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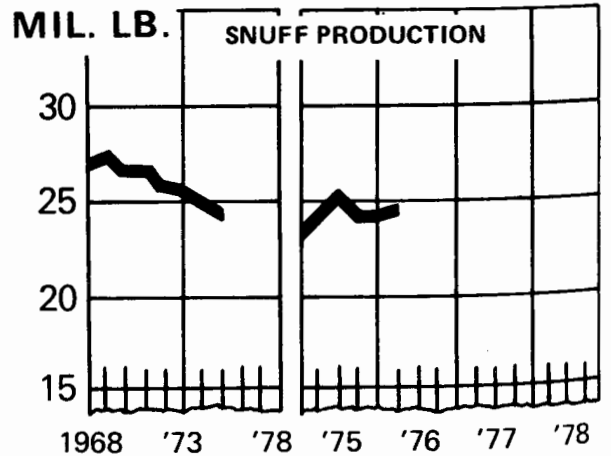
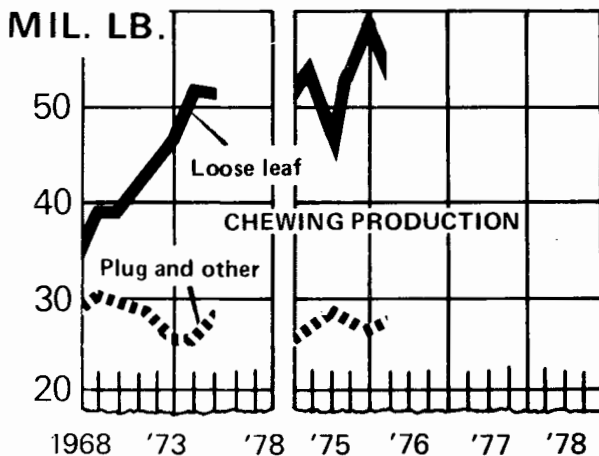
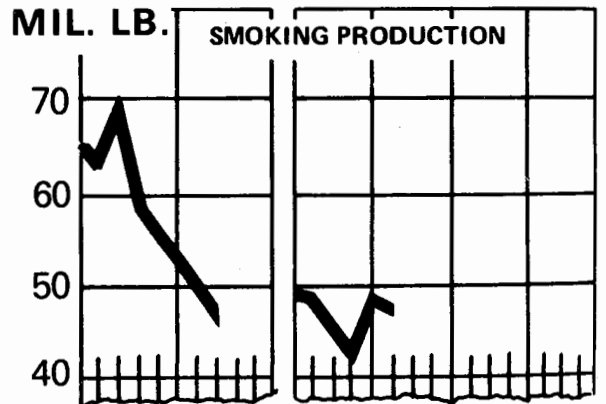
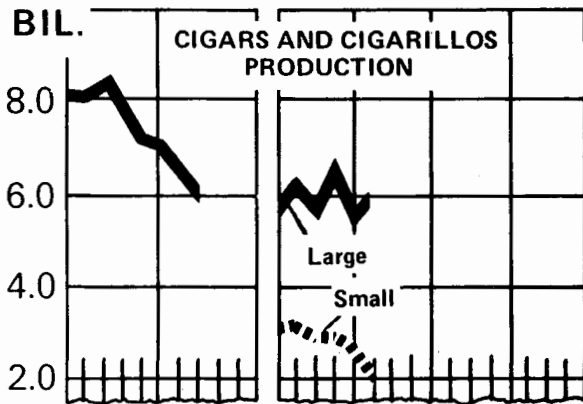
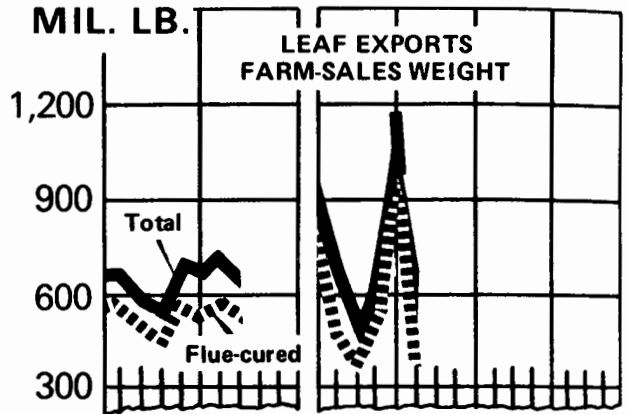
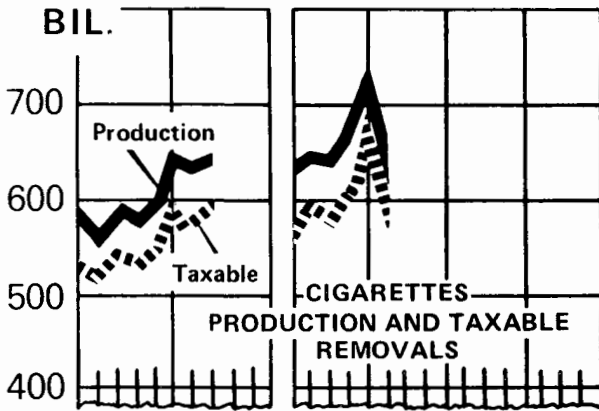
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TOBACCO Situation



TOBACCO OUTLETS

Trends in Manufactured Products and Exports



1968 '73 '78 '75 '76 '77 '78

1968 '73 '78 '75 '76 '77 '78

ANNUAL QUARTERLY SEASONALLY ADJUSTED AT ANNUAL RATES

ANNUAL QUARTERLY SEASONALLY ADJUSTED AT ANNUAL RATES

THE TOBACCO SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
July 1, 1976

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SUMMARY

The improved economy both in the United States and overseas has caused use of U.S. tobacco for the 1975/76 marketing year to recover substantially from last season's sluggish level. However, total disappearance is falling short of 1975's output. Thus, carryover by July 1 (October 1 for burley and other kinds) will rise some 200 million pounds above last year's 3 billion pounds.

Domestic cigarette use for the 10 months ended April 1976 increased about 3 percent and cigarette exports were up 21 percent. Also, manufacturers have rebuilt inventories, so cigarette output in the year ending June 30 may have moved about 7 percent above the 627 billion cigarettes produced last fiscal year. Further gains in cigarette inventories and sales should help boost production in the second half of 1976.

Contrasting with gains for cigarette smoking, but consistent with recent trends, use of cigars and smoking tobacco continue below a year earlier. For the year ending June 30, large cigar use was down about 8 percent and small cigar volume was off some 12 percent from 1974/75. Output of snuff is holding its own while chewing tobacco production may increase slightly.

Unmanufactured tobacco exports for July 1975-May 1976 totaled 2 percent below a year earlier. So shipments for the year ending June 30 probably fell below the 604 million pounds (688 million pounds farm-sales weight) of last fiscal year. World demand for U.S.-type blended cigarettes is still climbing, but some overseas markets have either slowed their overall purchase rate or shifted to competing tobacco. This is in part due to sharp price increases to consumers and declining real incomes.

With prospects for a smaller 1976 crop and increased prices, unmanufactured tobacco exports for July-December 1976 will do well to equal the 266 million pounds (export weight) of a year earlier. Our exports are helped by overseas preference for full-flavor U.S. tobacco and improved economic conditions in a number of countries. However, several key markets have experienced unfavorable foreign exchange shifts that sharply boost costs of U.S. tobacco. Exports to countries in the European Community have declined during the past 12

months and may decline further over the next 12 months.

Flue-cured tobacco exports were off 3 percent in July 1975-May 1976, with the largest drop in shipments to the United Kingdom and West Germany. For the year ending June 30, about 525 million pounds, farm-sales weight, will be exported, about 3 percent below 1974/75. Burley exports for the crop year ending September 30 are expected to substantially exceed last year's total of 68 million, farm-sales weight.

During July 1975-May 1976 cigarette tobacco imports for consumption at 220 million pounds (declared weight) fell slightly below a year earlier. Cigar leaf imports also dropped. 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 decreased 3 percent.

With a rise in cigarette output and decreased use of foreign tobacco, domestic flue-cured use in the year ended June 30, 1976 may have gained 8 percent from last season's level. Allowing for a lower level of exports, total disappearance of flue-cured ran about 3 percent above the 1.2 billion pounds of the previous season. This falls short of the 1975 crop, so the July 1976 carryover of flue-cured likely will gain a tenth from the 1.65 billion pounds of a year earlier.

April intentions reported 10 percent less flue-cured acreage prospects than last year. The June acreage report shows 9 percent less acreage. For the new season, total supply (estimated carryover plus the projected 1976 crop) may gain a little. The smaller crop this season and 14 percent higher support level means prices are expected to average

above last year. The Crop Production Report to be issued July 12 will include a flue-cured production forecast based on yield surveys conducted about July 1.

Auctions for the flue-cured crop are scheduled to open July 8. To receive price support, growers must have designated warehouse(s) within 100 miles of their county seat town where they intend to market their crop. USDA is setting auction sale schedules to reflect grower preferences.

Use of burley tobacco may total 4 percent above last season's use of 587 million pounds and a little above last year's crop. The October 1 carryover is expected to rise slightly from last year's 1,094 million pounds. Despite farm poundage quotas reflecting the decreased basic quota, with yields at recent averages growers in 1976 are expected to produce and market about the same size crop as last year and keep total supplies about the same as for 1975/76.

Auction markets for the 1975 crop of Maryland tobacco began April 13 and ended June 3. Prices averaged \$1.09 per pound compared with 96 cents a year earlier. Prices increased for almost all grades. Disappearance of Maryland tobacco in the current marketing year may drop from last season, and with the reduced crop just sold, carryover may fall below 1975's.

Use of most kinds of dark and domestic cigar tobaccos is declining. Estimated use for dark air-cured and cigar wrapper types will exceed last year's crops, leaving less carryover into 1976/77. Tentative 1976/77 supplies are higher than the previous season for fire-cured, cigar filler and cigar binder but lower for dark air-cured and wrapper tobaccos.

TOBACCO PRODUCTS

Record U.S. Cigarette Output in 1975/76

With improved economic conditions and extensive brand introduction, U.S. cigarette use from June 1975 through April 1976 gained about 3 percent over the comparable period in 1974/75. Consumption by U.S. smokers (including those overseas) in the year ending June 30, 1976, may have increased from the previous year to around 615 billion cigarettes (table 1). Gains in domestic cigarette use are expected to continue during July-December 1976. Total output in 1975/76 is estimated to reach a record 670 billion cigarettes, about 7 percent above last year's level. Allowing for an estimated 6-billion-cigarette increase in inventory, this still includes about 60 billion cigarettes for exports and

2 billion for Puerto Rico and other U.S. possessions. During the 11 months through May 1976, exports gained over 20 percent, reflecting the continued growth in worldwide preference for U.S. cigarettes (table 2).

As estimated by State tax data, unit sales in January-April 1976 were up 3 percent from a year earlier. Cigarette sales have picked up from last year when depressed economic conditions and reduced real incomes prevailed in major parts of the economy. Retail prices have gone up in the past 12 months, in part due to a rise in wholesale prices. The District of Columbia increased its cigarette tax rate since last July, but rates haven't changed in the States, compared with four State hikes in 1974/75.

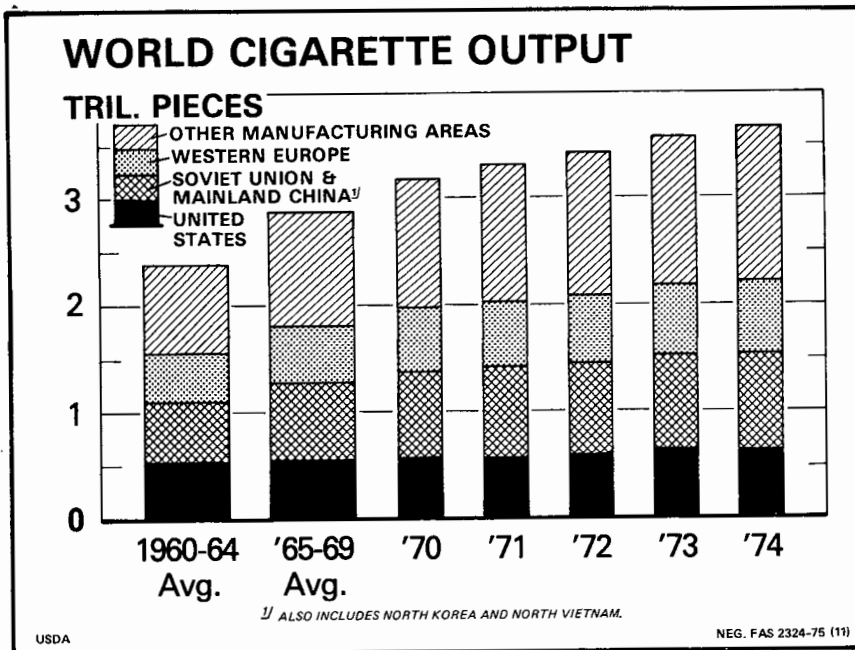


Table 1--Cigarettes: U.S. output, removals, and consumption, 1970-76

Year	Output	Removals					Estimated inventory increase	Total U.S. consumption
		Taxable	Tax-exempt		Overseas	Shipments		
		Total	Exports	Shipments ^{1/}	Overseas forces ^{2/}			
<u>Billions</u>								
1970	583.2	532.8	51.2	29.2	3.7	18.4	14.7	536.5
1971	576.4	528.9	49.2	31.8	2.7	14.7	-11.4	555.1
1972	599.1	551.0	49.0	34.6	2.1	12.3	-3.3	566.8
1973	644.2	590.2	55.9	41.5	2.0	12.4	13.1	589.7
1974	635.0	576.2	59.2	46.9	1.9	10.4	-12.1	599.0
1975 ^{4/}	651.2	588.3	62.3	50.2	1.5	10.6	8.0	607.2
Year ending June 30 --								
1971	585.1	539.6	47.5	29.0	3.2	15.2	.9	544.0
1972	592.6	542.6	50.2	32.8	2.2	15.2	-8.5	566.4
1973	615.6	562.7	52.2	38.3	2.3	11.6	-2.2	576.8
1974	652.0	594.9	59.1	44.9	2.0	12.2	12.2	595.0
1975	626.8	570.3	57.4	46.6	1.7	9.1	-21.7	601.0
1976 ^{5/}	680.0	610.0	70.0	58.0	2.0	10.0	4.0	617.0

^{1/} To Puerto Rico and other U.S. possessions. ^{2/} Includes ship stores and small tax-exempt categories. ^{3/} Taxable removals, overseas forces, inventory change and imports (negligible). ^{4/} Subject to revision. ^{5/} Estimated.

