



# Production and Disposition of Tobacco Products



February 2006

Vol. 35, no. 2

## All prices exclude sales tax

Catalogue no. 32-022-XIE, is available on Internet monthly for \$6.00 CAN per issue or \$51.00 CAN for a one year subscription.

Frequency: Monthly / ISSN 1481-5222

To order Statistics Canada publications, please call our national toll-free line: 1 800 267-6677 or internet: [infostats@statcan.ca](mailto:infostats@statcan.ca)

## Highlights

- Total cigarettes sold in February by Canadian manufacturers increased 14.5% from January to a level of 2.7 billion cigarettes. Total cigarettes sold decreased 2.4% from the level observed in February 2005.
- Cigarette production for February increased 20.7% from January to a level of 2.8 billion cigarettes. Cigarette production decreased 9.6% from the level observed in February 2005.
- At 4.0 billion cigarettes, the level of closing inventories for February decreased by 3.2% from January, and decreased 0.6% over the level recorded in February 2005

Data available on CANSIM, table 303-0062.

Manufacturing, Construction and Energy Division

March 2006

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Table 1

Production and disposition of tobacco products - February 2006

	Cigarettes <sup>1</sup>	Cigars	Manufactured <sup>2</sup> tobacco, fine cut	Manufactured tobacco, pipe tobacco	Non-manufactured <sup>3</sup> tobacco, leaf
	SCG code <sup>4</sup>				
	2402.20	2402.10	2403.10.2	2403.10.1	2401
	thousands		kilograms		
<b>February 2006</b>					
Opening inventory	4,081,505	x	296,325	.	..
<b>Total production</b>	<b>2,778,209</b>	<b>x</b>	<b>138,394</b>	.	..
<b>Total sales</b>	<b>2,663,261</b>	<b>x</b>	<b>155,026</b>	.	..
Domestic sales	2,364,621	x	151,007	.	..
Sales to ships, air stores, and foreign embassies in Canada	x	x	806	.	..
Exports <sup>5</sup>	x	..	3,213	.	.
Adjustments	-245,357	88	3,233	.	.
Closing inventory	3,951,096	x	282,926	.	..
<b>Year-to-date</b>					
<b>Total production</b>	<b>5,080,615</b>	<b>x</b>	<b>260,713</b>	.	<b>x</b>
<b>Total sales</b>	<b>4,989,944</b>	<b>x</b>	<b>297,340</b>	.	<b>x</b>
Domestic sales	4,483,926	x	292,107	.	..
Sales to ships, air stores, and foreign embassies in Canada	x	x	1,805	.	x
Exports <sup>5</sup>	x	..	3,428	.	.
Adjustments	-143,508	86	9,744	.	.

1. Cigarettes which contain tobacco including both regular and king sized, as well as filtered and plain varieties.

2. Fine cut smoking tobacco intended for cigarettes.

3. Non-manufactured leaf tobacco packaged for retail sale.

4. Standard classification of goods (SCG) code.

5. The quantity of goods produced and sold by Canadian manufacturers to foreign markets which are not subject to excise duty. For total exports of tobacco products, see Catalogue no. 65-004-XPB, Exports by commodity.

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Table 2

## Production and disposition of tobacco products - January 2006

	Cigarettes <sup>1</sup>	Cigars	Manufactured <sup>2</sup> tobacco, fine cut	Manufactured tobacco, pipe tobacco	Non-manufactured <sup>3</sup> tobacco, leaf
	SCG code <sup>4</sup>				
	2402.20	2402.10	2403.10.2	2403.10.1	2401
	thousands		kilograms		
<b>January 2006</b>					
Opening inventory	4,003,933	x	309,809	.	..
<b>Total production</b>	<b>2,302,406</b>	<b>x</b>	<b>122,319</b>	.	<b>x</b>
<b>Total sales</b>	<b>2,326,683</b>	<b>x</b>	<b>142,314</b>	.	<b>x</b>
Domestic sales	2,119,305	x	141,100	.	..
Sales to ships, air stores, and foreign embassies in Canada	x	x	999	.	x
Exports <sup>5</sup>	x	7	215	.	.
Adjustments	101,849	-2	6,511	.	.
Closing inventory	4,081,505	x	296,325	.	..
<b>Year-to-date</b>					
<b>Total production</b>	<b>2,302,406</b>	<b>x</b>	<b>122,319</b>	.	<b>x</b>
<b>Total sales</b>	<b>2,326,683</b>	<b>x</b>	<b>142,314</b>	.	<b>x</b>
Domestic sales	2,119,305	x	141,100	.	..
Sales to ships, air stores, and foreign embassies in Canada	x	x	999	.	x
Exports <sup>5</sup>	x	7	215	.	.
Adjustments	101,849	-2	6,511	.	.

