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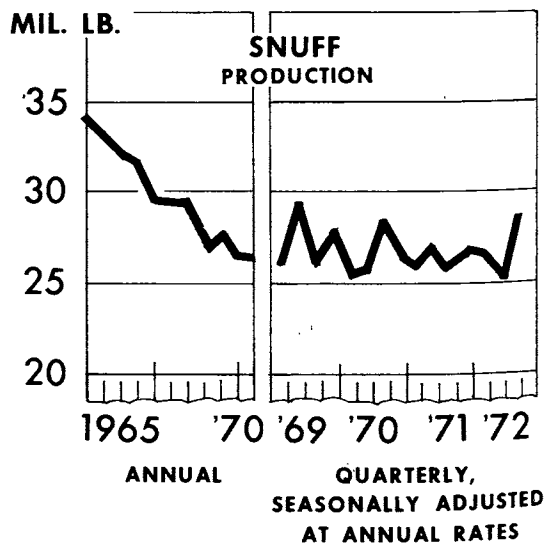
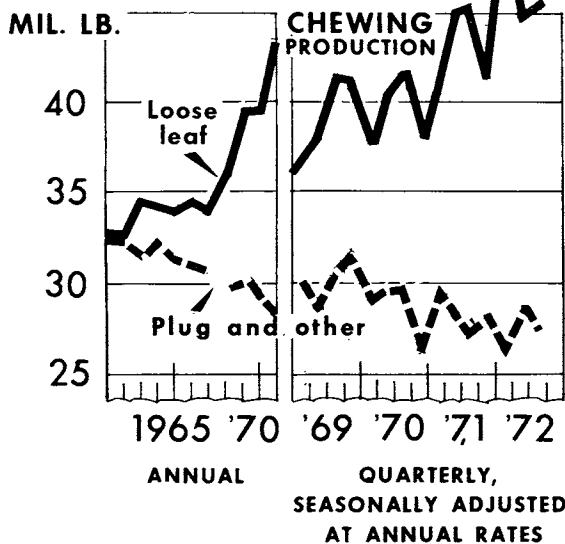
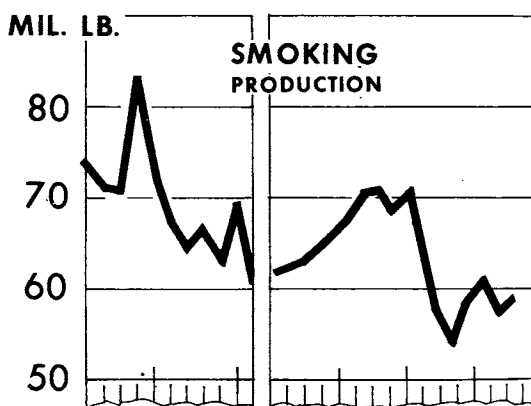
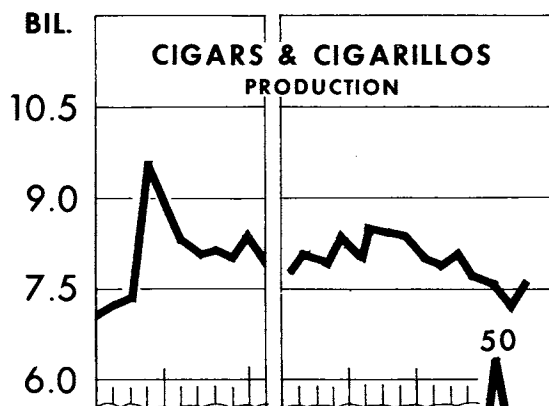
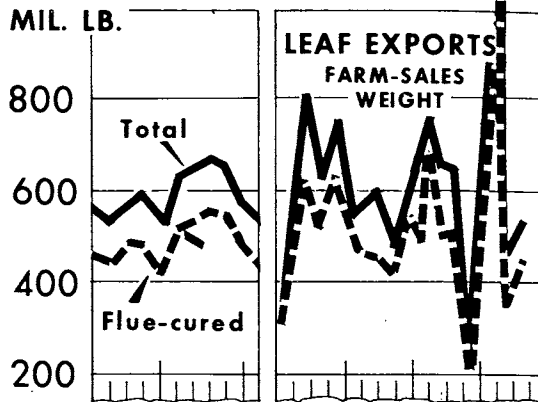
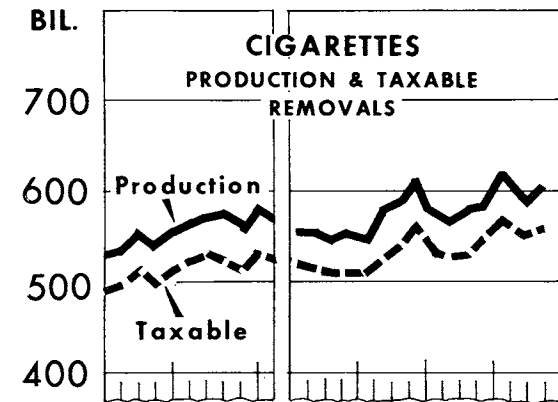
TOBACCO Situation

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TOBACCO OUTLETS

Recent Trends in Manufactured Products and Exports



LAST QUARTER SHOWN ESTIMATED.

TOBACCO SITUATION

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

About the same size tobacco crop this year and a reduced carryover point to a 3 percent decline in the supply for 1972/73. Although down for the eighth straight year, the estimated supply of 5.2 billion pounds remains adequate, because of declining use and increasing imports. This year's crop is an estimated 1.73 billion pounds (U.S. and Puerto Rico). Acreage is up 1 percent and yields are about unchanged. Carryover of tobacco for the new season (beginning July 1 for flue-cured and cigar wrapper types; October 1 for others) is down about 5 percent.

Disappearance in 1972/73 may total slightly below the 1.9 billion pounds of the year just ending. In the big volume flue-cured sector sharply higher prices are limiting exports. For Maryland, fire-cured, and cigar filler tobaccos, reduced supplies mean cuts in domestic use.

U.S. cigarette output this fiscal year is expected to exceed the 593 billion cigarettes produced in 1971/72. Population is increasing and consumer incomes are rising. Persons 18 and older will smoke slightly more cigarettes in calendar 1972 than last year's 202 packs per capita. By contrast, stability characterizes the outlook for use of cigars, snuff, and smoking and chewing tobacco.

With supplies reduced and prices higher, leaf exports this fiscal year may decline from last season's 524 million pounds (584 million, farm-sales weight). This year's flue-cured crop has been actively sought by West Germany and Japan. The United Kingdom, a major U.S. export destination, decreased its takings in 1971/72 but may maintain that level this season. Britain continues its Rhodesian trade embargo.

U.S. manufacturers' stocks of imported cigarette types of tobacco last July 1 represented 2½ years' usings. With foreign tobaccos enjoying a price advantage, U.S. tobacco imports for cigarettes in 1972/73 may rise above last season's 198 million pounds. The past season's increase was 29 million pounds.

U.S. cigar manufacturers in 1971/72 used about two-thirds foreign-grown tobacco and one-third domestic tobacco in cigars. Despite sagging sales, cigar manufacturers may again increase the share of imported tobacco.

By December 1, USDA must announce the 1973 national marketing quota for flue-cured tobacco on an acreage-poundage basis. Individual farm quotas and

allotments will reflect overmarketings and undermarketings of the current crop. Marketing quotas for burley and other kinds of tobacco will be announced by next February 1. Based on the formula required by law, 1973 price support levels for eligible tobaccos seem likely to increase about 5 percent over 1972.

The supply of U.S. flue-cured tobacco continues to decline. This leading kind of tobacco for cigarettes and exports is estimated at 2.92 billion pounds, down 4 percent from last year. The 1972 crop is indicated at 1.01 billion pounds, down 6 percent. Carryover into the current season was down 3 percent. During the past marketing year exports declined a tenth while domestic use rose 4 percent; the overall decline was 3 percent. Little change is expected this season; use should exceed marketings, so the carryover next July 1 is expected to decline.

Farmers had marketed about 60 percent of the 1972 flue-cured tobacco crop by September 15. Gross sales were 6 percent below the comparable period of 1971. Through that date, prices were at record levels, averaging

12 percent above a year earlier. Farmers placed only 1/4 percent of marketings under government loan, compared with 4 percent in the comparable period of 1971. Low loan placements plus heavy sales from loan stocks have reduced uncommitted CCC stocks to the lowest level in a decade.

The U.S. burley tobacco supply may total about 0.3 percent below a year earlier and 11 percent below the 1964/65 record. Currently, supply represents about 3/4 year's use. The crop is a fifth larger than last year's weather-reduced crop. Acreage is up and yield prospects are improved from last year's 6-year low. Carryover from 1971/72 is estimated down 7 percent. Disappearance probably gained 2 percent during the 1971/72 crop year (October-September).

Combinations of reduced carryover and generally lower 1972 production will shrink 1972/73 supplies of dark air-cured, Maryland, cigar filler, and cigar wrapper. Fire-cured supplies remain about the same. Cigar binder supplies are slightly larger.

TOBACCO PRODUCTS

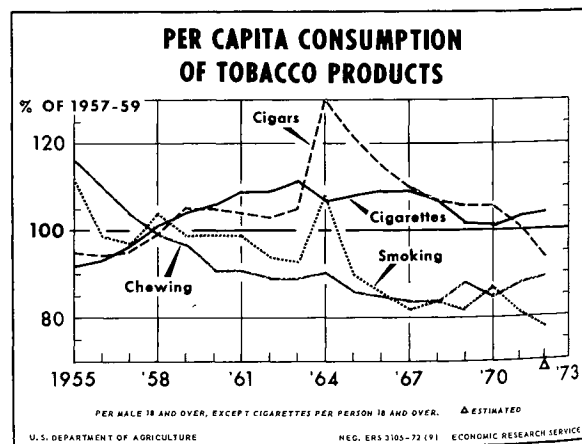
Cigarette Use Continues Upward

U.S. cigarette smoking in calendar 1972 likely will gain 3 percent over 1971. Retail price gains have slowed, more people are of smoking age, and consumer spending continues to gain. Per capita use is edging upward from last year's level. These conditions are expected to continue in 1973, so cigarette consumption may again show another gain. For 1972, output may gain about 4 percent from last year when manufacturers used some of the strike-hedge inventories built up the previous year (table 1). Next year's output should gain further.

Americans smoked 286 billion cigarettes in the first half of 1972, about 4 percent above a year earlier. Consumer disposable incomes rose and spending surged ahead. In the second half of 1972, cigarette consumption is expected to exceed the 279 billion of a year earlier.

Consumption per person 18 and older this year is estimated about 1 percent above 1971 when 4,042 cigarettes (202 packs) were used (table 2). Last year per capita consumption gained 2 percent following a 4-year decline.

In the first 7 months of 1972, cigarette exports increased 5 percent. Shipments to Puerto Rico and U.S. possessions fell. U.S. cigarettes were shipped to about 120 foreign countries and territories during 1971.



Cigarette Price Rise Slows

The uptrend in retail cigarette prices has slowed. Wholesale prices haven't changed much in 2 1/2 years. Fewer State and local governments increased taxes this year (table 3). But further increases in tobacco taxes may occur next year.

By July, BLS retail cigarette price index (filter-tip size) was 6 percent above a year earlier. But since March 1972 the gain has been just 1 percent. A further rise, reflecting additional State tax hikes, is expected by the end of the year.

Table 1.--Cigarettes: Output, removals, and consumption, 1960-72

Year	Output	Removals					Total U.S. consumption 3/
		Taxable	Tax-exempt				
			Total	Exports	Puerto Rico 1/	Overseas forces 2/	
<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	22.6	545.6
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.3	532.8	51.2	29.2	3.7	18.4	4/536.3
1971	576.4	528.9	49.2	31.8	2.7	14.7	5/555.0
1972 6/	607.0	555.0	52.0	35.0	2.0	15.0	570.0
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	585.1	539.6	47.5	29.0	3.3	15.2	4/544.0
1972 7/	592.6	542.6	50.2	32.8	2.2	15.2	5/565.0

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/ Excludes estimated inventory increase.

5/ Includes estimated inventory decrease.

6/ Estimated.

7/ Subject to revision.

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

Table 2.—Consumption per capita of tobacco products in the United States (including overseas forces), 1963-72

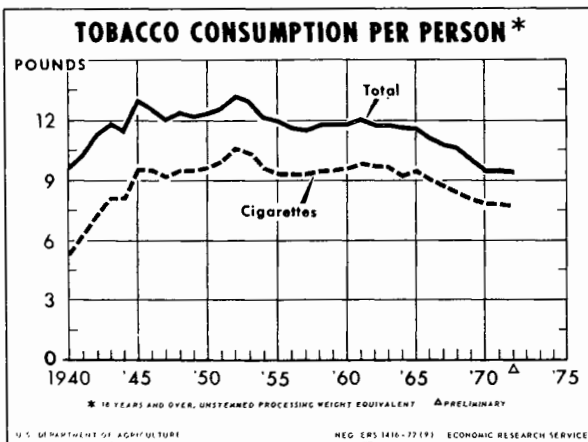
Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes ¹		Snuff ²	All tobacco products ¹	Large cigars and cigarillos		Smoking tobacco ²	Chewing tobacco ²
	Number	Pounds	Pounds		Number	Pounds	Pounds	Pounds
1963	4,345	9.70	.27	11.78	124.6	2.39	1.22	1.11
1964	4,194	9.21	.26	11.54	154.3	2.69	1.42	1.11
1965	4,258	9.37	.24	11.51	143.8	2.57	1.19	1.07
1966	4,287	9.08	.23	11.12	136.1	2.41	1.13	1.05
1967	4,280	8.86	.23	10.80	130.7	2.28	1.08	1.04
1968	4,186	8.69	.21	10.59	126.5	2.15	1.11	1.05
1969	3,993	8.11	.20	10.04	125.0	2.11	1.08	1.09
1970	3,985	7.77	.19	9.68	125.3	2.08	1.15	1.06
1971	4,042	7.76	.19	9.54	119.2	1.94	1.06	1.09
1972 ³	4,080	7.73	.19	9.46	110.7	1.77	1.04	1.11

¹ Unstemmed processing weight. ² Finished product weight. ³ Estimated.

