

2022 National Cotton Council Report to Members

Highlights NCC work on key cotton issues during 2021.



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

Seeking COVID economic relief continued as a National Cotton Council priority in 2021 along with weighing in on important legislation and issues affecting U.S. cotton.

Among key actions was engaging with USDA on a smooth distribution of Congressionally approved relief payments to producers and assistance to merchants and to textile mills. To further bolster the textile sector, the NCC sought 1) inclusion in the U.S. Innovation and Competition Act of provisions for major government purchasers' procurement of domestic personal protection equipment products and 2) long-term federal contracts to help provide U.S. textile manufacturers with the certainty needed to justify further investments and facility modifications to produce those products.

The NCC engaged with Congress and the Administration to ensure that appropriate disaster relief legislation was provided. USDA then issued more than \$1 billion in payments for producers with approved Quality Loss Assistance applications and for 2019 WHIP+ applications that already were approved. USDA indicated a third round of payments may be issued if sufficient funds were available. The NCC also worked with Congress to extend the WHIP+ program to cover 2020 and 2021 crop/quality losses due to natural disasters.

The NCC also was very active on other major issues ranging from federal appropriations and agriculture tax policy to port congestion and regulatory concerns. For example, the NCC: 1) cosigned several letters urging Congress not to make negative changes to the tax code as it began the budget reconciliation process; 2) supported introduction of the Ocean Shipping Reform Act of 2021; and 3) advocated for preserving the Navigable Waters Protection Rule.

As a Food and Agriculture Climate Alliance steering committee member, the NCC gave input on such issues as how to 1) reward producers for current climate smart practices and 2) provide incentives for more practices that can reduce emissions and/or sequester carbon.

Among notable activity in the trade arena was the NCC's expressing strong support for the U.S.-China Phase One Trade Agreement and urging the U.S. Trade Representative and Agriculture Secretary to continue efforts to maintain access to the Chinese market for U.S. agriculture exports.

The NCC continued to develop and promote the U.S. Cotton Trust Protocol® with the aim of seeing U.S. cotton producers realize increased profitability through participation in this sustainability initiative.

The NCC was proactive on a number of initiatives aimed at elevating cotton's global reputation. Included were urging industry leaders to make lint contamination prevention a priority in their operations and ensuring the industry's position as a fast/reliable supplier of quality fiber was not compromised.

Likewise, Cotton Council International (CCI) promoted U.S. cotton in key global markets including enlightening end users about 1) the Trust Protocol and 2) CCI's COTTON USA SOLUTIONS™ technical consultancy program and COTTON LICENSING™ initiative.

Cotton Foundation trustees approved funding for 11 general research projects totaling \$247,000 for 2021-22. Included are studies related to the new invasive cotton seed bug, sustainability, regulatory issue information gathering, plant protection products re-registration, risk data updating and education.

More details of the NCC's 2021 activities follow under the major headings of Legislative Affairs, Trade, Communications, Technical, Cotton Council International and The Cotton Foundation.

Kent Fountain, Chairman (2020-2021)

Gary Adams, President/Chief Executive Officer



*Kent Fountain
Chairman (2020-2021)*



*Gary Adams
President/Chief Executive Officer*

Farm Policy/Legislative Affairs

Major activities carried out during 2021.

Legislative Affairs

Early in 2021, the NCC engaged with Biden Administration leadership, including monitoring actions such as the President's Executive Order 13990, "Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis" along with the "Tackling the Climate Crisis at Home and Abroad," which establishes a National Climate Task Force that included the Secretary of Agriculture.

The NCC issued a news release conveying its support of the Growing Climate Solutions Act of 2021. NCC Chairman Kent Fountain stated in the release that the legislation "will direct USDA to provide producers with reliable information and remove technical barriers to participating in private carbon credit markets."

Working in conjunction with the American Cotton Producers' (ACP) Climate Policy Working Group, the NCC filed comments on USDA's request for stakeholder feedback regarding how to properly utilize USDA programs, funding and its financial capabilities to encourage adoption of climate-smart agriculture practices. Among NCC's requests were: 1) inclusion of early adopters in any carbon sequestration incentive payments, 2) climate benefits not subtract from the economic support within the farm safety net and existing conservation programs, 3) adoption of practices must be voluntary in nature and not linked to farm program eligibility or eligibility limits based on income, acreage or other qualifications to ensure programs have the broadest appeal for participation and 4) compatibility with industry sustainability efforts such as the U.S. Cotton Trust Protocol® while rewarding practices that reduce carbon dioxide equivalents.

The NCC also signed onto four coalitions' comments that offered similar suggestions regarding climate policy. Those comments were from the Ag Biotech Alliance, the Food and Agriculture Climate Alliance, the NCC-chaired Pesticide Policy Coalition, and an ad hoc coalition of growers, landscapers, retailers, manufacturers, distributors, crop consultants, and applicators.



The NCC sought opportunities with Congress to ensure beneficial WHIP+ improvement/enhancement provisions were part of final House disaster aid legislation for 2020 and 2021.

The NCC reviewed the Administration's report on "America the Beautiful" that was based on President Biden's executive order to

conserve 30 percent of U.S. lands and waters by 2030. It also monitored this initiative, better known as the "30x30" project, because it could involve some sort of control of private land and farmed public lands.

Prior to the House Agriculture Committee's approval of an extension of WHIP+ for 2020 and 2021, NCC Chairman Fountain and ACP Chairman Mark McKean sent a letter to that Committee offering the cotton industry's strong support for the measure. The bill, which authorized \$8.5 billion in appropriations to cover the losses over those two years, expanded the eligible losses to be covered by the program including derechos and excessive heat, as well as drought in counties with a Secretarial disaster declaration and contiguous counties.

The NCC joined other agriculture, rural and mental health professional organizations on a letter to leaders of the House and Senate agriculture appropriations subcommittees urging them to fully fund the Farm and Ranch Stress Assistance Network for FY22 at \$10 million.

Joining with the ACP, the National Cotton Ginners Association and the Agriculture Workforce Coalition, the NCC urged the Senate to pass an agriculture labor reform bill that would address a workforce crisis threatening U.S. farms. The groups emphasized that the existing H-2A program was cumbersome and expensive and that H-2A employers were required to pay workers a flawed survey-based wage rate.

Late in the year, the NCC joined other agriculture organizations on a letter to Secretary of State Antony Blinken and Secretary of Homeland Security Alejandro Mayorkas requesting that H-2A workers coming to the United States be given a National Interest

Exception, exempting them from travel limitations, as outlined in two Administration proclamations.

Infrastructure

As a member of the Rebuild Rural Coalition, the NCC joined onto a letter to President Biden requesting his support for rebuilding infrastructure in rural America. The letter noted that “past infrastructure initiatives often focused on urban and suburban infrastructure, while not adequately addressing the unique needs of rural communities. The NCC also joined cotton organizations and other groups on a letter to new Secretary of Transportation Pete Buttigieg that originally had been sent to President Biden and the Transportation Department Transition Team regarding recommendations for the three major freight transportation modes.

Soon after, the NCC united with other agriculture organizations on a letter to all Congressional Members highlighting concerns and solutions regarding freight transportation as Congress considered an infrastructure package. The letter encouraged Congress to ensure: 1) funding and needs of rural communities are taken into consideration; 2) exemptions from hours-of-service rules provide flexibility for agricultural haulers and farm supply transporters; 3) flexibility within the fuel space as agriculture will need internal combustion engines well into the future; 4) the ability for ag haulers to travel at posted local speed limits; 5) federal and state commercial driver license (CDL) restrictions are harmonized; and 6) increased flexibility of Restricted CDL of drivers in farm-related service industries. Later, the NCC and NCGA joined other agriculture groups on a letter to the leadership of the House and Senate Transportation committees in support of modernizing the Farm-Related Restricted CDL.

The NCC also joined more than 100 other organizations on a letter to the leadership of the Senate Commerce, Transportation and Science Committee and the House Transportation and Infrastructure Committee highlighting the groups’ strong support for the DRIVE-Safe Act (S. 659, H.R. 1745) – bipartisan legislation that would ease a crippling driver shortage and help companies in supply chains that were facing higher transportation costs.

