

ton (adjusted to United States quality and location) established under subsection (d) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 7232 of this title, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 $\frac{3}{8}$ -inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1 $\frac{3}{8}$ -inch cotton, delivered C.I.F. Northern Europe (referred to in this section as the “Northern Europe price”).

(2) Further adjustment

Except as provided in paragraph (3), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(A) The United States share of world exports.

(B) The current level of cotton export sales and cotton export shipments.

(C) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

(3) Limitation on further adjustment

The adjustment under paragraph (2) may not exceed the difference between—

(A) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling 1 $\frac{3}{8}$ -inch cotton delivered C.I.F. Northern Europe; and

(B) the Northern Europe price.

(Pub. L. 104-127, title I, §134, Apr. 4, 1996, 110 Stat. 908.)

§ 7235. Loan deficiency payments

(a) Availability of loan deficiency payments

Except as provided in subsection (d), the Secretary may make loan deficiency payments available to—

(1) producers who, although eligible to obtain a marketing assistance loan under section 7231 of this title with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for payments under this section; and

(2) effective only for the 2000 and 2001 crop years, producers that, although not eligible to obtain such a marketing assistance loan under section 7231 of this title, produce a contract commodity.

(b) Computation

A loan deficiency payment under this section shall be computed by multiplying—

(1) the loan payment rate determined under subsection (c) for the loan commodity; by

(2) the quantity of the loan commodity produced by the eligible producers, excluding any quantity for which the producers obtain a loan under section 7231 of this title.

(c) Loan payment rate

For purposes of this section, the loan payment rate shall be the amount by which—

(1) the loan rate established under section 7232 of this title for the loan commodity; exceeds

(2) the rate at which a loan for the commodity may be repaid under section 7234 of this title.

(d) Exception for extra long staple cotton

This section shall not apply with respect to extra long staple cotton.

(e) Transition

A payment to a producer eligible for a payment under subsection (a)(2) that harvested a commodity on or before the date that is 30 days after the promulgation of the regulations implementing subsection (a)(2) shall be determined as the date the producer lost beneficial interest in the commodity, as determined by the Secretary.

(f) Beneficial interest

Subject to subsection (e), a producer shall be eligible for a payment under this section only if the producer has a beneficial interest in the commodity, as determined by the Secretary.

(g) Effective date for payment rate determination

For the 2001 crop year, the Secretary shall determine the amount of the loan deficiency payment to be made under this section to the producers on a farm with respect to a quantity of a loan commodity using the payment rate in effect under subsection (c) as of the earlier of the following:

(1) The date on which the producers marketed or otherwise lost beneficial interest in the crop of the loan commodity, as determined by the Secretary.

(2) The date the producers requested the payment.

(Pub. L. 104-127, title I, §135, Apr. 4, 1996, 110 Stat. 909; Pub. L. 106-224, title II, §206, June 20, 2000, 114 Stat. 405; Pub. L. 107-171, title I, §1205(f)(2), May 13, 2002, 116 Stat. 159.)

Editorial Notes

AMENDMENTS

2002—Subsec. (a)(2). Pub. L. 107-171, §1205(f)(2)(A), substituted “2000 and 2001 crop years” for “2000 crop year”.
Subsec. (g). Pub. L. 107-171, §1205(f)(2)(B), added subsec. (g).

2000—Subsec. (a). Pub. L. 106-224, §206(a), designated existing provisions as par. (1) and added par. (2).

Subsec. (b)(2). Pub. L. 106-224, §206(b), substituted “produced by the eligible producers, excluding any quantity for which the producers obtain a loan under section 7231 of this title.” for “that the producers on a farm are eligible to place under loan but for which the producers forgo obtaining the loan in return for payments under this section.”

Subsecs. (e), (f). Pub. L. 106-224, §206(c), added subsecs. (e) and (f).

§ 7236. Special marketing loan provisions for upland cotton

(a) Cotton user marketing certificates

(1) Issuance

During the period ending July 31, 2003, the Secretary shall issue marketing certificates or

cash payments, at the option of the recipient, to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

(A) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 $\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(B) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 134 percent of the loan rate for upland cotton established under section 7232 of this title.

(2) Value of certificates or payments

The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(3) Administration of marketing certificates

(A) Redemption, marketing, or exchange

The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton. Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subsection.

(B) Designation of commodities and products

To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates.

(C) Transfers

Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

(b) Special import quota

(1) Establishment

(A) In general

The President shall carry out an import quota program during the period ending July 31, 2003, as provided in this subsection.

(B) Program requirements

Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United

States growth, as quoted for Middling (M) 1 $\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(C) Tight domestic supply

During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 $\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

(D) Season-ending United States stocks-to-use ratio

For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

(2) Quantity

The quota shall be equal to 1 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(3) Application

The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (1) and entered into the United States not later than 180 days after the date.

(4) Overlap

A special quota period may be established that overlaps any existing quota period if required by paragraph (1), except that a special quota period may not be established under this subsection if a quota period has been established under subsection (c).

(5) Preferential tariff treatment

The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(A) section 2703(d) of title 19;

(B) section 3203 of title 19;

(C) section 2463(d) of title 19; and

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(6) "Special import quota" defined

In this subsection, the term "special import quota" means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(7) Limitation

The quantity of cotton entered into the United States during any marketing year

under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.