Table 3.—Tobacco demand factors, 1963-72

Year	Population July ¹	Disposable personal income, per capita ²		Consumer price indexes				
		Current prices	1958 prices	All items	Tobacco products	Cigarettes		Cigars regular size
						Nonfilter-tip regular	Filtertip King size	
	Million	Dollars	Dollars	1967=100	1967=100	1967=100	1967=100	1967=100
1963	120.6	2,139	2,016	91.7	85.7	83.9	85.8	96.9
1964	121.9	2,284	2,126	92.9	87.7	86.6	87.3	97.2
1965	124.2	2,436	2,239	94.5	91.8	91.1	91.7	97.2
1966	126.3	2,604	2,335	97.2	96.3	96.0	96.3	98.6
1967	128.3	2,749	2,403	100.0	100.0	100.0	100.0	100.0
1968	130.4	2,945	2,486	104.2	106.3	106.9	106.4	101.3
1969	132.5	3,130	2,534	109.8	111.9	112.7	112.3	104.3
1970	135.1	3,366	2,603	116.3	122.2	122.4	122.5	105.4
1971	137.3	3,595	2,679	121.2	126.4	127.9	128.1	107.1
1972 ³	139.6	3,811	2,762	125.2	133.5	134.5	135.5	110.7

¹ 18 years and older including armed forces overseas. ² Based on total population. ³ Estimated.



Since the start of this year 6 States have increased cigarette tax rates. This compares with 16 States in all of 1971 and 9 States in 1970. The weighted averaged State cigarette tax was 12.0 cents per pack in mid-1972—up from 11.1 cents a year earlier.

All States tax cigarettes. Connecticut's 21-cent per pack rate is the highest; New Jersey is second with 19 cents. A substantial number of city and local

governments also tax cigarettes. The Federal cigarette tax has been 8 cents per pack since 1951.

Cigarette exports from the United States to leading destinations, 1971-72

Country	July 1971- June 1972	January-July	
		1971	1972 ¹
	Million	Million	Million
Hong Kong ..	4,249	2,023	2,456
Spain	2,256	1,414	1,277
Kuwait	1,134	477	764
Netherlands			
Antilles	1,687	886	1,090
Paraguay	432	276	131
France	214	148	118
West Germany	530	457	427
Italy	597	396	362
Ecuador	1,201	639	897
Panama	1,704	878	949
Canary Islands	708	416	390
Lebanon	1,525	1,103	1,186
Other countries .	16,608	8,639	8,603
Total	32,845	17,752	18,650

¹ Subject to revision. Compiled from publication and records of the Bureau of the Census.

Cigar Volume Falters

Consumption of *large cigars* (including cigarillos) this year is falling 5 percent below the 1971 level of 7.8 billion cigars. Use may barely hold its own next year (table 4). An estimated 111 cigars this year are being consumed per male 18 and older, 6 percent below 1971. Midyear retail prices averaged 4 percent above year-ago levels. This was the first price increase in over a decade.

More cigars are being produced this year in Puerto Rican factories, but U.S. production is down. U.S. output has been trending down, and in midyear tropical storm Agnes caused plant shutdowns in the important Pennsylvania production area. Taxable removals (domestic consumption) of cigars, by revenue class, through June of this year showed small gains in the medium and high-price categories but declines in lower price groups:

Cigar: Taxable removals by revenue class, 1971-72

Revenue class and retail price	January-June		Change from 1971
	1971	1972	
	Billions	Billions	Percent
A-D (up to 8 cents)	2.54	2.27	-10.7
E (over 8 to 15 cents)	1.05	1.08	+2.6
F-G (over 15 cents)	.25	.25	+1.7
Total removals . .	3.84	3.60	-6.2

About half of the lower-priced 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) appears to have stabilized following declines during 1966-70.

Little cigars (cigarette-size, not over 3 pounds per thousand) have posted sizable gains in the past 4 years. Taxable removals in 1972 may reach twice the 1971 total of 1.1 billion as a major manufacturer steps up sales, with national distribution having begun September 1. Little cigars sell in the same general price range as cigarettes.

Smoking Tobacco Output Off

Smoking tobacco production for pipes and roll-your-own cigarettes this year is expected to set a record low, slightly below the 60 million pounds of last year (table 4). The long-term trend has been downward. Little change is expected for 1973.

Imported tobacco has increased in recent years and this year may set a record high. Imports now account for about one-sixth of U.S. smoking tobacco consumption. Shipments come mostly from the Netherlands, but also from Denmark, Sweden, and the United Kingdom.

In the first half of this year domestic use of smoking tobacco, including imports, totaled 34 million pounds, 7 percent below a year earlier. The decline in pipe tobacco sales more than offset gains in cigarette cut tobacco.

Wholesale prices averaged 1 percent above year-ago levels in contrast to a sharp rise in 1971. The decline in smoking tobacco use is also associated with the recovery of cigarette consumption. But first half use stabilized at the level of second half of 1972. So for the second half this year, U.S. smoking tobacco consumption may equal or slightly exceed last year's level.

Bulk Tobacco Exports Setting Another Record

Exports of smoking tobacco in bulk 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. Bulk tobacco goes mostly to foreign cigarette factories of American-based companies or foreign licensees. This year's total may gain a tenth above the 31 million pounds in 1971.

U.S. Bulk smoking tobacco exports to leading destinations, 1971-72

Country	Calendar year 1971	January-July ¹	
		1971	1972
	Million pounds	Million pounds	Million pounds
Italy	2.1	1.3	.8
Dominican Republic . .	2.5	.9	1.5
Switzerland . .	5.2	3.2	4.7
Netherlands . .	6.9	3.5	6.2
Spain	2.1	1.8	1.2
Peru	1.4	1.0	.6
Ecuador	1.1	.5	.4
Bolivia . . . . .	.6	.5	.2
Australia	1.5	1.5	.9
Other countries . .	7.4	4.2	3.3
Total	30.8	18.4	19.8

¹ Subject to revision

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

Smokeless Tobacco Output May Gain

Chewing tobacco production in 1972 may increase about 4 percent above the 71 million pounds of 1971 (table 5). Per capita use is on the upswing. Loose leaf and fine-cut tobacco are accounting for the gain; plug and twist output may again decline slightly. Midyear wholesale prices of plug chewing tobacco remain at year-earlier levels. Last year, fine-cut chewing output was a record high. Loose leaf output was a 22-year high. In contrast, output of plug and twist has declined for many years.

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

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

Year and item	U.S. factories			From Puerto Rico: taxable	Imports	Exports	Total U.S. consumption ^{1/}
	Output	Removals Taxable	Removals Tax-exempt				
<u>Millions</u>							
Large cigars and cigarillos							
1965	7,899	7,578	180	913	25	55	8,641
1966	7,165	7,076	193	1,075	25	73	8,295
1967	6,858	6,846	197	1,099	30	76	8,096
1968	7,184	6,759	169	1,036	48	66	7,946
1969	6,931	6,739	169	1,080	45	65	7,968
1970	7,094	6,705	152	1,259	46	54	8,108
1971	6,706	6,490	131	1,222	48	49	7,843
1972 ^{2/}	6,130	6,000	130	1,270	55	55	7,400
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	6,956	6,718	139	1,237	47	55	8,086
1972 ^{3/}	6,352	6,215	145	1,274	53	65	7,622
<u>Million pounds</u>							
Smoking tobacco ^{4/}							
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	---	8.7	.9	74.6
1971	60.5	61.3	1.4	---	8.4	1.2	69.6
1972 ^{2/}	58.5	57.5	1.3	---	8.4	1.3	69.5
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	67.0	64.8	1.5	---	8.7	1.1	73.9
1972 ^{3/}	58.6	57.6	1.3	---	10.6	1.3	68.2

^{1/} Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. ^{2/} Estimated. ^{3/} Subject to revision. ^{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 AMS, USDA.

Table 5.--Chewing tobacco, snuff, and small cigars:
Output by category, 1963-72

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	933.4
1971	20.6	2.4	5.1	43.3	71.4	26.4	1,135.4
1972 <u>3/</u>	19.8	2.3	5.3	46.6	74.0	26.5	2,200.0
	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	21.6	2.4	4.9	41.5	70.4	27.1	911.7
1972 <u>4/</u>	19.9	2.3	5.2	45.5	72.9	26.0	1,655.1

1/ Formerly scrap.

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

3/ Estimated.

4/ Subject to revision.

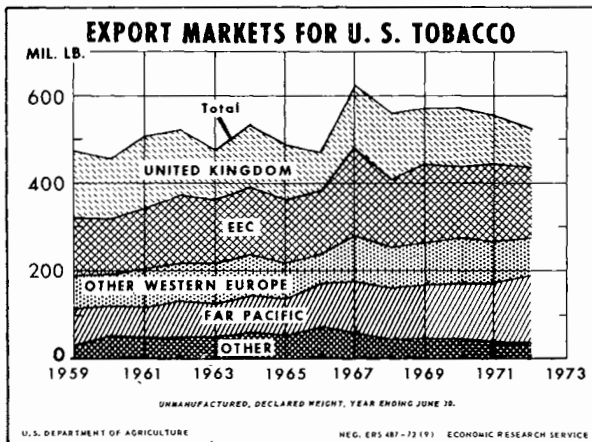
Basic data compiled from reports of the Internal Revenue Service and Agricultural Marketing Service, USDA.

U.S. EXPORTS AND IMPORTS

Calendar Year Leaf Exports High

U.S. exports of unmanufactured tobacco during January-July were a record high for the period and one-fifth above last year's level. Last fall's dock tieup delayed shipments, especially to Japan, contributing to the high level. Exports during the second half of 1971 were at a 26-year low level. Exports are expected to follow a more normal seasonal pattern in the second half. Leaf exports this calendar year will rise substantially above 1971's low of 473 million pounds (524 million, farm-sales weight) and are expected to approach the recent high of 1968's 599 million (665 million, farm-sales weight).

Last year the dock tieups were the major factor affecting exports. However, the continued shift in the United Kingdom and other European markets away from U.S. tobacco also held down exports. With normal shipping resumed, overseas manufacturers temporarily rebuilt their stocks of U.S. tobacco this year. But the downtrend in U.S. exports that began 2 years ago may continue next year.



For January-July 1972, 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). Burley, Maryland, and fire-cured shipments were also higher. Besides Japan, there were sizable gains in takings by Italy, Thailand, Taiwan, and the Philippines. The United Kingdom and West Germany, the 2 largest importers of U.S. tobacco, took less.

Fiscal Year Highlights

Exports rebounded in January-June following the dock strikes to bring the total for the year ended June 30, 1972, to 524 million pounds (584 million, farm-sales weight). The total was 5 percent below 1970/71. Higher prices meant the value declined only 1 percent to \$531 million.

Exports to Western Europe declined. United Kingdom and West Germany both decreased takings. Italy's takings rebounded as sales of U.S.-type blended cigarettes accelerated. Japan continues to use more U.S. tobacco to supply its booming cigarette industry.

Last fiscal year barter sales set a record high; export credit sales were off, while PL-480 sales remained at a low level (table 7). There were 177 million pounds of tobacco bartered for materials and services used by U.S. agencies overseas. These transactions are considered equivalent to dollar sales. About three-fourths of barter exports went to Western Europe, one-sixth to the Far East and Pacific countries, and the remainder to other areas. Last year CCC provided short-term credit on 41 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 1971/72 totaled 22 million pounds, 1 million below the previous year. South Vietnam continues as the leading program destination.

Tobacco: Government program exports to leading destinations, fiscal year 1971,72

Country	1970-1971	1971-72 ¹
	<i>Million pounds</i>	
	<i>Foreign currency sales</i>	
South Vietnam	15.8	15.4
Cambodia	---	3.8
Pakistan	1.0	---
Philippines	2.0	1.6
	<i>Dollar credit</i>	
Dominican Republic	1.4	.7
Israel . . . . .	.7	.4
	<i>Barter</i>	
United Kingdom	27.6	34.8
Japan	16.5	20.8
West Germany	24.3	26.5
Taiwan	9.4	12.8
Denmark	9.5	15.1
Italy	10.3	12.3
Malaysia	6.9	5.6
Ireland	1.2	4.0
Norway	4.9	5.6
Spain	6.5	5.3
	<i>CCC credit sales</i>	
West Germany	19.6	7.3
Ireland	4.7	3.1
Netherlands	3.3	1.0
United Kingdom	38.8	18.4
Poland	---	1.9
Philippines	1.1	4.6

¹Subject to revision.

