

2006 Kentucky Burley Tobacco Leadership Forum Panel Discussion – Q & A

Labor was the first topic of discussion. Will Snell informed the group that he was working with Farm Bureau and members of Congress on labor issues, especially costs. UK production budgets use \$6 - \$7/hour as labor input cost – certainly does not reflect H2A costs. Policy may change if an immigration reform package passes in Congress.

Larry Wells mentioned work in the Biosystems and Agricultural Engineering Department addressing labor efficiency and mechanized systems. They are concentrating on material flow and market preparation (stripping room issues, especially).

Dean Smith stated that it is not the function of the College of Agriculture to lobby legislative issues. UK personnel can and do educate congressional staffers; this occurred during the buyout legislation, and applies to the labor situation. Beyond legislative/legal involvement, the College can provide labor education programs.

Steve Isaacs shared information on labor safety work he has done with the National Council of Agricultural Employers, based in Washington, D.C. The Council is a K Street lobbying group, especially on behalf of fruit and vegetable producers from California, Florida, and Texas. American Farm Bureau has a working relationship with the Council.

Roger Quarles mentioned that labor issues are high on Farm Bureau's priority list. A recent study indicated that need for seasonal labor greatly outnumbers the list of H2A contracts in the state. Commodity Growers Cooperative received a quote from a Lexington lawyer for H2A workers at \$1,000 each; contracts are available for \$150. Perhaps a subsidy can be provided to cover H2A fees. UK can encourage small acreage growers to partner on H2A contracts.

Dean Wallace pointed out estimates of 45,000 legal H2A workers and 1.5 million illegal workers. UK cannot change the political climate. Mechanization advances will help – is there a fall field day scheduled to display developments?

Larry Wells responded that there is no plan for such an event this fall. If commercial prototypes have been evaluated, possibly could do so in 2007.

Dean Wallace brought up the intellectual property approach that companies are assuming in relation to research funding. Such concerns may limit dissemination of information and field days. Larry Wells noted that Philip Morris has control of the upcoming commercial harvester.

The group asked about research not under commercial contracts – i.e. is research being done to generate information for the protection of growers, and what are the sources of UK tobacco research funding?

Dean Smith replied that intellectual property issues arise in many research areas – breeding, mechanization, marketing, etc. Navigating the requirements is “complicated stuff”; guidelines vary among funding sources (companies, federal government, etc). UK policy is to perform research that is in the public interest, with no secrecy.

Nancy Cox stated there are no contracts requiring UK to keep research information secret. Some sponsors require a review period before releasing results. Companies are the biggest source of tobacco research funds, and have desire to protect commercial interests; without the companies, there would be little (or no) funding. UK publishes its research results.

Dean Smith noted that many commodity organizations (other than tobacco) sponsor research to protect their members. Perhaps the Burley Coop can retain intellectual property rights for sponsored tobacco research.

Will Snell mentioned that \$3 million from the grower lawsuit would be available to land grant universities. The funding is available to specialists and counties for tobacco research and Extension activities.

David Wimpy brought up several burley production concerns, including the future of the market in Kentucky, infrastructure/land availability, rotation restrictions, and disease and sucker control pressures. He would like to know the best rotation schemes, solutions for moisture issues with big bales, details on steaming tobacco to case, and advantages (yield) of MH-free tobacco.

Gary Palmer answered that MH-free opportunities exist, but it is not necessary to exclude MH from the whole crop. MH levels are at 30 ppm, compared to 110 ppm in recent years. Burley never had as much MH residue as flue-cured, where MH is applied as leaves are harvested. MH is perceived to have a residue problem, although no health problems associated with MH have been demonstrated. However, recent studies show alternative products (Prime +, Butralin) are a definite residue problem, present in smoke, and are linked to human endocrine health problems. These products could be the new emphasis of residue reduction efforts. Application of MH as a coarse spray is a big improvement that improves sucker control and reduces residue.

One-year rotation can make a huge yield difference in burley. Planting fields closer to barns provides an economic advantage at harvest, but increased incidence of black shank erases gains.

Bob Pearce observed that changes in ideal rotation schemes are in order. “Two in, four out” tobacco rotations used to be ideal. However, in the past, hay or pasture land was used for tobacco production; now, producers are looking to rotate grain and tobacco while retaining the advantages of no-till production. These new rotation schemes can take several years to evaluate.

Kenny Seebold shared the challenges involved in finding research plots for black shank work. Most farmers and university farms do not want the pathogen on their land.

Dean Wallace inquired about the source of blue mold in Kentucky in 2006. Kenny Seebold said the disease first appeared in float systems on May 25. Two Magoffin producers, using mini-plugs purchased from out-of-state sources, had the first confirmed cases. Ten more cases involving mini-plugs from the same sources were soon confirmed. Producers who direct-seeded trays did not have blue mold as early.

Why are growers still importing mini-plugs and the associated disease risk? In many areas, it is simply a tradition; growers are not set up for direct seeding. Some producers don't have the management time available to do direct seeding. Although plugs are more expensive, the hardest part of transplant production is over by that stage. Overall float plant quality is limiting yield. Less than 5% of Kentucky tobacco plants are from out-of-state; more are coming from northern than southern sources.

Dean Smith asked about diagnostics and surveillance of imported tobacco plants. Kenny Seebold responded that it was possible, with a reasonable sampling protocol, to use a PCR assay for blue mold surveillance. The assay detects the disease even if symptoms are absent.

Are there efforts to encourage in-state plug purchases? Kenny Seebold cited Dr. Nesmith's educational efforts to avoid southern plugs, and continuation of those efforts. Gary Palmer stressed that the growers did not know plugs had blue mold when they received them. Blue mold is costing \$60 - \$100/acre in Kentucky in 2006.

Producers were asked to raise their hand if they applied chemicals for blue mold this season; virtually everyone raised their hand. Kenny Seebold talked with the plug producers in Florida and they did not understand how the disease could have been in their plugs. The weather was hot and dry at the time of production; however, conditions in greenhouses are usually conducive to disease development. A single spore could cause a latent infection; moreover, fungicides applied in the greenhouse could suppress the disease.

Bruce Cline and Jay Stone discussed the Christian County attempt to develop a tobacco model program with county Agricultural Development Funds (ADF). The infrastructure program would have funded barns, stripping and baling equipment, etc. Several other counties initially supported the program, but later withdrew support. The Agricultural Development Board (ADB) declined to fund the proposal; ultimately, the Burley Coop provided funding. Bruce Cline remarked that Christian County producers are building infrastructure – the program was designed to help small farmers. The \$5,000 funding cap would limit the program's benefit to larger growers. Mr. Cline believes tobacco is still Kentucky's #1 cash crop, and sees many other crops subsidized by the ADB as failures.

Dean Smith stated that the model tobacco program decision was one of the most controversial made by the ADB, and split the Board. ADB consulted with the governor and the legislative oversight committee, and there were political motivations involved. Interest groups were publicly critical of any ADF funds going to tobacco. He noted that the infrastructure program is the most popular program within the Agricultural Finance Corporation. With the changes in the industry (tobacco moving west, small vs. large producers), perhaps the Burley Coop and other organizations are better positioned to facilitate large investments.

Producers and tobacco leadership advised attendees not to take political support from Frankfort for granted; many legislators have little, if any tobacco experience. Financial assistance is more likely to come in the form of loans rather than grants. The “crop is ours to lose” – lobby for the industry, and present concerns as “agricultural issues” rather than “tobacco issues.” UK should put the facts concerning economics of the tobacco crop on the table – for most people in Kentucky, tobacco is the best crop choice.