Soon after, the NCC, AMCOT and American Cotton Shippers Association joined numerous other agricultural organizations in conveying surface transportation bill markup concerns to the House Transportation and Infrastructure Committee. That included strongly opposing and discouraging the inclusion of a bill section that increased the minimum amount of insurance required for commercial motor vehicles from \$750,000 to \$2 million and another section that directed the Federal Motor Carrier Safety Administration to review/revise the current hours of service (HOS) rules. They urged the Committee leadership to “work with our community to update HOS

regulations such as those found in the bipartisan Haulers of Agriculture and Livestock Safety (HAULS) Act of 2021 which was largely included in H.R. 3341, the STARTER Act 2.0.”

The NCC requested that any surface transportation legislation include reasonable trucking hours of service regulations.



The NCC and other cotton organizations also cosigned multiple letters to Senate Commerce, Transportation and Science Committee leaders regarding amendments to the Surface Transportation Investment Act of 2021. The groups supported amendments that sought to: 1) modernize the Farm-Related Restricted CDL, more commonly referred to as the “Seasonal Ag CDL” program; 2) include the text of the bipartisan DRIVE-Safe Act (S. 659); and 3) modernize the agricultural exemption to the HOS rules and include bipartisan language from the HAULS Act of 2021 (S. 792), which would update the HOS rules’ agricultural exemption.

The Agricultural Transportation Working Group, of which the NCC is a member, sent a letter to Surface Transportation Board (STB) members – requesting implementation of two provisions that would help address pervasive challenges faced by rail shippers, including poor rail service and unreasonable rail rates/practices. The NCC also joined other Rail Customer Coalition members on a letter to the STB encouraging it to finalize reciprocal switching rules and to consider further steps that would provide shippers with greater access to competitive rail service. The STB was urged to finalize workable rate relief procedures for shippers that lack competitive transportation options and scrutinize potential rail mergers to ensure public interest protection.

COVID

The NCC continue to engage with USDA on the implementation process for the \$20/acre Coronavirus Food Assistance Program (CFAP) payment and assistance to textile mills after The Consolidated Appropriations Act of 2021 passed at the end of 2020. The legislation, which included additional funding and provisions to provide further assistance to producers and others in agriculture affected by COVID, specifically included an additional \$20/acre CFAP payment for all row crops (including upland and extra-long staple cotton) based on 2020 planted acres.

In mid-year, USDA announced its Pandemic Cover Crop Program. Cotton producers who planted a cover crop during the 2021 crop year and had crop insurance coverage through a USDA Risk Management Agency Approved Insurance Provider could receive a credit on their insurance premiums. The maximum premium support was \$5 per acre.

As part of its monitoring tax related issues that could negatively affect small businesses throughout the cotton industry and agriculture more broadly, the NCC joined dozens of other associations and groups representing small businesses on a letter to leaders of the Senate Finance Committee opposing efforts being discussed in Congress to retroactively repeal Net Operating Loss relief enacted in the 2020 Coronavirus Aid, Relief, and Economic Security Act.

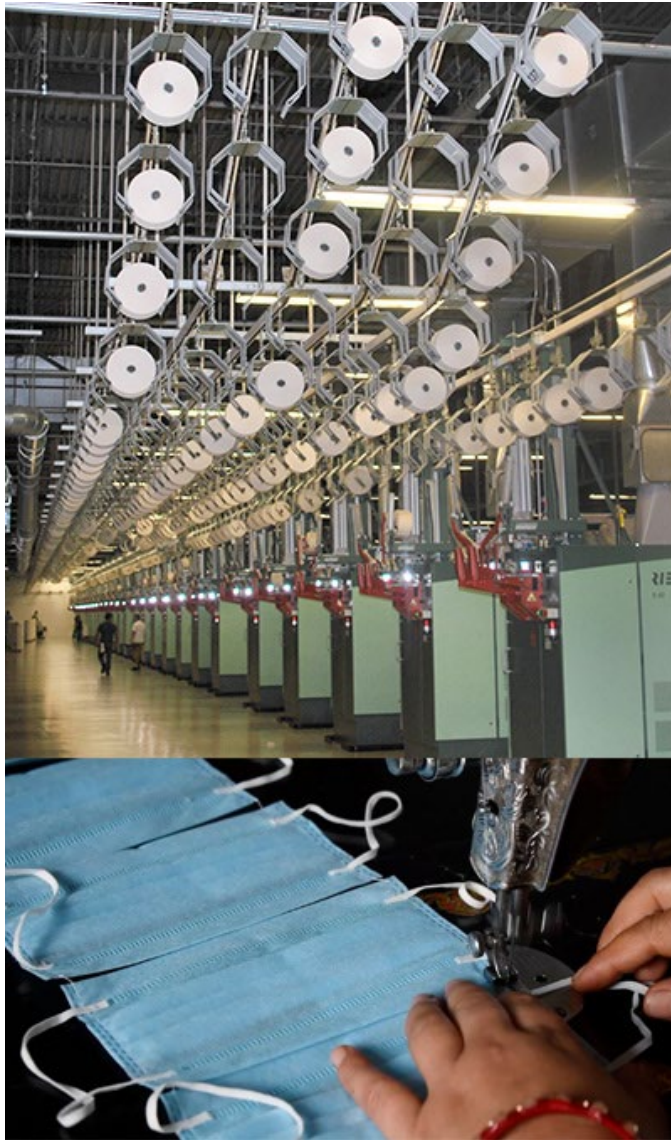
More than 30 agriculture groups, including the NCC, sent a letter to the leadership of the House and Senate small business committees regarding a disparity that was created in the Small Business Administration's (SBA) interpretation of the law surrounding the Paycheck Protection Program (PPP). The groups believed the SBA had interpreted language to either exclude eligibility for or minimize the eligible loan amount for farm and ranch operations structured as partnerships and limited liability corporations. The groups believed this interpretation was in error and prevented many farm/ranch families from PPP participation.

The NCC later joined more than 800 other business organizations on a letter to Senate leadership urging an extension of the PPP signup period. Then, the NCC joined numerous business organizations on a letter to leadership of the House and Senate Small Business Committees thanking them for their bicameral leadership and swift bipartisan action to provide relief through the Paycheck Protection Program Extension Act of 2021. The bill would extend the Small Business Administration's PPP application period to May 31, 2021.

The NCC expressed its gratitude to Agriculture Secretary Vilsack and USDA after the agency announced the implementation of approximately \$80 million in payments to domestic users of upland and extra-long staple cotton to support textile mills affected by the pandemic. The NCC also conveyed its appreciation to Congress for approving this important assistance late in 2020. Under this one-time payment program, known as the Pandemic Assistance for Cotton Users program, USDA began paying 6 cents per pound to domestic users based on a payment formula established by the Consolidated Appropriations Act, 2021.

The NCC also joined the National Council of Textile Organizations and 15 other industry and labor groups on letters to President Biden and to Congressional leadership outlining recommendations to strengthen domestic supply chains for Personal Protective Equipment (PPE), including a "Berry Amendment" requirement for federal

government procurement of PPE, incentivizing private sector purchases of American PPE, and funding for domestic companies to reconstitute domestic PPE supply chains.



As a way to support the U.S. textile sector, the NCC joined onto letters to President Biden and Congressional leadership outlining recommendations to strengthen domestic personal protective equipment supply chains.

Later, the NCC sent a letter to Senate leadership requesting the inclusion of strong domestic procurement provisions for PPE products by major government purchasers. The letter, sent while the Senate debated the U.S. Innovation and Competition Act (USICA), conveyed the NCC's belief that PPE procurement rules substantially like the Berry Amendment should be extended to cover the federal government's largest buyers of these products, including the Departments of Defense, Veterans Affairs, Homeland Security, and Health and Human Services. The NCC also noted that it was imperative that this Act include the necessary provisions to support private sector investment in PPE manufacturing and support the

growth of the U.S. public health manufacturing base – which would provide benefits from textile manufacturers through the supply chain to cotton producers.

The NCC also signed a letter along with 14 other organizations to Senate leadership urging inclusion of the Homeland Procurement Reform (HOPR) Act as an amendment to the USICA. HOPR would help “ensure that key components of the Department of Homeland Security can procure critical equipment developed and manufactured in the United States to execute their security, enforcement, and investigative missions.”

Late in the year, the NCC also monitored the White House review of the Occupational Safety and Health Administration's Emergency Temporary Standard (ETS) on COVID vaccination applicable to employers with more than 100 employees.

