

Tobacco background

From tobaccogrowerresearch.com (no longer an active website—just a Facebook page)

## **Quota System**

The federal tobacco program was passed in 1938 as a part of the Agricultural Adjustment Act of 1938. Under the old federal tobacco program, government issued quotas were attached to land that limited the amount of tobacco that could be marketed each year. Basically, quota holders agreed to limit the amount of tobacco marketed in exchange for price support. The program was funded by assessments paid by producers and companies according to the number of pounds marketed and purchased. The United States Department of Agriculture (USDA) was responsible for administering the program.

In the mid to late 90's tobacco growers began to see the downside to the relatively high price stability and increased asset values due to the price supports provided by the federal tobacco program put in place to manage supply and stabilize prices. Marketing quotas were reduced over time and the quality difference between domestic-grown and foreign-grown tobacco leaves narrowed and consequently cigarette manufacturers began to use lower-cost foreign-grown rather than domestic-grown leaf. Domestic tobacco growers began having difficulty maintaining their competitive edge in the presence of the federal tobacco program under which quota rental and lease costs were accounting for an increasing portion of production costs.

These trends prompted the development and passage of the Fair and Equitable Tobacco Reform Act (FETRA), most commonly known as the “tobacco quota buyout”. FETRA was signed into law on October 22, 2004 as part of the American Jobs Creation Act of 2004. This legislation deregulated the tobacco industry and completely changed the way tobacco is produced and sold in the U.S. by eliminating the over 65-year old federal tobacco program.

## **Tobacco Plant**

The majority of tobacco leaves are cured with one of the three following methods: (1) air-curing, (2) flue-curing, or (3) fire-curing. Each of these methods reduces the moisture content and enhances the color and aroma of the tobacco as needed by the particular tobacco products they will be used in. The characteristics of the leaves, harvest, and curing method distinguish tobacco into different types. In North Carolina, the most common tobacco types include burley and flue-cured. Flue-cured was not common in Madison County.

## **Burley**

Burley tobacco is a light air-cured tobacco used primarily for cigarette production, specifically in the majority of blended cigarettes commonly referred to as “American” blends. Burley has broad leaves, which are harvested on the stalk by hand and placed on a stick for handling. Burley is cured hanging in structures with a roof, but with either open sides or vents to allow air to freely circulate. No additional heat is added and tobacco is allowed to cure naturally over four to eight weeks. After the curing processes, it has a light brown to reddish brown color.

In the United States today burley tobacco is produced primarily in eight states. It is grown in Indiana, North Carolina, Missouri, Ohio, Virginia and West Virginia with Kentucky producing approximately 70 percent of the crop and Tennessee is second with about 12 percent of US burley production.

## **Flue-cured**

Flue-cured tobacco is also primarily used for cigarettes. The name "flue-cured" was developed from the method of curing where heat was distributed throughout the curing barn by metal pipes or "flues." Flue-cured tobacco can be either harvested by machine or by hand, with mechanical harvesting being the most widely-used method. Harvesting for flue-cured tobacco begins at approximately the same time as topping. The leaves are harvested separately by stalk position, starting with the lower leaves and progressing up the stalk. After harvesting, the leaves are placed in metal racks or boxes that hold the leaves in place during curing. The racks or boxes of tobacco are placed in the curing barns where heated air is forced through the tobacco to develop an orange or yellow color, and then to dry the leaves and stems to remove moisture. Ventilation is also a part of the curing process and is varied as needed to remove moisture while retaining quality of the tobacco.

Today flue-cured tobacco is primarily grown in North Carolina, Georgia, South Carolina, Virginia, and Florida. North Carolina produces over 75 percent of the crop, while Georgia, South Carolina, and Virginia each produce about 8 percent of the US flue-cured production.