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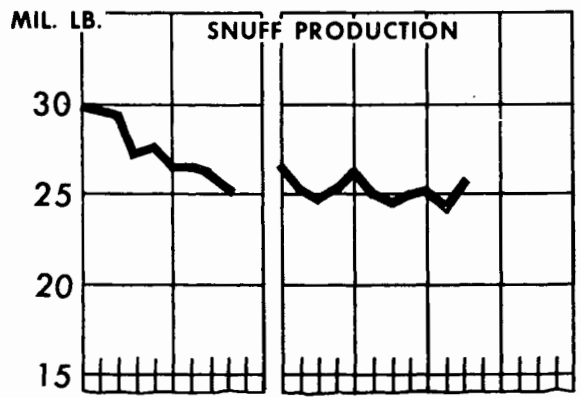
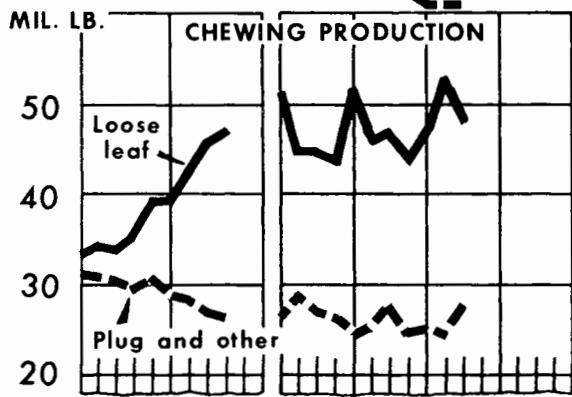
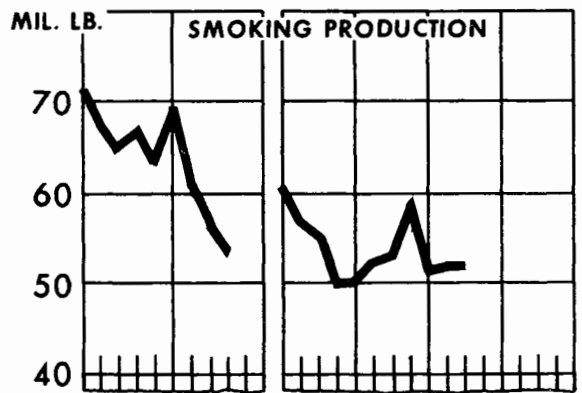
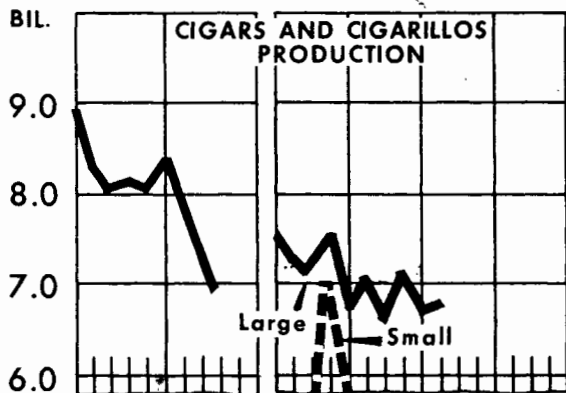
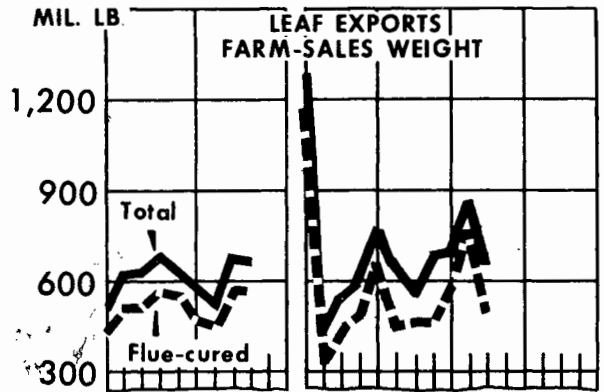
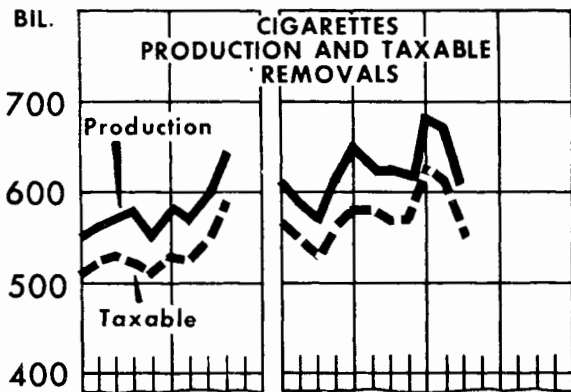
TOBACCO Situation

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TOBACCO OUTLETS

Trends in Manufactured Products and Exports



1965 70 75 72 73 74 75
 ANNUAL QUARTERLY SEASONALLY ADJUSTED AT ANNUAL RATES

1965 70 75 72 73 74 75
 ANNUAL QUARTERLY SEASONALLY ADJUSTED AT ANNUAL RATES

LAST QUARTER SHOWN ESTIMATED.

THE TOBACCO SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
June 14, 1974

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Economic and Statistical Analysis Division
Economic Research Service
U.S. Department of Agriculture
Washington, D.C. 20250

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

SUMMARY

Exports and domestic use of U.S. tobacco for the 1973/74 marketing year not only are surpassing the previous season's level, but also exceeding 1973's output. Thus, carryover will be about 8 percent below last year's 3.3 billion pounds and the smallest amount since 1947.

Cigarette output in the year ending June 30 will likely be up about 5 percent from the 616 billion cigarettes produced last fiscal year. Domestic cigarette use for the 10 months ended April 1974 was up about 4 percent and cigarette exports were up 10 percent.

In contrast to the gain for cigarettes, use of cigars, snuff, and smoking tobacco is still falling. For the year ending June 30, large cigar and cigarillo consumption may fall about 5 percent below the 7.1 billion of 1972/73. Small cigar output is off 40 percent, but chewing tobacco production may gain a little.

With reduced loan holdings, rising U.S. tobacco prices, and widespread dollar shortages overseas, unmanufactured tobacco exports for July-December 1974 will do well to equal the 344 million pounds of a year earlier. Helping to sustain our trade are preferences for U.S. tobacco and shortages of high quality flue-cured tobacco among competing suppliers.

Exports in July 1973-April 1974 totaled 12 percent above a year earlier. Despite a slower pace in May and June, shipments for the year ending June 30 should total about 5 percent above the 570 million pounds of the previous year. World cigarette output is climbing toward another record high and there are smaller supplies of most competing tobaccos. Exports to EC countries and Japan have gained this season.

Flue-cured tobacco exports were up 11 percent in July 1973-April 1974, principally due to larger shipments to the United Kingdom, West Germany, Australia, and Japan. For the year ending June 30, about 410 million pounds (550 million, farm-sales weight) will be exported, 6 percent above 1972/73. Burley exports for the crop year ending September 30 may equal last year's total of 58 million pounds (76 million, farm-sales weight).

Cigarette tobacco imports for consumption during July 1973-April 1974 gained 11 percent from a year earlier. Cigar leaf imports gained 13 percent. U.S.

manufacturers' stocks of imported cigarette tobacco on April 1 were 11 percent above a year earlier. U.S. stocks of foreign-grown cigar tobacco were up 6 percent.

With gains in cigarette output, domestic flue-cured use in the year ending June 30 is rising 5 percent above last season's level. Allowing for larger exports, total disappearance of flue-cured will gain about 5 percent above the 1.18 billion pounds of last season. This exceeds the 1973 crop, so the July 1974 carryover of flue-cured will likely fall about 5 percent below the 1.75 billion pounds of a year earlier.

Based on March 1 intentions, this year's flue-cured crop was projected 10 percent larger than last year. Considering past experience, and if fuel and harvest labor are adequate, the estimate still seems reasonable. For the new season, total supply (estimated carryover plus the projected 1974 crop) may remain about the same.

Auctions for the flue-cured crop usually open in the second half of July on type 14 (Ga.-Fla.) and type 13 (S.C.-N.C.) markets. To receive price support, growers must designate the warehouse (s) within 100 miles of their county seat town where they will market their crop. USDA will adjust auction sales schedules to reflect grower preferences. Also, growers must certify that they did not use DDT or TDE pesticides on their crop. USDA will again random sample tobacco on all

markets and analyze the samples for residues. The law provides penalties for false certification.

Use of burley tobacco may total 2 percent above last season's 610 million pounds and well in excess of last year's short crop. Thus, the October 1 carryover is expected to fall one-eighth from last year's 1,229 million pounds. With farm poundage quotas reflecting 1973's underquota marketings, growers in 1974 are expected to market the largest crop since 1963 and keep total supplies about the same as they have been for 1973/74.

Auction markets for the 1973 crop of Maryland tobacco began April 16 and ended June 14. Through June 12, prices averaged 91 cents per pound compared with 85 cents a year earlier. Prices for almost all grades increased. The Maryland tobacco carryover may rise from 1973's.

Disappearance of cigar binder and dark air-cured tobaccos in the current marketing year may gain a little from last season. Use of fire-cured and cigar wrapper is steadying, while use of domestic cigar filler tobacco is declining. Nevertheless, estimated use for most of these types of tobacco will exceed last year's crops, leaving less carryover into 1974/75. Tentative 1974/75 supplies are lower than the previous season for fire-cured, dark air-cured, cigar filler and wrapper, but about the same for binder tobaccos.

TOBACCO PRODUCTS

Cigarette Use Trends Upward

With increasing domestic sales and steady shipments to overseas forces, U.S. cigarette use gained about 4 percent during the 10 months through April 1974 over the comparable period in 1972/73. Consumption by U.S. smokers (including those overseas) in the year ending June 30, 1974, may have increased to around 600 billion cigarettes (table 2). Gains in domestic cigarette use are expected to continue in July-December 1974.

Total output in 1973/74 is estimated at 647 billion cigarettes—about 5 percent above last year's level. This includes about 43 billion cigarettes for exports, 2 billion for Puerto Rico and other U.S. possessions, and an estimated 2 billion for increase in inventory. During the 10 months through April 1974, exports gained 13 percent, reflecting the continued growth in worldwide preference for U.S. cigarettes (table 1).

Retail prices have gone up in the past 12 months, in part due to a rise in wholesale prices. Since last July, Colorado and Mississippi increased cigarette tax rates, compared with only the District of Columbia in 1972/73 and 12 States in 1971/72. Arizona and Maine have scheduled increases for the next fiscal year.

Cigarette manufacturers increased prices 6½ percent in early May on all their major brands to

Table 1.—U.S. cigarette exports to leading destinations, 1972-74

Country	1972	1973 ¹	January-April	
			1973	1974 ¹
	Millions	Millions	Millions	Millions
Hong Kong	4,320	4,845	1,591	1,731
Belgium-Luxembourg ...	2,984	3,808	1,040	865
Spain	2,776	3,313	888	1,104
Netherlands-Antilles ...	1,924	1,935	960	570
Lebanon	1,901	2,273	524	565
Saudi Arabia	1,744	1,945	746	569
Panama	1,637	1,602	837	415
Ecuador	1,406	1,644	572	632
Kuwait	1,397	1,848	607	1,000
Switzerland	1,118	668	439	57
Japan	1,051	1,815	686	1,016
Other countries	12,344	15,847	5,059	5,523
Total	34,602	41,543	13,949	14,047

¹ Subject to revision.

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

\$11.30 per 1,000 for regular and king-size and to \$11.80 for longs (100 mm). These prices include the Federal excise tax of \$4.00. The increase equals 1.4 cents per pack of 20. The Federal Government's price

Table 2.--Cigarettes: Output, removals, and consumption, 1960-74

Year	Output	Removals					Total U.S. consump- tion <u>3/</u>
		Taxable	Tax-exempt			Overseas forces <u>2/</u>	
			Total	Exports	Puerto Rico <u>1/</u>		
<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	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.2	532.8	51.2	29.2	3.7	18.4	<u>4/</u> 536.4
1971	576.4	528.9	49.2	31.8	2.7	14.7	<u>5/</u> 555.1
1972	599.1	551.0	49.0	34.6	2.1	12.3	<u>5/</u> 566.8
1973 <u>6/</u>	644.2	590.3	55.9	41.5	2.0	12.4	591.2
<u>Year ending June 30 --</u>							
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	<u>4/</u> 544.0
1972	592.6	542.6	50.2	32.8	2.2	15.2	<u>5/</u> 566.4
1973	615.6	562.7	50.4	38.3	2.3	11.8	<u>5/</u> 576.8
1974 <u>7/</u>	647.0	590.0	57.0	43.0	2.0	12.0	<u>4/</u> 600.0

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, overseas forces, and small import categories.

4/ Excludes estimated inventory increase.

5/ Includes estimated inventory decrease.

6/ Subject to revision.

7/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 3.--Cigars and smoking tobacco: Output, removals, and consumption

Year and item	U.S. factories			From Puerto Rico: taxable	Imports	Exports	Total U.S. consumption
	Output	Removals Taxable	Removals Tax-exempt				
: Millions							
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	8,296
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	6,707	6,506	131	1,222	48	46	7,861
1972	6,025	5,896	139	1,272	62	76	7,293
1973 <u>2/</u>	5,655	5,553	143	1,304	75	108	6,967
: 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	6,353	6,217	145	1,274	53	65	7,624
1973	5,842	5,725	137	1,286	69	80	7,137
1974 <u>3/</u>	5,500	5,390	140	1,300	70	100	6,800
: Million pounds							
Smoking tobacco <u>4/</u>							
1965	71.8	67.3	3.0	---	2.1	1.0	71.4
1966	67.3	65.3	1.5	---	3.3	.9	69.2
1967	64.8	62.7	2.0	---	3.7	1.3	67.1
1968	66.3	64.1	1.9	---	5.5	1.8	69.7
1969	63.9	62.6	1.6	---	5.7	1.1	68.8
1970	69.4	65.6	1.5	---	8.7	.9	74.6
1971	60.5	61.3	1.4	---	8.4	1.2	69.9
1972	55.9	55.1	1.3	---	11.9	1.1	67.2
1973 <u>2/</u>	53.0	51.7	1.5	---	8.2	1.3	60.1
: 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	57.6	57.6	1.3	---	10.6	1.4	68.1
1973	52.1	52.9	1.4	---	9.8	1.3	62.8
1974 <u>3/</u>	53.7	49.0	1.4	---	8.6	1.5	57.5

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

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census¹ and AMS, USDA.

control authority expired April 30, and manufacturers cited higher costs for tobacco leaf and other materials. Several manufacturers completed negotiations on new 3-year wage contracts earlier in the year.

