



DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1205

[Doc. # AMS-CN-13-0052]

Cotton Board Rules and Regulations: Adjusting Supplemental Assessment on Imports (2013 Amendment)

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed Rule.

SUMMARY: This proposed rule is a companion to the Agricultural Marketing Service's (AMS) direct final rule (published today in the "Rules and Regulations" section of the **Federal Register**), amending the Cotton Board Rules and Regulations by decreasing the value assigned to imported cotton for calculating supplemental assessments collected for use by the Cotton Research and Promotion Program. An amendment is required to adjust the value assigned to imported cotton and the cotton content of imported products so that it is the same as those paid on domestically produced cotton. In addition, AMS is updating two Harmonized Tariff Schedule (HTS) statistical reporting numbers that were amended since the last assessment adjustment.

This proposed rule is a companion document to the direct final rule published elsewhere in this issue of the **Federal Register**. AMS is publishing this amendment as a direct final rule without prior proposal because the agency is contemplated by statute and required by regulation in 7 CFR 1205.510 and anticipates no significant adverse comment. AMS has explained its reasons in the preamble of the direct final rule. If AMS receives no significant adverse comment during the comment period, no further action on this proposed rule will be taken. If, however, AMS receives significant adverse comment, AMS will withdraw the direct final rule and it will not take effect. In that case, AMS will address all public comments in a subsequent final rule based

on this proposed rule. AMS will not institute a second comment period on this rule. Any parties interested in commenting must do so during this comment period.

DATES: Comments must be received on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Written comments may be submitted to the addresses specified below. All comments will be made available to the public. Please do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publically disclosed. All comments may be posted on the Internet and can be retrieved by most Internet search engines. Comments may be submitted anonymously.

Comments, identified by AMS-CN-12-0065, may be submitted electronically through the *Federal eRulemaking Portal* at <http://www.regulations.gov>. Please follow the instructions for submitting comments. In addition, comments may be submitted by *mail or hand delivery* to Cotton Research and Promotion Staff, Cotton and Tobacco Programs, AMS, USDA, 100 Riverside Parkway, Suite 101, Fredericksburg, Virginia, 22406. Comments should be submitted in triplicate. All comments received will be made available for public inspection at Cotton and Tobacco Programs, AMS, USDA, 100 Riverside Parkway, Suite 101, Fredericksburg, Virginia, 22406. A copy of this notice may be found at: www.regulations.gov .

FOR FURTHER INFORMATION CONTACT: Shethir M. Riva, Chief, Research and Promotion Staff, 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:

As noted above, in the “Rules and Regulations” section of today’s **Federal Register**, the direct final rule being published would amend the value assigned to imported cotton in the Cotton Board Rules and Regulations (7 CFR 1205.510(b)(2)) that is used to determine the Cotton Research and Promotion assessment on imported cotton and cotton products.

The total value of assessment levied on cotton imports is the sum of two parts. The first part of the assessment is based on the weight of cotton imported – levied at a rate of \$1 per bale of cotton, which is equivalent to 500 pounds, or \$1 per 226.8 kilograms of cotton. The second part of the import assessment (referred to as the supplemental assessment) is based on the value of imported cotton lint or the cotton contained in imported cotton products – levied at a rate of five-tenths of one percent of the value of domestically produced cotton.

Section 1205.510(b)(2) of the Cotton Research and Promotion Rules and Regulations provides for assigning the calendar year weighted average price received by U.S. farmers for Upland cotton to represent the value of imported cotton. This is so that the assessment on domestically produced cotton and the assessment on imported cotton and the cotton content of imported products is the same. The source for the average price statistic is Agricultural Prices, a publication of the National Agricultural Statistics Service (NASS) of the Department of Agriculture. Use of the weighted average price figure in the calculation of supplemental assessments on imported cotton and the cotton content of imported products will yield an assessment that is the same as assessments paid on domestically produced cotton.

The current value of imported cotton as published in 2012 in the **Federal Register** (77 FR 51867) for the purpose of calculating assessments on imported cotton is \$0.014109 per

kilogram. Using the Average Weighted Priced received by U.S. farmers for Upland cotton for the calendar year 2012, the direct final rule would amend the new value of imported cotton to \$0.012876 per kilogram to reflect the price paid by U.S. farmers for Upland cotton during 2012.

An example of the complete assessment formula and how the figures are obtained is as follows:

One bale is equal to 500 pounds.

One kilogram equals 2.2046 pounds.

One pound equals 0.453597 kilograms.

One Dollar per Bale Assessment Converted to Kilograms

A 500-pound bale equals 226.8 kg. (500×0.453597).

\$1 per bale assessment equals \$0.002000 per pound or \$0.2000 cents per pound ($1/500$) or \$0.004409 per kg or \$0.4409 cents per kg. ($1/226.8$).

Supplemental Assessment of 5/10 of One Percent of the Value of the Cotton Converted to Kilograms.

The 2012 calendar year weighted average price received by producers for Upland cotton is \$0.768 per pound or \$1.693 per kg. (0.768×2.2046).

Five tenths of one percent of the average price equals \$0.008467 per kg. (1.693×0.005).

Total Assessment

The total assessment per kilogram of raw cotton is obtained by adding the \$1 per bale equivalent assessment of \$0.004409 per kg. and the supplemental assessment \$0.008467 per kg., which equals \$0.012876 per kg.

The current assessment on imported cotton is \$0.014109 per kilogram of imported cotton. The revised assessment in the direct final rule is \$0.012876, a decrease of \$0.001233 per

kilogram. This decrease reflects the decrease in the average weighted price of Upland cotton received by U.S. Farmers during the period January through December 2012.

Import Assessment Table in section 1205.510(b)(3) indicates the total assessment rate (\$ per kilogram) due for each HTS number that is subject to assessment. This table must be revised each year to reflect changes in supplemental assessment rates. In the direct final rule, AMS amends the Import Assessment Table. AMS also compared the current import assessment table with the U.S. International Trade Commission's (ITC) 2013 HTS and information from U.S. Customs and Border Protection and identified two HTS statistical reporting numbers that no longer exist in the HTS and that have been changed by ITC. In the direct final rule, AMS is amending the following HTS statistical reporting numbers for consistency with published ITC numbers:

2012 HTS Codes	Revised 2013 HTS Codes
5513390015	5513390115
5513390091	5513390191

AMS believes that these amendments are necessary to assure that assessments collected on imported cotton and the cotton content of imported products are the same as those paid on domestically produced cotton. Accordingly, changes reflected in this rule should be adopted and implemented as soon as possible since it is required by regulation.

The amendment proposed by this notice is the same as the amendment contained in the direct final rule. Please refer to the preamble and regulatory text of the direct final rule for further information and the actual text of the amendment. Statutory review and Executive

Orders for this proposed rule can be found in the **SUPPLEMENTARY INFORMATION** section of the direct final rule.

A 30-day comment period is provided to comment on the changes to the Cotton Board Rules and Regulations proposed herein. This period is deemed appropriate because this rule would decrease the assessments paid by importers under the Cotton Research and Promotion Order. An amendment is required to adjust the assessments collected on imported cotton and the cotton content of imported products to be the same as those paid on domestically produced cotton. Accordingly, the change in this rule, if adopted, should be implemented as soon as possible.

Authority: 7 U.S.C. 2101-2118

Dated: June 25, 2013

Rex A. Barnes
Associate Administrator

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