

2009 NCC Report to Members

This Report to Members highlights major National Cotton Council action in 2008.



In June 2008, the National Cotton Council of America moved its headquarters to this new building at 7193 Goodlett Farms Parkway just east of Memphis. It had occupied its previous building in midtown Memphis since 1955.

Joint Message from the Chairman and the President

The National Cotton Council actively managed the U.S. cotton industry's priorities in 2008, including the farm bill's development and implementation — a long and arduous course that began in 2007.

Throughout that process, the National Cotton Council was well-served by: sound industry policies, dedicated staff work, Congressional friends' efforts and committed industry leadership who worked closely with their Congressional delegations on each contentious issue.

The NCC, which moved its headquarters to Cordova, just east of Memphis, made good use of its website, www.cotton.org, as an important and valuable portal to timely industry information. For

example, a special Farm Bill section was created early in 2008 to house many documents, ranging from the farm bill legislative proposals to NCC member talking points and Congressional contact information.

2008 brought a number of economic challenges for the industry, including an erratic futures market. The NCC relayed industry concerns and recommendations to Congress and the Commodity Futures Trading Commission. The House eventually passed the Commodity Markets Transparency and Accountability Act but similar legislation had not cleared the Senate by year's end.

The World Trade Organization Doha Round required intense monitoring by NCC staff as well as aggressive communication with the U.S. Trade Representative's office. As in 2007, the NCC was diligent in working to ensure cotton was not unfairly singled out and that adequate market access remained a priority during the agriculture negotiations, which stalled without an agreement.

NCC's diligence on several technical issues boosted U.S. cotton infrastructure's efficiency. Among examples were its "KeepItClean" lint contamination prevention initiative, spreading the word on an electronic warehouse receipt enhancement aimed at speeding the flow of warehoused cotton to domestic and international markets and staff involvement in the Keystone Initiative, a coalition of producer organizations, technology companies, food companies and conservation groups designed to measure the sustainability of production agriculture.

Cotton Council International (CCI) was involved in a number of major initiatives in 2008 that actively involved customers throughout the world to build demand for U.S. cotton. CCI, which partnered with Cotton Incorporated on several activities, received near record public funding in a particularly challenging year legislatively — which speaks volumes about the CCI's program quality.

The Cotton Foundation continued to support the industry's technology-based priorities and educational needs. An example of this was the launch of "Vision 21." This project will provide for a critical assessment of the fastest growing consumer markets for cotton textiles, important life-cycle studies to strengthen U.S. cotton's sustainability message, and a thorough analysis of cotton handling and transportation logistics with a focus on improving flow and shipping.

Sound farm legislation coupled with the NCC's visionary programs should provide the industry some much needed underpinning to face a year that promises to be full of challenges. Guided by the NCC's exceptional leadership and dedicated staff, U.S. cotton is well-positioned to weather the current business environment and emerge an even more powerful force in the world marketplace.



Larry McClendon
Chairman (2008)



Mark Lange
President/Chief
Executive Officer

Legislative Affairs

Major activities carried out during 2008.

New Farm Legislation

Early in the year, the National Cotton Council expressed serious reservations regarding the 2008 farm bill package announced by House Agricultural Committee Chairman Collin Peterson (D-MN) and Ranking Minority Member Bob Goodlatte (R-VA). The NCC noted that the proposal reduced cotton loan values by introducing changes to the calculation of Commodity Credit Corporation loan premium and discounts but failed to address associated competitiveness provisions also linked to the loan. It also pointed out that their proposal did not include the much-needed economic assistance for the U.S. textile industry.

The NCC joined 41 other agricultural associations and farm groups on a letter to the chairmen and ranking members of the House and Senate agriculture committees urging them to initiate a farm bill conference and stay within the two bills' boundaries.



NCC Chairman Larry McClendon, right, met with USDA Undersecretary Mark Keenum to emphasize that Congressional intent be maintained in farm bill rulemaking.

NCC Action Alerts asked leaders to contact Congressional Members: 1) during the Easter recess and urge prompt action on the Food, Conservation and Energy Act of 2008 and 2) after that Conference report was issued, ask their Members to support it.

