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# Tobacco Outlook

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## Tobacco Acreage Steady for 2004

### Contents

[Tobacco Products](#)  
[U.S. Imp. & Exp.](#)  
[Tobacco Leaf](#)  
[Flue-Cured](#)  
[Burley](#)  
[Maryland Tobacco](#)  
[Fire-Cured](#)  
[Cigar Tobacco](#)  
[Contact & Links](#)

### Tables

[Cigarettes](#)  
[U.S. Leaf Exports](#)  
[U.S. Leaf Imports](#)  
[Flue-Cured &  
Burley S&U](#)

### Web Sites

[WASDE](#)  
[Tobacco Briefing  
Room](#)

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The next release is  
Sept. 24, 2004  
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Approved by the  
World Agricultural  
Outlook Board.

On March 1, 2004, tobacco growers indicated intentions to harvest 414,550 acres during the upcoming 2004 season, 1,660 acres less than was harvested last season. Last season, March 1 intentions were 417,510 acres, and 416,210 acres were actually harvested. If yields are average, production is expected to be around 875 million pounds.

Tobacco leaf production in 2003 is estimated at 831.2 million pounds. Marketings of flue-cured totaled 507.7 million pounds and burley reached 271.7 million pounds. Marketings of other types are estimated at about 65 million pounds. With beginning stocks of 1.6 billion pounds, total estimated supply for 2003 will be about 2.4 billion pounds, 240 million pounds less than last season. Supply in 2002 was 2.7 billion pounds.

Burley sales for the 2003 season ended on February 20, 2004, after 57 sales days. Final gross marketings reached 272.5 million pounds (gross auction sales combined with contract sales) and averaged \$197.95 per hundredweight, a record-high price. Last season, gross volume reached 303.7 million pounds and averaged \$197.55 per hundredweight. Producer sales in 2003 are estimated at 271.7 million pounds, 28.1 million pounds less than the 2002 season's 299.8 million pounds.

Burley contract centers opened on November 10, 2003, and concluded on February 20, 2004, after operating 57 days, 6 days more than last season. Seventy-six percent of producer sales were sold directly using contracts compared with 74 percent last season. Contract sales totaled 208.3 million pounds valued at \$413.6 million. The season average price for contracts was \$198.61 per hundredweight compared with \$198.51 last season. During the 2002 season, contract sales totaled 219.5 million pounds compared with 224.5 million pounds in 2001.

Burley auction markets for 2003 opened November 17, 2003, and closed February 20, 2004, after 38 days of sales. Gross volume of 64.2 million pounds was even smaller

than last season's, which itself was an all-time low. This season's sales value was \$125.7 million. Average auction price was \$195.79 per hundredweight, besting last season's record high of \$194.97. Burley cooperatives took 40.2 million pounds, 64 percent of producer sales. Last season, 32 percent, or 24.3 million pounds, of net auction sales went under loan.

On February 1, the U.S. Department of Agriculture (USDA) announced 2004 quotas, no-net-cost assessments, and price supports for burley tobacco. The national marketing quota for the 2004 crop is 302.1 million pounds, 5 percent greater than 2003. The 2004 quota is based on the following: (1) cigarette manufacturers' purchase intentions of 194.6 million pounds, unmanufactured exports (3-yr. average) of 144.5 million pounds, and a reserve stock adjustment of -25.4 million pounds. For each farm, the 2004 basic quota will increase approximately 5 percent from 2003. The effective quota is expected to be about 331.0 million pounds, about the same as 2003.

The tobacco balance of trade--the value of manufactured and unmanufactured exports less manufactured and unmanufactured imports (arrivals)—continued its rapid decline in 2003, slipping \$100 million to end at \$1.6 billion. Values for unmanufactured and manufactured exports both declined. Unmanufactured export value declined slightly but manufactured export value fell due to lower values for cigarettes, cigars, and smoking tobacco in bulk. Although unmanufactured export volume advanced slightly, lower unit values caused a 1-percent decline in value. Product export value fell due to lower cigarette volume and cigar unit values. The value of unmanufactured imports (arrivals or general imports) declined 2 percent or \$12 million while manufactured import value declined slightly. Imports of unmanufactured products for the calendar year fell slightly, by only \$7 million.

Calendar year unmanufactured tobacco exports advanced slightly in 2003, rising 5 million pounds. At 342.7 million pounds (155,326 metric tons), exports were up 1.3 percent. In 2003, U.S. shipments accounted for about 7 percent of total world exports. The United States was the second largest exporter, following Brazil, which accounted for 22 percent of world exports and shipped just over a billion pounds.

On a farm-sales-weight basis, total calendar 2003 exports were 482.9 million pounds compared with 477.3 million pounds a year earlier.

Imports for consumption (duty paid) continued to advance in 2003, exceeding 600 million pounds for the first time since 1997. At 638.3 million pounds, shipments were 60 million pounds over 2002. Oriental leaf slipped 7 percent to reach 116.8 million pounds. Stemmed flue-cured leaf imports advanced 42 percent to 172.7 million pounds, of which 72 percent was from Brazil. Burley import volume advanced 8 percent to 143.2 million pounds, about the same level as 1997. Cigar leaf imports increased 32 percent to 76.4 million pounds, also the highest since 1997. Imports of stems slipped 7 percent to 113.2 million pounds, half of which was shipped from Brazil.

Cigarette consumption in the United States continued its fall, dropping 4 percent in 2003. At 400 billion cigarettes, U.S. consumption has declined by nearly 100 billion cigarettes over the past decade. Year-end taxable removals are estimated at 375 billion pieces. Output for calendar 2003 is estimated at 497 billion cigarettes, the lowest since 1958.

Per capita consumption (18 years old and older) in 2003 was 1,903 pieces, 1 percent below 2002. For those 16-years old and older, per capita consumption in 2003 fell to 1,833, from 1,906 pieces in 2002.

Cigarette exports in 2003 slipped about 5 percent to 121.4 billion cigarettes from 127.4 billion the previous year. Japan, at 79.3 billion cigarettes, was the largest export market for U.S. cigarettes, taking slightly more than last year. Saudi Arabia and Israel maintained their second and third positions with imports of 11.5 and 4.9 billion U.S. cigarettes, respectively. Following in order of magnitude were Lebanon, Iran, and the European Union. The total value of cigarettes shipped was \$1.4 billion. Unit value was \$12 per 1,000 cigarettes, compared with \$11 the previous year.

Fiscal year 2003 (October 2002-September 2003) Federal cigarette excise tax collections are estimated at \$7.9 billion compared with \$8.3 billion the previous year. State tax collections in calendar 2002 increased by \$1.1 billion to \$9.5 billion. Sixteen States have cigarette excise taxes of \$1.00 per pack or more and 34 have taxes of 50 cents per pack or more. During 2003, excise tax hikes ranged from 70 cents per pack in New Mexico to 9 cents in Kansas.

### *Cigarette Consumption Estimated at 400 Billion Cigarettes*

Cigarette consumption in the United States continued to fall, dropping 4 percent in 2003. At 400 billion cigarettes, U.S. consumption has declined by nearly 100 billion cigarettes over the past decade. Year-end taxable removals are estimated at 375 billion pieces. Output for 2003 is estimated at 497 billion cigarettes, the lowest since 1958.

For the year ending June 2003 (July 2002-June 2003), cigarette consumption totaled 405 billion pieces. Output for the period was 510.8 billion pieces, 8-percent below the same period in 2002. Taxable removals were 381.4 billion cigarettes, compared with 408.3 billion during July 2001-June 2002. Tax-exempt removals ended at 130.5 billion for the period, down 7 percent.

Per capita consumption (18 years old and older) in 2003 was 1,903 pieces, 1 percent below 2002. Revised (adjusted for changes in population estimates and cigarette consumption) per capita consumption in 2002 was 1,997 pieces. Per capita consumption has been slipping for over two decades. For those 16-years old and older, per capita consumption in 2003 fell to 1,833, from 1,906 pieces in 2002. Estimates are based on population statistics from the Bureau of the Census.

Cigarette exports in 2003 slipped about 5 percent to 121.4 billion cigarettes from 127.4 billion the previous year. Japan, at 79.3 billion cigarettes, was the largest export market for U.S. cigarettes, taking slightly more than last year. Saudi Arabia and Israel maintained their second and third positions with imports of 11.5 and 4.9 billion U.S. cigarettes, respectively. Following in order of magnitude were Lebanon, Iran, and the European Union (EU). The total value of cigarettes shipped was \$1.4 billion. Unit value was \$12 per 1,000 cigarettes, compared with \$11 the previous year.

Industry sources indicate the inroads made by small manufacturers may have reached their upper limit and the proportion of the market held by small manufacturers will remain steady. Currently, about 8 percent of the market is held by small manufacturers. Imports account for another 6 percent of the market.

### *Taxes*

The Federal excise tax has been 39 cents per pack of 20 cigarettes since January 1, 2002. Fiscal year 2003 (October 2002-September 2003) Federal cigarette excise tax collections are estimated at \$7.9 billion compared with \$8.3 billion the previous year. Fiscal year 2003 (October 2002-September 2003) Federal cigarette excise tax collections are estimated at \$7.9 billion compared with \$8.3 billion the previous year. For calendar 2003, Federal excise tax collections were \$7.6 billion, \$352 million below 2002. Excise taxes peaked in 2002 due to the 5-cent-per-pack tax increase that became effective at the beginning of that year. However, declining consumption in 2003 caused Federal excise tax collections to slip.

State tax collections in calendar 2002 increased by \$1.1 billion to \$9.5 billion. Higher taxes offset lower consumption. State excise taxes were collected on 398.3 billion cigarettes. State sales tax collections reached \$3.4 billion. Sixteen States have cigarette excise taxes of \$1.00 cents per pack or greater and 34 have taxes of 50 cents per pack or greater. During 2003, excise tax hikes ranged from 70 cents per pack in New Mexico to 9 cents in Kansas. Currently, New Jersey has the highest State cigarette excise tax at \$2.05 per pack, and Virginia the lowest at 2.5 cents. The average State cigarette tax, weighted by consumption, is 59.8 cents per pack.

### *Wholesale Cigarette Prices*

The last wholesale premium cigarette price increase was 12 cents per pack on April 1, 2002. The wholesale price of premium cigarettes is now \$118.7 per 1,000, excluding tax. The Federal tax is \$19.50 per 1,000 cigarettes.

### *Cigarette Type Survey Results*

Filter-tipped cigarettes became popular during the 1950s and in 1960 first outsold non-filter cigarettes. Since the mid-1980s, non-filter tips have accounted for less than 5 percent of U.S. production. The annual Economic Research Service (ERS) survey of manufacturers indicated that filter-tip production comprised 99 percent of total output in 2003, the same share as in 2002. The proportion of 80-85 mm

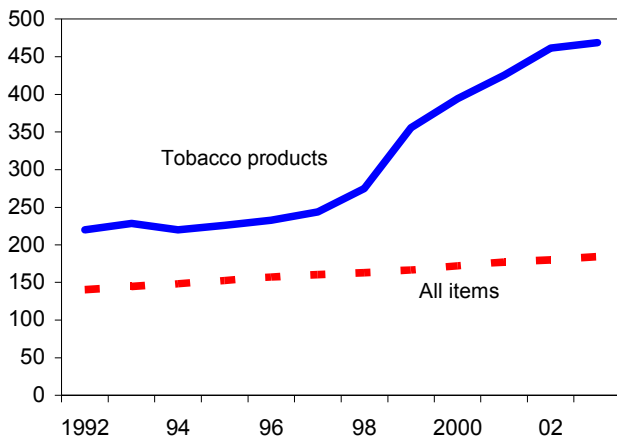
filter-tip cigarettes increased from 62.0 percent last year to 62.3 percent. The 100 millimeter filter-tip category made up about 35.1 percent of 2003 output, compared with 35.9 percent in 2002.

### ***Cigar Output Advances***

U.S. cigar production in 2002 reached 3,816 million cigars, compared with 3,741 million in 2001. Higher cigar exports accounted for some of the gain. Production in 2003 is expected to increase slightly based on 7 months of data. Taxable removals in 2002 were 3,703 million cigars, 10 percent above 2001. Cigar consumption in 2002 was 4,117 million cigars, 9 percent above the previous year. Calendar year 2002 exports of cigars were nearly steady at 123 million cigars, and in 2003 increased by 26 percent to 155 million cigars. Canada was the largest destination for U.S. cigars, taking 34.9 million. The Netherlands followed with 29.3 million. Turkey received 13.5 million cigars, and Japan took 12.9 million. China imported 10.3 million U.S. cigars. During 2003, cigar imports (consumption) reached 401 million cigars, 12 million below the previous year's imports. The Dominican Republic accounted for two-thirds of 2003 import volume. Honduras and Nicaragua also were major suppliers of cigars. Cigar consumption in 2003 is projected at 4,483 million cigars.

Figure 1

**Consumer Price Index and tobacco products prices**  
% of 1982-84



Source: Bureau of Labor Statistics.

Small cigar output in 2002 was 2,478 million cigars, compared with 2,376 million in 2001. Production in 2003 is expected to be about 2,600 million cigars, 5-percent above 2002. For 2002, taxable removals of small cigars were 2,248 million cigars, 75 million above 2001's 2,171 million pieces.

