

FRED BOND STATEMENT FOR PRESS CONFERENCE ANNOUNCING SUIT

Good morning. I'm Fred Bond, CEO of the Flue-Cured Tobacco Cooperative Stabilization Corporation which is headquartered in Raleigh, North Carolina.

I believe that Commissioner Kessler has grossly overstepped his bounds by attempting to regulate the sale of cigarettes.

Putting aside for the moment the fact that he has no authority over cigarettes -- and we believe this will be proven conclusively by our suit -- Commissioner Kessler apparently has no concept of the economic devastation his action will cause.

By taking this giant step toward prohibition, he has placed at risk virtually the entire farm economy of the Southeast. Even while we demonstrate in court that he has no authority to act, the course he is setting will disrupt the economy by bringing extreme uncertainty to the complex tobacco business.

There are nearly 140,000 farms in 23 states and Puerto Rico which depend on tobacco as a mainstay crop. These crops are valued at \$3 billion. Those dollars are multiplied as many as four times as they change hands for goods and services in the growers' communities.

Can there be any doubt that wiping out family farms is disastrous public policy for the farmers and their families? I don't think so. Nor do most Americans.

This only begins to tell the tale. In 1990, approximately 700,000 people were employed in the tobacco core and supplier sector at compensation in excess of \$16 billion. These employees in the export, warehouse, transportation and other allied sectors will be thrown out of work if Commissioner Kessler and FDA are allowed to proceed.

And we should ask how will David Kessler replace the \$12 billion plus in excise taxes paid by cigarette consumers to the federal, state and local governments? Or the \$4 billion positive contribution tobacco makes to our balance of trade?

2047023955