(c) Limited global import quota for upland cotton

(1) In general

The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

(A) Quantity

The quantity of the quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(B) Quantity if prior quota

If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) Preferential tariff treatment

The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

- (i) section 2703(d) of title 19;
- (ii) section 3203 of title 19;
- (iii) section 2463(d) of title 19; and
- (iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) Definitions

In this subsection:

(i) Supply

The term “supply” means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

- (I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;
- (II) production of the current crop; and
- (III) imports to the latest date available during the marketing year.

(ii) Demand

The term “demand” means—

- (I) the average seasonally adjusted annual rate of domestic mill consumption during the most recent 3 months for which data are available; and

(II) the larger of—

- (aa) average exports of upland cotton during the preceding 6 marketing years; or
- (bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) Limited global import quota

The term “limited global import quota” means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) Quota entry period

When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) No overlap

Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (b).

(Pub. L. 104-127, title I, § 136, Apr. 4, 1996, 110 Stat. 909; Pub. L. 105-86, title VII, § 731, Nov. 18, 1997, 111 Stat. 2108; Pub. L. 105-277, div. A, § 101(a) [title VII, § 762], Oct. 21, 1998, 112 Stat. 2681, 2681-36; Pub. L. 106-78, title VIII, § 806, Oct. 22, 1999, 113 Stat. 1179.)

Editorial Notes

REFERENCES IN TEXT

The Harmonized Tariff Schedule, referred to in subs. (b)(5)(D) and (c)(1)(C)(iv), is not set out in the Code. See Publication of Harmonized Tariff Schedule note set out under section 1202 of Title 19, Customs Duties.

AMENDMENTS

1999—Subsec. (a)(1). Pub. L. 106-78, § 806(a)(1), substituted “or cash payments, at the option of the recipient,” for “or cash payments” in introductory provisions.

Subsec. (a)(1)(A), (2). Pub. L. 106-78, § 806(a)(2), substituted “1.25 cents per pound” for “3 cents per pound”.

Subsec. (a)(3)(A). Pub. L. 106-78, § 806(a)(3)(A), substituted “owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton” for “owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates” in first sentence.

Subsec. (a)(3)(B). Pub. L. 106-78, § 806(a)(3)(B), struck out at end “If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of the certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the certificate to the Commodity Credit Corporation.”

Subsec. (a)(4). Pub. L. 106-78, § 806(a)(4), struck out heading and text of par. (4). Text read as follows: “Total expenditures under this subsection shall not exceed \$701,000,000 during fiscal years 1996 through 2002.”

Subsec. (b)(1). Pub. L. 106-78, §806(b)(1), added par. (1) and struck out heading and text of former par. (1). Text read as follows: "The President shall carry out an import quota program that provides that, during the period ending July 31, 2003, whenever the Secretary determines and announces that for any consecutive 10-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 $\frac{3}{8}$ -inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under subsection (a) of this section, exceeds the Northern Europe price by more than 3 cents per pound, there shall immediately be in effect a special import quota."

Subsec. (b)(7). Pub. L. 106-78, §806(b)(2), added par. (7). 1998—Subsecs. (a)(1)(A), (2), (b)(1). Pub. L. 105-277 substituted "3 cents" for "1.25 cents".

1997—Subsec. (a)(1). Pub. L. 105-86, §731(1), in introductory provisions substituted "During" for "Subject to paragraph (4), during" and in subpar. (B) substituted "134" for "130".

Subsec. (a)(4), (5). Pub. L. 105-86, §731(2), (3) redesignated par. (5) as (4) and struck out heading and text of former par. (4). Text read as follows: "The Secretary shall not issue marketing certificates or cash payments under paragraph (1) if, for the immediately preceding consecutive 10-week period, the Friday through Thursday average price quotation for the lowest priced United States growth, as quoted for Middling (M) 1 $\frac{3}{8}$ -inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under this subsection, exceeds the Northern Europe price by more than 1.25 cents per pound."

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-86, title VII, §731, Nov. 18, 1997, 111 Stat. 2108, provided that the amendment made by that section is effective on Oct. 1, 1998.

§ 7236a. Special competitive provisions for extra long staple cotton

(a) Competitiveness program

Notwithstanding any other provision of law, during the period beginning on October 1, 1999, and ending on July 31, 2003, the Secretary shall carry out a program to maintain and expand the domestic use of extra long staple cotton produced in the United States, to increase exports of extra long staple cotton produced in the United States, and to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

(b) Payments under program; trigger

Under the program, the Secretary shall make payments available under this section whenever—

(1) for a consecutive 4-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

(2) the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra long staple cotton.

(c) Eligible recipients

The Secretary shall make payments available under this section to domestic users of extra long staple cotton produced in the United States and exporters of extra long staple cotton produced in the United States who enter into an agreement with the Commodity Credit Corporation to participate in the program under this section.

(d) Payment amount

Payments under this section shall be based on the amount of the difference in the prices referred to in subsection (b)(1) during the fourth week of the consecutive 4-week period multiplied by the amount of documented purchases by domestic users and sales for export by exporters made in the week following such a consecutive 4-week period.

(e) Form of payment

Payments under this section shall be made through the issuance of cash or marketing certificates, at the option of eligible recipients of the payments.

(Pub. L. 104-127, title I, §136A, as added Pub. L. 106-113, div. B, §1000(a)(5) [title I, §104(c)], Nov. 29, 1999, 113 Stat. 1536, 1501A-291.)

§ 7237. Availability of recourse loans for high moisture feed grains and seed cotton and other fibers

(a) High moisture feed grains

(1) Recourse loans available

For each of the 1996 through 2002 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm containing eligible cropland covered by a production flexibility contract who—

(A) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(B) present—

(i) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations issued by the Secretary; or

(ii) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for