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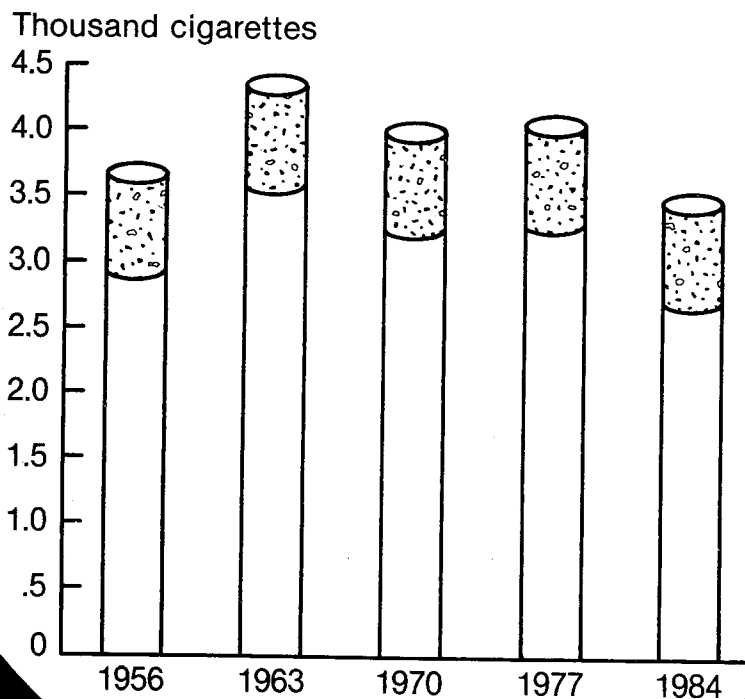
Outlook and Situation Report

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**Per Capita Cigarette Consumption
Declining After '63 Peak***



*By persons 18 years and older.

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SUMMARY

As of September 1, U.S. tobacco output was forecast at 1.53 billion pounds, down 12 percent from 1984 due to reduced acreage. Flue-cured growing conditions were not as good as a year earlier, so leaf quality may have declined. This decline, combined with large supplies, caused prices at flue-cured auctions to average somewhat lower than last season.

The tobacco supply for 1985/86 is forecast to decline about 3 percent to 5.33 billion pounds, with flue-cured accounting for most of the decrease. Burley supplies are up. Total tobacco stocks going into the new marketing year (July 1 for flue-cured and cigar-wrapper types, and October 1 for all other types) will likely equal 3.8 billion pounds, about 1 percent higher than a year earlier.

Prospects for world tobacco use indicate a small increase in sales and use of cigarettes and unmanufactured tobacco. However, use of U.S. tobacco may decline from last year's 1.62 billion pounds. Exports may fall from last year's 541 million pounds (666 million, farm sales weight) to about 525 million. Lower prices will help sales, but the strong dollar, large world supplies, and anticipated further reductions in U.S. support prices will dampen exports.

U.S. cigarette output this year is expected to decline from 1984's 668 billion pieces. Increased prices, health concerns, and smoking restrictions may cause cigarette consumption to fall about 1 percent, and lower the per capita smoking rate (persons 18 years and older) from 1984's 3,461 cigarettes.

Based on State estimates, the 1985 flue-cured crop totaled 796 million pounds, down 8 percent from last year. However, beginning stocks on July 1 were down 4 percent. The total supply is 2.87 billion pounds, about 5 percent below last year, but ample at about 3.1 years' use. During 1984/85, both exports and domestic use rose. Use this season may decline from last year's

935 million pounds, as both domestic use and exports decline. Carryover may decline another 5 or 6 percent.

Flue-cured sales began July 25. By September 11, growers had sold about half of anticipated marketings this season with 23 percent of the volume going under loan. Even though the crop is smaller, prices are lower because of reduced effective price supports and large supplies. Sales through September 11 averaged \$1.64 a pound, about 8 percent below the previous year. Reduced prices, along with lower production, will cause cash receipts to fall significantly.

This year's burley crop is expected to fall 16 percent from 1984's large harvest. Because of the large 1984 crop, ending stocks on September 30 are projected about 9 percent higher than last year. The 1985/86 supply will be up slightly from a year earlier, representing about 3.7 years' use and providing more than adequate stocks. Smaller crops are also forecast for Maryland, fire-cured, dark air-cured, and cigar types.

The national marketing quota for the 1986 flue-cured crop must be announced by December 15. Individual farm quotas and allotments will reflect undermarketings and overmarketings in the current crop. For burley and other tobacco types, marketing quotas will be announced by February 1, 1986.

Price supports for flue-cured and burley are uncertain for 1986 because of pending legislation that would lower them. Under the Dairy and Tobacco Adjustment Act of 1983, which currently determines price support levels, 1986 support prices for burley and flue-cured will be based on a 3-year moving average of prices paid by farmers (including wage rates, interest, and taxes). The index appears to be increasing about 1-1/2 percent. However, under the No-Net-Cost Tobacco Program Act of 1982, the Secretary of Agriculture can hold the increase in price supports to about 1 percent.

TOBACCO PRODUCTS

Cigarette Consumption May Drop a Little

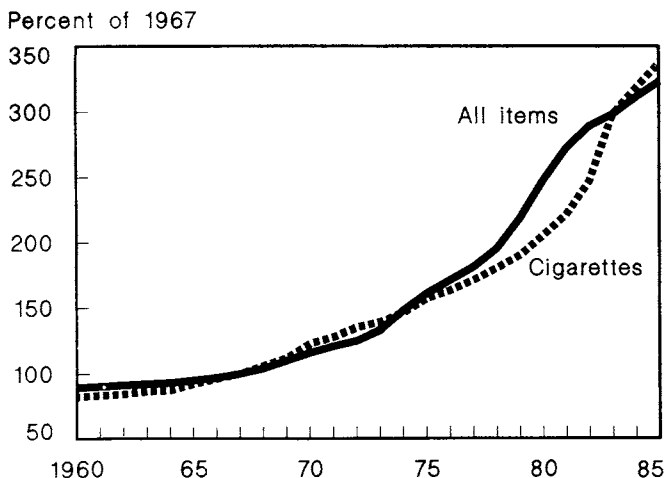
U.S. cigarette consumption in 1985 may decline after remaining relatively stable in 1984. Higher prices resulting from increased State excise taxes and manufacturing costs probably will contribute most to the decline, but antismoking activity continues and places where people can smoke have been further restricted.

Americans smoked an estimated 598 billion cigarettes in 1984/85 (July-June), about 2 billion fewer than a year earlier. Low-tar, low-nicotine cigarettes (containing 15 milligrams of tar or less) accounted for over half of total sales, although the proportion fell in 1982 and 1983 and remained unchanged in 1984. Total consumption in calendar 1985 may decline about 1 percent. Consumption per capita (18 or older) in 1985 is forecast at 169 packs (3,384 cigarettes), a 2-percent drop from last year (table 2) and the lowest since 1944.

During the first 7 months of 1985, cigarette exports declined 5 percent (table 3); shipments to Europe and Africa both fell but exports to Asia rose. Considering both domestic and foreign sales prospects, cigarette production will likely drop in 1985 and decline further in 1986.

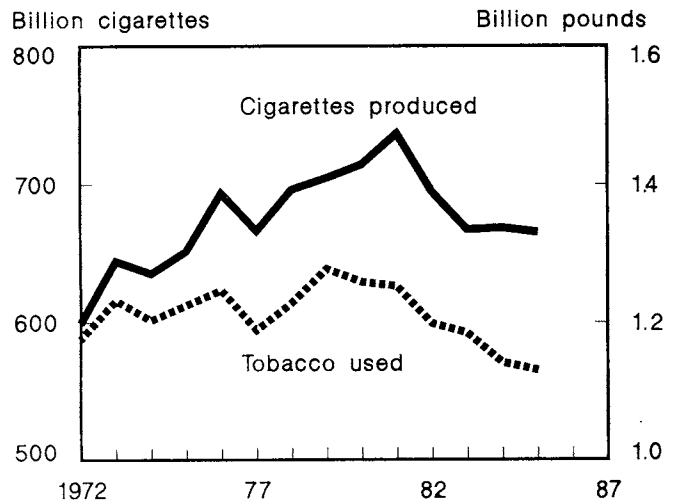
Retail prices were 5-1/2 percent higher in June than a year earlier (table 4), with

Consumer Price Index and Cigarette Prices



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

Cigarettes Produced and Tobacco Used



Billion pounds in unstemmed processing weight. 1984 forecast.

manufacturers raising wholesale prices in December 1984 and again in June 1985. Although similar to a year earlier, the rate of increase has slowed considerably during the last 2 years. Retail prices rose 22 percent from June 1982 to June 1983.

Eleven States have announced cigarette excise tax hikes that go into effect this year averaging about 6 cents a pack. The weighted average State tax on cigarettes was 15.5 cents a pack in mid-1985, ranging from 2 cents in North Carolina to 26 cents in Connecticut and Massachusetts. Later this year, Hawaii's tax increases to 27 cents and Maine's to 28 cents a pack. Many cities and other local governments also tax cigarettes, and about three-fourths of the States now apply a sales tax to cigarettes. The Federal excise tax was doubled to 16 cents a pack effective January 1, 1983. Under current law, it will revert to 8 cents on October 1, 1985. However, the House Ways and Means Committee (the tax-writing committee in the U.S. House of Representatives) has voted to retain the tax at 16 cents with 1 cent a pack earmarked for absorbing losses under the tobacco program. Furthermore, if the Federal excise tax is reduced, at least 17 States will increase taxes, most by an amount equivalent to the Federal tax reduction.

Federal Trade Commission Releases Report on Cigarette Labeling and Advertising

In June, the Federal Trade Commission (FTC) released its annual report on cigarette

Table 1—Cigarettes: U.S. output, removals, and consumption, 1976–85

Year	Output	Taxable	Removals Tax-exempt				Estimated inventory increase	Total U.S. consumption ^{3/}
			Total	Exports	Shipments 1/	Overseas forces ^{2/}		
Billions								
1976	693.4	617.9	72.1	61.4	1.9	8.8	13.5	613.5
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0
1979	704.4	614.0	93.8	79.7	1.1	13.0	5.7	621.5
1980	714.1	620.5	94.2	82.0	.9	11.3	2.3	631.5
1981	736.5	638.1	92.0	82.6	.8	8.6	8.0	640.0
1982	694.2	614.1	82.1	73.6	.8	7.7	-10.8	634.0
1983	667.0	597.5	69.7	60.7	.8	8.2	7.2	600.0
1984 4/	668.2	597.8	67.1	56.5	.8	9.8	8.8	600.4
1985 5/	662.0	592.0	65.5	55.5	.8	9.2	8.0	595.0

Year ending June 30

1976	688.2	619.1	69.8	58.2	1.9	9.6	14.0	615.0
1977	671.7	596.3	74.1	62.8	1.3	10.0	-9.7	616.5
1978	685.4	609.6	81.5	69.4	1.0	11.1	3.0	618.0
1979	707.0	615.2	92.2	78.8	1.2	12.2	12.1	616.0
1980	697.0	605.8	93.2	82.9	1.0	9.3	-7.2	622.0
1981	727.8	631.4	92.0	83.0	.9	10.1	5.9	637.0
1982	721.5	632.3	86.8	78.8	.8	7.2	5.1	635.7
1983	678.4	603.3	75.3	65.5	.8	9.0	-6.2	620.0
1984	661.5	596.6	65.0	56.4	.8	7.8	5.8	600.1
1985 4/	665.4	595.4	66.3	55.8	.8	9.7	8.8	598.0

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

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

Table 2—Per capita consumption of tobacco products in the United States (including overseas forces), 1976–85

Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes 1/		Snuff	All tobacco products 1/	Large cigars & cigarillos		Smoking tobacco 2/	Chewing tobacco
	Number	Pounds	Pounds	Pounds	Number	Pounds	Pounds	Pounds
1976	4,092	7.35	3/	3/	75.0	1.20	.75	3/
1977	4,051	7.21	3/	3/	67.9	1.13	.65	3/
1978	3,967	6.89	3/	3/	63.4	1.05	.60	3/
1979	3,861	7.00	3/	3/	56.0	.92	.50	3/
1980	3,851	6.79	3/	3/	51.1	.84	.48	3/
1981	3,840	6.53	.25	7.60	48.9	.81	.46	1.13
1982	3,753	6.48	.26	7.49	45.2	.74	.42	1.09
1983	3,502	6.21	.27	7.20	43.9	.72	.41	1.05
1984 4/	3,461	5.91	.27	6.87	42.0	.69	.36	1.05
1985 5/	3,384	5.76	.28	6.66	37.2	.61	.33	1.01

1/ Unstemmed processing weight. 2/ Finished product weight. 3/ New product classifications became effective January 1, 1982. Revisions for 1980 and prior years not available. 4/ Subject to revision. Data prior to 1979 do not include results of 1980 census.

labeling and advertising. Promotion and advertising expenses reached a record \$2.65 billion in 1983, a 36-percent gain from the previous year. The report also summarized trends in cigarette consumption, tar and nicotine content, market shares for filter and menthol cigarettes, and the health hazards of cigarette smoking.

New Cigarette Warning Labels To Appear in October

Under provisions of the Comprehensive Smoking Act signed into law October 12, 1984, the Federal Cigarette Labeling and Advertising Act was amended. Under the change, four separate messages about the hazards of smoking will be rotated at about 3-month intervals. The warnings are:

- o Surgeon General's Warning: Smoking causes lung cancer, heart disease, and emphysema.
- o Surgeon General's Warning: Quitting smoking now greatly reduces serious health risk.
- o Surgeon General's Warning: Smoking by pregnant women may result in fetal injury and premature birth.
- o Surgeon General's Warning: Cigarette smoke contains carbon monoxide.

Warnings on cigarette packages will be about 50 percent bigger than present ones, and be surrounded by thick lines. Similar warnings

Table 3--U.S. cigarette exports to leading destinations, 1984-85

Country	July 1984	January-July	
	June 1985	1984	1985 1/
	Billions		
Belgium-Luxembourg	9.7	6.0	4.4
Hong Kong	8.2	3.6	4.0
United Arab Emirates	1.8	.3	1.5
Netherlands Antilles	1.1	.8	.8
Saudi Arabia	6.7	4.0	4.4
Japan	5.8	3.6	3.4
Kuwait	1.6	.9	.8
Spain	.8	.5	.5
Columbia	.3	.1	*
Other	19.8	11.6	9.9
Total	55.8	31.4	29.7

1/ Subject to revision. *Less than 50,000.

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

will be posted on billboards and published in ads for cigarettes.

Each brand of cigarette will be assigned a rotation of the four warnings, to be changed quarterly depending on the date the cigarettes were manufactured or packaged. The rotations will differ from brand to brand.

In addition, a warning rotation system will also exist for various advertising media, also to be changed quarterly according to the brand being advertised. All four warnings will appear before the public at all times.

The new warnings will replace the current required label that states: "Warning: The Surgeon General Has Determined that Smoking Is Hazardous to Your Health."

Cigar Consumption Continues Downward Trend

Total consumption of large cigars (including cigarillos) will likely fall from last year's 3.49 billion, continuing the trend of the last 15 years (table 6).

This year's average number of cigars smoked by males 18 and over is about 11 percent below 1984's average of 42. Midyear wholesale prices averaged 8 percent above a year ago. Taxable removals (domestic consumption of cigars by revenue class) through June showed declines in high, medium, and low-priced groups.

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 1.25 billion in 1984, down 5 percent from a year earlier. Cigarillos weigh between 3 and 10 pounds per 1,000--less than half the weight of traditional cigars. Last year, cigarillo sales (based on taxable removals) were 37 percent of the total sales of large cigars and cigarillos, about the same as the year before. The cigarillo share reached a high of 38 percent in 1971.

For 1985, output of little cigars (weighing 3 pounds or less per 1,000) may increase 10 percent from last year's 1.26 billion. This is only the second year since 1972 that production has increased.

Smoking tobacco used in pipes and for roll-your-own cigarettes may fall below last year's 30 million pounds (table 6), continuing

Table 4--Tobacco demand factors, 1975-85*

Year	Population July 1 1/	Disposable personal income, per capita 2/		Consumer price indexes 3/				
		Current prices	1972 prices	All Items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip regular	Filter tip, king size	
Million		Dollars		1967=100				
1975	147.3	5,132	4,099	161.2	153.9	156.0	156.5	124.2
1976	150.5	5,550	4,217	170.5	160.5	162.7	163.2	129.9
1977	152.6	6,046	4,334	181.5	168.0	170.6	171.0	135.0
1978	155.3	6,688	4,486	195.4	177.3	--	179.8	4/ 103.9
1979	161.0	7,293	4,493	217.5	187.9	--	189.7	4/ 110.6
1980	164.0	8,032	4,487	246.8	202.6	--	205.2	4/ 120.0
1981	166.3	8,906	4,587	272.4	218.9	--	221.4	4/ 131.2
1982	168.9	9,381	4,570	289.0	243.4	--	247.1	4/ 140.8
1983	171.3	9,965	4,668	298.4	290.9	--	297.9	4/ 150.2
1984 5/	173.5	10,887	4,939	311.1	310.0	--	318.4	4/ 158.5
1985 6/	175.8	11,507	5,043	322.5	328.0	--	336.5	4/ 166.0

1/ 18 years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers, 1978-84; urban wage earners and clerical workers, 1973-77. 4/ Other tobacco products and smoking accessories, December 1977=100. 5/ Subject to revision. 6/ Estimated. *Data prior to 1979 do not include results of 1980 census.