Cigar Volume Slips

In the 9 months through March 1974 U.S. smokers and overseas forces reduced smoking of large cigars (including cigarillos) 5 percent to 5.0 billion. For the 1974 fiscal year, consumption may be down by a similar percentage, a further decline below the 1964/65 record. Demand has been weaker, particularly in lower-price categories. In contrast, demand for higher-price cigars remains strong (table 3).

Small cigar production (cigarette size) totaled 2.6 billion in the 9 months through March 1974. The total

fiscal year output may have fallen 40 percent from the 1972/73 peak when new brands were moved into national distribution with heavy television promotion (table 4).

According to the annual survey by the Cigar Association of America, sales of cigarillos (weighing over 3 pounds but not over 10 pounds per 1,000) totaled 2.3 billion in calendar 1973. The average cigarillo weighs less than half the traditional cigar. Cigarillo sales (based on taxable removals) in 1973 were 33.6 percent of total sales of large cigars and cigarillos. This compares with 37.4 percent for 1972, and 13½ percent at the start of the 1960's.

Smoking and Chewing Tobacco

Smoking tobacco production for pipes and roll-your-own cigarettes has gained in the last 3 quarters, but sales remain depressed. In the first 9 months of 1973/74, smoking tobacco output rose 5 percent to 40 million pounds. Domestic sales, including imports, dropped 11 percent to 42 million pounds. Declines occurred in sale of both pipe tobacco and roll-your-own cigarettes. U.S. smoking tobacco consumption for the year ending June 30 may be down by about 8 percent.

Smoking tobacco exports in bulk during July 1973-April 1974 were one-third more than a year earlier, or up 7 million pounds. The Netherlands, the leading destination, took more. An upward trend prevailed until 1972, but exports were off last fiscal year when Switzerland, an important destination, shifted to unmanufactured tobacco from the United States.

Chewing tobacco output in 1973/74 is estimated to be 4 percent above the previous year. Gains are occurring in production of loose-leaf, plug, and fine-cut tobaccos (table 4).

Snuff production in 1973/74 may again edge below the previous year's level.

Table 4.—Tobacco products: Output, 1972-1974

Item	Year ending June 30—		
	1972	1973 ¹	1974 ²
	Million pounds	Million pounds	Million pounds
Chewing tobacco			
Plug	19.9	18.4	19.0
Twist	2.3	2.2	2.2
Fine cut	5.2	5.4	5.8
Loose leaf	45.5	46.0	48.0
Total	73.0	72.0	75.0
Snuff	26.0	25.3	25.0
Smoking tobacco in bulk (exports)	34.0	25.9	31.0
	Millions	Millions	Millions
Small cigars	1,656	5,580	3,350

¹ Subject to revision. ² Estimated.

Basic data compiled from reports of Bureau of Alcohol, Tobacco and Firearms, and Agricultural Marketing Service, USDA.

U.S. EXPORTS AND IMPORTS

Leaf Exports Gain

For the year ending June 1974, exports of unmanufactured tobacco are estimated above last fiscal year's 570 million pounds (export weight). During July 1973-April 1974, shipments gained 12 percent to 537 million pounds. The value of exports increased 21 percent. January-April exports of 193 million pounds were above the 178 million pounds in the same months of 1973. Nearly all leading destinations took more (table 5). But exports in May and June probably fell below the heavy volume shipped during those months of 1973.

Flue-cured tobacco, the principal export sales, accounted for most of the July-April volume increase. Shipments of burley and fire-cured tobacco (Ky.-Tenn.) were also up. Much of the July-April increase occurred in exports to Australia, Japan, and EC countries of West Germany, Italy, Netherlands, and Denmark.

Rapid inflation in Japan and the major European markets as well as balance of payments problems due to the steep rise in oil prices may hurt our export prospects for the rest of 1974. U.S. exports in July-December 1974 may not equal the 344 million pounds

Table 5.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)							
Country and type	Average				January-April		1974 as a percentage of 1973
	1966-70	1971	1972	1973	1973	1974	
	Million pounds						Percent
Flue-cured	418.3	341.8	425.3	418.3	121.7	132.4	109
Burley	45.4	36.5	53.7	59.3	14.6	18.9	129
Maryland	12.3	9.0	11.0	9.6	2.7	2.2	81
Fire- and sun-cured	25.0	22.5	25.6	21.4	7.1	8.6	121
Green River	.5	.4	.3	.1	.1	.1	100
One Sucker	.7	.6	.3	.3	.1	.2	200
Black Fat, etc.	2.8	2.5	3.3	3.1	1.0	.8	80
Cigar wrapper	3.3	2.5	3.1	2.1	.8	.8	100
Cigar binder	1.4	.1	.1	.1	2/	2/	---
Cigar filler	.9	.3	.3	.3	.1	.4	400
Perique	.2	.1	.3	.2	.1	.1	100
Stems, trimmings, and scrap	51.0	57.0	82.9	98.1	29.2	28.4	97
Total	561.9	473.3	606.1	613.0	177.5	193.0	109
Country of destination							
United Kingdom	128.8	89.8	115.1	119.7	23.9	16.2	68
France	7.9	10.1	7.7	6.6	2.7	3.6	133
Belgium	17.0	15.6	12.9	16.7	6.9	4.6	67
Netherlands	34.7	28.1	22.4	31.6	7.7	8.7	113
West Germany	99.3	100.0	99.3	99.9	17.7	19.5	110
Denmark	18.1	16.7	20.8	3/37.0	9.3	.3	3
Ireland	12.7	9.0	14.3	8.9	3.6	2.7	75
Switzerland	22.8	18.2	23.5	31.4	10.6	6.0	57
Finland	5.4	4.8	5.3	6.1	2.8	2.1	75
Norway	8.5	4.3	7.0	5.7	1.1	2.3	209
Sweden	18.5	14.7	20.5	17.1	2.5	.7	28
Italy	7.7	16.4	23.1	21.8	6.9	10.5	152
Spain	4.3	5.2	4.6	4.3	3.6	3.3	92
Thailand	22.8	18.9	30.5	8.6	0	12.0	---
S. Vietnam	11.5	17.2	18.9	14.6	6.6	6.7	102
Malaysia	10.1	11.0	8.4	10.5	3.7	4.5	122
Philippine Republic	7.0	4.7	9.5	8.8	2.0	2.4	120
Taiwan	7.3	9.6	14.2	16.7	12.2	13.0	107
Japan	43.5	18.6	87.3	79.0	32.2	37.9	118
Australia	16.0	10.9	14.8	13.9	2.6	7.2	277
New Zealand	4.5	3.8	4.4	5.3	1.7	2.2	129
Egypt	3.4	1.2	.9	2.4	.9	.2	22
Other countries	50.1	44.5	40.8	46.4	16.4	26.4	161
Total	561.9	473.3	606.1	613.0	177.5	193.0	109

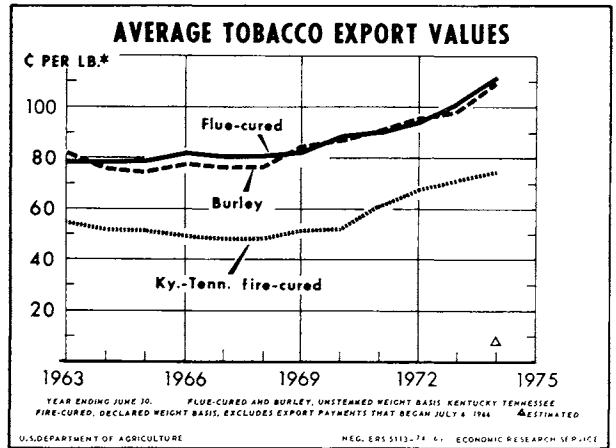
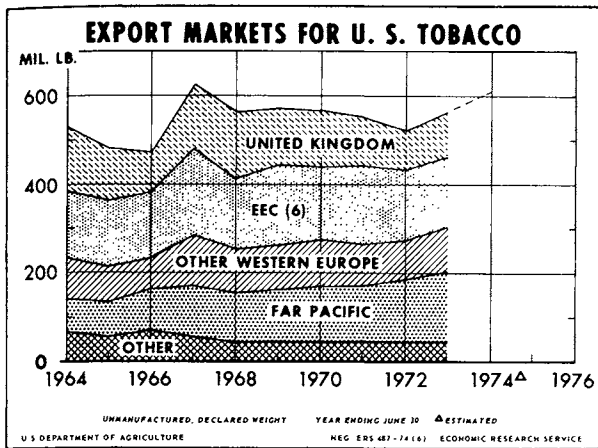
1/ Preliminary.

2/ Less than 50,000 pounds.

3/ Shipments of 1973/74 purchases were bunched at the end of calendar year 1973.

Detail may not add to total due to rounding.

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



for those months of 1973 but should exceed the 1969-73 average of 306 million pounds. U.N. sanctions against Rhodesia are expected to continue to hold down supplies from that country. With U.S. dock workers' contracts up for renewal again this fall shipments may move irregularly until the new contracts are signed.

Imports Continue to Pick Up

U.S. tobacco imports for consumption (factory use of imports) during January-April 1974 were about 12 percent above the high level of a year earlier (table 6). Cigarette tobacco imports rose 16 percent to

accommodate the gain in cigarette output. Cigar tobacco imports increased further. For the 10 months through April 30, consumption imports reached 235 million pounds, 14 percent above the comparable 1972/73 period.

January-April 1974 arrivals of tobacco (general imports) totaled 122 million pounds, 18 percent less than in January-April 1973. Purchases by U.S. companies in Greece and Turkey slowed last season. By April 1 of this year, stocks of foreign-grown cigarette and smoking tobacco in the United States were 17 percent above a year earlier. At 477 million pounds (farm-sales weight), these stocks were record high for that date, surpassing the previous record holdings 6 years earlier.

TOBACCO LEAF SITUATION AND OUTLOOK

Flue-cured Growers to Designate Warehouses

USDA announced May 16 that growers of flue-cured tobacco must designate the auction warehouse (s) at which they will market their 1974 crop to be eligible for price support. The Department will provide inspection services at individual warehouses in various marketing areas on the basis of grower designations. A Flue-cured Tobacco Advisory Committee will advise and recommend to USDA the opening dates and selling schedules in each marketing area and in each warehouse.

Under the new regulations, a grower may designate any warehouse within a 100-mile radius of the county seat in the county in which his farm is located. If there are less than eight auction markets within this radius, any warehouse in any of the eight markets nearest the county seat may be designated. A grower can obtain price support only at the

warehouse he has designated and only on the quantity of tobacco he has designated for sale at that warehouse. Provisions have been made for growers to change their designations during the marketing season if they wish to do so. Any undesignated tobacco in a county is apportioned to warehouses in the same ratio as that designated, but remains ineligible for price support.

June 14 was the deadline for growers to make their designations at their local Agricultural Stabilization and Conservation Service office. Then grower lists were prepared for each warehouse, and the information was sent to the USDA Advisory Committee. Besides sales schedules, the committee will recommend the geographic areas to be included in specific marketing areas. The present Industry-Wide Flue-cured Tobacco Marketing Committee has been appointed as the advisory committee for this season.

The designation plan is the first significant change in the flue-cured tobacco marketing system since the Industry-Wide Flue-cured Tobacco Marketing

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

Table 6.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1973, and January-April 1973-74 ^{1/}

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	Total 1973	January-April ^{1/}		1974 as a percentage of 1973	Total 1973	January-April ^{1/}		1974 as a percentage of 1973
		Million pounds	Percent			Million pounds	Percent	
Cigarette tobacco:								
Leaf, unstemmed								
Oriental								
Turkey	111.2	35.9	40.2	112	119.4	51.9	45.3	87
Greece	24.8	8.4	8.1	96	12.1	11.2	5.9	53
Yugoslavia	15.4	4.8	5.7	119	13.4	7.1	4.5	63
Lebanon	8.9	3.1	3.4	97	13.0	7.6	2.8	37
Other countries	3.7	1.5	.9	60	19.0	9.8	11.6	118
Flue-cured and burley	6.1	2.0	6.1	305	38.7	16.8	9.8	58
Subtotal	170.1	55.7	64.4	116	215.6	104.5	79.9	76
Scrap								
Turkey	7.2	2.9	2.4	83	6.1	5.9	1.6	27
Other countries ^{2/}	5.5	1.4	1.4	100	7.2	2.2	2.3	104
Total	182.8	60.0	68.0	113	228.9	112.6	83.8	74
Cigar tobacco:								
Wrapper	1.1	.3	.4	133	2.2	.4	.5	125
Filler-stemmed and unstemmed								
Dominican Republic	2.1	.9	.9	100	11.4	5.4	7.2	133
Other countries	8.6	2.3	3.6	157	38.8	11.4	9.1	80
Subtotal	10.7	3.2	4.5	141	50.2	16.8	16.3	97
Scrap								
Philippine Republic	14.5	5.6	5.2	92	14.0	5.1	6.3	124
Colombia	6.7	2.8	1.2	43	3.5	2.5	1.0	40
Dominican Republic	8.0	2.5	2.3	92	2.4	1.4	.8	57
Brazil	10.5	4.0	2.2	55	6.3	3.2	.8	25
Other countries	25.4	5.7	12.4	218	26.8	5.0	11.2	224
Subtotal	65.1	20.6	23.3	113	52.0	17.2	20.1	117
Total	77.0	24.1	28.2	117	105.4	34.5	36.9	107
Stems	8.9	2.7	1.4	52	6.5	2.0	1.4	70
Grand total	268.6	86.9	97.7	112	340.8	149.1	121.7	82

^{1/} Preliminary.

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

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of Census.

Committee was formed after the chaotic 1967 season. The committee, a voluntary group consisting of 35 members, periodically worked out selling schedules and unofficially advised USDA. About 12 percent of the 1973 crop was sold in a different belt than where produced, and growers have expressed considerable dissatisfaction with this marketing system. Last June, the USDA Tobacco Marketing System Study Committee said the biggest problem of the system was the cross-belt movement due to the inability of growers to sell their tobacco at local markets as rapidly as they would like. Last season, a voluntary designation plan was developed, but was not implemented.

1974 Crop Prospects

Again this spring, cool, wet weather prevailed in many States. By mid-June, tobacco setting was completed in North Carolina and Virginia, but still in progress in Kentucky. Flue-cured tobacco harvest in Georgia and Florida had started.

Auctions for the 1974 flue-cured crop are expected to begin the second half of July, after the USDA Advisory Committee works out marketing schedules. Opening dates will depend on when a sufficient volume is marketable in a given area. Last year, auctions for both type 14 (Ga.-Fla.) and type 13 (S.C.-N.C.) opened July 24. A week later, limited sales began on type 12 (Eastern N.C.). By the end of July last year, 38 percent of the crop had been harvested (table 21).

