

2015 National Cotton Council Report to Members

This Report To Members Highlights Major NCC action In 2014.



The Memphis-based National Cotton Council communicates united industry positions on various issues to appropriate government bodies, and works for U.S. policy that assures worldwide competitiveness and protects member's income. The NCC has compiled an impressive record of advocacy for an industry whose commodity is valued at more than \$100 billion annually to the nation's economy — more than any other agricultural crop.

Joint Message from the Chairman and the President

As the Agricultural Act of 2014 was implemented throughout 2014, the National Cotton Council (NCC) made it a priority to communicate regularly with members to enhance their understanding of key farm law decisions and deadlines. After that legislation was signed early in 2014, the NCC immediately scheduled 49 education meetings in 15 Cotton Belt states. Likewise, when

USDA announced details regarding the farm law's crop insurance provisions later in the year, the NCC conducted 25 workshops across the Cotton Belt. Throughout the year, the NCC posted on its website multiple documents such as rule implementation announcements, provision fact sheets/summaries and frequently asked questions.

In the trade arena, the NCC faced late year adversity after the Turkish Ministry of Economy announced it was investigating imports of U.S. cotton to determine if "dumping" was occurring in the Turkish market. We worked quickly to keep affected members apprised of the situation and to convey industry concerns to the Administration and Congress. Fortunately, the U.S.-Brazil dispute in the World Trade Organization was concluded in the fall. The U.S. cotton industry had undertaken extensive efforts to resolve this case and offered comprehensive reform of cotton policy as part of the new farm law.

Following the Brazil settlement's announcement, the NCC responded with a statement distributed to news media that said "when compared to previous programs, cotton policy is more market-oriented with the primary safety net conveyed through insurance products that must be purchased by the producer." The NCC distributed numerous other statements regarding the industry's views on key legislative and regulatory issues. We also reacted swiftly to negative and misleading editorials on topics ranging from the Brazil agreement to honey bee health.

The NCC continued to participate in various coalitions as a means to strongly convey the industry's views on a number of regulatory matters. Those issues ranged from on-farm fuel storage and pesticide use to worker protection rules. A prime example were the NCC letters conveying support for the Waters of the United States Regulatory Overreach Protection Act of 2014 – which passed the House. Likewise, NCC members responded quickly to an Action Alert to garner support for H.R. 935, the "Reducing Regulatory Burdens Act."

Through bulletins and other communications, the NCC encouraged members' adherence to procedures aimed at improving cotton flow and quality. Those ranged from shipping order protocols and warehouse flow reports to the use of approved bagging/ties and proactive contamination prevention practices.

Cotton Council International (CCI) also responded to this past year's competitive business environment by revitalizing and re-launching its 25-year old flagship brand, COTTON USA, and employing a global COTTON USA marketing initiative that highlights the industry's commitment to purity, quality and responsibility. CCI capitalized on COTTON USA, a name which has been carried on more than 50,000 product lines and 3 billion products since 1989 – and which translated into about 100 million bales of cotton.

Cotton Foundation trustees approved 20 general research projects supported with Foundation members' dues. Included were studies related to pest management, sustainability, pollinator protection, fiber quality, agronomic practices and education. Several Foundation members provided grants over and above their dues to fund special projects, including the High Cotton Awards program, which celebrated its 20th year.

These and other details of the NCC's 2014 activities are described below under the major headings of Farm Policy, Trade, Communications, Technical, Cotton Council International and The Cotton Foundation.



**Wally Darneille
Chairman (2014)**



**Mark Lange
President/Chief
Executive Officer**

Farm Policy/Legislative Affairs

Major activities carried out during 2014.

[Farm Legislation](#)

Early in the year, the NCC issued a statement thanking House Agriculture Committee Chairman Frank Lucas (R-OK) and Ranking Member Collin Peterson (D-MN) for their perseverance in getting farm legislation through the House. The NCC said it appreciated the bill's authorization of the Stacked Income Protection Plan (STAX), a new crop insurance product tailored to cotton and an important step for achieving a final resolution of the long-standing Brazil World Trade Organization case. However, the NCC did express the industry's concern about the inclusion of instructions to the Secretary to propose changes in the criteria used to determine eligibility for commodity programs beginning in 2015 and the further reduction in the Adjusted Gross Income eligibility test. The NCC also noted that re-imposition of limitations on marketing loan benefits would disrupt orderly marketing in times of low prices.

Those concerns also were relayed to Senate Agriculture, Nutrition & Forestry Committee Chairwoman Debbie Stabenow (D-MI) and Ranking Member Thad Cochran (R-MS) in a statement that also commended the pair for their efforts in getting farm legislation through the Senate.



Karis T. Gutter, center, USDA Deputy Undersecretary for Farm and Foreign Agricultural Services, accompanied by NCC Senior Vice President John Maguire, toured the West Tennessee farm of Bob Walker as part of NCC 2014 Mid-Year Meeting activity.

