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# Tobacco Outlook

Tom Capehart

## U.S. Tobacco Leaf Production Lowest in 106 Years

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The next release is  
April 2004  
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Approved by the  
World Agricultural  
Outlook Board.

U.S. tobacco production for the 2003 season was forecast at 830.8 million pounds as of September 1. The crop is expected to be 6 percent smaller than last year's 880.7 million pounds. Acreage in 2003 is projected at 413,710 acres, 3 percent below the 2002 season. Flue-cured acreage slipped by 6,600 acres to 239,000 acres. Flue-cured production is estimated at 477.0 million pounds, compared with 517.0 million pounds during the 2002 season. Last season's drought was replaced with abundant rainfall this spring, which delayed transplanting, fertilizing, and cultivation. Many growers were forced to replant, resulting in varying maturity throughout the flue-cured belt. Nevertheless, disease has not been as bad as last season and a high-quality crop is expected. Through the eighth week of 2003 season sales (40 sales days), flue-cured producer sales reached 320.3 million pounds or 67 percent of estimated production. Burley sales for the 2003 season begin in November. Burley acreage fell 6 percent to 149,200 acres, after declining 3 percent from 2001 to 2002. Burley production is expected to be 290.5 million pounds. Acreage for Maryland tobacco slipped, while dark fire-, air-cured, and cigar tobaccos advanced.

Supplies of U.S.-grown tobacco in 2003 will likely slip about 7 percent. Both production and beginning stocks are lower. September 1 estimates project production at 831 million pounds, the lowest since 1897. At an estimated 1.6 billion pounds, beginning stocks are expected to be about 8 percent lower than last season. U.S. leaf supplies are expected to fall 7 percent to 2.4 billion pounds.

Disappearance (use) of U.S.-grown leaf is expected to slip about 9 percent by the end of the 2002-03 marketing year to reach 1,014 million pounds. Use in 2001-02 was 1,119 million pounds. Both domestic use and exports are expected to decline by about 7 and 14 percent, respectively. Lower cigarette production and exports will result in domestic use of 640 million pounds, compared with 687 million pounds during the 2002-03 season. Export disappearance should reach 374 million pounds, compared with 433 last season. U.S. leaf exports in 2002-03 (July-June) fell 17 percent from the previous year, reaching 460 million pounds (farm sales weight).

Cigarette output is expected to decline to about 532 billion pieces, 5 percent below 2001. Domestic consumption is expected to slide about 2 percent to 415 billion pieces. Exports during 2002 reached 127.2 billion pieces, about 5 percent below the previous year. Imports continued to advance, reaching 20.9 billion pieces, compared with 14.7 billion pieces the previous year.

U.S. cigarette output in 2003 is expected to decline about 6 percent from 2002. Lower consumption and exports and increased imports have depressed projected output to about 515 million pieces. Consumption is projected at 410 billion pieces, down a little more than 2 percent. Cigarette exports during the first 6 months of 2003 reached 64.2 billion pieces, compared with 68.3 for the 6-month period last year. Imports during the first 6 months of 2003 advanced 33 percent, reaching 11.8 billion pieces.

At the beginning of the flue-cured season, growers carried 55.3 million pounds over from previous crops, about half of last season's carryover, and this leaf is available for marketing. The effective quota for the 2003 crop is 552.6 million pounds, compared with 545.3 million pounds last season. Production plus carryover totals about 532 million pounds, so on-farm carryover at the end of the 2003 season is expected to decline even further. Gross sales through the eighth week last season reached 321.1 million pounds, with the same proportion being sold under contracts. After 40 sales days last season, 257.7 million pounds had averaged \$181.02 per hundred compared with \$183.00 per hundred pounds this season. Contracts accounted for 86 percent of sales. Sales through the eighth week last season reached 317.3 million pounds, or 61 percent of estimated production, with the same proportion being sold under contracts.

Flue-cured yields fell 6 percent this season due to abundant moisture throughout much of the belt. Last year's yield was also low, as the crop was plagued by drought. The resulting yield for the entire belt is 1,996 pounds per acre, compared with 2,105 pounds last season, and 2,432 pounds in the 2001 season.

Flue-cured loan takings in 2003 have been high, reaching 69 percent of the 45 million gross pounds sold at auction through the eighth week of sales. Last season, loan takings at this point in sales were 17.3 million pounds, or 34.2 percent, for the same number of sales days.

Beginning flue-cured stocks on July 1, 2003, were 837.7 million pounds, compared with 915.9 million pounds on July 1, 2002. Total reported supply of U.S.-grown flue-cured in 2003 is about 1.3 billion pounds, compared with 1.5 billion pounds in 2002. Use in 2002 totaled 643.0 million pounds, 3 percent greater than the previous season.

As of September 1, burley production in 2003 is estimated at 290.5 million pounds, compared with actual production of 300.1 million pounds last season. Marketing this year will likely be about 285 million pounds, 14 percent below the effective quota of 331.7 million pounds, resulting in projected supplies of about 880 million pounds, assuming normal on-farm carryover levels.

According to the September 1 crop production forecast, smaller crops are forecast for Maryland, dark air-cured, and dark fire-cured tobacco. Cigar tobacco production will increase slightly.

January-June 2003 exports of flue-cured leaf (declared-weight) slipped 11 percent to 69.9 million pounds. Burley shipments were nearly steady at 68.8 million pounds. Total leaf shipments during the first 6 months of calendar year 2003 were 185.1 million pounds compared with 197.5 million pounds during the same period in 2002. Japan, Switzerland, and Germany were the leading destinations for U.S. leaf.

Leaf imports during the first 6 months of 2003 reached 285.0 million pounds (imports for consumption), compared with 309.6 million pounds during the same period last year. Imports of Oriental and burley tobacco declined, and imports of flue-cured advanced.

By December 15, 2003, the U.S. Department of Agriculture (USDA) will announce the flue-cured poundage quota and matching acreage allotment for 2004. Individual farm quotas and acreage allotments for the next year will

reflect this year's overmarketings and undermarketings. By February 1, 2004, USDA will announce the 2004 burley poundage quota, and by March 1 it will announce the 2004 acreage allotments for other kinds of tobacco.

Price supports for 2004 flue-cured and burley tobacco will be based on a 5-year moving average of market prices and changes in costs of production. For other types, changes in support will continue to be based on the average of the parity index during the previous 3 years compared with 1959.

U.S. cigarette output in 2003 is expected to decline about 6 percent. Official data on output and taxable removals is not yet available for 2003. Lower consumption and exports and increased imports have depressed projected output to about 500 billion pieces. Consumption is projected at 410 billion pieces, down a little more than 2 percent. Cigarette exports during the first 6 months of 2003 reached 64.2 billion pieces, compared with 68.3 for the same period last year. Japan purchased 67 percent of U.S. cigarette exports through June. Saudi Arabia and Israel were also major destinations. Imports during the first 6 months of 2003 advanced 33 percent, reaching 11.8 billion pieces. Colombia, Canada, and India were major sources for cigarettes. Imports of cigarettes continue to advance as non-participating manufacturers (NPM) and importers (those who did not sign the Master Settlement Agreement) gain market share with lower priced cigarettes.

For 2002, domestic output ended at 532.0 billion pieces, 5 percent below 2001. Domestic taxable removals reached 394.9 billion compared with 411.7 billion in 2001. Consumption in 2002 is estimated at 415 billion cigarettes, 2 percent below 2001.

Cigarette exports during 2002 reached 127 billion pieces, nearly 5 percent below the previous year. Japan, Saudi Arabia, and Israel were the top three buyers of U.S. cigarettes, with Japan accounting for 61 percent. Imports continued to advance, reaching 20.9 billion pieces, accounting for 5 percent of domestic sales.

Exports for the July 2002-June 2003 period were 123.6 billion pieces compared with 132.1 billion pieces during July 2001-June 2002. During the July 2002-June 2003 period, cigarette imports reached 23.8 billion pieces, 5.9 billion pieces more than the previous year.

Through June 2003, generic (discount) cigarette sales share increased to 27.0 percent compared with the same period in 2002, up from 25.9 percent. During calendar 2000, the discount share was 26.7 percent.

### ***Cigarette Taxes***

By the end of 2003, 14 States will increase cigarette excise taxes. Increases range from West Virginia's

17 cents to \$1.50 in New Jersey. The consumption-weighted average State cigarette excise tax is 57.3 cents per pack of 20 cigarettes.

### ***Wholesale Prices***

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

### ***CPI for Tobacco Products and Cigarettes Up***

The consumer price index (CPI) for tobacco products (cigarettes, cigars, chewing, snuff, and smoking tobacco) is projected to increase 2 percent during 2003. The CPI for cigarettes is likely to advance 1 percent during 2003. The CPI for cigarettes has not advanced as much as previous years because sales of discount cigarettes (many from small manufacturers) have gained market share.

### ***Cigar Output and Consumption Increase in 2002***

During 2002, cigar production increased by 75 million cigars, reaching 3,816 million. Taxable removals jumped 139 million cigars to 3,703 million, reaching the highest level since 1977. Cigar consumption in 2002 is estimated to be 4,120 million cigars, compared with 4,107 in 2001. Output and taxable removals data are not yet available for 2003. Exports for calendar year 2002 reached 236 million cigars. For the year ending June 2003, exports totaled 131 million cigars, compared with 247 million during July 2001-June 2002. During the first half of 2003, the Netherlands, Canada, Japan, and Australia were major destinations for cigars.

Calendar year 2002 cigar imports reached 417 million, compared with 543 million the previous year. The Dominican Republic, Honduras, and Nicaragua accounted for 96 percent of cigar imports. Imports for January-June 2003 slid 20 percent to 173 million cigars, compared with 179 million the previous year. For the year ending June 2003, imports totaled 408 million cigars, 17 percent behind last year's 494 million.

## Small Cigars

Output of small cigars (those weighing under 3 pounds per 1,000 cigars) gained 4 percent during 2002 to reach 2.5 billion pieces. Domestic taxable removals during the 2002 period increased 4 percent to 2.2 billion cigars, compared with 2001. Production and taxable removal data are not yet available for 2003. During January-June 2003, imports of small cigars increased 39 percent, reaching 73 million cigars. Imports for 2003 are expected to reach about 132 million pieces. Imports have been rapidly increasing in recent years but still account for a small part of U.S. consumption. Honduras, the Philippines, Brazil, and the Netherlands were major sources for small cigars in 2002.

## Other Tobacco Products

Output of snuff continues to rise, advancing 2 percent during the first 6 months of 2003. Estimated output at the year's end is expected to be nearly 74 million pounds, compared with 72.7 million pounds in 2002. Taxable removals during the 6-month period gained 3 percent. For 2003, taxable removals are expected to reach 73.9 million pounds, compared with 2002's 71.7 million pounds. Snuff consumption continues to

provide tobacco users with a smokeless alternative to cigarettes. As cigarette smoking is further restricted, some smokers are switching to snuff.

On a July-June basis, snuff output gained 2 percent from 2002 (July 2001-June 2002) to 2003 (July 2002-June 2003) ending at 73.4 million pounds. During the same period, taxable removals advanced 3 percent, ending at 72.8 million pounds. Snuff output and taxable removals have increased at a rate of over 1 million pounds a year for over 10 years.

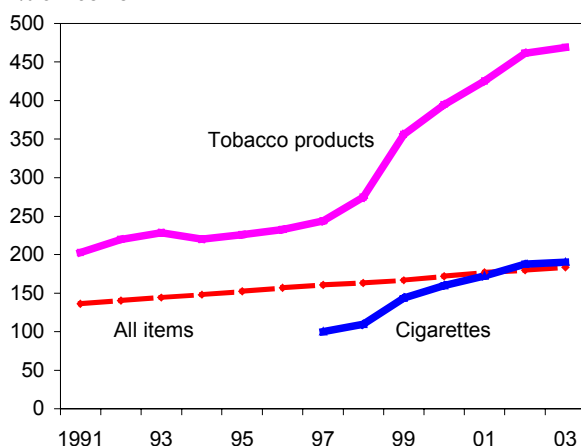
Chewing tobacco output in 2002 was down 2.6 million pounds to 44.5 million pounds, continuing the long-term decline. During the first 6 months of 2003, chewing tobacco output slid 5 percent, slightly more than last year. Output in 2003 is estimated at 42.5 million pounds. Taxable removals slipped 5 percent during the January-June period and are projected to end 2003 at 40.8 million pounds. For the 12-month period from July 2002 to June 2003 (the latest full year of data available), output of chewing tobacco totaled 41.9 million pounds, 6 percent lower than a year earlier.

After declining to less than 5 million pounds in the mid-1990s, smoking tobacco output has increased during the last 2 years. Output for 2002 reached 15.5

Figure 1

### Consumer price index and tobacco products

% of 1982-84

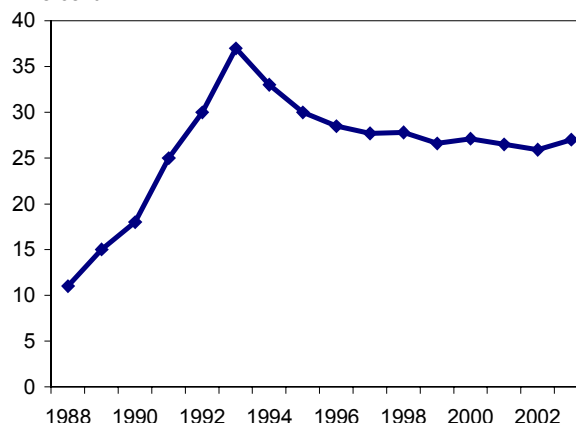


Source: Bureau of Labor Statistics.

Figure 2

### Discount cigarette share of U.S. cigarette consumption

Percent



Source: Economic Research Service, USDA.

million pounds, and a 22 percent gain to 18.9 million pounds is expected in 2003. During the first 6 months of 2002, output surged 8.9 million pounds compared with 7.3 million pounds the same period last year. Pipe tobacco output declined and cut smoking tobacco advanced 42 percent. Cut tobacco is predominately used in roll-your-own (RYO) cigarettes. Higher cigarette taxes continue to boost cut tobacco consumption because of the resurgence in the RYO market. Total output of smoking tobacco in 2003 is projected at 18.9 million pounds. Taxable

removals of smoking tobacco are expected to reach 17.4 million pounds in 2003.

