



# The U.S. Tobacco Program

Dan Stevens, Director  
Tobacco & Peanut Analysis Staff  
Farm Service Agency, USDA





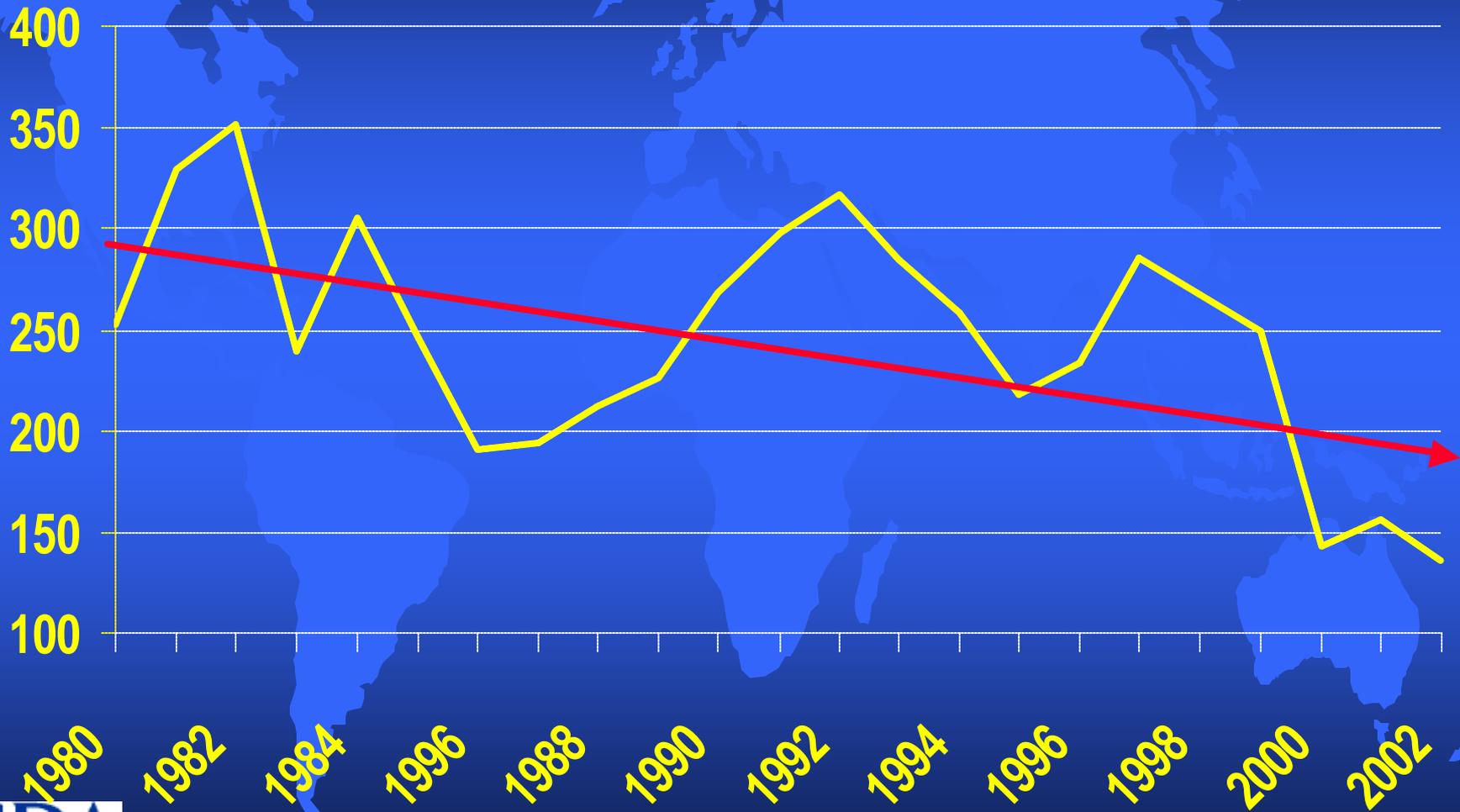
**Many in the U.S.  
Preoccupied with  
Termination of the U.S.  
Tobacco Program.**

