

2016 National Cotton Council Report to Members

This Report To Members Highlights Major NCC Action In 2015.



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 200,000 and whose commodity is valued at more than \$100 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 2015 activities were focused on effective farm law implementation and managing numerous trade and regulatory issues. Integral to those efforts was

extensive communication with Congress and the Administration through meetings and numerous letters, many by way of various coalitions.

Regarding the farm law, the NCC was committed to convincing policy makers that the legislation's insurance provisions must be implemented with the 2015 crop. That included the Stacked Income Protection Plan's availability – with key improvements for 2016. Work with USDA was aimed at ensuring the marketing loan program would allow cotton redemption from the loan at the adjusted world price to minimize disruption of flow and forfeitures. Equally important was the NCC's work with USDA to implement a reporting and tracking system so producers and cooperatives can know their status relative to the unified payment limit.

Actions to affect legislative outcomes were prolific. For example, the NCC was very engaged with Congress on efforts to pass a multi-year surface transportation bill and we pushed hard for a permanent or long-term tax extenders bill that would restore the \$500,000 Section 179 expensing and 50 percent bonus depreciation provisions. Similarly, total involvement in the federal appropriations process was necessary primarily to 1) oppose any amendments that would reduce funding for agricultural programs or adversely affect farm policy and crop insurance and 2) secure funding for the cotton industry's other priority programs.

On the trade front, the NCC worked closely with the National Council of Textile Organizations to defeat amendments of concern to the cotton and textile industries during Congressional consideration of Trade Promotion Authority. As the Trans Pacific Partnership negotiations concluded, the NCC supported the textile industry's efforts by urging the U.S. Trade Representative to insist that a yarn forward rule of origin be required for products granted preferential access to the U.S. market. The NCC also continued 1) heavy involvement in the Turkish anti-dumping investigation and 2) close communication with the Administration and Congressional leadership to ensure that U.S. trade negotiators defended U.S. cotton and not agree to any further concessions in advance of the World Trade Organization December 2015 ministerial meeting.

The NCC was active on numerous regulatory issues. On the critical "waters of the U.S. rule," for example, the NCC: 1) submitted extensive comments to the EPA/Corps of Engineers proposed "waters of the U.S." rule, 2) supported legislation that would prohibit these agencies from moving forward with that rule and 3) testified before a House Agriculture Committee subcommittee to emphasize that the proposed rule would require costly federal permits for many essential farming practices. The NCC worked on many other regulatory matters ranging from fuel spill prevention to food labeling.

Cotton Council International's many activities this past year ranged from a successful Orientation Tour to the launch of "I Love My Cotton," a new global advertising campaign which inspired consumers and further spread U.S. cotton's benefits to markets worldwide. CCI helped the industry with a unique opportunity to increase U.S. raw cotton's global visibility when it granted licenses to several U.S. bale packaging firms to imprint the COTTON USA logo on their packaging materials for use on U.S. bales ginned during the 2015-16 season.

Strong support of The Cotton Foundation continued, enabling the 501(c) (3) institution to fund 20 general research projects totaling \$320,000 for 2015-16. Approved projects included studies related to pest management, sustainability, pollinator protection, fiber quality, agronomic practices and education.

More details of the NCC's 2015 activities are described below under the major headings of Farm Policy, Trade, Communications, Technical, Cotton Council International and The Cotton Foundation.



Sledge Taylor
Chairman (2015)



Gary Adams
President/Chief
Executive Officer

Farm Policy/Legislative Affairs

Major activities carried out during 2015.

Farm Policy

Throughout 2015, the National Cotton Council (NCC) worked to ensure crop insurance and other farm policy elements were not undermined during the Agricultural Act of 2014's implementation.

Those persistent efforts began early in the year when the NCC joined 30 other agriculture, insurance and lending groups on a letter to the House and Senate budget committees opposing the cuts to crop insurance that were included in the President's budget. A coalition of crop insurance supporters, of which the NCC was a member, held briefings in both the House and Senate entitled, "Crop Insurance 101." The purpose was to educate Congressional staff on the basics of crop insurance and its importance and discuss some of the challenges the program would face in Congress ahead of the upcoming budget and appropriations debates.

Later, the NCC united with a wide-ranging group of organizations representing the production agriculture, conservation, credit, rural development, nutrition and energy sectors on a letter to House and Senate budget committees' leadership urging no reductions to the Agricultural Act of 2014. The NCC also contacted Senate Cotton Belt offices prior to House and Senate passage of their respective FY16 budget resolutions requesting their opposition to several amendments filed that would have been extremely damaging to crop insurance and farm programs. Fortunately, none of the amendments were brought up for a vote.

The House and Senate eventually passed the Bipartisan Budget Act (H.R. 1314), which would increase defense and non-defense discretionary spending by lifting the sequester caps and raising the debt limit for two years. However, passage was not certain until both House and Senate leaders pledged to restore cuts to crop insurance that were included in the bill. Late in the year, the NCC signed onto a coalition letter delivered to all Senators thanking those who came to the defense of crop insurance during the budget debate. The coalition also expressed strong support for the agreement to restore the funding for crop insurance during the omnibus appropriations process. The coalition, which urged Senators to uphold the promise to make the crop insurance program whole again without re-opening the farm bill, met with more than 60 House and Senate offices to reinforce that message.



Early in 2015, NCC Director Ronnie Lee relayed industry concerns about actions and statements focused on eliminating key crop insurance tools during his testimony before the Senate Agriculture, Nutrition & Forestry Committee.

After the House and Senate passed the FY16 Omnibus Appropriations bill late in the year, the NCC began working with USDA Farm Service Agency (FSA) staff on the implementation of the bill's commodity marketing certificate provision - which allowed the certificates for marketing loan redemptions beginning with the 2015 crop marketing year. The bill contained a number of other key funding and policy priorities for the industry including: 1) \$11.52 million for the joint cotton pest account for eradication activities; 2) \$60 million in USDA Farm Service Agency (FSA) loan authorizations for boll weevil eradication loans, 3) level funding for the three USDA Agricultural Research Service (ARS) gin laboratories; 4) full funding for the Market Access Program and Foreign Market Development program, key funding sources for Cotton Council International; and 5) \$2.94 billion for USDA Agricultural Research Service programs.

Early in 2015, NCC Producer Director Ronnie Lee relayed industry concerns about actions and statements focused on eliminating key crop insurance tools during his testimony before the Senate Agriculture, Nutrition & Forestry Committee. Lee also stressed that one of the most challenging implementation issues had been the imposition of the payment limit on the marketing loan – as tracking total benefits that have

accrued to the limit had proven to be a complex and challenging task for USDA. He stated that the uncertainty created by the limit worked to undermine the marketing loan's effectiveness. With respect to USDA's current rulemaking process on "actively engaged" in farming, Lee urged the Committee to work closely with USDA to make sure that any changes to the provisions did not exceed the farm bill statute's scope.

