

# Tobacco Situation

Economics, Statistics,  
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TS-171

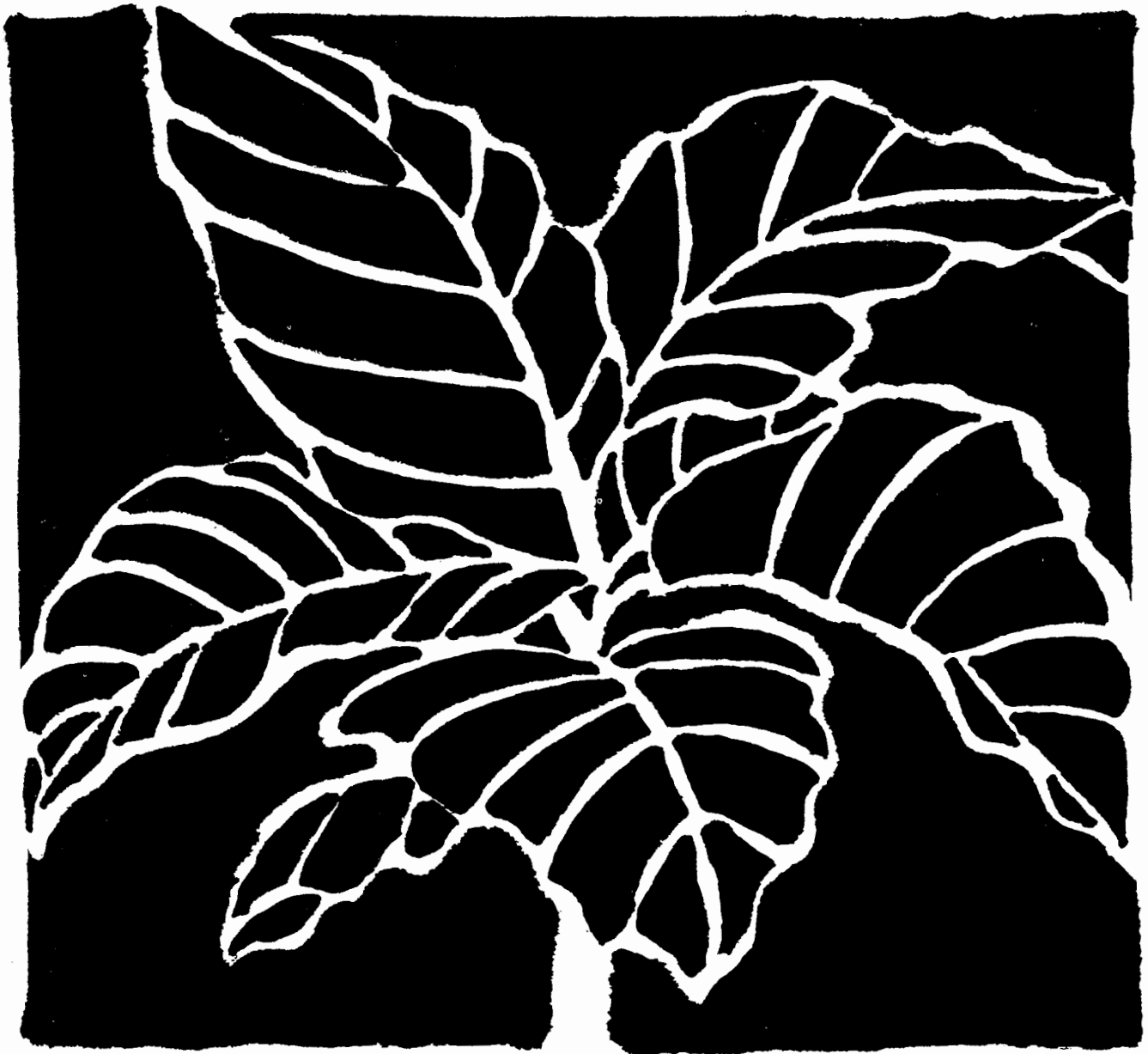
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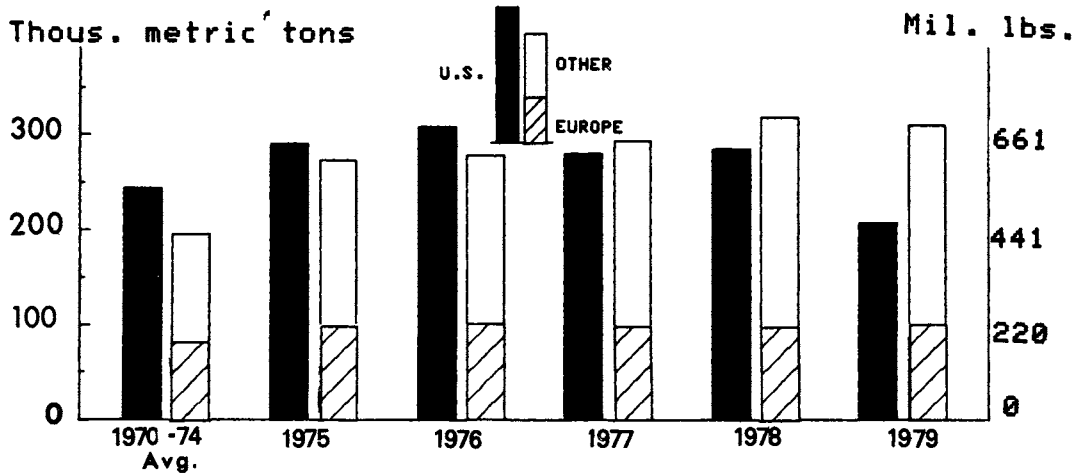
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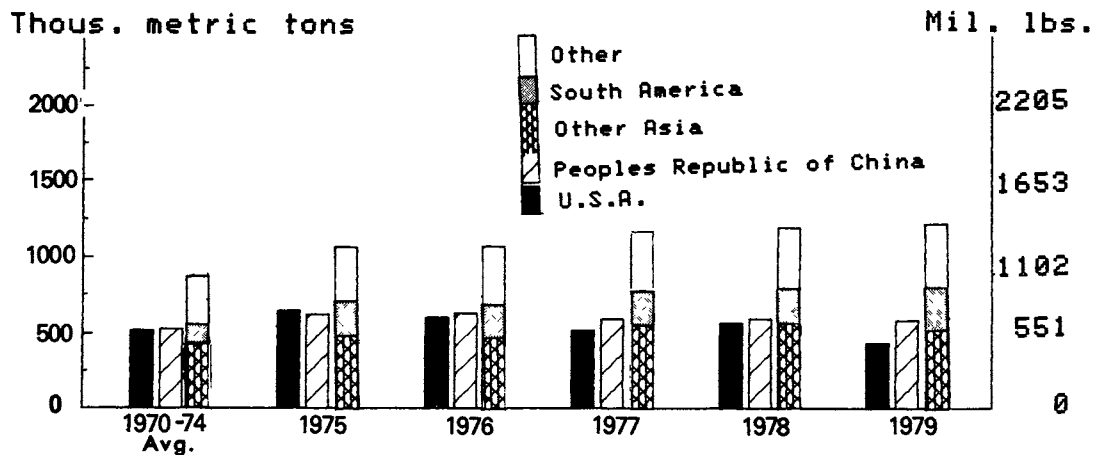
# **BURLEY TOBACCO: ESTIMATED WORLD PRODUCTION**



USDA

NEG. ESCS 2402-80 (3)

# **FLUE-CURED TOBACCO: ESTIMATED WORLD PRODUCTION**



USDA

NEG. ESCS 2359-80 (3)

# THE TOBACCO SITUATION

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## SUMMARY

With larger quotas for flue-cured and burley tobacco, the 1980 tobacco crop should increase sharply, especially if yields recover to more normal levels. Production could rise as much as 30 percent above last year's unusually low level of 1.5 billion pounds, boosting the prospective 1980/81 tobacco supply 2 percent above this season's total.

Farm quotas for 1980 are up 11 percent for flue-cured and 18 percent for burley. The larger quotas suggest U.S. tobacco growers may increase plantings this year some 15 percent from the 830,000 acres harvested in 1979. Prices of inputs may be up around 15 percent from last season because of increased costs for fuel and labor.

Price support for eligible tobacco is 9.4 percent higher than last year due to the formula that reflects changes in prices paid by farmers. USDA has proposed grade loan rates for the 1980 flue-cured crop, but intends to discontinue support on 8 surplus grades of primings and nondescript. Again this year, USDA allows flue-cured growers participating in the 4-leaf program to exceed their acreage allotments.

Despite larger beginning stocks, the smaller 1979 crop pulled the domestic leaf supply for 1979/80 down 7 percent to 5.2 billion pounds. Declining exports of U.S. tobacco during 1979/80 are reducing total use from the 1979 level. However, October 1 carryover stocks (July 1 for flue-cured) will still be down.

By January 1 of this year, nonfarm tobacco stocks were well below a year earlier. By the end of this marketing year, stocks should total about 7 percent below the beginning level of 3.6 billion pounds.

Cigarette output last year increased 1 percent to a record 705 billion. Exports and inventories gained while the domestic cigarette market steadied. Smokeless tobacco products (chewing tobacco and snuff) registered another production gain in 1979. Output of both smoking tobacco and cigars fell below 1978, and a similar drop is expected this year.

U.S. smokers puffed 620 billion cigarettes in 1979, virtually the same number as the previous

year. Consumption per adult fell 1 percent to 196 packs, the lowest level since 1957. Total cigarette use should remain steady this year as increasing population offsets reduced per capita use.

Export value of U.S. tobacco leaf and products rose just enough last year to establish a new record of \$2.15 billion. Higher prices and larger volume of manufactured tobacco exports offset reduced leaf exports. Export weight of unmanufactured tobacco totaled 567 million pounds or 257 thousand metric tons (664 million pounds, farm-sales weight). Exports this year will be hard pressed to hold last year's level. More competition is in prospect from Rhodesia since UN sanctions were formally lifted in December.

Unmanufactured tobacco imports (duty paid) increased 12 percent to 377 million pounds last year (171 thousand metric tons). Scrap and stems accounted for most of the gain. Last year's imports accounted for one-fifth of the tobacco used in U.S. cigarette production; a similar proportion is likely this year. As of mid-March, the cigar industry's request for zero duty on wrapper imports was pending. Tobacco growers' request for a Customs reclassification of the duty category for scrap imports used in products other than cigars was also pending.

Flue-cured tobacco disappearance in the current marketing year is expected to drop from last year's

1.18 billion pounds. Exports will fall from last year's record level, but domestic use may stay about the same. With the smaller 1979 crop, carryover in mid-year may decline 5 percent or so from the 2.07 billion pounds carryin. Production this year should recover from last year's 36-year low of 1 billion pounds. This projection assumes a crop similar to the 1974-78 outturn in relation to the effective quota.

With first quarter use stabilizing, total disappearance of burley tobacco in 1979/80 may change little from last year's 624 million pounds. Auction sales ended in early February and indicated a 1979 crop of around 450 million pounds, off one-fourth from 1978. Burley carryover next October 1 is expected to drop a tenth below the year-earlier level.

USDA set this season's burley marketing quota at 615 million pounds, unchanged from 1979. The farm quota, which reflects 1979's undermarketings, totals about 769 million pounds, 119 million above last season's effective quota. Burley production is also expected to increase.

Acreage allotments for fire-cured, dark air-cured, cigar binder, and Ohio cigar filler were set at the same levels as last year. Price changes for the 1979 crop ranged from a 17-percent increase for cigar binder to about the same level for fire-cured.

## TOBACCO PRODUCTS

### Cigarette Use Stabilizes

Domestic consumption of U.S. cigarettes in 1979 totaled 620 billion, 4 billion above 1978. Despite a larger smoking age population, cigarette use has remained about the same over the past 4 years, due

in part to rising anti-smoking publicity. The pattern is expected to continue this year.

Output last year increased 1 percent to 704 billion cigarettes as manufacturers increased their inventories and exports set another record (table 1).

Table 1—Cigarettes: U.S. output, removals, and consumption, 1970-79

Year	Removals							Estimated inventory increase	Total U.S. consump- tion <sup>3</sup>
	Output	Taxable	Tax-exempt			Overseas <sup>*</sup> forces <sup>2</sup>			
			Total	Exports	Shipments <sup>1</sup>				
	Billions								
1970 . . . .	583.2	532.8	51.2	29.2	3.7	18.4	14.7	536.5	
1971 . . . .	576.4	528.9	49.2	31.8	2.7	14.7	-11.4	555.1	
1972 . . . .	599.1	551.0	49.0	34.6	2.1	12.3	-3.3	566.8	
1973 . . . .	644.2	590.3	55.9	41.5	2.0	12.4	13.1	589.7	
1974 . . . .	635.0	576.2	59.2	46.9	1.9	10.4	-12.1	599.0	
1975 . . . .	651.2	588.3	62.3	50.2	1.5	10.6	-7.7	607.2	
1976 . . . .	693.4	617.9	72.1	61.4	1.9	8.8	13.5	613.5	
1977 . . . .	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0	
1978 . . . .	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0	
1979 <sup>4</sup> . . .	704.4	613.9	93.6	79.7	1.2	12.7	7.1	620.0	

<sup>1</sup> To Puerto Rico and other U.S. possessions. <sup>2</sup> Includes ship stores and small tax-exempt categories. <sup>3</sup> Taxable removals, overseas forces, inventory change and imports (negligible). <sup>4</sup> Subject to revision.

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

Per capita use by persons 18 and over dropped 1 percent below 1978 to 3,924 cigarettes (196 packs of 20)—about 10 percent below the 1963 peak of 4,345 (217 packs) and the lowest level since 1957 (table 2).

The annual ESCS survey of cigarette manufacturers indicated that the share of filter-tip cigarettes rose further in 1979 to 92 percent of total production—up from 91 percent in 1978. The gain was concentrated in the 100 millimeter (mm) size that made up 29 percent of the total 1979 output (table 3).

### Government Reports on Cigarettes

*Health Consequences of Smoking for Women*, a report of the U.S. Surgeon General, was released in January by the Department of Health, Education, and Welfare (HEW). The report emphasized the hazards of smoking for women, including evidence

that cigarette smoking during pregnancy harms the fetus and the newborn baby. The report

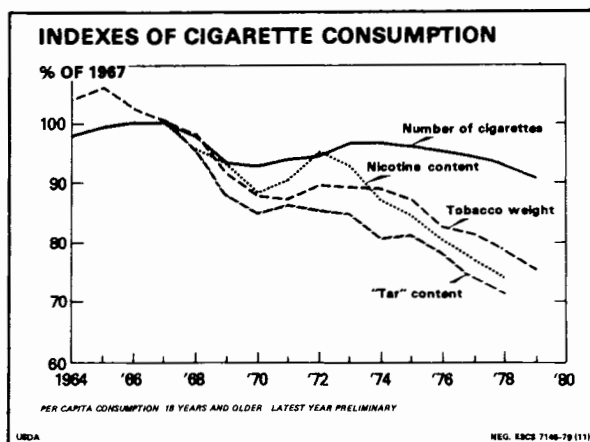


Table 2—Consumption per capita of tobacco products in the United States (including overseas forces), 1970-79

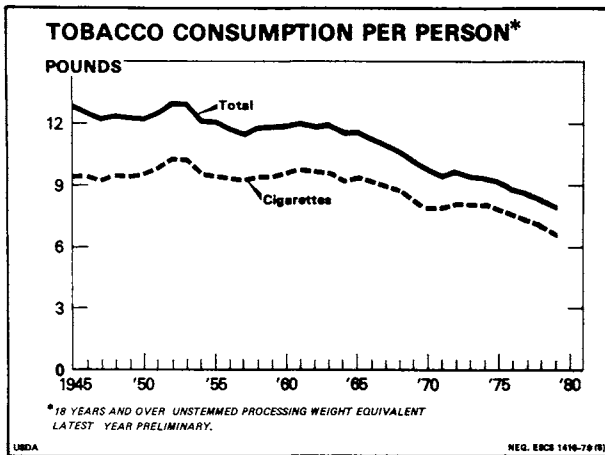
Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes <sup>1</sup>		Snuff	All tobacco products <sup>1</sup>	Large cigars and cigarillos		Smoking tobacco <sup>2</sup>	Chewing tobacco <sup>2</sup>
	Number	Pounds	Pounds	Pounds	Number	Pounds	Pounds	Pounds
1970 . . . . .	3,985	7.77	.19	9.68	125.3	2.08	1.15	1.06
1971 . . . . .	4,037	7.75	.19	9.52	119.2	1.94	1.06	1.09
1972 . . . . .	4,043	7.95	.18	9.65	108.9	1.74	1.00	1.08
1973 . . . . .	4,148	7.92	.18	9.53	102.4	1.61	.88	1.10
1974 . . . . .	4,141	7.90	.18	9.40	91.9	1.47	.87	1.13
1975 . . . . .	4,123	7.73	.17	9.14	82.4	1.32	.76	1.15
1976 . . . . .	4,092	7.35	.17	8.69	75.0	1.20	.75	1.17
1977 . . . . .	4,051	7.21	.16	8.49	67.9	1.15	.65	1.22
1978 . . . . .	3,967	6.89	.16	8.10	63.4	1.15	.60	1.25
1979 <sup>3</sup> . . . . .	3,924	6.75	.15	7.91	59.0	1.07	.52	1.34

<sup>1</sup> Unstemmed processing weight. <sup>2</sup> Finished product weight. <sup>3</sup> Subject to revision.

