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FOREIGN AGRICULTURE REPORT

OFFICE OF
FOREIGN AGRICULTURAL RELATIONS
U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.,



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**X THE ARGENTINE TOBACCO
INDUSTRY**

by

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THE ARGENTINE TOBACCO INDUSTRY

SUMMARY

Argentina ranks second to Brazil as the largest producer of leaf tobacco among the countries of South America. Although the country produces only a small percentage of the world's tobacco, the trend toward production of types originally from foreign seed, including several of United States origin, should make a brief study of the country's tobacco situation of interest to United States growers and exporters. For example, during the 1944-45 season nearly 13 percent of Argentina's total tobacco outturn consisted of Virginia-seed flue-cured, whereas in 1936-37 less than 2 percent of the total was flue-cured.

Production of foreign-seed leaf in Argentina was undertaken primarily to lessen the need for imports. The campaign to grow foreign-seed types, used for blending with domestic types, in the manufacture of tobacco products has achieved encouraging results. During the period 1924-31, imports supplied about 55 percent of the country's tobacco requirements. During the period 1931-43, however, only about 40 percent of the leaf used in the country's factories consisted of imported types. The United States share in the Argentine import market has been larger in recent years, quantitatively and on a percentage basis. This has occurred in spite of increased production in Argentina of leaf originally from United States seed. Brazil remains the chief supplier, with the United States ranking second.

Although consumption of tobacco in Argentina has been increasing in recent years, all manufactured products have not shared in the rise. There is a marked trend toward the manufacture of cigarettes made wholly or partially from light tobacco. This trend toward increased cigarette production should enable the United States, as the chief supplier of flue-cured and Burley tobacco, to maintain, or possibly improve, its position in the Argentine tobacco-import trade.

PRODUCTION

Tobacco has been cultivated in Argentina since the establishment of the Jesuit missions by the early Spanish colonizers of the country. The amounts produced each year have varied considerably, reflecting changing economic conditions, increases or decreases in consumer demands, price fluctuations, and weather conditions. Today, Argentina ranks second to Brazil among the tobacco-producing countries of South America.

During the period 1901-5, production of tobacco in Argentina averaged about 13 million pounds annually, and little increase was shown in average annual production until the 1920's. A considerable rise in production during the later years of that decade reflected the increasing

consumption of tobacco products, and leaf production during the period 1928-32 averaged about 21 million pounds annually. Since that period, production has shown an irregular, upward trend, reaching 49 million pounds in 1936. Preliminary reports indicate that the harvest in the early months of 1946 totaled a record 59 million pounds, or more than 4 times the average outturn during the early 1900's.

Tobacco production in Argentina is centered in the northern part of the country, where soils and climatic conditions are favorable for the propagation of the plant. Conditions in the Provinces of Corrientes and Salta and in the Territory of Misiones have proved particularly suitable for tobacco culture, and the bulk of the country's outturn is produced within those three areas. Tobacco is grown in lesser quantities in Tucumán, Catamarca, Jujuy, Córdoba, and the Chaco. Since Argentina is south of the Equator, seasons there are reversed as compared with the United States; the crop is planted in the late months of the calendar year and harvested in the early months of the following year.

Native Types

Native types of dark and light air-cured leaf comprise the bulk of the tobacco production in Argentina. These types usually are named for the Province in which their production is largely concentrated, such as "Criollo" (native) Misionero, produced chiefly in Misiones, and "Criollo" Salteno, grown in Salta. The quality of the native types is such that they usually have to be blended with locally produced or imported foreign types of leaf for the manufacture of acceptable tobacco products. (For information covering tobacco production in Argentina, by Provinces and territories, for the period 1935-46, see table 1.)

Dark Air-Cured

Native Misionero. - This type of leaf is similar to Paraguayan tobacco. Production is largely confined to the Territory of Misiones. This tobacco manufactures well, but its characteristics, due to the extremely rich soil in which it grows, make it unsuitable for use in quality products. Most of this type is used in the manufacture of cheap, dark cigarettes and in pipe mixtures. During the period 1937-39, about 29 percent of the country's total tobacco production consisted of this type.

Native Correntino. - This tobacco is said to have the best flavor of all the native types. The leaf is light brown in color, of good texture, and enters chiefly into the manufacture of dark cigarettes and "Toscano" or Italian-type cigars. Production is confined to the Province of Corrientes. About 33 percent of Argentina's total production of leaf tobacco during the period 1937-39 consisted of Native Correntino. During the 5 years 1940-44, Correntino comprised about 36 percent of the country's total production.

Table 1. - Argentina: Acreage, production, and yield of tobacco, by Provinces and Territories, average 1935-39, annual 1940-46

(Year of harvest)

Province or Territory	Average 1935-39			1940		
	Acreage	Pro- duction	Yield	Acreage	Pro- duction	Yield
	:harvested:	:per acre:	:per acre:	:harvested:	:per acre:	:per acre:
	<u>Acres</u>	: 1,000 :	<u>Pounds</u>	<u>Acres</u>	: 1,000 :	<u>Pounds</u>
	:	: pounds:	:	:	: pounds:	:
	:	:	:	:	:	:
Corrientes	14,946:	14,969:	1,002:	18,001:	15,038:	835
Misiones	13,256:	12,656:	955:	18,038:	15,653:	868
Salta	4,269:	4,675:	1,095:	9,135:	8,095:	886
Catamarca	805:	556:	691:	1,026:	738:	719
Tucumán	1,079:	649:	601:	1,245:	992:	797
Other	485:	324:	668:	581:	474:	816
Total	34,840:	33,829:	971:	48,026:	40,990:	853
	:	1941	:	:	1942	:
Corrientes	17,866:	14,751:	826:	16,655:	14,330:	860
Misiones	16,178:	15,948:	986:	10,551:	9,308:	882
Salta	7,220:	7,994:	1,107:	5,859:	6,607:	1,128
Catamarca	1,129:	203:	180:	1,297:	1,647:	1,270
Tucumán	605:	408:	674:	647:	536:	828
Other	541:	445:	823:	410:	304:	741
Total	43,539:	39,749:	913:	35,419:	32,732:	924
	:	1943	:	:	1944	:
Corrientes	16,759:	20,207:	1,206:	13,119:	11,010:	839
Misiones	11,690:	10,031:	858:	16,062:	17,306:	1,077
Salta	7,529:	7,465:	991:	9,503:	12,236:	1,288
Catamarca	1,127:	858:	761:	(a) :	(a) :	-
Tucumán	882:	536:	608:	(a) :	(a) :	-
Other	635:	615:	969:	1,939:	1,465:	756
Total	38,622:	39,712:	1,028:	40,623:	42,017:	1,034
	:	1945 ^{b/}	:	:	1946 ^{b/}	:
Corrientes	16,967:	17,593:	1,037:	27,725:	26,080:	941
Misiones	21,498:	15,983:	743:	19,817:	18,122:	914
Salta	11,604:	11,817:	1,018:	11,688:	11,773:	1,007
Catamarca	2,044:	1,896:	928:	3,830:	1,764:	461
Tucumán	(a) :	(a) :	- :	(a) :	(a) :	-
Other	1,421:	749:	527:	3,089:	1,389:	450
Total	53,534:	48,038:	897:	66,149:	59,128:	894