USDA's Risk Management Agency (RMA) issued an information bulletin to all approved insurance providers and RMA regional offices that outlined modifications to the Stacked Income Protection Plan (STAX) for 2016 – changes that were consistent with the NCC's request. Among those were 1) allowing producers to elect a zero percent coverage range by practice; 2) allowing written agreements that affect insurable acreage to apply to STAX; and 3) making STAX coverage available for cottonseed through an optional endorsement. The NCC continued to work with RMA on the modifications' implementation and sought other modifications to underlying policies such as improved enterprise unit coverage by practice.

The NCC addressed another major farm policy matter when it conducted a review and analysis of the Farm Service Agency's (FSA) "actively engaged" proposed rule. The NCC then provided industry comments to USDA, noting the proposal went beyond what the law required with potentially serious unintended consequences for some farms.

The NCC also worked closely with USDA on the agency's process to timely inform producers and marketing entities on timely basis of the payment status relative to the payment limit. USDA did announce a new process for electronically transmitting data regarding marketing loan gains and loan deficiency payments. Later in the year, FSA issued notice CMA-138 regarding the process and instructions for FSA county offices, cooperative marketing associations, loan servicing agents and designated marketing associations to conduct an interim reconciliation of marketing loan gains and loan deficiency payments attributed to the \$125,000 per person payment limit. The NCC's Payment Limit Working Group had worked with FSA to help establish an attribution and reconciliation process so cotton producers, marketing cooperatives and merchants know a producer's status relative to the \$125,000 per person payment limit established by the 2014 farm law.



The NCC worked closely with USDA's Risk Management Agency to improve the 2016 crop year's STAX provisions, including that STAX coverage will be available for cottonseed through an optional endorsement.

Late in the year, the NCC pursued a cottonseed policy. Support was sought by securing as many signatures as possible on a letter that House Agriculture Committee Chairman Mike Conaway (R-TX) and Ranking Member Collin Peterson (D-MN) circulated to their House colleagues across the Cotton Belt. The letter to Secretary of Agriculture Tom Vilsack urged him to take all policy actions available to provide assistance to the U.S. cotton industry, and specifically called for USDA to utilize its existing authority in the 2014 farm law to designate cottonseed as an "other oilseed." Senator John Boozman (R-AR) also gained the signatures of 18 of his Cotton Belt colleagues on a letter addressed to Secretary Vilsack that urged the designation.

The NCC and other U.S. cotton industry organizations also had asked that the Secretary use this authority to help stabilize the industry. That need was reinforced in the testimonies of five U.S. cotton industry leaders and an agricultural lender witnesses before a "cotton crisis" hearing of the House Agriculture Committee's General Farm Commodities and Risk Management Subcommittee.

In other farm policy activity, the NCC:

- commented on RMA's proposed changes to Section 508(h) of the Federal Crop Insurance Act, which allows private parties to 1) develop insurance products that are in the best interests of producers, 2) follow sound insurance principles that are actuarially appropriate and 3) then submit them to the Federal Crop Insurance Corporation board for approval or rejection.
- joined more than 40 agriculture, lending, crop insurance and conservation groups on comments regarding USDA's interim rule on conservation compliance. Included was the notation that simple differences such as the use of a personal tax identification number versus a business tax identification number could potentially flag a producer for additional taxes.
- coalesced with other national commodity organizations on joint comments to USDA on its Conservation Reserve Program (CRP) final rule that made changes required from 2014 farm law passage. The comments noted that the organizations looked forward to continued work with the FSA to implement CRP conservation practices.



The need for USDA to utilize its existing authority in the 2014 farm law to designate cottonseed as an "other oilseed" was emphasized at the House Agriculture Committee subcommittee's "cotton crisis" hearing by from left to right: NCC Vice Chairman Shane Stephens, a warehouse; producers -- Nathan Reed, Shawn Holladay, Kent Wannamaker and Cannon Michael; and Mike Wright, a banker.

Legislative Affairs

Budget

The NCC submitted testimony through identical letters to the House and Senate agriculture appropriations subcommittees in support of the U.S. cotton industry's FY16 funding priorities. Those included USDA's 1) Animal and Plant Health Inspection Service for conducting boll weevil and

pink bollworm eradication activities; 2) Agricultural Research Service (ARS) to fully operate the three ginning laboratories and to continue agronomic, post-harvest, fiber quality, and textile

research; and 3) Market Access Program and Foreign Market Development program for export market promotion activities. The NCC also urged sufficient funding for USDA agencies that administer important cotton industry programs. That included resources for the Risk Management Agency, Farm Service Agency, Foreign Agricultural Service, National Agricultural Statistics Service (NASS) and Economic Research Service.

The NCC and other agricultural organizations and companies cosigned and submitted comments to leadership of the House and Senate agriculture appropriations subcommittees expressing support for increases in the President's FY16 budget for honey bee research activities. The increases included \$7 million to ARS' budget for the Pollinator Health Initiative and \$500,000 for the NASS to further analyze honey bee colony losses and pollination costs for that Initiative.

Tax Reform

Prior to House passage of the America's Small Business Tax Relief Act of 2015 (H.R. 636), the NCC had joined on to a multi-industry letter to Representatives Pat Tiberi (R-OH) and Ron Kind (D-WI) noting those organizations' strong support of the bill which restores the tax code's Section 179 expensing to \$500,000 and permanently indexes the level to inflation. In addition, the NCC had joined 33 other agricultural organizations on a letter to then Speaker John Boehner (R-OH) and Minority Leader Nancy Pelosi (D-CA) encouraging the House to approve H.R. 636.

The NCC joined other agricultural organizations on a letter to the Senate Finance Committee leadership to comment on several tax provisions important to the agricultural industry. Some of these provisions included: the importance of continuing cash accounting for farms and ranches; the restoration of Section 179 small business expensing to \$500,000 indexed for inflation as it previously set for 2014; recommending that there be no limitation on the amount of property values that can be reduced to reflect use valuation for estate tax purposes under Section 2032A; and discouraging any increase to the capital gains rates.

The Senate Finance Committee eventually passed a tax extenders bill that extends for two years numerous tax credits and deductions, including Section 179 expensing and bonus depreciation. Prior to passage, the NCC joined other agricultural organizations on a letter to Committee Chairman Orrin Hatch (R-UT) and Ranking Member Ron Wyden (D-OR) supporting these important provisions' extension. Later, the NCC joined more than 2,000 other agriculture, business and manufacturing groups on a letter to all Congressional Members urging swift action on a multiyear or permanent extension of these expired and expiring tax provisions, including appropriate enhancements. Another letter urged swift House and Senate leadership action in addressing the tax code's numerous provisions (i.e., tax extenders) that expired on December 31, 2014. The letter outlined the importance of renewing certain areas of the expired tax code with specific focus on Section 179 small business expensing and bonus depreciation.

