

Tobacco Situation

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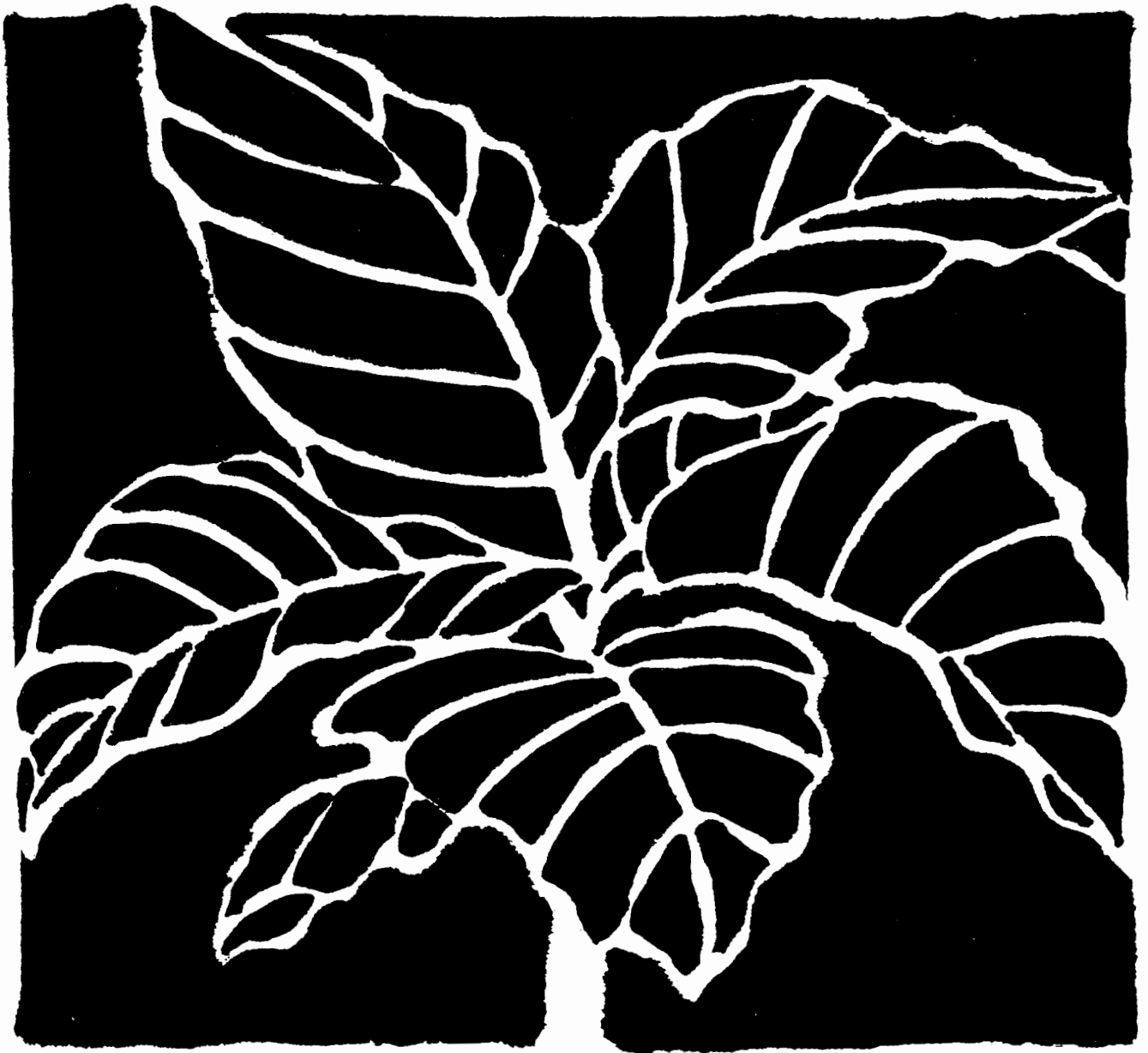
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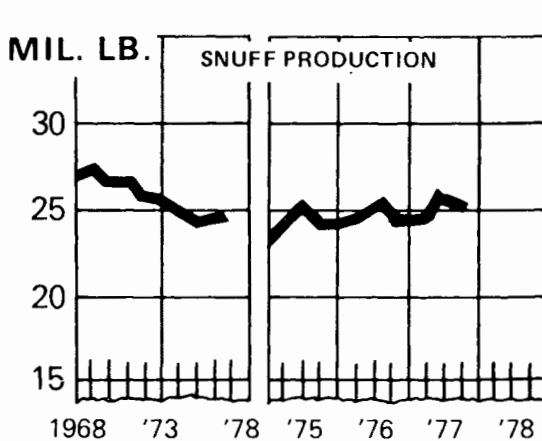
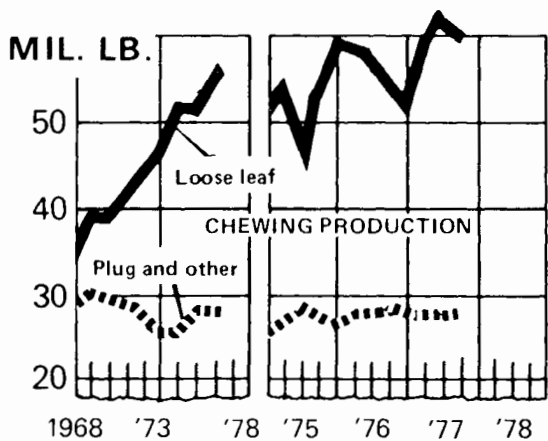
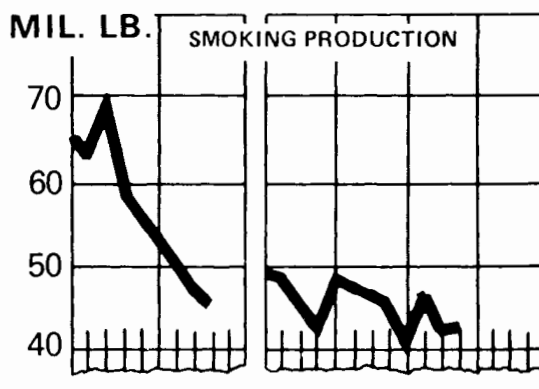
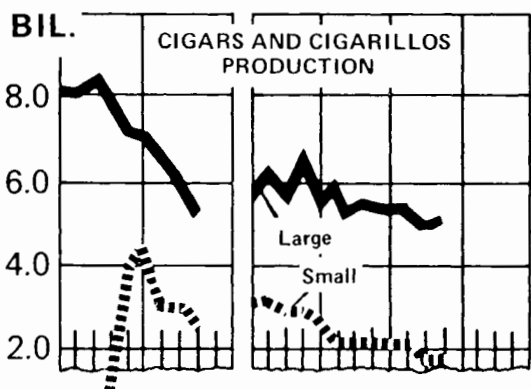
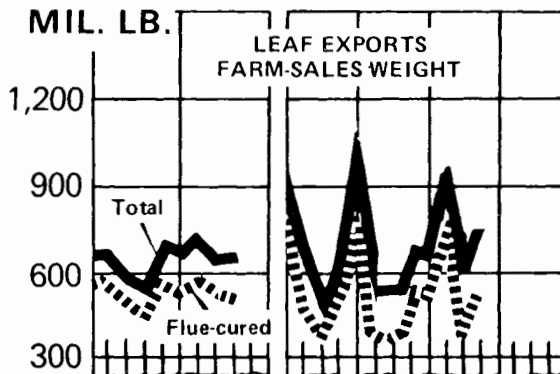
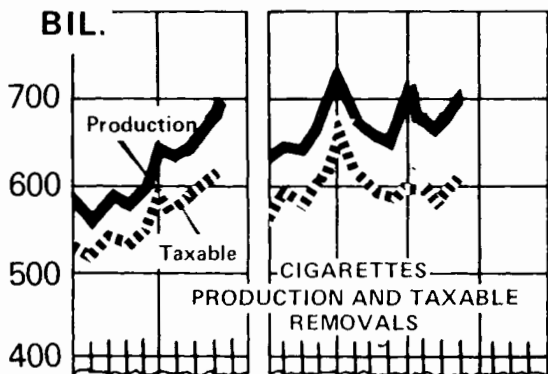
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TOBACCO OUTLETS

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

USDA

LAST QUARTER SHOWN ESTIMATED

NEG. ERS 229-77 (9)

THE TOBACCO SITUATION

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SUMMARY

Tobacco production this year is off from 1976 due to lower quotas and lowered yields in the flue-cured belt. As a result, flue-cured tobacco prices have moved up sharply in recent weeks to record high levels. But cash receipts and net returns to growers will be down from the 1976 level because of the drought-reduced crop. However, because of large carryover, the 5.3-billion-pound supply for the 1977/78 marketing year is adequate and close to year-ago levels, with the exception of certain grades and qualities.

The September 1 estimate of U.S. tobacco output, at 1.8 billion pounds, is down 14 percent from 1976 due to a 9-percent smaller acreage and lower yields. Carryover of tobacco into the 1977/78 marketing year (beginning July 1 for flue-cured and cigar wrapper types, October 1 for all others) is up about 9 percent.

Worldwide, the tobacco manufacturing industry is expected to show another gain in sales volume; but total disappearance of U.S. tobacco in 1977/78 may change little from the 1.9 billion pounds for the marketing year now ending. U.S. cigarette production is expected to gain, but U.S. tobacco, particularly flue-cured, faces severe competition in foreign markets. Burley exports, however, are being helped by growth in demand for blended cigarettes.

For the marketing year ending next June, U.S. cigarette output is expected to exceed the 672 billion produced in 1976/77. Domestic use and exports are increasing. The smoking and health controversy, coupled with further price increases, is bringing the smoking rate per person (18 years or older) in calendar 1977 down about 1 percent from last year's 205 packs per capita. However, total U.S. cigarette consumption may go up by 1 percent. Chewing tobacco output also continues upward; but the downtrend in use of cigars and smoking tobacco is expected to continue.

Despite larger tobacco supplies, U.S. leaf exports for the year ending June 30, 1978, may not equal the previous year's reduced level of 582 million pounds (647 million, farm-sales weight). However, production continues to gain in other countries. U.S. exports to the European Community (EC) and other European countries are trending downward

as they use more, less expensive, tariff-preferenced leaf. Japan is expected to remain our leading export destination, but its U.S. tobacco purchases may have reached a plateau as Japan trades more with China and Brazil. Other Asian countries represent the best growth potential for U.S. tobacco.

U.S. manufacturer's stocks of imported tobaccos are down slightly, because of sharply reduced imports. Use of imports fell in 1976/77 as domestic supplies became more adequate. In the year ending June 30, 1977, imports accounted for about 17 percent of tobacco used in cigarettes. In 1976/77, U.S. cigar manufacturers used about 80 percent foreign-grown tobacco.

The national marketing quota for the 1978 flue-cured tobacco crop must be announced by December 1. Individual farm quotas and allotments will reflect under and overmarketings in the current crop. Marketing quotas for burley and other kinds of tobacco will be announced by February 1, 1978. A USDA task force is reviewing the price support program, particularly the relationship between the price support level and tobacco use. Hearings begin September 20 in Live Oak, Florida. Based on the formula required by law, 1978 price-support levels for eligible tobaccos would increase about 7 percent over 1977.

Because of a short crop, the 3.1-billion-pound supply of U.S. flue-cured tobacco, the leading ciga-

rette and export tobacco, is about 3 percent below last year. The 1977 crop, estimated at 1.0 billion pounds, is down 21 percent; but the carryover into the current season is larger.

During the past marketing year, both exports and domestic use of flue-cured tobacco declined and total use fell 4 percent. The downtrend in use may continue this season. The 1977 crop marketings fell short of use, so sales from loan stocks have been brisk. Therefore, carryover next July 1 is expected to decline.

Sales of the 1977 flue-cured tobacco crop began on July 13. By early September growers had marketed one-half of the crop, with 9 percent of all flue-cured marketings going under Government loan. Prices gained steadily as the season progressed; for the first week of September, weekly sales averaged \$1.35 per pound, 17 cents above that week a year earlier.

The supply of U.S. burley tobacco is slightly above the year-earlier total. Currently, there is about a 3-year supply, quite ample to maintain use. While the burley crop is below last year, carryover from 1976/77 is up. Disappearance probably held steady during the 1976/77 crop year (October-September).

Larger crops of fire-cured and dark air-cured tobaccos are helping to boost 1977/78 total tobacco supplies. However, supplies of Maryland and cigar type tobaccos are about the same.

TOBACCO PRODUCTS

Cigarette Trend Flattens

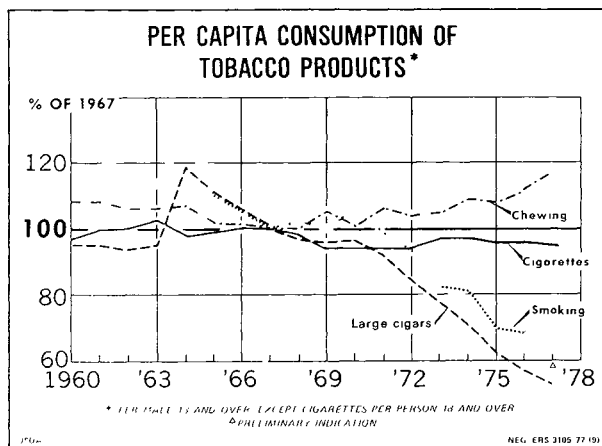
U.S. cigarette smoking in calendar 1977 may rise less than 1 percent from 1976. Even though more people are of smoking age and heavy promotion of low-tar, low-nicotine brands continues,

cigarette foes remain quite outspoken. A majority of smokers apparently agree to some restrictions on public smoking.¹ This year cigarette prices are up overall and smoking per adult is down slightly. A moderate increase in economic activity is expected in 1978, but the same cigarette demand characteristics are likely to prevail so smoking may show little change (table 1).

Americans smoked 313 billion cigarettes in the first half of 1977, about 2 billion above the year-earlier estimate. Second half figures are expected to exceed the 304 billion of a year ago.

Consumption per person (18 and older) this year is falling about 1 percent short of last year's 4,110 cigarettes, to about 203 packs (table 3). As the low-tar, low-nicotine portion appears to receive the big-

¹In a 1975 Public Health Service survey of smokers, 49.9 percent of men interviewed and 52.4 percent of women interviewed agreed that smoking of cigarettes should be allowed in fewer places than it is now. "Adult Use of Tobacco, 1975," U.S. Dept. of HEW, Center for Disease Control, June 1976.



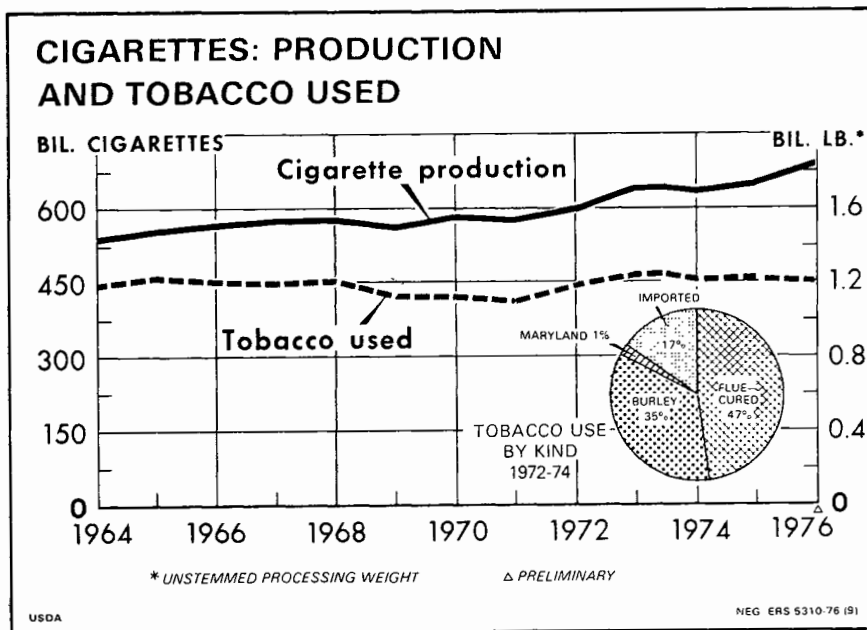


Table 1--Cigarettes: U.S. output, removals, and consumption, 1970-77

Year	Output	Removals					Estimated inventory increase	Total U.S. consumption
		Taxable	Tax-exempt			Overseas forces		
		Total	Exports	Shipments ^{1/}				
Billions								
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	590.3	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	651.2	588.3	62.3	50.2	1.5	10.6	-7.7	607.2
1976	693.4	617.9	72.0	61.4	1.9	8.8	10.8	616.0
1977 ^{4/}	676.0	600.0	76.0	64.5	1.5	10.0	-10.0	620.0
Year ending June 30 --								
1971	585.1	539.6	47.5	29.0	2.2	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	688.2	619.1	69.8	58.2	2.0	9.6	14.0	615.0
1977 ^{5/}	671.8	595.4	72.8	62.8	1.4	8.6	-14.0	618.0

^{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/} Estimated ^{5/} Subject to revision.

