

2021 National Cotton Council Report to Members

Highlights NCC work on key cotton issues during 2020.



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 in which farms and businesses directly involved in the production, distribution and processing of cotton employ more than 115,000 workers and produce direct business revenue of more than \$22 billion. Accounting for the ripple effect of cotton through the broader U.S. economy, direct and indirect employment surpasses 260,000 workers with economic activity of almost \$100 billion.

This report is sponsored by Farm Credit.



Joint Message from the Chairman and the President

During 2020, the National Cotton Council engaged almost daily with Congress and the Administration regarding critical legislative, trade and regulatory matters – with a high priority placed on seeking economic relief desperately needed by industry members due to COVID-19.

Among numerous actions was the NCC's letter early in the pandemic to Agriculture Secretary Sonny Perdue and agriculture leadership in Congress specifying the extensive economic assistance needed from producers to textile manufacturers. Multiple relief packages resulted including the Coronavirus Aid, Relief, and Economic Security Act and two phases of the Coronavirus Food Assistance Program. The NCC also worked to ensure that COVID-related programs such as the Paycheck Protection Program and the Economic Injury Disaster Loan program were available for agriculture and supported various legislation such as the SAFE TO WORK Act that offered liability protections for businesses as it related to potential COVID-related lawsuits and legal action.

The NCC worked closely with Congress and the Administration to get WHIP+. That updated disaster relief package included funding for producers structured similar to the 2017 WHIP program for hurricane, flooding (prevented planting coverage), drought, excess moisture, and wildfire relief for 2018 and 2019 losses.

After President Trump announced the Phase One trade deal with China, the NCC conveyed the concern that cotton producers continued to face a challenging economic climate and urged the President and USDA to quickly follow through with the third tranche of Market Facilitation Payments. The NCC was pleased with President Trump's signing of the U.S.-Mexico-Canada Agreement saying the pact would provide a boost in trade certainty for U.S. cotton and cotton textile products in the North American market.

The NCC monitored court cases, agency rulemaking and other activity that would affect cotton production, processing and flow. Among results were headway on eliminating contamination in baled cotton lint; EPA's maintaining use of dicamba stocks for 2020/granting a new five-year label for that important herbicide and approval of the Navigable Waters Protection Rule giving producers clarity and regulatory certainty.

The NCC conducted numerous live webinar sessions to escalate producer enrollment in the U.S. Cotton Trust Protocol® -- the voluntary, farm-level program designed to expand the acknowledgement by major brands/retailers that U.S. cotton is responsibly produced. By year's end, some 500 producers had enrolled. Significant Trust Protocol events in 2020 that the NCC helped publicize ranged from the program's addition to Textile Exchange's list of preferred fibers and materials to Gap, Inc. becoming the first brand to join this important sustainability initiative.

The NCC worked with Cotton Council International (CCI) to enroll brands, retailers and mills into the Trust Protocol. CCI, like the NCC, conducted the majority of its business virtually during 2020. CCI's creative virtual events helped expand foreign demand for U.S. cotton fiber, yarn and other cotton products. CCI also launched COTTON USA SOLUTIONS™, the industry's first-of-its-kind technical consultancy program that helps mills and manufacturers achieve greater productivity, process efficiency and profit for their businesses.

The Cotton Foundation Board of Trustees approved \$210,000 in funding for 11 general research projects for 2020-21. Included were studies related to pest management, sustainability, regulatory issue information gathering, plant protection products re-registration, risk data updating and educational efforts.

More details of the NCC's 2020 activities follow under the major headings of Legislative Affairs, Trade, Communications, Technical, Cotton Council International and The Cotton Foundation.

Kent Fountain, Chairman (2020)

Gary Adams, President/Chief Executive Officer



*Kent Fountain
Chairman (2020)*



*Gary Adams
President/Chief Executive Officer*

Farm Policy/Legislative Affairs

Major activities carried out during 2020.

Legislative Affairs

The National Cotton Council joined numerous other agricultural organizations on a letter to Reps. Jimmy Panetta (D-CA) and Jackie Walorski (R-IN) in strong support for the Preserving Family Farms Act of 2019. This bill, which increased the limitation included in the Internal Revenue Service's Special Use Valuation, was aimed at helping family-owned agricultural businesses transition to the next generation by allowing more land to be appraised on its agricultural value rather than development value for estate tax purposes.

The NCC also continued to advocate for a reduction or full, permanent repeal of the estate tax. That included support of Rep. Jodey Arrington's (R-TX) Estate Tax Rate Reduction Act – a bill he introduced that would reduce tax rates to a 20 percent rate across the board for estates required to pay the tax.

The Further Consolidated Appropriations Act, 2020 included changes to the Wildfires and Hurricanes Indemnity Program Plus (WHIP+). The NCC had advocated for these modifications which enabled producers affected by additional disaster events (including drought, excess moisture and quality losses due to a qualifying disaster) to be eligible to apply for aid via WHIP+ for losses in 2018 and 2019. The NCC then provided input to USDA on how to best determine/provide quality loss assistance for cotton producers.

Early in the year, the NCC conveyed to the Administration and Congress the importance of ensuring that programs important to the cotton industry were maintained with adequate funding levels in the 2021 budget. That included communicating specifically with the House and Senate appropriations committees including joining onto a letter with numerous other agriculture organizations to those panels' leaders urging full funding of the Market Access Program and Foreign Market Development programs.

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Among the Administration budget's major policy proposals that concerned the cotton industry were:

- Lower adjusted gross income (AGI) to \$500,000 for commodity and conservation programs;
- Subject marketing assistance loan benefits to payment limit and eliminate commodity certificates;
- Subject marketing assistance loan forfeitures to payment limit;
- Limit all farms to one manager for purposes of actively engaged eligibility;
- Eliminate separate payment limit for peanut program;
- Eliminate the Economic Adjustment Assistance Program for cotton textile mills;
- Eliminate the Pima Cotton Trust Fund;
- Subject crop insurance benefits eligibility to a \$500,000 AGI;
- Reduce crop insurance premium subsidies; and
- Eliminate the Conservation Stewardship Program



At year's end, President Trump signed into law a COVID relief and assistance measure that included in the agriculture appropriations section a \$2 million increase to the USDA Animal & Plant Health Inspection Service's Cotton Pest Account (Boll Weevil Eradication Program) for a total of \$13.597 million. The bill also: 1) included level funding for USDA Agriculture Research Service (ARS) Cotton Ginning Laboratories; 2) maintained level funding for the Market Access Program and Foreign Market Development Program; and 3) provided funds for ARS cotton research program priorities.

In comments regarding the Commodity Futures Trading Commission's (CFTC) proposed rule on position limits for derivatives, the NCC 1) emphasized the importance of having a stable derivatives market without excessive speculation/volatility and 2) broadly supported the Commission's efforts to finalize a position limits rule for derivatives. The NCC's key concerns with the proposed rule centered on the position limits it would set for the ICE No. 2 cotton contract. The NCC, which monitored this rulemaking throughout 2020, believed that an increase in the spot-month limit from 300 to 1,800 contracts could lead to unwanted market volatility.

Late in the year, the CFTC announced a newly appointed subcommittee of the Agricultural Advisory Committee (AAC) to develop recommendations to AAC for implementing amendments to futures contracts for enumerated agricultural commodities when those changes apply to contract months with open interest.

Representing the cotton industry on that Agricultural Futures Contracts with Open Interest Subcommittee were Wayne Boseman, an AMCOT director/president of Carolina Cotton Growers Cooperative; and Azeez Syed, president of Olam International's Cotton Division, on behalf of the American Cotton Shippers Association.

The NCC joined numerous other agricultural organizations on a letter to House Members urging support for the Water Resources Development Act of 2020 -- legislation critical to the nation's ports, inland waterways, locks, dams, flood protection, ecosystem restoration, and other water resources infrastructure. The NCC also signed onto a letter to House and Senate leadership urging the inclusion of important provisions in the Act that will bolster the U.S. inland waterways transportation system for the next 10 years.

The NCC joined other organizations representing workers engaged in textiles, apparel and other sewn products, footwear, and specialty metals manufacturing in the United States on a letter to the chairman and ranking member of the House Armed Services Committee urging support of the inclusion of Section 814 from the Senate version of the FY21 National Defense Authorization Act (NDAA) in the final NDAA conference report. Section 814 strengthens the Berry Amendment which requires the Defense Department to supply U.S. troops with U.S.-made textiles, apparel/other sewn products and footwear. Later, the House and Senate Armed Services committees finalized the conference report for the NDAA which the House approved.

