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United States
Department of
Agriculture

Economic
Research
Service

Tobacco

TS-184

June 1983

OUTLOOK & SITUATION

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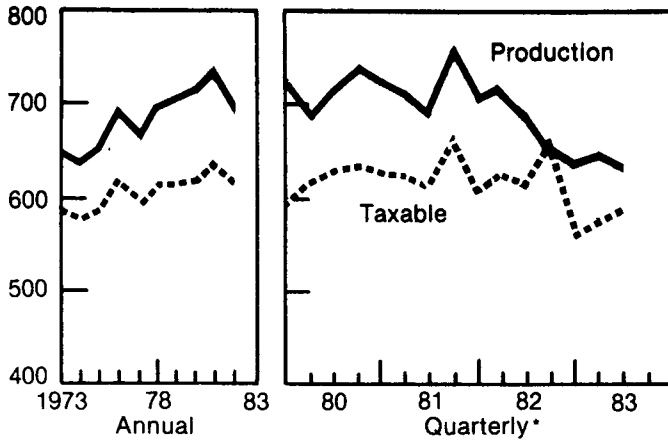
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Tobacco Outlets

Trends in U.S. Manufactured Products and Exports

Cigarettes Production and Taxable Removals

Bil.



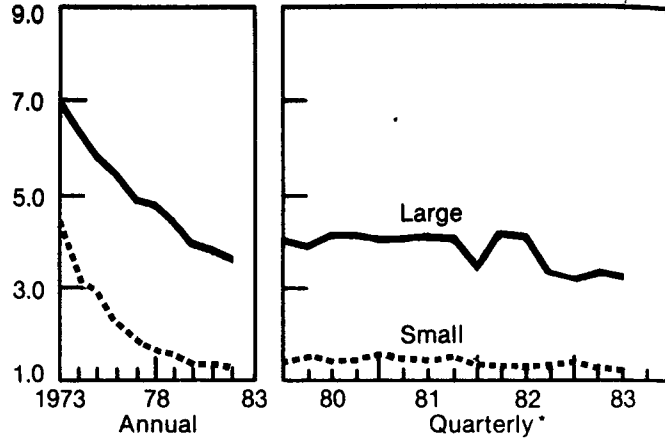
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

USDA

Neg. ERS 229-83(6)

Cigars and Cigarillos Production

Bil.



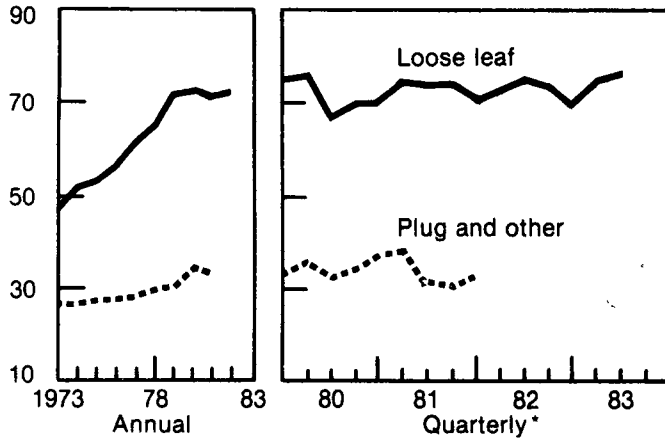
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

USDA

Neg. ERS 229-83(6)

Chewing Production

Mil. lb.



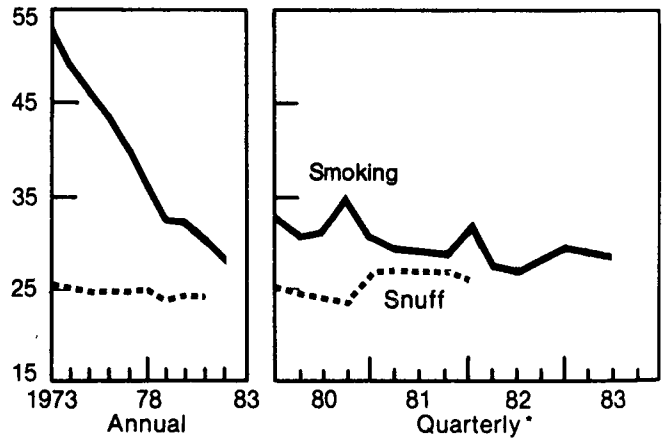
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

USDA

Neg. ERS 229-83(6)

Smoking and Snuff Production

Mil. lb.



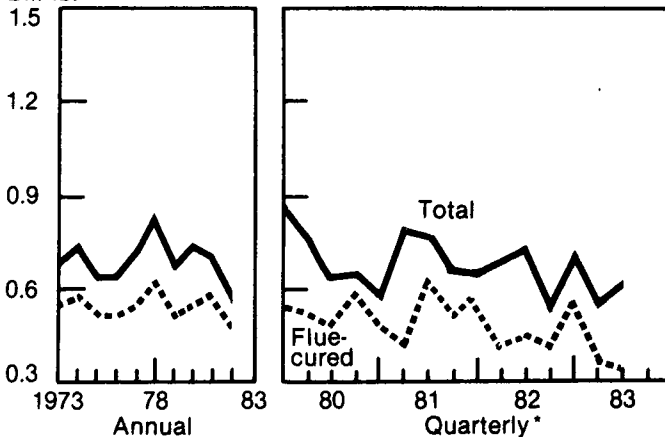
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

USDA

Neg. ERS 229-83(6)

Leaf Exports, Farm-Sales Weight

Bil. lb.



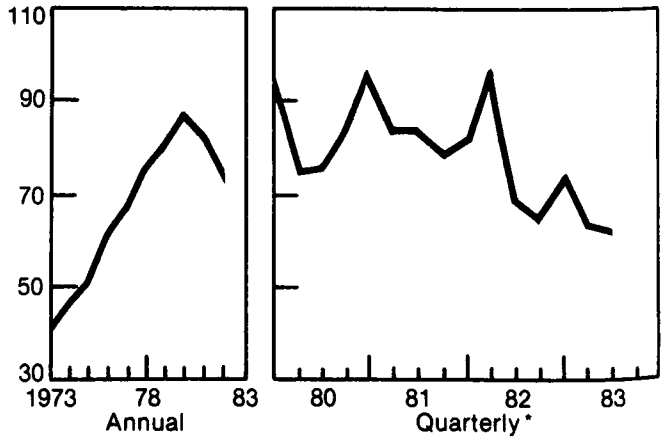
Last quarter shown estimated.
*Seasonally adjusted at annual rates.

USDA

Neg. ERS 229-83(6)

Cigarette Exports

Bil.



Last quarter shown estimated.
*Seasonally adjusted at annual rates.

USDA

Neg. ERS 229-83(6)

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Approved by
The World Agricultural
Outlook Board
and Summary released
June 6, 1983

Principal contributor:
Verner N. Grise
202-447-8776

Statistical Assistant
Laverne M. Creek
202-447-8776

National Economics Division
Economic Research Service
U.S. Department of Agriculture
Washington, D.C. 20250

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

Summary

1983 Tobacco Crop To Be Smaller, But Stocks Will Likely Increase

Total disappearance of U.S. tobacco this season will probably decline about 4 percent because of lower domestic use and exports. Flue-cured tobacco will account for most of the drop in both categories. Use is expected to be 15 percent below production, so despite a smaller 1982 crop, stocks carried over to the new marketing year (beginning July 1 for flue-cured and October 1 for burley and other kinds) will likely climb from last year's 3.55 billion pounds.

Supplies may increase again next marketing year because the rise in beginning stocks will likely offset an anticipated drop in the 1983 harvest. If acreage is near producers' planting intentions of late April and yields are average, marketings will be about 11 percent below 1982's 1.93 billion pounds. With a smaller crop and a 5- to 8-percent hike in the price support level, auction prices may edge a little higher in 1983. However, domestic use could decline further because of retail cigarette price increases. Exports could remain at the reduced 1982 level. The economic recovery is expected to keep world consumption stable, but continued large supplies, high U.S. prices, and a relatively strong dollar will likely inhibit exports.

April planting intentions point to 9 percent less flue-cured acreage than last year. Average growing conditions and acreage near growers' intentions would produce

a crop of about 860 million pounds—off 14 percent from last year. So, total flue-cured supplies for 1983/84 may drop by about 30 million pounds, or around 1 percent. Even with reduced domestic and export demand, the smaller crop and higher support will likely result in slightly higher prices and lower loan receipts, although loan receipts could still be relatively large. USDA's *Crop Production* report, to be released on July 11, will include flue-cured production forecasts by State. Burley growers indicated they'd plant 13 percent fewer acres in 1983. At this point, burley production could be a fifth lower than in 1982.

U.S. cigarette consumption for the year ending June 30 will be down about 3 percent. Cigarette exports have also been off, so output for 1982/83 will likely fall below the 722 billion cigarettes produced last season. Production is expected to continue lower than a year earlier in the second half of calendar 1983. However, domestic sales could rise above first-half levels because prices may not climb as rapidly and the economy is expected to improve. Cigar production is down this season, as is plug chewing tobacco. Output of snuff and loose leaf chewing tobacco has advanced slightly.

Unmanufactured tobacco exports during July 1982-March 1983 were 8 percent below a year earlier. Export volume for the entire marketing year will likely drop from 1981/82 because of increased competition from countries such as Zimbabwe and Brazil and reduced consumption in some major U.S. markets.

Flue-cured exports during the first 9 months of 1982/83 ran 9 percent below a year earlier, as exports to Italy rose, but shipments to Great Britain, West Germany, and Japan declined. For the marketing year, about 335 million pounds (480 million, farm-sales weight) of flue-cured will likely be exported, 9 percent less than the year before. Burley exports will probably decline from 1981/82's 95 million pounds (141 million, farm-sales weight).

During July 1982-March 1983, U.S. imports of unmanufactured tobacco for consumption and customs category 170.8045 (tobacco manufactured or not manufactured, not specifically provided for) were up from a year earlier. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 exceeded year-ago levels because of larger stocks of all three types—burley, flue-cured, and Oriental. Stocks of cigar leaf declined.

Total disappearance of flue-cured tobacco may drop about 8 percent from last year's 1.01 billion pounds because of reduced cigarette output and smaller exports. Disappearance remains below 1982 marketings, so July 1 stocks will exceed last year's 2.15 billion pounds. Next season, stocks could drop because 1983 marketings are expected to fall short of use.

This season's burley use may be about the same as last year's 605 million pounds. A slight gain in domestic disappearance may offset a small drop in exports. However, use is well below marketings, so October 1 stocks will likely build from last year's 1.12 billion pounds. Growers are expected to produce and market less burley

during 1983/84, but marketings may again exceed use, further boosting stocks.

Opening dates for the flue-cured auctions will be recommended to USDA in late June, and sales may start in mid-July. By April 15, growers had designated 92 percent of their marketable quota to auction warehouses. To receive price support, growers must plant within their acreage allotment, contribute 7 cents per pound of tobacco marketed to the no-net-cost fund, and certify that they did not use DDT, TDE, toxaphene, or endrin on their crops. The House Tobacco and Peanuts Subcommittee has proposed several legislative changes in the flue-cured tobacco program, including freezing at the 1982 level price support in 1983 and 1984.

Auctions for type 32 tobacco sold in Maryland ran from March 15 to May 12. Prices averaged \$1.53 a pound, 22 cents less than a year earlier. Prices for all Maryland tobacco produced in the United States dropped 9 cents, averaging \$1.48 a pound. Disappearance may fall below last season.

The use of fire-cured tobacco is rising, and supplies for next season will likely be lower than this year. Dark air-cured supplies will be a little higher than during 1982/83. Use of cigar leaf has risen slightly, and the smaller crop projected for 1983 will push down next season's stocks.

Variable and total costs per acre of producing and selling burley tobacco rose 4 percent in 1982. The total cost per acre could climb about 3 percent in 1983, while variable costs are projected to rise 4 percent.

Tobacco Situation

TOBACCO PRODUCTS

Cigarette Use Declines as Prices Rise

Cigarette consumption is down because of higher prices largely resulting from increased Federal and State excise taxes. U.S. manufacturers shipped about 7 percent fewer cigarettes for domestic use during July 1982-March 1983 than they did a year earlier. It appears U.S. consumption during 1982/83 has declined 3 percent from last year's 636 billion cigarettes (table 1). Per capita use was down even more because the adult population was larger. Domestic cigarette use is expected to be lower this coming July-December, compared with a year earlier.

Total output in 1982/83 is estimated at 670 billion cigarettes, about 7 percent fewer than last year. This total includes about 75 billion cigarettes for exports and overseas shipments to U.S. possessions and the military. Through March, exports were down 14 percent from a year earlier. Although the European Community (EC) has shown a growing preference for U.S.-type cigarettes over the last decade, a number of countries have shifted to locally produced cigarettes under license arrangements where American brands are produced by local companies (table 2).

Table 1.—U.S. cigarette exports to leading destinations, 1981-83

Country	1981	1982 ¹	January-March	
			1982	1983
			<i>Billions</i>	
Belgium-Luxembourg	18.2	15.7	6.1	3.9
Hong Kong	8.3	7.7	1.8	1.6
United Arab Emirates	3.6	.6	.2	.6
Netherlands Antilles	4.3	3.6	1.3	.6
Saudi Arabia	5.2	5.5	1.6	1.2
Japan	5.2	4.8	1.2	1.3
Kuwait	2.3	1.4	.2	.5
Spain	.9	1.1	.4	.2
Canary Islands	1.7	.7	.2	.2
Columbia	1.5	1.5	.3	.2
Other	31.4	31.0	8.6	5.4
Total	82.6	73.6	21.9	15.7

¹Subject to revision.

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

Table 2.—Cigarettes: U.S. output, removals, and consumption, 1973-83

Year	Output	Removals				Estimated inventory increase	Total U.S. consumption ³
		Tax-exempt			Exports		
		Taxable	Total	Shipments ¹	Overseas forces ²		
<i>Billions</i>							
1973	644.2	590.3	55.9	41.5	2.0	12.4	589.7
1974	635.0	576.2	59.2	46.9	1.9	10.4	599.0
1975	651.2	588.3	62.3	50.2	1.5	10.6	607.2
1976	693.4	617.9	72.1	61.4	1.9	8.8	613.5
1977	665.9	592.0	78.1	66.8	1.1	10.2	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	616.0
1979	704.4	614.0	93.8	79.7	1.1	13.0	621.5
1980	714.1	620.5	94.2	82.0	.9	11.3	631.5
1981 ⁴	736.5	638.1	92.0	82.6	.8	8.6	640.0
1982 ⁵	694.2	614.1	82.1	73.6	.8	7.7	634.0
<i>Year ending June 30</i>							
1973	615.6	562.7	52.2	38.3	2.3	11.6	576.8
1974	652.0	594.9	59.1	44.9	2.0	12.2	595.0
1975	626.8	570.3	57.4	46.6	1.7	9.1	601.0
1976	688.2	619.1	69.8	58.2	1.9	9.6	615.0
1977	671.7	596.3	74.1	62.8	1.3	10.0	616.5
1978	685.4	609.6	81.5	69.4	1.0	11.1	618.0
1979	707.0	615.2	92.2	78.8	1.2	12.2	616.0
1980	697.0	605.8	93.2	82.9	1.3	9.0	622.0
1981	727.8	631.4	92.0	83.0	.9	10.1	637.0
1982 ⁴	721.5	632.3	86.8	78.8	.8	7.2	635.7
1983 ⁵	670.0	590.0	75.0	65.0	.8	9.2	615.0

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

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

Manufacturers raised wholesale cigarette prices four times last year and again in early January this year. Thus, between February 1982 and January 1983, wholesale cigarette prices jumped 33 to 38 percent. Retail cigarette prices rose by 24 percent from April 1982 to April 1983, and they are expected to rise further this year because of both increased taxes and higher operating costs. In 1982, unlike the previous 5 years, cigarette prices rose more rapidly than the price index for all consumer items.