Table 3—Consumption per capita of tobacco products in the United States (including overseas forces), 1968-77

Year	Per capita 18 years and over			Per male 18 years and over				
	Cigarettes ¹	Snuff	All tobacco products ¹	Large cigars and cigarillos	Smoking tobacco ²	Chewing tobacco ²		
	Number	Pounds		Number	Pounds			
1968	4,186	8.69	.21	10.59	126.5	2.15	1.11	1.05
1969	3,993	8.11	.20	10.04	125.0	2.11	1.08	1.09
1970	3,985	7.77	.19	9.68	125.3	2.08	1.15	1.06
1971	4,037	7.75	.19	9.52	119.2	1.94	1.06	1.09
1972	4,043	7.95	.18	9.65	108.9	1.74	1.00	1.08
1973	4,148	7.92	.18	9.53	102.4	1.61	.88	1.10
1974	4,141	7.90	.18	9.40	91.9	1.47	.87	1.13
1975	4,123	7.73	.17	9.14	82.4	1.32	.76	1.15
1976	4,110	7.44	.17	8.78	75.0	1.20	.75	1.17
1977 ³	4,060	7.25	.16	8.50	68.7	1.10	.69	1.22

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

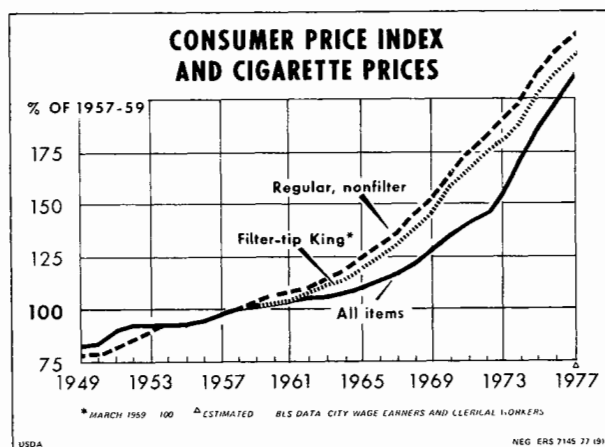


Table 2—U.S. cigarette exports to leading destinations, 1976-77

Country	July 1976—June 1977	January-July	
		1976	1977 ¹
		<i>Billions</i>	
Belgium-Luxembourg ..	12.3	5.6	6.6
Hong Kong	6.0	3.3	3.1
Netherlands Antilles ..	3.8	2.3	2.1
Japan	2.7	1.2	1.7
Iran	8.9	2.9	6.7
Saudi Arabia	2.8	1.8	2.0
Spain	3.3	2.3	2.1
Kuwait	1.7	1.4	1.0
United Arab Emirates ..	.9	1.3	.7
Canary Islands	1.3	.7	.9
Syrian Arab Republic ..	.3	2.0	.3
Lebanon .....	.9	.1	.4
Panama	1.1	.6	.7
Other countries	16.8	9.3	9.5
Total	62.8	34.8	37.8

¹ Subject to revision.

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

gest share of advertising, this category has grown rapidly in the past 12 months and now exceeds one-fifth of sales volume.

Following last year's new brand introductions and the ending of labor contract negotiations early this year, manufacturers reduced cigarette inventories. In contrast to a 10-percent gain in fiscal 1976, output in the year ending June 30 was down 2 percent.

In the first 7 months of calendar 1977, cigarette exports increased 9 percent (table 2), following a 32-percent increase for all of 1976. Considering both domestic and foreign prospects, calendar 1977's output may drop about 2 percent from last year. However, with inventories worked off, next year's output may record a gain.

Manufacturers Boost Cigarette Prices

The uptrend in retail prices is continuing (table 4). In July, retail prices of cigarettes were 4 percent above a year earlier. Manufacturers raised wholesale prices 6 percent in mid-August, citing

rising costs of labor, tobacco, and other materials (table 5).

State cigarette taxes have increased in 4 States so far this year. In 1976 taxes were unchanged. The weighted average State cigarette tax was 12.4 cents per pack in mid-1977, about the same as a year earlier. State taxes range from 2 cents per pack in North Carolina to 21 cents in Connecticut, Massachusetts, and Florida. Many city and local governments also tax cigarettes.

Government Agency Activities

The *Federal Trade Commission* (FTC) sent its 1976 annual report on cigarette labelling and

Table 4—Tobacco demand factors, 1968-77

Year	Population July 1 ¹	Disposable personal income, per capita ²		Consumer price indexes				
		Current prices	1972 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip, regular	Filtertip, king size	
	<i>Million</i>	<i>Dollars</i>		<i>1967=100</i>				
1968	130.4	2,930	3,464	104.2	106.3	106.9	106.4	101.3
1969	132.5	3,111	3,515	109.8	111.9	112.7	112.3	104.3
1970	135.2	3,348	3,619	116.3	122.2	122.4	122.5	105.4
1971	137.5	3,588	3,714	121.3	126.4	127.9	128.1	107.1
1972	139.8	3,837	3,837	125.3	133.4	134.8	135.4	110.8
1973	142.2	4,285	4,062	133.1	137.0	138.7	139.1	112.9
1974	144.7	4,639	3,968	147.7	143.8	145.5	145.9	119.5
1975	147.3	5,062	4,007	161.2	153.9	156.0	156.5	124.2
1976	149.9	5,511	4,137	170.5	160.5	162.7	163.2	199.9
1977 ³	152.6	6,110	4,275	182.0	167.0	169.5	170.0	135.0

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

Table 5—Wholesale cigarette price revisions, 1966-77^{1 2}

Approximate date of change	Net price per 1,000				Net price per 1,000, excluding Federal excise tax			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimeter
March 1966	9.00	9.20	9.20	--	5.00	5.20	5.20	5.20
June 1967	9.25	9.45	9.45	9.95	5.25	5.45	5.45	5.95
November 1968	9.45	9.45	9.45	9.95	5.45	5.45	5.45	5.95
May 1969	9.80	9.80	9.80	10.30	5.80	5.80	5.80	6.30
May 1970	10.25	10.25	10.25	10.75	6.25	6.25	6.25	6.75
February-March 1973	(10.45- 10.60)	(10.45- 10.60)	(10.45- 10.60)	(10.95- 11.10)	(6.45- 6.60)	(6.45- 6.60)	(6.45- 6.60)	(6.95- 7.10)
January 1974	10.60	10.60	10.60	11.10	6.60	6.60	6.60	7.10
May 1974	11.30	11.30	11.30	11.80	7.30	7.30	7.30	7.80
November 1974	(11.80- 12.00)	(11.80- 12.00)	(11.80- 12.00)	(12.30- 12.50)	(7.80- 8.00)	(7.80- 8.00)	(7.80- 8.00)	(8.30- 8.50)
November 1975	(12.55- 12.75)	(12.55- 12.75)	(12.55- 12.75)	(13.05- 13.25)	(8.55- 8.75)	(8.55- 8.75)	(8.55- 8.75)	(9.05- 9.25)
October 1976	13.50	13.50	13.50	14.00	9.50	9.50	9.50	10.00
August 1977	14.35	14.85	14.35	14.85	10.35	10.35	10.35	10.85

¹ Includes leading brands. A 3¼ percent discount is made for payment within 10 days or 2 percent within 14 days. ² For 1943-63 see TS-151, March 1975.

advertising to Congress in July. The report, in which FTC renews its previous recommendations regarding cigarette and little cigar package labeling, contains a well-documented report "Consumer Beliefs and Behavior With Respect to Cigarette Smoking: A Critical Analysis of the Public Literature," by Martin Fishbein. As a part of its investigation of cigarette advertising and promotion, the FTC has invited oral and written comments on the Fishbein report. Hearings will be held at FTC headquarters on October 21, 1977.

The *Civil Aeronautics Board* (CAB) is preparing further rules for airlines regarding designated smoking areas aboard passenger carriers. It is expected that the CAB will not ban cigar and pipe smoking as originally proposed but allow airlines

to put pipe and cigar smokers in a smoking section farthest from nonsmokers. The CAB has suggested that airlines use considerable discretion in designating no-smoking areas. In response to petitions from nonsmokers' groups, one major U.S. air carrier recently set aside 65 percent of its seating to accommodate non-smokers.

Downtrend Persists for Cigars

Consumption of *large cigars* (including cigarillos) this year may drop 7 percent below the 1976 level of 5.4 billion cigars. Consumption has fallen steadily since 1970 as the U.S. lifestyle continues to shift and younger persons become less attracted to cigars. This consumption downtrend is expected to continue next year (table 7).

About 8 percent fewer cigars are being smoked this year, per male 18 and older, than 1976's average of 75 cigars. Midyear retail prices averaged 4 percent above year-ago levels. The upward volume trend also continues for imported cigars. Puerto Rican production stabilized as manufacturers reduced domestic output. Taxable removals (domestic consumption of cigars, by revenue class) through June of this year showed gains in the high-price categories and continued declines in the medium and lower price groups (table 6).

Small cigars (weighing not over 3 pounds per thousand) are again falling in sales volume this year. For 1977, removals may decline one-eighth from 1976's 2.2 billion cigars. Since their peak distribution in 1973, and their subsequent radio and TV ad ban, sales have dropped each year.

Table 6—Large cigars: Taxable removals by revenue class, 1976/77

Revenue class and wholesale price ¹	January-June		Change from 1976 ²
	1976	1977	
	<i>Billions</i>		<i>Percent</i>
A-C (up to \$66)	1.39	1.24	-10.8
D-E (over \$66 to \$120) . . . . .	.79	.68	-13.9
F-H (over \$120) . . . . .	.47	.60	+26.7
Total removals	2.65	2.51	-5.1

¹ Wholesale price classes roughly equivalent to retail price classes used prior to February 1, 1977. ² Computed from unrounded data. Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, and Cigar Association of America, Inc.

Smoking Tobacco Use May Decline

Smoking tobacco for pipes and roll-your-own cigarettes this year is expected to fall below last year's level of 54 million pounds (table 7) and continue its long-term downward trend. The decline in smoking tobacco use is associated with the change in smoking habits since 1970.

In the first half of this year, domestic use of smoking tobacco, including imports, totaled 25 million pounds, 8 percent below a year earlier. Declines were recorded in both domestic and imported categories. By midyear, wholesale prices averaged 11 percent above year-ago levels. European imports account for about one-sixth of U.S. smoking tobacco consumption.

Smokeless Tobacco Output Rising

Chewing tobacco production in 1977 may increase from the 84 million pounds of 1976 (table 8). For several years, loose leaf and fine-cut chewing tobaccos have been on the upswing, while plug output has declined. This overall gain may be associated with employment gains in mining, construction, and certain durable goods industries where smoking is either prohibited or inconvenient.

Snuff production is estimated about the same as last year, but about a sixth below a decade ago. At midyear, wholesale snuff prices were 14 percent above year-earlier levels. Virtually all U.S. output of snuff and chewing tobacco is consumed domestically.

Table 8—Tobacco products: Output by category, 1970-77

Period	Chewing tobacco						Small cigars ²	Smoking tobacco in bulk (exports)
	Plug	Twist	Fine-cut	Loose leaf	Total ¹	Snuff		
	<i>Million pounds</i>						<i>Millions</i>	<i>Million lbs.</i>
1970	22.0	2.4	4.8	39.5	68.7	26.5	933	24.1
1971	20.6	2.4	5.1	43.3	71.4	26.4	1,135	30.9
1972	19.6	2.2	5.2	45.6	72.6	25.5	4,022	29.4
1973	18.6	2.1	5.7	47.6	74.0	25.3	4,415	26.0
1974	18.0	2.2	6.2	52.9	79.2	25.0	3,101	38.9
1975	18.1	2.2	7.3	53.7	81.5	24.4	2,942	17.6
1976	16.7	2.3	8.3	56.3	83.6	24.8	2,246	13.9
1977 ³	16.0	2.3	9.7	60.0	89.0	25.0	1,950	13.0
	Year ending June 30—							
1970	23.0	2.4	4.9	40.1	70.4	26.3	871	20.1
1971	21.6	2.4	4.9	41.5	70.4	27.1	912	29.1
1972	19.9	2.3	5.2	45.5	73.0	26.0	1,655	34.0
1973	18.4	2.2	5.4	46.0	72.0	25.3	5,580	26.0
1974	18.7	2.1	5.9	48.1	74.8	24.8	3,428	33.4
1975	17.9	2.2	6.7	54.6	81.6	24.7	3,158	34.4
1976	17.6	2.3	7.8	56.7	84.4	24.6	2,513	11.8
1977 ⁴	16.5	2.3	9.1	58.5	86.4	25.3	2,055	13.4

¹ Detail may not add to total due to rounding. ² Weigh not more than 3 pounds per thousand. ³ Estimated. ⁴ Subject to revision. Basic data compiled from reports of the Bureau of

Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.

Table 7 --Cigars and smoking tobacco: Output, removals, and consumption 1967-77

Year and item	U.S. factories			From	Imports	Exports	Total U.S. consumption
	Output	Removals		Puerto Rico: taxable			
		Taxable	Tax-exempt				1/
<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	4,523	4,915	125	1,216	79	92	5,804
1976	4,178	4,048	144	1,226	89	124	5,383
1977 2/	4,000	3,880	140	1,230	95	125	5,020
<u>Year ending June 30 --</u>							
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	4,188	4,215	133	1,253	82	141	5,542
1977 3/	4,047	3,867	141	1,229	92	143	5,186
<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	46.2	44.5	1.0	---	8.7	1.6	52.6
1976	44.6	43.7	.9	---	3/ 9.9	.8	53.7
1977 2/	43.0	41.5	.8	---	3/ 8.5	.8	50.0
<u>Year ending June 30 --</u>							
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	59.5
1975	48.7	47.5	1.1	---	9.6	1.6	56.6
1976	45.9	44.8	.9	---	9.3	.9	54.1
1977 3/	42.8	42.2	.8	---	3/ 9.5	.8	51.7

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

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

U.S. EXPORTS AND IMPORTS

Shipping Uncertainties Quicken Leaf Exports

U.S. exports of unmanufactured tobacco during January-July were 9 percent above last year as May-July shipments jumped 60 percent over those for the same months of 1976. Gains occurred in the two major categories, flue-cured and burley (table-9). Shipments in anticipation of a fall dock strike

may have contributed to the high level. Long-shoreman's contracts expire September 30 and an irregular export pattern is expected until well after contracts are settled.

If no strike occurs, U.S. exports for calendar 1977 may total about the same as last year's 588 million pounds. However, a prolonged strike this calendar year would bring exports down sharply.

Table 9—United States exports unmanufactured tobacco by type and to principal importing countries, 1974-77

Type and country	1974	Year ending June 30			January-July		1977 as a percentage of 1976
		1975	1976 ¹	1977 ²	1976 ¹	1977 ²	
Type:							
Flue-cured	448.9	414.7	390.6	381.7	197.6	217.0	110
Burley	67.7	56.8	72.2	70.2	46.9	56.2	120
Maryland	8.6	9.7	4.9	8.5	3.6	3.4	94
Fire-cured, Ky. and Tenn.	18.7	16.9	16.3	15.0	9.1	9.3	102
Virginia fire and sun-cured	5.5	4.4	3.4	4.2	1.7	3.4	200
Green River and One Sucker .....	.6	.8	.3	.1	.3	.1	33
Black Fat	2.7	3.2	3.2	2.9	1.6	1.4	88
Cigar wrapper	2.1	3.9	3.8	3.4	2.2	2.1	85
Cigar binder .....	.1	.2	.2	.2	.2	(³)	---
Cigar filler .....	.6	.3	.4	.3	.3	.2	67
Perique .....	.2	.1	.2	.1	.1	.1	100
Stems, trimmings and scrap	101.6	93.1	92.8	95.1	51.9	51.8	99
Total	657.4	604.0	588.2	581.7	315.1	345.7	110
Country of destination:							
United Kingdom	116.5	87.9	79.4	64.4	25.3	18.7	74
France	6.4	9.7	8.1	7.4	3.8	3.0	79
Belgium-Luxembourg	13.9	11.8	8.0	7.0	4.2	4.3	102
Netherlands	35.2	28.3	28.6	24.6	13.9	13.6	98
West Germany	103.1	94.8	71.7	81.7	34.0	49.6	146
Denmark	24.3	12.5	15.9	19.2	.3	10.9	---
Ireland	8.5	11.2	6.9	8.0	3.8	4.5	118
Italy	25.3	32.9	30.7	35.8	29.9	35.3	118
Total EC	333.2	289.1	249.3	240.7	115.2	139.9	121
Switzerland	26.4	23.4	22.5	26.0	12.7	13.5	106
Finland	5.5	4.6	6.8	7.1	2.9	3.2	110
Norway	6.6	5.2	6.0	6.4	3.2	4.0	125
Sweden	15.6	14.0	16.4	14.0	5.1	4.7	92
Spain	6.4	8.4	5.2	5.2	1.9	3.8	200
Thailand	26.8	18.7	15.8	22.4	15.3	16.0	105
South Korea	13.2	.3	.9	7.4	4.6	9.8	213
Malaysia	13.5	7.8	7.1	10.9	3.6	7.1	197
Philippines	13.9	6.8	14.9	12.8	7.5	7.0	93
Taiwan	20.8	18.9	11.2	13.6	7.6	11.7	154
Japan	88.7	103.0	123.0	102.4	76.8	46.5	61
Australia	19.6	12.0	16.3	12.8	5.0	8.2	164
New Zealand	5.9	4.4	4.7	5.0	2.8	3.3	118
Egypt	2.1	12.2	21.1	17.2	11.1	25.4	229
Other countries	59.0	65.4	67.9	77.8	40.0	40.9	102
Total	657.4	604.0	588.2	581.7	315.4	345.0	109

¹ Subject to revision. ² Preliminary. ³ Less than 50,000 pounds.

