



# Relentless Progress of the Blend Cigarette in Turkey

by Halûk Tanriverdi

The Turkish cigarette market is showing a marked tendency to blended cigarettes. Since 1984, when imports of cigarettes were first permitted, the market share of blend cigarettes has been growing steadily and now stands at 21 per cent. The former Turkish Monopoly, Tekel, has reacted accordingly with the introduction of blended domestic brands. Tobacco consumption as a whole has risen in Turkey to a present annual growth rate of 2.6 per cent.

Imported cigarettes have turned the Turkish market upside down over the last six years. They are gaining market share at a fast rate and Tekel has entered the race, albeit a bit late. The advertising campaigns of the multinational companies, such as Philip Morris, R.J. Reynolds, BAT, and Rothmans have created an awareness among smokers that there is more to smoking than the oriental cigarette.

In addition to this shift in demand, consumption as a whole is rising and nearly 14 million people aged 18 and over smoke. Annual per capita con-

sumption is now officially at 1.3 kg but unchecked smuggling means that the actual figure is probably much higher.

Joint venture agreements with tobacco companies and Tekel are being established to produce blend cigarettes. The first agreement to be signed was with Philip Morris, and Sabanci Holdings. The new company, which will be known as Philsa, will produce Marlboro, Parliament and other Philip Morris brands in Izmir. By 1995 imports of these brands are to cease. A second joint venture is planned between BAT, Enka Holding, Unitab and

## Croissance continue des cigarettes blend en Turquie

En Turquie, les cigarettes blend atteignent d'importants taux de croissance. Depuis 1984, date à laquelle furent permises pour la première fois les importations de marques de cigarettes étrangères, leur part de marché a continuellement augmenté. Elle est aujourd'hui d'environ 21 pour cent. L'ancien monopole du tabac, Tekel, a réagi en introduisant des cigarettes blend domestiques. La consommation de tabac en Turquie accuse actuellement un taux de croissance annuelle de 2,6 pour cent.

## Los cigarrillos blend están avanzando en Turquía

En Turquía, las ventas de los cigarrillos blend están alcanzando importantes tasas de crecimiento. Desde 1984, cuando por primera vez se permitieron las importaciones de marcas de cigarrillos extranjeros, su participación en el mercado ha venido creciendo continuamente, ascendiendo actualmente a un 21 por ciento aproximadamente. Frente a esta situación, el antiguo monopolio tabacalero Tekel reaccionó con la introducción de marcas blend domésticas. Actualmente, el consumo de tabaco en Turquía está creciendo en un 2,6 por ciento por año.

## Blendzigaretten in der Türkei auf dem Vormarsch

Blendzigaretten erzielen in der Türkei deutliche Zuwachsraten. Seit 1984, als die Einfuhr von ausländischen Zigarettensmarken erstmals gestattet wurde, vergrößerte sich der Marktanteil ständig; heute beträgt er rund 21 Prozent. Darauf hat das frühere Tabakmonopol Tekel mit der Einführung von heimischen Blendmarken reagiert. Der Tabakkonsum in der Türkei wächst gegenwärtig mit einer Jahresrate von 2,6 Prozent.

## Avanzata in Turchia delle sigarette Blend

Le sigarette Blend registrano in Turchia notevole quote di crescita. Dal 1984, allorché fu autorizzata per la prima volta l'importazione di marche di sigarette estere, la quota parte del mercato aumentò costantemente; oggi essa è di circa il 21 per cento. Il vecchio monopolio del tabacco Tekel reagì subito introducendo marche Blend indigene. Presentemente il consumo di tabacco in Turchia è in aumento; la quota annua ha raggiunto il 2,6 per cento.

## Blendsigaretten in Turkije in opmars

Blendsigaretten worden in Turkije percentageel meer verkocht. Sinds 1984, toen buitenlandse sigarettensmerken voor de eerste keer geïmporteerd mochten worden, steeg dit marktaandeel voortdurend. Op dit moment ligt het op ongeveer 21 procent. Het vroegere tabakmonopolie Tekel heeft hierop gereageerd met het introduceren op de markt van inländse blend sigaretten. De tabakconsumptie in Turkije stijgt op dit moment met 2,6 procent per jaar.

# PRODUCT MARKETS

## Relentless Progress...

Tekel. The company will produce the BAT brands Kent, Pall Mall, HB, and John Player Special.

Reynolds is planning a co-operation with Tekfen Holding and Tekel to produce RJR brands in Turkey, and discussions are also underway between Austria Tabak and Tekel.

At present there is a total of 70 tobacco products on the Turkish market. 46 of these are cigarettes, 17 smoking tobacco, four cigars and cigarillos and



*Cigar production in Istanbul.*

the others snuff and Tombak (used in hookahs and cutting tobacco), 24 cigarette brands are imported legally and five cigarette brands are the products of joint ventures with Tekel. Sales of US\$ 560 million were achieved with imported brands in 1989, against US\$ 800 million for domestic filter products.

