

2021 Cotton Policy Outlook

**Great Plains Cotton Conference
February 24, 2021**



Producers

Cooperatives

Ginners

Cottonseed

Merchants

Warehouses

Manufacturers

Senate Agriculture Committee Leadership



Sen. Debbie Stabenow (D-MI) as the Chairwoman of the Agriculture Committee in the 117th Congress.



Sen. John Boozman (R-AR) as the Ranking Member of the Agriculture Committee in the 117th Congress.

Senate Agriculture Committee

Chairwoman Debbie Stabenow (MI)

Patrick Leahy (VT)

Sherrod Brown (OH)

Amy Klobuchar (MN)

Michael Bennet (CO)

Kirsten Gillibrand (NY)

Tina Smith (MN)

Dick Durbin (IL)

Cory Booker (NJ)

Ben Ray Luján (NM)

Raphael Warnock (GA)

**Ranking Member John
Boozman (AR)**

Mitch McConnell (KY)

John Hoeven (ND)

Joni Ernst (IA)

Cindy Hyde-Smith (MS)

Roger Marshall (KS)

Tommy Tuberville (AL)

Chuck Grassley (IA)

John Thune (SD)

Deb Fischer (NE)

Mike Braun (IN)

House Agriculture Committee Leadership

Majority



**Chairman:
David Scott (GA-13)**

Minority



**Ranking Member:
Glenn "GT" Thompson
(PA-15)**

House Agriculture Committee

Chairman David Scott (GA)

Jim Costa (CA)

Jim McGovern (MA)

Filemon Vela (TX)

Alma Adams (NC)

Abigail Spanberger (VA)

Jahana Hayes (CT)

Antonio Delgado (NY)

Bobby Rush (IL)

Chellie Pingree (ME)

Gregorio Kilili Camacho Sablan (MP)

Annie Kuster (NH)

Cheris Bustos (IL)

Sean Patrick Maloney (NY)

Stacey Plaskett (VI)

Tom O'Halleran (AZ)

Salud Carbajal (CA)

Ro Khanna (CA)

Al Lawson (FL)

Lou Correa (CA)

Angie Craig (MN)

Josh Harder (CA)

Cindy Axne (IA)

Kim Schrier (WA)

Jimmy Panetta (CA)

Ranking Member Glenn Thompson (PA)

Austin Scott (GA)

Rick Crawford (AR)

Scott DesJarlais (TN)

Vicky Hartzler (MO)

Doug LaMalfa (CA)

Rodney Davis (IL)

Rick Allen (GA)

David Rouzer (NC)

Trent Kelly (MS)

Don Bacon (NE)

Dusty Johnson (SD)

Jim Baird (IN)

Jim Hagedorn (MN)

Chris Jacobs (NY)

Troy Balderson (OH)

Michael Cloud (TX)

Randy Feenstra (IA)

Michelle Fischbach (MN)

Tracey Mann (KS)

Barry Moore (AL)

Kat Cammack (FL)

Mary Miller (IL)

Agriculture Committee Agendas



Senate Agriculture Committee

➤ 5 new Members

- Climate policy
 - Voluntary climate exchange/ag. carbon market
 - Growing Climate Solutions Act
- Nutrition programs
- Racial equity
- Local foods and urban agriculture
- Conservation policy
- Review Farm Bill



House Agriculture Committee

➤ 12 new Members

- Climate policy
- Nutrition programs
- Racial equity
- Development of Ag. Disaster Aid Fund
- Review Farm Bill

New Administration Nominees



**Tom Vilsack –
Secretary of
Agriculture**

- Confirmation required
- Mainstream production agriculture
- Cotton industry had a good relationship during previous tenure



**Katherine Tai –
U.S. Trade
Representative**

- Confirmation required
- Senior trade counsel on House Ways and Means Committee
- Well respected on both sides of aisle



**Michael Regan –
Administrator, EPA**

- Confirmation required
- Head of NC Dept. of Environmental Quality
- EPA in the Clinton & Bush administrations
- Environmental Defense Fund before NC position



**Dr. Jewel Bronaugh –
Deputy Secretary of
Agriculture**

- Confirmation required
- Current Commissioner of Agriculture in Virginia
- Previously served as Virginia State Executive Director for FSA

USDA Focus

- **Climate Policy**
 - Ag. Carbon Bank/Credit Trading Market
 - Payments/incentives to farmers & ranchers
 - Verification of climate smart practices
- **COVID Relief**
- **Nutrition Assistance Expansion**
- **Racial Equity**
- **Biofuels**
- **Sustainability**
- **Antitrust Enforcement/Industry Consolidation and Concentration**
- **Agriculture Workforce**



EPA Focus

- Pesticide re-registrations and evaluation/mitigation
 - Glyphosate, Pyrethroids, Paraquat, Chlorpyrifos, Triazines
- Most pesticide products due for re-registration review by end of 2022
- Legal challenges to Navigable Water Protection Rule and possible reinstatement of WOTUS rule
- Review of numerous Endangered Species Act rules
- Likely reinstatement of restrictions on Chlorpyrifos and WPS Application Exclusion Zones
- Review of air quality/particulate matter standards



