



**MEMORANDUM**

November 19, 2018

TO: Tobacco Purchasers and Contracting Entities

FR: Steve Griffin, President

RE: 2019 Contracts

As we bring the marketing season for 2018 to a close there is increasing anxieties among farmers regarding next year. We are all very aware of the difficult challenges of producing and selling this year's tobacco.

Adverse weather, global over supply, increasing costs for variable inputs, trade tariffs, and news of more regulatory pressure were all working in concert to make this one of the most adverse years many of us have ever experienced in tobacco farming.

We are writing to you today to seek your assistance and guidance in making plans for 2019. There are deep and legitimate concerns that many farmers will exit the tobacco farming business next year. Some of them will reach that conclusion based on independent business criteria and others will find themselves absent any options to continue because of serious financial difficulties, etc.

It is critical that you provide us with relative and pertinent information as quickly as possible. Many farmers need to make major financial determinations before the first of the year. For example: The process of placing the necessary administrative paper work for H2A guest workers in 2019 needs to happen in the next 30 days. Another factor is land rent/lease arrangements for farming by the first of the new year. Many land owners require upfront payments in January. Another factor is prepayment for next year's inputs to take advantage of rebates or discounts. Decisions for seeding greenhouses need to be confirmed early in January. And, ultimately how much operating capital to secure is driven by the volume and confirmation of tobacco contracts.

For these reasons, we respectfully request that you make every effort to share confirmation of marketing contract volumes with your grower base before the end of the year. Timely information of realistic marketing expectations is critical in the pro-forma decisions of farmers.

Thank you in advance.