Tekel now holds an 80 per cent share of the market. It dominates the oriental cigarette sector with a share of 82 per cent and annual sales of 61.5 million kg. Tekel offers 21 oriental brands, and two through partnership, 17 of which are filter cigarettes. In the blend sector, where 30 brands are offered, Tekel makes one alone and three through partnerships. Philip Morris dominates this sector with a 77 per cent share. Marlboro is the leading brand with a total share of the sector of 61 per cent. Tekel's own blend cigarette, Tekel 2000, has captured ten per cent of the sector.

The smoking tobacco market is dominated by Tekel who manufactures two brands and achieves sales of 25 thousand kg per year. Imported brands sell between five and ten thousand tonnes annually and include Amphora, Captain Black, Clan and Dunhill. ■

Sales of Cigarettes in Turkey (Million pieces)			
Year	Domestic Brands	Imported Brands	Total
1983	64 675	—	64 675
1984	62 272	1 558	63 830
1985	60 416	3 879	64 295
1986	59 294	7 119	66 413
1987	61 947	10 799	72 746
1988	59 692	9 837	69 529
1989	63 130	11 854	74 984
1990*	23 000	6 375	29 375

\* Estimated for Jan—May 1990

Source: Turkish Ministry of Finance and Customs, Foreign Trade Office, Tobacco College (University of Istanbul).

Market Share of Oriental Cigarette Sector In 1989		
Brand	Manufacturer	Market Share in Per Cent
Maltepe KS	Tekel	61.6
Samsun KS	Tekel	15.9
Samsun 100s	Tekel	7.3
Birinci Plain	Tekel	6.1
Maltepe 100s	Tekel	2.7
Tokat KS	Tekel	1.1
Bafra KS	Tekel	1.0
Bitlis Plain	Tekel	0.9
Bafra Plain	Tekel	0.7
Lux Tokat KS	Tekel	0.6
S. Kuvvetler 100s	Tekel	0.3
Meltem KS	Tekel	0.2
Bitlis KS	Tekel	0.2
S. Kuvvetler KS	Tekel	0.2
Others	Tekel	1.2

Source: Ministry of Finance and Customs.

Market Share of Blend Cigarette Sector In 1989		
Brand	Manufacturer	Market Share in Per Cent
Marlboro 100s	Philip Morris	57.5
Parliament 100s	Philip Morris	16.0
Tekel 2000 100s	Tekel	10.3
Camel 100s	Reynolds	3.2
Marlboro Light	Philip Morris	2.1
Camel KS	Reynolds	1.9
Samsun 216	Tabacs Turcs	1.5
Lux Bitlis	Best	1.4
Samsun Gold	Tabacs Turcs	1.0
Best KS	Best	0.7
Salem 100s	Reynolds	0.7
Barclay	Brown & Williamson	0.7
Kent 100s	Brown & Williamson	0.6
HB	BAT	0.6
Rothmans KS	Rothmans	0.4
Others		1.4

Source: Ministry of Finance and Customs.



Tobacco has been increasingly beset recently by an extremely aggressive press.

When TJI conducted an interview with Gilbert Dupont, financial director of Seita (v. page 50 of this issue), the French parliament had just agreed to introduce a total ban on advertising for tobacco products. In California, television spots directed against smokers are being broadcasted and they are being financed through funds obtained from the latest tobacco tax increase. All of a sudden, militant anti-smoking apostles have become seasoned marketing experts. They claim to know that advertising is the sole cause of growing tobacco consumption. Advertising has once again become Packard's "hidden persuader". According to opponents of smoking, advertising is once again capable of creating completely unintentional consumption habits. Conclusive studies showing that a product only has a chance on the market if demand is already there have no effect. Common sense, that tells one, for example, that a teetotaler is not going to turn to drink through advertising, has gone by the board. They omit to mention that no product will sell if nobody wants it, no matter how good the advertising is. Of course, if somebody does smoke then good advertising can influence brand preference. Also, one cannot deny that clever adver-

tising can make a smoker of plain cigarettes change to filter products. What advertising cannot do is convert

a non-smoker. Especially not in today's world of enlightened consumers.

The fact that the anti-smoking lobby is pursuing a completely different plan is endorsed by the pressure it exerted on large shareholders in US tobacco-company stock recently to cleanse their portfolios of these. At this stage, every supporter of democracy would have been justified in expecting vociferous objections from responsible politicians because this has nothing to do with the reduction of tobacco consumption by means of an advertising ban. This, as a leading West German newspaper (Rheinische Post) put it, resembles "the methods used for years now in the fight against the apartheid system in South Africa".

Tobacco advertising bans can have precisely the opposite effect of that intended, as Canada has shown. The ban there resulted in a significant increase in smoking. Nobody will ever know whether the Minister of Finance was pleased, but increased consumption does mean more revenue for the state — as we all know. Maybe that is why some politicians have difficulty in leaving a legally sold product the chance to present itself on the market with legal methods.

