

TGANC 35th Annual Meeting

FIRST
PREMIUM
HERITAGE
TOBACCO
COMPETITION



NORTH
CAROLINA
STATE FAIR

RALEIGH

WOMEN'S
AWARD
HERITAGE
TOBACCO
HARVEST
COMPETITION



NORTH
CAROLINA
STATE FAIR

RALEIGH
2015

ENTRY TAG

EXHIBITOR 091--11167 Age: Individuals

Department: DD1
Class: 101
Lot: 3
Heritage Tobacco Harvest
Tobacco Categories
Leaf

EXHIBITOR

(FOLD ON THIS SCORE)

Endurance

February 5, 2016

10:00 A.M.

Holshouser Building

NC State Fairgrounds

Agenda - 2016 Annual Report

Call to Order

President Tim Yarbrough

Business Session



Adoption of Resolutions



Nomination of Directors



Budget Report



Special Presentations

Awards Presentations



Distinguished Service Award – Dr. Bill Collins



Extension Service Award – Charles Mitchell, Franklin County



TGANC Outstanding Director – Jonathan Renn, Franklin County



Farm Family of the Year – Hinnant Farms, Wilson County



Lifetime Century Member – Donny McElveen



Special Recognition – Graduates of the SUCCEED Leadership Programs

Keynote Topics and Speakers:



Congressional Update:

The Honorable David Rouzer, NC 7th Congressional District

The Honorable Richard Burr, United States Senate



Changes to the Tobacco Economy:

Dr. Blake Brown, Economists, NC State University



NC Agricultural Update:

The Honorable Steve Troxler, Commissioner of Agriculture



An Industry Perspective:

Robbie Fulford, VP Leaf, RJ Reynolds Tobacco, Co.



Announcements and Prize Drawings



Adjourn for Lunch



GAP Training to Follow Lunch in same location

Thank You Annual Meeting and Supporting Member Sponsors 2015-16

For your support of this event and other activities of the organization throughout the year.



President's Message - Endurance



Tim Yarbrough, Caswell Co.

Every year we think hard about a theme for the annual meeting that best captures the present tone of the industry. It was extra challenging for 2016 given the instability and related concerns that seem prevalent in the business. But as a farmer it is incumbent for me to search for an optimistic outlook and so the term we selected this year is “Endurance”. It’s a theme that captures a lot of meaning as well as purpose. Farming is a bit like a sporting event. The hours are long, the preparation critical and chances for failure can be devastating. In a sporting event endurance is what often separates winners from losers in the face of competition, and it’s especially true in any kind of race. Endurance is

a reflection of being prepared, experienced and focused to meet challenges and achieve goals. It is also a measure of the mental focus to “stay the course” and discover strategies for victory.

There are many facets of our industry that require all of these applications. I hear from farmers all across the state who are concerned about longevity in this business. They worry about their livelihood but even more about that of their children. We often say that it isn’t adverse weather that will put you out of business. It’s more likely the disruption in markets brought on by over regulation and burdensome costs and anti tobacco policies that will dilute our tobacco commerce in the modern era.

Consider the following two topics that are very closely tied. First, the strength of the US dollar today compared to foreign currency. Understanding the implications really has little to do with how we plant, manage, grow and harvest the crop. But it potentially has a huge impact on the demand for our leaf and if we are successful in realizing a profit. The pressure it places on exports must be mitigated by the relief it can afford on domestic aspects of our business.

The second topic of example is how lower fuel/energy prices affect us. If gas prices have dropped nearly in half since last year that means consumers should have more discretionary spending money in their pockets. Since convenience stores are a major point of sale for cigarettes one pack at the time, then it is reasonable to expect domestic sales (for premium brands) to see a slight increase. If this holds true it could be a glimmer of good news for domestic leaf demand used in “premium” blended products. Obviously imported tobacco becomes cheaper with a strong dollar so we must work to market our premium leaf on its merits and the real value of its quality characteristics.

There is a host of topics we could list that will require our endurance in the year ahead. Most of these are identified in the “Year in Review” section of this report so I will simply refer you to that summary. Our ability to be successful will depend largely on the degree to which we educate ourselves about our challenges, determine strategies and formulas to best manage outcomes and how smart we work for solutions.