Table 3—Cigarette output of filter-tip and nonfilter-tip by length, 1977-79<sup>1</sup>

Item	1977		1978		1979 <sup>2</sup>	
	Output	Percent of total	Output	Percent of total	Output	Percent of total
	Billions	Percent	Billions	Percent	Billions	Percent
Filter-tip						
80 mm Long. . . . .	70.0	10.5	78.6	11.3	82.0	11.6
85 mm King. . . . .	344.4	51.7	353.8	50.8	346.2	49.2
100 mm Extra long. . . . .	169.6	25.5	188.7	27.1	206.6	29.3
120 mm . . . . .	11.3	1.7	11.6	1.7	12.1	1.7
Total. . . . .	595.5	89.4	632.7	90.9	646.9	91.8
Nonfilter-tip						
70 mm Regular . . . . .	30.5	4.6	28.0	4.0	25.8	3.7
85 mm King. . . . .	39.9	6.0	35.2	5.1	31.7	4.5
Total. . . . .	70.4	10.6	63.2	9.1	57.5	8.2
Grand total . . . . .	665.9	100.0	695.9	100.0	704.4	100.0

<sup>1</sup> Cigarettes having other lengths were included in the most nearly comparable group. <sup>2</sup> Preliminary.

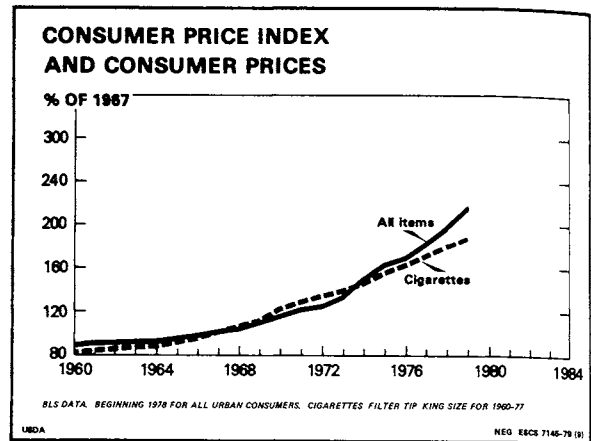
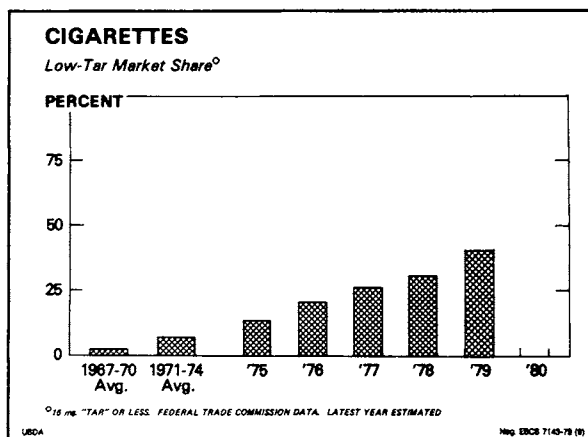


presented recent information on cigarette consumption. Latest surveys indicate a lower share of smokers among the population for every age group except older girls and young women. An intensified effort of education and information about hazards of smoking was recommended.

In December, the Federal Trade Commission (FTC) released its annual report on cigarette labeling and advertising. Promotion and advertising expenses reached a record \$875 million in 1978, a 12-percent gain over the previous year.

The FTC recommended to the Congress that the existing warning label on cigarette packages be amended and several warnings be placed on an alternating basis similar to the present Swedish system and that "tar" and nicotine ratings should be required to appear on all cigarette packages as well as in all advertising. The report also summarized trends in cigarette consumption, tar and nicotine content, and advertising and promotion.

The FTC has begun testing the carbon monoxide content of cigarette smoke. The new test



supplements tar and nicotine determination which began in 1967.

### Cigarette Prices Rising

Manufacturers raised cigarette prices 4.6 percent in late December and early January. The previous increase was in June 1979. Last year, the average retail price of cigarettes rose 5.5 percent, compared with a 11.3 gain in the Bureau of Labor Statistics (BLS) index for all consumer items. This year cigarette prices probably will rise further due to higher costs of tobacco and other inputs.

Last year, five States raised cigarette taxes. State cigarette tax rates (weighted by number of packs taxed) averaged 13 cents per pack in December 1979, about the same as a year earlier. Excise tax increases are proposed this year in several States. The Federal excise tax is 8 cents a pack. In addition, many local governments tax cigarettes.

U.S. cigarette exports in 1979 rose 7 percent to another record. The declared value climbed to \$909 million, up 21 percent, reflecting an increase in both unit value and quantity (tables 4, 5, and 6). Almost half of the exports go to Asian countries but Census records 128 different country destinations.

### Cigar Use Again Lower in 1979

Use of large cigars (including cigarillos) continued to decline in the fourth quarter of 1979. Last year, U.S. smokers used 4.3 billion large cigars, 7 percent fewer than in 1978 (tables 7 and 8). Production of small cigars—less than 3 pounds per 1,000—declined to 1.5 billion pieces in 1979, off 7 percent from 1978, continuing the downtrend since 1973. Total cigar use is expected

**Table 4—U.S. cigarette exports to leading destinations, 1977-79**

Country	1977	1978	1979 <sup>1</sup>
<i>Billions</i>			
Belgium-Luxembourg. . . .	11.6	13.6	13.7
Hong Kong. . . . .	5.6	6.2	6.3
United Arab Emirates . . .	1.2	1.7	5.9
Netherlands Antilles . . .	4.1	4.5	4.4
Saudi Arabia . . . . .	3.5	3.9	4.3
Japan . . . . .	3.3	3.8	3.7
Kuwait . . . . .	1.6	1.8	3.7
Spain . . . . .	4.3	3.4	3.6
Canary Islands. . . . .	1.8	1.6	2.1
Iran . . . . .	8.2	8.4	2.1
Panama. . . . .	1.3	1.5	2.0
Lebanon . . . . .	1.9	1.8	1.7
Other. . . . .	18.4	22.2	26.2
Total. . . . .	66.8	74.4	79.7

<sup>1</sup> Subject to revision.

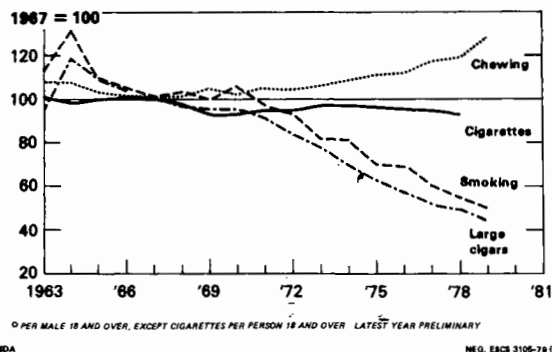
Compiled from publications and records of the Bureau of the Census.

**Table 5—Wholesale cigarette price revisions, 1970-80<sup>1 2</sup>**

Approximate date of change	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
<i>Dollars</i>								
May 1970 . . . . .	10.25	10.25	10.25	10.75	6.25	6.25	6.25	6.75
February-March 1973 . . . . .	(10.45-10.60)	(10.45-10.60)	(10.45-10.60)	(10.95-11.10)	(6.45-6.60)	(6.45-6.60)	(6.45-6.60)	(6.95-7.10)
January 1974 . . . . .	10.60	10.60	10.60	11.10	6.60	6.60	6.60	7.10
May 1974 . . . . .	11.30	11.30	11.30	11.80	7.30	7.30	7.30	7.80
November 1974 . . . . .	(11.80-12.00)	(11.80-12.00)	(11.80-12.00)	(12.30-12.50)	(7.80-8.00)	(7.80-8.00)	(7.80-8.00)	(8.30-8.50)
November 1975 . . . . .	(12.55-12.75)	(12.55-13.25)	(12.55-12.75)	(13.05-13.25)	(8.55-8.75)	(8.55-8.75)	(8.55-8.75)	(9.05-9.25)
October 1976 . . . . .	13.50	13.50	13.50	14.00	9.50	9.50	9.50	10.00
August 1977 . . . . .	14.35	14.35	14.35	14.85	10.35	10.35	10.35	10.85
June 1978 . . . . .	15.20	15.20	15.20	15.70	11.20	11.20	11.20	11.70
Dec. 1978 . . . . .	15.75	15.75	15.75	16.25	11.75	11.75	11.75	12.25
June-July 1979 . . . . .	16.30	16.30	16.30	16.80	12.30	12.30	12.30	12.80
Jan. 1980 . . . . .	17.05	17.05	17.05	17.55	13.05	13.05	13.05	13.55

<sup>1</sup> Includes leading brands. A 3 percent discount is made for payment within 10 days or 2 percent within 14 days. <sup>2</sup> For 1940-69 see TS-151, March 1975.

# PER CAPITA CONSUMPTION OF TOBACCO PRODUCTS°



to continue downward, as it has over the past several years.

## Smokeless Tobacco Use Gains

In 1979, the combined consumption of both chewing tobacco and snuff rose to its highest level since 1950. Among smokeless tobacco, moist snuff and fine-cut and loose-leaf chewing tobacco output increased, while other categories declined. Manufacturers sell virtually all their chewing tobacco and snuff domestically.

Smoking tobacco consumption last year totaled 39 million pounds, 11 percent below the 1978 level. Sales of both pipe and roll-your-own, including imported tobacco, declined (tables 9 and 10).

Table 6—Tobacco demand factors, 1970-79

Year	Population July 1 <sup>1</sup>	Disposable personal income, per capita <sup>2</sup>		Consumer price indexes <sup>3</sup>				
		Current prices	1972 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip, regular	Filtertip, king size	
	<i>Million</i>	<i>Dollars</i>		<i>1967=100</i>				
1970 . . . . .	135.2	3,348	3,619	116.3	122.2	122.4	122.5	105.4
1971 . . . . .	137.5	3,588	3,714	121.3	126.4	127.9	128.1	107.1
1972 . . . . .	139.8	3,837	3,837	125.3	133.4	134.8	135.4	110.8
1973 . . . . .	142.2	4,285	4,062	133.1	137.0	138.7	139.1	112.9
1974 . . . . .	144.7	4,369	3,968	147.7	143.8	145.5	145.9	119.5
1975 . . . . .	147.3	5,077	4,014	161.2	153.9	156.0	156.5	124.2
1976 . . . . .	150.0	5,504	4,136	170.5	160.5	162.7	163.2	129.9
1977 . . . . .	152.6	6,017	4,285	181.5	168.0	170.6	171.0	135.0
1978 . . . . .	155.3	6,672	4,449	195.4	177.3	—	179.8	<sup>4</sup> 103.9
1979 . . . . .	158.0	7,362	4,509	217.5	187.9	—	189.7	<sup>4</sup> 110.6

<sup>1</sup> 18 years and older including forces overseas. <sup>2</sup> Based on total population. <sup>3</sup> All urban consumers, 1978-79; urban wage earners and clerical workers, 1970-77. <sup>4</sup> Other tobacco products and smoking accessories, December 1977=100.

Table 7—Cigars and smoking tobacco: Output, removals, and consumption, 1977-79

Year and item	United States factories			From Puerto Rico taxable	Imports	Exports	Total U.S. consumption <sup>1</sup>
	Output	Removals					
		Taxable	Tax-exempt				
	Millions						
Large cigars <sup>2</sup>							
1977 . . . . .	3,927	3,776	134	1,098	97	117	4,988
1978 . . . . .	3,795	3,621	164	986	99	166	4,702
1979 <sup>3</sup> . . . . .	3,601	3,353	179	842	107	177	4,304
	Million pounds						
Smoking tobacco							
1977 . . . . .	40.7	40.2	.7	—	7.2	.8	47.3
1978 . . . . .	36.4	35.2	.8	—	9.0	.9	44.2
1979 <sup>3</sup> . . . . .	32.8	32.3	.9	—	<sup>4</sup> 6.9	.9	39.2

<sup>1</sup> Total removals (or sales) from U.S. and Puerto Rico, factories plus imports, minus exports. <sup>2</sup> Includes cigarillos. <sup>3</sup> Subject to revision. <sup>4</sup> From European countries. Excludes leaf exporting countries normally not suppliers of packaged tobacco.

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



**Table 8—Large cigars: Taxable removals by revenue class, 1978-79**

Revenue class and whole-sale prices <sup>1</sup>	1978	1979	Change from 1978 <sup>2</sup>
	<i>Billions</i>	<i>Percent</i>	
A-C (up to \$66) . . . . .	2.25	1.81	-19.5
D-E (over \$66 to \$120) . . .	.87	1.01	+16.4
F-H (over \$120) . . . . .	1.55	1.44	-7.2
Total removals . . . . .	4.67	4.27	-8.7

<sup>1</sup>Wholesale price classes roughly equivalent to retail price classes used prior to February 1, 1977. <sup>2</sup>Computed from unrounded data. Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, and Cigar Association of America, Inc.

**Table 9—Tobacco products: Output and domestic sales, 1977-79**

Item	Manufactured			Invoiced to domestic customers <sup>1</sup>		
	1977	1978	1979 <sup>2</sup>	1977	1978	1979 <sup>2</sup>
	<i>Million pounds</i>					
Chewing tobacco						
Plug . . . . .	16.4	15.9	15.3	16.3	15.6	15.4
Twist . . . . .	2.2	2.1	2.0	2.2	2.1	2.0
Fine-cut . . . . .	10.1	12.0	13.3	10.0	11.7	13.5
Loose leaf . . . . .	61.3	64.6	71.7	60.2	63.0	70.0
Total . . . . .	90.0	94.6	102.3	88.7	92.3	100.9
Snuff . . . . .	24.6	25.1	23.7	24.4	24.3	23.9
Smoking						
Pipe . . . . .	35.8	32.3	29.6	35.2	31.4	28.8
Granulated or sack . . . . .	.4	.4	.3	.4	.4	.3
Cigarette cut . . . . .	4.5	3.7	2.9	4.6	3.5	3.1
Total . . . . .	40.7	36.4	32.8	40.2	35.2	32.3
Smoking tobacco in bulk (exports) . . . . .	9.8	<sup>3</sup> 3.3	22.5	—	—	—
Manufactured smoking tobacco (exports) . . . . .	—	<sup>3</sup> 2.0	4.4	—	—	—
Small cigars (Millions) . . . . .	1,864	1,645	1,538	1,850	1,554	1,548

<sup>1</sup>Taxable removals for small cigars. <sup>2</sup>Subject to revision. <sup>3</sup>Change in classification January 1, 1978.

Basic data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.

**Table 10—Estimated number of roll-your-own cigarettes smoked and smoking tobacco consumed, 1973-79**

Year	Roll-your-own cigarettes <sup>1</sup>	Smoking tobacco consumption				
		Total <sup>2</sup>	Used for—			
			Roll-your-own cigarettes		Pipe tobacco	
			Quantity	Percent of total	Quantity	Percent of total
	<i>Billions</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>	<i>Million pounds</i>	<i>Percent</i>
1973 . . . . .	9.8	60	18	29	42	71
1974 <sup>3</sup> . . . . .	8.6	60	15	25	45	75
1975 <sup>3</sup> . . . . .	6.4	54	12	22	42	78
1976 <sup>3</sup> . . . . .	6.8	54	12	22	42	78
1977 <sup>3</sup> . . . . .	3.9	47	7	15	40	85
1978 <sup>3</sup> . . . . .	4.5	44	8	18	36	82
1979 <sup>3</sup> . . . . .	4.6	39	8	21	31	79

<sup>1</sup>Derived from shipments of cigarette papers and tubes. <sup>2</sup>Includes imported tobacco. <sup>3</sup>Revised. <sup>4</sup>Preliminary.

## U.S. EXPORTS AND IMPORTS

The United States is the world's leading tobacco exporter and the third largest importer. During 1960-64, about 30 percent of the U.S. tobacco crop was exported. Recently our exports represented about one-third of our crop and about a fifth of world tobacco exports. U.S. exports of tobacco and products were valued at a record \$2.15 billion in calendar 1979, slightly above the previous high in 1978. This includes unmanufactured tobacco worth \$1.18 billion and tobacco products valued at \$0.96 billion. U.S. tobacco imports totaled \$463 million, leaving a record trade balance of \$1.7 billion (table 11).

### Leaf Tobacco Exports Decline

U.S. exports of unmanufactured tobacco in 1979 fell 19 percent from 1978's record high to 567 million pounds (257 thousand metric tons) in export (dried) weight. The farm-sales weight dropped to 664 million pounds, 150 million below the 1978 record.

Exports of cigar wrapper gained, but virtually all other categories fell short of the high levels of 1978 (table 12).

Last year the Commodity Credit Corporation (CCC) provided short term credit on 26 million pounds of commercial exports. Financing was authorized up to 36 months. Public Law 480 shipments remained at low levels (table 13).

European markets, which typically take six-tenths of U.S. tobacco exports, reduced takings by 29 percent last year. In 1978, the European Community (EC), as well as other important destinations like Spain, Sweden, and Switzerland, had bought heavily from the plentiful supplies of high quality tobacco from the 1978 U.S. crop to rebuild inventories. Also, several countries have experienced a slowdown in the growth of cigarette sales, and leaf use has been cut back. High interest rates are further limiting manufacturers' ability to carry stocks; hence, exports will do well to maintain last year's level.

Japan replaced the United Kingdom as the leading destination for U.S. tobacco in 1979. However, Japan's takings fell 6 percent in 1979 and may decline further this year due to a shift in cigarette preference and blends that require less U.S. tobacco. Gains in exports to Taiwan, Korea, and Thailand brought the Asia total above 1978.

Exports of flue-cured tobacco fell 19 percent, but again made up about three-fourths of total U.S. tobacco shipments. Other Asian countries took more, offsetting smaller purchases by Japan. There were sizable declines to European destinations.

