

## 4 — Burley Season 1992

### Kentucky billboards to high light tobacco's economic value

Beginning in mid-November, 62 billboards will be seen in 26 tobacco market centers around Kentucky when The Council for Burley Tobacco begins a campaign to emphasize the crop's economic impact to the state. Now in its second year, the campaign has expanded throughout the burley-belt region.

"We Covet on Tobacco" is the billboard campaign message with graphics depicting a college diploma, a Christmas tree and a truck, which highlight some of the many ways Kentucky's economy benefits from the tobacco crop.

"We expect tobacco to generate more than \$988 million in gross sales in Kentucky alone this year, and over \$1.4 billion in the eight-state burley region," said Stephen R. Hornback, chairman of the Council, which encourages a better understanding of the industry, its economic contributions, programs, and policies that impact production.

Kentucky also realizes additional value from fire-cured and dark air-cured tobacco sales. However, accurate estimates are difficult to make due to the fact that much of it is sold outside the auction system.

The economic benefits do not end with the sale at market, according to Dr. Milton Shufflet, professor of agricultural economics at the University of Kentucky. Tobacco sets off a chain reaction of benefits to individuals and businesses that is unparalleled in the Commonwealth.

"You can figure this money turns over about three times after the initial sale at market," Shufflet said. "After the farmer gets the money, it's the lifeblood of rural communities."

Hornback added, "Tobacco pays the mortgages, auto loans, taxes, medical bills and college tuitions. It keeps things going."

"Growers, warehouse workers, manufacturers and certainly our state treasury see the value of the crop. We have international markets increasing demand and pushing for greater production. What we don't always have is an understanding by our communities of just what burley means to them," Hornback said.

A 1990 Price-Waterhouse study based on 1986 tobacco sales tracked the contributions to the national and state economies. It estimates that the "golden leaf" produced over 135,000 tobacco-related jobs in Kentucky. The paychecks of tobacco and supplier companies generated almost \$2.1 billion in wages and benefits.

The Council is undertaking the information campaign at the start of this year's market to help both urban and rural communities understand the important contribution tobacco makes in their hometowns. Throughout the burley-belt region, nearly 100 billboards will be posted at a total cost of over \$32,000. They will be visible for four to six weeks on major thoroughfares in market centers.

The \$988 million estimated gross value for this year's crop points to continuing industry growth. This compares to last year's total tobacco crop gross value of about \$926 million. The estimate was compiled by the University of Kentucky based upon a 7% increase in market sales projections and a conservative \$1.75/lb. sales price.

"This growth shows the vitality of the tobacco industry for farmers and for the local communities of Kentucky," Hornback said.

## KING BURLEY TOBACCO WAREHOUSES

Are now open and unloading tobacco Monday thru Saturday, 8 a.m to 5 p.m.

**KING BURLEY** is also paying you \$4.00 haul Rebate plus twine and tags. Unload your tobacco today and get your haul rebate today.

**KING BURLEY Also Offers The Pride Of KY**  
 ✓The Best Facilities ✓Equal Treatment To Everyone  
 ✓The Newest and Most Modern Warehouse In The Tobacco Area  
 ✓The Ability To Sell Tobacco With People Who Work Tobacco The Year Round

So If You Need Help, Advice Or Assistance Call Us At

### KING BURLEY

New Burley Warehouse - 606-759-5361 Kentucky King Warehouse - 606-564-9441  
 Or Call Your Local Representative - Steve Vice - 289-4222

## Burley Season 1992 — 5

### Global factors may constrain burley prices

By Randy Greene

LEXINGTON - At least six major factors, already at work worldwide before the U.S. burley market opens November 23, may diminish buyers' interests in the primary cash crop of the eight-state Burley Belt.

• **FACTOR: American continue to smoke less.**  
 "U.S. cigarette consumption in 1992 will decline for the eighth consecutive year," according to Verner N. Grise, an economist with the U.S. Department of Agriculture.

He expects "about the same as last year's 3-percent drop."  
 • **FACTOR: Foreign markets are buying fewer American-made cigarettes.**

Exports of U.S. cigarettes fell 7 percent during the first six months of 1992, Grise noted.  
 By comparison, exports of unmanufactured burley during 1991-92 may total a record high of 200-million pounds, up a million pounds over the previous year, according to the USDA, and overall U.S. farm exports increased 12.4 percent during the same period.

• **FACTOR: American manufacturers will probably make fewer cigarettes this year.**  
 U.S. production of cigarettes is expected to fall in 1992, just as world production fell 1 percent in 1991, according to Grise.

• **FACTOR: U.S. manufacturers have shifted away from American-grown burley in favor of cheaper, foreign-grown leaf.**  
 Between July 1991 and June 1992, U.S. cigarette makers bought 204-million pounds of foreign-grown burley, or 51 percent more than a year earlier, according to the USDA.

In addition, the USDA reports that, during the same period, American manufacturers' stocks, or stored inventory, of foreign-grown burley rose 28 percent.

By comparison, overall farm imports into the U.S. reached a record high of \$11.9 billion during the same period, according to the USDA, with increases in foreign-produced tobacco, grain, feed, fruits, nuts, vegetable oil, and cocoa.

• **FACTOR: American consumers are buying more generic cigarettes.**  
 Ten years ago, generic- or low-value- cigarettes made up about 2 percent of U.S. sales," said Danny McKinney, CEO of the Burley Tobacco Growers Co-operative Association.

"Today, generics comprise over 30 percent of the cigarette sales in America, and these low-value cigarettes are being made from low-priced tobacco imported from low-cost-labor countries such as Argentina, Brazil, and especially Malawi," McKinney said.

• **FACTOR: Burley growers outside the U.S. have increased production.**  
 World burley production rose 12 percent in 1991, and "this year, higher world production is likely because of expected increased in the U.S., Argentina, Brazil, Malawi, China, and Thailand," Grise said.

**HOW DO THESE AFFECT U.S. GROWERS?**  
 "About six years ago, American growers were told there was a world-wide shortage and that we had to grow more tobacco," McKinney said.

"But at the same time, tobacco companies also encouraged growers in Brazil, Argentina, and Malawi to do the same thing."  
 "Because burley growers, worldwide, responded by growing more, we've gone from a world shortage to, all of a sudden, a world surplus of burley," McKinney said.

The cumulative effect of these factors "will increase burley loan receipts," predicted William M. Small, professor of ag economics at the University of Kentucky.

McKinney expects "in the range of 75-million pounds" of the 1992 crop to be the "peak" based on his forecast of U.S. burley production amassing 692-million pounds this season.  
 By comparison, 42.3-million pounds went under government loan in 1991, according to the USDA, but no pounds did so during either the 1989 or 1990 auction sales.

### That's My Chevy

All of us at H.A. Jones support the tobacco market and YOU the farmer.



Stop by for a test drive and a cup of coffee.



**H.A. (Herb) Jones**  
 Chevy - Geo - Buick - Olds, Inc.  
 U.S. 27 South, Cynthiana, Ky. 41031  
**234-2032 or**  
**1-800-272-0205**

### FARM EQUIPMENT IS OUR BUSINESS

It's not too early to start thinking about next years crop!! Stop by and see our complete selection of Ford New Holland equipment



Montgomery  
 Tractor Sales, Inc.  
 Winchester Road-Mt. Sterling, KY  
 Phone 498-0342