Regarding estate tax, the NCC joined other agricultural organizations on a letter to Representatives Kevin Brady (R-TX) and Sanford Bishop (D-GA) in support of the Death Tax Repeal Act of 2015 (H.R. 1105), which the House later passed. The letter noted that the estate tax is a disservice to agriculture because it is a land-based, capital-intensive industry with few options for paying estate taxes when they come due.

Multi-Year Surface Transportation

Prior to Senate passage of the "Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act" (S. 1647), the NCC joined with other agricultural organizations on a letter to all Senators in support of the six-year surface transportation bill that includes three years of guaranteed funding. Later in the year, the NCC joined with numerous other agricultural organizations in urging the House to reauthorize important provisions in multi-year surface transportation legislation – commonly referred to as the "Highway Bill" as it was set to expire on October 29, 2015.

Prior to the early November House passage of a six-year Surface Transportation bill, which also revived the U.S. Export-Import Bank, the NCC cosigned a letter with other agricultural organizations that conveyed support for the bill. The letter also urged House Members to add amendments to: 1) increase weight limitations for certain vehicles, 2) create a hazardous materials endorsement exemption for hauling diesel fuel and 3) create a Commercial Driver's License pilot program. In addition, the NCC joined with numerous agricultural, agribusiness, transportation and other organizations in a separate letter to House Members in support of an amendment to include the "Port Performance Act" in the bill as a means to gain visibility into how U.S. ports are operating, to identify key congestion issues and to ensure commerce continues flowing efficiently. Soon after, the NCC joined onto a letter to House and Senate conferees expressing support for prompt enactment of the multi-year surface transportation legislation -- as the extension of existing law expired on November 20. Late in the year, the NCC joined other agricultural organizations on a letter to all House and Senate Members supporting passage of the Fixing America's Surface Transportation (FAST) Act. Congress later approved that legislation and at year's end it awaited the President's signature.

Berry Amendment

The NCC, along with six other organizations representing the textile and manufacturing sectors, sent a letter to the leaders of the House Armed Services Committee in advance of consideration of the FY16 National Defense Authorization Act (NDAA). The letter raised concerns regarding a provision to increase the value of contracts that are exempt from the Berry Amendment -- a longstanding policy that requires the Department of Defense to purchase textiles and apparel that are made with 100 percent U.S. fiber and labor, thereby ensuring these products' domestic sourcing. As part of the Berry Amendment coalition, the NCC, the National Council of Textile Organizations and a number of other textile and apparel interests also worked to amend the NDAA bill during House consideration to restore the Berry provision threshold to \$150,000. A letter from nine cotton, textile and apparel associations was sent to all House offices during the debate on the NDAA bill highlighting the importance of restoring the Berry threshold. Representative Jim McGovern's (D-MA) amendment to restore the original threshold was accepted prior to House passage of the NDAA bill.

The coalition also sent a letter to all Senate Armed Services Committee members outlining the industry's concerns with the increase in the Berry Amendment threshold. The final NDAA bill was to be developed by a House-Senate conference committee. Later, a letter was sent by the

NCC and other textile and manufacturing associations to Senators in support of two amendments filed by Senator Kelly Ayotte (R-NH) that would preserve the Amendment's integrity.



NCC Chairman Sledge Taylor, right, met with House Agriculture Committee Ranking Member Collin Peterson (D-MN)) and other key lawmakers in our nation's capital to discuss issues affecting U.S. cotton's health.

Other Legislative Activity

The NCC coalesced with a group of 33 organizations on a letter to House Agriculture Committee members and other Representatives in support of the Commodity End-User Relief Act (H.R. 2289) – which the House eventually passed.

The NCC united with 16 other agricultural organizations on a letter to President Obama regarding the open position for a democratic commissioner on the Commodity Futures Trading Commission. The letter urged the nomination of an individual that has knowledge

of agricultural commodity markets and the issues that affect agriculture's ability to use those markets as risk management tools.

The NCC joined a broad cross section of agriculture on a letter to the House leadership to express and explain the coalition's strong opposition to the Legal Workforce Act (H.R. 1147). It was noted that mandatory E-Verify would have a devastating impact on U.S. agriculture in the absence of a legislative solution for agriculture's labor needs and Congress was called on to 1) pass a solution for agriculture that addressed both the current agricultural workforce and 2) create a new guest worker program to meet future needs before any mandatory E-Verify program implementation.

The House Agriculture Committee held a hearing on the innovation and implications of "big data" within the agricultural industry. Witnesses included representatives from agricultural technology providers (ATPs) as well as producers, including Billy Tiller, a Lubbock cotton and grain producer. Earlier in the year, the NCC had officially signed on to the privacy and security principles released in late 2014 by a coalition of farm, commodity and technology providers related to precision agriculture data sharing. The principles were meant to provide a measure of certainty to farmers regarding their data's use and protection.

The NCC signed on to a letter with other agricultural organizations to the House and Senate judiciary committees' leadership urging Congress to be cautious as they considered changes to

the U.S. patent system. The letter specifically raised concerns about the Innovation Act (H.R. 9) and how the bill, as currently drafted, would discourage investment in modern agricultural tools by making patent rights more difficult to enforce and by making it more challenging to cross-license agricultural technologies.

Late in the year, the NCC, along with 44 other agricultural organizations, sent a letter to House and Senate leadership urging them to include language in the omnibus appropriations bill that addresses the patchwork of state genetically modified organisms labeling laws. The letter explained that this patchwork approach not only would drive up prices for consumers (\$500 increase per year for a family of four), but exacerbate consumer confusion.

Senators Michael Crapo (R-ID) and Claire McCaskill (D-MO) were thanked by the NCC for their introduction of bipartisan legislation (S. 1500) meant to clarify Congressional intent regarding the use of pesticides in or near navigable waters. The NCC also conveyed appreciation to the 12 other original bill co-sponsors, including the following Cotton Belt Members: Senators John Boozman (R-AR), James Inhofe (R-OK), Jerry Moran (R-KS), Pat Roberts (R-KS) and Thom Tillis (R-NC) and worked to gain additional bill co-sponsors.



NCC Producer Director Cannon Michael, a California producer, testified before the Senate Committee on Energy & Natural Resources regarding the severe drought and water shortages in his state and the NCC asked USDA's Risk Management Agency to help expedite the claim process for producers affected by late summer/early fall floods and excessive rains in the Southeast.