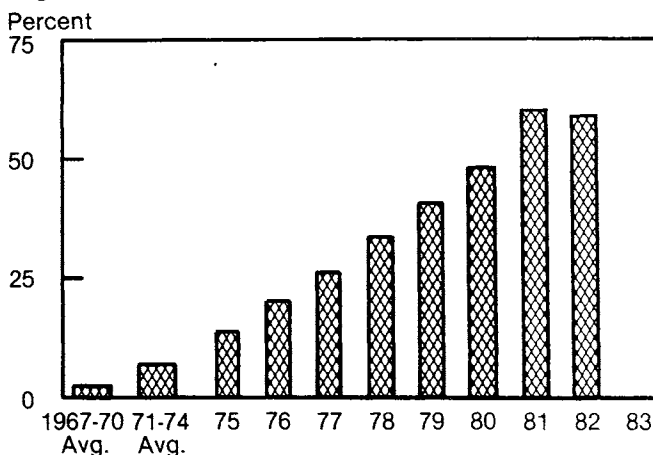
As estimated by State tax data, unit cigarette sales during January-March 1983 were down 11 percent from a year earlier. However, at the end of 1982, retailers sharply increased inventories as wholesalers pulled down holdings before the stocks tax became effective in early 1983. The tax included cigarettes held in public warehouses by manufacturers; those held by distributors, wholesalers, and subjobbers; and those held in distribution warehouses by retail chains and cooperatives—essentially all inventories except those held by retailers. Retailers are working off inventories the first part of this year, thus tax-paid removals are falling proportionately more than the drop in consumption.

Five States have already announced cigarette tax increases in 1983. Rates increased in Arkansas, Montana, New York, North Dakota, and Kansas. In addition, a number of States have proposed tax increases. Nine States hiked taxes last year.

Hearings have been held by House and Senate committees on bills that would establish a national program to increase the availability of information on the health consequences of smoking, and would amend the Federal

Cigarette Labeling and Advertising Act to change the label requirements for cigarettes. The bills would require manufacturers to rotate warning labels and to make them more conspicuous on cigarette packs. Manufacturers would be required to list the type and quantity of chemical additives contained in the cigarettes they manufacture, package, or import for sale or distribution in the United States.

Cigarettes Low-Tar Market Share^o



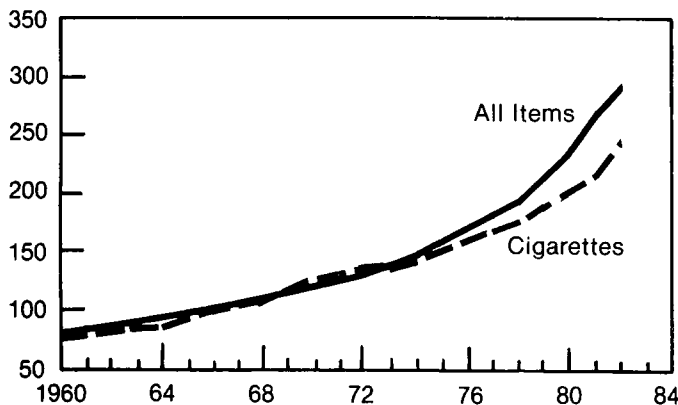
^o15 mg. "Tar" or less. Federal Trade Commission Data. Latest year estimated.

USDA

Neg ERS 7143-83(6)

Consumer Price Index and Cigarette Prices

% of 1967



BLS Data. Beginning 1978 for all urban consumers. Cigarettes, filter tip, king size for 1960-77.

USDA

Neg. ERS 7145-83(6)

Table 4.—Tobacco products: Output, 1981-83

Item	1981	1982	1983 ¹
<i>Million pounds</i>			
Chewing tobacco			
Plug-firm	(²)	10.7	9.7
Plug-moist	(²)	5.3	4.8
Twist	1.8	1.8	1.8
Loose leaf	69.6	72.8	73.2
Total	(²)	90.6	89.5
Snuff-dry	(²)	11.5	9.6
Snuff-moist	(²)	32.4	34.7
Total	(²)	43.9	44.3
Smoking tobacco in bulk (exports)	12.5	10.9	7.6
<i>Millions</i>			
Small cigars	1,452	1,318	1,250

Cigar Consumption Declines

During July 1982-March 1983, U.S. cigar consumption totaled 2.7 billion *large cigars* (including cigarillos), 6 percent fewer than a year earlier. Demand has been declining in the low- and medium-priced categories for several years. In contrast, demand for higher priced cigars remains strong (table 3).

Production of small cigars (those weighing less than 3 pounds per thousand) totaled 950 million in the first 3 quarters. For the year ending in June, output is estimated to decline about 5 percent from a year ago (table 4).

Smoking and Chewing Tobacco Continue Down

Smoking tobacco production and consumption for the year ending June 30 are showing a continuation of the downward trend that has prevailed since 1970. In the first 9 months of 1982/83, the output of domestic smoking tobacco declined about 2 percent from a year earlier. Imports rose a little, but domestic sales dropped 5 percent from a year earlier.

Table 3.—Cigars and smoking tobacco: Output, removals, and consumption, 1980-83

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 and cigarillos							
1980	3,454	3,291	201	590	³ 200	4,001	
1981	3,428	3,258	160	534	181	3,893	
1982 ²	3,195	3,056	158	500	181	3,659	
Year ending June 30							
1980	3,411	3,300	188	667	³ 190	4,071	
1981	3,506	3,289	187	558	³ 200	3,967	
1982	3,433	3,142	167	542	180	3,786	
1983 ³	2,890	3,000	155	420	155	3,550	
<i>Million pounds</i>							
Smoking tobacco							
1980	32.2	30.6	.8	—	6.7	37.3	
1981	30.3	30.0	.8	—	6.6	36.5	
1982 ²	28.3	27.8	.7	—	6.1	33.6	
Year ending June 30							
1980	31.7	31.2	.9	—	5.0	36.2	
1981	31.5	29.5	.8	—	5.5	35.7	
1982	29.3	29.1	.8	—	6.6	35.5	
1983 ³	28.8	27.5	.6	—	6.7	33.8	

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

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

Table 5.—United States exports of unmanufactured tobacco by types and to principal importing countries, 1978-83

(Declared weight)

Type & country	1978	1979	1980	1981	1982	January-March		1983 as a % of 1982
						1982	1983 ³	
	Million pounds						Percent	
Type								
Flue-cured	454.8	370.6	391.1	386.2	348.4	72.7	64.6	89
Burley	91.0	82.1	90.8	74.2	103.6	36.2	22.0	61
Maryland	10.6	6.0	7.1	7.3	6.7	.7	.6	86
Fire-cured, Ky. and Tenn.	22.6	13.7	14.6	16.3	18.8	2.8	5.0	179
Virginia fire & sun-cured	2.5	3.1	2.9	1.5	2.7	.5	.3	60
Green River & One-Sucker	.7	.2	.1	.2	.2	*	*	—
Black Fat	2.6	3.2	2.6	2.5	2.2	.6	.2	33
Cigar wrapper	3.7	5.3	4.2	2.5	1.1	.2	.3	150
Cigar binder	*	.1	.2	.1	.1	*	*	—
Cigar filler	.2	.2	.2	.5	.2	*	*	—
Perique	*	.1	.1	.1	.1	*	.2	—
Stems, trimmings & scrap	98.9	77.2	77.5	83.8	78.1	19.5	15.1	77
Other unmanu. NEC ²	12.4	5.7	7.2	9.3	9.8	2.2	2.5	114
Total	700.0	567.4	598.7	584.5	572.0	135.4	110.9	82
Country of destination								
United Kingdom	148.8	68.2	32.5	39.4	30.5	2.6	4.5	173
France	9.8	11.5	4.5	6.1	5.3	1.9	2.4	126
Belgium-Luxem.	16.9	5.4	7.9	9.5	15.2	1.4	1.1	79
Netherlands	34.2	29.3	44.9	28.6	25.1	4.6	6.7	145
West Germany	53.2	67.7	100.7	83.2	68.2	12.2	12.5	102
Denmark	27.1	16.4	17.5	11.1	16.8	5.2	5.8	112
Ireland	5.3	6.9	3.6	3.9	4.7	1.5	.6	40
Italy	41.0	34.8	30.7	26.5	28.1	12.0	17.9	149
Total EC	336.3	240.2	242.2	208.4	193.9	41.4	51.5	124
Switzerland	26.2	19.3	20.1	22.2	26.7	3.1	1.6	52
Finland	7.8	7.0	9.5	11.0	6.0	1.7	1.7	100
Norway	4.2	5.7	6.8	4.2	3.6	.2	.5	250
Sweden	17.5	13.7	15.4	9.9	8.7	1.2	2.4	200
Spain	19.9	1.0	28.7	33.4	31.8	9.1	8.8	97
Thailand	18.2	18.8	22.6	18.4	27.7	20.8	8.8	42
Rep. of Korea	9.9	13.1	13.6	10.7	1.1	1.1	0	0
Malaysia	10.1	8.4	8.4	6.9	9.7	2.4	.5	21
Philippines	13.9	11.4	11.5	11.2	15.2	2.9	1.9	66
Taiwan	25.8	41.4	14.1	22.3	21.3	0	0	—
Japan	102.3	95.9	82.1	117.0	110.3	24.1	16.1	67
Australia	12.4	12.4	13.4	12.6	10.1	3.1	2.5	81
New Zealand	3.7	4.0	3.7	3.4	4.1	1.1	.4	36
Egypt	24.5	3.8	17.4	16.1	22.0	*	.1	*
Other countries	67.3	71.3	89.2	76.8	79.9	23.2	14.1	61
Total	700.0	567.4	598.7	584.5	572.0	135.4	110.9	82

¹ Preliminary. ² New classification, January 1, 1978. Previously included in manufactured in bulk.

* Less than 100,000 pounds.

Detail may not add to total due to rounding.

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

Smokeless tobacco output in 1982/83 is expected to drop from the previous year. Moist and firm plug chewing tobaccos are both down, while loose leaf chewing tobacco and snuff are up.

EXPORTS AND IMPORTS

Exports Decline in 1982/83; Low Rate Expected into 1983/84

For the year ending June 1983, exports of unmanufactured tobacco are expected to be below 1981/82's 585 million pounds, export weight (711 million, farm-sales weight). During July 1982-March 1983, shipments declined 8 percent to 413 million pounds, while the average unit value of exports increased 7 percent. The seasonal peak in shipments to Japan, the EC, and other European markets came in late 1982 (table 5).

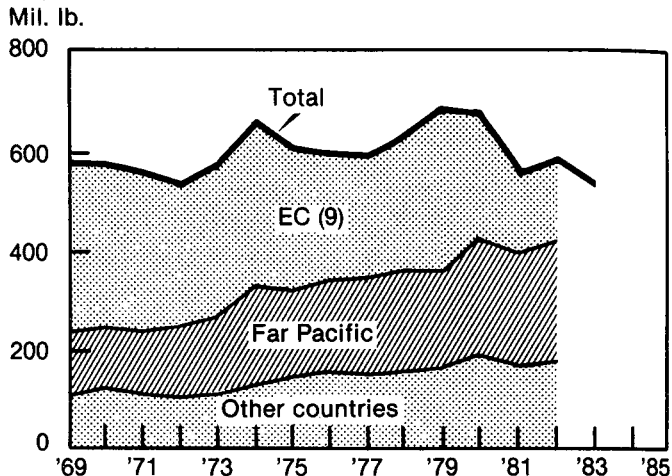
Exports of flue-cured tobacco during July-March were down 9 percent. Burley was down 16 percent because shipments fell sharply in the first 3 months of 1983. Maryland and cigar kinds also declined, but fire-cured types rose sharply because of brisk demand and smaller world production in 1982. EC countries took more, while Asian nations took less. Within the EC, both West Germany and the United Kingdom took less because tax increases have depressed cigarette sales. Both the United Kingdom and West Germany are substituting less expensive tobacco for the U.S. product. Japan took a little less because its stocks are large and use has stabilized.

Since global supplies are more than adequate, exports for the second half of calendar 1983 may not reach the 302 million pounds of a year earlier. U.S. price support rates are higher, and consumption is stabilizing in major developed countries—traditional markets for U.S. leaf. Also, general economic activity, though improving, still remains depressed, and interest rates continue relatively high. The value of the U.S. dollar remains strong relative to a number of currencies, further adding to foreign buyers' costs.

Imports for Consumption Rise

During July 1982-March 1983, U.S. imports for consumption of unmanufactured tobacco and customs category 170.8045 (tobacco manufactured or not manufactured, not specifically provided for, other) were 9 percent higher than a year earlier (table 6). Cigarette leaf declined, while customs category 170.8045 tobacco increased. The latter category of tobacco was specified following a customs classification change in 1980.

Export Markets for U.S. Tobacco

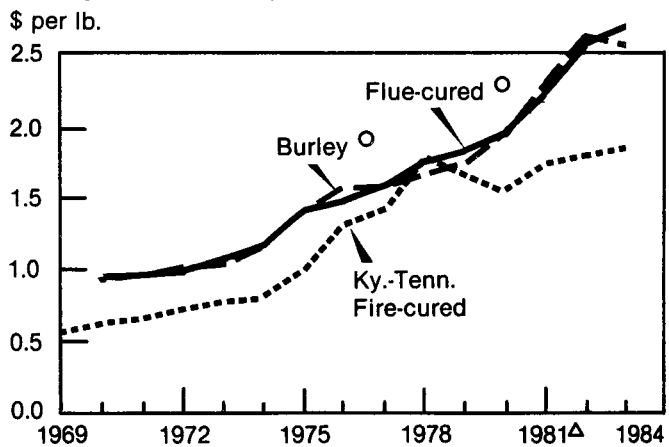


Unmanufactured, declared weight, year ending June 30.