1. Cigarettes which contain tobacco including both regular and king sized, as well as filtered and plain varieties.

2. Fine cut smoking tobacco intended for cigarettes.

3. Non-manufactured leaf tobacco packaged for retail sale.

4. Standard classification of goods (SCG) code.

5. The quantity of goods produced and sold by Canadian manufacturers to foreign markets which are not subject to excise duty. For total exports of tobacco products, see Catalogue no. 65-004-XPB, Exports by commodity.

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Table 3

## Production and disposition of tobacco products - February 2005

	Cigarettes <sup>1</sup>	Cigars	Manufactured tobacco, fine cut <sup>2</sup>	Manufactured tobacco, pipe tobacco	Non-manufactured tobacco, leaf <sup>3</sup>
	SCG code <sup>4</sup>				
	2402.20	2402.10	2403.10.2	2403.10.1	2401
	thousands		kilograms		
<b>February 2005</b>					
Opening inventory	3,722,837	x	365,548	.	..
<b>Total production</b>	<b>3,071,744</b>	<b>x</b>	<b>183,743</b>	.	<b>x</b>
<b>Total sales</b>	<b>2,729,526</b>	<b>x</b>	<b>219,340</b>	.	<b>x</b>
Domestic sales	2,489,321	x	210,263	.	x
Sales to ships, air stores, and foreign embassies in Canada	x	x	x	.	..
Exports <sup>5</sup>	x	x	x	.	.
Adjustments	-90,801	x	-5,229	.	.
Closing inventory	3,974,254	x	324,722	.	x
<b>Year-to-date</b>					
<b>Total production</b>	<b>6,038,756</b>	<b>x</b>	<b>371,103</b>	.	<b>x</b>
<b>Total sales</b>	<b>5,329,656</b>	<b>x</b>	<b>408,205</b>	.	<b>x</b>
Domestic sales	4,809,525	x	397,395	.	x
Sales to ships, air stores, and foreign embassies in Canada	x	x	x	.	..
Exports <sup>5</sup>	x	x	x	.	.
Adjustments	-53,043	x	2,096	.	.

1. Cigarettes which contain tobacco including both regular and king sized, as well as filtered and plain varieties.

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3. Non-manufactured leaf tobacco packaged for retail sale.

4. Standard classification of goods (SCG) code.

5. The quantity of goods produced and sold by Canadian manufacturers to foreign markets which are not subject to excise duty. For total exports of tobacco products, see Catalogue no. 65-004-XPB, Exports by commodity.

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## Concepts, methodology and data quality

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This publication presents the results of the survey Production and Disposition of Tobacco Products. This survey measures, on a monthly basis, the quantities of tobacco products that are produced and sold by Canadian manufacturers. The target population for this survey includes all manufacturers in Canada of cigarettes and other tobacco products as defined in the Standard Classification of Goods (SCG).

### General methodology

Data are collected monthly using a mail-out / mail-back process. Respondents are mailed a questionnaire but given the option of electronic data reporting (EDR) in a common format. Received data are subject to manual and automated editing to detect errors and inconsistencies as well as to follow-up with respondents by phone or fax if necessary. Follow-up is also carried out for missing reports after a pre-specified period of time. Data are imputed when they are missing. Various confidentiality rules are applied to all data before they are released to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Under normal circumstances, data are collected, captured, edited, tabulated and published within 4-5 weeks after the reference month.

