

TFIC MEMBER UPDATE

Jan. 2, 2007

Presently there is no indication from either level of government of a timeline for an exit program for tobacco farmers. The next month is extremely important to get the message out to your MP and MPP that you need to know where they stand on an exit program. The standard answer for past 2 years has been "We are working as fast as we can." This answer is no longer acceptable.

Current projections given by the Ontario Tobacco Board at an open meeting, based on TAC talks, indicate a further crop size reduction for 2007 and include demands from the companies of a lower overall price to USA levels. The early indication for the 2007 crop size estimate is 40 million pounds or less. Even more troubling is the pack that is growing daily. When or how will this disappear and who will pay?

The USA buyout of US \$10 dollars per lb. of quota paid over 10 years and funded by a levy collected by the tobacco companies was the first precedent. (Equates to TFIC's \$4.18 over 10 years) Canadian tobacco companies that send Canadian tobacco into the USA for consumption there must pay the levy that funds the US grower's buyout.

The Australia buyout is the most recent precedent. In Australia, a grower held shares in a cooperative that processed all tobacco for the companies. Each grower received AUS \$7.00 per share (each original share was 1.25 Kg). The tobacco companies shut down tobacco growing 2 years early on their contract with the growers and additional payments were made to the growers by the companies of AUS \$2.40 in 2007 and AUS \$2.00 in 2008 (in total \$3.66 Can). Much like us, AUS farmers were using family owned quotas to operate a farm. Although the AUS buyout had an individual cap of AUS \$150,000, it only affected 6 or 7 individuals due to the structure of share ownership. The largest farms in Australia did receive payments of over a million dollars.

We need to be very firm when talking to politicians and their representatives in our ask for compensation in a buyout exit program. TFIC strongly believes, and we feel the federal conservative government believes as well, that **Canadian farm families are not worth less than our neighbours in the states and fellow commonwealth farmers.** We want equal value for our assets as established by the programs in the USA and Australia. The tobacco companies want us to grow tobacco at USA contract levels without the equal buyout payments that the USA grower is using to fund growing at lower price levels. Without an exit program we are facing a race to the bottom with only the Government and the Tobacco companies enjoying the profits.

Please take the time now to contact your MP and MPP to discuss how the tobacco issue affects you, your family and your community. Defend TFIC's \$4.18 payment level over time (\$3.30 lump sum payment). We need action towards an exit program by mid January, 2007!

Brian Edwards

President