

131
27

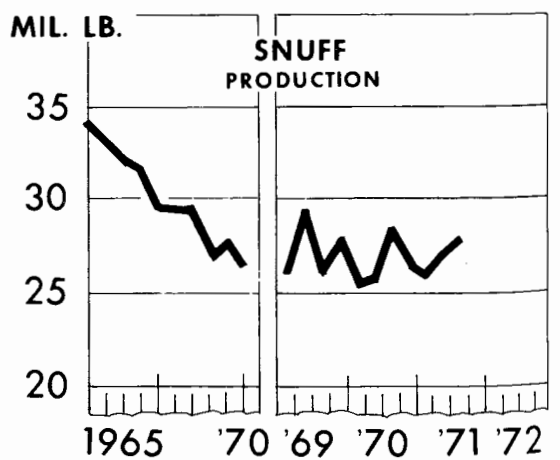
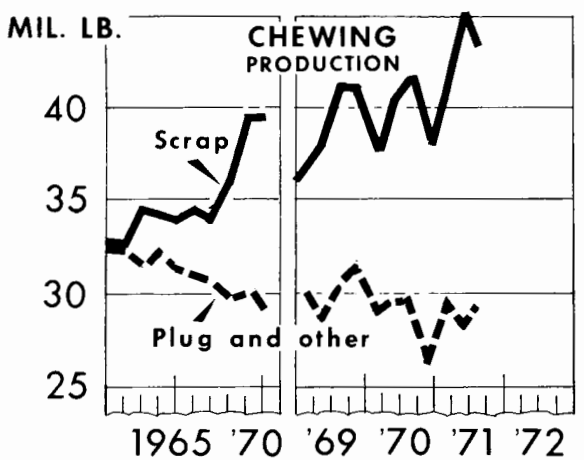
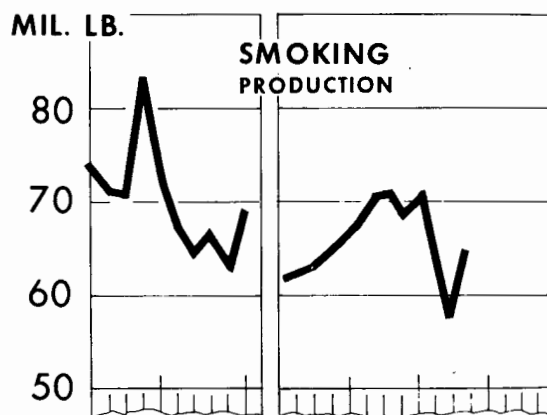
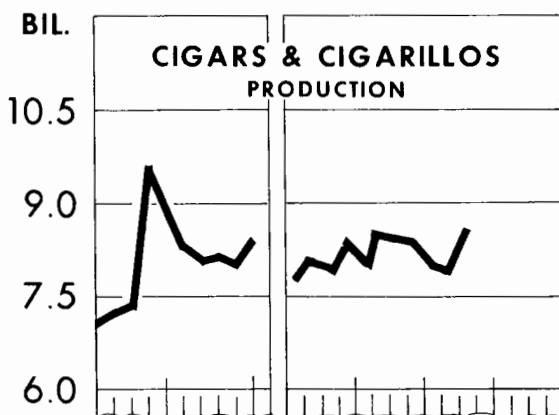
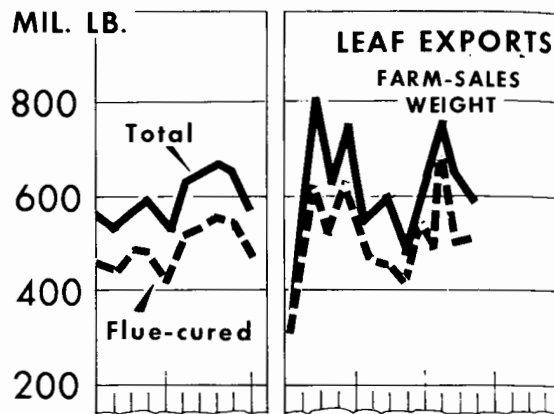
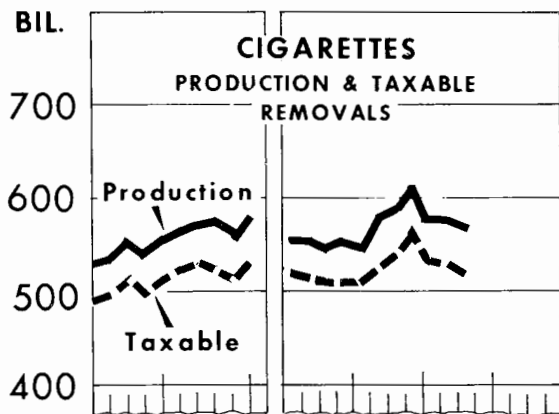
TOBACCO Situation



ITHACA, N. Y. 14850
OCT 5 1971

TOBACCO OUTLETS

Recent Trends in Manufactured Products and Exports



ANNUAL QUARTERLY,
SEASONALLY ADJUSTED,
AT ANNUAL RATES

ANNUAL QUARTERLY,
SEASONALLY ADJUSTED,
AT ANNUAL RATES

LAST QUARTER SHOWN ESTIMATED.

THE TOBACCO SITUATION

CONTENTS

SUMMARY

	Page
Summary	3
Tobacco Products	4
U.S. Exports and Imports	10
Tobacco Leaf Situation and Outlook	17
Foreign Production and Sales	32
Tobacco Used for Cigarettes	36
The Tobacco User's Dollar—Trends and Prospects	39
Statistical summary	45
List of Tables	47

• • •

Approved by
The Outlook and Situation Board
and Summary released
September 20, 1971

Principal contributors:
Robert H. Miller
Johnny D. Braden

Economic and Statistical
Analysis Division

Economic Research Service

U.S. Department of Agriculture
Washington, D.C. 20250

• • •

A smaller tobacco crop this year and a slightly smaller carryover point to a 2 percent reduction in the supply for 1971/72. While down for the seventh straight year, the estimated supply of 5.45 billion pounds remains heavy in relation to disappearance because of declining domestic use.

For this year's crop, a 5 percent decline in acreage and a 1 percent decrease in expected yield from 1970 result in an outturn of 1.79 billion pounds (U.S. and Puerto Rico). Carryover of tobacco for the new season (beginning July 1 for flue-cured and cigar wrapper types; October 1 for others) is down about 1 percent.

Disappearance in 1971/72 may total slightly below the 1.93 billion pounds of the year just ending, with prospective declines both for domestic use and exports. A continuing reduction in domestic use of U.S. tobacco would reflect little change in cigarette output, but a further drop in tobacco per cigarette.

U.S. cigarette output this fiscal year may about equal the 585 billion cigarettes produced in 1970/71. Consumer incomes are record high and the gains in cigarette prices have slowed. Persons 18 and older will smoke about the same number of cigarettes in calendar 1971 as last year's 199 packs per capita. Cigar consumption in 1971/72, as well as use of smoking and chewing tobacco and snuff, probably will continue around the level of the previous year.

Leaf exports this fiscal year may decline from last season's 555 million pounds (624 million, farm-sales weight) although the President's recent economic measures are designed to make U.S. exports more competitive. This year's flue-cured crop has received spirited bidding by West German firms and the Government of Japan. The United Kingdom, the major U.S. export destination, decreased its takings in 1970/71 and likely will cut back even further this season. U.K. manufacturers are seeking less costly tobaccos from other countries as they make plans for eventual entry into the European Common Market.

U.S. manufacturers' stocks of imported cigarette types of tobacco last July 1 represented 2½ years' usings. The 10 percent import surcharge does not apply on warehoused items withdrawn for consumption on or before October 1. Thus U.S. tobacco imports for cigarettes in 1971/72 will likely continue around last season's 169 million pounds (leaf and scrap).

During 1970/71, U.S. cigar manufacturers used about one-half foreign-grown tobacco and one-half domestic tobacco in cigars. Despite the import surcharge manufacturers may still increase their use of imported tobacco next year, as they did last season.

By December 1, USDA will announce the 1972 national marketing quota for flue-cured tobacco on an acreage-poundage basis. Individual farm quotas and

The *Tobacco Situation* is published in March, June, September, and December.

allotments will reflect overmarketings and undermarketings in the current crop. Marketing quotas and acreage allotments for burley and other kinds of tobacco will be announced by next February 1. Based on the formula required by law, 1972 price support levels for eligible tobaccos seem likely to increase about 5 percent over 1971.

The U.S. flue-cured tobacco supply continues to decline. This leading kind of tobacco for cigarettes and exports is estimated at 3,064 million pounds, down 2 percent from last year. The 1971 crop is currently indicated at 1,088 million pounds, down 9 percent. Carryover into the current season was up 1 percent. During the past marketing year, exports declined fractionally and domestic use fell 6 percent. Both may decline slightly this season to about equal marketings, so the carryover of flue-cured tobacco next July 1 may change little.

Farmers had marketed about one-half of the 1971 flue-cured tobacco crop by September 16. Through that

date, prices were at record levels, averaging 4 percent above a year earlier. Farmers placed 26 million pounds of the 1971 crop under government loan. This was 3 percent of marketings, a smaller proportion than in the similar period of 1970.

The U.S. burley tobacco supply may total about 1 percent below a year earlier and 7 percent below the 1964/65 record. The supply still represents about 3.3 years' use. The 1971 crop is about 3 percent smaller than last year. Yield prospects are below last year's record, in part due to the shift to the poundage control program. Carryover from 1970/71 is estimated down 1 percent as October-September disappearance probably exceeded production.

Combinations of reduced carryover and generally steady 1971 production will result in smaller 1971/72 supplies of fire-cured, dark air-cured, Maryland, cigar filler, and cigar wrapper. Cigar binder supplies are slightly larger.

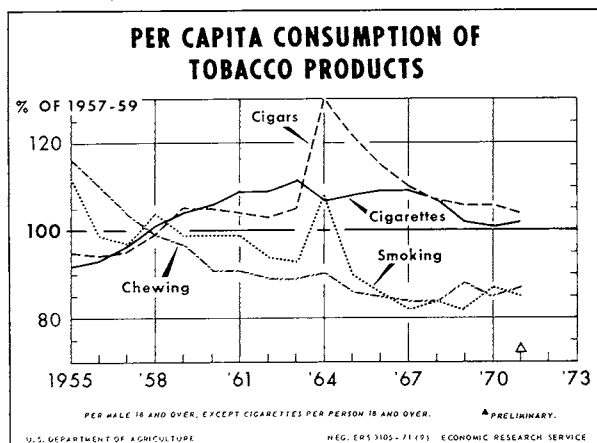
TOBACCO PRODUCTS

Cigarette Use Continues Upward

U.S. consumption of cigarettes in calendar 1971 likely will gain 2 percent over 1970. Even though retail prices are higher, more people are of smoking age and consumer spending remains very large. Per capita use is steadying after declines for the past 4 years. With prospects for these factors to continue in 1972, cigarette consumption may again show a small gain.

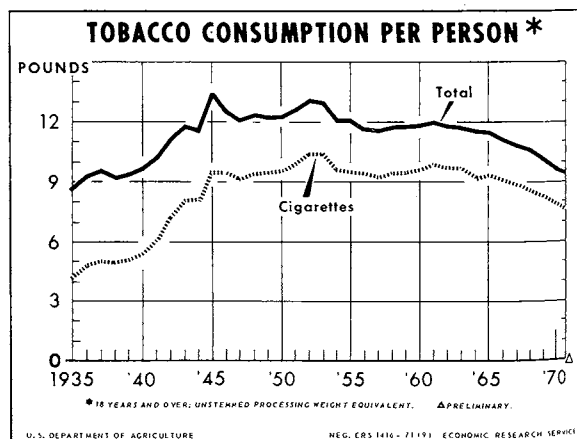
Manufacturers are using some of the strike-hedge inventories built up last year; thus, 1971's output may decline about 3 percent from last year (table 1). Next year's output should surpass the 1970 record.

U.S. consumption in the first half of 1971 was 273 billion cigarettes, about 2 percent above a year earlier. Shipments to overseas forces declined. Despite the slow economic recovery in the first half, consumer disposable income rose and spending was record high. In the second half of 1971, cigarette consumption will likely exceed the 268 billion of a year earlier, although a rash of tax increases will limit the gains.



Consumption per person (18 and older) this year is estimated about the same as 1970 when 3,985 cigarettes (199 packs) were used (table 2). Last year per capita consumption slipped 0.2 percent of following a 4.6 percent drop in 1969.

In the first 7 months of 1971, cigarette exports steadied after last year's decline. Shipments to Puerto Rico and U.S. possessions fell. U.S. cigarettes were shipped to about 120 foreign countries and territories during 1970.



Government's Economic Measures

The government's economic actions to freeze prices and wages for 90 days have an important impact on the tobacco industry. Domestic unmanufactured tobacco is exempt from the freeze. A 10 percent additional tax on imported tobacco applies after October 1. The price freeze does not affect State and local taxes. Excise tax increases and the import surcharge can be passed on to

Table 1.--Cigarettes: Output, removals, and consumption, 1960-71

Year	Output	Removals					Total U.S. consump- tion 3/
		Taxable	Tax-exempt			Overseas forces 2/	
			Total	Exports	Puerto Rico 1/		
<u>Billions</u>							
1960	506.9	470.1	37.0	20.2	2.5	14.3	484.4
1961	528.3	488.1	39.6	22.2	2.8	14.6	502.7
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2
1968	579.5	523.0	53.8	26.5	4.7	22.7	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.2	532.8	51.2	29.1	3.7	18.4	5/536.4
1971 6/	565.0	520.0	46.0	30.0	3.5	12.5	546.0
Year ending June 30 --							
1964	535.0	495.1	40.8	23.7	3.5	13.6	508.7
1965	562.4	517.0	43.9	25.1	3.7	15.1	532.1
1966	562.7	516.1	47.2	23.4	4.1	19.7	535.8
1967	572.8	524.9	47.7	23.8	3.7	20.2	545.1
1968	570.7	522.6	48.7	23.5	4.1	21.1	543.7
1969	573.0	520.3	51.5	25.8	4.4	21.3	541.6
1970	562.2	511.7	51.0	28.6	3.8	18.6	530.3
1971 4/	585.1	539.6	47.5	29.0	3.3	15.2	7/541.0

1/ Also includes Virgin Islands, Guam, American Samoa, Wake, and Canton and Enderbury Islands.

2/ Also includes ship stores and small tax-exempt categories.

3/ Taxable removals plus overseas forces.

4/ Subject to revision.

5/ Excludes 14.8 billion inventory increase (estimated).

6/ Estimated.

7/ Excludes 13.8 billion inventory increase.

Compiled from reports of Internal Revenue Service and Bureau of the Census.

Table 3.--Consumption per capita of tobacco products in the United States (including overseas forces), average, 1925-59, annual, 1960-71

Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes	Snuff	All tobacco	Large cigars and	Smoking	Chewing		
	<u>1/</u>	<u>2/</u>	products <u>1/</u>	cigarillos <u>1/</u>	tobacco <u>2/</u>	tobacco <u>2/</u>		
	<u>Number</u>		<u>Pounds</u>		<u>Number</u>		<u>Pounds</u>	
Average:								
1925-29	1,285	3.56	0.52	9.68	177.4	4.10	5.03	
1930-34	1,389	3.82	.46	8.80	125.2	2.96	3.15	
1935-39	1,779	4.81	.42	9.22	120.9	2.89	2.48	
1940-44	2,558	6.97	.43	10.88	118.9	2.87	2.34	
1945-49	3,459	9.38	.41	12.46	113.7	2.74	2.01	
1950-54	3,695	9.98	.36	12.61	112.4	2.63	1.58	
1955-59	3,806	9.39	.32	11.71	115.8	2.48	1.30	
1960	4,171	9.64	.30	11.82	124.7	2.42	1.13	
1961	4,266	9.84	.29	12.00	122.9	2.43	1.13	
1962	4,265	9.69	.28	11.80	121.9	2.40	1.10	
1963	4,345	9.70	.27	11.78	124.6	2.39	1.11	
1964	4,194	9.21	.26	11.54	154.3	2.69	1.11	
1965	4,258	9.37	.24	11.51	143.8	2.57	1.07	
1966	4,287	9.08	.23	11.12	136.1	2.41	1.05	
1967	4,280	8.86	.23	10.80	130.7	2.28	1.04	
1968	4,186	8.69	.21	10.59	126.5	2.15	1.05	
1969	3,993	8.17	.20	10.04	125.0	2.11	1.09	
1970	3,985	7.81	.19	9.68	125.3	2.08	1.06	
1971 <u>3/</u>	3,989	7.63	.19	9.45	123.2	2.01	1.08	
1957-59=100								
Average:								
1925-29	33	38	168	83	150	167	406	
1930-34	35	41	150	76	106	120	254	
1935-39	45	51	138	79	102	117	200	
1940-44	65	74	140	94	100	117	189	
1945-49	88	100	132	107	96	112	162	
1950-54	94	107	119	108	95	107	158	
1955-59	97	100	105	101	98	101	130	
1960	106	103	97	102	105	98	91	
1961	109	105	93	103	104	99	91	
1962	109	103	91	102	103	97	89	
1963	111	104	86	101	105	97	89	
1964	107	98	84	99	130	109	90	
1965	108	100	78	99	122	105	86	
1966	109	97	75	97	115	98	85	
1967	109	95	73	93	110	93	84	
1968	107	93	68	91	107	87	84	
1969	102	87	66	86	106	86	88	
1970	101	83	63	83	106	87	85	
1971 <u>3/</u>	102	81	63	81	103	82	87	

1/ Unstemmed processing weight. 2/ Finished product weight. 3/ Subject to revision.

Table 4.--Tobacco demand factors, 1960-71

Year	Population, July 1 1/	Disposable personal income, per capita 2/		Consumer price indexes				
		Current prices	1958 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter regular	Filtertip, King size 3/	
	Million	Dollars				1957-59=100		
1960	116.1	1,937	1,883	103.1	107.1	107.6	106.9	104.7
1961	117.8	1,983	1,909	104.2	108.0	108.6	107.9	102.6
1962	119.2	2,064	1,968	105.4	108.8	109.7	108.9	100.0
1963	120.6	2,136	2,013	106.7	112.2	114.4	111.3	100.0
1964	121.9	2,280	2,123	108.1	114.8	118.1	113.2	100.3
1965	124.2	2,432	2,235	109.9	120.2	124.2	118.9	101.8
1966	126.3	2,599	2,331	113.1	126.1	130.8	124.9	103.2
1967	128.3	2,744	2,398	116.3	130.9	136.3	129.7	104.7
1968	130.4	2,939	2,480	121.2	139.7	144.5	138.5	107.6
1969	132.5	3,108	2,517	127.7	146.5	153.6	145.7	108.8
1970	134.6	3,358	2,579	135.3	158.6	166.8	158.9	109.6
1971 4/	136.9	3,590	2,668	141.1	165.5	174.4	166.2	

1/ 18 years and older including armed forces overseas. 2/ Based on total population. 3/ March 1959=100. 4/ Estimated.