### ***Smoking Tobacco***

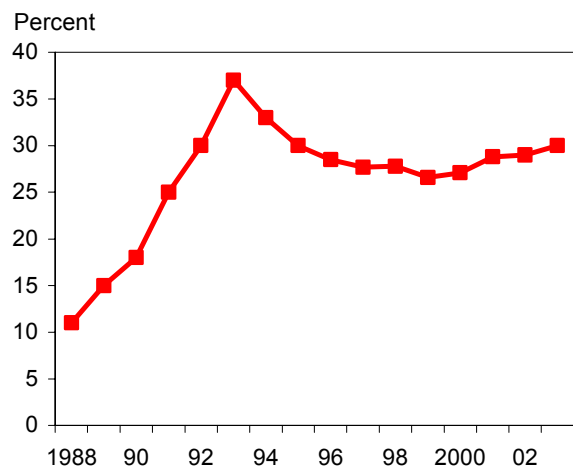
Smoking tobacco output for 2002 reached 15.5 million pounds, 21 percent greater than 2001. For 2003, output is projected at 18.9 million pounds. Smoking tobacco consists of pipe tobacco used in pipes and cut smoking tobacco used in roll-your-own cigarettes. Pipe tobacco is expected to continue declining in 2003 while cut smoking tobacco advances. Taxable removals for smoking tobacco are estimated at 17.6 million pounds in 2003, an advance of 11 percent. As with production, pipe tobacco taxable removals are expected to slip while cut smoking tobacco increases.

### ***Chewing Tobacco***

Chewing tobacco continued its descent as output fell 6 percent during the first three quarters of 2003. For the calendar year, output is expected to be about 41.7

Figure 2

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



Source: Economic Research Service, USDA.

million pounds. Taxable removals are expected to slip about 5 percent to end the calendar year at about 41 million pounds. Firm, moist, twist, and leaf chewing categories all had lower output and taxable removals.

### *Snuff*

Once again snuff output climbed 3 percent in 2002, reaching 72.7 million pounds. Taxable removals saw

a similar gain. For 2003, output gained 3 percent due to higher moist snuff production, and year-end output should be close to 74.7 million pounds. Taxable removals of snuff in 2003 are expected to gain 3 percent to reach 73.9 million pounds. All the gain is attributable to moist snuff; dry snuff continues its long-term decline.

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

Year	Removals							Total U.S. consumption 3/
	Output	Taxable	Tax-exempt				Adjustment 2/	
			Total	Exports	Miscellaneous			
					Miscellaneous shipments 1/	Imports		
Billions								
1993	661.0	463.4	202.0	195.5	6.5	11.5	12.4	485
1994	725.5	488.6	231.6	220.2	11.4 4/	3.5 5/	17.5	486
1995	746.5	490.3	250.9	231.1	19.8 4/	3.0 5/	26.1	487
1996	754.5	486.0	261.0	243.9	17.1 4/	2.8 5/	18.9	487
1997	719.6	471.4	232.0	217.0	15.0	3.2	9.6	480
1998	679.7	457.9	212.5	201.3	11.2	4.3	8.4	465
1999	606.6	429.8	165.5	151.4	14.1	8.7	17.6	435
2000	594.6	423.3	153.7	148.3	5.4	11.3	10.0	430
2001	562.8	412.1	144.6	133.9	10.8	14.7	12.5	425
2002	494.8	370.8	130.0	127.4	2.6	20.8	-26.8	415
2003 6/	497.0	375.0	125.0	121.4	3.6	23.1	1.7	400

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

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

Table 2--Per capita consumption of tobacco products in the United States (including overseas forces), 1993-2003

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		
								Number	Pounds
1993	2,453	2,543	4.7	0.30	5.39	23.40	0.38	0.17	0.70
1994	2,435	2,524	4.2	0.32	4.90	25.27	0.41	0.16	0.67
1995	2,415	2,505	4.2	0.31	4.67	27.49	0.45	0.13	0.67
1996	2,391	2,482	4.2	0.31	4.70	32.66	0.54	0.12	0.64
1997	2,331	2,423	4.1	0.31	4.55	36.90	0.53	0.12	0.64
1998	2,233	2,320	3.9	0.32	4.49	37.80	0.53	0.12	0.64
1999	2,067	2,136	3.6	0.32	4.19	39.00	0.53	0.12	0.64
2000	1,980	2,056	3.4	0.22	4.14	38.12	0.30	0.13	0.48
2001	1,951	2,026	3.3	0.23	4.11	40.52	0.32	0.15	0.46
2002 3/	1,906	1,979	3.5	0.23	4.23	40.10	0.32	0.15	0.42
2003 3/	1,833	1,903	3.3	0.23	4.10	40.25	0.32	0.17	0.39

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--Cigarettes: Output of filter tip and nonfilter tip by length, 2001-2003 1/

Item	2001		2002		2003 2/	
	Output	Percent of total	Output	Percent of total	Output	Percent of total
	Billions	Percent	Billions	Percent	Billions	Percent
Filter tip:						
80 mm long and 85 mm king	345.3	61.4	329.8	62.0	309.8	62.3
100 mm extra long	202.4	36.0	190.9	35.9	174.3	35.1
120 mm	8.6	1.5	5.9	1.1	7.8	1.6
Total	556.3	98.9	526.6	99.0	491.9	99.0
Nonfilter tip:						
70 mm regular	3.4	0.6	2.7	0.5	2.6	0.5
85 mm king	2.7	0.5	2.7	0.5	2.4	0.5
Total	6.1	1.1	5.4	1.0	5.1	1.0
Grand total	562.4	100.0	532.0	100.0	497.0	100.0

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

Source: Economic Research Service, USDA.

Table 4--Wholesale premium brand cigarette price revisions, 1990-2003 1/

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

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

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

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

Source: News reports and miscellaneous sources.

Table 5--Tobacco products: Output and domestic invoices by category, 1993-2003

Period	Chewing tobacco					Snuff dry	Snuff moist	Smoking tobacco in bulk (exports)	Small cigars 2/ Millions
	Plug-firm	Plug-moist	Twist	Loose leaf	Total 1/				
Million pounds									
Manufactured:									
1993	3.8	1.5	1.1	58.0	64.4	5.9	53.2	62.5	1,280
1994	3.3	1.3	1.1	56.8	62.5	5.6	53.9	77.0	1,410
1995	2.9	1.2	1.1	57.7	62.9	5.6	54.6	91.8	1,430
1996	2.9	1.0	1.1	56.0	61.1	4.0	57.5	110.4	1,502
1997	2.5	0.8	1.0	52.5	56.8	4.4	57.7	118.2	1,476
1998	2.4	0.7	1.0	49.2	53.3	4.3	61.2	142.5	1,710
1999	2.2	0.6	0.7	47.2	50.9	3.7	63.3	151.0	2,316
2000	2.0	0.5	0.8	46.0	49.4	3.6	65.9	136.1	2,640
2001	1.9	0.5	0.8	43.9	47.0	3.3	67.6	118.2	2,739
2002	1.8	0.4	0.8	41.5	44.5	3.1	69.6	144.0	2,478
2003 4/	1.5	0.3	0.7	39.2	41.7	2.7	72.0	122.0	2,600
Invoiced to domestic customers: 3/									
1993	3.6	1.4	1.1	57.7	63.8	5.6	51.2	**	1,271
1994	3.1	1.2	1.1	56.4	61.8	5.4	53.2	**	1,377
1995	3.0	1.1	1.1	57.0	62.2	5.3	54.1	**	1,397
1996	2.8	1.0	1.1	55.1	60.0	4.6	56.8	**	1,504
1997	2.5	0.8	1.0	52.5	56.8	4.4	57.7	**	1,587
1998	2.3	0.7	1.0	48.6	52.5	4.1	59.9	**	1,638
1999	2.1	0.6	0.9	46.9	50.5	3.9	61.6	**	2,042
2000	2.0	0.5	0.9	45.1	48.5	3.8	64.8	**	2,237
2001	1.8	0.4	0.8	43.5	46.6	3.4	69.3	**	2,516
2002	1.7	0.3	0.8	40.2	43.0	3.1	68.6	**	2,248
2003 4/	1.4	0.3	0.7	38.4	40.8	2.9	71.0	**	2,306

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

Source: Agricultural Marketing Service, USDA.

Table 6--Cigars and smoking tobacco: U.S. output, removals, and consumption, 1993-2003

Year	Total output	Taxable removals	Tax-exempt removals	Imports	Exports	Total U.S. consumption 1/
Million						
Large cigars and cigarillos:						
1993	1,795	2,010	68	127	67	2,138
1994	1,942	2,188	78	146	75	2,337
1995	2,058	2,367	82	195	78	2,566
1996	2,413	2,720	98	320	67	3,071
1997	2,324	2,966	110	576	86	3,542
1998	2,751	3,185	122	507	93	3,692
1999	2,905	3,330	148	496	84	3,826
2000	2,825	3,370	114	480	113	3,850
2001	3,741	3,564	130	543	124	4,107
2002 2/	3,816	3,703	80	413	123	4,117
2003 3/	3,847	4,082	100	401	155	4,483
Million pounds						
Smoking tobacco:						
1993	13.7	13.3	0.4	1.8 4/	0.4 5/	15.1
1994	13.5	12.6	0.5	1.9 4/	0.5 5/	14.5
1995	12.2	11.8	0.4	1.9 4/	0.4 5/	13.8
1996	12.0	11.3	0.4	1.9 4/	0.7 5/	13.0
1997	11.4	10.8	0.5	1.5	0.8	12.0
1998	12.5	12.0	0.5	1.4	0.6	13.4
1999	14.7	13.4	0.5	1.6	0.5	15.1
2000	13.6	13.1	0.5	1.4	0.5	14.5
2001	12.8	14.9	0.5	1.9	11.0	16.8
2002 2/	15.5	15.9	0.5	2.1	7.9	18.0
2003 3/	18.9	17.6	0.4	2.0	0.7	19.6

1/ Total removals (or sales) plus imports, minus exports. 2/ Subject to revision. 3/ Estimated. 4/ Total imports including re-exports to Canada. 5/ Adjusted to reflect estimated re-exports to Canada.

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

Table 7--Tobacco demand factors, 1993-2003

Year	Population July 1 1/ Millions	Disposable personal income, per capita 2/		Consumer Price indexes 3/		
		Current prices	1996 prices	All items	Tobacco products	Cigarettes
		----- Dollars -----		---- % of 1982-84 ----		
1993	191.1	18,706	20,318	144.5	228.4	--
1994	192.9	19,381	20,709	148.2	220.0	--
1995	194.0	20,349	21,056	152.4	225.7	--
1996	196.1	21,117	21,385	156.9	232.8	--
1997	198.2	21,969	21,838	160.5	243.7	100.0
1998	200.4	23,359	22,672	163.0	274.8	109.8
1999	202.5	23,749	22,678	166.6	355.8	143.8
2000	209.1	25,237	23,501	172.2	394.9	159.9
2001	209.8	25,957	23,692	177.1	425.2	172.5
2002	212.2	27,645	24,706	179.9	461.5	187.7
2003 4/	215.5	28,180	25,087	184.0	469.0	190.4

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

Source: Bureau of the Census, USDL.

### ***U.S. Balance of Trade Slides, Ending at 1.9 Billion***

The tobacco balance of trade--the value of manufactured and unmanufactured exports less manufactured and unmanufactured imports (arrivals)--continued its rapid decline in 2003, slipping \$100 million to end at \$1.6 billion. Values for unmanufactured and manufactured exports both declined. Unmanufactured value declined slightly but manufactured export value fell due to lower values for cigarettes, cigars, and smoking tobacco in bulk. Although unmanufactured export volume advanced slightly, lower unit values caused a 1-percent decline in value. Product export value fell due to lower cigarette volume and cigar unit values. The value of unmanufactured imports (arrivals or general imports) declined 2 percent or \$12 million while manufactured import value declined slightly. Imports of unmanufactured products for the calendar year fell slightly, by only \$7 million. The 2002 balance of trade was \$1.7 billion, the lowest level since 1977, and \$4.2 billion below the peak in 1995 of \$5.9 billion. High-valued cigarette exports boosted the balance of trade during the mid-1990s. Cigarette exports have since declined as production has been moved to other countries.

Tobacco product export value (mostly cigarettes and smoking tobacco in bulk) peaked in 1996 and has been declining every year but one since. Leaf imports nearly doubled in 1996 and increased further in 1997, before dropping to the 700-800-million-pound range where they remain. U.S. leaf exports have fallen because foreign producers have become more competitive. The U.S. tobacco program limits the flexibility of exporters to take advantage of short-term opportunities such as existed when Zimbabwean production slipped due to political unrest. At that time, Brazil rapidly boosted production and seized the vacuum left by Zimbabwean shortages.

### ***Leaf Tobacco Export Volume Advances Slightly***

Calendar year unmanufactured tobacco exports advanced slightly in 2003, rising 5 million pounds. At 342.7 million pounds (155,326 metric tons), exports were up 1.3 percent. In 2003, U.S. shipments accounted for about 7 percent of total world exports.

The United States was the second largest exporter, following Brazil, which accounted for 22 percent of world exports and shipped just over a billion pounds. Ranked by volume, India, Malawi, Italy, and China were also major exporters in 2003.

On a farm-sales-weight basis, total calendar 2003 exports were 482.9 million pounds compared with 477.3 million pounds a year earlier. All categories of shipments declined except burley, stems, and "other leaf," but gains for each were small. High prices for U.S. leaf continued to hamper export prospects.

Belgium was the major destination for U.S. unmanufactured tobacco in 2003 and took twice the previous year's volume. Germany had the second largest shipments although levels were lower than last year. Shipments to Japan, in the past the major destination, slid by 15 percent. Shipments to the EU advanced 15 percent, recovering some of last year's loss but still well short of the 215 million pounds shipped in 2001. Japan accounted for 12 percent (down from 2002) of U.S. leaf shipped overseas, and the EU purchased just over half of U.S. leaf exports, a gain from last year. Switzerland boosted its imports of U.S. leaf by 8 million pounds to reach 34.8 million pounds. No other countries exceeded 10 million pounds. Seventy-nine countries purchased leaf from the United States in 2003.

