



Flue-Cured Tobacco...  
**SCOOP**

...A newsletter from  
Flue-Cured Tobacco Cooperative  
Stabilization Corporation  
[www.ustobaccofarmer.com](http://www.ustobaccofarmer.com)

**Stabilization Holds  
2008  
Marketing Agreement  
Meetings**

On Monday, January 14, 2008, Stabilization began a series of seven leaf meetings with Board members, Stabilization staff, Marketing Center staff, Cooperative members and prospective new members attending. The first meeting was held in Douglas, Georgia at the Holiday Inn Express and concluded in South Hill, Virginia at the American Legion building. The attendance at all the meetings was tremendous and appreciated by the Board of Directors and the Stabilization staff.

Flue-Cured Tobacco Cooperative Stabilization Corporation's Board of Directors is comprised of ten elected directors (one director per district with the 10 districts being located in the states of Florida, Georgia, South Carolina, North Carolina, and Virginia) and public director appointed by the Governor of North Carolina. Each member is an active tobacco farmer and delivers tobacco to Stabilization. Each director serves a three year term. The Marketing Center Committee (chaired by Jimmy Pate, with committee directors Blythe Casey, Andy Shepherd, Jimmy Crews, and Keith Parrish) and Stabilization staff made recommendations to the Board concerning changes for the 2008 Marketing Agreement.

Acting General Manager Tommy Bunn and Leaf Operations Manager,



**Acting General Manager Tommy Bunn answers questions posed by Cooperative Members during Marketing Agreement Meeting in Rural Hall, N.C.**

Wayne Crawford conducted each meeting and began by stating Stabilization's core objectives for the 2008 marketing agreements.

- **Develop a price structure to help maintain growers' viability.**
- **Increase predictability of tobacco pounds delivered.**
- **Increase integrity of tobacco delivered.**
- **Promote the use of U.S. flue-cured tobacco in the world market**

**Grower's Viability:**  
Mr. Bunn Explained

Stabilization understood the rising costs (oil based products, labor, etc.) associated with producing a tobacco crop for 2008. The Board and Stabilization had taken these factors into consideration in determining the price increase for the 2008 tobacco crop. Mr. Bunn emphasized the increase in leaf prices would be passed along to Stabilization's customer base. He stressed Stabilization had to remain price competitive in order to be able to sell U.S. tobacco products in the world market.

Wayne Crawford introduced the new simplified grading system. He explained the grading system (continued on page 2)

Flue-Cured Tobacco Cooperative Stabilization Corporation is the grower owned and supported cooperative that serves flue-cured tobacco growers in Virginia, North Carolina, South Carolina, Georgia, Alabama and Florida.

President

Albert Johnson

Vice Presidents

Kenneth Dasher  
Andrew Q. Shepherd  
Jimmy Pate  
Brian Howell

Acting General Manager

Tommy Bunn

DIRECTORS

District 1	Kenneth Dasher Live Oak, Florida
District 2	Brian Howell Register, Georgia
District 3	Albert M. Johnson Galivants Ferry, South Carolina
District 4	James C. Pate Rowland, North Carolina
District 5	Keith Beavers Mt. Olive, North Carolina
District 6	Blythe H. Casey Kinston, North Carolina
District 7	Keith Parrish Benson, North Carolina
District 8	Jimmy Crews Oxford, North Carolina
District 9	Richard Renegar Harmony, North Carolina
District 10	Andrew Q. Shepherd Blackstone, Virginia
Public Director	James T. Hill, Jr. Kinston, North Carolina

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(continued from page 1)

would be member and customer friendly.

Mr. Bunn announced the incentive payment and the two requirements needed to achieve the incentive payment. The requirements are each bale must have an average Malcam moisture level between 12.0 percent and 16.0 percent **and** must weigh between 550 pounds and 750 pounds. Please remember each bale must meet both requirements to receive the incentive payment. Wayne Crawford explained the significance of each of these requirements. The 12 to 16 percent moisture would help to prevent damage and discoloration from occurring inside the bale. A weight between 550 pounds and 750 pounds per bale would prevent bruising and staining. These were complaints heard from our customers.

