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Tobacco Exports Suffer, Experts Say High Prices Are The Root Of The Problem

The high price of U.S. tobacco is cutting export sales and forcing costly flue-cured tobacco production quota reductions, a nagging worry for tobacco experts who gathered in Kenansville last week.

A major tobacco manufacturer, Wicher Dudley, vice president of Philip Morris USA Inc.; Fred Bond, managing director of Flue-Cured Tobacco Stabilization Cooperative; and Charles

Pugh, a N.C. State University tobacco economist, discussed the problems and questions of tobacco farmers in a meeting arranged by the Duplin County Agricultural Extension Service this past week.

The 1982 flue-cured crop of less than a billion pounds was the smallest in about three decades, but only three-fourths, about 750 million pounds, was purchased by customers.

More than a fourth of the tobacco offered, about 260 million pounds, failed to bring prices in excess of the support level and was purchased by the tobacco cooperative under the price support program.

Farmers for four decades have periodically voted to comply with production limitations in return for price support protection. Production is limited by both acreage allotments and

poundage quotas.

"Very little should have gone to Stabilization because of the low supply," said Dudley, "but the depression, overseas profit squeeze, high price and possible inventory reduction cut into sales."

The worry of farmers facing reduced income because of the production cuts surfaced in their questioning of the panel members.

The often repeated question, "Who got us into this trouble and who'll get us out?" was put to Calvin Turner, a farmer and Duplin County commissioner. The county commissioners will face the consequences of an effective 26 percent reduction in the county's tobacco production quota for 1983 when it comes to estimating county tax income and preparing the 1983-84 budget.

Because Duplin farmers produced more than their quota in 1982, they placed almost 2.3 million pounds in the surplus pool to be sold after July 1, 1983. That poundage will be deducted from the 1983 production quotas of the affected farms.

The county had an effective quota of 21.7 million pounds in 1982. Its effective 1983 quota is 18,382,351 pounds. The 2.3 million pounds of surplus tobacco will be deducted from the 1983 quota, leaving the county an actual production authorization of about 16.1 million pounds, said David English, the county's Agricultural Stabilization Service executive director.

Several eastern North Carolina counties are in the same position.

English said this sharp reduction will be felt by businesses throughout the county, as well as by the affected farmers.

At the estimated \$179 per hundred pounds 1983 support level, this could mean a potential \$10 million loss in income from 1982 for Duplin farmers.

Willard Edwards questioned putting what he called non-compliance tobacco in this pool, suggesting it should have been destroyed. Several of the 150 farmers attending the session expressed agreement.

Bond said the surplus or non-compliance pool plan may be dropped for 1983. Stabilization buys tobacco that fails to receive bids higher than the price support level. It stores and later resells that tobacco. The surplus pool is separate from the tobacco purchased at the warehouses during the marketing season. It will be sold on the basis of the 1983 support price level.

Several farmers asked Dudley at what price level would U.S. leaf become competitive in world markets. The current high U.S. price is blamed for loss of much of the potential foreign market U.S. farmers once enjoyed.