Conditions of the new crop will be an important influence on prices received by farmers when the 1974 auction season opens. Despite the larger quotas this season, prices may average above last year's record due to the 8½ percent higher support level, rising utilization and declining carryover (table 7). Growers cite rising costs. By mid-May, the Parity Index, a measure of prices paid by farmers, was 15 percent above the year earlier level.

On July 11, USDA's Crop Reporting Board will release its first forecast for 1974 tobacco acreage for harvest, and for flue-cured tobacco, the indicated yield per acre, and production. Subsequent monthly reports, beginning August 12, will also estimate yield and production for burley and other kinds. During the last decade, harvested tobacco acreage closely approximated March 1 reported intentions, with acreage harvested coming within 1½ percent of March 1 plans in 7 out of 10 years.

Pesticide Residue Developments

Again this season, as a condition for receiving price support, growers must certify that they did not use DDT or TDE pesticides. If growers falsely certify, they are subject to fines or imprisonment. Also, USDA will continue to random sample the tobacco crops on all markets and will chemically analyze the samples for pesticide residues.

DDT and TDE residue levels fell again last year. Samplings of the 1973 crop showed only five samples with residues of 3 p/m or more. If an analysis shows

Table 7.—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-74

Year	Quota		Marketings				Net Carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota ¹	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, types 11-14							
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	1,056.7	1,022.1	41.2	75.8	72.9	31.7
1973	1,178.4	1,205.6	1,158.5	54.8	102.0	98.5	43.7
1974	1,297.0	³ 1,340.1					
Burley, type 31							
1971	555.1	552.9	471.5	9.7	91.2	91.1	81.4
1972	531.5	612.9	588.6	30.7	53.7	45.7	15.0
1973	559.7	573.6	461.4	11.1	⁴ 113.1	⁴ 113.1	101.8
1974 ⁴	604.6	³ 705.9					

¹ Under quota marketing less ineligible carryover. ² Effective under quota marketings less over quota marketings. ³ Subject to revision. ⁴ Preliminary.

DDT-TDE residues of 3/m or greater, the grower is declared ineligible for price support loan. The five ineligible were flue-cured growers from North and South Carolina. DDT-TDE residues of 10 p/m or greater mean the grower is considered in violation if he certified that chemicals were not applied to his crop.

FLUE-CURED

Decline in Leaf Stocks

April 1 stocks of flue-cured tobacco (types 11-14) totaled 1,927 million pounds, 5 percent less than a year earlier. CCC loan stocks fell one-third to 298 million pounds, but privately held stocks (manufacturers and dealers) increased 2 percent. This is a continuation of last year's rebound in trade holdings as cigarette output gains.

Total disappearance during July 1973-March 1974 was 981 million pounds, about 10 percent larger than the corresponding period of 1972/73. Exports were up 13 percent, and domestic disappearance gained 7 percent, reaching 525 million pounds. Cigarette production gained 7 percent.

Exports Gaining

Despite record prices, U.S. flue-cured exports this marketing year are ahead of last season. For the 10 months through April, exports totaled 498 million pounds, 12 percent above the same period of a year earlier.

The United Kingdom, the leading destination for U.S. flue-cured tobacco, increased takings 5 percent in July-April. With the United Kingdom's boost in tobacco taxes, U.S. volume to that country may decline in the 1974 season. Also, manufacturers in the United Kingdom are expected to get a larger share of imports from sources enjoying the preferential duties to offset rising U.S. prices.

U.S. tobacco exports to West Germany are gaining, in contrast to the previous year when a sizable boost in West Germany's cigarette tax went into effect and leaf inventories were reduced. Japan, our third ranking market, has boosted takings considerably this marketing year. Japan's cigarette sales are going up about 5 percent annually.

Disappearance Increasing

Disappearance of flue-cured tobacco in the 1973/74 marketing year ending June 30 is about 5 percent above the 1,183 million pounds used in 1972/73 (table 8) and about 5 percent above the 1967-71 marketing-year average.

Domestic use probably totals 5 percent above last year's level. Exports, however, may be 6 percent above. These prospects bring total disappearance to

1,245 million pounds, substantially above last season's marketings. Carryover drops to 1,663 million pounds, down 5 percent from a year earlier and one-third below the 1965 record.

By June 30, flue-cured loan stocks will have fallen to the lowest level since 1954. During July 1973-May 1974, about 192 million pounds were sold, 60 million below 1972/73. Unsold Government loan stocks on May 31, 1974, totaled 156 million pounds, compared with 326 million a year earlier. The record was 960 million pounds on January 1, 1965.

1974 Flue-cured Acreage Increases

With the flue-cured basic quota up by a tenth, growers' March 1 plans were to set about 9 percent more flue-cured acreage than in 1973. (Acreage harvested has been within 2 percent of intentions for 13 of the past 15 seasons.) However, harvested acreage will again fall short of allotted acreage but the gap may widen this year. In North Carolina, the principal production area, daily farm wages this spring averaged 8 percent over 1973, and the farm work force was down 10 percent.

The 1974 effective flue-cured acreage allotment, reflecting last year's net under marketings, is about 726,000 acres, and the effective poundage allotment is about 1,340 million pounds, up 11 percent from last year. In 1973, growers leased 32 percent of the poundage quota from other allotment owners. Since 1972, flue-cured marketing quotas can be leased and transferred throughout the season.

Assuming a normal growing season, sufficient fuel for curing, and yields modified by the acreage-poundage program on the intended acreage, the crop computes out to about 1.25 billion pounds. Production at this level, plus the prospective carryover, would give a total 1974/75 supply about the same as the 2.91 billion pounds in 1973/74.

1974 Price Support Details

USDA announced on June 4 the proposed 1974 loan rates for the various grades of tobacco. Rates range from 57 to 106 cents a pounds for untied leaf, reflecting the national average support level of 83.3 cents a pound. This is about 8.6 percent above 1973. Included is an increase of $\frac{3}{4}$ cent per pound for coop association deduction for overhead costs. Grade price supports increased 4 to 9 cents per pound over 1973 levels. Of the 158 grades, 17 were increased 4 cents per pound, 31 went up 5 cents, 31 went up 6 cents, 33 went up 7 cents, and 44 went up 8 cents. The largest increase was leaf grades, which accounted for over half of farm sales in recent years. Price support on tied tobacco will again be the same as on untied tobacco.

As in the past, no price support will be offered in 1974 on any tobacco graded N2 (nondescript 2), No-G (No Grade), U (Unsound), W (Doubtful keeping

Table 8.—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1963-74

(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	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, types 11-14							
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	513.6	1,971	² 1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973 ³	575.1	2,011	² 1,158.5	1,347.0	402.3	1,749.3	2,907.8
1974 ⁴	625.7	2,000	1,251.3	1,412.8	250.0	1,662.8	2,914.1
Burley, type 31							
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	468.4	1,345.8	1,818.4
1972	235.6	2,552	² 590.3	920.9	327.6	1,248.5	1,838.8
1973 ³	222.3	2,026	² 461.4	952.5	276.7	1,229.2	1,690.6
1974 ⁴	264.7	2,350	622.0	990.0	75.6	1,065.6	1,687.6
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							
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	662.5	480.0	77.2	69.4	55.7	5.2
1972	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973	⁴ 1,245.0	⁴ 695.0	⁴ 550.0	88.1	76.6	30.8	2.7
1974					83.3		
Burley, type 31							
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	158.2	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	569.9	515.2	54.7	80.9	71.5	.2	(⁵)
1972	609.6	534.0	75.6	79.2	74.9	22.9	3.9
1973	⁴ 625.0	⁴ 550.0	⁴ 75.0	92.9	78.9	.7	.1
1974					85.8		

¹ July 1 for flue-cured; October 1, for burley. ² Sales. ³ Subject to revision. ⁴ Estimated; production is based on intended acreage and projected yield. ⁵ Less than .05 percent.

Table 9.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1972/73-1973/74 1/

(Declared weight)

Importing countries	Part year through April 2/			Importing countries	Part year through April 2/		
	1972-1973	1972-1973	1973-1974		1972-1973	1972-1973	1973-1974
	Million pounds			Thousand pounds			
	Flue-cured, types 11-14			Va. fire and sun-cured, types 21, 37			
United Kingdom	24.3	78.1	82.0	Sweden	307	307	333
West Germany	69.9	47.2	51.3	Norway	1,893	1,482	944
Japan	52.4	52.4	61.7	West Germany	237	211	616
Netherlands	11.8	9.9	13.2	Other countries	1,043	802	3/2,033
Thailand	16.7	16.4	18.1	Total	3,480	2,802	3,926
Australia	10.0	8.8	12.5				
Italy	8.3	3.8	6.7	One Sucker, type 35			
Sweden	6.7	5.8	7.2	Bahamas	54	54	18
Norway	3.2	2.8	4.0	Cameroon	44	44	112
Finland	3.4	3.3	2.7	Zaire (Congo, Kinshasa)	134	85	81
Denmark	13.0	11.6	13.4	Other countries	150	39	19
Ireland	7.7	7.2	5.8	Total	382	222	230
Belgium	13.5	11.5	9.1	Green River, type 36			
Switzerland	10.1	8.7	8.5	United Kingdom	117	117	62
S. Vietnam	14.5	10.5	7.3	Belgium	46	41	0
Philippine Republic	3.0	3.1	4.2	Zaire (Congo, Kinshasa)	44	7	62
Spain	3.6	3.6	3.4	Other countries	4	3	0
Malaysia	7.0	5.9	8.3	Total	211	168	124
Taiwan	13.9	13.0	16.5	Cigar Filler, types 41-44			
New Zealand	3.8	3.1	3.4	France	233	125	178
Other countries	31.1	26.8	31.0	New Zealand	30	11	287
Total	392.2	333.5	370.3	Other countries	16	11	73
	Burley, type 31			Total	279	147	538
Italy	8.8	2.3	5.8	Conn. Binder, types 51-52			
Sweden	2.6	2.0	1.9	West Germany	21	21	7
Denmark	3.8	1.0	.9	Canada	21	10	11
Netherlands	2.6	.3	2.1	Canary Islands	28	18	3
Japan	4.2	4.2	3.3	Other countries	22	10	17
West Germany	17.5	5.8	4.8	Total	92	59	38
Switzerland	4.6	2.3	2.7	Wis. Binder, types 54-55			
Finland	1.2	.8	.7	Canary Islands	4	0	0
Thailand	1.6	1.4	0	Other countries	1	0	0
Philippine Republic	2.6	1.2	2.4	Total	5	0	0
Other countries	8.6	5.1	7.2	Cigar Wrapper, types 61-62			
Total	58.2	26.4	31.8	Canada	272	234	256
	Maryland, type 32			United Kingdom	1,155	1,020	296
Belgium	1.7	.8	*	West Germany	598	381	371
West Germany	2.3	1.0	1.0	Netherlands	136	135	112
Switzerland	6.3	4.6	2.7	Canary Islands	183	108	139
Other countries	1.3	.4	.4	Other countries	550	408	346
Total	11.6	6.7	4.1	Total	2,894	2,286	1,520
	Ky.-Tenn. fire-cured, types 22-23			Black Fat			
Sweden	.5	.5	.3	Cameroon	390	142	355
Netherlands	10.8	6.7	5.8	Bahamas	46	23	10
Belgium	.8	.6	.6	Togo	405	346	156
France	2.1	1.7	1.4	Nigeria	211	211	104
Switzerland	.7	.7	1.5	West Africa, n.e.c.	2,005	1,063	870
Other countries	4.1	2.2	2.2	Other countries	85	46	50
Total	18.9	12.4	11.8	Total	3,142	1,831	1,545
	Stems, Trimmings, and Scrap						
Sweden	6.5	5.0	2.5				
Denmark	5.4	4.5	7.1				
United Kingdom	22.5	20.2	19.7				
West Germany	5.2	3.5	5.5				
Japan	16.6	16.6	19.7				
Other countries	29.3	22.8	30.0				
Total	85.4	72.6	84.5				

1/ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September for all other types.

2/ Subject to revision. 3/ Includes Poland, 1,450,000 pounds. * Less than 50,000 pounds. Detail may not add to total due to rounding.

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

order), or scrap. Marketing of such tobacco will be charged against individual farm quotas to discourage the marketing of these grades.

MARYLAND

BURLEY

Burley Use Rising

Exports stayed at a high level and domestic use of burley increased substantially in the first half of the marketing year (October-March). At 323 million pounds, disappearance was 4 percent above a year earlier. Domestic use totaled 292 million pounds, up 13 million. Concurrently, cigarette output rose 8 percent.

For the first 7 months of this marketing year, burley exports totaled 40 million pounds—5 million above a year earlier. Italy and Austria took more with West Germany and Japan taking less. Thailand's purchases had not yet moved. On an unstemmed-leaf basis, burley exports averaged \$1.14 per pound this past July-April, about one-tenth above a year earlier.

Carryover Falling

With last year's short crop, burley users have cut holdings sharply. By April 1, stocks totaled 1,377 million pounds, 10 percent below a year earlier. On May 31, loan holdings were one-third below the 292 million pounds of a year earlier. With the rise in cigarette production, domestic utilization of burley tobacco this season is expected to exceed the 534 million pounds in 1972/73. Exports may equal last year's 76 million pounds. Based on these prospects, total disappearance will gain about 3 percent above the 610 million pounds of last season. This would leave an October 1 carryover about one-eighth below a year earlier. Since most of the loan inventory is contracted for later delivery, by October 1 these stocks will drop to the low level of 1962.

March intentions indicate farmers will set about 17 percent more burley acreage than last year for the largest amount since 1965. Assuming an average yield, production on the intended acreage would total 622 million pounds, about 170 million more than last year's weather-reduced crop. Indicated carryover plus the projected crop would result in a 1974/75 supply about the same as this year's 1.7 billion pounds.

The projected crop falls short of the effective quota, so burley growers may again have underquota marketings added to the 1975 quota. An individual grower may not have his following year quota increased for under marketing by more than his farm quota. In 3 seasons under poundage controls, burley growers have fallen short of the quota by an average of 12 percent. An acreage-poundage program has been applied for 9 years for flue-cured growers. For that type, grower sales have averaged 4½ percent short of the effective quotas.

Favorable Demand Boosts Prices

Demand for Maryland tobacco (type 32) improved again this year, and auction prices reached a record high. Maryland tobacco goes almost entirely into cigarettes. The ratio of heavy crop tobacco increased, but prices of almost all grades were higher. The 1973 crop in Southern Maryland is estimated at about 30 percent more than the previous year's output. Auction sales began April 16 and ended June 14. Market receipts of tobacco totaled well above the crop estimate. Growers fertilized their crop more last season and favorable weather brought average yields substantially above the previous record of 1965.

