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# U.S. Tobacco Import Update 2005/06

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## Abstract

U.S. tobacco product manufacturers use foreign-produced leaf in items such as cigarettes, cigars, chewing tobacco, and pipe tobacco. Imports peaked in the mid-1990s but remain at historically high levels. The popularity of generic cigarettes, which use cheaper imported leaf, along with increases in domestic leaf prices, was the chief reasons for heightened dependence on tobacco imports. Disappearance (use) of foreign-grown tobacco followed a similar upward trend. As tobacco exports and domestic sales of generic cigarettes advanced, imported leaf use rose. The proportion of imported leaf remained high even after exports declined. During the 2005/06 crop year, use of imported tobacco slipped 6 percent. Imported flue-cured and burley use slipped, and Oriental leaf use advanced. Foreign-grown cigar leaf use advanced as domestic cigar production rose. Imports of flue-cured and burley tobacco continue to be regulated by a tariff-rate quota.

**Keywords:** Tobacco, tobacco imports, tobacco arrivals, Oriental tobacco, flue-cured, burley, tariff-rate quota, TRQ.

## About the author

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## Contents

|   |    |
|---|----|
| Introduction .....                                    | 2  |
| Background .....                                      | 3  |
| Recent Trends .....                                   | 4  |
| Imported Share of<br>Total Use Gains<br>in 2005 ..... | 5  |
| Tariff-Rate Quota<br>Activity .....                   | 9  |
| Foreign-Grown<br>Cigar Leaf Use .....                 | 10 |
| Outlook for Imports .....                             | 12 |
| Appendix Table .....                                  | 13 |

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## Introduction

This article examines the role of foreign tobacco in the U.S. tobacco industry during the 2005/06 crop year (July 2005-June 2006 for flue-cured and Oriental leaf, October 2005-September 2006 for burley). The discussion focuses on disappearance, or use,<sup>1</sup> of imported tobacco and import activity under the tariff-rate quota (TRQ). This article updates TBS2003-01, U.S. Tobacco Import Update, published in September 2004 at <http://www.ers.usda.gov/publications/tbs/feb04/tbs200301/>.

<sup>1</sup>Disappearance, synonymous with use, is the quantity of the leaf that is converted into product, otherwise consumed, or wasted. Imports are the volume or value of the leaf recorded by Customs as it enters the United States.

## Background

In the 17th and 18th centuries, North American producers provided all the tobacco consumed globally. Foreign production began in the 19th century, but the United States remained the major supplier through the mid-20th century. As cigarette consumption expanded in the early 20th century, imports of Oriental or “Turkish” tobacco (a cigarette leaf not produced in the United States) began, but its use was negligible compared with the total. By the early 1960s, imports accounted for 10 percent of use and still consisted mostly of Oriental tobacco along with some cigar leaf. Imports rose to about 30 percent of total use in the 1970s and 1980s as flue-cured and burley arrivals gradually increased. The increase occurred because foreign tobacco, while of lesser quality, was cheaper than domestic leaf. Further, new cigarette manufacturing technologies enabled use of more lower quality leaf in meeting blending requirements.

In the early 1990s, U.S. leaf imports surged due to the rising popularity in the United States and abroad of low priced and mid priced cigarette brands, and due to increasing U.S. cigarette exports, which boosted demand for lower priced foreign leaf. To meet this demand, manufacturers imported more foreign tobacco. U.S. leaf imports (duty paid) climbed from 413 million pounds in 1990 to more than a billion pounds in 1993. Imports accounted for 44 percent of leaf use in cigarette manufacture, prompting Congress to restrict imports by implementing the Domestic Marketing Assessment (DMA).

Under the DMA, which was in effect from January 1, 1994, to September 13, 1995, the manufacturer was assessed a penalty if the foreign leaf content of U.S. cigarettes exceeded 25 percent. The DMA was enforced only during 1994. It was eliminated on September 13, 1995 (retroactive to January 1, 1995), when a TRQ was proclaimed for cigarette leaf tobacco, mainly flue-cured and burley. Under this TRQ, still in effect, cigarette leaf imports that exceed predetermined quota levels are subject to an import duty of 350 percent *ad valorem*. However, a drawback provision allows most of the duty to be refunded if the same leaf is re-exported as product. The overall tariff-rate quota has never been more than 80 percent full.

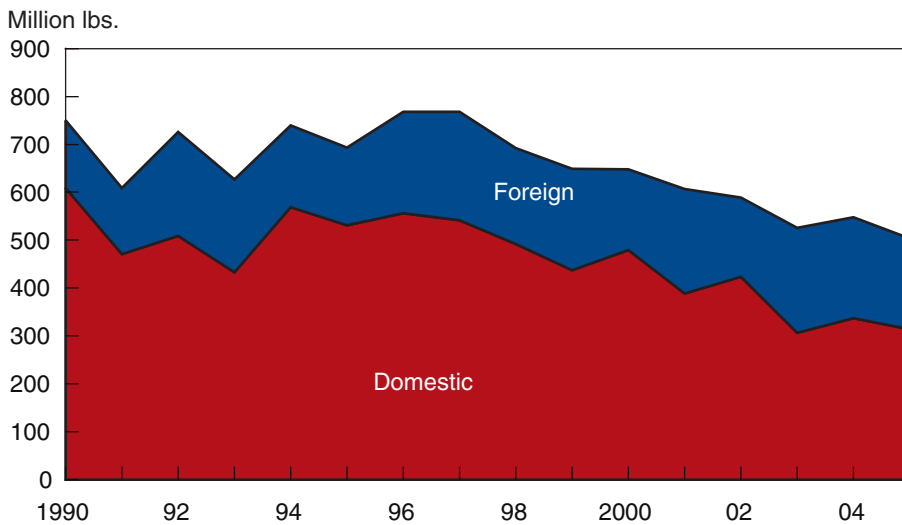
## Recent Trends

July-June general imports<sup>2</sup> of foreign-grown leaf and stems were virtually the same in 2005/06 (568.0 million pounds (declared weight)) as in 2004/05 (566.5 million pounds) (app. table 1 and fig. 1). Oriental declined, but most other types—including stemmed burley and flue-cured, cigar, and stems—advanced. During the same period, imports for consumption of leaf and stems advanced 26 percent, to 602.1 million pounds.

<sup>2</sup>General imports are arrivals held in bond. Imports for consumption are imports upon which duty has been paid. For calculating use, general imports are used because they represent supplies of leaf physically available to manufacturers. Use equals beginning stocks plus general imports less ending stocks.

Figure 1

### Flue-cured disappearance



Sources: Compiled from U.S. Department of Commerce, Census Bureau, Report IM145, U.S. Imports for Consumption and General Imports, and Report EM545, U.S. Exports of Domestic & Foreign Merchandise, various issues; U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues, and U.S. Department of Agriculture, Economic Research Service, *Tobacco Outlook*, various issues.

## Imported Share of Total Use Gains in 2005

The share of imported cigarette leaf used by manufacturers during 2005/06 was less than the previous year. At 55.9 percent, the import share was equal to the record set in 2003, and up from 55 percent during the 2004/05 season (fig. 2). During the past decade, the imported share of leaf used to manufacture tobacco products in the United States trended upward. Foreign-grown leaf use as a share of total use shrank in 2000/01, recovered in 2001/02, declined in 2002/03, and advanced 10 percent in 2003/04. On a farm-sales-weight basis in 2005/06:

- Use of foreign leaf totaled 510.8 million pounds.
- Imported flue-cured use slipped 10 percent, or 21 million pounds, to 188.8 million pounds, the lowest level since 1995 (fig. 1).
- Estimated burley use fell 16 percent, 32 million pounds, to 171.0 million pounds (tables 1 and 2 and fig. 2).
- Foreign-grown flue-cured stocks held by U.S. tobacco dealers and manufacturers shrank 24 percent (table 3).
- Imported burley stocks slipped 18 percent.

