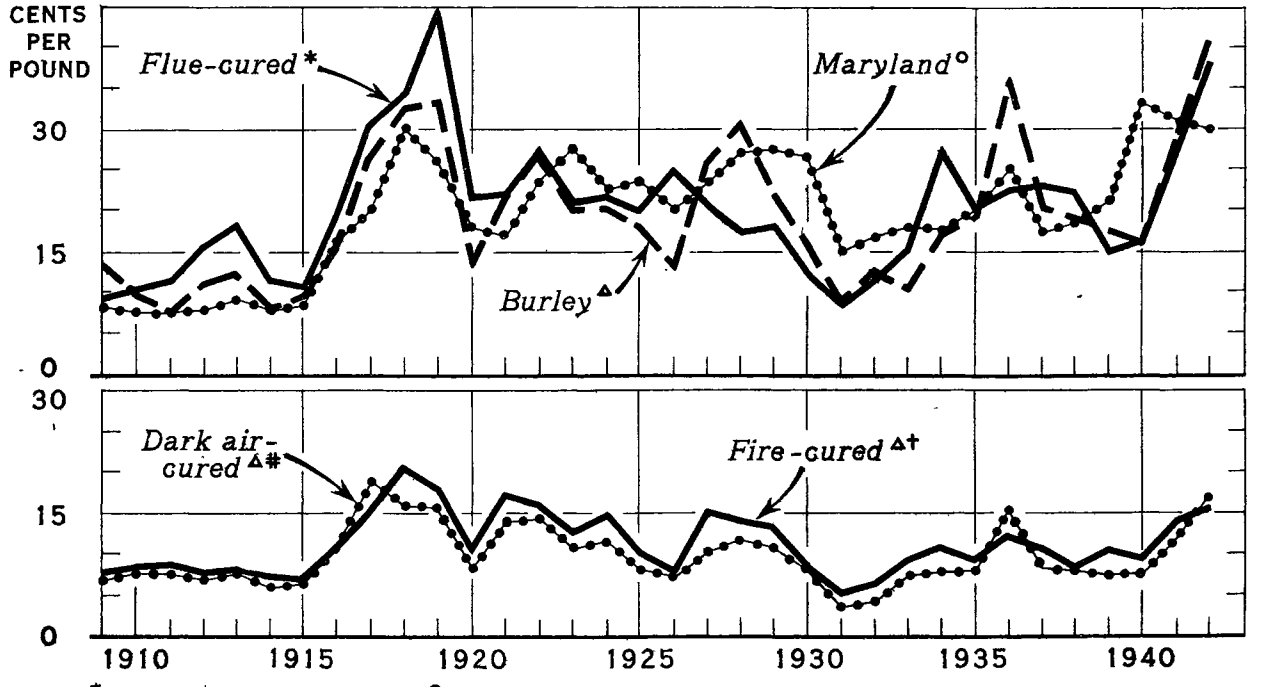
THE Tobacco SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TS-25 BAE FEBRUARY 1943

TOBACCO: PRICES RECEIVED BY FARMERS, BY TYPES OR CLASSES, UNITED STATES, 1909-42

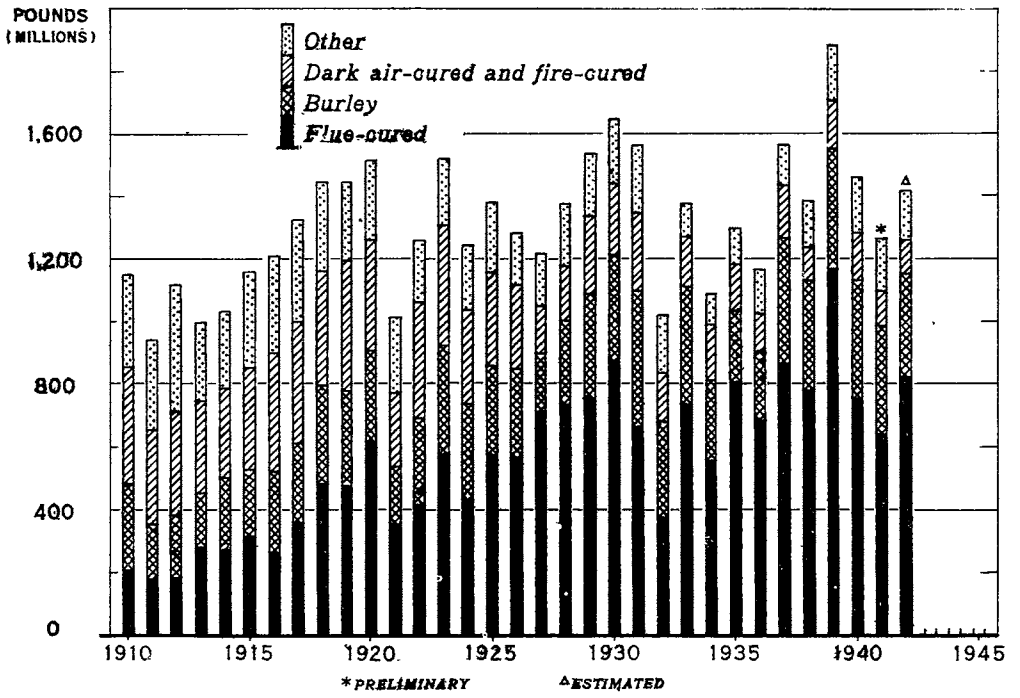


*YEAR BEGINNING JULY °CROP OF YEAR INDICATED, SOLD FOLLOWING CALENDAR YEAR
△YEAR BEGINNING OCTOBER #1909-18, EXCLUDING TYPE 56 †1909-18, EXCLUDING TYPE 24
DATA FOR 1941 ARE PRELIMINARY; 1942 ESTIMATED