USDA

Neg. ERS 487-83(6)

Average Tobacco Export Values



○ Unstemmed weight basis. * Declared weight basis. Year ending June 30.
△ Preliminary

USDA

Neg. ERS 5113-83(6)

Table 6.—U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1982, and January-March 1982-83¹
(declared weight)

	Imports for consumption				General imports (arrivals)			
	1982	January-March		1983 as a percentage of 1982	January-March			1983 as a percentage of 1982
		1982	1983		1982	1982	1983	
	<i>Million pounds</i>		<i>Percent</i>	<i>Million pounds</i>		<i>Percent</i>		
Cigarette tobacco								
Leaf								
Oriental								
Turkey	102.8	25.7	26.6	104	126.8	73.5	78.9	107
Greece	25.2	6.7	7.0	104	29.5	17.4	7.0	40
Yugoslavia	10.2	3.0	2.1	70	11.0	1.1	11.7	106
Other countries	35.8	7.7	7.0	91	29.2	7.3	7.9	108
Flue-cured	9.7	2.0	3.2	160	16.6	2.8	3.3	118
Burley	6.9	1.0	2.8	280	27.3	3.2	5.7	178
Other	2.1	.6	.1	17	1.4	.4	.1	25
Subtotal	192.7	46.7	48.8	104	241.1	105.7	114.6	108
Manufactured or not manufactured, NSPF, other								
Brazil	38.6	5.5	8.3	151	74.5	1.7	3.1	182
Korea, Republic of	17.3	3.2	3.6	113	11.1	3.2	3.6	113
Mexico	6.0	.9	1.6	178	8.8	0	.2	0
Other	48.9	8.1	11.6	143	79.5	13.4	7.3	54
Subtotal	110.8	17.7	25.1	142	173.9	18.3	14.2	78
Scrap ²								
Brazil	1.3	.3	.2	67	.5	0	0	0
Korea, Republic of	*	.1	*	0	.5	0	0	0
Italy	.1	.1	*	0	.6	.5	.2	40
Mexico	.6	.1	*	0	.2	0	0	0
Turkey	7.9	2.0	1.6	80	12.3	5.7	.7	12
Other countries	9.1	2.3	1.3	57	6.5	.8	1.2	150
Subtotal	19.0	4.9	3.1	63	20.6	7.0	2.1	30
Total	322.5	69.3	77.0	111	436.3	131.0	130.9	100
Cigar tobacco								
Wrapper	1.7	.4	.6	150	2.4	.5	1.2	240
Filler-stemmed and unstemmed								
Dominican Republic	1.1	.4	.2	50	5.8	3.1	1.7	55
Other countries	2.4	.3	.4	133	12.9	3.0	5.1	170
Subtotal	3.5	.7	.6	86	18.7	6.1	6.8	111
Scrap								
Philippine Republic	7.9	2.2	1.5	68	5.4	1.8	1.6	89
Indonesia	6.4	1.5	1.6	107	6.2	.9	.5	56
Dominican Republic	5.1	1.4	1.2	86	1.5	.4	.9	225
Brazil	3.7	.5	.8	160	1.2	.1	.6	600
Other countries	16.2	4.1	4.1	100	7.7	4.2	4.2	100
Subtotal	39.3	9.7	9.2	95	22.0	7.4	7.8	105
Total	44.5	10.8	10.4	96	43.1	14.0	15.8	113
Stems	39.1	5.7	3.9	68	47.9	6.5	3.7	57
GRAND TOTAL	406.1	85.8	91.3	106	527.3	151.5	150.4	99

¹Preliminary. ²Includes minor quantities for smoking tobacco, chewing tobacco, and snuff.

Detail may not add to total due to rounding

Compiled from publications and records of the Bureau of Census.

WORLD FLUE-CURED TOBACCO PRODUCTION¹

The world flue-cured crop is forecast at 6.6 billion pounds (3 million metric tons) in 1983, down 15 percent from 1982. Production in China is expected to drop, while output in India is estimated 16 percent above a year ago.

Zimbabwe's tobacco auctions for 1982/83 began on April 6. Prices averaged US\$0.68 a pound during early sales, compared with last year's average of US\$1.00. The one-third drop in the U.S. dollar-equivalent price of leaf sold so far reflects Zimbabwe's recent devaluation (20 percent against the dollar), the uneven quality of the 1983 crop, and weaker export demand. More than 90 percent of Zimbabwe's production is exported.

Malawi, another important African producer, is expected to turn out about 53 million pounds of flue-cured tobacco this year. Auctions began in early April, and by April 14, prices averaged US\$0.69 a pound, down 14 percent from a year earlier.

Canadian tobacco manufacturers and growers are again negotiating 1983 minimum prices for the Ontario flue-cured crop. About 215 million pounds are expected to be covered by a minimum base price of about Can\$1.60 a pound. This would be a little above the Can\$1.56-a-pound minimum set for the 1982 crop, which, including premiums, netted growers an average of Can\$1.63. The 1983 Canadian flue-cured crop is projected at 239 million pounds, substantially more than last year's frost-reduced output.

Brazil's 1983 flue-cured production is expected to be about 3 percent below last year. The principal producing area in southern Brazil received above-normal rains during the growing season, which increased disease problems, reducing the size and quality of the crop. Grower prices for 1983 increased at a rate equal to inflation. However, grower returns are 10 to 20 percent less than last year because of lower leaf quality.

TOBACCO LEAF SITUATION AND OUTLOOK²

1983 Crop Prospects

Cool, wet weather during April slowed plant growth and damaged plants in the field in the more southern areas. Field work lagged because of heavy rains, and tobacco setting was behind schedule. Even though the weather improved some in May, surplus moisture continues in many areas. Plant size is 1 to 2 weeks behind normal, and some disease problems are evident. By early June, setting was complete in Georgia and South Carolina and nearing completion in North Carolina and Virginia. However, it was just getting in full swing in Kentucky and Tennessee.

Auctions for the 1983 flue-cured crop are expected to begin in mid-July, depending on recommendations of the Flue-Cured Tobacco Advisory Committee (scheduled to meet June 24) and on when a sufficient marketable volume becomes available. Last year's auctions opened

¹Summarized from various Foreign Agricultural Service reports.

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

July 21, a little later than usual, so the new no-net-cost legislation could be implemented.

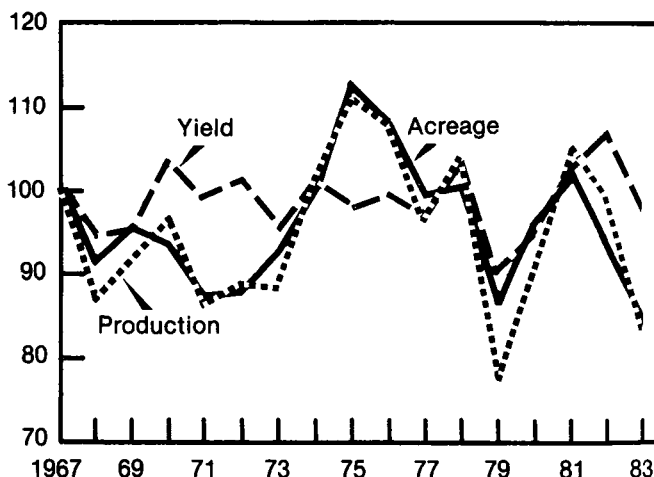
The 1981 amendment to the Tobacco Inspection Act of 1935 requires growers to pay for the USDA grading service. The fee was 0.55 cent per pound last marketing season and will remain at that level this season. The fees, paid by sellers at auction, are collected by USDA from warehouse operators.

Even with a smaller crop, the large carryover will likely result in little drop in the total supply. Price supports will increase 5 to 8 percent under provisions of the No-Net-Cost Tobacco Act of 1982. Prices are not likely to average much higher than last year because of weak demand (table 7).

USDA's Crop Reporting Board will publish estimates of flue-cured acreage, yields, and production by State on July 11. The August 11 crop report will contain separate estimates of acreage, yield, and production for each class and type by State. Subsequent monthly

Tobacco Acreage, Yield and Production

% of 1967



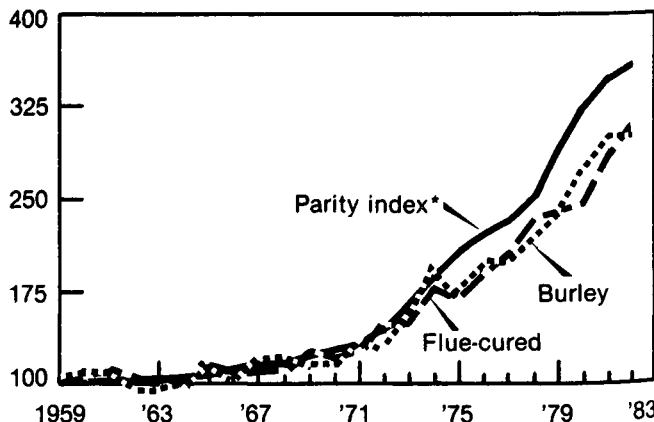
Latest year projected.

USDA

Neg. ERS 8149-83(6)

Tobacco Prices and Parity Index

% of 1959



*Prices paid for all items including interest, taxes, and wage rates.

USDA

Neg. ERS 782-83(6)

Table 7.—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yields, production, carryover, supply, disappearance, season average price, and price support operations, 1973-83 (farm-sales weight)

Marketing Year	Acreage harvested	Yield per acre	Marketings ²	Beginning stocks ¹			Total supply
				Manufacturers and others	Under loan	Total	
				Thousand acres	Pounds	Million pounds	
Flue-cured, types 11-14							
1973	575.1	2,011	1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974	616.3	2,014	1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975	717.2	1,973	1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976	666.6	1,974	1,316.0	³ 1,539.1	359.2	³ 1,898.3	3,214.3
1977	589.3	1,917	1,124.2	1,517.6	556.9	⁴ 2,075.0	3,199.2
1978	602.1	2,046	1,205.9	1,517.9	534.0	⁴ 2,051.9	3,257.8
1979	502.8	1,881	945.8	1,510.8	564.0	2,074.8	3,020.6
1980	555.1	1,957	1,086.1	1,411.0	554.4	1,965.4	3,051.5
1981	540.6	2,164	1,144.3	1,416.8	595.8	2,012.6	3,156.9
1982	473.3	2,126	994.1	1,626.4	518.7	2,145.1	3,139.2
1983 ⁵	430.8	2,000	899.3	1,504.2	705.0	2,209.2	3,108.5
Burley, type 31							
1973	221.1	2,028	461.4	952.5	276.7	1,229.2	1,690.6
1974	260.7	2,350	610.4	931.5	139.2	1,070.7	1,681.1
1975	282.2	2,265	638.3	1,082.4	12.0	1,094.4	1,732.7
1976	285.8	2,376	663.8	³ 1,115.3	44.8	³ 1,160.1	1,823.7
1977	268.6	2,298	612.5	1,162.3	54.9	⁴ 1,217.2	1,829.7
1978	261.4	2,396	617.6	1,087.0	113.5	⁴ 1,218.4	1,836.0
1979	238.1	1,873	445.8	1,056.3	155.4	1,211.7	1,657.5
1980	276.6	2,027	557.5	959.5	66.3	1,025.8	1,583.3
1981	331.2	2,203	725.6	1,000.2	0	1,000.2	1,725.8
1982	340.3	2,379	769.7	1,120.2	.7	1,120.9	1,890.6
1983 ⁵	296.0	2,200	684.1	1,019.7	266.0	1,285.7	1,969.8
Disappearance							
			Average price		Placed under loan		
Total			per pound		Quantity		Percentage of crop
Million pounds			Cents		Million pounds		Percent
Flue-cured, types 11-14							
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	1,147.3	608.2	539.1	117.6	113.8	195.6	17.3
1978	1,182.8	584.1	598.7	135.0	121.0	64.1	5.3
1979	1,083.2	563.2	520.0	140.0	129.3	72.0	7.4
1980	1,038.5	529.6	508.9	144.5	141.5	137.2	12.6
1981	1,011.7	488.8	522.9	166.4	158.7	105.9	9.3
1982	⁵ 930.0	⁵ 450.0	⁵ 480.0	178.5	169.9	258.9	26.0
1983					178.9-183.8		
Burley, type 31							
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	105.5	96.1	50.7	7.9
1976	606.3	489.6	116.8	114.2	109.3	46.6	7.0
1977	611.3	494.8	116.5	120.0	117.3	57.0	9.2
1978	624.3	502.8	121.4	131.2	124.7	67.7	10.8
1979	631.8	498.5	133.3	145.2	133.3	7.3	1.5
1980	583.1	477.6	105.5	165.9	145.9	.0	.0
1981	604.9	463.9	141.0	180.7	163.6	.8	.1
1982	⁶ 605.0	⁶ 470.0	⁶ 135.0	181.0	175.1	269.2	35.0
1983					184.4-189.4		

¹July 1 for flue-cured; October 1 for burley. ²Actual marketings in the marketing year. For 1983, includes estimated production and carryover from 1982. ³Adjusted for change in conversion factor January 1, 1977. ⁴Stocks revision January 1, 1979 report. ⁵Estimated from acreage intentions, projected yield.

reports, September 12 through November 10, will contain estimates of acreage, yield, and production by State for all classes and types combined. However, some State Statistical Service offices plan to report estimates by type of tobacco for States producing a significant amount of more than one type. The Crop Reporting Board will publish estimates of burley acreage, yield, and production by State on December 12.

Pesticide Residue Developments

To receive price support, tobacco producers must certify that they did not use DDT, TDE, toxaphene, or endrin insecticides. Growers certifying falsely are subject to fines or imprisonment.

Last year, the Flue-Cured Stabilization Corporation had a testing program that monitored growers' efforts to keep MH within limits acceptable to major foreign importers. About 850 grower samples averaged 98 ppm, 9 percent below residue levels found in the 1981 crop. Fifty-six samples from research plots averaged 87 ppm. West German health officials and the cigarette industry consider 80 ppm acceptable.

Policy Developments

The Tobacco and Peanuts Subcommittee of the House Agriculture Committee held hearings in Washington, D.C. during April 13-15 to review the tobacco price support and production control program. The two major concerns were the price support level and leasing arrangements. At issue was whether changes should be made in the support formula, including a freeze for 1983 and 1984. The cost of leasing quotas, methods of transferring quotas to active producers, and mechanisms to reduce loan stocks were other areas of concern.

A consensus statement of the subcommittee in mid-May outlined proposed changes in the flue-cured tobacco program. The subcommittee suggested freezing price supports in 1983 and 1984 at the 1982 level. Prices would be frozen again in 1985 if the 3-year moving average index of prices paid by farmers (including wage rates, interest, and taxes) increases less than 5 percent. Then, beginning in either 1985 or 1986, the increase in price support would be 50 to 100 percent of the increase determined under the current formula.

The subcommittee proposed that cash leasing and renting of quotas be abolished in 1984. Quota owners would be required to share in the risk of producing the tobacco crop, even if the quota was leased out. Under the proposal, lease and transfer would be abolished in 1986. Owners of quotas could: (1) grow the quota on the land to which the quota is assigned, (2) rent the quota to an active grower who would produce the crop on the land to which the quota was assigned, with both the owner and renter sharing the risks of growing the crop, or (3) sell the quota to an active grower in the same county.

Other proposals included giving the Flue-Cured Stabilization Cooperative greater flexibility in using no-net-cost funds to reduce loan stocks. The amount of quota available to new tobacco growers would increase, and the requirement that quota holders who rent or lease out quotas pay the same amount as growers into the no-net-cost fund would be eliminated.