On a July-June year basis, 2002-03 output of smoking tobacco surged 20 percent to reach 17.1 million pounds. Cut tobacco gained 36 percent to 12.4 million pounds. Pipe tobacco slipped. Taxable removals for July 2002-June 2003 were 16.6 million pounds, up 8 percent. Removals of cut tobacco advanced as pipe tobacco slipped.

Table 1--Cigarettes: U.S. output, removals, and consumption, 1993-2003

Table 1--Cigarettes: U.S. output, removals, and consumption, 1993-2003								
Year	Removals						Total U.S. consumption 3/	
	Output	Tax-exempt				Imports		
		Taxable	Exports		Miscellaneous shipments 1/			
			Total					
Billions								
1993	661.0	463.4	202.0	195.5	6.5	11.5 4/	12.4 5/	485.0
1994	725.5	488.6	231.6	220.2	11.4	3.5	17.5	486.0
1995	746.5	490.3	250.9	231.1	19.8	3.0	26.1	487.0
1996	754.5	486.0	261.0	243.9	17.1	2.8	18.9	487.0
1997	722.8	471.4	232.0	217.0	15.0	3.2	9.6	480.0
1998	679.7	457.9	212.5	201.3	11.2	4.3	8.4	465.0
1999	606.6	429.8	165.5	151.4	14.1	8.7	17.6	435.0
2000	594.6	423.3	153.7	148.3	5.4	11.3	10.0	430.0
2001	562.4	411.7	144.7	133.9	10.8	14.7	12.2	425.0
2002 6/	532.0	394.9	136.6	127.2	9.4	20.9	10.1	415.0
2003 6/	500.0	390.0	126.6	119.6	7.0	25.9	12.9	410.0
Year ending June 30								
1993	713.4	493.1	219.0	210.9	8.1	8.6 4/	8.5 5/	494.0
1994	668.8	467.7	205.0	198.4	6.6	8.7 4/	-9.3	486.8
1995	755.3	492.6	255.6	239.3	7.0	3.2	9.8	488.0
1996	748.3	487.0	254.7	239.5	15.2	2.6	16.8	488.0
1997	732.6	475.8	252.5	232.8	19.7	3.1	18.5	480.0
1998	713.2	465.2	229.0	215.5	13.5	3.5	17.2	465.0
1999	637.2	437.5	190.3	176.8	13.5	6.1	22.1	435.0
2000	605.3	432.3	159.3	142.6	16.7	9.9	28.9	430.0
2001	579.6	418.1	150.5	133.9	16.6	12.2	22.0	425.0
2002 6/	556.5	408.3	140.0	132.1	7.9	17.9	14.1	420.0
2003 6/	525.0	400.0	125.0	123.6	5.0	23.8	13.8	415.0

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

Sources: Bureau of Alcohol, Tobacco and Firearms, Bureau of the Census.

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1994-2003

Year	Per capita 16 years and over	Per capita 18 years and over				Per male 18 years and over			
		Cigarettes 1/ Number	Snuff 2/ Pounds	All tobacco products		Large cigars & cigarillos Number	Smoking tobacco 2/ Pounds	Chewing tobacco 2/ Pounds	
1994	2,435	2,524	4.2	0.32	4.90	25.27	0.41	0.16	0.67
1995	2,415	2,505	4.2	0.31	4.67	27.49	0.45	0.13	0.67
1996	2,391	2,482	4.2	0.31	4.70	32.66	0.54	0.12	0.43
1997	2,331	2,423	4.1	0.31	4.55	36.90	0.61	0.12	0.41
1998	2,233	2,320	3.9	0.32	4.49	37.99	0.62	0.12	0.37
1999	2,067	2,136	3.6	0.32	4.32	39.51	0.65	0.14	0.35
2000	2,014	2,092	3.5	0.33	4.14	38.12	0.63	0.15	0.33
2001 3/	1,951	2,026	3.4	0.33	4.11	40.52	0.66	0.15	0.31
2002 3/	1,906	1,979	3.5	0.34	4.23	40.14	0.66	0.15	0.29
2003 3/	1,883	1,903	3.3	0.34	4.10	40.25	0.66	0.11	0.27

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

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

Table 3--Tobacco products: Output by category, 1993-2003

Period	Chewing tobacco					Snuff dry	Snuff moist	Smoking tobacco	
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/			Small cigars 2/	in bulk (exports)
	Million pounds							Millions	Million pounds
1994	3.3	1.3	1.1	56.8	62.5	5.6	53.9	1,410	77.0
1995	2.9	1.2	1.1	57.4	62.6	5.6	54.6	1,430	91.8
1996	2.9	1.0	1.1	56.0	61.1	4.0	57.5	1,503	110.4
1997	2.6	0.9	1.0	53.7	58.1	4.4	59.9	1,476	118.2
1998	2.4	0.7	1.0	49.2	53.3	4.3	61.2	1,710	143.8
1999	2.2	0.6	0.9	47.2	50.9	3.7	63.3	2,316	151.1
2000	2.0	0.5	0.8	46.0	49.4	3.6	65.9	2,469	136.1
2001	1.9	0.5	0.8	43.9	47.0	3.3	67.6	2,376	118.2
2002	1.8	0.4	0.8	41.5	44.5	3.1	69.6	2,478	144.0
2003 3/	1.4	0.3	0.7	40.1	42.5	2.7	71.4	na	182.4
Year ending June 30									
1994	3.5	1.4	1.1	59.2	65.2	5.5	53.3	1,368	71.4
1995	3.1	1.3	1.1	58.8	64.3	5.9	54.5	1,450	84.1
1996	3.0	1.1	1.1	55.0	60.3	4.9	55.4	1,433	102.0
1997	2.8	1.0	1.0	54.4	59.2	4.1	58.6	1,587	118.4
1998	2.4	0.8	1.0	52.5	56.7	4.3	60.9	1,575	131.6
1999	2.2	0.7	0.9	48.1	51.9	4.1	62.0	1,942	134.6
2000	2.1	0.6	0.8	46.5	50.1	3.7	65.6	2,188	149.1
2001	2.0	0.5	0.8	44.1	47.3	3.6	65.4	2,171	129.4
2002	1.8	0.4	0.8	41.9	44.8	3.2	67.2	2,248	133.9
2003 3/	1.6	0.3	0.7	39.3	41.9	3.0	69.8	na	130.9

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

Compiled from reports of the Alcohol and Tobacco Tax and Trade Bureau; Bureau of the Census; and Agricultural Marketing Service.



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

Per Pack of 20 Cigarettes				
State	Increase	New Rate	Effective Date	
Washington	\$0.60	\$1.42	01/01/02	
Connecticut	\$0.61	\$1.11	04/03/02	
New York State	\$0.39	\$1.50	04/03/02	
Rhode Island	\$0.32	\$1.32	05/01/02	
Utah	\$0.18	\$0.70	05/06/02	
Illinois	\$0.40	\$0.98	07/01/02	
Indiana	\$0.40	\$0.56	07/01/02	
Kansas	\$0.46	\$0.70	07/01/02	
Maryland	\$0.34	\$1.00	07/01/02	
New Jersey	\$0.70	\$1.50	07/01/02	
Ohio	\$0.31	\$0.55	07/01/02	
Vermont	\$0.49	\$0.93	07/01/02	
New York City	\$1.42	\$1.50	07/02/02	
Pennsylvania	\$0.69	\$1.00	07/15/02	
Tennessee	\$0.07	\$0.20	07/15/02	
Massachusetts	\$0.75	\$1.51	07/25/02	
Louisiana	\$0.12	\$0.36	08/01/02	
Michigan	\$0.50	\$1.25	08/01/02	
Hawaii	\$0.20	\$1.20	10/01/02	
Nebraska	\$0.30	\$0.64	10/01/02	
Oregon	\$0.60	\$1.28	11/01/02	
Arizona	\$0.58	\$1.18	11/25/02	
District of Columbia	\$0.35	\$1.00	01/01/03	
Connecticut	\$0.40	\$1.51	03/15/03	
South Dakota	\$0.20	\$0.53	03/18/03	
Montana	\$0.52	\$0.70	05/01/03	
West Virginia	\$0.38	\$0.55	05/01/03	
Idaho	\$0.29	\$0.57	06/01/03	
Georgia	\$0.25	\$0.37	07/01/03	
Hawaii	\$0.10	\$1.30	07/01/03	
Kansas	\$0.09	\$0.79	07/01/03	
New Jersey	\$0.55	\$2.05	07/01/03	
New Mexico	\$0.70	\$0.91	07/01/03	
Vermont	\$0.26	\$1.19	07/01/03	
Wyoming	\$0.48	\$0.60	07/01/03	
Delaware	\$0.31	\$0.55	08/01/03	
Hawaii	\$0.10	\$1.40	07/01/04	

Source: Federation of Tax Administrators,

[http://www.taxadmin.org/fta/rate/cig\\_inc02.html](http://www.taxadmin.org/fta/rate/cig_inc02.html).

Table 5--Tobacco demand factors, 1993-2003

Year	Population July 1 1/	Disposable personal income, per capita 2/		Consumer Price Indexes 3/		
		Current	1996	All	Tobacco	Cigarettes
		prices	prices	items	products	Cigarettes
	Millions	-- Dollars --		-- Percent of 1982-84 --		% of 1997
1993	190.7	18,706 5/	20,384	144.5	228.4	--
1994	192.5	19,381 5/	20,709	148.2	220.0	--
1995	194.4	20,349 5/	21,056	152.4	225.7	--
1996	196.1	21,117 5/	21,385	156.9	232.8	--
1997	198.2	21,969	21,838	160.5	240.2	100.0
1998	200.4	23,359	22,672	163.0	274.8	109.8
1999	202.5	24,314	23,191	166.6	355.8	143.8
2000	209.1	25,237	23,501	172.2	394.9	159.9
2001	209.8	25,957	23,692	177.1	425.2	172.5
2002	212.2	27,170	24,463	179.9	461.5	187.7
2003 4/	215.5	27,812 6/	24,669 6/	183.6	468.8	190.4

1/ Eighteen years and older including forces overseas. 2/ Based on total population. 3/ All urban consumers. 4/ Subject to revision. Data through August.

5/ Revised. Bureau of Labor Statistics began to publish cigarette and other tobacco product cpi for January 1998. 6/ Second quarter.

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

Table 6--Wholesale premium brand cigarette price revisions, 1990-2002 1/

Approximate date of change 2/	Net price per 1,000				Net price per 1,000 excluding Federal excise tax			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimeter
Dollars								
June-1990	51.15	52.65	51.15	52.65	43.15	44.65	43.15	44.65
Dec.-1990	53.65	55.15	53.65	55.15	45.65	47.15	45.65	47.15
Jan.-Feb. 1991 3/	55.75	57.25	55.75	57.25	45.75	47.25	45.75	47.25
Mar.-1991	56.50	58.00	56.50	58.00	46.50	48.00	46.50	48.00
June-1991	58.25	59.75	58.25	59.75	48.25	49.75	48.25	49.75
Nov.-1991	61.00	62.50	61.00	62.50	51.00	52.50	51.00	52.50
Apr.-1992	63.75	65.25	63.75	65.25	53.75	55.25	53.75	55.25
July-1992	66.25	67.75	66.25	67.75	56.25	57.75	56.25	57.75
Nov.-1992	69.00	70.50	69.00	70.50	59.00	60.50	59.00	60.50
Jan.-1993 4/	71.10	72.60	71.10	72.60	59.10	60.60	59.10	60.60
Mar. 1993	72.10	73.60	72.10	73.60	60.10	61.60	60.10	61.60
Aug. 1993	53.95	53.95	53.95	53.95	41.95	41.95	41.95	41.95
Nov.-1993	55.95	55.95	55.95	55.95	43.95	43.95	43.95	43.95
May 1995 5/	57.45	57.45	57.45	57.45	45.45	45.45	45.45	45.45
May 1996	59.45	59.45	59.45	59.45	47.45	47.45	47.45	47.45
Mar.-1997	61.95	61.95	61.95	61.95	49.95	49.95	49.95	49.95
Sep.-1997	65.45	65.45	65.45	65.45	53.45	53.45	53.45	53.45
Jan.-1998	66.70	66.70	66.70	66.70	54.70	54.70	54.70	54.70
Apr.-1998	69.20	69.20	69.20	69.20	57.20	57.20	57.20	57.20
May 1998	71.70	71.70	71.70	71.70	59.70	59.70	59.70	59.70
Aug.-1998	74.70	74.70	74.70	74.70	62.70	62.70	62.70	62.70
Nov.-1998	97.20	97.20	97.20	97.20	85.20	85.20	85.20	85.20
Aug. 1999	106.20	106.20	106.20	106.20	94.20	94.20	94.20	94.20
Jan.- 2000 6/	112.70	112.70	112.70	112.70	95.70	95.70	95.70	95.70
July-2000	115.70	115.70	115.70	115.70	98.70	98.70	98.70	98.70
Dec.-2000	122.70	122.70	122.70	122.70	105.70	105.70	105.70	105.70
Apr.-2001	129.70	129.70	129.70	129.70	112.70	112.70	112.70	112.70
Oct.-2001	132.20	132.20	132.20	132.20	115.20	115.20	115.20	115.20
Jan.-2002 7/	132.20	132.20	132.20	132.20	112.70	112.70	112.70	112.70
Apr.-2002 8/	138.20	138.20	138.20	138.20	118.70	118.70	118.70	118.70

1/ Includes leading brands. A 3-percent discount is made for payment within 10 days or 2 percent within 14 days. 2/ For 1980-89 see TBS-243, April 1999. 3/ Effective January 1, 1991, the Federal excise tax increased to \$10.00 per 1,000 cigarettes. 4/ Effective January 1, 1993, the Federal excise tax increased to \$12.00 per 1,000 cigarettes. 5/ No changes in 1994. 6/ Effective Jan. 1, 2000, Federal excise tax increased to \$17 per 1,000 cigarettes.

7/ Effective January 1, 2002 Federal excise tax increased to \$19.50 per 1,000 cigarettes. 8/ Last price change.

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

Sources: News reports and miscellaneous sources.

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

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

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

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

Sources: News reports and miscellaneous sources.