**BUYOUT!**

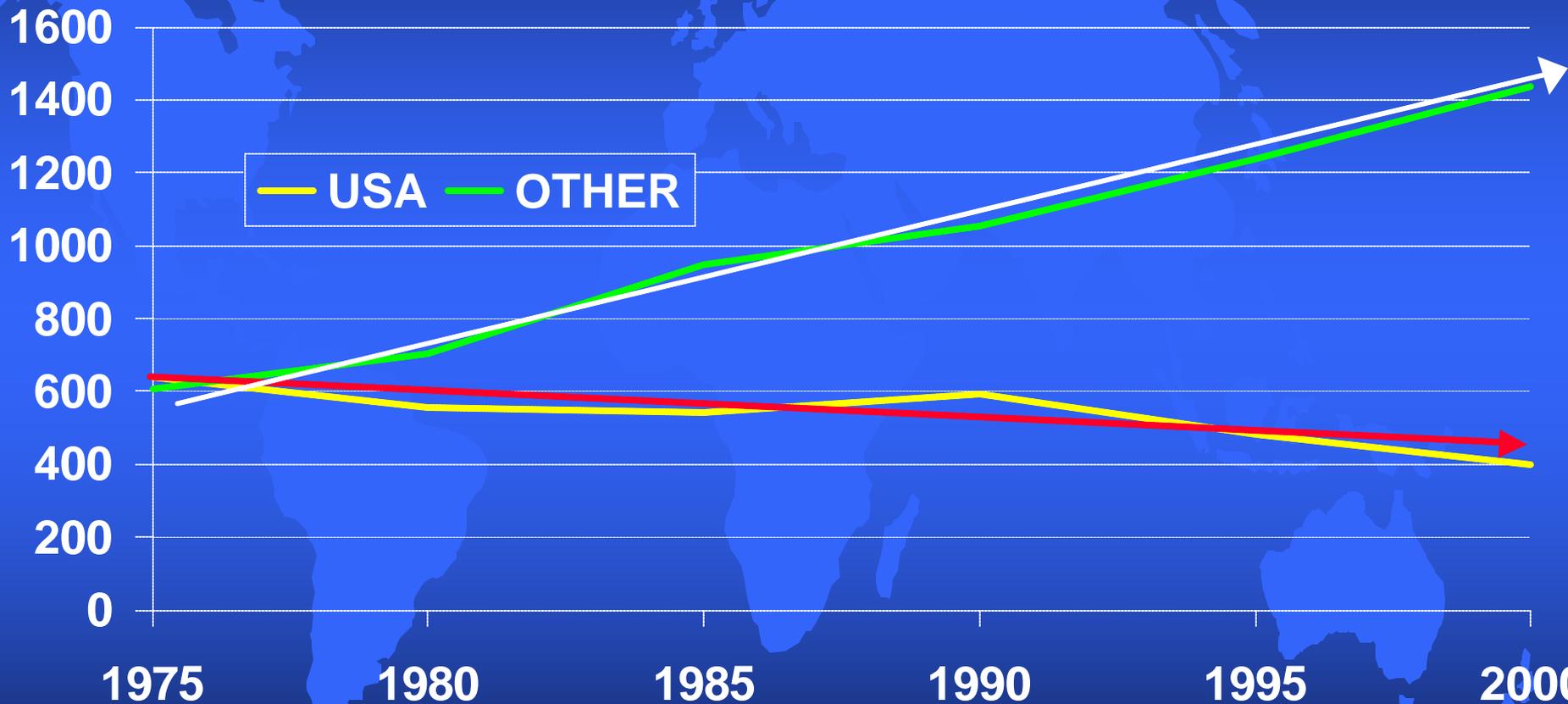


# U.S. BURLEY PRODUCTION

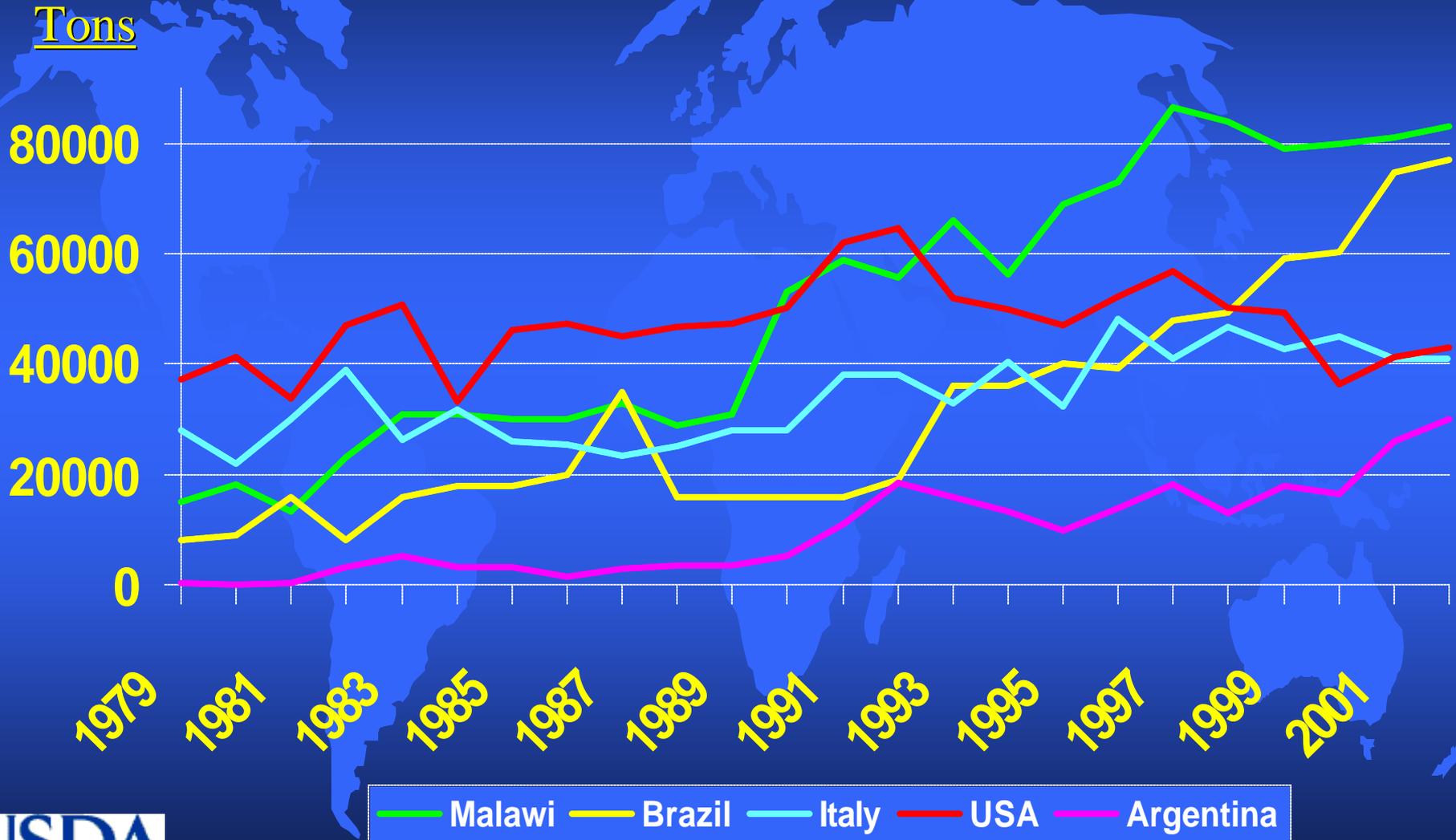
1,000 tons



# BURLEY PRODUCTION



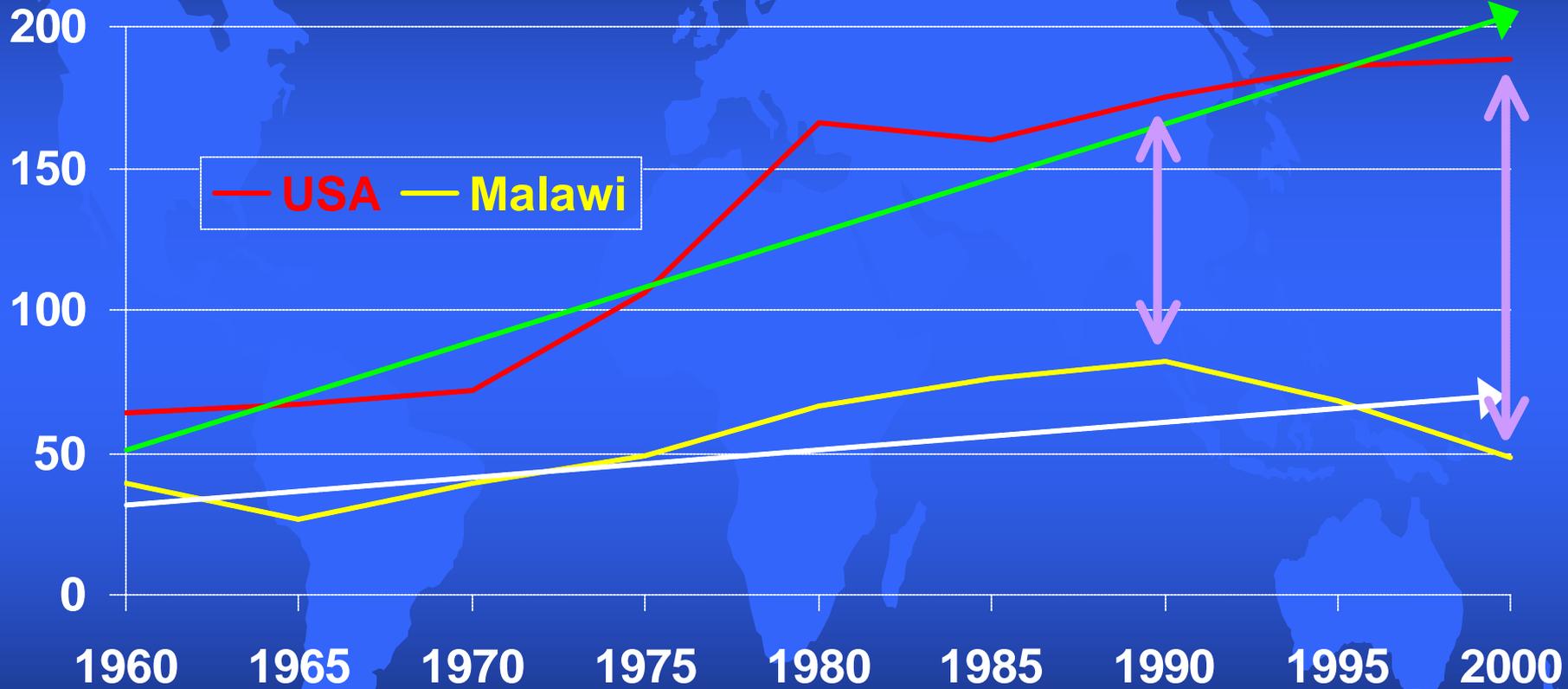
# Burley Export Trends



# Burley Export Trends

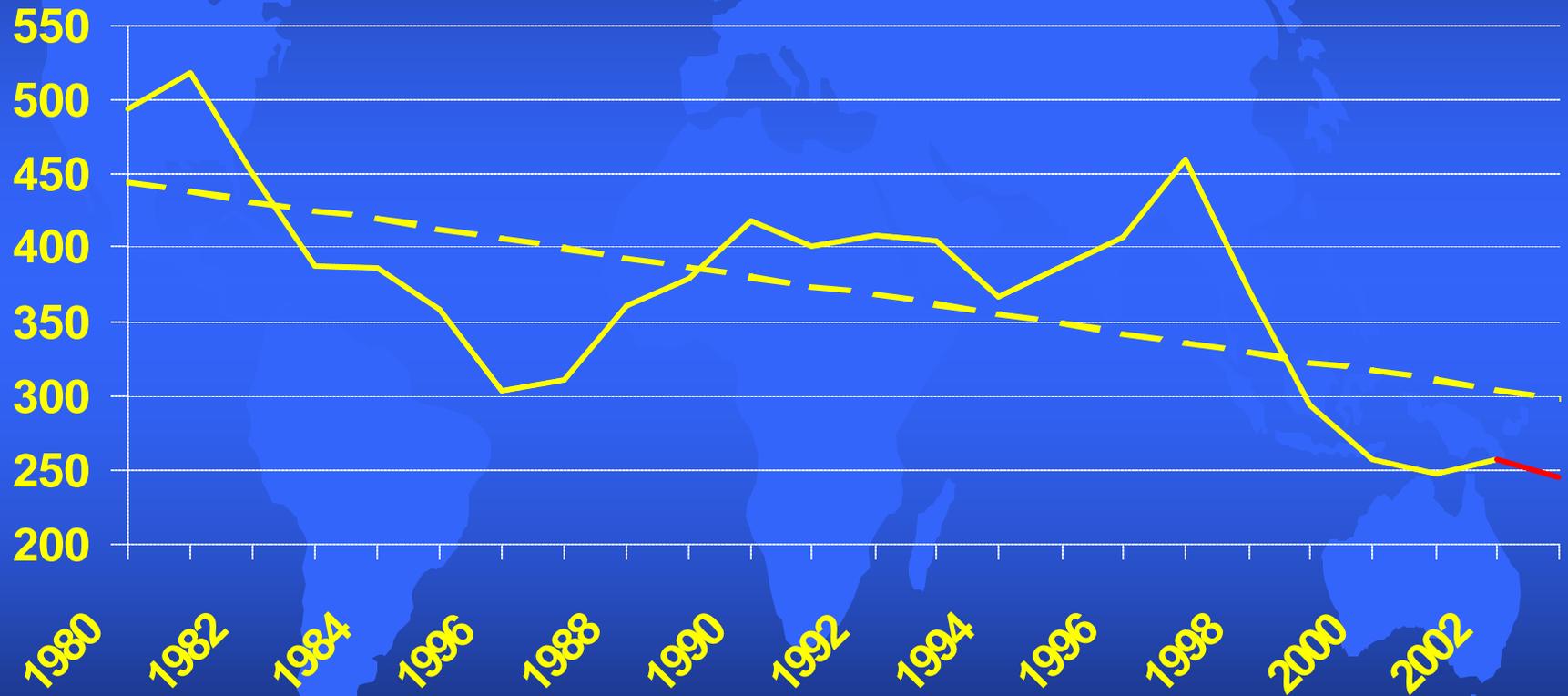


# BURLEY GROWER PRICES



# U.S. FLUE-CURED PRODUCTION

1,000 tons



# FLUE-CURED PRODUCTION in the USA

Mil. Lbs

1600

1200

800

400

0

