

TALKING POINTS
NATIONAL COTTON COUNCIL BOARD OF DIRECTORS
JACKSON, MISSISSIPPI
MAY 28, 1986

1986 FARM PROGRAMS

O MARKETING LOAN

- RIA MARKETING LOAN WENT INTO EFFECT ON APRIL 15, REDUCING MARKET PRICE FROM \$8.00/CWT. TO ABOUT \$3.50/CWT. EXPORTS ARE INCREASING. THAILAND AND OTHER COMPETITORS ARE COMPLAINING.

- COTTON MARKETING LOAN WILL GO INTO EFFECT ON AUGUST 15, REDUCING MARKET PRICE FROM 65 CENTS/LB. TO 37 CENTS/LB. COTTON PROGRAM HAS ALWAYS HAD A MECHANISM FOR KEEPING PRICES COMPETITIVE. THE INDUSTRY STRONGLY FAVORED THE MANDATING THE MARKETING LOAN.

- DOLE MAY 16 LETTER TO LYG REQUESTED REVIEW OF USING MARKETING LOAN DISCRETION FOR WHEAT, FEED GRAINS AND SOYBEANS. ASKED USDA TO COMPARE COST OF ALLOWING PRODUCERS TO REDEEM LOANS BELOW FACE VALUE TO COST OF FORFEITURES ON UNREDEEMED CCC LOANS.

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O STORAGE OUTLOOK

-- TOTAL U.S. STORAGE (ON-FARM AND COMMERCIAL) OF ABOUT 20 BILLION BUSHELS WAS 92 PERCENT FULL LAST OCTOBER. WITH CURRENTLY HARVEST ESTIMATES, USDA EXPECTS SUPPLIES TO EXCEED STORAGE CAPACITY BY BETWEEN 500 MILLION AND 1.0 BILLION BUSHELS. WORST SURPLUS WILL BE IN ILLINOIS, INDIANA, AND OHIO.

-- NEED TO GET EXPORTS MOVING. USDA'S EXPORT ENHANCEMENT PROGRAM IS TOO NARROWLY TARGETED: WE ARE LOSING MORE CUSTOMERS THAN WE GAIN. ACROSS-THE-BOARD APPROACH IS OPPOSED ON IDEOLOGICAL GROUNDS. MARKETING LOAN, WHICH APPLIES TO DOMESTIC AS WELL AS FOREIGN SALES, MAY BE THE ONLY OTHER ANSWER.

O PAYMENT LIMITATION

-- UNDERSTAND COTTON COUNCIL STRONG OPPOSES REDUCING THE \$50,000 PAYMENT LIMITATION DUE TO LARGER INDIVIDUAL ECONOMIC UNITS. WE HAVE SOME LARGE WHEAT UNITS IN KANSAS, TOO.

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-- WE WERE ABLE TO DO BUSINESS ON THE 1985 FARM BILL ONCE IT WAS ESTABLISHED THAT SAVINGS COULD BE FOUND BY ADJUSTING OTHER PROGRAMS.

-- SENATOR COCHRAN'S LEADERSHIP AND COOPERATION IN HELPING PUT TOGETHER A SUCCESSFUL COALITION WAS VITAL.

NOTE: POSSIBLY MENTION ABDNOR REMARK TO ANDREWS DURING CONSIDERATION OF SECOND CORRECTIONS BILL IN MARCH: "HOW COME THE SOUTHERNERS ALREADY HAVE EVERYTHING THEY WANT?"

COTTON/TEXTILE ISSUES

O ECONOMIC BACKGROUND

-- IMPORTS OF COTTON PRODUCTS INCREASED BY 28% IN 1984 ALONE. IMPORTS NOW ACCOUNT FOR 38% OF DOMESTIC RETAIL SALES.

-- ONLY 20% OF THE COTTON CONTENT OF IMPORTED TEXTILES AND APPAREL ORIGINATED IN THE U.S. IMPORTS COST U.S. COTTON FARMERS AN ESTIMATED \$1.25 BILLION IN 1984.

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O TEXTILE TRADE LEGISLATION

- UNDERSTAND COTTON COUNCIL IS ACTIVE MEMBER OF COALITION SEEKING AUGUST 6 OVERRIDE OF VETO OF THE TEXTILE AND APPAREL TRADE ENFORCEMENT ACT.
- UNDERSTAND 70 SENATORS (MYSELF INCLUDED) AND 303 HOUSE MEMBERS SIGNED LETTERS URGING THE PRESIDENT TO NEGOTIATE A TOUGHER MULTIFIBER ARRANGEMENT (MFA), INCLUDING A FORMULA TIERING IMPORT INCREASES TO DOMESTIC DEMAND.
- UNDERSTAND DEVELOPING, TEXTILE-EXPORTING COUNTRIES ARE USING OUTCOME OF MFA TALKS (DEADLINE IS JULY 31) AS LEVERAGE ON WHETHER TO JOIN NEW GATT ROUND -- TOP ADMINISTRATION PRIORITY.
- IF THE CHOICE IS BETWEEN OVERRIDING THE PRESIDENT'S VETO AND LAUNCHING A NEW GATT ROUND, I WOULD PREFER NOT HAVING TO OVERRIDE THE VETO.

May 15, 1986

TRADE TALKING POINTS

o While good news on the trade front is slow in coming, exports of U.S. capital equipment and other goods are running about 4% over the pace at the end of 1985. If this trend continues, we should see significant improvement in the trade deficit before the end of this year.

o This positive shift is, in part, the result of past year's decline in the value of the dollar. The dollar has fallen almost 35% from its peak in February 1985 against the yen, and since last September's G-5 meeting it's fallen about 15% against a basket of major currencies.

o I hope this turnabout continues--but there's more to trade trends than exchange rates. Even with the good news, we must face facts: the United States does not have a clearly defined trade strategy or policies to carry it out.

o We Americans believe that trade is an exchange of goods and services -- a two-way street between businesses, states, and countries. However, many countries are only too happy to sell us their goods. But when it comes to buying ours, they say "No thanks."

o The truth is that most of us in Congress, as well as most businesses, don't want to erect protectionist barriers to prevent foreign goods from entering the United States. What we want is access -- the opportunity to sell American products in overseas markets.

o In the past, the United States blinked at other countries' trade barriers even though our markets are among the most open in the world. In view of the current U.S. political and economic climate we can no longer afford this luxury.

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CONGRESS AND TRADE POLICY

o I have never seen stronger Congressional sentiment for acting on the trade front. My colleagues, including strong advocates of free trade, are fed up with what they believe to be basic unfairness.

o Trade already is and will continue to be a major political issue in the 1986 and 1988 elections. Many in Congress are already moving to gain early political advantage. Hundreds of trade bills have been introduced to date. The stakes are high -- maybe control of the Senate in 1986.

o Although there is a diversity of opinion among members of Congress on how best to address the trade issue, there seems to be a consensus that Congress must reassert its broad constitutional authority over trade policy. Under Article I of the Constitution, the Congress is expressly vested with the power to regulate commerce with foreign nations and to set tariffs. Over the years, Congress has ceded to the Executive Branch the primary role not only in implementing these policies but also in setting our overall trade policies.

o Last November a bipartisan group of my Senate colleagues joined with me in introducing a major trade initiative which attempts to reestablish our involvement.

Specifically, this bipartisan initiative addresses the following objectives:

To insure systematic enforcement of existing trade laws against foreign unfair trade practices;

To expand trade through market liberalization;

To promote meaningful adjustment of import-impacted industries to new competitive conditions; and

To remedy misalignment of the dollar, developing country debt, and disincentives to U.S. exports.

In addition to this effort there are numerous sector-specific bills which the Congress may consider. Notable among them, the so-called textile bill, which passed overwhelmingly in both the House and Senate and was vetoed by the President.

CANADIAN FREE TRADE AGREEMENT

o One more recent example of congressional determination to become a more active partner on trade is the debate over the Administration's proposal to begin negotiations on a free trade zone agreement with Canada.

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o The administration got its way. On a tie vote, the Finance Committee defeated a motion to put the negotiations on a slow track--in effect gutting the initiative. But the Administration came close to losing this one. There were a number of senators unhappy about specific trade issues with Canada, such as timber. But there were others, Republicans included, who are dissatisfied with the administration's failure to be more aggressive overall on the trade front and to take Congress for granted.

o The trade issue is not going to go away. Members of Congress recognize that America's trade policy is in a shambles. And Congress seems prepared to pick up the pieces -- if you can believe all the rhetoric.

AGRICULTURE AND TRADE

o Agricultural trade is vital to the economic health of rural America and the Nation. 20 million jobs and 20% of our economic activity can be tied to the farm sector. Low farm prices are one of the primary reasons for the low inflation being enjoyed by other Americans as well as foreigners.

o I am especially sensitive to the importance of world markets to U.S. farmers. U.S. agricultural sales have fallen by over one-third in four years: from \$43.8 billion in 1981 to \$28 billion in 1985.

o Problems facing ag exports have included:

--reduced buying power and increased food production in developing countries. These trends are tied to long-term economic trends, and will not change soon.

--the relatively high value of the dollar in 1981-85. With the 30% decline in the dollar since a year ago, U.S. sales should improve somewhat. However, many of our competitors either trade in dollars or tie their currencies to shifts in the dollar's value to prevent losing market share.

--U.S. price supports have been above world market levels. This has been addressed through the lower loan rates in the 1985 farm bill. However, these 15-25% reductions will not be effective until the 1986 harvest begins (June for wheat; September for feedgrains and soybeans). Current "old crop" prices are significantly higher than "new crop" prices later this year.

--government-assisted competition. The EEC's use of export subsidies is only the most blatant example of government intervention in farm exports. Others have used (and are using) various production, processing, and ocean freight subsidies or allow domestic hyperinflation to underprice their exports.

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--lack of a coherent U.S. trade policy. Food has been used as an economic and political weapon by Administrations of both parties, either by cutting exports off in embargoes or by discriminating in the application of subsidies. U.S. refusal to offer Export Enhancement Program (EEP) bonus commodities across-the-board has cost sales to friends (Korea, Brazil) as well as global adversaries (Soviet Union, PRC).

o The Reagan Administration has launched a more serious effort to counter unfair trade practices. Lyng and Yeutter met their EEC counterparts (Andreissen and de Clerq) in Paris last week to make clear that the U.S. will not accept the new EEC restrictions on farm trade with Spain and Portugal. If restrictions are imposed, the U.S. will offset the value of lost sales of wheat, feed grains and soybean products through parallel restrictions on EEC agricultural exports.

o We do not want to get into a farm trade war. We would like to normalize ag trade by eliminating subsidies now allowed under GATT. The EEC has refused to put ag subsidies on the agenda for the new GATT round ever since the last Ministerial meeting broke down in November 1982. We cannot start new negotiations without ensuring that this issue will be addressed. The President is expected to address this question at the Tokyo Summit next week.

o I have urged the Administration to consider setting annual targets for the volume or value of farm exports in 1986, 1987, and 1988. This would introduce a needed element of accountability into evaluating our export performance, particularly as it relates to the results of our domestic farm programs. It would also be recognition that the U.S. must accept a more active role in competing for agricultural exports as long as other governments continue to actively intervene in international trade.

o When a farmer is threatened by bankruptcy or a processing plant is in danger of closing down, the men and women whose lives are dependent on those ventures are not interested in the comparative advantages of free trade or in how the EEC subsidizes its exports -- they want the Government to protect their jobs.

CONCLUSION

o The clock is ticking. Ticking for our trading partners throughout the world, who need to take some decisive action soon.

o The clock is also ticking here at home. We must do something quickly, on two fronts. We have to get our deficits, and our dollar, under control. And we must set up an effective mechanism to deal with trade issues on a comprehensive basis. If we ignore the problem any longer, we put at risk our own prosperity and our role as the engine of global economic progress.

TRADE ENHANCEMENT ACT OF 1985, S. 1860

33 Cosponsors

Introduced November 20, 1985

BRIEF OVERVIEW OF MAJOR PROVISIONS IN BILL

1. Section 301 Reform

Requires automatic initiation of Section 301 cases by USTR when another country's unfair trade practices burden, distort or restrict a substantial amount of United States exports.

When an unfair trade practice is identified, after a period of time for negotiation, the bill requires that retaliation take place. Other changes made to Section 301 include transferring the initiation authority from the President to USTR and a new definition of "burden" for purposes of determining whether an unfair trade practice has taken place.

2. Section 201 Reform

Amends the law to require that import relief be given to industries the ITC finds to have been injured.

The bill also requires that an injured industry prepare an adjustment plan that would, over time, result in their altering their methods of doing business or producing a product in order to become more competitive.

