



March 24, 2025

The Honorable Brooke L. Rollins  
Secretary  
United States Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250

The Honorable Howard Lutnick  
Secretary  
United States Department of Commerce  
1401 Constitution Avenue NW  
Washington, DC 20230

Re: Tariff Rate Quota for Tobacco, reallocation and other proposed solutions

Dear Secretaries Rollins and Lutnick,

American tobacco growers are struggling, and the federal government is partly to blame. Tobacco farmers represent a significant agricultural sector in the United States, but the rules implemented to insulate their livelihoods have them in peril. That's because the tobacco tariff rate quota (TRQ) is in desperate need of reallocation.<sup>1</sup> First introduced as a compromise, the TRQ system allowed a limited quantity of tobacco leaf to enter at a lower "in-quota" tariff rate (restraint levels). This ensured some market access for exporting countries. Imports above that quota faced a higher, "out-of-quota" tariff. This preserved a degree of protection for domestic growers against cheaper foreign competition. The current TRQ has not been adjusted since shortly after its inception in 1995,<sup>2</sup> but market conditions have changed significantly.

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<sup>1</sup> The President may allocate the in-quota quantity of a tariff-rate quota for any agricultural product among supplying countries or customs areas and may modify any allocation as determined appropriate by the President. *See* 19 U.S.C. § 3601(d)(3).

<sup>2</sup> *See* Proclamation 6763, issued by President Clinton in 1995 under Section 103 of the Trade Act of 1974.

Requests to reduce TRQ volumes must be evidence-based. We, the agricultural commissioners of America's largest tobacco growing states, our farm bureau partners, and tobacco growers' associations write today to provide the evidence-based justifications for taking immediate action to reduce the tobacco TRQ allocations. *First*, current TRQ imports threaten the domestic tobacco industry's viability. *Second*, excess quota relative to demand is harmful to U.S. production and requires reevaluation. *Third*, reduced imports will have a positive impact on public health goals.

1. Stagnant TRQ volumes are a detriment to U.S. tobacco farmers. The failure to make necessary adjustments to the TRQ as domestic cigarette production declined has eviscerated the effectiveness of the TRQ, forcing more than 100,000 tobacco farmers to quit growing tobacco. The original quota levels were established, consistent with the imported tobacco volumes required under the prior domestic content law, taking into consideration the total volume of domestic and imported tobacco required for U.S. cigarette production at the time. Right-siding the TRQ to reflect current market conditions is an obvious solution. The current TRQ allocations should be reduced by 78% to account for the decline in U.S. cigarette production since 1995.

2. If U.S. cigarette manufacturers began sourcing all of the tobacco necessary for domestic cigarette production from U.S. tobacco farmers, the total cost increase of the tobacco leaf per pack would be minimal. This change would result in an addition of more than \$1.7 billion dollars in rural economic activity and a return to the rural farming communities in Florida, Georgia, Indiana, Kentucky, Maryland, Missouri, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and Wisconsin. Favoring these American farmers to the exclusion of Argentinian, Brazilian, Chilean, Guatemalan, and African tobacco producers is a no-brainer.

3. Finally, reevaluating the TRQ may have positive impacts on American public health. American tobacco farmers operate under rigorous agricultural standards, including strict regulations on pesticide use, labor laws, and required compliance with environmental regulations. These standards are undoubtedly more stringent than the countries currently supplying the bulk of tobacco for domestic cigarette production. Traceability in these foreign markets is non-existent.

For the foregoing reasons, it's clear that the TRQ system is not functioning as intended. Additionally, modernizing the TRQ system will counter existing trade imbalances. As such, TRQ must be front and center during upcoming trade agreement renegotiations. When advocating for the American tobacco farmer and discussing the TRQ system's current shortcomings, we encourage you to ask the U.S. Trade Representative to renegotiate commitments with our trading partners or act unilaterally to impose reciprocal tariffs.

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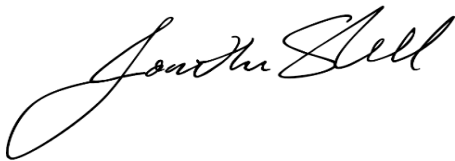
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These types of continued, unforced errors are destroying American tobacco prospects and filling American tobacco products with harmful, foreign grown tobacco leaf. In response, and in summary, we ask you to:

1. Advocate for President Trump to unilaterally modify the TRQ by proclamation;
2. Advocate for the U.S. Trade Representative to renegotiate commitments with trading partners; and
3. Encourage domestic support for U.S. tobacco farmers.

Thank you in advance for your time and consideration. We would welcome the opportunity to discuss this matter further, as appropriate.

Sincerely,



Jonathan Shell  
Commissioner  
Kentucky Department of Agriculture



Eddie Melton  
President  
Kentucky Farm Bureau



Tyler Harper  
Georgia Commissioner of Agriculture



Tom McCall  
President  
Georgia Farm Bureau



Hugh Weathers  
South Carolina Commissioner of  
Agriculture



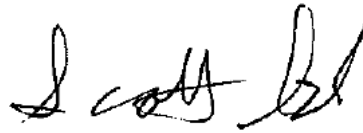
Harry Ott  
President  
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Eric Mayberry  
President  
Tennessee Farm Bureau



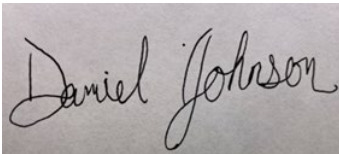
Scott Sink  
President  
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Shaun Harding  
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North Carolina Farm Bureau



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Al Pedigo  
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Producer Association