Table 8--Cigars and smoking tobacco: Output, removals, and consumption, 1999-2003

Table 3 - Cigars and Smoking Tobacco: Output, Removals, and Consumption, 1999-2003						
Year and item	Output	Removals		Imports	Exports	Total U.S. consumption 2/
		Taxable 1/	Tax-exempt			
Millions						
Large cigars and cigarillos:						
1999	2,938	3,349	121	496	84	3,845
2000	2,825	3,370	114	480	113	3,850
2001	3,743	3,564	130	543	124	4,107
2002 3/	3,816	3,703	238	417	236	4,120
2003 3/	na	na	na	402	97	na
Year ending June 30						
1999	2,776	3,223	135	463	86	3,686
2000	2,935	3,386	130	497	94	3,883
2001	3,080	3,422	77	489	113	3,911
2002 3/	3,742	3,654	84	494	247	4,148
2003 3/	na	na	na	408	131	na
Million pounds						
Smoking tobacco:						
1999	14.7	13.4	1.6	1.6 4/	0.6	15.0 5/
2000	13.6	13.1	0.5	1.4 4/	0.5	14.5 5/
2001	12.7	14.9	0.5	1.9 4/	11.0	16.8 5/
2002 3/	15.5	15.9	0.6	2.1 4/	7.4	16.5 5/
2003 3/	18.9	17.4	0.5	2.2 4/	2.0	16.5 5/
Year ending June 30						
1999	14.3	13.3	1.0	1.3 4/	0.6	14.7 5/
2000	14.4	12.9	0.7	1.5 4/	0.4	14.4 5/
2001	12.1	14.3	0.5	1.4 4/	3.1	16.2 5/
2002 3/	14.3	15.4	0.5	2.2 4/	7.0	17.6 5/
2003 3/	17.1	16.6	0.5	2.1 4/	1.4	17.6 5/

na=not available. 1/ Includes United States and Puerto Rico combined. 2/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports minus exports. 3/ Estimated. 4/ Total imports including re-exports to Canada. 5/ Adjusted to reflect estimated re-exports to Canada.

Compiled from reports of the Alcohol and Tobacco Tax and Trade Bureau; Bureau of the Census; and Agricultural Marketing Service.

## January-June 2003 Exports Slip

For January-June 2003, leaf exports totaled 185.1 million pounds (264.9 million pounds farm-sales weight), 6 percent below the same period last year. The "other leaf" category increased to 19 million pounds, burley shipments were nearly steady at 68.8 million pounds, and all other categories declined. Flue-cured shipments slipped 11 percent to 69.9 million pounds during the 6-month period. Overall shipments to Japan, the largest buyer, slipped 34 percent while those to Germany fell 30 percent. Shipments to Switzerland rose threefold to 24.9 million pounds. The Bureau of the Census reported 75 countries as destinations for U.S. tobacco leaf in 2003.

January-June 2003 leaf export value reached \$569 million compared with \$628 million during the same period in 2002. However, the value of flue-cured leaf exports slipped 14 percent, reaching \$227.4 million. Burley was unchanged in value. During the first 6 months of 2003, flue-cured and burley made up 85 percent of total export value, compared with 83 percent last year and 73 percent the year before. Declines were evident in all other unmanufactured tobacco export categories except cigar binder and stems.

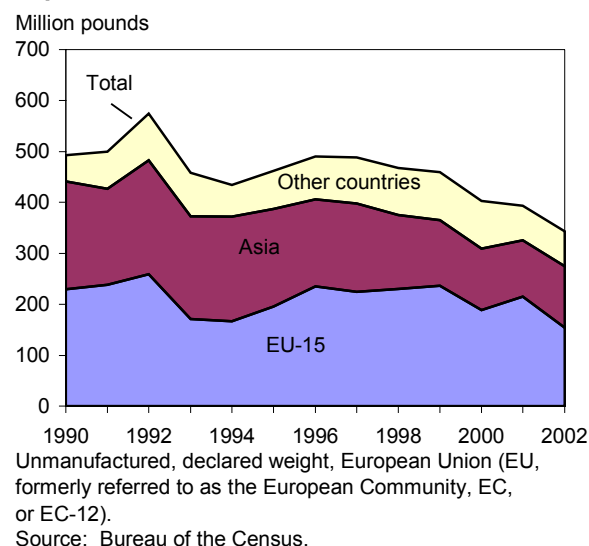
Maryland exports during the first half of calendar year 2003 plunged to less than a third of last year's level. Declining production reduced the amount of leaf available for export. For the 6-month period shipments of Maryland were 327,000 pounds compared with 1.1 million pounds in 2002. Israel was the major buyer. Kentucky-Tennessee dark-fired leaf exports slipped by 43 percent, ending at 4.2 million pounds compared with 7.3 million during the January-June period last year. The Netherlands, Egypt, and Belgium were the major destinations. Exports of cigar leaf totaled 972,000 pounds, compared with 1.2 million pounds in 2002. Stems and refuse shipments were down about 2 million pounds at 22 million pounds during the 6-month period.

## July 2002-June 2003 Export Trends

For the July-June period (July 2002-June 2003),

Figure 3

## Export markets for U.S. tobacco



unmanufactured export value slipped 20 percent after a gain of 8 percent the previous July-June period. Exports fell below \$1 billion to end the 12-month period at \$990.8 million. Flue-cured and burley accounted for \$200 million of the loss.

Total export volume from July 2002 through June 2003 was 325.7 million pounds. Year-earlier volume was 386.5 million pounds. Flue-cured shipments slipped 20 percent to 151.9 million pounds. Germany, Japan, Switzerland, and Belgium were the top destinations for flue-cured tobacco. Burley shipments of 86.8 million pounds were down 14 percent, losing part of last year's gains. Maryland, Kentucky-Tennessee dark-fired, Virginia fire-cured and sun-cured, cigar wrapper, stems, and "other leaf" slipped during the 12-month period. Cigar binder increased slightly.

## Leaf imports for Consumption Volume Slips

Imports for consumption slowed 8 percent during January-June 2003 compared with January-June 2002, following a gain of 22 percent over the same period in 2001. The period ended at 285.0 million pounds, compared with 309.6 million pounds last year. Value was \$333.7 million, compared with \$411.0 million the previous year. During the first half of the year, Brazil, Turkey, Argentina, Canada, and Malawi were

the leading sources for leaf. Shipments from Brazil were only 83 million pounds compared with 111 million pounds a year earlier. Oriental leaf led imports, accounting for 24 percent of total imported leaf volume during the first 6 months of 2003.

General imports (arrivals) for January-June 2003 slipped 5.5 million pounds to 256.4 million valued at \$328.1 million, compared with 261.9 million pounds valued at \$364.2 million in 2002. Oriental leaf arrivals gained 9 percent to end at 72.7 million pounds. Flue-cured and burley arrivals declined by 8.6 million pounds and 8.3 million pounds, respectively.

### ***July-June Imports Slow***

For July 2002-June 2003, leaf import volume (consumption) slipped 3 percent to 553.4 million pounds, after a 100-million-pound gain the previous year. Stemmed flue-cured advanced from 116.2 million pounds in 2001-02 to 123.6 million pounds in 2002-03. Stemmed burley imports were about 113.9

million pounds compared with 128.9 million pounds compared with 128.9 million last year. Imports of stems were reduced to 111.6 million pounds, an 8.3-million pound drop, but remain at historically high levels. Cigar wrapper imports fell, but filler advanced. Oriental leaf volume slipped about 10 million pounds to 118.8 million pounds. Brazil, Turkey, Malawi, Argentina, Canada, and Greece were the leading suppliers of leaf. During July 2002-June 2003, the value of unmanufactured leaf imports for consumption was \$647 million, compared with \$712 million the previous July-June period.

General imports (arrivals) slipped during July 2002-June 2003 to end at 580.0 million pounds, compared with 587.0 million pounds the previous year. General imports are still at high levels—July 2000-June 2001 import volume was only 468.4 million pounds. The value of general imports during July 2002-June 2003 was \$670 million, compared with \$728 million last year.

Table 9--U.S. cigarette exports to leading destinations, 2002-2003

Country	July 2002- June 2003	January-June	
		2002	2003 1/
Billions			
Japan	77.9	41.3	43.3
Saudi Arabia	11.7	5.5	5.5
Korea, South	5.2	2.7	0.6
Israel	4.6	2.2	2.3
Lebanon	3.7	2.0	1.8
United Arab Emirates	3.4	1.7	0.8
Hong Kong	2.9	1.1	1.0
Belgium	2.6	2.0	0.7
Singapore	2.5	1.2	0.9
Taiwan	1.9	1.0	1.1
Kuwait	1.8	0.9	1.1
Russia	1.3	1.2	*
Turkey	1.3	0.7	*
Iran	1.1	*	1.5
Syria	1.0	0.6	0.6
Netherlands	0.9	0.7	0.5
Australia	0.8	0.4	0.3
Cyprus	0.6	0.5	0.2
Latvia	0.4	0.2	0.1
Panama	0.4	0.1	0.1
Canada	0.4	0.3	0.2
Oman	0.4	0.2	0.2
Bahrain	0.4	0.2	0.2
Azerbaijan	0.3	0.1	0.2
Qatar	0.3	0.2	0.2
Other countries	4.3	1.3	0.8
Total	132.1	68.3	64.2

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

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



Table 10--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 2000/01-2002/03 (declared weight) 1/

Importing country	2000/01	2001/02	2002/03 2/	Importing country	2000/01	2001/02	2002/03 2/
Million pounds				1,000 pounds			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
Germany	33.9	49.7	27.2	United Kingdom	6	*	*
Japan	31.3	33.5	24.8	Norway	105	4	*
Switzerland	3.2	9.5	17.8	Sweden	*	*	*
Belgium-Luxembourg	19.5	21.3	14.2	Germany	3	*	*
Republic of Korea	9.6	7.0	8.0	Other countries	177	48	*
Malaysia	11.7	6.7	7.9	Total 3/	291	52	*
Taiwan	3.4	6.7	7.3				
Denmark	6.8	6.5	7.1	Binder, types 51-55			
Australia	2.9	2.1	5.3	Dominican Republic	45	3	214
United Kingdom	3.3	2.8	3.8	Honduras	118	28	2
Italy	2.9	6.1	3.1	Italy	3	*	*
France	1.2	3.1	2.9	Other countries	114	105	70
Philippines	1.3	3.0	2.4	Total 3/	280	136	286
Norway	1.7	1.6	2.3				
Indonesia	2.6	2.8	2.0	Cigar wrapper, types 61-62			
Spain	3.8	4.5	2.0	United Kingdom	*	*	*
Thailand	3.3	4.4	1.6	Germany	88	*	*
Netherlands	8.0	3.2	1.4	Canada	*	*	*
Portugal	2.1	3.3	0.8	Dominican Republic	3,343	2,574	1,783
Turkey	9.1	4.9	0.2	Netherlands	14	14	*
Sweden	0.9	0.7	0.2	Other countries	205	178	118
Other countries	2.8	6.8	9.6	Total 3/	3,650	2,766	1,901
Total 3/	165.3	190.2	151.9	Blackfat			
Burley, type 31				Total 3/	*	*	*
Germany	20.1	21.3	4.8				
Belgium-Luxembourg	18.0	12.4	14.1	Million pounds			
Japan	10.9	12.3	13.0	Other leaf			
Malaysia	4.5	8.1	1.6	Russia	8.7	7.4	*
Thailand	3.6	4.8	1.9	Dominican Republic	2.1	5.3	5.8
Philippines	4.5	4.4	1.8	Nigeria	4.3	4.1	4.5
Netherlands	3.6	4.4	*	Spain	0.6	4.0	0.1
Switzerland	0.9	3.5	23.5	Honduras	1.1	1.5	0.8
Denmark	3.4	3.1	2.6	Canada	0.1	0.9	0.8
Italy	1.7	2.4	3.3	Japan	1.2	0.8	2.8
Turkey	7.8	0.9	*	Germany	12.7	0.6	0.7
Sweden	0.7	0.4	*	Netherlands	*	0.2	0.1
United Kingdom	0.1	0.2	*	Other countries	19.5	10.1	11.2
Other countries	9.1	9.6	10.2	Total 3/	37.6	34.1	26.0
Total 3/	88.9	87.8	76.8				
Maryland, type 32				Stems, trimmings, and scrap			
Germany	1.0	1.3	0.4				
Israel	0.3	0.4	0.3	Japan	4.9	7.6	5.1
Switzerland	0.8	0.1	*	Russia	16.2	6.3	2.7
Other countries	1.0	0.1	0.2	Germany	11.1	5.7	8.5
Total 3/	3.1	1.9	0.9	France	3.3	4.1	2.2
Ky.-Tenn. fire-cured, types 22-23				Denmark	2.3	3.2	2.8
Netherlands	4.5	4.1	1.8	Switzerland	1.8	2.0	2.4
Italy	0.8	1.0	0.1	United Kingdom	*	1.7	1.4
France	2.9	0.7	*	Belgium	10.1	0.9	1.1
Switzerland	0.4	0.5	0.3	Italy	0.9	0.9	0.6
Nigeria	1.2	0.5	0.2	Turkey	0.1	0.5	*
Sweden	0.7	0.3	0.2	Other countries	5.5	7.4	10.5
Sri Lanka	2.0	1.4	0.7	Total 3/	56.2	40.3	37.3
Other countries	6.8	4.0	2.7				
Total 3/	19.3	12.5	6.0				

\* = Negligible. 1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types except October-June for 2002/03

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

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

Table 11--U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2002/2003 (declared-weight)