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

Table 2—U.S. cigarette exports to leading destinations, 1974-76

Country	1974	1975 ¹	January-April	
			1975	1976 ¹
	Billions	Billions	Billions	Billions
Belgium-Luxembourg	4.8	7.5	2.1	2.7
Hong Kong	5.2	4.4	1.2	1.6
Netherlands Antilles	2.4	3.9	1.3	1.1
Japan	3.1	3.5	.7	.6
Iran .....	.9	3.1	1.2	2.1
Saudi Arabia	2.1	2.3	.8	.9
Spain	2.4	2.0	.4	1.2
Kuwait	2.9	1.9	.9	1.3
United Arab Emirates	1.1	1.7	.5	1.2
Canary Islands	1.2	1.3	.4	.5
Syrian Arab Republic .....	.7	1.3	.3	1.6
Lebanon	2.3	1.0	.3	.1
Panama	1.2	.9	.5	.4
Other countries	16.6	15.4	4.7	5.0
Total	46.9	50.2	15.3	20.3

¹ Subject to revision.

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

Low-Tar, Low-Nicotine Cigarettes Take Larger Market Share

Over the past 12 months the biggest development in the cigarette industry has been low-tar, low-nicotine cigarettes, which have been heavily promoted and have gained about 12 percent of the domestic market. Generally considered to be cigarettes yielding less than 15 milligrams of tar per cigarette, the category includes at least 30 different varieties of cigarettes. For a number of years the average tar and nicotine content of cigarettes has been declining as manufacturers shift tobacco blends, utilize more efficient filters, and change the air content of the smoke (by making adjustments in the cigarette paper).

Federal Government Activities

Two U.S. Senate committees considered earlier this year a smoking and health bill, S. 2902, that would require a steeply graduated tax on tar and nicotine in cigarettes. By 1980 the tax would range from 2 to 50 cents per pack. The present excise tax has been a flat rate of 8 cents per pack of 20 since 1952. The bill would collect an average of 12 cents per pack in 1977 and by 1980 about 30 cents. The funds raised would finance a new National Health and Development Advisory Commission and be distributed to health research programs. Tobacco industry officials emphasized the legislation's discriminatory features and its virtual "prohibition" nature.

No committee action was taken and a revised version was offered in late June as an amendment to the tax reform legislation. The amendment would replace the present flat cigarette tax with five tax brackets based on tar and nicotine content. Tax rates would range from zero to 50 cents per pack. The taxes collected would be deposited in the Treasury in the same manner as the present tax.

The Federal Trade Commission sent its 1975 annual report on cigarette labelling and advertising to Congress in May. Besides summarizing cigarette consumption trends, the FTC commented on the themes of recent cigarette ads. The FTC claims that despite the warning label, cigarette advertising ignores the health consequences of smoking. The FTC has begun an investigation to find out what the cigarette industry knows about the effects of its advertising and other promotional activities on consumers and potential consumers. The study may take a year or more.

Results of the latest national survey of tobacco habits and attitudes were released June 15 by the National Clearinghouse for Smoking and Health, a component of the U.S. Public Health Service. The proportion of U.S. adults who smoke cigarettes has declined since 1970, and public attitudes favoring stronger action against smoking have increased, even among those who still smoke. The shift toward cigarettes with lower tar and nicotine has accelerated sharply. The proportion of Americans who use other tobacco products declined between the two surveys, with the sharpest declines registered for cigar and pipe use. The survey, involving 12,000 American men and women, was the largest ever made of behavior, attitudes, knowledge, and perceptions regarding tobacco use.

Cigar Volume Slips

In the 10 months through April 1976, U.S. cigar consumption totaled 4.6 billion *large cigars* (including cigarillos), 8 percent fewer than the year before. Since 1971, consumption has declined almost steadily and (1975/76) consumption is expected to have fallen by one-third. Demand has been declining in low and medium price categories for several years. In contrast, demand for higher-price cigars from Puerto Rican and U.S. factories remains strong (table 3).

Production of *small cigars* (those weighing less than 3 pounds per thousand) totaled 2.1 billion in the 10 months through April 1976. The total fiscal year output probably fell one-eighth from 1974/75. The small cigar decline parallels the decline in large cigars and reflects in part the brisk cigarette sales (table 4).

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 1.7 billion in calendar 1975. Cigarillos weigh

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

Year and item	U.S. factories			From	Imports	Exports	Total U.S. consumption
	Output	Removals		Puerto Rico:			
		Taxable	Tax-exempt	taxable			
<u>Millions</u>							
Large cigars and cigarillos							
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	5,655	5,554	143	1,304	75	107	6,969
1974	5,284	5,008	136	1,224	74	86	6,356
1975 <u>2/</u>	4,523	4,915	125	1,216	79	88	5,808
Year ending June 30 --							
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	1,287	69	79	7,139
1974	5,296	5,184	133	1,281	72	108	6,562
1975	5,166	4,864	133	1,169	76	80	6,162
1976 <u>3/</u>	4,200	4,160	140	1,300	80	110	5,570
<u>Million pounds</u>							
Smoking tobacco							
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	53.0	51.7	1.5	---	8.0	1.2	60.0
1974	49.0	49.0	1.0	---	10.9	.9	60.0
1975 <u>2/</u>	46.2	44.5	1.0	---	8.7	1.6	52.6
Year ending June 30 --							
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	1.2	62.9
1974	51.8	50.4	1.2	---	9.3	1.4	59.6
1975	48.7	47.5	1.1	---	9.6	1.6	56.6
1976 <u>3/</u>	46.0	45.5	1.0	---	9.0	1.0	54.5

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

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

Table 4—Tobacco products: Output, 1974-1976

Item	Year ending June 30—		
	1974	1975	1976 ¹
	Million pounds	Million pounds	Million pounds
Chewing tobacco			
Plug	18.7	17.9	18.0
Twist	2.1	2.2	2.3
Fine-cut	5.9	6.7	7.5
Loose leaf	48.1	54.8	55.2
Total	74.8	81.6	83.0
Snuff	24.8	24.7	24.7
Smoking tobacco in bulk (exports)	33.4	34.4	15.0
	Millions	Millions	Millions
Small cigars	3,428	3,158	2,500

¹ Estimated.

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

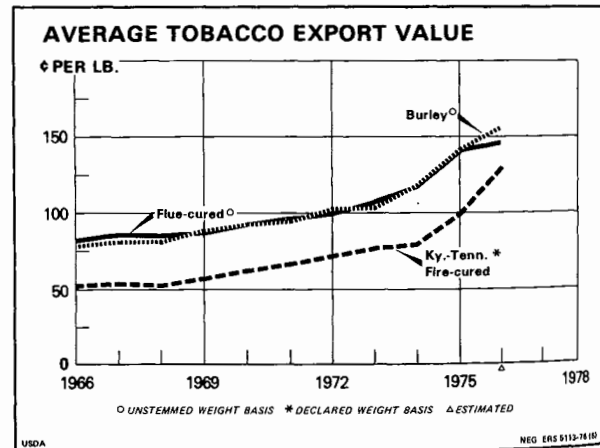
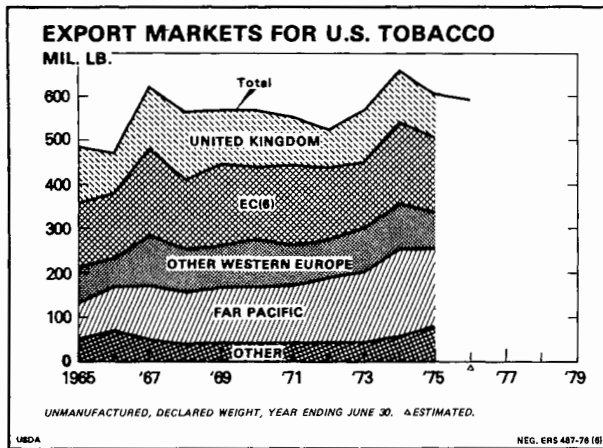
between 3 and 10 pounds per 1,000, less than half as much as the traditional cigar. Cigarillo sales (based on taxable removals) in 1975 were 30 percent of total sales of large cigars and cigarillos, down from 34 percent in 1973. The cigarillo share reached a high of 38 percent in 1971.

Smoking and Chewing Tobacco

Smoking tobacco production and consumption for the year ending June 30, showed a continuation of the downtrend since 1970. In the first 9 months of 1975/76 domestic smoking tobacco output fell 7 percent to 34 million pounds. Imports also declined and total domestic sales dropped 8 percent to 40 million pounds. Declines occurred in sales of domestic tobacco for both pipes and roll-your-own cigarettes.

Chewing tobacco and snuff output in 1975/76 are estimated about the same as the previous year. Gains are occurring in production of loose-leaf and fine-cut tobaccos (table 4).

U.S. EXPORTS AND IMPORTS



Leaf Exports Pace Steady

For the year ending June 1976, exports of unmanufactured tobacco are estimated about the same as last fiscal year's 604 million pounds (export weight). During July 1975-May 1976, shipments decreased 2 percent to 557 million pounds. The average value of exports increased 8 percent. January-April exports of 236 million pounds were 11 percent above the 234 million pounds in the same months of 1975 due to a bunching of Japan's shipments in January.

Flue-cured tobacco, the principal export class, was down slightly, but a sizable gain for burley

pushed the July-April total ahead. Shipments of fire-cured tobacco (Ky.-Tenn.) and Maryland were down. An increase occurred for July-April exports to Japan, Australia, Thailand, and Sweden. Virtually all the European Community (EC) countries took less. United Kingdom and West Germany are the two leading EC destinations (table 5).

If favorable growing conditions are maintained for most of the 1976 crop, our export prospects for the rest of 1976 will improve over the July-December 1975 total of 297 million pounds. Shipping delays held down the 1975 total. For those months in 1970-74 the average was 300 million pounds. Higher prices this season will limit our exports later on in the marketing year.

Table 5—United States exports unmanufactured tobacco by type and to principal importing countries for specified periods

Country and type	(Declared weight)							1976 as a percentage of 1975 ²
	Average 1966-70	1972	1973	1974	1975 ¹	January-April		
						1975 ¹	1976 ¹	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
Flue-cured	418.3	425.3	418.4	440.9	391.4	135.4	152.4	113
Burley	45.4	53.7	58.9	60.8	61.9	20.4	32.6	159
Maryland	12.3	11.0	9.6	10.9	4.1	1.1	1.3	118
Fire-cured, Ky. and Tenn. ..	20.0	20.6	18.4	19.4	14.9	5.4	6.2	115
Virginia fire-and sun-cured ..	5.0	5.0	3.0	6.0	3.3	1.0	1.4	140
Green River and One Sucker	1.2	.6	.4	1.0	.3	.1	*	---
Black Fat	2.8	3.3	3.1	2.7	3.5	1.3	1.1	85
Cigar Wrapper	3.3	3.1	2.1	2.9	4.3	1.4	1.8	129
Cigar binder	1.4	.1	.1	.1	.2	.1	*	---
Cigar filler .....	.9	.3	.3	.6	.2	.2	*	---
Perique .....	.2	.3	.2	.2	.1	---	.1	---
Stems, trimmings, and scrap ..	51.0	82.9	98.0	105.9	78.9	23.5	38.5	164
Total	561.9	606.1	612.5	651.4	563.0	189.8	235.6	124
United Kingdom	128.8	115.1	119.7	94.3	78.5	16.7	18.9	113
France	7.9	7.7	6.6	8.2	9.5	5.0	3.4	69
Belgium	17.0	12.9	16.7	14.4	8.1	1.8	2.7	150
Netherlands	34.7	22.4	31.6	31.0	29.9	7.5	7.5	100
West Germany	99.3	99.3	99.3	97.1	91.0	23.0	13.7	59
Denmark	18.1	20.8	37.0	12.6	16.4	.2	.2	100
Ireland	12.7	14.3	8.9	10.2	8.2	3.3	3.4	102
Switzerland	22.8	23.5	31.4	21.3	25.9	7.6	5.9	77
Finland	5.4	5.3	6.1	4.0	8.0	2.5	1.7	65
Norway	8.5	7.0	5.7	5.4	5.6	1.1	1.7	160
Sweden	18.5	20.5	17.1	14.5	15.3	1.2	2.3	195
Italy	7.7	23.1	21.8	24.3	31.5	24.5	100	
Spain	4.3	4.6	4.3	8.0	9.5	6.2	24.5	100
Thailand	22.8	30.5	8.6	20.6	18.7	12.4	15.3	123
South Vietnam	11.5	18.9	14.6	13.7	1.9	1.9	0	---
Malaysia	10.1	8.4	8.0	11.9	7.1	2.3	1.8	79
Philippines	7.0	9.5	8.8	11.3	11.8	1.7	6.0	355
Taiwan	7.3	14.2	16.7	23.8	16.0	12.4	7.6	61
Japan	43.5	87.3	79.0	109.6	81.5	35.3	76.8	217
Australia	16.0	14.8	13.9	18.7	15.5	2.1	2.9	139
New Zealand	4.5	4.4	5.3	4.8	5.0	1.8	1.6	89
Egypt	3.4	.9	2.4	12.3	10.4	.1	10.9	1,090
Libya	1.6	1.0	2.9	12.8	4.6	.1	.3	300
Other countries	48.5	39.8	46.1	66.6	53.1	19.2	24.6	128
Total	561.9	606.1	612.5	651.4	563.0	189.8	235.6	124

¹ Subject to revision. ² Computed from unrounded data. Detail may not add to total due to rounding.

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

*Less than 50,000 pounds.

Smoking tobacco in bulk exports during July 1975-April 1976 were down to 11 million pounds, only one-third of year-earlier exports, due to cigarette manufacturing shifts. Exports were down sharply to Switzerland, a leading destination. This has meant a shift to U.S. unmanufactured tobacco.

Import Pace Slows

U.S. tobacco imports for consumption (factory use of imports) during January-April 1976 were more than 7 percent below the high a year earlier (table 6). Declines occurred for both cigar and cigarette tobacco imports. Supply of U.S. cigarette

tobaccos have increased and the cigar requirements are down due to reduced sales.

January-April 1976 arrivals of tobacco (general imports) totaled 175 million pounds, 3 percent more than the same period a year earlier. U.S. purchases of oriental tobacco have picked up further, while flue-cured and burley arrivals are down sharply. By April 1 of this year, stocks of foreign-grown cigarette and smoking tobacco in the United States gained 61 million pounds, 8 percent above a year earlier. At 628 million pounds (farm-sales weight), these stocks were record high for that date, although barely over the level of last July 1.