A NCC statement praised the Conference members for their work on the legislation and called on the President to sign it but did note the NCC's concern about the potential adverse impact of the

significant change made in the means test. After the farm bill's passage, the NCC praised Congress for its overwhelming approval and then its override of President Bush's veto.

During June, the NCC, supported by interest organizations, conducted 45 farm law information meetings across the Cotton Belt. Throughout the summer and fall, the NCC worked closely with Congress and the Administration to ensure the farm bill's timely implementation.

That included a letter to Agriculture Secretary Ed Schafer in October urging him to approve the regulation implementing the Food, Conservation and Energy Act of 2008. NCC Chairman Larry McClendon met with House and Senate agriculture committees' members and with USDA Undersecretary Mark Keenum to underscore the NCC message that no changes in regulations should be initiated by USDA where Congress did not alter existing legislation.

The NCC supported a bipartisan group of Cotton Belt Senators and House members who wrote Schafer and urged that no unwarranted changes should be made to 'actively engaged in farming' determinations. That letter also asked USDA to expedite publishing of rules and regulations pertaining to new adjusted gross income and payment limit reforms.

Shortly after that, the NCC, joined by the National Council of Textile Organizations, AMCOT, the American Cotton Shippers Association and the American Cotton Producers, wrote the Secretary about their serious concerns with the agency's delay in publishing the regulation. The letter cited the expectation that USDA would provide adjustments for industry members that had to: 1) redeem significant amounts of cotton from the loan or 2) accept a loan deficiency payment based on an adjusted world price that was not calculated in accordance with the new statute.



In summer 2008, the NCC conducted 45 farm bill information meetings across the Cotton Belt that were well attended by cotton producers, industry firms and agribusiness representatives.

The NCC also publicly thanked Senator Saxby Chambliss (R-GA) for drafting and shepherding the legislation through and ensuring the cotton program was implemented in accordance with Congressional intent.

Market Volatility

The NCC sent a letter of concern to the InterContinental Exchange and the Commodity Futures Trading Commission (CFTC) regarding the extraordinary volatility with the No. 2 cotton futures contract that occurred in early March. The letter urged immediate action taken as cotton producers and merchandisers had lost the ability to hedge price risk.

The CFTC responded by holding a public meeting to discuss the events affecting agricultural markets. American Cotton Producers Chairman Chuck Coley, representing the NCC, called for decisive action to restore confidence in the markets. Included in his comments was urging CFTC to use its authority and exercise its responsibility to protect market participants against manipulation and provide more transparency in trading.

Later, the NCC submitted comments to a House Agriculture subcommittee that expressed skepticism over CFTC's charge that the market instability was not affected by speculation or the infusion of large amounts of institutional money. The comments, most of which were aligned with NCC Executive Committee member Andy Weil's on-site testimony, urged the panel to take appropriate action to bring transparency to the cotton market and limit disruptive speculation unrelated to market fundamentals.

The NCC also submitted a statement for inclusion in the record of House Agriculture Committee hearings on various proposals to amend the Commodity Exchange Act. That testimony urged Congress to provide the CFTC with the necessary authority and resources so that the markets could return to their historical functions of price discovery and risk management.

After the CFTC announced several policy initiatives – including a cotton market investigation – NCC President/CEO Mark Lange said the U.S. cotton industry remained concerned about the futures markets' ability to provide meaningful risk management and price discovery so that commodity market participants could be better protected against manipulation.

After urging from a coalition of commodity and general farm organizations, including the NCC, the Commodity Markets Transparency and Accountability Act eventually was passed by the House but the Administration signaled it would veto that bill in its present form.

In other farm policy/legislative-related activity, the NCC:

- joined with a number of other commodity and farm organizations urging prompt action on a House bill requiring USDA to allow reconstitution of farms with fewer than 10 base acres; legislation that President Bush eventually signed;
- generated and posted a selected provision summary of the final rule implementing the Upland ELS cotton programs for 2008-12.
- offered NCC Vice Chairman Jay Hardwick's testimony before the Senate agriculture committee asking for expedited disaster assistance for producers and some form of financial assistance for gins, warehouses and other key U.S. cotton infrastructure components in states hit by hurricanes Gustav and Ike; and
- sent a letter to USDA's Risk Management Agency requesting expedited appraisals of crops damaged by Tropical Storm Fay in Florida; Hurricane Gustav in Louisiana and Mississippi; and Hurricane Ike in Arkansas, Louisiana and Texas.

