

# 2013 National Cotton Council Report to Members

**This Report to Members highlights major NCC action in 2012.**



**The objectives, framework and establishment of the National Cotton Council occurred in a 1938 meeting in Memphis' Peabody Hotel and U.S. cotton's central organization has been managing issues for the U.S. cotton industry ever since.**

## Joint Message from the Chairman and the President

Ensuring U.S. cotton's viability in 2012 required the National Cotton Council (NCC) to manage a wide range of issues, from the farm bill to pollinator protection. Of course, our foremost

priorities this past year focused on the farm bill, the World Trade Organization (WTO) Brazil case, agricultural appropriations, international contract defaults and the more recent Peruvian countervailing duty investigation.

A major goal was to see the adoption of comprehensive, balanced, long-term farm policy. That involved work with the agriculture community and Congress, where House and Senate hearings enabled us to advocate STAX inclusion as an effective risk management program and one that demonstrated our industry's commitment to permanently resolve the Brazil case. We voiced opposition to Congressional efforts to further restrict or deny program eligibility based on size or income. NCC testimony also emphasized the Economic Adjustment Assistance Program's importance to the U.S. textile industry.

Although no new farm bill was passed in 2012, the NCC continued monitoring its development into 2013. We were not sure how, if any, the farm bill process would be affected by the 2012 elections. The elections did not change which party controls the White House, House or Senate but brought changes to the 113<sup>th</sup> Congress' composition and to key committees – changes that will affect the Cotton Belt.

The NCC efforts on the farm bill necessitated timely communication to NCC members. That included escalated use of our website, [www.cotton.org](http://www.cotton.org), where a 2012 Farm Bill section was created for posting numerous farm bill documents ranging from talking points to testimony.

On the trade front, after indications of possible re-engagement of the Doha negotiating agenda, the NCC reiterated that the U.S. cotton industry would push that any changes to cotton provisions must be part of and not in advance of an overall, comprehensive agreement. The NCC also worked intently to achieve a successful outcome to the countervailing duty case in Peru.

The NCC was engaged in multiple regulatory and environmental issues, among them the clean water act permits, pollinator protection, farm dust regulation and the endangered species act mega-suit.

As always, the NCC worked to improve U.S. cotton's reputation. Included in that effort were the NCC's issuance of a "Contamination Prevention Alert" and distribution of a bulletin/poster. The aim was to encourage industry members and their employees to pay particular attention to contamination prevention during the 2012 harvest season.

Such initiatives enabled Cotton Council International's (CCI) global demand-building activities to better capitalize on U.S. cotton's status in the global marketplace. CCI's message about the U.S. cotton industry's continued commitment to quality and timely delivery was reinforced in numerous meetings with representatives of our largest customer during a leadership exchange trip to China. The CCI-supported biennial Sourcing USA Summit also was particularly beneficial in promoting U.S. cotton fiber exports. Strong industry and government support in 2012 leaves CCI poised to elevate U.S. cotton's position further in the global cotton supply chain while providing superior service to U.S. cotton's customers.

The Cotton Foundation heightened its commitment to cotton research and education as its Trustees approved \$361,242 to fund 25 general research projects for 2012-13. Approved work included studies related to pest management, herbicide resistance, fiber quality, agronomic practices and education. A new Foundation special project supported by a Monsanto grant – the Emerging Leaders Program – will boost our efforts at ensuring the U.S. cotton industry benefits from a continuity of sound leadership.



**C.B. "Chuck" Coley**  
**Chairman (2012)**



**Mark Lange**  
**President/Chief**  
**Executive Officer**

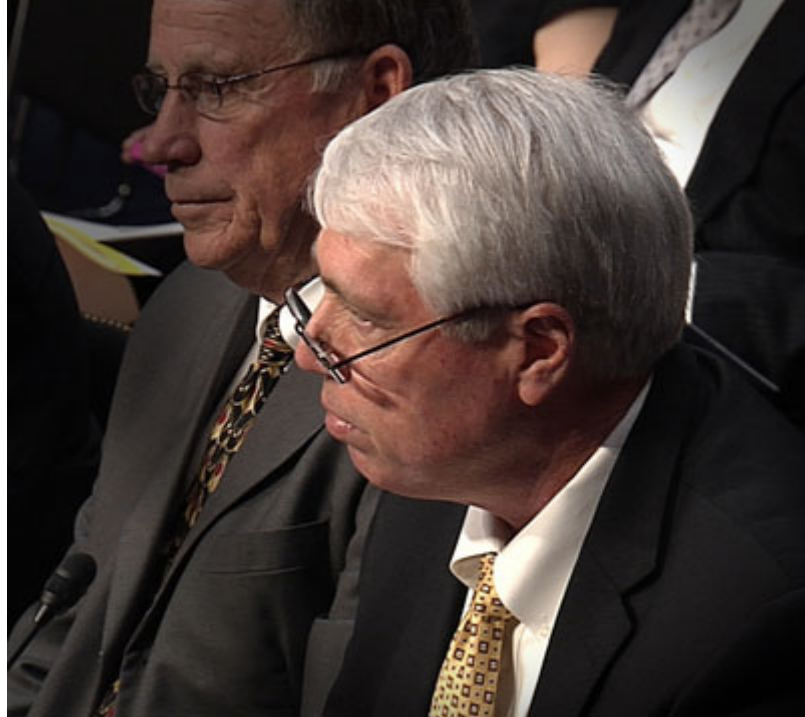
## **Farm Policy/Legislative Affairs**

*Major activities carried out during 2012.*

### **Farm Legislation**

The NCC was active in conveying its farm policy priorities throughout 2012. That included industry leaders testifying at a number of Congressional hearings.

