



TGANC

40th Annual Meeting

*Advocating
for the Future*

February 4, 2022 | 10:00 A.M. | Holshouser Building | NC State Fairgrounds

Agenda - 2022 Annual Report

Call to Order

President Steve Griffin

Business Session

Adoption of Resolutions
Budget Report
Special Presentations

Awards Presentations

TGANC Outstanding Director – Mel Ray, Columbus County
Farm Family of the Year – JP Davenport & Son, Pitt County
Lifetime Century Member – Marion Hawkins, Jr
Distinguished Service Award – Dempsey Means
Special Recognition – State Fair Tobacco Contest Winners
Nominations of Directors
Recognize Retiring Directors

Keynote Topics and Speakers

NC Agricultural Update – The Honorable Steve Troxler, Commissioner
Congressional Update – Members of NC Congressional Delegation
(Dependent on vote schedule)
Industry Perspective – Graham Boyd, TGANC Executive VP
The Global Tobacco Economy – Dr. Blake Brown, NC State Economists

Announcements and Prize Drawings

Adjourn for Lunch

GAP Training to follow lunch in same location.

President's Message – Advocating for the Future

In the summer of 1981, a significant size group of farmers and industry advocates assembled at a BBQ restaurant in Kinston NC for a meeting to discuss state, national and international tobacco issues. By the end of the meeting there was a consensus that the increasing concerns for the future of tobacco farming dictated the need to form a tobacco specific commodity organization to serve as a strong advocate for the future. It was time to have a dedicated representative on topics such as policy, marketing, trade, research, technology and profitability. By November 1981 the group had created a nonprofit named the Tobacco Growers Association of North Carolina (TGANC). Its first membership organizing meeting was held in early 1982. And this year we celebrate the 40th anniversary of those events.

A great deal has happened during the four decades TGANC has been operating. Each year during our membership meeting we chose a theme for the Annual Report. On this anniversary we selected "Advocating for the Future". While printed space limitations won't allow us to cover all the details of the past 40 years in this report, I would like to review a few of the major highlights, issues and achievements where I believe TGANC has been a major catalysts and strong leadership organization.

In the early 1980's the focus of attention was on topics like; how to afford the 25 cents non-net assessment and how would we help lead the evolution of increased mechanization that included machine harvesters and bulk curing barns. We grew tobacco under the supply control "quota" program and sold an average of greater than a billion pounds with a price support system.

In the 1990's we witnessed a good bit of policy changes. Tobacco company executives were forced to testify before congress about

certain aspects of products. The admonishments at those hearings started a new cascade of public and political attacks on the industry. The export enhancement funds at USTR were removed and governmental representatives were prohibited from promoting tobacco as part of agricultural trade. The domestic content law was ended and thus opening the avenues for increase imports of competitive leaf. Beginning in the mid 1990's the battle was to push back on unfair tobacco taxes and efforts to have FDA regulate tobacco production. Anyone remember those "No FDA on the Farm" bumper stickers?

As a result, US farms had to find ways to become more efficient and save costs. For example, TGANC was a leader in the development of transitioning from tobacco sheets to machine formed bales at market. It was TGANC at the table as we saw a transition from auction markets to direct contracts. We pushed for more crop protection products and varieties with better disease resistance.

By the late 1990's we witnessed the circumstance of a large percentage of "absentee" landowners as farms consolidated and generations moved away from farming on small scales like the models that history reflects had built the NC farm economy. This meant that active growers found themselves in the position of paying increasing



Steve Griffin - TGANC President

quota rental prices and realizing a shrinking margin of profitability as other input costs began to escalate. To that end TGANC was a leader in the push to achieve congressional action for a “buyout” of the federal generated quota and create an open market for active producers.

There were two other major events to transact for the industry in the late 1990’s. First was the creation of the State Children’s Health Insurance Program (S-CHIP) in 1997 which levied a \$1.00 per pack tax on cigarettes to generate funds for families that earned too much for Medicaid but couldn’t afford private insurance. TGANC pushed back on this effort for a host of reasons. None more basic than because it was an unfair and unrepresentative tax. Very simply, smokers were going to pay health insurance for children of nonsmokers. Unsuccessful in our efforts, we knew it would translate to a reduction in demand in domestic consumption and that would eventually mean less US tobacco being produced.

