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TGANC
39th Annual Report

Unprecedented Challenges

February 7, 2020 | 10:00 A.M. | Holshouser Building | NC State Fairgrounds

- Call to Order** President Steve Griffin
- Business Session** Adoption of Resolutions
- Nominations of Directors
- Recognize Retiring Directors
- Budget Report
- Special Presentations

Awards Presentations

- Extension Service Award** – Dr. Rich Bonanno
- TGANC Outstanding Director** – Randy Edwards, Johnston County
- Farm Family of the Year** – Grissom Family Farms, Vance County
- Lifetime Century Member** – Frank Grainger
- Distinguished Service Award** – Beth Farrell, NCDA and CS
- Special Recognition** – State Fair Tobacco Contest Winners

Keynote Topics and Speakers:

-  **NC Agricultural Update:**
The Honorable Steve Troxler, Commissioner of Agriculture
-  **Congressional Update:**
TBD depending on Schedule of Votes
-  **Industry Perspective:**
Mr. Shawn Harding, President NC Farm Bureau
-  **Changes to Crop Insurance:**
Mr. Martin Barbre, Administrator, RMA-USDA

Announcements and Prize Drawings

Adjourn for Lunch

GAP Training to follow lunch in same location.

Officers

- Steve Griffin**, President – Beaufort Co.
- Jonathan Renn**, Vice President – Franklin Co.
- Billy Carter**, Secretary – Moore Co.
- Matt Grissom**, Treasurer – Vance Co.
- Rouse Ivey**, VP Membership – Duplin Co.
- Randy Smith**, VP Marketing – Jones/Onslow Co.
- Tony Jones**, VP Public Relations – Duplin Co.
- John Ashe**, VP Research & Education
Rockingham Co.
- Clay Strickland**, Immediate Past President
Sampson Co.

Graham Boyd, Executive Vice President

Executive Committee

- James “Rooster” Dail**, Cumberland Co.
- Jeffrey Lee**, Johnston Co.
- Brent Leggett**, Nash Co.
- Tim Yarbrough**, Caswell Co.
- George Simpson** – Yara North America
- Frank Grainger** – Fair Products Inc.

Grower Directors

- Richard Anderson**, Edgecombe Co.
- John Ashe, Jr.**, Rockingham Co.
- Charlie Batten**, Johnston Co.
- Billy Carter**, Moore Co.
- B.H. Casey, Jr.**, Lenoir Co.
- Andy Clapp**, Guilford Co.
- Jody Clemmons**, Brunswick Co.

Sam Crews, Granville Co.

James “Rooster” Dail, Cumberland Co.

Lawrence Davenport, Pitt Co.

Randy Edwards, Wake Co.

Steve Griffin, Beaufort Co.

Matt Grissom, Vance Co.

John Gross, Chatham/Lee Co.

Rob Hill, Greene Co.

David Hinnant, Wilson, Co.

Jart Hudson, Sampson Co.

Rouse Ivey, Duplin Co.

Tony Jones, Duplin Co.

Jeffrey Lee, Johnston Co.

Brent Leggett, Nash Co.

Jim Morris, Bertie, Co.

Mel Ray, Columbus Co.

Richard Renegar, Iredell Co.

Jonathon Renn, Franklin Co.

David Rose, Nash/Edgecombe Co.

Mark Ross, Martin Co.

Thad Sharp, Wilson Co.

Thomas Shaw, Vance/Warren Co.

Jeff Simpson, Bladen/Cumberland Co.

Randy Smith, Jones/Onslow Co.

Stanley Smith, Stokes Co.

Steve Smith, Bladen Co.

Adam Speaks, Surry Co.

Clay Strickland, Sampson Co.

Jackie Thompson, Wake Co.

Jimmy Thomas, Person Co.

Jeff Turlington, Harnett Co.

Linwood Vick, Wilson/Nash Co.

Craig West, Wayne Co.

Shane Whitaker, Randolph Co.

Tim Yarbrough, Caswell Co.

Supporting Directors

Mark Bradley – First Citizens Bank

Chris Dixon – RJ Reynolds Tobacco Co.

Clay Frazier – Universal Leaf Tobacco

Frank Grainger – Fair Products Inc.

Marion Hawkins, III – Gold Leaf Seed Co.

