Programmatic Environmental Assessment for Marketing Orders for New Combusted, Filtered Cigarettes Manufactured by Philip Morris USA Inc.

Prepared by Center for Tobacco Products  
U.S. Food and Drug Administration

July 6, 2020
Table of Contents

Table of Contents .......................................................................................................................... 2

1. Applicant and Manufacturer Information ......................................................................................... 3
2. Product Information ............................................................................................................................ 3
3. The Need for the Proposed Actions .................................................................................................... 3
4. Alternatives to the Proposed Actions .................................................................................................. 4
5. Potential Environmental Impacts of the Proposed Actions and Alternatives - Manufacturing the New Products ......................................................................................................................................... 4
   5.1 Affected Environment ......................................................................................................................... 4
   5.2 Air Quality ........................................................................................................................................... 6
   5.3 Water Resources ............................................................................................................................... 6
   5.4 Soil, Land Use, and Zoning ............................................................................................................... 6
   5.5 Biological Resources ....................................................................................................................... 6
   5.6 Regulatory Compliance .................................................................................................................... 6
   5.7 Socioeconomics and Environmental Justice .................................................................................. 7
   5.8 Solid Waste and Hazardous Materials ........................................................................................... 7
   5.9 Floodplains, Wetlands, and Coastal Zones ..................................................................................... 8
   5.10 Cumulative Impacts ....................................................................................................................... 8
   5.11 Impacts from No-Action Alternative ............................................................................................. 9
6. Potential Environmental Impacts of the Proposed Actions and Alternatives – Use of the New Products ......................................................................................................................................... 9
   6.1 Affected Environment ......................................................................................................................... 9
   6.2 Air Quality ........................................................................................................................................... 9
   6.3 Environmental Justice .................................................................................................................... 9
   6.4 Cumulative Impacts ....................................................................................................................... 9
   6.5 Impacts from No-Action Alternative ............................................................................................. 11
7. Potential Environmental Impacts of the Proposed Actions and Alternatives – Disposal of the New Products ......................................................................................................................................... 11
   7.1 Affected Environment ......................................................................................................................... 11
   7.2 Air Quality ........................................................................................................................................... 12
   7.3 Water Resources ............................................................................................................................... 12
   7.4 Biological Resources ....................................................................................................................... 12
   7.5 Solid Waste ....................................................................................................................................... 12
   7.6 Socioeconomics and Environmental Justice .................................................................................. 13
   7.7 Cumulative Impacts ....................................................................................................................... 13
   7.8 Impacts from No-Action Alternative ............................................................................................. 13
8. List of Preparers ..................................................................................................................................... 13
9. A Listing of Agencies and Persons Consulted .................................................................................... 14
10. References ............................................................................................................................................ 14

CONFIDENTIAL APPENDIX 1 .............................................................................................................. 16
Changes in the New Products as Compared with the Corresponding Predicate Products .................................................................................................................................................................................. 16
CONFIDENTIAL APPENDIX 2 .............................................................................................................. 17
Market Volumes for the New and Corresponding Predicate Products and Percentage of Cigarette Use in the United States Projected to be Attributed to the New Products .................................................................................................................. 17
1. **Applicant and Manufacturer Information**

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>Altria Client Services LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant Address:</td>
<td>2325 Bells Road Richmond, VA 23234</td>
</tr>
<tr>
<td>Manufacturer Name:</td>
<td>Philip Morris USA Inc.</td>
</tr>
<tr>
<td>Product Manufacturing Address:</td>
<td>3601 Commerce Road Richmond, VA 23234</td>
</tr>
</tbody>
</table>

2. **Product Information**

**New Product Submission Tracking Numbers (STN), Names, and Predicate Product Names**

<table>
<thead>
<tr>
<th>STN</th>
<th>New Product Name</th>
<th>Predicate Product Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE0015726</td>
<td>Chesterfield 100’s Box</td>
<td>Chesterfield 100’s Box</td>
</tr>
<tr>
<td>SE0015727</td>
<td>Chesterfield Menthol 100’s Box</td>
<td>Chesterfield Menthol 100’s Box</td>
</tr>
<tr>
<td>SE0015728</td>
<td>Benson &amp; Hedges 100’s Deluxe Box</td>
<td>Benson &amp; Hedges 100’s Deluxe Ultra Lights Box</td>
</tr>
<tr>
<td>SE0015729</td>
<td>Merit Blue Pack 100’s Box</td>
<td>Merit Blue Pack 100’s Box</td>
</tr>
<tr>
<td>SE0015730</td>
<td>L&amp;M Turkish Blend 100’s Box</td>
<td>L&amp;M Turkish Blend 100’s Box</td>
</tr>
</tbody>
</table>

