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# Approach and Channels for Accessing Tender and Non-Tender Leaf Tobacco Market in Middle East and Africa (MEA) - An Exploratory Study

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## ABSTRACT

The study was done primarily to improve the tobacco exports to these MEA countries. The study aimed to identify the target markets, target channels and products to reach out to tobacco importing countries of Middle East and Africa countries based on the data from tobacco board and to comprehensively assess the opportunities and constraints in exporting to MEA countries most of which belong to Least Developed Country (LDC) category. This study highlights the tobacco procurement in tender and non-tender market which requires in-depth understanding of the pattern of tender and terms of tender. Also, a wide array of exporters is involved in supplies to this region including Multi National Companies, Merchants and independent exporters. A detailed knowledge of the tender processes, country wise import and export data and information on various types of tobacco importing along with the price from all over the world, offers deeper insights into the existing opportunity. A study on Tariff and non-tariff barriers that may influence tobacco exports have also been done.

**Keywords:** Tobacco exports, Channels, Tariff, Middle East and Africa region, export potential, tenders.

## 1. INTRODUCTION

Tobacco consumption is gradually increasing in Middle East and Africa (MEA) countries. The consumption of tobacco products are in different products like cigarettes, Roll Your Own (RYO), and Smoking tobacco. In cigarettes there are different varieties of flavoured and non-flavoured cigarettes. The tobacco consumption

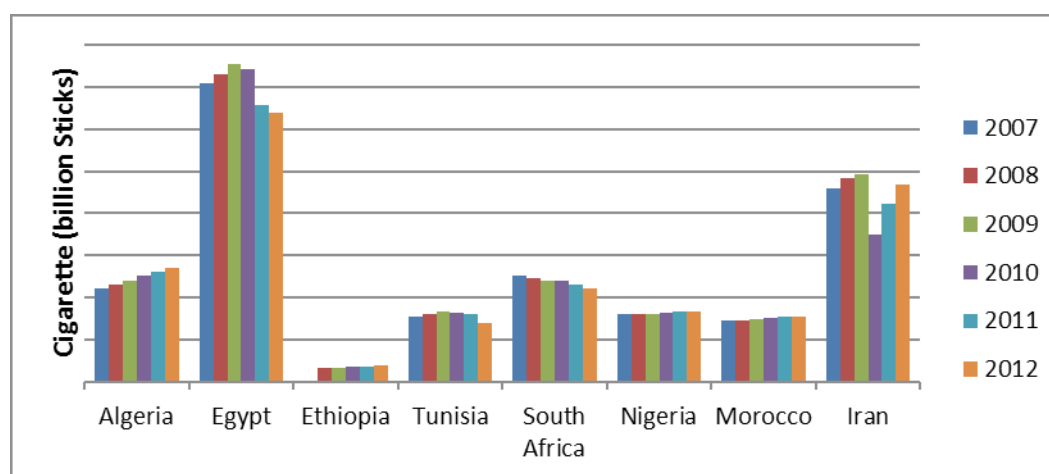
depends up the various factors including smoking preferences, economic growth, changes in the income levels of the consumers. Mostly the consumption trend depends upon the increase in awareness of tobacco consumption, Taxation on cigarettes. The total tobacco traded in Middle East and Africa region is 5% of total tobacco traded in the world. In Middle East and Africa region, most of the countries procure tobacco through non-tender process and some of the state owned tobacco monopolies procure through tender process. Total cigarette consumption in the world is 5,811 billion sticks, the Middle East and Africa region cigarette consumption is at 210 billion sticks accounted for 3.6% in world cigarette consumption. Egypt, Algeria and South Africa are the largest consumers among these countries. Overall the consumption trend in this region has recorded a positive growth.

