

Tobacco Outlook

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U.S. Tobacco Crop in 2002 Estimated 10.5 Percent Smaller Than Last Season

U.S. tobacco production for the 2002 season was forecast at 887.0 million pounds as of September 1. The crop is 10.5 percent lower than last year's 991.5 million pounds. Acreage in 2002 is projected at 435,460 acres, up less than 1 percent from 2001's 432,400 acres. Flue-cured acreage increased by 10,700 acres to 248,800 acres. Flue-cured production is estimated at 522 million pounds, compared with 579.1 million pounds during the 2001 season. Lower yields due to drought caused the 57.1-million-pound shortfall. Burley acreage fell only 2 percent to 161,500 acres, after declining 15 percent from 2000 to 2001. Burley also suffered from drought-induced yield losses, resulting in a 29.2-million-pound decline in production. Acreage for Maryland, dark fire- and air-cured tobacco slipped, while acreage advanced for cigar types.

The 2002 season flue-cured auctions and contract sales are currently underway, with 317.3 million pounds, or 61 percent, of estimated production sold through September 10. Last season, 394.1 million pounds, or 72 percent of total producer sales, had been sold at this point in the season. Last season, 80 percent of the flue-cured drop was sold using contracts, the first season in which contracts were a major marketing method. So far this season, 86 percent of sales have been under contracts through September 10, the 46th day of sales.

Supplies of U.S.-grown tobacco in 2002 will likely decrease due to lower production and beginning stocks. Beginning stocks are expected to be about 16 percent lower than last season, and production slipped 11 percent. The U.S. leaf supply is expected to fall 14 percent to 2.5 billion pounds.

Estimated use of U.S.-grown leaf is expected to gain about 2 percent by the end of the 2001-02 marketing year to reach 1,170 million pounds. Use in 2000-01 was 1,143 million pounds. Exports are expected to advance about 6 percent to 440 million pounds, while domestic use is expected to be nearly steady at 730 million pounds. U.S. leaf exports in 2000-01 (July-June) fell 2 percent, reaching 380.7 million pounds, declared weight.

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The next release is April 2003

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Based on limited data for 2001, cigarette output is expected to decline slightly to about 580 billion pieces. Consumption is expected to slide about 1 percent to 425 billion pieces. Taxable removals for the first 6 months of 2001, the latest data available, are down 1.1 percent at 206.0 billion cigarettes. Exports during 2001 reached 133.9 billion pieces, nearly 10 percent below the previous year. Imports continued to advance, reaching 14.7 billion pieces, but still only about 3 percent of domestic sales.

Cigarette output in 2002 is expected to decline between 1 and 2 percent from 2001 to about 570-580 billion pieces. Consumption is projected down 1 percent, ending at about 420 billion pieces. No data on output or taxable removals are available at this time. Cigarette exports during the first 6 months of 2002 reached 67.8 billion pieces, nearly 3 percent below last year's level. Imports during the first 6 months of 2002 advanced 53 percent, reaching 8.9 billion pieces.

The 2002 flue-cured crop is forecast at 522 million pounds as of September 1. About 19 percent of the crop has been designated for auction leaving the remaining 81 percent to be sold under contract. On-farm carryover this year is estimated at 104.6 million pounds, and this leaf will be available for marketing. The effective quota for the 2002 season is 578 million pounds compared with 543 million pounds last season. Production plus carryover totals about 625 million pounds, so on-farm carryover at the end of the 2002 season is expected to be less than last season. Through September 13 (49 days of sales, 26 days of auction sales), total flue-cured producer sales for the season have reached 336.9 million compared with 405.4 million pounds after 49 days last year. Gross sales (includes resales) totaled 339 million pounds and returned \$181.32 per hundred pounds compared with 410.5 million pounds at \$190.49 per hundred pounds last season.

Flue-cured yields fell 14 percent this season due to drought and high temperatures throughout much of the belt. South Carolina and Georgia have experienced blue-mold and tomato spotted wilt virus, depressing yields in those areas. Virginia endured cool weather after transplanting which has delayed that crop. The resulting yield for the entire belt is 2,098 pounds per acre, compared with 2,432 pounds last season.

Beginning flue-cured stocks on July 1, 2002, were 915.9 million pounds, compared with 1,036 million pounds on July 1, 2001. Total reported supply of U.S.-grown flue-cured in 2002 is about 1.4 billion pounds, compared with 1.6 billion pounds in 2001. Use in 2001 totaled 664.9 million pounds, 6 percent greater than the previous season and is not expected to change significantly in 2002.

As of September 1, burley production in 2002 is estimated at 304.9 million pounds compared with actual production of 334.1 million pounds last season. Marketings this year will likely be about 300 million pounds, 13 percent below the effective quota of 344.0 million pounds, resulting in projected supplies of about 900 million pounds. This assumes normal on-farm carryover.

Smaller crops are forecast for Maryland, dark air-cured, and dark fire-cured tobacco. Cigar tobacco production will increase slightly.

January-June 2002 exports of flue-cured leaf (declared-weight) slipped 6 percent to 78.2 million pounds. Burley shipments gained 16 percent to reach 68.2 million pounds. Total leaf shipments during the first 6 months of calendar 2002 were 197.5 million pounds compared with 220.7 million pounds during the same period in 2001. Germany, Japan, and Belgium were the leading destinations for U.S. leaf.

Leaf imports during the first 6 months of 2002 reached 309.6 million pounds (consumption imports) compared with 254.3 million pounds during the same period last year. Imports of Oriental tobacco declined and imports of both flue-cured and burley advanced.

By December 15, 2002, the U.S. Department of Agriculture (USDA) will announce the flue-cured poundage quota and matching acreage allotment for 2003. Individual farm quotas and acreage allotments for the next year will reflect this year's overmarketings and undermarketings. By February 1, 2003, USDA will announce the 2003 burley poundage quota, and by March 1, it will announce the 2003 acreage allotments for other kinds of tobacco.

Price supports for 2003 flue-cured and burley tobacco will be based on a 5-year moving average of market prices and changes in costs of production. For other types, changes in support will continue to be based on the average of the parity index during the previous 3 years compared with 1959.

Cigarette output in 2002, based on limited data, is projected to be unchanged from 2001 at 580 billion pieces. Domestic taxable removals are estimated at 415 billion compared with the 2001 projection of 419.0 billion. However, 2001 output and taxable removals are not final. Taxable removals for the first 6 months of 2001, the latest data available, are down 1.1 percent at 206.0 billion cigarettes, compared with the same period in 2000.

Cigarette exports during 2001 reached 133.9 billion pieces, nearly 10 percent below the previous year. Imports continued to advance, reaching 14.7 billion pieces, but still account for only about 3 percent of domestic sales.

Cigarette exports during the first 6 months of 2002 reached 67.8 billion pieces, nearly 3 percent below last year's level. Shipments during the last half of the year are expected to recover due to lower unit prices for cigarettes and by the end of the year should be even with 2001 at about 135 billion pieces. During the first 6 months of 2002, Japan, Saudi Arabia, South Korea, and Israel were the top destinations for U.S. cigarettes, accounting for 76 percent of shipments.

Imports during the first 6 months of 2002 advanced 53 percent, reaching 8.9 billion pieces. By the end of the year, imports are expected to reach 22.0 billion cigarettes. Cigarette consumption for calendar 2002 is expected to decline between 1 and 2 percent to end at 420 billion cigarettes. Consumption in 2001 is estimated at 425 billion pieces.

Exports for the July 2001-June 2002 period were 132.1 billion pieces compared with 145.9 billion pieces for July 2000 through June 2001. During the July 2001-June 2002 period, cigarette imports reached 17.8 billion pieces, 5.6 billion pieces more than the previous year.

Cigarette Taxes

Nineteen States have increased, or are set to increase their cigarette excise tax this year. During April and May, four States boosted taxes, including New York, now the highest taxing State at \$1.50 per pack. During July, an additional 10 States and New York City boosted taxes, with New York City and New Jersey matching New York at \$1.50. Excise taxes for

cigarettes sold in New York City are now \$3.39 per pack, the highest rate in the country. Four more States will raise taxes before the end of the year and an additional three have increases set for 2003 and onward.

During the first half of 2002, generic cigarette sales slipped compared with the same period in 2001, falling to 25.9 percent. During calendar 2000, the discount share was 26.7 percent.

Wholesale Prices

Cigarette wholesale prices have not changed since increasing 12 cents per pack in April 2002. Including the Federal excise tax, the current wholesale price is \$2.374 per pack. The Federal excise tax has been 39 cents per pack since January 1, 2002. The wholesale price, including tax, did not change after the tax increase in January.

Cigar Output and Consumption Expected To Slide in 2001

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

For the 12-month period ending June 2002, imports were 8 million cigars behind the previous year at 489 million cigars. For the first 6 months of 2001, imports were 4 percent ahead of last year. Imports were dominated by the Dominican Republic, which shipped 64 percent of large cigars. Honduras, Nicaragua, and West Germany followed. Together, these four countries accounted for 93 percent of U.S. cigar imports.

Small Cigars

During the first half of 2001 output of small cigars (those weighing under 3 pounds per 1,000 cigars) slipped 2 percent to 1.2 billion pieces. Output for 2001 is expected to be even with the previous year at 2.4 billion. Domestic taxable removals during the

January-December 2001 period are projected to slip 26 percent. However, imports have been rapidly increasing in recent years. Year-end (calendar) 2001 imports were 70.6 million pieces compared with 33.5 million in 2000. However, imports still account for a small proportion of consumption in the United States. The Philippines, Honduras, and the Netherlands are major sources for small cigars. Consumption in the United States, as indicated by taxable removals, is projected to be 2.2 billion small cigars, about 3 percent below 2000. Not enough data are available to project 2002 consumption at this time. The Netherlands and Germany are the major sources of imported small cigars. Production of small cigars in the United States in 2000 reached 2,469 million pieces compared with 2,316 million the previous year.

During July 2000-June 2001, the most recent 12-month data available, output of small cigars jumped by 12 percent to 2.4 billion. Taxable removals during the same period increased 1 percent to 2.2 billion, indicating a continuing increase in demand for small cigars.

Other Tobacco Products

Output of snuff continues to rise, advancing 3 percent during the first 6 months of 2001. Estimated output at the year's end is expected to be nearly 75 million

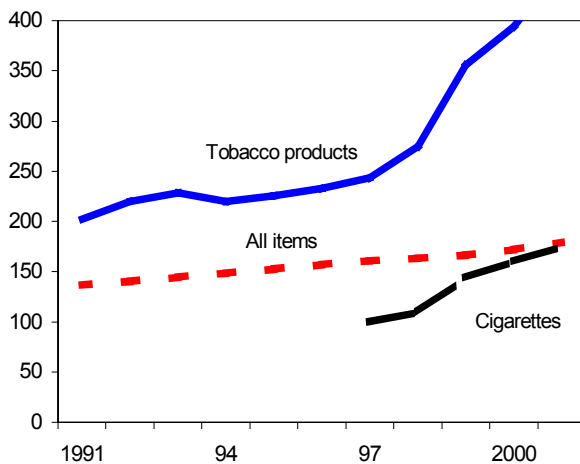
pounds. Taxable removals of snuff gained 2 percent for an expected year-end volume of 71.2 million pounds. Snuff consumption continues to provide tobacco users with a smokeless alternative to cigarettes. As cigarette smoking is further restricted, some smokers are switching to snuff. On a July-June basis, snuff output gained 3 percent from 2001 (July 2000-June 2001) to 2002 (July 2001-June 2002) ending at 72.1 million pounds. During the same period, taxable removals advanced 12 percent, ending at 70.4 million pounds. Snuff output and taxable removals have increased at a rate of over 1 million pounds a year for over 10 years.

During the first 6 months of 2002, chewing tobacco output slid 5 percent, slightly more than last year. The projected output for 2002 is down 3.5 million pounds to 44.6 million pounds, continuing the long-term decline in chewing tobacco output. Taxable removals slipped 8 percent during the January-June period and are projected to end 2002 at 43.0 million pounds. For the 12-month period from July 2001 to June 2002 (the latest full year of data available), output of chewing tobacco totaled 45.8 million pounds, 5 percent lower than a year earlier.

Figure 1

Consumer Price Index and tobacco products

% of 1982-84

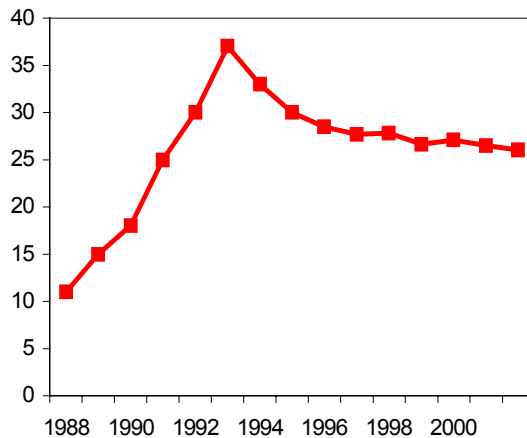


Source: Bureau of Labor Statistics.

Figure 2

Discount cigarette share of U.S. cigarette consumption

Percent



Source: Economic Research Service, USDA.

