U.S. Flue-Cured Tobacco: Situation and Outlook
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NC STATE UNIVERSITY
Flue-Cured Acres Harvested:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>223,800</td>
<td>210,900</td>
<td>206,900</td>
<td>206,000</td>
<td>217,000</td>
</tr>
<tr>
<td>NC</td>
<td>174,000</td>
<td>166,000</td>
<td>160,000</td>
<td>164,000</td>
<td>170,000</td>
</tr>
</tbody>
</table>

*August 2013 Forecast. USDA-NASS
Source 2009-2012: USDA-NASS Final Crop Estimates
Flue-Cured Production: (million pounds)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
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<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>525</td>
<td>451</td>
<td>345</td>
<td>473</td>
<td>439*</td>
</tr>
<tr>
<td>NC</td>
<td>418</td>
<td>349</td>
<td>248</td>
<td>377</td>
<td>340*</td>
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</tbody>
</table>

*USDA-NASS August 2013 Estimate
Source 2009-2012: USDA-NASS Final Crop Estimates
# Average U.S. Flue-Cured Price ($/lb)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.75</td>
<td>$1.68</td>
<td>$1.68</td>
<td>$1.98</td>
<td>$2.15+*</td>
</tr>
</tbody>
</table>

Source 2009-2012: USDA-NASS
*2013 Estimated
2013 U.S. Flue-Cured Crop

- Good prices in contracts...$2.00 per pound +
- Prices received even higher $2.15 per pound or more
- Yields down due to very wet season...2,024 pounds/acre
- Very short global supplies of flavor style, good quality flue-cured
U.S., Brazil and Zimbabwe Flue-Cured Tobacco Production

Flue-Cured Domestic Use and Exports

![Bar Chart](image-url)

- **Domestic Use**
- **Exports**

Year: 2001 to 2011
U.S. Exports of Flue-Cured Tobacco (Farm Sales Weight, millions of pounds)

Source: “Global Agricultural Trade System” data. USDA-FAS
To Watch

- FDA
  - Menthol Cigarettes
  - E-cigarettes

- EU Tobacco Products Directive
To Watch

- Other Policy Issues
  - Immigration Reform
  - Farm Bill…especially crop insurance
  - Trans Pacific Partnership Trade Agreement
  - Cigarette Excise Taxes

- Exchange Rates

- E-cigs
Summary

- Global supplies of good quality flavor-style flue-cured still short going into 2014 season
- Robust demand from China
- But...negative long-term demand factors remain
- Good weather in 2014 will likely mean another good year for U.S. flue-cured producers
Figure 1: Tobacco Transition Payment Program: Quota Owner Payments, Producer Payments, and Portions Securitized.
## Cost of 7.2% Reduction

<table>
<thead>
<tr>
<th></th>
<th>2012 Payment</th>
<th>7.2% Reduction</th>
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</thead>
<tbody>
<tr>
<td>NC Quota Owner Payments</td>
<td>$198.6 million</td>
<td>$14.3 million</td>
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<tr>
<td>NC Producer Payments</td>
<td>$ 85.9 million</td>
<td>$ 6.2 million</td>
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<tr>
<td>US Quota Owner Payments</td>
<td>$459.4 million</td>
<td>$33.1 million</td>
</tr>
<tr>
<td>US Producer Payments</td>
<td>$188.5 million</td>
<td>$13.6 million</td>
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<tr>
<td>US Financial Institutions</td>
<td>$304 million</td>
<td>$21.9 million</td>
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