**Table 1**  
**Country wise cigarette consumption (volume in billion sticks)**

Countries	2007	2008	2009	2010	2011	2012
Algeria	22.21	23.03	24.03	25.10	26.24	27.09
Egypt	70.86	73.07	75.52	74.07	65.79	63.70
Ethiopia		3.17	3.34	3.52	3.70	3.90
Tunisia	15.50	16.20	16.70	16.50	16.20	14.00
South Africa	25.30	24.50	24.00	24.00	23.00	22.30
Nigeria	16	16	16	17	17	17
Morocco	14.50	14.60	14.90	15.10	15.40	15.60
Iran	46	48	49	35	42	47
Total	210.27	218.77	223.99	209.59	209.33	210.09

Source: Euromonitor International

**Chart 1: Cigarette consumption trend**



Source: Euromonitor International

The consumption trend has decreased in some countries due to the heavy taxation, increase in tobacco importing tariff rate and consumer shift to alternate products like smoking tobacco. Economic factors of the country like decline in currency value with international traded countries also affects the consumption pattern.

Tobacco importing trends in Middle East and Africa region:

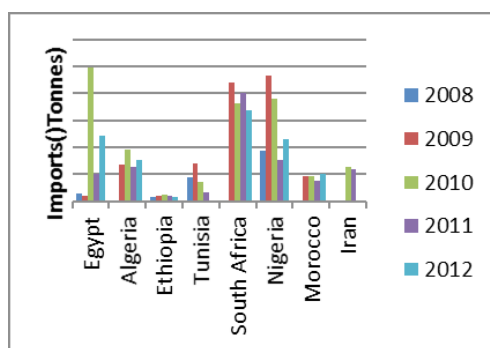
Most of these Middle East Africa countries have less tobacco production, they normally imports tobacco from various markets in the world like Brazil, China, India, Malawi, ..etc.

**Table 2**  
**Country wise importing Volume (in tonnes)**

	2008	2009	2010	2011	2012
Egypt	2,976	1,856	49,792	10,334	24,092
Algeria		13,381	19,123	12,581	15,235
Ethiopia	1,527	1,922	2,495	1,870	1,538
Tunisia	8,717	14,183	7,072	3,303	
South Africa		43,939	36,444	40,389	33,861
Nigeria	18,523	46,859	37,953	15,307	23,131
Morocco		9,166	9,377	7,503	10,328
Iran			12,866	11,720	

Source: International Trade Centre

**Chart 1.2 County wise trend**



Source: International Trade Centre

## 2. PURPOSE OF THE STUDY

Middle East and African(MEA) region is a very unique tobacco market with distinct consumption and sourcing styles. Apart from cigarettes, tobacco is consumed in other forms like Hubble Bubble, RYO and Chewing. Egypt, South Africa, Algeria and Iran are the largest tobacco tender markets and South Africa, Nigeria, Morocco and Iran are the non-tender markets within the Middle East and African region and account for nearly 210 billion sticks that constitutes about 3% of global cigarette market (ex. China).

The Middle East & African region depends heavily on tobacco imports for meeting its domestic consumption. The total imports made by the eight countries in 2012 was 124M.Kg. which is 5% percentage of the total traded volume in the world. Flue Cured, Burley and By-products are majorly sourced by the markets of Middle East and African Region from exporting countries of the world.

The total quantity of tobacco and by-products exported from India to Middle East Africa region was 40M.Kg. in 2012 that accounted for 32% of the total imports from this region.

A range of players export tobaccos to Middle East Africa from large companies like ITC to small exporters like Mittapalli and Best India. ITC has exported 10.3 M.Kg. which constituted 25.75% of the total exports accounting to 40M.kg. Therefore, there exists a large opportunity for ITC to maximize its volumes and expand the product portfolio by effectively reaching out to these markets. Some countries like Egypt where there is no tobacco cultivation are one of the largest markets of the Middle East and African(MEA) region. Hence it is imperative that a study is done to identify the export potential of tobacco to MEA countries.

### **3. METHODOLOGY**

The researchers had obtained data(which are mainly secondary data) from International Tobacco website like Euromonitor, International Trade Centre, Macmap, and Chennai port data to analyse the exporting opportunities in the Egypt, Algeria, Tunisia, Ethiopia, South Africa, Nigeria, Morocco and Iran countries.

