



WESTERN COTTON SHIPPERS ASSOCIATION

88 UNION AVENUE, SUITE 1204 MEMPHIS, TN 38103
PH (800)238-7192 • PH (901)525-2272 • FX (901)527-8303
www.westerncotton.com • wcsa@westerncotton.com

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:

Since 1923, the Western Cotton Shippers Association (WCSA) has played an important part in the cotton industry, continually striving to better communications with every area of the cotton community. The Western membership is comprised of Merchant, Non-Merchant Handler and Associate members. The merchant and non-merchant handler members are the merchants and brokers whose firms are actively engaged in the buying and/or selling of raw cotton in the Western area. The associate members are those firms who provide the services that support our industry. Among them are banks, warehouses, steamship and truck lines and port authorities. The Western area includes the States of California, Arizona, New Mexico and the El Paso Territory of Texas. Our Association is one of four Federated Associations of the American Cotton Shippers Association, which is the national trade association of cotton merchants, shippers, and exporters of raw cotton including Extra Long Staple (ELS) Cotton also known as pima.

WCSA would like to comment in support of ELS Cotton's inclusion in the Coronavirus Food Assistance Program. Additionally, WCSA would like to offer support for the letters presented by both National Cotton Council (NCC) and American Cotton Shippers Association (ACSA). WCSA is very grateful for the inclusion of upland cotton in the initial list of non-specialty crops covered by CFAP, but requests further consideration on data presented by the industry that demonstrates the impact and grounds for inclusion of ELS cotton in addition to upland cotton.

The COVID-19 pandemic has resulted in a significant loss in demand for ELS cotton. The retail apparel industry has been completely disrupted because of the COVID-19 pandemic. Recent numbers from the U.S. Census Bureau showed retail sales by clothing stores down about 66% during the March-May 2020 from the March-May 2019 period. This reduction in retail demand

is world-wide impacting ELS demand and prices. The USDA in their June Cotton and Wool Outlook commented ‘the projected annual reduction is of historic proportion, with world cotton mill use estimated to plunge nearly 15 percent year-over-year. In fact, the projected marketing year 2019 decrease is unmatched during the past century.’



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 forecast at 287,000 bales which is the largest since the Great Recession.

ELS cotton export sales have virtually stalled since March while shipments dropped off significantly in mid-April. Recent exports sales and shipments have been at a poor pace causing many in the industry to believe the USDA may need to re-evaluate their June export forecast of 600,000 bales.

Trade data published by U.S. Census Bureau provide indicate 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.

With decreased demand and delayed shipments, growers are facing higher storage and interest charges. When added to the market decline of 8 cents, the overall impact of lower prices and increased marketing costs is 10.7 cents.

Given the current economic situation, ELS producers are in dire need of the timely assistance that can be provided through CFAP.

Thank you in advance for your consideration of these comments.

With regards,

A handwritten signature in blue ink, appearing to read 'Richard L. Clarke', written in a cursive style.

Richard L. Clarke, President
Western Cotton Shippers Association