mr. Camilleri & Board, I’m Sharon Brown, a shareholder from Pittsburgh, PA. I’m really glad to hear you say that you want *truth* about the numbers, and that you want to present a strong balance sheet. As I was preparing for this meeting, I read a business review article which quoted an elderly shareholder who was talking to the reporter at a bridge game – “I’m really glad that all those *stupid* people just keep on smoking!” she said– a comment with which I believe you would agree.

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More PM Shareholder Q & A

(01 continued)

- Regarding numbers – there's one number that I'd like for all of you to consider --- > 3-1-6-8-0-0-0-0, or \$31.68 million dollars. Let's see what other things equate to that same number:

[from CDC 2006]:

The potential life lost by men due to smoking causes – 3.3 million years

The potential life lost by women due to smoking causes – 2.2. million years

- **These numbers multiplied by ~10 and 14.4, respectively, equal 31.68 million**

Individual deaths per year from tobacco use, by cause –

Lung cancer = 124,000

Heart disease = 108,000

Chronic lung disease = 90,000

- **These numbers totaled [322,000] X 98.4 = 31.68 million**

The number of deaths of men related to cigarette smoking - ~260,000

The number of deaths of women related to cigarette smoking - 178,000

- **These numbers multiplied by 122 and 178, respectively, equal 31.68 million**

These numbers should give one a different perspective of the number 31.68 million.

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More PM Shareholder Q & A

(Q1. continued)

The US federal poverty level for a family of four in 2006 was only \$19,806.

The \$31.68 million was a conservative estimate of Mr. Camilleri's compensation package last year.

In conclusion, my questions to you are two:

- 1) Do you agree with the elderly shareholder who stated "I'm really glad that all those stupid people just keep on smoking!", [which I'm sure you do, so there's really no need to respond], and
- 2) How do you, your employees, and the Board sleep at night?!"
- His angry response was something to the effect of "I'm sorry that your hatred for this company blurs the good that this company does, and I'm very proud of the employees that work here."

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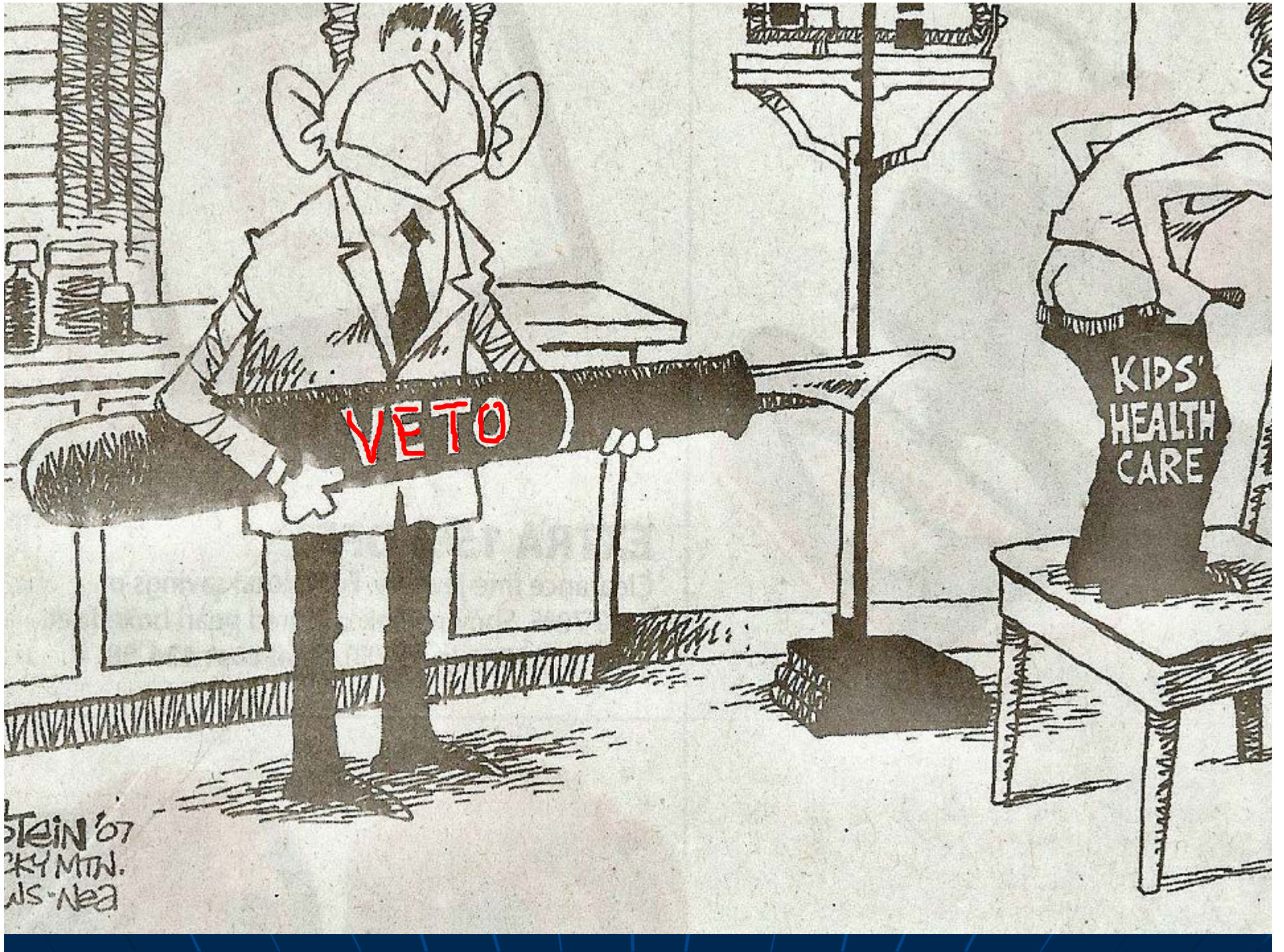
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AMERICAN FOREIGN SERVICE ASSOCIATION

About AFSA	Member Area	Public Resources	Congressional	In the News
Foreign Service Journal	Students	How to Join	Marketplace	Site Directory

Field Service Journal,
Nov. '99



Cast Your Vote
TODAY!



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Tobacco harvest time

NC Dept. of Agriculture

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