Trade

Major activities carried out during 2008.

World Trade Organization

Early in the year, President Bush said he would make the “successful” conclusion of the World Trade Organization's (WTO) Doha Round negotiations a top priority. The NCC remained diligent in monitoring those talks, which were launched six years ago.

NCC Chairman Larry McClendon called on USDA to provide U.S. agriculture with a clear analysis of exactly what gains U.S. agriculture could expect in market access under the draft negotiating texts proposed by WTO Agricultural Negotiations Chairman Crawford Falconer.

The NCC joined 40 other U.S. agricultural organizations in letters to President Bush and the Office of the U.S. Trade Representative (USTR) reaffirming that an acceptable Doha text must have equal ambition in domestic disciplines and increased market access.

In advance of a July ministerial, the NCC joined 12 other agricultural organizations on a letter to President Bush expressing continuing deep concern about the status and direction of the Doha Round agricultural negotiations. The letter reiterated a call for any agreement that does not deliver a balanced result should be rejected by U.S. negotiators. The ministerial failed to produce final negotiating texts or modalities for the Doha Round, thus the United States did not table a specific cotton proposal.

When talk of convening another ministerial in December began circulating, the NCC generated columns that appeared in Farm Press publications. The columns pointed out the flaws in the text that was being proposed by WTO Director Pascal Lamy, and included a summary of a NCC analysis that showed how exemptions for “Special Products” in that text could dramatically undermine potential market access gains.

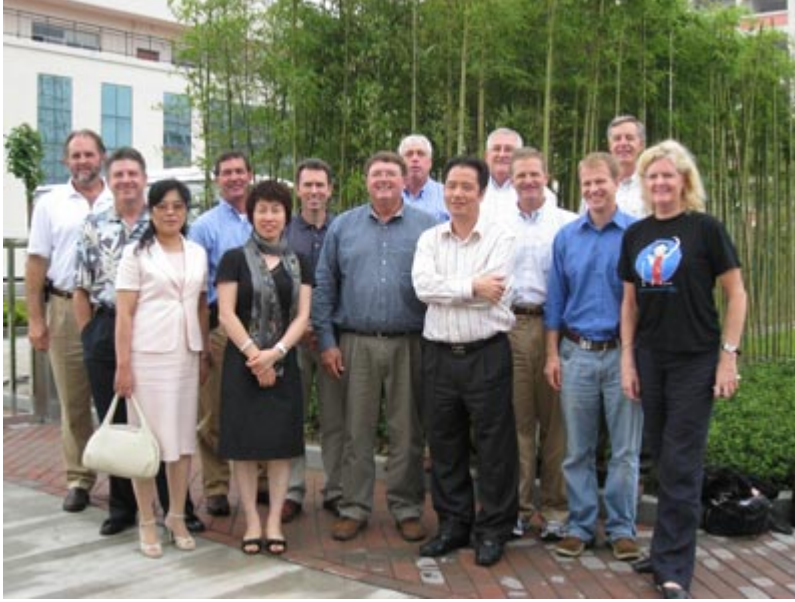
Brazil-U.S. Cotton Case

Early in 2008, the NCC conveyed in a letter to USTR Susan Schwab its disappointment in a WTO compliance panel ruling in the Brazil-U.S. cotton case. The NCC argued that the Panel’s ruling did not adequately consider the changes that had been made in the U.S. cotton program subsequent to the initial WTO ruling and did not appropriately consider the existing world cotton market situation.

Later, the NCC praised the USTR’s Office for filing a notice of appeal in that case – and NCC Chairman McClendon expressed hope that the appeal would lead to better clarity in the WTO panel decisions.

Unfortunately, a WTO Appellate Body upheld the compliance panel’s earlier report against the U.S. Export Credit Guarantee program and certain aspects of the U.S. cotton program. The NCC joined the USTR in conveying disappointment in the findings. In a statement, Chairman McClendon noted that expenditures under the cotton program had fallen dramatically; U.S. cotton acreage was down; international cotton acreage was up; and world cotton prices were up and – “I don’t see how anyone examining the current structure of the world cotton market could accuse the United States of suppressing world cotton prices.”