**Product Identification**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Cigarettes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Subcategory</td>
<td>Combusted filtered</td>
</tr>
<tr>
<td>Product Number per Retail Unit</td>
<td>20 cigarettes per pack, 10 packs per carton, and 60 cartons per shipping case.</td>
</tr>
<tr>
<td>Product Package</td>
<td>The packaging materials consist of a foil inner liner, paperboard inner frame, paperboard box, polypropylene outer film, polypropylene tear tape, paperboard carton, and corrugated paperboard case.</td>
</tr>
</tbody>
</table>

3. **The Need for the Proposed Actions**

The proposed actions, requested by the applicant, are for the Food and Drug Administration (FDA) to issue marketing orders under the provisions of sections 910 and 905(j) of the Federal Food, Drug, and Cosmetic Act. The applicant wishes to introduce five new tobacco products into interstate commerce for commercial distribution in the United States and submitted to the Agency five substantial equivalence (SE) reports to obtain marketing orders. The Agency shall issue the marketing orders if the new products are found substantially equivalent to the corresponding predicate products. The predicate products to SE0015726, SE0015727, SE0015729 and SE0015730 were previously found substantially equivalent by FDA (SE0014818, SE0014817, SE0014912, and SE0014915, respectively) and received marketing orders. The predicate product to SE0015728 is a grandfathered product (GF1200122) commercially marketed in the United States as of February 15, 2007.

The new products differ from the corresponding predicate products in cigarette seam adhesive, monogram ink, and tipping adhesive (Confidential Appendix 1).
4. **Alternatives to the Proposed Actions**

The no-action alternative is FDA does not issue marketing orders for the new tobacco products in the United States.

5. **Potential Environmental Impacts of the Proposed Actions and Alternatives - Manufacturing the New Products**

The Agency considered potential impacts to resources in the environment that may be affected by manufacturing the new products and found no significant impacts, based on Agency-gathered information and the following information submitted by the applicant:

- The new and predicate products would not be marketed simultaneously if marketing orders were issued for the new products.
- The new products are intended to compete with and eventually replace similar tobacco products currently manufactured at the facility.
- No facility expansion or new construction is expected due to manufacturing the new products.
- No increase in the facility production beyond the current permitted production capacity is expected due to manufacturing the new products.

5.1 **Affected Environment**

The affected environment includes human and natural environments surrounding the manufacturing facility. The new products would be manufactured at the address listed in section 1 of this document (Figure 1).
The manufacturing facility is surrounded by a residential development across a road to the north; a two-lane divided road and an interstate freeway (I-95) to the east; two hotels, a fast food restaurant, and a gas station at the southeast corner; undeveloped forested land and a petroleum product pumping station and delivery terminal to the south; and a railroad to the west with a spur into the manufacturing facility.2

The facility is located in the James River watershed, which occupies the central portion of Virginia and covers 24% of total land area of the state of Virginia.3,4 Land use within the watershed is 65% forest, 19% agriculture and farming, and 12% urbanized area.5

---


2 Ibid

3 A watershed is an area of land where all bodies of water drain to a common outlet such as the outflow of a reservoir, mouth of a bay, or any point along a stream channel. Such bodies of water include the following: surface water from lakes, streams, reservoirs and wetlands; the underlying ground water; and rainfall. See https://water.usgs.gov/edu/watershed.html and http://www.dcr.virginia.gov/soil-and-water/document/wshedguideb2b.pdf.


5 See footnote #3
5.2 Air Quality

The Agency does not anticipate that manufacturing the new products would cause the release of any new chemicals or new type of emissions into the environment. The applicant stated that manufacturing the new products is not expected to result in changes in air emissions or require any additional environmental controls for air emissions.

5.3 Water Resources

The Agency does not anticipate that manufacturing the new products would cause the discharge of any new chemicals into water. The new products are intended to replace similar tobacco products currently manufactured at the facility. The applicant stated that manufacturing the new products would not require any additional environmental controls for water discharges and, therefore, would not require a revised or new wastewater discharge permit.

