

**Congress of the United States**  
**Washington, DC 20515**

May 12, 2020

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy,

Thank you for your continued leadership through this ongoing pandemic impacting all of the U.S. economy. As you know, agricultural producers and the entire commodity value chain are suffering due to the crisis and the required business shutdowns resulting in disruptions throughout the food and fiber supply chains.

Among the many agricultural sectors being impacted, the U.S. cotton and textile industry is being particularly hard hit. The collapse in cotton demand is being felt across the U.S. cotton industry from textile manufacturers to cotton producers, and all segments in between. The viability of the farms and businesses, and the jobs they represent, are at risk in the ongoing crisis. We believe any potential forthcoming package in response to COVID-19 should ensure USDA's ability in the next round of agricultural assistance to more adequately address the magnitude of the losses felt by cotton farmers and include critical relief for textile mills and the cotton merchandising segment, all of which are facing unprecedented economic losses.

The COVID-19 pandemic is devastating textile supply chains as retail outlets shutter their doors. Billions of dollars of orders have been cancelled, and manufacturing facilities in key markets for U.S. fibers and yarns have closed as countries implement a full lockdown. The decline in clothing sales was the largest among the major retail categories reported by the Census Bureau in April. U.S. textile mills report a 90% drop in orders for the yarn they produce and are consuming cotton at a seasonally-adjusted annual rate of just 700,000 bales, down almost 80% from year-ago levels. With mill consumption at an all-time low, the loss in monthly yarn sales revenue exceeds \$100 million. In addition, U.S. cotton textile manufacturers play a key role in the production of personal protective equipment and other health-related textile products and should be supported as part of the critical domestic manufacturing base.

In response to the global economic disruptions, USDA reported the single largest one-month reduction in global mill use ever with a decline of 7.6 million bales, 8.1% lower than the previous year. The COVID-19 pandemic's slowdown in cotton demand adds additional carrying costs that include storage, interest, insurance, additional interior and ocean freight costs associated with destination displacement, and other uncontrollable costs. The industry's merchandisers have seen the values of their inventories fall sharply as they struggle with burdensome costs in the face of shrinking demand.

In a matter of weeks, cotton prices have fallen by 30%, and the December futures price is currently trading 20 cents per pound lower than year-ago levels. That decline represents a loss in market value of approximately \$160 per acre of cotton.

In the U.S. cotton industry, from the textile mills through the merchandising and production segments, the economic pressures are mounting with businesses and farms struggling to survive. Given the precipitous decline in retail demand, the loss of textile production and lower cotton prices that are expected to persist into 2021, the economic damage to the U.S. cotton industry is currently estimated to be at least \$3.0 billion.

In addition, the cottonseed segment is in a tenuous situation since a majority of cottonseed is used as a feed ration for dairy and beef cattle and those industries are also facing severe economic and production losses.

We want to work closely with you and our other colleagues to ensure adequate relief for the U.S. cotton industry so that this critical industry receives the necessary assistance for all segments to survive.

Thank you very much.

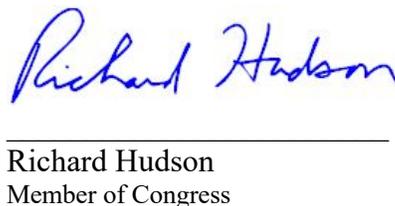
Sincerely,



G.K. Butterfield  
Member of Congress



David Kustoff  
Member of Congress



Richard Hudson  
Member of Congress



Filemon Vela  
Member of Congress

Xochitl Torres-Small  
Greg Murphy  
Ted Budd  
Mike Rogers  
Joe Wilson  
David Rouzer  
Trent Kelly  
Sanford Bishop  
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William Timmons  
Alma S. Adams, Ph.D.  
Frank Lucas  
Bobby Scott  
Rick Allen  
Henry "Hank" Johnson, Jr.  
Bruce Westerman  
Bill Pascrell, Jr.  
French Hill

cc: Honorable Collin Peterson, Chairman, House Agriculture Committee  
Honorable Mike Conaway, Ranking Member, House Agriculture Committee