The NCC also signed onto a letter with 11 other organizations, including the National Council of Textile Organizations, to the director of the Defense Logistics Agency requesting a more predictable and long-term contracting process with U.S. companies that manufacture textiles, apparel, and footwear for the U.S. military and other government agencies.

COVID-19

In one of the first actions regarding COVID-19's impact, the NCC, along with other agricultural and business groups, wrote to Congress and the Administration. One letter focused on the immediate needs of businesses throughout the economy and how to best respond with an initial round of relief. The recommendations included 1) accessible, unsecured credit to businesses of all sizes; 2) suspending filing of business tax returns and payments during the pandemic; and 3) allowing businesses to carry back any net operating losses and removing the limitation on interest expense deductions for tax year 2020. A second letter, signed by 43 groups from agriculture, commodity, and related organizations, was sent to the Administration highlighting the critical importance of maintaining an unimpeded agricultural workforce and supply chain, production and transportation activities, including the availability of agricultural inputs for the 2020 crop year.

Recognizing the severe and growing impacts of the COVID-19 pandemic on the entire U.S. cotton industry, the NCC began engaging daily with Congress and the Administration to help deliver the necessary relief and assistance to allow U.S. cotton industry members to survive and recover from this historic crisis.



NCC Chairman Kent Fountain provided an industry update at the Mid-South Farm & Gin Show early in 2020 before COVID-19 led to meetings being conducted virtually -- though he still advocated U.S. cotton's economic relief needs including the sending of multiple letters to Administration and Congressional leaders.

NCC Chairman Kent Fountain wrote to Agriculture Secretary Sonny Perdue and agriculture leadership in Congress about the extensive needs for economic relief across the entire U.S. cotton industry -- from producers to textile manufacturers. The NCC also

issued a statement in which Chairman Fountain thanked Sens. John Boozman (R-AR) and Mark Warner (D-VA) who led a bipartisan letter from 21 Senators to Agriculture Secretary Perdue in support of the U.S. cotton industry's relief recommendations to USDA. Fountain expressed gratitude for the Senators who joined onto the letter which highlighted the significant economic losses that were occurring throughout the U.S. cotton industry, including textile mills' shut down, a dramatic decline in textile orders of 90 percent, and a cotton market price decline of 30 percent in a matter of weeks. The Senators also noted that cotton merchandisers were experiencing lost sales, increased carrying costs, additional logistics costs and delayed contract performance.

The NCC continued to engage with Congress and the Administration to get U.S. cotton's specific needs addressed in a second COVID-19 relief package. The NCC was grateful for Sens. Thom Tillis (R-NC) and Mark Warner (D-VA) joining 16 of their colleagues on a letter to Senate Republican Leader Mitch McConnell (R-KY) and Democratic Leader Chuck Schumer (D-NY) urging them to ensure adequate relief for the U.S. cotton industry in a second relief package that Congressional leadership and the Administration hoped to get enacted before Congress adjourned for its August recess. The letter noted that the next round of assistance should "adequately address the magnitude of the losses felt throughout the cotton supply chain by cotton producers and include critical relief for textile mills and the cotton merchandising segment, all of which were facing unprecedented economic losses."

That need was reinforced by a letter from 21 national farm, commodity and agribusiness groups, including the NCC, that was sent to Congressional leadership outlining the primary funding and policy needs for agricultural producers and the broader agricultural supply chain to help recover from COVID-19. The groups called on Congress to provide direct funding to USDA for producer assistance and replenish funding for the Commodity Credit Corporation (CCC) while increasing the funding cap to ensure USDA had the resources necessary to respond to the ongoing losses and impacts from COVID-19. In addition, the letter requested funding and policy direction to USDA so that assistance could be provided beyond the farm gate to the broader agricultural supply chain, such as cotton merchandisers and textile manufacturers.

Later, the NCC, along with more than 40 other agricultural organizations, wrote to Senate and House leadership in strong support of full replenishment of the borrowing authority for the CCC as part of the pending Continuing Resolution (CR) being drafted for consideration by Congress by September's end. The letter noted that, "More than ever, farmers and ranchers need the certainty and support provided by farm programs. Low commodity prices, unjustified retaliatory tariffs, natural disasters, and a global pandemic have placed a tremendous burden on farm country."

In late summer, NCC Chairman Fountain sent a letter to President Trump outlining for the President and Mark Meadows, his chief of staff, the serious magnitude of the U.S. cotton/textile supply chain losses and the costs that were continuing to affect all industry segments, from producers to textile manufacturers. Throughout 2020, the NCC continued to advocate with Congress and USDA in seeking any and all avenues for temporary, emergency relief to help offset a portion of the current economic losses weighing on the industry.

At year's end, the President signed into law a COVID relief and assistance measure that included important support for agriculture and some cotton industry segments but not the critical support needed for the merchandising segment. For producers, the package included a \$20 per planted acre payment on 2020 certified planted acres to all price triggered (upland) and flat rate (extra-long staple) cotton commodities under the Coronavirus Food Assistance Program 2 program. For textile mills/cotton users, the bill included the industry's recommendation for a payment of 6 cents per pound for 10 months of 2020 (March to December) based on the mill's historical average monthly usage of cotton during the January 2017 to December 2019 period. Another beneficial provision was the authority for USDA to extend the term of marketing assistance loans from 9 to 12 months -- authority that will expire on September 30, 2021.

The NCC expressed its gratitude to the leadership of the House and Senate agriculture and appropriations committees, as well as the agriculture appropriations subcommittees, for their work and commitment to provide support for the cotton industry in this COVID relief package.

CARES/PPP

The NCC coordinated with allies in Congress to include important agricultural, small business and tax relief measures in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The NCC also worked closely with USDA and Congress to obtain the needed assistance for the entire U.S. cotton industry under that relief/stimulus/supplemental funding legislation.

The NCC joined 164 other national organizations on a letter to House and Senate leadership requesting that they act quickly to authorize additional CARES Act funding for the Paycheck Protection Program (PPP) -- a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

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Soon after, President Trump signed into law Congressionally-approved legislation containing a \$484 billion coronavirus package to replenish relief/assistance programs created in the CARES

Act. That legislation, which included \$321 billion for the PPP, also allowed farms to be eligible for the Economic Injury Disaster Loan program for which the legislation provided \$60 billion. The NCC then joined 37 other agriculture groups and businesses on a letter to congressional leaders 1) requesting changes to PPP because the agriculture, forestry, fishing and hunting sectors received only 1.3 percent of the original \$349 billion in approved funding and 2) noting that the Small Business Administration's PPP implementation made it challenging for farmers and ranchers to participate.

Soon after, the NCC joined numerous other agriculture, manufacturing and business organizations on a letter to House, Senate and Administration leadership requesting emergency legislative and administrative action to: (1) repeal the Paycheck Protection Program's (PPP) 75 percent-25 percent rule, (2) extend the eight-week period for purposes of calculating loan forgiveness, and (3) extend the June 30 safe harbor date for rehiring and pay restoration. These proposals were designed to bring the PPP in line with the gradual reopening across the United States to help ensure that more small businesses remain in operation.

President Trump then signed the Congressionally approved Paycheck Protection Program Flexibility Act -- legislation that made numerous technical but substantive changes to PPP loans that already had been issued and future loans.



The NCC also joined with organizations representing agricultural groups, financial institutions and nonprofits on a letter to House and Senate leadership to express strong support for 1) The Paycheck Protection Program Small Business Forgiveness Act sponsored by Sens. Kevin Cramer (R-ND), Bob Menendez (D-NJ), Thom Tillis (R-NC), and Kyrsten Sinema (D-AZ) and 2) The Paycheck Protection Small Business Forgiveness Act, sponsored by Reps. Chrissy Houlahan (D-PA) and Fred Upton (R-MI). Earlier, the NCC joined numerous agricultural, business and lender groups on a letter to House/Senate small business committees' leaders strongly supporting that legislation which proposed forgiving PPP loans of less than \$150,000 upon the borrower's completion of a simple, one-page forgiveness document.

In another action regarding the PPP, the NCC joined 151 other agricultural and business associations on a letter to the chairmen of the Senate Finance Committee and the House Ways and Means Committee conveying concerns over PPP's tax implications, specifically an IRS ruling that would significantly increase loan recipients' tax liability.