1950 1955 1960 1965 1970 1975 1980 1985 1990 1995 2000



# Flue-cured Export Trends

Tons

400000

350000

300000

250000

200000

150000

100000

50000

1979

1981

1983

1985

1987

1989

1991

1993

1995

1997

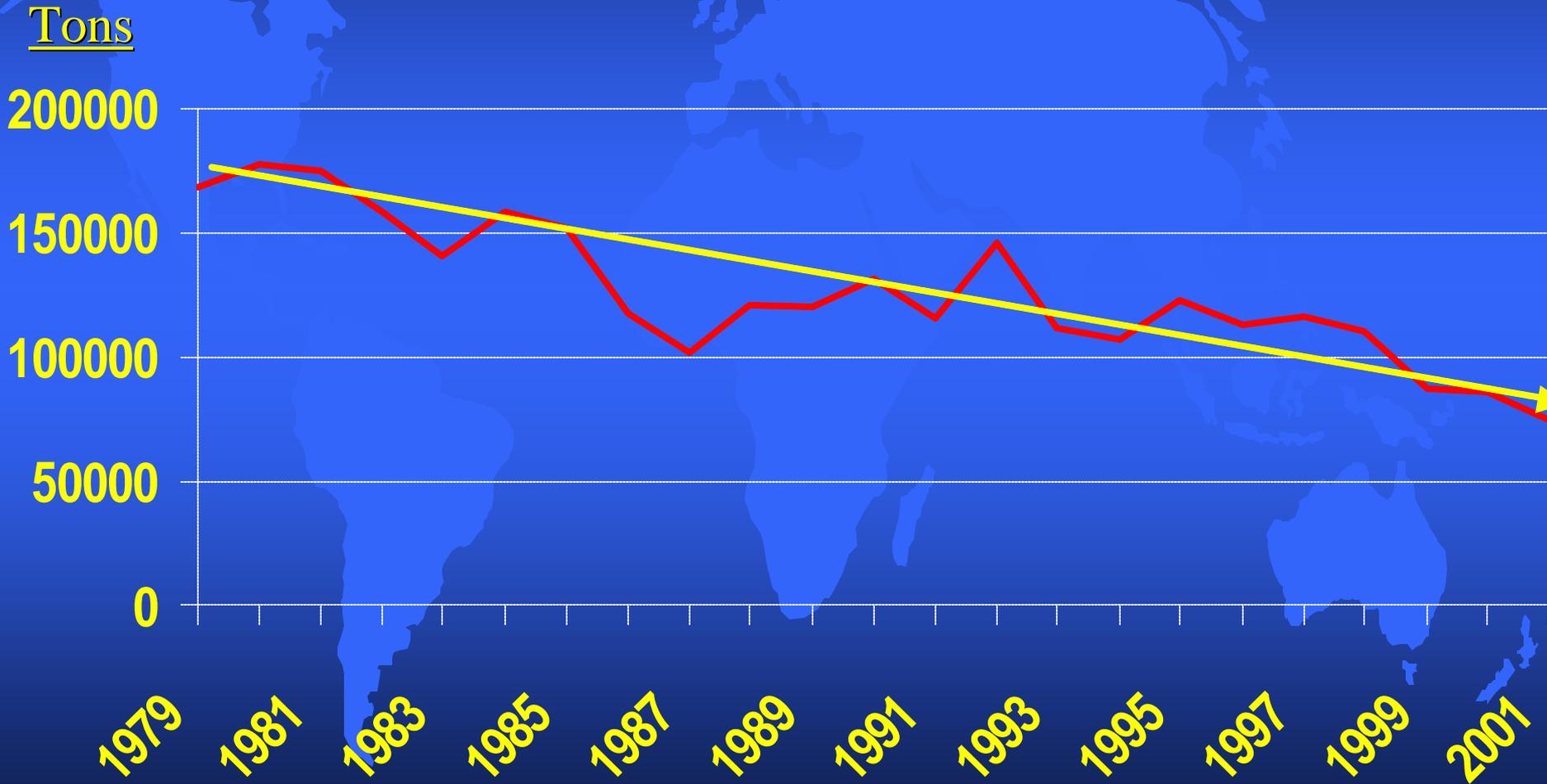
1999

2001

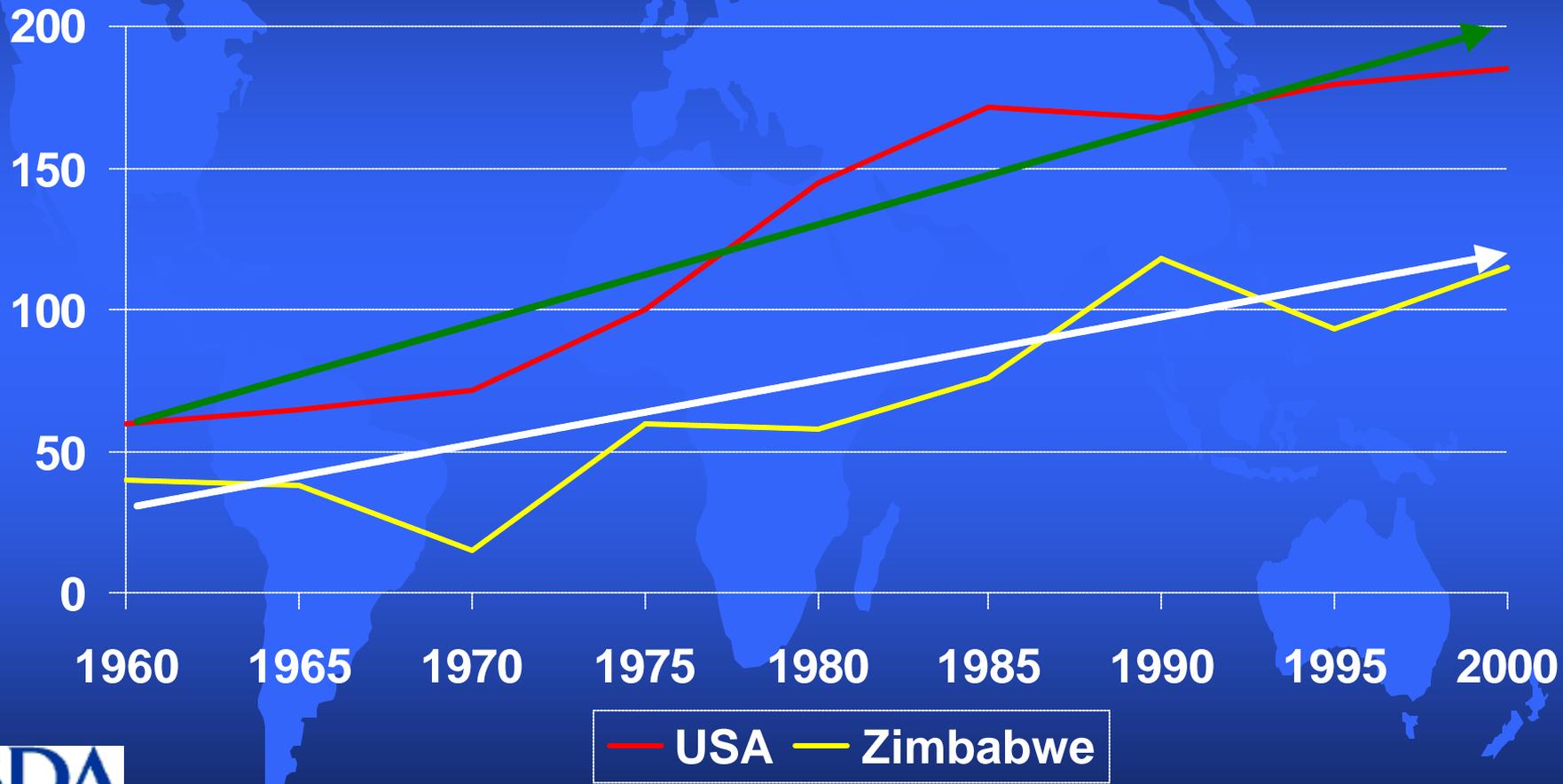
— Brazil — Zimbabwe — U.S. — China — Argentina



# Flue-Cured Export Trends



# FLUE-CURED GROWER PRICES



# U.S. FLUE-CURED GROWER PRICES

Cents / lb.