3. New Round Authority

Provides authority for President to enter a new round of GATT negotiations, and links to this authority a list of specific negotiating objectives.

4. Dollar/Exchange Rates

Requires President to work with G-5 countries to improve functioning of the international monetary system. In addition, creates a strategic exchange reserve to assist in moderating exchange rate fluctuations, and makes funds available to assist LDC debtor nations.

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5. Generalized System of Preferences (GSP)

Requires the President to establish criteria for the graduation (within 2 years) from GSP of advanced developing countries, (i.e., Hong Kong, Korea, Taiwan).

6. Non-Market Economy Dumping

Streamlines the procedure for bringing anti-dumping cases against non-market economies.

7. Section 337 Protection (Intellectual Property Rights)

The bill expands protection for process patents and other intellectual property.

8. Export Promotion

The bill includes the President's proposal for the establishment of a war-chest and other steps to promote exports including making technical revisions and clarifications in the Foreign Corrupt Practices Act to help companies operating abroad. We incorporated many of these latter changes as a result of our discussions with the Hong Kong Chamber of Commerce.

The bill does not provide for industry-specific protection such as protection for textiles, shoes, etc., although each of the titles of the bill are likely to contain provisions which are particularly helpful to particular industries.

HIGHLIGHTS OF HOUSE TRADE BILL

Here is a summary of key provisions of the trade bill passed by the House.

The President would be required:

- o To take actions against foreign trade violations, removing his current discretionary authority; the bill would set specific time limits for investigations and retaliatory actions.
- o To retaliate in an amount equivalent in value to offset completely the effects of the foreign trade action.
- o To act against foreign governments, such as Japan, that practice "exports targeting" by subsidizing or favoring certain export industries.
- o To retaliate against countries that engage in "unreasonable" trade practices, including the denial of "internationally recognized" workers rights. The bill also would:
- o Require mandatory negotiations with any major trading partner that has "excessive trade surpluses" with the United States. The provision, aimed at West Germany, Japan and Taiwan, says those nations must reduce their trade surpluses by 10 percent a year or face the consequences of quotas or tariffs.
- o In order to help domestic industries hurt by foreign competition, create new emergency procedures for import relief and transfer the decision-making authority from the President to the U.S. Trade Representative. It would also permit temporary emergency, import relief for perishable products and would automatically grant Trade Adjustment Assistance to workers and companies once injury has been documented by the International Trade Commission.
- o Repeal the President's authority to decide whether to grant Trade Adjustment Assistance.
- o Broaden the definition of what constitutes injury to U.S. industries by countries that "dump" their products at below-market prices. For the first time, it would allow the United States to impose duties against "diversionary dumping" -- when goods or components are dumped in a third country and then incorporated into a product exported to the United States.

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- o Permit U.S. firms and workers to file private suits to recover damages related to such imports.
- o Authorize punitive action against foreign governments that subsidize the price of natural resources, such as Canadian timber and Mexican natural gas.
- o Strengthen existing laws to protect U.S. trademarks, patents and copyrights abroad by eliminating a requirement U.S. companies prove economic injury.
- o Give the President authority to conduct a new round of multilateral trade negotiations, as well as providing expanded trade preferences to debt-burdened Latin American countries.

TALKING POINTS FOR SENATOR BOB DOLE
NATIONAL COTTON COUNCIL
BOARD OF DIRECTORS
JACKSON, MISSISSIPPI

(1) TEXTILE TRADE LEGISLATION

- Strongly supported by National Cotton Council
- Raw cotton loses market share as imports replace domestic textiles and apparel
- Only 20% of cotton imported in textile form is U.S. produced
- Foreign cotton production has increased as textile imports have increased
- Imports of manufactured cotton products increased by 28% in 1984 alone
- Imports now account for 38% of U.S. domestic retail sales of cotton products
- Imports cost U.S. cotton producers an estimated \$1.25 billion in 1984 alone
- Vote is set on August 6 in House on veto of Textile and Apparel Trade Enforcement Act. (NCC is active member of coalition seeking to override the veto.)

(2) COTTON FARM POLICY

- Cotton needs to be considered as unique among agricultural commodities because it is also an industrial raw material.
- Cotton leadership has long recognized and supported a loan rate low enough to keep cotton competitive in world markets. Thus, the industry is generally pleased with the market loan concept in the 1985 Farm Bill.
- More than any other commodity, cotton is hurt by the payment limitation. Retention of the \$50,000 limitation has been and will be a "bottom line" for the U.S. cotton industry. Cotton lends itself to longer economic units of production than other crops except possibly rice. Dole's leadership in working out the '85 farm bill without lower payment limitations and his understanding of the problems posed to cotton by lower limits should be mentioned in his remarks.

- Finally, cotton policy needs to help assure an adequate production of U.S. cotton to maintain the industry. Impact on other crops would be severe if cotton production is diminished; infrastructure of cotton industry needs volume; and domestic textile industry needs an adequate supply of cotton.

(3) GENERAL POINTS [NCC Board because of its makeup will find the following subjects of interest]:

- Tax legislation
- Budget/Deficit Reduction
- Political outlook for '86 Senate elections

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Cotton stocks to fall

WASHINGTON (KRF) — U.S. cotton stocks are projected to be worked down sharply in 1986-87 because the 1986 cotton program is decreasing production and making U.S. prices competitive in domestic and export markets, USDA said in its May World Agricultural Supply and Demand Report.

U.S. production in 1986-87 is forecast at 11 million bales, about 20 percent below the 1985-86 output, and disappearance is expected to rebound to nearly 13 million bales, the largest since 1979-80.

U.S. exports are forecast to triple from the estimated 1985-86 level to a more normal figure of 6 million bales.

Mill use, projected at 6.8 million bales, would be the highest since 1975-76, USDA said.

U.S. ending stocks are projected down to 7.7 million bales, which still sharply exceeds normal requirements but would be about 20 percent below the beginning stocks level.

Foreign cotton stocks in 1986-87 may increase slightly, despite projected record consumption, USDA said.

Foreign output may remain close to the 1985 level.

U.S. exports are expected to benefit from rebounding import demand in foreign countries, but foreign export also are expected to remain high, reflecting large supplies in several countries, especially Pakistan and China.

Overall, world cotton production and consumption in 1986-87 are expected to be closely balanced, with both totaling around 75.5 million bales.

World cotton use is expected to increase more than 3 percent in 1986-87, while production is expected to drop slightly from 1985-86, mainly because of the expected smaller U.S. crop.

USDA said the new U.S. farm program and competitive prices would account for most of the changes in the next season.

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AS CO.

Is your i

By **BOB MONTGOMERY**

Extension Agent, Obion County, Tenn.

What kind of job are you doing with herbicides into the soil?

The Obion County Extension Service, in cooperation with American Cyanamid, held an incorporation demonstration to compare some different tillage methods commonly used in the area.

The equipment used was a 10-inch blade spacing, a disk harrow, a do-all, a Lely-Robinson Vac field cultivator.

Procedure outlined

The demonstration was conducted by spraying fluorescent dye on the soil. The soil was silt loam in texture.

There was plenty of moisture. However, the field was dry.

Reasons outlined for low yields

Four of the most common reasons for low yields in Tennessee have been determined in the Resource Management Conservation Program.

The program, operated by the Agricultural Extension Service, helps farmers have more profitable farms.

"Since 1979, the top grain and cotton farmers in the RMC program have earned \$70,000-90,000 more than lower-earning RMC farmers," said Estel H. Hudson, a farm management specialist with the Extension service.

Bigger yields

"About 75 percent of the difference was due to higher crop yields," he said.

Top farmers averaged an extra seven bushels of soybeans, 12 bushels of corn, eight bushels of wheat and 150 pounds of lint cotton.

Hudson lists the four most common reasons for low yields. All RMC farmers did not

NATIONAL COTTON COUNCIL DIRECTORY



The National Cotton Council is the unifying force of the U.S. cotton industry. It brings together representatives from the seven industry segments located in 18 producing states of the Cotton Belt to work out common problems, and to move on programs of mutual benefit.

Ninety-one state, regional, and national cotton organizations each year select 297 delegates to the Council. Included in the number are 76 producers, 58 ginnermen, 34 cottonseed crushers, 33 warehousemen, 30 merchants, 32 cooperatives, and 34 textile manufacturers. They meet early each year to adopt Council policies and set guidelines for activities over the next 12 months.

Delegates also hold interest caucuses, with each of the seven sectors electing five of their group to serve on the Council board of directors. The 35-member board convenes four times a year to hear progress reports on activities, and to deal with issues that arise between the annual meetings. It also elects officers which include at least one representative from each of the cotton industry's seven segments. Four program committees are named to develop recommendations to the Council.

The Technical Committee works (1) to attain a larger and more effective cotton research program, (2) to achieve reasonable and scientifically based government regulations for pesticides, textile chemicals, worker safety and health, and other matters, (3) to reduce production, processing, and handling costs, and (4) to improve cotton fiber and oilseed products.

The Public Relations and Promotions Committee conducts an extensive communications program to build a greater appreciation and understanding of the U.S. cotton industry, its products, and its people.

The Foreign Operations Committee works to expand U.S. cotton exports by conducting trade missions and other market development programs overseas, and seeks to obtain adequate export credit to back those efforts.

The Industry Practices and Policies Committee establishes the Council's position on such major issues as farm legislation, textile imports, federal tax laws, employment and wages, warehousing, and water law.

The four program committees meet just prior to each annual meeting to review Council programs and policies, and make their recommendations for the coming year. Their recommendations go to the Board of Directors, which sits as a resolutions committee, and finally are put before the delegate body. Each recommendation must be approved by a majority of delegates from each of the seven segments, voting separately, before it can become official Council policy. Because of the democratic process involved in its policy-making procedure, the Council is able to move with the combined strength and support of all seven cotton industry segments as it tackles problems affecting cotton incomes and markets.

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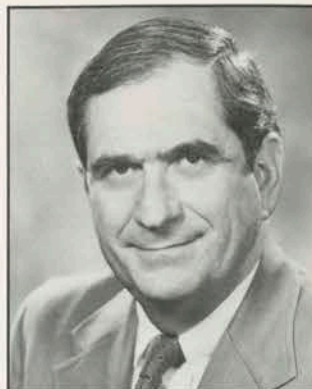
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NATIONAL COTTON COUNCIL BOARD OF DIRECTORS

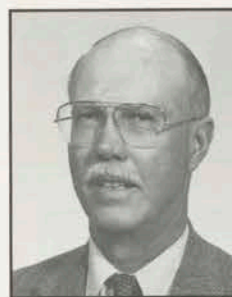
Producers



W. L. Carter
Scotland Neck, N.C.



Seymour B. Johnson
Indianola, Miss.



Frank B. Jones
Lamesa, Texas

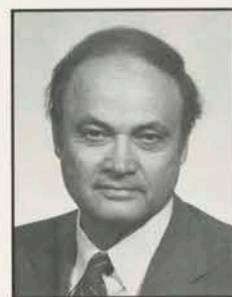


William T. Lovelady
Tornillo, Texas

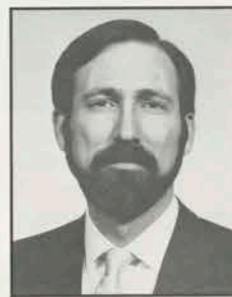


Fred L. Starrh
Shafter, Calif.

Ginners



R. A. Aker
Phoenix, Ariz.



Charles R. Earnest
Steele, Mo.



Jerry Harris
Lamesa, Texas



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J. L. Stribling, Jr.
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Samuel K. Evans
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Thomas W. Greer
Amory, Miss.



Dan M. Hicks
Ninety Six, S.C.



Edgar H. Lawton, Jr.
Hartsville, S.C.

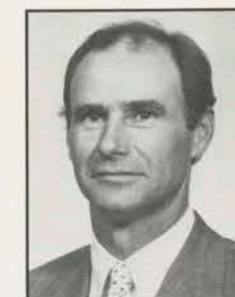
Cooperatives



C. L. Boggs
Lubbock, Texas



W. A. Burns
Fresno, Calif.



Harry Flowers
Mattson, Miss.



H. L. Hodges
Greenwood, Miss.



Robert Lee Scarborough
Eastover, S.C.

Warehousemen



W. E. Auten
Fresno, Calif.



Robin Coffman
Memphis, Tenn.



John D. Davis, Jr.
Decatur, Ala.



Milton Tallant
Pontotoc, Miss.



Fred A. Underwood
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Merchants



Raymond V. Cooper
Dallas, Texas



James Echols
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Eduardo Esteve
Dallas, Texas



Heinz H. Molsen, Jr.
Dallas, Texas



Marvin A. Woolen, Jr.
Montgomery, Ala.

