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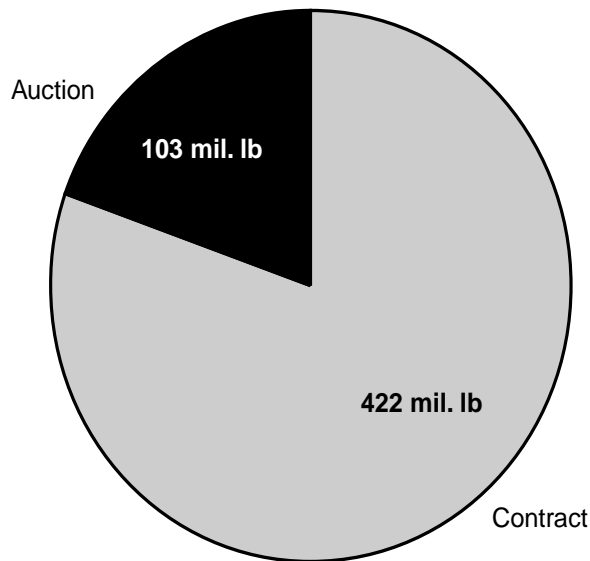


Tobacco

Situation and Outlook Report

TBS-250
September 2001

2001 Flue-cured sales through October 8,
by type of sale



Source: Agricultural Marketing Service, USDA.

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The **Tobacco Situation and Outlook** is being replaced by an electronic newsletter titled **Tobacco Outlook**. The first issue will be released in April 2002. The Outlook will continue to be supplemented by a printed Yearbook (December). See back cover for further details.

Approved by the World Agricultural Outlook Board.
Summary released September 20, 2001. The summary of the next *Tobacco Situation and Outlook* is scheduled for release on December 12, 2001. Summaries and full text of Situation and Outlook reports may be accessed electronically via the ERS website at www.ers.usda.gov

The *Tobacco Situation and Outlook* is published two times a year and supplemented by a yearbook. To order, call 1-800-999-6779 in the United States or Canada. Other areas please call (703) 605-6220. Or write ERS-NASS, 5285 Port Royal Road, Springfield, VA 22161.

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Summary

U.S. tobacco production for the 2001 season was forecast at 1.02 million pounds as of September 1. The crop is 3-percent lower than last year. Quota levels did not change substantially as they did the previous season. Acreage in 2001 is projected at 451.3 thousand acres, down 4.5 percent from 2000's 472.4 thousand acres. Flue-cured and burley effective quotas fell 2 and 4 percent, respectively. The resulting downward shift in acreage was small compared with last season when flue-cured and burley effective quotas plunged 32 percent. Acreage for Maryland, dark fire-, and air-cured tobacco slipped while acreage advanced for cigar types.

Direct contracting between producers and manufacturers or leaf dealers will play a major role in marketing tobacco for the first time since the existence of the tobacco program. Flue-cured growers are expected to sell 80 percent of their crop through contracts, and burley growers will likely sell 60 percent under contracts.

Flue-cured auctions and contract sales are currently under way, with 409.4 million pounds or 70 percent of estimated production sold through September 14.

The supply of U.S.-grown tobacco in 2001 will likely decrease due to slightly lower production and lower beginning stocks. Carryin is likely to slip 10 percent in 2001. However, taking into account loan-forgiveness for 1999 flue-cured and burley stocks reduces effective stocks by an additional 300 million pounds farm-sales weight.

Estimated use of U.S.-grown leaf is expected to gain about 5 percent by the end of the 2000-01 marketing year. Domestic use will gain and exports will decline. U.S. leaf tobacco exports in 2000-01 (July-June) fell 2 percent, reaching 380.7 million pounds, declared weight.

Cigarette output in 2000 reached 594.7 billion pieces, less than 1999 but higher than expected. Domestic taxable removals totaled 423.3 billion pieces compared with 434.5 billion in 1999. Exports for the year were 148.3 billion pieces, 3.1 billion fewer than 1999. The cigarette industry has stabilized after higher prices and tax increases caused adjustments during the past few years.

Expectations for 2001, based on limited data, are for a 3-percent decline in cigarette output, to about 580 billion pieces. Taxable removal data for first-quarter 2001 are not yet available, but they are likely to mirror the decline in output. Exports through June 2001 were 69.6 billion pieces compared with 71.9 billion during the same period in 2000, down 3.2 percent.

The 2001 flue-cured crop is forecast at 582.2 million pounds as of September 1. On-farm carryover this year is estimated at 66 million pounds. Marketings are expected to total nearly 560 million pounds. The effective quota is 545.0 million pounds, so on-farm carryover into 2002 could be significant. Through September 14 (47 days of sales, 29 days of auction sales), total flue-cured sales for the season have reached 409.4 million pounds and returned \$184.36 per hundred pounds.

Beginning flue-cured stocks on July 1, 2001, were 1,036 million pounds, compared with 1,189 million pounds on July 1, 2000. Total reported supply of U.S.-grown flue-cured in 2001 is about 1,600 million pounds, compared with 1,754 million pounds in 2000. However, taking into account 1999 loan-forgiveness stocks, beginning stocks in 2001 are effectively about 1,420 million pounds. Use in 2000 totaled 717.2 million pounds, 3 percent greater than the previous season and is not expected to change significantly in 2001.

As of September 1, burley production in 2001 is estimated at 372.0 million pounds, 3 percent ahead of last year's production. Marketings this year could reach 360 million pounds, resulting in supplies of 1.021 million pounds, 9 percent below 2000. However, accounting for loan-forgiveness tobacco, stocks may fall to nearly 650 million pounds, 18 percent below a year earlier.

Smaller crops are forecast for Maryland, dark air-cured, and dark fire-cured, while cigar tobacco production will rebound. To date, 69 percent of tobacco growers in Maryland have opted to participate in that State's buyout program, accounting for 82 percent of production. An estimated 3,700 acres of low-nicotine tobacco is being grown in Pennsylvania.

By December 15, 2001, the U.S. Department of Agriculture (USDA) will announce the flue-cured poundage quota and matching acreage allotment for 2002. Individual farm quotas and acreage allotments for the next year will reflect this year's overmarketings and undermarketings. By February 1, 2002, USDA will announce the 2002 burley poundage quota, and by March 1, it will announce the 2002 acreage allotments for other kinds of tobacco.

Price supports for 2001 flue-cured and burley tobacco will be based on a 5-year moving average of market prices and changes in costs of production. For other types, changes in support will continue to be based on the average of the parity index during the previous 3 years compared with 1959.

Tobacco Products

Cigarette output in 2000 reached 594.7 billion pieces, below 1999 but higher than expected. Domestic taxable removals totaled 423.3 billion pieces compared with 429.8 billion (revised) in 1999. Exports for the year were 148.3 billion pieces, 3.1 billion fewer than 1999. The cigarette industry has stabilized after higher prices and tax increases caused adjustments during the past few years.

Expectations for 2001, based on limited data, are for a lower cigarette output, by about 3 percent. At this rate, year-end output will be about 580 billion pieces. Taxable removal data for first-quarter 2001 are not yet available, but they are likely to mirror the decline in output. Exports through June 2001 were 69.6 billion pieces compared with 71.9 billion during the same period in 2000, a 3.2-percent slide. However, exports for the July 2000-June 2001 period were ahead by 3.3 billion pieces compared with July 1999-June 2000. January-June 2001 cigarette imports (for consumption) reached 5.8 billion pieces, 1.0 billion higher than the same period last year. Imports for calendar 2001 could reach 14 billion pieces. Consumption of cigarettes in 2001 is expected to be between 420 and 425 billion pieces.

After 2-1/2 years, the Master Settlement Agreement (MSA) has had the unintended effect of accelerating the already-underway increase in the number of small cigarette manufacturers. In 1998, cigarettes manufactured by firms other than the major five companies accounted for 1.2 percent of total sales. In 2000, nearly 2 percent of sales were by small manufacturers. Under the MSA, if the non-signatory manufacturer share of sales reaches a prescribed level, manufacturers' payments are reduced.

Of the year-to-date (January-June 2001) cigarette shipments overseas, Japan took 37.6 billion cigarettes--over half--while Saudi Arabia was a distant second at 6.2 billion followed by South Korea, Cyprus, and Lebanon. January-June 2001 shipments to the European Union (EU) totaled 3.2 billion cigarettes compared with 6.3 billion during the first 6 months of 2000. Over half the U.S. shipments to the EU went to Belgium and were likely transshipped to other countries.

Cigarette Taxes

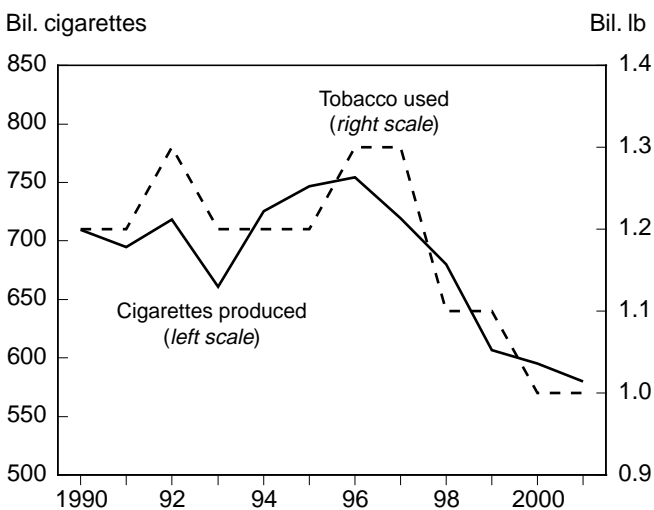
After numerous tax increases during the last half of the 1990s, State cigarette tax increases have slowed. During 2000, only New York and Louisiana raised cigarette taxes. During 2001, Maine raised its cigarette tax from 74 cents per pack to \$1.00 and Rhode Island raised its tax from 71 cents per pack to \$1.00. As of June 2001, 20 States have tax rates of at least 50 cents per pack and five States have rates \$1.00 or greater. Virginia and Kentucky remain the lowest cigarette taxing States at 2.5 and 3 cents per pack, respectively.

During the first half of 2001, generic cigarette sales slipped compared with the same period in 2000, falling to 25.9 percent. During calendar 2000, the discount share was 26.7 percent.

Wholesale Price Increase

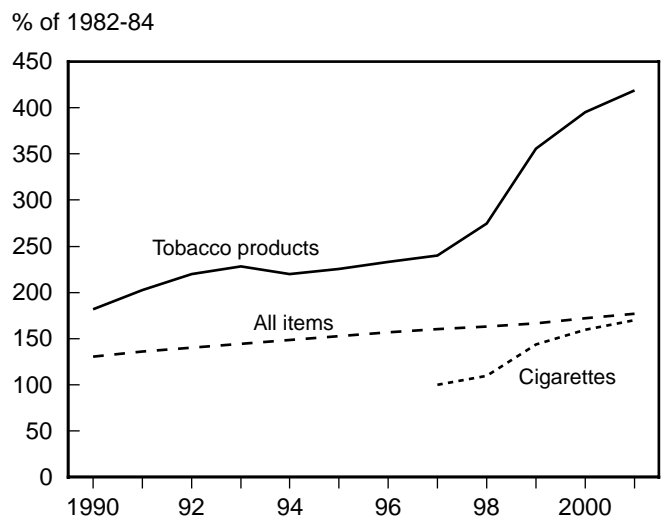
In April 2001, wholesale cigarette prices rose from \$2.114 per pack to \$2.254, advancing 14 cents per pack. Including the Federal excise tax, the current wholesale price is \$2.59 per pack. The Federal excise tax will increase 5 cents per pack on January 1, 2002, to 39 cents per pack. Manufacturers may choose not to pass the entire tax

Figure 1
Cigarettes produced and tobacco used



Sources: Bureau of Alcohol, Tobacco, and Firearms and ERS, USDA.

Figure 2
Consumer price index, tobacco product prices, and cigarette prices



increase on to consumers. In 2000, after a 10-cent Federal tax increase, the wholesale price including tax did not rise.

Cigar Output and Consumption Steady in 2000

With 12 months of data now available, 2000 output of large cigars fell 4 percent to 2,825 million cigars, from 2,938 million cigars in 1999. However, taxable removals advanced from 3,349 to 3,370 million cigars during the same period. Tax-exempt removals in 2000, mostly exports, totaled 113.7 million cigars, compared with 121.1 million cigars in 1999. Exports in 2000 reached 113 million cigars, 35 percent

higher than in 1999. Imports for consumption totaled 480 million cigars, 3 percent below 1999. Total U.S. cigar consumption reached 3,850 million, 5 million ahead of 1999. Cigar consumption is expected to either level off or decline slightly in the upcoming years.

Output and taxable removal data are not available for 2001 at this time. However, both are expected to decline slightly from 2000 levels. Exports through June 2001 are slightly behind 2000. Canada, Greece, Turkey, the United Arab Emirates, the United Kingdom, and Japan are the major destinations for cigars during the first half of 2001.

Table 1--Cigarettes: U.S. output, removals, and consumption, 1992-2001

Year	Removals							Total U.S. consumption 3/	
	Output	Tax-exempt					Imports		Adjustment 2/
		Taxable	Total	Exports	Miscellaneous shipments 1/	Imports			
Billions									
1992	718.5	509.4	213.0	205.6	7.4	6.6 4/	18.1 5/	500.0	
1993	661.0	463.4	202.0	195.5	6.5	11.5 4/	12.4 5/	485.0	
1994	725.5	488.6	231.6	220.2	11.4	3.5	17.5	486.0	
1995	746.5	490.3	250.9	231.1	19.8	3.0	26.1	487.0	
1996	754.5	486.0	261.0	243.9	17.1	2.8	18.9	487.0	
1997	722.8	471.4	232.0	217.0	15.0	3.2	9.6	480.0	
1998	679.7	457.9	212.5	201.3	11.2	4.3	8.4	465.0	
1999	606.6	429.8	165.5	151.4	14.1	8.7	17.6	435.0	
2000	594.6	423.3	153.7	148.3	5.4	11.3	10.0	430.0	
2001 6/	580.0	410.0	155.0	150.0	5.0	13.6	4.2	425.0	
Year ending June 30									
1992	684.5	498.0	178.0	173.3	4.7	6.0 4/	9.6 5/	506.0	
1993	713.4	493.1	219.0	210.9	8.1	8.6 4/	8.5 5/	494.0	
1994	668.8	467.7	205.0	198.4	6.6	8.7 4/	-9.3	486.8	
1995	755.3	492.6	255.6	239.3	7.0	3.2	9.8	488.0	
1996	748.3	487.0	254.7	239.5	15.2	2.6	16.8	488.0	
1997	732.6	475.8	252.5	232.8	19.7	3.1	18.5	480.0	
1998	713.2	465.2	229.0	215.5	13.5	3.5	17.2	465.0	
1999	637.2	437.5	190.3	176.8	13.5	6.1	22.1	435.0	
2000	605.0	434.0	159.3	142.6	16.7	9.9	30.6	430.0	
2001 6/	582.0	410.0	148.3	145.9	2.4	12.2	-0.4	425.0	

1/ Includes overseas armed forces, ship stores and small tax-exempt categories, and shipments to Puerto Rico and other U.S. possessions. 2/ Inventory change and unaccounted for. 3/ Taxable removals, misc. shipments, inventory change, and imports. 4/ Includes imports from Canada, many of which were likely re-exported to Canada. 5/ Adjusted for re-exports to Canada. 6/ Estimated, subject to revision.

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1992-2001

Year	Per capita 16 years and over	Per capita 18 years and over				Per male 18 years and over			
		Cigarettes 1/	Snuff 2/	All tobacco products	Large cigars & cigarillos	Smoking tobacco 2/	Chewing tobacco 2/		
								Number	Number
1992	2,555	2,647	4.6	0.29	5.30	24.50	0.40	0.18	0.75
1993	2,453	2,543	4.7	0.30	5.39	23.40	0.38	0.17	0.70
1994	2,435	2,524	4.2	0.32	4.90	25.27	0.41	0.16	0.67
1995	2,415	2,505	4.2	0.31	4.67	27.49	0.45	0.13	0.67
1996	2,391	2,482	4.2	0.31	4.70	32.66	0.54	0.12	0.64
1997	2,331	2,423	4.1	0.31	4.55	36.90	0.53	0.12	0.64
1998	2,233	2,320	3.9	0.32	4.49	37.99	0.53	0.12	0.64
1999	2,067	2,136	3.6	0.32	4.32	39.51	0.65	0.14	0.52
2000 3/	2,014	2,092	3.5	0.33	4.22	39.27	0.64	0.15	0.49
2001 3/	1,976	2,051	3.4	0.33	4.14	38.57	0.63	0.16	0.47

1/ Unstemmed processing weight. 2/ Finished product weight. 3/ Preliminary.

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

For the 12-month period ending June 2001, imports were 8 million cigars behind the previous year at 489 million cigars. For the first 6 months of 2001, imports were 4 percent ahead of last year. Imports were dominated by the Dominican Republic, which shipped 64 percent of large cigars. Honduras, Nicaragua, and West Germany followed. Together, these four countries accounted for 93 percent of U.S. cigar imports.

Small cigars (those weighing under 3 pounds per 1,000 cigars) have increased in popularity during recent years. Consumption in the United States, as indicated by taxable removals, reached 2,243 million cigars in 2001, compared with 2,196 million in 2000. Consumption has been rising steadily since the early 1990s. Very few small cigars are exported and imports are negligible. In 2000, imports reached 33.5 million small cigars and through June 2001, imports have reached 22.9 million cigars, compared with 17.1 million cigars the first half of 2000. The Netherlands and Germany are the major sources of imported small cigars. Production of small cigars in the United States in 2000 reached 2,469 million pieces compared with 2,316 million the previous year.

Other Tobacco Products

Output of snuff continues to rise. In 2000, output advanced 7 percent to reach 70.0 million pounds. Taxable removals of snuff gained 4 percent to 64.8 million pounds. Snuff consumption has increased continually for over a decade. Chewing tobacco output fell 3 percent to 49.4 million pounds, the lowest level since 1971. Taxable removals declined to 48.5 million pounds. Smoking tobacco output slid 5 percent to 13.6 million pounds. Taxable removals lost 2 percent, ending at 13.1 million pounds. After a slight upturn due to sales of roll-your-own smoking tobacco, declines have resumed.

Taxes for other tobacco products increased in 2001, notably in California where the tax rate for other tobacco products jumped from 54.89 percent of wholesale price to 52.65 percent for cigars, pipe, and fine-cut tobacco to 490 percent for chewing tobacco.

Table 3--U.S. cigarette exports to leading destinations, 2000-2001

Country	July 2000- June 2001	January-June	
		2000	2001 1/
		Billions	
Japan	77.5	37.3	37.6
Saudi Arabia	11.7	5.2	6.2
Cyprus	6.8	3.3	3.0
Korea, South	6.4	2.1	3.8
Belgium	5.1	3.5	1.8
Lebanon	4.8	2.0	2.6
Israel	4.5	2.1	2.2
Singapore	3.4	1.4	1.5
Hong Kong	3.1	1.5	1.5
Russia	2.7	0.6	1.1
Federal Republic of Germany	2.4	2.8	0.1
Taiwan	2.0	0.8	0.9
Kuwait	1.9	1.0	1.1
United Arab Emirates	1.8	0.9	1.1
Netherlands	1.5	*	1.3
Australia	1.3	0.6	0.7
Turkey	0.9	0.4	0.1
Paraguay	0.8	0.3	0.3
Azerbaijan	0.6	1.1	*
Slovenia	0.6	0.5	0.0
Georgia	0.5	0.1	0.1
Syria	0.5	0.2	0.0
Panama	0.5	0.1	0.3
Canada	0.5	0.2	0.2
Uruguay	0.3	0.3	0.0
Other countries	3.8	3.6	2.1
Total	145.9	71.9	69.6

1/ Subject to revision. * indicates less than 50 million pieces

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

Table 4--Tobacco demand factors, 1991-2001

Year	Population July 1 1/ Millions	Disposable personal income, per capita 2/		Consumer price indexes 3/		
		Current prices	1996 prices	All items	Tobacco products	Cigarettes
		-- Dollars --		-- Percent of 1982-84 --		% of 1997
1991	187.5	16,766	19,919	136.2	202.7	--
1992	189.3	17,636	20,318	140.3	219.8	--
1993	190.7	18,706 5/	20,384	144.5	228.4	--
1994	192.5	19,381 5/	20,709	148.2	220.0	--
1995	194.4	20,349 5/	21,056	152.4	225.7	--
1996	196.1	21,117 5/	21,385	156.9	232.8	--
1997	198.2	21,969	21,838	160.5	240.2	100.0
1998	200.4	23,359	22,672	163.0	274.8	109.8
1999	202.5	24,314	23,191	166.6	355.8	143.8
2000	205.6	25,528	23,742	172.2	394.9	159.9
2001 4/	207.2	26,548 6/	24,202 6/	176.8	418.8	169.8

1/ Eighteen years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers. 4/ Subject to revision. Data through August.

5/ Revised. Bureau of Labor Statistics began to publish cigarette and other tobacco product CPI for January 1998. 6/ Second quarter.

Source: Bureau of the Census, Bureau of Labor Statistics.

Table 5--Wholesale premium brand cigarette price revisions, 1990-2001 1/

Approximate date of change 2/	Net price per 1,000				Net price per 1,000 excluding Federal excise tax			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimeter
	Dollars							
June 1990	51.15	52.65	51.15	52.65	43.15	44.65	43.15	44.65
December 1990	53.65	55.15	53.65	55.15	45.65	47.15	45.65	47.15
Jan.-Feb.1991 3/	55.75	57.25	55.75	57.25	45.75	47.25	45.75	47.25
March 1991	56.50	58.00	56.50	58.00	46.50	48.00	46.50	48.00
June 1991	58.25	59.75	58.25	59.75	48.25	49.75	48.25	49.75
November 1991	61.00	62.50	61.00	62.50	51.00	52.50	51.00	52.50
April 1992	63.75	65.25	63.75	65.25	53.75	55.25	53.75	55.25
July 1992	66.25	67.75	66.25	67.75	56.25	57.75	56.25	57.75
November 1992	69.00	70.50	69.00	70.50	59.00	60.50	59.00	60.50
January 1993 4/	71.10	72.60	71.10	72.60	59.10	60.60	59.10	60.60
March 1993	72.10	73.60	72.10	73.60	60.10	61.60	60.10	61.60
August 1993	53.95	53.95	53.95	53.95	41.95	41.95	41.95	41.95
November 1993	55.95	55.95	55.95	55.95	43.95	43.95	43.95	43.95
May 1995 5/	57.45	57.45	57.45	57.45	45.45	45.45	45.45	45.45
May 1996	59.45	59.45	59.45	59.45	47.45	47.45	47.45	47.45
March 1997	61.95	61.95	61.95	61.95	49.95	49.95	49.95	49.95
September 1997	65.45	65.45	65.45	65.45	53.45	53.45	53.45	53.45
January 1998	66.70	66.70	66.70	66.70	54.70	54.70	54.70	54.70
April 1998	69.20	69.20	69.20	69.20	57.20	57.20	57.20	57.20
May 1998	71.70	71.70	71.70	71.70	59.70	59.70	59.70	59.70
August 1998	74.70	74.70	74.70	74.70	62.70	62.70	62.70	62.70
November 1998	97.20	97.20	97.20	97.20	85.20	85.20	85.20	85.20
August 1999	106.20	106.20	106.20	106.20	94.20	94.20	94.20	94.20
January 2000 6/	117.70	117.70	117.70	117.70	100.70	100.70	100.70	100.70
July 2000	115.70	115.70	115.70	115.70	98.70	98.70	98.70	98.70
December 2000	122.70	122.70	122.70	122.70	105.70	105.70	105.70	105.70
April 2001 7/	129.70	129.70	129.70	129.70	112.70	112.70	112.70	112.70

1/ Includes leading brands. A 3-percent discount is made for payment within 10 days or 2 percent within 14 days. 2/ For 1980-89 see TBS-238, April 1997.