The "Tobacco Deregulation Act of 1983" (H.R. 1976) was introduced in Congress in March. The bill, if enacted into law, would eliminate the tobacco price support program and exclude tobacco from virtually all USDA programs, including marketing orders and Public Law-

480 export sales. A similar bill was introduced in the Senate in late April. The Senate bill (S. 1179) would also eliminate the tobacco price support and production control program, but would "fully compensate" allotment owners with adjusted gross incomes of \$15,000 a year or less and would provide partial payment on a sliding scale for allotment owners with adjusted gross incomes of more than \$15,000 but less than \$24,000 a year. The plan to buy allotments would be financed by assessments on tobacco growers.

USDA To Discontinue Burley, Flue-Cured Tobacco Carryover Program

The excess poundage carryover program for burley and flue-cured tobacco has been discontinued for the 1983 and subsequent marketing years. The program was reinstated for the 1982 crop only, after having been in effect from 1972 to 1978. Excess tobacco is that produced in excess of 110 percent of the effective farm quota. The program provided for safe storage of such tobacco produced primarily for reasons beyond the producer's control.

The program was discontinued because it was determined not to be in the best interest of producers and other segments of the tobacco industry. The program stimulated overproduction, with growers intentionally producing excess tobacco, and there was no provision in the law for reducing the farm quota for the following year, even though some of the quota would be displaced by that held in carryover. It tended to contribute to the rising costs of leasing quotas, to depress auction prices, and to encourage false identification.

USDA Proposes Rules on Burley and Flue-Cured Tobacco Marketing Quotas

On April 22, USDA proposed rules to implement legislation that requires persons that are not significantly involved in the management or use of land for agricultural purposes either to sell or forfeit their burley or flue-cured acreage allotments and marketing quotas. The legislation—the No-Net-Cost Tobacco Act of 1982—does not include individuals, but does include governmental entities, public utilities, and educational and religious institutions, among others.

Quotas must be sold by December 1, 1983, or December 1 of the year in which the farm is acquired. If the quota is not sold by the applicable date, it will have to be forfeited to the county Agricultural Stabilization and Conservation (ASC) committee. The proposed rules also establish guidelines for county ASC committees to determine whether owners are "significantly involved," and establish provisions concerning forfeiture of allotments and quotas. The proposed rules specify that the quotas may be sold only to those who are or will become active tobacco producers in the seller's county.

USDA Issues Interim Rule Amending Burley Tobacco Regulations

On April 22, USDA amended regulations governing the marketing quota program for burley tobacco. These amendments are designed to carry out the No-Net-Cost Tobacco Act of 1982.

The regulations provide that:

- Beginning with the 1983 crop, producers will be subject to a penalty for marketing burley tobacco

produced on a farm where the operator or other producer on the farm has not agreed to contribute to the no-net-cost tobacco account. The penalty per pound will be equal to 75 percent of the preceding marketing year's average market price.

- If a marketing quota penalty is assessed, a lien in favor of the United States will be in effect until the penalty is paid. The lien will be on the tobacco subject to the penalty and on any other tobacco subject to marketing quotas in which the person who is liable for the penalty has an interest.
- If a claim for a marketing quota penalty has been filed by USDA against the lessor or seller, then a lease or sale of quota will not be approved by the county ASC committee until either the claim is satisfied or the lease or sale proceeds are applied against the claim.

Flue-Cured

April Leaf Stocks Increase

Stocks of flue-cured tobacco (types 11-14) on April 1 totaled 2.39 billion pounds, 62 million above a year earlier. Reflecting the declining patterns of domestic use, loan stocks accounted for most of the rise in holdings.

Total disappearance during July 1982-March 1983 was 749 million pounds, about 68 million lower than a year earlier. Both exports and domestic use were lower. U.S. cigarette production declined from a year ago, and use of imported tobacco for cigarettes increased 12 percent.

Exports Fall This Season

With reduced demand for U.S. tobacco, combined with a worldwide recession, U.S. flue-cured exports are running about 9 percent below last season. For the 9 months through March, exports totaled 389 million pounds, compared with 428 million a year earlier. Of the leading destinations for flue-cured tobacco, Italy took more, while West Germany, Japan, and the United Kingdom purchased less. Several Asian countries have reduced imports from the United States.

Disappearance To Decline

Disappearance of flue-cured tobacco is expected to be about 8 percent below the 1.012 billion pounds used the previous year and 29 percent below the 1973/74 record. Use prospects are below last season's marketings, so the carryover will increase (table 7).

From July 1982 through April 1983, 50 million pounds of loan stocks were sold, compared with 128 million a year earlier. Unsold stocks on April 30 totaled 641 million pounds, compared with 445 million a year earlier. The record was 960 million in January 1965 (table 8). In late May, the Flue-Cured Stabilization Corporation announced price cuts of 3 to 17 percent, depending on age, for the 1976-82 crops. Price cuts varied by year and were greatest for the oldest tobacco. Stocks from the 1975 crop will be sold at special bid.

1983 Flue-Cured Acreage To Drop Again

The 1983 effective poundage quota is 892.5 million pounds, down 9 percent from last year. Growers' late April planting intentions were to set a record-low

**Table 8.—Tobacco loan stocks, 1981-83
(farm-sales weight)**

Type	End of May		
	1981	1982	1983 ²
	<i>Million pounds</i>		
Actual			
Flue-cured, 11-14	628.3	539.6	699.6
Burley, 31	32.7	.8	269.8
Virginia, 21	2.3	2.4	2.5
Kentucky-Tennessee, 22-23	17.7	13.4	8.5
Kentucky-Tennessee, 35-36	7.1	8.4	14.0
Ohio, 42-44	.5	.2	.2
Puerto Rican, 46	8.3	6.9	5.8
Connecticut Valley, 51-52	1.4	2.2	3.4
Wisconsin, 54	(1)	.4	1.8
Wisconsin, 55	.3	1.0	6.7
Total	698.6	575.3	1011.7
Uncommitted			
Flue-cured, 11-14	471.7	441.9	³ 635.5
Burley, 31	0	.6	³ 269.8

¹Negligible. ²April 30. ³June 1.

Compiled from records of Tobacco and Peanuts Division, ASCS.

431,000 acres, 9 percent below last year. In 1982, growers leased 48 percent of the poundage quota from allotment owners within their county. The proportion will likely decline this year, because the requirement that the owner and grower both contribute 7 cents a pound to the no-net-cost fund for quota leased and transferred may have reduced quota leasing. The option of purchasing quotas is now also permitted. Furthermore, fall leasing of flue-cured quota is now prohibited by the no-net-cost act.

Assuming a normal growing season and considering the intended acreage, the crop may total about 862 million pounds. The combined production and carryover would make the 1983/84 supply about 1 percent lower than this year's 3.14 billion pounds.

1983 Price Support Details

Flue-cured tobacco is under acreage-poundage marketing quotas, and price support is not provided if growers exceed their farm allotments. Some growers are again cooperating with the Agricultural Stabilization and Conservation Service (ASCS) in leaving the four lower leaves unharvested ("the four-leaf program"). A 10-percent acreage tolerance is included to accommodate participants in the program. By the April 15 deadline, farms accounting for 21 percent of the flue-cured quota had signed up to participate in the four-leaf program—a little higher than last year.

Price support is available to growers through loans to producer associations. To be eligible for price support, producers must contribute to a no-net-cost fund established by the Flue-Cured Stabilization Corporation. Flue-cured growers must agree to contribute 7 cents per pound of tobacco marketed in 1983 to a fund handled by the Stabilization Cooperative. Owners of flue-cured quotas who lease them to others are also required to contribute the same amount as growers to the fund.

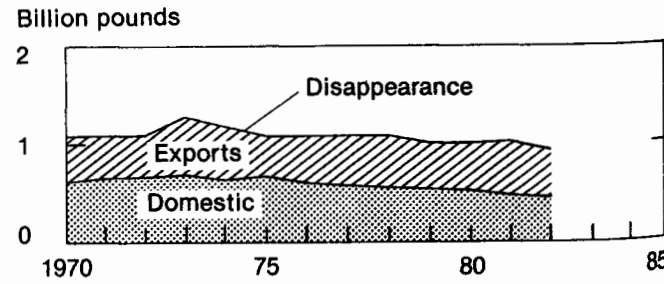
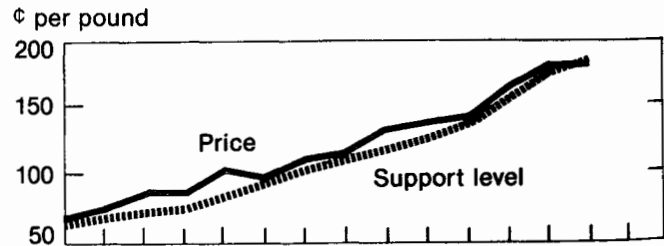
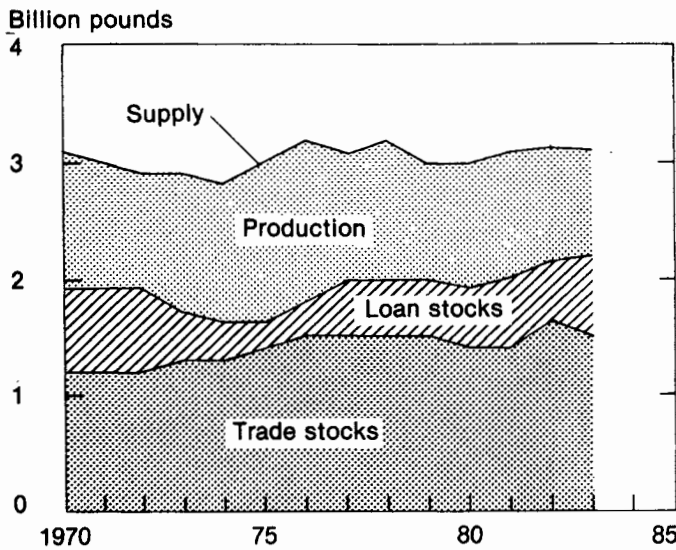
The overall flue-cured price support under basic legislation would rise 8.2 percent to \$1.84 a pound for the

Table 9.—Flue-cured and burley tobacco: Marketing quota and marketings, 1973-83

Year	Quota		Marketings				Net carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective underquota ¹	
Million pounds							
<i>Flue-cured, types 11-14</i>							
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	1,205.9	65.6	43.9	41.8	-26.4
1979	1,094.9	1,068.5	973.8	24.8	118.8	117.0	92.2
1980	1,094.4	1,186.5	1,086.1	36.0	137.9	135.1	99.1
1981	1,012.9	1,111.4	1,144.3	64.9	31.3	29.2	-35.6
1982	1,013.0	976.8	994.1	55.1	37.9	37.7	-17.4
1983 ⁴	909.8	892.4					
<i>Burley, type 31</i>							
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	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979	614.2	647.8	472.2	12.2	188.6	168.8	155.2
1980	614.4	768.9	557.5	11.6	224.3	200.1	181.8
1981	660.1	841.9	725.6	25.2	143.0	129.4	104.2
1982 ³	680.3	777.8	769.8	48.9	50.9	45.4	-2.5
1983 ⁴	645.8	643.3					

¹Underquota marketings less ineligible carryover. ²Effective underquota marketings less overquota marketings. ³Subject to revision. ⁴Preliminary. Compiled from records and reports of Price Support and Loan Division, ASCS.

Flue-Cured Tobacco: Supply, Price, Use



1982 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning July 1. 1983; forecast.

1983 crop. The law's formula takes into account the higher prices for goods and services bought by farmers during the last 3 years (1981-83), as compared with 1959 average prices paid. But, under the no-net-cost law, the support increase can be held to 65 percent of the amount

permitted under basic legislation if the supply of the tobacco is considered excessive. Because of the large flue-cured supply, the 65-percent provision will likely apply to this kind of tobacco this year, resulting in a 5.3-percent increase in price support, to \$1.79 a pound.

The average price support and the 1983 loan rates for various grades of tobacco will be announced before the opening of the flue-cured market. No support will apply to P5L, P5F, P5G, NIL, NIGL, NIXO, NIXL, and NIPO. The share of the crop accounting for these grades ranged from 3 to 6 percent during 1980-82. As in the past, no support will be offered on tobacco graded N2, NO-G, U, W, or scrap.

In April, USDA proposed changes in tobacco grade standards that would more accurately describe the flue-cured tobacco currently marketed. The proposed changes include nine new grades and two new definitions for color combinations of whitish-lemon (LL) and dark red variegated (DK) tobacco.

The new grades include:

- Two grades for prematurely ripe and pale-colored tobacco from the cutter groups that have taken on characteristics of the priming groups.

- Two grades for whitish-lemon colored tobacco produced during wet growing seasons.
- Three grades for darker colors of tobacco increasingly marketed over the past few years.
- One grade for fourth-quality slick lugs.
- One grade for tobacco with variegated orange colors found primarily in the cutter group.

Under the proposal, ten grades would be dropped. These grades represent qualities that have largely disappeared.

Growers Again Designate Warehouse Preferences

By the April 15 deadline, growers of flue-cured tobacco had designated 92 percent of their marketable quota to the auction warehouses where they want to sell their

Table 10.—Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1981-83¹

Type and State or marketing area	Effective farm quotas		Initial designation ³		Final designation		Marketings	
	1983 ²	Change from 1982	1982	1983	1981	1982	1981	1982
	<i>Mil lbs.</i>	<i>Percent</i>			<i>Million pounds</i>			
11-Virginia (E)	79	-6.5	102	90	134	100	114	87
11-North Carolina (D,E)	219	-6.1	219	192	225	218	299	232
Total 11	298	-6.2	321	281	359	318	413	318
12-North Carolina (C)	285	-11.9	372	296	438	371	344	341
13-North Carolina (B)	81	-6.8	99	93	113	103	97	85
13-South Carolina (B)	114	-7.9	126	112	150	128	148	123
Total 13	195	-7.5	225	205	263	231	245	208
14-Alabama	1	0					1	1
14-Florida (A)	19	-10.3	22	17	25	22	23	21
14-Georgia (A)	95	-9.6	112	100	131	117	119	105
Total 14	115	-9.7	133	118	156	139	143	127
Grand total, flue-cured ⁴	893	-8.8	1,052	899	1,216	1,058	1,144	994

¹Data may not add to totals due to rounding. ²Growers were allowed to designate 110 percent of their effective quotas. ³Excludes production not sold. ⁴Computed from unrounded data.

Compiled from reports from Tobacco Division, Agricultural Marketing Service; and Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

Table 11.—Burley tobacco: Farm marketings by State and across-state line movement, 1982 crop¹

State	Total farm marketings	Sold in—								Total sold out of State
		Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va.	W. Va.	
<i>Million pounds</i>										
Indiana	19.2	10.7	8.5							8.5
Kentucky	510.2	4.5	499.0	(2)		0.6	5.1	0.1	0.9	11.2
Missouri	5.9		.1	5.8						.1
North Carolina	31.0				25.1		5.9	(2)		5.9
Ohio	26.5	(2)	9.7			15.0			1.8	11.5
Tennessee	142.6		2.7		.8		132.5	6.5		10.1
Virginia	31.0				1.7		1.2	28.1		2.9
West Virginia	3.2		.3		(2)	.1	(2)	.1	2.7	.5
Total ³	769.8	15.2	520.3	5.8	27.6	15.7	144.7	34.8	5.4	50.9

¹Preliminary. ²Less than 50,000 pounds. ³Includes 159,213 pounds produced in Alabama, Arkansas, Georgia, Kansas, Illinois, and South Carolina.