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1993-2002

Year	Per capita	Per capita 18 years and over			Per male 18 years and over				
	16 years	Cigarettes 1/	Snuff 2/	All tobacco	Large cigars	Smoking	Chewing		
	and over							products	& cigarillos
	Number	Number	----- Pounds -----		Number	----- Pounds -----			
1993	2,453	2,543	4.7	0.30	5.39	23.40	0.38	0.17	0.70
1994	2,435	2,524	4.2	0.32	4.90	25.27	0.41	0.16	0.67
1995	2,415	2,505	4.2	0.31	4.67	27.49	0.45	0.13	0.67
1996	2,391	2,482	4.2	0.31	4.70	32.66	0.54	0.12	0.64
1997	2,331	2,423	4.1	0.31	4.55	36.90	0.53	0.12	0.64
1998	2,233	2,320	3.9	0.32	4.49	37.99	0.53	0.12	0.64
1999	2,067	2,136	3.6	0.32	4.32	39.51	0.65	0.14	0.52
2000	2,014	2,092	3.5	0.33	4.21	38.94	0.64	0.15	0.49
2001 3/	1,976	2,051	3.4	0.34	4.15	39.55	0.65	0.15	0.47
2002 3/	1,955	2,030	3.6	0.34	4.31	35.27	0.58	0.15	0.40

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--U.S. cigarette exports to leading destinations, 2001-2002

Country	July 2001-	January-June	
	June 2002	2001	2002 1/
	Billions		
Japan	79.1	37.6	41.3
Saudi Arabia	10.6	6.2	5.5
Korea, South	5.2	3.8	2.7
Lebanon	5.2	2.6	2.0
Israel	4.6	2.2	2.2
United Arab Emirates	3.0	1.1	1.7
Belgium	2.8	1.8	2.0
Hong Kong	2.5	1.5	1.1
Russia	2.4	1.1	1.2
Singapore	2.2	1.5	1.2
Taiwan	2.1	0.9	1.0
Cyprus	1.9	3.0	0.5
Kuwait	1.8	1.1	0.9
Netherlands	1.3	1.3	0.7
Syria	1.3	0.0	0.6
Turkey	0.8	0.1	0.7
Australia	0.7	0.7	0.4
Latvia	0.5	0.2	0.2
Panama	0.4	0.3	0.1
Canada	0.4	0.2	0.3
Oman	0.4	0.2	0.2
Paraguay	0.3	0.3	*
Qatar	0.3	0.2	0.2
Bahrain	0.3	0.2	0.2
Federal Republic of Germany	0.2	0.1	*
Other countries	1.8	1.4	0.9
Total	132.1	69.6	67.8

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

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

Table 4--State cigarette tax increases, 2002-04

State	Per Pack of 20 Cigarettes		
	Increase	New Rate	Effective Date
New York State	\$0.39	\$1.50	4/3/02
Connecticut	\$0.61	\$1.11	4/3/02
Rhode Island	\$0.32	\$1.32	5/1/02
Utah	\$0.18	\$0.70	5/6/02
New Jersey	\$0.70	\$1.50	7/1/02
Maryland	\$0.34	\$1.00	7/1/02
Illinois	\$0.40	\$0.98	7/1/02
Vermont	\$0.49	\$0.93	7/1/02
Kansas	\$0.46	\$0.70	7/1/02
Indiana	\$0.40	\$0.56	7/1/02
Ohio	\$0.31	\$0.55	7/1/02
New York City	\$1.42	\$1.50	7/2/02
Pennsylvania	\$0.69	\$1.00	7/15/02
Tennessee	\$0.07	\$0.20	7/15/02
Massachusetts	\$0.75	\$1.51	7/25/02
Michigan	\$0.50	\$1.25	8/1/02
Louisiana	\$0.12	\$0.36	8/1/02
Hawaii	\$0.20	\$1.20	10/1/02
Nebraska	\$0.30	\$0.64	10/1/02
Vermont	\$0.26	\$1.19	7/1/03
Kansas	\$0.09	\$0.79	7/1/03
Hawaii	\$0.20	\$1.40	7/1/04

Source: Federation of Tax Administrators, http://www.taxadmin.org/fta/rate/cig_inc02.html, and various sources.

Table 5--Tobacco demand factors, 1992-2002

Year	Population July 1 1/ Millions	Disposable personal income, per capita 2/		Consumer Price Indexes 3/		
		Current prices	1996 prices	All items	Tobacco products	Cigarettes
		-- Dollars --		-- Percent of 1982-84 --		
1992	189.3	17,636	20,318	140.3	219.8	--
1993	190.7	18,706 5/	20,384	144.5	228.4	--
1994	192.5	19,381 5/	20,709	148.2	220.0	--
1995	194.4	20,349 5/	21,056	152.4	225.7	--
1996	196.1	21,117 5/	21,385	156.9	232.8	--
1997	198.2	21,969	21,838	160.5	240.2	100.0
1998	200.4	23,359	22,672	163.0	274.8	109.8
1999	202.5	24,314	23,191	166.6	355.8	143.8
2000	205.6	25,528	23,742	172.2	394.9	159.9
2001	207.2	25,205	23,471	177.1	425.2	172.5
2002 4/	209.4	25,859 6/	23,602 6/	179.5	454.8	184.9

1/ Eighteen years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers. 4/ Subject to revision. Data through August. 5/ Revised. Bureau of Labor Statistics began to publish cigarette and other tobacco product cpi for January 1998. 6/ Second quarter.

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

Table 6--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
	Dollars							
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/ Last price change.

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

Sources: News reports and miscellaneous sources.

Table 7--Wholesale nonbrand cigarette price revisions, 1990-2002 1/

Approximate date of change	Net price per 1,000			
	Discounts		Deep discounts	
	Regular	100s	Regular	100s
	Dollars			
June 1990	39.25	40.50	24.50	25.75
December 1990	41.75	43.00	27.00	28.25
Jan.-Feb. 1991	43.85	45.10	29.10	30.35
March 1991	46.35	47.60	29.10	30.35
June 1991	50.35	51.60	30.35	31.60
November 1991	53.10	54.35	31.60	32.85
April 1992	57.10	58.35	26.60	27.87
July-August 1992	46.60	47.85	28.60	29.87
November 1992	49.35	50.60	30.60	31.87
January 1993	51.45	52.70	32.70	33.97
February 1993	51.45	52.70	36.70	37.95
March 1993	52.45	53.70	39.20	40.45
August 1993	52.45	53.70	40.45	40.45
November 1993	52.45	53.70	42.45	42.45
May 1995 2/	52.45	53.70	43.95	43.95
April 1996	52.45	53.70	45.95	45.95
September 1997	55.95	57.20	49.45	49.45
January 1998	57.20	58.45	50.70	50.70
April 1998	58.70	59.95	52.20	52.20
May 1998	61.20	62.45	54.70	54.70
August 1998	63.20	65.45	57.70	57.70
November 1998	85.70	87.95	80.20	80.20
August 1999	94.70	96.95	89.20	89.20
January 2000	106.20	108.45	100.70	100.70
July 2000 2/	109.20	111.45	103.70	103.70
December 2000	116.20	118.45	110.70	110.70
April 2001	123.20	125.45	117.70	117.70
October-2001	125.70	127.95	120.20	120.20
January 2002	125.70	127.95	120.20	120.20
April 2002 3/	131.70	133.95	126.20	126.20

1/ Typical prices. Prices for some brands higher and some lower. Includes Federal excise tax. 2/ No change in 1994. 3/ Last price change.

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

Sources: News reports and miscellaneous sources.

Table 8--Cigars and smoking tobacco: Output, removals, and consumption, 1998-2002

Year and item	Output	Removals		Imports	Exports	Total U.S. consumption 2/
		Taxable 1/	Tax-exempt			
Millions						
Large cigars and cigarillos:						
1998	2,751	3,185	122	507	93	3,655
1999	2,938	3,349	121	496	84	3,845
2000	2,825	3,370	114	480	113	3,850
2001 3/	2,993	3,400	48	541	108	3,941
2002 3/	2,900	3,400	48	433	270	3,833
Year ending June 30						
1998	2,793	3,205	134	582	97	3,824
1999	2,776	3,223	135	463	86	3,686
2000	2,935	3,386	130	497	94	3,883
2001 3/	2,911	3,354	107	489	113	3,843
2002 3/	2,900	3,340	100	494	247	3,834
Million pounds						
Smoking tobacco:						
1998	11.7	11.3	0.6	1.4 4/	0.6	14.9 5/
1999	14.7	13.4	1.6	1.6 4/	0.6	15.0 5/
2000	13.6	13.1	0.5	1.4 4/	0.5	14.5 5/
2001 3/	12.8	14.9	0.5	1.9 4/	11.0	16.8 5/
2002 3/	14.2	15.6	0.5	0.9 4/	7.6	16.5 5/
Year ending June 30						
1998	13.5	12.6	0.9	1.6 4/	0.6	14.2 5/
1999	14.3	13.3	1.0	1.3 4/	0.6	14.7 5/
2000	14.4	12.9	0.7	1.5 4/	0.4	14.4 5/
2001 3/	12.1	14.7	0.5	1.4 4/	3.1	16.2 5/
2002 3/	13.4	15.4	0.5	2.2 4/	7.0	17.6 5/

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

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

Table 9--Tobacco products: Output by category, 1993-2002

Period	Chewing tobacco					Snuff dry	Snuff moist	Smoking tobacco		
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/			Small cigars 2/	in bulk (exports)	
	Million pounds							Millions	Million pounds	
1993	3.8	1.5	1.1	58.0	64.4	5.9	53.2	1,280	62.5	
1994	3.3	1.3	1.1	56.8	62.5	5.6	53.9	1,410	77.0	
1995	2.9	1.2	1.1	57.4	62.6	5.6	54.6	1,430	91.8	
1996	2.9	1.0	1.1	56.0	61.1	4.0	57.5	1,503	110.4	
1997	2.6	0.9	1.0	53.7	58.1	4.4	59.9	1,476	118.2	
1998	2.4	0.7	1.0	49.2	53.3	4.3	61.2	1,710	143.8	
1999	2.2	0.6	0.9	47.2	50.9	3.7	63.3	2,316	151.1	
2000	2.0	0.5	0.8	46.0	49.4	3.6	65.9	2,469	136.1	
2001	1.9	0.5	0.8	44.1	47.2	3.1	67.0	2,480	122.5	
2002 3/	1.9	0.5	0.8	44.1	47.2	3.1	67.0	2,480	110.3	
	Year ending June 30									
1993	3.8	1.6	1.2	57.3	63.9	6.4	52.8	1,274	56.2	
1994	3.5	1.4	1.1	59.2	65.2	5.5	53.3	1,368	71.4	
1995	3.1	1.3	1.1	58.8	64.3	5.9	54.5	1,450	84.1	
1996	3.0	1.1	1.1	55.0	60.3	4.9	55.4	1,433	102.0	
1997	2.8	1.0	1.0	54.4	59.2	4.1	58.6	1,587	118.4	
1998	2.4	0.8	1.0	52.5	56.7	4.3	60.9	1,575	131.6	
1999	2.2	0.7	0.9	48.1	51.9	4.1	62.0	1,942	134.6	
2000	2.1	0.6	0.8	46.5	50.1	3.7	65.6	2,188	149.1	
2001	1.9	0.5	0.8	45.0	48.3	3.3	66.5	2,300	129.4	
2002 3/	1.9	0.5	0.8	45.0	48.3	3.3	66.5	2,300	129.4	

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

Source: Agricultural Marketing Service, USDA.

U.S. Exports and Imports

For January-June 2002, leaf exports totaled 197.5 million pounds (282.3 million pounds farm-sales weight) 11 percent below the same period last year. Burley shipments increased 16 percent but all other types suffered setbacks. Overall, shipments to Japan advanced 6 percent while those to Germany fell 27 percent and to Belgium fell 33 percent. The Bureau of the Census reported 82 countries as destinations for tobacco leaf in 2001.

January-June 2002 leaf export value reached \$628 million compared with \$656 million during the same 6 months in 2001. However, the value of flue-cured leaf exports slipped 7 percent, reaching \$263.2 million. During the first 6 months of 2002, flue-cured and burley made up 83 percent of total export value, compared with 73 percent last year. Declines were evident in all other unmanufactured tobacco export categories.

For the July-June period (July 2001-June 2002), unmanufactured export value gained 8 percent to end the 12-month period at \$1,240 million. Again, gains were in flue-cured and burley.

January-June flue-cured exports slipped 8 percent, totaling 78.2 million pounds. Japan, Germany, Turkey, and South Korea were the primary buyers, accounting for 62 percent of shipments. January-June 2002 burley shipments gained 16 percent to 68.2 million pounds. Germany, the Netherlands, Belgium, and Malaysia were the top buyers, accounting for 65 percent of total exports.

Maryland exports during the first half of calendar 2002 slipped by nearly half, ending at 1.1 million pounds. European markets took most of the Maryland type shipped. Kentucky-Tennessee dark-fired leaf slipped by 39 percent, ending at 7.3 million pounds compared with 11.9 million during the January-June period last year. The Netherlands, Sweden, France, and Egypt were the major buyers. Exports of cigar leaf totaled 1.2 million pounds compared with 1.7 million in 2001. Stems and refuse reached 24.5 million pounds during the 6-month period, nearly 40 percent lower than the first half of 2001.