In early February, Chuck Coley, who was then NCC vice chairman, joined Jimmy Dodson, then Chairman of American Cotton Producers, and leaders from 12 other farm and commodity organizations in meetings with USDA and Congressional members to: 1) discuss 2012 farm policy priorities, 2) hear key policymakers' perspectives and 3) work toward consensus on future U.S. farm policy.



Chuck Coley testified at a Senate Agriculture, Nutrition & Forestry Committee farm bill hearing.

Coley emphasized the NCC's support for the Stacked Income Protection Plan (STAX) proposal. The group declared they were committed to work together to come up with a viable farm policy and stated that Congress should pass and the President should sign a strong new farm bill into law in 2012.

At a Senate Agriculture, Nutrition & Forestry Committee hearing regarding reauthorization of the 2008 farm law that focused on conservation, Senator John Boozman (R-AR) asked for a statement by Coley detailing the NCC's views on conservation be included in the record. Prior to that hearing, the NCC joined other commodity groups in a letter to Committee Chairwoman Debbie Stabenow (D-MI) and Ranking Member Pat Roberts (R-KS), which said, "The conservation efforts in the Farm Bill are critical to a strong economy, healthy and productive rural lands and vibrant communities. We applaud your efforts to simplify these programs, keeping the same tools but merging them into fewer programs."

Coley later testified at a Senate Agriculture, Nutrition & Forestry Committee farm bill hearing. He stated that the U.S. cotton industry believes a revenue insurance program that supplements existing insurance products would provide an important and affordable tool -- especially given the weather uncertainties and risks that farmers face.

After that Committee approved a farm bill, the NCC expressed its appreciation for producing legislation that included cotton industry-supported provisions. Coley did express U.S. cotton industry concerns with that bill's provisions regarding new lower payment limits, a significantly lower Adjusted Gross Income eligibility test and changes to the actively engaged in farming

provisions used to determine eligibility for revenue and loan programs. He also noted that the Committee-reported bill did not include program choices that would meet rice and peanut growers' needs.

Cotton's priorities also were communicated on the House side.

Coley's testimony at a House Agriculture Committee's General Farm Commodities & Risk Management Subcommittee hearing noted that it was critically important that new farm law provide certainty to those involved in production agriculture because "they make long-term investment decisions based in part on federal farm policy."



**Bowen Flowers of Mississippi, far right, was among a group of cotton producers who testified at one of the four House Agriculture Committee farm bill field hearings.**

Earlier, a group of cotton producers testified at one of the four farm bill field hearings conducted by the full House Agriculture Committee. Eight of the ten witnesses at the Committee's hearing in Jonesboro, AR, were multi-row crop producers, and included cotton producers: Dow Brantley, England, AR, and Randy Veach, Manila, AR; Walt Corcoran, Eufaula, AL; Tim Burch, Newton, GA; Bowen Flowers, Clarksdale, MS; Paul Combs, Kennett, MO; and John Owen, Rayville, LA. With cotton as

their primary focus, the testimonies of Corcoran and Flowers emphasized the need for completion of a farm bill this year as those involved in production agriculture make long-term investment decisions based on federal farm policy. It was noted that the combination of the marketing loan, Direct Payments and Counter-cyclical Payments has provided a good safety net, and in recent years, has required minimal federal spending. The need for sound crop insurance and risk management tools in new farm legislation was conveyed along with support of the NCC's STAX proposal, the revenue-based crop insurance product would replace the direct and counter-cyclical payments for cotton, thus directly addressing one of the programs found to be at fault in the World Trade Organization dispute with Brazil.

At the House Agriculture Committee field hearing in Dodge City, KS, Texas cotton producer Woody Anderson urged passage of a farm bill that would provide effective risk management opportunities. The former NCC chairman and current NCC Board advisor noted that the high costs of seed, fertilizer, fuel and other inputs coupled with weather vagaries had made crop production risk never greater.

Following mark-up, the NCC issued a statement extending its appreciation to that Committee's Chairman, Frank Lucas (R-OK), along with Ranking Member Collin Peterson (D-MN), for their introduction of farm legislation that included cotton industry-supported provisions. The NCC also congratulated them for their success in moving the Federal Agriculture Reform and Risk Management Act (FARRM) through that Committee with no significant changes. The NCC was especially grateful to the Committee for including STAX with provisions consistent with the industry's proposal and the new Supplemental Coverage Option enhancement to crop insurance in the final package. The NCC also commended the Committee for not: 1) accepting any amendments to further restrict program eligibility, 2) reducing payment limitations or 3) imposing limitations on marketing loan benefits.

The NCC was active in conveying its farm policy priorities throughout 2012. That included industry leaders testifying at a number of Congressional hearings.

The NCC joined 45 other organizations on a letter to House Majority Leader John Boehner (R-OH) and Minority Leader Nancy Pelosi (D-CA) urging them to schedule time, as soon as possible, for the FARRM Act on the House floor. The groups stated that they were united in their view that the bill should receive floor time and be finalized in 2012, on schedule.



Texas cotton producer Woody Anderson also testified at a House Agriculture Committee farm bill field hearing.

### **In other farm policy activity, the NCC**

- published on its website a USDA fact sheet that explained the current requirements for farm program eligibility relative to a producer's adjusted gross income (AGI). While most of the provisions for the AGI means test remained unchanged with regard to non-farm and farm income, a recent legislative change effective for the 2012 crop implemented an additional \$1 million means test – one that included all income, farm and non-farm, and that was applicable only to direct payments.
- asked Congressional leaders to work to remove, during floor consideration, language from the FY13 agriculture spending bill (H.R. 5973) approved by the House Appropriations Committee. The language included an amendment introduced by Representative Jeff Flake (R-AZ) that would have made individuals or legal entities with an adjusted gross income of more than \$250,000 ineligible for farm program benefits.

