



Flue-Cured Tobacco...

SCOOP

...A newsletter from
Flue-Cured Tobacco Cooperative
Stabilization Corporation
www.ustobaccofarmer.com

COOPERATIVE MARKETING CENTERS OPEN

All six Cooperative Marketing Centers are now open for business. The Big L Warehouse in Mullins, South Carolina was the first to open this season on August 5, 2008, followed by market center openings in Nashville, Georgia Thursday, August 7th, Clinton, N.C. Tuesday, August 12th, Williamston, N.C. Thursday, August 14th, Chase City, Va. Tuesday August 19th, and Rural Hall, N.C. Monday, August 25th. The Rural Hall marketing center was originally scheduled to open Thursday, August 21st; however, Marketing Center manager Mr. Dean Denny succumbed to his battle with cancer on Monday, August 18, 2008. Immediately, the opening was delayed to honor Mr. Dean Denny's life and to express our condolences to his bereaved family. Mr. Denny provided kind, loyal and dedicated service and we will miss him.

Although there was no auctioneer's voice to be heard, excitement was in the air for the FCTCSC's staff to see our members' tobacco quality and talk with them about their crops, growing conditions, and issues they currently face on their farms. General consensus among our members is the 2008 tobacco crop will arrive in the marketing centers later than last year's crop due to growing conditions.

Leaf Manager Wayne Crawford's early assessment of the tobacco crop is the lug quality is not as good as the 2007 crop. The quantity of lugs will be less than last year due to the growing conditions. The growing conditions are



General Manager Tommy Bunn listens to Cooperative member at Marketing Center in Clinton, N.C.

as varied as the soil in which tobacco grows in the regions here in the southeast United States. In the early tobacco planting, Georgia and Florida had dramatically improved weather conditions as compared to last year. But tropical storm Fay has dropped a tremendous amount of rain in tobacco growing regions of both states. The 2008 tobacco quality in Georgia and Florida is much improved as compared to the 2007 tobacco crop. The quantity of tobacco is yet to be determined. The weather pattern in South Carolina and southeast regions of North Carolina can be called spotty. There are areas which have received rain, but in some areas with the rain came heavy winds and some hail. Members have had to reset their plants in the field four or more times. Tobacco fields one-half of a mile away did not receive the rains. This condition has produced tobacco fields

varying in size, depending upon the locations which did or did not receive rains. Similar weather conditions have occurred in the traditional East Belt tobacco growing region, resulting in fields of tobacco needing rain desperately and other fields of tobacco not needing rain. The traditional Middle Belt area has received more rain than last year, but on average the tobacco crop needs more rain. Granville wilt has been a problem in this belt. The western region of North Carolina is dry. The remnants of tropical storm Fay brought much needed rain to that region. The Virginia tobacco growers were experiencing another year of dry weather until hurricane Hanna brought between 3 to 5 inches of rain to the region. Hurricane Hanna's path went along the I-95 corridor of North Carolina and into Virginia spreading much needed rain for the East Belt, (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.

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Middle Belt, and Old Belt tobacco farmers.

The main concern for our members is the rising input costs associated with growing tobacco and other commodities produced on their farms. Fuel, LP gas, electricity, fertilizers, chemicals, and labor head their list of concerns. Members are appreciative of the action their Board took in March, 2008 to increase their green price. Also, our members understand the reasons for implementation of the new procedures in place in their marketing centers. First, in order for our sales staff to promote the best flavored tobacco in the world, your tobacco must be clean of all foreign material – (organic and non-organic matter). Second, the timing of when tobacco is processed is critical to maintain the quality and integrity of U.S. flue cured tobacco. **Be sure to remember that in order for you to receive the five cent incentive per pound per bale you must meet both of the following requirements: 1.) The Malcam moisture for each bale must be between 12 percent and 16 percent inclusive. 2.) Each bale must weigh between 550 pounds and 750 pounds inclusive.**

The Flue Cured Tobacco Cooperative Stabilization Corporation staff takes this time to thank each of our members for growing flue cured tobacco and for the understanding and cooperation with the 2008 procedures in your marketing centers. We wish to each member continued success and a prosperous 2008 tobacco season.