The NCC joined numerous organizations on a letter to Senate leadership and the chairman and ranking member of the Senate Small Business Committee regarding the Continuing Small Business Recovery and Paycheck Protection Program Act that potentially would offer a second PPP loan to qualifying small businesses. The letter encouraged the leaders to expand eligibility for the proposed PPP second draw to a greater share of struggling small businesses by lowering the gross revenue reduction requirement from 50 percent.

Late in the year, the NCC joined more than 110 other organizations representing farmers, lenders and businesses of all sizes on a letter to House and Senate leadership urging them to immediately address the overburdensome PPP forgiveness process and encouraged Congress to "quickly consider legislation that will help countless businesses navigate the overly complex forgiveness process."

The NCC then joined the American Cotton Producers, National Cotton Ginners' Association, American Cotton Shippers Association, AMCOT and more than 500 other organizations on a letter to House and Senate leadership conveying the concern about an IRS ruling regarding the PPP that would transform tax-free loan forgiveness into taxable income -- raising the specter of a surprise tax increase of up to 37 percent on small businesses when they file their taxes for 2020.

Simultaneously, the NCC joined 95 other organizations representing small businesses on a separate letter to House and Senate leadership to urge swift Congressional action to enact legislation which would allow businesses to access a second PPP loan with tax deductibility and streamlined forgiveness.

PAYCHECK PROTECTION PROGRAM

Additional COVID-19 Relief Now Available



U.S. Small Business
Administration

The NCC advocated for multiple changes to the Paycheck Protection Program so it could benefit U.S. cotton industry members.

Late in the year, President Trump signed into law a relief measure that included important extensions and enhancements to PPP and EIDL. Among those was extending the PPP and replenishing it with \$284 billion in funds and

repealing the section of previous law which required PPP borrowers to deduct the amount of their EIDL advance from their PPP forgiveness amount.

CFAP

Following USDA's release of Coronavirus Food Assistance Program (CFAP) details, the NCC prepared for its members a CFAP summary that included an example calculation for upland cotton. The NCC also communicated with USDA that some producers across the Cotton Belt were having trouble in attempting to sign up for the program. Later, the NCC, American Farm Bureau Federation and 26 other commodity and agricultural groups sent a letter to Agriculture Secretary Sonny Perdue requesting an extension of the CFAP sign-up's August 28 deadline.

Although it expressed gratitude to the Trump Administration for CFAP, the NCC worked with the extra-long staple (ELS) cotton industry to get ELS cotton added to the program. That included NCC Chairman Fountain's letter to USDA requesting that ELS cotton be added as an eligible CFAP commodity when USDA began to review and update CFAP eligible commodities. Later, the NCC conveyed its thanks to Rep. T.J. Cox (D-CA) who led a letter to Agriculture Secretary Sonny Perdue in support of USDA making ELS cotton eligible for CFAP in the next round of updated commodity eligibility determinations. Cox's letter noted that many ELS producers have faced a disproportionate amount of loss compared to upland cotton producers because of the lack of support and exclusion from the CFAP.

However, in a disappointing move, USDA did not include extra-long staple (ELS) cotton in the final tranche of commodities added for CFAP eligibility for the 2019 crop. This action came after the NCC and other ELS cotton industry organizations and producers provided both a request and comments to USDA supporting the ELS cotton addition to CFAP given the severe drop in sales and market demand, along with a seven percent decline in export values during the program's applicable time period. The NCC continued to work with other industry groups and Congressional offices to seek any path that could be used to provide some relief to ELS cotton producers under CFAP. In addition, the NCC worked to ensure that both upland and ELS cotton were included in any forthcoming producer support program for the 2020 crop due to COVID losses and impacts.

After USDA announced CFAP 2, the NCC posted a program summary on its COVID-19 Resources webpage.

In other COVID-19 activity:

The NCC joined more than 200 organizations on a letter urging Congress to provide temporary and targeted liability protections for businesses struggling to reopen and operate safely during the COVID-19 crisis. Later, the NCC joined numerous other organizations on a letter to Congress in support of the SAFE TO WORK Act that would provide important liability protections for businesses and other entities as it relates to potential COVID-related lawsuits and legal action. The letter stated that contained in the SAFE TO WORK Act are “timely, targeted, and temporary liability relief provisions.”

An industry coalition representing the full spectrum of domestic personal protective equipment (PPE) production that included the NCC released a statement outlining policy principles/objectives needed for reshoring and safeguarding domestic PPE manufacturing. Earlier in the year, the NCC had joined with the National Cotton Ginners Association to encourage ginners to donate N95 masks and two-strap respirators to help alleviate the strained supply of PPE available to health professionals.

Later in 2020, the NCC joined numerous other agricultural organizations on a letter to Vice President Mike Pence and White House Coronavirus Task Force members regarding farm worker safety during the pandemic. The letter noted that, “Across the agriculture sector, employers have instituted best practices including social distancing, enhanced hygiene and sanitation procedures, employee training, and the use of Personal Protective Equipment (PPE).”

The NCC reminded its members that “The Families First Coronavirus Response Act” (FFCRA) required all employers to post a notice outlining employees’ rights under this Act. The FFCRA required employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. The provisions applied from April 1, 2020 through December 31, 2020.

The NCC worked with USDA and other federal agencies to provide relief on H-2A visa processing to ensure guest workers can get to their agricultural employers in a timely manner.

The NCC also escalated its activities with agencies regulating transportation, particularly the trucking sector, to provide relief on hours of service, weight limit exemptions, and commercial driver’s license extensions and waivers. The Pesticide Policy Coalition, of which the NCC is a member, sent a letter to the Federal Motor Carrier Safety Administration (FMCSA) urging the agency to expand and extend hours-of-service (HOS) relief by specifically including all “farm supplies” as defined under the HOS regulations (49 CFR §395.2). The letter asked FMCSA to correct this oversight so that seeds, plant protection products and other agricultural supplies could be transported nationwide during the spring of 2020.

The NCC joined agriculture and business organizations on a letter to Senate Finance Committee leadership in support of net operating losses (NOLs) provisions in the CARES Act. That Act provided a five-year carryback for NOLs generated in 2018, 2019, or 2020 and suspended for 2018, 2019, and 2020 the otherwise applicable limitations on excess business losses for noncorporate taxpayers.

The NCC joined other business and manufacturing organizations on letters to House and Senate leadership and the sponsors of the “Jumpstarting Our Businesses’ Success Credit (JOBS Credit) Act of 2020” and requested that it be included in a future legislative package addressing COVID-19 and the economic harm it caused.

In other legislative action, the NCC:

- monitored the Growing Climate Solutions Act of 2020 and attended a Senate Committee on Agriculture, Nutrition, and Forestry hearing regarding that proposed legislation.
- joined numerous agricultural organizations outlining priorities and concerns as the Senate began its development of the highway bill. The letter noted the groups’ support for and expansion of the agricultural exemptions to the Hours of Service regulations.
- offered congratulations to Representatives David Scott (D-GA) and Glenn Thompson (R-PA) who were chosen to serve as chair and ranking member, respectively, of the House Agriculture Committee in the 117th Congress.
- reiterated to key Congressional offices the need for economic relief for the cotton and textiles industries as Congressional and appropriations leaders resolved the omnibus funding bill with a payment to textile mills.

Farm Policy

The NCC continued to remind its producer members that USDA’s Farm Service Agency (FSA) strongly encouraged them to enroll in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for the 2019 crop year – before the March 16, 2020 sign-up deadline.

The NCC expressed its thanks to Reps. Jim Costa (D-CA) and T.J. Cox (D-CA) for their leadership in urging USDA to make a key update to the farm law’s extra-long staple (ELS) or Pima Competitiveness Program. The change, aimed at accurately reflecting the key foreign growths of ELS cotton competing with U.S. Pima, added the Egyptian Giza 94 price quote to the calculations used in the program to determine if a competitiveness payment should be made. The NCC and U.S. cotton industry worked with USDA to ensure appropriate implementation and to make refinements in how the new quote was adjusted relative to U.S. Pima quality.



The NCC's comments on the Conservation Stewardship Program interim rule asked for inclusion of an enhancement that would encourage producers to enroll in such sustainability programs as the U.S. Cotton Trust Protocol.