As I prepare to pass the gavel on to a newly elected farmer to lead your organization, I want to express my appreciation for the confidence and encouragement extended to me by so many of you during the two years I served as president. It has been an honor and privilege to serve. Together we have tackled many great challenges and recorded much success. The future will no doubt hold more of the same. TGANC is a tried and tested organization I have every belief and expectation that the Tobacco Growers Association and its members will endure.

Report of The Treasurer

Description of Operations:

In 2014 growers approved a new assessment program as the primary source of funding for the Tobacco Growers Association of North Carolina, Inc. The membership also approved policy and by-law changes to reflect the new structure and operating of the organization beginning in 2015.

Growers are assessed at a rate of 10 cents per 100 pounds of flue-cured tobacco grown in the state.

TGANC will provide full accounting of funds at the annual membership meeting following each fiscal year of activities. A professional audit will be ordered for the FY 2015 and made available in the reasonable time it takes a CPA to complete. TGANC uses a cash basis for accounting and its fiscal year is January 1 –December 31.

Funds collected in each marketing cycle are scheduled to be used in the next fiscal year due to the provision that allows for growers to request a refund by December 31. And, therefore the exact amount of assessment receipts is unknown to the Association until after the approximate date of January 5th each cycle.

The board of directors approved the following budget at its meeting on January 11, 2016.

REVENUE	<u>2015 Actual</u>	<u>2016 (Proposed)</u>
Retained Earning	324,147.44	383,269.74 (actual)
Grower Assessment	249,939.05	179,880.70 (actual)
Supporting Member and Sponsors	93,650.00	96,000.00
Fund Raiser & Other Activities	<u>31,004.15</u>	<u>26,000.00</u>
TOTAL REVENUE	<u>698,740.64</u>	<u>685,150.44</u>

EXPENSES		
Refund Request on Assessment	587.02	1,347.96 (actual)
Membership Services	17,071.37	56,500.00
<i>(Includes all communication costs, hats, materials, etc)</i>		
Meetings & Travel	55,765.50	60,700.00
<i>(Includes annual meeting, all board meetings, trade mission)</i>		
Overhead and Management	166,800.00	172,800.00
<i>(Includes office, equipment, supplies, 4 staff persons)</i>		
Professional Fees	1,725.00	17,800.00
<i>(Includes attorney fees, CPA, Audit and Board E&O Ins)</i>		
Fund Raiser Projects/State Fair exhibit/Harvest Tourney	20,007.56	17,000.00
Miscellaneous	3,514.45	5,600.00
TOTAL EXPENSES	<u>265,470.90</u>	<u>331,747.96</u>

NET REVENUE	483,269.74	353,402.48
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PROPOSED SUPPORT PROJECTS:

Collins Endowment Professorship	30,000.00	30,000.00
PSI Initiative	20,000.00	20,000.00
Domestic Promotions Activities (Sponsorships)	0.00	
Young Farmer Programs	0.00	10,000.00
Farm Safety Training Programs	0.00	10,000.00
Field Day Events/Barn Test Programs/GAP	<u>0.00</u>	<u>5,000.00</u>
TOTAL FOR NEW PROJECTS	<u>50,000.00</u>	<u>75,000.00</u>

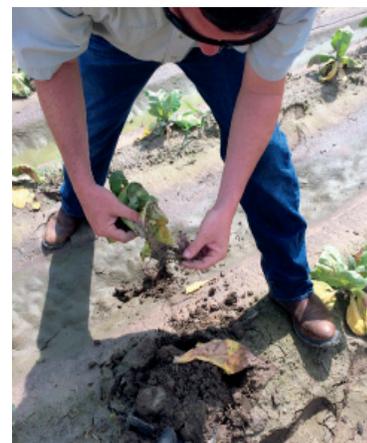
RETAINED EARNING END of YEAR	383,269.74	278,420.48
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2015: The Year in Review – 2016: The Year Ahead

The following is a summary of the topics and agenda items TGANC worked on in 2015 and will continue leadership towards in 2016.