Table 5--Wholesale cigarette price revisions, 1977-85 1/

Approximate date of change 3/	Net price per 1000				Net price per 1000 excluding Federal excise tax 2/			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimeter
August 1977	14.35	14.35	14.35	14.85	10.35	10.35	10.35	10.85
June 1978	15.20	15.20	15.20	15.70	11.20	11.20	11.20	11.70
December 1978	15.75	15.75	15.75	16.25	11.75	11.75	11.75	12.25
June-July 1979	16.30	16.30	16.30	16.80	12.30	12.30	12.30	12.80
January 1980	17.05	17.05	17.05	17.55	13.05	13.05	13.05	13.55
May 1980	17.65	17.65	17.65	18.15	13.65	13.65	13.65	14.15
November 1980	18.50	18.50	18.50	19.00	14.50	14.50	14.50	15.00
April 1981	19.35	19.35	19.35	19.85	15.35	15.35	15.35	15.85
September 1981	20.20	20.20	20.20	20.70	16.20	16.20	16.20	16.70
February 1982	21.20	21.20	21.20	21.70	17.20	17.20	17.20	17.70
Aug.-Sept. 1982 4/	22.70	23.70	22.70	23.70	18.70	19.70	18.70	19.70
October 1982 4/	24.20	25.20	24.20	25.20	20.20	21.20	20.20	21.20
November 1982 4/	25.20	26.20	25.20	26.20	21.20	22.20	21.20	22.20
January 1983 5/	26.90	27.90	26.90	27.90	18.90	19.90	18.90	19.90
June 1983	28.40	29.40	28.40	29.40	20.40	21.40	20.40	21.40
December 1983	29.15	30.15	29.15	30.15	21.15	22.15	21.15	22.15
June 1984	30.15	31.15	30.15	31.15	22.15	23.15	22.15	23.15
December 1984	31.15	32.40	31.15	32.40	23.15	24.40	23.15	24.40
June 1985 6/	32.15	33.40	32.15	33.40	24.15	25.40	24.15	25.40

1/ Includes leading brands. A 3-percent discount is made for payment within 10 days or 2 percent within 14 days. 2/ Effective January 1, 1983, the Federal excise tax doubled to \$8.00 per 1,000 cigarettes. 3/ For 1940-74, see TS-151, March 1975; for 1974-76, see TS-177, September 1981. 4/ Manufacturers increased prices by a different amount. The change shown represents a major manufacturer whose prices were between the highest and lowest. 5/ The January price increase brought major manufacturers' prices in line. 6/ Generic cigarette prices are about 35 percent lower than those listed and mid-priced brands are about 15 percent lower.

Table 6--Cigars and smoking tobacco: Output, removals, and consumption, 1982-85

Year and item	U.S. factories			From Puerto Rico, taxable	Imports	Exports	Total U.S. consumption 1/
	Output	Removals					
		Taxable	Tax-exempt				
Millions							
Large cigars and cigarillos							
1982	3,169	3,056	158	500	134	181	3,667
1983	3,135	3,031	140	429	135	130	3,605
1984	3,129	2,960	121	371	143	104	3,491
1985 2/	2,900	2,690	95	265	185	107	3,128
Year ending June 30							
1982	3,463	3,142	170	542	107	180	3,781
1983	2,911	3,002	144	420	138	138	3,566
1984	3,245	3,059	135	425	135	125	3,629
1985 3/	3,015	2,817	105	308	167	105	3,292
Million pounds							
Smoking tobacco							
1982	28.3	27.8	.7	--	6.1	1.0	33.7
1983	28.0	27.0	.6	--	6.7	1.0	33.3
1984	24.5	24.3	.4	--	5.9	.9	29.7
1985 2/	22.0	21.5	.3	--	6.3	.6	27.5
Year ending June 30							
1982	29.3	29.1	.8	--	6.6	1.0	35.5
1983	29.1	27.7	.6	--	6.2	1.0	33.5
1984	25.8	25.5	.5	--	6.3	.9	31.3
1985 3/	23.2	22.8	.3	--	6.2	.7	28.6

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

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

the last decade's downtrend. In the first half of 1984, domestic use including imports totaled 14 million pounds, 7 percent below a year earlier. By midyear, wholesale prices averaged 6 percent above a year ago.

Smokeless Tobacco Output Mixed

Chewing tobacco production in 1985 is expected to fall from the 88.8 million pounds produced in 1984. Output of loose leaf chewing tobacco, plug, and twist are all down. Total snuff production is up from a year ago because moist snuff production is up more than dry output is down.

Smokeless Tobacco Legislation

A U.S. bill (H.R. 2950) would establish the "Comprehensive Smokeless Tobacco Education

Act" to prohibit the manufacture, import, distribution, or sale of smokeless tobacco products without one of the following statements:

- o Warning: This Product May Cause Mouth Cancer.
- o Warning: This Product May Cause Gum Disease and Tooth Loss.
- o Warning: This Product Contains Nicotine and Is Addictive.

The bill would require one of the statements to appear for the duration of any television advertisement and require that one be read once during each advertisement of smokeless tobacco on radio and television. The warnings would be rotated an equal number of times, as set by the Federal Trade Commission (FTC). Provisions would become

effective 1 year after enactment. The bill is similar to a Massachusetts law that will be enforced beginning December 1, 1985. Three other U.S. bills pertaining to smoking would: (1) impose a 16-cent excise tax per ounce of smokeless tobacco; (2) establish a Federal program on the dangers of smokeless tobacco, impose a 32-cent per ounce excise tax, and establish a trust fund for cancer research and smokeless tobacco education; and (3) ban advertising of any tobacco product on the electronic media.

U.S. EXPORTS AND IMPORTS

U.S. Leaf Exports Dropped in First Half of 1985

U.S. exports of unmanufactured tobacco during January-June were 1 percent below last year. Of the two major categories, burley rose 50 percent and flue-cured declined 12 percent. Strong demand for last season's better-quality burley crop boosted 1984/85 U.S. unmanufactured exports 4 percent to 541 million pounds (666 million pounds farm sales

weight). The total value of unmanufactured exports rose to \$1.52 billion, 2 percent above a year earlier.

Despite relatively good quality 1985 crops of flue-cured and burley, 1985/86 leaf exports may decline. Large world supplies, the strong dollar, and declining cigarette consumption in a number of countries continue to inhibit exports. Furthermore, anticipated further reductions in U.S. prices are holding down exports.

World cigarette trade rose about one-half percent in 1984. Shipments from the United States, Bulgaria, and the United Kingdom were down and those from West Germany and the Netherlands were up. Together, these five countries account for three-fourths of total world exports. The Soviet Union, France, Italy, and the Netherlands are important cigarette importing countries.

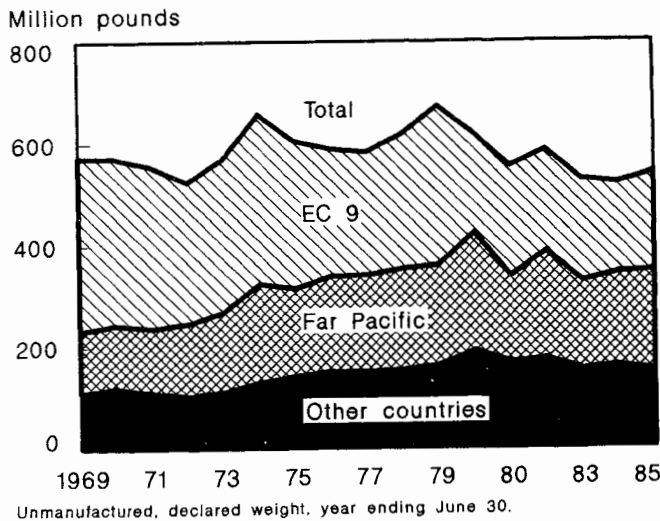
Excluding China, world cigarette production increased 1 percent last year, compared with a 0.8-percent decline in 1983.

Table 7--Tobacco products: Output by category, 1976-85

Period	Chewing tobacco				Total 1/	Snuff-dry	Snuff-moist	Small cigars 2/	Smoking tobacco in bulk (exports)
	Plug-firm	Plug-moist	Twist	Loose leaf					
	Million pounds							Millions	Million pounds
1976	3/	3/	2.3	56.3	3/	3/	3/	2,246	13.9
1977	3/	3/	2.2	61.3	3/	3/	3/	1,864	9.8
1978	3/	3/	2.1	64.6	3/	3/	3/	1,645	4.2
1979	3/	3/	2.0	71.7	3/	3/	3/	1,544	27.0
1980	3/	3/	2.0	75.5	3/	3/	3/	1,440	6.4
1981	11.4	6.5	1.8	70.3	90.0	11.7	30.7	1,393	7.0
1982	10.5	5.2	1.7	73.0	90.4	10.3	33.5	1,294	11.1
1983	9.7	4.4	1.7	71.0	86.8	10.5	36.2	1,352	7.9
1984	8.5	4.2	1.7	74.4	88.8	10.2	39.2	1,256	9.3
1985 4/	8.0	4.1	1.6	74.0	87.7	9.5	41.0	1,385	9.0
Year ending June 30									
1976	3/	3/	2.3	56.7	3/	3/	3/	2,513	11.8
1977	3/	3/	2.3	58.5	3/	3/	3/	2,055	13.4
1978	3/	3/	2.1	62.8	3/	3/	3/	1,846	3.4
1979	3/	3/	2.1	66.7	3/	3/	3/	1,459	17.1
1980	3/	3/	1.9	74.5	3/	3/	3/	1,501	23.8
1981	3/	3/	1.8	69.7	3/	3/	3/	1,452	4.9
1982	10.7	5.3	1.8	72.8	90.6	8.9	32.4	1,319	10.9
1983	9.9	4.8	1.7	73.6	90.0	9.7	35.0	1,289	9.8
1984	9.5	4.1	1.7	70.7	86.0	10.4	37.1	1,324	9.5
1985 5/	8.2	4.1	1.6	74.1	88.0	9.9	40.1	1,358	8.8

1/ Detail may not add to total due to rounding. 2/ Weigh not more than 3 pounds per thousand.
3/ New product classifications became effective January 1, 1982. Revisions for 1980 and prior years are not available. 4/ Estimated. 5/ Subject to revision.

Export Markets for U.S. Tobacco



World cigarette production, except in China, has been relatively stagnant the last 4 years due to price and tax increases, heightened antismoking campaigns, and continuing recession in many countries. Also, leaf use per cigarette has been declining, due partly to the increased use of filters. Filter cigarettes accounted for 99 percent of the total output in Japan, 95 percent in the United Kingdom, and 93 percent in West Germany.

High prices and increased health concerns are dampening cigarette consumption in several developed countries, particularly the United Kingdom and the Netherlands, where large price increases have occurred. In 1984, the United Kingdom's cigarette output declined 8 percent, and domestic cigarette sales fell 3 percent. Cigarette consumption fell by 15 percent in the Netherlands because of sharply higher prices and a shift to roll-your-own cigarettes.

West German cigarette production has risen during the last 2 years following a 12-percent drop in 1982, when cigarette taxes were boosted 32 percent. In 1984, traditional cigarette brands regained market shares and the market share for generics fell. Also, cigarette exports rose.

In the largest producing and consuming country, the People's Republic of China, cigarette output rose 10 percent in 1984. Most of the increase in consumption was in rural areas where incomes are increasing. The strongest growth area continues to be in filter

cigarettes, which expanded 20 percent in 1984. Expansion has tapered off from 1980 and 1981 when production grew an average of 14 percent a year.

This year, Zimbabwe, a key U.S. competitor, produced a large, higher quality crop of tobacco, much of which will be exported. Leading markets for Zimbabwe's tobacco include Western Europe, the Middle East, and the Far East.

The total value of exports of U.S. tobacco leaf and products in 1984/85 (July-June) was \$2.72 billion, 3 percent above 1983/84 but 3 percent below the 1981/82 record. With prices and volume probably a little higher, the value may increase a little in 1985/86.

Tobacco Imports Decline

U.S. unmanufactured tobacco imports for consumption were 425 million pounds during July-June 1985, 18 percent below a year earlier (table 9). The reduction was due to already large supplies of imported tobacco in the United States. During January-June, imports for consumption rose 5 percent mainly because of increased imports of Oriental tobacco.

Both U.S. cigar and cigarette manufacturers use imported tobacco in their blends. For the year ending June 30, U.S. cigarettes contained about 35 percent imported tobacco and cigars about 65 percent (tables 10 and 11). U.S. imports of cigarette leaf during January-June averaged \$1.47 a pound, excluding ocean freight and duty. For most cigarette leaf imports, the duty is 11.5 cents a pound, yet most imports still cost considerably less than domestic filler. This is partly because with Oriental tobacco--the bulk of cigarette leaf imports--the entire leaf is usable without stemming.

Administration Affirms ITC Import Decision

The U.S. International Trade Commission (ITC) initiated an investigation on September 10, 1984, on whether flue-, fire-, and dark air-cured and burley tobacco are imported under such conditions that render ineffective or materially interfere with USDA programs. On February 15, 1985, the ITC submitted a report to the President on its investigation.

Table 8--United States exports of unmanufactured tobacco by type and to principal importing countries 1982-85

(Declared weight)

Type and country	Year ending June 30				January-July		1985 as a percentage of 1984
	1982	1983	1984	1985 1/	1984	1985 1/	
	Million pounds						Percent
Type:							
Flue cured	361.0	369.0	320.9	335.6	132.4	114.0	86
Burley	72.5	103.4	85.8	98.3	50.7	77.8	153
Maryland	5.2	8.1	6.6	4.6	1.8	3.3	183
Fire-cured, Ky, and Tenn.	16.3	13.6	21.4	12.2	8.0	7.0	88
Virginia fire and sun-cured	2.5	2.1	1.9	2.7	1.0	1.0	100
Green River and One Sucker	.1	.1	.2	.4	*	*	—
Black Fat	3.2	3.2	.8	1.8	1.8	1.4	78
Cigar wrapper	3.5	1.4	.9	2.0	1.3	1.5	115
Cigar binder	.2	.1	.1	.3	.1	.2	200
Cigar filler	.6	.2	.2	.3	.2	.1	50
Perique	.1	.1	.3	.2	*	.1	—
Stems, trimmings and scrap	80.3	79.2	75.8	74.9	33.1	29.3	89
Other, unmanufactured, NEC 2/	7.8	8.9	11.6	8.5	7.5	3.5	47
Total	553.4	584.9	526.5	541.6	237.9	239.2	101
Country of destination							
United Kingdom	43.1	35.1	28.7	25.8	16.5	11.0	67
France	6.3	4.6	7.0	7.6	2.3	5.8	252
Belgium-Luxembourg	8.2	8.8	17.1	9.9	4.6	5.8	126
Netherlands	33.7	27.7	24.7	16.3	12.6	8.0	63
West Germany	82.7	75.9	64.7	74.5	27.8	38.2	137
Denmark	11.1	14.1	20.3	23.1	6.6	9.1	138
Ireland	3.3	6.0	2.7	9.7	3.3	4.5	136
Italy	27.3	28.2	34.5	25.8	28.5	22.7	80
Total EC	215.7	200.4	199.7	192.7	102.2	105.1	103
Switzerland	16.7	23.4	25.0	37.1	6.6	18.6	282
Finland	9.2	8.6	5.9	4.9	3.3	2.4	73
Norway	4.3	4.3	4.3	5.2	1.5	1.6	107
Sweden	14.9	7.9	9.5	11.6	4.1	4.4	107
Spain	31.6	32.7	33.8	32.6	43.0	22.5	52
Thailand	18.4	27.7	9.1	17.8	14.6	17.8	122
Korea, Rep of	*	11.8	*	*	*	*	0
Malaysia	7.5	8.6	7.9	8.8	5.3	5.2	98
Philippines	11.4	11.6	13.2	8.8	2.2	5.2	236
Taiwan	13.3	22.0	18.8	24.2	4.7	3.8	81
Japan	108.9	114.3	112.2	103.9	11.7	23.5	201
Australia	13.1	11.4	9.8	8.9	4.2	4.1	98
New Zealand	3.0	4.0	2.8	2.5	1.6	.8	50
Egypt	14.2	18.7	9.7	34.6	4.4	1.3	30
Other countries	71.2	77.5	64.8	48.0	28.5	22.9	80
Total	553.4	584.9	526.5	541.6	237.9	239.2	101

1/ Subject to revision. 2/New classification, January 1, 1978. Previously included in manufactured in bulk. *Less than 50,000 pounds.

Detail may not add to total due to rounding. Compiled from publications and records of the Bureau of the Census.