After Brazil notified the WTO that it was seeking authorization for retaliation, the NCC issued a statement vowing it would work with the USTR to rebut Brazil’s claims that the U.S. cotton program has caused economic damage to international cotton markets.



2008 NCC Vice Chairman Jay Hardwick, far left in back, led a NCC leadership team visit to China that enabled the group to learn more about that country's cotton infrastructure, its standards, marketing practices, policies and their overall raw cotton needs.

China

A NCC leadership team's visit to China enabled the group to learn more about that country's cotton infrastructure, its standards, marketing practices, policies and their overall raw cotton needs. This information is proving invaluable in helping U.S. cotton continue to supply the type of fiber and service this rapidly growing country requires.

NCC Vice Chairman Jay Hardwick led the delegation, which included producers John Lindamood, C.B. "Chuck" Coley, and Eddie

Smith; warehousemen Trent Felton and Dean Church; ginner, Sid Brough; merchant, Cameron Austin; and cooperative official, Jarral Neeper. NCC Vice President Gary Adams accompanied the group. The visit, coordinated by Cotton Council International, built on previous China cotton industry familiarization and information exchange trips in 2006 and 2007.

The NCC also joined onto a letter urging Cotton Belt House members to co-sign a letter to President Bush from the Congressional Textile Caucus urging more effective enforcement of U.S. trade laws with respect to China and to prevent further U.S. manufacturing job losses.

The NCC joined 10 textile and fiber industry trade associations and the labor union, UNITE HERE, on a letter to U.S. Secretary of Commerce Carlos Gutierrez and USTR Susan Schwab asking for a broadened “Textile Monitoring Program” to cover U.S. textile and apparel imports from China beginning on January 1, 2009. Shortly afterwards, the International Trade Commission announced it would monitor certain textile and apparel imports from China at the request of House Ways and Means Committee Chairman Charles Rangel (D-NY).



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In other trade activities, the NCC:

- contacted Cotton Belt Senators asking them to join Senator Elizabeth Dole (R-NC) in urging prompt passage of an extension of the Andean Trade Preference Act, which was scheduled to expire on February 29, 2008; and
- urged Congress to approve a 10-month extension of the Andean trade preferences program to avoid disruption in trade in fiber, yarn, textile and apparel products between the United States and Andean countries.

Communications

Major activities carried out during 2008.

Public Attitudes

FarmPolicyFacts.org

The NCC remained active in Farm Policy Facts.org.

Throughout 2008, the NCC communicated the urgency of getting a new farm law in place. A steady stream of news releases, columns, op-eds and other documents were issued and interviews conducted with national news media.

That effort included active membership in Farm Policy Facts.org (<http://www.farmpolicyfacts.org>), a non-profit coalition which issues documents to educate Americans, particularly Congress, about agriculture's contributions.

The NCC specifically created "Dispelling Myths About U.S. Support to Cotton Farmers: U.S. Programs Have Not Caused Low Cotton Prices and Hurt Foreign Growers," a document that was posted on the NCC's website and distributed to major national news outlets. Other documents, ranging from farm bill proposal summaries to letters to key lawmakers and USDA were posted on the NCC's special farm bill website area.

Late in the year, the NCC distributed columns and articles regarding the timing of the WTO Doha Round ministerial. The aim was to draw attention to what was wrong with the current agriculture negotiating text and what was needed for U.S. cotton to support an agreement. NCC Chairman Larry McClendon reinforced that message by holding a briefing and question/answer session with journalists attending the 2009 Beltwide Cotton Conferences.

The NCC, along with other commodity organizations, continued to support *America's Heartland*, a weekly television program that highlights the diversity and success of American agriculture. Viewer ratings were up 12 percent during the program's third season. Along with a complete listing of stations and programming schedules, www.americasheartland.com also now features an educational section with teaching tools and discussion guides. That material complements the segments of *America's Heartland*, which now is partnering with the national Ag in the Classroom program.