The following year saw the advent of the Master Settlement Agreement (MSA). The \$206 billion MSA payable over 25 years was reported as the largest civil settlement in U.S. history. The MSA was an accord between the Attorneys General of 46 states, five U.S. territories, the District of Columbia and the four largest cigarette manufacturers in the United States. It required the tobacco industry to pay the settling states billions of dollars annually forever.

The agreement also required the tobacco companies to meet with the political leadership of states that grow and manufacture tobacco to address their concerns about potential reductions in tobacco production and sales because of the agreement. TGANC was present during the negotiations in Durham, NC and instrumental in making sure the adverse impact to growers would be financially mitigated.

As a result of these discussions, 14 tobacco producing states signed the National Tobacco Grower Settlement Trust agreement in July 1999. It was referred to as Phase II Agreement with the tobacco companies. The Phase II agreement required the tobacco companies to pay a total of \$5.15 billion (adjusted for consumption and inflation) over 12 years to compensate tobacco growers and quota owners for the economic consequences resulting from the MSA. This too would become a “user fee” attached to retail tobacco sales meaning a second substantial “cost” hit in two years that would translate in to reduced demand for US tobacco.

All of these added legal and regulatory costs have a double impact factor. Retail costs go up and consumption goes down. This means the costs of ingredients, primarily tobacco in a cigarette feel the procurement pressure to be obtained at the lowest possible costs. In the early 2000’s operating under the federal supply control program meant we were under pressure as margins grew thinner and foreign import tobacco became an increasing competitor. It was very apparent that we could find ourselves as a niche producer for just a few domestic manufacturers needing less than 200 million pounds of leaf.

In 2004 the stars finally aligned to push the tobacco buyout to become a reality. It had been a seven-year, full court effort to advance this legislation. TGANC was a chief advocate for the buyout and present in the congressional galleries of the US House chamber the evening the legislation passed. The following year quota owners would receive \$7 and growers \$3 for each pound of quota owned and produced.

The buyout, as predicted and as intended by lawmakers, created a mass exit for many growers away from tobacco farming. For those who remained it meant a free-market system would develop with no restrictions on where or how much tobacco could be produced.

The buyout also triggers stipulations in the MSA that would terminate future streams of the balance of the \$5.15 billion Phase II payments to growers that commenced in 1999. A debate developed between companies and growers as to if the year 2004 was eligible. Companies argued that 2004 was void because of the passage of the buyout. A state business court even agreed with the companies

and ruled in their favor. But TGANC disagreed, and the debate was eventually settled before the NC Supreme Court. In a unanimous decision by the Supreme Court the companies indeed were obligated to the \$440 million Phase II funds scheduled for 2004 payment to growers.

TGANC has worked diligently the past 40 years to advance and support our outstanding research at NC State University. We have worked closely with our NC Department of Agriculture to advocate on regulatory issues, promote trade and other areas necessary to support growers.

On the federal level, we have worked to be a strong voice to oppose those actions that would be adverse to the farm economy such as taxes, burdensome regulations, and excessive FDA authority at the farm. We have weighed in support for New Generation Products (NGP) provided they include high volumes of US grown leaf. We have advocated for sensible and affordable guest worker labor regulation corrections and pressed hard to ask our government to stop illicit trade products and support fair and free trade programs.

Most recently on a federal level we are proud of the leadership from TGANC in the summer of 2020 as the principal entity responsible for correcting the policy decision that omitted tobacco from being eligible to receive mitigating funds in the Coronavirus Food Assistance Program (CFAP2). This achievement meant tobacco farm families became eligible for significant funds to offset market losses attributed to the pandemic. Make no mistake, tobacco would never have been reconsidered in the second phase if not for the creative and persistent leadership of TGANC

These are just some of the key achievements where our 40-year-old organization has been a key advocate to assist and support our farm families. A great deal has changed in our industry over the four decades since that Kinston NC meeting.

We look forward every February to assemble and meet to tackle the constantly evolving issues. We look forward to our events each year during the Southern Farm Show to celebrate our tobacco farming heritage and show appreciation to the hard-working men and women who still work the land to produce the world’s finest leaf.