3/ Effective January 1, 1991, the Federal excise tax increased to \$10.00 per 1,000 cigarettes. 4/ Effective January 1, 1993, the Federal excise tax increased to \$12.00 per 1,000 cigarettes. 5/ No changes in 1994. 6/ Effective Jan. 1, 2000, Federal excise tax increases to \$17 per pack. 7/ Last price change.

Note: The prices in this table apply to cigarettes manufactured for domestic sales by U.S. manufacturers only. Cigarettes manufactured for export are not included. These prices do not include rebates, discounts, and other adjustments to the wholesale list price.

Source: News reports and miscellaneous sources.

Table 6--Wholesale nonbrand cigarette price revisions, 1990-2001 1/

Approximate date of change	Net price per 1,000			
	Discounts		Deep discounts	
	Regular	100s	Regular	100s
			Dollars	
June 1990	39.25	40.50	24.50	25.75
December 1990	41.75	43.00	27.00	28.25
Jan.-Feb. 1991	43.85	45.10	29.10	30.35
March 1991	46.35	47.60	29.10	30.35
June 1991	50.35	51.60	30.35	31.60
November 1991	53.10	54.35	31.60	32.85
April 1992	57.10	58.35	26.60	27.87
July-August 1992	46.60	47.85	28.60	29.87
November 1992	49.35	50.60	30.60	31.87
January 1993	51.45	52.70	32.70	33.97
February 1993	51.45	52.70	36.70	37.95
March 1993	52.45	53.70	39.20	40.45
August 1993	52.45	53.70	40.45	40.45
November 1993	52.45	53.70	42.45	42.45
May 1995	52.45	53.70	43.95	43.95
April 1996	52.45	53.70	45.95	45.95
September 1997	55.95	57.20	49.45	49.45
January 1998	57.20	58.45	50.70	50.70
April 1998	58.70	59.95	52.20	52.20
May 1998	61.20	62.45	54.70	54.70
August 1998	63.20	65.45	57.70	57.70
November 1998 2/	85.70	87.95	80.20	80.20
August 1999	94.70	96.95	89.20	89.20
January 2000	106.20	108.45	100.70	100.70
July 2000	109.20	111.45	103.70	103.70
December 2000	116.20	118.45	110.70	110.70
April 2001 2/	123.20	125.45	117.70	117.70

1/ Typical prices. Prices for some brands higher and some lower. Includes Federal excise tax. 2/ Last price change.

Note: The prices in this table apply to cigarettes manufactured for domestic sales by U.S. manufacturers only. Cigarettes manufactured for export are not included. These prices do not include rebates, discounts, and other adjustments to the wholesale list price.

Source: News reports and miscellaneous sources.

Table 7--Cigars and smoking tobacco: Output, removals, and consumption, 1997-2001

Year and item	Output	Removals		Imports	Exports	Total U.S. consumption 2/
		Taxable 1/	Tax-exempt			
Million						
Large cigars and cigarillos:						
1997	2,324	2,966	110	576	86	3,517
1998	2,751	3,185	122	507	93	3,655
1999	2,938	3,349	121	496	84	3,845
2000 3/	2,825	3,370	114	480	113	3,850
2001 3/	2,800	2,250	120	499	120	3,849
Year ending June 30						
1997	2,709	3,252	130	448	120	3,710
1998	2,793	3,205	134	582	97	3,824
1999	2,776	3,223	135	463	86	3,686
2000 3/	2,935	3,386	130	497	94	3,883
2001 3/	2,716	3,354	107	489	113	3,843
Million pounds						
Smoking tobacco:						
1997	11.4	10.9	0.9	1.5 4/	0.8	15.2 5/
1998	11.7	11.3	0.6	1.4 4/	0.6	14.9 5/
1999	14.7	13.4	1.6	1.6 4/	0.6	15.0 5/
2000 3/	13.6	13.1	0.5	1.4 4/	0.5	14.5 5/
2001 3/	12.0	14.0	5.6	1.5 4/	5.9	15.5 5/
Year ending June 30						
1997	11.4	10.8	0.5	1.7 4/	1.0	15.0 5/
1998	13.5	12.6	0.9	1.6 4/	0.6	14.2 5/
1999	14.3	13.3	1.0	1.3 4/	0.6	14.7 5/
2000 3/	14.4	12.9	0.7	1.5 4/	0.4	14.4 5/
2001 3/	12.1	14.7	3.1	1.4 4/	3.1	16.2 5/

1/ Includes United States and Puerto Rico combined. 2/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports minus exports. 3/ Estimated. 4/ Total imports including re-exports to Canada. 5/ Adjusted to reflect estimated re-exports to Canada.

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

Table 8--Tobacco products: Output by category, 1992-2001

Period	Chewing tobacco					Snuff dry	Snuff moist	Small cigars 2/	Smoking tobacco in bulk (exports)
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/				
Million pounds									
1992	4.0	1.9	1.2	61.6	68.7	6.6	50.9	1,310	59.1
1993	3.8	1.5	1.1	58.0	64.4	5.9	53.2	1,280	62.5
1994	3.3	1.3	1.1	56.8	62.5	5.6	53.9	1,410	77.0
1995	2.9	1.2	1.1	57.4	62.6	5.6	54.6	1,430	91.8
1996	2.9	1.0	1.1	56.0	61.1	4.0	57.5	1,503	110.4
1997	2.6	0.9	1.0	53.7	58.1	4.4	59.9	1,476	118.2
1998	2.4	0.7	1.0	49.2	53.3	4.3	61.2	1,710	143.8
1999	2.2	0.6	0.9	47.2	50.9	3.7	63.3	2,316	151.1
2000	2.0	0.5	0.8	46.0	49.4	3.6	65.9	2,469	136.1
2001 3/	1.9	0.5	0.8	44.1	47.2	3.1	67.0	2,480	122.5
Year ending June 30									
1992	4.3	2.0	1.2	64.3	71.8	6.1	49.4	1,337	62.4
1993	3.8	1.6	1.2	57.3	63.9	6.4	52.8	1,274	56.2
1994	3.5	1.4	1.1	59.2	65.2	5.5	53.3	1,368	71.4
1995	3.1	1.3	1.1	58.8	64.3	5.9	54.5	1,450	84.1
1996	3.0	1.1	1.1	55.0	60.3	4.9	55.4	1,433	102.0
1997	2.8	1.0	1.0	54.4	59.2	4.1	58.6	1,587	118.4
1998	2.4	0.8	1.0	52.5	56.7	4.3	60.9	1,575	131.6
1999	2.2	0.7	0.9	48.1	51.9	4.1	62.0	1,942	134.6
2000	2.1	0.6	0.8	46.5	50.1	3.7	65.6	2,188	149.1
2001 3/	1.9	0.5	0.8	45.0	48.3	3.3	66.5	2,300	129.4

1/ Detail may not add to total due to rounding. 2/ Weight not more than 3 pounds per thousand. 3/ Estimated.

Source: Agricultural Marketing Service, USDA.

U.S. Exports and Imports

For January-June 2001, leaf exports totaled 220.7 million pounds (308.5 million pounds farm-sales weight) 9 percent below the same period last year and 18 percent below 1999. Flue-cured shipments suffered the greatest setbacks, sliding 23 percent during the 6-month period. For the first 6 months, Germany purchased the most flue-cured but still received 6 million pounds less than the same period last year. Japan took 17 million pounds, compared with 27 million pounds for the 6-month period in 2000. The Bureau of the Census reported 73 countries as destinations for tobacco leaf in 2001.

January-June leaf export value reached \$656 million compared with \$726 million during the same 6 months in 2000. However, the value of flue-cured leaf exports slipped 6 percent, while burley export value fell 3 percent. During the first 6 months of 2001, flue-cured and burley made up 78 percent of total export value.

January-June 2001 burley shipments fell 5 percent to 58.7 million pounds. The Netherlands bought 6 times as much as the previous year, but other major buyers reduced their takings. Shipments during the 6-month period in 2000 were 62.1 million pounds, and in 1999 were 85.7 million pounds.

Maryland and Kentucky-Tennessee dark-fired leaf showed modest gains. The Netherlands entered the market for Maryland, offsetting reductions by Germany, Belgium, and Switzerland. France, Nigeria, and Egypt were among countries importing more Kentucky-Tennessee dark-fired leaf. Overall shipments in January-June 2001 advanced 28 percent to 11.9 million pounds compared with the previous year. The Netherlands, Sweden, and Egypt, major buyers in 2000, reduced their purchases in the first half of 2001. However, in 2001, more countries purchased Kentucky-Tennessee dark-fired leaf, boosting overall shipments. Sri Lanka, Japan, and South Korea increased purchases.

Shipments of Virginia fire-cured and sun-cured tobacco more than doubled compared with the January-June period last year, reaching 178,000 pounds. Cigar binder shipments were up slightly, by 32,000 pounds, reaching 131,000 pounds due to purchases by Honduras. Cigar wrapper slid 22 percent as shipments to the Dominican Republic, the major buyer, slipped. Shipments of stems and refuse fell slightly by 2.6 million pounds to 40.1 million pounds. Major buyers were Russia, Belgium, and Germany. 'Other tobacco' exports increased from 15.8 million pounds in January-June 2000 to 22.6 million pounds. Germany, Russia, Nigeria, and Japan were the top destinations.

On a July-June basis, U.S. tobacco exports totaled 381 million pounds valued at \$1.15 billion in 2000. The previous year, 1999, exports were 390 million pounds valued at \$1.21 billion. However, exports in 1998 were 21 percent higher

Table 9--U.S. imports of unmanufactured and other tobacco:
Quantity and average value, by kinds, 2000/01 1/

Kind	Quantity 2000/01 Million pounds	Change from 1999/2000 Percent	Value per pound Dollars
Imports for consumption			
Cigarette 2/			
Flue-cured leaf	7.5	63	1.95
Burley leaf	5.7	1,325	0.99
Other	*	*	*
Oriental leaf	123.1	1	1.99
Stemmed leaf			
Flue-cured	82.9	-20	1.49
NSPF	107.6	-8	1.52
Scrap	*	*	*
Manufactured or not mfd., NSPF	4.2	-18	1.47
Cigar			
Leaf	64.3	16	1.45
Scrap	2.7	59	0.52
Other stemmed and unstemmed leaf	4.0	-23	1.41
Stems	59.3	-22	0.23
Total 3/	461.4	-6	1.44
General Imports			
Cigarette 2/			
Flue-cured leaf	7.5	50	1.12
Burley leaf	6.8	36	1.03
Other	*	*	*
Oriental leaf	111.7	-11	0.52
Stemmed leaf			
Flue-cured	94.2	-19	0.65
NSPF	110.0	-4	0.71
Scrap	*	*	*
Manufactured or not mfd., NSPF	3.5	-49	0.53
Cigar			
Leaf	66.3	19	1.40
Scrap	2.7	59	1.93
Other stemmed and unstemmed leaf	3.8	-21	0.72
Stems	60.7	-29	0.18
Total 3/	467.3	-10	1.39

* = Negligible. 1/ Year ending June 30, 2001. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff. 3/ Includes other stemmed and unstemmed leaf.

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

than 2000 at 462 million pounds. For July 2000-June 2001, flue-cured fell 8 percent to 165 million pounds, while burley slipped 4.4 percent to 80 million pounds. Germany and Japan were the two top destinations for flue-cured tobacco both years. The top burley importers in 2000 (July-June) were Germany, Belgium, Turkey, and Japan. Kentucky-Tennessee dark-fired, Virginia fire-cured and sun-cured, and 'other leaf' showed gains. Export volume for Maryland, cigar binder, cigar wrapper, and stems slipped.

Leaf Imports for Consumption Volume Declines

On the import side, volume (imports for consumption-duty paid) fell during the first 6 months of 2001 (January-June) compared with 2000. The period ended at 254.3 million pounds, down 7 percent or 18.5 million pounds. Value gained 9 percent, reaching \$381 million. Turkey was the leading source for leaf during the first half of 2001, closely followed by Brazil. In 2000, Brazil led Turkey by 25 million pounds. Canada, Argentina, Malawi, Greece, and Italy followed. Oriental leaf led imports, accounting for a third of total imported leaf. U.S. stocks of Oriental are at historically low levels and are being replenished. Stemmed flue-cured imports were down for the period and ranked second by type. Other stemmed cigarette leaf (nsf) followed, with slightly lower volume than the 6-month period last year.

General imports at the end of the 6-month period rose to 237 million pounds valued at \$350 million compared with 209

million pounds valued at \$279 million in 2000. Declines in some categories were not as pronounced as in imports for consumption but generally followed the same pattern.

July-June Imports Diminished By 5 Percent

For July 2000-June 2001, leaf import volume (consumption) fell 5 percent to 461 million pounds from 485 million pounds in July 1999-June 2000. Stemmed flue-cured leaf and stems accounted for 38 million pounds of the decline. Oriental leaf volume changed little. Overall import value rose due to higher prices for Oriental and stemmed flue-cured. For the July-June period, Brazil, Turkey, Malawi, and Argentina were the leading foreign suppliers of leaf. Brazil and Turkey were the leaders in 1999 also. During July 2000-June 2001, the value of unmanufactured leaf imports for consumption was \$666 million compared with \$648 million the previous July-June period. At the same time, general imports slipped from \$695 million to \$649 million.

Table 10--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1996-2001 (declared weight)

Type & country	1996	1997	1998	1999	2000	January-June		Pct. change, 2000-2001 Percent
						2000	2001 1/	
	Million pounds							
Type:								
Flue-cured	248.7	256.7	243.5	188.6	190.2	108.4	83.5	-23
Burley	115.1	125.2	110.5	106.9	83.0	62.1	58.7	-6
Maryland	4.6	5.3	3.6	4.9	3.2	1.9	2.0	8
Fire-cured, Ky. and Tenn.	11.7	14.9	14.3	14.7	16.5	9.3	11.9	28
Virginia fire- & sun-cured	1.1	1.0	0.7	1.6	0.5	0.1	0.2	100
Black Fat	0.6	1.1	*	*	*	*	*	*
Cigar wrapper	6.5	5.3	5.0	5.5	4.1	2.1	1.6	-24
Cigar binder	*	0.4	0.1	0.7	0.3	0.1	0.1	*
Stems and refuse	74.9	54.8	59.7	65.9	69.5	42.7	40.1	-6
Other leaf	17.6	22.5	28.9	28.8	35.1	15.8	22.6	43
Total 2/	485.5	487.4	466.3	417.5	402.4	242.3	220.7	-9
Country of destination:								
Austria	1.0	0.2	0.1	*	1.4	1.4	0.9	-36
Finland	0.2	1.8	1.0	2.0	0.2	0.0	0.1	900
Sweden	3.7	5.3	2.6	3.9	3.5	2.3	2.6	13
Greece	0.5	1.0	0.5	0.6	0.5	0.2	0.2	*
United Kingdom	34.4	18.2	15.6	9.0	7.3	4.4	0.6	-86
France	3.2	7.0	6.6	5.6	5.5	3.1	7.8	152
Belgium-Luxem.	39.7	38.9	25.2	18.3	23.2	8.6	28.9	236
Netherlands	40.4	30.2	43.9	64.5	19.7	17.6	15.3	-13
Germany	60.1	72.2	84.6	71.9	86.1	53.0	49.1	-7
Denmark	15.1	15.5	14.8	14.9	15.7	7.3	5.5	-25
Ireland	0.5	0.2	0.4	*	*	*	*	*
Italy	17.3	18.3	13.6	15.1	15.8	0.5	3.6	620
Portugal	*	*	3.2	1.3	4.2	3.7	3.0	*
Spain	18.0	15.6	17.5	15.5	9.5	7.1	0.3	-96
Total EU-15	234.1	224.4	229.6	222.6	192.6	109.2	117.9	8
Japan	88.7	80.5	85.3	60.3	63.6	47.4	33.4	-30
Turkey	34.1	42.2	44.2	23.0	26.9	11.6	6.7	-42
Switzerland	14.9	11.4	10.3	16.1	9.5	8.0	5.8	-28
Malaysia	14.7	19.5	10.8	11.7	14.2	7.3	9.9	36
Dominican Republic	5.8	9.1	8.2	10.7	12.0	7.2	2.7	-63
South Korea	14.5	15.6	9.4	12.7	12.0	7.1	5.9	-17
Thailand	15.9	21.3	14.2	6.8	7.3	5.2	5.0	-4
Nigeria	0.8	2.5	3.1	3.6	6.2	3.1	3.1	0
Philippines	6.4	7.6	5.0	0.6	7.4	2.6	1.3	-50
Australia	5.6	4.2	5.0	3.2	3.6	2.1	0.9	-57
Norway	2.8	2.5	3.1	1.8	2.0	0.8	1.8	125
Egypt	0.7	0.4	0.1	0.8	1.2	0.7	0.6	-14
Canada	2.9	3.6	1.0	0.7	0.5	0.4	*	*
New Zealand	1.7	0.7	0.5	0.5	0.7	0.4	0.1	-75
Singapore	7.5	3.8	2.4	0.8	0.4	0.2	*	*
Taiwan	9.2	11.9	10.5	4.4	5.8	*	0.5	*
Hong Kong	5.4	4.7	0.9	0.1	*	*	*	*
Other countries	19.8	21.5	22.7	37.1	36.5	29.0	25.1	-14
Total 2/	485.5	487.4	466.3	417.5	402.4	242.3	220.7	-9

* = Negligible.

1/ Preliminary. 2/ Data may not add to total due to rounding.

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

Table 11--U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2000/2001 (declared weight)

Item	Imports for consumption				General imports (arrivals)			
	July 2000- June 2001	January-June		Percentage change from 2000-2001	July 2000- June 2001	January-June		Percentage change from 2000-2001
		2000	2001 1/			2000	2001 1/	
	Million pounds		Percent	Million pounds		Percent		
Cigarette tobacco Leaf (unstemmed):								
Oriental								
Turkey	71.9	46.1	53.5	16.1	70.2	36.8	51.8	40.8
Greece	21.7	5.4	10.4	92.6	13.7	5.6	10.9	94.6
Bulgaria	10.5	3.1	7.0	125.8	10.1	2.2	4.7	113.6
Lebanon	6.9	5.2	5.3	1.9	6.2	5.8	4.0	-31.0
Macedonia	6.1	4.1	5.9	43.9	6.3	3.3	5.5	66.7
China	2.7	0.3	*	*	1.1	2.7	1.1	-59.3
Albania	2.3	1.3	1.7	30.8	1.7	1.9	1.7	-10.5
Other countries	1.0	0.3	0.6	100.0	2.4	0.3	2.0	568.9
Total Oriental	123.1	65.8	84.4	28.3	111.7	58.6	81.7	39.4
Flue-cured	7.5	4.4	6.9	56.8	7.5	4.8	6.9	43.8
Burley	5.7	0.1	1.0	900.0	6.8	2.9	4.4	51.7
Other (unstemmed)	*	*	*	*	*	*	*	*
Total unstemmed leaf	136.3	70.3	92.3	31.3	126.0	66.3	93.0	40.3
Cigarette tobacco leaf (stemmed):								
Flue-cured--								
Brazil	52.9	37.9	29.9	-21.1	65.9	26.8	29.6	10.4
Other countries	30.0	26.6	19.5	-26.6	28.3	22.2	20.6	-7.1
Total stemmed flue-cured	82.9	64.5	49.4	-23.4	94.2	49.0	50.2	2.5
NSPF--								
Malawi	30.3	19.6	14.8	-24.5	25.9	8.6	4.6	-46.5
Brazil	28.9	20.1	17.4	-13.4	40.6	6.1	17.1	180.3
Thailand	13.8	2.9	5.7	96.6	12.9	4.3	3.2	-25.6
Argentina	11.1	7.9	8.7	10.1	10.5	2.0	2.0	0.0
Mexico	5.6	0.4	1.5	275.0	5.4	0.6	0.9	50.0
Guatemala	4.6	2.1	*	*	4.8	2.0	0.1	*
Italy	4.2	0.7	2.3	*	1.6	2.0	0.8	*
Zimbabwe	2.0	0.6	1.8	200.0	2.4	0.1	1.5	1,400.0
China	1.0	1.6	0.8	-50.0	1.4	0.7	0.5	-28.6
Other countries	6.1	0.3	1.8	500.0	4.5	0.3	2.1	600.0
Total NSPF	107.6	56.2	54.8	-2.5	110.0	26.7	32.8	22.8
Total cigarette leaf	326.8	191.0	196.5	2.9	330.2	142.0	176.0	24.0
Manufactured or not manufactured categories 2/								
	4.2	2.0	1.6	-20.0	3.5	3.1	0.3	-90.3
Total cigarette tobacco	331.0	193.0	198.1	2.7	333.7	145.1	176.3	21.5
Cigar tobacco:								
Wrapper								
	2.7	0.9	1.2	33.3	2.7	0.9	1.2	33.3
Filler (stemmed and unstemmed)								
Dominican Republic	12.6	4.4	5.3	20.5	12.6	4.4	5.3	20.5
Indonesia	12.6	8.1	5.4	-33.3	11.9	7.4	5.2	-29.7
Brazil	1.8	1.1	1.7	54.5	1.8	1.1	1.7	54.5
Philippines	6.0	2.0	3.9	95.0	6.0	1.9	3.9	105.3
Italy	9.9	2.2	4.3	95.5	9.7	2.3	3.8	65.2
Other countries	27.6	13.7	13.9	1.5	30.3	13.6	14.6	7.4
Total filler	60.6	29.3	30.2	3.1	62.6	28.4	30.7	8.1
Cigar scrap:								
Indonesia	1.2	0.1	0.3	200.0	1.2	0.1	0.3	200.0
Honduras	0.4	*	0.2	*	0.4	*	0.2	*
Dominican Republic	0.3	0.1	0.3	200.0	0.3	0.1	0.3	200.0
Other countries	0.8	0.7	0.4	-42.9	0.8	0.7	0.4	-42.9
Total cigar scrap	2.7	0.9	1.0	11.1	2.7	0.9	1.0	11.1
Total cigar tobacco	67.1	31.2	32.6	4.5	69.1	32.7	33.2	1.4
Other stemmed and unstemmed leaf	4.0	1.6	2.1	31.3	3.8	1.8	2.0	11.1
Stems	59.3	45.6	21.4	-53.1	60.7	31.1	25.3	-18.6
GRAND TOTAL 3/	461.4	272.8	254.3	-6.8	467.3	209.3	236.9	13.2

* = Negligible.

