



National Cotton Council Representative Explains New Farm Law to Cotton Producers in Altus June 26, 2008



(Picture cutline
Participating in the National Cotton Council meeting Thursday at Altus were, left to right, Danny Davis, Elk City, producer member of the NCC Oklahoma unit; Harvey Schroeder, Frederick, NCC Oklahoma unit producer member and executive director, Oklahoma Cotton Council; Mike Johnson, Frederick, NCC Oklahoma member services representative; John McGuire, NCC vice president for Washington affairs; and, Danny Robbins, Altus, NCC Oklahoma unit producer and current chairman of the Oklahoma Cotton Council. NTOK Cotton Photo.)

ALTUS, Ok., June 26, 2008 - Fundamentals of the 2008 Farm Law were explained by a National Cotton Council representative for approximately 30 Oklahoma and Texas cotton producers here today.

John McGuire, NCC vice president for Washington affairs, explained the Farm Law in 2008 will be the same as the 2002 Farm Law it replaces due to the time it took Congress to put the new law together. The new law takes effect in 2009 and continues until 2012, McGuire said.

The new Farm Law, effective beginning with the 2008 crop, sets the cotton loan rate at 52 cents per pound (base quality). The target price will be 71.25 cents per pound and direct payment is set for 6.67 cents per pound. For crops in 2009, 2010 and 2011, direct payment base acres will be reduced to 83.3 percent from 85 percent, McGuire said.

Adjusted world prices will be calculated on Far East quotations. In the new Farm Law, the Secretary of Agriculture is required to determine an adjusted world price for cotton adjusted to US quality and location.

Under adjustments to the cotton loan program, there will be elimination of warehouse location differentials. The new legislation requires the Secretary of Agriculture to calculate the annual premium and discount schedule using three year weighted average spot prices, collapses certain color and leaf combinations and eliminates split in micronaire schedule between 32 and 33 staple length.

Under storage credits, the Secretary of Agriculture is required to make storage credits available whenever the repayment rate is below the loan, credits are to be made available at 90 percent of the 2006 rate during 2008-11 and at 80 percent of that rate for 2012.

The USDA-AMS is authorized to collect user fees for the purpose of providing cotton classing services. The AMS is authorized to enter into long-term leases or take title to facilities used for classing offices. Under the new Farm Law, the USDA can now project cotton prices. Kansas, Virginia and Florida are classified as cotton producing states and have been added to the Cotton Board membership.

It also extends tariff preferences for 10 years and relaxes rules of origin for textile and apparel products from Haiti. It extends the Caribbean Basin Initiative for two years to provide duty-free access for products from 19 Caribbean countries. Detailed information for cotton producers for the new Farm Law can be obtained from county FSA offices and cotton gins in Oklahoma, North Texas and Kansas.

