

# 2017 National Cotton Council Report to Members

**This Report To Members Highlights Major NCC Action In 2016.**



**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 that provides employment for 127,000 and whose commodity is valued at more than \$75 billion annually to the nation's economy — more than any other agricultural crop.**

## Joint Message from the Chairman and the President

The National Cotton Council's (NCC) 2016 agenda focused on enhancing existing cotton policy as a way to improve U.S. cotton's economic situation, while simultaneously advancing the industry's priorities on appropriations, trade and regulatory issues.

The industry received a timely short-term boost after USDA implemented its Cotton Ginning Cost Share Program which delivered about \$330 million to cotton producers based on their 2015 planted acres. This somewhat allayed an earlier disappointment when we were told there was no farm law authority to add cottonseed as an “other oilseed” in the 2014 farm law, making it eligible for the Agriculture Risk Coverage/Price Loss Coverage policies available to other crops. However, the industry continues to advance the cottonseed designation for consideration prior to the next farm bill’s development. Input on that development was part of the NCC’s intense educational effort with the new Congress and Administration.

On the trade front, the NCC expressed concerns about ongoing cotton and synthetic fiber policies of major agricultural producing countries, including India and China. By working closely with the Administration and Congress, the NCC sees an opportunity for these concerns to be addressed as part of the World Trade Organization ‘dedicated discussions’ on cotton policy held biannually.

Another major trade focus was a resolution to the Turkey anti-dumping case against U.S. cotton imports. Thanks to strong Congressional support and close coordination between the U.S. cotton industry and the Administration, a potentially devastating outcome ultimately was mitigated to some degree with Turkey applying a three percent duty across all U.S. cotton imports. While not the preferred outcome, this was much improved from Turkey’s preliminary decision reached earlier in the investigation.

The NCC vigorously addressed regulatory issues threatening to undermine U.S. cotton. A key focus was with EPA and the registration or re-registration of key crop protection products – so producers could continue having access to tools necessary for efficiently producing high-quality fiber. A prime example was coordination with EPA that led to the agency’s approving a label for both dicamba and 2,4-D for use over the top of new cotton varieties with these herbicide-tolerant traits.

Among Cotton Council International’s (CCI) many successful activities was a U.S. executive delegation to Southeast Asia – led by CCI President Keith Lucas – where U.S. cotton’s quality, timely delivery and other advantages were discussed with textile and garment leaders in Vietnam and Indonesia – the first and fifth largest U.S. cotton export markets. Late in the year, CCI helped host the biennial Sourcing USA Summit in California. A sold-out audience of the most influential executives in the global cotton fiber and textile business, representing 31 countries, shared timely information. These firms’ networking resulted in significant sales of U.S. cotton.

The Cotton Foundation Board of Trustees approved funding for 16 general research projects totaling \$279,000. Approved projects include studies related to pest management, sustainability, pollinator protection, agronomic practices and education.

More details of the NCC’s 2016 activities are described below under the major headings of Farm Policy, Trade, Communications, Technical, Cotton Council International and The Cotton Foundation.

**Shane Stephens, Chairman (2016)**  
**Gary Adams, President/Chief Executive Officer**



**Shane Stephens**  
**Chairman (2016)**



**Gary Adams**  
**President/Chief**  
**Executive Officer**

## **Farm Policy/Legislative Affairs**

*Major activities carried out during 2016.*

### **Legislative Affairs**

The NCC joined more than 250 organizations representing agriculture and other key sectors on a letter to the House and Senate budget and appropriations committees' chairmen/ranking members urging rejection of calls for additional cuts to programs within the jurisdiction of the Senate and House agriculture committees. The letter noted the groups' opposition to additional cuts for the agriculture committees in the FY17 appropriations process as well as proposals to re-open any farm bill title during consideration of the 2017 Budget Resolution.

The NCC submitted specific FY17 agriculture appropriations requests to both the House and Senate agriculture appropriations subcommittees. That included full funding of \$11.52 million for the Joint Cotton Pests account which funds the Boll Weevil Eradication and the Pink Bollworm Eradication programs; that the Market Access Program (MAP) and the Foreign Market Development (FMD) program continue at the funding levels set in the 2014 farm law; that adequate funding be maintained for the Farm Service Agency and the Risk Management Agency and for several specific programs within USDA's Agricultural Research Service. The NCC sought a specific increase of \$1.68 million in total funding for the three ginning research units. In addition, the NCC asked that funding be maintained for the research units managing

cotton programs conducted at the Southern Regional Research Center in New Orleans, and the various cotton breeding and entomology programs, including support for the Cotton Germplasm Collection managed by the Southern Plains Crop Germplasm Unit housed at the Southern Plains Agricultural Research Center in College Station, Texas.

Simultaneously, the NCC joined farm, conservation, crop insurance and lending groups on a letter to the chairmen and ranking members of the House and Senate appropriations committees reiterating the importance of crop insurance. Later, the NCC joined with more than 100 other organizations on a letter to the House Appropriations Committee in support of full funding for both the MAP and FMD programs, which provide critical funding for Cotton Council International export market development activities. The House Appropriations Committee approved its version of the FY17 Agriculture Appropriations bill which included the NCC-requested level for the Cotton Pests Account and which fully funded both the MAP and the FMD program. The Senate Appropriations Committee approved its version of the FY17 Agriculture Appropriations bill, and it also contained the NCC's priorities. That Senate committee's report accompanying its appropriations bill also included directive language on several cotton and related provisions, among them encouraging the Secretary of Agriculture to continue to work with Congress and the industry to find a path forward on providing an adequate safety net for cottonseed. The bill itself contained language urging the Food & Drug Administration (FDA) to address industry concerns with the FDA's Food Safety Modernization Act Preventive Controls for Animal Food Rule.



Among NCC's specific 2017 appropriations requests was funding for the various cotton breeding programs, including continued support for USDA's Cotton Germplasm Collection housed at Texas A&M University.

The NCC joined a group of business organizations on a letter to Senate Majority Leader Mitch McConnell (R-KY) supporting a Senate vote on the House-passed Death Tax Repeal Act of 2015 (H.R. 1105). The letter emphasized that a permanent repeal of the estate tax was the only solution for family businesses and farms and repealing the estate tax would help family businesses create jobs, expand operations and grow the economy.

The Family Business Coalition, of which the NCC

is a member, sent a letter signed by 119 organizations to Treasury Secretary Jack Lew opposing Treasury's proposed changes regarding Section 2704 on estate and gift tax valuation discounts. The letter noted the changes would significantly alter family businesses' succession plans and make it more difficult for family owned businesses to transition to the next generation. The NCC

reiterated its concerns later in comments filed on the draft IRS regulation change for Section 2704.