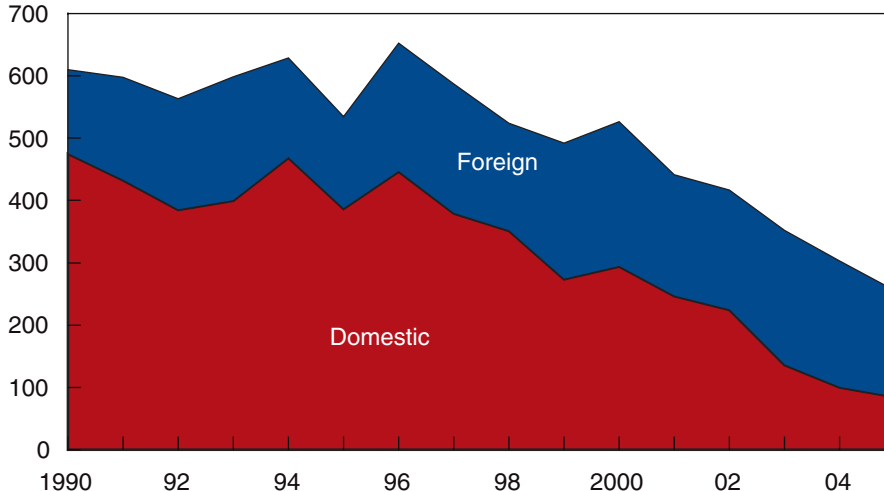
Cigarettes manufactured in the United States continue to contain large amounts of foreign leaf. Tobacco leaf, although a small part of the final cost of cigarettes, is one area in which cigarette manufacturers can trim costs.

Based on arrival data (July-June general imports adjusted for stock changes), Oriental leaf use rose 14 percent in 2005/06, to 151.1 million pounds, a gain of 14 percent from 2004/05 (table 2). Foreign-grown leaf stocks on hand were nearly unchanged from July 1, 2005, to July 1, 2006 (table 3). Oriental leaf use peaked in 1999, at 227.0 million pounds. The Oriental component in U.S.-manufactured cigarettes is about 14 percent.

Figure 2

### Burley disappearance

Million lbs.



Sources: Compiled from U.S. Department of Commerce, Census Bureau, Report IM145, U.S. Imports for Consumption and General Imports, and Report EM545, U.S. Exports of Domestic & Foreign Merchandise, various issues; U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues, and U.S. Department of Agriculture, Economic Research Service, *Tobacco Outlook*, various issues.

Table 1

**Estimated U.S. imports of flue-cured and burley tobacco, and domestic use: 1969-2005 (farm-sales weight)**

| Year<br>beginning<br>July 1 <sup>1</sup> | Flue-cured           |                           |              |                              | Burley               |                           |              |                              |
|--|----------------------|---------------------------|--------------|------------------------------|----------------------|---------------------------|--------------|------------------------------|
|  | Imports <sup>2</sup> | Domestic<br>disappearance | Total<br>use | Imports<br>share of<br>total | Imports <sup>3</sup> | Domestic<br>disappearance | Total<br>use | Imports<br>share of<br>total |
|  | Million pounds       |                           |              | Percent                      | Million pounds       |                           |              | Percent                      |
| 1969                                     | 5.7                  | 645.9                     | 651.6        | 0.9                          | 3.3                  | 507.1                     | 510.4        | 0.6                          |
| 1970                                     | 10.6                 | 640.1                     | 650.7        | 1.6                          | 3.2                  | 503.0                     | 506.2        | 0.6                          |
| 1971                                     | 11.2                 | 662.5                     | 673.7        | 1.7                          | 4.6                  | 515.2                     | 519.8        | 0.9                          |
| 1972                                     | 12.7                 | 664.2                     | 676.9        | 1.9                          | 8.9                  | 534.5                     | 543.4        | 1.6                          |
| 1973                                     | 20.4                 | 703.4                     | 723.8        | 2.8                          | 30.7                 | 533.1                     | 563.8        | 5.4                          |
| 1974                                     | 23.1                 | 652.3                     | 675.4        | 3.4                          | 47.7                 | 518.8                     | 566.5        | 8.4                          |
| 1975                                     | 24.4                 | 670.6                     | 695.0        | 3.5                          | 46.7                 | 510.1                     | 556.8        | 8.4                          |
| 1976                                     | 30.8                 | 634.0                     | 664.8        | 4.6                          | 37.9                 | 489.6                     | 527.5        | 7.2                          |
| 1977                                     | 55.0                 | 608.2                     | 663.2        | 8.3                          | 85.4                 | 494.8                     | 580.2        | 14.7                         |
| 1978                                     | 60.1                 | 584.1                     | 644.2        | 9.3                          | 89.1                 | 502.8                     | 591.9        | 15.1                         |
| 1979                                     | 84.8                 | 563.1                     | 647.9        | 13.1                         | 113.6                | 498.5                     | 612.1        | 18.6                         |
| 1980                                     | 72.7                 | 529.4                     | 602.1        | 11.7                         | 136.9                | 477.6                     | 614.5        | 22.3                         |
| 1981                                     | 63.3                 | 488.8                     | 552.1        | 11.5                         | 109.7                | 463.9                     | 573.6        | 19.1                         |
| 1982                                     | 103.1                | 478.5                     | 581.6        | 17.7                         | 141.3                | 444.1                     | 585.4        | 24.1                         |
| 1983                                     | 94.4 <sup>4</sup>    | 441.6                     | 536.0        | 17.6                         | 135.0 <sup>4</sup>   | 388.7                     | 523.7        | 25.8                         |
| 1984                                     | 120.1 <sup>4</sup>   | 454.2                     | 574.3        | 20.9                         | 163.8 <sup>4</sup>   | 402.6                     | 566.4        | 28.9                         |
| 1985                                     | 151.0 <sup>5</sup>   | 476.5                     | 627.5        | 24.1                         | 137.8 <sup>5</sup>   | 425.0                     | 562.8        | 24.5                         |
| 1986                                     | 176.6 <sup>5</sup>   | 479.6                     | 656.2        | 26.9                         | 120.4 <sup>5</sup>   | 401.7                     | 522.1        | 23.1                         |
| 1987                                     | 209.7 <sup>5</sup>   | 537.3                     | 747.0        | 28.1                         | 162.4 <sup>5</sup>   | 478.1                     | 640.5        | 25.4                         |
| 1988                                     | 146.5 <sup>5</sup>   | 522.1                     | 668.6        | 21.9                         | 117.9 <sup>5</sup>   | 414.3                     | 532.2        | 22.2                         |
| 1989                                     | 109.0 <sup>5</sup>   | 566.7                     | 675.6        | 16.1                         | 139.9 <sup>5</sup>   | 445.7                     | 585.6        | 23.9                         |
| 1990                                     | 141.2 <sup>5</sup>   | 609.0                     | 750.2        | 18.8                         | 134.9 <sup>5</sup>   | 474.9                     | 609.8        | 22.1                         |
| 1991                                     | 137.6 <sup>5</sup>   | 471.2                     | 608.8        | 22.6                         | 165.6 <sup>5</sup>   | 432.2                     | 597.9        | 27.7                         |
| 1992                                     | 217.3 <sup>5</sup>   | 508.7                     | 726.0        | 29.9                         | 178.8 <sup>5</sup>   | 384.8                     | 563.6        | 31.7                         |
| 1993                                     | 193.3 <sup>5</sup>   | 433.4                     | 626.7        | 30.5                         | 199.6 <sup>5</sup>   | 399.4                     | 599.0        | 33.3                         |
| 1994                                     | 170.5 <sup>5</sup>   | 569.3                     | 739.8        | 23.0                         | 161.0 <sup>5</sup>   | 468.1                     | 629.1        | 25.6                         |
| 1995                                     | 162.5 <sup>5</sup>   | 530.6                     | 693.1        | 23.4                         | 148.6 <sup>5</sup>   | 386.1                     | 534.7        | 27.8                         |
| 1996                                     | 211.5 <sup>5</sup>   | 556.1                     | 767.6        | 27.6                         | 206.4 <sup>5</sup>   | 446.3                     | 652.7        | 31.6                         |
| 1997                                     | 226.5 <sup>5</sup>   | 541.0                     | 767.5        | 29.5                         | 207.9 <sup>5</sup>   | 379.2                     | 608.9        | 34.1                         |
| 1998                                     | 200.5 <sup>5</sup>   | 492.1                     | 692.6        | 28.9                         | 172.6 <sup>5</sup>   | 351.6                     | 524.2        | 32.9                         |
| 1999                                     | 220.3 <sup>5</sup>   | 436.9                     | 657.2        | 33.5                         | 219.1 <sup>5</sup>   | 273.3                     | 492.4        | 44.5                         |
| 2000                                     | 171.5 <sup>5</sup>   | 479.2                     | 650.7        | 26.4                         | 232.9 <sup>5</sup>   | 294.0                     | 526.9        | 44.2                         |
| 2001                                     | 217.4 <sup>5</sup>   | 388.9                     | 606.3        | 35.9                         | 194.7 <sup>5</sup>   | 245.4                     | 440.1        | 44.2                         |
| 2002                                     | 165.6 <sup>5</sup>   | 423.4                     | 589.0        | 28.1                         | 204.6 <sup>5</sup>   | 220.9                     | 425.5        | 48.1                         |
| 2003                                     | 218.3 <sup>5</sup>   | 307.0                     | 525.3        | 41.6                         | 216.0 <sup>5</sup>   | 136.2                     | 352.2        | 61.3                         |
| 2004                                     | 209.7 <sup>4</sup>   | 337.6                     | 547.3        | 38.3                         | 202.8 <sup>4</sup>   | 99.9                      | 302.7        | 67.0                         |
| 2005 <sup>6</sup>                        | 188.8 <sup>4</sup>   | 314.4                     | 503.2        | 37.5                         | 171.0 <sup>4</sup>   | 84.1                      | 255.1        | 67.0                         |