The NCC submitted comments on the Natural Resources Conservation Service (NRCS) interim rule on the Conservation Stewardship Program. The comments, which focused on program eligibility and ensuring that a wide array

of enhancements is available to producers, also encouraged NRCS to create a specific enhancement that would encourage producers to enroll in, and input their data to, sustainability programs such as the U.S. Cotton Trust Protocol.

The NCC filed comments with the USDA's National Agricultural Statistics Service (NASS) on its request to the Office of Management and Budget to extend the Agricultural Prices Survey. The NCC stated that the data provided monthly by the survey was critical in monitoring upland cotton prices/marketing and was essential in estimating ARC/PLC payments for seed cotton. The NCC received a reply from NASS saying it had no plans to change the surveys or their frequency.

The NCC and other organizations, along with House and Senate agriculture committees and other key Congressional staff, brought to FSA's attention a provision that needed correcting in FSA's published final rule implementing changes in payment limit provisions enacted in the 2018 farm law. In FSA's attempt to simplify and provide consistent definitions, the rule eliminated the actively engaged (AE) definition of "significant contribution of active personal management and/or labor" for family operations, thus the more restrictive language became the definition for all farming operations — family or non-family. Based on numerous discussions with FSA, the agency's leadership stated that it was not their intent to modify the family farm AE definitions and indicated that it was working expeditiously to make the necessary corrections to address this issue. After FSA corrected the provision, the NCC thanked both USDA for making the necessary correction in a timely manner and Congressional Members for their support in asking USDA to take this important action.

Late in the year, the NCC issued a statement saying that it looked forward to working again with incoming President Joe Biden's U.S. Agriculture Secretary appointee Tom Vilsack on matters ranging from sustainable agriculture to international trade opportunities and the farm safety net. The statement also noted the NCC's optimism about working with Katherine Tai, an attorney with the House Ways and Means Committee who Biden had nominated to be U.S. Trade Representative (USTR) for his administration. Tai was former chief counsel on China trade enforcement at the Office of USTR during the Obama administration.

Trade

Major activities carried out during 2020.

China

After President Trump announced the Phase One trade deal with China, which went into effect in mid-February of 2020, the National Cotton Council issued a statement saying the agreement could provide a much-needed boost to U.S. cotton exports. The statement, however, did convey the concern that U.S. cotton producers continued to face a challenging economic climate and urged the President and USDA to follow through with the third tranche of Market Facilitation Payments as quickly as possible.



Matt Huie, far right, a South Texas cotton producer, testified on the concern over China's fulfillment of the agricultural purchase commitments in the Phase One agreement during a House Agriculture Committee Livestock and Foreign Agriculture Subcommittee hearing.

Regarding China trade, Matt Huie, a South Texas cotton producer, testified before the House Agriculture Committee's Livestock and Foreign

Agriculture Subcommittee which sought to hear stakeholder perspectives on U.S. agricultural trade. Huie specifically discussed the ongoing trade focus with China, historically the U.S. cotton industry's largest export market. He emphasized that while the completion of the U.S.-Mexico-Canada Agreement and the Phase One agreement with China were important steps to bring stability to U.S. agricultural export opportunities, there was ongoing concern about the fulfillment of the agricultural purchase commitments in the Phase One agreement. He noted that a reasonable range of China U.S. cotton purchases would be 5-7 million bales annually based on pre-dispute market share levels.

Later, the NCC, along with numerous other agricultural organizations, sent a letter to President Trump underscoring the economic importance of China and the Phase One agreement to not only producers, but to those across the agricultural supply chain. The letter urged the Administration to preserve the agreement with China and to continue advancing America's agricultural interests.

USMCA

Following President Trump's signing of the Congressionally-approved U.S.-Mexico-Canada Agreement (USMCA) early in 2020, the NCC issued a statement saying the agreement would

provide a boost in trade certainty for U.S. cotton and cotton textile products in the North American market. The USMCA, which updates and modifies the North American Free Trade Agreement, included a textile chapter that offers significant improvements for domestic textile manufacturers and workers.

In other trade-related activity:

The National Council of Textile Organizations (NCTO) and the NCC sent a letter to the chairs and ranking members of two key congressional committees, voicing support for a timely extension of the Caribbean Basin Trade Partnership Act (CBTPA), which expired on September 30, 2020. In a news statement, NCTO and the NCC noted that the CBTPA has provided a structured system of textile and apparel duty preferences for certain countries -- most notably Haiti -- since it was implemented in 2000. U.S. textile and cotton industries see significant benefits from the program, which has helped establish an export market for U.S.-grown cotton, U.S.-spun yarn and other U.S. origin textile materials.

The NCC sent a letter to the Commerce Department and USDA regarding a countervailing duty request brought by The Mosaic Company against imported phosphate fertilizer from Russia and Morocco. The NCC 1) conveyed concern about this case's potential impacts as the imposition of duties on imported fertilizer would drive up costs for producers and 2) urged that no duties be imposed on these imported products.

The NCC 1) monitored the impact of the Department of Homeland Security Customs and Border Protection's Withhold Release Order (WRO) for the imports of any cotton and products containing cotton that was grown by the Xinjiang Production and Construction Corps (XPCC) in the Xinjiang province of China and 2) urged the U.S. government to accelerate efforts to develop technologies that can enable downstream identification of articles produced with forced labor so that any sanctions could be uniformly and accurately applied.

Communications

Major activities carried out during 2020.

Public Attitudes

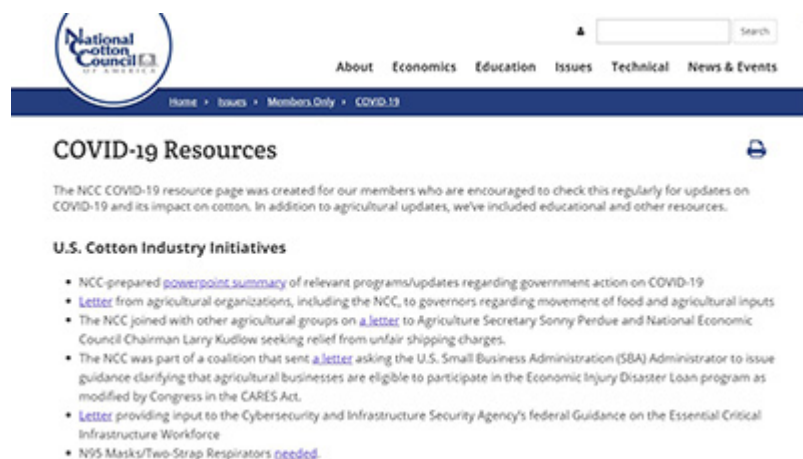
The National Cotton Council conveyed the industry's positions and concerns to Congressional Members and key government agency officials regarding critical legislative, trade, regulatory and environmental matters. That included acknowledging in news releases the NCC's efforts in communicating the industry's relief priorities/needs to the Administration, Congress and numerous federal agencies after the COVID-19 pandemic surfaced. For example, the NCC distributed a statement regarding NCC Chairman Kent Fountain's letter to Agriculture Secretary Sonny Perdue and agriculture leadership in Congress about the extensive needs for economic relief across the entire U.S. cotton industry.

The NCC escalated its use of social media across Twitter, Facebook, YouTube, podcasts via YouTube and Instagram. The posts highlighted news and information from the NCC, Cotton Council International and the U.S. cotton industry. The overall goal is informing, educating and creating positive perceptions regarding the NCC and the industry among the NCC's primary audiences of its members, Congress/Congressional staffers and consumers.

The NCC continued as an in-kind supporter of America's Heartland, the award-winning national television series celebrating American agriculture. The long-running series, aired on public television and the RFD-TV cable and satellite channel, educates consumers about the origins of their food, fiber and fuel.

The NCC continued to participate in Farm Policy Facts (FPF) (<http://www.farmpolicyfacts.org/>). The FPF and "The Hand That Feeds Us" initiatives 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 screenshot shows the National Cotton Council website's COVID-19 Resources page. The header includes the NCC logo and navigation links: About, Economics, Education, Issues, Technical, and News & Events. The main heading is "COVID-19 Resources". Below it, a paragraph states: "The NCC COVID-19 resource page was created for our members who are encouraged to check this regularly for updates on COVID-19 and its impact on cotton. In addition to agricultural updates, we've included educational and other resources." Under the heading "U.S. Cotton Industry Initiatives", there is a bulleted list of six items, each starting with a link to a document or resource.