Item	Imports for consumption				General imports (arrivals)			
	July 2002- June 2003	January-June		Percentage change from 2002-2003	July 2002- June 2003	January-June		Percentage change from 2002-2003
		2002	2003 1/			2002	2003 1/	
	Million pounds			Percent	Million pounds			Percent
Cigarette tobacco leaf (unstemmed):								
Oriental								
Turkey	72.3	49.6	40.3	-18.8	73.9	40.4	44.3	9.7
Greece	14.6	7.4	8.2	10.8	12.2	11.9	10.4	-12.6
Bulgaria	13.0	6.8	6.7	-1.5	12.1	5.9	6.7	13.6
Lebanon	9.6	1.6	8.0	400.0	9.8	1.6	6.8	325.0
Macedonia	6.5	6.6	2.9	-56.1	6.0	6.1	2.9	-52.5
Tokelau	1.5	1.5	1.5	0.0	1.5	0.0	1.5	*
Other countries	1.3	0.9	0.1	-88.9	1.3	0.8	0.1	*
Total Oriental	118.8	74.4	67.7	-9.0	116.8	66.7	72.7	9.0
Flue-cured	7.6	6.0	6.5	8.3	7.6	6.1	6.5	6.6
Burley	2.8	1.3	0.4	-69.2	2.9	4.2	1.5	-64.3
Other (unstemmed)	*	*	*	*	*	*	*	*
Total unstemmed leaf	129.2	81.7	74.6	-8.7	127.3	77.0	80.7	4.8
Cigarette tobacco leaf (stemmed):								
Flue-cured--								
Brazil	79.6	43.8	44.7	2.1	88.4	42.8	39.4	-7.9
Other countries	44.0	18.6	20.8	11.8	35.8	23.3	17.8	-23.6
Total stemmed flue-cured	123.6	62.4	65.5	5.0	124.2	66.1	57.2	-13.5
NSPF--								
Brazil	40.4	30.6	19.3	-36.9	52.3	29.2	25.5	-12.7
Malawi	25.8	17.8	11.8	-33.7	31.5	7.2	3.6	-50.0
Argentina	13.9	6.2	7.0	12.9	19.4	0.2	2.4	1,100.0
Thailand	8.6	4.8	6.1	27.1	11.4	1.0	3.7	270.0
Guatemala	7.3	3.2	1.0	*	7.1	2.2	1.0	-54.5
Mexico	6.3	2.0	1.8	-10.0	6.3	1.0	0.2	-80.0
China	2.2	0.7	1.1	57.1	2.6	0.9	2.0	122.2
Zimbabwe	1.9	0.5	1.1	120.0	1.3	2.2	1.3	-40.9
Italy	1.6	0.9	0.9	0.0	2.4	0.1	0.3	200.0
Other countries	5.9	4.5	2.2	-51.1	3.6	3.2	1.6	-50.0
Total NSPF	113.9	71.2	52.3	-26.5	137.9	47.2	41.6	-11.9
Total cigarette leaf	366.7	215.3	192.4	-10.6	389.4	190.3	179.5	-5.7
Manufactured or not manufactured categories 2/	3.9	3.1	1.8	-41.9	3.4	2.3	1.8	-21.7
Total cigarette tobacco	370.6	218.4	194.2	-11.1	392.8	192.6	181.3	-5.9
Cigar tobacco:								
Wrapper	2.7	1.7	1.3	-23.5	2.7	1.7	1.3	-23.5
Filler (stemmed and unstemmed)								
Indonesia	15.4	6.9	8.1	17.4	15.3	6.9	8.0	15.9
Italy	11.9	3.0	4.8	60.0	11.9	1.1	4.4	300.0
Dominican Republic	7.5	2.3	4.3	87.0	7.5	2.3	4.3	87.0
Argentina	6.6	3.1	5.3	71.0	6.6	3.1	4.9	58.1
Philippines	5.9	3.2	3.9	21.9	6.0	3.2	3.9	21.9
Other countries	21.3	8.7	11.9	36.8	23.5	11.1	12.9	16.2
Total filler	62.7	24.0	34.4	43.3	64.8	24.5	34.5	40.8
Binder	0.9	0.5	0.5	0.0	0.9	0.5	0.5	0.0
Cigar scrap:								
Dominican Republic	0.4	0.1	0.4	300.0	0.4	0.1	0.4	300.0
India	0.3	0.4	0.2	*	0.3	0.4	0.2	*
Other countries	0.6	0.7	0.2	-71.4	0.6	0.7	0.2	-71.4
Total cigar scrap	1.3	1.2	0.8	-33.3	1.3	1.2	0.8	-33.3
Total cigar tobacco	67.6	27.4	37.0	35.0	69.7	33.2	33.2	0.0
Other stemmed and unstemmed	3.5	2.0	2.3	15.0	3.7	2.0	2.3	15.0
Stems	111.6	31.4	51.5	64.0	113.7	39.3	35.8	-8.9
GRAND TOTAL 3/	553.4	309.6	285.0	-7.9	580.0	261.9	256.4	-2.1

\* = Negligible.

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

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

Table 12--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 1998-2003 (declared-weight)

						January-June		Pct. change,
Type & country	1998	1999	2000	2001	2002	2002	2003 1/	2002-03
Million pounds								Percent
Type:								
Flue-cured	243.5	188.6	190.2	195.5	160.2	78.2	69.9	-11
Burley	110.5	106.9	83.0	91.0	86.2	68.2	68.8	1
Maryland	3.6	4.9	3.2	2.7	2.4	1.1	0.3	-70
Fire-cured, Ky. and Tenn.	14.3	14.7	16.5	17.5	11.5	7.3	4.2	-43
Virginia fire- & sun-cured	0.7	1.6	0.5	0.2	*	*	*	*
Black Fat	*	*	*	*	*	*	*	*
Cigar wrapper	5.0	5.5	4.1	3.3	2.2	1.1	0.7	-34
Cigar binder	0.1	0.7	0.3	0.2	0.2	0.1	0.2	*
Stems and refuse	59.7	65.9	69.5	59.7	45.2	24.5	22.0	-10
Other leaf	28.9	28.8	35.1	39.6	30.1	17.0	19.0	12
Total 2/	466.3	417.5	402.4	409.7	338.0	197.5	185.1	-6
Country of destination:								
Austria	0.1	*	1.4	0.9	0.5	1.9	0.7	-63
Finland	1.0	2.0	0.2	0.3	0.1	*	*	*
Sweden	2.6	3.9	3.5	3.6	1.2	1.2	0.7	-42
Greece	0.5	0.6	0.5	0.5	1.2	0.2	0.4	*
United Kingdom	15.6	9.0	7.3	1.6	6.0	3.4	3.3	-3
France	6.6	5.6	5.5	11.5	10.3	6.9	4.4	-36
Belgium-Luxem.	25.2	18.3	23.2	49.7	29.4	19.4	20.5	6
Netherlands	43.9	64.5	19.7	21.6	10.3	7.0	1.5	-79
Germany	84.6	71.9	86.1	94.8	59.5	35.7	24.9	-30
Denmark	14.8	14.9	15.7	12.2	13.6	6.7	7.5	12
Ireland	0.4	*	*	*	1.0	0.1	*	*
Italy	13.6	15.1	15.8	6.2	8.6	7.7	6.4	-17
Portugal	3.2	1.3	4.2	4.3	5.9	5.3	1.5	*
Spain	17.5	15.5	9.5	7.9	6.3	5.8	4.5	-22
Total EU-15	229.6	222.6	192.6	215.1	153.9	101.3	76.3	-25
Japan	85.3	60.3	63.6	51.6	49.6	35.3	32.3	-8
Turkey	44.2	23.0	26.9	15.8	0.3	0.1	0.3	200
Switzerland	10.3	16.1	9.5	14.4	27.3	8.1	24.9	207
Malaysia	10.8	11.7	14.2	7.0	15.1	7.0	3.4	-51
Dominican Republic	8.2	10.7	12.0	5.9	9.2	4.9	4.5	-8
South Korea	9.4	12.7	12.0	9.6	10.1	5.7	4.3	-25
Thailand	14.2	6.8	7.3	7.7	12.6	6.4	2.8	-56
Nigeria	3.1	3.6	6.2	5.6	3.7	2.3	4.0	74
Philippines	5.0	0.6	7.4	5.1	6.9	3.6	2.0	-44
Australia	5.0	3.2	3.6	3.4	4.5	1.9	4.3	126
Norway	3.1	1.8	2.0	3.3	2.0	0.7	1.3	86
Egypt	0.1	0.8	1.2	0.9	1.8	0.6	1.0	67
Canada	1.0	0.7	0.5	0.3	1.5	*	0.6	*
New Zealand	0.5	0.5	0.7	0.1	0.5	0.2	0.1	-50
Singapore	2.4	0.8	0.4	0.5	0.3	0.2	0.3	*
Taiwan	10.5	4.4	5.8	7.9	8.1	3.4	6.4	*
Bulgaria	0.1	0.1	*	0.2	0.7	0.3	0.1	*
Other countries	23.5	37.1	36.5	55.3	29.9	15.5	16.2	5
Total 2/	466.3	417.5	402.4	409.7	338.0	197.5	185.1	-6

\* = Negligible.

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

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

## U.S. Tobacco Leaf Situation and Outlook <sup>1</sup>

U.S. tobacco production for the 2003 season was forecast at 830.8 million pounds as of September 1, the smallest crop since 1897. The crop is expected to be 6 percent smaller than last year's 880.7 million pounds. Acreage in 2003 is projected at 413,710 acres, 3 percent below the 2002 season. Cigarette leaf production accounted for 93 percent of U.S. output in 2003 or 772.1 million pounds, compared with 832.0 million pounds during the 2002 season. Cigar types accounted for nearly 2 percent, while dark-fired and air-cured leaf accounted for 5 percent.

### *U.S. Leaf Supply Lower in 2003*

Supplies of U.S.-grown tobacco in 2003 will likely slip about 7 percent. Both production and beginning stocks are lower. September 1 estimates project production at 830.8 million pounds. At an estimated 1.6 billion pounds, beginning stocks are expected to be about 8 percent lower than last season. Resulting U.S. leaf supplies are expected to fall 7 percent to 2.4 billion pounds.

### *Disappearance Projected to Decline in 2002*

Disappearance (use) of U.S.-grown leaf is expected to slip about 12 percent by the end of the 2002-03 marketing year to reach 1,014 million pounds. Both domestic use and exports are expected to decline, by about 60 million and 70 million pounds, respectively. Lower cigarette production and cigarette exports will result in domestic use of about 640 million pounds. Export disappearance should exceed 360 million pounds, compared with 433 million last season. U.S. leaf exports in 2002-03 (July-June) fell 17 percent from the previous year, reaching 460 million pounds. During the 2002-03 season through June, 64 percent of U.S. disappearance was used domestically, and 36 percent was exported.

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

## *Efforts To Eliminate Unauthorized Pesticides Continue*

Pesticide use on U.S. tobacco has been restricted for many years. Furthermore, the Food Security Act of 1985 extended adherence standards. The act requires the U.S. Department of Agriculture (USDA) to inspect domestic and imported flue-cured and burley tobacco to determine if pesticide residues exceed established limits.

Before selling their tobacco, growers must certify to USDA's Farm Service Agency (FSA) that any pesticides used in production have been approved by the Environmental Protection Agency for use on tobacco and were applied in accordance with label directions. Growers lose price support if they falsify the certification, fail to certify, or refuse to provide samples for testing. Growers who are found filing a false report will be required to refund any price support advances received on the current crop. In addition, violators are subject to a \$10,000 fine, 5 years imprisonment, or both.

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

## **Marketing Quota and Price Support in 2004**

By December 15, 2003, USDA will announce the flue-cured poundage quota and matching acreage allotment for 2004. Individual farm quotas and acreage allotments for the next year will reflect this year's overmarketings and undermarketings.

USDA will announce the 2004 burley poundage quota by February 1, 2004, and, it will announce the 2004 acreage allotments for other kinds of tobacco by March 1.

Growers of fire-cured and dark air-cured tobaccos approved, in March 2003, marketing allotments applicable to the 2003, 2004, and 2005 crops. In March 2006, they will vote to approve or disapprove marketing quotas for the 2006-08 marketing years. Growers of flue-cured, burley, and Virginia sun-cured

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

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

Support levels for 2003 average \$1.663 per pound for flue-cured and \$1.849 per pound for burley. Flue-cured grade loan rates range from \$1.24 to \$1.94 per pound, the same as last season. Grade loan rates for burley were set between \$0.85 and \$2.08 per pound, also the same as last season. Price supports for other

supported types range from \$1.323 per pound to \$1.817 per pound. For 2004, the flue-cured and burley price supports will equal the 2003 level adjusted by changes in the 5-year moving average of prices (two-thirds weight) and changes in a cost-of-production index (one-third weight). Costs include general variable expenditures, but exclude costs of land, quota, risk, overhead, management, marketing contributions, and other costs not directly related to tobacco production. The Secretary of Agriculture can set the price support at the previous year's level adjusted by between 65 and 100 percent of the calculated increase or decrease.

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

Estimated flue-cured production costs for 2003 are used by FSA in determining the cost component for the 2004 support level. Costs are expected to increase in 2003, resulting in a slight increase in the flue-cured support level for 2004.

Table 13--All tobacco: Acreage, yield, and production,  
United States, 1965-2003

Year	Acreage harvested Thousand acres	Yield per acre Pounds	Production Million pounds
Average			
1965-69	942	1,958	1,845
1970-74	886	2,053	1,819
1975-79	978	2,001	1,957
1980-84	878	2,046	1,800
1985-89	634	2,080	1,321
1990	733	2,218	1,625
1991	764	2,178	1,663
1992	785	2,194	1,722
1993	746	2,163	1,614
1994	671	2,358	1,583
1995	663	1,913	1,268
1996	733	2,071	1,517
1997	836	2,137	1,787
1998	718	2,061	1,479
1999	647	1,997	1,293
2000	472	2,229	1,053
2001	432	2,293	992
2002	435	2,037	887
2003 /1	414	2,008	831

1/ Indicated September 1, 2003.

Source: National Agricultural Statistics Service, USDA.