### **4. ANALYSIS AND INTERPRETATION**

#### **4.1. Exporting Profile of the Middle East and Africa (MEA) Region**

##### **4.1.1. Tobacco market in Algeria**

Algeria one among the top consumers of cigarettes in Middle East and Africa region. In 2012, showing 3% retail volume growth in cigarettes. Algeria cigarette consumption is 27.1billion which accounted for 0.46% of total global consumption in 2012. Algeria has raw tobacco and finished cigarette producers, however the importing is more than the production in the country. Algeria imports 9.6M.kg of tobacco from world market for its consumption as cigarettes, smoking tobacco and smokeless tobacco. India exported 1.2M. kg of tobacco to Algeria in 2012.

##### **4.1.2. Tobacco Market in Egypt**

Egypt is one of the largest consumer of tobacco in Middle East and Africa countries. Annual cigarette consumption is around 63.7 billion sticks which constitute for 1.1% of total global cigarettes. Cultivation of tobacco is restricted by the Egypt government in the country, Egypt completely depend up on importing tobacco from various countries for meeting its domestic consumption. In 2012, Egypt imported 24M. kg Unmanufactured tobacco from different markets in the world for its consumption as cigarettes, ROY products, Shisha and other tobacco products. India is one of the exporter to Egypt, 4.2 M.kg. of tobacco is exported from India to Egypt which accounts for 17.5% of Egypt imports from world market. Egypt imports majorly FCV, Burley, Tobacco refuse, Oriental, Hookah and NATU from Indian suppliers.

##### **4.1.3. Tobacco Market in Ethiopia**

Ethiopia is one of the least tobacco consumption market in Middle East and Africa countries. Annual cigarette consumption is around 3.9 billion sticks which constitute to 0.06% of total global cigarettes. Ethiopia has 1.3 million smoking population which is 1.8% of total population. Ethiopia imports different tobacco's from the world. In 2012, Ethiopia imported 1.5M.kg of unmanufactured tobacco from different tobacco

producing countries in the world for its consumption as mainly cigarettes and other tobacco products. India is one among the countries which exports tobacco to Ethiopia, 0.8M.kg of tobacco is exported from India to Ethiopia which accounts for 0.5% of tobacco imports to Ethiopia. Ethiopia majorly imports FCV and flavoured tobacco. Some of the major exporters to Ethiopia are Brazil and India. From India there are very limited exporters FCV from Indian exporters and flavours from Brazil are exported mainly to Ethiopia.

#### ***4.1.4. Tobacco Market in Tunisia***

Tobacco industry in Tunisia has undergone various changes. Same like many other countries tobacco product prices are raised but not completely due to the tax, in fact reason for raising the price is also by decline in the value of Tunisian dinar against various international currencies.

In Tunisia cigarette sales had decline by 11%, annual cigarette consumption in Tunisia is 14 billion which account for 0.24% of total global consumption in 2012. Tunisian manufacturers mostly depends on its local production and import some tobacco grades to produce local brands. In 2012, Tunisia imports 3.3M.kg of tobacco from different tobacco produced market in the world to meet its consumption as cigarettes and smokeless tobacco. India is one of the exporter to Tunisia which exports fillers. 0.14M.kg of tobacco is exported to Tunisia from Indian exporters.

#### ***4.1.5. Tobacco Market in South Africa***

In 2012, South Africa cigarettes sales volume is 22.4 billion sticks accounted for 0.38% of total global consumption. The cultivation of tobacco is well known in South Africa. Air cured tobacco, Flue cured tobacco and Oriental ones are mostly cultivated in South Africa. It also imports some of the varieties like Burley, FCV, Tobacco refuse from other parts of the world for its domestic consumption and exporting manufactured cigarette. South Africa imports 33.8M.kg of tobacco from different tobacco producing nations. India is one of those which exports 7.01M.kg of tobacco to South Africa accounted for 20.7% from total world export to South Africa.

