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Tobacco Outlook

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Tobacco Acreage in 2002 Nearly Unchanged From Last Season

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The next release is
Sept. 18, 2002

Approved by the
World Agricultural
Outlook Board.

U.S. tobacco growers indicated on March 1 that they intend to harvest 429,410 acres of tobacco during the 2002/03 crop year. The intentions are slightly below last year's actual harvest of 432,640 acres. Lower quotas for some types resulted in the slide. However, compared with recent years, the decline was small.

U.S. leaf production in 2001/02 is estimated at 1.0 billion pounds, about 9 million pounds below last season. Sales of flue-cured, including both auction and contract, reached 544.5 million pounds, while burley was 338 million pounds. Combined with beginning stocks of 1.8 billion pounds, total U.S. supplies are expected to be about 2.8 billion pounds for 2001/02, 21 percent below last season's 2.3 billion pounds.

Burley marketings (auction and contract) reached 348.3 million pounds, averaging \$197.50 per hundredweight (gross auction sales combined with contract sales), the highest on record. Producer sales (net auction combined with contract sales) were 338.2 million pounds, compared with 310.9 million pounds last season. Nearly two-thirds of the estimated crop production was sold directly using contracts.

Burley auction markets opened November 13 and closed February 21, 2002, after 44 days of sales. Gross volume of 123.6 million pounds sold for \$240.5 million. The average price was the second highest on record. The Burley Cooperatives took 12.4 million pounds under loan, compared with 19.3 million pounds in 2000, which was 11 percent of producer auction sales. Net (producer) sales at auction were 113.4 million pounds, compared with 223.5 million pounds last season. At auction, the percentage of good and better quality tobacco increased slightly, while fair- and low-quality tobacco slipped.

Contract centers began receiving on October 29, 2001, and were open 70 days before closing on February 28, 2002. Thirty-two contract centers operated in 22 markets. Sales totaled 224.5 million pounds valued at \$447.1 million. The season average was \$199.02 per hundredweight. Last season, contract volume reached 87.5 million pounds, out of producer sales of 310.9 million pounds.

The national basic marketing quota for the 2002 flue-cured crop is 582.0 million pounds, compared with 548.9 in 2001. The welcomed increase is the result of slightly higher manufacturer purchase intentions and an upward adjustment reflecting lower reserve stocks on hand. Compared with the sharp declines in the late 1990s, the quota continues to be relatively stable. Manufacturers' purchase intentions increased by 13 million pounds to 310.0 million pounds. The 3-year average export figure declined by nearly 50 million pounds, but the reserve stock adjustment component rose by 22 million pounds. There was no discretionary adjustment by the Secretary. The effective quota is obtained by adjusting each farm's basic quota by net undermarketings. Based on March 1 harvest intentions, flue-cured growers intend to plant 245,500 acres, compared with actual plantings of 238.500 acres last season. With normal yields, production in 2002 should be about 553 million pounds.

The burley basic quota for 2002 is 324.2 million pounds, 7.8 million pounds below last season's 332.0 million pounds. As with flue-cured, the magnitude of the change is much less than experienced in recent years and signifies a return to stable markets. The 2002 basic quota is comprised of slightly (by 2.4 million pounds) higher manufacturer purchase intentions of 227.4 million pounds, declining 3-year average exports (by 5.6 million pounds) of 138.8 million pounds, and a larger negative reserve stock adjustment (by 4.6 million pounds) of 42 million pounds. At 344.0 million pounds, the 2001 effective quota is 24.8 million pounds below last season's 368.8 million pounds.

Farmers indicated on March 1 their intention to harvest 158,600 acres of burley tobacco during the 2002 season. Last year intentions were 182,500 and actual harvested acres were 164,500. With normal yields, this would result in a crop of 325.4 million pounds, below the effective quota of 344 million pounds for the 2002/03 crop year.

The tobacco balance of trade--the value of manufactured and unmanufactured exports less imports (arrivals)--for 2001 slid below \$3 billion for the first time since 1987. At \$2.8 billion, the sharp drop from 2000 was due to lower cigarette export volume and unit value combined with higher leaf import value. Cigarette exports fell 10 percent while value fell nearly 40 percent. The value of U.S. leaf exports fell by nearly \$50 million during the calendar year. Tobacco product imports (arrivals) fell nearly \$25 million, mostly due to lower cigarette and cigar value. Leaf import value advanced \$141 million. The volume of U.S. exports of unmanufactured tobacco rose to 410 million pounds in 2001 compared with 402.4 million pounds last year. Imports of unmanufactured leaf (arrivals) surged 122 million pounds to 561.7 million pounds compared with 439.7 million in 2000. Duty-paid imports rose nearly 40 million pounds, ending at 518.7 million pounds for 2001.

On January 1, 2002, stocks of domestic leaf were 2.2 billion pounds, 560 million pounds below January 2001. Flue-cured stocks dropped 17 percent to 1.182 billion pounds and burley stocks slipped 30 percent to 817 million pounds.

U.S. stocks of imported cigarette leaf were 8 percent lower on January 1, 2002, than the previous year and stocks of cigar leaf were 6 percent lower.

Consumers in the United States smoked an estimated 422 billion cigarettes in 2001, about 2 percent less than the previous year. During the first quarter of 2001 (the latest official data available), taxable removals at the Federal level declined 2 percent compared with first-quarter 2000. Year-end 2001 taxable removals are estimated at 420 billion pieces. Output during first-quarter 2001 slipped 4 percent compared with the previous year. End-of-year 2001 output is expected to reach 575 billion pieces. Because of the January 1, 2002, Federal tax increase, removals during the last months of the year were likely accelerated as manufacturers reduced floor stocks.

Exports during 2001 reached 133.9 billion pieces, compared with 147.9 billion the previous year. Shipments to Japan and Saudi Arabia, the two largest buyers of U.S. cigarettes, were up slightly. However, U.S. shipments to Cyprus, Belgium, Germany, and other major importers declined.

Cigarette Consumption Continues Slide in 2001

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Per capita consumption in 2001 dipped to 2,037 pieces per person (based on the total over-18 population) compared with 2,092 pieces per person the previous year. Per capita consumption has been slipping for over two decades. For the 16-year-old and over population, per capita consumption in 2001 was 1,962 pieces per person compared with 2,014 in 2000.

Cigarette exports during 2001 reached 133.9 billion pieces, compared with 147.9 billion the previous year. Shipments to Japan and Saudi Arabia, the two largest buyers of U.S. cigarettes, were up slightly. However, U.S. shipments to Cyprus, Belgium, Germany, and other major importers declined.

Generic (discount) cigarettes made up 26.5 percent of total U.S. sales during calendar 2001, compared with 27.1 percent in 2000. Promotions and rebates for premiums have continued to take market share from generic cigarettes.

The Federal excise tax for cigarettes increased 5 cents per pack of 20 cigarettes to 39 cents per pack on January 1, 2002. Manufacturers and wholesalers reduced inventory in advance of the tax increase. A floor tax is charged on cigarettes intended for domestic use but not yet sold. The floor tax is the difference between the previous excise tax rate and the new tax rate. The new tax rate for cigarettes will increase \$2.50 per thousand pieces. Therefore, the floor stocks tax on cigarettes is \$2.50 per thousand, or five cents for a pack of 20.

Fiscal year 2001 (October 2000-September 2001) Federal cigarette excise tax collections reached \$7.4 billion compared with \$7.2 billion the previous year. Collections are likely to increase further in fiscal 2002 because of the increase in the Federal excise tax. Federal cigarette excise tax collections during calendar 2000 were \$7.3 billion. Federal cigarette excise tax collections for calendar 2001 are not yet available.

State tax collections in 2001 declined by a mere \$12 million. Declining consumption offset higher taxes resulting in lower overall collections. State excise taxes were collected on 412.4 billion cigarettes. State sales tax collections reached \$2.9 billion. Nineteen States have cigarette excise taxes of 50 cents or greater and five have taxes of \$1.00 per pack or greater. On April 3, 2002, the New York State cigarette tax increased by 39 cents per pack, bringing the total New York State excise tax to \$1.50 per pack, the highest in the Nation. Connecticut also increased its tax on April 3rd by 39 cents, making its total tax 89 cents per pack. The average State cigarette excise tax, weighted by consumption, is 44.4 cents per pack. Utah's cigarette excise tax will increase 18 cents per pack, boosting its tax from 51.5 cents per pack to 69.5 cents per pack, effective May 6, 2002. Nebraska's legislature passed a cigarette excise tax increase--over the governor's veto--of 30 cents per pack, raising its tax to 64 cents per pack, effective October 1, 2002.

Manufacturers Increase Wholesale Cigarette Prices

Wholesale premium cigarette prices rose 12 cents per pack on April 1, 2002. Cigarette manufacturers raised the price they charge wholesalers for cigarettes to be sold in the United States. In 2001, wholesale cigarette prices increased twice, by a total of \$9.50 per 1,000 cigarettes, or 9 percent. Including Federal excise tax, the wholesale price of cigarettes rose 10 percent. The wholesale price of premium cigarettes is now \$118.7 per 1,000, excluding tax. The Federal tax is \$19.50 per 1,000 cigarettes.

Cigarette Type Survey Results

The annual Economic Research Service (ERS) survey of manufacturers indicated that filter-tip production

comprised 99 percent of total output in 2001. In 2000, filter-tips made up 98.7 percent of total production. The proportion of 80-85 mm cigarettes increased from 61.3 percent last year to 61.6 percent. The 100 millimeter filter-tip category made up about 32.4 percent of 2001 output, compared with 35.9 percent last year.

Cigars

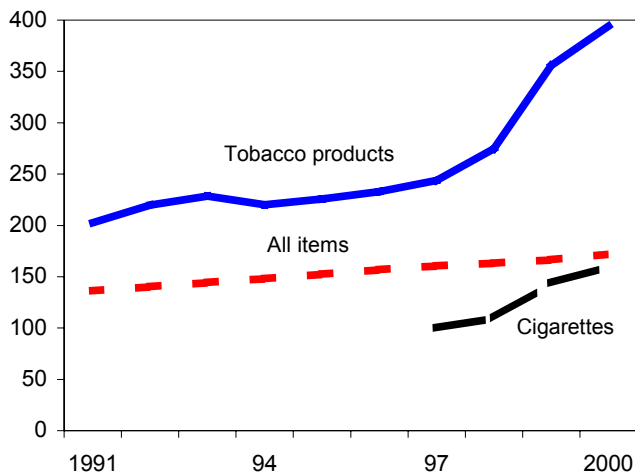
Cigar consumption in 2001 was unchanged from 2000. For the third year, consumption remained at the 3,850 million cigar level. Calendar year 2001 exports of cigars advanced slightly to 120 million cigars. Imports gained 4 percent, reaching 499 million. Domestic taxable removals slipped an estimated 6 percent to 3,350 million pieces. Output fell 25 million cigars to 2,800 million cigars. Output and taxable removals for 2001 are estimated based on data through March 2001. Total (large and small) cigar consumption in 2001 will likely exceed 6.2 billion cigars. The Dominican Republic shipped two-thirds of the large cigars imported by the United States in 2001. Most small cigars originated in Honduras, the Philippines, and the Netherlands.

Smoking Tobacco

Smoking tobacco output slipped again in 2001, falling 6 percent to 12.8 million pounds. In 2000, output was 13.6 million pounds. However, taxable removals in

Figure 1

Consumer price index and tobacco products
% of 1982-84



Source: Bureau of Labor Statistics.

2001 increased in both major smoking tobacco categories. Pipe tobacco advanced 4 percent and cut smoking tobacco was 2 percent higher. As cigarette prices and taxes increase, a few smokers have turned to roll-your-own (ryo) cigarettes. Also, higher taxes on smoking tobacco are likely behind some of the last-quarter increase in taxable removals.

Chewing Tobacco

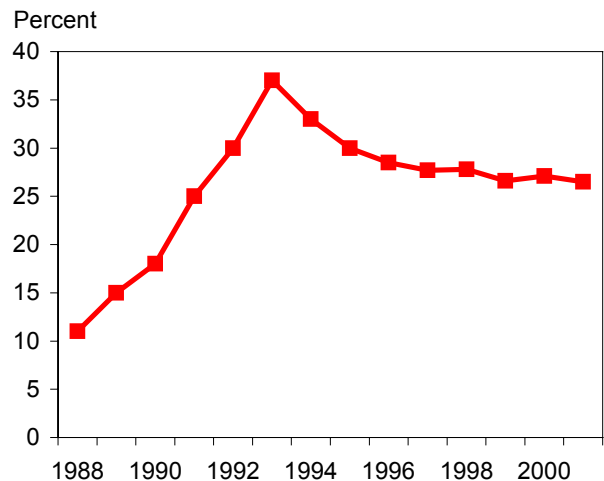
Output of chewing tobacco slid for the sixth consecutive year. Production dipped to 47.0 million pounds in 2001. Output in 2000 was 49.4 million pounds. The decline affected all types of chewing tobacco. Firm and moist chewing had the greatest percentage drop. Leaf chewing, the predominant type, fell by 5 percent. Taxable removals of chewing tobacco slipped 4 percent to 46.6 million pounds. In 2000, taxable removals were 48.5 million pounds.