Cigarette exports from the United States to leading destinations, 1970-71

Country	: <u>January-July</u>		
	: July 1970-:	: 1970	: 1971 1/
	: June 1971:	: 1970	: 1971 1/
	<u>Millions</u>		
Hong Kong	: 3,359	1,717	2,023
Spain	: 2,150	1,017	1,414
Kuwait	: 897	769	478
Netherlands	:		
Antilles	: 1,364	952	886
Paraguay	: 507	340	276
France	: 233	194	148
W. Germany	: 819	462	457
Italy	: 744	491	396
Ecuador	: 888	76	639
Panama	: 1,173	892	878
Canary Is.	: 857	517	416
Lebanon	: 1,205	309	1,103
Other	:		
countries	: 14,817	9,872	8,627
Total	: 29,013	17,608	17,741

1/ Subject to revision.

cents. A substantial number of city and local governments also tax cigarettes. The Federal cigarette tax has been 8 cents per pack since 1951. The first cigarette tax in the country based on tar and nicotine levels went into effect in New York City, on July 1, adding 4 cents per pack for most brands to the base tax of 4 cents.

Since the start of this year 14 States have increased cigarette tax rates. This compares with 9 States in all of 1970. The weighted average State cigarette tax was 11.1 cents per pack in mid-1971—up from 10.4 cents a year earlier.

Cigar Volume Steadies

Cigar consumption this year remains around the 1970 level of 8.1 billion cigars and that level may continue next year (table 4). An estimated 123 cigars and cigarillos this year are being consumed per male 18 and older, 2 percent below 1970.

About the same number of cigars are being produced this year in both U.S. and Puerto Rican factories. Cigars from Puerto Rico account for about one-seventh of U.S. consumption. Taxable removals (domestic consumption) of cigars, by revenue class, through June of this year showed little change in the major low-and-medium price categories:

Revenue class and retail price	1971 Number	Change from 1970
	<u>Bil.</u>	<u>Pct.</u>
A-D (up to 8¢)	2.54	-0.1
E (over 8 to 15¢)	1.04	-0.3
F-G (over 15¢)	.25	-6.8
Total removals	3.85	-0.6

About half of the lower-price group (Classes A-D) are cigarillos (averaging less than half the weight of a full-size cigar). Last year's cigarillo sales were up substantially. Manufacturers have increased cigarillo advertising and promotion in recent years. The volume of medium-priced cigars (Class E) has declined almost steadily since 1965.

Little cigars (cigarette-size, not over 3 pounds per thousand) have posted sizable gains in the past 3 years. Taxable removals in 1971 are likely to equal the 1970 total of 889 million. Little cigars sell in the same general price range as cigarettes.

Smoking Tobacco Sales Off

Smoking tobacco production for pipes and roll-your-own cigarettes this year is expected to total about the same as the 67 million pounds of last year (table 4). The long-term trend has been downward, but output has been static since 1967. Little change is expected for 1972.

consumers. All other increases in costs of tobacco must be absorbed.

In other actions, the Federal Trade Commission proposed in July that in future advertisements the 6 major cigarette manufacturers include the same warning label that now appears on every cigarette package. The Commission's action allows each firm 6 months to negotiate a consent order. In August, the FTC reported on the "tar" and nicotine content of cigarette smoke from 121 brands of cigarettes.

Taxes Boost Cigarette Prices

Retail cigarette prices increased due to State and local tax increases (table 3). Further increases in tobacco tax rates are likely next year.

By July, retail prices (filter-tip, king size) were 4.1 percent above a year earlier, and 2.6 percent above December 1970. A further rise is expected in the BLS cigarette index by the end of the year, reflecting additional State tax hikes.

All States now tax cigarettes. Connecticut's 21 cents per pack rate is the highest; Texas is second with 18½

Table 4.--Cigars and smoking tobacco: Output, removals, and consumption

Year and item	U.S. factories			From			Total
	Removals			Puerto	Imports	Exports	U.S.
	Output	Taxable	Tax- exempt	Rico:	taxable:		consumption
							<u>1/</u>
	Millions						
Large cigars and cigarillos							
1965	7,899	7,578	180	911	25	55	8,638
1966	7,165	7,076	193	1,075	25	73	8,296
1967	6,858	6,845	197	1,099	30	76	8,095
1968	7,183	6,759	169	1,036	48	66	7,946
1969	6,931	6,739	169	1,080	45	65	7,968
1970	7,091	6,701	162	1,259	46	54	8,114
1971 <u>3/</u>	7,000	6,700	140	1,275	45	60	8,100
	Year ending June 30 --						
1965	8,445	7,912	176	850	25	45	8,918
1966	7,517	7,332	210	1,034	25	70	8,531
1967	6,883	6,864	183	1,072	26	74	8,071
1968	7,234	6,868	192	1,114	38	77	8,135
1969	6,868	6,633	156	987	46	62	7,760
1970	7,108	6,755	165	1,186	47	58	8,095
1971 <u>2/</u>	6,945	6,707	139	1,237	47	59	8,071
	Million pounds						
Smoking tobacco <u>4/</u>							
1965	71.8	67.3	3.0	---	2.1	1.0	71.4
1966	67.3	65.3	1.5	---	3.3	.9	69.2
1967	64.8	62.7	2.0	---	3.7	1.3	67.1
1968	66.3	64.1	1.9	---	5.5	1.8	69.7
1969	63.9	62.6	1.6	---	5.7	1.1	68.8
1970	69.4	65.6	1.5	---	8.4	.9	74.6
1971 <u>3/</u>	65.0	63.0	1.5	---	9.0	1.0	72.5
	Year ending June 30 --						
1965	74.1	71.4	3.0	---	2.5	1.1	75.8
1966	69.8	65.4	2.4	---	2.8	1.0	69.6
1967	64.3	62.3	1.8	---	3.2	1.1	66.2
1968	66.9	64.6	1.9	---	4.6	1.3	69.8
1969	63.7	62.5	1.7	---	5.3	1.8	67.7
1970	67.2	64.2	1.6	---	7.0	.9	71.9
1971 <u>2/</u>	67.0	64.6	1.5	---	8.7	1.1	73.7

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 2/ Subject to revision. 3/ Estimated. 4/ After December 1965, taxable removals data replaced by domestic sales, and tax-exempt removals data replaced by export sales.

Compiled from reports of the IRS, Bureau of the Census, and C&MS, USDA.

Table 5.--Chewing tobacco, snuff, and small cigars:
Output by category, 1963-71

Period	Chewing tobacco					Snuff	Small cigars
	Plug	Twist	Fine-cut	Loose leaf	Total		
				1/			2/
	Million pounds					Millions	
1963	24.9	2.9	3.3	34.2	65.4	31.8	281.4
1964	25.9	2.8	3.5	34.0	66.2	31.4	973.9
1965	24.7	2.8	3.7	33.9	65.1	29.7	440.7
1966	24.3	2.7	3.9	34.3	65.2	29.5	445.3
1967	23.7	2.6	4.1	34.0	64.4	29.3	434.2
1968	22.9	2.6	4.3	35.7	65.4	27.1	523.4
1969	23.3	2.5	4.5	39.5	69.8	27.6	720.2
1970	22.0	2.4	4.8	39.5	68.7	26.5	927.9
1971 3/	21.2	2.4	4.9	42.5	71.0	26.5	950.0
	Year ending June 30--						
1964	25.9	2.8	3.4	34.2	66.3	31.9	913.2
1965	25.1	2.8	3.6	33.4	64.9	30.3	437.7
1966	24.5	2.9	3.8	34.2	65.4	30.0	474.7
1967	24.2	2.6	4.0	34.2	65.0	29.1	420.6
1968	23.2	2.6	4.2	34.7	64.7	28.6	462.1
1969	22.8	2.5	4.0	36.9	66.2	27.2	631.6
1970	23.0	2.4	4.9	40.1	70.4	26.3	870.8
1971 4/	21.6	2.4	4.9	41.4	70.4	27.1	911.7

1/ Formerly scrap.

2/ Weigh not more than 3 pounds per thousand (about cigarette size).

3/ Estimated.

4/ Subject to revision.

Basic data compiled from reports of the Internal Revenue Service and Consumer and Marketing Service, USDA.

In the first half of this year domestic use of smoking tobacco, including imports, totaled 36 million pounds, 2 percent below a year earlier. The decline in pipe tobacco sales more than offset gains in cigarette cut tobacco. Wholesale prices averaged 11 percent above year-ago levels. The decline in smoking tobacco use is also associated with the recovery of cigarette consumption. This year, U.S. smoking tobacco consumption may total about 3 percent below the 74 million pounds used last year.

Exports of smoking tobacco in bulk have trended upward for several years due to the growing popularity overseas of American-type blended cigarettes. This export category consists primarily of specially prepared cigarette leaf and cut or shredded tobacco from U.S. and foreign-grown sources. This year's total may gain a tenth above the 24 million pounds in 1970.

Production of chewing tobacco in 1971 may increase about 3 percent above the 69 million pounds of 1970 (table. 5). Per capita use is steady. Loose leaf (formerly called scrap) and fine-cut tobacco are accounting for the gain while plug and twist output may again decline slightly. By midyear, wholesale prices of plug chewing tobacco averaged 13 percent above a year earlier.

U.S. EXPORTS AND IMPORTS

U. S. exports of unmanufactured tobacco during January-July were 19 percent above last year's level and 1 percent above the high level of the same period 3 years ago. During the rest of 1971 they are expected to surpass 1970's 5-year low if no dock strike interferes. With uninterrupted shipments, leaf exports this calendar year may rise a tenth above 1970's 510 million pounds (574 million, farm-sales weight). This would come close to the 1966-69 average (since Rhodesia's independence and U.N. embargo).

Production of snuff is estimated about the same as last year, though almost one-third below a decade ago. The downtrend has slowed in recent years as use of moist snuff has held up better than dry snuff. Virtually all U.S. snuff output is consumed domestically.

	<u>January-July</u>		
Country	1970	1970	1971
		<u>Million pounds</u>	
Italy	4.5	2.1	1.3
Dominican Rep.	1.8	1.1	.9
Switzerland	3.0	.2	3.1
Netherlands	3.7	1.2	3.5
Spain	1.8	.7	1.8
Peru	.4	.2	1.0
Ecuador	.8	.3	.4
Bolivia	.8	.4	.3
Australia	2.0	1.2	1.3
Other countries	5.1	2.8	4.0
Total	23.9	10.2	17.6

U.S. EXPORTS AND IMPORTS

For January-July 1971, a gain in exports of flue-cured—the principal export class—accounted for most of the increase in U.S. leaf tobacco exports (table 6). Stems and scrap shipments were also higher. Burley and fire-cured exports were about the same as last year. Maryland shipments were lower. There were sizable gains in takings by the United Kingdom and West Germany, the 2 largest importers of U.S. tobacco, and by Italy. Shipments to Belgium and Thailand also gained.

Table 6.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

Country and type	(Declared weight)						
	Year ending June 30 --				January-July		
	Average 1964-68	1969	1970 1/	1971 1/	1970 1/	1971 1/	1971 as a percentage of 1970
	Million pounds				Percent		
Flue-cured	410.8	417.7	414.1	414.0	168.3	212.7	126
Burley	45.7	47.7	52.6	40.4	25.8	25.5	99
Maryland	11.9	14.7	10.4	9.1	6.9	4.4	64
Fire- and sun-cured	24.7	24.9	27.4	22.2	12.7	12.6	99
Green River	.8	.4	.3	1.0	.3	1.0	333
One Sucker	.7	1.0	.6	.6	.3	.4	133
Black Fat, etc.	3.6	1.8	2.1	2.6	1.5	1.4	93
Cigar wrapper	4.4	3.5	1.7	1.7	1.0	1.3	130
Cigar binder	2.0	.8	.6	.3	.1	.1	100
Cigar filler	.9	.8	.4	.3	.2	.1	50
Perique	.3	.2	.2	.2	.1	.1	100
Stems, trimmings, and scrap	30.1	58.1	60.5	62.3	27.9	31.2	112
Total	535.9	571.5	571.0	554.6	245.0	290.8	119
Country of destination							
United Kingdom	131.7	124.8	130.8	108.9	33.9	44.7	132
France	6.5	8.1	8.8	9.4	4.2	4.7	112
Belgium	18.4	18.6	13.7	17.4	5.5	11.1	202
Netherlands	35.6	39.8	31.6	28.3	15.2	15.4	101
West Germany	93.0	109.2	90.3	109.6	55.0	74.6	136
Portugal	5.3	6.2	4.4	4.4	3.1	2.5	81
Denmark	15.9	18.8	20.6	17.6	11.0	10.8	98
Ireland	13.0	13.1	12.0	11.7	6.2	7.4	119
Switzerland	16.2	26.7	29.0	20.7	16.9	12.6	75
Finland	6.1	5.9	4.4	5.9	1.5	2.5	167
Norway	7.9	6.1	9.1	5.3	4.8	2.0	42
Sweden	16.9	13.7	18.1	19.3	7.1	7.8	110
Italy	6.0	7.3	19.5	15.7	2.8	15.4	550
Spain	4.1	4.8	3.2	5.1	3.0	5.1	170
Thailand	15.5	26.5	21.8	22.4	4.9	7.1	145
S. Vietnam	10.2	14.2	8.2	15.9	6.0	10.6	177
Malaysia ^{2/}	7.3	11.8	11.6	11.5	6.9	6.5	94
Hong Kong	6.7	4.8	4.5	3.9	2.2	1.7	77
Japan	35.9	38.3	45.4	53.9	7.0	2.3	33
Australia	16.4	16.9	18.4	12.0	4.1	5.5	134
New Zealand	3.9	4.3	3.8	4.7	2.7	2.0	74
Egypt	9.9	.9	2.3	1.4	.1	.9	900
Other countries	53.6	50.8	59.5	49.7	40.9	37.6	92
Total	535.9	571.5	571.0	554.6	245.0	290.8	119

^{1/} Preliminary.

^{2/} Malaysia and Singapore.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 7.--Exports of unmanufactured tobacco under Government-financed programs and commercial sales, average 1955-59, annual 1960-71, fiscal years

Year ending June 30	Government-financed exports				Commercial exports				Total unmanu- factured tobacco exports
	Title I, P.L. 480		Mutual Security and A.I.D.	Total	Barter 1/	Dollar sales		Total	
	Foreign currency sales	Long-term dollar credit sales				CCC short term credit	Other		
Quantity (export weight)									
Million pounds									
Average: 1955-59	42.4	---	6.4	48.8	0.4	---	447.9	448.3	497.1
1960	41.9	---	23.2	65.1	29.4	---	362.1	391.5	456.6
1961	40.2	---	20.0	60.2	40.4	---	403.6	444.0	504.2
1962	26.1	---	2.8	28.9	77.4	---	413.7	491.1	520.0
1963	28.7	1.2	---	29.9	18.1	---	425.3	443.4	473.3
1964	35.5	3.8	.6	39.9	15.4	1.0	475.8	492.2	532.1
1965	21.2	4.5	5.1	30.8	18.8	.3	434.1	453.2	484.0
1966	43.2	1.3	5.8	50.3	76.9	---	345.0	421.9	472.2
1967	21.1	5.5	3.0	29.6	106.3	17.9	472.8	597.0	626.6
1968	22.9	10.9	.6	34.4	82.0	16.6	431.7	530.3	564.7
1969	19.9	16.9	.1	36.9	90.5	12.4	431.7	534.6	571.5
1970	10.6	11.1	---	21.7	132.0	48.1	369.2	549.3	571.0
1971 2/	17.1	2.2	---	19.3	149.0	70.9	315.4	535.3	554.6
Value									
Million dollars									
Average: 1955-59	30.4	---	3.3	33.7	.3	---	309.8	310.1	343.8
1960	30.8	---	18.4	49.2	19.6	---	273.1	292.7	341.9
1961	29.4	---	16.5	45.9	25.1	---	314.2	339.3	385.2
1962	19.6	---	1.8	21.4	46.3	---	339.8	386.1	407.5
1963	22.5	1.6	---	24.1	12.4	---	341.9	354.3	378.4
1964	23.8	2.9	.8	27.5	8.5	0.7	384.0	393.2	420.7
1965	14.9	4.6	2.8	22.3	13.1	.2	359.7	373.0	395.3
1966	29.9	.7	4.4	35.2	54.9	---	304.6	359.5	394.7
1967	15.6	4.0	2.4	22.0	84.6	15.9	382.8	483.3	505.3
1968	21.4	8.7	.6	30.7	75.3	14.1	373.6	463.0	493.7
1969	16.8	15.3	.1	32.2	91.5	11.7	371.5	474.7	506.9
1970	11.2	9.9	---	21.1	140.0	47.7	330.8	518.5	539.6
1971 2/	16.7	1.9	---	18.6	162.6	76.6	279.1	518.3	536.9

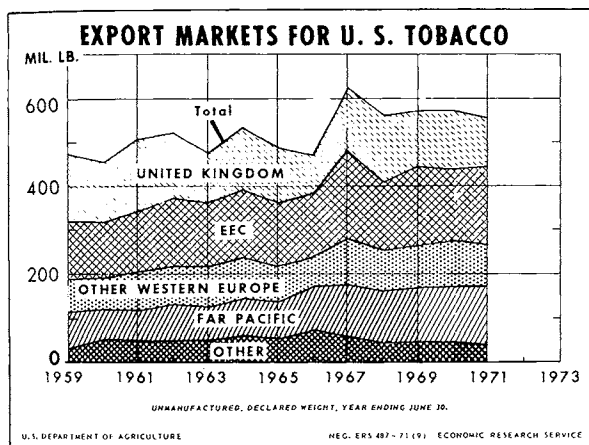
1/ Government-financed for strategic materials, 1958-62.