NCC Producer Director Cannon Michael, a California producer, testified before the Senate Committee on Energy & Natural Resources regarding the severe drought and water shortages in his state and the impact on his farming operation. Later, the House approved the Western Water and American Food Security Act (H.R. 2898). Prior to its passage, the NCC conveyed support on a letter to Representative David Valadao (R-CA) who introduced the legislation, and to its co-sponsors. The bill would require federal agencies to use current and reliable data when making regulatory decisions. Additionally, the legislation will provide federal regulators with flexibility to capture water during wet years and will cut red tape holding back major water storage projects.

Joining with the North Carolina Cotton Producers Association, South Carolina Cotton Board and Southern Cotton Growers, the NCC co-signed a letter to the RMA asking it to implement emergency loss adjustment procedures to help expedite the claim process for producers affected by late summer/early fall floods and excessive rains in the Southeast. The NCC also sent a letter to RMA Administrator Brandon Willis asking that producers who had not been able to destroy their crops due to moisture, be given the opportunity to pledge to destroy the crop at the earliest date possible or provide documentation at a later date that the crop was destroyed -- but allow for indemnity payments to be made prior to crop destruction. That letter also emphasized that the need for timely reporting of actual yields by the Approved Insurance Providers not only affects the Southeast but the entire Cotton Belt.

Trade

Major activities carried out during 2015.



In testimony before the House Agriculture Committee, NCC President/CEO Gary Adams conveyed the organization's opposition to any efforts that would further limit U.S. cotton policy at this WTO December Ministerial that was held in Nairobi, Kenya.

National Cotton Council efforts included ensuring that any Trans-Pacific Partnership (TPP) agreement would not undermine: 1) the U.S. textile industry and 2) a hemispheric textile trading partnership that is currently in place between the United States and countries within the Western Hemisphere. In October, the TPP's 12 countries reached an agreement after lengthy negotiations – which the NCC closely monitored. After the U.S. Trade Representative's office released the agreement's final text, the NCC reviewed the text with particular attention paid to the yarn forward rule of origin provisions.

Prior to the Senate Finance Committee approving Trade Promotion Authority (TPA) (S. 995), the NCC, working closely with the National Council of Textile Organizations, communicated to that Committee's Cotton Belt Members and urged them to oppose any damaging amendments. Among those was an amendment to extend certain expired or expiring tariff preference levels for textile/apparel products from countries already in a free trade agreement with the United States. The NCC also maintained a focus on ensuring no damaging amendments harmful to the cotton industry were added to the Bipartisan Congressional Trade Priorities and

Accountability Act of 2015 (the TPA legislation approved by the Senate Finance and House Ways and Means committees). The NCC joined 15 other agricultural and commodity organizations on a letter to the Senate Finance Committee leadership urging no amendments to the TPA bill.

The NCC, along with other agricultural industry groups, sent a letter to President Obama expressing the need for his continued engagement with China's President Xi Jinping on agricultural innovation and trade. Needs were outlined that the co-signers hoped the President would take into consideration when he met with President Xi. The letter emphasized that "in order to meet the challenges of food security around the world, we must have access to markets and innovation alike."

Prior to House passage of a reauthorization of the Export–Import Bank, the NCC joined with AMCOT, the American Cotton Shippers Association and the National Council of Textile Organizations on a letter to all Cotton Belt House Members urging reauthorization support.

Agriculture Secretary Tom Vilsack and U.S. Trade Representative Michael Froman announced the appointment of 129 private-sector members to the Agricultural Policy Advisory Committee (APAC) and to six Agricultural Technical Advisory Committees (ATACs). Cotton sector APAC members included cotton producers: Dale Artho, Texas; Dow Brantley, III, Ark.; and Brenda Morris, Georgia; as well as NCC President/CEO Gary Adams. Cotton sector members of the Tobacco, Cotton and Peanuts ATAC included: NCC Chairman Sledge Taylor, a Mississippi producer/ginner; Michael Quinn, a North Carolina cooperative official; Harvey Schroeder, an Oklahoma producer representing the Oklahoma Cotton Council; Randy Veach, an Arkansas producer representing the Arkansas Farm Bureau; and Michelle Huffman, a NCC economist.

World Trade Organization

In testimony before the House Agriculture Committee, NCC President/CEO Gary Adams conveyed the organization's opposition to any efforts that would further limit U.S. cotton policy in the World Trade Organization's (WTO) December Ministerial in Nairobi, Kenya. He told the Committee that there have been repeated comments from numerous countries for there to be "something more" done on cotton policy at that Ministerial but that the NCC believed the actions already taken by the United States with respect to cotton policy should be more than sufficient to allow U.S. negotiators to resist further calls for concessions on cotton.

Turkish Investigation

Earlier, NCC staff met with Turkey's Ministry of Economy case handlers, U.S. Embassy officials and Turkish textile groups in efforts to bring an end to the Turkish anti-dumping investigation of U.S. cotton exports to that country. Working in conjunction with the American Cotton Shippers Association and AMCOT, the NCC also remained engaged with the Administration and Congress to bring about a favorable conclusion, including coordinating statements, the sharing of strategy and the dissemination of letters. For example, Congressional Cotton Belt Members sent letters to the Administration and the Turkish Ambassador, underscoring the investigation's potential impact on their constituents' livelihoods. Another letter late in the year from

Congressional Members to the Turkish Ambassador called for a prompt end to the anti-dumping investigation -- without the imposition of duties.

In other trade activity, the NCC:

- signed on to numerous letters with other organizations to urge the International Longshore and Warehouse Union and Pacific Maritime Association and President Obama to swiftly conclude negotiations so that West Coast ports would resume operating at a normal schedule. A federal mediator was appointed to work with both sides and eventually an agreement was reached.
- joined other farm and business organizations on a letter in support of the "Port Transparency Act" (S. 1298) – which would provide visibility into how U.S. ports operate, establish a port performance measurement and reporting program based on sound data, and enable the responsible federal agencies to prepare meaningful annual reports on the performance and capacity of the nation's key ports. The letter noted that when a serious port disruption occurs such as the 2015 West Coast port situation, the effects are far-reaching because: 1) exporters lose customers overseas; 2) perishable products are ruined; 3) manufacturers have to slow down or stop assembly lines because just-in-time inventory becomes impossible to manage; and 4) retail goods are delayed or miss important selling seasons.



The NCC supported the "Port Transparency Act" because port disruptions cause textile manufacturers to slow down or stop assembly lines making just-in-time inventory like this cotton fabric difficult to manage.

Communications

Major activities carried out during 2015.

