July 23, 2021

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
Washington, DC 20250

Dear Secretary Vilsack:

The COVID pandemic brought unprecedented disruptions to the U.S. cotton industry. Through previous COVID relief packages, the industry appreciates the assistance provided to cotton farmers and U.S. textile manufacturers. This assistance was critically needed and is helping to address a portion of the losses experienced following the onset of COVID and the resulting business shutdowns and trade interruptions. In addition to industry requests to assist cotton farmers and textile mills, the industry has also consistently sought assistance for merchandisers and distributors of cotton as costs and risks accumulated due to sharply lower demand and business disruptions.

Currently, port congestion and supply chain limitations are critical with empty container sailings continually adding costs and risks to U.S. cotton exporters. The impacts are particularly acute for cotton given the heavy reliance on containerized shipments and the use of the Los Angeles/Long Beach ports. The industry exports 15 to 17 million bales annually, with over 60% of the shipments currently moving through ports in California. Industry estimates suggest that the combined impact of the delayed and cancelled cotton shipments resulted in unexpected market losses and additional direct costs as a result of COVID of at least $700 million to date for U.S. cotton merchandisers.

Furthermore, for many of our cotton producers in the Western region, ELS (or Pima) cotton is the predominant crop. As you know, ELS cotton was not included in the initial support provided by CFAP due to a discrepancy in price reporting data used by USDA last year. This is one of the gaps in COVID relief that this Administration can help rectify by providing support for cotton merchandisers, particularly given that nearly all U.S. ELS cotton is exported.

The cotton industry developed a consensus recommendation for support that can be conveyed using existing policy tools without making direct payments to merchandisers. In the normal course of cotton marketing, both private merchants and marketing cooperatives act on behalf of the producer to redeem cotton from the marketing loan. The industry's recommendation would establish accounts for each merchandiser to draw from when making redemptions on behalf of producers. The total support valued at approximately 50% of the economic losses will allow cotton merchandisers to provide critical liquidity to producers and allow them to move U.S. cotton more effectively into the marketing channels, thus enhancing U.S. competitiveness.

This assistance is of critical importance to cotton industry members in our states throughout the Western region of the cotton belt. We urge your strong consideration of this need for assistance.

Sincerely,

JIM COSTA
Member of Congress

SALUD O. CARBAJAL
Member of Congress

JIMMY PANETTA
Member of Congress

TOM O'HALLLERAN
Member of Congress

JOHN GARAMENDI
Member of Congress

ANN KIRKPATRICK
Member of Congress