The NCC sent Representative Ralph Abraham (R-LA) a letter supporting the Fairness for Agricultural Machinery and Equipment Act (H.R. 4474), which he introduced early in 2016 and that was reported to the House Ways and Means Committee. This bill would make permanent a provision in the tax code to shorten the Modified Accelerated Cost Recovery System depreciation schedule for farm equipment from seven to five years. The letter noted that, “Agricultural equipment is depreciated over a seven-year schedule while equipment used in other sectors which has similar use patterns and life spans, benefits from a five-year schedule.”

The NCC and 23 other organizations sent a letter to the Senate Agriculture, Nutrition & Forestry Committee in support of the "Commodity End User Relief Act." That Committee later approved the measure which reauthorized the Commodity Futures Trading Commission (CFTC). Later, the NCC, the American Cotton Shippers Association and AMCOT filed a joint comment letter with the CFTC in response to its supplemental notice of proposed rulemaking on position limits. The letter generally supported the comments filed previously by the Commodity Markets Council, which provided practical recommendations for an effective and efficient position limits regime that is workable for commercial end-users. Cotton industry members also had commented to the CFTC on the position limits issue in 2014 and 2015.

The NCC closely monitored the House Armed Services Committee’s consideration of its version of the annual defense authorization bill as it moved to the full House for consideration. The Committee draft included a provision that would have increased the acquisition threshold from \$100,000 (inflation adjusted to \$150,000) currently to \$500,000 for Department of Defense (DOD) and Department of Homeland Security (DHS) purchases subject to the Berry Amendment—which stipulates that DOD and DHS purchases of textiles, clothing, food and other critical components must be 100 percent U.S. content and produced in the United States. In response to the inclusion of this provision again, the NCC, National Council of Textile Organizations (NCTO) and 10 other groups sent a letter to all Committee members in support of an amendment sponsored by Representative Walter Jones (R-NC) to restore the original threshold for the Berry Amendment. The Committee agreed to accept the Jones amendment as part of the bill that was reported out of Committee. The NCC also monitored a similar Senate bill – to ensure the Berry Amendment was not weakened. Prior to Senate consideration of the FY17 National Defense Authorization Act the NCC, NCTO and 13 other organizations sent a letter to the Senate supporting the inclusion of Senator Lindsey Graham’s (R-SC) amendment that was aimed at preventing any weakening. Late in the year, Congress approved the FY17 National Defense Authorization Act which included continuation of the Berry Amendment and provisions favorable to the U.S. textile industry.

The NCC worked with Congress and the Department of Labor (DOL) to determine how the agency’s new overtime rule would affect the agricultural community. That included monitoring the progress of the Regulatory Relief for Small Businesses, Schools and Nonprofits Act (S. 3462) introduced by Senator James Lankford (R-OK) that called for delaying the overtime rule by six months. That bill was a companion to H.R. 6094, introduced by Representative Tim Walberg (R-MI), which also would delay the rule by six months. The NCC, along with more

than 200 other national, state and local organizations across various industries, cosigned a letter to Senator Lamar Alexander (R-TN), chairman of the Senate Committee on Health, Education, Labor and Pensions, thanking him for introducing the Overtime Reform and Review Act (S. 3464) that would provide significant relief from the DOL final overtime rule's negative impacts. Late in the year, a federal judge in Texas granted a preliminary injunction to delay implementation of the new overtime rule. That injunction stemmed from a lawsuit filed by 21 states and multiple trade associations. The NCC continued to work with other organizations to address concerns with the new rule.

In other legislative activity, the NCC:

- and the National Cotton Ginners Association submitted joint comments to the Department of Justice's notice of proposed rulemaking on the "Standards and Procedures for the Enforcement of the Immigration and Nationality Act." It was emphasized that the proposed rule threatened to impose penalties on employers far beyond what Congress intended – with a very real possibility of injuring small and seasonal employers, particularly those in agriculture.
- along with NCTO and 133 other organizations, sent a letter to Representatives urging passage of the Frank R. Lautenberg Chemical Safety for the 21st Century Act. That comprehensive bill to reform the 1976 Toxic Substances Control Act was passed. A similar letter was sent to Senators, prior the legislation's passage in the Senate.
- joined the Rail Customer Coalition on a letter to the Surface Transportation Board (STB) urging the Board to follow Congress' direction and implement a set of new reforms that were included in the NCC-supported Surface Transportation Board Reauthorization Act of 2015. The Coalition worked closely with Congress to pass this legislation to help make the STB a more viable and effective intermediary between railroads and their customers when rate and service issues exist.

## Farm Policy

Early in the year, after Agriculture Secretary Thomas Vilsack commented that USDA believed its legal interpretation of the farm bill did not provide the authority to make the designation of cottonseed as an "other oilseed", the NCC issued a statement conveying its extreme disappointment. The statement emphasized that the NCC believed, like a broad group of Congressional Members, that USDA clearly had this authority as described in the current farm bill – and that



NCC Chairman Shane Stephens' meeting with Rep. Mike Conaway (R-TX), left, chair of the House Agriculture Committee, was among the NCC's efforts to get key policymakers to help address the significant economic challenges facing the U.S. cotton industry.

the industry remained committed to pursuing a cottonseed designation and policy to help provide the U.S. cotton industry with long-term stability.

The NCC continued its outreach to Cotton Belt Members and to USDA regarding the urgency for policymakers to take action and to find ways to help address the significant economic challenges facing the industry. After Congress' late-year Continuing Resolution bill did not include the NCC's cottonseed proposal, NCC staff and Congressional staff began work on any modifications needed to the proposal so it would be ready for consideration at the first legislative opportunity in 2017. The NCC also continued outreach with other interested stakeholders to discuss the proposal's details and address any remaining concerns and questions.



**NCC staff and Congressional staff worked on any necessary modifications to NCC's cottonseed proposal so it would be ready for consideration at the first legislative opportunity in 2017.**

Later, during a House Committee on Agriculture hearing regarding the state of the rural economy, several Committee members commented on the seriousness of the economic situation facing U.S. cotton producers and the broader cotton industry. A number of questions were raised with the Secretary about the industry's request for cottonseed to be designated as an "other oilseed" for farm bill purposes and why the Secretary had not been willing to make the designation.

Following USDA's announcement of the implementation and availability of commodity marketing certificates as part of the Marketing Loan Program available to all loan eligible commodities, the NCC thanked Secretary Vilsack and his team for developing the necessary regulations and provisions. The NCC also strongly commended House Agriculture Appropriations Subcommittee Chairman Robert Aderholt (R-AL), House Agriculture Committee Chairman Michael Conaway (R-TX), Senate Appropriations Committee Chairman Thad Cochran (R-MS) and Senate Agriculture Appropriations Subcommittee Chairman Jerry Moran (R-KS) for ensuring that provision was included in the FY16 Agriculture Appropriations bill.