## Legislative Affairs

The NCC sent a letter to the members of the House Agriculture Appropriations Subcommittee urging opposition to any amendment in the FY13 agriculture appropriations bill that would undermine the U.S.-Brazil Framework Agreement.

The Senate Appropriations Committee approved a measure that included funding for the cotton pests account which provides cost-share for boll weevil and pink bollworm eradication programs at \$15.97 million as requested by the NCC. The legislation also authorized USDA's Farm Service Agency to continue to make up to \$100 million in loans available to the eradication programs.

The NCC coalesced with a large number of commodity, general farm, livestock and agribusiness organizations on multiple letters to the House and Senate urging prompt action to ensure that the existing estate tax provisions were not allowed to expire on December 31. Later, Congress was urged to take immediate action to permanently renew the current estate tax provision -- a move that will give farmers and ranchers the certainty they need to conduct business.

The NCC remained active in a coalition of commodity and general farm organizations working with farm equipment and GPS manufacturers to ensure GPS services and precision agriculture were not adversely affected by LightSquared. The Federal Communications Commission (FCC) moved to block LightSquared's planned nationwide wireless network. The NCC submitted comments to help ensure that the FCC proceeds with withdrawing its waiver that modifies LightSquared's license to prohibit them from building a ground-based wireless network that would interfere with GPS usage.

The NCC joined with the National Council of Textile Organizations and the American Apparel & Footwear Association on a letter to Senators urging their strong support of Export-Import Bank Reauthorization legislation that was expected to be considered as an amendment to the Jumpstart Our Business Startups Act or JOBS Act. Specifically, the organizations expressed strong support for the Cantwell/Graham amendment, which included important legislative text that would create additional financing avenues for the textile and apparel



**The NCC urged Senators' strong support of the Export-Import Bank Reauthorization legislation's Cantwell/Graham amendment, which could create additional financing avenues for the textile and apparel global supply chain.**

global supply chain. However, the Senate voted not to debate the amendment, essentially preventing it from being included in House legislation.

The NCC supported language in the House/Senate Conference Report for the Surface Transportation Extension Act that contained several agricultural exemptions, including those for farm vehicles that would otherwise limit hours of service and the traditional requirements for commercial licenses.

Prior to the House Committee on Transportation and Infrastructure's markup and eventual approval of the Farmers Undertake Environmental Land Stewardship (FUELS) Act, the NCC joined 12 other organizations on a letter to that panel's chairman and ranking member, Representatives John Mica (R-FL), and Nick Rahall (D-WV) expressing support for the legislation. That bill directed the EPA administrator to raise exemption levels for a single fuel container at any farm from 1,320 gallons to 10,000 gallons and allowed for self-certification with storage capacity levels of greater than 10,000 gallons but less than 42,000 gallons, providing the facility has experienced no spills. A professional engineer would be required to write a Spill Prevention, Control, and Countermeasure Plan if a single container capacity exceeded 10,000 gallons or total storage capacity exceeded 42,000 gallons or if the farm or facility has experienced a spill.

The NCC joined a coalition of agricultural groups that asked the U.S. Army Corps of Engineers to increase Missouri River flow to retain Mississippi River levels that could support barge traffic. The group also asked the President, through the Stafford Act, to declare an emergency and direct the Corps to immediately remove rock pinnacles and release such water from the Missouri River reservoirs as necessary to preserve commercial navigation on the Mississippi River.

The NCC joined another coalition representing U.S. manufacturers, farmers, wholesalers, retailers, and transportation and logistics in expressing to the President deep concerns about the labor situation in the ports of Los Angeles and Long Beach, California. They urged the Administration to quickly engage in the dispute to end the work stoppage at the ports and help the parties in their negotiations.

### **In other legislative affairs, the NCC**

- submitted comments to Department of Labor (DOL) rulemaking regarding the revision of child labor regulations in agricultural and non-agricultural occupations. The DOL dropped a proposed provision that a farm be required to be owned directly by the parents of a minor working on that farm. Eventually, the DOL announced that a proposed rule dealing with children under the age of 16 working in agriculture would not be pursued for the Obama Administration's duration. Rather, the DOL announced it intended to work with rural stakeholders to develop an educational program to promote safe agricultural practices.
- conveyed appreciation to Michael Scuse for his full cooperation and assistance after he was named as USDA's Under Secretary for Farm and Foreign Agricultural Services.



- participated with other commodity groups in a meeting with USDA's Risk Management Agency (RMA) to discuss 2013 crop insurance premium rates and provided members with rate information as it was generated by the RMA.

# Trade

*Major activities carried out during 2012.*

## **World Trade Organization**

Early in 2012, an NCC statement issued in response to farm policy criticisms by Brazil, said the Stacked Income Protection Plan represents a positive step forward in efforts to resolve the longstanding trade dispute between the two countries. The statement noted that moving upland cotton's support into an insurance program is entirely consistent with the World Trade Organization (WTO) panel's findings regarding trade and market distortions. It said that while the United States is seeking lower overall support "it is unfortunate that Brazil seeks to criticize the progress of writing new U.S. farm policy while Brazil simultaneously maintains a minimum support price for cotton higher than current U.S. support levels."

NCC Chairman Chuck Coley and Vice Chairman Jimmy Dodson, accompanied by NCC President/CEO Mark Lange and other staff, met with Congressional staffers, as well as with officials from USDA and the Office of the U.S. Trade Representative to discuss: 1) Brazil trade dispute developments, 2) the 2012 farm bill development and 3) options to resolve the WTO dispute with Brazil as part of the farm bill process.