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

Sources: Sources: Compiled from U.S. Department of Commerce, Census Bureau, Report IM145, U.S. Imports for Consumption and General Imports, and Report EM545, U.S. Exports of Domestic & Foreign Merchandise, various issues; U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues, and U.S. Department of Agriculture, Economic Research Service, *Tobacco Outlook*, various issues.

Table 2

**Estimated disappearance of U.S.-grown and imported cigarette tobaccos, 1969-2004(farm-sales weight)**

| Year beginning July 1 <sup>1</sup> | Domestic   |        |          |         | Foreign-grown           |                     |                       |       | Total disappearance | Foreign-grown  |
|------------------------------------|------------|--------|----------|---------|-------------------------|---------------------|-----------------------|-------|---------------------|----------------|
|                                    | Flue-cured | Burley | Maryland | Total   | Flue-cured <sup>2</sup> | Burley <sup>2</sup> | Oriental <sup>3</sup> | Total |                     |                |
| <i>Million pounds</i>              |            |        |          |         |                         |                     |                       |       |                     | <i>Percent</i> |
| 1969                               | 645.9      | 507.1  | 29.1     | 1,182.1 | 5.7                     | 3.3                 | 170.6                 | 179.6 | 1,361.7             | 13.2           |
| 1970                               | 640.1      | 503.0  | 27.6     | 1,170.7 | 10.6                    | 3.2                 | 189.3                 | 203.1 | 1,373.8             | 14.8           |
| 1971                               | 662.5      | 515.2  | 17.5     | 1,195.2 | 11.2                    | 4.6                 | 204.3                 | 220.1 | 1,415.3             | 15.6           |
| 1972                               | 664.2      | 534.5  | 13.4     | 1,212.1 | 12.7                    | 8.9                 | 187.0                 | 208.6 | 1,420.7             | 14.7           |
| 1973                               | 703.4      | 533.1  | 13.8     | 1,250.3 | 20.4                    | 30.7                | 196.3                 | 247.4 | 1,497.7             | 16.5           |
| 1974                               | 652.3      | 518.8  | 25.0     | 1,196.1 | 23.1                    | 47.7                | 196.6                 | 267.4 | 1,463.5             | 18.3           |
| 1975                               | 670.6      | 510.1  | 26.0     | 1,206.7 | 24.4                    | 46.7                | 199.6                 | 270.7 | 1,477.4             | 18.3           |
| 1976                               | 634.0      | 489.6  | 17.4     | 1,141.0 | 30.8                    | 37.9                | 185.1                 | 253.8 | 1,394.8             | 18.2           |
| 1977                               | 608.2      | 494.8  | 19.6     | 1,122.6 | 55.0                    | 85.4                | 211.5                 | 351.9 | 1,474.5             | 23.9           |
| 1978                               | 584.1      | 502.8  | 21.1     | 1,108.0 | 60.1                    | 89.1                | 207.8                 | 357.0 | 1,465.0             | 24.4           |
| 1979                               | 563.1      | 498.5  | 23.6     | 1,085.2 | 84.8                    | 113.6               | 204.8                 | 403.2 | 1,488.4             | 27.1           |
| 1980                               | 529.4      | 477.6  | 18.6     | 1,025.6 | 72.7                    | 136.9               | 202.6                 | 412.2 | 1,437.8             | 28.7           |
| 1981                               | 488.8      | 463.9  | 27.9     | 980.6   | 63.3                    | 109.7               | 207.3                 | 380.3 | 1,360.9             | 27.9           |
| 1982                               | 478.5      | 444.1  | 26.0     | 948.6   | 103.1                   | 141.3               | 207.9                 | 452.3 | 1,400.9             | 32.3           |
| 1983                               | 441.6      | 388.7  | 29.7     | 860.0   | 94.4 <sup>4</sup>       | 135.0 <sup>4</sup>  | 195.8                 | 425.2 | 1,285.2             | 33.1           |
| 1984                               | 454.2      | 402.6  | 28.7     | 885.5   | 120.1 <sup>4</sup>      | 163.8 <sup>4</sup>  | 196.9                 | 480.8 | 1,366.3             | 35.2           |
| 1985                               | 476.5      | 424.9  | 26.0     | 927.4   | 151.0 <sup>5</sup>      | 137.8 <sup>5</sup>  | 196.8                 | 485.6 | 1,413.0             | 34.4           |