- NCC prepared [powerpoint summary](#) of relevant programs/updates regarding government action on COVID-19
- [Letter](#) from agricultural organizations, including the NCC, to governors regarding movement of food and agricultural inputs
- The NCC joined with other agricultural groups on a [letter](#) to Agriculture Secretary Sonny Perdue and National Economic Council Chairman Larry Kudlow seeking relief from unfair shipping charges.
- The NCC was part of a coalition that sent a [letter](#) asking the U.S. Small Business Administration (SBA) Administrator to issue guidance clarifying that agricultural businesses are eligible to participate in the Economic Injury Disaster Loan program as modified by Congress in the CARES Act.
- [Letter](#) providing input to the Cybersecurity and Infrastructure Security Agency's federal Guidance on the Essential Critical Infrastructure Workforce
- [N95 Masks/Two-Strap Respirators needed.](#)

The NCC created its COVID-19 Resources web page – a site aimed at helping NCC members navigate the new business landscape resulting from the pandemic.

A major endeavor was the NCC's creation of a COVID-19 resources page on its website to help its members navigate the new business landscape resulting from that pandemic.

Members were encouraged to visit the site often for frequently updated information regarding legislation and assistance/relief options being provided by various federal agencies and aimed at helping those affected by the crisis.

The NCC also continued to utilize key communications vehicles such as its Cotton's Week newsletter, radio news lines, videos, webinars and columns in various trade publications for disseminating key information to its members. COVID-19 made the NCC's website, www.cotton.org, an even more vital tool for the timely sharing of important information to NCC members and other interested groups, including feeds from the NCC social media channels.

Weekly RFD-TV segments highlighting important industry issues continued to be produced. Video offerings included monthly segments for Cotton International's web podcast series on various economic topics as well as various Ag Day segments on key news topics.

U.S. Cotton Trust Protocol

A major communications initiative that provided information to industry members/others while shaping public attitudes centered around the launch of the U.S. Cotton Trust Protocol® - the industrywide system that will guide U.S. cotton producers to continuously improve and reduce their environmental footprint. The NCC coordinated a series of live webinar sessions for producers and other industry members that 1) focused on the need/importance for substantial producer participation in the Trust Protocol and 2) demonstrated a step-by-step process on how producers could quickly and easily enroll in the program.

The NCC carried out a major communications initiative around the U.S. Cotton Trust Protocol® launch and the program's strides in gaining credibility and new participants.



Among other significant Trust Protocol events in 2020 that the NCC helped publicize were the program's: 1) addition to Textile Exchange's (TE) list of preferred fibers and materials; 2) selection of Control Union Certifications North America to implement an independent, third-party verification program; 3) formalized agreement with Field to Market: The Alliance for Sustainable Agriculture to document and accelerate sustainable outcomes for U.S. cotton production; 4) joining Cotton 2040, a non-profit sustainability coalition that brings together representatives from standards, producers, brands and retailers, and existing industry initiatives specifically to build on and accelerate collective action to scale up and overcome barriers to sustainable cotton uptake across multiple standards; 5) welcoming as members leading global apparel retailer Gap Inc. and the first 10 U.S. textile manufacturer members -- Buhler Quality Yarns, Cap Yarns, CCW, Contempora Fabrics, Cotswold Industries Inc., Frontier Yarns, Hamrick Mills, Inman Mills, Parkdale Inc., and Swisstex Direct; and 6) getting an enrollment boost from Truterra, LLC's collaboration with Cotton Incorporated to advance the adoption of sustainable farming practices across 50,000 Mid-South cotton acres.

The NCC helped communicate results from a Trust Protocol-led global survey conducted to determine how sustainability programs at brands and retailers had changed in a post-COVID world. Among findings was that 54 percent of sustainability leaders at apparel and textile brands said they had seen their customers' demands for environmentally sustainable practices and products increase since the beginning of the COVID-19 pandemic. The NCC also helped publicize another protocol research effort in collaboration with the Economist Intelligence Unit. That survey of 150 leading executives from top fashion, retail and textile businesses across Europe/United States and interviews with leading brands like Puma, H&M and Adidas found that sustainability ranked as the second most important strategic objective for those sectors.

In another effort to foster sustainability, the NCC joined 20 other farm/ranch groups to launch Farmers for a Sustainable Future (FSF), a coalition committed to environmental and economic sustainability. FSF's guiding principles call for policies that support science-based research, voluntary incentive-based conservation programs, investment in infrastructure and solutions that ensure vibrant rural communities and a healthy planet. The coalition will serve as a primary resource for lawmakers/policymakers as they consider climate policies. The coalition also will share with elected officials, news media and the public U.S. agriculture's commitment to sustainability and the incredible strides already made to reduce agriculture's environmental footprint.

Technical

Major activities carried out during 2020.

Regulatory

The National Cotton Council welcomed but analyzed the EPA/Army Corps of Engineers' Navigable Waters Protection Rule (NWPR). Under that rule, the agencies streamlined the definition of "waters of the United States" so that it included four simple categories of jurisdictional waters. The NCC also monitored the new rule's implementation. After the NWPR went into effect nationwide, the NCC monitored a Colorado court ruling that granted a 17-state coalition request for a stay of the rule.

The NCC was among 20 agricultural organizations that jointly filed comments on EPA's "Draft Ambient Water Quality Criteria Recommendations for Lakes and Reservoirs of the Conterminous United States: Information Supporting the Development of Numeric Nutrient Criteria." The groups believed that the national approach for nutrients recommended by EPA was not well suited as 304(a)(1) criteria because nutrients (which can be natural) are not toxic and the magnitude, duration, and frequency of their effects on waterbodies vary greatly by geography, climate, biotic, and other factors within waterbodies.

The NCC filed comments on an information request to the Office of Management and Budget for the need of phytosanitary certificates. The NCC 1) confirmed the need for the certificates, citing ongoing issues with key export markets that should be, and could be, resolved through the certificates; 2) supported the move to an electronic platform for the certificates to increase efficiency, ease of use/productivity, and 3) continued to work with countries and USDA on the issue.



The NCC continued to engage EPA on crop protection product matters such as registrations that affect efficient cotton production.

The NCC filed comments on a proposed update to the National Environmental Policy Act (NEPA) aimed at reducing paperwork/delays and promoting better decisions consistent with the national environmental policy. The comments, which noted that a revised NEPA could expedite projects ranging from

damaged road repairs to wetland mitigation, also agreed with the proposal to exclude NEPA involvement in farm loan guarantees through the Farm Service Agency.

In its comments to EPA on regulatory transparency, the NCC applauded the agency's efforts and suggested, among other things, that models should be scrapped if their results do not match actual results from the field.

The NCC reviewed and responded to the Administration-published "Regulatory Relief To Support Economic Recovery" (EO 13924). EO 13924 stated that agencies should rescind, modify, waive or provide exemptions from regulations and other requirements that may inhibit economic recovery.

Stacy Smith, a New Home, Texas, cotton producer, and Dr. Jeffrey Gore, a research professor at the Mississippi State University Delta Research and Extension Center in Stoneville, Miss., were among 33 members of the agricultural community named to the reestablished EPA Farm, Ranch, and Rural Communities Federal Advisory Committee. That panel provides independent policy advice, information and recommendations to the EPA administrator on a range of environmental issues/policies important to agriculture and rural communities.

The NCC joined with 27 other stakeholders in various industries to comment on EPA's proposal to increase consistency/transparency and its consideration of cost/benefits in Clean Air Act rulemaking.

The NCC filed comments with the U.S. Fish and Wildlife Service (FWS) regarding its proposed definition of habitat. The NCC considered the proposed language too vague and another example supporting the need for Congress to modernize the Endangered Species Act in order to help stop the multitude of legal challenges resulting from the Act's vague language. The NCC also suggested the FWS find a way to limit habitat to some historical presence as well as all attributes needed to support the life of the endangered species in the present. Later, the NCC provided comments on FWS' proposed rule, "Endangered and Threatened Wildlife and Plants; Regulations for Designating Critical Habitat." The NCC's comments 1) encouraged the FWS to engage the states in identifying areas likely to be included or excluded as critical habitat, 2) supported increased transparency in the agency's authority for designating critical habitat and 3) stated that the "critical information" used by the agency in making determinations must be trustworthy and reliable.

