

Tobacco Situation

Economics, Statistics,
and Cooperatives Service

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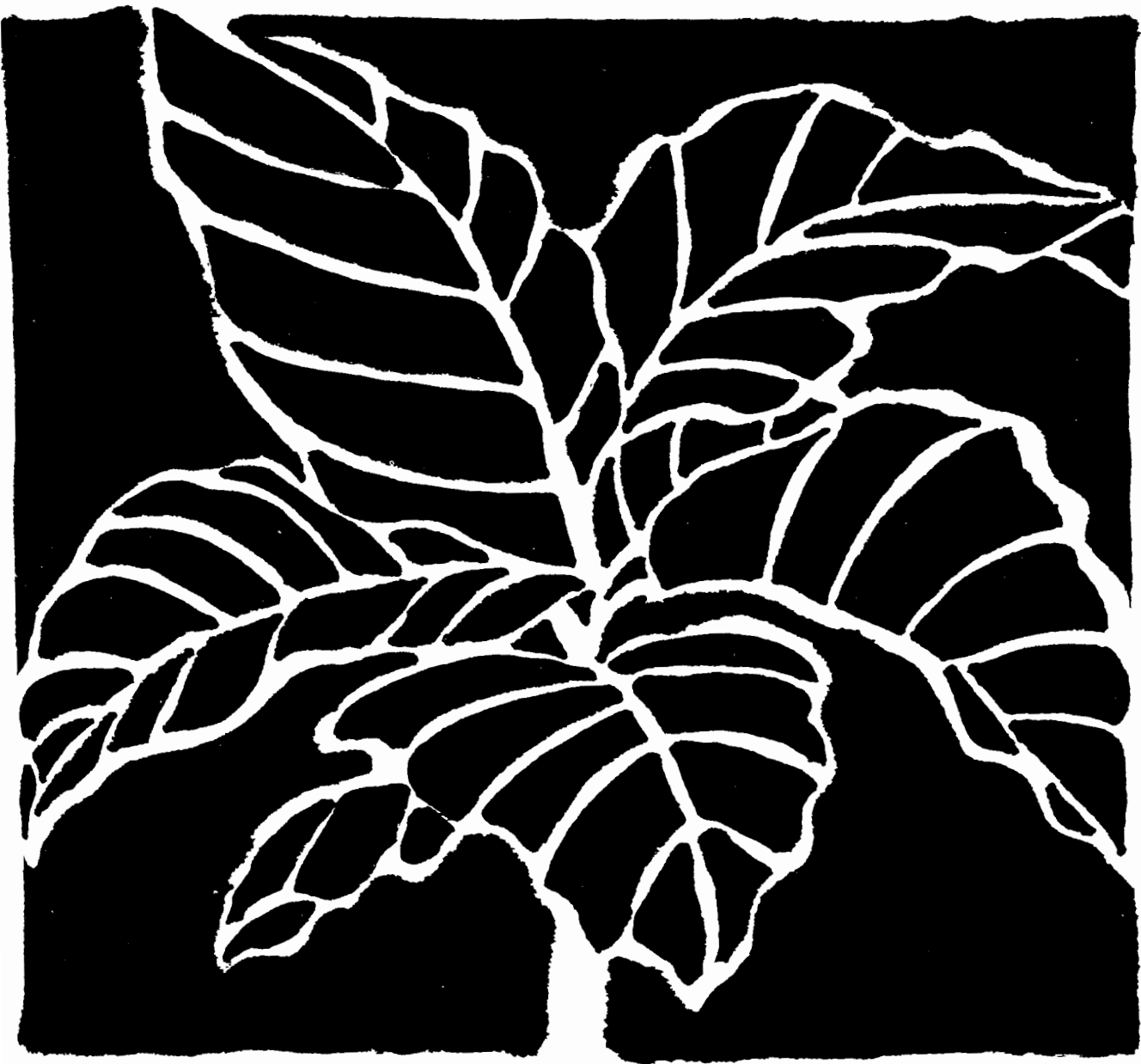
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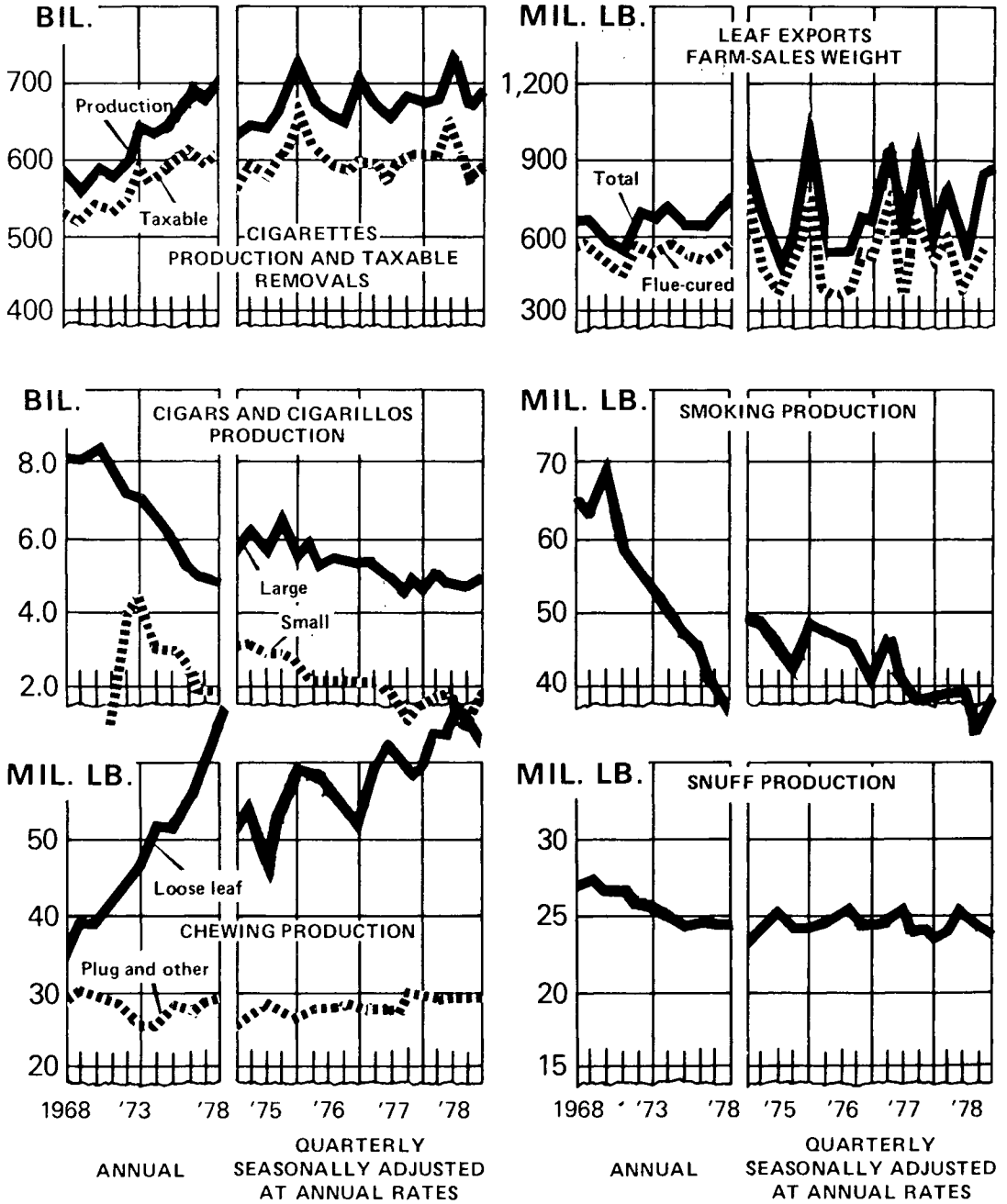
JAN - 3 1979

Approved by the
World Food and
Agricultural Outlook
and Situation Board



TOBACCO OUTLETS

Trends in Manufactured Products and Exports



USDA

LAST QUARTER SHOWN ESTIMATED.

NEG. ESCS 229-78 (12)

THE TOBACCO SITUATION

CONTENTS

	<i>Page</i>
Summary	3
Tobacco Products	4
U.S. Exports and Imports	6
Tobacco Leaf Situation and Outlook	10
International Developments	27
Costs of Producing Burley Tobacco: 1976-78 and Projected 1979	29
Recent Publications	35
Statistical Summary	37
List of Tables	38

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Approved by
The World Food and Agricultural
Outlook and Situation Board
and Summary released
December 12, 1978

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The *Tobacco Situation* is published in March, June, September, and December. Subscription for single issues is available at no charge upon request to principal contributors.

SUMMARY

U.S. tobacco use in the current marketing year may stay about the same as last season but fall short of the 2-billion-pound 1978 crop. If so, next summer's carryover will increase slightly from the 3.5 billion pounds carried into the 1978/79 marketing year. For 1979/80, lower total tobacco output is projected due to reduced basic and effective quotas for flue-cured tobacco.

Domestic tobacco supplies for 1978/79 are 2 percent larger than last season. Beginning stocks remained the same, but the 1978 crop is up 5 percent from last year's level, due to larger yields.

Auction prices for flue-cured tobacco fell after mid-October. As usual, late season demand weakened. But for the entire season, prices were record high, up 14 percent from 1977. Burley sales began in late November, with prices averaging a tenth above 1977 levels. Fire-cured and cigar tobaccos have sold at higher prices this season, but dark air-cured price averages have declined.

With a near-record October movement, U.S. exports of unmanufactured tobacco for July-October 1978 rose one-third above a year earlier. (A dock strike had held down 1977's shipments.) Despite a fast pace of leaf exports, tobacco utilization in the 1978/79 marketing year may record little gain due to a downtrend in domestic disappearance.

In calendar 1978, cigarette output is gaining 4 percent above 1977. U.S. cigarette manufacturers are increasing export volume, but domestic sales have stabilized. Despite sluggish economic growth, further gains in the adult population may hold total cigarette sales in 1979 at 1978's high level. In contrast, cigar and smoking tobacco volume trails 1977 output, and the downtrend may continue in 1979.

Exports of U.S. unmanufactured tobacco (leaf) are increasing during 1978 to around 650 million pounds (750 million pounds, farm-sales weight), about matching 1974's 31-year high. Total export value is record high. Better quality U.S. tobacco, limited foreign supplies, and favorable dollar conversion rates for foreign buyers buoyed U.S. exports. Total leaf exports for the 1979 calendar year could equal this year's level if another high quality flue-cured crop is produced.

Imports accounted for 25 percent of U.S. manufacturers' tobacco use last marketing year (20 percent of use for cigarettes and 60 percent for cigars). January-October imports for consumption (factory use) were 7 percent above a year ago. This calendar year's total may exceed last year's 320 million pounds and a similar high level could enter next year.

The *flue-cured tobacco* supply for the 1978/79 marketing year (July-June), at 3.25 billion pounds, is 2 percent above last year, reflecting the 8-percent larger crop. With marketings above indicated use, the mid-1979 carryover is estimated to rise above the 2.05 billion pounds of a year earlier by around 30 million pounds. The past season's grower prices averaged \$1.35 per pound, 17 cents above 1977. But market averages varied more across the 5-State belt than ever before. The sizable loan stocks of downstalk tobacco remain an industry concern, but further buildup slowed since growers held back enough of that low-value category.

The 1979 national flue-cured marketing quota has been set 2 percent below 1978. Tentatively, the effective quota (reflecting adjustments for last season's marketings above and below quota) is 1.07 billion pounds, 9 percent lower than last year. The price support level goes up about 7 percent next season, reflecting higher prices paid by farmers.

The *burley tobacco* supply for 1978/79 (October-September) is 1.83 billion pounds, 1 percent above last season. Carryover on October 1 stabilized as the 1977 crop matched utilization last season. The 1978 crop forecast is 623 million pounds, 1 percent above 1977's production. Burley auctions through December 7 averaged \$1.32 per pound, 12 cents above last year. Seventy percent of the crop was sold in the pre-Christmas sales period. For 1978/79, basic and effective quotas may not change much.

Supplies of fire-cured and dark air-cured tobaccos are above last season. Maryland and cigar tobacco supplies are about the same as last year. Marketing quotas and acreage allotments will be announced by February 1.

TOBACCO PRODUCTS

Cigarette Sales Stabilizing

With a steady pattern for domestic sales, rising exports are pulling 1978's cigarette production to a near-record level, 4 percent above 1977 (table 1).

U.S. consumption totaled 469 billion cigarettes during January-September 1978, the same as a year earlier. Based on State tax receipts, unit sales declined in the first and third quarters, while the second quarter registered a gain over the corresponding quarter of 1977. Adult population

increased 1½ percent again this year. In the light of continued anti-smoking publicity and slower gains in real incomes in prospect, total cigarette consumption will do well to hold its own the next 12 months. Low-tar, low-nicotine cigarette brands continue to grow as consumers shift from other brands. For 1978, the low-tar category has taken 30 percent of the domestic market, compared with 25 percent last year.

Retail cigarette prices averaged 5 percent higher in 1978, compared with last year. However, the

Table 1—Cigarettes: U.S. output, removals, and consumption, 1970-78

Year	Removals						Estimated inventory increase	Total U.S. consumption ³
	Output	Taxable	Tax-exempt					
			Total	Exports	Shipments ¹	Overseas forces ²		
<i>Billions</i>								
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	49.9	1.5	10.9	-7.7	607.2
1976	693.4	617.1	72.1	61.4	1.9	8.8	10.8	616.0
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978 ⁴	690.0	608.5	85.0	73.0	1.0	11.0	5.0	615.0

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.

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

gain for cigarettes averaged less than the general rise in consumer prices. This year, only West Virginia raised cigarette taxes compared with four States in 1977. In Colorado, a temporary cigarette tax hike expired and so the rate went down. By October, the weighted average State cigarette tax was 12.8 cents per pack, the same as a year earlier.

A Federal contraband cigarette bill, that provides penalties for handling contraband cigarettes, became law November 2 (P.L. 95-575). Contraband cigarettes are defined as more than 60 thousand cigarettes that do not bear the State cigarette tax stamp of the State where they are found. Persons who ship all, or distribute lots of more than 60 thousand cigarettes, are required to maintain records of each transaction.

California voters last month defeated a referendum that would have prohibited smoking in enclosed public places. There are 33 States that have laws either prohibiting smoking in certain public places or segregating smokers from non-smokers.

Wage-Price Guidelines Announced

The U.S. President announced voluntary wage-price standards on October 24. U.S. firms are asked to keep annual wage and benefit increases to no

more than 7 percent and maintain the price increases of goods and services to at least one-half percentage point below the increases that were recorded during 1976-77. Exemptions are provided for special situations. Farm prices are exempt from the guidelines since they vary so erratically with the vagaries of weather, disease, and pests.