The Crop:

The 2015 crop was one most growers wish to soon forget. In certain local parts of the Piedmont some farmers reported having consistent and adequate rain and a better than average crop. However, for the majority of growers across the state it was impacted by record high temperatures and excessive rain in early June. Late in the season excessive rain was again a major factor as well. The crop was particularly difficult to cure in the barn using normal methods. This challenge largely contributed to the effects of the higher than normal temperatures in the early growth development stages. We also saw one of the more early frosts in recent memory which impacted significant acreage in mid October.



Dr. Loren Fisher inspected hundreds of acres impacted in Eastern NC by the extreme amount of rain the first part of June. This Beaufort County field belonging to Foxfire Farms recorded 13 inches in just 36 hours.

Child Labor Debates:

A considerable amount of international press continues its focus on the subject of Child Labor in NC. The root of this goes back to May of 2014 when The Human Rights Watch Group (HRW) released its initial report about children working in tobacco. A subsequent report was released in December of 2015 entitled “*Teens in Tobacco*”.

In the initial report, “*Tobacco’s Hidden Children*” HRW asserts that 142 incidents of child labor violations were discovered. The report paints a grim description of harsh conditions and total disregard by employers. The report suggests that minors under the age of 18 were being exposed to pesticides, performing dangerous tasks, either with equipment or sharp tools and long hours in hot fields with little to no breaks or adequate water. Of course green tobacco sickness is at that center of the allegations. HRW would not specify where these incidents were occurring. They failed to disclose on what farms the incidents were observed or even the persons that allegedly were being mis-treated.

HRW, in its report, is calling on the companies to insert language in the grower contracts that outline a new set of protocols including no one under the age of 18 being allowed to work in tobacco.

In the fall of 2014, TGANC issued a policy statement that opposes persons under the age of 16 being employed on the farm. Children of the farm family are exempt because the family farm is their home, not their place of employment. We further suggest that laws or regulatory changes that will not be enforced are unnecessary in managing this child labor concern.

What we are acknowledging is that this is a non issue for our farmers and therefore this policy is already in effect. We are calling on farmers to simply “do the right thing”. No farmer should willfully and knowingly expose any person, regards of age to overspray from pesticides. No farmer should deny an employee appropriate breaks and sufficient needs such as water and protective clothing.

In its latest report released in December 2015, HRW seems to have shifted its attention from child labor towards teen labor. We see this as a response to our pointed challenges and arguments that children under the age of 16 working in tobacco would be very rare to discover.



Robbie Fulford with RJR was among the industry speakers who participated in the World Tobacco Conference in Richmond Virginia. Labor was a key topic he addressed.

TGANC met with HRW officials this past summer while they were in NC. We even agreed to interviews and discussions that took place on the farm of TGANC President Tim Yarbrough. One of the only ways to resolve the inaccuracy of how our farmers are portrayed on this topic is to work with and communicate directly with HRW to help improve it’s understanding of the real facts.

The Market / Supply and Demand:

Estimates suggest the volume of flue-cured leaf marketed in NC in 2015 is about 366 million pounds. TGANC believes this is perhaps 10% more than was contracted. General agreement for various industry observers suggest that as much as 25-30 million pounds succumbed to adverse weather throughout the season. If not for the adverse weather the final crop could have been 15-20% over demand.

Two key factors really drive the market in terms of value. The anticipation of an oversupply can affect the grading and value for our leaf. A weather stressed crop makes it a challenge to fetch high grades. It is also a more expensive and more difficult crop to produce and market. In 2015 we saw both impacts happen simultaneously. There was particular pressure on the lower stalk grades.

Some growers expressed concerns to TGANC in the early marketing season that tobacco, in their experienced opinion, was better than it was being judged. The association issued a memorandum to the industry calling on it to review the market performance and conveyed the increasing concerns about the situation.

The big question at the end of 2015 is, “How will the oversupply factor in calculating demand for next season and beyond?” Of course many variables also must enter the equation such as consumer use and demand, impacts on price such as a strengthening US dollar relative to other foreign currency, global production in places like South America and Africa and ultimately what will be the purchase intentions of a growth market such as China.

Tobacco Administration Grading Service (TAGS):

In July 2012 the Risk Management Agency (RMA) at USDA introduced a new program referred to as TAGS. It was incorporated under special provisions of insurance as part of the general multi peril coverage policy. It was designed and intended to offer quality adjustment using a discount factor as a means to aid growers with recovery costs for harvested and cured leaf that was greatly compromised in value.