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

1983 crop. Since the procedure began in 1974, sales schedules and inspection services are provided at individual warehouses on the basis of the quantity of tobacco designated (table 10).

After growers make warehouse designations at their local ASCS offices, grower lists are prepared for each warehouse, and the information is sent to the Flue-Cured Tobacco Advisory Committee. In addition to recommending opening dates and sales schedules, the committee advises USDA on the geographic grouping of auction markets and the distribution of grades.

Burley

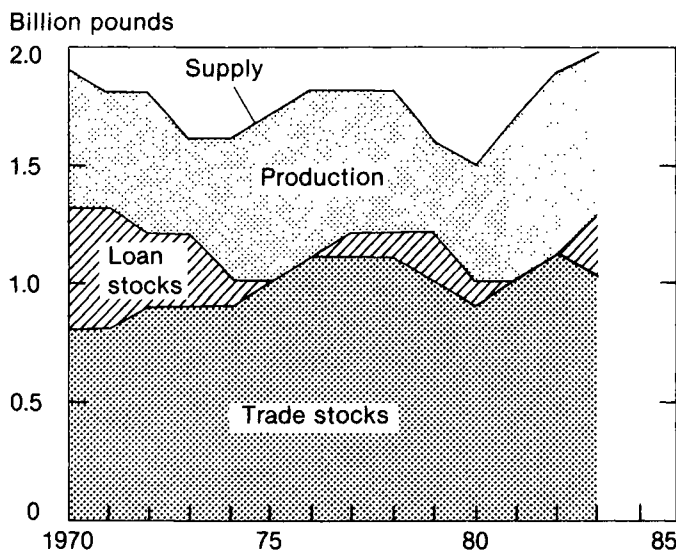
Total Burley Use May Change Little in 1982/83; Stocks Will Gain

Domestic burley use rose while exports fell during October 1982-March 1983. The 6-month disappearance of 330 million pounds was 9 percent above a year earlier. Domestic use rose to 273 million pounds, even though cigarette output declined, and more imported burley was used in their manufacture. For the entire 1982/83 marketing year, domestic use may gain a little.

Reduced burley shipments during January-March pushed export prospects for the marketing year below last year's record 141 million pounds. For the first 6 months of the marketing year, burley shipments totaled 57 million pounds, about 88 percent of a year earlier. While EC countries took more, other major destinations, such as Japan and Thailand, took less. On an unstemmed-leaf basis, burley exports averaged \$2.53 a pound during October-March, down 1 cent from a year earlier.

The carryover at the beginning of 1982/83, at 1.12 billion pounds, was up from a year earlier. By April 1, with the 1982 crop in storage, stocks totaled 1.56 billion pounds, 134 million above a year earlier. Unlike a year earlier, there were large unsold burley loan holdings. With little change in total use, next year's carryover may be about 15 percent above this year's (table 7).

Burley Tobacco: Supply, Price, Use



1983 Crop Smaller

For 1983, the effective burley poundage quota is 643 million pounds, about 17 percent less than in 1982. According to planting intentions in late April, farmers said they planned to set about 13 percent less burley acreage than last year. Assuming yields near the 1973-82 average, production would total around 651 million pounds, 20 percent less than last season. The indicated carryover plus the projected crop would push the 1983/84 supply about 80 million pounds above this year's 1.89 billion.

USDA Proposes Rules for Grading Burley Tobacco

On May 25, USDA issued a proposal that would provide official grading for burley tobacco displayed untied on burlap sheets at auction. Burley sold in sheets would be eligible for grading and price support during 1983/84 and succeeding seasons.

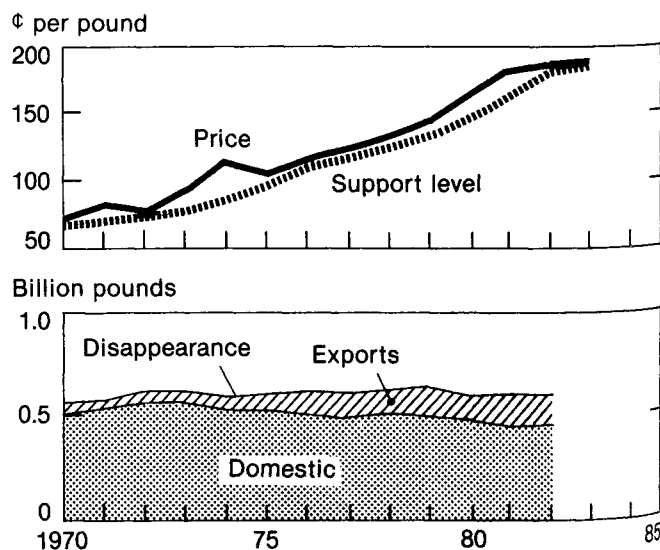
Last year, USDA initially refused to provide official grading for burley tobacco offered for sale in sheets. However, there was dissatisfaction by growers, and court rulings favored proponents of such sales. USDA reversed its ruling and offered price support for sheeted tobacco during the latter part of the 1982/83 season.

Burley tobacco sold in bales is eligible for official grading and price support. Under the May 25 proposal, bales would be required to be placed lengthwise on pallets for grading. Last year, stems of the tobacco packed in bales had to be turned toward the aisle. This method of display was found to be unsatisfactory because it was difficult to inspect the lower portion of the lot.

Southern Maryland

Smaller Crop but Lower Prices

The 1982 crop of Maryland tobacco (type 32)—about 9 percent lower than 1981—sold for an average of \$1.48 a pound, 9 cents below a year earlier. Auction sales in



1982 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning October 1. 1983; forecast.

Table 12.—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1974-83 (farm sales weight)

Marketing Year ¹	Acreage harvested	Yield per acre	Supply		Disappearance			Average price per pound to growers	
			Production	Stocks following Jan. 1	Total	Total	Domestic		Exports
	Thousand acres	Pounds	Million pounds					Cents	
1974 ²	26.0	1,260	32.8	51.7	84.5	33.5	25.0	8.5	92.2
1975 ²	23.0	955	22.0	53.6	75.6	35.7	26.0	9.7	107.5
1976 ²	25.0	1,205	30.1	41.9	72.0	29.9	17.4	12.5	110.0
1977 ²	25.0	1,230	30.8	45.3	76.1	29.0	19.6	9.4	115.1
1978 ²	24.0	1,275	30.6	41.9	72.5	31.1	21.1	10.1	123.1
1979 ²	19.5	1,130	22.0	41.3	63.4	33.6	23.6	10.0	139.7
1980 ²	24.0	1,091	26.2	32.6	58.8	27.3	18.6	8.7	167.9
1981 ²	36.2	1,281	46.4	37.0	83.4	36.0	27.9	8.1	157.3
1982 ²	29.3	1,433	42.0	40.7	82.7	³ 30.0	³ 21.0	³ 9.0	148.1
1983 ⁴	29.5	1,400	41.3	45.0	86.3				

¹Year beginning October 1. ²Includes sales and certification. ³Estimated. ⁴Estimated carryover; projected crop.

Maryland began March 15 and ended May 12. Prices at the Maryland auctions averaged \$1.53 a pound, 22 cents below a year earlier. Weaker export demand, together with ample supplies of burley, held prices down. The crop grown in Maryland was similar in quality to the year before, having good burning qualities. In a referendum in February 1982, Maryland growers rejected USDA grading with the required fee, so that service was again not provided.

Growers of Maryland-type tobacco have not approved marketing quotas since the 1965 crop, so this tobacco is not eligible for price support. The 1981 farm legislation provides prohibitive penalties for growing and marketing Maryland tobacco in quota areas. So, unlike 1981, little Maryland tobacco was produced in the flue-cured States of North Carolina, South Carolina, and Virginia. However, over 2,000 acres of Maryland tobacco were produced in the Pennsylvania seedleaf (type 41) area in 1982, and even more will likely be produced in 1983. Quotas are not applicable to Pennsylvania seedleaf tobacco.

Smaller Use Points To Larger Stocks

Maryland tobacco goes almost entirely into cigarettes. Domestic disappearance during the first half of 1982/83 was estimated at 5.6 million pounds, about 5 million below a year earlier. Exports plus domestic disappearance are forecast to fall below last season's 36 million pounds. With reduced use, the January 1 carryover will increase (table 12).

Based on planting intentions in late April and a return to more normal yields, the 1983 crop may be a little smaller than last year's, even with a little larger acreage. If the prospective crop is achieved, the supply for 1983/84 would be about 4 percent larger than last season.

Fire-Cured

Disappearance Higher As Exports Rise Sharply

The 1982 crop was larger than the year before, and quality improved. Beginning stocks were about the same this season as a year earlier. So, even though quality

was higher, the larger crop increased 1982/83 supplies, and prices averaged \$1.52 a pound, 5 cents lower than a year earlier. Country purchases (two-fifths of the crop) averaged \$1.75 a pound, while auction sales averaged \$1.38. Growers placed 9 percent of the 1982 crop under loan, a much larger share than in 1981. Unlike previous years, much that went under loan consisted of higher quality grades.

The disappearance of fire-cured tobacco (types 21-23) during the first half of 1982/83 was 28 million pounds, nearly 15 million above last season. Exports were up sharply, and domestic use rose. The production of snuff and some other products using fire-cured tobacco changed little from a year earlier, so manufacturers are apparently using more fire-cured in their products.

Because of last season's lower prices and reduced allotments, growers may decrease acreage by 10 percent in 1983. Based on estimates derived from late April planting intentions, reductions are expected in both the Kentucky-Tennessee and Virginia areas. On the basis of the indicated acreage and average yields, growers will produce about 40 million pounds, about 24 percent less than in 1982. Even though prospects are for a larger carryover, the supply for 1983/84 will likely decline because of the smaller projected crop.

Dark Air-Cured

Disappearance May Drop Slightly

Disappearance of dark air-cured and sun-cured tobaccos (types 35-37) during the first half of 1982/83 was 7.5 million pounds, up 500,000 from a year earlier. Domestic use rose, but exports fell. The manufacture of plug chewing tobacco—a major domestic outlet for dark air-cured tobacco—was below a year earlier, and snuff production was about the same. For the entire year, total use may be down a little. Exports were down sharply. Exports of Black Fat tobacco—a semiprocessed product consisting of dark air-cured and fire-cured leaf—totaled 273,000 pounds during October 1982-March 1983, a decline of 935,000 from a year earlier. Almost all Black Fat goes to West African destinations.

Compared with last year, growers received 11 cents a pound less for a crop that was 3 million pounds larger.

Table 13.—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, 1974-83 (farm-sales weight)

Mkt. Yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks			
				Mfrs. & other	Under loan	Total	Total supply
Kentucky-Tennessee fire-cured, types 22-23							
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	(1)	42.6	75.8
1977	25.6	1,767	45.2	41.2	(1)	41.2	86.4
1978	27.1	1,898	51.4	50.0	1.0	51.0	102.4
1979	22.1	1,791	39.6	54.0	11.1	65.1	104.7
1980	19.4	1,685	32.6	48.9	19.1	68.0	100.6
1981	20.6	1,578	32.4	48.4	14.7	63.1	95.5
1982	23.5	2,030	47.7	54.5	8.0	62.5	110.2
1983 ²	21.1	1,700	35.8			66.2	102.0
Virginia fire-cured, type 21							
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	(1)	7.4	12.7
1977	7.2	1,000	7.2	7.0	(1)	6.7	13.9
1978	6.1	1,120	6.8	7.9	.8	8.7	15.5
1979	4.8	1,135	5.4	8.2	2.7	10.9	16.3
1980	3.9	935	3.6	6.0	3.3	9.3	12.9
1981	4.1	1,265	5.2	5.7	2.6	8.3	13.5
1982	4.8	1,150	5.5	6.6	2.3	8.9	14.4
1983 ²	4.6	1,050	4.8			10.4	15.2
Disappearance							
Total		Domestic	Exports	Aver. price per lb.	Price support level	Placed under loan	
		Million pounds		Cents		Quantity	% of crop
						Million pounds	Percent
Kentucky-Tennessee fire-cured, types 22-23							
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	(1)	—
1977	35.4	17.4	18.0	132.3	79.5	1.1	2.4
1978	37.3	15.1	22.2	112.5	84.6	11.3	22.2
1979	36.7	18.0	18.7	115.2	90.3	11.4	28.8
1980	37.5	19.7	17.8	121.9	98.9	2.1	6.4
1981	33.0	14.5	18.5	161.1	111.0	1.1	2.8
1982	³ 44.0	³ 18.0	³ 26.0	156.0	123.0	4.4	9.2
1983					129.3-132.7		
Virginia fire-cured, type 21							
1974	5.7	.7	5.0	81.7	58.2	.3	4.5
1975	4.8	1.4	3.4	93.0	65.2	(1)	.9
1976	6.1	⁴ 2.0	4.1	118.0	74.1	.1	1.5
1977	5.2	2.8	2.4	96.2	79.5	1.0	14.4
1978	4.6	1.0	3.6	94.5	84.6	1.8	26.2
1979	7.0	3.2	3.8	107.9	90.3	.9	16.3
1980	4.6	2.6	2.0	128.1	98.9	.3	7.2
1981	4.5	1.8	2.7	131.7	111.0	.2	4.8
1982	³ 4.0	³ 1.5	³ 2.5	106.4	118.8	.5	9.3
1983					125.1-128.5		

¹Less than 50,000 pounds. ²Estimated projected crop. ³Estimated. ⁴Includes 400,000 pounds fire loss, December 1976.