Stephanie Keith – Granville Equipment

Barry Partlo – Agri Supply Co.

George Simpson – Yara North America

Advisors

Steve Troxler – NCDA&CS Commissioner

Stan Biconish – NCDA&CS

Beth Farrell – NCDA&CS

Dr. Bill Collins – NC State University

Dr. Loren Fisher – NC State University

Jay Boyette – NC Farm Bureau

Don Smart – Haywood Co.
Burley Producers



Resolutions Continued...

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 NCTFC.**

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 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.
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 Farm Land Preservation Trust in the mitigation of the disappearance of our farm land 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 encouraged growers to be even more 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.**
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 implementation of a new 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 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.
73. **We support continued 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.**
74. **In situations of wide spread weather events and natural disasters, we call upon RMA and agencies to pay claims in a timelier manner.**
75. 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.

President's Message – Unprecedented Challenges

Our trend the past few years has not been favorable towards tobacco farming. Especially when considering our economic challenges. In 2019 we used a theme for the annual meeting entitled "Industry in Crisis". Whenever we encounter a crisis, whether in business or personal life, it is often accompanied by opportunity as well. The key is to identify such options and execute a plan of solutions.

Our industry crisis continues in to 2020. In fact, it is fair to suggest that we are facing many unprecedented challenges for the new decade. Consider a quick historical review. North Carolina is regarded as the birthplace of "bright leaf" flue cured tobacco when a worker on the Slade Farm in Caswell County fell asleep on his duties to fire the wood curing barn. In has alarm he stoked the fire and set the color in the leaf and we have followed a similar curing schedule ever since.

A few years later, Washington Duke makes his pilgrimage home on foot from Kinston, NC to Durham following the Civil War. One thing he discovered during the war was the demand for sweet blended tobacco in cigarettes was popular and in demand on both sides of the conflict. Hence began the mass manufacturing of tobacco and cigarettes at the Duke Homestead.

Not a lot about either of these processes (curing and manufacturing) has changed much in terms of the mechanics of their objectives over the past 155 years. That is until the past few years. Today, we are increasingly hearing about terms such as "smoke free", Zero Nicotine, Vape, Heat not Burn, etc. Technology is adapting that will discover and deliver new methods for nicotine delivery for adult consumers.

Consumers today have an unprecedented range of consumer product choices. This isn't necessarily a bad thing unless, of course, these new age or alternative delivery devices are void of any inclusion of US grow tobacco.

Oh, and the definition of an adult is changing as well. In America today you must be 21 years of age to purchase tobacco products. Fair to say this is unprecedented.

Other topics are unprecedented as well. The advent of the Washington Duke mass production exploded in just a few decades to witness at least five major manufacturing entities in NC by the early 1900's. His American Tobacco Company was one of the fastest growing businesses of the second industrial age. In 1920 demand for tobacco products had caused such a swell in production that NC was growing 380 million pounds of tobacco annually.

Last year we produced the smallest crop in a century. In NC we had approximately 111,000 planted acres and marketed approximately 255 million pounds of leaf. Granted the hurricane and other weather factors lower our yields but the fact remains it was an unprecedented size crop.

Something else unprecedented for us is the current cost of production. Tobacco cost more per pound to produce on an acre in the U.S. than any other time in our history. Labor is the leading cost factor. Most of us utilize the H2A guest worker program and the wage formula for this year places us at \$12.67 per hour.

Weather is an historical constant challenge in our business. But, between late September 2018 and early September 2019 our state took direct hits from three major hurricanes. And I think that is also unprecedented. The reason I mention it is because it all has an increasingly adverse effect on our crop success and ability to be profitable as growers.

Public and political policy offers a significant list of unprecedented impacts. Taxes and user fees are at all time highs. This spawns the illicit trade business which the World Health Organization scores at about 11% of the cigarettes globally. With an estimated range of 500-800 billion sticks of the "fake" products this issue is unprecedented in its impact on U.S. growers by contributing to declines in demand for our premium and compliant leaf.

Trade disputes such as the standoff with China seems unprecedented to us. And its impact on tobacco has been absolute. The recent Phase 1 agreement offers hope and we must push hard for positive impacts. China represents a tremendous export growth market. We appreciate their business and must do everything possible to restore trade with that nation.