Tax Issues

The NCC joined numerous other agriculture and small business organizations on a letter to Sen. John Thune (R-SD) and Reps. Jason Smith (R-MO) and Sanford Bishop (D-GA) urging full and permanent repeal of the federal estate tax. The NCC also joined other Family Business Estate Tax Coalition Members on letters to the lawmakers thanking them for introducing the "Death Tax Repeal Act." (S. 617) and (H.R. 1712).

The NCC monitored activity associated with President Biden's introduction of "The American Families Plan." USDA issued a statement indicating the plan included a special protection for family-owned farms and businesses – but the NCC had questions about how the legislation's proposed farm exclusion regarding estate taxes would work.

The NCC joined 40 other agriculture organizations on a letter to House and Senate leadership to express significant concerns about legislative proposals that would jeopardize the future of family-owned farm and ranch businesses. Three critically important tax provisions were highlighted:

- **Stepped-Up Basis Assets** In agriculture, these are typically held by one owner for several decades, so resetting the basis on the value of the land, buildings, and livestock on the date of the owner's death under a step-up in basis is important for surviving family members and business partners to ensure the operation's future financial stability.
- **Like-Kind Exchanges** This provision allows businesses to buy and sell like assets without tax consequences, thus helping farmers and ranchers, who typically are "land rich and cash poor," maintain cash flow and reinvest in their businesses.
- **Sec. 199A Business Income Deduction** To maintain a reasonable level of taxation for pass-through businesses, like farms and ranches, it is critical to preserve the Sec. 199A business income deduction.

The NCC also joined more than 100 other business and agriculture organizations on a letter to the Senate Finance Committee and the House Ways and Means Committee leadership which conveyed the groups' unequivocal support for the continuation of stepped-up basis and to highlight a study from Ernst and Young illustrating the economic damage that would be inflicted with repeal of step-up in basis via tax at death.

While in Washington, NCC Chairman Kent Fountain and NCC President/CEO Gary Adams discussed with Congressional Members proposed tax code changes and other issues that could negatively affect the U.S. cotton industry.



In late summer, the NCC, along with other cotton organizations, cosigned multiple letters urging Congress not to make negative changes to the tax code as it began the budget

reconciliation process. One of those letters, led by the Tax Aggie Coalition, of which NCC is a member, was sent to the Senate Finance Committee. The letter was cosigned by 327 national, state and regional groups including the NCC, the ACP, the NCGA, and numerous cotton affiliated state/regional groups. A second letter, led by the Family Business Estate Tax Coalition, of which NCC also is a member, was sent to the House Ways and Means Committee leadership and cosigned by a large group of agriculture and business associations including the NCC, ACP and NCGA. A third letter, led by Main St. Employers, was sent to House Ways and Means Chairman Richard Neal (D-MA). Cosigned by the NCC and other groups representing agriculture and businesses, that letter noted, "Proposals to raise rates on pass-throughs and C corporations, cap the Section 199A deduction, increase the capital gains tax, and impose capital gains at death would raise taxes on Main Street businesses when they operate, when they are sold, and when they are passed on to the next generation."

The NCC joined numerous organizations on separate letters to House Ways and Means Committee leadership and to President Biden expressing concerns regarding changes to both estate planning provisions and IRS reporting that were originally included in the Build Back Better Act. Both proposals later were withdrawn.

The NCC joined numerous other agriculture and business organizations on a letter to House and Senate leadership regarding problematic tax provisions proposed in Congress. The letter noted that in most cases families use trusts for non-tax purposes, as they ease the transition of the business from one generation to the next by clarifying ownership and management roles and avoiding probate court.

Soon after, the NCC, along with numerous agriculture and business groups, cosigned a letter to Senate Finance Committee and House Ways and Means Committee leadership opposing any last-minute additions of already rejected tax proposals floated late in the year that would affect family businesses and farms across the country. These proposals included the Mark-to-Market plan, a halving of the estate tax exemption, limits to grantor trusts and changes to valuation discounts that were not included or removed from the current framework.

Late in the year, the NCC joined other agriculture and business organizations on a letter to Senate Finance Committee Chairman Ron Wyden (R-OR) to express opposition to the proposed changes to Subchapter K of the Internal Revenue Code included in the Pass-through Reform Discussion Draft in the Build Back Better Act.

Other Legislative Issues

After the budget/appropriations process began in February for FY22, the NCC continued to advocate for the industry's priorities. The initial action was supporting crop insurance by joining with numerous other agricultural organizations on letters to the House and Senate appropriations/budget committees, as well as the Biden Administration. The letters urged no harmful changes to a crop insurance program that currently "provides predictable, within-budget assistance to farmers in a way that helps lenders continue to support America's farmers and ranchers."

The NCC then joined 13 other agriculture groups on a letter to House leadership urging support for legislation that would ensure there were no budget sequestration cuts to USDA mandatory programs, including a number of farm safety net and conservation programs. That legislation passed soon after.

Later, the NCC submitted the cotton industry's FY22 programmatic funding requests to the appropriate Senate and House appropriations committees' subcommittees. The requests, which were included in Congressionally-approved appropriations legislation, included:

- \$15.83 million (a \$2.31 million increase) for the Animal and Plant Health Inspection Service (APHIS) cotton pests account
- \$2 million in new funds directed to APHIS for the elimination of invasive exotic cotton pests
- \$2 million in new funds for Agricultural Research Service (ARS) to research the cotton seed bug
- \$6.8 million funding increase for the ARS cotton breeding and germplasm development program locations in Arizona, Mississippi, South Carolina, and Texas.

Other NCC requests approved were 1) level funding for the Market Access Program/Foreign Market Development program and the ARS cotton ginning research units in Mississippi, New Mexico, and Texas and 2) adequate funding levels for the APHIS, ARS, Foreign Agricultural Service, Farm Service Agency, National Resource Conservation Service and Risk Management Agency.

Throughout 2021, the NCC issued statements in support of multiple persons being considered for Biden Administration positions. Among those were Agriculture Secretary Thomas Vilsack; Dr. Jewel Bronaugh, USDA's Deputy Secretary of Agriculture; Robert Bonnie, USDA's Under Secretary of Farm Production and Conservation; and Jennifer Moffitt, USDA's Under Secretary of Marketing and Regulatory Programs.

The NCC joined dozens of other groups on letters in support of various Biden Administration posts. Included were letters to the: 1) Senate Small Business Committee's leadership in support of Isabel Guzman, President Biden's nominee for administrator of the Small Business Administration; 2) Senate Environmental & Public Works Committee in support for Michael Regan as EPA Administrator; 3) Senate Environment and Public Works Committee's chairman and ranking member in support of Michal Freedhoff as assistant administrator of EPA's Office of Chemical Safety and Pollution Prevention which oversees the Office of Pesticide Programs; and 4) EPA's Administrator in support of Rod Snyder as the new Agriculture Advisor to EPA Administrator Michael Regan. The NCC later offered congratulations on Snyder's appointment to that political position noting that he should be a successful conduit for the flow of information in and out of EPA.

The NCC joined more than 100 other associations and organizations representing agriculture, businesses, and financial institutions in opposition to an overly broad and intrusive financial reporting requirement under consideration as part of the budget reconciliation and spending bill being developed by Congress. Their letter to Congressional leadership highlighted numerous concerns – including a policy that would require financial institutions to report to the IRS every inflow and outflow from accounts above a de minimis threshold of \$600 during the year.

The NCC also:

- supported the Recognizing and Ensuring Taxpayer Access to Infrastructure Necessary for GPS and Satellite Communications Act – known as "RETAIN GPS and Satellite Communications Act."
- joined other stakeholders in a letter of support to Sens. Deb Fischer (R-NE) and Amy Klobuchar (D-MN), who introduced the Precision Agriculture Loan Act – a bill would create a program within USDA to provide loan financing to farmers for purchasing precision agriculture equipment.

Farm Policy

The NCC advocated with Congress during the end of the 2020 COVID relief/funding bill's development for USDA's continued authority to extend marketing loan terms. Subsequently, USDA announced implementation of the marketing assistance loan term extension to 12 months, which was authorized in the Consolidated Appropriations Act, 2021.



The NCC participated with Georgia cotton industry leadership on arranging and conducting an agricultural operations tour for key Senate and House agriculture committees' members.