After the Agricultural Act of 2014 was signed into law, the NCC immediately scheduled 49 education meetings in 15 Cotton Belt states. Following the meetings, the NCC prepared a comprehensive list of frequently asked questions (FAQs) on the new farm law based on feedback from the meetings' attendees. Those FAQs, along with a NCC-prepared document containing the basic preliminaries of the new farm law and implementation-related information were posted in the NCC website's Farm Bill section – available from www.cotton.org. NCC

members were encouraged to check that site for updates.

The NCC commended USDA's Risk Management Agency (RMA) after it announced that STAX would be available to upland cotton producers through the federal crop insurance program beginning with the 2015 crop year.

The NCC also commended RMA after it announced the implementation of the Actual Production History (APH) Yield Exclusion – which will be available nationwide for farmers of select crops beginning in spring 2015. Earlier, the NCC had submitted comments to RMA's Interim Rule that addressed implementation of enterprise units by practice, coverage by practice, beginning farmer provisions and the new linkage of crop insurance and conservation compliance. RMA was commended for offering the ability to insure at different coverage levels by practice -- a provision the NCC had long supported -- but the NCC comments also noted that RMA had indicated the APH provision would not be available in 2015. The NCC pointed out that this provision was especially important for Cotton Belt regions that recently had incurred several years of historic drought conditions. RMA was asked to continue reviewing every avenue possible for the provision's implementation. The NCC also sent a letter to RMA Administrator Brandon Willis urging the agency to make every effort to implement the provision for the 2015 cotton crop. The letter was based on an American Cotton Producers resolution that subsequently was approved by the NCC's Board.

When USDA announced the farm law's final STAX provisions late in the year, the NCC scheduled and conducted 25 STAX/farm law workshops across the Cotton Belt to provide its members with in-depth information regarding insurance options for cotton under The Agricultural Act of 2014. The NCC also conducted webinars to widen the information distribution.



The NCC conducted educational meetings and workshops across the Cotton Belt after the Agricultural Act of 2014 was signed into law and then later in the year after key STAX program details were released.

In another effort to keep its members informed on farm law implementation, the NCC distributed a summary of the law's payment limit provisions. The new farm legislation imposes a \$125,000 limit on benefits received through marketing loan gains and loan deficiency payments, as well as payments from the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for all commodities (except peanuts which are covered by a separate \$125,000 limit). The NCC's document also served to remind its members that the application of the limit to marketing loan benefits was a new feature in the 2014 farm law and one that created significant risk and uncertainty for all in the marketing chain. The summary was the result of ongoing efforts by a NCC Payment Limit Working Group comprised of producers, ginners, marketing cooperatives and private merchants. The Working Group also coordinated with USDA to develop reporting and tracking systems for 1) providing equitable treatment for all modes of marketing and 2) minimizing cotton flow disruptions.

In other farm policy activity, the NCC:

- Posted updated fact sheets on USDA conservation programs on the NCC website's Conservation in Cotton Production page. The fact sheets were aimed at helping NCC producer members 1) determine which conservation programs would be beneficial to their operations and 2) better understand the programs' qualifications/enrollment process.
- Conveyed the U.S. cotton industry's deep appreciation for Juan Garcia's longstanding devotion to serving production agriculture and rural America upon the USDA Farm Service Agency administrator's announcement of his retirement.

Legislative Affairs

After the House Appropriations Committee announced plans to begin work on the FY15 agriculture spending measure, the NCC urged it and the Senate appropriations panel to reject any amendments to the FY15 agriculture spending measure that would change the newly enacted

farm bill's provisions. The NCC also urged 1) the inclusion of cost share funding to USDA's Animal & Plant Health Inspection Service for the cotton pests eradication program account in the amount of \$11.52 million; and 2) full funding for the Market Access Program (\$200 million) and Foreign Market Development Program (\$34.5 million).

In letters to several members of California's congressional delegation, the NCC urged the House and Senate to work to resolve the differences between S. 2198 and H.R. 3964 and work together in the remaining days of the 113th Congress to approve comprehensive drought relief legislation. The NCC letters emphasized the cotton industry's support for the recommendations and urged "their inclusion in legislation that can be presented to the House and Senate for approval and sent to the President for his signature in the near future."

USDA's National Agriculture Statistics Service (NASS) resumed publication of several Current Industrial Reports previously suspended by the Census Bureau – including the report on cotton stocks and mill use data. The resumption, which had been advocated by the NCC and other agricultural trade associations, was made possible through the Congressionally-approved FY14 omnibus spending package. The NCC also submitted comments supporting NASS' resumption of its Consumption on the Cotton System and Stocks survey that gathers the necessary information for the Reports. The importance of the consumption and stocks survey in providing a complete picture of the U.S. balance sheet was cited.



NCC Chairman Wally Darneille, right, congratulates Rep. Mike Conaway (R-TX) on being selected

by the House Republican Conference to chair the House Committee on Agriculture in the 114th Congress.