5.4 Soil, Land Use, and Zoning

The Agency does not anticipate that manufacturing the new products would lead to changes in soil, land use, or zoning. The applicant stated that there would be no expected facility expansion due to manufacturing the new products. Therefore, there would be no zone change or land conversion of prime farmland, unique farmland, or farmland of statewide importance to non-agricultural use.

5.5 Biological Resources

The Agency does not anticipate that manufacturing the new products would jeopardize the continued existence of any listed species or result in the destruction or adverse modification of the habitat of any such species identified under the Endangered Species Act (ESA). The applicant stated that there are no plans of expanding the facility production beyond its current permitted level. The applicant reviewed the U.S. Fish and Wildlife Service’s (U.S. FWS) critical habitat and endangered species maps. According to the maps, three threatened species (two plants, and one northern long-eared bat) and one endangered freshwater mussel species are listed in the city of Richmond and the bordering counties (Henrico and Chesterfield Counties). However, the applicant stated that none of these species are found near the manufacturing facility. The Agency searched the U.S. FWS’s maps and verified the accuracy of the listed species.

5.6 Regulatory Compliance

The applicant stated that the manufacturing facility complies with all federal, state, and local environmental regulations, including the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act. The manufacturing facility is registered for waste generation under EPA ID# VAD000819466. The applicant provided detailed information for the following air emission and wastewater permits:


(1) Air permits: Title V Air Permit number PRO50076 and a Stationary Source Permit, issued in accordance with applicable U.S. Environmental Protection Agency (EPA) and Virginia Department of Environmental Quality (VA DEQ) regulations.

(2) Wastewater permit: Industrial User Permit number 2149 from the local publicly owned treatment works (POTW) in the City of Richmond. The permit requires compliance with the relevant effluent limitations (40 CFR 400 – 699) to ensure the wastewater is of a certain quality for effective treatment at the POTW facility. The applicant stated that the facility submits regular discharge monitoring reports to VA DEQ.

The Agency’s search of the EPA’s Enforcement and Compliance History Online (ECHO) database did not reveal any violations of the environmental laws and regulations for the manufacturing facility.8

The applicant stated that the facility complies with the ESA and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

5.7 Socioeconomics and Environmental Justice

No changes on socioeconomics are anticipated due to manufacturing the new products. The Agency does not anticipate any impacts on employment, revenue, or taxes because the new products are intended to replace similar tobacco products currently manufactured at the facility.

No changes in impacts on environmental justice are anticipated. The applicant stated that the future year projections of cigarette production at the facility, including the new products, are within the existing permitted manufacturing capacity and would not require facility expansion. Also, as discussed, the emissions and discharges from the facility are not expected to change because of manufacturing the new products. Thus, though 2010 U.S. Census and American Community Survey data show that 80% of the population within a three-mile radius of the manufacturing facility is minority,9 no disproportionate impacts to environmental justice populations would occur as a result of manufacturing the new products. In addition, the facility is not located within a Native American land.

5.8 Solid Waste and Hazardous Materials

The Agency does not foresee that the introduction of the new products would noticeably affect the current manufacturing waste generated from the facility production of all combusted, filtered cigarettes. The Agency anticipates the waste generated due to manufacturing the new products would be released to the environment and disposed of in landfills in the same manner as any other waste generated from any other products manufactured in the same facility. The applicant stated that manufacturing the new products would not require any additional environmental controls for solid waste disposal. Therefore, no new or revised waste permit or construction of new waste management facility is expected.


5.9 Floodplains, Wetlands, and Coastal Zones

There would be no facility expansion due to manufacturing the new products and the applicant did not propose any land disturbance; therefore, there would be no effects on floodplains, wetlands, or coastal zones.

5.10 Cumulative Impacts

The Agency does not anticipate the proposed actions would incrementally increase or change the chemicals released to the air from the facility due to the tobacco manufacturing. A search in the EPA’s Toxic Release Inventory (TRI) database showed that in 2018, Philip Morris USA Inc. (PMUSA) manufacturing facility in Richmond, Virginia released 10,313 pounds of nicotine and nicotine salts to air (Table 1).10 Nicotine and nicotine salts have known adverse developmental effects.11 The TRI database search did not show that the Philip Morris USA manufacturing facility disposed of, treated, or released into the environment any other reportable toxicants associated with manufacturing tobacco products. In addition, EPA’s ECHO database did not show that the facility released the following reportable criteria pollutants: ozone, lead, particulate matter, or sulfur dioxide, at or above the reportable threshold levels to air.