Table 9--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1984/85, and January-July 1984-1985 1/

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	Year	January-July		1985 as a percentage of 1984	Year	January-July		1985 as a percentage of 1984
	July 1984 June 1985	1984	1985		July 1984 June 1985	1984	1985 1/	
	Million pounds			Percent	Million pounds			Percent
Cigarette tobacco:								
Leaf:								
Oriental								
Turkey	109.5	60.6	60.4	100	99.3	103.1	69.2	67
Greece	29.5	17.2	16.8	98	27.7	26.6	25.4	95
Yugoslavia	15.1	6.6	7.8	118	5.7	12.4	5.4	44
Other countries	20.0	12.3	10.9	89	20.8	12.0	14.5	121
Flue-cured	25.2	12.9	12.1	93	31.8	12.5	16.8	134
Burley	19.9	18.3	13.3	72	23.4	19.6	15.4	79
Other 3/	105.5	54.9	54.3	99	144.7	86.0	57.6	67
Subtotal	324.7	182.8	175.6	96	353.3	272.2	204.3	75
Manufactured or not manu- factured, not specially provided for, other								
Brazil	.5	.7	0	0	*	0	0	0
Korea, Republic of	0	0	0	0	0	0	0	0
Mexico	.6	.8	.2	25	0	0	0	0
Other	2.1	4.0	1.0	25	2.0	1.3	1.0	77
Subtotal	3.2	5.5	1.2	22	2.1	1.3	1.0	77
Scrap: 2/								
Brazil	.6	.1	.3	300	1.4	0	1.1	0
Korea, Republic of	0	*	*	0	0	0	0	0
Italy	.2	*	.2	0	0	0	0	0
Mexico	.1	*	*	0	.1	0	0	0
Turkey	3.7	3.8	2.0	53	2.7	2.9	1.9	66
Other countries	5.7	4.3	2.9	67	6.2	3.7	4.3	116
Subtotal	10.3	8.2	5.4	66	10.4	6.6	6.2	94
TOTAL	338.2	196.5	182.2	93	365.8	280.1	211.5	76
Cigar tobacco:								
Wrapper	2.4	1.3	1.4	108	2.3	1.0	1.3	130
Filler-stemmed and unstemmed								
Dominican Republic	5.8	4.8	3.0	63	5.2	4.3	2.8	207
Other countries	6.1	3.2	2.9	97	17.5	11.6	8.5	284
Subtotal	14.3	9.3	7.3	78	22.7	15.9	11.3	71
Scrap:								
Philippine Republic	4.7	2.8	3.1	111	3.2	1.5	2.6	173
Indonesia	5.1	3.6	2.9	81	5.0	1.6	1.7	106
Dominican Republic	3.9	5.5	2.9	53	3.7	1.6	2.9	181
Brazil	4.9	1.9	1.9	100	4.4	1.9	2.5	132
Other countries	14.0	12.9	8.3	64	14.1	8.3	9.5	114
Subtotal	32.6	26.7	19.1	72	30.4	14.9	19.2	129
TOTAL	46.9	36.0	26.4	73	53.3	31.8	31.8	100
Stems	40.0	12.8	19.0	148	38.0	12.2	18.3	150
GRAND TOTAL	425.1	245.3	227.7	93	457.0	324.1	261.6	81

1/ Preliminary. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff. Detail may not add to total due to rounding. 3/ Largely stemmed cigarette leaf. 4/ Reflects reclassification of mechanically threshed or shredded cigarette leaf as stemmed cigarette leaf effective August 28, 1983.

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

Table 10--Estimated U.S. imports of flue-cured and burley tobacco and domestic use, 1969-84
(Farm sales weight)

Year beginning July 1	Flue-cured				Burley			
	Imports 1/	Domestic disappear- ance	Total use	Imports' share of total	Imports 1/	Domestic disappear- ance 2/	Total use	Imports' share of total
	Million pounds		Percent		Million pounds		Percent	
1969	5.7	645.9	651.6	0.9	3.3	507.1	510.4	0.6
1970	10.6	640.1	650.7	1.6	3.2	503.0	506.2	0.6
1971	11.2	662.5	673.7	1.7	4.6	515.2	519.8	0.9
1972	12.7	664.2	676.9	1.9	8.9	534.5	543.4	1.6
1973	20.4	703.4	723.8	2.8	30.7	533.1	563.8	5.4
1974	23.1	652.3	675.4	3.4	47.7	518.8	566.5	8.4
1975	24.4	670.6	695.0	3.5	46.7	510.1	556.8	8.4
1976	30.8	634.0	644.8	4.6	37.9	489.6	527.5	7.2
1977	55.0	608.2	663.2	8.3	85.4	494.8	580.2	14.7
1978	60.1	584.1	644.2	9.3	89.1	502.8	591.9	15.1
1979	84.8	563.1	647.9	13.1	113.6	498.5	612.1	18.6
1980	72.7	529.4	602.1	11.7	136.9	477.6	614.5	22.3
1981	63.3	488.8	552.1	11.5	109.7	463.9	573.6	19.1
1982	103.1	478.5	581.6	17.7	141.3	444.1	585.4	24.1
1983	3/ 94.4	441.6	536.0	17.6	3/ 135.0	388.7	523.7	25.8
1984	3/ 120.1	454.2	574.3	20.9	3/ 163.8	4/ 400.0	563.8	29.1

1/ Imports for consumption (duty paid) of leaf, scrap, and manufactured or unmanufactured (beginning 1980), prorated according to reported stocks of imported flue-cured and burley. 2/ Marketing year beginning October. 3/ General imports adjusted for stock change. 4/ Estimated.

The ITC found that tobacco imports did not materially interfere with the tobacco price support program and that a basis did not exist for imposing import restrictions under Section 22. Section 22 of the Agricultural Adjustment Act of 1933, as amended, provides that after an ITC study and recommendation, the President may impose import quotas or fees to protect USDA programs.

In view of ITC's findings, the Administration announced on July 29 that it would take no further action regarding the Section 22 investigation of tobacco imports.

U.S. TOBACCO LEAF SITUATION AND OUTLOOK 1/

During the past marketing year (1984/85), about 59 percent of U.S. tobacco was used for domestic manufacture and about 41 percent went into export. Disappearance of U.S. leaf rose 6 percent to 1.62 billion pounds.

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

For 1985, effective farm quotas are lower for both flue-cured and burley tobacco. Acreage declined, resulting in a production forecast of 1.53 billion pounds (September estimate). This is 12 percent lower than last year and 19 percent below the average for 1975-84 (table 12). Disappearance is expected to be above production, so the large stocks may be reduced some.

USDA Lowers 1985--Crop Flue-Cured Loan Rate--Buyers Offered Rebate

On July 23, the U.S. Department of Agriculture approved a request by the Flue-Cured Tobacco Cooperative Stabilization Corporation to effectively reduce the flue-cured price support level 5 cents a pound. This reduction was accomplished under the price support law that permits USDA to lower certain grade prices. USDA also authorized the Stabilization Corporation to offer buyers of this year's crop a 10-cent-per-pound rebate from the no-net-cost tobacco fund as the tobacco is sold. The 10-cent rebate effectively reduces the 1985 price support to \$1.55 per pound.

Another rebate of 15 cents per pound has been authorized to be paid at the end of the

Table 11--U.S. Imports of unmanufactured and other tobacco: Quantity and average value by kinds 1984/85 1/

Kind	Quantity	Change from	Value per
	Million pounds	1983/84	pound
			Dollars
Imports for consumption			
Cigarette 2/			
Flue-cured leaf	25.2	+49.1	1.02
Burley leaf	19.9	+0.5	0.94
Oriental leaf	174.1	+2.2	1.65
Other cigarette leaf 3/	105.5	4/ +71.0	1.49
Scrap	10.3	-22.0	.65
Manufactured or not mfd., NSPF	3.2	4/ -97.9	1.91
Cigar			
Leaf	14.3	+21.2	1.96
Scrap	32.6	-19.5	.82
Stems	40.0	+33.3	.14
Total	425.1	-17.5	1.29
General imports			
Cigarette 1/			
Flue-cured leaf	31.8	+72.8	1.03
Burley leaf	23.4	-0.4	.90
Oriental leaf	153.5	-11.5	1.54
Other cigarette leaf 3/	144.7	4/ +67.3	1.38
Scrap	10.4	-11.1	.66
Manufactured or not mfd., NSPF	2.1	-95.9	1.94
Cigar			
Leaf	22.7	-3.8	1.43
Scrap	30.4	+16.9	.66
Stems	38.0	+32.4	.14
Total	457.0	+3.0	1.22

1/ Year ending June 30, 1985. 2/ Includes minor quantities for smoking tobacco, chewing tobacco and snuff. 3/ Largely stemmed cigarette leaf. 4/ Reflects reclassification of mechanically threshed or shredded cigarette leaf as stemmed cigarette leaf effective August 28, 1983.

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

marketing season on all purchases if buyers purchase at least 650 million pounds of the 1985 flue-cured crop and at least 125 million pounds of 1976-84 flue-cured loan stocks.

The requirement of loan stock purchases are as follows:

- o For 30 days after the conclusion of the 1985 marketing season for flue-cured,

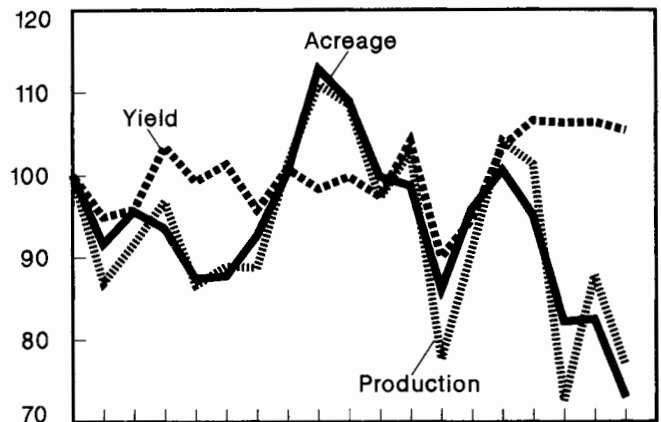
Table 12--All tobacco: Acreage, yield and production, United States, 1965-85

Year	Acreage harvested	Yield per acre	Production
	Thousand acres	Pounds	Million pounds
Average 1965-69	942	1,958	1,845
1970-74	886	2,053	1,819
1975	1,086	2,008	2,182
1976	1,047	2,041	2,137
1977	966	1,982	1,914
1978	964	2,101	2,025
1979	827	1,845	1,527
1980	921	1,940	1,786
1981	977	2,113	2,064
1982	913	2,185	1,994
1983	789	1,811	1,429
1984	792	2,182	1,727
1985 1/	701	2,182	1,529

1/ Indicated September 1, 1985.

Tobacco Acreage, Yield and Production

Percent of 1967



Latest year estimated.

Stabilization will offer all of its old-crop inventories at discounts from the October 19, 1984, base prices. The discounts will be 90 percent for the 1976-81 crops, and 10 percent for the 1982-84 crops.

- o Purchases must be divided between the newer (1982-84) and older (1976-81) crops on a 2 for 1 basis. For every pound of old crop tobacco at a 90-percent discount, 2 pounds of newer crop tobacco must be purchased.
- o Total purchases under the incentive discount program must be prorated over all grades, types, and crop years in the inventory at the time of the offering.

- o Carrying charges will be calculated on the reduced base prices, beginning December 20, 1984.

*Bill Introduced in Senate
To Modify Tobacco Program*

Based on recommendations by grower groups, manufacturers, and the Stabilization cooperatives, a bill (S.1418) was introduced in the Senate on July 10 that would make major modifications in the Tobacco Price Support and Production Control Program. The major provisions are as follows:

Price Support

- o The price support for 1985-crop burley tobacco would be lowered to \$1.449 per pound. (The price support level for flue-cured was lowered administratively.)
- o The price support for the 1985 crop of any kind of tobacco (other than flue-cured and burley) would be set using the same formula as in current law for the 1986 crops of such tobacco. Also, for other types, authority is given the loan associations to reduce support levels if market conditions warrant.
- o For 1986 and future years, the flue-cured and burley price support would be the level for the preceding year adjusted by changes in the 5-year moving average of market prices (two-thirds weight) and the change in a cost of production index (one-third weight). The Secretary of Agriculture can set the price support between 65 and 100 percent of the calculated amount. However, current provisions of law giving the Secretary of Agriculture authority to lower the price support on certain low quality grades of flue-cured tobacco would be repealed.

Determination of Marketing Quotas

- o Flue-cured and burley quotas would be based on (1) intended purchases by cigarette manufacturers, (2) average annual exports for the 3 preceding years, and (3) the amount of tobacco needed to attain specified reserve stock levels.
- o USDA's discretion for setting flue-cured and burley quotas would be limited to not more than 103 percent or less than 97 percent of the amount determined by manufacturer needs, exports, and the

reserve stock level.

- o The amount of flue-cured and burley tobacco that may be marketed without penalty would be reduced from 110 to 103 percent of the farm marketing quota.

*Flue-Cured and Burley Purchase Requirements
Penalty*

- o Cigarette manufacturers would be required to reveal the quantity of tobacco they purchased during a marketing year soon after the marketing year ends.
- o Any manufacturer who fails to purchase at least 90 percent of the amount of tobacco it stated it intended to purchase for purposes of quota determination would be subject to a penalty of twice the per-pound assessment times the amount by which purchases are less than 90 percent of intended purchases.
- o No penalties would be imposed if the total amount purchased by all manufacturers was at least 90 percent of the total amount of intended purchases submitted by all manufacturers. The purchase requirement for each manufacturer would also be reduced proportionally if total marketings were less than the effective national marketing quota.
- o Penalties collected would be deposited in the no-net-cost flue-cured fund or no-net-cost burley account.

*Assessments to No-Net-Cost Funds and
Accounts*

- o Purchasers of flue-cured and burley tobacco would pay the same amount as producers to the association's fund or account.
- o Failure to remit the assessment fee would result in a marketing penalty equal to 75 percent of the average market price of the tobacco involved.

Purchase of Inventory Stock

- o The Flue-Cured Stabilization Cooperative would be required to offer to sell its stocks from the 1976-84 crops at the base prices in effect on October 29, 1984, reduced by 90 percent for tobacco from the 1976-81 crops and 10 percent for tobacco from the 1982-84 crops.
- o Burley associations would be required to offer their stocks of 1982 and 1984

tobacco for sale. The 1982 crop would be offered at the base price in effect on July 1, 1985, and the 1984 crop would be offered at a price sufficient to cover the associations' costs as of the date of enactment of the bill.

- o The Commodity Credit Corporation (CCC) would take title to the 1983 burley tobacco stocks by calling the loans within 30 days of enactment of the bill. CCC would then offer the tobacco for sale for 2 years. Then, any remaining stocks would be offered for sale at a 90-percent discount.
- o The 1976-84 loan stocks of flue-cured and the 1982 and 1984 loan stocks of burley would be sold to manufacturers. Each manufacturer would purchase an amount equivalent to its share of total cigarette production in the United States. Purchases by manufacturers are to take place over a 5-year period for burley and an 8-year period for flue-cured.
- o Manufacturers are authorized to confer with one another to carry out provisions of the bill.

Tax Treatment of Contributions and Assessments

- o Qualified no-net-cost expenditures would be treated as an expense and permitted as a Federal income tax deduction.
- o Receipt by an organization does not constitute income to the organization.
- o The tax provisions would be effective after December 31, 1984.

Review of Tobacco Grading and Disaster Crop Designation

- o A USDA Advisory Committee would be authorized to review the extent to which current grades accurately reflect tobacco quality and criteria for designating disaster crops and establishing grades to reflect a crop resulting from natural disasters.
- o A report to the House and Senate agriculture committees would be required 120 days after enactment of the bill. USDA would be required to implement any administrative recommendations before the opening of the 1986 flue-cured marketing season.

Other Bills

Bills have also been introduced in both the House and Senate that would impose an additional Federal tax on cigarettes to pay for losses under the No-Net-Cost Tobacco Program Act. Beginning in 1986, revenues from the tax would be placed in a trust fund to be used to offset loan losses occurring from the operation of the tobacco program in lieu of grower contributions. Initially, it is estimated that the additional cigarette tax needed would be about 2 cents a pack.

A bill (H.R. 1324) has been introduced in Congress to repeal provisions of law concerning price support and marketing of tobacco. The bill excludes tobacco from the concessional sales provisions of P.L. 480 and prohibits the establishment of tobacco marketing orders. If passed, the changes would become effective January 1, 1986.

1986 Supports and Marketing Quotas

Support levels for 1986 are uncertain because of pending legislation and potential administrative actions. However, under current law, the change in support levels for 1986 will again be based on the formula that has been used most years since the early 1960's. However, the Secretary of Agriculture retains authority to approve as little as 65 percent of any increase called for by the formula in any given year. Because of large supplies of flue-cured and burley tobacco, the 1986 support will likely increase the minimum of about 1 percent from the established 1985 level. The effective 1985 flue-cured price support level was lowered administratively and the burley support may also be. For other types, the 1985 support level is unchanged from a year earlier except that dark air-cured supports have been lowered 1 cent per pound.