2/ Preliminary.

Fiscal Year Highlights

Exports rebounded in January-June to bring the total for the year ended June 30, 1971, to 555 million pounds (624 million, farm-sales weight) 3 percent below 1969/70. Higher prices held the value virtually unchanged at \$537 million.

Exports to West Germany and Japan gained. The United Kingdom—long the principal U.S. leaf export market—decreased takings slightly. Other important destinations taking less tobacco were Switzerland, Italy, and Australia. Initially after the Rhodesia embargo in the mid-1960's the United Kingdom drew heavily on U.S. stocks but now U.K. manufacturers are turning to other supplies. Swiss takings are down after very heavy receipts from the United States the 2 previous years. Australia's production is up, decreasing its import requirements.



Last fiscal year both barter and export credit sales set new record highs; P.L. 480 sales declined further (table 7). A record high of 149 million pounds of tobacco were bartered for materials and services used by U.S. agencies overseas. These transactions are considered equivalent to dollar sales. About two-thirds of barter exports went to Western Europe, one-fourth to the Far East and Pacific countries, and the remainder to other areas. Last year CCC provided short-term credit on 71 million pounds of commercial exports. Most financing is for 12 months, although financing up to 36 months is authorized.

U.S. tobacco exports under government-financed programs (Public Law 480) in 1970/71 totaled 19 million pounds, a tenth below the previous year. South Vietnam continues as the leading program destination. The P.L. 480 program for tobacco shifts to long term dollar credit sales beginning next fiscal year.

Export Prospects

For the year ending next June 30, U.S. leaf tobacco exports may decline a little from the 555 million pounds (export weight) of 1970/71, but remain near the 1964-68 average. Impeding U.S. exports are substantial overseas supplies of foreign-grown tobacco often much

Tobacco: Government program exports to leading destinations, fiscal years 1970, 1971

Country	1969-1970	1970-1971 ^{1/}
<u>Million pounds</u>		
<u>Foreign currency sales</u>		
South Vietnam	8.2	14.4
Indonesia	.8	---
Pakistan	1.0	1.0
Philippines	---	1.1
<u>Dollar credit</u>		
Philippines	5.4	---
Congo	2.7	---
Ecuador	1.0	---
Dominican Rep.	.4	.8
<u>Barter</u>		
United Kingdom	24.8	27.6
Japan	14.8	16.5
West Germany	12.2	24.3
Taiwan	10.2	9.4
Denmark	8.4	9.5
Italy	7.6	10.3
Malaysia	6.8	6.9
Ireland	5.9	1.2
Norway	5.1	4.9
Spain	4.4	6.5

^{1/} Subject to revision.

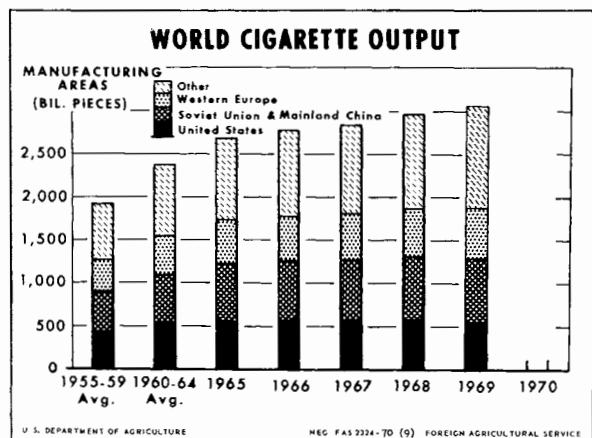
lower priced, manufacturing changes that reduce leaf requirements, rising U.S. tobacco prices, and importantly, the U.K.'s likely admittance to the Common Market.

If the economic sanctions against Rhodesia persist, and present U.S. export payments continue, U.S. tobacco exports will stay higher than they otherwise would be. Stocks of U.S. tobaccos remain at relatively low levels in the United Kingdom and West Germany. The President's recent economic actions have improved the outlook for tobacco exports for a year or two. Foreign countries that take part of our tobacco exports have revalued their currencies upward in relation to the dollar. This makes our exports more attractive.

The high quality of U.S. leaf is a favorable factor in foreign trade, although many countries are producing more tobacco locally, or importing more of their

requirements from lower-cost areas where quality is improving. Last fiscal year, the United Kingdom and the 3 other EC applicants took 26 percent of U.S. tobacco exports. Another 30 percent went to the 6 Common Market countries. Even though the 10 countries are tobacco deficit, they could have duty-free or preferential access to 10 percent of world production, including countries with considerable potential for additional output.

Economic activity abroad is relatively high and world cigarette consumption continues to increase. But technological changes in manufacturing and the trend toward filter cigarettes mean that leaf requirement does not increase proportionately with cigarette consumption.



In the European Community, the Common Agricultural Policy (CAP) for tobacco enters its second year of operation. Italy is the biggest EC tobacco producer and last year's higher producer prices are bringing a larger Italian crop this season. Under CAP provisions, the buyer's premiums provide an incentive for use within the EC. Also, export subsidies are available for any additional tobacco.

Tobacco Imports Continue Large

U.S. tobacco imports for consumption (factory use of imports) during January-July 1971 were 128 million pounds, 2 million above a year earlier (table 8). Most of the gain was in lower value cigarette scrap tobacco.

For 1971, factory use of imported unmanufactured tobacco probably will total around the 219 million pounds of last year, and the record 221-1/2 million in 1968. Stocks of foreign leaf in the United States are large, and substantial supplies remain available overseas at prices competitive with U.S. tobaccos.

The United States, the world's largest producer and exporter of tobacco, is the third largest importer (after the United Kingdom and West Germany). U.S. cigar and cigarette manufacturers use imported tobacco in their blends. For the past 4 years cigarettes contained about 14 percent imported tobacco (farm-sales weight) while cigars had about 50 percent.

Practically all U.S. cigarette leaf tobacco imports are dutiable at the rate of 11-1/2 cents per pound. The 10 percent surcharge on imports effective August 16 adds about 6-1/2 cents per pound to the leaf cost. Intransit and in-bond merchandise are exempt from the surcharge until October 1. Except for lower duties on some Philippine entries, scrap tobacco is dutiable at 16.1 cents per pound plus the surcharge.

January-July 1971 general imports of tobacco, which includes direct entries, intransit shipments, and tobacco placed in bonded warehouses were 148 million pounds, 8 percent less than a year earlier.

Stocks of foreign-grown cigarette and smoking tobacco in the United States have trended down since 1969. On July 1, 1971, these stocks totaled 400 million pounds (farm-sales weight). This was 7 percent below the previous July 1.

Import Summary

U.S. unmanufactured tobacco imports increased 14 million pounds in the year ended June 30, 1971, and average value per pound declined 3-1/2 cents (table 9). The sharpest gains in imports for consumption were in cigarette leaf from Yugoslavia and flue-cured and burley leaf from Brazil. Turkey and Greece remained the largest suppliers. Low-value scrap continued to increase in volume. Imports of cigar scrap increased to surpass the previous record high of 1964/65. The Philippines remained the largest source of cigar tobacco during 1970-71.

Arrivals of oriental leaf and foreign-grown flue-cured and burley leaf were down sharply as manufacturers reduced their U.S. holdings. Most of the decline in oriental leaf was in arrivals from Greece. Cigar filler gained further.

Table 8.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, fiscal year, and January-July 1970-71 ^{1/}

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	January-July				January-July			
	Year, July-June 1971	1970	1971	1971 as a percentage of 1970	Year, July-June 1971	1970	1971	1971 as a percentage of 1970
	Million pounds			Percent	Million pounds			Percent
Cigarette tobacco:								
Leaf, unstemmed Oriental								
Turkey	91.1	51.4	51.6	100	75.6	63.0	64.1	102
Greece	28.8	17.1	16.5	96	12.9	15.6	11.3	72
Yugoslavia	17.5	9.4	10.4	111	14.2	16.6	11.5	69
Other countries	8.1	3.7	5.8	157	14.2	10.7	10.3	96
Flue-cured and burley	6.3	4.4	1.2	27	9.7	12.2	2.8	23
Sub total	151.7	85.9	85.5	100	126.6	118.0	100.0	85
Scrap								
Turkey	10.5	6.5	5.2	80	10.9	.5	2.7	540
Other countries ^{2/}	8.0	2.0	5.6	280	1.8	1.7	2.6	153
Total	170.2	94.4	96.3	102	139.3	120.2	105.3	88
Cigar tobacco:								
Wrapper	.8	.5	.4	80	1.8	1.2	.8	67
Filler--stemmed and unstemmed								
Dominican Rep.	1.3	.8	.7	88	9.9	5.7	8.1	142
Other countries	5.1	2.6	2.7	104	30.5	19.7	18.1	92
Sub total	6.4	3.4	3.5	103	40.4	25.4	26.2	103
Scrap								
Philippine Rep.	25.0	12.8	14.1	110	19.5	9.2	11.2	122
Colombia	4.5	2.7	2.6	96	.9	0	1.0	---
Dominican Rep.	7.3	4.0	3.8	95	1.4	.8	1.0	125
Brazil	3.6	2.3	1.7	74	.4	.2	.2	100
Other countries	11.4	6.0	5.7	95	3.6	3.5	2.3	65
Sub total	51.8	27.8	28.0	101	25.8	13.7	15.7	114
Total	59.0	31.8	31.9	100	68.0	40.3	42.7	106
Stems	.6	.1	.3	300	.4	^{3/}	.1	---
Grand total	229.7	126.3	128.4	102	207.6	160.6	148.0	92

^{1/} Preliminary.

^{2/} Canada, Greece, Cyprus, Lebanon, India, Korea.

^{3/} Less than 50,000 pounds.

Detail may not add to total due to rounding.

Compiled from publication and records of the Bureau of the Census.

Table 9.--U.S. imports of unmanufactured tobacco: Quantity and average value, by kinds, 1970/71

Kind	Quantity		Value per pound	
	1970/71	Change from 1969/70	1970/71	Change from 1969/70
	--- Million pounds ---		--- Cents ---	
	Imports for consumption			
Cigarette				
leaf	151.7	+6.7	63.8	-2.7
Scrap (oriental) <u>1/</u>	17.2	+4.2	15.5	+2.6
Cigar				
leaf	6.8	+9	132.5	-26.3
Scrap	47.7	+1.8	40.9	-2.8
Total <u>2/</u>	223.9	+13.9	57.2	-3.5
	General imports			
Cigarette				
Oriental leaf	116.9	-6.5	54.3	-6.3
Flue-cured and burley leaf	9.7	-7.1	25.6	-11.8
Scrap (oriental) <u>1/</u>	12.6	+9	9.7	0
Cigar				
Wrapper	1.8	+6	281.1	-92.0
Filler	40.4	-2.9	40.6	+3.7
Scrap	25.8	+1.5	29.4	-9
Total <u>2/</u>	207.6	-13.3	46.4	-3.9

1/Turkey, Canada, Greece, Cyprus, Lebanon, India, and Korea. 2/Includes stems.

Table 10.--U.S. tobacco allotments, by kinds of tobacco, 1971

Kinds	Allotments	Acreage allotted	Poundage allotted	Average size of allotment
	Number	Acres	Million pounds	Acres
Flue-cured (11-14) <u>1/</u>	192,771	577,735	1,071.6	3.00
Burley (31) <u>2/</u>	285,731	---	555.1	3/1,943
Va. fire-cured (21)	6,064	12,597	---	2.08
Ky.-Tenn. fire-cured (22-23)	15,855	27,235	---	1.72
Dark air-cured (35-36)	21,213	11,315	---	.53
Va. sun-cured (37)	1,161	2,213	---	1.91
Cigar binder (51-52) <u>4/</u>	663	6,920	---	10.44
Cigar filler and binder (42-44, 53-55)	5,824	18,460	---	3.17
Total <u>5/</u>	529,282	656,476	1,626.6	---

1/ Acreage poundage with national average yield goal of 1,854 pounds per acre. 2/ Poundage quota. 3/ Pounds. 4/ Quotas terminated. 5/ Based on unrounded data.

TOBACCO LEAF SITUATION AND OUTLOOK¹

About four-fifths of the tobacco used in the United States goes for cigarettes. In other countries cigarette use averages 75 percent of tobacco consumption. World-wide cigarette sales are expanding, but U.S. leaf sales lag. Many overseas users prefer the taste, flavor, and aroma of U.S. tobacco. But both U.S. and overseas manufacturers have been economizing on leaf use. More and more of the cigarettes are filter tipped, and manufacturers use most of the stems, more reconstituted sheet tobacco, and more of the less expensive scrap and leaf. Overseas manufacturers are buying more non-U.S. tobacco at prices considerably below the U.S. prices. Also, tariffs as well as non-tariff barriers of many other governments limit U.S. tobacco exports.

U.S. tobacco production declined from 2.2 billion pounds in 1950-54 to 1.86 billion in 1966-70. Thus, due to reduced U.S. output and increased foreign production, the U.S. share of world leaf output fell from 29 percent in the early 1950's to 18-1/2 percent. The U.S. share will probably decline further in the years ahead.

Table 11.—Tobacco: Acreage and yield per acre, United States, 1960-71

Year	Flue-cured, types 11-14	Burley, type 31	Total, types 11-72
	<i>Thousand acres</i>	<i>Thousand acres</i>	<i>Thousand acres</i>
Average: 1960-64 ...	688.4	319.7	1,187.7
1965	562.3	277.1	993.9
1966	607.0	240.7	982.9
1967	610.3	237.7	967.4
1968	533.0	237.6	886.2
1969	576.8	237.7	924.5
1970	584.1	216.4	901.5
1971 ¹	536.2	217.0	853.8
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>
Average: 1960-64 ...	1,945	1,941	1,863
1965	1,883	2,116	1,882
1966	1,825	2,437	1,932
1967	2,070	2,274	2,045
1968	1,841	2,372	1,939
1969	1,825	2,488	1,958
1970	2,042	2,590	2,120
1971 ¹	2,029	2,504	2,094

¹ Preliminary.

Marketing Quotas and Allotments

By December 1, USDA will announce the 1972 flue-cured marketing quota on an acreage-poundage basis, the national average yield goal, and the matching national acreage allotment. Flue-cured growers approved

¹ All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

acreage-poundage quotas for their 1971-73 crops in a 1970 referendum. Individual farm quotas and matching acreage allotments for next year's flue-cured crop will reflect this year's overmarketings and undermarketings. This year's flue-cured crop probably will slightly exceed the effective quota, so next year's effective quota likely will be a bit lower than the basic quota.

By next February 1, USDA will announce the 1972 poundage quota for burley and acreage allotments for other kinds of tobacco under quota. Shortly after the announcement, growers of cigar binder and Ohio filler types will vote in referendums on whether they favor continuing marketing quotas on their next 3 crops. If at least two-thirds of the farmers voting approve, the marketing quotas remain in effect. Producers of burley, fire-cured, and dark air-cured types approved marketing quotas applicable to the 1972 crop in previous referendums.

Maryland and Pennsylvania tobacco growers disapproved marketing quotas in the last referendum (1971) so government price support is not available for their 1971-73 crops. For Puerto Rico filler, the Commonwealth Government of Puerto Rico has set quotas for many years. Shade-grown cigar wrapper (types 61-62) grown in Connecticut, Massachusetts, Georgia, and Florida, is not covered by marketing quota legislation.

Price Support Levels

The overall price support for eligible 1972 tobacco crops seems likely to rise about 5 percent above the 1971 price support levels—some 31 percent above the 1959 level. This estimate is based on changes in the parity index. As required by law, the price support level for 1972 will be based on the average of the parity index in 1969, 1970, and 1971 compared with 1959. The increase in the support level averaged 1.3 percent annually in 1961 through 1968. For this year and the past 2 years the increase averaged 4.1 percent.

Flue-cured

Flue-cured tobacco (types 11-14) makes up two-thirds of U.S. production and about 85 percent of U.S. tobacco exports. It accounts for nearly half of the tobacco used in U.S. cigarettes. In the United Kingdom cigarettes are made with virtually 100 percent flue-cured tobacco, but most other foreign cigarettes use blends.

Record Auction Prices

Flue-cured tobacco that sold at auction markets this season through September 16 averaged 76.6 cents per pound, 3 cents above the similar period last season (table 13). Most grade averages are higher. Overall quality is about the same as last year.

Table 12.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1968/69-1970/71 ^{1/}

Importing countries	1968- 1969	1969- 1970	1970- 1971 ^{2/}	Importing countries	1968- 1969	1969- 1970	1970- 1971 ^{2/}
	Million pounds				Thousand pounds		
	Flue-cured, types 11-14				One Sucker, type 32		
United Kingdom	96.6	111.3	95.1	Belgium	5	226	216
West Germany	90.0	67.8	88.4	South Vietnam	526	0	0
Japan	31.1	39.1	41.2	Tunisia	0	55	0
Netherlands	24.0	17.9	15.6	Other countries	258	300	291
Thailand	20.7	18.0	21.4	Total	789	581	507
Australia	14.8	16.5	10.4				
Italy	4.7	11.5	9.8				
Other countries	135.7	132.0	132.1				
Total	417.7	414.1	414.0				
	Burley, type 31				Green River, type 36		
Italy	3.8	6.5	5.4	United Kingdom	161	95	104
Sweden	2.4	2.0	3.3	Australia	146	23	25
Denmark	2.3	3.8	1.9	Congo (Kinshasa)	127	196	50
Netherlands	2.6	.8	1.2	Other countries	49	14	3/808
Belgium	2.0	.9	1.3	Total	483	328	987
West Germany	13.0	10.2	9.5				
Switzerland	4.1	5.3	2.3				
Portugal	2.1	2.0	.1				
Thailand	3.1	3.7	.8				
Philippine Republic	3.3	3.9	1.4				
Other countries	7.2	8.5	7.3				
Total	45.7	47.7	34.6				
	Maryland, type 32				Cigar Filler, types 41-44		
Belgium	.9	1.4	1.3	Canada	384	103	0
West Germany	2.8	2.0	.6	France	262	370	44
Switzerland	4.5	7.2	5.1	South Vietnam	115	0	0
Portugal	1.2	.5	*	Other countries	2	94	61
Other countries	.6	.7	.4	Total	763	567	105
Total	9.9	11.7	7.4				
	Va. fire and sun-cured, types 21, 37				Conn. Binder, types 51-52		
Sweden	.3	.4	.6	West Germany	182	129	88
Norway	1.4	2.1	1.5	Spain	0	0	0
United Kingdom	.5	.5	.2	Canary Islands	64	59	22
West Germany	.6	.9	.4	Other countries	74	64	123
Other countries	1.2	.5	.8	Total	320	252	233
Total	4.0	4.3	3.5				
	Ky.-Tenn. fire-cured, types 22-23				Wis. Binder, types 54-55		
Sweden	.8	.2	.2	Netherlands	74	38	56
Netherlands	7.3	10.6	7.1	West Germany	0	0	0
Belgium	1.5	1.2	1.4	Spain	189	191	0
France	3.3	2.4	1.5	Canary Islands	50	0	0
Switzerland	1.2	1.3	.8	Other countries	39	1	6
Other countries	3.3	5.4	5.4	Total	352	230	62
Total	17.4	21.2	16.4				
	Stems, Trimmings, and Scrap				Cigar Wrapper, types 61-62		
Sweden	1.8	8.1	4.6	Canada	456	368	441
Denmark	2.2	3.5	2.9	United Kingdom	424	44	248
United Kingdom	25.0	12.4	11.3	West Germany	918	478	374
West Germany	3.6	5.4	5.1	South Vietnam	429	216	0
Other countries	21.2	26.5	32.6	Canary Islands	475	161	80
Total	53.8	55.8	56.5	Other countries	752	408	529
				Total	3,454	1,675	1,672
					Black Fat		
				Cameroon	239	498	351
				Ghana	0	0	0
				Togo	43	521	389
				Nigeria	178	210	557
				Western Africa, n.e.c.	447	1,020	579
				Other countries	257	283	153
				Total	1,164	2,532	2,029

^{1/}July-June crop year for flue-cured and cigar wrapper, and October-September crop year for all other types; for 1970/71 October-July. ^{2/}Subject to revision. Detail may not add to total due to rounding. ^{3/}Includes West Germany, 761,000 pounds.