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 1965-69	1970	1971 1/	1972 1/	1971 1/	1972 1/	1972 as a percentage of 1971
	Million pounds				Percent		
Flue-cured	409.8	414.1	414.5	366.3	213.3	241.6	113
Burley	46.1	52.6	40.4	44.8	25.5	33.8	133
Maryland	12.5	10.4	9.2	11.2	4.4	5.7	130
Fire- and sun-cured	25.4	27.4	22.2	25.7	11.8	14.1	119
Green River	.7	.3	.4	.3	.3	.2	67
One Sucker	.8	.6	.5	.3	.4	.1	25
Black Fat, etc.	3.3	2.1	2.6	2.9	1.4	2.2	157
Cigar wrapper	4.0	1.7	1.7	3.1	1.3	1.6	123
Cigar binder	1.8	.6	.3	.1	.1	.1	100
Cigar filler	1.0	.4	.3	.4	.1	.2	200
Perique	.3	.2	.2	.2	.1	.2	200
Stems, trimmings, and scrap	38.0	60.5	62.3	68.9	31.2	44.9	144
Total	543.8	571.0	554.7	524.1	290.1	344.6	119
Country of destination							
United Kingdom	127.7	130.8	108.9	85.5	44.7	40.1	90
France	6.8	8.8	9.4	11.8	4.7	6.1	130
Belgium	18.4	13.7	16.7	10.4	10.4	4.5	43
Netherlands	36.4	31.6	28.3	24.5	16.4	11.3	69
West Germany	97.0	90.3	109.6	93.3	74.3	67.7	91
Portugal	5.0	4.4	4.4	1.6	2.5	1.8	72
Denmark	16.8	20.6	17.6	19.5	10.8	13.4	124
Ireland	12.6	12.0	11.7	9.9	7.4	8.2	111
Switzerland	19.2	29.0	21.4	20.2	13.1	14.1	108
Finland	5.6	4.4	5.9	5.5	2.5	3.2	128
Norway	7.9	9.1	5.3	5.1	2.0	2.5	125
Sweden	15.8	18.1	19.3	17.7	7.8	10.5	135
Italy	6.7	19.5	15.7	24.0	15.4	23.0	149
Spain	4.4	3.2	5.1	4.6	5.1	4.4	86
Thailand	19.0	21.8	22.4	21.7	7.1	16.7	235
S. Vietnam	11.6	8.2	15.9	18.8	10.6	11.6	109
Malaysia 2/	8.6	11.6	11.5	9.8	6.5	5.0	77
Hong Kong	6.2	4.5	3.9	3.0	1.7	1.9	112
Japan	36.9	45.4	53.9	62.5	2.3	46.2	3/
Australia	16.3	18.4	12.0	11.3	5.4	7.4	137
New Zealand	4.2	3.8	4.7	3.8	2.0	2.5	125
Egypt	6.5	2.3	1.4	1.0	.9	.7	78
Other countries	54.3	59.5	49.7	58.5	36.5	41.8	115
Total	543.8	571.0	554.7	524.1	290.1	344.6	119

1/ Preliminary.

2/ Malaysia and Singapore.

3/ January-July 1972 exports were large due to the 1971 dock strike.

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 1960-72, fiscal years

Year ending June 30	Government-financed exports				Commercial exports				Total unmanufactured tobacco exports
	Title I, P.L. 480		Mutual Security and A.I.D.	Total	Barter <u>1/</u>	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	19.6	2.9	---	22.5	149.0	70.9	312.3	532.2	554.7
1972 <u>2/</u>	20.8	1.1	---	21.9	176.8	40.6	284.8	502.2	524.1
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	427.2	527.7	549.7
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	19.1	2.7	---	21.8	162.0	76.6	276.0	515.2	537.0
1972 <u>2/</u>	20.8	1.2	---	22.0	200.7	41.9	266.8	509.4	531.4

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

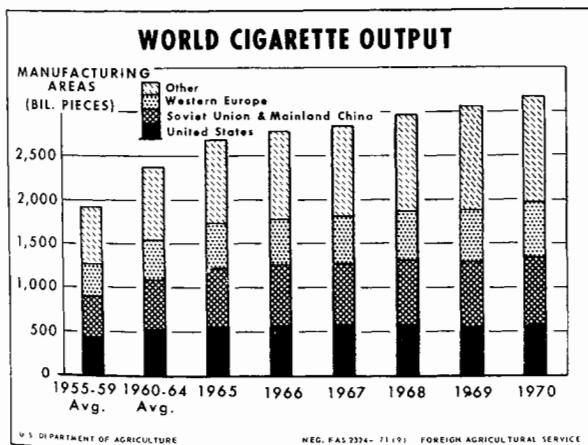
2/ Preliminary.

Export Prospects

For the year ending next June 30, U.S. leaf tobacco exports may decline a little from the 524 million pounds (export weight) of 1971/72, but remain near the 1960-65 average. Impeding U.S. exports are rising U.S. tobacco prices, substantial overseas supplies of foreign-grown tobaccos often much lower priced, manufacturing changes that reduce leaf requirements, and the trade-restricting tobacco CAP of the enlarged EC.

With U.S. export payments and programs, and if the economic sanctions against Rhodesia persist, U.S. tobacco exports will stay larger than they otherwise would be. Stocks of U.S. tobaccos remain at relatively low levels in the United Kingdom and West Germany and economic prospects in Europe and other U.S. markets remain favorable.

The high quality of U.S. leaf is a favorable factor in foreign trade. But many countries are producing more tobacco locally, or importing more from lower-cost areas where quality is improving. In the early 1950's U.S. tobacco sold for about the same as Rhodesia's, our chief competitor. By 1970 our exports prices were about double those of most competitive foreign tobaccos. World cigarette consumption continues to increase about 4 percent annually. But technological changes in manufacturing and the trend toward filter cigarettes mean that leaf requirements do not increase proportionately with cigarette consumption.



Last fiscal year the EC and the 4 applicant countries took over 54 percent of U.S. tobacco exports. The 4 applicant countries produce no tobacco. 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. Production in the EC and Associated areas represents about 70 percent of the requirements of the 10-country area.

The EC's Common Agricultural Policy (CAP) for tobacco is in its third year of operation. Italy is the

biggest EC tobacco producer, and last year's higher producer prices are pushing Italian burley acreage to a record high. Under CAP provisions, the buyer's premiums provide a strong incentive for use of domestic tobacco within the EC. Also, export subsidies are available for any surplus tobacco.

Tobacco Imports Continue Large

U.S. unmanufactured tobacco imports for consumption during January-July 1972 were 138 million pounds, nearly 9 million above a year earlier (table 8). Most of the gain was in cigarette leaf.

For 1972, imports of unmanufactured tobacco probably will total around the record 248 million pounds of last year. Last year manufacturers withdrew extra quantities before the import surcharge became effective but the withdrawal rate has continued heavy this year.

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. Last year cigarettes contained about 15 percent imported tobacco (farm-sales weight) while cigars had about 60 percent.

U.S. cigarette leaf tobacco imports in 1971/72 were valued at 60 cents per pound, exclusive of ocean freight and duties. Most cigarette leaf imports are dutiable at the rate of 11½ cents per pound so cheaper imports offer domestic manufacturers considerable price advantage. Except for duty-free quotas on some Philippine entries, scrap tobacco is dutiable at 16.1 cents per pound.

January-July 1972 arrivals of tobacco (general imports) were 75 million pounds or 50 percent more than a year earlier. In the fourth quarter, last year's dock strike held back arrivals, but even earlier imports had also been declining.

So stocks of foreign-grown cigarette and smoking tobacco in the United States have picked up following a 3-year decline. On July 1, 1972, these stocks totaled 423 million pounds (farm-sales weight). This was 6 percent above the previous July 1.

U.S. unmanufactured tobacco imports for consumption increased 35 million pounds in the year ended June 30, 1972, but average value per pound declined 1.2 cents (table 9). Most of the gain in imports was in cigarette leaf (oriental). Turkey and Greece remained the largest suppliers. Low-value scrap continues to increase but at a reduced rate from earlier years. The Philippines remained the largest source of scrap tobacco during 1971/72.

Arrivals of oriental leaf and flue-cured and burley leaf gained—more than consumption as manufacturers increased their U.S. holdings. Most of the gain was in arrivals from Turkey. Arrivals of cigar filler declined, but use continued to gain.

Table 8.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, fiscal year, and January-July 1971/72 ^{1/}

Classification and country of origin	(Declared weight)							
	Imports for consumption				General imports (arrivals)			
	Year,	January-July ^{1/}			Year,	January-July ^{1/}		
	July-June:	:	:	: 1972 as a	July-June:	:	:	: 1972 as a
1972	1971	1972	percentage	1972	1971	1972	percentage	
:	:	:	of 1971	:	:	:	of 1971	
	- - Million pounds - -		Percent		- - Million pounds - -		Percent	
Cigarette tobacco:								
Leaf, unstemmed								
Oriental								
Turkey	105.0	51.6	53.7	104	105.2	64.1	107.5	168
Greece	30.4	16.4	17.3	105	25.4	11.3	16.9	150
Yugoslavia	20.0	10.5	8.6	82	13.1	11.5	7.8	68
Other countries	16.7	6.5	11.3	174	18.6	11.8	18.0	153
Flue-cured and burley	6.7	1.2	3.9	325	18.3	3.8	12.4	326
Subtotal	178.7	86.1	94.9	110	180.5	102.5	162.5	159
Scrap								
Turkey	11.2	5.2	6.1	117	7.6	2.7	7.7	285
Other countries ^{2/}	3.9	5.8	1.1	19	6.0	2.8	4.2	150
Total	193.8	97.1	102.1	105	194.1	108.0	174.4	161
Cigar tobacco:								
Wrapper	1.1	.4	.5	125	1.4	.8	1.1	138
Filler--stemmed and unstemmed								
Dominican Republic	1.7	.7	1.1	157	8.7	7.8	6.9	88
Other countries	7.2	2.7	5.0	185	29.8	18.2	22.4	123
Subtotal	8.9	3.5	6.1	174	38.5	26.0	29.3	113
Scrap								
Philippine Republic	24.1	14.1	11.0	78	14.0	11.2	9.9	88
Colombia	5.2	2.6	3.3	127	2.1	1.0	2.1	210
Dominican Republic	6.3	3.8	3.7	97	1.4	1.0	.9	90
Brazil	4.5	1.7	2.1	124	1.4	.2	.7	350
Other countries	12.7	5.7	6.5	114	5.6	2.3	5.6	243
Subtotal	52.8	28.0	26.6	95	24.5	15.7	19.2	122
Total	62.8	31.9	33.2	104	64.4	42.5	49.6	117
Stems	2.6	.3	2.5	833	1.6	.1	1.3	^{3/}
Grand total	259.1	129.2	137.9	107	260.1	150.5	225.4	150

^{1/} Preliminary.

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

^{3/} 1972 imports included shipments from Canada and France for processing into tobacco sheet. Detail may not add to total due to rounding.

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

Table 9.--U.S. imports of unmanufactured tobacco: Quantity and average value, by kinds, 1971/72

Kind	Quantity		Value per pound	
	1971/72	Change from 1970/71	1971/72	Change from 1970/71
	--- Million pounds ---		--- Cents ---	
	Imports for consumption			
Cigarette				
leaf	178.7	+27.0	59.7	-4.1
Scrap (oriental) <u>1/</u>	15.1	-2.1	11.9	-2.6
Cigar				
leaf	9.9	+3.1	124.3	-8.2
Scrap	52.8	+5.1	45.6	+4.4
Total <u>2/</u>	259.1	+35.2	56.0	-1.2
	General imports			
Cigarette				
Oriental leaf	162.2	+45.3	52.6	-1.8
Flue-cured and burley leaf	18.3	+8.6	31.1	+5.5
Scrap (oriental) <u>1/</u>	13.6	+1.0	11.2	+1.6
Cigar				
Wrapper	1.4	-.4	310.3	+29.3
Filler	38.5	-1.9	44.7	+4.0
Scrap	38.1	-1.3	31.1	+2.2
Total	260.1	+52.5	46.9	+5

1/ Turkey, Canada, Greece, Cyprus, Lebanon, India, and Korea. 2/ Includes stems.
Compiled from publications and records of the Bureau of the Census.

Table 10.--U.S. tobacco allotments, by kinds of tobacco, 1972

Kinds	Allotments	Acreage allotted	Poundage allotted	Average size of allotment
Flue-cured (11-14) <u>1/</u>	192,067	577,737	1,071.2	3.01
Burley (31) <u>2/</u>	288,634	---	531.5	<u>3/1,841</u>
Va. fire-cured (21)	5,906	12,192	---	2.06
Ky.-Tenn. fire-cured (22-23)	15,595	30,022	---	1.93
Dark air-cured (35-36)	20,906	11,304	---	.54
Va. sun-cured (37)	1,087	2,095	---	1.93
Cigar binder (51-52) <u>4/</u>	629	6,624	---	10.53
Cigar filler and binder (42-44, 53-55)	5,796	18,220	---	3.14
Total <u>5/</u>	530,620	658,195	1,602.7	---

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.

Compiled from records of the Tobacco Division, ASCS, USDA.

TOBACCO LEAF SITUATION AND OUTLOOK ¹

This past season about seven-tenths of U.S. tobacco was used in the United States and exports took three-tenths. Worldwide cigarette sales are expanding, but U.S. leaf exports lag. Many overseas users prefer the taste, flavor, and aroma of U.S. tobacco. But overseas manufacturers are using considerable amounts of non-U.S. tobacco available at prices considerably below the U.S. prices. Also, tariffs as well as non-tariff barriers of many governments limit U.S. tobacco exports.

U.S. tobacco production declined from 2.2 billion pounds in 1950-54 to 1.83 billion in 1967-71. 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 percent. The U.S. share will probably decline further in the years ahead.

All tobacco: Acreage, yield and production, United States, 1960-72

Year	Acreage harvested	Yield per acre	Production
	<i>Thousand</i>	<i>Pounds</i>	<i>Million pounds</i>
Average:			
1960-64 ...	1,159	1,880	2,178
1965-69 ...	942	1,958	1,845
1970	899	2,121	1,908
1971	839	2,034	1,707
1972 ¹	846	2,039	1,726

¹ Indicated Sept. 1, 1972.

