

Tobacco Outlook

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Tobacco Acreage in 2003 To Decline 3 Percent

On March 1, 2003, tobacco growers indicated intentions to harvest 417,510 acres, nearly 13,000 acres below last year's actual acreage. Lower flue-cured and burley quotas are behind most of the decline. Last season, March 1 intentions were 429,410 acres and 430,280 acres were actually harvested.

U.S. leaf production in 2002-03 is estimated at 889.6 million pounds, about 102 million pounds below 2001. Production was the lowest since 1908. Yields in 2002 were 2,068 pounds per acre, down due to drought and extreme heat. Yields reached 2,293 pounds per acre in 2001.

Burley sales ended March 13th. Gross marketings reached 303.7 million pounds. Gross auction sales combined with contract sales averaged \$197.5 per hundredweight (cwt), the highest on record. Producer sales (net auction, contract, and "farmgate" sales) were 299.8 million pounds, compared with 343.7 million pounds last season.

Contract centers began receiving burley tobacco on November 18, 2002, and were open 51 days before closing on February 21, 2003. Seventy-four percent of producer sales were sold using contracts. Contract sales totaled 219.5 million pounds valued at \$435.7 million. The season-average price was \$198.5 per cwt compared with \$199.0 last season. Last season, contract volume accounted for 224.5 million pounds and in 2000, contract sales were 87.5 million pounds.

Burley auction markets opened November 18, 2002, and closed March 13, 2003, after 44 days of sales. Gross volume of 82.8 million pounds was the smallest on record. Sales totaled \$161.4 million. The average price was the highest on record at \$197.5 cents per pound. The Burley Cooperatives took 31.9 percent, or 24.3 million pounds, of net auction sales under loan, compared with 12.4 million pounds in 2001. Net (producer) sales at auction were 78.3 million pounds, compared with 113.4 million pounds last season.

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On February 1, the United States Department of Agriculture announced 2003 quotas, no-net-cost assessments, and price support for burley tobacco. The national marketing quota for the 2003 crop is 287.8 million and is based on the following: (1) cigarette manufacturers' purchase intentions of 184.9 million pounds, unmanufactured exports (3-yr. average) of 137.9 million pounds, and a reserve stock adjustment of -35 million pounds. The Secretary of Agriculture made no discretionary adjustment this year. For each farm, the 2003 basic quota will decline approximately 11.1 percent from 2002. The effective quota is expected to be about 320.2 million pounds, 19 million pounds less than 2002.

The tobacco balance of trade--the value of manufactured and unmanufactured exports less imports (arrivals)--continued its sharp decline. The 2002 balance of trade fell to \$1.7 billion, the lowest level since 1977, and \$4.2 billion below the peak in 1995 of \$5.9 billion. High-valued cigarette exports boosted the balance of trade during the mid-1990s. Cigarette exports have since declined, and the trade balance has been further exacerbated by the decline in leaf exports and the surge in leaf imports that have occurred in the late 1990s.

After a slight upward bump in calendar 2001, unmanufactured tobacco exports fell 18 percent in 2002. At 338.0 million pounds (153,314 metric tons), exports were the lowest since the mid-1970s. U.S. shipments accounted for about 8 percent of total world exports. The United States was the second largest exporter, following Brazil, which accounted for 21 percent of world exports and shipped 987.0 million pounds. Ranked by volume, Zimbabwe, China, India, and Malawi were major exporters in 2002.

On a farm-sales-weight basis, total calendar 2002 exports were 476.9 million pounds compared with 578.7 million pounds a year earlier.

Imports (consumption, duty paid) continued to advance in 2002, gaining 12 percent to reach 578.1 million pounds. This is the highest level since 1997's 676.5 million pounds. Oriental leaf slipped 10 percent to reach 125.4 million pounds. Shipments from Turkey declined due to a poor crop there. Stemmed flue-cured leaf imports advanced 17 percent to reach 120.5 million pounds. Burley import volume rose slightly. Cigar leaf imports slipped 3 million pounds to 85.0 million pounds. Imports of stems rebounded after a slight decline last year, ending at 121.6 million pounds, just over 50 percent compared with 2001.

Consumers in the United States smoked an estimated 420 billion cigarettes in 2002, about 1.2 percent less than the previous year. Year-end taxable removals are estimated at 400 billion pieces. Continued increases in taxes and restrictions on where people can smoke were the main factors behind the decline.

Cigarette exports in 2002 slipped slightly to 127 billion cigarettes from 134 billion cigarettes the previous year. Japan, at 78 billion cigarettes, was overwhelmingly the largest destination for U.S. cigarettes. Saudi Arabia received 12 billion cigarettes followed by Israel with 5 billion. The European Union (EU), at 4 billion pieces is no longer a major importer of U.S. cigarettes. The total value of cigarettes shipped was \$1.5 billion. Unit value was \$11 per 1,000 cigarettes, compared with \$16 the previous year.

Cigarette Consumption Continues Slide in 2002

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Per capita consumption in 2002 was 1,979 pieces, 2.3 percent below 2001 (based on the entire over-18 population category) compared with 2,026 pieces per person the previous year. Per capita consumption has been slipping for over two decades. For the over 16-years-and-older population, per capita consumption in 2001 fell to 1,906 pieces per person from 1,951 pieces in 2000. These estimates are based on revised population statistics from the Bureau of the Census.

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Generic (discount) cigarettes' share of sales slipped to 25.3 percent in 2002, compared with 26.5 percent of total U.S. sales during calendar 2001. Promotions and rebates for premium cigarettes have continued to take market share from generic cigarettes.

Small manufacturers continue to make inroads in cigarette sales, reaching between 5 to 10 percent of total sales. Combined with imports, they have garnered an unprecedented slice of the market from the big five manufacturers. Small manufacturers have taken advantage of the post-Master Settlement Agreement market to expand rapidly with low-priced brands.

The Federal excise tax for cigarettes increased 5 cents per pack to 39 cents per pack on January 1, 2002.

Fiscal year 2001 (October 2000-September 2001) Federal cigarette excise tax collections are estimated

at \$7.4 billion compared with \$7.2 billion the previous year. Collections are likely to increase further in fiscal 2002 because of the higher Federal excise tax. Federal cigarette excise tax collections during calendar 2000 were \$7.3 billion.

State tax collections in 2001 increased by \$97 million to \$8.4 billion. Higher taxes offset lower consumption. State excise taxes were collected on 411.7 billion cigarettes. State sales tax collections reached \$2.9 billion. Nineteen States have cigarette excise taxes of 50 cents or greater and five have taxes of \$1.00 per pack or greater. On April 3, 2002, the New York State cigarette tax increased by 39 cents per pack, bringing the total New York State excise tax to \$1.50 per pack, the highest in the Nation. New York City smokers pay an additional \$1.50 per pack city excise tax. Connecticut also increased its tax on April 3rd, by 39 cents, making its total tax 89 cents per pack. The average State cigarette excise tax in 2001, weighted by consumption, is 41.4 cents per pack. Vermont, Kansas, and Hawaii are set to increase cigarette excise taxes on July 1, 2003.

Manufacturers Increase Wholesale Cigarette Prices

The last wholesale premium cigarette price increase was 12 cents per pack on April 1, 2002. The wholesale price of premium cigarettes is now \$118.7 per 1,000, excluding tax. The Federal tax is \$19.50 per 1,000 cigarettes. Some changes in promotions and rebates have occurred during 2002 and early 2003.

Cigarette Type Survey Results

Filter-tipped cigarettes became popular in the 1950s and in 1960 first outweighed non-filter cigarettes in popularity. Since the mid 1980s, non-filter tips have accounted for less than 5 percent of U.S. production. The annual Economic Research Service (ERS) survey of manufacturers indicated that filter-tip production comprised 99 percent of total output in 2002. In 2001, filter-tips made up 98.9 percent of total production. The proportion of 80-85 mm cigarettes increased from 61.4 percent last year to 62.0 percent. The 100 millimeter filter-tip category made up about 35.9 percent of 2002 output, compared with 36.0 percent last year.

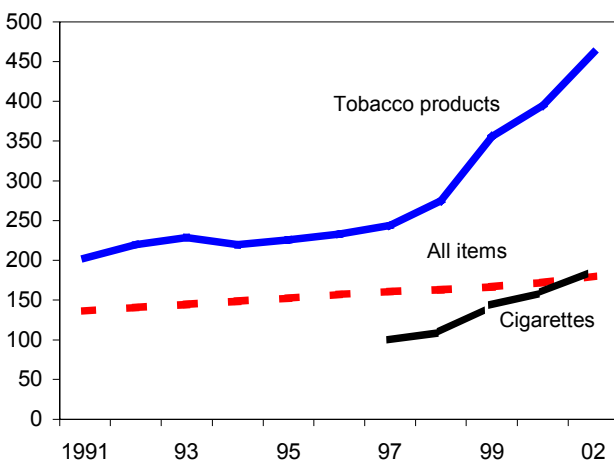
Cigar Output Surges

According to data just released by the Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau (formerly Bureau of Alcohol, Tobacco, and Firearms), U.S. cigar production in 2001 reached 3,743 million cigars, compared with 2,825 million in 2000. Higher cigar exports accounted for some of the gain. Production in 2002 is expected to decline slightly. Taxable removals in 2001 were 3,564 million cigars, 24 percent above 2000. Cigar consumption in 2001 was 4.1 billion cigars, 6 percent above 2000's 3,850 million cigars. Calendar year 2001 exports of cigars advanced slightly to 124 million cigars. Exports during 2002 nearly doubled to 236 million cigars. Lebanon imported 127 million cigars, accounting for nearly all the gain. Other major destinations in 2002 were Canada with 31 million pieces, Turkey with 10 million, and the Netherlands with 7 million. During 2002, cigar imports (consumption) reached 413 million compared with 544 million in 2001. The Dominican Republic accounted for two-thirds of 2002 import volume. Honduras was the next major source of cigars. Small cigar output in 2001 was 2,739 million cigars, compared with 2,469 million in 2000. Although data are not available for 2002, small cigar output is expected to continue rising. For 2001, taxable removals of small cigars was 2,516 million cigars, 300 million above 2000's 2,469 million pieces. For 2002, a similar increase is expected.

Figure 1

Consumer Price Index and tobacco products

% of 1982-84



Source: Bureau of Labor Statistics.

Smoking Tobacco

Smoking tobacco output increased 21 percent in 2002, reaching 15.5 million pounds. Smoking tobacco consists of pipe tobacco, used in pipes, and cut smoking tobacco, used in roll-your-own cigarettes. Pipe tobacco declined lightly in 2002 but was offset by cut smoking tobacco's 36 percent gain. Taxable removals for pipe tobacco fell 2 percent in 2002, but cut smoking tobacco increased 12 percent for an overall gain of 7 percent for total smoking tobacco in 2002.

Chewing Tobacco

Chewing tobacco continued its descent as output fell 5 percent in 2002, reaching 44.5 million pounds. Taxable removals declined 8 percent ending at 49.7 million pounds. All categories declined. Recent tax increases have made chewing tobacco a less attractive alternative to cigarettes.

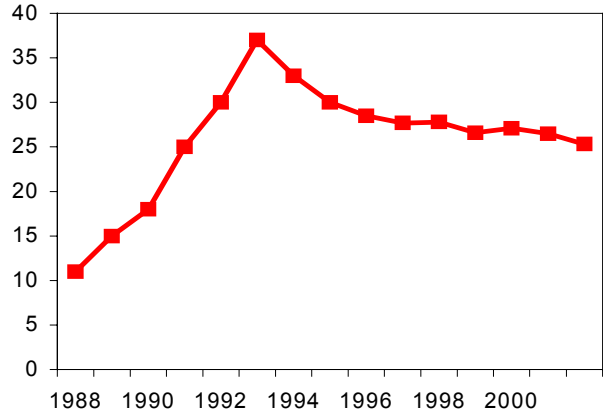
Snuff

Once again snuff output gained, making it one of the few upward trends in the industry. Output gained 3 percent due to higher moist snuff production. Dry snuff continued to decline. Snuff output reached 72.7 million pounds compared with 70.9 million in 2001. Taxable removals of snuff in 2001 reached 71.7 million pounds, 2 million pounds higher than the previous year. Snuff continues to provide a substitute tobacco product in areas with restricted smoking.