The Senate Finance Committee approved the EXPIRE Act -- a measure that temporarily extended for two

years a number of expiring tax provisions. Included in the package were provisions extending Section 179 expensing provisions and bonus depreciation. The NCC had joined other members of the Ag Tax Coalition in urging extension of Section 179 and bonus depreciation. Later, that coalition sent a letter to House and Senate leadership urging action before Congress adjourned in 2014. The letter specifically requested that the Section 179 small business expensing provision be reinstated at \$500,000 per year – a level that expired at the end of 2013. The letter also sought a renewal of the expired 50 percent bonus depreciation for the purchase of new capital assets, including agricultural equipment.

In other legislative activities, the NCC:

Joined with more than 30 other agricultural trade organizations on a letter to House members supporting H.R. 4413, the "Customer Protection and End-User Relief Act." The bill also reauthorized the Commodity Futures Trading Commission (CFTC).

Coalesced with a group that included several agricultural organizations, on a letter to House Speaker John Boehner (R-OH) and House Minority Leader Nancy Pelosi (D-CA) in which Congressional Members were urged to support the targeted truck weight provisions included in Section 125 of the FY15 Transportation-Housing and Urban Development (HUD) Appropriations Act (H.R. 4745). The House ultimately passed the bill with no changes to Section 125.

Issued a statement congratulating Rep. Mike Conaway (R-TX) on being selected by the House Republican Conference to chair the House Committee on Agriculture in the 114th Congress beginning in January, 2015.

Trade

Major activities carried out during 2014.

World Trade Organization (WTO)

During meetings in Geneva, Mark Lange, the National Cotton Council president/CEO and John Maguire, the NCC's senior vice president, Washington Operations, conveyed to WTO officials and ambassadors of C4 sub-Saharan cotton-producing countries key information about the new U.S. farm law's cotton provisions. They emphasized and explained how the provisions were significantly different from previous farm laws.

While there, Deputy U.S. Trade Representative (USTR) Michael Punke joined NCC leaders in a session with the ambassadors of the West African cotton-producing countries. Punke was vocal in his insistence that countries, including China, India and Brazil, report the level of their agriculture subsidy programs to the WTO as required. He urged the West African ambassadors to support his effort to promote timely reporting and transparency and to support prompt implementation of the trade facilitation program that was agreed to during the WTO ministerial meeting in Bali.

Later in the year, the NCC submitted comments to the USTR in advance of a public hearing on China's compliance with its WTO commitments. NCC Chairman Wally Darneille also testified on the NCC's behalf at the Washington, DC, hearing. His testimony called attention to the high cotton support levels maintained by China, noting that the announced target price for 2014 was more than double the current world cotton price. He stated that by its WTO Accession Protocol, China's government support to cotton is supposed to remain below 8.5 percent of the market value of production – but NCC calculations suggested that support since 2011 had ranged between 18-31 percent of the value of production. Darneille also called for U.S. officials to continue pressing China to provide timely notifications of its domestic support programs to the WTO. China had not officially notified the WTO of its farm program support since the 2008 crop.



Inspecting cotton fiber in a Chinese warehouse is Cotton Council International Chairman John Burch who led a NCC leadership team to that country to gather information from Chinese cotton industry officials and update them on key aspects of the U.S. cotton industry.

After the U.S. government announced the conclusion of the U.S.-Brazil trade dispute in the WTO, NCC Chairman Wally Darneille, in a statement, thanked the U.S. government for its efforts and reiterated that the U.S. cotton industry had undertaken extensive efforts to resolve this case and offered comprehensive reform of cotton policy as part of the new farm law. He stated, "The new U.S. farm bill includes several necessary changes to cotton policy and the GSM export credit program. When compared to previous programs, cotton policy is

more market-oriented with the primary safety net conveyed through insurance products that must be purchased by the producer."

Asia

A NCC leadership team led by CCI Chairman John Burch visited China to gather information from Chinese cotton industry officials and update them on key aspects of the U.S. cotton industry. That delegation was the sixth to visit China since the establishment of the U.S.-China Cotton Leadership Exchange Program by the NCC and the China Cotton Association.

Eight U.S. cotton industry representatives went to Guangzhou, China; Seoul, Korea; and Osaka, Japan; as part of the 2014 COTTON USA Executive Delegation to discuss a variety of market and trade issues with U.S. cotton customers. The delegation hosted seminars, visited manufacturing facilities and participated in news media interviews and meetings with COTTON USA licensees. Among delegation members were: Cotton Council International Treasurer Anthony Tancredi, Bobby Walton (American Cotton Shippers Association), Carlos Garcia (AMCOT), Lee Cromley and Jon Whatley (American Cotton Producers), and Marc Lewkowitz (Supima).

Turkish Investigation

After the Turkish Ministry of Economy announced it was investigating the imports of U.S. cotton to determine if "dumping" is occurring in the Turkish market, NCC staff, working with staff of the American Cotton Shippers Association and AMCOT, distributed a summary of the investigation and expected next steps to U.S. merchandizing firms. Many U.S. traders, merchants and exporters received questionnaires seeking data to enable Turkish officials to determine whether U.S. cotton was being dumped into the Turkish market, whether there was injury to Turkish cotton interests and whether the dumping was the cause of that injury.