By December 15, USDA will announce the quota (acreage-poundage) and the matching national allotment. Then, within 30 days of the announcement, flue-cured growers will vote whether to continue acreage-poundage quotas for another 3 years. The program was overwhelmingly approved by allotment holders in the last vote. Individual farm quotas and acreage allotments for the next year will reflect this year's overmarketings and undermarketings. Marketings this year are

Table 13--U.S. tobacco allotments, by kinds of tobacco, 1985

Kinds	Allotments	Acreage allotments	Poundage allotments	Average size of allotment
	Number	Acres	Million pounds	Acres
Flue-cured (11-14) 1/	163,367	387,583	758.0	2/ 4,640
Burley (31) 3/	313,610	-----	541.7	2/ 1,727
Va. fire-cured (21)	4,418	7,782	-----	1.76
Ky.-Tenn. fire-cured (22-23)	13,582	22,303	-----	1.64
Dark air-cured (35-36)	18,444	8,192	-----	.44
Va. sun-cured (37)	614	1,074	-----	1.75
Cigar filler and binder (42-44, 53-55)	5,509	11,545	-----	2.10
Total	519,544	438,479	1,299.7	---

1/ Acreage poundage with national average yield goal of 1,989 pounds per acre. 2/ Pounds. 3/ Poundage quota.

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

Table 14--Flue-cured tobacco auction markets: Gross sales, average price, loan receipts, sales dates, through Sept. 6, 1984 and Sept. 5, 1985

	Gross sales		Average price per pound		Loan receipts				Sales period		
					Volume		Percent of sales		Opening date	Closing date	
	1984	1985	1984	1985	1984	1985	1984	1985	1985 (1984)	1985 (1984)	
	Million pounds		Cents		Million pounds		Percent				
14, Ga.-Fla.	81.9	79.9	179.7	168.4	6.6	4.9	8.0	6.2	July 25 (July 25)	(Oct. 4)	
13, S.C.-Border N.C.	103.2	90.3	176.2	163.7	12.9	21.8	12.5	24.2	July 30 (July 31)	(Oct. 18)	
12, Eastern N.C.	155.6	107.5	177.5	158.4	29.6	31.2	19.0	29.0	July 31 (Aug. 1)	(Oct. 24)	
11, old and middle Belts N.C., Va. 1/	96.3	83.8	170.0	159.1	20.5	23.2	21.3	27.7	Aug. 6 (Aug. 7)	(Nov. 7)	
All Belts 2/	437.1	351.5	176.0	162.1	69.6	81.2	15.9	22.5	(July 25)	(Nov. 7)	

1/ Four "Sandhills" markets opened with type 12, Eastern N.C. 2/ Computed from unrounded data.

Compiled from reports of Tobacco Division, AMS.

forecast to exceed the effective quota by about 4 percent (table 14).

By February 1, USDA will announce the 1986 poundage for other kinds of tobacco under quota. Shortly after the announcement, growers of burley, Virginia sun-cured, and Connecticut binder types will vote in referendums for or against marketing quotas on their next three crops. Producers of fire-cured, dark air-cured, Ohio filler, and Wisconsin binder types approved marketing

quotas applicable to the 1986 crop in previous referendums.

Maryland and Pennsylvania tobacco growers, who will also vote, turned down marketing quotas in the last referendum (1983), so Government price support is not available for their 1985 crop. Pennsylvania filler has never had marketing quotas. For Maryland, quotas last applied to the 1965 crop. In Puerto Rico, the Commonwealth Government for many years has set filler

tobacco quotas. However, shade-produced wrapper (types 61-62) is not covered by marketing quota legislation.

Flue-Cured

Flue-Cured

Prices Down This Year

Adequate rainfall in most of the tobacco growing area during July and early August improved yields. However, quality was lower beltwide even though some areas have better quality. With effective price supports averaging 5 cents a pound lower than in 1984, and with weak demand, overall auction prices are averaging about 8 percent lower than a year ago. Furthermore, tobacco buyers receive an immediate rebate of 10 cents for each pound purchased. Last year, prices rose 2 percent compared with an 0.3-percent decline the year before.

Demand for U.S. tobacco has been weakened by reduced cigarette consumption, resulting from hikes in Federal and State excise taxes, together with increased use of imported tobacco. The 1985 marketing season began the same day as last year, after being delayed for one day because funding authority for the Commodity Credit Corporation was not available. The Georgia-Florida market opened July 25 for 1985-crop tobacco together with sales of 1984-crop carryover tobacco in the other three belts. Openings for 1985-crop tobacco followed on July 30, July 31, and August 6 in the other three belts. Even though the market opening was 2 weeks later than usual, it was still ahead of crop maturation. Harvest is progressing much slower than usual and until September, weekly sales opportunities (USDA-sanctioned schedules) were not fully used.

Table 15--Flue-cured and burley tobacco: Marketing quota and marketings, 1975-85

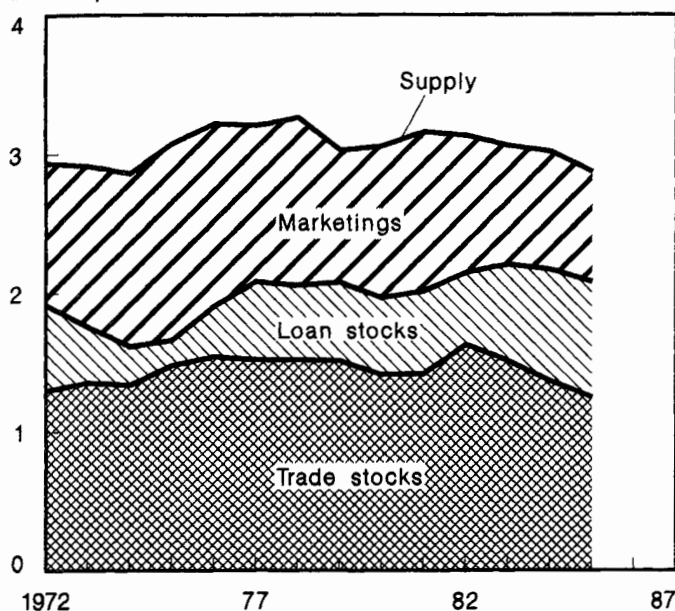
Year	Quota		Marketings				
	Basic	Effective	Actual	Over-quota	Under-quota	Effective underquota 1/	Net carryover 2/
Million pounds Flue-cured, types 11-14							
1975	1,491.4	1,572.3	1,414.6	50.9	203.2	192.3	141.0
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977	1,116.5	1,197.3	1,124.2	42.6	115.2	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	993.8	54.4	37.5	30.6	-23.8
1983	910.5	886.7	854.8	31.2	67.1	65.6	34.4
1984 3/	804.3	831.7	849.6	42.6	32.8	31.5	-11.1
1985 4/	773.7	758.0					
Burley, type 31							
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	104.1
1982	680.3	777.8	776.7	46.8	50.9	41.2	-3.5
1983	646.6	641.0	526.7	13.7	132.4	127.6	113.9
1984 3/	581.8	697.0	674.0	37.8	59.8	54.5	16.7
1985 4/	524.4	541.7					

1/ Underquota marketings less ineligible carryover. 2/ Effective underquota marketings less overquota marketings. 3/ Subject to revision. 4/ Preliminary.

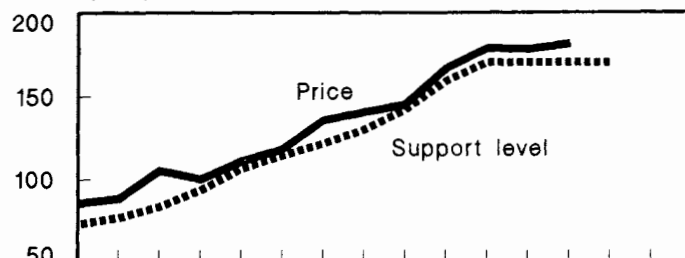
Compiled from records and reports of Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

Flue-Cured Tobacco: Supply, Price, Use

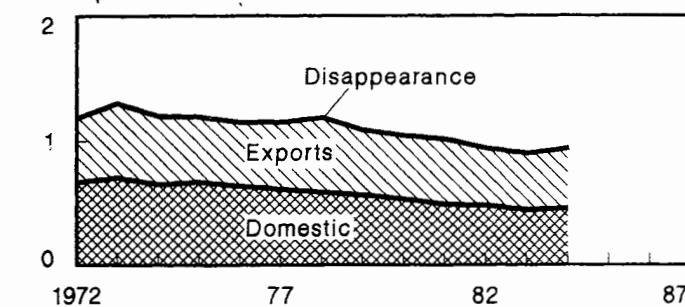
Billion pounds



Cents per pound



Billion pounds



1984 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning July 1, 1985 forecast.

So far this year, price-support loan receipts have been higher than last year, averaging 23 percent of sales, compared with 17 percent a year earlier. Larger supplies, together with uncertainties about future U.S. prices, have contributed to the larger loan takings.

At auctions through September 11, flue-cured tobacco prices averaged \$1.64 a pound, or about 13 cents below the same period last season (table 14). Most grade averages were lower. About half the anticipated marketings this season had been sold, a smaller share than a year earlier.

Loan Receipts Above Last Year

The national price support level for the 1985 flue-cured tobacco crop will average \$1.699 a pound, the same as in 1982-84. However, at the request of the Flue-Cured Stabilization Cooperative Corporation, certain grade rates were reduced because of excessive supply, reducing the 1985 effective support level to \$1.65 per pound.

Although the crop outturn was below likely disappearance, large supplies and weak demand are holding purchases down. However, buyers may purchase sufficient quantities to reach the 650 million pounds needed to obtain 15-cent-a-pound purchase rebates. Loan

receipts through September 11 totaled 90 million pounds, about 23 percent of marketings. By this date in 1984, 17 percent went under loan.

To receive price support, flue-cured tobacco growers must certify that pesticides used on tobacco have been approved by the Environmental Protection Agency and that the products have been used in accordance with label directions. They must also certify in writing that any tobacco they deliver to market contains no concealed foreign material or tobacco of inferior grade, quality, and condition, and must designate one or more warehouses within 100 miles of their county seat for selling their crop.

Under quota legislation, growers receive price support on marketings up to 110 percent of their farm poundage quota. However, marketings above the poundage quota are deducted from the following year's quota. For marketings above 110 percent, growers must pay a penalty of 135.8 cents a pound (75 percent of the average market price for the preceding year).

Indications are that 1985 production will be about 5 percent above the effective quota. Marketings have exceeded the quota in 4 of the last 10 years (table 15). Marketings will likely exceed the effective quota this year but

Table 16--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yields, production, carryover, supply, disappearance, season average price, and price support operations, 1975-85 (farm-sales weight)

Marketing Year 1/	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								
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	472.3	2,131	993.8	1,626.4	518.7	2,145.1	3,138.9	
1983	409.8	2,004	854.8	1,516.3	688.4	2,204.7	3,059.5	
1984	392.0	2,206	849.6	1,367.8	797.5	2,165.3	3,014.9	
1985 5/	358.2	2,223	6/ 790.0	1,247.1	833.1	2,080.2	2,870.2	
Burley, type 31								
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/ 1,200.5	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	346.2	2,374	776.7	1,120.2	.7	1,120.9	1,897.6	
1983	292.6	1,645	526.7	1,092.6	226.1	1,318.7	1,845.4	
1984	315.7	2,256	674.0	967.2	377.2	1,344.4	2,018.4	
1985 5/	265.5	2,257	7/ 560.0	943.4	525.0	1,468.4	2,028.4	
Disappearance								
			Average price per pound		Price support level		Placed under loan	
Total		Domestic	Exports			Quantity	Percentage of crop	
--- Million pounds---			--- Cents ---		Million pounds		Percent	
Flue-cured, types 11-14								
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	934.5	478.8	455.9	178.5	169.9	259.9	26.3	
1983	894.2	441.7	452.5	177.9	169.9	8/ 194.8	8/ 22.9	
1984	934.7	454.2	480.5	181.1	169.9	159.2	18.8	
1985					9/ 169.9			
Burley, type 31								
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	578.9	444.1	134.8	181.0	175.1	269.2	35.0	
1983	501.0	388.7	112.3	177.3	175.1	255.6	10/ 48.5	
1984	11/ 550.0	11/ 400.0	11/ 150.0	187.6	175.1	200.3	29.8	
1985					178.8			

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ Adjusted for change in conversion factor January 1, 1977. 4/ Stocks revision January 1, 1979 report. Estimated from acreage intentions, projected yield. 5/ September 1, crop estimate. Derived from State Crop Reporting Service estimates with State Funds. 6/ Estimated marketings with available quota. 1985 production combined with 1984 carryover amounts to 810 to 815 million pounds, 20 to 25 million higher than estimated marketings. 7/ Estimated marketings with available quota. 1985 production combined with 1984 carryover amounts to 630 to 635 million pounds, 70 to 75 million higher than estimated marketings. 8/ Includes 163.1 million pounds from the 1983 crop and 31.7 million from the 1982 crop held by the Stabilization Cooperative and offered for sale in the 1983 marketing year. 9/ The effective price support was administratively reduced to \$1.65 per pound by reducing the support for certain grades. 10/ Percentage based on total burley marketings in 1983/84. 11/ Estimated.

Details may not add to total because of rounding. Compiled from publications and records of the Bureau of the Census.

Table 17--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 1982/83-1984/85 1/ declared weight

Importing country	1982/83	1983/84	1984/85	Importing country	1982/83	1983/84	1984/85 2/
Million pounds				Thousand pounds			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
United Kingdom	21.1	27.7	20.1	Switzerland	0	0	0
West Germany	39.4	32.7	41.3	Norway	400	997	1,240
Japan	66.0	64.4	67.9	Sweden	337	300	297
Netherlands	8.9	10.2	7.1	West Germany	213	40	212
Thailand	6.7	9.8	11.2	Other countries	343	459	414
Australia	7.9	7.6	7.3	Total	1,294	1,796	2,163
Italy	18.8	15.1	14.9	One Sucker, type 35			
Sweden	4.4	5.3	7.0	Bahamas	0	13	13
Norway	3.2	3.3	2.7	Zaire	0	0	0
Finland	4.2	4.7	3.9	Other countries	94	12	0
Denmark	9.5	8.7	11.2	Total	94	25	13
Ireland	1.5	2.9	8.7	Green River, type 36			
Belgium-Luxembourg	10.2	4.5	6.0	United Kingdom	42	6	0
Switzerland	10.4	3.6	16.6	Benin (Dahomey)	0	0	0
Republic of Korea	0	0	0	Zaire	0	0	0
Philippines	7.0	2.9	3.0	Other countries	28	54	365
Spain	27.8	41.6	27.0	Total	70	60	365
Malaysia	7.2	6.3	6.4	Cigar filler, types 41-44			
Taiwan	17.0	22.1	21.9	Canada	0	0	15
Egypt	5.4	12.1	18.7	France	64	0	0
Other countries	44.4	33.4	32.7	Other countries	261	282	154
Total	320.9	318.9	335.6	Total	325	282	169
Burley, type 31				Binder, types 51-55			
Italy	14.9	11.7	9.0	Dominican Republic	57	2	3
Sweden	2.9	3.5	.2	Switzerland	0	0	0
Denmark	3.0	2.4	2.8	Canada	76	107	45
Netherlands	1.2	.6	1.3	Other countries	32	59	227
Japan	18.4	18.6	22.8	Total	165	168	275
West Germany	14.3	12.6	18.8	Cigar wrapper, types 61-62			
Switzerland	9.2	4.6	10.7	United Kingdom	0	0	0
United Kingdom	.2	.2	.9	West Germany	11	60	131
Thailand	2.5	4.7	6.6	Canada	42	14	4
Philippines	7.0	2.7	3.6	Dominican Republic	328	984	1,545
Other countries	16.4	14.2	14.7	Netherlands	366	593	181
Total	90.0	75.8	91.5	Other countries	123	91	122
Maryland, type 32				Total			
Belgium-Luxembourg	.7	.2	.3	880	1,742	1,983	
West Germany	1.8	.6	1.2	Black Fat			
Switzerland	5.4	1.1	1.8	Benin (Dahomey)	771	1,060	716
Other countries	2.0	1.2	1.7	Cameroon	50	0	335
Total	9.8	3.1	5.0	Niger	0	304	252
Ky.-Tenn. fire-cured, types 22-23				Nigeria	0	518	324
Sweden	.6	.9	.5	Togo	0	203	157
Netherlands	11.8	13.3	5.9	Other countries	148	873	220
Belgium-Luxembourg	.6	.2	.2	Total	969	2,958	2,004
France	1.3	.6	2.3	Stems, trimmings, and scrap 2/			
Switzerland	.3	.6	.1	Sweden	1.9	2.6	3.7
Other countries	3.6	5.7	1.6	Denmark	5.9	5.3	6.2
Total	18.6	18.0	10.6	United Kingdom	6.9	5.8	4.0
Total				West Germany	9.7	10.9	6.2
Sweden	1.9	2.6	3.7	Japan	27.4	16.9	13.3
Denmark	5.9	5.3	6.2	Other countries	27.2	32.6	34.7
United Kingdom	6.9	5.8	4.0	Total	79.1	74.1	68.1
West Germany	9.7	10.9	6.2	Total			
Japan	27.4	16.9	13.3	969	2,958	2,004	
Other countries	27.2	32.6	34.7	Total			
Total	79.1	74.1	68.1	Total			

1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types. 2/ Subject to revision.