| 1986                               | 479.6      | 401.8  | 23.9     | 905.3   | 176.6 <sup>5</sup>      | 120.4 <sup>5</sup>  | 227.4                 | 524.4 | 1,429.7             | 36.7           |
| 1987                               | 537.3      | 478.1  | 24.8     | 1,040.2 | 209.7 <sup>5</sup>      | 162.4 <sup>5</sup>  | 212.3                 | 584.4 | 1,624.6             | 36.0           |
| 1988                               | 522.1      | 414.3  | 21.4     | 957.8   | 146.5 <sup>5</sup>      | 117.9 <sup>5</sup>  | 192.0                 | 456.4 | 1,414.2             | 32.3           |
| 1989                               | 566.7      | 445.7  | 22.7     | 1,035.1 | 109.0 <sup>5</sup>      | 139.9 <sup>5</sup>  | 210.3                 | 459.2 | 1,494.3             | 30.7           |
| 1990                               | 609.0      | 474.9  | 16.8     | 1,098.2 | 141.2 <sup>5</sup>      | 134.9 <sup>5</sup>  | 237.6                 | 513.7 | 1,611.9             | 31.9           |
| 1991                               | 471.2      | 432.2  | 16.4     | 919.9   | 137.6 <sup>5</sup>      | 165.6 <sup>5</sup>  | 183.3 <sup>4</sup>    | 486.5 | 1,406.4             | 34.6           |
| 1992                               | 508.7      | 384.8  | 13.9     | 907.4   | 217.3 <sup>5</sup>      | 178.8 <sup>5</sup>  | 212.2 <sup>4</sup>    | 608.3 | 1,515.7             | 40.1           |
| 1993                               | 433.4      | 399.4  | 11.8     | 844.6   | 193.3 <sup>5</sup>      | 199.6 <sup>5</sup>  | 177.2 <sup>4</sup>    | 570.1 | 1,414.7             | 40.3           |
| 1994                               | 569.3      | 468.1  | 12.7     | 1,021.8 | 170.5 <sup>5</sup>      | 161.0 <sup>5</sup>  | 191.8 <sup>4</sup>    | 523.3 | 1,545.1             | 33.9           |
| 1995                               | 530.6      | 386.1  | 8.1      | 924.8   | 162.5 <sup>5</sup>      | 148.6 <sup>5</sup>  | 196.7 <sup>4</sup>    | 507.8 | 1,432.6             | 35.0           |
| 1996                               | 556.1      | 446.3  | 6.6      | 1,009.0 | 211.5 <sup>5</sup>      | 206.4 <sup>5</sup>  | 196.5 <sup>4</sup>    | 614.4 | 1,623.4             | 37.8           |
| 1997                               | 541.0      | 379.2  | 9.8      | 930.0   | 226.5 <sup>5</sup>      | 207.9 <sup>5</sup>  | 198.4 <sup>4</sup>    | 632.8 | 1,562.8             | 40.5           |
| 1998                               | 492.1      | 351.6  | 13.8     | 857.6   | 200.5 <sup>5</sup>      | 172.6 <sup>5</sup>  | 176.4 <sup>4</sup>    | 549.5 | 1,407.0             | 39.1           |
| 1999                               | 436.9      | 273.3  | 12.8     | 722.9   | 220.3 <sup>5</sup>      | 219.1 <sup>5</sup>  | 227.0 <sup>4</sup>    | 666.4 | 1,389.3             | 48.0           |
| 2000                               | 479.2      | 294.0  | 12.7     | 785.9   | 171.5 <sup>5</sup>      | 232.9 <sup>5</sup>  | 197.2 <sup>4</sup>    | 601.6 | 1,387.4             | 43.4           |
| 2001                               | 388.9      | 245.4  | 4.0      | 638.3   | 217.4 <sup>5</sup>      | 194.7 <sup>5</sup>  | 167.4 <sup>4</sup>    | 579.5 | 1,217.8             | 47.6           |
| 2002                               | 423.4      | 220.9  | 5.2      | 649.6   | 165.6 <sup>5</sup>      | 204.6 <sup>5</sup>  | 172.1 <sup>4</sup>    | 542.3 | 1,191.8             | 45.5           |
| 2003                               | 307.0      | 136.2  | 6.4      | 449.6   | 218.3 <sup>5</sup>      | 216.0 <sup>5</sup>  | 135.7 <sup>4</sup>    | 570.1 | 1,019.6             | 55.9           |
| 2004                               | 337.6      | 99.9   | 8.2      | 445.7   | 209.7 <sup>6</sup>      | 202.8 <sup>6</sup>  | 132.1 <sup>4</sup>    | 544.6 | 990.3               | 55.0           |
| 2005 <sup>6</sup>                  | 314.4      | 84.1   | 4.8      | 403.3   | 188.8 <sup>6</sup>      | 171.0 <sup>6</sup>  | 151.1 <sup>4</sup>    | 510.8 | 914.1               | 55.9           |

<sup>1</sup>Marketing year beginning October 1. <sup>2</sup>Imports for consumption (duty paid) of leaf, scrap, and manufactured and unmanufactured (beginning 1980) prorated according to reported stocks of imported flue-cured and burley. <sup>3</sup>July-June year. Imports for consumption of Oriental leaf converted to farm-sales weight. <sup>4</sup>General imports adjusted for stock change. <sup>5</sup>Volume inspected by U.S. Department of Agriculture, Agricultural Marketing Service adjusted for stock change. <sup>6</sup>Subject to change.

Sources: Sources: Compiled from U.S. Department of Commerce, Census Bureau, Report IM145, U.S Imports for Consumption and General Imports, and Report EM545, U.S. Exports of Domestic & Foreign Merchandise, various issues; U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues, and U.S. Department of Agriculture, Economic Research Service, *Tobacco Outlook*, various issues.

