

**“TODAY’S CHALLENGES, TOMORROW’S SOLUTIONS”  
REPORT FROM NCC’S CHAIRMAN  
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I appreciate the opportunity to address this large gathering of people who have cotton at the center of their livelihoods.

The Beltwide Cotton Conferences are like no other agricultural conference, especially when you consider the diverse groups they bring together. Just within the cotton industry, there are producer representatives here from all reaches of the cotton belt. Joining them are cotton handlers and processors ranging from ginner to textile manufacturers, as well as those who supply our industry with the wide array of goods and services necessary for cotton production.

In addition, leaders from USDA, State Experiment Stations, the Cooperative Extension Service, universities and the news media are a prominent part of these Conferences, and we also welcome our guests from nations outside our borders.

A diverse group indeed, and yet this year’s theme serves as an exhortation to all of us to work together to address “Today’s Challenges” and renew our commitment to finding “Tomorrow’s Solutions.”

This Beltwide partnership which brings these varied interests together is an undertaking coordinated by the National Cotton Council. We are very pleased by both the continued high quality of the Conferences and the improved industry participation experienced in recent years.

I want to extend our sincere thank you to the Conference’s organizers and recognize their hard work and the excellent job they have done in planning these events. The Beltwide Steering Committee, chaired by **Bill Lovelady**, deserves special recognition for conducting a thorough review of the conferences and making recommendations for the future.

Similar to the Beltwide partnership, the varied interests within the raw cotton industry have for 61 years pooled their resources and, through the National Cotton Council, identified and met our industry’s common goals.

**Legislative Affairs**

The Council’s defense of the 2002 Farm Bill was a primary focus during 2003, beginning with the budget debate and continuing through the process of developing agricultural appropriations.

During consideration of the budget, we worked closely with Cotton Belt Congressional members, urging conferees to maintain spending levels consistent with current farm law, and opposing any altering provisions that might be offered. We are thankful that the final budget measure exempted agriculture from any spending cuts.

Council membership responded to a number of action alerts during the agricultural appropriations process. Through the contacts generated by the alerts and in a number of other communications, we emphasized that the farm bill must remain intact and any amendment that would alter farm bill provisions must be rejected. Those efforts paid off and the House bill contained no farm bill amendments.

The industry also was energized in urging opposition to payment limitations or any other farm bill amendment in Senate agricultural appropriations, and these efforts were also successful.

The Payment Limitation Commission, established by the farm bill to study the implications of further payment limits, met several times and held a public workshop to receive expert input. The National Cotton Council was active in this process and NCC President Mark Lange was invited by the Commission to present the cotton industry’s position. His testimony focused on the extraordinary damage to U.S. agriculture and the rural economy that would result from arbitrary and unwarranted limits on farm program benefits. I am pleased that we support the Commission’s final recommendation against further payment restrictions during this farm bill.

The Council also:

- Helped secure a \$3.1 billion disaster assistance program that included \$50 million in cottonseed market assistance for the 2002 crop;
- We joined other agricultural organizations in urging USDA to implement the Conservation Security Program as soon as possible, and
- We worked with the Agricultural Coalition for Immigration Reform on legislation for streamlining the current immigration process for hiring agricultural workers.

The National Cotton Council also developed a strong response to the attacks against the U.S. cotton program inspired by the Environmental Work Group and Oxfam. We developed a fact sheet for use with Congressional contacts that clearly explains how U.S. agricultural subsidies are not responsible for a world price decline, and we coordinated visits by foreign journalist with American cotton farmers and the Council's Memphis office to ensure the case for U.S. cotton was fairly presented. I would like to extend my personal thanks to the cotton growers who risked public attack in order to set the record straight.

Congressional retirements, redistricting and leadership changes, combined with an aggressive legislative agenda keep the Council's Washington activities at an intense level, and Council Senior Vice President John Maguire will provide a more in-depth Washington report following my remarks.

### **CAC Fundraising**

An integral part of the Council's farm bill defense strategy this past year was an extensive effort with cotton industry leaders to significantly raise the level of CAC funding to support the re-election campaigns of cotton's friends in Congress. This resulted in fundraising efforts in many communities and an excellent industry response. Let me convey my sincere appreciation to all of you who contributed toward a stronger cotton industry through a well-funded CAC.

The issues facing our industry this year, combined with key Congressional races, make it of vital importance that the cotton industry continues to have a strong political action committee. In 2004, please--give generously to CAC and encourage others both in our industry and affected by it to do the same.

### **Trade**

In addition to our farm bill defense efforts, the Council has focused its attention on a number of important trade issues.

In recognition of the increasing influence of trade policy and trade agreements on U.S. cotton's future, industry leaders authorized a major initiative at the National Cotton Council's 2003 Annual Meeting. The Council was directed to provide greater leadership toward bringing the entire fiber and textile industries to a consensus on significant textile policy.

Toward that end, we were instrumental in reaching consensus on major provisions for a Central American Free Trade Agreement early in the year and communicating our common policy to the Administration and Congressional leaders. Our industry continues to discuss how a CAFTA agreement can benefit the U.S. cotton industry.

Unfortunately, there are a number of critical trade issues that need our industry's attention all at the same time. We continue to deal with China's lack of compliance with its accession agreement into the World Trade Organization. The Council also registered its concern that China could take advantage of the new U.S.-Vietnam trade agreement by using that country as a transshipment point.