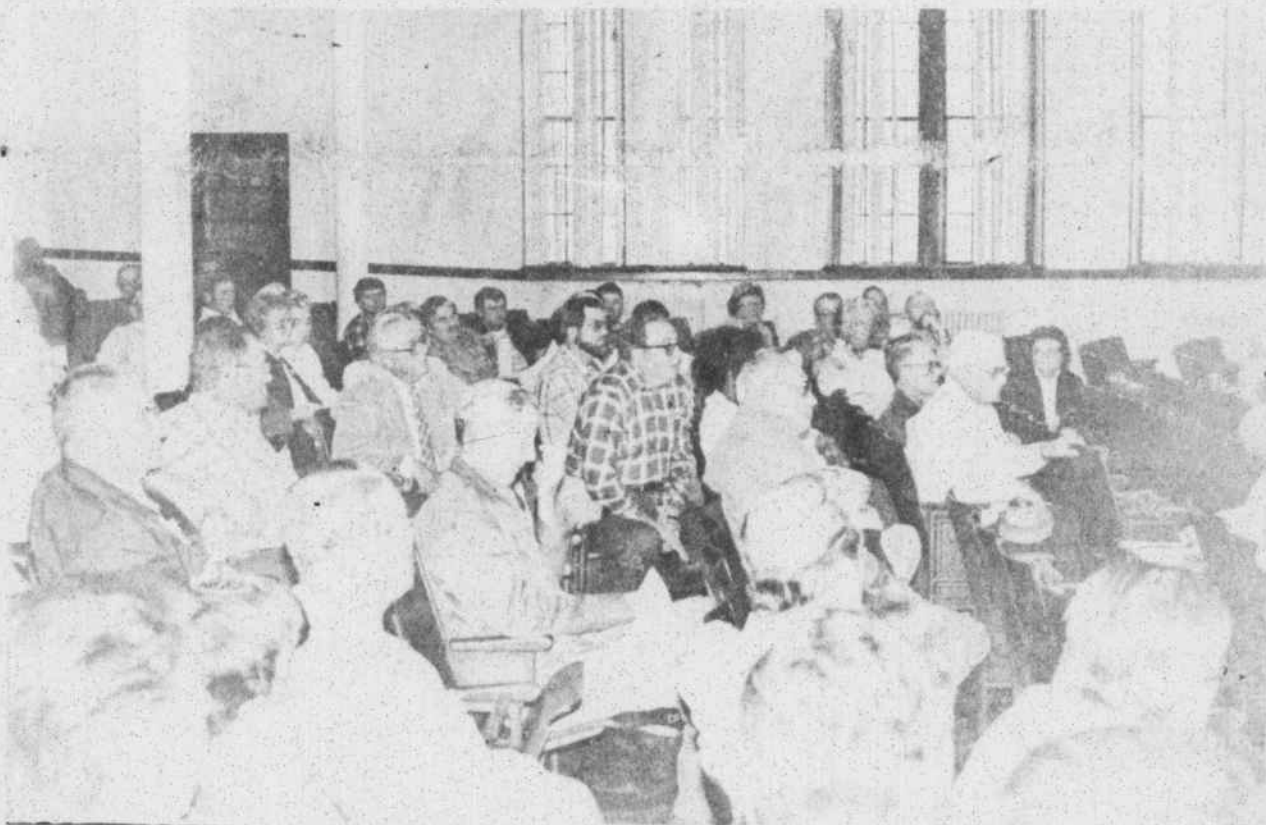
"There's no perfect price," Dudley replied. "Competitive price is simply the price at which (tobacco) will sell. At present, our price is so far above the world price we sell less every year."

U.S. flue-cured tobacco averaged \$2.48 per pound in export trade in 1980, about three times the average price of flue-cured tobacco produced in other countries, Dudley said.



QUESTIONS - J.W. Branch of the Scott's Store area, asked David English of the ASCS office about over production and how it affects the licensee, at the tobacco meeting sponsored by the Duplin County Agricultural

Extension Service. English stated that if it is moved off the farm, there would be no effect, over-produced or under-produced.



TOBACCO MEETING AUDIENCE - Some of the 125 attending the tobacco meeting held in Kenansville at the

old Kenansville Elementary School last week.



TOBACCO MEETING - Fred Bonds, managing director of Flue-Cured Tobacco Stabilization Cooperative, listens to questions by Calvin Turner about the seven-cent fee for

1983 at the tobacco meeting held at Kenansville Elementary School last week. Shown, left to right, C.C. Ivey, Turner, S.L. Norris and Bonds.

Farmers Expect Less From 1983 Leaf Crop

Many area farmers seem to agree that they are "just going to have less money" because of a tobacco assessment fee of seven cents a pound and a cut in production quotas next year.

The seven-cents-a-pound assessment on tobacco sold in 1983 was ordered by Secretary of Agriculture John Block to defray costs of the federal tobacco price support program. The money will be paid to the Flue-Cured Tobacco Cooperative Stabilization Corp., which borrows money to buy tobacco that fails to receive bids in excess of the support price level.

Farmers agree to limit production in return for price support protection.

Melvin Herring of Warsaw summed up opinions of farmers and agribusiness people throughout the region concerning the 1983 crop. Herring and several other farmers spent a rainy Tuesday morning in C.M. Outlaw's store between Warsaw and Kenansville last week.

Their talk turned to tobacco, the area's major cash crop, and the worries of Southeastern North Carolina farmers. Their discussion centered on the assessment, the quota cuts and the high cost of leasing quotas or allotments to grow tobacco.

Last year, the owners of about 40 percent of the flue-cured tobacco quota leased their quotas to other people, according to John Cyrus, chief of tobacco af-

fairs for the N.C. Department of Agriculture.

"I feel the farmer's voice is never heard," Herring said. "When they had those hearings last winter, we suggested they freeze the support price. But they let the support price climb and cut our pounds."