a. Included with "Other."

b. Preliminary figures; yields not strictly comparable with earlier years, because they are based on planted area.

Source: Ministry of Agriculture: Bureau of Statistics, Statistical Bulletin, for 1935-1943; special reports for 1944-1946.

Prices for both Misionero and Correntino in recent years have been unfavorable, and the Government has taken steps to support them. Prices for first-grade Correntino of the 1943 crop ranged between 6.8 and 7.4 cents per pound and those for first-quality Misionero varied from 6.8 to 9.2 cents. Presidential decrees were issued establishing minimums to be paid for all grades of these types, beginning with the 1944 crop. Subsequent decrees fixed minimums for leaf of the 1945 and 1946 harvests. The minimum for first-grade Correntino of the 1946 crop was fixed at 12.2 cents, and for the corresponding grade of Misionero, at 13.5 cents. Both represent substantial increases over the previous year's minimums.

Native Colorado. - This type is produced chiefly in Tucumán and Catamarca, and comprises the bulk of production in these Provinces. The leaf is used in the manufacture of cigars and cigarettes. In recent years, the outturn of this type has averaged only about 3 percent of Argentina's total tobacco production.

Guerda. - Leaf of the Guerda type is produced in the Territory of Misiones. It is dark brown in color. The rolls or twists made from this leaf are used in the preparation of cut tobacco for pipe smoking, and for chewing. About 4 percent of the country's tobacco crops in recent years has consisted of this type.

Light Air-Cured

Native Salteno. - Light air-cured tobacco of the Salteno type is reputed to be the mildest of the native tobaccos. In color it is similar to some of the Burley grades grown in the United States. This leaf has excellent burn, good ash, and a pleasant aroma. It is produced chiefly in Salta, although small quantities are grown in Catamarca, Tucumán, Jujuy, and Córdoba. Reports indicate that a small portion of the Salteno crop is sometimes flue-cured. The lighter varieties of Salteno leaf are used as a substitute for flue-cured and Burley in the manufacture of cigarettes and to a lesser extent in smoking mixtures. In recent years, production of this type has averaged about 18 percent of the country's total tobacco crop.

Native Sierra. - This type of leaf is produced in minor quantities in the Province of Córdoba. It is similar to Salteno and is used in the manufacture of cigarettes. Production has been declining in recent years.

Foreign-Seed Types

One of the most significant developments in Argentine tobacco production in recent years has been the introduction of foreign-seed types. Although statistics covering the outturns of leaf, by types, are available for only the past decade, indications are that greatest expansion in

production of foreign-seed types has taken place within that time. Considerable success has been achieved in the development of these foreign types. The Argentine Government has encouraged growers to produce these types in increasing quantities in order to lessen the country's dependence upon foreign sources of supply. During the period 1937-39, an average of about 4.6 million pounds, or 16 percent of Argentina's total production of 28.4 million, consisted of foreign-seed types. (For production data by native and foreign types, see table 2.) In 1944, however, foreign-seed types comprised about 19 percent of the total, and preliminary estimates placed production of these types in 1945 at about 26 percent of the total.

Flue-Cured

Argentine farmers have successfully produced flue-cured tobacco similar to that grown in the United States. Experiments were begun in the 1920's for the production of flue-cured, originally from Virginia seed, and by 1937 a commercial crop of 335,000 pounds, from 373 acres, was recorded. Production has increased sharply since that time, reaching 3,269,000 pounds in 1944 and about 6,000,000 in 1945. (See table 3.) In 1945, Virginia-seed flue-cured made up about 13 percent of Argentina's total tobacco production, compared with an average of 3.2 percent during the 5 years 1937-41. Yields usually range from 900 to 1,050 pounds per acre, which are favorable when compared with those in the United States.

Most of Argentina's flue-cured leaf is produced in the Province of Salta, although small quantities are grown in Jujuy, Corrientes, and Tucumán. Production has been encouraged by the issuance of Government technical bulletins, experimentation, and cost studies showing that the crop can be cultivated profitably, despite large initial outlays necessary for the construction of barns and the installation of curing equipment. Attempts at grade standardization have recently been made with a view toward better curing and more favorable returns to growers. First-grade flue-cured tobacco produced in Salta has good burn, ash, and aroma. Other inferior grades of Salta flue-cured are similar to some of the less desirable grades of the corresponding United States class.

