



Swedish Match to build new snus plant in Kungälv, Sweden

Swedish Match has purchased a site near Kungälv, Sweden, from Kungälv municipality. Now the company is applying for a building permit for a new snus plant using the company's proprietary GothiaTek process technology. The new plant, which is one of the largest industrial investments of the year in western Sweden, is scheduled to commence full operation in 2003 and provide work for as many as 120 persons. The total investment in land, buildings, machinery and other items is estimated at some SEK 500 M over three years.

During the past 20 years, smoking has decreased and the use of snus has increased in Sweden. In the past five years, the annual rate of increase has been around 5 percent, but last year Swedish snus sales by volume increased by a full 9 percent to 151 million boxes.

Today, some 900,000 Swedes use snus. More than half of them are former smokers, which has been a major contributory factor to making Sweden the first country to achieve the WHO's target of a proportion of smokers lower than 20 percent among the adult population.

Snus production 22 hours a day

To meet the sharply increasing demand for Swedish snus in the Nordic countries, Swedish Match needs to expand its production capacity. The existing snus plant at Göta Älv in Gothenburg is now operating 22 hours a day, but there is no free space on the site to permit any expansion.

The Gothenburg plant currently employs about 315 persons and will continue to operate in parallel with the new plant, which will exclusively produce portion-packaged snus.

GothiaTek, standard for unique technology

The plant in Kungälv will be built in accordance with Swedish Match's GothiaTek standard for the production of Swedish moist snus. The designation will be printed on every box of snus that leaves the plant.

The GothiaTek process adheres to a precise specification that extends from the cultivation of the tobacco plant, through production, and onward to the refrigerated storage cabinets in the retail outlets.

All stages of cultivation are carefully controlled. The sowing of seed, fertilizing of the growing crop, harvesting and subsequent drying and packing of the tobacco leaves are all carried out in accordance with strict norms. The tobacco that comes from the grower must maintain an exceedingly high and consistent quality. Swedish Match conducts cultivation trials in many countries. Approximately 65 percent of the tobacco that goes into Swedish snus is grown in accordance with the GothiaTek specifications. For the remainder of the tobacco, Swedish Match uses a control system that produces chemical analysis data before a purchase is made.

Pasteurization and high standards of hygiene

To meet the required standard, production must employ Swedish Match's unique process technology, whereby the constituents are heated up in a closed system that resembles the pasteurization process for milk. Throughout the entire production process, the same hygiene standards as are required for Swedish food production must be followed. The product is untouched by human hand from start to finish.

The standard also emphasizes the importance of cold storage in the retail outlet to optimize the keeping quality, since moist snus is a perishable product. Swedish Match is using various methods

to encourage supermarkets and convenience stores to introduce refrigerated storage, with the aim of having 10,000 leased refrigerated cabinets for moist snus installed in Swedish retail outlets by 2004.

Snus plant resembles dairy

"The snus production process includes the same main phases as milk production – heating, cooling and packaging," explains Lars-Olof Löfman, production manager at Swedish Match. "The heating stage requires a boiler plant, and this accounts for most of the emissions from production. We plan to use gas as a fuel, since this is a good choice from an environmental viewpoint."