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FROM: Reece Langley, VP, National Cotton Council

April 30, 2023

The Honorable Sanford Bishop
Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
Washington, DC 20515

The Honorable Andy Harris
Ranking Member
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
Washington, DC 20515

Re: FY 2023 Agriculture Appropriations

Dear Chairman Bishop and Ranking Member Harris:

This is to transmit the cotton industry's request for FY 2023 funding for selected programs under the jurisdiction of the Subcommittee. The National Cotton Council (NCC) appreciates your consideration of our requests. NCC is the central organization of the United States cotton industry, representing producers, ginner, cottonseed processors and merchandizers, merchants, cooperatives, warehousemen, and textile manufacturers.

ANIMAL PLANT HEALTH INSPECTION SERVICE (APHIS):

The NCC supports adequate funding so that APHIS can continue to administer essential services.

COTTON PESTS: The NCC requests **\$15.73 million (a \$1.0 million increase)** for the APHIS Cotton Pests Account. This increase in funding will partially offset additional program costs resulting from more aggressive eradication activities currently underway to accelerate completion of boll weevil eradication.

The National Buffer Zone (NBZ) is the remaining U.S. cotton acreage with residual boll weevil populations requiring active eradication operations and is located in the Lower Rio Grande Valley of Texas. The NBZ is viewed by the cotton industry as an area that protects the national investment in this program to date. The U.S. cotton industry recognizes unique circumstances of the NBZ bordering active boll weevil populations in Tamaulipas, Mexico. The successful completion of boll weevil eradication in the U.S. is biologically linked to the success of boll weevil eradication in adjacent areas of northern Tamaulipas, Mexico. In 2021, the NBZ accomplished a 90.5% reduction in boll weevil numbers as compared to the previous year. The program in Tamaulipas, MX accomplished a 64% reduction in weevil numbers as compared to the previous years. Additional staff has been hired by the program in Mexico to enhance the eradication efforts and maintain a higher level of quality control for program compliance. New producer leadership in Mexico has expressed great interest in making sure the eradication program follows aggressive protocols. APHIS has urged producers and government officials in Mexico to enhance the program oversight and ensure aggressive operations are maintained.

FOREIGN AGRICULTURAL SERVICE (FAS): The industry supports sufficient funding to ensure FAS is adequately staffed to carry out important market development and trade enhancing functions in headquarters and abroad.

MARKET ACCESS PROGRAM (MAP): The NCC strongly supports the funding level of at least **\$200 million** for MAP, as authorized and funded in the 2018 Farm Bill. Cotton Council International (CCI), the foreign market development arm of the NCC, has the critical mission of maintaining and expanding exports of US cotton and cotton products in Asia, Europe, Africa, and Central and South America. The value of U.S. cotton fiber and value-added cotton product exports are \$10 billion in value. Independent studies reveal that for every dollar spent by USDA cooperators, including CCI, U.S. exports increase \$35, a 35-to-1 return on investment. For the cotton industry, this represents over one billion dollars in export value or an additional 7,000 jobs to the U.S. economy. The cotton industry believes CCI's programs are an effective catalyst for private sector investments, with the industry investing \$2.00 for every dollar of MAP funds received.

FOREIGN MARKET DEVELOPMENT (FMD): The FMD program is used to encourage and support U.S. commodity groups to undertake long-term market development and trade servicing. These funds create unique market development and trade servicing value and, like the MAP funds, are closely monitored by USDA for compliance with U.S. laws. FMD is currently funded at no less than **\$34.5 million** and requires at least a dollar-for-dollar industry match. The industry requests that funding for FMD be continued at no less than the level authorized in the 2018 Farm Bill. The cotton industry believes CCI's programs are an effective catalyst for private sector investments with industry investments totaling \$1.75 for every dollar of FMD funds received.