Manufacturers



Chess B. Howard
Augusta, Ga.



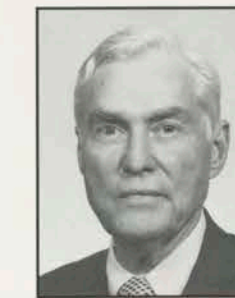
G. Ray Jeffcoat
Opp, Ala.



W. Duke Kimbrell
Gastonia, N.C.



W. M. Self
Greenwood, S.C.



Robert M. Vance
Clinton, S.C.



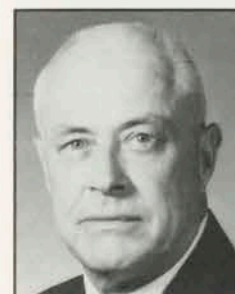
L. T. Barringer
 Memphis, Tenn.



Norris C. Blackburn
 Memphis, Tenn.



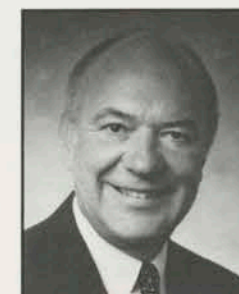
C. L. Denton, Jr.
 Tyronza, Ark.



Raymond E. Blair
 Bakersfield, Calif.



Edward Breihan
 Lubbock, Tex.



G. B. Brewer
 Fresno, Calif.



Robert R. Coker
 Hartsville, S.C.



G. C. Cortright, Jr.
 Rolling Fork, Miss.



W. D. Lawson, III
 Gastonia, N.C.



C. Hoke Leggett
 Washington, D.C.



Aubrey L. Lockett
 Vernon, Tex.



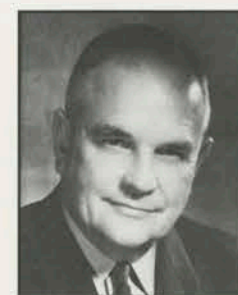
Bruce N. Lynn
 Gilliam, La.



Lon Mann
 Marianna, Ark.



Mike Maros
 Fabens, Tex.



J. E. Mayes
 Mayesville, S.C.



Frank M. Mitchener, Jr.
 Sumner, Miss.



Lewis S. Morris
 Greensboro, N.C.



Herman A. Propst
 Anson, Tex.



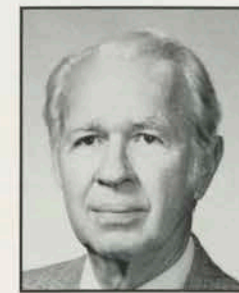
William E. Reid
 Tubac, Ariz.



C. R. Sayre
 Greenwood, Miss.



Jack G. Stone
 Stratford, Calif.



Aven Whittington
 Greenwood, Miss.



Charles C. Wisler
 Fort Worth, Tex.



J. Clyde Wilson
 Litchfield Park, Ariz.



Charles F. Youngker
 Buckeye, Ariz.



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James Hansen, Producer, Corcoran, Calif.
Jerry Harris, Ginner, Lamesa, Tex.
Allen Helms, Jr., Producer, Clarkdale, Ark.
Richard Howard, Warehouseman, Lake Providence, La.
Seymour B. Johnson, Producer, Indianola, Miss.
Larry La Touf, Cooperative, Bakersfield, Calif.
Hurdle H. Lea, Manufacturer, Kannapolis, N.C.
Sam Leake, Cooperative, Newellton, La.
J. Clarence Leary, Producer, Edenton, N.C.
Jack McDonald, Crusher, Decatur, Ill. (Tennessee)
Neil A. Mearns, Merchant, Memphis, Tenn.
Carlos Moore, Manufacturer, Washington, D.C. (Advisory)
L. F. Preston, Merchant, Fresno, Calif. (Advisory)
Samuel T. Reeves, Merchant, Fresno, Calif. (Advisory)
W. T. Stone, Ginner, Stratford, Calif.
Keith Streety, Cooperative, Lubbock, Tex. (Advisory)
Dewey L. Trogdon, Manufacturer, Greensboro, N.C.
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Joe Bowling, Crusher, Fort Worth, Tex.
Barrie Boyette, Producer, Corcoran, Calif.
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James Cuming, Producer, Somerton, Ariz.
Riflin Curtis, Crusher, Casa Grande, Ariz.
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Allen King, Producer, Brownsville, Tenn.
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Peyton R. Latimer, Manufacturer, New York, N.Y. (North Carolina)
Raymond Marsh, Producer, Madison, Ala.
Walter S. Montgomery, Jr., Manufacturer, Spartanburg, S.C.
Keith Pendergrass, Ginner, Wellman, Tex.
J. C. Richardson, Crusher, Kingsburg, Calif.
W. T. Robertson, Producer, Holly Ridge, Miss. (Advisory)
George W. Rue, Jr., Crusher, Osceola, Ark. (Missouri)
Hartford Smith, Cooperative, McFarland, Calif.
D. Harding Stowe, Manufacturer, Belmont, N.C.
Fred A. Underwood, Warehouseman, Lubbock, Tex.
Jackie D. Warren, Producer, Lamesa, Tex. (Advisory)
Larry Warren, Ginner, Phoenix, Ariz.

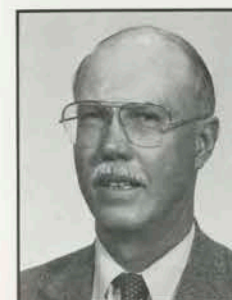
Technical



W. A. Burns,
Chairman
Cooperative
Fresno, Calif.

Bruce Brumfield, Producer, Inverness, Miss., Vice Chairman
Bill H. Adams, Merchant, McFarland, Calif.
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John Barrentine, Warehouseman, Bakersfield, Calif.
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H. Douglas Kingsmore, Manufacturer, Kannapolis, N.C.
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C. M. McCalla, Crusher, Memphis, Tenn.
Mike McMinn, Ginner, Waxahachie, Tex.
William S. Manning, Manufacturer, Macon, Ga.
Wayne Martin, Cooperative, Lubbock, Tex.
Thomas A. Miller, Ginner, Chowchilla, Calif.
K. B. Smith, Ginner, Fresno, Calif. (Advisory)
A. N. Stall, Jr., Manufacturer, Spartanburg, S.C.
Glen R. Stevens, Ginner, Fresno, Calif.
G. Dexter Walcott, Cooperative, Greenwood, Miss.
R. L. Webster, Producer, Waynesboro, Ga. (Advisory)

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Chairman
Lamesa, Tex.

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Allen Helms, Jr., Clarkdale, Ark., Secretary

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Arizona, James Cuming, Somerton
Arkansas, George Pugh, Portland
California-Nevada, Barrie Boyette, Corcoran, Calif.
Georgia, Louie Perry, Moultrie
Louisiana, David McCarty, Bastrop
Mississippi, Bruce Brumfield, Inverness
Missouri-Illinois, Ted R. York, Senath, Mo.
New Mexico, Jerry Calvani, Carlsbad
North Carolina-Virginia, John G. Balfour, Lumber Bridge, N.C.
Oklahoma-Kansas, Wiley Felty, Altus, Okla.
South Carolina, James E. Mayes, Jr., Mayesville
Tennessee-Kentucky, John Shoaf, Milan, Tenn.
Texas, Wayne Labar, Rio Hondo

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Southeast, W. L. Carter, Scotland Neck, N.C.
Mid-South, Seymour B. Johnson, Indianola, Miss.
Southwest, William T. Lovelady, Tornillo, Tex.
West, Fred L. Starrh, Shafter, Calif.
At Large, Frank B. Jones, Jr., Lamesa, Tex.

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L. Sykes Martin, Producer, Courtland, Ala.
Steve Wilson, Producer, Wilson, Ark.
Charles F. Youngker, Producer, Buckeye, Ariz.

Trustees-Allied Industry

Richard S. White, John Deere Des Moines Works, Des Moines, Iowa
Gideon D. Hill, E. I. du Pont de Nemours & Co., Inc., Wilmington, Del.
Haney Camp, Ciba-Geigy, Greensboro, N.C.
Joseph E. Anderson, Shell Chemical Company, Houston, Tex.
L. W. Rourke, Chevron Chemical Co., San Francisco, Calif.
Aubrey T. Earnheart, Jr., Union Planters National Bank, Memphis, Tenn.
Dennis Creason, Rhone-Poulenc, Inc., Monmouth Junction, N.J.
James R. Hudson, ICI Americas, Inc., Wilmington, Del.
J. C. Orr, Murray-Carver, Inc., Dallas, Tex.

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President
Greenwood, Miss.

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Samuel T. Reeves, Merchant, Fresno, Calif., First Vice President
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C. L. Boggs, Cooperative, Lubbock, Tex.
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Eduardo Esteve, Merchant, Dallas, Tex.
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Daniel Frierson, Manufacturer, Chattanooga, Tenn.
James Fry, Manufacturer, Gastonia, N.C.
Jack Hannah, Merchant, Dallas, Tex.
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Jerry Harris, Ginner, Lamesa, Tex.
Allen Helms, Jr., Producer, Clarkdale, Ark.
Richard Howard, Warehouseman, Lake Providence, La.
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J. Clarence Leary, Producer, Edenton, N.C.
Lawrence Preston, Merchant, Fresno, Calif.
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G. B. Brewer, Crusher, Fresno, Calif.
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H. L. Hodges, Cooperative, Greenwood, Miss.
W. D. Lawson, III, Merchant, Gastonia, N.C.
William T. Lovelady, Producer, Tornillo, Tex.
Earl W. Sears, Council Officer, Memphis, Tenn.
Fred L. Starrh, Producer, Shafter, Calif.
James White, Warehouseman, Memphis, Tenn.

National Cotton Council Executive Staff

Earl W. Sears, Executive Vice President & Chief Executive Officer
Gaylon B. Booker, Vice President Operations
Charles G. Bragg, Vice President Producer Affairs
Arlie L. Bowling, Director, Cotton Foundations
J. P. Brown, Jr., Director, Field Services
Jon W. Drysdale, Director, Finance Services
Dean Ethridge, Director, Economic Services
Adrian Hunnings, Director, Foreign Operations
Andrew G. Jordan, Director, Technical Services
John Maguire, Director, Washington Operations
Dorothy Roberson, Director, Communications Services
Dabney S. Wellford, Assistant to Executive Vice President
Charles E. Wood, Director, Production AV Services



has



NATIONAL COTTON COUNCIL

NATIONAL COTTON COUNCIL OF AMERICA



POST OFFICE BOX 12285 / MEMPHIS, TENNESSEE 38182-0285

TELEPHONE: (901) 274-9030

March 26, 1986

To: Officers and Executive Committee
National Cotton Council

Gentlemen:

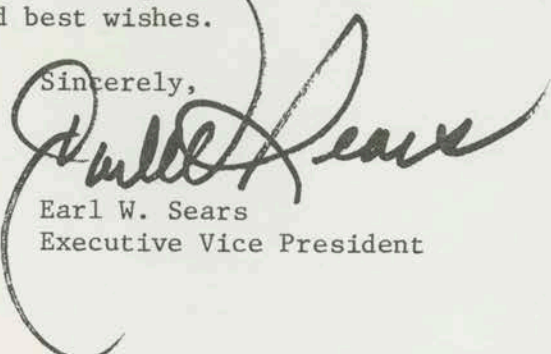
In accordance with action taken in yesterday's conference call,
I am attaching the following:

1. Copy of the Council's letter to Secretary Lyng urging a
bale-by-bale option on the loan deficiency payment versus the loan.
2. Copy of the Council's letter to Dr. Howard C. Williams
recommending adjustment in the world price formula to: (a) reflect
a more realistic transportation factor; and (b) assure greater com-
petitiveness of shorter staple cottons.
3. Minutes of the telephone conference call of March 25.

In addition to the written communications to Washington there have
been telephone calls to assure a full understanding of the recommen-
dations.

Please call if you have suggestions or questions. In the meantime,
thanks for your assistance, and best wishes.

Sincerely,


Earl W. Sears
Executive Vice President

EWS:fw
Enclosures

NATIONAL COTTON COUNCIL OF AMERICA



POST OFFICE BOX 12285 / MEMPHIS, TENNESSEE 38182-0285

TELEPHONE: (901) 274-9030

March 26, 1986

The Honorable Richard Lyng
Secretary of Agriculture
Washington, DC 20250

Dear Mr. Secretary:

The officers and executive committee of the National Cotton Council continue to meet by conference telephone on various 1986 cotton program administrative issues. Yesterday all seven branches of the industry agreed to recommend to you that participating producers be able to put part of their crops in the loan and take the loan deficiency payment on part. Growers' ability to market their cotton in the most advantageous way will be greatly enhanced, and government outlays will be reduced.