Burley exports declined 10 percent. Larger purchases by Asian destinations was offset by smaller European takings. Maryland and fire-cured tobacco exports both fell from the high level of the previous year.

### International Developments

The tariffs negotiated during the Tokyo round became effective January 1. The United States made the full duty reductions of 60 percent on cigar wrapper, 13 percent on stemmed cigar filler, and 10 percent on cigars costing 15 cents or more each. One-eighth of the 56-percent reduction in the duty on stemmed cigarette leaf was made, with the remainder of the cut to be phased in seven equal annual cuts through 1987. Likewise, one-eighth of the 60-percent reduction in duty on clove cigarettes ("kreteks" from Indonesia) was made on January 1.

The EC reduced in full its one-third cut in duty on unmanufactured tobacco of types supplied by the United States. Canada, Australia, and New Zealand began phasing in their tariff reductions in eight annual stages.

UN sanctions against Rhodesia were formally lifted in December. In January, the EC accorded duty-free status to imports from Rhodesia. Rhodesia is expected to build up production and exports of leaf tobacco to levels existing prior to imposition of sanctions in 1966. World export availability of flue-cured could expand by about 5 percent as a result. More competition for United States and other tobacco exporting countries is indicated.

### Imports Increase

Imports of unmanufactured tobacco for consumption (withdrawals from bond and duty-paid releases for manufacture immediately upon arrival) increased 12 percent in 1979 to 377 million pounds (table 14). The United States imported less cigarette leaf, but larger quantities of scrap both for cigarettes and cigars as well as stems.

Cigarette leaf imports, mostly Oriental tobacco, decreased with shifts in cigarette blends. Turkey, Greece, Italy, Bulgaria, and Yugoslavia were principal suppliers. Flue-cured and burley leaf imports gained 3 million pounds to 22 million last year. Scrap imports (other than cigar leaf) made a sizable gain last year to 122 million pounds. Overall, imports accounted for around 25 percent of the tobacco used in U.S. cigarette production, and a similar high proportion is likely this year.

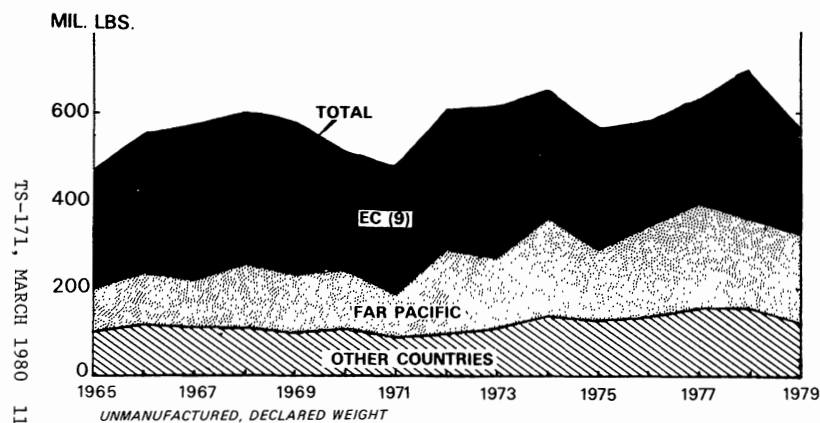
General imports of tobacco (direct entry plus placements in bonded warehouses for later factory

Table 11.--U.S. Tobacco exports and imports: Unmanufactured and manufactured, 1968-79

Year	Exports			Imports 1/			Net Exports 2/			
	Unmanufactured		Manu- factured	Unmanufactured		Manu- factured	Quantity 3/	Value		
	Quantity 3/	Value		Quantity 3/	Value			Unmanu- factured	Manu- factured	Total
	Million lbs.	Million dollars		Million lbs.	Million dollars		Million lbs.	Million dollars		
1968	598.8	524.4	161.6	221.5	141.8	10.6	377.3	282.6	151.6	533.6
1969	577.5	539.7	155.7	209.1	127.5	12.0	367.8	412.2	143.7	555.9
1970	510.4	488.5	190.6	218.6	128.4	16.6	291.8	360.1	174.0	534.1
1971	473.3	462.0	221.4	248.5	141.0	17.9	224.5	321.0	203.5	524.5
1972	606.1	638.8	239.8	240.5	134.5	25.2	365.6	504.3	214.7	719.0
1973	612.5	680.8	288.7	273.6	157.3	24.4	338.9	523.5	264.3	787.8
1974	651.4	832.1	360.5	299.9	182.5	32.6	351.5	449.6	327.9	777.5
1975	563.0	851.9	401.2	320.3	227.6	35.2	242.7	624.3	366.0	990.3
1976	578.1	921.6	536.0	310.4	269.7	46.7	267.7	651.9	489.3	1,141.2
1977	628.6	1,094.3	637.4	316.2	326.7	46.0	312.4	767.6	591.4	1,359.0
1978	700.0	1,358.2	766.4	336.0	377.9	50.1	364.0	1,007.3	716.3	1,723.6
1979	567.4	1,184.2	964.0	377.2	412.0	51.4	190.2	772.2	912.6	1,684.8

1/ For consumption. 2/ Exports minus imports. 3/ Declared weight. Compiled from publications and records of Bureau of Census.

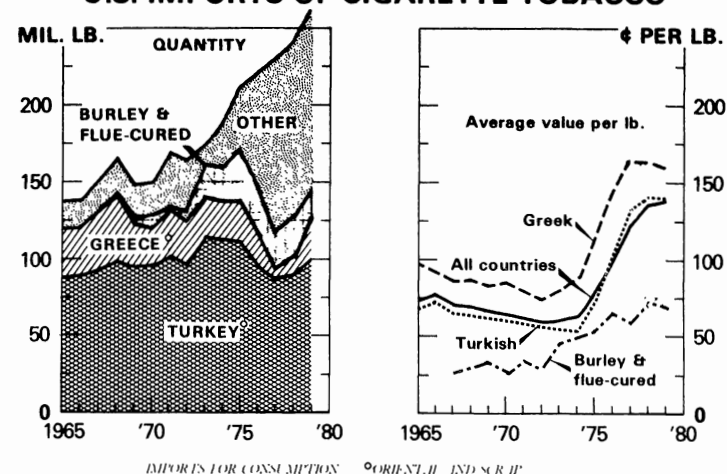
## U.S. EXPORTS OF TOBACCO BY DESTINATION



USDA

NEG ESCS 0938 - 80(3)

## U.S. IMPORTS OF CIGARETTE TOBACCO



USDA

NEG ESCS 924-80(3)

Table 12—United States exports of unmanufactured tobacco by types and to principal importing countries, 1975-79

(Declared weight)

Type and country	Average 1969-73	1975	1976	1977	1978	1979 <sup>1</sup>	1979 as a percentage of 1978
	<i>Million pounds</i>						<i>Percent</i>
Type:							
Flue-cured . . . . .	398.9	391.4	378.7	411.7	454.8	370.6	81
Burley . . . . .	50.5	61.9	67.9	79.1	91.0	82.1	90
Maryland . . . . .	10.4	4.1	8.3	7.7	10.6	6.0	58
Fire-cured, Ky. and Tenn. . . . .	19.5	14.9	16.3	19.1	22.6	13.7	61
Virginia fire and sun-cured . . . . .	4.3	3.3	2.9	3.6	2.5	3.1	124
Green River and One Sucker . . . . .	.6	.3	.3	.1	.7	.2	29
Black Fat . . . . .	2.8	3.5	3.3	2.7	2.6	3.2	123
Cigar wrapper . . . . .	2.4	4.3	3.8	4.1	3.7	5.3	141
Cigar binder . . . . .	.2	.2	.3	.2	*	.1	—
Cigar filler . . . . .	.4	.2	.4	.3	.2	.2	100
Perique . . . . .	.2	.1	.1	.1	*	.1	—
Stems, trimmings and scrap . . . . .	80.5	78.9	95.8	99.9	98.9	77.2	78
Other unmanufactured, NEC <sup>2</sup> . . . . .	—	—	—	—	12.4	5.7	46
Total . . . . .	570.7	563.0	578.1	628.6	700.0	567.4	81
Country of destination:							
United Kingdom . . . . .	102.9	78.5	71.8	46.8	148.8	68.2	46
France . . . . .	8.3	9.5	8.3	6.3	9.8	11.5	117
Belgium-Luxembourg . . . . .	14.4	8.1	7.5	10.4	16.9	5.4	32
Netherlands . . . . .	27.9	29.9	24.7	30.5	34.2	29.3	86
West Germany . . . . .	97.7	91.0	73.7	78.9	53.2	67.7	127
Denmark . . . . .	21.0	16.4	9.0	16.9	27.1	16.4	61
Ireland . . . . .	10.5	8.2	7.7	5.4	5.3	6.9	130
Italy . . . . .	17.8	31.5	33.2	40.6	41.0	34.8	85
Total EC . . . . .	300.5	273.1	235.9	235.8	336.3	240.2	71
Switzerland . . . . .	23.9	25.9	24.4	28.8	26.2	19.3	74
Finland . . . . .	5.0	8.0	6.2	5.3	7.8	7.0	88
Norway . . . . .	6.1	5.6	5.5	6.0	4.2	5.7	136
Sweden . . . . .	17.2	15.3	14.1	11.8	17.5	13.7	78
Spain . . . . .	5.0	9.4	4.7	5.1	19.9	1.0	5
Thailand . . . . .	19.7	18.7	21.8	16.0	18.2	18.8	103
Republic of Korea . . . . .	2.0	3.0	7.2	9.8	9.9	13.1	132
Malaysia . . . . .	8.7	7.1	7.3	12.3	10.1	8.4	83
Philippines . . . . .	8.3	11.8	13.0	15.4	13.9	11.4	82
Taiwan . . . . .	14.6	16.0	12.3	20.6	25.8	41.4	160
Japan . . . . .	70.6	81.5	132.7	135.4	102.3	95.9	94
Australia . . . . .	13.7	15.5	10.3	14.2	12.4	12.4	100
New Zealand . . . . .	2.9	5.0	4.9	5.0	3.7	4.0	108
Egypt . . . . .	3.5	10.4	11.1	26.7	24.5	3.8	16
Other countries . . . . .	69.0	56.7	66.7	80.4	67.3	71.3	106
Total . . . . .	570.7	563.0	578.1	628.6	700.0	567.4	81

<sup>1</sup> Preliminary. <sup>2</sup> New classification, January 1, 1978. Previously included in manufactured in bulk. \*Less than 100,000 pounds.

Detail may not add to total due to rounding.

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

use) gained 11 percent in 1979. Oriental leaf and other scrap imports (largely cigarette tobacco) increased. Larger supplies in key supplying countries brought a gain in imports of cigar leaf tobacco.

Since general imports exceeded imports for

consumption, U.S. stocks of imported tobacco on January 1, 1980, were up from year-earlier levels. The increase for cigarette tobacco was 53 million pounds, or about 8 percent above a year earlier, with the increase in flue-cured, burley and Oriental leaf (table 14).

Table 13—Exports of unmanufactured tobacco under Government-financed programs and commercial sales, 1970-79<sup>1</sup>

Calendar year	Government-financed exports				Commercial exports				Total unmanu- factured tobacco exports
	Title I, P.L. 480		Mutual Security and A.I.D.	Total	Dollar sales				
	Foreign currency sales	Long-term dollar credit sales			Barter	CCC short term credit	Other	Total	
	Quantity (export weight)								
	Million pounds								
1970 . . . . .	12.6	10.4	—	23.0	122.8	58.6	306.0	487.4	510.4
1971 . . . . .	19.3	1.2	—	20.5	143.0	51.3	258.5	452.8	473.3
1972 . . . . .	24.4	2.6	—	27.0	207.4	40.0	331.7	579.1	606.1
1973 . . . . .	21.3	.7	—	22.0	119.4	11.3	459.8	590.5	612.5
1974 . . . . .	21.7	7.5	—	29.2	5.9	28.2	668.1	622.2	651.4
1975 . . . . .	1.9	—	—	1.9	—	49.9	511.2	561.1	563.0
1976 . . . . .	—	15.0	.7	15.7	—	32.8	529.8	562.6	578.3
1977 . . . . .	—	30.1	28.7	58.8	—	33.2	536.6	569.8	628.6
1978 . . . . .	—	1.4	30.3	31.7	—	28.7	639.6	668.3	700.0
1979 <sup>2</sup> . . . . .	—	3.6	4.4	8.0	—	26.4	533.0	559.4	569.4
	Value								
	Million dollars								
1970 . . . . .	13.1	8.8	—	21.9	130.2	63.4	273.0	466.6	488.5
1971 . . . . .	19.0	1.4	—	20.4	155.3	54.6	231.7	441.6	462.0
1972 . . . . .	25.3	3.0	—	28.3	243.3	42.5	324.7	610.5	638.8
1973 . . . . .	24.3	.7	—	25.0	144.4	12.1	499.3	655.8	680.8
1974 . . . . .	27.4	9.5	—	36.9	6.8	40.4	748.0	795.2	832.1
1975 . . . . .	2.6	—	—	—	2.6	73.3	775.9	840.2	851.8
1976 . . . . .	—	20.5	1.2	21.7	—	58.1	841.8	899.9	921.6
1977 . . . . .	—	56.4	19.3	75.7	—	64.0	954.6	1,018.6	1,094.3
1978 . . . . .	—	1.9	42.5	44.4	—	55.1	1,258.6	1,313.7	1,358.1
1979 <sup>2</sup> . . . . .	—	7.4	6.5	13.9	—	60.0	1,110.3	1,170.3	1,184.2

<sup>1</sup> For 1960-69 data, see TS-155, March 1976. <sup>2</sup> Subject to revision.

## TOBACCO LEAF SITUATION AND OUTLOOK<sup>1</sup>

### HIGHLIGHTS

A sharply smaller crop more than offset the increased carryover in 1979/80, and reduced the supply of domestic leaf tobacco to 5.2 billion pounds 7 percent below the previous year. By January 1, nonfarm leaf stocks had fallen 5 percent below the year-earlier level. At the end of the current marketing year, stocks may fall 7 percent below the beginning level of 3.6 billion pounds.

With larger flue-cured and burley quotas this year, farmers may increase acreage and produce a

tobacco crop as much as 30 percent larger than last year's 1.5 billion pounds, assuming normal yields. If the average historical relationship between poundage quotas and grower marketings prevails, the flue-cured crop will rise a fifth and the burley crop will gain by over one-third (table 16). For other tobaccos, the same size allotments and some recovery in yields can result in increased output. It is too early to tell whether blue-mold disease will affect the U.S. tobacco crop; however, an outbreak in Cuba has sharply reduced that country's 1980 crop.

All tobacco types, except Maryland, Pennsylvania filler, Connecticut binder (types 51-52), shade-grown cigar wrapper, and Perique, are under

<sup>1</sup>All quantities in this section are farm-sales weight equivalent unless otherwise noted.

Table 14.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1977-79

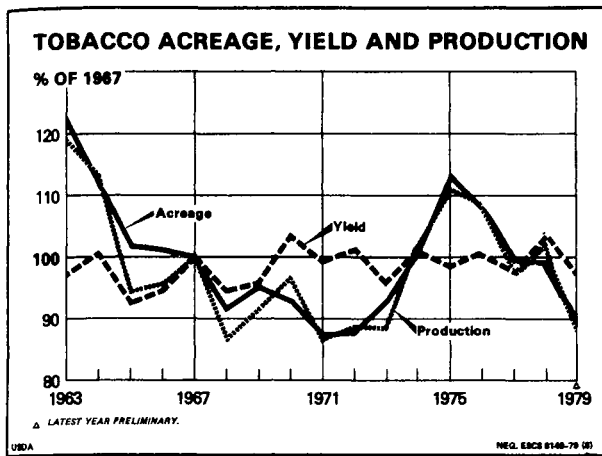
(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)				Value-- 1979, per lb
	1977	1978	1979	1979 as Percent of 1978	1977	1978	1979 1/	1979 as percent of 1978	
	:	:	:	:	:	:	:	:	
Cigarette tobacco:	Million pounds				Percent				Dollars
Leaf:									
Oriental:									
Turkey .....	87.4	90.3	89.3	99	56.7	90.8	108.4	119	1.24
Greece .....	16.6	26.5	27.0	102	24.9	29.6	14.3	48	1.89
Yugoslavia .....	13.8	17.1	14.0	82	14.1	12.8	14.4	112	1.54
Lebanon .....	6.5	3.9	4.8	123	7.6	7.1	4.1	58	1.56
Other countries .....	46.1	35.6	32.0	90	30.1	26.1	21.1	80	.55
Flue-cured .....	5.2	5.2	10.2	196	20.3	19.1	14.7	77	.93
Burley .....	18.5	13.7	11.9	87	30.6	35.2	29.9	85	.75
Other .....	0	4.9	2.2	45	4.5	3.9	1.1	28	.53
Subtotal .....	194.1	197.2	191.4	97	188.8	224.6	218.1	97	1.24
Scrap: 2/									
Brazil .....	21.4	22.3	30.5	137	11.7	12.8	28.0	219	1.19
Korea, Republic of .....	6.4	16.7	19.8	119	20.5	24.6	12.1	49	1.42
Italy .....	6.3	4.3	16.1	374	1.9	9.1	10.3	113	.72
Mexico .....	4.1	6.0	7.2	120	2.5	4.4	4.7	107	.91
Turkey .....	6.1	6.4	10.5	164	9.5	3.3	11.0	333	.16
Other countries .....	31.3	32.6	38.1	117	47.0	40.0	53.9	135	1.38
Subtotal .....	75.6	88.3	122.2	138	76.5	94.1	112.7	120	.98
TOTAL .....	269.7	285.5	313.6	110	265.3	318.7	330.8	104	1.15
Cigar tobacco:									
Wrapper .....	1.7	1.6	3.4	212	2.2	2.2	4.8	218	2.97
Filler-stemmed and unstemmed:									
Dominican Republic .....	1.0	1.1	1.2	128	5.7	6.4	8.3	130	.84
Other countries .....	4.9	6.7	4.3	64	19.9	14.4	17.2	119	.80
Subtotal .....	5.9	7.8	5.5	70	25.6	20.8	25.5	123	.81
Scrap									
Philippine Republic .....	10.0	8.9	7.9	89	1.3	8.7	7.1	82	.45
Indonesia .....	2.3	3.2	5.6	175	1.2	5.9	4.8	81	1.13
Dominican Republic .....	6.7	5.0	5.6	112	.2	3.0	3.1	103	.67
Brazil .....	3.9	2.2	2.7	123	1.3	2.1	2.4	114	1.04
Other countries .....	8.9	11.1	13.0	117	2.2	6.9	8.8	128	.59
Subtotal .....	31.8	30.7	34.8	113	6.2	14.7	26.2	178	.59
TOTAL .....	39.4	40.1	43.7	109	34.0	37.7	56.5	150	.89
Stems .....	7.1	10.0	20.0	200	7.2	10.7	20.3	190	.24
Grand total .....	316.2	336.0	377.2	112	306.5	367.1	407.6	111	1.07

1/ Preliminary. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff.

