

## **GEORGIA TOBACCO OUTLOOK AND BUDGETS**

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Georgia farmers produced another small crop in 2006 as a result of continued reductions in the numbers of grower after the Tobacco Buyout Program and reduced availability of contracts for production in Georgia and Florida by some purchasing companies. The number of growers producing tobacco fell to approximately 500 for Georgia and Florida. Yields and quality generally improved from 2005. Tomato spotted wilt virus continues to cost growers in terms of the cost of management and the loss of yield and quality. Race 1 black shank continues to be the second most important disease. Costs of production have been significantly increased due to the price of labor and the increasing cost of fuel for operating machinery and for curing tobacco.

Tomato spotted wilt virus (TSWV) losses amounting to approximately 18% yield loss and 35 % of all plants showing symptoms were similar to those in 2004 (15%) and 2005 (15%). Transplanting was generally delayed until after the first week in April and was generally completed by the first week in May. The majority of transplants were produced in greenhouses in Georgia. However, there continue to be a small percentage of transplants produced in traditional field plant beds. Additional greenhouse produced transplants were brought in from production in South Carolina and North Carolina. Temperatures during the early season were very typical and early grow was good. In late July and early August temperatures spiked and high temperatures and bright sunlight caused a sunbaked appearance for much of the upper stalk harvest. After topping and the period of excessive heat hollow stalk began to show up in many fields. Infected plants were randomly distributed across the field and cause some loss of leaf from infected plants. Black shank samples submitted to the diagnostic laboratory were determined to be caused by the Race 1 pathogen for which no varietal resistance is available in commercially available varieties.

Based on a County Agent survey of tobacco seedling producers the following estimates of percent of the Georgia tobacco crop planted in 2005: NC 71 (61%); NC 297 (7%); NC 72 (4%); CC 27 (4%); K 326 (11%); Spt G 70 (1%); NC 299 (7%); K 394 (1.7%); NC 102 (1%); and less than 1% each for the following NC 291 (0.4%); K 346 (0.2%); NC 55 (0.2%);

All tobacco sold in 2006 was sold under contract as no independent auctions operated in 2006. Seven contract receiving stations representing five companies (Alliance One (1), Philip Morris USA (2), R.J. Reynolds (2), and Flue-Cured Stabilization (2)) operated in Georgia and Florida.

Tobacco acreage in Georgia remained steady at 18,000 acres in 2006. Approximately 2,000 acres were destroyed due to damage from tomato spotted wilt virus and released by crop insurance with no harvest for sale. This left 16,000 acres of production to sell for the year. Growers sold approximately 41,000,000 lbs of tobacco produced in 2006 for an estimated farm gate total of \$59,040,000. This compared to 26,173,333 lbs sold in 2005 for \$37,951,332. The average price paid for tobacco in Georgia in 2006 was estimated at \$1.44 per pound compared to \$1.45 per pound in 2005. Average yields per acre were up from 1,745 lbs/A in 2005 to 2562.

## INTRODUCTION TO THE 2006 GEORGIA TOBACCO BUDGETS

Flue cured tobacco is one of the more expensive crops to produce. Large amounts of labor, chemicals and energy are required.

The accompanying budgets are designed to assist growers estimate their production costs. While per pound market prices have usually been greater than production costs, it is useful to better understand these costs when making production decisions.

As production practices and costs vary by farm, the budgets are designed to assist in estimating your own costs. Consider each cost item and compare this with your estimate for that item. Then enter your figure in the "Your Cost" column and see what the crop is costing you.

Returns to any inputs not listed, or zeroed out, in the budget will accumulate under profits. This means that a grower has the option of charging for an input. The same idea can be used for other inputs such as land, general overhead, management, operator labor, and risk of production. Realize that the level of profit is determined by how you count your costs.