Each February we commit ourselves to being a strong advocate for the future. Every year for the past 40, brings with it a unique set of challenges. But as farmers we are eternal optimists, which means each new year also represents opportunity.

In 2019 we recorded the smallest planted crop in the last 150 years. This year we could rebound many of those acres and realize a 400-million-pound crop demand. However, we anticipate that this year will be the most expensive crop we have ever produced. Once again opportunity is offset by a major challenge. TGANC is engaged to find solutions.

TGANC has been working since the end of the 2021 marketing season to meet with major global and domestic purchasers to share our perspectives about the spikes in cost of production, our concerns for stability of supply, the pressures for maintaining a succession plan of future growers and how to achieve the necessary margins in our crop to ensure success.

I will retire as TGANC president during the 2022 annual meeting. It has been my great honor to serve in this role. I appreciate the membership and the board having confidence in me and all of you for lending your full support during my tenure. Even though I will pass the gavel of leadership to new person, I will not stop advocating for the betterment of all growers and the success of our entire industry. Let me say in closing: thank you and God Bless to everyone.

Tobacco Growers Industry Perspective for 2022 and Beyond

By: Graham Boyd, Executive Vice President, Tobacco Growers Association of North Carolina

SEASON OVERVIEW:

January is that time of year when another North Carolina growing, and marketing season has closed and is being reviewed, and we turn our attention to the greenhouse to start another season and set expectations for the future.

The 2021 flue cured crop was one that began with high hopes but closed with serious concerns. We were relieved not to have a major hurricane to work through. But the weather was still full of challenge. In quick review, it was a wet and cold start for spring followed by manageable conditions at transplanting time that was colder and windier than would be desired. In June, much of eastern NC received excessive rainfall, in the range of 30+ inches. The western part of the state was much drier than normal which is always a crop challenge. The general results were a lower yield in the east and a crop in the west that was late to mature and challenging to cure in the barns.

TGANC estimates that the cumulative weather impact reduced the yield potential by as much as 20-25 percent. We did observe that farmers were successful in delivering a high-quality crop. It was just less than they had planned for. The year began with VA-FL crop demand in the 330 million pounds contracted and 340 million potentially planted. The anticipated final crop may fall in the range of 285 million pounds sold. Based on the grower assessment we know that NC and SC marketed 254 million pounds.

MARKETING:

Grading is reported to be satisfactory to very good in the view of most growers. Of course, we remind ourselves that different purchasers have specific styles they prefer. In instances where growers are mismatched it can be very challenging to market.

Price is a careful topic for public discussion. But in general, once contracts are distributed, TGANC quickly understands the range of prices in the marketplace. As expected, cigarette manufacturers demonstrate leading prices when compared to leaf merchants. However, leaf merchants sometimes may offer a broader range of styles and grades and utilization for the whole stalk which can result in full sales opportunities.

INPUTS:

The big topic among growers in 2021 and the ongoing discussion for 2022 is the high costs of production. Most growers establish the business pro-forma by the end of January. We seed greenhouses in February with a close expectation for what the next nine months will cost in bringing the last bale to market. Everyone knows that rising freight costs, energy costs, distribution and supply issues threw multiple unexpected spikes in costs of production for 2021. Fertilizer alone was \$250 per ton more at lay-by than when we seeded the greenhouse a few months sooner. Propane, the principal fuel for curing our crop was \$1.93 by the end of the season. Double what it was twelve months prior. These are just a few examples of the economic pressures on the crop.

THE FUTURE:

Farmers are very apprehensive about the tobacco situation for the coming year. And to be candid, "long term" in tobacco farming is 12 months. So, as we approach this crop one year at a time, here are the concerns for 2022.

Fertilizer is expected to cost \$1,000 per ton next year. Fuel continues to escalate. Labor costs have spiked to an all-time high of \$14.16 per hour and are predicted to steadily increase each year moving forward under the US government led H2A Guest worker program. 2022 will potentially be the most expensive US crop we have ever grown. With this in mind, many farmers are seriously contemplating exiting tobacco production.

The United States is regarded as the most compliant and produces the highest-quality leaf available. That stability of supply is in major jeopardy if the industry does not take the steps necessary to improve margin and restore profitability to tobacco farming. Presently, the diversity of other prevailing crop prices, such as sweetpotato and cotton are being used to subsidize tobacco losses on the farm. Now is the time to commit to prices that will sustain American farms long-term.