Later, NCC Chairman Wally Darneille accompanied NCC staff to meetings with Administration officials and Congressional staff to raise the investigation's profile and communicate the serious risk to continued trade and sales of U.S. cotton to Turkey should anti-dumping duties be applied. The NCC continued its outreach to Congress and government officials on this issue until year's end, and also submitted comments to the Turkish Ministry of Economy detailing numerous concerns with the investigation.



In other trade activities, the NCC:

The West Coast port labor negotiations drew the attention of the NCC which joined with multiple associations on letters to President Obama expressing concerns and asking for his help in resolving that situation.

- Signed onto a letter with associations representing U.S. agriculture and forest products producers asking President Obama to reach out to the International Longshore and Warehouse Union and Pacific Maritime Association to insist that they immediately restore the ports to full operation while they continued negotiations. The letter specifically asked the President to consider using all tools available to the federal government to help resolve that situation. The NCC earlier had joined a broader coalition in requesting the President's intervention.
- Joined with more than 90 agriculture organizations supporting Darci Vetter as chief agricultural negotiator for the USTR's office. She was later confirmed by the full Senate.

Communications

Major activities carried out during 2014.

Public Attitudes

The National Cotton Council consistently conveyed the industry's views on farm bill components and its position on numerous other legislative matters. That included arranging interviews with industry leaders/staff and issuing news releases and editorial rebuttals, videos and radio news lines on farm bill legislation, trade negotiations and multiple regulatory and environmental issues.

A key example was the distribution of a statement to news media early in the year in which the NCC said it was "deeply disappointed and disturbed by statements to the press made by Brazilian cotton industry representatives regarding new farm law provisions. That statement said the representatives wrongly portrayed the reformed cotton provisions in the farm legislation that was being considered by Congress and said "it is time for the Brazilian industry to acknowledge that the new cotton insurance program is substantial reform." Later, the NCC responded with an Op-Ed piece to a *Washington Post* editorial critical of the U.S.-Brazil World Trade Organization agreement.



Among NCC rebuttals to negative news media pieces was "Why Congress Should Care About the Beepocalypse," a commentary that appeared in *Roll Call*, an online newspaper that covers Capitol Hill.

Among other examples of NCC rebuttals to negative news media pieces was a response from Dr. Don Parker, the NCC's manager, Integrated Pest Management, to "Why Congress Should Care About the Beepocalypse." That commentary appeared in *Roll Call*, an online newspaper that covers Capitol Hill. The NCC rebuttal stated that policies directed solely at pesticides will not provide the solution to declining honeybee populations but may have broad unexpected economic impacts on agricultural

production.

The NCC continued to disseminate news about the 2013-launched Cotton LEADS™ program that is committed to responsibly-produced cotton. That included updates on the program's escalated partnerships, which numbered more than 200 cotton supply chain companies by late 2014. The NCC coordinates the program as a Cotton Foundation special project and hosts the web site, www.cottonleads.org.

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 11th 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 to participate in <http://www.farmpolicyfacts.org/>. That and "The Hand That Feeds Us" initiative are committed to ensuring American agriculture's long-term success by facilitating meaningful conversations with legislators and consumers about how food and fiber is produced.

Information Services

The NCC continued to utilize its website, www.cotton.org, for disseminating information to its members regarding The Agricultural Act of 2014's implementation. Documents posted in the NCC website's Farm Bill area ranged from rule implementation

announcements to frequently

asked questions. In addition, multiple NCC-generated farm law provisions summaries were posted to help producers with their farm program decisions prior to the 2015 season.



The Cotton LEADS™ program, committed to responsibly-produced cotton, had garnered more than 200 partners by the fall of 2014.

A number of technical documents were developed and posted on the NCC's site, ranging from lint contamination prevention materials to cotton flow initiatives.

The NCC assisted the National Cotton Ginners Association (NCGA) and its member associations on the production of a new video that addressed safety considerations associated with the John Deere Round module system. Made available via streaming on the NCC website, the video was Volume VI in a series of instructional videos to train employees and help keep the gin workplace free of injuries.

Technical

Major activities carried out during 2014.

Regulatory

The National Cotton Council remained engaged with EPA and other organizations as EPA released proposed revisions to the Agricultural Worker Protection Standard (WPS) – an effort that had been underway for more than a decade. After the EPA eventually released its proposed revisions, the NCC submitted comments that were reviewed and approved by its Environmental Task Force.

The Occupational Safety and Health Administration (OSHA) announced a final injury-reporting rule that requires employers to notify OSHA of work-related fatalities and injuries when an employee is killed on the job or suffers a work-related hospitalization, amputation or loss of an eye. The rule, which also updates the list of employers partially exempt from OSHA record-keeping requirements, went into effect on January 1, 2015, for workplaces under federal OSHA jurisdiction.

EPA asked a federal appeals court to uphold the agency's registration of the insecticide sulfoxaflor, saying there was substantial evidence that registration of the pesticide would not result in unreasonable adverse effects on the environment. EPA's move came after the NCC had worked with the Mid-South states for more than three years in obtaining Section 18's for the control of plant bugs, which have developed resistance to most other crop protectant products.

