

For: State and County Offices

2007 Final Counter-Cyclical (CC) Rate for Cotton

Approved by: Deputy Administrator, Farm Programs



1 2007 Final CC Payments for Cotton

A Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides for CC payments for covered commodities and peanuts beginning with crop years 2002 through 2007.

B Purpose

This notice:

- informs State and County Offices:
 - of the final 2007 CC payment rate for cotton
 - that software will be transmitted on or about October 14, 2008
- provides a detailed explanation of how CC payment rates are determined
- provides instructions on issuing 2007 final CC cotton payments
- advises County Offices on how to handle situations involving bankruptcy or deceased producers.

Disposal Date	Distribution
April 1, 2009	State Offices; State Offices relay to County Offices

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2 Calculating 2007 Final CC Payment Rate for Cotton

A Payment Rate for Cotton

The final 2007 CC payment rate for cotton is shown in the following table. Cotton is due a final payment because the effective price is below the target price. The effective price equals the direct payment rate, plus the higher of the national average loan rate or the national average price received by producers. The final payment rate is the target price minus the effective price. The following table illustrates the calculation for cotton.

Item	Cotton
	Dollars Per Pound
Target Price	0.7240
National Average Loan Rate	0.5200
National Average Farm Price	0.5930
Higher of Loan Rate or Farm Price	0.5930
Direct Payment Rate	<u>0.0667</u>
Effective Price	0.6597
Final CC Payment Rate (Target Price Minus Effective Price)	0.0643
First Partial Payment Rate	0.0309
Final CC Payment Rate Less First Partial Payment	0.0334

B National Average Prices Received by Producers

The 2007 national average price received by producers for cotton can be found at <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=foa-cc> and will be posted after November 1.

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3 Issuing Payments to Producers With Special Circumstances

A Bankruptcy

County Offices shall refer to 58-FI, paragraph 176 for producers who have filed bankruptcy.

B Deceased Producers

County Offices shall follow the policy in 1-DCP, paragraph 394 for deceased producers.

4 SED and CED Action

A SED Action

SED's shall ensure that County Offices:

- are informed of the contents of this notice
- follow directions in the forthcoming information bulletin for loading the program parameter file.

B CED Action

CED's shall:

- follow directions outlined in the forthcoming information bulletin to ensure that the new program parameter file is loaded to the County Office system
- print the CC program parameter file information according to 1-CM
- **after** completing the instructions in the information bulletin, begin issuing final crop year 2007 CC cotton payments, as applicable.