The loan deficiency payment provision was in the law to avoid cycling the whole crop through the loan with its attendant administrative costs and greater cash outlays as compared with a payment, which is half PIK.

In our opinion, the words "forgo obtaining such loan" in Section 103A (b) of the law refers not to the producer's whole crop but to each bale or group of bales on which separate marketing decisions may be made. It is fairly common, for example, for a producer to sell part of his crop in advance — on a contract which calls for delivery at harvest and put the rest in the loan for later sale. A requirement that a producer put his whole crop under loan or take the payment on all of it would likely force a lot of forward-contracted cotton to be entered in the loan and immediately redeemed.

Producers are not sure they can get full value for the PIK portion of the loan deficiency payment. They might be willing to try taking the payment on a portion of their crop, and if it works well for them, use it to a much greater extent in the future. But if forced to choose between the two options, they will tend to choose the familiar loan.

In the interest of efficient marketing and lower government cost, we respectfully urge that producers be able to use both the loan and the loan deficiency payment options.

Sincerely,

Lloyd E. Cline
President

LEC:dah

NATIONAL COTTON COUNCIL OF AMERICA



POST OFFICE BOX 12285 / MEMPHIS, TENNESSEE 38182-0285

TELEPHONE: (901) 274-9030

March 26, 1986

Dr. Howard C. Williams, Director
Commodity Analysis Division
ASCS, Room 3741 South Building
P. O. Box 2415
U. S. Department of Agriculture
Washington, DC 20013

Re: 7 CFR Part 26
Determination of World
Price for Upland Cotton

Dear Dr. Williams:

The National Cotton Council, representing cotton producers, handlers and processors from the Carolinas to California, recommends the following changes in the world price formula as proposed by USDA and published in the Federal Register:

- (1) The averaging period for the price differences between Memphis-California/Arizona cottons delivered in Northern Europe and the U.S. spot quotations should be the latest 156 weeks rather than 52 weeks. This change will more accurately reflect transportation costs that will be in effect after August 1.

During the last year, U.S. cotton exports have been extremely depressed, and unusually low shipping rates have been available, reflecting the excessive shipping capacity in relation to demand. Carriers have already announced higher cotton shipping rates effective August 1.

We request, however, that this particular portion of the formula be reviewed prior to the 1987-88 season and adjusted if necessary to keep U.S. cotton competitive.

- (2) Texas-Oklahoma growths, excluding the Lower Rio Grande Valley and the El Paso area cottons, are predominately of qualities used in coarse-count yarns. Cotton of this type is in greater oversupply than the higher qualities, and world prices put this cotton at a greater discount than reflected in the U.S. loan differences. Under the USDA proposal, therefore, these Texas/Oklahoma growths will not be made competitive in world markets, and they will stay under loan and eventually move into government ownership, raising government program costs.

Dr. Howard C. Williams
March 26, 1986
Page 2

The world price for this type of cotton is best represented by the "B" Index of Liverpool Cotton Services, Ltd. and is the average price of the three cheapest growths of this type quoted by the service. We recommend that the difference between the "A" Index and the "B" Index each week, less the U.S. loan difference between M-1 3/32" and SLM-1", be added to the certificate value for all cotton originating in Texas/Oklahoma, excluding the Lower Rio Grande and El Paso cottons. This should make all U.S. cotton competitive in world markets.

We appreciate the opportunity to present our views, and respectfully urge the adoption of our recommendations.

Sincerely,

Lloyd E. Cline
President

LEC:dah

Minutes
National Cotton Council
Executive Committee and Officers Conference Call
March 25, 1986

President Lloyd E. Cline called the meeting to order at 3:00 p.m. CST. In addition to Mr. Cline, officers present included:

Chairman of the Board Samuel B. Hollis
Vice President W. B. Dunavant
Vice President J. S. Francis, Jr.
Vice President Daniel K. Frierson
Vice President Jack McDonald
Treasurer James H. Sanford

For the Executive Committee, members present included:

Fred L. Starrh, Producer
Jerry Harris, Ginner
Robin Coffman, Warehouseman
Eduardo Esteve, Merchant
H. L. Hodges, Cooperative
W. Duke Kimbrell, Manufacturer

Though Vice President Thomas W. Smith and Samuel K. Evans, crusher member of the Executive Committee, were traveling and could not participate, all Council interests were represented. Chairman of the Producer Steering Committee Frank Jones was also present as were staff members Earl W. Sears, Charles G. Bragg, John Maguire, and Dabney Wellford.

President Cline stated that the purpose of the call was to allow the group to consider a request from the merchant segment for Council support of two modifications in the formula proposed by USDA to determine the world price for upland cotton, and asked Mr. Dunavant to explain the ACSA proposals to the group.

Following the review and general discussion, the group agreed generally to recommend to USDA that the proposed world price formula be adjusted so that the time period used to obtain cost of landing be extended from 52 weeks to 156 weeks.

Fred Starrh recommended, and the group agreed, generally that the formula used to determine transportation cost should be reviewed annually.

Following additional discussion of (1) the ACSA proposal to make Texas-Oklahoma coarse-count cottons more competitive, and (2) requests of producers and cooperatives for strong support for a producer option on the loan deficiency payment it was moved that the Council go on record in support of the following:

1. Extend the time period to determine transportation costs to 156 weeks;
2. Make a further adjustment to Texas-Oklahoma coarse-count cottons to reflect differences in growths quoted C.I.F. Northern Europe in the "A" Index and the "B" Index, and
3. Support a change in current USDA ruling which would require a producer on a participating farm to either place all cotton in CCC loan, or forgo the loan on all cotton produced.

A poll of the Executive Committee members and officers present indicated all were in favor. Frank Jones abstained from voting.

Fred Starrh emphasized, and the group agreed, that should weather or economic conditions change to such an extent that cotton marketed by any region is adversely affected, the industry should unite behind efforts to insure that all cotton remain fully competitive in world markets.

Sam Hollis gave a brief report on a meeting at the White House concerning textile imports.

The meeting was adjourned at 4:30 p.m. CST.

Minutes
National Cotton Council
Officers Conference Call
March 18, 1986

President Lloyd E. Cline called the meeting to order at 10:00 CST. In addition to Mr. Cline, industry officers included:

Chairman of the Board Samuel B. Hollis
Vice President W. B. Dunavant, Jr.
Vice President Jack McDonald
Vice President Thomas W. Smith
Treasurer James H. Sanford

Manufacturer Director W. Duke Kimbrell represented Vice President Daniel K. Frierson. Vice President J. S. Francis, Jr., was en route to Memphis and on standby in the Dallas/Ft. Worth airport, but could not be reached by phone. Staff members included Earl W. Sears, Gaylon B. Booker, Charles G. Bragg, John Maguire and Dabney Wellford.

President Cline stated that the purpose of the call was to bring Council officers up-to-date on legislation pending in Washington, to review Council activities since the annual meeting, and to identify actions which the Council should pursue with USDA in implementing the 1985 Farm Act.

Earl Sears briefly reviewed the status of the technical amendment on "yields" currently on President Reagan's desk, the \$5 billion supplemental CCC appropriation, the cross compliance bill already adopted, and the April 1 extension by USDA on farm structure plans.

The officers then discussed a list of issues furnished earlier, and reached the following general conclusions, in numerical order as mailed:

1. Hold any action on the bale-by-bale choice between the loan and loan deficiency payment pending a March 19 meeting of the American Cotton Shippers Association. (ASCS subsequently advised that it was unable to reach agreement and further requested that the Council continue to "hold" on any recommendation.)
2. Loan deficiency payments should be made throughout harvest.
3. Loan deficiency and first handler certificates should be in dollar and cent values at times of issuance, to be exchanged for cotton valued at the time of redemption.
4. There should be no difference in loan deficiency and first handler certificates.
5. Certificates should be valid for 60 days after issuance to producers, with an additional 60 days for the handler. (ASCS later recommended six months at face value, and six additional months discounted for carrying charges. Producer and cooperative interests agreed and recommendation was adjusted accordingly.)

6. Upon expiration of 120 days (60 for producer, 60 for handler), the certificate should be discounted by an amount equal to the daily storage and interest rate. (See #5)
7. Hold Council action pending March 19 meetings of AMCOT and ACSA on whether certificates should be redeemed for 1986 crop loan cotton. (Both later agreed that 1986 loan cotton should be redeemable with certificates and that redemption should be in no particular order as to crop years.)
8. CCC should allow redemption after August 1 of "813" sales transacted prior to August 1, with storage and interest absorbed by CCC.
9. New certificates issued by CCC to reflect partial redemptions of certificates issued earlier, but not for total dollar value of the original, should have the same maturity date as the original.
10. Certificates should be issued in \$50,000 and \$100,000 denominations if the total amount due the recipient is greater than that amount.
11. Bale weights, in computing inventory protection payments, should be reported on the basis of last registered weight.
12. Inventory protection payments should reflect the difference between base loan rate, 57.3 cents (plus carrying charges) and the adjusted world price for the same quality. Only storage and interest charges should be computed using qualities produced in the five growing regions and a typical length of carry for the region.
13. Inventory protection should end when the tie is cut on the bale. Cotton in transit should be protected, with payment going to legal owner. Protection on cotton sold for export should end when on-board bill of lading is issued. (ASCS raised a question about "in transit" ownership of cotton which had arrived at the mill but had not been paid for. No communication was made on who this payment should go to.)
14. Cotton PIK certificates issued to growers should be redeemable only in cotton.
15. Adjustments in the amount of deficiency payments due producers as a result of the revised yield calculation should be made only on final payment, but the revised yield should be used to compute any downward adjustment in the ACR requirements due to the \$50,000 limit on payments.
16. The program yield, as adjusted, should be used to calculate future payment yields.

The decision on whether the Council should comment on the world price formula was delayed pending further consultation and study.

The meeting was adjourned at 11:30 a.m.

MINUTES
NATIONAL COTTON COUNCIL
EXECUTIVE COMMITTEE/OFFICERS CONFERENCE CALL
APRIL 11, 1986

Chairman Lloyd Cline called the meeting to order at 10:55 CST. In addition to Mr. Cline, Executive Committee members present were Fred Starrh, Jerry Harris, Edwardo Esteve, Sam Evens, H. L. Hodges, and Duke Kimbrell. Other officers present were Sam Hollis, Jack Francis, Billy Dunavant, Dan Frierson, Tom Smith and James Sanford. Producer Steering Committee Chairman Frank Jones and staff members Gaylon Booker, John Maguire, Charles Bragg and Dabney Wellford were also present.

Mr. Cline said the purpose of the meeting was to reconsider the Council's position developed in the March 25 Executive Committee/Officers conference call. The request was made by the Producer interest on the basis that the recommendation making short staple coarse count cottons more competitive on a regional basis was not equitable and was creating dissension.

The Merchant Interest took the position that the total recommendation must be reconsidered.

Several proposals, none of which were acceptable to all interests, were then presented and discussed. They included a proposal that (1) recent spot market differences for loan repayment be used rather than the regular loan differences; (2) that all growths 1 1/32" and shorter receive extra certificate value; (3) that SLM Lt. Spt. and lower grades be included for the extra certificate value since the longer staples of these grades compete for the same markets as shorter staples, and (4) that SLM Lt. Spt. and lower grades along with staples 33 and lower be included.

It was then agreed that USDA be informed that the Council was reconsidering its position and further that another conference be held at 7:30 p.m. CST, Monday, April 14.

MINUTES
EXECUTIVE COMMITTEE/OFFICERS CONFERENCE CALL
APRIL 14, 1986

Chairman Lloyd Cline, in calling the meeting to order, reported he had informed Charles Cunningham of USDA of the committee's reconsideration of its position on the world price formula. Present on the call were Executive Committee members Fred Starrh, Jerry Harris, Robin Coffman, Eduardo Esteve, Sam Evans, H. L. Hodges and Duke Kimbrell. Officers present were Sam Hollis, Jack Francis, Billy Dunavant, Dan Frierson, Tom Smith and James Sanford. Also on the call were Producer Steering Committee Chairman Frank Jones, and staff members Earl Sears, Gaylon Booker, Charles Bragg, John Maguire and Dabney Wellford.

Earl Sears reviewed the background leading to the meeting and pertinent Council by-laws.

The Merchant Interest then suggested that extra certificate value be given all qualities LM Lt. Spt. and lower and all staples 32 and lower.

The Producer Interest still supported using spot market differences for loan repayment.