1/ Preliminary. 2/ Includes tobacco, manufactured or not manufactured, except smoking tobacco in retail packages, flue-cured, and tobacco, manufactured or not manufactured, not specially provided for (other). 3/ Includes cigar binder.

Due to aggregation, rounding errors may occur.

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

Table 12--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 1998/99-2000/01 (declared weight) 1/

Importing country	1998/99	1999/2000	2000/01 2/	Importing country	1998/99	1999/2000	2000/01 2/
Million pounds				1,000 pounds			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
Germany	38.9	42.0	33.9	United Kingdom	*	15	4
Japan	53.4	33.5	31.3	Norway	488	514	105
Belgium-Luxembourg	11.3	3.8	19.5	Sweden	502	85	*
Malaysia	8.0	7.6	11.7	Germany	*	2	3
Republic of Korea	6.9	12.4	9.6	Other countries	640	33	177
Turkey	19.0	16.2	9.1	Total 3/	1,630	649	289
Netherlands	29.6	11.9	8.0				
Denmark	7.6	7.1	6.8	Binder, types 51-55			
Taiwan	9.0	2.6	3.4	Dominican Republic	3	116	5
United Kingdom	9.4	4.7	3.3	Honduras	*	*	86
Thailand	4.3	2.6	3.3	Italy	630	*	*
Switzerland	8.7	6.5	3.2	Other countries	149	123	90
Australia	4.0	2.3	2.9	Total 3/	782	239	181
Italy	8.9	9.7	2.9				
Indonesia	1.4	2.2	2.6	Cigar wrapper, types 61-62			
Portugal	0.1	2.1	2.1	United Kingdom	11	11	*
Norway	2.0	1.2	1.7	Germany	16	*	88
Brazil	*	*	1.4	Canada	*	*	*
Philippines	1.4	1.3	1.3	Dominican Republic	4,080	5,420	3,343
France	0.1	*	1.2	Netherlands	16	16	14
Sweden	0.7	1.5	0.9	Other countries	1,022	286	205
Other countries	10.1	8.7	5.2	Total 3/	5,145	5,733	3,650
Total 3/	234.8	179.9	165.3				
Burley, type 31				Blackfat			
Italy	3.6	2.4	1.5	Benin (Dahomey)	*	*	*
Sweden	0.4	0.6	0.5	Spain	*	28	*
Denmark	2.9	4.1	2.5	Bahamas	*	*	*
Belgium-Luxembourg	7.7	5.8	13.9	Costa Rica	6	*	*
Netherlands	30.3	4.7	3.5	Other countries	1	*	*
Japan	13.3	13.8	10.9	Total 3/	7	28	*
Germany	20.5	25.9	12.1				
Switzerland	3.8	1.4	0.9	Other leaf			
United Kingdom	0.8	0.1	0.1	Dominican Republic	3.0	4.0	1.9
Thailand	3.5	3.6	3.6	United Kingdom	0.2	0.1	*
Philippines	4.5	4.5	3.4	Netherlands	0.5	0.3	*
Hong Kong	0.0	0.0	0.0	Germany	0.1	4.1	12.5
Turkey	9.9	9.7	6.5	Spain	13.8	8.9	0.6
Other countries	5.9	11.0	6.9	France	*	*	*
Total 3/	107.1	87.6	66.3	Canada	0.2	0.4	0.1
				Other countries	9.5	15.8	16.5
Maryland, type 32				Total 3/	27.3	33.6	31.6
Italy	1.7	0.4	0.5				
Germany	1.0	1.3	1.0	Stems, trimmings, and scrap			
Switzerland	0.4	0.4	0.3	Sweden	1.1	0.3	0.2
Other countries	1.4	1.4	0.9	Denmark	3.2	4.6	2.3
Total 3/	4.5	3.5	2.7	United Kingdom	2.6	1.4	*
				Germany	9.3	16.6	11.1
Ky.-Tenn. fire-cured, types 22-23				Japan	12.5	6.1	4.9
Sweden	0.7	1.1	0.7	France	1.3	1.7	3.3
Netherlands	6.3	5.9	3.2	Spain	0.3	0.1	0.2
Belgium-Luxembourg	0.3	0.6	*	Switzerland	2.2	2.3	1.8
France	1.3	1.9	2.9	Turkey	4.9	4.3	0.1
Switzerland	0.5	0.2	0.4	Canada	*	*	*
Italy	0.7	0.5	0.8	Other countries	25.6	30.0	32.3
Nigeria	0.9	0.5	0.5	Total 3/	63.0	67.4	56.2
Other countries	2.5	5.8	8.0				
Total 3/	13.2	16.5	16.5				

* = Negligible. 1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types except October-June for 2000/01.

2/ Subject to revision. 3/ Data may not add to total because of rounding.

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

U.S. Tobacco Leaf Situation and Outlook¹

Total U.S. leaf production in 2000 is 1.05 billion pounds, and projected production in 2001 is about 3-percent less at 1.02 billion pounds. Production stabilized because, unlike recent years, the effective quota did not fall much in 2001. At 954 million pounds for flue-cured and burley together, the decline was only 7.6 million pounds for the two major types. Cigarette leaf production accounted for 94 percent of U.S. output in 2001. Cigar types accounted for 1 percent, while dark-fired and air-cured leaf accounted for 5 percent.

During the past marketing year (2000-01), total disappearance of U.S. leaf fell 9 percent to 1.30 billion pounds. About 70 percent of U.S.-grown tobacco leaf was used domestically and 30 percent was exported.

Contracting Upends Traditional Auction Marketing System

For the first time in the history of the U.S. tobacco industry, contract sales of tobacco leaf directly from grower to purchaser (manufacturer or dealer) has made significant inroads, reaching over half the flue-cured sold and is likely to do the same for burley as well. Many warehouses have closed as a result. While many warehouses continue to auction tobacco, some have become collection points for major contract buyers.

Contracting appeals to many growers because they are paid immediately, the price exceeds expected auction prices this season, and all a grower's leaf is sold to one buyer in one transaction. Growers also avoid paying warehouse commissions.

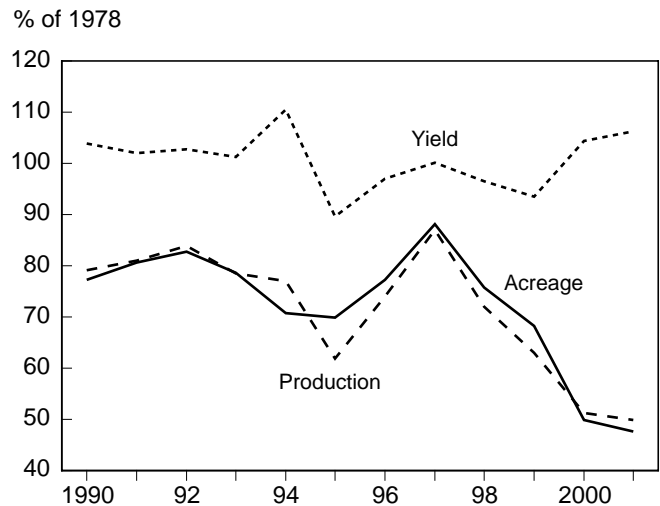
In North Carolina alone, 69 out of 129 warehouses have closed this year. It is estimated that 28 out of 78 warehouses may close this season in Kentucky. Warehouses were already suffering from 3 years of large quota cuts that reduced the quantity of leaf they marketed and caused some less-competitive warehouses to close. Coming on the heels of these quota cuts, removing an additional 60 to 80 percent of the leaf available at auction will reduce the amount of tobacco to levels that may not be economically viable for most warehouses.

Efforts To Eliminate Unauthorized Pesticides Continue

Pesticide use on U.S. tobacco has been restricted for many years. Furthermore, the Food Security Act of 1985 extended adherence standards. The act requires the United States Department of Agriculture (USDA) to inspect domestic and

¹ All quantities in this section are in farm-sales weight unless otherwise noted. Years refer to marketing years; for instance, the 2000 crop year is July 2000-June 2001 for flue-cured and cigar wrapper (type 61) and October 2000-September 2001 for all other types, unless otherwise noted.

Figure 3
Tobacco acreage, yield, and production



Source: National Agricultural Statistics Service, USDA.

imported flue-cured and burley tobacco to determine if pesticide residues exceed established limits.

Before selling their tobacco, growers must certify to the USDA's Farm Service Agency (FSA) that any pesticides used in production have been approved by the Environmental Protection Agency for use on tobacco and were applied in accordance with labeled directions. Growers lose price support if they falsify the certification, fail to certify, or refuse to provide samples for testing. Growers who are found filing a false report will be required to refund any price support advances received on the current crop. In addition, violators are subject to a \$10,000 fine, 5 years imprisonment, or both.

To ensure the integrity of U.S.-grown tobacco, efforts to eliminate unauthorized pesticides include: 1) tests of samples taken from auction warehouse floors, 2) efforts to educate growers about unapproved pesticides, and 3) intensified monitoring of pesticide use and penalties for misuse.

U.S. Industry Buys 351.4 Million Pounds of 2000 Flue-Cured Tobacco

U.S. cigarette manufacturers purchased 351.4 million pounds (farm-sales weight) of flue-cured tobacco during the July 2000-June 2001 marketing year, 93.5 million pounds more than the previous year. Actual purchases were 118 percent of manufacturers' purchase intentions of 297.0 million pounds. Legislation requires each major domestic cigarette manufacturer to purchase an amount equal to at least 90 percent of their stated purchase intentions to avoid the assessment of a penalty. Manufacturers purchased 257.9 million

pounds of flue-cured tobacco in 1999, or 109 percent of that year's purchase intentions.

Marketing Quota and Price Support in 2001

By December 15, 2001, USDA will announce the flue-cured poundage quota and matching acreage allotment for 2002. Individual farm quotas and acreage allotments for the next year will reflect this year's overmarketings and undermarketings. Marketings for 2000 are expected to be below the 2000 effective quota at about 560 million pounds (table 15).

By February 1, 2002, USDA will announce the 2002 burley poundage quota, and by March 1, it will announce the 2002 acreage allotments for other kinds of tobacco.

Growers of fire-cured and dark air-cured tobaccos approved in March 2000 marketing quotas applicable to the 2000, 2001, and 2002 crops. Growers of flue-cured, burley, and Virginia sun-cured voted in January 2001 to continue quotas for the 2001, 2002, and 2003 crops. Growers of Wisconsin Binder (types 54-55) will vote in March 2002 on the continuation of marketing quotas for the 2002, 2003, and 2004 crops. Producers of Maryland (type 32), Pennsylvania cigar-filler (type 41), and Connecticut Valley cigar-binder (types 51-52) tobaccos voted in referenda March 2001 to disapprove marketing quotas for the 2001, 2002, and 2003 crops. Growers of Maryland, Pennsylvania filler, and Connecticut binder tobacco turned down marketing quotas in their last referenda (2001), so Government price support is not available for their 2002 crop.

The quota law provides that flue-cured and burley quotas equal the sum of buying intentions of domestic cigarette manufacturers, the 3-year average of unmanufactured tobacco exports, and adjustments of loan association inventories needed to reach the reserve stock level. The Secretary of Agriculture may adjust this three-part total either up or down by a maximum of 3 percent.

Table 13--All tobacco: Acreage, yield, and production, United States, 1965-2001

Year	Acreage	Yield	Production
	harvested	per acre	
	Thousand acres	Pounds	Million pounds
Average			
1965-69	942	1,958	1,845
1970-74	886	2,053	1,819
1975-79	978	2,001	1,957
1980-84	878	2,046	1,800
1985-89	634	2,080	1,321
1990	733	2,218	1,625
1991	764	2,178	1,663
1992	785	2,194	1,722
1993	746	2,163	1,614
1994	671	2,358	1,583
1995	663	1,913	1,268
1996	733	2,071	1,517
1997	836	2,137	1,787
1998	718	2,061	1,479
1999	647	1,997	1,293
2000	472	2,229	1,053
2001 1/	451	2,268	1,024

1/ Indicated September 1, 2001.

Source: National Agricultural Statistics Service, USDA.

Support levels for 2001 average \$1.660 per pound for flue-cured and \$1.826 per pound for burley. Grade loan rates range from \$1.24 to \$1.92 per pound for flue-cured and \$1.14 to \$1.85 per pound for burley. Price supports for other supported types range from \$1.252 per pound to \$1.736 per pound.

For 2001, the flue-cured and burley price support will be the level for 2000 adjusted by changes in the 5-year moving average of prices (two-thirds weight) and changes in a cost-of-production index (one-third weight). Costs include general variable expenditures, but exclude costs of land, quota, risk, overhead, management, marketing contributions, and other costs not directly related to tobacco production. The Secretary of Agriculture can set the price support at the previous year's level adjusted by between 65 and 100 percent of the calculated increase or decrease.

Table 14--Tobacco loan stocks, 1999-2001 (farm-sales weight) 1/

Type	1999	2000	2001
Million pounds, July 1			
Flue-cured, 11-14	294.6	263.9	153.1
Burley, 31	226.6	420.7	352.9
Virginia, 21 and 37	0.1	0.4	0.3
Kentucky-Tennessee, 22-23	2.2	0.0	4.0
Kentucky-Tennessee, 35-36	0.0	0.0	0.7
Wisconsin Binder, 54-55	0.5	1.5	0.5
Total	524.0	686.5	511.5
Uncommitted 2/			
Flue-cured, 11-14	156.8	177.3	162.1
Burley, 31	186.7	349.7	349.6

1/ Includes 1999 flue-cured, burley, and Wisconsin binder stocks forgiven by Commodity Credit Corporation.

2/ Total unstemmed weight.

Compiled from records of Agricultural Marketing Service, USDA.

For other kinds, changes in price support will continue to be based on the average of the parity index during the 3 previous years compared with 1959. However, loan associations can request lower support levels if market conditions warrant.

Estimated flue-cured production costs for 2001 are used by FSA in determining the cost component for the 2002 support level. The combined effect of price and cost changes will likely result in a slight increase in the flue-cured support level in 2002.

Table 15--Tobacco: No-net-cost assessment, by kind, 1993-2001 1/

Kind and type	1993	1994	1995	1996	1997	1998	1999	2000	2001
Flue-cured, types 11-14									
Producer	0.212	2.209	0.002	0.200	0.190	0.186	1.000	2.500	2.500
Buyer	2.212	4.209	1.002	1.000	0.190	0.186	1.000	2.500	2.500
Burley, type 31									
Producer	0.159	3.643	0.138	0.132	0.880	2.111	3.000	3.000	1.000
Buyer	2.659	3.743	0.138	0.132	0.880	2.111	3.000	3.000	1.000
Fire-cured, type 21	11.303	7.297	15.285	3.273	2.251	1.232	2.000	2.000	na
Fire-cured, types 22-23	0.768	1.259	1.241	1.222	0.189	0.160	2/ 0.000 1.000	2/ 0.500 1.500	na na
Dark air-cured, types 35-36	0.873	1.364	2.348	2.331	1.189	1.160	3/ 1.000	3/ 1.500	na
					0.301	0.275	2/ 0.000	2/ 0.500	na
					1.301	1.275	3/ 1.000	3/ 1.500	na
					2.301	2.275	4/ 3.000	4/ 4.000	na
Sun-cured, type 37	11.384	7.378	15.368	3.356	2.337	1.320	2.000	2.000	na
Cigar-filler, type 46	**	**	**	**	**	**	**	**	**
Cigar-filler & binder, types 42-44	107.400	108.400	110.100	112.000	116.900	121.200	123.800	125.000	na
type 54	0.000	0.458	0.450	0.440	0.416	0.394	2.000	2.000	na
type 55	0.000	13.958	0.450	0.440	0.416	0.394	6.000	15.000	na

** = Not applicable. na = Not available. 1/ From 1993 through 1998, marketing assessments totaling 1 percent of the applicable price support level are divided equally between buyers and sellers for all tobacco under the price support program. See April 1995 Tobacco Situation, TBS-230, table 20 for rates. 2/ Eastern district. 3/ Western district. 4/ Stemming district.

Compiled from records of the Tobacco and Peanuts Division, Farm Service Agency, USDA.

Table 16--U.S. tobacco allotments, by kinds of tobacco, 2000 1/

Kinds	Allotments	Acreage allotments	Poundage allotments	Average size of allotments
	Number	Acres	Million pounds	Acres
Flue-cured (11-14) 2/	38,540	--	560.8	14.55 3/
Burley (31) 4/	234,918	**	361.9	15.41 3/
Va. fire-cured (21)	1,322	1,437	**	1.09
Ky.-Tenn. fire-cured (22-23)	11,100	17,182	**	1.55
Dark air-cured (35-36)	13,624	5,819	**	0.43
Va. sun-cured (37)	75	124	**	1.65
Cigar filler and binder (42-44, 53-55)	3,628	1,753	**	0.48
Total	303,207	26,315	922.7	**

-- = Not available. ** = Not applicable. 1/ When available, 2001 data will be posted on the Tobacco Briefing Room: www.ers.usda.gov/briefing/tobacco.

2/ Acreage poundage with national average yield goal of 2,088 pounds per acre. 3/ Pounds. 4/ Poundage quota.

Compiled from records of the Tobacco and Peanuts Division, FSA, USDA.

Flue-Cured

Marketing of flue-cured tobacco for the 2001 season began Monday, July 9, 2001, as growers began delivering leaf to contract centers in both the northern and southern areas (except Georgia and Florida). Carryover tobacco dominated the market, except in Georgia and Florida, through the third week of sales but was no longer a factor by the end of the fifth week. Auction sales began during the third week of sales. Volume was behind last season through the ninth week of sales, while prices were higher.

Through September 12th (47 days of sales, 29 days of auction sales), total flue-cured sales for the season have reached 350.6 million pounds and returned \$183.69 per hundred pounds.

After 47 days of sales, season net (producer) sales totaled 389.4 million pounds. Of the crop estimate of 582.2 million pounds, 67 percent had been sold after 47 days. The effective quota is 545.3 million pounds. Growers may market up to 103 percent of their effective quota without penalty.

Through the ninth week of gross sales, 14.8 percent of auction sales, or 8.3 million pounds have been purchased by Flue-Cured Stabilization.

Traditional Nomenclature for Tobacco Growing Areas Changed in Face of High Contract Volume

The USDA's Agricultural Marketing Service (AMS) has redefined the reporting areas for flue-cured tobacco. Beginning with the 2001 season, the Type 11-14 designations will have different meanings. The following table shows the old and new designations for flue-cured marketing areas. These designations are used by AMS in Market News Reports published during the flue-cured season.

Reports Through 2000 Season:

Type 11 (Old Belt)

Type 12 (Eastern NC Belt)

Type 13 (SC/Border NC Belt)

Type 14 (GA/FLA Belt)

Reports Beginning With 2001 Season:

Type 11 (Northern Auction Area)

Type 12 (Northern Contract Centers)

Type 13 (Southern Auction Area)

Type 14 (Southern Contract Centers)

Pilot Project for Flue-Cured Stabilization Marketing Centers Established

The Flue-Cured Tobacco Cooperative Stabilization Corporation announced the formation of a pilot auction-

marketing center in Wilson, NC for the 2001 flue-cured tobacco-marketing season. The Flue-Cured Tobacco Cooperative Stabilization Corporation is the flue-cured tobacco farmer-owned marketing association which administers price support for flue-cured tobacco farmers under a contractual agreement with the United States Department of Agriculture. The objective of this pilot project is to collect information which will lead to the development of an ultra-modern, high volume marketing facility that can offer to both tobacco farmers and tobacco purchasers more choices when marketing or purchasing tobacco. One significant goal of this concept is to develop a financially self-sufficient, modern tobacco marketing center, which will afford reduced selling costs to tobacco farmers and reduced purchasing costs to tobacco purchasers. The Stabilization Board of Directors chose to pursue the marketing center concept for the following reasons:

- to offer tobacco farmers and tobacco quota owners alternative marketing opportunities
- to offer selectivity of tobacco grades and qualities to tobacco purchasers
- to protect the export market
- to protect the asset value of tobacco quota and
- to provide a tobacco farmer and purchaser-friendly environment.

To receive price support in 2001, flue-cured tobacco growers must:

- Certify pesticide use and absence of nesting.
- Designate one or more warehouses within 100 miles of their county seat where they plan to sell their crop.
- Contribute to a no-net-cost account that totals 2.5 cents for the producer and 2.5 cents for the purchaser for each pound of 2001-crop flue-cured tobacco that is marketed.

Under quota legislation, growers receive price support on marketings up to 103 percent of their farm poundage quotas. However, marketings above the poundage quota are deducted from the following year's quotas. For marketings above 103 percent, growers must pay a penalty of \$1.34 a pound (75 percent of the average market price for the preceding year).

Based on the September 1, USDA estimate, 2001 production will total about 582.2 million pounds. Growers carried over 66 million pounds of the 2000 crop, more than last season. The effective quota is 545 million pounds, so carryover into 2002 could be significant. Marketings are expected to total nearly 560 million pounds. Since 1988, lease and transfer of flue-cured quotas has applied for disaster conditions only.

Disappearance Up Slightly in 2000

Disappearance of flue-cured tobacco in the 2000 marketing year (July 2000-June 2001) advanced 3 percent compared with the previous year. Beginning stocks on July 1, 2000, were 1,189 million pounds, and marketings during the year were 564.1 million pounds. Disappearance of 717 million pounds left ending stocks down 13 percent lower at 1,036 million pounds. Ending stocks reported by the Agricultural Marketing Service in the July 1, 2001, 'Tobacco Stocks' report include 88 million pounds of 1999 tobacco held by cooperatives which have been acquired by the Commodity Credit Corporation (CCC) under legislation passed by Congress in December 2000. Legislation prohibits this leaf

from being sold domestically, and international agreements make it difficult to sell abroad. This leaf has essentially been removed from the tobacco supply, leaving on July 1, 2001, 948 million pounds of flue-cured actually available to manufacturers and leaf dealers.

Supplies for 2001 Likely Lower

With estimated marketings of 560 million pounds and beginning stocks on July 1, 2001, of 948.3 million pounds, supplies of domestic flue-cured leaf are expected to slide about 19 percent compared with supplies at the beginning of the previous marketing year. At 1,420 million pounds, 2001 supplies are estimated lower than any time since the late 1930s.