Snuff

Snuff production continued its steady ascent, advancing 2 percent in 2001. Snuff output has increased at about that rate for the past decade. In 2001 snuff output totaled 70.9 million pounds, compared with 69.5 million pounds in 2000. Taxable removals of snuff in 2001 reached 69.7 million pounds, 2 percent higher than the previous year. Snuff continues to provide a substitute tobacco product in areas with restricted smoking.

Figure 2

Discount cigarette share of U.S. cigarette consumption



Source: Economic Research Service, USDA.

Table 1--Cigarettes: U.S. output, removals, and consumption, 1990-2001

Year	Removals							Total U.S. consumption
	Output	Tax-exempt					Adjustment 2/	
		Taxable	Total	Exports	Miscellaneous Shipments 1/	Imports		
					Billions			
1990	709.7	523.2	178.8	164.3	14.5	1.4	14.1	525
1991	694.5	497.1	193.7	179.2	14.5 4/	4.7 5/	2.5	510
1992	718.5	509.4	213.0	205.6	7.4 4/	6.6 5/	18.1	500
1993	661.0	463.4	202.0	195.5	6.5 4/	11.5 5/	12.4	485
1994	725.5	488.6	231.6	220.2	11.4	3.5	17.5	486
1995	746.5	490.3	250.9	231.1	19.8	3.0	26.1	487
1996	755.4	484.7	260.7	243.9	16.8	2.8	17.4	487
1997	722.8	471.4	232.0	217.0	15.0	3.2	9.6	480
1998	679.7	457.9	212.5	201.3	11.2	4.3	8.4	465
1999	606.6	429.8	165.5	151.4	14.1	8.7	17.6	435
2000	594.6	423.3	153.7	148.3	5.4	11.3	10.0	430
2001 6/	580.0	410.0	140.0	133.9	6.1	14.7	8.8	422

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.

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

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

Year	Per capita	Per capita 18 years and over				Per male 18 years and over			
	16 years and over	Cigarettes 1/		All tobacco products	Large cigars & cigarillos		Smoking tobacco 2/	Chewing tobacco 2/	
	Number	Number	----- Pounds -----	Number	----- Pounds -----	Number	----- Pounds -----		
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	37.80	0.53	0.12	0.64
1999	2,067	2,136	3.6	0.32	4.19	39.00	0.53	0.12	0.64
2000 3/	2,014	2,092	3.4	0.33	4.22	38.94	0.64	0.15	0.49
2001 3/	1,962	2,037	3.4	0.33	4.12	38.63	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.

Table 3--Cigarettes: Output of filter tip and nonfilter tip by length, 1999-2001 1/

Item	1999		2000		2001	
	Output	Percent	Output	Percent	Output	Percent
	Billions	Percent	Billions	Percent	Billions	Percent
Filter tip:						
80 mm long and 85 mm king	368.1	61.9	355.5	61.3	357.6	61.6
100 mm extra long	212.3	35.7	208.2	35.9	207.6	35.8
120 mm	6.5	1.1	8.7	1.5	8.7	1.6
Total	586.9	98.7	572.5	98.7	573.9	99.0
Nonfilter tip:						
70 mm regular	3.0	0.5	3.5	0.6	3.4	0.6
85 mm king	4.2	0.7	4.1	0.7	2.7	0.5
Total	7.7	1.3	7.5	1.3	6.1	1.0
Grand total	606.6	100.0	594.6	100.0	580.0	100.0

1/ Cigarettes having other lengths were included in the most nearly comparable group.

Source: Economic Research Service, USDA.

Table 4--Wholesale premium brand cigarette price revisions, 1990-2002 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
June-1990	51.15	52.65	51.15	52.65	43.15	44.65	43.15	44.65
Dec.-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
Mar.-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
Nov.-1991	61.00	62.50	61.00	62.50	51.00	52.50	51.00	52.50
Apr.-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
Nov.-1992	69.00	70.50	69.00	70.50	59.00	60.50	59.00	60.50
Jan.-1993 4/	71.10	72.60	71.10	72.60	59.10	60.60	59.10	60.60
Mar. 1993	72.10	73.60	72.10	73.60	60.10	61.60	60.10	61.60
Aug. 1993	53.95	53.95	53.95	53.95	41.95	41.95	41.95	41.95
Nov.-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
Mar.-1997	61.95	61.95	61.95	61.95	49.95	49.95	49.95	49.95
Sep.-1997	65.45	65.45	65.45	65.45	53.45	53.45	53.45	53.45
Jan.-1998	66.70	66.70	66.70	66.70	54.70	54.70	54.70	54.70
Apr.-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
Aug.-1998	74.70	74.70	74.70	74.70	62.70	62.70	62.70	62.70
Nov.-1998	97.20	97.20	97.20	97.20	85.20	85.20	85.20	85.20
Aug. 1999	106.20	106.20	106.20	106.20	94.20	94.20	94.20	94.20
Jan.- 2000 6/	112.70	112.70	112.70	112.70	95.70	95.70	95.70	95.70
July-2000	115.70	115.70	115.70	115.70	98.70	98.70	98.70	98.70
Dec.-2000	122.70	122.70	122.70	122.70	105.70	105.70	105.70	105.70
Apr.-2001	129.70	129.70	129.70	129.70	112.70	112.70	112.70	112.70
Oct.-2001	132.20	132.20	132.20	132.20	115.20	115.20	115.20	115.20
Jan.-2002 7/	132.20	132.20	132.20	132.20	112.70	112.70	112.70	112.70
Apr.-2002 8/	138.20	138.20	138.20	138.20	118.70	118.70	118.70	118.70

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-243, April 1999. 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 increased to \$17 per 1,000 cigarettes. 7/ Effective January 1, 2002, Federal excise tax increased to \$19.50 per 1,000 cigarettes. 8/ Lastest 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 5--Tobacco products: Output and domestic invoices by category, 1991-2001

Period	Chewing tobacco					Snuff dry	Snuff moist	Smoking tobacco in bulk (exports)	Small cigars 2/ Millions
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/				
Million pounds									
Manufactured									
1991	4.6	2.1	1.2	64.3	72.2	6.3	48.0	63.2	1,325
1992	4.0	1.9	1.2	61.6	68.7	6.6	50.9	59.1	1,310
1993	3.8	1.5	1.1	58.0	64.4	5.9	53.2	62.5	1,280
1994	3.3	1.3	1.1	56.8	62.5	5.6	53.9	77.0	1,410
1995	2.9	1.2	1.1	57.7	62.9	5.6	54.6	91.8	1,430
1996	2.9	1.0	1.1	56.0	61.1	4.0	57.5	110.4	1,502
1997	2.5	0.8	1.0	52.5	56.8	4.4	57.7	118.2	1,476
1998	2.4	0.7	1.0	49.2	53.3	4.3	61.2	142.5	1,710
1999	2.2	0.6	0.7	47.2	50.9	3.7	63.3	151.0	2,316
2000	2.0	0.5	0.8	46.0	49.4	3.6	65.9	136.1	2,640
2001 4/	1.9	0.5	0.8	43.9	47.0	3.3	67.6	118.2	2,422
Invoiced to domestic customers 3/									
1991	4.4	2.0	1.2	63.7	71.3	6.4	47.0	**	1,292
1992	3.9	1.7	1.2	60.9	67.7	6.1	49.4	**	1,302
1993	3.6	1.4	1.1	57.7	63.8	5.6	51.2	**	1,271
1994	3.1	1.2	1.1	56.4	61.8	5.4	53.2	**	1,377
1995	3.0	1.1	1.1	57.0	62.2	5.3	54.1	**	1,397
1996	2.8	1.0	1.1	55.1	60.0	4.6	56.8	**	1,504
1997	2.5	0.8	1.0	52.5	56.8	4.4	57.7	**	1,587
1998	2.3	0.7	1.0	48.6	52.5	4.1	59.9	**	1,638
1999	2.1	0.6	0.9	46.9	50.5	3.9	61.6	**	2,042
2000	2.0	0.5	0.9	45.1	48.5	3.8	64.8	**	2,237
2001 4/	1.8	0.4	0.8	43.5	46.6	3.4	69.3		2,380

1/ Detail may not add to total due to rounding. 2/ Weight not more than 3 pounds per thousand. 3/ Taxable removals for small cigars. 4/ Preliminary.

Source: Agricultural Marketing Service, USDA.

Table 6--Cigars and smoking tobacco: U.S. output, removals, and consumption, 1990-2001

Year	Total output	Taxable removals	Tax-exempt removals	Imports	Exports	Total U.S. consumption 1/
Millions						
Large cigars and cigarillos:						
1990	1,896	2,232	74	111	72	2,345
1991	1,740	2,134	73	109	70	2,246
1992	1,741	2,106	78	111	76	2,219
1993	1,795	2,010	68	127	67	2,138
1994	1,942	2,188	78	146	75	2,337
1995	2,058	2,367	82	195	78	2,566
1996	2,413	2,720	98	320	67	3,071
1997	2,324	2,966	110	576	86	3,542
1998	2,751	3,185	122	507	93	3,692
1999	2,905	3,330	148	496	84	3,826
2000	2,825	3,370	114	480	113	3,850
2001 2/	2,800	3,350	120	499	120	3,849
Million pounds						
Smoking tobacco:						
1990	16.4	15.3	0.5	1.6	0.8	16.6
1991	15.7	14.7	0.5	1.6	1.4	15.4
1992	14.9	14.1	0.6	1.6	1.2	15.1
1993	13.7	13.3	0.4	1.8	0.4	15.1
1994	13.5	12.6	0.5	1.9	0.5	14.5
1995	12.2	11.8	0.4	1.9	0.4	13.8
1996	12.0	11.3	0.4	1.9	0.7	13.0
1997	11.4	10.8	0.5	1.5	0.8	12.0
1998	12.5	12.0	0.5	1.4	0.6	13.4
1999	14.7	13.4	0.5	1.6	0.5	16.5
2000	13.6	13.1	0.5	1.4	0.5	14.5
2001 3/	12.0	14.0	5.6	1.5	5.9	15.5

1/ Total removals (or sales) plus imports, minus exports. 2/ Subject to revision. 3/ Estimated. 4/ Total imports including re-exports to Canada.

5/ Adjusted to reflect estimated re-exports to Canada.

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

Table 7--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 -----		---- % of 1982-84 ----		% of 1997	
1991	187.5	16,766	17,755	136.2	202.7	--	
1992	189.3	17,636	19,919	140.3	219.8	--	
1993	191.1	18,706	20,318	144.5	228.4	--	
1994	192.9	19,381	20,709	148.2	220.0	--	
1995	194.0	20,349	21,056	152.4	225.7	--	
1996	196.1 5/	21,117 5/	21,385	156.9	232.8	--	
1997	198.2 5/	21,969 5/	21,838	160.5	243.7	100.0	
1998	200.4 5/	23,359 5/	22,672	163.0	274.8	109.8	
1999	202.5	24,314	23,191	166.6	355.8	143.8	
2000	205.6	24,889	23,148	172.2	394.9	159.9	
2001 4/	207.2	25,943	23,687	177.1	425.2	172.5	

-- = Not available.

1/ Eighteen years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers. 4/ July 1, 2001. 5/ Revised.

Source: Bureau of the Census.

Table 8--U.S. cigarette exports to leading destinations, 1999-2001

	1999	2000	2001 1/
	Billions		
Japan	72.5	77.1	75.4
European Union	20.3	12.1	--
Belgium	17.1	6.7	2.7
Germany	2.9	5.1	0.3
Saudi Arabia	10.2	10.6	11.3
Cyprus	6.0	7.1	4.5
South Korea	2.8	4.7	6.2
Israel	4.4	4.4	4.6
Lebanon	5.7	4.2	5.7
Singapore	3.3	3.4	2.5
Hong Kong	3.2	3.2	2.8
Russia	0.8	2.2	2.3
Taiwan	1.9	2.0	2.1
Kuwait	1.9	1.8	2.0
Azerbaijan	1.8	1.8	--
United Arab Emirates	1.6	1.6	2.3
Turkey	0.1	1.2	0.2
Paraguay	1.0	0.8	0.6
Panama	0.5	0.3	0.6
Mexico	0.3	0.3	0.3
Morocco	1.4	0.2	--
Netherlands Antilles	0.2	0.1	0.1
Other countries	33.6	9.2	10.4
Total	151.4	148.3	133.9

-- Less than 50 million. 1/ Subject to revision.

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

U.S. Exports and Imports

U.S. Balance of Trade Slips Below \$3 Billion

The tobacco balance of trade--the value of manufactured and unmanufactured exports less imports (arrivals)--for 2001 slid below \$3 billion for the first time since 1987. At \$2.8 billion, the sharp drop from 2000 was due to lower cigarette export volume and unit value combined with higher leaf import value. Cigarette export volume fell almost 10 percent but value fell much more--nearly 36 percent. The volume of U.S. exports of unmanufactured tobacco rose to 410 million pounds in 2001 compared with 402.4 million pounds last year. The value of U.S. leaf exports rose by nearly 5 percent during the calendar year. Tobacco product imports (arrivals) fell nearly \$30 million, mostly due to lower cigarette and cigar value. Leaf import value advanced \$141 million. Imports of unmanufactured leaf (arrivals) surged 127 million pounds to 560.7 million pounds compared with 439.7 million pounds in 2000. Duty-paid imports rose nearly 40 million pounds, ending at 516.2 million pounds for 2001.