#### ***4.1.6. Tobacco Market in Nigeria***

Nigeria is one of the tobacco producer and manufacturer of cigarettes in Middle East and Africa countries. Annual cigarette consumption is around 16.9 billion sticks which accounted for 0.29% of total global consumption. Nigeria is not a significant raw tobacco producer, it imports different tobacco's for its domestic consumption and cigarettes exports. In 2012, Nigeria imported 23.13M.kg of tobacco from various nations. Nigerians consume tobacco majorly in the form of cigarettes. Nigeria imports tobacco mostly from global market, imports are gradually decreasing from 2007 to 2012. India exports 4.5M.kg of tobacco to Nigeria accounted for 19.8% of total tobacco imports from world to Nigeria.

#### ***4.1.7. Tobacco Market in Morocco***

Tobacco consumption rate in Morocco is steadily increasing. Annual cigarette consumption is around 15.6 billion sticks accounted for 0.26% in total global cigarettes. Morocco is the country which produces raw tobacco and finished cigarettes. It imports tobacco from different parts of the world, 10.3M.kg of tobacco is imported in 2012 for its consumption mainly as cigarettes. India is also one of the exporter to Morocco,

1.5M.kg of tobacco is exported. From India, very less number of players are involve in exporting tobacco to morocco.

#### **4.1.8. Tobacco Market in Iran**

Iran also having the large cigarette market next to Egypt in Middle East and Africa countries. Iran cigarette volume sales are increasing every year at 11% accounted for 46.8billion sticks in 2012, It's cigarette market is 0.8% of total global cigarettes. Taxation on tobacco imports is reduced in 2012 to counter the illicit trade. Under US, UN payment sanction Iran is not floating any tenders from past five years, however lifting of sanction is under process with in 1 (or) 2 years. As per the 2010, Iran imported 12.8M.kg of tobacco from world market for its consumption as cigarettes and smoking tobacco. Iran imports tobacco from various tobacco producing countries. India supplies 0.4M.kg of tobacco to Iran in 2010.

#### **4.2. Procedure Followed to Procure Tobacco by MEA Countries**

In Middle East and Africa countries Egypt, Ethiopia, Tunisia, Algeria are the state owned monopolies. They procure tobacco through floating global tenders. Other countries like South Africa, Nigeria, Morocco and Iran procure tobacco through non tender process which involves direct contract to suppliers.

**Tender:** Tendering “is the process of making an offer, bid or proposal, or expressing interest in response to an invitation or request for tender. Organisations will seek other businesses to respond to a particular need, such as the supply of goods and services, and will select an offer or tender that meets their needs and provides the best value for money”.

Tender request documents also called as Request for Proposal (RFP) draft what is required, by the requesting organisation. These documents also specify the requirements, instructions, and criteria, to be followed.

Suppliers WHO ARE interested will then prepare a tender, including the price schedules and the eligibility for the project or procurement. They will also delineate the relative advantages over competitors, and list out the provide information on qualifications, competencies and experience and further they have to demonstrate how their bid offers the best value for money.

The submitted tenders are then evaluated with regard to defined criteria. The offer that best meets all of the requirements outlined in the request, and provides value for money should win the contract.

The tendering process is generally utilised for procurements or contracts involving substantial amounts of money. Tendering is utilised by:

- Government departments, offices and agencies
- Private sector companies and businesses
- Overseas markets and businesses

#### **Tender Process**

The seven main steps in the tender process are:

1. Tender process is determined: The organisation requesting the tender will determine the type of tender that will be used, as well as what will be involved in the tender process.
2. Request for tender is prepared: The request for tender outlines what is required, the contractual requirements and how you should respond.
3. Tenders are invited: The value, complexity and business category determine how tenders are invited.
4. Suppliers respond: You should first obtain all relevant documentation. Then:
  - (a) Attend any pre tender briefing sessions being conducted
  - (b) Clarify any uncertainties
  - (c) Plan your response
  - (d) Prepare your response
  - (d) Submit your response in the right format, on time and at the right location
5. Evaluation and selection: Each tender will be checked for compliance, and if compliant, then evaluated against the criteria specified in the tender documentation. The tender that offers best value for money will win the business.
6. Notification and debriefing: When a contract has been awarded, the successful bidder will be advised in writing of the outcome. Unsuccessful bidder are also advised and offered a debriefing interview.
7. Contracts established and managed: Generally a formal agreement will be required between the successful tender and the relevant agency.