The NCC also conveyed its support for "The Endangered Species Act Amendments of 2020," introduced by Senate Committee on Environment and Public Works Chairman John Barrasso (R-WY).

The NCC filed comments with USDA regarding a request from the agency's Office of Pest Management Policy (OPMP) to satisfy a 2018 farm law requirement on -- collecting information from agricultural entities to support OPMP's understanding of agricultural practices pertaining to pest management.

The NCC joined with more than 300 agriculture and conservation organizations on a letter to all Congressional Members affirming support for pesticide regulations in place under the Federal Insecticide, Fungicide and Rodenticide Act.

The NCC filed comments with EPA regarding the agency's "Draft Proposal to Improve Lepidopteran Resistance Management" as a way to combat such pests as this cotton bollworm.

The NCC filed comments with EPA regarding the agency's "Draft Proposal to Improve Lepidopteran Resistance Management." The NCC stated the document was based on a "fundamentally flawed understanding" of EPA's

authority in this area and that the proposal would seem to shift responsibility of ensuring indefinite effectiveness of pesticides to the producer.



Late in the year, the NCC requested the Natural Resource Conservation Service suspend its transition to the use of the Water Erosion Prediction Project in its conservation services delivery system.

The NCC also filed comments on proposed changes to the Worker Protection Standards, specifically those affecting the Application Exclusion Zone (AEZ). The AEZ is an area surrounding pesticide application equipment that exists only during outdoor pesticide applications. Included in EPA's proposal was limiting the AEZ to within the boundaries of the agricultural property or establishment. The NCC applauded the proposed changes but suggested the AEZ be wind-directional to make it comparable to normal, stationary buffer zones.

Crop Protection Product Support

The NCC continued to engage EPA on crop protection product matters such as registrations, that affect efficient cotton production.

The NCC and the American Soybean Association sent a joint letter to EPA's Administrator discussing the benefits to growers from the newer formulations of dicamba and use for in-crop, over-the-top weed control. The letter reiterated growers' support for training, education, off-target control, and keeping weed resistance from increasing.

Later, after the U.S. Court of Appeals for the Ninth Circuit vacated the registration of Xtendimax (Bayer), FeXapan (Corteva), and Engenia (BASF) dicamba herbicides, NCC President/CEO Gary Adams sent a letter to EPA Administrator Andrew Wheeler outlining cotton producers' difficult position. He urged EPA to allow the use of existing stocks and/or take other administrative action to allow producers to legally implement weed control programs in 2020 using dicamba. After EPA then utilized its administrative authority to allow

use of some existing stocks of dicamba, Adams thanked the agency noting that the majority of 2020 cotton acres had been planted to varieties that were tolerant to over-the-top applications of these herbicides.

When opponents filed an emergency motion with the 9th Circuit Court of Appeals asking for the court to stop the use of existing stocks and hold EPA in contempt of court, the NCC joined with the American Farm Bureau Federation, American Soybean Association, National Association of Wheat Growers, National Corn Growers Association and National Sorghum Producers in filing an amicus brief supporting EPA's position. The brief 1) cited the enormous financial damage that would be caused by the court's original vacatur of the dicamba registration and 2) explained how modern farming works with advanced planning/purchasing and financial commitments that are closely linked from seeds and technology choices to pest control options. Soon after, the Court denied the opponents' emergency motion to halt dicamba use.



A NCC letter to EPA's Administrator discussed dicamba's importance for keeping resistance to this pigweed from increasing and reiterated producers' support for training, education and off-target control of the herbicide.

NCC President/CEO Gary Adams sent a letter to EPA Administrator Andrew Wheeler citing the need for a timely 2021 registration of dicamba herbicide formulations. EPA then issued a new five-year registration label for dicamba which the NCC evaluated to

ensure the herbicide could be effectively utilized in controlling weeds without undue restrictions.

In mid-year, Bayer announced "a series of agreements" to settle most of the outstanding lawsuits centering on dicamba drift complaints and settlements on glyphosate (Roundup™). The company emphasized that it still stood behind both products for U.S. agriculture.

The NCC also was pleased with the Ninth Circuit's decision to reject petitioners' Endangered Species Act (ESA) claims in an attempt to vacate the registration of Enlist Duo® herbicide. The Court denied the petitioners' ESA claims, deferring to EPA's "no effect determination" to endangered species. The NCC continued to monitor any future litigation activities stemming from this decision.

The NCC's comments on EPA's Draft Human Health and Ecological Risk Assessments for paraquat dichloride conveyed concerns that EPA was assuming industry use of outdated technology to form their risk assessment.

In comments sent to EPA in support of the continued registration of pyrethroid pesticides, the NCC cautioned the agency on their droplet size requirements, suggesting that it ensure that droplets sized for drift control do not negatively affect resistance management by allowing the survival of some pests. The NCC urged EPA to revisit language on vegetative buffer strips which seemed to suggest that these strips must be grass-only and constantly "maintained." The NCC also asked EPA to reduce the overly large buffer zones for water bodies to reduce the area of refuge that insect pests can live in and thus be reintroduced into the production field, causing more applications of pesticides than might otherwise be required.

Corteva Agriscience staff met with NCC staff to inform the industry that the firm had made a strategic business decision to begin phasing out production of chlorpyrifos but expected to have enough supply to meet current customer demand through the end of 2020. Two other registrants still produce chlorpyrifos and had not signaled any intention to cease production. Corteva will remain active in working to protect the product's use through the EPA's ongoing registration review and the 9th Circuit Court's lawsuit. The NCC had been in the forefront working to allow EPA to finish their scientific review of this product but federal and some state legislatures had moved to ban the product without waiting for the scientific process to be completed.

The NCC submitted five sets of comments to the EPA regarding the pesticides: acetamiprid, clothianidin, dinotefuran, imidacloprid, and thiamethoxam. The NCC's key concerns centered on EPA's use of assumptions that honeybees use cotton as a main food source thereby being potentially subjected to doses of these insecticides. Another major issue is, that despite language allowing for these pesticides use on cotton, the agency later inserted proposed language that effectively negated the cotton industry's ability to use the products.

The NCC filed comments in support of the unconditional registration of tiafenacil, a new herbicidal active ingredient. While supportive of EPA's risk assessments, the NCC did criticize the agency's comparison of tiafenacil to alternative products and noted that that tiafenacil's half-life is extremely short thus rendering ineffective any comparison to products with a longer residual.

The NCC submitted comments to EPA on the draft human health and environmental safety risk assessments for registration review of dimethenamid/dimethenamid-P, a group 15 herbicides registered for multiple crops including cotton. The NCC listed the benefits of using the herbicide group including good residual activity, resistance management and economics.

The NCC submitted comments to EPA regarding a pesticide petition filed under the Federal Food, Drug, and Cosmetic Act requesting tolerances for residues of pesticide chemicals in or on cottonseed and cotton gin byproducts. The petition was requested by BASF Corporation and the NCC, which offered support for the petition in comments it filed.

NCC comments submitted to the Office of Management and Budget supported the continued use of the Chemical Use Survey on crops. The NCC said data collected could be used to counter the overly liberal assigned amounts of pesticides applied annually that are used in EPA risk models.

Following Growing Matters launch of BeSure! – the industrywide effort to help protect pollinators and other wildlife during planting season – the NCC encouraged its members to visit <https://growingmatters.org/besure>. That website offered a wide range of tips and resources to farmers, crop protection applicators, agricultural supply retailers and others to ensure label directions and responsible stewardship measures were followed for neonicotinoid products, minimizing any potential impact on pollinators and other wildlife.

The NCC monitored a situation that involved the Mexican environment ministry's denial of import permits for the herbicide glyphosate -- an action taken without advance warning or consultation with other Mexican government agencies. That ministry also banned another plant protection product and similar prohibitions were considered for another lengthy list of pesticide chemistries. The Pesticide Action Network Mexico list of 183 active ingredients for consideration included all the major pesticides used in the United States.

Biotechnology

Early in 2020, the NCC applauded EPA's move to approve Bt cotton label amendments that enabled all U.S. cotton producers, including those in the Far West and Southwest, to plant Bt cotton products without a structured refuge -- effective for the 2020 growing season. The action meant that producers in Arizona, California, New Mexico and certain Texas counties who previously had been required to plant a structured non-Bt refuge now would have the option to plant Bt cotton like other Cotton Belt producers.