Leaf Tobacco Export Volume Gains

Export leaf volume advanced slightly during calendar 2001 reaching 409.7 million pounds declared weight, (165,837 metric tons), 7 million pounds over 2000. On a farm-sales-weight basis, total calendar 2001 exports were 577.1 million pounds compared with 560 million pounds a year earlier. Flue-cured, burley, "other" leaf, and dark fire-cured shipments gained while stems and cigar types declined. The largest shift was burley, followed by flue-cured. However, declines in stem shipments moderated overall gains. Lower world stocks and production benefited U.S. exporters.

European markets took more leaf in 2001. Shipments to the European Union gained 12 percent, reaching 215.0 million pounds. Germany, the largest buyer, purchased 94.8 million pounds or 23 percent of total U.S. shipments, about the same as last year.

Leaf Imports for Consumption Up

After declining in 2000, imports (consumption, duty paid) shot back up in 2001, reaching a record 518.9 million pounds, for a gain of 7.3 percent. Oriental leaf advanced 33 percent to 138.8 million pounds.

Shipments from Turkey were especially strong. Flue-cured leaf imports advanced 8 percent to reach 105.7 million pounds. Burley import volume did not change by much. Cigar leaf imports slipped 4 million pounds to 61.4 million pounds. Imports of stems slipped 4 percent ending at 79.9 million pounds.

General Imports Surge

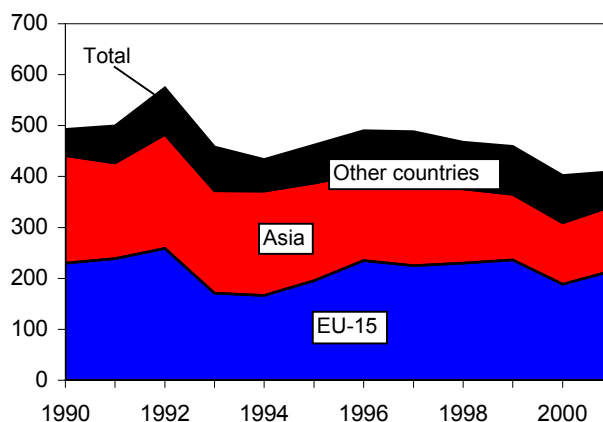
General imports (arrivals) advanced 28 percent during 2001, reaching 561.7 million pounds. The 121-million-pound gain was spread over all categories of imports. Oriental leaf jumped 52 percent to reach 98.0 million pounds. Flue-cured imports reached 121.8 million pounds, a 24-percent gain while the general "Not Specifically Provided For" category which contains most burley leaf, gained 18 percent. Stems shot up 51 percent to the highest level since 1998, nearly twice last year's volume. Stocks of imported leaf held by manufacturers and dealers are at low levels, and these imports are intended to bolster stocks in the upcoming year.

U.S. stocks of imported cigarette leaf are at the lowest level in a decade. January 1, 2002, imported cigarette leaf stocks are 766 million pounds, 25 million pounds below January 1, 2001. Stocks of flue-cured, burley, and Oriental tobacco are each down 5 percent for the period. Stocks of imported cigarette leaf have been depleted as larger proportions of imported leaf have

Figure 3

Export markets for U.S. tobacco

Million pounds



Unmanufactured, declared weight, European Union (EU, formerly referred to as the European Community, EC, or EC-12).

Source: Bureau of the Census.

been used in domestically-manufactured cigarettes. Stocks of imported cigar leaf are down slightly from previous year levels.

Tariff-Rate Quota Update

The tariff-rate quota (TRQ) for 2001-02 on cigarette tobacco leaf imports (excluding Oriental) was 17 percent filled as of April 17, 2002, at 55.2 million pounds.

The tobacco TRQ year begins on September 13 and runs through September 12 the following year. The total quantity allowed under the TRQ is 332 million pounds. During the 2000-01 TRQ year, 52.7 percent of the quota, or 175 million pounds, were imported under the quota.

Table 9--U.S. tobacco exports and imports: Unmanufactured and manufactured, 1990-2001

Year	Exports			Imports 1/			Net exports (value)		
	Unmanufactured		Manu- factured	Unmanufactured		Manu- factured	Unmanu- factured	Manu- factured	Total
	Quantity 2/ Million pounds	Value --Million dollars--		Quantity 2/ Million pounds	Value --Million dollars--				
1990	492.5	1,439.9	5,037.6	438.4	696.7	120.3	743.2	4,917.3	5,660.5
1991	499.3	1,426.9	4,568.9	590.0	991.3	219.4	425.6	4,252.0	4,787.6
1992	574.4	1,649.9	4,507.4	716.6	948.9	358.6	701.0	4,148.8	4,849.8
1993	458.0	1,305.5	4,250.8	792.6	943.4	605.1	362.1	3,645.7	4,007.8
1994	433.9	1,302.1	5,363.4	582.3	692.7	161.9	609.4	5,201.5	5,810.9
1995	461.8	1,399.3	5,218.0	439.2	555.7	183.7	843.6	5,034.3	5,877.9
1996	489.9	1,389.4	5,234.9	719.7	1,052.5	279.4	326.4	4,955.5	5,281.8
1997	488.3	1,553.3	4,953.5	676.5	1,128.8	497.0	424.5	4,456.5	4,881.0
1998	467.2	1,458.8	4,824.7	551.2	779.7	483.2	679.1	4,341.5	5,020.6
1999	417.5	1,294.4	3,876.4	537.1	763.8	449.9	530.6	3,426.5	3,957.2
2000	402.4	1,221.8	4,010.5	439.7	568.9	548.4	652.9	3,462.1	4,115.1
2001	409.7	1,268.5	2,734.5	560.8	710.4	474.1	558.1	2,260.4	2,818.5

1/ Arrivals. 2/ Declared weight.

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

Table 10--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1998-2001 (declared weight)

Type & country	1998	1999	2000	2001 1/	Change 2000-2001
	Million pounds				Percent
Type					
Flue-cured	243.5	188.6	190.2	195.5	2.8
Burley	110.6	106.9	83.0	91.0	9.6
Maryland	3.8	4.9	3.2	2.7	-15.6
Fire-cured,					
Ky. and Tenn.	14.3	14.7	16.5	17.5	6.1
Virginia fire &					
sun-cured	0.7	1.6	0.5	0.2	-60.0
Blackfat	*	*	*	*	*
Cigar wrapper	5.0	5.5	4.1	3.3	-19.5
Cigar binder	0.5	0.7	0.3	0.2	-33.3
Stems and refuse	59.7	65.9	69.5	59.7	-14.1
Other leaf	28.9	28.8	35.1	39.6	12.8
Total 2/	467.2	417.5	402.4	409.7	1.8
Country of destination					
Austria	0.1	*	1.4	0.9	-35.7
Finland	1.0	2.0	0.2	0.3	50.0
Sweden	2.6	3.9	3.5	3.6	2.9
Greece	0.5	0.6	0.5	0.5	0.0
United Kingdom	15.6	9.0	7.3	1.6	-78.1
France	6.6	5.6	5.5	11.5	109.1
Belgium-Luxembourg	25.3	18.3	23.2	49.7	114.2
Netherlands	44.0	64.5	19.7	21.6	9.6
Germany	84.6	71.9	86.1	94.8	10.1
Denmark	14.8	14.9	15.7	12.2	-22.3
Ireland	0.4	*	*	*	*
Italy	14.0	15.1	15.8	6.2	-60.8
Portugal	3.2	1.3	4.2	4.3	2.4
Spain	17.5	15.5	9.5	7.9	-16.8
Total EU-15 2/	226.7	222.6	192.6	215.1	11.7
Canada	1.0	0.7	0.5	0.3	-40.0
Switzerland	10.3	16.1	9.5	14.4	51.6
Norway	3.2	1.8	2.0	3.3	65.0
Thailand	14.2	6.8	7.3	7.7	5.5
Rep. of Korea	9.4	12.7	12.0	9.6	-20.0
Malaysia	10.8	11.7	14.2	18.9	33.1
Philippines	5.0	6.2	7.4	5.1	-31.1
Taiwan	10.7	4.4	5.8	7.9	36.2
Japan	85.3	60.3	63.6	51.6	-18.9
Hong Kong	0.9	0.1	*	*	*
Australia	5.0	3.2	3.6	3.4	-5.6
New Zealand	0.5	0.5	0.7	0.1	-85.7
Egypt	1.0	0.8	1.2	0.9	-25.0
Turkey	44.2	23.0	26.9	15.8	-41.3
Dominican Republic	8.2	10.7	12.0	5.9	-50.8
Singapore	2.4	0.8	0.4	0.5	25.0
Nigeria	3.1	3.6	6.2	5.6	-9.7
Other countries	25.3	31.5	36.5	43.6	19.4
Total 2/	467.2	417.5	402.4	409.7	1.8

* = Negligible. 1/ Preliminary. 2/ Details may not add to total due to rounding.

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

Table 11--U.S. smoking tobacco exports, (January-December), 1998-2001

Country	1998	1999	2000	2001
	Million pounds			
Smoking tobacco in bulk:				
Turkey	28.3	26.0	28.7	25.5
Japan	12.6	24.4	24.1	25.7
Belgium-Luxembourg	13.1	11.3	20.7	10.4
Spain	21.8	14.7	20.4	18.6
Netherlands	11.2	13.1	10.1	5.5
Finland	2.7	3.1	2.9	3.1
Austria	3.1	3.1	2.5	3.0
Senegal	1.3	1.9	1.6	0.5
Netherlands Antilles	*	0.2	1.3	0.5
Egypt	13.2	18.8	1.2	*
Malaysia	0.3	1.4	1.1	0.4
Germany	0.4	1.1	1.2	0.9
Poland	9.2	9.5	*	*
Other countries	25.3	22.5	20.3	24.1
Total	142.5	151.1	136.1	118.2

* = Negligible.

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

Table 12--Flue-cured, burley, and Oriental tobacco production in specified countries,
2000-2001

Country	2000	2001 1/
Flue-cured:		
China	2,238	2,269
Brazil	438	410
Zimbabwe	237	195
India	187	56
Canada	65	71
Argentina	66	54
Pakistan	65	55
Japan	42	43
Indonesia	43	43
South Korea	46	42
Philippines	37	34
South Africa	26	26
Tanzania	25	25
Thailand	20	18
Mexico	9	7
Malawi	11	11
Taiwan	11	8
Total 2/	4,084	na
Burley:		
China	274	250
Malawi	109	109
Brazil	95	87
Italy	48	98
Argentina	39	36
South Korea	22	18
Mexico	20	23
Greece	14	14
Spain	13	13
Total 2/	845	na
Oriental:		
Greece	64	64
Turkey	189	180
Bulgaria	36	32
Total 2/	537	na

1/ Subject to revision. Based on most recent estimates. 2/ Totals may not add due to rounding.

Compiled from reports of Foreign Agricultural Service, USDA.

Table 13--U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 1998-2001 (declared weight)