A Brazilian cotton leadership delegation met with a Coley-led U.S. delegation to review issues of mutual interest, among them risk management, cotton's sustainability and international promotion. The NCC and ABRAPA, Brazil's national cotton producer organization, then issued a joint statement that pledged greater cooperation in these arenas.

NCC Farm Policy Task Force Chairman Woody Anderson and Cotton Incorporated Chairman Jay Hardwick, both former NCC chairmen, traveled with NCC President/CEO Mark Lange to Geneva, Switzerland, for meetings with trade ambassadors from China, India, Brazil and West Africa. The group also met with U.S. Ambassador Michael Punke, WTO Deputy Director Harsha Singh and WTO Deputy Chief of Staff Doaa Motaal. The trip was timed to allow participation in the annual WTO Cotton Development assessment. While in Geneva, the NCC delegation also met with the trade ministers of Burkina Faso and Benin. In other meetings, the NCC delegation pointed out that China's choice of policy structure to support prices to their growers was pushing up Chinese mill prices and encouraging the use of polyester in that country. The delegation also reported that cheap yarn prices coming out of India was disrupting raw cotton sales in world markets.

The NCC reiterated its support for the continuation of the USAID outreach program for West African growers and continued funding for the West African Cotton Improvement Program. The NCC hosted a meeting in Washington, DC, with a special delegation of West and Central African ministers, ambassadors and other distinguished officials. The discussions focused on building a foundation for enhanced communication and establishing the necessary groundwork for cooperation on issues of mutual interest.

After indications of possible re-engagement of the Doha negotiating agenda, the NCC emphasized that the U.S. cotton industry would continue to push that any changes to the cotton program must be part of and not in advance of an overall, comprehensive agreement.

The NCC also worked for a successful outcome on a countervailing duty case in Peru. The Peruvian commission – the National Institute for the Defense of

Competition and the Protection of Intellectual Property -- launched an investigation into claims that U.S. subsidies have caused injury to Peruvian cotton growers. The NCC was involved in every aspect of the case and hired a leading law firm in Lima to represent U.S. cotton's interests in the proceedings.



**Gary Adams, right, NCC's vice president, Economics & Policy Analysis, discussed the Peruvian countervailing duty case with an attorney of a leading Lima law firm hired to represent U.S. cotton's interests in the proceedings.**

## **Free Trade Agreements**

A new global coalition of fiber, textile and apparel groups, that included the NCC, wrote to Ambassador Ron Kirk of the U.S. Trade Representative's (USTR) office urging that the Trans Pacific Partnership (TPP) negotiations include pro-job, pro-private industry and pro-export rules in the ongoing textile talks in the final TPP agreement. The coalition, the Textile and Apparel Alliance for TPP (TAAT), was formed because one TPP partner country – Vietnam – was demanding new rules on textiles that would put U.S. jobs, factories and exports in jeopardy. The Alliance represents nearly two million agricultural and manufacturing workers from 30 countries and a supply chain that exports \$25 billion in two-way textile and apparel trade each year.

The TAAT expressed deep appreciation to the 76 U.S. Representatives who sent a letter to USTR Ambassador Kirk stressing the need for job-creating textile rules in the TPP. Led by Representatives Trey Gowdy (R-SC) and Larry Kissell (D-NC), the signatories -- many from Cotton Belt states -- pledged to work with USTR to ensure a positive outcome for the textile and apparel sectors in the negotiations. In a statement to news media, NCC President/CEO Lange noted that the NCC consistently has pursued a yarn forward rule of origin for textile and apparel

products. He said the overall goal was stemming the losses in the U.S. cotton spinning industry, as textile import quotas were phased out beginning in 1995 and China was granted full accession rights to the WTO in 2001.

The House and Senate approved NCC-supported legislation (H.R. 5986, S. 3326) extending the third-country fabric provisions of the Africa Growth and Opportunity Act and sanctions on Burma. The legislation also included technical modifications to the U.S.-Central America-Dominican Republic Free Trade Agreement.

Under the U.S.-Korea Free Trade Agreement that went into effect in March, almost two-thirds of U.S. agricultural exports to Korea became duty-free.

### **Contract Defaults**

Throughout the year, cotton industry leadership and staff of the NCC, the American Cotton Shippers Association (ACSA), AMCOT and the National Council of Textile Organizations (NCTO) had meetings with Congressional Members and officials from USDA, the Office of the USTR, and the U.S. State Department to convey concerns about the serious situation facing the U.S. cotton industry regarding export sales that are either in default or at risk of default. Administration officials agreed to form an inter-agency task force that could work with the cotton industry on the matter.

U.S. cotton leaders also urged U.S. officials: 1) to pressure their foreign government counterparts, 2) emphasize the crucial importance of contract sanctity as a cornerstone of international trade and 3) warn that a failure to enforce contracts would disrupt international trading relations and undermine support for future trade agreements. The cotton leaders suggested that U.S. officials use the leverage of trade preference discussions to impress on foreign government officials the importance of honoring contracts and that if U.S. government agencies were sourcing products from suppliers in default that future purchases from those sources be terminated.

### **China**



**A NCC leadership team visited China to convey U.S. cotton's commitment to delivering high quality cotton in a timely manner.**

A NCC leadership team to China gathered information from that country's cotton industry officials and conveyed the U.S. cotton industry's continued commitment to deliver high quality cotton in a timely manner.