Marketing Quotas

By December 1, USDA will announce the 1973 flue-cured marketing quota on an acreage-poundage basis, the national average yield goal, and the matching national acreage allotment (table 10). Flue-cured growers approved 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 is falling short of the effective quota, so next year's effective quota will exceed the basic quota.

By next February 1, USDA will announce the 1973 poundage quota for burley and acreage allotments for other kinds of tobacco under quota. Shortly after the announcement, growers of fire-cured and dak air-cured types will vote in referendums on whether they favor continuing acreage allotment 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, Virginia sun-cured, cigar binder and Ohio filler types approved marketing quotas applicable to the 1973 crop in previous referendums.

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

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

For eligible 1973 tobacco crops the overall price support seems likely to rise about 5 percent above the 1972 price support levels—some 38 percent above the 1959 base. This estimate is based on changes in the parity index. As required by law, the price support adjustment for 1973 will be based on the average of the parity index in 1970, 1971, and 1972 compared with 1959. Increase in the support level average 1.3 percent annually in 1961 through 1968. For this year and the past 3 years the increase averaged 4.2 percent annually.

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 (table 11). 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 15 averaged 86 cents per pound, 9 cents above the comparable period last season (table 12). Grade averages spiraled higher. Quality was improved.

The 1972 marketing season got underway on July 25 with sales in the Georgia-Florida (type 14) and South Carolina-North Carolina border (type 13) markets. Markets opened earlier than last year when the late crop in Georgia delayed the season. About 60 percent of the crop had been sold by September 15, compared with 50 percent a year earlier. The Industrywide Flue-cured Tobacco Committee recommends opening dates for auctions and sets selling times. This year the selling time in Georgia, Florida, and southeastern North Carolina was held more in line with local production and interbelt sales were reduced. Limited early openings prevailed in eastern North Carolina and the Old and Middle Belts (N.C.-Va.).

Table 12--Flue-cured tobacco auction markets: Gross sales, average price, sales dates, through Sept. 15, 1972, comparable 1971 period

Type and State	Gross sales		Average price per pound		Sales period	
	1971	1972	1971	1972	Opening date 1972 (1971)	Closing date 1972 (1971)
	- <u>Million pounds</u> -		- - - <u>Cents</u> - - -			
14, Ga.-Fla.	181.3	165.1	76.8	85.5	July 25 (Aug. 3)	Sept. 7 (Sept. 9)
13, S.C. Border N.C.	245.8	235.2	75.9	85.3	July 25 (Aug. 3)	(Oct. 14)
12, Eastern N.C.	108.9	142.9	78.0	88.0	Aug. 8 (Aug. 30)	(Nov. 16)
11b, Middle Belt, N.C., Va.	11.3	24.2	77.6	87.3	Aug. 22 (Sept. 13)	(Nov. 16)
11a, Old Belt, N.C., Va.	---	42.8	---	86.5	Aug. 22 (Sept. 20)	(Nov. 30)
All Belts <u>1/</u>	547.41	610.2	76.6	86.2	July 25 (Aug. 3)	(Nov. 30)

1/ Computed from unrounded data.

Loan Receipts Very Low

The price support level for the 1972 crop averages 72.7 cents per pound, 4.8 percent above 1971. With the smaller crop, loan receipts through September 15 were only 1½ million pounds—about ¼ percent of marketings. In the comparable period of the 1971 season, 4 percent went under loan.

To receive price support, flue-cured growers must comply with their acreage allotments and certify they did not use DDT or TDE pesticides. Under acreage-poundage legislation, growers receive price support on marketings up to 110 percent of their farm poundage quota. Marketings above a farm's poundage quota are deducted from the following year's quota. For marketings above 110 percent of the farm quotas growers must pay a penalty of 58 cents per pound (75 percent of the average market price for the preceding year).

Growers who undermarket their quotas in 1972 will have their 1973 quotas increased accordingly. For flue-cured this year, undermarketings may exceed overmarketings as they have in 5 of the previous 7 years (table 13).

Disappearance Lower

During the year ended last June 30, disappearance of flue-cured tobacco was 1,144 million pounds, about 2½ percent below the previous year (table 14.) Exports dropped while domestic use gained. Last year both categories were below the average for the 1961-70 crop years, with total disappearance 6½ percent below the 10-year average.

The 3½ percent gain in domestic disappearance last season compares with the 1.3 percent gain in cigarette output. Evidently the downtrend in flue-cured leaf use per cigarette halted. Since 1950-54 this drop for flue-cured averaged 3 percent annually. Domestic disappearance during 1972/73 is likely to stay near the

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

(Unstemmed equivalent basis)

Year ending June 30	Destination		
	United Kingdom	Other countries	All countries
	<i>Percent</i>		
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	44.1	57.3
1972	95.3	55.3	63.4

past season's level if cigarette output continues on a moderate uptrend.

Flue-cured exports last season fell sharply from the plateau of the previous 5 marketing years. Despite considerable recovery in the second half of the year, the total was 10 percent below a year earlier. Main factors were stock reductions in several importing countries where manufacturers anticipated more normal trade with Rhodesia (formerly the largest exporter of flue-cured tobacco after the United States) and large supplies of competitively priced tobacco from other sources. U.S. exports this crop year are expected to continue well above the pre-1966 period (before UN sanctions against Rhodesia) but probably not as high as 1971/72.

The United Kingdom and West Germany purchased less last season. They probably will stabilize 1972 crop purchases at the 1971 level. Japan and Italy took more last season; smokers in both countries favor more U.S. cigarette blends.

Supplies Lower

Estimated flue-cured tobacco acreage for harvest this year is 1½ percent below 1971, in part due to the lower

Table 13.—Flue-cured tobacco: Marketing quota and marketings, 1965-72

Year	Quota		Marketings				Net Carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under-quota ¹	
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
1965	1,126.0	1,124.4	1,055.5	27.1	96.0	96.0	68.8
1966	1,126.0	1,199.0	1,107.9	35.0	126.1	126.1	91.1
1967	1,126.0	1,202.4	1,247.5	77.9	32.8	30.8	-47.1
1968	1,126.5	1,067.9	996.3	26.5	98.1	96.6	70.0
1969	1,127.1	1,187.0	1,052.1	26.6	161.5	157.9	131.3
1970	1,071.0	1,190.8	1,178.2	65.1	77.6	71.2	6.1
1971	1,071.4	1,069.9	1,076.3	60.4	53.9	49.9	-10.5
1972	1,071.2	³ 1,060.7					

¹ Under quota marketings less ineligible carryover, ² Effective under quota marketings less over quota marketings. ³ Preliminary.

Compiled from records of Tobacco Division, ASCS.

Table 14.—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1962-72

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks ¹			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds	Pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, types 11-14							
1962	729.8	1,930	1,408.4	1,704.1	377.0	2,081.1	3,489.5
1963	694.5	1,975	1,371.5	1,785.3	496.3	2,281.6	3,653.1
1964	627.6	2,211	1,387.8	1,689.5	696.9	2,386.4	3,774.2
1965	562.3	1,883	1,059.0	1,636.9	918.5	2,555.4	3,614.4
1966	607.0	1,825	1,107.9	1,602.5	836.4	2,438.9	3,546.8
1967	610.3	2,070	² 1,250.0	1,587.1	685.4	2,272.5	3,522.5
1968	533.0	1,841	² 995.6	1,528.1	773.4	2,301.5	3,297.1
1969	576.8	1,825	1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970	584.1	2,042	² 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971	525.8	2,050	² 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972 ³	518.6	1,953	1,012.8	1,292.4	617.8	1,910.2	2,923.0
Burley, type 31							
1962	338.6	1,993	674.9	1,104.2	33.2	1,137.4	1,812.3
1963	338.5	2,231	755.1	1,133.5	94.4	1,227.9	1,983.0
1964	306.6	2,022	619.8	1,146.8	265.4	1,412.2	2,032.0
1965	277.1	2,116	586.3	1,099.3	316.4	1,415.7	2,002.0
1966	240.7	2,437	586.7	1,133.4	261.9	1,395.3	1,982.0
1967	237.7	2,274	540.6	1,104.8	276.7	1,381.5	1,922.1
1968	237.6	2,372	563.4	1,002.4	321.7	1,324.1	1,887.5
1969	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971	213.5	2,213	472.6	882.4	463.4	1,345.8	1,818.4
1972 ³	228.5	2,464	563.0	928.4	320.0	⁴ 1,248.4	⁴ 1,811.4
Disappearance				Average price per pound	Price support level	Placed under Government loan	
Total	Domestic	Exports	Quantity			Percentage of crop	
	Million pounds	Million pounds	Million pounds	Cents	Cents	Million pounds	Percent
Flue-cured, types 11-14							
1962	1,207.9	777.0	430.9	60.1	56.1	237.2	16.8
1963	1,266.7	768.3	498.4	58.0	56.6	277.2	20.2
1964	1,218.8	774.7	444.1	58.5	57.2	285.6	20.7
1965	1,175.5	752.4	423.1	64.6	57.7	71.5	6.8
1966	1,274.3	687.2	587.1	66.9	58.8	74.6	6.8
1967	1,221.0	687.7	533.3	64.2	59.9	282.1	22.6
1968	1,197.0	671.7	525.3	66.6	61.6	128.8	12.9
1969	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971	1,142.5	663.0	479.5	77.2	69.4	55.7	5.2
1972					72.7		
Burley, type 31							
1962	584.4	530.9	53.5	58.6	57.8	63.5	9.4
1963	570.8	513.4	57.4	59.2	58.3	202.3	26.8
1964	616.3	560.6	55.7	60.3	58.9	110.4	17.8
1965	606.7	549.6	57.1	67.0	59.5	42.2	7.2
1966	600.5	544.1	56.4	66.9	60.6	62.5	10.6
1967	598.0	544.6	53.4	71.8	61.8	64.2	11.9
1968	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969	565.2	507.1	58.1	69.6	65.8	158.5	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	⁴ 570.0	⁴ 515.0	⁴ 55.0	80.9	71.5	.2	(⁵)
1972					74.9		

¹July for flue-cured; October 1 for burley. ²Sales. ³Subject to revision. ⁴Estimated. ⁵Less than .05 percent.

Lease and transfer of allotments

Year	Flue-cured lease and transfer	
	Thousand acres	Million pounds
1962	23.7	---
1963	33.1	---
1964	41.8	---
1965	54.7	---
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	289.4
1972 ¹	171.3	318.6

¹ Preliminary.

effective allotment. Small acreage gains are indicated for South Carolina and Virginia; other States show declines. Nationally the yield estimate averages 5 percent below last season. But in the Georgia-Florida Belt, where auctions have closed, yields averaged slightly above last season. The September 1 forecast for flue-cured production was 1,013 million pounds—6 percent below 1971.

Flue-cured carryover last July 1 totaled 1,910 million pounds. This was 3 percent below a year earlier. The supply (production plus carryover) is about 4 percent below the 3,053 million pounds in 1971/72 and about one-fourth less than the 1964/65 record high. This year's supply is 2.6 times last year's use. The desired ratio is 2.4 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 decline further (table 15).

By September 1, uncommitted loan stocks of 1963-71 flue-cured tobacco—a component of the estimated supply—totaled 391 million pounds. This was only four-tenths the level of a year earlier and the lowest level since 1962. The Flue-cured Tobacco Cooperative Stabilization Corporation—the growers' organization

Tobacco loan stocks, 1972
(Farm-sales weight)

Type	End of August		
	1970	1971	1972
	Million pounds	Million pounds	Million pounds
Flue-cured, 11-14	791.3	770.2	567.6
Uncommitted	700.4	734.4	360.2
Burley, 31	469.9	472.2	336.6
Uncommitted	460.8	467.5	321.8
Virginia, 21	1.4	1.0	.5
Kentucky-Tennessee, 22-23	11.2	5.5	1.3
Kentucky-Tennessee, 35-36	18.9	12.8	13.1
Ohio, 42-44	0	0	0
Puerto Rican, 46	5.6	2.8	0
Connecticut Valley, 51-52	2.2	2.4	2.1
Total	1,300.5	1,266.9	921.2

Compiled from records of Tobacco Division, ASCS.

handling price support loans—sold 163 million pounds in July and August, a record high for 2 consecutive months. Domestic manufacturers took the most. With this season's heavy sales of loan stocks and negligible loans from this year's crop, holdings next July 1 may fall one-third to the lowest level in a decade.

Burley

Burley tobacco (type 31) makes up about one-third of U.S. cigarette blends. Nearly 80 percent of burley disappearance goes for domestic cigarette production. 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. Foreign demand for burley continues to grow. However, most of this market is supplied by foreign producers, often at prices less than half the U.S. levels.

Disappearance Rises

Domestic use of burley tobacco for the year now ending probably will total about 2 percent above the 503 million pounds used in 1970/71 (table 14). Exports are staying about the same as the 54 million pounds of last year. Based on these prospects, total disappearance should gain some 2 percent from the 557 million pounds of last season, leaving October 1 carryover 7 percent smaller than a year earlier.

Based on July 1 stocks, disappearance for the first 9 months of the marketing year was 428 million pounds, 14 million more than in the year earlier period. Both domestic use and exports gained. Domestic use totaled 388 million pounds, 11 million above 1970/71, but 6 million below the 1965-69 average. Compared with cigarette output, the indicated disappearance of burley implies domestic manufacturers have stabilized the burley content in cigarettes. Among the secondary outlets for burley, smoking tobacco production is decreasing but cut tobacco exports are increasing.

For the first 10 months of this marketing year, burley exports totaled 45 million pounds, 2½ million above a year earlier. Italy took more but less went to West Germany. This year's average U.S. export value is rising about a tenth. Foreign burley production gained an estimated 52 million pounds last year, probably more than the annual gain in utilization.