Item	Imports for consumption					General Imports (arrivals)				
	1998	1999	2000	2001 1/	Change 2000-2001	1998	1999	2000	2001 1/	Change 2000-2001
	Million pounds				Percent	Million pounds				Percent
Cigarette tobacco										
Leaf (unstemmed):										
Oriental										
Turkey	127.1	76.6	64.5	92.8	43.9	114.0	86.7	55.3	98.0	77.2
Greece	18.0	12.3	16.7	12.4	-25.7	14.7	19.4	8.4	11.5	36.9
Macedonia	9.9	9.4	4.3	6.7	55.8	6.5	11.4	4.0	6.2	55.0
Other countries	29.2	21.9	18.9	26.9	42.3	25.4	20.3	17.9	24.2	35.2
Total Oriental	184.2	120.2	104.4	138.8	33.0	160.6	137.8	85.6	139.9	63.4
Flue-cured	8.3	7.4	5.0	8.0	60.0	7.9	7.4	5.4	8.0	48.1
Burley	0.4	0.7	4.6	6.6	43.5	3.2	0.7	4.6	5.3	15.2
Other (unstemmed)	*	0.6	4.8	*	-100.0	*	0.6	5.2	*	*
Subtotal	192.9	128.9	118.8	153.4	29.1	171.7	146.5	100.8	153.2	52.0
Leaf (stemmed):										
Flue-cured--										
Brazil	32.9	70.9	60.8	64.1	5.4	47.5	57.3	63.2	72.1	14.1
Argentina	3.9	13.7	9.7	8.6	-11.3	9.9	19.4	6.7	8.5	26.9
Zimbabwe	6.5	16.3	4.4	7.6	72.7	13.9	17.7	1.4	6.0	328.6
Other countries	15.0	21.8	23.1	25.4	10.0	13.3	21.5	21.6	27.2	25.9
Total flue-cured	58.3	122.7	98.0	105.7	7.9	84.6	115.9	92.9	113.8	22.5
NSPF--										
Guatemala	9.3	4.8	6.7	3.3	-50.7	7.6	4.8	6.7	4.6	-31.3
Brazil	6.3	20.6	31.6	33.4	5.7	17.7	29.0	29.6	34.3	15.9
Chile	3.6	*	*	0.0	0.0	3.6	*	*	0.2	--
Argentina	5.2	7.2	10.4	10.9	4.8	5.6	14.6	10.5	13.9	32.4
Mexico	9.6	6.4	4.6	4.3	-6.5	9.3	5.7	5.1	4.2	-17.6
Italy	2.2	5.5	2.6	4.5	73.1	7.2	4.3	2.7	4.1	51.9
Zimbabwe	1.2	2.8	0.7	2.8	300.0	2.4	2.0	1.1	2.1	90.9
Thailand	5.7	13.7	11.0	14.1	28.2	6.7	12.6	13.9	15.2	9.4
Malawi	15.8	24.3	35.1	28.5	-18.8	33.4	33.2	35.1	37.7	7.4
Other countries	4.9	11.7	6.4	10.6	65.6	0.8	7.9	-0.8	6.4	-900.0
Total NSPF	63.8	97.0	109.1	112.4	3.0	94.3	114.1	103.9	122.7	18.1
Subtotal	315.0	348.6	325.9	371.5	14.0	350.6	376.5	297.6	389.7	30.9
Manufactured or not manufactured categories 2/	4.5	6.0	4.6	2.6	-43.5	4.9	5.6	6.3	1.0	-84.1
Scrap:										
Subtotal	0.0	0.0	0.0	0.0	--	0.0	0.0	0.0	0.0	--
Total cigarette tobacco	319.5	354.6	330.5	374.1	13.2	355.5	382.1	303.9	390.7	28.6
Cigar tobacco:										
Wrapper	2.1	6.5	2.5	2.5	0.0	2.1	6.5	2.5	3.0	20.0
Filler (stemmed and unstemmed):										
Dominican Republic	13.7	11.9	11.7	8.7	-25.6	13.7	11.9	11.7	8.7	-25.6
Indonesia	13.8	9.2	15.3	12.5	-18.3	13.6	11.3	14.1	12.0	-14.9
Brazil	1.2	1.9	1.2	1.9	58.3	2.4	1.5	1.2	1.9	58.3
Other countries	33.9	24.7	31.6	32.7	3.5	34.6	27.0	33.3	38.9	16.8
Subtotal	62.6	47.7	59.8	55.8	-6.7	64.3	51.7	60.3	61.5	2.0
Scrap:										
Dominican Republic	*	*	*	0.5	--	*	*	*	0.5	--
Other countries	0.8	0.9	2.7	1.7	-37.0	0.8	0.9	2.7	1.7	-37.0
Subtotal	0.8	0.9	2.7	2.2	-18.5	0.8	0.9	2.7	2.2	-18.5
Total cigar tobacco	65.5	56.0	65.0	61.4	-5.5	67.2	59.1	65.5	67.1	2.4
Other stemmed and unstemmed	4.6	4.3	4.9	3.5	-28.6	4.9	3.7	4.6	3.4	-26.1
Stems	107.7	79.7	83.4	79.9	-4.2	121.5	87.0	66.5	100.5	51.1
GRAND TOTAL	497.3	494.6	483.8	518.9	7.3	549.1	531.9	440.5	561.7	27.5

* = Negligible. -- = not available. 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).

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

Table 14--Imported foreign-grown cigarette leaf stocks, by quarters, 1990-2002

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
Million pounds 1/								
	----Foreign-grown flue-cured----				----Foreign-grown oriental and aromatic----			
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	340
1999	377	352	350	341	344	271	329	292
2000	352	302	300	303	295	271	261	242
2001	297	282	284	282	220	230	223	208
2002	282				208			
	-----Foreign-grown burley-----				----Total imported cigarette leaf----			
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	960	866	840	837
2001	284	270	238	269	791	790	753	766
2002	269				766			

1/ Farm-sales weight.

Source: Agricultural Marketing Service, USDA.

Domestic Supplies Slip for 2001/02

Tobacco leaf production in 2001 is estimated at 1.0 billion pounds. Marketings of flue-cured totaled 544.5 million pounds and burley reached 338.0 million pounds. Other types are estimated at about 70 million pounds. Adding beginning stocks of 1.8 billion pounds results in total estimated supply of 2.8 billion pounds. Supply in 2000 was 2.3 billion pounds, or 15 percent more than the current year.

Domestic leaf stocks at the beginning of the 2001 marketing year (July 1 for flue-cured and cigar wrapper, October 1 for all other types) were 15 percent greater than in the beginning of 2000. Grower intentions are 429,410 acres, and a crop of about 925 million pounds is likely given average weather conditions. At this level, leaf supplies in 2002 should be close to 2.7 million pounds compared with 2.8 million pounds in 2001 and 3.4 million pounds in 2000.

All tobacco types except Maryland, Pennsylvania filler, Connecticut binder, shade grown, and Perique are grown under quotas administered by the United States Department of Agriculture(USDA).

Wisconsin Binder and Ohio Filler Growers Vote on Quotas

Growers of cigar filler and binder, types 42-44 and 54-55, voted in a referendum held in March 2002 on whether to continue participating in the USDA tobacco program. Growers voted to remain in the program for the next three crop years (2002, 2003, and 2004). Growers of other types of tobacco have voted during previous years whether or not to participate. Flue-cured and burley growers voted in 2001 to continue participation during the 2001, 2002, and 2003 crop years. Growers of Kentucky-Tennessee fire-cured (types 21-23) and dark air-cured, (types 35-36) voted in 2000 to approve quotas for the 2000, 2001, and 2002 crop years. Growers of Maryland (type 32) and Virginia sun-cured (type 37) voted to approve quotas in 2001. Growers of Maryland, Pennsylvania filler (type 41) and Connecticut binder (types 51-52) have no price supports or quota because they turned down program participation in referenda held in 2001.

U.S. Cigarette Manufacturers Purchased 225.8 Million Pounds of Burley Tobacco During 2000

U.S. cigarette manufacturers purchased 225.8 million pounds of farm-sales weight burley tobacco from October 1, 2000, through September 30, 2001, compared with 241.9 million pounds in the 1999-2000 marketing year. Manufacturers' purchase intentions for the 2000 crop were 242.5 million pounds. Actual purchases were 93.1 percent of intended purchases. Manufacturers are penalized if they do not purchase at least 90 percent of their purchase intentions.

The Agricultural Adjustment Act of 1938 requires each major domestic cigarette manufacturer to purchase an amount equal to at least 90 percent of its stated purchase intentions to avoid the assessment of a penalty.

U.S. Tobacco Industry To Buy 227.4 Million Pounds of 2002/03 Burley Tobacco

U.S. cigarette manufacturers plan to purchase 227.4 million pounds (farm-sales weight) of 2002/03 crop burley tobacco. Manufacturers' purchase intentions are used to calculate the quota for the 2002/03 burley tobacco crop. Manufacturers' intentions for the 2001/02 crop were 225.0 million pounds. Actual purchases for the 2001/02 crop year will be reported in early 2003.

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

Before selling their tobacco, growers must certify to the Farm Service Agency that the Environmental Protection Agency has approved any pesticides used in production 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.

Table 15--Flue-cured and burley tobacco: Marketing quota and marketings, 1980-2002

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	13.3	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 3/	548.9	543.0	544.5				
2002 4/	582.0	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	115.1
2000 3/	247.0	361.9	307.4	5.5	59.5	47.2	41.7
2001 3/	332.0	368.8	338.0	6.3	35.7	32.0	25.2
2002 4/	324.2	344.0					

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

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

Table 16--Flue-cured and burley marketing quotas: Formula components and manufacturer purchases, 1992-2002

Kind of tobacco and item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	Million pounds										
Flue-cured											
Purchase intentions	497.2	473.0	288.0	569.9	475.5	535.5	454.6	327.0	286.0	297.0	310.0
Exports (3-year avg.)	393.7	405.6	391.3	371.5	344.8	343.3	371.9	355.2	334.1	297.7	249.9
Reserve stock adjustment	0.9	9.6	(183.0)	22.1	80.3	125.1	(42.4)	(35.4)	(92.9)	(61.8)	22.1
Total 1/	891.8	888.2	496.3	963.5	900.6	1,003.7	784.1	646.8	527.2	532.9	582.0
Secretary's discretion	0.0	3.6	**	(28.9)	(27.0)	(30.1)	23.5	19.4	15.8	16.0	0.0
Basic quota 2/	891.8	892.0	802.6	934.6	873.6	973.8	807.6	666.2	543.0	548.9	582.0
Effective quota 3/	899.0	889.6	798.5	924.9	943.6	1,019.4	813.0	671.5	553.0	543.0	545.3
Manufacturer purchases (actual)	489.1	421.2	463.3	617.5	603.0	506.4	476.3	357.9	351.4	--	--
Burley											
Purchase intentions	445.5	361.0	324.0	385.0	424.0	473.5	421.1	291.0	242.5	225.0	227.4
Exports (3-year avg.)	187.6	205.8	183.8	160.1	155.4	163.0	188.1	185.9	159.1	144.4	138.8
Reserve stock adjustment 4/	36.9	(46.0)	(165.0)	20.9	54.4	68.0	28.6	(37.2)	(161.4)	(37.4)	(42.0)
Total 1/	670.0	520.8	342.8	566.0	633.8	704.5	637.8	439.7	240.2	332.0	324.2
Secretary's discretion	0.0	**	**	(17.0)	0.0	0.0	0.0	13.2	7.2	0.0	0.0
Basic quota 2/	670.0	603.0	542.7	549.0	633.8	704.5	637.8	452.9	247.4	332.0	324.2
Effective quota 3/	835.6	717.9	605.9	577.9	724.0	879.8	860.0	690.1	367.4	352.0	344.0
Manufacturer purchases (actual)	384.3	296.0	440.1	434.0	402.4	322.7	367.3	241.9	255.8	--	--

** = Not applicable. -- = Not available.

1/ Sum of manufacturers purchase intentions, exports (3-year average), and the reserve stock adjustment. 2/ Sum of manufacturers purchase intentions, exports (3-year average), and the reserve stock adjustment plus or minus any discretionary adjustment by the Secretary not to exceed 3 percent upward or downward. The basic quota was limited to maximum declines of 6 percent a year during 1986-89 and 10 percent a year during 1990-96.

3/ Adjustment for over- and undermarketings, latest year estimated. 4/ Downward adjustment limited to one-half of excess.

Sources: Notices of Determination and Final Rules, National Marketing Quota, Flue-cured and Burley Tobacco, Federal Register, various issues, and unpublished reports, U.S. Department of Agriculture, Farm Service Agency, Tobacco and Peanuts Division.

Table 17--Flue-cured and burley tobacco price support formula components, 1993-2002

Applicable year 1/	Price received			Prices paid index			Weighted average change		Applicable support rate 3/
	Year	Average 2/	Change	Year	Level	Change	100%	65%	
	Cents per pound								
	Flue-cured								
1993	1987-91	165.3		1991 4/	98.5				
	1988-92	168.9	3.6	1992	99.0	0.5	2.6	1.7	157.7
1994	1988-92	169.0		1992 4/	98.6				
	1989-93	169.5	0.5	1993	100.2	1.6	0.9	0.6	158.3
1995	1989-93	169.3		1993 4/	100.3	4.7	2.2	1.4	159.7
	1990-94	170.2	0.9	1994	105.0				
1996	1990-94	170.1		1994 4/	104.3	1.2	0.6	0.4	160.1
	1991-95	171.6	1.5	1995	103.1				
1997	1991-95	171.6		1995 4/	110.4	4.8	3.1	2.0	162.1
	1992-96	173.0	2.2	1996	115.2				
1998	1992-96	173.9	0.0	1996	117.0	2.2	0.7	0.5	162.8
	1993-97	173.9		1997	119.2				
1999	1993-97	173.7	1.9	1997	108.8	2.8	0.4	0.3	163.2
	1994-98	175.6		1998	106.0				
2000	1994-98	175.6	0.4	1998	114.5	1.5	0.8	0.5	164.0
	1995-99	176.0		1999	116.0				
2001	1995-99	176.2	-0.2	1999	116.8	6.5	2.0	1.3	166.0
	1996-00	176.0		2000	123.3				
2002	1996-2000	176.1	0.0	2000	137.1				
	1997-2001	176.0		2001	135.4	-1.7	-0.6	-0.4	165.6
	Burley								
1993	1987-91	167.8		1991 4/	127.8				
	1988-92	173.8	6.0	1992	131.5	3.7	5.2	3.4	168.3
1994	1988-92	173.8		1992 4/	130.8				
	1989-93	178.5	4.7	1993	135.5	4.7	4.7	3.1	171.4
1995	1989-93	178.5		1993 4/	135.5				
	1990-94	180.6	2.1	1994	136.4	0.9	1.7	1.1	172.5
1996	1990-94	180.6		1994 4/	135.1				
	1991-95	182.4	1.8	1995	136.9	1.8	1.8	1.2	173.7
1997	1991-95	182.4		1995 4/	138.6	1.3			
	1992-96	183.7	1.3	1996	146.6	8.0	3.5	2.3	176.0
1998	1992-96	183.7	2.9	1966 4/	115.0	2.5	2.8	1.8	177.8
	1993-97	186.6		1997	117.5				
1999	1993-97	186.0	2.2	1997	120.1	0.7	1.7	1.1	178.9
	1994-98	188.1		1998	120.8				
2000	1994-98	188.1	1.5	1998	120.9	1.8	1.6	1.0	180.5
	1995-99	189.6		1999	122.7				
2001	1995-99	189.5	1.5	1999	126.5	7.3	3.3	2.1	182.6
	1996-00	190.8		2000	133.8				
2002	1996-2000	190.8		2000	131.0				
	1997-2001	191.7	0.9	2001	132.4	0.8	0.9	0.6	183.5

1/ 1986 support level set by P.L. 99-272, April 7, 1986. 2/ Omits high and low years. 3/ The support rate is 1) the moving 5-year average of auction prices omitting high and low years (66.7 percent weight) and 2) the change in cents per pound of annual index of tobacco producers costs of production (33.3 percent weight). The law provides the Secretary of Agriculture discretionary authority to change the price support from 65 to 100 percent of the calculated change dictated by the two-part formula. 4/ Revised to reflect data for entire year.