Compiled from publications and records of the Bureau of the Census.

Table 13.--Flue-cured tobacco auction markets: Gross sales, average price, sales dates, through Sept. 16, 1971, comparable 1970 period

Type and State	Gross sales		Average price per pound		Sales period	
					Opening	Closing
					date	date
	1970	1971	1970	1971	1971 (1970)	1971 (1970)
	- - <u>Million pounds</u> - -		- - - - <u>Cents</u> - - - -			
14, Ga.-Fla.	199.4	181.3	74.4	76.8	Aug. 3 (July 22)	Sept. 9 (Aug. 28)
13, S.C. Border N.C.	227.6	252.6	72.8	75.8	Aug. 3 (July 28)	(Oct. 22)
12, Eastern N.C.	118.6	119.4	73.7	78.0	Aug. 30 (Aug. 18)	(Nov. 18)
11b, Middle Belt, N.C., Va.	15.8	14.8	73.5	77.4	Sept. 13 (Sept. 1)	(Nov. 19)
11a, Old Belt, N.C., Va.	---	---	---	---	Sept. 20 (Sept. 1)	(Dec. 2)
All Belts <u>1/</u>	561.4	568.1	73.6	76.6	Aug. 3 (July 22)	(Dec. 2)

1/ Computed from unrounded data.

The 1971 season got underway on August 3 with sales in the Georgia-Florida (type 14) and South Carolina-North Carolina border (type 13) markets. The markets opened 2 weeks later than last year because of the late crop in Georgia. About 52 percent of the crop had been sold by September 16, compared with 56 percent a year earlier. The industrywide Flue-cured Tobacco Marketing Committee recommends opening dates and sets selling times. This year the selling time in Georgia, Florida, and southeastern North Carolina was held more in line with local production.

Loan Receipts Below 1970

The overall level of price support for the 1971 crop is 4.2 percent above 1970. With the smaller crop, loan receipts through September 16 were 26 million pounds--about 5 percent of marketings. In the comparable period of the 1970 season, 10 percent went under loan. For the entire 1970 season the loan take was 12 percent.

Under the acreage-poundage program, flue-cured growers who comply with their acreage allotments receive price support on marketings up to 110 percent of their farm poundage quota. For marketings above 110 percent of the farm quotas growers must pay a penalty of 54 cents per pound (75 percent of the average market price for the preceding year).

Marketings above a farm's poundage quota are deducted from the following year's quota. Farms having undermarketings in 1971 will have their 1972 quotas increased accordingly. For flue-cured this year, overmarketings may exceed undermarketings for the first year since 1967.

1970/71 Disappearance Lower

During the year ended last June 30, disappearance of flue-cured tobacco was 1,155 million pounds, nearly 4 percent below the previous year (table 14). Both exports and domestic use dropped. Last year's exports were above the average for the 1960-69 crop years, although the disappearance totaled 6 percent below the 10-year average.

The 6 percent decline in domestic disappearance last season contrasts with the 4 percent gain in cigarette output. But the downtrend in flue-cured leaf used per cigarette continued as manufacturers shifted further to other tobacco types. In 15 years this drop for flue-cured has averaged 3 percent annually. Manufacturers apparently used more tobacco sheet and stems. Domestic disappearance during 1971/72 is likely to stay near the past season's level, if cigarette output stays about the same.

Flue-cured exports last season continued on the high plateau of the previous 4 marketing years. With a sharp recovery in the second half of the year, the total fell just 1 percent below a year earlier. Main factors in the higher level of exports in recent years were the U.N. sanctions against tobacco from Rhodesia (formerly the largest exporter of flue-cured tobacco after the United States),

the export payment program, and the high quality of recent crops. Exports this year are expected to continue well above the pre-1966 period, but probably not as high as 1970/71.

The United Kingdom decreased its takings last season and probably will purchase less from the 1971 crop. West Germany's takings rebounded as manufacturers rebuilt their stocks of U.S. tobacco. Japan took a larger quantity last season; Japanese smokers are favoring U.S. cigarette blends. Both German and Japanese buyers are bidding actively for this year's crop, so U.S. exports for those 2 countries should hold this season.

U.S. flue-cured tobacco exports: Percentage stemmed form of total

(Unstemmed equivalent basis)			
Year	Destination		
ending			
June	United	Other	All
30	Kingdom	countries	countries
	Percent		
1960	11.3	4.2	6.8
1962	17.3	6.3	10.1
1964	46.8	10.6	22.6
1966	89.3	12.6	33.0
1968	94.9	21.0	45.0
1970	95.2	42.5	58.2
1971	95.8	44.2	57.4

Supplies Lower

Estimated flue-cured tobacco acreage for harvest this year is 8 percent below 1970, in part due to the lower effective allotment. The largest change is a 13 percent decrease in the Eastern North Carolina Belt. Nationally, the yield estimate averages 1 percent below last season. In the Georgia-Florida Belt, where auctions have closed, yields averaged 5 percent above last season. The September 1 forecast for flue-cured production was 1,088 million pounds--9 percent below 1970.

Flue-cured carryover last July 1 totaled 1,976 million pounds. This was 1 percent above a year earlier, but 23 percent lower than the 1965 record high. The supply-production plus carryover-is about 2 percent below the 3.13 billion pounds in 1970/71 and 19 percent less than the record high for 1964/65. This year's supply is 2.65 times last year's use. The desired ratio is 2.3 based on legislative formula. But with a reduced supply this year, and with domestic use and exports near last season, carryover next July 1 will be reduced.

Table 14.--Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)						
Year	Production	Stocks, July 1	Supply	Disappearance <u>1/</u>		
				Total	Domestic	Exports
<u>Million pounds</u>						
1960	1,251	2,106	3,357	1,267	792	475
1961	1,258	2,090	3,348	1,267	782	485
1962	1,408	2,081	3,489	1,208	777	431
1963	1,371	2,282	3,653	1,267	769	498
1964	1,388	2,386	3,774	1,219	775	444
1965	1,059	2,555	3,614	1,175	752	423
1966	1,108	2,439	3,547	1,274	687	587
1967	<u>2/</u> 1,250	2,273	3,523	1,221	687	534
1968	<u>2/</u> 996	2,302	3,298	1,198	673	525
1969	<u>1</u> ,053	2,100	3,153	1,200	665	535
1970	<u>2/</u> 1,178	1,953	3,131	1,155	622	533
1971 <u>3/</u>	1,088	1,976	3,064			
Average price per pound		Price support level <u>4/</u>	Placed under Government loan		Remaining in Government loan stocks on August 31, 1971 <u>5/</u>	
			Quantity	Percentage of crop		
<u>Cents</u>			<u>Million pounds</u>	<u>Percent</u>	<u>Million pounds</u>	
1960	60.4	55.5	51.8	4.1	0	
1961	64.3	55.5	70.3	4.6	0	
1962	60.1	56.1	237.2	16.8	0	
1963	58.0	56.6	277.2	20.2	71.9	
1964	58.5	57.2	285.6	20.7	65.5	
1965	64.6	57.7	71.5	6.8	30.1	
1966	66.9	58.8	74.6	6.8	53.3	
1967	64.2	59.9	282.1	22.6	196.2	
1968	66.6	61.6	128.8	12.9	92.9	
1969	72.4	63.8	97.6	9.3	90.8	
1970	72.0	66.6	144.2	12.2	133.8	
1971		69.4	<u>6/</u>	<u>6/</u>		
Total	---	---	1,720.9	---	734.4	

^{1/} Year beginning July 1. ^{2/} Sales. ^{3/} Subject to revision. ^{4/} For 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. ^{5/} As reported by Flue-cured Tobacco Cooperative Stabilization Corp.; the unstemmed loan stocks on the packed-weight basis average about 11 percent less than farm-sales weight figures. ^{6/} By September 16, 26 million pounds, 5 percent of deliveries, were placed under loan.

Lease and transfer of allotments

Year	Flue-cured lease and transfer	
	Thousands acres	Million pound
1962	23.7	---
1963	33.1	---
1964	41.8	---
1965	50.2	---
1966	80.1	138.0
1967	97.2	167.6
1968	122.9	214.6
1969	131.8	230.3
1970	146.3	255.1
1971	166.3	289.3

By September 1, government loan stocks of 1963-70 flue-cured tobacco—a component of the carryover and supply estimates above—totaled 734 million pounds, 34 million above a year earlier. The Flue-cured Tobacco Cooperative Stabilization Corporation—the grower's organization handling government loans for price support—sold 110 million pounds in the year ended last June, about the same as in the previous year. This season's sales probably will fall short of last season if manufacturers and dealers continue to buy about 95 percent of the current crop to replace their usings.

Burley

Burley tobacco (type 31) represents about one-third of U.S. cigarette blends, and domestic cigarette production accounts for nearly 80 percent of burley disappearance. About 10 percent goes into other domestic products and exports take 10 percent. U.S. cigarette manufacturers have increased the burley proportion in their blends. But tobacco economizing techniques reduce total leaf requirements and more than offset the rise in cigarette output. So domestic burley use remains below the 1964-65 peak.

Growing popularity of American-type blended cigarettes abroad has increased world demand for burley. However, most of this market is supplied by foreign producers, often at prices less than half the U.S. levels. Thus, total U.S. burley use next marketing year will do well to hold its own.

1970/71 Disappearance Steady

Domestic use of burley tobacco for the year now ending probably will total about 2 percent above the 506 million pounds used in 1969/70 (table 15). Exports are slightly below the 58 million pounds of last year. Based on these prospects, total disappearance would gain some 1 percent above the 564 million pounds of last season, leaving October 1 carryover 1 percent smaller than a year earlier.

Based on July 1 stocks, disappearance for the first 9 months of the marketing year was 415 million pounds, 3 million higher than in the same period a year earlier. The gain was in domestic use; exports were smaller. Domestic

use totaled 377 million pounds, 11 million above 1969/70, but 26 million below 1964-68 average for the period. Compared with cigarette output, the indicated disappearance of burley implies domestic manufacturers are continuing to reduce the burley content per 1,000 cigarettes. Among the secondary outlets for burley, production of smoking tobacco is decreasing but cut tobacco exports are increasing.

For the first 10 months of this marketing year, burley exports totaled 42 million pounds, 8 million below a year earlier. The average U.S. export price is rising about 4 percent annually. Foreign burley gained 54 million pounds last year, considerably more than the annual gain in utilization.

Supplies Remain Large

The September estimate of the 1971 U.S. burley crop is 543 million pounds—3 percent below 1970. Acreage for harvest is almost unchanged. With the change to poundage allotments this year, prospective yields are 3 percent below last year's record.

The supply (indicated carryover plus the new crop) is about 1 percent below the 1,904 million pounds in 1970/71 and 7 percent below the record 7 years earlier. The prospective supply equals about 3.3 times probable disappearance; the desirable ratio (based on legislative formula) is 2.8.

By August 31, 1971, government loan stocks were slightly higher than the 470 million of a year earlier. Last year's loan receipts were the lowest in 5 years. Manufacturers and dealers have reduced their holdings, so sales from CCC loan stocks in the previous 12 months remained close to those in the year-earlier period.

Auction sales usually begin in late November. The 1970 crop sold for an average of 72.2 cents per pound, with 8.5 percent of the crop placed under loan. The price support level for 1971 burley is 71.5 cents per pound, about 4 percent above 1970. Proposed loan rates by grades range from 44 to 80 cents per pound.

Maryland

The chief outlet for Maryland tobacco (type 32) is in the manufacture of cigarettes. About one-third of the crop is exported. Annual disappearance since 1950 has varied irregularly between 31 million pounds and a record high during 1968/69 of 49 million.

1970/71 Use Declines

Disappearance of Maryland tobacco during the first 9 months of the marketing year that began October 1, 1970, totaled 27 million pounds—about 6 million below a year earlier. Both exports and domestic use declined. However, U.S. manufacturers are apparently continuing to use an above-average amount of Maryland tobacco in cigarette blends. For the 1970/71 marketing year disappearance is expected to total slightly below the high level of 41 million pounds of the previous year, but slightly above the 1964-68 average (table 16).

Table 15.--Burley tobacco, type 31: Domestic supplies, disappearance, season average price, and price support operations for specified periods

(Farm-sales weight)						
Year	Production	Stocks, October 1	Supply	Disappearance <u>1/</u>		
				Total	Domestic	Exports
<u>Million pounds</u>						
1960	485	1,191	1,676	549	508	41
1961	580	1,127	1,707	570	525	45
1962	675	1,137	1,812	584	531	53
1963	755	1,228	1,983	571	514	57
1964	620	1,412	2,032	616	560	56
1965	586	1,416	2,002	607	550	57
1966	587	1,395	1,982	600	544	56
1967	541	1,382	1,923	599	546	53
1968	563	1,324	1,887	571	516	55
1969	591	1,316	1,907	564	506	58
1970	561	1,343	1,904	*570	*515	*55
1971 <u>2/</u>	543	*1,334	*1,877			
	Average price per pound	Price support level <u>3/</u>	Placed under Government loan		Remaining in Government loan stocks on August 31, 1971 <u>4/</u>	
			Quantity	Percentage of crop		
	<u>Cents</u>		<u>Million pounds</u>	<u>Percent</u>	<u>Million pounds</u>	
1960	64.3	57.2	8.4	1.7	0	
1961	66.5	57.2	10.3	1.8	0	
1962	58.6	57.8	63.5	9.4	3.0	
1963	59.2	58.3	202.3	26.8	37.4	
1964	60.3	58.9	110.4	17.8	47.9	
1965	67.0	59.5	42.2	7.2	34.6	
1966	66.9	60.6	62.5	10.6	49.0	
1967	71.8	61.8	64.2	11.9	50.7	
1968	73.7	63.5	56.2	10.0	52.5	
1969	69.6	65.8	158.5	26.8	150.0	
1970	72.2	68.6	47.7	8.5	47.3	
1971		71.5				
Total	---	---	826.2	---	5/472.4	

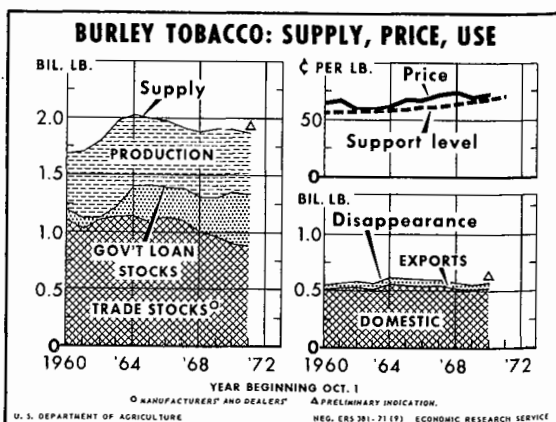
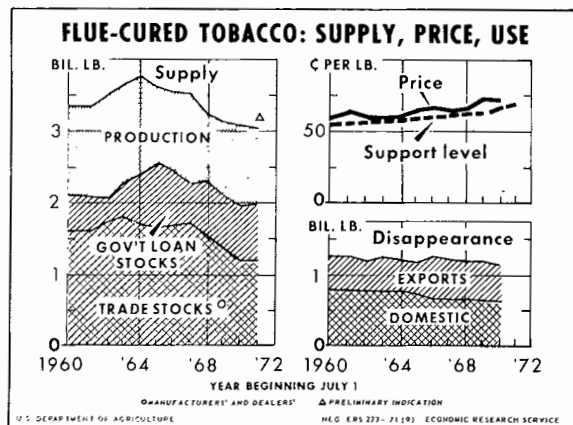
^{1/} Year beginning October 1. ^{2/} Subject to revision. ^{3/} For 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. ^{4/} Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures. ^{5/} About 5 million pounds of these holdings have been sold. * Estimated.

Table 16.--Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-71

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Stocks, following January 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		Million pounds			
1965	33.5	1,150	38.5	70.0	20.2	90.1	128.6
1966	35.0	1,030	36.0	68.2	21.5	89.7	125.7
1967	31.5	1,030	32.4	68.2	18.1	86.3	118.7
1968	30.0	1,065	32.0	74.5	7.0	81.5	113.5
1969	28.0	1,000	28.0	66.7	0	66.7	94.7
1970	26.0	1,060	1/30.0	50.1	0	50.1	80.1
1971 2/	27.0	1,020	27.5		0	*43.0	*70.5
	Disappearance 3/			Average price	Price support	Placed under Government loan	
	Total	Domestic	Exports	per pound	level	Quantity	Percentage of crop
	Million pounds			Cents		Million pounds	Percent
1965	35.7	24.7	11.0	65.5	52.8	2.7	7.0
1966	40.2	23.7	16.5	48.6		No price support	
1967	36.0	20.3	15.7	62.4		No price support	
1968	48.7	38.3	10.4	69.8		No price support	
1969	41.3	29.1	12.2	75.1		No price support	
1970	*40.0	*27.0	*13.0	4/78.6		No price support	
1971						No price support	

1/ Estimated sales. 2/ Based on September 1 crop prospects and estimated stocks. 3/ Year beginning October 1. 4/ Auction market average. * Estimated.