Detail may not add to total due to rounding.

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



quotas. Acreage allotments are the same this year for fire-cured, dark air-cured, sun-cured, and cigar filler and binder (types 42-44 and 53-55).

On April 17, USDA's Crop Reporting Board will publish the acreage growers intend to set to tobacco as of April 1. During 1974-78, the spring intentions averaged 1 percent less than the final harvested acreage. However, last spring's intentions averaged 6 percent higher than

harvested acreage due to regulation changes and weather problems.

### Production Costs Higher

For the 1980 crop year, tobacco production costs are expected to increase again due to the general inflationary pattern in the economy. Some of the sharpest price gains are for fuel. Interest and wage rates, along with fertilizer, machinery and equipment prices, also have increased. Agricultural chemicals are in adequate supply at prices near last season's levels. Quota lease rates are likely to average somewhat lower due to the higher effective quotas for flue-cured and burley, as well as reduced price expectations. On a constant yield basis—and excluding land, management and quota—the 1980 tobacco crop will probably cost at least 10 cents per pound more to produce than in 1979.

### 1980 Price Support Program

The 1980 price support program for tobacco is expected to be similar to that of previous years. Price support is available to eligible growers through nonrecourse loans to producer associations. To receive price supports, tobacco producers must certify that they did not use DDT, TDE,

Table 15—Flue-cured and burley tobacco: Marketing quota and marketings, 1971-80

Year	Quota		Marketings				Net carryover <sup>2</sup>
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota <sup>1</sup>	
	Million pounds						
	Flue-cured, types 11-14						
1971 . . . . .	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972 . . . . .	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973 . . . . .	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974 . . . . .	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
1975 . . . . .	1,491.4	1,572.3	1,414.6	50.9	203.2	192.3	141.0
1976 . . . . .	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977 . . . . .	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978 . . . . .	1,117.2	1,181.5	1,205.9	65.6	43.9	41.8	-26.4
1979 <sup>3</sup> . . . . .	1,094.9	1,068.5	973.8	24.8	118.8	117.0	92.2
1980 <sup>4</sup> . . . . .	1,095.0	1,187.3					
	Burley, type 31						
1971 . . . . .	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972 . . . . .	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973 . . . . .	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974 . . . . .	606.5	706.8	610.4	23.0	118.9	104.0	81.0
1975 . . . . .	669.5	750.4	639.9	21.8	127.5	113.4	91.6
1976 . . . . .	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977 . . . . .	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978 . . . . .	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979 <sup>3</sup> . . . . .	613.6	649.7	472.2	14.3	190.7	169.5	155.2
1980 <sup>4</sup> . . . . .	615.0	769.2					

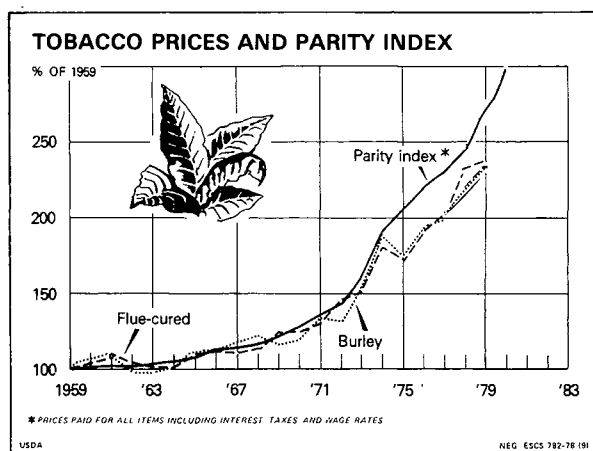
<sup>1</sup> Under quota marketings less ineligible carryover. <sup>2</sup> Effective under quota marketings less over quota marketings. <sup>3</sup> Subject to revision. <sup>4</sup> Preliminary.

Compiled from records and reports of Price Support and Loan Division, ASCS.

toxaphene, or endrin insecticides. As a condition for price support for flue-cured tobacco, USDA requires growers to designate a warehouse where they intend to sell their tobacco (table 15). USDA will continue to enforce the acreage allotments for flue-cured tobacco, but retain the four-leaf program, which permits participating producers to exceed their allotments. April 15 is the sign-up deadline at ASC offices.

Support prices for the 1980 crop are up 9.4 percent over 1979. The increase is required by the formula provisions of the law and reflects higher prices for goods and services bought by farmers during the past 3 calendar years (1977-1979), compared with 1959 average prices paid. USDA has proposed grade loan rates for flue-cured tobacco; other kinds will be set before the marketing season opens (table 16).

Growers of flue-cured, burley and sun-cured, tobaccos approved marketing quotas so price supports will be available for their 1980, 1981, and 1982 crops. Growers of fire-cured, dark air-cured, cigar binder, and Ohio filler tobaccos approved marketing quotas applicable to the 1980 crop in previous referenda. However, growers of Maryland and Pennsylvania filler tobacco again turned down marketing quotas. Hence, they will have no supports through 1982 (table 17).



## FLUE-CURED

### Lower Exports Pulling Down Disappearance

Domestic disappearance of flue-cured tobacco (types 11-14) during 1979/80 is expected to remain close to last season's 584 million pounds. During the first half of the current marketing year, domestic disappearance gained 11 percent from a year earlier. Cigarette output for July-December was 1 percent lower than in the second-half of 1979, but is expected to go above year-earlier levels during

Table 16—Computations of price support level adjustment factor for tobacco, 1970-80

Crop year	Parity index <sup>1</sup>		Price support level adjustment factor <sup>3</sup>
	Previous calendar year	3-year average <sup>2</sup>	
	1910-14=100		1959=100
1970 . . . .	366	352	120
1971 . . . .	382	366	125
1972 . . . .	407	385	131
1973 . . . .	425	405	138
1974 . . . .	490	441	150
1975 . . . .	564	493	168
1976 . . . .	614	556	191
1977 . . . .	653	610	205
1978 . . . .	687	650	218
1979 . . . .	746	695	233
1980 . . . .	849	761	255

<sup>1</sup> Index of prices paid by farmers, including wage rates, interest and taxes. 1965-75 revised in 1976 using 1971-73 weights. For original data used for prior years calculations see TS-155, March 1976., p. 16. <sup>2</sup> 3 calendar years immediately preceding. <sup>3</sup> 3-year average parity index divided by 1959 parity index (298). <sup>4</sup> Act of February 20, 1960 set price support at the 1959 level.

January-June 1980. The rapid shift to low-tar, low nicotine cigarettes is limiting domestic use.

Exports so far this marketing year are well below last season's level, with EC destinations and Japan taking less. Stocks built up overseas after large purchases from the 1978 crop and alternative supplies increased. July-January exports of 327 million pounds were 101 million below the previous year but near the 1973-77 average for that period. Exports for the rest of the season may remain about the same as last season (table 18).

### Carryover to Decrease

The 1979 crop fell short of disappearance this crop year. This means that flue-cured carryover on July 1 will decrease from the 2,075 million pounds of mid-1979.

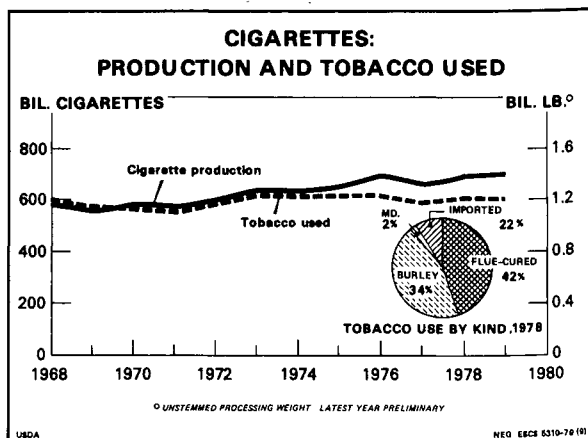




Table 17—Tobacco: U.S. Department of Agriculture price support loan and program operations, and other expenditures, 1977-79

Item	Year ending September 30—		
	1977	1978	1979
	Million dollars		
	Price support loan operations		
New loans made . . . . .	285.2	282.9	228.7
Repayments . . . . .	124.0	184.1	71.4
Charged off . . . . .	.2	( <sup>1</sup> )	5.4
Net additions (minus) . . . . .	261.0	98.8	152.0
Loans outstanding:			
Value . . . . .	652.4	751.2	903.2
Quantity (mil. lbs.) . . . . .	556	605	691
	CCC program operations		
Export payments . . . . .	.1	( <sup>1</sup> )	0
Public Law 480 sales:			
Dollar credit . . . . .	50.2	4.5	7.3
Short term credit sales . . . . .	66.9	46.1	69.2
Recoveries of costs <sup>2</sup> . . . . .	72.6	20.0	55.6
Subtotal, net CCC costs <sup>3</sup> . . . . .	44.3	29.0	19.0
	Other expenditures		
Administration of quota program . . . . .	11.1	10.3	( <sup>4</sup> )
Inspection, grading . . . . .	6.5	6.2	( <sup>4</sup> )
Market news . . . . .	.4	.4	( <sup>4</sup> )
Research and extension, production & marketing . . . . .	6.9	7.2	( <sup>4</sup> )
Miscellaneous . . . . .	1.1	.9	( <sup>4</sup> )
Subtotal, other . . . . .	26.0	25.0	( <sup>4</sup> )
Net USDA costs . . . . .	70.3	54.0	( <sup>4</sup> )

<sup>1</sup> Less than \$50,000. <sup>2</sup> P.L. 480 and short term credit sales (estimated). <sup>3</sup> Includes loan operations charged off and recovered. <sup>4</sup> Not available.

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, annual issues, 1977-79 and records of Office Management and Finance.

Since the last auction season, manufacturers and dealers have bought sizable amounts from Sta-

bilization stocks to supplement their supplies. During July 1979-February 1980, 84 million pounds of flue-cured tobacco were sold from loan stocks, compared with 20 million a year earlier. A sizable part of the sales—46 million pounds—were priming and nondescript grades sold by bid since December. By March 1, unsold loan stocks of 526 million pounds stood at the lowest level in 4 years (tables 19 and 20).

#### Projected Crop Well Above The 1979 Level

The basic quota for 1980 remains the same but adding net undermarketing gives an effective quota of 1,187 million pounds, 11 percent above the 1979 quota. The change from last year's effective quota ranges from an increase of 7 percent in the Georgia-Florida Belt to an increase of 14 percent in the Eastern North Carolina Belt.

Historically, producers have marketed an average of 95 percent of poundage quotas, although acreage has been only 89 percent of acreage allotments (1970-1979). A projected output of 1,130 million pounds represents a 20-percent increase from last season.

The projected crop, plus the anticipated carryover, indicates the 1980/81 supply will be around 1 percent above the 3 billion pounds available in the current marketing year (tables 21 and 22).

Table 18—Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1978-80<sup>1</sup>

Type and State or marketing area	Effective farm quotas		Initial designation <sup>2</sup>		Final designation		Marketings	
	1980	Change from 1979	1978	1979	1978	1979	1978	1979
	Mil. lb.	Percent	Mil. lb.		Mil. lb.		Mil. lb.	
11-Virginia (E) . . . . .	103	5.3	119	117	129	120	102	92
11-North Carolina (D,E) . . . . .	294	10.5	207	188	222	192	295	234
Total . . . . .	397	9.0	326	205	350	312	397	326
12-North Carolina (C) . . . . .	394	14.1	500	440	520	442	407	315
13-North Carolina (B) . . . . .	105	12.6	114	107	119	109	108	84
13-South Carolina (B) . . . . .	145	11.7	138	130	146	131	147	121
Total . . . . .	250	12.1	252	238	265	241	662	205
14-Alabama . . . . .	1	.3	—	—	—	—	1	1
14-Florida (A) . . . . .	23	-1.6	22	23	23	23	22	23
14-Georgia (A) . . . . .	122	9.2	128	121	137	123	122	105
Total . . . . .	146	7.3	150	144	160	146	146	129
Total, flue-cured <sup>3</sup> . . . . .	1,187	11.1	1,228	1,127	1,295	1,140	1,205	974

<sup>1</sup> Data may not add to totals due to rounding. <sup>2</sup> Growers were allowed to designate 110 percent of their effective quotas. <sup>3</sup> Computed from unrounded data.

Compiled from reports from Tobacco Division, Agricultural Marketing Service and Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

**Table 19—Flue-cured tobacco: Acreage allotted and underproduction, 1970-80**

Year	Acreage allotted <sup>1</sup>	Under production <sup>2</sup>	
		Number	As percent of allotments
	<i>Thousand acres</i>		<i>Percent</i>
1970 . . . .	638.7	54.6	8.5
1971 . . . .	572.1	46.3	8.1
1972 . . . .	562.3	48.7	8.7
1973 . . . .	642.4	67.3	10.5
1974 . . . .	725.9	109.6	15.1
1975 . . . .	854.8	137.6	16.1
1976 . . . .	765.0	98.4	12.9
1977 . . . .	651.7	61.6	9.4
1978 . . . .	641.0	52.0	8.1
1979 . . . .	580.3	80.3	13.8
1980 . . . .	639.5		

<sup>1</sup> Basic allotment adjusted for overmarketings and undermarketings, 1970 to present. <sup>2</sup> Acreage allotted minus harvested acres.

Compiled from records and reports of Price Support and Loan Division, ASCS.

**Table 20—Tobacco loan stocks, 1978-80**

(Farm-sales weight)

Type	End of February		
	1978	1979	1980 <sup>1</sup>
	<i>Million pounds</i>		
Actual			
Flue-cured, 11-14. . . .	620.3	605.8	629.6
Burley, 31. . . . .	118.7	174.3	125.8
Virginia, 21. . . . .	1.1	1.9	2.7
Kentucky-Tennessee, 22-23. . . . .	.6	3.6	11.7
Kentucky-Tennessee, 35-36. . . . .	( <sup>2</sup> )	4.3	5.9
Ohio, 42-44. . . . .	.4	1.0	.9
Puerto Rican, 46. . . . .	2.7	4.3	5.9
Connecticut Valley, 51-52. . . . .	2.1	1.0	1.5
Wisconsin, 54-55. . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Total. . . . .	743.4	796.2	784.0
Uncommitted			
Flue-cured, 11-14. . . .	670.0	590.2	525.6
Burley, 31. . . . .	105.7	161.7	56.6

<sup>1</sup> January 31, 1980 for actual stocks. <sup>2</sup> Negligible.

Compiled from records of Producer Associations Division, ASCS.

### USDA Proposes Grade Loan Rates Drops 8 Grades

USDA announced on February 12 the proposed 1980 loan rates for the various grades of flue-cured tobacco. Rates range from 88 cents to \$1.83 a pound, reflecting the national average support

level of \$1,415. This is 12.2 cents a pound above 1979. The largest increases, 16 and 17 cents, were for leaf and cutter grades, which typically account for two-thirds of the farm sales and remain in strongest demand. USDA has proposed to discontinue support on eight grades because they are in excess supply and have light demand. These grades are P5L, P5F, P5G, N1L, N1XL, N1GL, N1XO, N1PO. Their share of the crop ranged from 4 to 11 percent during 1974-79.

As in the past, no price support will be offered on any tobacco graded N2 (second quality non-descript), No-G (no grade), U (unsound), W (doubtful keeping order), or scrap. Marketings of such tobacco will be charged against individual farm quotas to discourage the marketing of these grades.

## BURLEY

### Effective Quota Larger; Crop Size May Gain

This year's basic quota for burley tobacco is 615 million pounds, the same as last year. Marketings from the 1979 crop totaled about 450 million pounds, down 30 percent from 1978. The quota carryover from the 1979 season brings the 1980 effective quota to around 769 million pounds, up one-fifth. This year, the price support level goes up to \$1.46 per pound, about the same as the record 1979 market price average.

For 1974-78, growers marketed 89 percent of the effective quota. At that rate, the 1980 crop would mean a production gain of 200 million pounds or more from 1979 and provide a 3-percent larger supply than in the current marketing year.

### Supply Reduced

The 1979/80 burley supply reached 1.7 billion pounds, 8 percent below a year earlier. Supply is 2.7 times the estimated disappearance. Total carryover held by manufacturers, dealers, and loan co-ops last October 1 was about the same as a year earlier. However, loan stocks increased to 13 percent of the total.