By the end of the 2015 season most every grower understood how the TAGS system works, and since it is too complicated to delve into the details in this report, we will simply use a description as to how this has become a topic of concern. The logic suggested, for example, that in situations such as windblown leaf or frost damaged leaf, that an adjuster deemed must be harvested as opposed to destroyed in the field, would take into consideration that all of the production and harvest costs are realized once it arrives in a bale. Therefore inferior leaf becomes a more burdensome loss to the grower. Such tobacco carried to completion but not marketable would be eligible for loss claims based on its condition using tags.

The rationale was that a farmer who completes the leaf harvest all the way to the bale and then cannot sell that tobacco, is at a financial disadvantage when compared to someone who is authorized to destroy a similarly damaged crop caused by a qualified peril and subsequently stops spending money on that crop.

Not a great deal of leaf volume had been reported as sold using the TAGS system prior to 2015. However, it appears that a sizeable amount entered the market via this arrangement last year. The concerns that surround TAGS today are aimed at “non-descript” or “no value” graded leaf being eligible for insurance claims and then being eligible to be sold in a conventional market as well. The combination of the two in certain instances would gross a total value greater than the highest B1 grades in the retail market. This scenario was on display in 2015 when we realized a weather stressed crop in conjunction with a soft market.

Let us point out that all of this transaction is completely legal and available under the system. However, TGANC asserts that the combination opportunity described is a flaw in the program itself. We along with NC Farm Bureau and others argued that tobacco deemed by AMS (government graders) to have zero value should be destroyed and therefore not entered in to the trade. Further, the 80% discount factor may offer a level that serves as a disincentive to package the best possible bales for marketing.

In 2016, RMA will require all non value leaf to be destroyed and the insurance adjusters must verify this act. Secondly, the top adjustment factor will shift from 80% to 60%. We hope this move can maintain assistance in the circumstances where farmers have legitimate loss needs while at the same time function in a method that protects that high value we desire for our best premium leaf.



Pitt County farmer JP Davenport and his son shown using creative fertilizer blends following the torrential rainfall in early June.

Farm Labor Practices Group (FLPG):

Pressure on the industry over labor demands and a range of related allegations caused the creation of the FLPG in April 2012. For the first two years TGANC only participated as an invited observer. The advent of the Human Rights Watch report and subsequent media attention on the topics tied to agricultural labor, and certain specific subjects in tobacco, created a meaningful value for TGANC to become an official member of FLPG last year and be a voice to advocate and/or defend tobacco growers.

The Farm Labor Practices Group (FLPG) is a multi-stakeholder initiative committed to improving farm labor practices on farms and thereby enhancing the farm worker's experience. FLPG brings together key industry stakeholders, including growers/farmers, farm worker member organizations, manufacturers and others who sell agricultural products, U.S. Department of Labor, and non-governmental organizations. The work of the FLPG is facilitated by a third-party, the Keystone Policy Center.

FLPG evolved from an initial discussion about North Carolina tobacco production in response to issues raised in a Farm Labor Organizing Committee/Oxfam 2011 report on North Carolina's tobacco industry and the stakeholders 'shared interest regarding human rights on all tobacco farms. FLPG facilitates constructive dialogue about farm labor practices in tobacco-producing states and collaboratively develops solutions through multi-stakeholder discussions and goal-centric programs.

FLPG's primary areas of interest include:

- Improving farm labor practices (especially those that fall below existing regulatory standards)
- Worker/human rights considerations (including freedom of association and grievance mechanisms)
- Creating and expanding education farm labor programs to enhance employer (grower and/or farm labor contractor) and worker understanding and compliance with applicable labor, health and safety laws and Regulations
- Policy changes related to labor and other relevant topics

FLPG has established individual workgroups addressing training and education, grievance mechanisms, farm labor contractor compliance, public policy issues, and child labor prevention and youth employment.