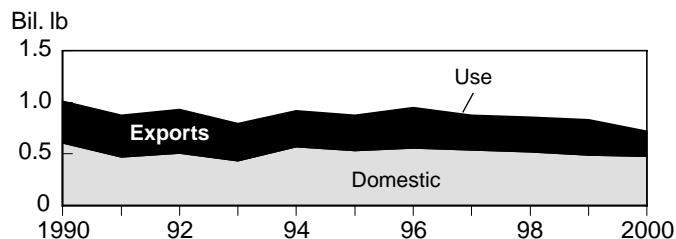
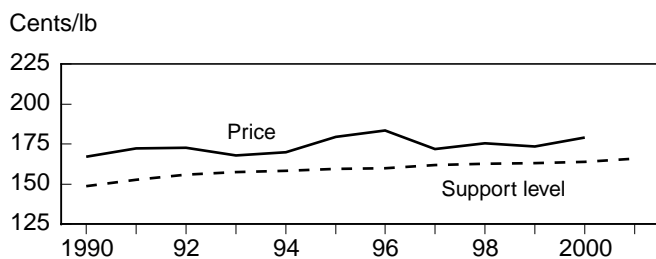
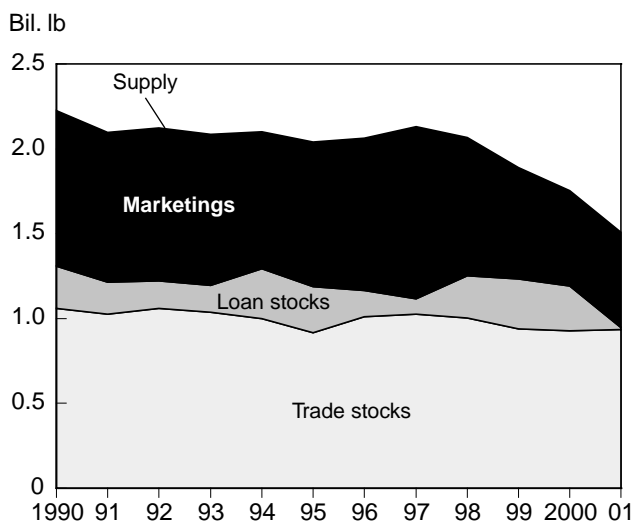
Table 17--Flue-cured tobacco auction sales: Gross sales, average price, loan receipts, sales dates, through Sept. 12, 2001, and a comparable number of sales days, 2000

Type, belt	Gross sales		Average price per pound		Loan receipts Volume		Percent of sales 2/		Sales period	
	2000	2001 3/	2000	2001	2000	2001	2000	2001	Opening date	Closing date
			Cents per pound		Million pounds		Percent		2001 (2000)	2001 (2000)
14, Ga.-Fla.	45.3		166.9		4.6		101.1		Aug 1 (Aug 1)	(Oct 19)
13, S.C.-Border, N.C.	65.5	19.0	169.3	174.7	4.3	3.0	6.6	15.8	Aug 8 (Aug 8)	(Oct 18)
12, Eastern N.C.	110.8		172.6		3.0		2.7		Aug 9 (Aug 9)	(Oct 19)
11, Old and Middle Belts N.C., Va.	68.6	30.0	180.9	178.8	0.9	4.3	1.3	14.3	Aug 14 (Aug 14)	(Nov 2)
All Belts 1/	290.1	49.0	172.9	177.2	12.8	7.3	4.9	14.9	(Aug 1)	(Nov 2)

1/ Computed from unrounded data. 2/ Percent of gross sales. 3/ For 2001, old type 13 and 14 auctions are combined under type 13 and old type 11 and 12 auctions are combined under type 11. Type 14 refers to contract sales in the combined old type 13 and 14 areas and type 12 refers to contract sales in the combined old type 11 and 12 areas.

Compiled from reports of the Tobacco Division, Agricultural Marketing Service, USDA.

Figure 4
Flue-cured tobacco: Supply, price, and use



Trade stocks include those of manufacturers and dealers. Crop year beginning July 1. 2000 and 2001 preliminary.

Source: Agricultural Marketing Service, USDA.

Table 18--Flue-cured and burley tobacco: Marketing quota and marketings, 1980-2001

Year	Quota		Marketings			Effective Under-quota 1/	Net carryover 2/
	Basic	Effective	Actual	Over-quota	Under-quota		
Million pounds Flue-cured, types 11-14							
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	804.3	831.7	849.6	42.6	32.8	31.5	-11.1
1985	775.0	758.0	789.4	51.1	24.8	16.4	-34.7
1986	728.5	699.4	666.9	10.5	45.3	43.8	33.3
1987	707.0	740.0	683.2	9.3	68.8	65.6	56.3
1988	754.3	811.8	796.1	13.4	28.4	25.0	11.6
1989	890.5	903.6	838.1	12.7	68.5	67.3	54.6
1990	877.7	936.1	920.2	15.0	30.6	28.6	13.6
1991	877.6	891.5	882.5	15.3	24.3	23.3	8.0
1992	891.8	899.0	901.0	15.7	14.2	13.5	-2.2
1993	892.0	889.6	891.7	16.2	13.1	12.5	-3.7
1994	802.6	798.5	806.8	16.7	8.2	7.7	-9.9
1995	934.6	924.9	854.2	9.7	80.1	79.5	69.8
1996	873.6	943.6	896.7	12.5	59.8	58.5	46.0
1997	973.8	1,019.8	1,013.5	13.0	17.4	16.8	3.8
1998	814.3	819.6	815.2	12.9	17.3	16.7	4.8
1999	667.7	671.5	645.0	9.7	27.6	26.4	17.2
2000 3/	543.0	553.0	562.9	10.5	7.6	7.4	-3.1
2001 4/	548.4	545.3					
Burley, type 31							
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	581.8	697.0	674.0	37.8	59.8	54.5	16.7
1985	524.4	541.7	541.9	37.2	36.4	31.9	5.3
1986	493.5	488.2	419.8	6.7	74.8	67.9	61.2
1987	463.9	524.8	427.5	5.2	101.6	91.2	86.0
1988	473.4	559.0	468.1	7.4	95.6	81.8	74.4
1989	586.9	660.7	498.3	6.1	165.2	146.4	140.3
1990	601.3	741.2	592.2	8.8	159.4	139.5	130.7
1991	724.1	846.1	657.0	7.6	197.3	175.4	167.8
1992	668.5	835.6	699.8	10.3	141.0	124.6	114.3
1993	601.9	717.9	626.6	9.8	93.1	83.3	73.4
1994	536.3	605.9	568.0	11.5	48.0	43.5	32.0
1995	546.5	577.9	480.4	5.9	100.3	93.9	88.0
1996	631.3	719.8	516.3	4.3	190.8	180.9	176.6
1997	704.5	879.8	628.8	5.3	253.5	236.3	231.0
1998	635.4	867.5	588.7	4.6	280.2	245.1	240.5
1999	452.6	690.1	551.2	7.0	145.4	122.1	119.1
2000 3/	247.4	367.4	307.4	5.5	59.5	47.2	41.7
2001 4/	331.4	368.8					

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

Compiled from records of the Tobacco and Peanuts Division, FSA.

Table 19--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season-average price, and price support operations, 1991-2001 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Marketings 2/	Beginning stocks 1/			Total supply
				Manufacturers and others	Under loan	Total	
--- Million pounds ---							
Flue-cured, types 11-14							
1991	402.6	2,265	882.5	1,026.5	189.1	1,215.6	2,098.1
1992	401.5	2,257	901.1	1,061.3	162.2	1,223.5	2,124.6
1993	400.1	2,217	891.7	1,037.4	158.2	1,195.6	2,087.3
1994	359.5	2,420	806.6	999.8	295.2	1,295.0	2,101.6
1995	386.2	1,933	854.2	915.6	271.2	1,186.8	2,041.0
1996	422.2	2,151	897.3	1,008.9	157.6	1,166.4	2,063.7
1997	458.3	2,285	1,013.5	1,025.1	91.5	1,116.5	2,130.0
1998	368.8	2,204	814.8	1,002.2	250.9	1,253.2	2,068.0
1999	303.8	2,162	653.9	939.7	294.6	1,234.3	1,888.2
2000	250.0	2,396	564.1	925.6	263.9	1,189.5	1,753.6
2001 3/	247.5	2,352	560.0	883.2	65.1 6/	948.3	1,420.3
Burley, type 31							
1991	312.0	2,110	657.0	686.9	78.4	765.3	1,422.3
1992	332.7	2,163	699.8	686.3	120.4	806.7 4/	1,506.5 4/
1993	299.7	2,115	626.6 7/	758.2	180.7	938.9	1,565.5
1994	266.3	2,300	568.0	633.1	380.8	1,013.9	1,581.9
1995	234.2	1,863	482.5	637.3	321.5	958.8	1,441.3
1996	268.3	1,940	526.8	677.9	212.5	890.4	1,417.2
1997	335.3	1,934	628.2	645.4	105.6	751.0	1,379.2
1998	307.1	1,896	590.3	647.8	183.8	831.6	1,421.9
1999	300.6	1,829	551.2	737.1	164.3	901.4	1,452.6
2000	185.4	1,957	310.9	495.9	315.1 6/	811.0	1,121.9
2001 3/	174.9	2,127	360.0	537.8	123.9 6/	661.7	1,021.7
Disappearance		Average price		Price support	Placed under loan		
Total	Domestic	Exports	per pound	level	Quantity	% of crop	
--- Million pounds ---				--- Cents ---		Million pounds	Percent
Flue-cured, types 11-14							
1991	874.6	471.2	403.4	172.3	152.8	49.6	5.6
1992	929.1	508.7	420.4	172.6	156.0	81.3	9.0
1993	792.3	433.4	358.9	168.1	157.7	204.8	23.0
1994	914.8	569.3	345.5	169.8	158.3	97.7	12.1
1995	875.1	530.6	344.5	179.0	159.7	12.0	1.3
1996	947.3 7/	556.4 7/	391.2	183.4	160.1	1.8	0.2
1997	876.9 7/	541.0	335.9 7/	172.0	162.1	195.5	19.4
1998	833.7	492.1	341.6	175.5	162.8	82.4	10.2
1999	698.7	436.9	261.8	173.7	163.2	136.4	21.2
2000	717.2 5/	479.2 5/	238.0 5/	179.3	164.0	27.4	4.6
2001					166.0		
Burley, type 31							
1991	615.6	407.2	208.5	178.8	158.4	42.3	6.4
1992	567.6	384.8	183.0	181.5	164.9	142.7	20.4
1993	551.6	399.4	152.2	181.6	168.3	232.3	37.0
1994	623.1	468.1	155.0	184.1	171.4	54.7	9.5
1995	550.9	386.1	164.8	185.4	172.5	0.0	0.0
1996	666.2 7/	456.8 7/	209.4 7/	192.2	173.7	0.0	0.0
1997	547.6	379.2	168.4	188.5	176.0	124.5	0.2
1998	520.5	351.6	168.9	190.3	177.8	72.9	12.4
1999	412.5	273.3	139.3	189.9	178.9	230.6	42.0
2000	425.0 5/	300.0 5/	125.0 5/	196.3	180.5	19.3	4.8
2001					182.6		

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ September 1 estimate.

4/ The factor used to convert stemmed stocks to farm-sales weight has been changed from 1.55 to 1.6 based on processing yields from 1989 to 1992. 5/ Estimated. 6/ 1999 loan forgiveness stocks excluded. 7/ Revised.

Source: Agricultural Marketing Service, National Agricultural Statistics Service, and Farm Service Agency, USDA.

Burley

Producer marketings in the 2000 crop year (October 2000 through September 2001) totaled 223.5 million pounds. With 87.5 million pounds of non-auction (mostly contract) sales, total marketings reached only 310.9 million pounds, a 44-percent decline from the previous season's 551.2 million pounds. Auction volume in 2000-01 was the lightest since the 1936 crop. Most of the decline was due to the 45-percent drop in the basic quota, but contract sales also reduced auction sales significantly.

Supplies in 2000-01 Were 7 Percent Lower

Lower production combined with higher beginning stocks in 2000-01 resulted in supplies of 1,351 million pounds, 7 percent below the previous season.

Burley tobacco use is likely to increase in 2000-01 by about 50 million pounds. During the first 9 months of the marketing year (September 2000 through June 2001), disappearance totaled 373.5 million pounds, 20 percent ahead of last year. Export demand fell 10 percent but domestic use advanced 30 percent during the 9-month period. Domestic use likely rose to offset very low use the previous year. Domestic use is estimated to be 60 million pounds higher than last season.

Adjusting the supply of burley leaf to reflect approximately 229.1 million pounds (farm-sales weight), which are now owned by the CCC as part of the burley loan-forgiveness legislation, results in 2000 supplies of 1.12 billion pounds.

Table 20--Burley marketing quota, Kentucky, Tennessee, and other States, 1999-2001

State	Carryover (net)	Basic quota	Effective quota
Million pounds			
1999			
Kentucky	105.6	308.9	414.5
Tennessee	61.5	95.7	157.2
Other States	72.4	46.0	118.4
2000			
Kentucky	39.3	163.6	208.7
Tennessee	44.6	41.5	87.1
Other States	31.0	21.9	66.1
2001			
Kentucky	5.2	227.7	232.9
Tennessee	15.8	57.0	72.8
Other States	16.4	46.7	63.1

Compiled from records and reports of Tobacco and Peanuts Division, FSA, USDA.

Table 21--Sales of burley tobacco quotas, 1995/96-1999/2000 1/

State & year	Sales (basic quota)
Indiana:	
1995/96	397
1996/97	275
1997/98	155
1998/99	149
1999/2000	77
Kentucky:	
1995/96	5,295
1996/97	3,905
1997/98	3,676
1998/99	3,645
1999/2000	2,285
North Carolina:	
1995/96	181
1996/97	183
1997/98	94
1998/99	90
1999/2000	63
Ohio:	
1995/96	318
1996/97	233
1997/98	198
1998/99	183
1999/2000	94
Tennessee:	
1995/96	1,293
1996/97	1,110
1997/98	782
1998/99	766
1999/2000	605
Virginia:	
1995/96	220
1996/97	152
1997/98	156
1998/99	156
1999/2000	113
Other States 2/:	
1995/96	133
1996/97	149
1997/98	70
1998/99	70
1999/2000	28
All States:	
1995/96	7,837
1996/97	6,007
1997/98	5,131
1998/99	5,059
1999/2000	3,265

1/ Year ending June 15. 2/ Primarily West Virginia and Missouri.

Compiled from records and reports of the Tobacco and Peanuts Division, Farm Service Agency, USDA.

This tobacco, as with flue-cured, will effectively be eliminated from the marketing system, and supplies beginning in October 2001 will be reduced by that amount.

As of September 1, burley production in 2001 is estimated at 372.0 million pounds, 3 percent ahead of last year's production. Marketings this year could reach 360 million pounds, including carryover tobacco, resulting in supplies of 1.270 million pounds, 6 percent below 2000. However, accounting for the loan-forgiveness tobacco, stocks may fall to nearly 500 million pounds, half the previous year's supply.

Available tobacco in 2001 (including on-farm carryover) are expected to be about 400 million pounds compared with 311 million pounds during the 2000-01 season. The effective quota is only 352 million pounds, so marketings are limited to about 360 million pounds. Burley is usually undermarketed by about 15-20 percent. However, given the excellent quality of this year's crop and tight supplies, an amount close to the quota may well be marketed.

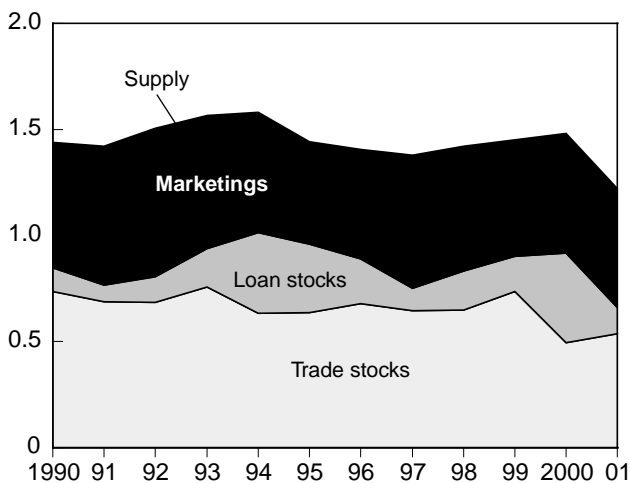
Table 22--Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1991-2000

Crop year	Mixed group	1,2,3, quality	Tan color
	Percent		
1991	30.6	41.2	54.9
1992	2.4	36.3	48.7
1993	1.5	35.8	61.6
1994	1.4	42.7	62.4
1995	3.7	26.2	65.5
1996	19.8	21.0	69.9
1997	6.2	22.8	70.5
1998	0.7	23.7	74.6
1999	0.7	16.3	73.5
2000	0.5	20.3	69.4

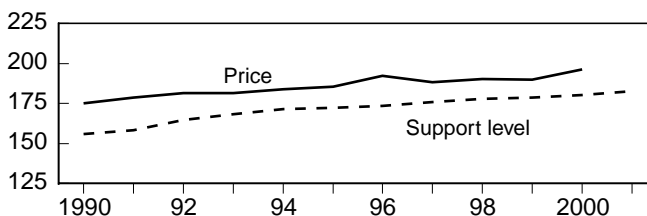
Compiled from reports of the Tobacco Division, AMS, USDA.

Figure 4
Burley tobacco: Supply, price, and use

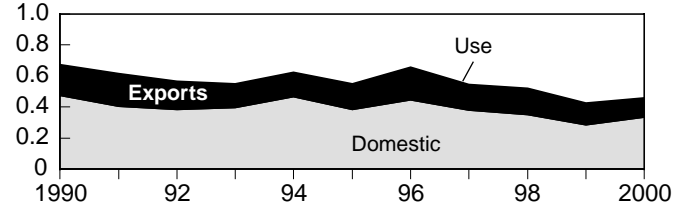
Bil. lb



Cents/lb



Bil. lb



Trade stocks include those of manufacturers and dealers. Crop year beginning October 1. 2000 and 2001 preliminary.
Source: Agricultural Marketing Service, USDA.

Southern Maryland

Production of Maryland (type 32) leaf grown in Maryland has plummeted as a result of the State-sponsored buyout of tobacco. Production in 2000 was 13.4 million pounds. In 2001 estimated production is 4.1 million pounds. About 69 percent of tobacco growers are participating in the buyout. These growers account for about 82 percent of production.

Maryland leaf grown in Pennsylvania has declined from 5.1 million pounds to 1.7 million pounds. There is no buyout in Pennsylvania, but growers have switched to growing low-nicotine tobacco for the Star Tobacco Company. Acreage of low-nicotine leaf has reached 3,700 acres, with production of around 6 million pounds likely.

Beginning stocks of Maryland leaf on January 1, 2001, were 13.4 million pounds. Production of 13.4 million pounds brings 2000 supply to 26.8 million pounds. Ending stocks (January 1, 2002) are likely to be down considerably from the previous year because of reduced production.

October-June disappearance of Maryland leaf was 19 percent ahead of the same period last year. Estimated disappearance for the 2000 marketing year (October 2000-2001) is expected to be close to 18 million pounds.

Table 23--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season-average price, 1991-2001 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Supply		Disappearance			Avg. grower price per pound Cents
				Stocks following Jan. 1 2/	Total --- Million pounds ---	Total	Domestic	Exports	
1991	12.4	1,607	19.9	12.5	32.4	21.4	16.4	5.0	160.2
1992	13.5	1,390	18.8	9.4	28.2	21.5	13.9	7.6	147.0
1993	12.7	1,526	18.3	7.5	26.9	17.3	11.8	5.5	143.0
1994	12.1	1,634	19.8	8.4	28.2	17.7	12.7	5.0	148.1
1995	12.0	1,518	18.2	11.1	29.6	16.1	8.1	6.6	157.3
1996	11.4	1,451	16.5	15.0	11.2	13.0	6.6	6.4	185.6
1997	11.2	1,629	18.2	18.7	36.9	15.1	8.6	6.5	157.6
1998	9.8	1,568	15.4	20.6	37.9	18.9	12.6	6.2	129.1
1999	9.5	1,511	14.4	16.0	30.4	18.3	14.1	4.2	134.5
2000	8.4	1,595	13.4	13.4	26.8	18.1	14.3	3.8	138.7
2001 3/	2.6	1,580	4.1	11.0	15.1				

1/ Year beginning October 1. 2/ Adjusted to reflect calendar sales of tobacco produced in Pennsylvania. 3/ September 1 estimate.

Source: Agricultural Marketing Service, National Agricultural Statistics Service, and Farm Service Agency, USDA.

Fire-Cured

Fire-cured tobacco is mainly used in making snuff, plug chewing tobacco, and twist chewing tobacco. About half the crop is usually exported. Production of fire-cured leaf in 2000 reached 51.6 million pounds, 36 percent higher than the previous season. Prices were higher also. However, in 2001, production is forecast at nearly 1999 levels--an estimated 39.5 million pounds. Kentucky-Tennessee fire-cured leaf production as of September 1, 2001, is estimated at 37.2 million pounds compared with 49.1 million pounds in 2000. Production of Virginia fire-cured tobacco is estimated at 2.3 million pounds compared with 2.5 million pounds in 2000.

Exports Gain

Strong demand for fire-cured in export markets has boosted disappearance during recent seasons. Exports during the

2000 crop year have been ahead of the previous year. Exports of Kentucky-Tennessee fire-cured shipments were 19 percent higher during the first 9 months of the 2000 crop year (October 2000-June 2001) than the previous year. Total exports are expected to reach 25 million pounds.

Total disappearance for the first 9 months of the 2000 marketing year totaled 32.6 million pounds. Disappearance is expected to exceed 40 million pounds for the entire marketing year, slightly higher than during 1999.

Dark Air-Cured

Dark air-cured tobacco (types 35-37) is used in plug and twist chewing tobacco, snuff, and to some extent, smoking tobacco. Production and use have declined by more than half over the last two decades. Exports usually account for 10 to 20 percent of total use. The marketing year for dark air-cured tobacco is on an October-September basis.

Disappearance Slips to Near 1998 Level

Disappearance during the 2000 crop year (October 2000-September 2001) will likely fall compared with the previous season and be closer to 1998 levels. Exports of dark air-cured slipped during the first 9 months. Disappearance during the first 9 months of the 2000 marketing year are 10 percent below the same period of the previous season, at 7.3

million pounds. Export demand for dark air-cured leaf is strong because of its low nitrosamine levels.

Production in 2001 Slips

After reaching the highest production level since 1994, production is set to slip 21 percent according to September 1 estimates. However, production should still be the second highest in the past decade. Increased use by U.S. manufacturers is behind the sustained demand. Stocks of Kentucky-Tennessee dark air-cured (types 35-36) in July 2001 were 7.6 million pounds greater than in July 2000. Supplies in 2001 are expected to be nearly 10 million pounds above the previous year's levels.