With the rising burley use and reduced crop, manufacturers and dealers have purchased about three-fourths of the carryover loan stocks. From the 1979 crop, the two grower loan associations took only 1.5 percent, or 7 million pounds.

Stable cigarette consumption in recent months means domestic burley use in 1979/80 may remain near the 503 million pounds of the last marketing year. Last calendar year's exports were 9 percent below 1978, but the 1978 figure had been boosted due to a late 1977 dock strike that held back 1977

Table 21.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1978/79-1979/80 1/

(Declared weight)

Importing countries	1978/79	Part year thru January		Importing countries	1978/79	Part year thru January	
		1978/79	1979/80 2/			1978/79	1979/80 2/
Million pounds				Thousand pounds			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
United Kingdom.....	92.4	72.7	30.6	Switzerland.....	538	62	0
West Germany.....	39.9	20.9	25.6	Norway.....	1,716	362	492
Japan.....	71.5	71.3	59.7	Sweden.....	416	337	0
Netherlands.....	11.8	8.3	12.5	West Germany.....	90	11	256
Thailand.....	15.1	0	0	Other countries.....	364	33	220
Australia.....	8.5	6.4	7.5	Total.....	3,124	805	968
Italy.....	16.0	3.3	5.9	One Sucker, type 35			
Sweden.....	5.7	5.7	7.8				
Norway.....	2.8	1.5	1.8				
Finland.....	5.0	3.7	2.8				
Denmark.....	14.4	10.5	5.1				
Ireland.....	5.9	3.0	2.9	Bahamas.....	0	0	13
Belgium-Luxembourg....	7.3	7.0	3.3	Zaire.....	154	154	0
Switzerland.....	6.7	5.3	3.8	Other countries.....	70	64	2
Rep. of Korea.....	17.5	7.3	1.8	Total.....	224	218	15
Philippines.....	5.8	4.0	3.0	Green River type 36			
Spain.....	10.4	10.4	.7				
Malaysia.....	9.5	6.2	4.3	United Kingdom.....	42	0	0
Taiwan.....	33.9	27.0	23.1	Benin (Dahomey).....	64	0	0
Egypt.....	10.4	8.2	0	Zaire.....	117	117	0
Other countries.....	49.0	26.5	30.6	Other countries.....	87	0	2
Total.....	439.5	309.2	232.8	Total.....	310	117	2
Burley, type 31				Cigar Filler, type 41-44			
Italy.....	17.3	.8	0				
Sweden.....	2.0	1.2	1.5	Canada.....	20	0	0
Denmark.....	3.0	2.0	1.4	France.....	77	0	42
Netherlands.....	6.7	.4	.8	Other countries.....	30	15	16
Japan.....	14.8	0	0	Total.....	127	15	58
West Germany.....	10.6	1.6	2.4	Connecticut Binder, types 51-52			
Switzerland.....	5.6	.3	.1				
United Kingdom.....	4.3	1.2	0	Dominican Republic....	53	0	0
Thailand.....	2.9	0	0	Switzerland.....	15	15	0
Philippines.....	6.2	1.1	.5	Canada.....	0	0	9
Other countries.....	12.5	3.8	2.7	Other countries.....	2	2	0
Total.....	85.9	11.4	9.4	Total.....	70	17	9
Maryland, type 32				Wisconsin Binder, types 54-55			
Belgium-Luxembourg....	.6	.3	.2				
West Germany.....	1.7	.8	.2	Canada.....	7	0	0
Switzerland.....	2.7	1.6	2.0	Other countries.....	2	0	0
Other countries.....	2.7	1.6	.2	Total.....	9	0	0
Total.....	7.7	4.3	2.6	Cigar Wrapper, types 61-62			
Ky.-Tenn. fire cured, types 22-23							
Sweden.....	.5	.5	.6	United Kingdom.....	477	287	267
Netherlands.....	10.9	8.2	2.6	West Germany.....	87	46	2
Belgium-Luxembourg....	.3	.1	.2	Canada.....	21	4	20
France.....	3.1	0	.8	Dominican Republic....	3,265	1,671	2,028
Switzerland.....	.8	.6	.4	Netherlands.....	545	348	229
Other countries.....	3.8	1.1	.7	Other countries.....	337	111	155
Total.....	19.4	10.5	5.3	Total.....	4,732	2,467	2,701
Stems, Trimmings, and Scrap				Black Fat			
Sweden.....	2.7	.7	.6	Dahomey.....	1,599	615	615
Denmark.....	2.2	4.3	4.9	Cameroon.....	317	126	196
United Kingdom.....	20.9	15.9	7.3	Niger.....	241	0	0
West Germany.....	10.0	4.1	5.4	Nigeria.....	253	214	0
Japan.....	15.9	15.3	9.3	Togo.....	417	62	99
Other countries.....	38.8	17.8	20.7	Other countries.....	137	58	35
Total.....	90.5	58.1	48.2	Total.....	2,964	1,075	945

1/ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September crop for all other types. 2/ Subject to revision. Detail may not add to total due to rounding.

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

Table 16.--Flue-cured, burley, and total tobacco: Supply and disappearance, 1975-80

Marketing year	Supply			Disappearance			Ending carryover <u>1/</u>
	Beginning carryover <u>1/</u>	Marketings <u>2/</u>	Total	Domestic	Exports	Total	
Million pounds (farm sales weight)							
Flue-cured, type 11-14							
1975/76	1,652	1,415	3,067	671	522	1,193	1,874
1976/77	1,898	1,316	3,214	634	514	1,148	2,075
1977/78	2,075	1,124	3,199	608	539	1,147	2,052
1978/79	2,051	1,206	3,258	584	599	1,183	2,075
1979/80 <u>3/</u>	2,075	974	3,049	580	510	1,090	1,959
1980/81 <u>4/</u>	1,959	1,130	3,089				
Burley, type 31							
1975/76	1,094	639	1,733	511	92	603	1,131
1976/77	1,160	664	1,824	500	117	617	1,206
1977/78	1,217	613	1,830	493	116	609	1,218
1978/79	1,218	618	1,836	503	121	624	1,212
1979/80 <u>3/</u>	1,212	480	1,692	500	125	625	1,067
1980/81 <u>4/</u>	1,067	675	1,742				
Total tobacco, types 11-62							
1975/76	3,009	2,186	5,195	1,290	655	1,945	3,305
1976/77	3,305	2,121	5,426	1,234	678	1,912	3,514
1977/78	3,525	1,903	5,428	1,206	693	1,899	3,529
1978/79	3,543	1,992	5,535	1,193	765	1,958	3,578
1979/80 <u>3/</u>	3,578	1,600	5,178	1,185	680	1,865	3,313
1980/81 <u>4/</u>	3,313	1,960	5,273				

1/ July 1 for types 11-14, and types 61-62, October 1 for other types. 2/ Production for types 21-23, 32-62. 3/ Estimated disappearance, and ending carryover. 4/ Based on poundage quotas and acreage allotments and estimated carryover.

shipments. Italy, Japan, and Germany were the three leading destinations.

Foreign burley production gained in 1979 and could increase further this year, meaning further competition for U.S. exports.

### 1979 Crop Summary

The 1979 crop value was considerably lower than the 1978 crop. Quality was not quite as good as the 1978 season. There was a smaller percentage of third quality with more fifth quality and non-descript.

Auction prices for the 1979 burley crop (including resales) averaged \$1.45 a pound—14 cents above the 1978 record. Average prices by grades (tied) ranged from 1 or 2 cents per pound above support prices for choice or fine quality of flyings, lugs, and leaf, while nondescript grades brought 30-32 cents over support (table 23).

Average prices in all producing states increased (table 24). By markets, prices ranged from \$1.38 per pound to \$1.47.

All markets opened November 19 and the season ended February 12 at Lexington, Ky. As usually happens, prices peaked before the market closed for the Christmas holidays; post-holiday demand was weaker.

Growers placed 3 percent of post-Christmas marketings under loan, while only 0.3 percent of pre-Christmas sales were placed under loan. Loan placements for the 1979 crop were down 57 million pounds from 1978.

Baled sales under the special 1979 program averaged \$1.44 per pound, 1½ cents below the auction average. The 25 million pounds of baled burley was about 15 million larger than the 1978 season. The quality approximated that of tied burley. However, by individual grades, averages for bales ranged from 4 cents per pound higher than the tied average to 7 cents lower.

## SOUTHERN MARYLAND

### Auctions Open April 9

Auctions for the 1979 crop of Southern Maryland tobacco (type 32) are scheduled to open April 9 and end May 22. Maryland tobacco does not receive government price support. For the 1978 crop (marketed mostly in 1979), growers received the highest average price on record, \$1.22 a pound. Auction sales have averaged 30 million pounds the last three seasons. Last season, almost no type 32 tobacco was grown in quota-type areas because the quota law counts most of those sales against the producer's quota or it imposes penalties.

### Supply Declines

With reduced yields, growers produced a 14-percent smaller crop in 1979 than the previous season, the shortest crop since 1975. This marketing year's supply (October 1979-September 1980) is 7 percent smaller than 1978/79. Last season's use of 31 million pounds, was about the same as 1979's marketings (table 25).

No quotas apply on Southern Maryland tobacco. Production of Maryland tobacco has remained close to 30 million pounds since 1968, except for poor yields in 1972, 1975, and 1979. The supply—projected output plus tentative carryover—could rise to 2.6 times annual use.

## FIRE-CURED

### Smaller Crop—Prices Irregular

Auction prices on fire-cured (types 21-23) declined for the third consecutive season after the 1976/77 record, despite reduced volume. Quality declined and the overall average auction price of

Table 23—Burley tobacco: Price spreads among specified grades, 1970-79

Period	Average price of C4F	Cents per pounds lower than C4F						
		X4F	C4K	B4F	B4FR	B4R	T4R	N1G
		Cents per pound						
1970 . . . . .	77	0	5	3	5	8	10	18
1971 . . . . .	82	1	1	1	1	1	2	11
1972 . . . . .	80	0	1	0	0	0	2	9
1973 . . . . .	93	1	2	0	0	0	1	11
1974 . . . . .	117	1	5	1	0	0	2	28
1975 . . . . .	112	2	7	1	3	4	11	29
1976 . . . . .	118	2	4	2	3	5	9	27
1977 . . . . .	126	2	6	1	2	4	10	33
1978 <sup>1</sup> . . . . .	133	1	6	0	0	2	11	27
1979 <sup>1</sup> . . . . .	147	1	4	0	0	1	3	20

<sup>1</sup>Tied.

\$1.04 per pound for the 1979 crop (types 21-23) remained close to last year.

Auctions for Kentucky-Tennessee (types 22-23) began January 14 and were finishing in mid-March. About half of the estimated crop had moved through auctions by early March, and the remainder was sold at grower farms. Sales this season are below a year ago due to reduced acreage and yield. Last summer's blue mold disease hampered the crop's growth.

For types 22-23, this season's auction averages ranged from \$1.64 per pound for A1F grade to 45 cents for N2. Prices at the farm were substantially higher than at auctions, as more nondescript and poor quality tobacco appeared this year compared with last season, resulting again in sizable deliveries to loan associations.

Virginia (type 21) prices were up, as quality

improved and production was down. Final sales of type 21 were held on February 13. Volume of producer marketings decreased 1.4 million pounds. Less of the crop was placed under loan than last season.

#### Use May Decline

During the first third of the current marketing year (October 1979-January 1980), exports of Kentucky-Tennessee and Virginia fire-cured were sharply below last season's level. Foreign fire-cured production increased 13 million pounds last year with Malawi accounting for most of the gain. Consequently, U.S. exports may remain at a lower level during the remainder of this marketing year. The slight drop in U.S. snuff and plug chewing output may result in declining domestic use of fire-cured types in 1979/80 (table 26).

Table 24—Burley tobacco: Gross sales, and average price, by States, crops of 1978-79

State	1978 crop				1979 crop			
	Auction sales		Placed under Government loan		Auction sales		Placed under Government loan	
	Amount	Average price	Quantity	Percentage of sales	Amount	Average price	Quantity	Percentage of sales
	Million pounds	Cents per pound	Million pounds	Percent	Million pounds	Cents per pound	Million pounds	Percent
Kentucky . . . . .	455.5	131.78	48.6	10.7	347.6	145.76	5.2	1.5
Tennessee . . . . .	119.6	130.18	7.1	6.0	87.6	144.12	.3	.3
Virginia . . . . .	29.3	130.31	3.3	11.1	17.3	144.05	( <sup>2</sup> )	.2
North Carolina . . . . .	20.5	127.27	2.2	10.6	8.1	139.84	( <sup>2</sup> )	.5
West Virginia . . . . .	3.3	127.18	.4	11.4	1.9	142.10	( <sup>2</sup> )	1.4
Indiana . . . . .	15.1	130.61	2.4	15.9	11.9	145.03	.2	2.1
Ohio . . . . .	12.6	130.61	1.6	12.6	7.6	145.79	.2	2.7
Missouri . . . . .	5.4	126.64	2.1	38.9	6.3	141.72	1.2	18.7
Total all States . . .	661.5	131.17	67.6	10.2	488.1	145.22	7.2	1.5

<sup>1</sup> Computed from unrounded data. <sup>2</sup> Less than 50,000 pounds.

Table 25—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1970-79

Marketing year <sup>1</sup>	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Stocks, following Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds			Cents			
1970 . . . . .	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971 . . . . .	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972 . . . . .	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 <sup>2</sup> . . . . .	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 <sup>2</sup> . . . . .	26.0	1,260	32.8	51.7	84.5	33.5	25.0	8.5	92.2
1975 <sup>2</sup> . . . . .	23.5	950	21.1	53.6	74.7	34.8	25.1	9.7	107.5
1976 <sup>2</sup> . . . . .	23.0	1,300	29.9	41.9	71.8	29.7	17.2	12.5	110.0
1977 <sup>2</sup> . . . . .	23.0	1,310	30.1	45.3	75.4	28.3	18.9	9.4	115.1
1978 <sup>2,3</sup> . . . . .	22.0	1,390	30.6	41.9	72.5	31.1	21.1	10.1	122.0
1979 <sup>3</sup> . . . . .	22.0	1,200	26.4	41.3	67.7				

<sup>1</sup> Year beginning October 1. <sup>2</sup> Includes sales and certification. <sup>3</sup> Subject to revision.

Table 26—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, 1970-79

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Beginning stocks, October 1—				
			Production	Manufac- turers and other	Under loan	Total	Total supply
1970 . . . . . 1971 . . . . . 1972 . . . . . 1973 . . . . . 1974 . . . . . 1975 . . . . . 1976 . . . . . 1977 . . . . . 1978 . . . . . 1979 <sup>2</sup> . . . . .	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>				
	Kentucky-Tennessee fire-cured, types 22-23						
	17.7	1,749	30.9	54.1	9.7	63.8	94.7
	19.5	1,928	37.6	48.6	4.7	53.3	90.9
	20.4	1,844	37.6	55.0	1.2	56.2	93.8
	16.6	1,668	27.7	54.2	3.1	57.3	85.0
	16.2	1,602	26.0	44.0	1.1	45.1	71.1
	18.4	1,772	32.6	40.5	.1	40.7	73.3
	21.2	1,567	33.2	42.6	( <sup>1</sup> )	42.6	75.8
	25.6	1,767	45.2	41.2	( <sup>1</sup> )	41.2	86.4
	27.1	1,898	51.4	50.0	1.0	51.0	102.4
	22.1	1,810	<sup>4</sup> 42.0	54.0	11.1	65.1	107.1
	Virginia fire-cured, type 21						
	5.0	1,230	6.2	8.4	1.4	9.8	16.0
	5.0	1,180	5.9	8.0	1.0	9.0	14.9
	4.8	970	4.7	7.9	.4	8.3	13.0
	4.7	1,205	5.7	7.6	( <sup>1</sup> )	7.6	13.3
	5.0	1,185	5.9	7.1	---	7.1	13.0
	5.0	975	4.9	7.1	.3	7.3	12.2
	5.3	1,000	5.3	7.4	( <sup>1</sup> )	7.4	12.7
7.2	1,000	7.2	7.0	( <sup>1</sup> )	6.7	13.9	
6.1	1,120	6.8	7.9	.8	8.7	15.5	
4.8	1,150	<sup>4</sup> 5.5	8.2	2.7	10.9	16.4	
Disappearance			-- Average price per pound	Price support level	Placed under loan		
Total	Domestic	Exports			Quantity	Percentage of crop	
<i>Million pounds</i>			<i>Cents</i>		<i>Million pounds</i>	<i>Percent</i>	
Kentucky-Tennessee fire-cured, types 22-23							
41.4	13.1	28.3	54.4	46.6	( <sup>1</sup> )	.1	
34.7	16.0	18.7	60.8	48.5	( <sup>1</sup> )	.1	
36.5	14.2	22.3	57.3	50.8	2.8	7.4	
39.9	15.7	24.2	71.7	53.5	.2	.7	
30.3	14.5	15.8	93.4	58.2	.7	2.7	
30.7	12.2	18.5	104.7	65.2	.1	.4	
34.6	11.2	23.4	142.4	74.1	( <sup>1</sup> )	---	
35.4	17.4	18.0	125.6	79.5	1.1	2.4	
37.3	15.1	22.2	113.6	84.6	11.3	22.2	
			<sup>3</sup> 118.6	90.3	<sup>4</sup> 10.0	23.8	
Virginia fire-cured, type 21							
7.0	2.4	4.6	52.0	46.6	.1	2.0	
6.6	3.1	3.5	54.8	48.5	.1	1.0	
5.4	1.3	4.1	64.2	50.8	( <sup>1</sup> )	.1	
6.2	1.7	4.5	75.5	53.5	( <sup>1</sup> )	---	
5.7	.7	5.0	81.7	58.2	.3	4.5	
4.8	1.4	3.4	93.0	65.2	( <sup>1</sup> )	.9	
6.1	<sup>3</sup> 2.0	4.1	118.0	74.1	.1	1.5	
5.2	2.8	2.4	96.2	79.5	1.0	14.4	
4.6	1.0	3.6	94.6	84.6	1.8	26.2	
			<sup>3</sup> 107.1	90.3	.9	16.0	

<sup>1</sup> Less than 50,000 pounds. <sup>2</sup> January crop estimate. <sup>3</sup> Includes 400,000 pounds fire loss, December 1976. <sup>4</sup> Auction and country sales through March 13.