It was reported that several organizations felt that because of disagreement the Council should have no position on the price formula.

Several expressed the opinion that it was highly important for the industry to be together.

Following presentation and discussion of two separate proposals it was agreed that a conference call of several producer leaders would be arranged at 10:00 a.m. CST the next day to see if agreement could be reached on some compromise position.

Minutes
Producer Leader Conference Call
April 15, 1986

Present on the call were producers Lloyd Cline, Frank Jones, Billy Carter, Seymour Johnson, Robert Tucker, Fred Starrh, Cecil Williams, Robert Springer, Rick Lavis and James Sanford. Staff present were Charles Bragg, Earl Sears and Dabney Wellford.

Charles Bragg brought the group up-to-date on Council policy interpretation related to the world price formula and the compromises that had been proposed.

The various proposals were discussed at length.

A specific motion and second calling for acceptance of Grades 52 and lower and staple 32 and shorter for extra certificate value with no quality valued higher than the next higher grade or staple, and with a review after one year was offered but on roll call proved not acceptable. While not acceptable to all other interests, the spot market difference approach, changed monthly, was again identified as the alternative most acceptable to all producer interests.

**Minutes
Officers, Executive Committee and Producer Steering Committee
National Cotton Council**

The Producer Steering Committee meet with the officers and Executive Committee of the Board of Directors of the National Cotton Council at the Peabody in Memphis, Tennessee, on April 17, 1986.

Council President Lloyd Cline called the meeting to order at 9:00 a.m.

Producer Steering Committee members present included:

Officers:	Chairman Frank B. Jones, Jr. Vice Chairman Leyton Woolf Secretary Allen Helms, Jr.
State Chairmen:	Raymond Marsh, Alabama Barrie Boyett, California David McCarty, Louisiana Bruce Brumfield, Mississippi John G. Balfour, North Carolina Wiley Felty, Oklahoma John Shoaf, Tennessee Wayne Labar, Texas
Producer Directors:	W. L. Carter, Southeast Seymour B. Johnson, Mid-South William T. Lovelady, Southwest Fred L. Starrh, West

In addition to President Cline, National Cotton Council officers and Executive Committee members present included:

Vice President W. B. Dunavant
Vice President J. S. Francis, Jr.
Treasurer James H. Sanford
Fred L. Starrh, Producer
Jerry Harris, Ginner
H. L. Hodges, Cooperative
W. Duke Kimbrell, Manufacturer

Other industry representatives:

Earle Billings, American Cotton Shippers
Association
Craig Brown, Louisiana Farm Bureau
Phil Burnett, Cotton Board
Charles Cunningham, ASCS-USDA
Allen King, Tennessee Agriculture Movement
Rick Lavis, Arizona Cotton Growers
Chip Morgan, Delta Council
Billy Robertson, Delta Council
Fred Schneider, Louisiana Farm Bureau

Robert Springer, Alabama Farm Bureau
Jack Stone, Western Cotton Growers
Robert A. Tucker, Southern Cotton Growers
Cecil Williams, Jr., Agriculture Council of
Arkansas
Charles Wofford, Cotton and Grain Producers of the
Lower Rio Grande Valley

Council staff members present included Earl Sears, Gaylon Booker, Charles Bragg, Dabney Wellford, Pete Brown and Fred Johnson.

President Cline stated that the purpose of the meeting was to allow the group to reconsider Council recommendations for modification of the formula proposed by USDA to determine the world price for upland cotton, and called on Earl Sears for a review of Council actions concerning that issue preceding the meeting.

Dabney Wellford explained the alternatives which were currently being discussed, noting the objections which some in the industry had perceived in each.

Charles Cunningham discussed USDA's objectives and timetables.

Following the review and general discussion, the Producer Steering Committee met in closed session, where the following resolution was adopted unanimously:

"We support the concept of making all growths and qualities of U.S. cotton competitive at all times in order to move U.S. cotton into both domestic and export markets. We urge the U.S. Department of Agriculture to come as close as possible to the adjustment in the repayment rate to current spot market differences."

In other action, the committee unanimously recommended that the Council act to amend the 1985 farm bill, if necessary, to remove the limitation on producer-option-payments (P.O.P.), and for National Cotton Council staff to review CCC loan procedures and requirements to determine whether Gramm-Rudman-Hollins deductions could be avoided on that portion of loan proceeds below the loan repayment rate.

The Council resolution calling for a support price on cottonseed adopted at the annual meeting was then discussed, along with a possible mechanism developed by the National Cottonseed Products Association for implementing a workable program. It was then agreed that the proposal be put forth in Washington. The Producer Steering Committee recommendation on world price and the cottonseed price support proposal were then considered and adopted unanimously in a separate meeting of the Council's Executive Committee and officers.

The group meeting was adjourned at 1:00 p.m.

Agenda
MEETING OF BOARD OF DIRECTORS, NATIONAL COTTON COUNCIL
Coliseum Ramada Inn, Jackson, Mississippi
May 28, 1986

Wednesday, May 28, 1986

9:00 a.m. Open Session

Call to Order -----	Samuel B. Hollis
Invocation -----	Hugh M. Arant
In Memoriam - John S. Barr, III -----	Earl W. Sears Samuel B. Hollis
Address -----	The Honorable Robert Dole Senate Majority Leader
President's Report -----	Lloyd Cline
Economic Update -----	M. Dean Ethridge
Technical Services -----	Andy Jordan Doyle Needham
Communication Services -----	Dot Roberson

Break

Foreign Operations -----	H. L. Hodges Sherri Moegle
Washington Operations -----	John Maguire
Cotton Foundations -----	Frank Jones Andy Jordan

11:15 Oscar Johnston Cotton Foundation Meeting

Adjourn

11:30 Board Bus for Vicksburg

Agenda
MEETING OF BOARD OF DIRECTORS, NATIONAL COTTON COUNCIL
Coliseum Ramada Inn, Jackson, Mississippi
May 29, 1986

Thursday, May 29, 1986

9:00 Executive Session

Minutes of January 26, 27, 28, 1986

Board Committee Appointments ----- Samuel B. Hollis

Employment of Personnel ----- Earl W. Sears

Treasurer's Report ----- James E. Sanford

Executive Committee ----- Lloyd Cline

Committee on Council Operations ----- Bruce N. Lynn

Audit Committee ----- Charles Earnest

Investments Committee ----- Charles C. Wisler

Information Network Committee ----- Frank M. Mitchener

Insurance Committee ----- Sykes Martin

Bylaw Amendment

Other Business

In Memoriam

Donald Comer, Jr.

National Cotton Council
P. O. Box 12285
Memphis, Tennessee 38182

May 28, 1986

Please send copies of the following reports given at the open session
of the National Cotton Council's Board of Directors meeting:

- () Address ----- Robert Dole
Senate Majority Leader
- () President's Report ----- Lloyd Cline
- () Economic Update ----- M. Dean Ethridge
- () Technical Services ----- Andrew Jordan
Doyle Needham
- () Communications Services ----- Dorothy Roberson
- () Foreign Operations ----- H. L. Hodges
- () Washington Operations ----- John Maguire
- () Cotton Foundations ----- Frank Jones
Andrew Jordan

Name _____

Company _____

Street or Box Number _____

City _____ State _____ Zip _____

The Cotton Foundation
Special Research and Education Projects
February 12, 1986

<u>File No.</u>	<u>Approximate Project Title</u>	<u>Contribution</u>	<u>Participant</u>
1.	Yield and Productivity in Cotton Study		
	Part 1. Climate-Air Pollution-Tillage	\$ 50,000/yr. for 3 yrs.	Deere & Co.
	Part 2. Insect Pest Management, etc.	33,000/yr. for 3 yrs.	FMC Corp.
	Part 3. Herbicides, etc.	33,000/yr. for 3 yrs.	Shell Chemical
	Part 4. Computer Information Network for Crop Management Simulation Model	102,820 for 1 yr.	Cotton Foundation
2.	Cotton Research Recognition Award	30,000/yr.	Mobay Chemical
4.	Folex (per can contribution)	varies	Rhone-Poulenc
5.	Leadership Training Program	97,000/yr. for 5 yrs.	Du Pont Co.
6.	Cotton Incorporated Annual Report Meetings	35,000/yr.	American Cyanamid
7.	C. Everette Salyer Doctoral Research Fellowship	300,000 endowment	Mrs. C. Everette Salyer & Texas A&M University
9.	Cotton Crop Management Using Crop Simulation and Expert Systems	75,000/yr.	Union Carbide
10.	Maid of Cotton Program	70,000/yr.	CIBA-GEIGY
11.	Cotton Computer Network Pilot Program	20,000	USDA
12.	Cotton Foundation Book Series: Vol. I - Cotton Physiology Vol. II - Cotton Weeds	25,000/yr.	BASF Wyandotte
13.	Production Potentials of Short Season Cotton	14,848	J I Case
14.	Cotton Extension Education Recognition Award	20,000/yr.	American Hoechst
15.	Cotton Information Network Development	10,000/yr. for 3 yrs.	Ishihara

16.	Effect of Early Season Chemical Control of the Tarnished Plant Bug	28,000	Shell Zoecon ICI Americas Inc. Mobay Union Carbide Chevron FMC Corp.
17.	Export Financing Research Mission	50,000	Union Carbide
18.	Investigation of Physiological Responses in Cotton to PIX	35,000/yr. for 2 yrs.	BASF
19.	MAVRIK (Contribution per Acre Treatment)	50,000/yr. for 2 yrs.	Zoecon
20.	ICI Americas/Cotton Foundation Scholarship Program	50,000/yr. for 2 yrs.	ICI Americas
21.	Cotton Producer Program		FMC Corp.

Proposals for Cotton Foundation Projects
1986/87

<u>I. Regulatory Problem Research & Analysis</u>	
A. Prospective Longitudinal Study of Byssinotics/Lung Lavage Studies	\$ 4,000
B. Detoxification of Byssinosis Causative	7,500
C. Apparel Burn Data Base	1,000
D. Chronic Byssinosis: Lung Lavage Studies	<u>10,000</u>
	22,500
<u>II. Cotton Market Development, Information and Projections</u>	
A. Surveys of Cotton's Losses to Pests and Workshop for Improving Information on Such Losses	16,000
B. Cotton Contamination and Quality Improvement Studies	5,000
C. [TC] ² Research & Development Projects	<u>35,000</u>
	56,000
<u>III. Specialized Research Services</u>	
A. Tobacco Budworm Distribution for Screening Purposes	-0-
B. Boll Weevil Distribution for Screening and Research Purposes	-0-
C. Design and Evaluation of Gin Trash Conversion/Gasification Technology for Cottonseed Oil Mills	25,000
D. User-Friendly Revision of GINMODEL	5,000
E. Development of Production Systems for Short Season Cotton	7,000
F. Evaluation of Selected Genotypes for Tolerance to Verticillium Wilt in Mississippi	2,000
G. Determination of Variation in Cotton Planting Seed Quality and the Subsequent Effects on Plant Development and Yield	<u>7,600</u>
	46,600

IV. Specialized Education & Communications

A. Beltwide Cotton Conferences	20,000
B. Cotton Foundation Annual Report	9,000
C. Beltwide Education Specialist for Crop Simulation	25,000
D. National Cotton Textiles Conference	<u>5,000</u>
	59,000

V. <u>Research Contingency Fund</u>	<u>25,000</u>
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Grand Total -	\$ 209,100
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IBM



BASF

LUMMUS
INDUSTRIES, INC.

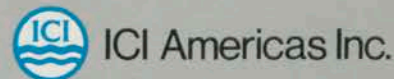


CIBA-GEIGY

FMC



NOR-AM
NOR-AM CHEMICAL COMPANY



Sandoz
CROP PROTECTION



Hoechst



Monsanto

DUPONT
Agrichemicals

Wilbur-Ellis
Ideas to grow with



ORTHO Chevron Chemical Company

EDS

National Bank of Commerce

Union Planters National Bank



AGCHEM
PENWALT



COTTON FARMING

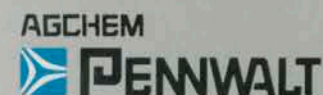
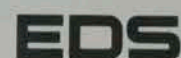
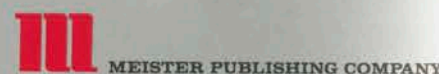
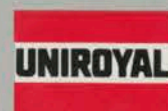
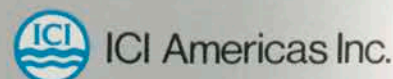
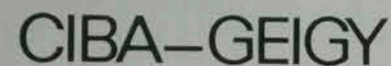


FIRST TENNESSEE BANK



THE COTTON FOUNDATION

1986



FOUNDATION MEMBERS

THE COTTON FOUNDATION

1986



American Cyanamid Company
Prowl® herbicide, Thimet® soil and systemic insecticide, Cygon® 400 systemic insecticide/miticide, Cythion® insecticide, 'The Premium Grade Malathion,'® Malathion ULV® concentrate insecticide



Amoco Fabrics and Fibers Company
Coated bag/sheets, spiral bags, for baling of cotton



BASF Corporation
Poast™ herbicide and Pix® plant regulator



Buckman Laboratories, Inc.
Cottonseed treatment for prevention of seed rot and seedling diseases. EPA approval anticipated by '87 planting season for yield-enhancing bioregulant that modifies plant's vegetative growth and directs its energy to fiber production



Bush Hog/Continental Gin
Machinery for: cleaning cotton as it is harvested; module building and handling systems—field and gin; complete ginning systems; oil mill machinery, air and dust control systems



Campbell Scientific, Inc.
Design, manufacture and support of environmental monitoring instrumentation for science and engineering. Emphasis is on applications requiring portability, battery operation and unattended operation in harsh environments.