The Commercial Appeal

'King' no more

Tom Charlier

June 1, 2015

Cotton disappearing from Mid-South landscape



Mississippi farmer Pat Woods' 1,000-acre cotton farm near Byhalia, Miss., is running roughly two weeks behind schedule due to rain-saturated fields. In Mississippi, like several other Southern states, the number of cotton farms has reached an all-time low, with the fewest number of acres planted since the Civil War.

NCC-issued news releases conveyed a range of U.S. cotton concerns and needs such as when the NCC asked the Agriculture Secretary to use his authority to designate cotton as an 'other oilseed' to address the industry's instability – a fact that was highlighted in this Memphis newspaper's article.

ICTSD described its paper – which included a significant focus on crop insurance, including the Stacked Income Protection Plan – as an "impartial, evidence-based assessment," NCC President/CEO Dr. Gary Adams noted in the statement that the paper was very misleading and did not “capture the realities of today's cotton market or global cotton policies.”

In mid-2015, the NCC initiated a social media campaign across four platforms – Twitter, Facebook, YouTube and podcasts via YouTube. 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.

Included in the news dissemination were updates on the Cotton LEADS™ program. That effort is committed to responsibly-produced cotton and now includes more than 300 cotton supply chain company partners. The NCC coordinates the program as a Cotton Foundation special project and hosts the program's web site, www.cottonleads.org.

Public Attitudes

The National Cotton Council consistently conveyed the industry's positions and concerns to key publics, among them Congressional Members and key government agency officials. That communications diligence included sharing its views on the Agricultural Act of 2014's implementation and on numerous other legislative, trade, regulatory and environmental matters.

Those efforts were enhanced by arranging interviews with industry leaders/staff and through the dissemination of news releases, radio news lines, RFD-TV segments, podcasts and editorial rebuttals. For example, the NCC distributed a rebuttal statement to news media after The International Centre for Trade and Sustainable Development's (ICTSD) released a paper entitled, "The 2014 Farm Bill and its Effects on the World Market." The NCC emphasized that the report contained numerous invalid assumptions that severely limit its credibility. While the



The NCC initiated a social media campaign across Twitter, Facebook, YouTube and podcasts via YouTube.

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 12th 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 <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.



The NCC developed and posted on its website a number of technical documents ranging from seed cotton/lint contamination prevention steps to guidelines on how to properly tie down round modules for transport on flatbed trucks.

Information Services

The NCC continued to utilize its Cotton's Week newsletter, radio news lines, videos, its website, www.cotton.org, and columns in various trade publications for disseminating key information to its members such as farm law implementation and regulatory proposals. That included developing and posting a number of technical documents ranging from seed cotton/lint contamination prevention steps to guidelines on how to properly tie down round modules for transport on flatbed trucks. The NCC also updated its educational videos covering multiple conservation practices.

Technical

Major activities carried out during 2015.

Regulatory

Early in 2015, National Cotton Council (NCC) Chairman Sledge Taylor told the House Agriculture Committee's Conservation and Forestry Subcommittee that a rule proposed by the EPA and Army Corps of Engineers to define "Waters of the United States" (WOTUS) under the Clean Water Act (CWA) would require costly federal permits for many commonplace and essential farming practices.

In advance of House Members approval of the Regulatory Protection Integrity Act of 2015 (H.R. 1732), the NCC urged their support of the bill, which would require EPA to withdraw its proposed WOTUS rule and work with stakeholders to introduce a new rule. The NCC also joined a broad coalition of industries on a letter asking House Members to oppose any weakening amendment to that legislation.

After a bipartisan group of Senators introduced the Federal Water Quality Protection Act (S. 1140), which would require EPA to withdraw its proposed WOTUS rule and rewrite the rule after consultation with stakeholders, the NCC joined on to two letters in support of the legislation. The NCC, along with other members of the Waters Advocacy Coalition, also sent a letter to all Senators urging them to support S. 1140, which included specific definitions of what can and cannot constitute covered waters.

Later in the year, the U.S. Sixth Circuit Court of Appeals issued a stay of the WOTUS rule, thereby preventing EPA from implementing or enforcing the rule pending further action by the court. This action made the stay nationwide following the earlier court ruling that provided a stay for only 13 states. Simultaneously, the NCC joined other agricultural organizations on a letter to the EPA Administrator and the Secretary of the Army seeking clarification on the final rule's practical implications.

The NCC joined nearly 100 organizations on a letter to House Agriculture Committee members urging support for the Reducing Regulatory Burdens Act of 2015 (H.R. 897). The important legislation clarified Congressional intent regarding pesticide regulation in or near waters of the United States. The NCC also supported a companion bill in the Senate – the Sensible Environmental Protection Act (S. 1500) – which was approved by the Senate Environment and Public Works Committee.

With a broad coalition of other agricultural groups, the NCC also supported legislation (H.R. 897) introduced by Rep. Bob Gibbs (R-OH) that would prevent EPA from requiring National Pollutant Discharge Elimination System permits for any pesticides that already are authorized for sale, distribution and use under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). The NCC also filed comments to EPA's proposed stronger standards for pesticide applicators who apply "restricted-use" pesticides.

Allen McLaurin, a Laurel Hill, N.C., cotton producer, represented the NCC on the Pesticide Policy Dialogue Committee. That federal advisory panel met to provide feedback on a variety of pesticide regulatory, policy and program implementation issues.



As part of the Waters Advocacy Coalition, the NCC urged Senators to support the Federal Water Quality Protection Act, which included specific definitions of what can and cannot constitute covered waters under the "waters of the U.S." rule.

On other regulatory matters, the NCC:

- filed extensive comments to EPA's proposed rule after the agency announced the revisions to its Worker Protection Standards - which had not been revised since 1992 and were aimed at tightening pesticide safety rules.
- joined with 386 other groups from various industries on a letter to the Senate Homeland Security and Governmental Affairs Committee leadership applauding the introduction of the Regulatory Accountability

Act of 2015 (S. 2006). That legislation was aimed at improving the 1) process by which federal agencies promulgate regulations and 2) rulemaking process' accountability and integrity.

- submitted comments on EPA's proposed plan to reduce the National Ambient Air Quality Standards for ozone. Among NCC concerns noted was the need for EPA to consider issues around prescribed burning practices on forest, range and crop lands.

Biotechnology

The NCC joined with other agricultural groups in communicating with appropriate agencies on multiple biotechnology issues.

Along with other members of the Agriculture Biotech Alliance, the NCC signed onto two separate letters regarding genetically engineered crops and products. A letter to European Commission head Vytenis Andriukaitis called on the European Union to act without delay on drafting decisions authorizing importation for food and feed processing of 13 new biotechnology products. The second letter to the National Academies of Sciences (NAS) noted that NAS' Genetically Engineered Crops Study Committee had not reached out to more stakeholders who actually utilize the technology -- to obtain more comprehensive and balanced input.