Detail may not add to total due to rounding.

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

The last East Coast strike, which occurred in fourth quarter 1971, pulled the calendar year total down one-seventh below earlier expectations.

In the past 12 months, several countries, including the United Kingdom, decreased their stocks of U.S. tobacco. After last year's adjustment when cigarette sales slowed, other EC countries have boosted their takings of U.S. tobacco. The countries in Asia that have taken more U.S. tobacco to produce American blend cigarettes are an expanding sector. Japan's takings are down sharply from the bulge in shipments in January 1976.

Export credit sales for fiscal 1977 are falling below last year's volume. U.S. tobacco exports under Government-financed programs (Public Law 480) in October 1976 through June 1977 totaled 12 million pounds, a little above the year earlier period. Egypt was the principal destination (table 10).

Table 10—Tobacco: Government program exports to leading destinations, fiscal years 1975-77¹

Country	1974-75	1975-76	1976-77
<i>Million pounds</i>			
Foreign currency sales			
South Vietnam	5.1	0	0
Dollar credit			
Egypt	7.5	9.8	10.8
Syria	0	0	2.6
Portugal	0	0	.7
CCC credit sales			
Ireland	3.7	2.9	3.1
Malaysia	5.2	2.6	0
United Kingdom	15.6	20.2	7.6
Poland	2.4	2.2	4.5
Philippines	3.9	8.6	13.2
Australia	2.6	3.2	5.1

¹ July-June. ² Subject to revision.

Exports of bulk smoking tobacco remain at a relatively low level (table 11).

Tobacco Exports in 1976/77 Top \$1.5 Billion

With cigarette sales overseas booming, U.S. firms exported \$577 million in tobacco products in the 12 months ending June 30. Along with unmanufactured tobacco exports for 1976/77 worth \$952 million, the total value of tobacco and tobacco product exports reached a record \$1.53 billion, 10 percent above the 1976 fiscal year.

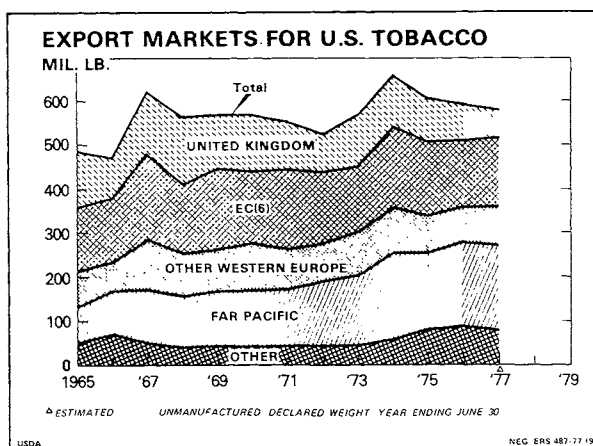
A continuation of larger foreign supplies and weaker demand brought U.S. unmanufactured tobacco exports for the year ending June 30, 1977, down 1 percent to 582 million pounds (647 million,

Table 11—U.S. bulk smoking tobacco exports to leading destinations, 1975-76¹

Country	Calendar year 1976	January-July	
		1976	1977 ¹
<i>Million pounds</i>			
Iran	4.5	2.0	4.3
Dominican Republic	1.6	1.0	0
Switzerland	2.1	1.5	.2
Canary Islands	(²)	(²)	1.1
Spain	1.3	1.3	.2
Peru .....	.2	.1	.1
Ecuador	1.2	.3	.7
West Germany .....	.8	.7	.7
Poland .....	.4	.4	.3
Other countries	1.8	1.1	.7
Total	13.9	8.4	8.3

¹ Subject to revision. ² Less than 50,000 pounds.

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



farm-sales weight). But higher prices helped raise total value 6 percent over fiscal year 1976 (table-12).

Export Prospects

The reduced level of this year's flue-cured crop and higher prices will limit export prospects in 1977/78.

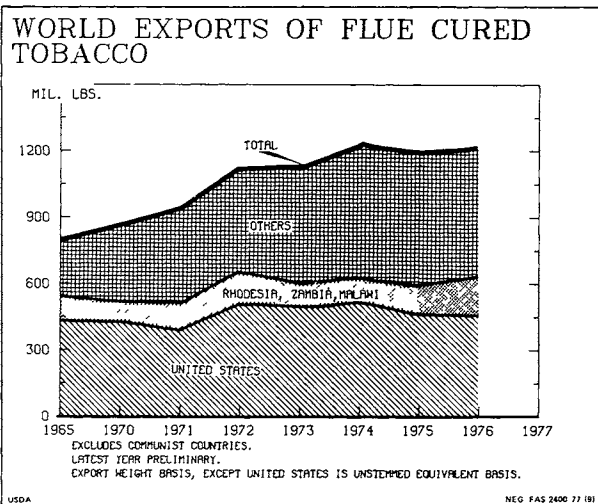
The current world demand and price situation indicates that the United States tobacco exports may not equal the 580- to 600-million-pound level of the past 3 marketing years. U.S. prices are rising and are above those of most competing suppliers. Supplies of foreign tobaccos are increasing and the grades of U.S. tobacco normally desired by exporters are in shorter supply than usual. Rhodesia was our chief foreign competitor before 1966 but their political future remains uncertain and many countries have stepped up production to fill the gap.

Table 12—Exports of unmanufactured tobacco under Government-financed programs and commercial sales, annual 1970-77, fiscal years

Year ending June 30	Government financed exports				Commercial exports				Total unmanufactured tobacco exports
	Title I, P.L. 480		Mutual Security and A.I.D.	Total	Barter ¹	Dollar sales		Total	
	Foreign currency sales	Long-term dollar credit sales				CCC short term credit	Other		
Quantity (export weight)									
<i>Million pounds</i>									
1970	10.6	11.1	---	21.7	132.0	48.1	369.2	549.3	571.0
1971	19.6	2.9	---	22.5	149.0	70.9	312.3	532.2	554.7
1972	21.0	2.0	---	23.0	176.8	40.6	283.8	501.2	524.2
1973	24.8	1.2	---	26.0	170.0	31.5	341.6	543.1	569.1
1974	24.2	.4	---	24.6	51.2	3.6	578.4	633.2	657.5
1975	5.1	7.5	---	12.6	.2	42.3	548.9	591.4	604.0
1976	---	9.8	---	9.8	---	51.3	527.1	578.4	588.2
1977 ²	---	14.2	---	14.2	---	42.8	524.7	567.5	581.7
Value									
<i>Million dollars</i>									
1970	11.2	9.9	---	21.1	140.0	47.7	330.8	518.5	539.6
1971	19.1	2.7	---	21.8	162.0	76.6	276.6	515.2	537.0
1972	21.0	2.3	---	23.3	200.7	41.9	265.5	508.1	531.4
1973	27.3	1.3	---	28.6	205.0	34.3	346.0	585.3	613.9
1974	29.8	.4	---	30.2	62.0	3.3	674.8	740.1	769.9
1975	9.5	7.0	---	16.5	.2	61.6	782.8	844.6	861.1
1976	---	15.8	---	15.8	---	81.0	803.7	884.7	900.5
1977 ²	---	24.5	---	24.5	---	79.9	847.2	927.1	951.6

¹ Government-financed for strategic materials, 1958-62. 1976, p. 14.

² Subject to revision. For 1960-69 data see TS-157, September

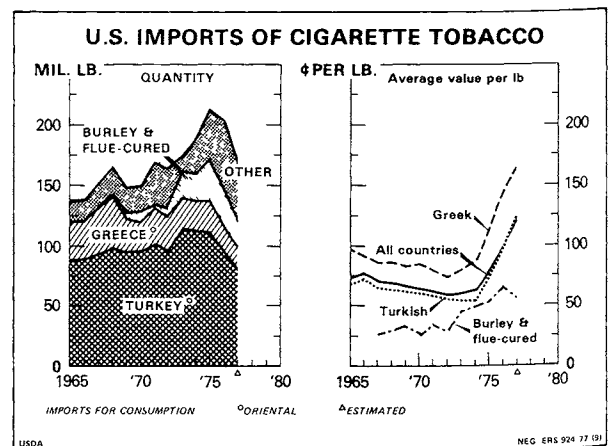


Beyond this year, U.S. exports will be hurt by the likelihood of a further rise in U.S. prices, prospects for larger crops from lower cost overseas competitors, and further application of the trade-restricting features of the European Community. Also, overseas manufacturers are adopting various techniques which extend their tobacco supplies.

The growth in foreign cigarette production remained at 2 percent last year as tariff and sub-

sidy increases held down sales in several areas, particularly Japan and the EC. But technological changes in manufacturing, the trends toward filter cigarettes—85 percent in Western Europe and Japan by 1976— and mini cigarettes (shorter length and smaller diameters than regular size), mean that leaf requirements do not increase proportionately with cigarette output.

During the last marketing year the EC-9 took 41 percent of U.S. tobacco exports; however, the tariff and subsidy features of the EC Common Agricul-



tural Policy (CAP) discourage U.S. tobacco use. Italy is the biggest EC tobacco producer, and rising prices have brought Italian burley output up to about twice the 1965-69 average. Under the Common Agricultural Policy (CAP) provisions, the buyer's premiums provide a strong incentive for use of EC tobacco within the EC. In addition, export subsidies are available.

Tobacco Imports Fall Back

U.S. unmanufactured tobacco imports for consumption during January-July 1977 were 179 mil-

lion pounds, 6 percent below a year earlier (table 13). Most of the drop was cigarette leaf (oriental, flue-cured, and burley). For calendar 1977, imports of unmanufactured tobacco probably will fall slightly from last year's level of 310 million pounds. In part, this cutback is due to smaller output of cigarettes, other products, and rising import prices.

Both U.S. cigar and cigarette manufacturers use imported tobacco in their blends. For the year ending June 30, 1977, U.S. cigarettes contained about

Table 13—U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1976-77¹

Classification and country of origin	(Declared weight)							
	Imports for consumption				General imports (arrivals)			
	Year, July 1976-June 1977	January-July ¹		1977 as a percentage of 1976	Year, July 1976-June 1977	January-July ¹		1977 as a percentage of 1976
1976		1977 ¹	1976			1977 ¹		
	<i>Million pounds</i>		<i>Percent</i>	<i>Million pounds</i>		<i>Percent</i>		
Cigarette tobacco:								
Leaf, Oriental								
Turkey	85.0	56.5	47.6	84	29.2	94.1	28.9	30
Greece	17.8	11.6	8.6	74	32.9	12.1	22.4	185
Yugoslavia	15.7	9.8	8.4	85	14.6	17.3	12.3	71
Lebanon	8.5	6.1	4.4	72	4.9	0	5.4	---
Other countries	35.4	16.1	21.2	131	42.5	30.9	22.3	72
Flue-cured and burley	20.3	24.5	15.8	64	48.6	30.7	34.1	111
Subtotal	182.8	124.8	106.0	85	172.8	185.1	125.4	68
Scrap								
Turkey	4.3	3.1	5.4	174	1.6	4.0	4.8	120
Mexico	2.7	3.1	2.0	64	.9	1.1	1.1	100
Other countries ²	8.2	10.1	12.1	120	26.8	11.2	8.4	75
TOTAL	208.0	141.1	125.5	110	202.1	201.4	139.7	69
Cigar tobacco:								
Wrapper								
Wrapper	1.6	.9	.9	100	2.4	1.5	1.2	80
Filler-stemmed and unstemmed								
Dominican Republic	1.5	1.4	.7	50	11.1	3.5	4.7	134
Other countries	5.6	4.5	2.7	60	16.5	10.7	10.4	97
Subtotal	7.1	5.9	3.4	58	27.6	14.2	15.1	106
Scrap								
Philippine Republic	13.8	9.9	8.8	89	7.2	9.6	5.4	56
Colombia	3.2	1.7	2.1	124	1.0	1.5	.8	53
Dominican Republic	8.4	4.3	5.1	119	1.2	.9	.4	44
Brazil	19.9	8.7	14.1	162	13.6	4.6	8.5	185
Other countries	20.7	10.9	14.3	131	18.6	7.6	10.4	137
Subtotal	66.0	35.6	44.4	125	41.6	29.2	25.5	87
TOTAL	74.7	42.4	48.7	115	71.6	39.9	39.8	100
Stems	11.0	6.3	4.6	73	11.2	6.3	4.8	76
Grand total	293.7	189.5	178.8	94	284.9	247.7	187.0	75

¹ Preliminary. ² Canada, 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.

17 percent imported tobacco and cigars about 80 percent.

U.S. cigarette leaf tobacco imports (duty-paid) July-June 1976/77 were valued at \$1.12 per pound, exclusive of ocean freight and duties. On most cigarette leaf imports, a duty of 11½ cents per pound must be paid, yet most imports still offer U.S. manufacturers a price advantage over domestic filler tobacco. For Oriental tobacco, the entire leaf is readily usable without further threshing. Scrap tobacco is dutiable at 16.1 cents per pound.

January-July 1977 arrivals of tobacco (general imports) were 61 million pounds less than a year earlier. Stocks of foreign-grown cigarette and smoking tobacco in the United States dropped slightly in the second quarter of 1977. On July 1, 1977,

these stocks totaled 598 million pounds (farm-sales weight), 3 percent below the previous July 1. The decline in imports reflects the buildup of domestic source supplies. Also, U.S. cigarette manufacturers are purchasing Oriental tobacco at a slower rate due to higher prices.

U.S. unmanufactured tobacco imports for consumption decreased 6 percent in the year ending June 30, 1977. Average value per pound increased (table 14). The decline in imports was in virtually all categories. Turkey continued as the largest supplier but Brazil displaced the Philippines as the largest source of scrap tobacco during 1976/77.

Arrivals of cigar and cigarette leaf decreased this past marketing year as stocks became adequate. Partially offsetting, scrap imports gained.

Table 14—U.S. imports of unmanufactured tobacco: Quantity and average value, by kinds, 1976/77

Kind	Quantity		Value per pound	
	Year ending June 30, 1977	Change from 1975/76	Year ending June 30, 1977	Change from 1975/76
	<i>Million pounds</i>		<i>Cents</i>	
	Imports for consumption			
Cigarette				
Oriental leaf	162.5	-11.6	118.0	+30.0
Flue-cured and burley leaf	20.3	-10.6	40.1	-24.6
Scrap ¹	25.2	-1.5	81.9	+12.6
Cigar				
Leaf	8.6	-2.3	197.5	+27.8
Scrap	66.0	+4.5	73.0	+17.6
Stems	11.0	+1.8	10.0	-7.9
Total	293.7	-19.6	96.1	+17.9
	General imports			
Cigarette				
Oriental leaf	124.2	-62.0	140.9	-2.9
Flue-cured and burley leaf	48.6	-6.1	67.0	+2.8
Scrap ¹	29.3	+4.4	99.1	+17.2
Cigar				
Wrapper	2.4	0	500.6	+121.4
Filler	27.6	-1.8	68.5	+1.2
Scrap	41.6	-.2	65.3	+7.2
Stems	11.2	+1.9	10.1	-7.6
Total ²	284.9	-63.8	103.9	-4.6

¹ Turkey, Canada, Greece, Cyprus, Lebanon, India, and Korea, Mexico, Yugoslavia, Syria, Thailand, Angola, Mozambique, Zambia, Malawi. ² Includes stems.

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

TOBACCO LEAF SITUATION AND OUTLOOK

This past marketing year about 85 percent of the U.S. tobacco crop was bought for domestic and export use and about 15 percent was added to loan stocks. Actual disappearance of U.S. leaf declined

to 1.9 billion pounds. With decreased quotas and allotments and lower yields, this year's U.S. production of tobacco is forecast at 1.8 billion pounds, 14 percent lower than last year, but about equal to the average for 1965-74 (tables 16 and 17). Disappearance is expected to match 1976/77, so stocks may decline during 1977/78.