Table 14--Tobacco: No-net-cost assessment, by kind, 1994-2003 1/

Kind and type	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Cents per pound										
Flue-cured, types 11-14										
Producer	2.209	0.002	0.200	0.190	0.186	1.000	2.500	2.500	2.500	2.500
Buyer	4.209	1.002	1.000	0.190	0.186	1.000	2.500	2.500	2.500	2.500
Burley, type 31										
Producer	3.643	0.138	0.132	0.880	2.111	3.000	3.000	1.000	1.000	1.000
Buyer	3.743	0.138	0.132	0.880	2.111	3.000	3.000	1.000	1.000	1.000
Fire-cured, type 21	7.297	15.285	3.273	2.251	1.232	2.000	2.000	2.000	8.000	8.000
Fire-cured, types 22-23	1.259	1.241	1.222	0.189	0.160	0.000	0.500	1.000	1.000	2/ 0.000
						1.000	1.500	2.000	2.000	3/ 2.000
Dark air-cured, types 35-36	1.364	2.348	2.331	1.189	1.160	1.000	1.500	2.000	4.000	3/ 1.000
				0.301	0.275	0.000	0.500	2.000	3.000	2/ 0.000
				1.301	1.275	1.000	1.500	3.000	4.000	3/ 1.000
				2.301	2.275	3.000	4.000	4.000	6.000	4/ 5.000
Sun-cured, type 37	7.378	15.368	3.356	2.337	1.320	2.000	2.000	2.000	8.000	2.000
Cigar-filler, type 46	**	**	**	**	**	**	**	**	**	**
Cigar-filler & binder, types 42-44	108.400	110.100	112.000	116.900	121.200	123.800	125.000	125.000	128.600	132.300
type 54	0.458	0.450	0.440	0.416	0.394	2.000	2.000	2.000	2.000	2.000
type 55	13.958	0.450	0.440	0.416	0.394	6.000	15.000	6.000	6.000	2.000

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

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

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

Table 15--Flue-cured tobacco auction sales: Gross sales, average price, loan receipts, sales dates, through Sept. 26, 2003, and a comparable number of sales days, 2002

Type, belt	Gross sales		Average price per pound		Loan receipts Volume		Percent of sales 2/		Sales period	
									Opening date	Closing date
	2002 3/	2002 3/	2002 3/	2002 3/	2002 3/	2002 3/	2002 3/	2002 3/	2002 (2001)	2002 3/ (2001)
14, Southern Contract	114.4	130.3	183.2	185.6	na	na	na	na	Jul 23 (July 8)	(Oct. 23)
13, Southern Auction	24.7	33.1	170.1	177.3	10.6	23.5	43.1	68.7	Jul 29 (July 30)	(Oct. 24)
12, Northern Contract	174.2	219.1	182.8	185.7	na	na	na	na	Jul 28 (July 8)	(Nov. 15)
12, Northern Auction	25.7	33.8	175.2	178.0	6.6	23.5	25.7	74.5	Aug 5 (July 31)	(Nov. 21)
All Belts 1/	339.0	416.4	181.4	184.4	17.3	47.0	5.1	17.2	(July 9)	(Nov. 8)

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

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

Table 16--Flue-cured and burley tobacco: Marketing quota and marketings, 1980-2002

Year	Quota		Marketings			Effective	
	Basic	Effective	Actual	Over-quota	Under-quota	Under-quota 1/	Net carryover 2/
Million pounds							
Flue-cured, types 11-14							
1980	1,094.4	1,186.5	1,086.1	36.0	137.9	135.1	99.1
1981	1,012.9	1,111.4	1,144.3	64.9	31.3	29.2	(35.6)
1982	1,013.0	976.8	993.8	54.4	37.5	30.6	(23.8)
1983	910.5	886.7	854.8	31.2	67.1	65.6	34.4
1984	804.3	831.7	849.6	42.6	32.8	31.5	(11.1)
1985	775.0	758.0	789.4	51.1	24.8	16.4	(34.7)
1986	728.5	699.4	666.9	10.5	45.3	43.8	33.3
1987	707.0	740.0	683.2	9.3	68.8	65.6	56.3
1988	754.3	811.8	796.1	13.4	28.4	25.0	11.6
1989	890.5	903.6	838.1	12.7	68.5	67.3	54.6
1990	877.7	936.1	920.2	15.0	30.6	28.6	13.6
1991	877.6	891.5	882.5	15.3	24.3	23.3	8.0
1992	891.8	899.0	901.0	15.7	14.2	13.5	(2.2)
1993	892.0	889.6	891.7	16.2	13.1	12.5	(3.7)
1994	802.6	798.5	806.8	16.7	8.2	7.7	(9.9)
1995	934.6	924.9	854.2	9.7	80.1	79.5	69.8
1996	873.6	943.6	896.7	12.5	59.8	58.5	46.0
1997	973.8	1,019.8	1,013.5	13.0	17.4	16.8	3.8
1998	814.3	819.6	815.2	12.9	13.3	16.7	4.8
1999	667.7	671.5	645.0	9.7	27.6	26.4	17.2
2000	543.0	553.0	564.1	10.5	7.6	7.4	(3.1)
2001 3/	548.4	545.3	544.4	4/	4/	4/	4/
2002 3/	582.0	545.3	564.8	4/	4/	4/	4/
2003 3/	525.9	552.7	4/	4/	4/	4/	4/
Burley, type 31							
1980	614.4	768.9	557.5	11.6	224.3	200.1	181.8
1981	660.1	841.9	725.6	25.2	143.0	129.4	104.1
1982	680.3	777.8	776.7	46.8	50.9	41.2	(3.5)
1983	646.6	641.0	526.7	13.7	132.4	127.6	113.9
1984	581.8	697.0	674.0	37.8	59.8	54.5	16.7
1985	524.4	541.7	541.9	37.2	36.4	31.9	5.3
1986	493.5	488.2	419.8	6.7	74.8	67.9	61.2
1987	463.9	524.8	427.5	5.2	101.6	91.2	86.0
1988	473.4	559.0	468.1	7.4	95.6	81.8	74.4
1989	586.9	660.7	498.3	6.1	165.2	146.4	140.3
1990	601.3	741.2	592.2	8.8	159.4	139.5	130.7
1991	724.1	846.1	657.0	7.6	197.3	175.4	167.8
1992	668.5	835.6	699.8	10.3	141.0	124.6	114.3
1993	601.9	717.9	626.6	9.8	93.1	83.3	73.4
1994	536.3	605.9	568.0	11.5	48.0	43.5	32.0
1995	546.5	577.9	480.4	5.9	100.3	93.9	88.0
1996	631.3	719.8	516.3	4.3	190.8	180.9	176.6
1997	704.5	879.8	628.8	5.3	253.5	236.3	231.0
1998	635.4	867.5	588.7	4.6	280.2	245.1	240.5
1999	452.6	690.1	551.2	7.0	145.4	122.1	115.1
2000	247.0	361.9	307.4	5.5	59.5	47.2	41.7
2001 3/	331.4	368.8	335.8	6.3	35.7	32.0	25.7
2002 3/	323.7	349.3	298.8	4.3	53.5	49.2	44.9
2003 3/	287.4	331.7	4/	4/	4/	4/	4/

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

Compiled from records of the Tobacco and Peanuts Division, FSA



Table 17--Burley marketing quota, Kentucky, Tennessee,  
and other States, 2001-03

State	Carryover (net)	Basic quota	Effective quota
Million pounds			
2001			
Kentucky	5.2	227.7	232.9
Tennessee	15.8	57.0	72.8
Other States	16.4	46.7	63.1
2002			
Kentucky	1.6	222.5	224.1
Tennessee	9.5	55.6	66.1
Other States	59.1	45.6	104.7
2003			
Kentucky	17.1	197.7	214.8
Tennessee	13.7	49.2	62.9
Other States	13.4	40.5	53.9

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

Table 18--Sales of burley tobacco quotas, 1997/98-2002/03 1/

State & year	Sales (basic quota)
Indiana:	
1997/98	275
1998/99	155
1999/2000	149
2000/01	77
2001/02	54
2002/03	43
Kentucky:	
1997/98	3,905
1998/99	3,676
1999/2000	3,645
2000/01	2,285
2001/02	1,796
2002/03	1,147
North Carolina:	
1997/98	183
1998/99	94
1999/2000	90
2000/01	63
2001/02	53
2002/03	41
Ohio:	
1997/98	233
1998/99	198
1999/2000	183
2000/01	94
2001/02	50
2002/03	50
Tennessee:	
1997/98	1,110
1998/99	782
1999/2000	766
2000/01	605
2001/02	446
2002/03	348
Virginia:	
1997/98	152
1998/99	156
1999/2000	156
2000/01	113
2001/02	67
2002/03	52
Other States 2/:	
1997/98	149
1998/99	70
1999/2000	70
2000/01	28
2001/02	30
2002/03	15
All States:	
1997/98	6,007
1998/99	5,131
1999/2000	5,059
2000/01	3,265
2001/02	2,496
2002/03	1,696

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

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

Table 19--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1993-2003 (farm-sales weight)

disappearance, season average price, and price support operations, 1993-2003 (farm-sales weight)							
Marketing year 1/	Acreage harvested  1,000 acres	Yield per acre  Pounds	Marketings 2/	Beginning stocks 1/			Total supply
				Manufacturers and others	Under loan	Total	
				--- Million pounds ---			
Flue-cured, types 11-14							
1993	400.1	2,217	891.7	1,037.4	158.2	1,195.6	2,087.3
1994	359.5	2,420	806.6	999.8	295.2	1,295.0	2,101.6
1995	386.2	1,933	854.2	915.6	271.2	1,186.8	2,041.0
1996	422.2	2,151	897.3	1,008.9	157.6	1,166.4	2,063.8
1997	458.3	2,285	1,013.5	1,025.1	91.5	1,116.5	2,130.0
1998	368.8	2,204	814.8	1,002.2	250.9	1,253.2	2,068.0
1999	303.8	2,162	653.9	939.7	294.6	1,234.3	1,888.2
2000	250.0	2,396	564.1	925.6	263.9	1,189.5	1,753.6
2001	238.1	2,432	544.4	936.2	100.2	1,036.4	1,580.8
2002	245.6	2,105	564.8	896.5	19.4	915.9	1,480.7
2003 3/	239.0	1,996	530.0	766.8	70.9	837.7	1,367.7
Burley, type 31							
1993	299.7	2,115.0	626.6	758.2 4/	180.7 4/	938.9 4/	1,565.5
1994	266.3	2,300.0	568.0	633.1	380.8	1,013.9	1,581.9
1995	234.2	1,863.0	482.5	637.3	321.5	958.8	1,441.3
1996	268.3	1,940.0	526.8	677.9	212.5	890.4	1,417.2
1997	335.3	1,934.0	628.2	645.4	105.6	751.0	1,379.2
1998	315.4	1,960.0	588.7	647.8	183.8	831.6	1,421.9
1999	300.6	1,829.0	551.2	737.1	164.3	901.4	1,452.6
2000	193.8	1,957.0	315.4	619.4	420.7	1,040.0	1,355.5
2001	167.6	2,033.0	343.7	571.2	119.3	690.5	1,034.1
2002	158.6	1,892.0	299.8	516.7	131.1	647.9	947.7
2003 3/	149.2	1,947.0	290.5	456.1	135.7	591.8	882.3
Disappearance			Average price		Price support	Placed under loan	
Total	Domestic	Exports	per pound		level	Quantity	% of crop
--- Million pounds ---			--- Cents ---			Million pounds	Percent
Flue-cured, types 11-14							
1993	792.3	433.4	358.9	168.1	157.7	204.8	23.0
1994	914.8	569.3	345.5	169.8	158.3	97.7	12.1
1995	875.1	530.6	344.5	179.4	159.7	12.0	1.3
1996	946.6	555.4	391.2	183.4	160.1	1.8	0.2
1997	876.8	542.5	334.3	172.0	162.1	195.5	19.4
1998	833.7	492.1	341.6	175.5	162.8	82.4	10.2
1999	698.7	436.9	261.8	173.6	163.2	136.4	21.2
2000	717.2	479.2 6/	238.0	179.3	164.0	27.4	4.6
2001	664.9	388.9	276.0	185.7	166.0	15.0	2.6
2002	643.0 7/	423.4 7/	219.6 7/	182.0	165.6	24.8	4.8
2003					166.3		
Burley, type 31							
1993	551.6	399.4	152.2	181.6	168.3	232.3	37.0
1994	623.1	468.1	155.0	184.1	171.4	54.7	9.5
1995	550.9	386.1	164.8	185.5	172.5	0.0	0.0
1996	666.2	456.8	209.4	192.2	173.7	0.0	0.0
1997	547.6	379.2	168.4	188.5	176.0	124.5	0.2
1998	520.5	351.6	168.9	190.3	177.8	73.2	12.4
1999	643.1	503.8	139.3	189.8	178.9	230.6	42.0
2000	665.0	523.0 6/	142.0	196.3	180.5	19.3	4.8
2001	386.2	246.4	139.8	197.3	182.6	12.4	3.5
2002	355.9 7/	223.9 7/	132.0 7/	197.4	183.5	24.3	31.0
2003					184.9		

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ September 1 estimate.

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

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

## Flue-Cured Tobacco

Marketing of flue-cured tobacco for the 2003 season began July 23, 2003, as contract centers began opening in the Southern Area. Opening sales at auctions began on July 29 in the Southern Area and on July 30 in the Northern Area. Carryover tobacco was not a significant factor in the Southern Area but dominated early sales in the Northern Area. On-farm carryover was 55.1 million pounds, nearly half last year's.

### *Flue-Cured Acreage Slips*

According to the September 1 crop production estimate, flue-cured acreage slipped by 6,600 acres to 239,000 acres. Production is estimated at 477.0 million pounds, compared with 517.0 million pounds during the 2002 season. Last season's drought was replaced with abundant rainfall this spring which delayed transplanting, fertilizing, and cultivation. Many growers were forced to replant, resulting in varying maturity throughout the flue-cured belt. Nevertheless, disease has not been as bad as last season and a high-quality crop is expected. Through the eighth week of 2003 (40 sales days), flue-cured producers marketed 320.3 million pounds or 67 percent of estimated production.

Gross sales through the eighth week last season reached 321.1 million pounds. After 40 sales days last season, 257.7 million pounds had averaged \$181.02 per hundredweight, compared with \$183.00 per hundredweight this season. Contracts accounted for 86 percent of sales. Sales through the eighth week last season reached 317.3 million pounds, or 61 percent of estimated production.

To receive price support in 2003, flue-cured tobacco growers must:

- Certify pesticide use and absence of nesting.
- Designate one or more warehouses within 100 miles of their county seat where they plan to sell their crop.
- Contribute to a no-net-cost account that totals 2.5 cents for the producer and 2.5 cents for the purchaser for each pound of 2003-crop flue-cured tobacco that is marketed.

Under quota legislation, growers receive price support on marketings up to 103 percent of their farm poundage quotas. However, marketings above the poundage quota are deducted from the following year's quotas. For marketings above 103 percent, growers must pay a penalty of \$1.37 a pound (75 percent of the average market price for the preceding year).

Beginning flue-cured stocks on July 1, 2003, were 837.7 million pounds, compared with 915.9 million pounds on July 1, 2002. The total reported supply of U.S.-grown flue-cured in 2003 is about 1.4 billion pounds, compared with 1.5 billion pounds in 2002.

### *Disappearance Down in 2002*

Disappearance of flue-cured tobacco in the 2002 marketing year (July 2002-June 2003) shrank 22 million pounds compared with the previous year to reach 643.0 million pounds.