Supplies Reduced

The September estimate of the 1972 U.S. burley crop is 563 million pounds, 19 percent above 1971. This is the second year of poundage controls. Acreage for harvest is up 7 percent. Growers are trying to make up for production shortages last year. Prospective yields are 11 percent above last year's weather-reduced level.

Table 15.--Flue-cured and burley tobacco: Stocks and stocks utilization ratios, manufacturers and dealers, 1952-72

(Farm-sales weight)

Marketing year	Flue-cured				Burley			
	Domestic manufacturers		Dealers		Domestic manufacturers		Dealers	
	Beginning : stocks	Stocks : usings	Beginning : stocks	Stocks : exports	Beginning : stocks	Stocks : usings	Beginning : stocks	Stocks : exports
	1/ : ratio	1/ : ratio	1/ : ratio	1/ : ratio	2/ : ratio	2/ : ratio	2/ : ratio	2/ : ratio
	Million pounds	Number	Million pounds	Number	Million pounds	Number	Million pounds	Number
1952	1,364	1.65	185	0.44	899	1.73	39	1.34
1953	1,400	1.80	214	.50	918	1.86	48	1.37
1954	1,447	1.94	189	.44	920	1.90	51	1.55
1955	1,485	2.04	242	.44	867	1.79	48	1.41
1956	1,577	2.24	225	.48	884	1.83	38	1.36
1957	1,594	2.16	274	.62	980	2.05	36	1.29
1958	1,406	1.91	286	.65	958	1.98	40	1.14
1959	1,328	1.73	242	.58	952	1.91	29	.81
1960	1,286	1.62	263	.55	1,048	2.06	53	1.29
1961	1,337	1.71	247	.51	989	1.88	50	1.11
1962	1,467	1.89	237	.55	1,049	1.98	55	1.04
1963	1,478	1.92	307	.62	1,044	2.03	90	1.58
1964	1,406	1.81	283	.64	1,060	1.89	87	1.55
1965	1,363	1.81	274	.65	1,023	1.86	76	1.33
1966	1,349	1.96	253	.43	1,065	1.96	68	1.21
1967	1,306	1.90	281	.53	1,038	1.90	67	1.26
1968	1,258	1.87	271	.52	966	1.87	36	.65
1969	1,081	1.67	219	.41	942	1.86	34	.59
1970	1,014	1.58	214	.40	858	1.71	30	.56
1971	1,010	1.52	204	.42	854	<u>3/1.66</u>	28	<u>3/.51</u>
1972	1,087		206		<u>3/900</u>		<u>3/28</u>	

1/ July 1.

2/ October 1.

3/ Estimated.

The 1972/73 burley supply (indicated carryover plus the new crop) is about 0.3 percent below the 1,818 million pounds in 1971/72 and 11 percent below the record 7 years earlier. The prospective supply equals about 3.2 times probable disappearance; the desirable ratio based on legislative formula is 2.8.

By August 31, 1972, government loan stocks were 30 percent below the 472 million of a year earlier. Last year's loan receipts were the lowest since World War II. With last year's short crop and manufacturers and dealers increasing their holdings, sales from CCC loan stocks during 1971/72 were the largest in 12 years.

Auction sales usually begin in late November. The 1971 crop sold for an average of 80.9 cents per pound, with virtually none of the crop placed under loan. Price supports for 1972 burley average 74.9 cents per pound, about 5 percent above 1971. Proposed loan rates by grades range from 51 to 82 cents per pound.

Maryland

Maryland tobacco (type 32) goes almost entirely into cigarettes. About one-third of the crop is exported. Annual disappearance since 1950 has varied irregularly between 31 million pounds and a record 49 million in 1968/69.

Use Depressed

Disappearance of Maryland tobacco during the first 9 months of the marketing year that began October 1, 1971, totaled 19 million pounds, about 8 million below a year earlier. Domestic use fell sharply while exports were maintained. As supplies have fallen, U.S. manufacturers have reduced the amount of Maryland tobacco in cigarette blends. For the 1971/72 marketing year disappearance is expected to total one-third below the 39.5 million pounds of the previous year (table 16).

Exports of Maryland tobacco will likely fall below the 11.9 million pounds of 1970/71 as exporters had speeded up shipments prior to last October's dock strike deadline. In the first 10 months of the current marketing year, exports were 1.2 million pounds below the year-earlier period. Exports to Switzerland, the principal outlet, were down as Swiss manufacturers reduced inventories.

Stocks Steady; Crop Lower

By next January 1—the date specified for marketing quota calculations—carryover probably will stay near this year's 46 million pounds because disappearance about matches 1971 production. The Maryland crop is an estimated 26 million pounds, 7½ percent below the 1971 crop. Acreage allotments are not in effect, since growers disapproved a marketing quota for the 1972 crop. This year's crop plus the estimated carryover will provide a 1972/73 supply about 5 percent smaller.

Auction sales of the 1971 Maryland tobacco crop began April 18 and ended June 23, with a record average price to growers. Prices advanced for almost all grades, although overall quality of offerings was lower than the previous season.

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.

1971/72 Disappearance Declines

Disappearance of fire-cured tobacco (types 21-23) during the first 9 months of the marketing year that began October 1, 1971, was 32½ million pounds, about the same as a year earlier. Exports declined but domestic disappearance gained. Growers received 6 cents per pound higher for last year's crop than in 1970.

For the year ending this September, estimated disappearance is down about 3 million pounds from last season's 48 million. But use slightly exceeds last year's output. Carryover stocks this October 1 are probably stabilizing near the 62 million pounds of last year (table 17).

Based on the indications through June, domestic use of the Virginia type in the 1971/72 year is below the previous year's level. Kentucky-Tennessee types are higher. In October 1971-June 1972, snuff output was about the same as a year earlier.

Exports of fire-cured tobacco in the season now ending are expected to total below 1970/71. Most of the decline is occurring in the larger volume Kentucky-Tennessee types. Exports of 14-1/2 million pounds of Kentucky-Tennessee types during October 1971-July 1972 were 3-1/2 million pounds below a year earlier. The Netherlands—first ranking outlet—accounted for most of the decrease. Large shipments in August and September 1971 were in anticipation of dock tieups. Virginia fire-cured exports of 2.6 million pounds in October 1971-July 1972 were 0.9 million below a year earlier. Smaller shipments went to Norway, the leading destination.

Supplies Stabilized

The September estimate of fire-cured production was 45 million pounds, 3 percent larger than last year. This approaches the estimated disappearance during the marketing year just ended. Acreage for harvest is 5 percent larger. Average yield per acre is indicated to be 2 percent below last year.

Combined supplies of the fire-cured types for 1972/73—estimated carryover and production—total about the same as the 106 million pounds of a year

Table 16.--Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-72

Marketing year	Acreage harvested	Yield per acre	Production	Stocks, following January 1 --			Total supply
				Manufacturers and other	Under loan	Total	
				Million pounds			
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	27.0	1,090	29.4	50.1	0	50.1	79.5
1971	27.0	1,040	28.1	46.0	0	46.0	74.1
1972 ^{1/}	26.0	1,000	26.0		0	*46.0	*72.0

Marketing year	Disappearance ^{2/}			Average price per pound	Price support level	Placed under Government loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
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	39.5	27.6	11.9	78.6			No price support
1971	*26.0	*17.5	*8.5	3/81.8			No price support
1972							No price support

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

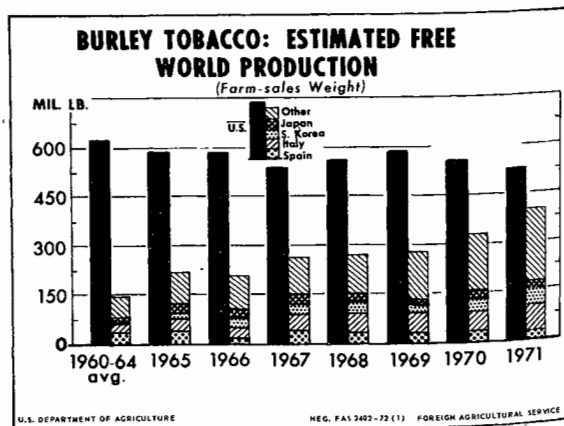
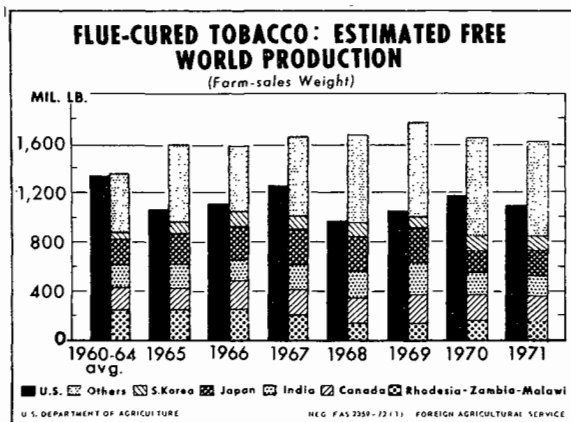


Table 17.--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-72

(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							
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	19.5	1,928	37.6	48.6	4.7	53.3	90.9
1972 ^{1/}	21.2	1,874	39.6			*52.9	*92.5
Virginia fire-cured, type 21							
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	5.0	1,180	5.9	8.0	1.0	9.0	14.9
1972 ^{1/}	4.6	1,150	5.3			*7.9	*13.2
Disappearance				Average	Price	Placed under Government loan	
Total				price	support	Quantity	Percentage
Domestic		Exports	per pound	level		of	crop
Million pounds			Cents		Million pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23							
1967	42.0	14.9	27.1	46.2	41.9	.8	2.7
1968	38.7	^{2/} 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	41.4	13.1	28.3	54.4	56.6	^{3/}	.1
1971	*38.0	*16.0	*22.0	60.8	48.5	^{3/}	.1
1972				50.8			
Virginia fire-cured, type 21							
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	7.0	2.4	4.6	52.0	46.6	.1	2.0
1971	*7.0	*3.0	*4.0	54.8	48.5	.1	1.0
1972				50.8			

^{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.

earlier. Less than 1 million pounds of loan stocks remain unsold. Compared with 5 years ago supplies are down one-fourth and the sizable loan stocks have been worked off.

In Malawi, the chief fire-cured exporter besides the United States, 1972 sales increased to 28½ million pounds. This was 5 percent above last year. Auction prices this season averaged 38 cents per pound, 10 cents below last year.

Dark Air-Cured

Dark air-cured tobacco (types 35-37) is used in manufacture of plug, twist, fine-cut chewing tobacco, and snuff, and also to some extent for smoking tobacco and cigars. Production and use have declined about half in the past 2 decades. The decline has been relatively greater for exports than domestic use. Exports now account for only one-tenth of annual disappearance.

Disappearance Gaining

Disappearance of dark air-cured tobacco during the first 9 months of the current marketing year was 15½ million pounds, about the same as a year earlier. Domestic use picked up but exports fell off. Last year's price to growers averaged 1 cent per pound higher than in 1970.

For the year ending September 30, 1972, total disappearance may gain ½ million pounds above the 20½ million of last year. This would mean a carryover 4 million pounds below the 53 million last October 1 (table 18).

With last season's gain, domestic use of dark air-cured may total 11 percent above the 1965-69 annual average. Exports of dark air- and sun-cured tobacco in 1971/72 probably fell a little below a year earlier. Gains for Black Fat—a semi-processed product—failed to offset declines for One Sucker and Green River Leaf categories.

Supplies Still Large

The September estimate of this year's dark air-cured crop is 16½ million pounds—about 2 percent below last year's low level. Acreage for harvest of each type is estimated lower than last year. With crops and carryovers a little smaller, total 1972/73 supplies are estimated 5 million pounds below last year's 70 million pounds. Supplies equal 3 times the past season's use. Mid-1972 loan holdings are off a little from year-earlier levels.

Cigar Tobacco

Cigar leaf tobaccos (types 41-62) are classified according to usage in cigar manufacture—filler, binder, and wrapper. The shift to small cigars, cigarillos, and reconstituted tobacco sheet is reducing cigar leaf requirements. However, chewing tobacco manufacturers provide a lively demand for cigar binder. Exports of U.S.

cigar wrapper leaf equal about one-fourth of wrapper disappearance; other kinds have negligible exports.

U.S. and Puerto Rico cigar leaf production has been declining since the early 1960's while imports of filler leaf and scrap have risen. The Philippines and countries in Central and South America are the chief foreign suppliers. About 175 million pounds of leaf are used annually, with imports predominating.

Cigar Filler Disappearance Steadying

For the first 9 months of the 1971/72 marketing year, total disappearance of U.S. cigar filler tobacco (types 41-46) was 44 million pounds, up 5½ million from a year earlier. Pennsylvania and Puerto Rican filler accounted for the gain; Ohio filler declined. In the same period, production of loose leaf chewing tobacco gained while cigars declined. Filler disappearance in 1971/72 may exceed the 55 million pounds of a year earlier (table 19).

Imports Supplementing Lower U.S. Supplies

During October 1971-June 1972, U.S. manufacturers used 67 million pounds of foreign cigar tobacco (imports for consumption) or about 5 million below a year earlier. With domestic supplies declining further in 1972/73, manufacturers' use of foreign leaf may pick up.

Foreign-grown cigar leaf stocks in the United States on July 1 totaled 94 million pounds, down 9 million from a year earlier. Less tobacco from the Philippines accounted for the decline.

Cigar Binder Disappearance Gains

Cigar binder disappearance for October 1971-June 1972 was 18 million pounds, up about 4½ million. Wisconsin tobaccos (types 54-55) gained while Connecticut Valley (types 51-52) declined. The major outlet for Wisconsin tobacco remains loose leaf chewing tobacco; production stabilized for most of the 1960's and then gained in the past 5 years.