#### **Predictability of Tobacco Pounds:**

The “2008 Allocation of Contracted Poundage” page was issued to each member and potential new member during the check in process prior to the meeting. The allocation of contract pounds for 2008 is based upon the percentage of 2007 tobacco received pounds related to 2007 tobacco contracted pounds. Members could find their percent of delivered tobacco pounds by asking the Stabilization staff during the check in process or through their Market Center staff.

#### **Increase Integrity of Tobacco:**

Mr. Bunn announced a Malcam machine would be placed in each of the Market Centers. The Malcam is the best and most accurate, computerized device used to measure moisture in a bale of tobacco. Wayne used a diagram depicting the Malcam and a bale being received at the Market Center, and how the Malcam operated. Also, he explained to the members with a Malcam diagram of an actual bale and pointed out the high moisture points exceeding the 18 percent maximum limit. Mr. Bunn continued, “All

Malcams will be installed and serviced by factory technicians and Stabilization does not have the ability to change measurement parameters.” Wayne stated, “Malcams will be checked daily to ensure proper settings and will be periodically checked by the manufacturer. The maximum average Malcam moisture accepted by Stabilization in 2008 will be 18 percent and the maximum weight is 850 pounds, however, no incentive payment will be paid for these moistures or weights. The ‘running around’ of bales will not be allowed and rejected tobacco cannot remain at the Market Center.”

Non-Tobacco Related Material or NTRM falls into two categories, organic material and non-organic material. Examples of organic NTRM are weeds, grass, suckers, stalks, wood, etc., and examples of non-organic NTRM are plastics, insulation, metal, Styrofoam, etc. Mr. Bunn emphasized the importance of eliminating these materials from any bale of tobacco through farm management practices, weed control, close supervision of labor, and an honest desire to deliver a quality product. Mr. Bunn said, “Most NTRMs are accidental; box pins, tools, etc., but nonetheless, require extra expense in processing.”

Wayne Crawford made this statement: “**95 percent of the (NTRM) problem is caused by less than 2 percent of the growers.**” This is a very important statement. The majority of Cooperative members are delivering a NTRM-free product to Stabilization. Stabilization would like to thank each of our members’ efforts on your farms for delivering NTRM-free tobacco bales to your Cooperative.

Why is NTRM a problem? Wayne explained, “Any Stabilization customer has a zero tolerance for NTRM.” This means a considerable delay in processing for our Timberlake facility due to excessive NTRM. Naturally, this is costly. Wayne further said that the Timberlake facility has had to incur additional costs in purchasing expensive equipment and labor to remove or minimize NTRM. NTRM is counter productive in the factory by degrading equipment, increasing labor

costs and reducing the efficiency during the processing of customer and company tobacco.

“Stabilization will aggressively address NTRMs in 2008”, stated Wayne Crawford. He added, “The Market Centers will randomly inspect bales. If NTRMs are detected, the entire load will be rejected. That is quite aggressive, but a necessity. The NTRM discovered **in each bale** at the factory will be handled in the following:

- First offense is a warning letter.
- Second offenses will result in a financial penalty which could quickly move the matter to the third category.
- Third or intentionally nested tobacco will result in stopping the purchase of tobacco until the matter is resolved. The Member will have the right to inspect the tobacco.”

Mr. Bunn added, “In the third category or an intentionally nested event, the member could or would resolve the matter by writing a personal check to Stabilization for the cost of the tobacco bale.”

Another change at all Market Centers will be the addition of a monitor screen located at the scale house in full view for the members. The monitor screen will contain information about the purchased bale. It will include the following information:

- Purchased Grade
- Price
- Weight
- Moisture Content

Mr. Bunn announced the 2008 Market Centers. The Market Center locations are as follows:

- Nashville, Georgia
- Mullins, South Carolina
- Clinton, North Carolina
- Williamston, North Carolina
- Chase City, Virginia
- Rural Hall, North Carolina



**District 10 Director Andy Shepherd answers a question from a Cooperative Member during a Marketing Agreement Meeting in South Hill, Va.**

The consensus of the Board of Directors empowered Stabilization to close three Market Centers in Statesboro, Georgia, Lake City, South Carolina, and Danville, Virginia. By closing these Market Centers, Stabilization will realize an immediate cost savings and improved efficiencies.