J I Case
A Tenneco Company
In 1985 two great traditions joined forces, Case and IH. The new J I Case agricultural equipment, Case International, includes the most complete selection of agricultural tractors, combines, cotton pickers and farm implements.



Chevron Chemical Company
Orthene 75 S Soluble Powder, Ortho Monitor 4 Spray cotton insecticide, Paraquat + Plus cotton herbicide and harvest aid



CIBA-GEIGY Corporation
Curacron, D•Z•N diazinon, Galecron, and Supracide cotton insecticides; Caparol, Cotoran, Sancap, and Dual cotton herbicides; Ridomil and Apron fungicides



Deere & Company
Tractors, tillage equipment, tractor-mounted and self-propelled chemical application equipment, planters, cotton pickers and strippers



Deutz-Allis Corporation
Self-propelled cotton harvesters, planters, tractors, and tillage implements



Dow Chemical U.S.A.
Lorsban® 4E Insecticide and N-Serve® for stabilized nitrogen



E. I. du Pont de Nemours & Company
Lannate® insecticide, Vydate® L insecticide/nematicide, EPN Technical insecticide, Karmex® herbicide, Lorox® herbicide, Manzate® 200 fungicide



Elanco Products Company
Division of Eli Lilly and Company
Manufacture of Treflan®, the most widely used cotton herbicide in the world, and Surflan®, a surface-applied cotton herbicide



Electronic Data Systems Corporation (EDS)
International computer services company with technical, professional, and operational expertise in management of business information and network communications systems



First Tennessee Bank, N.A.
Domestic and international banking services including inventory and receivable financing to commodity merchants and textile mills; specialized services such as crop production loans and working capital loans to ginners, crushers, and warehousemen, either direct or through our correspondent bank network



FMC Corporation
Pounce® and Ammo® insecticides; Furadan® insecticide/nematicide; Capture® insecticide/miticide; Command® herbicide



Hoechst-Roussel Agri-Vet Company
Scout® insecticide for cotton



IBM Corporation
Worldwide provider of information systems and services offering cotton industry members powerful tools for business management through a variety of personal computers



ICI Americas Inc.
Anticipating needs in agriculture with... AMBUSH® and AMBUSH® 25W insecticides; CYMBUSH® and ACTEL-LIC® insecticides; GRAMOXONE® paraquat herbicide; FUSILADE® and FUSILADE® 2000 grass herbicides; PROCION® cotton fiber reactive dye



Ishihara Sangyo Kaisha, Ltd.
Japanese manufacturer of chemical and industrial goods; inventor of Fluazifop Butyl (Fusilade grass herbicide) and new cotton insecticide coded IKI/7899 (or CGA/112 913, under development)



Little Publications, Inc.
Agri-business magazines: COTTON FARMING, COTTON FARMING PRO SELECT, CUSTOM APPLICATOR, RICE FARMING, SOYBEAN SOUTH; also direct mail and special editorial services



Lummus Industries, Inc.
Complete cotton ginning systems; baling presses for gins, oil mills, and textile mills; opening, cleaning, blending, and conveying machinery for the textile industry



Meister Publishing Company
Publishers of COTTON GROWER magazine; COTTON INTERNATIONAL magazine



Merrill Lynch & Company
Advisory service: advice for hedgers and speculators. Newsletter: Merrill Lynch & Company Futures Report (weekly, free to clients only). Review of and outlook for commodity markets and trade recommendations. Charting service: free to clients only.



Mississippi Chemical Corporation
Agricultural cooperative providing members with anhydrous ammonia, N-Sol 32 (32% nitrogen solution), urea, ammonium nitrate, dry homogeneous NPK fertilizer, both dry and liquid fertilizer materials



Mobay Corporation
BOLSTAR®, DI-SYSTON®, DYLOX®, GUTHION®, METASYSTOX-R®, MONITOR 4®, and BAYTHROID insecticides; NEMACUR® nematicide/insecticide; DEF 6® defoliant



Monsanto Agricultural Products Company
Roundup herbicide, Parathion insecticides, and numerous combinations



Murray-Carver, Inc.
Murray-Mitchell cotton gin machinery; U.D. baling presses; Carver oilseed processing machinery: cottonseed delint-ers and oilseed cleaning, decorticating, separating, and purifying equipment



National Bank of Commerce, Memphis
Financing cotton requires a lender with knowledge and experience. NBC has proven capabilities servicing the financial needs of companies involved in all phases of agri-business from producer to the mill.



NOR-AM Chemical Company
Fundal 4EC and Fundal SP insecticide/ovicide; Dropp cotton defoliant



Pennwalt Corporation
Accelerate® and Desiccant L-10® cotton harvest aids; Penncap-M® insecticide



Rhone-Poulenc Inc.
Folex® cotton defoliant



Rohm and Haas Company
GOAL herbicide, KELTHANE miticides, TRITON emulsifiers, TRITON B-1956 and TRITON CS-7 spray adjuvants



Shell Agricultural Chemical Company
AZODRIN®, BIDRIN®, NUDRIN®, and PYDRIN® insecticides; BLADEx® herbicide



Union Carbide Agricultural Products Co., Inc.
TEMIK® brand Aldicarb pesticide, SEVIN® brand Carbaryl insecticide, LARVIN® brand Thiodicarb insecticide, PREP™ plant growth regulator



Union Planters National Bank
Full range of financial services geared to meet the specialized needs of all segments of the cotton industry, domestically and internationally



Uniroyal Chemical
Division of UNIROYAL, Inc.
Harvade cotton defoliant, Vitavax seed treatment, Comite miticide, Terraclor Super-X fungicide, Terraclor Super-X Disyston and Dimilin® insecticides *(Registered trademark of Duphar B.V., Amsterdam, Holland)



Valmont Industries, Inc.
World's largest manufacturer of automated irrigation; offers broad array of choices and options of mechanized irrigation and can custom design a system to fit grower's needs



Sandoz Crop Protection
Banvel — between crops

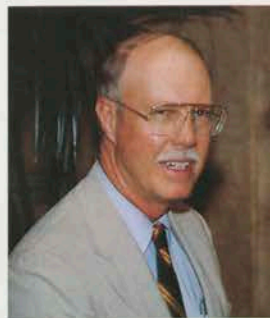


Wilbur-Ellis Company
Nu-Flow™, Nu-Zone, and Nusan® cotton seed protectants; Link micro-nutrients; full line of crop protection chemicals and fertilizers; technical service; a major trader of whole cottonseed, cottonseed meal and hulls



Zoecon Corporation
A Sandoz Company
Innovative AgroChemicals for Cotton ZORIAL® RAPID 80™ — Cotton Herbicide MAVRIK® — A New Cotton Insecticide JAVELIN™ — A New Biological Insecticide THURICIDE® — Biological Insecticide GUSTOL® — Adjuvant for Insecticides





*Cotton Foundation President
Frank B. Jones, Jr.
Lamesa, Tex.,
cotton producer*

The Oscar Johnston Cotton Foundation was founded in 1948 to provide an opportunity for cotton's allied industries to enhance their positions by supporting National Cotton Council programs that keep the U.S. cotton industry healthy and its fiber competitive in world markets.

The Cotton Foundation, created in 1955 to support innovative research and education not covered by other public or private agencies, has been the principal recipient of this support from farm equipment manufacturers, agricultural chemical companies, banks, and other corporate firms whose livelihood depends at least in part upon cotton.

The Foundation's 42 corporate members contributed dues of \$250,000 in 1986/1987. Another \$1 million in grants was provided for 18 special projects by an equal number of firms.

Foundation-supported research continues for the cotton industry's seven segments in such key areas as pest control, bale contamination, automated cutting and sewing technology, and byssinosis. Other projects given priority are development of an industrywide computer communications network, refinement of a system to convert gin trash to energy, and a National Cotton Textiles Conference scheduled for November, 1986.

The Council's technical staff manages these projects, and its communications staff provides publicity and other support for the growing number of special projects.

The Cotton Foundation and the Council jointly sponsor the annual outlook conference for Foundation members, and the Foundation funds distribution of proceedings from the Council's Beltwide Cotton Conferences. These conferences relay the latest scientific and technical developments to the cotton industry and Foundation members so they can improve their products and services.

SPECIAL PROJECTS



Weather station collects data for use in GOSSYM/COMAX system.



Maid of Cotton Sherri Moegle talks with Japanese Ambassador Nobuo Matsunaga.

Yield and Productivity in Cotton

Sponsor: Deere & Company
Part 1: Climate, Air Pollution, Tillage
Grant: \$150,000

Sponsor: FMC Corporation
Part 2: Insect Pest Management
Grant: \$100,000

Sponsor: Shell Agricultural Chemical Company
Part 3: Herbicides
Grant: \$100,000

A special three-year study continues to search for answers to explain why cotton yields plateaued for nearly two decades after showing continuous improvement from 1935 to 1965.

Federal and state researchers at Mississippi State, Texas A&M University, and Lubbock, Texas, are using the GOSSYM computer crop model to study cotton's interaction with soil, water, air, pests, chemicals, and management systems to find clues to this yield and productivity mystery.

Project scientists have ruled out long-term climate changes, and long-term use of soil-applied herbicides as contributing factors. Preliminary data reveal that an increase in ozone in the earth's atmosphere may have diminished the cotton plant's ability to use sunlight. Additional analysis is being conducted to correlate ozone and yield fluctuations.

Other factors still being considered are soil compaction, early-season insect control and other pest management practices, and harvest management practices.

Cotton Crop Management Using Crop Simulation and Expert Systems

Sponsor: Union Carbide Agricultural Products Co., Inc.
Grant: \$75,000/year

This ongoing project will enable site-testing of the computer crop management system GOSSYM/COMAX to be expanded from two to 20 locations across the Cotton Belt in 1986. Federal and state researchers, Extension specialists, consultants, and growers will

continue to work cooperatively to validate the system and assist growers in its use. Testing over a broad geographic region allows the system to pinpoint irrigation and fertilization timing and rates, and predict maturity dates. Data are being gathered and examined that will extend the use of GOSSYM/COMAX to insect management. Initial development of an expert system (COMAX) for management of a cotton crop has been completed and will receive further testing in 1986.

Cotton Computer Communication Network Pilot Program

Data generated from the Yield & Productivity Study and GOSSYM/COMAX would be only part of the large amount of information that could be made available on a computer communications network now under investigation by the cotton industry.

Significant progress has been made in the study of this network that would lead to increased efficiency and cost reductions among the industry's seven segments across the Cotton Belt. Establishment of the network is considered essential to the industry's goal of becoming the low-cost producer of cotton and cotton textiles in the world.

A pilot program will be implemented from September, 1986, through January, 1987, to test specific features of primary importance in a network operation.

It will include: a telecommunication link between cotton farmers and USDA in selected counties; an electronic mail communication between the National Cotton Council, its members, and others; an electronic mail link among staff members of the sponsoring agribusiness corporation; and an information retrieval service from the corporate sponsor to other users.

The pilot also will allow the Council and Foundation members to assess interest in a telecommunications system and help identify management requirements.

As envisioned, the complete computer network eventually will store large amounts of information useful to producers and researchers, and will enable corporate suppliers to market their agricultural chemicals and farm machinery directly to cotton producers.

Cotton Leadership Program

Sponsor: Agricultural Chemicals Department, E.I. duPont de Nemours & Company
Grant: \$97,000/year

Now in its third year, this project provides potential cotton industry leaders with 30 days of intensive training and activities designed to prepare them for the challenges and opportunities facing the U.S. cotton industry.