Disappearance of Connecticut Valley binder tobacco for 1971/72 is estimated about the same as the previous season but below last year's output. Carryover on October 1, 1972, is expected to stabilize near last year's low of about 7 million pounds.

The 1971/72 disappearance of Wisconsin tobacco may gain 6 million pounds from the level of 1970/71. This would equal last season's production, leaving stocks about the same as the 37 million on October 1, 1971.

Cigar Wrapper Disappearance Steadying

Disappearance of shade-grown wrapper (types 61-62) in the year ended June 30 was 14.6 million pounds, about 2 percent above the low level of a year earlier. Exports rose sharply, but domestic use declined to a new

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, 1967-72

(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							
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	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972 ^{1/}	8.3	1,872	15.5			*45.5	*61.0
Sun-cured, type 37							
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	.9	1,200	1.1	3.1	0	3.1	4.2
1972 ^{1/}	.8	1,100	.9		0	*3.0	*3.9
Disappearance : Average : Price : Placed under Government loan							
Total		Domestic	Exports	per pound	support level	Quantity	Percentage of crop
-- Million pounds --				Cents		Million pounds	Percent
Dark air-cured, types 35-36							
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	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971	*20.0	*18.0	*2.0	47.1	43.1	1.7	10.7
1972					45.2		
Sun-cured, type 37							
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	*1.2	*1.0	*.2	54.1	43.1	0	---
1972					45.2		

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

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-72

(Farm-sales weight)

Crop year	Average harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks $\frac{1}{2}$	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds	Million pounds						Cents
Pennsylvania Seedleaf Filler (type 41)									
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	0.6	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	1,775	32.0	97.3	129.3	42.3	42.1	.2	31.0
1971	17.0	1,600	27.2	87.0	114.2	*45.0	*44.5	*.5	36.0
1972 $\frac{2}{1}$	16.5	1,500	24.8	*69.2	*94.0				
Ohio, Miami Valley Filler (types 42-44)									
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	4.1	4.1	---	38.0
1971	1.9	1,750	3.3	7.8	11.1	*3.8	*3.8	---	41.0
1972 $\frac{2}{1}$	1.9	1,700	3.2	*7.3	*10.5				
Puerto Rico Filler (type 46) $\frac{3}{4}$									
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	$\frac{4}{33.1}$
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	$\frac{4}{33.3}$
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	$\frac{4}{33.6}$
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	$\frac{4}{36.1}$
1971	4.8	1,400	6.7	15.0	21.7	*8.0	*8.0	---	$\frac{4}{36.7}$
1972 $\frac{2}{1}$	$\frac{3}{3.0}$	$\frac{3}{1,350}$	$\frac{3}{4.0}$	*13.7	*17.7				
Total Cigar Filler (types 41-46)									
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	1,722	39.4	125.6	165.0	55.2	55.0	.2	32.1
1971	23.7	1,572	37.2	109.8	147.0	*56.8	*56.3	*.5	36.6
1972 $\frac{2}{1}$	21.4	1,494	32.0	*90.2	*122.2				
Connecticut Valley Binder (types 51-52)									
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	2.7	2.4	.3	65.5
1971	1.6	1,848	3.0	7.2	10.2	*2.7	*2.6	*.1	65.5
1972 $\frac{2}{1}$	1.6	1,671	2.6	*7.5	*10.1				
Southern Wisconsin Binder (type 54)									
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	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	*11.3	*11.3	---	55.6
1972 $\frac{2}{1}$	5.4	2,150	11.6	*19.5	*31.1				
Northern Wisconsin Binder (type 55)									
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	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	*11.2	*11.2	---	54.0
1972 $\frac{2}{1}$	5.6	2,000	11.2	*17.7	*28.9				

See footnotes at end of table.

Continued --

Table 19.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-72--Cont.

Crop year	(Farm-sales weight)									
	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pounds to growers	
			Production	Beginning stocks ^{1/}	Total supply	Total	Domestic	Exports		
Thous. acres	Pounds	Million pounds						Cents		
Total Wisconsin Binder (types 54-55)										
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	0.4	34.2	
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3	
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8	
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1	
1971	10.6	2,125	22.5	37.2	59.7	*22.5	*22.5	---	54.9	
1972 ^{2/}	11.0	2,074	22.8	*37.2	*60.0					
Total Cigar Binder (types 51-55)										
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	1,716	15.4	49.2	64.6	22.3	21.7	.6	44.3	
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1	
1971	12.2	2,089	25.5	44.4	69.9	*25.2	*25.1	*.1	56.1	
1972 ^{2/}	12.6	2,024	25.4	*44.7	*70.1					
Connecticut Valley Shade-grown (type 61)										
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	4.7	1,635	7.7	13.9	21.6	8.4	5.8	2.6	400.0	
1972 ^{2/}	4.2	1,200	5.1	13.2	18.3					
Georgia-Florida Shade-grown (type 62)										
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	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0	
1972 ^{2/}	3.0	1,450	4.4	6.6	11.0					
Total Shade-grown (types 61-62)										
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	375.7	
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	7.7	1,614	12.4	22.0	34.4	14.6	11.2	3.4	348.0	
1972 ^{2/}	7.2	1,304	9.5	19.8	29.3					
Grand Total Cigar Tobacco (types 41-62)										
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	1,667	77.7	210.6	288.3	99.0	95.9	3.1	96.8	
1970	42.9	1,762	75.6	189.3	264.9	88.7	86.2	2.5	101.0	
1971	43.6	1,724	75.1	176.2	251.3	*96.6	*92.6	*4.0	94.5	
1972 ^{2/}	41.2	1,622	66.9	*154.7	*221.6					

^{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 1972.
^{4/} Excludes payment by Puerto Rican Government.
 *Estimated.

Cigar leaf tobacco price support operations, 1968-72

(Farm-sales weight)

Type	Placed under Government loan, crop years --				Remaining under loan, End of August			
	1968	1969	1970	1971	1969	1970	1971	1972
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Ohio, 42-44	0.1	(¹)	0	0	0.1	0	0	0
Puerto Rican, 46 Conn. Valley, 51-52	4.9	4.2	3.1	4.7	1.2	5.6	2.8	0
Southern Wis., 54	(¹)	.7	.6	.9	1.3	2.2	2.4	2.1
Northern Wis., 55	(¹)	(¹)	0	(¹)	.1	0	0	(¹)
Total . . . . .	.4	0	0	0	3.6	0	0	0
	5.5	4.9	3.7	5.6	6.3	7.8	5.2	2.1

¹ Negligible.

low. 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 and slimmer types, the market for natural wrapper is limited. High costs make U.S. wrapper noncompetitive.

U.S. and Puerto Rican Supplies to Decline

Supplies of U.S. and Puerto Rican cigar tobacco will decline from 1971/72, continuing the postwar trend. October 1, 1972, carryover is down and prospective production is lower. Both cigar filler and cigar wrapper supplies experienced declines.

September 1971-August 1972 sales from government loan stocks were higher than a year earlier; loan receipts were higher. By August 31, government loan stocks of cigar tobacco decreased from last year's low level.

Filler: As of September 1, the Pennsylvania filler crop was indicated at 25 million pounds—9 percent below 1971. The decline is due to reduced acreage and yield. This would be the smallest crop since the 1930's and only one-half the 1960-64 average. The new crop plus the reduced carryover will provide a supply about 6 percent below last season's and the least since the mid-1930's.

Despite the reassignment of some allotments, Ohio filler acreage is estimated to be off slightly from last year's low level. As of September 1, the crop was placed at 3/4 million pounds, slightly below last year. The crop plus the lower carryover will provide a total supply for 1972/73 about 1/2 million pounds below the last year and the smallest on record.

Carryover of Puerto Rican filler on October 1 is estimated about 3 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

3 1/2 times the this year's harvest. Acreage has been on the downtrend since 1964, so production has been considerably below the announced quota for the past several seasons even though the Commonwealth pays a subsidy of 17 cents per pound. Supply for 1972/73 seems likely to fall some 4 million pounds to another record low.

Binder: Cigar binder acreage in the Connecticut Valley is estimated about 3 percent smaller than last year, although quotas were lifted again this year. As of September 1, production was indicated at 2.6 million pounds, about 1 1/2 million below 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 price increases for the 1971 crop. Also, some growers released their acreage allotments for use of growers who wished to increase their production. Wisconsin production was indicated at 22.8 million pounds, slightly above last year when the yield was record high. High yields are again forecast. Carryover is estimated about the same as a year ago. So supply of both types may stay about the same as in 1971/72.

Wrapper: This year the indicated acreage of Connecticut Valley wrapper is one-fifth below 1971. This continues the sharp drop since 1960. Production may plunge almost 3 million pounds below last year's level. Carryover on July 1 was down from 1971. Overall, the supply of Connecticut Valley wrapper is about 2 million pounds lower and the least since 1945.

Acreage of Georgia-Florida wrapper has stabilized at the 33-year low. Manufacturers have adjusted supplies to a lower level of use. As of September 1, production was an indicated 1/2 million pounds below last year. Carryover in July was down 1 1/2 million from a year earlier. Supply is about 2 million below 1971/72 and the lowest since 1949.

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1969-72

(Farm-sales weight)

Country of origin	Imports for consumption				Dealers and manufactures stocks, July 1—			
	October-September 1970-1971	October-June			1969	1970	1971	1972
		1969-1970	1970-1971	1971-1972				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	
Philippine	46.7	27.8	28.9	21.5	41.9	43.1	38.7	33.9
Dominican Republic	13.3	9.2	9.2	8.7	12.3	12.2	13.5	12.0
Brazil	6.4	5.3	4.3	7.3	9.0	10.4	9.4	8.0
Colombia	7.5	6.3	5.3	8.9	10.2	9.1	10.4	11.1
Paraguay	2.8	3.7	2.1	3.5	4.2	9.5	7.3	4.1
Mexico	5.0	2.5	2.9	5.7	2.8	4.9	5.3	6.0
Indonesia	4.0	2.8	3.0	1.8	3.3	2.3	4.7	4.3
All others	21.9	9.4	15.9	7.3	9.5	13.3	13.1	14.4
Total	107.6	66.0	71.6	67.0	93.2	104.8	102.4	93.8

FOREIGN PRODUCTION AND SALES

World production of cigarettes gained 3-½ percent last year, 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 larger market shares.

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 largest tobacco importing markets are the European Community and the applicant countries of the United Kingdom, Denmark, Ireland, and Norway. 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 Associated countries supplying the tobacco to the EC enjoy preferential or duty-free access to the European Community.

Flue-cured Production

Harvest of foreign flue-cured tobaccos in 1972 is expected to rise over the 2.8 billion pounds in 1971. Crops in both Malawi and Zambia were larger. With additional acreage, India's harvest may have gained from last season's 166 million pounds. The 1972 Rhodesian flue-cured crop estimated at 143 million pounds was sold at secret auctions this spring with a guaranteed average grower return equivalent to 35 U.S. cents per

pound. For the 1973 flue-cured crop the proposed price guarantee is equivalent to 35 cents and applies on the entire target. The 1972 flue-cured crop in Canada may total about one-tenth below last year due to frost damage and reduced yields in Ontario, where most of the crop is grown.

British Tobacco Situation

About one-fifth of all U.S. exports of unmanufactured tobacco go to the United Kingdom. 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 20). So to hold costs down, manufacturers have introduced shorter cigarettes or tipped brands with smaller tobacco content. The filter-tip proportion reached 80 percent of output in 1971. As a result, U.K. tobacco use has been about static for several years, even though cigarette sales still gain. U.K. tobacco manufacturers export about one-sixth of their output. In the first 7 months of 1972 exports rose 4 percent above a year earlier.

U.K. manufacturers' use (gross clearance from bond) increased 7 percent in the first half of 1972 and the U.S. share declined further to 41 percent of flue-cured clearances. But by the end of June, U.K. stocks of U.S. tobacco represented only 1.2-year supply, down from 1.3 a year earlier. A further decline of U.S. stocks appears likely in 1972/73. U.K. manufacturers may buy more tobacco from Commonwealth countries, including Canada and India and from non-traditional sources. These sources include Tanzania, Malawi, Pakistan, South Africa, South Korea, and Thailand.

Table 20.—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1969-72

Item	July-June			Item	July-June		
	1969-1970	1970-1971	1971-1972		1969-1970	1970-1971	1971-1972
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>		<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
Imports, by source:				Gross clearances:			
United States	145	126	90	Full duty rate ¹	167	157	148
Commonwealth	105	149	126	Commonwealth rate ²	135	143	147
Other	40	47	34	Total	302	300	295
Total	290	322	266	Flue-cured:			
Exports:				United States	137	126	117
Manufactured products	52	56	54	Canada	48	53	58
Unmanufactured	4	7	5	India	45	44	41
Stocks, June 30:				Zambia and Malawi	12	10	15
Flue-cured	351	365	330	Rhodesia	5	1	1
Other	50	49	45	Other	25	30	30
Total	401	414	375	Total	272	264	262
				Net clearances:	229	224	227

¹ Equivalent to \$13.13 per pound. ² Equivalent to \$12.93 per pound. Compiled from official United Kingdom sources.

EC Imports

West Germany, which accounts for about half of EC's tobacco imports, took 99 million pounds of unmanufactured tobacco in January-April 1972, about 10 million less than a year earlier. Imports of U.S., Mexican, and Italian tobacco gained. Importers of tobacco from Italy benefit from the CAP's buyer premium. Consequently, imports from Greece and Turkey dropped sharply.

