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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[AMS-CN-12-0029]

Cotton Research and Promotion Program: Determination of Whether to Conduct a Referendum Regarding 1990 Amendments to the Cotton Research and Promotion Act

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Notice.

SUMMARY: This notice announces the Department's determination, based on a review by the Agricultural Marketing Service (AMS), that it is not necessary to conduct a referendum among producers and importers on continuation of the 1990 amendments to the Cotton Research and Promotion Act (Act). The 1990 amendments require the Secretary of Agriculture, once every 5 years, to conduct a review to determine whether to hold a continuance referendum. The two major changes to the Cotton Research and Promotion Program made by the 1990 amendments were the elimination of assessment refunds to producers and a new assessment levied on imported cotton and the cotton content of imported products. Although USDA is of the view that a referendum is not needed, it will initiate a sign-up period as required by the Act, to allow cotton producers and importers the opportunity to request a continuance referendum.

FOR FURTHER INFORMATION CONTACT: Shethir M. Riva, Chief, Research and Promotion Division, Cotton and Tobacco Programs, AMS, USDA, 100 Riverside Parkway, Suite 101, Fredericksburg, Virginia, 22406, telephone (540) 361-2726, facsimile (540) 361-1199, or email at Shethir.Riva@ams.usda.gov.

SUPPLEMENTARY INFORMATION: In July 1991, the Agricultural Marketing Service (AMS) implemented the 1990 amendments to the Cotton Research and Promotion Act (7 U.S.C. 2101-2118) (Act). These amendments provided for: (1) importer representation on the Cotton Board by an appropriate number of persons - to be determined by the Secretary - who import cotton or cotton products into the United States (U.S.) and are selected by the Secretary from nominations submitted by importer organizations certified by the Secretary of Agriculture; (2) assessments levied on imported cotton and cotton products at a rate determined in the same manner as for U.S. cotton; (3) increasing the amount the Secretary can be reimbursed for conducting a referendum from \$200,000 to \$300,000; (4) reimbursing government agencies who assist in administering the collection of assessments on imported cotton and cotton products; and (5) terminating the right of producers to demand an assessment refund.

Results of the initial July 1991 referendum showed that of the 46,220 valid ballots received with 27,879 or 60 percent of the persons voted in favor of the amendments to the Cotton Research and Promotion Order (7 CFR part 1205) (Order) and 18,341 or 40 percent opposed the amendments. AMS developed implementing regulations for the import assessment effective July 31, 1992 (57 FR 29181); the elimination of the producer refund effective July 31, 1992 (57 FR 29181); and provided for importer representation on the Cotton Board effective December 21, 1991 (56 FR 65979).

USDA conducted 5-year reviews of the Cotton Research and Promotion Program in 1996, 2001 and 2006. For each review, the Department prepared reports that described the impact of the Cotton Research and Promotion Program on the cotton industry and the views of those receiving its benefits. Following each review, USDA announced its decision not to conduct a referendum regarding the 1991 amendments to the Order (61 FR 52772, 67 FR 1714,

and 72 FR 9918, respectively) and subsequently held sign-up periods, affording all eligible persons to request a continuance referendum on the 1990 Act amendments. The results of each sign-up period did not meet the criteria as established by the Act for a continuance referendum and, therefore, referenda were not conducted.

In 2011-2012, the Department again prepared a 5-year report that described the impact of the Cotton Research and Promotion Program on the cotton industry. The review report is available upon written request to the Chief of the Cotton Research and Promotion Staff at the address provided above. Comments were solicited from all interested parties, including persons who pay the assessments as well as from organizations representing cotton producers and importers (76 FR 31573). Five comments, including comments from four certified producer organizations that nominate producers to the Cotton Board, claimed strong support for the continuance of the program, noting that the administration of the Act has been proper, carries out the intent and purpose in a timely and superior manner, and requires no changes or adjustment.

USDA reviewed the Cotton Research and Promotion Program major program activities and accomplishments, including third-party evaluations of advertising and marketing activities and other functional areas; the results of producer and importer awareness and satisfaction surveys; and data from the Foreign Agricultural Service. USDA also reviewed the results of the Cotton Board's 2011 independent program evaluation, which assessed the effectiveness of the Cotton Research and Promotion Program; the strength of cotton's competitive position; the ability to maintain and expand domestic and foreign markets; increases in the number of uses for cotton; and estimates of a return on investment for stakeholders and qualitative benefits and returns associated with the Cotton Research and Promotion Program. The review report concluded that the 1990 amendments to the Act were successfully implemented and are

operating as intended. The report also noted that there is a general consensus within the cotton industry that the Cotton Research and Promotion Program and the 1990 amendments to the Act are operating as intended. Written comments, economic data, and results from independent evaluations support this conclusion.

Although USDA found no compelling reason to conduct a referendum regarding the 1990 Act amendments to the Cotton Research and Promotion Order, some program participants support a referendum. Therefore, USDA will initiate a sign-up period in accordance with the Act. During this sign-up period, eligible producers and importers may sign-up to request such a referendum at the county office of the Farm Service Agency (FSA), or by mailing such a request to FSA. The Secretary will conduct a referendum if requested by 10 percent or more of the number of cotton producers and importers voting in the most recent referendum (July 1991), with not more than 20 percent of such request from producers in one state or importers of cotton.

Current procedures for the conduct of a sign-up period appear at 7 CFR sections 1205.10–1205.30. These procedures will be updated as appropriate prior to the beginning of the sign-up period.

Authority: 7 U.S.C. 2101–2118.

Dated: May 21, 2013

Rex A. Barnes
Associate Administrator
Agricultural Marketing Service

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