### ***Imports for Consumption Increase 10 Percent***

Imports (consumption, duty paid) continued to advance in 2002, exceeding 600 million pounds for the first time since 1997. At 638.3 million pounds, shipments were 60 million pounds over 2002. Oriental leaf slipped 7 percent to reach 116.8 million pounds. Shipments from Turkey declined for the second year. Greece, Lebanon, and Bulgaria all increased shipments. Stemmed flue-cured leaf imports advanced 42 percent to reach 172.7 million pounds of which 72 percent were from Brazil. Burley import volume, as indicated by the general "Not Specifically Provided For" (NSPF) category which contains mostly burley leaf, advanced 8 percent to 143.2 million pounds, about the same level as 1997. Cigar leaf imports increased 32 percent to 76.4 million pounds, also the highest since 1997. Imports of stems slipped 7 percent to 113.2 million pounds, half of which were shipped from Brazil.

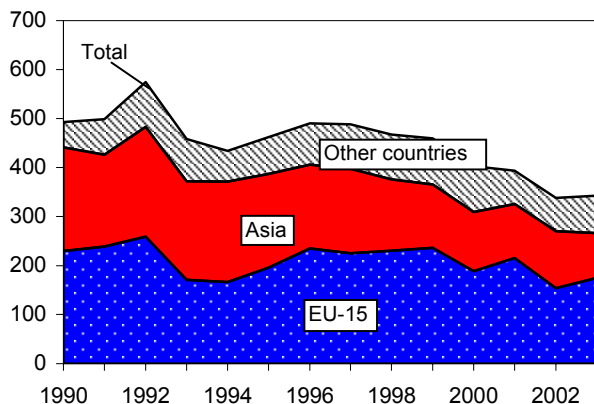
## General Imports Edge Downward

General imports (arrivals) ended the calendar year at 578.9 million pounds in 2003, 6.7 million pounds less than the previous year. During the 2 previous years, general imports advanced nearly 150 million pounds. Most categories declined. Except Oriental and cigar leaf, all categories of imports declined. Oriental leaf gained 7 percent to 118.8 million pounds. Total cigar leaf advanced 30 percent to 78.9 million pounds, mostly due to increased filler arrivals. Stemmed flue-cured imports reached 135.7 million pounds, a 2-percent gain. Burley (NSPF), slid 10 percent, to 128.7 million pounds. Stem imports declined 19 percent to 98.7 million pounds after a gain of similar magnitude last year.

Figure 3

### Export markets for U.S. tobacco

Million pounds



Unmanufactured, declared weight, European Union (EU, formerly referred to as the European Community, EC, or EC-12).

Source: Bureau of the Census.

## Foreign Leaf Stocks

U.S. stocks of imported cigarette leaf recovered from last year's very low levels. January 1, 2004, imported cigarette leaf stocks were 773 million pounds, nearly 30 million pounds over January 1, 2003. Oriental stocks slipped below 200 million pounds for the first time in at least 30 years. Imported flue-cured stocks were 262 million pounds, 5 percent below last January. Stocks of imported burley advanced 12 percent to 300 million pounds.

## Tariff-Rate Quota Update

The tariff-rate quota (TRQ) for 2003-04 on cigarette tobacco leaf imports (excluding Oriental) was 48 percent filled as of April 5, 2004, at 158.1 million pounds. The tobacco TRQ year begins on September 13 and runs through September 12 the following year. The total quantity allowed under the TRQ is 332.2 million pounds. During the 2002-03 TRQ year, 71 percent of the quota, or 235.6 million pounds, were imported under the quota.

Table 8--U.S. cigarette exports to leading destinations, 2001-03

	2001	2002	2003 2/
Japan	75.4	77.9	79.3
Saudi Arabia	11.3	11.7	11.5
Israel	4.6	4.6	4.9
Lebanon	5.7	3.9	3.7
Iran	*	1.5	3.0
European Union	4.8	3.6	2.3
Belgium	2.7	2.6	1.2
Netherlands	1.9	0.9	0.9
Germany	0.3	0.1	0.2
Hong Kong	2.8	2.8	2.3
Taiwan	2.1	1.9	2.1
Kuwait	2.0	1.8	2.1
United Arab Emirates	2.3	3.0	1.6
Singapore	2.5	2.5	1.6
Syria	0.9	1.0	1.5
Azerbaijan	*	0.3	0.9
South Korea	6.2	3.6	0.6
Cyprus	4.5	0.6	0.5
Australia	1.0	0.8	0.5
Oman	0.4	0.4	0.4
Qatar	0.3	0.3	0.4
Bahrain	0.3	0.4	0.4
Other countries	11.3	9.8	6.9
Total	133.9	127.4	121.4

\* Less than 50 million. 1/ Subject to revision.

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

Table 9--U.S. tobacco exports and imports: Unmanufactured and manufactured, 1992-2003

Year	Exports			Imports 1/			Net exports (value)		
	Unmanufactured		Manu- factured	Unmanufactured		Manu- factured	Unmanu- factured	Manu- factured	Total
	Quantity 2/ Million pounds	Value --Million dollars--		Quantity 2/ Million pounds	Value --Million dollars--				
1992	574.4	1,649.9	4,507.4	716.6	948.9	358.6	701.0	4,148.8	4,849.8
1993	458.0	1,305.5	4,250.8	792.6	943.4	605.1	362.1	3,645.7	4,007.8
1994	433.9	1,302.1	5,363.4	582.3	692.7	161.9	609.4	5,201.5	5,810.9
1995	461.8	1,399.3	5,218.0	439.2	555.7	183.7	843.6	5,034.3	5,877.9
1996	489.9	1,389.4	5,234.9	719.7	1,052.5	279.4	336.9	4,955.5	5,292.3
1997	488.3	1,553.3	4,953.5	676.5	1,128.8	497.0	424.5	4,456.5	4,881.0
1998	467.2	1,458.8	4,824.7	551.2	779.7	483.2	679.1	4,341.5	5,020.6
1999	417.5	1,294.4	3,876.4	537.1	763.8	449.9	530.6	3,426.5	3,957.2
2000	402.4	1,221.8	4,010.5	439.7	578.8	548.4	643.0	3,462.1	4,105.1
2001	410.7	1,268.8	2,725.6	563.1	715.1	522.4	553.7	2,203.2	2,756.9
2002	338.2	1,049.7	1,942.9	585.6	706.9	599.9	342.8	1,343.0	1,685.8
2003	342.7	1,035.1	1,837.4	578.9	694.5	592.5	340.6	1,244.9	1,585.5

1/ Arrivals. 2/ Declared weight.

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

Table 10--U.S. exports of unmanufactured tobacco by types and to principal importing countries, 2000-03 (declared weight)

Type & country	2000	2001	2002	2003 1/	Pct. Change 2002-03
Type					Percent
Flue-cured	190.2	196.7	160.6	155.0	-3.5
Burley	83.0	91.0	86.2	91.6	6.3
Maryland	3.2	2.7	2.4	0.7	-70.8
Fire-cured, Ky. And Tenn.	16.5	17.5	11.5	12.1	5.2
Virginia fire & sun-cured	0.5	0.2	2/	2/	--
Blackfat	*	*	*	*	--
Cigar wrapper	4.1	3.3	2.2	2.0	-9.1
Cigar binder	0.3	0.3	0.1	0.9	800.0
Stems and refuse	69.5	59.5	45.2	47.9	6.0
Other leaf	35.1	39.6	30.0	32.6	8.7
Total 2/	402.4	410.7	338.2	342.7	1.3
Country of destination					
Austria	1.4	0.9	0.5	0.9	80.0
Belgium-Luxembourg	23.2	49.7	29.4	61.7	109.8
Denmark	15.7	12.2	13.6	13.5	-1.0
Finland	0.2	0.3	*	*	--
France	5.5	11.5	10.3	8.8	-14.6
Germany	86.1	94.8	59.5	55.8	-6.2
Greece	0.5	0.5	1.2	0.8	-33.3
Ireland	*	*	1.0	*	--
Italy	15.8	6.2	8.6	6.9	-19.8
Netherlands	19.7	21.6	10.3	9.8	-4.9
Portugal	4.2	4.3	5.9	6.2	5.1
Spain	9.5	7.9	6.3	4.7	-25.4
Sweden	3.5	3.6	1.2	1.6	33.3
United Kingdom	7.3	1.6	6.0	4.8	-19.5
Total EU-15 2/	192.6	215.1	153.8	175.5	14.1
Japan	63.6	51.6	49.6	42.4	-14.5
Switzerland	9.5	14.4	27.3	34.8	27.5
Rep. of Korea	12.0	9.6	10.1	9.6	-5.0
Dominican Republic	12.0	5.9	9.2	8.8	-4.3
Taiwan	5.8	7.9	8.1	7.9	-2.5
Malaysia	14.2	18.9	15.1	6.4	-57.6
Australia	3.6	3.4	4.5	6.3	40.0
Nigeria	6.2	5.6	3.7	6.2	67.6
Indonesia	3.3	3.6	5.0	5.4	8.0
Russia	20.4	27.2	7.5	5.0	-33.3
Thailand	7.3	7.7	12.6	3.6	-71.4
Jordan	*	*	*	3.1	--
Philippines	7.4	5.1	6.9	2.9	-58.0
Georgia	*	*	*	2.2	--
Norway	2.0	3.3	2.0	2.1	5.0
Sri Lanka	0.1	2.3	1.7	2.1	23.5
Norway	2.0	3.3	2.0	2.1	5.0
Cyprus	*	*	*	1.5	--
China	0.1	0.1	0.1	1.4	1,300.0
Honduras	2.0	1.1	1.6	1.3	-18.8
Singapore	0.4	0.5	0.3	1.3	333.3
Egypt	1.2	0.9	1.8	1.1	-38.9
Canada	0.5	0.3	1.8	0.9	-50.0
Turkey	26.9	15.8	0.3	0.4	33.3
Brazil	*	*	1.9	0.3	-84.2
New Zealand	0.7	0.1	0.5	0.1	-80.0
Other countries	8.6	7.0	10.8	8.0	-25.9
Total 3/	402.4	410.7	338.2	342.7	1.3

-- = Not available. \* = Negligible.

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

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

Table 11--U.S. smoking tobacco exports, January-December, 2000-03

Country	2000	2001	2002	2003
Million pounds				
Smoking tobacco in bulk:				
Japan	24.1	25.7	22.1	23.8
Turkey	28.7	25.5	31.9	22.4
Belgium-Luxembourg	20.7	10.4	30.3	18.2
Russia	0.5	12.9	22.4	15.5
Spain	20.4	18.6	17.3	11.4
Korea	*	0.1	1.2	6.0
Austria	2.5	3.0	4.8	4.9
Czech Republic	5.1	5.9	4.4	4.7
Romania	*	*	0.4	3.9
Finland	2.9	3.1	3.3	3.1
Dominican Republic	*	*	0.1	2.6
Senegal	1.6	0.5	1.3	1.4
Netherlands	10.1	5.5	0.1	1.4
Other countries	19.5	7.0	4.4	2.7
<b>Total</b>	<b>136.1</b>	<b>118.2</b>	<b>144.0</b>	<b>122.0</b>

\* = Negligible.

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

Table 12--Flue-cured, burley, and Oriental tobacco production in specified countries, 2000-03

Country	2000	2001	2002	2003 1/
Metric tons (farm-sales weight)				
Flue-cured:				
China; Peoples Republic of	2,108,000	2,045,250	2,472,143	2,283,941
Brazil	438,000	410,000	515,000	481,000
India	187,000	56,000	178,000	179,500
Zimbabwe	236,946	202,535	165,835	85,000
Argentina	54,400	54,400	73,100	69,000
Italy	48,649	48,878	50,000	49,300
Philippines	36,648	36,607	39,300	40,100
Japan	42,217	41,289	41,034	40,000
Indonesia	43,000	42,000	43,250	39,300
Korea; Republic of	46,070	37,598	35,950	37,598
Greece	32,000	36,500	34,000	34,000
South Africa; Republic of	26,100	28,650	24,850	24,400
Thailand	20,000	20,000	18,000	17,500
Poland	25,000	10,000	15,000	15,000
Malaysia	7,260	8,299	11,468	12,000
France	9,769	9,770	10,960	10,950
Turkey	5,683	5,160	3,393	3,870
Total 2/	4,210,183	3,753,076	4,353,327	3,961,075
Burley:				
China; Peoples Republic of	126,000	99,428	225,960	241,724
Brazil	95,000	89,000	115,000	116,000
Argentina	39,000	35,800	47,600	47,600
Italy	45,610	42,400	43,800	42,100
Thailand	20,000	27,000	30,000	32,000
Philippines	26,463	20,127	27,600	28,000
Korea; Republic of	22,128	17,989	16,400	17,989
Japan	17,755	18,413	16,395	16,000
Mexico	23,351	20,263	13,892	15,349
Total 2/	351,869	791,586	940,039	907,028
Oriental:				
Turkey	242,912	199,658	155,416	165,533
Greece	83,800	75,600	71,500	72,700
China; Peoples Republic of	23,000	24,620	24,620	26,338
Total 2/	599,106	554,333	508,588	481,243

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

Compiled from reports of Foreign Agricultural Service, USDA.