In other public attitudes activity, the NCC worked with the National Cotton Ginners Association (NCGA) and Plains Cotton Growers on a news briefing in Lubbock to emphasize the USDA Cotton Ginning Lab's contributions. The media were told that the facility, which was slated for closure under the Administration's currently proposed FY09 budget, is not only important to Texas cotton producers/ginners – but to the entire Cotton Belt.

Information Services

Progress on the farm bill development and the NCC's efforts to explain the new law's provisions were reported through *Cotton's Week*, news releases, the AgDay Cotton's Week television segment and radio newlines.

A special farm bill section was created on the NCC's website for the organization's members and included information ranging from talking points to farm bill provision summaries.

The NCC coordinated with the farm trade media on multiple articles focusing on the 2009 Beltwide Cotton Conferences' programming – to generate more awareness and bolster attendance at that forum.

Promotion and public relations support was given to Cotton Council International, The Cotton Foundation and to various cotton interest organizations such as the American Cotton Producers, the NCGA and others. For example, CCI support included work on its annual directory, buyer's guide, calendar, quarterly newsletters, CCI-FAX, as well as various audiovisual reports.

Audiovisual projects were conducted for both the NCC and other industry organizations. Among those were the 2009 NCC staff report and work with the NCGA on revising scripts and acquiring footage for updating its gin safety videotapes.



NCC-generated columns and articles regarding the WTO Doha Round ministerial were distributed to the trade press and NCC Chairman Larry McClendon reinforced that message by holding a briefing and question/answer session with journalists.

Technical

Major activities carried out during 2008.

Research/Education

As a follow-up to the 2008 Beltwide Cotton Conferences, the NCC coordinated advance training workshops in the Mississippi Delta and in Texas to increase producers' and consultants' awareness of best management practices and the benefits of their use. Discussions were held on topics ranging from variety selection to weed resistance. The 2009 Beltwide Cotton Conferences, which featured information-packed workshops and sessions, including the second annual Cotton Consultants Conference, attracted more than 3,000 attendees.

The NCC joined the National Cotton Ginners Association (NCGA) and Texas organizations in communicating to the Bush Administration the importance of the USDA Cotton Ginning Lab in Lubbock and the need for it to remain funded.

At a USDA listening session, the NCC conveyed its concerns over the adverse impact that any incorrect interpretation of amendments in the research title of the Food, Conservation, and Energy Act of 2008 would have on integrated pest management and cotton pest management research funding. The comments emphasized that U.S. cotton is particularly susceptible to a myriad of insect pests.



The Beltwide Cotton Conferences' Cotton Consultants Conference was initiated in 2008 and continued for 2009.

Regulatory

The NCC and Cotton Incorporated, together with other commodity, consumer and environmental organizations, made strides to define agricultural sustainability and set up achievable goals to evaluate progress. The NCC assisted Cotton Incorporated in a survey of cotton producers'

production practices. The information gleaned from the survey will be used to show the true extent of cotton's limited environmental impact.

The NCC joined with 32 other organizations on a letter expressing concerns with the process being undertaken to draft a proposed Standard for Sustainable Agriculture under the auspices of the American National Standards Institute (ANSI). The letter noted that the draft standard as written pertained to "sustainable organic agriculture" only and does not meet the definition of "sustainable agriculture" as defined in the 1990 farm law.

Later, the NCC appealed the selection procedure of the Leonardo Academy's Standards Committee for the ANSI development process. This followed the rejection of committee service applications from NCC's Dr. Bill Norman, industry consultants Drs. Andrew Jordan and Phil Wakelyn and Cotton Incorporated's Norma Keyes.

Comments were filed in support of carbofuran to the Scientific Advisory Panel formed by EPA in compliance with the Federal Insecticide, Fungicide, and Rodenticide Act to review the agency's interpretation of carbofuran risk assessment. EPA was urged to recognize the limited number of chemistries for aphid control and the need to maintain accessibility to an alternative material for resistance management of aphids. The NCC helped communicate carbofuran's benefits, including participation in a meeting with USDA to discuss the chemical's importance. Later, the NCC sought a 90-day extension of the public comment period for Furadan. After that was denied, the NCC registered several concerns it had with the agency's process in cancelling the product's uses.

Comments were submitted to EPA supporting the use of endosulfan insecticide for control of insect pests, particularly in Arizona, California, New Mexico and Texas. The comments urged the agency to realize the limited number of active ingredients that are available for managing piercing/sucking insect pests.