²All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

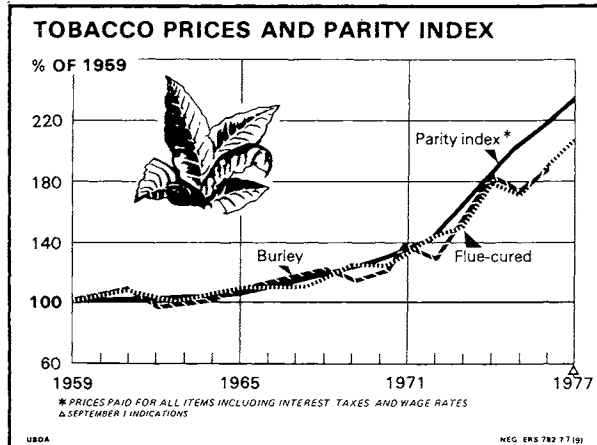
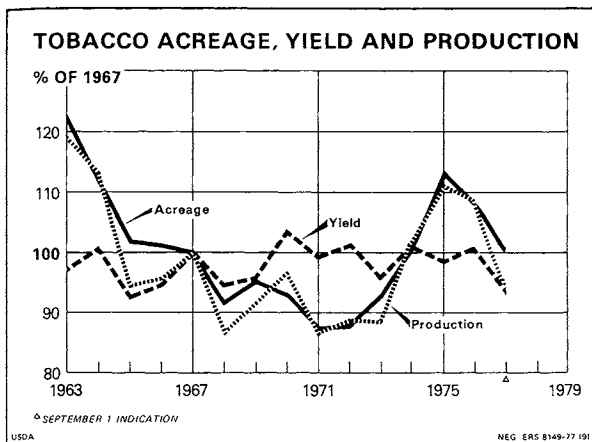


Table 16—All tobacco: Acreage, yield and production, United States, 1960-77

Year	Acreage harvested	Yield per acre	Production
	Thousand acres	Pounds	Million pounds
Average:			
1960-64	1,159	1,880	2,178
1965-69	942	1,958	1,845
1970	899	2,121	1,908
1971	838	2,035	1,705
1972	842	2,076	1,749
1973	887	1,965	1,743
1974	963	2,067	1,990
1975	1,086	2,009	2,182
1976	1,045	2,045	2,136
1977 ¹	965	1,861	1,796

¹ Indicated September 1, 1977.

Task Force to Study Price Support Program

The Secretary of Agriculture announced in August that a task force would examine the tobacco price support program this fall and recommend needed changes. Hearings are scheduled for Live Oak, Florida, September 20; Tifton, Georgia, September 21; Fayetteville, North Carolina, September 22; and Florence, South Carolina, September 23. Additional hearings are planned elsewhere in North Carolina and in Virginia. An important part of the review will be the price support formula. Under present legislation, in effect since 1960, the tobacco support level is adjusted annually in relation to costs affecting agriculture as a whole rather than economic conditions that apply specifically for tobacco. Many observers believe that the prices resulting from this formula contributed to the decline in the U.S. share of world tobacco trade in recent years.

For eligible 1978 tobacco crops, the overall price support seems likely to rise about 7 percent above

the 1977 levels. This estimate is based on indicated changes in the parity index. As required by law, the price support adjustment for 1977 will be based on the average of the parity index in 1975, 1976, and 1977 compared with 1959. For 1977, price supports increased 7.4 percent.

Congress Debates Tobacco Programs

The Food and Agriculture Act of 1977, as agreed upon by the House-Senate Conferees contains no provisions relative to tobacco. An amendment, which would have repealed all laws establishing programs concerning the marketing and price support for tobacco, was withdrawn during the House debate.

The International Development and Food Assistance Act, approved August 3 (PL 95-88), included a provision that emphasized the priority of food and fiber shipments over tobacco under Food for Peace (Title I, Public Law 480). A version of this measure, which passed the House of Representatives in May, would have eliminated tobacco exports under PL 480 but the Senate approved the language that finally prevailed. Tobacco exports financed by PL 480 have averaged less than 5 percent of total tobacco shipments, but represent potential dollar markets.

1978 Marketing Quotas and Referendums

By December 1, USDA will proclaim the 1978 flue-cured marketing quota on an acreage-poundage basis, the national average yield goal, and the matching national acreage allotment. Individual farm quotas and matching acreage allotments for next year's flue-cured crop will reflect this year's overmarketings and undermarketings. This year's flue-cured crop is falling short of the effective quota, so next year's effective quota will again exceed the basic quota (table 20). Acreage-poundage con-

Tobacco: U.S. Department of Agriculture support loan and program operations, and other expenditures, 1974-77

Item	Year ending June 30—			
	1974	1975	1976	1977
<i>Million dollars</i>				
Price support loan operations				
New loan made . . .	37.6	30.1	315.8	374.9
Repayments	269.1	161.0	81.7	69.0
Charged off	(¹)	.2	(¹)	.1
Net additions (minus)	(231.5)	(131.1)	234.1	305.9
Loans outstanding:				
Value	249.6	118.5	352.6	658.5
Quantity (mil. lbs.)	393	193	338	556
CCC program operations				
Export payments . .	13.7	3.1	.8	(¹)
Public Law 480 sales:				
Dollar credit	30.9	17.7	15.0	24.5
Short term credit sales	3.3	61.6	81.0	79.9
Recovery of costs ²	25.0	129.3	70.0	70.0
Subtotal, Net CCC costs ³	22.9	⁴ 46.7	26.8	34.5
Other expenditures				
Administration of quota program . .	12.7	14.8	15.1	15.9
Inspection, grading	5.4	5.5	5.9	6.3
Market news . . . . .	.4	.4	.4	.5
Research and extension production & marketing	7.1	6.6	6.9	7.0
Miscellaneous . . . . .	.6	.8	.8	1.2
Subtotal, other . . .	26.2	28.1	29.1	30.9
Net USDA costs . . .	49.1	18.6	55.9	65.4

¹ Less than \$50,000. ² Estimated. ³ Includes loan operations charges off. ⁴ Gain.

Compiled from Commodity Credit Corporation, *Report of Financial Conditions and Operations*, various issues, and records of Office of Management and Finance.

trols have been in effect since 1965. The program was overwhelmingly approved in the last grower vote in December 1976.

By next February 1, USDA will announce the 1978 poundage quota for burley and acreage allotments for other kinds of tobacco under quota. Shortly after the announcement, growers of cigar binder and Ohio filler types will vote in referendums for or against marketing quotas on their next 3 crops. Producers of flue-cured, burley, fire-cured, dark air-cured, and sun-cured types approved marketing quotas applicable to the 1978 crop in previous referendums (table 15).

Maryland and Pennsylvania tobacco growers turned down marketing quotas in the this year's referendum so government price support is not available for their 1978 crops. Pennsylvania filler has never had marketing quotas. For Maryland, quotas last applied to the 1965 crop. In Puerto Rico, the Commonwealth Government for many years has set filler tobacco quotas. Shade-produced wrapper (types 61-62) grown in Connecticut, Massachusetts, Georgia, and Florida, is not covered by marketing quota legislation.

FLUE-CURED

Weather Reduces Crop

Extremely high temperatures and dry weather over most of the flue-cured belt from late June through early August caused the sharpest reduction in average yield since 1965. The late maturing crop caused the 1977 marketing season to begin a week later than last year. On July 13 sales began in the Georgia-Florida (type 14) markets; South Carolina and North Carolina sales opened in the following 2 weeks, the Virginia markets were the last to open—August 9. But the drought-reduced and later maturing crop meant sales opportunities were underutilized until mid-August. Early sales, consisting largely of primings and nondescript

Table 15—U.S. tobacco allotments, by kinds of tobacco, 1977

Kinds	Allotments	Acreage allotted	Poundage allotted	Average size of allotment
	Number	Acres	Million pounds	Acres
Flue-cured (11-14) ¹	192,792	² 645,631	1,197	³ 6,210
Burley (31) ⁴	298,107	² ---	683	³ 2,291
Va. fire-cured	5,150	11,159	---	2.17
Ky.-Tenn. fire-cured (22-23)	14,834	32,708	---	2.20
Dark air-cured (35-36)	19,601	13,203	---	.67
Va. sun-cured (37)	853	1,568	---	1.84
Cigar binder (51-52)	---	² ---	---	---
Cigar filler and binder (42-44, 53-55)	5,752	19,453	---	3.38
Total	537,089	723,722	---	---

¹ Acreage poundage with national average yield goal of 1,854 pounds per acre. ² Acreage allotments terminated. ³ Pounds. ⁴ Poundage quota.

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

Table 17—United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1974/75-1976/77

(Declared weight)

Importing countries	1974/75	1975/76	1976/77 ²	Importing countries	1974/75	1975/76	1976/77 ²
<i>Million pounds</i>				<i>Thousand pounds</i>			
<i>Flue-cured, types 11-14</i>				<i>Va. fire & sun-cured, types 21 & 37</i>			
United Kingdom	69.0	57.0	45.2	Switzerland	727	42	190
West Germany	71.1	55.9	57.1	Norway	1,801	995	904
Japan	71.4	84.4	67.9	Sweden	508	397	250
Netherlands	14.4	15.5	13.1	West Germany	655	454	599
Thailand	15.7	12.5	18.1	Other countries	576	1,005	2,329
Australia	8.7	12.1	9.0	Total	4,267	2,893	4,272
Italy	22.0	15.7	19.3	<i>One Sucker, type 35</i>			
Sweden	5.8	9.1	8.2	Belgium-Luxembourg	86	66	0
Norway	3.4	3.9	4.8	Zaire	36	142	0
Finland	2.8	4.6	4.9	Other countries	40	0	7
Denmark	7.7	10.7	11.6	Total	162	209	7
Ireland	7.7	4.6	5.0	<i>Green River, type 36</i>			
Belgium-Luxembourg	7.6	4.8	4.6	United Kingdom	87	34	52
Switzerland	11.9	9.8	7.2	Belgium-Luxembourg	1	0	0
South Vietnam	4.0	0	0	Zaire	30	81	0
Philippines	4.0	6.6	8.9	Other countries	106	0	2
Spain	7.7	4.9	5.2	Total	224	115	54
Malaysia	6.1	5.9	9.1	<i>Cigar Filler, types 41-44</i>			
Taiwan	17.8	11.2	13.6	New Zealand	19	0	0
Egypt	11.1	17.0	11.3	France	193	270	94
Other countries	44.8	44.4	57.6	Other countries	35	60	198
Total	414.7	390.6	381.7	Total	247	330	292
<i>Burley, type 31</i>				<i>Connecticut Binder, types 51-52</i>			
Italy	10.5	14.2	14.9	West Germany	15	0	0
Sweden	2.6	2.7	10.1	United Kingdom	36	0	0
Denmark	1.5	2.0	1.8	Canada	58	21	66
Netherlands	1.9	2.0	1.1	Other countries	75	138	49
Japan	6.9	8.3	10.1	Total	184	157	113
West Germany	8.5	11.3	10.3	<i>Wisconsin Binder, types 54-55</i>			
Switzerland	1.5	3.1	3.9	Dominican Republic	0	79	8
Syria	1.7	2.9	0	Other countries	1	7	0
Thailand	3.0	2.7	4.4	Total	1	86	8
Philippine Republic	4.7	8.9	2.8	<i>Cigar Wrapper, types 61-62</i>			
Other countries	10.4	13.6	8.0	United Kingdom	713	830	299
Total	53.2	71.7	67.6	West Germany	392	212	168
<i>Maryland, type 32</i>				Canada	185	227	104
Belgium-Luxembourg	1.5	1.3	.8	Dominican Republic	1,538	1,520	1,691
West Germany	1.2	1.8	.9	Netherlands	131	327	553
Switzerland	2.9	3.3	3.3	Other countries	929	668	550
Other countries . . . . .	.8	.9	.4	Total	3,888	3,784	3,365
Total	6.4	7.3	5.4	<i>Black Fat</i>			
<i>Ky.-Tenn. Fire-cured, types 22-23</i>				Dahomey	1,692	1,210	1,089
Sweden . . . . .	.5	.3	.5	Cameroon	541	581	231
Netherlands	6.7	8.9	8.2	Niger	451	328	400
Belgium-Luxembourg . . . . .	.7	.4	.7	Nigeria	232	476	352
France	2.6	2.7	1.4	Togo	355	576	205
Switzerland . . . . .	.9	.7	.6	Other countries	143	0	126
Other countries . . . . .	.6	3.1	2.9	Total	3,419	3,171	2,403
Total	12.0	16.1	14.3	<i>Stems, trimmings, and scrap</i>			
Sweden	4.1	3.7	2.9	Sweden	4.1	3.7	2.9
Denmark	2.6	2.8	5.6	Denmark	2.6	2.8	5.6
United Kingdom	18.3	20.7	16.2	United Kingdom	18.3	20.7	16.2
West Germany	6.2	4.3	7.2	West Germany	6.2	4.3	7.2
Japan	24.7	30.2	24.2	Japan	24.7	30.2	24.2
Other countries	37.1	31.1	39.0	Other countries	37.1	31.1	39.0
Total	93.0	92.8	95.1	Total	93.0	92.8	95.1

¹ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September crop for all other types except October-July for 1976/77. ² Subject to revision. ³ Less than 50,000 pounds. Detail may not add to total due to rounding.

tobacco of lower quality than last year, returned growers less per pound than last year. This largely reflected adverse growing weather and the change in grade standards as support rates for those grades were up just slightly. In addition, support price for primings and nondescript from the primings group with moderate sand or dirt is discounted 10 percent. So far this season price support loan receipts have remained well below the big volume of the past 2 crops.

At auction markets this season through September 8, flue-cured tobacco (types 11-14) averaged \$1.15 per pound—8 cents above the same period last season (table 18). Most grade averages were higher with better leaf grades up 10 cents or more per pound. About the same share of the crop had been sold by mid-September as the 58 percent of a larger crop a year earlier.

Loan Receipts Below 1976

The price support level for the 1977 flue-cured crop averages \$1.14 per pound. With the crop below

To receive price support, flue-cured growers must certify they did not use DDT, endrin, toxaphene, or TDE pesticides and designate one or more warehouses for selling their crop within 100 miles of their county seat. Under quota legislation, growers receive price support on marketings up to 110 percent of their farm poundage quota. Marketings above a farm's poundage quota are deducted from the following year's quota. For marketings above 110 percent of the farm quotas, growers must pay a penalty of 83 cents per pound (75 percent of the average market price for the preceding year).

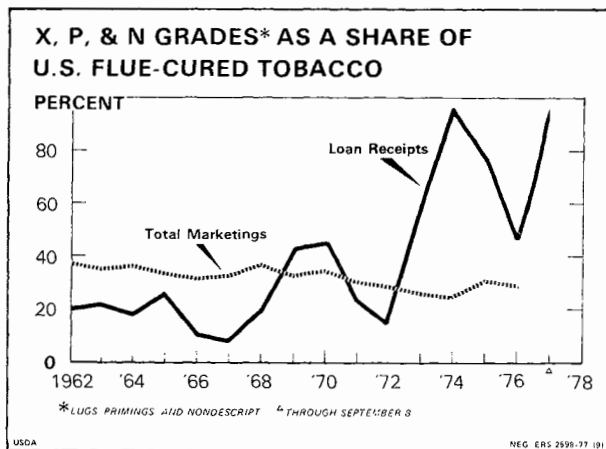
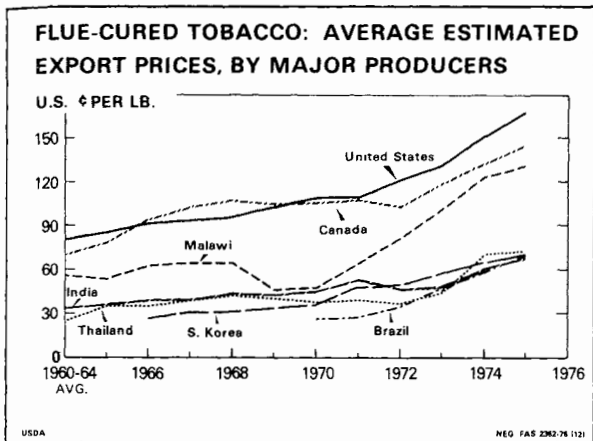
Growers who undermarket their quotas in 1977 will have their 1978 quotas increased accordingly. probable disappearance, and sizable quantities of low quality tobacco ineligible for support, loan receipts through August 28 were 42 million pounds—about 9 percent of marketings. In the comparable period of the 1976 season, 23 percent went under loan. In addition to the weather-reduced crop, changes in grade standards with regard to sand or dirt content and the drought-enlarged share of non-descript tobacco have reduced the loan volume.

