

On behalf of the membership of Flue-Cured Tobacco Cooperative Stabilization Corporation, I appreciate the opportunity to submit testimony regarding the economic plight of tobacco farmers and the future of tobacco production in the United States. Flue-Cured Tobacco Cooperative Stabilization Corporation is the flue-cured tobacco owned cooperative that administers the price support portion of the tobacco program for flue-cured tobacco through a contractual arrangement with the United States' Department of Agriculture, Commodity Credit Corporation. Our cooperative was created in 1946 in order to assist tobacco farmers in becoming financially viable and to provide expanded opportunities for farm families and their communities.

In 1998, the Master Settlement Agreement attempted to address the plight of our tobacco farm communities. Unfortunately, neither tobacco farmers nor community leaders were allowed to participate in the discussions. Tobacco companies raised the prices of tobacco products to pay for the Master Settlement Agreement and to protect their profits. The very foundation of their prosperity, tobacco farmers and their communities, were left out. A user fee, to pay for the tobacco quota buyout would help rectify this mistake.

Since then tobacco quota reductions of almost fifty percent, skyrocketing quota rent and thousands of tobacco farmers and their families being pushed to verge of bankruptcy. While the tobacco farmers' plight is serious, the lack of action is killing our rural communities. Our state and county governments are struggling with declining revenues, our schools, churches and small businesses are reeling and the worst of all, our young people, our future farmers, are leaving the farm in droves because they see no opportunity. For every tobacco farmer at risk of being forced out of business, there are ten other people in the farm community who are part of the tobacco economy, who are in danger of suffering the same fate. Banks, grocery stores, fertilizer and farm equipment dealers and automobile dealerships all depend on the cash flow from the tobacco economy. Tobacco farmers' problems don't stop at the farm, they affect the entire community.

This year, the United States Congress has a historic opportunity to address the problems experienced by the tobacco production community. Several tobacco quota buyout bills have been introduced in the U.S. Senate and the U.S. House. There are various proposals that address many of our current problems. We must find a way to make other members of Congress understand that tobacco farmers shouldn't be treated differently than other farmers and that without quick action, an entire region of the U.S. will experience a worsening economic situation.

How do we justify a tobacco quota buyout? All the major row crop commodities (cotton, corn, peanuts and soybeans) have a safety net. They are all subsidized. Tobacco is not subsidized and is not part of the Agricultural budget. Tobacco farmers pay for their program and have paid a No Net Cost assessment to the government since 1982. Tobacco farmers pay for USDA tobacco inspection and they pay for the losses on CCC loans.

The combination of a tobacco quota buyout and reasonable FDA regulation of tobacco products, which includes a listing of the ingredients of cigarettes on the packaging so that our

young people will know what the risk is of what they would be ingesting into their bodies, will be good for the health of our young people and good for our tobacco producing communities.

Only the U.S. Congress has the authority and the power to set things right. The flue-cured tobacco production sector cannot afford to wait until next year. We are possibly faced with another huge quota decrease and increased No Net Cost assessment in 2005. If this happens before Congress can act, the economic toll and human suffering will be catastrophic. Without immediate action, Congress will bear the full responsibility for the devastation and ruin of an important sector of our economy and the dashed hopes and dreams of thousands of southeastern farm families and their communities.

We are pleading for our very survival, for the survival of our communities. Only the U.S. Congress can intervene. Again, I thank you for the opportunity to give testimony today.