Cigar Volume Declines

Consumption of *large cigars* (including cigarillos) totaled 3.5 billion in January-September, 6 percent below a year earlier. The 1978 total will be down by a similar percentage (table 2). Cigar shipments from Puerto Rico were down as well as U.S. output. This year's sales are smaller except in all the higher price categories (table 3). Since 1964, the overall consumption trend has been downward and this pattern is expected to continue in 1979.

For *small cigars* (not over 3 pounds per 1,000), 1978 consumption may drop one-tenth below 1977's level of 1.85 billion. Small cigars are made in the same manner as large cigars but sell for less apiece than cigarettes and large cigars.

Smokeless Tobacco Use Gaining

Chewing tobacco output gained sharply in the third quarter, as sales rose smartly for loose leaf

Table 2—Cigars and smoking tobacco: U.S. output, removals, and consumption, 1970-78

Year and item	United States factories			From Puerto Rico taxable	Imports	Exports	Total U.S. consumption ¹
	Output	Removals					
		Taxable	Tax-exempt				
<i>Millions</i>							
Large cigars ²							
1970	7,094	6,706	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	75	7,294
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	4,524	4,476	125	1,216	79	92	5,804
1976	4,178	4,040	144	1,225	88	124	5,363
1977 ³	3,987	3,765	130	1,064	92	117	4,934
1978 ⁴	4,000	3,600	160	950	90	150	4,650
<i>Million pounds</i>							
Smoking tobacco							
1970	69.4	65.6	1.5	---	8.4	.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	45.6	1.0	---	8.7	1.6	53.7
1976	44.6	43.7	.9	---	⁵ 9.9	.8	53.7
1977 ³	40.7	40.2	.7	---	⁵ 7.2	.8	47.3
1978 ⁴	36.0	35.0	.8	---	8.0	.8	43.0

¹ Total removals (or sales) from U.S. and Puerto Rico, factories plus imports, minus exports. ² Includes cigarillos. ³ Subject to revision. ⁴ Estimated. ⁵ From European countries. Excludes leaf exporting countries normally not suppliers of packaged tobacco.

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

Table 3—Cigars: Taxable removals by revenue class, January-September 1978

Revenue class and wholesale price per thousand cigars ¹	Change from 1977 ²	
	Number	Percent
	<i>Billions</i>	<i>Percent</i>
A-C (up to \$66)	1.69	-6.5
D-E (over \$66 to \$120) . . . . .	.65	-33.2
F- (over \$120)	1.15	+21.4
Total removals ³	3.47	-6.1

¹Wholesale price classes roughly equivalent to retail price classes used prior to February 1, 1977. ²Computed from unrounded data. ³Adjusted for duplicated imports. Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, and Cigar Association of America, Inc.

and fine cut tobaccos. Total production for 1978 may exceed last year's figure by 9 percent. *Snuff* production so far this year is keeping pace with sales and 1978 output is estimated the same as 1977's (table 4).

Domestic use of *smoking tobacco*—including imports—for the third quarter remained below a year earlier. For all of 1978, smoking tobacco consumption will likely drop some 8 percent from

1977. Following the pattern of recent years, the downtrend may continue in 1979.

Table 4—Tobacco products: Output, 1976-78

Item	1976	1977 ¹	1978 ²
<i>Million pounds</i>			
Chewing tobacco			
Plug	16.7	16.4	16.0
Twist	2.3	2.2	2.0
Fine-cut	8.4	10.1	12.0
Loose leaf	56.3	61.1	68.0
Total	83.7	89.8	98.0
Snuff	24.8	24.6	25.0
Smoking tobacco in bulk (exports)	13.9	9.8	5.0
<i>Millions</i>			
Small cigars	2,246	1,864	1,700

¹ Subject to revision. ² Estimated.

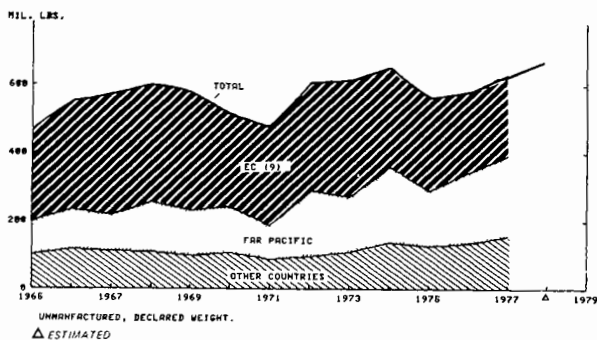
Basis data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.

U.S. EXPORTS AND IMPORTS

Vigorous Export Pace

Exports of unmanufactured tobacco this year through October totaled 9 percent above a year earlier. Last year, the East and Gulf Coast strike limited fourth quarter shipments, but a more normal shipment pattern is expected this year. The 1978 total will exceed last year's 628 million pounds and may approach the 1974 high level of 651 million pounds (295 thousand metric tons, equivalent to 713 million pounds farm-sales weight).

U.S. EXPORTS OF TOBACCO BY DESTINATION



UNMANUFACTURED, DECLARED WEIGHT.
△ ESTIMATED

USDA

HEG. ESCS 0930-78 (12)

Table 5—U.S. cigarette exports to leading destinations, 1977-78

Country	1977	January-October	
		1977	1978 ¹
<i>Billions</i>			
Belgium-Luxembourg	11.6	10.5	11.1
Hong Kong	5.6	4.2	5.3
Netherlands Antilles	4.1	3.5	3.9
Japan	3.3	2.4	2.7
Iran	8.2	7.4	7.4
Saudi Arabia	3.5	2.8	3.2
Spain	4.3	3.7	2.7
Kuwait	1.6	1.4	1.5
United Arab Emirates	1.2	.9	1.3
Canary Islands	1.8	1.4	1.3
Syrian Arab Republic . . . . .	.7	.4	.4
Lebanon	1.9	1.3	1.8
Panama	1.3	1.1	1.3
Other countries	17.7	14.3	17.5
Total	66.8	55.3	61.4

¹ Subject to revision.

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

First-half 1979 shipments are expected to continue buoyant. With another high quality crop next season, calendar 1979 export movement could equal this year's level.

Table 6--United States exports unmanufactured tobacco by type and to principal importing countries, 1974-78

(Declared weight)

Type and country	1974	1975	1976	1977 ²	January-October		1978 as a percentage of 1977
					1977 ¹	1978 ²	
--- Million pounds ---							
Type:	Percent						
Flue-cured	440.9	391.4	378.7	³ 411.7	³ 296.0	316.1	107
Burley	60.8	61.9	67.9	79.1	76.7	85.4	111
Maryland	10.9	4.1	8.3	7.7	7.4	8.1	109
Fire-cured, Ky. and Tenn.	19.4	14.9	16.3	19.1	16.2	15.4	95
Virginia fire and sun-cured	6.0	3.3	2.9	³ 3.7	³ 3.5	2.4	69
Green River and One Sucker	1.0	.3	.3	.1	.1	.4	400
Black Fat	2.7	3.5	3.3	2.7	1.9	2.2	116
Cigar wrapper	2.9	4.3	3.8	4.1	3.4	2.9	85
Cigar binder .....	.1	.2	.3	.2	.1	*	---
Cigar filler .....	.6	.2	.4	.3	.3	.2	67
Perique .....	.2	.1	.1	.1	.1	*	---
Stems, trimmings and scrap	105.9	78.9	95.8	99.9	71.1	84.4	119
Total	651.4	563.0	578.1	628.6	476.7	517.6	109
Country of destination:							
United Kingdom	94.3	78.5	71.8	46.8	36.4	106.2	292
France	8.2	9.5	8.3	6.3	5.0	7.5	150
Belgium-Luxembourg	14.4	8.1	7.5	10.4	6.9	10.9	158
Netherlands	31.0	29.9	24.7	30.5	25.5	24.4	96
West Germany	97.1	91.0	73.7	78.9	65.4	42.4	65
Denmark	12.6	16.4	9.0	16.9	15.5	18.7	121
Ireland	10.2	8.2	7.7	5.4	5.0	4.2	84
Italy	24.3	31.5	33.2	40.6	39.5	39.6	100
Subtotal EC	292.1	273.1	235.9	235.8	199.2	253.9	127
Switzerland	21.3	25.9	24.4	28.8	25.0	20.3	81
Finland	4.0	8.0	6.2	5.3	4.7	5.6	119
Norway	5.4	5.6	5.5	6.0	5.5	4.0	73
Sweden	14.5	15.3	14.1	11.8	11.8	16.0	136
Spain	8.0	9.4	4.7	5.1	5.1	16.4	322
Thailand	20.6	18.7	21.8	16.0	16.0	18.2	114
Korea, Rep. of .....	.8	3.0	7.2	9.8	9.8	9.9	101
Malaysia	11.9	7.1	7.3	12.2	10.9	8.9	82
Philippines	11.2	11.8	13.0	15.4	13.9	10.9	78
Taiwan	23.8	16.0	12.3	20.6	11.7	17.2	147
Japan	109.6	81.5	132.7	135.4	50.2	42.8	85
Australia	18.7	15.5	10.3	14.2	12.1	10.0	83
New Zealand	4.8	5.0	4.9	5.0	4.9	3.0	61
Egypt	12.3	10.4	11.1	26.7	26.7	24.5	92
Other countries	92.4	56.7	66.7	80.5	69.2	56.0	81
Total	651.4	563.0	578.1	628.6	476.7	517.6	109

¹ Subject to revision. ² Preliminary. ³ Revised. * 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.

For January-October 1978, increases in exports were registered for flue-cured and burley, the principal export classes. Dark fired and cigar leaf showed declines (tables 5, 6, and 7). Among major U.S. markets, the United Kingdom, Denmark, Thailand, and Taiwan took more. Italy remained the same. In total, the nine-member European Community (EC) took 27 percent more U.S. tobacco as foreign manufacturers rebuilt inventories.

Smaller U.S. shipments went to West Germany and Japan. German manufacturers are apparently importing a portion of their requirements through the United Kingdom and Italy. Japan's drop was

due to brand shifts in the Japanese market and to stock adjustments.

Imports Steady

Through October this year, U.S. tobacco imports for consumption (duty-paid imports) increased above a year earlier. Oriental tobacco, the major import class, was up, reflecting the gain in cigarette production. Foreign flue-cured and burley imports remained the same. Cigar leaf and scrap imports were up, despite the reduced level of cigar

Table 7—United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1975/76-1976/78¹

(Declared weight)

Importing countries	1975/76	1976/77	1977/78 ²	Importing countries	1975/76	1976/77	1977/78 ²
<i>Million pounds</i>				<i>Thousand pounds</i>			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
United Kingdom	57.0	47.2	62.3	Switzerland	42	909	0
West Germany	55.9	57.1	43.5	Norway	995	1,188	908
Japan	84.4	67.9	74.8	Sweden	397	524	302
Netherlands	15.5	13.1	16.4	West Germany	454	774	502
Thailand	12.5	18.1	11.6	Other countries	1,005	2,355	349
Australia	12.1	9.0	9.8	Total	2,893	5,750	2,061
Italy	15.7	19.4	23.6	One Sucker, type 35			
Sweden	9.1	8.2	5.8	Belgium-Luxembourg	66	0	0
Norway	3.9	4.8	2.7	Zaire	142	0	0
Finland	4.6	4.7	3.0	Other countries	0	7	97
Denmark	10.7	11.6	7.7	Total	209	7	97
Ireland	4.6	5.0	1.7	Green River, type 36			
Belgium-Luxembourg	4.8	4.6	8.8	United Kingdom	34	50	59
Switzerland	9.8	7.2	9.4	Dahomey	0	0	16
Rep. of Korea	0	7.8	0	Zaire	81	0	0
Philippines	6.6	8.9	8.5	Other countries	0	4	297
Spain	4.9	5.2	8.2	Total	115	54	372
Malaysia	5.9	9.1	7.6	Cigar Filler, types 41-44			
Taiwan	11.2	13.6	18.9	New Zealand	0	0	0
Egypt	17.0	11.3	14.3	France	270	139	112
Other countries	44.4	59.3	58.8	Other countries	60	196	131
Total	390.6	381.8	397.4	Total	330	335	243
Burley, type 31				Connecticut Binder, types 51-52			
Italy	14.2	16.4	18.5	West Germany	0	0	0
Sweden	2.7	2.9	2.2	United Kingdom	0	0	0
Denmark	2.0	2.5	2.0	Canada	21	66	6
Netherlands	2.0	1.7	2.2	Other countries	138	66	24
Japan	8.3	10.2	10.4	Total	157	132	30
West Germany	11.3	18.6	7.0	Wisconsin Binder, types 54-55			
Switzerland	3.1	6.5	6.6	Dominican Republic	79	76	79
Syria	2.9	2.6	0	Other countries	7	13	18
Thailand	2.7	4.4	6.6	Total	86	89	97
Philippines	8.9	5.0	4.8	Cigar Wrapper, types 61-62			
Other countries	13.6	16.3	23.0	United Kingdom	830	299	385
Total	71.7	87.1	83.3	West Germany	212	168	322
Maryland, type 32				Canada	227	104	71
Belgium-Luxembourg	1.3	1.0	.8	Dominican Republic	1,520	1,691	2,284
West Germany	1.8	1.5	.9	Netherlands	327	553	537
Switzerland	3.3	5.5	3.8	Other countries	668	549	648
Other countries . . . . .	.9	1.4	1.6	Total	3,784	3,364	4,247
Total	7.3	9.4	7.1	Black Fat			
Ky.-Tenn. fire-cured, types 22-23				Dahomey	1,210	1,468	785
Sweden . . . . .	.3	.9	.3	Cameroon	581	286	297
Netherlands	8.9	12.1	9.3	Niger	328	399	410
Belgium-Luxembourg . . . . .	.4	1.2	.5	Nigeria	476	355	505
France	2.7	1.4	2.4	Togo	576	274	447
Switzerland . . . . .	.7	.9	.2	Other countries	0	153	255
Other countries	3.1	4.1	3.0	Total	3,171	2,935	2,699
Total	16.1	20.6	15.7	Stems, Trimmings, and Scrap			
Sweden	3.7	2.9	3.9	United Kingdom	20.7	16.2	19.5
Denmark	2.8	5.6	3.6	West Germany	4.3	7.2	5.5
United Kingdom	20.7	16.2	19.5	Japan	30.2	24.2	28.3
West Germany	4.3	7.2	5.5	Other countries	31.1	39.1	38.0
Japan	30.2	24.2	28.3	Total	92.8	95.2	98.8
Other countries	31.1	39.1	38.0	Total			

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 1977/78. ² Subject to revision. Detail may not add to total due to rounding.

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

output. Some scrap tobacco goes for both cigarettes and chewing tobacco. Use of imports in 1979 may stay about the same as cigarette output stabilizes.

January-October 1978 arrivals of tobacco (general imports) were 14 percent above the year-earlier level. Cigar filler was down while scrap categories were up. Burley and Oriental imports were higher.