In response to a House Agriculture Committee hearing to discuss how food labeling and various aspects of biotechnology affect the agriculture industry, the NCC showed their support for agricultural innovation and biotechnology by signing two separate letters. The first, sent to all Senators, explained the importance of technology to the agriculture industry and urged them to oppose any budget or appropriations amendments that would deny agriculture producers access to modern technology. The second was sent to Committee Chairman Mike Conaway (R-TX) and

Ranking Member Collin Peterson (D-MN) thanking them for advancing public examination of the biotechnology labeling debate.

Later, the Coalition for Safe and Affordable Food sent a letter, signed by the NCC and several other cotton interest organizations, to House Members urging them to co-sponsor and support the Safe and Accurate Food Labeling Act (H.R. 1599). That bipartisan bill would prevent state-level labeling mandates and ensure food labeling in the United States is uniform and science-based. The NCC also 1) conveyed support for amendments to that legislation including one that called for reorganizing the role of the Food & Drug Administration and USDA in approving new genetically modified plants and 2) continued to work for Congressional approval of the legislation, which eventually was approved by the House.

The NCC participated in a USDA stakeholder workshop on coexistence that was the result of recommendations submitted to Secretary of Agriculture Thomas Vilsack by the Advisory Committee on Biotechnology and 21st Century Agriculture. The workshop was conducted to advance an understanding of the concurrent production of organic, identity preserved, conventional and genetically modified crops consistent with farmer choices and consumer preferences. Later, the NCC co-signed a letter in which it emphasized that all crop production methods are important in meeting the needs of consumers and their demands, and efforts should continue to find ways of improving working relationships and developing practical solutions so that various agricultural systems can produce high quality seed, grain and fiber.

The NCC co-signed another letter in response to the EPA's request for public input on the agency's regulatory review process. The letter focused on the importance of biotechnology and plant-incorporated protectants and how, in spite of their significant contributions to consumers and producers, genetically engineered crops continue to be subjected to burdensome regulations.

Later, the NCC, along with other agricultural groups, expressed their appreciation to the Administration for its initiative to review and assess the framework for regulating biotechnology products to ensure it is as efficient and effective as possible. The letter was sent to the White House prior to a Senate Agriculture, Nutrition & Forestry Committee hearing to look at federal regulation and stakeholder perspectives on biotechnology in response to H.R. 1599 as well as Vermont's state labeling law set to go into effect in July 2016.

The NCC submitted comments to the Animal and Plant Health Inspection Service (APHIS) in response to its stakeholder message which announced the withdrawal of the 2008 proposed rule that would have amended the regulations for certain genetically engineered organisms. The NCC stated it believed that APHIS should continue its regulations on biotechnology products based on the plant pest risk posed by the product, and not the technology used to produce it.

The NCC submitted comments in support of EPA's *Federal Register* notice on analysis of the greenhouse gas emissions attributable to production and transport of cottonseed oil for use in biofuel production. The notice allows for individual biofuel producers to petition EPA to use cottonseed oil as an approved feedstock and be eligible for a Renewable Identification Number in their biofuel blends.

Pollinators

The NCC continued to point out the lack of scientific evidence to support claims against neonicotinoid insecticides linked to honey bee health decline and emphasized that scientific reports acknowledge multiple factors involved in honey bee health decline. The NCC noted that the unjustified focus on pesticides by anti-pesticide advocates detracts attention from more relevant concerns such as the parasitic mite, *Varroa destructor*, and the many diseases vectored by the mite. The NCC continued to support state plans and believes the collaboration and cooperation of involved stakeholders allows better protection for managed bees because they allow for identification of local needs and enhanced communication between parties.

Following the release of a study published in PLOS ONE which concluded that neonicotinoid insecticides are "to be an unlikely sole cause of colony declines," the NCC again urged that local solutions be developed through state pollinator plans with all stakeholders as a means to mitigate potential risk from agricultural pesticides.

The NCC reviewed the Pollinator Health Task Force report, "National Strategy to Promote the Health of Honey Bees," released in mid-2015. The NCC was encouraged 1) with the plan's recognition of the multiple factors affecting pollinator health as reported by scientific studies, 2) plans to develop habitat through various conservation programs and 3) the recognition that state pollinator plans can mitigate risk at local level.

The NCC submitted comments to the Fish and Wildlife Service (FWS) opposing the petition to list



The NCC continued to point out the lack of scientific evidence to support claims against neonicotinoid insecticides linked to honey bee health decline and conveyed concerns about a U.S. Court of Appeals decision that potentially set a precedent jeopardizing the availability of sulfoxaflor and other crop protection products.

the Monarch butterfly as an endangered species. The NCC reminded FWS of President Obama's memo seeking public/private partnerships to enhance pollinator health and encouraged the FWS to recognize such partnerships -- without imposing restrictions by listing the Monarch as an endangered species. The NCC also filed two sets of comments to EPA in response to the agency's proposals to address pollinator health and mitigating bee exposure to pesticides. The comments, which included a response to EPA's request to identify risk management options to protect Monarch butterflies, noted that the NCC is "committed to working together with the EPA and public and private organizations to develop viable solutions that do not limit producers' use of current and future agricultural technologies necessary for human food and fiber production.

Later in the year, the U.S. Court of Appeals for the Ninth Circuit issued a verdict to vacate EPA's unconditional registration of the insecticide sulfoxaflor and remanded the registration to the EPA to "obtain further studies and data regarding the effects of sulfoxaflor on bees, as required by EPA regulations." The NCC conveyed concerns that the court's judgment – while reflecting more of a precautionary principle of protection – omitted consideration of the benefits component of FIFRA and potentially set a precedent jeopardizing crop protection products' availability.

Pest Management

The NCC continued to be closely involved in activities focused on Old World Bollworm (*Helicoverpa Armigera*) invasion prevention. That included meeting with USDA's APHIS to emphasize the cotton industry's major concerns and urge APHIS to enhance efforts to prevent an Old World Bollworm invasion. The NCC encouraged APHIS to provide information to Extension entomologists to help prepare for possible Old World Bollworm infestations – which may change pest management strategies. Later, USDA approved \$461,119 in funding to conduct surveys to determine the scope of the Old World Bollworm infestation in Puerto Rico and collect and study samples of the pest, as well as \$117,921 to survey for the Old World Bollworm in high-risk areas in Florida.

In a letter submitted to EPA's Office of Pesticide Programs (OPP) regarding the agency's "Human Health Risk Assessment Revision for Chlorpyrifos Registration Review," the NCC asked EPA to consider all submitted studies and continue reliance on credible scientific data before making any risk assessment and regulatory decisions regarding chlorpyrifos. That product is used on cotton (predominantly in the Far West) to control aphids, lygus and whiteflies, and is one of the few remaining crop protection products that provides a broad spectrum of control for these pests. Late in the year, the NCC submitted comments on EPA's proposal to revoke the tolerances for chlorpyrifos explaining how it is used to prevent yield and quality loss by controlling multiple insect pests that can contaminate cotton lint with a sticky secretion that interferes with textile processing.