U. S. DEPARTMENT OF AGRICULTURE NEG. 39352 BUREAU OF AGRICULTURAL ECONOMICS

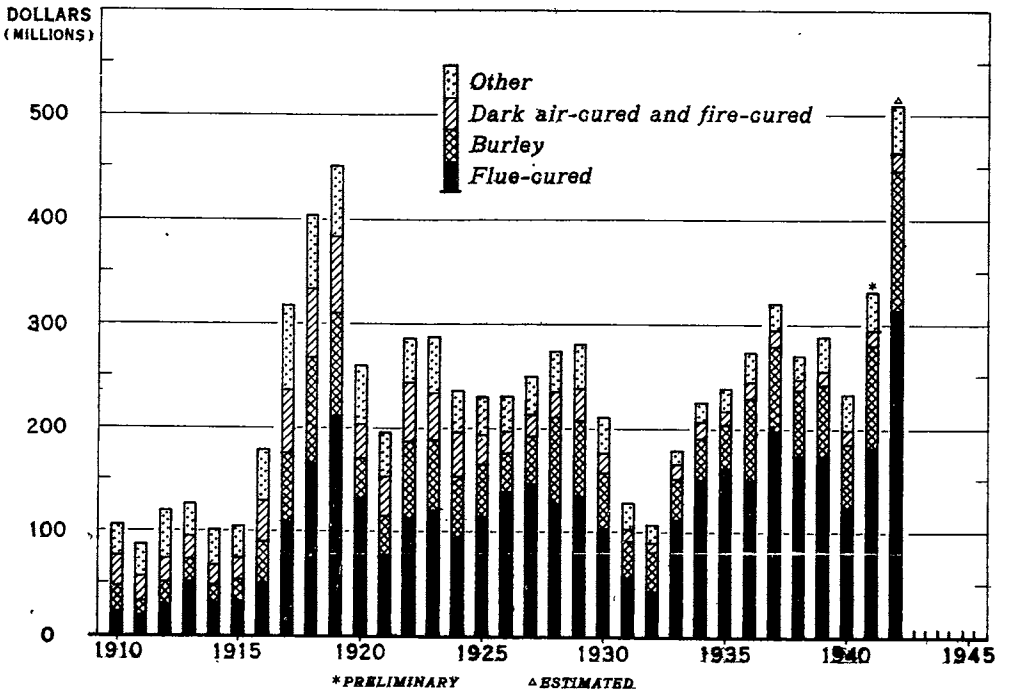
Prices received by farmers for the major non-cigar types of tobacco have been the highest in many years. Burley prices are at record levels and flue-cured the highest since 1919. Sharply increased domestic demand associated with recurring monthly peaks in cigarette consumption has been the major causative factor. Since World War I the demand for United States dark tobaccos has declined even more than their production, and the trend in their prices has been downward. Recently, however, particularly this season, prices have been higher due to some recovery in the demand for products made from dark leaf, increased by-product diversion, and improved export prospects.

PRODUCTION OF TOBACCO, BY TYPES, UNITED STATES, 1910-42



U. S. DEPARTMENT OF AGRICULTURE FIGURE 1 NEG. 42850 BUREAU OF AGRICULTURAL ECONOMICS

CROP VALUE OF TOBACCO, BY TYPES, UNITED STATES, 1910-42



U. S. DEPARTMENT OF AGRICULTURE FIGURE 2 NEG. 42849 BUREAU OF AGRICULTURAL ECONOMICS

The total production of tobacco in 1942 was approximately 150 million pounds or 12 percent greater than in 1941 and about 100 million pounds smaller than the 1937-41 average. Due to higher prices received by farmers, however, the value of the crop is estimated to be the record high of approximately 510 million dollars, compared with 332 million in the preceding season and 451 million dollars received for the 1919 crop. There has been a marked upward trend in the contribution to the production and value of tobacco as a whole made by the light types, particularly flue-cured, and a decline in the proportion of the total represented by dark tobaccos and cigar leaf.

THE TOBACCO SITUATION

Summary

Prices received by farmers for 1942 tobacco crops were materially higher than prices for 1941 production. Higher prices have been particularly pronounced for flue-cured and Burley, but substantial advances also have occurred for dark tobaccos and cigar types. Sales of flue-cured and Burley have been completed and markets for the dark types will close within the next few weeks. It is estimated that returns to growers of tobacco as a whole will be more than 510 million dollars, compared with 332 million received for 1941 production and the previous record return for marketings of 451 million in 1919.

The 1942 flue-cured crop of 811 million pounds was sold at an average price of between 38 and 39 cents, the highest price since 1919. Demand was strong and prices well maintained throughout the season. The increased consumption of domestically manufactured tobacco products, particularly cigarettes, and purchases by the Commodity Credit Corporation were important contributing factors. Flue-cured leaf was brought under a temporary 60-day price ceiling by the Office of Price Administration, effective August 31, and a permanent order replaced the temporary regulation on September 22.

Prices and returns to producers of Burley tobacco have been the highest on record. Effective December 4, 1942, just in advance of the opening of the marketing season, Maximum Price Regulation 283 placed ceiling prices on Burley in terms of United States standard grades. In order to provide for a more fair and systematic distribution of the crop among buying interests, the Government, under the terms of Food Orders Nos. 4 and 4.1,

provided for the allocation of the Burley crop. The order, effective January 7, permitted manufacturers to purchase 1942 Burley in an amount not to exceed 90 percent of their average purchases from the crops of 1939, 1940, and 1941. Purchases made previous to the order were counted against each buyer's allotment.

Prices for most grades were at ceiling levels throughout the season. Stocks of Burley leaf on October 1, 1942 were small relative to present rates of disappearance, and the fact that the 1942 crop is considerably smaller than estimated consumption for this season will result in a further reduction in stocks next October 1. The use of smoking tobacco by consumers has declined moderately during the past year but any resulting decrease in the demand for Burley leaf from this source has been more than offset by the very high level of cigarette production. In recognition of the shortness of Burley supplies relative to demand, acreage allotments for 1943 were increased to 421,000 acres or 10 percent above the 1942 allotments.

Prices of all dark tobaccos have averaged higher than a year ago. Some increase in commodity prices in general, a larger domestic consumption of snuff and chewing tobacco, higher advance prices, improved export prospects, and, particularly, increased purchases for the manufacture of byproducts, have been important demand factors contributing to the strength of dark tobacco prices. Since last April the Department of Agriculture has operated a program encouraging the diversion of low-grade dark tobacco to the manufacture of nicotine alkaloid and nicotine sulphate. This program is designed to increase supplies of domestically produced insecticides. The principal foreign sources of insecticides such as rotenone and pyrethrum in the East Indies, have been cut off by the war in the Pacific. The production of nicotine sulphate and related tobacco byproducts is being subsidized by the Government in order to

make possible their increased manufacture and sale, under price ceilings for nicotine sulphate established by the Office of Price Administration. In order to aid the Department in obtaining for byproduct manufacturers the supplies of tobacco required, the Secretary of Agriculture on January 21 issued an order reserving certain low grades of the 1942 crop of types 22, 23, and 36 for use in the manufacture of byproducts such as nicotine sulphate and nicotine alkaloid.

-- February 27, 1943

FLUE-CURED TYPES 11-14

Prices Highest since 1919 - Value of the Crop the Highest on Record

The 1942 season average price to producers for all flue-cured tobacco was approximately 38.3 cents, the highest price received by growers since 1919. Returns to farmers were a record high, preliminarily estimated at about 315 million dollars, compared with 212 million in 1919, the previous peak, and with the 1934-38 average of 169.7 million dollars. Sales data of the Tobacco Branch of the Food Distribution Administration place the crop at approximately 811 million pounds. Demand was strong and prices well maintained throughout the season. The increased consumption of domestically manufactured products, especially cigarettes, and purchases by the Commodity Credit Corporation were important contributing factors. 1/ In addition, the quality of the flue-cured crop as a whole was better than average. Although the Eastern Belt, type 12, did not have as good a crop as in some recent years, flue-cured production in general contained a high proportion of choice and fine grades. The Old Belt, particularly 11b had one of the best crops on record. It was unusually uniform, of a bright yellow color, and the percentage of nondescript was only half that of 1941.

Flue-cured leaf was brought under a temporary 60-day price ceiling by the Office of Price Administration, effective August 31. On September 22 a permanent order replaced the temporary regulation. The Price Administrator stated that the ceiling on flue-cured was made necessary by the danger of a run-away market (for additional data see The Tobacco Situation for September 1942, TS-24, and Maximum Price Regulation No. 228, Office of Price Administration 790).

1/ Flue-cured leaf of the 1942 crop purchased by or pledged to the Commodity Credit Corporation totaled approximately 250 million pounds.