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, 1991-2001 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Beginning stocks				
			Production	Manufacturers		Total	Total supply
				and others	Under loan		
--- Million pounds ---							
Kentucky-Tennessee fire-cured, types 22-23							
1991	13.5	2,169	29.3	59.2	7.5	66.7	96.0
1992	14.3	2,400	34.2	57.4	4.2	61.6	95.8
1993	15.5	2,527	39.0	61.1	2.9	64.0	103.0
1994	16.7	2,564	45.9	69.1	0.8	69.7	115.6
1995	15.8	2,386	37.7	79.5	1.0	80.5	118.2
1996	15.5	2,745	42.5	79.3	0.9	80.2	122.7
1997	15.4	2,625	40.3	83.2	0.1	83.3	123.6
1998	15.3	2,444	37.5	84.6	0.2	84.8	122.3
1999	15.0	2,365	35.4	86.7	0.0	86.7	122.1
2000	16.2	3,023	49.1	87.8	0.0	87.8	136.9
2001 2/	13.0	2,862	37.2	93.0	4.0	97.0	134.2
Virginia fire-cured, type 21							
1991	2.5	1,425	3.6	3.5	1.1	4.6	8.2
1992	1.7	1,510	2.6	3.6	0.9	4.5	7.1
1993	1.2	1,560	1.9	3.6	0.8	4.4	6.3
1994	1.4	1,780	2.4	2.4	0.8	3.2	5.6
1995	1.1	1,400	1.5	2.6	0.9	3.5	5.3
1996	1.1	1,580	1.7	3.4	0.1	3.5	5.2
1997	1.2	1,640	2.0	2.3	0.1	2.4	4.4
1998	1.5	1,560	2.3	2.4	0.0	2.4	4.7
1999	1.6	1,670	2.7	2.6	0.0	2.7	5.3
2000	1.3	1,700	2.5	3.0	0.4	3.4	6.0
2001 2/	1.3	1,800	2.3	3.5	0.3	3.8	6.2
		Disappearance		Price per pound	Support level	Placed under loan	
		Total	Domestic			Exports	Quantity
		--- Million pounds ---		--- Cents ---		Million pounds	Percent
Kentucky-Tennessee fire-cured, types 22-23							
1991	35.7	20.7	15.0	195.2	129.7	0.4	1.1
1992	34.4	19.0	15.4	213.4	136.7	* 3/	0.1
1993	31.8	16.4	15.4	217.3	142.1	* 4/	0.1
1994	33.4	17.0	15.5	219.4	146.4	1.1	0.1
1995	35.1	20.4	13.9	217.2	148.3	0.2	2.7
1996	37.9	23.8	14.1	224.5	151.8	0.7	4.9
1997	39.4	22.7	16.7	225.6	155.7	0.1	0.2
1998	38.9	21.2	17.7	222.5	162.3	0.4	1.1
1999	34.3	13.4	21.0	229.8	168.1	0.2	0.4
2000	40.0 7/	14.2 7/	25.8 7/	216.3	171.6	4.6	9.3
2001					173.6		
Virginia fire-cured, type 21							
1991	3.7	0.7	3.0	152.6	133.2	0.5	13.9
1992	2.7	1.8	0.9	161.5	136.7	0.4	15.4
1993	3.1	0.7	2.3	171.9	139.5	* 5/	0.6
1994	2.1	0.7	1.4	161.2	140.7	0.5	20.8
1995	1.9	0.8	0.8	162.5	143.0	0.1	6.7
1996	2.8	0.3	2.5	179.0	145.5	* 6/	2.0
1997	2.0	1.4	0.6	212.5	149.8	0.0	0.0
1998	2.0	1.5	0.6	193.6	153.6	0.2	6.6
1999	1.9	0.9	1.0	181.9	155.9	0.4	15.2
2000	1.8 7/	0.8 7/	1.0 7/	163.7	155.9	0.3	12.1
2001					157.2		

* = Negligible.

1/ Marketing year beginning October 1. 2/ September 1 estimate. 3/ About 38,000 pounds. 4/ About 32,200 pounds.

5/ About 12,000 pounds. 6/ About 27,000 pounds. 7/ Estimate.

Source: Agricultural Marketing Service, National Agricultural Statistics Service, and Farm Service Agency, USDA.

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, 1991-2001 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Beginning stocks				
				Manufacturers and others		Under loan	Total	Total supply
				--- Million pounds ---				
Dark air-cured, types 35-36								
1991	4.3	2,029	8.7	25.5	0.0	25.5	34.2	
1992	4.6	2,222	10.3	23.6	0.0	23.6	33.9	
1993	4.8	2,322	11.1	23.9	0.3	24.2	35.3	
1994	4.6	2,527	11.7	24.1	0.6	24.7	36.4	
1995	4.1	2,065	8.5	26.6	0.7	27.3	35.8	
1996	3.8	2,262	8.6	25.1	0.3	25.4	34.0	
1997	3.6	2,258	8.2	23.8	0.0	23.8	32.0	
1998	4.3	2,229	9.7	22.5	0.0	22.5	32.1	
1999	5.0	2,328	11.6	24.0	0.0	24.0	35.7	
2000	5.5	2,901	15.9	26.6	0.0	26.6	42.5	
2001 2/	4.9	2,557	12.6	33.6	0.5	34.1	46.7	
Sun-cured, type 37								
1991	0.1	1,560	0.2	0.5	0.1	0.6	0.8	
1992	0.1	1,240	0.1	0.3	0.1	0.4	0.5	
1993	0.1	1,040	0.1	0.1	0.1	0.2	0.3	
1994	0.1	1,770	0.1	*	0.1	0.1	0.2	
1995	0.1	1,125	0.1	*	0.1	0.1	0.2	
1996	0.1	1,600	0.1	*	*	*	0.2	
1997	0.1	1,490	0.1	*	*	*	0.1	
1998	0.1	1,220	0.1	0.0	*	0.0	0.2	
1999	0.1	1,550	0.2	0.1	*	0.1	0.2	
2000	0.1	1,650	0.2	0.1	*	0.1	0.3	
2001 2/	0.1	1,500	0.2	0.2	*	0.2	0.3	
Marketing year 1/	Disappearance			Avg. price per pound	Avg. support level	Placed under loan		
	Total	Domestic	Exports			Quantity	% of crop	
	--- Million pounds ---					--- Cents ---		1,000 pounds
Dark air-cured, types 35-36								
1991	10.6	9.0	1.6	184.0	116.9	71	0.8	
1992	9.7	8.4	1.3	169.7	121.7	481	4.7	
1993	10.6	8.5	2.1	171.5	125.5	710	6.4	
1994	9.1	7.4	1.8	168.5	127.3	619	5.3	
1995	10.3	9.1	1.3	176.2	130.4	110	1.3	
1996	10.1	10.1	0.0	191.1	133.9	20	0.2	
1997	9.6	9.6	0.0	201.7	139.8	14	0.2	
1998	8.1	8.1	0.0	195.5	145.0	73	0.8	
1999	9.0	7.7	1.3	203.9	148.1	48	0.4	
2000	10.0 3/	9.0 3/	1.0 3/	197.1	148.1	810	5.1	
2001					149.9			
Sun-cured, type 37								
1991	0.4	0.3	0.1	143.4	117.7	17	8.5	
1992	0.3	0.2	0.1	138.0	120.8	19	19.0	
1993	0.2	0.1	0.1	152.1	123.3	0	0.0	
1994	0.1	*	0.1	147.6	124.5	27	21.8	
1995	0.1	*	0.1	155.5	126.5	0	0.0	
1996	0.1	*	0.1	178.2	128.8	0	0.0	
1997	0.1	0.0	0.1	190.8	132.6	0	0.0	
1998	0.1	0.1	0.0	170.9	136.0	9	7.4	
1999	0.1	0.1	0.1	159.0	138.0	22	14.2	
2000	0.2 3/	0.1 3/	0.1 3/	180.0	138.0	4	2.4	
2001					139.2			

* = Negligible.

1/ Marketing year beginning October 1. 2/ September 1 estimate. 3/ Estimate.

Source: Agricultural Marketing Service, National Agricultural Statistics Service, and Farm Service Agency, USDA.

Cigar Tobacco

Cigar leaf (types 41-61) is classified according to its traditional use: filler, binder, and wrapper. Most cigar wrapper is exported for use in cigars, but loose leaf chewing tobacco takes most of the filler and binder. Some binder is also used in smoking tobacco. Exports of filler and binder are negligible.

Cigar Leaf Production Rebounds in 2001

After reaching its lowest level since the 1800s, cigar production will recover but still be below 1999 levels. September 1 crop estimates indicate cigar leaf production in 2001 is expected to be 13.2 million pounds compared with 10.2 million pounds in 2000. Production in 1999 was 16.5 million pounds. Acreage increased 26 percent and yields are higher. Acreage of wrapper was up 50 acres to 1,300 acres. Binder acreage nearly doubled, rising 97 percent to 3,670 acres. Connecticut Valley Broadleaf binder surged from 900 acres in 2000 to an estimated 2,150 acres in 2001. Yields recovered from the disease-afflicted 1,189 pounds per acre to 1,801 pounds. Wisconsin binder surged from 960 acres to 1,530 this season with slightly lower yields. Pennsylvania Seedleaf acreage slid from 2,400 to 2,000 acres as growers shifted to low-nicotine varieties of tobacco and reduced overall tobacco acreage.

Filler Disappearance Plumets in 2000

During the first 9 months of the marketing year (October 2000-June 2001) disappearance of filler tobacco reached 4.3 million pounds, compared with 7.5 million pounds the previous year. Although disappearance is expected to quicken in the last quarter, it will fall short of last season's 7.8 million pounds. Lower beginning stocks and production will reduce supplies of cigar filler in 2001.

Binder Disappearance Slips in 2000

October 2000-June 2001 disappearance of binder leaf in 2000 slipped from 8.3 million pounds to 5.4 million pounds.

Low binder production in 2000 reduced supplies. Stocks were drawn down, but consumption of products that contain binder declined. Both chewing tobacco and smoking tobacco fell in 2000. Smoking tobacco slipped after a year of gains spurred by rising roll-your-own consumption. Disappearance of binder tobacco for the 2000 season is expected to be about 6 million pounds. Connecticut Binder usually accounts for about a third of total binder disappearance.

Wrapper Disappearance Decimated By Low Supply

During the first 9 months of the 2000 season, disappearance of wrapper leaf slowed to 1.5 million pounds compared with 4.1 million pounds in 1999. Blue mold devastated production, reducing yields and harvested acres. Disappearance in 2000 (October 2000-September 2001) is likely to be half that of 1999, around 2 million pounds.

Much of shade-grown wrapper is shipped overseas for processing, either to foreign buyers or to subsidiaries of U.S. firms in the Dominican Republic. With production gains expected in 2001, supplies will increase.

Imported Cigar Tobacco Use Advances in 2000

Low supplies of domestic cigar leaf in 2000 due to declining stocks and production have boosted demand for imported cigar leaf. During July 2000-June 2001, manufacturers used 116.1 million pounds of imported cigar tobacco, compared with 100.5 million pounds during the same period a year earlier. U.S. stocks of foreign-grown cigar leaf totaled 103.3 million pounds on July 1, 2001, compared with 106.8 a year earlier.

Table 26--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season-average prices, 1991-2001 (farm-sales weight)

Crop year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. price per pound to growers Cents
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
Pennsylvania seedleaf filler (type 41)									
1991	6.7	2,050	13.7	23.1	36.8	12.1	12.1	*	143.0
1992	7.0	2,000	14.0	24.6	38.6	13.1	13.1	*	115.0
1993	5.8	2,100	12.2	24.5	36.6	13.7	13.7	*	95.0
1994	5.4	2,100	11.3	24.0	35.3	14.9	14.9	*	100.0
1995	4.5	2,050	9.2	20.5	29.7	11.8	11.8	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	5.6	5.6	*	3/
2001 2/	2.0	2,070	4.1	9.0	13.1				
Puerto Rico filler (type 46)									
1991	*	**	*	2.6	2.6	0.5	0.5	*	**
1992	*	**	*	2.1	2.1	0.9	0.9	*	**
1993	*	**	*	1.2	1.2	1.1	1.1	*	**
1994	*	**	*	0.1	0.1	0.1	0.1	*	**
1995 5/	*	**	*	*	*	*	*	*	**
Total cigar filler (types 41-46 6/)									
1991	6.7	2,050	13.7	25.6	39.3	12.6	12.6	*	143.0
1992	7.0	2,000	14.0	26.7	40.7	14.0	14.0	*	115.0
1993	5.8	2,100	12.2	26.7	38.9	14.8	14.8	*	95.0
1994	5.4	2,100	11.3	24.1	35.4	15.0	14.9	*	100.0
1995	4.5	2,050	9.2	20.5	29.7	11.8	11.4	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	4.6	4.6	*	3/
2001 2/	2.0	2,070	4.1	10.0	14.1				
Connecticut Valley binder (types 51-52)									
1991	0.8	1,791	1.4	2.5	3.9	2.2	2.2	*	260.0
1992	0.8	1,810	1.5	1.6	3.1	1.2	1.2	*	280.0
1993	0.9	1,914	1.7	1.9	3.6	2.0	2.0	*	300.0
1994	1.0	1,893	1.8	1.6	3.4	2.0	2.0	*	306.0
1995	1.2	1,969	2.4	1.4	3.8	2.2	1.8	*	389.0
1996	1.6	1,780	2.9	1.6	4.5	3.3	2.9	0.4	628.0
1997	2.0	1,783	3.6	1.2	4.8	2.8	2.2	0.6	741.4
1998	2.4	1,539	3.6	2.1	5.7	2.2	1.4	0.8	549.9
1999	2.5	1,668	4.2	3.5	7.7	4.9	4.6	0.3	473.7
2000	0.9	1,189	1.1	2.8	3.8	1.0	0.7	0.3	491.6
2001 2/	2.2	1,801	3.9	2.8	6.7				
Southern Wisconsin binder (type 54)									
1991	4.1	2,390	9.8	4/	--	--	--	--	155.0
1992	4.0	2,115	8.5	4/	--	--	--	--	153.0
1993	2.8	1,675	4.7	4/	--	--	--	--	145.0
1994	1.9	2,200	4.2	4/	--	--	--	--	145.0
1995	1.9	2,370	4.5	4/	--	--	--	--	145.0
1996	1.9	1,900	3.6	4/	--	--	--	--	148.0
1997	1.8	2,330	4.2	4/	--	--	--	--	150.0
1998	1.5	2,180	3.3	4/	--	--	--	--	149.0
1999	0.9	2,530	2.3	4/	--	--	--	--	149.0
2000	0.7	2,500	1.8	4/	--	--	--	--	155.0
2001 2/	1.2	2,200	2.6	4/					

See footnotes at end of table.

Continued--

Table 26--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season-average prices, 1991-2001 (farm-sales weight)--continued

Crop year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. price per pound to growers Cents
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
Northern Wisconsin binder (type 55)									
1991	3.2	1,685	5.4	4/	--	--	--	--	155.0
1992	3.2	1,450	4.6	4/	--	--	--	--	141.0
1993	1.8	1,085	2.0	4/	--	--	--	--	139.0
1994	1.0	1,775	1.7	4/	--	--	--	--	145.0
1995	0.9	1,985	1.7	4/	--	--	--	--	145.0
1996	1.0	1,600	1.6	4/	--	--	--	--	150.0
1997	0.8	1,995	1.5	4/	--	--	--	--	152.0
1998	0.6	1,745	1.0	4/	--	--	--	--	149.0
1999	0.3	1,952	0.6	4/	--	--	--	--	149.0
2000	0.2	1,865	0.4	4/	--	--	--	--	155.0
2001 2/	0.3	1,800	0.6	4/	--	--	--	--	
Total Wisconsin binder (types 54-55)									
1991	7.3	2,081	15.2	26.1	41.3	12.8	12.8	*	155.0
1992	7.2	1,819	12.9	28.5	41.4	10.8	10.8	*	148.7
1993	4.6	1,444	6.6	30.8	37.5	9.5	9.5	*	143.2
1994	2.9	2,058	5.9	27.9	33.8	9.3	9.3	*	145.0
1995	2.8	2,254	6.2	24.6	30.8	9.0	9.1	*	145.0
1996	2.9	1,774	5.2	21.7	26.9	9.1	8.9	0.2	148.6
1997	2.6	2,235	5.7	17.8	23.5	7.3	6.9	0.4	150.5
1998	2.1	2,063	4.2	16.2	20.4	6.1	5.0	1.1	149.0
1999	1.2	2,388	2.8	14.3	17.1	4.4	3.4	1.0	149.0
2000	1.0	2,348	2.3	12.7	14.9	2.6	1.6	1.0	155.0
2001 2/	1.5	2,116	3.2	9.8	13.0	--	--	--	
Total cigar binder (types 51-55)									
1991	8.1	2,052	16.6	28.6	45.3	14.2	14.2	*	164.1
1992	8.0	1,818	14.6	30.1	44.7	12.0	12.0	*	162.1
1993	5.5	1,520	8.3	32.7	41.0	11.4	11.4	*	175.1
1994	3.8	1,952	7.7	29.6	37.3	11.4	11.3	*	181.1
1995	4.0	2,165	8.7	25.9	34.6	11.3	11.3	*	213.7
1996	4.5	1,792	8.1	23.3	31.4	12.4	11.8	*	321.4
1997	4.6	2,032	9.3	19.0	28.2	10.1	9.1	0.6	375.4
1998	4.4	1,783	7.9	18.3	26.1	8.3	6.4	1.0	334.7
1999	3.7	1,899	7.0	17.8	24.8	9.3	8.1	1.3	342.7
2000	1.9	1,787	3.3	15.4	18.8	3.8	2.3	1.3	263.4
2001 2/	3.7	1,932	7.1	--	--	--	--	--	
Connecticut Valley shade-grown (type 61)									
1991	1.5	1,627	2.2	2.0	4.2	3.0	0.3	2.7	1,800.0
1992	1.0	1,537	1.5	1.2	2.8	1.2	0.2	1.0	1,700.0
1993	1.1	1,484	1.6	1.5	3.1	1.1	0.2	1.0	1,700.0
1994	1.2	1,460	1.7	1.9	3.6	1.6	0.2	1.3	1,780.0
1995	1.3	1,582	2.0	2.1	4.1	1.8	0.4	1.4	3/
1996	1.4	1,473	2.1	2.3	4.4	2.4	0.2	2.0	3/
1997	1.7	1,431	2.4	2.0	4.4	2.3	0.2	2.1	3/
1998	1.7	1,413	2.4	2.0	4.5	3.2	0.5	2.7	3/
1999	1.9	1,951	3.6	1.3	4.9	4.1	1.1	3.0	3/
2000	1.3	1,472	1.8	0.8	2.6	1.5	0.2	1.3	3/
2001 2/	1.3	1,538	2.0	1.1	3.1	--	--	--	
Grand total cigar tobacco (types 41-61)									
1991	16.3	2,005	32.5	56.2	88.8	29.8	27.1	2.7	267.0
1992	16.0	1,876	30.1	58.0	88.1	27.2	26.2	1.0	217.6
1993	12.4	1,787	22.1	60.9	82.9	27.3	26.4	0.9	239.8
1994	10.4	1,989	20.7	55.6	76.3	28.0	26.4	1.6	265.7
1995	9.8	2,085	19.9	48.5	68.3	24.9	23.1	1.8	178.3 4/
1996	10.7	1,905	20.5	43.5	64.0	28.9	24.7	4.2	231.7 4/
1997	11.2	2,015	22.5	34.2	56.6	23.4	20.3	3.1	266.9 4/
1998	10.6	1,863	19.8	33.3	52.7	22.3	17.6	4.6	222.9 4/
1999	8.7	1,892	16.5	30.4	47.0	21.2	16.9	4.3	245.1 4/
2000	5.5	1,852	10.2	25.8	36.0	10.7	8.1	2.6	263.4 4/
2001 2/	7.0	1,898	13.2	11.1	24.3	--	--	--	

* = Negligible. ** = Not applicable. -- = Not available. 1/ October 1 for types 41-55; July 1 for type 61. 2/ September 1 estimate. 3/ Price information not available.

4/ Does not include type 61. 5/ Subsequent years negligible. 6/ Ohio, Miami Valley filler (types 42-44) no longer included as there is no production and stocks are negligible.

Source: Agricultural Marketing Service, National Agricultural Statistics Service, and Farm Service Agency, USDA.

Table 27--Cigarettes: Estimated world output and exports, specified countries, annual 1992-2001 1/

Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% change 1997-98
	Billions										Percent
Production:											
China	1,644.0	1,675.0	1,710.0	1,735.0	1,700.3	1,683.6	1,642.5	1,670.0	1,698.5	1,685.0	-1
United States	718.5	661.0	725.6	746.5	758.0	719.6	679.7	606.6	594.6	580.0	-2
United Kingdom	126.5	116.8	114.9	156.0	170.3	170.2	163.5	155.0	155.0	155.0	0
Germany	222.4	207.7	221.1	221.0	193.3	182.0	181.9	204.8	206.8	207.2	0
France	53.3	47.9	48.2	46.4	46.4	45.0	43.3	42.4	38.2	37.0	-3
Italy	53.7	54.9	55.1	50.2	51.5	51.9	50.7	45.1	44.2	43.5	-2
Other EU	263.0	250.3	283.9	286.6	296.2	310.3	315.6	315.3	727.0	732.0	1
Total European Union 2/	718.9	677.6	723.2	760.2	757.7	759.4	755.0	762.6	762.4	763.4	0
USSR 3/	271.7	280.6	271.8	333.5	356.2	390.5	394.0	423.5	377.0	382.0	1
Japan	296.6	289.3	268.9	262.8	271.0	254.6	267.1	263.2	258.0	256.2	-1
Brazil	153.7	149.1	163.9	173.7	182.3	182.8	170.0	111.4	104.9	110.4	5
Other	1,559.1	1,566.6	1,613.6	1,567.3	1,655.4	1,660.1	1,698.0	1,700.8	1,777.6	1,806.1	2
Total	5,362.5	5,299.2	5,477.0	5,579.0	5,680.9	5,650.6	5,606.3	5,538.1	5,573.0	5,583.1	0
Exports:											
United States	205.6	195.5	220.2	231.1	243.9	217.0	201.3	151.4	148.2	145.0	-2
Bulgaria	39.1	22.6	40.1	60.9	40.1	25.7	15.4	20.0	8.7	7.6	-13
United Kingdom	55.5	48.5	310.4	84.8	136.7	108.1	125.5	115.4	111.0	120.0	8
Switzerland	18.2	17.8	24.1	26.6	27.1	23.3	23.4	23.4	23.4	23.4	0
Germany	77.6	71.0	83.5	85.0	81.6	69.7	69.4	85.2	90.6	91.0	0
Netherlands	74.1	73.1	79.9	82.2	116.0	118.0	103.7	105.1	101.5	102.8	1
Belgium-Luxembourg	14.2	3.2	11.3	11.6	14.9	14.1	14.0	14.0	14.0	14.0	0
Hong Kong	90.4	77.9	82.3	74.3	79.6	45.9	35.2	25.3	28.1	29.2	4
Singapore	36.4	53.8	54.4	50.2	59.3	70.1	53.3	58.7	58.7	58.7	0
Other	193.3	216.7	249.6	275.3	295.1	290.6	293.1	350.7	262.2	258.8	-1
Total	804.4	780.1	1,155.8	982.0	1,094.3	982.5	934.3	949.2	846.4	850.5	0

1/ Estimates included in absence of reasonable data. 1997 preliminary. 2/ Excludes Austria, Sweden, and Finland--new members effective January 1, 1995.