240

180

120

60

0

1970

1975

1980

1985

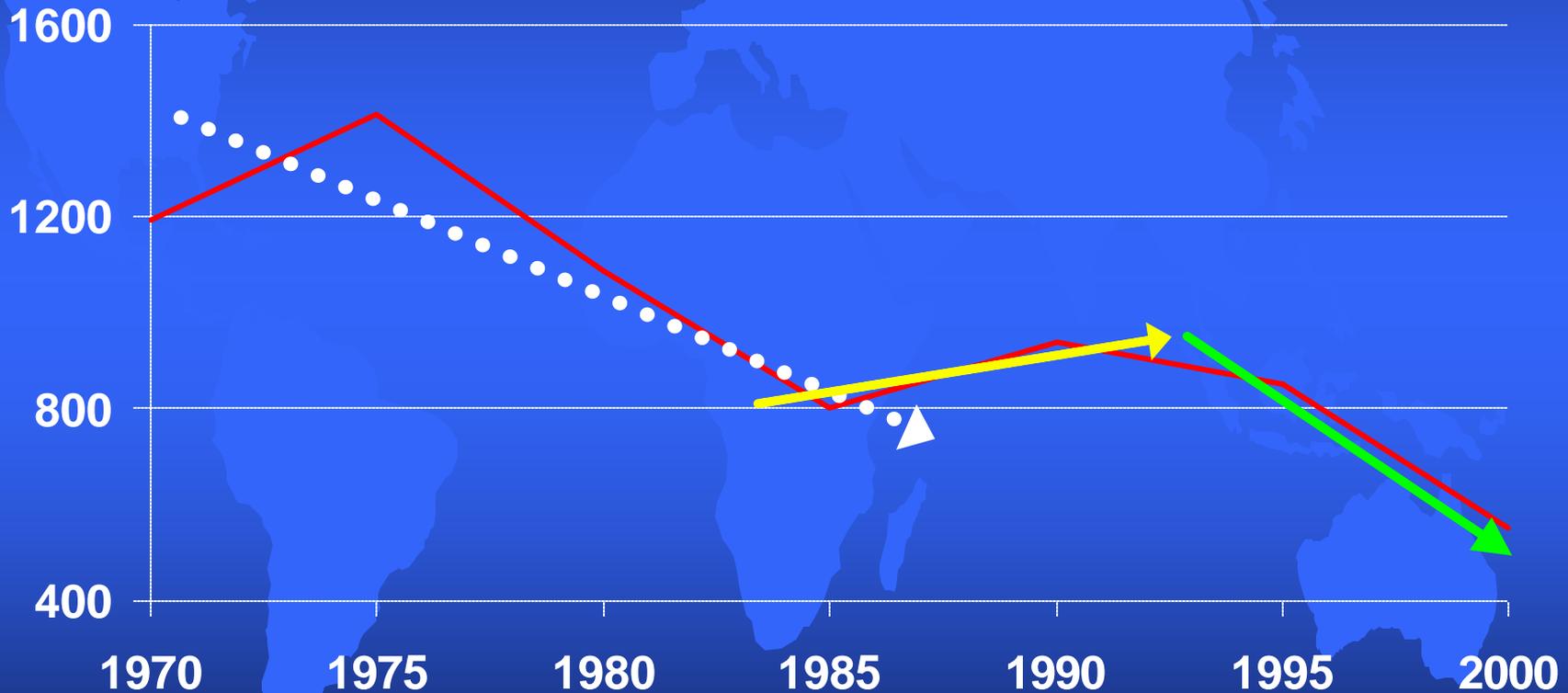
1990

1995

2000



# FLUE-CURED PRODUCTION in the USA



# U.S. FLUE-CURED GROWER PRICES

Cents / lb.