Price Increases Sharper in Lower Grades

Practically all grade averages were materially higher than last year. However, price increases were relatively much greater in the cheaper than in the better grades, and price differences between the various upper qualities were small. Prices for some of the lower qualities were more than double those of 1941. This shift in the price pattern was particularly pronounced for type 11 tobacco. For several years past there has been a tendency for prices of the lower qualities of leaf to increase relatively more than prices of the better grades. This trend was accentuated in the case of the 1942 crop by the extremely strong demand for flue-cured and by the fact that the price ceiling was in terms of over-all or average prices that could be paid by individual manufacturers rather than in terms of individual grades.

Cigarette Consumption Establishes New High in 1942

The major factor in the brisk demand for cigarette tobaccos this last season was the rise in consumption of cigarettes. Tax-paid withdrawals have established new peaks monthly and further increases are in prospect. In the calendar year 1942 these totaled approximately 236 billion, an increase over the previous record in 1941 of about 14 percent. Actually the growth in the manufacture of cigarettes has been even larger, for figures on tax-paid withdrawals do not include a large number of tax-free cigarettes used by members of the armed forces outside the United States. Stocks of flue-cured held by manufacturers and dealers on July 1, 1942 were approximately 70 percent greater than the 1934-38 average, and probably will still be large on July 1, 1943 in comparison with most recent years. However, 200 to 250 million pounds of these stocks consisted of leaf held by or for the account of the Commodity Credit Corporation. Furthermore, utilization by domestic manufacturers now represents a larger proportion of disappearance than in the pre-war period. Stocks available for domestic use probably represent no more than 2 years' consumption at current rates. In most past periods manufacturers have attempted to maintain stocks equal to from 2 to 2-1/2 years' consumption, in order that leaf might be given adequate aging. Any large decline in stocks below present levels would bring them close to the minimum consistent with the continued manufacture of tobacco products adapted to the present taste of consumers.

At the present time, however, it does not appear that any restrictions on the manufacture or distribution of cigarettes are necessary. This statement was officially made by the Beverages and Tobacco Division of the War Production Board (released by the Office of War Information on February 22, 1943, W.P.B. 2577). This conclusion was based not only on the belief that supplies of leaf tobacco are adequate for the time being, but also on the fact that no labor problem exists in the cigarette industry, that the industry consumes mostly coal rather than oil, and that imports and supplies of Turkish tobacco are still adequate. The Beverages and Tobacco Division gives some interesting opinions concerning the cigarette industry and the nature of the tobacco which it uses as a raw material. It is estimated that approximately 60 billion cigarettes, or 25 percent of the total, were consumed by the armed forces

in 1942. The present importance of cigarettes is a result of a pronounced upward trend in their popularity. In 1942 per capita consumption amounted to 1,680 cigarettes or nearly 50 times per capita utilization in 1900 and nearly 4 times per capita consumption immediately following the end of World War I.

Although the industry so far has been able to cope with the extraordinary demands placed upon it, cigarette manufacturers have been faced with serious production problems as a result of the war. They have had to get along with smaller quantities of sugar, glycerin and diethylene glycol which are essential war materials. Manufacturers have been experimenting with substitutions for glycerin but none have proved to be entirely satisfactory. The quality of products, however, has been pretty well maintained despite the restriction on ingredients. Glycerin has been partly replaced with glycol propelene, apple sirup, and other substitutes. Furthermore, the use of these materials is less important to the quality of cigarettes than is the quality, the aging, and the blending of the leaf tobacco used.

Table 1. Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1940-42 1/

Year	Production	Stocks, July 1	Total supply	Disappearance : year beginning July	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	741.0	844.9	1,585.5	703.9	22.9
1940	759.9	1,409.7	2,169.6	576.7	16.4
1941	649.5	1,592.9	2,242.4	782.9	28.1
1942 2/	2/ 811.0	1,459.5	2/ 2,270.5	3/ 835.0	2/ 38.3

1/ Farm-sales-weight equivalent.
2/ Preliminary.
3/ Estimated.

LIGHT AIR-CURED, BURLEY TYPE 21, AND MARYLAND, TYPE 32

Prices and Returns to Burley Producers Highest on Record

The selling season for the 1942 Burley crop came to a close the week ended February 19. Gross sales amounted to 352 million pounds at an average price of slightly more than 42 cents. It is estimated on the basis of sales data of the Tobacco Branch of the Food Distribution Administration that production will total between 340 and 345 million pounds and the average price received by farmers will be between 41 and 42 cents, compared with 29.3 cents in 1941. This means that Burley growers have received approximately 140 million dollars for their 1942 crop. The previous peak in returns was 102 million dollars in 1918.

Effective December 4, 1942, just in advance of the opening of the marketing season, Maximum Price Regulation 283 placed maximum or ceiling prices on Burley tobacco in terms of United States standard grades, as follows:

Grades	Maximum Prices per Cwt. on Warehouse Floor	Grades	Maximum Prices per Cwt. on Warehouse Floor
A1L	$59.00	B3F	$49.00
A2L	57.00	B4F	43.00
A1F	57.00	B5F	34.00
A2F	55.00	B1R	45.00
A1R	54.00	B2R	43.00
A2R	49.00	B3R	37.00
B1F	54.00	B4R	29.50
B2F	53.00	B5R	23.00
B3D	27.50	C5F	46.00
B4D	21.50	C3R	52.00
B5D	16.50	C4R	46.00
B3G	29.50	C5R	39.00
B4G	22.50	C3G	37.00
B5G	17.00	C4G	32.00
T3F	38.00	C5G	25.00
T4F	30.00	X1L	54.00
T5F	22.00	X2L	54.00
T3R	26.00	X3L	53.00
T4R	20.00	X4L	49.00
T5R	14.75	X5L	40.00
T3D	20.00	X1F	55.00
T4D	15.00	X2F	54.00
T5D	12.00	X3F	53.00
T3G	17.00	X4F	48.00
T4G	15.00	X5F	39.00
T5G	11.50	X3R	50.00
C1L	57.00	X4R	44.00
C2L	55.00	X5R	34.00
C3L	54.00	X3G	39.00
C4L	53.00	X4G	32.00
C5L	48.00	X5G	22.50
C1F	55.00	NL	25.00
C2F	55.00	NGR	11.00
C3F	54.00		
C4F	52.00		

The method of operating the ceiling allowed flexibility in that it permitted the buyer to pay higher than ceiling prices for particular grades or individual lots of leaf. However, during each week the average weighted price for all tobacco purchased by a buyer could not be higher than the average weighted ceiling price of those grades which he purchased. In practice, most of the leaf sold at the ceiling price for its grade throughout the season. However, some green and nondescript tobacco sold below ceilings.

The price ceiling on Burley tobacco permitted record high prices and returns to farmers and at the same time tended to prevent unreasonable price increases which would have been extremely injurious to the Government's policy of economic stabilization and in the long run would have been harmful to the best interest of the growers themselves.