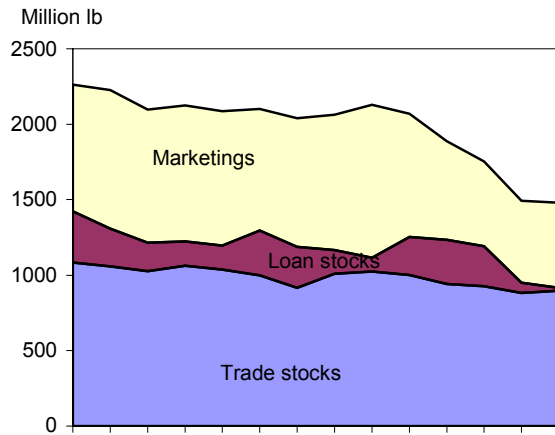
Beginning stocks on July 1, 2002, were 915.9 million pounds, and marketings during the year were 564.8 million pounds. Ending stocks slipped 9 percent lower at 837.7 million pounds.

### *Supplies for 2003-04 Likely Lower*

Supplies for 2003 are expected to be 8 percent below the previous season. Production for 2003 is estimated at 477.0 million pounds and carryover is 55.1 million pounds. With an effective quota of 552.6 million pounds, much of the leaf available may be marketed. Assuming marketings of 530 million pounds and beginning stocks on July 1, 2003, of 837.7 million pounds, supplies of domestic flue-cured leaf are expected to slide about 8 percent compared with last season. At 1,370 million pounds, 2003 supplies are estimated lower than any time since the late 1930s.

Figure 4

**Flue-cured tobacco: Supply, price, use**



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

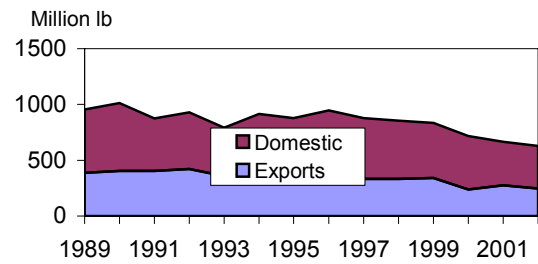
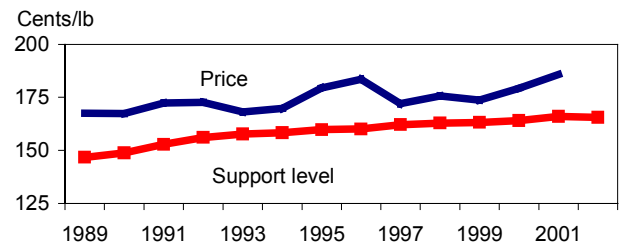


Table 20--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1993-2003 (farm-sales weight)

Disappearance, season average price, and price support operations, 1993-2003 (farm-sales weight)								
Marketing year 1/	Acreage harvested	Yield per acre	Marketings 2/	Beginning stocks 1/			Total supply	
				Manufacturers and others	Under loan	Total		
	1,000 acres	Pounds		--- Million pounds ---				
Flue-cured, types 11-14								
1993	400.1	2,217	891.7	1,037.4	158.2	1,195.6	2,087.3	
1994	359.5	2,420	806.6	999.8	295.2	1,295.0	2,101.6	
1995	386.2	1,933	854.2	915.6	271.2	1,186.8	2,041.0	
1996	422.2	2,151	897.3	1,008.9	157.6	1,166.4	2,063.8	
1997	458.3	2,285	1,013.5	1,025.1	91.5	1,116.5	2,130.0	
1998	368.8	2,204	814.8	1,002.2	250.9	1,253.2	2,068.0	
1999	303.8	2,162	653.9	939.7	294.6	1,234.3	1,888.2	
2000	250.0	2,396	564.1	925.6	263.9	1,189.5	1,753.6	
2001	238.1	2,432	544.4	936.2	100.2	1,036.4	1,580.8	
2002	245.6	2,105	564.8	896.5	19.4	915.9	1,480.7	
2003 3/	239.0	1,996	530.0	766.8	70.9	837.7	1,367.7	
Burley, type 31								
1993	299.7	2,115.0	626.6	758.2 4/	180.7 4/	938.9 4/	1,565.5	
1994	266.3	2,300.0	568.0	633.1	380.8	1,013.9	1,581.9	
1995	234.2	1,863.0	482.5	637.3	321.5	958.8	1,441.3	
1996	268.3	1,940.0	526.8	677.9	212.5	890.4	1,417.2	
1997	335.3	1,934.0	628.2	645.4	105.6	751.0	1,379.2	
1998	315.4	1,960.0	588.7	647.8	183.8	831.6	1,421.9	
1999	300.6	1,829.0	551.2	737.1	164.3	901.4	1,452.6	
2000	193.8	1,957.0	315.4	619.4	420.7	1,040.0	1,355.5	
2001	167.6	2,033.0	343.7	571.2	119.3	690.5	1,034.1	
2002	158.6	1,892.0	299.8	516.7	131.1	647.9	947.7	
2003 3/	149.2	1,947.0	290.5	456.1	135.7	591.8	882.3	
Disappearance				Average price	Price support	Placed under loan		
Total			Domestic	Exports	per pound	level	Quantity	% of crop
--- Million pounds ---				--- Cents ---		Million pounds	Percent	
Flue-cured, types 11-14								
1993	792.3	433.4	358.9	168.1	157.7	204.8	23.0	
1994	914.8	569.3	345.5	169.8	158.3	97.7	12.1	
1995	875.1	530.6	344.5	179.4	159.7	12.0	1.3	
1996	946.6	555.4	391.2	183.4	160.1	1.8	0.2	
1997	876.8	542.5	334.3	172.0	162.1	195.5	19.4	
1998	833.7	492.1	341.6	175.5	162.8	82.4	10.2	
1999	698.7	436.9	261.8	173.6	163.2	136.4	21.2	
2000	717.2	479.2 6/	238.0	179.3	164.0	27.4	4.6	
2001	664.9	388.9	276.0	185.7	166.0	15.0	2.6	
2002	643.0 7/	423.4 7/	219.6 7/	182.0	165.6	24.8	4.8	
2003					166.3			
Burley, type 31								
1993	551.6	399.4	152.2	181.6	168.3	232.3	37.0	
1994	623.1	468.1	155.0	184.1	171.4	54.7	9.5	
1995	550.9	386.1	164.8	185.5	172.5	0.0	0.0	
1996	666.2	456.8	209.4	192.2	173.7	0.0	0.0	
1997	547.6	379.2	168.4	188.5	176.0	124.5	0.2	
1998	520.5	351.6	168.9	190.3	177.8	73.2	12.4	
1999	643.1	503.8	139.3	189.8	178.9	230.6	42.0	
2000	665.0	523.0 6/	142.0	196.3	180.5	19.3	4.8	
2001	386.2	246.4	139.8	197.3	182.6	12.4	3.5	
2002	355.9 7/	223.9 7/	132.0 7/	197.4	183.5	24.3	31.0	
2003					184.9			

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ September 1 estimate.

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

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

## Burley Tobacco

As of September 1, burley production in 2003 is estimated at 290.5 million pounds compared with 300.1 million pounds last season. Acreage is 149,200 acres, 9,400 acres below last season, but with improved yields. Better growing conditions resulted in a crop close in size to last year's.

Marketings this year will likely be about 285 million pounds, 14 percent below the effective quota of 331.7 million pounds, resulting in projected supplies of about 880 million pounds, assuming normal on-farm carryover levels.

### *Supplies in 2003-04 Expected to Slip*

Lower production combined with lower expected beginning stocks in October 2003 are expected to

result in supplies of 880 million pounds, 7 percent below the previous season's 947.7 million pounds.

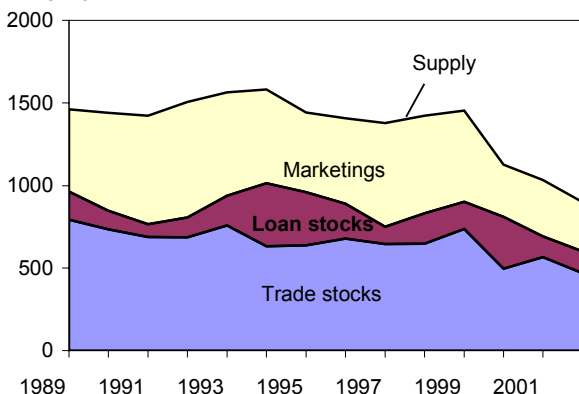
Burley tobacco use in 2002-03 will be less than the previous season. Disappearance for the season is projected at below 300 million pounds.

Available tobacco in 2003 (including on-farm carryover) is expected to be about 285 million pounds. The effective quota is only 331.7 million pounds, so marketings are limited to about 342 million pounds. However, burley is usually undermarketed by about 15-20 percent so actual marketings are expected to be about 290 million pounds.

Figure 5

### **Burley tobacco: Supply, price, and use**

Million lb



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

Source: Agricultural Marketing Service, USDA.

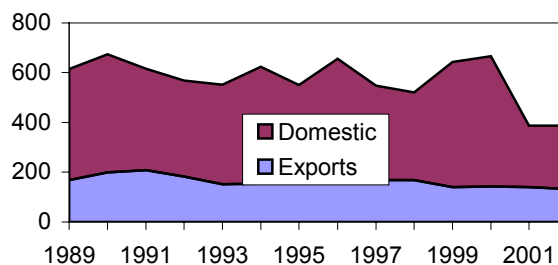
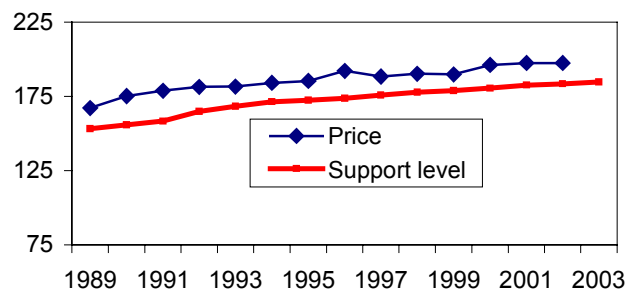


Table 21--Burley tobacco: Percentage of selected groups, quality, and color categories of total, 1993-2002

Crop year	Mixed group	1,2,3, quality	Tan color
Percent			
1993	1.5	35.8	61.6
1994	1.4	42.7	62.4
1995	3.7	26.2	65.5
1996	19.8	21.0	69.9
1997	6.2	22.8	70.5
1998	0.7	23.7	74.6
1999	0.7	16.3	73.5
2000	0.5	20.3	69.4
2001	0.5	26.1	68.8
2002	0.8	21.6	67.3

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

Table 22--Governmental revenues from tobacco products, 1991/92-2001/02 1/

Table 22--Governmental revenues from tobacco products, 1991/92-2001/02-1/					
Year	Excise taxes			Total excise taxes	State sales tax
	Federal	State	Local		
Million dollars					
1991/92	5,110	6,132	194	11,436	1,996
1992/93	5,602	6,272	188	12,062	2,042
1993/94	5,714	6,778	185	12,623	2,005
1994/95	5,833	7,250	182	13,342	1,995
1995/96	5,795	7,608	181	13,584	1,998
1996/97	5,864	7,676	177	13,717	2,000
1997/98	5,673	7,975	196	13,844	1,977
1998/99	5,304	8,328	190	13,817	2,388
1999/2000	7,216	8,197	187	15,600	2,416
2000/01	7,373	8,411	190	15,974	2,364
2001/02	8,284	8,548	200	17,032	3,444

1/ July-June.

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



## Maryland Tobacco

Maryland tobacco production is estimated at 4.6 million pounds for the 2003 crop year. Although yields increased slightly, declines in acreage resulted in a 215,000-pound decline in production.

Production in Maryland has fallen dramatically since the State-sponsored buyout, falling 280,000 pounds in 2003. Production in the State of Maryland as of September 1 is estimated at 2.1 million pounds, compared with 2.4 million pounds last season.

Maryland leaf grown in Pennsylvania recovered for the second season, gaining about 65,000 pounds to end at 2.5 million pounds. Production in Pennsylvania first exceeded Maryland in 2002. The buyout in Maryland has encouraged producers in

Pennsylvania to expand production of Maryland-type tobacco.

Beginning stocks of Maryland leaf on January 1, 2003, were 8.2 million pounds, compared with 8.3 million pounds last season. Combined with this season's marketings, the 2003 supply should be about 13.1 million pounds, compared with 15.0 million pounds last season. Ending stocks (January 1, 2004) are likely to be lower due to reduced production.

October-June disappearance of Maryland leaf was half the same period last year. Estimated disappearance for the 2001 marketing year (October 2002-September 2003) is expected to be close to 8.0 million pounds.

Table 23--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1992-2003 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. grower price per pound Cents
			Production 2/	Stocks following Jan 1	Total	Total	Domestic	Exports	
					--- Million pounds ---				
1992	13.5	1,390	18.8	9.4	28.2	21.5	13.9	7.6	147.0
1993	12.7	1,526	18.3	7.5	26.9	17.3	11.8	5.5	143.0
1994	12.1	1,634	19.8	8.4	28.2	17.7	12.7	5.0	147.0
1995	11.9	1,507	17.9	11.1	29.6	14.6	8.1	6.6	157.3
1996	11.5	1,436	16.1	15.0	31.0	12.4	6.6	6.4	185.6
1997	11.2	1,629	17.7	18.7	36.4	15.7	9.2	6.5	158.5
1998	9.8	1,568	15.4	20.6	36.0	20.0	13.8	6.2	129.1
1999	9.5	1,511	14.4	16.0	30.4	17.0	12.8	4.2	134.5
2000	8.4	1,595	13.4	13.4	26.8	17.1	12.7	4.4	138.7
2001	3.3	1,620	5.3	9.7	15.0	6.7	4.0	2.7	155.4
2002	3.0	1,595	4.8	8.3	13.1	4.9	2.2	1.5	155.0
2003 3/	2.8	1,578	4.4						

1/ Year beginning October 1. 2/ Adjusted to reflect calendar 1987-1996 sales of tobacco produced in Pennsylvania. 3/ September 1 crop estimate.

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

## Fire-Cured Tobacco

Fire-cured tobacco is mainly used in making snuff, plug chewing tobacco, and twist chewing tobacco. About half the crop is usually exported. Production of fire-cured leaf in 2002-03 was 34.9 million pounds, about 10 million pounds below the previous season. Acreage was 10,790 acres, compared with 14,620 the previous year. For the season beginning October 1, 2003, acreage increased to 11,200 acres and production is projected at 33.3 million pounds. Yields are below last season. Production of Kentucky-Tennessee fire-cured leaf (types 22-23) production as of September 1 (2003 crop) is estimated at 32.0 million pounds compared, with 33.4 million pounds in 2002, and 43.1 million pounds in 2001. Production of Virginia fire-cured tobacco is estimated at 1.4 million pounds compared with 1.5 million pounds in 2002.