U.S. stocks of foreign-grown cigarette and smoking tobacco stabilized over the past 12 months. On October 1, 1978, stocks totaled 601 million pounds (farm-sales weight), about the same as the year-earlier level. About one-half of the foreign grown tobacco stocks consisted of flue-cured and burley (tables 8 and 9).

Table 9—U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1977-78, and January-July 1977-78¹

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	1977	January-October		1978 as a percentage of 1977	1977	January-October		1978 as a percentage of 1977
		1977	1978 ¹			1977	1978 ¹	
	--- Million pounds ---				Percent			
	--- Million pounds ---				Percent			
Cigarette tobacco:								
Leaf:								
Oriental								
Turkey	87.4	76.0	77.7	102	56.7	40.0	58.4	146
Greece	16.6	13.6	22.6	166	24.9	23.0	22.9	99
Yugoslavia	13.8	11.7	15.3	131	14.1	12.3	12.2	99
Lebanon	6.5	5.7	3.4	60	7.6	7.6	7.1	93
Other countries ²	46.1	38.9	35.4	91	34.6	30.4	21.0	69
Flue-cured	5.2	4.8	4.7	98	20.3	16.9	15.4	92
Burley	18.5	14.0	13.5	97	30.6	23.7	32.5	137
Subtotal	194.1	164.7	172.6	105	188.8	153.9	169.5	110
Scrap								
Turkey	6.1	6.0	5.7	95	9.5	9.5	1.6	17
Mexico	4.1	3.8	7.8	205	3.5	2.5	5.2	209
Other countries ²	21.9	17.1	20.5	117	27.5	23.2	33.8	146
Subtotal	32.1	26.9	34.0	114	40.5	35.2	40.6	115
TOTAL	226.2	191.6	206.6	108	229.3	189.1	210.1	111
Cigar tobacco:								
Wrapper	1.7	1.4	1.4	100	2.2	1.9	2.0	105
Filler-stemmed and unstemmed								
Dominican Republic	1.0	.9	1.0	111	5.7	4.8	5.9	123
Other countries	4.9	4.1	5.7	139	19.9	17.6	11.7	66
Subtotal	5.9	5.0	6.7	134	25.6	22.4	17.6	79
Scrap								
Philippine Republic	13.3	11.7	12.9	110	7.4	6.4	7.7	119
Colombia	3.7	3.0	3.4	113	3.2	3.2	2.1	66
Dominican Republic	7.5	6.7	4.8	72	.5	.5	2.4	486
Brazil	25.3	21.3	21.1	99	13.0	11.9	11.4	95
Other countries	25.5	20.0	26.3	132	18.1	15.3	28.9	189
Subtotal	75.3	62.7	68.5	109	42.2	37.3	53.4	143
TOTAL	82.9	69.1	76.5	111	70.0	61.7	73.0	118
Stems	7.1	6.7	9.8	146	7.2	6.8	10.1	149
Grand total	316.2	267.4	293.0	110	306.5	257.7	293.3	114

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.

Table 8—Imported foreign-grown cigarette leaf stocks, by quarters, 1971-78¹

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
--- Million pounds ---								
				Foreign-grown flue-cured				
				Foreign-grown oriental and aromatic				
1971	13	11	14	15	367	371	382	347
1972	12	12	24	19	320	357	389	360
1973	31	31	40	38	369	376	387	360
1974	38	44	47	54	355	374	383	350
1975	53	49	70	70	377	412	415	380
1976	74	73	72	101	361	431	416	405
1977	100	102	109	117	397	365	362	347
1978	117	120	130	132	344	364	345	295
				Foreign-grown burley		Total imported cigarette leaf		
1971	5	5	4	6	386	386	400	367
1972	7	9	9	11	339	377	423	390
1973	17	24	27	36	418	431	455	434
1974	49	59	67	88	442	477	497	493
1975	118	107	145	136	548	567	623	587
1976	134	124	132	141	568	628	619	646
1977	139	132	127	138	637	599	598	602
1978	140	136	150	174	601	619	625	601

¹ Farm sales weight.

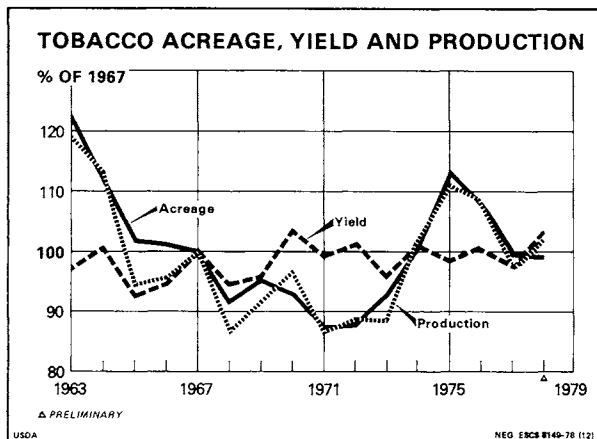
TOBACCO LEAF SITUATION AND OUTLOOK¹

1978 Crop Highlights

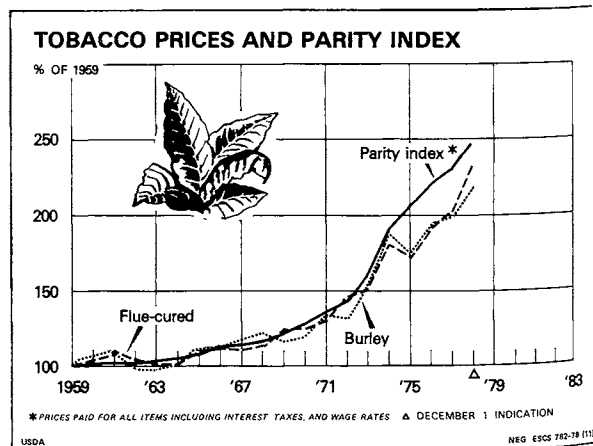
The production forecast increased with successive reports and the 1978 tobacco crop forecast is 5 percent larger than last year. Favorable growing conditions contrasted sharply with last season when weather conditions cut flue-cured yields. About the same size quotas applied this season for flue-cured but burley was lower. Flue-cured production per acre gained from last year in all States and belts except the Georgia-Florida Belt.

The largest yield gain was in eastern North Carolina where ideal growing conditions prevailed. Burley areas had a more favorable curing season than last year. Average yield for all tobacco was above last season, with harvested acres totaling 1 percent lower than last year.

The larger flue-cured and burley crops maintained total supplies. For most other tobacco types, larger carryovers were reported. Overall, larger supplies are available for the 1978/79 marketing year. Prices for the current season will likely average 14 cents or so per pound above last season and reach a new record. The gain reflects rising support levels and stronger demand. Volume



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



of tobacco placed under loan this season will fall short of the 1977 season.

Farmers' cash receipts from tobacco for calendar 1978 have set a new record, exceeding 1977's level of \$2.3 billion by a tenth. Prices are up and a larger flue-cured crop was sold in this calendar year.

1979 Marketing Quotas and Allotments

The 1979 national quota for flue-cured tobacco is 2 percent below that for 1978. With the overquota marketings from the 1978 crop, the effective quota is reduced 9 percent (table 11).

By February 1, USDA will announce the 1979 marketing quotas and acreage allotments for bur-

Table 10—U.S. tobacco: Acreage and yield, 1976-78

Type	Acreage				Yield per acre			
	1976	1977	1978 ¹	Change from 1977	1976	1977	1978 ¹	Change from 1976
	1,000 acres		Percent		Pounds		Percent	
Flue-cured								
11—Old and Middle Belt, VA.-N.C.	255.0	221.0	211.0	-4.5	1,816	1,777	1,875	+5.5
12—Eastern N.C.	203.0	177.0	186.0	+5.1	2,140	1,955	2,250	+15.1
13—S.C.—Border N.C.	126.0	114.0	119.0	+4.4	2,092	2,022	2,150	+6.3
14—Georgia—Florida	82.5	77.2	72.5	-6.1	1,877	2,078	2,048	-1.4
Total, types 11-14	666.6	589.3	588.5	-0.1	1,974	1,917	2,071	+8.0
Burley, type 31	285.8	268.5	259.3	-3.4	2,376	2,298	2,402	+4.5
Total, all types 11-72 ...	1,044.6	957.6	947.9	-1.0	2,045	1,997	2,118	+6.0

¹ November 1 indications, burley is December 1.

Table 11—Flue-cured and burley tobacco: Marketing quota and marketings, 1970-79

Year	Quota		Marketings				Net Carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota ¹	
	--- Million pounds ---						
	Flue-cured, types 11-14						
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	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978	1,117.2	1,181.5	³ 1,205.0				³ -25.0
1979 ³	³ 1,095.0	³ 1,070.0					
	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	82.3	49.2
1977	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978 ³	614.2	667.8					

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

Compiled from records and reports of Price Support and Loan Division, ASCS.

tobacco. The share for leaf and cutter grades increased. From a color standpoint, more lemon or orange was recorded with less variegated and green tobacco. This shift was due to the return of more favorable growing conditions in all areas.

Loan volume dropped to 5 percent of sales. Most of the loan receipts consisted of leaf grades. Receipts of primings and nondescript grades, which are already in oversupply, represented only 12 percent of receipts.

Marketing Conditions About the Same

Despite the larger flue-cured crop, the 1978 selling period was delayed about a week in each belt in line with crop maturity. Nonetheless, sales were finished about the same time as last year due to more rapid movement through auctions.

The sales opportunity averaged about 85 million pounds weekly, about the same as last year, but resale allowance for warehouses was increased to

Table 12—Flue-cured tobacco: Gross sales (including resales), average price, and loan receipts by Belt, 1970-78

Marketing season	Old and Middle Belt, type 11	Eastern N.C. Belt, type 12	N.C. Border and S.C. Belt, type 13	Ga.-Fla. Belt, type 14	All Belts
<i>Million pounds</i>					
1970	360	367	295	201	1,224
1971	334	323	268	182	1,107
1972	310	323	249	166	1,048
1973	373	385	270	153	1,181
1974	383	420	290	197	1,290
1975	418	523	337	190	1,469
1976	453	480	275	163	1,370
1977	385	389	243	169	1,186
1978 ¹	391	466	272	160	1,289
<i>Average price per pound</i>					
<i>Cents</i>					
1970	70.1	72.7	71.7	74.3	71.9
1971	77.3	78.4	75.7	76.8	77.2
1972	83.1	87.2	85.3	85.4	85.3
1973	88.2	89.0	86.8	87.7	88.1
1974	106.0	105.9	103.9	102.8	105.0
1975	98.5	101.1	99.9	100.1	100.0
1976	107.2	113.0	112.4	110.2	110.6
1977	114.0	118.5	124.1	115.9	117.8
1978 ¹	132.0	134.2	137.1	142.4	135.2
<i>Receipts under loan</i>					
<i>Million pounds</i>					
1970	49.5	43.3	28.8	22.7	144.2
1971	14.5	19.2	15.5	6.4	55.7
1972	14.5	8.2	1.1	.4	24.3
1973	11.7	17.0	² 2.4	.2	31.3
1974	5.1	8.1	7.5	2.4	23.1
1975	83.2	90.3	56.6	28.9	259.0
1976	134.8	80.2	37.2	24.7	276.9
1977	107.6	54.6	20.4	10.5	193.1
1978 ¹	25.9	25.0	9.2	4.0	64.1
<i>Percentage of producer sales under loan</i>					
<i>Percent</i>					
1970	14.2	12.1	10.2	11.9	12.2
1971	4.5	6.1	6.0	3.7	5.2
1972	5.0	2.6	.5	.3	2.4
1973	3.2	4.5	.7	.1	2.7
1974	1.4	2.0	2.7	1.3	1.9
1975	20.8	17.8	17.6	15.9	18.4
1976	31.0	17.4	14.2	15.9	21.1
1977	29.3	14.7	8.9	6.7	17.2
1978 ¹	7.0	5.7	3.7	2.8	5.3

¹ Preliminary. ² Includes 0.5 million pounds direct deliveries at end of season.

Compiled from records and reports of Tobacco Division, Agricultural Marketing Service.

ley and several other kinds of tobacco. Shortly after the announcement, growers of fire-cured and dark air-cured types will vote for or against marketing quotas on their next three crops. If at least two-thirds of the voters approve, marketing quotas will be in effect. In previous referendums for flue-cured, burley, cigar binder (Connecticut Valley and Wisconsin), Ohio filler, and sun cured types, growers approved marketing quotas for the 1979 crop.

Price Support Level

For 1979, the law requires support levels to rise 7 percent above the 1978 price support level—to more than double the 1959 base used for the calculation. The 1979 price support adjustment will be based on the average of the parity index for 1976, 1977, and 1978 compared with 1959. USDA usually announces average support levels by tobacco types in the spring and individual grade loan rates just before the opening of the various marketing seasons.

FLUE-CURED

1978 Auction Prices Gain

Prices for the 1978 flue-cured crop gained 14 percent from 1977 to set a new record. With larger volume, crop value jumped 23 percent above last year and one-eighth above 1976's record. Considering both the crop and stabilization stocks, industry takings were up, and loan placements were the lowest since 1974.

The 19-week 1978 flue-cured auction season ended November 21. About nine-tenths of the crop had been sold by October 26. Buoyed by higher quality leaf in Georgia-Florida, July prices averaged 38 cents per pound above a year earlier. Consequently, the seasonal price increase to the September peak was less than in recent years. Vigorous bidding for better quality tobacco kept prices higher than usual in October when tobacco from eastern North Carolina and the Old and Middle Belts predominated.

Compared with the 1977 season, price averages by grades this year stayed about the same in North Carolina, South Carolina, and Virginia Belts, but were substantially higher in Georgia and Florida. Some primings and nondescript grades advanced. A nominal amount was graded with the "sand" or "dirt" factors. Reflecting the improved quality and shift away from nondescript grades, the season average price for gross sales (including resales) was \$1.35 per pound—up 17 cents from last year's average. Price averages rose in all belts (table 7). Among the 93 markets, season averages ranged from \$1.17 a pound in Ellerbe, N.C., to \$1.51 in Douglas, Ga.

Due to overquota marketings, producers' marketings were well above last season even though the effective quota was reduced. Producer auction sales totaled 1,202 million pounds, almost 80 million more than in 1977.

Quality Improves

Crop quality increased from last year. There was a larger proportion of fair and good grades in 1978 and less nondescript and poor quality

Table 13—Flue-cured tobacco: Farm marketings by belt and across-belt marketings, 1978

States and belt	Sold in—					Total sold out of belt	
	Total farm marketings	Ga.-Fla. 14	S.C.-N.C. 13	N.C. 12	N.C.-Va. 11	Amount	Percent of sales
	<i>Million pounds</i>					<i>Percent</i>	
Ga.-Fla., 14	144.3	144.3	0	0	0	0	0.0
S.C.-N.C., 13	264.2	1.0	252.2	5.9	5.2	12.0	4.5
N.C., 12	404.4	0	6.4	392.1	5.9	12.3	3.0
N.C.-Va., 11	365.3	0	3.6	36.0	325.6	39.6	10.8
Sales from out of belt	—	1.0	10.0	41.9	11.1	—	—
Total ¹	1,178.3	145.3	262.2	434.0	336.7	64.0	5.4
	Sales from out of belt as percentage of belt sales						
	<i>Percent</i>						
	5.4	0.1	3.8	9.6	3.3	—	—

¹ Distribution of 27 million pounds not available. Details may not add to total due to rounding.