The NCC participated with Georgia cotton industry leadership on an agricultural operations tour for Sen. Raphael Warnock (D-GA), a member of the Senate Agriculture, Nutrition &

Forestry Committee, and House Agriculture Committee Member Sanford Bishop (D-GA), who chairs the House Appropriations Committee's Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. During visits to McCleskey Cotton Company and Lee Farms, the two Members and several of their staffers heard about the cotton industry's importance to Georgia's rural economy and saw firsthand the massive capital investment necessary for cotton production, harvesting, and processing – including looks at a harvester, a gin, and warehouse facilities.

The NCC joined several other national agricultural organizations on a letter to the Senate Agriculture, Nutrition & Forestry Committee leadership – Senators Debbie Stabenow (D-MI) and John Boozman (R-AR) – urging the confirmation of Secretary of Agriculture nominee Thomas Vilsack. The NCC issued a statement welcoming the Senate's confirmation of Vilsack for that post saying he had a good understanding of the challenges facing the agriculture sector and its contributions to the nation's economy. The NCC later joined numerous other agricultural organizations on a letter to Stabenow and Boozman in support of Dr. Jewel Bronaugh to serve as Deputy Secretary of Agriculture.

NCC staff worked closely with the Farm Service Agency (FSA) on the proper implementation of the Quality Loss Adjustment (QLA) program to assist upland and extra-long staple cotton producers who suffered quality losses occurring in calendar years 2018 and/or 2019. The NCC also 1) posted on its website a QLS question/answer document to help producers determine their eligibility and 2) encouraged a signup deadline extension. USDA eventually extended the deadline from March 5 to April 9, 2021 citing recent winter storms and some clarifications to program rules.

The NCC worked continuously with Congress for opportunities to ensure beneficial WHIP+ improvement/enhancement provisions were part of final House disaster aid legislation for 2020 and 2021.

The NCC became a steering committee member of The Food and Agriculture Climate Alliance (FACA) and had staff serving on multiple FACA working groups. FACA representatives testified at a Senate Agriculture, Nutrition & Forestry Committee hearing, "Farmers and Foresters: Opportunities to Lead in Tackling Climate Change." They noted that 1) federal climate policy must be built upon voluntary, incentive-based programs and market-driven opportunities, promote resilience and adaptation in rural communities, and be grounded in scientific evidence and 2) solutions proposed by Congress and the Biden Administration must be strongly bipartisan and accommodate the diverse needs of producers and landowners, regardless of size, geographic region, or commodity.



The NCC conveyed suggestions regarding climate policy through multiple coalitions, including the Food and Agriculture Climate Alliance (FACA).

The NCC was among 16 agricultural stakeholder groups that submitted a "Statement for the Record" to a House Agriculture Committee Climate Change Hearing. They noted that 1) agricultural biotechnology needed to be considered as a part of any climate change discussion and 2) cited a

study which found that improving animal and crop genetics is a primary cause of productivity and would be necessary to reach goals for increasing agricultural production by 40 percent while cutting agriculture's footprint in half before 2050.

The American Cotton Producers created its ACP Climate Policy Working Group. The producer-focused task force generated policies on climate change that benefit producers while ensuring that climate programs, benefits and changes adhere to NCC policy direction.

In conjunction with that Working Group, the NCC filed comments on USDA's request for stakeholder feedback on the creation of a Climate Smart Agriculture and Forestry Partnership Program. The NCC emphasized that: 1) accurate measurements regarding carbon capture are needed to build trust and confidence among producers for bringing about participation in the carbon marketplace, 2) measurements and capture of soil carbon must be reliable, accurate, affordable and science-based, and 3) USDA should use funds allocated to increase payments on climate-smart practices and remove barriers that inhibit participation in FSA and Natural Resource Conservation Service programs.

Trade

Major activities carried out during 2021.

The NCC issued a statement saying it was pleased with the unanimous Senate confirmation of Katherine Tai, the U.S. Trade Representative (USTR) nominee. Earlier, the NCC and more than 100 other groups and organizations sent a letter to the Senate Finance Committee leadership urging Tai's swift confirmation.

Soon after, the NCC joined with 36 other groups on a letter to Tai and Agriculture Secretary Tom Vilsack expressing strong support for the U.S.-China Phase One Trade Agreement and their continued efforts to maintain access to the China market for U.S. agriculture exports. The letter, which included cotton sector highlights/outcomes of the Agreement, noted that once again China became the largest U.S. cotton importer with \$1.8 billion in purchases in 2020, though there had not yet been a recovery in U.S. cotton yarn exports to China. The highlights emphasized that the United States should

be diligent in monitoring importer performance, ensuring no non-tariff barriers are imposed, and that contract sanctity/purchase commitments are adhered to.



The NCC communicated with U.S. Trade Representative Katherine Tai on key trade issues, including seeking support for the U.S.-China Phase One Trade Agreement.

The NCC joined 11 other agricultural organizations on a letter to Tai in response to her comments about the convergence of trade policy, environment, and climate change issues. The letter noted that, "As an industry, agriculture does not always

get the recognition it deserves for the practices already put in place, but we continue to be committed to improving production practices to reduce our impact on the environment.”

The NCC also continued to seek opportunities to engage with USTR, USDA and other Administration officials as policies were developed to address climate change to ensure it is voluntary and market based, while ensuring farmers’ needs and opportunities were considered.

A letter to President Biden from more than 60 agricultural organizations, including the NCC, urged him to quickly nominate the USTR Chief Agricultural Negotiator. Later, the NCC joined onto a letter to the leadership of the Senate Finance Committee in support of Elaine Trevino’s nomination to serve in that position.

Active in the Coalition to Promote U.S. Agricultural Exports, the NCC was among 130 agricultural organizations which signed onto letters to House and Senate agricultural appropriations subcommittees’ leaders citing U.S. farmers’ and rural businesses’ need for continued investment in the Market Access Program and Foreign Market Development Program to make up for lost export opportunities in the pandemic and to fight foreign competition.

The NCC joined the American Soybean Association and the National Corn Growers Association on comments for the hearing record to the U.S. International Trade Commission (ITC) on the petition by the Mosaic Company for countervailing duties on Russian and Moroccan imports of phosphate fertilizer. After the ITC placed duties on those imports, the foreign fertilizer producers appealed the case to the U.S. Court for International Trade (CIT), asking that the duties be removed. The NCC led a coalition with groups representing corn, sorghum, soybeans, and the Agricultural Retailers Association in filing an amicus brief with the CIT in support of that appeal. The ITC and U.S. companies that sought the import duties had until early February to file a reply with the court before a decision was issued.

Supply Chain

Representatives of both the NCC and the American Cotton Shippers Association joined other agriculture groups in briefing the commissioners of the Federal Maritime Commission (FMC) regarding container shortages. The cotton industry’s comments highlighted the importance of trade, especially to Asian markets, as well as noting the use of forward contracts which necessitates timely shipping. The commissioners also were reminded that the U.S. transportation infrastructure is a key component of the industry’s competitiveness in the world market.

Soon after, the NCC joined more than 70 agriculture and forest products associations on a letter to President Biden regarding the actions of ocean container carriers and marine terminal operators, including declining to carry export cargo, severely injuring U.S. agriculture, food, and forestry product exporters, and preventing the industries from delivering affordably and dependably to international markets. The letter noted that, “unless the Shipping Act and other tools available to our government are applied promptly,” agriculture industries will continue to suffer great financial losses and these carrier practices will render U.S. agriculture noncompetitive for years to come.



The NCC conveyed to President Biden and other Administration officials the detrimental actions of ocean container carriers and marine terminal operators such as declining to carry export cargo.

The NCC also joined nearly 300 agriculture and forest products companies and associations on a letter to

Secretary of Transportation Pete Buttigieg. The letter contained the groups' request for the Department of Transportation's (DOT) immediate intervention to protect U.S. exporters and their access to foreign markets due to challenges imposed by vessel-operating common carriers, which the groups said were 1) declining to ship U.S. agricultural commodity exports from this nation's ports and 2) imposing hundreds of millions of dollars of punitive charges already determined to be unreasonable by the FMC. The groups asked DOT to 1) assist the FMC in expediting its enforcement options and 2) consider its existing authorities to determine how it can assist with the transportation needs of the U.S. exporters – and the farmers and ranchers they serve – in overcoming the current challenges to shipping products.

The FMC then established a new audit program and dedicated audit team to assess carrier compliance with the Agency's rule on detention and demurrage as well as to provide additional information beneficial to the regular monitoring of the marketplace for ocean cargo services.