Political pressure on the tobacco industry has become a constant as well. Topics such as the increase in federal excise taxes (FET) zero nicotine and zero menthol were averted in 2021 but rest assured will circle back around.

SUMMARY:

We must achieve a strong commitment to the value of US leaf. The focus is not so much price as it is margin of return. Expecting a cost of production at \$5200 per acre and given the steady decline in yield over the past two decades means the pressure on farmers long term stability is very fragile.

US farmers will never be able to compete with \$2 per hour wages in certain regions of the world. While at the same time other origins of the world can never prove the level of compliance that we achieve in the U.S. When purchasers consider the importance of ESG (environmental, social and government) For example, we grow only approved varieties, we are monitored by state and federal departments of agriculture to apply only licensed crop protection products. Our land must meet government agency conservation requirements, our equipment must meet EPA standards, our farms must meet OSHA requirements, our workforce is protected under US DOL rules and regulations, etc. Our farms are independently owned and operated and we are the most financially solvent producers in the world. All this demands and deserves a premium to maintain. Therefore, our greatest challenge moving forward is economic survivability.

Flue-cured tobacco—piedmont North Carolina: 2022 Estimated Cost & Return			
Budget Category	Budget Item	2,400 lb Yield	2,000 lb Yield
1. GROSS RECEIPTS	Estimated Revenue	\$ 5,400.00	\$4,500.00
	Revenue @ \$2.25/lb		
	Total receipts	\$5,400.00	\$4,500.00
2. VARIABLE COSTS	Compliance/ESG Costs	\$60.00	\$60.00
	Plants (greenhouse)	\$240.00	\$240.00
	Multipurpose fumigation	\$245.00	\$245.00
	Fertilizer	\$438.00	\$438.00
	Calnitrate	\$105.00	\$105.00
	K-Mag	\$81.00	\$81.00
	Lime (prorated)	\$22.00	\$22.00
	Pest Control*	\$351.00	\$351.00
	Sucker Control	\$238.00	\$238.00
	Scouting	\$20.00	\$20.00
	Hauling	\$150.00	\$150.00
	Cover crop	\$25.00	\$25.00
	Curing fuel	\$625.00	\$625.00
	Electricity	\$160.00	\$160.00
	Crop insurance*	\$260.00	\$260.00
	Misc.	\$40.00	\$40.00
	Irrigation	\$45.00	\$45.00
	Baling supplies	\$22.00	\$22.00
	Tractor/machinery	\$236.00	\$236.00
	Labor-total	\$1,200.00	\$1,200.00
Interest on op. capital	\$ 27.10	\$ 27.10	
	Total variable costs:	\$4,590.10	\$4,590.10
3. INCOME ABOVE VARIABLE COSTS		\$809.90	(\$90.10)
4. FIXED COSTS	Tractor/Machinery	\$ 405.00	\$ 405.00
	Bulk barn	\$132.58	\$132.58
	Baler	\$7.50	\$7.50
	H2A Overhead	\$206.00	\$206.00
	Irrigation	\$63.50	\$63.50
	Total fixed costs:	\$814.58	\$814.58
5. TOTAL COSTS		\$5,404.68	\$5,404.68
6. NET RETURNS TO LAND, RISK, AND MANAGEMENT		(\$4.68)	(\$904.68)

Modified by Blake Brown, NC State University, based on grower input. 12-13-2021

TGANC 2022 Proposed Resolutions

Proposed for Approval at Annual Meeting, February 4, 2022

We believe tobacco production to be essential to the economy and well-being of the people of North Carolina. We further recognize that tobacco plays a vital role in the economy of the United States. In the interest of preserving that contribution, we offer the following resolutions:

By Category and new or modified are indicated by BOLD type.