Figure 2

Discount cigarette share of U.S. cigarette consumption

Percent



Source: Economic Research Service, USDA.

Table 1--Cigarettes: U.S. output, removals, and consumption, 1990-2002

Year	Removals								Total U.S. consumption 3/	
	Output	Tax-exempt						Adjustment 2/		
		Taxable	Total	Exports	Miscellaneous		Imports			
					Shipments 1/	Billions				
1990	709.7	523.2	178.8	164.3	14.5	1.4	14.1	525		
1991	694.5	497.1	193.7	179.2	14.5	4/	4.7	5/	2.5	510
1992	718.5	509.4	213.0	205.6	7.4	4/	6.6	18.1	500	
1993	661.0	463.4	202.0	195.5	6.5	4/	11.5	5/	12.4	485
1994	725.5	488.6	231.6	220.2	11.4		3.5	17.5	486	
1995	746.5	490.3	250.9	231.1	19.8		3.0	26.1	487	
1996	754.5	486.0	261.0	243.9	17.1		2.8	18.9	487	
1997	719.6	471.4	232.0	217.0	15.0		3.2	9.6	480	
1998	679.7	457.9	212.5	201.3	11.2		4.3	8.4	465	
1999	606.6	429.8	165.5	151.4	14.1		8.7	17.6	435	
2000	594.6	423.3	153.7	148.3	5.4		11.3	10.0	430	
2001	562.4	411.7	144.7	133.9	10.8		14.7	12.2	425	
2002 6/	565.0	400.0	135.0	127.2	7.8		20.9	8.7	420	

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

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

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1992-2002

Year	Per capita 16 years and over Number	Per capita 18 years and over				Per male 18 years and over			
		Cigarettes 1/ Number	Snuff 2/ Pounds	All tobacco products	Large cigars & cigarillos		Smoking tobacco 2/		Chewing tobacco 2/ Pounds
					Number	Pounds	Number	Pounds	
1992	2,555	2,647	4.6	0.29	5.30	24.50	0.40	0.18	0.75
1993	2,453	2,543	4.7	0.30	5.39	23.40	0.38	0.17	0.70
1994	2,435	2,524	4.2	0.32	4.90	25.27	0.41	0.16	0.67
1995	2,415	2,505	4.2	0.31	4.67	27.49	0.45	0.13	0.67
1996	2,391	2,482	4.2	0.31	4.70	32.66	0.54	0.12	0.64
1997	2,331	2,423	4.1	0.31	4.55	36.90	0.53	0.12	0.64
1998	2,233	2,320	3.9	0.32	4.49	37.80	0.53	0.12	0.64
1999	2,067	2,136	3.6	0.32	4.19	39.00	0.53	0.12	0.64
2000	1,980	2,056	3.4	0.22	4.14	38.12	0.30	0.13	0.48
2001 3/	1,951	2,026	3.3	0.23	4.11	40.52	0.32	0.15	0.46
2002 3/	1,906	1,979	3.5	0.23	4.21	37.18	0.29	0.15	0.42

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

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

Table 3--Cigarettes: Output of filter tip and nonfilter tip by length, 2000-2002 1/

Item	2000		2001		2002 2/	
	Output Billions	Percent of total Percent	Output Billions	Percent of total Percent	Output Billions	Percent of total Percent
Filter tip:						
80 mm long and 85 mm king	346.3	61.3	345.3	61.4	350.3	62.0
100 mm extra long	202.8	35.9	202.4	36.0	202.8	35.9
120 mm	8.5	1.5	8.6	1.5	6.3	1.1
Total	557.7	98.7	556.3	98.9	559.3	99.0
Nonfilter tip:						
70 mm regular	3.4	0.6	3.4	0.6	5.8	0.5
85 mm king	4.0	0.7	2.7	0.5	2.9	0.5
Total	7.3	1.3	6.1	1.1	5.7	1.0
Grand total	594.6	100.0	562.4	100.0	565.0	100.0

1/ Cigarettes having other lengths were included in the most nearly comparable group. 2/ Estimated.

Source: Economic Research Service, USDA.

Table 4--Wholesale premium brand cigarette price revisions, 1990-2003 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.

Source: News reports and miscellaneous sources.

Table 5--Tobacco products: Output and domestic invoices by category, 1992-2002

Period	Chewing tobacco					Snuff dry	Snuff moist	Smoking tobacco in bulk (exports)	Small cigars 2/
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/				
Million pounds									
Manufactured									
1992	4.0	1.9	1.2	61.6	68.7	6.6	50.9	59.1	1,310
1993	3.8	1.5	1.1	58.0	64.4	5.9	53.2	62.5	1,280
1994	3.3	1.3	1.1	56.8	62.5	5.6	53.9	77.0	1,410
1995	2.9	1.2	1.1	57.7	62.9	5.6	54.6	91.8	1,430
1996	2.9	1.0	1.1	56.0	61.1	4.0	57.5	110.4	1,502
1997	2.5	0.8	1.0	52.5	56.8	4.4	57.7	118.2	1,476
1998	2.4	0.7	1.0	49.2	53.3	4.3	61.2	142.5	1,710
1999	2.2	0.6	0.7	47.2	50.9	3.7	63.3	151.0	2,316
2000	2.0	0.5	0.8	46.0	49.4	3.6	65.9	136.1	2,640
2001	1.9	0.5	0.8	43.9	47.0	3.3	67.6	118.2	2,739
2002 4/	1.8	0.4	0.8	41.5	44.5	3.1	69.6	144.0	2,950
Invoiced to domestic customers 3/									
1992	3.9	1.7	1.2	60.9	67.7	6.1	49.4	**	1,302
1993	3.6	1.4	1.1	57.7	63.8	5.6	51.2	**	1,271
1994	3.1	1.2	1.1	56.4	61.8	5.4	53.2	**	1,377
1995	3.0	1.1	1.1	57.0	62.2	5.3	54.1	**	1,397
1996	2.8	1.0	1.1	55.1	60.0	4.6	56.8	**	1,504
1997	2.5	0.8	1.0	52.5	56.8	4.4	57.7	**	1,587
1998	2.3	0.7	1.0	48.6	52.5	4.1	59.9	**	1,638
1999	2.1	0.6	0.9	46.9	50.5	3.9	61.6	**	2,042
2000	2.0	0.5	0.9	45.1	48.5	3.8	64.8	**	2,237
2001	1.8	0.4	0.8	43.5	46.6	3.4	69.3	**	2,516
2002 4/	1.7	0.3	0.8	40.2	43.0	68.6	71.7	**	2,750

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

Source: Agricultural Marketing Service, USDA.

Table 6--Cigars and smoking tobacco: U.S. output, removals, and consumption, 1991-2002

Year	Total output	Taxable removals	Tax-exempt removals	Imports	Exports	Total U.S. consumption 1/
Million						
Large cigars and cigarillos:						
1991	1,740	2,134	73	109	70	2,246
1992	1,741	2,106	78	111	76	2,219
1993	1,795	2,010	68	127	67	2,138
1994	1,942	2,188	78	146	75	2,337
1995	2,058	2,367	82	195	78	2,566
1996	2,413	2,720	98	320	67	3,071
1997	2,324	2,966	110	576	86	3,542
1998	2,751	3,185	122	507	93	3,692
1999	2,905	3,330	148	496	84	3,826
2000	2,825	3,370	114	480	113	3,850
2001 3/	2,743	3,564	120	539	124	4,103
2002 3/	2,800	3,700	97	414	236	4,114
Million pounds						
Smoking tobacco:						
1991	15.7	14.7	0.5	1.6 4/	1.4 5/	15.4
1992	14.9	14.1	0.6	1.6 4/	1.2 5/	15.1
1993	13.7	13.3	0.4	1.8 4/	0.4 5/	15.1
1994	13.5	12.6	0.5	1.9 4/	0.5 5/	14.5
1995	12.2	11.8	0.4	1.9	0.4	13.8
1996	12.0	11.3	0.4	1.9	0.7	13.0
1997	11.4	10.8	0.5	1.5	0.8	12.0
1998	12.5	12.0	0.5	1.4	0.6	13.4
1999	14.7	13.4	0.5	1.6	0.5	15.1
2000	13.6	13.1	0.5	1.4	0.5	14.5
2001 3/	15.5	15.9	0.5	1.9	11.0	7.3
2002 3/	12.0	14.0	0.6	2.1	7.4	9.3

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

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

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

Table 7--Tobacco demand factors, 1992-2002

Year	Population July 1 1/	Disposable personal income, per capita 2/		Consumer price indexes 3/		
		Current prices	1996 prices	All items	Tobacco products	Cigarettes
1992	189.3	17,636	19,919	140.3	219.8	--
1993	191.1	18,706	20,318	144.5	228.4	--
1994	192.9	19,381	20,709	148.2	220.0	--
1995	194.0	20,349	21,056	152.4	225.7	--
1996	196.1 5/	21,117	21,385	156.9	232.8	--
1997	198.2 5/	21,969	21,838	160.5	243.7	100.0
1998	200.4 5/	23,359	22,672	163.0	274.8	109.8
1999	202.5	23,749	22,678	166.6	355.8	143.8
2000	209.1	25,237	23,501	172.2	394.9	159.9
2001	209.8	25,957	23,692	177.1	425.2	172.5
2002 4/	212.2	27,645	24,706	179.9	461.5	187.7

-- = Not available.

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

Source: Bureau of the Census, USDL.

Table 8--U.S. cigarette exports to leading destinations, 2000-2002

	2000	2001	2002 1/
	Billions		
Japan	77.1	75.4	77.9
Saudi Arabia	10.6	11.3	11.7
Israel	4.4	4.6	4.6
Lebanon	4.2	5.7	3.7
European Union	12.1	4.8	3.6
Belgium	6.7	2.7	2.7
Germany	5.1	0.3	0.6
Netherlands	0.2	1.9	0.9
South Korea	4.7	6.2	3.6
United Arab Emirates	1.6	2.3	3.4
Hong Kong	3.2	2.8	2.9
Singapore	3.4	2.5	2.5
Taiwan	2.0	2.1	1.9
Kuwait	1.8	2.0	1.8
Russia	2.2	2.3	1.3
Turkey	1.2	0.2	1.3
Iran	--	--	1.1
Cyprus	7.1	4.5	0.6
Azerbaijan	1.8	--	0.3
Panama	0.3	0.6	0.2
Mexico	0.3	0.3	0.2
Paraguay	0.8	0.6	0.1
Other countries	9.5	5.7	4.5
Total	148.3	133.9	127.2

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

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

Table 9--U.S. tobacco exports and imports: Unmanufactured and manufactured, 1991-2002

Year	Exports			Imports 1/			Net exports (value)		
	Unmanufactured		Manu- factured	Unmanufactured		Manu- factured	Unmanu- factured	Manu- factured	Total
	Quantity 2/ Million pounds	Value --Million dollars--		Quantity 2/ Million pounds	Value --Million dollars--				
1991	499.3	1,426.9	4,568.9	590.0	991.3	219.4	435.6	4,349.5	4,785.1
1992	574.4	1,649.9	4,507.4	716.6	948.9	358.6	701.0	4,148.8	4,849.8
1993	458.0	1,305.5	4,250.8	792.6	943.4	605.1	362.1	3,645.7	4,007.8
1994	433.9	1,302.1	5,363.4	582.3	692.7	161.9	609.4	5,201.5	5,810.9
1995	461.8	1,399.3	5,218.0	439.2	555.7	183.7	843.6	5,034.3	5,877.9
1996	489.9	1,389.4	5,234.9	719.7	1,052.5	279.4	336.9	4,955.5	5,292.3
1997	488.3	1,553.3	4,953.5	676.5	1,128.8	497.0	424.5	4,456.5	4,881.0
1998	467.2	1,458.8	4,824.7	551.2	779.7	483.2	679.1	4,341.5	5,020.6
1999	417.5	1,294.4	3,876.4	537.1	763.8	449.9	530.6	3,426.5	3,957.2
2000	402.4	1,221.8	4,010.5	439.7	578.8	548.4	643.0	3,462.1	4,105.1
2001	410.7	1,268.8	2,725.6	563.1	715.1	522.4	553.7	2,203.2	2,756.9
2002	338.0	1,049.6	1,940.9	585.4	706.6	601.1	343.0	1,339.8	1,682.9

1/ Arrivals. 2/ Declared weight.