We are directly involved with the U.S. Trade Representative's Office in defending our cotton program against a serious WTO complaint brought by Brazil. I would note, though, that a positive relationship with Brazil's cotton industry has continued, as a U.S. cotton industry delegation participated in a tour of Brazil's cotton and textile industries this past year. Council Vice Chairman **Woody Anderson**, who was a member of that delegation, will provide his perspective of the Brazil tour.

We continue to fight pressure from the international community to single out the cotton program in ongoing WTO talks, while new bi-lateral and multi-lateral trade discussions that affect U.S. cotton in different ways must be fully evaluated. You can see that our trade agenda is very crowded, as any one of these issues could positively or negatively impact our livelihoods. I am confident we will continue to rise to each of these international trade challenges. Mark Lange will offer a much more comprehensive discussion of the Council's trade agenda later this morning.

## **Technical**

While farm program defense and trade issues have been our primary focus during 2003, the Council recognizes that a critical element in achieving the industry's goals for improved yields, quality enhancements and cost reduction is by our making optimal use of new technology.

With cotton producers planting 76 percent of their acreage to transgenic varieties in 2003, the Council has continued to work for government approval of these products and to ensure that resulting cotton and cottonseed products are not confronted with marketing restrictions.

Through the efforts of the Council's Quality Task Force, critical quality issues --ranging from short fiber content to moisture management-- are being addressed. The Task Force's recommendation that cotton be baled with no more than 7.5 percent moisture will assure the fiber's color and other quality characteristics will not degrade from excess bale moisture.

Quality loss concerns and potential producer risks were also at the center of the Council's comments in opposition to USDA's interim rule to permit outside storage of loan-eligible ELS cotton.

In addition to a special communication to ginners, warehousemen and packaging suppliers reminding them of the importance of using only USDA-approved packaging materials, improved cotton flow was at the center of the Council's bale management education program to reduce the number of light and heavy weight bales.

We also stepped up the industry's campaign to eliminate lint contamination by keeping plastic strings, ropes and sacks out of seed cotton before ginning. Andy Jordan, the Council's Technical Services Director, will discuss the specifics of this effort in his report tomorrow morning.

The Council has endorsed EPA's implementation of the Endangered Species Act and provided support for both new product registrations and the re-registration of existing cotton production products.

Boll weevil eradication continues on 10 million acres with only three areas comprising less than three percent of U.S. cotton acreage yet to begin the program. The effort to eradicate the pink bollworm is making excellent progress during the program's first phase in Far West Texas, New Mexico and Chihuahua, Mexico, and there are plans for program expansion into Arizona upon grower approval.

## **Cotton Council International**

As the Council's export promotion arm, Cotton Council International is continuing its highly effective program dedicated to increasing U.S. cotton exports of cotton, cottonseed and cottonseed products. With a 27 percent increase in public support in 2003, the Cotton USA program plays a major role in strengthening key markets in Europe, Asia, Latin America, the Middle East and Africa.

With continued financial backing from the cotton industry, CCI leveraged industry funding at a 5 to 1 rate. These efforts are crucial, given that 65 percent or more of U.S. cotton fiber, and in excess of four million bale-equivalents of additional cotton yarn and fabric are now moving through export channels.

## **Cotton Foundation Partnership**

The Cotton Foundation continues its vital mission of encouraging, facilitating and conducting cotton research and education. The payoff in new products, systems, techniques and services help the National Cotton Council carry out its mission of providing U.S. cotton industry members a world marketplace advantage.

This past year, the Foundation expanded its role of facilitating alliances between member firms and the Council by underwriting several important Council activities. The multi-member sponsorship of the Cotton Biotechnology and Pesticide Registration projects are impressive examples of industry partnerships that strengthen our ability to influence the continued registration of essential cotton products.

## **Cotton Leadership Class**

As one of the longstanding Cotton Foundation special projects, the Cotton Leadership Program graduated its 20<sup>th</sup> class this past year.

One of the most highly respected leadership development programs in U.S. agriculture, Leadership Class participants receive a very well-rounded curriculum that includes tours across the cotton belt to observe production, processing and research, and visits with industry leaders. Their trip to Washington includes meetings with lawmakers and government agency representatives, and their training includes sessions on public speaking, media relations and other skills necessary for effective industry leadership and communication.

The program requires a significant commitment and investment in time and other resources from both the participant and the sponsoring company, and I commend those individuals and companies who have supported this program in the past. I also urge your continued support and involvement, so that all industry segments may continue their longstanding tradition of offering top applicants for this important program.

### **Concluding Remarks**

Clearly, the National Cotton Council continues to devote significant resources to technology development and transfer as evidenced by the Beltwide Cotton Conference. Bringing resolution to technology-based priorities has in many cases been facilitated by these conferences.

In concluding, I encourage your full participation in this morning and tomorrow's general sessions, as well as the special session, workshops and seminars being conducted both afternoons. These conferences and the papers presented are comprised of the many efforts underway in a wide array of scientific disciplines to lower costs and apply technology to a host of regulatory issues. The success of the Beltwide Cotton Conference can in large part be measured by what you take home that positively impacts your operations.

Again let me remind you that, "Today's Challenges, are Tomorrow's Solutions" an appropriate theme for all who are associated with the cotton industry—as we focus our energies and resources on both near-term and future priorities.