

Asia offers increased market

By Bruce Schreiner
Associated Press Writer
LEXINGTON, (AP) — With increasing portions of the U.S. market being snuffed out, tobacco farmers have found new customers in Asia and Europe to buttress what has been the backbone of Kentucky agriculture since the state's founding days.

The tobacco industry appears capable of weathering an uncertain future among American consumers by expanding foreign sales, thus defying grim predictions that it is an endangered business, agricultural officials say.

However, some Kentucky tobacco farmers also are trying to diversify their operations, growing everything from peppers to sorghum, to supplement their incomes and lessen their dependence on burley.

Tobacco has played an important role in Kentucky's history and the leafy plants continue to dot the state's landscape, despite the industry's uncertain future among increasingly health-conscious Americans.

"I have jokingly made the comment that if it weren't for burley, there would be a spot missing on the U.S. map, that being Kentucky," says Gary Palmer, extension tobacco specialist with the University of Kentucky's College of Agriculture. "That indicates how important tobacco has been to Kentucky."

The state produces about 70 percent of the nation's burley tobacco, Palmer said. Most of the burley is used in cigarettes, while the rest goes into pipe and chewing tobaccos.

To offset the declines in U.S. to-

bacco consumption, the industry has penetrated Asian and European markets, where it has become chic to smoke American-made cigarettes, Palmer said.

"The surface has only been scratched," he said of the overseas markets.

The burgeoning foreign demand and recent price increases for burley have evaporated much of the gloom that had pervaded the burley industry earlier in the decade, said Will Snell, an agricultural economist at UK.

"I think prospects for Kentucky burley producers look very favorable for the next few years," he said. "In the long run, it's hard to get a group — because we don't know how far this health controversy is going to extend."

From all indications, we're going to have some major problems with regard to the domestic

market," Snell said. "But I would really hesitate to say it's a dying industry because the export market continues to look very bright."

Cigarette consumption in the United States is expected to decline by 25 percent through the end of the century, which will be offset somewhat by the surge in exports, Snell said.

"I tend to think it will be hard to offset all of the decline in the U.S. tobacco consumption with the higher sales overseas," he said.

In 1979, the United States exported 115.5 million pounds of the leaf and an estimated \$2.2 million pounds were used in cigarettes sold abroad for a total export of 117.7 million pounds, Snell said. In 1988, leaf sales had risen to 138 million pounds and

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another 62 million pounds were used in exported cigarettes, bringing the total export to 200 million pounds.

Japanese and other markets being opened and U.S. burley producers aren't meeting demand, partly because of labor shortages and lower prices that now are on the upswing, Snell and Palmer said. From 1986 through 1988, U.S. production fell 17 percent below the direct quota, and this year's production is expected to fall more than 100 million pounds below the quota, Snell said.

With tobacco's long-term future so uncertain, some burley growers have begun experimenting with a variety of fruits, vegetables and other crops, although the trend hasn't become widespread, Palmer said.

"I think it makes sense to diversify," he said. "There is no need for a farmer to trash his to-

bacco when everything is looking good for tobacco, but it makes sense to diversify any farming operation."

Farmers are dabbling in raisers, blueberries, blackberries and other fruits and vegetables, says John Strang, an extension horticulturalist at UK.

Strang said he expects a gradual increase in fruit and vegetable production in Kentucky, but adds that unstable prices and occasional marketing obstacles will deter any drastic rise.

"It's hard for growers to guess what kind of price they are going to get," he said, compared with tobacco prices that are much more stable.

Morris Bitzer, grain crops extension specialist at UK, said he expects slightly higher corn and soybean production in Kentucky. However, the output will continue to be small in comparison with the Midwest's production, he

said. Sorghum production is climbing in Kentucky, Bitzer said, and appears to be an ideal second crop for tobacco farmers. Sorghum, which is used for syrup, is well suited for the state's many small tobacco fields and fetches an average \$2,000 to \$3,000 per acre for producers, he said.

"We're getting a lot of younger farmers back into (sorghum production) because it is a good supplemental income," Bitzer said. The newest crop in Kentucky is canola, which is raised for seeds used in vegetable oil, he said.

Canola was grown in about 20,000 acres this year in western Kentucky, and even though farmers weren't satisfied with the prices, the crop will spread to central Kentucky next year, Bitzer predicted.

Cattle, hogs and hams remain other important elements in Kentucky agriculture, but tobacco will continue to dominate.

It's still going to be the No. 1 cash crop for a long time," Bitzer said. "The pressure is on tobacco, we know that. But what maintains the small farm in Kentucky is tobacco. And we're not going to lose tobacco."

Palmer agrees that tobacco will survive the lull that keep smokers from lighting up in airplanes, office buildings and restaurants. "I think it looks bright," he said. "Surely the U.S. has had its fill of trying to ban things, like alcohol in the early part of the century."

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