The NCC also commended Secretary Vilsack for his efforts on making possible the Cotton Ginning Cost-Share (CGCS) program. Announced mid-year by USDA, the CGCS provided about \$330 million in one-time cost-share assistance payments to offset a portion of a cotton producer's 2015 crop season ginning costs. NCC Chairman Shane Stephens noted that the CGCS program would provide direct marketing assistance to producers and help stabilize the U.S.

cotton industry. To assist its members, the NCC posted a CGCS fact sheet, including payment calculation information, on its website.

Secretary Vilsack announced a one-time, 30-day extension of the June 1, 2016 status date for determining USDA program eligibility. Earlier, the NCC had joined with 69 national, regional, and state commodity and farm organizations on a letter to the Secretary asking for an extension to the end of 2016 for farms to have time to understand how the new “actively engaged in farming” regulations would affect them and what changes might be needed to their farm operating plan to remain in compliance.

Late in the year, the Risk Management Agency (RMA) announced updated factors for prevented planting coverage for seven crops, including cotton. The factors were based on recommendations of a 2013 USDA Office of Inspector General study. The NCC subsequently submitted comments to RMA that noted serious concern with that study’s methodology and that reiterated no change was warranted for cotton’s prevented planting factor.

On other farm policy-related matters, the NCC:

- combined with commodity, conservation, crop insurance and lending organizations on a letter to the chairmen and ranking members of the House and Senate Budget committees urging them to protect crop insurance;
- made available on its website the final Stacked Income Protection Plan (STAX) county yields and county revenues for the 2015 crop year and continued to provide updated STAX data as it was released by USDA’s Risk Management Agency;
- joined other commodity groups on a letter to Secretary Vilsack urging completion of the Acreage Crop Reporting Streamlining Initiative that was required under the 2014 farm law;
- encouraged the participation of the more than 1,000 U.S. cotton producers who received the "2015 Agricultural Resource Management Survey" from USDA's National Agricultural Statistics Service, which provides information that 1) helps determine the



**A Cotton Ginning Cost-Share program provided about \$330 million in assistance payments to offset a portion of a cotton producer's 2015 crop season ginning costs.**



- U.S. cotton sector's economic well-being and 2) factors into decisions on payment levels and other federal farm programs; and
- continued working with other agricultural organizations to highlight the benefits of collecting and aggregating farm data and to raise awareness about the importance of agricultural innovation.

# Trade

*Major activities carried out during 2016.*

## **World Trade Organization**

After the U.S. Trade Representative filed a World Trade Organization (WTO) complaint against China's price supports for corn, wheat and rice, the National Cotton Council (NCC) issued a statement in which President/CEO Dr. Gary Adams stated, "The U.S. decision to pursue a challenge against Chinese agricultural subsidies for grain crops reflects a growing desire in the United States and abroad to address more effectively the range of policies in major developing countries that affect agricultural markets." Adams also noted that through the semi-annual dedicated discussions established by the WTO in December 2013, cotton is the only agricultural commodity with an explicit mechanism that allows for the multilateral evaluation of domestic support, export subsidies and market access. Adams stressed the importance that the multilateral discussions also review policies in all fiber markets, including synthetic fibers.

## **Turkish Investigation**

As a result of the anti-dumping investigation of U.S. cotton, the Turkish Ministry of Economy released a report calling for the imposition of duties on U.S. cotton imports. As a result, NCC staff travelled to Turkey to participate in a public hearing and present comments opposing the report's findings. The agriculture attaché from the U.S. Embassy presented a statement opposing the investigation's process on the basis that it violated the WTO Anti-Dumping Agreement. Several Turkish textile representatives opposed the duty, noting the significant economic harm that would result from the duties. The NCC also filed a post-hearing brief to address some issues raised in the public hearing and emphasized points against the imposition of duties.



**NCC Chairman Shane Stephens, far left, led an industry leadership delegation to China to share information with the Chinese cotton/textile industries.**

A group of eight Senators, led by Senator Johnny Isakson (R-GA), sent a letter to U.S. Trade Ambassador Michael Froman and Secretary of Commerce Penny Pritzker relaying their continued concern about the Turkish investigation. The letter noted the Senators were troubled by the Turkish government's final disclosure report and that if duties were applied, the U.S. cotton industry would suffer significant economic harm. The letter asked that these concerns be forcefully raised during the WTO's Trade Policy Review of

Turkey.

Later, a three percent CIF (cost, insurance and freight) duty was imposed on all U.S. cotton fiber imports into Turkey following the Turkish government's release of its final decision. In response, the NCC issued a news release noting that Turkey was the second largest export market for U.S. cotton with annual shipments ranging between 1.5 and 2.0 million bales and that these duties automatically put U.S. cotton at a competitive disadvantage to cotton produced in other countries, thus seriously jeopardizing business with Turkish mills. The NCC also reiterated its steadfast disagreement with assertions that U.S. cotton was dumped into Turkey injuring that country's domestic fiber market.

**Asia**

NCC Chairman Shane Stephens led an industry leadership delegation to China to share information with the Chinese cotton/textile industries and update them on the U.S. cotton industry. The visit was the seventh U.S. cotton industry delegation to China since the establishment of the U.S.-China Cotton Leadership Exchange Program by the NCC and the China Cotton Association in 2006. That year, an ongoing exchange was initiated by a signed Memorandum of Understanding promising cooperation between the two countries' cotton industries.



**The NCC joined other groups in support of the U.S. Coast Guard commandant's interpretation of the container weight amendment to the Safety Of Life At Sea Convention.**

The NCC also joined 127 other groups representing wholesalers, retailers, importers, exporters, distributors, transportation and logistics providers, and other supply chain stakeholders on a letter urging both the International Longshore and Warehouse Union and the Pacific Maritime Association to begin early discussions on either a contract extension or a new contract. The coalition said it believed that an early agreement would provide the stability and predictability needed for global competitiveness -- that would benefit all stakeholders (labor, terminal operators, cargo owners, etc.) who rely on West Coast ports.

Earlier, the NCC had joined other agriculture, forest products, manufacturing and recycling industries on a letter to Rear Admiral Paul Thomas, the commandant of the U.S. Coast Guard, supporting his interpretation of the container weight amendment to the Safety Of Life At Sea Convention. The letter thanked Admiral Thomas for his interest in balancing the need to assure safety at marine terminals and on ships, while allowing cargo to move into and through U.S. marine terminals without disruption and delay, and to enable U.S. exports to be globally competitive. The amendment, unless applied rationally in the manner suggested by the Admiral, would have created U.S. supply chain disruption and delay, a competitive disadvantage for U.S. exporters, and expensive and disruptive new electronic data interchange software and processes.

In other trade activity, USDA's Foreign Agricultural Service translation of China's new policies for shipments from Zika-affected countries indicated that "... experts determined that due to the low risk of Zika transmission through shipments of cargo, vessels originating from the United States, other than the state of Florida, do not require disinsection certification."