Patrick Johnson, a Mississippi producer who chairs the NCC's Environmental Task Force, noted the lack of stakeholder input into an EPA proposal that would regulate "plant incorporated pesticides" during his testimony at a Senate Agriculture, Nutrition, and Forestry Committee hearing.



Patrick Johnson, a Mississippi producer who chairs the NCC's Environmental Task Force, testified at the Senate Committee on Agriculture, Nutrition, and Forestry's hearing, "Agriculture Innovation and the Federal Biotechnology Regulatory Framework." He noted the lack of stakeholder input into an

EPA proposal that would regulate "plant incorporated pesticides." EPA's proposal was part of the "Coordinated Framework" -- an agreement between USDA, EPA and the Food & Drug Administration on regulating biotechnology products. For its part of the Framework, USDA produced a proposed rule, accepted public comment and sent its revised rule to the Office of Management and Budget for final approvals. Throughout 2020, the NCC monitored this process and worked with these agencies on their Coordinated Framework update.

Later, the NCC reviewed and commented on EPA's proposed rule, "Pesticides: Exemptions of Certain Plant-Incorporated Protectants." The NCC questioned the necessity of the proposed rule saying it added new limitations, constraints, and regulatory burdens beyond existing regulations.

The NCC monitored the Sustainable, Ecological, Consistent, Uniform, Responsible, Efficient rule (SECURE) published in the *Federal Register*. The final rule, announced by USDA's Animal and Plant Health Inspection Service (APHIS) for its biotechnology regulations 7 CFR part 340, allowed APHIS to protect U.S. agriculture by regulating certain organisms developed using genetic engineering that may pose a plant pest risk.

NCC comments filed with APHIS' Biotechnology Regulatory Services (BRS) agreed that APHIS had abundantly evaluated MON 88702 in the Plant Pest Risk Assessment and the separate Environmental Risk Assessment supporting the conclusion of no likely risk. The NCC then urged BRS to proceed with deregulation of MON 88702 which is designed to enhance integrated pest management programs for thrips and lygus pests in cotton production.

Cotton Flow and Packaging

The Joint Cotton Industry Bale Packaging Committee (JCIBPC), chaired by Chris Berry, a Levelland, Texas, ginner, approved its 2020 Specifications, which were identical to the specifications for the previous year's crop except for the following revisions: 1) removed all references to Cold Rolled High Tensile Steel Strapping; 2) updated NAFTA references to the U.S.-Mexico-Canada Agreement; and 3) added light blue as an approved color for woven polypropylene – a decision based on some textile mills' perception that "invisible" contamination comes from damaged woven polypropylene bagging when the tapes have fibrillated.

Regarding the steel strapping revision, the NCC urged gins and warehouses to check their warehouse bagging and tie code designations within their software packages to make any adjustments needed for the 2020 crop. In many instances, bagging and tie codes had not been changed for several years and were misreporting the type of packaging being used on current bales.

The 2020 Specifications, which were later approved by USDA, also granted three requests for continued testing of packaging products. PAC Strapping was granted approval to continue its compatibility testing of polyethylene terephthalate (PET) strap on patented p-weld friction technology® systems. L.P. Brown's and Langston's light-weight cotton bale bags also were approved for continued testing. PAC Strapping's third year PET compatibility test was granted a "JCIBPC determination" for bales in the test program to be deemed "deliverable" in accordance with Intercontinental Exchange (ICE) Cotton No. 2® rules.

After COVID-19 surfaced, the NCC, along with other national cotton organizations and groups representing virtually every sector in the U.S. food and agriculture supply chain, signed onto a letter to Agriculture Secretary Sonny Perdue and National Economic Council Chairman Larry Kudlow requesting their engagement to ensure the continued free movement to international markets of critical food/agricultural products via shipping containers. In the letter, the groups specifically requested Perdue's and Kudlow's engagement with the Federal Maritime Commission regarding the ongoing imposition of unfair detention/demurrage penalties on U.S. agriculture by ocean carriers and marine terminal operators during the COVID-19 crisis.

Late in the year, NCC Chairman Kent Fountain testified at a Senate committee hearing on "Passenger and Freight Rail: The Current Status of the Rail Network and the Track Ahead." He reminded the panel of the challenges faced throughout the cotton industry due to COVID-19 and urged the Senate to pass a COVID relief bill that not only addressed the needs of producers but included explicit direction to USDA to assist cotton textile mills and merchants. He also reiterated the need for reliable and cost-effective freight rail service to transport cottonseed and cotton fiber to domestic users and ports.

The NCC joined with other agricultural organizations on a letter to the nation's governors asking for their consideration of several actions that could aid the continued movement of food and agricultural inputs and related services. Among those actions were: 1) adopting the

Department of Homeland Security's revised definition of "critical infrastructure" that included food, agriculture, and public health businesses/supporting services; 2) maintaining/expanding transportation capacity; and 3) ensuring that needed state testing and certification laboratories/facilities remained operational to the greatest extent possible.

The NCC coalesced with numerous other agricultural organizations on a letter to House Members asking them to join Rep. John Joyce (R-PA) in sponsoring the FARM to TABLE Act which defined an "agricultural commodity" with respect to the federal hours of service (HOS) rules exemptions. The Act simplified the exemption for agricultural commodities by eliminating the state-by-state planting/harvesting period definition and allowing the exemption to apply year-round.

The NCC joined other agricultural groups on a letter to House Members supporting an amendment offered by Rep. Mike Bost (R-IL) to the "Investing in a New Vision for the Environment and Surface Transportation in America Act." That amendment proposed striking "Sec. 4306. Hours of Service," language that focused on unnecessary additional oversight, review and requirements for current/future exemptions to the HOS rule.

The NCC later joined numerous other agriculture organizations on a letter to Sen. Deb Fischer (R-NE) in support of her bill, "Haulers of Agriculture and Livestock Safety (HAULS) Act of 2020" -- which would update the agricultural exemption to the HOS rules. Late in the year, the Transportation Department's Federal Motor Carrier Safety Administration (FMCSA) published a final rule clarifying agricultural commodity and livestock definitions in HOS regulations. The Agency worked closely with the USDA on this effort to provide clarity for the nation's producers and commercial drivers.

The NCC also joined numerous agricultural organizations on joint comments to the FMCSA's Notice of Proposed Pilot Program that would create a pilot program to allow truck drivers aged 18-20 to drive across state lines. The comments stated that the groups "believe the pilot program has the potential to remove a significant impediment to driver eligibility and the efficient movement of goods in interstate commerce."

Research and Education



Two plastic contamination prevention documents, including "Recommendations and Best Handling Practices For Tama Blue Value Round Module Wrap," were added to the NCC's "Contamination-Free Cotton" web page.

The NCC encouraged producers, ginners and their employees to watch the NCC-produced video, "Prevention of Plastic Contamination." The NCC emphasized that the video was an important educational tool for understanding/implementing best management practices to prevent plastic contamination of baled cotton lint.

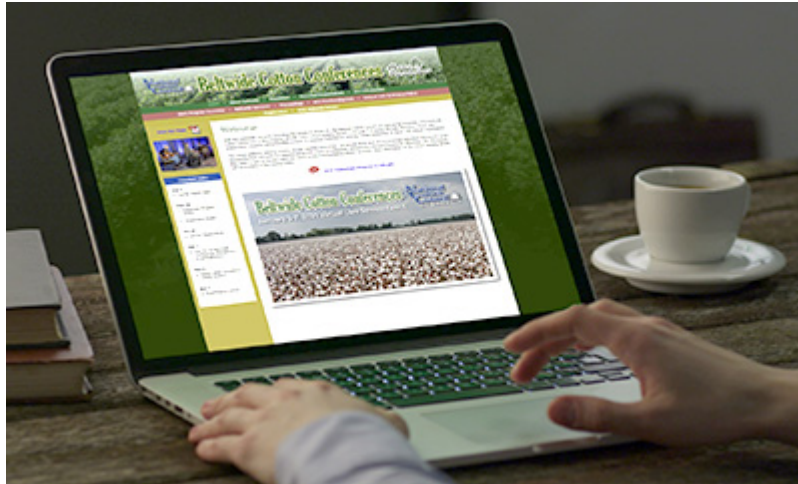
The request came after the International Textile Manufacturers Federation released its "Cotton Contamination Survey 2007-2019." Although the survey revealed U.S. growths were perceived to be slightly less contaminated in 2019 than in 2016 and were still among the

least contaminated growths, it did find that some spinners were still finding unacceptable levels of contaminants – primarily plastic films, fabrics, and strings.