A review of prices paid for various types of Argentine leaf (table 4) during the period 1937-44 reveals that Virginia-seed flue-cured has brought favorable returns to growers, which in some years equaled the average prices paid to growers of similar leaf in the United States. In 1940, for example, prices for the Argentine flue-cured crop averaged 16.2 cents per pound, and for the United States flue-cured crop 16.4 cents per pound. Since that year, prices for United States flue-cured tobacco have increased more than the prices for this class of tobacco grown in the Argentine. The prices paid to Argentine farmers for native types during the 1937-44 period showed a marked contrast to those obtained for

Table 2. - Argentina: Production of tobacco, by types, average 1937-39, annual 1940-44

(Year of harvest)

Type	:Average: :1937-39:	1940	1941	1942	1943	1944
	: 1,000 :	1,000	1,000	1,000	1,000	1,000
	: pounds:	pounds:	pounds:	pounds:	pounds:	pounds:
NATIVE TYPES:	:	:	:	:	:	:
<u>Dark air-cured-</u>	:	:	:	:	:	:
Misionero	: 8,128:	9,715	11,982	6,141	5,575	12,366
Correntino	: 9,368:	13,386	13,751	13,686	19,358	10,185
Colorado	: 603:	1,369	535	1,998	1,261	450
Cuerda	: 1,413:	1,945	1,693	1,077	972	1,435
Total	: 19,512:	26,415	27,961	22,902	27,166	24,436
<u>Light air-cured-</u>	:	:	:	:	:	:
Salteno	: 4,102:	7,156	6,463	5,191	6,116	9,512
Sierra	: 213:	218	151	25	73	71
Total	: 4,315:	7,374	6,614	5,216	6,189	9,583
Total Native	: 23,827:	33,789	34,575	28,118	33,355	34,019
FOREIGN-SEED TYPES:	:	:	:	:	:	:
<u>Flue-cured-</u>	:	:	:	:	:	:
Virginia-seed	: 816:	1,224	1,569	1,692	1,855	3,269
<u>Fire-cured-</u>	:	:	:	:	:	:
Kentucky-seed	: 1,109:	1,162	668	864	1,973	2,469
<u>Light air-cured-</u>	:	:	:	:	:	:
Maryland-seed	: 627:	359	268	322	710	95
Burley-seed	: 132:	187	123	41	97	201
Total	: 759:	546	391	363	807	296
<u>Cigar types-</u>	:	:	:	:	:	:
Habano	: 260:	849	243	323	419	403
Bahia	: 1,315:	1,670	2,137	1,279	1,223	1,279
Hungaro	: 299:	1,493	82	30	18	117
Total	: 1,874:	4,012	2,462	1,632	1,660	1,799
<u>Others</u>	: 13:	40	66	63	62	165
Total Foreign	: 4,571:	6,984	5,156	4,614	6,357	7,998
GRAND TOTAL	: 28,398:	40,773	39,731	32,732	39,712	42,017
	:Percent:	Percent:	Percent:	Percent:	Percent:	Percent:
Percentage:	:	:	:	:	:	:
Native	: 83.9:	82.9	87.0	85.9	84.0	81.0
Foreign	: 16.1:	17.1	13.0	14.1	16.0	19.0

Source: Argentine Ministry of Agriculture: Tobacco Bulletin for 1937-1943; special reports for 1944.

flue-cured leaf. Usually the lowest grades of flue-cured brought prices equal to or exceeding the prices for the best grades of the native types. The significant differential between prices for flue-cured and native types induced farmers to expand their flue-cured acreages and resulted in a rapid increase in production during the past decade. Argentine flue-cured leaf is used as a substitute for imported flue-cured in the manufacture of "Virginia" and blended cigarettes.

Table 3. - Argentina: Acreage, production, and yield of flue-cured tobacco, 1937-45

Year of harvest	Area harvested	Production	Yield per acre	Flue-cured as percentage of total production
	Acres	1,000 pounds	Pounds	Percent
1937	373	335	898	1.5
1938	603	583	967	3.4
1939	1,463	1,528	1,044	3.4
1940	1,381	1,224	886	3.0
1941	1,391	1,569	1,128	3.9
1942	1,755	1,692	964	5.2
1943	2,224	1,855	834	4.7
1944	(a)	3,269	-	7.8
1945 ^b	6,177	6,052	980	12.6

a. Not available.

b. Preliminary.

Source: Original data from Tobacco Bulletin, Argentine Ministry of Agriculture for 1937-1943.

Data for 1944 and 1945 from special reports, Argentine Ministry of Agriculture, and reports of United States officials stationed in Argentina.

Fire-Cured

Fire-cured leaf, originally from Kentucky seed, has been produced in Argentina for a number of years. This type, from foreign seed, is grown in the Territory of Misiones and is similar to United States fire-cured tobacco, having excellent burn and good ash and aroma. This type of leaf is used in Argentina in the manufacture of "Toscano" or Italian-type cigars. During the period 1937-39, production of Kentucky-seed fire-cured leaf averaged 1,109,000 pounds, or about 3.9 percent of total production. During the 5 years 1940-44, the outturn amounted to about 3.6 percent of the country's total crop.

Table 4. - Argentina: Prices per pound paid to growers for principal types of leaf tobacco, by grades, 1937-44

Type of leaf	Grade	1937	1938	1939	1940
		U. S. cents	U. S. cents	U. S. cents	U. S. cents
NATIVE TYPES:					
Misionero . . .	I	6.7-8.9	12.3-15.1	7.1-13.4	7.4-8.8
	II	4.5-6.0	10.8-12.5	4.2-11.3	4.7-6.8
	III	2.2-3.0	8.0-9.8	1.4-8.8	2.0-5.4
	IV	-	5.7-6.8	2.1-6.0	2.7-3.1
	Average:	-	10.0-12.0	8.5-10.9	-
Correntino . . .	I	5.2	10.8-11.1	5.0-10.2	6.8-8.4
	II	4.9	9.8-9.9	3.5-9.1	6.2-7.6
	III	4.8	7.8-8.0	2.8-7.4	5.5-7.2
	IV	4.5	6.0-6.2	2.8-6.0	4.9-6.1
	Average:	5.2	10.5-10.8	5.5-10.0	4.1-7.3
Salteno . . .	I	8.9	14.5-15.8	-	8.1-9.5
	II	8.9	12.8-13.6	-	4.1-4.7
	III	4.5	9.8-10.4	-	2.7-3.4
	IV	3.7	7.5-8.3	-	-
	Average:	6.0-6.7	9.0-9.6	6.4-8.2	6.1-7.6
		1941	1942	1943	1944
NATIVE TYPES:					
Misionero . . .	I	4.1-10.8	4.1-5.4	6.8-9.2	9.5-10.1
	II	2.7-8.7	2.7-4.1	4.7-6.5	7.0-8.5
	III	1.4-6.5	1.4-2.7	2.7-4.1	4.4-5.7
	IV	-	-	-	2.7-5.4
	Average:	-	-	-	-
Correntino . . .	I	4.3-9.5	7.4	6.8-7.4	9.5-10.8
	II	4.1-9.2	5.4-6.1	4.7-6.8	8.0
	III	3.4-8.8	4.7-5.3	3.8-5.4	7.4
	IV	1.6-4.1	3.5-4.7	2.7-3.8	2.9-6.8
	Average:	2.0-5.0	4.6-5.7	4.1-7.6	4.9-10.8
Salteno . . .	I	8.1-12.8	8.1-9.5	9.5	11.5
	II	4.1-10.8	4.1	-	10.1
	III	2.7-9.5	2.7	-	6.8
	IV	2.7-7.8	-	-	5.4
	Average:	5.4-6.1	4.7-6.1	6.1	9.5