Table 18--Flue-cured tobacco auction markets: Gross sales, average price, loan receipts, sales dates, through Sept. 13, 1976 and Sept. 12, 1977

Type and State	Gross sales		Average price per pound		Loan receipts				Sales period	
					Volume		Percent of sales		Opening date	Closing date
	1976	1977	1976	1977	1976	1977	1976	1977	1977 (1976)	1977 (1976)
	<i>Million pounds</i>		<i>Cents</i>		<i>Million pounds</i>		<i>Percent</i>			
14, Ga.-Fla. . .	162.8	130.3	110.2	116.9	24.7	6.7	15.2	5.1	July 13 (July 8)	(Sept. 9)
13, S.C.-Border N.C. . . .	179.3	153.2	108.6	118.3	31.3	11.8	17.4	7.7	July 19 (July 13)	(Oct. 26)
12, Eastern N.C.	235.0	201.2	109.0	117.5	35.1	12.5	14.9	6.2	July 25 (July 20)	(Nov. 15)
11, Old and Middle Belts N.C., Va. . .	181.6	121.6	102.9	108.7	44.4	15.1	24.5	12.4	Aug. 2 (July 20)	(Nov. 24)
All Belts ¹ . .	758.7	606.4	107.7	115.8	135.6	46.1	17.9	7.6	July 13 (July 8)	(Nov. 24)

¹ Computed from unrounded data.

Compiled from reports of Tobacco Division, AMS.



For flue-cured this year, there will be more undermarketings than overmarketings, as has been the case in 9 of the last 10 years (table 20).

Disappearance Slips

During the year ending last June 30, disappearance of flue-cured tobacco was 1,148 million pounds, 3 percent below the previous year's level (table 21). Exports and domestic use were down and have fallen below the average for the previous 10 years.

The 3-percent decline in domestic disappearance relates to the 2-percent decrease in cigarette output during the same period. Domestic disappearance during 1977/78 is likely to stay around the same level due to stability in cigarette output.

Flue-cured exports last season fell to the lowest level since 1971/72 as growth slowed in foreign cigarette output. Also, competing tobaccos were in more ample supply and relatively less costly. Trade with Rhodesia (formerly the largest exporter of flue-cured tobacco after the United States) remains dampened due to U.N. sanctions and internal political difficulties.

Among leading destinations, Japan, the United Kingdom, the Netherlands, and Egypt took less last season while only modest gains occurred for

other countries, including West Germany. For the 1977 season, Japan's purchases may stay about the same as the previous season's level, as more favorable exchange rates offset higher leaf costs. United Kingdom and Italy may reduce purchases as manufacturers increase their takings from other sources and utilization prospects are dampened by higher prices and unfavorable exchange rates (table 19).

Supplies Decline

A reduced crop more than offsets the increased carryover, so 1977/78 flue-cured tobacco supply is below last season. Flue-cured tobacco acreage for harvest this year is forecast 11 percent below 1976, due to the smaller allotment. Nationally, the yield estimate is 11 percent below last season. Lower acreage and yields are indicated for all States and belts. The September 1 forecast for flue-cured production was 1,044 million pounds—21 percent below 1976. Output is down in all States and belts with the largest decline (26 percent) for Eastern North Carolina (type 12).

Flue-cured carryover last July 1 totaled 2,066 million pounds. This was 10 percent above a year earlier. The supply—production plus carryover—is

Table 20—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-77

Year	Quota		Marketings				Net Carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota ¹	
<i>Million pounds</i>							
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	1,572.3	1,414.6	50.9	203.2	192.3	141.0
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977 ³	1,116.5	1,197.3					
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	750.4	639.9	21.8	127.5	113.4	91.6
1976	634.8	726.4	663.6	33.1	96.2	80.3	47.2
1977 ³	636.2	683.4					

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

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

about 3 percent below the 3,190 million pounds in 1976/77. This year's supply is 2.7 times last year's

Table 19—U.S. flue-cured tobacco exports: Percentage stemmed form of total, 1964-77

Year ending June 30	(unstemmed equivalent basis)		
	Destination		
	United Kingdom	Other countries	All countries
	<i>Percent</i>		
1964	46.8	10.6	22.6
1966	89.3	12.6	33.0
1968	94.9	21.0	45.0
1970	95.2	42.5	58.2
1972	95.3	55.3	63.4
1974	99.1	61.7	69.9
1975	98.9	60.1	67.1
1976	99.4	66.1	71.3
1977	99.0	65.3	69.8

use, or about a tenth above the desired ratio based on legislative formula. Carryover next July 1 will decrease after two years of substantial gains (tables 21 and 22).

By September 1, uncommitted loan stocks of 1970-76 flue-cured tobacco—a component of the carryover and supply estimates above—totalled 436 million pounds. This was 102 million pounds above a year earlier. The old crop stocks—plus the smaller loan volume from this year's crop—means unsold price support loans may total around 500 million pounds by January 1, or below the 5-year high at the start of the year. To offset the short crop, loan sales during June-August jumped to 127 million pounds, the largest amount for that period since 1972. This summer's loan sales about offset the crop shortfall, so sales for the rest of this season may remain low (tables 23 and 24).

Table 21—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-77

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks ¹			Total supply
				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							
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	² 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	717.2	1,973	² 1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976	666.6	1,974	² 1,316.0	⁴ 1,539.1	359.2	⁴ 1,898.3	3,214.3
1977 ³	593.1	1,760	1,044.0	1,509.2	556.9	2,066.1	3,110.1
Burley, type 31							
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	282.2	2,265	² 638.3	1,082.4	12.0	1,094.4	1,732.7
1976 ^{3,5}	285.8	2,376	² 663.8	⁴ 1,112.3	43.6	⁴ 1,165.9	1,829.6
1977 ³	275.7	2,317	638.7	1,169.6	60.0	1,229.6	1,863.3
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							
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	23.0	1.9
1975	1,193.1	670.6	522.5	99.8	93.2	259.0	18.4
1976	1,148.2	636.0	512.2	110.4	106.0	276.9	21.1
1977					113.8		
Burley, type 31							
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	-.1
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	.4
1975	602.5	510.1	92.4	105.6	96.1	50.7	7.9
1976	⁵ 600.0	⁵ 500.0	⁵ 100.0	114.2	109.3	46.6	7.0
1977					117.3		

¹ July 1 for flue-cured; October 1 for burley. ² Sales. ³ Based on September 1 crop prospects. ⁴ Adjusted for change in conversion factor January 1, 1977. ⁵ Estimated.

Table 22 •Flue-cured and burley tobacco: Stocks and stocks utilization ratios, manufacturers and dealers, 1952- 77

Marketing year	(Farm-sales weight)							
	Flue-cured				Burley			
	Domestic manufacturers		Dealers		Domestic manufacturers		Dealers	
	Beginning : stocks	Stocks : usings	Beginning : stocks	Stocks : exports	Beginning : stocks	Stocks : usings	Beginning : stocks	Stocks : exports
	1/ : ratio	ratio	1/ : ratio	ratio	2/ : ratio	ratio	2/ : ratio	ratio
Million pounds	Number	Million pounds	Number	Million pounds	Number	Million pounds	Number	
1952	1,364	1.65	185	0.44	899	1.73	39	1.34
1953	1,400	1.80	214	.50	918	1.86	48	1.37
1954	1,447	1.94	189	.44	920	1.90	51	1.55
1955	1,485	2.04	242	.44	867	1.79	48	1.41
1956	1,577	2.24	225	.48	884	1.83	38	1.36
1957	1,594	2.16	274	.62	980	2.05	36	1.29
1958	1,406	1.91	286	.65	958	1.98	40	1.14
1959	1,328	1.73	242	.58	952	1.91	29	.81
1960	1,286	1.62	263	.55	1,048	2.06	53	1.29
1961	1,337	1.71	247	.51	989	1.88	50	1.11
1962	1,467	1.89	237	.55	1,049	1.98	55	1.04
1963	1,478	1.92	307	.62	1,044	2.03	90	1.58
1964	1,406	1.81	283	.64	1,060	1.89	87	1.55
1965	1,363	1.81	274	.65	1,023	1.86	76	1.33
1966	1,349	1.96	253	.43	1,065	1.96	68	1.21
1967	1,306	1.90	281	.53	1,038	1.90	67	1.26
1968	1,258	1.87	271	.52	966	1.87	36	.65
1969	1,081	1.67	219	.41	942	1.86	34	.59
1970	1,014	1.58	214	.40	858	1.71	30	.56
1971	1,010	1.52	204	.43	854	1.66	28	.51
1972	1,087	1.64	206	.40	888	1.66	33	.44
1973	1,154	1.64	193	.32	920	1.73	32	.37
1974	1,154	1.77	176	.32	900	1.53	31	.46
1975	1,259	1.88	213	.41	1,032	1.71	51	.55
1976	1,356	2.13	183	.35	3/ 1,081	3/ 2.16	3/ 41	3/ .41
1977	1,348		162		3/ 1,120		3/ 50	

1/ July 1.

2/ October 1.

3/ Estimated.

Table 23—Lease and transfer of allotments and quotas, 1963-77

Year	Flue-cured		Burley
	Thousand acres	Million pounds	Million pounds
1963	33.1	---	---
1964	41.8	---	---
1965	54.7	---	---
1966	80.1	138.0	---
1967	97.2	167.6	---
1968	122.9	214.6	---
1969	131.8	230.3	---
1970	146.3	255.1	---
1971	166.3	289.4	15.6
1972	182.9	322.1	50.4
1973	192.9	363.1	57.7
1974	234.1	416.1	81.6
1975	251.4	474.8	99.6
1976	246.7	464.3	113.6
1977 ¹	241.6	427.3	63.6

¹ Preliminary.

Compiled from records of Tobacco and Peanut Division, ASCS.

Table 24—Tobacco loan stocks, 1975-77

(Farm-sales weight)

Type	End of August		
	1975	1976	1977
	Million pounds		
Flue-cured, 11-14	145.2	350.8	¹ 555.4
Uncommitted	99.7	334.5	437.4
Burley, 31	40.6	45.5	¹ 66.3
Uncommitted	.3	30.9	49.3
Virginia, 21	.3	.1	0
Kentucky-Tennessee, 22-23	.3	0	0
Kentucky-Tennessee, 35-36	.1	0	0
Ohio, 42-44	0	0	0.4
Puerto Rican, 46	1.4	0	0
Connecticut Valley, 51-52	.9	.8	.9
Wisconsin, 54-55	(²)	(²)(²)	
Total	188.8	397.2	623.0

¹ July 31. ² Negligible.

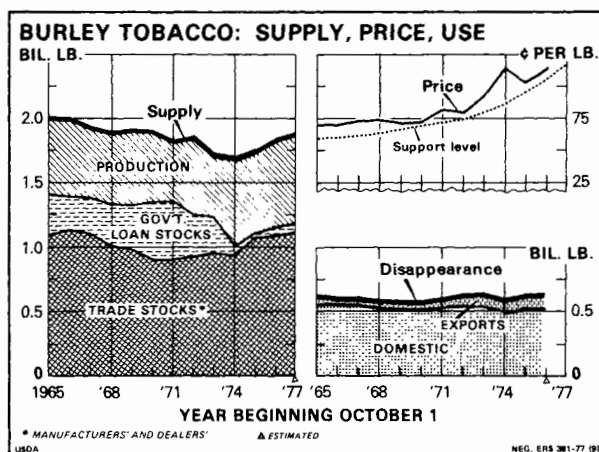
Compiled from records of Tobacco Division, ASCS.

BURLEY

Burley tobacco (type 31) goes chiefly for cigarettes. In the marketing year just ending, nearly three-fourths of burley is going for U.S. cigarettes, exports will take about 15 percent and other domestic products the rest. However, domestic burley use continues below its 1964/65 peak due to rising prices and a decline in its use except for cigarettes. Despite the brisk demand for American type cigarette blends abroad, U.S. burley exports, although up substantially, have not offset the reduced domestic use of recent years.

Disappearance Down Slightly

Domestic use of burley tobacco for the year ending September 30, probably will total slightly below the 510 million pounds used in 1975/76 (table 15). Disappearance is expected to total about that of last season as late marketing year exports rise. Nevertheless, disappearance may fall 3 percent below 1974/75's record 619 million pounds.



Exports may exceed those of recent years as July exports were up substantially as exporters hedge the possibility of a dock strike this fall. Unless exports continue unusually high, October 1 carry-over seems likely to increase 5 percent. Higher exports now could result in lower exports in the 1977/78 marketing year.

Disappearance for the first 9 months of the marketing year was 457 million pounds, about 2 percent below a year earlier. Domestic use totaled 380 million pounds, down 11 million from last year. Due to inventory shifts, cigarette output fell 3 percent in that period. However, burley's share of the cigarette blends has gained due to falling imports. Among the secondary outlets for burley, smoking tobacco output is off.

For the first 10 months of this marketing year, burley exports totaled 91 million pounds, 11 million above a year earlier. Italy, West Germany, Japan, Thailand, and Switzerland took more; and the Netherlands, Korea, and the Philippines took less. Both United States and foreign burley production increased slightly last year. Total foreign production, approaching 610 million pounds, remained less than 80 million pounds below U.S. production.

Supplies Increased

In the seventh year of poundage controls, the September estimate of the 1976 U.S. burley crop is

639 million pounds—6 percent below 1976, primarily due to the cut in the effective quota. Prospective yields are slightly below last year's level. However, burley tobacco remained in good condition as harvesting began in August.

Burley supply for 1977/78 (indicated carryover plus new crop) is about 2 percent above last year and 11 percent above 1974's low level. Prospective supply is about 3.0 times probable disappearance and is slightly above the desired supply based on legislative formula.

Despite higher prices and large supplies, loan stocks changed little this past season.

Auction sales usually begin in late November. The 1976 crop sold for a record average of 114.2 cents per pound. Price supports for 1977 burley average 117.3 cents per pound, about 7 percent above 1976. Loan rates for individual grades will be announced before the markets open.

SOUTHERN MARYLAND

Southern Maryland tobacco (type 32) goes almost entirely into cigarette production with about one-third of the crop for export. But annual disappearance since 1950 has varied widely.

Use Down Slightly

Disappearance of Maryland tobacco during the first 9 months of the marketing year that began October 1, 1976, totaled 22 million pounds—8 percent below a year earlier. Domestic use declined. While record prices received for the 1976 crop may have slowed down use, disappearance is expected to exceed the reduced levels of the early 1970's (table 25).

Exports of Maryland tobacco increased in the first 10 months of the current marketing year—1

million pounds above a year earlier. Most markets took more tobacco, including Switzerland, the major destination in 1976. Swiss cigarette output was up.

Stocks Decrease; Crop Stable

By next January 1 carryover probably will decrease from this year's 41.9 million pounds. The Southern Maryland crop is estimated at 29.9 million pounds, about the same as 1976. Acreage allotments are not in effect, since growers disapproved a marketing quota for the 1977 crop. This year's crop, plus the estimated carryover, will provide a 1977/78 supply slightly below the year now ending.

Auction sales for the 1976 Maryland tobacco crop began April 13 and ended June 16. Prices to growers averaged 110.2 cents per pound, a record high. Prices increased for most grades, but declined for tips and green grades. The overall quality of offerings increased. The higher prices for auctions prevailed despite the larger crop. Marketings also were slightly higher than the 1972-76 average.

FIRE-CURED

Fire-cured tobacco is used for making snuff, plug and twist chewing, cigar and smoking tobacco. U.S. production of most of these products declined over the past decade and the use of fire-cured tobacco also fell. However, a turnaround in domestic use with short supplies strengthened prices this past season.

Disappearance Up Slightly

Disappearance of fire-cured tobacco (type 21-23) during the first 9 months of the marketing year ending October 1, 1977 was 29 million pounds, up slightly from a year earlier. Declining cigar and

Table 25—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1968-77

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						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	33.5	25.0	8.5	92.2
1975 ²	23.5	950	21.1	53.6	74.7	34.8	25.1	9.7	107.5
1976 ³	23.0	1,300	30.0	41.9	71.9	⁴ 31.5	⁴ 20.2	⁴ 11.3	110.2
1977 ⁵	23.0	1,300	29.9	40.4	70.3				

¹ Year beginning October 1. ² Includes sales and certification. ³ Based on Maryland crop and 75 thousand pounds estimated for

other States. ⁴ Estimated. ⁵ Based on September 1 crop prospects and estimated stocks.