Table 13--U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2000-03 (declared weight)

Item 2/	Imports for consumption					General Imports (arrivals)				
	2000	2001	2002	2003 1/	Change 2002-03	2000	2001	2002	2003 1/	Change 2002-03
	Million pounds				Percent	Million pounds				Percent
Cigarette tobacco										
Leaf (unstemmed): Oriental										
Turkey	64.5	92.8	81.6	74.8	-8.3	55.3	98.0	70.0	77.7	11.0
Greece	16.7	12.1	13.8	16.5	19.6	8.4	11.2	13.8	17.4	26.1
Macedonia	4.3	6.7	10.2	4.4	-56.9	4.0	6.2	9.1	3.9	-57.1
Other countries	18.9	27.0	19.9	21.1	6.0	17.9	24.3	17.9	19.8	10.4
Total Oriental	104.4	138.6	125.5	116.8	-6.9	85.6	139.7	110.8	118.8	7.2
Flue-cured	5.0	8.0	7.1	6.6	-7.0	5.4	8.0	7.2	6.6	-8.8
Burley	4.6	6.6	4.0	1.8	-55.0	4.6	5.3	5.6	4.0	-28.5
Other (unstemmed)	4.8	*	0.0	0.0	*	5.2	*	*	*	*
Subtotal	118.8	153.2	136.6	125.2	-8.3	100.8	153.0	123.7	129.4	4.6
Leaf (stemmed): Flue-cured										
Brazil	60.8	61.7	79.6	124.2	56.0	63.2	72.1	91.8	96.6	5.2
Argentina	9.7	8.6	11.9	13.1	10.1	6.7	8.5	11.2	11.7	4.5
Zimbabwe	4.4	7.6	11.9	9.7	-18.5	1.4	6.0	8.3	2.7	-67.5
Other countries	23.1	25.4	17.9	25.7	43.6	21.6	27.2	21.8	24.7	13.1
Total flue-cured	98.0	103.3	121.3	172.7	42.4	92.9	113.8	133.1	135.7	1.9
NSPF--										
Brazil	31.6	33.4	51.8	51.6	-0.4	29.6	34.3	56.0	49.7	-11.3
Malawi	35.1	28.5	31.8	33.9	6.6	35.1	37.7	35.2	32.8	-6.8
Thailand	11.0	14.1	7.3	19.0	160.3	13.9	15.2	8.7	15.2	74.7
Argentina	10.4	10.9	13.1	15.6	19.1	10.5	13.9	17.2	9.4	-45.3
Guatemala	6.7	3.3	9.6	5.1	-46.9	6.7	4.6	8.4	5.1	-39.3
Mexico	4.6	4.3	6.6	6.4	-3.0	5.1	4.2	7.1	5.1	-28.2
Italy	2.6	4.5	1.7	2.6	52.9	2.7	4.1	2.3	2.4	4.3
Zimbabwe	0.7	2.8	1.3	2.5	92.3	1.1	2.1	2.2	1.3	-40.9
China	1.7	1.5	1.8	2.1	16.7	1.6	1.5	14.8	4.0	-73.0
Other countries	4.7	9.2	7.8	4.4	-43.3	-2.4	5.2	-8.2	3.7	-145.1
Total NSPF	109.1	112.5	132.8	143.2	7.9	103.9	122.8	143.7	128.7	-10.4
Subtotal	325.9	369.0	390.7	441.1	12.9	297.6	389.5	400.5	393.8	-1.7
Manufactured or not manufactured categories 3/										
Scrap:	4.6	3.2	5.2	3.3	-36.5	6.3	2.6	3.9	3.2	-17.9
Subtotal	0.0	0.0	0.0	0.0	--	0.0	0.0	0.0	0.0	--
Total cigarette tobacco	330.5	372.2	395.9	444.4	12.3	303.9	392.2	404.4	397.0	-1.8
Cigar tobacco:										
Wrapper	2.5	3.0	3.1	2.7	-13.5	2.5	3.0	3.1	2.7	-13.5
Filler (stemmed and unstemmed):										
Dominican Republic	11.7	8.7	5.4	7.7	42.6	11.7	8.7	5.4	7.7	42.6
Indonesia	15.3	12.6	14.3	16.6	16.1	14.1	12.1	14.1	16.5	17.0
Brazil	1.2	1.9	1.1	1.3	18.2	1.2	1.9	1.0	1.3	30.0
Other countries	31.6	32.6	31.5	44.9	42.6	33.3	38.8	34.3	47.5	38.5
Total filler	59.8	55.8	52.3	70.5	34.8	60.3	61.5	54.8	73.0	33.2
Binder	0.9	0.4	0.9	1.2	36.2	0.9	0.4	0.9	1.2	36.2
Scrap:										
Dominican Republic	*	0.5	0.2	0.4	--	*	0.5	0.2	0.4	--
Other countries		1.7	1.5	1.6	3.3		1.7	1.5	1.6	3.3
Subtotal	2.7	2.2	1.7	2.0	14.4	2.7	2.2	1.7	2.0	14.4
Total cigar tobacco	65.9	61.4	58.0	76.4	31.6	66.4	67.0	60.5	78.9	30.3
Other stemmed and unstemmed										
Stems	4.9	3.5	3.3	4.3	29.9	4.6	3.4	3.4	4.3	25.2
	83.4	79.9	121.6	113.2	-6.9	66.5	100.5	117.2	98.7	-15.8
<b>GRAND TOTAL</b>	<b>484.7</b>	<b>516.8</b>	<b>578.9</b>	<b>638.3</b>	<b>10.3</b>	<b>441.4</b>	<b>563.1</b>	<b>585.6</b>	<b>578.9</b>	<b>-1.1</b>

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

Table 14--Imported foreign-grown cigarette leaf stocks, by quarters, 1990-2004

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
	Million pounds 1/							
	---Foreign-grown flue-cured---				---Foreign-grown oriental and aromatic---			
1990	181	170	188	202	325	348	339	296
1991	185	169	189	198	313	331	341	326
1992	194	191	231	269	396	405	401	356
1993	259	241	288	298	334	369	385	354
1994	277	276	296	287	350	330	349	352
1995	339	352	331	352	342	342	328	280
1996	364	391	391	406	308	428	332	306
1997	400	384	451	435	323	352	369	334
1998	434	406	416	395	335	356	352	340
1999	377	352	350	341	344	271	329	292
2000	352	302	300	303	295	271	261	242
2001	297	282	284	282	220	230	223	208
2002	281	261	265	282	204	216	214	199
2003	267	248	263	191	202	195	197	191
2004	194				194			
	----Foreign-grown burley----				----Total imported cigarette leaf----			
1990	153	154	148	167	659	672	675	664
1991	166	159	180	228	664	660	710	752
1992	235	224	230	247	825	820	862	872
1993	259	285	296	319	866	895	969	972
1994	295	281	292	295	922	887	936	934
1995	323	326	298	305	1,003	1,019	957	937
1996	312	298	290	311	998	1,128	1,024	1,032
1997	310	221	325	374	1,043	966	1,156	1,154
1998	368	325	300	325	1,149	1,097	1,079	1,070
1999	315	297	280	286	1,046	988	970	930
2000	303	281	269	283	960	866	840	837
2001	284	270	238	269	791	790	753	766
2002	308	282	251	275	801	767	738	763
2003	268	285	269	279	745			
2004	300							

1/ Farm-sales weight.

Source: Agricultural Marketing Service, USDA.

### ***Domestic Supplies Slip for 2003-04***

Tobacco leaf production in 2003 is estimated at 831.2 million pounds. Marketings of flue-cured totaled 507.7 million pounds and burley reached 271.7 million pounds. Marketings of other types are estimated at about 65 million pounds. Adding beginning stocks of 1.6 billion pounds, result in total estimated supply of 2.4 billion pounds, 240 million pounds less than last season. Supply in 2002 was 2.7 billion pounds.

Domestic leaf stocks at the beginning of the 2003 marketing year (July 1 for flue-cured and cigar wrapper, October 1 for all other types) were 1.6 million pounds, 9 percent lower than at the beginning of 2002. Ending stocks in 2003 are expected to be about 1.4 billion pounds. With grower harvest intentions on March 1<sup>st</sup> of 414,550 acres, a crop of about 875 million pounds is likely, given average weather conditions. At this level, leaf supplies in 2004 should be close to 2.3 million pounds.

All tobacco types except Maryland, Pennsylvania cigar filler, Connecticut Valley Broadleaf cigar binder, shade grown cigar wrapper, and Perique are grown under quotas administered by the U.S. Department of Agriculture (USDA).

### ***U.S. Tobacco Industry To Buy 194.6 Million Pounds of Burley Tobacco in 2004***

U.S. cigarette manufacturers plan to purchase 194.6 million pounds (farm-sales weight) of 2004-crop burley tobacco. The manufacturer's purchase intentions are used to calculate the quota for the 2003-04 burley tobacco crop. Last season, purchase intentions were 184.9 million pounds. The

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

### ***Efforts To Eliminate Unauthorized Pesticides Continue***

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

Before selling their tobacco, growers must certify to 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.

## Flue-Cured Tobacco

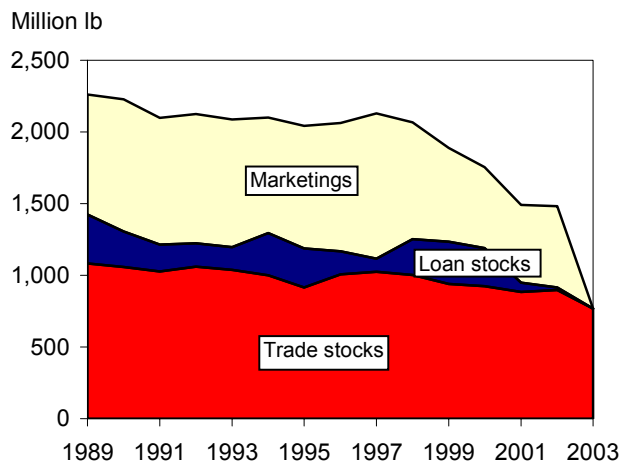
July-January disappearance of flue-cured tobacco declined 3 percent compared with the same period last season. Disappearance for the first half of the 2003 marketing year is 361.7 million pounds, compared with 371.1 million pounds in 2002. Year-end disappearance is likely to be close to 625 million pounds. Declining cigarette production and diminished exports have contributed to lower disappearance. In 2002, domestic disappearance slipped 9 percent and exports declined 20 percent.

During the first 7 months of the marketing season, (July 2003-January 2004) flue-cured exports slipped 4 percent compared with the same period last season. Drought reduced the availability and quality of leaf. Germany increased purchases 12 percent to 19.9 million pounds, but Japan and Switzerland, the next largest buyers, both reduced purchases substantially. Most other countries reduced imports. During the 7-month period, flue-cured exports totaled 103.6 million pounds compared with 107.5 million pounds the same time last season. In 2001, flue-cured shipments totaled 143.5 million pounds.

March 1<sup>st</sup> harvest intentions for flue-cured tobacco are 1 percent below last year's actual acreage. Given typical weather conditions the 231,200 acres to be harvested should result in a crop of about 513 million pounds, 44 million pounds above last season. About 16.5 million pounds of tobacco are available for marketing in 2004 from previous marketing years.

Figure 4

### Flue-cured tobacco: Supply, price, and use



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

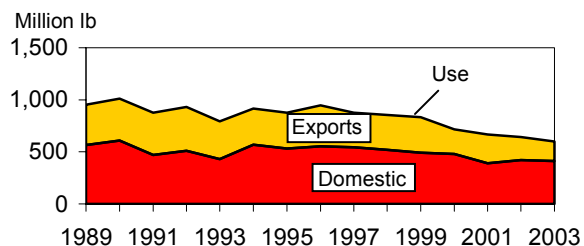
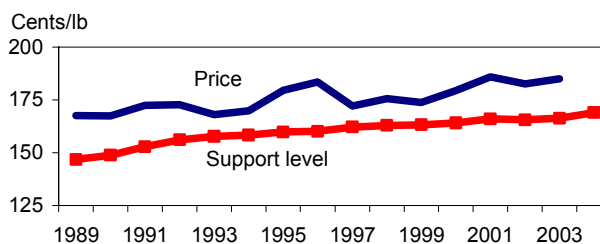


Table 15--Flue-cured and burley tobacco: Marketing quota and marketings, 1980-2004

Year	Quota		Marketings			Effective	Net carryover 2/
	Basic	Effective	Actual	Over-quota	Under-quota	Under-quota 1/	
Million pounds							
Flue-cured, types 11-14							
1980	1,094.4	1,186.5	1,086.1	36.0	137.9	135.1	99.1
1981	1,012.9	1,111.4	1,144.3	64.9	31.3	29.2	-35.6
1982	1,013.0	976.8	993.8	54.4	37.5	30.6	-23.8
1983	910.5	886.7	854.8	31.2	67.1	65.6	34.4
1984	804.3	831.7	849.6	42.6	32.8	31.5	-11.1
1985	775.0	758.0	789.4	51.1	24.8	16.4	-34.7
1986	728.5	699.4	666.9	10.5	45.3	43.8	33.3
1987	707.0	740.0	683.2	9.3	68.8	65.6	56.3
1988	754.3	811.8	796.1	13.4	28.4	25.0	11.6
1989	890.5	903.6	838.1	12.7	68.5	67.3	54.6
1990	877.7	936.1	920.2	15.0	30.6	28.6	13.6
1991	877.6	891.5	882.5	15.3	24.3	23.3	8.0
1992	891.8	899.0	901.0	15.7	14.2	13.5	-2.2
1993	892.0	889.6	891.7	16.2	13.1	12.5	-3.7
1994	802.6	798.5	806.8	16.7	8.2	7.7	-9.9
1995	934.6	924.9	854.2	9.7	80.1	79.5	69.8
1996	873.6	943.6	896.7	12.5	59.8	58.5	46.0
1997	973.8	1,019.8	1,013.5	13.0	17.4	16.8	3.8
1998	814.3	819.6	815.2	12.9	13.3	16.7	4.8
1999	667.7	671.5	645.0	9.7	27.6	26.4	17.2
2000	543.0	553.0	562.9	10.5	7.6	7.4	-3.1
2001 3/	548.9	543.0	544.4	10.6	7.3	7.0	-3.6
2002 4/	582.0	545.3	564.8	5/	5/	5/	5/
2003 4/	526.3	540.0	507.7	5/	5/	5/	5/
2004 4/	471.3	500.0					
Burley, type 31							
1980	614.4	768.9	557.5	11.6	224.3	200.1	181.8
1981	660.1	841.9	725.6	25.2	143.0	129.4	104.1
1982	680.3	777.8	776.7	46.8	50.9	41.2	-3.5
1983	646.6	641.0	526.7	13.7	132.4	127.6	113.9
1984	581.8	697.0	674.0	37.8	59.8	54.5	16.7
1985	524.4	541.7	541.9	37.2	36.4	31.9	5.3
1986	493.5	488.2	419.8	6.7	74.8	67.9	61.2
1987	463.9	524.8	427.5	5.2	101.6	91.2	86.0
1988	473.4	559.0	468.1	7.4	95.6	81.8	74.4
1989	586.9	660.7	498.3	6.1	165.2	146.4	140.3
1990	601.3	741.2	592.2	8.8	159.4	139.5	130.7
1991	724.1	846.1	657.0	7.6	197.3	175.4	167.8
1992	668.5	835.6	699.8	10.3	141.0	124.6	114.3
1993	601.9	717.9	626.6	9.8	93.1	83.3	73.4
1994	536.3	605.9	568.0	11.5	48.0	43.5	32.0
1995	546.5	577.9	480.4	5.9	100.3	93.9	88.0
1996	631.3	719.8	516.3	4.3	190.8	180.9	176.6
1997	704.5	879.8	628.8	5.3	253.5	236.3	231.0
1998	635.4	867.5	588.7	4.6	280.2	245.1	240.5
1999	452.6	690.1	551.2	7.0	145.4	122.1	115.1
2000	247.4	367.4	315.4	5.5	59.5	47.2	41.7
2001 3/	332.0	352.0	343.7	6.4	35.2	31.6	25.2
2002 4/	323.7	349.3	299.8	5/	5/	5/	5/
2003 4/	287.8	330.0	271.7	5/	5/	5/	5/
2004 4/	302.1	331.0					

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

4/ Preliminary. 5/ Not available.