Table 3

**Imported foreign-grown cigarette leaf stocks, by quarters, 1986-2006**

| Year                              | Jan. 1 | April 1 | July 1 | Oct. 1                                      | Jan. 1 | April 1 | July 1 | Oct. 1 |
|-----------------------------------|--------|---------|--------|---|--------|---------|--------|--------|
| <i>Million pounds<sup>1</sup></i> |        |         |        |   |        |         |        |        |
| ————Foreign-grown flue-cured————  |        |         |        | ————Foreign-grown Oriental and aromatic———— |        |         |        |        |
| 1986                              | 231    | 217     | 258    | 251   | 346    | 391     | 375    | 340    |
| 1987                              | 211    | 225     | 223    | 215   | 380    | 427     | 425    | 392    |
| 1988                              | 193    | 199     | 196    | 212   | 400    | 376     | 349    | 296    |
| 1989                              | 197    | 178     | 183    | 199   | 330    | 332     | 334    | 293    |
| 1990                              | 181    | 170     | 188    | 202   | 325    | 348     | 339    | 296    |
| 1991                              | 185    | 169     | 189    | 198   | 313    | 331     | 341    | 326    |
| 1992                              | 194    | 191     | 231    | 269   | 396    | 405     | 401    | 356    |
| 1993                              | 259    | 241     | 288    | 298   | 334    | 369     | 385    | 354    |
| 1994                              | 277    | 276     | 296    | 287   | 350    | 330     | 349    | 352    |
| 1995                              | 339    | 352     | 331    | 352   | 342    | 342     | 328    | 280    |
| 1996                              | 364    | 391     | 391    | 406   | 308    | 428     | 332    | 306    |
| 1997                              | 400    | 384     | 451    | 435   | 323    | 352     | 369    | 334    |
| 1998                              | 434    | 406     | 416    | 395   | 335    | 356     | 352    | 339    |
| 1999                              | 377    | 352     | 350    | 341   | 344    | 328     | 329    | 292    |
| 2000                              | 352    | 302     | 300    | 303   | 295    | 271     | 261    | 241    |
| 2001                              | 297    | 282     | 284    | 282   | 220    | 230     | 223    | 208    |
| 2002                              | 281    | 261     | 265    | 282   | 204    | 216     | 214    | 199    |
| 2003                              | 267    | 248     | 263    | 191   | 202    | 195     | 197    | 191    |
| 2004                              | 262    | 251     | 270    | 271   | 194    | 205     | 208    | 200    |
| 2005                              | 251    | 242     | 254    | 159   | 210    | 218     | 218    | 115    |
| 2006                              | 247    | 206     | 226    | 239   | 199    | 222     | 219    | 192    |
| ————Foreign-grown burley————      |        |         |        | ————Total imported cigarette leaf————       |        |         |        |        |
| 1986                              | 258    | 248     | 251    | 250   | 835    | 856     | 884    | 841    |
| 1987                              | 240    | 232     | 225    | 199   | 831    | 884     | 873    | 805    |
| 1988                              | 195    | 175     | 168    | 159   | 787    | 750     | 713    | 667    |
| 1989                              | 171    | 157     | 170    | 151   | 698    | 667     | 687    | 643    |
| 1990                              | 153    | 154     | 148    | 167   | 659    | 672     | 675    | 664    |
| 1991                              | 166    | 159     | 180    | 228   | 664    | 660     | 710    | 752    |
| 1992                              | 235    | 224     | 230    | 247   | 825    | 820     | 862    | 872    |
| 1993                              | 259    | 285     | 296    | 319   | 866    | 895     | 969    | 972    |
| 1994                              | 295    | 281     | 292    | 295   | 922    | 887     | 936    | 934    |
| 1995                              | 323    | 326     | 298    | 305   | 1,003  | 1,019   | 957    | 937    |
| 1996                              | 312    | 298     | 290    | 311   | 998    | 1,128   | 1,024  | 1,032  |
| 1997                              | 310    | 221     | 325    | 374   | 1,043  | 966     | 1,156  | 1,154  |
| 1998                              | 368    | 325     | 300    | 325   | 1,149  | 1,097   | 1,079  | 1,070  |
| 1999                              | 315    | 297     | 280    | 286   | 1,046  | 988     | 970    | 930    |
| 2000                              | 303    | 281     | 269    | 283   | 959    | 866     | 840    | 837    |
| 2001                              | 284    | 269     | 238    | 269   | 791    | 790     | 753    | 766    |
| 2002                              | 308    | 282     | 251    | 275   | 801    | 767     | 737    | 763    |
| 2003                              | 268    | 285     | 269    | 279   | 745    | 735     | 737    | 756    |
| 2004                              | 300    | 276     | 249    | 236   | 773    | 738     | 736    | 716    |
| 2005                              | 248    | 263     | 267    | 230   | 718    | 731     | 748    | 694    |
| 2006                              | 330    | 303     | 296    | 304   | 789    | 743     | 752    | 746    |

<sup>1</sup>Farm-sales weight.Source: U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues.



## Tariff-Rate Quota Activity

For September 13, 2005, through September 12, 2006, representing the 12 months upon which the TRQ is calculated, U.S. flue-cured and burley imports (all cigarette leaf, excluding Oriental) were limited to 332.2 million pounds. For the period September 13, 2005, to September 11, 2006 (1 day short of the TRQ year), imports under the TRQ reached 78 percent of the limit, or 258.6 million pounds, compared with 71 percent during 2005/06 (table 4). A duty drawback also allows tobacco leaf imports that are re-exported in the form of product to avoid counting toward the TRQ and any over-TRQ tariffs.

Table 4

### Imports under the tariff-rate quota for September 13, 2005, through September 11, 2006<sup>1</sup>

| Country            | 2005/06 Quota                         | 2005/06 Imports | TRQ used       |
|--------------------|---------------------------------------|-----------------|----------------|
|                    | <i>Million pounds declared weight</i> |                 | <i>Percent</i> |
| Argentina          | 23.7                                  | 23.4            | 94.8           |
| Brazil             | 176.8                                 | 194.0           | 54.6           |
| Chile              | 6.1                                   | 6.1             | 0              |
| EU                 | 22.0                                  | 11.3            | 29.9           |
| Guatemala          | 22.0                                  | 9.8             | 33.9           |
| Malawi             | 26.5                                  | 26.5            | 68.6           |
| Philippines        | 6.6                                   | 0.9             | 12.3           |
| Thailand           | 15.4                                  | 11.6            | 61.1           |
| Zimbabwe           | 26.5                                  | 0.4             | 1.2            |
| Other <sup>2</sup> | 6.6                                   | 6.6             | 100.0          |
| <b>Total</b>       | <b>332.2</b>                          | <b>290.6</b>    | <b>87.5</b>    |

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

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

Source: U.S. Department of Homeland Security, U.S. Customs and Border Protection, [http://www.cbp.gov/xp/cgov/import/textiles\\_and\\_quotas/commodity/](http://www.cbp.gov/xp/cgov/import/textiles_and_quotas/commodity/).

## Foreign-Grown Cigar Leaf Use

Cigar leaf imports for consumption during 2005/06 (July-June) totaled 73.4 million pounds declared weight, or 122.8 million pounds farm-sales weight (app. table 1). In 2004/05, imports were 70.8 million pounds declared weight (77.7 million pounds farm-sales weight). U.S. production during 2005/06 (July-June for wrapper and October-September for other types) was 8.6 million pounds farm-sales weight, about 1.1 million pounds below 2004 (not including Wisconsin binder, for which data collection ceased in 2005)

U.S. cigar leaf use in 2005/06 is estimated at 131.2 million pounds (table 5). Of that, 97 percent, or 127.3 million pounds, was grown overseas. Total 2004/05 cigar leaf use was 97.3 million pounds, consisting of 89 percent foreign-grown leaf. Production of large cigars (over 3 pounds per 1,000 cigars) slipped, to 3.8 billion cigars in 2005/06, while small cigar production advanced 28 percent, to 5.1 billion. Overall, the result was greater cigar leaf use. Large cigar output advanced 19 percent, to 4.6 billion cigars, and small cigar output advanced 23 percent, to 3.1 billion cigars. Some imported cigar leaf is used in the production of chewing tobacco.