# Communications

*Major activities carried out during 2016.*

## **Public Attitudes**

The National Cotton Council (NCC) consistently conveyed the industry's positions and concerns to Congressional Members and key government agency officials regarding critical legislative, trade, regulatory and environmental matters.

An important initiative occurred early in the year when the NCC escalated its call for cottonseed to be designated as an "other oilseed." That effort included submitting letters to the editor to nearly 60 newspapers across the Cotton Belt. In the letters, the U.S. cotton industry leaders offered personal assessments of their area's dire cotton economic situation, including declining cotton acreage and industry infrastructure as well as how that negatively affects input suppliers, jobs and the overall local and state economies. The NCC also arranged interviews for cotton leaders with trade media and utilized social media outlets, including Facebook and Twitter, to widen the visibility and further gain Secretary of Agriculture Thomas Vilsack's attention on the matter.

The NCC escalated its social media campaign across Twitter, Facebook, YouTube and podcasts via YouTube, and added another platform, Instagram. The posts on these outlets highlight news and information from the NCC, Cotton Council International and the broader cotton industry. The overall goal is informing, educating and creating positive perceptions regarding the NCC and the U.S. cotton industry among the NCC's primary audiences of NCC members, Congress/Congressional staffers and consumers. The NCC's social media strategy retains a focus on its website while incorporating additional communications channels that allow direct engagement, responsive communication and advocate-building.



The NCC continued as an in-kind supporter of America's Heartland, the award-winning national television series celebrating American agriculture. The series, in its 13th season and aired on public television and the RFD-TV cable and satellite channel, educates consumers about the origins of their food, fuel and fiber. In addition, the NCC continued to participate in Farm Policy Facts

A new poster distributed to gins was among elements of the NCC's "Keep it Clean" initiative aimed at seed cotton and lint contamination prevention.

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

## Information Services

The NCC initiated a redesign of its website, [www.cotton.org](http://www.cotton.org), which it continued to utilize along with its *Cotton's Week* newsletter, radio news lines, videos, and columns in various trade publications for disseminating key information to its members. That ranged from relaying details and deadline information on USDA's Cotton Ginning Cost-Share program to the need for industry members to escalate their efforts on seed cotton/lint contamination prevention.

Updates were completed on NCC educational videos covering harvest safety and contamination prevention. The contamination prevention video was one of many elements of the NCC's "Keep it Clean" initiative which also included updated content, posters, mailings, printed pieces and a new page on the NCC's website containing links to the contamination prevention resources.

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

## Technical

*Major activities carried out during 2016.*

## **Regulatory**

The National Cotton Council (NCC) worked with Congress to ensure that executive agencies' regulatory processes 1) were transparent and 2) included stakeholder input when developing rules and regulations. That included monitoring the status of the House-passed Regulatory Integrity Act (H.R. 5226) which would direct each executive agency to make publicly available a list of pending agency regulatory actions, the date the agency began to develop and consider an action, its status, an estimate of the date it will be finalized, a brief description of the action, and each public communication about the action issued by the agency.

Specifically, the NCC, along with other agricultural organizations, sent a letter to House Agriculture Committee Chairman Michael Conaway (R-TX) and Ranking Member Collin Peterson (D-MN) highlighting concerns with EPA's general conduct. Specifically noted was the outdated rulemaking process itself and policies being pursued by the agency where process infringements had affected U.S. agriculture.

A letter to Conaway and Peterson from the NCC and other commodity and agricultural groups conveyed agriculture's concerns with EPA's new Worker Protection Standards (WPS) that were set to go in effect on January 2, 2017. The letter highlighted the fact that during the new rule's development, the agency failed to identify the benefits of its revisions. Specifically, the letter pointed out two provisions on which stakeholders never had a chance to comment: 1) one authorizing a "designated representative" access to a farm's pesticide use information (the provision of most concern to grower organizations) and 2) one setting out "application exclusion zones." Later, NCC staff, along with the American Farm Bureau Federation, USA Rice and others, met with EPA staff regarding the "designated representative" section in the finalized WPS rulemaking emphasizing to the agency how that section of the rule would open a host of concerns involving privacy and confidential business records.

The Occupational Safety & Health Administration (OSHA) issued a final rule to revise its Recording and Reporting Occupational Injuries and Illnesses regulation. The rule covered employers with 20 or more employees (including fulltime workers and seasonal/temporary workers) – among them farms, gins, warehouses, oilseed processing firms, yarn manufacturers and raw cotton merchants.

The NCC's work with Congress and the Administration on the prevention of over-reaching regulations included submitting a statement of record to a House Agriculture Committee's Subcommittee on Biotechnology, Horticulture and Research hearing about factors affecting producers' production costs. The statement conveyed such concerns as EPA's approval process of crop protection products as well as the registration and re-registration process for pesticides; EPA's pesticide applicator certification rule, updated Worker Protection Standards, the additional permits required under the new Clean Water rule through the National Pollutant Discharge System; and the Food & Drug Administration's (FDA) Food Safety Modernization

Act Preventive Controls for Animal Food Rule. The NCC and the National Cotton Ginners' Association had met earlier with the FDA to address industry concerns with that animal feed rule and its impact on gins and cottonseed storage, specifically that some gins would not be considered farm-owned.

Earlier, the NCC had joined other members of the Waters Advocacy Coalition on comments to the Army Corps of Engineers' proposal to Reissue and Modify Nationwide Permits – as the scope of federal jurisdiction and its effect on the efficient administration of the Nationwide Permit Program is of critical importance. The NCC also submitted comments to EPA opposing most of that agency's proposed changes for Certification of Pesticide Applicators noting these changes would add a tremendous burden on state budgets because the state regulatory agencies are tasked with the training and enforcement.



**Additional permits that would be required under the new Clean Water rule through the National Pollutant Discharge System was noted in NCC's statement of record to a House Agriculture Committee subcommittee hearing regarding factors affecting producers' production costs.**

In the 6th Circuit Court of Appeals case challenging the Waters of the U.S. (WOTUS) rule, also called the Clean Water Rule, the court ruled against the states, agricultural sectors and companies by denying their argument to consider Army Corps of Engineers memos that raised concerns about the rule and how EPA was acting in the rulemaking process. The challengers argued that these communications revealed that EPA's drafting process was based on politics and not environmentally sound science. Later in the year, the House Oversight and Government Reform Committee released a staff report from a two-year investigation of the WOTUS rulemaking process revealing how White House and EPA pressure led to a rulemaking that was rife with legal shortcuts, predetermined conclusions and politically motivated timelines.