### Revisions

Data may be revised to include amended information or reports from respondents that are received after the end of a collection cycle. Revisions are disseminated in subsequent periods and reflected in the CANSIM series and in the tables of this publication.

### Data Accuracy

The methodology for this survey has been designed to promote data accuracy. Since data are collected from all Canadian producers of tobacco products, the resulting estimates are not subject to sampling error. However, the results are still subject to non-sampling errors associated with coverage, non-response, inaccurate reporting, and processing. Coverage errors are minimized by including in the survey all known manufacturers of tobacco products in Canada. The non-response rate for this survey is generally zero. All attempts are made to control inaccurate reporting and processing errors.

Moreover, the data are analyzed for consistency and compared with general economic conditions and industry trends using surveys such as the Monthly Survey of Manufacturing (Survey ID 2101).

### Coverage errors:

The list of businesses included in the tobacco survey is derived from the Annual Survey of Manufactures (ASM). This may lead to some under-coverage in the sub-annual since it takes 15 months to compile and publish ASM survey results. This under-coverage is however, kept at a minimum by using advance information from the ASM frame, feedback from the Monthly Survey of Manufacturing (MSM) and other sources such as trade journals and newspaper articles.

**Non-response:**

Some respondents may be unable to provide data for numerous reasons (i.e. fire, theft, strike, economic hardship, etc.), while others may be late in responding. To minimize non-response, delinquent respondents are followed up rigorously by phone or FAX. Data for non-responding units are imputed using industry trend and other related information. Data are revised at a later date, if completed questionnaires are received after the end of a collection cycle.

**Inaccurate response:**

This error may result from poor questionnaire design or an inability on the part of respondents to provide the requested information or from misinterpretation of the survey questions because of definitional difficulties. To reduce such errors, the format and wording in the questionnaire are reviewed from time to time and modified based on feedback from survey respondents and data users. Respondents are also reminded of the importance of their contribution and of the need for accurate data reporting.

**Processing errors:**

These errors may occur at various stages in the processing of survey data such as data entry, verification, editing and tabulation. Data are examined for such errors using automated edits along with an analytical review by subject matter experts. Several checks are performed on the collected data to verify internal consistency and comparability over time.

## **Definitions**

**Total production**

Total production refers to the quantity of goods manufactured in Canada during the reference period. These goods may be sold in Canada, exported for sale in foreign markets or retained in inventory.

**Total Sales**

Totals sales refer to the quantity of goods which are manufactured and sold in Canada with or without duties, as well as exported for sale in foreign markets.

**Domestic sales**

Domestic sales refer to the net quantity of goods manufactured and sold in Canada during the reference period which are subject to excise duty. Included are sales to wholesalers, retailers and institutions in Canada net of returns. Samples are also included.

**Sales to ships, air stores and foreign embassies in Canada**

These sales refer to the quantity of goods manufactured and sold in Canada which are not subject to excise duty. Included are sales to ships, to air and border stores as well as to foreign embassies in Canada.

**Exports**

These sales refer to the quantity of goods produced and sold by Canadian manufacturers to foreign markets which are not subject to excise duty. Included are sales to diplomats outside Canada, as well as transfers into inventories held outside Canada in the month the transfer took place. Sales from inventories held outside Canada are excluded.

**Inventory (Closing and opening)**

Only domestic inventory is measured by the tobacco survey. Inventory held outside of Canada by Canadian manufacturers is recorded as an export for the month in which the transfer into inventory takes place.

Closing inventory equals opening inventory plus total production plus adjustments less total sales.

### **Adjustments**

Adjustments include all non-sales transactions, such as those related to goods damaged, destroyed, stolen and reworked as well as to stock adjustments. These adjustments may be positive or negative.

More detailed information is available from the Annual Survey of Manufactures, CANSIM Table 301-0003. Specific enquiries should be directed to: The Marketing and Dissemination Section, Manufacturing, Construction and Energy Division, Statistics Canada, Ottawa, Ontario, K1A 0T6 (Telephone: 1-866-873-8789 or (613) 951-9497; Fax line: (613) 951-9499; Internet: [manufact@statcan.ca](mailto:manufact@statcan.ca)).