Table 26—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, 1968-77

(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								
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	21.2	1,567	33.2	42.6	(²)	42.6	75.8	
1977 ¹	23.2	1,776	41.2	43.5	(²)	43.5	84.7	
Virginia fire-cured, type 21								
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	(²)	7.6	13.3	
1974	5.0	1,185	5.9	7.1	—	7.1	13.0	
1975	5.0	975	4.9	7.1	.3	7.3	12.2	
1976	5.3	1,000	5.3	7.4	(²)	7.4	12.7	
1977 ¹	7.3	1,000	7.3	7.0	(²)	7.0	14.3	
		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								
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	(²)	.1	
1971	34.7	16.0	18.7	60.8	48.5	(²)	.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	30.7	12.2	18.5	104.7	65.2	.1	.4	
1976	⁴ 32.3	⁴ 15.0	⁴ 17.3	142.1	74.1	(²)	—	
1977					79.5			
Virginia fire-cured, type 21								
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	(²)	.1	
1973	6.2	1.7	4.5	75.5	53.5	(²)	—	
1974	5.7	0.7	5.0	81.7	58.2	.3	4.5	
1975	4.8	1.4	3.4	93.0	65.2	(²)	.9	
1976	⁴ 5.7	⁴ 1.3	⁴ 4.4	118.0	74.1	.1	1.5	
1977					79.5			

¹ Based on September 1 crop prospects and estimated stocks. ² Includes 4.7 million pounds fire loss, April 1969. ³ Less than 50,000 pounds. ⁴ Estimated.

smoking tobacco production continues to limit domestic disappearance. In October 1976-June 1977, snuff output (the major domestic use of fire-cured) was about the same as a year earlier.

For the year ending this September, estimated disappearance of 38 million pounds is slightly above last season's disappearance and about the same as output. Carryover stocks this October 1 will probably remain about the same as from last year (table 26).

Larger exports of fire-cured tobacco than last year are expected in the season now ending. Exports of 15.7 million pounds of Kentucky-Tennessee types during October 1976-July 1977 were slightly above a year earlier. Virginia fire-cured exports of 5.3 million pounds, in October 1976-July 1977, were about 2 million above a year earlier.

Production and Stocks Rise

The September estimate of fire-cured production was 48½ million pounds, 26 percent above last year's low yielding crop. Acreage for harvest is 15 percent larger than last year and average yield is up. The large increase reflects producer response to the sharp jump in prices last season.

Combined supplies of the fire-cured types for 1977/78—estimated carryover and production—may rise by 10 million pounds—about 11 percent above a year earlier.

DARK AIR-CURED

Dark air-cured tobacco (types 35-37) is used in the manufacture of plug, twist, fine-cut chewing tobacco, and snuff, and also to some extent for smoking tobacco and cigars. Production and use have declined by about half in the past two decades. Exports now account for only one-seventh of annual disappearance.

Disappearance Declined

Disappearance of dark air-cured tobacco during the first 9 months of the current marketing year was 12 million pounds, 2 million below a year earlier. Both exports and domestic use declined and supplies were at a record low. Last year's record prices to growers averaged 26 cents per pound higher than in 1975.

For the year ending September 30, 1977, total disappearance may decline about 3 million pounds from the 20 million of last year. This would mean a carryover of slightly below the 30 million of last October 1 (table 27).

Supplies to Increase

The September estimate of this year's dark air-cured crop is 20 million pounds—about 25 percent

above last year's relatively low level. Acreage for harvest and yields are estimated to be higher than last year. Larger crops, despite smaller carryovers, will give total 1977/78 supplies about 3 million above last year's 46 million pounds. Supplies represent 2.9 times the past season's use.

CIGAR TOBACCO

Cigar leaf tobaccos (types 41-62) are classified according to usage in cigar manufacture—filler, binder, and wrapper. However, loose leaf chewing tobacco takes most of the cigar binder. Exports are important for cigar wrapper; other kinds have negligible exports.

Due to poor yields, U.S. and Puerto Rican cigar leaf output declined last year. While yields and prices to growers increased, output will be about the same as last year as acreage is down. Imports of scrap remain large and wrapper imports have increased, with the Philippines and countries in Central and South America being the chief foreign suppliers. About 150 million pounds of leaf are used annually for cigars and loose leaf chewing tobacco with imports predominating for cigars.

Filler Disappearance Stabilizes

For the first 9 months of the 1976/77 marketing year, total disappearance of U.S. cigar filler tobacco (types 41-46) was 24 million pounds, about the same as the year-earlier level. In the same period, production of loose leaf chewing tobacco gained but cigar production declined. So for the 1976/77 year, filler disappearance may equal the 29 million pounds of a year earlier (table 29).

Imports Are Down

During October 1976-June 1977, U.S. manufacturers used 90 million pounds of foreign cigar tobacco (imports for consumption) or 19 percent below a year earlier. Foreign-grown cigar leaf stocks in the United States on July 1 totaled 106 million pounds, down 15 million from a year earlier (table 30).

Cigar Binder Disappearance Stabilizes

Cigar binder disappearance for October 1976-June 1977 was 15 million pounds, about the same as a year earlier. For Wisconsin tobacco, loose leaf chewing tobacco remains the major outlet, and that production has gained in the past 8 years.

Disappearance of Connecticut Valley binder tobacco for 1976/77 declined from the previous season's level. Carryover on October 1, 1977, is expected to total about 4 million pounds. With relatively tight supplies in prospect, disappearance will continue to exceed production.

Table 27—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield production, carryover, supply, disappearance, season average price, and price support operations, 1968-77

(Farm-sales weight)

Marketing year beginning Oct. 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				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							
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	(²)	32.9	46.9
1976	9.3	1,630	15.1	28.2	---	28.2	43.3
1977 ¹	10.7	1,770	18.9	27.6	---	27.6	46.5
Sun-cured, type 37							
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 .....	.7	1,115	.8	2.1	0	2.1	2.9
1977 ¹ .....	.8	1,000	.8	2.0	0	2.0	2.8
		Disappearance		Average price per pound	Price support level	Placed under Government loan	
	Total	Domestic	Exports			Percentage Quantity	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							
1968	17.1	15.0	2.1	47.4	38.3	.7	3.9
1969	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973	20.2	17.4	2.8	61.9	47.6	(²)	.2
1974	15.6	12.8	2.8	76.9	51.8	.4	3.7
1975	18.7	16.1	2.6	89.8	58.0	.1	.5
1976	³ 15.7	³ 13.8	³ 1.9	116.6	65.9	(²)	---
1977					70.7		
Sun-cured, type 37							
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 13	1.4
1975 .....	.9	.7	.2	85.5	65.9	0	---
1976	³ .9	³ .7	³ .2	105.0	70.7		
1977							

¹ Based on September 1 crop prospects and estimated stocks. ² Less than 50,000 pounds.

Table 29—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1968-77

(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	Cents
Pennsylvania Seedleaf Filler (type 41)									
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	12.0	1,650	19.8	49.2	69.0	22.2	21.8	.4	58.0
1976 ³	13.5	1,750	23.6	46.8	70.4	21.0	20.6	.4	60.0
1977 ³	13.0	1,820	23.7	49.4	73.1				
Ohio, Miami, Valley Filler (types 42-44)									
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	1.8	1,660	3.0	5.9	9.1	3.4	3.4	--	60.0
1976 ³	1.9	1,650	3.1	5.7	8.8	2.8	2.8	--	59.0
1977 ³	1.7	1,750	3.0	6.0	9.0				
Puerto Rico Filler (type 46) ⁵									
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	--	33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	--	33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	--	36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	--	39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	--	42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	--	42.1
1974	2.7	1,477	3.9	10.0	14.0	7.9	7.9	--	45.5
1975	2.7	1,500	4.3	6.1	10.4	3.2	3.2	--	50.7
1976 ³	3.2	1,470	4.0	7.2	11.2	4.8	4.8	--	57.6
1977 ³	3.2	1,470	4.0	6.4	10.4				
Total Cigar Filler (types 41-46)									
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	.3	56.6
1975	17.3	1,630	27.3	61.2	88.5	28.8	28.4	.4	56.2
1976 ³	18.6	1,690	30.7	59.7	90.4	28.6	28.2	.4	58.5
1977 ³	17.9	1,715	30.7	61.8	92.5				
Connecticut Valley Binder (types 51-52)									
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	1.5	1,568	2.4	6.2	8.6	4.4	4.2	.2	92.7
1976 ³	1.5	1,605	2.4	4.3	6.7	2.8	2.7	.1	89.6
1977 ³	1.6	1,773	2.8	3.9	6.7				
Southern Wisconsin Binder (type 54)									
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	5.6	1,945	10.9	19.8	30.7	7.5	7.5	--	75.1
1976 ³	5.6	1,890	10.6	23.2	33.8	8.8	8.8	--	74.7
1977 ³	5.8	2,050	11.9	25.0	36.9				
Northern Wisconsin Binder (type 55)									
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	5.4	1,835	9.9	15.8	25.7	9.7	9.7	*	75.1
1976 ³	5.5	1,750	9.6	16.0	25.6	9.7	9.7	*	75.2
1977 ³	5.6	1,950	10.9	15.9	26.8				

See footnote at end of table.

Table 29—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1968-77—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	Cents
Total Wisconsin Binder (types 54-55)									
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	11.0	1,891	20.8	35.6	56.4	17.2	17.2	*	75.1
1976	11.1	1,821	20.2	39.3	59.5	² 18.6	² 18.6	² *	74.9
1977 ³	11.4	2,001	22.8	40.9	63.7				
Total Cigar Binder (types 51-55)									
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	12.5	1,851	23.2	41.8	65.1	² 21.6	² 21.4	² .2	76.9
1976	12.6	1,795	22.6	43.5	66.1	² 21.4	² 21.3	² .1	76.5
1977 ³	13.0	1,973	25.6	44.7	70.3				
Connecticut Valley Shade-grown (type 61)									
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	4.4	1,371	6.0	9.5	15.5	8.0	4.2	3.8	640.0
1976	4.2	1,555	6.6	7.6	14.2	5.2	1.9	3.4	540.0
1977 ³	3.3	1,550	5.2	9.0	14.9				
Georgia-Florida Shade-grown (type 62)									
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	1.1	1,556	1.7	6.2	7.9	1.9	1.0	.9	400.0
1976	.4	1,680	.6	6.0	6.6	2.4	2.0	.4	395.1
1977 ³	.1	1,700	.2	4.2	4.4				
Total Shade-grown (types 61-62)									
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	5.5	1,409	7.7	15.7	23.4	9.8	5.1	4.7	585.7
1976	4.6	1,565	7.2	13.6	20.8	7.6	3.9	3.8	528.2
1977 ³	3.5	1,556	5.4	13.2	18.6				
Grand Total Cigar Tobacco (types 41-62)									
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	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	60.3	54.5	5.8	135.1
1976	34.8	1,738	60.5	116.8	177.3	² 57.6	² 53.3	² 4.3	121.4
1977 ³	34.3	1,800	61.7	119.7	181.4				

¹ October 1 for types 41-55; July 1 for types 61-62. ² Estimated. ³ Based on September 1 crop prospects and estimated stocks. ⁴ Puerto Rican planting occurs late in calendar year; projected for 1977. ⁵ Excludes payment by Puerto Rican Government; 23 cents per pound in 1976. ⁶ Evaluated at 50.7 cents per pound. *Less than 50,000.

Table 30—Foreign grown cigar leaf tobacco: U.S. imports and stocks, 1973-77
(Farm sales weight)

Country	October-September	Imports for consumption ¹ October-June				Dealers and manufacturers stocks, July 1				
	1975-76	1973-74	1974-75	1975-76	1976-77	1973	1974	1975	1976	1977
	<i>Million pounds</i>									
Philippines	27.0	38.4	12.8	21.9	15.2	31.1	40.9	39.7	44.0	32.3
Dominican Republic	16.0	11.0	11.7	12.2	10.8	18.7	22.0	24.0	17.0	15.3
Brazil	24.8	9.3	12.4	14.2	19.4	10.5	8.9	8.3	6.9	6.4
Columbia	6.5	5.3	5.9	5.2	2.6	13.2	9.7	12.5	11.4	9.0
Paraguay	4.7	4.1	5.4	4.0	3.4	6.7	8.3	10.8	6.3	8.4
Mexico	7.6	15.2	11.7	5.5	2.3	4.9	3.0	4.8	3.2	4.0
Indonesia	6.5	7.3	8.2	6.5	4.3	9.0	10.6	10.9	11.2	11.0
All others	51.3	29.8	27.8	41.2	31.5	20.1	20.6	23.2	21.6	19.6
Total	146.4	120.4	95.9	110.7	89.5	114.2	124.1	134.2	121.6	106.0

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

Disappearance of Wisconsin tobacco for 1976/77 may rise 1 million pounds from 1975/76. If so, disappearance may fall below production, bringing stocks to around 45 million pounds on October 1, 1977, or about 2.1 times disappearance.

Cigar Wrapper Disappearance Down

As both exports and domestic use fell, disappearance of shade-grown wrapper (types 61-62) in the year ending June 30 was 8 million pounds, about 2 million below a year earlier. Production dropped both in Georgia-Florida and the Connecticut Valley. Large labor requirements and rising costs hamper U.S. wrapper growers, and this year a spring storm in Connecticut severely damaged shade cloth covering and supports. Labor costs also remain a problem, even though Connecticut Valley growers continue to use local labor in place of migrant help.

U.S. and Puerto Rican Supplies Stabilize

Supplies of U.S. and Puerto Rican cigar tobacco will rise slightly from 1976/77, breaking the post-war decline. Prospective production is stable and October 1, 1977 carryover is up slightly. Cigar filler and binder supplies are up and wrapper supplies are lower. By August 31, unsold loan stocks remained near last year's 0.8 million pounds (table-28).

Filler: As of September 1, the Pennsylvania filler crop was indicated at 23.7 million pounds, about the same as 1976's. The new crop, plus the carryover, will provide a supply slightly above last season's.

Ohio filler acreage is estimated to be about 10 percent below last year, a record low. As of September 1, the crop was placed at 3.0 million pounds, 5 percent below last year. The crop, plus the carryover, will provide a total supply for 1977/78 of about the same as for last year.

Table 28—Cigar leaf tobacco price support operations, 1973-76
(Farm-sales weight)

Type	Placed under Government loan, crop years—				Remaining under loan, end of August				
	1973	1974	1975	1976	1973	1974	1975	1976	1977 ²
	<i>Million pounds</i>								
Ohio, 42-44	0	(¹)	0	0.4	0	0	(¹)	0	0.4
Puerto Rican, 46	5.3	0	3.3	³ 0	0	5.3	1.4	0	0
Conn. Valley, 51-52 .....	.3	0.3	0.4	0.4	2.3	2.2	.9	0.8	.9
Southern Wis., 54	0	(¹)	0	0	(¹)	0	0	(¹)	(¹)
Northern Wis., 55	0	0	0	0	.1	0	0	0	0
Total	5.6	.3	3.7	.8	2.4	7.5	2.3	.8	1.3

¹ Negligible. ² July 31. ³ Loan receipts anticipated.

Compiled from records of the Peanut & Tobacco Division, ASCS.

Carryover of Puerto Rican filler on October 1 may fall 1 million pounds below a year earlier. For 1977/78 the Puerto Rican quota is expected to remain at the past season's level of 22½ million pounds—about 5 times the harvest of early this year. Production has been considerably below the announced quota for the past several seasons even though the Commonwealth paid a subsidy of 23 cents per pound. Supply for 1977/78 may hold near the 12 million pounds of the past season.

Binder: Cigar binder acreage in the Connecticut Valley is estimated about the same as last year. While quotas were suspended again this year, indicated yields are higher. As of September 1, production was estimated at 2.8 million pounds, about 15 percent above last year. With a slightly smaller carryover, supplies may remain about the same.

Acreage of Wisconsin binder tobacco is estimated to be slightly above last year. Again some growers released their acreage allotments for use

by growers wishing to increase their production. With yields higher than last year, Wisconsin production is indicated to be 22.8 million pounds, up about 13 percent. Carryover will be up from a year ago; production exceeded use. Supply will be up in 1977/78.

Wrapper: The indicated acreage of Connecticut Valley wrapper is below 1976, so production may decline 1½ million pounds from last year's level. Carryover on July 1 was up from 1976. The supply of Connecticut Valley wrapper remains at the lowest level since 1945.

The low acreage of Georgia-Florida wrapper indicates that almost all growers have found their returns unprofitable. A major buyer left the area early in 1976. As of September 1, production was an indicated ¼ million pounds, less than one-half of last year's extremely low level. Carryover in July was down almost 2 million pounds from a year earlier.

FOREIGN PRODUCTION AND SALES

World Cigarette Production Up

World production of cigarettes gained 3 percent last year, (table 31). One-third of this increase was due to a 6.5-percent jump in United States output. World trade increased at a rapid pace as many foreign suppliers increased cigarette tobacco production and actively competed with the United States for larger market shares. The largest cigarette import market is the EC-9. Italy imports quantities of cigarettes mainly from the Netherlands and West Germany.