Sources: Notices of Determination and Final Rules, Price Support Level, Flue-cured and Burley Tobacco, Federal Register, various issues, and unpublished reports, U.S. Department of Agriculture, Farm Service Agency, Tobacco and Peanuts Division.

Table 18--Computation of price support level adjustment factor for tobacco, 1984-2002 1/

Crop year	Parity index 2/		Price support level adjustment factor 4/
	Previous calendar year	3-year average 3/	
	% of 1910-14	% of 1959	
1984	1,133	1,116	374
1985	1,163	1,143	384
1986	1,131	1,142	383
1987	1,109	1,134	381
1988	1,139	1,126	378
1989	1,191	1,146	385
1990	1,255	1,195	401
1991	1,293	1,246	418
1992	1,316	1,288	432
1993	1,329	1,313	441
1994	1,355	1,333	447
1995	1,394	1,359	456
1996	1,420	1,390	466
1997	1,520	1,449	486
1998	1,998	1,510	507
1999	1,532	1,597	516
2000	1,531	1,548	519
2001	1,594	1,552	521
2002	1,643	1,589	533

1/ Used for fire-cured, dark air-cured, and cigar types. Revised numbers.

2/ Index of prices paid by farmers, including wage rates, interest, and taxes. 3/ Three calendar years immediately preceding. 4/ Three-year average parity index divided by 1959 parity index (298).

Sources: Notices of Determination and Final Rules, Price Support Level, Flue-cured and Burley Tobacco, Federal Register, various issues, and unpublished reports, U.S. Department of Agriculture, Farm Service Agency, Tobacco and Peanuts Division.

Table 19--Flue-cured tobacco: Acreage allotted and under production, 1983-2002

Year	Acreage allotted 1/	Under production 2/	
		Number	As percent of allotment
Percent			
1983	457.5	47.7	10.4
1984	404.7	10.7	2.6
1985	389.6	32.5	8.3
1986	366.3	58.0	15.8
1987	372.4	47.8	12.8
1988	409.1	42.7	10.4
1989	432.9	42.2	9.1
1990	448.6	31.7	7.1
1991	427.2	24.6	5.8
1992	429.7	28.2	6.6
1993	425.0	24.9	5.9
1994	384.4	24.9	6.5
1995	447.6	51.7	11.6
1996	449.6	32.4	7.2
1997	488.0	35.3	7.2
1998	390.8	22.0	5.6
1999	319.1	15.1	4.7
2000	260.1	6.2	2.4
2001	262.3	23.8	9.1
2002	278.7 3/		

1/ Basic allotment adjusted for overmarketings and undermarketings.

2/ Acreage allotment minus harvested acres.

3/ Based on March Prospective Plantings.

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

Table 20--Sales of flue-cured tobacco quotas, 1991/92-2000/01 1/

State & year	Sales (basic quota) 1,000 pounds	State & year	Sales (basic quota)
Alabama:		South Carolina:	
1991/92	0	1991/92	1,428
1992/93	2	1992/93	1,257
1993/94	2	1993/94	1,377
1994/95	0	1994/95	1,395
1995/96	0	1995/96	1,260
1996/97	0	1996/97	1,113
1997/98	0	1997/98	921
1998/99	0	1998/99	984
1999/2000	14	1999/2000	869
Florida:		Virginia:	
1991/92		1991/92	1,493
1992/93		1992/93	1,776
1993/94	689	1993/94	1,321
1994/95	670	1994/95	1,423
1995/96	278	1995/96	1,243
1996/97	647	1996/97	1,169
1997/98	327	1997/98	460
1998/99	341	1998/99	926
1999/2000	281	1999/2000	643
Georgia:		All States:	
1991/92	3,083	1991/92	14,635
1992/93	2,791	1992/93	15,156
1993/94	1,661	1993/94	12,198
1994/95	2,216	1994/95	11,827
1995/96	2,769	1995/96	12,459
1996/97	2,655	1996/97	12,706
1997/98	1,051	1997/98	7,703
1998/99	1,632	1998/99	8,598
1999/2000	811	1999/2000	7,594
North Carolina:			
1990/91	7,005		
1991/92	7,975		
1992/93	8,628		
1993/94	7,148		
1994/95	6,114		
1995/96	6,909		
1996/97	2,119		
1997/98	4,189		
1998/99	4,736		
1999/2000	50		

1/ Year ending June 15.

Sources: Unpublished reports, U.S. Department of Agriculture, Tobacco and Peanuts Division, Farm Service Agency.

Table 21--Tobacco loan stocks, 2000-2002 (farm-sales weight)

Type	2000	2001	2002
		Million pounds January 1	
Flue-cured, 11-14	362.2	280.4	86.8
Burley, 31	226.6	419.8	123.5
Virginia, 21 and 37	2/	--	0.3
Kentucky-Tennessee, 22-23	3/	--	4.0
Kentucky-Tennessee, 35-36	--	--	1.1
Wisconsin Binder, 54-55	2.0	1.4	0.0
Total	590.8	701.6	215.7
Uncommitted 1/			
Flue-cured, 11-14	193.0	74.3	77.9
Burley, 31	121.1	72.5	74.8

1/ Redried weight. 2/ 44,400 pounds. 3/ 20,800 pounds. 4/ April for Burley stabilization stocks.

Compiled from records of Tobacco and Peanuts Division, FSA.

Table 22--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years, 2000/01-2001/02 (declared weight) 1/

Importing country	Marketing year through January			Importing country	Marketing year through January		
	2000/01	2000/01	2001/02		2000/01	2000/01	2001/02
Million pounds				1,000 pounds			
Flue-cured				Virginia fire-and sun-cured			
Germany	33.9	19.5	39.2	Norway	387	85	4
Japan	31.3	21.3	29.4	Dominican Republic	19	--	--
Belgium-Luxemburg	19.5	16.8	17.8	Honduras	14	16	--
Malaysia	11.8	5.1	3.4	United Kingdom	12	4	--
South Korea	9.6	4.4	4.2	Other countries	2	82	2
Turkey	9.1	7.6	4.9	Total	434	187	6
Netherlands	8.0	3.7	3.2	Binder			
Denmark	6.8	4.8	3.7	Dominican Republic	116	3	--
Taiwan	3.5	3.5	5.2	Other	117	99	52
United Kingdom	3.3	2.7	0.9	Total	233	112	52
Thailand	3.3	3.3	4.4	Cigar wrapper			
Switzerland	3.2	1.5	8.1	Dominican Republic	3,343	2,299	1,831
Italy	2.9	2.4	2.9	Germany	88	80	0
Australia	2.9	1.2	0.2	Nicaragua	43	7	2
Philippines	1.3	0.8	0.8	Japan	42	42	0
Indonesia	2.6	1.1	1.7	Sri Lanka	38	0	0
France	2.8	1.2	2.8	Other countries	96	63	43
Portugal	2.1	0.6	3.2	Total	3,650	2,491	1,876
Norway	1.7	0.5	1.2	Blackfat			
Brazil	1.4	1.4	--	Spain	28	--	--
Other countries	4.3	2.5	6.3	Benin (Dahomey)	--	--	--
Total	165.3	105.9	143.5	Nigeria	--	--	--
Burley				Other countries	--	--	--
Germany	20.9	0.5	2.9	Total	28	--	--
Japan	13.8	--	--	Million pounds			
Turkey	6.9	2.2	3.0	Other leaf			
Malaysia	5.1	0.4	--	Spain	6.8	0.5	*
Netherlands	4.7	--	--	Nigeria	3.8	2.1	1.2
Belgium	4.7	*	0.2	Germany	3.5	4.1	0.2
Thailand	3.6	--	--	Dominican Republic	3.0	1.0	2.1
Denmark	3.1	1.4	1.0	Russia	2.9	2.4	5.0
Philippines	3.1	2.7	2.0	South Africa	1.6	0.3	0.3
Italy	2.4	0.1	0.4	Honduras	1.1	0.5	0.1
Spain	1.9	--	--	Other countries	3.4	1.3	3.4
Portugal	1.5	--	--	Total	26.1	12.2	12.3
Switzerland	1.4	--	--	Stems, trimmings, and scrap			
Other countries	2.3	1.2	1.8	Germany	13.8	4.3	3.1
Total	75.4	8.5	11.3	Russia	11.0	6.9	3.7
Maryland				Japan	6.1	1.6	0.7
Germany	0.8	0.6	0.1	Dominican Republic	3.9	0.4	--
Netherlands	0.5	--	--	Denmark	2.6	1.5	1.2
Italy	0.4	--	--	Turkey	2.9	--	0.5
Other countries	0.9	0.4	0.1	Italy	2.3	0.9	0.5
Total	2.6	1.0	0.2	Switzerland	0.2	--	0.9
KY-TN Fire-cured				Belgium	2.0	5.7	0.5
Netherlands	4.8	1.4	1.3	Netherlands	1.7	--	*
Sweden	1.2	--	--	Other countries	6.9	4.0	4.4
France	1.0	0.9	0.4	Total	53.4	25.3	15.5
Nigeria	0.9	0.5	0.5				
Egypt	0.8	0.3	*				
Switzerland	0.6	0.3	0.3				
Italy	0.5	0.2	0.2				
Other countries	2.1	2.9	0.9				
Total	11.9	6.5	3.6				

-- = zero or negligible. * = Less than 50,000 pounds.

1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types except October-June for 1995/96.

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

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

Flue-Cured Tobacco

Based on the first half of the marketing year, flue-cured disappearance is advancing compared with this time last season. At 310.5 million pounds, disappearance for the first half of the marketing year is up nearly 25 percent. Total year-end disappearance could reach 850 million pounds as use picked up later in the year. Higher cigarette production due to the stabilized domestic market and advances in flue-cured leaf exports will boost disappearance.

During the first 7 months of the marketing season, (July 2001-January 2002) flue-cured exports gained 36 percent over the same period last season. Germany and Japan, the top buyers, both increased purchases substantially. A number of other countries

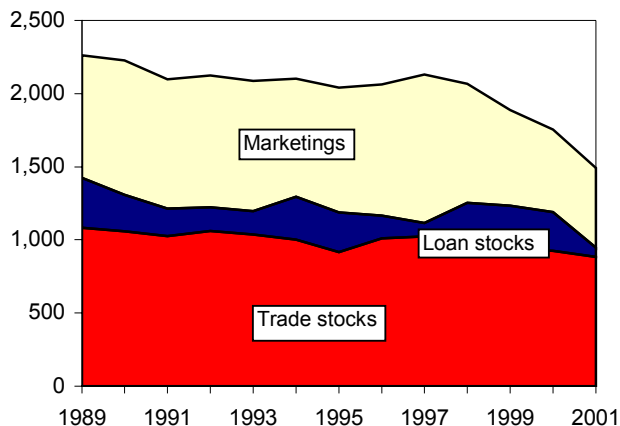
increased purchases to a lesser degree. During the 7-month period, flue-cured exports totaled 143.5 million pounds compared with 105.9 million pounds the same time last season. Total flue-cured exports for the previous season (July 2000-June 2001) were 165.3 million pounds.

On March 1, flue-cured growers indicated they intend to harvest 245,500 acres of flue-cured. With normal yields, production in 2002 should reach 553.0 million pounds. The effective quota has been set at 545.3 million pounds. Given allowance for overmarketings of 3 percent, estimated production plus on-farm carryover should fall within the effective quota.

Figure 4

Flue-cured tobacco: Supply, price, use

Million lb



Trade stocks include those of manufacturers and dealers. Crop year beginning July 1. 2001 and 2002 preliminary.
Source: Agricultural Marketing Service, USDA.