3/ Former Soviet Union. Includes Papyrosa.

Compiled from USDA, FAS, Foreign Agriculture Circular, FT 8-00, August 2001.

Table 28--Estimated leaf used for cigarettes by kinds of tobacco, 1960-64 thru 1980-84, 1985-2000

Calendar year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
	Million pounds								
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
1970-74	623	459	19	1,101	556	410	19	186	1,171
1975-79	594	464	21	1,079	529	414	21	268	1,232
1980-84	480	424	25	930	428	379	25	374	1,207
1985	455	374	28	862	406	334	28	396	1,164
1986	426	365	26	817	380	326	26	418	1,150
1987	446	368	24	838	398	329	24	435	1,186
1988	474	406	24	904	423	363	24	392	1,202
1989	481	362	22	865	430	324	22	368	1,144
1990	532	397	21	950	475	354	21	378	1,228
1991	484	408	16	908	432	364	16	422	1,234
1992	463	348	16	827	413	310	16	520	1,259
1993	416	331	13	760	371	296	13	549	1,229
1994	434	353	12	799	391	317	12	447	1,218
1995	475	368	12	855	427	331	12	467	1,237
1996	464	314	12	790	418	282	12	556	1,268
1997	452	317	13	783	407	286	12	515	1,219
1998	403	268	7	677	362	241	6	477	1,087
1999 1/	344	223	6	572	309	200	5	487	1,002
2000 1/	348	188	6	542	313	169	5	497	984
	Pounds								
1960-64	1.396	0.854	0.030	2.280	1.242	0.761	0.030	0.231	2.264
1965-69	1.174	0.840	0.037	2.051	1.048	0.751	0.036	0.264	2.098
1970-74	1.026	0.755	0.031	1.812	0.916	0.674	0.031	0.305	1.926
1975-79	0.871	0.680	0.031	1.582	0.777	0.607	0.030	0.392	1.806
1980-84	0.689	0.609	0.036	1.334	0.615	0.544	0.036	0.539	1.734
1985	0.684	0.562	0.042	1.288	0.610	0.502	0.042	0.595	1.750
1986	0.647	0.555	0.040	1.242	0.578	0.495	0.040	0.635	1.748
1987	0.647	0.534	0.035	1.216	0.578	0.477	0.035	0.631	1.720
1988	0.683	0.585	0.035	1.303	0.608	0.522	0.035	0.564	1.729
1989	0.710	0.535	0.032	1.272	0.635	0.478	0.032	0.543	1.689
1990	0.750	0.559	0.030	1.339	0.670	0.499	0.030	0.533	1.732
1991	0.697	0.587	0.023	1.306	0.622	0.522	0.023	0.608	1.777
1992	0.641	0.484	0.022	1.147	0.575	0.431	0.022	0.723	1.751
1993	0.629	0.501	0.020	1.150	0.561	0.448	0.020	0.831	1.859
1994	0.670	0.502	0.017	1.188	0.598	0.448	0.017	0.616	1.679
1995	0.636	0.493	0.016	1.145	0.572	0.444	0.016	0.626	1.658
1996	0.615	0.416	0.016	1.047	0.554	0.374	0.016	0.737	1.681
1997	0.628	0.441	0.018	1.087	0.566	0.397	0.016	0.715	1.694
1998	0.583	0.389	0.010	0.982	0.525	0.350	0.009	0.691	1.575
1999 1/	0.567	0.367	0.010	0.944	0.510	0.330	0.009	0.804	1.653
2000 1/	0.585	0.316	0.010	0.911	0.526	0.284	0.009	0.835	1.655
	Percent								
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
1970-74	56.6	41.7	1.7	100.0	47.6	35.0	1.6	15.8	100.0
1975-79	55.0	43.0	2.0	100.0	43.0	33.6	1.7	21.7	100.0
1980-84	52.0	46.0	3.0	100.0	35.0	31.0	2.0	31.0	100.0
1985	52.8	44.0	3.2	100.0	34.8	28.9	2.4	33.9	100.0
1986	52.1	44.7	3.2	100.0	33.0	28.3	2.3	36.4	100.0
1987	53.2	43.9	2.9	100.0	33.6	27.7	2.0	36.7	100.0
1988	52.4	44.9	2.7	100.0	35.2	30.2	2.0	32.6	100.0
1989	55.8	41.7	2.5	100.0	37.7	28.2	1.9	32.2	100.0
1990	56.0	41.7	2.2	100.0	38.7	28.8	1.7	30.8	100.0
1991	53.3	44.9	1.8	100.0	35.0	29.4	1.4	34.2	100.0
1992	55.9	42.2	1.9	100.0	32.8	24.6	1.2	41.3	100.0
1993	54.7	43.6	1.7	100.0	30.2	24.1	1.0	44.7	100.0
1994	56.4	42.2	1.4	100.0	35.6	26.7	1.0	36.7	100.0
1995	55.5	43.1	1.4	100.0	34.5	26.8	1.0	37.7	100.0
1996	58.8	39.7	1.5	100.0	32.9	22.3	0.9	43.9	100.0
1997	57.8	40.5	1.7	100.0	33.4	23.4	1.0	42.2	100.0
1998	59.4	39.6	1.0	100.0	33.3	22.2	0.6	43.9	100.0
1999 1/	60.0	38.9	1.1	100.0	30.9	20.0	0.5	48.6	100.0
2000 1/	64.2	34.7	1.1	100.0	31.8	17.2	0.6	50.5	100.0

1/ Subject to revision.

Sources: Agricultural Marketing Service; National Agricultural Statistics Service; Farm Service Agency, Foreign Agricultural Service, USDA.

Table 29--Expenditures for tobacco products and disposable personal income, 1991-2000 1/

Year	Total	Cigarettes	Cigars 2/	Other 3/	Disposable personal income	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars 2/	Other 3/
		--- Million dollars ---			Billion dollars				
		--- Million dollars ---			--- Percent ---				
1991	45,305	42,850	705	1,840	4,231	1.08	1.02	0.02	0.04
1992	48,470	45,790	715	1,965	4,500	1.08	1.02	0.02	0.04
1993	48,955	46,150	730	2,075	4,789	1.04	0.98	0.02	0.04
1994	47,297	44,544	766	1,987	5,022	0.96	0.90	0.02	0.04
1995	48,692	45,793	846	2,053	5,356	0.91	0.86	0.02	0.04
1996	50,223	47,233	872	2,118	5,535	0.91	0.85	0.02	0.04
1997	52,569	49,437	915	2,217	5,795	0.91	0.85	0.02	0.04
1998 4/	56,024	51,987	1,607	2,430	6,320	0.98	0.92	0.02	0.04
1999 5/	70,641	66,286	1,788	2,567	6,638	1.06	1.00	0.03	0.04
2000 5/	77,496	72,945	1,853	2,698	6,989	1.11	1.04	0.03	0.04

1/ Expenditures exclude sales tax. 2/ Includes small cigars (cigarette-size). 3/ Smoking tobacco, chewing tobacco, and snuff. 4/ Subject to revision. 5/ Estimated.
Compiled from reports of Department of Commerce, Bureau of Economic Analysis.

Table 30--Governmental revenues from tobacco products, 1990/91-2000/01 1/

Year	Excise taxes			Total excise taxes	State sales tax
	Federal	State	Local		
	Million dollars				
1990/91	4,816	5,958	198	10,972	1,469
1991/92	5,110	6,132	194	11,436	1,996
1992/93	5,602	6,272	188	12,062	2,042
1993/94	5,714	6,778	185	12,623	2,005
1994/95	5,833	7,250	182	13,342	1,995
1995/96	5,795	7,608	181	13,584	1,998
1996/97	5,864	7,676	177	13,717	2,000
1997/98	5,673	7,975	196	13,844	1,977
1998/99	5,299	8,328	190	13,817	2,388
1999/2000	6,352	8,197	187	14,736	2,416
2000/01 2/	3,377	8,411	190	11,978	2,364

1/ July - June. 2/ July-March.

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

Table 31--Cash receipts from farm marketings and tobacco, 1991-2000

Period	Cash receipts				Tobacco as a percentage of:	
	Livestock and products	All crops	Total farm 3/	Tobacco	All crops	Total cash receipts
	--- Million dollars ---				--- Percent ---	
1991	85,750	82,001	167,751	2,881	3.51	1.72
1992	85,596	85,662	171,346	2,962	3.46	1.73
1993	90,036	87,102	177,617	2,949	3.39	1.66
1994	88,107	91,562	180,775	2,645	2.89	1.46
1995	87,004	100,700	187,704	2,548	2.53	1.36
1996	93,005	106,575	199,579	2,796	2.62	1.40
1997	96,463	111,134	207,596	2,874	2.59	1.38
1998 1/	94,112	102,463	196,575	2,803	2.74	1.43
1999 1/	95,463	93,146	188,610	2,273	2.44	1.21
2000 2/	97,987	93,015	191,002	1,764	1.90	0.92

1/ Revised. 2/ Preliminary. Calendar year sales. 3/ Does not include government payments.

Source: Economic Research Service, USDA.

Table 32--Tobacco: U.S. Department of Agriculture price support loan and program operations and other expenditures, 1996-2000

Item	1996	1997	1998	1999	2000 1/
New loans made	27.3	162.1	618.6	276.8	679.1
Repayments (+)	495.4	286.8	212.5	147.4	372.8
Other receipts and outlays (-)	3.0	0.0	0.0	-0.5	0.0
Marketing assessments	27.9	31.5	29.7	16.2	0.5
Tobacco quota payments to States 2/					328.0 8/
Net additions	-493.0	-156.2	876.5	112.7	633.8
Loans outstanding:					
Value	345.5	252.3	688.2	800.9	833.1
Quantity (mil. lb)	104.2	239.0	449.7	441.0	517.2
Net CCC losses or gains 3/	-27.9	-31.5	-29.7	16.6	327.5
Crop insurance, total 4/	79.8	64.2	120.2	86.3	58.6
Disaster payments	0.0	0.0	0.0	0.0	2.8 9/
Administration of quota program	14.3	14.8	16.1	12.8	14.1
Inspection, grading 5/	0.2	0.2	0.2	0.2	0.2
Market news	0.9	0.9	0.9	0.9	0.9
Research and extension: 6/					
Production and marketing	0.8	1.8	0.0	0.0	0.0
Health related	0.0	0.0	0.0	0.0	0.0
Economics and statistics 7/	0.5	0.0	0.0	0.0	0.0 10/
Foreign market development	0.0	0.0	0.0	0.0	0.0
Total direct outlays 11/	97.1	83.0	138.1	100.6	74.3

1/ Subject to revision. 2/ Negative numbers denote receipts. 3/ From price support program. 4/ Indemnities less producer-paid premiums plus administrative expenses for delivery of crop insurance by companies. 5/ User fees cover most costs of inspection and grading. 6/ Includes Agricultural Research Service (no tobacco funding after 1995), Cooperative State Research Service and Extension Service. 7/ Includes Economic Research Service, National Agricultural Statistics Service, and Foreign Agricultural Service economic and statistical analyses. 8/ New program activities authorized by P.L. 106-78, and Appendix E, Title 1, P.L. 106-133 "Emergency Supplemental Appropriations. 9/ Tobacco warehouse payments (included in Crop Disaster Payments). 10/ Less than \$500,000 in 1997-2000.

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, annual issues, 1993-94, CCC Estimates, FSA Financial Management Division, and records of Office of Budget, Planning, and Evaluation.

Statistical Summary

Item	Unit or base period	2000		2001			Last data as percentage of a year earlier
		July	August	June	July	August	
Average price to growers 1/							
Flue-cured	Ct. per lb	closed	174.92	closed	186.5	183.20	95
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	164.0			166.0		101
Burley	Ct. per lb	182.4			182.6		100
Virginia fire-cured	Ct. per lb	155.9			157.2		101
Ky.-Tenn. fire-cured	Ct. per lb	171.6			173.6		101
Ky.-Tenn. dark air-cured	Ct. per lb	148.1			149.9		101
Virginia sun-cured	Ct. per lb	138.0			139.2		101
Wisc. binder and Ohio filler	Ct. per lb	123.8			125.2		101
Parity index 2/	1910-14=100	1,594	1,584	1,650	1,643	1,642	104
Industrial production index 3/	1992=100	145.3	148.6	143.0	142.8		98
Employment-Civilian	Millions	134.7	134.9	134.9	135.4	134.9	100
Personal income 4/	Bil. dol.	8,285	8,377	8,742	8,786		106
		1999		2000			
		November	December	October	November	December	
Taxable removals							
Cigarettes	Billions	37.6	34.0	32.9	33.5	40.0	118
Cigars and cigarillos	Millions	285.0	274.6	280.8	248.9	181.6	66
Accumulated from Jan. 1							
Cigarettes	Billions	395.8	429.8	349.8	383.3	423.3	98
Cigars and cigarillos	Millions	3,074.2	3,348.8	2,939.2	3,188.1	3,369.7	101
Tax-exempt removals							
Cigarettes	Billions	13.8	11.1	12.9	13.3	11.2	101
Exports	Billions	13.9	10.9	12.5	13.3	11.4	105
Cigars and cigarillos	Millions	10.6	7.9	9.4	8.5	4.9	62
Accumulated from Jan. 1							
Cigarettes	Billions	154.4	165.5	126.9	140.2	151.4	91
Exports	Billions	140.5	151.4	123.6	136.9	148.3	98
Cigars and cigarillos	Millions	113.2	121.1	96.7	105.2	110.1	91
		2000		2001			
		May	June	April	May	June	
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Million lb		6.3			7.1	113
Chewing tobacco	Million lb		25.4			23.5	93
Snuff	Million lb		31.9			34.7	109
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Million lb		0.3			0.4	133
Chewing tobacco	Million lb		0.1			0.1	100
Snuff	Million lb		0.4			0.4	100
Producer price indexes 5/							
Tobacco products	1982=100	363.4	363.6	392.7	398.8	393.2	108
Cigarettes (filtertip, king size)	1982=100	412.0	412.3	445.2	451.8	445.2	108
Cigars	1982=100	140.0	245.0	256.7	256.7	256.8	105
Smoking tobacco	1982=100	256.5	256.5	na	na	na	0
Snuff	1982=100	381.5	381.5	402.4	402.4	420.4	110
Consumer price index (urban)							
Tobacco products	1982-84=100	345.5	343.2	404.4	393.5	388.5	113
Imports of tobacco (for consumption) 6/							
Cigarette leaf	Million lb	32.5	60.3	19.3	36.8	38.0	63
Cigar tobacco (leaf and scrap)	Million lb	4.2	4.5	4.9	5.8	4.9	109
Other tobacco (leaf, scrap, and stems)	Million lb	7.7	10.8	5.6	2.7	2.2	20
Accumulated from Jan. 1 6/							
Cigarette leaf	Million lb	132.1	192.4	121.7	158.5	196.5	102
Cigar tobacco (leaf and scrap)	Million lb	26.6	31.1	21.9	27.7	32.6	105
Other tobacco (leaf, scrap, and stems)	Million lb	36.8	47.6	18.6	21.3	23.5	49

See footnotes at end of table.

continued--

Statistical Summary--Continued

Item	Unit or base period	2000		2001			Last data as percentage of a year earlier
		May	June	April	May	June	
Exports of leaf tobacco (farm-sales weight):							
Flue-cured 7/	Mil. lb	8.3	8.2	9.9	10.9	15.1	184
Burley 7/	Mil. lb	30.7	17.6	33.1	21.0	8.2	47
Maryland	Mil. lb	0.0	1.4	0.3	1.2	0.2	14
Virginia fire- & sun-cured	Mil. lb	*	0.0	*	*	*	**
Ky.-Tenn. fire-cured 8/	Mil. lb	4.1	1.3	3.5	4.5	1.8	138
Ky.-Tenn. dark air-cured 9/	Mil. lb	*	*	*	*	*	**
Cigar wrapper	Mil. lb	0.4	0.3	0.3	0.3	0.2	67
Cigar binder	Mil. lb	**	**	**	**	**	**
Accumulated from beginning of marketing year 10/:							
Flue-cured 7/	Mil. lb	150.8	159.0	96.4	107.3	122.4	77
Burley 7/	Mil. lb	81.7	99.3	64.7	85.7	93.9	95
Maryland	Mil. lb	1.2	2.6	1.5	2.7	2.9	112
Virginia fire- & sun-cured	Mil. lb	*	0.1	*	*	0.3	300
Ky.-Tenn. fire-cured 8/	Mil. lb	11.0	12.3	9.7	14.2	16.0	130
Ky.-Tenn. dark air-cured 9/	Mil. lb	*	*	*	*	*	**
Cigar wrapper	Mil. lb	2.0	2.3	1.3	1.6	1.8	78
Cigar binder	Mil. lb	**	0.1	**	**	0.2	200
Exports of smoking tobacco in bulk and not elsewhere classified 11/:							
Accumulated from Jan. 1	Mil. lb	10.2	8.4	8.4	7.5	9.7	115
	Mil. lb	92.7	101.1	94.5	102.0	111.7	110

Quarterly data

		2000		2001		
		Apr.-June	July-Sep.	Apr.-June	July-Sep.	
Stocks of tobacco--1st of quarter (farm-sales weight) 12/ :						
Domestic types--						
Flue-cured	Mil. lb	1,311	1,189	1,203	1,036	87
Burley	Mil. lb	1,020	1,141	1,058	977	86
Maryland	Mil. lb	18	17	13	12	71
Fire-cured	Mil. lb	105	100	114	110	110
Dark air- and sun-cured	Mil. lb	30	28	36	36	129
Cigar filler	Mil. lb	10	9	11	10	111
Cigar binder	Mil. lb	17	17	15	13	76
Cigar wrapper	Mil. lb	2	1	1	1	100
Under Government loan 13/:	Mil. lb	639	687	560	421	61
Foreign types--						
Cigarette and smoking	Mil. lb	866	840	790	753	90
Oriental	Mil. lb	271	261	230	223	85
Flue-cured	Mil. lb	302	300	282	284	95
Burley	Mil. lb	281	269	269	238	88
Other	Mil. lb	12	10	9	8	80
Cigar	Mil. lb	116	107	101	103	96

* = Negligible. ** = Not applicable. na = Not available.

1/ 2000 and 2001 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/ Declared weight.

7/ Not adjusted for re-exports of foreign-grown leaf. 8/ Includes blackfat share. 9/ Blackfat share only. 10/ July 1 for flue-cured and cigar wrapper and October 1 for others. 11/ Includes smoking tobacco in packages, smoking tobacco in bulk, and other manufactured products.

12/ Holdings of manufacturers and dealers, including grower cooperatives. Includes loan-forgiveness tobacco.

13/ Reported by grower cooperatives. Includes loan-forgiveness tobacco.

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U. S. Tobacco Import Update

Tom Capehart¹

Abstract: U.S. imports (arrivals) of foreign-grown leaf and stems declined from 516 million pounds in 1999/2000 (July-June) to 467 million pounds during 2000/01 (July/June), a loss of 9.5 percent. Much of the slide was in Oriental, stemmed flue-cured, and stems. During the same period, imports for consumption of leaf and stems declined 4.9 percent. Use of foreign-grown flue-cured and Oriental tobaccos fell during this period, as foreign stocks were depleted. Use of imported burley leaf advanced and imported burley stocks shrunk. Under the tariff-rate quota currently in place, imports of leaf are not severely restricted.

Keywords: Imports, arrivals, Oriental, flue-cured, burley, TRQ.

Introduction

This article updates those published annually in the September 1992-2000 issues of the *Tobacco Situation and Outlook* report.

U.S. imports (arrivals) of foreign-grown leaf and stems declined from 516 million pounds in 1999/2000 (July-June) to 467 million pounds during 2000/01 (July/June), a loss of 9.5 percent. Much of the slide was in Oriental, stemmed flue-cured, and stems. During the same period, imports for consumption declined from 485 million pounds in 1999/2000 to 461 million pounds in 2000/01.

U.S. leaf imports for consumption had climbed from 413 million pounds in 1990 to more than 1 billion pounds in 1993. The main reason for this surge was the rising popularity in the United States and abroad for low and mid-priced cigarette brands (discounts). Furthermore, U.S. exports were increasing rapidly, boosting demand for lower priced foreign leaf. To meet this demand, manufacturers imported an increasing amount of foreign tobacco. After imports reached 44 percent of domestic disappearance, Congress acted to restrict imports by implementing the Domestic Marketing Assessment (DMA).

The DMA was in effect from January 1, 1994, to September 13, 1995. If foreign leaf content of U.S. cigarettes exceeded 25 percent, a penalty was assessed on the manufacturer for calendar 1994 only. The DMA was eliminated on September 13, 1995, (retroactive to January 1, 1995) when a tariff-rate quota (TRQ) was proclaimed for cigarette leaf tobacco, mainly flue-cured and burley. The proclamation also eliminated duties on Oriental and cigar wrapper, binder, and filler

tobacco. Imports of cigarette leaf tobaccos, which exceed predetermined quota levels, will be subject to an import duty of 350 percent *ad valorem*. A draw-back provision allows most of the duty to be refunded if the same leaf that is imported is re-exported as product.

Tariff-Rate Quota Activity

For the period September 13, 2000, through September 12, 2001, which represents the 12-months upon which the TRQ is calculated, U.S. leaf imports within the TRQ totaled 174.7 million pounds. Only 52.6 percent of the total quota allocation of 332.2 million pounds has been imported, about the same as the previous year.

Under the TRQ, the volume of tobacco imports for consumption under nine harmonized tariff subheadings, primarily flue-cured and burley, during the period from September 13 in any year to September 12 of the following year, are restricted as shown in table A-5.

Use of Imported Leaf Declines Relative to Domestic Use

On a farm-sales weight basis, estimated U.S. use of imported flue-cured tobacco fell 21 percent from July-June 1999/2000 to 2000/01 (tables A-1 and A-2). Domestic disappearance advanced 10 percent, the import share of total flue-cured use increased from 33 percent to 26 percent. During the same period, foreign-grown flue-cured stocks held by U.S. tobacco dealers and manufacturers fell 5 percent (table A-3).

Estimated use of burley imported leaf increased 5 percent from 1999/2000 to 2000/01. Projected domestic use leapt 23 percent. The import share of total burley use fell from 44.5 to 41.7 percent. Foreign-grown burley stocks declined 11 percent from July 1, 2000, to July 1, 2001.