Since the 1966 crop when growers did not approve marketing quotas, Maryland tobacco has not been eligible for Government price support, and supplies have dropped about 45 percent. Disappearance during the first half of the marketing year (October 1973-March 1974) was 12.7 million pounds—about 1 million above a year earlier. Domestic disappearance rose while exports fell. In the first 7 months of the current marketing year, exports were 2 million pounds below a year earlier. Switzerland accounted for most of the decrease.

Carryover May Gain

For the 1973/74 season ending in September, disappearance of Maryland tobacco is expected to remain near last season's 25.5 million pounds (table 10). Supplies are above last season. With more sales from Maryland as well as from quota areas, carryover next January 1, (the date used for marketing quota calculations) may increase from this year.

Based on farmers' March acreage intentions and average yield, the 1974 Maryland crop produced in Maryland may decrease from the 1973 crop. Over the past decade, harvested acreage has fallen about 6 percent short of March plans, so this year's plantings could again fall short of intentions. But if the prospective crop is achieved, supply for 1974/75 would be about 6 percent above the 78 million pounds for this season.

FIRE-CURED

Disappearance May Steady

Disappearance of fire-cured tobacco (types 21-23) during the first half of the marketing year that began October 1, 1973, was 25 million pounds—about 5 percent more than a year earlier. Both exports and domestic use gained. However, for the year, disappearance is expected to remain about the same, exceeding last year's output by about 9 million

Table 10.—Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1968-74

Marketing year	Acreage harvested	Yield per acre	Supply			Disappearance ¹			Average price per pound to growers
			Production	Stocks, Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
1968	30.0	1,065	32.0	81.5	113.5	48.7	38.3	10.4	69.8
1969	28.0	1,000	28.0	66.7	94.7	41.3	29.1	12.2	75.1
1970	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 ²	24.0	1,100	³ 35.0	43.8	78.8	*28.0	*15.0	*13.0	³ 87.8
1974 ²	23.0	1,300	*33.0	*52.0	*85.0				

¹ Year beginning October 1. ² Subject to revision. ³ Sales and certification data. * Estimated; production based on intended acreage and projected yield, (includes 1973 and 1974 production in quota areas).

pounds. Carryover stocks this October would fall about 18 percent from last October's (table 11).

Due to sharply higher prices in last season's markets, growers of fire-cured tobacco may increase acreage this year. According to March 1 planting intentions, increases are expected in Kentucky and Tennessee. On intended acreage with an average yield adjusted for trend, growers would produce a crop of about 40 million pounds, about one-fifth larger than in 1973 when yields and acreage were both off. Projected output would still fall one-sixth short of the 1968-72 average. Supply for 1974/75 is indicated about the same as this season's.

Exports of fire-cured tobacco in 1973/74 may increase from last season. Exports of 13 million pounds for types 22-23 during October 1973-April 1974 were 0.6 million lower than a year earlier. The Netherlands, usually the leading outlet, decreased its

takings slightly. Exports decreased to France, also an important outlet.

Exports of Virginia fire-cured tobacco at 4.8 million pounds in October 1973-April 1974, were 1.4 million above a year earlier. Poland, normally a tobacco exporting country, accounted for the apparent gain. Exports to Norway, the leading destination, decreased after increasing the preceding year. In Malawi, another major fire-cured tobacco exporter, the 1974 crop is expected to fall short of the 27 million pounds last season.

DARK AIR-CURED

Supplies Declining

Total disappearance of dark air-cured tobacco (types 35-37) during the first half of the current marketing year was 10 million pounds, a tenth above a year earlier. Domestic disappearance recovered following a substantial drop last year. For the year ending September 30, 1974, total disappearance may gain. But it will exceed last year's short crop, leaving another reduced carryover (table 12).

Growers of dark air-cured tobacco plan to set a little more acreage this year than last year's smallest amount on record—8,250 acres. With carry-in stocks likely lower, the 1974/75 supply will be substantially below the 61 million pounds in 1973/74.

Domestic disappearance of dark air-cured tobacco follows a cyclical pattern, so in the year ending in September, disappearance may rise from the low level of last year. In the first half of the current marketing year, there was more manufacturing of plug chewing tobacco—a major domestic outlet for this dark air-cured tobacco. Exports of Black Fat tobacco, a semiprocessed product of mostly dark air-cured and fire-cured leaf, decreased in October 1973-April 1974 from the year-earlier level of 1.8 million pounds, as the several African destinations took less.

Tobacco loan stocks, 1972-74

(Farm-sales weight)

Type	End of May		
	1972	1973	1974
	Million pounds	Million pounds	Million pounds
Flue-cured, 11-14	633.9	421.7	287.8
Uncommitted	584.1	326.5	155.8
Burley, 31	349.6	292.4	163.1
Uncommitted	314.3	271.4	68.8
Virginia, 216	(¹)	0
Kentucky-Tennessee, 22-23 ..	2.1	3.4	² 2.1
Kentucky-Tennessee, 35-36 ..	13.6	13.5	² 7.8
Puerto Rican, 46	3.8	0	0
Connecticut Valley, 51-52 ..	2.1	2.6	2.3
Wisconsin, 54-55	0	(¹)	(¹)
Total	1,005.7	733.6	463.1

¹ Negligible. ² April 30, 1974.

Compiled from records of Tobacco and Peanut Division, ASCS.

Table 11.—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, 1967-74

(Farm-sales weight)							
Marketing year beginning October 1	Average 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	20.4	1,844	37.6	55.0	1.2	56.2	93.8
1973	16.6	1,668	27.7	54.2	3.1	57.3	85.0
1974 ^{1/}	18.6	1,815	*33.8			*49.0	*82.8
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	4.8	970	4.7	7.9	.4	8.3	13.0
1973	4.7	1,220	5.7	7.6	<u>3/</u>	7.6	13.3
1974 ^{1/}	4.6	1,260	*5.8			*7.8	*13.6
Disappearance				Average	Price	Placed under Government loan	
Total				price	support	Quantity	Percentage of crop
Domestic		Exports	per pound	level			
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	<u>2/</u> 19.1	19.6	51.1	43.1	.4	1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970	41.4	13.1	28.3	54.4	56.6	<u>3/</u>	.1
1971	34.7	16.0	18.7	60.8	48.5	<u>3/</u>	.1
1972	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973	*36.0	*13.5	*22.5	71.7	53.5	.2	.7
1974					58.2		
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	6.6	3.1	3.5	54.8	48.5	.1	1.0
1972	5.4	1.3	4.1	64.2	50.8	<u>3/</u>	.1
1973	*5.5	*1.5	*4.0	75.5	53.5	<u>3/</u>	---
1974					58.2		

^{1/} Based on March 1 prospective plantings and average yield with allowance for trend and estimated stocks. ^{2/} Includes 4.7 million pounds fire loss, April 1969. ^{3/} Less than 50,000 pounds. * Estimated.

Table 12.—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, 1967-74

(Farm-sales weight)

Marketing year beginning October 1	Average 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	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974 ^{1/}	7.8	1,820	*14.2			*39.6	*53.8
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	.8	1,010	.8	3.0	0	3.0	3.8
1973	.7	1,320	.9	3.2	0	3.2	4.1
1974 ^{1/}	.6	1,165	*.7			*3.1	*3.8
Disappearance		Average price		Price support level		Placed under Government loan	
Total		Domestic	Exports	per pound		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	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973	17.5	*15.2	*2.3	61.9	47.6	^{2/}	.2
1974					51.8		
Sun-cured, type 37							
1967	1.6	1.2	.4	45.2	37.3	^{3/25}	1.9
1968	1.3	1.1	.2	53.2	38.3	^{3/1}	.1
1969	1.8	1.5	.3	52.8	39.7	^{3/1}	.1
1970	1.3	1.1	.2	53.8	41.4	^{3/3}	.3
1971	1.2	1.0	.2	54.1	43.1	0	---
1972	.6	.4	.2	57.9	45.2	0	---
1973	*1.0	*.8	*.2	69.2	47.6	0	---
1974					51.8		

^{1/} Based on March 1 prospective plantings and average yield with allowance for trend and estimated stocks. ^{2/} Less than 50,000 pounds. ^{3/} Quantity placed under Government loan reported in thousand pounds. * Estimated.

CIGAR TOBACCO

1974 Prospects

Supplies of domestic-grown cigar tobacco are smaller again this year, due to lower carryover stocks. Production in 1974/75 is projected to fall about 3 percent from last year's crop. According to March 1 intentions, a 3-percent decrease is expected for filler, while binder and wrapper may remain about the same.

By April 1, holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 143 million pounds, a decline of 16 million from a year earlier. The decrease was primarily in the filler types, but holdings of binder and wrapper types also decreased. On April 1, U.S. stocks of foreign-grown cigar tobacco were 7 million pounds above a year earlier.

During October 1973-April 1974, manufacturers used about 84 million pounds of imported cigar tobacco—about 10 million above a year earlier. Imports from Mexico gained, while Philippine imports declined.

U.S. cigar tobacco acreage may decline about 6 percent in 1974. The decrease would occur in virtually all cigar types, despite significant price gains by growers last season. Again this year, USDA terminated Connecticut Valley binder allotments (types 51-52). Also, USDA transferred filler and binder allotments (types 42-44 and 53-55) to growers who wanted to increase their 1974 plantings. Under terms of this annual reallocation, USDA transferred the allotments from growers who did not wish to use their allotments this year. In Wisconsin, 1,875 acres were reallocated, and 925 acres were reallocated in Ohio. The Wisconsin Department of Agriculture has held information meetings on a proposed State marketing order for type 54 tobacco. If the order is favored by growers, a mandatory grading plan will go into effect.

Filler Supply Lower Disappearance Down

For the first half of the current marketing year (October-March), total disappearance of cigar filler tobacco was 25 million pounds—4 million pounds below a year earlier. During October 1973-April 1974, filler exports—a relatively small part of total disappearance—increased to 602,000 pounds, compared with 164,000 pounds of a year earlier.

Based on historical trends and 1973/74 part-year data, total disappearance of filler tobacco may drop an eighth from 1972/73. Declines are indicated for Pennsylvania, Puerto Rican, and Ohio types. Since filler disappearance is expected to surpass production by about 9 million pounds, carryover on October 1 may total around 60 million pounds, the lowest on record (table 13).

Binder Disappearance Mixed

Cigar binder disappearance for October 1973-March 1974, at 13 million pounds, changed little from a year earlier. Wisconsin binder (types 54-55) stayed the same, while Connecticut Valley binder (types 51-52) increased.

Disappearance of Connecticut Valley binder tobacco for 1973/74 is estimated above last season's output, so carryover this October 1 may decline to 7 million pounds, about ½ million pounds below the year-earlier level.

Despite gains in loose leaf chewing tobacco production and manufacturers' preference for Wisconsin tobacco, use may not rise much above the 19 million pounds of last season. Therefore, carryover stocks will probably remain near last October's 39 million pounds.

Wrapper Use Steadies

Disappearance of shade-grown wrapper (types 61-62) during July 1973-March 1974 was 10 million pounds, about the same as the year-earlier period.

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1971-74
(Farm-salesweight)

Country of origin	Imports for consumption				Dealers and manufacturers stocks, April 1—			
	October-September 1972-73	October-April			1971	1972	1973	1974
		1971-72	1972-73	1973-74				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Philippines	25.1	16.1	15.4	14.9	45.0	32.4	36.9	35.3
Dominican Republic	15.3	6.4	8.5	9.0	13.3	12.7	19.9	22.8
Brazil	21.0	5.6	12.6	7.0	7.3	6.3	8.1	7.9
Colombia	11.7	5.3	7.2	4.2	6.8	6.8	8.7	9.8
Paraguay	8.0	2.4	5.0	3.2	8.1	5.5	7.8	7.1
Mexico	6.5	3.9	3.8	13.9	6.0	6.1	5.7	4.4
Indonesia	6.4	1.4	3.8	3.9	3.5	4.4	6.6	10.6
All others	19.0	10.8	9.8	28.1	13.7	12.3	19.8	22.5
Total	113.0	51.9	66.1	84.2	103.7	86.5	113.6	120.5

Table 13.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-74

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
			Thous. acres	Pounds	Million pounds				
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	1,825	36.5	105.1	127.9	44.3	43.7	.6	30.0
1970	17.0	1,800	30.6	97.3	129.3	40.9	40.7	.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	*30.0	*29.3	*.7	52.0
1974 2/	13.0	1,600	*20.8	*45.8	*66.6				
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	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,650	3.6	6.8	10.4	*4.0	*4.0	---	51.0
1974 2/	2.1	1,665	*3.5	*6.4	*9.9				
Puerto Rico Filler (type 46) 3/									
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	4/33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	4/33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	4/36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	4/39.8
1972	5.6	833	4.8	12.7	17.5	8.3	8.3	---	4/42.1
1973	5.0	1,300	6.5	9.2	15.7	*7.5	*7.5	---	5/
1974 2/	5.0	1,300	*6.5	*8.2	*14.7				
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	1,721	45.4	141.8	187.2	61.6	61.0	.6	30.6
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	20.2	1,596	32.2	69.7	101.9	*41.5	*40.8	*.7	49.9
1974 2/	20.1	1,530	*30.8	*60.4	*91.7				
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	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.7
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973	1.6	1,721	2.7	7.5	10.2	*3.0	*2.9	*.1	72.8
1974 2/	1.4	1,715	*2.4	*7.2	*9.6				
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	10.5	10.5	---	55.6
1972	5.0	1,685	8.4	20.3	28.7	9.3	9.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	*9.5	*9.5	---	60.5
1974 2/	4.7	2,020	*9.5	*19.5	*29.0				
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	9.9	9.9	#	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	#	49.0
1973	5.3	1,775	9.4	19.5	28.9	*10.0	*10.0	0	60.7
1974 2/	4.9	1,875	*9.2	*18.9	*28.1				

See footnotes at end of table.

Continued --

Table 13.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-74--Cont.

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ^{1/}	Total supply	Total	Domestic	Exports	
(Farm-sales weight)									
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	20.4	20.4	#	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	#	48.5
1973	10.2	1,859	19.0	38.9	57.9	*19.5	*19.5	0	60.6
1974 ^{2/}	9.6	1,945	*18.7	*38.4	*57.1				
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	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973	11.8	1,841	21.7	46.4	68.1	*22.5	*22.4	.1	62.1
1974 ^{2/}	11.0	1,915	*21.1	*45.6	*66.7				
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	5.7	2.7	400.0
1972	4.0	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.0	10.7	16.7	*7.5	*5.5	*2.0	515.0
1974 ^{2/}	5.4	1,350	*7.3	*9.2	*16.5				
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	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973	2.6	1,413	3.7	7.0	10.7	*4.5	*4.0	*.5	350.0
1974 ^{2/}	1.8	1,445	*2.6	*6.2	*8.8				
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	276.0
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	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.0	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.7	17.7	27.4	*12.0	*9.5	*2.5	452.0
1974 ^{2/}	7.2	1,375	*9.9	*15.4	*25.3				
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	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.6	1,608	63.6	133.8	197.4	*76.0	*72.7	*3.3	102.7
1974 ^{2/}	38.3	1,615	*61.8	*121.4	*183.2				

^{1/} October 1 for types 41-55; July 1 for types 61-62.

