

Congress of the United States
Washington, DC 20515

June 3, 2009

The Honorable Rosa L. DeLauro
Chairwoman
Agriculture Appropriations Subcom.
U.S. House of Representatives
Room 2362-A Rayburn House Office Building
Washington, DC 20515

The Honorable Jack Kingston
Ranking Member
Agriculture Appropriations Subcom.
U.S. House of Representatives
1016 LHOB
Washington, DC 20515

Dear Chairwoman DeLauro and Ranking Member Kingston:

We are writing to urge you not to make any changes to the provisions of the 2008 farm law which require the Commodity Credit Corporation (CCC) to make storage credits available when the weekly adjusted world price (AWP) of cotton is below the loan principal plus accrued storage and interest.

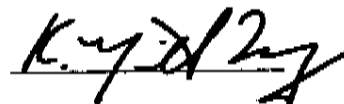
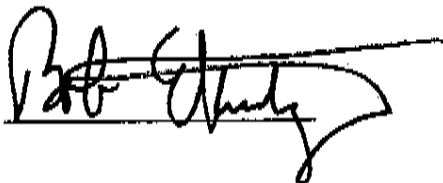
Since cotton is unique among the bulk commodities because bales must be stored in an approved warehouse to be eligible for the marketing assistance loan, storage credits are critically important to facilitate redemptions when prices are low. Beginning in 1989, the Secretary made storage credits available in order to comply with the statutory requirement to administer the cotton marketing loan in a manner that facilitates marketing by encouraging redemptions and minimizing forfeitures.

In 2006, the cotton industry worked with USDA in a cooperative effort which resulted in promulgation of a new regulation that made a number of changes to the marketing loan program, including placing a cap on storage credits in order to reduce costs. Budget costs of the credits were further reduced in the 2008 farm law, which codified reductions in the cap on storage credits by 10% for 2009-2011 and 20% beginning in 2012.

If storage credits are terminated as proposed in the Administration's budget proposal, we believe producer income would be adversely affected and their ability to use the loan as collateral to secure production financing would be made significantly more difficult.

Storage credits are only triggered in times of extraordinarily low prices -- which is the time when they are most important to growers. The farm bill codified provisions to reduce costs, encourage redemptions to minimize forfeitures and enhance flow to market -- all of which minimize cost to the CCC. Therefore, we urge you not to amend the cotton provisions of the 2008 farm law.

Sincerely,



Jim Russell

Butler
Walter B Jones

~~Frank~~
Mr. Row

Mike McIntyre

Bob Barr

Tom Turner

Randy

Mr. Kelly

~~Tom~~
Ed Pactor

John Fleming
Mike Kelly