Allocation of Burley Provided for by Government Order

The exceptionally strong demand for Burley leaf and the resulting willingness of numerous buyers to pay ceiling prices for most individual lots of tobacco made some form of allocation of the crop desirable. During December much of the tobacco was arbitrarily allocated among the buyers by auctioneers. It was apparent, however, that such a procedure was arbitrary and unsystematic and a considerable amount of speculative buying and confusion resulted. Consequently, in order to provide for a more fair and systematic distribution of the crop among buying interests, an allocation order effective January 7 was issued by the United States Department of Agriculture. Under the terms of Food Order No. 4, manufacturers were permitted to purchase 1942 crop Burley in an amount not to exceed 90 percent of their average purchases from the crops of 1939, 1940, and 1941. Purchases made previous to the issuance of the order were counted against each buyer's allotment. Buying orders from manufacturers executed by dealers were not counted as purchases for the dealers on account but were chargeable to manufacturers' allocations. Reopening of the markets following the usual holiday recess was delayed until January 11, to give time for this plan of Government-controlled allocations to be drafted and put into effect.

Demand for Burley Strong, Supply Small

All major buying interests desired to purchase more leaf this year than last, although the quantity of leaf available for purchase was about the same. The total supply of Burley for the 1942-43 season (1942 production plus stocks on October 1) is the smallest since 1939, but demand, due largely to increased consumption of cigarettes, has been extremely active. The consumption of plug and twist also has been greater recently than last year. The production of smoking tobacco continues to be smaller than in most recent years, but the decrease in the utilization of Burley in this product is small compared with the increased quantities required for other products, especially cigarettes. Stocks on October 1 of 755 million pounds compared with an estimated disappearance in the 12 months, October 1, 1942 to September 30, 1943, of 400 million pounds. The substantial excess of estimated 1942-43 disappearance over 1943 production will bring stocks on October 1, 1943 to 700 million pounds or less. Such a level of stocks will be below the average for the period 1934-38 when the consumption of Burley was only about three-fourths as great as at the present time.

In recognition of the shortness of Burley supplies relative to demand, acreage allotments for 1943 were increased to 421,000 acres or 10 percent above the 1942 allotment of 383,000 acres. The area actually planted by growers in 1942 was 356,400 acres.

Table 2.- Burley tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1940-42 1/

Year	Production	Stocks, Oct. 1	Total supply	Disappearance, year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	286.9	700.9	987.8	314.2	22.2
1940	375.3	762.3	1,137.6	339.5	16.2
1941	338.1	798.1	1,136.2	380.9	29.3
1942 2/	343.0	755.3	1,098.3	3/ 400.0	3/ 41.5

1/ Farm-sales-weight equivalent. 2/ Preliminary. 3/ Estimated.

Table 3.- Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1940-42 1/

Year	Production	Stocks, Jan. of following year	Total supply	Disappearance, following calendar year	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	27.5	38.4	65.9	27.5	19.7
1940	32.6	43.2	75.8	30.8	33.0
1941	30.2	45.0	75.2	33.2	2/ 30.2
1942 2/	3/ 30.0	47.7	77.7		

1/ Farm-sales-weight equivalent. 2/ Preliminary. 3/ Indicated December 1.

FIRE-CURED AND DARK AIR-CURED TOBACCOS

Prices Well Above Last Season 1/

Prices of all dark tobaccos have averaged well above a year ago. A larger domestic consumption of snuff, plug chewing tobacco, and other

1/ Fire-cured markets opened on the following dates:
Virginia fire-cured type 21 - December 7
Eastern District type 22 - January 5-7
Western District, type 23 - January 4-9
Opening dates for dark air-cured sales were:
One Sucker type 35 - December 2-4
Green River type 36 - December 1
Virginia sun-cured type 37 - December 8

products utilizing large quantities of dark leaf, improved export prospects associated with increased trade with Africa, increased purchases for the manufacture of byproducts, and higher advance prices have been important demand factors contributing to the strength of dark tobacco prices. Sales of the 1942 Virginia fire-cured crop are near completion. Up to February 25 gross sales amounted to 13.3 million pounds at an average price of 17.5 cents a pound. The average price received for the 1941 production was 15.6 cents. Approximately 20 percent of the 1942 crop has been received by the Associations. An average of 17.6 cents per pound was paid for the 24.6 million pounds of Eastern District 1942 fire-cured, marketed through February 25. This compares with an average price last year of 14.4 cents. Receipts of the Eastern Dark Fire-Cured Tobacco Growers' Association have been comparatively light since all grade averages have been well above advance prices. Through February 10 less than 12 percent of total marketings were pooled. Through February 26 approximately 8 million pounds of Western District type 23 leaf were sold at an average of 14.5 cents. The Western Growers' Association in a report released February 24 stated that 14 percent of the season's marketings to date had been received by the Association. Sales of Henderson stemming type 24 were reported on January 21 to have amounted to 138,400 pounds at 12 cents per pound.

Sales of Green River ended on February 27. By February 22, 14.7 million pounds had been sold at an average of 13.7 cents, 2 cents above average prices received by growers for the 1941 crop. Marketings of One Sucker through February 15 were above 17.5 million pounds sold at an average of 15.7 cents. One Sucker leaf of the 1941 crop brought an average price of 11.4 cents. The market for Virginia sun-cured closed February 26. Up to February 17, sales amounted to 2.5 million pounds at an average price of 22.3 cents. This is the highest price for sun-cured since 1919.

Low Grade Dark Tobacco Reserved by Government

Acting to augment supplies of insecticides vitally necessary to food production this year, the Secretary of Agriculture on January 21 issued an order reserving certain low grades of the 1942 crop of types 22, 23, and 36 for use in the manufacture of nicotine sulphate and nicotine alkaloid. Under this order (Food Distribution Order No. 9, effective January 22) tobacco of United States grades X3M, X3G, X4F, X4FV, X4D, X4M, X4G, X5F, X5FV, X5D, X5M, X5G, and Nondescript offered for sale on auction markets for types 22, 23, and 36 can be sold only to manufacturers of nicotine sulphate and nicotine alkaloid. Tobacco of these grades bought other than on auction floors and purchased by buyers other than byproduct manufacturers must be resold to such manufacturers. These grades of tobacco are among the lowest grades of tobacco appearing on the market, but they are highly suitable for nicotine production.

Since last April the Department of Agriculture has operated a program encouraging the diversion of low-grade dark tobacco to the manufacture of nicotine alkaloid and nicotine sulphate. This program is distinctly different in its intent from the byproduct diversion programs conducted by the Department in earlier years. Previous diversion operations were for the purpose of reducing burdensome stock of dark tobacco

and supporting prices received by farmers. The present program, however, is being undertaken to increase supplies of domestically produced insecticides. The principal foreign sources of insecticide bases, such as rotenone and pyrethrum in the East Indies, have been cut off by the war in the Pacific. The need for larger quantities of domestically produced insecticides has been increased, not only by the curtailment of foreign supplies but also by the high levels of domestic agricultural production and increased export requirements, most of the latter being on a lend-lease basis.

The production of nicotine sulphate and related tobacco byproducts is being subsidized by the Government in order to make possible its increased manufacture and sale under price ceilings established by the Office of Price Administration. Subsidy payments are made to byproduct manufacturers, under close supervision of the Food Distribution Administration. Payments are made at a rate equal to the difference between the purchase price which the manufacturer finds it necessary to pay for leaf and 3-1/2 cents per pound for tobacco of types 21, 22, 23, 24, and 36 except that the rate of payment may not exceed 7 cents per pound. For types other than those mentioned above, the rate is equal to the difference between the purchase price and 2-1/2 cents per pound and the maximum payment is 6 cents.

