

URGENT - FOR RICHARD BAKER, UNDER HOUSE

FF2126

Excerpts from a Speech by Mr. Berry W. Murray, Chairman, The Ontario Flue-Cured Tobacco Growers Marketing Board -- presented at the Annual Meeting of the Tobacco Growers Association of North Carolina, November 9, 1984, Raleigh, North Carolina

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These corporations don't sit together here in the United States because of the laws you have against antitrust. But I do know they sit in the board rooms of London, England, as the Tobacco Advisory Council of Great Britain, and they decide what the world is going to do in supplying tobacco. This is one of the problems that somehow we as farmers are going to have to organize and try to find solutions for.

There's another problem: Even if we (in Canada and the United States) lower our price, how do we stop Brazil from lowering their currency? Every time we in Canada get a competitive price, Brazil lowers their currency, and we've lost our price competitiveness. Or how do you keep Argentina from raising its excise tax on a pack of cigarettes to subsidize their growers so they can export?

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We feel the problem is greater than just price. We have got some pretty good tobaccos for sale at \$1.06 American across the board average, and our tobacco is still not moving into its traditional markets.

I'd like to warn you again to think about your situation when you try to lower your price and make sure you don't get rid of the protection you've had all these years. There are four corporate conglomerates that control the free-world (tobacco) market, and they've had a tendency over the years to turn one producing nation against another. They have done a good job, in my opinion, and they will not hesitate to exploit you people along with the Brazilians and the Zimbabweans and whomever they choose.

These corporations don't sit together here in the United States because of the laws you have against antitrust. But I do know they sit in the board rooms of London, England, as the Tobacco Advisory Council of Great Britain, and they decide what the world is going to do in supplying tobacco. This is one of the problems that somehow we as farmers are going to have to organize and try to find solutions for.

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How do we as North American farmers stop this type of unfair trade practice? If we in North America are the only free marketers, we can't win.

We feel it is very important for tobacco growers from all over the world to come together and discuss mutual concerns. Of the 33 nations that export tobacco, about nine supply 80 percent of the usage.

That's why our marketing board has led the way in organizing the International Flue-Cured Tobacco Growers Association. It met for the first time last year in Canada, and six countries joined as charter members: Canada, Zimbabwe, Malawi, Argentina, Brazil and the United States. (The second meeting was held in November in Brazil. A report on the proceedings appears elsewhere in this issue.)

Of the 33 nations that export tobacco, nine supply about 80 percent of the usage. Because of the large cartel of tobacco companies with only four principal players, closely knit, we feel that we as growers of the world must sit down and discuss our problems together. And some of us believe it's much simpler to get one or two nations to raise their prices than to get 33 others to lower theirs.

Our major market is Britain. Through Britain, much of our tobacco is distributed throughout the European Community. Our company in Brazil, Souza Cruz, controls 86 percent of the Brazilian market. It is owned by British-American Tobacco (BAT).

Back in 1979, when the world Monetary Crisis struck, the BAT group was denied the opportunity to withdraw its investment in hard currency. So the corporation made the decision to dramatically increase the production of flue-cured tobacco, withdraw this tobacco

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and put it on the world market, and get a return on their investment in Brazil that way. The BAT group has subsidiaries in almost every country in the world. They tell their subsidiaries, "You are going to take this tobacco and you are going to convert it into hard currency, because we need it." This has created a serious problem for us -- our English market has dropped dramatically, and we directly relate this to BAT's movement.

We also have another problem with BAT from the Canadian perspective: It is loaded with Zimbabweans. Even the chairman of BAT is from Zimbabwe, and there are a lot of family investments and family ties in that country. They are favoring Zimbabwe in Europe.

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