The Netherlands took 47 million pounds of tobacco during the first 4 months of this year, 6 million greater than the same period a year earlier. U.S. leaf was up slightly, following a decline last year. Imports reported from Mozambique are gaining further this year; however these shipments may originate from other countries.

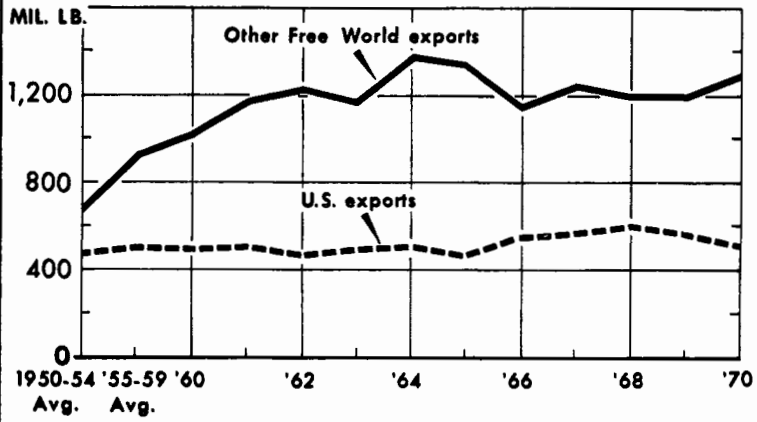
EC Enlargement

The 6 member European Community will formally enlarge with the 4 applicant countries on January 1, 1973. The 4 countries, the United Kingdom, Denmark, Ireland, and Norway, are committed to gradually removing intracommunity tariffs and adopting the EC's common external tariffs (CXT). This will occur in stages over a transitional period ending July 1, 1977. For the United Kingdom, entry into the EC likely will cause

some change in the tobacco mix of English-type cigarettes. British law now prohibits the use of additives (except for research purposes) and provides for 100 percent unsweetened tobacco cigarettes. As a nontariff barrier this must change with entry in the EC. When the no-additive rule is repealed the U.K. tobacco industry can offer a blended cigarette in EC markets and use duty-free and lower quality tobacco supplied by the EC and countries associated with the EC. Repeal of this additive rule could decrease the demand for U.S. flue-cured tobacco, but may offer a larger outlet for U.S. burley tobacco.

American tobacco also faces problems with the creation of a common EC excise tax for manufactured tobacco products. The tax is to be made fully effective by 1980. If the EC adopts an excise tax system which discriminates against tobacco products made from high-quality tobacco, U.S. exports to the EC will be adversely affected. During last year's trade and monetary talks, the United States requested that the EC harmonize the cigarette excise tax with a 25 percent ad valorem element and a 75 percent specific element. The EC made no commitment as to the exact formula of the final tax, but the EC has agreed that the tax would be balanced and reasonable. The EC will consult further with the United States.

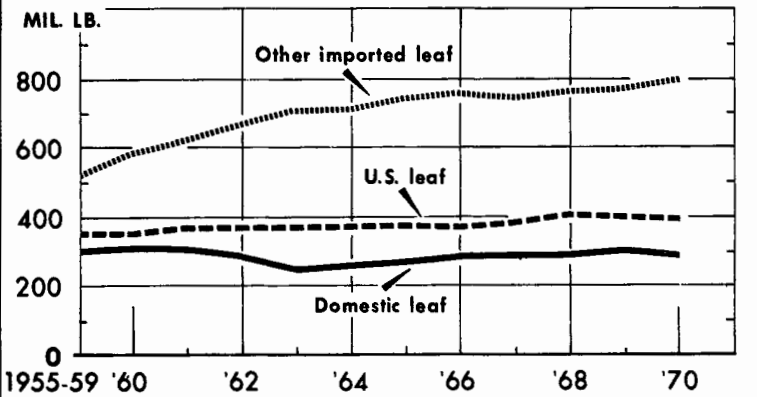
TREND IN WORLD TOBACCO TRADE



U.S. DEPARTMENT OF AGRICULTURE

NEG. FA5 2411-71 (11) FOREIGN AGRICULTURAL SERVICE

USE OF LEAF TOBACCO IN WESTERN EUROPE



U.S. DEPARTMENT OF AGRICULTURE

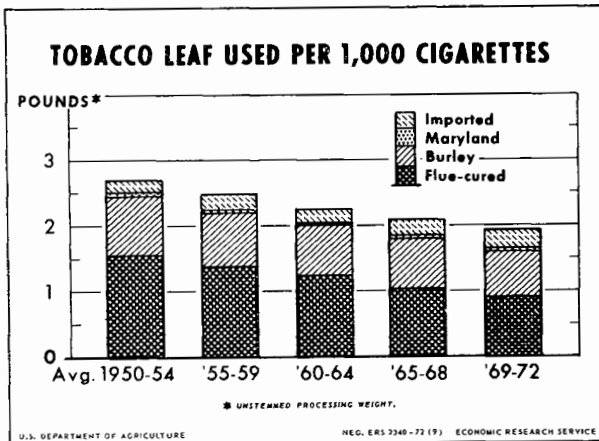
NEG. FA5 2326-71 (11) FOREIGN AGRICULTURAL SERVICE

TOBACCO USED IN CIGARETTES

1971-72 Developments

U.S. cigarette manufacturers used as estimated 1,106 million pounds of tobacco (unstemmed processing weight) in cigarettes in 1971. This was about 3 percent below the year before, as cigarette output declined slightly. Use of domestic tobaccos declined; imports remained about the same (table 21). This year, with cigarette output likely to record the largest gain since 1958, manufacturers are expected to use more tobacco.

Manufacturers used an estimated 1.92 pounds of tobacco (unstemmed weight) per 1,000 cigarettes produced in 1971, 1.6 percent less than a year earlier. Flue-cured tobacco accounts for almost half the tobacco used in cigarettes, with burley about one-third, and Maryland and imported tobaccos accounting for the rest. Last year the flue-cured proportion remained about the same; burley and Maryland declined while imports increased.



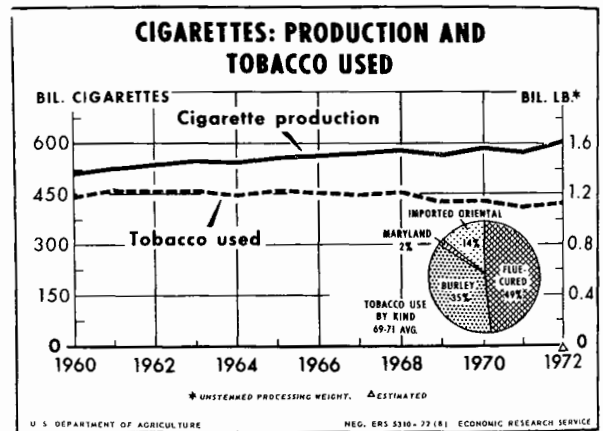
The downtrend in leaf use per cigarette is continuing this year. In connection with periodic "tar" and nicotine analysis, the Federal Trade Commission also reports for cigarettes sampled, their average weight. Considering the 27 varieties (i.e., brands and brand variations) of cigarettes that account for about five-sixths of U.S. sales, the average weight per cigarette (including paper and filter) declined about 1/2 percent in 1971/72, about the same decline as in 1970/71.

Technological Developments

The 2 most widely noted technological changes likely to affect tobacco use over the next several years are puffing or freeze-drying and synthetics. In 1969 North

Carolina researchers discussed a freeze-drying process that would increase tobacco filling capacity by converting the solid water content to vapor. British and U.S. scientists announced 2 years ago they had developed tobacco substitutes of cellulose which could partially or entirely replace tobacco. Both developments aim at reducing the tobacco "tar" and nicotine content, yet producing an acceptable product for consumers.

Some U.S. cigarettes use puffed tobacco, one of many modifications of the freeze-drying technique. While manufacturers can vary the filling capacity of this tobacco, cigarettes made with large amounts of puffed tobacco burn more rapidly than ordinary cigarettes.

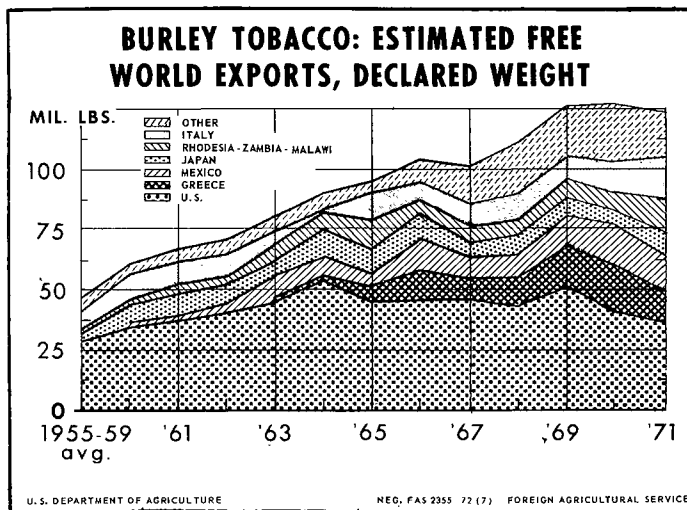
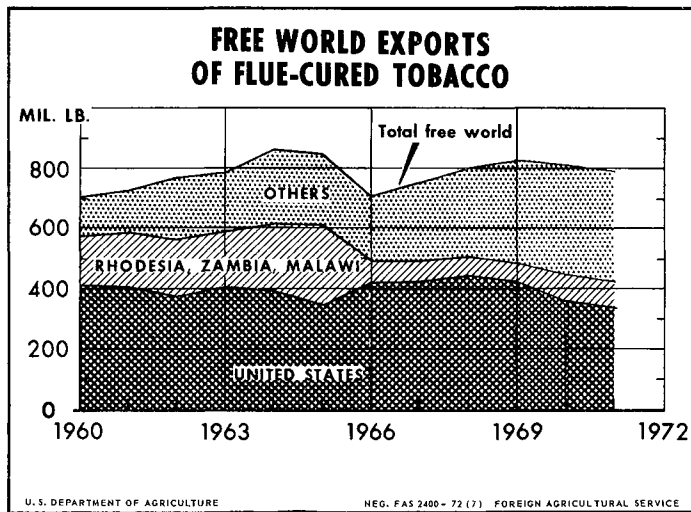


Synthetic tobacco is undergoing extensive tests in the United Kingdom. In Europe some uncertainty exists about the regulations concerning synthetic tobacco products, especially in the United Kingdom where cigarette additives are banned, and in West Germany where cigarettes are classified as a food and chemical residues are closely monitored. In the United States a textile firm has suspended construction of a plant for synthetic tobacco pending further industry developments.

Researchers have tried to develop tobacco substitutes for some time to improve or economize cigarette production. Apparently, many synthetic smoking materials lack tobacco flavor, have a high "tar" content, and offer little if any price advantage. For the most part, synthetics have to compete on a cost basis with low-value stems or scrap tobacco. Also, manufacturers are reluctant to make shifts in tobacco blends until they have gained knowledge of consumer acceptance through considerable market testing. Synthetic tobacco could eventually reduce the cigarette leaf market, but prospects for these synthetics seem remote within the next few years.

Table 21.--Estimated leaf used for cigarettes by kinds of tobacco, 1950-71

Year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
<u>Million pounds</u>									
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	612	447	31	1,090	546	399	31	157	1,133
1970	613	448	27	1,088	548	400	27	163	1,138
1971	596	431	24	1,051	532	385	24	165	1,106
<u>Per 1,000 cigarettes</u>									
<u>Pounds</u>									
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	1.097	.802	.056	1.955	.979	.716	.055	.282	2.032
1970	1.051	.768	.046	1.865	.940	.686	.046	.279	1.951
1971	1.034	.747	.042	1.823	.923	.668	.042	.286	1.919
<u>Percentage distribution</u>									
<u>Percent</u>									
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	56.2	41.0	2.8	100.0	48.2	35.2	2.7	13.9	100.0
1970	56.3	41.2	2.5	100.0	48.2	35.1	2.4	14.3	100.0
1971	56.7	41.0	2.3	100.0	48.1	34.8	2.2	14.9	100.0



OUTLOOK CONFERENCE SCHEDULED FOR FEB. 20-22, 1973

The 1973 National Agricultural Outlook Conference has been set for Feb. 20 through 22, at the U.S. Department of Agriculture in Washington, D.C.

Central theme of the Conference will be "The Future Structure of Agricultural Production and Marketing." Such topics as the long-range expansion of demand for agricultural products, input requirements of the food industry, significant trends in organization and control of the food and fiber sector of the economy, impact of environmental developments on agricultural production and marketing, and future

developments in the export market will be explored in depth.

The 1973 outlook for U.S. agriculture and the general economy will receive particular attention at the Conference. Sessions on the 1973 outlook for major commodities and rural family living will make up an important part of the Conference as usual. The Conference, sponsored by USDA's Economic Research Service and Extension Service, will feature presentations and panel discussions by leading authorities in agriculture and business.

Table 22.--Tobacco: Commodity Credit Corporation price support loans and programs operations, 1950-72

Year ending June 30	New loans made	Repayments	Loans canceled ^{1/}	Charged off	Loans outstanding		
					Additions (deductions)	End of year	
					Value	Quantity	
					Million dollars		Million pounds
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
1972	59.5	272.3	0	.3	(212.8)	671.5	870
Loan and program operations				Public Law 480		Total cost ^{2/}	
Loan and other chargeoffs		Export payments	Sales of foreign currencies		Credit sales for dollars		
<u>Million dollars</u>							
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	
1972	.3	26.7		18.9	5.4	6/93.2	

^{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. ^{6/} Includes \$41.9 million for financing short term credit sales; \$59.3 million estimated recovery of costs.