### *Dark Fire-Cured Exports Fall*

After reaching 26.3 million pounds during the 2000 crop year, shipments of dark fire-cured leaf (types 21-23) slipped to 16.4 million pounds in 2001. Shipments of Kentucky-Tennessee fire-cured (types 22-23) declined by more than 40 percent during the first 9 months of the 2002 crop year (October 2002-June 2003). Total exports of types 22-23 are expected to reach 9 million pounds compared with 16 million pounds last season.

Total fire-cured disappearance for the first 9 months of the 2002-03 marketing year was 27.6 million pounds, compared with 30.4 million pounds last year. For the entire marketing year, disappearance is expected to be about 33 million pounds.

Table 24--Fire-cured tobacco, Kentucky-Tennessee, types 22-23, and Virginia fire-cured, type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1993-2003 (farm-sales weight)

Beginning stocks							
Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Manufacturers and others	Under loan	Total	Total supply
--- Million pounds ---							
Kentucky-Tennessee fire-cured, types 22-23							
1993	15.5	2,527	39.0	61.1	2.9	64.0	103.0
1994	16.7	2,564	45.9	69.1	0.8	69.7	115.6
1995	15.8	2,386	37.7	79.5	1.0	80.5	118.2
1996	15.5	2,745	42.5	79.3	0.9	80.2	122.7
1997	15.4	2,625	40.3	83.2	0.1	83.3	123.6
1998	15.3	2,444	37.5	84.6	0.2	84.8	122.3
1999	15.0	2,365	35.4	86.7	0.0	86.7	122.1
2000	16.2	3,023	49.1	87.8	0.0	87.8	136.9
2001	13.4	3,211	43.1	89.8	4.0	93.8	136.9
2002 2/	10.2	3,265	33.4	90.8	8.7	99.5	132.9
2003 3/	10.4	3,075	32.0	93.9	7.0	100.9	132.9
Virginia fire-cured, type 21							
1993	1.2	1,560	1.9	3.6	0.8	4.4	6.3
1994	1.4	1,780	2.4	2.4	0.8	3.2	5.6
1995	1.1	1,400	1.5	2.6	0.9	3.5	5.3
1996	1.1	1,580	1.7	3.4	0.1	3.5	5.5
1997	1.2	1,640	2.0	2.3	0.1	2.4	4.3
1998	1.5	1,560	2.3	2.4	0.0	2.4	4.7
1999	1.6	1,670	2.7	2.6	0.0	2.7	5.3
2000	1.3	1,700	2.5	3.0	0.4	3.4	6.0
2001	1.2	1,835	2.2	3.9	0.3	4.2	6.4
2002 2/	0.7	2,015	1.5	3.9	0.9	4.8	6.3
2003 3/	0.8	1,700	1.4	4.9	0.0	4.9	6.2
Disappearance							
Total	Domestic	Exports	Price per pound	Support level	Placed under loan Quantity	% of crop	
--- Million pounds ---							
--- Cents ---							
Thousand pounds							
Percent							
Kentucky-Tennessee fire-cured, types 22-23							
1993	33.4	17.0	15.5	219.4	146.4	58	0.1
1994	35.1	20.4	13.9	209.2	148.3	1,117	2.4
1995	37.9	23.8	14.1	217.2	151.8	238	0.6
1996	39.4	22.7	16.7	224.5	155.7	71	0.2
1997	38.9	21.2	17.7	225.6	162.3	368	0.9
1998	35.5	20.4	15.2	222.5	168.1	218	0.6
1999	34.3	13.4	21.0	229.8	171.6	28	0.1
2000	43.1	17.8	25.3	216.3	171.6	4,850	9.9
2001	37.4	21.2	16.2	214.9	173.6	6,904	16.0
2002	32.0 3/	23.1 3/	8.9 3/	237.8 3/	176.7	488	1.6
2003					181.7		
Virginia fire-cured, type 21							
1993	3.0	0.7	2.3	171.9	139.5	12	0.6
1994	2.1	0.7	1.4	161.2	140.7	534	22.2
1995	1.6	0.8	0.8	164.0	143.0	75	4.9
1996	3.2	0.7	2.5	179.0	145.5	27	1.6
1997	2.0	1.3	0.7	212.5	149.8	0	0.0
1998	2.0	1.5	0.6	193.6	153.6	153	6.5
1999	1.9	0.9	1.0	181.9	155.9	407	15.2
2000	1.8	0.8	1.0	163.7	155.9	307	23.8
2001	1.6	1.4	0.2	175.9	157.2	495	22.5
2002	1.4 3/	1.3 3/	0.1 3/	188.4 3/	160.3	18	1.3
2003					163.6		

\* = Negligible. 1/ Marketing year beginning October 1. 2/ September 1 crop estimate. 3/ Estimate.

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

## Dark Air-Cured

Dark air-cured tobacco (types 35-37) is used in plug and twist chewing tobacco, snuff, and to some extent in smoking tobacco. Production and use have declined by more than 50 percent over the last two decades. Exports traditionally account for 10-20 percent of total use, but have declined in the past decade as cigarettes have displaced traditional tobacco products in many countries which purchased dark air-cured leaf. The marketing year for dark air-cured tobacco is on an October-September basis.

### *Production Slips in 2003*

Although acreage rose in 2003, depressed yields are expected to shrink air-cured production to 10.3 million pounds from 10.7 the previous season, according to the September 1 crop forecast. Acreage

is projected at 4,010 acres compared with 3,830 last season, and yields are 2,581 pounds per acre, compared with 2,790 last season. Supplies at the beginning of 2003 (October 1, 2003) are expected to be about 50.9 million pounds, compared with 50.0 million pounds in 2002.

### *2002 Disappearance Advances*

Air-cured disappearance for the first 9 months of the marketing year (October 2002-June 2003) advanced 40 percent to 8.7 million pounds, compared with 5.5 million pounds last season. Based on past years' marketing patterns, total disappearance during the crop year is expected to be about the same as last season's 10.3 million pounds.

Table 25--Dark air-cured tobacco, types 35-36, and sun-cured tobacco, type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1993-2003 (farm-sales weight)

Beginning stocks								
Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Manufacturers and others	Under loan	Total	Total supply	
				--- Million pounds ---				
			Dark air-cured, types 35-36					
1993	4.8	2,322	11.1	23.9	0.3	24.2	35.3	
1994	4.6	2,527	11.7	24.1	0.6	24.7	36.4	
1995	4.1	2,084	8.5	26.6	0.7	27.3	35.8	
1996	3.8	2,262	8.6	25.1	0.3	25.4	34.0	
1997	3.6	2,258	8.2	23.8	0.0	23.8	32.0	
1998	4.3	2,229	9.7	22.5	0.0	22.5	32.1	
1999	5.0	2,328	11.6	24.0	0.0	24.0	35.7	
2000	5.5	2,901	15.9	26.6	0.0	26.6	42.5	
2001	5.0	2,807	13.9	32.2	0.5	32.7	46.6	
2002	3.8	2,811	10.6	35.1	3.1	38.3	48.8	
2003 2/	3.9	2,598	10.2	37.5	1.0	38.5	50.7	
			Sun-cured, type 37					
1993	0.1	1,040	0.1	0.1	0.1	0.2	0.3	
1994	0.1	1,770	0.1	*	0.1	0.1	0.2	
1995	0.1	1,125	0.1	*	0.1	0.1	0.2	
1996	0.1	1,600	0.1	*	*	*	0.1	
1997	0.1	1,490	0.1	0.0	*	0.0	0.1	
1998	0.1	1,220	0.1	0.0	*	0.0	0.2	
1999	0.1	1,550	0.2	0.1	*	0.1	0.2	
2000	0.1	1,650	0.2	0.1	*	0.1	0.3	
2001	0.1	1,540	0.2	0.2	*	0.2	0.3	
2002	0.1	1,655	0.1	0.1	*	0.1	0.2	
2003 2/	0.1	1,600	0.1	0.1	0.0	0.1	0.2	
	Disappearance		Disappearance		Avg. price	Avg. support	Placed under loan	
	Total	Domestic	Exports	per pound	level	Quantity	% of crop	
	--- Million pounds ---			--- Cents ---		Thousand pounds		Percent
				Dark air-cured, types 35-36				
1993	10.6	8.5	2.1	171.5	125.5	710	6.4	
1994	9.1	6.7	1.8	168.5	127.3	619	5.3	
1995	10.3	9.0	1.3	176.2	130.4	110	1.3	
1996	10.1	9.6	0.5	195.2	133.9	20	0.2	
1997	9.6	9.6	0.0	201.7	139.8	14	0.2	
1998	8.1	8.1	0.0	195.5	145.0	73	0.8	
1999	9.0	7.7	1.3	203.9	148.1	48	0.4	
2000	9.8	8.8	1.0	197.1	148.1	810	5.1	
2001	8.4	8.3	0.1	182.9	149.9	2,431	17.4	
2002	10.3	3/ 10.3	3/ 0.0	3/ 210.1	152.6	151	1.6	
2003					157.1			
				Sun-cured, type 37				
1993	0.2	0.1	0.1	152.1	123.3	0	0.0	
1994	0.1	*	0.1	147.6	124.5	27	21.8	
1995	0.1	*	0.1	174.5	126.5	0	0.0	
1996	0.1	*	0.1	197.9	128.8	0	0.0	
1997	0.1	*	0.1	190.8	132.6	0	0.0	
1998	0.1	0.1	0.0	170.9	136.0	9	7.1	
1999	0.1	0.1	0.0	159.4	138.0	22	13.9	
2000	0.1	0.0	0.1	180.0	138.0	4	2.4	
2001	0.2	0.2	0.0	168.6	139.2	38	24.7	
2002	0.1	3/ 0.1	3/ 0.0	3/ 177.8	142.9	18	1.1	
2003					145.8			

\* = Negligible.

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

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

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

### ***Cigar Leaf Production Continues Upward Trend in 2003***

Cigar leaf production in 2003 (September 1 crop estimate) continues an upward trend, reaching 15.0 million pounds, 1.7 million pounds greater than last season. Harvest projections increased 840 acres and yields are up slightly. Wrapper acreage is up by 50 acres, while filler acreage advanced by 300 acres to 2,400 acres. Binder acreage continued increasing, reaching 4,100 acres from 2002's 3,610 acres. Connecticut Valley binder gained 250 acres to reach an estimated 2,350 acres. Wisconsin binder increased from 1,510 acres to 1,750 this season, but with slightly lower yields. Pennsylvania Seedleaf acreage recovered 300 acres, bringing it to 2,400 acres.

### ***Filler Disappearance Projected to Advance in 2002.***

During the first 9 months of the marketing year (October 2002-June 2003) disappearance of filler tobacco reached 3.7 million pounds, compared with 2.4 million during the same period last season. Year-end disappearance is expected to reach 5 million

2.4 million during the same period last season. Year-end disappearance is expected to reach 5 million pounds. Higher production will increase supplies of cigar filler in 2003.

### ***Binder Disappearance Slips in 2001***

During the first 9 months of the 2002 season, disappearance of binder leaf declined compared with last season. Both Connecticut Valley Binder and Wisconsin Binder supplies decreased. For the 2002 season, disappearance of binder leaf is expected to exceed 7 million pounds. Connecticut Binder usually accounts for about a third of total binder disappearance.

### ***Wrapper Supplies Recover***

Estimated year-end disappearance for 2002 (July 2002-June 2003) was 2.3 million pounds, double the previous season's total. For 2003, very low beginning stocks combined with only slightly higher production results in supplies declining by 700,000 pounds to 2.2 million.

Table 26--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season average prices, 1993-2003 (farm-sales weight)

Crop year 1/	Acreage harvested	Yield per acre	Supply			Disappearance			Avg. price per pound to growers	
			Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports		
	1,000 acres	Pounds	Million pounds						Cents	
Pennsylvania seedleaf filler (type 41)										
1993	5.8	2,100	12.2	24.5	36.6		13.7	13.7	*	95.0
1994	5.4	2,100	11.3	24	35.3		14.9	14.9	*	100.0
1995	4.8	2,150	10.3	20.5	30.8		11.8	11.8	*	145.0
1996	4.8	2,140	10.3	17.9	28.2		15	15	*	155.0
1997	4.9	2,200	10.8	13.2	24		11	11	*	160.0
1998	4.5	2,100	9.5	13	22.1		10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3		7.8	7.8	*	130.0
2000	2.4	2,100	5	9.5	14.6		2.5	2.5	*	6/
2001	2	2,060	4.1	12.1	16.2		4	4	*	165.0
2/ 2002	2.1	2,100	4.4	12.3	16.7	0	4.4	4.4	*	145.0
3/ 2003	2.4	2,100	5	12.3	17.3	0				
Puerto Rico filler (type 46)										
1993	*	**	*	1.2	1.2		1.1	1.1	*	**
1994	*	**	*	0.1	0.1		0.1	0.1	*	**
5/ 1995	*	**	*	*	*	*	*	*	*	**
Total cigar filler (types 41-46) 7/										
1993	5.8	2,100	12.2	26.7	38.9		14.8	14.8	*	95.0
1994	5.4	2,100	11.3	24.1	35.4		15	14.9	*	100.0
1995	4.5	2,050	9.2	20.5	29.7		11.8	11.4	*	145.0
1996	4.8	2,140	10.3	17.9	28.2		15	15	*	155.0
1997	4.9	2,200	10.8	13.2	24		11	11	*	160.0
1998	4.5	2,100	9.5	13	22.1		10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3		7.8	7.8	*	130.0
2000	2.4	2,100	5	9.5	14.6		2.5	2.5	*	6/
2001	2	2,060	4.1	12.1	16.2		4	4	*	165.0
2/ 2002	2.1	2,100	4.4	12.3	16.7	0	4.4	4.4	*	145.0
3/ 2003	2.4	2,100	5	12.3	17.3	0				
Connecticut Valley binder (types 51-52)										
1993	0.9	1,914	1.7	1.9	3.6		2	2	*	300.0
1994	1	1,893	1.8	1.6	3.4		2	2	*	306.0
1995	1.2	1,969	2.4	1.4	3.8		2.2	1.8	*	389.0
1996	1.6	1,780	2.9	1.6	4.5		3.3	2.9	0.4	628.0
1997	2	1,783	3.6	1.2	4.8		2.8	2.2	0.6	741.4
1998	2.4	1,539	3.6	2.1	5.7		2.2	1.4	0.8	549.9
1999	2.5	1,668	4.2	3.5	7.7		4.9	4.6	0.3	741.4
2000	0.9	1,189	1.1	2.8	3.8		1.5	1.2	0.3	549.9
2001	2.1	1,786	3.8	2.3	6.1		4.3	4.1	0.2	558.9
2/ 2002	2.1	1,828	3.8	1.8	5.7		4.1	4	0.2	545.0
3/ 2003	2.4	2	4.3	1.5	5.9				0.4	
Southern Wisconsin binder (type 54)										
1993	2.8	1,675	4.7	4/	--	--	--	--	--	145.0
1994	1.9	2,200	4.2	4/	--	--	--	--	--	145.0
1995	1.9	2,375	4.5	4/	--	--	--	--	--	145.0
1996	1.9	1,900	3.6	4/	--	--	--	--	--	148.0
1997	1.8	2,330	4.2	4/	--	--	--	--	--	150.0
1998	1.5	2,180	3.3	4/	--	--	--	--	--	149.0
1999	0.9	2,530	2.3	4/	--	--	--	--	--	148.0
2000	0.7	2,500	1.8	4/	--	--	--	--	--	150.0
2001	1.2	2,535	3	4/	--	--	--	--	--	150.0
2/ 2002	1.2	2,625	3.2							175.0
3/ 2003	1.4	2,500	3.4							

See footnotes at end of table.

continued--

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

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

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

3/ No price information for type 61.