The Pesticide Policy Coalition (PPC), of which the NCC is a member, submitted comments in a letter to EPA on the proposed reissuance of its five-year National Pollution Discharge Elimination System (NPDES) Pesticide General Permit (PGP). The PGP would authorize certain point source discharges from the application of pesticides to, over, or near jurisdiction waters under the Clean Water Act. The NCC and other PPC members continued to engage with EPA staff and urged them to 1) address concerns the PPC had with some of the proposal's elements and 2) consider PPC recommendations regarding those concerns as it finalized the 2016 PGP.

Later, the NCC joined with other agricultural community members on comments to EPA's Office of Wastewater Management on the agency's proposed revisions to the NPDES regulations that were published in May. Those proposed revisions aimed to eliminate regulatory and application form inconsistencies; improve permit documentation, transparency and oversight; clarify existing regulations; and remove outdated provisions. In addition, the NCC and others continued urging EPA to work with states when developing provisions and for the agency to maintain its longstanding view that the need for regulatory certainty and finality in decision-making outweighs any claimed interest.

The House passed the Zika Vector Control Act (H.R. 897), which was received in the Senate and was awaiting action. The measure would prevent EPA from requiring NPDES permits for any pesticides that already are authorized for sale, distribution or use under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). The NCC, along with other agricultural groups, supported the measure believing pesticides did not need to be regulated under two separate sets of rules.

The NCC submitted separate sets of comments to EPA on their two proposals: "Guidance for Herbicide Resistance Management, Labeling, Education, Training, and Stewardship" and "Guidance for Pesticide Registrants on Pesticide Resistance Management Labeling." The comments' underlying premise was that the industry does not agree with EPA's assessment that resistance, which is an evolutionary process, constitutes an "unreasonable adverse effect on the environment" as intended under FIFRA, thus giving EPA authority to regulate "resistance" through labels and other means.

The NCC joined a diverse group of more than 200 organizations on a letter of support for the "Ozone Standards Implementation Act of 2016" (H.R. 4775), a bill introduced by Representative Pete Olson (R-TX). That legislation would provide a common-sense approach for implementing national ambient air quality standards, recognize ongoing state efforts to improve air quality through a reasonable implementation schedule for the 2015 ozone standards, streamline the air permitting process for businesses to expand operations and create jobs, and include other reforms that bring more regulatory certainty to federal air quality standards.

The NCC remained active in a coalition represented by the American Home Furnishings Alliance (AHFA). The AHFA commented on the 1) National Fire Protection Association's development of a new standard for evaluating fire and ignition resistance of upholstered furniture and 2) the California Department of Toxic Substances Control's methodology to screen for flame retardant chemicals in upholstered furniture in accordance with the requirements contained in California S.B. 1019.

**In other regulatory matters, the NCC:**

- was represented by Allen McLaurin, a North Carolina cotton producer, on the Pesticide Policy Dialogue Committee (PPDC), a broadly representative federal advisory committee that considers a variety of issues related to pesticide regulatory development and reform initiatives, public policy, and program implementation. In the second of its two 2016



meetings, the PPDC discussed the upcoming 2017 deadlines for implementation of the revised Pesticide Applicator Certifications and the Worker Protection Standards.

- participated on USDA's Agricultural Air Quality Task Force which was renewed for 2016-18 and included Bill Norman, the NCC's vice president, Technical Services, and Kelley Green, Texas Cotton Ginners' Association. That panel is comprised of representatives from industry, agriculture, academia, government agencies, non-governmental organizations and other agricultural and environmental experts.



The NCC conveyed to EPA the importance of having access to a diverse arsenal of crop protection products.

## Product Preservation

Throughout 2016, the NCC continued to work with others in the agricultural community to ensure EPA relied on credible scientific data and required all studies be subject to the same requirements as those required of product registrants.

The NCC submitted comments on EPA's draft human health and ecological risk assessments for the registration review of a group of 35 different pesticides reported by EPA as sulfonylureas and other identified chemicals. Among the other identified chemicals were several organophosphate

(OP) pesticides. More specifically, the NCC submitted comments on three OP chemicals, which are significant to the cotton industry: dimethoate, dicotophos and tribufos (the key ingredient in the defoliant DEF). The NCC urged the EPA to recognize these products' benefits which include providing producers with effective insect resistance management options and/or options for effective activity under unique environmental conditions. Late in the year, information from NCC-surveyed gins on how seed cotton is delivered to them by their customers, was delivered to EPA to help the agency in its risk assessment of tribufos. The information was aimed at dispelling EPA's impression that a large number of farm workers still are used to pack loose seed cotton in trailers.

An industry coalition consisting of the NCC, CropLife America, the American Seed Trade Association, the Ag Retailers Association, the American Soybean Association, the National Association of Wheat Growers and the National Corn Growers Association asked a federal court to allow them to join the lawsuit *Anderson v. EPA*. The suit, brought by a number of plaintiffs, including environmental activists, requested a court order requiring EPA to regulate seeds treated with neonicotinoids as pesticides under FIFRA – the U.S. statute that provides EPA authority to regulate pesticides. The coalition sought to join the lawsuit to defend EPA's current regulation of neonicotinoid seed treatments and to ensure that the court and EPA understand the vital importance of treated seeds to American agriculture. Late in the year, the court ruled in favor of EPA and the industry intervenors and against the plaintiffs on each of the plaintiffs' claims.

Throughout 2016, the NCC conveyed to EPA the importance of having access to a diverse arsenal of crop protection products with different modes of action to combat currently resistant weeds and pests and to prevent or delay new resistance development. That included another effort to ensure neonicotinoid availability in which the NCC submitted comments to EPA's draft "Pollinator Ecological Risk Assessment: Imidacloprid Registration Review." The NCC highlighted a number of concerns with the risk assessment and urged EPA to include producers in the finalization of any risk/benefit process, which they had failed to do in the past. The comments also reiterated the importance of neonicotinoid chemistry in the control of pests and explained that the loss of additional chemistries will decrease rotation of modes of action and encourage development of pest resistance.

The NCC submitted detailed comments conveying the NCC's full support for the registration of Monsanto's dicamba formulations for use on USDA deregulated dicamba-tolerant cotton, while underscoring the importance of effective weed management needed for successful cotton production. The NCC had encouraged producers to send in individual comments in support of this technology as well, and continued to work with others in the agricultural community to educate policymakers on the product's benefits and the need for new technologies to help producers combat herbicide-resistant weeds. Late in the year, EPA announced they would register a dicamba formulation, Xtendimax™ with Vapor Grip™ Technology, which is specifically designed to: 1) have lower volatility, 2) control weeds in cotton and soybean crops genetically engineered to tolerate dicamba, and 3) address glyphosate herbicide resistance.