Table 1 Management of Chemical Waste Associated with Manufacturing Tobacco Products at Philip Morris USA Facility in 2018

<table>
<thead>
<tr>
<th>Production-Related Waste Managed or Released</th>
<th>Chemical Mass (Pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled</td>
<td>122,530</td>
</tr>
<tr>
<td>Energy Recovery</td>
<td>0</td>
</tr>
<tr>
<td>Treated</td>
<td>94,266</td>
</tr>
<tr>
<td><strong>Subtotal Waste Managed</strong></td>
<td><strong>216,796</strong></td>
</tr>
<tr>
<td>On-Site Release Air</td>
<td>Nicotine and Nicotine Salts</td>
</tr>
<tr>
<td>Off-Site Disposal/Release</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Waste Released</strong></td>
<td><strong>45,841</strong></td>
</tr>
<tr>
<td><strong>Total Production-Related Waste</strong></td>
<td><strong>262,637</strong></td>
</tr>
</tbody>
</table>

The applicant stated that manufacturing the new products would not require any additional environmental controls for air emission, water discharges, or solid waste disposal.

---


5.11 Impacts from No-Action Alternative

The environmental impacts of the no-action alternative would not change the existing condition of manufacturing cigarettes at the listed facility, as many similar tobacco products would continue to be manufactured.

6. Potential Environmental Impacts of the Proposed Actions and Alternatives – Use of the New Products

The Agency evaluated potential impacts to resources in the environment that may be affected by use of the new products and found no significant impacts based on Agency-gathered information and the applicant’s submitted information. Included in the information the Agency considered were the projected market volumes for the new products (Confidential Appendix 2) and the documented decline in cigarette use in the United States.\(^\text{12}\)

6.1 Affected Environment

The affected environment includes human and natural environments in the United States because the marketing orders would allow for the new tobacco products to be sold to consumers in the United States.

6.2 Air Quality

The Agency does not anticipate new chemicals would be released into the environment as a result of use of the new products, relative to chemicals released into the environment due to use of other cigarettes already on the market, because (1) the combustion products from the new products would be released in the same manner as the combustion products of other marketed cigarettes; (2) the new products are expected to compete with or replace other currently marketed cigarettes; and (3) the ingredients in the new products are used in other currently marketed tobacco products.

6.3 Environmental Justice

No new emissions are expected due to use of the new products. Therefore, there would be no new disproportionate impacts on minority or low-income populations.

6.4 Cumulative Impacts

The impacts from use of combusted tobacco products include exposure to secondhand smoke (SHS) produced from burned cigarettes. Particles emitted by smoking may remain on surfaces, be re-emitted back into the gas phase, or react with oxidants and other compounds in the environment to yield secondary pollutants, thirdhand smoke (THS). These pollutants coexist in a mixture in the environment alongside SHS (Burton, 2011; Matt et al., 2011).

---

There is no safe level of exposure to SHS (U.S. Department of Health and Human Services, 2006a and 2006b). Even low levels of SHS can harm children and adults in many ways, including the following:

- The U.S. Surgeon General estimates that living with a smoker increases a nonsmoker's chances of developing lung cancer by 20 to 30% (U.S. Department of Health and Human Services, 2014).
- Exposure to SHS increases school children's risk for ear infections, lower respiratory illnesses, more frequent and more severe asthma attacks, and slowed lung growth. Such exposure can cause coughing, wheezing, phlegm, and breathlessness (U.S. Department of Health and Human Services, 2006a and 2006b).
- SHS causes more than 40,000 deaths a year (U.S. Department of Health and Human Services, 2014).

However, use of cigarettes in the United States is declining according to the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) Statistical Release reports (Figure 2).13 This likely is responsible for the decline in SHS exposure observed in several studies that evaluated the levels of SHS exposure in children and nonsmokers living in homes of smokers (Homa et al., 2015; Yao et al., 2016). Despite the considerable ethnic and racial disparities in SHS exposure in vulnerable populations, data from the National Health and Nutrition Examination Survey showed a decline in SHS exposure from 1999-2000 to 2011-2012 with the highest prevalence of exposure among non-Hispanic subpopulations (46.8%), compared to Mexican Americans (23.9%) and non-Hispanic whites (21.8%) in 2011-2012 (Homa et al., 2015). There were also significant declines in SHS exposure prevalence noted in the 2000 and 2010 National Health Interview Survey Cancer Control Supplements. Exposure to SHS declined in Hispanics from 16.3% in 2000 to 3.1% in 2010, non-Hispanic Asians from 13.4% in 2000 to 3% in 2010, and non-Hispanic blacks from 31.2% in 2000 to 11.5% in 2010 as compared to exposures in non-Hispanic whites, which declined from 25.8% in 2000 to 9.7% in 2010 (Yao et al., 2016).

