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For U.S. tobacco growers, the United Kingdom's eventual entry into the European Community could be the most significant international trade movement of the century. The enlarged Community may extend the regulations prescribed by the EC tobacco CAP¹ to over 55 percent of all Free World tobacco exports and over 58 percent of total U.S. tobacco exports.

Although our relative share of the market in the EC countries has dropped since the formation of the European Community in 1958, the United States made small increases in tobacco exports to that area through 1969—primarily because of the United Kingdom's embargo of Rhodesian tobacco.

Since Colonial days the United Kingdom has been the largest single market for U.S. tobacco, taking 23.2 percent of all U.S. tobacco exports in 1969. The British industry, which is 100 percent dependent upon imports for raw tobacco, imported 305.4 million pounds of unmanufactured tobacco in 1969. Of this, the United States supplied 44.1 percent or 134.7 million pounds; Commonwealth countries 136.5 million pounds; and other sources 34.2 million pounds.

In 1969 total imports of the EC and U.K. combined totaled 960.4 million pounds or over 51.6 percent of total free world import trade. U.S. tobacco exports to the EC and U.K. in 1969 totaled 315.1 million pounds or 54.6 percent of all U.S. tobacco exports.

The United Kingdom developed the straight English-type cigarette (100 percent flue-cured with no additives) which has been adopted throughout most of the former British Empire. In 1969, 96 percent of U.K. leaf imports were flue-cured tobacco.

However, if the United Kingdom becomes a member of the EC, the old British law prohibiting additives and providing for 100 percent unsweetened flue-cured type cigarettes will no doubt be replaced, for three reasons.

- To permit the U.K. tobacco industry to compete in the EC with an American-blend cigarette.

- To allow the U.K. industry to take advantage of the additional 555

¹ *Foreign Agriculture*, Nov. 2, 1970 pp. 4-6.

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million pounds of duty-free oriental and flue-cured tobacco available from Greece and Turkey and highly duty-preferenced tobaccos from overseas associated countries.

- To comply with the wishes of other EC members who would probably insist on the removal of this nontariff barrier.

The repeal of the U.K. additive law could result in a substantial decrease in flue-cured tobacco purchases, while at the same time offering an opportunity for slightly expanded markets for U.S. burley tobacco and providing a new outlet for Oriental leaf from Greece and Turkey.

In this connection, probably in anticipation of possible entry into the EC, the last U.K. budget message made provisions for authorizing the manufacture of tobacco substitutes and their



Left, strung tobacco leaves being stored in Turkey. Above, Greek farmer picks ripe tobacco leaves.

Left and right, typical rice-raising, mud-walled East Pakistan villages before and after a cyclone and tidal waves. Below, food bags are loaded on a U.S. Army helicopter for emergency distribution.



Food Needs Recent Storm

In the wake of the devastating cyclone and tidal waves which resulted in extensive crop loss, East Pakistan will require an unprecedented volume of food imports during the coming year. Current estimates put that country's total 1970-71 food imports at 3 million tons, including 2.7 million tons of grain, flour, and pulses.

Combined wheat and rice imports from foreign sources are likely to approximate 2.2 million tons, almost triple the level of 1968-69 and about 1 million tons above the 1969-70 level. Shipments of wheat and rice from West Pakistan are expected to exceed 500,000 tons, about double the level recorded in 1968-69. Vegetable oil and preserved milk imports are also expected to rise.

Accordingly, a good opportunity exists for expanded U.S. sales to the area—primarily long-term credit and disaster relief sales, as well as some cash sales.

East Pakistan's total wheat imports from the United States may reach 1.2 million tons in 1970-71, more than double the 560,000 tons of 1968-69 and substantially above the estimated 800,000 tons of 1969-70. The first shipments of a 285,000-ton wheat grant from the United States are now beginning to arrive; and additional food supplies are expected to be shipped through various U.S. relief agencies.