Maryland exports may exceed the 12.2 million pounds of 1969/70 as exporters hiked shipments prior to the September 30 dock strike deadline. In the first 10 months of the current marketing year, however, exports were 2 million pounds below the year-earlier period. Exports to Switzerland, the principal outlet, were down following above average takings last marketing year. Swiss manufacturers hold stocks in the United States as well as sizable inventories in Switzerland.

Supplies Lower

By next January 1, carry-over probably will fall further from this year's 50 million pounds because disappearance exceeds 1970 production. The September estimate of the 1971 Maryland crop is 8 percent below the 1970 crop sales. Acreage allotments are not in effect, because growers disapproved marketing quotas for the 1971-73 crops. This year's crop plus the estimated carryover will provide a 1971/72 supply about 14 percent less than for the year now ending.

Auction sales of the 1970 Maryland tobacco crop began April 13 and ended June 25, with a record average price to growers. Overall quality of offerings was higher than last year, and prices advanced for almost all grades.

Fire-cured

Fire-cured tobacco is used for making snuff, plug and twist chewing tobacco, cigars, and smoking tobacco. Since U.S. production of most of these products has declined over the past decade, the use of fire-cured tobacco has also fallen. Exports—accounting for about six-tenths of the total disappearance—have held up better than domestic use. Overseas demand is steadier for products using fire-cured tobacco and limited exports are available from other suppliers.

1970/71 Disappearance Declines

Disappearance of fire-cured tobacco (types 21-23) during the first 9 months of the marketing year that began October 1, 1970, was 32½ million pounds, about 6½ million below a year earlier. Both exports and domestic disappearance were lower. Growers received 5 more cents per pound for last year's crop than in 1969.

For the year ending this September 30, estimated disappearance is down about 5 million pounds from last season's 50 million. But use still totals about 8 million pounds more than last year's output. Carryover stocks this October 1 are probably about a tenth below the 74 million pounds of last year (table 17).

Based on the indications through June, domestic use of the Virginia type in the 1970/71 year exceeds the previous year's level. Kentucky-Tennessee types are lower. In October 1970-June 1971, snuff output was about the same as a year earlier.

Fire-cured exports in the season now ending may total below 1970/71. The decline is occurring mostly in the larger volume Kentucky-Tennessee types. Exports of

Kentucky-Tennessee types during October 1970-July 1971 were 18 million pounds, 1 million below a year earlier. The Netherlands—first ranking outlet—accounted for the decrease, but shipments were sizable in August and September, according to industry sources. Virginia fire-cured exports of 4.3 million pounds in October 1970-July 1971 were below the 4.7 million of a year earlier. Smaller shipments went to Norway, the leading destination.

Supplies Lower

The September estimate of fire-cured production was 40.7 million pounds, 10 percent larger than last year. This is 4 million pounds below the estimated disappearance during the marketing year just ended. Acreage for harvest is 3 percent larger. Yield indications are 6 percent above last year.

Combined supplies of the fire-cured types for 1971/72—estimated carryover and production—are 4 percent below the 111 million pounds of a year earlier and 14 percent below 2 years ago. Carryover a year hence will show a further decline from the current level. August 31 stocks under loan had fallen substantially.

Fire-cured and dark air-cured tobacco loan stocks, 1968-71

(Farm-sales weight)				
Type	End of August			
	1968	1969	1970	1971
	Million pounds			
Virginia, types 21	2.8	2.0	1.4	1.0
Ky.-Tenn., types 22-23	24.1	12.8	11.2	5.5
Ky.-Tenn., types 35-36	18.1	15.6	18.9	12.8

In Malawi, the chief fire-cured exporter besides the United States, 1971 sales decreased to 21 million pounds. This was about like last year. Auction prices this season averaged 45 cents per pound, 13 cents above last year.

Dark Air-cured

Dark air-cured tobacco (types 35-37) is used to manufacture plug, twist, fine-cut chewing tobacco, snuff, and also to some extent for smoking tobacco and cigars. Production and use have declined about half in

Table 17.--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-71

(Farm-sales weight)							
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		----- Million pounds -----			
Kentucky-Tennessee fire-cured, types 22-23							
1965	23.2	1,574	36.6	72.5	32.3	104.8	141.4
1966	21.0	1,919	40.2	69.9	25.9	95.8	136.0
1967	17.3	1,702	29.5	64.0	27.3	91.3	120.8
1968	17.9	1,822	32.6	57.3	21.5	78.8	111.4
1969	19.0	1,797	34.1	61.1	11.6	72.7	106.8
1970	17.7	1,749	30.9	54.1	9.7	63.8	94.7
1971 <u>1/</u>	18.4	1,874	34.5			*57.7	*92.2
Virginia fire-cured, type 21							
1965	7.6	1,260	9.6	12.3	3.3	15.6	25.2
1966	6.0	1,255	7.5	13.4	3.5	16.9	24.4
1967	5.4	1,290	7.0	12.1	2.7	14.8	21.8
1968	4.9	1,205	5.9	8.9	2.8	11.7	17.6
1969	5.0	1,340	6.7	8.0	1.9	9.9	16.6
1970	5.0	1,230	6.2	8.4	1.4	9.8	16.0
1971 <u>1/</u>	5.0	1,250	6.2			*8.0	*14.2
Disappearance				Average	Price	Placed under Government loan	
				price	support	Percentage	
Total	Domestic	Exports	per pound	level	Quantity	of crop	
Million pounds			Cents		Million pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23							
1965	45.6	18.0	27.6	43.6	40.4	2.3	6.3
1966	44.7	21.0	23.7	42.2	41.1	6.3	15.7
1967	42.0	14.9	27.1	46.2	41.9	.8	2.7
1968	38.7	<u>2/</u> 19.1	19.6	51.1	43.1	.4	1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970	*37.0	*14.0	*23.0	54.4	46.6	<u>3/</u>	.1
1971					48.5		
Virginia fire-cured, type 21							
1965	8.3	3.0	5.3	39.9	40.4	1.0	10.4
1966	9.6	2.3	7.3	41.2	41.1	.6	8.0
1967	10.1	3.4	6.7	40.9	41.9	.7	10.1
1968	7.7	3.0	4.7	46.9	43.1	.2	3.4
1969	6.8	1.7	5.1	53.1	44.6	.1	1.5
1970	*8.0	*2.5	*5.5	52.0	46.6	.1	2.0
1971					48.5		

1/Based on September 1 crop prospects and estimated stocks. 2/Includes 4.7 million pounds fire loss, April 1969. 3/Less than 50,000 pounds. *Estimated.

Table 18.--Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-71

(Farm-sales weight)							
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		----- Million pounds -----			
Dark air-cured, types 35-36							
1965	11.3	1,639	18.5	40.6	21.3	61.9	80.4
1966	10.7	1,987	21.3	41.0	19.6	60.6	81.9
1967	9.5	1,629	15.5	39.2	21.3	60.5	76.0
1968	9.8	1,831	18.0	41.1	17.1	58.2	76.2
1969	10.1	1,793	18.1	44.1	15.0	59.1	77.2
1970	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971 1/	8.3	1,932	16.0			*49.1	*65.1
Sun-cured, type 37							
1965	1.8	1,105	2.0	4.3	0	4.3	6.3
1966	1.4	1,065	1.5	4.3	0	4.3	5.8
1967	1.2	1,090	1.3	4.2	0	4.2	5.5
1968	1.1	1,095	1.2	3.9	0	3.9	5.1
1969	1.1	1,225	1.3	3.8	0	3.8	5.1
1970	1.0	1,100	1.1	3.3	0	3.3	4.4
1971 1/	.9	1,150	1.0		0	*3.1	*4.1
Disappearance			Average	Price	Placed under		
			price	support	Government loan		
Total	Domestic	Exports	per pound	level	Quantity	Percentage	
						of	
						crop	
---- Million pounds ----			Cents		Million pounds	Percent	
Dark air-cured, types 35-36							
1965	19.8	16.2	3.6	37.0	35.9	3.2	17.3
1966	21.4	17.0	4.4	37.3	36.6	4.7	22.1
1967	17.8	14.8	3.0	40.8	37.3	1.4	9.0
1968	17.1	15.0	2.1	47.4	38.3	.7	3.9
1969	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970	*20.0	*17.0	*3.0	46.0	41.4	1.0	6.8
1971					43.1		
Sun-cured, type 37							
1965	2.0	1.7	.3	39.2	35.9	2/75	3.8
1966	1.6	1.2	.4	42.3	36.6	2/26	1.7
1967	1.6	1.2	.4	45.2	37.3	2/25	1.9
1968	1.3	1.1	.2	53.2	38.3	2/1	.1
1969	1.8	1.5	.3	52.8	39.7	2/1	.1
1970	*1.3	*1.1	*.2	53.8	41.4	2/3	.3
1971					43.1		

^{1/}Based on September 1 crop prospects and estimated stocks. ^{2/}Quantity placed under Government loan reported in thousand pounds. *Estimated.

the past 2 decades. The decline has been proportionately greater for exports than domestic use. Exports now account for about one-fifth of annual disappearance.

1970/71 Disappearance Dropping

Disappearance of dark air-cured tobacco during the first 9 months of the current marketing year was 17 million pounds, about 3 million below the unusually high level a year earlier. Exports picked up but domestic use fell off. Last year's price to growers averaged 5.3 cents per pound higher than in 1969.

For the year ending September 30, 1971, total disappearance is expected to drop 4 million pounds below the 25.3 million of last year. This would mean a carryover 8 percent below the 57 million pounds last October 1 (table 18).

After last season's gain, domestic use of dark air-cured is equaling the 1964-68 annual average. In October 1970-June 1971, the manufacture of plug, twist, and fine-cut chewing tobacco declined 4-½ percent. Exports of dark air and sun-cured tobacco in 1970/71 probably totaled a little above the 2.6 million pounds of a year earlier, due to a sizable gain for Green River Leaf.

Supplies Continue Large

The September estimate of this year's dark air-cured crop is 17.1 million pounds—about 4 percent above last year's record low. Acreage for harvest of types 35-36 is estimated about the same as last year. For type 37, acreage is estimated lower than last year. Yields are up slightly in both areas.

With smaller crops and carryovers, total 1971/72 supplies are estimated 5 million pounds below last year's 74 million pounds. Supplies equal 3 times the past season's use. Mid-1971 loan holdings are down from year-earlier levels but represent 8 or 9 months of use.

Cigar Tobacco

Cigar leaf tobaccos (types 41-62) are classified according to usage in cigar manufacture—filler, binder, and wrapper. A secondary outlet is in loose leaf chewing tobacco. The shift to small cigars and cigarillos and reconstituted tobacco sheet for cigar binders and wrappers is reducing cigar leaf requirements. However, chewing tobacco manufacturers have stimulated demand for their products. Exports of U.S. cigar leaf equal about 3 percent of disappearance.

U.S. and Puerto Rico cigar leaf production has been declining since the early 1960's while filler leaf and scrap imports have risen. The Philippines and countries in Central and South America are the chief foreign suppliers. About 180 million pounds of leaf are used annually, almost equally divided between imports and domestic leaf.

Cigar Filler Supply Lower; Disappearance Declining

For the first 9 months of the 1970/71 marketing year, total disappearance of U.S. cigar filler tobacco (types 41-46) was 40 million pounds, down 4-½ million from a year earlier. All types were lower, with Pennsylvania filler accounting for most of the decline. In the same period, production of loose leaf chewing tobacco gained while cigars declined.

The 1970/71 filler disappearance may drop an eighth below the 62-½ million pounds of a year earlier with disappearance of each type—Pennsylvania, Ohio, and Puerto Rico—dropping to record lows (table 19).

Imports Supplementing Lower U.S. Supplies

During October 1970-June 1971, U.S. manufacturers used 74 million pounds of foreign cigar tobacco (imports for consumption) or 8 million more than a year earlier. With domestic supplies declining further in 1971/72, manufacturers may draw even more heavily on foreign leaf, despite the import surcharge.

Foreign-grown cigar leaf stocks in the United States on July 1 totaled 102 million pounds, down 2 million from a year earlier. Less tobacco from the Philippines accounted for the decline.

Cigar Binder Disappearance Off

Cigar binder disappearance for October 1970-June 1971 was 13-½ million pounds, down about 1-½ million. Both Connecticut Valley (types 51-52) and Wisconsin tobaccos (types 54-55) showed declines. The major outlet for Wisconsin tobacco is loose leaf chewing tobacco; production remained stable for most of the 1960's and then gained in the past 4 years.

The 1970/71 disappearance of Connecticut Valley binder tobacco is estimated about 1 million pounds below the 4 million of the previous season but near last year's output. The declining supply has limited use for several years. Carryover on October 1, 1971, is expected to stabilize at last year's low of about 7 million pounds.

The 1970/71 disappearance of Wisconsin tobacco may fall 1 million pounds from the level of 1969/70. This would leave stocks some 1-½ million pounds above the record low of 35 million on October 1, 1970.

Cigar Wrapper Disappearance Steady

Disappearance of shade-grown cigar wrapper (types 61-62) in the year ended June 30 was 14.3 million pounds, about 1 percent above the 18-year low of a year earlier. Domestic use gained and exports about held their own. Production has dropped by half since 1965 even though grower prices have trended sharply upward. With manufactured wrapper output expanding, and the cigar smokers shifting to smaller, slimmer types, the market for natural wrapper shrinks. The high cost of U.S. wrapper hinders exports.

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1968-71

(Farm-sales weight)

Country of origin	Imports for consumption				Dealers and manufactures stocks, July 1 --			
	October-June							
	October-September	1968-1969-70	1969-1970	1970-1971	1968	1969	1970	1971
		1968-1969	1969-1970	1970-1971				
	<u>Million pounds</u>							
Philippines	35.3	26.7	27.7	28.8	36.9	41.9	43.1	38.7
Dominican Rep.	10.1	7.8	8.9	8.9	19.4	12.3	12.2	13.5
Brazil	6.9	5.3	5.3	4.3	10.2	9.0	10.4	9.4
Colombia	6.9	5.0	5.8	5.2	11.4	10.2	9.1	10.4
Paraguay	2.4	1.4	3.2	2.0	1.9	4.2	9.5	7.3
Mexico	3.8	3.0	2.6	2.8	1/	2.8	4.9	5.3
Indonesia	2.8	2.1	2.7	2.9	3.7	3.3	2.3	4.7
All others	10.5	8.1	9.8	19.0	14.4	9.5	13.3	13.1
Total	78.7	59.4	66.0	73.9	97.9	93.2	104.8	102.4

1/ Included in all others.

U.S. and Puerto Rican Supplies to Decline

Supplies of U.S. and Puerto Rican cigar tobacco will decline from 1970/71, continuing the postwar trend. October 1, 1971, carryover is down and prospective production is lower. Most of the decline is in cigar filler supplies. Wrapper supplies are also lower, but binder is up.

September 1970-August 1971 sales from government loan stocks were lower than a year earlier, and loan receipts were also lower. By August 31, government loan stocks of cigar tobacco slightly exceeded last year's low level.

Filler: As of September 1, the Pennsylvania filler crop was indicated at 30.6 million pounds—6 percent below 1970. The decline is due to reduced acreage. This would be the smallest crop since the 1930's and only 58 percent of the 1960-64 average. The new crop plus the reduced carryover will provide a supply about 7 percent below last season's and the least since the mid-1930's.

With the reassignment of some allotments, Ohio filler acreage is estimated to be slightly higher than the record low of last year. As of September 1, the crop was placed at 3 million pounds, about the same as last year. The crop plus the lower carryover will provide a total supply for 1970/71 about 1-1/2 million pounds below last year and the smallest on record.

The Puerto Rican filler carryover on October 1 is estimated about 5 million pounds below a year earlier and probably a new low. Last year the Puerto Rican

Government's quota of 22-1/2 million pounds was about 5 times the record-low harvest early this year. Acreage has been declining since 1964, and production has been considerably below the quota for the past several seasons even though the Commonwealth subsidizes growers. The 1971/72 supply seems likely to fall some 5-1/2 million pounds to another record low.

Binder: Cigar binder acreage in the Connecticut Valley is estimated about 4 percent smaller than last year, although quotas were lifted again this year. As of September 1, production was indicated at 3 million pounds, slightly above last year. With about the same carryover, supplies remain near last year's low.

Acreage of both Southern Wisconsin and Northern Wisconsin types are estimated above last year. Growers received substantially higher prices for the 1970 crop. Also, some growers released their acreage allotments to growers who wished to increase their production. Wisconsin production was indicated at 19 million pounds, slightly above last year when the yield was record high. Carryover is estimated about 1-1/2 million pounds above a year ago. So supply of both types may gain about 2 million pounds from the low level in 1970/71.