In mid-year, the NCC joined other organizations on a letter to Representatives John Garamendi (D-CA) and Dusty Johnson (R-SD) endorsing their “Ocean Shipping Reform

Act of 2021," a bill that offered the first major update of federal regulations for the global ocean shipping industry since 1998.

In late summer, the NCC joined more than 70 agriculture associations on a letter to President Biden, USDA Secretary Vilsack, Secretary of Transportation Buttigieg, FMC Chair Maffei, White House Council of Economic Advisors Chair Rouse, and the U.S. Attorney General Merrick Garland requesting they take additional steps to relieve the crisis facing American exports.

Later, Vice President Kamala Harris, Secretary of Transportation Pete Buttigieg and Director of the National Economic Council Brian Deese met with 1) leaders of the Los Angeles and Long Beach ports and 2) representatives of labor and the business community, including the Agriculture Transportation Coalition, of which the NCC is a member. Purpose was to discuss solutions to the two ports' congestion. All sides agreed to continue to work together through Port Envoy John Porcari.

The NCC also joined members of the Ag CEO Council/Agriculture Transportation Working Group (ATWG) on separate comments regarding President Biden's Executive Order on America's Supply Chains. It noted 1) the serious disruptions to the agriculture sector and 2) that supply chain issues are multi-faceted and range from labor shortages to freight rates/shipping containers' availability. Soon after, the Agriculture CEO Council sent a letter to President Biden outlining recommendations on immediate policy actions that could be taken to provide relief to the ongoing supply chain challenges facing agriculture. The letter noted that, "Addressing these needs requires a holistic approach that includes both short and long-term actions in the areas of transportation, labor, and regulation that can make a meaningful difference in expanding supply chain capacities and minimizing disruptions."

Later, the ATWG filed comments for two hearing records. Comments to the House Agriculture Committee's hearing on "The Immediate Challenges to our Nation's Food Supply Chain" noted that the COVID-19 pandemic and subsequent surge in consumer demand had resulted in major supply chain disruptions and comments to the House Transportation and Infrastructure Committee's hearing, "Industry and Labor Perspectives: A Further Look at North American Supply Chain Challenges." The comments also noted that, "The COVID-19 pandemic and subsequent surge in consumer demand has resulted in major supply chain disruptions, including in the food and agricultural supply chain." Both sets of comments outlined numerous policy changes that could be implemented to assist in addressing the situation.

In other trade issues activity, the NCC:

Joined with 18 other groups on a letter to the Senate Agriculture, Nutrition & Forestry Committee leadership in support of Rostin Behnam, who was confirmed as Commodity Futures Trading Commission chairman.

Communications

Major activities carried out during 2021.

Public Attitudes

The National Cotton Council communicated with the Administration, Congressional Members and key government agency officials regarding key economic and environmental matters. News releases contained highlights from numerous letters the NCC joined onto and from comments submitted regarding legislation and regulatory/program proposals that could affect U.S. cotton industry competitiveness such as the need for economic relief and the importance of restoring the supply chain.

Utilization continued 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 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.

Ongoing participation in Farm Policy Facts (FPF) (<http://www.farmpolicyfacts.org/>) and "The Hand That Feeds Us" initiatives helped promote American agriculture's long-term success by facilitating meaningful conversations with legislators and consumers about how food and fiber is produced.

Cotton's Agenda
Gary Adams

National Cotton Council of America

Setting A New Standard

U.S. Cotton Trust Protocol® President says that U.S. cotton's standing in the global supply chain is being elevated by producers' involvement in the U.S. Cotton Trust Protocol® sustainability initiative.

As the Trust Protocol's first year comes to a close, what are some of the notable achievements?

- The most significant stride is the recent collaboration with the TextileGenesis® platform. This enabled the Trust Protocol to become the world's first sustainable cotton fiber to offer full transparency across the supply chain — which is imperative for brands and retailers.

How is participation going?

- Slightly more than 300 cotton producers completed the enrollment process for the 2020 crop, helping the U.S. cotton industry meet 2025 environmental footprint reduction goals in the areas of land use, soil carbon, water management, soil loss, greenhouse gas emissions and energy efficiency. Of those 300 producers, 75 completed the desk-top verification and some 20 to 30 will complete the Control Union verification. Producers began enrolling their 2021 crop in April — with the goal of at least doubling producer enrollment this season. Equally exciting is that more than 300 brands, retailers, mills and manufacturers have become Trust Protocol members.

What is needed from producers going forward?

- Strong enrollment (and re-enrollment) in the Trust Protocol will 1) demonstrate to brands/retailers that the United States is a leader in sustainable cotton growing practices and 2) enable producers to track their sustainability progress by comparing year-over-year Fieldprint calculator-collected data both from within their farms and anonymously against other Trust Protocol producers.

Customers are more engaged than ever

The Innovation Impact of COVID-19

The collaboration of TextileGenesis® and the Trust Protocol — with its third-party verified on-farm data collection — creates a powerful solution for brands and retailers worldwide who want to know the cotton fiber element of their supply chain is more sustainably grown with lower environmental and social risk. The bottom line is that U.S. cotton's global marketplace reputation could be elevated significantly. Initial pilot trials with selected brands and mills began this month, with full Protocol Credit Management System deployment envisioned for early 2022.

Among other recent activities are the Trust Protocol's joining the Sustainable Apparel Coalition and the program's survey research that 1) revealed a sharp increase in consumer demand for sustainable products and business practices and 2) confirmed

Gary Adams is president/CEO of the National Cotton Council of America. He also serves as president of the U.S. Cotton Trust Protocol.

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Columns in the trade press were one way the NCC conveyed its position on key issues and programs such as encouraging producer enrollment in the U.S. Cotton Trust Protocol®.

The NCC vigorously encouraged its members to enroll their 2021 crop in the U.S. Cotton Trust Protocol® through direct mail, its Cotton's Week newsletter, Cotton eNews, social media and the news media, including the distribution of news releases, interviews for articles and placement of columns in the farm trade press. The main message was that strong producer participation in this sustainability initiative will help elevate U.S. cotton's

position in the global marketplace by demonstrating to brands and retailers that the United States is a leader in more sustainable cotton growing practices.

Information Services

The NCC, in cooperation with the National Boll Weevil Eradication Program, produced a long and short version of a video highlighting the history and success of the National Boll Weevil Eradication Program. "Boll Weevil Eradication 2021: We Can't Stop Now" includes information on the history of the boll weevil's entry and spread into the United States, the cooperative efforts behind the eradication effort, and the subsequent economic/environmental benefits. The videos also contain a focus on the National Boll Weevil Buffer Zone – the battle front line that must be maintained as cooperation with Tamaulipas, Mexico enables completion of U.S. eradication of the boll weevil.

U.S. Cotton Trust Protocol®

The sustainability initiative had a strong first year in successfully creating a science-based sustainability initiative that now is 1) supporting the U.S. cotton industry to advance its potential in protecting the planet and 2) proving attractive to global brand/retailers wanting to show their sustainability progress with measurable, quantifiable and verifiable data and with article-level transparency — a world-first in sustainable cotton fiber.

The inaugural 2020-2021 U.S. Cotton Trust Protocol® Annual Report noted that in late 2021 the initiative counted 560 organizations across the supply chain as members.

The inaugural 2020-2021 U.S. Cotton Trust Protocol® Annual Report at <https://report.trustuscotton.org/> noted that the initiative counts 560 organizations across the supply chain as members. This includes more than 525 mills and manufacturers and 37 global brands and retailers. Among those members were: Gildan; Tesco; Levi Strauss & Co; and PVH Corp., one of the largest global apparel companies, and its brands Calvin Klein and TOMMY HILFINGER; and Advance Denim, one of the top three Chinese denim manufacturers.



Also, about 950,000 cotton bales, which represents six percent of all U.S. cotton grown in 2020-21, was enrolled in the Trust Protocol. More than 300 cotton producers completed the Trust Protocol enrollment process for the 2020 crop, and producers began enrolling their 2021 crop in April with the Trust Protocol striving for a goal of at least doubling producer enrollment in the 2021 season.

The NCC facilitated the creation of a help desk to help cotton producers complete their Trust Protocol enrollment. Throughout 2021, producers also were able to email growers@trustuscotton.org for guidance and answers to questions. The NCC also organized and conducted a series of educational and enrollment meetings.