(Farm-sales weight)

<sup>1</sup> Less than 50,000 pounds. <sup>2</sup> Based on January crop estimate. <sup>3</sup> Auction sales. <sup>4</sup> Thousands of pounds. - - - Less than .05 percent.



## **Acreage Allotments Stabilize**

Acreage allotments this year were maintained for both fire-cured kinds. Acreage harvested as a percent of allotments in 1979 was Kentucky, 74 percent; Tennessee, 84 percent; and Virginia, 49 percent. With prices to growers barely rising to offset cost increases, plantings may remain near last season's level.

Carryover of fire-cured tobacco on October 1, 1980, may rise above the 76 million pounds of last October 1. For next year, the larger carryover stocks, plus a larger projected crop, would provide a supply perhaps a tenth above the current year total of 117 million pounds.

## **DARK AIR-CURED**

### **Supplies Reduced, Prices Rise**

Prices rose 10 percent for the 1979 crop of dark air-cured and Virginia sun-cured tobaccos (types 35-37). Quality of offerings improved from the low level of the previous season in Kentucky and Tennessee although total harvest was considerably lower. Auction sales started in early December and ended in January for types 35-36 and in mid-February for type 37.

Grade price averages rose substantially over last season's level for heavy and thin leaf. About the same or lower prices prevailed for low grade lugs and nondescript. The Virginia sun-cured crop declined in quality and averaged only 2 cents per pound above the 1978 average.

The 1979/80 supply of dark air-cured was 53 million pounds, 3 percent lower than last season (table 27).

The chief domestic outlets for dark air-cured tobacco are plug, twist, and fine-cut chewing tobacco. Output increased an average of 4 percent over the last 4 years. Projected utilization is likely to exceed the 1979 crop, resulting in a reduced October 1 carryover.

### **Allotments Unchanged**

Acreage allotments this year for dark air-cured tobacco (types 35-36) are 13,363 acres and for Virginia sun-cured, 1,377 acres. Although allotments are essentially unchanged, improved grower prices suggest this season's production may rise above 1979's level.

## **CIGAR TOBACCO**

### **Prices Higher**

Cigar tobacco producers have received substantially higher prices this season than last. Most of

the Pennsylvania filler and Wisconsin binder crops were sold in December and January. Sales were between 70 and 80 cents per pound in Pennsylvania and \$1.17 in Wisconsin. Ohio cigar types were contracted for 76 to 90 cents per pound. Season average price and production data for the 1979 cigar tobacco crop are scheduled for release on May 9.

Overall price support levels for the 1980 crop of cigar leaf tobacco are 9.4 percent higher than for the 1979 crops. No government price support applies for Pennsylvania tobacco (type 41) or shade-grown cigar wrapper (types 61-62). No production is expected of type 62. Georgia-Florida, shade-grown.

The Puerto Rican Government for years has allocated poundage quota to cigar filler growers and made supplemental payments. This year's supplement is 23 cents per pound.

### **Cigar Filler and Binder Allotments the Same as 1979**

For most farms growing cigar filler and binder tobacco (types 42-44, 51-52, and 53-55), USDA set this year's acreage allotments the same as for 1979. For several years, USDA has allowed Ohio filler and Wisconsin binder farms to surrender their allotment and retain the crop history. Allotments are reallocated to other farms.

Annually since 1970, USDA has suspended quotas for Connecticut Valley binder (types 51-52). No action has been taken for this year. Price supports remain in effect.

### **U.S. and Puerto Rican Supplies Steady**

Total supplies of U.S. and Puerto Rican cigar tobacco for 1979/80 are about the same as the previous season's; overall carryover and production remained stable. Cigar wrapper supplies continued to decrease while filler experienced short crops (table 28). With the recovery of Wisconsin's crop, the cigar binder output was the largest since 1961.

More foreign cigar tobaccos arrived in the United States in 1979 than the year before, but foreign-grown leaf stocks on January 1, 1980, were 2 percent below a year earlier. However, stocks of 91 million pounds remained twice annual use.

### **Domestic Use May Stabilize**

The demand for cigar filler and binder has increased with rising loose leaf chewing tobacco production. Cigarmakers continued to sell fewer small and large cigars in 1979. Imports accounted for most of the leaf required for cigars.

Table 29—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1970-79  
(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
Pennsylvania Seedleaf Filler (type 41)									
1970	17.0	1,800	30.6	97.3	127.9	40.9	40.7	0.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	28.3	27.5	.8	52.0
1974	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975	12.0	1,650	19.8	49.2	69.0	22.2	21.8	.4	58.0
1976	13.5	1,750	23.6	46.8	70.4	20.7	20.3	.4	60.0
1977	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.2	60.0
1978	13.0	1,940	25.2	54.1	79.3	23.6	23.5	.1	62.0
1979 <sup>2</sup>	13.0	1,700	22.1	55.7	77.8				
Ohio, Miami, Valley Filler (types 42-44)									
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975	1.8	1,660	3.0	5.9	9.1	3.4	3.4	---	60.0
1976	1.8	1,550	2.8	5.7	8.5	2.5	2.5	---	59.0
1977	1.8	2,025	3.6	6.0	9.6	2.6	2.6	---	62.0
1978	1.6	1,850	3.0	7.0	10.0	3.7	3.7	---	64.0
1979 <sup>2</sup>	1.4	1,700	2.4	6.3	8.7				
Puerto Rico Filler (type 46) <sup>4</sup>									
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	---	42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	42.1
1974	2.7	1,477	3.9	10.0	14.0	7.9	7.9	---	45.5
1975	2.7	1,500	4.3	6.1	10.4	3.2	3.2	---	50.7
1976	2.8	1,429	4.1	7.2	11.3	4.9	4.9	---	57.6
1977	2.6	1,480	3.9	6.4	10.3	3.9	3.9	---	60.2
1978	2.2	1,400	3.1	6.4	9.5	2.6	2.6	---	57.0
1979 <sup>3</sup>	2.0	1,300	2.6	6.9	9.5				
Total Cigar Filler (types 41-46)									
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.3	56.6
1975	17.3	1,630	27.3	61.2	88.5	28.8	28.4	.4	56.2
1976	18.2	1,676	30.5	59.7	90.2	28.1	27.7	.4	59.4
1977	17.9	1,883	33.7	62.1	95.8	28.3	27.0	.3	60.2
1978	16.8	1,863	31.3	67.5	98.8	29.9	29.8	.1	61.5
1979 <sup>2</sup>	16.4	1,652	27.1	68.9	96.0				
Connecticut Valley Binder (types 51-52)									
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.1
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973	1.6	1,721	2.7	7.5	10.2	3.2	3.1	.1	72.8
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975	1.5	1,568	2.4	6.2	8.6	4.3	4.1	.2	92.7
1976	1.5	1,605	2.4	4.3	6.7	2.4	2.3	.1	89.6
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	*	121.3
1978	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979 <sup>2</sup>	1.4	1,613	2.3	5.5	7.8				
Southern Wisconsin Binder (type 54)									
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975	5.6	1,945	10.9	19.8	30.7	7.5	7.5	---	75.1
1976	5.6	1,890	10.6	23.2	33.8	10.0	10.0	---	74.7
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	---	84.6
1978	6.2	1,800	11.2	26.0	37.2	11.4	11.4	---	100.5
1979 <sup>2</sup>	6.3	2,000	12.6	25.8	38.4				
Northern Wisconsin Binder (type 55)									
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975	5.4	1,835	9.9	15.8	25.7	9.7	9.6	.1	75.1
1976	5.5	1,750	9.6	16.0	25.6	9.4	9.4	*	75.2
1977	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,550	9.1	19.1	28.2	8.9	8.9	*	100.5
1979 <sup>2</sup>	6.6	1,900	12.5	19.3	31.8				

See footnotes at end of table.

Continue—

**Table 28—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1970-79—Cont.**  
(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks <sup>1</sup>	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds			Cents			
Total Wisconsin Binder (types 54-55)									
1970 . . . .	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971 . . . .	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972 . . . .	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973 . . . .	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974 . . . .	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975 . . . .	11.0	1,891	20.8	35.6	56.4	17.2	17.1	.1	75.1
1976 . . . .	11.1	1,821	20.2	39.2	59.4	19.4	19.4	*	75.2
1977 . . . .	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978 . . . .	12.1	1,778	20.3	45.1	65.4	20.2	20.2	*	100.5
1979 <sup>2</sup> . . . .	12.9	1,949	25.1	45.1	70.2				
Total Cigar Binder (types 51-55)									
1970 . . . .	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971 . . . .	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972 . . . .	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973 . . . .	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974 . . . .	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975 . . . .	12.5	1,851	23.2	41.8	65.1	21.5	21.2	.3	76.9
1976 . . . .	12.6	1,795	22.6	43.5	66.1	21.8	21.6	.2	76.5
1977 . . . .	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978 . . . .	13.6	1,684	22.9	50.0	72.9	22.4	22.3	.1	105.5
1979 <sup>2</sup> . . . .	14.3	1,915	27.4	50.6	78.0				
Connecticut Valley Shade-grown (type 61)									
1970 . . . .	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971 . . . .	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972 . . . .	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973 . . . .	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974 . . . .	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975 . . . .	4.4	1,371	6.0	9.5	15.5	8.0	4.2	3.8	640.0
1976 . . . .	4.2	1,555	6.6	7.5	14.1	5.2	1.8	3.4	540.0
1977 . . . .	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	600.0
1978 . . . .	2.7	1,392	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979 <sup>2</sup> . . . .	2.7	1,519	4.1	8.1	12.2				
Georgia-Florida Shade-grown (type 62)									
1970 . . . .	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971 . . . .	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972 . . . .	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973 . . . .	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974 . . . .	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975 . . . .	1.1	1,556	1.7	6.2	7.9	1.9	1.5	.4	400.0
1976 . . . .	.4	1,680	.6	6.0	6.6	2.4	2.0	.4	395.1
1977 . . . .	.1	1,630	.2	4.2	4.5	1.1	.6	.5	400.0
1978 . . . .	0	—	0	3.4	3.4	1.3	.9	.4	—
1979 <sup>2</sup> . . . .	0	—	0	2.1	2.1				
Total Shade-grown (types 61-62)									
1970 . . . .	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971 . . . .	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972 . . . .	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973 . . . .	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974 . . . .	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975 . . . .	5.5	1,409	7.7	15.7	23.4	9.8	5.6	4.2	585.7
1976 . . . .	4.6	1,565	7.2	13.6	20.8	7.0	3.8	3.8	528.2
1977 . . . .	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978 . . . .	2.7	1,392	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979 <sup>2</sup> . . . .	2.7	1,519	4.1	10.2	14.3				
Grand Total Cigar Tobacco (types 41-62)									
1970 . . . .	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971 . . . .	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972 . . . .	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973 . . . .	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974 . . . .	35.5	1,834	65.3	121.2	186.3	67.7	62.8	4.9	142.5
1975 . . . .	35.4	1,635	57.9	118.6	176.5	60.1	55.2	4.9	135.1
1976 . . . .	35.4	1,700	60.3	116.8	177.1	57.5	53.1	4.4	121.4
1977 . . . .	34.7	1,900	65.9	119.5	185.4	55.2	50.0	5.2	114.9
1978 . . . .	33.1	1,752	58.0	130.1	188.2	58.6	53.1	5.5	122.1
1979 <sup>2</sup> . . . .	33.4	1,755	58.6	129.7	188.3				

<sup>1</sup> October 1 for types 41-55; July 1 for types 61-62. <sup>2</sup> January crop estimate. <sup>3</sup> Puerto Rican planting occurs late in calendar year.  
<sup>4</sup> Excludes payment by Puerto Rican Government; 23 cents per pound in 1979. \* Less than 50,000 pounds.

U.S. cigar filler and binder use could edge up a little in 1979/80. Cigar wrapper use has reached a record low level. Nevertheless, total disappearance

is expected to surpass the 1979 crop of 4 million pounds, bringing the July 1, 1980, carryover below last season.

Table 29—United States and world production and exports of flue-cured, burley and all unmanufactured tobacco, 1955-79

Period	Flue-cured			Burley			All tobacco		
	United States	World total	United States as % of total	United States	World total	United States as % of total	United <sup>1</sup> States	World total	United States as % of total
	Million pounds		Percent	Million pounds		Percent	Million pounds		Percent
Production (farm-sales weight)									
Average:									
1955-59 . . . .	1,208	2,914	41	486	595	82	1,941	8,519	23
1960-64 . . . .	1,336	3,302	40	624	778	80	2,211	8,898	25
1966 . . . . .	1,108	3,531	31	587	802	73	1,899	9,636	20
1967 . . . . .	1,263	3,859	33	541	811	67	1,979	10,368	19
1968 . . . . .	982	3,649	27	563	837	67	1,721	9,833	18
1969 . . . . .	1,053	3,823	28	591	866	68	1,810	9,821	18
1970 . . . . .	1,193	3,937	30	561	906	62	1,911	10,021	19
1971 . . . . .	1,078	3,918	28	473	868	55	1,712	9,865	17
1972 . . . . .	1,012	4,076	25	601	1,094	55	1,754	10,155	17
1973 . . . . .	1,157	4,404	27	450	944	48	1,744	10,670	17
1974 . . . . .	1,241	4,788	26	613	1,113	55	1,994	11,385	18
1975 . . . . .	1,415	5,100	28	639	1,240	52	2,186	11,837	18
1976 . . . . .	1,316	5,021	26	679	1,294	52	2,140	12,284	17
1977 . . . . .	1,130	4,977	23	617	1,284	50	1,916	12,015	16
1978 . . . . .	1,231	5,140	24	626	1,331	47	2,028	12,359	16
1979 <sup>2</sup> . . . . .	945	4,976	19	457	1,311	35	1,550	12,075	13
Exports (unmanufactured, export weight)									
Average:									
1955-59 . . . .	413	683	60	28	47	60	500	<sup>3</sup> 1,434	35
1960-64 . . . .	397	772	52	42	74	57	497	<sup>3</sup> 1,691	30
1966 . . . . .	423	710	60	46	107	43	551	<sup>3</sup> 1,689	33
1967 . . . . .	427	750	57	46	97	40	572	<sup>3</sup> 1,821	31
1968 . . . . .	444	800	56	43	108	40	599	<sup>3</sup> 1,801	33
1969 . . . . .	430	845	51	52	127	41	577	<sup>3</sup> 1,810	32
1970 . . . . .	368	797	46	41	125	33	510	<sup>3</sup> 1,838	28
1971 . . . . .	342	831	41	36	128	28	473	<sup>3</sup> 1,890	25
1972 . . . . .	425	1,046	41	54	175	31	606	<sup>3</sup> 2,341	26
1973 . . . . .	418	1,088	38	59	210	28	613	<sup>3</sup> 2,288	27
1974 . . . . .	441	1,232	36	61	265	23	662	3,116	21
1975 . . . . .	391	1,199	33	62	231	27	571	2,854	20
1976 . . . . .	379	1,198	32	68	258	26	587	2,934	20
1977 . . . . .	412	1,229	34	79	291	27	640	2,841	22
1978 . . . . .	455	1,299	35	91	318	29	707	3,113	23
1979 <sup>2</sup> . . . . .	371	—	—	82	—	—	567	—	—

<sup>1</sup>Includes Puerto Rico. <sup>2</sup>Subject to revision. <sup>3</sup>Total excludes Sino-Soviet countries. Foreign data supplied by the Tobacco and Cotton Division, Foreign Agricultural Service.

**Table 30—Cash receipts from farm marketings, and tobacco, 1970-79 with percentages**

Period	Cash receipts				Tobacco as a percentage of—	
	Livestock and products	All crops	Total farm	Tobacco	All crops	Total cash receipts
	<i>Million dollars</i>				<i>Percent</i>	
1970 . . . . .	29,543	20,911	50,454	1,388	6.6	2.8
1971 . . . . .	30,560	22,245	52,805	1,328	6.0	2.5
1972 . . . . .	35,670	25,520	61,190	1,442	5.7	2.4
1973 . . . . .	45,824	41,050	86,875	1,570	3.8	1.8
1974 . . . . .	41,377	51,271	93,178	2,197	4.3	2.3
1975 . . . . .	43,059	45,150	88,209	2,155	4.6	2.4
1976 . . . . .	46,100	48,700	94,800	2,310	4.7	2.4
1977 . . . . .	47,400	48,200	95,700	2,331	4.8	2.4
1978 . . . . .	59,000	52,100	111,000	2,549	4.9	2.3
1979 <sup>1</sup> . . . . .	67,200	61,700	128,900	2,253	3.7	1.7

<sup>1</sup> Preliminary.