On a July-June basis, U.S. tobacco exports totaled 386 million pounds in 2001-02. The previous year

they were 382 million. For July 2001-June 2002, flue-cured shipments gained 14 percent to end at 190.2 million pounds. Germany, Japan, and Belgium continued as the top three destinations for flue-cured tobacco. Burley shipments of 100.5 million pounds were up 26 percent. The top burley importers in 2001-02 (July-June) were also Germany, Belgium, and Japan. Maryland, Kentucky-Tennessee dark-fired, Virginia fire-cured and sun-cured, cigar binder, cigar wrapper, stems, and "other leaf" slipped during the 12-month period.

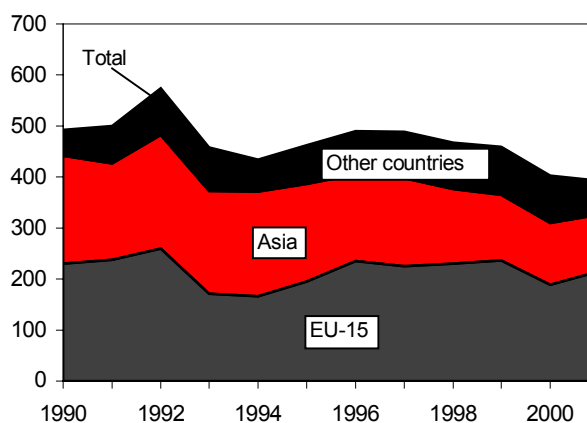
Leaf Imports for Consumption Volume Higher

On the import side, volume (imports for consumption-duty paid) surged 22 percent during the first 6 months of 2002 (January-June) compared with 2001. The period ended at 309.6 million pounds, compared with 254.3 million pounds last year. Value reached \$411 million, compared with \$381 million in 2001. During the first half of the year, Brazil, Malawi, and Turkey were the leading sources for leaf. Shipments from Brazil were over 111 million pounds. Brazil led in both flue-cured and burley. Oriental leaf led imports, accounting for 24 percent of total imported leaf.

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.

General imports (arrivals) at the end of the 6-month period rose to 262 million pounds valued at \$364 million compared with 237 million pounds valued at \$351 million in 2000. Oriental leaf arrivals slipped 18 percent to end at 66.7 million pounds. Both flue-cured and burley arrivals increased, flue-cured by 15.1 million pounds and burley by 14.2 million.

July-June Imports on the Rise Again

For July 2001-June 2002, leaf import volume (consumption) advanced 24 percent to 572 million pounds, a 100 million-pound gain, from 468 million pounds during July 2000-June 2001. Stemmed flue-cured jumped from 82.9 million pounds in 2000-01 to 116.2 million pounds in 2001-02. Stemmed burley imports were about 125 million pounds compared

with 105 million last year. Imports of stems nearly doubled to 120 million pounds. Cigar types slipped. Oriental leaf volume slipped about 5 million pounds to 129 million pounds. For the July-June period, Brazil, Turkey, Malawi, Argentina, Canada, and Zimbabwe were the leading suppliers of leaf. During July 2001-June 2002, the value of unmanufactured leaf imports for consumption was \$712 million compared with \$666 million the previous July-June period.

General imports (arrivals) gained during July 2001-June 2002 to end at 458.7 million pounds, compared with 468.4 million pounds the previous year. The value of general imports was \$728 million, compared with \$650 million last year.

Table 10--U.S. imports of unmanufactured and other tobacco:
Quantity and average value, by kinds, 2001/02 1/

Kind	Quantity	Change from	Value per
	2001/02	2000/01	pound
	Million	Percent	Dollars
	pounds		
Imports for consumption			
Cigarette 2/			
Flue-cured leaf	7.1	-5	0.95
Burley leaf	7.2	26	0.99
Other	*	*	*
Oriental leaf	128.5	4	1.85
Stemmed leaf			
Flue-cured	116.2	40	1.49
NSPF	128.9	20	1.40
Scrap	*	*	*
Manufactured or not mfd., NSPF	4.7	12	1.71
Cigar			
Leaf	53.7	-16	1.31
Scrap	2.4	-11	0.64
Other stemmed and unstemmed leaf	3.4	-15	1.38
Stems	119.9	102	0.18
Total	574.7	25	1.25
General imports			
Cigarette 2/			
Flue-cured leaf	7.2	-4	1.12
Burley leaf	5.1	-25	1.03
Other	*	*	*
Oriental leaf	124.6	12	0.52
Stemmed leaf			
Flue-cured	129.7	38	0.65
NSPF	137.2	25	0.71
Scrap	*	*	*
Manufactured or not mfd., NSPF	3.6	3	0.53
Cigar			
Leaf	59.3	-11	1.40
Scrap	2.4	-11	1.93
Other stemmed and unstemmed leaf	3.4	-11	0.72
Stems	114.5	89	0.18
Total 3/	587.2	26	1.24

1/ Year ending June 30, 2002. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff. 3/ Includes other stemmed and unstemmed leaf. * = Negligible.

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

Table 11--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1997-2002 (declared-weight)

Type & country	1997	1998	1999	2000	2001	January-June		Pct. change, 2001-2002 Percent
						2001	2002 1/	
Million pounds								
Type:								
Flue-cured	256.7	243.5	188.6	190.2	195.5	84.7	78.2	-8
Burley	125.2	110.5	106.9	83.0	91.0	58.7	68.2	16
Maryland Fire-cured, Ky. and Tenn. Virginia fire- & sun-cured	5.3	3.6	4.9	3.2	2.7	2.0	1.1	-46
Black Fat	14.9	14.3	14.7	16.5	17.5	11.9	7.3	-39
Cigar wrapper	1.0	0.7	1.6	0.5	0.2	0.2	*	*
Cigar binder	1.1	*	*	*	*	*	*	*
Stems and refuse	5.3	5.0	5.5	4.1	3.3	1.6	1.1	-31
Other leaf	0.4	0.1	0.7	0.3	0.2	0.1	0.1	*
Total 2/	54.8	59.7	65.9	69.5	59.7	39.9	24.5	-39
	22.5	28.9	28.8	35.1	39.6	22.6	17.0	-25
	487.4	466.3	417.5	402.4	409.7	221.7	197.5	-11
Country of destination:								
Austria	0.2	0.1	*	1.4	0.9	0.9	1.9	111
Finland	1.8	1.0	2.0	0.2	0.3	0.1	*	*
Sweden	5.3	2.6	3.9	3.5	3.6	2.6	1.2	-54
Greece	1.0	0.5	0.6	0.5	0.5	0.2	0.2	*
United Kingdom	18.2	15.6	9.0	7.3	1.6	0.6	3.4	467
France	7.0	6.6	5.6	5.5	11.5	7.8	6.9	-12
Belgium-Luxem.	38.9	25.2	18.3	23.2	49.7	28.9	19.4	-33
Netherlands	30.2	43.9	64.5	19.7	21.6	15.3	7.0	-54
Germany	72.2	84.6	71.9	86.1	94.8	49.1	35.7	-27
Denmark	15.5	14.8	14.9	15.7	12.2	5.5	6.7	22
Ireland	0.2	0.4	*	*	*	*	0.1	*
Italy	18.3	13.6	15.1	15.8	6.2	3.6	7.7	114
Portugal	*	3.2	1.3	4.2	4.3	3.0	5.3	*
Spain	15.6	17.5	15.5	9.5	7.9	0.3	5.8	1,833
Total EU-15	224.4	229.6	222.6	192.6	215.1	117.9	101.3	-14
Japan	80.5	85.3	60.3	63.6	51.6	33.4	35.3	6
Turkey	42.2	44.2	23.0	26.9	15.8	6.7	0.1	-99
Switzerland	11.4	10.3	16.1	9.5	14.4	5.8	8.1	40
Malaysia	19.5	10.8	11.7	14.2	7.0	9.9	7.0	-29
Dominican Republic	9.1	8.2	10.7	12.0	5.9	2.7	4.9	81
South Korea	15.6	9.4	12.7	12.0	9.6	5.9	5.7	-3
Thailand	21.3	14.2	6.8	7.3	7.7	5.0	6.4	28
Nigeria	2.5	3.1	3.6	6.2	5.6	3.1	2.3	-26
Philippines	7.6	5.0	0.6	7.4	5.1	1.3	3.6	177
Australia	4.2	5.0	3.2	3.6	3.4	0.9	1.9	111
Norway	2.5	3.1	1.8	2.0	3.3	1.8	0.7	-61
Egypt	0.4	0.1	0.8	1.2	0.9	0.6	0.6	0
Canada	3.6	1.0	0.7	0.5	0.3	*	*	*
New Zealand	0.7	0.5	0.5	0.7	0.1	0.1	0.2	100
Singapore	3.8	2.4	0.8	0.4	0.5	*	0.2	*
Taiwan	11.9	10.5	4.4	5.8	7.9	0.5	3.4	*
Hong Kong	4.7	0.9	0.1	*	*	*	0.5	*
Other countries	21.5	22.7	37.1	36.5	55.5	26.1	15.3	-41
Total 2/	487.4	466.3	417.5	402.4	409.7	221.7	197.5	-11

* = Negligible.

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

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

Table 12--U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2001/2002 (declared-weight)

Item	Imports for consumption				General imports (arrivals)			
	July 2001- June 2002	January-June		Percentage change from 2001-2002	July 2001- June 2002	January-June		Percentage change from 2001-2002
		2000	2001 1/			2000	2001 1/	
	Million pounds			Percent	Million pounds			Percent
Cigarette tobacco leaf (unstemmed):								
Oriental								
Turkey	88.9	53.5	49.6	-7.3	86.6	51.8	40.4	-22.0
Greece	9.2	10.4	7.4	-28.8	12.3	10.9	11.9	9.2
Bulgaria	12.0	7.0	6.8	-2.9	10.3	4.7	5.9	25.5
Lebanon	7.6	5.3	1.6	-69.8	7.6	4.0	1.6	-60.0
Macedonia	7.4	5.9	6.6	11.9	6.7	5.5	6.1	10.9
China	1.1	*	*	*	0.0	1.1	*	*
Albania	0.8	1.7	0.8	-52.9	0.8	1.7	0.8	-52.9
Other countries	1.5	0.6	1.6	166.7	0.3	2.0	0.0	*
Total Oriental	128.5	84.4	74.4	-11.8	124.6	81.7	66.7	-18.4
Flue-cured	7.1	6.9	6.0	-13.0	7.2	6.9	6.1	-11.6
Burley	7.2	1.0	1.3	30.0	5.1	4.4	4.2	-4.5
Other (unstemmed)	*	*	*	*	*	*	*	*
Total unstemmed leaf	142.8	92.3	81.7	-11.5	136.9	93.0	77.0	-17.2
Cigarette tobacco leaf (stemmed):								
Flue-cured--								
Brazil	75.7	29.9	43.8	46.5	85.3	29.6	42.8	44.6
Other countries	40.5	19.5	18.6	-4.6	44.4	20.6	23.3	13.1
Total stemmed flue-cured	116.2	49.4	62.4	26.3	129.7	50.2	66.1	31.7
NSPF--								
Malawi	31.5	14.8	17.8	20.3	40.3	4.6	7.2	56.5
Brazil	46.6	17.4	30.6	75.9	46.4	17.1	29.2	70.8
Thailand	13.2	5.7	4.8	-15.8	13.0	3.2	1.0	-68.8
Argentina	8.5	8.7	6.2	-28.7	12.1	2.0	0.2	-90.0
Mexico	4.9	1.5	2.0	33.3	4.2	0.9	1.0	11.1
Guatemala	6.5	*	3.2	*	6.7	0.1	2.2	2,100.0
Italy	3.1	2.3	0.9	-60.9	3.4	0.8	0.1	-87.5
Zimbabwe	1.5	1.8	0.5	-72.2	2.8	1.5	2.2	46.7
China	1.4	0.8	0.7	-12.5	1.9	0.5	0.9	80.0
Other countries	11.7	1.8	4.5	150.0	6.4	2.1	3.2	52.4
Total NSPF	128.9	54.8	71.2	29.9	137.2	32.8	47.2	43.9
Total cigarette leaf	387.9	196.5	215.3	9.6	403.8	176.0	190.3	8.1
Manufactured or not manufactured categories 2/								
	4.7	1.6	3.1	93.8	3.6	0.3	2.3	666.7
Total cigarette tobacco	392.6	198.1	218.4	10.2	407.4	176.3	192.6	9.2
Cigar tobacco:								
Wrapper	3.4	1.2	1.7	41.7	3.4	1.2	1.7	41.7
Filler (stemmed and unstemmed)								
Dominican Republic	5.6	5.3	2.3	-56.6	5.6	5.3	2.3	-56.6
Indonesia	14.0	5.4	6.9	27.8	13.6	5.2	6.9	32.7
Argentina	4.6	3.6	3.1	-13.9	4.6	2.9	3.1	6.9
Philippines	6.2	3.9	3.2	-17.9	6.2	3.9	3.2	-17.9
Italy	5.9	4.3	3.0	-30.2	5.9	3.8	1.1	-71.1
Other countries	19.2	12.0	8.5	-29.2	25.2	13.4	9.0	-32.8
Total filler	49.6	30.2	24.0	-20.5	55.2	30.7	24.5	-20.2
Binder	0.7	0.2	0.5	150.0	0.7	0.2	0.5	150.0
Cigar scrap:								
India	0.4	0.1	0.4	*	0.4	0.2	0.4	*
Dominican Republic	0.3	0.3	0.1	-66.7	0.3	0.3	0.1	-66.7
Other countries	1.7	0.6	0.7	16.7	1.7	0.5	0.7	40.0
Total cigar scrap	2.4	1.0	1.2	20.0	2.4	1.0	1.2	20.0
Total cigar tobacco	56.1	32.6	27.4	-16.0	61.7	33.2	33.2	0.0
Other stemmed and unstemmed leaf	3.4	2.1	2.0	-4.8	3.4	2.0	2.0	0.0
Stems	119.9	21.4	31.4	46.7	114.5	25.3	39.3	55.3
GRAND TOTAL 3/	572.1	254.3	309.6	21.8	587.0	236.9	261.9	10.6

* = Negligible.

