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Strom Thurmond

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OUTLOOK FOR EXPORTS OF 1948 CROP FLUE-CURED TOBACCO

By

J. Strom Thurmond
Governor of South Carolina

In terms of money value, the flue-cured tobacco crop is second only to cotton in South Carolina. The value of the crop is linked very closely to the export demand for tobacco. The bulk of the flue-cured exports go to the United Kingdom. Smaller amounts go to such countries as China, Netherlands, Australia, Eire, Belgium, India, and other countries.

Because of the strong demand for foods and the shortage of dollar exchange following World War II, the United Kingdom took important measures in 1947 to restrict the import of tobacco. Since about 80 percent of British leaf imports of tobacco, which are mostly flue-cured, comes from the United States, this tended to darken the outlook for exports of the 1948-crop flue-cured tobacco. Furthermore, in October 1947, the United Kingdom stopped entirely the purchases of tobacco.

Flue-cured tobacco production in the United States and in South Carolina had been stepped up to take care of an increased demand during the war period. After the purchase of tobacco by the United Kingdom was stopped, the export situation for 1948-crop flue-cured tobacco was uncertain since a relatively large proportion of exports of this type of tobacco went to the United Kingdom. Moreover, the stocks of flue-cured tobacco on hand in the United States had been piling up because of stepping up the production considerably since 1944. This, coupled
with the large production, increased the supplies considerably. By 1947 the supplies of flue-cured leaf were relatively large compared with the lower total disappearance expected during 1947-48. With a relatively larger carryover in prospect for 1948, a reduction in flue-cured tobacco acreage was requested in order to avoid a large surplus.

A relatively high proportion of the 1947-crop flue-cured tobacco was placed under Government loan. Since that time, however, large quantities of flue-cured tobacco placed under Government loan have been sold. The United Kingdom, the largest foreign consumer of flue-cured tobacco, has resumed purchases in the United States. The production of flue-cured tobacco in prospect for 1948 is reduced because of the smaller acreage throughout the belt. With the resumption of the purchase of tobacco by the United Kingdom, the prospects for export of flue-cured tobacco are considerably improved. The extent of the improvement will depend largely upon the amount of money made available for the purchase of tobacco under the European Recovery Plan and the amount of dollar exchange made available for the purchase of flue-cured tobacco from other sources.