Agriculture

Proceedings of

THE NATIONAL AGRICULTURAL MARKETING CONFERENCE

Denver, Colorado

April 27-29, 1971

Sponsored by:

Consumer and Marketing Service, USDA
USDA and State Extension Services
Experiment Station Committee on Organization and Policy
Foreign Agricultural Service, USDA
National Association of Marketing Officials
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FOREWARD

The sponsoring agencies and the Program Committee express their appreciation to the speakers; the individuals who served as Steering Committee--Discussion Leaders for the various work groups; the Secretary-Consultants; and to those individuals who served as Chairmen of the various sessions. The smooth functioning of the Conference was due to work of many groups and individuals but particularly to the Colorado Department of Agriculture, the Colorado Extension Service, and the Colorado Experiment Station.

Copies of these proceedings may be obtained from the Matching Fund Program Staff, Consumer and Marketing Service, USDA, Washington, D. C. 20250.

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PROSPECTS FOR TOBACCO EXPORTS

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For the year ending next June 30, U. S. exports of tobacco are expected to be off about 10 percent on a poundage basis from the 572 million pounds (export weight) of 1969/70.

Some recent trends indicate mixed prospects for U. S. tobacco exports in fiscal year 1971 and the years ahead. There are plus and minus factors affecting the tobacco export outlook.

On the plus side is the steady climb in cigarette output that continues in most areas of the world. Smoking, health, and high tax issues have slowed the rate of growth in some of the developed countries, but it is estimated that output will continue to increase by about 3 percent yearly.

Both increasing population and rising incomes will tend to further consumption increases, and quality will become a more important factor as income rises. And certainly U. S. tobacco is second to none in quality, thanks to an ideal combination of soil and climate in our tobacco-growing regions.

Protectionism stands high on the list of problems facing the U. S. in the international market. What this can mean is illustrated by the European Community's CAP for tobacco which went into effect for the 1970 crop. Some of the features of this policy which can adversely affect our trade are (1) high guaranteed producer prices, (2) a buyer's premium, (3) no effective production controls, (4) provisions for a subsidy, (5) a safeguard clause, (6) little reform in monopolies, and (7) tax harmonization. This CAP, as it stands, could seriously affect our trade.

Another challenge facing the tobacco industry is increasing competition. The Rhodesian embargo spurred half a dozen or more developing countries to increase production of flue-cured tobacco and they have made significant gains. Others have stepped up burley production. Greece, for example, was producing less than 3 million pounds of burley in the early 1960's. Last year it produced around 29 million pounds and it is aiming at 40 million pounds by 1974.

This increase in competition leads us into another factor of major importance to the future of U. S. tobacco trade -- price.

Our quality has enabled us to sell for a higher export price than that of competitive leaf, but there are indications that this honeymoon is over. Importing countries have expressed growing concern about relatively high U. S. export prices.

Competitive production when combined with preferential trading and protective policies in trading are making it increasingly difficult for the U. S. to maintain its historical share of the world tobacco market.

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