



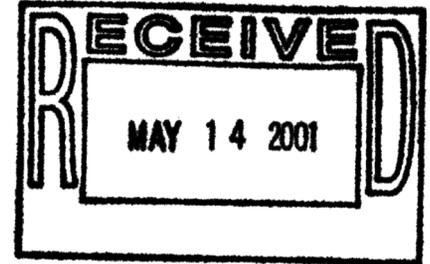
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American
Cotton
Shippers
Association

May 10, 2001

Ms. Whitney Rick
Chief, Research & Promotion Staff
Cotton Program
Agricultural Marketing Service
US Department of Agriculture
Stop 0224, Room 2641, South Building
Washington, DC 20250-0224



Re: Review of Cotton Research &
Promotion Programs

Dear Ms. Rick

Pursuant to the Federal Register Notice¹ of March 26, 2001, the American Cotton Shippers Association submits this statement in support of the Cotton Research & Promotion Program capably managed by the Cotton Board and effectively undertaken by Cotton Incorporated. ACSA recommends that the Agricultural Marketing Service give the Program a favorable review and that it recommend to Secretary of Agriculture Veneman that a referendum is not necessary.

Interest of ACSA

ACSA was founded in 1924 and is composed of primary buyers, mill service agents, merchants, shippers, exporters and importers of raw cotton who are members of four federated associations located in sixteen states throughout the cotton belt:

Atlantic Cotton Association (AL, FL, GA, NC, SC, & VA)
Southern Cotton Association (AR, LA, MS, MO, & TN)
Texas Cotton Association (OK & TX)
Western Cotton Shippers Association (AZ, CA, & NM)

In enacting the Cotton Research & Promotion Act in 1966², the Congress declared it to be public policy that *the efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cotton growers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation.* Since ACSA member firms handle

¹ Vol. 64, No. 242, p. 70682

² 7 USC 2101 et seq.

over 80% of the U.S. cotton sold in domestic and export markets and because of their involvement in the purchase, sale and shipment of cotton, ACSA members are directly impacted by any action taken by the Department of Agriculture that could impede the effective and ongoing activities of Cotton Incorporated. Therefore, our interest is manifest in the proposal before the Agricultural Marketing Service since the operation of the Cotton Research & Promotion Program directly impacts our members and our producer, domestic mill, and export customers.

The Role of ACSA

Pursuant to the Regulations issued by the Department in the Cotton Research & Promotion Order, as First Handlers of cotton, ACSA members are required to collect the fees assessed on each bale they purchase from a producer and remit such monies on a timely basis to the Cotton Board. Since the inception of the Program in 1967, ACSA members have collected and remitted in excess of one-half billion dollars to the Cotton Board. Further, ACSA has directly contributed \$200,00 to Cotton Incorporated in recognition of its successful efforts in all aspects of its programs which have benefited producers, processors, merchants, mills, retailers, and consumers through numerous and invaluable plant, product, and process developments. Also, in 1999, the Agricultural Marketing Service certified ACSA as an importer organization and Secretary of Agriculture Glickman appointed an ACSA representative to the Cotton Board.

USDA - Cotton Producer - Importer Oversight & Supervision of the Highly Effective Cotton Research & Promotion Program & the High Degree of Support for Program Merit a Favorable Review from the Agricultural Marketing Service & Recommendation that a Referendum is Unnecessary

The Cotton Research and Promotion Program is an outstanding example of effective government oversight and industry cooperation and guidance resulting in record consumer acceptance of cotton products and the continual development of new product uses, and improved cost efficient methods of production, harvesting, ginning, distribution, and manufacturing.

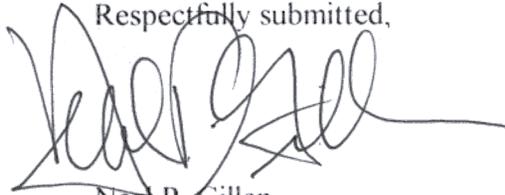
This is accomplished by the Agricultural Marketing Service through its effective oversight of the Cotton Research & Promotion Program, the guidance and direction of the producer and importer directors of the Cotton Board, and through the efficient management of the producer directors of Cotton Incorporated and its highly competent staff.

The producers and importers who contribute the monies to carry out the diverse programs of Cotton Incorporated have significant input on deciding on the expenditures of their

monies and the processes in place afford producer and importer organizations a strong voice in the selection of directors to the Cotton Board.

The success of the programs undertaken by Cotton Incorporated are well documented and have the full support of our nation's cotton producers, the various segments of the cotton industry, and the importers. Therefore, we feel the Cotton Research and Promotion Program merits a highly favorable review from the Agricultural Marketing Service and the recommendation to Secretary Veneman that a referendum is not necessary and should not be conducted. Further, we join in support of the favorable comments submitted by the numerous Cotton Producer Organizations, the Cotton Board, Cotton Incorporated, and the National Cotton Council of America.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Neal P. Gillen', with a long horizontal flourish extending to the right.

Neal P. Gillen,
Executive Vice President &
General Counsel