^{2/} Subject to revision.

^{3/} Puerto Rican planting occurs late in calendar year.

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

^{5/} Evaluated at 42.1 cents per pound.

* Estimated, 1974 production based on March 1 acreage intentions and projected yields.

Exports were off, and domestic use gained. Prices to growers increased one-sixth last season. For the year ending June 30, 1974, cigar wrapper disappearance is expected to exceed the 1973 crop, leaving smaller

carryover than a year ago. During the first 10 months of the marketing year, cigar wrapper exports were 17 million pounds, sharply below a year earlier. The United Kingdom, the major destination, took less.

WORLD TOBACCO TRADE REVIEW, 1973²

Trade Near Record in 1973

World tobacco leaf trade last year remained close to the previous year's record. With U.N. sanctions against Rhodesia continuing and Rhodesia's tobacco output reduced, foreign buyers have turned to numerous major and minor supplying countries. Oriental leaf supplies in Greece and Turkey are in better balance with use than a few years ago. However, better quality cigarette tobacco has remained in short supply.

World import trade volume (excluding the Sino-Soviet countries) increased 7 percent from 1972 to 2,276 million pounds of unmanufactured tobacco. World exports were about unchanged last year. The United States, the world's leading producer and exporter of tobacco, supplied about one-fourth of the free-world exports in 1973 (table 14) much the same as in 1972. U.S. exports during 1973 remained at a high level. Last year, the United States shipped about 42 percent of the world's flue-cured total.

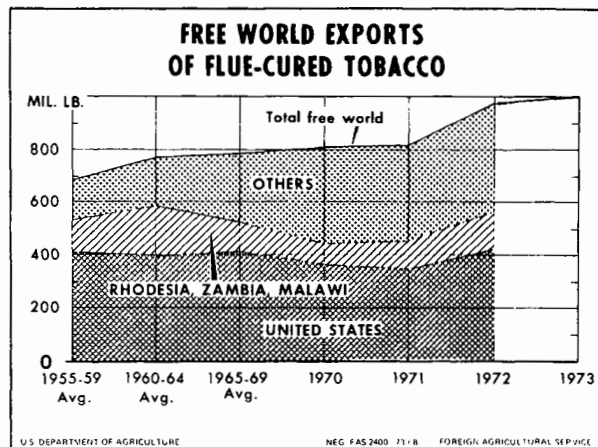
Table 14.—Exports of unmanufactured tobacco from the leading exporting countries, 1970-73

Country	1970	1971	1972	1973
	Million pounds	Million pounds	Million pounds	Million pounds
United States	510	473	606	613
Turkey	162	180	269	239
Greece	139	131	163	101
India	106	122	175	186
Rhodesia	*70	*100	*120	*80
Brazil	120	135	142	140
Philippine Republic	84	102	84	74
Dominican Republic	43	57	72	69
Canada	49	52	53	62
Malawi	38	46	54	68
Total 10 countries	1,321	1,398	1,738	1,632
	Ten countries as percentage of world total			
	Percent	Percent	Percent	Percent
	72	74	74	70

*Estimated.

Compiled from reports of Foreign Agricultural Service.

²Data summarized from "World Tobacco Exports", Foreign Agriculture Circular FT 3-74, June 1974, available from Foreign Agr. Serv., Rm. 5918, U.S. Dept of Agr., Washington, D.C. 20250.



The 10 leading exporting countries accounted for 70 percent of the total free-world exports last year, compared with 74 percent in 1972 (table 16). In 1955-59, this share averaged 87 percent. Many other countries are attempting to expand tobacco production as a source of valuable export earnings, although their exports sell for one-half or less of U.S. prices. Among the nine countries of Mexico, Argentina, Paraguay, Colombia, South Africa, Taiwan, South Korea, Pakistan, and Thailand, tobacco exports increased 10 percent from the 266 million pounds in 1972. The total was well above the annual average of 100 million pounds in 1960-64.

Import Highlights

The United States last year ranked third as an importer of cigarette and cigar tobaccos, mainly for blending with domestic types. West Germany and the United Kingdom ranked first and second among tobacco-importing countries. The 12 leading importing countries, excluding the United States, accounted for 68 percent of total free-world imports in 1973 (table 15). Including U.S. imports, the 13 countries accounted for 79 percent, the same proportion as in 1972.

Last year the United Kingdom imported 328 million pounds of tobacco, 10 percent above the quantity in 1972. While receipts from the United States gained 6 percent, those from the Commonwealth and other foreign countries rose even more. Gross clearances of tobacco from bond in 1973—an approximate measure of home use and exports combined—gained 6 percent.

Table 15.--United States and world production and exports of flue-cured and all unmanufactured tobacco, 1955-73

Period	Flue-cured				All tobacco			
	United States		World total		United States		World total	
	as percentage of total		as percentage of total		as percentage of total		as percentage of total	
	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent
Production (farm-sales weight)								
Average:								
1955-59	1,208	2,914	41	1,941	8,519	23		
1960-64	1,335	3,305	41	2,211	8,898	25		
1965	1,059	3,469	31	1,871	9,620	19		
1966	1,108	3,531	31	1,899	9,636	20		
1967	1,263	3,859	33	1,979	10,368	19		
1968	982	3,649	27	1,721	9,833	18		
1969	1,053	3,823	28	1,810	9,821	18		
1970	1,193	3,937	30	1,911	10,021	19		
1971	1,078	3,918	28	1,712	9,865	17		
1972 ^{2/}	1,012	4,076	25	1,754	10,155	17		
1973 ^{2/}	1,157	4,339	27	1,744	10,386	17		
Exports (unmanufactured, export weight) ^{3/}								
Average:								
1955-59	413	683	60	500	1,434	35		
1960-64	397	772	52	497	1,691	30		
1965	351	844	42	468	1,815	26		
1966	423	710	60	551	1,689	33		
1967	427	750	57	572	1,821	31		
1968	444	800	56	599	1,801	33		
1969	430	833	52	577	1,810	32		
1970	368	810	45	510	1,838	28		
1971	342	893	38	473	1,890	25		
1972 ^{2/}	425	1,047	41	606	2,341	26		
1973 ^{2/}	418	1,002	42	613	2,337	26		

^{1/} Includes Puerto Rico. ^{2/} Subject to revision. ^{3/} Total excludes Sino-Soviet countries. Foreign data supplied by the Tobacco Division, Foreign Agricultural Service.

Table 16.--Tobacco imports of ranking foreign markets and percentage supplied by the United States, 1970-73

Country	Total tobacco imports ^{1/}				Percentage supplied by the United States			
	1970	1971	1972	1973 ^{2/}	1970	1971	1972	1973 ^{2/}
	Million pounds				Percent			
West Germany	270	341	322	373	25	30	30	27
United Kingdom	284	269	298	328	41	36	40	39
France	140	168	178	172	7	5	7	4
Netherlands	121	126	137	141	30	26	25	50
Japan	73	100	132	126	60	54	52	54
Belgium-Luxembourg	72	74	77	84	22	20	17	15
Spain	79	93	57	52	6	8	12	12
Switzerland	87	66	68	80	40	48	46	34
Canary Islands	39	61	65	60	1	*	*	*
Italy	37	38	48	49	38	53	48	38
Denmark	37	33	38	61	65	48	60	59
Sweden	30	27	33	28	70	56	64	64

^{1/} Unmanufactured tobacco. ^{2/} Subject to revision. * Less than 0.5 percent.

Compiled from reports of Foreign Agricultural Service.

West Germany's imports increased to 373 million pounds, 16 percent above 1972's level. The United States remained the leading supplier, but its share declined. West German cigarette production increased fractionally last year, and manufacturers there increased inventories. Germany's imports of tobacco from Italy and Turkey rose, while imports from Greece and Mexico declined. The People's

Republic of China imports are no longer reported separately, but the "other countries" category indicates China may have delivered about 20 million pounds last year, somewhat below 1973's volume.

France is the fourth largest importer, but the U.S. share of that market is minor. Latin American sources supplied about 27 percent of France's total imports last year, a smaller percentage than in 1972. Oriental leaf accounted for 28 percent of the imports, about the same share as in 1972. With the incentive of the EC tobacco CAP, France took more tobacco from Italy, West Germany, and Turkey.

The Netherlands has no domestic tobacco production and draws from a large number of countries. The U.S. market share declined again this year, while consignments from South Africa and Mozambique retained their 25 percent share.

With Japan's rising cigarette production needs filled by a recovery in its own tobacco production, the country imported only 126 million pounds of tobacco last year, a 4-percent decline from 1972's record. The United States, the principal supplier, recovered some of its market share. For last year, Japan reduced its oriental leaf takings from Greece and Turkey and burley leaf from Mexico (tables 17 and 18).

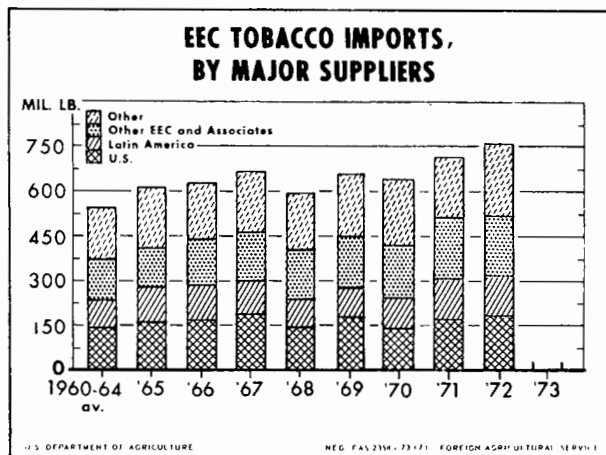


Table 17.—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1971-74

Item	July-March			Item	July-March		
	1971-1972	1972-1973	1973-1974		1971-1972	1972-1973	1973-1974
	Million pounds	Million pounds	Million pounds		Million pounds	Million pounds	Million pounds
Imports, by source:				Gross clearances:			
United States	82	90	*82	Full rate ¹	112	113	126
Commonwealth	86	97	*95	Commonwealth rate ²	109	118	119
Other	34	33	*46	Total	22	231	245
Total	202	220	*221	Flue-cured:			
Exports:				United States	88	85	85
Manufactured products	40	44	52	Canada	38	46	49
Unmanufactured	5	5	6	India	30	32	38
Stocks, March 31:				Zambia and Malawi	1	9	16
Flue-cured	341	302	335	Rhodesia	1	0	0
Other	53	54	24	Other	22	24	23
Total	394	356	359	Total	180	196	211
				Net clearances	166	177	189

¹ Equivalent to \$13.67 per pound, plus 6 percent ad valorem. ² Equivalent to \$13.556 per pound, plus 6 percent ad valorem.

*July-January.

Compiled from official United Kingdom sources.

Table 18.—Tobacco EEC imports, by major suppliers, 1955-73

Year	United States	Latin America	Other EC and Associates		India, Canada, Rhodesia, Zambia, Malawi	Other	Total	U.S. share of total
			Greece and Turkey	Other E.C. and associated areas				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
Average								
1955-59	119	53	90	41	27	57	387	30.7
1960-64	140	89	86	55	61	109	540	25.9
1965	159	120	84	49	73	126	611	26.0
1966	172	113	101	53	55	132	626	27.5
1967	190	110	99	60	27	178	664	28.6
1968	145	95	97	65	21	170	593	24.5
1969	178	98	100	66	20	193	655	27.2
1970	142	112	104	72	15	195	640	22.2
1971	178	132	126	79	21	207	743	24.0
1972	181	133	114	93	20	215	756	23.9
1973 ¹	172	---	---	---	---	---	817	21.1

--- Not available. ¹ Belgium, Luxembourg, France, Italy Netherlands, and West Germany.

FOREIGN NEWS BRIEFS

Foreign Production and Sales

Canada's 1973 flue-cured crop was about 250 million pounds, or about 40 percent above the previous year's level. Auction sales in Ontario (where most of the crop is grown) amounted to 233 million pounds, and prices averaged the equivalent of 82 U.S. cents per pound. While up sharply from 1972's short crop, Ontario's production still fell below the 250-million pound target goal. Prices gained and exceeded the Canadian manufacturers' guaranteed floor price. For 1974, Ontario's acreage quota was increased by 5 percent, and plans call for a crop of around 250 million pounds. Domestic manufacturers have agreed on a guaranteed minimum price of 86 U.S. cents per pound.

For Rhodesia's flue-cured crop, which is harvested early in 1974, growers received a guarantee equivalent to 38 U.S. cents per pound. Auction sales opened in April. Bidding was strong as protracted rains reduced tobacco yield and many buyers apparently ignored U.N. sanctions. By the end of May, Malawi's flue-cured crop was also selling higher, the equivalent of 86 U.S. cents per pound, compared with 73 cents for last year's crop.

World oriental leaf production increased 1 percent last year, even though Turkish growers reduced output. Unlike in previous years, old-crop stocks did not depress the markets. Sales of the 1973 crop began in January, and the Turkish Monopoly and merchants paid sharply higher prices than last year. Sales in Greece began in March, with price guarantees about one-third more than in 1972.

British Budget Raises Tobacco Duties

With serious inflation and balance of payments problems, the United Kingdom's Budget for 1974-75 aims at restraining demand while fostering exports and industrial investment. Customs and excise duties on tobacco—imposed on leaf before it is made into cigarettes—went up \$3.38 per pound. The first rise since 1969 and the biggest jump since World War II, this increase brings the full duty rate to \$13.67 per pound. The margin of Commonwealth preference dropped from 18 cents per pound to 11.4 cents January 1, making the Commonwealth rate \$13.556 per pound. For imports from outside the EC a 6-percent ad valorem rate also applies. The increase is equivalent to 17 cents for a pack of king size cigarettes which formerly cost 72 cents per pack of 20. Some smaller size cigarettes would now cost 76 cents, a rise of 12 cents. The impact of higher duties is expected to further shift consumption toward smaller size cigarettes and may slightly reduce the tobacco weight of cigarette consumption in the United Kingdom. Unlike previous duty rises, the increase became effective as tobacco was actually withdrawn for manufacture instead of immediately on all floor stocks.

U.S. Trade Talks

Hearings began in early June in the U.S. Senate on the Trade Reform Act of 1973. Enactment of proposed trade legislation (already passed by House of Representatives) is necessary for the United States to participate in multilateral trade talks later this year.

In preparation for the negotiations, the United States is appointing 26 technical advisory committees, including a panel for tobacco.