American Cotton Producers Chairman Bowen Flowers, joined by NCC staff and Monsanto representatives, participated in one of a series of sessions with EPA to express cotton's concerns about the proposed geographic restrictions and mandatory weed resistance label proposals for the herbicide labels for Dicamba, to be used on Dicamba-resistant traited cotton varieties anticipated to be released for the 2015 planting season. The NCC monitored this regulatory process throughout the year.

The NCC worked with Dow AgroSciences and EPA regarding the label use conditions for Dow's Enlist system prior to the company's release of its 2015 corn and soybean varieties containing a trait for resistance to a new formulation of 2,4-D. Label restrictions for corn and soybeans establish precedent for the company's 2,4-D tolerant cotton, still in regulatory review and expected to be commercially available in 2016. Both chemistries (new formulation 2,4-D and Dicamba) will give producers additional tools for managing herbicide resistant weeds.

In addition to the EPA efforts, NCC staff, working with both Dow AgroSciences and Monsanto, met numerous times with the *Biotechnology Regulatory Services (BRS)* division of USDA-APHIS. BRS is charged with the regulatory review of Dicamba and 2,4-D herbicide resistant traits in cotton varieties, anticipated to be released in 2015 and 2016, respectively. Deregulation of these herbicide resistant traits is the first, but parallel, step required for EPA approval of the use of these herbicides on cotton.



The NCC supported H.R. 5078, a bill that would require EPA and the Corps of Engineers to consult with state and local officials to develop a consensus approach to defining what bodies of water should fall under federal jurisdiction.

The NCC joined with other groups in requesting an extension of the 90-day comment period on a proposed rule from EPA and the Army Corps of Engineers that would define jurisdictional "waters of the U.S." (WOTUS) under the Clean Water Act (CWA). The NCC signed on to comments for the WOTUS docket developed by the Agricultural Nutrient Policy Coalition and the Pesticide Policy Committee.

The Waters Advocacy Coalition, in which the NCC

was active, submitted a "Statement for the Record" to the House Transportation and Infrastructure Committee's Subcommittee on Water Resources and Environment, which raised serious concern over EPA's proposed rule. The statement noted the Coalition's belief that the proposal was inconsistent with congressional intent, the language of the CWA and Supreme Court precedent. The statement also encouraged continued congressional oversight on the issue. Another Coalition letter to EPA and the Corps asked them to withdraw the proposed rule saying it would fundamentally change the scope of the CWA and radically expand the Agencies' regulatory power over routine agricultural practices.

Prior to House passage of H.R. 5078, the Waters of the United States Regulatory Overreach Protection Act of 2014, NCC letters conveying support for the bill were sent to Cotton Belt House Members. H.R. 5078 would prohibit the agencies from moving forward on the controversial "waters of the U.S." rule and require them to consult with state and local officials to develop a consensus approach to defining what bodies of water should fall under federal jurisdiction.

Prior to a House Agriculture Committee Subcommittee on Conservation, Energy, and Forestry hearing to review the Interpretive Rule regarding the applicability of CWA agriculture exemptions, the NCC joined other agricultural organizations in submitting a statement to the Subcommittee that outlined fundamental concerns with the Interpretive Rule and called for its withdrawal. One of the numerous points in that letter was that the rule encompassed activities that were an ordinary part of a normal, ongoing farming, ranching or agriculture operation and that those activities should be absolutely lawful for producers to use with a CWA Section 404 permit. Later, the NCC issued an Action Alert to garner support for H.R. 935, the "Reducing Regulatory Burdens Act." That bipartisan legislation amended both the Federal Insecticide, Fungicide & Rodenticide (FIFRA) and the CWA to reverse a court decision which vacated a 2006 EPA rule and long-standing interpretation that the application of a pesticide in compliance with the requirements of FIFRA does not also require a separate National Pollutant Discharge Elimination System permit under the CWA. The House had to approve the legislation again after it failed to garner the necessary two-thirds vote for passage under suspension of the rules.

President Obama signed the Water Resources Reform and Development Act into law. That bill, which had been approved overwhelmingly by the House and the Senate, authorized the construction of major navigation and flood risk management projects. Moreover, Section 1049 of the law provided farmers and ranchers some relief from EPA's Spill Prevention Control and Countermeasure rule on farm storage tanks of fuel.

Pest Management

The NCC continued to be highly involved in pollinator protection activities that challenged crop protection product usage. Simultaneously, producer members and other stakeholders were encouraged to read more about the issue in a document on the NCC's website at www.cotton.org/issues/2014/beechal.cfm. Among activities the NCC monitored during 2014 was a study headed by the Pollinator Stewardship Council and Pesticide Research Institute which were encouraging beekeepers to report pesticide-related bee kills and to collect samples for lab

analysis without having to wait on official state lead agencies to collect the data. The two groups asserted that beekeepers had experienced bee kill incidents but had not reported them to EPA.

The NCC applauded USDA for holding its "Varroa Mite Summit" saying in a statement that the forum is a key step for stopping honey bee health decline. The NCC participated in the Summit which served as a forum for building collaborative efforts to improve the understanding of what causes bee losses.