Table 4. - Argentina: Prices per pound paid to growers for principal types of leaf tobacco, by grades, 1937-44 - Cont'd.

Type of leaf	Grade	1937	1938	1939	1940
		U. S. cents	U. S. cents	U. S. cents	U. S. cents
FOREIGN TYPES:					
Kentucky-seed	I	25.3-26.8	28.3-28.5	22.6-28.3	24.3-31.1
fire-cured	II	14.9-20.8	20.3-20.6	14.2-24.1	14.9-21.6
	III	7.4-14.9	9.3-9.6	7.1-17.0	8.0-16.2
	IV	4.5-7.4	7.8-8.0	2.8-13.0	4.1-8.1
	V	-	-	3.5-25.5	-
	Average:	-	-	-	-
Virginia-seed	I	28.3	-	28.3-30.9	27.0
flue-cured	II	20.8	-	22.6-24.8	21.6
	III	14.9	-	17.0-19.0	16.2
	IV	8.9	-	11.3-12.7	12.2
	V	6.0	-	4.2-14.9	4.1-10.8
	Average:	14.9-19.3	-	-	16.2
Bahia	I	19.3	21.1	9.9-15.6	12.2-20.3
	II	14.9	16.6	7.1-7.2	9.5-14.5
	III	14.1	12.0	5.7-11.3	5.1-9.7
	IV	8.9	7.5	2.8-8.5	2.7-6.8
	V	4.5	6.8	2.8-7.1	-
	Average:	11.9-13.4	11.3	7.9-19.8	8.1-14.9
		1941	1942	1943	1944
FOREIGN TYPES:					
Kentucky-seed	I	29.7-32.4	-	27.0-32.4	-
fire-cured	II	24.3-27.0	-	20.3-24.3	-
	III	16.2-20.3	-	13.5-17.6	-
	IV	8.1-12.2	-	6.8-9.5	-
	V	-	-	4.1	-
	Average:	-	-	-	16.2-18.9
Virginia-seed	I	25.7-33.8	27.0-32.4	18.9-37.8	31.1-37.8
flue-cured	II	20.3-24.3	21.6-24.3	9.5-31.1	20.3-25.7
	III	13.5-16.9	13.5-17.6	6.8-25.7	10.8-13.5
	IV	9.5-10.8	6.8-12.2	20.3	4.1-8.1
	V	4.1-12.2	4.1-9.5	4.1-9.5	4.1-9.5
	Average:	-	-	16.2-27.0	13.5-32.4
Bahia	I	16.2-18.9	17.6-18.9	16.2-18.9	10.8-18.9
	II	10.8-16.2	12.2-13.5	10.8	13.5
	III	6.8-13.5	6.8-8.1	6.8	8.1
	IV	2.7-8.1	4.1-4.7	2.7	4.1
	V	4.1-5.4	-	-	2.7
	Average:	-	-	-	10.8

Source: Original data from Tobacco Bulletin, Tobacco Bureau, Argentine Ministry of Agriculture, July-December 1944.

Dashes indicate that information was not available.

Converted from original currency at average official rate of exchange for the first 6 months of the years indicated.

Prices for fire-cured leaf during the period 1937-44 averaged from 2 to 3 times those paid for Misionero leaf, the native type it most closely resembles. Prices paid to Argentine farmers in 1939 for their fire-cured leaf varied from 3.5 to 28 cents per pound. United States growers of fire-cured tobacco in the same year received from 2 to 24.5 cents per pound. Since that time, prices for fire-cured tobacco received by growers have been higher in the United States than in Argentina.

Light Air-Cured

Production of Maryland-seed leaf is centered in Misiones, whereas Salta produces a small quantity of leaf from Burley-seed. Outturns of these types have not been so important, however, as those of some other foreign-seed types. During the period 1940-44, production of Maryland-seed leaf averaged 351,000 pounds, compared with 627,000 pounds during the period 1937-39.

Production of leaf from Burley-seed averaged 130,000 pounds during the 5 years 1940-44, compared with an average of 132,000 pounds during the period 1937-39. These types of leaf, while not comparable in quality with similar types produced in the United States, are used chiefly in the manufacture of American-type cigarettes, in place of imported leaf.

Cigar Types

There are three principal foreign-seed types of cigar leaf cultivated in Argentina: Bahia from Brazilian seed, Habano from Cuban seed, and Hungaro from Hungarian seed. Bahia is the most important of these types. It is similar to the cigar leaf produced in large quantities in the State of Bafa, Brazil. Production of Bahia leaf in Argentina averaged 1,315,000 pounds during the period 1937-39. Production during the 5 years 1940-44 averaged 1,518,000 pounds annually. In Argentina, Bahia leaf, although a cigar type, is used principally in the manufacture of dark cigarettes of medium and best qualities and to a lesser extent in cigars. Habano is also used in good-quality dark cigarettes. Hungaro is the least important of the foreign-seed cigar types.

Others

Several less important foreign-seed types of tobacco are cultivated in Argentina. The principal one of these is oriental in origin and is used chiefly for blending purposes in the manufacture of light cigarettes. Production of oriental and "other" types averaged only about 80,000 pounds yearly during the 5 years 1940-44, or less than 0.5 percent of the country's total tobacco production.