240

180

120

60

0

1970

1975

1980

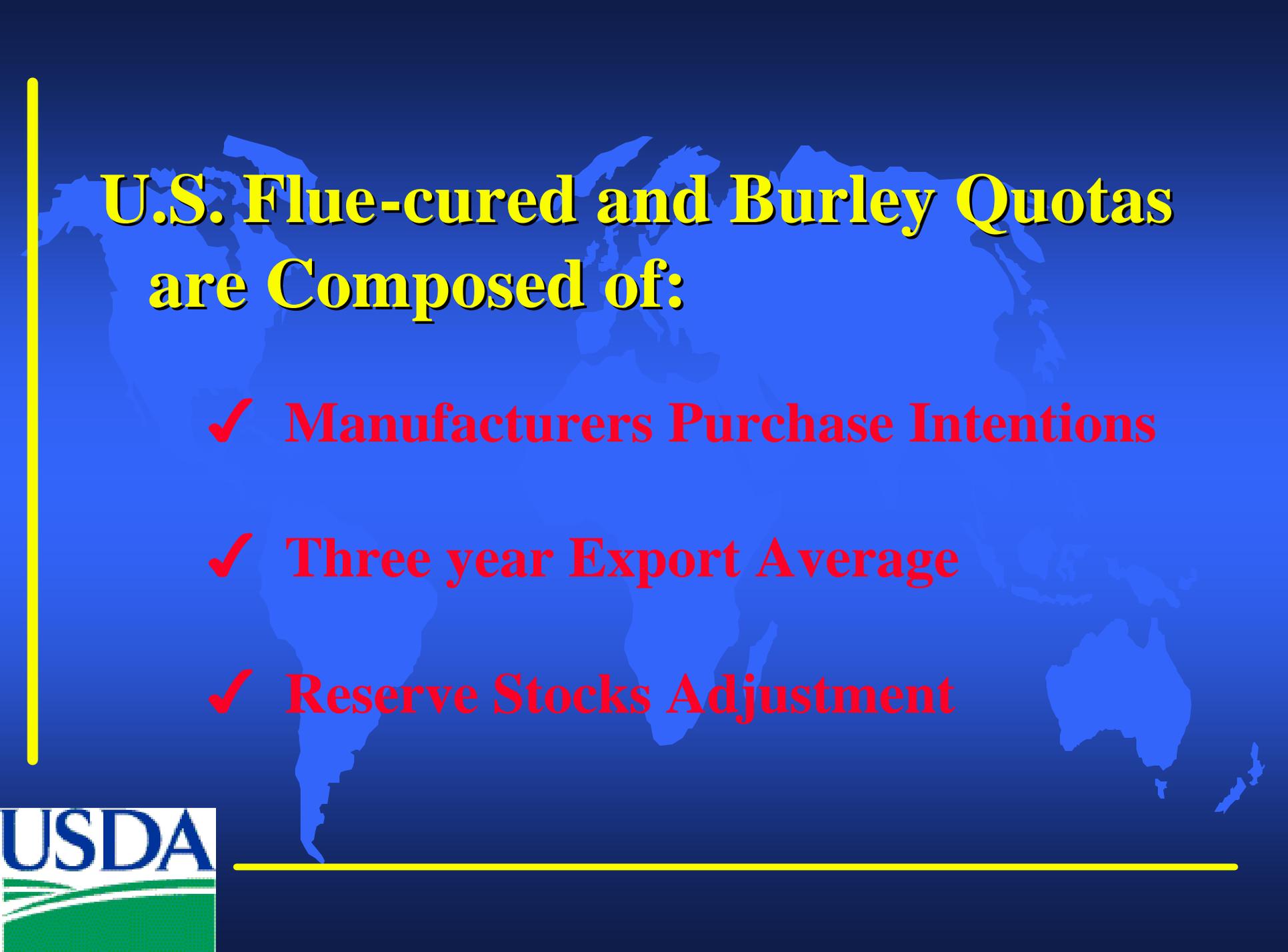
1985

1990

1995

2000



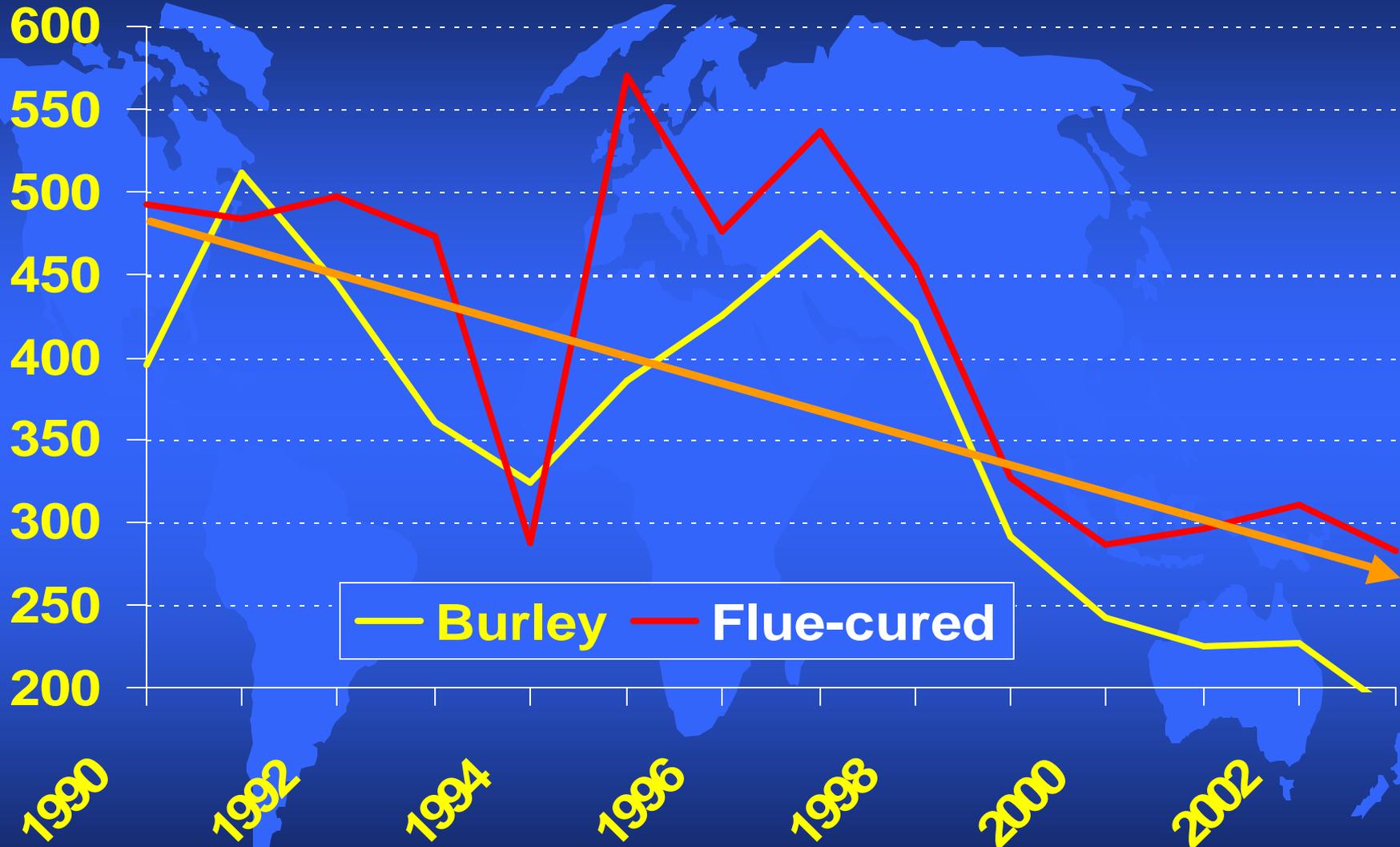


# U.S. Flue-cured and Burley Quotas are Composed of:

- ✓ **Manufacturers Purchase Intentions**
- ✓ **Three year Export Average**
- ✓ **Reserve Stocks Adjustment**

# Purchase Intentions

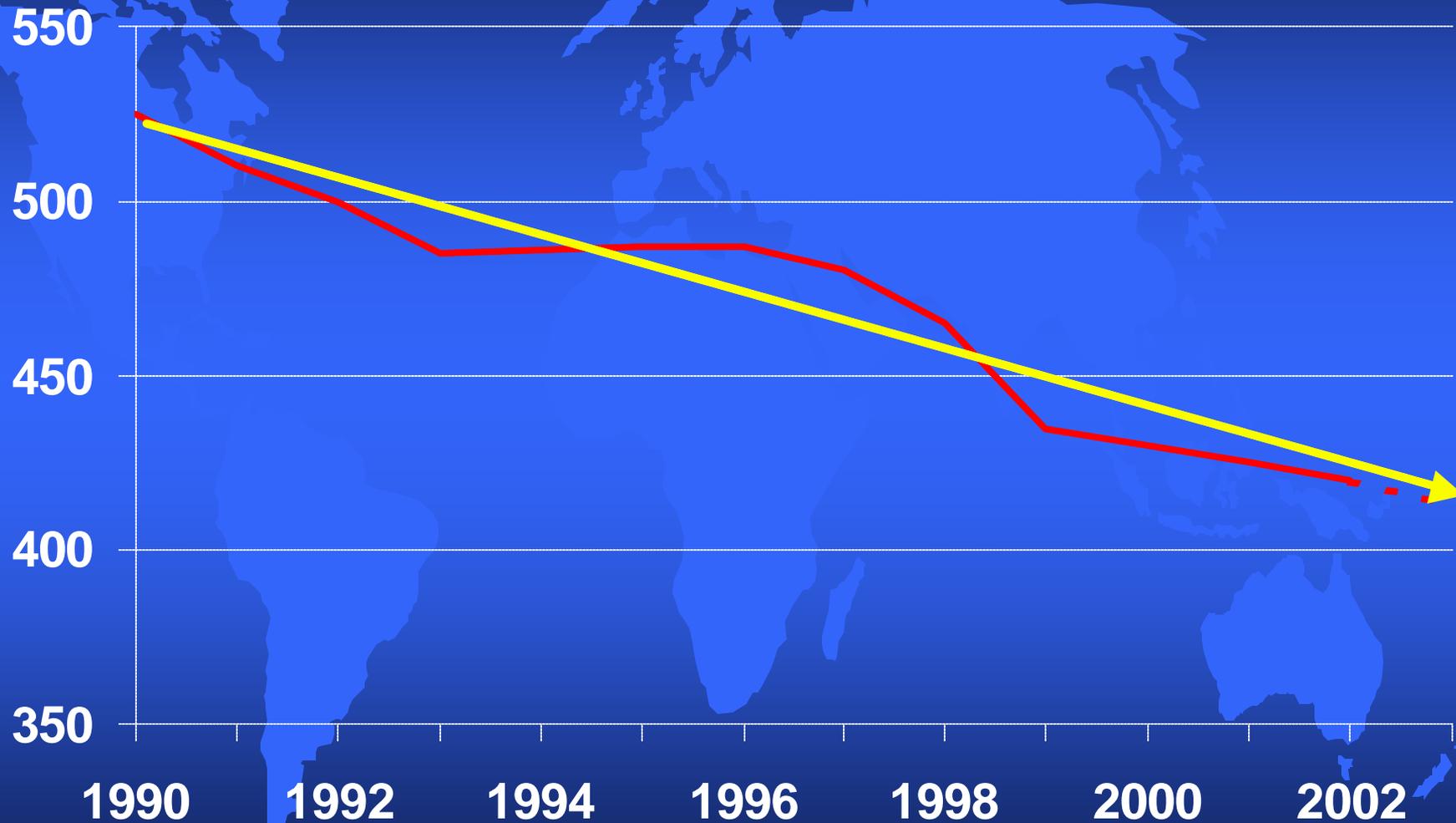
Mil. Lbs.



— Burley — Flue-cured



# U.S. Cigarette Consumption



# U.S. Cigarette Exports

Bil.