The visit, coordinated by Cotton Council International, was part of the ongoing

exchange between the two countries as established by a 2006 Memorandum of Understanding. The delegation was led by American Cotton Producers (ACP) Chairman Clyde Sharp, a Roll, AZ, producer. Others included NCC Secretary-Treasurer Sledge Taylor, a Como, MS, producer/ginner; NCC Director Allen McLaurin, a Laurel Hill, NC, producer; ACP Vice Chairman Barry Evans, a Kress, TX, producer; ACP Oklahoma State Chairman Danny Robbins, an Altus producer; Farmer's Cooperative Compress CEO Ron Harkey, a Lubbock, TX, warehouseman; CCI Director Kent Fountain, a Surrency, GA, ginner/warehouseman; CCI Director Hank Reichle, a coop marketer with Staplcotn, Greenwood, MS; and NCC Delegate Jeff Johnson, a merchant with Allenberg Cotton, Cordova, TN.

### **In other trade activities:**

- NCC President/CEO Mark Lange reported on current cotton industrial development trends in the United States and global market at the fourth COTTON USA Cotton School in Qingdao, China – which was attended by some of the largest textile manufacturers from China, Hong Kong, Taiwan, Thailand and Vietnam. The participants also



**USDA Deputy Under Secretary for Farm and Foreign Agricultural Services Darci Vetter toured Bob Walker's West Tennessee cotton operation.**

- received a comprehensive understanding of the U.S. cotton industry in terms of planting, production, ginning, classification, trade, contract sanctity and raw cotton purchase.
- USDA Deputy Under Secretary for Farm and Foreign Agricultural Services Darci Vetter updated NCC directors on current trade policy issues at the NCC's Mid-Year Meeting in Memphis and toured nearby cotton operations to gain a better understanding of the industry.

## **Communications**

*Major activities carried out during 2012.*

## Public Attitudes

The National Cotton Council placed a high priority on communicating the U.S. cotton industry's priorities to legislators, government officials and other key public leaders. That included arranging interviews with industry leaders and staff and issuing news releases and radio news lines on activities ranging from farm bill development and trade negotiations to numerous regulatory and environmental issues.



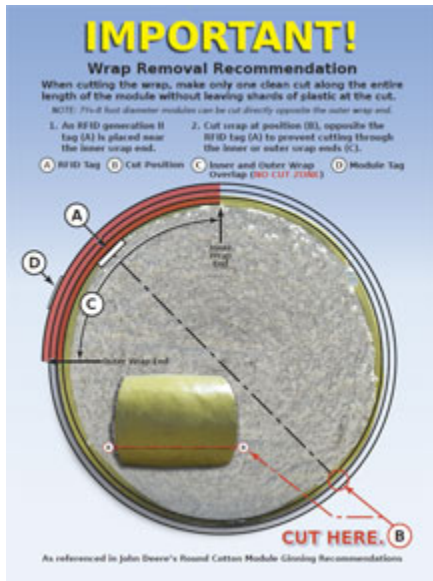
NCC President/CEO Mark Lange is interviewed by radio farm broadcaster Randall Weisman.

The NCC continued as an in-kind supporter of *America's Heartland*, the award-winning national television series celebrating American

agriculture. The series, in its eighth season and aired on public television and the RFD-TV cable and satellite channel, educates consumers about the origins of their food, fuel and fiber.

In addition, the NCC continued its participation in the U.S. Farmers & Ranchers Alliance. It and the AgChat Foundation are committed to facilitating meaningful conversations with Americans about how food and fiber is produced to ensure American agriculture's the long-term success.

## Information Services



As part of the NCC's contamination prevention initiative, a poster was distributed to gins that emphasized and demonstrated the proper handling of round module wraps.

The NCC escalated use of its website, [www.cotton.org](http://www.cotton.org), to disseminate information to its members to help them compete in the global marketplace. For example, the NCC created a 2012 Farm Bill section on its website at [www.cotton.org/issues/members/farbill/2012/index.cfm](http://www.cotton.org/issues/members/farbill/2012/index.cfm) where testimony, analyses, talking points and other important documents were posted to assist members in tracking and in communicating industry priorities on that important legislation.

A number of technical documents were developed and posted on the NCC's site, ranging from lint contamination prevention materials to backgrounders for helping explain the Oil Spill Prevention, Control, and Countermeasure Program Plan. The NCC also updated its materials for helping producers manage weed resistance, including the production of a new video. Other videos were posted on such topics as boll weevil eradication while videos were initiated on such key issues as lint contamination prevention.

## Technical

*Major activities carried out during 2012.*

### Regulatory

NCC President/CEO Mark Lange wrote to thank Senator Kay Hagan (D-NC) for filing, in conjunction with Senator Mike Crapo (R-ID), an amendment to the Senate farm bill that essentially included the language of H.R. 872. Her amendment, which was not voted on, would have overturned a 2009 federal appeals court ruling requiring the agency to issue permits for pesticides sprayed over water. Later, Senators Hagan and Crapo introduced the Restoring Effective Environmental Protection (REEP) Act (S. 3605), which included identical language from H.R. 872 and which clarified that Clean Water Act (CWA) permits are not required for pesticides applied in accordance with FIFRA.



The NCC updated materials on its website that helped explain the Oil Spill Prevention, Control, and Countermeasure Program basics.

The NCC also continued monitoring various CWA issues in conjunction with the Water Advocacy Coalition and the Agriculture Nutrient Policy Council. Included were visits to the Office of Management & Budget and Congressional members. A key issue was EPA's advancement of its controversial guidance clarifying when isolated wetlands, intermittent streams and other marginal waters are subject to regulation under the CWA.

The EPA extended the deadline from November 10, 2011 to May 10, 2013, by which owners or operators of a farm must prepare or amend and implement an Oil Spill Prevention, Control, and Countermeasure Program Plan (SPCC). The NCC updated materials on its website at

[www.cotton.org/tech/safety/spccextension.cfm](http://www.cotton.org/tech/safety/spccextension.cfm)

that helped explain the basics of the SPCC Program, including who is covered, what a

covered facility should do, current deadlines and where to get more information.

