



Meredith Allen, Chairman
P. O. Box 2827 Lubbock, Texas USA 79408
Telephone 806-763-8011 **Fax** 806-762-7444 **email** meredith.allen@staplcotn.com
Representing Staplcotn – Cotton Growers Cooperative – Calcot - PCCA

July 10, 2020

United States Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250-1053

Re: Export Sales Reporting Program of U.S. Agricultural Commodities – OMB Control Number 0551-0007

To Whom It May Concern,

Amcot represents four farmer-owned marketing cooperatives that originate and sell about half of the United States' cotton crop. All four cooperatives are active exporters of US cotton and participate in the Export Sales Reporting program.

The collection, compilation, and maintenance of the weekly export sales data plays a critical role in the integrity of the country's agricultural markets. The information reported by the USDA helps agricultural commodity market participants to properly assess and manage the risks inherent in their supply chains. The need for this information is especially critical as large foreign entities have a significant and frequently unpredictable influence on the demand for US agricultural goods. These buyers often rely on only the largest market participants which have, in the absence of export sales reporting, highly privileged information about the true quantity of goods in demand. The USDA's communication of this information fulfills a vital component of the USDA's mission. The information is absolutely necessary for producers, merchants, processors, and users of US agricultural goods to have confidence in the transparency and reliability of their markets.

Some definitions in the regulations and submission instructions need clarifications that will improve the quality of the information collected.

The present definition of an export sale includes the requirement of a written document. This definition should be expanded to provide that this requirement is met by an electronic communication or combination of communications if the information contained therein meets the requisite details of a sale listed in CFR 7.20 § 20.4 (h). International sales are often confirmed by electronic communication long before a physical copy of a signed contract is obtainable, but the sales are no less binding. The regulation should clarify that any confirmed sale in the reporting period, regardless of the mode in which details are confirmed, should be counted and reported.

The term "cancellation" needs to be defined and the possibility of default included. Guidance is needed on when defaults should be reported. The industry standard definition of default can provide guidance regarding what documentation is needed to evidence a "buy-back contract" or reduction through default.

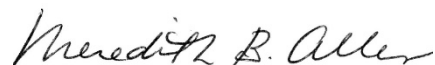
“Quantity” is defined as “The actual contract quantity (exclusive of any upward or downward tolerance) specified in the agreement between the reporting exporter and foreign buyer or seller.” (CFR Section 20.4(n). This term is used in the instructions (e.g. 2.310) and could be construed to indicate that shipments only need be reported once the “actual contract quantity” has been fully shipped. The regulations and instruction must clarify that any shipments, including partial shipments, during the reporting period must be reported.

It is also critically important that the regulations address US exporters who are owned, own, or share common ownership with foreign companies. It is the recommendation of Amcot that export sales, optional origin sales, and exports for own account reporting be grouped for such companies. Such a requirement would prevent potential manipulation, by use of inter-company transfers or otherwise, which can allow a market participant to mislead other participants on the timing or volume of activity during a given period. This is especially important when considering the large market share of global corporations in US agricultural commodity exports.

To minimize the burden on reporting entities, Amcot recommends that the USDA create and publish a file format for reporting form submission and allow the establishment of a secure file transfer for submission of the data. We recommend a format that can be used to simultaneously submit data for forms FAS-97, FAS-98, FAS-99, and FAS-100. While companies will have to adjust their systems to produce the submissions, the ability to submit a single file will virtually eliminate the reporting burden.

We appreciate your consideration of these comments.

Sincerely,

A handwritten signature in black ink, reading "Meredith B. Allen". The signature is fluid and cursive, with the first name "Meredith" being more prominent and the last name "Allen" following in a similar style.

Meredith Allen
Chairman

Amcot Board of Directors:

Hank Reichle, President and CEO – Staple Cotton Cooperative Association
Kevin Brinkley, President and CEO – Plains Cotton Cooperative Association
Wayne Boseman, President – Cotton Growers Cooperative
Paul Bush, President and CEO - Calcot