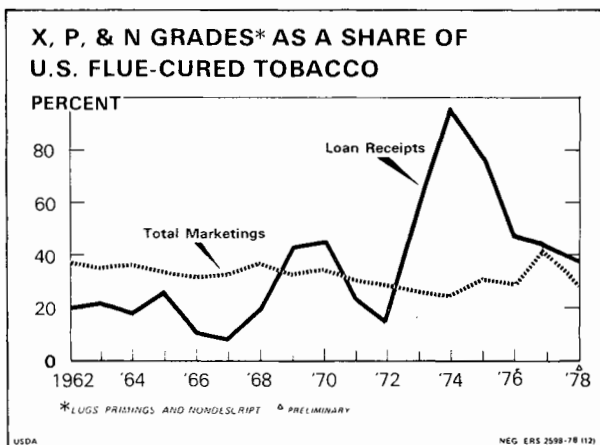
Compiled from records and reports of Price Support and Loan Division, ASCS.

Table 14—Flue-cured tobacco: Percentage distribution of marketings, by groups and qualities, 1974-78 crops

Crop year	B-Leaf	H-S. leaf	C-Cutters	X-Lugs	P-Primings	N-Nondescript	Misc.	
<i>Percent</i>								
GROUP								
1974	50.3	10.6	10.0	10.8	11.5	4.0	2.8	
1975	48.2	8.9	8.5	14.4	11.4	5.7	2.9	
1976	57.1	3.0	8.9	12.1	11.4	6.1	1.4	
1977	50.4	1.2	4.1	13.0	6.3	22.8	2.2	
1978 ¹	58.1	1.5	10.3	14.4	8.5	6.0	1.2	
QUALITY								
Crop year	1-Choice	2-Fine	3-Good	4-Fair	5-Low	6-Poor	Nondescript	Misc.
1974	0.2	1.8	23.1	48.6	18.3	1.2	4.0	2.8
19751	.7	13.7	49.4	24.9	2.6	5.7	2.9
19763	1.2	18.1	50.0	20.6	2.3	6.1	1.4
19771	.2	4.9	31.5	28.1	10.3	22.7	2.2
1978 ¹1	.5	13.1	50.7	25.1	3.3	6.0	1.2

¹ Preliminary.

Compiled from records and reports of Tobacco Division, AMS.



10 percent. As occurred last season, growers designated a warehouse for the sale of their crop and the USDA Flue-cured Tobacco Advisory Committee recommended opening dates and selling schedules to USDA. A buyer rotation plan was used and selling times were allocated according to the grower designations. Growers could change their warehouse designation at the beginning of each month, if they wished.

Resales averaged 7½ percent of gross sales, a larger share than in 1977. About 5 percent of the crop was sold outside of the belt where produced.

After the auction sales ended in each belt, the Stabilization Cooperative and various auction warehouses received carryover tobacco—that volume exceeding 110 percent of farm marketing quotas and subject to penalty if sold in 1978. About 25 million pounds came in under this separate

pooling arrangement. After processing and storage, this carryover will be sold next summer and count against 1979 marketings.

Exports Boosted

Flue-cured exports for July-October 1978 were sharply above the year-earlier level but about the same as the average for the same period from 1966-70 when competing suppliers were short of tobacco. By October, unit value had risen 19 percent above October 1977.

Table 15—U.S. flue-cured exports to principal countries, 1976-78 (export weight)

Country	July-October		
	1976	1977	1978
<i>Million pounds</i>			
United Kingdom	25	15	34
West Germany	23	17	15
Japan	1	2	7
Netherlands	6	7	4
Ireland	1	1	2
Italy	1	4	1
Australia	4	4	4
Belgium	1	2	2
Denmark	3	3	5
Switzerland	3	4	1
Sweden	7	5	6
Egypt	0	6	8
Taiwan	0	3	10
Others	30	34	43
Total	105	107	142

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

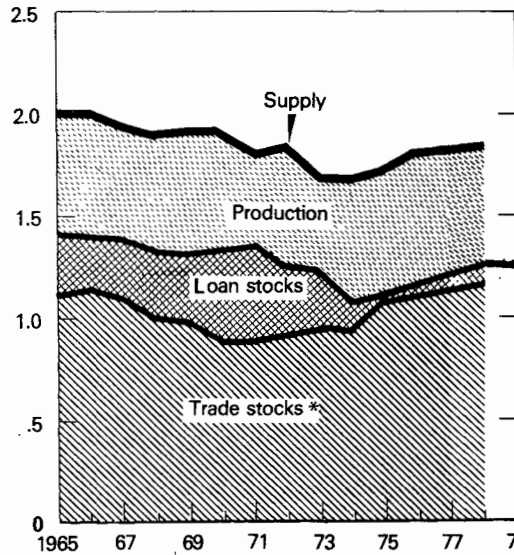
Table 16—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1968-79

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks ¹			Total supply
				Manufacturers and other	Under loan	Total	
				--- Million pounds ---			
(Farm-sales weight)							
Flue-cured, types 11-14							
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	1,539.1	359.2	³ 1,898.3	3,214.3
1977	589.3	1,917	² 1,124.2	1,509.2	556.9	2,066.1	3,190.3
1978 ⁴	588.5	2,071	² 1,205.0	1,513.5	534.0	2,047.5	3,252.5
1979 ⁵				1,512.5	570.0	2,082.5	
Burley, type 31							
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	285.8	2,376	² 663.8	³ 1,115.3	44.8	³ 1,160.1	1,823.7
1977	268.5	2,298	² 612.5	1,159.1	54.9	1,206.3	1,818.8
1978 ⁴	259.3	2,402	622.7	1,095.8	113.5	1,209.3	1,832.0
1979 ⁵				1,103.5	113.5	1,217.0	
Disappearance				Average price per pound	Price support level	Placed under loan	
Total	Domestic	Exports				Quantity	Percentage of crop
--- Million pounds ---				--- Cents ---		Million	Percent pounds
Flue-cured, types 11-14							
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	634.0	514.2	110.4	106.0	277.3	21.0
1977	1,142.8	603.7	539.1	117.6	113.8	195.6	17.3
1978	⁵ 1,170.0	⁵ 610.0	⁵ 560.0	⁴ 135.2	121.0	64.1	5.3
Burley, type 31							
1968	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	569.9	515.2	54.7	80.9	71.5	.2	---
1972	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973	619.0	533.1	86.8	92.9	78.9	.7	.1
1974	586.7	518.8	67.9	113.7	85.8	2.8	.4
1975	602.5	510.1	92.4	105.6	96.1	50.7	7.9
1976	617.4	500.6	116.8	114.2	109.3	46.6	7.0
1977	609.5	493.0	116.5	120.0	117.3	57.0	9.2
1978	⁵ 615.0	495.0	120.0	⁶ 131.9	124.7	⁶ 27.0	⁶ 5.7

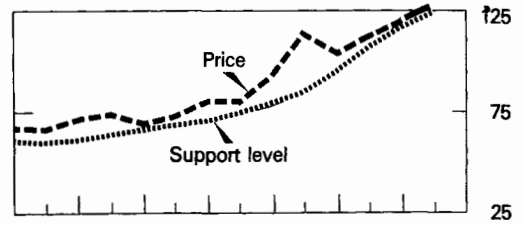
¹ July 1 for flue-cured; October 1 for burley. ² Sales. ³ Adjusted for change in conversion factor January 1, 1977. ⁴ Subject to revision. ⁵ Estimated. ⁶ Through December 14.

BURLEY TOBACCO: SUPPLY, PRICE, USE

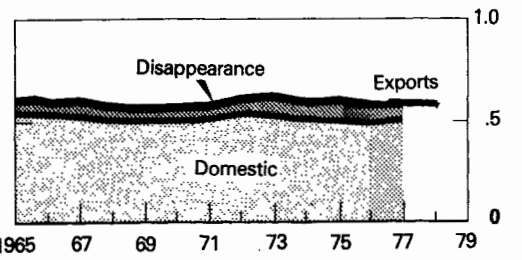
BIL. LB.



¢ PER LB.



BIL. LB.



YEAR BEGINNING OCTOBER 1

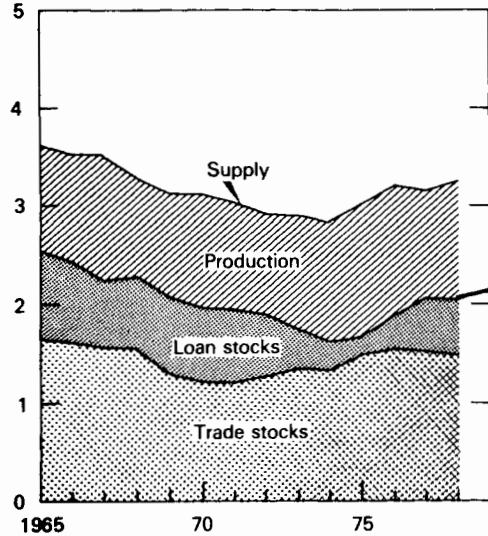
* MANUFACTURERS' AND DEALERS' LATEST YEAR FORECAST.

USDA

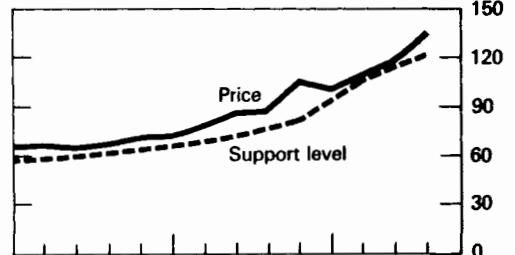
NEG. ESCS-381-C-78 (2)

FLUE-CURED TOBACCO: SUPPLY, PRICE, USE

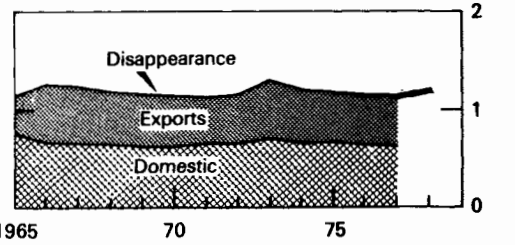
BIL. LB.



¢/LB.



BIL. LB.



YEAR BEGINNING JULY 1

Trade stocks include manufacturers' and dealers'. Latest year forecast.

USDA

NEG. ESCS 223-C-78 (10)

Japan's 1978 purchases may have dropped a little from last year. Their shipments are usually bunched around the end of the calendar year. Larger supplies of export grades are helping to boost 1978/79 exports to many destinations. By June, flue-cured exports may total slightly above the 1977/78 season's 539 million pounds.

Supplies Larger in 1978/79

Although carryover is less, the larger crop has brought the season's flue-cured supply of 3.25 billion pounds about 2 percent above last year. It is still a sixth below the 1964/65 record (table 8). The 1978 crop outturn was about 15 percent below 1975's 20-year high. Harvested acreage in 1978 remained about the same as 1977's, while the yield per acre averaged 15 percent more. An upturn in U.S. exports may more than offset the steady domestic use indicated for this marketing year, so total disappearance may gain from last year's level but still next July's carryover may go up a little from last July's.

The Flue-cured Stabilization Cooperative, the association handling tobacco under loan, sold 11 million pounds during July through November, a negligible amount compared with that period for 1977. Loan stocks at the beginning of 1979/80 will probably rise from the 534 million pounds held last July 1.

1979 Quota Reduced

USDA announced on December 1 the national flue-cured marketing quota for 1979 of 1,095 million pounds. The quota is 2 percent below the 1978 level, to allow an orderly reduction in excess stocks.

Acreage allotments and poundage quotas for individual farms will reflect 1978 undermarketings and overmarketings. Aggregate marketings this past season were above the effective quota for the first time since 1971. The average shortfall since the acreage-poundage program began in 1965 was 5 percent. The base quota plus estimated net undermarketings means that the 1979 effective quota is about 1.07 billion pounds, or 9 percent below 1978. A crop close to the quota, when added to prospective carryover, would provide a 1979/80 supply below this year's level.

Table 18—Tobacco loan stocks, 1976-78
(Farm-sales weight)

Type	End of November		
	1976	1977	1978
	<i>Million pounds</i>		
Flue-cured, 11-14	608.0	649.2	¹ 603.2
Burley, 31	35.9	70.9	¹ 114.0
Virginia, 21	(³)	0	.8
Kentucky-Tennessee, 22-23	0	0	1.1
Kentucky-Tennessee, 35-36	0	0	(¹)
Ohio, 42-44	0	.4	.4
Puerto Rican, 46	3.3	3.2	3.9
Connecticut Valley, 51-52 .....	.7	.9	1.0
Wisconsin, 54-55	(³)	(³)	(³)
Total	647.9	724.6	724.4
Uncommitted			
Flue-cured, 11-14	584.1	532.8	² 575.3
Burley, 31	25.2	53.3	103.2

¹ October 31. ² Includes 1978 receipts. ³ Negligible.

Compiled from records of Producer Associations Division, ASCS.

Table 17—Flue-cured tobacco: Basic and effective quotas and marketings, 1978-79

Type and State	Basic quota		Effective quota ²			Marketings	
	1978	1979 ¹	1978	1979	Change from 1978	1977	1978 ²
	<i>Million pounds</i>		<i>Percent</i>			<i>Million pounds</i>	
14-Alabama	1	1	1	1	—	1	1
14-Florida	23	23	24	26	+8	24	21
14-Georgia	117	115	118	111	-6	131	122
13-N. Carolina	97	95	106	96	-9	92	105
13-S. Carolina	139	136	140	129	-8	138	147
12-N. Carolina	401	393	421	390	-7	345	422
11-N. Carolina	239	234	270	219	-19	282	285
11-Virginia	99	97	103	98	-5	108	102
Total 11-14	1,117	1,095	1,182	1,070	-9.5	1,121	1,205

¹ Computed at 98 percent of 1978. ² Estimated. Detail may not add to total due to rounding.

Compiled from records of Price Support and Loan Division, ASCS.

BURLEY

Auction Prices Set Record

During the first 3 weeks of auctions, burley sales grossed 384 million pounds and averaged \$1.32 per pound. This year growers sold 70 percent of the crop in the pre-Christmas sales, compared with 75 percent last season. Sales resume January 3.

Burley auctions through December 7 averaged 12 cents per pound above last year. Early sales contained higher percentages of both quality grades and the preferred tan color. Most mixed and nondescript grades are selling well above support levels, but higher price leaf grades are just above support.