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

U.S. Balance of Trade Continues Slide To Below \$2 Billion

The tobacco balance of trade--the value of manufactured and unmanufactured exports less imports (arrivals)--continued its sharp decline. The 2002 balance of trade fell to \$1.7 billion, the lowest level since 1977, and \$4.2 billion below the peak in 1995 of \$5.9 billion. High-valued cigarette exports boosted the balance of trade during the mid-1990s. Cigarette exports have since declined, and the trade balance has been further exacerbated by the decline in leaf exports and the surge in leaf imports that have occurred in the late 1990s.

Tobacco product export value (mostly cigarettes and smoking tobacco in bulk) peaked in 1996 and has been declining every year but one since. Leaf imports nearly doubled in 1996 and increased further in 1997, before dropping to the 700-800 million pound range where they remain. U.S. leaf exports have fallen because foreign producers have become more competitive. U.S. leaf is facing narrowing quality margins and increasing price margins. The U.S. tobacco program limits the flexibility of exporters to take advantage of short-term opportunities such as existed when Zimbabwean production slipped due to political unrest. On the other hand, Brazil rapidly boosted production and seized the vacuum left by Zimbabwean shortages. In 2002, cigarette exports fell 5 percent while value fell 31 percent, compared with 2001. Cigarette exports make up 75 percent of product export value. During 2002, the value of leaf exports slipped by 17 percent (nearly \$50 million) after gaining almost 4 percent in 2001. On the import side, tobacco product imports (arrivals) advanced 15 percent or nearly \$50 million as the value of cigarette and cigar (large and small) imports increased. Leaf import value slipped slightly, falling by \$9 million.

Leaf Tobacco Export Volume Slips

After a slight upward bump in 2001, calendar-year unmanufactured tobacco exports fell 18 percent in 2002. At 338.0 million pounds (153,314 metric tons), exports were the lowest since the mid-1970s. U.S. shipments accounted for about 8 percent of total world exports. The United States was the second largest exporter, following Brazil, which accounted for 21 percent of world exports and shipped 987.0

million pounds. Ranked by volume, Zimbabwe, China, India, and Malawi were also major exporters in 2002.

On a farm-sales-weight basis, total calendar 2002 exports were 476.9 million pounds compared with 578.7 million pounds a year earlier. All categories of shipments declined. Stems and "other leaf" fell by 24 percent and flue-cured slipped by 19 percent. Burley was relatively unscathed with a 5-percent drop. High prices for U.S. leaf continued to hamper export prospects. Brazil was able to move quickly to accommodate short supplies in 2001 and 2002.

Shipments to Japan were down slightly, by 4 percent in 2002. But shipments to the EU declined nearly 30 percent. Major European buyers, except Denmark, reduced takings. Japan accounted for 15 percent of U.S. leaf shipped overseas and the EU purchased 46 percent. Switzerland, Malaysia, Thailand, and Korea all purchased more than 10 million pounds of leaf. Eighty-three countries purchased leaf from the United States in 2002.

Imports for Consumption Up

Imports (consumption, duty paid) continued to advance in 2002, gaining 12 percent to reach 578.1 million pounds. This is the highest level since 1997's 676.5 million pounds. Oriental leaf slipped 10 percent to reach 125.4 million pounds. Shipments from Turkey declined due to a poor crop there. Stemmed flue-cured leaf imports advanced 17 percent to reach 120.5 million pounds. Burley import volume, as indicated by the general "Not Specifically Provided For" (NSPF) category which contains mostly burley leaf, rose slightly. Cigar leaf imports slipped 3 million pounds to 85.0 million pounds. Imports of stems rebounded after a slight decline last year, ending at 121.6 million pounds, just over 50 percent compared with 2001.

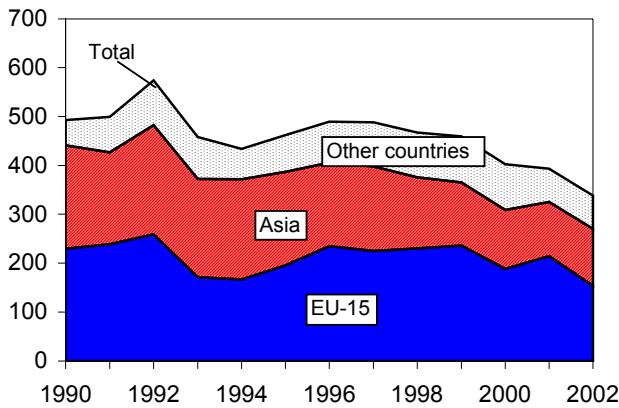
General Imports Advance 4 Percent to 585 Million Pounds

General imports (arrivals) advanced 4.0 percent during 2002, reaching 585.4 million pounds, compared with 561.7 million pounds in 2001. The 22-million-pound gain was much smaller than the 121-million-pound gain the previous year. Except for

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.

unstemmed leaf (including Oriental), and cigar leaf, all categories of imports advanced. Oriental leaf slipped 21 percent to 110.8 million pounds. Stemmed flue-cured imports reached 133.1 million pounds, a 17-percent gain and burley (NSPF), gained 17 percent about the same gain as last year.

Stem imports advanced 17 percent after surging 52 percent in 2001.

Foreign Leaf Stocks

U.S. stocks of imported cigarette leaf are at the second lowest level in a decade. January 1, 2003 imported cigarette leaf stocks are 745 million pounds, 56 million pounds below January 1, 2002. Oriental stocks are just over 200 million pounds, at historically low levels. Imported flue-cured stocks are about 267 million pounds, 5 percent below the beginning of 2002. Stocks of burley slipped 13 percent.

Tariff-Rate Quota Update

The tariff-rate quota (TRQ) for 2002-03 on cigarette tobacco leaf imports (excluding Oriental) was 32 percent filled as of April 1, 2003, at 48.6 million pounds. The tobacco TRQ year begins on September 13 and runs through September 12 the following year. The total quantity allowed under the TRQ is 332.2 million pounds. During the 2001-02 TRQ year, 73.6 percent of the quota, or 244.4 million pounds were imported under the quota.

Table 10--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1999-2002 (declared weight)

Type & country	1999	2000	2001	2002 1/	Pct. Change 2001-2002 Percent
Type					
Flue-cured	188.6	190.2	196.7	160.2	-18.6
Burley	106.9	83.0	91.0	86.2	-5.3
Maryland	4.9	3.2	2.7	2.4	-11.1
Fire-cured, Ky. and Tenn.	14.7	16.5	17.5	11.5	-34.3
Virginia fire & sun-cured	1.6	0.5	0.2	2/	-100.0
Blackfat	*	*	*	*	*
Cigar wrapper	5.5	4.1	3.3	2.2	-33.3
Cigar binder	0.7	0.3	0.3	0.2	-33.3
Stems and refuse	65.9	69.5	59.5	45.2	-24.0
Other leaf	28.8	35.1	39.6	30.1	-24.0
Total 2/	417.5	402.4	410.7	338.0	-17.7
Country of destination					
Austria	*	1.4	0.9	0.5	-46.6
Belgium-Luxembourg	18.3	23.2	49.7	29.4	-40.8
Denmark	14.9	15.7	12.2	13.6	11.8
Finland	2.0	0.2	0.3	0.1	-82.0
France	5.6	5.5	11.5	10.3	-10.4
Germany	71.9	86.1	94.8	59.5	-37.2
Greece	0.6	0.5	0.5	1.2	140.0
Ireland	*	*	*	1.0	*
Italy	15.1	15.8	6.2	8.6	38.7
Netherlands	64.5	19.7	21.6	10.3	-52.3
Portugal	1.3	4.2	4.3	5.9	37.2
Spain	15.5	9.5	7.9	6.3	-20.3
Sweden	3.9	3.5	3.6	1.2	-66.7
United Kingdom	9.0	7.3	1.6	6.0	272.9
Total EU-15 2/	222.6	192.6	215.1	153.8	-28.5
Japan	60.3	63.6	51.6	49.6	-3.9
Switzerland	16.1	9.5	14.4	27.3	89.6
Malaysia	11.7	14.2	18.9	15.1	-20.1
Thailand	6.8	7.3	7.7	12.6	63.6
Rep. of Korea	12.7	12.0	9.6	10.1	5.2
Dominican Republic	10.7	12.0	5.9	9.2	55.9
Taiwan	4.4	5.8	7.9	8.1	2.5
Russia	17.8	20.4	27.2	7.5	-72.4
Philippines	6.2	7.4	5.1	6.9	35.3
Australia	3.2	3.6	3.4	4.5	32.4
Nigeria	3.6	6.2	5.6	3.7	-33.9
Norway	1.8	2.0	3.3	2.0	-39.4
Egypt	0.8	1.2	0.9	1.8	100.0
Canada	0.7	0.5	0.3	1.5	400.0
New Zealand	0.5	0.7	0.1	0.5	400.0
Turkey	23.0	26.9	15.8	0.3	-98.1
Singapore	0.8	0.4	0.5	0.3	-40.0
Other countries	13.8	16.1	17.4	23.2	33.1
Total 3/	417.5	402.4	410.7	338.0	-17.7

* = Negligible.

1/ Preliminary. 2/ Less than 50,000 pounds. 3/ Details may not add to total due to rounding.

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

Table 11--U.S. smoking tobacco exports, (January-December), 1999-2002

Country	1999	2000	2001	2002
Million pounds				
Smoking tobacco in bulk:				
Taiwan	*	*	0.5	1.3
Czech Republic	6.7	5.1	5.9	4.4
Turkey	26.0	28.7	25.5	31.9
Belgium-Luxembourg	11.3	20.7	10.4	30.3
Japan	24.4	24.1	25.7	22.1
Spain	14.7	20.4	18.6	17.3
Austria	3.1	2.5	3.0	4.8
Finland	3.1	2.9	3.1	3.3
Senegal	1.9	1.6	0.5	1.3
Germany	1.1	1.2	0.9	0.6
Malaysia	1.4	1.1	0.4	0.3
Netherlands Antilles	0.2	1.3	0.5	0.2
Netherlands	13.1	10.1	5.5	0.1
Other countries	44.1	16.4	17.7	26.1
Total	151.1	136.1	118.2	144.0

* = Negligible.

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

Table 12--Flue-cured, burley, and Oriental tobacco production in specified countries, 1999-2002

Country	1999	2000	2001	2002 1/
Metric tons (farm-sales weight)				
Flue-cured:				
China	2,182	2,238	2,045	2,030
Brazil	440	438	410	515
Zimbabwe	192	237	na	na
India	172	187	56	155
Canada	65	65	65	na
Argentina	61	66	54	71
Pakistan	53	65	51	55
Japan	45	42	41	41
Indonesia	43	43	42	41
South Korea	43	46	37	35
Philippines	35	37	37	40
South Africa	27	26	26	24
Tanzania	25	25	na	na
Thailand	23	20	20	18
Mexico	12	11	7	4
Malawi	11	11	11	11
Taiwan	10	11	7	na
Total 2/	4,104	4,084	na	na
Burley:				
China	120	120	49	104
Malawi	109	109	na	na
Brazil	100	95	89	115
Italy	45	45	42	47
Argentina	22	36	35	47
South Korea	20	19	16	na
Mexico	26	14	20	14
Greece	14	14	14	na
Spain	13	13	29	29
Total 2/	938	845	na	na
Oriental:				
Greece	84	84	75	75
Turkey	243	242	199	154
Bulgaria	36	19	29	37
Total 2/	614	537	na	na

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

Compiled from reports of Foreign Agricultural Service, USDA.