Regarding chlorpyrifos, the NCC: 1) joined 42 other agricultural organizations on a letter to EPA Administrator Gina McCarthy requesting a postponement of the agency's Scientific Advisory Panel (SAP) meeting, scheduled for April, to review human study data on the crop protection product's potential risks; 2) joined 38 other agricultural organizations on a letter to Michael Goodis, acting director of the Pesticide Re-Evaluation Division for EPA's Office of Pesticides Programs, requesting an additional 120 days to provide input on the draft biological evaluations of chlorpyrifos, daizinin and malathion; 3) joined with 16 other commodity and crop



Late in 2016, EPA announced it would register a dicamba formulation, Xtendimax™ with Vapor Grip™ Technology.

protection organizations in filing with the Ninth Circuit Court of Appeals an amici brief in support of chlorpyrifos that included a declaration regarding its need by Cannon Michael, a California cotton producer; and 4) submitted separate comments on chlorpyrifos, malathion and fluometuron (cotoran) – which were under EPA review. Later, the SAP submitted a report to EPA highlighting its concerns with the agency’s approach to determining safe levels of exposure to chlorpyrifos. Soon after, the 9th Circuit Court of Appeals determined that it would give EPA an additional three months to decide whether to allow chlorpyrifos’ continued use. EPA then released a Notice of Data Availability (NODA) to open a public comment period on the data that EPA plans to use to support a proposal to revoke all tolerances for chlorpyrifos. The 60-day comment period closed on January 17, 2017, and, according to the Agency, would be the last comment period for this product.

In comments to EPA reiterating strong support for the re-registration of glyphosate, the NCC stated that cotton tolerant to herbicides such as glyphosate has “revolutionized” cotton production. Representative Lamar Smith (R-TX), chairman of the House Committee on Science, Space and Technology, sent a letter to EPA Administrator Gina McCarthy asking why she delayed the SAP cancer assessment review of glyphosate that was supposed to occur in early October but was rescheduled for December 2016. EPA was expected to make a final decision regarding the product sometime in early 2017, and at that point, hopefully issue a re-registration.

EPA did issue a new registration for sulfoxaflor that did not include a label for cotton and sorghum. Prior to that action, the NCC had provided supporting comments to the EPA docket regarding the agency’s public notice that the Tennessee Department of Agriculture, Arkansas State Plant Board and Mississippi Department of Agriculture requested emergency exemptions to use sulfoxaflor (Transform®, Dow AgroSciences) for control of tarnished plant bugs in cotton. Shortly after, Senators Thad Cochran (R-MS), James Inhofe (OK) and Roger Wicker (R-MS) sent a letter to EPA Administrator Gina McCarthy asking the agency to move swiftly on making a determination for these emergency use requests. EPA then provided authorization to six states for the emergency use of Transform® on cotton during the 2016 season. The NCC also submitted comments in response to EPA’s proposal for a full registration that would eliminate use on most agricultural crop acreage, including cotton. The NCC urged the agency to reconsider the proposed decision that would have removed cotton and other crops from the Section 3 label. The NCC’s comments highlighted the importance of having multiple modes of action to protect cotton from plant pests, such as Lygus, which was the second most damaging insect pest to cotton in 2015.

The NCC submitted comments to EPA on the agency’s draft human health and ecological risk assessment for aldicarb and urged EPA to refine the risk assessment to reflect the product’s appropriate biological information. The NCC also urged EPA to recognize the benefits and importance of aldicarb as a pre-plant protectant for cotton and noted that it believes past history clearly highlights the product’s safety relative to human health and the environment.

In comments to EPA on its proposed interim decision for registration of thidiazuron, the NCC urged the agency to ensure the risk assessment reflects real world scenarios rather than overstating the presence of pollinators in a precautionary manner. The comments emphasized the importance to cotton production of having thidiazuron available as part of a harvest aid program.

The NCC joined cotton interest associations and boll weevil eradication foundations in filing comments on EPA's "Draft Malathion Human Health Assessment." The comments detailed the importance of malathion to continue a successful boll weevil eradication effort. The comments also asked the agency to extend the comment period an additional 60 days so the NCC could develop more in-depth comments – which the NCC did just before year's end.



**NCC comments on EPA's "Draft Malathion Human Health Assessment" detailed the importance of that chemical to a successful boll weevil eradication effort.**

Late in the year, the NCC commended EPA for confirming its original decision to register Dow AgroScience's herbicide Enlist Duo, after determining the product did not show any increased toxicity. EPA also proposed to add genetically engineered (GE) cotton to the label along with GE corn and soybeans as well as increase the number of states where Enlist Duo can be used from 15 to 34. The expanded list included all Cotton Belt states except California. The NCC developed comments to submit and provided those comments to cotton interest organizations for their use in commenting to EPA.

In comments submitted to the U.S. Fish and Wildlife Service (Service) on the proposed endangered listing of the Rusty Patch Bumble Bee, the NCC conveyed its disagreement with the science that the Service used and stated that the Service needed sound scientific evidence before moving forward with such a far-reaching listing.

## **Biotechnology**

The NCC joined other agricultural organizations on a letter to USDA's Animal and Plant Health Inspection Service (APHIS) requesting a 60-day extension on the comment period for APHIS' Notice of Intent to prepare an environmental impact statement in connection with changes to the agency's biotechnology regulations. Later, the NCC submitted comments urging APHIS to update the regulations in a manner that maintained the risk-based scientific approach while reflecting advanced understanding for the development and commercialization of biotechnology products. The comments urged caution on any changes in regulatory practices to avoid unnecessary disruptions in international trade. The NCC also provided comments on an APHIS proposed regulation governing the introduction (importation, interstate movement, and environmental release) of certain genetically engineered organisms.

Along with numerous other commodity, agricultural and food industry organizations, the NCC joined onto a letter to Senate Agriculture, Nutrition, and Forestry Committee Chairman Pat Roberts (R-KS) thanking him for his leadership on developing a uniform solution to

biotechnology labeling. The letter highlighted the importance of biotechnology in agriculture, which has led to increased yields, decreased use of pesticides and lower food costs. The coalition also raised Congress' awareness regarding the safety of genetically modified organisms and highlighted the problems that state-by-state labeling would cause as it relates to interstate commerce. In addition, the coalition 1) filed comments on The Biotech Labeling Solutions Act (S. 2609) introduced by Roberts as a companion bill to the Safe and Accurate Food Labeling Act (H.R. 1599) that passed the House in 2015 and 2) sent a letter expressing support for his bill. Legislation eventually was signed into law by President Obama – putting in place a national uniform labeling requirement.

Working with other agriculture organizations in the Biogenic CO<sub>2</sub> Coalition, the NCC was a co-signer of a letter urging Congressional Members to contact EPA and express their support for American agriculture as a provider of 21<sup>st</sup> century solutions in the form of bioenergy, biofuels and bio products. The letter noted that EPA has failed to acknowledge that agricultural feedstocks are carbon neutral and can uptake carbon from the atmosphere during the growth cycle. Later, the coalition helped coordinate a letter from seven Senators to EPA Administrator Gina McCarthy asking to discuss the issue and how EPA would determine the level of biogenic carbon dioxide emissions from the processing of agricultural feedstocks for food, fiber and fuel.