**Table 31—Expenditures for tobacco products, and disposable personal income, 1970-79**

Year	Total	Cigarettes	Cigars <sup>1</sup>	Other <sup>2</sup>	Disposable personal income <sup>2</sup>	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars <sup>1</sup>	Other <sup>2</sup>
	Million dollars				Billion dollars	Percent			
1970 . . . .	11,544	10,448	707	389	686	1.68	1.52	.10	.06
1971 . . . .	12,155	11,040	700	415	743	1.64	1.49	.09	.06
1972 . . . .	12,910	11,765	720	425	801	1.61	1.47	.09	.05
1973 . . . .	13,485	12,325	730	430	902	1.50	1.37	.08	.05
1974 . . . .	14,475	13,270	705	500	985	1.47	1.35	.07	.05
1975 . . . .	15,505	14,250	680	575	1,087	1.43	1.32	.06	.05
1976 . . . .	16,410	15,100	675	625	1,184	1.39	1.28	.06	.05
1977 . . . .	17,190	15,850	665	675	1,305	1.32	1.22	.05	.05
1978 <sup>3</sup> . . . .	18,030	16,600	680	750	1,458	1.24	1.14	.05	.05
1979 <sup>3</sup> . . . .	19,000	17,500	670	830	1,623	1.17	1.08	.04	.05

<sup>1</sup> Includes small cigars (cigarette-size). <sup>2</sup> Smoking tobacco, chewing tobacco, and snuff. Compiled from reports of Department of Commerce, Bureau of Economic Analysis. <sup>3</sup> Subject to revision.

**Table 32—Governmental revenues from tobacco products, 1970-79**

Year	Federal Government				State and local Governments		All Governments
	Cigarettes <sup>1</sup>	Cigars <sup>2</sup>	Other <sup>3</sup>	Total	State	Local	
	Million dollars						
1970 . . . . .	2,113	55	2	2,170	2,458	134	4,762
1971 . . . . .	2,098	54	2	2,154	2,637	154	4,945
1972 . . . . .	2,151	53	1	2,195	2,951	179	5,321
1973 . . . . .	2,404	53	3	2,460	3,126	145	5,731
1974 . . . . .	2,308	52	2	2,362	3,287	113	5,762
1975 . . . . .	2,349	50	3	2,302	3,369	119	5,790
1976 . . . . .	2,332	48	4	2,374	3,445	125	5,944
1977 . . . . .	2,343	35	4	2,382	3,580	128	6,090
1978 . . . . .	2,421	38	5	2,463	3,640	<sup>4</sup> 130	6,233
1979 <sup>4</sup> . . . . .	2,378	37	5	2,420	3,700	130	6,250

<sup>1</sup> Includes large cigarettes. <sup>2</sup> Includes small cigars and revenue on cigars from Puerto Rico covered into the Treasury of Puerto Rico. <sup>3</sup> Includes cigarette paper and tubes, and imported cigarettes and cigars. <sup>4</sup> Estimated.

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

Table 33.--Marketing quota referendums, by kinds of tobacco

Kind (type numbers in parentheses) and basis of quotas <u>1/</u>	Last referendum				Next referendum	
	Date	Crops to which applicable	Number voting	Percentage voting in favor of quota <u>2/</u>	Probable date <u>3/</u>	Crops to which applicable
Flue-cured (11-14) Acreage-poundage	Dec. 18, 1979	1980-82	113,635	97.7	Dec. 1982	1983-85
Burley (31) Poundage	Feb. 25-29, 1980	1980-82	223,115	98.6	Feb. 1983	1983-85
Maryland (32)	Feb. 25-29, 1980	1980-82	1,383	17.0	Feb. 1983 <u>4/</u>	1983-85
Fire-cured (21-23)	Feb. 20-23, 1979	1979-81	9,885	94.9	Feb. 1982	1982-84
Dark air-cured (35-36)	Feb. 20-23, 1979	1979-81	10,303	95.5	Feb. 1982	1982-84
Va. sun-cured (37)	Feb. 25-29, 1980	1980-82	297	93.3	Feb. 1980	1980-82
Pa. filler (41)	Feb. 25-29, 1980	1980-82	752	7.6	Feb. 1983 <u>4/</u>	1983-85
Cigar binder (51-52)	Feb. 21-24, 1978	1978-80	175	83.4	Feb. 1981	1981-83
Cigar filler and binder (42-44, 53-55)	Feb. 21-24, 1978	1978-80	4,613	90.8	Feb. 1981	1981-83

1/ Quota based on acreage allotments unless otherwise specified. 2/ A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. 3/ Probable month, but referendums can occur earlier if warranted by pertinent considerations. 4/ Unless at least a fourth of the growers petition the Secretary in the interim.

## THE DOMESTIC TOBACCO MARKET— A LOOK AHEAD THROUGH THE 1980's<sup>1</sup>

At the beginning of a new decade, it is appropriate to look at factors affecting U.S. consumption of cigarettes and other tobacco products and project future consumption levels through the 1980's.

During the 1970's, striking changes occurred in the tobacco industry. Tobacco manufacturers, distributors, retailers and consumers shared the changes. Part of the change was due to innumerable actions affecting tobacco and tobacco products at the Federal level, as well as actions by State and local governments. Mechanization at the farm level was mirrored by shifts in operations of tobacco processors and exporters. Firms had to adopt new technology to offset rising expenses and to adjust to the shifting market outlets.

Ten years ago, Congress passed the Public Health Cigarette Smoking Act as an extension of the 1965 legislation. The law was approved by the President on April 1, 1970. The offer by the cigarette makers to end radio-tv advertising was formalized with the ban beginning January 2, 1971. Also the cigarette package label was revised to carry the present warning.

### Population Gaining At Slower Rate

As the United States prepares for the decennial census on April 1, a look at the population shows a changing age mix. The size of the U.S. population continues to rise slowly, but major shifts are ahead among various age groups, which will have significance for business, government and communities generally. The slowdown in the birthrate in the 1960's means the 1980's will experience a slower gain in the adult population than in the 1970's—12 percent compared with 21 percent (table 1).

But more important to the cigarette industry is the decrease of the age group 15 to 24 years old (youth) by about 6 million, or 16 percent. Teenagers and young adults respond to peer pressure and can have an impact on all sorts of items—especially for less expensive consumer nondurables like cigarettes.

Young adults and younger middle aged people, 30 to 49, will be the fastest growing groups in the decade. Their numbers are expected to increase by 32 percent, or some 17 million. People in this group are in their most productive years and exert more influence on society's decisions. The older middle aged group, 50 to 64 years, is expected to decrease by 2 percent. That would mean a slowdown in the growth of the market for many services and luxury goods.

The number of Americans 65 years and over is forecast to rise by 20 percent, or nearly 5 million. That will mean more people who have finished rearing families and have discretionary money to spend if inflation doesn't outstrip their retirement incomes. It will mean continued pressure on governments to meet the needs of older people.

### Cigarette Prices Now Lag Behind CPI

Ten years ago, cigarette prices rose at a faster rate than retail prices generally. Manufacturers raised cigarette prices once a year, but an explosive growth of state cigarette taxes occurred. Before the mid-1960's, the hikes were one or two cents per pack; around 1970, the annual tax changes were 3, 4, 5 cents, or more in a dozen or more states (table 2). Many states saw cigarette tax hikes as a way to balance a budget at the last minute; also a habit was taxed that the Federal government said was hazardous to health.

After several years, the big disparity in State tax rates was providing an attractive opportunity for bootlegging, and sales of legitimate businesses, as well as tax collections, suffered.<sup>2</sup> Legislators have begun to recognize this problem and tax changes have been nominal the past few years.

With inflationary pressures picking up, the price uptrend is likely to continue for cigarettes as

<sup>1</sup> By Robert H. Miller, Agricultural Economist, Crops Branch, National Economics Division, Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture, Washington, D.C.

<sup>2</sup> Tax evasion activities were estimated to cost high tax states \$391 million in revenue losses, but uniform tax rates are unlikely without strong Federal incentives (U.S. Advisory Commission on Intergovernmental Relations, A-65, 1977). A contraband cigarette tax bill was enacted in 1978 that provides penalties for handling cigarettes without evidence of having paid applicable state taxes. Enforcement has begun and there are indications that bootlegging is being curtailed.

manufacturers, wholesalers, and retailers pass on increases in costs. Last year cigarette prices went up 6 percent while the Consumer Price Index (CPI) rose 11 percent. As long as cigarette taxes are held down, and the composition or weights of the CPI lag behind current consumer spending patterns, cigarette prices will continue to rise at a slower rate than prices generally.

#### **Anti-smoking Publicity Shifts Consumption; Fuels Anti-Smoking Sentiment**

It was also 10 years ago that research first identified statistically the shift in the cigarette market due to publicity arising from health reports, including the Surgeon General's Report on Smoking and Health.<sup>3</sup> Numerous other researchers have since confirmed the relationship that U.S. cigarette consumption was significantly lower than otherwise expected in certain years when high levels of anti-cigarette publicity prevailed. Furthermore, the formulas developed by researchers indicate cumulative effects of anti-smoking publicity.<sup>4</sup>

Ten years ago, you could smoke cigarettes, cigars, and pipes almost everywhere. The 1972 issue of the U.S. Surgeon General's *Health Consequences of Smoking* reported the danger of passive smoking (involuntary smoking) which occurs from breathing in a smoke-filled room. The next year (1973), Arizona and Oregon enacted the first smoking prohibition laws. There are now 38 States that have laws either prohibiting smoking in certain public places or segregating smokers from nonsmokers.

The Tobacco Merchants Association has classified the restrictions by degree and tabulated the adult population affected. About 13 percent of the U.S. adult population resides in States classified with "heavy" restrictions and 44 percent in States with "less heavy" restrictions. Eighteen percent of the population reside in States with "more limited" restrictions and 25 percent in States with no restrictions.<sup>5</sup>

While the impact of a single State law may be negligible, cumulatively there appears to be a shift in public opinion and the smoking level. The atti-

tudes and perceptions of both smokers and non-smokers provide a description of the environment for individuals as well as the political and social environment in which the tobacco industry must operate. The U.S. Public Health Service surveyed the adult (21 and over) population of the United States in 1970 and 1975 and the Roper Organization has polled the public biennially since 1970 for the Tobacco Institute.<sup>6</sup>

A large portion of smokers share similar attitudes with nonsmokers. More than half of the smokers (51 percent in 1975) would like to see smoking allowed in fewer places, and 45 percent feel that management has the right to prohibit smoking in their places of business whether or not smoking represents a safety hazard (1975). Nearly two-thirds of the general public, including one-third of the smokers, find it annoying to be near a person who is smoking cigarettes.

#### **Projections to 1980 Point to Little Change in Domestic Cigarette Market**

Several scenarios can be visualized for the 1980's. With the persistence of anti-smoking sentiment of the past few years, the recent rate of decline in smoking—averaging 1-2 percent per year—would continue until we had a per capita smoking rate of 3,560 cigarettes by 1990. With a one-ninth larger adult population, total cigarette consumption would remain at about the same level as last year.

Alternatively, the population shifts indicated for this decade—a decrease in the younger adult groups—suggest a further lessening of the per capita consumption. A reduction of an additional ½ percent a year, would bring the per capita rate to 3,400 cigarettes annually.

Finally, it is conceivable that new administrative or legislative actions will further discourage smoking and bring the per capita rate down about 2½ percent annually, reaching 3,060 cigarettes by 1990.

In contrast with the downslide that could occur in domestic cigarette sales, overseas prospects remain bright for U.S.-made cigarettes. U.S. cigarette exports go to around 120 countries and are eagerly sought over local brands and are purchased as incomes rise and governments permit the foreign business.

<sup>3</sup> Robert H. Miller, "The Demand for Cigarettes in the United States," talk before the 23rd National Tobacco Workers Conference, College Park, Md., January 15, 1970, 16 pp.

<sup>4</sup> Kenneth E. Warner, "The Effects of the Anti-Smoking Campaign on Cigarette Consumption," *Am. Jour. Public Health*, Vol. 67, No. 7 (July 1977), pp. 645-50.

<sup>5</sup> Marvin Bloom, et al., "Restrictions on Smoking: Observations on Their Impact," talk before the 28th National Tobacco Workers Conference, Orlando, Fla., January 18, 1979.

<sup>6</sup> U.S. Public Health Service, Center for Disease Control, *Adult Use of Tobacco, 1970, 1973*, pp. II-17, II-20, "Adult use of Tobacco-1975" (Tables) pp. II-43. The Roper Survey is summarized in U.S. Federal Trade Commission, "Report to Congress Pursuant to the Public Health Cigarette Smoking Act, for the Year 1978," Dec. 24, 1979, Appendix B.



## **Changes in Tobacco Per Cigarette Affect Total Use**

Tobacco use in cigarettes has remained relatively constant despite the gain in cigarette output. For many years, manufacturers could economize in leaf use as they shifted to filter tip brands and used the whole leaf. Later, manufacturers began utilizing various leaf expansion processes and more imported tobacco to stabilize costs.

Domestic flue-cured tobacco accounts for about 42 percent of the tobacco used in cigarettes, with burley, Maryland, and imported tobacco accounting for the rest. For many years the burley portion has been steady while flue-cured has declined. The flue-cured decline contrasts with an increasing imported tobacco share in U.S. cigarettes.

The decline in leaf terms (i.e., farm sales weight, or unstemmed processing weight) means manufacturers can more efficiently use the whole leaf, including reconstituted sheet tobacco, and save money.

For a number of years, the average tar and nicotine yield of cigarettes has been declining as manufacturers shift tobacco blends expand the cut tobacco, utilize more efficient filters, and change the air content of the smoke (by making adjustments in the cigarette paper). Low-"tar", low-nicotine cigarettes are heavily promoted by manufacturers. This category has reached about 40 percent of the market and continues to grow.

For some of the ultra-low tar cigarettes, manufacturers add a wide range of materials that enhance the flavor of the natural tobacco itself. Much of the control of "tar" and nicotine is in the interaction of the paper and filter. It is essential that cigarettes have a uniform "tar" and nicotine yield since smokers are accustomed to a certain taste and brands are heavily promoted as having a specific "tar" and nicotine delivery.

## **Other Products Show Diverse Trends**

The downtrend in cigar and smoking tobacco consumption is expected to continue due to shifting smoking habits. Our urban and suburban life style points more and more away from pipes and cigars

with smokers preferring a quick smoke as no smoking areas proliferate. Younger men have been attracted to chewing tobacco; the ads portray a rugged male; whether chewers will persist is uncertain.

Overall, these other products account for about 5 percent of flue-cured domestic disappearance and 8 percent for burley. Some of these outlets are increasing and some are decreasing but flue-cured and burley use in these items will likely remain around the level of recent years.

## **Summary**

The projections discussed here are for per capita cigarette use by 1990 to decline 10 to 25 percent. Attitudes have become less favorable toward the cigarette industry and smoking, and no-smoking laws have an impact. With about one-ninth more adult population, total U.S. consumption may remain about the same to as much as 13 percent lower. When added to the growing cigarette export market, total cigarette output may increase from 2 to 14 percent. The growth of exports will also help to moderate the decline in tobacco use per cigarette (table 3).

Unless inflation is checked, the continued rise in price of items purchased by farmers means a big jump in the price support level. Under these circumstances it is likely that the imported share, particularly flue-cured and burley, will rise further in the decade of the 80's, from 25 percent to around 35 percent. Thus, the domestic requirement may decline substantially.

Cigarette manufacturers have become diversified, conglomerate firms, with overseas businesses, as well as domestic nontobacco enterprises. No longer do the names of any of the parent firms of the cigarette companies identify tobacco in the corporate title. While over half of net earnings of the 5 U.S.-based cigarette companies come from the domestic tobacco operations, tobacco products sales as a share of the corporate total ranges from 20 to 36 percent. Growers and processors are typically less diversified and will need to be aware of these possibilities as they plan for the 1980's.

Table 1.--Population of the United States in selected age groups,  
1970 (estimated), 1980 and 1990 (projected) 1/

Age	:	:	:	:	Changes --	
	:	1970	:	1980	:	1990
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Source: U.S. Bureau of the Census, Current Population Reports, Series P-25, No. 704, "Projections of the Population of the United States, by Age and Sex: 1977 to 2020," July 1977, pp. 40, 50; No. 721, "Estimates of the Population of the United States by Age and Sex, 1970 to 1977," April 1978, p. 17. 2/ Computed from unrounded data.

Table 2.--Cigarette tax rate summary, 1964, 1972, and 1980

(package of 20 cigarettes)					
Item	Unit	January 1 --			
		1964	1972	1980	
States taxing (including D.C.)	No.	48	51	51	
Highest rate	Cents	8	21	21	
Lowest rate	"	2	2	2	
Range	"	6	19	19	
Average rate (weighted)	"	5.6	12.5	13.0	
Median rate	"	6	12	12	
Change during previous year					
States taxing	No.	15	17	4	
Average amount	Cents	1.6	3.6	2.5	

Compiled from: Tobacco Tax Council, Inc., The Tax Burden on Tobacco, Volume 14, 1979, and "Monthly State Cigarette Tax Report," December 1979.