*H. G. Koenig*

<b>Editorial</b> .....	5
<b>News and Names</b> .....	6 - 13
<b>Cultivation</b>	
Improving Tobacco By Induced Mutation .....	16 - 18
<b>Leaf Tobacco</b>	
US Leaf Trade Optimistic About the Nineties .....	20 - 22
Law Regulates Leaf Cultivation in Italy .....	24 - 25
<b>Reports</b>	
Bright New World .....	28 - 30
The TMA Addressing Key Industry Issues .....	32 - 33
Economic Strength No Deterrent to Anti-Smoking Strategies .....	36 - 37
Tobacco Industry in Argentina Fighting Higher Taxation .....	38 - 41
<b>Product Markets</b>	
Limited Cigarette Supplies in the Soviet Union .....	42 - 44
Relentless Progress of the Blend Cigarette in Turkey .....	45 - 46
Dark Clouds Over the Quai d'Orsay .....	48 - 53
US Cigarette Industry Braces for Political Battle .....	54 - 58
Swiss Cigarette Market Stable .....	60 - 62
Prices Up and Purchasing Power Down in Poland .....	63
RJR Retreat Causes Market Changes in Brazil .....	64 - 65
High Living Costs Affect Cigarette Consumption in Yugoslavia .....	66 - 67
End of Diversification Euphoria in Spain .....	68 - 69
Brazilian Government Declares War on Smoking .....	70
<b>Departments</b>	
Appointments .....	71
Manufacturers of Cigarettes .....	72 - 81
Advertisers' Index .....	82
Our cover photo is published courtesy of Philip Morris USA	

# IN THE PIPELINE

## Small and Stable

Tobacco has been a major source of foreign exchange for Tanzania, but production has been declining steadily from the 1973/74 crop of 19 thousand to 13 thousand tonnes in 1987/88. There was also an officially supported move away from large plantations to smallholder production, with the number of small tobacco farmers increasing to 50000; the number has recently declined sharply, hence the fall in production. Large-scale farming forms 20 to 30 per cent of tobacco production. 5/90

## British Strategies

With two manufacturers, BAT and Rothmans, already fully international, the British tobacco industry is so pan-European that its post-1992 ambitions in the cigarette trade may seem marginal. Problems of brand-name ownership mean that the other two large manufacturers, Gallaher and Imperial, come late into the battle; troubled by massive imports, defence of their home cigarette market will be their first pre-occupation. In the longer term, their

insights into how to make acceptable low-tar cigarettes may find them well placed for the market battles of the future. 5/90

## More Lights

Tobacco consumption has increased by nearly 19 per cent from 1985 to 17200 tonnes in 1988 in Morocco. This increase is due in part to a continued rise in population. However, price and affordability of cigarettes are apt to influence consumption more than any other factor. Recent trends show a growing demand for light cigarettes. 5/90

## Vienna

TJI 5/90 will be published a few weeks earlier than usual to provide readers with a guide to the World Tobacco Exhibition and Symposium in Vienna from 22 to 25 October. A list of exhibitors with stand numbers, a plan of the exhibition hall and the symposium programme will be included in the preview. 5/90

# ADVERTISERS INDEX

Agritab, I-Città di Castello .....	Page	25
Deutsche Benkert GmbH & Co. KG, D-Herne .....	Page	75
Martin Brinkmann AG, D-Hamburg .....	Back Cover	
Consorzio Agrario Provinciale, I-Benevento .....	Page	51
Cubatobacco, C-Habana .....	Page	23
Dibrell Brothers, USA-Danville .....	Page	59
W. H. Dickinson Engineering Ltd., GB-Winchester .....	Page	47
Filtrona International Ltd., GB-Harpenden .....	Page	34/35
Filtrona Instruments & Automation, GB-Bletchley .....	Page	65
Focke & Co., D-2810 Verden/Aller .....	Page	11
G. D. Società per Azioni, I-Bologna .....	Page	43
Gonzales, USA-Maryland .....	Page	69
Iggesunds Bruk, S-Iggesund .....	Page	26/27
Körber AG, D-Hamburg .....	Page	2/3/4
Jas. I. Miller Tobacco Co., USA-Wilson .....	Page	21
Philip Morris, USA-New York .....	Page	7
Papeteries de Mauduit, F-Paris .....	Page	77
Socotab, USA-New York .....	Page	55
Sodim, F-Fleury-les-Aubrais .....	Page	58
Souza Cruz, BR-Florianapolis .....	Page	14/15
Max Schlatterer, D-Herbrechtingen .....	Page	22
A. Schermund GmbH & Co., D-Gevelsberg .....	Inside Back Cover	
Schoeller & Hoesch GmbH, D-Gernsbach .....	Page	19
Tobacco Associates, USA-Raleigh .....	Page	57
Wattenspapier GmbH, A-Wattens .....	Page	31
World Tobacco, GB-Redhill .....	Page	39/40/61

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**In this issue:**

**GDR - Bright New World**

**US Tobacco Industry  
v. Anti-Smoking Lobby**

**Brazil without Reynolds**

**Diversification Euphoria  
Ends in Spain**

**Italian Cultivation  
Regulated by Law**

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Quai d'Orsay**

**Supply Shortage in the  
Soviet Union**

**Addresses: Manufacturers  
of Cigarettes**