Simultaneously, 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 known as sulfonylureas and other identified chemicals. The comments were specific to four chemicals, which each have a significant impact on cotton production: thifensulfuron-methyl, trifloxysulfuron-sodium, tribenuron-methyl and rimsulfuron. The NCC urged EPA

to include in its review the weed resistance management benefits for each of these chemicals.

The NCC also submitted a letter to EPA's OPP asking the agency to consider the weight of scientific evidence for retaining the registration of flubendiamide (Belt) for use on cotton – an insecticide that provides highly effective control of the caterpillar pest without flaring mite outbreaks.

The NCC and producer interest organizations provided comments to APHIS in support of a deregulation decision regarding Dow AgroSciences' genetically engineered cotton that is resistant to the herbicides known as 2,4-D and glufosinate.

A letter from the NCC and other agricultural organizations to EPA asked the agency to provide a separate comment period to determine if justification exists to include a Food Quality Protection Act (FQPA) 10X Safety Factor in the human health risk assessments of all organophosphate chemicals. The letter stated the belief that EPA's plan to use the FQPA 10X Safety Factor in human health risk assessments for all organophosphate chemicals was unnecessary, unreasonable and unwarranted.



The NCC mailed "Contamination-Free Cotton" flyers to its producer, gin and warehouse leadership – to ensure that growers and all gin employees were aware of their responsibilities in preventing contamination.

Polyethylene Terephthalate (PET) Plastic Strapping Manufacturers. Included in the Specifications for burlap are the details of a JCIBPC Executive Committee action directing NCC staff to review spiral-sewn burlap bagging's status as an approved material and report those findings to the full JCIBPC during its 2016 meeting. This report will help determine whether or not spiral-sewn burlap bags continue to be listed as an approved packaging material in the JCIBPC Specs.

The NCC reminded warehouse owners who have a Commodity Credit Corporation Cotton Storage Agreement that the final rule amending specific reporting requirements for "not picked up bales"

Cotton Flow/Packaging

USDA approved for Commodity Credit Corporation loan program purposes the Joint Cotton Industry Bale Packaging Committee (JCIBPC) Specifications for Cotton Bale Packaging Materials for packaging 2015-crop cotton. Revisions to the Specifications included 1) a modified construction for one category of polypropylene bags and 2) the addition of new suppliers to the JCIBPC List of Approved

had been in effect since the first reporting period of 2015. In the rule, the Farm Service Agency clarified that bales made available, but not picked up by the shipper, can only be reported by the warehouse operator as bales made available for shipment for no longer than the first two weeks that such bales have been made available for delivery but have not yet been picked up.

NCC President/CEO Gary Adams sent a Batch 23 educational bulletin to the leadership of certified interest organizations representing cotton shippers, marketing cooperatives, warehousemen and ginners urging them to distribute the bulletin to their membership. The bulletin reviewed aggregated Batch 23 data through mid-June 2015 and provided reminders about the importance of Batch 23 use.

The NCC joined more than 90 other organizations representing a wide range of industries on a letter commending the Federal Maritime Commission for releasing "Rules, Rates, and Practices Relating to Detention, Demurrage, and Free Time for Containerized Imports and Exports Moving Through Selected United States Ports." The groups stated that the report highlighted the significant concerns of shippers, receivers, ocean freight forwarders and motor carriers who were assessed demurrage or detention charges during periods of peak congestion at our nation's ports, even though they were not responsible for the delays that triggered the assessment of the charges.

Research/Education

The NCC mailed "Contamination-Free Cotton" flyers to its producer, gin and warehouse leadership – to ensure that growers and all gin employees were aware of their responsibilities in preventing contamination. The NCC also re-established its Quality Task Force not only to monitor ongoing quality issues but to stay abreast of contamination incident reports.

As part of its continued support of the Cotton LEADS™ program, the NCC helped keep program partners – now exceeding 300 from across the global cotton textile supply chain – informed of program activities. That included support of refinement of the Fieldprint® Calculator, an online tool developed by Field to Market® for U.S. cotton producers to assess how production decisions affect their farming operation's overall environmental footprint. Specifically, the Calculator enables producers to compare an individual field's sustainability performance to the state and national agriculture data contained in the "National Indicators Report" in the areas of: land use, soil conservation, soil carbon, water use, energy use and greenhouse gas emissions.

The NCC-coordinated Beltwide Cotton Conferences (BWCC) continued its focus on research of new and existing products/technology and the extending of it to producers through consultants, Extension, allied industry and others directly involved in the decision-making process. Compact disks containing the 2010-15 BWCC proceedings were mailed to the BWCC attendees who ordered them. In addition to the published proceedings, the NCC made many of the 2015 BWCC reports - gleaned from the Confex Podium presentation management/recording service - available online.

On other technical issues, the NCC:

- co-signed a letter with other agricultural organizations that was sent to the Federal Aviation Administration (FAA) commenting on the Operation and Certification of Small Unmanned Aircraft Systems proposed rule. The letter expressed the organizations' support for unmanned aircraft systems' use to help farmers and ranchers manage their crops and livestock and make more informed business decisions. The letter also urged the FAA to seek input from the agriculture industry as it is one of the few industries that offers a low risk, high reward potential when using this technology.
- cooperated with the National Cotton Ginners Association on the three 2015 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.
- filed comments on EPA's proposal to change corn rootworm resistance management provisions. The comments stated that the agency has proposed a mandate for resistance management without recognizing its detriment to the farming industry.

Cotton Council International

Major activities carried out during 2015.

Throughout 2015, Cotton Council International (CCI) promoted U.S. cotton through a supply-push/demand-pull strategy to four major segments: yarn spinners, fabric/garment manufacturers, brands/retailers and consumers. In that effort, CCI utilized its COTTON USA trademark to distinguish those retail products containing a U.S. cotton majority. CCI also licensed major U.S. cotton users throughout the supply chain and promoted their products through its supply chain program. CCI's supply chain activities included providing information to prospective buyers on both U.S. cotton fiber's and U.S. manufactured cotton products' advantages.

As it also has done for many years, CCI conducted multi-media advertising in large consumer markets in Europe, Asia and Latin America for brands, retailers and consumers. Again, the COTTON USA trademark was utilized to reinforce the quality and comfort assurances of U.S. cotton and endorse products that contain a majority of U.S. cotton.