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

Table 23.--Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by States, 1970 and 1971

State	1970			1971 ^{1/}		
	Tobacco	Tobacco as:		Tobacco	Tobacco as:	
		Percentage of crops	Percentage of all farm commodities		Percentage of crops	Percentage of all farm commodities
	Million dollars	Percent		Million dollars	Percent	
North Carolina	576	63.9	37.8	562	60.7	36.8
Kentucky	303	74.0	32.7	271	66.4	28.7
South Carolina	101	36.9	22.2	101	35.0	21.6
Virginia	89	34.3	14.7	90	33.9	14.6
Tennessee	82	30.0	11.6	76	23.3	10.2
Georgia	102	21.4	8.6	92	16.4	7.3
Florida	31	3.5	2.4	27	2.7	1.9
Maryland	21	16.6	5.4	23	17.8	5.8
Connecticut	24	38.4	14.7	26	38.9	15.7
Pennsylvania	11	4.3	1.1	10	3.6	.9
Ohio	14	2.4	1.0	12	1.9	.9
Indiana	10	1.5	.7	10	1.2	.6
Massachusetts	11	14.0	6.7	11	13.4	6.7
Wisconsin	6	2.5	.3	9	3.9	.6
Missouri	4	.9	.3	5	.8	.3
West Virginia	2	9.9	2.2	2	7.4	1.7
United States ^{2/}	1,388	6.6	2.7	1,328	5.9	2.5

^{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, 1950-71

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>2/</u>	11,544	10,448	707	389
					1971 <u>3/</u>	12,323	11,190	704	429

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 Governments	Total
	Cigarettes <u>1/</u>	Cigars <u>2/</u>	Chewing, smoking, and snuff	Total <u>3/</u>	All tobacco products	Federal and State		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	<u>4/</u>	2,080	1,615	3,695	116	3,811
1968	2,066	55	<u>4/</u>	2,122	1,886	4,008	100	4,108
1969	2,082	54	<u>4/</u>	2,138	2,056	4,194	97	4,291
1970	2,036	57	<u>4/</u>	2,094	2,308	4,414	129	4,531
1971	2,150	55	<u>4/</u>	2,207	2,536	4,743	5130	4,873
1972	<u>6/2,075</u>	<u>6/54</u>	<u>4/</u>	<u>6/2,129</u>	<u>5/2,830</u>	4,959	<u>5/131</u>	5,090

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 1973.

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

STATISTICAL SUMMARY

Item	Unit or base period	1971		1972			Last data as percentage of a year earlier
		July	August	June	July	August	
Average price at auctions							
Flue-cured	Ct. per lb.	Closed	76.7	Closed	83.0	86.4	113
Burley	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Maryland	Ct. per lb.	C - 1 - o - s - e - d		78.5	C - 1 - o - s - e - d		---
Virginia fire-cured	Ct. per lb.	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			---
Ky.-Tenn. dark air-cured	Ct. per lb.	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			---
Support price 1/							
Flue-cured	Ct. per lb.		69.4		72.7		105
Burley	Ct. per lb.		71.5		74.9		105
Maryland	Ct. per lb.	No support		No support			---
Virginia fire-cured	Ct. per lb.		48.5		50.8		105
Ky.-Tenn. fire-cured	Ct. per lb.		48.5		50.8		105
Ky.-Tenn. dark air-cured	Ct. per lb.		43.1		45.2		105
Virginia sun-cured	Ct. per lb.		43.1		45.2		105
Connecticut Valley cigar binder	Ct. per lb.		49.5		51.9		105
Wis. binder and Ohio filler	Ct. per lb.		35.8		37.5		105
Puerto Rican filler	Ct. per lb.		37.1		38.9		105
Parity index 2/		1967=100	120	120	126	127	106
Industrial production index 3/		1967=100	107	106	113	114	108
Employment	Mil.		80.7	80.6	82.6	83.4	104
Personal income 4/	Bil. dol.		862.4	869.1	922.9	932.9	108
Taxable removals							
Cigarettes	Bil.		46.6	39.6	48.4	49.1	97
Cigars and cigarillos	Mil.		564.3	497.4	591.7	473.0	89
Accumulated from Jan. 1							
Cigarettes	Bil.		265.2	304.8	232.6	281.8	105
Cigars and cigarillos	Mil.		3,267.0	3,764.4	2,500.0	2,972.9	91
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.		31.4			27.8	89
Chewing tobacco	Mil. lb.		35.4			36.4	103
Snuff	Mil. lb.		13.7			13.2	96
Tax-exempt removals							
Cigarettes	Bil.		4.4	4.2	3.8	4.6	76
Exports	Bil.		3.0	3.0	2.2	2.8	97
Cigars and cigarillos	Mil.		10.4	9.6	6.2	10.5	7.4
Accumulated from Jan. 1							
Cigarettes	Bil.		23.0	27.2	19.4	24.1	100
Exports	Bil.		14.7	17.7	13.0	15.8	105
Cigars and cigarillos	Mil.		66.1	75.7	64.8	75.4	109
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.		.7			.7	100
Chewing tobacco	Mil. lb.		.1			---	---
Wholesale price indexes 5/							
Cigarettes (reg. nonfilter)	1967=100		119.7	119.7	121.7	121.7	102
Cigars	1967=100		106.9	107.5	109.0	109.0	101
Smoking tobacco	1967=100		118.4	118.4	119.9	119.9	101
Plug chewing tobacco	1967=100		126.4	126.4	126.4	126.4	100
Snuff	1967=100		138.6	138.6	138.6	138.6	100
Consumer price indexes (urban) 6/							
Cigarettes (reg. nonfilter)	1967=100		126.9	128.5	134.4	135.6	106
Cigarettes (filter tip king)	1967=100		126.9	128.6	135.5	136.1	106
Cigars (domestic reg. size)	1967=100		106.0	106.3	110.7	110.9	104
Imports of tobacco							
Cigarette leaf	Mil. lb.		13.9	11.7	15.0	13.5	112
Cigar tobacco 7/	Mil. lb.		10.3	8.8	21.1	6.5	84
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.		73.7	85.4	71.7	84.7	111
Cigar tobacco 7/	Mil. lb.		59.3	68.2	58.4	65.5	78

See footnotes at end of table.

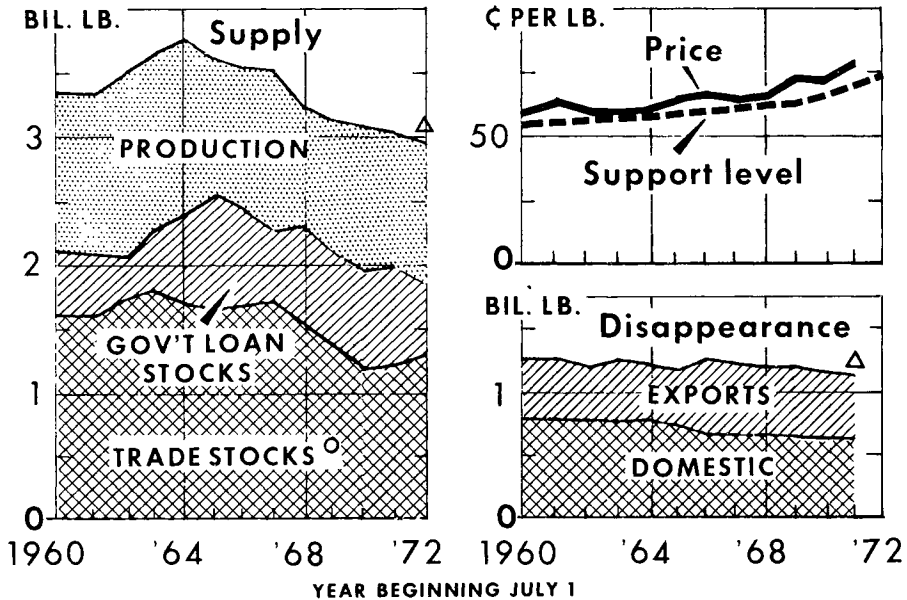
Continued -

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1971		1972			Last data as percentage of a year earlier
		June	July	May	June	July	
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	33.5	30.2	35.3	27.1	35.2	117
Burley	Mil. lb.	8.0	4.1	9.5	4.4	4.4	107
Maryland	Mil. lb.	.3	1.5	.6	1.5	.5	33
Virginia fire- & sun-cured	Mil. lb.	.3	.3	.5	.3	.2	67
Ky.-Tenn. fire-cured	Mil. lb.	1.3	1.8	1.6	1.5	.8	44
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.1	0	.1	*	---
Black Fat	Mil. lb.	.2	.2	.1	.3	.5	250
Cigar wrapper	Mil. lb.	.1	.4	.5	.1	.1	25
Connecticut binder	Mil. lb.	*	0	0	*	*	---
Wisconsin binder	Mil. lb.	0	*	0	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	534.0		452.4	479.5		90
Burley	Mil. lb.	38.2	42.3	36.0	40.4	44.8	106
Maryland	Mil. lb.	6.3	7.8	4.6	6.1	6.6	85
Virginia fire- & sun-cured	Mil. lb.	3.1	3.4	2.1	2.3	2.6	76
Ky.-Tenn. fire-cured	Mil. lb.	16.2	18.0	12.2	13.6	14.5	81
Ky.-Tenn. dark air-cured	Mil. lb.	.9	1.0	.3	.4	.4	40
Black Fat	Mil. lb.	1.9	2.0	1.8	2.1	2.6	130
Cigar wrapper	Mil. lb.	1.9		3.3	3.4		179
Connecticut binder	Mil. lb.	.3	.3	.1	.1	.1	33
Wisconsin binder	Mil. lb.	.1	.1	*	*	*	---
Cigar filler	Mil. lb.	.1	.1	.3	.3	.4	400
Exports of manufactured tobacco in bulk	Mil. lb.	1.9	5.0	1.2	3.8	3.3	66
Accumulated from Jan. 1	Mil. lb.	13.4	18.4	12.7	16.5	19.8	102
Quarterly data							
		1971		1972			
		Apr.-June	July-Sept.	Apr.-June	July-Sept.		
Stocks of tobacco--1st of quarter <u>9/</u>							
Domestic types (farm-sales weight)							
Flue-cured	Mil. lb.	2,234	1,976	2,158	1,910		97
Burley	Mil. lb.	1,628	1,488	1,534	1,390		93
Maryland	Mil. lb.	41	63	40	61		97
Fire-cured	Mil. lb.	88	78	83	73		94
Dark air- and sun-cured	Mil. lb.	63	58	58	54		93
Cigar filler	Mil. lb.	133	126	110	102		81
Cigar binder	Mil. lb.	55	50	57	52		104
Cigar wrapper	Mil. lb.	25	22	22	20		91
Under Government loan <u>10/</u>	Mil. lb.	1,321	1,262	1,009	972		77
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	31.4	30.2	27.6	27.6		91
Cigar types	Mil. lb.	1.7	1.8	1.8	2.3		128
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	386	400	377	423		106
Cigar	Mil. lb.	104	102	87	94		92
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	565.6	581.6	589.2	602.0		104
Taxable removals	Bil.	524.8	507.6	550.0	554.0		109
Cigar production	Bil.	7.96	8.12	7.21	7.60		94
Smoking production	Mil. lb.	58.2	54.7	56.9	59.0		108
Chewing production							
Loose leaf	Mil. lb.	45.1	45.5	44.8	45.6		100
Plug and other	Mil. lb.	28.4	27.2	28.5	26.7		98
Snuff production	Mil. lb.	27.1	25.8	25.1	28.4		110
Exports of leaf							
Total	Mil. lb.	646.8	649.6	465.7	522.0		80
Flue-cured	Mil. lb.	499.7	516.1	344.5	443.0		86

1/1971 and 1972 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 are preliminary estimates. *Less than 50,00 pounds. Detail may not add to total due to rounding.

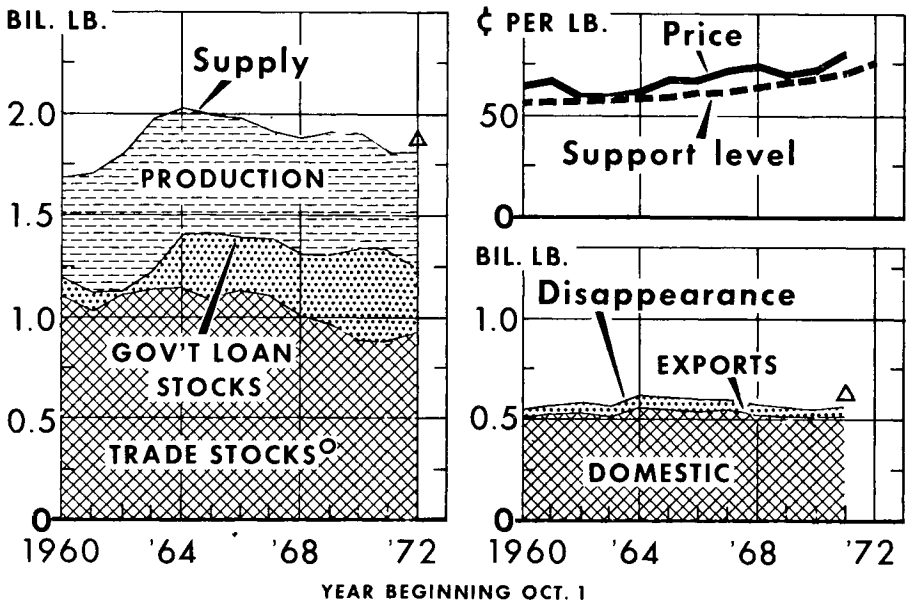
FLUE-CURED TOBACCO: SUPPLY, PRICE, USE



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BURLEY TOBACCO: SUPPLY, PRICE, USE



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