2008-2009 Leadership Program

The Flue-Cured Tobacco Cooperative Stabilization Corporation is offering a leadership program to our Stabilization Marketing Agreement growers or co-decision makers within the farming family which have a

Stabilization Marketing Agreement. Participants in the program must be between 18 and 40 years old and must be nominated by a Flue-Cured Tobacco Cooperative Stabilization board member or marketing center manager. The leadership program is a two week program (non-consecutive weeks). The first week will begin Monday, December 1, 2008, and the second week will begin in the early part of February, 2009.

The first week of the leadership program include sessions which introduce participants to all aspects of the Flue Cured Tobacco Cooperative business model and courses designed to develop your leadership skills. The leadership group will attend meetings with top level management, university personnel, and many others. The home base of the leadership program will be at our main office in Raleigh, N.C. Also, the participants will travel to U.S. Flue-Cured Tobacco Growers, Inc., our processing and manufacturing facility in Timberlake, N.C. and our Tobacco Growers Services storage facility in Fuquay-Varina, N.C. Participants will see behind the scenes activities and all that it takes to operate the Cooperative business and the benefits of doing business with our Cooperative.

The second week of the leadership program is designed to help participants better understand and the political process and procedures in Washington, D.C. A trip to Washington D.C. will be scheduled. Participants will meet with Congressional members and or their aids to discuss the political process and current issues facing our growers.

Once accepted into the leadership program, active participation is mandatory. The Board and Flue Cured Tobacco Cooperative comprehend the significant importance of our farmer base. Our young farmers are the future. We will provide the tools to help develop their leadership abilities, to help participants become better citizens in their local communities and become involved in local issues, and help shape the future decisions that affect agriculture. Also, we want participants (continued on page 3)

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to leave the leadership program with a better understanding and knowledge about our business model and develop an appreciation and better understanding for the Cooperative.

The participants will be contacted by Mike Parker, FCTCSC Manager of Public and Member Relations after the **deadline date of November 7, 2008** and will be sent the December itinerary. Hotel, meals and travel expenses will be reimbursed by Flue Cured Tobacco Cooperative Stabilization Corporation. A number of Leadership Program packets will be placed in each marketing center and with each board member. For further Leadership Program information, or to nominate a candidate contact Mike Parker at mparker@ipass.net or 919-630-1676.

U.S. HOUSE PASSES FDA TOBACCO REGULATION BILL

The House on Wednesday, July 30, 2008, voted 326-102 for HR 1108 or the *Family Smoking Prevention and Tobacco Control Act*, which would give the Food and Drug Administration the regulatory authority over tobacco products. The vote indicated strong bipartisan support for the bill, with 96 Republicans going against President Bush's position. However, the legislation faces an uphill battle in the Senate, where a veto-proof majority is 10 votes short of the 67 needed. It is believed the Senate will not have enough time to listen and vote on their version of the bill, because this is an election year and many Senators will not be in Washington, D.C. for any lengthy stay due to the national, state, and local elections.

The bill would further tighten restrictions on tobacco product advertising and impose new federal penalties for selling tobacco products

to minors. It's most far-reaching provisions would give the FDA the power to regulate tobacco, from cigarettes to new kinds of smokeless products. The agency could not outlaw tobacco or nicotine, but it could demand the reduction or elimination of cancer-causing chemicals in cigarette smoke. The bill would prohibit candy flavored cigars and cigarettes, and would give the FDA authority to ban menthol-by far the most commonly added flavoring.

A potentially thorny issue as the bill heads to the Senate will be its treatment of menthol, a highly popular flavoring with black smokers. The National African American Tobacco Prevention Network has withdrawn its support for the bill, saying an outright ban on menthol is needed to protect the health of black communities. The bill calls for FDA advisory committee to issue recommendations on menthol in cigarettes within one year of its establishment and requires the agency to publish an action plan for restricting the promotion of menthol and other types of cigarettes to youth.

Representative Henry Waxman, D-Calif., stated, "This is truly a historic day in the fight against tobacco, but it took us far too long to get here." Public health advocates

supporting the bill say regulation will slowly but surely place pressure on the industry, reducing the overall number of smokers and the harm that is caused by tobacco use. "When you think about it, we regulate pet food, cosmetics, orange juice and many other products," said Cass Wheeler, CEO of the American Heart Association. "We're regulated in every other area and unregulated in tobacco products. But tobacco causes more preventable deaths than anything else."