Table 13--U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 1999-2002 (declared weight)

Item 2/	Imports for consumption					General Imports (arrivals)				
	1999	2000	2001	2002 1/	Change 2001-2002	1999	2000	2001	2002 1/	Change 2001-2002
	Million pounds				Percent	Million pounds				Percent
Cigarette tobacco										
Leaf (unstemmed):										
Oriental										
Turkey	76.6	64.5	92.8	81.6	-12.1	86.7	55.3	98.0	70.0	-28.6
Greece	12.3	16.7	12.1	13.8	14.0	19.4	8.4	11.2	13.8	23.2
Macedonia	9.4	4.3	6.7	10.2	52.2	11.4	4.0	6.2	9.1	46.8
Other countries	21.9	18.9	27.0	19.8	-26.7	20.3	17.9	24.3	17.9	-26.1
Total Oriental	120.2	104.4	138.6	125.4	-9.5	137.8	85.6	139.7	110.8	-20.7
Flue-cured										
Burley	7.4	5.0	8.0	7.1	-11.3	7.4	5.4	8.0	7.2	-8.9
Other (unstemmed)	0.7	4.6	6.6	4.0	-39.4	0.7	4.6	5.3	5.6	5.1
Subtotal	0.6	4.8	*	0.0	*	0.6	5.2	*	*	*
Leaf (stemmed):										
Flue-cured--										
Brazil	70.9	60.8	61.7	78.7	27.6	57.3	63.2	72.1	91.8	27.3
Argentina	13.7	9.7	8.6	12.0	39.5	19.4	6.7	8.5	11.2	31.8
Zimbabwe	16.3	4.4	7.6	11.9	56.6	17.7	1.4	6.0	8.3	38.3
Other countries	21.8	23.1	25.4	17.9	-29.7	21.5	21.6	27.2	21.8	-19.6
Total flue-cured	122.7	98.0	103.3	120.5	16.6	115.9	92.9	113.8	133.1	17.0
NSPF--										
Guatemala	4.8	6.7	3.3	9.9	200.0	4.8	6.7	4.6	8.4	82.6
Brazil	20.6	31.6	33.4	51.8	55.1	29.0	29.6	34.3	56.0	63.3
Chile	*	*	0.0	0.0	--	*	*	0.2	--	--
Argentina	7.2	10.4	10.9	13.1	20.2	14.6	10.5	13.9	17.2	23.7
Mexico	6.4	4.6	4.3	6.6	53.5	5.7	5.1	4.2	7.1	69.0
Italy	5.5	2.6	4.5	1.7	-62.2	4.3	2.7	4.1	2.3	-43.9
Zimbabwe	2.8	0.7	2.8	1.3	-53.6	2.0	1.1	2.1	2.2	4.8
Thailand	13.7	11.0	14.1	7.3	-48.2	12.6	13.9	15.2	8.7	-42.8
Malawi	24.3	35.1	28.5	31.8	11.6	33.2	35.1	37.7	35.0	-7.2
Other countries	11.7	6.4	10.7	9.3	-13.4	7.9	-0.8	6.5	6.6	1.6
Total NSPF	97.0	109.1	112.5	132.8	18.0	114.1	103.9	122.8	143.5	16.9
Subtotal	348.6	325.9	369.0	389.7	5.6	376.5	297.6	389.5	400.3	2.8
Manufactured or not manu- factured categories 3/										
Scrap:	6.0	4.6	3.2	5.2	62.5	5.6	6.3	2.6	3.9	47.6
Subtotal	0.0	0.0	0.0	0.0	--	0.0	0.0	0.0	0.0	--
Total cigarette tobacco	354.6	330.5	372.2	394.9	6.1	382.1	303.9	392.2	404.2	3.1
Cigar tobacco:										
Wrapper	6.5	2.5	3.0	3.1	4.0	6.5	2.5	3.0	3.1	5.7
Filler (stemmed and unstemmed):										
Dominican Republic	11.9	11.7	8.7	5.4	-37.9	11.9	11.7	8.7	5.4	-37.9
Indonesia	9.2	15.3	12.6	14.3	13.5	11.3	14.1	12.1	14.1	16.5
Brazil	1.9	1.2	1.9	1.1	-42.1	1.5	1.2	1.9	1.0	-47.4
Other countries	24.7	31.6	32.6	31.5	-3.4	27.0	33.3	38.8	34.3	-11.5
Total filler	47.7	59.8	55.8	52.3	-6.3	51.7	60.3	61.5	54.8	-10.9
Binder	0.9	0.9	0.4	0.9	120.3	0.9	0.9	0.4	0.9	98.4
Scrap:										
Dominican Republic	*	*	0.5	0.2	--	*	*	0.5	0.2	--
Other countries	0.9	2.7	1.7	1.7	0.0	0.9	2.7	1.7	1.7	0.0
Subtotal	0.9	2.7	2.2	1.7	-20.5	0.9	2.7	2.2	1.7	-19.4
Total cigar tobacco	56.0	65.9	61.4	58.0	-5.5	60.0	66.4	67.0	60.5	-9.7
Other stemmed and unstemmed										
Stems	4.3	4.9	3.5	3.3	-5.4	3.7	4.6	3.4	3.4	0.8
GRAND TOTAL	79.7	83.4	79.9	121.6	52.2	87.0	66.5	100.5	117.2	16.6
GRAND TOTAL	494.6	484.7	516.8	578.1	11.9	532.8	441.4	563.1	585.4	4.0

* = Negligible. -- = not available. 1/ Preliminary. 2/ Details may not add to total due to rounding. 3/ Includes tobacco, manufactured or not manufactured, except smoking tobacco in retail packages, flue-cured, and tobacco, manufactured or not manufactured, not specially provided for (other).

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

Table 14--Imported foreign-grown cigarette leaf stocks, by quarters, 1990-2003

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
Million pounds 1/								
	---Foreign-grown flue-cured---				---Foreign-grown oriental and aromatic---			
1990	181	170	188	202	325	348	339	296
1991	185	169	189	198	313	331	341	326
1992	194	191	231	269	396	405	401	356
1993	259	241	288	298	334	369	385	354
1994	277	276	296	287	350	330	349	352
1995	339	352	331	352	342	342	328	280
1996	364	391	391	406	308	428	332	306
1997	400	384	451	435	323	352	369	334
1998	434	406	416	395	335	356	352	340
1999	377	352	350	341	344	271	329	292
2000	352	302	300	303	295	271	261	242
2001	297	282	284	282	220	230	223	208
2002	281	261	265	282	204	216	2,139	199
2003	267				202			
	----Foreign-grown burley----				----Total imported cigarette leaf----			
1990	153	154	148	167	659	672	675	664
1991	166	159	180	228	664	660	710	752
1992	235	224	230	247	825	820	862	872
1993	259	285	296	319	866	895	969	972
1994	295	281	292	295	922	887	936	934
1995	323	326	298	305	1,003	1,019	957	937
1996	312	298	290	311	998	1,128	1,024	1,032
1997	310	221	325	374	1,043	966	1,156	1,154
1998	368	325	300	325	1,149	1,097	1,079	1,070
1999	315	297	280	286	1,046	988	970	930
2000	303	281	269	283	960	866	840	837
2001	284	270	238	269	791	790	753	766
2002	308	282	251	275	801	767	738	763
2003	268				745			

1/ Farm-sales weight.

Source: Agricultural Marketing Service, USDA.

Domestic Supplies Slip for 2002-03

Tobacco leaf production in 2002 is estimated at 889.6 million pounds. Marketings of flue-cured totaled 564.8 million pounds and burley reached 299.8 million pounds. Marketings of other types are estimated at about 70 million pounds. Adding beginning stocks of 1.7 billion pounds, results in total estimated supply of 2.6 billion pounds. Supply in 2002 is 2.7 billion pounds, or 7 percent more than the previous season.

Domestic leaf stocks at the beginning of the 2002 marketing year (July 1 for flue-cured and cigar wrapper, October 1 for all other types) were 8 percent lower than at the beginning of 2001. With grower intentions of 417,510 acres, a crop of about 889 million pounds is likely, given average weather conditions. At this level, leaf supplies in 2003 should be close to 2.5 million pounds.

All tobacco types except Maryland, Pennsylvania cigar filler, Connecticut cigar binder, shade grown cigar wrapper, and Perique are grown under quotas administered by the USDA.

U.S. Tobacco Industry To Buy 184.9 Million Pounds of Burley Tobacco in 2003

U.S. cigarette manufacturers plan to purchase 184.9 million pounds (farm-sales weight) of 2002-crop burley tobacco. The manufacturer's purchase intentions are used to calculate the quota for the 2003-04 burley tobacco crop. Last season, purchase intentions were 227.4 million pounds. The

Agricultural Adjustment Act of 1938 requires each major domestic cigarette manufacturer to purchase an amount equal to at least 90 percent of its stated purchase intentions to avoid the assessment of a penalty. This assessment is adjusted if marketings fall short of the effective quota.

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

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

Flue-Cured Tobacco

July-January disappearance of flue-cured tobacco declined 7 percent compared with the same period during the 2001 season. Disappearance for the first half of the 2002 marketing year is 371.1 million pounds, compared with 2001's 398.4 million pounds. Year-end disappearance is likely to be slightly more than 600 million pounds. Declining cigarette production and diminished exports have contributed to lower disappearance. Domestic disappearance slipped 8 percent and exports declined 28 percent.

During the first 7 months of the marketing season, (July 2002-January 2003) flue-cured exports slipped 25 percent compared with the same period last season. Drought reduced the availability and quality

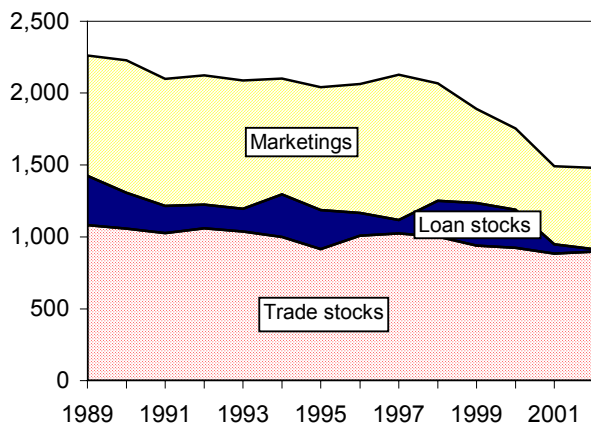
of leaf. Germany and Japan, the top buyers, both reduced purchases substantially, but Switzerland increased its imports. Germany made its first substantial purchases from Brazil. Many countries that purchase smaller quantities reduced imports. During the 7-month period, flue-cured exports totaled 107.5 million pounds compared with 143.5 million pounds the same time last season. Total flue-cured exports for the previous season (July 2001--June 2002) were 190.2 million pounds.

March 1st harvest intentions for flue-cured tobacco are 2 percent below last year's actual acreage. Given typical weather conditions, the 241,000 acres to be harvested should result in a crop of about 546 million pounds, 20 million pounds above last season.

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.