TRADE

Argentina is the most important tobacco-importing country in South America. Quantities of leaf tobacco are imported from Brazil, the United States, Paraguay, Cuba, and other countries for blending with Argentine-grown leaf, both domestic and foreign-seed types, in the manufacture of tobacco products. The Argentine Government, realizing that the country was using considerable quantities of foreign exchange for the purchase of tobacco, has made strenuous efforts in recent years to lessen its dependence on imports. The discussion on leaf production outlined the steps taken in the late 1930's, and, subsequently, to encourage development of foreign-seed types and the improvement of domestic types. These efforts to replace imported leaf with leaf grown within the country have met with considerable success.

Table 5. - Argentina: Imports of leaf tobacco^{a/} by countries of origin, average 1935-39, annual 1940-43

Country of origin	Average : 1935-39	1940	1941	1942	1943
	: pounds	: pounds	: pounds	: pounds	: pounds
	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000
Brazil	11,008	11,399	16,671	10,943	12,493
United States	2,210	3,979	4,214	3,088	3,458
Paraguay	1,148	2,199	1,473	1,858	1,687
Cuba	1,027	597	734	750	944
Italy	362	91	-	-	-
Greece	232	106	88	58	17
Turkey	151	124	279	110	119
Netherlands Indies	103	68	49	88	32
United Kingdom ^{b/}	456	580	125	21	3
Others ^{c/}	181	28	54	54	111
Total	16,878	19,171	23,687	16,970	18,864

a. Includes cut tobacco.

b. Reexports of tobacco produced in other countries.

c. Principally Colombia, Bulgaria, Iran, and Uruguay.

Source: Argentine Foreign Commerce Annual and Tobacco Bulletin, Argentine Ministry of Agriculture.

Imports of Leaf Tobacco

During the early 1900's, imports of leaf averaged about 5 million pounds annually, or about one-third of the country's total requirements. During the same period, domestic production was sufficient to provide

the remaining two-thirds of the leaf used by the country's tobacco manufacturers. Consumption of tobacco products increased rapidly, however, and, to meet increasing demands, both domestic production and leaf imports showed substantial gains. During World War I, imports increased to an average of about 20 million pounds, representing about 60 percent of the total leaf supplies available to the country's manufacturers.

In 1923, imports reached a record 28 million pounds, and for the following 8 years averaged 23 million pounds annually. During this period (1924-31), production also increased, but the country depended on foreign sources for about 55 percent of its tobacco supplies. The campaign to increase the percentage of domestic leaf, both native and foreign-seed, utilized by manufacturers was soon under way. During the war years 1939-43, imports averaged nearly 20 million pounds annually but supplied only about 40 percent of the country's leaf requirements. (See table 5.)

Sources of Supply

Brazil

The bulk of Argentina's imports of leaf tobacco originates in Brazil. Nearly two-thirds of the country's imports during the past 20 years have been various types of Brazilian leaf. During the period 1925-29, imports from Brazil averaged about 15 million pounds annually. (See fig. 1.) The quantity fluctuated considerably thereafter and reached 16.7 million in 1941. The outlook is for continued large imports of Brazilian leaf, since efforts of the Argentine Government to encourage production of foreign-seed types of Brazilian origin have not been entirely successful. The quantity of leaf imported from Brazil over a period of years has been in the ratio of about 10 to 1 when compared with the quantity of Brazilian-seed leaf produced within Argentina.

Most of the imports of Brazilian leaf consist of Bahia varieties. A small amount of Cuerda (roll or twist) is also imported from Brazil. Bahia is a cigar type but is used chiefly in the manufacture of dark cigarettes in Argentina. The country's farmers, however, have been unable to produce large quantities of Bahia leaf. (For imports of all types of leaf, including Bahia, in recent years, see table 6.)

United States

The United States ranks second to Brazil as a source of Argentina's leaf-tobacco imports. During the period 1925-29, leaf imports from the United States averaged about 3 million pounds annually, or about 12 percent of the total. In recent years, the United States share of the Argentine market for leaf tobacco has increased. During the prewar