#### **Promote U.S Flue-Cured Tobacco in the World Market:**

Currently, the U.S. dollar is weak in comparison to other world currencies, which gives Stabilization’s Sales team the opportunity to re-introduce or increase U.S. flue-cured tobacco quantities into the cigarette blends of European and Asian cigarette manufacturers. U.S. flue-cured tobacco’s main tobacco competitor remains Brazil; however, with the weak U.S. dollar, Brazilian FCV (Flue-Cured Virginia) tobacco prices are quickly approaching U.S. FCV tobacco prices. Cigarette manufacturers know U.S. FCV tobacco quantities have been reduced or eliminated from their cigarette blends due to price. U.S. flue-cured tobacco stands alone in the number one position for flavor and aroma. Only with a concerted effort and with

cooperation from our members and by our Sales staff can we get U.S. flue-cured tobacco back to its rightful position in the world market.

#### **1839**

Mr. Bunn gave a brief update concerning the **1839** cigarette and **1839** Roll Your Own products. He stated, “We have an **1839** cigarette salesperson in four states: Georgia, South Carolina, North Carolina, and Virginia. The **1839** cigarette has 100 percent Cooperative member grown U.S. flue-cured tobacco as a main ingredient. The only non-U.S. ingredient in the **1839** cigarette is Oriental tobacco and Oriental tobacco is not grown in the United States. A lot of man hours went into the development of the **1839** cigarette to ensure you, our member-grower, would be proud of your cigarette product.” Sales are showing slow, but steady progress. Your continued support for **1839** is appreciated.

#### **Question and Answer Session:**

At the conclusion of each meeting, Directors, Mr. Bunn and (continued on page 4)

Wayne Crawford greeted questions from the audience.

**In Conclusion:**

The Stabilization staff would like to thank all of our Member-Growers and prospective new Members who were in attendance and asked so many thoughtful questions, to each director for their support and thoughtful answers at each meeting, and to the Market Center managers and staff for their continued work of signing Members and new Members to the 2008 Stabilization Marketing Agreements.

## **1839 – A YEAR TO REMEMBER**

**A**s we begin a brand new year, we have to reflect back for just a moment on 2007. It was truly “a year to remember.” We launched your very own cigarette brand! It was a very monumental task and achievement. As 2007 came to an end, we find our 1839 cigarettes in over 350 retailers and in 9 wholesalers. Our 1839 cigarettes have been introduced to many new customers and the feedback has been positive. We also closed out the year with our biggest month in

sales to date.

We also find our MYO / RYO in 17 wholesalers throughout the US. 17 wholesalers throughout the U.S. Sales with this product continue to show positive growth. Everyone’s hard work and dedication has paid off and continues to do so.

As we look forward to 2008, our hard work has really just begun. We have plans to continue growth and development in the southeast region of the U.S., but we also have plans for expansion into many other states. By networking our contacts, working and introducing our products at trade shows and providing superb customer service, we will achieve our goals and then some. This industry is an ever changing one and with constant monitoring we will be able to adjust to the changes.

We, in the sales department, know we can count on everyone’s continued support with getting “your” products out into the marketplace. Look for great things ahead in 2008.

## **STMA CHIEF COMMISSIONER MEETS FCTCSC PRESIDENT**

**J**iang Chengkang, Chief Commissioner of the State Tobacco Monopoly Administration (STMA), met a delegation led by Albert Johnson, President of the Board representing Flue-Cured Tobacco Cooperative Stabilization Corporation (FCTCSC), on 10 December. The two parties discussed issues concerning improving cooperation in tobacco leaf trading. (China Real News)