But it further emphasizes that we are a shrinking player in an increasing globalized industry. The number of major cigarette manufactures can be counted on two hands. Massive taxes, user fees and litigation costs mean that companies are very motivated by least costs ingredients. Even the most significant one, tobacco leaf itself. Across the globe we are aware that there is too much tobacco being grown. Worse, it is too cheap in many regions such as Africa and Brazil.

As we prepare this President's Message at the end of January, we are once again frustrated by the procurement cycles in the industry. In less than 30 days a majority of growers need to begin seeding greenhouses for the new crop. Yet to date, only one tobacco contracting company has executed contracts. A second has at least given the grower base an expectation of volumes and may sign contracts in the near future. But much of the procurement need remains unknown.

How should we prepare for such an unprecedented business cycle? Farmers are at a standstill. Do you rent land? How many acres? How much operating capitol will I need? How many seasonal workers do I need? Which varieties should I plant? What is my fertility program for this year? All these items are directly influenced by contract volume and leaf quality specifications. Yet the information remains unknown. Again, this seems unprecedented.

The final precedent that I find alarming is the number of family farms exiting our business. Some by choice and some due to circumstances. This trend needs our full attention. I call on the industry to help slow the erosion of demand for US leaf by making the strong commitment to include more US leaf in the product while at the same time protecting the price of our premium product. Our current combination of circumstances may seem unprecedented, but our ability to execute real solutions is not.

I pledge to all of you that TGANC is committed and engaged in trying to make tobacco farming strong in America again.



Steve Griffin - TGANC President

Executive Vice President Report:

2019: The Year in Review and 2020 OBJECTIVES

It is customary to report to the membership the areas of activity the association has and remains engaged in to help advocate for a strong tobacco farming segment as well as industry “at large” issues.

We participate in the GAP training meetings as an opportunity to share a detailed description. In the interest of space in this report we are offering a review in summary form.

As always, the policy of TGANC is to operate an open and fully inclusive process for every member. The representatives to the board are elected annually by the membership to serve two-year terms. All of them are volunteer members serving without compensation. As a governing body they set direction for the organization and the Executive Vice President carries out that agenda with their approval and oversight.

Every member is encouraged to engage and participate. Many of you do that by sharing reports and observations that you experience or encounter with the crop and markets. TGANC is funded primarily by member assessment dues. We are delighted to report that 100% of the growers in the state choose to invest their check-off funds. To that extent, we pledge to always give 100% effort to engage, fight for and advance the needs of the farmers to help achieve a strong and prosperous tobacco farm economy.

LEGISLATIVE:

- Continue to push for solutions and relief for tobacco in the Trade Tariff Dispute.
- Numerous meetings with members of congress to inform them of the impact to farms.
- Correspondence and discussions with elected officials suggesting solutions.
- Engaged in, with dismay, and filed complaints that tobacco was omitted from MFP (twice).
- Engaged on H2A guest worker reform needs.
- Attended multiple forums in DC to advance our narrative.
- Present for the Judiciary Committee meetings, committee mark up and votes.
- Met with officials to describe concerns and opposition to House Bill – H.R. 4916,
- Farm Worker Modernization Act. (The bill passed the House in December 2019, goes to Senate).
- Oppose ban on menthol flavoring.
- Oppose FDA requirement for zero nicotine.

MARKETS:

- One primary function for TGANC is to engage with buyers on behalf of growers so that no “individual” farmer needs to fear retaliation for voicing concerns. We do this in a professional and respectful approach. Yet we endeavor to always be firm and assertive for solutions.
- TGANC comprised committees of grower representatives to meet with every company that issues contracts in the Spring. The engagement was to detail concerns about reduced volumes of demand, and in certain circumstances, lower prices on grades. Also, how late in the cycle we were receiving contracts. Push to move that timeline sooner in the year.
- During the marketing season, TGANC again engaged the buyers to express concerns on behalf of growers about such issues as moisture readings, how tobacco was being subjectively graded and the volume of leaf being declined at market.
- Hosted export buyers to farms during US visits to help with sales promotions.
- Correspond to domestic and export buyers detailing the challenges and farming circumstances.