FARM SERVICE AGENCY JOINT PEST ERADICATION: The NCC requests sufficient funding to allow FSA to make up to **\$30 million** in loans to eligible producer-controlled organizations carrying out Boll Weevil Eradication Program activities. There has not been a forfeiture on any loan made by FSA for the purpose of carrying out boll weevil eradication.

AGRICULTURAL RESEARCH SERVICE (ARS): The cotton industry continues to be concerned with the financial support of this important intramural research agency. ARS programs and facilities conduct vital research programs in fiber quality, production agronomic systems, germplasm and genetic research, and textiles that ultimately support U.S. cotton production and post-harvest processing as well as the U.S. textile industry's efforts to remain competitive in global markets.

ADVANCED GENOMIC AND BIOINFORMATIC TOOLS FOR ACCELERATED COTTON GENETIC IMPROVEMENT: The NCC specifically requests an annual funding increase of **\$1.4 million** to support this project which has been operating well below current ARS standards of \$600,000 per scientist year (SY). This project has developed an advanced tool allowing geneticists and breeders to identify, catalog, and search for specific characteristics of associated germplasm rapidly, thus providing a tremendous communication tool aiding the research community to find or share discoveries rapidly and efficiently. The enhancement of this tool still requires much work to characterize and upload the National Cotton Germplasm Collection as well as private collections that will soon be donated to the National Cotton Germplasm Collection. The CottonGen tool needs the additional funding to complete a large backlog of materials that need characterization and input into the system. Even as it now stands,

it greatly enhances the efficiency of the genomic, genetic, and breeder research communities. This project has endured a stagnant and, at times, a declining budget since 2012, yet it has provided results of great value and use. There are many challenges now facing the cotton industry associated with climate-smart agricultural practices, sustainable practices, carbon and greenhouse gas emissions, and climate change (such as drought). Adequate funding of this project is necessary to meet the demand for rapid genetic improvements of cotton production varieties.

MOLECULAR CHARACTERIZATION AND PHENOTYPIC ASSESSMENTS OF COTTON FIBER QUALITY TRAITS: The NCC requests an increase of **\$1.35 million** to this project bringing the total funding to \$2.6 million. Since 2018, the only increase in funding to this project has been \$14,000 in 2021. This project has high impact benefits for U.S. cotton to remain competitive in the global market. This project places focus on the discovery and characterization of biochemical pathways and genes controlling elongation of cotton fiber. Additionally, the project uses genetic analysis to identify genes and molecular markers associated with cotton fiber quality and yield traits, validates the stability and transferability of the traits, and works with breeders to evaluate their effectiveness for simultaneous improvement of fiber quality and traits. Finally, manipulation of genes affecting fiber quality and fineness using mutants will alter the biological process, thus allowing identification of various processes suited for different environments.

EFFECTIVE COTTON GENETICS AND MANAGEMENT PRACTICES FOR IMPROVED COTTON QUALITY AND PRODUCTION: The NCC requests an increase of **\$1.346 million** to this project, bringing the total funding level to \$2.0 million. This project is housed in Florence, South Carolina and is the only ARS Unit with cotton genetics research east of Mississippi; the Unit has a history of more than 90 years of cotton breeding research. For the last 30 years, the Florence Unit has provided the cotton industry new genetics to improve U.S. cotton's quality and global competitiveness. However, the sustainability of high-quality production hinges on further developing cotton genetics tolerant to drought and adapted to climate-smart agricultural practices. This unit has, for many years, endured a stagnant budget. The increased funding is vital for the development of the best cotton genetics for southeastern cotton growers to remain competitive in the global cotton market.

COTTON GERMPLASM COLLECTION: The collection is located at the ARS Southern Plains Agricultural Research Center (SPARC), College Station, TX and needs significant repairs and renovation to the storage vault and related buildings and equipment. Plant breeding experts in cotton, that are also familiar with other crops, have identified specific renovations that will allow improved storage protection and distribution of the collection in addition to providing for increased space needs to better complete its mission. We request **\$2.3 million** in one-time funding for building renovations for this facility.