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Table A-1--Imports under the tariff-rate quota for September 13, 1999 through September 11, 2000 1/

Country	1999/2000	Imports	TRQ used
	quota	through Sept. 8	
	Million lb (declared weight)		Percent
Argentina	23.7	22.6	95.5
Brazil	176.8	95.5	54.0
Chile	6.1	0.0	0.0
EU	22.0	8.2	37.3
Guatemala	22.0	6.7	30.4
Malawi	26.5	17.7	66.8
Philippines	6.6	0.3	4.7
Thailand	15.4	11.9	76.9
Zimbabwe	26.5	5.2	19.6
Other 2/	6.6	6.6	100.0
Total	332.2	174.7	52.6

1/ U.S. Tariff Schedule line items subject to the tariff-rate quota (TRQ) included flue-cured and light air-cured tobacco, including burley, which are used in the manufacture of cigarettes for consumption in the United States.

2/ A TRQ of 6.6 million pounds is available to all countries, other than the 9 designated quota recipient countries and is allocated on a first come/first served basis.

Source: U.S. Customs Service.

Based on arrival data (adjusted for stock changes), Oriental leaf use fell 19 percent in 2000/01 after rising sharply the previous year. Stocks on hand declined 14 percent from July 1, 2000, to July 1, 2001.

Cigar leaf imports gained 16 percent to 109.8 million pounds (farm-sales weight). Because of low domestic production, imported cigar leaf represented a record-high 87.0 percent of total cigar leaf disappearance (use) in the United States, compared with 85.6 percent last year. Total 2000/01 imported cigar use was 116.1 million pounds, compared with 100.5 million pounds in 1999/2000.

Table A-2--Estimated U.S. imports of flue-cured and burley tobacco, and domestic use, 1969-2000 (farm-sales weight)

Year beginning July 1	Flue-cured				Burley			
	Imports	Domestic disappearance	Total use	Imports share of total	Imports 1/	Domestic disappearance 2/	Total use	Imports share of total
	1/	Million pounds	Million pounds	Percent	1/	Million pounds	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	664.8	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	94.4 3/	441.6	536.0	17.6	135.0 3/	388.7	523.7	25.8
1984	120.1 3/	454.2	574.3	20.9	163.8 3/	402.6	566.4	28.9
1985	151.0 4/	476.5	627.5	24.1	137.8 4/	425.0	562.8	24.5
1986	176.6 4/	479.6	656.2	26.9	120.4 4/	401.7	522.1	23.1
1987	209.7 4/	537.3	747.0	28.1	162.4 4/	478.1	640.5	25.4
1988	146.5 4/	522.1	668.6	21.9	117.9 4/	414.3	532.2	22.2
1989	109.0 4/	566.7	675.6	16.1	139.9 4/	445.7	585.6	23.9
1990	141.2 4/	609.0	750.2	18.8	134.9 4/	474.9	609.8	22.1
1991	137.6 4/	471.2	608.8	22.6	165.6 4/	432.2	597.9	27.7
1992	217.3 4/	508.7	726.0	29.9	178.8 4/	384.8	563.6	31.7
1993	193.3 4/	433.4	626.7	30.5	199.6 4/	399.4	599.0	33.3
1994	170.5 4/	569.3	739.8	23.0	161.0 4/	468.1	629.1	25.6
1995	162.5 4/	530.6	693.1	23.4	148.6 4/	386.1	534.7	27.8
1996	211.5 4/	556.1	767.6	27.6	206.4 4/	446.3	652.7	31.6
1997	226.5 4/	541.0	767.5	29.5	229.7 4/	379.2	608.9	37.7
1998	200.5 4/	492.1	692.6	28.9	178.9 4/	351.6	530.5	33.7
1999	211.6 4/	436.9	648.5	32.7	219.1 4/	308.2	492.9	37.5
2000	166.7 4/	479.2	645.9	25.8	272.0 4/	335.3 5/	607.3	44.8

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 1. 3/ General imports adjusted for stocks change. 4/ Volume inspected by Agricultural Marketing Service adjusted for stock change. 5/ Estimated.

Table A-3--Estimated disappearance of U.S.-grown and imported cigarette tobaccos, 1969-2000 (farm-sales weight)

Year beginning July 1	Domestic				Foreign-grown				Total disappear- ance	Foreign- grown Percent
	Flue- cured	Burley 1/	Maryland	Total	Flue- cured 2/	Burley 2/	Oriental 3/	Total		
	Million pounds									
1969	645.9	507.1	29.1	1,182.1	5.7	3.3	170.6	179.6	1,361.7	13.2
1970	640.1	503.0	27.6	1,170.7	10.6	3.2	189.3	203.1	1,373.8	14.8
1971	662.5	515.2	17.5	1,195.2	11.2	4.6	204.3	220.1	1,415.3	15.6
1972	664.2	534.5	13.4	1,212.1	12.7	8.9	187.0	208.6	1,420.7	14.7
1973	703.4	533.1	13.8	1,250.3	20.4	30.7	196.3	247.4	1,497.7	16.5
1974	652.3	518.8	25.0	1,196.1	23.1	47.7	196.6	267.4	1,463.5	18.3
1975	670.6	510.1	26.0	1,206.7	24.4	46.7	199.6	270.7	1,477.4	18.3
1976	634.0	489.6	17.4	1,141.0	30.8	37.9	185.1	253.8	1,394.8	18.2
1977	608.2	494.8	19.6	1,122.6	55.0	85.4	211.5	351.9	1,474.5	23.9
1978	584.1	502.8	21.1	1,108.0	60.1	89.1	207.8	357.0	1,465.0	24.4
1979	563.1	498.5	23.6	1,085.2	84.8	113.6	204.8	403.2	1,488.4	27.1
1980	529.4	477.6	18.6	1,025.6	72.7	136.9	202.6	412.2	1,437.8	28.7
1981	488.8	463.9	27.9	980.6	63.3	109.7	207.3	380.3	1,360.9	27.9
1982	478.5	444.1	26.0	948.6	103.1	141.3	207.9	452.3	1,400.9	32.3
1983	441.6	388.7	29.7	860.0	94.4 4/	135.0 4/	195.8	425.2	1,285.2	33.1
1984	454.2	402.6	28.7	885.5	120.1 4/	163.8 4/	196.9	480.8	1,366.3	35.2
1985	476.5	424.9	26.0	927.4	151.0 5/	137.8 5/	196.8	485.6	1,413.0	34.4
1986	479.6	401.8	23.9	905.3	176.6 5/	120.4 5/	227.4	524.4	1,429.7	36.7
1987	537.3	478.1	24.8	1,040.2	209.7 5/	162.4 5/	212.3	584.4	1,624.6	36.0
1988	522.1	414.3	21.4	957.8	146.5 5/	117.9 5/	192.0	456.4	1,414.2	32.3
1989	566.7	445.7	22.7	1,035.1	109.0 5/	139.9 5/	210.3	459.2	1,494.3	30.7
1990	609.0	474.9	16.8	1,098.2	141.2 5/	134.9 5/	237.6	513.7	1,611.9	31.9
1991	471.2	432.2	16.4	919.9	137.6 5/	165.6 5/	183.3 4/	486.5	1,406.4	34.6
1992	508.7	384.8	13.9	907.4	217.3 5/	178.8 5/	212.2 4/	608.3	1,515.7	40.1
1993	433.4	399.4	11.8	844.6	193.3 5/	199.6 5/	177.2 4/	570.1	1,414.7	40.3
1994	569.3	468.1	12.7	1,021.8	170.5 5/	161.0 5/	191.8 4/	523.3	1,545.1	33.9
1995	530.6	386.1	8.1	924.8	162.5 5/	148.6 5/	196.7 4/	507.8	1,432.6	35.0
1996	556.1	446.3	6.6	1,008.9	211.5 5/	206.4 5/	196.5 4/	614.4	1,623.3	37.8
1997	541.0	379.2	8.1	928.3	226.5 5/	229.7 5/	198.4 4/	654.6	1,582.9	41.4
1998	492.1	351.6	13.8	857.5	200.5 5/	178.9 5/	170.4 4/	549.8	1,407.3	39.1
1999	436.9	273.3	12.8	723.0	211.6 5/	219.1 5/	218.5 4/	649.2	1,372.2	47.3
2000	479.2	335.3 6/	9.6 6/	824.1	166.7	272.0 5/	177.5 4/	616.2	1,440.3	42.8

1/ Marketing year beginning October 1. 2/ Imports for consumption (duty paid) of leaf, scrap, and manufactured and unmanufactured (beginning 1980) prorated according to reported stocks of imported flue-cured and burley. 3/ Imports for consumption of Oriental leaf and scrap. 4/ General imports adjusted for stock change. 5/ Volume inspected by Agricultural Marketing Service adjusted for stock change. 6/ Estimated.

Table A-4--Imported foreign-grown cigarette leaf stocks, by quarters, 1986-2001

Year	Jan. 1	Apr. 1	July 1	Oct. 1	Jan. 1	Apr. 1	July 1	Oct. 1
Million pounds 1/								
----Foreign-grown flue-cured----				----Foreign-grown oriental and aromatic----				
1986	231	217	258	251	346	391	375	340
1987	211	225	223	215	380	427	425	392
1988	193	199	196	212	400	376	349	296
1989	197	178	183	199	330	332	334	293
1990	181	170	188	202	325	348	339	296
1991	185	169	189	198	313	331	341	326
1992	194	191	231	269	396	405	401	356
1993	259	241	288	298	334	369	385	354
1994	277	276	296	287	350	330	349	352
1995	339	352	331	352	342	342	328	280
1996	364	391	391	406	308	428	332	306
1997	400	384	451	435	323	352	369	334
1998	434	406	416	395	335	356	352	339
1999	377	352	350	341	344	328	329	292
2000	352	302	300	303	295	271	261	241
2001	297	282	284		220	230	223	
----Foreign-grown burley----				----Total imported cigarette leaf----				
1986	258	248	251	250	835	856	884	841
1987	240	232	225	199	831	884	873	805
1988	195	175	168	159	787	750	713	667
1989	171	157	170	151	698	667	687	643
1990	153	154	148	167	659	672	675	664
1991	166	159	180	228	664	660	710	752
1992	235	224	230	247	825	820	862	872
1993	259	285	296	319	866	895	969	972
1994	295	281	292	295	922	887	936	934
1995	323	326	298	305	1,003	1,019	957	937
1996	312	298	290	311	998	1,128	1,024	1,032
1997	310	221	325	374	1,043	966	1,156	1,154
1998	368	325	300	325	1,149	1,097	1,079	1,070
1999	315	297	280	286	1,046	988	970	930
2000	303	281	269	283	959	866	840	837
2001	284	269	238		791	790	753	

1/ Farm-sales weight.

Table A-5--Estimated disappearance of U.S.-grown and imported cigar tobacco, 1969-2000 (farm-sales weight)

Year beginning July 1 1/	Domestic	Foreign-grown 2/ Million pounds	Total disappearance	Foreign-grown 2/ Percent
1969	94.9	81.3	176.2	46.1
1970	84.8	92.8	177.6	52.3
1971	88.5	97.2	185.7	52.3
1972	77.1	103.8	180.9	57.4
1973	72.6	141.1	213.7	66.0
1974	62.8	107.3	170.1	63.1
1975	55.4	112.5	167.9	67.0
1976	53.7	117.2	170.9	68.6
1977	50.0	131.2	181.2	72.4
1978	53.2	67.8	121.0	56.0
1979	53.8	66.1	119.9	55.1
1980	52.5	79.3	131.8	60.2
1981	56.1	70.4	126.5	55.7
1982	47.3	65.6	112.9	58.1
1983	45.2	79.1	124.3	63.6
1984	42.5	69.5	112.0	62.1
1985	41.3	56.1	97.4	57.6
1986	47.2	47.2	94.4	50.0
1987	42.9	57.6	100.5	57.3
1988	31.4	39.5	70.9	55.7
1989	31.6	42.9	74.5	57.6
1990	31.9	51.4	83.3	61.7
1991	28.1	79.2	107.2	73.9
1992	26.2	82.9	109.1	76.0
1993	26.4	74.6	102.5	72.8
1994	26.4	76.5	104.2	73.4
1995	23.1	79.9	103.0	77.6
1996	26.7	80.0	106.7	75.0
1997	19.4	89.7	109.1	82.2
1998	22.0	87.0	109.0	79.8
1999	16.9	100.5	117.4	85.6
2000 3/	17.4	116.1	133.5	87.0

1/ Marketing year beginning July 1 except beginning October 1 for domestically grown filler and binder. 2/ Imports for consumption (leaf and scrap).

3/ Preliminary.

Tobacco Farmers' Ownership and Rental of Tobacco Quota

Linda F. Foreman¹

Abstract: In 1996, tobacco farmers owned less than half of the total tobacco quota, and they owned lower percentages of quota for flue-cured than burley. Younger tobacco farmers operated larger tobacco enterprises and rented higher percentages of their quota than older farmers. Burley tobacco producers were more likely to share-rent quota than flue-cured tobacco producers. Burley tobacco producers were also more numerous than flue-cured tobacco producers. Burley tobacco producers operated smaller tobacco enterprises and were more likely to farm part-time than flue-cured tobacco producers.

Keywords: Tobacco quota, flue-cured tobacco, burley tobacco, tobacco farms.

Declining demand for U.S. tobacco has contributed to a reduction in tobacco quotas. For burley tobacco, the effective quota dropped 60 percent from 1997 to 2001². During this same period, the effective quota for flue-cured tobacco fell 47 percent. Tobacco is a relatively high-value commodity. The income that farmers lost from reductions in tobacco production cannot be easily replaced by shifting to the production of other commodities (Gale). As quota levels fell, tobacco producers bid up quota rental rates in an effort to secure enough quota to maintain their incomes and to efficiently use their investments in tobacco-related equipment and structures. For tobacco producers, the rise in quota rental rates increased their costs of tobacco production, which further reduced their incomes. For quota owners who do not produce tobacco, the higher rental rates partially offset their declines in rental income caused by the quota reductions.

Numerous tobacco buyout programs have been proposed to address the problems of tobacco farmers and their communities as they adjust to the declining demand for U.S. tobacco (Kuegel). An essential feature of most tobacco buyout proposals is compensation for quota owners for their quota. Nearly all proposals also offer compensation to tobacco producers who use tobacco quota (whether owned or rented) and agree to forego the use of that quota in the future. The compensation for discontinuing tobacco production is usually less than the compensation for quota ownership.

Many quota owners are not tobacco producers; rather, they lease their tobacco quota to tobacco producers. There were

112,625 owners of flue-cured tobacco quota and 303,124 owners of burley tobacco quota in 1999 according to data from the Farm Service Agency in the preliminary report from the President's Commission on Tobacco. The Census of Agriculture counted 89,706 tobacco producers in 1997. There were approximately 72,000 producers of burley tobacco and 14,500 producers of flue-cured tobacco in 1997.³ Hence, there are far more tobacco quota owners than producers, with a higher ratio of owners to producers for flue-cured tobacco than for burley. Usually, the effective flue-cured tobacco quota exceeds those of burley.

Little information is available on the characteristics of the tobacco quota owners who are not tobacco producers. Anecdotal evidence suggests that many former tobacco producers and their spouses do not sell their tobacco quota upon retirement from farming. Instead, they rent their retained quota to supplement other sources of retirement income. Many tobacco quota owners who inherit their tobacco quota do not farm. A significant number of quota inheritors may no longer live on a farm. Some of them reside outside of the tobacco-producing regions.

While hardly any information is available on characteristics of quota owners that do not produce tobacco, the characteristics of tobacco producers who use quota (either through ownership or rental) can be examined. The purpose of this paper is to provide some background information on the percentage of quota owned by tobacco producers and non-tobacco-producing landlords, and the proportion of quota ownership and rental among tobacco producers. This paper examines the percentage of quota owned and rented by bur-

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² The effective quota is the amount of tobacco that can be marketed.

³ Figure was estimated using data from the 1997 Census of Agriculture and the production regions for burley and flue-cured tobacco.

ley and flue-cured tobacco producers and then explores the traits of tobacco producers by their percentage of quota ownership and age.

Data

Most of the data in this report are derived from the burley tobacco version of the 1995 Farm Costs and Returns Survey (FCRS) and the flue-cured tobacco version of the 1996 Agricultural Resource Management Study (ARMS) survey. These were the last surveys that collected data on tobacco production costs and the tobacco enterprise. Both surveys were developed jointly by the Economic Research Service and the National Agricultural Statistics Service. The burley tobacco survey collected data from Kentucky and Tennessee producers, while the flue-cured tobacco survey collected data from Virginia, North Carolina, South Carolina, and Georgia producers. The survey data were weighted to represent the total tobacco acreage.

Tobacco Producers' Ownership of Quota

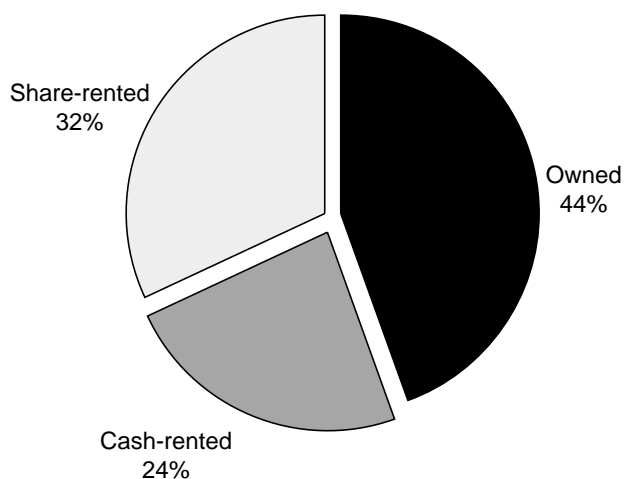
Burley tobacco producers in Kentucky and Tennessee owned about 44 percent of their effective tobacco quota in 1995 (fig. B-1). About one-third of the quota for burley tobacco producers was share-rented while just over one-fourth was cash-rented. Burley tobacco producers share-rented a higher percentage and cash-rented a lower percentage of their tobacco quota than flue-cured tobacco producers. Most burley tobacco producers did not rent their quota to others. More than 99 percent of the burley tobacco quota owned by tobacco producers was used by them. Therefore, nearly all cash- and share-rented burley tobacco quota was owned by non-farm landlords or by agricultural producers who did not produce tobacco. Hence, approximately 55 percent of the 578 million pounds of quota in 1995 was owned by individuals who did not produce tobacco. With rental rates averaging \$0.33 per pound in 1995, non-tobacco-producing landlords received about \$105 million from the rental of burley tobacco quota, or approximately \$452 per acre of harvested tobacco.⁴

Flue-cured tobacco producers in the four surveyed States owned about one-third of their effective tobacco quota in 1996 (fig. B-2). Just over half of their quota was cash-rented and the rest was share-rented. Survey data indicated that less than 2 percent of quota owned by tobacco producers was rented to others and less than 1 percent of the flue-cured tobacco producers who owned quota rented it to others. Therefore, nearly all cash- and share-rented quotas were owned by non-tobacco-producing landlords. The average rental rate for flue-cured tobacco quota in 1996 was \$0.37

⁴ Share-rental rates were assumed to equal the producer's average cash rental rate for cash-rented quota. For producers not cash-renting quota, the State's average cash-rental rate was used as an estimate for the share-rental rate.

Figure B-1

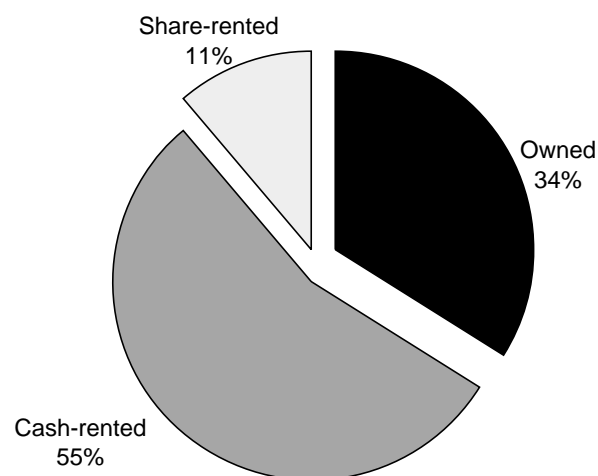
Tenure of quotas for burley tobacco producers, 1995



Source: 1995 Farm Costs and Return Survey.

Figure B-2

Tenure of quotas for flue-cured tobacco producers, 1996



Source: 1996 Agricultural Resource Management Study.

per pound. With two-thirds of the 943.6 million pounds of the flue-cured tobacco quota rented in 1996, non-tobacco-producing landlords received approximately \$230 million from renting quota, or an average of \$530 per tobacco acre.

Producers' Characteristics By Percentage of Quota Ownership

Tobacco producers are grouped into three categories based on their percentage of quota ownership. For this paper, tobacco producers owning 25 percent or less of their effective quota are defined as quota renters. Producers owning 26

percent to 75 percent of their quota are defined as mixed-tenure producers, and producers owning over 75 percent of their quota are referred to as quota owners.

Burley tobacco producers were more likely to own all of their quota than flue-cured producers (fig. B-3). About 44 percent of burley tobacco producers were quota owners, while 27 percent were mixed-tenure producers. At the other extreme, about 29 percent of the burley tobacco operators were classified as quota renters in 1995. In comparison, 22 percent of flue-cured tobacco producers were quota owners, while 42 percent were quota renters in 1996.

Burley tobacco producers in the quota-owner and mixed-tenure categories had similar characteristics (table B-1) in 1995. Both sets of tobacco producers had average ages of around 55 years. Tobacco composed 47 percent of the annual agricultural production value for both groups. Quota owners and mixed-tenure tobacco producers are distinguished by their differences in the average amounts of rented quota and acres rather than their differences in ownership levels. Quota owners rented an average of 100 pounds of quota and 22 acres of farmland compared with 4,882 pounds of quota and 70 acres for mixed-tenure tobacco producers. The average amount of quota owned by quota owners and mixed-tenure producers was not statistically different between the two groups. On average, both groups owned about 122 acres with similar values of farm equity that averaged about \$260,000 per farm. This suggests that quota owners and mixed-tenure producers were able to acquire approximately the same amount of land and quota, but mixed-tenure producers expanded the size of their tobacco enterprises and farm operations through rentals.

In 1995, burley tobacco quota renters differed from mixed-tenure and quota owners in the average operator's age,

tobacco acreage, the amount of owned quota and acreage per farm, and in the value of farm equity. Quota renters were younger than other tobacco producers, yet they operated larger tobacco enterprises and were more dependent on tobacco production for farm income. Although renters operated farms that did not differ significantly in acreage, they owned less acreage and quota than mixed-tenure producers and quota owners. Quota renters leased assets to expand the size of their tobacco enterprises and farms. Share-renting was their primary method to gain access to more quota. Quota renters may prefer share-renting to cash-renting since share-renting reduces exposure to production risks and conserves cash outlays.

