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June 18, 2020

Mr. Bill Beam  
Deputy Administrator for Farm Programs  
Farm Service Agency  
U.S. Department of Agriculture  
Washington, D.C.

**Re: Docket ID: FSA–2020–0004, *Notice of Funding Availability; Coronavirus Food Assistance Program (CFAP) Additional Commodities, Federal Register, Volume 85, No. 100, May 22, 2020, Pages 31062-31065.***

Dear Mr. Beam:

The American Cotton Shippers Association (ACSA) appreciates the opportunity to submit this comment letter as USDA considers the eligibility of additional non-specialty crops for the Coronavirus Food Assistance Program (CFAP). ACSA is a trade association primarily made up of cotton merchants founded in 1924. Collectively, our members handle the vast majority of U.S. cotton production and foreign growths traded globally. Our services consist of merchandising, delivery logistics, and risk management.

ACSA provides benefits and services to cotton producers, marketing cooperatives, mills, manufacturers, and supply chain participants. Traditionally, growers desire to market their entire crop, consisting of a wide variety of qualities, at one time, at the highest price possible, receiving payment in full. Conversely, mills and manufacturers desire to purchase at the lowest possible price, as they consume throughout the year, in very specific quality specifications, paying as they go. Neither party traditionally manages the delivery logistics. The merchant's role is to harmonize the needs of the producers and consumers and assuming their price and other risks, while providing liquidity to the supply chain.

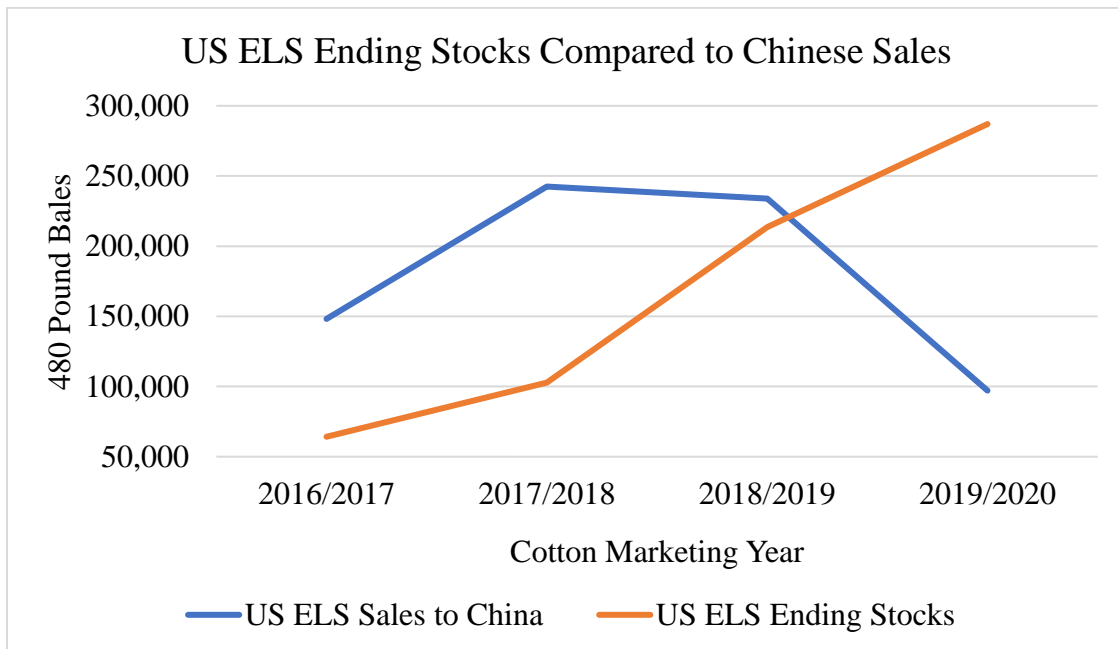
The US cotton industry has been acutely impacted since early 2018 initially by the US/China Trade War, immediately followed by the significant decline in demand caused by the COVID-19 Pandemic. Unlike most agriculture related industries that were deemed critical and essential for operation during the COVID-19 Pandemic, US and global textile retail points of sale were generally closed for business during the pandemic, causing a backlash of delays and cancellations through the cotton supply chain.