The tobacco production quota was cut 10 percent for 1983. The cuts to individual farmers will vary from less than 10 percent to more than 20 percent, depending upon production levels of the last two years.

"It just doesn't seem fair for the warehouse to charge five cents (a pound) to keep tobacco 24 hours when Stabilization keeps it for years for seven cents a pound," Herring said.

Morris Kornegay, a Kenansville area farmer, and James Stallings, a farmer in the Northeast community east of Wallace, agreed with Herring that the assessment, up four cents from the 1982 fee of three cents a pound, will take money from farmers' pockets.

Joe Coleman, a Tabor City farmer and warehouseman, said, "I think it's something we must have to protect the future of the program. I don't think anyone likes to pay it, but the program has to operate at no cost to the government."

A new feature of the assessment this year is the charge of seven cents a pound to owners who lease their tobacco quotas to

others. The owners must pay this fee to Stabilization at the time leases are formalized.

The growers pay their assessment at the time they sell tobacco.

"If the producer does the physical work to protect the allotment, the allotment owner shouldn't mind paying something to protect it too," Coleman said.

He said the assessment against some allotment owners will encourage more people to have tobacco grown on their land.

"I think tobacco belongs to land and not man and must stay on its own farm," Coleman said. "It belongs to the land through the original allotment owner having worked the land or the present owner having purchased or inherited the land."

Coleman sees some limitation on leasing costs, "because some farmers are just backing off and refusing to pay the price and simply not planning to grow the tobacco because they can't afford high prices."

Cyrus, however, said the pressure on many farmers to maintain previous production levels will force them to bid lease prices up.

"I'm afraid that in many instances, the farmer who will grow the tobacco will end up paying both his seven cents and the owner's seven cents a pound, or a total of 14 cents, and the farmer can't afford it," Cyrus said.

Work To Begin Soon On Freezer Warehouse Near Wallace

Site preparation for the Williams Refrigerated Express freezer warehouse, long proposed for the Wallace area, is expected to begin early in January, according to John Gurganus, Duplin County economic development director.

The sale of \$3.6 million in tax-exempt bonds to finance the project was scheduled to be completed in Chicago last Thursday, Gurganus said.

The Duplin County Board of Commissioners took the final step in a complicated process to obtain the tax-exempt status for the bonds in a special meeting last Thursday when it authorized the Duplin County Economic Development Authority to sell the bonds.

Although the bonds are tax-exempt, the freezer firm will pay county property taxes after the facility begins operation.

Exemption of interest on the bonds from federal income taxes usually permits the sale of such bonds at interest rates under the regular market rates, making the bonds less expensive to the issuers.

Principal and interest on the bonds is to be repaid by

the refrigeration company over a 20-year period, Gurganus said.

Williams Refrigerated Express is headed by Charlie Williams of Eastern Shores, Md., who has similar enterprises in the Delmarva poultry producing area.

The warehouse is to be located on a site adjacent to the Swift & Co. turkey processing plant near Wallace.

Kenansville Board To Hold Public Meeting To Discuss Zoning

The public will take notice that the Town of Kenansville planning board will hold a meeting on Thursday, Jan. 6 at 7 p.m. at the town hall. The purpose will be to discuss proposed zoning

changes.

The public and interested citizens are invited and encouraged to attend, according to George Penney, chairman of the planning board.

Duplin Wine Cellars To Host Homemade Wine Contest

From time to time, the folks at Duplin Wine Cellars have been called upon to sample some of North Carolina's finest homemade wine. Many hobbyists with access to grapes have dabbled in the mysterious art of winemak-

ing and more than a few have at least dipped into a bubbling barrel from a neighbor's smokehouse.

For the second year, Duplin Wine Cellars feels these enterprising winemakers deserve the lime-

light. According to tradition, our original recipes and techniques of wine-making were developed by the German-Swiss who settled near New Bern in the early 1700s. These recipes and techniques have been preserved

for over 200 years by the North Carolina grape farmer.

On Saturday, Feb. 19th, there will be a homemade wine contest at the winery. All winemakers are invited to enter their wines for the judging which will take place

at 3 p.m. Awards will be presented for white, dry, medium dry and sweet and red, dry, medium dry and sweet. Judges will be David Fussell, winemaker, Paul King, cellarmaster, and one

of Duplin County's extension agents.

Each wine will be judged according to taste, color, bouquet and clarity. The presentation of awards will follow the contest.

To obtain an entry form,

contact Pam Pope at Duplin Wine Cellars, Box 756, Rose Hill, NC 28458 or phone 289-3888.