Compiled from records of the Tobacco and Peanuts Division, FSA

Table 16--Flue-cured and burley marketing quotas: Formula components and manufacturer purchases, 1993-2004

Kind of tobacco and item	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Million pounds												
<b>Flue-cured</b>												
Purchase intentions	473.0	288.0	569.9	475.5	535.5	454.6	327.0	286.0	297.0	310.0	283.3	254.3
Exports (3-year avg.)	405.6	391.3	371.5	344.8	343.3	371.9	355.2	334.1	297.7	249.9	254.7	228.7
Reserve stock adjustment	9.6	(183.0)	22.1	80.3	125.1	-42.4	-35.4	-92.9	-61.8	22.1	-11.7	-25.4
Total 1/	888.2	496.3	963.5	900.6	1,003.7	784.1	646.8	527.2	532.9	582.0	526.3	457.6
Secretary's discretion	3.6	**	(28.9)	(27.0)	(30.1)	23.5	19.4	15.8	16.0	0.0	0.0	13.7
Basic quota 2/	892.0	802.6	934.6	873.6	973.8	807.6	666.2	543.0	548.9	581.8	526.3	471.3
Effective quota 3/	889.6	798.5	924.9	943.6	1,019.4	813.0	671.5	553.0	549.2	578.0	536.2	500.0
Manufacturer purchases (actual)	421.2	463.3	617.5	603.0	506.4	476.3	357.9	351.4	326.2	295.0	--	--
<b>Burley</b>												
Purchase intentions	361.0	324.0	385.0	424.0	473.5	421.1	291.0	242.5	225.0	227.4	184.9	194.6
Exports (3-year avg.)	205.8	183.8	160.1	155.4	163.0	188.1	185.9	159.1	144.4	138.8	137.9	144.5
Reserve stock adjustment 4/	(46.0)	(165.0)	20.9	54.4	68.0	28.6	-37.2	-161.4	-37.4	-42.0	-35.0	-37.0
Total 1/	520.8	342.8	566.0	633.8	704.5	637.8	439.7	240.2	332.0	324.2	287.8	302.1
Secretary's discretion	**	**	(17.0)	0.0	0.0	0.0	13.2	7.2	0.0	0.0	0.0	0.0
Basic quota 2/	603.0	542.7	549.0	633.8	704.5	637.8	452.9	247.4	332.0	324.2	287.8	302.1
Effective quota 3/	717.9	605.9	577.9	724.0	879.8	860.0	690.1	361.9	368.8	346.3	330.0	331.0
Manufacturer purchases (actual)	296.0	440.1	434.0	402.4	322.7	367.3	241.9	255.8	205.9	193.1	--	--

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

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

3/ Adjustment for over- and undermarketings, latest year estimated. 4/ Downward adjustment limited to one-half of excess.

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

Table 17--Flue-cured and burley tobacco price support formula components, 1993-2004

Applicable year 1/	Price received			Prices paid index			Weighted average change		Applicable support rate 3/
	Year	Average 2/	Change	Year	Level	Change	100%	65%	
Cents per pound									
Flue-cured:									
1993	1987-91	165.3	3.6	1991 4/	98.5	0.5	2.6	1.7	157.7
	1988-92	168.9		1992	99.0				
1994	1988-92	169.0	0.5	1992 4/	98.6	1.6	0.9	0.6	158.3
	1989-93	169.5		1993	100.2				
1995	1989-93	169.3	0.9	1993 4/	100.3	4.7	2.2	1.4	159.7
	1990-94	170.2		1994	105.0				
1996	1990-94	170.1	1.5	1994 4/	104.3	-1.2	0.6	0.4	160.1
	1991-95	171.6		1995	103.1				
1997	1991-95	171.6	1.4	1995 4/	110.4	4.8	3.1	2.0	162.1
	1992-96	173.0		1996	115.2				
1998	1992-96	173.9	0.0	1996	117.0	2.2	0.7	0.5	162.8
	1993-97	173.9		1997	119.2				
1999	1993-97	173.7	1.9	1997	108.8	-2.8	0.4	0.3	163.2
	1994-98	175.6		1998	106.0				
2000	1994-98	175.6	0.4	1998	114.5	1.5	0.8	0.5	164.0
	1995-99	176.0		1999	116.0				
2001	1995-99	176.2	-0.2	1999	116.8	6.5	2.0	1.3	166.0
	1996-00	176.0		2000	123.3				
2002	1996-2000	176.1	0.0	2000	137.1	-1.7	-0.6	-0.4	165.6
	1997-2001	176.1		2001	135.4				
2003	1997-2001	178.3	2.9	2001	133.7	-2.9	1.0	0.7	166.3
	1998-2002	179.1		2002	130.8				
2004	1998-2002	178.9	3.3	2002	131.6	6.4	4.2	2.7	169.0
	1999-2003	182.3		2003	138.0				
Burley:									
1993	1987-91	167.8	6.0	1991 4/	127.8	3.7	5.2	3.4	168.3
	1988-92	173.8		1992	131.5				
1994	1988-92	173.8	4.7	1992 4/	130.8	4.7	4.7	3.1	171.4
	1989-93	178.5		1993	135.5				
1995	1989-93	178.5	2.1	1993 4/	135.5	0.9	1.7	1.1	172.5
	1990-94	180.6		1994	136.4				
1996	1990-94	180.6	1.8	1994 4/	135.1	1.8	1.8	1.2	173.7
	1991-95	182.4		1995	136.9				
1997	1991-95	182.4	1.3	1995 4/	138.6	8.0	3.5	2.3	176.0
	1992-96	183.7		1996	146.6				
1998	1992-96	183.7	2.9	1966 4/	115.0	2.5	2.8	1.8	177.8
	1993-97	186.6		1997	117.5				
1999	1993-97	186.0	2.1	1997	120.1	0.7	1.7	1.1	178.9
	1994-98	188.1		1998	120.8				
2000	1994-98	188.1	1.5	1998	120.9	1.8	1.6	1.0	180.5
	1995-99	189.6		1999	122.7				
2001	1995-99	189.5	1.3	1999	126.5	7.3	3.3	2.1	182.6
	1996-00	190.8		2000	133.8				
2002	1996-2000	190.8	0.9	2000	131.6	0.8	0.9	0.6	183.5
	1997-2001	191.7		2001	132.4				
2003	1997-2001	192.1	2.6	2001	133.1	1.1	2.1	1.4	184.9
	1998-2002	194.7		2002	134.2				
2004	1998-2002	194.6	2.4	2002	130.7	6.3	3.7	2.4	187.3
	1999-2003	197.0		2003	139.0				

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

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

Table 18--Computation of price support level adjustment factor for tobacco, 1987-2004 1/

Crop year	Parity index 2/		Price support level adjustment factor 4/
	Previous calendar year	3-year average 3/	
	% of 1910-14		% of 1959
1987	1,109	1,134	381
1988	1,139	1,126	378
1989	1,191	1,146	385
1990	1,255	1,195	401
1991	1,293	1,246	418
1992	1,316	1,288	432
1993	1,329	1,313	441
1994	1,355	1,333	447
1995	1,394	1,359	456
1996	1,420	1,390	466
1997	1,520	1,449	486
1998	1,998	1,510	507
1999	1,532	1,597	516
2000	1,531	1,548	519
2001	1,594	1,552	521
2002	1,644	1,590	533
2003	1,649	1,629	547
2004	1,705	1,664	558

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

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

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

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

Year	Acreage allotted 1/	Under production 2/	
		Number	As percent of allotment Percent
1983	457.5	47.7	10.4
1984	404.7	10.7	2.6
1985	389.6	32.5	8.3
1986	366.3	58.0	15.8
1987	372.4	47.8	12.8
1988	409.1	42.7	10.4
1989	432.9	42.2	9.1
1990	448.6	31.7	7.1
1991	427.2	24.6	5.8
1992	429.7	28.2	6.6
1993	425.0	24.9	5.9
1994	384.4	24.9	6.5
1995	447.6	51.7	11.6
1996	449.6	32.4	7.2
1997	488.0	35.3	7.2
1998	390.8	22.0	5.6
1999	319.1	15.1	4.7
2000	260.1	6.2	2.4
2001	262.3	24.2	9.2
2002	278.7	32.6	11.7
2003 3/	241.0	6.6	2.7

1/ Basic allotment adjusted for overmarketings and undermarketings.

2/ Acreage allotment minus harvested acres.

3/ Based on *March Prospective Plantings*.

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

Table 20--Sales of flue-cured tobacco quotas, 1993/94-2002/03 1/

State & year	Sales (basic quota)	State & year	Sales (basic quota)
	1,000 pounds		1,000 pounds
Alabama:		South Carolina:	
1993/94	2	1993/94	1,377
1994/95	0	1994/95	1,395
1995/96	0	1995/96	1,260
1996/97	0	1996/97	1,113
1997/98	0	1997/98	921
1998/99	0	1998/99	984
1999/2000	14	1999/2000	869
2000/01	na	2000/01	na
2001/02	0	2001/02	662
2002/03	0	2002/03	311
Florida:		Virginia:	
1993/94	689	1993/94	1,321
1994/95	670	1994/95	1,423
1995/96	278	1995/96	1,243
1996/97	647	1996/97	1,169
1997/98	327	1997/98	460
1998/99	341	1998/99	926
1999/2000	281	1999/2000	643
2000/01	na	2000/01	na
2001/02	79	2001/02	639
2002/03	107	2002/03	332
Georgia:		All States:	
1993/94	1,661	1993/94	12,198
1994/95	2,216	1994/95	11,827
1995/96	2,769	1995/96	12,459
1996/97	2,655	1996/97	12,706
1997/98	1,051	1997/98	7,703
1998/99	1,632	1998/99	8,598
1999/2000	811	1999/2000	7,594
2000/01	na	2000/01	na
2001/02	361	2001/02	4,291
2002/03	1,073	2002/03	3,970
North Carolina:			
1993/94	7,148		
1994/95	6,114		
1995/96	6,909		
1996/97	2,119		
1997/98	4,189		
1998/99	4,736		
1999/2000	50		
2000/01	na		
2001/02	2,550		
2002/03	2,147		

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

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

Table 21--Tobacco loan stocks, 2002-2004 (farm-sales weight)

Type	2002	2003	2004
	Million pounds		
January 1			
Flue-cured, 11-14	86.8	280.4	63.8
Burley, 31	123.5	419.8	123.3
Virginia, 21 and 37	0.3	--	0.1
Kentucky-Tennessee, 22-23	4.0	--	5.9
Kentucky-Tennessee, 35-36	1.1	--	0.9
Wisconsin Binder, 54-55	0.0	1.4	0.0
Total	215.7	701.6	194.0
Uncommitted 1/			
Flue-cured, 11-14	77.9	71.7	74.7
Burley, 31 1/	74.8	39.5	76.8

1/ Redried weight.

Compiled from records of Tobacco and Peanuts Division, FSA.