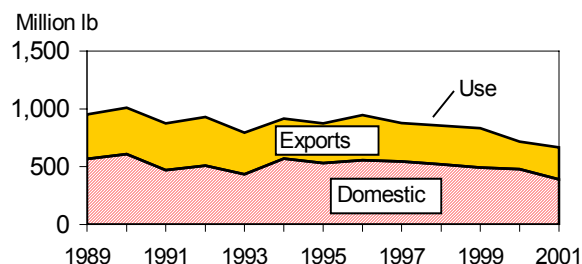
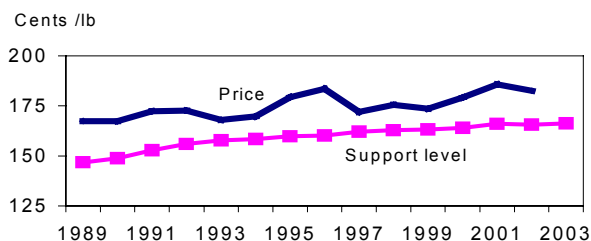


Table 15--Flue-cured and burley tobacco: Marketing quota and marketings, 1980-2003

Year	Quota		Marketings			Effective	
	Basic	Effective	Actual	Over-quota	Under-quota	Under-quota 1/	Net carryover 2/
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	562.9	10.5	7.6	7.4	-3.1
2001 3/	548.9	543.0	544.4	10.6	7.3	7.0	-3.6
2002 4/	582.0	545.3	564.8				
2003 4/	526.3	540.0					
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	247.4	367.4	315.4	5.5	59.5	47.2	41.7
2001 3/	332.0	352.0	343.7	6.4	35.2	31.6	25.2
2002 4/	323.7	349.3					
2003 4/	287.8	320.2					

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

Compiled from records of the Tobacco and Peanuts Division, FSA

Table 16--Flue-cured and burley marketing quotas: Formula components and manufacturer purchases, 1992-2003

Kind of tobacco and item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Million pounds											
Flue-cured												
Purchase intentions	497.2	473.0	288.0	569.9	475.5	535.5	454.6	327.0	286.0	297.0	310.0	283.3
Exports (3-year avg.)	393.7	405.6	391.3	371.5	344.8	343.3	371.9	355.2	334.1	297.7	249.9	254.7
Reserve stock adjustment	0.9	9.6	(183.0)	22.1	80.3	125.1	-42.4	-35.4	-92.9	-61.8	22.1	-11.7
Total 1/	891.8	888.2	496.3	963.5	900.6	1,003.7	784.1	646.8	527.2	532.9	582.0	526.3
Secretary's discretion	0.0	3.6	**	(28.9)	(27.0)	(30.1)	23.5	19.4	15.8	16.0	0.0	0.0
Basic quota 2/	891.8	892.0	802.6	934.6	873.6	973.8	807.6	666.2	543.0	548.9	582.0	526.3
Effective quota 3/	899.0	889.6	798.5	924.9	943.6	1,019.4	813.0	671.5	553.0	543.0	572.4	540.0
Manufacturer purchases (actual)	489.1	421.2	463.3	617.5	603.0	506.4	476.3	357.9	351.4	326.2	--	--
Burley												
Purchase intentions	445.5	361.0	324.0	385.0	424.0	473.5	421.1	291.0	242.5	225.0	227.4	184.9
Exports (3-year avg.)	187.6	205.8	183.8	160.1	155.4	163.0	188.1	185.9	159.1	144.4	138.8	137.9
Reserve stock adjustment 4/	36.9	(46.0)	(165.0)	20.9	54.4	68.0	28.6	-37.2	-161.4	-37.4	-42.0	-35.0
Total 1/	670.0	520.8	342.8	566.0	633.8	704.5	637.8	439.7	240.2	332.0	324.2	287.8
Secretary's discretion	0.0	**	**	(17.0)	0.0	0.0	0.0	13.2	7.2	0.0	0.0	0.0
Basic quota 2/	670.0	603.0	542.7	549.0	633.8	704.5	637.8	452.9	247.4	332.0	324.2	324.2
Effective quota 3/	835.6	717.9	605.9	577.9	724.0	879.8	860.0	690.1	367.4	352.0	349.3	320.2
Manufacturer purchases (actual)	384.3	296.0	440.1	434.0	402.4	322.7	367.3	241.9	225.8	--	--	--

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

1/ Sum of manufacturers purchase intentions, exports (3-year average), and the reserve stock adjustment. 2/ Sum of manufacturers purchase intentions, exports (3-year average), and the reserve stock adjustment plus or minus any discretionary adjustment by the Secretary not to exceed 3 percent upward or downward. The basic quota was limited to maximum declines of 6 percent a year during 1986-89 and 10 percent a year during 1990-96. 3/ Adjustment for over- and undermarketings, latest year estimated. 4/ Downward adjustment limited to one-half of excess.

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

Table 17--Flue-cured and burley tobacco price support formula components, 1992-2003

Applicable year 1/	Price received			Prices paid index			Weighted average change		Applicable support rate 3/
	Year	Average 2/	Change	Year	Level	Change	100%	65%	
Cents per pound									
Flue-cured									
1994	1986-90	162.4		1990 4/	102.9				
	1987-91	165.3	2.9	1991	106.8	3.9	3.2	2.1	156.0
1995	1987-91	165.3		1991 4/	98.5				
	1988-92	168.9	3.6	1992	99.0	0.5	2.6	1.7	157.7
1996	1988-92	169.0		1992 4/	98.6				
	1989-93	169.5	0.5	1993	100.2	1.6	0.9	0.6	158.3
1997	1989-93	169.3		1993 4/	100.3	4.7	2.2	1.4	159.7
	1990-94	170.2	0.9	1994	105.0				
1998	1990-94	170.1		1994 4/	104.3	1.2	0.6	0.4	160.1
	1991-95	171.6	1.5	1995	103.1				
1999	1991-95	171.6		1995 4/	110.4	4.8	3.1	2.0	162.1
	1992-96	173.0	2.2	1996	115.2				
2000	1992-96	173.9	0.0	1996	117.0	2.2	0.7	0.5	162.8
	1993-97	173.9		1997	119.2				
2001	1993-97	173.7	1.9	1997	108.8	2.8	0.4	0.3	163.2
	1994-98	175.6		1998	106.0				
2000	1994-98	175.6	0.4	1998	114.5	1.5	0.8	0.5	164.0
	1995-99	176.0		1999	116.0				
2001	1995-99	176.2	-0.2	1999	116.8	6.5	2.0	1.3	166.0
	1996-00	176.0		2000	123.3				
2002	1996-2000	176.1	0.0	2000	137.1	-1.7	-0.6	-0.4	165.6
	1997-2001	176.1		2001	135.4				
2003	1997-2001	178.3	2.9	2001	133.7	-2.9	1.0	0.7	166.3
	1998-2002	179.1		2002	130.8				
Burley									
1992	1986-90	161.6		1990 4/	120.6				
	1987-91	167.8	6.2	1991	127.9	7.3	6.5	4.2	165.9
1993	1987-91	167.8		1991 4/	127.8				
	1988-92	173.8	6.0	1992	131.5	3.7	5.2	3.4	168.3
1994	1988-92	173.8		1992 4/	130.8				
	1989-93	178.5	4.7	1993	135.5	4.7	4.7	3.1	171.4
1995	1989-93	178.5		1993 4/	135.5				
	1990-94	180.6	2.1	1994	136.4	0.9	1.7	1.1	172.5
1996	1990-94	180.6		1994 4/	135.1				
	1991-95	182.4	1.8	1995	136.9	1.8	1.8	1.2	173.7
1997	1991-95	182.4		1995 4/	138.6	1.3			
	1992-96	183.7	1.3	1996	146.6	8.0	3.5	2.3	176.0
1998	1992-96	183.7	2.9	1966 4/	115.0	2.5	2.8	1.8	177.8
	1993-97	186.6		1997	117.5				
1999	1993-97	186.0	2.2	1997	120.1	0.7	1.7	1.1	178.9
	1994-98	188.1		1998	120.8				
2000	1994-98	188.1	1.5	1998	120.9	1.8	1.6	1.0	180.5
	1995-99	189.6		1999	122.7				
2001	1995-99	189.5	1.5	1999	126.5	7.3	3.3	2.1	182.6
	1996-00	190.8		2000	133.8				
2002	1996-2000	190.8	0.9	2000	131.6	0.8	0.9	0.6	183.5
	1997-2001	191.7		2001	132.4				
2003	1997-2001	192.1	2.6	2001	133.1	1.1	2.1	1.4	184.9
	1998-2002	194.7		2002	134.2				

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

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

Table 18--Computation of price support level adjustment factor for tobacco, 1986-2003 1/

Crop year	Parity index 2/		Price support level adjustment factor 4/
	Previous calendar year	3-year average 3/	
	% of 1910-14		% of 1959
1986	1,131	1,142	383
1987	1,109	1,134	381
1988	1,139	1,126	378
1989	1,191	1,146	385
1990	1,255	1,195	401
1991	1,293	1,246	418
1992	1,316	1,288	432
1993	1,329	1,313	441
1994	1,355	1,333	447
1995	1,394	1,359	456
1996	1,420	1,390	466
1997	1,520	1,449	486
1998	1,998	1,510	507
1999	1,532	1,597	516
2000	1,531	1,548	519
2001	1,594	1,552	521
2002	1,644	1,590	533
2003	1,649	1,629	547

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

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

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

Table 19--Flue-cured tobacco: Acreage allotted and under production, 1983-2003

Year	Acreage allotted 1/	Under production 2/	
		Number	As percent of allotment
			Percent
1983	457.5	47.7	10.4
1984	404.7	10.7	2.6
1985	389.6	32.5	8.3
1986	366.3	58.0	15.8
1987	372.4	47.8	12.8
1988	409.1	42.7	10.4
1989	432.9	42.2	9.1
1990	448.6	31.7	7.1
1991	427.2	24.6	5.8
1992	429.7	28.2	6.6
1993	425.0	24.9	5.9
1994	384.4	24.9	6.5
1995	447.6	51.7	11.6
1996	449.6	32.4	7.2
1997	488.0	35.3	7.2
1998	390.8	22.0	5.6
1999	319.1	15.1	4.7
2000	260.1	6.2	2.4
2001	262.3	24.2	9.2
2002	278.7	32.6	11.7
2003 3/	241.0		

1/ Basic allotment adjusted for overmarketings and undermarketings.

2/ Acreage allotment minus harvested acres.

3/ Based on March Prospective Plantings.

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

Table 20--Sales of flue-cured tobacco quotas, 1992/93-2001/02 1/

State & year	Sales (basic quota) 1,000 pounds	State & year	Sales (basic quota) 1,000 pounds
Alabama:		South Carolina:	
1992/93	2	1992/93	1,257
1993/94	2	1993/94	1,377
1994/95	0	1994/95	1,395
1995/96	0	1995/96	1,260
1996/97	0	1996/97	1,113
1997/98	0	1997/98	921
1998/99	0	1998/99	984
1999/2000	14	1999/2000	869
2000/01	na	2000/01	na
2001/02	0	2001/02	662
Florida:		Virginia:	
1992/93	701	1992/93	1,776
1993/94	689	1993/94	1,321
1994/95	670	1994/95	1,423
1995/96	278	1995/96	1,243
1996/97	647	1996/97	1,169
1997/98	327	1997/98	460
1998/99	341	1998/99	926
1999/2000	281	1999/2000	643
2000/01	na	2000/01	na
2001/02	79	2001/02	639
Georgia:		All States:	
1992/93	2,791	1992/93	15,156
1993/94	1,661	1993/94	12,198
1994/95	2,216	1994/95	11,827
1995/96	2,769	1995/96	12,459
1996/97	2,655	1996/97	12,706
1997/98	1,051	1997/98	7,703
1998/99	1,632	1998/99	8,598
1999/2000	811	1999/2000	7,594
2000/01	na	2000/01	na
2001/02	361	2001/02	4,291
North Carolina:			
1992/93	8,628		
1993/94	7,148		
1994/95	6,114		
1995/96	6,909		
1996/97	2,119		
1997/98	4,189		
1998/99	4,736		
1999/2000	50		
2000/01	na		
2001/02	2,550		

na= Not available. 1/ Year ending June 15.