Members of the Farm Labor Practices Group

- Alliance One International, Inc.
- Altria Client Services LLC
- Consulate General of Mexico in Raleigh (*Advisory Member*)
- Farm Labor Organizing Committee
- Interfaith Center on Corporate Responsibility
- JTI Leaf Services
- North Carolina Agribusiness Council, Inc.
- North Carolina Department of Labor – Bureau of Agricultural Safety and Health (*Advisory Member*)
- North Carolina Farm Bureau (*Advisory Member*)
- RAI Service Company
- PMI Global Services, Inc.
- Tobacco Growers Association of North Carolina
- Universal Leaf Tobacco Company, Inc.
- U.S. Department of Labor – Wage and Hour Division* (DOL's participation is limited to the training and education, farm labor contractor compliance, and child labor prevention and youth employment work groups.)



A few dozen organized protestors demonstrate outside of the RJR shareholder meeting in spring 2015. TGANC Executive VP, Graham Boyd attended to receive any questions from media regarding farm labor.



TGANC President thanks Senator Richard Burr and Congressman David Rouzer for their leadership during a discussion on TPP while in Washington DC.

Trans Pacific Trade Partnership (TPP):

For six years the subject of moving a trade agreement with the Pacific Rim nations has loomed with reports of progress and setbacks. Tobacco has been very diligent on the matter. We have been reporting to the membership about the serious risks that tobacco could be “carved out” of the agreement.

In early October 2015 it finally occurred during a session in Atlanta, GA. From all accounts it was our own United States Trade Representative the led the effort and saw the Administrations goals to advance a “carve out” on tobacco.

We continue to maintain, as we have every step of the way, that this is unprecedented treatment in a free trade agreement. It is blatant discrimination against a legal and legitimate commodity that represents significant economic benefit for Americans who should be allowed to participate in any improved market access. Economist, Dr. Blake Brown has shared forecast and analysis that suggest as much a 40 million pounds of new business is our market potential.

This TPP deal is complicated to track and understand. As we observe and strive to learn the particulars we realize that trade agreements function with their own set of procedures and language. Much of the detail, understandably, is guarded and confidential during any negotiation process. Too often, the stakeholder groups are left only to news media reports as the primary source of information. Now that the carve out language is in position (or tabled) what happens next? Congress gets the next say and having them to ratify the TPP in its current form is reported to be highly unlikely.

Other industries including auto manufacturers, banks and the pharmaceutical industry have expressed various concerns over components of TPP. Tobacco isn't the only crop, product or entity that finds itself concerned about the agreement. The dairy industry, for example has concerns and quite frankly, while the measure is “pitched “as favorable towards agriculture, we should pay very close attention to the precedent and ask ourselves what could be next? It very easily could be pork products tied to religious arguments or GMO based crops in a future European agreement.

A majority of the NC Congressional delegation members have been strongly opposing this action to carve tobacco out of TPP. Senator Tillis has taken to the floor of the US Senate on two separate occasions to discount the efforts. Senator McConnell, the Majority Leader from KY has many concerns and has communicated to the President that he has no intentions to take up the matter until after the 2016 election. Representatives George Holding and David Rouzer have been superb in opposing this effort. As farmers it is valuable to stay engaged with your congressmen and both senators asking them to stay the course defending our commodity.

Promotion and Advocacy:

Amazingly we have an ever increasing population in North Carolina that does not understand the historical significance and economic impact of the tobacco commerce. One of the ways TGANC works to promote these points is during the NC State Fair. Since the first year Steve Troxler was elected Commissioner of Agriculture, he has filled the historic log barn that is located on the Heritage Circle of the State Fairgrounds with

tobacco and had its wood burning furnaces attended to around the clock to help cure the tobacco as a live working exhibit. TGANC volunteers and others assist in the barn activates including over-night shifts attending the fire. But TGANC also utilizes the setting to distribute thousands of pages of information about our crop.



Agriculture Commissioner Steve Troxler (right) congratulates Matt Grissom from Vance County for winning the Blue Ribbon Hand of Tobacco in the leaf category as well as the Commissioners Award for Best Overall. The winning tobacco variety was NC 196. Matt also received a sculptured tobacco plant from artist Doug Mangum (center).



Jeff Denny with Wilmington Box presents a contribution of \$1700 to Thomas Shaw, Chair of the TGANC Marketing Committee as a percent of the volume of TGANC logo slip sheets.

The attendance for the state fair in 2015 once again exceeded 1 million. We see this as a tremendous opportunity to promote and educate the public about tobacco. New this year was the tobacco hand contest. Entries were received from tobacco farmers all across the state in an effort to take home bragging rights for the top tobacco in the state. The contest was sponsored by TGANC and the tobacco was on public display in the new Tobacco Auction Shelter throughout the state fair.