Production and Marketing

- 1. Tobacco farming continues to confront record level increasing costs of production. Therefore, we call upon the entire purchasing entities to press for increased prices for leaf produced by American farmers.**
- We call upon the industry to treat every farmer with dignity and respect regardless of the size and scope of their operation or its geographical location.
- We call upon tobacco companies that contract with growers to continue to develop policies and practices that are fair and inclusive of all growers with regards to the economic welfare of tobacco producers.
- 4. Size of Crop – given the reduce acreage of US, we call on the domestic and export buyers to be aware of the economy of scale and risks associated with steady decline in acres that may have irreparable harm.**
- We oppose multi-tier contract conditions and markets that do not publish a retail price for tobacco that reflects its market value.
- We request that NCDA continue working to devise a method to forecast intended planting and actual planted acres of tobacco for each current crop year.
- We support the Plant Industry Division of the North Carolina Department of Agriculture in maintaining its "Apparent Freedom" status of enforcing those regulations relative to requiring zero (0) tolerance of any pest on any agricultural, horticultural, floral, or nursery plants imported to North Carolina.
- We support tobacco growers and purchasers to collectively develop strategies, systems, and procedures that will enhance the integrity and quality of flue-cured and burley tobacco and reduce the cost of marketing.
- 9. Understanding concerns related to markets for liquid nicotine we support having U.S. grown tobacco as the sole source for such materials that meets FDA standards similar to conventional tobacco products.**
- Any transgenic tobacco for commercial production should not be planted in such a way that it creates a risk for cross-contamination with conventional.
- We presently oppose the commercialization of tobacco cultivars for traditional uses whose genetic makeup has been modified with non-tobacco genes. We feel that such cultivars should be limited to controlled experimental situations and restricted from entering the commercial trade until such tobacco has been accepted in general commercial usage.
- 12. Restriction of use or elimination of crop protection products—We call on the industry to support research, development and use of crop protection agents that are essential to Best Management Practices and overall crop yield success.**

Labor and Workforce:

- 13. Given the \$14.16 Adverse Effect Wage Rate (AEWR), we encourage solutions to streamline the wage rate formula as it is critical to ensure a sustainable labor force and we support legislative or administrative resolve.**
- 14. We support the current agricultural industry collective request to freeze the AEWR at 2018 levels while a legislative solution is achieved.**
- Recognizing that North Carolina is a "right-to-work" state, we oppose any regulations or sanctions that would cite labor union membership as an absolute requirement for any agricultural laborer, regardless of that workers citizenship status.
- We understand and support workers rights and regard the employees of the family farm as critical to the operation's success.
- We implore all commodity groups, and the tobacco leadership groups and governmental entities to come together with commitment and support to resolve the farm worker labor concerns that impact the livelihood of the farm families in North Carolina, including comprehensive immigration reform.
- We encourage all farmers to understand and adhere to the requirements of the Fair Labor Standards Act in regard to lawful employment of any person working on a farm.
- We remain opposed to the employment of persons (with exceptions for members of the farm family), under the age of 16 working in tobacco production in the United States and abroad. We further call upon the industry to hold the world markets to the same standards.
- 20. We support and call upon the USDOL to review the protocols used to determine the Adverse Effect Wage Rate (AEWR) and the need for a wage formula correction more in line with prevailing wages.**

Trade and Export:

- 21. We oppose detrimental federal intervention, lawsuits and other unwarranted attacks on a legal industry. We recognize that tobacco is a legal commodity representing an extremely large amount of international trade; therefore, we insist that all agencies and individuals representing the United States in any area of trade be allowed to promote the high quality, comparative value of U.S. tobacco, including fair treatment in all trade agreements.**
- 22. We oppose any efforts to unfairly target, designated differently, or omit tobacco, a legal commodity from future trade agreement negotiations.**
- 23. We are grateful that tobacco concerns specifically referenced in the recently negotiated Phase I trade agreement with China have been resolved. We urge all involved parties to maintain good working relations to avoid future**
- We are categorically opposed to any trade agreement present in force or being considered in the future that does not include any and all legally grown U.S. agricultural commodities.
- We support a full review of the Tariff Rate Quota (TRQ) formula and any implementation of corrective measures to make it effective with the global market and import/export trade circumstances that will benefit U.S farmers.
- We support exploration of a domestic content law.