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

Table 21--Tobacco loan stocks, 2001-2003 (farm-sales weight)

Type	2001	2002	2003
		January 1	
Flue-cured, 11-14	280.4	86.8	280.4
Burley, 31	419.8	123.5	419.8
Virginia, 21 and 37	--	0.3	--
Kentucky-Tennessee, 22-23	--	4.0	--
Kentucky-Tennessee, 35-36	--	1.1	--
Wisconsin Binder, 54-55	1.4	0.0	1.4
Total	701.6	215.7	701.6
Uncommitted 1/			
Flue-cured, 11-14	74.3	77.9	71.7
Burley, 31	72.5	2/ 74.8	39.5

1/ Redried weight. 2/ April for Burley stabilization stocks.

Compiled from records of Tobacco and Peanuts Division, FSA.

Table 23--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1993-2003 (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	
				Under loan	Under loan		
				--- Million pounds ---			
Flue-cured, types 11-14							
1993	400.1	2,217	891.7	1,037.4	158.2	1,195.6	2,087.3
1994	359.5	2,420	806.6	999.8	295.2	1,295.0	2,101.6
1995	386.2	1,933	854.2	915.6	271.2	1,186.8	2,041.0
1996	422.2	2,151	897.3	1,008.9	157.6	1,166.4	2,063.8
1997	458.3	2,285	1,013.5	1,025.1	91.5	1,116.5	2,130.0
1998	368.8	2,204	814.8	1,002.2	250.9	1,253.2	2,068.0
1999	303.8	2,162	653.9	939.7	294.6	1,234.3	1,888.2
2000	250.0	2,396	564.1	925.6	263.9	1,189.5	1,753.6
2001	238.1	2,432	544.4	936.2	100.2	1,036.4	1,580.8
2002	246.1	2,137	564.8	896.5	19.4	915.9	1,480.7
2003 2/ 3/	241.0	2,266	546.2				
Burley, type 31							
1993	299.7	2,115.0	626.6	758.2 4/	180.7 4/	938.9 4/	1,565.5
1994	266.3	2,300.0	568.0	633.1	380.8	1,013.9	1,581.9
1995	234.2	1,863.0	482.5	637.3	321.5	958.8	1,441.3
1996	268.3	1,940.0 5/	526.8	677.9	212.5	890.4	1,417.2
1997	335.3	1,934.0	628.2	645.4	105.6	751.0	1,379.2
1998	315.4	1,960.0	588.7	647.8	183.8	831.6	1,421.9
1999	300.6	1,829.0	551.2	737.1	164.3	901.4	1,452.6
2000	193.8	1,957.0	315.4	619.4	420.7	1,040.0	1,355.5
2001	167.6	2,033.0	343.7	571.2	119.3	690.5	1,034.1
2002	159.6	1,904.0	299.8	516.7	131.1	647.9	947.7
2003 2/ 3/	151.1	1,923.8	290.7				
		Disappearance		Average price	Price support	Placed under loan	
		Total	Domestic	per pound	level	Quantity	% of crop
		--- Million pounds ---		--- Cents ---		Million pounds	Percent
Flue-cured, types 11-14							
1993	792.3	433.4	358.9	168.1	157.7	204.8	23.0
1994	914.8	569.3	345.5	169.8	158.3	97.7	12.1
1995	875.1	530.6	344.5	179.4	159.7	12.0	1.3
1996	946.6	555.4	391.2	183.4	160.1	1.8	0.2
1997	876.8	542.5	334.3	172.0	162.1	195.5	19.4
1998	833.7	492.1	341.6	175.5	162.8	82.4	10.2
1999	698.7	436.9	261.8	173.6	163.2	136.4	21.2
2000	717.2	479.2	238.0	179.3	164.0	27.4	4.6
2001	664.9	388.9	276.0	185.8	166.0	15.0	2.6
2002	629.2 6/	380.8 6/	248.4	182.5	165.6	24.8	4.8
2003					166.3		
Burley, type 31							
1993	551.6	399.4	152.2	181.6	168.3	232.3	37.0
1994	623.1	468.1	155.0	184.1	171.4	54.7	9.5
1995	550.9	386.1	164.8	185.5	172.5	0.0	0.0
1996	666.2	456.8	209.4	192.2	173.7	0.0	0.0
1997	547.6	379.2	168.4	188.5	176.0	124.5	0.2
1998	520.5	351.6	168.9	190.3	177.8	73.2	12.4
1999	643.1	503.8	139.3	189.8	178.9	230.6	42.0
2000	665.0	523.0	142.0	196.3	180.5	19.3	4.8
2001	386.2	246.4	139.8	197.3	182.6	12.4	3.5
2002	386.7 6/	254.7 6/	132.0	197.5	183.5	24.3	31.0
2003					184.9		

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ March Planting Intentions Report. 4/ Marketings include some farm carryover. 5/ Excludes Gramm-Rudman-Hollings adjustment. 6/ Estimated.

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

Burley Tobacco

At the end of burley sales on March 13th, gross marketings reached 303.7 million pounds (gross auction sales combined with contract sales) and averaged \$197.5 per hundredweight, the highest on record. Producer sales (net auction, contract, and "farmgate" sales) were 299.8 million pounds, compared with 343.7 million pounds last season.

Auction markets opened November 18, 2002, and closed February 21, 2003, after 44 days of sales. Gross volume of 82.8 million pounds was the smallest sale on record. Value was \$161.4 million. Average price was the highest on record at \$197.5 cents per pound. The Burley Cooperatives took 31.9 percent, or 24.3 million pounds, of net auction sales under loan, compared with 12.4 million pounds in 2001. Net (producer) sales at auction were 78.3 million pounds, compared with 113.4 million pounds last season. At auction, quality of offerings was not as good this season, with fair leaf making up 67 percent of sales. The percentage of good and fine quality tobacco decreased, while fair and low tobacco increased.

This season, 73 percent of the leaf marketed was sold prior to the holiday break. During the 2001 season, 82 percent was marketed prior to the holidays.

Contract centers began receiving tobacco on November 18, 2002, and were open 51 days before closing on February 21, 2003. Last season contract centers were open 70 days. As in the 2001 season, 32 contract centers operated in 22 markets. Seventy-four percent of producer sales were sold directly using contracts. Contract sales totaled 219.5 million pounds valued at \$435.7 million. The season average was \$198.5 per hundred pounds compared with \$199.0 last season. Last season, contract volume reached 224.5 million pounds and in 2000, contract sales were 87.5 million pounds.

Farmers indicated on March 1 their intention to harvest 151,100 acres of burley tobacco during the 2003 season. With normal yields, this would result in a crop of 290 million pounds, well below the effective quota of 320.2 million pounds for the 2003-04 crop year. For the 2002 season, intentions were 159,600 and actual harvested acres were 162,600 acres.

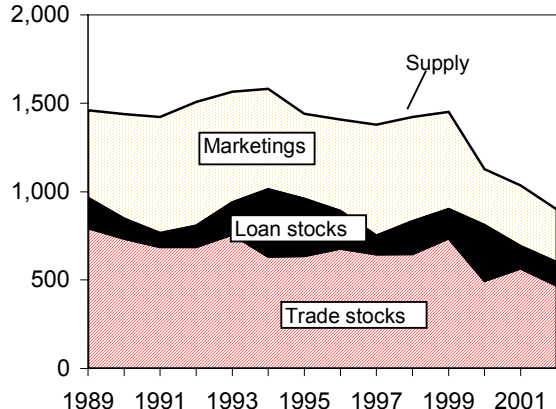
Disappearance in 2002 is expected to change little from the 2001 season. October-December 2002 use was 213 million pounds. However, use is expected to catch up in the final three quarters. Burley exports slipped 5 percent during calendar 2002, ending at 86.2 million pounds. Shipments during October 2002-January 2003 (the first 4 months of the 2002 marketing year) rose about 20 percent--13.5 million pounds compared with 11.3 million pounds last season. However, higher exports were offset by lower domestic use during the 3-month period. Reduced cigarette production, and increased use of foreign burley by cigarette manufacturers contributed to the lower figure.

On February 1, USDA announced 2003 quotas, no-net-cost assessments, and price support for burley tobacco. The national marketing quota for the 2003 crop is 287.8 million pounds. The 2003 quota is based on the following: (1) cigarette manufacturers purchase intentions of 184.9 million pounds, unmanufactured exports (3-yr. average) of 137.9 million pounds, and a reserve stock adjustment of -35 million pounds. The Secretary of Agriculture made no discretionary adjustment this year. For each farm, the 2003 basic quota will decline approximately 11.1 percent from 2002. The effective quota is expected to be about 320.2 million pounds, 19 million pounds less than 2002.

Figure 5

Burley tobacco: Supply, price, and use

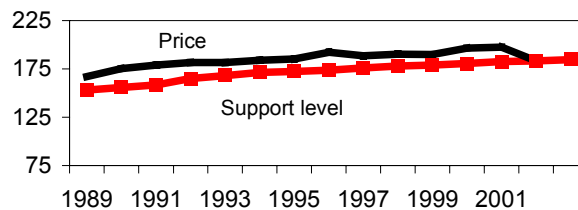
Million lb



Trade stocks include those of manufacturers and dealers. Crop year beginning October 1. 2001 and 2002 are preliminary.

Source: Agricultural Marketing Service, USDA.

Cents/lb



Million lb

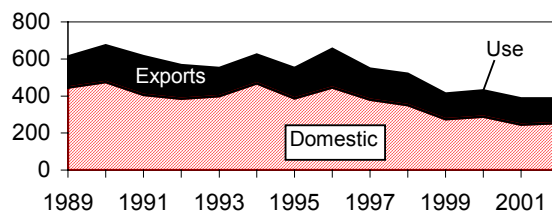


Table 24--Burley tobacco: Price spreads among specified grades, 1993-2002

Period	Average price of C4F	Cents/lb lower than C4F							
		X4F	C4K	B4F	B4FR	B4R	T4R	M4F	N1G
		Cents per pound							
1993	182	3	21	1/	1/	2/	2	15	77
1994	183	1	6	1/	3/	4/	3/	3	43
1995	184	0	1/	2/	2/	3/	4/	1/	3
1996	192	0	0	0	0	0	0	0	3
1997	189	1/	7	2	1/	5/	6/	13	62
1998	189	1/	15	0	7/	8/	6/	15	66
1999	188	1/	26	1/	9/	10/	11/	18	75
2000	191	0	17	1/	12/	10/	13/	23	74
2001	192	0	30	1/	4/	11/	10/	37	91
2002	194	1	32	2/	9/	10/	6/	39	93

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

Source: Agricultural Marketing Service, USDA.

Table 25--Burley tobacco: Gross auction sales, and average price, by States, 2001-02

State	2001 crop 1/				2002 crop 1/			
	Auction sales		Placed under Government loan		Auction sales		Placed under Government loan	
	Amount	Average price	Quantity	Percentage of sales 2/	Amount	Average price	Quantity	Percentage of sales 2/
	Million pounds	Cents per pound	Million pounds	Percent	Million pounds	Cents per pound	Million pounds	Percent
Kentucky	95.2	195.22	8.6	0.1	63.0	195.75	18.6	29.5
Tennessee	12.9	192.10	2.1	0.2	8.5	190.77	3.0	35.3
Virginia	1.4	192.03	0.2	0.1	1.0	193.92	0.2	20.0
North Carolina	5.4	192.50	0.7	0.1	5.0	195.96	1.1	22.0
Indiana	5.3	194.76	0.4	0.1	3.2	194.36	0.9	28.1
Ohio	2.5	192.73	0.2	0.1	2.0	190.77	0.5	25.0
Missouri	0.7	189.54	0.2	0.3	3/	3/	3/	3/
Total all States	123.6	194.64	12.4	10.0	82.8	194.97	24.3	29.3

1/ Preliminary. 2/ Gross sales. 3/ Did not operate in this year.

Source: Agricultural Marketing Service, USDA.