Table 5

**Estimated disappearance of U.S.-grown and imported cigar tobacco,  
1969-2005 (farm-sales weight)**

| Year beginning<br>July 1 <sup>1</sup> | Domestic              | Foreign-<br>grown <sup>2</sup> | Total<br>disappearance | Foreign-<br>grown <sup>2</sup> |
|---------------------------------------|-----------------------|--------------------------------|------------------------|--------------------------------|
|                                       | <i>Million pounds</i> |                                |                        | <i>Percent</i>                 |
| 1969                                  | 94.9                  | 81.3                           | 176.2                  | 46.1                           |
| 1970                                  | 84.8                  | 92.8                           | 177.6                  | 52.3                           |
| 1971                                  | 88.5                  | 97.2                           | 185.7                  | 52.3                           |
| 1972                                  | 77.1                  | 103.8                          | 180.9                  | 57.4                           |
| 1973                                  | 72.6                  | 141.1                          | 213.7                  | 66.0                           |
| 1974                                  | 62.8                  | 107.3                          | 170.1                  | 63.1                           |
| 1975                                  | 55.4                  | 112.5                          | 167.9                  | 67.0                           |
| 1976                                  | 53.7                  | 117.2                          | 170.9                  | 68.6                           |
| 1977                                  | 50.0                  | 131.2                          | 181.2                  | 72.4                           |
| 1978                                  | 53.2                  | 67.8                           | 121.0                  | 56.0                           |
| 1979                                  | 53.8                  | 66.1                           | 119.9                  | 55.1                           |
| 1980                                  | 52.5                  | 79.3                           | 131.8                  | 60.2                           |
| 1981                                  | 56.1                  | 70.4                           | 126.5                  | 55.7                           |
| 1982                                  | 47.3                  | 65.6                           | 112.9                  | 58.1                           |
| 1983                                  | 45.2                  | 79.1                           | 124.3                  | 63.6                           |
| 1984                                  | 42.5                  | 69.5                           | 112.0                  | 62.1                           |
| 1985                                  | 41.3                  | 56.1                           | 97.4                   | 57.6                           |
| 1986                                  | 47.2                  | 47.2                           | 94.4                   | 50.0                           |
| 1987                                  | 42.9                  | 57.6                           | 100.5                  | 57.3                           |
| 1988                                  | 31.4                  | 39.5                           | 70.9                   | 55.7                           |
| 1989                                  | 31.6                  | 42.9                           | 74.5                   | 57.6                           |
| 1990                                  | 31.5                  | 51.4                           | 83.3                   | 61.7                           |
| 1991                                  | 27.1                  | 79.2                           | 107.2                  | 73.9                           |
| 1992                                  | 25.9                  | 82.9                           | 109.1                  | 76.0                           |
| 1993                                  | 26.5                  | 74.6                           | 102.5                  | 72.8                           |
| 1994                                  | 26.4                  | 76.5                           | 104.2                  | 73.4                           |
| 1995                                  | 23.1                  | 79.9                           | 103.0                  | 77.6                           |
| 1996                                  | 24.7                  | 80.0                           | 106.7                  | 75.0                           |
| 1997                                  | 20.3                  | 89.7                           | 109.1                  | 82.2                           |
| 1998                                  | 17.6                  | 69.9 <sup>3</sup>              | 109.0                  | 64.1                           |
| 1999                                  | 16.9                  | 85.4 <sup>3</sup>              | 102.3                  | 83.5                           |
| 2000                                  | 8.0                   | 100.4 <sup>3</sup>             | 108.4                  | 92.6                           |
| 2001                                  | 12.9                  | 97.9 <sup>3</sup>              | 110.8                  | 88.4                           |
| 2002                                  | 14.3                  | 95.4 <sup>3</sup>              | 109.7                  | 87.0                           |
| 2003                                  | 12.1                  | 150.4 <sup>3</sup>             | 162.9                  | 92.3                           |
| 2004                                  | 11.2                  | 86.1 <sup>3</sup>              | 97.3                   | 88.5                           |
| 2005 <sup>4</sup>                     | 4.0                   | 127.3 <sup>3</sup>             | 131.2                  | 97.0                           |

<sup>1</sup>Marketing year beginning July 1, except beginning October 1 for domestically grown filler and binder.

<sup>2</sup>Imports for consumption (leaf and scrap).

<sup>3</sup>Actual disappearance.

<sup>4</sup>Subject to change.

Sources: Sources: Compiled from U.S. Department of Commerce, Census Bureau, Report IM145, U.S Imports for Consumption and General Imports, and Report EM545, U.S. Exports of Domestic & Foreign Merchandise, various issues; U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues, and U.S. Department of Agriculture, Economic Research Service, *Tobacco Outlook*, various issues.

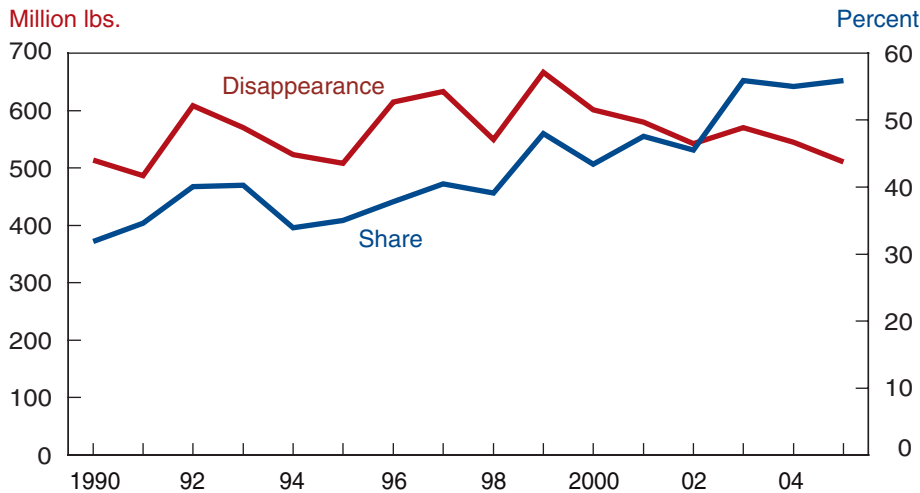
## Outlook for Imports

The high price of U.S. tobacco has encouraged cigarette manufacturers to use an increasing share of imported leaf in domestically produced cigarettes. This trend has been reinforced by increased sales of discount (generic) cigarettes, which allows for cheaper tobacco, and the establishment of many small discount cigarette manufacturers, since the Master Settlement Agreement took effect.<sup>3</sup> Historically, the high price of U.S. leaf has been based partly on quality differentials and, increasingly, on the effects of the Federal price support program, which boosts domestic leaf prices. Beginning with the 2005 crop (July 1 for flue-cured and October 1 for other types), marketing quotas and price supports were terminated for many types of tobacco, including flue-cured, burley, and Wisconsin cigar binder. Prices declined due to the elimination of the costs of producing tobacco under the program and the elimination of price supports. Without the program, production costs will decrease since producers will not need to rent or own quota, and flue-cured and burley producers will be more competitive. The result will likely be an increase in demand for U.S. tobacco, both by domestic manufacturers and by overseas markets. The proportion of U.S. tobacco used in cigarettes is projected to increase after the market adjusts to the diminished Government intervention. Another factor is that the share of generic cigarettes being consumed is flattening over time and may even decrease. Since generic cigarettes use more foreign tobacco, this trend may reduce imported tobacco use.

<sup>3</sup>See <http://www.ers.usda.gov/publications/tbs/oct01/tbs250-01/> for a detailed description of the MSA.

Figure 3

### Foreign-grown tobacco disappearance and share



Sources: Sources: Compiled from U.S. Department of Commerce, Census Bureau, Report IM145, U.S Imports for Consumption and General Imports, and Report EM545, U.S. Exports of Domestic & Foreign Merchandise, various issues; U.S. Department of Agriculture, Agricultural Marketing Service, *Tobacco Stocks*, various issues, and U.S. Department of Agriculture, Economic Research Service, *Tobacco Outlook*, various issues.