4/ Does not include type 61. 5/ Subsequent years negligible. 6/ Ohio, Miami Valley filler (types 42-44) no longer included as there is no production and stocks are negligible. 7/ No price information for type 41. 8/ Types 41 and 61 not included in average price.

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



Table 27--Cash receipts from farm marketings and tobacco, 1993-2002

Table 27—Cash receipts from farm marketings and tobacco, 1993-2002						
Period	Cash receipts				Tobacco as a percentage of:	
	Livestock and products	All crops	Total farm 3/	Tobacco	All crops	Total cash receipts
	--- Million dollars ---				--- Percent ---	
1993	90,036	87,102	177,617	2,949	3.39	1.66
1994	88,107	91,562	180,775	2,645	2.89	1.46
1995	87,004	100,700	187,704	2,548	2.53	1.36
1996	93,005	106,575	199,579	2,796	2.62	1.40
1997	96,463	111,134	207,596	2,874	2.59	1.38
1998	94,112	102,463	196,575	2,803	2.74	1.43
1999	95,611	91,870	187,481	2,273	2.47	1.21
2000 1/	99,559	92,432	191,977	2,316	2.51	1.21
2001 2/	106,413	93,366	199,779	1,893	2.03	0.95
2002 2/	93,480	99,468	192,948	1,744	1.75	0.90

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

Source: Economic Research Service, USDA.

Table 28--Estimated leaf used for cigarettes by kinds of tobacco, 1960-2002

Calendar year	Farm-sales weight				Unstemmed-processing weight				
	Flue- cured	Burley	Maryland	Total domestic	Flue- cured	Burley	Maryland	Imported	Total
Million pounds									
1960-64	742	455	16	1,213	661	404	16	123	1,204
1965-69	666	477	21	1,164	594	426	21	150	1,191
1970-74	623	459	19	1,101	556	410	19	186	1,171
1975-79	594	464	21	1,079	529	414	21	268	1,232
1980	537	456	22	1,015	479	407	22	350	1,258
1981	500	451	20	971	446	403	20	383	1,252
1982	473	435	28	936	422	388	28	360	1,198
1983	451	411	27	889	402	367	27	388	1,184
1984	439	369	29	837	392	329	29	391	1,141
1985	455	374	28	862	406	334	28	396	1,164
1986	426	365	26	817	380	326	26	418	1,150
1987	446	368	24	838	398	329	24	435	1,186
1988	474	406	24	904	423	363	24	392	1,202
1989	481	362	22	865	430	324	22	368	1,144
1990	532	397	21	950	475	354	21	378	1,228
1991	484	408	16	908	432	364	16	422	1,234
1992	463	348	16	827	413	310	16	520	1,259
1993	416	331	13	760	371	296	13	549	1,229
1994	434	353	12	799	391	317	12	447	1,218
1995	475	368	12	855	427	331	12	467	1,237
1996	464	314	12	790	418	282	12	545	1,257
1997	452	317	13	783	407	286	12	563	1,267
1998 1/	403	268	7	677	362	241	6	477	1,087
1999 1/	344	223	6	572	309	200	5	487	1,002
2000 1/	348	177	6	530	313	159	5	497	974
2001 1/	360	191	4	555	324	172	4	490	989
2002	316	153	2	472	285	138	2	528	952
Pounds per 1,000 cigarettes									
1960-64	1.396	.854	.030	2.280	1.242	.761	.030	.231	2.264
1965-69	1.174	.840	.037	2.051	1.048	.751	.036	.264	2.098
1970-74	1.026	.755	.031	1.812	.916	.674	.031	.305	1.926
1975-79	.871	.680	.031	1.582	.777	.607	.030	.392	1.806
1980	.752	.639	.031	1.421	.671	.570	.031	.490	1.762
1981	.679	.612	.027	1.318	.606	.547	.027	.520	1.700
1982	.681	.627	.040	1.348	.608	.559	.040	.519	1.726
1983	.676	.616	.040	1.332	.603	.550	.040	.582	1.774
1984	.657	.552	.043	1.252	.587	.492	.043	.585	1.708
1985	.684	.562	.042	1.288	.610	.502	.042	.595	1.750
1986	.647	.555	.040	1.242	.578	.495	.040	.635	1.748
1987	.647	.534	.035	1.216	.578	.477	.035	.631	1.720
1988	.683	.585	.035	1.303	.608	.522	.035	.564	1.729
1989	.710	.535	.032	1.272	.635	.478	.032	.543	1.689
1990	.750	.559	.030	1.339	.670	.499	.030	.533	1.732
1991	.697	.587	.023	1.306	.622	.522	.023	.608	1.777
1992	.641	.484	.022	1.147	.575	.431	.022	.723	1.751
1993	.629	.501	.020	1.150	.561	.448	.020	.831	1.859
1994	.670	.502	.017	1.188	.598	.448	.017	.616	1.679
1995	.636	.493	.016	1.145	.572	.444	.016	.626	1.658
1996	.615	.416	.016	1.047	.554	.374	.016	.722	1.666
1997	.626	.439	.018	1.083	.563	.395	.016	.779	1.753
1998 1/	.583	.389	.010	.982	.525	.350	.009	.691	1.575
1999 1/	.567	.367	.010	.944	.510	.330	.009	.804	1.653
2000	.584	.297	.010	.892	.526	.268	.009	.835	1.638
2001 1/	.640	.340	.007	.987	.576	.306	.006	.871	1.758
2002	.594	.288	.004	.887	.535	.259	.004	.992	1.790

continued--

Table 28--Estimated leaf used for cigarettes by kinds of tobacco, 1960-2002

Calendar year	Farm-sales weight				Unstemmed-processing weight				
	Flue- cured	Burley	Maryland	Total domestic	Flue- cured	Burley	Maryland	Imported	Total
	Percent distribution Percent								
1960-64	61.2	37.5	1.3	100.0	54.9	33.6	1.3	10.2	100.0
1965-69	57.2	41.0	1.8	100.0	49.9	35.8	1.8	12.6	100.0
1970-74	56.6	41.7	1.7	100.0	47.6	35.0	1.6	15.8	100.0
1975-79	55.0	43.0	2.0	100.0	43.0	33.6	1.7	21.7	100.0
1980	52.9	44.9	2.2	100.0	38.1	32.3	1.8	27.8	100.0
1981	51.5	46.4	2.1	100.0	35.6	32.2	1.6	30.6	100.0
1982	50.4	46.6	3.0	100.0	35.1	32.6	2.3	30.0	100.0
1983	50.8	46.2	2.9	100.0	34.0	31.0	2.2	32.8	100.0
1984	52.5	44.1	3.4	100.0	34.4	28.7	2.6	34.3	100.0
1985	52.8	44.0	3.2	100.0	34.8	28.9	2.4	33.9	100.0
1986	52.1	44.7	3.2	100.0	33.0	28.3	2.3	36.4	100.0
1987	53.2	43.9	2.9	100.0	33.6	27.7	2.0	36.7	100.0
1988	52.4	44.9	2.7	100.0	35.2	30.2	2.0	32.6	100.0
1989	55.8	41.7	2.5	100.0	37.7	28.2	1.9	32.2	100.0
1990	56.0	41.7	2.2	100.0	38.7	28.8	1.7	30.8	100.0
1991	53.3	44.9	1.8	100.0	35.0	29.4	1.4	34.2	100.0
1992	55.9	42.2	1.9	100.0	32.8	24.6	1.2	41.3	100.0
1993	54.7	43.6	1.7	100.0	30.2	24.1	1.0	44.7	100.0
1994	56.4	42.2	1.4	100.0	35.6	26.7	1.0	36.7	100.0
1995	55.5	43.1	1.4	100.0	34.5	26.8	1.0	37.7	100.0
1996	58.8	39.7	1.5	100.0	33.2	22.5	1.0	43.4	100.0
1997	57.8	40.5	1.7	100.0	32.1	22.5	0.9	44.4	100.0
1998	59.4	39.6	1.0	100.0	33.3	22.2	0.6	43.9	100.0
1999	60.0	38.9	1.1	100.0	30.9	20.0	0.5	48.6	100.0
2000	65.5	33.3	1.1	100.0	32.1	16.3	0.6	51.0	100.0
2001 1/	64.9	34.4	0.7	100.0	32.8	17.4	0.4	49.5	100.0
2002 1/	67.0	32.5	0.5	100.0	29.9	14.5	0.2	55.4	100.0

1/ Subject to revision.

Table 29--Expenditures for tobacco products and disposable personal income, 192-2001 1/

Table 20. Expenditures for tobacco products and disposable personal income, 1993-2002 4/									
Year	Total	Cigarettes	Cigars 2/	Other 3/	Disposable personal income	Percent of disposable personal income spent on tobacco products			
						All	Cigarettes	Cigars 2/	Other 3/
--- Million dollars ---					Billion dollars	--- Percent ---			
1993	48,955	46,150	730	2,075	4,789	1.02	0.96	0.02	0.04
1994	47,297	44,544	766	1,987	5,022	0.94	0.89	0.02	0.04
1995	48,692	45,793	846	2,053	5,356	0.91	0.86	0.02	0.04
1996	50,223	47,233	872	2,118	5,535	0.91	0.85	0.02	0.04
1997	52,569	49,437	915	2,217	5,795	0.91	0.85	0.02	0.04
1998	56,024	51,987	1,607	2,430	6,320	0.89	0.82	0.03	0.04
1999 4/	70,715	66,286	1,796	2,633	6,627	1.07	1.00	0.03	0.04
2000 4/	77,705	72,945	1,926	2,833	7,120	1.09	1.02	0.03	0.04
2001 4/	82,919	77,845	2,121	2,953	7,393	1.12	1.05	0.03	0.04
2002 5/	88,175	82,873	2,226	3,077	7,810	1.13	1.06	0.03	0.04

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

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

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

Year	Excise taxes			Total excise taxes	State sales tax
	Federal	State	Local		
Million dollars					
1991/92	5,110	6,132	194	11,436	1,996
1992/93	5,602	6,272	188	12,062	2,042
1993/94	5,714	6,778	185	12,623	2,005
1994/95	5,833	7,250	182	13,342	1,995
1995/96	5,795	7,608	181	13,584	1,998
1996/97	5,864	7,676	177	13,717	2,000
1997/98	5,673	7,975	196	13,844	1,977
1998/99	5,304	8,328	190	13,817	2,388
1999/2000	7,216	8,197	187	15,600	2,416
2000/01	7,373	8,411	190	15,974	2,364
2001/02	8,284	8,548	200	17,032	3,444

1/ July-June.

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

Table 31--Cash receipts from farm marketings and tobacco, 1993-2002

Table 31—Cash receipts from farm marketings and tobacco, 1993-2002						
Period	Cash receipts				Tobacco as a percentage of:	
	Livestock and products	All crops	Total farm 3/ Tobacco	Tobacco	All crops	Total cash receipts
	--- Million dollars ---				--- Percent ---	
1993	90,036	87,102	177,617	2,949	3.39	1.66
1994	88,107	91,562	180,775	2,645	2.89	1.46
1995	87,004	100,700	187,704	2,548	2.53	1.36
1996	93,005	106,575	199,579	2,796	2.62	1.40
1997	96,463	111,134	207,596	2,874	2.59	1.38
1998	94,112	102,463	196,575	2,803	2.74	1.43
1999	95,611	91,870	187,481	2,273	2.47	1.21
2000 1/	99,559	92,432	191,977	2,316	2.51	1.21
2001 2/	106,413	93,366	199,779	1,893	2.03	0.95
2002 2/	93,480	99,468	192,948	1,744	1.75	0.90

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

Source: Economic Research Service, USDA.

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

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

\* = Negligible.

1/ Subject to revision. 2/ From price support program. 3/ Indemnities less producer-paid premiums plus

administrative expenses for delivery of crop insurance by companies. 4/ User fees cover most costs of inspection and grading.

5/ Includes Agricultural Research Service (no tobacco funding after 1995), Cooperative State Research Service, and Extension Service. 6/ Includes Economic Research Service, National Agricultural Statistics Service, and Foreign Agricultural Service

economic and statistical analyses. 7/ New program activities authorized by P.L. 106-78, and Appendix E, Title 1, P.L. 106-133 "Emergency Supplemental Appropriations. 8/ Tobacco warehouse payments (included in Crop Disaster Payments). 11/ Less than \$500,000. 9/ Total direct outlays (excluding the Commodity Credit Corporation).

Compiled from Commodity Credit Corporation, Report of Financial Conditions and Operations, annual issues, CCC Estimates, FSA Financial Management Division, and records of Office of Budget, Planning, and Evaluation.

## Contacts and Links

### Contact Information

Tom Capehart

(202) 694-5311

[thomasc@ers.usda.gov](mailto:thomasc@ers.usda.gov)

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### *Reports From the Economic Research Service*

*Tobacco Industry Downsizing, Restructuring*, <http://www.ers.usda.gov/publications/agoutlook/jan2002/ao288c.pdf>

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

*Trends in the Cigarette Industry After the Master Settlement Agreement*

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

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

### *Related Websites*

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

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

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