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April 29, 2017

Honorable Thad Cochran
Chairman
Committee on Appropriations
U.S. Senate
Washington, DC 20510

Honorable Patrick Leahy
Vice Chairman
Committee on Appropriations
U. S. Senate
Washington, DC 20510

Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Honorable Nita Lowey
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Senators Cochran and Leahy and Representatives Frelinghuysen and Lowey:

With membership representing all seven segments of the U.S. cotton industry and all cotton producing regions, the National Cotton Council (NCC) and the 57 undersigned organizations strongly urge you to include the NCC's cottonseed policy in the omnibus appropriations package for fiscal year 2017.

All segments of the cotton industry have been working on this cottonseed policy for nearly two years, and the resulting policy recommendation is the outcome of dozens of industry meetings. As such, we now have broad industry consensus on this policy to help address the severe economic consequences that continue to impact U.S. cotton producers and the broader industry.

Cotton producers have suffered through three years so far of market returns well below costs of production, and the minimal amounts of government support provided to cotton producers during this time has not come close to closing the gap between costs and returns. For the recent three-year period, the shortfall has averaged \$168 per acre, leading to mounting economic pressures on cotton producers. And the projections for 2017 costs and returns are no better.

The cottonseed program costs are fully offset and thus budget neutral. This is accomplished by reallocating existing budget baseline resources from two areas of the farm bill – the STAX insurance policy and generic base acres – that are either cotton-specific or related to cotton, to the cottonseed policy. The result will be a cottonseed policy available on the exact same farms that currently have generic base acres, but the base acres will be decoupled, crop-specific bases. As such, there is no shifting of baseline resources from one set of stakeholders in the farm bill to another, but only a shift

in the type of policy that is available on those same acres and to the same stakeholders. Therefore, the cottonseed policy is a fully self-contained, budget-neutral policy.

In addition, the cottonseed policy has broad support from other farm bill stakeholders, including those that represent many of the other crops currently being planted on generic base acres.

In closing, we strongly urge you to include in the final omnibus appropriations package the cottonseed policy proposal that has strong industry consensus and requires no funding resources above the baseline. We believe this represents the best legislative opportunity to accomplish this important policy improvement until the next farm bill is implemented. If cotton producers are forced to wait until the next farm bill for an improved policy, they and their lenders will be faced with at least 3 more years before any support is provided by the new farm bill policy.

Thank you for your consideration and for your ongoing support of the U.S. cotton industry.

Sincerely,

National Cotton Council
Agricultural Council of Arkansas
Alabama Cotton Commission
Alabama Farmers Federation
Amcot
American Cotton Producers
American Cotton Shippers Association
Arizona Cotton Growers Association
Arizona Farm Bureau Federation
Arkansas Farm Bureau Federation
Autauga Quality Cotton Association
Blacklands Cotton and Grain Association
Calcot
California Cotton Growers and Ginners Association
Carolina Cotton Growers Cooperative
Choice Cotton, Inc.
Cotton and Grain Producers of the Lower Rio Grande Valley
Cotton Growers Warehouse Association
Cotton Producers of Missouri
Cotton Warehouse Association of America
Cottonseed and Feed Association
Decatur Gin and Warehouse
Delta Council
El Paso Valley Cotton Association
Farmers Cooperative Compress
Franklin Cotton Warehouse
Georgia Cotton Commission

Gulf Compress
Kansas Cotton Association
Louisiana Cotton and Grain Association
Louisiana Farm Bureau Federation
Mississippi Farm Bureau Federation
National Cotton Ginners Association
National Cottonseed Products Association
North Carolina Cotton Producers Association
North Carolina Farm Bureau Federation
Oklahoma Cotton Council
Plains Cotton Cooperative Association
Plains Cotton Growers, Inc.
Rolling Plains Cotton Growers
San Joaquin Valley Quality Cotton Growers Association
Sebastian Cotton Warehouse
Servico, Inc.
Southeastern Gin & Peanut
South Carolina Cotton Board
South Texas Cotton and Grain Association
Southern Cotton Growers, Inc.
Southern Rolling Plains Cotton Growers
Southwest Council of Agribusiness
Sowega Cotton
Staplcotn
St. Lawrence Cotton Growers Association
Tennessee Farm Bureau Federation
Texas Cotton Growers Cooperative Association
Texas Farm Bureau Federation
Trans Pecos Cotton Association
United Agricultural Cooperative
Virginia Cotton Growers Association