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

Due to aggregation, rounding errors may occur.

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

Table 13--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 1999/2000-2001/02 (declared weight) 1/

Importing country	1999/2000	2000/01	2001/02 2/	Importing country	1999/2000	2000/01	2001/02 2/
	Million pounds				1,000 pounds		
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
Germany	42.0	33.9	49.7	United Kingdom	15	6	*
Japan	33.5	31.3	33.5	Norway	514	105	4
Belgium-Luxembourg	3.8	19.5	21.3	Sweden	85	*	*
Malaysia	7.6	11.7	6.7	Germany	2	3	*
Republic of Korea	12.4	9.6	7.0	Other countries	33	177	29
Turkey	16.2	9.1	4.9	Total 3/	649	291	33
Netherlands	11.9	8.0	3.2				
Denmark	7.1	6.8	6.5	Binder, types 51-55			
Taiwan	2.6	3.4	6.7	Dominican Republic	116	45	3
United Kingdom	4.7	3.3	2.8	Honduras	*	118	17
Thailand	2.6	3.3	4.4	Italy	*	3	*
Switzerland	6.5	3.2	9.5	Other countries	123	114	92
Australia	2.3	2.9	2.1	Total 3/	239	280	112
Italy	9.7	2.9	6.1				
Indonesia	2.2	2.6	2.8	Cigar wrapper, types 61-62			
Portugal	2.1	2.1	3.3	United Kingdom	11	*	*
Norway	1.2	1.7	1.6	Germany	*	88	*
Brazil	*	1.4	*	Canada	*	*	*
Philippines	1.3	1.3	3.0	Dominican Republic	5,420	3,343	2,574
France	*	1.2	3.1	Netherlands	16	14	14
Sweden	1.5	0.9	0.7	Other countries	286	205	178
Other countries	8.7	5.2	11.3	Total 3/	5,733	3,650	2,766
Total 3/	179.9	165.3	190.2				
Burley, type 31				Blackfat			
Italy	2.4	1.7	2.3	Benin (Dahomey)	*	*	*
Sweden	0.6	0.7	0.4	Spain	28	*	*
Denmark	4.1	3.4	2.3	Bahamas	*	*	*
Belgium-Luxembourg	5.8	18.0	12.4	Costa Rica	*	*	*
Netherlands	4.7	3.6	4.4	Other countries	*	*	*
Japan	13.8	10.9	12.3	Total 3/	28	*	*
Germany	25.9	20.1	16.3				
Switzerland	1.4	0.9	3.5				
United Kingdom	0.1	0.1	0.1	Other leaf			
Thailand	3.6	3.6	4.8	Dominican Republic	4.0	2.1	5.3
Philippines	4.5	4.5	3.2	United Kingdom	0.1	*	*
Hong Kong	0.0	0.0	0.0	Netherlands	0.3	*	*
Turkey	9.7	7.8	0.9	Germany	4.1	12.7	0.6
Other countries	11.0	13.7	14.9	Spain	8.9	0.6	3.9
Total 3/	87.6	89.0	77.8	France	*	*	*
				Canada	0.4	0.1	0.9
Maryland, type 32				Other countries	15.8	22.1	17.3
Italy	0.4	0.5	*	Total 3/	33.6	37.6	28.0
Germany	1.3	1.0	0.7				
Switzerland	0.4	0.8	0.1	Stems, trimmings, and scrap			
Other countries	1.4	0.8	0.4	Sweden	0.3	0.2	0.1
Total 3/	3.5	3.1	1.2	Denmark	4.6	2.3	2.4
				United Kingdom	1.4	*	1.4
Ky.-Tenn. fire-cured, types 22-23				Germany	16.6	11.1	0.1
Sweden	1.1	0.7	0.4	Japan	6.1	4.9	7.6
Netherlands	5.9	4.5	3.4	France	1.7	3.3	3.3
Belgium-Luxembourg	0.6	0.3	0.1	Belgium	2.0	10.1	0.7
France	1.9	2.9	0.7	Switzerland	2.3	1.8	1.9
Switzerland	0.2	0.4	0.5	Turkey	4.3	0.1	0.5
Italy	0.5	0.8	0.9	Russia	12.5	16.2	7.4
Nigeria	0.5	1.2	0.5	Other countries	15.6	6.2	9.5
Other countries	5.8	8.5	3.6	Total 3/	67.4	56.2	34.9
Total 3/	16.5	19.3	10.1				

* = Negligible. 1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types except October-June for 2001/2002.

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

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

*U.S. Tobacco Leaf Situation and Outlook*¹

Total U.S. leaf production in 2001 was 992 million pounds, and projected production in 2002 (September 1 estimate) is about 11-percent less at 887 million pounds. Production has been below a billion pounds for 2 years. The decline in 2002 was less than the 6-percent drop from 2000 to 2001. Cigarette leaf production accounted for 94 percent of U.S. output in 2002 or 832 million pounds. Cigar types accounted for nearly 2 percent, while dark-fired and air-cured leaf accounted for 5 percent.

During the past marketing year (2001-02), total disappearance of U.S. leaf rose 2 percent to a projected 1.20 billion pounds. About 63 percent of U.S.-grown tobacco leaf was used domestically and 37 percent was exported.

Contracting Continues as the Preferred Marketing Channel

So far this season, contracting has far surpassed auction marketing. Currently, flue-cured markets have been operating for 49 days and contract sales are running at 85 percent of total sales.

Efforts To Eliminate Unauthorized Pesticides Continue

Pesticide use on U.S. tobacco has been restricted for many years. Furthermore, the Food Security Act of 1985 extended adherence standards. The act requires the United States Department of Agriculture (USDA) to inspect domestic and 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 (FSA) that any pesticides used in production have been approved by the Environmental Protection Agency for use on tobacco and were applied in accordance with label directions. Growers lose price support if they falsify the

certification, fail to certify, or refuse to provide samples for testing. Growers who are found filing a false report will be required to refund any price support advances received on the current crop. In addition, violators are subject to a \$10,000 fine, 5 years imprisonment, or both.

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

U.S. Industry Buys 326.2 Million Pounds of 2001 Flue-Cured Tobacco

U.S. cigarette manufacturers purchased 326.2 million pounds (farm-sales weight) of flue-cured tobacco during the July 2001-June 2002 marketing year, 25 million pounds below the previous year. Actual purchases were 110 percent of manufacturers' purchase intentions of 297.0 million pounds. Legislation requires each major domestic cigarette manufacturer to purchase an amount equal to at least 90 percent of their stated purchase intentions to avoid the assessment of a penalty. Manufacturers purchased 351.4 million pounds of flue-cured tobacco in 2000, or 118 percent of that year's purchase intentions.

Marketing Quota and Price Support in 2003

By December 15, 2002, USDA will announce the flue-cured poundage quota and matching acreage allotment for 2003. Individual farm quotas and acreage allotments for the next year will reflect this year's overmarketings and undermarketings. Marketings for 2002 are expected to be below the 2002 effective quota at about 545 million pounds.

By February 1, 2003, USDA will announce the 2003 burley poundage quota, and by March 1, it will announce the 2003 acreage allotments for other kinds of tobacco.

Growers of fire-cured and dark air-cured tobaccos approved, in March 2000, marketing quotas applicable to the 2000, 2001, and 2002 crops. In March 2003, they will vote to approve or disapprove marketing quotas for the 2003-05 marketing years.

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

Growers of flue-cured, burley, and Virginia sun-cured voted in 2001 to continue quotas for the 2001, 2002, and 2003 crops. Growers of Wisconsin Binder (types 54-55) voted in March 2002 to continue marketing quotas for the 2002, 2003, and 2004 crops. Producers of Maryland (type 32), Pennsylvania cigar-filler (type 41), and Connecticut Valley cigar-binder (types 51-52) tobaccos voted in referenda held during March 2001 to disapprove marketing quotas for the 2001, 2002, and 2003 crops.

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

Support levels for 2002 average \$1.656 per pound for flue-cured and \$1.836 per pound for burley. Flue-cured grade loan rates range from \$1.24 to \$1.94 per pound compared with \$1.24 to \$1.92 per pound last season. Grade loan rates for burley were set between \$0.85 to \$2.08 per pound compared with a range of \$1.14 to \$1.85 per pound last season. Price supports for other supported types range from \$1.286 per pound to \$1.767 per pound.

For 2003, the flue-cured and burley price supports will be the level for 2002 adjusted by changes in the 5-year moving average of prices (two-thirds weight) and changes in a cost-of-production index (one-third weight). Costs include general variable expenditures, but exclude costs of land, quota, risk, overhead, management, marketing contributions, and other costs not directly related to tobacco production. The Secretary of Agriculture can set the price support at the previous year's level adjusted by between 65 and 100 percent of the calculated increase or decrease.

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

Estimated flue-cured production costs for 2002 are used by FSA in determining the cost component for the 2003 support level. Although costs declined in 2001, reducing the 2002 support price, this year a slight increase in the flue-cured support level in 2002 is likely.

Table 14--All tobacco: Acreage, yield, and production,
United States, 1965-2002

Year	Acreage	Yield	Production
	harvested	per acre	
	Thousand	Pounds	Million
	acres		pounds
Average			
1965-69	942	1,958	1,845
1970-74	886	2,053	1,819
1975-79	978	2,001	1,957
1980-84	878	2,046	1,800
1985-89	634	2,080	1,321
1990	733	2,218	1,625
1991	764	2,178	1,663
1992	785	2,194	1,722
1993	746	2,163	1,614
1994	671	2,358	1,583
1995	663	1,913	1,268
1996	733	2,071	1,517
1997	836	2,137	1,787
1998	718	2,061	1,479
1999	647	1,997	1,293
2000	472	2,229	1,053
2001	432	2,293	992
2002 /1	435	2,037	887

1/ Indicated September 1, 2000.

Source: National Agricultural Statistics Service, USDA.

Table 15--Tobacco loan stocks, 2000-02 (farm-sales weight) 1/

Type	2000	2001	2002
	Million pounds, July 1		
Flue-cured, 11-14	263.9	185.0	19.4
Burley, 31	420.7	352.9	131.1
Virginia, 21 and 37	0.4	0.3	0.9
Kentucky-Tennessee, 22-23	0.0	4.0	10.0
Kentucky-Tennessee, 35-36	0.0	0.7	3.1
Wisconsin Binder, 54-55	1.5	0.5	0.5
Total	686.5	543.4	165.0

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

Compiled from records of Agricultural Marketing Service, USDA.

Table 16--Tobacco: No-net-cost assessment, by kind, 1993-2002 1/

Kind and type	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	Cents per pound									
Flue-cured, types 11-14										
Producer	0.212	2.209	0.002	0.200	0.190	0.186	1.000	2.500	2.500	2.500
Buyer	2.212	4.209	1.002	1.000	0.190	0.186	1.000	2.500	2.500	2.500
Burley, type 31										
Producer	0.159	3.643	0.138	0.132	0.880	2.111	3.000	3.000	1.000	1.000
Buyer	2.659	3.743	0.138	0.132	0.880	2.111	3.000	3.000	1.000	1.000
Fire-cured, type 21	11.303	7.297	15.285	3.273	2.251	1.232	2.000	2.000	2.000	8.000
Fire-cured, types 22-23	0.768	1.259	1.241	1.222	0.189	0.160	0.000	0.500	1.000	2/ 1.000
							1.000	1.500	2.000	3/ 2.000
Dark air-cured, types 35-36	0.873	1.364	2.348	2.331	1.189	1.160	1.000	1.500	2.000	3/ 4.000
					0.301	0.275	0.000	0.500	2.000	2/ 3.000
					1.301	1.275	1.000	1.500	3.000	3/ 4.000
					2.301	2.275	3.000	4.000	4.000	4/ 6.000
Sun-cured, type 37	11.384	7.378	15.368	3.356	2.337	1.320	2.000	2.000	2.000	8.000
Cigar-filler, type 46	**	**	**	**	**	**	**	**	**	**
Cigar-filler & binder, types 42-44	107.400	108.400	110.100	112.000	116.900	121.200	123.800	125.000	125.000	128.600
type 54	0.000	0.458	0.450	0.440	0.416	0.394	2.000	2.000	2.000	2.000
type 55	0.000	13.958	0.450	0.440	0.416	0.394	6.000	15.000	6.000	6.000

** = Not applicable. 1 / From 1991 through 1998, marketing assessments totaling 1 percent of the applicable price support level are divided equally between buyers and sellers for all tobacco under the price support program. See April 1995 Tobacco Situation, TBS-230, table 20 for rates.