Grade loan rates range from 82 to 138 cents a pound, with an average support level of 124.7 cents. USDA increased grade price supports from 4 to 10 cents per pound over 1977 levels. Through December 7, the two burley cooperatives took 5 percent of sales under loan. Early-season loan receipts last year were 10 percent and the season

average was 9 percent. About three-fourths of the burley crop goes for U.S. cigarettes, 20 percent for exports, and the remainder goes for other domestic products and carryover.

Experimental Sales of Baled Burley

Some buyers have shown little preference for baled burley on the first 2 of 5 days set aside for such sales. Grading and price support has been available for eligible baled burley on these dates. Sales through December 7 were 6 million pounds averaging \$1.30 per pound. Grade averages for baled burley were two to three cents below the season average for tied burley. Loan receipts for baled burley were comparable to tied burley.

Under the experimental program, growers can sell up to 5 percent of their crop, or 1,500 pounds, whichever is greater. Previous research has shown that labor costs can be reduced by marketing burley untied. Farmers can construct their own relatively inexpensive baling presses.

1977/78 Disappearance Down Slightly

During the year ending September 30, 1978, burley disappearance totaled 609 million pounds—slightly below the previous year, but slightly above the 1970-76 average. While exports stabilized, domestic use dropped.

Domestic burley use declined 1½ percent despite a small increase in U.S. cigarette manufacture. During this period, smoking tobacco output fell 8 percent to a record low of 37 million pounds. Bulk smoking tobacco exports, consisting of blended tobaccos processed for cigarette manufacture, were down from the previous season and remain relatively low. With burley tobacco use per cigarette trending down, even a cigarette production

Table 19—Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1970-77

Crop year	Mixed group	1, 2, 3 quality	Tan color
	<i>Percent</i>		
1970	7.8	37.3	57.5
1971	14.2	43.9	63.1
1972	16.7	50.6	67.0
1973	22.6	47.6	65.7
1974	31.4	40.0	54.7
1975	20.6	34.6	55.9
1976	14.7	45.8	55.8
1977	13.2	31.8	42.1

Compiled from reports of Tobacco Division, AMS.

Table 20—Burley tobacco: Gross sales, average price, and percentage sold before and after the Christmas holidays, crops 1968-78

Crop	Before holidays			After holidays		
	Gross sales	Average price per lb.	Percentage of crop sold	Gross sales	Average price per lb.	Percentage of crop sold
	<i>Mil. lb.</i>	<i>Cents</i>	<i>Percent</i>	<i>Mil. lb.</i>	<i>Cents</i>	<i>Percent</i>
1968	463.8	74.1	79.2	121.5	72.0	20.8
1969	490.6	69.7	79.6	126.1	68.5	20.4
1970	494.9	72.2	83.7	96.1	70.7	16.3
1971	404.5	80.4	81.3	92.9	83.0	18.7
1972	490.4	79.2	78.6	133.6	73.2	21.4
1973	379.5	93.2	76.4	117.3	91.5	23.6
1974	505.5	116.0	75.8	161.4	107.2	24.2
1975	457.7	104.4	66.8	238.0	107.5	32.2
1976	467.4	115.0	65.0	252.2	113.0	35.0
1977	492.4	119.6	75.2	162.0	121.7	24.8

¹ Estimated, based on December crop estimate with allowance for resales.

Compiled from *Tobacco Market Review Burley*, issued annually, Agricultural Marketing Service.

increase in 1978/79 may only stabilize domestic burley disappearance.

Burley exports for 1977/78 were over 116 million pounds, 0.3 million below the record set last year. Italy became our leading overseas burley market due to increased manufacture of cigarettes with U.S. tobaccos within the EC. West German imports were 38 percent of those in 1977. Export to the United Kingdom increased from under 1 million pounds to over 13 million (farm-sales weight). Some of the Italian and United Kingdom takings are believed to eventually be transhipped to West Germany. Japan maintained U.S. burley imports as the U.S.-type blend becomes popular in that country.

Supplies Higher

This season's burley supply of 1.83 billion pounds is 2 percent above last season but well below the record (table 16). The 1978 crop, estimated December 1 at 623 million pounds, was 1 percent above last year. Yields are above the 1973-77 average. This season's effective farm poundage quota was held 2 percent below last year. The 1978 crop raised burley carryover on October 1 to 2 percent above a year earlier. Carryover under loan increased to 114 million pounds as last season's loan placements rose. Moderate loan receipts this season may match loan stock sales.

The 1978/79 supply is three times probable disappearance. With supply above requirements and production exceeding disappearance for the last three marketing years, the basic quota for the 1979 crop could be reduced. In addition, manufacturers and dealers held 174 million pounds of foreign-grown burley on October 1. This figure was 35 million pounds higher than a year earlier when loan stocks were lower. The increase this

year reflects anticipated higher prices and sizable exports of U.S. burley.

1979 Quota Decision

Outlook for burley in 1979 hinges partially on the quota decisions USDA will make by February 1. Burley poundage legislation requires that the national quota for any year neither be less than 95 percent of estimated marketing year disappearance nor less than 95 percent of the previous year's quota. For 1977/78, the basic allotment was set at 614 million pounds. By contrast, disappearance in 1977/78 totaled 609 million pounds, 1 percent below the previous year. Virtually the same disappearance level is indicated for 1978/79 and 1979/80.

Burley supplies are larger than desired under the legislated formula, and loan holdings have doubled in a year, indicating less favorable use prospects. However, marketings have averaged 88 percent of the effective quota since 1971. A similar producer response in 1979 would prevent a buildup in carryover stocks beyond next October.

SOUTHERN MARYLAND

1977/78 Disappearance Down

During the year ending September 30, 1978, disappearance of Southern Maryland tobacco was 28 million pounds, 2 million below the previous year and equal to the 1972-76 average (table 21). The 1978 crop was slightly above disappearance. Acreage was unchanged and yield was up.

Domestic use of Maryland tobacco increased in 1977/78 to 19 million pounds, equal to the 1972-76

Table 21—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1969-78

Marketing year	Acreage harvested	Yield per acre	Supply			Disappearance ¹			Average price per pound to growers
			Production	Stocks, Jan. 1	Total	Total	Domestic	Exports	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>--- Million pounds ---</i>						<i>Cents</i>
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	29.9	41.9	71.8	29.7	17.2	12.5	110.0
1977 ⁴	23.0	1,310	30.1	45.3	75.4	28.3	18.9	9.4	115.1
1978 ⁵	23.0	1,310	31.0	47.1	78.1				

¹ Year beginning October 1. ² Includes sales and certification. ³ Based on Maryland crop and 75 thousand pounds estimated for other States. ⁴ Subject to revision. ⁵ Based on November 1 crop prospects and estimated stocks.

average. Domestic use in the current marketing year may remain near the 1977/78 level.

Last marketing year's exports totaled 9 million pounds—down 3 million from the previous year. Switzerland's takings were down but remain over one-half of U.S. exports.

Supplies Stable

Carryover on January 1, 1979 is an estimated 4 percent higher than a year earlier. The 1978 Maryland tobacco crop is estimated at 31 million pounds, 3 percent above the previous season. Acreage allotments were not in effect, since growers have disapproved marketing quotas since 1965. Supply for 1978/79 (current crop plus tentative carryover) is 3 million pounds higher than a year earlier. Auctions for the 1978 Maryland crop will begin in April 1979.

FIRE-CURED

Auction Prices Higher

Auction markets for Virginia fire-cured tobacco (type 21) opened November 28, with prices 4 cents per pound above last season. Last year, prices declined as buyers reacted to a larger crop and declining exports after the previous year's record price. This year's quality is better. Auctions for Kentucky-Tennessee fire-cured (types 22 and 23) are expected to open around the middle of January.

Large Crop Raises Supplies

At an estimated 57 million pounds, the 1978 fire-cured crop contributed to a 16-million increase in total supplies. The production increase added to an increase in carryover and brings the 1978/79 supply of fire-cured types to 116 million pounds. Based on last season's use, this supply would last nearly 3 years. On October 1, the beginning of the marketing year, 2 million pounds of government loan stocks remained.

Annual fire-cured disappearance varies widely from year to year, but the jump in supply means carryover next October will probably increase (table 22).

Disappearance Steadies

Disappearance of fire-cured types in 1977/78 was about 41 million pounds—the same as the previous season. However, domestic use of Kentucky-Tennessee types increased for the first time

in four years while exports of Kentucky-Tennessee fire-cured tobacco declined. Exports of Virginia fire-cured and sun-cured types also decreased.

Increased supplies made it possible to use more at home and abroad for fine-cut chewing tobacco and moist snuff. Cigar and smoking tobacco production was down. Malawi's production in 1977 was 38 million pounds, over 50 percent above the 1971-75 average. Early estimates of the 1978 Malawi crop are 40 million pounds, but crop quality suffered and auction sales were suspended. For Black Fat, a semiprocessed product made of fire-cured and dark air-cured leaf, exports decreased about 0.2 million pounds for the second consecutive year. Virginia fire- and sun-cured exports decreased as most of the major destinations took less.

DARK AIR-CURED

Auction Prices Lower

Auction markets for One Sucker and Green River tobaccos opened December 4 and November 28, respectively (Kentucky-Tennessee dark air-cured, types 35-36). Auctions for Virginia sun-cured (type 37) opened December 5. Farmers received less for each type than last season but the average remained well above the support level of 75.2 cents per pound. Larger quantities of wet tobacco, particularly in the lower quality grades, pulled the average down.

Supplies Increase

Production increased for the fourth consecutive year. At an estimated 22 million pounds, the dark air-cured crop was up slightly from 1977 (table 23).

The supply of dark air-cured and sun-cured tobacco for 1978/79, at 53 million pounds, is 7 million above the record low of 1976/77. Total supplies of dark air-cured tobacco represent 3.2 years' use, based on last year's disappearance. Carryover will increase again as disappearance trails current production.

Disappearance Declined

Disappearance of dark air-cured tobacco during 1977/78 was 17 million pounds, 1 million below the previous marketing year, as domestic use declined. While chewing tobacco output gained, other uses declined. Record high prices for the 1977 crop apparently reduced the use of dark air-cured tobaccos.

Table 22—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, 1969-78

(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	
	<i>Thousand acres</i>	<i>Pounds</i>		<i>--- Million pounds ---</i>			
Kentucky-Tennessee fire-cured, types 22-23							
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	25.6	1,766	45.2	41.2	(²)	41.2	86.4
1978 ¹	27.0	1,817	49.1	50.0	1.0	51.0	100.1
Virginia fire-cured, type 21							
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	7.2	1,000	7.2	7.0	(²)	6.7	13.9
1978 ^{2,1}	6.2	1,200	7.4	7.9	.8	8.7	16.1
Disappearance				Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	<i>--- Million pounds ---</i>			<i>--- Cents ---</i>		<i>Million pounds</i>	<i>Percent</i>
Kentucky-Tennessee fire-cured, types 22-23							
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	34.6	11.2	23.4	142.4	74.1	(²)	---
1977	35.4	17.4	18.0	125.6	79.5	1.1	2.4
1978					84.6		
Virginia fire-cured, type 21							
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	6.1	³ 2.0	4.1	118.0	74.1	.1	1.5
1977	5.2	2.8	2.4	96.3	79.5	1.1	15.2
1978				⁴ 99.7	84.6	⁴ .5	⁴ 18.1

¹ Based on November 1 crop prospects. ² Less than 50,000 pounds. ³ Includes 400,000 pounds fire loss, December 1976. ⁴ Through December 14.

Table 23—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, 1969-78

(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>			
Dark air-cured, types 35-36							
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	1,660	15.1	28.2	---	28.2	43.3
1977	11.2	1,770	20.4	26.1	---	26.1	46.5
1978 ¹	11.3	1,830	20.7	30.4	(²)	30.4	51.0
Sun-cured, type 37							
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 .....	.8	1,030	.8	1.8	0	1.8	2.6
1978 ¹ .....	.8	1,175	.9	1.8	0	1.8	2.7
Disappearance				Average price per pound	Price support level	Placed under loan	
Total	Domestic	Exports	Quantity			Percentage of crop	
	<i>--- Million pounds ---</i>			<i>--- Cents ---</i>	<i>Million pounds</i>	<i>Percent</i>	
Dark air-cured, types 35-36							
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	17.2	15.1	2.1	113.3	65.9	(²)	---
1977	16.1	13.6	2.4	³ 116.6	70.7	(²)	---
1978				³ 103.2	75.2	³ .3	³ 3.8
Sun-cured, type 37							
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	58.9	0	---
1976	1.1	.9	.2	105.0	65.9	0	---
1977 .....	.8	.6	.1	³ 100.0	70.7	⁴ 13	1.6
1978				³ 93.7	75.2	³ 41	³ 8.0

¹ Based on November 1 crop prospects. ² Less than 50,000 pounds. ³ Through December 14. ⁴ Quantity placed under loan in thousands of pounds. --- Less than .05 percent.

CIGAR TOBACCO

U.S. and Puerto Rican Supplies Up Slightly

Supplies of U.S. and Puerto Rican cigar tobacco are up slightly from 1977. Last season's disappearance was below 1977's production. October 1 carryover was up 5 percent and 1978/79 production is down 7 percent. However, the supply of cigar wrapper types continued to decline. During the marketing year that ended September 30, 1978, disappearance of binder, filler, and wrapper fell to less than one-half of the 1967/68 level and the mid-1930's. On October 31, government loan stocks of 6 million pounds of cigar tobacco were above 1977.

Production of U.S. cigar types was down as both acreage and yields declined. U.S. cigar leaf tobacco is sold either directly on farms or through cooperatives. Season average prices will be published in the May 1979 issue of USDA's Crop Report.

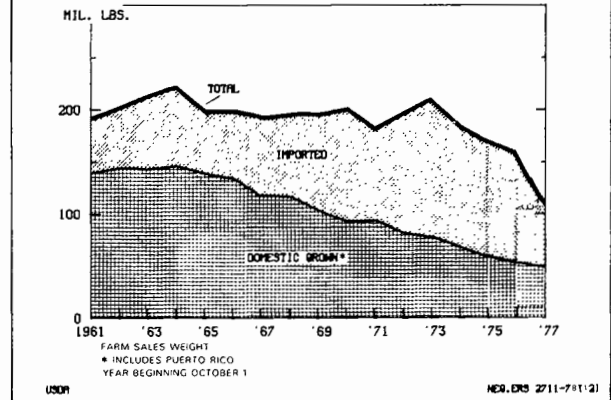
Filler Supplies Increase

Supplies of continental cigar filler (U.S. and Puerto Rican types 41 to 46) increased slightly for the third consecutive year and are 12 percent above 1975's record low level. In 1978, filler production was down 1 million pounds from 1977 but carryover was up 5 million. Based on 1977/78 disappearance, these supplies would last about 3.5 years. Disappearance in the 1978/79 marketing year following the current trend will decline from last season's level and fall below production.

