



198 West Liberty Street, P.O. Box 897, Lancaster, PA 17608-0897

March 22, 2007

Mr. Frank W. Foote  
Director, Regulations and Rulings Division  
Alcohol and Tobacco tax and Trade Bureau  
P.O. Box 14412  
Washington, DC 20044-4412

Dear Mr. Foote

This letter is in response to the proposed rulemaking, Notice No. 65, issued by the Alcohol and Tobacco Tax and Trade Bureau on October 25, 2006.

Lancaster Leaf Tobacco Company of Pennsylvania is a major supplier worldwide for all types of air cured tobacco sold to manufacturers of Cigar, Smokeless and Pipe tobacco. We have been in this business since the early 1930's, and our knowledge of tobacco requirements in each of these tobacco product segments makes us uniquely qualified to comment on supply and demand, on the different styles of tobacco used worldwide, and on the tobaccos used for products in the Cigar Trade.

In the early 19<sup>th</sup> Century, the cigar was the principal tobacco product used throughout the world and therefore, the main varieties of tobacco grown worldwide were those used in cigars: Dark and Light Air-cured (Burley) tobaccos. To the detriment of the cigar industry, the first cigarette was also developed and introduced to markets in the 19<sup>th</sup> Century and cigarettes ultimately supplanted cigars as the most popular tobacco product consumed worldwide. Parallel to the huge increase in demand for cigarettes, worldwide tobacco production moved away from cigar tobaccos and toward varieties used in cigarettes.

It is common knowledge in the Cigar, Smokeless and Pipe-tobacco manufacturing industry that the tobacco types used in producing a Cigar taste are completely different from those used to produce a Cigarette taste. Cigars are "heavier" tasting and their blends (primarily Dark and Light Air-cured (Burley) style tobaccos) have remained consistent over time. Cigarettes, on the other hand, are much "lighter" tasting. The key difference between the two blends is that the Flue-cured and Oriental tobaccos used in cigarettes are characterized by relatively high sugar content, whereas the Dark and Light Air-cured tobaccos found in cigars are very low in sugar. Another industry understanding is that most Dark and Light Air-cured tobaccos have a much greater

ability to absorb Casing (compounds of sweeteners and flavoring) than the Flue-cured and Oriental variety.

Casings or sauces, consisting of sweeteners and flavorings are not exclusively used in cigarette manufacturing. Although they are very widely used in cigarettes, sweeteners and flavorings also play an important role in cigar making by creating aromas and tastes that distinguish between competitive products. Flavors and sweeteners are also used in cigars to help overcome the harshness and bitterness of tobacco smoke and to make flavors and aromas of products within a given brand more consistent. It is also our understanding that the amount and type of casings used in cigar manufacturing **can also affect the levels of sugar in the finished product and could distort the results of a reducing sugars test result.** This is particularly true of highly cased pipe tobacco filler blends used in certain cigars.

Therefore, because of the changes that flavorings and sweeteners can have on the results of your reducing sugars test, we see difficulty in your proposed threshold level of 3% reducing sugars to distinguish between cigars and cigarettes. We feel the cigar industry has historically bought and used tobaccos of types that are clearly different from those of the cigarette industry.

With our unique knowledge of the tobaccos used to produce cigars versus cigarettes, it is our suggestion that the **tobacco type** be the determining factor for classification. Cigar manufacturers should be required to certify that they are using no Flue-Cured or Oriental tobaccos in their blends - which, as mentioned above, are cigarette tobaccos. The term "cigar" should also be defined as a roll of tobacco wrapped either in tobacco leaf or in another substance **that consists of a minimum of 66% tobacco.** This definition, when combined with our proposed tobacco-type definition, would clearly exclude cigarettes from masquerading as non-cigarettes in the cigar market.

We thank you for your attention to this letter, and encourage you to call me if you have any questions or would like any further information on the matter set forth above. Our office number is (717) 394-2676.

Sincerely,

A handwritten signature in black ink, appearing to read 'W E Powell', with a stylized flourish at the end.

William E. Powell  
President