In May, the United States concluded negotiations with the European Community under Article 24:6, General Agreement on Trade and Tariffs, for compensation for loss of trade due to accession of the United Kingdom, Ireland, and Denmark to the EC last year. In the tobacco area, U.S. objections highlighted the EC tariff category 2401(A), the so-called cigar wrapper tariff. The EC agreed to a new category for flue-cured and burley leaf with a 14

percent ad valorem rate with a maximum duty of 45 units of account per 100 kilograms. For other leaf, the tariff remains at 15 percent with a maximum of 70 units of account per 100 kilograms. Thus, for tobacco valued at \$1.41 per pound or more, the EC will apply a 19.7 cents per pound tariff and as the value of the tobacco increases, adjust toward a 23-cent maximum. Originally, this category, designed to protect Italian cigar wrapper production, carried a 21.1 cent duty, rising to a 35-cent maximum. The wrapper rate remains the same but now becomes a Bound rate (EC cannot raise the duty without going through GATT).

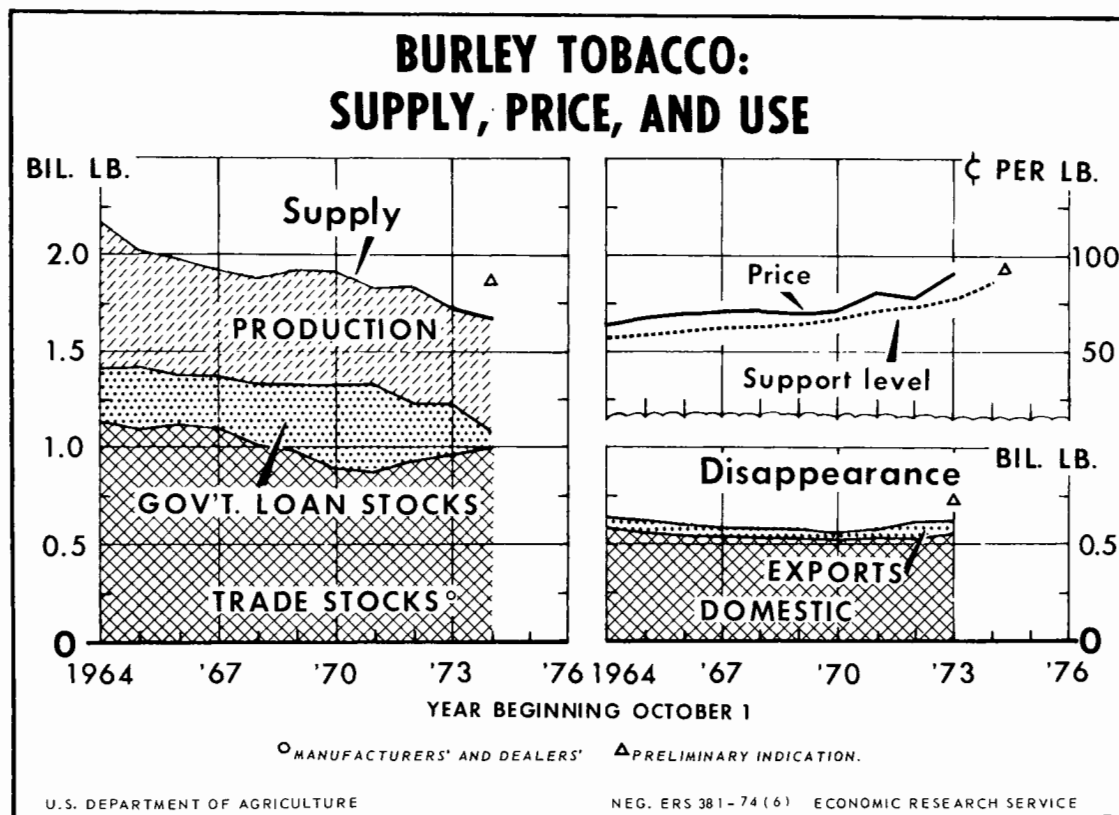


Table 19.--Cash receipts from tobacco and percentages of total cash receipts from all farm commodities, by States, average 1966-70, annual 1971-73

State	Average 1966-70		1971		1972 1/		1973 1/	
	:Percentage:		:Percentage:		:Percentage:		:Percentage:	
	Tobacco	of total	Tobacco	of total	Tobacco	of total	Tobacco	of total
	: receipts :	: receipts :	: receipts :	: receipts :	: receipts :	: receipts :	: receipts :	: receipts :
	Million	Percent	Million	Percent	Million	Percent	Million	Percent
	dollars		dollars		dollars		dollars	
North Carolina	518	38.4	562	37.4	586	35.3	720	31.6
Kentucky	294	35.1	271	29.3	331	30.5	306	22.6
South Carolina	95	23.4	101	21.8	113	20.1	115	15.4
Virginia	84	15.6	90	15.1	90	13.6	122	13.9
Tennessee	81	12.6	76	10.3	92	10.8	89	8.1
Georgia	85	7.9	92	7.3	100	7.0	89	4.6
Florida	30	2.5	27	1.8	27	1.6	29	1.6
Maryland	21	5.9	23	6.0	23	5.6	20	3.6
Connecticut	26	16.1	26	16.2	22	13.4	21	11.1
Pennsylvania	11	1.2	10	.9	9	.8	8	.6
Ohio	14	1.1	12	.9	13	.8	16	.7
Indiana	10	.7	10	.6	10	.5	11	.4
Massachusetts	10	6.2	11	7.1	9	5.7	8	4.7
Wisconsin	5	.4	9	.6	12	.7	9	.4
Missouri	3	.2	5	.3	3	.2	4	.2
West Virginia	2	2.4	2	1.7	2	1.7	3	2.0
United States 2/	1,292	2.8	1,328	2.5	1,442	2.4	1,570	1.9

1/ Subject to revision. 2/ U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Table 20.--Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1963-73

Period	Net sales	Net income		Profit			
		Before	After	Per dollar of sales		Percentage of stockholders equity (annual basis)	
		Federal tax:	Federal tax:	Before	After	Before	After
		Federal tax:	Federal tax:	Federal tax:	Federal tax:	Federal tax:	Federal tax:
	Million pounds			Cents		Percent	
1964	5,836	664	345	11.4	5.9	25.8	13.4
1965	6,006	665	354	11.2	5.9	25.4	13.5
1966	6,570	727	389	11.1	5.9	26.3	14.1
1967	7,088	794	420	11.2	5.9	27.2	14.4
1968	7,859	896	436	11.4	5.6	29.7	14.4
1969	9,162	976	476	10.6	5.2	29.6	14.4
1970	9,839	1,098	569	11.2	5.8	30.3	15.7
1971	10,551	1,217	643	11.5	6.1	29.8	15.7
1972	11,308	1,246	676	11.1	6.0	28.4	15.4
1973	12,205	1,254	704	10.3	5.8	26.4	14.8
Quarterly 1973							
1	2,790	286	157	10.3	5.6	24.7	13.6
2	2,996	319	180	10.6	6.0	27.3	15.4
3	3,092	331	187	10.7	6.0	27.7	15.6
4	3,327	318	180	9.6	5.4	26.0	14.7

Note: Data includes non-tobacco enterprises of tobacco manufacturing corporations. Compiled and adapted from the Quarterly Financial Reports for Manufacturing Corporations, Federal Trade Commission--Securities and Exchange Commission.

Table 21.--Flue-cured tobacco: Harvest completion,
by weeks, 1973 season

Date	Florida	Georgia	North Carolina	South Carolina	Virginia	Average ^{1/}
<u>Percent harvested</u>						
June						
11	^{2/} 2	0	0	0	0	^{3/}
18	^{2/} 10	7	0	0	0	0.8
25	20	^{2/} 14	0	4	0	2.0
July						
2	36	20	1	7	0	3.8
9	50	36	3	12	0	7.4
16	80	51	6	28	^{2/} 1	13.2
23	^{2/} 95	67	20	49	^{2/} 5	27.2
30	100	80	31	62	^{2/} 12	38.2
Aug.						
6	100	87	45	76	14	50.1
13	100	94	60	85	23	63.0
20	100	^{2/} 97	70	92	29	71.4
27	100	100	80	97	38	80.0
Sept.						
3	100	100	85	100	50	84.9
10	100	100	^{2/} 90	100	64	89.6
17	100	100	^{2/} 97	100	74	95.4
24	100	100	^{2/} 98	100	^{2/} 83	97.0
Oct.						
1	100	100	^{2/} 99	100	90	98.3
8	100	100	100	100	^{2/} 97	99.7
15	100	100	100	100	100	100.0

^{1/} Weighted average using each State's 1973 production share.

^{2/} Estimated.

^{3/} Less than .05 percent.

Compiled from: U.S. Dept. of Commerce and U.S. Dept. of Agriculture, Weekly Weather and Crop Bulletin, weekly issues, 1973.

FLUE-CURED TOBACCO HARVEST COSTS AND LABOR NEEDS IN 1974

by

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ABSTRACT

The cost of harvesting and curing flue-cured tobacco will rise in 1974. Wage rates will be about an eighth higher, and curing fuel costs have about doubled over 1973. Labor used per acre in the flue-cured harvest will likely decline by 10 percent from 1972, when ERS conducted a farm survey. The decline results from the introduction of labor-saving technology, better than a three-fold increase in mechanical tobacco harvesters, and a two-thirds increase in number of bulk curing barns. Total acreage is expected to gain 22 percent over 1972 and harvest labor may go up 11 percent.

KEY WORDS: Flue-cured tobacco, labor, tobacco harvest systems, curing fuel.

The 1974 flue-cured tobacco harvest will be characterized by higher costs for labor and fuel. Harvesting flue-cured tobacco is one of the most labor-intensive activities in American agriculture, and a substantial quantity of fuel is used in curing the leaf.

Labor use per acre will decline in 1974 because of the adoption of more mechanized harvest systems. But since effective flue-cured tobacco quotas increased 11 percent in 1974, more acreage is expected for harvest. Moreover, wage rates will be somewhat higher because of inflationary forces in the economy and higher minimum wages under the Fair Labor Standards Act.¹

Labor Use and Wages

The base for estimating harvest labor use in 1974 is a 1972 ERS survey of flue-cured tobacco farms. Four

Agricultural Census Subregions were surveyed: Pee Dee-Lumber River of South Carolina and North Carolina—Agricultural Census Subregion 16; Coastal Plain of North Carolina—Agricultural Census Subregion 17; Piedmont of North Carolina and Virginia—Agricultural Census Subregion 18; and the Georgia part of Agricultural Census Subregion 29. These regions differ in terms of wages paid to harvest workers and methods of harvesting tobacco. About three-fourths of all U.S. flue-cured tobacco is grown in these regions. The effective 1974 tobacco acreage quotas in the four regions are shown below:

<i>Region</i>	<i>1,000 acres</i>
Pee Dee-Lumber River	98
Coastal Plain	193
Piedmont	176
Georgia	56
Total study area	523
Total, types 11-14	726

¹Farms covered under the Fair Labor Standards Act are those employing 500 or more man-days in any quarter of the year. On May 1, 1974, the minimum wage on these farms rose from \$1.30 to \$1.60 per hour. Although few tobacco farms are covered by the Act, many noncovered farms must compete for labor with farm and nonfarm firms that are covered.

Average wage rates of flue-cured tobacco harvest workers from the 1972 survey of tobacco farms, estimates for 1973, and projected wage rates for 1974 are shown in table 1.

The flue-cured tobacco harvest is undergoing a change to more mechanized harvest systems that require less labor. The 1972 distribution of harvest systems was used to project harvest systems for 1974. Estimates for 1974 are based on information on 1973 adoption rates for mechanical harvesters and information from manufacturers, extension specialists, and researchers about the 1974 adoption rates. The number of mechanical harvesters in the study regions is expected to increase from about 300 in 1973 to 1,000 in 1974. The number of bulk barns in these regions is expected to increase to about 20,000—up from about 7,000 in 1972 and 12,000 in 1973.

Table 2 shows the percentage distribution of five types of harvest systems. These are classified as: (1) conventional systems—leaves are pulled from the stalk by workers walking down the rows, hand tied on sticks at the barn, and cured in conventional barns; (2) tying machine systems—leaves are pulled by workers walking or riding on a priming aid, tied on sticks by a machine located at the barn, and cured in conventional barns; (3) priming aid systems—leaves

are pulled by riding workers, tied on sticks by workers also riding on the priming aid, and cured in conventional barns; (4) bulk systems—leaves are pulled by walkers or riders and are cured in bulk barns, and (5) mechanical harvest system—leaves are removed from the stalk by a device on the machine—no hand pulling of leaves—and the leaves are cured in bulk barns.

Labor use per acre for harvesting and preparing leaves for market ranges from 58 hours for the mechanical harvest system to 240 hours for the conventional system. The tying machine system uses about 184 hours of labor per acre; the priming aid system 195 hours; and the bulk barn system about 100 hours. Based on estimated 1974 wage rates (table 1), labor costs range from \$89.90 per acre in Georgia for the mechanical harvest system to \$465.00 for the conventional system in the Piedmont. Of course, the mechanical harvester system requires about a \$17,000 investment in the machine and about a \$1,100 per acre investment in bulk barns.

Estimated hours of labor and wages for harvest workers in the study areas are shown in table 3. Wage rates are rising, but farmers will offset some of this rise by reducing labor use per acre. Harvesting took 192 hours per acre in 1972. The average may drop to 175 hours this season. Although about 22 percent more

Table 1.—Average wage rates paid tobacco harvest workers, study area, 1972-74

Year	Study area			
	Pee Dee— Lumber River, N.C.-S.C. 16	Coastal Plain, N.C. 17	Piedmont, N.C.-Va., 18	Georgia, Ga. 29
	<i>Dollars per hour</i>	<i>Dollars per hour</i>	<i>Dollars per hour</i>	<i>Dollars per hour</i>
1972 ¹	1.28	1.54	1.59	1.20
1973 ²	1.43	1.69	1.74	1.35
1974 ³	1.63	1.89	1.94	1.55

¹ Wage rate based on the weighted average of all jobs performed. ² Estimated. ³ Projected.

Table 2.—Distribution of flue-cured tobacco harvest systems, study area, 1972 and 1974

	Study area							
	Pee Dee— Lumber River, N.C.-S.C. 16		Coastal Plain, N.C. 17		Piedmont, N.C.-Va. 18		Georgia, Ga. 29	
	1972	1974 ²	1972	1974 ²	1972	1974 ²	1972	1974 ²
	<i>Percent of acres</i>	<i>Percent of acres</i>	<i>Percent of acres</i>	<i>Percent of acres</i>	<i>Percent of acres</i>	<i>Percent of acres</i>	<i>Percent of acres</i>	<i>Percent of acres</i>
Conventional	21	17	26	22	19	16	10	8
Tying machine	39	32	45	39	75	68	3	3
Priming aid	30	25	23	19	1	1	67	53
Bulk	10	17	6	12	5	10	20	24
Mechanical	(¹)	9	(¹)	8	(¹)	5	(¹)	12

¹ Less than 1 percent. ² See text for estimated numbers of bulk barns and mechanical harvesters in 1974. These numbers were used to estimate the proportion of the acreage that will be

harvested with bulk and mechanical harvest systems in 1974. A proportional shift from other systems to the bulk and mechanical harvest systems is assumed.