Southern Maryland Tobacco

Maryland tobacco (type 32) is grown in southern Maryland and Pennsylvania. Auction markets are held in southern Maryland, with one market holding sales in Lancaster County, Pennsylvania. Sales for 2003 opened on March 25 and lasted for 2 weeks. At auction, 3.5 million pounds were sold at auction averaging \$148.02 per hundredweight. Last season, 1.9 million pounds crossed the auction floor and sold for \$175.6 per hundredweight. Production of type 32 in Maryland for 2002 is projected at 2.4 million pounds. Total 2002 Maryland production (both Pennsylvania and Maryland) is estimated at 4.8 million pounds.

On March 1st, growers indicated they intend to harvest 2,800 acres of Maryland tobacco during the 2003-04 crop year. Maryland accounted for 1,500 acres and Pennsylvania 1,300. With normal yields, a crop of 4.4 million pounds is expected.

Disappearance of Maryland type leaf during the first quarter of 2002 was about one-third that of the same period a year earlier, the same decline as last season. Disappearance for the entire marketing year is expected to be about 5.5 million pounds.

Table 26--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season-average price, 1992-2003 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. grower price per pound Cents
			Production	Stocks following Jan 1	Total	Total	Domestic	Exports	
			--- Million pounds ---						
1992	13.5	1,390	18.8 2/	9.4	28.2	21.5	13.9	7.6	147.0
1993	12.7	1,526	18.3 2/	7.5	26.9	17.3	11.8	5.5	143.0
1994	12.1	1,634	19.8 2/	8.4	28.2	17.7	12.7	5.0	147.0
1995	11.9	1,507	17.9 2/	11.1	29.6	14.6	8.1	6.6	157.3
1996	11.5	1,436	16.1 2/	15.0	31.0	12.4	6.6	6.4	185.6
1997	11.2	1,629	17.7 2/	18.7	36.4	15.7	9.2	6.5	158.5
1998	9.8	1,568	15.4 2/	20.6	36.0	20.0	13.8	6.2	129.1
1999	9.5	1,511	14.4 2/	16.0	30.4	17.0	12.8	4.2	134.5
2000	8.4	1,595	13.4	13.4	26.8	17.1	12.7	4.4 4/	138.7
2001	3.3	1,620	5.3	9.7	15.0	6.7	5.0	1.7	155.4
2002	3.0	1,595	4.8	8.3	13.1	4.9	2.2	2.7	155.0
2003 3/	2.8	1,578	4.4						

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

4/ Price at the Maryland auction.

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

Virginia dark fire-cured (type 21) sales opened on December 4, 2002, and ended on January 7, 2003, after seven sales days. Markets were held in Blackstone and Farmville. The 2002 Virginia fire-cured crop was the smallest since 1908. Drought and hot weather combined to diminish quality throughout the growing area. Demand was strong for the small crop, increasing grade bid averages. However, both volume and value were lower. Marketings reached 1.4 million pounds, averaging \$188.4 per hundredweight. In 2001, 2.1 million pounds sold for \$175.1 per hundredweight.

For 2003, grower harvest intentions indicate steady acreage at 800 acres. Last season, intentions were 700 acres, 100 acres less than the final estimated acreage of 800 acres. With normal yields, production in 2003 should be about 1.4 million pounds.

On February 28th, USDA announced grower allotments and no-net-cost assessments for Virginia fire-cured tobacco. After falling 42 percent to 780 acres in 2002, allotments were stable, up one acre to 781 acres. The price support level advanced 3.3 cents per pound to \$1.636 per pound. No-net-cost assessments for Virginia fire-cured are 2 cents per pound. The Dark Tobacco Sales Cooperative administers the price support program.

Based on ending first-quarter stocks, disappearance of Virginia fire-cured tobacco is estimated at 1.7 million pounds for 2002, compared with 1.6 million pounds the previous season. Year-to-date disappearance through the end of December is 1.5 million pounds, compared with 1.4 million pounds the previous season.

Kentucky-Tennessee Fire-Cured (types 22-23)

Kentucky-Tennessee fire-cured markets opened on January 13, 2003, and ended on March 19, 2003, after 24 sales days. Demand was strong but volume of leaf sold at auction was the lowest since 1988. Prices were lower at \$166.3 per hundredweight compared with \$176.9 last season. Gross sales were 4.5 million pounds, following 18.8 million pounds last season. Of the 30-million-pound crop, only 14 percent has been sold at auction. Quality at auction slipped from last year with good and better grades falling 16 percent.

Grower harvest intentions as of March 1 indicate Kentucky-Tennessee fire-cured acreage will increase by 2 percent compared with 2002 to 10,510 acres. Last year, harvest intentions were 10,300 acres and final estimated acreage was 10,300 acres. With normal yields, production in 2003 should be about 29.6 million pounds, the same as the 2002 season.

Allotments were announced for Kentucky-Tennessee fire-cured (types 22-23) on February 28th. For 2003, allotments are set at 10,949 acres, compared with 10,706 last season. Price supports are \$1.817 per pound, an increase of 5 cents per pound.

Disappearance of Kentucky-Tennessee fire-cured through December 2002 reached 31.8 million pounds. Estimated disappearance for the 2002 season is expected to be about 35 million pounds, compared with 43.1 the previous season. Production in 2002 was 31.2 million pounds.

Table 27--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, 1993-2003 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Beginning stocks					
			Production	Manufacturers		Total	Total supply	
				and others	Under loan			
--- Million pounds ---								
Kentucky-Tennessee fire-cured, types 22-23								
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	3,211	43.1	89.8	4.0	93.8	136.9	
2002 2/	10.3	3,024	31.2	90.8	8.7	99.5	130.6	
2003 3/	10.5	2,813	29.6					
Virginia fire-cured, type 21								
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	5.5	
1997	1.2	1,640	2.0	2.3	0.1	2.4	4.3	
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	1,835	2.2	3.9	0.3	4.2	6.4	
2002 2/	0.8	1,800	1.4	3.9	0.9	4.8	6.3	
2003 3/	0.8	1,713	1.4					
Marketing year 1/	Total	Disappearance		Exports	Price per pound	Support level	Placed under loan	
		Domestic	Exports				Quantity	% of crop
Kentucky-Tennessee fire-cured, types 22-23								
1993	33.4	17.0	15.5	219.4	146.4	58	0.1	
1994	35.1	20.4	13.9	209.2	148.3	1,117	2.4	
1995	37.9	23.8	14.1	217.2	151.8	238	0.6	
1996	39.4	22.7	16.7	224.5	155.7	71	0.2	
1997	38.9	21.2	17.7	225.6	162.3	368	0.9	
1998	35.5	20.4	15.2	222.5	168.1	218	0.6	
1999	34.3	13.4	21.0	229.8	171.6	28	0.1	
2000	43.1	17.8	25.3	216.3	171.6	4,850	9.9	
2001	37.4	24.0	13.3	217.2	173.6	6,904	16.0	
2002	28.1 4/	13.0 4/	15.1 4/	214.9	176.7	488	1.6	
2003					181.7			
Virginia fire-cured, type 21								
1993	3.0	0.7	2.3	171.9	139.5	12	0.6	
1994	2.1	0.7	1.4	161.2	140.7	534	22.2	
1995	1.6	0.8	0.8	164.0	143.0	75	4.9	
1996	3.2	0.7	2.5	179.0	145.5	27	1.6	
1997	2.0	1.3	0.7	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	307	23.8	
2001	1.6	1.4	0.2	175.8	157.2	495	22.5	
2002	0.9 4/	0.8 4/	0.1 4/	178.0	160.3	18	1.3	
2003					193.6			

* = Negligible. 1/ Marketing year beginning October 1. 2/ March 1 harvest intentions. 3/ March planting intentions.

4/ Estimate.

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

Dark Air-Cured

Opening sales of One Sucker (type 35) tobacco began on December 2, 2002, and final sales took place on February 7, 2003, after 16 auction days. At 1.4 million pounds, volume was the lowest on record. Producer sales at auction totaled 3.3 million pounds out of production of 9.5 million pounds. Quality and grade averages were down this season. Good and better quality leaf were down 7 percent and fair quality rose slightly. Low quality was unchanged. Average price was \$143.4 per hundredweight. Last season, auction sales reached 5.2 million pounds averaging \$149.4 per hundredweight. Producer sales were 1.4 million pounds. Last season, combined auction and country sales averaged \$183.1 per hundredweight. During the current season, cooperatives took 102,073 pounds of One Sucker leaf, 7.8 percent of producer sales. Last season, loan receipts were 31 percent of producer sales.

Green River tobacco (type 36) sales began December 3, 2002 and were held for 8 days, ending on February 6, 2003. Auction sales accounted for 2.1 million pounds this season. The average price of \$198.8 per hundredweight was \$22.5 higher than last year. Volume declined 26 percent to 3.8 million pounds valued at \$6.6 million with price at \$173.3 per hundredweight. Producer sales were 3.6 million pounds compared with 4.8 million last season. About three-fourths of estimated production of 2.8 million pounds was sold at auction. Farmgate sales accounted for more sales than usual. Eighty percent of grade averages improved this season. Last season, 5.2 million pounds sold at auction with an average price of \$182.2 per hundredweight. Quality and maturity improved this season. Fair quality tobacco made up 45 percent of sales, up slightly from last year. Loan takings amounted to 49,258 pounds, or 2.5 percent of producer sales compared with 23 percent of last year.

Grower harvest intentions as of March 1, 2003, indicate 4,030 acres will be planted to One Sucker and Green River dark air-cured (types 35-36) tobacco, compared with actual harvested acres of 3,800 acres last season. Last year's intentions were 3,900 acres. With usual yields, production in 2003 should be about 10.3 million pounds, compared with 9.7 million pounds this season.

Allotments for dark air-cured tobacco were announced on February 28, 2003. For Type 35 and 36, allotments for the 2003 season are 4,307 acres, compared with 4,100 last season. In 2001, the allotment was 5,246 acres. Price supports are \$1.571 per pound, up 4.5 cents per pound from the 2002 season.

Disappearance of dark air-cured tobacco (type 35 and 36) is expected to slip from last season's 9.8 million pounds to about 7.0 million pounds. Year-to-date disappearance is 7.8 million pounds, 50 percent ahead of last year's level but disappearance will likely end near 10 million pounds compared with 8.4 million pounds in 2001.

Virginia sun-cured (type 37) tobacco sales were held for 3 days this season during December 2002 and January 2003, the same number of days as last season. Drought and extremely hot weather dampened yields and quality. Sales at the Farmville market totaled 110,619 pounds averaging \$177.7 per hundredweight. Last year, sales totaled 152,842 pounds averaging \$168.5 per hundredweight. There were no resales this season.

March 1 harvest intentions indicate growers will plant 70 acres in 2003. Last season, 70 acres were harvested. Production in 2003 should be about 100,000 pounds, assuming normal yields. Production in 2002 was 105,000 pounds.

On February 28, 2003, USDA announced acreage allotments for Virginia sun-cured tobacco of 76 acres compared with 78 acres in 2002. Price supports for 2003 are set at \$1.323 per pound, down from last year's \$1.286 per pound.

Disappearance during 2002 of Virginia sun-cured (type 37) tobacco is slightly behind the same period a year ago, and year-end disappearance is not expected to reach last year's 223,000 pounds.