Each year, a cotton industry panel selects 10 applicants with leadership potential in the 27-40 age category to participate in six informative sessions across the Cotton Belt beginning in September. The sessions focus on cotton industry organizations, practices, and policy development; governmental and public affairs; research and market development; and communications practices and techniques. Included are roundtable discussions with cotton industry leaders and field trips to observe innovative cotton production and processing.

Program direction is provided by the National Cotton Council.

Folex for Dollars

Sponsor: Rhone-Poulenc Inc.
Grant: Varies annually

Each year, the sponsoring firm contributes \$1 to the Foundation for every can of Folex cotton defoliant purchased by growers. These funds support some 20 research and education programs important to the health of the cotton industry.

Maid of Cotton Program

Sponsor: CIBA-GEIGY Corporation
Grant: \$70,000/yr.

For each of the past 48 years, a young woman from a cotton-producing state has carried cotton's message to a worldwide audience of consumers, textile manufacturers, designers, merchandisers, and government leaders. This special project has greatly enhanced the Maid of Cotton selection, which is held in Dallas where it ties in naturally with Cotton Bowl festivities. The project also makes possible a total of \$25,000 in educational awards to Maid of Cotton finalists.

Sherri Moegle of Lubbock, Texas, cotton's 1986 goodwill ambassador, made personal appearances in more than 40 U.S. cities, attracting extensive media coverage. Her travels also took her to the Far East, where she met with dignitaries representing five of U.S. cotton's largest export customers.

Cotton Producer Program

Sponsor: FMC Corporation
Grant: Will vary

Under this program, proceeds from the sale of a record about the cotton farmer will be donated to The Foundation for cotton research. The record includes the song, "Cotton Man," written and recorded by Mississippian Paul Ott, and three 30-second public service spots. It will be distributed to more than 800 radio stations across the country.

The C. Everette Salyer Cotton Research Fellowship

Sponsors: Mrs. C. Everette Salyer, cotton industry contributors, and Texas A&M University
Endowment: \$300,000

This fellowship was established to develop leadership and research essential to the future health of the cotton industry. A student will be chosen for research at the doctorate or post-doctorate level with the major area of study and research geared toward the sciences of producing and marketing cotton. The student will attend the Cotton Outlook Conference, the Beltwide Cotton Conferences, and the National Cotton Council's annual meeting. This fellowship was inaugurated in honor of the late C. Everette Salyer, noted California producer-ginner and former Foundation president.



Joe Wyrick, (l.) of National Cotton Council, gets tip on pilot program for computer network.



Members of the 1985/86 Cotton Leadership Class view fabrics made from western cotton at Houchin Trading Company's merchandising operation in Buttonwillow, Calif.

Cotton Foundation Book Series

Sponsor: BASF Corporation
Grant: \$25,000/yr.

A series of reference books that should aid scientists and growers in their efforts to improve cotton plant productivity are being assembled under this project. The first volume in the series, *Cotton Physiology*, soon will be published and plans are underway for two more technical books that will be useful to both public and private researchers and cotton producers. Dr. John R. Abernathy, resident director of research, Texas A & M Agricultural Research and Extension Center, Lubbock, Tex.; and Dr. Chester G. McWhorter, director, USDA-ARS Southern Weed Science Laboratory, Stoneville, Miss.; will co-edit *Cotton Weeds*, a 600-plus page hard-bound book due to be published in 1987. Planned for 1988 publication is *Cotton Insects*, to be co-edited by Dr. Edgar G. King, director, USDA-ARS Southern Field Crop Insect Management Laboratory, Stoneville; and Dr. J. R. Phillips, head, Entomology Department, University of Arkansas, Fayetteville.

Cotton Extension Education Award

Sponsor: Hoechst-Roussel
Agri-Vet Company
Grant: \$20,000/yr.

This new project was developed to encourage and recognize excellence in county, state, and federal level Extension activities that contribute significantly to the U.S. cotton industry. The \$10,000 award was given to Dr. George Mullendore, a cotton agronomist with the Mississippi Cooperative Extension Service, which received \$5,000 for use as support money for his activities. Mullendore was particularly praised for his advice on chemical weed and insect control and his ability to communicate and work with cotton producers in Mississippi, where cotton yields have nearly doubled since he joined the Extension Service in 1970.

Cotton Scholarship Program

Sponsor: ICI Americas, Inc.
Grant: \$50,000

Economists, marketing specialists, textile scientists, and biologists have all played a role in the success of U.S. cotton growers. In recognition of the contributions from various disciplines, this new project will provide financial assistance to a select group of children of cotton growers. High school seniors and matriculating college students are eligible for 25 \$2,000 scholarships, all of which will be awarded in January, 1987. Contestants will be judged on the basis of essays describing how a college education or particular field of study will aid the cotton industry.

Investigation Of Physiological Responses In Cotton to PIX® For Use In Cotton Crop Simulation Systems

Sponsor: BASF Corporation
Grant: \$35,000

Beginning this year, experiments will be conducted on the cotton plant's physiological responses to mepiquat chloride (PIX), a growth regulator. Studies will be made of the growth regulator's interaction with temperature, plant turgor, and nutrient supply. This data will be incorporated into GOSSYM/COMAX software to expand the computer crop management system's capability.

Rebates For Research

Sponsor: Zoecon Corporation
Grant: \$50,000

As cotton growers face increasing pressure to boost productivity and restore profitability, The Foundation must strengthen and expand its role in supporting research and education. Under this project, part of the annual contributions to The Foundation's overall research and education programs will be based on acreage treated with MAVRIK insecticide. In the coming year, these funds will support innovative research on the biology of the fall armyworm, a pest that has caused extensive damage to cotton in the past few years.

Sponsorship of Cotton Incorporated's Annual Meeting

Sponsor: American Cyanamid Company
Grant: \$30,000

Cotton Incorporated reported on its 1985 activities to build markets for U.S. cotton at home and abroad before growers at two meetings this year — the Beltwide Cotton Conferences in Las Vegas and the Southern/Southeastern Cotton Growers' Conference in Williamsburg, Va. This project helped promote attendance at these sessions by defraying the cost of meeting facilities, meals, and other expenses. Highlighting CI's report were the continued success of all-cotton bedsheets in the home fabrics market, and successful promotion in the textile industry of a new durable-press process that resulted in the introduction of 100% cotton slacks with a permanent crease.

Cotton Research Recognition Award

Sponsor: Mobay Corporation
Grant: \$30,000

This project was created to encourage research in the area of cotton production and processing. In recognition of outstanding contributions in these fields, a \$15,000 cash award is presented to the research scientist selected and a \$10,000 award is made to the sponsoring institution.

Dr. Jack Mauney, a plant physiologist with USDA-ARS, Phoenix, received the 1986 Cotton Research Recognition Award for his significant findings in cotton plant fruiting and stress. Mauney and his co-workers found that temperatures have a major effect on the flowering of the cotton plant. They learned that photosynthesis in cotton is limited in part by starch buildup during the day, and that flowering cutout results from the slowing of growth, beginning before the first bloom appears.

Export Financing Research Mission

Sponsor: Union Carbide Agricultural Products Co., Inc.
Grant: \$50,000

With U.S. cotton exports facing a difficult outlook, this new project is seeking to determine why USDA's export credit program is not being fully utilized by overseas customers. A team of industry experts was formed to review this major marketing tool and find ways to make it more attractive. A wide range of alternative financing methods and marketing practices will be considered. The team also will discuss the export financing with cotton traders, textile mill representatives, government officials, and private and government banks in Hong Kong, the Philippines, Indonesia, Thailand, Italy, Switzerland, Yugoslavia, and Hungary. Reports will be filed and meetings held across the U.S. Cotton Belt to provide the industry with the team's findings and recommendations.

Production Potentials of Short-Season Cotton

Sponsor: J.I. Case
Grant: \$15,000

This project has contributed much-needed research on the development of fast-fruiting short-season cotton varieties which give growers a weapon against weather conditions that curtail the growing season in some areas of the Cotton Belt. Emphasis is on developing varieties with multiple pest-resistance that can be grown on a wide range of soils. Another goal is low-cost, efficient once-over harvesting systems that produce high crop yields of superior lint and seed. After refining the system through a two-year series of field trials, the project now will focus on its potential yield advantage over the conventional system. Research has indicated a potential cost savings of 5-10 cents per pound by using this system of 30-inch rows and more plants per acre. To maintain lint quality, 30-inch row spindle pickers are being employed in the production system.

Effect of Early Season Insect Control

Sponsor: Shell Agricultural Chemical Company, Zoecon Corporation, ICI Americas Inc., Mobay Corporation, Union Carbide Agricultural Products Co., Inc., Chevron Chemical Company, and FMC Corporation.
Grant: \$28,000

Proper control of insects which attack and damage cotton in the early stages of development is necessary if growers are to achieve maximum yields. This research project allows USDA-ARS scientists to explore various measures for control of pests such as plant bugs and thrips. Research is conducted near Stoneville, Miss., on large field plots in order to simulate grower conditions. Much progress toward increasing yields has been generated from this project.



Bob Boslet, Cotton Incorporated's chief executive officer, makes a point.



George Mullendore wins first annual Hoechst-Roussel Cotton Extension Education Award.



Jack Mauney receives 1986 Mobay Cotton Research Recognition Award.



Cotton Council International export finance team on a credit mission in Thailand.



Charles Nash of ICI Americas announces creation of Cotton Scholarship Program.

FOUNDATION PROJECTS



Quality of planting seed is under study in new project.

Regulatory Problem Research and Analysis

Projects for 1986/87 Prospective Longitudinal Study of Byssinotics/Lung Lavage Studies; Detoxification of Byssinosis Causative; Chronic Byssinosis: Lung Lavage Studies; Apparel Burn Data Base.

Airborne levels of endotoxin from gram-negative bacteria are suspected of causing byssinosis or respiratory changes in some workers processing cotton. Because it is in the best interest of the cotton industry to eliminate or detoxify this agent, The Foundation this year authorized a study to develop a profile on this bacteria. Cotton is being examined throughout the growing season to obtain a better understanding of its ecology with the goal of detoxifying the plant in the field. Cotton Incorporated is providing the bulk of financial assistance for this important research.

Another new study is seeking to determine if some textile mill workers' acute response to cotton dust is linked to the chronic response. Lung changes will be examined in textile workers with chronic respiratory diseases. Four cytotoxins contained in dust also will be examined. A better understanding of these cytotoxins and how they function in the lungs of cotton textile workers may help answer key questions concerning chronic byssinosis.

An ongoing effort to determine the long-term effects of byssinosis may help determine the time interval between the first exposure to cotton dust and the development of byssinotic symptoms. Light may be shed on such important factors as how smoking affects these symptoms, how a worker's breathing capacity is affected after leaving exposure to cotton dust, and the relationship between byssinosis, chronic bronchitis, and emphysema in smokers and non-smokers working in cotton mills.

Specialized Research Services

Projects for 1986/1987: Design and Evaluation of Gin Trash Conversion/Gasification Technology for Cottonseed Oil Mills; User-Friendly Revision of GINMODEL; Development of Production Systems for Short Season Cotton; Evaluation of Selected Genotypes for Tolerance to Verticillium Wilt in Mississippi; Variation in Cotton Planting Seed Quality and Its Effect on Plant Development and Yield.

To expedite development of more effective control of the tobacco budworm/cotton bollworm complex, The Foundation administered a program that placed more than three million tobacco budworm eggs into researchers' hands throughout the U.S., Canada, England, and the Virgin Islands in 1985. This was an 83% increase over the number distributed in 1984. A similar program to develop better boll weevil control provided researchers in nine locations with more than 2 million weevils in 1985 — a 27% increase over 1984.

Cotton gin trash is an economic burden to the cotton industry with disposal costs running as high as \$20 per ton in some parts of Texas. With Foundation assistance, a fluidized-bed gasifier system has been developed that converts gin trash into steam and electricity. Use of this energy could reduce cotton processing costs 1-3 cents a pound.

Testing will be conducted on a user-friendly program of GINMODEL, a computerized simulation model for determining cotton ginning costs due to changes in volume of bales ginned, interest rates, labor requirements and new machinery. Up-to-date ginning cost data have been collected and the GINMODEL program is being modified for operation on brands of personal computers typically used by ginners beltwide.

A new project will assess the effect of seed deterioration on cotton yield and maturity. Scientists also will try to determine genetic differences in resistance to seed deterioration among commercial cotton varieties.

It has been speculated that increasing usage of irrigation on cotton in the Mississippi Delta has resulted in more losses to verticillium wilt. In 1985, losses in Mississippi alone were estimated to be more than \$10 million. In this new project, field data will be obtained on the relative tolerance of popular Mid-South and Southeast varieties.