Details may not add to total because of rounding. Compiled from publications and records of the Bureau of the Census.

some growers still may have tobacco in excess of their allowable 110 percent. Leasing is not authorized during the marketing season, so such tobacco will have to be carried over on farms, because Stabilization or other firms have no provisions for receiving or processing this tobacco.

Disappearance Higher

Last year, disappearance of flue-cured tobacco totaled 935 million pounds, about 4-1/2 percent above the previous year (table 16). Both domestic use and exports rose. The 3-percent increase in domestic disappearance reflects higher production of cigarettes and greater leaf use per cigarette. Because consumption of cigarettes is expected to fall, domestic disappearance during 1985/86 may drop.

Flue-cured exports rose last year despite falling cigarette consumption in major developed countries--traditional markets for U.S. leaf. The rebound in exports reflected the better quality 1984 crop and a rebuilding of stocks of U.S.-produced tobacco by several countries. U.S. tobacco exports continue to be inhibited by the strength of the U.S. dollar relative to a number of currencies. Among leading importers, West Germany, Japan, Egypt, and Thailand took more last season while the United Kingdom, the Netherlands, Spain, Italy, and Taiwan took less (tables 17 and 18).

Table 18--U.S. flue-cured tobacco exports: Percentage stemmed form of total, 1977-85

Year ending June 30	(unstemmed equivalent basis)		
	Destination		
	United Kingdom	Other countries	All countries
	Percent		
1977	99.0	65.3	69.8
1978	94.7	68.7	73.0
1979	87.6	70.7	74.6
1980	93.4	79.2	80.4
1981	95.5	85.4	86.3
1982	91.7	87.8	88.1
1983	96.9	88.5	89.1
1984	98.1	87.6	88.6
1985	99.9	1/ 90.9	91.5

1/ Federal Republic of Germany was 75.9 percent.

Table 19--Lease and transfer of allotments and quotas, 1976-85

Year	Flue-cured		Burley
	Thousand acres	Million pounds	Million pounds
1976	246.7	464.3	113.6
1977	241.6	448.8	124.2
1978	245.8	464.4	142.8
1979	267.7	477.3	130.1
1980	279.2	499.9	140.3
1981	250.8	475.7	185.9
1982	240.5	464.5	185.0
1983	154.3	329.2	165.0
1984	148.3	283.3	155.5
1985 1/	113.4	2/ 225.7	3/ ---

1/ Preliminary. 2/ For the year ending June 15, 1985, 27.8 million pounds of flue-cured quota was sold. 3/ Not available.

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

For 1985, U.S. exports to most destinations may fall a little despite lower prices for the 1985 crop. Foreign inventories have largely been rebuilt, and this year's crop is of a little lower quality than last year's. Furthermore, the strong U.S. dollar, and a shift by some overseas manufacturers to such suppliers as Zimbabwe and Malawi, will likely keep exports down.

Supplies Decline

The smaller 1985 crop, together with a smaller carryover, drops flue-cured supplies for 1985/86 about 5 percent below last season. Flue-cured acreage for harvest is down 9 percent from a year ago, but the national yield is estimated 1 percent higher.

Higher yields are forecast for all but the Georgia-Florida belt. The largest increase is indicated for the eastern North Carolina belt. The flue-cured States' forecast for flue-cured production is 796 million pounds, 8 percent below 1984. Output is down in all belts.

The flue-cured carryover on July 1, 1985, totaled 2.08 billion pounds, 4 percent below a year earlier. The supply--indicated marketings plus carryover--is about 3.1 times prospective use, or well above the desired ratio of 2.4 based on the legislative formula. However, marketings this year will likely fall

short of use, so the carryover next July 1 may decline.

Despite the relatively high stocks-use ratio, purchases by domestic manufacturers may increase in the second half of the auction season because of the Stabilization purchase incentive plan. By September 1, uncommitted loan stocks of 1976-84 flue-cured tobacco—a component of carryover and supply estimates—were reported at 779 million pounds, up 35 million from a year ago. The old stocks, plus the loan volume from this year's crop, mean unsold loan stocks could exceed the 812 million pounds of last January 1 even with increased sales resulting from the purchase incentive plan.

Burley

Burley tobacco (type 31) goes chiefly for cigarettes. In the marketing year ending September 30, about two-thirds is going for U.S. cigarettes, while exports will take more than one-fourth and other products will use the rest. Both domestic use and exports are up this season.

Disappearance Is Larger

Domestic use of burley tobacco for the year ending September 30, will likely increase

Table 20—Burley marketing quota, Kentucky, Tennessee, other States, 1983-85

State	Carryover (net)	Basic quota	Effective quota
Million pounds			
1983			
Kentucky	-25.2	432.4	407.2
Tennessee	10.2	118.6	128.8
Other States	9.4	95.6	105.0
1984			
Kentucky	70.9	389.1	460.0
Tennessee	26.3	106.7	133.0
Other States	16.7	86.0	104.0
1985			
Kentucky	-2.6	350.7	348.1
Tennessee	11.6	96.1	107.7
Other States	8.3	77.6	85.9

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

from the 389 million pounds used in 1983/84 (table 16). Together with probable 30 to 35 percent higher exports, total disappearance is expected to rise about 10 percent from last year's 501 million pounds. Even with the hike in use and the smaller crop, carryover may rise.

Disappearance during the first 9 months of the marketing year was 443 million pounds, up 11 percent from a year earlier. Domestic use totaled 310 million pounds, up 7 million. Cigarette output rose 2 percent during that period, but cigarette tobacco imports gained and the proportion of foreign leaf in cigarettes rose.

For the first 9 months, burley exports totaled 132 million pounds, 37 percent above a year earlier. West Germany, Switzerland, Japan, the Philippines, Denmark, and Thailand took more, but Italy took less.

World burley production rose 15 percent last year because of the large boost in U.S. production. In fact, production in the rest of the world fell 2 percent. A large drop occurred in Malawi, with smaller declines in Korea, Thailand, and Italy. Production rose in Brazil. This year, world production is estimated to fall 7 percent, but foreign production is expected to remain about the same as the year before. Brazil, Korea, and Italy are expected to produce smaller crops but Mexico, Malawi, and Greece may produce larger crops.

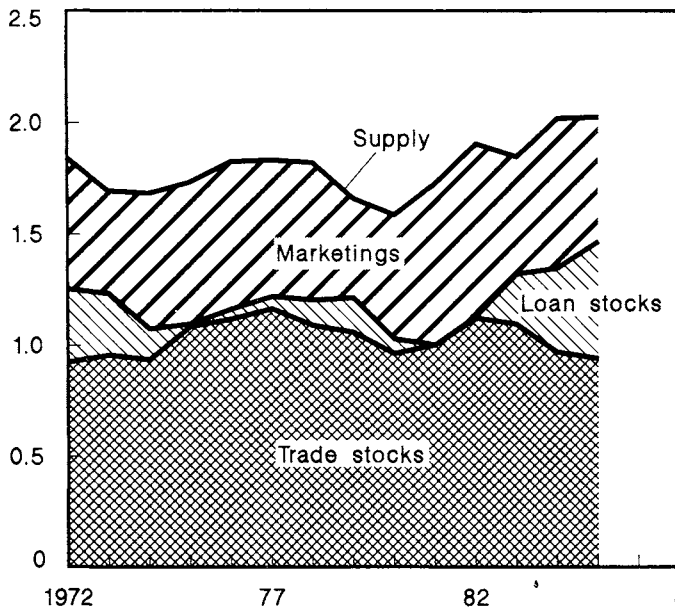
Supplies May Rise Despite Smaller Crop

As of September 1, State estimates of the 1985 U.S. burley crop totaled 599 million pounds, 16 percent lower than the 1984 crop. This season, the effective quota is smaller, and acreage is down. Rainfall in July and August was ample in much of the burley belt although some areas had periods of dry weather.

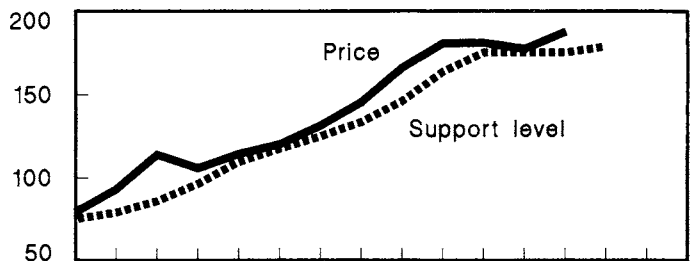
Despite a large reduction in output, the burley supply for 1985/86 is a little larger than last year because of a sharply higher carryin. The prospective supply is about 3.7 times probable disappearance and is much above the desired ratio, which is based on the legislative formula of supply representing 2.6 years' disappearance.

Burley Tobacco: Supply, Price, Use

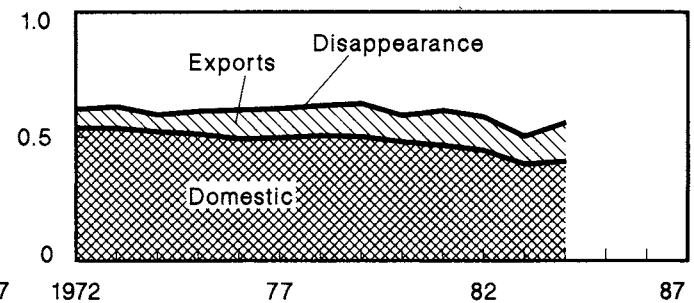
Billion pounds



Cents per pound



Billion pounds



1984 subject to revision. Trade stocks include manufacturers' and dealers'. Crop year beginning October 1, 1985 forecast.

Table 21--Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1975-84

Crop year	Mixed group	1, 2, 3, quality	Tan color	Percent		
1975	20.6	34.6	55.9			
1976	14.7	45.8	55.8			
1977	13.2	31.8	42.1			
1978	9.1	37.7	49.5			
1979	11.4	33.1	50.9			
1980	20.0	26.6	53.3			
1981	29.1	24.4	48.2			
1982	20.2	22.4	36.0			
1983	6.7	13.3	37.4			
1984	2.7	38.0	40.5			

Compiled from reports of Tobacco Division, AMS.

U.S. auction sales usually begin in late November. The 1984 crop sold for \$1.87 a pound, about 10 cents higher than the year before. Price supports for 1985 are expected to average \$1.788 a pound, 2 percent above 1984's level. Growers will be required to contribute 30 cents a pound to the no-net-cost account for all marketings in 1985/86, up from 9 cents in 1984/85. For 1985/86, USDA will provide official grading for burley tied in hands, for untied burley packed straight in bales, and for tobacco placed in sheets and offered for sale at auctions.

Table 22--Tobacco loan stocks, 1983-85 (Farm-sales weight)

Type	End of August		
	1983	1984	1985 1/
	Million pounds		
Flue-cured, 11-14	676.2	802.5	833.2
Burley, 31	269.8	447.7	570.9
Virginia, 21	2.4	2.3	3.6
Kentucky-Tennessee, 22-23	7.4	4.2	13.2
Kentucky-Tennessee, 35-36	13.7	10.1	16.2
Ohio, 42-44	1.7	2.6	2.8
Puerto Rican, 46	6.1	5.9	6.2
Connecticut Valley, 51-52	2.8	3.6	3.6
Wisconsin, 54	2.1	2.1	2.0
Wisconsin, 55	6.7	6.9	9.1
Total	988.9	1,287.9	1,460.8
Uncommitted			
Flue-cured, 11-14	596.1	744.5	2/ 779.2
Burley, 31	140.0	376.0	2/ 570.9

1/ July 31. 2/ August 31.

Compiled from records of Producer Association Division, ASCS.

Southern Maryland

Southern Maryland tobacco (type 32), a light air-cured tobacco, goes almost entirely

Table 23--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1976-85 (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
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	38.9	26.0	12.9	148.0
1983 2/	31.3	1,196	37.4	3/40.6	78.0	33.8	29.7	4.1	106.9
1984 2/	27.3	1,396	38.1	3/41.3	79.4	4/39.0	4/31.5	4/7.5	135.2
1985 5/	25.1	1,390	34.9	38.0	72.9				

1/ Year beginning October 1. 2/ Includes sales and certification. 3/ Adjusted to reflect calendar 1983 and 1984 sales of tobacco produced in Pennsylvania. 4/ Estimated. 5/ Estimated carryover; September 1, crop estimate. Economic Research Service estimates derived from Crop Reporting Service Maryland and Pennsylvania State estimates.

into cigarette production. From one-fourth to one-third of the crop is exported.

Disappearance of Maryland tobacco during October 1984-June 1985 totaled 34 million pounds--8 million above a year earlier. Both domestic use and exports were up. Prices for the 1984 crop were higher because of the better quality crop, but they were considerably lower than those of 1980-82. By next January 1, the carryover may decline from this year's 41 million pounds.

Exports of Maryland tobacco were up 53 percent during the first 9 months of this marketing year, to 5-1/2 million pounds. Sales to Switzerland, the major destination, nearly doubled. Sales to West Germany, Belgium, and Italy also rose. The Netherlands and Egypt took less.

The crop is estimated at 35 million pounds, 3 million below 1984. Production in both Maryland and Pennsylvania is expected to decline. With the smaller 1985 crop, the supply will decline about 6-1/2 million pounds.

The 1981 Farm Act provides prohibitive penalties for growing and marketing Maryland tobacco in quota areas. However, quotas are not applicable to Pennsylvania seedleaf tobacco, so with this type's low prices, some growers are changing to Maryland production.

Fire-Cured

Fire-cured tobacco is used for making snuff, plug, and twist chewing tobacco, cigars, and smoking tobacco. More than half the crop is usually exported. Prices and production have varied widely over the last 10 years.

Disappearance of fire-cured tobacco (types 21-23) during the first 9 months of the 1984/85 marketing year (beginning October 1, 1984) was 28 million pounds, 4 million below a year earlier. Domestic use was up but exports were down. During October 1984-June 1985, output of snuff--the major domestic use of fire-cured--was up.

Estimated disappearance for the year is 37 million pounds, 7 million below last season and far below output. The carryover will probably increase about 20 million pounds from last year (table 24).

Compared with last year, exports of fire-cured tobacco for this season are down substantially. Exports of 10.1 million pounds of Kentucky-Tennessee types during the first 9 months were about 6.7 million lower than a year earlier. However, Virginia fire-cured exports, at 2.5 million pounds, were 0.8 million higher.

Based on State estimates, 1985 fire-cured production is expected to total about 46-1/2

Table 24--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, 1976-85 (farm-sales weight)

Mkt. yr. begin. Oct. 1	Acre. harvested	Yield per acre	Prod.	Beginning stocks			
				Mfrs. & other	Under loan	Total	Total supply
				Thousand acres	Pounds	Million pounds	
Kentucky-Tennessee fire-cured, types 22-23							
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	1,680	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	21.5	1,511	32.5	62.3	6.4	68.7	101.2
1984	23.7	2,133	50.5	60.4	3.8	64.2	114.7
1985 2/	21.2	1,976	41.9			82.2	124.1
Virginia fire-cured, type 21							
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	6.7	2.3	9.0	14.5
1983	4.7	985	4.6	7.9	2.4	10.3	14.9
1984	4.6	1,325	6.1	5.6	2.4	8.0	14.1
1985 2/	3.8	1,211	4.6			9.6	14.2
Disappearance							
Total		Domestic	Exports	Aver. price per lb.	Price support level	Placed under loan	
						Quantity	% of crop
						Million pounds	Percent
Kentucky-Tennessee fire-cured, types 22-23							
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	41.5	20.9	20.6	156.0	123.0	4.4	9.2
1983	37.0	16.4	20.6	181.7	123.0	2.0	6.0
1984	3/ 32.5	3/ 20.0	3/ 12.5	155.4	123.0	7.5	14.8
1985					5/ 123.0		
Virginia fire-cured, type 21							
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	.3	5.9
1982	4.2	2.7	1.5	117.6	118.8	.4	8.1
1983	6.9	4.8	2.1	126.8	118.8	.4	8.6
1984	3/ 4.5	3/ 1.8	3/ 2.7	117.8	118.8	1.1	18.0
1985					5/ 118.8		

1/ Less than 50,000 pounds. 2/ Estimated, carryover; September 1, crop estimate. Economic Research Service estimates based on Crop Reporting Service State estimates and estimates by type within States with State funds when available. 3/ Estimated. 4/ Includes 400,000 pounds fire loss, December 1976. 5/ Maximum.

million pounds, 18 percent below last year's crop. Both acreage and yields are down. Total supplies are expected to increase from this year's 129 million pounds, which are about 3-1/2 times 1984/85's estimated disappearance.