On a conference call with the NCC and other agricultural groups, EPA announced that it was denying a 2008 petition from the Natural Resources Defense Council requesting the revocation of all tolerances and the cancellation of all registrations for 2,4-D. The phenoxy herbicide and plant growth regulator is the third most widely used herbicide behind glyphosate and atrazine and is currently found in about 600 products registered for agricultural, residential, industrial and aquatic uses.

The Advisory Committee on Biotechnology and 21st Century Agriculture (AC21) agreed on compromise recommendations regarding demands from the organic community that they be compensated for losses incurred for the unintended presence of genetically engineered materials in their crops.

## **Pest Management**

The NCC's Environmental Task Force addressed pollinators and their impact on cotton pesticide registrations – a new issue that garnered significant attention.

As colony collapse disorder became a more visible issue, Dr. Don Parker, the NCC's manager of Integrated Pest Management, continued serving on EPA's "Workgroup on Pollinator Protection" that focused on issues of pollinator protection, for both honey bees and native pollinating bees. He told attendees at a CropLife America & RISE (Responsible Industry for a Sound Environment) conference in Washington, DC, that the NCC supports science-based assessments, including the collection of agronomic and other data to better identify the interaction between

bees and cotton and identify best management (crop and bee) solutions. Parker also continued serving on the Pesticide Policy Dialogue Committee, which met to discuss a variety of topics, including the pollinator workgroup's latest discussions.

At a Federal Colony Collapse Disorder Steering Committee national stakeholder conference, Parker urged USDA to undertake various actions. Among those were ensuring that pesticide research 1) includes crop/ pollinator experts in order to avoid results that fail to represent field-relevant operations and pollinator behavior and 2) seeks input on issues involving honey bee health.

NCC staff also served on a North American Pollinator Protection Campaign Pesticide Task Force. That panel published two brochures targeting pollinator protection and published "Pollinator Week" as part of a public awareness campaign. The task force previewed a draft version of a video aimed at promoting best management practices (BMPs) for pesticide applicators to protect pollinators. NCC staff urged the task force to 1) consider that BMPs vary across different regions of the country and the proposed focus on "spray at night" should not be promoted as the only BMP and 2) reconsider the proposed interpretation of label language for pollinator protection -- commenting that the legal authority for label language and definitions for label language resides with EPA.



**The NCC helped demonstrate to the Hondurans that U.S. yarn spinners had sufficient inspection protocols for preventing the loading of kudzu bug-infested yarn or containers.**

The NCC Boll Weevil Action Committee's International Technical Advisory Committee appointed a subcommittee to draft plans to standardize boll weevil eradication program activities across the Lower Rio Grande Valley and Tamaulipas, Mexico. The goal is to enhance eradication efforts on both sides of the U.S.-Mexican border by improving coordination and communication between the two programs.

The NCC helped demonstrate to the Hondurans that U.S. yarn spinners had sufficient inspection protocols in place that would prevent the loading of kudzu bug-infested yarn or containers for any destination. The effort came after the USDA-Animal & Plant Health Inspection Service's (APHIS) Plant Protection Quarantine program notified the NCC, the National Council of Textile Organizations and other organizations that Honduras was conducting inspections of all commodities for kudzu bug at ports of entry. However, after a container of U.S. yarn in which live kudzu bugs were found was turned away at a Honduras port late in 2012, the NCC pointed its members to [www.cotton.org/tech/flow/kudzu-bug-remediation.cfm](http://www.cotton.org/tech/flow/kudzu-bug-remediation.cfm). That NCC web page contains links to 1) APHIS' "Protocol for Loading Containers" website and 2) a kudzu bug website developed by the University of Georgia Center for Invasive Species & Ecosystem Health.

## **Cotton Flow/Packaging**



An industry delegation, led by NCC Cotton Flow Committee Chairman Bobby Greene and joined by NCC staff, briefed USDA officials on industry efforts to improve cotton flow. The delegation also sought the agency's cooperation with future industry initiatives. Also participating were representatives from the American Cotton Shippers Association, AMCOT, Cotton Growers Warehouse Association and Cotton Warehouse Association of America.

The NCC's Performance and Standards Task Force, under the auspices of the Cotton Flow Committee, analyzed measures that would ensure the industry meets the demands of a competitive export market.

The 2012 NCC Joint Cotton Industry Bale Packaging Committee (JCIBPC) Specifications for Cotton Bale Packaging Materials were approved by USDA for packaging 2012-crop cotton for Commodity Credit Corporation loan program purposes. A new 8½ gauge wire specification was added in the bale tie section of the specifications. No changes were made to the "Official Tare Weights" table but the table's dates were updated. A "Test Program Review" section was added in front of the specifications. The review section did not affect any of the specifications' bag or tie manufacturing guidelines but provided a summary of the test programs that were granted by the JCIBPC for the 2012-13 marketing year.

In an effort to document bale tie/bag performance and assist the JCIBPC with its evaluation of old and new packaging materials, the NCC encouraged industry members to complete the "Reporting Bale Packaging Performance" form on the NCC website at [www.cotton.org/tech/bale/index.cfm](http://www.cotton.org/tech/bale/index.cfm). In addition, participating gins, warehouses, shippers and mills involved with materials in the 2012 experimental test programs were encouraged to provide feedback to the JCIBPC prior to its 2013 annual meeting.

USDA-APHIS Memphis office announced that an electronic signature trial, which began in 2010 for Phytosanitary Certificate Issuance and Tracking (PCIT) certificates for baled cotton, was completed. APHIS informed the NCC that any commodity may be certified with an electronic signature – a move that is creating new efficiencies for shippers, marketing cooperatives, freight forwarders and others while reducing the need to create and track paper documents.