Cotton Policy Issues Outlook

- Additional COVID relief and stimulus funding
- Natural Disaster supplemental funding bill
 - Possible for adding funding for WHIP+ for 2020 crop losses due to natural disasters
- Focus on climate change policies and reward/incentivize farmers for practices that promote carbon sequestration
- Administration to work with other allies to address concerns with China
 - Expect Phase 1 trade agreement to remain in place for now
- Expect greater scrutiny by EPA on pesticide issues and restrictions
 - Potential impacts for dicamba and Enlist labels, glyphosate registration, new registrations

COVID Relief/Assistance Package

- \$20/acre CFAP payment on 2020 planted acres
 - Upland and ELS cotton
- Extension of Marketing Assistance Loan terms to 12 months through Sept. `21
- Textile Mill Assistance
 - 6 cents/pound for 10 months of cotton consumption based on 2017 to 2019 average monthly consumption ~ \$70 to 80 M
- USDA CFAP 2 Adjustments
 - For crops including upland cotton, if producer/farm had no 2020 APH to calculate 2020 payment, use 100% of 2019 ARC – County yield instead of previous 85%

FY `21 Appropriations Package

- \$13.597 M for Boll Weevil Eradication Program
 - Over \$2 M increase
- ARS funding maintained for cotton gin labs
 - Directs ARS to fully staff all laboratories
- Continued funding for ARS research projects
 - CLRDV (Cotton Blue Disease)
 - Whitefly Control



WHIP+ Disaster Assistance

- WHIP+ signup for '18 and '19 losses ended Oct. 30
- Once all applications processed, USDA determine if/how much of remaining 50% to pay for '19 losses
 - Congress added additional funds in Omnibus bill
- WHIP+ Quality Loss Assistance sign-up (Jan. 6 to March 5)
 - 5% quality loss to trigger
 - Calculated only on impacted production
 - Dollar value loss times 70%
 - Payments may be prorated if total funding not sufficient
 - Payments made after sign-up period complete
 - No interaction with insurance indemnity
 - Requires 2-year insurance purchase commitment (concurrent with existing WHIP+ requirement)
 - Texas A&M QLA Cotton Calculator
 - <https://afpc.tamu.edu>.
- **Continue push for WHIP+ coverage for 2020 losses and additional funding**
 - **\$1.6 B** in production and quality losses in cotton
 - **4.1 M** bales lost due to drought and hurricanes
 - Need for quality loss assistance



Crop Insurance Updates

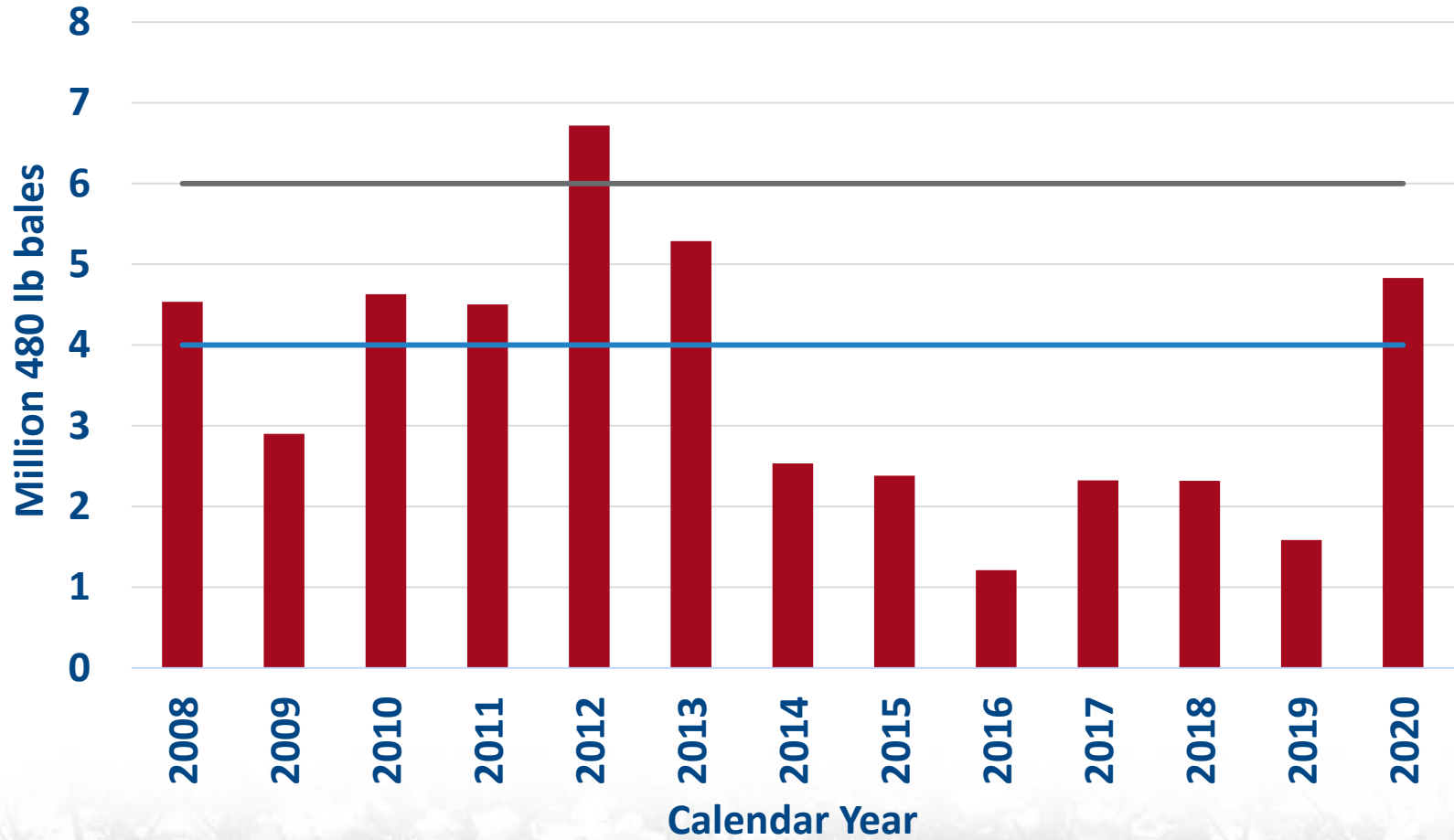
- Quality Loss Option
 - Allow producers to replace post-quality loss production amounts in APH databases with pre-quality loss production amounts
 - Allow to maintain actual yields for individual crop years
- Enhanced Coverage Option (area based plan)
 - Elect either 95% or 90% coverage band to 86%
 - Uses same expected and final area yields, projected and harvest prices, and payment factors as SCO
 - Cannot cover same acres as STAX
- New Prevented Planting (PP) Requirements
 - Effective for 2021 crop
 - Most notable change expands the “**1 in 4**” requirement nationwide, requiring producers to plant, insure and harvest acreage in at least one of the four most recent crop years
 - If producer fails this test, prevented planting coverage is not available and a crop would have to be planted, insured and harvested on that acreage for 2 consecutive years before PP is available again

