

## **Tobacco Farmers in Crisis propose \$1.1 billion buyout**

### **Organization looking for more members**

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**The Tillsonburg News** — The ante to compensate Canadian tobacco farmers has just been upped. About 600 farmers turned out to a meeting hosted by Tobacco Farmers in Crisis Thursday night at the Special Events Centre in Tillsonburg to hear the organization's Industry Rationalization Framework Proposal. It calls for \$1.1 billion US to put Ontario growers on the same playing field as their American counterparts. The plan differs from the United States buyout, however, in that Canadian growers must quit growing once they receive a payout.

TFIC director Brian Edwards explained the total American buyout funding is \$9.6 billion US.

"In the United States, the objective is not to eliminate tobacco production but to move abruptly to a lower cost and improved quality product and a free market system with no price support programs," he said. "The United States objective is to compensate the grower for the loss of equity. In the future, there will be no production restrictions or safety net supports."

What TFIC is proposing is based on the 2002 crop year. At that time, Edwards explained, there was a three-year agreement with a stable size and a promise from industry to reduce imports. Both of those promises were eventually broken. That was also the year farmers were required to invest in nitrosamine-free burners. "They told us we had a future," he said, adding growers were told they had to convert their kilns. "Commitments were made by every grower in this room and debts were incurred based on that agreement." The \$1.1 billion USD figure was arrived at by rationalizing the US and Ontario crop sizes in 2002 and the multiplying it to the value of the American buyout. The price per pound is calculated by dividing by the 323 million pounds of base quota in Ontario into \$1.1 billion US resulting in a price of \$4.18 (Canadian) per pound.

For a farmer leaving the industry, their total quota is then multiplied by \$4.18 per pound to calculate the buyout figure. The plan would also address the needs of sharegrowers. The total buyout per farm, based on an average of 350,000 pounds of base quota, would be \$1.463 million. It is proposed payments could be taken in a lump sum or 10 annual payments.

The package framework provides for the trade to continue to negotiate their annual crop requirements with the board, while providing growers an option to leave as they see fit over the next 10 years. The framework is designed to reduce the total quota by 118 million pounds, or to a level of 43-per-cent growable. TFIC now intends to offer its proposal to the government, the board and growers.

"I almost feel like Martin Luther King," Stewart said. "We have a dream, we believe this is possible. We are just asking for fair and equitable treatment."

Tobacco lobbyist Luc Martial, who was hired by TFIC, told the farmers in attendance that paying each farm family \$1 million-plus may seem like a huge, unattainable amount, but it is not. He said the pension plan paid each senior government employee is worth \$1.5 million, and they have no capital involved. The average tobacco producer is \$400,000 in debt and has no pension plan other than their farm and other capital. He also said the figure could be justified because tobacco control programs have made it difficult for Ontario producers to supply the Canadian market. Current demand for leaf is 75 million pounds.

"The reality is your ability to service the Canadian market has eroded at a faster rate than the market has declined," Martial said. "If we could service the Canadian market, we wouldn't be here today."

TFIC plans to lobby politicians at both the provincial and federal level to implement the plan, but only when its membership numbers are higher. Martial told the crowd they needed as many members as possible by the March 1 deadline to make the plan work. Funding for the plan would come entirely from the government.

To date, TFIC has already met with several politicians, the tobacco board and even anti-smoking organizations. Martial said even the anti-smoking groups believe a tobacco buyout plan should be worth \$1 billion.

The only reaction from the crowd was questioning why the tobacco board hadn't come up with such a plan on its own. Diane Meulemeester asked why when growers pay the board a marketing fee they need to pay TFIC another \$1,000?

Edwards answered the board is more limited in what it can do and, as a marketing board, is actually an arm of the government.

"We really let our board down as growers by not supporting them," he said. "They struggle hard putting a proposal to government to put in place."

Prompted by another question from John VanDaele about the board, Edwards said TFIC's only agenda is a compensation package for growers while the board has many concerns on its plate.

"We need a board in place for crop negotiations in the future," he said. "We may not agree with some of the things the board is doing, but that's what the ballot box is for."

Board Chairman Fred Neukamm, who was in attendance at the meeting, called the TFIC proposal interesting, although he questioned if it is doable at the level of \$1.1 billion.

"From my perspective, if their efforts help us to achieve a fair and equitable settlement, it is good," he said. Neukamm who personally is currently not a member of TFIC. He said he is considering joining, however. Earlier in the meeting, TFIC's lawyer explained how the organization had become an incorporated non-profit entity.

John Wehrstein, constituency assistant for Haldimand-Norfolk MP Diane Finley, made a presentation on her behalf as she is in Washington dealing with BSE. Wehrstein said Finley realized farmers were losing their livelihood as a result of direction action of the government.

"Under the World Health Organization rules, when governments force industries out of business they must adequately compensate those industries," he said.

Haldimand-Norfolk-Brant MPP Toby Barrett told the farmers he has been fighting for provincial compensation and encouraged them to keep lobbying.

Delhi-area farmer Mark Bannister talked about high stress levels and how government legislation has negatively impacted his quality of life. Still, he said he will fight and not give up the farm.