Later, the NCC submitted comments to EPA and USDA which were soliciting input to assist a Pollinator Health Task Force charged with coordinating federal agency efforts to improve pollinator health. That Task Force's creation was requested by President Obama for obtaining input on the types of activities that could be part of the strategy, including public private partnerships, research, educational opportunities, pollinator habitat improvements and pesticide risk mitigation.



The NCC applauded USDA for holding its "Varroa Mite Summit" saying in a statement that the forum is a key step for stopping honey bee health decline.

The Texas Boll Weevil Eradication Foundation program director reported to the NCC's Boll Weevil International Technical Advisory Committee that the majority of boll weevil captures in Texas continue to be in close proximity to the Rio Grande River bordering Mexico. Reason for optimism was that boll weevil captures on the Lower Rio Grande Valley's 141,677 cotton acres through October 2014 were 67 percent less than in 2013.

Cotton Flow/Packaging

The 2014 NCC Joint Cotton Industry Bale Packaging Committee's (JCIBPC) Specifications for Cotton Bale Packaging Materials were approved by USDA for packaging 2014-crop cotton for Commodity Credit Corporation (CCC) loan program purposes. The 2014 Specifications are the same as those approved for 2013 except for the addition of a new section for a system to "Form, Fill and Seal" PE film into gusseted bale bags. One firm was added to the JCIBPC list of approved manufacturers of PET strap for patented z-weld friction technology® systems. The list is at www.cotton.org/tech/bale/PET-strap-list.cfm.

JCIBPC Chairman Stan Creelman later sent a memo to all U.S. gins reminding them of their Cooperating Ginner's Bagging and Bale Ties Certification and Agreement which requires them to ... "assist producers in maintaining the eligibility of their cotton for CCC loans by using bagging and bale ties that meet the Specifications for Cotton Bale Packaging Materials."

Based on NCC Board action, USDA was able to utilize EWR, Inc.-developed software that provided the agency with the ability to see shipping order information sent by merchants to warehouses – a move aimed at ensuring warehouses are meeting the minimum shipping standard. Specifically, the action allowed USDA to review an audit trail of requested shipping dates, provided to EWR, Inc., compared to actual dates shipped and bales made available for shipment data. The NCC Board also directed NCC staff to develop educational materials for use by appropriate interest organizations with their members. The aim was to provide background information on the initiative and summarize the procedures that should be employed by merchants, warehouses and ginneries. The NCC issued multiple bulletins to certified interest organizations representing those industry segments updating them on shipping order update protocols.



The NCC stepped up efforts to ensure warehouses are meeting the minimum shipping standard and encouraging warehouses to submit flow reports.

The NCC also encouraged warehouses to submit flow reports after the Commodity Credit Corporation notified NCC staff that 21 warehouses failed to submit the reports for the week ending on May 16, 2014.

Research/Education

The NCC mailed "Contamination-Free Cotton" flyers to its producer, gin and warehouse leadership – as part of a reminder that preventing lint contamination is everyone's responsibility. The flyer focused on pre-harvest, in-season and post-

harvest steps for preventing contaminants from getting into seed cotton and baled lint.

Field to Market[®], the Alliance for Sustainable Agriculture, announced the launch of a new agricultural supply chain program for U.S. commodity crops. That alliance brings together a diverse group of grower organizations (including the NCC), agribusinesses, food, fiber, restaurant and retail companies, conservation groups, universities, and agency partners to focus on promoting, defining and measuring the sustainability of food, fiber, and fuel production.

The NCC-coordinated Beltwide Cotton Conferences continued its focus on research of new and existing products/technology and the extending of it to producers through consultants, Extension, allied industry and others directly involved in the decision-making process.

On other technical issues:

- NCC staff met with Deputy Under Secretary for Marketing and Regulatory Programs Gary Woodward, USDA Animal and Plant Health Inspection Service (APHIS) Administrator Kevin Shea, and other APHIS officials to discuss issues under their jurisdiction, among them boll weevil eradication and phytosanitary certificates, that are important to the U.S. cotton industry.
- The NCC cooperated with the National Cotton Ginners Association on the three 2014 Ginner Schools-- Southwest Ginners School in Lubbock, TX; Western Ginners School in Las Cruces, NM; and the Stoneville Ginners School, Stoneville, MS.
- Wes Malloy, who served as NCC's site manager of its Cotton Winter Nursery in Tecoman, Mexico, for 38 years, retired in 2014 in conjunction with the nursery's closing. He was the recipient of the 2013 Cotton Genetics Research Award.

Cotton Council International

Major activities carried out during 2014.

Cotton Council International (CCI) positioned cotton favorably in the global marketplace throughout 2014 amidst multiple marketing challenges. Among those facing the fiber throughout the supply chain were 1) alternative fibers (polyesters) being marketed as being higher technology/better performing fibers and 2) younger consumers who are not as familiar with cotton.