Continued rise in wheat imports

Even before the recent disaster, relatively large wheat deliveries were sched-

uled to arrive in East Pakistan in November and December. These, combined with disaster relief shipments, will bring wheat imports from Canada, Australia, and the European countries to about 400,000 tons in 1970-71, compared with 98,000 tons in 1968-69.

During November and December, the Canadians will deliver their previously-planned gift of 110,000 tons of wheat. Australia delivered about 150,000 tons of wheat to East Pakistan in 1969-70, and the United Kingdom recently paid for 20,000 tons of Australian wheat shipped to the area. A week after the disaster, the British announced plans to quickly send another 20,000 tons of wheat and flour to East Pakistan. Wheat and flour shipments from other European countries include 27,000 tons from West Germany and 15,000 tons from France. About 28,000 tons of wheat from the European Community's food aid program arrived earlier in 1970.

Large rice deliveries scheduled

With tidal wave damage especially severe in rice growing areas, East Pakistan's rice imports are expected to increase tremendously. During 1970-71, rice imports and arrivals from West Pakistan will probably approach 1 million tons, compared to about 210,000 tons in 1968-69. West Pakistan's deliveries of rice to East Pakistan reached 403,000 tons in 1969-70, compared with only 178,000 tons in 1968-69; and further gains are likely in 1970-71.

It is likely that Japan will be the

leading foreign source of East Pakistan's rice imports in the coming year. About 100,000 tons of rice were imported from Japan in early 1970, and another 200,000 tons are scheduled for delivery during the next few months. Plans for additional deliveries are being discussed.

Mainland China has delivered 100,000 tons of rice to East Pakistan this year, and the delivery of another 100,000 tons by June 1971 is possible. As a nearby source for quick delivery and East Pakistan's primary rice supplier in 1969, Burma may also increase rice shipments soon. India is sending some rice for the relief of people in the disaster area, and Nepal is also expected to make some deliveries.

During the last decade, rice production in East Pakistan has not increased as rapidly as the fast growing population. Today, about 72 million people live in an area about the size of Arkansas, and their daily food intake averages 2,100 calories. This level has been maintained only with the help of rising imports of foodgrains and vegetable oils. The production of potatoes, bananas, peanuts, and other crops has been doubled during the last decade to help offset the decline in per capita supplies of rice. The Government has found it necessary to establish a rice procurement and rationing system, and imported grain largely has been distributed to urban residents.

Most of the people in areas damaged by the cyclone and tidal waves were
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1969 LEAF TOBACCO PRODUCTION: EC, OAC, AND AFRICAN COMMONWEALTH COUNTRIES, GREECE, TURKEY, AND RHODESIA

Country	Amount 1,000 pounds
EC	
Belgium	4,079
France	110,230
West Germany	18,300
Italy	167,285
Total	299,894
OAC	
Cameroon	8,000
Congo (Brazzaville)	5,700
Congo (Kinshasa)	500
Ivory Coast	8,800
Malagasy	10,000
Morocco	4,189
Tunisia	6,000
Ivory Coast	8,800
Rwanda & Burundi	3,500
Total	55,489
African Commonwealth Countries	
Ghana	2,700
Nigeria	24,640
Zambia	12,038
Malawi	26,522
Tanzania ¹	22,000
Kenya ¹	225
Uganda ¹	10,332
Total	98,457
Associated Countries	
Greece	178,919
Turkey	321,000
Total	500,019
Rhodesia (current capacity)	300,000
Grand Total	1,252,859

¹Included by Arusha Convention.



Left, field of flue-cured tobacco growing in Zambia, an important tobacco exporter and supplier of the United Kingdom.

use in cigarette manufacture. Substitutes would include casings and sweeteners.

The United Kingdom plays a large role in world tobacco trade. The Imperial Tobacco Company, currently with 64 percent of the United Kingdom's tobacco market, is the largest single foreign purchaser of not only American tobacco, but also of American agricultural products.