Policy and Regulatory:

- 27. Illicit tobacco trade threatens the demise of the global tobacco industry if left unchecked. This is particularly true in the U.S., as governments, consumers and producers are all negatively impacted. We call on the U.S. Congress and the Administration to consider legislation that would curtail rampant illicit trade and appropriately fund vigorous enforcement activities.**
- Possible USTC Settlement(s) – The expense and negative impacts of the ongoing lawsuits are averse to the success of the USTC to serve members and support the overall industry moving forward. We encourage all parties involved to reach meaningful solutions and bring litigation to an end.
- We request that the USDA-FSA and USDA-NRCS be more sensitive to the need for a more common-sense approach to the enforcement of rules as stated in the Foods Securities Act of 1985, i.e., Sodbuster, Wetlands, and Conservation Compliance. We further request that said rules be interpreted uniformly on a county-by-county basis and that penalties be applied on each individual tract basis.
- We request that the Environmental Protection Agency and the FDA refrain from acting in a discriminatory manner with respect to the approval for labeling of pesticides for use on tobacco.
- We maintain that all lending practices of the Agricultural Credit Division of the Farm Service Agency be fair, equitable, and timely to all applicants.
- We support individual property rights for all agricultural enterprises, provided they meet all County, State, and Federal regulations.
- 33. We oppose the recent and any future increase in the state or federal excise tax on tobacco products.**
- We further recommend that our Association and other tobacco supportive organizations continue to publicize the economic benefits of tobacco to our nation's policy makers in terms of jobs and tax revenue.
- We are opposed to additional legislation and regulation that would restrict when and where adults choose to smoke.

Resolutions Continued...

36. **We implore all tobacco interest and tobacco communities to come together with commitment and support to solve the issues and problems that threaten the economic contributions of tobacco to our state, our nation and our growers.**
37. We are opposed to the use of any tax dollars being allocated to any agency whose agenda is aimed toward the detriment of the tobacco industry.
38. We strongly urge the NC Legislature to restore full funding to the Tobacco Trust Fund Commission for future years. Except for the initial years' funding, the NC Tobacco Trust Fund has been hobbled in fully implementing its assigned mission by the diversion to the NC General Fund balance of most of its allotted share of the MSA payments. We believe that considering the current downward trend in tobacco production and the subsequent devastation occurring in much of rural NC that full funding should be restored to the NCTTFC.

Extension and Research:

39. We applaud and support the continued efforts of North Carolina State University, Extension Research Service and NCDA for managing and directing an appropriate research programs and Research Stations that enhance the profitability of growing and marketing tobacco.
40. We support the completion and full funding of the W.K. Collins Agronomy Endowment to provide for at least two permanent tobacco specific positions at NC State University.
41. We applaud the Tobacco Industry and related agribusiness for cooperating in the development of research programs and providing financial support for tobacco research.
42. Heat not Burn/FDA – We support FDA approval of technology advancements that provide consumers with diverse product choices and create products that can be proven to reduce risk/harm.
43. **We further support FDA approval of technologies that assure manufacturing in the United States and using maximum quantity of high-quality US grown leaf.**
44. We request that the North Carolina General Assembly provide the necessary funding support for the N.C. Department of Agriculture to serve the citizens of our state.
45. We request the North Carolina General Assembly recognize the economic value of budgeting research funds for tobacco and stipulate that funding provided for the Academic, Extension and Research Budgets of the College of Agriculture at NC State University be used for such designated purposes.
46. We are concerned that essentially no new funds are allocated by the Agricultural Research Service of USDA for tobacco research. We believe this is discriminatory to tobacco farmers and specifically request that additional funds be allocated for regional research on tobacco based upon the enormous tax contribution this industry makes to our governmental budgets. This is especially true as we continue to await FDA anticipated regulatory authority.
47. We support and applaud the mission of the Land Grant University and commend the administration at NC State University for conducting a full review of admission policies that may have placed student applicants from farming and rural areas at a competitive disadvantage when pursuing degrees in agriculture and agribusiness.