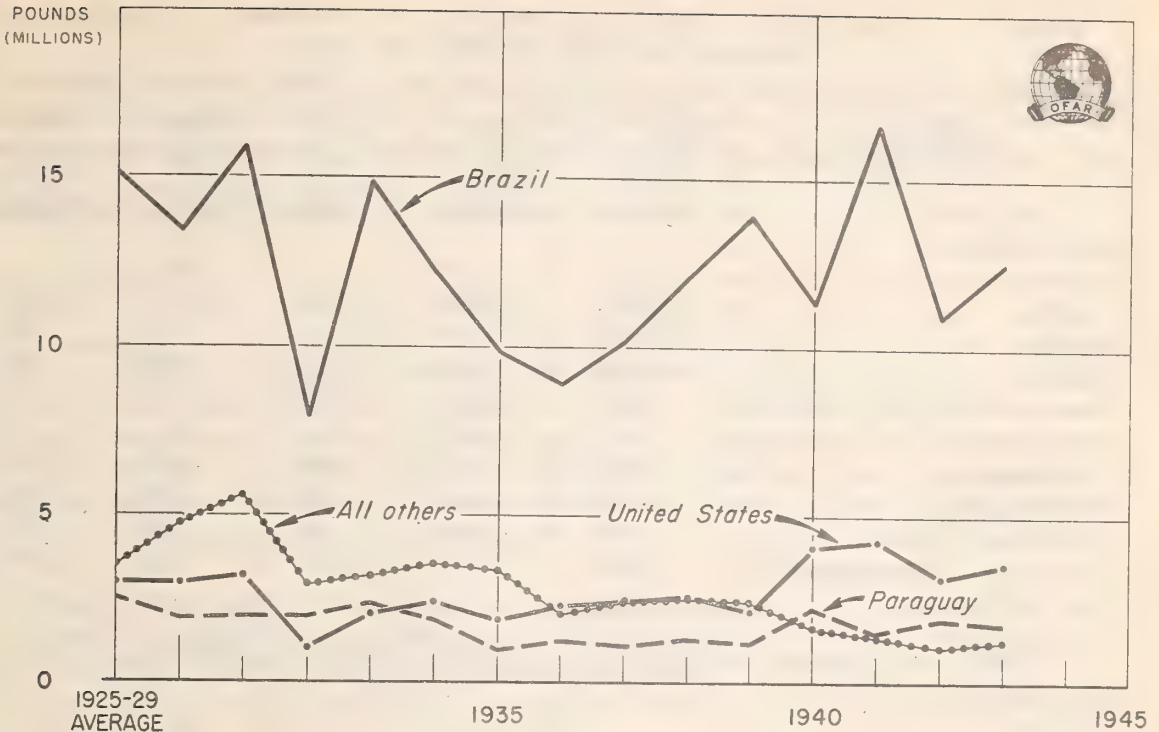


Figure 1. - Imports of leaf tobacco into Argentina from Brazil, the United States, and Paraguay, average 1925-29, annual 1930-43

period 1935-39, imports from this country averaged 2.2 million pounds, but, during the war years 1940-43, they rose to an average of 3.7 million pounds, or about 19 percent of the total.

For many years most of Argentina's imports of United States leaf consisted of fire-cured types, used with domestic leaf in the manufacture of "Toscano" or Italian-type cigars. During the 1930's, the trend toward increased consumption of light tobacco became significant. Simultaneously, production of quality fire-cured leaf on a commercial basis from Kentucky-seed tobacco proved feasible. These factors lessened the need for imported fire-cured leaf but increased the demand for United States flue-cured. Imports of fire-cured from this country, which averaged more than 2 million pounds during the 1920's, declined to less than 500,000 pounds during the period 1937-39 but showed a slight increase during World War II. On the other hand, imports of United States flue-cured averaged only about 300,000 pounds during the 1920's, but, with the trend toward light cigarettes made partially or entirely of flue-cured, imports of this type showed substantial gains. By 1937, imports of flue-cured from the United States reached 1.6 million pounds. Despite increased production of Virginia-seed flue-cured tobacco in Argentina, imports of this type have been well maintained, averaging 1.3 million pounds during the years 1940-43.

Table 6. - Argentina: Imports of leaf and cut tobacco, by types, average 1937-39, annual 1940-43

Type	Average 1937-39	1940	1941	1942	1943
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Leaf Tobacco:					
Cuerda (rope)	74	58	-	290	-
Bahia	12,600	11,399	16,667	10,940	12,487
Burley	75	7	2	8	13
Habano	1,030	604	754	750	943
Kentucky (fire-cured)	467	1,035	1,116	918	456
Maryland	-	(a)	-	-	-
Oriental	415	281	429	222	267
Paraguayo	1,122	2,140	1,473	1,568	1,613
Sumatra & Java	103	71	59	92	47
Virginia (flue-cured)	1,334	1,701	1,519	902	1,256
Connecticut	-	-	-	6	-
Total	17,220	17,296	22,019	15,696	17,082
Cut Tobacco:					
Bahia	1	-	5	-	-
Habano	2	1	-	(a)	1
British ^b	543	524	121	21	3
United States ^c	743	1,294	1,537	1,253	1,778
Oriental	88	56	5	-	-
Total	1,377	1,875	1,668	1,274	1,782
Grand Total	18,597	19,171	23,687	16,970	18,864

a. Less than 500 pounds.

b. Largely flue-cured.

c. Largely shredded tobacco, chiefly flue-cured and Burley, ready mixed.

Source: Tobacco Bulletin, Argentine Ministry of Agriculture.

In addition to imports of flue-cured leaf, Argentina also takes considerable quantities of cut tobacco (ready-mixed, shredded tobacco). (See table 6.) Flue-cured makes up a large percentage of the cut tobacco imported from the United States. During the period 1937-39, imports of United States cut tobacco averaged 0.7 million pounds annually but increased to an average of 1.5 million during the years 1940-43. Small amounts of Burley leaf are also imported from the United States.

Paraguay

This country ranks third as a supplier of leaf tobacco to Argentina. Paraguay tobacco resembles the native Misiones leaf and enters into the manufacture of dark cigarettes and pipe mixtures. In recent years, imports of leaf from Paraguay have averaged about 1.7 million pounds annually, or about 8 percent of Argentina's total leaf-tobacco imports.

Other Countries

Considerable quantities of Habano (Cuba) leaf are imported, principally for use in high-quality dark cigarettes. Sumatra and Java cigar wrappers are also imported in small amounts. Oriental tobaccos from Turkey, Greece, and Bulgaria are imported, both as leaf and cut tobacco, for use in the manufacture of "Turkish" and American-type cigarettes. Substantial quantities of British cut tobacco were formerly imported but during the war were sharply decreased.

Table 7. - Argentina: Imports of cigars and cigarettes, by countries of origin, averages 1930-34 and 1935-39, annual 1940-43

Country and item	Average : 1930-34 :	Average : 1935-39 :	1940 :	1941 :	1942 :	1943 :
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
Cigars:						
Italy	601	181	134	-	-	-
Netherlands . . .	53	1	1	-	-	-
Switzerland . . .	46	(a)	(a)	(a)	-	(a)
Cuba	21	13	16	13	13	25
Others	34	14	13	13	11	6
Total	755	209	164	26	24	31
Cigarettes:						
United States . .	178	177	24	19	189	179
United Kingdom .	82	74	92	78	42	10
Italy	45	22	15	-	-	-
Others	57	5	6	1	1	1
Total	362	278	137	98	232	190

a. Less than 500 pounds.

Source: Argentine Foreign Commerce Annual.

Imports of Products

Imports of tobacco products supply but a small percentage of the country's tobacco requirements. During the period 1935-39, imports of products averaged about 500,000 pounds annually, of which about 209,000 pounds consisted of cigars, and 278,000 pounds of cigarettes. Most of the cigars were imported from Italy and Cuba. The bulk of cigarette imports originated in the United States and the United Kingdom. During the war years, imports of Italian cigars were cut off, and imports of this product from other countries were sharply reduced. Cigarette imports also declined. (See table 7.) Imports of other tobacco products into Argentina are insignificant.