Supplies Short Relative to Demand

Total 1942 production of all dark tobaccos is estimated at about 105 million pounds or about the same as in 1941 and approximately 30 percent less than the 1934-38 average. Stocks on October 1, 1942 are smaller than a year earlier. The trend in demand for United States dark tobaccos has been downward for a long period of years, and, with the outbreak of World War II, dwindling exports suffered a further sudden and abrupt curtailment. The present level of dark tobacco production is the result of protracted efforts by the Government and producers to adjust supply to decreasing demand. Disappearance in 1941, however, was considerably larger than production, and disappearance this season (October 1, 1942, to September 30, 1943) will exceed production by a higher margin than in the preceding season. As previously stated, this situation is due chiefly to a moderate revival in the consumption of products made from dark tobaccos and to the increased manufacture of tobacco byproducts. During the remainder of this season and next year there will be a definite shortage of the lower grades of dark leaf which are suited to byproduct diversion and some of which are also used extensively in the manufacture of tobacco products. Prices of these grades in the 1942 crop have shown the largest increases over last year.

Table 4.- Dark tobaccos: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1940-42 1/

Year	Production	Stocks Oct. 1	Total supply	Disappearance, year beginning Oct.	Average price per pound
	TOTAL ALL DARK TOBACCOS				
Fire-cured, types 21-24, and dark air-cured, types 35-37	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct.
Average 1934-38	145.2	257.0	402.2	161.4	10.0
1940	149.9	207.2	357.1	98.8	9.0
1941 2/	104.7	258.3	363.0	114.4	13.4
1942 3/	105.3	248.6	353.9		
	FIRE-CURED				
Total, types 21-24					
Average 1934-38	110.0	194.2	304.2	122.7	10.2
1940	107.4	141.6	249.0	65.1	9.5
1941 2/	73.1	183.9	257.0	72.4	14.0
1942 3/	72.8	184.6	257.4		
	DARK AIR-CURED				
Total, types 35-37					
Average 1934-38	35.2	62.8	98.0	38.7	9.4
1940	42.5	65.6	108.1	33.7	7.7
1941 2/	31.6	74.4	106.0	42.0	12.0
1942 3/	32.5	64.0	96.5		
One Sucker, type 35					
Average 1934-38	16.6	30.8	47.4	17.8	8.9
1940	21.9	31.9	53.8	18.1	7.5
1941 2/	15.8	35.7	51.5	20.0	11.4
1942 2/	15.8	31.5	47.3		
Green River, type 36					
Average 1934-38	15.9	29.3	45.2	18.3	9.7
1940	17.5	30.1	47.6	12.6	7.6
1941 2/	13.6	35.0	48.6	18.9	11.7
1942 3/	14.0	29.7	43.7		
Va. sun-cured, type 37					
Average 1934-38	2.7	2.7	5.4	2.6	11.5
1940	3.1	3.6	6.7	3.0	9.3
1941 2/	2.2	3.7	5.9	3.2	17.9
1942 3/	2.7	2.7	5.4		

1/ Farm-sales-weight equivalent.
2/ Preliminary.
3/ Indicated December 1.

CIGAR TOBACCO TYPES 41-62

Supplies This Season Show Little Change, Production Down, Stocks Up

Production of all types of cigar tobacco in the continental United States in 1942 totaled 126,700,000 pounds, compared with approximately 140 million in 1941 and an average of 95 million in 1934-38. A particularly sharp decline was registered this last season in production of binder types due to a decrease in acreage which was offset to only a slight degree by a higher yield per acre. For cigar types as a whole the decrease in acreage in 1942 was about 10 percent.

Stocks October 1, 1942 were larger than a year earlier for all three major categories, filler, binder, and wrapper. In the case of filler the increase in stocks was sufficient to result in a small rise in total supply, while for binder there was a slight decline and wrapper supplies showed little change.

Prices Higher Than in 1941

Prices received so far this season by growers of cigar tobaccos types 41-44 and 51-56 have been approximately 2 cents per pound higher on the average than prices received for the 1941 crop. Prices received by farmers as of January 15, 1943 were 12.8 for filler and 16.8 for binder, compared with 11.5 and 15.2 on the corresponding date a year earlier.

Effective January 23, 1943, the Office of Price Administration issued Maximum Price Regulation 308 placing the ceiling prices on Connecticut shade-grown tobacco type 61. Top prices were set for growers and packers on the basis of the 25 grades of Connecticut Valley shade recognized by the industry. These ceilings are 20 percent above selling prices for the corresponding grades of the 1941 crop. The increase over last season reflected an allowance for increased costs of production. Ceiling prices by grades range from 8 cents per pound for loose leaf to $7.20 per pound for the finest wrapper (in terms of packed selling weight). Jobbers will determine their maximum selling price by adding 16-2/3 percent to the highest price at which they sold tobacco of the same grade from the 1941 crop. This increase for the jobbers reflects the increase to the grower-packers. The Office of Price Administration announced that a committee of representatives of the growers and the cigar manufacturers will be appointed by the Office of Price Administration to advise and assist the agency in administering the new regulation. No increase in the price of cigars will result under this new maximum.

Consumption of Cigars and Scrap Chewing Tobacco Continues to Increase

Tax-paid withdrawals of large cigars during the calendar year 1942 amounted to 6,207 millions, compared with 5,960 millions in 1941. This was the highest level of cigar withdrawals since 1929. In the summer and fall of 1942 withdrawals dropped slightly below those of the corresponding months a year earlier, particularly in November, the month in which the

increase in internal revenue levies became effective. However, withdrawals rebounded sharply in December to bring the total for the first 6 months of the fiscal year 1942-43 above the level of a year earlier. Manufacturers are finding it difficult to keep up with orders and consumers are not always able to find their favorite brands on retailers' counters. A comparison between the different classes is difficult since the Revenue Act of 1942 changed the basis of classifying cigars. However, consumption of higher priced cigars has increased more rapidly than consumption of the cheaper grades.

Production of scrap chewing tobacco is running considerably above that of 1941. For the first 10 months of the calendar year 1942 production of scrap chewing amounted to 47,780,000 pounds, compared with 37,500,000 in the corresponding period a year earlier, an increase of nearly 12 percent.

Tax Rates and Ceiling Prices on Cigars Raised

The Revenue Act of 1942, which became effective November 1, substantially increased internal revenue taxes on cigars. Cigars formerly under class A now are broken into three categories, A, B, and C, carrying rates per thousand of $2.50, $3.00 and $4.00, respectively, compared with a previous rate of $2.00. Cigars previously classed as B now fall partly in the new C classification and partly in D, and bear taxes of $4.00 and $7.00, respectively, compared with the previous tax of $3.00. Cigars previously classed as C, D, and E under the new schedule become E, F, and G. Taxes on these categories are now $10.00, $15.00, and $20.00, respectively, in comparison with the previously existing rates of $5.00, $10.50, and $13.50.