The COVID-19 pandemic has resulted in a significant loss in demand for ELS cotton. According to data from the US Census Bureau, US Retail Clothing Sales declined by

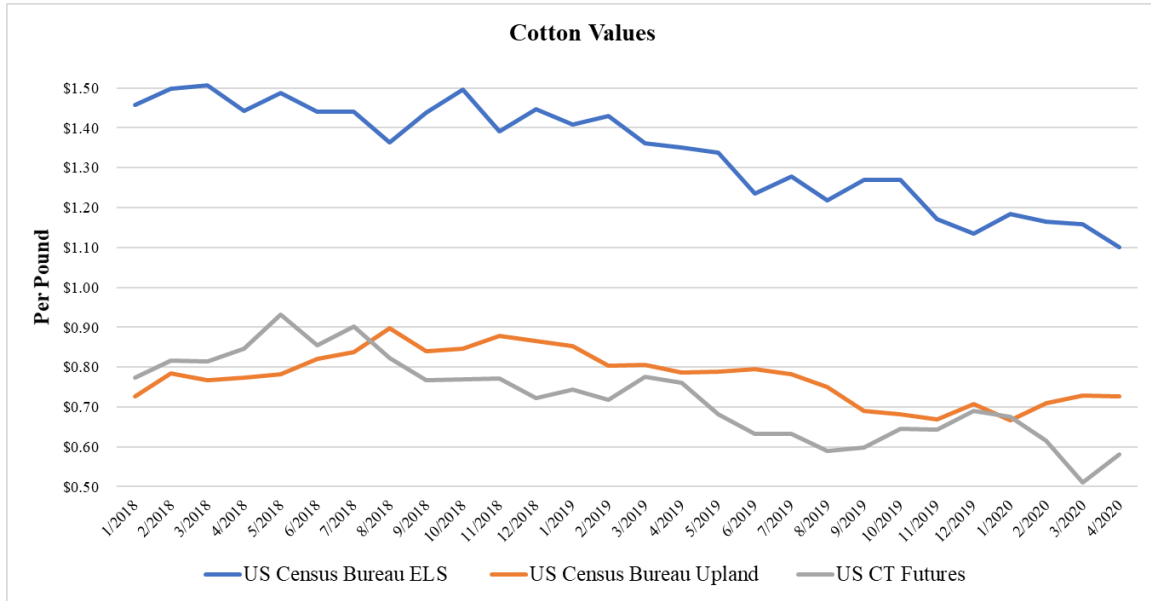
approximately 90% prior to this month's rebound which still reports sales at less than 1/3 of pre-covid levels.



This reduction in the demand for ELS cotton has resulted in larger carryover stocks, and higher storage and interest costs. The USDA-World Agriculture Outlook Board in their June supply & demand report noted that July 31, 2020 ELS carryout in the United States is currently forecasted at 287,000 bales which is the largest since 2008. This also correlates with a visible reduction in US ELS export sales to China.



We recognize that ELS cotton is traded on a cash basis and that price discovery is not as easily accomplished in the absence of a traded futures contract like upland cotton. Therefore, in the absence of a traded futures contract for ELS cotton, we feel that trade data published by U.S. Census Bureau sufficiently documents a decline in ELS market prices between January 2020 and April 2020. ELS cotton prices, as measured by per-pound export values declined by \$0.08 per pound, or 7.2% between January and April. **The latest price decline meets the 5% threshold established in CFAP over the appropriate timeframe.**



	Jan-20	Feb-20	Mar-20	Apr-20	% Change
Value	\$15,713,000	\$32,181,000	\$33,915,000	\$14,944,000	
Pounds	13,262,345	27,602,749	29,277,160	13,589,731	
<b>Price/Lb.</b>	<b>\$1.18</b>	<b>\$1.17</b>	<b>\$1.16</b>	<b>\$1.10</b>	<b>-7.2%</b>

Data Source: U.S. Census Bureau Trade Data

Thank you in advance for your additional consideration of the inclusion of ELS cotton in CFAP.

With regards,

William H. "Buddy" Allen  
 American Cotton Shippers Association  
 President and CEO