Dark Air-Cured

Dark air-cured tobacco (types 35-37) is used in plug and twist chewing tobacco, snuff, and to some extent for smoking tobacco and cigars. Production and use have declined by more than half over the last two decades. Exports normally account for about one-sixth of annual disappearance.

Use

Disappearance of dark air-cured tobacco during the first 9 months was 10.4 million pounds, about 0.1 million more than a year earlier. Exports declined, and domestic use rose despite reduced output of chewing and smoking tobacco. Because of a larger crop, last season's prices declined from 1983/84.

For the year, total disappearance may decline little from last year's 14-1/2 million pounds. This would mean a carryover of 50 million pounds, about 5-1/2 million above last October (table 25).

Supplies To Rise

Based on State estimates, this year's dark air-cured crop may total 15.7 million pounds, 20 percent below last year. Anticipated yields are lower, and acreage is estimated to be 11 percent smaller. Even with the smaller crop, the somewhat larger carryover will result in 1985/86 supplies about 1-1/2 million pounds higher than last year's 64 million. Supplies represent about 4.5 times the past season's use--higher than desirable.

Cigar Tobacco

Cigar leaf tobaccos (types 41-62) are classified according to their traditional use--filler, binder, and wrapper. However, loose leaf chewing tobacco now takes most of the filler and binder. Most cigar wrapper is exported, but exports of binder and filler are negligible.

U.S. cigar leaf output declined last year for the third consecutive year. Output may drop slightly again this year.

Imports of cigar scrap and wrapper declined. The Philippines and countries in Central and South America are the chief foreign suppliers of cigar tobacco. About 115 million pounds of leaf are used annually for cigars and loose leaf chewing tobacco. Imports account for about 60 percent of the tobacco in these products.

Filler Disappearance

For the first 9 months of 1984/85 (October-June), disappearance of U.S. cigar filler tobacco (types 41-46) was 17-1/2 million pounds, 1 million below a year earlier. Over the same period, production of loose leaf chewing rose but cigar output declined. For 1984/85, filler disappearance will likely decline about 0.9 million pounds from a year earlier (table 26).

During October 1984-June 1985, U.S. manufacturers used 53 million pounds of foreign cigar tobacco, 13 million below a year earlier. U.S. stocks of foreign-grown cigar leaf on July 1 totaled 86 million pounds, 1 million below a year earlier.

Cigar Binder Disappearance Remains About the Same

Cigar binder disappearance during the first 9 months was 16-1/2 million pounds, about 0.5 million more than a year earlier. For Wisconsin tobacco, loose leaf chewing tobacco remains the major outlet. Output over the last 9 months was up 1 percent from a year earlier.

Disappearance of Connecticut Valley binder for 1984/85 is expected to change little. The carryover will likely total about 5.3 million pounds, 1.4 million lower than a year earlier. With relatively stable or increased demand for higher-priced cigars expected next year, a further stock decrease is in prospect.

Disappearance of Wisconsin tobacco may rise a little from 1983/84. Disappearance will likely exceed last year's production, so carryover stocks could decline from last year's 59 million pounds.

Table 25--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, 1976-85 (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							
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	8.7	1,643	14.3	29.2	13.1	42.3	56.6
1984	8.8	2,157	19.0	33.2	9.5	42.7	61.7
1985 2/	7.9	1,943	15.4			48.2	63.6
Sun-cured, type 37							
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	.6	1,290	.7	1.6	0	1.6	2.3
1983	.5	780	.4	1.5	0	1.5	1.9
1984	.4	1,340	.6	1.4	0	1.4	2.0
1985 2/	.3	1,100	.3			1.4	1.7
Disappearance							
Total		Domestic	Exports	Aver. price per pound	Price support level	Quantity	Percent of crop
- - - Million pounds - - -				Cents		Million pounds	Percent
Dark air-cured, types 35-36							
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	12.0	2.0	126.5	88.0	1.4	8.6
1981	14.2	12.3	1.9	133.0	98.7	1.5	9.6
1982	15.5	14.6	.9	122.9	105.7	5.7	28.8
1983	13.9	11.7	2.2	151.3	105.7	1.3	8.6
1984	3/ 13.5	3/ 11.5	3/ 2.0	127.9	105.7	6.1	32.2
1985					4/ 104.7		
Sun-cured, type 37							
1976	1.1	.9	.2	105.0	65.9	0	--
1977	.8	.6	.1	100.0	70.7	5/ 13	1.6
1978	.5	.3	.2	88.8	75.2	5/ 109	12.4
1979	.8	.6	.2	90.8	80.4	5/ 30	5.2
1980	.8	.7	.1	127.1	88.0	0	0
1981	.7	.6	.1	131.7	98.7	5/ 4	.7
1982	.8	.7	.1	106.4	109.4	5/ 69	9.4
1983	.5	.4	.1	132.5	109.4	5/ 1	.3
1984	3/ .6	3/ .4	3/ .2	94.3	109.4	5/ 261	44.3
1985					4/ 109.4		

1/ Less than 50,000 pounds. 2/ Estimated; September 1, crop estimate. Economic Research Service estimates based on Crop Reporting Service State estimates and estimates by type within State with State funds when available. 3/ Estimated. 4/ Maximum. 5/ Quantity placed under loan in thousands of pounds.

Table 26—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1976-85 (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)									
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	10.7	2,000	21.4	52.3	73.7	19.6	19.2	.4	73.0
1983	7.7	1,850	14.2	54.1	68.3	20.3	20.0	.3	83.0
1984 2/	7.7	1,900	14.6	48.0	62.6	20.2	20.0	.2	90.0
1985 3/	7.4	1,959	14.5	42.4	56.9				
Ohio, Miami, Valley filler (types 42-44)									
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	1.8	1,950	3.5	4.4	7.9	2.0	2.0	--	90.0
1983	1.4	1,370	1.9	5.9	7.8	1.9	1.9	--	75.0
1984 2/	1.1	2,000	2.2	5.9	8.1	2.0	2.0	--	90.0
1985 3/	.9	1,950	1.8	6.1	7.9				
Puerto Rico filler (type 46) 3/									
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	.3	1,000	.3	7.3	7.6	.8	.8	--	91.0
1983	.8	1,000	.8	6.8	7.6	1.5	1.5	--	91.0
1984 2/	.6	1,000	.6	6.1	6.7	.6	.6	--	91.0
1985 3/	.6	1,000	.6	6.1	6.7				
Total cigar filler (types 41-46)									
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	89.6	27.5	27.0	.5	87.5
1981	15.6	1,949	30.4	64.1	94.5	30.5	30.3	.2	82.1
1982	12.8	1,969	25.2	64.0	89.2	22.4	22.0	.4	75.6
1983	9.9	1,707	16.9	66.8	83.7	23.7	23.4	.3	82.4
1984 2/	9.4	1,851	17.4	60.0	77.4	22.8	22.6	.2	90.0
1985 3/	8.9	1,899	16.9	54.6	71.5				
Connecticut Valley binder (types 51-52)									
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	2.1	1,660	3.5	7.1	10.6	3.3	3.1	.2	180.9
1983	1.4	1,793	2.5	7.3	9.8	3.2	3.0	.2	155.7
1984 2/	1.1	1,794	1.9	6.7	8.6	3.3	3.0	.3	167.6
1985 3/	1.2	1,864	2.1	5.3	7.4				
Southern Wisconsin binder (type 54)									
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	5.1	2,110	10.8	5/	--	--	--	--	106.0
1983	4.4	2,080	9.2	5/	--	--	--	--	110.0
1984 2/	3.9	2,050	8.0	5/	--	--	--	--	111.0
1985 3/	3.9	2,103	8.2	5/	--	--	--	--	

See footnotes at end of table.

Continued

Table 26—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1976-85 (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)									
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	5.0	1,875	9.4	5/	—	—	—	—	101.0
1983	4.2	1,795	7.5	5/	—	—	—	—	109.0
1984 2/	4.1	1,890	7.7	5/	—	—	—	—	110.0
1985 3/	4.1	1,780	7.3	5/	—	—	—	—	
Total Wisconsin binder (types 54-55)									
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	10.1	1,994	20.1	60.0	80.1	19.8	19.8	*	103.7
1983	8.6	1,941	16.7	60.3	77.0	18.5	18.5	*	109.6
1984 2/	8.0	1,968	15.7	58.5	74.2	18.8	18.8	*	110.5
1985 3/	8.0	1,940	15.5	59.4	70.9	—	—	—	
Total Cigar binder (types 51-55)									
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	89.5	22.5	22.4	.1	118.9
1982	12.2	1,939	23.6	67.1	90.7	23.1	22.9	.2	115.2
1983	10.0	1,920	19.2	67.6	86.8	21.7	21.5	.2	115.5
1984 2/	9.1	1,948	17.6	65.2	82.8	21.8	21.5	.3	116.6
1985 3/	9.2	1,913	17.6	61.0	78.6	—	—	—	
Connecticut Valley shade-grown (type 61)									
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	1.1	1,421	1.6	4.9	6.5	3.2	2.2	1.0	1250.0
1983	1.0	1,706	1.7	3.3	5.0	1.3	.4	.9	1100.0
1984 2/	1.2	1,414	1.7	3.7	5.4	2.7	.7	2.0	1250.0
1985 3/	1.4	1,600	2.2	2.7	4.9	—	—	—	
Total shade-grown (types 61-62) 6/									
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	1.1	1,421	1.6	5.2	6.8	3.4	2.4	1.0	1250.0
1983	1.0	1,706	1.7	3.4	5.1	1.4	.4	1.0	1100.0
1984 2/	1.2	1,414	1.7	3.7	5.4	2.7	.7	2.0	1250.0
1985 3/	1.4	1,560	2.1	2.7	4.8	—	—	—	
Grand total cigar tobacco (types 41-62)									
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	57.1	52.5	4.6	175.3
1981	33.6	1,914	64.3	130.0	194.3	58.0	56.1	1.9	158.3
1982	26.1	1,933	50.4	136.3	186.7	48.9	47.3	1.6	131.2
1983	20.9	1,809	37.8	137.8	175.6	46.8	45.3	1.5	145.7
1984 2/	19.7	1,863	36.7	128.9	165.6	47.6	45.1	2.5	156.8
1985 3/	19.4	1,887	36.6	118.3	154.9	—	—	—	

1/ October 1 for types 41-55; July 1 for types 61-62. 2/ Estimated disappearance. 3/ Estimated carryover September 1, crop estimate. Economic Research Service estimates based on crop Reporting Service State estimates and estimates by type within States with State funds when available. 4/ Puerto Rican planting occurs late in calendar year. Price per pound excludes payment by Puerto Rican Government. 5/ Not available. 6/ Includes Georgia-Florida shade-grown, type 62, which has not been grown since 1978. The remaining 55 thousand pounds of type 62 was used in 1984/85. See TS-176 for annual supply and disappearance. *Less than 50,000 pounds.

Cigar Wrapper Disappearance Up

Disappearance of shade-grown cigar wrapper (types 61-62) in the year ending June 30 rose to 2.7 million pounds, 1.3 million above a year earlier. However, use remains considerably below that of 3 to 5 years ago because some manufacturers have shifted to homogenized leaf. Production in the Connecticut Valley appears to be increasing, although it will still be less than one-half that of 1977-81. Much of the Connecticut Valley crop goes overseas for processing, either to foreign buyers or to U.S. subsidiaries in the Dominican Republic.

U.S. and Puerto Rican Supplies Down

Supplies of U.S. and Puerto Rican cigar tobacco will fall from 1984/85. Both the prospective crop and the carryover will decline. Filler, binder, and wrapper supplies are all down. By early September, unsold loan stocks were 12.4 million pounds, packed weight, about 7-1/2 million less than a year earlier.

Filler: As of September 1, State tobacco estimates indicate the Pennsylvania filler crop was 14.5 million pounds, about 100,000 below 1984. The new crop plus carryover will provide a supply that is about 6 million pounds lower than last season.

The output of Ohio filler is lower. As of September 1, State estimates indicate the

Ohio filler crop was 1.8 million pounds, about 400,000 below last season's output. Production and carryover will provide a total 1985/86 supply that is about 200,000 pounds lower than a year ago.

The carryover of Puerto Rican filler may remain about unchanged from October 1, 1984. Supplies this season may change little from last season's 7 million pounds.

Binder: Cigar binder acreage in the Connecticut Valley is up, and the yield is likely higher. As of September 1, State estimates indicate production was 2.1 million pounds, which is higher than last year. But, with a substantially lower carryover, supplies will decline.

The acreage of Wisconsin binder is about unchanged this year. With lower yields, though, production is indicated at 15.5 million pounds, down about 0.2 million pounds. Carryover will decline because use is expected to exceed 1984's output. Therefore, supplies will drop in 1985/86.

Wrapper: There is no production of Georgia-Florida wrapper, but the indicated acreage of Connecticut Valley wrapper is up from 1984. Production may reach 2.1 million pounds, but combined with a reduced carryover, the supply will likely fall to about 5 million.

Table 27--Cigar leaf tobacco price support operations, 1981-85
(Farm-sales weight)

Type	Placed under Government loan, crop years				Remaining under loan, end of August					
	1981	1982	1983	1984	1981	1982	1983	1984	1985 1/	
	Million pounds									
Ohio, 42-44	0.2	1.4	0.9	0.6	0.4	0.2	1.7	2.6	2.8	
Puerto Rican, 46	0.5	0.3	0.8	0.6	8.7	7.0	6.1	5.9	6.2	
Conn. Valley, 51-52	.9	.9	1.1	3/	1.4	2.1	2.8	3.6	3.6	
Southern Wis., 54	1.4	.7	2/	2/	2/	1.2	2.1	2.1	2.0	
Northern Wis., 55	3.8	3.4	.1	.2	0	4.2	6.7	6.9	9.1	
Total	6.8	6.7	2.9	1.4	11.0	14.7	19.4	21.1	23.7	

1/ July 31. 2/ Negligible. 3/ Not under Government program.

Compiled from records of the Producer Associations Division, ASCS.

Table 28--Cigarettes: Estimated world output and exports, specified countries, average 1975-79 annual 1981-84 1/

Country	Average 1975-79	1981	1982	1983	1984	% change 1983-84
Billions						
Production						
China	593.6	866.0	942.5	968.8	1,062.5	+10
United States	682.2	736.5	694.2	667.0	668.2	0
United Kingdom	155.9	149.6	144.6	141.9	130.5	-8
West Germany	146.2	167.8	148.2	155.9	162.1	+4
France	82.5	62.5	62.5	62.1	60.7	-2
Italy	71.2	72.2	80.6	83.7	80.4	-4
Other EC-9 2/	101.8	108.4	114.5	116.1	117.9	+2
Total EC-9	557.6	560.5	550.4	559.7	551.6	-1
Soviet Union 3/	372.4	364.0	359.3	368.7	385.0	+4
Japan	298.3	306.6	309.1	306.3	306.0	0
Brazil	127.1	135.0	132.3	129.2	127.8	-1
Other	1,373.8	1,573.1	1,563.5	1,550.7	1,594.6	+3
Total	4,005.0	4,541.7	4,551.3	4,550.4	4,695.7	+3
Exports						
United States	66.4	82.6	73.6	60.7	56.5	-7
Bulgaria	62.0	63.0	62.0	60.8	58.4	-4
United Kingdom	28.1	41.9	46.4	46.2	39.6	-14
Switzerland	12.9	13.8	10.1	9.5	10.3	+8
West Germany	23.9	36.9	38.5	43.8	44.5	+2
Netherlands	16.8	30.0	35.6	36.2	42.2	+17
Other	49.1	79.7	75.5	69.7	77.2	+11
Total	259.2	347.9	341.7	326.9	328.7	+1

1/ Estimates included in absence of reasonable data. 2/ Belgium-Luxembourg, Denmark, Greece, Ireland, Netherlands. 3/ Includes Papyrosy.

Compiled from USDA, FAS, Foreign Agriculture Circular, FT 7-85, July 1985.