The Trust Protocol also took a significant stride in 2021 by collaborating with the TextileGenesis™ platform. This enabled the Trust Protocol to become the world's first sustainable cotton fiber to offer full transparency across the supply chain. Initial pilot trials with selected brands and mills began in June, with full Protocol Credit Management System deployment envisioned for early 2022.

A Trust Protocol-conducted survey of sustainability decision-makers at 1,000 brands and retailers in the United States and the United Kingdom sought to determine the COVID pandemic's impact on the importance of and investment in sustainability initiatives. Among research findings was 1) a sharp increase in consumer demand for sustainable products and business practices and 2) two thirds of surveyed brands/retailers agreed that data is important to their future sustainability goals.

Late in the year, John Deere and Field to Market: The Alliance for Sustainable Agriculture announced a pilot program that integrates sustainability metrics of Field to Market's Fieldprint Platform into John Deere's Operations Center -- an initiative that could help facilitate more cotton producer enrollment in the Trust Protocol.



The Trust Protocol was featured in an episode of EARTH, a program hosted by six-time Emmy Award winner John Holden (right) who visited with Mead Hardwick, a Louisiana producer and Trust Protocol participant.

The Trust Protocol also:

- became a member of the Sustainable Apparel Coalition, a global, industrywide nonprofit of more than 250 members working to reduce environmental impact and promote social justice throughout the global value chain;
- received a focus by Trust Protocol president Gary Adams during the Soil Health Institute's (SHI) virtually held "Why Soil Health is Important to the Future of U.S. Cotton: Spotlight on Regenerative Ag Leaders;" and
- conducted six, live enrollment webinars in the last quarter of 2021 that focused on how the program helps U.S. cotton producers meet their end customers' changing demands while also better documenting/verifying their on-farm sustainability practices and advances.
- celebrated that Barry Evans, a Kress, TX, producer participant, was honored as a recipient of the 2021 Sustainability Leadership Awards presented by Field to Market: The Alliance for Sustainable Agriculture.
- was featured in an episode of EARTH, a television program hosted by six-time Emmy Award winner John Holden, who takes viewers around the globe to showcase eco-friendly initiatives that are enhancing the lives of Earth's inhabitants through health, business, and other advanced technologies and solutions.

Technical

Major activities carried out during 2021.

Regulatory

The National Cotton Council worked to identify the issues that would affect the U.S. cotton industry after President Joe Biden's team produced a list of regulations from the previous Administration that would face review and possible reversal or elimination. Among significant regulatory issues that were worked on by the cotton industry were the National Water Protection Rule (NWPR), the ongoing registration/review of chlorpyrifos, modernizing the Endangered Species Act and air quality rules.

After EPA and the Army Corps of Engineers (Corps) began taking recommendations in mid-year on their planned move to rewrite the 2020 NWPR, the NCC and many other agricultural stakeholders filed comments. Later, the NCC and the American Cotton Producers (ACP) filed comments to EPA/Corps outlining strong reservations regarding the agencies' attempt to erase the NWPR and rewrite federal water law. The comments were submitted after the NWPR was vacated by a U.S. District Court in Arizona in late August. ACP Chairman Mark McKean, a third-generation California producer, noted in the ACP comments the inconsistencies that a new regulation expanding federal water authority would have on the partnership USDA was making with producers to address climate change and expand on-farm conservation practices.

When EPA and the Corps announced their intention to host 10 virtual roundtables for stakeholders' discussion of "waters of the United States" definitions, the NCC asked for an extension on the deadline to nominate participating stakeholders. That included the NCC's joining 45 other organizations of the Waters Advocacy Coalition asking the EPA/Corps to extend the short timeframe for disparate industry and activist groups to ally themselves into regional roundtables to address the issue of rewriting the NWPR. Later, an extension to December 1, 2021, was granted.



The NCC filed comments with EPA/Corps of Engineers outlining strong reservations regarding those agencies' attempt to rewrite federal water law.

After EPA and the Corps announced their plan to revise regulations governing farming and other industries under the Clean Water Act's authority, the NCC issued a statement in support of the

2020 NWPR saying that reverting to a 1980's- era WOTUS rule would be a mistake. The NCC also joined 30 national and state agricultural organizations on a letter asking for an extension of 90 days beyond February 7, 2022, on the comment period for the proposed WOTUS rule.

The NCC continued as a stakeholder in the 1) National Ambient Air Quality Standards (NAAQS) Regulatory Review and Rulemaking Coalition and 2) Pesticide Policy Coalition. Both coalitions submitted comments to the White House Office of Science and Technology Policy with the aim of helping that office improve the effectiveness of scientific integrity policies at federal agencies. The NCC requested the agencies provide clear and understandable descriptions of their risk assessment methods for pesticides.

The NCC joined 16 other stakeholders, including many cotton groups, in signing onto comments regarding EPA's reconsideration of the NAAQS for particulate matter (PM). As part of its process for reconsidering that decision, EPA prepared/released for public comment a draft Supplement to the 2019 Integrated Science Assessment (ISA) for Particulate Matter. The comments 1) stated that the draft ISA supplement failed to present in a useful manner the levels of PM in ambient air that have been associated with adverse health/welfare effects and 2) urged that this and other concerns should be corrected in the final ISA supplement.

Late in the year, the NCC joined with the National Cotton Ginners Association, the National Cottonseed Processors Association and the Texas Cotton Ginners' Association in signing onto a document regarding EPA's assessment of particulate matter, which the coalition noted was the latest in a string of emissions' proposals aimed at revising and/or going further than rules issued by previous administrations.

Crop Protection Product Support

The NCC filed comments with EPA regarding its Proposed Interim Decision (PID) for paraquat which would have prohibited the product's aerial application except for defoliation purposes. The NCC expressed concern that the PID "diminishes the critical value of aerial application for paraquat" and noted that aerial application of paraquat is a vital tool that producers can use to combat weeds during rainy planting or harvest seasons. The NCC did note its support for proposals brought forth by the National Agricultural Aviation Association to mitigate residues of concern without eliminating aerial application of paraquat.

After EPA's mid-year announcement of a final Interim Decision for paraquat that allowed aerial applications with some limitations, the NCC continued to stay involved in that product's ongoing review.

The NCC reviewed the Ninth Circuit Court of Appeals ruling that EPA must revoke all tolerances for chlorpyrifos or modify them to meet the Federal Food, Drug and Cosmetic Act in order to protect children. The review was to determine what that ruling might mean to the future of chlorpyrifos and other organophosphates following chlorpyrifos in the review process. Earlier, the NCC had met with EPA regarding the chlorpyrifos review process which had been moving forward. EPA later announced a ban (revoke tolerance) on the use of chlorpyrifos on all food crops. Uses on non-food crops continued through the normal Federal Insecticide, Fungicide & Rodenticide Act-required review process which concludes in October 2022. The NCC continued to engage with the agency on seeking a final answer on the future of chlorpyrifos use on crops that are non-food – a category that included cotton, according to EPA.

Strongly supporting MSMA's continued use on cotton, the NCC filed comments with EPA on the proposed Interim Registration Review Decision for the herbicide. The comments emphasized that MSMA is a critically important, irreplaceable weed control tool for America's cotton producers and a pivotal component of cotton producers' response to resistance problems. Later, after learning that EPA planned to publish an interim decision on MSMA that restricted crop rotation from cotton to some other crops, the NCC sent a letter to the agency asking for a meeting and requesting that the crop rotation restrictions be delayed in order for industry to conduct studies and collect data.

In comments to the U.S. Fish and Wildlife Service and the National Marine Fisheries Service proposed draft biological opinion on malathion's registration, the NCC stated that the boll weevil eradication program nearly has eliminated the pest and has greatly reduced the number of insecticide applications.

EPA released for public review and comment its draft biological evaluations (BEs) for clothianidin, imidacloprid and thiamethoxam, which are part of a group of insecticides known as the neonicotinoids. The BEs are to determine if the products may affect one or more species listed under the Endangered Species Act (ESA) or their designated critical habitats. The NCC joined with other agricultural organizations on a news release that conveyed disappointment over the draft BE noting that failure to consider real-world usage data in the analysis conducted as part of the ESA could limit growers' ability to protect their crops and livelihoods and not assure endangered species are any safer. NCC Environmental Task Force Chairman Stephen Logan noted in the release that "EPA's current ESA compliance process is more like a 'what-if' scenario rather than use of best science and data."