**U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2001-05 (declared weight)**

| Item  | Imports for consumption |                        |                         |                         |                         | Percentage change from 2004-05 |
|---|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|
|   | July 2001-<br>June 2002 | July 2002<br>June 2003 | July 2003-<br>June 2004 | July 2004-<br>June 2005 | July 2005-<br>June 2006 |                                |
|   | <i>Million pounds</i>   |                        |                         |                         |                         | <i>Percent</i>                 |
| Cigarette tobacco leaf (unstemmed):                         |                         |                        |                         |                         |                         |                                |
| Oriental—   |                         |                        |                         |                         |                         |                                |
| Turkey  | 88.9                    | 72.3                   | 87.8                    | 67.9                    | 78.1                    | 15.0                           |
| Greece  | 9.2                     | 14.6                   | 17.8                    | 16.2                    | 13.2                    | -18.5                          |
| Bulgaria  | 12.0                    | 13.0                   | 5.9                     | 24.2                    | 13.2                    | -45.5                          |
| Macedonia   | 7.4                     | 6.5                    | 7.2                     | 5.5                     | 2.9                     | -47.3                          |
| China   | 1.1                     | 1.0                    | 0.3                     | 1.6                     | 1.8                     | 12.5                           |
| Lebanon   | 7.6                     | 9.6                    | 2.5                     | 0.1                     | *                       | -100.0                         |
| Other countries   | 2.3                     | 1.8                    | 0.4                     | 0.2                     | 3.9                     | 1,850.0                        |
| Total Oriental  | 128.5                   | 118.8                  | 121.9                   | 115.7                   | 113.1                   | -2.2                           |
| Flue-cured  | 7.1                     | 7.6                    | 7.2                     | 4.3                     | 2.2                     | -48.8                          |
| Burley  | 7.2                     | 2.8                    | 2.5                     | 1.4                     | 1.5                     | 7.1                            |
| Other (unstemmed)   | *                       | *                      | *                       | *                       | *                       | *                              |
| Total unstemmed leaf  | 142.8                   | 129.2                  | 131.6                   | 121.4                   | 116.8                   | -3.8                           |
| Cigarette tobacco leaf (stemmed):                           |                         |                        |                         |                         |                         |                                |
| Flue-cured—   |                         |                        |                         |                         |                         |                                |
| Brazil  | 75.7                    | 79.6                   | 123.0                   | 53.0                    | 76.5                    | 44.3                           |
| Other countries   | 40.5                    | 44.0                   | 60.1                    | 70.1                    | 43.9                    | -37.4                          |
| Total stemmed flue-cured                                    | 116.2                   | 123.6                  | 183.1                   | 123.1                   | 120.4                   | -2.2                           |
| NSPF:   |                         |                        |                         |                         |                         |                                |
| Brazil  | 46.6                    | 40.4                   | 50.6                    | 43.8                    | 50.6                    | 15.5                           |
| Argentina   | 8.5                     | 13.9                   | 11.6                    | 19.4                    | 21.1                    | 8.8                            |
| Thailand  | 13.2                    | 8.6                    | 16.9                    | 10.3                    | 11.2                    | 8.7                            |
| Guatemala   | 6.5                     | 7.3                    | 7.3                     | 4.1                     | 7.3                     | 78.0                           |
| Italy   | 3.1                     | 1.6                    | 3.3                     | 1.0                     | 3.6                     | 260.0                          |
| Malawi  | 31.5                    | 25.8                   | 37.0                    | 35.6                    | 2.4                     | -93.3                          |
| Mexico  | 4.9                     | 6.3                    | 5.2                     | 4.0                     | 2.4                     | -40.0                          |
| China   | 1.4                     | 2.2                    | 2.4                     | 1.0                     | 0.6                     | -40.0                          |
| Zimbabwe  | 1.5                     | 1.9                    | 1.7                     | 0.9                     | *                       | -100.0                         |
| Other countries   | 11.7                    | 5.9                    | 5.6                     | 3.0                     | 39.5                    | 1,216.7                        |
| Total NSPF  | 128.9                   | 113.9                  | 141.6                   | 123.1                   | 138.7                   | 12.7                           |
| Total cigarette leaf  | 387.9                   | 366.7                  | 456.3                   | 367.6                   | 375.9                   | 2.3                            |
| Manufactured or not<br>manufactured categories <sup>2</sup> |                         |                        |                         |                         |                         |                                |
|   | 4.7                     | 3.9                    | 2.2                     | 2.0                     | 1.0                     | -50.0                          |
| Total cigarette tobacco                                     | 392.6                   | 370.6                  | 458.5                   | 369.6                   | 376.9                   | 2.0                            |

See footnotes at end of table.

Continued—

Appendix table 1

**U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2001-05 (declared weight)—Continued**

| Item                             | Imports for consumption |                        |                         |                         |                         | Percentage change from 2004-05 |
|----------------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|
|                                  | July 2001<br>June 2002  | July 2002<br>June 2003 | July 2003-<br>June 2004 | July 2004-<br>June 2005 | July 2005-<br>June 2006 |                                |
|                                  | <i>Million pounds</i>   |                        |                         |                         |                         | <i>Percent</i>                 |
| Cigar tobacco:                   |                         |                        |                         |                         |                         |                                |
| Wrapper                          | 3.4                     | 2.7                    | 3.1                     | 3.4                     | 3.5                     | 2.9                            |
| Filler (stemmed and unstemmed)—  |                         |                        |                         |                         |                         |                                |
| Indonesia                        | 14.2                    | 15.4                   | 16.0                    | 14.0                    | 15.7                    | 12.1                           |
| Italy                            | 5.9                     | 11.9                   | 13.9                    | 14.6                    | 12.2                    | -16.4                          |
| Philippines                      | 6.2                     | 5.9                    | 6.5                     | 7.5                     | 11.6                    | 54.7                           |
| Argentina                        | 4.6                     | 6.6                    | 4.0                     | 7.4                     | 7.3                     | -1.4                           |
| Dominican Republic               | 5.6                     | 7.5                    | 6.5                     | 6.8                     | 6.9                     | 1.5                            |
| Other countries                  | 13.2                    | 15.6                   | 15.5                    | 16.4                    | 13.9                    | -15.2                          |
| Total filler                     | 49.7                    | 62.9                   | 62.4                    | 66.7                    | 67.6                    | 1.3                            |
| Binder                           | 0.7                     | 0.9                    | 0.8                     | 3.4                     | 2.3                     | -32.4                          |
| Cigar scrap:                     |                         |                        |                         |                         |                         |                                |
| Indonesia                        | 0.3                     | *                      | 1.0                     | 1.0                     | 6.2                     | 520.0                          |
| India                            | 0.4                     | 0.3                    | 0.4                     | 1.1                     | 0.6                     | -45.5                          |
| Dominican Republic               | 0.4                     | 0.4                    | 0.1                     | 0.4                     | 0.5                     | 25.0                           |
| Honduras                         | 0.3                     | 0.2                    | 0.3                     | 0.3                     | 0.5                     | 66.7                           |
| Other countries                  | 0.7                     | 0.2                    | 4.4                     | 0.7                     | 0.5                     | -28.6                          |
| Total cigar scrap                | 2.4                     | 1.3                    | 6.5                     | 3.8                     | 8.8                     | 131.6                          |
| Total cigar tobacco              | 56.2                    | 67.8                   | 72.8                    | 77.3                    | 82.2                    | 6.3                            |
| Other stemmed and unstemmed leaf | 3.4                     | 3.5                    | 5.8                     | 5.6                     | 6.6                     | 17.9                           |
| Stems                            | 119.9                   | 111.6                  | 95.3                    | 111.6                   | 136.8                   | 22.6                           |
| Grand total                      | 572.1                   | 553.4                  | 632.3                   | 553.4                   | 602.1                   | 8.8                            |

See footnotes at end of table.