The association also participates in events across the country giving presentations. TGANC Executive Vice President Graham Boyd was a featured speaker when The World Tobacco Conference was held in Richmond, VA in May 2015. Tobacco executives, vendors and policy makers from across the globe were in attendance for the forum and accompanying trade show.

TGANC also represented its grower's interests by serving on multiple tobacco specific entities such as the NC Tobacco Research Commission, The NC Tobacco Foundation, The Golden Leaf Foundation, The Tobacco Trust Fund Commission and the GAP Connections Board.

The organization participated in dozens of media interviews for film, print and radio. Included were many international news organizations coming to conduct stories centered on an array of topics with the most frequent being about child labor.

TGANC was pleased to help sponsor filming capabilities for the Duke Homestead to cover the 150 year anniversary of "A Soldiers Walk" which covered the pilgrimage that Washington Duke made from New Bern to his home in Durham following the end of the Civil War. A complete re-enactment was done in May, drawing international attention. It was during this journey from Eastern NC to Durham that Mr. Duke began the network to establish what is regarded as the birth of the modern tobacco industry.



TGANC held its spring board meeting at the Historic Duke Homestead. Folks were amazed to see the original buildings and tools used 150 years ago that were the foundation of today's modern tobacco industry.

Trade:

Whenever the North Carolina Agricultural Commissioner has traveled abroad to promote our state's industry he has always included tobacco. As such TGANC has always sent a representative to accompany him in support of his efforts.

In April of 2015 Commissioner Troxler led a delegation with diverse commodity interests to China with a goal to increase our export opportunities. Tobacco was a central part of the agenda.



TGANC President Tim Yarbrough presented a tobacco growers association cap with a fellow Chinese tobacco grower during the research farm visit.

China represents a tremendous growth market for our products. It is predicted to become the world's largest economy in the next 10 years at \$20 trillion. As we observed, more people smoke tobacco products in China than live in America. Analyst predict that China will count 221 cities with a population greater than 1 million by the year 2025. As we traveled the country we observed construction cranes as far as the eye could see. This massive urbanization is reported to have relocated 300 million to its cities over the past decade. Most of them are a younger demographic seeking middle class wages. In fact, a recent article in the China Daily News reported that "7.5 million people is the number of students graduating every year."

The visits of our first session in Beijing was held by our US Embassy Agricultural Trade Office. Next, we met with the leadership for China Tobacco International (CTI). CTI recently established a trade office in Cary, NC. In 2015 CTI North America even engaged in direct contracts with farmers in North Carolina.

Other meetings included a session with the State Tobacco Monopoly Administration China National Tobacco Corp. (STMA). This is the governing control group for all tobacco commerce in the country.

Additional meetings included travel to Yunnan Academy of Tobacco Services (YATS) where we took part in discussions focused on much of the agronomic differences of the crops in Asia compared to our US leaf. While in the city of Kunming we also met with officials from the Yunnan Provincial Tobacco Corporation to further discuss our leaf export. YATS also hosted us for tours of the World Tobacco Garden where extensive research is being conducted and we were able to meet with Chinese tobacco farmers as well.



Commissioner Steve Troxler leads the discussion with CIQ Officials regarding the quality of our export leaf.

In Guangzhou, Commissioner Troxler led discussions with the Entry-Exit Inspection and Quarantine Bureau (CIQ). Think of APHIS in the United States when understanding CIQ. Our discussions with CIQ specific to tobacco centered on past detection of weed seed in some US shipments.



Signs like these were placed in US receiving stations to keep growers attentive to the importance of clean tobacco for export.

There is a particular concern about pigweed and ragweed seen in processed tobacco delivered from earlier crop years. When this was brought to the attention of the suppliers and US growers in early 2014 we made collective efforts to mitigate the situation. We were pleased to learn during our meeting at CIQ that zero detection was identified in the 2014 shipments.

The final stop was with TH Tobacco Group in Hong Kong. TH indicated to us it was planning to purchase leaf in North Carolina in 2015 and beyond.