## **Research/Education**



The NCC set up a contamination prevention booth at the NCC-coordinated 2013 Beltwide Cotton Conferences.

The NCC conducted an extensive contamination elimination initiative with the aim of urging producers, ginners, warehousemen and their employees to pay particular attention to contamination prevention during harvest. As part of that effort, the NCC sent out a contamination prevention bulletin to ginners specifically urging them to make sure round module wraps were properly removed from seed cotton in a manner that prevents any wrap from entering ginning systems and baled cotton. As a follow-up, the NCC developed and distributed a poster to gins that emphasized and demonstrated the proper handling of round module wraps. The poster project also involved John Deere, Cotton

Incorporated, USDA's Office of Technology Transfer and the National Cotton Ginners Association.

The NCC coordinated the 2012 Beltwide Cotton Conferences. It placed the forum's proceedings on the Beltwide website at [www.cotton.org/beltwide/index.cfm?page=proceedings](http://www.cotton.org/beltwide/index.cfm?page=proceedings) and mailed a proceedings CD to those meeting attendees who requested them.

The NCC and Cotton Incorporated continued as active members in Field to Market – an initiative that joins producers, agribusinesses, food companies, conservation organizations and university and agency partners seeking to create sustainable outcomes for agriculture. Field to Market launched an updated version of the Fieldprint Calculator, an online tool designed to help farmers explore the relationships between management practices and sustainability outcomes. The tool, available at [www.fieldtomarket.org](http://www.fieldtomarket.org), represents just one of the ways the group is working to advance sustainability inside the farm gate while helping farmers tell their sustainability story.

## On other technical issues:

- The NCC cooperated with the National Cotton Ginners Association on the three 2012 Ginner Schools: Southwest Ginners School in Lubbock, TX; Western Ginners School in Las Cruces, NM; and the Stoneville Ginners School, Stoneville, MS.



The NCC examined, for possible impacts on cotton production and ginning, an EPA-proposed rule that would retain the existing 24-hour standard for coarse particulate matter (dust).

- NCC Director Don Cameron, Helm, CA, addressed a plenary session of USDA's Advisory Committee on Biotechnology and 21st Century Agriculture. He told the Committee, which advises USDA on compensating organic growers who incur economic loss due to pollen flow from neighboring biotech crops, that he produces conventional, biotech and organic crops harmoniously on his San Joaquin Valley farm.
- Patrick Johnson, Jr., a Tunica, MS, cotton producer, was appointed by EPA to its Farm, Ranch, and Rural Communities Committee (FRRCC) to represent cotton industry interests. The FRRCC provides independent policy advice, information and recommendations to the EPA Administrator on a range of environmental issues and policies important to agriculture and rural communities.
- The NCC examined, for possible impacts on cotton production and ginning, an EPA-proposed rule that would retain the existing 24-hour standard for coarse particulate matter (dust). In place since 1987, this standard's level of 150  $\mu\text{g}/\text{m}^3$  was retained in EPA's final rule issued late in the year. The final rule also retained the existing daily standard of 35  $\mu\text{g}/\text{m}^3$  for fine particles but it lowered the primary annual fine particulate matter (PM<sub>2.5</sub>) standard from 15 micrograms per cubic meter of air ( $\mu\text{g}/\text{m}^3$ ) down to 12  $\mu\text{g}/\text{m}^3$ .

# Cotton Council International

*Major activities carried out during 2012.*

With more than 55 years of experience, Cotton Council International (CCI), the NCC's export promotions arm, supports the global cotton supply chain with demand-building activities.

CCI again was the largest recipient of Foreign Market Development and Market Access Program allocations. Along with the NCC, CCI's programs also receive strong support from Cotton Incorporated, the American Cotton Shippers Association, the American Cotton Marketing Cooperatives, the Committee for Cotton Research, the Cotton Foundation, the National Cottonseed Products Association, ICE Futures U.S., Plains Cotton Growers, Inc., San Joaquin Valley Quality Cotton Growers Association, Southern Cotton Growers, Inc., Supima, USDA, U.S. cotton yarn/textile manufacturers, and COTTON USA Mark licensees around the world.

Viable CCI programs are crucial because U.S. cotton has become more and more reliant on healthy exports. USDA's January supply and demand report confirms this projecting that exports will account for 12.20 million bales of the estimated 2012-13 U.S. crop of 17.01 million bales.

CCI's program foundation is the COTTON USA Mark, a worldwide registered trademark. The Mark clearly identifies superior, 100 percent cotton products which 1) must be made from 50 percent or more U.S.-grown cotton if sold outside the United States or 2) 100 percent of the product must be made from U.S. cotton fiber if the product will be sold at retail in the United States.



**NCC Chairman Chuck Coley presented keynote remarks at the 2012 COTTON USA Summit.**

This past year, more than 550 companies worldwide labeled their products with the COTTON USA Mark to take advantage of the targeted sales support offered by CCI, including retail promotions and public relations efforts. Among those events were Cotton Days in Korea, Japan, Taiwan and Thailand; COTTON USA Sponsorships of Designers in Europe (London Fashion Week); COTTON USA "Naturally Color Your Life" Campaign in China Zucchi; and Basetti TV commercial in Italy; a T-shirt competition in Germany; the Golden Melody Awards; and various retail promotions.

In addition to promoting COTTON USA Mark-labeled products in China and India, CCI promoted 100 percent cotton products to consumers through its highly creative educational programs. Some of those efforts included "Cotton-Beyond Your Imagination" in China, the Cotton Day India/Cottonscape, and the "Let's Design" TV show in India.