COTTON GINNING RESEARCH UNITS: We request maintaining the level of funding for FY 2023 provided in the FY 2018-2022 appropriations for the three ARS cotton ginning research units (Southwestern Cotton Ginning Research Laboratory, Mesilla Park, NM; Cotton Production and Processing Research Unit, Lubbock, TX and the Cotton Ginning Research Unit, Stoneville, MS). All three ginning research units need this continued level of funding to address scientific personnel needs, conduct research, and offset the impact of inflation after years of flat budgets.

COTTON BLUE DISEASE: We request maintaining the FY 2023 level of funding for Cotton Blue Disease account and suggest the account be modified to “Exotic Pathogens of Cotton.” The NCC urges the language modification to reflect other exotic diseases found in cotton, thus allowing funding prioritization should other exotic diseases threaten the cotton industry. For example, Cotton Leafroll Dwarf Virus is closely related to Cotton Blue and has been identified in cotton growing regions in recent years.

COTTON SEED BUG: The NCC requests a **\$1.0 Million** increase in funds directed to ARS for research to develop control strategies for the invasive introduction of the Cotton Seed Bug for a total budget of \$2.0 million. The Cotton Seed Bug (CSB) has been identified in residential and urban areas of five counties in California. This represents the introduction of a new cotton pest to the U.S. The CSB has been reported to cause up to 6.8% reduction in yield, 32% reduction in seed weight, 6% reduction in oil content of seed, unquantified reduction in germination of seed, unquantified reduction in ginning efficiencies, quality reduction due to lint stain, reduction in lint quality, and reduction in square retention. The primary food of adults and nymphs are the seeds of plants in the Malvaceae family, which include cotton. Based on literature reporting annual damage incurred as a result of CSB, the NCC has conservatively estimated \$47.8 million dollars lost annually for California, \$28.5 million for Arizona, and \$8 million for New Mexico if steps are not taken to remedy this threat.

AGRICULTURAL MARKETING SERVICE (AMS): USDA’s Agricultural Marketing Service operates 10 Cotton Classing offices located in seven states (AR, CA, GA, LA, TN, TX, SC) that service all U.S. cotton producers to class (grade) each bale of U.S. produced cotton.

COTTON CLASSING SERVICES: NCC requests **\$4.0 million** in new funding for AMS Cotton Classing Services 10 Cotton Classing offices for facility upgrades and automation to enhance the efficiency, security, and dependability of the cotton classing system with minimum impact on marketing opportunities. It is anticipated that this funding level will be necessary for a few years to fully complete the needed upgrades and automation without significant increases in the level of producer paid user fees.

The Cotton Classing offices and activities are currently fully funded by user fees paid by cotton producers for each bale of cotton classed. This classing service is a critical role in the U.S. cotton supply chain and each cotton bale must be classed before the producer can market the cotton. Classification of cotton quality relies on a seasonal labor force that AMS trains. The 2021 cotton classing season presented tremendous challenges to AMS personnel and producers and highlighted the significant vulnerability with over-reliance on a seasonal, trained labor force. The circumstances resulted in extensive delays in completing the classing of cotton. As a result, many producers missed key marketing opportunities and faced some contractual delivery delays. These ongoing circumstances emphasize the need for urgent action to make the necessary upgrades in the 10 classing offices, including the incorporation of automation where possible. The funding request is imperative to secure the stability and dependability of the cotton classification program to timely and accurately process numerous samples of cotton with less reliance on seasonal staff, and less disruption of timely marketing opportunities.

Thank you for your consideration of our recommendations and of our funding requests for FY 2023. Please contact me with any questions or if additional information is needed.

FROM: Reece Langley, VP, National Cotton Council

May 4, 2023

The Honorable Tammy Baldwin
Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
Washington, DC 20510

The Honorable John Hoeven
Ranking Member
Subcommittee on Agriculture, Rural Development,
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