Education & Communications Programs

Projects for 1986/1987: Beltwide Cotton Conferences; Cotton Foundation Information Reports; Beltwide Education Specialist for Crop Simulation; National Cotton Textiles Conference.

Efficient transfer of technology is essential to keep the U.S. cotton grower productive and the industry competitive. A new three-year project will enable a full-time educational specialist to facilitate the transfer of the GOSSYM/COMAX computer crop simulation system into growers' hands. Under this federal/state/cotton industry effort, the specialist will work closely with researchers, state Extension specialists and others in establishing the GOSSYM/COMAX programs for demonstration, validation, and follow-up with growers in every Cotton Belt state.

The Foundation helped speed the application of research findings by publishing and distributing 415 papers presented at the 1986 annual Beltwide Cotton Conferences.

In cooperation with the National Cotton Council, the Foundation will sponsor a National Cotton Textiles Conference in November, 1986, to allow research leaders and cotton textile processors to exchange ideas and developments. The session's program topics will assist mills in improving efficiency and competitiveness.

Cotton Marketing Programs

Projects for 1986/1987 Surveys of Cotton's Losses to Pests; Cotton Contamination and Quality; Textile/Clothing Technology Corporation Research Project.

Work continues on the Textile/Clothing Technology Corporation Research Project, a prototype of computerized visual robotics. The system is expected to increase the competitiveness of the U.S. apparel industry by automating much of the cutting and sewing. The cotton industry, the man-made fibers sector, textile manufacturers, and the Amalgamated Clothing & Textile Workers Union are among the 65 contributors to the project.

Through Foundation support, annual state surveys of cotton losses due to specific disease, insect and weed pests are made widely available. This information is vital in planning, funding, and directing research to improve control measures and properly utilize Extension and other resources in technology transfer. The data also help establish the importance of registered pesticides threatened by cancellation or use restrictions by EPA. A 1986 workshop is planned to help coordinators obtain improved loss estimates.

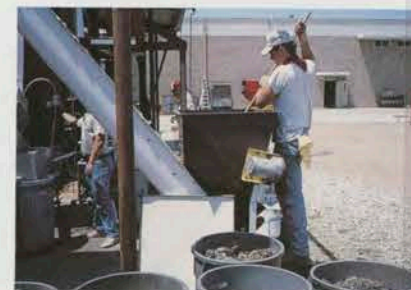
Analyses continue on contaminants that may cause visual defects and processing difficulties in cotton yarns and fabrics and harm cotton's position in the textile industry. Bale conditions in textile mill opening rooms are being evaluated along with non-contaminating cotton picker doffers. A new educational program will be initiated to remind producers, ginners, and other handlers of potential contamination sources and instruct them on methods to prevent fiber processing problems.



TC² robotics prototype nears commercialization.



Tobacco budworm pupae readied for distribution.



Worker feeds gin trash into gasifier system.

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Discussing Foundation projects are Research Screening Committee members (l. to r.) Chairman Haney Camp, Ciba-Geigy; John Willard, BASF; and Wayne Carlson, Mobay

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NATIONAL COTTON COUNCIL DIRECTORY



The National Cotton Council is the unifying force of the U.S. cotton industry. It brings together representatives from the seven industry segments located in 18 producing states of the Cotton Belt to work out common problems, and to move on programs of mutual benefit.

Ninety-one state, regional, and national cotton organizations each year select 297 delegates to the Council. Included in the number are 76 producers, 58 ginnermen, 34 cottonseed crushers, 33 warehousemen, 30 merchants, 32 cooperatives, and 34 textile manufacturers. They meet early each year to adopt Council policies and set guidelines for activities over the next 12 months.

Delegates also hold interest caucuses, with each of the seven sectors electing five of their group to serve on the Council board of directors. The 35-member board convenes four times a year to hear progress reports on activities, and to deal with issues that arise between the annual meetings. It also elects officers which include at least one representative from each of the cotton industry's seven segments. Four program committees are named to develop recommendations to the Council.

The Technical Committee works (1) to attain a larger and more effective cotton research program, (2) to achieve reasonable and scientifically based government regulations for pesticides, textile chemicals, worker safety and health, and other matters, (3) to reduce production, processing, and handling costs, and (4) to improve cotton fiber and oilseed products.

The Public Relations and Promotions Committee conducts an extensive communications program to build a greater appreciation and understanding of the U.S. cotton industry, its products, and its people.

The Foreign Operations Committee works to expand U.S. cotton exports by conducting trade missions and other market development programs overseas, and seeks to obtain adequate export credit to back those efforts.

The Industry Practices and Policies Committee establishes the Council's position on such major issues as farm legislation, textile imports, federal tax laws, employment and wages, warehousing, and water law.

The four program committees meet just prior to each annual meeting to review Council programs and policies, and make their recommendations for the coming year. Their recommendations go to the Board of Directors, which sits as a resolutions committee, and finally are put before the delegate body. Each recommendation must be approved by a majority of delegates from each of the seven segments, voting separately, before it can become official Council policy. Because of the democratic process involved in its policy-making procedure, the Council is able to move with the combined strength and support of all seven cotton industry segments as it tackles problems affecting cotton incomes and markets.

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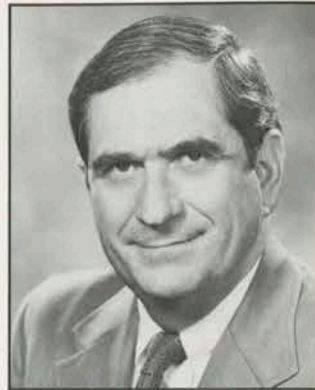
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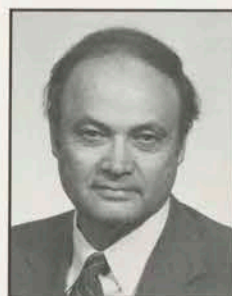


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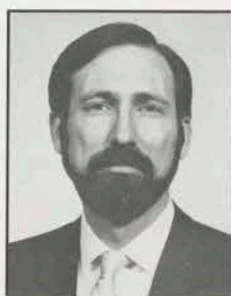


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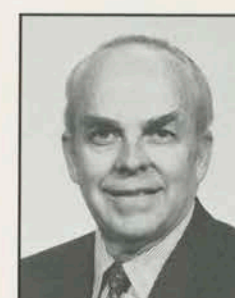
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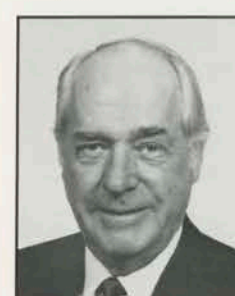
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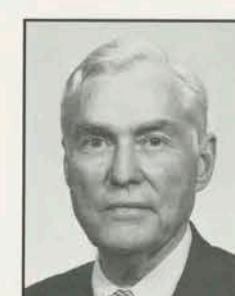
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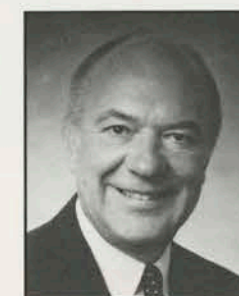
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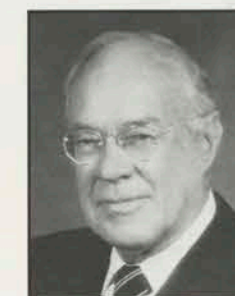
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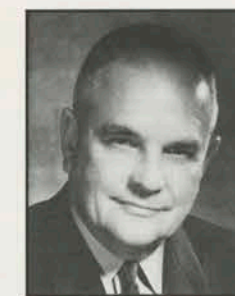
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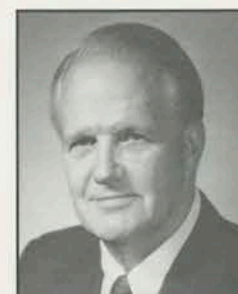
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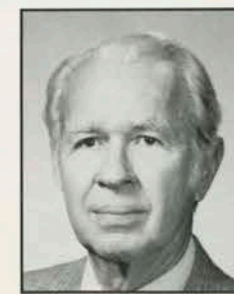
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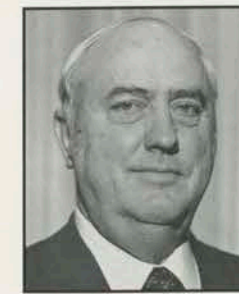
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Frank J. Garnier, Manufacturer, Eden, N.C.
James Hansen, Producer, Corcoran, Calif.
Jerry Harris, Ginner, Lamesa, Tex.
Allen Helms, Jr., Producer, Clarksdale, Ark.
Richard Howard, Warehouseman, Lake Providence, La.
Seymour B. Johnson, Producer, Indianola, Miss.
Larry La Touf, Cooperative, Bakersfield, Calif.
Hurdle H. Lea, Manufacturer, Kannapolis, N.C.
Sam Leake, Cooperative, Newellton, La.
J. Clarence Leary, Producer, Edenton, N.C.
Jack McDonald, Crusher, Decatur, Ill. (Tennessee)
Neil A. Mearns, Merchant, Memphis, Tenn.
Carlos Moore, Manufacturer, Washington, D.C. (Advisory)
L. F. Preston, Merchant, Fresno, Calif. (Advisory)
Samuel T. Reeves, Merchant, Fresno, Calif. (Advisory)
W. T. Stone, Ginner, Stratford, Calif.
Keith Streety, Cooperative, Lubbock, Tex. (Advisory)
Dewey L. Trogdon, Manufacturer, Greensboro, N.C.
Robert S. Weil, II, Merchant, Montgomery, Ala.

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Chairman (Advisory)
Ginner
Aliceville, Ala.

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Norris Anders, Producer, Rule, Tex.
W. E. Auten, Warehouseman, Fresno, Calif.
Thomas E. Avent, Merchant, Fresno, Calif.
John G. Balfour, Producer, Lumber Bridge, N.C.
John B. Beasley, Jr., Merchant, Memphis, Tenn.
Welstord F. Bishopric, Manufacturer, Eden, N.C.
Joe Bowling, Crusher, Fort Worth, Tex.
Barrie Boyette, Producer, Corcoran, Calif.
Richard Bransford, Ginner, Lonoke, Ark.
J. Walker Clarke, Jr., Merchant, Columbia, S.C.
William D. Cook, Warehouseman, Brinkley, Ark.
James Cuming, Producer, Somerton, Ariz.
Rifftin Curtis, Crusher, Casa Grande, Ariz.
Charles H. Dante, Ginner, Dumas, Ark. (Advisory)
Jack Hannah, Merchant, Dallas, Tex.
Allen King, Producer, Brownsville, Tenn.
Richard Koppein, Crusher, Hartsville, S.C.
Peyton R. Latimer, Manufacturer, New York, N.Y. (North Carolina)
Raymond Marsh, Producer, Madison, Ala.
Walter S. Montgomery, Jr., Manufacturer, Spartanburg, S.C.
Keith Pendergrass, Ginner, Wellman, Tex.
J. C. Richardson, Crusher, Kingsburg, Calif.
W. T. Robertson, Producer, Holly Ridge, Miss. (Advisory)
George W. Rue, Jr., Crusher, Osceola, Ark. (Missouri)
Hartford Smith, Cooperative, McFarland, Calif.
D. Harding Stowe, Manufacturer, Belmont, N.C.
Fred A. Underwood, Warehouseman, Lubbock, Tex.
Jackie D. Warren, Producer, Lamesa, Tex. (Advisory)
Larry Warren, Ginner, Phoenix, Ariz.

Technical



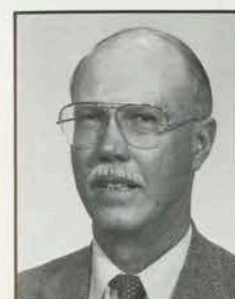
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Chairman
Cooperative
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Bruce Brumfield, Producer, Inverness, Miss., Vice Chairman
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Kempton Ashburn, Ginner, Casa Grande, Ariz.
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Jerry Calvani, Producer, Carlsbad, N.M.
Robert A. Carson, Jr., Producer, Marks, Miss. (Advisory)
Robin Coffman, Warehouseman, Memphis, Tenn.
John D. Davis, Jr., Warehouseman, Decatur, Ala.
Harry East, Merchant, West Memphis, Ark.
John L. Edmonston, Ginner, Hornersville, Mo.
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Price Giffen, Producer, Five Points, Calif.
Jack Hamilton, Ginner, Lake Providence, La. (Advisory)
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Wallace Houchin, Merchant, Buttonwillow, Calif. (Advisory)
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H. Douglas Kingsmore, Manufacturer, Kannapolis, N.C.
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