

Tobacco Growers' Views and Concerns

As part of the phone interview conducted from October 25, 2010 to November 18, 2010 regarding the performance of tobacco in the 2010 production season, growers were asked an open question about their overall views and concerns about tobacco production. The major issues around which they had expressed their views include the lack of stability in the market, the cut in contracts, the escalating costs of production in relation to particularly the use of H-2A labor and stagnation of tobacco price, the potential effects of tobacco control regulation, the shift of market power in favor of tobacco companies in the post-buyout era, lack of consistent grading, communication with companies about contracts and distance to receiving stations. They also provided their assessment of the quality of tobacco in 2010, and reasons for quitting growing tobacco.

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I. UNCERTAINTY/LACK OF STABILITY

- i. Needs to be more stability in the market in order to continue growing.
- ii. The lack of stability in the market makes it hard to invest in tobacco production. Not knowing from year to year if there would be a contract is frustrating. One farmer described the lack of stability in the market as “the biggest thing that bothers the average farmer.” It makes it hard to make a commitment. It is hard to plan on just a year to year contract.
- iii. Need more stable grading –a grade for what it is, not for what’s demanded. Growers are of the opinion that the quality of tobacco could change from year to year depending on the weather conditions. So, the tobacco they supply to the market should be graded based on what it is, not what it ought to be.

II. RISING INPUT COSTS BUT STAGNANT TOBACCO PRICES

The majority of growers emphasized that the price of tobacco does not reflect the increase in input costs. While the price of fertilizer, labor and fuel has increased, the price of tobacco has not increased as much. It is the view of many growers that the rising costs have been driving growers out of business. The frustration with stagnant tobacco leaf price can be summarized by the statement made by one farmer who is quoted as saying

- i. “We are desperately in need of higher prices for the leaves we are producing to help offset the increased input costs”.
- ii. Another grower noted that if something is not done they wouldn’t have any tobacco.

III. CONTRACTS

The overriding concern that growers expressed in the interview is the lack and cut in the volume of contracts. They are also concerned about the fact that the contract is implemented on year-to-year basis. They noted that they would like to have multi-year contracts for stability because such contracts would allow them to make capital investments (e.g. barns).

IV. FDA REGULATION AND WHO FCTC GUIDELINES

Several growers are aware of the FDA regulation of tobacco products and WHO Framework Convention on Tobacco Control (WHOFCTC). They are concerned about the uncertainty surrounding both.

- i. One farmer is quoted as saying “FDA is a big unknown right now.”
- ii. Another is quoted as saying “I am worried about what FDA is going to do. If they are going to do something I wish they would tell us so we would have more stable market.”
- iii. Just wish the government would back off because it’s putting the hurt on farmers.
- iv. Just watched the World News and it was very gloomy. I feel that there will be a very short life span for the tobacco industry.

With regard to the WHO FCTC, they are particularly concerned with the effect on burley tobacco of the potential adoption of WHO FCTC guidelines prohibiting the use of ingredients (flavors or additives) that may be used to increase palatability in tobacco products. They are concerned that the adoption of such guidelines by US tobacco and cigarette importing countries such as the EU put them out of business.

- i. One farmer is quoted as saying “if they take out the flavoring there would be a big problem with the whole burley industry.”

Others have expressed their views as:

- ii. The WHO FCTC has a potential for putting burley out of market.
- iii. Worried about American blend being eliminated from the market.
- iv. WHO is putting us out of business (e.g. C-32 law in Canada)

V. H-2A LABOR

Growers note the importance of hired farm labor availability through H-2A program.

- i. One farmer is quoted as saying “If you take away migrant workers there will be no tobacco industry. Tobacco can get priced out of the business by H2A.”

However, they are also concerned about the rising cost of the H-2A labor. They are concerned that the rising costs would make tobacco unprofitable and drive the industry overseas.

VI. ASSESSMENT OF THIS YEAR'S TOBACCO QUALITY

- i. Once a contract is secured, the next big concern is the quality. The quality of this year's crop is not as good. Tobacco did not cure up, and the color is not very good. Weather conditions were unfavorable for growing tobacco. It is going to be a tough year to sell.
- ii. Hope that people that we are contracted with don't judge us on this year's quality because of the condition. The conditions affected everyone.
- iii. How farmers are treated by the companies that they sell to is going to have a tremendous effect on the future of the industry.

VII. ATTITUDE TOWARD THE FUTURE OF TOBACCO PRODUCTION

i. Pessimistic view

- a. Thinks that tobacco industry is dying in North Carolina and the whole United States*
- b. It's going out*
- c. No future for tobacco in the US.*
- d. Used to be fun, not any more*
- e. Feel that there will be a very short life span for the tobacco industry.*
- f. Concerned about the future of the industry*
- g. See tobacco fading out, less and less every year.*
- h. It looks bad right now*
- i. The future doesn't look too good.*
- j. My granddaddy raised the first tobacco crop in 1937 and it carried on with me. This was the worst year I've ever had and I've farmed my whole life.*
- k. Hate to see it go. This is the first year this land hasn't had tobacco in 150 years.*

ii. Optimistic view

- a. Thinks smokeless tobacco has a pretty positive future.*
- b. Dark fired is better than it has been*

- c. Would like to resume growing tobacco if possible*
- d. Hope we will be able to continue to grow it.*
- e. Looks like everybody is giving tobacco a hard time and I hope it can survive*

VIII. WHY FARMERS QUIT GROWING TOBACCO?

- i. Companies reduced contracts so much that he couldn't afford to stay in it.
- ii. Hard to find labor to work anymore. The costs are too high.
- iii. Labor problems. Income doesn't increase with expenses.
- iv. Philip Morris left Georgia
- v. Couldn't get any one to say they would buy it.

IX. INCREASED MARKET POWER OF COMPANIES

- i. Everything is in the hands of the companies now. They dominate everything and we don't have a say in the matter.
- ii. Don't have much control on how much to grow. It has been all up to the companies.
- iii. Want some more buyers so we have more options.

X. COMMUNICATION

- i. As far as contracts companies need to let farmers know earlier about contracts (before February) in order to make the best crop possible.
- ii. Wish I could get a contract earlier than February so I can know what I need to do.

XI. DISTANCE TO RECEIVING STATIONS

- i. Wish we had a market closer.
- ii. Too far to travel to sell tobacco

XII. RESEARCH AND TECHNOLOGY

- i. Come up with a new variety for black shank.
- ii. Look into developing crops that are more resistant to drought.

XIII. ALTERNATIVE USES OF TOBACCO

- i. Please find another alternative for the tobacco use other than smoking.