

Tobacco farmers face credit crunch

Sagging fortunes make lenders nervous

Monte Sonnenberg SIMCOE REFORMER
Monday December 11, 2006

Tobacco farmers will be exiting the industry soon whether they get a government buyout or not, a spokesman for growers has warned.

Brian Edwards of La Salette, chair of Tobacco Farmers In Crisis, said lenders are sending signals that they consider tobacco farming a bad risk. At a rally Friday in front of MPP Toby Barrett's office in Simcoe, Edwards warned that credit for the 2007 crop could dry up before planting time.

"If there's not a buyout, some people have been told they'll have to find another lender," Edwards said. "And where are they going to find another lender? Our equity has been destroyed."

Growers attribute the destruction of their industry to high taxes and government policies aimed at curbing tobacco use. Tobacco consumption has steadily declined over the past 20 years as governments at all levels pursue a "smoke-free Canada."

This year, the Ontario Flue Cured Tobacco Growers Marketing Board acknowledged that smoking will eventually become a thing of the past. To that end, they are seeking compensation from Ottawa and Queen's Park for the destruction of their livelihood.

Growers need to know where they stand right away so they can plan for 2007. Grower Stan Symons of Burford told Barrett Friday that the absolute deadline for an answer is the end of February. Beyond that, growers will be in limbo.

Tobacco group spokes-man Mark Bannister of Vanessa raised the spectre of foreclosures. He warned that growers will not go quietly if it comes to that.

"If and when that happens, we'll act as we see fit," Bannister said in an interview. "No one deserves to lose an acre over this issue. We will stand up, and that will happen at the farm gate."

The rally outside Barrett's office is the latest in a series outside politicians' offices in the tobacco belt. Barrett favours a buyout and reiterated his position at Queen's Park last week.

"I encourage this McGuinty government to act quickly on a tobacco exit strategy, which they've been ignoring far too long," Barrett said in the legislature. "Government interference has decimated the industry and tobacco farmers can no longer produce a viable crop."

Growers thank Barrett and local MP Diane Finley for arguing their case on their behalf. Barrett warned, however, that his leverage is limited.

"The reality is I'm not a government MPP," he said. "I'm not part of the McGuinty government. There's a bit of a challenge there."

The tobacco growers' board is pursuing a buyout that hews toward the traditional agricultural funding formula of 60 per cent from Ottawa and 40 per cent from Ontario. The board is seeking to retire 271 million pounds of quota at a cost of \$3.30 per pound.

Edwards said Ottawa, Queen's Park and the tobacco companies can't cry poverty. He noted that all levels of government will collect nearly \$10 billion in tobacco taxes this year. Meanwhile, industry profits will be in the neighbourhood of \$1.5 billion. An estimated \$2.5 billion is being lost to smuggling and other underground activities such as the production of illegal cigarettes.

"We have a huge economy here, yet we're the only ones who can't pay our bills," Edwards said. "That's not right, is it?"