Fortunately, CCI remained the largest recipient of matching funds from USDA – undergirding the NCC's export promotions arm as it adhered to a successful three-point focus: 1) supply chain development, 2) brand and retailer promotion/support, and 3) industry partnerships development.



CCI's re-launch of its 25-year old flagship brand, COTTON USA, included the creation of a new logo.

CCI also responded to this past year's competitive business environment by revitalizing and re-launching its 25-year-old flagship brand, COTTON USA and employing a global COTTON USA marketing initiative that draws on the promise of the industry, purity, quality and

responsibility. CCI capitalized on COTTON USA, a name which has been carried on more than 50,000 product lines and 3 billion products since 1989 – and which translated into about 100 million bales of cotton.

In addition to a new logo and new promotional and merchandising tools, CCI officially launched its COTTON USA social media platforms to increase the brand's global awareness. COTTON USA now can be followed on Facebook, Twitter, Instagram and Pinterest as well as on CCI's revamped website, www.cottonusa.org. That website is being used to personalize the story of U.S. cotton for three key audiences: 1) fiber growers and buyers ("The Cotton"), 2) mills and manufacturers ("The Makers"), and 3) consumers ("The Stories").

CCI's demand-building events and activities in 2014 included numerous successes.

The Sourcing USA Summit in Arizona, organized in cooperation with CCI, Cotton Incorporated and USDA's Foreign Agricultural Service, brought together more than 420 leading global sourcing companies to strengthen enduring partnerships. Internationally recognized speakers and premier networking opportunities ensured outcomes dedicated to promoting cotton and COTTON USA and increasing US cotton sales. The Summit featured business forums on topics affecting the global cotton industry, including ways to seize market opportunities to overcome competition from manmade fibers.



NCC Chairman Wally Darneille delivered opening remarks at the 2014 COTTON USA Summit in Arizona.

A NCC leadership team led by CCI Chairman John Burch, visited China to gather information from Chinese cotton industry officials and update them on key aspects of the U.S. cotton industry. That delegation was the sixth to visit China since the establishment of the U.S.-China Cotton Leadership Exchange Program by the NCC and the China Cotton Association.

Eight U.S. cotton industry representatives went to Guangzhou, China; Seoul, Korea; and Osaka, Japan; as part of the 2014 COTTON USA Executive Delegation to discuss a variety of market and trade issues with U.S. cotton customers. The delegation hosted seminars, visited

manufacturing facilities and participated in news media interviews and meetings with COTTON USA licensees.

Celebrities, fashion designers, musicians and consumers united across northeast Asia to celebrate their shared love of CCI's Cotton Days in Korea, Japan, Taiwan and Thailand. CCI President Jordan Lea met with textile industry representatives in those four key U.S. cotton markets.

During the ASEAN Buyers Tour in Vietnam, COTTON USA staff met with new and existing Korean investors in Vietnamese spinning, knitting and garment manufacturing who are increasing their textile investments in Hanoi and Ho Chi Minh City. CCI's two-day COTTON USA Sourcing Fair in Hanoi resulted in sales between buyers and sellers of U.S. cotton-rich fabrics and garments.



From left, Anthony Tancredi, CCI treasurer; Carlos Garcia, AMCOT; and Lee Cromley, American Cotton Producers; were among eight members of a COTTON USA Executive Delegation that traveled to China, Korea and Japan.

Apparel manufacturers from eight Western Hemisphere countries received an extensive look at U.S. cotton yarn and fabric production as part of CCI's 2014 COTTON USA Western Hemisphere Uniform Manufacturers Tour. The trip's focus was on the uniform/corporate image wear industry – a key market for U.S. yarn and fabrics.

CCI First Vice President Dahlen Hancock emphasized the U.S. cotton industry's responsible production practices in a presentation at the COTTON USA Retail and Marketing Leadership Summit in Berlin, Germany. That event brought together

leaders from top brands, retailers and sourcing companies to examine the latest developments in the highly competitive and volatile apparel industry. In addition, 79 percent of the event's attendees (who came from Europe, Asia and North America) agreed that the event assured them that sourcing cotton and cotton-rich products is a viable long-term business decision.

Key executives from 12 textile companies in Indonesia – the fifth largest importer of U.S. cotton -- toured the Cotton Belt to get a close look at U.S. cotton production, processing and marketing and to meet with U.S. exporters as part of the COTTON USA Special Trade Mission from Indonesia.

At the COTTON USA Western Hemisphere Sourcing Fair in Mexico, some 670 individual meetings took place between brands, retailers and garment makers. The meetings facilitated the development of business relations to increase U.S. cotton yarn and fabric exports to that hemisphere.

At the COTTON USA “Shaping Cotton’s Future” conference in Turkey, nearly 100 participants received valuable information from industry experts on cotton buying. Networking also was a key conference benefit for attendees, which included 30 U.S. exporter representatives and more than 40 Turkish textile mill representatives.

CCI also had a clear presence at a number of important trade shows throughout 2014.

Responsibly-produced U.S. cotton was promoted to an international trade audience at Heimtextil, the world's leading trade show for home textiles. The Frankfurt, Germany event united approximately 2,720 exhibitors and 67,000 visitors from 133 countries around the globe.