In response to the White House questions on its “Clarifying Current Roles and Responsibilities Described in the Coordinated Framework for the Regulation of Biotechnology” document, the NCC: 1) encouraged USDA APHIS to maintain its leadership role in biotechnology review and approvals, 2) relayed concerns with how EPA would handle their part of the coordinated framework involving biotech pesticides when it has begun to use new, unverified and non-transparent methods of approving standard pesticides, 3) asked for clarification on the timelines for the agency reviews within the framework, citing concerns that one agency could hold up the entire process, and 4) suggested that the required annual report could be enhanced by reviewing case-by-case successes and failures.

**On other biotechnology issues, the NCC:**

joined with other agricultural organizations on a letter to the chairmen and ranking members of both the House and Senate appropriations committees expressing support for the \$3 million included in the proposed FY17 USDA-Food & Drug Administration appropriations bill. The funding was designated to promote the understanding and acceptance of agricultural biotechnology.

## Cotton Flow/Packaging

USDA notified the NCC that the revised Joint Cotton Industry Bale Packaging Committee (JCIBPC) Specifications for Cotton Bale Packaging Materials for packaging 2016-crop cotton were approved for Commodity Credit Corporation loan program purposes.

The Specifications, which were posted on the NCC's website at



**Ginners were reminded of the importance of matching the permanent bale identification (PBI) tag number on a bale with the PBI number placed in the classing office sample for that bale.**

[www.cotton.org/tech/bale/specs/](http://www.cotton.org/tech/bale/specs/), contained the following revisions to the previous year's JCIBPC Specifications: 1) the removal of burlap from the list of approved bale packaging materials, 2) a revised tare weight from 2 lbs. to 3 lbs. for woven (strapless/wireless) PET plastic bagging and 3) a new table "Bag and Tie Codes" under section 3. Although the new bale bag/tie codes now are included in the Specifications, and their use is voluntary, the NCC urged their placement on warehouse receipts.

The test program review section of the JCIBPC Specifications provided information about: 1) two companies' lightweight cotton bale bag test programs, 2) the continued testing of a new category of woven PET bags along with that bag's automated bag stuffing system and 3) a PET strap compatibility test program.

### **In other flow activity, the NCC:**

- reiterated the critical importance of ginners' diligence to match the permanent bale identification (PBI) tag number on a bale with the PBI number placed in the classing office sample for that bale.
- urged warehouseurs to use web-based scheduling calendars and warehouseurs/merchants to increase their use of EWR, Inc.'s Shipping Order Update function also known as Batch 23 files.
- reminded warehouseurs of their obligation to submit to USDA weekly reports for bales made available for shipment – reports required even if a warehouse has no activity during a reporting week.

## Research/Education

The International Textile Manufacturers Federation ((ITMF) asked the NCC to assist in making sure U.S. spinners knew that their questionnaire on cotton contamination and foreign matter should be completed and returned by May 25, 2016. Late in the year, the ITMF-released “Cotton Contamination Survey 2005-2016” revealed that very clean raw cottons were produced in the United States and that U.S. growths were perceived to be less contaminated in 2016 than in 2013.

Prior to the 2016 harvest season, the NCC had urged U.S. cotton industry members to increase their focus on the prevention of contamination in seed cotton and lint. To assist in this NCC “Keep it Clean” outreach, the NCC 1) created a dedicated page on its website that contains links to various contamination prevention resources, 2) included the topic of contamination prevention at all gin schools, and 3) encouraged ginners and other industry members to take photos of plastics and other contaminants in fields and seed cotton and then email the images to [keepitclean@cotton.org](mailto:keepitclean@cotton.org).

The NCC, which has a policy of having industry members utilize module averaging on a voluntary basis, encouraged producers to contact their gin or local classing office for more information. Among other NCC efforts was the posting on its website of a USDA-developed brochure that explains the module averaging program’s major benefits and a request that USDA update its module averaging presentation so the NCC could replace the existing presentation on its website with the updated version. The posting came after the NCC’s Quality Task Force agreed to ask the Agricultural Marketing Service to continue tracking and reporting 8 leaf and below grade cotton price data for the 2016 crop during a session at the NCC’s Mid-Year Board meeting.

More than 1,000 participants attended the 2016 Beltwide Cotton Conferences in New Orleans – a forum that focused on research of new and existing products and technologies and the transfer of these to producers through consultants, Extension, allied industry and others directly involved in assisting producers with crop production and marketing decisions. The forum’s recorded presentations and proceedings were distributed a few months later to attendees. During the conferences, Dr. David B. Weaver, a cotton breeder who has dedicated his career conducting plant breeding research and educating generations of undergraduate and graduate students at Auburn University, was recognized as the Cotton Genetics Research Award recipient.

More than 125 international and local Cotton LEADS™ partners and supporters across the global cotton supply chain attended a conference in Hong Kong themed “Moving Toward Sustainability in the Supply Chain.” The Cotton LEADS™ partner conference, which attracted representatives from 67 companies (including 35 partners and 32 potential partners), focused on responsible cotton production and textile manufacturing.

#### **On other research/education issues, the NCC:**

- cooperated with the National Cotton Ginners Association (NCGA) on the three 2016 Ginner Schools – the Western Ginners School in Las Cruces, N.M.; the Stoneville Ginners School in Stoneville, Miss.; and the Southwest Ginners School in Lubbock.

- assisted the NCGA staff in reminding producers and ginners of the availability of guidelines for helping preserve the crop's existing quality when experiencing excessive rainfall such as Hurricane Matthew which affected harvest in several southeastern states.
- joined with 11 other U.S. agricultural organizations in 1) hailing collaborative efforts that led to the new AgGateway ADAPT (Agricultural Data Application Programming Toolkit) framework for interoperability in precision agriculture systems and 2) calling on Farm Management Information System companies to formally commit to integrating the ADAPT framework into their systems in the near future.

## Cotton Council International

*Major activities carried out during 2016.*

Cotton Council International (CCI), the National Cotton Council's (NCC) export promotion arm, continued to promote U.S. cotton in more than 50 countries in Asia, Europe, Africa, and Central and South America.

Utilizing its COTTON USA trademark, CCI's 2016 activities were critical to helping U.S. cotton compete in an uncertain global environment that included increased competition from man-made fibers.





CCI's annual "Cotton Days" promotions drew attention to U.S. cotton's high quality in the key markets of Bangladesh, Japan, Korea, Taiwan and Thailand.