260

220

180

140

100

1990

1992

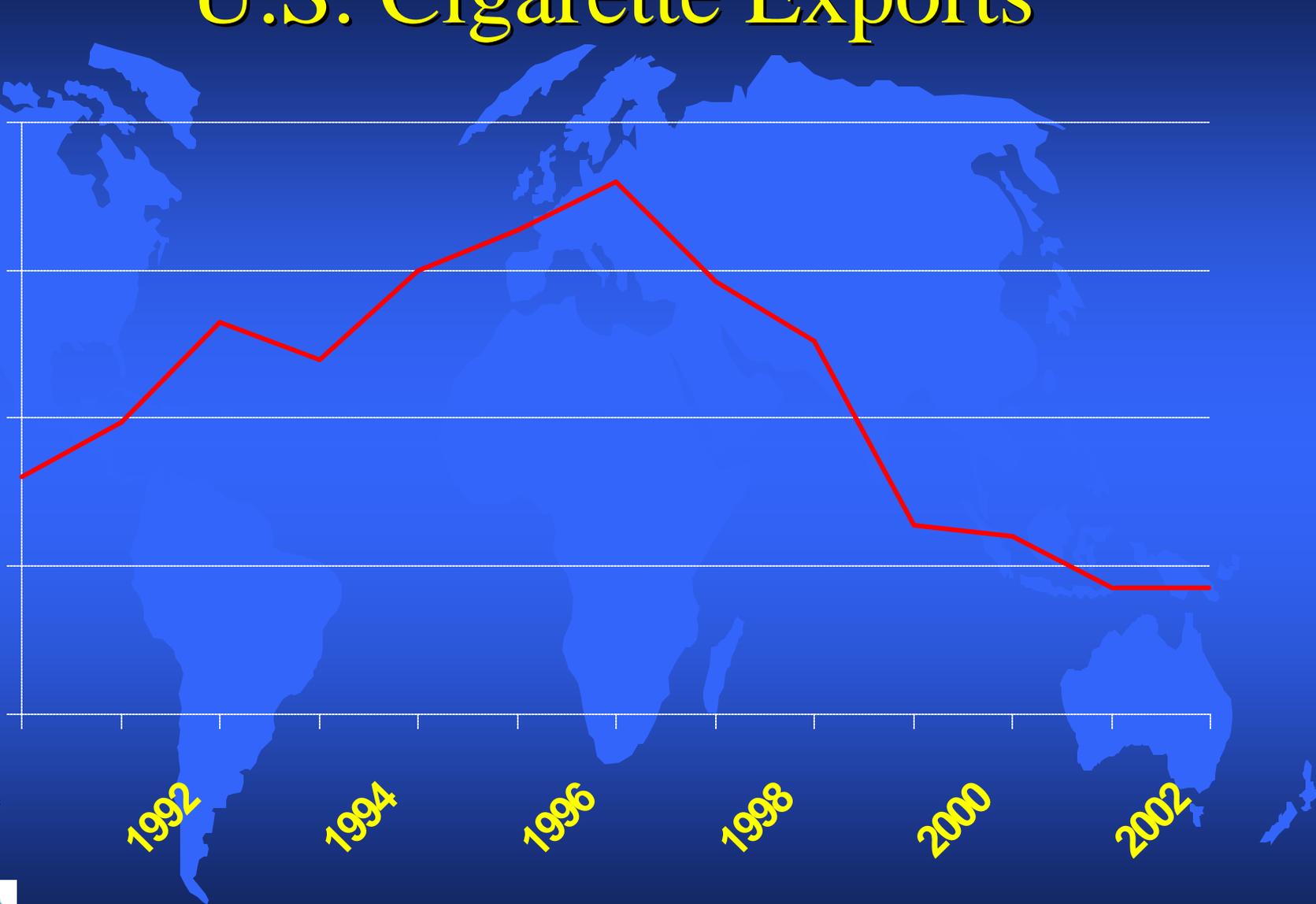
1994

1996

1998

2000

2002



# Three Year Average Exports

Mil. Lbs.

450  
400  
350  
300  
250  
200  
150  
100

— Burley — Flue-cured

1990

1992

1994

1996

1998

2000

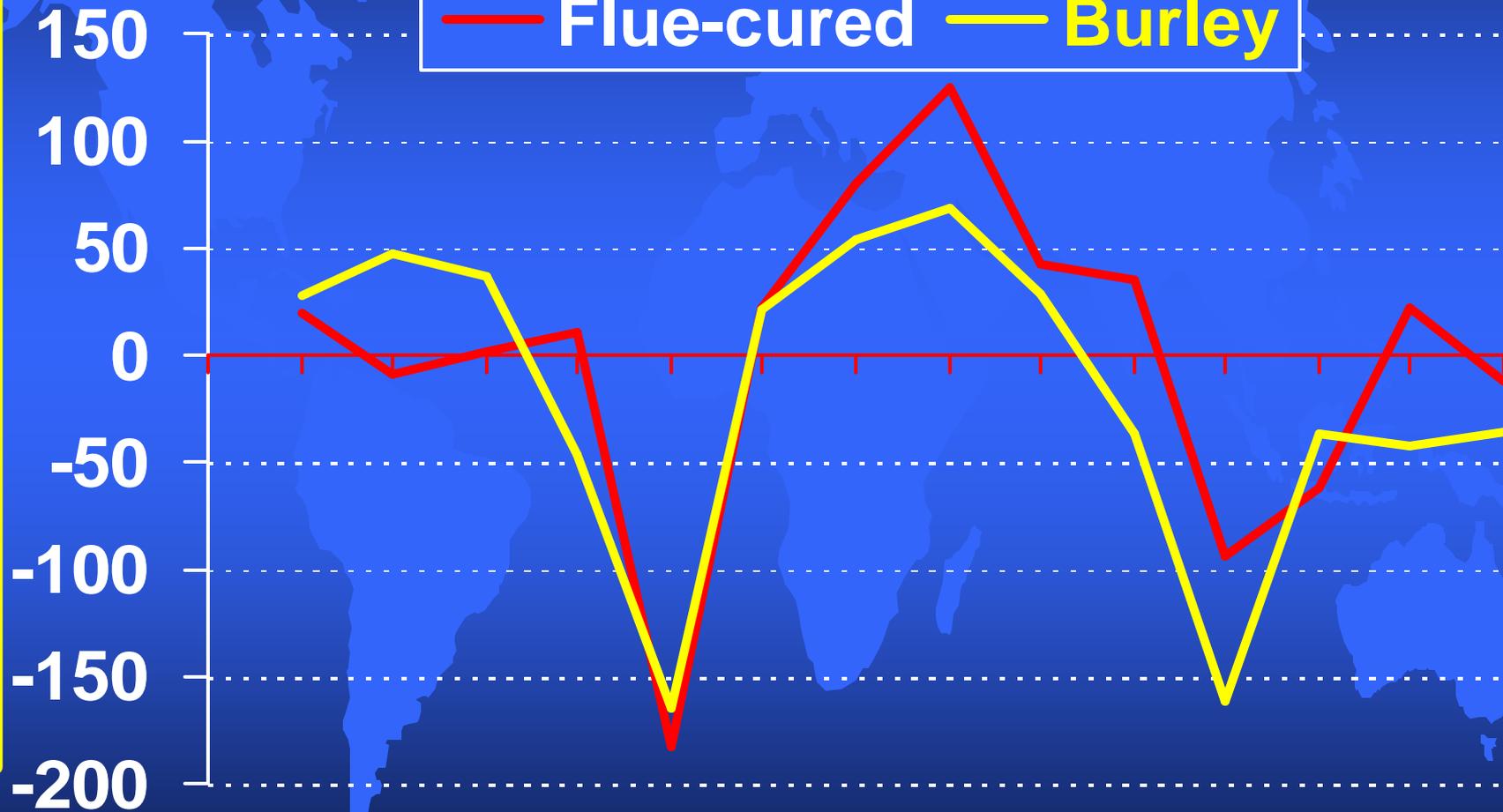
2002



# Stocks Adjustment

Mil. Lbs.

— Flue-cured — Burley



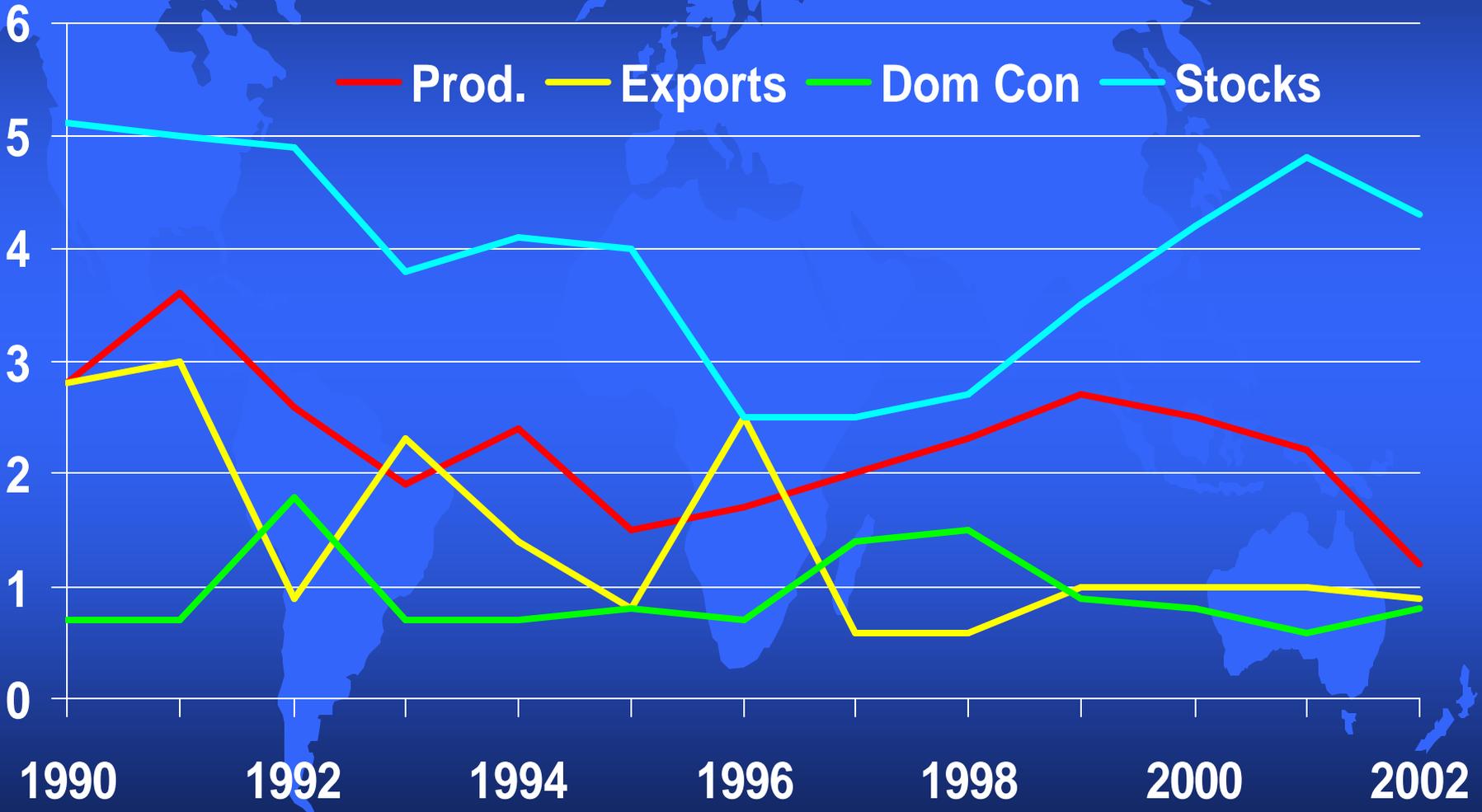
A light blue world map is centered in the background of the slide. The text is overlaid on this map.