At the Colombiatex trade show in Medellin, Colombia, the COTTON USA Sourcing Program focused on 13 U.S. cotton textile mills which met with knitters, manufacturers and fabric distributors to develop new business for U.S. cotton. An industry event for 70 participants from U.S. mills and Andean Region textile companies was coordinated to strengthen relationships and create additional business opportunities.

CCI delivered U.S. cotton sourcing assistance to major apparel industry players at the Texworld and Première Vision trade shows in Paris. The shows – representing the largest combined exhibition of the world's apparel fabric – provided a venue for CCI to promote U.S. cotton and its global marketing and licensing program.

CCI promoted U.S. cotton denim at the Kingpins Quality Denim show in Hong Kong, garnering requests from buyers on sourcing COTTON USA products.



At the Colombiatex trade show, CCI's COTTON USA Sourcing Program focused on 13 U.S. cotton textile mills whose representatives met with knitters, manufacturers and fabric distributors to develop new business for U.S. cotton.

Through CCI's COTTON USA Sourcing Program, U.S. cotton yarns and fabrics were promoted at the Peruvian fashion industry's main event, the PeruMODA trade show in Lima. The event enabled Peruvian export companies to interact directly with international buyers from five continents, and it attracted approximately 10,000 attendees.

COTTON USA debuted its new brand campaign at Intertextile Home Shanghai with a joint exhibit featuring two licensee partners, Imagine and Ibená. That show was the largest in its 20-year history. CCI and Cotton Incorporated joined forces to promote cotton at the Shanghai Intertextile Apparel Show, with a focus on responsible cotton production and sourcing through participation in the Cotton LEADS™ program.

Thirteen U.S. textile mills were showcased as part of the COTTON USA Sourcing Program pavilion at the Apparel Sourcing Show in Guatemala City.

Brooks Brothers sales executives received in-store training in Istanbul, Rome, Milan, Madrid and London on why U.S. cotton makes a difference in their products. That COTTON USA sales training effort emphasized the benefits of COTTON USA, Supima® and Cotton LEADS™.

CCI's week-long COTTON USA "Come Home to U.S. COTTON" promotion in China enabled consumers to experience the comfort and quality of U.S. cotton through interactive displays featuring COTTON USA fashions. CCI also launched the "Living with Cotton" Promotion in Japan, a four-month retail promotion with nine COTTON USA licensees. The effort in 4,000 Japanese retail stores generated approximately \$15 million in sales of U.S. cotton-rich apparel, with the COTTON USA Mark helping consumers identify quality products made of U.S. cotton fiber.

COTTON USA celebrated its licensee John Henry's 40th anniversary with an "I Am John Henry" rebrand concept present through a fashion show and a pop-up store in CentralWorld, a large shopping complex in Bangkok, Thailand.

CCI kicked off consumer sales promotions in Taiwan with 114 retail brands through a sponsorship of a high profile event – Grammy Award-winning singer Bruno Mars' "The Moonshine Jungle Tour" concert in Taipei.

COTTON USA and Supima® launched the FREECULTR shirt collection in India. More than 50 delegates representing India's cotton textile value chain attended an invitation-only COTTON USA seminar in Bengaluru to explore how cotton could further propel growth in the Indian textile industry. Prominent mills, apparel manufacturers, brands and retailers also participated.

CCI entered 2015 with optimism thanks to stable support from: the National Cotton Council; Cotton Incorporated; the American Cotton Shippers Association; the American Cotton Marketing Cooperatives; California Cotton Alliance; the Committee for Cotton Research; 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; the USDA; U.S. cotton yarn and textile manufacturers; and COTTON USA Mark licensees around the world.

The Cotton Foundation

Major activities carried out during 2014.



2015 High Cotton Award winners from left: Ronnie Hopper, his son, R.N. Hopper, Petersburg, Texas; Rick Morgan, Corapeake, N.C.; George LaCour, Morganza, La.; and Mark Watte, Tulare, California.

The Cotton Foundation Board of Trustees approved 20 general research projects totaling \$319,500 in funding provided by Foundation agribusiness members' dues. Approved projects for 2014-15 include studies related to pest management, sustainability, pollinator protection, fiber quality, agronomic practices and education.

20th year, is one of multiple Foundation special projects funded by grants over the dues from the Foundation's 40-plus members.

The High Cotton Awards program, which celebrated its

As a founding member, the Foundation continued to support Cotton LEADS™ -- a Foundation special project aimed at raising awareness of the responsible growing practices among U.S. and Australian cotton producers. More information can be found at www.cottonleads.org.

Through the Foundation, support also was maintained for vital NCC communications vehicles, including the Cotton's Week newsletter. The Foundation's underpinning of the NCC's web server made it possible for the NCC to post multiple cotton-related educational materials, including streaming video.



Southwest cotton producers saw North Carolina and Virginia farming operations in August as part of the 2014 Producer Information Exchange program.

Video Staff Report

<http://www.cotton.org/about/report/2015/foundation.cfm>