Table 22--U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years, 2002/03-2003/04 (declared weight) 1/

Importing country	Marketing year through January			Importing country	Marketing year through January		
	2002/03	2002/03	2003/04		2002/03	2002/03	2003/04
	Million pounds				1,000 pounds		
	Flue-cured				Virginia fire-and sun-cured		
Germany	27.2	17.7	19.9	Haiti	--	--	1.0
Japan	24.8	19.6	13.7	Other countries	--	--	0.0
Switzerland	17.8	17.1	5.4	Total	--	--	1.0
Belgium-Luxembourg	14.2	12.1	29.7				
South Korea	8.0	4.1	4.1				
Malaysia	7.9	5.4	3.2				
Taiwan	7.3	3.3	0.9				
Denmark	7.1	4.6	4.0				
Australia	5.3	2.6	1.3				
United Kingdom	3.8	2.2	1.5				
Italy	3.1	0.8	0.2				
France	2.9	2.5	0.8				
Philippines	2.4	1.8	0.0				
Norway	2.3	1.4	0.8				
Spain	2.0	1.9	*				
Indonesia	2.0	0.9	2.0				
Russia	1.7	0.9	0.9				
Thailand	1.6	1.6	1.7				
Netherlands	1.4	1.4	3.9				
Hong Kong	1.3	0.4	0.3				
Other countries	7.8	5.2	9.3				
Total	151.9	107.5	103.6				
	Burley				Binder		
Switzerland	25.8	3.6	1.5	Dominican Republic	799	21	539
Belgium	18.1	2.2	7.6	Australia	23	2	*
Japan	13.0	*	*	Brazil	23	11	6
Germany	11.6	2.4	2.1	Other	82	21	66
Italy	3.8	0.5	*	Total	881	42	605
Denmark	3.2	1.3	1.0				
Philippines	2.6	0.7	*				
Spain	2.4	*	*				
Taiwan	2.0	0.8	0.3				
Thailand	1.9	*	0.1				
Malaysia	1.6	0.8	*				
France	1.6	*	*				
Portugal	1.0	*	1.3				
Other countries	4.7	1.2	2.1				
Total	93.3	13.5	16.0				
	Maryland				Cigar wrapper		
Germany	0.4	0.3	*	Dominican Republic	2,574	1,151	1,335
Israel	0.3	0.1	*	Nicaragua	66	39	8
Switzerland	0.3	*	*	Chile	40	4	*
Other countries	0.3	0.2	*	Taiwan	36	42	*
Total	1.3	0.6	0.1	Honduras	18	5	77
	KY-TN Fire-cured			Other countries	32	5	19
Netherlands	2.7	0.8	1.4	Total	2,766	1,246	1,439
Sri Lanka	1.6	0.5	1.0				
Egypt	0.9	0.9	*				
Indonesia	0.4	0.1	0.2				
South Korea	0.3	0.3	*				
France	0.2	0.2	0.3				
Italy	0.1	0.1	*				
Other countries	2.3	0.4	2.9				
Total	8.5	3.3	5.8				
					Other leaf		
				Dominican Republic	6.6	3.2	2.2
				Nigeria	5.7	1.7	1.3
				Japan	3.3	0.5	1.6
				Jordan	2.3	*	1.4
				Georgia	1.6	*	0.5
				Egypt	1.3	*	*
				Indonesia	1.3	1.2	1.6
				Austria	1.1	0.4	*
				Canada	1.0	0.3	0.1
				Honduras	0.9	0.2	0.2
				Germany	0.7	0.4	0.2
				South Korea	0.5	*	*
				Spain	0.1	*	*
				Other countries	6.0	3.0	3.0
				Total	31.8	10.9	12.1
					Stems, trimmings, and scrap		
				Germany	11.6	4.7	4.3
				Japan	5.1	2.0	*
				France	5.0	1.2	3.5
				Denmark	3.5	1.5	0.9
				Russia	3.1	*	0.3
				Switzerland	2.5	2.1	0.9
				United Kingdom	1.4	*	*
				Taiwan	1.1	0.4	*
				Belgium	1.1	1.0	8.3
				Portugal	0.2	*	0.8
				Thailand	5.5	5.5	*
				Peru	0.9	*	*
				Israel	0.7	0.4	*
				Australia	0.6	0.6	*
				Italy	0.6	*	*
				Other countries	10.8	7.0	4.0
				Total	45.4	19.9	23.0

-- = zero or negligible. \* = Less than 50,000 pounds.

1/ July-June crop year for flue-cured and cigar wrapper; October-September crop year for all other types except October-June for 1995/96. 2/ Subject to revision.

Data may not add to total because of rounding.

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

Table 23--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1994-2004 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Marketings 2/	Beginning stocks 1/			Total	Total supply
				Manufacturers and others	Under loan	Total		
--- Million pounds ---								
Flue-cured, types 11-14								
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 3/	1,116.5	2,130.0	
1998	368.8	2,204	814.8	1,002.2	250.9 3/	1,253.2	2,068.0	
1999	303.8	2,162	653.9	939.7	294.6 3/	1,234.3	1,888.2	
2000	250.0	2,396	564.1	925.6	263.9 3/	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	234.4	2,000	507.7	766.8	70.9	837.7	1,345.3	
2004 2/	231.2							
Burley, type 31								
1994	266.3	2,300.0	568.0	633.1	4/ 380.8	4/ 1,013.9	4/ 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 5/	588.7	647.8	183.8	831.6	1,421.9	
1999	300.6	1,829.0 5/	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	1,877.0	299.8	516.7	131.1	647.9	947.7	
2003	156.2	1,908.0	271.7	442.4	135.7	578.2	849.9	
2004 2/	157.2							
	Disappearance			Average price per pound	Price support level	Placed under loan		
	Total	Domestic	Exports			Quantity	% of crop	
--- Million pounds ---								
Flue-cured, types 11-14								
1994	914.8	569.3	345.5	169.8	158.3	97.7	12.1	
1995	875.1	530.6	344.5	179.4	159.7	12.0	1.3	
1996	946.6	555.4	391.2	183.4	160.1	1.8	0.2	
1997	876.8	542.5	334.3	172.0	162.1	195.5	19.4	
1998	833.7	492.1	341.6	175.5	162.8	82.4	10.2	
1999	698.7	436.9	261.8	173.6	163.2	136.4	21.2	
2000	717.2	479.2	238.0	179.3	164.0	27.4	4.6	
2001	664.9	388.9	276.0	185.8	166.0	15.0	2.6	
2002	643.0	423.4	219.6	182.5	165.6	24.8	4.8	
2003	6/ 601.3	6/ 411.3	6/ 190.0	184.9	166.3	59.8	11.8	
2004					169.0			
Burley, type 31								
1994	623.1	468.1	155.0	184.1	171.4	54.7	9.5	
1995	550.9	386.1	164.8	185.5	172.5	0.0	0.0	
1996	666.2	456.8	209.4	192.2	173.7	0.0	0.0	
1997	547.6	379.2	168.4	188.5	176.0	124.5	0.2	
1998	520.5	351.6	168.9	190.3	177.8	73.2	12.4	
1999	643.1	503.8	139.3	189.8	178.9	230.6	42.0	
2000	665.0	523.0	142.0	196.3	180.5	19.3	4.8	
2001	385.2	245.4	139.8	197.3	182.6	12.4	3.5	
2002	369.6	220.9	148.6	197.4	183.5	24.3	31.0	
2003	6/ 322.9	6/ 187.9	6/ 135.0	197.0	184.9	40.2	64.4	
2004					187.3			

1/ July 1 for flue-cured; October 1 for burley. 2/ Actual marketings in the marketing year. 3/ March *Planting Intentions* report. 4/ Marketings

include some farm carryover. 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/ Excludes Gramm-Rudman-Hollings adjustment. 6/ Estimated.

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

## Burley Tobacco

Burley sales for the 2003 season ended on February 20, 2004, after 57 sales days. Final gross marketings reached 272.5 million pounds (gross auction sales combined with contract sales) and averaged \$197.95 per hundredweight (cwt), a record-high price. Last season, gross volume reached 303.7 million pounds and averaged \$197.55 per cwt. Producer sales in 2003 are estimated at 271.7 million pounds, 28.1 million pounds less than the 2002 season's 299.8 million pounds. In 2001, 343.7 million pounds were sold.

Burley auction markets for 2003 opened November 17, 2003, and closed February 20, 2004, after 38 days of sales. Gross volume of 64.2 million pounds was even smaller than last season's, which itself was an all-time low. Last season 82.8 million pounds were sold at auction. This season's sales value was \$125.7 million. Average auction price was \$195.79 per cwt, besting last season's record-high of \$194.97. Burley cooperatives took 40.2 million pounds, 64 percent of producer sales. Last season, 32 percent, or 24.3 million pounds, of net auction sales went under loan. Net (producer) sales at auction were 62.5 million pounds, compared with 78.3 million pounds last season. At auction, quality of offerings were ahead of last season, with fair leaf making up 70 percent of sales for a 3-point gain. Fine leaf accounted for 4 percent compared with 2.3 percent last season. The volume of good quality leaf slipped slightly, accounting for 16 percent of sales compared with 19.3 percent last season. Tobacco from the leaf (B) group gained 17 points, and made up 43 percent of auction sales, compared with 26.3 percent last season. Flyings, cutters, and tips all declined compared with last season. Ninety-six percent of sales were mature and better, with most grading tan or tannish red in color. The Burley Cooperatives accepted 40.2 million pounds, or 64.4 percent of net auctions this season, compared with 24.3 million pounds, or 31.9 percent last year.

This season, 196.0 million pounds or 72 percent of the leaf marketed by producers was sold prior to the holiday break. Sales after the break totaled 74.7 million pounds. During the 2002 season, 72 percent was also marketed prior to the break and in 2001, 82 percent was marketed prior to the holidays.

Burley contract centers opened on November 10, 2003, and concluded on February 20, 2004 after operating 57 days, 6 days more than last season. Most contract sales

were fair quality at 57 percent, followed by good 27, low 9, fine 5, and choice 1 percent. Last season contract centers were open 51 days. Seventy-seven percent of producer sales were sold directly using contracts compared with 74 percent last season. Contract sales totaled 208.3 million pounds valued at \$413.6 million. The season average price for contracts was \$198.61 per cwt compared with \$198.51 last season. During the 2002 season, contract sales totaled 219.5 million pounds compared with 224.5 million pounds in 2001. In 2000, the first year of significant contract sales, contracted volume reached 87.5 million pounds.

Farmers indicated on March 1 their intention to harvest 157,200 acres of burley tobacco during the 2004 season. With normal yields, this would result in a crop of about 300 million pounds, well below the effective quota of 331 million pounds for the 2004-05 crop year. For the 2003 season, intentions were 151,100 acres and actual harvested acres were 156,200.

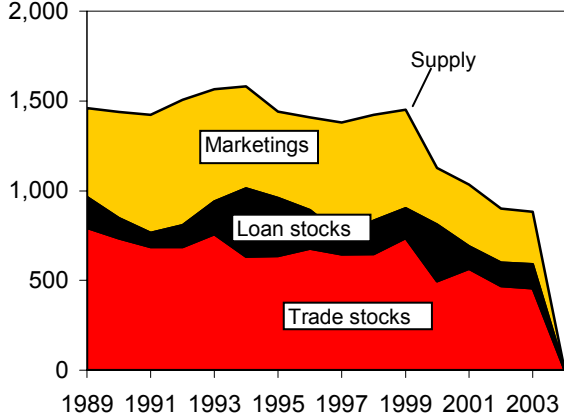
Disappearance in 2003 is expected to change little from the 2002 season. October-December 2003 use was 162 million pounds compared with 213 million pounds during the same period in 2002. However, use is expected to catch up during the final three-quarters and end at about 325 million pounds. Shipments during October 2003-January 2004 (the first 4 months of the 2003 marketing year) rose about 18 percent—to 16 million pounds compared with 13.5 million pounds last season. Again this season, higher exports were offset by lower domestic use during the 4-month period. Reduced cigarette production and increased use of foreign burley by cigarette manufacturers contributed to the lower figure.

On February 1, USDA announced 2004 quotas, no-net-cost assessments, and price support for burley tobacco. The national marketing quota for the 2004 crop is 302.1 million pounds, 5 percent greater than 2003. The 2004 quota is based on the following: (1) cigarette manufacturers purchase intentions of 194.6 million pounds, unmanufactured exports (3-yr. average) of 144.5 million pounds, and a reserve stock adjustment of 25.4 million pounds. The Secretary of Agriculture made no discretionary adjustment for burley tobacco in 2004. For each farm, the 2004 basic quota will increase approximately 5 percent from 2003. The effective quota is expected to be about 331.0 million pounds, about the same as 2003.

Figure 5

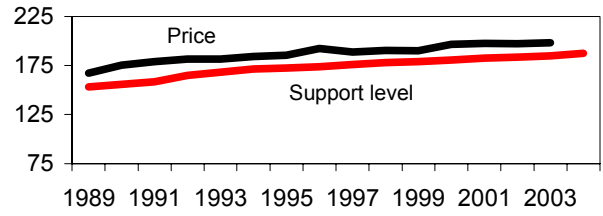
**Burley tobacco: Supply, price, and use**

Million lb



1989 1991 1993 1995 1997 1999 2001 2003  
 Trade stocks include those of manufacturers and dealers. Crop year beginning October 1. 2001 and 2002 are preliminary.  
 Source: Agricultural Marketing Service, USDA.

Cents/lb



Million lb

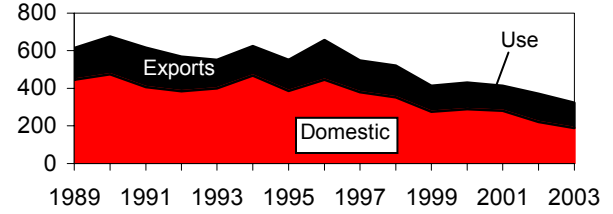


Table 24--Burley tobacco: Price spreads among specified grades, 1994-2003

Period	Average price of C4F	Cents/lb lower than C4F							
		X4F	C4K	B4F	B4FR	B4R	T4R	M4F	N1G
Cents per pound									
1994	183	1	6	1/	3/	4/	3/	3	43
1995	184	0	1/	2/	2/	3/	4/	1/	3
1996	192	0	0	0	0	0	0	0	3
1997	189	1/	7	2	1/	5/	6/	13	62
1998	189	1/	15	0	7/	8/	6/	15	66
1999	188	1/	26	1/	9/	10/	11/	18	75
2000	191	0	17	1/	12/	10/	13/	23	74
2001	192	0	30	1/	4/	11/	10/	37	91
2002	194	1	32	2/	9/	10/	6/	39	93
2003	193	1/	50	4/	14/	15/	16/	98	103

1/ One cent higher. 2/ Two cents higher. 3/ Three cents higher. 4/ Four cents higher. 5/ 10 cents higher. 6/ 13 cents higher. 7/ 6 cents higher. 8/ 14 cents higher. 9/ 7 cents higher. 10/ 11 cents higher. 11/ 16 cents higher. 12/ 5 cents higher 13/ 17 cents higher. 14/ 9 cents higher. 15/ No sales. 16/ 16 cents higher.

