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**Good Morning.**

**I am Roger Quarles a lifelong tobacco grower in Scott Co. Kentucky. I am the President of the Burley Tobacco Growers Cooperative Association as well as President of the International Tobacco Growers Assn. The Burley Co-op represents all growers in 5 states with the majority in Kentucky. ITGA has 22 member countries representing 85% of the world tobacco production.**

**I want to thank this committee for the opportunity for Burley Growers to address today's issues and allow comments on our evolving industry as changes occur resulting from Federal and State cigarette tax increases along with looming Federal Regulations towards our manufacturer buyers.**

**Our Burley sales opportunities have shrunk from 300 million pounds in 2004 to approximately 200 million pounds in 2008. There appears additional 10-15% reduction in sales opportunities for 2009 based on notifications from buying interests to growers recently. The number of growers has adjusted since 2004 to the most efficient producers or those that have very few income alternatives - either on or off the farm. Burley Tobacco remains the cash crop of choice for the majority of Kentucky Farms.**

**There are indications that 10-25 million pounds of Burley will be produced without a prior sales agreement in 2009. It is certainly unclear whether all these pounds can be sold on the open market - through auctions, dealers, pin hookers or our Co-op Assn. at a profit to those growers.**

**Domestic use of our Burley continues to shrink from cheaper imported leaf, successful smoking cessation programs and particularly increased taxes as states and now the Federal Government try to solve their economic crises from consumers of tobacco products. You will recall Congress will allow a 200% increase in the Federal Excise tax on April 1<sup>st</sup>.**

**Our Economic experts such as Dr. Will Snell tell us over 80% of U.S. Burley is now exported with Switzerland and Netherlands the largest importers. It is obvious Phillip Morris International is the recipient in Switzerland while the Netherlands is the port of further distribution to other countries. I am pleased to report our Burley Co-op is quickly transforming from our former role as a USDA agent to a marketing Co-op. We purchased approximately 4-5% of the 2008 crop.**

**We have concentrated selling this leaf in the Asian region – particularly China. Other countries in South East Asia have numerous Independent manufacturers that need an American blend product to compete with the dominant international manufacturers. We are approaching manufacturers in Europe – particularly Eastern Europe to sell Burley as its own Burley production is disappearing due to reductions from European Union agriculture subsidies for tobacco farmers.**

**The viability of American manufactures that use U.S. Burley is vitally important to our farmers. Our Co-op and other leaf dealers cannot replace their sales opportunities at this time and it is unlikely to ever do so entirely.**

**It is clear our future will rely on export opportunities to global manufacturers. We as growers are concerned with any imposed manufacturers regulations that may affect our crop yields or consumer acceptance of manufactured products containing Burley.**

**One issue effecting current Tobacco policy in the U.S. is the availability of data since the tobacco buyout of 2004. No data is being collected by government about where tobacco is being produced and how much. It is also important to find out which**

tobacco is being placed into which grades for future insurance needs. We recommend this committee explore the possibility of some new Tobacco Data Collection that could be useful to our industry.

We are particularly concerned about any regulations that may affect our Export Leaf Markets. It would be unwieldy to produce leaf crops that would be dictated to measures that are different between foreign manufacturers as opposed to domestic manufacturers. We must immediately recognize that often U.S. Regulations are also often exported to our Global buyers thru treaties and or international Group's such as the World Health Organization, or World Bank. The Framework Convention of Tobacco Control has already been ratified by 160 countries. Thankfully the U.S. has not ratified this draconian treaty as it appears to violate 1<sup>st</sup> amendment rights. Tobacco growers thru out the world will be affected by any regulations imposed on our growers and products consumed in America. It is imperative all imported leaf and consumer products be treated equally to domestic products.

The Burley Coop agreed over 10 years ago with the Core Principles agreements achieved by AHEAD. We agreed to support Regulations that may improve or protect the health of consumers. We have never wavered in our support of the AHEAD coalition even after the tobacco buyout legislation was passed.

Our support has always been conditioned on the acceptance of pure science to determine changes in consumer products and especially the allowed introduction of proven "safer" products, if you will, that allow products that differ from existing brands.

The Waxman Bill has a number of areas where we think there can be constructive improvements. These include but are not limited to:

- Ensuring that tobacco producers (as well as manufacturers of both tobacco and other nicotine products) are encouraged and given *incentives* for developing leaf and products that are lower in risk.

- **Ensuring that products that are scientifically established to be lower in risk are made available to consumers of tobacco and nicotine products and that all tobacco and nicotine products are labeled, marketed and regulated based on the risks and relative risks of those products.**
- **Ensuring that the any FDA Scientific Advisory Committee (in the Waxman legislation) has voting representation of someone who is knowledgeable in tobacco production as well in the science of plant technology.**
- **Ensuring that any FDA Scientific Advisory Committee has voting representation of someone who understands issues pertaining to labeling and marketing(including First Amendment protections)**
- **Ensuring that there is better integration between FDA ( or whatever agency is created) the USDA, EPA, FTC, CDC, DHS, ATF and other agencies that results in a more coordinated and unified effort .**

**We also fully expect grower involvement and a seat at any Board that has authority to impose Regulations changing any aspect of our markets including the entire spectrum of leaf production thru the end consumer. These Federal Regulations were never anticipated to be the pathway to elimination of tobacco consumption but rather a legitimate effort to mitigate its known harmful effects.**

**Further hearings or perhaps a “Summit” should be held allowing all stakeholders to be heard. This would fulfill President Obama’s promise to America of an open and transparent process in government. The Burley Coop would certainly be willing to participate is such a plan.**

**Thank You for your time.**