The NCC called on its members, interest organizations, Cotton Foundation members and others to support a proposed Transportation Department (DOT) rule addressing risk-based adjustments to transportation security plan requirements. The NCC also petitioned (DOT) to remove cotton from its list of hazardous materials.

During the Consumer Products Safety Commission's (CPSC) reauthorization, the NCC joined with other textile and retail organizations on a letter to textile state Senators asking them to direct the CPSC to study the issue of whether new regulations were needed for formaldehyde. The NCC pointed out that 1980's studies showed that no standards for fabric levels or product emissions were necessary.

Pest Management



NCC staff will conduct a confidential pesticide use survey to help prepare comments to EPA regarding re-registration of crop protection products that can control such pests as this saltmarsh caterpillar.

The NCC's Boll Weevil Action Committee urged USDA to: 1) continue support and development of technology that would verify boll weevil identification by using DNA isolated from insect fragments; 2) continue support and development of research using pollen, molecular data and weather data to determine the most probable origin of insects that re-infest eradication or low weevil population areas; and 3) establish a boll weevil colony for eradication program quality assurance and research purposes.

The NCC's Pink Bollworm Action Committee reviewed the success of its sterile moth eradication program and adopted a working definition of eradication as proposed by its Technical Advisory Committee. The Committee also discussed the development of a post eradication minimum standards protocol for program operations and requested further development of the concepts from the Technical Advisory Committee for the 2010 meeting.

Regulations for pesticides and biotechnology, climate change and sustainability were discussed by the NCC's Environmental Task Force. That panel asked that staff conduct a confidential beltwide pesticide use survey. The survey's data will be used to prepare comments to EPA regarding re-registration of crop protection products. The Task Force also met privately with representatives from several Cotton Technology Project sponsoring firms to discuss management strategies for herbicide resistant weeds, with emphasis on glyphosate resistant weeds.

Cotton Flow/Packaging

The Joint Cotton Industry Bale Packaging Committee (JCIBPC) amended the 2008 Cotton Bale Packaging Specifications by adding "Certificate of Analysis" reporting requirements covering bagging and ties; removing hot blade weld technology as an approved method for applying polyester plastic strapping; adding references for 100% cotton bale bags covering identification, inspection, certification and test methods; and amending burlap bag references to not allow any colored yarns in fabrics intended for use as bale bagging. The JCIBPC also agreed to consider a phase-out of burlap as an approved material within two to three years.

In a separate action, the JCIBPC strongly encouraged all gins using materials approved for wrapping experimental test program bales to recess their bale ties. A bale tag list provision for all

test programs also was added. The provision asks gins participating in test programs to keep lists by PBI number for bales wrapped or tied with materials in JCIBPC-sponsored test programs. The provision goes on to make the firms sponsoring test programs responsible for collecting tag lists from their participating gins then submitting the lists to the bale packaging committee.

NCC online surveys of U.S. and foreign textile mills initiated under its “KeepItClean” initiative collected valuable information that is used to improve lint contamination prevention programs and bale packaging material performance. Survey responses came from virtually all domestic mills and more than 170 foreign mills.

The NCC protested surcharge increases imposed by some major U.S.-Asia container shipping line members of the Westbound Transpacific Stabilization Agreement along with other agricultural transportation interests.

An Agriculture Transportation Coalition (AgTC) conference was attended by NCC, and participants discussed seeking help from Congress on shipping laws and regulations that addressed agriculture transportation concerns. AgTC agreed to continue pushing federal regulators to examine shipping companies’ practices. In addition the NCC worked with the Ag Transportation Working Group and others on cotton logistic concerns. Those groups actively encouraged Congress, federal agencies and other regulatory bodies to review transportation modes whose rates and practices discriminate against cotton.

Merchants and warehouses were urged by the NCC to utilize an enhancement to EWR, Inc.’s electronic warehouse receipt process in order to further streamline the procedure for establishing bale shipping order load dates once shipping orders or early shipping orders are submitted. The portal feature, initiated on September 1, was requested by the NCC to eliminate shipping bottlenecks. The NCC also posted an explanation fact sheet on its website.