World Cigarette Output

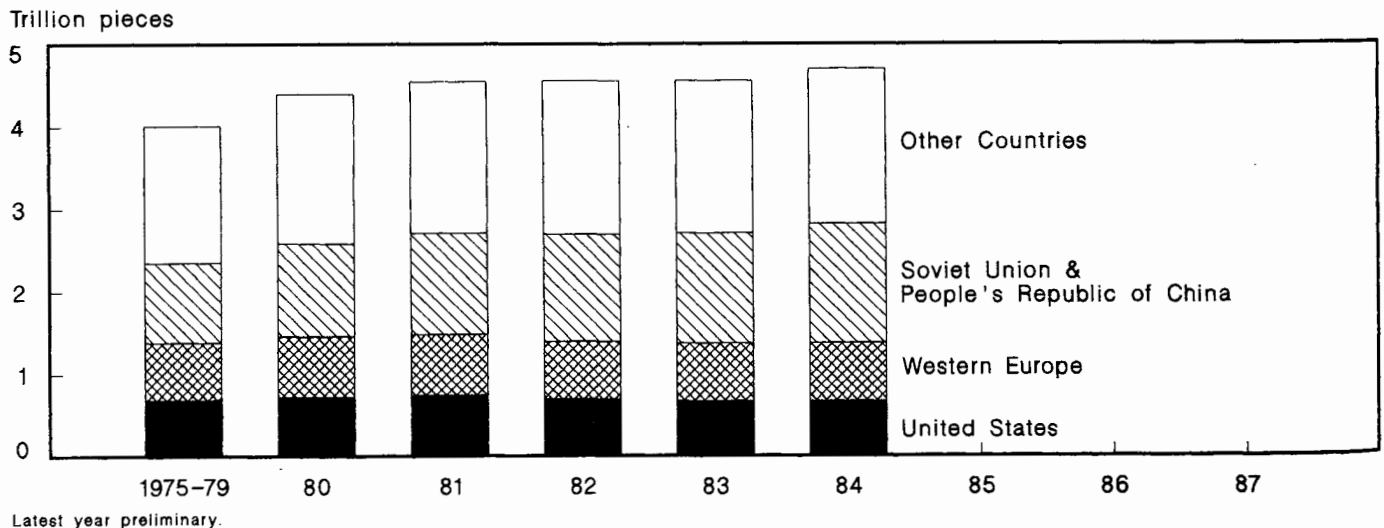


Table 29--Estimated leaf used for cigarettes by kinds of tobacco, 1950-84

Year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
Million pounds									
Average									
1950-54	736	421	23	1,180	651	373	22	73	1,119
1955-59	701	417	20	1,138	622	371	19	92	1,104
1960-64	742	455	16	1,213	661	404	16	123	1,204
1965-69	666	477	21	1,164	594	426	21	150	1,191
1970	613	448	27	1,088	548	400	27	163	1,138
1971	596	432	24	1,052	532	386	24	165	1,107
1972	621	460	16	1,097	555	411	16	193	1,175
1973	659	485	14	1,158	588	433	14	196	1,231
1974	625	468	13	1,106	558	418	13	213	1,202
1975	614	471	26	1,111	548	420	25	231	1,224
1976	634	472	22	1,128	566	421	22	237	1,246
1977	588	454	16	1,058	525	405	16	242	1,188
1978	576	459	20	1,055	514	410	19	284	1,227
1979	556	462	22	1,040	494	413	22	348	1,277
1980	537	456	22	1,015	479	407	22	350	1,258
1981	500	451	20	971	446	403	20	383	1,252
1982	473	435	28	936	422	388	28	360	1,198
1983 1/	451	411	27	889	402	367	27	388	1,184
1984 1/	439	368	30	837	392	328	30	391	1,141
Per 1,000 cigarettes									
Pounds									
Average									
1950-54	1.776	1.016	.057	2.849	1.571	.899	.053	.177	2.700
1955-59	1.570	.936	.045	2.551	1.394	.832	.042	.205	2.473
1960-64	1.396	.854	.030	2.280	1.242	.761	.030	.231	2.264
1965-69	1.174	.840	.037	2.051	1.048	.751	.036	.264	2.098
1970	1.051	.768	.046	1.865	.940	.686	.047	.279	1.951
1971	1.034	.749	.042	1.825	.923	.669	.042	.286	1.920
1972	1.037	.768	.027	1.832	.926	.686	.027	.322	1.961
1973	1.023	.752	.022	1.797	.913	.672	.022	.304	1.911
1974	.984	.737	.020	1.741	.880	.658	.020	.335	1.893
1975	.943	.723	.040	1.706	.842	.645	.038	.355	1.880
1976	.914	.681	.032	1.627	.816	.607	.031	.342	1.797
1977	.883	.682	.024	1.589	.789	.608	.024	.363	1.784
1978	.827	.660	.029	1.516	.739	.589	.027	.408	1.763
1979	.789	.656	.031	1.476	.701	.587	.031	.494	1.813
1980	.752	.639	.031	1.421	.671	.570	.031	.490	1.762
1981	.679	.612	.027	1.318	.606	.547	.027	.520	1.700
1982	.681	.627	.040	1.348	.608	.559	.040	.519	1.726
1983 1/	.676	.616	.040	1.332	.603	.550	.040	.582	1.775
1984 1/	.657	.551	.045	1.253	.587	.491	.045	.585	1.708
Percent distribution									
Percent									
Average									
1950-54	62.4	35.6	2.0	100.0	58.2	33.3	2.0	6.5	100.0
1955-59	61.6	36.7	1.7	100.0	56.3	33.6	1.7	8.3	100.0
1960-64	61.2	37.5	1.3	100.0	54.9	33.6	1.3	10.2	100.0
1965-69	57.2	41.0	1.8	100.0	49.9	35.8	1.8	12.6	100.0
1970	56.3	41.2	2.5	100.0	48.2	35.1	2.4	14.3	100.0
1971	56.7	41.0	2.3	100.0	48.1	34.8	2.2	14.9	100.0
1972	56.6	41.9	1.5	100.0	47.2	35.0	1.4	16.4	100.0
1973	56.9	41.8	1.2	100.0	47.8	35.2	1.1	15.9	100.0
1974	56.5	42.3	1.2	100.0	46.5	34.8	1.0	17.7	100.0
1975	55.3	42.4	2.3	100.0	44.8	34.3	2.0	18.9	100.0
1976	56.2	41.8	2.0	100.0	45.4	33.8	1.8	19.0	100.0
1977	55.6	42.9	1.5	100.0	44.1	34.2	1.3	20.4	100.0
1978	54.6	43.5	1.9	100.0	42.0	33.4	1.5	23.1	100.0
1979	53.5	44.4	2.1	100.0	38.7	32.3	1.7	27.3	100.0
1980	52.9	44.9	2.2	100.0	38.1	32.3	1.8	27.8	100.0
1981	51.5	46.4	2.1	100.0	35.6	32.2	1.6	30.6	100.0
1982	50.4	46.6	3.0	100.0	35.1	32.6	2.3	30.0	100.0
1983 1/	50.8	46.2	2.9	100.0	34.0	31.0	2.2	32.8	100.0
1984 1/	52.4	44.0	3.6	100.0	34.4	28.7	2.6	34.3	100.0

1/ Subject to revision.

Table 30--Expenditures for tobacco products and disposable personal income, 1976-85

Year	Total	Cigarettes	Cigars 1/	Other 2/	Disposable personal income	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars 1/	Other 2/
		Million dollars			Billion dollars	Percent			
1976	16,410	15,100	675	625	1,194	1.39	1.28	.06	.05
1977	17,190	15,850	665	675	1,312	1.32	1.22	.05	.05
1978	18,030	16,600	680	750	1,463	1.24	1.14	.05	.05
1979	19,150	17,650	670	830	1,642	1.17	1.08	.04	.05
1980	21,000	19,400	670	930	1,829	1.15	1.06	.04	.05
1981	22,950	21,200	710	1,040	2,048	1.13	1.04	.04	.05
1982	25,310	23,525	685	1,100	2,177	1.16	1.08	.03	.05
1983	28,710	26,840	710	1,165	2,333	1.23	1.15	.03	.05
1984 3/	30,700	28,750	745	1,210	2,577	1.19	1.11	.03	.05
1985 4/	32,045	30,100	705	1,240	2,733	1.17	1.10	.025	.045

1/ Includes small cigars (cigarette-size). 2/Smoking tobacco, chewing tobacco, and snuff. 3/Subject to revision. 4/Estimated. Compiled from reports of Department of Commerce, Bureau of Economic Analysis.

Table 31--Governmental revenues from tobacco products, 1975-85

Year ending June 30	Federal Government			Total 4/	State and local Governments		All Government
	Cigarettes 1/	Cigars 2/	Other 3/		State	Local	
	Million dollars						
1974-75	2,261	51	3	2,315	3,286	109	5,710
1975-76	2,435	50	3	2,488	3,462	119	6,069
1976-77	2,279	39	4	2,322	3,500	131	5,953
1977-78	2,374	38	4	2,416	3,654	132	6,202
1978-79	2,356	36	5	2,397	3,640	133	6,170
1979-80	2,604	40	4	2,648	3,730	132	6,510
1980-81	2,488	41	4	2,533	3,893	164	6,590
1981-82	2,496	36	4	2,536	3,966	178	6,680
1982-83	3,424	33	7	3,464	4,118	175	7,757
1983-84 4/	4,749	33	10	4,792	4,233	180	9,205
1984-85 5/	4,442	23	12	4,477	4,290	185	8,952

1/ Includes large cigarettes. 2/ Includes small cigars and revenue on cigars from Puerto Rico placed into the Treasury of Puerto Rico. 3/ Includes cigarette paper and tubes, and imported cigarettes and cigars. 4/ Subject to revision. 5/ Estimated.

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

Table 32--Imported foreign-grown cigarette leaf stocks, by quarters, 1976-85 1/

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
Million pounds								
--- Foreign-grown flue-cured ---				--- Foreign-grown oriental and aromatic ---				
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	207	207	213	237	366	408	422	377
1984	236	227	244	280	422	401	419	382
1985	264	242	267		363	372	366	
--- Foreign-grown burley ---				--- Total imported cigarette leaf ---				
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	271	271	856	902	906	885
1984	275	267	288	282	875	894	951	944
1985	292	268	276		919	882	910	

1/ Farm-sales weight.

**COSTS OF PRODUCING AND SELLING FLUE-CURED TOBACCO:
1983, PRELIMINARY 1984, AND PROJECTED 1985 1/**

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Economic Research Service

Abstract: Variable costs per acre for producing and selling flue-cured tobacco are expected to rise 24 percent in 1985. Total costs per acre, excluding land and quota costs, are expected to increase 19 percent, compared with a 4-percent hike in 1984. A large part of the boost will result from the 18-cent-per-pound boost in the no-net-cost assessment. Labor and pesticide costs are expected to rise, but fertilizer, curing fuel, and repair costs are expected to decline. Costs per pound, excluding land and quota, are estimated to rise 17 percent. Variable costs per pound may rise 23 percent from last year.

Keywords: Flue-cured tobacco, variable costs, total costs.

The major source of data for cost estimates in this article is a 1979 survey of 1,033 tobacco producers in the flue-cured belt. The 1979 data have been updated to obtain national cost estimates for 1983, 1984, and 1985. Costs reported here are averaged to represent all flue-cured growers in the United States. Although costs vary widely because of differences in tobacco grown per farm, harvest methods used, management, labor productivity, and a host of other factors, variability of costs is not shown in this article.

Approximately 60 separate production systems were budgeted, reflecting cost differences by region, acres of tobacco grown, and various harvest methods. The results were totaled using the relative importance of each system to obtain the average. Harvest system weights were changed for each year to reflect increased use of labor-saving bulk barns and mechanical harvesters.

Budget items are shown in table 33. Labor costs are included for all labor used. Hired, family, and exchange labor are all charged at prevailing farm wage rates. Machinery and barn ownership costs are based on the current cost of replacing the barn or

piece of equipment, and represent the annual contribution needed to maintain a reserve to purchase new equipment or barns when existing ones must be replaced. General farm overhead includes costs for recordkeeping, utilities, and other items that are difficult to allocate to specific enterprises.

An additional cost component, management, was also estimated. The management charge was computed as 10 percent of the variable, machinery and barn ownership, and general farm overhead costs. A charge for land and quota was not calculated because of insufficient data about recent quota value reductions stemming from uncertainties about the future of the tobacco program.

Crop values, used for calculating sales fees, were computed for 1983 and 1984 using the average annual price received by farmers; 1983 and 1984 yields were based on actual yields, and 1985 yields were those indicated as of August 1. The average price of the 1985 crop is not known, so a price of \$1.68 a pound was assumed.

Cost Changes, 1983 to 1984

Variable costs per acre increased 2 percent between 1983 and 1984 (table 33). The boost came largely from increased fertilizer, pesticide, and marketing costs. Because yields were higher in 1984, variable costs per 100 pounds declined 8 percent.

1/ For a more detailed discussion of concepts and procedures that underlie flue-cured production costs, see ERS 667, "Flue-Cured Tobacco Production Costs," October 1981.

About 54 percent of variable costs are composed of labor, curing fuel and electricity. Curing fuel and electricity costs changed little, after a 17-percent hike the year before. Labor costs were a little lower because the adoption of labor-saving bulk barns and mechanical harvesters more than offset small hikes in wage rates. Fertilizer costs rose 5 percent and pesticide costs rose 3 percent.

Machinery and barn ownership costs rose 11 percent due to higher interest rates and increased machinery and barn prices.

Total costs, excluding land and quota, increased 4 percent, from \$2,320 to \$2,405 an acre. Land and quota charges were not estimated because of insufficient data.

Cost Changes, 1984 to 1985

Per acre variable costs in 1985 are projected at \$2,080, 24 percent higher than in 1984 (table 33). A large part of the increase will result from the 18-cent-per-pound boost in the no-net-cost assessment. Labor costs are also higher but curing fuel costs are lower. Total costs per acre, excluding land

Table 33.--Flue-cured tobacco: Production and selling costs per acre and per 100 pounds, by cost items, 1983, preliminary 1984, and projected 1985

Cost item	Year					
	Cost per acre			Cost per 100 pounds		
	1983	1984	1985	1983	1984	1985
	Dollars					
Variable	1,644.11	1,671.52	2,080.10	82.04	75.75	92.94
Labor 1/	592.96	582.48	605.98	29.59	26.40	27.08
Plant bed materials 2/	50.27	50.72	50.13	2.51	2.30	2.24
Fertilizer and lime	87.35	91.51	91.60	4.36	4.15	4.09
Pesticides 3/	91.61	94.08	94.44	4.57	4.26	4.22
Sucker control	40.05	40.46	40.55	2.00	1.83	1.81
Fuel and lubrication 4/	64.39	64.02	63.81	3.21	2.90	2.85
Curing fuel and electricity 5/	314.36	312.61	299.25	15.69	14.17	13.37
Repairs 6/	65.96	67.89	67.55	3.29	3.08	3.02
Marketing fee	106.95	119.85	112.80	5.34	5.43	5.04
No-net-cost-fund	140.28	154.42	559.50	7.00	7.00	25.00
Inspection and grading fee	11.02	12.13	12.31	.55	.55	.55
Other 7/	63.88	64.08	64.67	3.19	2.90	2.89
Interest	15.03	17.26	17.51	.75	.78	.78
Machinery and barn ownership	423.56	471.84	478.28	21.14	21.39	21.37
Replacement	209.01	233.86	235.88	10.43	10.60	10.54
Interest	178.37	195.96	200.21	8.90	8.88	8.95
Taxes and insurance	36.18	42.02	42.19	1.81	1.90	1.89
General farm overhead	41.35	42.58	42.70	2.06	1.93	1.91
Management 8/	210.09	218.59	260.11	10.52	9.91	11.62
Total, excluding land and quota	2,319.92	2,404.53	2,861.19	115.76	108.98	127.85
Land and quota allocation:						
Share-rent	9/	9/	9/	9/	9/	9/
Yield per acre (pounds)	2,004	2,206	2,238	2,004	2,206	2,238

1/ Includes operator, family, exchange, and hired labor valued at prevailing hired wage rates. 2/ Includes plant bed seed, fertilizer, pesticides, and custom fumigation. 3/ Includes insecticides, herbicides and fungicides. 4/ Includes tractor and machinery fuel and lubrication. 5/ Includes cost of LP gas, fuel oil, or diesel and electricity used to cure tobacco. 6/ Includes machinery, equipment, and barn repairs. 7/ Includes sticks, twine, sheets, cover-crop seed, and tobacco crop insurance. 8/ Based on 10 percent of all costs listed above. 9/ Insufficient data.

and quota, are expected to be about \$2,861, up 19 percent. Total costs per pound are estimated 17 percent higher than in 1984.

Wage rates continue to rise even though the Federal minimum wage will not change in 1985. To partially offset wage increases, farmers continue to use labor-saving bulk barns and mechanical harvesters on a larger share of the acreage and to expand the size of their operations, thereby lowering labor requirements per acre. However, labor costs are expected to rise 4 percent an acre from a year ago.

Machinery and barn ownership costs are estimated 1 percent higher than in 1984. Interest rates are a little higher.

Land and quota costs have fallen because of reductions in the effective price support level and hikes in the no-net-cost assessment. However, data are not sufficient to calculate the magnitude of the drop beltwide.

Conclusions

The costs of producing and selling an acre of flue-cured tobacco, excluding land and quota, will likely total about 19 percent higher in 1985, compared with 1984's 4-percent increase. The key factor is the 18-cent-per-pound hike in the no-net-cost fund contribution in 1985. Without this large jump, costs would only increase about 1 percent.

RECENT TRENDS IN U.S. TOBACCO FARMING 1/

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Abstract: The number of farms growing tobacco in the United States dropped from 512,000 in 1954 to 179,000 in 1982. Of these, 131,000 were classified as tobacco farms in 1982, as tobacco comprised at least 50 percent of their sales. About 5.6 acres of tobacco was grown per tobacco farm. These farms averaged only 30 acres of harvested cropland and 105 acres of total land. Sales from tobacco farms averaged \$21,000. Sixty-two percent of tobacco farms were full-owner, 24 percent part-owner, and 14 percent tenants. Wide variation exists by State and type of tobacco grown.