In comments to a proposed draft biological opinion on malathion's registration, the NCC noted the importance of this insecticide to the boll weevil eradication program's completion.

The NCC then provided comments to EPA's Draft ESA Biological Evaluations for the registration review of these neonicotinoids. The comments noted the neonic products 1) provide protection from sucking pests on cotton and 2) are needed for resistance management as restricting this mode of action only will increase the buildup of resistance for other modes.

With the discovery that EPA planned significant restrictions on pyrethrin pesticides, the NCC joined 45 other groups on a letter

asking for a 60-day extension for comments – a request that EPA granted shortly after. The NCC and other agricultural stakeholders also requested a meeting with EPA to discuss those planned restrictions and to discuss the agency's planned amendments to the dicamba label in response to drift issues in the Midwest and in Texas.

Late in the year, the NCC joined with three other row crop organizations on a letter cautioning the EPA that rumored changes to some pesticide labels so late in the planning cycle for the 2022 crop year may wreak havoc for the 2022 planting season. The groups noted that making late 2021 decisions would 1) cause problems that would be exacerbated by the ongoing supply chain slowdown and 2) likely result in a more severe negative impact to agriculture than has ever happened. The groups later met with EPA to discuss this issue.

The NCC also joined nearly 90 other stakeholders in a series of letters to Agriculture Secretary Thomas Vilsack, EPA Administrator Michael Regan and many agency staff in the chemical safety and pesticide departments. The letters explained the necessity of pre-planning for seed and pesticide orders in modern agriculture and was in response to rumors that EPA might be planning major changes to at least one product – dicamba.

After EPA released 3,000 dicamba off-target complaints from around the country in 2021 showing problems in compliance with both the Federal Insecticide, Fungicide and Rodenticide Act and the Endangered Species Act, the NCC, the American Soybean Association and the American Farm Bureau Federation issued a news release urging caution until the list of complaints could be verified. NCC Chairman Kent Fountain stated in the release that, "EPA's report doesn't align with what the U.S. cotton industry has seen and heard in the field. The data needs to be analyzed carefully to ensure accuracy because dicamba is too important to our industry for decisions to be made on incomplete or faulty data."

Biotechnology

The NCC and 12 other stakeholders commented on the USDA Animal and Plant Health Inspection Service's proposal to "Exempt Plants With Additional Modifications Produced Using Genetic Engineering That Are Otherwise Achievable by Conventional Breeding." Support for the exemptions was noted but the scope should be broadened to improve grower access to additional technologies. Support also was conveyed for a regulatory system that: 1) recognizes the long and safe track record of genetically engineered plant breeding technologies, 2) fosters innovation, 3) greatly reduces unnecessary regulatory hurdles, and 4) will further global acceptance of biotechnology.

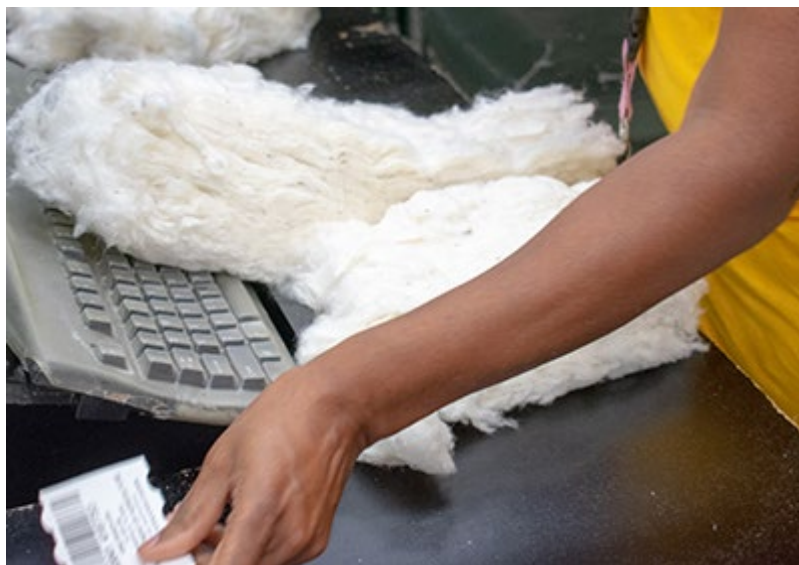
The NCC joined 22 other organizations on a letter to House Agriculture Committee leadership regarding the NCC's support for biotechnology. The letter pointed out that the technology is changing swiftly, and it asked for federal policies that were science-based and would permit meaningful adoption.

Late in the year, the NCC joined more than 100 other agriculture and agribusiness organizations on a letter to President Biden expressing concerns with the Mexican government's policy on agriculture biotech and the country's failure to follow a timely, science-based approval process for agriculture biotech traits. Soon after, some 20 Cotton Belt House Members joined more than 50 other Members on a letter to President Biden on this issue and urged the Administration's use of the enforcement tools outlined in the United States-Mexico-Canada Agreement.

Cotton Flow and Packaging

At its virtual annual meeting, the Joint Cotton Industry Bale Packaging Committee (JCIBPC), chaired by Chris Berry, a Texas ginner, 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. PAC Strapping's fourth year PET compatibility test was granted a "JCIBPC determination" in order for bales in the test program to be deemed "deliverable" in accordance with Intercontinental Exchange (ICE) Cotton No. 2® rules. Langston's and L.P. Brown's light-weight cotton bale bags also were approved for continued testing.



The NCC asked for industry members' patience with USDA which was experiencing classing delays after the 2021 cotton harvest had begun.

The Committee also approved the revised 2021 Cotton Bale Packaging Specifications, which included changes to elongation specifications for 8x8' woven polypropylene bagging.

U.S. ginners were urged to devote attention to the ongoing serious issue of mismatched permanent bale identification tags and sample coupons. Ginners with questions or needing additional information on proper sampling/tagging procedures were asked to contact their local AMS classing office. NCC President/CEO Gary Adams' memo noted the mismatching had continued despite an extensive communications effort conducted during the 2020-2021 ginning seasons by USDA, the NCC, and others.

As harvest began, the NCC also asked for industry members' patience with USDA which was experiencing classing delays. The delays were being caused a higher than normal volume of harvested cotton, a lack of labor/inability of some classing offices to run three shifts and the agency's difficulty in finding parts after classing office equipment breakdowns.

Research and Education

The NCC advocated strongly for investment in agricultural research.

Joining nearly 120 food and agriculture organizations on a letter to Senate/House agriculture committees' leadership, the NCC urged them to consider making a significant investment in federal agricultural research. Their request would 1) direct \$11.5 billion to U.S. colleges of agriculture over a five-year period and 2) be a significant first step in an overall strategy to ensure that the U.S. remains globally competitive.

The NCC monitored a Senate bill and a companion House bill that would require a five percent annual funding increase for research activities at USDA for the next 10 years. Under this "The America Grows Act," the increase would go towards research activities

at the Agriculture Research Service, National Institute for Food and Agriculture, National Agriculture Statistics Service and the Economic Research Service.



The NCC urged Senate/House agriculture committee members to consider making a significant investment in federal agricultural research.

The NCC also provided extensive input into USDA's publication of a final U.S. Ag Innovation Strategy document and an associated interactive dashboard. The document's main thrust included "Discovery Goals," which were developed from the agency's Request For Information to focus public and private sector research for future agricultural needs.

The 2021 Beltwide Cotton Conferences included three days of timely live-stream reports, panel discussions and seminars that covered practical applications in cotton production and processing and the latest research findings. The NCC-coordinated forum, conducted virtually due to COVID-19, had nearly 700 registered participants. Dr. Jinfa Zhang, a professor, Cotton Breeding, Genetics, and Genomics at New Mexico State University in Las Cruces, was recognized as the recipient of the 2020 Cotton Genetics Research Award.

The NCC continued to make conferences' proceedings unrestricted to better facilitate research and educational efforts within the cotton industry. A username and password no longer will be needed to access the proceedings at www.cotton.org/beltwide/.

In other technical activity:

Three virtual Ginner Training Seminars attracted strong participation. Each seminar presented different topics and provided four hours toward Continuing Education (CE) Credit enabling those participating in all three sessions to fulfill the 12-hour CE requirement.

Cotton Council International

Major activities carried out during 2021.

