

March 28, 2002

**Ms. Whitney Rick
Chief, Research and Promotion Staff
Cotton Program, Agricultural Marketing Service
USDA
PO Box 23728
Washington, D.C. 20026-3278**

**Re: Proposed Rule: Procedures for Conduct of Sign Up Period, Docket No. CN-01-007, 67
Fed. Reg. 11847 (March 18, 2002)**

Dear Ms. Rick:

These comments are submitted on behalf of the members of the U.S. Association of Importers of Textiles and Apparel, USA-ITA, who account for a substantial portion of the fees collected from importers under the Cotton Research and Promotion Order. USA-ITA members have several suggestions, based upon the experience of USA-ITA members with the original 1991 referendum to determine whether to approve the amendments to the Order and the sparse participation in the 1997 referendum. Specifically, USA-ITA strongly urges that steps be taken to ensure that the notice of the sign-up opportunity is received by the appropriate persons within each importing entity and that each importing entity has the necessary information to recognize what the cotton assessment is and how much it has paid annually.

The Federal Register notice states that there are currently approximately 10,000 importers subject to the Order, and a total of 40,000 entities subject to the order, including producers. It also notes that in the 1991 referendum, more than 46,000 ballots were received. USA-ITA suspects that far fewer than 10,000 of the ballots received in 1991 were from importers, because few importers were truly aware of the referendum at that time. That suggests that the number of producers subject to the Order has declined significantly in the last decade, making the role of importers that much more crucial to the Cotton Research and Promotion Program.

Given the importance of the importers to the Program, it is imperative that the information about the Program, and the referendum, reach the appropriate individuals within each importing entity and that they have sufficient information to evaluate the value of the Program to their companies. An envelope from USDA that simply lists the name of the company, without the name of an individual responsible for import management or customs compliance and that does not identify the importance of the contents of the envelope is unlikely to reach the appropriate company official, either in a timely manner or possibly at all. Steps must be taken to ensure that both the envelope and the contents properly advise the recipients of the importance and significance of the referendum and sign up opportunity. USA-ITA urges that

the USDA address the referendum request form information to each company's executive responsible for import management and/or customs compliance. Further, the envelope itself must identify that the contents include a "Imported Cotton Assessment Continuance Referendum request form."

Moreover, the enclosure of a form letter that simply notifies a company of its right or opportunity to participate in a sign up for a referendum is unlikely to receive attention. Individualized information must be provided and particularly each importing entity should be specifically advised of exactly how much money that entity paid in cotton assessments during the most recent one-year period (such as calendar year 2001).

Just as USDA is going to require each company that does not receive a request form to submit a CF 7501 showing payment of the cotton assessment in calendar 2001, USDA must present to each known assessment payer a statement of the amounts known to have been paid during 2001. USA-ITA understands that such information is maintained by the Cotton Board and therefore it should be readily available for inclusion in the letters notifying importers of the sign up procedure. Such information will be crucial to ensuring that the opportunity to request a referendum is properly considered -- and also is likely to ensure that the information gets to the appropriate officials within each importing entity. Thus, USA-ITA recommends that the letter to each importing entity should state unequivocally:

Your company currently pays an assessment on its imports of products containing cotton, which supports a cotton research and promotion program managed by the U.S. Department of Agriculture. [Your company] paid \$ ___ under this program in calendar year 2001. These assessments, which are automatically collected by the U.S. Customs Service at the time of entry of imported merchandise, support activities such as the advertising campaign, "Cotton, the fabric of our lives." Under the Cotton Research and Promotion Act, as amended, eligible cotton producers and importers may request that USDA conduct a continuance referendum, to determine whether to continue the program. . . .

Alternatively, USDA could provide an individualized enclosure with each form letter. In that event, USA-ITA suggests that the form letter read as follows:

Your company currently pays an assessment on its imports of products containing cotton, which supports a cotton research and promotion program managed by the U.S. Department of Agriculture. The amount your company paid under this program in calendar year 2001 is indicated in the attachment to this letter. These assessments, which are automatically collected by the U.S. Customs Service at the time of entry of imported merchandise, support activities such as the advertising campaign, "Cotton, the fabric of our lives." Under the Cotton Research and Promotion Act, as amended, eligible cotton producers and importers may request that USDA conduct a continuance referendum, to determine whether to continue the program. . . .

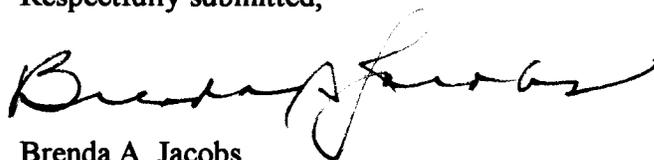
If USDA determines that it is not feasible to prepare individualized letters or an individualized enclosure to be included with a form notification letter identifying the assessments paid by the recipient of the notification letter, then at the very least USDA must include in the notification letter an explicit statement advising the importing entity of its right to promptly obtain information on how much it paid in cotton assessments during the most recent one year period. Importing entities must be provided with a name and telephone or email contact at the Cotton Board who will provide that information upon request. Preferably, a telephone contact should be a toll-free number, and importing entities should be able to obtain that information at the time that the request is made, without delay. Thus, the letter could state:

Your company currently pays an assessment on its imports of products containing cotton, which supports a cotton research and promotion program overseen by the U.S. Department of Agriculture. These assessments, which are automatically collected by the U.S. Customs Service at the time of entry of imported merchandise, support activities such as the advertising campaign, "Cotton, the fabric of our lives." Your company may confirm the specific amount of cotton assessments it paid during calendar year 2001 by contacting Cotton Board official [name] at [telephone number] or [e-mail].

Under the Cotton Research and Promotion Act, as amended, eligible cotton producers and importers may request that USDA conduct a continuance referendum, to determine whether to continue the program.

USA-ITA respectfully requests the opportunity to review and comment upon the envelope and enclosures that USDA proposes to send to each importing entity, before they are actually sent. We would be glad to meet with USDA staff personally to participate in this process, in order to ensure that the information provided to the importers paying the assessments is adequate to advise them of the issue, the implications for their businesses, and the opportunity presented by the referendum.

Respectfully submitted,



Brenda A. Jacobs

Washington Trade Counsel to USA-ITA