

MODERN TOBACCO GROWER

April 2009

Volume 1, Number 3

Welcome to MODERN TOBACCO GROWER, a newsletter covering the tobacco industry from the leaf producers' side. It incorporates Bickers Leaf Report and is sponsored by Fair Products Inc. Please let us know what you think about the newsletter or the issues raised in it. Call, write or fax to MTG, 7413-150 Six Forks Rd., Raleigh NC 27615, PH 919 789 4631 or FAX 919 676 1282. Apologies if you get this more than once—we are still working with more than one mailing list.—Chris Bickers, Editor

PS: Please subscribe (if you haven't already). Reply to this address Chrisbickers@gmail.com. Write "Subscribe" and tell me what type of tobacco you grow (if any) and your mailing address.

The end of leaf as we know it? The Food and Drug Administration (FDA) regulatory legislation authored by Rep. Henry Waxman and now being considered by Congress is the most threatening of many threats to your livelihood right now. "This legislation gives the agency such broad discretionary control over tobacco that it could potentially end domestic tobacco production as we know it," said Mel Ray of Whiteville NC, the president of the Tobacco Growers Association of North Carolina (TGANC), in an open letter to tobacco farmers. Call your Congressmen and Senators and let them know that you don't want the Waxman bill. The full text of Ray's letter appears at the end.

A smack in the face for North Carolina growers: The governor of the country's leading tobacco state announced on March 17 that she will seek an increase of almost 300% in the state's cigarette tax. Governor Beverly Perdue wants the 35-cent per-pack excise tax raised to \$1.35. All NC growers need to call their representatives and protest this destructive proposal.

But first, farmers need to beat the ban. The smoking ban legislation that is currently nearing a vote by the NC legislature is the urgent priority for farmers. "The ban will be voted on before the excise tax," said Lawrence Davenport of Greenville NC, a member of the board of the TGANC. "If we can put up a good fight in the House on the ban, we can carry some of that effort into the tax debate. We might not be able to stop the tax increase, but if we could hold it to 50 cents, that would be an enormous achievement." Locate your representative and make sure he or she understands your belief that the smoking ban poses a tremendous risk to the state's tobacco industry and you don't want it. You can find your representative's name in the website www.ncga.state.nc.us. See the section "Who represents me?" for phone numbers.

H2A wage rate rollback suspended. The first item of business for President Obama's new Secretary of Labor, Hilda Solis, on taking office last week was to suspend the regulations that

lowered the H2A adverse wage rate this season. Just before George Bush left office, his administration had instituted a set of regulations which among other things would have placed the prevailing wage for H2A guest workers in NC at an average of about \$7.50, said Graham Boyd, executive vice president of the Tobacco Growers Association of North Carolina. But the suspension effectively re-establishes the adverse wage rate at about \$9.38. "This is a significant increase, and because of the timing, farmers obviously can't budget for it," said Boyd. The suspension is for now set for nine months. Boyd said TGANC and other farm organizations will seek to have the Bush regulations reinstated. Watch here for steps to take as they become clear.

The hot leaf market in the last year has been India. When sales of the 2008 flue-cured crop in the region of Mysore ended earlier this month, the top price at auction was 145 rupees (US\$2.88) per kilo, more than twice the 65-rupee (US\$1.29) top price achieved on the 2007 crop. All the other Indian types that have a significant export market sold well also. Good quality plus production shortfalls in Brazil and Zimbabwe were the likely causes of the strong market. Also, India sold more leaf than usual this year to China.

End of an era in Ontario. Canada is in the process of buying out tobacco quota from farmers and converting to a free market. The country's long-standing tobacco program came to an end on February 5 when the last 2008 flue-cured was sold at auction in Delhi, Ontario. Quota owners who accept the CAN\$1.05 (about US\$.86) per pound payment from the federal government will leave tobacco production permanently. Those farmers who don't can continue to grow the crop, presumably on a contract basis. As much as 30 million pounds of flue-cured is expected to be grown in 2009. Like India, Canada has enjoyed more than normal interest from China, and a few farmers have had success growing organic tobacco. Almost all tobacco in Canada is grown in Ontario, and almost all is flue-cured.

And the average price for the last crop grown before deregulation was... The average price for the 2008 Canadian crop was CAN\$1.9944 (US\$1.594) per pound, down considerably from the 2007 crop average of CAN\$2.22 (US\$1.81) per pound. Observers reported a very high percentage of the crop moved into the trade.

Blue mold was at an historic low in 2008. There were fewer incidences of blue mold in the field than any year since the forecasting program began in 1996. Only 11 counties in six US states and one Canadian province reported outbreaks. But you should still prepare to control it if necessary. A new formulation of dimethomorph called Forum has been introduced to replace the various formulations of Acrobat. It does not contain mancozeb, and the current recommendation in most tobacco states is to tank mix it with the mancozeb product Dithane DF Rainshield.