# Other Kinds of Tobacco



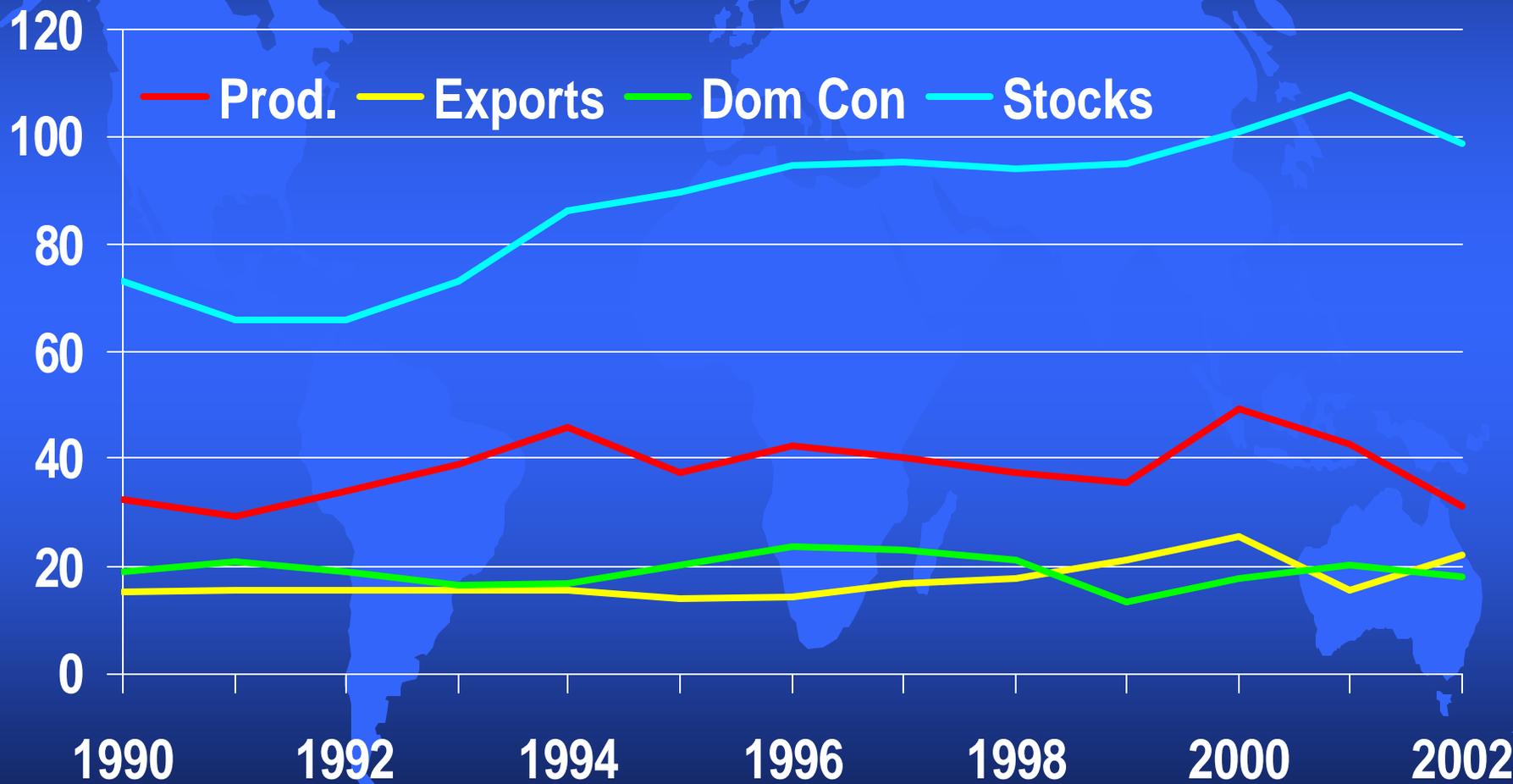
# Virginia Fire-cured (21)

Mil. Lbs.



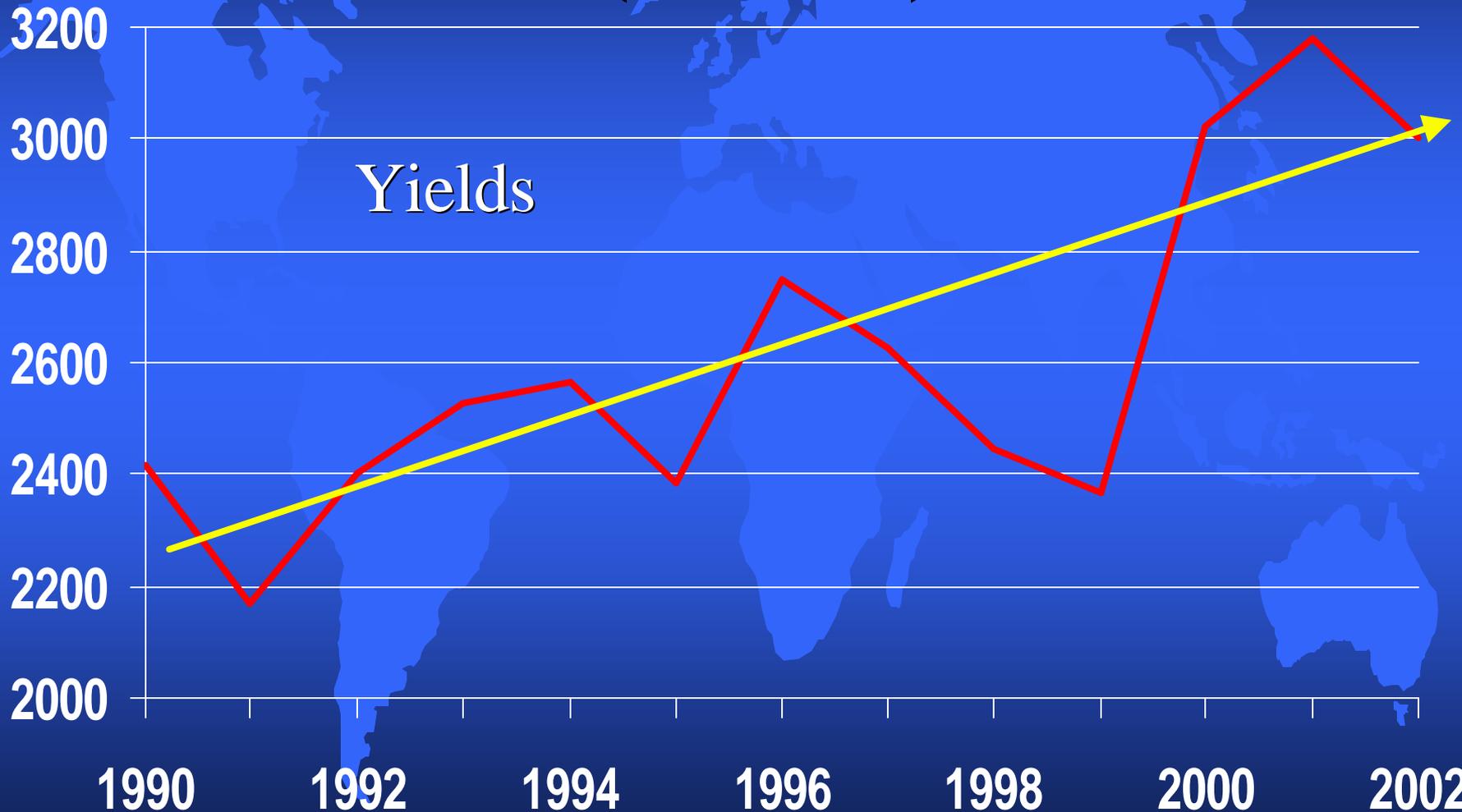
# Ky. / Tenn. Fire-cured (22-23)

Mil. Lbs.