### **Types of Tender**

**Open tendering:** An open tendering process is an invitation to tender by public advertisement. There are no restrictions placed on who can submit a tender, however, suppliers are required to submit all required information and are evaluated against the stated selection criteria.

**Select tendering:** A select tender is only open to a select number of suppliers. The suppliers may be a short list sourced from an open tender or be a compilation of businesses that the organisation has worked with previously.

**Invited tendering:** An organisation contacts a select number of suppliers directly and requests them to perform the contract. It is generally used for specialist work, emergency situations or for low value, low risk and off the shelf options.

**Closed tendering:** In closed tender, only pre-qualified or known bidder are allowed to participate. Closed tenders are not advertised in newspaper, as result other bidder generally do not come to know that such tender is floated. The lowest bidder generally wins the contract.

In tender process, if required the bid winner have to give 'bid bond' or 'performance bond' or both as per the tender norms by the company. Tobacco tender varies from one company to other. Egypt is a open tender policy, while other countries like Algeria, Tunisia, Ethiopia are closed tenders.

### 4.3. Export Profile in MEA Region

IITC pioneered the cultivation and development of Leaf Tobaccos in India. Nearly a century of creating customer delight ensures that globally, IITC's Leaf Tobacco business is synonymous with being “The One Stop Shop for Quality Indian Tobaccos”. The Leaf Tobacco business' partnership with the farmer is also almost a 100 years old. In a spirit that truly embodies the Company's “commitment beyond the market”, IITC has helped the Indian farmer grow quality leaf tobaccos and linked him to global markets.

IITC is the largest buyer, processor and exporter of leaf tobaccos in India - creating a global benchmark as the single largest integrated source of quality tobaccos. Serving customers in 50 countries across more than 70 destinations, IITC co-creates and delivers value at every stage of the leaf tobacco value chain.

IITC buys nearly 50 per cent of all cigarette tobacco types grown in India. It has a team of experienced, highly skilled and professional buyers and classifiers who source and segregate tobaccos to exacting customer specifications. A large inventory base of quality tobaccos provides an edge in serving customers through product customization, portfolio rationalization, product bundling and value added services. This strategic direction insulates customers from crop fluctuations, a key ‘winning proposition’ acknowledged worldwide.

IITC's comprehensive and sophisticated R&D facilities cover all aspects of cultivation, product development and processing through fundamental and applied research. Thus, IITC's value proposition to its customers is “On Time In Full” delivery of quality tobaccos spanning across all tobacco types at competitive prices.

IITC's Green Leaf Processing plants at Chirala and Anaparti in Andhra Pradesh and new state-of-the-art Green field GLT in Mysore, Karnataka are benchmarked with the best in the world. Contemporary technology, shared product knowledge base, sophisticated process and quality controls enable IITC to process and deliver over 160 million Kg. of high quality tobaccos annually. These factories have integrated warehousing complexes that match international standards in hygiene, infestation control and monitoring.

IITC supplies majorly Burley, FCV, Tobacco refuse, Oriental tobacco to Middle East and Africa countries.

**Table 1**  
**IITC's share in Middle East and African countries**

<i>Importing Countries</i>	<i>India exports</i>	<i>IITC exports</i>	<i>IITC percentage(%) in exporting</i>
Egypt	12086329	-	0
Ethiopia	99000	99000	100%
Algeria	667800	-	0
Tunisia	951444	594000	62.43%
South Africa	8831978	4056025	45.92%
Nigeria	5809950	5643720	97.13%
Morocco	8118000	-	0
Iran	693000	-	0