Table 3.—Total harvest labor use and harvest wage payments, study area, 1972 and 1974

Item and year	Unit	Study area				
		Pee Dee— Lumber River, N.C.-S.C. 16	Coastal Plain, N.C. 17	Piedmont, N.C.-Va. 18	Georgia, Ga. 29	All
Labor use ¹						
1972	Mil. hr.	14.1	29.8	23.4	6.7	74.0
1974 ²	Mil. hr.	16.4	32.8	25.9	7.3	82.4
Wages paid						
1972	Mil. hr.	17.8	45.9	37.3	8.0	109.0
1974 ²	Mil. hr.	26.7	62.0	50.2	11.3	150.2

¹ Includes market preparation. ² Projected.

tobacco acreage is expected in the study regions in 1974 than in 1972, total labor use will probably increase by only 11 percent. However, total wage payments will probably be 38 percent higher than in 1972.

Fuel Use and Costs

The predominant fuel used in curing flue-cured tobacco is liquefied petroleum gas (LP). Perhaps 60 to 75 percent of the flue-cured tobacco is cured with LP and essentially all the remainder is cured with fuel oil.

Curing fuel prices have risen substantially. Some farmers are paying more than double the amount per gallon they paid last year. LP gas prices have risen from 16 to 20 cents a gallon during the first part of 1973 to 30 to 40 cents a gallon in 1974. Fuel oil prices have risen similarly. Farmers in the study area will probably spend \$140 to \$160 per acre for fuel to cure their tobacco this year, compared with \$80 to \$90 per acre last year. This means that the total expenditures for curing fuel will reach \$66 to \$75 million in the four study areas in 1974, compared with \$34 to \$38 million in 1972.

IMPLICATIONS

Higher wage rates and curing fuel prices are expected to add about 6 cents per pound to the cost of

harvesting and curing flue-cured tobacco in 1974 compared with 1972. Curing costs will probably advance by 3 cents per pound (from 5 to 8 cents), and harvest labor costs will be up by 3 cents per pound (from 14 to 17 cents)—all labor is valued at hired wage rates. Some farmers will minimize the effects of higher labor costs by adopting labor-saving technology for the 1974 harvest. Others, with available family labor, may find their cash wage payments increasing less than those who hire most of their harvest labor.

The effect of rising wage rates will vary among farms even when the same harvest system is used. Data from the 1972 survey shows similar tobacco acreages vary considerably in labor used per 100 pounds of flue-cured tobacco harvested for farmers using the same harvest system. This indicates that some farmers are doing a better job of managing labor than others. In 1974, with increased quotas, greater labor needs, and higher wage rates, flue-cured tobacco farms will have considerable incentive to increase the efficiency of their harvest crews.

Looking ahead to 1975, further increases in farm wage rates are anticipated as the Federal minimum wage for farmworkers will rise from \$1.60 to \$1.80 per hour. Also, inflationary pressures in the economy will continue to push wage rates upward. Fuel prices are expected to remain at higher levels and may show further increases.

GOVERNMENT ACTIONS RELATING TO SMOKING AND HEALTH, 1964-74

by

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ABSTRACT

Numerous actions were taken by Congress and several U.S. regulatory agencies following the 1964 Report of the Advisory Committee to the United States Surgeon General—Smoking and Health. Actions related to labeling and advertising of cigarettes and little cigars (cigarette-size) and designation of “non-smoking” areas within interstate passenger buses and airplanes. Actual cigarette consumption for 1964-73 is compared with potential consumption. Since 1970, actual consumption has been about 15 percent below potential consumption, due at least in part to the impact of anti-cigarette publicity in earlier years.

KEYWORDS: Demand analysis, cigarettes, tobacco, government programs, smoking and health.

These have been various Federal legislative and administrative agency actions pertaining to smoking and health since January 11, 1964 (the release date of the report of the Surgeon General—*Smoking and Health*) to June 1974. Agencies listed and the number of actions are: Federal Trade Commission (four); U.S. Congress (three); Federal Communications Commission (two); and Civil Aeronautics Board, Federal Aviation Administration, Interstate Commerce Commission, Consumer Products Safety Commission, (one each). Smoking and health research programs of such agencies as the Department of Agriculture and the Department of Health, Education, and Welfare, are omitted.

The material in this article, although compiled from official sources, is for informational purposes only, primarily to assist those who are analyzing historical consumption patterns of tobacco and tobacco products. For the exact content of any item, consult the applicable U.S. statute or Federal regulation or Government agency.

Consumption as Affected by Government Actions on Smoking and Health

Excise taxes, which have been levied on manufactured tobacco products for many years,

directly affect prices and indirectly affect consumption. In recent years, Federal Government activities in the smoking and health area have also indirectly affected consumption through their effect on marketing practices and business conduct of tobacco manufacturers, advertising regulations for electronic media, and smoking rules on interstate passenger carriers.

In the first few months following publication of the Surgeon General's Report in 1964, cigarette sales declined sharply but recovered by the final quarter of 1964. For all of 1964, total U.S. cigarette consumption was down 2½ percent, and adult per capita consumption was down 3½ percent from the 1963 peak. Sales of large cigars and cigarillos jumped 24 percent from 1963 levels, and cigarette-size small cigar sales soared 2½ times. Total smoking tobacco consumption surged upward by 18 percent, and even chewing tobacco recorded a small rise in contrast to the longtime downtrend.

Public Health Surveys in 1964 and 1966 indicated that three-fourths of U.S. adults had heard about the topic of smoking and health. About 45 percent of those interviewed could recall hearing or reading about a report on smoking and health. Beginning in 1966, the health warning label was required on each

package of cigarettes, and 79 percent of the adults surveyed that year had seen or heard about the health warning label. According to the survey, 80 percent of the persons interviewed thought that only a few or no smokers at all might quit smoking cigarettes because of the warning label. The survey also indicated that 70 percent thought that a few or no smokers might cut down smoking because of the warning label (10).¹

By 1967, per capita cigarette consumption had recovered about one-half the 1964 drop. By mid-1969, the Federal Trade Commission concluded that the warning statement appearing on cigarette packages had not significantly changed smoking attitudes of habits (6).

The Federal Communications Commission in 1967 required broadcasters to allocate a significant amount of time (relative to cigarette commercials they were broadcasting) to programs or announcements concerning the health hazards of smoking. By January 1969, the television viewer saw an average of one anticigarette message for every 4.4 network cigarette advertisements (7). By mid-1969, cigarette sales had declined slightly for 24 months.

With the statutory ban on Federal agency regulation of cigarette advertising due to expire in mid-1969, both the FTC and the FCC indicated plans to regulate advertising. Legislative action began in 1969, and in connection with the Senate Committee hearings, cigarette manufacturers offered to end broadcast advertising of cigarettes by September 1970, or earlier, if broadcasters were willing to cancel existing contracts (11).

Since the passage of the Public Health Cigarette Smoking Act in 1970, cigarette packages have carried a stricter warning label, and cigarette advertisements on radio and television have been banned. Also, domestic cigarette advertisers have voluntarily disclosed the tar and nicotine content of their cigarettes, and the six major manufacturers have agreed to publish the warning statement in their ads. Thus, several of the FTC recommendations proposed in 1967 (7) have been implemented.

¹Italicized numbers in parentheses refer to items in Literature Cited at the end of this article.

However, since 1969, cigarette consumption has increased annually to record levels, and by last year, per capita use had recovered almost one-half of the 1963-69 drop. The FTC recognizes that while consumers may be adequately informed of the health implications of cigarette smoking, they "nevertheless make a conscious decision to undertake the risks and use the product" (8).

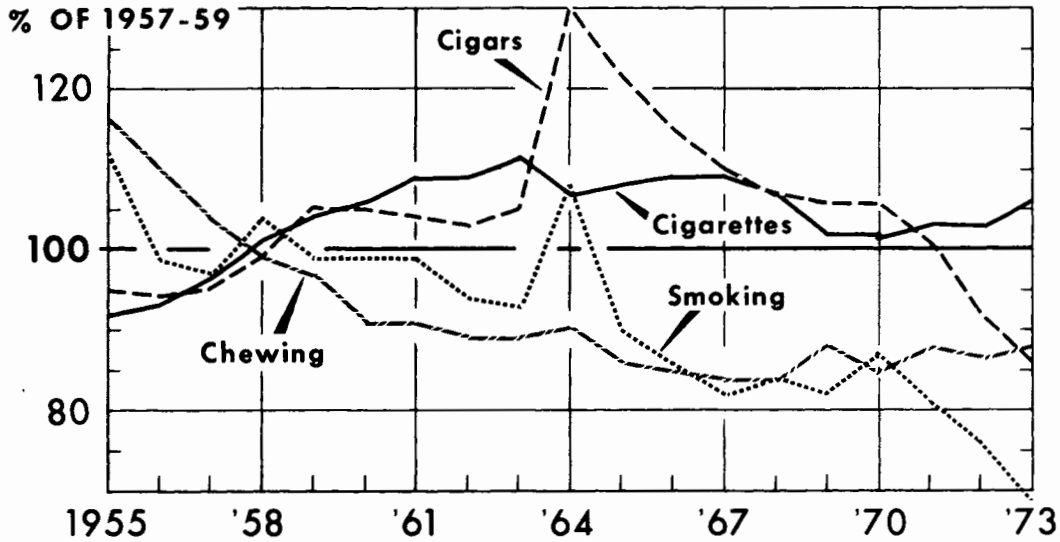
Consumption Trends Compared

Studies by Miller (5), Mann (4), and Kellner (3) emphasized that the habitual nature of cigarette smoking means that consumption in a given year is related to consumption in the previous year, as well to real prices and income. But those studies as well as one by Hamilton (2) also demonstrated that U.S. consumption was significantly lower than otherwise expected in certain years when high levels of anti-cigarette publicity prevailed—1954, 1955, 1964, 1968, 1969. Furthermore, the formulas developed in the above studies indicated cumulative effects on anti-smoking publicity.

During 1955-63, cigarette consumption increased over one-third, or by 3.4 percent annually (per capita consumption rose one-fifth). Without evaluating the possible effects on consumption of the impending Surgeon General's Reports, Conover (1) projected in 1963 that U.S. cigarette consumption would rise to 595 billion cigarettes by 1968, or about 2.6 percent annually.

The resulting estimated path of potential consumption together with actual consumption shows that actual consumption lagged about 4.5 percent in 1964-67, but widened sharply to a 14-15-percent lag with the anti-cigarette advertisements on radio and television in 1968-69. The gap was closed some in 1973, but still represented about 85 billion cigarettes. The growth of potential consumption reflects the combined effects of an increased adult population and a projected increase in consumption per capita. With cigarette consumption formulas indicating a drop of 5 percent for each year of smoking and health publicity, most of the gap can be attributed to the publicity that was concentrated in 1964, 1968, and 1969.

PER CAPITA CONSUMPTION OF TOBACCO PRODUCTS

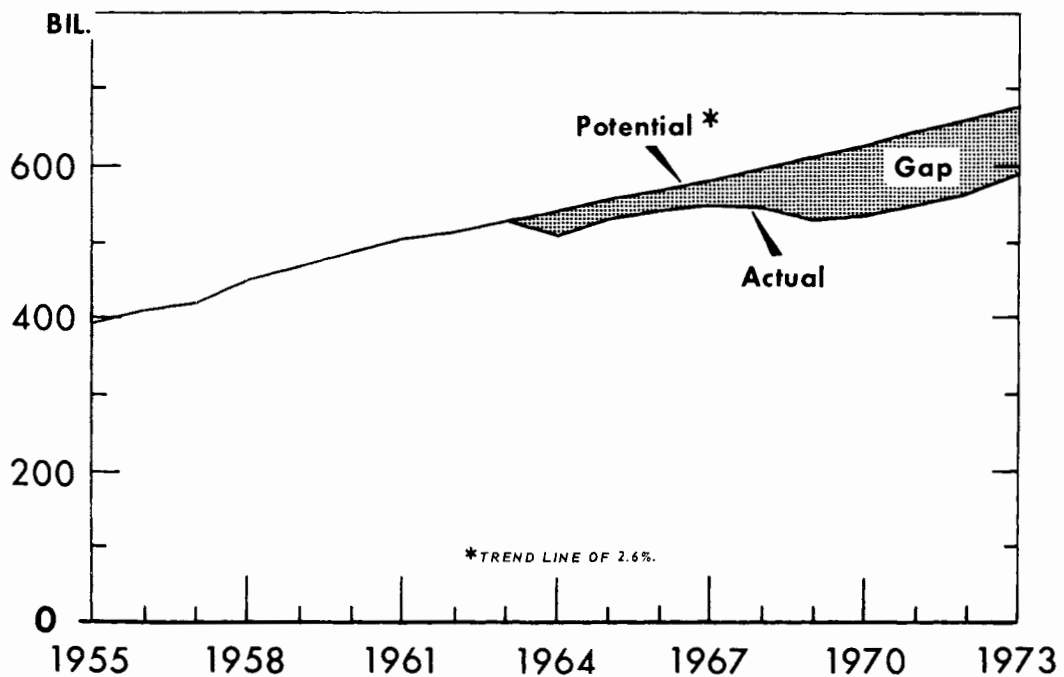


PER MALE 18 AND OVER, EXCEPT CIGARETTES PER PERSON 18 AND OVER.