With the mission of making U.S. cotton the preferred fiber, CCI ramped up global initiatives aimed at instilling a preference for

U.S. cotton and cotton products throughout the marketing chain. Specifically, U.S. cotton was vigorously promoted among yarn spinners, fabric/garment manufacturers, brands/retailers and consumers. Using a highly effective supply-push/demand pull strategy, CCI emphasized U.S. product superiority while 1) focusing on growth markets in Asia, 2) sustaining its successful track record with mills and manufacturers, and 3) strengthening partnerships with brands.

Regarding partnerships with brands and retailers, CCI revised its global licensing program to increase participation. COTTON USA-licensed cotton user firms throughout the supply chain are using the COTTON USA Mark logo to distinguish products at retail that contain a majority of U.S. cotton. An example of that dynamic licensing effort was CCI's signing of Brandix Textiles Limited as its first licensee in Sri Lanka, a developing market for U.S. cotton exports. One of Sri Lanka's largest textile manufacturers, Brandix supplies high quality woven finished fabrics to leading global apparel brands.

Among CCI's many promotions were the annual "Cotton Days" where CCI President Keith Lucas helped draw attention to U.S. cotton's high quality in the key markets of Japan, Korea, Taiwan and Thailand. At the first "Cotton Day" in Bangladesh, he led a special delegation that met with textile and apparel industry leaders in that rapidly growing market.

The first COTTON USA Pop-Up store opened in Bangkok, Thailand at the world's sixth largest shopping complex where women's and men's wear collections from two COTTON USA licensees were accentuated. Another first was successful Chinese apartment complex promotions where visitors were inspired to decorate with U.S. cotton-rich home textiles. COTTON USA also showed how the comfort of U.S. cotton bedding and towels can make people feel "Home Away From Home" through its booth at the Intertextile Shanghai Home Textiles show in China. COTTON USA exhibited quality U.S. cotton home textiles from 13 COTTON USA licensees, including a newly launched hotel collection.

Along with those activities, CCI was diligent to further proclaim U.S. cotton's quality and environmental responsibility. CCI Chairman Dahlen Hancock's presentation at the International Bremen Cotton Conference helped shed more light on the sustainability efforts of U.S. cotton producers and other industry members. CCI also launched its first COTTON USA Quality Conference in Shanghai to promote U.S. cotton fiber and yarns as key ingredients in manufacturing high quality textile products.



Among CCI's key trade servicing activities in 2016 was a U.S. executive delegation to Southeast Asia, led by CCI President Keith Lucas, third from left.

Among CCI's key trade servicing activities in 2016 was a U.S. executive delegation to Southeast Asia – in which Lucas participated – where U.S. cotton's quality, timely delivery and other advantages were discussed with textile and garment leaders in Vietnam and Indonesia – the first and fifth largest U.S. cotton export markets. Likewise, CCI coordinated an industry delegation led by NCC Chairman Shane Stephens to China where that country's cotton/textile industry leaders were reminded of U.S. cotton's superior benefits. During a special trade mission in the U.S. Cotton Belt, executives from nine Korean textile companies learned about U.S. cotton production, processing and marketing and met with U.S. exporters. More than 60 delegates representing India's cotton textile leadership attended an invitation-only COTTON USA seminar in Mumbai to explore how, in these changing and challenging times, cotton can have an increased importance in the textile value chain.



CCI Chairman Dahlen Hancock reviewed the sustainability efforts of U.S. cotton producers and other industry members at the International Bremen Cotton Conference and at the Sourcing USA Summit.

Through their participation in CCI's COTTON USA Sourcing Program – a key trade servicing function – 16 U.S. textile mills enhanced business relationships with

key customers worldwide. The COTTON USA Sourcing Program hosted the Western Hemisphere Uniform Manufacturers Tour to the United States to expand business between U.S. mills and the uniform industry – a key developing market for U.S. cotton yarn and fabrics. CCI also hosted its largest global sourcing fair to date in Hong Kong, with VIP participants from the entire cotton supply chain, including yarns, fabrics, garments and brands/retailers. Nearly 90 textile mills, apparel manufacturers, brands and retailers participated in the COTTON USA Western Hemisphere Sourcing Fair in Cancun, Mexico, where business partners were identified for sourcing U.S. cotton products.

Those partnerships were strengthened in November when CCI, Cotton Incorporated and the U.S. cotton industry, in cooperation with USDA's Foreign Agricultural Service, hosted the biennial Sourcing USA Summit in California. A sold-out audience of the most influential executives in the global cotton fiber and textile business, representing 31 countries, shared information ranging from managing cotton market risk to improving textile processing. These firms' networking was expected to result in significant sales of U.S. cotton.

This ninth Summit was made possible with the generous support from exporter and allied industry sponsors. The exporter sponsors included: Jess Smith & Sons Cotton Co.; White Gold Cotton Marketing LLC; Allenberg Cotton Co.; Cargill Cotton; Toyoshima; PCCA; Calcot, Ltd.; Omnicotton; COFCO Agri; Glencore; Staplcotn; Toyo Cotton; ECOM; J.G. Boswell; Cotton Growers Cooperative; Engelhart CTP (US) LLC; Olam Cotton; San Joaquin Valley Quality Cotton Growers Association; and Supima. Allied industry sponsors included: Uster Technologies; Wakefield Inspection; Cargo Control Group; Cotton Outlook; Rieter Textile Systems; ICE Futures U.S.; CoBank; TransGlobal Inspections; Bayer CropScience; Applied DNA Sciences; Monsanto; Murata Machinery, Ltd.; and INTL FCStone Merchant Services.

With a focus on teamwork, innovation and change, CCI will continue working throughout the global supply chain in 2017 with the goal of keeping U.S. cotton the first choice among textile manufacturers worldwide.

## **The Cotton Foundation**

*Major activities carried out during 2016.*



**The Policy Education Program, whose participants met with key government officials and Congressional Members in Washington, DC, was among the many successful ongoing Foundation special projects.**

The Cotton Foundation Board of Trustees approved funding for 16 general research projects totaling \$279,000. Approved projects included studies related to pest management, sustainability, pollinator protection, agronomic practices and education.

Some Foundation member firms provide grants over and above their dues to fund special projects. A special project initiated in 2016 and

sponsored by Monsanto will provide maintenance/infrastructure support for the Cotton Germplasm Collection managed by USDA at the Southern Plains Agricultural Research Center in College Station, Texas.

Through the Foundation, support also was maintained for vital NCC communications vehicles, including the *Cotton's Week* newsletter. The Foundation's underpinning of the NCC's web server made it possible for the NCC to continue posting valuable educational materials, including streaming video, for industry members.

For more information about The Cotton Foundation, see its 2016-17 Annual Report at <http://www.cotton.org/foundation/index.cfm>.

## Video Staff Report

<http://www.cotton.org/about/report/2017/foundation.cfm>