Imports Supplementing U.S. Supplies

Last season, imports accounted for almost 60 percent of U.S. cigar tobacco requirements. Despite increased domestic supplies in 1978/79, manufacturers will again draw on foreign leaf.

TOBACCO USED FOR CIGARS AND LOOSE LEAF CHEWING TOBACCO



Manufacturers cut imports in 1977/78 (October-September) in response to a reduced cigar production. Last season, 61 million pounds (farm-sales weight) of cigar tobacco were imported for consumption, down 18 million from the previous season (table 24). Imports from Brazil, Dominican Republic, and Philippines declined. Foreign-grown cigar leaf stocks in the United States on October 1 were 92 million pounds—about 10 million below a year earlier.

Binder Supplies Increase

Binder tobacco supplies have increased for 1978/79 as a larger carryover more than offset a smaller crop. Lower yields cut the crop output.

Cigar binder disappearance last season was 22 million pounds, the same as a year earlier. Disappearance increased for Wisconsin (types 54-55) and decreased slightly for Connecticut Valley binder (types 51-52). Chewing tobacco is the principal outlet for Wisconsin tobacco and loose leaf chewing tobacco manufacturers again used more

Table 24—Foreign grown cigar leaf tobacco: U.S. imports and stocks, 1975-78 (Farm sales weight)

Country of origin	Imports for consumption year ending September 30—				Dealers and manufacturers stocks October 1			
	1975	1976	1977	1978	1975	1976	1977	1978
	<i>Million pounds</i>							
Philippines	20.5	27.0	17.4	13.8	37.9	39.0	31.2	22.9
Dominican Republic	17.8	16.0	14.2	9.8	21.0	14.5	12.6	13.3
Brazil	19.9	24.8	22.8	4.9	7.8	6.2	6.4	6.5
Columbia	8.4	6.5	3.4	3.8	11.3	10.1	9.1	7.6
Paraguay	8.1	4.7	4.6	3.6	8.8	4.8	7.4	5.6
Mexico	¹ 6.5	7.6	4.1	5.1	5.9	3.0	3.2	5.6
Indonesia	11.2	8.5	5.5	6.9	11.1	10.9	12.0	12.7
All others	22.8	16.8	7.2	12.7	25.6	20.8	20.4	17.3
Total	115.2	111.9	79.2	60.6	129.4	109.4	102.5	91.5

¹ Estimated at 1973/74 level.

Table 25—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1969-78

(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 ---						Cents
Pennsylvania Seedleaf Filler (type 41)									
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	13.5	1,750	23.6	46.8	70.4	20.7	20.3	.4	60.0
1977	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.3	60.0
1978 ²	13.5	1,858	25.4	54.1	79.5				
Ohio, Miami, Valley Filler (types 42-44)									
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	1.8	1,550	2.8	5.7	8.5	2.5	2.5	---	59.0
1977	1.7	1,900	3.2	6.0	9.2	2.2	2.2	---	62.0
1978 ²	1.6	1,950	3.1	7.0	10.1				
Puerto Rico Filler (type 46) 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	2.8	1,429	4.1	7.2	11.3	4.9	4.9	---	57.6
1977	2.3	1,480	3.4	6.4	9.8	3.4	3.4	---	60.2
1978 ²	2.3	1,480	3.4	6.4	9.8				
Total Cigar Filler (types 41-46)									
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	18.2	1,676	30.5	59.7	90.2	28.1	27.7	.4	59.4
1977	17.5	1,884	32.8	62.1	94.9	27.4	27.1	.3	60.1
1978 ²	17.4	1,785	31.9	67.5	99.4				
Connecticut Valley Binder (types 51-52)									
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	4.3	4.1	.2	92.7
1976	1.5	1,605	2.4	4.3	6.7	2.4	2.3	.1	89.6
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	(⁵)	121.3
1978 ²	1.5	1,716	2.6	4.9	7.5				
Southern Wisconsin Binder (type 54)									
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	40.2
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972	5.0	1,685	8.4	20.3	28.7	9.3	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	5.6	1,890	10.6	23.2	33.8	10.0	10.0	---	74.7
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	---	85.5
1978 ²	6.2	1,900	11.8	26.0	37.8				
Northern Wisconsin Binder (type 55)									
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	9.6	.1	75.1
1976	5.5	1,750	9.6	16.0	25.6	9.4	9.4	*	75.2
1977	5.8	2,100	12.3	16.2	28.5	9.5	9.5	.1	85.5
1978 ²	5.9	1,700	10.4	19.1	29.5				

See footnotes at end of table.

Table 25—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1969-78—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 ---						Cents
Total Wisconsin Binder (types 54-55)									
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	17.1	.1	75.1
1976	11.1	1,821	20.2	39.2	59.4	19.4	19.4	*	75.2
1977	12.1	2,059	24.8	40.0	64.8	19.7	19.6	.1	85.5
1978 ²	12.1	1,836	22.2	45.1	67.3				
Total Cigar Binder (types 51-55)									
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	21.5	21.2	.3	76.9
1976	12.6	1,795	22.6	43.5	66.1	21.8	21.6	.2	76.5
1977	13.4	2,031	27.3	44.3	71.6	21.6	21.5	.1	88.7
1978 ²	13.6	1,823	24.8	50.0	74.8				
Connecticut Valley Shade-grown (type 61)									
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	7.5	14.1	5.2	1.8	3.4	540.0
1977	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	(⁶)
1978 ²	3.0	1,450	4.3	9.3	13.6				
Georgia-Florida Shade-grown (type 62)									
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	1.5	.4	400.0
1976	.4	1,680	.6	6.0	6.6	2.4	2.0	.4	395.1
1977	.1	1,630	.2	4.2	4.5	1.1	.6	.5	400.0
1978 ²	0	---	0	3.4	3.4				
Total Shade-grown (types 61-62)									
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	5.6	4.2	585.7
1976	4.6	1,565	7.2	13.6	20.8	7.6	3.8	3.8	528.2
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	(⁶)
1978 ²	3.0	1,450	4.3	12.6	17.0				
Grand Total Cigar Tobacco (types 41-62)									
1969	46.7	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.5	1,834	65.3	121.2	186.3	67.7	62.8	4.9	142.5
1975	35.4	1,635	57.9	118.6	176.5	60.1	55.2	4.9	135.1
1976	35.4	1,700	60.3	116.8	177.1	57.5	53.1	4.4	121.4
1977	34.3	1,906	65.4	119.5	184.9	54.8	49.6	5.2	(⁶)
1978 ²	34.0	1,794	61.0	130.1	191.2				

¹ October 1 for types 41-55; July 1 for types 61-62. ² Based on November 1 crop prospects and estimated stocks. ³ Puerto Rican planting occurs late in calendar year; projected for 1978. ⁴ Excludes payment by Puerto Rican Government; 23 cents per pound in 1976. ⁵ Under 50,000 pounds. ⁶ No price disclosed.

Table 26.--Tobacco: Acreage, yield, production, stocks, supply, disappearance, price and crop value, United States and Puerto Rico, 1947-78

Crop year	(Farm-sales weight)									
	Acreage	Yield per acre	Production	Stocks <u>1/</u>	Supply	Disappearance <u>1/</u>			Average price per pound to growers	Crop value
						Total	Domestic	Exports		
	1,000 acres	Pounds		Million pounds					Cents	Million dollars
United States										
Average:										
1947-49	1,676	1,208	2,019	2,947	4,965	1,908	1,417	491	45.9	926
1950-54	1,690	1,292	2,184	3,382	5,566	2,006	1,479	527	51.2	1,118
1955-59	1,242	1,541	1,914	4,095	6,009	1,951	1,397	554	56.0	1,072
1960-64	1,159	1,879	2,178	3,911	6,089	2,037	1,468	569	60.0	1,307
1965	977	1,898	1,855	4,496	6,351	2,000	1,462	538	65.1	1,207
1966	972	1,939	1,885	4,351	6,236	2,098	1,392	704	66.5	1,252
1967	960	2,050	1,968	4,140	6,108	2,020	1,372	648	66.8	1,316
1968	879	1,945	1,710	<u>2/</u> 4,088	5,798	1,975	1,352	623	69.5	1,189
1969	918	1,964	1,803	3,823	5,626	1,949	1,308	640	71.8	1,296
1970	898	2,122	1,906	3,678	5,584	1,919	1,278	639	72.9	1,389
1971	839	2,034	1,705	<u>2/</u> 3,667	5,372	1,883	1,312	571	78.6	1,340
1972	842	2,076	1,749	<u>2/</u> 3,488	5,237	1,951	1,312	639	83.0	1,451
1973	889	1,963	1,746	<u>2/</u> 3,289	5,035	2,081	1,348	732	90.0	1,572
1974	963	2,067	1,994	<u>2/</u> 2,948	4,942	1,937	1,284	653	108.6	2,160
1975	1,083	2,015	2,182	<u>2/</u> 3,003	5,185	1,941	1,286	655	102.6	2,239
1976	1,045	2,045	2,136	3,297	5,433	1,907	1,229	678	112.5	2,404
1977 <u>3/</u>	958	2,003	1,912	<u>2/</u> 3,531	5,443	1,809	1,196	693	<u>4/</u> 116.9	<u>4/</u> 2,236
1978 <u>5/</u>	948	2,118	2,008	<u>2/</u> 3,546	5,554				<u>4/</u> 131.4	<u>4/</u> 2,638
United States and Puerto Rico										
Average:										
1947-49	1,710	1,200	2,045	3,012	5,057	1,942	1,447	495	45.6	932
1950-54	1,728	1,282	2,215	3,430	5,645	2,036	1,508	527	50.9	1,127
1955-59	1,270	1,528	1,941	4,147	6,088	1,981	1,426	555	55.6	1,080
1960-64	1,188	1,861	2,211	3,957	6,168	2,066	1,497	569	59.7	1,319
1965	994	1,882	1,871	4,559	6,430	2,027	1,489	538	64.8	1,212
1966	981	1,934	1,899	4,403	6,300	2,121	1,415	704	66.2	1,256
1967	967	2,045	1,979	4,181	6,160	2,037	1,390	648	66.7	1,319
1968	885	1,941	1,718	<u>2/</u> 4,122	5,840	1,992	1,368	623	69.3	1,191
1969	923	1,960	1,810	3,849	5,658	1,961	1,320	640	71.7	1,298
1970	902	2,120	1,912	3,698	5,609	1,928	1,288	639	72.9	1,391
1971	844	2,031	1,714	<u>2/</u> 3,682	5,394	1,893	1,321	571	78.5	1,342
1972	848	2,068	1,759	<u>2/</u> 3,501	5,250	1,959	1,320	639	82.9	1,453
1973	894	1,960	1,752	<u>2/</u> 3,298	5,050	2,087	1,355	732	89.8	1,574
1974	966	2,066	1,998	<u>2/</u> 2,958	4,956	1,941	1,288	653	108.5	2,162
1975	1,087	2,013	2,186	3,009	5,195	1,945	1,290	655	102.5	2,241
1976	1,048	2,042	2,140	3,305	5,445	1,912	1,234	678	112.4	2,406
1977 <u>3/</u>	960	2,002	1,915	<u>2/</u> 3,538	5,453	1,893	1,199	693	<u>4/</u> 116.9	<u>4/</u> 2,233
1978 <u>5/</u>	950	2,117	2,011	3,535	5,564				<u>4/</u> 131.3	<u>4/</u> 2,640

1/ For flue-cured and cigar wrapper, year beginning July 1; for all other types, October 1. 2/ Includes flue-cured carried over on farms; 1968, 13 million pounds; 1971, 16 million pounds; 1972, 17 million pounds; 1973, 7 million pounds for flue-cured and 13 million pounds for burley; 1974, 5 million pounds; 1977, 21 million pounds; 1978, 23 million pounds. 3/ Subject to revision. 4/ Does not include type 61.

Wisconsin leaf in 1977-78. The strong demand for Wisconsin leaf raised prices of 1978 leaf to \$1 per pound. Connecticut tobacco is used primarily for natural binder in higher-priced cigars. Disappearance will decline again this year, resulting in slightly larger stocks.

Wrapper Supplies Decline

Cigar wrapper tobacco supplies for 1978/79 are about 5 percent below last year. Connecticut Valley wrapper (type 61) supplies declined slightly, but Georgia-Florida (type 62) again declined as production ceased. Total carryover was down

slightly from last year. If disappearance steadies, carryover next July 1 will drop below last July's 14 million pounds.

Connecticut Valley wrapper production continued to decline in 1978 and was only 69 percent of the 1973-77 average, largely due to lower acreage. The crop was the smallest since 1932.

During July-October 1978, cigar wrapper exports were 0.8 million pounds below the level of a year earlier. Exports were down for Connecticut Valley wrapper. Dominican Republic manufacturers again took a sizable quantity of wrapper this season to supply their expanding cigar market.

INTERNATIONAL DEVELOPMENTS

Global Leaf Production Remains Large

Global leaf production in 1978 will exceed the 12 billion pounds (5.4 million metric tons) of last year and may have surpassed the high of 5.6 million tons of 1976. Tobacco production increased in Canada, Brazil, and the United States. U.S. production increased 100 million pounds. Rhodesia again had difficulty producing and marketing a crop due to both domestic political instability and economic sanctions against Rhodesian trade.

Flue-cured production in 1978 will rise above the 4.9 billion pounds (2.2 million tons) of a year earlier as the United States, Canada, and Brazil increased production.

Burley production in 1978 will exceed the 1.3 billion pounds (0.6 million tons) of 1977. Increases in countries such as Brazil and Spain compare with the stable U.S. output.

Oriental leaf production also will rise from the 2.0 billion pounds (0.9 million tons) of 1977. Turkey and Bulgaria recovered from small 1977 crops to offset lower production in Greece, Italy, and Yugoslavia. Until March 1, 1978, the Turkish monopoly rebated certain processing taxes to keep prices competitive in the export market.

Brazil's tobacco production in 1978 was up 6 percent to 329,000 metric tons. Sharply higher grower prices for flue-cured tobacco, up 57 percent from 1977, encourages additional production in 1979. A new flue-cured classification system in 1979 appears favorable to the long-run production of flue-cured tobacco currently in demand in the world market.