Wrapper: This year the indicated acreage of Connecticut Valley wrapper is one-fifth below 1970. This continues the sharp drop of the past 2 years. Production may plunge almost 3 million pounds below last year's level. Carryover on July 1 was up 1.7 million

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1965-71

Crop year	Acreage harvested	Yield per acre	(Farm-sales weight)						Average price per pound to growers
			Supply			Disappearance			
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds			Million pounds				Cents
Pennsylvania Seedleaf Filler (type 41)									
1965	27.0	1,900	51.3	129.4	180.7	53.0	51.2	1.8	24.0
1966	23.0	1,675	38.5	127.7	166.2	53.9	52.4	1.5	25.0
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,875	37.5	105.1	142.6	45.3	44.7	.6	30.0
1970	18.0	1,800	32.4	97.3	129.7	*40.0	*39.8	*.2	31.0
1971 2/	17.0	1,800	30.6	*89.7	*120.3				
Ohio, Miami Valley Filler (type 42-44)									
1965	3.7	1,465	5.4	17.0	22.4	6.2	6.2	---	26.2
1966	3.2	1,885	6.0	16.2	22.2	6.7	6.7	---	28.0
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970	1.6	1,750	2.9	9.0	11.9	*4.5	*4.5	---	35.0
1971 2/	1.7	1,700	2.9	*7.4	*10.3				
Puerto Rico Filler (type 46) 3/									
1965	17.0	951	16.2	62.6	78.8	27.0	27.0	---	4/32.1
1966	9.0	1,338	12.0	51.8	63.8	23.3	23.3	---	4/31.3
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	4/33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	4/33.6
1970	3.2	1,397	4.5	19.3	23.8	*9.5	*9.5	---	4/36.5
1971 2/	3/3.0	3/1,350	3/4.0	*14.3	*18.3				
Total Cigar Filler (types 41-46)									
1965	47.7	1,528	72.9	209.0	281.9	86.2	84.4	1.8	26.0
1966	35.2	1,608	56.5	195.7	252.2	83.9	82.4	1.5	26.7
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.5
1969	26.4	1,759	46.4	141.8	188.2	62.6	62.0	.6	30.6
1970	22.8	1,741	39.8	125.6	165.4	*54.0	*53.8	*.2	31.9
1971 2/	21.7	1,728	37.5	*111.4	*148.9				
Connecticut Valley Binder (types 51-52)									
1965	2.6	1,910	5.0	21.3	26.3	7.0	4.9	2.1	45.9
1966	1.8	2,111	3.8	19.3	23.1	6.7	5.1	1.6	51.2
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970	1.7	1,756	2.9	7.0	9.9	*3.0	*2.6	*.4	63.5
1971 2/	1.6	1,922	3.1	*6.9	*10.0				
Southern Wisconsin Binder (type 54)									
1965	4.7	1,805	8.5	22.7	31.2	8.8	8.8	---	29.7
1966	3.9	1,895	7.4	22.4	29.8	9.1	9.1	---	34.3
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	40.2
1970	4.4	2,135	9.4	16.7	26.1	*7.0	*7.0	---	50.3
1971 2/	5.0	1,950	9.8	*19.1	*28.9				
Northern Wisconsin Binder (type 55)									
1965	6.2	1,735	10.8	26.8	37.6	9.4	9.1	.3	28.9
1966	5.4	1,635	8.8	28.2	37.0	7.7	7.4	.3	32.4
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,810	6.7	20.7	27.4	8.8	8.5	.3	
1970	4.4	2,055	9.0	18.6	27.6	*10.0	*9.9	*.1	52.0
1971 2/	4.9	1,850	9.1	*17.6	*26.7				

See footnotes at end of table.

Continued --

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1965-71

(Farm-sales weight)									
Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ^{1/}	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds			Million pounds				Cents
Total Wisconsin Binder (types 54-55)									
1965	10.9	1,765	19.3	49.5	68.8	18.2	17.9	.3	29.3
1966	9.3	1,744	16.2	50.6	66.8	16.8	16.5	.3	33.3
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,775	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	2,095	18.4	35.3	53.7	*17.0	*16.9	*.1	51.1
1971 ^{2/}	9.9	1,901	18.9	*36.7	*55.6				
Total Cigar Binder (types 51-55)									
1965	13.5	1,793	24.3	70.8	95.1	25.2	22.8	2.4	32.7
1966	11.1	1,804	20.0	69.9	89.9	23.5	21.6	1.9	36.7
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,714	15.4	49.2	64.6	22.3	21.7	.6	44.3
1970	10.5	2,041	21.3	42.3	63.6	*20.0	*19.5	*.5	52.8
1971 ^{2/}	11.5	1,904	22.0	*43.6	*65.6				
Connecticut Valley Shade-grown (type 61)									
1965	9.3	1,567	14.6	14.3	28.9	12.6	9.3	3.3	250.0
1966	8.8	1,555	13.7	16.3	30.0	14.0	10.5	3.5	295.0
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	400.0
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971 ^{2/}	4.6	1,487	6.8	13.9	20.7				
Georgia-Florida Shade-grown (type 62)									
1965	6.3	1,321	8.3	7.3	15.6	7.4	5.5	1.9	225.0
1966	5.8	1,265	7.3	8.2	15.5	6.8	6.1	.7	185.0
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971 ^{2/}	3.0	1,575	4.7	8.1	12.8				
Total Shade-grown (types 61-62)									
1965	15.6	1,468	22.9	21.6	44.5	20.0	14.8	5.2	241.0
1966	14.6	1,440	21.0	24.5	45.5	20.8	16.6	4.2	257.0
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	275.7
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	341.3
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	350.9
1971 ^{2/}	7.6	1,522	11.5	22.0	33.5				
Grand Total Cigar Tobacco (types 41-62)									
1965	76.8	1,562	120.1	301.4	421.5	131.4	122.0	9.4	68.3
1966	60.9	1,603	97.5	290.1	387.6	128.2	120.6	7.6	78.2
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.7	1,666	77.6	210.6	288.3	99.0	95.9	3.1	96.8
1970	42.9	1,773	76.0	189.3	265.3	*88.3	*85.7	*2.6	100.3
1971 ^{2/}	40.8	1,739	71.0	*177.0	*248.0				

^{1/} October 1 for types 41-55; July 1 for types 61-62.^{2/} Based on September 1 crop prospects and estimated stocks.^{3/} Puerto Rican planting occurs late in calendar year; projected for 1971.^{4/} Excludes payment by Puerto Rican Government; 17 cents per pound in 1970.

* Estimated.

Cigar leaf tobacco price support operations, 1967-71

(Farm-sales weight)

Type	Placed under Government loan, crop years --				Remaining under loan, End of August			
	1967	1968	1969	1970	1968	1969	1970	1971
Ohio, 42-44	0.4	0.1	<u>1</u> / ₂	0	0.4	0.1	0	0
Puerto Rican, 46	1.2	4.9	<u>4</u> .2	3.1	1.7	1.2	5.6	2.8
Conn. Valley,								
51-52	.1	<u>1</u> / ₂	.7	.6	1.4	1.3	2.2	2.4
Southern Wis., 54	.2	<u>1</u> / ₂	<u>1</u> / ₂	0	.2	.1	0	0
Northern Wis., 55	2.4	.4	0	0	5.2	3.6	0	0
Total	4.3	5.5	4.9	3.7	8.9	6.3	7.8	5.2

1/ Negligible.

pounds from 1970. The supply of Connecticut Valley wrapper is 1 million pounds lower and equal to the 1969 low.

Acreage of Georgia-Florida wrapper has fallen one-sixth to a 33-year low as manufacturers have adjusted supplies to a lower level of use. As of September 1, production was an indicated 1 million pounds below last year. Carryover in July was down 1 million from a year earlier. The supply is about 2 million below 1970/71 and the lowest since 1953.

FOREIGN PRODUCTION AND SALES

World production of cigarettes gained 4 percent last year over 1969, as population and incomes rose. Another gain is expected this year, but international trade in tobacco is not increasing accordingly because of rising local production in many areas and manufacturing changes to economize on leaf use.

Since 1965, world tobacco trade has shifted due to U.N. sanctions against Rhodesia. To fill the gap left by Rhodesia, many foreign suppliers are increasing tobacco production and actively competing for a larger share of world markets.

Most foreign-grown tobacco cannot match the high quality of U.S. leaf. But with low land costs and inexpensive labor, many countries can produce tobacco and export it for about half the level of U.S. prices. The 2 largest tobacco markets in foreign trade are the European Community and the United Kingdom; the United States has special competition in each area. Commonwealth countries face lower duties on their

U.K. shipments than those from the United States. And certain supplying countries enjoy preferential or duty-free access to the European Community.

Flue-cured Production Gains

Harvest of foreign flue-cured tobaccos during the first half of 1971 rose slightly from the 886 million pounds in 1970. The crops in South Africa, Malawi, and Zambia were larger. With additional acreage, India's harvest may have gained from last season's 179 million pounds. India is sponsoring an additional 14,000 acres for exportable kinds of tobacco next season. Most of the new acreage is planned for flue-cured.

The 1971 Rhodesian flue-cured crop was sold at secret auctions this spring with a guaranteed average grower return equivalent to 32 U.S. cents per pound for 120 million pounds, plus 21 cents for an additional 12 million pounds. For the 1972 flue-cured crop, the 32-cent price guarantee applies on the entire target of 132 million pounds.

The 1971 flue-cured crop in Canada may total about one-tenth below last year. In Ontario, where most of the crop is grown, the Marketing Board expects the crop to reach the target of 177 million pounds.

British Tobacco Situation

The United Kingdom accounts for about one-fourth of all U.S. exports of unmanufactured tobacco. The United Kingdom raises no tobacco and imports mostly flue-cured. The U.K.'s trade has been affected for several years by extremely high duties that cigarette companies pay when they withdraw tobacco for manufacture (table

Table 20.--United Kingdom tobacco: Imports, stocks clearances, and exports, 1968-71

Item	July-June			Item	July-June		
	1968-	1969-	1970-		1968-	1969-	1970-
	1969	1970	1971		1969	1970	1971
	<u>Million pounds</u>				<u>Million pounds</u>		
Imports, by source:				Gross clearances:			
United States	134	145	126	Full duty rate <u>1/</u>	169	167	157
Commonwealth	132	105	149	Commonwealth			
Other	35	40	47	rate <u>2/</u>	137	135	143
Total	301	290	322	Total	306	302	300
Exports:				Flue-cured:			
Manufactured products	45	52	56	United States	147	137	126
Unmanufactured	3	4	7	Canada	43	48	53
Stocks, June 30:				India	44	45	44
Flue-cured	364	351	365	Rhodesia	16	5	1
Other	49	50	49	Zambia and Malawi	10	12	10
Total	413	401	414	Other	22	25	30
				Total	282	272	264
				Net clearances:	236	229	224

1/Equivalent to \$12.10 per pound. 2/Equivalent to \$11.91½ per pound.
 Compiled from official United Kingdom sources.

Table 21.--Tobacco: Commodity Credit Corporation price support loans and programs operations, 1950-71

Year ending June 30	New loans made	Repayments	Loans canceled 1/	Charged off	Loans outstanding		
					Additions (deductions)	End of year	
						Value	Quantity
							Million pounds
----- Million dollars -----							
1950	68.9	77.2	0.8	0.1	(9.2)	125.5	311
1951	80.1	91.2	0	.2	(11.3)	114.2	247
1952	129.8	48.4	.4	1.1	79.9	194.1	380
1953	161.9	133.6	1.0	2.9	24.5	218.6	496
1954	118.4	81.6	.1	1.1	35.6	254.2	586
1955	203.5	54.8	0	.4	148.4	402.6	797
1956	249.1	122.9	0	1.0	125.2	527.8	867
1957	199.8	149.4	0	.8	49.7	577.5	946
1958	82.9	77.3	11.1	5.1	(10.6)	566.9	901
1959	106.2	89.0	1.0	2.9	13.3	580.2	892
1960	56.2	198.8	18.7	1.2	162.5	417.7	668
1961	50.4	54.0	25.0	1.2	(29.8)	387.9	610
1962	70.2	102.3	41.5	9.7	(83.2)	304.7	451
1963	209.1	44.1	15.8	16.4	132.7	437.4	610
1964	304.9	52.4	10.8	12.2	229.5	666.9	942
1965	262.4	73.4	28.4	1.1	159.4	826.3	1,149
1966	96.9	92.1	68.6	1.3	(65.1)	761.1	1,018
1967	111.3	154.4	31.6	7.6	(82.3)	678.8	921
1968	246.1	158.8	8.3	1.8	77.2	756.0	1,035
1969	137.8	113.2	14.5	4.9	5.1	761.1	1,049
1970	217.5	127.8	4.9	.7	84.2	845.3	1,112
1971	163.1	123.7	.2	.1	39.4	884.7	1,136
Loan and program operations				Public Law 480			Total
Loan and			Sales of		Credit sales	cost	
other		Export payments	foreign currencies		for dollars	2/	
chargeoffs							
----- Million dollars -----							
1962	9.3	0		19.9	0	29.2	
1963	16.1	0		23.3	1.6	31.0	
1964	11.5	0		24.4	2.9	38.8	
1965	.4	0		15.4	4.7	20.4	
1966	.3	3/		30.1	1.1	31.4	
1967	7.6	33.1		16.7	4.5	61.9	
1968	1.8	28.4		22.5	8.7	61.3	
1969	4.9	27.9		18.3	13.0	64.1	
1970	1.1	29.5		8.3	14.2	4/99.9	
1971	.1	29.1		15.8	10.1	5/131.4	

1/ Barter for commodities and services. 2/ Recovery of costs for Public Law 480 and short term credit sales not available before 1970. 3/ Less than \$50,000. 4/ Includes \$46.8 million for financing short term credit sales; \$44.5 million estimated recovery of costs. 5/ Includes \$76.3 million for financing short term credit sales; \$65.5 million estimated recovery of costs.

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, various issues.

TOBACCO USE IN CIGARETTES—TRENDS AND POTENTIALS

BY

Robert H. Miller, Agricultural Economist
Economic and Statistical Analysis Division
Economic Research Service

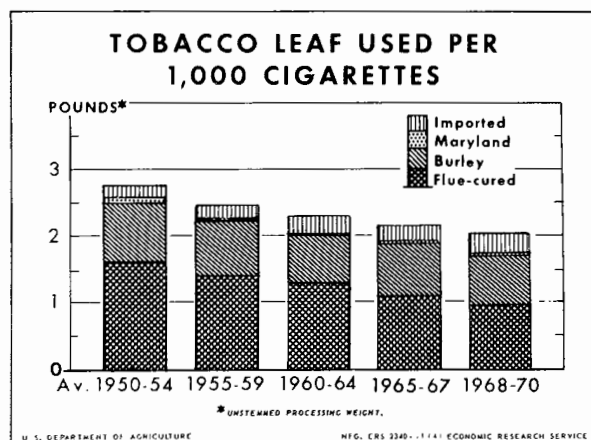
ABSTRACT: U.S. cigarette manufacturers used an estimated 1,143 million pounds of tobacco (unstemmed processing weight) in cigarettes in 1970, about the same as in 1969. Manufacturers used an estimated 1.96 pounds of tobacco per 1,000 cigarettes, 4 percent less than a year earlier. Time series analysis show almost all the decline of one-fourth in leaf tobacco use per cigarette over the past 2 decades is associated with the increased proportion of filter cigarettes. Filters displaced tobacco and permitted greater use of reconstituted sheet. About one-fifth of cigarette tobacco is homogenized sheet, and the share is increasing. Under various assumptions, tobacco leaf input per cigarette may decline from 6 to 14 percent during 1970-75.

KEY WORDS: Tobacco, cigarettes, tobacco use, cigarette manufacture.

1970-71 Developments

U.S. cigarette manufacturers used an estimated 1,143 million pounds of tobacco (unstemmed processing weight) in cigarettes in 1970. This was about the same as the year before, although cigarette output rose to a record level. Use of domestic tobaccos declined; imports gained (table 22). This year, with the leveling of cigarette output, manufacturers will probably use less tobacco, and continue the downtrend in leaf used per cigarette.

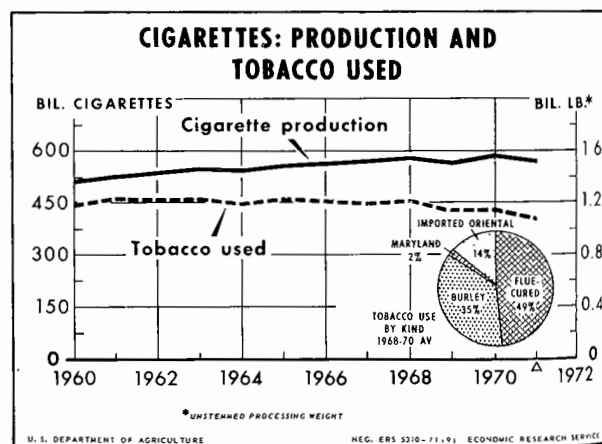
Manufacturers used an estimated 1.96 pounds of tobacco (unstemmed weight) per 1,000 cigarettes produced in 1970, 4 percent less than a year earlier. Flue-cured tobacco accounts for almost half the tobacco used in cigarettes, with burley, Maryland, and imported tobaccos accounting for the rest. Last year the flue-cured proportion declined while other kinds increased.



Sharp Decline Since Mid-Fifties

Over the past 2 decades manufacturers have reduced leaf per cigarette by one-fourth, in part due to pressures from higher cost per pound of leaf and the desire to

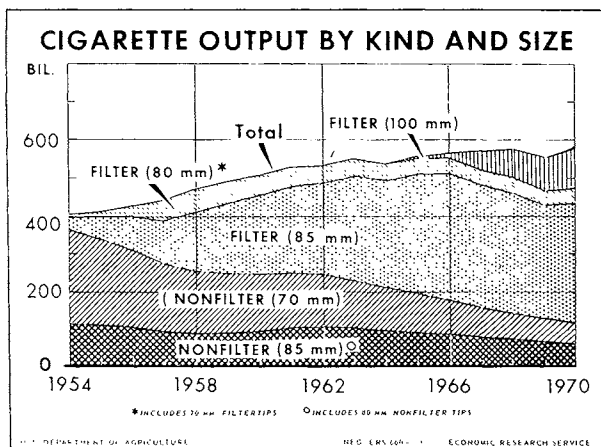
utilize waste byproducts. Major tobacco reducing measures include: (1) Shifting to filter tipped cigarettes; (2) lengthening cigarette filters; (3) stepping up the use of sheet tobacco and stems, and (4) reducing circumferences. Most filter brands, until the introduction of 100 millimeter lengths, had a shorter tobacco column than most nonfilter brands. Use of reconstituted tobacco sheet made from stems and small fragments of leaf and the puffing process are technological developments that extend the filling capacity of a given amount of leaf.



A time series analysis of changes in the tobacco content of cigarettes assists in projecting future content and also provides insight into the forces underlying the observed changes. The pattern of leaf use shows a sharp downtrend after the 1954 "health scare". For 1950-69, a simple time trend equation fits well ($R^2 = .95$) and gives an average annual decline of 1.7 percent in tobacco per 1,000 cigarettes. In another equation, increases in the percentage of filter cigarettes "explain" almost all the decline in tobacco content. ($R^2 = .975$) This suggests not so much that filters caused the decline, but that the increased proportion of filters permitted greater use of reconstituted sheet and stems.

