



# Plains Cotton Growers, Inc.

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May 3, 2000

## COMMENT

Ms. Jean A. Webb, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

Received CFTC  
Records Section

RE: Proposed Amendment to the Cotton No. 2 Futures Contract Prohibiting Cotton Stocks Under Commodity Credit Corporation Loan From Simultaneously Being Exchange-Certified for Delivery on the Futures Contract

Dear Ms. Webb:

The membership of Plains Cotton Growers, Inc. strongly opposes the proposed amendment to the Cotton No. 2 Futures Contract that would prohibit cotton under Commodity Credit Corporation Loan from being certified for delivery on the contract. PCG is the certified cotton producer organization representing the Texas High Plains. Our area typically produces 15-20 percent of all U.S. cotton and has on many occasions provided loan cotton for delivery against the No. 2 Contract.

PCG feels that this proposed amendment is unnecessary and revisits an issued that was first proposed in 1993 and subsequently withdrawn after further consideration by the CFTC. Adoption of this amendment would most certainly put a significant economic strain on growers who produce cotton of a quality sufficient to be delivered on the No. 2 contract but need to have the ability to take advantage of the competitiveness provisions built into the marketing loan program..

In this time of low cotton prices growers have had to depend on the competitiveness features built into the marketing loan to successfully move their product into commercial trade channels. Unless there had been a significant change in the operation of the Cotton No. 2 Contract there appears to be no basis for such a change except for the misguided notion that someone or some organization is reaping a benefit that others are not. When a grower places cotton into the CCC Loan they do so to take advantage of the marketing benefits that accrue from marketing loan gains when the cotton is later redeemed (either by the grower or by their designated agent) at a price less than the loan value advanced to the grower and through the avoidance of carrying charges while the cotton is awaiting sale. All merchants and marketing cooperatives have equal access to cotton placed in the Loan by growers.

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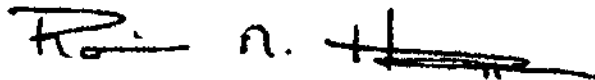
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We feel that growers would be harmed by this proposal because cotton certified for delivery on the No. 2 contract would be forced to trade at different values from similar quality cotton that had been given the opportunity to benefit from the marketing loan's competitiveness provisions. The main reason for the initiation of the marketing loan was to eliminate the detrimental effect of different values for similar quality cotton.

During each of the past two years U.S. cotton growers have moved a substantial amount of cotton through the No. 2 Contract while simultaneously having that cotton enrolled in the CCC Loan with no disruptions to the No. 2 Contract that we are aware of. We have also read the comments provided by Staplcotn and other marketing cooperatives regarding specific issues raised in the comment request. We concur with their arguments and see no reason to make this change. We urge the Commission to reject the proposed amendment to the No. 2 Contract.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronnie Hopper", with a stylized flourish at the end.

Ronnie Hopper  
President