Keywords: Tobacco farms, tobacco acreage, farm characteristics

Introduction

Commercial tobacco production in North America began in Virginia in the early 1600's. Production spread to several areas, and the crop is now produced in at least 21 of the 50 States.

Methods of producing, harvesting, and preparing tobacco for market have been slow

to change. However, during the 1960's, there was a switch to loose-leaf preparation of flue-cured for market and the adoption of labor-saving harvesting techniques. During the late 1970's and early 1980's, burley also shifted largely to loose-leaf preparation techniques. These factors, together with declining use of U.S. tobacco because of reduced consumption of tobacco products and increased use of imported leaf in U.S. products, resulted in increased tobacco acreage per farm but a smaller number of farms growing tobacco. This article reports changes in numbers of tobacco growers and summarizes characteristics of tobacco farms.

1/ Data in this article were largely compiled from the 1982 and previous U.S. Censuses of Agriculture, U.S. Department of Commerce, Bureau of Census.

Farms Producing Tobacco

The number of farms growing tobacco in the United States fell by 333,000 to 179,000 from 1954 to 1982—a 65-percent drop (table 34). In North Carolina, the major flue-cured State, the drop was 80 percent from 150,000 to 30,000. Units consolidated because provisions enacted in 1963 permitted lease and transfer of quota within counties. Also, labor-reducing technologies such as bulk barns and mechanical harvesters greatly reduced labor requirements. A shift to selling all flue-cured untied in the late 1960's also hastened the consolidation in quotas and the reduction of farms growing tobacco. The number of producers in Kentucky, the major burley producing State, has not declined as much because labor-reducing technologies have not been adopted as rapidly. There has been little mechanization of the burley harvest, and only since the late 1970's has burley been sold loose-leaf in bales and sheets.

In 1954, 29 percent of the farms that grew tobacco were in North Carolina. By 1982, the percentage had fallen to 17. On the other hand, 27 percent of the farms that grew tobacco were in Kentucky in 1954, compared with 41 percent in 1982. Similar changes occurred in other flue-cured and burley producing States.

In 1982, tobacco production per farm averaged 5.2 acres. The acreage has steadily risen since 1959 (table 35). However, the averages tend to hide the diversity in tobacco growing. For example, in 1982, average acreage per farm varied from 1.4 in West

Virginia to 28.2 in Connecticut (table 36). Acreage varies by type of tobacco grown, tenure arrangements, topography, and technology available for the type of tobacco grown.

Characteristics of Tobacco Farms

The Census of Agriculture does not provide detailed information about all farms selling tobacco, but only those termed "tobacco farms." A place is considered a tobacco farm only if tobacco makes up at least 50 percent of its sales. In 1982, 131,000 of the 179,000 farms that grew tobacco were classified as tobacco farms. Tobacco farms accounted for 73 percent of the farms growing tobacco, but 78 percent of total production (table 37).

About 80 percent of the tobacco farms were located in three States—Kentucky, Tennessee, and North Carolina. Six States: Kentucky, Tennessee, North Carolina, Georgia, South Carolina, and Virginia—had 92 percent of the tobacco farms and 94 percent of total production. These six States will be used for State comparisons in the remainder of this article.

Tobacco farms are relatively small. They averaged 105 acres of land but only 30 acres of harvested cropland per farm in 1982. About a sixth—5.6 acres of cropland—was used to produce tobacco. About 12,000 pounds of tobacco were produced per farm.

Tobacco acreage per farm varied significantly from State to State. Tennessee

Table 34.—Number of farms growing any tobacco, selected States and United States, 1954-82.

Year	North Carolina	Kentucky	Other States	United States
Thousands				
1954	150	136	224	512
1959	111	119	187	417
1964	88	96	147	331
1969	64	91	121	276
1974	44	71	83	198
1978	38	74	77	189
1982	30	74	75	179

Source: U.S. Census of Agriculture, Washington, D.C., various issues.

Table 35.—Number of farms, acres, and average acres of tobacco of farms growing tobacco, United States 1954-1982

Year	Farms	Tobacco acres	Average tobacco per farm
Thousands			
Acres			
1954	512	1,547	3.0
1959	415	1,108	2.7
1964	331	1,025	3.1
1969	276	877	3.2
1974	198	877	4.4
1978	189	963	5.1
1982	179	932	5.2

Source: U.S. Census of Agriculture, Washington, D.C., various issues.

Table 36.--Number of farms, acres, and average acres of tobacco on farms growing any tobacco, 1982

State	Farms	Tobacco acres	Av. tobacco acres per farm
Alabama	48	395	8.2
Arkansas	1	1/	1/
Connecticut	78	2,198	28.2
Florida	581	8,208	14.1
Georgia	3,005	44,749	14.9
Indiana	4,061	8,819	2.2
Kansas	13	30	2.3
Kentucky	74,166	256,619	3.5
Louisiana	6	24	4.0
Maryland	2,489	24,840	10.0
Massachusetts	46	352	7.7
Minnesota	4	27	6.8
Missouri	692	2,996	4.3
North Carolina	29,489	337,696	11.4
Ohio	4,846	14,023	2.9
Pennsylvania	1,939	11,793	6.1
South Carolina	3,530	60,017	17.0
Tennessee	36,515	82,390	2.3
Virginia	13,485	64,005	4.7
West Virginia	1,314	1,877	1.4
Wisconsin	2,832	10,595	3.7
United States	179,140	931,653	5.2

1/ Information not available.

tobacco farms averaged only 68 acres of land whereas Georgia tobacco farms averaged 324. Furthermore, Tennessee tobacco farms averaged only 12 acres of cropland harvested, compared with 147 in Georgia.

Burley producing States grew smaller acreages. Tobacco acreage on Tennessee farms averaged only 2 acres but was 17 acres in both South Carolina and Georgia.

The value of products sold from tobacco farms averaged \$21,000 in 1982. However, the average ranged from \$7,800 in Tennessee to

\$85,800 in Georgia. Also, there was considerable difference among States in the value of land and buildings and expenditures for inputs per farm.

Sixty-two percent of U.S. tobacco farms are operated by full-owners, 24 percent by part-owners, and 14 percent by tenants. Full-ownership was highest in burley producing States where acreages are smaller, while part-owners and tenants were more prevalent in the flue-cured States.

One of every 25 tobacco farm operators was nonwhite. South Carolina had the highest percentage of nonwhite operators and Kentucky and Tennessee the lowest.

The average age of tobacco growers in the United States in 1982 was 51 years. Operators were oldest in Virginia and Tennessee and youngest in Georgia. Thirty-seven percent of the operators were 44 or younger and 19 percent were 65 or over.

Summary and Conclusions

The number of tobacco producing farms declined rapidly during the last three decades. The rate of decline has slowed over the last decade but the drop in tobacco farms is continuing. The trend to fewer and larger tobacco farms will continue but the rate of change will depend on several factors such as 1) technology, 2) policies and programs affecting tobacco, 3) U.S. and world consumption of tobacco, and 4) alternative crops and off-farm income for tobacco growers.

Table 37.--Selected characteristics of tobacco farms, selected States and United States, 1982

	Unit	North Carolina	South Carolina	Georgia	Virginia	Kentucky	Tennessee	United States
Farms:	No.	25,525	3,041	1,681	11,117	52,629	26,481	131,181
Average per farm:								
Land in farms	acres	133	208	324	112	99	68	105
Cropland harvested	"	62	123	147	21	19	12	30
Value of land and buildings	Dol.	182,427	748,732	284,807	92,925	53,635	78,265	117,803
Tobacco harvested								
Acres	No.	11.7	17.4	16.9	5.2	3.4	2.2	5.6
Yield per acre	Pounds	2,045	2,008	2,138	1,924	2,105	1,890	2,010
Quantity	"	23,845	35,019	36,117	9,950	7,215	4,218	11,176
Value of all products sold	Dol.	45,551	68,508	85,770	17,337	13,312	7,789	21,195
Expenditures for:								
Fertilizer 1/ Energy and petroleum products 1/	Dol.	3,902	6,477	7,216	1,125	465	427	1,529
Hired labor 1/	"	4,316	8,501	9,152	2,020	979	638	2,174
	"	6,932	8,894	8,811	2,962	1,977	1,263	3,512
Percent of farms operated by:								
Full-owners	Pct.	44	38	38	63	67	71	62
Part-owners	"	37	44	48	25	19	19	24
Tenants	"	19	18	14	12	14	10	14
Percent of farms operated by								
White race	Pct.	91	78	93	91	99	99	96
Black and other races	"	9	22	7	9	1	1	4
Percent of operators working off farm	Pct.	44	52	47	63	69	71	56
Age of operators								
Under 25 years	Pct.	3	2	3	2	4	3	3
25-34 years	"	14	13	14	11	14	12	14
35-44 years	"	19	18	21	18	21	20	20
45-54 years	"	23	25	24	22	21	22	22
55-64 years	"	25	27	24	24	21	21	22
65 and over	"	16	14	14	22	19	22	19
Average age	No.	50	50	49	52	50	52	51

1/ Per farm reporting

STATISTICAL SUMMARY

Item	Unit or base period	1984		1985			Last data as percentage of a year earlier
		July	August	June	July	August	
Average price at auctions							
Flue-cured	Ct. per lb.	155.4	174.4	closed	closed	160.5	92
Burley	Ct. per lb.	closed	closed	closed	closed	closed	---
Maryland	Ct. per lb.	closed	closed	closed	closed	closed	---
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 level 1/							
Flue-cured	Ct. per lb.	169.9			169.9		100
Burley	Ct. per lb.	175.1			178.8		102
Virginia fire-cured	Ct. per lb.	118.8			118.8		100
Ky.-Tenn. fire-cured	Ct. per lb.	123.0			123.0		100
Ky.-Tenn. dark air-cured	Ct. per lb.	105.7			104.7		99
Virginia sun-cured	Ct. per lb.	109.4			109.4		100
Wisc. binder and Ohio filler	Ct. per lb.	90.7			90.7		100
Puerto Rican filler	Ct. per lb.	74.0			74.0		81
Parity index 2/							
	1910-14=100	1,129	1,128	1,129	1,124	1,120	99
Industrial production index 3/							
Employment	1967=100	123.2	123.5	124.7	124.9	---	101
Personal income 4/	Bil. dol.	3,027.7	3,045.8	3,176.1	3,188.8	---	105
		1984		1985			
		June	July	May	June	July	
Taxable removals							
Cigarettes	Bil.	57.7	44.5	49.3	57.6		100
Cigars and cigarillos	Mil.	324.7	238.6	293.4	294.0		91
Accumulated from Jan. 1							
Cigarettes	Bil.	300.8	345.3	240.7	298.3		99
Cigars and cigarillos	Mil.	1,726.6	1,965.2	1,227.2	1,521.2		88
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	12.2			10.6		87
Chewing tobacco	Mil. lb.	43.4			42.2		97
Snuff	Mil. lb.	23.2			24.3		105
Tax-exempt removals							
Cigarettes	Bil.	5.1	6.1	5.3	4.6		90
Exports	Bil.	4.8	4.9	3.6	2.8	4.0	82
Cigars and cigarillos	Mil.	11.5	11.8	9.1	10.5		91
Accumulated from Jan. 1							
Cigarettes	Bil.	31.4	37.4	26.0	30.6		97
Exports	Bil.	26.5	31.4	23.0	25.8	29.7	95
Cigars and cigarillos	Mil.	64.8	76.6	38.7	49.3		76
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.2			.1		50
Chewing tobacco	Mil. lb.	.1			.1		100
Producer price indexes 5/							
Tobacco products	1967=100	400.2	407.9	420.7	420.7	435.9	107
Cigarettes (filtertip, king size)	1967=100	403.4	407.3	419.2	419.2	437.5	107
Cigars	1967=100	182.2	193.2	196.8	196.8	196.8	102
Smoking tobacco	1967=100	380.2	380.4	404.0	404.0	403.9	106
Snuff	1967=100	401.4	401.4	468.4	468.4	491.3	122
Consumer price indexes (urban)							
Tobacco products	1967=100	308.1	313.2	324.1	324.8	330.0	105
Cigarettes	1967=100	316.3	322.0	332.9	333.8	339.4	105
Other tobacco products 6/	Dec. 1977=100	158.9	159.3	166.0	165.6	166.8	105
Imports of tobacco (for consumption)							
Cigarette leaf	Mil. lb.	16.5	41.6	25.8	26.6	15.9	38
Cigar tobacco (leaf and scrap)	Mil. lb.	3.2	3.7	4.9	2.7	2.8	76
Other tobacco (leaf and scrap)	Mil. lb.	5.4	12.5	11.6	9.6	.7	6
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	141.1	182.7	133.1	159.7	175.6	96
Cigar tobacco (leaf and scrap)	Mil. lb.	32.5	36.1	21.1	23.9	26.6	74
Other scrap and tobacco NSPF 7/	Mil. lb.	56.1	68.6	50.5	60.1	60.9	89

See footnotes at end of table.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1984		1985		Last data as percentage of a year earlier	
		June	July	May	June		July
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	23.0	16.9	13.2	8.1	11.1	66
Burley	Mil. lb.	2.9	1.9	5.6	6.0	5.3	279
Maryland	Mil. lb.	.7	.2	*	2.1	1.1	550
Virginia fire- & sun-cured	Mil. lb.	*	.2	.2	.1	---	---
Ky.-Tenn. fire-cured	Mil. lb.	1.8	1.0	.4	.7	2.1	210
Ky.-Tenn. dark air-cured	Mil. lb.	.2	*	.1	.1	.2	---
Cigar wrapper	Mil. lb.	.2	.1	.1	.2	.2	200
Cigar binder	Mil. lb.	*	*	*	*	.1	---
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	452.5	---	472.4	480.5	---	106
Burley	Mil. lb.	96.4	98.3	126.0	132.0	137.3	140
Maryland	Mil. lb.	3.6	3.8	3.4	5.5	6.6	174
Virginia fire- & sun-cured	Mil. lb.	1.8	1.9	2.6	2.6	2.7	142
Ky.-Tenn. fire-cured 9/	Mil. lb.	16.8	17.8	9.4	10.1	12.3	69
Ky.-Tenn. dark air-cured 9/	Mil. lb.	2.0	2.1	1.5	1.6	1.9	90
Cigar wrapper	Mil. lb.	2.0	---	2.0	2.2	---	110
Cigar binder	Mil. lb.	.1	.1	.2	.2	.3	300
Cigar filler	Mil. lb.	.2	.3	.1	.2	.2	67
Exports of manufactured tobacco in bulk and not elsewhere classified 10/							
Accumulated from Jan. 1	Mil. lb.	2.8	3.5	8.1	3.9	3.3	94
	Mil. lb.	15.0	18.5	16.7	20.5	23.8	129
Quarterly data							
		1984		1985			
		Apr.-June	July-Sept.	Apr.-June	July-Sept.		
Stocks of tobacco--1st of quarter (farm-sales weight) 11/							
Domestic types							
Flue-cured	Mil. lb.	2,330	2,165	2,251	2,080	96	
Burley	Mil. lb.	1,552	1,446	1,689	1,575	109	
Maryland	Mil. lb.	53	62	48	58	94	
Flue-cured	Mil. lb.	89	84	104	101	120	
Dark air- and sun-cured	Mil. lb.	50	48	56	53	110	
Cigar filler	Mil. lb.	65	65	63	60	92	
Cigar binder	Mil. lb.	77	71	75	66	93	
Cigar wrapper	Mil. lb.	4	4	3	3	75	
Under Government loan 12/	Mil. lb.	1,298	1,291	1,473	1,460	113	
Foreign types							
Cigarette and smoking	Mil. lb.	894	951	882	910	96	
Oriental	Mil. lb.	401	419	372	366	87	
Flue-cured	Mil. lb.	227	244	242	267	109	
Burley	Mil. lb.	267	288	268	276	96	
Cigar	Mil. lb.	89	87	85	86	99	
Tobacco outlets 13/							
Seasonally adjusted data, annual rates, for charts							
Cigarettes							
Production	Bil.	656.0	669.6	638.8	660.0	99	
Tax-paid removals	Bil.	612.0	581.5	601.2	570.0	98	
Cigar production							
Large	Bil.	3.59	3.42	3.19	3.05	89	
Small	Bil.	1.22	1.42	1.54	1.60	113	
Smoking production	Mil. lb.	24.0	22.5	22.2	21.5	96	
Chewing production							
Loose leaf	Mil. lb.	76.0	79.2	76.2	79.5	100	
Plug and other	Mil. lb.	14.6	13.7	14.1	13.2	96	
Snuff production	Mil. lb.	48.3	52.2	49.6	53.5	102	
Exports of leaf							
Total	Mil. lb.	446	463	456	440	96	
Flue-cured	Mil. lb.	331	345	218	240	70	

1/ 1984 and 1985 crops, respectively. 2/ Prices paid by farmers including interest, taxes, and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable State and local taxes included. 6/ Includes tobacco accessories. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Items may not add because of rounding. Data comparable to earlier years not available.

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