Flue-cured tobacco producers, with their larger sized farms and larger tobacco enterprises, tended to own lower percentages of their tobacco quotas than burley tobacco producers (fig. B-3). Only 15 percent of flue-cured tobacco producers owned all of their quota compared with 40 percent for burley producers. About 40 percent of the flue-cured tobacco producers owned 25 percent or less of their quota and about 20 percent owned none.

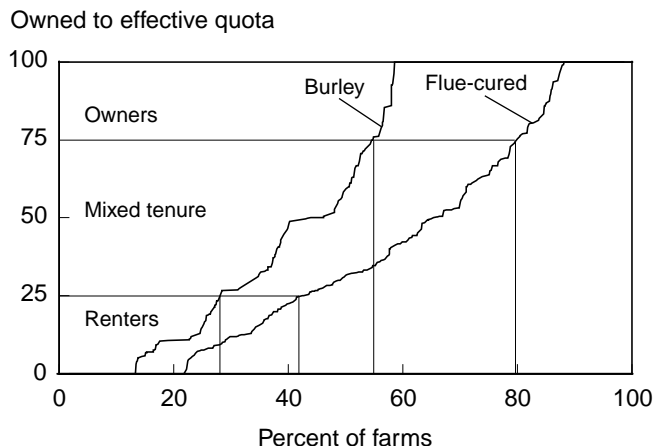
Like burley tobacco quota renters, flue-cured quota renters had larger tobacco enterprises than quota owners. Quota renters planted 43 acres of flue-cured tobacco per farm and controlled an average of 93,617 pounds of quota but owned only 8,021 pounds in 1996 (table B-2). In contrast, quota owners planted 24 acres of tobacco, controlled an average of 50,922 pounds of quota, and owned an average of 46,326 pounds. Quota renters paid more per pound of quota, although there were no statistically significant differences between quota renters and owners in their variable cash production costs per acre for tobacco or their tobacco yields. Typically, those who rented more quota paid more per pound.

Flue-cured tobacco producers who were classified as quota renters or quota owners operated farms that averaged just over 400 acres. Quota renters owned an average of 68 acres, or 16 percent of their operated acres compared with quota owners who owned 308 acres or 76 percent of their operated acres. Hence, quota renters had lower average values of farm equity than quota owners. Quota renters had higher net cash incomes, \$102,599 per farm on average, than quota owners who averaged \$47,748 per farm. Quota renters' higher incomes partially resulted from their larger tobacco enterprises. Flue-cured quota renters cash-rented the majority of their quota in contrast to burley tobacco renters who share-rented most of their quota. The average age of quota renters was 49 years, 8 years younger than the average of quota owners.

Producer Characteristics By Age

A tobacco producer's acceptance of a tobacco buyout may depend on age and whether a successor has been identified for his or her operation. Younger tobacco producers are

Figure B-3
Cumulative distribution of tobacco producers by the ratio of owned to effective quota



Source: Economic Research Service, USDA.

Table B-1--Characteristics of burley tobacco farms and producers, by percentage of owned to effective quota, 1995

Item	Quota renters 1/		Mixed tenure 1/		Quota owners 1/	
	<i>a</i>		<i>b</i>		<i>c</i>	
Number of farms	16,482 *		15,267		25,181 *	
Percentage of farms	29	<i>c</i>	27	<i>c</i>	44	<i>ab</i>
Operator's age	43	<i>bc</i>	56	<i>a</i>	54	<i>a</i>
Percent of oper. with high school or more educ.	95	<i>bc</i>	85	<i>a</i>	87	
Operator's occupation (percentage)						
Farmer	49		32		45	
Non-farming	47		51		38	
Retired	4 *	<i>bc</i>	17 *	<i>a</i>	17 *	<i>a</i>
Total effective tobacco quota (1,000 lb) 2/						
Owned	12,952	<i>bc</i>	70,689	<i>ac</i>	147,891	<i>ab</i>
Cash-rented	60,118	<i>c</i>	60,690	<i>c</i>	1,669 *	<i>ab</i>
Share-rented	151,937 *	<i>b</i>	13,840 *	<i>a</i>	D	
Quota per farm (lb) 2/						
Owned	13,652	<i>c</i>	9,512	<i>c</i>	5,868	<i>ab</i>
Cash-rented	786	<i>bc</i>	4,630	<i>a</i>	5,873	<i>a</i>
Share-rented	3,648		3,975		D *	
	9,219	<i>b</i>	907 *	<i>a</i>	D	
Acres operated per farm						
Acres owned per farm	129 *		192		147	
Tobacco acres per farm	46 *	<i>bc</i>	122	<i>a</i>	125	<i>a</i>
	7.8	<i>bc</i>	4.9	<i>a</i>	3.4	<i>a</i>
Quota rental costs (cents/lb)						
	32		33		D	
Expected tobacco yield (lb per acre) 3/						
	1,861		1,878		1,700	
Variable cash costs per expected pound (dollars) 4/						
	0.50	<i>b</i>	0.58	<i>a</i>	0.50	
	1,186		1,367		1,151	
Number of commodities per farm						
	1.7	<i>b</i>	2.1	<i>a</i>	1.8	
Ratio of tobacco to total production value						
	0.68	<i>bc</i>	0.48	<i>a</i>	0.47	<i>a</i>
Financial measures per farm:						
Debt (dollars)	20,433 *		18,313 *		13,977	
Equity (dollars)	155,616	<i>bc</i>	253,752	<i>a</i>	268,243	<i>a</i>
Debt-to-asset ratio	0.12	<i>c</i>	0.07		0.05 *	<i>a</i>
Net cash income from farming (dollars)	11,819 *	<i>c</i>	7,071 *		5,422	<i>a</i>
Percentage of farms in:						
Kentucky	65 *		64		67 *	
Tennessee	35 *		36 *		33 *	

D=Data insufficient for disclosure.

* indicates that the coefficient of variation, which is the value of the standard error divided by the estimate times 100, is greater than 25 percent but less than or equal to 50 percent. Lower values indicate more reliable estimates. a, b, and c indicate that the estimate is significantly different from the indicated group as measured by the t-statistic at the 90 percent or better level.

1/ Quota renters are tobacco producers who own 25 percent or less of their effective quota. Mixed tenure refers to tobacco producers who own 26 to 75 percent of their effective quota, and quota owners are those producers who own more than 75 percent of their effective quota.

2/ Data may not add because of quota adjustments carried forward from 1994 and owned quota rented to others.

3/ Expected yields are the producers' estimates of the yields they expect to obtain, weighted by producers' tobacco acreage.

4/ Variable cash costs include the costs for seed, fertilizers, lime, gypsum, chemicals, custom operations, fuel, repairs, hired labor, marketing, and other variable cash items.

Data source: Farm Costs and Returns Survey, 1995.

Table B-2--Characteristics of flue-cured tobacco farms and producers, by percentage of owned to effective quota, 1996

Item	Quota renters 1/		Mixed tenure 1/		Quota owners 1/	
	<i>a</i>		<i>b</i>		<i>c</i>	
Number of farms	4,512		3,926		2,417	
Percentage of farms	42		36		22	
Operator's age	49	<i>bc</i>	53	<i>ac</i>	57	<i>ab</i>
Percent of oper. with high school or more educ.	77		72	<i>c</i>	84	<i>b</i>
Operator's occupation (percentage)						
Farmer	89		94	<i>c</i>	81	<i>b</i>
Non-farming	8 *		6 *		D	
Retired	0		0		D	
Total effective tobacco quota (1,000 lb) 2/						
Owned	422,445	<i>c</i>	365,434	<i>c</i>	123,053	<i>ab</i>
Cash-rented	36,197	<i>c</i>	155,407	<i>c</i>	111,947	<i>ab</i>
Share-rented	315,739	<i>b</i>	164,826	<i>a</i>	D	
	66,757 *		33,476 *		D	
Quota per farm (lb) 2/						
Owned	93,617	<i>c</i>	93,069	<i>c</i>	50,922	<i>ab</i>
Cash-rented	8,021	<i>bc</i>	39,579	<i>ac</i>	46,326	<i>ab</i>
Share-rented	69,970	<i>b</i>	41,978	<i>a</i>	D	
	1,479 *		8,526 *		D	
Acres operated per farm						
Acres owned per farm	410		503		404	
Tobacco acres per farm	68	<i>bc</i>	252	<i>a</i>	308	<i>a</i>
	43	<i>c</i>	42	<i>c</i>	24	<i>ab</i>
Quota rental costs (cents/lb)	38	<i>bc</i>	35	<i>a</i>	32	<i>a</i>
Expected tobacco yield (lb per acre) 3/	2,517		2,393		2,407	
Variable cash costs per pound (dollars) 4/	0.63		0.61		0.71	
Variable cash costs per acre (dollars)	1,662		1,597		1,838	
Number of commodities per farm	2.7		2.7		2.5	
Ratio of tobacco to total production value	0.41 *		0.51 *		0.53	
Financial measures per farm:						
Debt (dollars)	54,580		89,539		66,639 *	
Equity (dollars)	307,741	<i>bc</i>	577,816	<i>a</i>	605,132	<i>a</i>
Debt-to-asset ratio	0.15		0.14		0.10 *	
Net cash income from farming (dollars)	102,599	<i>c</i>	71,432		47,758 *	<i>a</i>
Percentage of farms in:						
North Carolina	70		66		66	
Georgia, South Carolina, Virginia	30		34		34	

D=Data insufficient for disclosure.

* indicates that the coefficient of variation, which is the value of the standard error divided by the estimate times 100, is greater than 25 percent but less than or equal to 50 percent. Lower values indicate more reliable estimates. a, b, and c indicate that the estimate is significantly different from the indicated group as measured by the t-statistic at the 90 percent or better level.

1/ Quota renters are tobacco producers who own 25 percent or less of their effective quota. Mixed tenure refers to tobacco producers who own 26 to 75 percent of their effective quota, and quota owners are those producers who own more than 75 percent of their effective quota.

2/ Data may not add because of quota adjustments carried forward from 1995 and owned quota rented to others.

3/ Expected yields are the producers' estimates of the yields they expect to obtain, weighted by producers' tobacco acreage.

4/ Variable cash costs include the costs for seed, fertilizers, lime, gypsum, chemicals, custom operations, fuel, repairs, hired labor, marketing, and other variable cash items.

Data source: Agricultural Resource Management Study (ARMS), 1996.

Tobacco Quota Rental Arrangements

There are several types of rental arrangements for tobacco quota. Tobacco quota may be cash or share rented with or without land. Tobacco quota is assigned to a specific parcel of land. The land's owner has control over the tobacco quota assigned to his/her land. Since 1987 flue-cured quota renters who cash or share rent quota must raise the tobacco on its assigned land rather than lease and transfer quota to another parcel. All burley tobacco quota renters can lease and transfer quota within counties. Tennessee burley tobacco producers can lease and transfer quota across Tennessee's counties. Starting with the 2001 crop, burley tobacco producers in Indiana and Ohio may also lease and transfer quota across counties within their State.

Each of the more common types of rental agreements is described below.

Cash Rented Quota Without Land--When tobacco is cash rented without land, the landlord receives a fixed rental price per pound of quota that is mutually agreed upon by the producer and the landlord. The price is normally set before the tobacco season begins. The quota owner usually does not supply any inputs and does not share the risks in growing tobacco.

Cash Rented With Land--When the producer rents tobacco quota with land, the rental price per pound of tobacco quota may or may not include the cost of the land rental. In some arrangements, the price for quota rental is separate from the

price for land rental, and both the producer and landlord have clear knowledge of the cost per unit for quota and land. In another type of cash rented quota arrangement, the explicit quota rental rate includes the rental rate for farmland. Thus, it may be difficult to assess the true quota rental rate from the farmland rental rate. Sometimes the quota renter will be able to use tobacco barns on the landlord's property. Other than the use of tobacco barns, the quota owner usually does not supply any inputs and does not assume any risks in raising the tobacco.

Share Rented Without Land--In share renting without land, the landlord assumes some of the risk in producing tobacco. In this rental arrangement the landlord provides the tobacco quota and usually provides some production inputs. In return, the landlord receives a fixed share of the tobacco crop as rental payment for tobacco quota and production inputs. The landlord frequently contributes a share of the fertilizer, chemicals, and sometimes equipment and labor.

Share Rented With Land--In cases where tobacco quota is share rented with land, the landlord often provides the land, quota, barns, fertilizer, cover crop, and a share of chemicals. There is a great deal of variation among share rental agreements with land. The amount of tobacco received by the landlord often varies from 25 to 50 percent of the crop depending partly on the share of inputs provided by the landlord.

more likely to have longer horizons for recouping capital invested in tobacco-related structures and equipment than older producers. Therefore, one might expect that older farmers would more likely accept buyout offers due to their shorter planning horizons, if they do not have a successor. Tobacco producers were divided into three groups by age: those less than 45 (youngest producers), those 45 to 59, and those 60 and over (oldest producers).

In 1995, about one-fourth of burley tobacco producers were under 45, while roughly half were 45 to 59, and another one-fourth were 60 years or older (table B-3). The youngest burley tobacco producers were twice as likely to have graduated from high school than the oldest producers. Just 36 percent of the oldest producers graduated from high school. About 35 percent of the youngest and oldest producers classified themselves as farmers, while approximately 40 percent of the oldest producers listed retirement as their major occupation. In contrast, 65 percent of the youngest burley tobacco farmers listed non-farm work as their principal occupation. The youngest burley tobacco producers controlled twice as much tobacco quota per farm as the oldest producers; yet, the youngest owned less quota per farm. The

youngest producers share-rented 7,217 pounds of quota compared with 347 pounds per farm for the oldest producers. Although the average acreage operated per farm did not differ significantly among the age groups, the youngest farmers owned an average of 65 acres per farm compared with the oldest farmers who owned 116 acres per farm. The youngest producers had the highest debt-to-asset ratio, although they owned less acreage and quota per farm than older producers. The oldest producers were more likely to be located in Tennessee than Kentucky. Tennessee's lower tobacco yields contributed to the oldest producers' higher variable cash costs of production per expected pound. The more competitive producers tend to have lower ratios of expenses to output unit.

Slightly more than one-fourth of flue-cured tobacco producers were 60 years or older (table B-4). About half were 45 to 59 years old, and slightly less than one-fourth were less than 45 years old. Only half of the oldest flue-cured tobacco growers completed high school compared with 93 percent for the youngest. Flue-cured tobacco producers are more dependent on income from farming than burley tobacco producers. In all age classes, nearly 90 percent of flue-cured

Table B-3--Characteristics of burley tobacco farms and producers, by operator's age, 1995

Item	Less than 45		45 to 59		60 and over	
	<i>a</i>		<i>b</i>		<i>c</i>	
Number of farms	14,801		26,998		15,130	
Percentage of farms	26		47		27	
Operator's age	34	<i>bc</i>	53	<i>ac</i>	66	<i>ab</i>
Percent of oper. with high school or more educ.	84	<i>c</i>	75	<i>c</i>	36	<i>ab</i>
Operator's occupation (percentage)						
Farmer	35		50		37	
Non-farming	65	<i>c</i>	46	<i>c</i>	20	<i>ab</i>
Retired	0	<i>c</i>	4	* <i>c</i>	42	<i>ab</i>
Total effective tobacco quota (1,000 lb) 1/						
Owned	186,027	*	227,273	<i>c</i>	104,696	<i>b</i>
Cash-rented	39,873	<i>b</i>	130,216	<i>ac</i>	61,444	<i>b</i>
Share-rented	39,599		43,009		39,868	*
	106,815	* <i>c</i>	54,048	* <i>c</i>	5,244	* <i>ab</i>
Quota per farm (lb) 1/						
Owned	12,569	<i>c</i>	8,418		6,920	<i>a</i>
Cash-rented	2,694		4,823		4,061	
Share-rented	2,675	*	1,593		2,635	
	7,217	* <i>bc</i>	2,002	* <i>ac</i>	347	* <i>ab</i>
Acres operated per farm						
Acres owned per farm	133		161		160	
Tobacco acres per farm	65	<i>c</i>	112		116	<i>a</i>
	6.7	<i>c</i>	4.9		3.8	<i>a</i>
Quota rental costs (cents/lb)						
	38		35		33	
Expected tobacco yield (lb per acre) 2/						
	1,874		1,836		1,677	
Variable cash costs per expected pound (dollars) 3/						
Variable cash costs per acre (dollars)	0.54		0.47	<i>c</i>	0.60	<i>b</i>
	1,257		1,128		1,379	
Number of commodities per farm						
	2.0		1.7	<i>c</i>	2.0	<i>b</i>
Ratio of tobacco to total production value						
	0.55		0.58	<i>c</i>	0.46	<i>b</i>
Financial measures per farm:						
Debt (dollars)	23,218	<i>c</i>	16,761		11,388	<i>a</i>
Equity (dollars)	168,430	<i>c</i>	228,847		298,871	<i>a</i>
Debt-to-asset ratio	0.12	<i>bc</i>	0.07	<i>a</i>	0.04	<i>a</i>
Net cash income from farming (dollars)	9,089		7,099		7,476	
Percentage of farms in:						
Kentucky	66	* <i>c</i>	84	* <i>c</i>	32	* <i>ab</i>
Tennessee	34	*	16	* <i>c</i>	68	* <i>b</i>

* indicates that the coefficient of variation, which is the value of the standard error divided by the estimate times 100, is greater than 25 percent but less than or equal to 50 percent. Lower values indicate more reliable estimates. a, b, and c indicate that the estimate is significantly different from the indicated group as measured by the t-statistic at the 90 percent or better level.

1/ Data may not add because of quota adjustments carried forward from 1994 and owned quota rented to others.

2/ Expected yields are the producers' estimates of the yields they expect to obtain, weighted by producers' tobacco acreage.

3/ Variable cash costs include the costs for seed, fertilizers, lime, gypsum, chemicals, custom operations, fuel, repairs, hired labor, marketing, and other variable cash items.

Data source: Farm Costs and Returns Survey, 1995.

Table B-4--Characteristics of flue-cured tobacco farms and producers, by operator's age, 1996

Item	Less than 45		45 to 59		60 and over	
	<i>a</i>		<i>b</i>		<i>c</i>	
Number of farms	2,754		4,992		3,110	
Percentage of farms	25		46		29	
Operator's age	38	<i>bc</i>	51	<i>ac</i>	66	<i>ab</i>
Percent of oper. with high school or more educ.	93	<i>bc</i>	82	<i>ac</i>	52	<i>ab</i>
Operator's occupation (percentage)						
Farmer	87		90		88	
Non-farming	13 *		10		6 *	
Retired	0		4 *		6 *	
Total effective tobacco quota (1,000 lb) 1/						
Owned	307,573	<i>c</i>	418,921	<i>c</i>	184,438	<i>ab</i>
Cash-rented	88,478	<i>b</i>	139,893	<i>ac</i>	75,180	<i>b</i>
Share-rented	176,265	<i>c</i>	227,862	<i>c</i>	86,756	<i>ab</i>
	37,301 *		45,355	<i>c</i>	17,858 *	<i>b</i>
Quota per farm (lb) 1/						
Owned	111,701	<i>bc</i>	83,921	<i>ac</i>	59,303	<i>ab</i>
Cash-rented	32,132		28,024		24,173	
Share-rented	64,014	<i>bc</i>	45,647	<i>a</i>	27,895	<i>a</i>
	13,546 *		9,086		5,742 *	
Acres operated per farm						
Acres owned per farm	523	<i>c</i>	462	<i>c</i>	339	<i>ab</i>
Tobacco acres per farm	170		211		167	
	51	<i>bc</i>	38	<i>ac</i>	27	<i>ab</i>
Quota rental costs (cents/lb)						
	36		37		38	
Expected tobacco yield (lb per acre) 2/						
	2,483		2,445		2,427	
Variable cash costs per expected pound (dollars) 3/						
	0.65		0.61		0.67	
	1,614		1,477		1,626	
Number of commodities per farm						
	2.9		2.6		2.6	
Ratio of tobacco to total production value	0.43	<i>c</i>	0.42	<i>c</i>	0.71	<i>ab</i>
Financial measures per farm:						
Debt (dollars)	117,813 *	<i>c</i>	66,062	<i>c</i>	33,671 *	<i>ab</i>
Equity (dollars)	537,483		452,232		419,211	
Debt-to-asset ratio	0.18	<i>c</i>	0.13	<i>c</i>	0.07	<i>ab</i>
Net cash income from farming (dollars)	141,357	<i>bc</i>	73,888	<i>ac</i>	32,408	<i>ab</i>
Percentage of farms in:						
North Carolina	71	<i>b</i>	57	<i>ac</i>	75	<i>b</i>
Florida, Georgia, South Carolina	29	<i>b</i>	43	<i>ac</i>	25	<i>b</i>

* indicates that the coefficient of variation, which is the value of the standard error divided by the estimate times 100, is greater than 25 percent but less than or equal to 50 percent. Lower values indicate more reliable estimates. a, b, and c indicate that the estimate is significantly different from the indicated group as measured by the t-statistic at the 90 percent or better level.

1/ Data may not add because of quota adjustments carried forward from 1994 and owned quota rented to others.

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3/ Variable cash costs include the costs for seed, fertilizers, lime, gypsum, chemicals, custom operations, fuel, repairs, hired labor, marketing, and other variable cash items.

Data source: Agricultural Resource Management Study (ARMS), 1996.

farmers listed farming as their principal occupation. The oldest producers were more reliant on tobacco production than the youngest, with tobacco comprising just over 70 percent of the total value of agricultural production for the oldest producers compared with 43 percent for the youngest. The oldest flue-cured producers averaged \$32,408 in net cash income from farming in comparison with the youngest, who averaged \$141,357 per farm. The youngest growers had an average debt-to-asset ratio of 18 percent, more than double that of the oldest growers. The average variable cash costs per expected pound did not vary significantly by age.

Conclusion

The design of a tobacco buyout program combined with farmers' characteristics can influence the future structure of tobacco production. Since the tobacco buyout programs that have been proposed have been largely based on quota ownership and use, any payments producers receive from accepting a tobacco buyout will depend on the producers' quantity of owned and rented quota and the buyout provisions.

Burley tobacco producers own 44 percent of their tobacco quota, while flue-cured tobacco producers own 34 percent. Thus, in a quota buyout program, non-tobacco-producing landlords could receive over half of the funds made available to compensate tobacco quota owners for their quotas. Little information exists to indicate the characteristics of these landlords and whether the funds received by them would remain in rural communities. On average, there were approximately seven non-tobacco producing quota owners for every flue-cured producer compared with three for burley tobacco producers. With 303,124 owners of burley tobacco quota and 112,625 owners of flue-cured tobacco quota in 1999 and fewer pounds of burley quota than flue-cured, burley tobacco quota owners own less quota on aver-

age than flue-cured quota owners. Hence, the average burley tobacco quota owner would receive smaller total compensation payments for quota ownership than the average flue-cured quota owner, assuming that the buyout payment rates for burley and flue-cured quotas are the same. However, the burley quota payments would be distributed over more people. Tobacco producers who rent a large proportion of their tobacco quotas tended to be younger and control more quota per farm than producers who owned large proportions of their quota.

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