Table 14.—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, 1974-83 (Farm-sales weight)

Marketing yr. begin. Oct. 1	Acre. har- vested	Yield per acre	Prod.	Beginning stocks			Total supply
				Mfrs. & other	Under loan	Total	
				Thousand acres	Pounds	Million pounds	
Dark air-cured, types 35-36							
1974	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975	8.0	1,750	14.0	32.7	(1)	32.9	46.9
1976	9.3	1,660	15.1	28.2	—	28.2	43.3
1977	11.2	1,809	20.4	26.1	—	26.1	46.5
1978	11.2	1,969	22.2	30.4	(1)	30.4	52.6
1979	9.7	1,665	16.1	30.0	4.1	34.1	50.2
1980	9.3	1,745	16.2	28.6	5.6	34.2	50.4
1981	9.7	1,614	15.7	29.6	6.8	36.4	52.1
1982	10.2	1,951	19.9	29.8	8.1	37.9	57.8
1983 ²	8.9	1,750	15.6			44.8	60.4
Sun-cured, type 37							
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	.7	1,205	.9	1.8	0	1.8	2.7
1979	.5	1,055	.6	2.2	0	2.2	2.8
1980	.4	1,010	.4	2.0	0	2.0	2.4
1981	.5	1,320	.7	1.6	0	1.6	2.3
1982	.7	1,289	.7	1.6	0	1.6	2.3
1983 ²	.5	1,100	.6			1.5	2.1
Disappearance							
Total		Domestic	Exports	Aver. price per pound	Price support level	Placed under loan	
						Quantity	Percent of crop
		Million pounds		Cents		Million pounds	Percent
Dark air-cured, types 35-36							
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	116.6	65.9	(1)	—
1977	16.1	13.6	2.4	117.7	70.7	(1)	—
1978	18.4	15.7	2.7	99.1	75.2	4.3	19.7
1979	16.0	14.2	1.8	111.7	80.4	2.2	13.7
1980	14.0	11.7	2.3	126.5	88.0	1.4	8.6
1981	14.2	12.1	2.1	133.0	98.7	1.5	9.6
1982	³ 13.0	³ 11.8	³ 1.2	122.9	105.7	5.6	28.1
1983					111.3-114.3		
Sun-cured, type 37							
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	100.0	70.7	⁴ 13	1.6
1978	.5	.3	.2	88.8	75.2	⁴ 109	12.4
1979	.8	.6	.2	90.8	80.4	⁴ 30	5.2
1980	.8	.7	.1	127.1	88.0	0	0
1981	.7	.6	.1	131.7	98.7	⁴ 4	.7
1982	³ .8	³ .7	³ .1	106.4	109.4	⁴ 68	9.3
1983					115.0-118.0		

¹ Less than 50,000 pounds. ² Estimated, projected crop. ³ Estimated. ⁴ Quantity placed under loan in thousands of pounds.

Growers placed 28 percent of production under loan, considerably more than a year earlier. For 1982/83, disappearance is expected to decline, and the carryover into 1983/84 will increase.

This year, growers of dark air-cured and sun-cured tobaccos may harvest around 9,400 acres, about 14 percent less than last year. With average yields, the crop could reach 16.2 million pounds, about 4 million less than last season. With prospects for a larger carryover, the supply for 1983/84 will likely rise.

Cigar Tobacco

Production Could Decline Sharply in 1983/84

Supplies of domestically grown cigar tobacco are down a little in 1982/83 because of reduced production, even though beginning stocks were higher. With indicated acreage about 17 percent lower, average yields would drop 1983/84 production about 20 percent.

With average yields and intentions for a smaller acreage this year, filler production (U.S. and Puerto Rico) could decline from last season's 25 million pounds.

Binder output may fall 4.5 to 5 million pounds. Allotments for Connecticut Valley binder (types 51-52) apply again this year. USDA transferred filler and binder allotments (types 42-44 and 54-55) to growers who wanted to increase their 1983 plantings. Under terms of the annual reallocation, USDA transferred the allotments from growers who did not wish to use them this year. Therefore, 709 acres in Wisconsin and 914 in Ohio were reallocated.

Acreage intentions for binder tobacco are down 16 percent in Wisconsin. With average yields, the acreage cut-back would reduce production to 16 million pounds—about 4 million below the average disappearance of recent years. Wisconsin binder goes into chewing tobacco.

Wrapper production is expected to decline. There has been a shift to homogenized leaf, which requires considerably less natural wrapper.

April 1 holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 150 million pounds, essentially the same as a year earlier. Filler and wrapper types declined, while binder increased. On April 1, U.S. stocks of foreign-grown cigar tobacco were 88 million pounds, about 6 percent below the previous year. During the first half of 1982/83, manufacturers used about 800,000 pounds less imported cigar tobacco than they did a year earlier.

Filler Use Up

Disappearance of cigar filler during the first half of the year was 400,000 pounds more than a year ago. Even though supplies were lower, prices were weaker. For 1982/83, disappearance may rise slightly from last year. The carryover will likely decline to about 58 million pounds.

Cigar Binder Use Down

Cigar binder disappearance during October-March was 15 million pounds, 5 million below a year earlier. The disappearance of Wisconsin binder (types 54-55) during 1982/83 is not expected to change much from last year, even though prices were lower, and loan takings were smaller. Disappearance of Connecticut Valley binder tobacco is estimated above last season. Still, carryover stocks will likely rise.

Wrapper Use Declines

The use of shade-grown wrapper is below last season, as some manufacturers are shifting to homogenized leaf. Production may drop further this year, lowering supplies to 4.5 million pounds, down from 10 million 2 years ago. The wrapper crop rose in value from \$10 a pound in 1982 to \$12.50 this year.

The disappearance of cigar wrapper during July-March was 2.3 million pounds, about 3.2 million less than a year earlier. Both domestic use and exports fell.

Table 15.—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1974-83 (farm-sales weight)

Crop year ¹	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)									
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	.2	60.0
1978	13.0	1,940	25.2	54.1	79.3	23.6	23.5	.1	62.0
1979	11.2	1,580	17.7	55.7	73.4	24.3	24.0	.3	72.0
1980	13.0	1,900	24.7	49.1	73.8	21.7	21.4	.3	87.0
1981	13.3	2,050	27.3	52.1	79.4	27.1	26.9	.2	80.0
1982 ²	10.7	2,000	21.4	52.3	73.7	26.0	27.7	.3	73.0
1983 ³	9.0	1,850	16.7	45.7	62.4				
Ohio, Miami, Valley filler (types 42-44)									
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	—	59.0
1975	2.1	1,620	3.4	5.9	9.3	3.6	3.6	—	60.0
1976	2.2	1,550	3.4	5.7	9.1	3.1	3.1	—	59.0
1977	1.8	2,025	3.6	6.0	9.6	2.6	2.6	—	62.0
1978	1.6	1,850	3.0	7.0	10.0	3.7	3.7	—	64.0
1979	1.3	1,500	2.0	6.3	8.3	4.5	4.5	—	87.0
1980	1.4	1,700	2.4	3.8	6.2	4.1	4.1	—	107.0
1981	1.7	1,440	2.5	4.0	6.5	2.1	2.1	—	105.0
1982 ²	1.8	1,950	3.5	4.4	7.9	2.8	2.8	—	90.0
1983 ³	1.5	1,700	2.6	5.1	7.7				
Puerto Rico filler (type 46) ³									
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	2.6	1,480	3.9	6.4	10.3	3.9	3.9	—	60.2
1978	2.2	1,400	3.1	6.4	9.5	2.6	2.6	—	57.0
1979	2.0	1,000	2.0	6.9	8.9	.8	.8	—	69.1
1980	1.1	1,380	1.5	8.1	9.6	1.6	1.6	—	73.5
1981	.6	1,000	.6	8.0	8.6	1.3	1.3	—	86.0
1982 ²	.3	1,000	.3	7.3	7.6	1.0	1.0	—	91.0
1983 ³	.2	1,400	.3	6.6	6.9				
Total cigar filler (types 41-46)									
1974	17.7	1,870	33.1	63.4	96.5	35.3	35.0	.3	56.6
1975	16.8	1,687	27.5	61.2	88.5	28.8	28.4	.4	56.2
1976	18.5	1,681	33.1	59.7	90.2	28.1	27.7	.4	59.4
1977	17.9	1,883	33.7	62.1	95.8	28.3	27.0	.3	60.2
1978	16.8	1,863	31.3	67.5	98.8	29.9	29.8	.1	61.5
1979	14.5	1,475	21.7	68.9	90.6	29.6	29.3	.3	73.1
1980	15.5	1,845	28.6	61.0	90.6	27.5	27.0	.5	87.5
1981	15.6	2,027	30.4	64.1	94.5	30.5	30.3	.2	82.1
1982 ²	12.8	1,969	25.2	64.0	89.2	31.8	31.5	.3	75.6
1983 ³	10.7	1,832	19.6	57.4	77.0				
Connecticut Valley binder (types 51-52)									
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975	1.5	1,582	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	*	121.3
1978	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979	1.5	1,637	2.4	5.5	7.9	2.2	2.0	.2	161.5
1980	1.5	1,750	2.6	5.7	8.3	2.2	2.0	.2	178.8
1981	1.7	1,998	3.5	6.1	9.6	2.5	2.4	.1	182.1
1982 ²	2.1	1,685	3.5	7.1	10.6	3.0	2.8	.2	180.9
1983 ³	1.6	1,700	2.7	7.6	10.3				
Southern Wisconsin binder (type 54)									
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	—	84.6
1978	6.2	1,800	11.2	26.0	37.2	11.4	11.4	—	100.5
1979	6.3	2,080	13.1	25.8	38.9	—	—	—	117.0
1980	6.3	2,110	13.3	(5)	—	—	—	—	125.0
1981	6.4	2,150	13.8	(5)	—	—	—	—	113.0
1982 ²	5.1	2,110	10.8	(5)	—	—	—	—	106.0
1983 ³	4.3	2,000	8.6	(5)	—	—	—	—	

See footnotes at end of table.

Continued—

Table 15.—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1974-83 (farm-sales weight), Continued

Crop year ¹	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
Northern Wisconsin binder (type 55)									
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	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,550	9.1	19.1	28.2	8.9	8.9	.1	100.5
1979	6.6	1,810	11.9	19.3	31.2	—	—	—	117.0
1980	6.6	1,920	12.7	(5)	—	—	—	—	125.0
1981	7.3	1,725	12.6	(5)	—	—	—	—	108.0
1982 ²	5.0	1,875	9.4	(5)	—	—	—	—	101.0
1983 ³	4.2	1,800	7.6						
Total Wisconsin binder (types 54-55)									
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	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978	12.1	1,678	20.3	45.1	65.4	20.1	20.1	*	100.5
1979	12.9	1,942	25.0	45.3	70.3	21.4	21.4	*	117.0
1980	12.9	2,013	26.0	48.9	74.9	21.3	21.3	*	125.0
1981	13.7	1,924	26.4	53.6	80.0	20.0	20.0	*	110.6
1982 ²	10.1	1,994	20.1	60.0	80.1	21.0	21.0	*	103.7
1983 ³	8.5	1,900	16.2	59.1	75.3				
Total Cigar binder (types 51-55)									
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	65.0	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	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978	13.6	1,684	22.9	50.0	72.9	22.2	22.2	.1	105.6
1979	14.4	1,911	27.5	50.8	78.3	23.6	23.4	.2	120.9
1980	14.4	1,985	28.6	54.6	83.2	23.5	23.3	.2	129.9
1981	15.4	1,932	29.8	59.7	89.6	22.5	22.4	.1	118.9
1982 ²	12.2	1,941	23.7	67.1	90.7	24.0	23.8	.2	115.2
1983 ³	10.1	1,871	18.9	66.7	85.6				
Connecticut Valley shade-grown (type 61)									
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	600.0
1978	2.7	1,392	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979	2.7	1,472	4.0	8.1	12.1	5.4	.5	4.9	850.0
1980	3.0	1,513	4.5	6.8	11.3	5.9	2.3	3.6	980.0
1981	2.6	1,592	4.1	5.3	9.4	4.5	2.9	1.6	1000.0
1982 ²	1.1	1,421	1.6	4.9	6.5	3.5	2.2	1.3	1250.0
1983 ³	.9	1,500	1.4	3.0	4.4				
Total shade-grown (types 61-62) ⁵									
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	7.7	3.8	3.8	528.2
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978	2.7	1,392	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979	2.7	1,472	4.0	10.2	14.2	6.5	1.1	5.4	850.0
1980	3.0	1,513	4.5	7.8	12.3	6.1	2.2	3.9	980.0
1981	2.6	1,592	4.1	6.2	10.2	5.0	3.4	1.6	1000.0
1982 ²	1.1	1,421	1.6	5.2	6.8	3.7	2.4	1.3	1250.0
1983 ³	.9	1,500	1.4	3.1	4.5				
Grand total cigar tobacco (types 41-62)									
1974	35.2	1,848	65.1	121.2	186.3	67.7	62.8	4.9	142.5
1975	34.8	1,678	58.4	118.6	177.1	60.3	55.4	4.9	135.1
1976	35.7	1,709	61.0	116.8	177.7	58.2	53.7	4.4	121.4
1977	34.7	1,900	65.9	119.5	185.4	55.2	50.0	5.2	114.9
1978	33.1	1,752	58.0	130.1	188.2	58.6	53.2	5.5	122.1
1979	31.6	1,684	53.2	129.9	183.1	59.7	53.8	5.9	156.4
1980	32.9	1,875	61.7	123.4	185.1	55.0	50.4	4.6	175.3
1981	33.6	1,914	64.3	130.0	194.3	58.0	56.1	1.9	158.3
1982 ²	26.1	1,935	50.5	136.3	186.8	59.5	57.7	1.8	131.2
1983 ³	21.7	1,839	39.9	127.3	167.2				

¹October 1 for types 41-55; July 1 for types 61-62. ²Estimates of February planting intentions based on intentions for types and classes of tobacco other than burley and flue-cured. ³Puerto Rican planting occurs late in calendar year. Price per pound excludes payment by Puerto Rican Government. ⁴Not available. ⁵Includes Georgia-Florida shade-grown, type 62 which has not been grown since 1978. July 1, 1982, stocks were 0.1 million pounds. See TS-176 for annual supply and disappearance. *Less than 50,000 pounds.

Table 16.—Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by State, 1979-82

State	1979		1980		1981 ¹		1982 ²	
	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts
	<i>Million</i>	<i>Percent</i>	<i>Million</i>	<i>Percent</i>	<i>Million</i>	<i>Percent</i>	<i>Million</i>	<i>Percent</i>
North Carolina	894	26.3	1,113	30.2	1,296	31.1	1,233	30.0
Kentucky	549	26.7	675	30.2	766	27.7	923	31.8
South Carolina	173	16.3	175	17.3	240	20.7	219	18.9
Virginia	159	11.8	159	12.0	243	14.1	218	13.0
Tennessee	156	8.8	184	10.1	252	13.2	281	13.3
Georgia	147	5.0	153	5.4	191	6.1	189	5.9
Florida	30	.8	30	.8	41	1.0	36	.9
Maryland	38	4.3	30	3.5	43	4.2	58	5.5
Connecticut	26	10.2	27	10.1	35	11.0	33	10.7
Wisconsin	22	.5	29	.6	30	.6	29	.6
Ohio	22	.6	29	.8	29	.8	43	1.2
Indiana	17	.4	27	.6	31	.7	25	.5
Massachusetts	8	3.3	11	4.0	15	5.0	15	4.4
Pennsylvania	15	.6	16	.6	19	.7	22	.7
Missouri	9	.2	9	.2	11	.3	12	.3
West Virginia	3	1.2	3	1.5	6	2.3	6	2.9
United States ²	2,271	1.7	2,672	1.9	3,250	2.3	3,342	2.3

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

Table 17.—Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1973-82

Period	Net income			Profit			
	Net sales	Before	After	Per dollar of sales		Percentage of stockholders equity (annual basis)	
		income taxes	income taxes	Before	After	Before	After
				Federal tax	Federal tax	Federal tax	Federal tax
		<i>Million dollars</i>		<i>Cents</i>		<i>Percent</i>	
1973	12,205	1,254	704	10.3	5.8	26.4	14.8
1974	14,267	1,354	770	9.5	5.4	¹ 26.4	¹ 15.0
1974 ²	8,933	1,053	801	11.8	9.0	¹ 26.4	² 20.0
1975	9,987	1,396	919	14.0	9.2	26.6	16.6
1976	11,964	1,638	1,011	14.3	7.8	28.8	15.9
1977	13,696	1,938	1,239	14.2	9.1	32.0	17.5
1978	15,493	2,591	1,461	16.7	9.4	32.4	18.3
1979	³ 15,331	2,740	1,752	17.9	11.4	30.9	19.2
1980	³ 17,471	3,027	2,044	17.3	11.7	31.0	19.8
1981	³ 20,228	3,560	2,221	17.6	11.0	30.8	19.2
1982	³ 20,126	3,558	2,354	18.6	11.8	31.4	19.8
Quarterly 1982							
1	4,715	867	538	18.6	10.9	31.9	18.6
2	5,130	792	536	17.5	11.4	28.3	18.4
3	5,216	923	642	18.8	12.5	32.0	21.3
4	5,065	976	638	19.6	12.2	33.2	20.8

¹Estimated on the basis of an equity increase of 8 percent. ²Industry classification changed and foreign subsidiary results omitted beginning with 1974. For 1974, the new series reduced net sales 37 percent and profits before taxes 22 percent. Profits after taxes increased 4 percent. ³Excludes excise taxes.