Exports of Leaf and Products

Argentina exports small quantities of leaf tobacco and cigarettes. Exports of leaf, principally destined to Switzerland and Belgium, averaged 180,000 pounds during the period 1935-39. During the period 1940-43, however, leaf exports averaged 1.6 million pounds annually, with Spain taking the bulk of the exports during that period. In 1943, for example, about 5.5 million pounds were shipped to Spain, under a barter arrangement in exchange for merchant and naval vessels. Most of the leaf exported from Argentina consists of native Salteno, Misionero, and Correntino.

Exports of cigarettes from Argentina averaged only 2,000 pounds during the period 1935-39 but increased substantially during the war years. Exports during the period 1940-43, chiefly to the United Kingdom and Switzerland, averaged 35,000 pounds. Argentina's exports of tobacco products, other than cigarettes, are negligible.

CONSUMPTION

Output of Products

Argentina has a relatively high per capita consumption of tobacco products. Estimates place the annual consumption of products at nearly 4 pounds per person, based on a population of about 13 million. Total consumption apparently declined somewhat during the war years after an irregular rise during the previous few decades. Recent reports indicate that consumption is now about 20 percent above prewar levels.

Most of the country's tobacco consumption is in the form of cigarettes, smoking tobacco, and cigars. Small quantities of snuff are also used. Since the early 1930's, consumption of cigarettes has increased about 30 percent, and the use of cigars has also risen. Sales of smoking tobacco, however, have declined in recent years. (See table 8.)

Table 8. - Argentina: Consumption^a/ of domestic tobacco products, 1934-43

Year	Cigars	Cigarettes	Smoking tobacco	Snuff
	1,000 <u>pieces</u>	1,000 <u>packets</u>	1,000 <u>pounds</u>	1,000 <u>pounds</u>
1934	365,643	702,709	10,816	21
1935	(b)	800,446	9,159	20
1936	485,110	841,443	9,016	21
1937	643,075	899,772	8,055	6
1938	563,114	936,032	8,149	13
1939	568,578	996,562	8,589	22
1940	547,668	1,042,213	8,763	14
1941	552,636	1,024,716	8,678	(b)
1942	566,948	1,099,113	8,375	19
1943	(b)	1,125,175	8,533	(b)

a. Apparently based on Internal Revenue record of taxed sales.

b. Data incomplete and therefore not shown.

Source: Tobacco Bulletin, Argentine Ministry of Agriculture.

Argentine smokers use about one billion packets of cigarettes, 550 million cigars, and about 8.5 million pounds of smoking tobacco annually. Consumption of snuff amounts to only about 20,000 pounds per year. Consumption of imported products, chiefly cigarettes, averages less than 300,000 pounds per year. The country's total consumption of all tobacco products, both of domestic manufacture and imported, may be estimated at about 50 million pounds. Cigarettes comprise about 60 percent of the total, and most of the remainder consists of cigars and smoking mixtures.

In recent years, there has been a marked shift in preference to cigarettes made wholly or partially of light tobacco. Probably 50 percent of all cigarettes now manufactured in the country contain varying percentages of light tobacco. Of the light cigarettes, American-type blended are in greatest demand, rather than the "Virginia" type, which are composed wholly of flue-cured leaf.

Utilization of Leaf by Factories

There are about 130 establishments in Argentina manufacturing tobacco products, with a total personnel of about 9,000 persons. Most of the factories are situated in the Federal District of Buenos Aires.

Table 9. - Argentina: Consumption of leaf^a/tobacco, by types, in the manufacture of products, average 1937-41, annual 1942 and 1943

Type	Average 1937-41		1942		1943	
	Domestic: Imported:		Domestic: Imported:		Domestic: Imported:	
	: pounds	: pounds	: pounds	: pounds	: pounds	: pounds
Correntino	10,950:	10,950:	10,999:	10,999:	10,675:	10,675:
Misionero	8,096:	8,096:	7,896:	7,896:	8,165:	8,165:
Salteno	4,980:	4,980:	5,188:	5,188:	5,001:	5,001:
Guerda	1,473:	1,473:	899:	899:	1,322:	1,322:
Colorado	127:	127:	60:	60:	50:	50:
Sierra	1:	1:	1:	1:	3:	3:
Bahia	695:	12,061:	456:	13,529:	698:	12,118:
Burley	79:	78:	153:	136:	207:	117:
Habano and Hungarob/ ^b	346:	1,104:	594:	1,054:	873:	1,126:
Kentucky (fire-cured) . . .	636:	794:	507:	937:	493:	762:
Virginia (flue-cured) . . .	431:	1,097:	1,360:	1,146:	1,968:	1,177:
Maryland	631:	-:	439:	-:	347:	-:
Oriental	-:	433:	-:	363:	7:	349:
Paraguay	-:	1,356:	-:	1,722:	-:	1,800:
Sumatra & Java	-:	65:	-:	63:	-:	59:
Others, stems, etc.	-:	27:	-:	20:	2:	16:
Cut tobacco, domestic . . .	53:	-:	-:	-:	4:	-:
Cut tobacco, British	-:	(:	-:	24:	-:	-:
Cut tobacco, N. American:	-:	(1,513:	-:	1,487:	-:	1,794:
Cut tobacco, other	-:	(:	-:	1:	-:	-:
Total	28,498:	18,528:	28,552:	20,482:	29,815:	19,318:
Percentage	60.6:	39.4:	58.2:	41.8:	60.7:	39.3:

a. Represents actual weight of leaf processed by manufacturers, after losses from shrinkage, stemming, etc. The weight of leaf required by the factories averaged about 13 percent more than the total quantities listed as consumed in the factories. In 1943, for example, disappearance totaled 55.5 million pounds, but only 49.1 million were actually used in the manufacture of consumer products.

b. Practically all Habano.

Source: Tobacco Bulletin, Argentine Ministry of Agriculture.