2/ Eastern district. 3/ Western district. 4/ Stemming district. na = Not available.

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

Table 17--Flue-cured tobacco auction sales: Gross sales, average price, loan receipts, sales dates, through Sept. 13, 2002, and a comparable number of sales days, 2001

Type, belt	Gross sales		Average price per pound		Loan receipts Volume		Percent of sales 2/		Sales period	
	2001	2002 3/	2001	2002 3/	2001	2002 3/	2001	2002 3/	Opening date	Closing date
	Cents per pound		Cents per pound		Million pounds		Percent		2002 (2001)	2002 3/ (2001)
14, Southern Contract	123.0	114.4	185.0	183.2	na	na	na	na	July 8 (July 9)	(Oct. 12)
13, Southern Auction	28.6	24.7	178.1	170.1	4.4	2.5	15.3	43.1	July 30 (July 24)	(Oct. 17)
12, Northern Contract	217.7	174.2	185.7	182.8	na	na	na	na	July 9 (July 9)	(Nov. 8)
12, Northern Auction	41.1	25.7	179.7	175.2	6.1	1.6	14.7	25.7	July 25	(Nov. 8)
All Belts 1/	410.5	339.0	184.4	181.4	10.4	4.1	2.5	5.1	(July 9)	(Nov. 8)

na = not applicable. 1/ Computed from unrounded data. 2/ Percent of gross sales. 3/ For 2001, old type 13 and 14 auctions are combined under type 13 and old type 11 and 12 auctions are combined under type 11. Type 14 refers to contract sales in the combined old type 13 and 14 areas and type 12 refers to contract sales in the combined old type 11 and 12 areas.

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

Table 18--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	543.0	553.0	564.1	10.5	7.6	7.4	-3.1
2001 3/	548.4	545.3	544.4				
2002 4/							
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	247.0	361.9	315.4	6.3	35.7	32.0	25.7
2001 3/	332.0	352.0	343.7				
2002 4/							

1/ Under quota marketings less ineligible carryover. 2/ Effective underquota marketings less overquota marketings. 3/ Subject to revision. 4/ Not yet available.

Compiled from records of the Tobacco and Peanuts Division, FSA

Table 19--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season-average price, and price support operations, 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		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	2,063.7
1997	458.3	2,285	1,013.5	1,025.1	91.5	1,116.5	2,130.0
1998	368.8	2,204	814.8	1,002.2	250.9	1,253.2	2,068.0
1999	303.8	2,162	653.9	939.7	294.6	1,234.3	1,888.2
2000	250.0	2,396	564.1	925.6	263.9 6/	1,189.5	1,753.6
2001	238.1	2,432	544.4	936.2	100.2	1,036.4	1,580.8
2002 3/	248.8	2,098	540.0	952.4	19.4	915.9	1,455.9
Burley, type 31							
1992	332.7	2,163	699.8	686.3	120.4	806.7 4/	1,506.5 4/
1993	299.7	2,115	626.6 7/	758.2	180.7	938.9 4/	1,565.5 4/
1994	266.3	2,300	568.0 7/	633.1	380.8	1,013.9	1,581.9
1995	234.2	1,863	482.5	637.3	321.5	958.8	1,441.3
1996	268.3	1,940	526.8	677.9	212.5	890.4	1,417.2
1997	335.3	1,934	628.2	645.4	105.6	751.0	1,379.2
1998	307.1	1,896	590.3	647.8	183.8	831.6	1,421.9
1999	303.6	1,829	551.2	737.1	164.3	901.4	1,452.6
2000	193.8 6/	1,957	315.4	619.4	420.7 6/	1,040.0	1,355.5
2001	167.6	2,033	343.7	571.2	119.3	690.5	1,034.1
2002 3/	161.5	1,888	300.0	468.9	131.1	600.0	900.0
Disappearance							
Total	Disappearance		Average price per pound	Price support level	Placed under loan		
	Domestic	Exports			Quantity	% of crop	
--- Million pounds ---			--- 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	179.0	159.7	12.0	1.3
1996	947.3 7/	556.4 7/	391.2	183.4	160.1	1.8	0.2
1997	876.9 7/	541.0 7/	335.9 7/	172.0	162.1	195.5	19.4
1998	833.7 7/	492.1	341.6 7/	175.5	162.8	82.4	10.2
1999	698.7 6/	436.9	261.8	173.7	163.2	136.4	21.2
2000	629.1	479.2	238.0	179.3	164.0	27.4	4.6
2001	664.9 5/	388.9 5/	276.0 5/	185.8	166.0	15.0	2.6
2002					165.6		
Burley, type 31							
1992	567.6	384.8	183.0	181.5	164.9	142.7	20.4
1993	551.6	399.4	152.2	181.6	168.3	232.3	37.0
1994	623.1	468.1	155.0	184.1	171.4	54.7	9.5
1995	550.9	386.1	164.8	185.4	172.5	0.0	0.0
1996	666.2 7/	456.8 7/	209.4 7/	192.2	173.7	0.0	0.0
1997	547.6 7/	379.2 7/	168.4 7/	188.5	176.0	124.5	0.2
1998	520.5	351.6	168.9	190.3	177.8	72.9	12.4
1999	412.5 6/	273.3	139.3	189.9	178.9	230.6	42.0
2000	436.0	294.0	142.0	196.3	180.5	19.3	4.8
2001	434.1 5/	299.1 5/	135.0 5/	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/ September 1 estimate.

4/ The factor used to convert stemmed stocks to farm-sales weight has been changed from 1.55 to 1.6 based on processing yields from 1989 to 1992. 5/ Estimated. 6/ 1999 loan forgiveness stocks included (230 mil. pounds burley, 78 million pounds flue-cured). 7/ Revised.

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

Table 20--Burley marketing quota, Kentucky, Tennessee,
and other States, 2000-02

State	Carryover (net)	Basic quota	Effective quota
Million pounds			
2000			
Kentucky	39.3	163.6	208.7
Tennessee	44.6	41.5	87.1
Other States	31.0	21.9	66.1
2001			
Kentucky	5.2	227.7	232.9
Tennessee	15.8	57.0	72.8
Other States	16.4	46.7	63.1
2002			
Kentucky	1.6	222.5	224.1
Tennessee	9.5	55.6	66.1
Other States	59.1	45.6	104.7

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

Table 21--Sales of burley tobacco quotas, 1996/97-2000/2001 1/

State & year	Sales (basic quota)
Indiana:	
1996/97	275
1997/98	155
1998/99	149
1999/2000	77
2000/2001	54
Kentucky:	
1996/97	3,905
1997/98	3,676
1998/99	3,645
1999/2000	2,285
2000/2001	1,796
North Carolina:	
1996/97	183
1997/98	94
1998/99	90
1999/2000	63
2000/2001	53
Ohio:	
1996/97	233
1997/98	198
1998/99	183
1999/2000	94
2000/2001	50
Tennessee:	
1996/97	1,110
1997/98	782
1998/99	766
1999/2000	605
2000/2001	446
Virginia:	
1996/97	152
1997/98	156
1998/99	156
1999/2000	113
2000/2001	67
Other States 2/:	
1996/97	149
1997/98	70
1998/99	70
1999/2000	28
2000/2001	30
All States:	
1996/97	6,007
1997/98	5,131
1998/99	5,059
1999/2000	3,265
2000/2001	2,496

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

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

Table 22--Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1992-2001

Crop year	Mixed group	1,2,3, quality	Tan color
Percent			
1992	2.4	36.3	48.7
1993	1.5	35.8	61.6
1994	1.4	42.7	62.4
1995	3.7	26.2	65.5
1996	19.8	21.0	69.9
1997	6.2	22.8	70.5
1998	0.7	23.7	74.6
1999	0.7	16.3	73.5
2000	0.5	20.3	69.4
2001	0.5	26.1	68.8

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

Flue-Cured Tobacco

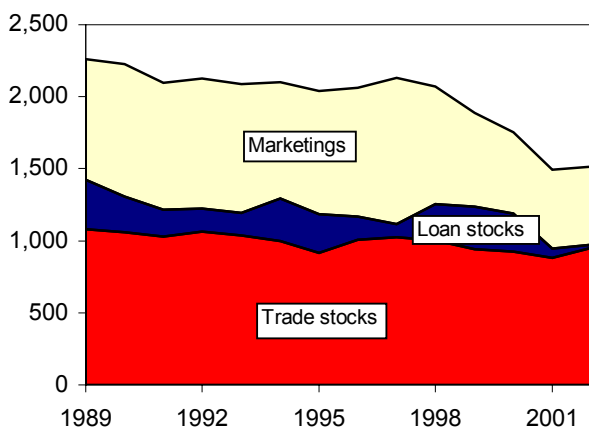
Marketing of flue-cured tobacco for the 2002 season began July 8, 2002, as growers began delivering leaf to contract centers in both the northern and southern areas (except Georgia and Florida). Auctions began in the Southern region on July 30. At about 105 million pounds, carryover tobacco dominated early markets and was a factor through the seventh week in some areas. Both volume and price are below last season's level.

Through September 13th (49 days of sales, 26 days of auction sales), total flue-cured sales for the season reached 339.0 million pounds and returned \$181.42 per hundred pounds. At this point last season, sales reached 410.5 million pounds and averaged \$184.36 per hundred pounds. After 49 days of sales, season net (producer) sales totaled 336.9 million pounds. Of the crop estimate of 522.0 million pounds, 65 percent had been sold. Loan takings reached 17.3 million pounds or 5.12 percent of producer sales. Last year at this time, 10.4 million pounds or 2.57 percent of producer sales went under loan. Growers may market up to 103 percent of their effective quota without penalty.

Figure 4

Flue-cured tobacco: Supply, price, and use

Million lb



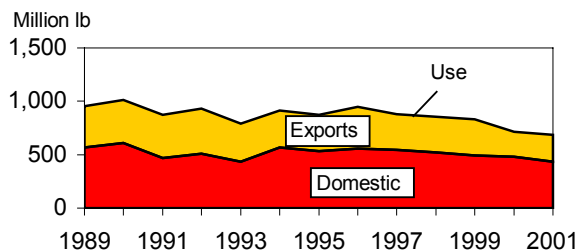
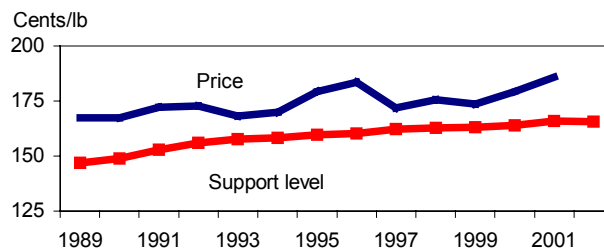
Trade stocks include those of manufacturers and dealers. Crop year beginning July 1. 2001 and 2002 are preliminary.
Source: Agricultural Marketing Service, USDA.

Quota Buyout Proposals

In late September a House of Representatives Agriculture sub-committee held hearings on the future of the tobacco program and proposals for a buyout of tobacco quota. Currently five pieces of legislation have been introduced pertaining to a quota buyout. The five bills differ in details but propose a payment of \$8.00 per pound to quota owners. Two of the bills pay the grower \$4.00 plus an additional \$2.00 per pound if they stop growing tobacco. Three simply pay growers \$4.00 per pound with no restrictions. Three of the proposals replace the tobacco program with a system of permits or licenses which restrict tobacco production and keep production in traditional areas. Two of the proposals end the program but attempt to limit tobacco production to traditional areas.

To receive price support in 2002, flue-cured tobacco growers must:

- Certify pesticide use and absence of nesting.
- Designate one or more warehouses within 100 miles of their county seat where they plan to sell their crop.
- Contribute to a no-net-cost account that totals 2.5 cents for the producer and 2.5 cents for the purchaser for each pound of 2002-crop flue-cured tobacco that is marketed.



Under quota legislation, growers receive price support on marketings up to 103 percent of their farm poundage quotas. However, marketings above the poundage quota are deducted from the following year's quotas. For marketings above 103 percent, growers must pay a penalty of \$1.39 a pound (75 percent of the average market price for the preceding year).

Based on the September 1 USDA estimate, 2002 flue-cured production will total about 522.0 million pounds. Flue-cured acreage increased by 10,700 acres to 248,800 acres. Lower yields due to drought caused the 57.1-million-pound shortfall. Growers carried over 104.6 million pounds of the 2001 crop, compared with 50 million pounds the previous season. The effective quota is about 570 million pounds, so carryover into 2003 will be lower than recent years. Marketings are expected to be close to the effective quota. Since 1988, lease and transfer of flue-cured quotas have applied for disaster conditions only.