---

As of March 2020, 28 states and the District of Columbia have implemented comprehensive smoke-free laws (American Lung Association, 2020). Such laws are expected to reduce the levels of non-user exposure to SHS and THS.

6.5  Impacts from No-Action Alternative

The environmental impacts of the no-action alternative would not change the existing condition of use of cigarettes, as many similar tobacco products would continue to be used in the United States.

7.  Potential Environmental Impacts of the Proposed Actions and Alternatives – Disposal of the New Products

The Agency considered potential impacts to resources in the environment that may be affected by disposal of the new products. Based on publicly available information such as the documented continuous decline of cigarette use in the United States, and the applicant’s submitted information, including market volume projections for the new products, the Agency found no significant impacts.

7.1  Affected Environment

The affected environment includes human and natural environments in the United States because the marketing orders would allow for the applicant to distribute and sell the new tobacco products to consumers in the United States.
7.2 Air Quality

The Agency does not anticipate disposal of the new products or the packaging material would lead to the release of new or increased chemicals into the air.

No changes in air quality are anticipated from disposal of the cigarette butts of the new products. The chemicals in the new products’ cigarette butts are commonly used in other currently marketed cigarettes. Because the new products are anticipated to compete with or replace other currently marketed cigarettes, the butt waste generated from the new products would replace the same type of waste. Therefore, the fate and effects of any materials emitted into the air from disposal of the new products is anticipated to be the same as any materials from other cigarettes disposed of in the United States.

No changes in air quality from disposal of the packaging materials in the new products would be expected because (1) the paper and plastic components of the packages are more likely to be recycled or at least a portion of the packaging waste is likely to be recycled, (2) the packaging materials are commonly used in the United States, and (3) the waste generated due to disposal of the packaging is a minuscule portion of the municipal solid waste in the United States (U.E. EPA, 2019), per FDA’s experience in evaluating the packaging waste generated from tobacco products.

7.3 Water Resources

No changes in any impacts on water resources are expected due to disposal of the cigarette butts and packaging from the new products because the chemicals in the new products are also used in currently marketed cigarettes. Furthermore, the new products would compete with or replace other cigarettes currently on the market.

7.4 Biological Resources

The proposed actions are not expected to change the continued existence of any endangered species or result in the destruction or adverse modification of the habitat of any such species, as prohibited under the U.S. ESA. Although disposal of smoldering cigarettes has been implicated in many fire incidents, the disposal of the new products is not expected to change the fire frequency because (1) the disposal of the new products would be the same as the disposal of other cigarettes that are currently marketed in the United States, and (2) there would be no anticipated increase in number of cigarettes being disposed of as the new products are anticipated to replace similar marketed cigarettes.

7.5 Solid Waste

The Agency does not foresee the introduction of the new products would noticeably affect the current cigarette butt and packaging waste generated from all combusted, filtered cigarettes. The waste generated due to disposal of the new products would be handled in the same manner as any other waste generated from disposal of any other combusted, filtered cigarettes marketed in the United States.


States. The number of cigarette butts generated would be equivalent to the market projections (Confidential Appendix 2) and a portion of those would be Littered.

7.6 Socioeconomics and Environmental Justice

The Agency does not anticipate changes in impacts on socioeconomic conditions or environmental justice from disposal of the new products. The waste generated due to disposal of the new products is expected to be handled in the same manner as the waste generated from other cigarettes in the United States. No new emissions are expected due to disposal of the new products; therefore, there would be no new disproportionate impacts on minority or low-income populations.

7.7 Cumulative Impacts

A major existing environmental consequence of the use of the new products as well as other conventional cigarettes is littering of discarded cigarette filters or butts (Novotny and Zhao, 1999). Cigarette butts are among the most common forms of litter found on beaches (Claereboudt, 2004; Smith, et al., 1997), near streams, night clubs (Becherucci and Pon, 2014), bus stops (Wilson, et al., 2014), roads, and streets (Healton et al., 2011; Patel, et al., 2013). Cigarette butts have been found at densities averaging more than four cigarette butts per meter squared of urban environments (Pon and Becherucci, 2012).