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

Table 18.—United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1979/80-1981/82¹

(Declared weight)

Importing country	Part year through March			Importing country	Part year through March		
	1981/82	1981/82	1982/83 ²		1981/82	1981/82	1982/83 ²
<i>Million pounds</i>				<i>Thousand pounds</i>			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
United Kingdom	27.5	21.4	17.5	Switzerland	66	60	0
West Germany	44.1	37.5	31.5	Norway	1,093	154	152
Japan	68.2	68.2	66.0	Sweden	187	150	337
Netherlands	15.8	9.5	5.5	West Germany	375	174	196
Thailand	18.9	14.9	6.3	Other countries	597	282	304
Australia	8.3	7.7	6.9	Total	2,319	820	990
Italy	15.3	14.5	18.8	One Sucker, type 35			
Sweden	4.0	4.0	4.4	Bahamas	0	0	0
Norway	2.6	2.0	2.0	Zaire	0	0	0
Finland	6.0	4.8	3.4	Other countries	159	0	84
Denmark	7.9	6.8	8.3	Total	159	0	84
Ireland	4.3	2.7	1.0	Green River, type 36			
Belgium-Luxembourg	4.9	4.0	8.6	United Kingdom	7	0	42
Switzerland	5.9	6.0	9.3	Benin (Dahomey)	0	0	0
Republic of Korea	10.9	10.9	0	Zaire	0	0	0
Philippines	5.1	4.1	5.6	Other countries	0	0	22
Spain	28.0	21.1	20.0	Total	7	0	64
Malaysia	8.2	6.9	6.3	Cigar Filler, types 41-44			
Taiwan	22.0	19.4	17.0	Canada	0	0	0
Egypt	13.5	1.4	2.5	France	13	13	37
Other countries	48.1	35.1	32.3	Other countries	174	55	82
Total	368.9	302.0	273.3	Total	187	68	119
Burley, type 31				Binder, types 51-55			
Italy	11.6	.2	1.7	Dominican Republic	0	0	57
Sweden	1.0	.5	1.4	Switzerland	0	0	0
Denmark	1.5	.7	1.4	Canada	77	51	29
Netherlands	.6	.1	.2	Other countries	9	2	7
Japan	17.3	17.3	12.5	Total	86	53	93
West Germany	17.1	2.7	5.2	Cigar Wrapper, types 61-62			
Switzerland	8.6	3.9	3.6	United Kingdom	161	161	0
United Kingdom	1.7	.3	.1	West Germany	0	0	11
Thailand	8.7	5.8	2.5	Canada	46	35	40
Philippines	6.2	1.3	2.2	Dominican Republic	829	474	328
Other countries	26.2	15.0	6.2	Netherlands	320	300	304
Total	100.3	40.7	37.0	Other countries	42	40	115
Maryland, type 32				Total	1398	1010	807
Belgium-Luxembourg	.6	.6	.4	Black Fat			
West Germany	.7	.3	.2	Benin (Dahomey)	1722	644	218
Switzerland	3.8	1.5	2.3	Cameroon	0	0	0
Other countries	1.1	.6	.6	Niger	542	159	0
Total	6.1	3.0	3.4	Nigeria	146	110	0
Ky.-Tenn. fire cured, types 22-23				Togo	132	132	0
Sweden	.4	.2	.6	Other countries	225	165	53
Netherlands	10.3	4.4	6.8	Total	2767	1210	271
Belgium-Luxembourg	.6	.6	.4	Stems, Trimmings, and Scrap			
France	.8	.6	.8	Sweden	1.7	1.3	1.9
Switzerland	.4	.4	.3	Denmark	5.7	3.0	2.8
Other countries	3.6	.9	2.5	United Kingdom	5.0	2.6	4.7
Total	16.1	6.5	11.4	West Germany	9.8	7.1	5.9
Stems, Trimmings, and Scrap				Japan	27.4	27.5	23.4
Sweden	1.7	1.3	1.9	Other countries	26.7	11.6	11.6
Denmark	5.7	3.0	2.8	Total	76.4	53.0	50.4
United Kingdom	5.0	2.6	4.7	Total			
West Germany	9.8	7.1	5.9	1981/82	1981/82	1982/83 ²	
Japan	27.4	27.5	23.4	368.9	302.0	273.3	
Other countries	26.7	11.6	11.6	2,319	820	990	
Total	76.4	53.0	50.4	159	0	84	
Total				7	0	64	
368.9	302.0	273.3	187	68	119		
2,319	820	990	86	53	93		
159	0	84	1398	1010	807		
7	0	64	2767	1210	271		

Table 19—Imported foreign-grown cigarette leaf stocks, by quarters, 1974-83¹

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
<i>Million pounds</i>								
	Foreign-grown flue-cured				Foreign-grown oriental and aromatic			
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
1979	132	133	147	157	326	359	366	350
1980	153	148	166	166	343	342	367	336
1981	152	140	161	167	316	332	324	320
1982	152	141	200	222	337	395	403	367
1983	177	207			366	408		
	Foreign-grown burley				Total imported cigarette leaf			
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
1979	172	163	171	188	630	655	684	696
1980	187	192	213	216	683	683	746	719
1981	208	211	244	265	676	684	729	752
1982	272	263	271	290	760	799	874	879
1983	282	286			856	902		

¹Farm sales weight.

Table 20.—Agricultural and tobacco export value, percentage distribution and percent of total, by State, fiscal years 1973 and 1982¹

Tobacco type and State	Export value				Tobacco as percentage of agricultural ³		State as percentage of total tobacco ³	
	Tobacco ²		Agricultural		1973	1982	1973	1982
	1973	1982	1973	1982				
	<i>Million dollars</i>				<i>Percent</i>			
Flue-cured								
North Carolina	338	714	526	1,247	64	57	53	48
South Carolina	66	137	174	407	38	34	10	9
Georgia	59	112	207	706	28	16	9	8
Virginia	49	132	120	384	41	34	8	9
Florida	16	21	184	586	9	4	3	1
Subtotal	528	1,116	1,210	3,330	44	34	83	75
Burley and fire-cured								
Kentucky	64	239	186	731	34	33	10	16
Tennessee	23	83	175	590	13	14	4	6
Subtotal	87	322	361	1,321	24	24	14	22
Other								
Connecticut	6	6	8	15	75	40	1	(4)
Maryland	10	15	59	188	18	8	1	1
Massachusetts	2	3	6	24	42	13	(4)	(4)
Ohio	2	9	432	1,052	1	1	(4)	1
All other ⁵	5	16	1,701	4,930	(4)	(4)	1	1
Total 18 States	640	1,487	3,774	9,581	17	16	100	100

¹Year ending June 30 (1973). Year ending September 30, 1982. ²Unmanufactured and bulk smoking tobacco. ³Computed from unrounded totals. Less than .5 percent. ⁵Pennsylvania, West Virginia, Alabama, Indiana, Wisconsin, Louisiana and Missouri.

Compiled from: Tontz, Robert and McCall, Thomasine, "U.S. Agricultural Export Shares by States, Fiscal year 1976," and *FOREIGN AGRICULTURAL TRADE OF THE UNITED STATES*, March/April 1983.

Detail may not add to total due to rounding.

Table 21.—Computation of price level adjustment factor for tobacco, 1972-83

Crop year	Parity Index ¹		Price support level adjustment factor ³
	Previous calendar year	3-year average ²	
	1910-14=100		
1972	407	385	131
1973	425	405	138
1974	490	441	150
1975	564	493	168
1976	614	556	191
1977	653	610	205
1978	687	650	218
1979	746	695	233
1980	850	761	255
1981	950	849	285
1982	1,035	944	317
1983	1,071	1,019	342

¹Index of prices paid by farmers, including wage rates, interest, and taxes. 1965-75 revised in 1976 using 1971-73 weights. For original data used for prior year calculations see TS-155, March 1976., p. 16.
²Three calendar years immediately preceding. ³Three year average parity index divided by 1959 parity index (298).

Table 22.—Marketing quota referendums, by kinds of tobacco

Kind (type numbers in parentheses) and basis of quotas ¹	Last referendum			Next referendum		
	Date	Crops to which applicable	Number voting	Percentage voting in favor of quota ²	Probable date ³	Crops to which applicable
Flue-cured (11-14) Acreage-poundage	Dec. 16, 1982	1983-85	112,314	93.7	Dec. 1985	1986-88
Burley (31) Poundage	Feb. 28-March 3, 1983	1983-85	221,268	97.0	Feb. 1986	1986-88
Maryland (32)	Feb. 28-March 3, 1983	1983-85	2,091	7.4	Feb. 1986 ⁴	1986-88
Fire-cured (21-23) Acreage	Feb. 22-26, 1982	1982-84	10,041	94.9	Feb. 1985	1985-87
Poundage	Feb. 28-March 3, 1983	1983-85	10,457	18.8	Feb. 1986 ⁵	1986-88
Dark air-cured (35-36) Acreage	Feb. 22-26, 1982	1982-84	10,146	94.9	Feb. 1985	1985-87
Poundage	Feb. 28-March 3, 1983	1983-85	12,253	38.6	Feb. 1986 ⁵	1986-88
Va. sun-cured (37)	Feb. 28-March 3, 1983	1983-85	310	91.6	Feb. 1986	1986-88
Pa. filler (41)	Feb. 28-March 3, 1983	1983-85	955	17.5	Feb. 1986 ⁴	1986-88
Cigar binder (51-52)	Feb. 23-27, 1981	1981-83	165	88.5	Feb. 1984	1984-86
Cigar filler and binder (42-44, 53-55)	Feb. 23-27, 1981	1981-83	4,038	90.4	Feb. 1984	1984-86

¹Quota based on acreage allotments unless otherwise specified. ²A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. ³Probable month, but referendums can occur earlier if warranted by pertinent considerations. ⁴Unless at least a fourth of the growers petition the Secretary of Agriculture in the interim. ⁵If Secretary of Agriculture determines producers and other interested persons favor poundage quotas.

COSTS OF PRODUCING BURLEY TOBACCO: 1981 AND 1982 AND PROJECTED 1983

Verner N. Grise
Agricultural Economist
National Economics Division
Economic Research Service

ABSTRACT: Variable and total costs per acre of producing and selling burley tobacco rose 4 percent in 1982, and both are expected to increase again this year. Much of this year's increase in costs will result from the big hike expected in the no-net-cost assessment. Prices of petroleum-based inputs and wage rates are forecast to change little. These estimates are based on information from a 1977 survey of 790 burley tobacco producers in the Bluegrass and south-central areas of Kentucky and north-central and eastern Tennessee. The information has been updated with input prices for 1981 and 1982 and projected input prices for 1983. Technology and the input mix for 1981-83 are assumed the same as for 1976, except for market-preparation labor and fungicide use.

KEYWORDS: Burley tobacco, variable costs, total costs, yield.

INTRODUCTION

The costs of producing burley tobacco during 1981 and 1982 and projections for 1983 are presented in this article. The major source of data is a 1977 survey of the 1976 costs of 790 tobacco producers in five major Kentucky and Tennessee production areas (table 1). The data have been updated from the 1976 base period by use of price indexes for individual input items¹. The technology and the input mix for 1981-83 are assumed to be the same as in 1976, except for two changes. Because of the outbreak of blue mold in the field in 1979 and the continued threat of this disease, it is assumed that 90 percent of the output is treated with a fungicide to control the problem. Also, farmers are changing from hand tying to baling burley tobacco as a means of preparing it for market. Baling reduces labor requirements. It is assumed that 60 percent of production was baled in 1981, 70 percent in 1982, and that 80 percent will be baled in 1983.

Production costs vary widely from farm to farm because of differences in management, labor productivity, and other factors. The estimates reported here reflect average costs of farmers in the specified production areas.

The cost estimates cover variable costs, machinery and barn ownership, and general farm overhead. Variable costs include expenditures for labor, 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.

Hired, family, and exchange labor are all charged at prevailing farm wage rates. Machinery and barn ownership costs reflect the estimated age of these items for the year for which costs are calculated. General farm overhead includes costs for recordkeeping, utilities, and other items that are difficult to allocate to specific enterprises. Two additional cost components—management, and land and quota (the right to grow and market tobacco without a penalty)—are also estimated. The management charge is computed as 7 percent of the value of the crop. Crop

values for 1981 and 1982 are calculated using the average annual price received by farmers and estimated yields. For 1983, a projected price of \$1.85 is used. Yields for 1981 are based on USDA Statistical Reporting Service (SRS) estimates within the study area. Yields for 1982 are based on SRS national estimates, and yields for 1983 on an average of the last 10 years.

The charge for land and quota is based on the net-share rent approach. Net-share rent is the value of the landlord's share of the crop after subtracting landlord payments for fertilizer, chemicals, and other inputs, and allocating barn ownership costs.

COST CHANGES FROM 1981 TO 1982

The variable costs of producing and selling burley tobacco rose 4 percent an acre in 1982 (table 2). Part of the increase is attributable to the no-net-cost account assessment of 1 cent per pound. However, costs per 100 pounds declined 4 percent, because yields were higher in 1982 than in 1981.

Labor costs account for 55 to 60 percent of all variable costs. Wage rates rose only slightly in 1982, largely because the Federal minimum wage rate remained at \$3.35 per hour for farm employees covered by the law². The high unemployment rate was another factor in the small increase. More people than usual were competing for farm jobs.

After large jumps in both 1980 and 1981, fuel prices declined 4 percent in 1982. Fertilizer prices rose only 1 percent, after big boosts the 2 previous years.

Total costs per acre, excluding land and quota, rose 4 percent in 1982. Total costs per pound were 3 percent lower because of higher yields. Prices of new machinery and construction costs for new barns continued to rise, but at a slower rate.