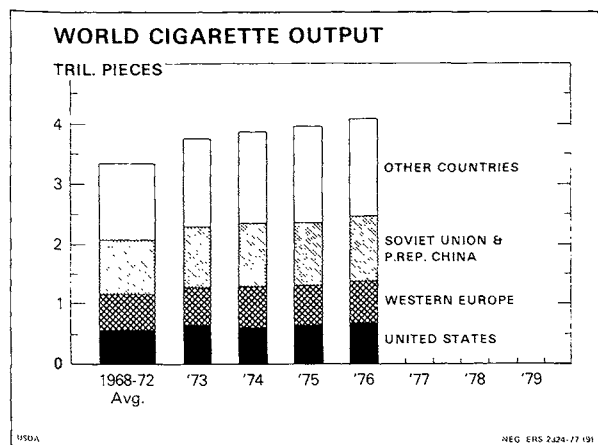
EC Takes More Tobacco From Outside the U.S.

West Germany, the United Kingdom, and France import large quantities of tobacco from outside the EC. United States exports face special competition since other countries either retain or have acquired additional preferential duties through actions of the EC in its special third-country partnerships (table 33).

Country Developments

The United Kingdom, the leading purchaser of U.S. tobacco until joining the EC, took about 20 percent of the U.S. exports between 1967 and 1973, and now is taking less than 11 percent. Tobacco manufacturing and use in the U.K. has been about static for several years due to both extremely high duties on tobacco and strong anti-smoking activities. U.K. tobacco manufacturers export about one-sixth of their output. In 1976, exports of manufactured products rose 8 million pounds from a year earlier.

U.K. manufacturers' use (gross clearance from bond) increased slightly in 1976, while the U.S. share decreased to 27 percent in 1976 (table 32). With supplies from many other sources also increasing, U.K. stocks of U.S. leaf may stabilize in 1977/78. Cigarette manufacturers are further shifting to mini-cigarettes as a result of duty and excise tax increases. The British government has permitted the production of cigarettes containing



up to 40 percent of materials that substitute for tobacco. Sales of the new cigarettes began July 1. With the new cigarettes selling at the same price as regular brands, early sales have not been favorable.

The average tar yield per cigarette smoked in the United Kingdom between July-June 1975/76 was 12 percent below the 1971/72 level. A continuing shift toward low tar-nicotine cigarettes in the United Kingdom is similar to trends in other developed countries with strong anti-smoking cam-

paigns. The high nicotine content of United States tobacco is considered a quality factor that is needed to make American type blended cigarettes.

India has gained from the EC's Generalized System of Preferences (GSP) quota for tobacco from partners of the EC. Under the expanded 1977 quota, exports from India into the EC are expected to increase about 7 percent above 1976.

Italy, accounting for over 60 percent of total EC tobacco production and virtually all EC's exports, received the bulk of the EC tobacco payments of

Table 31—Cigarettes: Estimated output and exports, specified countries, average 1968-72, annual 1973-76¹

Country	Average 1968-72	1973	1974	1975	1976	% change	
						1975-76	
		<i>Billion</i>		<i>Percent</i>			
		<i>Production</i>					
China, People's Rep. of	606.2	655.0	671.0	687.0	703.0	+2	
United States	579.2	644.2	635.0	651.2	693.4	+6	
United Kingdom	142.2	157.8	158.5	157.8	156.5	-1	
West Germany	123.2	133.8	139.8	141.0	145.9	+3	
France	68.8	72.5	81.4	87.4	86.5	-1	
Italy	65.8	66.8	66.4	67.1	73.2	+9	
Other EC-9 ²	77.6	72.8	77.1	75.6	72.2	-5	
Total, EC-9	456.0	503.7	523.6	528.9	534.3	+1	
USSR	322.4	362.0	371.0	367.3	375.2	+2	
Japan	222.2	267.8	292.2	293.6	275.6	-6	
Brazil	74.6	89.0	100.3	115.6	117.0	+1	
Other	1,088.9	1,230.3	1,275.1	1,317.1	1,381.0	+5	
Total	3,349.5	3,752.0	3,868.2	3,960.7	4,079.5	+3	
		<i>Exports</i>					
Bulgaria	43.6	56.3	54.5	58.1	62.0	+7	
United States	29.4	41.5	46.9	49.9	61.4	+23	
United Kingdom	16.7	20.4	21.8	25.2	25.9	+3	
Switzerland	13.3	18.0	13.9	15.9	19.4	+22	
West Germany	6.3	9.3	13.1	16.1	18.2	+13	
Netherlands	5.3	12.1	15.9	13.0	10.1	-23	
Other	33.6	34.3	37.8	44.5	44.8	+1	
Total	148.1	191.9	203.9	222.7	241.8	+9	

¹ Estimates included in absence of reasonable data. ² Belgium-Luxembourg, Denmark, Ireland, Netherlands.

Compiled from: USDA, FAS, Foreign Agriculture Circular, FT-2-77, July 1977.

Table 33—Tobacco: EC imports by major suppliers, 1970-76

Year	United States	Canada	Brazil	Intra-EC ¹	Greece, Turkey	Other	Total	U.S. share of total
								Percent
	<i>Million pounds</i>							
1970	142	1	46	58	104	289	640	22.2
1971	178	3	53	69	126	314	743	24.0
1972	179	6	53	90	114	320	762	23.5
1973	342	51	77	152	120	454	1,196	28.6
1974	300	70	87	167	114	583	1,321	22.7
1975	284	50	100	148	76	524	1,182	24.0
1976	276	39	107	168	64	540	1,194	23.1

¹ Beginning 1973 EC (6) plus Denmark, Ireland and United Kingdom.

Table 32—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1974-76

Item	1974	1975	1976 ¹	Item	1974	1975	1976 ¹
	Million pounds	Million pounds	Million pounds		Million pounds	Million pounds	Million pounds
Imports, by source:				Gross clearances:			
United States	104	88	69	Full duty rate	157	174	200
Commonwealth	162	140	107	Commonwealth rate	156	134	112
Other	96	86	108				
Total	362	314	284	Total	313	308	313
Exports:				Flue-cured:			
Manufactured products	61	70	78	United States	101	93	88
Unmanufactured	7	6	7	Commonwealth	156	138	123
				Other	43	56	72
Stocks, Dec. 31:				Total	300	287	283
Flue-cured	302	289	276	Net quantity duty-paid	236	224	230
Other	86	110	117				
Total	388	399	393				

¹ Preliminary.

Compiled from Official United Kingdom sources.

\$230 million—almost 60 cents per pound of tobacco produced.

Greece, a source of the oriental tobacco needed in U.S. cigarettes, may become a member of the EC and receive the benefits of tobacco support.

United States exports to West Germany continue to decline, down about one-fifth in 1976, as German manufacturers plan further cuts in 1977 use. Only part of the decline is believed to be due to the reduction in nicotine and tar in German cigarettes. A substantial tax and price hike in January 1977 also has contributed to a 12-percent fall in German cigarette sales.

Turkey's tobacco production and marketing are controlled by a government monopoly. In response to criticism of cigarette quality and to combat

smugglers (12 to 15 percent of Turkey's cigarette consumption reportedly consists of smuggled cigarettes), the monopoly seeks to increase cigarette production. The monopoly also plans to improve cigarette quality. If so, the monopoly may add flue-cured and burley tobaccos to some blends. Exports of U.S. cigarettes and tobacco to Turkey have been small, even though the U.S. imports considerable quantities of oriental type tobacco from Turkey (table 34).

Since 1966, Australian manufacturers have been required to use at least 50 percent domestic tobacco in their products. As a protective measure, growers are now seeking a higher percentage of domestic tobacco in products. Australia takes about 2 percent of U.S. unmanufactured exports annually (10-15 million pounds).

Table 34—Japan tobacco: Imports, by major suppliers, 1967-76

Year	United States	People's Republic of China	India	Thailand	Bulgaria, Greece, Turkey, Yugoslavia	Other countries	Total	United States as a percentage of	
								Total	Non-oriental imports ¹
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent	Percent
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	1	10	9	36	7	132	51.9	71.5
1973	69	1	10	6	25	16	127	54.1	67.6
1974	85	4	11	7	30	33	170	50.0	60.8
1975	106	8	12	8	25	43	202	52.5	59.9
1976	125	15	11	8	17	40	216	57.8	62.8

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

TOBACCO USED IN CIGARETTES

1976/77 Developments

U.S. cigarette manufacturers used an estimated 1,200 million pounds of tobacco (unstemmed processing weight) in cigarettes in 1976. This was about the same as the year before, although cigarette output increased. Use of U.S. tobacco increased while imported tobaccos decreased (table 35). This year, cigarette output is falling, so manufacturers are expected to use less tobacco.

Manufacturers used an estimated 1.81 pounds of tobacco (unstemmed weight) per 1,000 cigarettes produced in 1976, about 4 percent below a year earlier. Domestic flue-cured tobacco accounts for

almost half the tobacco used in cigarettes, with burley, Maryland, and imported tobacco accounting for the rest. Last year the Maryland and imported proportions decreased; flue-cured and burley increased.

The average weights of cigarettes sampled by the Federal Trade Commission (including paper and filter) have remained relatively stable over the past few years. This contrasts sharply with decline in leaf tobacco terms (i.e., farm sales weight, or unstemmed processing weight). This shift is due to the ability of manufacturers to more efficiently use the whole leaf, including reconstituted sheet tobacco.

RECENT PUBLICATIONS

"Flue-cured Tobacco Marketing Developments," by Robert H. Miller. Talk before the 23rd Annual Convention of the Bright Belt Warehouse Association, Inc., Myrtle Beach, S.C., June 14, 1977. Gives historical developments, grower designation summary, and warehouse costs. Available from Room 200 GHI Bldg., ERS, USDA, Washington, D.C. 20250.

"The Effects of the Anti-Smoking Campaign on Cigarette Consumption," by Kenneth E. Warner. *Amer. J. Pub. Health*, July 1977, Vol. 67, No. 7, pp. 645-650. Statistical analysis fits cigarette demand functions to pre-campaign data, projects ahead and compares predictions with actual consumption. Suggests that in the absence of the campaign, per capita consumption likely would have exceeded its actual 1975 value by 20 to 30 percent. Reprints available from author, Dept. of Health Planning and Administration, School of Public Health, Univ. of Michigan, Ann Arbor, Mich. 48109.

Pesticide Residues in Tobacco and Tobacco Products, Vol. 1, General Report, Information on Agriculture, No. 14, July 1976, Commission of the European Communities, 145 pp. Summarizes aspects of pesticide residues, gives general recommendations, and main data for each pesticide product. Available from European Community Information Service, 2100 M St., N.W., Washington, D.C. 20037.

"Report of 'Tar' and Nicotine Content of the Smoke of 166 Varieties of Cigarettes," Federal Trade Commission, June 1977. Dry particulate matter, total alkaloid content, butt length, and average weight is reported for samples purchased during November 1976.

"Turkey Upping Output of Domestic Cigarettes," by Mustafa Baser. *Foreign Agriculture*, Aug. 22, 1977, pp. 10-11.

Table 35—Estimated leaf used for cigarettes by kinds of tobacco, 1950-76

Year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
<i>Million pounds</i>									
Average:									
1950-54	736	421	23	1,180	651	373	22	73	1,119
1955-59	701	417	20	1,138	622	371	19	92	1,104
1960-64	742	455	16	1,213	661	404	16	123	1,204
1965	723	485	17	1,225	643	433	17	132	1,225
1966	686	487	19	1,192	613	435	19	135	1,202
1967	658	483	19	1,160	587	432	19	154	1,192
1968	652	482	18	1,152	582	430	18	171	1,201
1969	612	447	31	1,090	546	399	31	157	1,133
1970	613	448	27	1,088	548	400	27	163	1,138
1971	596	432	24	1,052	532	386	24	165	1,107
1972	621	460	16	1,097	555	411	16	193	1,175
1973	659	485	14	1,158	588	433	14	196	1,231
1974	633	472	13	1,118	565	422	13	211	1,211
1975	614	466	26	1,106	548	416	25	231	1,220
1976 ¹	631	464	22	1,117	564	420	21	227	1,232
<i>Per 1,000 cigarettes</i>									
<i>Pounds</i>									
Average:									
1950-54	1.776	1.016	.057	2.849	1.571	.899	.053	.177	2.700
1955-59	1.570	.936	.045	2.551	1.394	.832	.042	.205	2.473
1960-64	1.396	.854	.030	2.280	1.242	.761	.030	.231	2.264
1965	1.298	.871	.031	2.200	1.155	.778	.030	.237	2.200
1966	1.209	.858	.033	2.101	1.081	.767	.033	.238	2.119
1967	1.142	.838	.033	2.013	1.019	.750	.033	.267	2.069
1968	1.125	.832	.031	1.988	1.004	.742	.031	.295	2.072
1969	1.097	.802	.056	1.955	.979	.716	.055	.282	2.032
1970	1.051	.768	.046	1.865	.940	.686	.046	.279	1.951
1971	1.034	.749	.042	1.825	.923	.669	.042	.286	1.920
1972	1.037	.768	.027	1.832	.926	.686	.027	.322	1.961
1973	1.023	.752	.022	1.797	.913	.672	.022	.304	1.911
1974 . . . . .	.998	.743	.020	1.761	.890	.665	.020	.332	1.907
1975 . . . . .	.943	.715	.040	1.698	.842	.639	.038	.355	1.874
1976 ¹ . . . . .	.910	.669	.032	1.611	.812	.605	.033	.327	1.777
<i>Percentage distribution</i>									
<i>Percent</i>									
Average:									
1950-54	62.4	35.6	2.0	100.0	58.2	33.2	2.0	6.6	100.0
1955-59	61.6	36.7	1.7	100.0	56.3	33.6	1.8	8.3	100.0
1960-64	61.2	37.5	1.3	100.0	54.9	33.6	1.3	10.2	100.0
1965	59.0	39.6	1.4	100.0	52.5	35.3	1.4	10.8	100.0
1966	57.6	40.8	1.6	100.0	51.0	36.2	1.6	11.2	100.0
1967	56.8	41.6	1.6	100.0	49.3	36.0	1.6	12.9	100.0
1968	56.6	41.8	1.6	100.0	48.5	36.0	1.5	14.2	100.0
1969	56.2	41.0	2.8	100.0	48.2	35.2	2.7	13.9	100.0
1970	56.3	41.2	2.5	100.0	48.2	35.1	2.4	14.3	100.0
1971	56.7	41.0	2.3	100.0	48.1	34.8	2.2	14.9	100.0
1972	56.6	41.9	1.5	100.0	47.2	35.0	1.4	16.4	100.0
1973	56.9	41.8	1.2	100.0	47.8	35.2	1.1	15.9	100.0
1974	56.7	42.2	1.1	100.0	46.7	34.9	1.0	17.4	100.0
1975	55.5	42.1	2.4	100.0	44.9	34.1	2.0	18.9	100.0
1976 ¹	56.5	41.5	2.0	100.0	45.8	34.1	1.7	18.4	100.0

¹ Subject to revision.

Table 36—Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by States, 1975 and 1976

State	1975			1976 ¹		
	Tobacco	Tobacco as:		Tobacco	Tobacco as:	
		Percentage of crops	Percentage of all farm commodities		Percentage of crops	Percentage of all farm commodities
	<i>Million dollars</i>	<i>Percent</i>		<i>Million dollars</i>	<i>Percent</i>	
North Carolina	951	56.7	35.6	999	57.1	35.4
Kentucky	408	51.1	27.8	482	53.7	29.6
South Carolina	188	33.7	22.7	154	27.8	18.4
Virginia	149	30.8	14.8	170	35.2	16.4
Tennessee	122	23.7	11.1	152	23.9	11.6
Georgia	154	14.0	6.9	138	12.5	6.1
Florida	29	1.6	1.2	36	2.0	1.4
Maryland	29	1.1	4.3	22	8.6	3.2
Connecticut	36	37.5	16.7	30	31.9	12.9
Pennsylvania	15	3.1	.9	11	2.2	.6
Ohio	21	1.3	.8	22	1.3	.8
Indiana	15	.8	.5	17	.9	.5
Massachusetts	13	13.7	6.4	11	10.9	5.1
Wisconsin	14	2.6	.5	16	2.9	.5
Missouri	6	.5	.2	4	.4	.1
West Virginia	3	6.8	2.0	3	8.1	2.1
United States ²	2,155	4.6	2.4	2,269	4.7	2.4

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

Detail may not add to total due to rounding.