Table 22.--Estimated leaf used for cigarettes by kinds of tobacco, 1950-70

Year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
Million pounds									
Average:									
1950-54	736	421	23	1,180	651	373	22	73	1,119
1955-59	701	417	20	1,138	622	371	19	92	1,104
1960	731	437	16	1,184	651	389	16	116	1,172
1961	758	453	16	1,227	674	403	16	125	1,218
1962	745	462	16	1,223	663	411	16	126	1,216
1963	752	467	16	1,235	670	416	16	127	1,229
1964	725	455	15	1,195	645	405	15	121	1,186
1965	723	485	17	1,225	643	433	17	132	1,225
1966	686	487	19	1,192	613	435	19	135	1,202
1967	658	483	19	1,160	587	432	19	154	1,192
1968	652	482	18	1,152	582	430	18	171	1,201
1969	621	447	31	1,099	554	399	31	157	1,141
1970	614	452	27	1,093	549	404	27	163	1,143
Per 1,000 cigarettes									
Pounds									
Average:									
1950-54	1.776	1.016	.057	2.849	1.571	.899	.053	.177	2.700
1955-59	1.570	.936	.045	2.551	1.394	.832	.042	.205	2.473
1960	1.442	.862	.032	2.336	1.284	.767	.032	.229	2.312
1961	1.435	.857	.030	2.322	1.276	.763	.030	.237	2.306
1962	1.391	.863	.030	2.284	1.238	.768	.030	.235	2.271
1963	1.366	.848	.029	2.243	1.217	.756	.029	.231	2.232
1964	1.343	.842	.028	2.213	1.195	.750	.028	.224	2.197
1965	1.298	.871	.031	2.200	1.155	.778	.030	.237	2.200
1966	1.209	.858	.033	2.101	1.081	.767	.033	.238	2.119
1967	1.142	.838	.033	2.013	1.019	.750	.033	.267	2.069
1968	1.125	.832	.031	1.988	1.004	.742	.031	.295	2.072
1969	1.113	.802	.056	1.971	.994	.715	.055	.282	2.046
1970	1.053	.775	.046	1.874	.942	.693	.046	.279	1.960
Percentage distribution									
Percent									
Average:									
1950-54	62.4	35.6	2.0	100.0	58.2	33.2	2.0	6.6	100.0
1955-59	61.6	36.7	1.7	100.0	56.3	33.6	1.8	8.3	100.0
1960	61.7	36.9	1.4	100.0	55.5	33.2	1.4	9.9	100.0
1961	61.8	36.9	1.3	100.0	55.3	33.1	1.3	10.3	100.0
1962	60.9	37.8	1.3	100.0	54.5	33.8	1.3	10.4	100.0
1963	60.9	37.8	1.3	100.0	54.5	33.9	1.3	10.3	100.0
1964	60.7	38.0	1.3	100.0	54.4	34.1	1.3	10.2	100.0
1965	59.0	39.6	1.4	100.0	52.5	35.3	1.4	10.8	100.0
1966	57.6	40.8	1.6	100.0	51.0	36.2	1.6	11.2	100.0
1967	56.8	41.6	1.6	100.0	49.3	36.0	1.6	12.9	100.0
1968	56.6	41.8	1.6	100.0	48.5	36.0	1.5	14.2	100.0
1969	56.5	40.7	2.8	100.0	48.6	34.9	2.7	13.8	100.0
1970	56.2	41.4	2.4	100.0	48.1	35.4	2.3	14.2	100.0



Tobacco Sheet Develops Rapidly

Reconstituted tobacco sheet was patented in 1952 and use as cigar binder commenced in 1955; it became a part of cigarette blends about the same time. By utilizing tobacco stems, scrap, dust and other fine particles which were formerly discarded and converting them into tobacco sheet, cigarette manufacturers save about four-fifths of the cost of leaf they replace. In 1967, tobacco sheet cost about 21 cents per pound compared with 98 cents for leaf.

In addition, reconstituted sheet properties can be controlled in the manufacturing process to give a uniform product. Several manufacturing processes are available and these can be altered to give properties desired in tobacco sheet. Sheet can be stored in a controlled environment, but most sheet goes into cigarettes soon after manufacture.

For cigarette blends, manufacturers can roll or grind the stems and add them directly, or make homogenized sheet. Rolled stems are probably the least costly filler material, but their poor burning quality limits use. By contrast, tobacco sheet can give satisfactory results when used for up to one-third the blend for menthol filter cigarettes. Statistics are not currently published for production, stocks, and use of tobacco sheet, but

industry sources suggest about one-fifth of cigarette blends represents tobacco sheet.

Leaf represented in inventories of tobacco sheet for cigarettes was first reported in the C&MS *Tobacco Stocks Report* beginning in 1958. Leaf tobacco weight in inventories has increased from less than 1 million pounds to a record-high 33 million pounds in mid-1970. About one-third of the total is flue-cured; burley, one-fourth; Pennsylvania, filler, one-fourth; and foreign-grown, one-sixth.

Flue-cured Suffers Decline

Since the early 1950's flue-cured tobacco per cigarette declined about 3 percent annually. This drop accounted for most of the decline in total tobacco use. Studies by Mann, Miller, and Vernon *et al.* show that changes in the tobacco content of cigarettes are not statistically related to changes in tobacco prices. There are indications that the sharp drop in flue-cured use since 1960 (21 percent) is due to the shift to tobacco sheet. Also, compared with air-cured kinds, flue-cured tobacco may not have as high a filling capacity or as much ability to absorb sauces and flavorings.

Future Developments

The downtrend in tobacco used per 1,000 cigarettes is likely to continue for the next few years. As a minimum, a shift to 90 percent filter cigarettes from 1970's 80 percent will allow manufacturers to reduce leaf use about 6 percent. On the other hand, if the tobacco puffing process is adopted at about the same rate that filter cigarettes were, leaf per cigarette would decline a seventh by 1975, according to Mann.

Clearly, tobacco growers have a considerable economic stake in these trends. Growers have a floor under their prices through the support program, and allotments and quotas control production response. However, leaf costs are a major item for manufacturers, and they may turn away from higher-priced tobacco, although changes in tobacco prices and tobacco used have not been statistically related.

SELECTED REFERENCES

Akehurst, B. C., *Tobacco* (New York, 1968) pp. 485-7.

Mann, Charles K., "Taste, Technology, and the Government: The Case of Tobacco", Unpublished Ph.D. Thesis, Dept. of Economics, Harvard University, Cambridge, Mass., 1971, pp. 38-42.

Miller, Robert H., "Estimating Domestic Tobacco Use Through Regression Methods", Talk at the 22nd National Tobacco Workers Conference, Asheville, N.C., July 22, 1968, 20 pp.

Moshy, R. J., "Smoke and Physical Structure: A New Dimension in Tobacco Technology," *Tobacco*, Vol. 162, No. 1, pp. 22-38.

U. S. Bureau of the Census, Census of Manufacturers, 1967, *Industry Series: Tobacco Products*, MC 67(2)-21A Washington, D.C., 1970.

Vernon, John M., Norfleet W. Rives, Jr., and Thomas H. Naylor, "An Econometric Model of the Tobacco Industry", *Review of Economics and Statistics*, Vol. LI, May 1969, pp. 149-58.

THE TOBACCO USER'S DOLLAR—TRENDS AND PROSPECTS

by
Johnny D. Braden, Agricultural Economist
Economic and Statistical Analysis Division
Economic Research Service

ABSTRACT: Consumers nearly tripled their spending on tobacco products in the past 2 decades. Cigarette expenditures tripled while outlays for other tobacco products rose one-third. The boost in cigarette expenditures reflects increases both for consumption and price. Wholesale cigarette prices have risen 69 percent since 1950; excise taxes increased 158 percent. Farmers received more from tobacco in 1970 than in 1950, but their share of the tobacco user's dollar declined. Manufacturers and wholesaler-retailers increased their shares. The excise tax share changed little. Consumers likely will boost tobacco spending during the 1970's but less than their rate of income growth. Further shifts in the components of the tobacco user's dollar are likely.

KEY WORDS: Tobacco, consumer expenditures, excise taxes, cigarette prices, disposable incomes, marketing margins.

Expenditures for tobacco products in the United States have trended upward for many years, reaching a record high \$11.5 billion in 1970. This was almost 2 percent of consumer disposable income and about 2-2/3 times the amount spent on tobacco products 2 decades before. About 91 percent of the expenditures in 1970 was for cigarettes, 6 percent for cigars, and 3 percent for other tobacco products (smoking, chewing tobacco, and snuff).

During the 1920's cigarettes emerged as the leading form of tobacco consumption and by the early 1950's accounted for 83 percent of expenditures on tobacco products. Expenditures on cigarettes about tripled from 1950 to 1970, cigars increased 37 percent, and other products about 28 percent. In 1950 expenditures on all tobacco products accounted for 2.1 percent of consumers' disposable personal income, but trended downward to 1.7 percent in 1970.

Rising expenditures on cigarettes reflect both an uptrend in consumption and prices. U.S. cigarette consumption increased from 360 billion cigarettes in 1950 to 536 billion in 1970. The smoking age population (18 years and over) increased about 30 percent from 1950 to 1970, and disposable income more than tripled. Cigarette manufacturers introduced filter-tips, menthol, length and packaging variations to boost use.

Retail prices for cigarettes increased substantially over the past 2 decades, due partially to rising wholesale prices, as well as hikes in State and local taxes. Wholesale prices of standard size non-filter cigarettes (excluding excise taxes) increased over two-thirds from 1950 to 1970. The shift in consumer preferences from regular to king-size, filter-tips, and 100 millimeter cigarettes that generally sold at higher prices contributed to the rise in expenditures. However, by 1968 manufacturers

Total expenditures for tobacco products, 1950-1970

Year	Cigarettes		Cigars		Other		Total
	Million	Percent	Million	Percent	Million	Percent	Percent
	dollars	of total	dollars	of total	dollars	of total	of total
Average:							
1950-54	4,088	83.4	539	11.0	277	5.6	4,904
1955-59	5,072	85.9	575	9.7	257	4.4	5,904
1960-64	6,703	87.4	666	8.6	304	4.0	7,673
1965	7,609	88.0	734	8.5	308	3.5	8,651
1966	8,113	88.8	718	7.9	309	3.3	9,140
1967	8,572	89.5	706	7.4	304	3.1	9,582
1968	9,094	89.9	703	7.0	315	3.1	10,112
1969	9,404	90.0	701	6.7	339	3.3	10,444
1970	10,438	90.6	707	6.1	389	3.3	11,534

eliminated the price differential except for 100 millimeter kinds. In the late 1960's the market for the 100 millimeters began to develop, and increased to more than 18 percent by 1970.

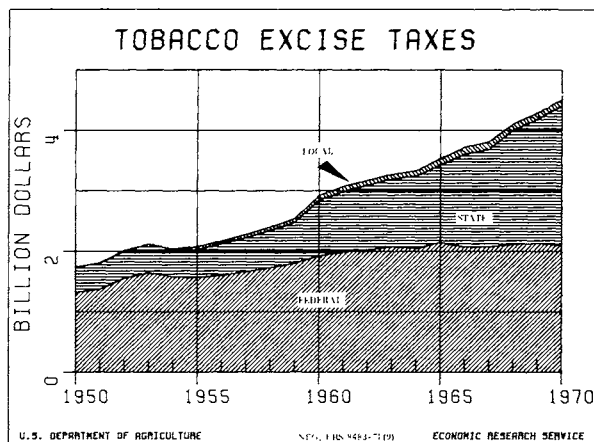
Percent of disposable personal income spent on tobacco products, 1950-70

Year	All products	Cigarettes	Cigars	Other
1950	2.13	1.74	.25	.14
1955	1.95	1.60	.20	.09
1960	2.09	1.82	.19	.08
1965	1.82	1.60	.16	.06
1970	1.70	1.54	.10	.06

Tobacco Taxes

Excise taxes represent about two-fifths of total consumer expenditures on tobacco. The United States has imposed a Federal excise tax on tobacco products for more than a century. Also, State and local governments now receive substantial amounts of tax revenue from tobacco products, and since 1969 they have exceeded Federal collections. In 1970 tobacco taxes accounted for 1.1 percent of total Federal tax receipts and represented 13.8 percent of all excise taxes.

Tobacco taxes totaled \$4.5 billion in 1970 compared with \$1.7 billion in 1950. In 2 decades Federal tobacco tax revenue increased about 62 percent to \$2.1 billion. State and local taxes surged ahead from \$414 million to \$2.4 billion. About 94 percent of the total tax revenue was from cigarettes in 1950 and 98 percent in 1970. Federal excise taxes were repealed in 1966 on chewing, smoking tobacco, and snuff. But 20 States now tax some of these products and 21 States tax cigars.

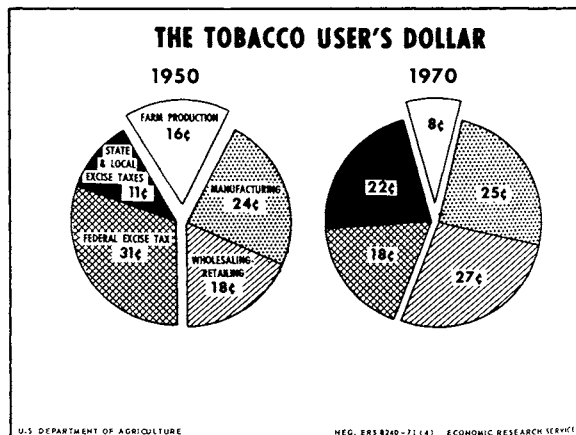


Iowa imposed the first cigarette tax in 1921. By 1950, 40 States and the District of Columbia taxed cigarettes. The rate ranged from 1 to 5 cents a pack of 20 cigarettes. By 1970 all 50 States and the District of Columbia taxed cigarettes, ranging from 2 cents per pack in North Carolina to 18 cents in Pennsylvania for a weighted average of 10.7 cents. Twenty-nine States levied taxes of 10 cents or more per pack.

Since 1951 the Federal cigarette tax has equaled 8 cents per pack. Cigar taxes are levied on the basis of variable rates per thousand depending upon the manufacturers' intended retail prices.

The Tobacco Dollar

In addition to taxes, tobacco farmers, manufacturers, and distributors also shared in the increased spending on tobacco products from 1950 to 1970. But the share received by each segment shifted. In 1950, U.S. tobacco growers received 16 cents of the consumer's tobacco dollar; in 1970 they received only half as much. Manufacturers and wholesaler-retailers now receive more than half the consumer's tobacco dollar compared with 42 cents in 1950. The distributor's share rose faster than the manufacturer's share. Taxes took about 1 cent less of the tobacco user's dollar in 1970 than in 1950. The Federal excise tax share declined, but the State and local tax share doubled.¹



The farm value of domestic tobacco used in cigarettes sold in the United States was \$718 million in 1970, nearly 50 percent above 1950. This was a substantially smaller percentage gain than the 192 percent increase in consumer expenditures for cigarettes, since progressively less tobacco was used per cigarette. The farm share declined from 13 percent of expenditures to 7 percent. Over the past 2 decades manufacturers reduced the domestic tobacco per 1,000 cigarettes, by about one-third due to more filter-tips, smaller diameter

¹ Miller, Robert H. "Trends in Tobacco Consumption and Projections to 1980", talk at conference on "Social and Economic Issues Confronting the Tobacco Industry in the Seventies", University of Kentucky, Lexington, Ky., May 17-19, 1971.

cigarettes, more stems and tobacco sheet, and more imported tobacco. So, although the number of cigarettes increased by one-half, the amount of tobacco used in cigarettes increased only 2 percent. Wholesale cigarette prices increased about 42 percent and farm prices of leaf tobacco about half. The average retail price of cigarettes more than doubled since 1950.

Cigarette Marketing Bill

The U.S. marketing bill for cigarettes totaled \$5.3 billion in 1970 compared with \$1.4 billion in 1950. It represented about 50 percent of consumer spending on cigarettes in 1970 compared with 43 percent in 1950.

The marketing bill is composed of the manufacturing and the wholesaling-retailing cost. It is the difference between farm value and consumer expenditures for cigarettes, less excise taxes. ²The wholesaling-retailing bill in 1950-70 increased faster than the manufacturing bill. By 1970 it accounted for 52 percent compared with 47 percent in 1950. The manufacturing bill includes

charges for assembling, stemming, redrying, storing and aging tobacco, converting tobacco to cigarettes and distributing them to wholesalers and retailers. The wholesaling-retailing bill includes cost and profits of wholesalers and retailers.

Cigarette excise taxes are included in the retail price for cigarettes. They declined from 46 percent of cigarette expenditures in 1950 to 43 percent in 1970. The State and local tax share increased but the proportion represented by Federal excise taxes declined.

Prospects for the 1970's

Spending on tobacco products likely will continue the upward trend during the 1970's, mainly due to price increases. Population is increasing and incomes are rising. Consumers are expected to spend more on food and tobacco, but the gains will be proportionally less than

²"The Marketing Bill for Cigarettes", Economic Research Service, Mkt. Econ. Div. USDA., ERS-250, August 1965.

Total expenditures, farm value, and marketing bill for cigarettes, U.S., 1950, 1960, and 1970

Year	Consumer expenditures	Farm value 1/	Marketing bill			Excise taxes		
			Manufac- turing 2/	Wholesaling retailing 3/	Total	Federal	State and local	Total
			<u>Million dollars</u>					
1950	3,586	482	757	681	1,438	1,243	423	1,666
1960	6,244	651	1,537	1,240	2,777	1,864	953	2,816
1970	10,438	718	2,574	2,680	5,254	2,036	2,430	4,466
<u>Percent of consumer expenditures</u>								
1950	100	13	21	19	40	35	12	46
1960	100	10	25	20	45	30	15	45
1970	100	7	24	27	50	19	23	43

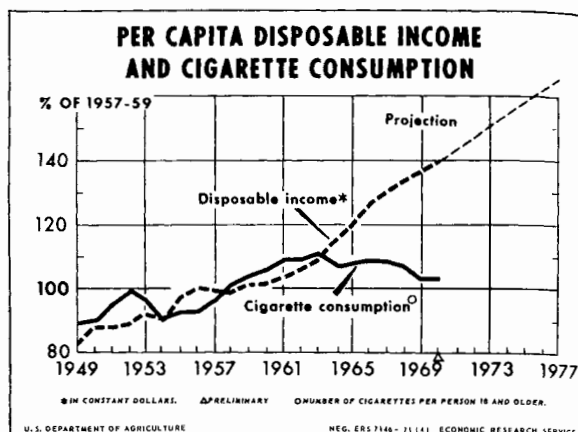
1/ Estimated by multiplying quantities of domestic types of tobacco used in cigarettes consumed domestically by growers' prices the previous year.

