

U.S. burley production is up, but so are imports

By RAYD GREENE

For the Burley Tobacco Growers Co-operative Association LEXINGTON — Most numbers in tobacco warehouses this season will be in the "plus" column for American grown burley. But a problematic number is also on the rise, and that's the volume of foreign grown burley that U.S. cigarette manufacturers will be buying.

"Marketing, prices, and value of burley will be higher this year," said Will Snel, extension specialist for tobacco at the University of Kentucky.

"As a result, the value of the 1990 Kentucky tobacco crop will likely exceed \$700 million, allowing tobacco to strengthen its position as the number-one crop enterprise for the state's farmers," Snel said.

According to Farmweek, Kentucky's producers expect an average yield of 2,200 pounds per acre, up 145 pounds from 1989.

Other growers across the Burley Belt should also benefit from this hopeful outlook because, nationwide, farmers have harvested about 8 percent more acres of the crop than they did in 1989, based on estimates from the U.S. Department of Agriculture.

In terms of pounds to sell, this means that American growers could haul 568 million pounds of burley to warehouses this fall — representing an 18 percent increase over last year's crop of 482.5 million pounds, based upon the USDA's September crop report.

In addition, nearly three quarters of the 1990 total, or 407 million pounds, may come from Kentucky burley growers, according to the Kentucky Agricultural Statistics Service.

This represents a 17 percent increase over the Commonwealth's 1989 production, when growers statewide produced 348.1 million pounds of burley, according to USDA figures.

Crop quality and sales

This season's burley is by and large a much better than average crop, a senior official of a major tobacco company said director of the Burley Tobacco Growers Co-operative Association in September.

In early October, industry analysts predicted that U.S. manufacturers and exporters would buy between 570 million and 575 million pounds of the 1990 burley crop.

This bullish view is supported by results of the 1989 marketing year for burley, which ended this September.

Purchases of American burley for domestic and foreign uses (also called "disappearance") totaled 600 million pounds in 1989, according to Snel.

"This reflects a four percent increase above last year's level, and the third largest disappearance over the past ten years," Snel said.

Burley going to 'pools'

If predictions for what manufacturers will buy of this year's American grown burley are accurate, then very little tobacco should go to the "loan pools" operated by the BTCCA in Lexington and the Burley Stabilization Corporation in Knoxville.

Snel predicts that "loan receipts will be minimal" from the 1990 burley crop. As a result, the prospects for "pool" burley should parallel the trend over the last two years.

Only 53.3 million pounds of American burley remain in "pools" and uncommitted to buyers as of August 1, according to the USDA.

In 1989, the two burley cooperatives took less than one hundredth (0.1) of a percent of the total crop, or about 266,000 pounds of tobacco, according to Dorey McKinley, BTCCA's chief executive officer.

Of this total, about 255,000 pounds went under loan to the BTCCA from Kentucky, West Virginia, Ohio, Indiana and Missouri; McKinley said, with the remaining 11,000 pounds going under loan to the BSC in Knoxville from burley farmers in Tennessee, North Carolina, and Virginia.

A year earlier, in 1988, the two co-ops took in more than 14 million pounds of burley, or about three hundredths (0.3) of a percent of the total crop, according to McKinley.

In contrast this season, five cured tobacco farmers in the Deep South have not been as fortunate.

"In some cases the five-cured co-ops are getting 30 percent under loan," said a senior tobacco company official who attributed the problem to this year's dry weather conditions in parts of North Carolina and South Carolina.

America underproduction

Despite an American grown burley harvest that is larger this year than in 1989, Burley Belt farmers will actually market 170 million pounds less of the crop than the USDA allows, Snel said.

This spring, the USDA increased American burley's "effective quota" by 12.5 percent above 1989 levels to 742.3 million pounds — representing the total amount of domestic burley produced in this, and in previous, crop years that can

be marketed first Sept. 20, 1991.

"The effective quota for 1990 is the largest since 1982 and the fifth largest on record," Snel said.

"Kentucky growers possess around 400 million pounds of this year's national effective quota, compared to just 312 million pounds four years ago," he noted.

But gross marketings of American grown burley from 1990 and earlier crop years are expected to total about 572.3 million pounds during the current season, or 23 percent below the effective quota, according to the USDA.

This contrasts the trend of underproduction in American burley that has already occurred in 16 of the last 19 years, according to Robert H. Miller, a USDA agricultural economist.

Specifically, in 1989 Tennessee grew only 46.2 percent of its effective quota, only 46.1 percent, according to USDA figures.

Because of this persisting underproduction, "U.S. cigarette manufacturers will probably be forced to maintain significant foreign burley stocks this year," Snel said.

In 1989, U.S. manufacturers bought 140 million pounds of foreign burley, according to Snel, which represented a 22-million-pound increase over the previous year's level.

And "imports last year accounted for 24.3 percent of total U.S. burley use," Snel said.

Responses by American growers

However, some American burley growers are negotiating to produce burley than they did in 1989, according to USDA figures, which also lists a 3 percent increase in burley acreage for Tennessee — the state that ranks second to Kentucky for American burley production.

In addition, prospects for 1991 American burley look good.

"The average U.S. burley price expect and basic quota may both increase slightly in 1991," Snel said. "And given the large volume of undermarketings expected from the 1990 burley crop, the 1991 burley effective quota may approach 800 million pounds."

LEAF TIP:

Tobacco is now grown in all Kentucky counties

LEXINGTON — For the first time in 15 years, burley is being harvested in the only Kentucky county not to have a regular quota allotment.

About a dozen students in Pike County are growing the crop 20 miles from the county seat of Pikeville.

The project is being conducted under a University of Kentucky program that donated a 1,500-pound base for experimental tobacco to the Future Farmers of America group, according to Marvin Hensley, the county's extension agent.

Pike, which is the largest county in the state, once had a large tobacco quota, Hensley said. But then, people in the heart of coal country quit raising burley and turned to jobs in the coal industry.

However, "with coal on the decline and unemployment so high," Hensley said, "we are trying to re-establish the agriculture base of the county."

The students, who attend Johns Creek High School, plan to apply for a permanent burley quota for the 1992 crop, according to Mike O'Daniel, a JCHS agriculture teacher.

Tobacco "may be another small block in the economic foundation when the coal is gone in Pike County," Hensley said.

Source: Kevin Osbourn, Lexington Herald-Leader

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