Source: Port Data



**Table 2**  
**Tobacco varieties exported from India to**  
**MEA countries (Volume in 2012)**

<i>MEA countries</i>	<i>Burley</i>	<i>FCV</i>	<i>Tobacco refuse</i>	<i>Oriental Tobacco</i>	<i>Hookah</i>	<i>NATU</i>	<i>Other tobacco</i>	<i>India %</i>
Egypt	4130919	6158075	177300	328448	359200	284370	648017	17.52%
Algeria	172800					495000		0.53%
Tunisia	257444	594000					100000	4.27%
Ethiopia		99000						51.11%
South Africa	1207400	3369475	1500130	803173		308200	356600	20.72%
Nigeria	84510	5418020	283840				23580	19.86%
Morocco	39600	772200						14.72%
Iran		693000						2.70%

Source: Port data

**Table 3**  
**Major exporters from India to**  
**Middle East and Africa countries**

<i>Name</i>	<i>Market Cap. (Rs. cr.)</i>	<i>Sales Turnover</i>	<i>Net Profit</i>	<i>Total Assets</i>
ITC	255,717.99	29,901.27	7,418.39	22,354.25
Godfrey Phillip	3,536.94	2,096.48	169.48	1,267.10
VST	2,453.88	668.68	126.25	290.19
Kothari Product	389.76	3,953.18	59.07	870.45
Golden Tobacco	34.43	68.90	-43.42	15.85

Source: Money Control

Tobacco supplying countries to Egypt

**Table 4**  
**Importers Unit value per Ton**

<i>Exporters</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>
World	4186	4466	5192	4887
Bulgaria	3565	4583	4438	5165
Brazil	3570	4888	4985	3977
Greece	3745	4523	4889	5507
Italy	4466	4156	5539	4387
India	2485	2722	2804	2700
China	4837	5962	5846	5154

Source: International Trade Centre

Tobacco supplying countries to Algeria

**Table 5**  
**Exporters Unit Value per Ton**

<i>Exporters</i>	2008	2009	2010	2011	2012	<i>Imported value in 2012, US Dollar thousand</i>	<i>Imported quantity in 2012, Tons</i>
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>		
Brazil	22019	10715	3928	10392	5250	70422	13414
India	7219	6615	3181	10399	5250	22166	4222
France	5911	9049	2144	9884	5249	9554	1820
Malawi	4945	26983	2203	10395	5252	4674	890
Germany	26824	15074	4321	10926	5238	3829	731
China	3972	38116	1673	10410	5250	3806	725

Source: International Trade Centre

Tobacco supplying countries to Ethiopia

**Table 6**  
**Exporters Unit Value per Ton**

<i>Exporters</i>	2008	2009	2010	2011	2012	<i>Imported value in 2012, US Dollar thousand</i>	<i>Imported quantity in 2012, Tons</i>
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>		
Brazil	2485	4283	5232	5617	6262	4590	733
India	3628	4304	4541	3378	3782	2973	786
Korea, Republic of					3947	75	19

Source: International Trade Centre

Tobacco supplying countries to Tunisia

**Table 7**  
**Exporting Unit Value per Ton**

<i>Exporters</i>	2007	2008	2009	2010	2011	<i>Imported value in 2011, US Dollar thousand</i>	<i>Imported quantity in 2011, Tons</i>
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>		
World	2874	3344	4111	4019	5831	19260	3303
Brazil	1859	2401	3629	3642	6204	8537	1376
Switzerland	4607	5559	5428	6023	6804	4933	725
Germany	4279	4396	6798	6588	7020	3173	452
Italy	1603	1108	1149	2425	4273	1504	352
India	1825	2376	2272	2596	1511	213	141

Source: International Trade Centre

Tobacco supplying countries to South Africa

**Table 8**  
**Importers Unit Value per Ton**

<i>Exporters</i>	2009	2010	2011	2012
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>
World	4279	4691	4208	4214
Zimbabwe	4100	5456	3850	3509
Brazil	6243	6488	6707	7114
India	3002	4087	3412	3258
Philippines	2831	3480	3397	3400
China	1500	2823	2981	2276