Table 6--U.S. imports of unmanufactured tobacco for consumption and general, principal categories and countries of origin, 1975, and January-April 1975-76 1/

(Declared weight)											
Classification and country of origin	Imports for consumption					General imports (arrivals)					
	Total 1975	January-April			:1976 as a :percentage : of 1975 :	Total 1975	January-April				
		1975	1976 <u>1/</u>				1975	1976 <u>1/</u>	:1976 as a :percentage : of 1975		
		-- Million pounds --		Percent				-- Million pounds --		Percent	
Cigarette tobacco:											
Leaf, unstemmed Oriental											
Turkey	111.4	41.5	32.9	79	69.6	55.4	94.0	170			
Greece	26.5	11.5	7.8	68	18.8	13.7	6.6	48			
Yugoslavia	13.4	5.1	5.8	114	15.6	7.1	6.9	97			
Lebanon	9.2	4.0	3.5	88	10.9	4.9	0	---			
Other countries	15.0	2.8	8.5	304	54.7	25.0	20.3	81			
Flue-cured and burley	36.4	18.1	18.3	101	79.9	23.8	13.4	56			
Subtotal	211.9	83.1	76.8	92	249.5	129.9	141.2	109			
Scrap											
Turkey	5.8	2.3	1.9	83	8.5	3.8	4.0	105			
Other countries <u>2/</u>	18.0	7.0	5.1	73	23.8	5.3	2.6	49			
Total	235.7	92.4	83.8	91	281.8	139.0	147.8	106			
Cigar tobacco:											
Wrapper	1.5	.5	.5	100	2.0	.7	1.1	157			
Filler-stemmed and unstemmed											
Dominican Republic	2.0	1.1	1.0	91	12.5	8.3	2.9	35			
Other countries	11.5	6.0	2.5	42	25.2	5.3	6.7	126			
Subtotal	13.5	7.1	3.5	49	37.7	14.3	9.6	67			
Scrap											
Philippine Republic	13.5	4.1	5.7	139	16.6	6.5	8.3	128			
Colombia	5.0	1.7	1.2	71	2.4	1.0	1.1	110			
Dominican Republic	9.2	3.0	2.7	90	2.0	.9	.6	67			
Brazil	11.4	3.7	4.6	124	3.3	.1	.2	200			
Other countries	21.2	5.9	6.6	112	25.8	7.1	4.0	56			
Subtotal	60.3	18.4	20.8	113	50.1	15.6	14.2	91			
Total	75.3	26.0	24.8	95	89.8	29.9	24.9	83			
Stems	9.3	.4	2.1	525	9.6	.4	2.1	525			
Grand total	320.3	118.8	110.7	93	381.1	169.3	174.7	103			

1/ Preliminary.

2/ Canada, Mexico, Yugoslavia, Greece, Cyprus, Syria, Lebanon, India, Thailand, Korea, Angola, Mozambique, Zambia, and Malawi.

Detail may not add to total due to rounding.

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

TOBACCO LEAF SITUATION AND OUTLOOK¹

1976 Crop Prospects

Dry weather during April dominated crop prospects crop early in the season for flue-cured States. Dry areas were also reported during May in burley areas. By early-June, tobacco setting was completed in North Carolina and Virginia and almost finished in Kentucky. Harvest was progressing normally in Georgia and Florida. However, the

weather pattern early in the season may result in wide variation in crop maturity.

Auctions for the 1976 flue-cured crop are scheduled to begin July 8 for type 14 (Ga.-Fla.), July 13 for type 13 (S.C.-N.C.), and July 20 for type 12 (Eastern N.C.). Opening dates depend on when a sufficient volume is marketable in a given area. Last year's auctions also began July 8, but early sales were short of sales opportunities due to crop immaturity.

Crop quality will again influence prices. Despite the larger carryover, the smaller crop this season and 14-percent-higher support level mean prices are expected to average above last year.

USDA's Crop Reporting Board will publish its first estimate of flue-cured yield per acre and production on July 12. Subsequent monthly reports, beginning August 12, will also estimate yield and production for burley and other kinds. During the last decade, the final crop estimate closely approximated the first forecast, with the final figure coming within (1½) percent of the July estimate in 7 out of 10 years.

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

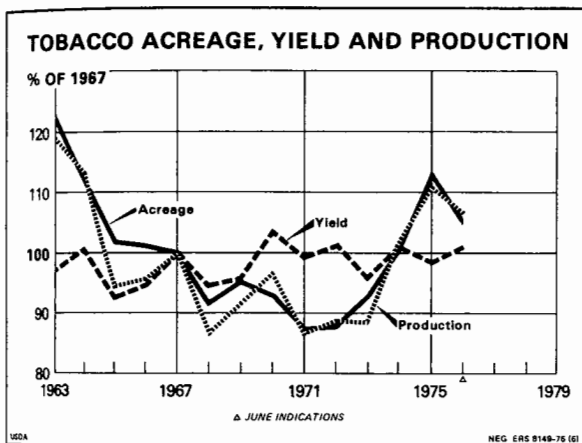


Table 7—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-76

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	91.2	64.0
1966	1,135.0	1,199.0	1,107.9	35.0	126.1	111.1	76.1
1967	1,126.3	1,202.4	1,247.5	77.9	30.8	18.4	-59.5
1968	1,127.5	1,067.9	996.4	26.5	96.6	86.1	59.6
1969	1,127.4	1,187.0	1,052.1	26.6	157.9	145.9	119.3
1970	1,071.5	1,190.8	1,178.2	65.1	71.2	63.4	-1.7
1971	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
1975	1,491.4	1,572.0	³ 1,414.7	51.0	203.2	192.3	141.3
1976	1,268.1	⁴ 1,409.4					
Burley, type 31							
1971	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974	606.5	706.8	610.4	23.0	118.9	104.0	81.0
1975	669.5	⁴ 750.4	³ 638.3				⁵ 100.0
1976	³ 636.0	⁵ 736.0					

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

Compiled from records and reports of Tobacco and Peanut Division, ASCS.

Growers Again Designate Warehouses

By the April deadline, growers of flue-cured tobacco had designated 95 percent of their marketable quota to the auction warehouses where they wish to market their 1976 crop: This procedure began in 1974 as a requirement for price support. As was the case last season, USDA will provide inspection services at individual warehouses in various marketing areas on the basis of grower designations. The Flue-cured Tobacco Advisory Committee advises and recommends to USDA the opening dates and selling schedules in each marketing area and in each warehouse.

After growers had made warehouse designations at their local Agricultural Stabilization and Conservation Service office, grower lists were prepared for each warehouse and the information was sent to the USDA Advisory Committee. Besides sales schedules, the committee recommends the geographic areas to be included in specific marketing areas.

Last year about 4 percent of the marketable quota was not designated. Sales opportunity for undesignated tobacco was provided in proportion to designated levels within each county. This year, sales opportunity for undesignated tobacco will be based on positive actions by growers indicating they wish to sell their tobacco on undesignated marketing cards. Assignment is in proportion to each warehouse's share of a marketing area's volume of undesignated tobacco.

Provisions have been made again for growers wishing to change their designation during the marketing season. Growers are allowed to redesignate their tobacco during the 5 working days ending on the first Friday in each month after markets have opened.

USDA proposed in June two changes in the procedures for redesignation: (1) Only *one* day of a five-day redesignation period may be used by a farm operator to change the warehouse designation for a farm; and (2) the redesignation or initial designation will become effective *one* week following the end of the redesignation week. The proposed change is designed to prevent the redesignation tobacco from interfering with the tobacco sales by producers who wish to make no change in their designations.

Pesticide Residue Developments

As a condition for receiving price support, growers must certify that they did not use DDT, TDE, endrin or toxaphene pesticides. If growers certify falsely, they are subject to fines or imprisonment.

DDT and TDE residue levels fell again last year. Samplings of the 1975 crop showed only one

sample with residue of 3 parts per million or more. If an analysis shows DDT-TDE residues of 3 parts per million (p/m) or greater, the grower is declared ineligible for price support loan. DDT-TDE residues of 10 p/m or greater mean the grower is in violation if he certified that chemicals were not applied to his crop.

FLUE-CURED

Leaf Stocks Higher; Use Rebounds

April 1 stocks of flue-cured tobacco (types 11-14) totaled 2,089 million pounds, 157 million above a year earlier. Reflecting the large loan receipts from the 1975 crop, loan stocks rose sharply to 356 million pounds. Stocks held by manufacturers increased 3 percent while dealers' holdings dropped sharply.

Total disappearance during July 1975-March 1976 was 977 million pounds, about 6 percent higher than the corresponding period of 1974/75. Exports were up 3 percent and domestic disappearance rose 9 percent to 520 million pounds. Cigarette production jumped 11 percent, while use of imported tobacco for cigarettes dropped 4 percent.

Export Pace Unchanged

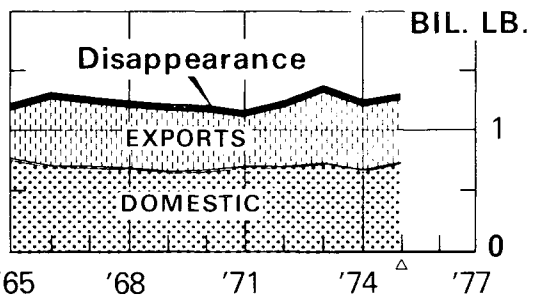
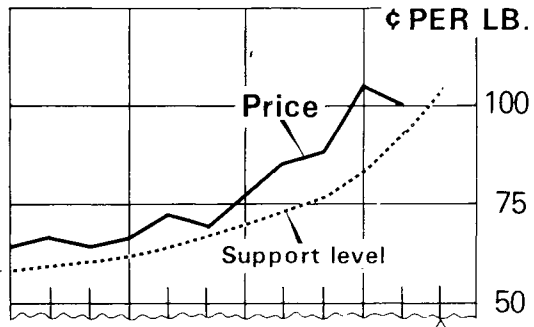
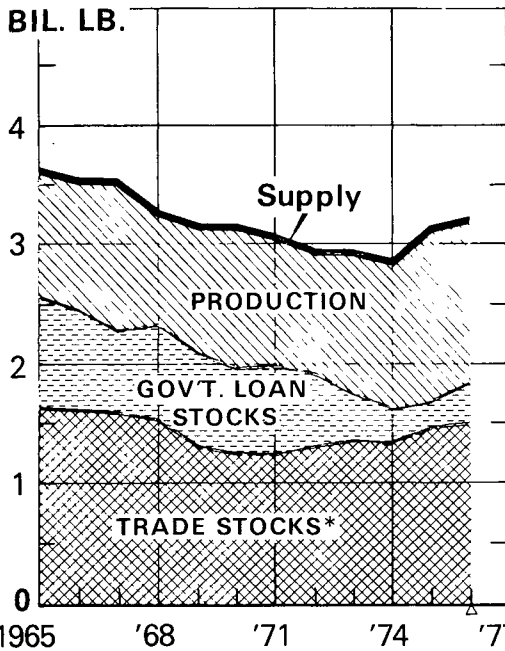
With prices almost stabilized, U.S. flue-cured exports this marketing year are staying near last season's level. For the 11 months through May, exports totaled 502 million pounds, about 3 percent below the same period of a year earlier.

Japan, the leading destination for U.S. flue-cured tobacco, increased takings 18 percent in July-April. Last winter's boost in Japanese cigarette prices may slow the growth in our exports for the upcoming season. The United Kingdom has further boosted tobacco taxes this year. U.S. volume to that country is down and may decline further in the 1976 season. Rising U.S. prices encourage U.K. manufacturers to import from sources enjoying preferential duties. U.S. tobacco exports to West Germany are down and will do well to recover in the upcoming season. Increased takings by Australia, Denmark, Netherlands, Egypt, Philippines, Sweden, and Thailand have helped to hold up the export total.

Disappearance Increasing

Disappearance of flue-cured tobacco in 1975/76 marketing year ending June 30 totaled an estimated 1,250 million pounds, about 4 percent above the 1,200 million used in 1974/75 (table 8) but about 4 percent below the record set in 1973/74. Exports steadied while domestic use accounted for

FLUE-CURED TOBACCO: SUPPLY, PRICE, USE



YEAR BEGINNING JULY 1

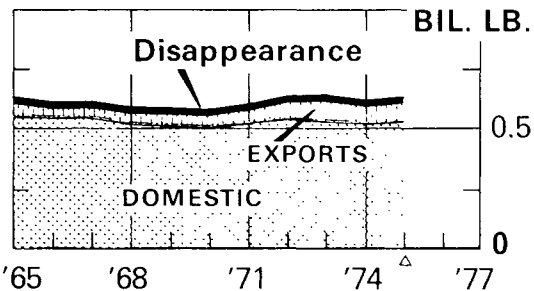
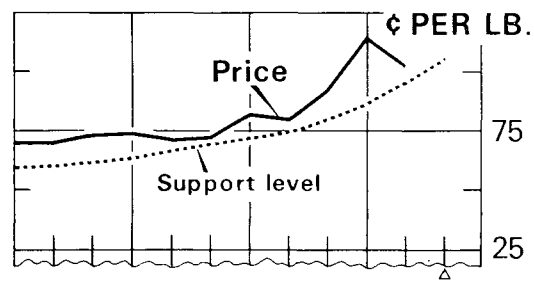
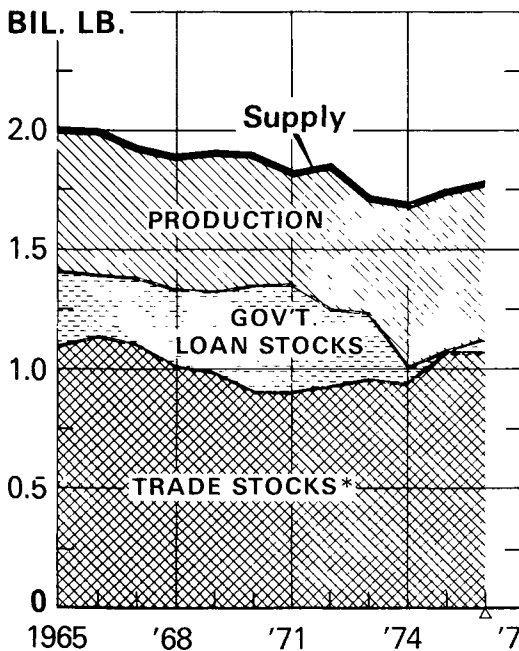
* MANUFACTURERS' AND DEALERS'

△ PRELIMINARY INDICATION

USDA

NEG. ERS 223-76 (2)

BURLEY TOBACCO: SUPPLY, PRICE, USE



YEAR BEGINNING OCTOBER 1

* MANUFACTURERS' AND DEALERS'

△ MARCH 1 INDICATION

USDA

NEG. ERS 381-76 (2)

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, 1966-76

(Farm-sales weight)

Marketing year	Acreage harvested	Yield, per acre	Beginning stocks ¹				Total supply
			Production	Manufacturers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Flue-cured, types 11-14							
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	575.1	2,011	² 1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974	616.3	2,014	² 1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975 ³	717.2	1,970	² 1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976 ⁴				1,491.5	340.0	1,831.5	
Burley, type 31							
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	222.1	2,028	² 461.4	952.5	276.7	1,229.2	1,690.6
1974	260.7	2,350	² 610.4	931.5	139.2	1,070.7	1,681.1
1975 ³	278.5	2,292	638.3	1,082.4	12.0	1,094.4	1,732.7
1976 ⁴			⁵ 656.0	1,072.7	50.0	1,122.7	1,778.7
Disappearance			Average price per pound		Price support level	Placed under Government loan	
Total	Domestic	Exports				Quantity	Percentage of crop
<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Cents</i>		<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>
Flue-cured, types 11-14							
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	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974	1,200.6	652.3	548.3	105.0	83.3	24.7	2.0
1975	⁴ 1,235.0	⁴ 705.0	⁴ 530.0	³ 100.0	93.2	264.2	18.7
1976					⁴ 106.0		
Burley, type 31							
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	---
1972	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973	619.0	533.1	86.8	92.9	78.9	.7	.1
1974	586.7	518.8	67.9	113.7	85.8	2.8	---
1975	⁴ 610.0	⁴ 520.0	⁴ 90.0	³ 105.6	96.1	³ 51.0	³ 8.0
1976					⁴ 109.2		

¹ July 1 for flue-cured; October 1 for burley. ² Sales. ³ Subject to revision. ⁴ Estimated. ⁵ Tentative carryover and projected marketings.