Cotton Council International (CCI) showcased COTTON USA SOLUTIONS™, the U.S. Cotton Trust Protocol® and the COTTON USA™ licensing program at a Korean trade show. CCI distributed 1,000 information packets about U.S. cotton and COTTON USA, and 6,000 visitors came to the trade show in Seoul to source sustainable and innovative premium fabrics.

CCI's COTTON USA leadership team – including Beau Stephenson representing the American Cotton Shippers Association and Carlo Bocardo representing AMCOT – promoted U.S. cotton's sustainability, quality, transparency, innovation, and premium value to mills in Pakistan. Those Karachi and Lahore mills consume 90 percent of cotton in Pakistan – U.S. cotton's third largest importer. Meetings with more than 160 mill owners resulted in eight new COTTON USA™ licensees and 14 mills pledging to sign as Trust Protocol members.



The COTTON USA Technical Team held its first hybrid (on-site and remote attendees) seminar for 130 mill managers, technicians and technical staff in Bangladesh.

The COTTON USA Technical Team held its first hybrid (on-site and remote attendees)

seminar for 130 mill managers, technicians and technical staff in Bangladesh. The event's participants were eager to learn about the latest technologies and developments for spinning mills.

CCI conducted 12 training sessions in Latin America to educate textile, garment manufacturers and brand and retailers on how to prepare reports under the Global Reporting Initiative standards.

For the first time, CCI connected Latin American entrepreneurs with Asian and European experts. CCI conducted the regional virtual conference series with more than 500 representatives from the Latin American textile-apparel and retail sectors who learned about U.S. cotton's sustainability and the Trust Protocol.

CCI showed manufacturers, brands and retailers at the INDEX nonwovens trade show in Switzerland that using U.S. cotton enables them to source sustainably and create high quality nonwovens products. INDEX is one of the world's largest and most influential nonwovens trade shows. More than 730 exhibitors from 43 countries presented their latest products/technologies to experienced decision-makers from the nonwovens industry.

COTTON USA promoted the U.S. Cotton Trust Protocol® at the Textile Exchange-organized 2021 Textile Sustainability Conference in Dublin, Ireland.

Late in the year, CCI and the Trust Protocol conducted its second virtual U.S. cotton farm tour, "Digging Deeper into the Trust Protocol." More than 200 individuals representing Amazon, Nike, Ikea, Ralph Lauren, Zara and many more brands/retailers worldwide participated in the two-day event.

Cotton Days

CCI, along with U.S. cotton industry leaders, held the first ever virtual Cotton Day India themed "Leading through change: Your partner for a new world." Featuring eminent speakers/panelists from the Indian textile industry, USDA, the NCC, CCI and Supima, the event focused on the global cotton industry's outlook, opportunities for the Indian cotton textile industry, the Trust Protocol, and COTTON USA Solutions™. Also featured was a U.S. exporter networking room for meetings among U.S. merchants and Indian textile mills.

In addition, more than 120 participants across the textile industry supply chain in India joined CCI's second virtual Cotton Day India. CCI Chairman Ricky Clarke delivered the welcome address at the event which focused on the need for sustainability and transparency in the industry and how companies could use it to create and drive value for all stakeholders. Steve Dyer, head of Global Marketing, Louis Dreyfus Cotton, presented a global cotton economic outlook which highlighted that India will be a significant driver to increase demand for global cotton consumption. Joe Little, head of Technical: Fabric, Colour, Sustainability & Garment Technology, Tesco PLC, presented a brand/retailer perspective of the Trust Protocol.

Turkish textile mills indicated they expect to purchase an estimated 700,000 bales of additional U.S. cotton or cotton products in the 2021-22 marketing year as a result of mill representatives attending Cotton Day Turkey. They also met with five U.S. cotton industry members who were part of a COTTON USA Executive Delegation to that country. CCI hosted the Delegation event due to 1) Turkey's importance in the global cotton and textile industry and 2) a valid opportunity for more U.S. exports to Turkey.

Turkish textile mill officials met with a COTTON USA industry delegation during Cotton Day Turkey.

Earlier in the year, CCI held its first COTTON USA Technical Team meeting in Turkey and conducted workshops to discuss all five COTTON USA SOLUTIONS™ offerings. The group also discussed how to support mills in utilizing U.S. cotton for maximum productivity, covering micronaire, contamination and other timely topics.



Senior U.S. cotton industry leadership joined some 50 spinning mills, as well as leading Bangladeshi cotton textile associations, at Cotton Day Bangladesh and in COTTON USA seminars in Dhaka. The CCI delegation received firsthand reports from mills expressing interest in having pure U.S. cotton production lines to meet the demands by leading international brands and retailers requesting U.S. cotton-rich products qualifying for the U.S. Cotton Trust Protocol®.

China Activities

CCI introduced the Trust Protocol and the COTTON USA SOLUTIONS™ at the Intertextile Shanghai Apparel Fabrics and Yarn Expo shows. Visitors at both COTTON USA booths saw high-quality products made of American Pima cotton under the Supima brand and textile products from COTTON USA licensees and Trust Protocol members.

CCI also promoted U.S. cotton and its value-added services at the Intertextile Shanghai Home Textiles and Yarn Expo shows in Shanghai. These trade shows provided exhibitors and buyers the opportunity to meet in-person once again, while expressing optimism for the coming year given strong domestic demand in recent months. In total, more than 600 exhibitors presented their latest products to more than 40,000 buyers.

During another Shanghai event, CCI displayed COTTON USA™ 100 percent cotton nonwovens products at the Asia Nonwoven Exhibition and Conference and the 19th Shanghai International Nonwovens Exhibition trade show. About 770 visitors, mostly from China, visited the COTTON USA booth where manufacturers, brands and retailers

learned that using U.S. cotton enables them to source sustainably and create high quality nonwovens products.

CCI co-organized “Cotton Market Updates and Sustainability Opportunities During the Pandemic” in Hong Kong. The webinar attracted 156 participants from the textile supply chain in Hong Kong as many brands and textile mills were committing to building sustainable supply chains amid the pandemic.

The first COTTON USA™ Technical Team webinar in China was held in partnership with the China Cotton Textile Association. The event, attended primarily by mill owners, mill managers, senior technicians and cotton purchasing managers, led to the purchase of an additional 129,800 U.S. bales.

CCI sought to develop the nonwovens market for high quality U.S. cotton-rich products by exhibiting at one of Asia’s most important nonwovens trade shows – Cinte Techtexil China. CCI highlighted how high-quality U.S. cotton fiber can help nonwovens manufacturers, global brands and retailers verify they are sourcing sustainably.

During the Hong Kong Fashion Summit, CCI joined a panel of industry leaders to discuss future fashion materials and sustainability partnerships. The hybrid event attracted 1,500 online and 700 live participants providing a valuable platform for both virtual and live exchange networking.

The Cotton Foundation

Major activities carried out during 2021.

Cotton Foundation trustees approved funding for 11 general research projects totaling \$247,000 for 2021-22. Included are studies related to a new invasive insect (cotton seed bug), sustainability, regulatory issue information gathering, plant protection products re-registration, risk data updating and education.



The Cotton Foundation's 2021-22 general research projects are supporting a study related to the cotton seed bug — a new invasive insect.

Foundation officers elected for 2021-22 were producers: Neal Isbell, Muscle Shoals, Ala, chairman; and Jon Whatley, Oden, Texas,

president. Other elected officers were: Gary Adams, executive vice president; Don Parker, executive director/secretary; Doug Rushing, treasurer; and Drew Davis, assistant treasurer.

Foundation trustees elected for 2021-22 were producers: Isbell, Whatley, Dean Calvani, Carlsbad, NM; Sam Whitaker, Monticello, Ark.; and Philip Edwards, III, Smithfield, Va.; along with allied industry members: Macie O'Shaughnessy, Syngenta; Matt Rekeweg, Corteva AgriSciences; Travis Becton, John Deere; Andrew Conner, BASF; Eric Castner, FMC; Kelly Fenner, Seal Transportation; Jeffrey Smith, Valent; Russell Sutton, Lummus; and Rushing. Also elected as trustees were Louisiana crop consultants Rogers Leonard, Baton Rouge; and Hank Jones, Pioneer; and Georgia crop consultants Wes Briggs, Bainbridge; and Jack Royal, Leary.

Multiple Foundation member firms continued to sponsor special projects. 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.