Disappearance Up Slightly in 2001

Disappearance of flue-cured tobacco in the 2001 marketing year (July 2001-June 2002) advanced 6 percent compared with the previous year. Beginning stocks on July 1, 2001, were 1,036 million pounds, and marketings during the year were 544.4 million pounds. Disappearance of 665 million pounds left ending stocks down 12 percent lower at 916 million pounds.

Supplies for 2002 Likely Lower

With estimated marketings of 540 million pounds and beginning stocks on July 1, 2002, of 915.9 million pounds, supplies of domestic flue-cured leaf are expected to slide about 8 percent compared with supplies at the beginning of the previous marketing year. At 1,438 million pounds, 2002 supplies are estimated lower than any time since the late 1930s. Supply in 2001 was 1,581 million pounds.

Burley Tobacco

Producer marketings in the 2001 crop year (October 2001 through September 2002) totaled 343.7 million pounds, compared with 315.4 million pounds during the 2000-01 crop year. For the first time, contract sales exceeded auction sales. Contract sales amounted to 224.8 million pounds compared with 87.5 million pounds in 2000. Contract sales, held at 32 contract centers in 22 markets returned \$199.00 per hundred pounds. Last years contract price averaged \$198.41 per hundred pounds. Auction prices in 2001 were lower, averaging \$194.64 per hundred pounds, down from 2000's record \$195.47. Loan takings in 2001 totaled 12.4 million pounds, or 11 percent of net sales.

Supplies in 2002-03 Expected to Slip

Lower production combined with lower expected beginning stocks in October 2002 are expected to result in supplies of 900 million pounds, 13 percent below the previous season's 1,034 million pounds. Stocks are expected to be 600 million pounds

compared with 691 million in 2001 and marketings should be close to 300 million pounds.

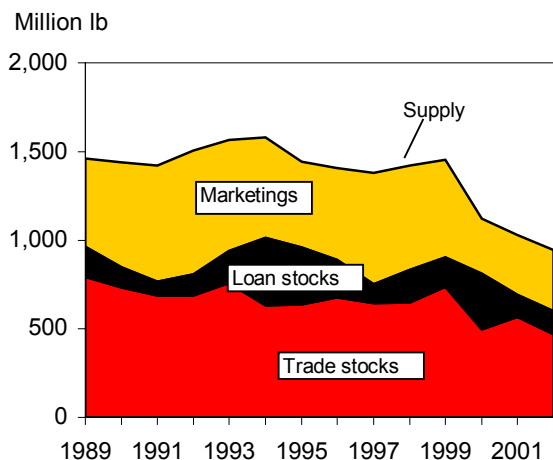
Burley tobacco use in 2001-02 will likely be nearly the same as the previous season. Disappearance for the season is projected at 434 million pounds.

As of September 1, burley production in 2002 is estimated at 304.9 million pounds compared with actual production of 334.1 million pounds last season. Marketings this year could reach 300 million pounds, including carryover tobacco, resulting in estimated supplies of 900 million pounds, 13 percent below 2001.

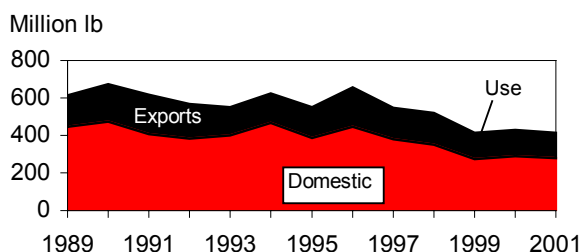
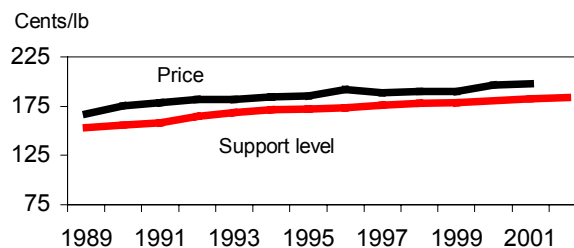
Available tobacco in 2002 (including on-farm carryover) are expected to be about 350 million pounds. The effective quota is only 344 million pounds, so marketings are limited to about 354 million pounds. However, burley is usually undermarketed by about 15-20 percent so actual marketings are expected to be about 300 million pounds.

Figure 5

Burley tobacco: Supply, price, and use



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



Southern Maryland Tobacco

The buyout of Maryland tobacco producers continued in 2001 and the effects were seen as production dropped nearly 30 percent to 2.4 million pounds. Production in Maryland as of September 1 is estimated at 2.4 million pounds. Last season, production was 3.3 million pounds.

Maryland leaf grown in Pennsylvania recovered in 2002, gaining about 350 thousand pounds to end at 2.4 million pounds. Some growers switched from Pennsylvania filler tobacco and others may have switched from growing low-nicotine tobacco. Beginning stocks of Maryland leaf on January 1,

2002, were 7.5 million pounds, 4 million pounds below the previous season. Production of 4.8 million pounds brings estimated 2002 supply to 12.3 million pounds. Ending stocks (January 1, 2003) are likely to be down considerably from the previous year because of reduced production.

October-June disappearance of Maryland leaf was half the same period last year. Estimated disappearance for the 2001 marketing year (October 2001-September 2002) is expected to be close to 7.7 million pounds.

Table 23--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 2/	Total --- Million pounds ---	Total	Domestic	Exports	
1992	13.5	1,390	18.8	9.4	28.2	21.5	13.9	7.6	147.0
1993	12.7	1,526	18.3	7.5	26.9	17.3	11.8	5.5	143.0
1994	12.1	1,634	19.8	8.4	28.2	17.7	12.7	5.0	148.1
1995	12.0	1,518	18.2	11.1	29.6	16.1	8.1	6.6	157.3
1996	11.4	1,451	16.5	15.0	11.2	13.0	6.6	6.4	185.6
1997	11.2	1,629	18.2	18.7	36.9	15.1	8.6	6.5	157.6
1998	9.8	1,568	15.4	20.6	37.9	18.9	12.6	6.2	129.1
1999	9.5	1,511	14.4	16.0	30.4	18.3	14.1	4.2	134.5
2000	8.4	1,595	13.4	13.4	26.8	17.4	13.0	4.4	138.7
2001	3.3	1,620	5.3	11.1	16.5	7.8	9.0	2.0	155.4
2002 3/	3.0	1,595	4.8	7.5	12.3				

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

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

Fire-Cured Tobacco

Fire-cured tobacco is mainly used in making snuff, plug chewing tobacco, and twist chewing tobacco. About half the crop is usually exported. Production of fire-cured leaf in 2001-02 was 45.3 million pounds, 6.4 million pounds below the previous season. In 2002-03, the September 1 production forecast is 32.1 million pounds, 13.2 million pounds below 2001-02. Kentucky-Tennessee fire-cured leaf production as of September 1, is estimated at 30.9 million pounds compared with 43.1 million pounds in 2001. Production of Virginia fire-cured tobacco is estimated at 1.2 million pounds compared with 2.2 million pounds in 2001.

Exports Gain

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

However, shipments of Kentucky-Tennessee fire-cured shipments were 40 percent lower during the first 9 months of the 2001 crop year (October 2001-June 2002) than the previous year. Total exports are expected to reach 15 million pounds compared with 26 million pounds last season.

Total fire-cured disappearance for the first 9 months of the 2001-02 marketing year totaled 29.9 million pounds compared with 32.6 million pounds last year. For the entire marketing year, disappearance is expected to exceed 40 million pounds, but remain lower than 2000.

Table 24--Fire-cured tobacco, Kentucky-Tennessee, types 22-23, and Virginia fire-cured, type 21: Acreage, yield, production, carryover, supply, disappearance, season average-price, and price support operations, 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		Under loan	Total	
				--- Million pounds ---				
Kentucky-Tennessee fire-cured, types 22-23								
1992	14.3	2,400	34.2	57.4	4.2	61.6	95.8	
1993	15.5	2,527	39.0	61.1	2.9	64.0	103.0	
1994	16.7	2,564	45.9	69.1	0.8	69.7	115.6	
1995	15.8	2,386	37.7	79.5	1.0	80.5	118.2	
1996	15.5	2,745	42.5	79.3	0.9	80.2	122.7	
1997	15.4	2,625	40.3	83.2	0.1	83.3	123.6	
1998	15.3	2,444	37.5	84.6	0.2	84.8	122.3	
1999	15.0	2,365	35.4	86.7	0.0	86.7	122.1	
2000	16.2	3,023	49.1	87.8	0.0	87.8	136.9	
2001	13.4	3,178	42.6	89.8	4.0	93.8	136.4	
2002 2/	10.3	3,001	30.9	85.6	10.0	95.5	126.4	
Virginia fire-cured, type 21								
1992	1.7	1,510	2.6	3.6	0.9	4.5	7.1	
1993	1.2	1,560	1.9	3.6	0.8	4.4	6.3	
1994	1.4	1,780	2.4	2.4	0.8	3.2	5.6	
1995	1.1	1,400	1.5	2.6	0.9	3.5	5.3	
1996	1.1	1,580	1.7	3.4	0.1	3.5	5.2	
1997	1.2	1,640	2.0	2.3	0.1	2.4	4.4	
1998	1.5	1,560	2.3	2.4	0.0	2.4	4.7	
1999	1.6	1,670	2.7	2.6	0.0	2.7	5.3	
2000	1.3	1,700	2.5	3.0	0.4	3.4	6.0	
2001	1.2	1,805	2.2	3.9	0.3	4.2	6.4	
2002 2/	0.7	1,700	1.2	0.7	0.3	4.8	6.0	
		Disappearance		Price per pound	Support level	Placed under loan		
		Total	Domestic	Exports		Quantity	% of crop	
		--- Million pounds ---			--- Cents ---	1,000 pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23								
1992	34.4	19.0	15.4	213.4	136.7	32	0.1	
1993	31.8	16.4	15.4	217.3	142.1	58	0.1	
1994	33.4	17.0	15.5	219.4	146.4	1,117	0.1	
1995	35.1	20.4	13.9	217.2	148.3	238	2.7	
1996	37.9	23.8	14.1	224.5	151.8	71	4.9	
1997	39.4	22.7	16.7	225.6	155.7	368	0.9	
1998	38.9	21.2	17.7	222.5	162.3	218	0.6	
1999	34.3	13.4	21.0	229.8	168.1	28	0.1	
2000	43.1	17.8	25.3	216.3	171.6	4,850	9.9	
2001	35.7 3/	20.2 3/	15.4 3/	217.2	173.6	6,904	16.2	
2002 2/					176.7			
Virginia fire-cured, type 21								
1992	2.7	1.8	0.9	161.5	136.7	382	14.7	
1993	3.1	0.7	2.3	171.9	139.5	12	0.6	
1994	2.1	0.7	1.4	161.2	140.7	534	22.3	
1995	1.9	0.8	0.8	162.5	143.0	75	5.0	
1996	2.8	0.3	2.5	179	145.5	27	1.6	
1997	2.0	1.4	0.6	212.5	149.8	0	0.0	
1998	2.0	1.5	0.6	193.6	153.6	153	6.5	
1999	1.9	0.9	1.0	181.9	155.9	407	15.2	
2000	1.8	0.8	1.0	163.7	155.9	607	23.8	
2001	1.6 3/	0.6 3/	1.0 3/	175.8	157.2	495	22.9	
2002 2/					160.3			

* = Negligible.

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

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

Dark Air-Cured

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

Production Slips in 2002

Lower acreage and depressed yields will result in reduced air-cured production in 2002. The September 1 forecast of 9.5 million pounds is nearly 5 million pounds below 2001. Acreage is projected at 3,960

acres, compared with 5,070 acres last season, and yields are 2,389 pounds per acre, down from 2,782 pounds. Supplies at the beginning of 2002 (October 1, 2002) are expected to be 48.0 million pounds, compared with 49.0 million pounds in 2001.

2001 Disappearance Steady

Air-cured disappearance for the first 9 months of the marketing year (October 2001-June 2002) slipped 25 percent to 5.5 million pounds compared with 7.7 million pounds last season. Based on past years' marketing patterns, total disappearance during the crop year is expected to be near last year's level.