Economics and Finance:

48. Energy costs – We support technology and policy actions to help reduce energy expenses associated with growing and marketing the crop.
49. TGANC recognizes the importance of sound and prudent credit policy. We encourage banks, agricultural credit associations and any other public, private and governmental entities that provide credit to farmers and agribusinesses to be cognizant of changes that occur within the agricultural community. We encourage such institutions to continue to find ways to provide both long and short-term credit.
50. We encourage the Golden Leaf Foundation, which was formed to distribute 50% of North Carolina's MSA proceeds to tobacco dependent communities, to recognize that the most effective means of revitalizing these communities is to employ the infrastructure that already exists and is based on a tobacco farming economy.
51. TGANC encourages USDA in their statistical surveys to release by December 1st of each year estimates to the public on tobacco acreage produced in each state for that year.
52. Recognizing the scope and importance of the state's # 1 industry - agriculture, and specifically farmland for agricultural production, we request all governmental regulatory agencies maintain an understanding and policy supporting the critical need and rights of water usage, particularly those sources traditionally used and developed for agricultural practices.
53. We support efforts to help create awareness about the consequences associated with loss of productive farmland. We applaud the NC Department of Agriculture and the NC General Assembly for its creation and funding of the Farmland Preservation Trust in the mitigation of the disappearance of our farmland and natural resources.
54. **TGANC remains concerned about the continued sharp escalation in costs of production in growing tobacco and the importance of those entities that purchase leaf tobacco to understand such expenses.**
55. Aging infrastructure is a major concern of all involved in tobacco production. TGANC requests that purchasers of tobacco be aware that multiyear contracts and pricing sufficient to ensure long term profitability are necessary to inspire enough confidence in the grower base to allow for modernizing tobacco specific investments.

Good Agricultural Practices (GAP)

56. **GAP Certification - TGANC calls on the industry to commit that certification programs will demonstrate value to growers, including contract stability, compensation for extra costs incurred and long-term commitment to purchases.**
57. **The requirement to completely reset the GAP certification process after the third year is onerous to growers who obviously are striving to meet the intent of the certification process. We encourage further dialog to achieve a less stringent renewal process after the third year.**
58. **We encourage GAP Connections to be more inclusive of grower perspectives and appreciate its increase in the number of growers on its board of directors.**
59. **We call upon GAP Connections to not collect and archive any sensitive data. And dispose of any data on file.**
60. **We oppose increasing compliance costs imposed on the grower that are associated with GAP certification programs.**
61. **We call on the industry to hold all growers around the world to the same GAP standards.**
62. Given the unnecessary costs of multiple barn testing requirements, TGANC advocates that a single, standardize barn test program continues.
63. Understanding that GAP training is beneficial to the industry and that all growers are now required to comply; we support a continued standardized GAP training program.
64. **While GAP certification has verified that growers are proficient in implementing and documenting best practices, the primary benefit of certification has accrued to purchasers as they have responded to their shareholders' concerns and to regulatory entities. Because this is the case, we call on purchasers to bear the entirety of a grower's certification costs.**
65. **GAP assessment visits should be conducted in a more streamlined approach with better consistency. We further request that attention should be given towards more careful handling of certain sensitive data and information while conducting assessments.**
66. **We call upon GAP Connections to provide a detailed outline of what farmers should expect in advance of an assessment visit/review.**
67. **We call upon the industry to adopt a single and standard GAP on-farm assessment and avoid duplicate visits to the same locations during the same crop year.**
68. We encourage the industry to explore opportunities to achieve increased yields for conventional tobacco seed.
69. **We call upon the tobacco industry to maintain awareness of the importance of social responsibility on a global standard.**
70. While US tobacco producers pride themselves on the integrity of what is known to be the most carefully produced, high quality tobacco in the world, we acknowledge that possible findings of any noxious materials from naturally occurring plants also present in the fields should be thoroughly investigated and require a cooperative effort to find solutions that resolves such concerns to the satisfaction of our customers.

Crop Insurance:

71. **We support the continuation of a base price coverage election and only tobacco assigned to legitimate market contracts being eligible for "buy up" coverage. We request that tobacco be treated equally by RMA relative to all other fully covered and insurable crops.**
72. We recommend that flue-cured tobacco producers need to furnish a valid contract affiliated with recognized purchasers to obtain full value multi peril crop insurance coverage, and that tobacco planted absent a valid contract only be insurable at a reduced rate in order to help discourage total over production.
73. **In situations of widespread weather events and natural disasters, we call upon RMA and agencies to pay claims in a timelier manner.**
74. We request that all states be treated equally by the Risk Management Agency in reference to the MPCl regulations and that production and price guarantees adequately reflect the true costs of production. The premium charges should be based on the same standards as all other commodities.

TGANC 2021-22 Board of Directors

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