Compounds in cigarette butts can leach out into water, potentially threatening human health and the environment, especially marine ecosystems (Kadir and Sarani, 2015). The environmental toxicity of cigarette butts due to air emissions is not well studied. The chemicals in cigarette butts can be the original chemicals in the unsmoked cigarettes or the pyrolysis and distillation products deposited in the cigarette butts. Airborne emissions from cigarette butts after disposal depend on the environmental conditions and the chemicals in the butts. These emissions can be influenced by several factors, such as the cigarette brand, cigarette length, filter material, types of tobacco, ingredients in the cigarette and tobacco filler, number of puffs, and the mass transfer behavior of combustion products along the cigarette.16

However, the cumulative impacts from cigarette butts are declining because the use of cigarettes in the United States is declining, based on the U.S. TTB Statistical Release reports (Figure 2).

7.8 Impacts from No-Action Alternative

The environmental impacts of the no-action alternative would not change the existing condition of disposal of cigarettes and cigarette packaging, as many other similar tobacco products would continue to be disposed of in the United States.

8. List of Preparers

The following individuals were primarily responsible for preparing and reviewing this programmatic environmental assessment:

Preparer:

Ronald Edwards, MS, Center for Tobacco Products
Education: MS in Biology
Experience: Twenty-six years in environmental regulation and laboratory toxicology
Expertise: Heavy metal analysis, water quality, environmental remediation, FDA, EPA, and USDA investigator

Reviewer:

Rudaina Alrefai-Kirkpatrick, Ph.D., Center for Tobacco Products
Education: Ph.D. in Plant Molecular Biology and Virology
Experience: Forty-two years in various scientific activities including eight years in NEPA practice
Expertise: NEPA analysis, environmental risk assessment, evidence-based assessment of health technologies, NEPA Implementation

9. A Listing of Agencies and Persons Consulted

Not applicable.

10. References


## Changes in the New Products as Compared with the Corresponding Predicate Products

<table>
<thead>
<tr>
<th>STN</th>
<th>Component</th>
<th>Change from Predicate Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE0015726</td>
<td>Tipping adhesive</td>
<td>• Addition of (b) (4)</td>
</tr>
<tr>
<td></td>
<td>Monogram ink</td>
<td>• Decrease in (b) (4) (b) (4)</td>
</tr>
</tbody>
</table>
|             | Cigarette seam adhesive | • Decrease in (b) (4)  
|             |                   | • Substitute (b) (4) with (b) (4)                                                              |
|             |                   | • Increase in (b) (4)                                                                           |
|             |                   | • Addition of (b) (4) and (b) (4) (15 ingredients).                                             |
| SE0015727   | Tipping adhesive | • Addition of (b) (4)                                                                            |
| SE0015728   |                   |                                                                                                 |
| SE0015729   |                   |                                                                                                 |
| SE0015730   |                   |                                                                                                 |
CONFIDENTIAL APPENDIX 2

Market Volumes for the New and Corresponding Predicate Products and Percentage of Cigarette Use in the United States Projected to be Attributed to the New Products

First- and fifth-year market volume projections for the new products were compared to the total forecasted use of cigarettes in the United States.17 The projected use of the new products in the first and fifth year of marketing account for about (b) (4) % and (b) (4) %, respectively, of the forecasted cigarette use in the United States. The applicant stated the predicate products are not currently marketed in the United States and would not be marketed simultaneously, if marketing orders were issued for the new products. In addition, the applicant stated that the new products would compete with or replace similar tobacco products currently on the market.

<table>
<thead>
<tr>
<th>STN</th>
<th>Projected Market Volume</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First-Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Product (# of Cigarettes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Product as a Percent of Total Cigarettes Used18</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fifth-Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Product (# of Cigarettes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Product as a Percent of Total Cigarettes Used19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE0015726</td>
<td>(b) (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE0015727</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE0015728</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE0015729</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE0015730</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17 The Agency used historical data regarding total use of cigarettes from 2002 to 2019 to mathematically estimate the total number of cigarettes used in the United States. Using the best-fit trend line with an $R^2$ value of 0.9835, the forecasted number of cigarettes that would be used in the United States is estimated at 212.630 billion cigarettes in the first year and 190.636 billion cigarettes in the fifth year of marketing the new products.

18 Projected Market Occupation of the New Products in the United States (%)=

\[\text{Projected Market Volume of the New Product (cigarette pieces)} \times 100 \]

\[\text{Projected Use of Cigarettes in United States (cigarette pieces)}\]

19 Ibid