Table 25--Dark air-cured tobacco, types 35-36, and sun-cured tobacco, type 37: Acreage, yield, production, carryover, supply, disappearance, season-average price, and price support operations, 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		Under loan	Total		
				--- 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	2,065	8.5	26.6	0.7	27.3	35.8		
1996	3.8	2,262	8.6	25.1	0.3	25.4	34.0		
1997	3.6	2,258	8.2	23.8	0.0	23.8	32.0		
1998	4.3	2,229	9.7	22.5	0.0	22.5	32.1		
1999	5.0	2,328	11.6	24.0	0.0	24.0	35.7		
2000	5.5	2,901	15.9	26.6	0.0	26.6	42.5		
2001	5.0	2,807	13.9	32.2	0.5	32.7	46.6		
2002 2/	3.9	2,403	9.4	35.2	3.1	37.5	46.9		
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	*	*	*	0.2		
1997	0.1	1,490	0.1	*	*	*	0.1		
1998	0.1	1,220	0.1	0.0	*	0.0	0.2		
1999	0.1	1,550	0.2	0.1	*	0.1	0.2		
2000	0.1	1,650	0.2	0.1	*	0.1	0.3		
2001	0.1	1,540	0.2	0.2	*	0.2	0.3		
2002 2/	0.1	1,500	0.1	0.1	*	0.1	0.2		
		Disappearance		Avg. price		Avg. support		Placed under loan	
		Total	Domestic	per pound		level		Quantity	% of crop
		--- Million pounds ---		--- Cents ---				1,000 pounds	Percent
Dark air-cured, types 35-36									
1992	9.7	8.4	1.3	169.7	121.7	481	4.7		
1993	10.6	8.5	2.1	171.5	125.5	710	6.4		
1994	9.1	7.4	1.8	168.5	127.3	619	5.3		
1995	10.3	9.1	1.3	176.2	130.4	110	1.3		
1996	10.1	10.1	0.0	191.1	133.9	20	0.2		
1997	9.6	9.6	0.0	201.7	139.8	14	0.2		
1998	8.1	8.1	0.0	195.5	145.0	73	0.8		
1999	9.0	7.7	1.3	203.9	148.1	48	0.4		
2000	9.8 3/	8.8 3/	1.0 3/	197.1	148.1	810	5.1		
2001	9.1 3/	8.1 3/	1.0 3/	205.0	149.9	2,431	17.4		
2002					152.6				
Sun-cured, type 37									
1992	0.3	0.2	0.1	138.0	120.8	19	19.0		
1993	0.2	0.1	0.1	152.1	123.3	0	0.0		
1994	0.1	*	0.1	147.6	124.5	27	21.8		
1995	0.1	*	0.1	155.5	126.5	0	0.0		
1996	0.1	*	0.1	178.2	128.8	0	0.0		
1997	0.1	0.0	0.1	190.8	132.6	0	0.0		
1998	0.1	0.1	0.0	170.9	136.0	9	7.1		
1999	0.1	0.1	0.1	159.0	138.0	22	13.9		
2000	0.1 3/	0.0 3/	0.1 3/	197.1	138.0	4	2.4		
2001	0.2 3/	0.2 3/	0.1 3/	180.0	139.2	38	24.7		
2002					142.9				

* = Negligible.

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

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

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

Cigar Leaf Production Rebounds in 2001

Cigar leaf production continues to recover but is still nearly 10 million pounds below its recent peak of 22.5 million pounds in 1997. September 1 crop estimates indicate cigar leaf production in 2002 is expected to be 13.7 million pounds, nearly the same as in 2001. Acreage increased is slightly higher for 2002, but yields are expected to slide, losing 43 pounds per acre from last season. Shadegrown wrapper acreage fell 300 acres to 1,000 acres. Binder acreage continued increasing, reaching 4,100 acres from 2001's 3,710 acres. All types of binder advanced. Connecticut Valley binder gained 160 acres to reach an estimated 2,300 acres. Wisconsin binder surged from 1,570 acres to 1,800 this season with slightly lower yields. Pennsylvania Seedleaf acreage recovered 100 acres, bringing it to 2,100 acres.

Filler Disappearance Plummetts in 2001

During the first 9 months of the marketing year (October 2000-June 2001) disappearance of filler

tobacco reached 2.4 million pounds, about the same as last year's total disappearance. Year-end disappearance is expected to rebound to over 6 million pounds. Lower beginning stocks and production will again reduce supplies of cigar filler in 2002.

Binder Disappearance Slips in 2001

During the first 9 months of the 2001 season, disappearance of binder leaf recovered over 2 million pounds to reach 7.6 million pounds for the 9-month period. Year-end disappearance may reach 10 million pounds. Stocks were drawn down but consumption of products that contain binder declined. Disappearance of binder tobacco for the 2001 season is expected to rebound to nearly 10 million pounds. Connecticut Binder usually accounts for about a third of total binder disappearance.

Wrapper Supplies Recover

Higher production in 2001 and a boost in beginning stocks helped wrapper supplies recover slightly, although still far below 1999 levels. Based on year-to-date disappearance, use in 2001 should end at nearly 2 million pounds.

Table 26a--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	24.5	36.6	13.7	13.7	*	95.0
1994	5.4	2,100	11.3	24.0	35.3	14.9	14.9	*	100.0
1995	4.5	2,050	9.2	20.5	29.7	11.8	11.8	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999 2/	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	*	7/
2001	2.0	2,060	4.1	12.1	16.2	6.2	6.2	*	165.0
2002	2.1	1,950	4.1	10.0					
Puerto Rico filler (type 46)									
1991	*	**	*	2.6	2.6	0.5	0.5	*	**
1992	*	**	*	2.1	2.1	0.9	0.9	*	**
1993	*	**	*	1.2	1.2	1.1	1.1	*	**
1994	*	**	*	0.1	0.1	0.1	0.1	*	**
1995 5/	*	**	*	*	*	*	*	*	**
Total cigar filler (types 41-46)									
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	14.1	12.7	*	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	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	2.5	2.5	*	--
2001	2.0	2,060	4.1	12.1	16.2	6.2	6.2	*	165.0
2002	2.1	1,950	4.1						
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	2.9	0.4	628.0
1997	2.0	1,783	3.6	1.2	4.8	2.8	2.2	0.6	741.4
1998	2.4	1,539	3.6	2.1	5.7	2.2	1.4	0.8	549.9
1999	2.5	1,668	4.2	3.5	7.7	4.9	4.6	0.3	473.7
2000	0.9	1,189	1.1	2.8	3.8	1.5	1.2	0.3	491.6
2001	2.1	1,786	3.8	2.3	6.1	3.8	3.4	0.4	558.9
2002	2.3	1,830	4.2	2.4	6.6				
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	2,375	4.5	4/	--	--	--	--	145.0
1996	1.9	1,900	3.6	4/	--	--	--	--	148.0
1997	1.8	2,330	4.2	4/	--	--	--	--	150.0
1998	1.5	2,180	3.3	4/	--	--	--	--	150.0
1999	0.9	2,530	2.3	4/	--	--	--	--	149.0
2000	0.7	2,500	1.8	4/	--	--	--	--	155.0
2001	1.3	2,435	3.0	4/	--	--	--	--	165.0
2002	1.4	2,350	3.3						

See footnotes at end of table.

Continued--

Table 26b--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season-average prices, 1992-2002
(farm-sales weight)--continued

Crop year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. price per pound to growers Cents
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
Northern Wisconsin binder (type 55)									
1992	3.2	1,685	4.5	4/	--	--	--	--	141.0
1993	1.8	1,450	2.0	4/	--	--	--	--	139.0
1994	1.0	1,085	1.7	4/	--	--	--	--	145.0
1995	0.9	1,985	1.7	4/	--	--	--	--	145.0
1996	1.0	1,600	1.6	4/	--	--	--	--	150.0
1997	0.8	1,995	1.5	4/	--	--	--	--	152.0
1998	0.6	1,745	1.0	4/	--	--	--	--	149.0
1999	0.3	1,952	0.6	4/	--	--	--	--	149.0
2000	0.2	1,865	0.4	4/	--	--	--	--	155.0
2001	0.3	1,805	0.6	4/	--	--	--	--	165.0
2002	0.4	1,850	0.7						
Total Wisconsin binder (types 54-55)									
1992	7.2	2,081	12.9	28.5	41.4	10.6	10.8	*	148.7
1993	4.6	1,819	6.6	30.8	37.5	9.5	9.5	*	143.2
1994	2.9	1,444	5.9	27.9	33.8	9.3	9.3	0.0	145.0
1995	2.8	2,254	6.2	24.6	30.8	9.0	9.0	0.0	145.0
1996	2.9	1,799	5.2	21.7	26.9	9.1	8.9	0.2	148.6
1997	2.6	2,231	5.7	17.8	23.5	7.3	6.9	0.4	150.5
1998	2.1	2,063	4.2	16.2	20.4	6.1	5.0	1.1	149.0
1999	1.2	2,388	2.8	14.3	17.1	4.4	3.4	1.0	149.0
2000	1.0	2,348	2.3	12.7	14.9	5.2	4.2	1.0	155.0
2001	1.6	2,307	3.6	9.7	13.3	13.3	11.3	2.0	165.0
2002	1.8	2,239	4.0						
Total Cigar binder (types 51-55)									
1992	8.0	1,796	14.4	30.1	44.7	12.0	12.0	*	162.1
1993	5.5	1,520	8.3	32.7	41.0	11.4	11.4	*	175.1
1994	3.8	2,017	7.7	29.6	37.3	11.4	11.3	*	181.1
1995	4.0	2,165	8.7	25.9	34.6	11.3	11.3	*	213.8
1996	4.5	1,792	8.1	23.3	31.4	12.4	11.8	0.6	321.4
1997	4.6	2,032	9.3	19.0	28.2	10.1	9.1	1.0	375.5
1998	4.4	1,783	7.9	18.3	26.1	8.3	6.4	1.9	334.7
1999	3.7	1,899	7.0	17.8	24.8	9.3	8.1	1.3	342.7
2000	1.9	1,787	3.3	15.4	18.8	6.7	5.4	1.3	263.3
2001	3.7	2,006	7.4	12.0	19.5	17.1	14.7	2.4	367.3
2002	4.1	2,009	8.2						
Connecticut Valley shade-grown (type 61)									
1992	1.0	1,537	1.5	1.2	2.8	1.2	0.2	1.0	1,700.0
1993	1.1	1,484	1.6	1.5	3.1	1.1	0.2	1.0	1,700.0
1994	1.2	1,460	1.7	1.9	3.6	1.6	0.2	1.3	1,780.0
1995	1.3	1,582	2.0	2.1	4.1	1.8	0.4	1.4	3/
1996	1.4	1,473	2.1	2.3	4.4	2.4	0.2	2.0	3/
1997	1.7	1,431	2.4	2.0	4.4	2.3	0.2	2.1	2,520.0
1998	1.7	1,413	2.4	2.0	4.5	3.2	0.5	2.7	2,420.0
1999	1.9	1,951	3.6	1.3	4.9	4.1	1.1	3.0	3/
2000	1.3	1,472	1.8	0.8	2.6	1.5	0.2	1.3	2,530.0
2001	1.3	1,605	2.1	1.1	3.2	1.6	0.4	1.2	3/
2002	0.1	1,375	1.4	1.6					
Grand total cigar tobacco (types 41-61)									
1992	16.0	2,005	29.9	58.0	88.2	27.2	26.2	1.0	217.6
1993	12.4	1,876	22.1	60.9	83.0	27.3	26.4	0.9	239.8
1994	10.4	1,787	20.6	55.6	76.3	28.0	26.4	1.6	265.7
1995	9.8	2,037	19.9	48.5	68.4	24.9	23.1	1.8	178.3 4/
1996	10.7	1,905	20.4	43.5	63.1	28.9	24.7	4.2	231.7 4/
1997	11.2	2,015	22.5	34.1	55.5	23.4	20.3	3.1	266.9
1998	10.6	1,857	19.7	33.3	52.7	22.3	17.6	4.6	222.9
1999	8.7	1,892	16.5	30.4	47.0	21.2	16.9	4.3	245.1 4/
2000	5.5	1,852	10.2	25.8	36.0	10.7	8.0	2.6	1,070.8
2001	7.0	1,947	13.7	25.3	39.0	24.9	21.3	3.6	295.2 8/
2002	7.2	1,904	13.7						

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

3/ No price information for type 61.

4/ Does not include type 61. 5/ Subsequent years negligible. 6/ Ohio, Miami Valley filler (types 42-44) no longer included

as there is no production and stocks are negligible. 7/ No price information for type 41. 8/ Types 41 and 61 not included in average price.