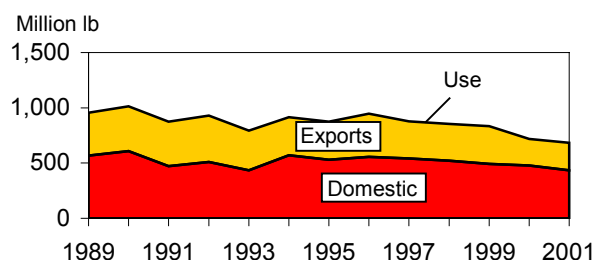
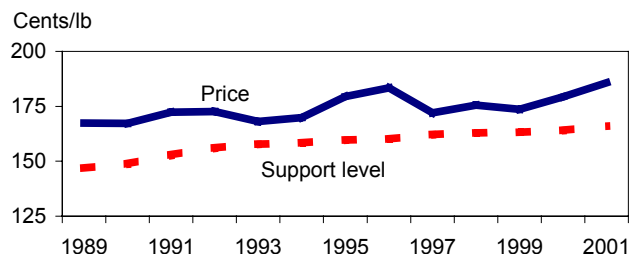


Table 23--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season-average price, and price support operations, 1992-2002 (farm-sales weight)

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							
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	2,063.8
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	238.5	2,427	544.5	848.2	100.2	948.4	1,492.9
2002 3/	245.5						
Burley, type 31							
1992	332.7	2,163	699.8	686.3	120.4 4/	806.7 4/	1,506.5
1993	299.7	2,115	626.6	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 8/	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	315.4	1,960	588.7	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	198.4	1,957	310.9	495.9	315.1	811.0	1,187.5
2001	164.5	2,125	338.0	566.6	123.9	690.5	1,028.4
2002 3/	158.6						

	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	% of crop
				--- Cents ---		Million pounds	Percent
Flue-cured, types 11-14							
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	179.4	159.7	12.0	1.3
1996	946.6	555.4	391.2	183.4	160.1	1.8	0.2
1997	876.8	542.5	334.3	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	173.6	163.2	136.4	21.2
2000	717.2	479.2	238.0	179.3	164.0	27.4	4.6
2001 6/	683.8 6/	433.8 6/	250.0	185.8	166.0	15.0	2.4
2002					165.6		
Burley, type 31							
1992	567.8	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	185.5	172.5	0.0	0.0
1996	666.2	456.8	209.4	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	73.2	12.4
1999	643.1	503.8	139.3	189.8	178.9	230.6	42.0
2000	431.5	289.5	142.0	196.3 7/	180.5	19.3	4.8
2001 6/	392.4 6/	257.4 6/	135.0	197.5	182.6	12.4	3.5
2002					183.5		

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ March Prospective Planting Intentions report. 4/ Marketings include some farm carryover. 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/ Excludes Gramm-Rudman-Hollings adjustment. 6/ Estimated. 7/ Auction sales only. 8/ Marketings revised for 1996. Sources: Agricultural Marketing Service, National Agricultural Statistics Service, and Farm Service Agency, USDA.

Contracting Supplants Auctions as the Primary Mode for Sales

As the 2001 burley season ended, total marketings reached 348.3 million pounds, averaging \$197.5 per hundredweight (gross auction sales combined with contract sales), the highest on record. Producer sales (net auction combined with contract sales) were 338.2 million pounds, compared with 310.9 million pounds last season. This season 82 percent of the leaf marketed was sold prior to the Christmas break. During the 2001 season, only 69 percent was marketed prior to the holidays.

Auction markets opened November 13, 2001, and closed February 21, 2002, after 44 days of sales. Gross volume of 123.6 million pounds sold for \$240.5 million. Average price was the second highest on record. The Burley Cooperatives took 12.4 million pounds under loan, compared with 19.3 million pounds in 2000. Net (producer) sales at auction were 113.4 million pounds, compared with 223.5 million pounds last season. At auction, the percentage of good and better quality tobacco increased slightly, while fair and low tobacco slipped.

Contract centers began receiving on October 29, 2001, and were open 70 days before closing on February 28, 2002. Thirty-two contract centers operated in 22 markets. Nearly two-thirds of the estimated crop was sold directly using contracts. Sales totaled 224.5 million pounds valued at \$447.1 million. The season average was \$199.02 per hundred pounds. Last season, contract volume reached 87.5 million pounds, out of producer sales of 310.9 million pounds.

Farmers indicated on March 1 their intention to harvest 158,600 acres of burley tobacco during the 2002 season. Last year, intentions were 182,500 and actual harvested acres 164,500. With normal yields, this would result in a crop of 325.4 million pounds, less than the effective quota of 344 million pounds for

the 2002-03 crop year. The 2-percent decline in the effective quota will likely be offset by higher utilization of quota than in past years.

Disappearance in 2001 is expected to decline slightly compared with the previous season. First-quarter use dropped 4 percent. Burley shipments increased during calendar 2001 and shipments during October 2001-January 2002 (the first 4 months of the 2002 marketing year) rose about 33 percent (11.3 compared with 8.5 million pounds last season). However, higher exports were offset by lower domestic use. Reduced cigarette production, and increased use of foreign burley by cigarette manufacturers contributed to the lower figure.

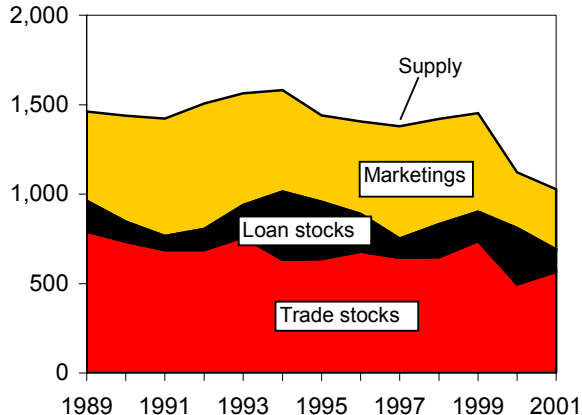
On February 1, United States Department of Agriculture (USDA) announced 2002 quotas, no-net-cost assessments and price support for burley tobacco. The national marketing quota for the 2002 crop is 324.2 million pounds, a decrease of 2 percent from the 2001 quota of 332.0 million pounds. The 2002 quota is based on the following: (1) cigarette manufacturers' purchase intentions of 227.43 million pounds, unmanufactured exports (3-yr. average) of 138.8 million pounds, and a reserve stock adjustment downward of 42 million pounds. The Secretary of Agriculture made no discretionary adjustment this year. For each farm, the 2002 basic quota will decline approximately 2.3 percent from 2001. The effective quota is expected to be about 344 million pounds, 24 million pounds less than 2001. Average grade price support for burley in 2002 is 0.9 cent higher than 2001. The price support level for the 2002 crop is \$1.835 per pound compared with \$1.826 last season.

The burley tobacco no-net-cost assessment will be 2 cents on each pound of 2002-crop burley tobacco that is marketed by direct sale or through a price support loan. USDA set the no-net-cost assessments at 1 cent per pound for the producer and 1 cent per pound for the purchaser for crop-year 2002, unchanged from 2001.

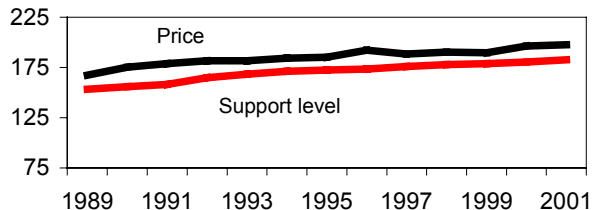
Figure 5

Burley tobacco: Supply, price, and use

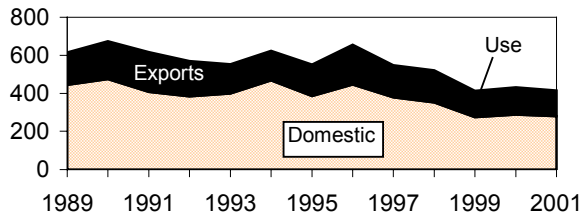
Million lb



Cents/lb



Million lb



Trade stocks include those of manufacturers and dealers. Crop year beginning October 1. 2001 and 2002 preliminary.
Source: Agricultural Marketing Service, USDA.

Table 24--Burley tobacco: Price spreads among specified grades, 1992-2001

Period	Average price of C4F	Cents/lb lower than C4F							
		X4F	C4K	B4F	B4FR	B4R	T4R	M4F	N1G
Cents per pound									
1992	182	2	20	0	1/	2/	2	15	75
1993	182	3	21	1/	1/	2/	2	15	77
1994	183	1	6	1/	3/	4/	3/	3	43
1995	184	0	1/	2/	2/	3/	4/	1/	3
1996	192	0	0	0	0	0	0	0	3
1997	189	1/	7	2	1/	5/	6/	13	62
1998	189	1/	15	0	7/	8/	6/	15	66
1999	188	1/	26	1/	9/	10/	11/	18	75
2000	191	0	17	1/	12/	10/	13/	23	74
2001	192	0	30	1/	4/	11/	10/	37	91

1/ One cent higher. 2/ Two cents higher. 3/ Three cents higher. 4/ Four cents higher. 5/ 10 cents higher. 6/ 13 cents higher. 7/ 6 cents higher. 8/ 14 cents higher. 9/ 7 cents higher. 10/ 11 cents higher. 11/ 16 cents higher. 12/ 5 cents higher 13/ 17 cents higher and 12 9 cents higher.

Source: Agricultural Marketing Service, USDA.

Table 25--Burley tobacco: Gross auction sales, and average price, by States, 2000/01

State	2000 crop				2001 crop 1/			
	Auction sales		Placed under Government loan		Auction sales		Placed under Government loan	
	Amount	Average price	Quantity	Percentage of sales 2/	Amount	Average price	Quantity	Percentage of sales 2/
	Million pounds	Cents per pound	Million pounds	Percent	Million pounds	Cents per pound	Million pounds	Percent
Kentucky	169.3	195.98	10.3	6.1	95.2	195.22	8.6	0.1
Tennessee	50.4	194.47	5.6	11.1	12.9	192.10	2.1	0.2
Virginia	4.7	193.84	0.4	8.5	1.4	192.03	0.2	0.1
North Carolina	9.5	196.33	1.3	13.7	5.4	192.50	0.7	0.1
Indiana	7.0	193.72	0.5	7.1	5.3	194.76	0.4	0.1
Ohio	3.5	191.99	0.3	8.6	2.5	192.73	0.2	0.1
Missouri	1.3	185.43	1.1	84.6	0.7	189.54	0.2	0.3
Total all States	245.6	195.47	19.4	7.9	123.6	194.64	12.4	10.0

1/ Preliminary. 2/ Gross sales.

Source: Agricultural Marketing Service, USDA.

Southern Maryland Tobacco

Maryland tobacco (type 32) is grown in Southern Maryland and Pennsylvania. Auction markets are held in southern Maryland, with one market holding sales in Lancaster County, Pennsylvania. Sales for 2002 opened in March and are expected to last for 2 weeks. Opening sales were disappointing, with prices about the same as last year on opening day at \$1.77 per pound in spite of much-improved quality. By the end of the auctions, average price was \$1.69 per pound and 9.4 million pounds of leaf had moved across the floors. The Maryland auction will be affected by reduced acreage due to the State buyout and contract sales.

March 1 harvest intentions for Maryland tobacco were 3,100 acres. Seventeen hundred acres were in Maryland and 1,400 in Pennsylvania. With normal yields, a crop of 4.8 million pounds is expected. The buyout in Maryland has reduced production there by about 80 percent.

Disappearance of Maryland type leaf during the first quarter 2001 was one-third that of the same period a year earlier. Disappearance for the entire marketing year is expected to be about 8 million pounds.

Table 26--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season-average price, 1992-2002 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. grower price per pound Cents
			Production	Stocks following Jan 1	Total	Total	Domestic	Exports	
					--- Million pounds ---				
1992	13.5	1,390	18.8 2/	9.4	28.2	21.5	13.9	7.6	147.0
1993	12.7	1,526	18.3 2/	7.5	26.9	17.3	11.8	5.5	143.0
1994	12.1	1,634	19.8 2/	8.4	28.2	17.7	12.7	5.0	147.0
1995	11.9	1,507	17.9 2/	11.1	29.6	14.6	8.1	6.6	157.3
1996	11.5	1,436	16.1 2/	15.0	31.0	12.4	6.6	6.4	185.6
1997	11.2	1,629	17.7 2/	18.7	36.4	15.7	9.2	6.5	158.5
1998	9.8	1,568	15.4 2/	20.6	36.0	20.0	13.8	6.2	129.1
1999	9.5	1,511	14.4 2/	16.0	30.4	17.0	12.8	4.2	134.5
2000	8.4	1,595	13.4	15.1	28.5	17.4	13.0	4.4	4/ 138.7
2001	3.0	1,600	4.8	11.1	15.9	7.2	9.0	4.2	4/ 167.8
2002 3/	3.1								

1/ Year beginning October 1. 2/ Adjusted to reflect calendar 1987-1996 sales of tobacco produced in Pennsylvania. 3/ March planting intentions.

4/ Price at the Maryland auction.

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

Fire-Cured Tobacco

Virginia dark fire-cured (type 21) sales opened on December 3, 2001, and ended on January 10, 2002, after 14 sales days. Markets were held in Blackstone and Farmville. Demand was weaker than previous years in spite of heavy leaf offerings and more higher quality tobacco. Overall volume and value fell from previous seasons. Auction volume totaled 2.1 million pounds compared with 2.5 million last season. An overall average price of \$1.7508 resulted in total value of \$3.87 million, 9 percent below 2000. During 2001, producers marketed about 90 percent of production at auction. Sales before the Christmas break were 1.8 million pounds. About one-half million pounds went under loan this season, representing 12.4 percent of gross sales. The proportion of loan takings was the highest since 1986.

For 2002, grower harvest intentions indicate a sharp acreage decline to 700 acres. Last season, intentions were 1,300 acres, 100 acres greater than the final estimated acreage of 1,200 acres. With normal yields, production in 2002 should be about 1.1 million pounds.