Table 28--Dark air-cured tobacco, types 35-36, and sun-cured tobacco, type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1993-2003 (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 ---				
Dark air-cured, types 35-36								
1993	4.8	2,322	11.1	23.9	0.3	24.2	35.3	
1994	4.6	2,527	11.7	24.1	0.6	24.7	36.4	
1995	4.1	2,084	8.5	26.6	0.7	27.3	35.8	
1996	3.8	2,262	8.6	25.1	0.3	25.4	34.0	
1997	3.6	2,258	8.2	23.8	0.0	23.8	32.0	
1998	4.3	2,229	9.7	22.5	0.0	22.5	32.1	
1999	5.0	2,328	11.6	24.0	0.0	24.0	35.7	
2000	5.5	2,901	15.9	26.6	0.0	26.6	42.5	
2001	5.0	2,807	13.9	32.2	0.5	32.7	46.6	
2002 2/	3.8	2,505	9.5	35.1	3.1	38.3	47.8	
2003 3/	4.0	2,554	10.3					
Sun-cured, type 37								
1993	0.1	1,040	0.1	0.1	0.1	0.2	0.3	
1994	0.1	1,770	0.1	*	0.1	0.1	0.2	
1995	0.1	1,125	0.1	*	0.1	0.1	0.2	
1996	0.1	1,600	0.1	*	*	*	0.1	
1997	0.1	1,490	0.1	0.0	*	0.0	0.1	
1998	0.1	1,220	0.1	0.0	*	0.0	0.2	
1999	0.1	1,550	0.2	0.1	*	0.1	0.2	
2000	0.1	1,650	0.2	0.1	*	0.1	0.3	
2001	0.1	1,540	0.2	0.2	*	0.2	0.3	
2002 2/	0.1	1,500	0.1	0.1	*	0.1	0.2	
2003 3/	0.1	1,492	0.1					
	Disappearance		Disappearance		Avg. price per pound	Avg. support level	Placed under loan	
	Total	Domestic	Exports				Quantity	% of crop
	--- Million pounds ---				--- Cents ---	Thousand pounds	Percent	
Dark air-cured, types 35-36								
1993	10.6	8.5	2.1	171.5	125.5	1	6.4	
1994	9.1	6.7	1.8	168.5	127.3	1	5.3	
1995	10.3	9.0	1.3	176.2	130.4	0	1.3	
1996	10.1	9.6	0.5	195.2	133.9	0	0.2	
1997	9.6	9.6	0.0	201.7	139.8	0	0.2	
1998	8.1	8.1	0.0	195.5	145.0	0	0.8	
1999	9.0	7.7	1.3	203.9	148.1	5	0.4	
2000	9.8	8.8	1.0	197.1	148.1	810	5.1	
2001	8.4	8.3	0.1	182.9	149.9	2,431	17.4	
2002	4.9	3.8	1.1	206.0	152.6	151	1.6	
2003					157.1			
Sun-cured, type 37								
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	174.5	126.5	0	0.0	
1996	0.1	*	0.1	197.9	128.8	0	0.0	
1997	0.1	*	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	0.0	159.4	138.0	22	13.9	
2000	0.1	0.0	0.1	180.0	138.0	4	2.4	
2001	0.2	0.2	0.0	168.6	139.2	38	24.7	
2002	0.2 4/	0.2 4/	0.0 4/	168.6 5/	142.9	18	1.1	
2003					142.9			

* = Negligible.

1/ Marketing year beginning October 1. 2/ Estimate 3/ March 1 harvest intentions.

4/ Estimate. 5/ Auction market only.

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

Filler Tobacco

March 1 harvest intentions for Pennsylvania seedleaf filler tobacco (type 41) in 2003 were up 100 acres from the previous season's intentions at 2,100 acres, the same as last season's actual production. Normal yields would produce a crop of about 4.3 million pounds. Growers continue to substitute low-nicotine cigarette types of tobacco for types traditionally grown in this region. Nearly all type 41 is sold at the farm gate. For the 2002 season, production is estimated at 4.4 million pounds, compared with 4.1 million pounds in 2001. Growers often shift between Pennsylvania seedleaf filler tobacco and Maryland tobacco, depending on market conditions. Most Pennsylvania seedleaf filler is sold during March and April.

Disappearance in 2002 is estimated at nearly twice the previous season based on first-quarter disappearance. Year-end use is expected to be about 2.3 million pounds.

Binder Tobacco

Connecticut Valley Broadleaf binder tobacco (type 51) harvest intentions were 2,450 acres as of March 1, 350 acres over last year's actual acreage. With usual

yields, production in 2003 should reach 4.0 million pounds. Disappearance during the first quarter of marketing year 2002 was down from the same period last season. Disappearance at the end of the marketing year should be lower at 3.6 million pounds. Disappearance in 2001 was only 4.3 million pounds.

Wisconsin binder tobacco (types 54 and 55) planting intentions rose from last year's 1,510 actual harvested acres to 1,650 acres. Production is expected to be about 3.8 million pounds, compared with 3.4 million pounds in 2002. Disappearance of Wisconsin binder tobacco is expected to be about 6 percent lower than last season.

Wrapper tobacco

Connecticut Valley cigar wrapper (type 61) tobacco 2003 harvest intentions as of March 1 indicate 1,000 acres will be harvested, 100 more than last year's actual harvest of 900 acres. In 2001, 1,300 acres were harvested. Assuming usual yields, 2003 production should advance to about 1.4 million pounds. For the 2002 marketing year, disappearance of Connecticut Valley cigar wrapper is expected to decline. During the first half of the marketing year, disappearance slipped by 68 percent. By the end of the marketing year, disappearance should reach 1.8 million pounds.

Table 29--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season average prices, 1993-2003 (farm-sales weight)

Crop year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. price per pound to growers Cents
			Production	Beginning stocks 1/	Total supply Million pounds	Total	Domestic	Exports	
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	4.8	2,150	10.3	20.5	30.8	11.8	11.8	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	2.5	2.5	*	6/
2001	2.0	2,060	4.1	12.1	16.2	4.0	4.0	*	165.0
2002 2/	2.1	2,100	4.4	12.3	16.7	4.1	4.1	*	150.0
2003 3/	2.1	2,042	4.3						
Puerto Rico filler (type 46)									
1993	*	**	*	1.2	1.2	1.1	1.1	*	**
1994	*	**	*	0.1	0.1	0.1	0.1	*	**
1995	*	**	*	*	*	*	*	*	**
Total cigar filler (types 41-46)									
1993	5.8	2,100	12.2	26.7	38.9	14.8	14.8	*	95.0
1994	5.4	2,100	11.3	24.1	35.4	15.0	14.9	*	100.0
1995	4.5	2,050	9.2	20.5	29.7	11.8	11.4	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	2.5	2.5	*	6/
2001	2.0	2,060	4.1	12.1	16.2	4.0	4.0	*	165.0
2002 2/	2.1	2,100	4.4	12.3	16.7	4.1	4.1	*	150.0
2003 3/	2.1	2,042	4.3						
Connecticut Valley binder (types 51-52)									
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	741.4
2000	0.9	1,189	1.1	2.8	3.8	1.5	1.2	0.3	549.9
2001	2.1	1,786	3.8	2.3	6.1	4.3	4.1	0.2	558.9
2002 2/	2.1	1,770	3.7	1.8	5.5	4.1	3.9	0.2	558.9
2003 3/	2.5	1,590	3.9	1.5				0.1	
Southern Wisconsin binder (type 54)									
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/	--	--	--	--	149.0
1999	0.9	2,530	2.3	4/	--	--	--	--	148.0
2000	0.7	2,500	1.8	4/	--	--	--	--	150.0
2001	1.2	2,535	3.0	4/	--	--	--	--	150.0
2002 2/	1.2	2,350	2.8	4/					
2003 3/	1.3	2,419	3.1						

See footnotes at end of table.

Continued--

Table 29--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season average prices, 1993-2003 (farm-sales weight)

Crop year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. price per pound to growers Cents
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
Northern Wisconsin binder (type 55)									
1993	1.8	1,085	2.0	4/	--	--	--	--	139.0
1994	1.0	1,775	1.7	4/	--	--	--	--	145.0
1995	0.9	1,985	1.7	4/	--	--	--	--	145.0
1996	1.0	1,600	1.6	4/	--	--	--	--	150.0
1997	0.8	1,995	1.5	4/	--	--	--	--	152.0
1998	0.6	1,745	1.0	4/	--	--	--	--	149.0
1999	0.3	1,952	0.6	4/	--	--	--	--	145.0
2000	0.2	1,865	0.4	4/	--	--	--	--	150.0
2001	0.3	1,860	0.6	4/	--	--	--	--	152.0
2002 2/	0.3	1,850	0.6	4/	--	--	--	--	152.0
2003 3/	0.4	1,854	0.6						
Total Wisconsin binder (types 54-55)									
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	4.3	16.2	20.4	6.1	5.0	1.1	149.0
1999	1.2	2,388	2.8	27.9	33.8	4.4	3.4	1.0	145.0
2000	0.9	2,348	2.3	24.6	30.8	5.2	4.2	1.0	145.0
2001	1.5	2,397	3.6	9.7	13.3	4.6	4.4	0.2	165.0
2002 2/	1.5	2,248	3.4	8.7	12.1	4.3	3.1	1.2	
2003 3/	1.7	2,289	3.8	7.7					
Total Cigar binder (types 51-55)									
1993	5.5	1,520	8.3	32.7	41.0	11.4	11.4	*	175.1
1994	3.8	1,952	7.7	29.6	37.3	11.4	11.3	*	181.1
1995	4.0	2,165	8.7	29.3	34.6	11.3	11.3	*	213.7
1996	4.4	1,792	8.1	26.1	35.2	12.3	12.0	*	321.4
1997	4.9	2,032	8.8	22.9	28.2	11.9	11.1	0.6	375.4
1998	4.4	1,783	7.9	19.9	29.2	8.3	6.4	1.0	334.7
1999	3.7	1,876	7.0	31.4	41.5	9.3	8.1	1.3	--
2000	1.8	1,787	3.3	27.3	34.6	6.7	5.4	1.3	--
2001	3.7	2,039	7.4	12.0	19.5	9.0	8.6	0.4	367.3
2002 2/	3.6	1,970	7.1	10.5	17.6	8.4	7.0	1.4	
2003 3/	4.1	1,896	7.8						
Connecticut Valley shade-grown (type 61)									
1993	1.1	1,460	1.6	1.5	3.1	1.1	0.2	1.0	1,700.0
1994	1.2	1,400	1.7	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	4/
1996	1.4	1,473	2.1	2.3	4.4	2.4	0.2	2.0	4/
1997	1.7	1,431	2.4	2.0	4.4	2.3	0.2	2.1	4/
1998	1.7	1,413	2.4	2.0	4.5	3.2	0.5	2.7	4/
1999	1.9	1,951	3.6	1.3	4.9	4.1	1.1	3.0	4/
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	1.4	0.2	1.2	4/
2002 2/	0.9	1,417	1.3	1.8	3.1	2.4	0.2	2.2	4/
2003 3/	0.9	1,572	1.4	0.6					
Grand total cigar tobacco (types 41-61)									
1993	12.4	1,787	22.1	60.9	82.9	27.3	26.4	0.9	239.8
1994	10.4	1,989	20.7	55.6	76.3	28.0	26.4	1.6	265.7
1995	9.8	2,085	19.9	48.5	68.3	24.9	23.1	1.8	178.3 5/
1996	10.6	1,905	20.5	46.3	67.8	28.9	24.7	4.2	231.7 5/
1997	11.5	2,015	22.0	38.1	56.5	23.4	20.3	3.1	266.9 5/
1998	10.6	1,863	19.8	34.9	55.8	22.3	17.6	4.6	222.9 5/
1999	8.7	1,892	16.5	44.1	63.7	21.2	16.9	4.3	245.1 5/
2000	5.5	1,852	10.2	37.6	51.8	10.7	8.1	2.6	263.4 6/
2001	7.0	1,964	13.6	25.3	38.9	14.3	12.8	1.6	295.2 5/
2002 2/	6.6	1,936	12.8	24.6	37.4	15.0	11.4	3.6	5/
2003 3/	7.2	1,900	13.7	0.6					

* = Negligible. ** = Not applicable. -- = Not available. 1/ October 1 for types 41-55; July 1 for type 61. 2/ Estimate. 3/ March 1 harvest intentions. 4/ Growers of type 61 no longer provide price information. 5/ Does not include type 61. 6/ Ohio filler type 41 price not available as there is no production and stocks are negligible.

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

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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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