U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3105-74 (6) ECONOMIC RESEARCH SERVICE

U.S. CIGARETTE CONSUMPTION: ACTUAL AND POTENTIAL



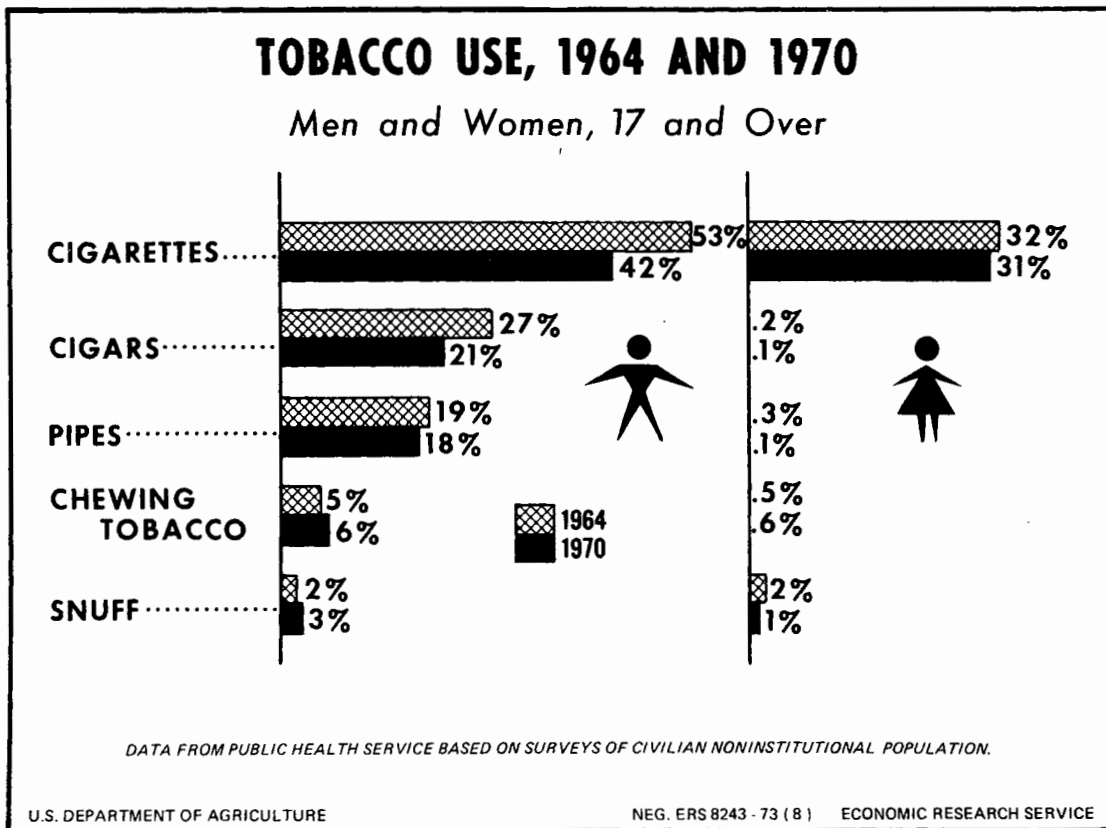
*TREND LINE OF 2.6%.

U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 625-74 (6) ECONOMIC RESEARCH SERVICE

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- (4) Mann, Charles K. "Taste, Technology, and the Government: The Case of Tobacco," unpublished Ph. D. dissertation, Dept. of Econ., Harvard Univ., Cambridge, Mass., 1971, pp. 25-34.
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- (7) ——— . p. 31.
- (8) ——— . Report to Congress, Pursuant to the Public Health Smoking Act, Dec. 31, 1971, p. 4.
- (9) ——— . Report to Congress, Pursuant to the Public Health Smoking Act, Dec. 31, 1973, p. 1.
- (10) U.S. Public Health Service. *Use of Tobacco, Practices, Attitudes, Knowledge, and Beliefs, United States, Fall 1964 and Spring 1966*, 1969, pp. 75-6, 699-702.
- (11) U.S. Senate Report 91-566. Public Health Cigarette Smoking Act of 1969, Dec. 5, 1969, p. 9.



Significant Federal Government actions relating to tobacco and health, 1964-74

Item	Date	Salient features
<p><i>Smoking and Health</i> Report of the Advisory Committee to the Surgeon General of the Public Health Service.</p>	Released Jan. 11, 1964.	Chronology pertinent to the study and the committee. Main topical divisions: Chemical and physical characteristics of tobacco smoke; pharmacology and toxicology of nicotine; mortality; cancer; nonneoplastic diseases of the respiratory tract; cardiovascular diseases; other conditions; characterization of the tobacco habit and beneficial effects of tobacco; psychosocial aspects of smoking; and morphological constitution of smokers.
Federal Trade Commission, Trade Regulation Rule for the Prevention of Unfair or Deceptive Advertising and Labeling of Cigarettes in Relation to the Health Hazards of Smoking.	Proposed June 22, 1964; warning regulation scheduled to be promulgated July 1, 1965. Reissued May 20, 1969. Superseded by P.L. 89-92 until July 1, 1971.	Failure to disclose a health warning in all advertising and on every pack, box, carton, or other container in which cigarettes are sold to the consuming public is a violation of Sec. 5, FTC Act.
Federal Cigarette Labeling and Advertising Act, P.L. 89-92.	Approved July 27, 1965; effective Jan. 1, 1966.	Cigarette packages for sale or distribution in the United States required to carry statement: "Caution: Cigarette Smoking May Be Hazardous to Your Health." Required annual reports from HEW and FTC. Authority for FTC to regulate advertising delayed until July 1, 1969.
Federal Communications Commission, Fairness Doctrine applied to cigarette advertising, affirmed <i>Banzhaf v. F.C.C.</i> 405 F. 2d 1082 (C.A.D.C. 1968) cert. denied 396 U.S. 842 (1969).	Decided June 2, 1967.	Broadcast stations carrying cigarette commercials must devote a significant amount of time to informing listeners of health hazards of cigarette smoking.
Federal Trade Commission Cigarette testing.	Began Aug. 1, 1967; results reported Nov. 22, 1967.	Commission laboratory tested smoke of 59 cigarette brands for "tar" and nicotine content. Periodic reports since.
Public Health Cigarette Smoking Act, P.L. 91-222. Broadcast ad ban affirmed in <i>Capital Broadcasting Company v. Mitchell</i> , 405 U.S. 1000 (1972).	Approved April 1, 1970.	Requires cigarette packages to carry label: "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health," effective Nov. 7, 1970; ban on cigarette commercials from radio and television starting Jan. 2, 1971.
Federal Trade Commission, Trade Regulation Rule on Advertising of Cigarettes, Disclosure of Tar and Nicotine Content.	Proposed rule issued Aug. 8, 1970; proceeding suspended Dec. 22, 1970.	8 cigarette companies voluntarily agreed to publish tar and nicotine content in cigarette advertisements; ads in conformity began in Feb. 1971; all ads in conformity by Dec. 1971.

-Continued

Significant Federal Government actions relating to tobacco and health, 1964-74—Continued

Item	Date	Salient features
Federal Communications Commission, Report and Order re Further Regulatory Policies Concerning Cigarette Advertising and Anti-smoking Presentations, affirmed <i>Larus and Brother Co. Inc., v. F.C.C.</i> 447 F. 2d 876 (C.A. 4, 1971).	Approved Dec. 15, 1970.	After Jan. 1, 1971, broadcasters could present anti-smoking messages without an obligation to present views that cigarette smoking may not be hazardous to your health.
Federal Trade Commission, Consent Orders 712-3731-6, Disclosure of Health Warning Statement in Cigarette Ads.	Proposed complaints issued July 1, 1971; consent orders issued Mar. 30, 1972.	6 major cigarette manufacturers to include in all advertisements the statement: "Warning: The Surgeon General Has Determined That Cigarette Smoking is Dangerous to Your Health", by Oct. 1972.
Interstate Commerce Commission Order MCC-6748, Smoking by Passengers and Operating Personnel and Interstate Buses affirmed in <i>NAMBO v. U.S.</i> 370 F. Supp. 480 (D. C., 1974).	Issued Nov. 17, 1971.	Permits smoking of cigars, cigarettes, or pipes, only in rear seats (not to exceed 20 percent of capacity) of interstate passenger buses.
Federal Aviation Administration Docket 10012-10033, Smoking on Aircraft.	Decided July 9, 1973.	Proposed smoking ban on passenger aircraft disapproved. Inhalation of tobacco smoke not considered a significant health hazard.
Little Cigar Act of 1973, P.L. 93-109.	Approved Sept. 21, 1973.	Bans broadcast ads of small cigars effective Oct. 21, 1973.
Civil Aeronautics Board Economic Regulation 800, Provision of "No Smoking" Areas.	Approved May 7, 1973.	Requires domestic airlines to provide designated "no smoking" areas aboard aircraft effective July 1, 1973.
Consumer Products Safety Commission, Authority to regulate cigarette sales under Federal Hazardous Substances Act, as amended, 15 U.S.C. 1261.	Decided May 17, 1974.	Petition to ban cigarettes containing 22 milligrams or more of tar disapproved due to lack of statutory authority or jurisdiction.

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- 2 Braden, Johnny D., Changes in Cigar Leaf Tobacco Acreage, ERS 539, Dec. 1973, 13 pp. 2/
- 3 Howland, K. E., "U.S. Faces Altered Position in U.K. Market," Foreign Agriculture, Dec. 10, 1973, pp. 10-12. 1/
- 4 Johnson, Robert W., "Brazil More Competitive in Flue-cured and Burley", Foreign Agriculture, July 16, 1973, pp. 6-7. 1/
- 5 _____, "World Cigarette Sales Outpace Rise in Tobacco Utilization", Foreign Agriculture, Mar. 25, 1974, pp. 8-9. 1/
- 6 Mann, Jitendar S., "A Dynamic Model of the U.S. Tobacco Economy", Agric. Econ. Res. Vol. 25, No. 3, July 1973, pp. 81-92. 2/
- 7 Miller, Robert H., "Outlook for Tobacco for 1974", talk given at the 1974 National Agricultural Outlook Conference, Dec. 19, 1973, 8 pp. 2/
- 8 _____, "Tobacco and Tobacco Products Consumption for 1985", talk given at the 25th National Tobacco Workers Conference, Hamilton, Ont., Canada, Aug. 9, 1973, 20 pp. 2/
- 9 Stevens, Daniel J., "Pakistan and Bangladesh Adjust to Changing Tobacco Industry", Foreign Agriculture, Nov. 12, 1973, pp. 4-5. 1/
- 10 U.S. 93rd Congress, 1st Session, House, Tobacco Subcommittee, Hearings, Amend Tobacco Marketing Quota Provisions, 93-M, April, 1973, 79 pp.
- 11 _____, Suspension of Public Law 480 Barter Program for Tobacco, 93-V, May, 1973, 85 pp.
- 12 _____, 2nd Session, House, Tobacco Subcommittee, Hearings, Increase in Tobacco Marketing Quotas, 93-RR, Jan., 1974, 35 pp.
- 13 USDA, Agricultural Marketing Service, Annual Report on Tobacco Statistics 1973, April, 1974, 51 pp. 3/
- 14 _____, Agricultural Stabilization and Conservation Service, "Report of Tobacco Marketing System Study Committee", June, 1973, 13 pp. 4/
- 15 _____, "Tobacco: Allotted by Counties and by Kinds, 1973", 1973, 19 pp. 4/

1/ Available from Foreign Agricultural Service, Room 5918, USDA, Washington, D.C. 20250. 2/ Available from Division of Information, ERS, Room 0054, USDA, Washington, D.C. 20250. 3/ Available from Information Division, AMS, Room 1078, USDA, Washington, D.C. 20250. 4/ Available from Tobacco and Peanut Division, ASCS, Room 6741, USDA, Washington, D.C. 20250.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1973		1974		Last data as percentage of a year earlier	
		Mar.	Apr.	Feb.	Mar.		Apr.
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	43.4	37.8	45.4	36.1	42.1	111
Burley	Mil. lb.	5.5	3.8	5.1	5.7	9.2	242
Maryland	Mil. lb.	.7	.4	*	.8	1.6	400
Virginia fire- & sun-cured	Mil. lb.	.2	.2	.4	*	1.9	950
Ky.-Tenn. fire-cured	Mil. lb.	1.1	2.8	1.5	3.0	.9	32
Ky.-Tenn. dark air-cured	Mil. lb.	.2	0	.1	.2	.2	---
Black Fat	Mil. lb.	.6	*	.1	.2	.3	---
Cigar wrapper	Mil. lb.	.4	.2	.2	.2	.2	100
Connecticut binder	Mil. lb.	0	*	0	*	0	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	405.4	443.2	420.1	456.3	498.4	112
Burley	Mil. lb.	31.3	35.1	25.3	31.0	40.3	115
Maryland	Mil. lb.	6.6	7.0	3.0	3.8	5.4	77
Virginia fire- & sun-cured	Mil. lb.	3.2	3.4	2.9	2.9	4.8	141
Ky.-Tenn. fire-cured	Mil. lb.	10.8	13.6	8.9	12.0	12.9	95
Ky.-Tenn. dark air-cured	Mil. lb.	.5	.5	.1	.2	.4	80
Black fat	Mil. lb.	1.8	1.8	1.1	1.3	1.5	83
Cigar wrapper	Mil. lb.	2.3	2.6	1.2	1.5	1.7	65
Connecticut binder	Mil. lb.	.1	.1	*	*	*	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Cigar filler	Mil. lb.	.2	.2	.5	.6	.6	300
Exports of manufactured tobacco in bulk	Mil. lb.	2.4	2.0	2.5	2.4	2.6	130
Accumulated from Jan. 1	Mil. lb.	4.9	6.8	5.1	7.4	10.0	147
Quarterly data							
1973							
1974							
		Jan.-Mar.	Apr.-June	Jan.-Mar.	Apr.-June		
Stocks of tobacco--1st of quarter <u>9/</u>							
Domestic types (farm-sales weight)							
Flue-cured	Mil. lb.	2,327	2,037	2,232	1,927		95
Burley	Mil. lb.	1,551	1,530	1,354	1,377		90
Maryland	Mil. lb.	47	43	44	40		93
Fire-cured	Mil. lb.	56	83	54	73		88
Dark air- and sun-cured	Mil. lb.	51	57	47	51		89
Cigar filler	Mil. lb.	76	83	57	70		84
Cigar binder	Mil. lb.	43	56	42	55		98
Cigar wrapper	Mil. lb.	20	20	18	17		85
Under Government loan <u>10/</u>	Mil. lb.	805	749	599	474		63
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	23.8	24.7	22.6	22.1		89
Cigar types	Mil. lb.	2.0	1.8	1.6	1.4		78
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	418	431	442	477		111
Cigar	Mil. lb.	106	114	112	120		105
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	640.8	632.0	667.6	606.0		96
Taxable removals	Bil.	580.4	578.8	608.8	549.0		95
Large cigar production	Bil.	6.93	7.02	6.69	6.80		97
Smoking production	Mil. lb.	50.0	52.6	52.6	52.6		100
Chewing production							
Loose leaf	Mil. lb.	50.8	46.0	50.2	48.0		104
Plug and other	Mil. lb.	25.0	25.8	25.8	27.7		110
Snuff production	Mil. lb.	26.2	24.8	24.1	25.7		104
Exports of leaf							
Total	Mil. lb.	787.6	656.4	862.2	634.0		97
Flue-cured	Mil. lb.	700.6	489.7	782.0	502.0		102

1/ 1973 and 1974 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 50,000 pounds. Detail may not add to total due to rounding.

LIST OF TABLES

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