On March 1, United States Department of Agriculture announced grower allotments and no-net-cost assessments for Virginia fire-cured tobacco. Allotments fell 42 percent to 780 acres. The price support level advanced 3.1 cents per pound to \$1.603 per pound. No net cost assessments for Virginia fire-cured are 8 cents per pound. The Dark Tobacco Sales Cooperative administers the price support program.

Based on ending first-quarter stocks, disappearance of Virginia fire-cured tobacco is estimated at 1.6 million pounds for 2001 compared with 1.8 million pounds the previous season. Year-to-date disappearance through the end of December is 2.2 million pounds, compared with 2.4 million pounds the previous season.

Kentucky-Tennessee Fire-Cured Tobacco

Kentucky-Tennessee fire-cured (types 22-23) markets opened on January 7, 2002, and remained open through March 21. Auctions were held for 37 days.

Only 48 percent of estimated 2001 production were sold at auction. Volume was down from the previous season and loan receipts were the highest since the 1983 crop.

Prices averaged \$1.769, about 5 cents per pound less than last season, the lowest since the 1989 crop. Producer sales were 18.4 million pounds with gross sales (producer sales plus reseals at auction) of 18.8 million pounds. Country sales are estimated at more than half of 2001 production, or about 21-23 million pounds. Total producer sales, auction and country, totaled 48.6 million pounds last season and price averaged \$2.166 per pound. This season, growers delivered 6.9 percent or 37.5 percent of net sales to the fire-cured cooperatives, compared with 4.6 million pounds or 20.3 percent last season.

Grower harvest intentions as of March 1 indicate Kentucky-Tennessee fire-cured acreage will slip by 24 percent compared with 2002. Last year, harvest intentions were 10,300 acres and final estimated acreage reached 13,320 acres. With normal yields, production in 2002 should be about 26.7 million pounds. Production in 2001 was 38.2 million pounds.

Allotments were announced for Kentucky-Tennessee fire-cured on March 1. For 2002, allotments are set at 10,706 acres, compared with 13,802 last season. Price supports are \$1.767 per pound, an increase of 3.1 cents per pound.

Disappearance of Kentucky-Tennessee fire-cured through December 2001 reached 33.3 million pounds. Estimated disappearance for the season is expected to be close to 40 million pounds, compared with 43.1 the previous season. Production in 2000 was the highest in a decade at 49.1 million pounds.

Dark Air-Cured Tobacco

Opening sales of One Sucker (type 35) tobacco began on November 27, 2001, and final sales took place on February 8, 2002, after 24 auction days. Auction sales comprised 56 percent of estimated production. Quality and grade averages were down this season. Good and better quality leaf were down 7 percent and fair quality rose slightly. Low quality was unchanged. At season's end, 5.2 million pounds of leaf had crossed the auction floor. Producer sales were 5.1 million pounds. Average price was \$1.494. Last season, auction sales reached 5.5 million pounds averaging \$1.663 per pound. Producer sales were 5.3 million pounds. Last season, 5.6 million pounds were purchased as country sales with price averaging \$2.252. During the current season, cooperatives took 1.6 million pounds of One Sucker leaf, 31 percent of producer sales. Last season, loan receipts were 9.4 percent of producer sales. Loans were the highest since 1986.

Green River tobacco (type 36) sales began November 26, 2001, were held for 10 days, ending on February 5, 2002. About 92 percent of estimated production was sold at auction. Demand was weak, as it was last season. Volume declined 26 percent to 3.8 million pounds valued at \$6.6 million with price at \$1.733 per pound. Producer sales were 3.6 million pounds compared with 4.8 million last season. Quality was similar to last season. Last season, 5.2 million pounds sold at auction with an average price of \$1.929. Most grade bid averages declined this season. Only 13 percent of grades showed a bid increase. Heavy leaf and lower quality tobacco share were up slightly. Fair quality tobacco made up 45 percent of sales, up slightly from last year. Loan takings amounted to 846,693 pounds, the highest since the 1987 crop. Twenty-three percent of producer sales went to the cooperative compared with 6.4 percent last year.

Grower harvesting intentions as of March 1, 2002, indicate 3,900 acres will be planted to One Sucker and Green River dark air-cured (types 35-36) tobacco, compared with actual harvested acres of 4,950 last season. With usual yields, production in 2002 should be about 9.2 million pounds, compared with 3.8 million pounds this season.

Allotments for dark air-cured tobacco were announced on March 1, 2002. For types 35 and 36, allotments for the 2002 season are 4,100 acres, compared with 5,246 acres last season. Price supports are \$1.526 per pound, up 2.7 cents per pound from the 2001 season.

Disappearance of 2001/02 crop dark air-cured tobacco (types 35 and 36) is expected to slip from last season's 9.8 million pounds to about 7.0 million pounds. Year-to-date disappearance is 40 percent behind last year's level but disappearance will likely accelerate during the last three quarters of the year.

Virginia sun-cured (type 37) tobacco sales opened December 7, 2001. Sales were held for three days, one less than last year and closed on January 10, 2002. Desirable offerings were not enough to avoid lower bid averages and higher loan receipts during the 2002 Virginia sun-cured auctions. Gross sales reached 152,184 pounds with no resales. Value was \$258,000, compared with \$285,000 in 2000. Prices averaged \$1.6849 per pound, 9 cents per pound below last season. Improved quality was apparent in the shift to more good quality and fair quality leaf. Nevertheless, loan takings surged to 38,000 pounds or 25 percent of gross sales. Last season, loan takings were only 2.7 percent of gross sales.

March 1 harvest intentions indicate growers will plant 60 acres in 2002. Last season, 100 acres were harvested. Production in 2002 should be about 90,000 pounds, assuming normal yields. Production in 2001 was 150,000 pounds.

On March 1, the United States Department of Agriculture announced acreage allotments for Virginia sun-cured tobacco of 78 acres compared with 133 acres in 2001. Price supports for 2002 are set at \$1.429 per pound, down from last year's \$1.392 per pound.

Disappearance of Virginia sun-cured (type 37) tobacco is slightly behind the same period a year ago but year-end disappearance is not expected to change much from last year's 100,000 pounds.

Table 28--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, 1992-2002 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Beginning stocks			Total supply	
				Manufacturers and others		Total		
				Under loan	--- Million pounds ---			--- Million pounds ---
Dark air-cured, types 35-36								
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	2,084	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	5.0	2,598	12.9	32.2	0.5	32.7	45.6	
2002 2/	3.9							
Sun-cured, type 37								
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	*	*	*	0.1	
1997	0.1	1,490	0.1	0.0	*	0.0	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	0.1	1,500	0.2	0.2	*	0.2	0.3	
2002 2/	0.1							
		Disappearance		Avg. price	Avg. support	Placed under loan		
		Total	Domestic	Exports	per pound	level	Quantity	% of crop
		--- Million pounds ---			--- Cents ---		Million pounds	Percent
Dark air-cured, types 35-36								
1992		9.7	8.4	1.3	169.7	121.7	0.5	4.8
1993		10.6	8.5	2.1	171.5	125.5	0.7	7.2
1994		9.1	6.7	1.8	168.5	127.3	0.6	5.7
1995		10.3	9.0	1.3	176.2	130.4	0.1	1.7
1996		10.1	9.6	0.5	195.2	133.9	0.2	0.5
1997		9.6	9.6	0.0	201.7	139.8	0.0	0.0
1998		8.1	8.1	0.0	195.5	145.0	0.1	0.0
1999		9.0	7.7	1.3	203.9	148.1	4.8	0.3
2000		9.8	8.8	1.0	197.1	148.1	0.8	0.1
2001 5/		5.8	5/ 4.8	5/ 1.0	205.0	149.9	2.4	18.9
2002						152.6		
Sun-cured, type 37								
1992		0.3	0.2	0.1	138.0	120.8	4/ 19.0	15.3
1993		0.2	0.1	0.1	152.1	123.3	4/ 0.0	0.0
1994		0.1	*	0.1	147.6	124.5	4/ 27.0	24.1
1995		0.1	*	0.1	174.5	126.5	0.0	0.0
1996		0.1	*	0.1	197.9	128.8	0.0	0.0
1997		0.1	*	0.1	190.8	132.6	0.0	0.0
1998		0.1	0.1	0.0	170.9	136.0	4/ 8.7	8.2
1999		0.1	0.1	0.0	159.4	138.0	4/ 21.6	15.5
2000		0.1	0.0	0.1	197.1	138.0	4/ 4.3	0.0
2001 5/		0.6	5/ 5/	5/ 0.1	6/ 180.0	139.2	4/ 38.0	25.3
2002						142.9		

* = Negligible.

1/ Marketing year beginning October 1. 2/ March planting intentions. 3/ About 17,000 pounds. 4/ Quantity placed under loan in thousands of pounds.

5/ Estimate. 6/ Auction market only.

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

Filler Tobacco

March 1 harvest intentions for Pennsylvania seedleaf filler tobacco (type 41) in 2002 were unchanged from the previous season at 2,000 acres. Normal yields would produce a crop of about 4.1 million pounds. Growers continue to substitute low-nicotine types of tobacco for types traditionally grown in this region. Nearly all type 41 is sold at the farm gate. This year, production is estimated at 4.1 million pounds, compared with 5.0 million pounds in 2000. Growers often shift between Pennsylvania seedleaf filler tobacco and Maryland tobacco, depending on market conditions.

Disappearance in 2001 is estimated down about 10 percent based on first-quarter disappearance. Year-end use should be about 2.3 million pounds.

Binder Tobaccos

Connecticut Valley Broadleaf binder tobacco (type 51) harvest intentions were 2,250 acres as of March 1, 100 acres over last year's actual acreage. With usual yields, production in 2002 should reach 3.9 million pounds. Disappearance during the first quarter of marketing year 2001 was much improved after last season's weather-related problems.

Disappearance at the end of the marketing year should be about the same as 1999, at 4.9 million pounds. Disappearance in 2000 was only 1.1 million pounds. Disappearance of Wisconsin binder tobacco is expected to be about 1 million pounds higher than last year due to increased demand.

Wisconsin binder tobacco (types 54 and 55) planting intentions in 2002 rose from last year's 1,620 acres to 1,800 acres. Production is expected to be about 3.7 million pounds, compared with 3.2 million pounds in 2001.

Cigar Wrapper Tobacco

Connecticut Valley cigar wrapper (type 61) tobacco harvest intentions as of March 1 indicate 1,200 acres will be harvested, 100 less than last year's actual harvest of 1,300 acres. Assuming usual yields, production should slip to about 1.8 million pounds. Disappearance of Connecticut Valley cigar wrapper is expected to increase in 2001. First-quarter disappearance was up nearly 40 percent. Diminished production in 2000 due to blue-mold has resulted in pent-up demand for wrapper. Year-end disappearance is expected to be about 6.3 million pounds, compared with 5.3 million pounds in 2000.

Table 29--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season-average prices, 1992-2002 (farm-sales weight)

Crop year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Avg. price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	1,000 acres	Pounds	Million pounds						Cents
Pennsylvania seedleaf filler (type 41)									
1992	7.0	2,000	14.0	24.6	38.6	13.1	13.1	*	115.0
1993	5.8	2,100	12.2	25.5	37.7	13.7	13.7	*	95.0
1994	5.4	2,100	11.3	24.0	35.3	14.9	14.8	*	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	27.3	15.0	14.1	*	155.0
1997	4.9	2,200	10.8	13.2	22.9	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.5	*	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	2.5	*	*	--
2001	2.0	2,060	4.1	12.1	16.2	6.2	6.2	*	--
2002 2/	2.0								
Puerto Rico filler (type 46)									
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)									
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	27.3	15.0	14.1	*	155.0
1997	4.9	2,200	10.8	13.2	22.9	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.5	10.5	*	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	2.5	2.5	*	--
2001	2.0	2,060	4.1	12.1	16.2	6.2	6.2	*	--
2002 2/	2.0								
Connecticut Valley binder (types 51-52)									
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	3.3	*	628.0
1997	2.0	1,783	3.6	1.2	4.8	2.7	2.7	*	741.4
1998	2.4	1,539	3.6	2.1	5.7	2.2	1.4	0.8	549.9
1999	2.4	1,806	4.4	3.5	7.9	4.0	3.4	0.6	473.7
2000	0.9	1,189	1.1	2.8	3.8	1.5	1.2	0.3	491.6
2001	2.2	1,836	3.9	2.3	6.2	3.8	3.4	0.4	
2002 2/	2.3								
Southern Wisconsin binder (type 54)									
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	3.2	4/	--	--	--	--	149.0
1999	0.9	2,530	2.3	4/	--	--	--	--	149.0
2000	0.7	2,500	1.8	4/	--	--	--	--	155.0
2001	1.3	2,200	2.6	4/	--	--	--	--	
2002 2/	1.4								

See footnotes at end of table.