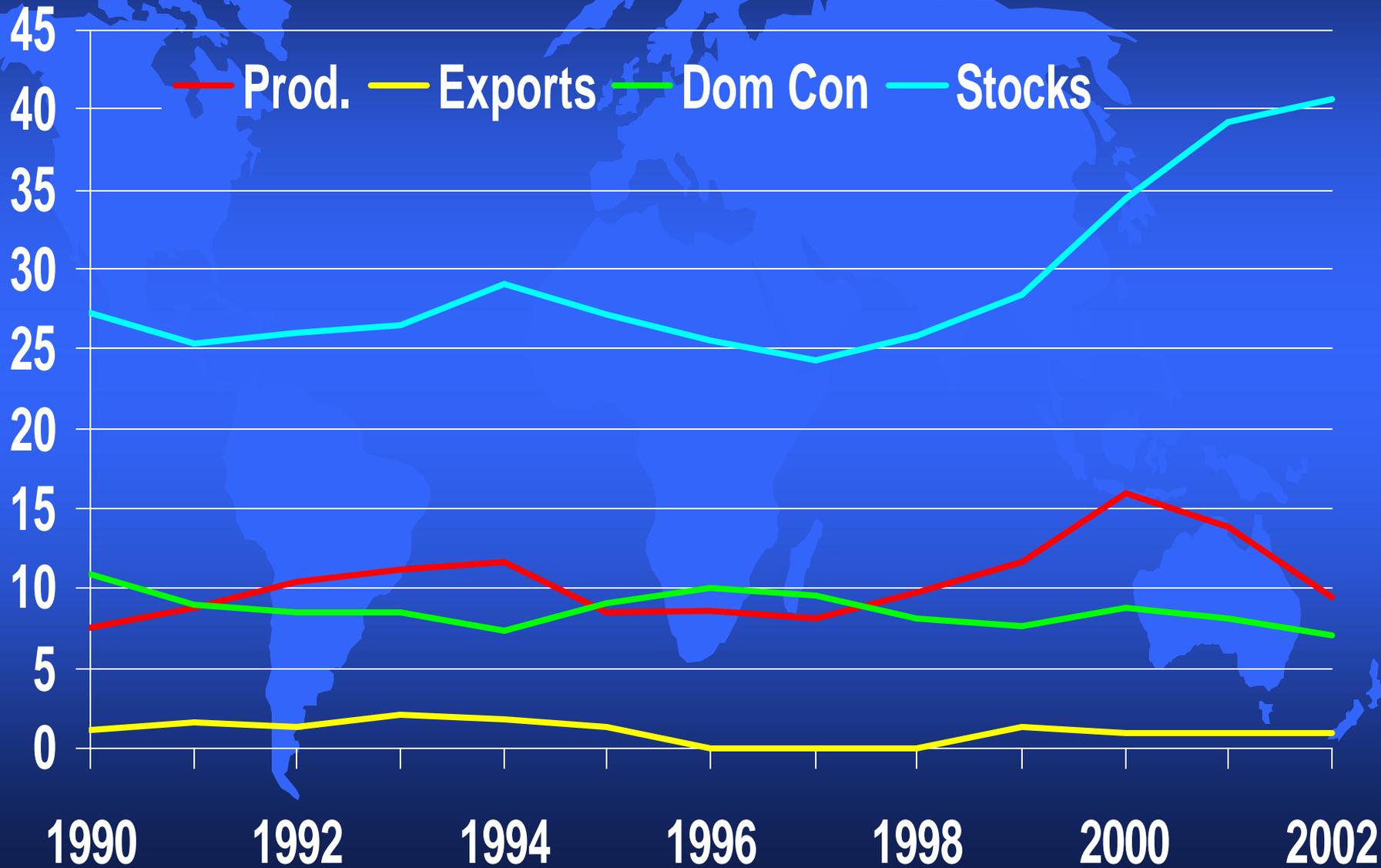
# Ky. / Tenn. Fire-cured (22-23)

Lbs./Ac.



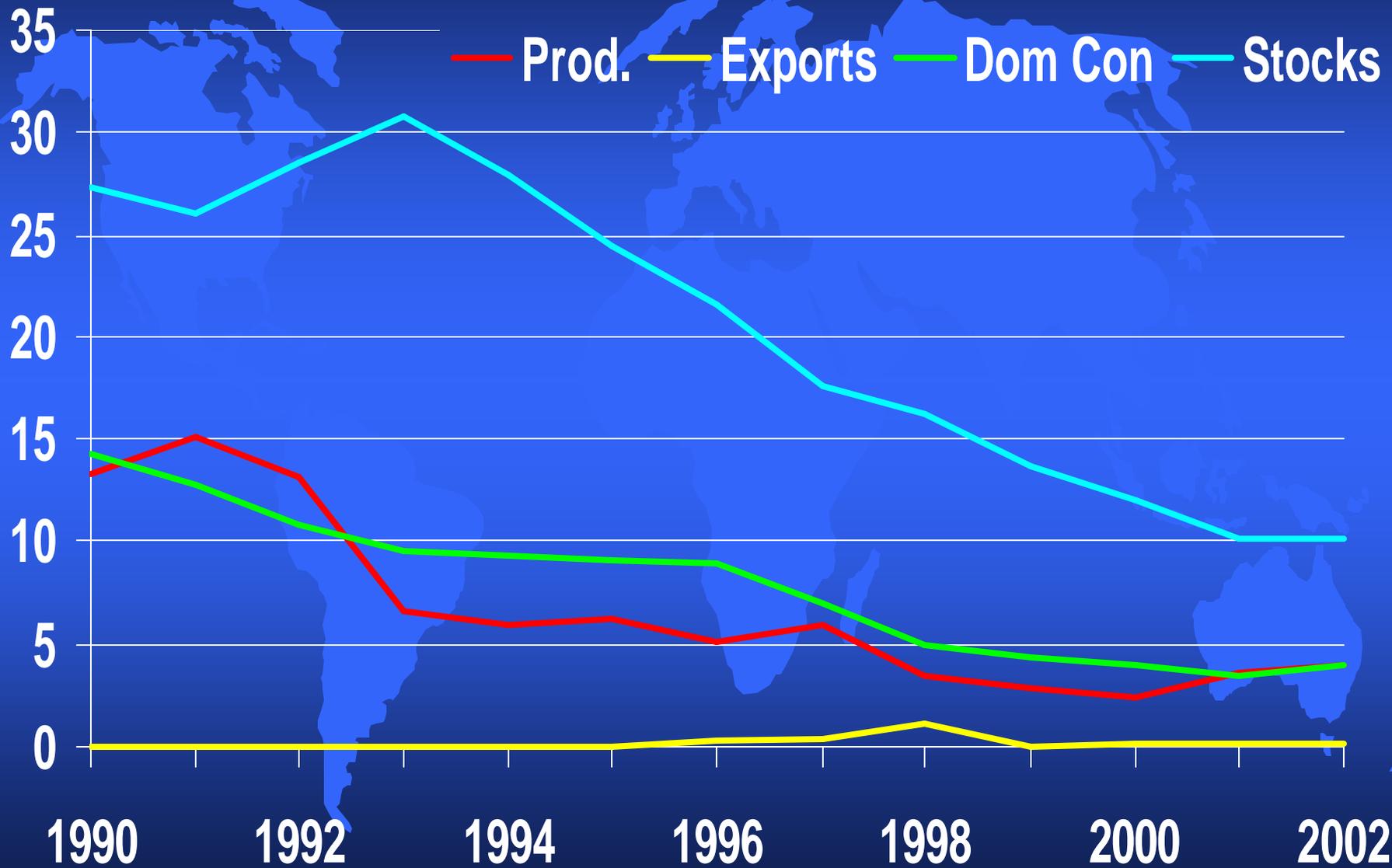
# Dark Air Cured (35-36)

Mil. Lbs.



# Wisc. Binder (54-55)

Mil. Lbs.



# Trends in Consumption 2002

- **Cigarettes Unchanged**
- **Snuff up 3 percent**
- **Chewing tobacco down 5 percent**
- **Smoking tobacco up 19 percent**

# Tobacco Developments in the U.S.

- Quota Buyout
- Congressional Action
- Nitrosanine Reduction
- GMO Tobacco Production
- Law Suits
- Foreign Competition
- Domestic Demand
- Contracting
- Alternative Auction System



# CONCLUSIONS / OPINIONS

- U.S. is just another player.
- Become too small to control industry.
- Many lost opportunities.
- Problems identified but not addressed.
- Crisis driven changes that fell short of needs .
  - Re-active vs. pro-active
- Changes more political than economic.
- Too late to reverse situation?

# SOME BUYOUT QUESTIONS

- Level of Payments and to Who.
- Transition / Development Funds.
- Geographic Restrictions on Tobacco Production.
- Restriction on Growers / Farms.
- Status of Coops.
- Anti-Tobacco Industry's Role.
- FDA's Role.
- USDA's Role
- Funding for Program.



**Dan Stevens**

**Tel. 202-720-5291**

**Fax. 202-720-8120**

**[Daniel\\_Stevens@wdc.fsa.usda.gov](mailto:Daniel_Stevens@wdc.fsa.usda.gov)**

**[Stevensdj@hotmail.com](mailto:Stevensdj@hotmail.com)**