Table 9--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1974-75-1975-76 1/

		(Declared weight)						
Importing countries	1974- 1975	Part year through April 2/ 1974- 1975		1975- 1976	Importing countries	Part year through April 2/ 1974- 1975		1975- 1976
		Million pounds	Thousand pounds					
				Flue-cured, types 11-14	Va. fire & sun-cured, types 21 & 37			
United Kingdom	68.3	63.3	53.4	Switzerland	727	574	35	
West Germany	71.1	51.9	44.7	Norway	1,801	925	977	
Japan	71.4	71.4	84.4	Sweden	508	508	391	
Netherlands	14.2	10.8	13.1	West Germany	655	347	301	
Thailand	15.7	11.7	12.5	Other countries	576	513	615	
Australia	8.6	8.0	11.3	Total	4,267	2,867	2,319	
Italy	22.0	21.7	14.6					
Sweden	5.8	5.8	9.1					
Norway	3.3	2.3	2.7					
Finland	2.8	2.2	4.5					
Denmark	7.7	7.2	10.6					
Ireland	7.7	6.6	4.0	Cameroon	0	0	0	
Belgium	7.6	6.1	4.3	Belgium	86	11	0	
Switzerland	11.9	9.1	7.9	Zaire	36	36	0	
South Vietnam	4.1	4.0	0	Other countries	40	10	10	
Philippine Republic	4.0	2.6	6.3	Total	162	57	10	
Spain	8.5	7.7	4.9					
Malaysia	7.3	5.6	5.0					
Taiwan	18.9	17.8	11.2					
New Zealand	2.9	2.3	3.1	United Kingdom	87	87	10	
Other countries	51.0	47.1	51.3	Zaire	30	30	0	
Total	414.7	365.2	358.9	Other countries	106	0	0	
				Total	224	117	10	
				Burley, type 31				
Italy	10.5	4.5	8.7					
Sweden	2.6	1.3	1.6					
Denmark	1.5	1.1	1.9	New Zealand	19	19	0	
Netherlands	1.9	1.0	1.6	France	193	89	133	
Japan	6.9	6.9	8.3	Other countries	35	---	64	
West Germany	8.5	2.0	4.4	Total	247	108	197	
Switzerland	1.5	.4	2.1					
Syria	1.7	1.7	2.9					
Thailand	3.0	.7	2.7					
Philippine Republic	4.7	1.5	5.4					
Other countries	10.4	5.8	8.2	West Germany	15	0	0	
Total	53.2	26.9	47.8	United Kingdom	36	36	0	
				Canada	58	55	9	
				Other countries	74	55	76	
				Total	184	146	85	
				Maryland, type 32				
Belgium	1.5	1.2	.8					
West Germany	1.2	.3	.5					
Switzerland	2.9	2.5	.7	West Germany	0	0	0	
Other countries	.8	.5	.4	Other countries	1	1	0	
Total	6.4	4.5	2.4	Total	1	1	0	
				Ky.-Tenn. fire-cured, types 22-23				
Sweden	.5	.5	.3	United Kingdom	713	597	830	
Netherlands	6.7	3.6	5.8	West Germany	392	147	206	
Belgium	.7	.5	.3	Canada	185	166	180	
France	2.6	2.6	2.7	Dominican Republic	1,538	1,089	1,502	
Switzerland	.9	.8	.6	Canary Islands	23	21	25	
Other countries	.9	.8	1.2	Other countries	1,037	864	840	
Total	12.0	8.8	10.9	Total	3,888	2,884	3,583	
				Stems, Trimmings, and Scrap				
Sweden	4.1	2.3	2.0	Dahomey	1,692	976	677	
Denmark	2.6	2.5	2.8	Cameroon	541	278	313	
United Kingdom	18.3	16.8	19.0	Niger	451	298	201	
West Germany	6.2	5.7	3.6	Nigeria	232	231	472	
Japan	24.7	24.7	30.2	Togo	355	258	299	
Other countries	37.2	31.9	27.2	Other countries	148	71	66	
Total	93.1	83.9	84.8	Total	3,419	2,112	2,028	
				Black Fat				

1/ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October year for all others. 2/ Subject to revision. Detail may not add to total due to rounding.

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

the gain above last year's level. Carryover probably reached 160 million pounds above a year earlier, but is still more than one-third below the 1965 record.

During July 1975-May 1976, only 19 million pounds of loan stocks were sold, 59 million below 1974/75 and the lowest on record. Due to the large receipts in 1975, unsold stocks on May 31, 1976, totaled 340 million pounds, compared with 100 million a year earlier. The record was 960 million on January 1, 1965.

1976 Flue-cured Acreage Decreased

The 1976 effective flue-cured acreage allotment, reflecting last year's net overmarketings, is about 765 thousand acres, and the effective poundage allotment is about 1,409 million pounds, down 10 percent from last year. The June acreage report indicated growers had set 9 percent less acreage. As in 1975, compliance with acreage allotment is not required. Yet harvested acreage will again fall short of allotted acreage.

With the flue-cured basic quota down 15 percent, growers' April 1 intentions were to set about 10 percent less flue-cured acreage than in 1975. In 1975, growers leased 31 percent of the poundage quota from other allotment owners within their county. The proportion is expected to remain near that level this year. Higher lease rates may have prevailed this season. Since 1972, flue-cured marketing quotas can be leased and transferred throughout the season.

1976 Price Support Details

USDA announced on June 2 the proposed 1976 loan rates for the various grades of flue-cured tobacco. Rates range from 72 cents to \$1.36 a pound for untied leaf, reflecting the national average support level of \$1.06 a pound. This is about 14 percent above 1975. The largest increases were for leaf grades, which typically account for over half of the farm sales and have been in strongest demand in recent years. Price support on tied tobacco again will be the same as on untied tobacco.

As in the past, no price support will be offered in 1976 on any tobacco graded N2 (Nondescript 2), No-G (No grade), U (Unsound), W (Doubtful keeping order), or scrap. Marketings of such tobacco will be charged against individual farm quotas to discourage the marketing of these grades.

This spring USDA issued revised standard grades for flue-cured tobacco. Several grades with minor volumes were combined with other grades and new grades were added reflecting conditions that prevail with mechanically harvested and bulk cured tobacco.

BURLEY

Burley Use Stabilizing

At 313 million pounds, disappearance was 2 percent above a year earlier. Exports increased sharply from last season, but domestic use of burley fell in the first half of the marketing year (October-March). Domestic use totaled 270 million pounds, down 12 million, although cigarette output rose 13 percent. The overall tobacco weight per cigarette is again dropping, but evidently manufacturers have reduced the burley share (both imported and domestic) while the flue-cured share is up.

For the first 7 months of this marketing year, burley exports totaled 63 million pounds, 28 million above a year earlier. Italy, Switzerland, Egypt, Philippines, Thailand, and Japan took more. West German purchases remain reduced. On an unstemmed-leaf basis, burley exports averaged \$1.58 per pound this past July-April, about 13 percent above a year earlier.

Carryover Steadying

Despite last year's low carryin, burley users have maintained usage. By April 1, with the larger 1975 crop in storage, stocks totaled 1,420 million pounds, about 3 percent larger than a year earlier. On May 31, loan holdings were about one-fourth larger than the 41 million pounds of a year earlier. Despite cigarette production rising, domestic utilization of burley tobacco this season may be about the same as the 519 million pounds in 1974/75. Exports may exceed last year's 68 million pounds. Based on these prospects, total disappearance will be about 20 million pounds above last season's 587 million pounds. This would leave an October 1 carryover close to the 1,123 million pounds of a year earlier.

The effective burley poundage quota is down 2 percent. April 1 intentions indicated farmers planned to set about the same burley acreage as last year. The June SRS acreage report indicated growers expect to harvest 279 thousand acres, down 1 percent from last year. Assuming yields average near the 1970-74 level, production will total 656 million pounds, about the same as last year's crop. Indicated carryover, plus the projected crop, would result in a 1976/77 supply about the same as this year's 1.7 billion pounds.

SOUTHERN MARYLAND

Short Supply Boosts Prices

A sharp drop in the supply of Maryland tobacco (type 32) relative to demand this year, raised auction prices to a record high. Prices averaged \$1.09

per pound compared with 96 cents a year earlier. Maryland tobacco goes almost entirely into cigarettes. Although quality was lower, prices of all grades were higher. Auction sales began April 13 and ended June 3. Sales of the 1975 crop of Southern Maryland were about one-third below the 1974 crop outturn. The yield was down from the previous year's record due to unfavorable weather. Some growers may have reduced fertilizer applications.

Growers have not approved marketing quotas since the 1965 crop and Maryland tobacco has not been eligible for government price support. Supplies dropped about 45 percent between 1966 and 1972, but have since stabilized. Disappearance during the first half of the marketing year (October 1975-March 1976) was 12.1 million pounds, about 4.2 million below a year earlier. Both domestic disappearance and exports decreased. In the first 7 months of the current marketing year, exports were 2.8 million pounds below a year earlier with most of the loss represented by Switzerland.

Carryover May Drop

For the 1975/76 season ending in September, disappearance of Maryland tobacco is expected to be down 4 million pounds from last season's 31 million pounds (table 10). Supplies are below last season. Carryover next January 1 (the date used for marketing quota calculations) may be slightly below this year.

Based on the June acreage report and average yield, the 1976 crop produced in Maryland may be about the same as 1975. Over the past decade, harvested acreage generally has fallen about 5 percent short of spring plans. April plans are made before the previous season's crop has been marketed (mid-

April to mid-June). But if the prospective crop is achieved, the supply for 1976/77 would be about 8 percent above the 74 million pounds for this season.

FIRE-CURED

Disappearance May Be Off

Disappearance of fire-cured tobacco (types 21-23) during the first half of the marketing year that began October 1, 1975, was 17 million pounds, about one-eighth below a year earlier and the lowest on record. Exports were up slightly. Higher prices may have contributed to the slowdown in use. Disappearance is expected to remain below last year for the remainder of the season. So carryover stocks this October may rise about a tenth from last October's level (table 11).

Due to sharply higher prices in last season's markets, growers of fire-cured tobacco again may increase acreage. According to the June acreage report, increases are expected in Kentucky and Tennessee. On planted acreage with an average yield adjusted for trend, growers would produce a crop of about 34 million pounds, about 4 percent larger than in 1975 and about 10 percent above the 1970-74 average. The supply for 1976/77 may be about 8 percent larger than this season's.

Exports of fire-cured tobacco in 1975/76 may increase from last season. Exports of 11.9 million pounds of types 22-23 during October 1975-April 1976 were 2.3 million above a year earlier. The Netherlands and France, usually the leading outlets, increased their takings. Exports of Virginia fire-cured tobacco, at 2.7 million pounds in October 1975-April 1976, were down 0.7 million from a year earlier.

Table 10—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1968-76

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	29.0	1,100	31.9	81.5	113.4	48.7	38.3	10.4	69.8
1969	26.5	1,060	28.1	66.7	94.8	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	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 ²	26.0	1,260	32.8	51.7	84.5	31.0	22.5	8.5	³ 92.2
1975 ²	24.0	1,050	20.9	53.6	74.5	⁵ 27.0	20.4	6.6	⁶ 109.1
1976 ^{2,7}	23.5	1,120	25.8	53.0	78.8				

¹ Year beginning October 1. ² Includes sales and certification data from production in quota areas. ³ 95.6 cents in Maryland

and 51.4 cents in other States. ⁵ Estimated. ⁶ Maryland sales only. ⁷ Subject to revision.

**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, 1967-76**

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1—			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million 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	16.2	1,602	26.0	44.0	1.1	45.1	71.1
1975	18.4	1,772	32.6	40.5	.1	40.7	73.3
1976 ¹	19.4	1,750	34.0			44.3	78.3
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	1,205	5.7	7.6	(³)	7.6	13.3
1974	5.0	1,185	5.9	7.1	---	7.1	13.0
1975	5.0	1,070	4.9	7.1	.3	7.3	12.2
1976 ¹	5.3	1,100	5.8			7.2	13.0
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
Kentucky-Tennessee fire-cured, types 22-23							
1967	42.0	14.9	27.1	46.2	41.9	0.8	2.7
1968	38.7	² 19.1	19.6	51.1	43.1	.4	1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970	41.4	13.1	28.3	54.4	46.6	(³)	.1
1971	34.7	16.0	18.7	60.8	48.5	(³)	.1
1972	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973	39.9	15.7	24.2	71.7	53.5	.2	.7
1974	30.3	14.5	15.8	93.4	58.2	.7	2.7
1975	² 29.0	² 8.0	² 21.0	104.7	65.2	.1	.4
1976					74.1		
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	(³)	.1
1973	6.2	1.7	4.5	75.5	53.5	(³)	---
1974	5.7	0.7	5.0	81.7	58.2	.3	4.5
1975	² 5.0	² 1.4	² 3.6	93.0	65.2	(³)	.9
1976					74.1		

¹ Based on April 1 prospective plantings and average yield with allowance for trend and estimated stocks. ² Estimated. ³ Less than 50,000 pounds.