2/ Difference between farm value and manufacturers' gross receipts from cigarettes, less Federal tax.

3/ Difference between manufacturers' gross receipts and consumer expenditures less tax.

the rise in incomes. By late 1970, anti-cigarette publicity and smoking-health reports apparently dampened cigarette demand less than they had a few years before. Despite the smoking-health link, cigarettes will remain the major tobacco item. Cigars may increase their relative position since smoking health reports are less critical of cigars than cigarettes. Cigar manufacturers produce a variety of shapes, sizes, tips, and flavors designed to broaden their appeal and acceptance among smokers. In line with recent trends, use of other tobacco products (chewing, smoking tobacco, and snuff) may change little.

Retail prices of tobacco products likely will rise further. Manufacturers face increasing costs and may be forced to raise prices to maintain their profit margins. Tax rates of State and local governments will continue to increase. Their need for additional tax revenues is increasing and tobacco product taxes, especially cigarettes, have been a mainstay of many States' revenue systems for several decades. A growing number of local jurisdictions are imposing taxes on cigarettes as a means of bolstering their incomes.



During the 1970's each segment of the tobacco industry will receive more income, but their share of the user's dollar will probably change. Further reductions in the leaf requirements per thousand cigarettes are expected to continue. Farm prices may rise at a slower rate than taxes and prices of tobacco products. So, the farmer's share of the tobacco user's dollar will likely decline.

Wholesale cigarette price revisions, 1940 to date 1/

Approximate date of change	Net price per 1,000				Net price per 1,000 excluding Federal excise tax			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimeter
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
July 1, 1940.....	5.88	--	--	--	2.63	--	--	--
November 1, 1942.....	6.13	--	--	--	2.63	--	--	--
April 25, 1946.....	6.38	--	--	--	2.88	--	--	--
October 7, 1946.....	6.64	--	--	--	3.14	--	--	--
July 22, 1948.....	7.00	--	--	--	3.50	--	--	--
July 29, 1950.....	7.20	7.24	--	--	3.70	3.74	--	--
November 1, 1951.....	7.71	7.75	--	--	3.71	3.75	--	--
February 26, 1953.....	8.10	8.19-8.40	--	--	4.10	4.19-4.40	--	--
March 1953.....	--	--	9.00	--	--	--	5.00	--
April 15, 1955.....	--	8.55	--	--	--	4.55	--	--
June 17, 1957.....	8.45	8.89	--	--	4.45	4.89	--	--
April and May 1963.....	8.80	9.00	--	--	4.80	5.00	--	--
March 1966.....	9.00	9.20	9.20	--	5.00	5.20	5.20	--
June 1967.....	9.25	9.45	9.45	9.95	5.25	5.45	5.45	5.95
November 1968.....	9.45	9.45	9.45	9.95	5.45	5.45	5.45	5.95
May 1969.....	9.80	9.80	9.80	10.30	5.80	5.80	5.80	6.30
May 1970.....	10.25	10.25	10.25	10.75	6.25	6.25	6.25	6.75

1/ Includes leading brands. A 2% discount is made for cash payment.

Table 23.--Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by States, 1969 and 1970

State	1969			1970 ^{1/}		
	Tobacco	Tobacco as:		Tobacco	Tobacco as:	
		Percent-	Percentage of all		Percent-	Percentage of all
		age of	farm commodities		age of	farm commodities
	Million			Million		
	dollars	----- Percent -----		dollars	----- Percent -----	
North Carolina	516	62.2	36.2	576	62.7	37.3
Kentucky	301	76.0	33.9	303	74.3	32.9
South Carolina	99	41.1	24.0	101	38.6	22.8
Georgia	76	18.7	6.6	102	23.5	8.9
Virginia	93	37.3	16.2	89	34.0	14.9
Tennessee	78	31.3	11.7	82	30.5	11.6
Florida	32	3.4	2.4	31	3.6	2.4
Connecticut	22	35.5	13.4	24	37.5	14.6
Maryland	23	19.0	5.9	21	16.7	5.4
Ohio	14	2.7	1.1	14	2.5	1.1
Indiana	10	1.4	.7	10	1.4	.7
Massachusetts	9	12.2	5.5	11	13.4	6.5
Pennsylvania	11	4.7	1.1	11	4.1	1.1
Wisconsin	5	2.3	.3	5	2.2	.3
Missouri	3	.6	.2	4	.9	.3
West Virginia	2	8.0	1.9	2	7.5	2.2
United States ^{2/}	1,296	6.6	2.7	1,388	7.1	2.8

^{1/} Subject to revision.

^{2/} U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Detail may not add to total due to rounding.

Table 24.--Total expenditures for tobacco products, 1950-70

Year	Total	Cigarettes	Cigars	Other <u>1/</u>	Year	Total	Cigarettes	Cigars	Other <u>1/</u>
Million dollars					Million dollars				
1950	4,392	3,586	514	292	1960	7,187	6,244	649	294
1951	4,685	3,876	526	283	1961	7,472	6,538	631	303
1952	5,073	4,246	545	282	1962	7,608	6,675	634	299
1953	5,264	4,436	560	268	1963	8,004	7,055	649	300
1954	5,104	4,292	552	260	1964	8,113	7,024	765	324
1955	5,217	4,409	550	258	1965	8,651	7,609	734	308
1956	5,481	4,681	556	244	1966	9,140	8,113	718	309
1957	5,877	5,072	562	243	1967	9,582	7,572	706	304
1958	6,182	5,341	584	257	1968	10,112	9,094	703	315
1959	6,764	5,854	629	281	1969	10,444	9,404	701	339
					1970 <u>3/</u>	11,534	10,438	707	389

1/ Smoking, chewing, and snuff. 2/ Revised. 3/ Subject to revision.

Table 25.--Federal, State, and local tax revenues from tobacco products for specified periods

Fiscal year	Federal				State	Total	Local	Total
	Cigarettes <u>1/</u>	Cigars <u>2/</u>	Chewing, smoking, and snuff	Total <u>3/</u>	All tobacco products	Federal and State	Governments	Federal, State, and local Governments
Million dollars								
Average:								
1950-54	1,422	45	30	1,497	455	1,942		
1955-59	1,614	47	18	1,680	566	2,246	48	2,294
1960	1,864	50	17	1,932	923	2,855	65	2,920
1961	1,924	50	17	1,991	1,001	2,992	76	3,068
1962	1,957	50	17	2,026	1,075	3,101	72	3,173
1963	2,011	50	16	2,079	1,124	3,203	64	3,267
1964	1,977	56	17	2,053	1,196	3,249	84	3,333
1965	2,070	61	17	2,149	1,284	3,433	102	3,535
1966	2,006	58	9	2,074	1,541	3,615	105	3,720
1967	2,023	56	4/	2,080	1,615	3,695	116	3,811
1968	2,066	55	4/	2,122	1,886	4,008	100	4,108
1969	2,082	54	4/	2,138	2,056	4,194	97	4,291
1970	2,036	57	4/	2,094	2,308	4,414	5/100	4,514
1971	6/2,140	6/60	4/	6/2,200	5/2,520	4,720	5/100	4,820

1/ Includes large cigarettes. 2/ Includes small cigars and amounts on cigars from Puerto Rico covered into the Treasury of Puerto Rico. 3/ Includes cigarette paper and tubes, floor taxes, penalties, etc. 4/ Federal excise tax on chewing, smoking, and snuff repealed effective January 1, 1966. 5/ Estimated. 6/ U.S. Budget for Fiscal Year 1972.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

STATISTICAL SUMMARY

Item	Unit or base period	1970		1971		Last data as percentage of a year earlier
		July	August	June	July	August
Average price at auctions						
Flue-cured	Ct. per lb.	73.0	74.3	C - 1 - o - s - e - d	76.7	103
Burley	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	---
Maryland	Ct. per lb.	C - 1 - o - s - e - d	76.6	C - 1 - o - s - e - d	C - 1 - o - s - e - d	---
Virginia fire-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	---
Ky.-Tenn. fire-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	---
Ky.-Tenn. dark air-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	---
Virginia sun-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	---
Support price 1/						
Flue-cured	Ct. per lb.	66.6			69.4	104
Burley	Ct. per lb.	68.6			71.5	104
Maryland	Ct. per lb.	No support			No support	---
Virginia fire-cured	Ct. per lb.	46.6			48.5	104
Ky.-Tenn. fire-cured	Ct. per lb.	46.6			48.5	104
Ky.-Tenn. dark air-cured	Ct. per lb.	41.4			43.1	104
Virginia sun-cured	Ct. per lb.	41.4			43.1	104
Connecticut Valley cigar binder	Ct. per lb.	47.5			49.5	104
Wis. binder and Ohio filler	Ct. per lb.	34.3			35.8	104
Puerto Rican filler	Ct. per lb.	35.6			37.1	104
Parity index 2/	1967=100	114	114	120	120	105
Industrial production index 3/	1967=100	108	108	107	106	97
Employment	Mill.	80.3	79.9	79.5	80.7	101
Personal income 4/	Bil. dol.	805.3	809.0	870.1	859.2	107
Taxable removals						
Cigarettes	Bil.	46.6	44.2	43.4	46.6	90
Cigars and cigarillos	Mill.	556.7	539.9	571.2	552.4	92
Accumulated from Jan. 1						
Cigarettes	Bil.	258.3	302.5	218.6	265.2	101
Cigars and cigarillos	Mill.	3,252.4	3,790.4	2,698.9	3,251.3	99
Invoiced to domestic customers						
Accumulated from Jan. 1						
Smoking tobacco	Mill. lb.	32.3		31.4		97
Chewing tobacco	Mill. lb.	33.2		35.4		107
Snuff	Mill. lb.	13.6		13.7		101
Tax-exempt removals						
Cigarettes	Bil.	5.7	5.0	4.1	4.4	84
Exports	Bil.	3.1	2.8	2.5	3.0	107
Cigars and cigarillos	Mill.	16.6	11.0	11.4	10.4	87
Accumulated from Jan. 1						
Cigarettes	Bil.	26.7	31.6	18.5	23.0	86
Exports	Bil.	14.8	17.6	11.7	14.7	101
Cigars and cigarillos	Mill.	78.0	89.1	55.7	66.1	85
Invoiced for export						
Accumulated from Jan. 1						
Smoking tobacco	Mill. lb.	.7			.7	100
Chewing tobacco	Mill. lb.	.2			.1	50
Wholesale price indexes 5/						
Cigarettes (reg. nonfilter)	1967=100	121.8	121.1	119.7	119.7	99
Cigars	1967=100	106.4	106.2	106.9	106.9	101
Smoking tobacco	1967=100	107.2	107.1	118.4	118.4	111
Plug chewing tobacco	1967=100	112.2	112.2	126.4	126.4	113
Snuff	1967=100	123.5	125.1	138.6	138.6	111
Consumer price indexes (urban) 6/						
Cigarettes (reg. nonfilter)	1967=100	121.8	123.2	126.3	126.9	104
Cigarettes (filter tip king)	1967=100	122.2	123.5	126.1	126.9	104
Cigars (domestic reg. size)	1967=100	105.2	105.2	105.9	106.0	101
Imports of tobacco						
Cigarette leaf	Mill. lb.	12.0	14.3	11.8	13.9	82
Cigar tobacco 7/	Mill. lb.	9.3	9.7	9.5	10.3	91
Accumulated from Jan. 1						
Cigarette leaf	Mill. lb.	71.7	85.9	59.9	73.7	99
Cigar tobacco 7/	Mill. lb.	54.6	64.4	49.0	59.3	106

See footnotes at end of table.

Continued -

STATISTICAL SUMMARY -- Cont.

Item	Unit or base period	1970		1971			Last data as percentage of a year earlier
		June	July	May	June	July	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	32.5	32.8	39.0	33.5	30.2	92
Burley	Mil. lb.	9.3	3.5	8.0	8.0	4.1	117
Maryland	Mil. lb.	.9	1.3	1.8	.3	1.5	115
Virginia fire- & sun-cured	Mil. lb.	.8	.2	.4	.3	1.2	600
Ky.-Tenn. fire-cured	Mil. lb.	3.6	.7	2.0	1.3	1.8	257
Ky.-Tenn. dark air-cured	Mil. lb.	.2	*	*	.1	.1	---
Black Fat	Mil. lb.	.2	.2	.1	.2	.2	100
Cigar wrapper	Mil. lb.	.3	.1	.5	.1	.4	400
Connecticut binder	Mil. lb.	*	*	*	*	0	---
Wisconsin binder	Mil. lb.	0	0	0	0	*	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	534.6		499.9	533.3		100
Burley	Mil. lb.	46.8	50.3	30.2	38.2	42.3	84
Maryland	Mil. lb.	9.0	10.3	5.9	6.3	7.7	75
Virginia fire- & sun-cured	Mil. lb.	4.5	4.7	2.8	3.1	4.3	91
Ky.-Tenn. fire-cured	Mil. lb.	18.5	19.3	14.9	16.2	18.0	93
Ky.-Tenn. dark air-cured	Mil. lb.	.9	.9	1.6	1.7	1.8	200
Black Fat	Mil. lb.	1.8	1.9	1.7	1.9	2.0	105
Cigar wrapper	Mil. lb.	1.9		1.8	1.9		100
Connecticut binder	Mil. lb.	.3	.3	.3	.3	.3	100
Wisconsin binder	Mil. lb.	.2	.2	.1	.1	.1	50
Cigar filler	Mil. lb.	.4	.4	.1	.1	.1	25
Exports of manufactured tobacco in bulk	Mil. lb.						
Accumulated from Jan. 1	Mil. lb.						
Quarterly data							
1970 1971							
Apr.-June : July-Sept. : Apr.-June : July-Sept.							
Stocks of tobacco--1st of quarter <u>2/</u>							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	2,207	1,953	2,234		1,976	101
Burley	Mil. lb.	1,631	1,496	1,628		1,488	99
Maryland	Mil. lb.	54	70	41		63	90
Fire-cured	Mil. lb.	96	84	88		78	93
Dark air- and sun-cured	Mil. lb.	69	62	63		56	90
Cigar filler	Mil. lb.	152	143	133		126	88
Cigar binder	Mil. lb.	54	49	55		50	102
Cigar wrapper	Mil. lb.	25	21	25		22	105
Under Government loan <u>10/</u>	Mil. lb.	1,274	1,248	1,321		1,262	101
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	34.2	33.2	31.4		30.2	91
Cigar types	Mil. lb.	1.9	1.9	1.7		1.8	95
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	426	428	386		400	93
Cigar	Mil. lb.	102	105	104		102	97
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	582.8	588.4	571.6		567.0	96
Taxable removals	Bil.	526.4	536.8	524.8		516.0	96
Cigar production	Bil.	8.01	8.09	7.92		8.62	101
Smoking production	Mil. lb.	70.6	70.7	58.2		65.2	92
Chewing production							
Scrap	Mil. lb.	40.6	41.6	45.1		43.5	105
Plug and other	Mil. lb.	29.6	29.7	28.4		28.0	98
Snuff production	Mil. lb.	25.7	28.5	27.1		28.0	98
Exports of leaf							
Total	Mil. lb.	548	408	597		515	126
Flue-cured	Mil. lb.	346	319	404		400	125

1/1970 and 1971 crops respectively. 2/Prices paid by farmers including interest, taxes and wage rates. 3/Seasonally adjusted. 4/Seasonally adjusted, annual rate. 5/Excise tax excluded. 6/Federal and applicable State and local taxes included. 7/Farm-sales weight equivalent. 8/July 1 for flue-cured and cigar wrapper and October 1 for others. 9/Holdings of manufacturers and dealers including grower cooperatives. 10/Reported by grower cooperatives. 11/Weight of tobacco leaf not including stems added. 12/Data for most recent quarter and preliminary estimates. *Less than 50,000 pounds. Detail may not add to total due to rounding.

LIST OF TABLES

T i t l e

<u>Table</u>		<u>Page</u>
1	Cigarettes: Output, removals, and consumption, 1960-71	5
2	Tobacco products: Consumption per capita, 1925-71	6
3	Tobacco demand factors, 1960-71	6
4	Cigars and smoking tobacco: Output, removals, and consumption, 1965-71	8
5	Chewing tobacco, snuff, and small cigars: Output by category, 1964-71	9
6	U.S. tobacco exports by types and countries, 1964-71	11
7	Tobacco exports under Government programs, and exports for dollars, 1955-71	12
8	U.S. imports of unmanufactured tobacco, for consumption and general, and countries of origin, 1970-71	15
9	U.S. imports of unmanufactured tobacco: Quantity and value, by kinds, 1970-71	16
10	U.S. tobacco allotments, by kinds of tobacco, 1971	16
11	Tobacco: Acreage and yield per acre, United States, 1960-71	17
12	U.S. exports of unmanufactured tobacco by types to principal importing countries, crop years, 1968/69-1970/71	18
13	Flue-cured tobacco auction markets: Gross sales, average price, sales dates, 1970-71	19
14	Flue-cured tobacco: U.S. supplies, disappearances, prices, 1960-71	21
15	Burley tobacco: U.S. supplies, disappearances, prices, 1960-71	23
16	Maryland tobacco: U.S. supplies, disappearances, prices, 1965-71	24
17	Fire-cured tobacco: U.S. supplies, disappearances, and prices, 1965-71	26
18	Dark air-cured tobacco: U.S. supplies, disappearances, and prices, 1965-71	27
19	Cigar tobacco: Supplies, disappearances, and prices, 1965-71	30
20	United Kingdom tobacco: Imports, stocks, clearances, and exports, 1968-71	34
21	Commodity Credit Corporation price support loans and program operations, 1950-71 ...	35
22	Estimated leaf used for cigarettes by kinds of tobacco, 1950-70	37
23	Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by States, 1969 and 1970	43
24	Total expenditures for tobacco products, 1950-70	44
25	Federal, State, and local tax revenues from tobacco products, 1950-71	44
	Statistical Summary	45

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE



TS-137

SEPTEMBER 1971

NOTICE: If you no longer need this publication, check here ☐
return this sheet, and your name will be dropped from the mailing list.
If your address should be changed, write the new address on this sheet and
return the whole sheet to:

Automated Mailing List Section
Office of Plant and Operations
U.S. Department of Agriculture
Washington, D.C. 20250

6584 ARMLAD A122 18016 0001
ALBERT R MANN LIBRARY
ACQUISITIONS DIV
ITHACA NY 14850