If the level of black shank in your burley fields is low, there are two varieties that might be good choices, says Paul Denton, Tennessee Extension tobacco specialist. "Rickards HB 3407P is immune to Race Zero black shank but only low to moderate in resistance to Race One," he said

“It is medium in maturity, which is rare in black shank resistant varieties. So it could help you spread out maturity and still have some black shank resistance. NC 7 burley is also immune to Race Zero with low to moderate resistance to Race One. It is a very good variety in several respects. But I wouldn’t recommend either unless your black shank level is low.”

This issue of Modern Tobacco Grower is brought to you by: Fair Products Inc., committed to helping you produce the best tobacco in the world at the best possible profit. You can contact Fair Products Inc. at P.O. Box 386, Cary NC 27512. Telephone: 919/467-8352. Email: renee@fairproductsinc.com. The chemicals of Fair Products include: ■T-Moxx: Insecticide ■Fair 85: Contact Sucker Control ■Fair Tac: Contact Sucker Control ■FST-7: Contact & Systemic Sucker Control ■FST-7 & Prime+ Co-pack: Contact, Systemic & Local Systemic Sucker Control ■Fair 30: Systemic Prevention of Growth of Tobacco Suckers ■Fair 80 SP: Systemic Prevention of Growth of Suckers ■Fair Plus: Systemic Sucker Control ■Mature XL: Ripening Agent in the Field ■

ADVERTISEMENT

REBUILT JD HI-CYCLE SPRAYERS FOR SALE. • We also provide Parts & Service • CLUBB & CLUBB FARM • 6010 Bethlehem Rd. • Hwy.22 • Pleasureville KY 40057. Call (502) 550 4080. Or email deanclubb@aol.com.

AN OPEN LETTER FROM THE PRESIDENT OF THE TOBACCO GROWERS ASSOCIATION OF NORTH CAROLINA

Dear Fellow Tobacco Grower,

Tobacco farm families in this country are under fire now more than ever. In the last 3 months alone tobacco farmers have seen unexpected contract cuts and a 156% tax increase on cigarettes accompanied by even more profound increases in taxes on other tobacco products.

Now, these same family farms are faced with Food and Drug Administration (FDA) regulatory legislation, HR 1256, the Family Smoking Prevention and Tobacco Control Act. This legislation, authored by Rep. Henry Waxman giving broad discretionary control to the FDA over tobacco, is expected to be considered by the U.S. House of Representatives in the coming weeks. This broad authority could potentially end domestic tobacco production as we know it.

As the Tobacco Growers Association of Georgia declared in a recent letter to their Congressional delegation, “The legislation is replete with provision after provision granting FDA the authority to dictate to manufacturers and thus to all, including growers and others in the supply chain, dramatic changes in product design.”

This sentiment was reiterated by the Burley Stabilization Corporation in Knoxville Tennessee who stated, “While we recognize the importance of fair and effective regulation of the sale and

manufacturing of tobacco products, we believe the approach offered by Representative Waxman will have disastrous effects on the small family farms in Tennessee that rely on tobacco income to make ends meet.”

In response, it has been brought to the attention of the Tobacco Growers Association of North Carolina (TGANC) that Rep. Mike McIntyre (D-NC) has cosponsored legislation co-authored by Rep. Steve Buyer (R-IN), HR 1261, the Youth Prevention and Tobacco Harm Reduction Act in the U.S. House of Representatives. A similar bill, the Federal Tobacco Act of 2009, has been introduced by Senator Richard Burr (R-NC) and Senator Kay Hagan (D-NC) in the U.S. Senate. Both of these bills will have a profound impact on protecting public health, protecting kids, but more importantly protecting family farms.

These legislative initiatives address many of the public health concerns associated with tobacco use, including the use of tobacco products by minors, disease related concerns associated with tobacco use, and improving the accuracy of information available to consumers regarding the levels of risks for various tobacco products.

Additionally, and more importantly, both bills state that no federal official can “require changes to traditional farming practices, including standard cultivation practices, curing processes, seed composition, tobacco type, fertilization, soil, record keeping, or any other requirement affecting farming practices.” Such intrusion on the farm would be strictly forbidden. Furthermore, most of those areas of interests are already regulated by government agencies such as USDA.

Given Congressman McIntyre and Senator Burr’s long history of working together across the aisle to protect family farms and our agriculture industry as a whole, the TGANC is strongly supporting the efforts of the Representatives Buyer and McIntyre, and Senators Burr and Hagan and we would urge you to do the same.

As the U.S. Tobacco Cooperative in Raleigh, North Carolina stated in a recent letter to their respective Members of Congress, “We believe the approach taken by Representatives Buyer and McIntyre provides tobacco farmers the necessary assurances that the FDA cannot regulate any aspect of our business, or require others to impose such restrictions upon us. It is a much more effective approach and ensures that regulation won’t lead to growers being put out of business.”

It is time for us to unite once again and act

Farmers are counting on their Members of Congress to do right by them; to do that all of us need to join together and urge our Representatives and Senators to **OPPOSE WAXMAN. SUPPORT BUYER/McINTYRE and BURR/HAGAN.** And fight to preserve our farms, our tradition, and our heritage.

Thank you in advance for your efforts to stand strong for our tobacco industry and our farm livelihoods.

Mel Ray
President, Tobacco Growers Association of North Carolina