*Source:* International Trade Centre

Tobacco supplying countries to Nigeria

**Table 9**  
**Importing Unit Value per Ton**

<i>Exporters</i>	2008	2009	2010	2011	2012	<i>Imported value in 2012, US Dollar thousand</i>	<i>Imported quantity in 2012, Tons</i>
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>		
World	2562	1402	2280	3801	3617	83660	23131
Brazil	1561	905	820	4422	4483	25065	5591
India	4199	4946	3121	4280	4657	21389	4593
United States of America	3295	2102	16270	2750	1426	10648	7469
Germany	2106	268	568	3468	6365	8083	1270
Belgium	881	3256	2603	1343	2412	2943	1220

*Source:* International Trade Centre

Tobacco supplying countries to Morocco

**Table 10**  
**Importers Unit Value per Ton**

<i>Exporters</i>	2008	2009	2010	2011	2012	<i>Imported value in 2012, US Dollar thousand</i>	<i>Imported quantity in 2012, Tons</i>
	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>	<i>Imported unit value, US Dollar/Tons</i>		
World	2930	5826	5985	8109	6544	67591	10328
Portugal		24046	22620	23499	21959	30853	1405
Brazil	2658	4574	4312	5136	4519	13811	3056
Malawi	3579	5975	3977	4035	5010	6233	1244
India	2245	3519	3604	2942	3539	5379	1520
China	1934	3256	2568	4001	3326	785	236

*Source:* International Trade Centre

Tobacco supplying countries to Morocco

**Table 11**  
**Exporters Unit Value per Ton**

<i>Exporters</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>Imported unit value, US Dollar/</i>	<i>Imported unit value, US Dollar/</i>	<i>Imported unit value, US Dollar/</i>	<i>Imported unit value, US Dollar/Tons</i>
World				5736
Brazil				5757
Turkey				6466
Germany				8528
Switzerland				4791
China				4339
Netherlands				6407
India				5312

*Source:* International Trade Centre

## 5. CONCLUSION

### 5.1. Major Findings

*Algeria:* To participate in Algeria official tenders are needed, which is presently band by the Algeria to Indian exporters.

*Egypt:* No weight Tolerance: No shortage of weights, if any shortage of weight on carton is identified penalty will be price of shortage weights plus 2 \$(US) per Kilo gram. Delay in payments by buyer, exporters have to wait for long time i.e., late in opening LOC by the buyer

*Ethiopia:* Delay in opening LC by the buyer, Less weight tolerance, Market Volatility, Delay shipments

*Tunisia:* Strictly goes by inspecting at destination where sample are compare by the chemist as per tender norms. Weight loss tolerance is given very low i.e. 1%

*South Africa:* Decline in the South African economy makes reduced in all the all manufacturers experience a decrease in cigarette sales this leads to less imports. Increase in Illicit trade

*Nigeria:* Menthol flavour is recorded strong growth in Nigeria, from India mostly fillers are exporting and only small quantity of semi flavour is exported.

*Morocco:* Tariff rate for importing Tobacco from Malawi is 0%, if Morocco imports large Volumes from Malawi it will effects Tobacco exports from India to Malawi.

*Iran:* US and UN sanction is the main constraints for exporters. Decline in Iran currency value which shows effect on tobacco imports.

### 5.2. Summary

Increase in the GDP growth, economy development and raise in the income level are influencing the growth in smoking population. Increasing awareness of tobacco, major population is shifting to low Nicotine

cigarettes. Prevalence of America blend is increasing which could increase the potential for Indian Burley and Native styles. Tobacco taxation is one of the income source for the governments in MEA countries and is increasing constantly. With declining profit margins, the manufacturers are shifting to tobacco sources that are competitive and thus India may stand to gain if it can retain its price leadership. Indian exporters may have to offer a price parity by discounting the tariff advantage that its competing countries like Malawi have while exporting to Middle East and African countries.

Manufactures in MEA countries trying to increase their production with new tobacco products which offers immense opportunity to India with its diverse range of tobacco styles and grades. The procurement process is through tenders in most of the Monopolies and other countries follow a Non-Tender tobacco purchase process. Agents and Merchants are highly involved in trading with these countries.

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