DARK AIR-CURED

Supplies Declining

Total disappearance of dark air-cured and sun-cured tobacco (types 35-37) during the first half of the current marketing year was 10.5 million pounds, 15 percent above a year earlier. During the first half of the current marketing year, the manufacture of plug chewing tobacco—a major domestic outlet for this dark air-cured tobacco—increased. Exports of Black Fat tobacco—a semi-processed product of mostly dark air-cured and fire-cured leaf—decreased slightly in October 1975-April 1976 from the year-earlier level of 1.5 million pounds. Almost all goes to West African destinations. Domestic disappearance was up and exports were down slightly. For the year ending September 30, 1976, total disappearance may increase. And it will exceed last year's short crop, reducing carryover again (table 12).

Growers of dark air-cured and sun-cured tobacco plan to harvest about 11 percent more acreage this year than last year's 8,780 acres. With carryin stocks likely to be down, the 1976/77 supply will be below the 50 million pounds in 1975/76 by about 3 million.

CIGAR TOBACCO

1976 Prospects

Supplies of domestic-grown cigar tobacco are smaller again this year, due to the lower production and carryover stocks. Production in 1976/77 is projected to rise about 3 percent from last year's crop, even though acreage is about the same as last year (June Acreage, SRS). Considering normal yields, a 6-percent increase is expected for filler poundage. Binder may increase slightly with closer to average yields than last season. Wrapper production may decline by almost one-fifth to only 6 million pounds.

By April 1, holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 141 million pounds, slightly below a year earlier. The decrease was primarily in the filler and wrapper types as holdings of binder increased. On April 1, U.S. stocks of foreign-grown cigar tobacco totaled 126 million pounds, down 3 percent from a year earlier.

During October 1975-April 1976, manufacturers used about 81 million pounds of imported cigar tobacco, about 6 million less than a year earlier. Imports from Brazil and the Philippines gained while those from Mexico declined sharply.

Another decrease has occurred in wrapper acreage, despite a 10-percent price gain by growers

last season. Manufacturers have sharply reduced their contracts in Georgia-Florida. This year USDA again terminated (i.e., suspended) 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 1976 plantings. Under terms of this annual reallocation, USDA transferred the allotments from growers who did not wish to use their allotments this year. Acreages reallocated totaled 2,062 acres in Wisconsin, and 1,112 acres in Ohio.

Filler Supply Lower, Disappearance Down

Disappearance of cigar filler during October-March was 18 million pounds, 7 million pounds below a year earlier. Virtually all cigar filler goes for domestic use. Short supplies and declining cigar production contributed to the sharp decline.

Based on historical trends and partial 1975/76 data, filler tobacco may drop 25 percent from that of 2 seasons ago (1973/74). Declines are indicated for Pennsylvania and Puerto Rican types. Since filler disappearance is expected to be below production by about 1 million pounds, carryover on October 1 may rise to around 62 million pounds, just over last season's record low (table 13).

Binder Disappearance Mixed

Cigar binder disappearance for October 1975-March 1976 was 11 million pounds, slightly below a year earlier. Wisconsin binder (types 54-55) declined slightly while Connecticut Valley binder (types 51-52) remained about the same.

Disappearance of Connecticut Valley binder tobacco for 1975/76 is estimated above last season's output so carryover this October 1 may decline by 15 percent to 5.3 million pounds.

Despite gains in production of looseleaf chewing tobacco and the more expensive categories of cigars, use may not rise much above 18 million pounds—1 million below last season. Therefore, carryover stocks will probably rise slightly to 38 million pounds.

Wrapper Use Falters

Disappearance of shade-grown wrapper (types 61-62) during July 1975-March 1976 was 7 million pounds, about the same as a year earlier. Exports were up 45 percent. Prices to growers increased 9 percent last season. For the year ending June 30, 1976, cigar wrapper disappearance is expected to be down about a tenth from 1974-75. Carryover will be down about a tenth. During the first 10 months of the marketing year, cigar wrapper exports were 4.0 million pounds, up almost 1 million from a year earlier. The United Kingdom, the major destination, took more earlier in the year than last year.

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 price¹ support operations, 1967-76

Marketing year beginning October 1	Farm-sales weight)						Total supply
	Acreage harvested	Yield per acre	Production	Beginning stocks			
				Manufacturers and others	Under loan	Total	
<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	
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	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975	8.0	1,750	14.0	32.7	(³)	32.8	46.8
1976 ¹	8.1	1,750	14.1			29.8	43.7
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 .....	.7	1,315	.9	3.0	0	3.0	3.9
1975 .....	.7	930	.7	2.3	0	2.3	3.0
1976 ¹ .....	.8	1,150	.9			1.9	2.8
Disappearance			Average price per pound		Price support level	Placed under Government loan	
Total	Domestic	Exports	Cents	Cents	Quantity	Percentage of crop	
<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Cents</i>	<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>	
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
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	20.2	17.4	2.8	61.9	47.6	(³)	.2
1974	15.6	12.8	2.8	76.9	51.8	.3	2.6
1975	² 17.0	² 14.6	² 2.4	89.8	58.0	.1	.5
1976					65.9		
Sun-cured, type 37							
1967	1.6	1.2	.4	45.2	37.3	⁴ 25	1.9
1968	1.3	1.1	.2	53.2	38.3	⁴ 1	.1
1969	1.8	1.5	.3	52.8	39.7	⁴ 1	.1
1970	1.3	1.1	.2	53.8	41.4	⁴ 3	.3
1971	1.2	1.0	.2	54.1	43.1	0	---
1972 .....	.6	.4	.2	57.9	45.2	0	---
1973	1.1	.9	.2	69.2	47.6	0	---
1974	1.6	1.3	.3	82.1	51.8	⁴ 2	2.1
1975	² 1.0	² .8	² .2	85.5	58.0	(⁵)	.1
1976					65.9		

¹ Based on April 1 prospective plantings and average yield with allowance for trend and estimated stocks. ² Estimated.

³ Less than 50,000 lbs. ⁴ Quantity placed under Government loan reported in thousand pounds. ⁵ Less than 500 lbs.

Table 13—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-76 (Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Pennsylvania Seedleaf Filler (type 41)									
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	0.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,825	36.5	105.1	140.6	44.3	43.7	.6	30.0
1970	17.0	1,800	30.6	97.3	127.9	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	28.3	27.5	.8	52.0
1974	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975 ³	12.5	1,650	19.8	49.2	69.0	16.7	16.4	.3	58.0
1976 ³	12.5	1,700	21.2	52.3	73.5				
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	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975 ³	1.8	1,750	3.2	5.9	9.1	3.8	3.8	---	60.0
1976 ³	1.9	1,650	3.2	5.3	8.5				
Puerto Rico Filler (type 46) ³									
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	⁵ 33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	⁵ 33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	⁵ 33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	⁵ 36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	⁵ 39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	---	⁵ 42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	⁵ 42.1
1974	2.7	1,477	3.9	10.0	14.0	7.9	7.9	---	⁵ 45.5
1975 ³	2.7	1,500	4.0	6.1	10.1	5.6	5.6	---	
1976 ³	3.4	1,500	5.1	4.5	9.6				
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	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.8	56.6
1975 ³	17.3	1,630	27.0	61.2	88.2	26.1	25.8	.3	56.2
1976 ³	17.8	1,650	29.5	62.1	91.6				
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	65.1
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	3.2	3.1	.1	72.8
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975 ³	1.5	1,562	2.4	6.2	8.6	3.3	3.1	.2	92.7
1976 ³	1.5	1,675	2.4	5.3	7.7				
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	---	36.8
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	40.2
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	50.3
1972	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975 ³	5.6	1,945	10.9	19.8	30.7	10.8	10.8	---	75.1
1976 ³	5.6	2,000	11.2	19.9	31.1				
Northern Wisconsin Binder (type 55)									
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	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	12.0	12.0	*	60.7
1974	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975 ³	5.4	1,835	9.9	15.8	25.7	7.1	7.1	*	75.1
1976 ³	5.4	1,850	10.0	18.6	28.6				

See footnotes at end of table.

Table 13—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-76—Cont.

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total Wisconsin Binder (types 54-55)									
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	0.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	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	22.2	22.2	*	60.6
1974	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975 ³	11.0	1,891	20.8	35.6	56.4	17.9	17.9	*	75.1
1976 ³	11.0	1,925	21.2	38.5	59.7				
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	25.4	25.3	.1	62.1
1974	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975 ³	12.5	1,851	23.2	41.8	65.0	21.2	21.0	.2	76.9
1976 ³	12.5	1,900	23.7	43.8	67.5				
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	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975 ³	4.5	1,371	6.0	9.5	15.5	7.2	2.6	4.6	640.0
1976 ³	4.2	1,400	5.8	8.3	14.1				
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	4.2	3.7	.5	350.0
1974	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975 ³	1.1	1,556	1.7	6.2	7.9	2.2	1.5	2.7	400.0
1976 ³	.4	1,550	4.5	5.7	6.2				
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	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975 ³	5.6	1,431	7.7	15.7	23.4	9.4	4.1	5.3	585.7
1976 ³	4.5	1,400	6.3	14.0	20.3				
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	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.5	1,834	65.3	121.2	186.3	67.7	62.8	4.9	142.5
1975	35.4	1,635	57.9	118.6	176.5	56.7	50.9	5.8	135.1
1976	34.8	1,700	59.5	119.8	179.3				

¹October 1 for types 41-55; July 1 for types 61-62.
²Estimated. ³Includes estimated carryover. ⁴Estimated production based on April 1 intended acreage and projected yields. ⁵Excludes payment by Puerto Rican Government; 20

cents per pound in 1974. ⁶Puerto Rican planting occurs late in calendar year; projected for 1976. ⁷Evaluated at 45.5 cents per pound. *Less than 50,000 pounds.

Imported Foreign-grown cigarette leaf stocks, by quarters, 1971-76

Year	Jan.	April	July	Oct.	Jan.	April	July	Oct.
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
	Foreign-grown flue-cured				Foreign-grown oriental and aromatic			
1971	13	11	14	15	367	371	382	347
1972	12	12	24	19	320	357	389	360
1973	31	31	40	38	369	376	387	360
1974	38	44	47	54	355	374	383	350
1975	53	49	70	70	377	412	415	351
1976	74	73			361	431		
	Foreign-grown burley				Total imported cigarette leaf			
1971	5	5	4	6	386	386	400	367
1972	7	9	9	11	339	377	423	390
1973	17	24	27	36	418	431	455	434
1974	49	59	67	88	442	477	497	493
1975	118	107	145	136	548	567	628	586
1976	134	124			568	628		

Foreign-grown cigar leaf tobacco U.S. imports and stocks 1973-76

(Farm sales weight)

Country of origin	October-September 1974-75	Imports for consumption ¹				Dealers and manufacturers stocks, April 1—			
		October-April				1973	1974	1975	1976
		1972-73	1973-74	1974-75	1975-76 ¹				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Philippines	20.5	15.4	14.9	10.4	14.7	36.9	35.3	38.7	46.0
Dominican Republic	17.8	8.5	9.0	9.6	9.3	19.9	22.8	24.5	18.7
Brazil	19.9	12.6	7.0	11.7	12.8	8.1	7.9	7.6	6.6
Columbia	8.4	7.2	4.2	4.4	4.6	8.7	9.8	10.7	8.9
Paraguay	8.1	5.0	3.2	5.3	3.0	7.8	7.1	10.8	7.4
Mexico	18.8	3.8	13.9	12.7	3.8	5.7	4.4	5.5	3.8
Indonesia	11.2	3.8	3.9	4.2	4.8	6.6	10.6	10.7	12.7
All others	46.5	9.8	28.1	29.5	28.4	19.8	22.5	20.7	21.5
Total	151.2	66.1	84.2	87.8	81.4	113.6	120.5	129.2	125.6

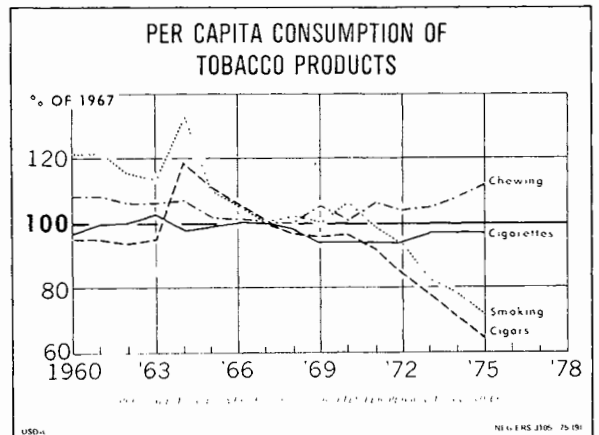
¹ Includes scrap tobacco from some countries that may be used in cigarette manufacture.