The American Tobacco Company has recently purchased Gallaher's, the second largest firm in the United Kingdom. Carreras', the third largest firm, is now controlled by another large and expanding international combine, the Rembrandt-Rothman group of South Africa. Godfrey-Phillips, the fourth largest firm, has recently been taken over by the Philip Morris Company.

The British American Tobacco Company, is headquartered in London but does not manufacture for the U.K. market. Today, subsidiaries of this company operate over 125 factories in more than 50 countries, including Brown and Williamson Tobacco Company of Louisville, Kentucky.

The combined brands and production techniques of Imperial, American, Rothman's, and Philip Morris, give the United Kingdom a home-based tobacco industry whose production efficiency is unmatched anywhere in the world, with the possible exception of the United States.

U.S. tobacco producers are also eyeing with some concern the possible entry of Ireland, Denmark, and Norway into the Common Market.

During 1969, Ireland, Denmark, and Norway imported 70.8 million pounds of tobacco from all sources. Of this, the United States supplied 26.4 million pounds—over 4.6 percent of all U.S. exports. Combined imports by the EC, United Kingdom, Denmark, Ireland, and Norway totaled 1,030.8 million pounds or over 55.4 percent of total Free World export trade in 1969. U.S. exports to these countries totaled 351.9 million pounds or about 61 percent of

all U.S. tobacco exports.

There is no doubt that the CAP on tobacco adopted in February 1970 is designed to give preference to EC production over tobacco from non-EC sources. In related action the EC has extended duty-free status on tobacco imported from Associate Members (Greece and Turkey) and high preferential if not duty-free status from the associated African territories.

Britain is expected to make a strong effort to include as associated overseas territories of the EC, the African tobacco-producing countries of Gambia, Sierra Leone, Ghana, Nigeria, Lesotho, Botswana, Swaziland, Zambia, Malawi, Mauritius, Seychelles, and St. Helena. Tanzania, Kenya, and Uganda, former British Commonwealth countries, have already obtained association through the Arusha Convention.

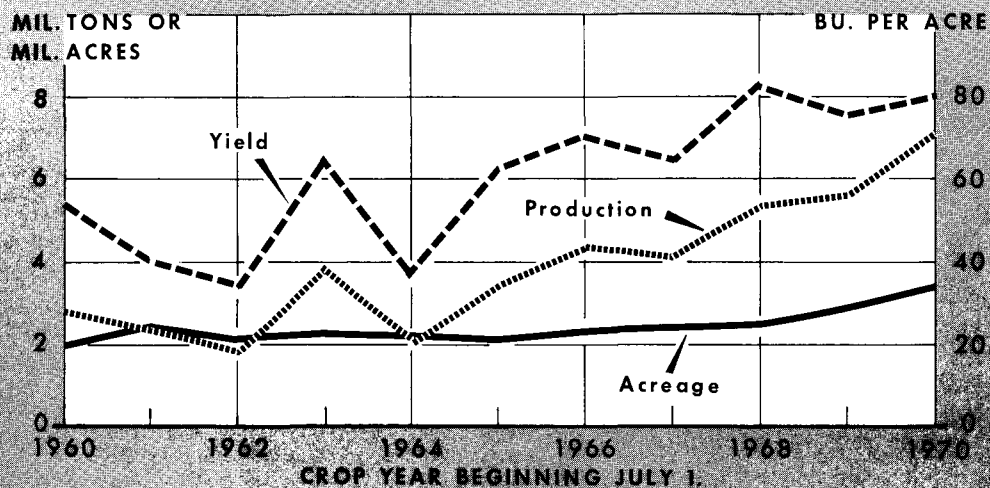
It is presumed the United Kingdom will lose the Commonwealth preference of 18.5 cents per pound which it currently receives on the 100 million pounds purchased annually from India, Pakistan, and Canada. However, the enlarged Community will include an annual production of 1,250 million pounds of duty-preferenced tobacco.