Summary:

There is no shortage of issues for the association to focus its efforts on. We appreciate the support of all the membership and take very seriously to opportunity to be a strong voice and advocate for a successful industry.

TGANC 2016 Proposed Resolutions

Proposed for Approval at Annual Meeting, February 5, 2016

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

- 1. 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.**
- Recognizing that North Carolina is a “right-to-work” state, we oppose any regulations or sanctions that would cite labor union membership as a absolute requirement for any agricultural laborer, regardless of that workers citizenship status.
- 3. We understand and support workers rights and regard the employees of the family farm as critical to the operations 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 regards to lawful employment of any person working on a farm.
- 6. We oppose 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.**
- 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.
- 8. We oppose the recent “carve out” of tobacco the ongoing Trans Pacific Partnership (TPP) and the efforts to unfairly target, designated differently, or omit tobacco, a legal commodity from trade agreement negotiations.**
- 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 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 as a whole.
- We oppose multi-tier contract conditions and markets that do not publish a retail price for tobacco that reflects its market value.
- We oppose 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.
- 14. We applaud and support the efforts of North Carolina State University, Extension Research Service for managing and directing an appropriate research program that enhances the profitability of growing and marketing tobacco.**
- 15. 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.**
- We applaud the Tobacco Industry and related agribusiness for cooperating in the development of research programs and providing financial support for tobacco research.
- 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.
- 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.
- 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 regulatory authority.
- We request that NCDCA continue working to devise a method to forecast intended planting and actual planted acres of tobacco for each current crop year.
- We are opposed to additional legislation and regulation that would restrict when and where adults choose to smoke.
- 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.

Resolutions Continued...

23. 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.
24. 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.
25. 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.
26. We insist that all lending practices of the Agricultural Credit Division of the Farm Service Agency be fair, equitable, and timely to all applicants.
27. We support individual property rights for all agricultural enterprises, provided they meet all County, State, and Federal regulations.
28. 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.
29. 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.
30. 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.
31. 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.
32. 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.
33. We request that all states be treated equally by the Risk Management Agency in reference to the MPCRI 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.
34. We request that tobacco be treated equally by RMA relative to all other fully covered and insurable crops.
35. We strongly urge the NC Legislature to restore full funding to the Tobacco Trust Fund Commission for future years.
36. 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.
37. Recognizing the scope and importance of the state's # 1 industry - agriculture, and specifically farm land 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.
38. 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 Farm Land Preservation Trust in the mitigation of the disappearance of our farm land and natural resources.
39. TGANC continues to be concerned about the potential for sharp escalation in costs of production in growing tobacco and the importance of those entities that purchase leaf tobacco to understand such expenses.
40. Given the unnecessary costs of multiple barn testing requirements, TGANC advocates that a single, standardize barn test program continues.
41. 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.
42. **GAP assessment visits should be conducted in a more streamlined approach with better consistency. We further suggest that attention should be given towards more careful handling of certain sensitive data and information while conducting assessments.**
43. **We call upon GAP Connections to provide a detailed outline of what farmers should expect in advance of an assessment visit/review.**
44. **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.**
45. We encourage the industry to explore opportunities to achieve increased yields for conventional tobacco seed.
46. 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.
47. **We call upon the tobacco industry to maintain awareness of the importance of social responsibility.**
48. Given the diversification of NC agriculture, we encourage the expansion and accessibility for all farmers in rural communities to be in a position to procure natural gas as a viable energy source.
49. 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.
50. Observing the increasing markets for liquid nicotine we support having U.S. grown tobacco as the source for such materials.
51. Any transgenic tobacco for commercial production should not be planted in such a way that it creates a risk for cross-contamination with conventional.
52. **We recommend that flue-cured tobacco producers need to furnish a valid contract affiliated with recognized purchasers in order 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.**
53. **We support review and revisions for final dates of insurance coverage that more accurately reflects the modifications to the current growing season lasting longer. In particular, wind coverage should extend beyond October 1st for wind and hail policies.**
54. **We recommend that TAGS be reviewed by RMA and changes implemented that require non value tobacco to be destroyed.**
55. **We support the mission of the Land Grant University and call upon the administration at NC State University to conduct full review of admission policies that may place student applicants from farming and rural areas at a competitive disadvantage when pursuing degrees in agricultu**

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