Tobacco loan stocks, 1974-76

(Farm-sales weight)

Type	End of May		
	1974	1975	1976
	Million pounds	Million pounds	Million pounds
Flue-cured, 11-14	287.2	184.8	353.1
Uncommitted	155.8	99.7	340.1
Burley, 31	163.6	41.4	53.0
Uncommitted	68.8	0	45.6
Virginia, 21	0	0	.1
Kentucky-Tennessee, 22-23 ..	1	1	.3
Kentucky-Tennessee, 35-36 ..	.4	.6	1
Ohio, 42-44	0	0	0
Puerto Rican, 46	0	1.4	0
Connecticut Valley, 51-52 ..	2.3	1.6	.8
Total	455.5	229.8	487.3

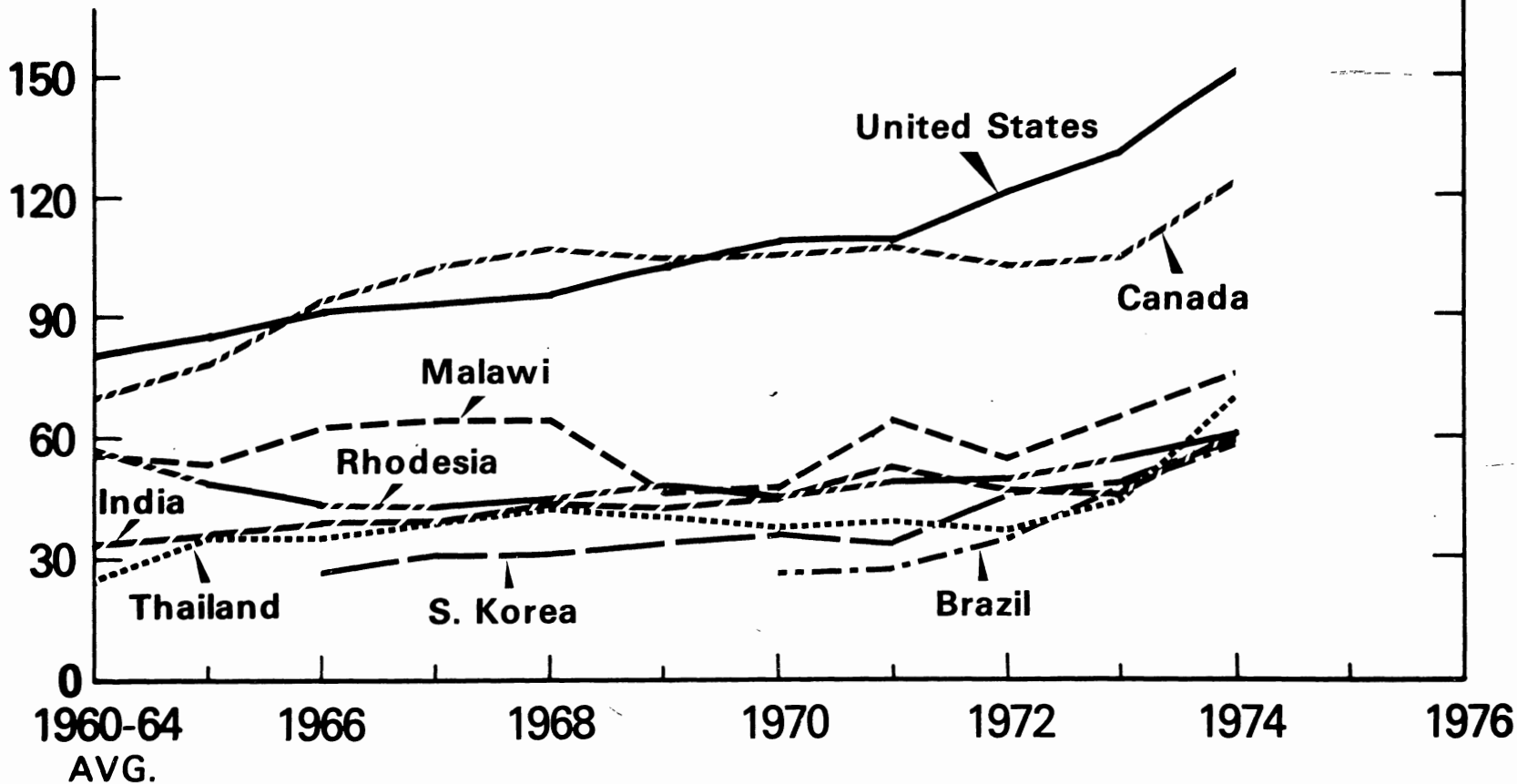
¹ Negligible.



Compiled from records of Tobacco Division, ASCS.

FLUE-CURED TOBACCO: AVERAGE ESTIMATED EXPORT PRICES, BY MAJOR PRODUCERS

U.S. ¢ PER LB.



WORLD TOBACCO TRADE REVIEW, 1975

Exports Fall Below 1974 Record

World tobacco leaf exports dropped about 8 percent from the record in 1975. Nevertheless, trade was the second highest ever. The 10 leading exporting countries accounted for 63 percent of total free-world exports last year, compared with 64 percent in 1974 (table 14). In 1955-59, this share averaged 87 percent. Many other countries are attempting to expand tobacco production as a source of valuable export earnings. Tobacco from some of these countries sells for one-half or less of U.S. prices. Tobacco exports from other than the 10 largest exporting countries in 1975 were over 900 million pounds, about the same as 1974. The decline in world trade contrasts with an increase in world production in 1975. The combination of a decline in trade and a 300 million pound increase in production has boosted stocks in producing countries relative to 1974.

Table 14—Exports of unmanufactured tobacco from the leading exporting countries, 1971-75

Country	1971	1972	1973	1974	1975 ¹
<i>Million pounds</i>					
United States	473	606	613	551	563
Turkey	180	269	239	248	145
Greece	131	163	101	148	112
India	122	176	183	182	172
Rhodesia ²	100	120	80	80	100
Brazil	135	142	143	205	216
Philippine Republic	102	84	74	75	84
Dominican Republic	57	72	69	91	69
Canada	52	53	62	74	58
Malawi	45	54	59	59	260
Total 10 countries	1,398	1,739	1,624	1,813	1,579
<i>Ten countries as percentage of world total</i>					
<i>Percent</i>					
	74	74	69	66	63

¹ Subject to revision. ² Estimated.

The United States, the world's leading producer and exporter of tobacco, supplied about 23 of the free-world exports in 1975 (table 15), slightly lower than 1974. U.S. exports during 1975 declined one-seventh from 1974. The United States shipped about 39 percent of the world's flue-cured total in 1975.

Import Highlights

World import trade (excluding the Sino-Soviet countries) is expected to be near that of 1974. Sta-

tistics on world import and export volumes do not balance because some countries do not report their trade figures and some imports may appear as another country exports in a previous time period and vice versa.

The United States last year ranked first as an importer of cigarette and cigar tobaccos, mainly for blending with domestic types. The United Kingdom and West Germany ranked second and third among tobacco-importing countries. The 12 leading importing countries, excluding the United States, accounted for 57 percent of total free-world imports in 1975 (table 16). Including U.S. imports, the 13 countries accounted for 68 percent.

Tobacco: EC Countries

As part of the EC's cigarette tax harmonization scheme, the *United Kingdom's* tobacco revenue tax structure was changed May 10. An ad valorem element of 20 percent of the retail price was introduced, which raised the retail price of cigarettes about 10 percent. This price rise follows tax increases which, combined with last year's high rate of inflation, reduced tobacco consumption in the U.K. in 1975 to 246 million pounds, the second lowest level since 1953. This latest increase is expected to further retard tobacco consumption in the U.K. and U.S. tobacco exports to that destination. U.S. tobacco exports to the U.K., the third largest export market, fell 15 percent in 1975. An ad valorem tax gives price advantages to less expensive tobacco grown in Europe and to nations receiving EC preference rates. As such, it hurts our exports more than a specific tax that would favor cigarettes made from more expensive tobaccos from the United States.

Italy was the fourth largest U.S. market in 1975, taking over 31 million pounds, about two-thirds of it flue-cured. The EC Commission has issued regulations adding new export subsidies of nearly 10 cents per pound for Italy's 1975 tobacco crop (applicable through June 1977) for flue-cured tobacco exported to Libya, Tunisia, Algeria, Morocco, Egypt, Spain, Austria, Portugal, Norway, Switzerland, Japan, and Communist countries in Europe. Export subsidies on burley and dark air-cured tobaccos were raised to 11.5 cents per pound to the countries listed above, plus Canada. The 9-cent-per-pound subsidy on oriental tobacco was maintained for the 1975 crop but now extends to all varieties of this type.

Italy exported 72 million pounds of tobacco to countries outside the EC in 1974, including 18 million pounds of burley, a major U.S. export type. Italy's 1975 production rose 3 percent over 1974,

Table 15—United States and world production and exports of flue-cured and all unmanufactured tobacco, 1955-75

Period	Flue-cured			All tobacco		
	United States	World total	United States as percentage of total	United States ¹	World total	United States as percentage of total
	<i>Million pounds</i>		<i>Percent</i>	<i>Million pounds</i>		<i>Percent</i>
	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	1,012	4,076	25	1,754	10,155	17
1973	1,157	4,404	27	1,744	10,670	17
1974 ²	1,241	4,788	26	1,994	11,385	18
1975 ²	1,415	5,072	28	2,197	11,697	19
	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	425	1,044	41	606	2,355	26
1973 ²	418	1,052	40	613	2,370	26
1974 ²	441	1,178	37	651	2,726	24
1975 ²	391	⁴ 1,000	39	563	⁴ 2,500	23

¹ Includes Puerto Rico. ² Subject to revision. ³ Total excludes Sino-Soviet countries. ⁴ Estimated. Foreign data supplied by the Tobacco Division, Foreign Agricultural Service.

Table 16—Tobacco imports of ranking foreign and percentage supplied by the United States, 1971-75

	Total tobacco imports ¹					Percentage supplied by the United States					
	1971	1972	1973	1974	1975 ²	1970	1971	1972	1973	1974	1975 ²
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
West Germany	341	322	³ 321	³ 191	291	25	30	30	29	23	30
United Kingdom	269	298	328	362	314	41	36	40	39	26	28
France	168	178	172	178	198	7	5	7	4	6	4
Netherlands	126	137	152	149	147	30	26	25	21	21	21
Japan	100	132	127	170	202	60	54	52	54	50	53
Belgium-Luxembourg	74	77	84	88	87	22	20	17	15	12	14
Spain	93	57	59	77	84	6	8	12	7	10	22
Switzerland	66	68	80	79	60	40	48	46	34	41	31
Canary Islands	61	65	57	69	45	1	*	*	*	*	9
Italy	38	48	50	65	78	38	53	48	38	27	44
Denmark	33	38	61	30	32	65	48	60	59	43	48
Sweden	27	33	28	21	28	70	56	64	64	61	55

¹ Unmanufactured tobacco. ² Subject to revision. ³ Revised. *Less than 0.5 percent.

Compiled from reports of Foreign Agricultural Service.

Table 17—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1973-75

Item	1973	1974	1975 ¹	Item	1973	1974	1975 ¹
	Million pounds	Million pounds	Million pounds		Million pounds	Million pounds	Million pounds
Imports, by source:				Gross clearances:			
United States	127	104	88	Full duty rate	158	157	147
Commonwealth	140	162	140	Commonwealth rate	163	156	160
Other	60	96	86	Total	321	313	307
Total	328	362	314				
Exports:				Flue-cured:			
Manufactured products	65	61	70	United States	117	101	93
Unmanufactured	9	7	6	Commonwealth	160	156	138
Stocks, Dec. 31:				Other	31	43	60
Flue-cured	298	302	289	Total	307	300	291
Other	69	86	110	Net clearances:	248	236	224
Total	367	388	399				

¹ Preliminary.

Compiled from Official United Kingdom sources.

Table 18—Tobacco: EC imports, by major suppliers, 1955-75

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 EC ¹ 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
1965-69	169	107	96	59	39	160	630	26.8
1970	142	112	104	72	15	195	640	22.2
1971	178	126	126	81	19	213	743	24.0
1972	179	134	114	103	22	210	762	23.5
1973	171	125	117	152	22	190	777	22.0
1973 ²	342	150	120	168	161	272	1,196	28.6
1974 ³	300	179	114	194	190	371	1,321	22.7
1975 ³	284	---	---	---	---	---	1,182	24.0

¹ EC and associated areas includes countries in the Yaounde and Arusha agreements. ² Belgium, Luxembourg, France, Italy,

Netherlands, and West Germany. ³ EC (6) plus Denmark, Ireland, and United Kingdom. --- = Not available.

with flue-cured and oriental accounting for the increase. Exports through November 1975 were running 5 percent above 1974's record high.

West Germany's imports decreased to 395 million pounds. The United States remained the leading tobacco supplier. West Germany was our leading customer, taking 91 million pounds in 1975. Nevertheless, the EC's preferential tariff treatment for tobacco coming from developing countries is putting U.S. tobacco at a competitive disadvantage.

France is the fourth largest tobacco importer, but U.S. shipments of 9 million pounds represent a minor market share. With the incentive of the EC

Common Agriculture Policy (CAP) for tobacco, France took more tobacco from West Germany, Belgium, and Netherlands (Intra-community transshipments).

The Netherlands continued to buy 30 million pounds of U.S. tobacco despite the EC tariff rates that favor developing nations' tobacco. Nevertheless, total EC imports from the United States declined to 284 million pounds (5 percent).

Japan and Asia

The United States, the principal supplier to Japan, provided 106 million pounds, 52.5 percent of

Table 19—Japan tobacco: Imports, by major suppliers, 1966-75

Year	United States	India	Thailand	Bulgaria, Greece, Turkey, Yugoslavia	Other countries	Total	United States as a	
							Total	Non-oriental imports ¹
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent	Percent
1966	47	3	3	11	7	71	67.1	79.5
1967	40	6	3	15	1	65	61.9	80.6
1968	35	7	4	13	1	60	58.8	75.3
1969	47	6	3	16	1	73	63.9	81.9
1970	44	6	6	16	1	73	60.3	78.0
1971	54	9	8	23	6	100	53.6	69.5
1972	69	10	9	36	8	132	51.9	71.5
1973	69	10	6	25	17	127	54.1	67.6
1974	85	11	7	30	37	170	50.0	60.8
1975	106	12	8	25	51	202	52.5	59.9

¹ Total less Bulgaria, Greece, Turkey, and Yugoslavia.

1975 Japanese imports (table 19). For last calendar year, Japan cut its oriental leaf takings from Greece and Turkey.

Asia, including Japan, imported only 154 million pounds of U.S. tobacco in calendar 1975—down 27 percent—reflecting the loss of South Vietnam, and declines in exports to Malaysia and Thailand.

Foreign News Briefs

The effect of blue-mold disease, higher prices, and relatively high stocks of oriental leaf in many consuming countries were obvious on this year's Aegean market, *Turkey's* most important tobacco market. Prices of the 1975 Aegean crop, reduced in quality and size by blue-mold infestations, averaged 28 percent higher; however, this year the Turkish Tobacco Monopoly purchased almost 25 percent more leaf. Private merchants, concerned with export sales of this season's higher priced tobacco, generally limited purchases to better grades. Prices for 1975 Aegean leaf are expected to be near \$2 per pound f.o.b., compared with \$1.70 and \$1.34 for leaf of the 1974 and 1973 crops, respectively.

Canada has set a guaranteed minimum for the 1976 Ontario flue-cured crop of C\$1 per pound for 175 million pounds. Agreement came in a recent farmer poll which resulted in an 86 percent majority acceptance of production control changes. Poundage, rather than acreage, will be the basis of Ontario's new production control system—a change required by the Ontario Tobacco Manu-

facturers' Council in an agreement for guaranteeing a minimum price for the 1976 crop. The switch to poundage control is expected to encourage quality improvement, which has been of concern to the industry.

In early May, with the 1975 flue-cured crop sales season near completion, daily average prices dropped below C\$0.60 per pound. At the same time, the season average price reached a low of C\$0.82 per pound—C\$0.12 below the minimum guaranteed by the Ontario Tobacco Manufacturers' Council.

Rhodesian tobacco production is uncertain because of increased guerrilla warfare and prolonged political negotiations. The government of Rhodesia continues to strive for a settlement to nationalist demands for majority rule.