In order to meet the new situation occasioned by the increase in internal revenue taxes and other conditions affecting the cigar industry, the Office of Price Administration issued Maximum Price Regulation 260, New Ceiling Prices for Cigars, effective November 1, 1942. The regulation affects retailers, manufacturers, and jobbers and sets ceiling prices approximately 20 percent above the March 1942 levels. For instance, cigars formerly retailing at 3 for 10 cents become 4 cents, 5 cent cigars become 6 cents, former 10 cent cigars can be sold at a maximum of 12 cents, and so forth. The increase in retail prices, of course, varies considerably in percentage terms for the different price classes, due to the impracticability of quoting retail prices in terms of fractions of a cent. Sellers are permitted to add State taxes to specified maximum prices if such additions were customary before the order went into effect.

At various times since the original price regulation there have been five amendments covering various phases. Imported cigars, which represent less than 1/2 of 1 percent of the total cigars sold in the United States, were allowed a 10 percent increase in price to cover higher costs and increased taxes. Eleven Connecticut manufacturers were allowed to increase manufacturers' and wholesalers' maximum net prices established by Maximum Price Regulation 260 by an amount not in excess of the increase in direct labor costs. Other amendments relate to adjustments in retail prices to tax increases of fractions of a cent, to the pricing of new cigars, and to the incorporation in prices of additional State and Federal taxes.

Table 5.- Maximum prices for domestic cigars under Maximum Price Regulation 260 1/

Column 1 March 1942 stated retail prices	Column 2 March 1942 manufacturers' and wholesalers' list prices	Column 3 Maximum retail prices	Column 4 Manufacturers' and wholesalers' maximum list prices
1¢	$ 8.00	5 for 6¢	$ 9.60
7 for 10¢	11.00	7 for 12¢	13.70
3 for 5¢	14.00	2¢ each	16.00
2¢	16.00	2 for 5¢	20.00
2 for 5¢	20.00	3¢ each	24.00
3¢, 5 for 15¢	24.00	4¢, 3 for 11¢, 5 for 18¢	28.80
3 for 10¢	26.50	4¢ each	32.00
4¢	32.00	5 for 24¢	38.40
5¢	40.00	6¢ each	48.00
6¢	48.00	7¢ each	56.00
4 for 25¢	47.00	2 for 15¢	60.00
7¢, 3 for 20¢	53.50	8¢ each	64.00
8¢, 2 for 15¢	60.00	9¢ each	72.00
3 for 25¢	65.00	10¢ each	75.00
9¢	72.00	5 for 54¢	81.00
10¢	75.00	12¢ each	90.00
11¢	85.00	13¢ each	97.50
2 for 25¢	95.00	15¢ each	114.00
14¢	110.00	17¢, 3 for 50¢	130.00
15¢	115.00	17¢, 3 for 50¢	135.00
15¢	115.00	18¢	138.00
17¢, 3 for 50¢	135.00	3 for 55¢	148.00
17¢, 3 for 50¢	135.00	20¢ each	153.00
2 for 35¢	136.50	21¢ each	163.80
3 for 55¢	142.00	22¢ each	170.00
20¢	160.00	24¢ each	186.00
25¢	195.00	30¢ each	234.00
30¢	240.00	36¢ each	280.00
35¢, 3 for $1.00	269.50	42¢ each, 3 for $1.20	325.00
40¢	320.00	48¢ each	384.00
45¢	337.50	54¢ each	432.00
50¢	400.00	60¢ each	480.00
55¢	412.50	66¢ each	528.00
60¢	480.00	72¢ each	576.00
75¢	600.00	90¢ each	720.00

1/ From Section 1358.116, Appendix A, issued November 3, 1942, as amended December 7, 1942.

Table 6.- Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-42 1/

Type and year	Production	Stocks Oct. 1 2/	Total supply	Disappearance year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total filler, types 41-45 5/					
Average 1934-38	44.6	159.9	204.5	50.0	10.4
1939	63.1	141.0	204.1	54.0	11.7
1940	66.5	150.0	216.5		11.9
1941	66.2	157.0	223.2		12.4
1942 3/	4/ 60.6	166.8	227.4		
Pennsylvania seedleaf, type 41 -					
Average 1934-38	28.7	100.4	129.1	30.0	11.2
1939	45.0	97.4	142.4		12.9
1940	50.1	106.1	156.2		13.3
1941	52.0	114.3	166.3		13.2
1942 3/	4/ 48.6	123.0	171.6		
Miami Valley, types 42-44 -					
Average 1934-38	14.8	57.8	72.6	19.1	17.3
1939	17.3	42.0	59.3		8.4
1940	16.4	42.6	59.0		7.7
1941	14.2	42.7	56.9		9.3
1942 3/	4/ 12.0	43.8	55.8		
Total binder, types 51-56 5/					
Average 1934-38	41.4	165.1	206.5	60.0	12.5
1939	63.3	117.5	180.8	44.9	16.7
1940	67.9	135.9	203.8	67.1	14.6
1941	62.5	136.7	199.2	61.3	17.0
1942	56.9	137.9	194.8		
Connecticut Valley broadleaf, type 51 -					
Average 1934-38	11.1	35.5	46.6	13.5	17.3
1939	12.5	27.9	40.4	12.9	22.0
1940	12.3	27.5	39.8	16.5	21.0
1941	13.3	23.3	36.6	10.5	22.0
1942	11.9	26.1	38.0		
Connecticut Valley Havana seed, type 52 -					
Average 1934-38	8.0	28.8	36.8	11.0	16.5
1939	13.9	22.9	36.8	12.2	24.0
1940	13.8	24.6	38.4	12.9	21.7
1941	13.8	25.5	39.3	9.7	24.7
1942	12.4	29.6	42.0		

Continued -

Table 6.- Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-42 1/ - Continued

Type and year	Production	Stocks Oct. 1 2/	Total supply	Disappearance year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
New York and Pennsylvania Havana seed, type 53 -					
Average 1934-38	1.1	2.3	3.4	1.2	10.0
1939	1.9	2.8	4.7	1.5	10.9
1940	2.0	3.2	5.2	2.1	12.0
1941	2.2	3.1	5.3	2.3	12.9
1942	2.0	3.0	5.0		
Southern Wisconsin, type 54 -					
Average 1934-38	12.3	62.5	74.8	21.6	7.6
1939	18.8	34.3	53.1	9.5	10.3
1940	20.4	43.6	64.0	24.6	8.5
1941	15.4	39.4	54.8	19.2	9.6
1942	13.8	35.6	49.4		
Northern Wisconsin, type 55 -					
Average 1934-38	8.9	36.0	14.9	12.7	9.6
1939	15.6	28.7	44.3	8.3	13.8
1940	17.7	36.0	53.7	10.0	11.7
1941	16.9	43.7	60.6	18.6	14.6
1942	16.1	42.0	58.1		
Georgia and Florida sun-grown, type 56 - 3/					
1940	1.8	1.2	3.0	1.7	14.9
1941	.9	1.3	2.2	.6	14.5
1942	.7	1.7	2.4		
Total wrapper, types 61-62 -					
Average 1934-38	8.4	10.7	19.1	8.9	78.3
1939	11.4	10.8	22.2	9.3	67.7
1940	9.5	12.9	22.4	10.7	75.8
1941	10.1	11.7	21.8	8.2	77.7
1942 3/	4/ 9.2	13.6	22.8		
Connecticut Valley shade-grown type 61 -					
Average 1934-38	5.9	7.8	13.7	6.3	82.2
1939	8.6	7.7	16.3	6.5	66.0
1940	5.5	9.8	15.3	7.4	80.0
1941	6.4	7.9	14.3	6.3	85.0
1942 3/	4/ 5.7	8.0	13.7		
Georgia-Florida shade grown, type 62 -					
Average 1934-38	2.5	2.9	5.4	2.6	66.9
1939	2.8	3.1	5.9	2.8	73.0
1940	4.0	3.1	7.1	3.3	70.0
1941	3.7	3.8	7.5	1.9	65.0
1942 3/	4/ 3.5	5.6	9.1		

