

ALL-ROUNDER

Due to its versatility, homogenized tobacco remains key to tobacco companies' operations.

By Stefanie Rossel

For reconstituted tobacco leaf (RTL), the only way seems to be up. Valuates Reports estimated the global RTL market at \$305.47 billion in 2023 and expects it to reach \$370.85 billion by 2030, which corresponds to a compound annual growth rate (CAGR) of 2.7 percent between 2024 and 2030.

Also known as homogenized tobacco or recon, RTL was developed by Schweitzer-Mauduit International (SWM) in the 1930s. Initially, RTL was designed to reduce waste. By recovering “leftovers” such as tobacco dust, scraps and stems and reintegrating them into the production process, manufacturers can save valuable raw materials.

Today, homogenized tobacco has a wide variety of applications. Apart from its use as a material to reduce tobacco product filling cost, it is an essential ingredient in cigarette blend design, offering cigarette manufacturers a convenient tool to lower the nicotine content of their products. The advent of heated-tobacco products (HTPs) has created new opportunities for the product. RTL allows tobacco companies to develop blends that deliver the desired taste and nicotine when heated to a comparatively low temperature.

According to SWM, the recon market is driven by several trends. For starters, the cigarette market is expected to exhibit a CAGR of minus 3.5 percent between 2023 and 2028. The trend, the company points out, is obviously not the same in every country, with the U.S. and Japan leading the decline and Africa and the Middle East enjoying slight growth. At the same time, the HTP market is projected to witness a 15 percent CAGR between 2023 and 2028. SWM anticipates global sales of HTP consumables to reach over 300 billion sticks by 2027.

The traditional cigarette market and the HTP market are influenced by the same factors. Cigarette or stick designs have an impact due to their recon inclusion rate per stick while there is also customer capacity to self-source the recon, as for

example Philip Morris International does. In addition, the availability and price of leaf tobacco can also drive interest in RTL. SWM stresses that the drivers are not the same for recon used in conventional cigarettes and recon used in HTPs.

A Product With Many Benefits

In traditional RTL, SWM works closely with its customers to develop materials for innovative applications, says SWM's product manager, Tapuwa Pswarayi. “In addition, our



ancillary services allow us to perform in-depth analysis of materials to ensure that recipes meet all regulatory specifications. We firmly contribute toward reconstituted tobacco having been a key part of the tobacco blender's toolkit for decades. In recent years, more major tobacco players have been innovating with SWM recon solutions in an increasing number of applications—from cigarette blends [to] roll-your-own to shisha. The many benefits of recon span across operational efficiency, regulatory compliance and cost stability.”

With increasing volatility in tobacco markets globally, the relative price stability of recon presents a great opportunity to mitigate the impact of fluctuating costs. “The past growing season was challenging for many tobacco farmers, resulting in reduced quantities produced and sharp price increases in the majority of the tobacco-producing world,” he says. “Reconstituted tobacco is therefore a valuable tool for creative blenders—performing complementary roles in blend segments while offering a more competitive price.”

The functional advantages of recon produced with SWM's papermaking process are also an important factor, according to Pswarayi. “It's made from tobacco by-products, such as stems, scraps, fines and dust, which are mixed with water before undergoing a two-step papermaking process to produce a uniform sheet, known as a ‘web.’ The web closely mimics the aesthetic and physical properties of tobacco leaf. This means it can be processed in the same way as tobacco leaf—whether it's intended for cigarettes, cut rag or roll-your-own—with several additional benefits for the manufacturer.”

Moreover, the product fits in well with current efforts to make production processes more sustainable. RTL allows for waste reduction through optimized utilization. “While the standard process typically generates waste during leaf-processing to packing and manufacturing, recon degrades less during production,” Pswarayi says. “This allows manufacturers to retain more material in the finished product, resulting in greater efficiency and reduced costs.”

Almost any combination of tobacco by-products can be used to create high-quality recon, he says. SWM uses two main supply models—buying recon from its established portfolio of taste and performance characteristics, and developing unique recon blends. “To achieve this, we take the raw materials supplied by the customer and convert them into recon at our state-of-the-art facilities, with the customer owning exclusive rights to use the recipe that you create.”

Beyond Tobacco

SWM started to work on reduced-risk products in 2014. In 2017, it set up a dedicated reduced-risk products (RRPs) team, which today employs about 50 people, 20 of whom work in dedicated laboratories. “Our heat-not-burn recon solutions are designed to be easily used in existing cigarette-manufacturing assets,” explains Bruno Stefani, SWM's HTP product manager of RRPs. “This allows our customers to go fast.

“In that spirit, one of our pillars is to identify and select interesting tobacco grades for HTP application within tobacco material portfolio[s] already sourced by customers for their cigarette production, which simplifies and secures the tobacco material sourcing. Every HTP is an inseparable



Bruno Stefani

combination of an aerosol-generating material—i.e., our recon, a consumable and a heating device. To create a unique consumer experience, we master the understanding of these three elements and their interactions.”

The fact that SWM also manufactures cigarette paper allows the company to supply HTP wrapping papers and paper-filtering media to help customers reduce the plastic content of their products, according to Stefani. “We also invest a lot in securing freedom to operate to facilitate the access of this HTP market. Our role is also to identify potential reliable partners which can contribute to the final solution, covering all aspects of customers' need and expectation.”

SWM also benefits from its longtime experience in botanical fiber production. Botanical reconstituted with or without nicotine is another driver for growth in the HTP sector, says Stefani. “There is a strong interest for such tobacco-free products,” he says. “The big tobacco companies have really started to be active in this market since last year with the launch of Veo by BAT and then Levia by PMI and iSenzia by Imperial Brands. As we can process very different kinds of material shapes, leaves, nuts, roots, fruits, flowers and so on, reconstitution offers a very interesting solution to get an industrial product made with natural ingredients with well-mastered specifications and which is designed to smoothly run in an existing customer's primary department. We also tightly master the addition of nicotine or other active ingredients to be added to the botanical on customers' request.”

Stefani says that SWM continuously scouts the market for new trends and needs, as well as the manufacturing technology offer, in order to be ready to develop and supply new materials and comply with its customers' new developments. Judging from recent innovations in the HTP sphere, there's certainly more to come.