China Trade Issues

- U.S. cotton exports
 - Increasing under Phase One agreement
 - 5 million bales in 2020
- Import restrictions on China due to forced labor issues
 - Withhold/Release Order (WRO) on all cotton/cotton products from Xinjiang
 - WROs issued on specific companies and Xinjiang Production and Construction Corps (XPCC)
 - Any cotton or products containing cotton grown or processed by XPCC
- Bill to ban all products from Xinjiang (H.R. 6210)
 - Passed House overwhelmingly (116th Congress)
 - Senate and House bills re-introduced and likely passage this Congress



U.S. Cotton Exports to China



Prevention of Plastic Contamination

Prevention of Plastic Contamination – Recommended Best Practices for Producers & Ginners



Introduction by Gary Adams

Chapter 1: Introduction to Prevention of Plastic Contamination

Chapter 2: In The Field

Chapter 3: During Harvest

Chapter 4: Machine Operation

Chapter 5: Module Handling

Chapter 6: How to Stage Modules in the Field

Chapter 7: Loading a Module Truck

Chapter 8: Loading a Flatbed Truck

Chapter 9: Unloading Modules Onto a Gin Yard

Chapter 10: How to Handle Round Modules at the Gin

Chapter 11: Unwrapping/ Cutting Open Modules

Chapter 12: Conclusion

Play All: Prevention of Plastic Contamination

Meeting Materials

Exit

https://youtu.be/Wfb6S0MoK_E

NCC QUALITY TASK FORCE RECOMMENDATION

- Adopted - December 18, 2020)
- To better protect seedcotton and baled lint from all forms of contamination and to ensure module integrity during storage, transport to the gin and unwrapping at the gin, support the efforts of the American Society of Agricultural and Biological Engineers (ASABE) in the development and adoption of the amended (X615.2) Cotton Module Cover Material Performance Standard to include round module wrap materials.
- The standard should address key physical properties of the wrap material such as tensile strength, abrasion resistance, puncture resistance, etc.; appropriate adhesive properties including effectiveness over a range of anticipated temperatures encountered at harvest; and acceptable colors that can best be easily detected by existing contamination detection technologies.

A high-angle, wide shot of a cotton field. The plants are densely packed, and the white cotton bolls are in full bloom, creating a textured, repetitive pattern across the landscape. The lighting is bright, highlighting the white color of the cotton against the green stems and leaves.

U.S. Cotton Trust Protocol

Enrollment update



- Approximately 300 producers enrolled in the Trust Protocol for the 2019 crop
- Approximately 560 producers in process for 2020 crop
- Approximately 170 mills/manufacturers across the globe



Who has joined the USCTP?



Ongoing activities



- Continue development of the credit system to transmit data to the textile supply chain
- Continue to expand participation through out the supply chain
- Look for opportunities to streamline and incentivize grower participation
 - Ease of data entry
 - Coordination with working lands conservation programs
 - Future climate legislation or carbon markets
 - Help desk available
 - growers@trustuscotton.org



Thank You



Producers Cooperatives

Ginners Cottonseed Merchants

Warehouses Manufacturers