Opponents of the bill say having a public health agency regulate tobacco would send the wrong message. Besides, they argue that the agency is overwhelmed dealing with food and drug safety problems, and doesn't need complicated new responsibilities. House Minority Leader John Boehner, R-Ohio, who smokes, said he didn't need federal government to tell him it

was bad for his health. "This is a boneheaded idea," Boehner said. "How much is enough? How much government do we need?"

Wall Street market analysts predict the legislative will have no major immediate impact on the industry, except to cement Philip Morris' position as the market leader, since the bill's advertisement restrictions tend to undercut the competition. (Source of the above article:FOXNEWS.com)

The White House was quick to respond to the House of Representatives' passage of HR 1108-The Family Smoking Prevention and Tobacco Control Act, stating, "The Administration supports efforts to encourage adults who smoke to choose to quit and to prevent children from ever using tobacco products. Tobacco use remains one of the leading causes of death in the U.S. and is a factor in numerous serious health conditions and diseases. In FY 2008, the Federal government will spend nearly \$700 million to reduce smoking, improve tobacco cessation treatments, and support prevention programs.

However, the Administration has serious concerns with H.R. 1108. In seeking to limit the harm imposed by tobacco on the American public, the bill will unfortunately undermine one of the Nation's premier public health and regulatory institutions and potentially lead the public to mistakenly conclude some tobacco products are safe. The bill would mandate significantly added responsibilities for the Food and Drug Administration (FDA) that conflict with FDA's mission of ensuring safety and effectiveness of drugs, biologics, and medical devices. Significantly, it also would create a new tax that would be paid disproportionately by low-income individuals. Therefore, if H.R. 1108 were presented to the President, his senior advisors would recommend that he veto the bill.

FDA regulates drugs and devices by approving products after weighing the benefits against the risks of a product. In contrast, there is no such thing as a cigarette in which the (continued on page 4)

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benefits outweighs the risks. The use of tobacco products is inherently unsafe. Requiring FDA to oversee the regulation of tobacco products would not only distract the agency from its oversight of food, pharmaceuticals, and medical products but could be perceived by the public as an endorsement that these products are safe, resulting in more people smoking. A regulatory determination regarding an acceptable level of nicotine or other "reduced risk" product by FDA could have the perverse and unintended consequence of lowering the perceived risk of tobacco use among the public and result in an increase in tobacco use rather than a reduction.

To implement H.R. 1108, FDA would be required to develop and establish an entirely new center for tobacco control. Establishing the center would require a huge staff effort and infrastructure development to support requirements of the legislation. FDA does not have the expertise needed to regulate tobacco products and the legislation would require FDA to investigate cigarette smuggling and perform other functions clearly beyond the scope of the Agency's mission and expertise. This would put an enormous burden on the FDA, diverting from its core mission priorities, including an array of new and enhanced initiatives to strengthen food safety and oversight of FDA regulated imports.

The bill pays for FDA's expanded regulatory responsibilities by making the regulated tobacco industry responsible for all the funding of the regulating center. Moreover, this regressive tax will be borne disproportionately by lower-income individuals. The Administration strongly opposes tax increases to expand the size and scope of government.

In addition, the bill may spend more than it raises in revenues. This could result in diverting personnel and resources from the current programs within the FDA, with the potential to seriously undermine the public health.

H.R. 1108 provides HHS with new authorities for prevention of illicit trade in tobacco products that are duplicative of authorities and responsibilities currently administered effectively by the Department of Treasury and Justice. The existing authority already addresses which tobacco products can lawfully appear in the domestic market, and the record-keeping requirements and inspection rights pertaining to those involved in tobacco-related transactions. H.R. 1108 includes definitions of tobacco products that are internally inconsistent and conflict with current Internal Revenue Code provisions.

Additionally, our trading partners may argue that by banning the sale of clove cigarettes but not prohibiting the sale of menthol cigarettes, the bill

raises questions under U.S. international trade obligations. (Source of the article: Executive Office of The President; Office of Management and Budget)

FLUE CURED TOBACCO COOPERATIVE STABILIZATION ANNUAL MEETING UPDATE

The 2008 Flue Cured Tobacco Cooperative Stabilization Annual Meeting is scheduled for 10:00 am Friday, November 14, 2008 at the Holshouser Building on the N.C. State Fair Grounds, 1025 Blue Ridge Road, Raleigh, N.C. The meeting date has been moved to November to better accommodate our members' schedule so they may attend their meeting. Attending Cooperative members will be eligible for door prizes. Following the Annual Meeting, lunch will be provided to the attending guests.