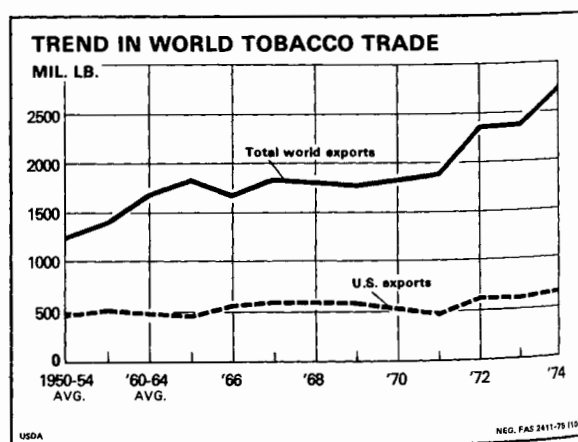


Table 20—Cash receipts from tobacco and percentages of total cash receipts from all farm commodities, by States, average 1966-70, annual 1973-75

State	Average 1966-70		1973		1974		1975 ¹	
	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts
	Million dollars	Percent	Million dollars	Percent	Million dollars	Percent	Million dollars	Percent
North Carolina	518	38.4	719	30.8	838	31.9	951	35.5
Kentucky	294	35.1	306	23.3	470	31.6	408	27.7
South Carolina	95	23.4	115	16.2	179	21.6	188	22.5
Virginia	84	15.6	122	13.4	147	15.2	149	14.7
Tennessee	81	12.6	89	7.8	123	12.2	122	11.0
Georgia	85	7.9	89	4.7	168	8.0	154	6.9
Florida	30	2.5	29	1.4	37	1.6	29	13.5
Maryland	21	5.9	20	3.5	29	4.6	29	4.3
Connecticut	26	16.1	21	10.2	28	13.0	36	1.5
Pennsylvania	11	1.2	8	.6	11	.7	15	.9
Ohio	14	1.1	16	.7	21	.9	21	.8
Indiana	10	.7	11	.4	18	.6	15	.5
Massachusetts	10	6.2	8	4.0	10	4.8	13	.4
Wisconsin	5	.4	9	.4	11	.5	14	.5
Missouri	3	.2	4	.1	6	.2	6	.2
West Virginia	2	2.4	3	1.8	2	1.6	3	2.0
United States ²	1,292	2.8	1,570	1.8	2,097	2.3	2,155	2.4

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

Table 21—Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1965-75

	Net sales	Net income		Profit			
		Before Federal tax	After Federal tax	Per dollar of sales		Percentage of stockholders equity (annual basis)	
				Before Federal tax	After Federal tax	Before Federal tax	After Federal tax
	Million dollars	Million dollars	Million dollars	Cents	Cents	Percent	Percent
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
1974	14,267	1,354	770	9.5	5.4	¹ 26.4	¹ 15.0
1974 ²	8,933	1,058	801	11.8	9.0	¹ 26.4	¹ 20.0
1975 ²	9,987	1,396	919	14.0	9.2	26.6	16.6
Quarterly 1975							
1	2,338	310	196	13.3	8.4	25.1	14.1
2	2,359	336	225	14.3	9.5	28.1	15.9
3	2,432	370	270	15.2	11.1	31.9	18.4
4	2,858	380	228	13.3	8.0	29.4	15.3

¹ Estimated on the basis of an equity increase of 8 percent.
² Industry classification changed and foreign subsidiary results omitted beginning with 1st Quarter 1974. For 1974, the new series reduced net sales 37 percent and profits before taxes 22 percent. Profits after taxes increased 4 percent. 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 22--Flue-cured tobacco: Farm marketings by belt and across-belt marketings, 1975

States and belt	Total farm marketings	Sold in --					Total sold out of belt	
		Ga.-Fla. 14	S.C.-N.C. 13	N.C. 12	N.C.-Va. 11	Amount	Percent of sales	
- - - Million pounds - - -								<u>Percent</u>
Ga.-Fla., 14	179.7	179.7	<u>1/</u>	0	0	0	---	
S.C.-N.C., 13	322.4	1.9	306.7	5.3	8.5	15.7	4.9	
N.C., 12	491.4		12.7	468.0	10.7	23.4	4.8	
N.C.-Va., 11	417.5		3.4	32.8	381.3	36.2	8.7	
Sales from out of belt	---	1.9	16.1	38.1	19.2	---	---	
Total <u>2/</u>	1,411.0	181.6	322.8	506.1	400.6	75.3	5.3	
<u>Sales from out of belt as percentage of belt sales</u>								
<u>Percent</u>								
	5.3	1.0	5.0	7.5	4.8	---		

1/ Less than 50,000 pounds. 2/ Distribution of 4.6 million pounds not available. Detail may not add to total due to rounding.

Compiled from records and reports of Tobacco and Peanut Division, ASCS.

Table 23--Burley tobacco: Farm marketings by State and across-state line movement, 1975 crop

State	Total farm marketings	Sold in --							Total sold out of state
		Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va. West Va.	
<u>Million pounds</u>									
Indiana	13.0	6.3	6.7		<u>1/</u>				6.8
Kentucky	434.4	2.8	425.2		0.4	5.9	<u>1/</u>	0.1	9.2
Missouri	6.0		0.2	5.8					.2
North Carolina	20.4				15.9		4.5	<u>1/</u>	4.5
Ohio	12.6		6.8			4.0		1.8	8.6
Tennessee	115.2		1.7		0.6		107.0	5.9	8.2
Virginia	28.5		<u>1/</u>		1.1		0.5	27.0	1.5
West Virginia	4.7		0.1		<u>1/</u>	<u>1/</u>		<u>1/</u>	4.5
Total <u>2/</u>	634.8	9.1	440.7	5.8	17.6	4.4	117.9	32.9	6.4

1/ Negligible. 2/ Includes 100,000 pounds produced in other states. Detail may not add to total due to rounding.

Compiled from records of Tobacco and Peanut Division, ASCS.

PRICE SUPPORT LEVEL AND PRODUCTION COSTS FOR THE 1976 FLUE-CURED TOBACCO CROP

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ABSTRACT: The increase in production costs for the 1976 flue-cured tobacco crop, an estimated 3 cents a pound, will be less than the rise experienced over the last few years. Budgets for two commonly used harvest systems indicate costs of 66 and 68 cents per pound (excluding land, management, and allotment costs). For 1976, the price support level goes to \$1.06 a pound (the highest on record). The increase from 93 cents last season likely will more than cover the increase in specified production costs.

KEYWORDS: Production costs, flue-cured tobacco, tobacco harvest systems.

The price support increase from 93 cents a pound to \$1.06 for the 1976 flue-cured tobacco crop is the largest on record. It should assist growers in obtaining a record high price for their crop which will more than cover increased production costs. This would be welcomed by flue-cured tobacco growers who have experienced significant production cost increases since 1973, and, last year, market prices fell below 1974 averages.

Harvest Systems

To assess changes in production costs, budgets are estimated for two commonly used harvest systems. Costs of producing flue-cured tobacco have been published in the *Tobacco Situation* the past 2 years. The harvest systems utilized: 1) a conventional barn, walking primers, and a tying machine; and 2) a bulk barn and a priming aid.¹ The conventional barn system has traditionally been used on tobacco farms. The bulk system is representative of the rapid movement towards labor-saving technology. More recent innovations include two-row and tractor-mounted multi-pass

harvesters, once-over harvesters, and big box curing. Production costs can vary widely due to management, labor productivity, and a host of other variables besides harvest system. These budgets do not reflect cost variability, but they can be used to evaluate cost changes for the specified situations.

Production Costs, 1975 and Prior Years

In 1975, higher production costs were incurred due to increased prices of fertilizer, chemicals, machinery, and labor. The higher costs, coupled with lower prices for tobacco, resulted in net returns per pound of tobacco falling below the 1974 level. (In 1974 a surge in tobacco sale prices more than offset higher production expenses—table 1). Not only did net returns decline in 1975, but the purchasing power of the tobacco grower's net return was reduced still further due to inflation.

Costs of 1976 Inputs

Production costs for the 1976 flue-cured tobacco crop are expected to increase a minimum of 3 cents per pound above 1975 levels. Preharvest costs will increase little this year—less than ½ cent per pound (table 2). While prices of fuel, machinery, and labor are higher, decreases in prices of fertilizer and most chemicals will dampen the increase in cost of production.

¹For details see, *Tobacco Situation*, TS-149, "Flue-Cured Tobacco Production and Prices, 1972-74," September 1974, pp. 37-42, and *Tobacco Situation*, TS-152, "Flue-cured Tobacco Production Costs, A Preview of 1975," June 1975, pp. 29-32.

Table 1—Flue-cured tobacco—costs and returns, 1972, 1974, 1975¹

Item	Conventional barn			Bulk barn		
	1972	1974	1975	1972	1974	1975
	<i>Cents per pound</i>					
Seasonal average price	85.3	105.0	100.0	85.3	105.0	100.0
Production costs	42.4	58.2	65.2	40.2	55.1	62.9
Return to land, management, and allotment	42.9	46.8	34.8	45.1	49.9	37.1

¹ Costs taken from *Tobacco Situation*, September 1974, pp. 37-42 and June 1975, pp. 29-32.

Estimated production costs for the conventional barn system are 68 cents a pound, up 3 cents from 1975, and costs for the bulk system are 66 cents a pound, also up 3 cents (table 3). Most of the cost increase is attributable to higher machinery prices and rising farm wage rates. Machinery and curing equipment prices are up an estimated 10 percent over last year. This higher purchase cost is reflected in higher overhead and maintenance costs.

Wage rates are estimated to increase 8 percent based on the most recent indicators. April 1976 wage rates for hired field workers in the four major flue-cured tobacco States ranged from 6 to 11 percent above 1975 levels.² However, harvest requires about two-thirds of the total labor and wage rates at harvest time could vary from those estimated.

1976 Price Support Levels

The price support for eligible 1976 flue-cured tobacco is up 13.7 percent (13 cents) over 1975. As required by law, adjustment of the 1976 price support is based on the average of the parity index during the past 3 calendar years (1973-75), compared with the 1959 average. Consequently, the

²U.S. Department of Agriculture, Statistical Reporting Service, *Farm Labor*, May 27, 1976, pp. 9 and 13.

rapid rise of input prices that began in 1973-74 is reflected in the 1976 support price.

An average price at the support level of \$1.06 a pound and production costs of 66 to 68 cents will provide net returns to land, allotment, and management near 38 to 40 cents a pound. However, buying companies have to pay at least 1 cent a pound above the support price for a given grade of tobacco and competition among companies usually pushes price averages several cents higher. So net returns may range from 40 to 45 cents a pound if the 1976 crop is average quality or better. This spread between market price and production costs per pound exceeds 1975 levels and provides returns comparable to the 1972-74 period.

CONCLUSIONS

Flue-cured tobacco production costs will increase again in 1976, but at a slower rate than was experienced over the past 3 to 4 years. Most of the cost increase is attributable to rising farm wage rates and increased machinery prices. The increased price of some preharvest inputs is largely offset by price decreases for fertilizer and some types of chemicals. Production costs will likely increase 3 to 4 cents in 1976. However, the average price support for flue-cured tobacco (types 11-14) exceeds the 1975 level by about 13 cents a pound. Thus, net returns per pound are expected to be comparable to those of the 1972-74 period.

Table 2--Estimated preharvest costs per acre for flue-cured tobacco, 1975 and 1976

Item	Unit	Quantity	1975 <u>1/</u>		1976 <u>2/</u>	
			Price per unit	Value	Price per unit	Value
<u>Dollars</u>						
Plant bed						
Fumigant	lb.	5.0	1.10	5.50	1.40	7.00
Fertilizer	cwt.	.5	5.46	2.73	5.10	2.55
Seed	oz.	.1	12.50	1.25	18.00	1.80
Fungicide	lb.	12.5	.11	1.38	.11	1.38
Insecticide	lb.	.33	.75	.25	.56	.19
Framing materials				3.50	---	3.85
Plastic cover	sq. yd.	60.0	.12	7.20	.12	7.20
Tractor and equipment <u>3/</u>						
Fuel	gal.	1.3	.40	.52	.45	.59
Other	---	---	---	7.53	---	8.28
Labor	hr.	10.15	2.00	20.30	<u>4/</u> 2.16	21.92
Interest on operating capital	dol.		.09	<u>3.05</u>	.085	<u>3.12</u>
Subtotal				53.21		57.88
Preharvest						
Nematicide	lb.	56.0	.59	33.04	.75	42.00
Fertilizer	cwt.	16.0	7.25	116.00	6.40	102.40
Herbicide	qt.	1.0	16.00	16.00	13.00	13.00
Insecticide	gal.	1.0	20.00	20.00	17.00	17.00
Sucker control	gal.	3.0	10.40	31.20	9.50	28.50
Tractor and equipment <u>3/</u>						
Fuel	gal.	22.7	.40	9.08	.45	10.21
Other	---	---	---	46.20	---	50.82
Insurance	\$100	12.5	5.00	62.50	5.00	62.50
Labor	hr.	65.2	2.00	130.40	<u>4/</u> 2.16	140.83
Interest on operating costs	dol.		.09	<u>20.90</u>	.085	<u>19.86</u>
Subtotal				485.32		487.12
Total preharvest costs				538.53		545.00

1/ Costs for 1975 taken from "Flue-cured Tobacco Production Costs, a Preview of 1975," William Givan and Frederic Hoff, Tobacco Situation, June 1975, pp.29-32. Yield per acre of 2,100 pounds is assumed.

2/ Estimated costs of inputs based on June 1976 input prices.

3/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor.

4/ Labor cost estimates based on wage rate increases for hired field workers from April 6-12, 1975 to April 11-17, 1976 in the four major flue-cured tobacco States.

