

Early Warning System - Case 9

Tobacco manufacturer

Final methodological assessment - prepared by the EWS secretariat with the approval of relevant EWS network members

Based on information available in October 2018

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Background: Country A reported that in the first quarter of 2016 a leading international tobacco manufacturer had opened a new factory. The factory did not only manufacture traditional tobacco products but in particular alternative smoking products such as HEETS and Heat Sticks. The factory was added to the statistical register and manufacturing data were revised.

As of Q2 2016 the STS index of production for tobacco products (NACE C12, seasonally adjusted) showed a remarkable increase for county A while in several other countries for which data are available a temporary drop in tobacco production was observed.

Eurostat made inquiries in the countries where reductions in the index of tobacco production for 2016 were relatively strong to find out if production might have been shifted between countries.

In one country, a law had entered into force that prohibited smoking in public places. This probably had some negative effects on the demand for tobacco and tobacco production. However, there were no known relocations of tobacco producers.

The decline to zero in another country was due to the closure of a tobacco factory that appeared to belong to a different producer than the one in county A.

According to media reports, there was also a closure of a factory in yet another country; however no detailed data on tobacco production were available.

Finally, in one country where tobacco producing factories existed before 2016, one closed in 2016 and another one decreased their production in 2017. There is however nothing known about a relocation of production facilities.

Assessment: It appears that the shifts in the tobacco production index in 2016 reflect actual changes in physical production and not a special case of business reorganisation.

Further steps: The EWS case was closed.