Continued -

Table 6.- Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-42 1/ - Continued

1/ Farm-sales weight. Rounded type figures do not check, in all cases, to those previously published because of rounding to add to the total for the class. In no case is the difference more than one point.
2/ Stocks held on farms not included; stocks for types 45 and 62 are as of July 1.
3/ Preliminary.
4/ Indicated December 1.
5/ From 1936 to 1939 there was a gradual shift in the relative proportion of type 45 (filler) and type 56 (binder). During this period the approximate distribution of production between the two types was as follows:

1936,	type 45	560,000 pounds
	type 56	200,000 pounds
1937,	type 45	804,000 pounds
	type 56	428,000 pounds
1938,	type 45	940,000 pounds
	type 56	600,000 pounds
1939,	type 45	700,000 pounds
	type 56	644,000 pounds

(See U.S.D.A. Cir. No. 249)

Beginning in 1940 the whole crop was classed as type 56. Stocks for any given year were divided between binder and filler in proportion to average production for the 2 preceding years.

Puerto Rican Crop Small and Late in Planting and Maturing 1/

The 1942-43 crop of Puerto Rican tobacco, normally planted in December and January and harvested principally in February, March, and April, is much smaller than usual. Several factors have been responsible. In the first place difficulties experienced in connection with the previous crop (1941-42) exercised considerable effect on plantings this season. Higher labor costs during 1942 substantially increased the cost of preparation of tobacco for market and delayed business transactions between manufacturers and dealers. Furthermore, the submarine menace restricted exports and rendered the outlook so uncertain that Federal agencies, cooperatives, and private dealers hesitated to finance a crop for which market outlets were uncertain and for which imported fertilizer supplies were not sufficient. In addition, excessiv rains caused damage to seed beds so that when the outlook for fertilizers and financial help improved, a scarcity of plantlets developed.

All of these circumstances have resulted in the acreage for the present season being reduced to approximately 11,000 acres or 28 percent of last years' acreage and only 37 percent of the Agricultural Adjustment Agency allotment. Furthermore the planting of the crop has been delayed by at least a month and a small amount of planting is still going on. The abnormality of the season is extending the planting and harvesting over a somewhat longer period than usual. Tobacco from some of the early plantings is already in warehouses and in the curing barns.

1/ Report Puerto Rican Tobacco Institute, February 12, 1943.

GENERAL STATISTICAL DATA

Table 7.- Tax-paid withdrawals of tobacco products in the United States, July-June 1940-41, and July-December 1941-42 1/

Products	Year beginning July			July-December		
	1940	1941	Change	1941	1942	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	189,747	216,905	+14.3	107,918	126,854	+17.5
Large cigarettes	2	2	2/ +32.1	1	2	2/ +44.5
Large cigars	5,708	6,103	+ 6.9	3,219	3,322	+ 3.2
Small cigars	152	139	- 8.6	70	64	- 8.6
Snuff 3/	38,332	41,320	+ 7.8	19,799	19,640	- .8
Manufactured tobacco 3/	305,083	289,648	- 5.1	150,075	140,951	- 6.1

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico. After January 1942 tax-paid withdrawals from the Philippine Islands are not included.
2/ Based on actual, not rounded figures.
3/ Thousand pounds.

Table 8.- Production of manufactured tobacco in the United States, July-June 1940 and 1941

Manufactured tobacco	Year beginning July			July-October		
	1940	1941	Change	1941	1942	Change
	1,000 pounds	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Percent
Smoking	205,264	186,832	-9.0	1,897	1,746	- .8
Plug	49,328	51,296	+4.0	18,009	19,845	+10.2
Twist	5,613	5,849	+4.2	2,001	2,073	+ 3.6
Fine-cut	4,973	5,191	+4.4	1,897	1,746	- .8
Scrap chewing	43,326	45,544	+5.1	15,925	18,851	+18.4

Table 9.- Index numbers of production of tobacco products in the United States, both unadjusted and adjusted for seasonal variation, January 1941-November 1942

(1935-39 = 100)

Year and month	Cigarettes		Cigars		Manufactured tobacco and snuff		Total tobacco products	
	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
1941								
Jan.	119	118	90	111	98	101	108	113
Feb.	118	125	96	110	95	96	108	116
Mar.	119	127	100	109	99	97	110	117
Apr.	118	127	111	117	100	101	113	120
May	133	131	108	109	100	100	121	119
June	144	131	113	106	99	97	128	118
July	138	123	111	106	99	97	123	114
Aug.	136	129	113	109	96	96	122	118
Sept.	146	137	120	104	107	99	132	121
Oct.	141	144	135	112	106	104	133	128
Nov.	143	149	137	115	105	106	134	132
Dec.	121	136	107	139	83	95	110	129
Year	131		112		99		120	
1942								
Jan.	146	144	104	129	96	99	126	132
Feb.	136	144	109	126	92	93	121	130
Mar.	127	137	111	121	96	94	117	125
Apr.	130	140	114	120	96	97	119	127
May	142	140	107	108	89	89	123	122
June	150	136	120	112	96	94	132	122
July	153	136	113	109	91	89	131	121
Aug.	160	152	115	112	89	88	135	130
Sept.	170	159	123	107	98	91	144	133
Oct.	169	172	140	116	104	102	149	145
Nov.	167	174	117	98	97	98	141	140
Dec.								
Year								

Compiled from monthly Federal Reserve Bulletin.

Table 10.--Tobacco: Average yield per acre, by types, in the United States, 1920-42

Year	Flue-cured, types 11-14	Burley, type 31	Maryland type 32	Fire-cured			Dark air-cured			Cigar leaf types 41-65
				Type 21	Type 22	Type 23	Type 24	Type 35	Type 36	Type 37	
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
Av. 1935-39	874	838	769	810	806	796	829	834	838	844	1,276
1935	928	792	775	870	821	795	840	835	845	900	1,295
1936	790	727	820	770	805	761	730	730	700	780	1,337
1937	875	907	650	790	846	817	850	908	900	785	1,223
1938	861	833	780	710	709	784	875	785	870	780	1,177
1939	916	930	820	910	851	824	850	911	875	975	1,347
1940	1,025	1,042	850	835	925	884	850	927	875	925	1,380
1941	905	986	750	860	950	954	900	975	975	850	1,439
1942 1/	1,041	943	760	975	963	971	925	999	1,000	950	1,412

Compiled, 1920-34, from First Annual Report on Tobacco Statistics, Statistical Bulletin No. 58; 1935-38, Annual Report on Tobacco Statistics, 1940; 1939-41, General Crop Report of the Bureau of Agricultural Economics, April 1942, and September 1942.

