

# At Last, Tobacco Growers May Have A Market

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Jane Balmer, who farms with daughter Belle and son-in-law Terry Frey near Mount Joy, recently distributed a "grower interest form" (reproduced here) to county farmers. The form asks growers: are you in favor of a marketing organization, similar to Maryland's Tobacco Marketing Authority, that will unite the growers under one organization to sell tobacco?

The form was well-received. As a result, according to Balmer, about 150 people became interested, mostly in Lancaster County, in marketing the tobacco through the co-op-like association.

Balmer, with the help of the Pennsylvania Farm Bureau, looked at how Maryland growers are able to successfully market their tobacco through their state-supported organization. She received, she said, "too many phone calls from people who couldn't sell tobacco last year.

"If the tobacco industry is to survive," Balmer said that, like Maryland, "politics have to be played."

And that means forming a single, umbrella-type organization, member-supported and financed, that will bring the product to the buyers.

Balmer herself grows almost nine acres of Pa. 41 and Maryland 609 tobacco. From the past growing season the county Farm Bureau president still has 52 bales left of the Maryland 609 cigarette filler/blend tobacco to be sold.

Like most growers in Lancaster County, Balmer watches and waits for the tobacco buyers to budge.

So why isn't tobacco moving?

For the big tobacco manufacturers such as Philip Morris and R.J. Reynolds, there are two major buyers: Diamond International and Standard Commercial. The buyers get their orders from the big manufacturers to either buy directly from farms or attend the (now defunct) Paradise Tobacco Auction to bid on tobacco.

The Paradise Auction lasted about 12 years, and it was "good for us," said Balmer. However, she believed one of the reasons for its demise was "not enough farmer participation."

This year confusion reigned: the growers expected a minimum floor price of \$1.50 a pound for Maryland 609. After all, a lot of independent contracts were going for about that rate. But the buyers

were looking only for the top leaves, having little or no orders to buy anything else.

Balmer, like others, believes it is a combination of factors that led to this year's disastrous tobacco auction season. The buyers have told many growers that the proposed \$515 billion suit against the U.S. tobacco industry, recently thrown out, could have put a halt on any kind of buying.

Buyers told Balmer that, because Pennsylvania was part of the proposal in paying their portions of the cost of the lawsuit, the processors would have to cut back on inventory. "That's what they told us," Balmer said. "I'm not sure if it's a straight story."

Because the Pennsylvania tobacco-growing industry is so unorganized, there was no leverage for growers to move the tobacco at the start of the season.

That could be one reason.

The other could have to do with the confusion on what prices to provide.

A lot of tobacco buying takes place on farms that are individually contracted to supply tobacco. Those prices could vary so tremendously that buyers aren't certain what to do.

Another reason could simply be, according to Balmer, that the tobacco industry in the state is fragmented and disorganized.

That situation can be remedied soon, according to Balmer.

At the end of September, a meeting is tentatively set, perhaps at the Paradise Auction Warehouse, to elect the officers and directors and to write up organizational by-laws. More information will be available in the next several weeks.

Meanwhile, the tobacco growers in Pennsylvania remain largely unorganized. Unlike Maryland, Pennsylvania does not require a license to buy tobacco. There is no set times, such as March and April in Maryland, to auction tobacco at one of several warehouse sites (Maryland has six such sites). In Pennsylvania, there is no state department of agriculture regulation, no licensing — unlike Maryland.

That could all change with the advent of the new Pennsylvania Tobacco Grower Marketing Association, according to Balmer.

"All but two of the 150 that responded to the idea of the association were favorable," she said.

"Most are saying they are in favor of providing financing for it."

But some growers are balking at the idea of financially supporting their organization.

In Maryland, there is a checkoff of 10 cents per pound to market the tobacco with the nonprofit organization. That fee is used to pay for the lawyer and licensing programs and to run the association.

In Pennsylvania, the proposed checkoff would be about seven cents a pound, noted Balmer.

Like Maryland, Pennsylvania would provide a number of sites for the growers to drop off the tobacco to be sold. Those sites could include the Paradise area, the Kirkwood area, and perhaps Terre Hill or an area in or near Lebanon County.

The tobacco will be graded and moisture-tested at the auctions. The auctions would take place after Farm Show, perhaps into the middle of February. The details need to be worked out by the state organization.

Those who sell tobacco would receive a check in the mail from the sale within two days of the auction, according to preliminary plans.