Canadian flue-cured production increased as the largest crop was produced in the history of the Ontario Flue-Cured Tobacco Grower's Marketing Board. With a guarantee of Canadian \$1.065 per pound (\$.90 U.S.) Ontario growers produced 104,500 metric tons (230 million pounds), about 12 percent

Table 27—Flue-cured, burley and Oriental tobacco production in specified countries, average 1970-74, 1976-77

Country	Average 1970-74	1976 ¹	1977 ²
<i>Million pounds</i>			
<i>Flue-cured:</i>			
Argentina	62	86	97
Canada	223	175	223
Mexico	13	18	18
Brazil	191	344	355
Angola	8	11	11
Mozambique	6	3	3
Zambia	12	14	13
Malawi	1	36	51
Rhodesia	141	220	187
Tanzania	25	32	36
Uganda	6	3	3
South Africa	40	44	58
Iran	8	11	11
China, Rep. of	39	58	54
Sri Lanka	11	9	8
India	256	213	208
Indonesia	32	18	20
Japan	199	218	225
Khmer	7	4	4
Korea, Rep. of	142	168	201
Pakistan	53	49	66
Philippines	64	106	99
Thailand	52	80	81
South Vietnam	6	6	8
Total	1,597	1,926	2,040
<i>Oriental:</i>			
Greece	162	269	215
Bulgaria	270	295	251
Yugoslavia	93	116	102
Turkey	376	694	492
Total	901	1,374	1,060
<i>Burley:</i>			
Italy	82	92	97
Mexico	20	54	51
Greece	28	36	32
Korea, Rep. of	52	77	103
Malawi	13	16	22
Brazil	30	51	55
Total	225	326	360

¹ Subject to revision. ² Preliminary.

Compiled from reports of Foreign Agricultural Service.

above 1977. First three weeks sales averaged Canadian \$1.10 (\$.95 U.S.) per pound. With a 7-cent-per-pound export rebate program, the Canadian

Tobacco Manufacturers' Council is expected to increase exports to 46,000 tons or 50 percent above 1977.

Table 28—Japan tobacco: Imports, by major suppliers, 1968-78

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
	<i>Million pounds</i>							<i>Percent</i>	
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	126	15	11	8	17	40	216	57.8	62.8
1977	100	8	9	8	29	29	182	54.9	64.3
1978 ²	107	7	8	9	21	23	175	61.1	88.0

¹ Total less Bulgaria, Greece, Turkey, and Yugoslavia. ² January-September.

Compiled from *Japan Imports by Commodity by Country*, December issue.

Table 29—United Kingdom, tobacco: Imports, by major suppliers, 1968-78

Year	United States	India	Canada	South Korea	Brazil	Other	Total	United States as a percentage of	
								Total	North American imports ¹
	<i>Million pounds</i>							<i>Percent</i>	<i>Percent</i>
1968	165	52	44	1	0	66	328	50	76
1969	135	48	56	6	0	60	305	44	71
1970	117	41	47	13	1	61	280	42	71
1971	98	38	52	8	6	67	269	36	65
1972	120	37	59	19	8	65	298	40	67
1973	127	54	42	11	14	80	328	39	75
1974	104	65	65	22	16	90	362	29	62
1975	88	54	44	21	18	89	314	28	67
1976	78	55	35	26	32	93	319	25	69
1977	52	62	35	34	38	93	314	17	60
1978 ²	50	21	36	22	26	31	186	27	58

¹ U.S. and Canada. ² January-June.

Compiled from reports of Commodity Programs, Foreign Agricultural Service, U.S.D.A.

COSTS OF PRODUCING BURLEY TOBACCO: 1976-78 AND PROJECTED 1979

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ABSTRACT: Variable costs of producing burley tobacco are expected to rise about 6 percent in 1979. Increases in labor costs will be a major factor in the cost rise as they were in the 16-percent rise in variable costs between 1976 and 1978. Total costs, excluding a charge for land and quota, are expected to increase about 5 percent in 1979. These estimates are based on a 1977 survey of 790 burley tobacco producers in the Bluegrass and south central areas of Kentucky and north central and eastern Tennessee, updated with 1977, 1978, and projected 1979 cost rates.

KEYWORDS: Burley tobacco, variable costs, total costs.

Introduction

The costs of producing burley tobacco during 1976-78, with projections for 1979, are presented in this report. The major source of data for the cost estimates was a 1977 survey of 790 burley tobacco producers in five major Kentucky and Tennessee production areas (table 1). The data have been updated using indexes for individual input items.¹

Production costs vary widely due to management, labor productivity, and a host of other variables. These budgets do not reflect variability, but instead reflect the average costs of farmers in the specified production areas.

Budgets include variable, machinery and barn ownership, and general farm overhead costs. Variable costs include expenditures for fertilizer and lime, pesticides, sucker control chemicals, curing and heating fuel, custom operations, fuel and lubricants, repairs, tobacco crop insurance, marketing fees, and other costs such as seed and plant bed canvas. Labor costs are included for all labor used. Hired, family, and exchange labor are all charged at prevailing farm wage rates. Machin-

ery ownership and barn ownership costs reflect the estimated age distribution of these items for the years for which costs are calculated. General farm overhead includes costs for recordkeeping, utilities,

Table 1—Counties included in burley tobacco
production area groupings

Area 1 ¹	Area 2 ²	Area 3 ³	Area 4	Area 5
<i>Kentucky</i>		<i>Tennessee</i>		
Bourbon	Anderson	Bath	Adair	Campbell
Clark	Bracken	Boyle	Allen	Carter
Fayette	Carroll	Fleming	Casey	Claiborne
Jessamine	Franklin	Garrard	Clinton	Cocke
Mercer	Gallatin	Henry	Cumberland	Grainger
Scott	Grant	Madison	Green	Green
Woodford	Harrison	Marion	Lincoln	Hamblen
	Nicholas	Mason	Monroe	Hancock
	Owen	Mont-	Pulaski	Hawkins
	Pendleton	gomery	Russell	Jefferson
	Robertson	Nelson	Taylor	Johnson
		Oldham	Wayne	Sevier
		Shelby		Sullivan
		Spencer	<i>Tennessee</i>	Unicoi
		Trimble		Union
		Washing-	Clay	Washington
		ton	Jackson	
			Macon	
			Pickett	

¹For a more complete discussion of concepts and procedures which underlie burley tobacco production cost estimates, refer to the article, "Costs of Producing Burley Tobacco—1976," by Verner N. Grise, *Tobacco Situation*, TS-163, Washington, D.C., USDA, March 1978, pp. 37-42.

¹Includes much of what is usually referred to as the Inner Bluegrass of Kentucky. ²Includes counties with more than half their physical area in what is usually termed the Intermediate Bluegrass of Kentucky. ³Includes counties with more than half their physical area in what is usually termed the Outer Bluegrass of Kentucky.

and other items that are difficult to allocate to specific enterprises.

Two additional cost components, management and land and quota (license to produce tobacco), are also estimated. The management charge is computed as 7 percent of the value of the crop. Crop value was computed for 1977 using the average annual price received by farmers, and estimated 1977 yields. At this time, the average price for the 1978 crop is not known, although prices during the first week of sales averaged \$1.32 a pound. An estimated average price of \$1.30 a pound was used for the 1978 preliminary estimate and \$1.35 a pound for the projected 1979 estimate. Indicated 1978 yields, as of December 1, were nearly the same as 1976 yields. Consequently, 1976 yields are used for 1978 and are assumed for 1979.

The charge for land and quota is based on the net share rent approach. Net share rent is the residual after landlord payments for fertilizer and chemicals and other inputs and an allocation for barn ownership costs are subtracted from the value of the landlord's share of the crop under prevailing share-rent arrangements.

Costs Changes—1976 to 1977

Variable costs per 100 pounds of producing burley tobacco rose about 12 percent between 1976 and 1977 (tables 2 and 3). Input price hikes accounted for about 60 percent of the cost increase and lower yields the remainder. Yields were 5 percent lower than in 1976, ranging from 3 percent lower in Area 4 (South Central Kentucky-North Central Tennessee) to 7 percent lower in Area 1 (Inner Bluegrass).

About three-fourths of the input cost increase was due to higher labor costs. Wage rates rose about 9 percent. Large increases also occurred in fuel prices and machinery repair costs. Tobacco pesticide prices rose slightly and fertilizer prices dropped a little.

Total costs, excluding land and quota, were estimated at \$105.20 per 100 pounds in 1977, up from \$94.68 in 1976. Land and quota charges averaged \$41.40 per 100 pounds compared with \$36.89 in 1976.

Costs Changes—1977 to 1978

If indicated yields for 1978 hold, variable costs per 100 pounds of producing burley tobacco are expected to rise in 1978 by 3.5 percent.² Higher yields have partially offset the 8-percent rise in input costs (tables 3 and 4).

²Yield data are not yet available by production area.

Wage rates rose about 10 percent in 1978. A major factor in the wage increase was a 45-cent-per-hour boost in the Federal minimum wage rate for covered farm employees from \$2.20 per hour to \$2.65 per hour.³ The higher minimum wage rate affected both covered and noncovered farms, since they are competing for workers.

Fuel prices rose again in 1978 but at a slower rate. Fertilizer prices remained about the same.

Total costs, excluding land and quota, are estimated at \$107.20 per 100 pounds in 1978, up from \$105.20 in 1977. Higher yields partially offset higher purchase prices of new machinery and higher construction costs of new barns. Land and quota charges averaged \$43.97 per 100 pounds in 1978 compared with \$41.40 in 1977. The increase reflects higher tobacco prices that more than offset larger landlord expenditures.

Projected Costs in 1979

Variable costs of producing burley tobacco in 1979 in the study area are projected at \$74.43 per 100 pounds, up about \$4 from 1978. This estimate assumes yields similar to 1976 and those indicated for 1978.

Wage rates are likely to rise again with the minimum wage rate a major factor. Beginning in January 1979, the Federal minimum wage rate for covered farm employees will increase from \$2.65 per hour to \$2.90 per hour. Since the increase is smaller than in 1978, the wage rate hike in 1979 may be smaller.

Fertilizer prices are expected to remain stable in 1979 because of ample supplies of all the principal nutrients—nitrogen, phosphate, and potassium.

Gasoline and diesel fuel prices are expected to continue upward because of increased costs of developing and supplying these fuels. Pesticide prices are expected to change little.

Total costs, excluding land and quota, are projected at \$112.46 per 100 pounds in 1979, up \$5.46 from 1978. Machinery, equipment, and barn costs will continue upward because of hikes in material and labor costs.

The charge for land and quota is expected to rise to about \$46 per 100 pounds in 1979. Anticipated higher tobacco prices, higher land values, and competition for the "license" (quota leases) to produce the crop are the causes.

³Farm employers who hire 500 or more man-days of labor during at least one calendar quarter during the previous year are subject to the Federal minimum wage rate.

Summary and Conclusions

The costs of growing burley tobacco will rise again in 1979. Costs per 100 pounds in 1979 will depend both on input price and yield changes. The rate of increase in input prices may be a little less than in 1978. Wage rates will increase, but perhaps at a slightly slower rate than the annual rates of increase the last 2 years. Machinery, equipment, barn, fuel, and repair costs will rise again. Fertilizer and pesticide prices are likely to remain about the same.

Costs vary markedly from one tobacco grower to another. The cost estimates presented are averages and probably overstate the costs for a tobacco grower whose tractors, machinery, and barns are fully depreciated. On the other hand, they understate the costs for a tobacco grower with new equipment and new barns. Also, keep in mind that the cost estimates include not only "out-of-pocket" expenditures and estimated annual investment costs but an "opportunity cost" for the unpaid inputs of operator and family labor and management.

Table 2--Burley tobacco: Production costs per 100 pounds, by cost item, specified areas, 1976

COST ITEM	Area						All
	1	2	3	4	5		
	Dollars per 100 pounds						
Variable	57.64	62.05	56.77	64.54	66.98	60.94	
Labor <u>1/</u>	36.57	38.37	35.77	41.72	42.40	38.56	
Hired	19.57	14.02	11.11	10.99	11.69	13.44	
Family and exchange	6.66	12.07	12.39	15.02	15.81	12.21	
Operator	10.34	12.28	12.27	15.71	14.90	12.91	
Fertilizer and lime	4.61	7.01	6.22	6.73	7.88	6.39	
Pesticides <u>2/</u>	.52	.31	.21	.37	.27	.33	
Sucker control chemicals	.57	.39	.39	.55	.52	.47	
Curing and heating fuel <u>3/</u>	.52	.46	.28	.23	.13	.32	
Custom operations <u>4/</u>	2.41	1.37	1.40	2.07	1.39	1.72	
Fuel and lubricants	1.44	1.84	1.51	1.66	1.87	1.65	
Repairs	1.60	2.06	1.50	1.64	1.79	1.69	
Tobacco crop insurance <u>5/</u>	1.27	2.02	1.22	.96	1.19	1.32	
Marketing fee	5.70	5.70	5.70	5.70	5.70	5.70	
Other <u>6/</u>	2.43	2.52	2.57	2.91	3.84	2.79	
Machinery ownership costs <u>7/</u>	8.11	10.90	8.18	11.39	16.03	10.50	
Barn ownership costs <u>8/</u>	12.17	8.78	13.19	13.76	15.17	12.32	
Insurance <u>9/</u>	1.31	1.25	1.09	1.20	1.53	1.26	
Irrigation costs	.83	.96	.38	.04	.11	.47	
General farm overhead	1.17	1.43	1.48	1.34	2.64	1.58	
Management <u>10/</u>	7.66	7.34	7.42	7.83	7.92	7.61	
Total, excluding land and quota	88.89	92.71	88.51	100.10	110.38	94.68	
Land and quota charge <u>11/</u>	42.78	38.02	39.53	33.73	26.73	36.89	
Yield per acre (pounds)	2,305	2,391	2,272	2,022	1,902	2,180	

1/ Includes operator, family, and exchange labor valued at prevailing hired wage rates. 2/ Includes insecticides, fungicides, and herbicides. 3/ Includes fuel for aiding curing and heating the stripping room. 4/ Includes cost of materials in cases where the farmer could not separate the cost of the materials and the cost of custom operation. 5/ Net of payment for losses. 6/ Includes tobacco seed, cover crop seed, plant bed canvas, car costs, mule and horse upkeep and other miscellaneous items. 7/ Excludes insurance. 8/ Excludes insurance and taxes. 9/ Includes tobaccos' prorated share of general farm insurance including machinery and barn insurance. 10/ Estimated at 7 percent of gross tobacco receipts. 11/ Calculated on net share rent basis.