U.S. raw cotton's visibility in the world marketplace is increasing after CCI granted licenses to several U.S. bale packaging firms to imprint the COTTON USA logo on their packaging materials.

CCI seized a unique opportunity to increase U.S. raw cotton's visibility in the world marketplace when it granted licenses to several U.S. bale packaging firms to imprint the COTTON USA logo on their packaging materials for use on U.S. bales produced during the 2015-16 season. This initiative was made possible when the National Cotton Council adopted a recommendation from the National Cotton Ginners Association.

CCI's many other dynamic activities this past year ranged from a new global COTTON USA advertising campaign to another successful Orientation Tour.

The advertising campaign was launched to inspire consumers and further spread the benefits of U.S. cotton to markets throughout the world. The campaign slogan, "I Love My Cotton," encouraged consumers and brands alike to connect with the campaign, and inspires them to share their own reasons for loving cotton. Campaign activities, designed to raise consumer awareness and increase U.S. cotton product retail sales, included retail promotions, social media contests, large-scale advertisements in high-traffic areas around the globe, and interactive consumer events.

During CCI's annual COTTON USA "Cotton Days" in Korea, Taiwan, Japan and Thailand, celebrities, fashion designers, musicians and consumers gathered across Asia to celebrate their shared love of U.S. cotton. CCI President Dahlen Hancock traveled to Asia to represent the U.S. cotton industry in each city – as Cotton Days continued a tradition of illustrating the COTTON USA brand's genuine, passionate and visionary aspects.

U.S. cotton industry representatives traveled to Mexico City; Guatemala City, and Lima, Peru as part of the 2015 COTTON USA Executive Delegation. They discussed a variety of market and trade issues with key U.S. cotton customers. The delegation hosted seminar sessions and participated in factory visits, as well as strengthened strategic relationships with regional mills and associations. The event provided attendees with valuable opportunities to network and build connections for increasing U.S. cotton exports. The participating delegates included: CCI President Hancock, Bobby Walton and Hope Brooks, III, representing the American Cotton Shippers Association; John Burch (AMCOT); Bernie Jordan and Mark Nichols (American Cotton Producers); Buxton Midyette (Supima staffer); and Vaughn Jordan (CCI staffer).



CCI President Dahlen Hancock represented the U.S. cotton industry during CCI's annual COTTON USA "Cotton Days" in Korea, Taiwan, Japan and Thailand.

Another successful CCI event involved textile executives representing 18 countries visiting the U.S. Cotton Belt in autumn to get a close look at how U.S. cotton is produced, processed and marketed as part of the 39th COTTON USA Orientation Tour. Represented on this biennial Tour were 29 companies from Bangladesh, China, Colombia, Costa Rica, Ecuador, Ethiopia, Honduras, India, Indonesia, Japan, Korea, Mexico, Pakistan, Peru, Taiwan, Thailand, Turkey and Vietnam. These firms were expected to consume about 3.1 million bales in 2015 while U.S. cotton exports to those firms were estimated at about 1 million bales.



Textile executives representing 18 countries visited the U.S. Cotton Belt as part of the 39th COTTON USA Orientation Tour.

CCI also carried out other successful COTTON USA Supply Chain Program events in 2015 – to facilitate business relationships and information exchange between the U.S. cotton-rich textile industry/garment manufacturing companies and global brands/retailers worldwide. COTTON USA sales events, such as Buyers' Tours and Sourcing Fairs, have become the cornerstone of CCI's Supply Chain

initiative. Through these events, CCI facilitates the sourcing process for the buyers by pre-selecting suppliers and providing basic company profile information based on the buyers' needs.

Likewise, the COTTON USA Sourcing Program continued as a successful partnership between CCI and a group of U.S. cotton textile manufacturers. That Program was designed to develop business relationships along the entire cotton textile and apparel supply chain. CCI has developed relationships with some 700 companies throughout Latin America during private trade events, regional trade shows and personal visits.

Among other Sourcing Program achievements was 1) deliverance of U.S. cotton sourcing assistance to major apparel industry players at the Texworld and Première Vision trade shows in Paris, France and 2) sponsoring a U.S. cotton spinning mills delegation to meet with potential Vietnamese customers and explore the U.S. cotton yarn market potential there in preparation for Trans-Pacific Partnership Agreement negotiations.

The Cotton Foundation

Major activities carried out during 2015.

The Cotton Foundation Board of Trustees elected officers and approved funding for 20 general research projects totaling \$320,000 for 2015-16. Approved projects, which include studies related to pest management, sustainability, pollinator protection, fiber quality, agronomic practices and education, are:



Among Foundation general projects is a study of the impact of weed/insect management on population dynamics and insecticide resistance of the tarnished plant bug.

- *Journal of Cotton Science*
- Cotton Losses
- Enhancing Cotton Industry Education and Information through the National Cotton Council Web Site
- China Cotton Leadership Exchange
- EPA Residual Risk and Technology Reviews (RTR) for the "Vegetable Oil Production" Source Category (MACT Standards Review)
- Evaluation of Low Volume TSP Sampler for Use in Measuring Agricultural PM10 and PM2.5 Sustainability of Cotton Production
- Developing an Industry-wide Standard for Cotton Variety Leaf Hairiness
- Pollinator Protection
- Support for the Pink Bollworm Post Eradication Transition
- Sustainability of US Cotton: Field to Market Fieldprint Calculator Pilot
- Enhancement of Cotton Acres Enrolled into the Fieldprint Calculator and Validation of the Cotton Industry's Field Print Calculator Express Survey
- Information and Research on Potential Consumer, Environmental and Workplace Risks
- Improvement of Biological Control of Aflatoxin Contamination With Atoxigenic Strains of *Aspergillus flavus* on Cotton, Corn, and Pistachios Impact of Weed and Insect Management on Population Dynamics and Insecticide Resistance of Tarnished Plant Bug (*Lygus lineolaris*)
- On Farm Validation of the Fieldprint Calculator for Cotton
- Test Protocols for Determination of Combustible Dust Designation
- Documentation of the Pink Bollworm Eradication Program
- Application of the Field Print Calculator for Cotton Production in the Texas High Plains



Midwestern and Far West farmers observed cotton and other agricultural operations in West Texas as participants in the 2016 Multi-Commodity Education Program -- one of the Foundation's multiple special projects.

Some Foundation member firms provide grants over and above their dues to fund special projects. One special project -- Cotton LEADS™ -- continues to help raise awareness of the responsible growing practices among U.S. and Australian cotton producers. At www.cottonleads.org is more information on that initiative which is supported by the NCC, Cotton Council International, Cotton Incorporated and Cotton

Australia.

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 post multiple cotton-related educational materials, including streaming video.

Video Staff Report

<http://www.cotton.org/about/report/2016/2016-video-staff-report.cfm>