Those who are receptive to the organization and the checkoff are some of the middle-aged and younger farmers, according to Balmer. Some of the older growers indicated that, regarding having money deducted from the sale price, "they never have and never will," she said.

The Pennsylvania Farm Bureau is helping to coordinate the program. Balmer noted that those who want to join the tobacco marketing organization do not have to be a member of the state Farm Bureau.

Already two million pounds of tobacco have been committed to sell through the state organization, Balmer said. "But there are probably 15 million pounds of tobacco grown here in the county," she said.

According to the Pennsylvania Agricultural Statistics Service, in 1996 there were 7,000 acres of tobacco harvested in Lancaster County (800 in the remainder of the state). Lancaster County total pounds harvested was 13.88 million at a value of \$22.5 million. State production value was \$25.18 million.

Balmer noted that tax revenue for all parties — city, township, county, state, and federal — amounts to about \$48,000 per acre



Jane Balmer helps distribute these anti-smoking tax bumper stickers.

for all tobacco commodities. Meanwhile, the average farmer receives about \$3,000 an acre for the crop.

Balmer said that, during a recent American Farm Bureau Convention in Nashville, Tenn., she attended a workshop on flue-cured tobacco. She discovered that of the seven biggest tobacco-growing states, the tobacco tax revenue more than covered each of the state's Medicare programs.

"If we wipe out tobacco and teach everyone not to smoke, who will pick up the money?" said Balmer.

In the state, in 1996 Pennsylvania growers harvested 4,600 acres of Pa. Type 41 and 3,200 pounds of Maryland 609. Type 41 tobacco is used in cigars and in chewing tobacco. Maryland 609 is used in a blend of other tobaccos in cigarettes.

For now, growers sit with their tobacco and wait. Much of it, if dried down to 20-22 percent moisture, will last for some time to come in proper storage — perhaps years.

Recently Balmer obtained information from the National Tobacco Council on the price of flue-cured tobacco. The price last week, she noted, as \$1.59 per pound.

In the quota states, including Florida, Georgia, and the Carolinas, the expected harvest is 819

million pounds, though the growers only expect to get about 801 million pounds from the fields because of weather problems. Could Pennsylvania tobacco make up the difference? Possibly, according to Balmer. Maryland 609, while not a burley tobacco per se, is in the burly family of tobacco types.

Balmer remains optimistic for growers to sell the county's number one cash crop.

"We're still hoping to sell tobacco through the auction," she said. "We do think the buyers need this tobacco."

Balmer herself used to grow about 14 acres of tobacco. Now she grows a little more than eight acres of Pa. Type 41 and Maryland 609.

She remembers 1996 as probably the best year for growing tobacco, when she planted 10 acres.

One year she remembers buying hail insurance and collecting 100 percent from several damaging storms. She was grateful for the foresight in obtaining insurance.

Balmer also worries about prices. She said that, last week, she sold wheat for \$2.42 a bushel. She remembers that, years ago, her husband Arlin, now deceased, went up into the attic and came down with a receipt for wheat sold on the farm from 1961. The binload of wheat sold to Spangler's of Mount Joy for \$5 a bushel.

For this year, the tobacco crop has been satisfactory.

Balmer noted that the last two rainfalls have been really helped the crop. This year she planted the seedlings on May 20 — the earliest ever (usually the planting date is Memorial Day).

However, rains hampered the growth of the young crop and stunted it for a while. She believes that she has "85 to 90 percent of a super crop," she said, compared to years past.

Balmer has help from her daughter, Belle, and son-in-law, Terry Frey.

She drives or plants and uses a tractor hoe to cultivate. She uses herbicide and liquid fertilizer at planting, in addition to aphid control.

She sprayed for the prevention of blue mold in early July.

Because of the early warm season, the tobacco was ready for cutting and spearing early. Balmer believes that this time, by Labor Day, the cutting and spearing will be done.

"I love farming tobacco," she said. "I've always loved it. I believe it is the best physical and mental therapy we do on the farm. There isn't any expensive, noisy equipment. It's all handwork." Balmer said that at planting and harvesting, they all "talk to each other, tell stories — it's pure enjoyment and physical exercise. That makes it fun.

"When work is fun, it's not work," she said. "It's enjoyment, and you love your job."



Before the rains, several workers cut, speared, and loaded the tobacco at the Balmer Farm near Mount Joy. From left, Larry Smeal, Maytown; Bob Fackler, Maytown; and Terry Frey, Mount Joy.



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