Land and quota charges per acre averaged 5 percent higher. The increase reflects higher yields. Quota costs per 100 pounds were a little lower in 1982.

¹For a more complete discussion of the concepts and procedures that underlie production cost estimates for burley tobacco, see "Costs of Producing Burley Tobacco-1976," Verner N. Grise, *TOBACCO SITUATION*, TS-163, Washington, D.C., USDA, March 1978, pp. 37-42.

²Farm employers who have hired 500 or more man-days during at least one calendar quarter of the previous year are subject to the Federal minimum wage rate.

PROJECTED COSTS IN 1983

Variable costs are expected to rise about 4 percent per acre this year, and total costs about 3 percent (table 2). Costs per 100 pounds may climb 6 percent if yields decline to the 1971-81 average. However, about two-thirds of the increase reflects the anticipated rise in the no-net-cost account assessment to at least 5 cents. Much of the remaining increase is due to lower projected yields.

Wage rates are likely to rise very little. The Federal minimum wage is not scheduled to change in 1983. Also, unemployment rates are continuing high in the general economy, keeping the number of people available for farm employment larger than usual. Furthermore, labor needs will decline as growers continue to change to less labor-intensive methods of preparing tobacco for market.

Fuel prices may average about the same as in 1982. Despite recent hikes, prices had dropped in late 1982 and early 1983.

Fertilizer prices may be lower in 1983 because of ample supplies and reduced farm production. Pesticide prices are expected to change little, as supplies are adequate and demand is off.

Total costs, excluding land and quota, are projected to rise to \$3,404 an acre in 1983—\$143.32 per 100 pounds of tobacco. Much of the rise in the cost of producing and selling burley tobacco will likely stem from a large hike in the assessment for the no-net-cost account. Input prices may rise even less than the small increases of a year ago. The charge for land and quota is forecast to increase to \$53.03 per 100 pounds, compared with \$50.13 in 1982.

CONCLUSIONS

The total cost per acre for producing and selling burley tobacco, excluding land and quota, could rise about 3 percent in 1983, compared with 4 percent in 1982. Key factors in the relatively low rate of increase the last 2 years are the very small changes in fuel and fertilizer prices and wage rates.

Costs vary markedly from one tobacco grower to another. The cost estimates presented are averages and probably overstate those for a tobacco grower whose tractors, machinery, and barns are fully depreciated. On the other hand, the estimates may understate costs for a tobacco grower with new equipment and barns. Also, keep in mind that the estimates include out-of-pocket costs plus opportunity costs for the unpaid inputs of management and labor performed by the operator and his or her family.

Table 1.—Counties in the burley tobacco study area

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

¹The Kentucky study area includes the Bluegrass region and 12 south-central counties. ²The Tennessee study area is located mostly in the eastern part of the State.

Table 2—Burley tobacco: Production costs per acre and per 100 pounds, by cost item, study area, 1981, preliminary 1982, and projected 1983

Cost item	Year					
	Cost per acre			Cost per 100 pounds		
	1981	1982	1983	1981	1982	1983
	<i>Dollars</i>					
Variable ¹	2155.29	2230.84	2310.48	94.19	91.05	97.28
Labor ²	1257.99	1275.22	1270.92	54.98	52.05	53.51
Hired	438.48	444.48	442.97	19.16	18.14	18.65
Family and exchange	398.41	403.86	402.45	17.41	16.48	16.95
Operator	421.10	426.88	425.50	18.40	17.42	17.92
Fertilizer and lime	218.44	220.19	210.81	9.55	8.98	8.88
Pesticides ³	68.25	73.25	73.02	2.98	2.99	3.07
Sucker control chemicals	13.10	14.06	14.02	0.57	0.57	0.59
Curing and heating fuel ⁴	16.10	15.01	15.11	.70	.61	.64
Custom operations ⁵	64.22	68.93	68.03	2.81	2.81	2.86
Fuel and lubricants	107.44	103.45	104.14	4.70	4.22	4.38
Repairs	63.61	68.26	68.72	2.78	2.79	2.89
Tobacco crop insurance ⁶	39.91	42.43	42.72	1.74	1.73	1.80
Marketing fee	207.25	221.75	219.70	9.06	9.05	9.25
Other ⁷	98.98	128.29	223.29	4.33	5.24	9.40
Machinery ownership costs ⁸	316.29	337.76	343.37	13.82	13.78	14.46
Barn ownership costs ⁹	312.19	322.52	324.69	13.64	13.16	13.67
Insurance ¹⁰	39.80	41.92	42.20	1.74	1.71	1.78
Irrigation costs	19.35	20.76	21.10	.85	.85	.89
General farm overhead	51.31	54.04	54.40	2.24	2.21	2.29
Management ¹¹	290.15	311.38	307.58	12.68	12.71	12.95
Total excluding land and quota	3184.38	3319.22	3403.82	139.18	135.48	143.32
Land and quota charge ¹²	1170.65	1228.11	1259.41	51.16	50.13	53.03
Yield per acre (pounds) ¹³	2288	2450	2375	2288	2450	2375

¹Includes interest on operating expenses. ²Includes operator, family, and exchange labor valued at prevailing wage rates. ³Includes fungicides, herbicides, and insecticides. ⁴Includes fuel for aiding curing and heating the stripping room. ⁵Includes costs of materials in cases where the farmer could not separate the cost of the material and the cost of the custom operation. ⁶Net of payment for losses. ⁷Includes tobacco seed, cover crop seed, plant bed canvas, car costs, mule and horse upkeep, and other miscellaneous items. It also includes the contribution to the no-net-cost account and the charge for inspection and grading. ⁸Excludes insurance. ⁹Excludes insurance and taxes. ¹⁰Includes tobacco's prorated share of general farm insurance, including machinery and barn insurance. ¹¹Estimated at 7 percent of gross receipts. ¹²Calculated on net-share rent basis. ¹³The 1981 yield estimate is the weighted-average yield for counties within the study area. The 1982 yield estimate is based on the USDA Statistical Reporting Service's national average yield estimate, adjusted to reflect higher yields in the study area. The 1983 yield projection is based on the USDA Statistical Reporting Service's 10-year U.S. yield adjusted to reflect higher yields in the study area.

Statistical Summary

Item	Unit or base period	1982			1982-83		Last data as percentage of a year earlier
		April	May	March	April	May	
Average price at auctions							
Flue-cured	Ct. per lb.	closed	closed	closed	closed	closed	—
Burley	Ct. per lb.	closed	closed	closed	closed	closed	—
Maryland	Ct. per lb.	175.0	169.3	155.0	156.5	139.0	82
Virginia fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	—
Ky.-Tenn. fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	—
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed	closed	closed	closed	—
Virginia sun-cured	Ct. per lb.	closed	closed	closed	closed	closed	—
Price support level¹							
Flue-cured	Ct. per lb.	169.9				178.9-183.8	105-108
Burley	Ct. per lb.	175.1				184.4-189.4	105-108
Virginia fire-cured	Ct. per lb.	118.8				125.1-128.5	105-108
Ky.-Tenn. fire-cured	Ct. per lb.	123.0				129.3-132.7	105-108
Ky. Tenn. dark air-cured	Ct. per lb.	105.7				111.3-114.3	105-108
Virginia sun-cured	Ct. per lb.	109.4				115.0-118.0	105-108
Connecticut Valley cigar binder	Ct. per lb.	121.2				127.6-131.1	105-108
Wis. binder and Ohio filler	Ct. per lb.	90.7				95.3- 97.8	105-108
Puerto Rican filler	Ct. per lb.	90.9				95.8- 98.4	105=108
Parity index²							
	1910-14=100	1065	1070	1091	1096	1100	103
Industrial production index³							
	1967=100	140.2	139.2	139.7	142.6	—	102
Employment	Mil.	99.5	100.0	99.1	99.5	—	100
Personal income ⁴	Bil. dol.	2535.5	2556.2	2658.9	2679.1	—	106
		1982			1983		
		March	April	February	March	April	
Taxable removals							
Cigarettes	Bil.	57.4	48.4	42.7	54.4		95
Cigars and cigarillos	Mil.	328.3	300.7	236.0	293.1		89
Accumulated from Jan. 1							
Cigarettes	Bil.	158.5	206.9	91.4	145.7		92
Cigars and cigarillos	Mil.	870.3	1171.0	502.9	796.0		91
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	6.9			6.9		100
Chewing tobacco ¹⁴	Mil. lb.	20.4			20.2		99
Snuff ¹⁴	Mil. lb.	10.2			10.6		104
Tax-exempt removals							
Cigarettes	Bil.	7.6	6.6	6.1	5.6		74
Exports	Bil.	7.3	5.5	5.8	4.2		58
Cigars and cigarillos	Mil.	17.2	17.0	12.7	14.4		84
Accumulated from Jan. 1							
Cigarettes	Bil.	30.1	36.7	12.9	18.5		61
Exports	Bil.	21.9	27.5	11.4	15.7		72
Cigars and cigarillos	Mil.	36.6	53.6	21.8	36.2		99
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.2			.2		100
Chewing tobacco	Mil. lb.	*			*		—
Producer price indexes⁵							
Tobacco products	1967=100	306.4	306.5	338.1	335.1	354.7	116
Cigarettes (filtertip, king size)	1967=100	311.6	311.6	303.7	303.7	348.3	112
Cigars	1967=100	175.3	176.4	176.7	177.1	180.1	102
Smoking tobacco	1967=100	327.6	327.6	357.4	357.4	357.4	109
Plug chewing tobacco	1967=100	375.4	375.4	N.A.	N.A.	N.A.	—
Snuff	1967=100	354.0	354.0	379.3	379.3	371.1	105
Consumer price indexes (urban)							
Tobacco products	1967=100	234.1	235.1	282.8	283.3	284.9	121
Cigarettes	1967=100	237.3	238.0	290.0	290.4	292.0	123
Other tobacco products ⁶	Dec. 1977=100	138.1	139.9	147.8	148.6	149.6	107
Imports of tobacco (for consumption)							
Cigarette leaf	Mil. lb.	13.3	15.5	14.5	16.3		123
Cigar tobacco (leaf and scrap)	Mil. lb.	3.1	2.7	3.1	3.6		116
Other tobacco (leaf and scrap)	Mil. lb.	9.0	7.1	8.4	10.0		111
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	46.8	62.3	35.7	52.0		111
Cigar tobacco (leaf and scrap)	Mil. lb.	10.3	13.0	6.4	10.0		97
Other scrap and tobacco NSPE ⁷	Mil. lb.	22.5	29.6	18.4	28.4		126

See footnotes at end of table.

Continued—

Statistical Summary—Continued

Item	Unit or base period	1982		1982-83		Last data as percentage of a year earlier	
		February	March	January	February		March
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	31.0	35.6	20.1	37.8	30.5	86
Burley	Mil. lb.	16.2	32.1	4.2	4.8	24.8	77
Maryland	Mil. lb.	.2	.6	.2	.5	.2	33
Virginia fire- & sun-cured	Mil. lb.	.1	.4	*	.3	*	—
Ky.-Tenn. fire-cured	Mil. lb.	1.0	1.7	1.2	1.7	2.6	153
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.1	.2	*	*	—
Cigar wrapper	Mil. lb.	.1	*	.2	.1	*	—
Cigar binder	Mil. lb.	*	*	*	*	.1	—
Accumulated from beginning of marketing year⁸							
Flue-cured	Mil. lb.	392.6	428.2	321.2	359.0	389.5	91
Burley	Mil. lb.	32.2	64.2	27.0	31.8	56.6	88
Maryland	Mil. lb.	3.4	3.9	3.9	4.4	4.6	118
Virginia fire- & sun-cured	Mil. lb.	.7	1.0	.9	.9	.9	90
Ky.-Tenn. fire-cured ⁹	Mil. lb.	5.8	7.5	8.2	9.9	12.5	167
Ky.-Tenn. dark air-cured ⁹	Mil. lb.	.7	.8	.8	*	*	—
Cigar wrapper	Mil. lb.	1.1	1.1	.6	.6	*	—
Cigar binder	Mil. lb.	.1	*	*	*	*	—
Cigar filler	Mil. lb.	.1	.1	*	*	*	—
Exports of manufactured tobacco in bulk and not elsewhere classified¹⁰							
	Mil. lb.	.8	.8	.2	2.7	1.2	150
Accumulated from Jan. 1	Mil. lb.	3.0	3.8	.2	2.9	4.1	108
Quarterly data							
		1982		1983			
		Jan.-Mar.	April-June	Jan.-Mar.	April-June		
Stocks of tobacco—1st of quarter							
(farm-sales weight) ¹¹							
Domestic types							
Flue-cured	Mil. lb.	2588	2254	2692	2390	106	
Burley	Mil. lb.	1366	1426	1448	1560	109	
Maryland	Mil. lb.	37	40	41	46	115	
Fire-cured	Mil. lb.	67	96	65	97	101	
Dark air- and sun-cured	Mil. lb.	41	47	42	53	112	
Cigar filler	Mil. lb.	58	68	60	70	103	
Cigar binder	Mil. lb.	58	76	64	76	100	
Cigar wrapper	Mil. lb.	6	5	5	4	80	
Under Government loan ¹²	Mil. lb.	578	670	820	1,023	153	
Foreign types							
Cigarette and smoking	Mil. lb.	760	799	856	902	113	
Oriental	Mil. lb.	337	395	366	408	103	
Flue-cured	Mil. lb.	152	141	207	207	147	
Burley	Mil. lb.	272	263	282	286	109	
Cigar	Mil. lb.	94	93	93	88	95	
Tobacco outlets¹³							
Seasonally adjusted data, annual rates, for charts, p. 2							
Cigarettes							
Production	Bil.	723.6	719.5	647.1	638.0	89	
Tax-paid removals	Bil.	625.2	623.5	575.1	588.0	94	
Cigar production							
Large	Bil.	4.06	3.90	3.38	3.25	83	
Small	Bil.	1.30	1.28	1.26	1.22	95	
Smoking production	Mil. lb.	28.0	30.8	29.1	28.7	93	
Chewing production							
Loose leaf	Mil. lb.	74.8	76.4	74.8	76.4	100	
Plug and other ¹⁴	Mil. lb.	18.4	17.5	16.8	15.4	88	
Snuff production ¹⁴	Mil. lb.	42.4	44.8	45.2	47.0	105	
Exports of leaf							
Total	Mil. lb.	691.0	627.0	550.0	600.0	96	
Flue-cured	Mil. lb.	410.0	488.0	363.0	345.0	71	

¹1982 and 1983 crops, respectively. ²Prices paid by farmers including interest, taxes and wage rates. ³Seasonally adjusted. ⁴Seasonally adjusted, annual rate. ⁵Federal and applicable state and local taxes included. ⁶Includes tobacco accessories. ⁷Farm-sales weight equivalent. ⁸July 1 for flue-cured and cigar wrapper and October 1 for others. ⁹Includes Black Fat. ¹⁰Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. ¹¹Holdings of manufacturers and dealers, including grower cooperatives. ¹²Reported by grower cooperatives. ¹³Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Detail may not add due to rounding. ¹⁴New product classification.

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