Table 37—Expenditures for tobacco products, and disposable personal income, 1968-77

Year	Total	Cigarettes	Cigars	Other ¹	Disposable personal income ²	Percent of disposable personal income spent on tobacco products			
						All products	Cigarettes	Cigar	Other ¹
	<i>Million dollars</i>				<i>Billion dollars</i>	<i>Percent</i>			
1968	10,112	9,094	703	315	588	1.72	1.55	.12	.05
1969	10,444	9,404	701	339	630	1.66	1.49	.11	.05
1970	11,544	10,448	707	389	686	1.68	1.52	.10	.06
1971	12,155	11,040	700	415	743	1.64	1.49	.09	.06
1972	12,910	11,765	720	425	801	1.61	1.47	.09	.05
1973	13,485	12,325	730	430	902	1.50	1.37	.08	.05
1974	14,475	13,270	705	500	985	1.47	1.35	.07	.05
1975	15,505	14,250	680	575	1,084	1.43	1.32	.06	.05
1976 ³	16,390	15,110	655	625	1,186	1.38	1.28	.05	.05
1977 ⁴	17,100				1,304	1.31			

¹ Smoking tobacco, chewing tobacco, and snuff. ² Compiled from reports of Department of Commerce, Bureau of Economic Analysis. ³ Subject to revision. ⁴ Estimated.

Table 38—Governmental revenues from tobacco products, 1968-77

Year ending June 30	Federal Government				State and local Governments		All Governments
	Cigarettes ¹	Cigars ²	Other ³	Total ⁴	State	Local	
	<i>Million dollars</i>						
1968-69	2,082	54	2	2,138	2,056	97	4,921
1969-70	2,036	57	1	2,094	2,308	129	4,531
1970-71	2,150	55	2	2,207	2,536	140	4,883
1971-72	2,151	54	2	2,207	2,831	168	5,206
1972-73	2,221	54	2	2,277	3,112	174	5,564
1973-74	2,383	52	2	2,437	3,250	117	5,804
1974-75	2,261	51	3	2,315	3,286	109	5,710
1975-76	2,435	50	3	2,488	3,462	119	6,069
1976-77 ⁴	2,305	41	4	2,350	3,510	120	5,980

¹ Includes large cigarettes. ² Includes small cigars and revenue on cigars from Puerto Rico covered into the Treasury of Puerto Rico.

³ Includes cigarette paper and tubes, and imported cigarettes and cigars. ⁴ Estimated.

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

Table 39—Tobacco and tobacco products exports by custom district ports, 1976

Custom district	Unmanufactured tobacco	Tobacco products		Total tobacco
		Cigarettes	Other	
	<i>Million dollars</i>			
Norfolk, Va.	473.6	296.9	14.2	784.7
Wilmington, N.C.	356.8	0.7	0	357.4
New York, N.Y.	38.3	40.9	6.3	85.5
Baltimore, Md.	11.1	71.1	.8	83.0
Miami, Fla.	8.5	46.6	1.6	56.7
San Francisco, Calif. ....	.2	18.9	.1	19.2
Charleston, S.C.	6.9	7.5	.5	14.9
New Orleans, La.	13.7	.3	.0	14.0
Philadelphia, Pa. ....	.1	9.5	.2	9.8
San Juan, P.R.	3.8	2.3	.3	6.4
Other	6.0	14.8	2.7	23.5
Total	919.0	509.5	26.6	1,455.1

Totals may not add due to rounding.

Compiled from reports of Bureau of the Census.

FLUE-CURED TOBACCO PRODUCTION COSTS, 1977

by
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ABSTRACT: Reduced yields because of unfavorable weather and input price increases are expected to jump production costs for flue-cured tobacco 11 to 12 cents a pound above 1976. Assuming unchanged yields to reflect input cost changes, specified production costs for the 1977 flue-cured tobacco crop are estimated 3.4 cents a pound higher than in 1976 (5 percent). Increases in machinery, barns, and fuel costs contributed to the overall cost rise. Budgets for two commonly used harvest systems (unchanged yields) indicate costs this season of 69 and 71.5 cents per pound (excluding land, management, and allotment costs). The average price support level increased from \$1.06 per pound to \$1.14 a pound and grower prices are expected to average higher than last year. But because of yield reductions, price increases of nearly 30 cents a pound are needed if farmers are to achieve net returns per acre similar to last year.

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

Flue-cured tobacco yields are off sharply in 1977 and lower yields affect costs of production and growers' net returns. The purpose of this article is to evaluate cost changes resulting from input price changes and evaluate the effect of lower yields on farmers' costs and returns.

Two Harvest Systems Analyzed

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 last 3 years.¹ For comparison purposes, and to illustrate cost changes between years, the same basic assumptions including yields are used for the initial estimates. The effects of lower 1977 yields are then evaluated.

The harvest systems utilized: (1) a conventional barn, walking primers, and a tying machine, (2) a bulk barn and a priming aid. The conventional barn system has traditionally been used on tobacco farms. The bulk system is representative of labor-saving technology now used for more than half the

¹For details, see *Tobacco Situation*, TS-149, "Flue-cured Tobacco Production and Prices, 1972-74," September 1974, pp. 37-42, *Tobacco Situation*, TS-152, "Flue-cured Tobacco Production Costs, A Preview of 1975," June 1975, pp. 29-32, and *Tobacco Situation*, TS-156, "Price Support Level and Production Costs for the 1976 Flue-cured Tobacco Crop," July 1976, pp. 31-34.

flue-cured tobacco. Innovations accompanying bulk-curing include one- and two-row self-propelled and tractor-drawn multi-pass automatic harvesters, once-over harvesters, and big-box curing. The additional innovations described above generally require greater capital investment but less labor than the bulk barn system depicted.

Production costs vary widely due to management, labor productivity, and a host of other variables besides harvest system. These budgets do not reflect such variability, but rather they evaluate cost changes for the specified situations.

Cost Comparisons—1977 and 1976

Production costs for the 1977 flue-cured tobacco crop are up about 3.4 cents a pound from 1976 or nearly 5 percent (assuming a 2,100-pound-per-acre yield both years and constant inputs). Preharvest costs are up only about 0.6 cent a pound (table 1). While prices of fuel, machinery, electricity, and labor are higher, fertilizer and chemical prices changed little.

Estimated production costs for the conventional barn system are 71.5 cents (table 2). Costs for the bulk barn system are estimated at 69.0 cents a pound. These costs exclude land, management, and allotment costs.

Much of the cost increase is attributed to higher machinery and fuel costs and higher wage rates. Machinery and curing barn prices are up 10 percent or more over last year. Higher purchase costs

Table 1—Estimated pre harvest costs per acre for flue-cured tobacco, 1976 and 1977

Item	Unit	Quantity	1976 ¹		1977 ²	
			Price per unit	Value	Price per unit	Value
<i>Dollars</i>						
Plant bed						
Fumigant	lb.	5.0	1.40	7.00	1.45	7.25
Fertilizer	cwt.	.5	5.10	2.55	5.00	2.50
Seed	oz.	.1	18.00	1.80	18.00	1.80
Fungicide	lb.	12.5	.11	1.38	.12	1.50
Insecticide	lb.	.33	.56	.19	.54	.18
Framing materials	---	---	---	3.85	---	4.16
Plastic cover	sq. yd.	60.0	.12	7.20	.11	6.60
Tractor and equipment ³						
Fuel	gal.	1.3	.45	.59	.50	.65
Other	---	---	---	8.28	---	8.88
Labor	hr.	10.15	2.16	21.92	⁴ 2.27	23.04
Interest on operating costs	dol.		.085	3.12	.08	3.01
Subtotal				57.88		59.57
Preharvest						
Nematicide	lb.	56.0	.75	42.00	.77	43.12
Fertilizer	cwt.	16.0	6.40	102.40	6.30	100.80
Herbicide	qt.	1.0	13.00	13.00	14.00	14.00
Insecticide	gal.	1.0	17.00	17.00	16.50	16.50
Sucker control	gal.	3.0	9.50	28.50	9.50	28.50
Tractor and equipment ³						
Fuel	gal.	22.7	.45	10.21	.50	11.35
Other	---	---	---	50.82	---	54.48
Insurance	\$100	12.5	5.00	62.50	5.00	62.50
Labor	hr.	65.2	2.16	140.83	⁴ 2.27	148.00
Interest on operating costs	dol.		.085	19.86	.08	19.17
Subtotal				487.12		498.42
Total preharvest costs				545.00		557.99

¹ Costs for 1976 taken from "Price Support Level and Production Costs For the 1976 Flue-cured Tobacco Crop," William Givan and Frederic Hoff, Tobacco Situation, July 1976, pp. 31-34. ² Estimated costs of inputs based on July 1977 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 field and livestock workers from July 11-17, 1976 to July 10-16, 1977.

are reflected in higher overhead and maintenance costs. Wage rates are estimated to be 5 percent higher than in 1976.

Gross and Net Income Comparisons

Early-season tobacco auction prices have averaged below last year, causing concern by growers that season returns from tobacco would decline sharply from 1976. These lower prices were due to changed grade standards that substantially discounted lower leaf tobacco with excess sand and the continued weak market demand for lower stalk tobacco.

Because of higher support levels and brisk demand, upper-stalk tobacco prices may go high enough to bring growers' average prices well above 1976 levels. Assuming unchanged yields, growers' net returns might increase 4 to 6 cents a pound.

Average yields are projected (August 1) 267 pounds per acre lower than in 1976 and lower yields result in higher production costs per pound. For example, estimated production costs (excluding

land, management, and allotment costs), with a yield of 1,700 pounds per acre, are 81 cents and 83 cents per pound for a bulk barn and conventional barn system, respectively. These costs are 13 and 12 cents higher per pound than costs estimated with a 2,100-pound yield. These cost comparisons assume that each 2-percent decrease in yield results in a 1-percent reduction in harvest fuel, electricity, and labor use per pound of tobacco produced. Marketing charges are adjusted according to yield. All other costs are assumed the same.

With each 100-pound yield reduction, within the range of yield reduction considered, production costs are estimated to increase about 3 cents per pound. Consequently, the combination of a 267-pound yield reduction and increased costs of inputs have probably caused the specified cost of production to jump 11 to 12 cents a pound over 1976.

Conclusions

Specified flue-cured tobacco production costs increased at a slightly higher rate in 1977 than in

Table 2—Estimated harvest and total costs per acre for flue-cured tobacco, conventional barns and bulk barn harvest systems, 1976 and 1977

Item	Unit	Quantity	1976 ¹		1977 ²	
			Price per unit	Value	Price per unit	Value
<i>Dollars</i>						
<i>Conventional barn³</i>						
Preharvest costs				545.00		557.99
Harvest costs						
Fuel	gal.	408.0	.39	159.12	.43	175.44
Electricity	kil. hr.	63.0	.045	2.84	.05	3.15
Twine	lb.	5.0	3.00	15.00	3.10	15.50
Sticks	---			6.83		7.38
Sheets	---			2.89		3.00
Tying machine ⁴	hr.	6.0	6.63	39.78	7.07	42.42
Tractor and equipment ⁵						
Fuel	gal.	47.2	.45	21.24	.50	23.60
Other	---			92.53		99.19
Barn ⁶	acre	1.0	99.79	99.79	105.78	105.78
Marketing	lb.	2,100.0	3%@1.06	66.78	3%@1.14	71.82
Labor	hr.	175.0	2.16	378.00	⁷ 2.27	397.25
Total harvest expenses ⁸				884.80		944.53
Total expenses ⁸				1,429.80		1,502.52
Costs per pound ⁸ .....				.681		.715
<i>Bulk barn⁹</i>						
Preharvest costs				545.00		557.99
Harvest costs						
Fuel	gal.	362.0	.39	141.18	.43	155.66
Electricity	kit. hr.	840.0	.045	37.80	.05	42.00
Sheets	---			2.89		3.00
Riding primer ¹⁰	hr.	5.0	13.54	67.70	14.43	72.15
Tractor and equipment						
Fuel	gal.	36.4	.45	16.38	.50	18.20
Other	---			71.40		76.54
Barn ⁶	acre	1.0	200.64	200.64	212.68	212.68
Marketing	lb.	2,100.0	3%@1.06	66.78	3%@1.14	71.82
Labor	hr.	105.0	2.16	226.80	⁷ 2.27	238.35
Total harvest expenses ⁸				831.57		890.40
Total expenses ⁸				1,376.57		1,448.39
Costs per pound ⁸ .....				.656		.690

¹ Costs for 1976 taken from "Price Support Level and Production Costs for the 1976 Flue-cured Tobacco Crop," William Givan and Frederic Hoff, *Tobacco Situation*, TS-156, July 1976, pp. 31-34. A yield per acre of 2,100 pounds is assumed. ² Estimated costs of inputs primarily based on July 1977 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 and livestock workers from July 11-17, 1976 to July 10-16, 1977 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.

1976. Much of the cost increase in 1977 is attributable to rising machinery, barn, fuel costs, and higher wage rates. Fertilizer and chemical prices changed little.

With price supports for flue-cured tobacco (types 11-14) 8 cents a pound higher than in 1976 (\$1.06

per pound in 1976 and \$1.14 in 1977) and constant yields, net returns per acre of tobacco in 1977 would exceed 1976 levels. However, most growers will likely realize lower returns per acre because of weather-reduced yield and/or sand-discounted tobacco.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1976		1977		Last data as percentage of a year earlier	
		June	July	May	June		July
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	20.2	17.3	31.0	34.7	39.5	228
Burley	Mil. lb.	6.5	3.7	4.7	8.1	13.4	362
Maryland	Mil. lb.	1.2	1.2	.7	1.2	.7	58
Virginia fire- & sun-cured	Mil. lb.	.1	*	.5	.1	.6	---
Ky.-Tenn. fire-cured	Mil. lb.	1.0	.0	1.2	.8	0	0
Ky.-Tenn. dark air-cured	Mil. lb.	.1	*	.1	0	2.5	---
Black Fat	Mil. lb.	.2	.2	*	.2	.4	200
Cigar wrapper	Mil. lb.	.1	.1	.4	.2	.5	500
Connecticut binder	Mil. lb.	*	*	*	0	*	---
Wisconsin binder	Mil. lb.	.0	*	0	0	0	---
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	522.6		474.9	512.4		98
Burley	Mil. lb.	76.3	80.0	54.4	62.5	75.9	94
Maryland	Mil. lb.	4.9	6.1	5.3	6.4	7.1	116
Virginia fire- & sun-cured	Mil. lb.	2.1	3.1	4.5	4.6	5.2	168
Ky.-Tenn. fire-cured	Mil. lb.	14.3	15.2	12.3	13.2	15.7	103
Ky.-Tenn. dark air-cured	Mil. lb.	9.1	10.0	6.9	7.7	10.2	102
Black fat	Mil. lb.	2.2	2.5	1.8	2.0	2.4	96
Cigar wrapper	Mil. lb.	2.2	.1	3.0	3.2	3.7	37
Connecticut binder	Mil. lb.	.2	.1	.1	.1	.1	100
Wisconsin binder	Mil. lb.	.1	*	*	*	*	---
Cigar filler	Mil. lb.	.3	.3	.3	.3	.3	100
Exports of manufactured tobacco in bulk	Mil. lb.	1.1	1.1	1.9	1.6	1.5	136
Accumulated from Jan. 1	Mil. lb.	7.4	8.5	5.2	6.8	8.3	98
Quarterly data							
		1976		1977			
		Apr.-June	July-Sept.	Apr.-June	July-Sept.		
Stocks of tobacco--1st of quarter 9/							
Domestic types (farm-sales weight)							
Flue-cured	Mil. lb.	2,089	1,874	2,305	2,066	110	
Burley	Mil. lb.	1,420	1,265	1,501	1,372	108	
Maryland	Mil. lb.	48	58	38	54	93	
Fire-cured	Mil. lb.	68	59	62	59	100	
Dark air- and sun-cured	Mil. lb.	39	36	35	33	92	
Cigar filler	Mil. lb.	71	64	72	67	105	
Cigar binder	Mil. lb.	54	49	53	50	102	
Cigar wrapper	Mil. lb.	16	14	15	13	93	
Under Government loan 10/	Mil. lb.	408	408	657	627	154	
Tobacco sheet 11/							
Cigarette types	Mil. lb.	21.8	24.9	28.4	25.4	102	
Cigar types	Mil. lb.	1.7	1.9	.9	1.6	83	
Foreign types (unst. equiv.)							
Cigarette and smoking	Mil. lb.	628	619	599	598	97	
Cigar	Mil. lb.	126	122	111	106	87	
Tobacco outlets 12/							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	691.2	677.6	650.8	698.0	103	
Taxable removals	Bil.	624.0	605.6	578.3	615.6	102	
Large cigar production	Bil.	5.30	5.42	4.90	5.14	95	
Smoking production	Mil. lb.	47.0	42.5	42.2	42.2	99	
Chewing production	Mil. lb.						
Loose leaf	Mil. lb.	59.2	54.8	63.4	60.5	110	
Plug and other	Mil. lb.	27.5	26.9	28.7	28.7	107	
Snuff production	Mil. lb.	24.8	25.8	26.1	25.0	97	
Exports of leaf							
Total	Mil. lb.	437.6	527.6	602.0	780.0	148	
Flue-cured	Mil. lb.	233.6	355.6	385.8	498.7	140	

1/ 1974 and 1975 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 estimates. *Less than 50,000 pounds.

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