Merchants and warehouses were urged by the NCC to utilize an enhancement to EWR, Inc.’s electronic warehouse receipt process as one way to eliminate shipping bottlenecks.

On other technical issues, the NCC:

- urged USDA to continue aflatoxin research ranging from the effects on environment to long term benefits;
- continued serving as a cooperator for the NCGA 2008 Ginner Schools; and

- was notified of Vice President Bill Norman's appointment to USDA's Agricultural Air Quality Task Force.

Cotton Council International

Major activities carried out during 2008.

Amidst the uncertain economic atmosphere of 2008, Cotton Council International (CCI) intensified its promotion efforts of U.S. cotton and cotton products throughout the world. To counter slowing global demand for cotton products, CCI and its partner, Cotton Incorporated, also escalated efforts to build underlying consumer demand.

CCI carried out COTTON USA promotional activities in more than 30 countries, strengthening relationships with U.S. cotton's customers and developing new avenues for U.S. cotton and product exports.

Textile delegations from two key markets, China and Vietnam, met with U.S. industry officials during the COTTON USA Special Trade Missions. Participating companies consume about 3.5 million bales of cotton annually, with U.S. cotton's share equaling 1.6 million bales.



Key U.S. cotton customers participated in COTTON USA Special Trade Missions.

The Cotton School in China, a seminar series executed by CCI with the support of the American Cotton Shippers Association (ACSA) and American Cotton Marketing Cooperatives (AMCOT), educated quota-eligible cotton buyers in China on trade rules/U.S. cotton sourcing.

The U.S. cotton booths at the home and apparel Intertextile Shanghai shows celebrated cotton as the natural choice for consumers and featured COTTON USA licensees' latest collections.

The COTTON USA Buyers Tour to China and Vietnam streamlined the sourcing

process for participating brands and retailers, enabling European, Japanese and U.S. brands and retailers to explore the advantages of sourcing garments made of U.S. cotton and processed in China and Southeast Asia.

Four innovative Chinese designers showcased their cotton fashions during CCI and Cotton Incorporated's "COTTON-BEYOND YOUR IMAGINATION™" Road Show in China. The program stimulates consumer preference for cotton goods in the world's fastest growing consumer market.

A NCC leadership team visited China to continue building a relationship with U.S. raw cotton's number one customer.

The Cotton's Revolutions conference in Dubai brought together different segments of the U.S. cotton supply chain to address key issues facing the industry, and to provide a forum for buyers and sellers to meet and conduct business.

CCI expanded the outreach of its generic program in India through "Cool with Cotton" media workshops. The "Cool with Cotton" campaign, branded with Cotton Incorporated's Seal of Cotton, has amplified consumer awareness of the benefits of cotton vs. synthetics.

A record number of mill executives learned about risk management in cotton buying during COTTON USA's 2nd national seminar for the Turkish spinning industry. The program focused on factors that influence option pricing, hedging choices and option strategies for textile mills.

A Turkish TV channel publicized a COTTON USA interview, focusing on recent Lifestyle Monitor research on consumer shopping habits to 40,000 executives.

With a free trade agreement pending, Colombiamoda and the 20th annual Colombiatex trade show took on new meaning. U.S. mills promoted U.S. cotton yarn and fabric at the COTTON USA Sourcing booths.

"Cotton's Revolutions" was a key initiative that brought brands, retailers, mills, manufacturers, exporters and producers together to discuss the effects of short and long-term developments in global business and society. This strategic thinking initiative makes use of the "Seven Revolutions" framework developed by the Center for Strategic and International Studies, to identify global trends, and the factors that influence them, through 2025. Four focus groups held worldwide led cotton industry leaders to identify resources, technology and governance as the three revolutions most relevant for further exploration, and culminated in a global focus group in Texas to probe resource use and sustainability in the cotton textile supply chain.

The biennial Sourcing USA Summit in Austin, TX, gathered 215 CEOs from top cotton buying mills representing 30 countries, as well as 150 U.S. cotton exporters and agents. This popular cotton business forum was organized by CCI and Cotton Incorporated and funded by a combined effort of the U.S. cotton industry and USDA.