Table 3--Burley tobacco: Production costs per 100 pounds, by cost item, specified areas, 1977

COST ITEM	Area					
	1	2	3	4	5	All
	----- Dollars per 100 pounds -----					
Variable	65.30	68.97	63.99	71.16	74.86	68.32
Labor <u>1/</u>	42.26	43.40	41.18	46.79	48.34	44.09
Hired	22.61	15.97	12.79	12.33	13.33	15.37
Family and exchange	7.70	13.73	14.27	16.84	18.02	13.96
Operator	11.95	13.70	14.12	17.62	16.99	14.76
Fertilizer and lime	4.96	7.44	6.66	7.03	8.37	6.81
Pesticides <u>2/</u>	.57	.33	.23	.39	.29	.36
Sucker control chemicals	.60	.41	.41	.57	.54	.49
Curing and heating fuel <u>3/</u>	.59	.51	.32	.26	.15	.36
Custom operations <u>4/</u>	2.76	1.55	1.59	2.29	1.57	1.95
Fuel and lubricants	1.67	2.11	1.75	1.88	2.15	1.90
Repairs	1.89	2.39	1.76	1.87	2.08	1.97
Tobacco crop insurance <u>5/</u>	1.35	2.11	1.29	.99	1.24	1.38
Marketing fee	6.00	6.00	6.00	6.00	6.00	6.00
Other <u>6/</u>	2.65	2.72	2.80	3.09	4.13	3.01
Machinery ownership costs <u>7/</u>	9.23	12.07	9.13	12.41	17.76	11.68
Barn ownership costs <u>8/</u>	13.20	9.32	14.16	14.45	16.17	13.19
Insurance <u>9/</u>	1.39	1.31	1.15	1.23	1.60	1.32
Irrigation costs	.96	1.11	.44	.04	.13	.55
General farm overhead	1.30	1.57	1.64	1.45	2.90	1.74
Management <u>10/</u>	8.55	8.08	8.25	8.48	8.72	8.40
Total, excluding land and quota	99.93	102.43	98.76	109.22	122.14	105.20
Land and quota charge <u>11/</u>	48.12	42.59	44.58	37.22	30.42	41.40
Yield per acre (pounds)	2,175	2,288	2,151	1,965	1,818	2,078

1/ Includes operator, family, and exchange labor valued at prevailing hired wage rates. 2/ Includes insecticides, fungicides, and herbicides. 3/ Includes fuel for aiding curing and heating the stripping room. 4/ Includes costs of materials in cases where the farmer could not separate the cost of the materials and the cost of the custom operation. 5/ Net of payment for losses. 6/ Includes tobacco seed, cover crop seed, plant bed canvas, car costs, mule and horse upkeep and other miscellaneous items. 7/ Excludes insurance. 8/ Excludes insurance and taxes. 9/ Includes tobaccos' prorated share of general farm insurance including machinery and barn insurance. 10/ Estimated at 7 percent of gross tobacco receipts. 11/ Calculated on net share rent basis.

Table 4--Burley tobacco: Production costs per 100 pounds, by cost item, study area, preliminary 1978 and projected 1979

COST ITEM	Year	
	1978	1979
	--- Dollars per 100 pounds ---	
Variable	70.62	74.43
Labor <u>1/</u>	46.24	49.47
Hired	16.12	17.25
Family and exchange	14.64	15.66
Operator	15.48	16.56
Fertilizer and lime	6.49	6.49
Pesticides <u>2/</u>	.36	.37
Sucker control chemicals	.48	.48
Curing and heating fuel <u>3/</u>	.37	.38
Custom operations	1.97	2.07
Fuel and lubricants	1.90	2.00
Repairs	2.03	2.17
Tobacco crop insurance <u>5/</u>	1.32	1.32
Marketing fee	6.50	6.63
Other <u>6/</u>	2.96	3.05
Machinery ownership costs <u>7/</u>	11.76	12.43
Barn ownership costs <u>8/</u>	12.86	13.12
Insurance <u>9/</u>	1.26	1.26
Irrigation costs	.55	.58
General farm overhead	1.74	1.81
Management <u>10/</u>	8.41	8.83
Total, excluding land and quota	107.20	112.46
Land and quota charge <u>11/</u>	43.97	46.26
Yield per acre (pounds)	2,180	2,180

1/ Includes operator, family, and exchange labor valued at prevailing hired wage rates. 2/ Includes insecticides, fungicides, and herbicides. 3/ Includes fuel for aiding curing and heating the stripping room. 4/ Includes costs of materials and the cost of the custom operation. 5/ Net of payment for losses. 6/ Includes tobacco seed, cover crop seed, plant bed canvas, car costs, mule and horse upkeep and other miscellaneous items. 7/ Excludes insurance. 8/ Excludes insurance and taxes. 9/ Includes tobaccos' prorated share of general farm insurance including machinery and barn insurance. 10/ Estimated at 7 percent of gross tobacco receipts. 11/ Calculated on net share rent basis.

RECENT PUBLICATIONS

Brown, Randall S., "Estimating Advantages to Large-Scale Advertising," *Review of Economics and Statistics*, Vol. LX, August 1978, pp. 428-37. Summarizes other studies of advertising-sales relationships in the cigarette industry. Data for 1953-70 examined in various approaches. Decreasing average costs of advertising and barriers to entry are shown.

Carley, D. H., *Farm Rental Practices in South Georgia with Emphasis on Peanuts and Flue-cured Tobacco*, Research Bulletin 220, Univ. of Georgia Agric. Expt. Sta., June 1978, 36 pp. Data pertaining to 298 farm owners and operators were obtained for 1975 and 1976 farm operations. Rental arrangements and conditions are discussed, including factors affecting rental rates.¹

Grise, Verner N., "What Does It Cost to Produce Tobacco?" talk presented at National Agricultural Outlook Conference, USDA, Washington, D.C., Nov. 14, 1978, 3 pp. Summarizes USDA cost estimates for tobacco, estimates for 1978, outlook for 1979.

Miller, Robert H., "Cigarette Sales Trends and Tobacco Growers," talk delivered at the 52nd Annual Meeting, National Tobacco Tax Association, Scottsdale, Ariz., Sept. 26, 1978. Discusses current cigarette sales situation, current antismoking efforts, and the economic importance of the tobacco industry.²

"Flue-cured Tobacco Supply and Demand Outlook," statement presented at Flue-cured Tobacco Quota Meetings, Tifton, Ga., Nov. 6, 1978, Reidsville, N.C., Nov. 8, Greenville, N.C. Nov. 9,

1978, 8 pp. Discusses tobacco products, foreign situation, flue-cured supply.³

and Richard Hall, "1979 Outlook for Tobacco," talk presented at the National Agricultural Outlook Conference, USDA, Washington, D.C., Nov. 14, 1978, 8 pp.³

"For Tobacco Industry, 'Diversity' is the Byword," *U.S. News & World Report*, Dec. 4, 1978, pp. 48-9. Emphasizes diversification of all six big tobacco companies, as cigarette sales growth has slowed.

Sobel, Robert, *They Satisfy: The Cigarette in American Life*, Garden City, New York: Anchor Press/Doubleday, 1978, 255 pp. Traces cigarette production and marketing changes over the past century. Emphasizes key individuals and companies that made significant decisions. Traces the rise of the health issue.

"Tobacco Industry, A Round Table Discussion," *The Wall Street Transcript*, Sept. 25, 1978 (Reprint, 16 pp.). Participants discuss cigarette market trends, low tar share, cigarette price and margin prospects, earnings growth and diversification of large cigarette companies.

U.S. Dept. of Agriculture, *Tobacco Association Presidents and Managers Meeting*, Proceedings of meeting held Sept. 12, 1978, at USDA, Washington, D.C. Includes remarks by USDA and cooperative association officials on current developments.⁴

"When Marketing Takes Over at R. J. Reynolds," *Business Week*, November 13, 1978, pp. 82-96. Discusses R. J. Reynolds operations; gives cigarette companies and leading brands shares for 1978.

¹Available from Dept. of Agricultural Economics, Georgia Station, Experiment, Ga. 30212.

²Available from ESCS Publications, Room 0054-S, USDA, Washington, D.C. 20250.

³Available from Room 200 GHI Building, ESCS, USDA, Washington, D.C. 20250.

⁴Available from Producer Associations Division, ASCS, Room 5750-S, USDA, Washington, D.C. 20250.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1977		1978			Last data as percentage of a year earlier
		Sept.	Oct.	Aug.	Sept.	Oct.	
Exports of leaf tobacco (farm-sales weight)							
Flue-cured	Mil. lb.	58.3	14.4	41.7	35.9	88.4	614
Burley	Mil. lb.	9.4	1.5	19.6	4.7	6.8	453
Maryland	Mil. lb.	3.2	*	1.2	2.6	1.7	---
Virginia fire- & sun-cured	Mil. lb.	.6	.2	.1	.1	.8	400
Ky.-Tenn. fire-cured	Mil. lb.	4.6	.7	2.4	2.7	3.5	500
Ky.-Tenn. dark air-cured	Mil. lb.	0	0	0	0	.1	---
Black Fat	Mil. lb.	.2	0	.1	.1	.2	---
Cigar wrapper	Mil. lb.	.6	.3	.1	.4	.3	100
Connecticut binder	Mil. lb.	*	*	0	0	*	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	0
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	128.6	143.0	73.3	109.2	197.6	138
Burley	Mil. lb.	116.8		111.8	116.5		100
Maryland	Mil. lb.	12.5		6.8	9.4		76
Virginia fire- & sun-cured	Mil. lb.	5.1		2.3	2.4		47
Ky.-Tenn. fire-cured	Mil. lb.	22.5		14.6	17.2		76
Ky.-Tenn. dark air-cured	Mil. lb.	.1		.6	.6		600
Black Fat	Mil. lb.	2.9		2.6	2.7		93
Cigar wrapper	Mil. lb.	1.6	2.0	.5	.9	1.2	61
Connecticut binder	Mil. lb.	.1		*	*		---
Wisconsin binder	Mil. lb.	*		.1	.1		---
Cigar filler	Mil. lb.	.4		.2	.3		73
Exports of manufactured tobacco not elsewhere classified 9/	Mil. lb.	.5	.2	1.2	.2	.6	300
Accumulated from Jan. 1	Mil. lb.	9.4	9.6	3.1	3.3	3.9	41
Quarterly data							
		1977		1978			
		July-Sept.	Oct.-Dec.	July-Sept.	Oct.-Dec.		
Stocks of tobacco--1st of quarter 10/							
Domestic types (farm-sales weight)							
Flue-cured	Mil. lb.	2,066	2,550	2,047	2,457		96
Burley	Mil. lb.	1,372	1,206	1,354	1,209		100
Maryland	Mil. lb.	54	49	63	50		102
Fire-cured	Mil. lb.	59	48	75	60		125
Dark air- and sun-cured	Mil. lb.	34	28	39	32		114
Cigar filler	Mil. lb.	67	62	70	68		110
Cigar binder	Mil. lb.	50	44	56	50		114
Cigar wrapper	Mil. lb.	13	14	13	10		71
Under Government loan	Mil. lb.	627	601	661	671		112
Tobacco sheet (leaf weight)							
Cigarette types	Mil. lb.	25.4	24.6	27.4	28.5		116
Cigar types	Mil. lb.	1.6	1.3	1.2	1.2		92
Foreign types (unst. equiv.)							
Cigarette and smoking	Mil. lb.	598	602	625	601		100
Cigar	Mil. lb.	106	102	97	92		90
Tobacco outlets 11/							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	654.0	664.9	664.1	698.2		105
Taxable removals	Bil.	576.0	606.4	557.5	596.3		99
Large cigar production	Bil.	4.60	4.98	4.71	5.00		100
Smoking production	Mil. lb.	36.4	38.7	33.5	36.8		92
Chewing production							
Loose leaf	Mil. lb.	60.7	59.0	75.0	65.4		110
Plug and other	Mil. lb.	28.0	29.7	29.7	30.0		101
Snuff production	Mil. lb.	24.2	23.2	24.3	23.1		100
Exports of leaf							
Total	Mil. lb.	936.8	569.6	831.3	861.0		151
Flue-cured	Mil. lb.	667.7	495.3	566.9	705.0		142

1/ 1977 and 1978 crops, respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable state and local taxes included. 6/ All urban index for cigarettes beginning July 1978. 7/ Not reported after June 1978. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 10/ Holdings of manufacturers and dealers including grower cooperatives. 11/ Latest quarter is estimated. *Less than 50,000 pounds. Detail may not add due to rounding.

LIST OF TABLES

Table	Title	Page
1	Cigarettes: U.S. output, removals, and consumption, 1970-78	4
2	Cigars and smoking tobacco: U.S. output, removals, and consumption, 1970-78	5
3	Cigars: Taxable removals by revenue class, January-September 1978	6
4	Tobacco products: Output, 1976-78	6
5	U.S. cigarette exports to leading destinations, 1977-78	6
6	U.S. exports of unmanufactured tobacco, by type and to principal importing countries, 1974-78	7
7	U.S. exports of unmanufactured tobacco, by type, to principal importing countries, crop years, 1975/76-1977/78	8
8	Imported foreign - grown cigarette leaf stocks, 1971-78	10
9	U.S. imports of unmanufactured tobacco for consumption and general, 1977-78	9
10	U.S. tobacco: Acreage and yield, 1976-78	11
11	Flue-cured and burley tobacco: Marketing quota and marketings, 1970-79.....	11
12	Flue-cured tobacco: Gross sales, price, and loan receipts, by belt, 1970-78	12
13	Flue-cured tobacco: Farm marketings by belt and across belt, 1978.	13
14	Flue-cured tobacco: Percentage distribution by groups, and qualities, 1974-78	14
15	U.S. flue-cured exports to principal countries, 1976-78	14
16	Flue-cured tobacco, types 11-14, and burley tobacco, type 31: U.S. supply, disappearance, prices, 1968-78	15
17	Flue-cured tobacco: Basic and effective quotas and marketings, 1977-79	17
18	Tobacco loan stocks, 1976-78	17
19	Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1970-77	18
20	Burley tobacco: Gross sales, average price and percentage sold before and after Christmas holidays, 1968-78	18
21	Southern Maryland, types 32: U.S. supplies, disappearance prices, 1969-78	19
22	Fire-cured tobacco: U.S. supplies, disappearance, prices, 1969-78.....	21
23	Dark air-cured tobacco: U.S. supplies, disappearance, prices, 1969-78	22
24	Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1975-1978	23
25	Cigar tobacco: U.S. supplies, disappearance, prices, 1968-78	24
26	Tobacco: U.S. supply, disappearance, crop value, 1947-78	26
27	Flue-cured, burley and oriental tobacco: Production in principal foreign countries, 1970-74, 1976-77	27
27	Japan tobacco: Imports by major suppliers, 1967-78	28
28	United Kingdom tobacco: Imports, stocks, clearances, exports, 1968-78	28
	Statistical Summary	36

BURLEY TOBACCO AUCTION MARKETS AND PRODUCING AREAS



--- Producing areas

Small numbers within circles represent number of sets of buyers

Markets that sell two or more types:

Ky.	Hopkinsville	- 31 and 22
	Mayfield	- 31, 23, and 35
	Franklin	- 31 and 35
	Russellville	- 31 and 35
	Henderson	- 31 and 36
	Owensboro	- 31 and 36
Tenn.	Clarksville	- 31 and 22
	Springfield	- 31, 22, and 35

* Markets that share sets of buyers:
 Louisville, Ky., and New Albany, Ind., (2 sets)
 Columbia and Mt. Pleasant, Tenn., (1 set)
 Mayfield and Paducah, Ky., (1 set)

Bowling Green, Franklin, and Russellville, Ky.
 (2 sets in addition to 1 full set at Bowling Green)

All markets are officially inspected.

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