Estimated leaf production for 1970 in the combined areas of the expanded EC, African Commonwealth countries, plus EC Associate Members Greece and Turkey, totaled 916.8 million pounds, or about 10 percent of estimated world production.

The expanded Community would have the area, soil, climate and adaptability necessary for potential self-sufficiency in major types of tobacco, provided the CAP is implemented in such a discriminatory way that it will develop and expand production from within and, at the same time, through tax harmonization, levy predominantly ad valorem taxes which could gradually phase out the higher priced American tobaccos from the Common Market blends.

The success or failure of future exports of U.S. tobacco will largely depend upon our ability to obtain a liberal rather than restrictive implementation of the CAP on tobacco.

FRENCH CORN ACREAGE, YIELD, AND PRODUCTION



French Corn Producers Seek New Markets as Production, Yield, and Area Increase

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French corn production may jump as much as 20 percent this year and U.S. corn producers are finding the prospect disquieting. The French Ministry of Agriculture has yet to release final production figures but those published in October indicated a crop of 6.9 million metric tons compared with last year's 5.7 million. Acreage planted to corn has nearly doubled in 10 years but because of an increase in yields of around 50 percent, overall production has soared considerably more than 100 percent during the decade.

Domestic consumption has also mounted by more than 100 percent, but French corn producers have increased crop size over the years so that corn imports have remained fairly stable at about 400,000 tons. At the same time, however, French exports of corn have

more than tripled with a considerably higher portion of the increase going to other European Community (EC) countries than to non-EC customers.

French corn acreage and yields were fairly static during the first half of the 1950's and production was confined to traditional producing areas in southwestern France. During the Marshall Plan French farmers were introduced to American hybrid corn seed and became aware of production increases possible through its use.

In fact, one of the leaders of the French grain industry has said that "the father of the great advances in French corn production was a professor at the University of Wisconsin," who, in the 1950's, taught French farmers about U.S. hybrid corn.

However, France's National Agricultural Research Institute says that it had begun experiments with early maturing American hybrids and French varieties in 1947. Two hybrid varieties developed in France were made available to farm-

ers in 1958, and in 1964, one of these varieties accounted for production of one-fourth of French corn area.

During the second half of the 1950's, the results of increased use of hybrid seeds became apparent. Acreage and yields began to climb in a progressive uptrend, although with some year-to-year variations. The establishment of the EC apparently gave added impetus to corn production, and adoption of the Common Agricultural Policy (CAP) in the early 1960's sparked expansion in acreage beyond the 2.4-million-acre mark. Accompanying increases in yields, beginning in 1968-69, resulted in a 1-million-ton production hike over the previous year.

Each crop year from 1968-69 to the current one—1970-71—has shown marked increases in yields over the previous year's, with a yield of 85 bushels per acre in 1968-69, about 76 bushels per acre in the succeeding crop year, and estimates of 75 to 80 bushels per acre for this year. Prior to crop year 1968-69, the previous high was 68 bushels per acre in 1966-67.

French corn producers have advanced several reasons for this dramatic jump in yields. They say that the last 3 years have been free of major droughts, except for a dry season this year in southwestern France, and that improved field preparation methods have resulted in higher soil moisture levels for utilization in dry periods.

They add that production has been expanded in the Paris basin (a region of large grain farms) where level fields permit the use of farm machinery and to the north of the Loire River where many grain areas are irrigated.

Better technical methods and increased fertilizer use were also important. Total fertilizer consumption has doubled in France in the 10 years 1958-59 to 1968-69, with the highest jump in 1967-68.

This movement out of the traditional southwest area to regions north of the Loire River has been so great that considerably more than half of France's corn is now grown in that region, in areas which previously would have been considered unsuitable. This movement was greatly accentuated in 1970 when poor fall and spring climatic conditions prevented the planting of nearly 741,000 acres of wheat and about 123,500 acres of barley with a resultant estimated increase in corn area of 617,000 acres. The largest increases were di-