***Fucsia*, a fashion magazine in Colombia and a strategic partner of COTTON USA, marked the launch of a new consumer promotion that included photos of this model in California cotton fields.**

CCI's innovative U.S. cotton promotion events actively involve customers throughout the world to build demand for cotton versus synthetics. Because the U.S. cotton industry's size and profitability depends on exports, CCI will persist in building relationships at each point in the supply chain to increase preference for cotton and U.S. cotton products.



The 2008 Sourcing USA Summit near Austin, TX, attracted 149 CEOs from top cotton buying mills representing 22 countries as well as 131 U.S. cotton exporters and agents.

That mission is being supported solidly by the NCC; Cotton Incorporated; ACSA; AMCOT; the Committee for Cotton Research; ICE Futures U.S.; the National Cottonseed Products Association; Plains Cotton Growers, Inc.; San Joaquin Valley Quality Cotton Growers Association; Southern Cotton Growers, Inc.; Supima; USDA; U.S. cotton yarn and textile manufacturers; and COTTON USA Mark licensees worldwide.

The Cotton Foundation

Major activities carried out during 2008.

The Cotton Foundation continued to make a difference in the industry's quest for success by supporting ongoing investigations and cutting-edge projects being conducted by some of America's premier scientists.

[Cotton Foundation](#) membership remained solid with 67 member firms as of July 1, 2008, the beginning of the 2008-09 Foundation fiscal year. These agribusiness firms' voluntary membership dues enable the Foundation to direct \$333,580 in support of 25 general research and education projects.

This research is geared toward finding solutions to problems in areas from cottonseed to textiles.

As in 2007-08, pest management remains an active arena. Foundation-supported work is targeting weed resistance, nematodes, plant bugs, spider mites, pink bollworm and boll weevil – all of which threaten producer profitability.

The U.S. cotton industry is enjoying a healthy return on investment from these efforts, too. NCC staff estimates that taking into account cash and in-kind services, the Foundation's general projects enjoy a return of about \$3 for every dollar devoted to these projects.



The 2008 High Cotton Awards recipients were, from left: Mike Tate, Huntsville, AL; Jason Luckey, Humboldt, TN; Jimmy Dodson, Robstown, TX; and Danny Locke, Firebaugh, CA.

Many Foundation members continue to go above and beyond their dues by providing much-needed grants for support of special projects. These endeavors have proven invaluable in helping the NCC carry out much needed educational and training efforts. The Cotton Leadership Program just completed its 25th year. Other among other initiatives are the Producer Information Exchange, the Multi Commodity Education Program and the Policy Education Program.

Support also is being gathered for two new special projects.

“Vision 21” will critically assess cotton textiles’ fastest growing consumer markets, important life-cycle studies to strengthen U.S. cotton’s sustainability message, and a thorough analysis of cotton handling/transportation logistics with a focus on improving flow and shipping. The NCC, Cotton Council International and Cotton Incorporated will jointly administer this project.

“Advancing Cotton Education,”(ACE) is a new program aimed at helping producers achieve profitability and sustainability by enabling the NCC to disseminate best management practices through the re-introduction of the *Cotton Physiology Today* newsletters and the “First Forty Days” and “Fruiting to Finish” guides. There are plans for additional information distribution activities through the ACE project from a variety of sources.



Advancing Cotton Education is a new program aimed at helping producers achieve profitability and sustainability.

Several other active projects will assist the NCC as it addresses the needs of the cotton industry. The Herbicide Resistant Weeds project has completed a learning module and is nearing completion of an educational video. Technical training material is being developed to aid in detection and management of resistant weeds as well as proactive training for locations with no known herbicide resistance problem to date.

The Beltwide Cotton Nematode and Beltwide Seedling Disease special projects provide a forum for academic experts to share common protocols to address issues facing the entire cotton belt while allowing specific local needs to be addressed.

Foundation member firms continue to sponsor vital NCC communications vehicles, including the *Cotton's Week* newsletter, AgDay Cotton's Week and the *Cotton eNews* electronic newsletter.

The Foundation is well positioned to help bring resolution to the technology-based priorities and educational needs the NCC has identified – activities that will invigorate the industry in the decades ahead.

Video Staff Report

<http://www.cotton.org/about/report/2009/video-staff-report.cfm>