Table 10. - Argentina: Stocks of tobacco, by types, domestic and imported, in hands of manufacturers and dealers on December 31, average 1937-41, annual 1941-43

Type	Average 1937-41			1941		
	Domestic	Imported	Total	Domestic	Imported	Total
	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000
	: pounds	: pounds	: pounds	: pounds	: pounds	: pounds
Correntino	19,320:	-	:19,320:	27,326:	-	:27,326
Misionero	9,643:	-	: 9,643:	17,278:	-	:17,278
Salteno	6,223:	-	: 6,223:	8,227:	-	: 8,227
Cuerda	936:	-	: 936:	1,389:	-	: 1,389
Colorado	96:	-	: 96:	72:	-	: 72
Sierra	1:	-	: 1:	1:	-	: 1
Bahia	1,479:	8,061:	9,540:	2,350:	11,022:	13,372
Burley	262:	120:	382:	302:	150:	452
Habano and Hungaro	1,313:	1,658:	2,971:	1,955:	1,166:	3,121
Kentucky (fire-cured)	1,080:	622:	1,702:	857:	889:	1,746
Virginia (flue-cured)	1,181:	1,714:	2,895:	1,983:	2,065:	4,048
Maryland	981:	-	: 981:	697:	-	: 697
Oriental	-	: 924:	924:	-	: 761:	761
Paraguay	-	: 798:	798:	-	: 1,272:	1,272
Sumatra & Java	-	: 38:	38:	-	: 56:	56
Other types, stems, etc.	496:	70:	566:	-	: 94:	94
Cut tobacco, British	-	: (: (-	: 4:	4
Cut tobacco, N. American	-	: (381:	: (460:	-	: 718:	718
Cut tobacco, other	79:	: (: (-	: 23:	23
Total	43,090:	14,386:	57,476:	62,437:	18,220:	80,657
Percentage	75.0:	25.0:	100.0:	77.4:	22.6:	100.0
		1942			1943	
Correntino	27,269:	-	:27,269:	28,876:	-	:28,876
Misionero	12,519:	-	:12,519:	7,127:	-	: 7,127
Salteno	8,367:	-	: 8,367:	8,053:	-	: 8,053
Cuerda	1,259:	-	: 1,259:	646:	-	: 646
Colorado	72:	-	: 72:	34:	-	: 34
Sierra	7:	-	: 7:	1:	-	: 1
Bahia	2,596:	8,552:	11,148:	2,400:	8,622:	10,922
Burley	197:	30:	227:	81:	25:	106
Habano and Hungaro	1,897:	880:	2,777:	1,243:	681:	1,924
Kentucky (fire-cured)	1,306:	934:	2,240:	2,315:	506:	2,820
Virginia (flue-cured)	2,071:	1,803:	3,874:	1,820:	1,755:	3,575
Maryland	978:	-	: 978:	1,223:	-	: 1,223
Oriental	-	: 589:	589:	5:	508:	513
Paraguay	-	: 1,398:	1,398:	-	: 1,185:	1,185
Sumatra & Java	-	: 97:	97:	-	: 61:	61
Other types, stems, etc. ^{a/}	210:	100:	310:	12:	135:	147
Cut tobacco, British	-	: (b)	: (b)	-	: (b)	: (b)
Cut tobacco, N. American	-	: 768:	768:	-	: 1,109:	1,109
Cut tobacco, other	115:	32:	147:	34:	2:	36
Total	58,863:	15,183:	74,046:	53,870:	14,488:	68,358
Percentage	79.5:	20.5:	100.0:	78.8:	21.2:	100.0

a. Mixture of domestic and imported. b. If any, included with "other" cut.

Source: Tobacco Bulletin, Argentine Ministry of Agriculture.

The net weight of leaf tobacco, after shrinkage, stemming, etc., processed by the reporting factories in 1943 amounted to about 49 million pounds, or slightly more than the average quantity of 47 million pounds processed by the same factories during the period 1937-41. (See table 9.) Of the total quantity used by factories in 1943, about 61 percent consisted of domestic leaf, and 39 percent of imported leaf. The ratio of domestic leaf to imported leaf used in the factories during the period 1937-43 was about 3 to 2.

Considerable quantities of the domestic leaf, however, consisted of foreign-seed types, chiefly Bahia, Paraguay, Habano, Virginia-seed, and Kentucky-seed. During the period 1937-41, an average of about 2.8 million pounds of a total of 28.5 million pounds of domestic leaf used in the factories consisted of foreign-seed types. By 1943, about 4.5 million pounds, of a total of 29.8 million pounds of domestic leaf, were from foreign seeds. The percentage of imported and foreign-seed leaf produced in Argentina and utilized in the factories showed a steady increase during the period 1937-43 and by 1943 amounted to nearly 50 percent of the total consumed in the factories.

Stocks of Leaf

Stocks of leaf held by dealers and manufacturers on December 31, 1943, amounted to about 68.4 million pounds. This represented a considerable decline from the excessive stock of 80.7 million pounds held at the end of 1941. (See table 10.) During the period 1937-41, year-end stocks of leaf averaged only 57.5 million pounds, of which 75 percent consisted of domestic leaf and 25 percent imported leaf.

In view of the ratio of domestic leaf to imported leaf, about 3 to 2, consumed by factories, stocks of domestic leaf were excessive throughout the period under review and acted to depress prices for native types. In 1944, as has been noted, price-support measures were undertaken in behalf of growers of Correntino and Misionero leaf.

Although no data covering stocks since December 31, 1943, are available, it appears from reported increased production of foreign-seed types that stocks of these types have been brought more nearly into balance with the consumption requirements of factories. Increased production may indicate increased stocks. The Government has been able to protect farmers to some extent from the effects of an oversupply of certain native types by establishing minimum prices. Some quantities of native leaf, in excess of the country's needs, have been exported, and new markets are being sought, particularly in Europe where large amounts of dark tobacco are used in cigarette manufacture. Despite the increased domestic production of foreign-seed types, probably Argentina

will continue to import considerable quantities of leaf for blending purposes in the manufacture of quality tobacco products. In particular, demand for United States flue-cured and Burley leaf should furnish a market for increasing quantities of these classes of tobacco.