Source: Agricultural Marketing Service, USDA.

Table 25--Burley tobacco: Gross auction sales and average price, by States, 2002-03

State	2002 crop				2003 crop 1/			
	Auction sales		Placed under Government loan		Auction sales		Placed under Government loan	
	Amount	Average price	Quantity	Percentage of sales 2/	Amount	Average price	Quantity	Percentage of sales 2/
	Million pounds	Cents per pound	Million pounds	Percent	Million pounds	Cents per pound	Million pounds	Percent
Kentucky	63.0	195.75	18.6	29.5	48.7	196.30	31.4	64.5
Tennessee	8.5	190.77	3.0	35.3	6.7	194.47	4.2	63.7
Virginia	1.0	193.92	0.2	20.0	0.8	192.59	0.6	71.8
North Carolina	5.0	195.96	1.1	22.0	3.7	194.31	1.5	40.3
Indiana	3.2	194.36	0.9	28.1	2.8	194.38	1.7	60.4
Ohio	2.0	190.77	0.5	25.0	1.5	194.13	0.8	51.4
Missouri	3/	3/	3/	3/	3/	3/	3/	3/
Total all States	82.8	194.97	24.3	29.3	64.2	195.82	40.2	62.6

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

Source: Agricultural Marketing Service, USDA.

## Southern Maryland Tobacco

Maryland tobacco (type 32) is grown in southern Maryland and Pennsylvania. Auction markets are held in southern Maryland at Hughesville, and in Lancaster County, Pennsylvania. Sales for 2004 opened on March 25 and lasted for 2 weeks. At auction, 1.3 million pounds were sold averaging \$173.4 per cwt. Last season, 1.3 million pounds crossed the auction floor and sold for \$148.02 per cwt. Production of type 32 in Maryland for 2003 is projected at 2.2 million pounds. Total 2003 Maryland production (both Pennsylvania and Maryland) is estimated at 4.8 million pounds.

On March 1<sup>st</sup>, growers indicated they intend to harvest 3,000 acres of Maryland tobacco during the 2004-05 crop year. Maryland accounted for 1,000 acres and Pennsylvania 2,000 acres. With normal yields, a crop of 4.8 million pounds is expected.

Disappearance of Maryland type leaf during the first quarter of 2003 was about the same as the same period a year earlier. Disappearance for the entire marketing year is expected to be about 5.8 million pounds.

Table 26--Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1994-2004 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Supply			Disappearance			Avg. grower price per pound Cents
			Production	Stocks following Jan 1	Total --- Million pounds ---	Total	Domestic	Exports	
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	4.1	2.7	2.7	155.4
2002	3.0	1,595	4.8	8.2	13.0	3.9	1.8	1.8	136.4
2003	2.8	1,705	4.8	7.3	12.1	5.7	0.1	0.1	173.4 3/
2004 2/	3.0								

1/ Year beginning October 1. 2/ March planting intentions. 3/ Price at the Maryland auction.

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

Virginia dark fire-cured (type 21) sales opened on December 2, 2003, and ended on January 7, 2004, after 7 sales days, the same as last year. Markets were held in Blackstone and Farmville. The 2003 Virginia fire-cured crop was the smallest since USDA began keeping records. Excessive rainfall resulted in reduced crop size and lower quality. Last season, heat and drought diminished quality. This season, demand was weak because of the low quality crop, increasing loan takings. Both volume and value were lower. Auction marketings reached 8.6 million pounds, compared with 1.4 million pounds last season. Prices averaged \$164.1 per cwt, compared with \$188.4 for the 2002 crop. Production in 2003 was only 845,000 pounds, compared with 1.5 million pounds in 2002.

For 2004, grower harvest intentions indicate steady acreage at 700 acres. Last season, intentions were 800 acres, 150 acres greater than the final estimated acreage of 650. With normal yields, production in 2004 should be about 1.2 million pounds.

On March 1st, USDA announced grower allotments and no-net-cost assessments for Virginia fire-cured tobacco. Allotments are 781 acres, one acre below 2003 and the same as 2002. Allotments fell 43 percent in 2002 but have remained steady for three seasons. Price supports for type 21 was unchanged at \$1.636 per pound. No-net-cost assessments for Virginia fire-cured remain 2 cents per pound. The Dark Tobacco Sales Cooperative administers the price support program.

Based on ending first-quarter stocks, disappearance of Virginia fire-cured tobacco is estimated at 1.1 million pounds for 2004, compared with 2.0 million pounds the previous season. Year-to-date disappearance through the end of December is .7 million pounds, compared with 1.6 million pounds the previous season.

### *Kentucky-Tennessee Fire-Cured (Types 22-23)*

Kentucky-Tennessee fire-cured markets opened on January 12, 2004, and ended on March 15, 2004, after 19 sales days. Demand was strong but volume of leaf sold at auction was the lowest since 1988. Prices improved for nearly all grades and averaged \$191.4 per cwt compared with \$166.3 last season. Gross sales were 3.5 million pounds, a million pounds less than last season. Of the 33.3-million-pound crop, only 10 percent was sold at auction. Quality improved over last season, with 42 percent of auction sales fair or better.

Grower harvest intentions as of March 1 indicate Kentucky-Tennessee fire-cured acreage will be nearly steady at 10,920 acres, compared with 2003 actual acreage of 10,500. Last year, harvest intentions were 10,510 acres. With normal yields, production in 2003 should be about 32.9 million pounds, 1 percent below the 2003 season.

Allotments were announced for Kentucky-Tennessee fire-cured (types 22-23) on March 1st. For 2004, allotments are set at 11,307 acres, compared with 10,949 last season. Price supports are \$1.863 per pound, an increase of 13.4 cents per pound. Last season's increase was only 5 cents per pound.

Disappearance of Kentucky-Tennessee fire-cured through December 2003 reached 31.3 million pounds, 8 percent below the same period last season. Estimated disappearance for the 2002 season is expected to be about 33 million pounds, compared with 35.3 the previous season. Production in 2003 was 33.3 million pounds.

Table 27--Fire-cured tobacco, Kentucky-Tennessee, types 22-23, and Virginia fire-cured, type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1994-2004 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Beginning stocks				
				Manufacturers and others		Under loan	Total	Total supply
						--- Million pounds ---		
Kentucky-Tennessee fire-cured, types 22-23								
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	10.2	3,265	33.4	90.8	8.7	99.5	132.9	
2003	10.5	3,173	33.3	93.2	4.4	97.6	130.9	
2004 3/	10.9							
Virginia fire-cured, type 21								
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	0.7	2,015	1.5	3.9	0.9	4.8	6.3	
2003	0.7	1,300	0.8	4.3	0.0	4.3	5.1	
2004 3/	0.7							
Marketing year 1/	Total	Disappearance		Price per pound	Support level	Placed under loan		
		Domestic	Exports			Quantity	% of crop	
		--- Million pounds ---				Thousand pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23								
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	217.2	173.6	6,904	16.0	
2002	35.3	24.7	10.7	214.9	176.7	488	1.5	
2003	129.0 2/	122.0 2/	7.0 2/	216.0	181.7	14	0.0	
2004					186.3			
Virginia fire-cured, type 21								
1994	2.1	0.7	1.4	161.2	140.7	534	22.2	
1995	1.6	0.8	0.8	164.0	143.0	75	4.9	
1996	3.2	0.7	2.5	179.0	145.5	27	1.6	
1997	2.0	1.3	0.7	212.5	149.8	0	0.0	
1998	2.0	1.5	0.6	193.6	153.6	153	6.5	
1999	1.9	0.9	1.0	181.9	155.9	407	15.2	
2000	1.8	0.8	1.0	163.7	155.9	307	23.8	
2001	1.6	1.4	0.2	175.8	157.2	495	22.5	
2002	2.0	1.9	0.1	188.4	160.3	18	1.2	
2003	1.1 2/	0.1 2/	1.1 2/	179.0	163.6	35	4.2	
2004 4/					163.6			

\* = Negligible. 1/ Marketing year beginning October 1. 2/ March 1 harvest intentions. 3/ March planting intentions. 4/ Estimate.

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

## Dark Air-Cured (Types 35-36)

Opening sales of One Sucker (type 35) tobacco began on December 1, 2003, and final sales took place on February 6, 2004, after 17 auction days. Volume was even less than last year's record-low. At 1.3 million pounds, volume was 90,000 pounds below 2002. About 15 percent of total sales were at auction. Grade bid averages were lower for about 58 percent of the grades. The type 35 crop averaged \$136.1 per cwt at auction, compared with \$142.7 last season.

Producer sales at auction totaled 1.2 million pounds out of production of 8.0 million pounds. Quality was down this season. Good and better quality leaf accounted for 67 percent of sales. Co-ops purchased 85,780 pounds or 7.4 percent of producer sales compared with 102,000 or 7.7 percent last year.

Last season, combined auction and country sales averaged \$212.9 per cwt valued at \$14.5 million.

Green River tobacco (type 36) sales began December 2, 2003, and were held for 8 days, ending on February 3, 2004. Gross auction sales accounted for 1.9 million pounds this season. The average price of \$175.7 per cwt, slipped \$20.11 per cwt, erasing most of the gain made last season. Auction sales accounted for 58 percent of 2003 production.

Production of type 35 sales at auction were 1.7 million pounds compared with 2.0 million last season. Sixty-nine percent of grade averages declined. Tobacco graded fine or good declined to 19 percent during the 2003 season. Loan takings amounted to 96,757 pounds, compared with 49,258 pounds last season. Loan takings accounted for 5.6 percent of producer sales, compared with 2.5 percent last season.

Grower harvest intentions as of March 1, 2004, indicate 4,060 acres will be planted to One Sucker and Green River dark air-cured (types 35-36) tobacco, compared with actual harvested acres of 3,940 last season. Last year's intentions were 4,030 acres. With usual yields, production in 2004 should be about 11.1 million pounds, compared with 11.0 million pounds this season.

Allotments for dark air-cured tobacco were announced on March 1, 2004. For Type 35 and 36, allotments for the 2004 season are 4,440 acres, compared with 4,307 last season. In 2002, the

allotment was 4,100 acres. Price supports are \$1.612 per pound, up 4 cents per pound from the 2003 season.

Disappearance of dark air-cured tobacco (type 35 and 36) is expected to slip from last season's 11.5 million pounds to about 11 million pounds. Year-to-date disappearance is 7.9 million pounds, slightly ahead of last year's level, but year-end disappearance will likely end near 10 million pounds compared with 11.5 million pounds in 2002.

Virginia sun-cured (type 37) tobacco sales were held for 3 days this season during December 5 and 18, 2003, and January 7, 2004, the same number of days as last season. Heavy rains threatened crop quality but tobacco at sale represented a fairly good offering. Gross sales at the Farmville market totaled 86,327 pounds averaging \$170.7 per cwt. Value was \$147,376. Last season, 110,619 pounds averaged \$177.7 per hundredweight. There were no resales this season. Producers placed just 1,238 pounds of 1.4 percent of gross sales under loan this season, compared with 1,198 pounds, or 1.1 percent last season.

March 1 harvest intentions indicate growers will once again plant 70 acres in 2004. Last season, 70 acres were harvested. Production in 2004 should be over 100,000 pounds, assuming normal yields. Production in 2003 was only 84,000 pounds due to excessive rain and poor weather.

On March 1, 2004, USDA announced acreage allotments for Virginia sun-cured tobacco of 77 acres compared with 76 acres in 2003. The allotment was 78 acres in 2002. Price supports for 2004 are set at \$1.357 per pound, down 3 cents per pound from last year's \$1.323.

Disappearance during 2003 of Virginia sun-cured (type 37) tobacco is slightly behind the same period a year ago, and year-end disappearance is not expected to reach last year's 131,000 pounds.

Table 28--Dark air-cured tobacco, types 35-36, and sun-cured tobacco, type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1994-2004 (farm-sales weight)

Marketing year 1/	Acreage harvested 1,000 acres	Yield per acre Pounds	Production	Beginning stocks			
				Manufacturers and others	Under loan	Total	Total supply
				--- Million pounds ---			
<b>Dark air-cured, type 35-36</b>							
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	3.9	2,779	11.0	36.2	1.1	37.3	48.2
2004 2/	4.1						
<b>Sun-cured, type 37</b>							
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	1,200	0.1	0.1	*	0.1	0.2
2003 3/	0.1						
	<b>Disappearance</b>	<b>Disappearance</b>		<b>Avg. price</b>	<b>Avg. support</b>	<b>Placed under loan</b>	
	<b>Total</b>	<b>Domestic</b>	<b>Exports</b>	<b>per pound</b>	<b>level</b>	<b>Quantity</b>	<b>% of crop</b>
	--- Million pounds ---			--- Cents ---		Thousand pounds	Percent
<b>Dark air-cured, types 35-36</b>							
1994	9.1	6.7	1.8	168.5	127.3	1	5.3
1995	10.3	9.0	1.3	176.2	130.4	0	1.3
1996	10.1	9.6	0.5	195.2	133.9	0	0.2
1997	9.6	9.6	0.0	201.7	139.8	0	0.2
1998	8.1	8.1	0.0	195.5	145.0	0	0.8
1999	9.0	7.7	1.3	203.9	148.1	5	0.4
2000	9.8	8.8	1.0	197.1	148.1	810	5.1
2001	8.4	8.3	0.1	182.9	149.9	2,431	17.4
2002	11.5	11.4	0.1	210.1	152.6	151	1.4
2003	10.9 5/	9.8 5/	1.1 5/	159.2 4/	157.1	183	1.7
2003					161.2		
<b>Sun-cured, type 37</b>							
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	0.1	0.0	177.8	142.9	1	1.0
2003	0.1 5/	0.1 5/	0.0 5/	170.7 4/	145.8	1	1.5
2003					145.8		

\* = Negligible.

