

August 22, 2013

The Honorable Kay Hagan  
United States Senate  
521 Dirksen Office Building  
Washington, DC 20510

Dear Senator Hagan:

We are writing to you today to express concerns about the latest developments by the Obama Administration to discriminate against tobacco in the Trans Pacific Partnership (TPP) trade agreement. It is being reported that USTR has developed new language in an on-going attempt to single out a legal and legitimate commodity to be subjected to a different standard in terms of free and fair trade.

You have been a real champion on this issue for the farm families and related agri-businesses in our state, and the nation for that matter, for the past year. Your efforts have been successful in convincing USTR and the administration to forego its earlier attempts to "carve out" tobacco and /or saddle it with a "safe harbor" designation. It was our understanding that USTR had agreed to treat tobacco fairly.

Countless organizations and individual trade experts have voiced concerns about the dangerous precedent this flawed new policy position would create. All of agriculture and many other industries as well are legitimately concerned. Crops such as peanuts, pork, poultry, sugar, beef and grains could be next based on some zealot's opinion about potential health related risks.

Trade agreements should be based on actions of the free marketplace which is proven to function well in terms of demand for products, goods and services. Trade policy should be based on economic fairness and inclusion. It is a fact that existing trade agreements already allow for exceptions for measures to protect public health. This proposed new language appears to be simply an appeasement to anti-tobacco special interests. This specific language is completely unnecessary and will only result in causing economic harm to American agriculture, especially tobacco producers. It should be duly noted that "big tobacco" isn't likely to be adversely impacted by this policy position. The tobacco companies are international in scope and, in fact, already manufacture and sell tobacco products on every continent around the globe. Their commerce can and will continue.

The ultimate impact of singling out tobacco in any trade agreements will be largely felt by the thousands of hard working farm families in the approximate one-third of the states that produce tobacco in the United States. This is because our product could be excluded, or at a minimum placed at a competitive disadvantage when trying to export to these emerging Pacific Rim markets. In other words, consumers will still buy tobacco products; it simply will not have any U.S. leaf in its ingredients. As you read in an earlier economic study by NC State University expert Dr. Blake Brown, the TPP could open as much as 40 million pounds of new export potential for our leaf, which would be a direct help to North Carolina farm families. The farm gate value for this expansion would easily reach \$100 million. The multiplier effect from this expansion is conservatively two or three times that amount.

It is absolutely critical that Congress prevents these discriminatory efforts being waged against our legal, legitimate, and high value exportable crop. This clarification is unnecessary and unwarranted. All venues of American commerce are on heightened alert as the next round of negotiations starts this weekend. Please exhaust every resource at your disposal to convince USTR and the Obama

Administration to maintain the position of the past year and not single out tobacco or any other American crops and products in the TPP discussions.

Thank you for your continued leadership.

Sincerely,

Brent Leggett  
President  
Tobacco Growers Association of NC

Graham Boyd  
Executive Vice President  
Tobacco Growers Association of NC

Cc:

The Honorable Pat McCrory  
The Honorable Steve Troxler  
Members of the NC Board of Agriculture  
Mr. Pender Sharp, Chairman, NC FSA State Committee  
Dr. Blake Brown