Table 3--Estimated harvest and total costs per acre for flue-cured tobacco, conventional barn and bulk barn harvest systems, 1975 and 1976

Item	Unit	Quantity	1975 1/		1976 2/	
			Price per unit	Value	Price per unit	Value
Dollars						
Conventional Barn 3/						
Preharvest costs				538.53		545.00
Harvest costs						
Fuel	gal.	408.0	.38	155.04	.39	159.12
Electricity	kil. hr.	63.0	.04	2.52	.045	2.84
Twine	lb.	5.0	2.95	14.75	3.00	15.00
Sticks	---			6.50		6.83
Sheets	---			2.75		2.89
Tying machine 4/	hr.	6.0	6.42	38.52	6.63	39.78
Tractor and equipment 5/						
Fuel	gal.	47.2	.40	18.88	.45	21.24
Other	---	---	---	84.12	---	92.53
Barn 6/	acre	1.0	93.92	93.92	99.79	99.79
Marketing	lb.	2,100.0	3%@1.00	63.00	3%@1.06	66.78
Labor	hr.	175.0	2.00	350.00	7/2.16	378.00
Total harvest expenses 8/				830.00		884.80
Total expenses 8/				1,368.53		1,429.80
Costs per pound 8/				.652		.681
Bulk Barn 9/						
Preharvest costs				538.53		545.00
Harvest costs						
Fuel	gal.	362.0	.38	137.56	.39	141.18
Electricity	kil. hr.	840.0	.04	33.60	.045	37.80
Sheets	---			2.75		2.89
Riding primer 10/	hr.	5.0	13.02	65.10	13.54	67.70
Tractor and equipment						
Fuel	gal.	36.4	.40	14.56	.45	16.38
Other	---	---	---	64.91	---	71.40
Barn 6/	acre	1.0	190.20	190.20	200.64	200.64
Marketing	lb.	2,100.0	3%@1.00	63.00	3%@1.06	66.78
Labor	hr.	105.0	2.00	210.00	7/2.16	226.80
Total harvest expenses 8/				781.68		831.57
Total expenses 8/				1,320.21		1,376.57
Costs per pound 8/				.629		.656

1/ Costs for 1975 taken from "Flue-cured Tobacco Production Costs, A Preview of 1975," William Givan and Frederic Hoff, Tobacco Situation, TS-152, June 1975, pp. 29-32. A yield per acre of 2,100 pounds is assumed. 2/ Estimated costs of inputs based on June 1976 input prices. 3/ Costs are calculated for tobacco primed by walking primers, with the leaf put on sticks by tying machine, and cured in conventional barn. 4/ Fixed costs based on 72 hours of annual use. 5/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor. Fuel and other costs for hauling are included in equipment estimates. 6/ Fixed costs based on curing 12 acres of tobacco annually. 7/ Labor cost estimates based on wage rate increases for hired field workers from April 6-12, 1975 to April 11-17, 1976 in the four major flue-cured tobacco States. 8/ Excluding cost for land, management, and tobacco allotment. 9/ Costs are calculated for tobacco primed by tractor drawn priming aid and cured in bulk barn. 10/ Fixed costs based on 60 hours of annual use.

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STATISTICAL SUMMARY

Item	Unit or base period	1975			1976		Last data as percentage of a year earlier
		Apr.	May	Mar.	Apr.	May	
Average price at auctions							
Flue-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Burley	Ct. per lb.	closed	closed	closed	closed	closed	---
Maryland	Ct. per lb.	101.0	93.5	99.2	109.5	109.5	117
Virginia fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Ky.-Tenn. fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Virginia sun-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Support price ^{1/}							
Flue-cured	Ct. per lb.		93.2		106.0		114
Burley	Ct. per lb.		96.1		109.3		114
Maryland	Ct. per lb.		no support		no support		---
Virginia fire-cured	Ct. per lb.		65.2		74.1		114
Ky.-Tenn. fire-cured	Ct. per lb.		65.2		74.1		114
Ky.-Tenn. dark air-cured	Ct. per lb.		58.0		65.9		114
Virginia sun-cured	Ct. per lb.		58.0		65.9		114
Connecticut Valley cigar binder	Ct. per lb.		66.5		75.6		114
Wis. binder and Ohio filler	Ct. per lb.		48.0		54.6		114
Puerto Rican filler	Ct. per lb.		49.9		56.7		114
Parity index ^{2/}	1910-14=100	606	612	652	656	656	107
Industrial production index ^{3/} Employment	1967=100 Mil.	109.9 83.5	110.1 84.1	121.7 85.6	122.3 86.6	123.2 87.3	112 104
Personal income ^{4/}	Bil. dol.	1,290.0	1,217.2	1,336.0	1,346.2	1,357.2	112
Taxable removals							
Cigarettes	Bil.	44.0	51.8	51.0	58.8	49.6	96
Cigars and cigarillos	Mil.	372.1	393.9	286.3	363.5	336.5	85
Accumulated from Jan. 1							
Cigarettes	Bil.	138.8	190.6	102.9	161.8	211.4	111
Cigars and cigarillos	Mil.	1,077.2	1,471.1	605.9	968.9	1,305.4	89
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	11.1	---	---	11.1	---	100
Chewing tobacco	Mil. lb.	18.0	---	---	19.4	---	108
Snuff	Mil. lb.	6.3	---	---	6.4	---	102
Tax-exempt removals							
Cigarettes	Bil.	4.9	4.5	6.3	6.4	5.9	131
Exports	Bil.	5.2	3.3	6.4	4.9	5.1	154
Cigars and cigarillos	Mil.	9.8	11.8	10.6	14.1	12.9	109
Accumulated from Jan. 1							
Cigarettes	Bil.	14.8	19.3	12.3	18.7	24.6	127
Exports	Bil.	12.3	15.6	10.3	15.2	20.2	129
Cigars and cigarillos	Mil.	29.2	41.0	22.3	36.4	49.3	120
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.2	---	---	.3	---	150
Chewing tobacco	Mil. lb.	.2	---	---	.2	---	100
Wholesale price indexes ^{5/}							
Cigarettes (reg. nonfilter)	1967=100	153.9	153.9	168.4	168.4	165.5	108
Cigars	1967=100	122.0	122.0	125.4	125.6	125.6	103
Smoking tobacco	1967=100	163.7	163.7	165.4	170.2	177.5	108
Plug chewing tobacco	1967=100	154.8	175.0	175.0	179.3	184.3	105
Snuff	1967=100	173.6	184.3	188.5	188.5	190.6	103
Consumer price indexes (urban) ^{6/}							
Cigarettes (reg. nonfilter)	1967=100	155.1	155.3	161.5	161.7	162.0	104
Cigarettes (filter tip king)	1967=100	155.9	155.9	162.0	162.1	162.7	104
Cigars (domestic reg. size)	1967=100	120.9	123.6	127.7	128.4	128.9	104
Imports of tobacco							
Cigarette leaf	Mil. lb.	22.9	16.9	23.4	19.7	16.2	96
Cigar tobacco ^{7/}	Mil. lb.	16.1	13.1	14.0	11.5	8.9	68
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	66.0	83.0	40.9	60.9	76.8	93
Cigar tobacco ^{7/}	Mil. lb.	37.5	50.6	26.0	37.5	46.4	92

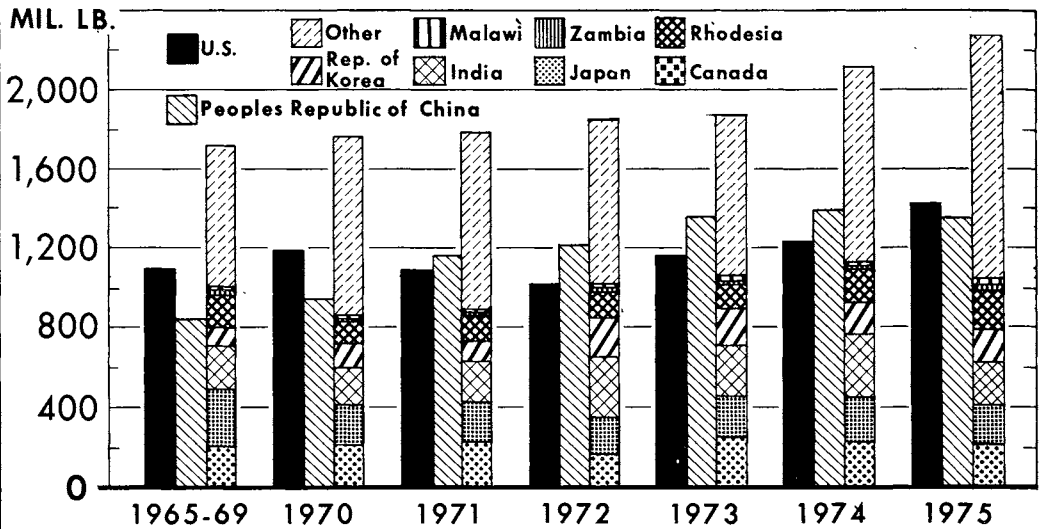
See footnotes at end of table.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1975		1976		Last data as percentage of a year earlier	
		Mar.	Apr.	Feb.	Mar.		Apr.
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	43.1	39.7	48.2	30.5	26.2	66
Burley	Mil. lb.	14.0	9.8	2.7	16.8	19.6	200
Maryland	Mil. lb.	.6	.5	.3	.5	.8	160
Virginia fire- & sun-cured	Mil. lb.	.5	.2	.1	.1	.6	300
Ky.-Tenn. fire-cured	Mil. lb.	2.4	1.2	1.7	3.1	1.2	100
Ky.-Tenn. dark air-cured	Mil. lb.	*	*	0	0	*	---
Black Fat	Mil. lb.	.3	.3	.1	.3	.3	100
Cigar wrapper	Mil. lb.	.5	.8	.5	.4	.5	62
Connecticut binder	Mil. lb.	*	*	*	*	*	---
Wisconsin binder	Mil. lb.	*	*	0	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	445.2	484.8	426.0	456.5	482.8	100
Burley	Mil. lb.	25.4	35.2	26.2	43.1	62.7	178
Maryland	Mil. lb.	5.4	6.0	1.9	2.4	3.1	53
Virginia fire- & sun-cured	Mil. lb.	3.3	3.5	2.0	2.2	2.9	91
Ky.-Tenn. fire-cured	Mil. lb.	8.4	9.6	7.7	10.8	11.9	124
Ky.-Tenn. dark air-cured	Mil. lb.	.2	.2	0	0	*	---
Black Fat	Mil. lb.	1.8	2.1	1.0	1.7	2.0	95
Cigar wrapper	Mil. lb.	2.4	3.2	3.1	3.5	4.0	124
Connecticut binder	Mil. lb.	.2	.2	*	.1	.1	58
Wisconsin binder	Mil. lb.	*	*	0	0	0	---
Cigar filler	Mil. lb.	.1	.1	.2	.2	.2	200
Exports of manufactured tobacco in bulk	Mil. lb.	1.4	1.1	1.3	.3	2.6	236
Accumulated from Jan. 1	Mil. lb.	10.7	11.8	2.1	2.5	5.2	44
		Quarterly data					
		1975		1976			
		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.	2,217	1,932	2,443	2,089		108
Burley	Mil. lb.	1,314	1,374	1,345	1,420		103
Maryland	Mil. lb.	52	45	54	49		109
Fire-cured	Mil. lb.	47	64	41	68		106
Dark air- and sun-cured	Mil. lb.	38	43	35	39		91
Cigar filler	Mil. lb.	52	72	55	71		99
Cigar binder	Mil. lb.	39	52	39	54		104
Cigar wrapper	Mil. lb.	19	19	19	16		84
Under Government loan <u>10/</u>	Mil. lb.	284	249	402	408		167
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	19.6	27.8	24.1	21.8		78
Cigar types	Mil. lb.	1.3	.9	1.4	1.7		188
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	548	567	568	628		111
Cigar	Mil. lb.	125	129	131	126		98
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	626.8	643.2	724.2	656.8		102
Taxable removals	Bil.	562.5	590.8	655.3	591.0		100
Large cigar production	Bil.	5.81	6.27	5.45	5.96		95
Smoking production	Mil. lb.	49.4	47.3	48.4	47.3		100
Chewing production	Mil. lb.						
Loose leaf	Mil. lb.	51.4	54.3	59.6	54.3		100
Plug and other	Mil. lb.	26.6	27.7	26.6	27.1		98
Snuff production	Mil. lb.	23.3	24.8	24.3	24.8		100
Exports of leaf							
Total	Mil. lb.	891.2	626.1	1,157.7	583.0		93
Flue-cured	Mil. lb.	789.7	453.0	1,032.9	377.0		83

1/1975 and 1976 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.

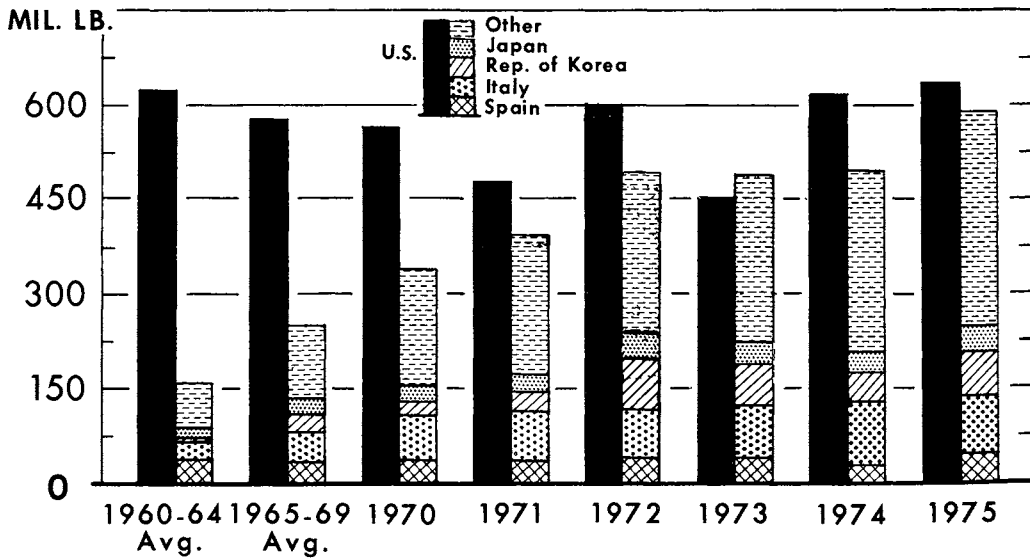
FLUE-CURED TOBACCO: ESTIMATED WORLD PRODUCTION



U.S. DEPARTMENT OF AGRICULTURE

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BURLEY TOBACCO: ESTIMATED WORLD PRODUCTION



U.S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2402-75 (12) FOREIGN AGRICULTURAL SERVICE

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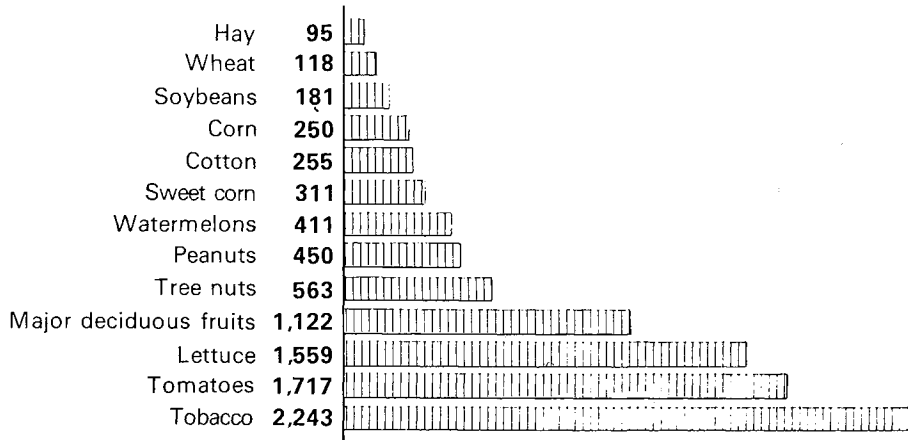
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FARM VALUE PER ACRE FOR SELECTED CROPS, 1974



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