Continued—

Appendix table 1

**U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2001-05 (declared weight)—Continued**

| Item  | General imports        |                        |                         |                         |                         | Percentage change from 2004-05 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|
|   | July 2001<br>June 2002 | July 2002<br>June 2003 | July 2003-<br>June 2004 | July 2004-<br>June 2005 | July 2005-<br>June 2006 |                                |
|   | <i>Million pounds</i>  |                        |                         |                         |                         | <i>Percent</i>                 |
| Cigarette tobacco leaf (unstemmed):                         |                        |                        |                         |                         |                         |                                |
| Oriental  |                        |                        |                         |                         |                         |                                |
| Turkey  | 86.6                   | 73.9                   | 90.5                    | 66.4                    | 70.4                    | 6.0                            |
| Greece  | 12.3                   | 12.2                   | 16.5                    | 16.2                    | 13.2                    | -18.5                          |
| Bulgaria  | 10.3                   | 12.1                   | 6.8                     | 23.3                    | 16.4                    | -29.6                          |
| Macedonia   | 6.7                    | 6.0                    | 7.2                     | 5.1                     | 2.9                     | -43.1                          |
| China   | 0                      | 1.0                    | 0.3                     | 2.0                     | 2.1                     | 5.0                            |
| Lebanon   | 7.6                    | 9.8                    | 2.5                     | 0.1                     | *                       | -100.0                         |
| Other countries   | 1.1                    | 1.8                    | 0.2                     | 0.2                     | 0.6                     | 200.0                          |
| Total Oriental  | 124.6                  | 116.8                  | 124.0                   | 113.3                   | 105.6                   | -6.8                           |
| Flue-cured  | 7.2                    | 7.6                    | 4.9                     | 5.9                     | 0.5                     | -91.5                          |
| Burley  | 5.1                    | 2.9                    | 2.4                     | 1.7                     | 1.4                     | -17.6                          |
| Other (unstemmed)   | *                      | *                      | *                       | *                       | *                       | --                             |
| Total unstemmed leaf  | 136.9                  | 127.3                  | 131.3                   | 120.9                   | 107.5                   | -11.1                          |
| Cigarette tobacco leaf (stemmed):                           |                        |                        |                         |                         |                         |                                |
| Flue-cured--  |                        |                        |                         |                         |                         |                                |
| Brazil  | 85.3                   | 88.4                   | 93.9                    | 79.1                    | 72.1                    | -8.8                           |
| Other countries   | 44.4                   | 35.8                   | 50.0                    | 36.2                    | 36.4                    | 0.6                            |
| Total stemmed flue-cured                                    | 129.7                  | 124.2                  | 143.9                   | 115.3                   | 108.5                   | -5.9                           |
| NSPF:   |                        |                        |                         |                         |                         |                                |
| Brazil  | 46.4                   | 52.3                   | 34.7                    | 58.6                    | 47.7                    | -18.6                          |
| Argentina   | 12.1                   | 19.4                   | 8.7                     | 22.2                    | 25.1                    | 13.1                           |
| Thailand  | 13.0                   | 11.4                   | 12.8                    | 11.8                    | 8.7                     | -26.3                          |
| Guatemala   | 6.7                    | 7.1                    | 7.2                     | 4.0                     | 7.3                     | 82.5                           |
| Italy   | 3.4                    | 2.4                    | 2.2                     | 1.8                     | 2.4                     | 33.3                           |
| Malawi  | 40.3                   | 31.5                   | 37.4                    | 41.0                    | 41.3                    | 0.7                            |
| Mexico  | 4.2                    | 6.3                    | 5.5                     | 4.0                     | 2.4                     | -40.0                          |
| China   | 1.9                    | 2.6                    | 2.3                     | 1.0                     | 0.1                     | -90.0                          |
| Zimbabwe  | 2.8                    | 1.3                    | 1.0                     | 0.2                     | *                       | -100.0                         |
| Other countries   | 6.4                    | 3.6                    | 5.7                     | 5.7                     | 6.0                     | 5.3                            |
| Total NSPF  | 137.2                  | 137.9                  | 117.5                   | 150.3                   | 141.0                   | -6.2                           |
| Total cigarette leaf  | 403.8                  | 389.4                  | 392.7                   | 386.5                   | 357.0                   | -7.6                           |
| Manufactured or not<br>manufactured categories <sup>2</sup> | 3.6                    | 3.4                    | 2.1                     | 2.0                     | 1.1                     | -45.0                          |
| Total cigarette tobacco                                     | 407.4                  | 392.8                  | 394.8                   | 388.5                   | 358.1                   | -7.8                           |

See footnotes at end of table.

Continued—

Appendix table 1

**U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2001-05 (declared weight)—Continued**

| Item                             | General imports        |                        |                         |                         |                         | Percentage change from 2004-05 |
|----------------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|
|                                  | July 2001<br>June 2002 | July 2002<br>June 2003 | July 2003-<br>June 2004 | July 2004-<br>June 2005 | July 2005-<br>June 2006 |                                |
|                                  | <i>Million pounds</i>  |                        |                         |                         |                         | <i>Percent</i>                 |
| Cigar tobacco:                   |                        |                        |                         |                         |                         |                                |
| Wrapper                          | 3.4                    | 2.7                    | 3.1                     | 3.4                     | 3.5                     | 2.9                            |
| Filler (stemmed and unstemmed)—  |                        |                        |                         |                         |                         |                                |
| Indonesia                        | 13.8                   | 15.3                   | 16.0                    | 14.0                    | 16.1                    | 15.0                           |
| Italy                            | 5.9                    | 11.9                   | 13.9                    | 14.6                    | 12.2                    | -16.4                          |
| Philippines                      | 6.2                    | 6.0                    | 6.5                     | 7.5                     | 11.6                    | 54.7                           |
| Argentina                        | 4.6                    | 5.6                    | 4.0                     | 7.4                     | 7.3                     | -1.4                           |
| Dominican Republic               | 5.6                    | 7.5                    | 6.5                     | 6.8                     | 6.9                     | 1.5                            |
| Other countries                  | 19.1                   | 18.5                   | 19.6                    | 16.9                    | 15.2                    | -10.1                          |
| Total filler                     | 55.2                   | 64.8                   | 66.5                    | 67.2                    | 69.3                    | 3.1                            |
| Binder                           | 0.7                    | 0.9                    | 0.8                     | 0.6                     | 0.8                     | 33.3                           |
| Cigar scrap:                     |                        |                        |                         |                         |                         |                                |
| Indonesia                        | 0.3                    | *                      | 1.0                     | 1.0                     | 6.2                     | *                              |
| India                            | 0.4                    | 0.3                    | 0.4                     | 1.1                     | 0.6                     | -45.5                          |
| Dominican Republic               | 0.3                    | 0.4                    | 0.1                     | 0.4                     | 0.4                     | 0                              |
| Honduras                         | 0.3                    | 0.2                    | 0.2                     | 0.3                     | 0.5                     | 66.7                           |
| Other countries                  | 0.8                    | 0.2                    | 4.6                     | 0.7                     | 0.6                     | -14.3                          |
| Total cigar scrap                | 2.4                    | 1.3                    | 6.5                     | 3.8                     | 8.8                     | 131.6                          |
| Total cigar tobacco              | 61.7                   | 69.7                   | 76.9                    | 75.0                    | 82.4                    | 9.9                            |
| Other stemmed and unstemmed leaf | 3.4                    | 3.7                    | 5.7                     | 5.5                     | 6.6                     | 20.0                           |
| Stems                            | 114.5                  | 113.7                  | 93.0                    | 97.5                    | 119.6                   | 22.7                           |
| Grand total                      | 587.0                  | 580.0                  | 573.9                   | 566.5                   | 568.0                   | 0.3                            |

\* = Negligible. -- = not applicable.

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).

Note: Due to aggregation, rounding errors may occur.

Sources: Compiled from U.S. Department of Commerce, Census Bureau, Reports EM545 and IM145.