REPRESENTATION and PARTICIPATION:

- TGANC continues to be the tobacco voice at the table in official capacities in matters impacting the crop and the growers. Including: Tobacco Research Commission, NC Tobacco Foundation, Nominations to NC Tobacco Trust Fund Commission and Golden Leaf Foundation. Serve on the boards of GAP Connections, FPLG and Tobacco Associates.
- Work closely with allied organizations such as NC Farm Bureau, NC Grange, Burley Council, other state tobacco associations, NCDA, and NC State University.

ADVOCACY and PROMOTION:

TGANC attended, participated in or spoke at numerous industry meetings and conferences. Including: ITGA regional and annual meeting, the conference to Eliminate Child Labor in Tobacco (ECLT), The Global Nicotine and Tobacco Forum (GTNF).

- Numerous TV print media and radio interviews related to topics in the industry.
- Support Commissioner Troxler efforts to display and educate the public on tobacco, its heritage and economic impact during 11 days of the NC State Fair. Including: Sponsorship of the Bowles House filled with Tobacco Facts, Educational Information, Tobacco Art and Memorabilia.
- Sponsor the State Fair Tobacco activities such as the “tobacco hand bundles” entered by eligible active growers, stringing contest (open to the public) and the mock tobacco auction.
- Provided 21 (\$870.00) scholarships for students whose family grows tobacco in NC and are studying in tobacco related degree areas at NC State. 100% of the funds derived from silent auction and raffle proceeds during the annual meeting. (No Check-off funds)

OBJECTIVES for 2020:

1. Labor remains the greatest challenge. It is however, much larger than just tobacco. It is therefore in a category of total agriculture challenge. We will monitor, engage and advocate for best solutions in the US Senate version of the Farm Labor Modernization Act, especially if/when it moves to compromise legislation.
2. Specific to tobacco our top priority is NO reductions in tobacco prices!
3. Second is to mitigate the downward trend for demand. We must hold and even increase acres, while maintaining prices.
4. Return China to the US market. This will achieve item #3
5. Engage and advocate for best solutions on the issue of over production and “wild cat” tobacco.
6. Work to help educate and implement the new MPC1 changes relative to non-contract tobacco only being eligible at a lower base price.
7. Address the complexities of soft demand for lugs and lower stalk leaf. Advocate for a solution to possibly include accurate leaf removal and fair compensation on a prescribed basis.
8. Continued market development and expansion for US premium quality leaf.
9. Continue to investigate/pursue domestic content requirements, tariff rate quota corrections and monitor global market impact activities.
10. Support and maintain strong tobacco specific research at NC State and NCDA Research Stations, Extension Service and Teaching as well.

TGANC 2019 Proposed Resolutions

Proposed for Approval at Annual Meeting, February 7, 2020

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 increasing costs of production. Therefore, we call upon the entire purchasing entities to press for increased prices for leaf from American farmers.**
2. 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.
3. 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.
4. **Size of Crop – We are concerned that the US crop is approaching an all-time low when measured in planted acres. 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.**
5. We oppose multi-tier contract conditions and markets that do not publish a retail price for tobacco that reflects its market value.
6. 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.
7. 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.
8. 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. **Observing the increasing markets for liquid nicotine we support having U.S. grown tobacco as the sole source for such materials.**
10. Any transgenic tobacco for commercial production should not be planted in such a way that it creates a risk for cross-contamination with conventional.
11. 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. **AEWR- Solutions to streamline the wage rate formula are 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.**
15. 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.
16. We understand and support workers rights and regard the employees of the family farm as critical to the operation’s success.
17. 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.
18. 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.
19. 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 support an immediate solution to the current tariff situation.**
23. **We oppose any efforts to unfairly target, designated differently, or omit tobacco, a legal commodity from future trade agreement negotiations.**
24. **We are grateful that tobacco was specifically referenced in the recently negotiated Phase I trade agreement with China. We urge all involved parties to quickly reestablish normal trade activity in tobacco with China in order to positively affect future production opportunities.**
25. 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.
26. 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.

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.**
28. 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.
29. 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.
30. 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.
31. We maintain that all lending practices of the Agricultural Credit Division of the Farm Service Agency be fair, equitable, and timely to all applicants.
32. We support individual property rights for all agricultural enterprises, provided they meet all County, State, and Federal regulations.
33. We oppose any future increase in the state or federal excise tax on tobacco products.
34. 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.
35. We are opposed to additional legislation and regulation that would restrict when and where adults choose to smoke.
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.**