Continued--

Table 29--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season-average prices, 1992-2002 (farm-sales weight)--continued

Crop year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Avg. price per pound to growers
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	1,000 acres	Pounds	Million pounds			Cents			
Northern Wisconsin binder (type 55)									
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	1,535	1.5	4/	--	--	--	--	150.0
1997	0.8	1,995	1.5	4/	--	--	--	--	152.0
1998	0.6	1,745	1.1	4/	--	--	1.1	--	149.0
1999	0.3	1,952	0.6	4/	--	--	--	--	149.0
2000	0.2	1,865	0.4	4/	--	--	--	--	155.0
2001	0.3	1,800	0.6	4/	--	--	--	--	--
2002 2/	0.4								
Total Wisconsin binder (types 54-55)									
1992	7.2	1,819	13.1	28.5	41.6	10.8	10.8	*	148.7
1993	4.6	1,444	6.6	30.8	37.4	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	5.1	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	2,000	4.2	16.2	20.4	6.1	5.0	1.1	148.7
1999	1.2	2,388	2.8	14.3	17.1	4.4	4.4	*	149.7
2000	1.0	2,348	2.3	12.7	14.9	5.2	4.2	1.0	155.0
2001	1.6	2,116	3.2	9.7	12.9	12.9	10.9	2.0	--
2002 2/	1.8								
Total Cigar binder (types 51-55)									
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	3.9	1,952	7.6	29.6	37.3	11.4	11.3	*	181.1
1995	4.0	2,161	8.6	25.9	34.6	11.3	11.3	*	213.7
1996	4.5	2,161	8.0	23.3	31.4	12.4	12.2	*	321.4
1997	4.6	4,018	9.3	19.0	28.3	10.0	9.6	0.4	375.4
1998	4.5	3,539	7.8	18.3	26.1	8.3	6.4	1.9	334.7
1999	3.6	4,194	7.2	17.8	25.0	8.5	7.9	*	342.7
2000	1.9	1,787	3.3	15.4	18.8	6.7	5.4	1.3	263.4
2001	3.8	1,953	7.1	12.0	19.1	16.7	14.3	2.4	
2002 2/	4.1								
Connecticut Valley shade-grown (type 61)									
1992	1.0	1,484	1.5	1.2	2.7	1.2	0.2	1.0	1,700.0
1993	1.1	1,460	1.6	1.5	3.1	1.1	0.2	1.0	1,700.0
1994	1.2	1,400	1.7	2.0	3.7	2.0	0.2	1.3	1,780.0
1995	1.3	1,582	2.0	2.1	4.1	2.2	0.4	1.4	3/
1996	1.4	1,473	2.1	2.3	4.4	2.4	0.2	2.2	3/
1997	1.7	1,431	2.4	2.0	4.4	2.3	0.5	1.8	3/
1998	1.7	1,413	2.4	2.0	4.5	2.4	0.4	2.0	3/
1999	1.9	1,951	3.6	1.3	4.9	3.4	1.5	1.9	3/
2000	1.3	1,472	1.8	0.8	2.6	1.5	0.2	1.3	3/
2001	1.3	1,538	2.0	1.1	3.1	1.3	0.1	1.2	3/
2002 2/	1.2	1,534	1.8	1.8					
Grand total cigar tobacco (types 41-61)									
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	55.6	82.9	27.3	26.4	1.0	239.8
1994	10.4	1,989	20.7	55.6	76.3	27.8	26.4	1.3	265.7
1995	10.1	2,085	21.0	48.5	68.3	24.9	23.1	1.4	4/ 178.3
1996	10.7	1,905	20.4	43.5	63.1	29.8	26.5	2.2	4/ 231.6
1997	11.2	2,015	22.5	34.2	55.5	23.3	21.1	1.8	4/ 232.0
1998	10.7	1,846	19.7	33.3	52.7	21.3	17.4	3.9	4/ 222.9
1999	8.7	1,933	16.7	30.4	47.2	19.6	17.2	2.5	4/ 245.1
2000	5.5	1,852	10.2	25.8	36.0	10.7	8.0	2.6	4/ 263.4
2001	7.1	1,906	13.2	25.3	38.5	24.3	20.7	3.6	
2002 2/	7.3								

* = Negligible. ** = Not applicable. -- = Not available. 1/ October 1 for types 41-55; July 1 for type 61. 2/ September 1 estimate. 3/ Growers of type 61 no longer provide price information. 4/ Does not include type 61. 5/ Subsequent years negligible.

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

Costs of Production for 2000 Burley Tobacco

Linda F. Foreman¹

Abstract: Average returns over cash costs for burley tobacco totaled \$2,296 per acre in 2000, up \$472 from the previous year as increases in burley tobacco prices and yields more than offset the rise in cash expenses per acre. Residual returns to management and risk from burley tobacco averaged \$423 per acre, up \$86 from 1999.

Keywords: Burley tobacco production, cost of production, net returns.

Costs of Production

Average returns over cash costs for burley tobacco totaled \$2,296 per acre in 2000, an increase of \$472 per acre from 1999 as yields and prices rose (table 1). Returns over cash costs indicate a producer's ability to meet short-term obligations. Residual returns to management and risk from burley tobacco production averaged \$423 per acre in 2000, up \$86 from 1999 as the increase in gross receipts more than offset a rise in economic costs. The residual returns to management and risk rose less than the returns over cash costs per acre due to a large rise in the economic costs triggered by the quota reduction. The reduction in quota boosted quota rental rates and reduced planted acreage. In 2000, the residual returns per acre for burley tobacco production were the second-highest in the last 5 years. In the costs and returns accounts, production is valued using prices during the harvest months. This account also includes the full costs of production, including the opportunity costs for land, quota, and unpaid labor.

The value of burley tobacco production totaled \$3,981 per acre in 2000, up \$510 from 1999 as yields rose 11 percent to 2,021 pounds per acre and prices increased 3.5 percent to \$1.97 per pound. Favorable weather conditions boosted yields to the highest level since 1994, while prices rose in part due to the higher quality of tobacco produced. (Data source: Capehart, Tom, *Tobacco Situation and Outlook Report*, Market and Trade Economics Division, Econ. Res. Serv., U.S. Dept. of Agr., April 2001, TBS-249).

On the expense side, cash operating costs rose just \$38 per acre from 1999 to reach \$1,685 per acre in 2000, while economic costs rose \$424 from 1999 to

total \$3,559 per acre in 2000. The cash operating expenditures per pound of tobacco fell in 2000 from

the previous year as the yields per acre rose (table 2). The increase in cash operating costs primarily resulted from increased energy prices, which rose toward the end of 1999 and continued to push upward in the planting and growing months of 2000. Most of the increase in the economic costs per acre was due to the rise in quota rental rates. Quotas provide the right to market a specific quantity of tobacco leaf during the tobacco marketing year. Tobacco quotas may be used by their owners or rented to others. The effective quota for burley tobacco was reduced by 47 percent in 2000 from 1999 due to the reduced purchasing intentions of manufacturers and the high stock levels held by the burley cooperatives at the end of the 1999 marketing season. (The quota is set by the Farm Service Agency using a formula that includes, but is not limited to manufacturers' purchase intentions and adjustments to maintain preset stock levels. For further information see: Gale, H. Frederick, Linda Foreman, Thomas Capehart, *Tobacco and the Economy: Farms, Jobs, and Communities*, Econ. Res. Serv., U.S. Dept. of Agr., Sept. 2000, AER No. 789).

The poor quality of burley tobacco in 1999, due to the drought, may have contributed to the high stock levels. As a result of the quota decline, tobacco producers bid up the quota rental rates as they competed to obtain sufficient quota to efficiently use their tobacco-related equipment and structures and to maintain their incomes.

Average capital replacement costs rose \$30 per acre in 2000 since the annual costs for tobacco equipment and structures were spread over fewer tobacco acres as a result of the sharp reduction in quota levels. Only

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marketing expenditures per acre and the opportunity costs for nonland capital invested in the tobacco enterprise declined in 2000. Marketing expenditures fell as the use of marketing contracts for burley tobacco became more widespread. About 25 percent of the 2000 burley tobacco crop was under a marketing contract compared with less than 10 percent in 1999. In most burley tobacco contracts, the producer does not pay for the tobacco grading or warehouse fees. Rather, these fees are paid by the contractor.

Data Source and Methods

Most of the data used to compute the costs of production accounts for various commodities are derived from the Agricultural Resource Management Survey (ARMS) for 1996 and later years, and the Farm Costs and Returns Survey (FCRS) prior to 1996. Multiple versions of the survey are conducted each year. One version of the annual survey collects data for the entire farm operation, while one or more versions collect commodity-specific data. Data on a specific commodity are collected on a rotating basis every 3 to 8 years since budget constraints limit the number of survey versions that can be conducted annually. Agricultural commodities included in the survey program are: corn, soybeans, wheat, cotton, grain sorghum, rice, peanuts, oats, barley, sugarbeets, burley tobacco, flue-cured tobacco, milk, hogs, and cow-calves. (For more information on ARMS, please visit the ARMS briefing room on ERS' web site, <http://www.ers.usda.gov/briefing/ARMS/>).

Data from the 1995 FCRS provide the base for the burley tobacco estimates. The 1995 FCRS was the last survey to collect burley tobacco production

information. The information was collected from personal interviews with 131 Kentucky farmers and 104 Tennessee farmers.

Costs of production estimates after 1995 are computed by adjusting the 1995 estimates by indexing the current year to the 1995 input and output prices, and yields. This procedure holds the production inputs and technology levels constant for the post-survey years. Hence, the cost of production estimates are generally most accurate for the survey year, since these estimates reflect the actual level of technology and the sizes of the farm enterprise at that time. The accuracy of the cost estimates for the post-survey years depends on changes in input prices, production practices, enterprise size, and technology since the last survey.

Data for computing the annual updates come from a variety of sources. The National Agricultural Statistics Service (NASS) provides most of the data used in the process. NASS obtains annual and sometimes monthly estimates of quantities and prices for a variety of farm items to derive price indices. Data for updating the marketing cost come from the Agricultural Marketing Service. The opportunity cost for quota per acre was updated using an estimate of the percentage change in the quota cash rental rate and in the yield per acre. The percentage change in the current burley tobacco quota rental rate was computed using the historic relationship between the percentage change in quota cash rents in Kentucky and the percentage change in the effective quota for all burley tobacco. (The historic data on quota rental rates came from William Snell, University of Kentucky).

Table A-1---U.S. burley tobacco production costs and returns per acre, 1996-2000

Item	1996	1997	1998	1999	2000
	Dollars per acre				
Gross value of production	3,774.72	3,662.82	3,629.00	3,471.30	3,981.37
Cash expenses:					
Seed and plant bed	103.80	100.04	100.04	98.33	102.61
Fertilizer	305.84	296.94	296.88	290.96	288.81
Chemicals	97.83	98.65	100.29	99.47	98.65
Custom operations	12.90	14.48	13.58	13.35	13.35
Fuel, lube, and electricity	73.35	77.66	63.28	66.88	96.36
Repairs	70.41	72.25	72.86	74.08	75.92
Hired labor	421.80	432.59	455.40	497.01	499.76
Marketing expenses	139.20	128.69	165.02	161.32	152.65
Other variable cash expenses	18.10	18.58	20.58	19.88	20.78
Total, variable cash expenses	1,243.23	1,239.88	1,287.93	1,321.28	1,348.89
General farm overhead	163.48	210.40	202.86	206.27	211.38
Taxes and insurance	40.13	44.22	44.88	45.45	46.19
Interest	64.50	71.22	76.68	74.57	78.79
Total, fixed cash expenses	268.11	325.84	324.42	326.29	336.36
Total, cash expenses	1,511.34	1,565.72	1,612.35	1,647.57	1,685.25
Gross value of production less cash expenses	2,263.38	2,097.10	2,016.65	1,823.73	2,296.12
Economic (full ownership) costs:					
Variable cash expenses	1,243.23	1,239.88	1,287.93	1,321.28	1,348.89
General farm overhead	163.48	210.40	202.86	206.27	211.38
Taxes and insurance	40.13	44.22	44.88	45.45	46.19
Capital replacement	91.07	97.25	100.27	104.27	134.13
Operating capital	31.64	32.11	31.23	31.45	39.46
Other nonland capital	104.28	113.12	104.87	102.80	94.08
Land and quota	751.25	512.67	531.74	633.44	991.31
Unpaid labor	585.19	600.16	631.80	689.53	693.35
Total, economic (full ownership) costs	3,010.27	2,849.81	2,935.58	3,134.49	3,558.79
Residual returns to management and risk	764.45	813.01	693.42	336.81	422.58
Price (dollars/lb)	1.92	1.89	1.90	1.90	1.97
Yield (lb per acre)	1,966	1,938	1,910	1,827	2,021

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Reports From the Economic Research Service

Tobacco Industry Downsizing, Restructuring,

<http://www.ers.usda.gov/publications/agoutlook/jan2002/ao288c.pdf>

A recent dramatic shift from auctioning to contract selling in the tobacco market is changing the character of the industry. By contracting directly with leaf producers, cigarette manufacturers have more influence over which qualities of leaf are available. In addition, already-existing restrictions on smoking areas and advertising and growing consciousness of the health risks of smoking are having a long-term effect on the industry.

Trends in the Cigarette Industry After the Master Settlement,

<http://www.ers.usda.gov/publications/tbs/oct01/tbs250-01/index.htm>

Agreement describes the Master Settlement Agreement between cigarette manufacturers and States' attorneys general and provides readers with insights into changes in the cigarette industry since the agreement was signed. Cigarette companies have boosted prices as a result of payments required by the settlement. Higher prices have curtailed consumption, although not as much as originally expected. The long-term decline in cigarette consumption due to non-economic factors continues as well.

Related Websites

Tobacco Briefing Room, <http://www.ers.usda.gov/Briefing/tobacco>.

Articles, data, and reports on tobacco leaf and product markets. Domestic and international.

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