

June 25, 2001

Ms. Whitney Rick
Chief, Research and Promotion Staff
Cotton Program, Agricultural Marketing Service
United States Department of Agriculture (USDA)
Room 2641-S South Building, Stop 0224,
1400 Independence Avenue, SW
Washington, D.C. 20250-0224



RE: Review of 1990 Amendments to the Cotton Research and Promotion Act

Dear Ms. Rick:

On behalf of Levi Strauss & Co. (LS&CO.), I am pleased to respond to the United States Department of Agriculture's (USDA) Federal Register notice dated March 26, 2001 (Volume 66, Number 58), soliciting comments regarding 1990 amendments to the Cotton Research and Promotion Act.

LS&CO. is one of the world's largest manufacturers of apparel products, producing jeans, jeans-related products, and casual sportswear under the Levi's®, Dockers®, and Slates® brands. We manufacture in more than 60 countries and market our products worldwide.

As you begin reviewing 1990 amendments to the Cotton Research and Promotion Act, LS&CO. seeks your assistance in the elimination of the mandatory cotton fee. It is estimated that cotton product importers account for approximately one-third of the fees paid into the Cotton Promotion Program, or roughly \$20 million of the program's \$60 million in annual revenue. As a leading cotton importer, LS&CO. pays a substantial amount in cotton fees each year, and these fees have become a significant burden on our company at a time when we are forced to squeeze additional costs out of our operations. Moreover, as LS&CO. continues to move toward a global supply chain, the mandatory cotton fee will increase substantially, further increasing our costs of production and reducing our global competitiveness.

In addition, because LS&CO. also produces and imports garments using non-cotton fabrics, we believe the mandatory cotton fee discriminates against an important segment of our business. The cotton fee is used to fund programs that promote the purchase of cotton apparel at the expense of other apparel made from non-cotton fibers. As a result, we are forced to pay a fee that works at cross-purposes with the operational and marketing strategy of our company.

We appreciate your consideration for the elimination of the mandatory cotton fee and stand ready to provide any additional information you might require to address this issue. Please let me know if you have any questions. I can be reached at 415.501.2295.

Respectfully Submitted,

Bruce Moats
Corporate Vice President, Government Affairs