Table 3.--Estimated leaf tobacco used for tobacco products, 1969 (actual),  
1979 (estimated) and 1989 (projected)  
(Farm = sales weight)

Marketing year <u>1/</u>	Flue- cured	Burley	Maryland and other	Total domestic	Imported Oriental	Other	Total
<u>Pounds per 1,000 cigarettes</u>							
1969	1.07	0.79	0.05	1.91	.40	.02	2.33
1974	.96	.74	.04	1.74	.43	.13	2.30
1979 <u>2/</u>	.78	.64	.03	1.45	.38	.29	2.12
1989	.67	.58	.02	1.27	.33	.36	1.96
<u>Million pounds, cigarettes</u>							
1969	602	445	27	1,074	227	10	1,311
1974	604	464	24	1,092	270	81	1,443
1979	560	460	20	1,040	274	204	1,518
1989 (low) <u>3/</u>	480	415	15	910	235	257	1,402
1989 (medium) <u>4/</u>	519	450	16	985	256	279	1,520
1989 (high) <u>5/</u>	539	467	16	1,022	265	290	1,577
<u>Cigars and other products</u>							
1969	44	62	140	246	---	91	337
1974	48	55	93	196	---	131	327
1979	30	40	80	150	---	70	220
1989	20	30	94	144	---	56	200
<u>All products</u>							
1969	646	507	167	1,320	227	101	1,648
1974	652	519	117	1,288	270	212	1,770
1979	590	500	100	1,190	274	274	1,738
1989 (low) <u>3/</u>	500	445	109	1,054	235	313	1,602
1989 (medium) <u>4/</u>	539	480	110	1,129	256	335	1,720
1989 (high) <u>5/</u>	559	497	110	1,166	265	346	1,777

1/ Year beginning July 1 for flue-cured and imported, October 1 for burley and other domestic kinds. 2/ Assumes 715 billion cigarettes produced. 3/ Assumes 715 billion cigarettes produced. 4/ Assumes 775 billion cigarettes produced. 5/ Assumes 805 billion cigarettes produced. 1989/90 production includes 175 billion cigarettes for exports and shipments..

STATISTICAL SUMMARY

Item	Unit or base period	1979		1979-80		Last data as percentage of a year earlier	
		Jan	Feb	Dec	Jan		Feb
Average price at auctions							
Flue-cured	Ct. per lb.	closed		closed			
Burley	Ct. per lb.	129.2	126.0	147.7	143.9	139.0	110
Maryland	Ct. per lb.	closed		closed			
Virginia fire-cured	Ct. per lb.	92.0	73.5	112.0	104.5	71.5	97
Kv.-Tenn. fire-cured	Ct. per lb.	131.2	120.1	closed	111.3	105.8	88
Ky.-Tenn. dark air-cured	Ct. per lb.	97.2	closed	110.4	107.9	closed	111
Virginia sun-cured	Ct. per lb.	82.2	closed	93.0	88.0	closed	107
Price support level 1/							
Flue-cured	Ct. per lb.		129.3		141.5		109
Burley	Ct. per lb.		133.3		**145.9		109
Virginia fire-cured	Ct. per lb.		90.4		** 98.9		109
Ky.-Tenn. fire-cured	Ct. per lb.		90.4		** 98.9		109
Ky.-Tenn. dark air-cured	Ct. per lb.		80.4		** 88.0		109
Virginia sun-cured	Ct. per lb.		80.4		** 88.0		109
Connecticut Valley cigar binder	Ct. per lb.		92.3		**101.0		109
Wis. binder and Ohio filler	Ct. per lb.		66.6		** 72.9		109
Puerto Rican filler	Ct. per lb.		69.2		** 75.7		109
Parity index 2/	1910-14=100	800	812	883	913	922	114
Industrial production index 3/	1967=100	151.5	152.0	152.3	152.7		101
Employment	Mil.	96.2	96.5	97.0	97.8		102
Personal income 4/	Bil. dol.	1,834.3	1,851.4	2,024.2	2,035.6		111
			1978-79		1979-80		
			Dec	Jan	Nov	Dec	Jan
Taxable removals							
Cigarettes	Bil.	42.1	55.4	49.5	40.0		95
Cigars and cigarillos	Mil.	353.9	290.3	349.8	300.5		85
Accumulated from Jan. 1							
Cigarettes	Bil.	614.4		573.9	613.9		100
Cigars and cigarillos	Mil.	4,701.2		3,997.4	4,297.9		91
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	35.2			32.3		92
Chewing tobacco	Mil. lb.	92.3			100.9		109
Snuff	Mil. lb.	24.3			23.9		98
Tax-exempt removals							
Cigarettes	Bil.	5.5	7.6	7.2	7.6		138
Exports	Bil.	6.2	4.4	7.1	7.4	6.3	143
Cigars and cigarillos	Mil.	16.9	7.7	16.7	21.8		129
Accumulated from Jan. 1							
Cigarettes	Bil.	85.1		85.5	93.1		109
Exports	Bil.	74.4		72.3	79.7		107
Cigars and cigarillos	Mil.	166.2		156.8	178.6		107
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.8			.9		113
Chewing tobacco	Mil. lb.	.2			.2		100
Producer price indexes 5/							
Tobacco products	1967=100	203.8	213.3	221.9	226.3	236.3	111
Cigarettes (filtertip, king size)	1967=100	206.0	216.3	223.1	227.8	240.5	111
Cigars	1967=100	139.4	140.5	146.9	146.9	147.6	105
Smoking tobacco	1967=100	213.5	220.6	248.6	248.6	248.6	113
Plug chewing tobacco	1967=100	230.1	246.9	269.5	269.5	269.5	109
Snuff	1967=100	253.4	258.5	277.1	277.1	277.1	107
Consumer price indexes (urban)							
Tobacco products	1967=100	180.6	183.1	191.5	192.1	196.7	107
Cigarettes	1967=100	183.5	183.0	194.0	194.7	199.7	109
Other tobacco products 6/	Dec. 1977=100	105.9	107.3	112.8	113.2	113.9	106
Imports of tobacco 7/							
Cigarette leaf and scrap	Mil. lb.	23.3	49.1	17.8	25.4	32.9	67
Cigar tobacco	Mil. lb.	3.8	5.7	4.2	6.3	4.5	79
Accumulated from Jan. 1							
Cigarette leaf and scrap	Mil. lb.	353.5		372.3	397.7		113
Cigar tobacco	Mil. lb.	55.9		55.9	62.2		111

See footnotes at end of table.

## STATISTICAL SUMMARY--CONTINUED

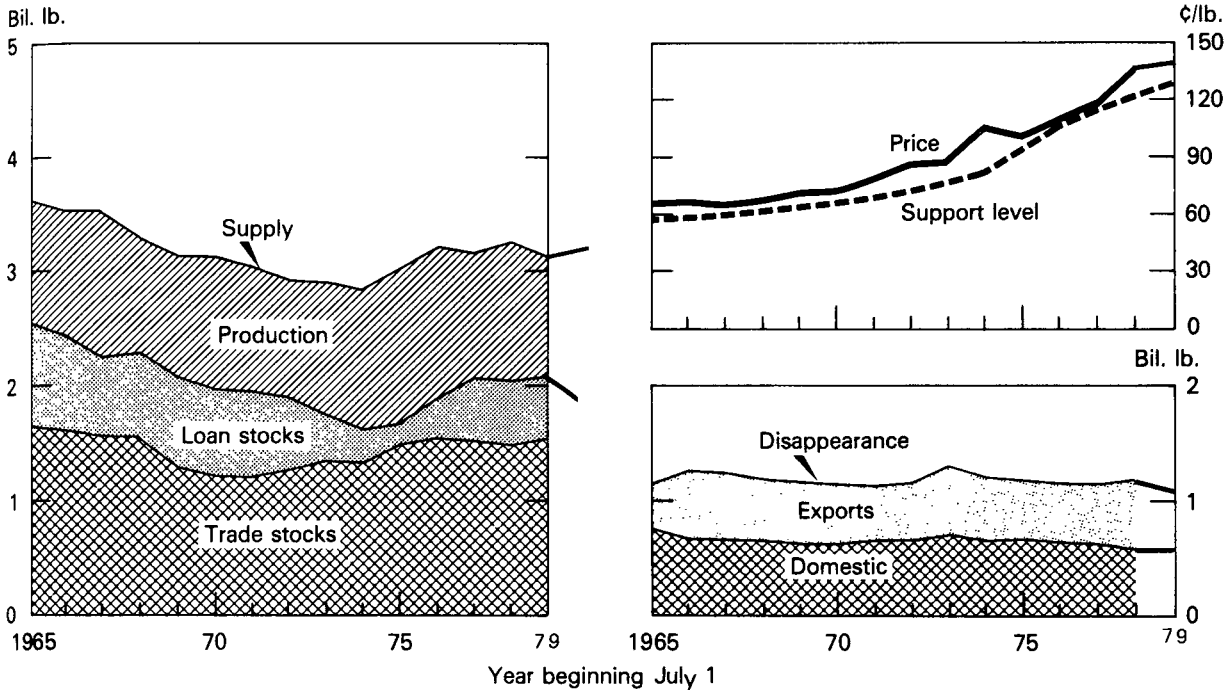
Item	Unit or base period	1978-79		1979-80		Last data as percentage of a year earlier
		Dec	Jan	Nov	Dec	Jan
Exports of leaf tobacco						
(farm-sales weight)						
Flue-cured	Mil. lb.	107.0	36.2	93.6	96.4	29.0
Burley	Mil. lb.	2.9	1.3	5.0	2.0	4.3
Maryland	Mil. lb.	1.0	.8	.4	.3	.6
Virginia fire- & sun-cured	Mil. lb.	.1	0	.1	.1	.2
Ky.-Tenn. fire-cured	Mil. lb.	2.0	.2	1.4	3.3	.7
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.3	.3	.4	*
Cigar wrapper	Mil. lb.	.6	.7	2.3	.4	.3
Cigar binder	Mil. lb.	0	0	0	*	0
Accumulated from beginning of marketing year <u>8/</u>						
Flue-cured	Mil. lb.	390.9	427.2	203.9	297.6	326.6
Burley	Mil. lb.	15.1	16.5	7.1	9.2	13.5
Maryland	Mil. lb.	4.9	5.7	2.5	2.8	3.4
Virginia fire- & sun-cured	Mil. lb.	1.0	1.0	.9	1.0	1.2
Ky.-Tenn. fire-cured <u>9/</u>	Mil. lb.	11.7	11.9	1.4	2.8	6.1
Ky.-Tenn. dark air-cured <u>9/</u>	Mil. lb.	.9	1.2	.3	.7	2.4
Cigar wrapper	Mil. lb.	1.9	2.8	2.3	2.7	3.0
Cigar binder	Mil. lb.	*	*	*	*	*
Cigar filler	Mil. lb.	*	*	0	*	.1
Exports of manufactured tobacco in bulk and not elsewhere classified <u>10/</u>	Mil. lb.	.2	.6	4.5	2.0	.5
Accumulated from Jan. 1	Mil. lb.	3.6		24.4	26.4	
Quarterly data						
1978-79						
1979-80						
Stocks of tobacco--1st of quarter (farm-sales weight) <u>11/</u>		Oct-Dec	Jan-Mar	Oct-Dec	Jan-Mar	
Domestic types						
Flue-cured	Mil. lb.	2,529	2,600	2,630	2,457	95
Burley	Mil. lb.	1,218	1,490	1,212	1,374	92
Maryland	Mil. lb.	51	42	50	41	98
Fire-cured	Mil. lb.	60	47	76	69	147
Dark air- and sun-cured	Mil. lb.	32	33	36	38	115
Cigar filler	Mil. lb.	68	63	69	61	97
Cigar binder	Mil. lb.	50	49	51	52	106
Cigar wrapper	Mil. lb.	11	11	10	10	91
Under Government loan <u>12/</u>	Mil. lb.	670	712	767	766	108
Foreign types						
Cigarette and smoking	Mil. lb.	610	636	696	683	107
Oriental	Mil. lb.	309	329	350	343	104
Flue-cured	Mil. lb.	134	134	157	155	116
Burley	Mil. lb.	167	173	189	187	108
Cigar	Mil. lb.	92	93	95	91	98
Tobacco outlets <u>13/</u>						
Seasonally adjusted data, annual rates, for charts, p. 2						
Cigarettes						
Production	Bil.	698.0	731.6	687.1	743.6	102
Tax-paid removals	Bil.	611.5	643.0	598.0	650.0	101
Cigar production						
Large	Bil.	4.51	4.65	4.30	4.46	96
Small	Bil.	1.39	1.65	1.35	1.65	100
Smoking production	Mil. lb.	36.5	34.8	32.0	32.0	92
Chewing production						
Loose leaf	Mil. lb.	62.4	66.1	72.2	72.7	110
Plug and other	Mil. lb.	32.1	30.0	31.5	30.6	102
Snuff production	Mil. lb.	24.7	24.1	24.1	24.0	100
Exports of leaf						
Total	Mil. lb.	952	715	731	825	115
Flue-cured	Mil. lb.	818	522	646	600	115

1/ 1979 and 1980 crops, respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable state and local taxes included. 6/ Includes tobacco accessories. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. \*Less than 50,000 pounds. \*\*Estimated. Detail may not add due to rounding.

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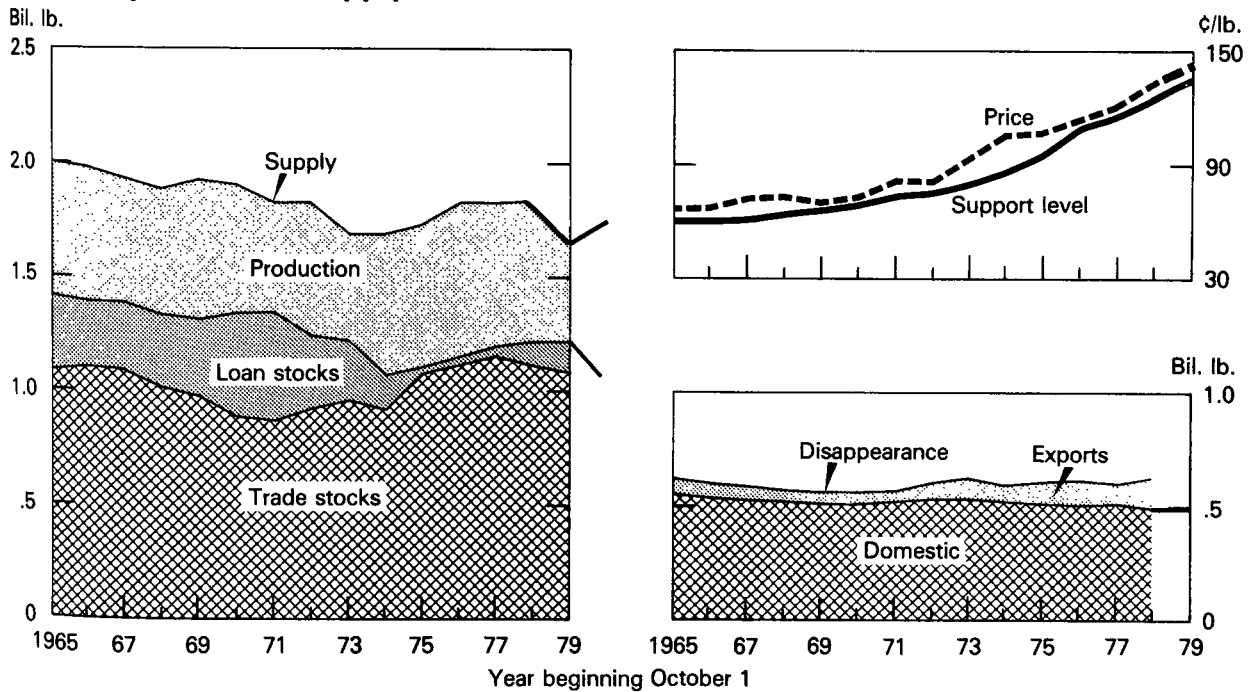
## Flue-Cured Tobacco: Supply, Price, Use



Trade stocks include manufacturers' and dealers'. Latest year forecast.

Chart 292

## Burley Tobacco: Supply, Price, Use



Trade stocks include manufacturers' and dealers'. Latest year forecast.

Chart 291

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"Cigarette sales up-maybe for the last time", *Business Week* December 17, 1979, pp. 54, 57.

Hurlbert, Robert and J. David Morrissy, "Tobacco", 1980 *Industrial Outlook*, U.S. Dept. of Commerce, Industry and Trade Administration, pp. 351-4. Tobacco products shipments are estimated at \$12.4 billion in 1980, 9 percent above the estimated 1979 level.

Leger, Richard, "Rhodesia, Its Truce on and Embargo Off, Draws Businesses Eying a Broad Market", *Wall Street Journal*, December 27, 1979, p. 28.

Miller, Robert H. "Burley Tobacco Supply and Demand Outlook", statement presented at USDA Burley Tobacco Quota Meeting, Lexington, Ky., Jan. 10, 1980, 8 pp.

*The Tax Burden on Tobacco-Historical Compilation*, Vol. 14, 1979, 171 pp. Available from the Tobacco Tax Council, Inc., P.O. Box 8269, Richmond Va. 23226.

U.S. Federal Trade Commission, "Report to

Congress Pursuant to the Public Health Cigarette Smoking Act for the Year 1978," Dec. 24, 1979, 15 pp. plus 2 Appendices, 30 pp. Includes report on cigarette labeling and advertising, including statistics for 1978 and excerpts of Roper poll of attitudes toward cigarette smoking.

, "Report of "Tar" and Nicotine Content of the Smoke of 176 varieties of Cigarettes," Dec. 1979, 11 pp.

U.S. Public Health Service (HEW), *The Health Consequence of Smoking for Women*, 1980, 419 pp. Report of the Surgeon General; includes biomedical aspects, behavioral aspects, smoking rate statistics.

Wickstrom. Bo, *Cigarette Marketing in the Third World*, Univ. of Gothenburg Dept. of Business Administration, S-411 24 Goteborg, Sweden, 1979, 88 pp. Compares marketing and regulations in England, United States, Ghana, Kenya, Malaysia,

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