The NCC's "Contamination-Free Cotton" web page at www.cotton.org/tech/quality/contamfree.cfm was updated with the addition of two new plastic contamination prevention documents -- "Recommendations and Best Handling Practices For Tama Blue Value Round Module Wrap" and Cotton Incorporated's "Prevention of Plastic Contamination When Handling Cotton Modules."

The NCC submitted comments to USDA in response to its request for public and private sector input on important agriculture innovations that needed to be addressed as a part of USDA's Agriculture Innovation Agenda (AIA) -- an initiative to align resources, programs and research to position American agriculture to better meet future global demands. The NCC

recommended USDA consider a system, commercially referred to as VIPR (Visual Inspection and Plastic Removal), that detects and removes plastic contaminants from seed cotton prior to entering the gin stand for fiber separation from cottonseed. The NCC noted that the VIPR system, a unique approach to solving a very real and costly post-harvest issue for the U.S. cotton industry, is readily retrofitted to existing ginning machinery, and it had been tested commercially. The NCC's comments also urged USDA to provide the necessary support to the Agricultural Research Service and its commercial partner to complete this system's refinement so timely commercial adoption can be achieved.



In mid-2020, the NCC decided to conduct the 2021 Beltwide Cotton Conferences as a fully virtual meeting due to continued COVID-19 concerns.

The 2020 Beltwide Cotton Conferences in Austin, Texas, attracted some 1,000 attendees who heard key research findings in 10 technical conferences and an informative Cotton Consultants Conference that featured an expert panel of entomologists discussing

topics ranging from Bt resistance to results of testing Bollgard 4; a breeding program panel discussing variety selection decisions; and other timely reports. All 2020 BWCC reports were made available later at www.cotton.org/beltwide/ as part of the 2020 BWCC Proceedings.

During the 2020 BWCC Cotton Improvement Conference, Dr. Don Jones, Cotton Incorporated's director of Agricultural Research – Breeding and Genetics in Cary, N.C., was presented the 2019 Cotton Genetics Research Award.

Among other research/education initiatives:

- The National Cotton Ginners Association chose to cancel the three 2020 Ginner Schools due to the COVID-19 pandemic. The NCGA noted that the phase-in protocols would have required limiting meeting size and what was considered non-essential travel which could have affected the instructors' availability.
- In mid-2020, the NCC decided to replace the in-person 2021 Beltwide Cotton Conferences that had been set for New Orleans with a fully virtual meeting due to the continued COVID-19 concerns. Plans were made to offer three days of live-streamed individual reports/panel discussions along with poster presentations and seminars.

Cotton Council International

Major activities carried out during 2020.

In 2020, Cotton Council International (CCI), the National Cotton Council's export promotion arm, promoted U.S. cotton as the "The Cotton The World Trusts" in more than 50 countries under its COTTON USA™ trademark, despite the COVID-19 pandemic.

COTTON USA shifted its objectives to: 1) developing new value-added services that will help CCI to better market U.S. cotton to its target audiences; 2) developing new ways of communicating the benefits of U.S. cotton when in-person meetings are impossible; and 3) selling the new U.S. Cotton Trust Protocol to mills, manufacturers, brands and retailers worldwide.

CCI pivoted its strategies and took its communications and events online to help drive export growth of U.S. cotton fiber, yarn and other cotton products. Participants were informed on U.S. cotton's technical advantages, networking platforms were created for buyers/sellers of U.S. cotton, and U.S. cotton's sustainability was promoted, with an ultimate goal of boosting U.S. cotton sales. Participation in COTTON USA events, led these mills to expect purchasing an additional 1.6 million bales of U.S. cotton, estimated at nearly \$436 million.

CCI's annual COTTON DAY celebrations went virtual. More than 3,000 customers throughout the supply chain attended the events based in Thailand, Vietnam, Indonesia, Bangladesh, Taiwan, Korea, Japan, China, Turkey and India. Cotton Days included keynote speakers, local panel discussions, U.S. exporter networking meeting booths, fashion shows and a Cotton Exhibition Hall which featured COTTON USA SOLUTIONS, the U.S. Cotton Trust Protocol, Cotton Incorporated, Supima and Oritain.



During Cotton Days, CCI officially launched COTTON USA SOLUTIONS™, the industry's first-of-its-kind technical consultancy program designed to help mills and manufacturers.

Post-event surveys showed that 1) 97 percent of participants were satisfied with the overall Cotton Day event; 2) 95 percent believed U.S. cotton was better quality than cotton from other regions; and 3) 89 percent agreed they are likely to purchase U.S. cotton.

During Cotton Days, CCI officially launched COTTON USA SOLUTIONS™, the industry's first-of-its-kind technical consultancy program designed to help mills and manufacturers achieve greater productivity, process efficiency and ultimately more profit for their businesses by showing spinning mills how to use U.S. cotton to drive their business. The program is guided by a consulting team composed of mill/spinning experts from around the world.

COTTON USA's team of technical experts has more than 200 years of global experience and expertise in all types of mills and cotton processing to help mills achieve greater productivity, process efficiency, and ultimately make mills more money.

In addition to U.S. cotton's technical advantages, CCI also continued to place a major emphasis on sustainability, including building awareness about the U.S. Cotton Trust Protocol, a program that is bringing quantifiable goals and verifiable measurement to the issue of responsibly-grown cotton production and is driving continuous improvement in key sustainability metrics.

CCI joined the Sustainable Apparel Coalition (SAC) and used the group's sustainability measurement suite of tools, the Higg Index, to drive environmental and social responsibility throughout its supply chain. With its SAC membership, CCI joined more than 250 global brands, retailers, and manufacturers, as well as government, non-profit environmental organizations, and academic institutions, which are collectively committed to improving supply chain sustainability in the apparel, footwear, and textile industry.

CCI promoted the Trust Protocol at global trade shows, Cotton Days, a virtual farm tour and via paid advertising efforts. A growing list of companies, including more than 100 mills and manufacturers and several brands and retailers, already have joined the Trust Protocol as members to verify their sustainability stories.

CCI also celebrated the second annual World Cotton Day in October by putting U.S. cotton centerstage at a Latin America-based virtual event that featured a program all about sustainability. World Cotton Day in Latin America reached 8.37 million people.

In the Western Hemisphere, 11 U.S. cotton textile mills also partnered with CCI through their participation in the COTTON USA Sourcing Program to develop, grow, and maintain export markets for U.S. manufactured cotton products.

Whether virtual or in-person, COTTON USA promotional events in 2021 will continue to educate mills, manufacturers, brands and retailers on why U.S. cotton is "The Cotton The World Trusts" to drive export growth for U.S. cotton.

The Cotton Foundation

Major activities carried out during 2020.

The Cotton Foundation Board of Trustees approved \$210,000 in funding for 11 general research projects for 2020-21. Included are studies related to pest management, sustainability, regulatory issue information gathering, plant protection products re-registration, risk data updating and education efforts.



The 2019-20 Emerging Leaders Program participants received issues updates and met with key Congressional Members and Administration officials during their visit to the nation's capital.

Officers elected to serve during the Foundation's 2020-21 year were: John Willis, chairman; Neal Isbell, president; Gary Adams, executive vice president; Bill Norman, executive director/secretary; Doug Rushing, treasurer; and Drew Davis, assistant treasurer.

Trustees elected for 2020-21 included producers:

John Willis, Brownsville, Tenn.; Neal Isbell, Muscle Shoals, Ala.; Jon Whatley, Odem, Texas; Dean Calvani, Carlsbad, N.M.; and Sam Whitaker, Monticello, Ark.; along with allied industry members: Douglas Rushing, Bayer; Mary Kay Thatcher, Syngenta; Matt Rekeweg, Corteva AgriSciences; Travis Becton, John Deere; Burleson Smith, BASF; Eric Castner, FMC; Kelly Fenner, Seal Transportation; Jeffrey Smith, Valent; and Russell Sutton, Lummus Corporation.

Multiple Foundation member firms continued to sponsor special projects through grants over and above their dues. Through the Foundation, assistance also continued for vital National Cotton Council communications vehicles, including the *Cotton's Week* newsletter. In addition, the Foundation's support of the NCC's web server made it possible for the NCC to continue posting valuable educational materials, including streaming video, for industry members.