1/ Indicated December 1.

Table 11.- Stocks of foreign-grown cigar, cigarette, and smoking tobacco, by types as reported combining unstemmed and stemmed, owned by dealers and manufacturers in the United States, quarterly, 1938-42

Year and type	Jan. 1	Apr. 1	July 1	Oct. 1
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Total foreign-grown cigar leaf, type 80:				
1939	10,418	10,571	11,350	12,577
1940	14,637	16,252	17,194	15,942
1941	15,876	17,241	19,850	19,225
1942	19,311	18,911	19,695	22,411
Cuba (Havana), type 81:				
1939	5,987	6,289	6,418	6,633
1940	6,495	6,810	6,942	7,156
1941	7,139	8,140	9,215	9,800
1942	9,539	10,107	11,899	13,192
Sumatra and Java, type 82:				
1939	2,247	1,879	2,494	3,021
1940	2,170	1,720	3,016	2,659
1941	2,435	3,362	5,313	5,036
1942 1/	5,913	6,212	5,954	6,608
Philippine Islands (Manila), type 83:				
1939	2,181	2,245	2,280	2,913
1940	5,969	7,654	7,164	6,054
1941	6,197	5,712	5,199	4,236
1942	3,262	2,356	1,608	1,195
Other foreign-grown cigar leaf, type 84:				
1939	3	158	158	10
1940	3	68	72	73
1941	105	27	123	153
1942	597	236	234	1,416
Total foreign-grown cigarette and smoking tobacco, type 90:				
1939	86,239	108,128	101,530	92,655
1940	116,574	118,528	112,420	106,257
1941	101,733	98,583	108,802	99,487
1942	90,621	80,858	78,435	83,713

Compiled from quarterly stocks reports of the Food Distribution Administration.

1/ Does not include stocks owned by Netherlands Indies Produce Corporation held in the free trade zone and in transit.

Table 12.- Acreage and production of tobacco in the United States, by types, 1941 and 1942

Type	Acreage			Production		
	1941 1/	1942 2/	Change	1941 1/	1942 2/	Change
	1,000 acres	1,000 acres	Percent	Million pounds	Million pounds	Percent
Total flue-cured, types 11-14	717.6	791.9	+10.4	649.5	824.1	+ 26.9
Old and Middle Belt, type 11	266.0	294.0	+10.5	225.4	283.5	+ 25.8
Eastern North Carolina, type 12	242.0	266.0	+ 9.9	240.8	300.6	+ 24.8
South Carolina, type 13	134.0	151.0	+12.7	120.5	170.0	+ 41.1
Georgia and Florida, type 14	75.6	80.9	+ 7.0	62.8	70.1	+ 11.6
Total fire-cured, types 21-24	77.1	75.3	- 2.3	73.1	72.8	- .4
Virginia, type 21	13.7	13.7	0.0	11.8	13.4	+ 13.6
Ky. and Tenn., type 22	44.5	42.5	- 4.5	43.3	40.9	- 5.5
Ky. and Tenn., type 23	18.7	18.9	+ 1.1	17.8	18.4	+ 3.4
Henderson, type 24	.2	.2	0.0	.2	.2	+3/2.8
Burley, type 31	342.8	351.1	+ 2.4	338.1	331.0	- 2.1
Maryland, type 32	40.3	39.5	- 2.0	30.2	30.0	- .7
Total dark air-cured, types 35-37	32.8	32.6	- .6	31.6	32.5	+ 2.8
One Sucker, type 35	16.2	15.8	- 2.5	15.8	15.8	0.0
Green River, type 36	14.0	14.0	0.0	13.6	14.0	+ 2.9
Va. sun-cured, type 37	2.6	2.8	+ 7.7	2.2	2.7	+ 22.7
Total cigar filler, types 41-44	48.0	43.8	- 8.7	66.2	60.6	- 8.5
Pa. Seedleaf, type 41	35.4	34.0	- 4.0	52.0	48.6	- 6.5
Miami Valley, types 42-44	12.6	9.8	-22.2	14.2	12.0	- 15.5
Total cigar binder, types 51-56	41.5	36.4	-12.3	62.5	56.9	- 9.0
Conn. Valley Broadleaf, type 51	8.3	7.5	- 9.6	13.3	11.9	- 10.5
Conn. Valley Havana Seed, type 52	7.9	7.1	-10.1	13.8	12.4	- 10.1
N. Y. and Pa. Havana Seed, type 53	1.5	1.3	-13.3	2.2	2.0	- 9.1
Southern Wisconsin, type 54	11.0	9.2	-16.4	15.4	13.8	- 10.4
Northern Wisconsin, type 55	11.8	10.6	-10.2	16.9	16.1	- 4.7
Ga. and Fla. sun-grown, type 56 4/	1.0	.7	-30.0	.8	.7	-3/19.4
Total cigar wrapper, types 61-62	10.8	9.5	-12.0	10.1	9.2	- 8.9
Conn. Valley shade-grown, type 61	6.8	6.1	-10.3	6.4	5.7	- 10.9
Ga. and Fla. shade-grown, type 62	4.0	3.4	-15.0	3.7	3.5	- 5.4
Total, all types	1,311.1	1,380.3	+ 5.3	1,261.4	1,417.2	+ 12.4

1/ Preliminary.
2/ Acreage harvested and production indicated December 1.
3/ Based on actual, not rounded figures.
4/ Formerly type 45.

After this report was prepared marketing quotas for tobacco were relaxed as explained in the press release reproduced below.

OFFICE OF WAR INFORMATION
DEPARTMENT OF AGRICULTURE

For Immediate Release
Friday, March 12, 1943 AG-150

Marketing quotas on flue-cured, Burley, dark air-cured, and fire-cured tobacco will remain in effect for the 1943 crop, and growers can exceed present acreage allotments by 5 per cent or one-tenth of an acre--whichever is greater--without incurring penalties, Secretary of Agriculture Claude R. Wickard announced today.

The increases provided in the announcement are in addition to any adjustments already made in tobacco allotments for 1943. Department officials pointed out that domestic consumption, plus lend-lease and other exports, have caused a heavy total current disappearance of flue-cured and Burley tobaccos. Requirements for dark air-cured and fire-cured tobacco have been substantially increased by a heavy demand for nicotine insecticide. Even with the allowable increases in plantings this year, the supply of flue-cured and Burley tobacco may be below normal when compared with the increasing demand for tobacco, the officials said.

Growers planting more than the authorized increases will be ineligible for loans and subject to deductions from conservation payments and penalties for excess marketings. If the acreage of tobacco, at the time performance is checked, is determined to be in excess of the previously announced allotments by more than the increase announced today, penalties will be applicable on the excess. Tobacco growers will not be permitted to destroy tobacco in order to qualify for payments.

The national tobacco allotment is normally underplanted 5 per cent or more, and this underplanting is expected to be greater this year because of shortages of labor, fertilizer, and other materials. The permissible increases are expected to encourage greater production by small growers without reduction of their vital war crops. Secretary Wickard stated that the permissible acreage increases in no way changed the provisions of the 1943 farm program concerning achievement of war crop goals.