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

Table 27--Cigarettes: Estimated world output and exports, specified countries, annual 1993-2002 1/

Country	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	% change 2001-02
	Billions										Percent
Production:											
China	1,675.0	1,710.0	1,735.0	1,700.3	1,683.6	1,642.5	1,670.0	1,698.5	1,701.0	1,709.5	1
United States	661.0	725.6	746.5	758.0	719.6	679.7	606.6	594.6	580.0	580.0	0
United Kingdom	116.8	114.9	156.0	170.3	170.2	163.5	155.0	155.0	155.0	126.0	-19
Germany	207.7	221.1	221.0	193.3	182.0	181.9	204.8	206.8	207.2	218.4	5
France	47.9	48.2	46.4	46.4	45.0	43.3	42.4	38.2	37.0	37.0	0
Italy	54.9	55.1	50.2	51.5	51.9	50.7	45.1	44.2	43.5	45.8	5
Other EU	250.3	283.9	286.6	296.2	310.3	315.6	447.3	415.3	422.4	427.2	1
Total European Union 2/	677.6	723.2	760.2	757.7	759.4	755.0	858.1	800.6	798.0	788.9	-1
USSR 3/	280.6	271.8	333.5	356.2	390.5	394.0	423.5	377.0	382.0	375.0	-2
Japan	289.3	268.9	262.8	271.0	254.6	267.1	263.2	258.0	237.2	241.1	2
Brazil	149.1	163.9	173.7	182.3	182.8	170.0	111.4	104.9	109.4	107.9	-1
Other	1,566.6	1,613.6	1,567.3	1,655.4	1,660.1	1,698.0	1,605.3	1,775.3	1,818.1	1,814.8	0
Total	5,299.2	5,477.0	5,579.0	5,680.9	5,650.6	5,606.3	5,538.1	5,608.9	5,625.7	5,617.2	0
Exports:											
United States	195.5	220.2	231.1	243.9	217.0	201.3	151.4	148.2	133.9	145.0	8
Bulgaria	22.6	40.1	60.9	40.1	25.7	15.4	20.0	8.7	7.6	7.6	0
United Kingdom	48.5	310.4	84.8	136.7	108.1	125.5	115.4	111.0	100.6	102.0	1
Switzerland	17.8	24.1	26.6	27.1	23.3	23.4	23.4	23.4	23.4	23.4	0
Germany	71.0	83.5	85.0	81.6	69.7	69.4	85.2	90.6	105.8	135.9	28
Netherlands	73.1	79.9	82.2	116.0	118.0	103.7	105.1	101.5	105.8	110.0	4
Belgium-Luxembourg	3.2	11.3	11.6	14.9	14.1	14.0	14.0	14.0	14.0	8.2	-41
Hong Kong	77.9	82.3	74.3	79.6	45.9	35.2	25.3	28.1	27.8	29.2	5
Singapore	53.8	54.4	50.2	59.3	70.1	53.3	58.7	58.7	58.7	58.7	0
Other	216.7	249.6	275.3	295.1	290.6	293.1	350.7	262.2	266.5	254.4	-5
Total	780.1	1,155.8	982.0	1,094.3	982.5	934.3	949.2	846.4	844.1	874.4	4

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

3/ Former Soviet Union. Includes Papyrosa.

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

Table 28--Estimated leaf used for cigarettes by kinds of tobacco, 1960-64 thru 1980-84, and 1985-2001

Calendar year	Farm-sales weight				Unstemmed-processing weight				
	Flue-cured	Burley	Maryland	Total domestic	Flue-cured	Burley	Maryland	Imported	Total
	Million pounds								
1960-64	742	455	16	1,213	661	404	16	123	1,204
1965-69	666	477	21	1,164	594	426	21	150	1,191
1970-74	623	459	19	1,101	556	410	19	186	1,171
1975-79	594	464	21	1,079	529	414	21	268	1,232
1980-84	480	424	25	930	428	379	25	374	1,207
1985	455	374	28	862	406	334	28	396	1,164
1986	426	365	26	817	380	326	26	418	1,150
1987	446	368	24	838	398	329	24	435	1,186
1988	474	406	24	904	423	363	24	392	1,202
1989	481	362	22	865	430	324	22	368	1,144
1990	532	397	21	950	475	354	21	378	1,228
1991	484	408	16	908	432	364	16	422	1,234
1992	463	348	16	827	413	310	16	520	1,259
1993	416	331	13	760	371	296	13	549	1,229
1994	434	353	12	799	391	317	12	447	1,218
1995	475	368	12	855	427	331	12	467	1,237
1996	464	314	12	790	418	282	12	556	1,268
1997	452	317	13	783	407	286	12	515	1,219
1998	403	268	7	677	362	241	6	477	1,087
1999	344	223	6	572	309	200	5	487	1,002
2000 1/	348	177	6	530	313	159	5	497	974
2001 1/	381	205	2	588	343	185	2	490	1,019
	Pounds								
1960-64	1.396	0.854	0.030	2.280	1.242	0.761	0.030	0.231	2.264
1965-69	1.174	0.840	0.037	2.051	1.048	0.751	0.036	0.264	2.098
1970-74	1.026	0.755	0.031	1.812	0.916	0.674	0.031	0.305	1.926
1975-79	0.871	0.680	0.031	1.582	0.777	0.607	0.030	0.392	1.806
1980-84	0.689	0.609	0.036	1.334	0.615	0.544	0.036	0.539	1.734
1985	0.684	0.562	0.042	1.288	0.610	0.502	0.042	0.595	1.750
1986	0.647	0.555	0.040	1.242	0.578	0.495	0.040	0.635	1.748
1987	0.647	0.534	0.035	1.216	0.578	0.477	0.035	0.631	1.720
1988	0.683	0.585	0.035	1.303	0.608	0.522	0.035	0.564	1.729
1989	0.710	0.535	0.032	1.272	0.635	0.478	0.032	0.543	1.689
1990	0.750	0.559	0.030	1.339	0.670	0.499	0.030	0.533	1.732
1991	0.697	0.587	0.023	1.306	0.622	0.522	0.023	0.608	1.777
1992	0.641	0.484	0.022	1.147	0.575	0.431	0.022	0.723	1.751
1993	0.629	0.501	0.020	1.150	0.561	0.448	0.020	0.831	1.859
1994	0.670	0.502	0.017	1.188	0.598	0.448	0.017	0.616	1.679
1995	0.636	0.493	0.016	1.145	0.572	0.444	0.016	0.626	1.658
1996	0.615	0.416	0.016	1.047	0.554	0.374	0.016	0.737	1.681
1997	0.628	0.441	0.018	1.087	0.566	0.397	0.016	0.715	1.694
1998	0.583	0.389	0.010	0.982	0.525	0.350	0.009	0.691	1.575
1999	0.567	0.367	0.010	0.944	0.510	0.330	0.009	0.804	1.653
2000 1/	0.584	0.297	0.010	0.892	0.526	0.268	0.009	0.835	1.638
2001 1/	0.657	0.354	0.003	1.014	0.591	0.319	0.003	0.844	1.757
	Percent distribution								
	Percent								
1960-64	61.2	37.5	1.3	100.0	54.9	33.6	1.3	10.2	100.0
1965-69	57.2	41.0	1.8	100.0	49.9	35.8	1.8	12.6	100.0
1970-74	56.6	41.7	1.7	100.0	47.6	35.0	1.6	15.8	100.0
1975-79	55.0	43.0	2.0	100.0	43.0	33.6	1.7	21.7	100.0
1980-84	52.0	46.0	3.0	100.0	35.0	31.0	2.0	31.0	100.0
1985	52.8	44.0	3.2	100.0	34.8	28.9	2.4	33.9	100.0
1986	52.1	44.7	3.2	100.0	33.0	28.3	2.3	36.4	100.0
1987	53.2	43.9	2.9	100.0	33.6	27.7	2.0	36.7	100.0
1988	52.4	44.9	2.7	100.0	35.2	30.2	2.0	32.6	100.0
1989	55.8	41.7	2.5	100.0	37.7	28.2	1.9	32.2	100.0
1990	56.0	41.7	2.2	100.0	38.7	28.8	1.7	30.8	100.0
1991	53.3	44.9	1.8	100.0	35.0	29.4	1.4	34.2	100.0
1992	55.9	42.2	1.9	100.0	32.8	24.6	1.2	41.3	100.0
1993	54.7	43.6	1.7	100.0	30.2	24.1	1.0	44.7	100.0
1994	56.4	42.2	1.4	100.0	35.6	26.7	1.0	36.7	100.0
1995	55.5	43.1	1.4	100.0	34.5	26.8	1.0	37.7	100.0
1996	58.8	39.7	1.5	100.0	32.9	22.3	0.9	43.9	100.0
1997	57.8	40.5	1.7	100.0	33.4	23.4	1.0	42.2	100.0
1998	59.4	39.6	1.0	100.0	33.3	22.2	0.6	43.9	100.0
1999	60.0	38.9	1.1	100.0	30.9	20.0	0.5	48.6	100.0
2000 1/	65.5	33.3	1.1	100.0	32.1	16.3	0.6	51.0	100.0
2001 1/	64.8	34.9	0.3	100.0	33.7	18.1	0.2	48.0	100.0

1/ Subject to revision.

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

Table 29--Expenditures for tobacco products and disposable personal income, 1992-2001 1/

Year	Total	Cigarettes	Cigars 2/	Other 3/	Disposable personal income	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars 2/	Other 3/
		--- Million dollars ---			Billion dollars	--- Percent ---			
1992	48,470	45,790	715	1,965	4,500	1.08	1.02	0.02	0.04
1993	48,955	46,150	730	2,075	4,789	1.02	0.96	0.02	0.04
1994	47,297	44,544	766	1,987	5,022	0.94	0.89	0.02	0.04
1995	48,692	45,793	846	2,053	5,356	0.91	0.86	0.02	0.04
1996	50,223	47,233	872	2,118	5,535	0.91	0.85	0.02	0.04
1997	52,569	49,437	915	2,217	5,795	0.91	0.85	0.02	0.04
1998	56,024	51,987	1,607	2,430	6,320	0.89	0.82	0.03	0.04
1999 4/	70,641	66,286	1,788	2,567	6,627	1.07	1.00	0.03	0.04
2000 5/	77,747	72,945	1,969	2,833	7,120	1.09	1.02	0.03	0.04
2001 5/	82,768	77,845	1,977	2,946	7,393	1.12	1.05	0.03	0.04

1/ Expenditures exclude sales tax. 2/ Includes small cigars (cigarette-size). 3/ Smoking tobacco, chewing tobacco, and snuff. 4/ Subject to revision. 5/ Estimated.

Compiled from reports of Department of Commerce, Bureau of Economic Analysis.

Table 30--Governmental revenues from tobacco products, 1991/92-2001/02 1/

Year	Excise taxes			Total excise taxes	State sales tax
	Federal	State	Local		
	Million dollars				
1991/92	5,110	6,132	194	11,436	1,996
1992/93	5,602	6,272	188	12,062	2,042
1993/94	5,714	6,778	185	12,623	2,005
1994/95	5,833	7,250	182	13,342	1,995
1995/96	5,795	7,608	181	13,584	1,998
1996/97	5,864	7,676	177	13,717	2,000
1997/98	5,673	7,975	196	13,844	1,977
1998/99	5,299	8,328	190	13,817	2,388
1999/2000	6,352	8,197	187	14,736	2,416
2000/01	3,377	8,411	190	11,978	2,364
2001/02 2/	NA	8,548	200	NA	3,444

NA = Not available. 1/ July-June. 2/ July-March.

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

Table 31--Cash receipts from farm marketings and tobacco, 1992-2001

Period	Cash receipts				Tobacco as a percentage of:	
	Livestock and products	All crops	Total farm 3/	Tobacco	All crops	Total cash receipts
	--- Million dollars ---				--- Percent ---	
1992	85,596	85,662	171,346	2,962	3.46	1.73
1993	90,036	87,102	177,617	2,949	3.39	1.66
1994	88,107	91,562	180,775	2,645	2.89	1.46
1995	87,004	100,700	187,704	2,548	2.53	1.36
1996	93,005	106,575	199,579	2,796	2.62	1.40
1997	96,463	111,134	207,596	2,874	2.59	1.38
1998	94,112	102,463	196,575	2,803	2.74	1.43
1999	95,611	91,870	187,481	2,273	2.47	1.21
2000 1/	99,559	94,136	193,695	1,764	1.87	0.91
2001 2/	106,431	96,418	202,849	1,899	1.97	0.94

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

Source: Economic Research Service, USDA.

Table 32--Tobacco: U.S. Department of Agriculture price support loan and program operations and other expenditures, 1997-2001

Item	1997	1998	1999	2000	2001 1/
	Million dollars				
New loans made	162	619	277	679	115
Repayments	287	212	147	373	263
Other receipts and outlays	-	-	1	-	63
Marketing assessments	32	30	16	1	-
Tobacco quota payments to States				328	471 7/
Net additions	(93)	436	113	634	260
Loans outstanding:					
Value	252	688	801	833	355
Quantity (mil. lb)	239	450	441	517	173
Net CCC losses or gains 2/	(32)	(30)	17	328	386
Crop insurance, total 3/	64	120	86	59	19
Disaster payments	-	-	-	3	- 8/
Administration of quota program	15	16	13	14	18
Inspection, grading 4/	0	0	0	0	0
Market news	1	1	1	1	1
Research and extension: 5/					
Production and marketing	2	-	-	-	-
Health related	-	-	-	-	-
Economics and statistics 6/	1	11/	11/	11/	1
Foreign market development	-	-	-	-	-
Total direct outlays 9/	83	138	101	74	38

* = Negligible.

1/ Subject to revision. 2/ From price support program. 3/ Indemnities less producer-paid premiums plus administrative expenses for delivery of crop insurance by companies. 4/ User fees cover most costs of inspection and grading.

5/ Includes Agricultural Research Service (no tobacco funding after 1995), Cooperative State Research Service,

and Extension Service. 6/ Includes Economic Research Service, National Agricultural Statistics Service, and Foreign Agricultural Service

economic and statistical analyses. 7/ New program activities authorized by P.L. 106-78, and Appendix E. Title 1, P.L. 106-133 "Emergency Supplemental

Appropriations. 8/ Tobacco warehouse payments (included in Crop Disaster Payments). 11/ Less than \$500,000. 9/ Total direct outlays

(excluding the Commodity Credit Corporation).

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, annual issues, CCC Estimates, FSA Financial

Management Division, and records of Office of Budget, Planning, and Evaluation.

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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

The 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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