1/ Marketing year beginning October 1. 2/ Estimate 3/ March 1 harvest intentions. 4/ Estimate. 5/ Auction market only.

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

### *Filler Tobacco*

March 1 harvest intentions for Pennsylvania seedleaf filler tobacco (type 41) in 2004 fell 200 acres from the previous season's intentions at 2,200 acres, the same as last season's actual production. Normal yields would produce a crop of about 4.5 million pounds. Growers continue to substitute low-nicotine cigarette types of tobacco for types traditionally grown in this region. Nearly all type 41 is sold at the farm gate. For the 2003 season, production is estimated at 5.3 million pounds, compared with 4.4 million pounds in 2002. Most Pennsylvania seedleaf filler is sold during March and April.

First-quarter disappearance is 40-percent ahead of the previous year. Disappearance in 2003 is estimated at nearly twice the previous year at 8.4 million pounds. Type 41 filler tobacco is nearly all used by the domestic industry.

### *Binder Tobaccos*

Connecticut Valley Broadleaf binder tobacco (type 51) harvest intentions were 2,350 acres as of March 1, 100 acres less than last year's intentions but unchanged from the actual acreage. With usual yields, production in 2004 should reach 3.7 million pounds. Disappearance during the first quarter of

marketing year 2002 was down from the same period last season. Disappearance at the end of the marketing year should be lower at 3.6 million pounds. Disappearance in 2001 was only 4.3 million pounds.

Wisconsin binder tobacco (types 54 and 55) planting intentions rose from last year's 1,650 acres to 1,700 acres. Last season's actual acreage was 1,820 acres. Production is expected to be about 4.1 million pounds, compared with 4.3 million pounds in 2003. Disappearance of Wisconsin binder tobacco is expected to be about 6 percent lower than last season.

### *Wrapper Tobacco*

Production of cigar wrapper (type 61) tobacco in 2003 reached 1.5 million pounds, a 25-percent gain over 2002. Last season, actual harvest was 1,080 acres as wrapper production recovered from 2002, when only 960 acres were harvested. For 2004, harvest intentions as of March 1 indicate 1,150 acres will be harvested, 150 more than last year's intentions. Assuming usual yields, 2004 production should advance 16 percent to about 1.8 million pounds. For the 2003 marketing year, disappearance of Connecticut Valley cigar wrapper is expected to decline to about 1.6 million pounds.

Table 29--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season average prices, 1994-2004 (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
<b>Pennsylvania seedleaf filler (type 41)</b>									
1994	5.4	2,100	11.3	24.0	35.3	14.9	14.9	*	100.0
1995	4.8	2,150	10.3	20.5	30.8	11.8	11.8	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	2.5	2.5	*	na
2001	2.0	2,060	4.1	12.1	16.2	4.0	4.0	*	165.0
2002	2.1	2,100	4.4	12.3	16.7	6.0	6.0	*	145.0
2003 2/	2.4	2,200	5.3	10.7	15.9	8.4	8.4	*	
2004 3/	2.2								
<b>Puerto Rico filler (type 46)</b>									
1994	*	**	*	0.1	0.1	0.1	0.1	*	**
1995 5/	*	**	*	*	*	*	*	*	**
<b>Total cigar filler (types 41-46) 6/</b>									
1994	5.4	2,100	11.3	24.1	35.4	15.0	14.9	*	100.0
1995	4.5	2,050	9.2	20.5	29.7	11.8	11.4	*	145.0
1996	4.8	2,140	10.3	17.9	28.2	15.0	15.0	*	155.0
1997	4.9	2,200	10.8	13.2	24.0	11.0	11.0	*	160.0
1998	4.5	2,100	9.5	13.0	22.1	10.7	10.7	*	130.0
1999	3.2	1,850	5.9	11.4	17.3	7.8	7.8	*	130.0
2000	2.4	2,100	5.0	9.5	14.6	2.5	2.5	*	--
2001	2.0	2,060	4.1	12.1	16.2	4.0	4.0	*	165.0
2002	2.1	2,100	4.4	12.3	16.7	6.0	6.0	*	145.0
2003 2/	2.4	2,042	4.9	10.7	15.9	8.4	8.4	*	145.0
2004 3/	2.2								
<b>Connecticut Valley binder (types 51-52)</b>									
1994	1.0	1,893	1.8	1.6	3.4	2.0	2.0	*	306.0
1995	1.2	1,969	2.4	1.4	3.8	2.2	1.8	*	389.0
1996	1.6	1,780	2.9	1.6	4.5	3.3	2.9	0.4	628.0
1997	2.0	1,783	3.6	1.2	4.8	2.8	2.2	0.6	741.4
1998	2.4	1,539	3.6	2.1	5.7	2.2	1.4	0.8	549.9
1999	2.5	1,668	4.2	3.5	7.7	4.9	4.6	0.3	741.4
2000	0.9	1,189	1.1	2.8	3.8	1.5	1.2	0.3	491.6
2001	2.1	1,786	3.8	2.3	6.1	4.3	4.1	0.2	558.9
2002	2.2	1,828	4.0	1.8	5.8	3.8	2.4	1.4	536.9
2003 2/	2.4	1,369	3.2	2.1	5.3	3.4	2.2	1.2	545.0
2004 3/	2.4								550.0
<b>Southern Wisconsin binder (type 54)</b>									
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/	--	--	--	--	145.0
1997	1.8	2,330	4.2	4/	--	--	--	--	148.0
1998	1.5	2,180	3.3	4/	--	--	--	--	150.0
1999	0.9	2,530	2.3	4/	--	--	--	--	149.0
2000	0.7	2,500	1.8	4/	--	--	--	--	148.0
2001	1.2	2,535	3.0	4/	--	--	--	--	165.0
2002	1.2	2,740	3.2						175.0
2003 2/	1.4	2,500	3.5						175.0
2004 3/	1.3								

See footnotes at end of table.

Continued--

Table 29--Cigar tobacco, types 41-61: Domestic supplies, disappearance, and season average prices, 1994-2004 (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
Northern Wisconsin binder (type 55)									
1994	1.0	1,775	1.7	4/	--	--	--	--	145.0
1995	0.9	1,985	1.7	4/	--	--	--	--	145.0
1996	1.0	1,600	1.6	4/	--	--	--	--	150.0
1997	0.8	1,995	1.5	4/	--	--	--	--	152.0
1998	0.6	1,745	1.0	4/	--	--	--	--	149.0
1999	0.3	1,952	0.6	4/	--	--	--	--	145.0
2000	0.2	1,865	0.4	4/	--	--	--	--	150.0
2001	0.3	1,860	0.6	4/	--	--	--	--	165.0
2002	0.3	2,220	0.7	4/	--	--	--	--	175.0
2003 2/	0.4	1,850	0.8						
2004 3/	0.4								
Total Wisconsin binder (types 54-55)									
1994	2.9	1,444	5.3	27.9	33.8	9.3	9.3	0.0	145.0
1995	2.7	2,254	5.9	24.6	30.8	9.0	9.0	0.0	145.0
1996	2.5	1,799	4.9	21.7	26.9	9.1	8.9	0.2	148.6
1997	1.6	2,231	3.7	17.8	23.5	7.3	6.9	0.4	150.5
1998	1.3	2,063	2.8	16.2	20.4	6.1	5.0	1.1	149.0
1999	1.5	2,388	3.6	27.9	33.8	4.4	3.4	1.0	149.0
2000	1.4	2,348	3.6	24.6	30.8	5.2	4.2	1.0	155.0
2001	1.5	2,397	3.6	9.7	13.3	4.6	4.4	0.2	165.0
2002	1.5	2,632	3.8	8.7	12.5	4.4	4.3	0.1	175.0
2003 2/	1.8	2,350	4.3	8.1	12.4	4.7	4.7	0.1	
2004 3/	1.7								
Total Cigar binder (types 51-55)									
1994	3.8	1,952	7.7	29.6	37.3	11.4	11.3	*	181.1
1995	4.0	2,165	8.7	29.1	34.6	11.3	11.3	*	213.7
1996	5.0	1,792	8.1	26.6	36.4	9.0	11.2	*	321.4
1997	5.0	2,032	9.0	25.2	28.2	9.1	13.8	0.6	375.4
1998	4.4	1,783	7.9	20.6	27.3	8.3	6.4	1.0	334.7
1999	3.6	1,876	7.4	30.3	39.9	4.4	7.7	5.1	--
2000	3.6	1,787	7.6	26.4	36.6	5.2	8.0	2.4	--
2001	3.7	2,039	7.4	12.0	19.5	9.0	8.6	0.2	367.3
2002	3.7	2,147	7.8	10.5	18.4	8.1	6.8	1.4	356.5
2003 2/	4.2	1,931	8.1	10.2	17.7	8.1	5.7	2.4	
2004 3/	4.1								
Connecticut Valley shade-grown (type 61)									
1994	1.2	1,400	1.7	1.9	3.6	1.6	0.2	1.3	1,780.0
1995	1.3	1,582	2.0	2.1	4.1	1.8	0.4	1.4	4/
1996	1.4	1,473	2.1	2.3	4.4	2.4	0.2	2.0	4/
1997	1.7	1,431	2.4	2.0	4.4	2.3	0.2	2.1	4/
1998	1.7	1,413	2.4	2.0	4.5	3.2	0.5	2.7	4/
1999	1.9	1,951	3.6	1.3	4.9	4.1	1.1	3.0	4/
2000	1.3	1,472	1.8	0.8	2.6	1.5	0.2	1.3	2,530.0
2001	1.3	1,605	1.8	1.1	2.9	1.1	0.3	0.8	2,300.0
2002	1.0	1,270	1.2	1.8	3.0	2.3	1.5	0.8	4/
2003 2/	1.1	1,409	1.5	0.7	2.2	1.5	-0.3	1.8	4/
2004 3/	1.2								
Grand total cigar tobacco (types 41-61)									
1994	9.8	1,989	19.6	55.6	76.3	28.0	26.4	1.6	265.7
1995	10.2	2,085	21.5	48.5	68.3	24.9	23.1	1.8	178.3
1996	11.0	1,905	19.7	41.8	62.9	28.9	24.7	4.2	5/ 231.7
1997	9.9	2,015	17.3	38.6	49.9	23.4	20.3	3.1	5/ 266.9
1998	8.5	1,804	15.4	32.1	46.4	22.3	17.6	4.6	5/ 222.9
1999	7.5	1,892	15.2	43.7	61.1	21.2	16.9	4.3	5/ 245.1
2000	6.9	1,852	13.9	39.4	55.9	10.7	8.1	2.6	5/ 263.4
2001	7.0	1,964	13.6	25.3	38.9	14.3	12.8	1.6	6/ 295.2
2002	6.7	2,007	13.5	24.6	38.0	16.5	14.3	2.1	5/ 279.2
2003 2/	7.7	1,869	14.3	21.6	35.9	18.0	13.9	4.1	
2004 3/	7.4								

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

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

## List of Tables

1. Cigarettes: U.S. output, removals, and consumption, 1993-2003
2. Per capita consumption of tobacco products in the United States, 1993-2003
3. Cigarettes: Output of filter tip and nonfilter tip by length, 2000-03
4. Wholesale cigarette price revisions, 1990-2004
5. Tobacco products: Output and domestic sales, 1993-2003
6. Cigars and smoking tobacco: Output, removals, and consumption, 1993-2003
7. Tobacco demand factors, 1993-2003
8. U.S. cigarette exports to leading destinations, 2000-03
9. U.S. tobacco exports and imports: Unmanufactured and manufactured, 1992-2003
10. U.S. exports of unmanufactured tobacco by types and to principal importing countries, 2000-03 (declared weight)
11. U.S. smoking tobacco exports, 2000-03
12. Flue-cured, burley, and Oriental tobacco production in specified countries, 2000-03
13. U.S. imports of unmanufactured tobacco for consumption and general imports, principal categories, and countries of origin, 2000-03 (declared weight)
14. Imported foreign-grown cigarette leaf stocks, by quarters, 1990-2004
15. Flue-cured and burley tobacco: Marketing quota and marketings, 1980-2004
16. Flue-cured and burley marketing quotas: Formula components and manufacturer purchases, 1993-2004
17. Flue-cured and burley tobacco price support formula components, 1993-2004
18. Computation of price support level adjustment factor for tobacco, 1987-2004
19. Flue-cured tobacco, Acreage allotted and under production, 1983-2003.
20. Sales of flue-cured tobacco quotas, 1993/94-2002/03
21. Tobacco loan stocks: 2002-04 (farm-sales weight)
22. U.S. exports of unmanufactured tobacco by types, to principal importing countries, crop years 2002/03-2003/04 (declared weight)
23. Flue-cured and burley tobacco: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and support operations, 1994-2004 (farm-sales weight)
24. Burley tobacco: Price spreads among specified grades, 1994-2003
25. Burley tobacco: Gross sales and average price, by States, 2002-03
26. Southern Maryland tobacco: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1994-2004 (farm-sales weight)
27. Fire-cured tobacco: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1994-2004 (farm-sales weight)
28. Dark air-cured tobacco: Acreage, yield, marketings, carryover, supply, disappearance, season average price, and price support operations, 1994-2004 (farm-sales weight)
29. Cigar tobacco: Domestic supplies, disappearance, and season average prices, 1994-2004 (farm-sales weight)

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### *Reports From the Economic Research Service*

*U.S. Tobacco Industry Responding to New Competitors, New Challenges*

<http://www.ers.usda.gov/AmberWaves/September03/Features/USTobaccoIndustry.htm>

This article discusses policy options for bringing the tobacco program into the 21st century with a focus on a quota buyout. Tobacco growers are facing tough times as cigarette consumption shrinks and foreign producers edge them out of formerly lucrative markets.

*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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