CCI's global demand-building efforts in 2012 highlighted the benefits of natural U.S. cotton. One of those activities – the Sourcing USA Summit – was particularly beneficial in promoting U.S. cotton fiber exports and further developing that market's health. This biennial event, supported

by CCI and Cotton Incorporated in coordination with USDA, brought together more than 300 executives from 23 countries involved in global cotton trade. The Summit provided key global textile manufacturers and U.S. cotton exporters with excellent networking opportunities and business contacts. Post-summit surveys indicated projected sales of 1.7 million bales valued at \$678 million.

The Summit attendees also benefited from unparalleled quality of speakers and information. The issue of supply, and its partner demand, shaped the event's program, which explored the factors that affect these business basics. Panel discussions and presentations by world class experts offered perspectives and outlooks for the mitigating factors of weather; cotton's competitors in the commodity and textile fiber arenas; the global economy; and changing manufacturing, retail and consumer landscapes. One message that rang loud and clear was NCC Chairman Chuck Coley's restating U.S. producers' ongoing commitment to reliably supplying mill customers and the entire supply chain with quality cotton -- a pledge echoed by attending U.S. producers.

The 2012 Sourcing USA Summit benefited from the assistance of 32 company sponsors, including U.S. cotton exporters: Jess Smith & Sons Cotton, Plains Cotton Cooperative Assoc., San Joaquin Valley Quality Cotton Growers Assoc., Toyoshima, Omnicotton, ECOM Cotton, J.G. Boswell Co., Staplco, Calcot, Allenberg Cotton Co., ACG Cotton Marketing LLC, Cargill Cotton, White Gold Cotton LLC, Olam, Cotton Growers Coop, Toyo Cotton Co., Noble Cotton, Baco Trading, Glencore Trading and Supima. This year's allied industry sponsors included: Wakefield Inspection Services, Steadfast Futures & Options /LOGIC Advisors, Monsanto, Cotton Market and Risk Management Consulting, Cargo Control Group, CoBank ACB, Uster Technologies, Rieter Textile Systems, Bayer CropScience/FiberMax & Stoneville, ICE Futures U.S., Intertek and Cotton Outlook.



**The Japanese Fiber Education Tour included a stop at Agricenter International in Memphis.**

Along with the Summit, other key CCI fiber servicing activities in 2012 included: an Executive Delegation to Dubai and Turkey, the Cotton School in China, the Fiber Education Tour from Japan to the United States, the NCC/CCI Leadership Delegation to China, and the Special Trade Mission from Latin America to the United States.



**CCI shows off U.S. cotton blankets from COTTON USA licensee Ibená at the Intertextile Shanghai Home Textiles trade show in China.**

CCI also carries out multiple U.S. textile promotions, including the promotion of U.S. cotton-rich textiles via its COTTON USA Sourcing Program. Thirteen U.S. mills participated in the Sourcing Program to develop business relationships throughout CCI's network of Western Hemisphere garment manufacturers, apparel retailers and brands. Other events where U.S. textiles were featured were: Colombiatex, the Western Hemisphere Sourcing Fair, the Apparel Sourcing Show, the Uniform & Western

Hemisphere Garment Manufacturers Tour of U.S. Mills, and a U.S. Mill Visit to China and Korea.

CCI's Supply Chain Marketing Program helps companies throughout the global cotton supply chain enhance their businesses by identifying new suppliers and customers in events such as buyers tours and trade shows. During 2012, CCI coordinated booths at premier events that included: Texworld/PV, Heimtextil, Intertextile Shanghai, Evtex, the Mediterranean Sourcing Forum in Marrakesh and the SCM ASEAN Conference in Vietnam.

## **The Cotton Foundation**

*Major activities carried out during 2012.*



**2012 Policy Education Program participants attended the NCC's annual meeting and met with lawmakers and key government officials in Washington, DC.**

The Cotton Foundation's trustees approved funding for 25 general research projects totaling \$361,242 for 2012-13 – evidence that agribusiness support remained solid for this 501c(3) institution. Approved projects included work related to pest management, herbicide resistance, fiber quality, agronomic practices and education.

A Monsanto grant to the Foundation enabled the National Cotton Council to launch the Emerging Leaders Program, an effort aimed at ensuring the U.S. cotton industry benefits from a continuity of sound leadership. The special project not only will provide participants with an in-depth look at the U.S. cotton industry infrastructure and the business/political arenas in which it operates but give them intense professional development and communications training.

The Foundation continued to support vital NCC communications vehicles, including the *Cotton's Week* newsletter, and the *Cotton eNews* electronic newsletter. Foundation underpinning of the NCC's web server made it possible for the NCC to post multiple cotton-related educational materials, including streaming video.

At the Foundation's annual meeting in August, Sledge Taylor, a Como, MS, producer/ginner, was elected Cotton Foundation chairman for 2012-13. Barry Evans, a Kress, TX, producer, was elected president.

Other elected Foundation officers were: Mark Lange, executive vice president; Bill Norman, executive director and secretary; Doug Rushing, allied industry trustee with

Monsanto, treasurer; and Buzz Shellabarger, assistant treasurer. In addition, Cotton Foundation trustees elected for 2012-13 included producers: David Grant, Garysburg, NC; Kirk Gilkey, Corcoran, CA; and Ben Guthrie, Newellton, LA; and allied industry members: Mark Lindsey, DuPont Crop Protection; John Freed, Syngenta; Matthew Rekeweg, Dow AgroSciences; and Alan Ayers, Bayer CropScience.



**The 2012 Multi-Commodity Exchange Program's Sunbelt participants toured agriculture and agribusiness operations in North Dakota.**

## Video Staff Report

<http://www.cotton.org/about/report/2013/foundation.cfm>