

For: State and County Offices and Cotton CMA's, DMA's, and LSA's

2008 Crop Marketing Assistance Loans (MAL's) and LDP's for Cotton and Peanuts

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) (2008 Act) authorized the continuation of MAL and LDP for peanuts and cotton, under the regulations found at 7 CFR Parts 1421, 1427, and 1434, for all loan commodities for the 2008 through 2012 crops.

Section 1601(c)(1) of the 2008 Act provides that the Secretary and CCC shall implement the loan and LDP provisions no later than 90 calendar days after the date of enactment of the 2008 Act. The enactment date of the 2008 Act is June 18, 2008, and 90 calendar days thereafter is September 16, 2008.

CCC issued a Federal Register notice on July 25, 2008, that serves as the basis for CCC to immediately implement MAL's and LDP's for 2008 crop cotton and peanuts. This Federal Register notice was published because the harvest of 2008 crop cotton and peanuts may occur before loan regulations can be published.

B Purpose

This notice provides guidance to State and County Offices, CMA's, DMA's, and LSA's about implementing 2008 crop cotton and peanut MAL's and LDP's.

Disposal Date	Distribution
December 1, 2008	State Offices; State Offices relay to County Offices, CMA's, DMA's, and LSA's

Notice LP-2100

1 Overview (Continued)

C Contact

Direct any question about this notice about:

- cotton, to Gene Rosera by either of the following:
 - telephone at 202-720-8481
 - e-mail at gene.rosera@usda.gov
- peanuts, to Tonye Gross by either of the following:
 - telephone at 202-720-4319
 - e-mail at tonye.gross@wdc.usda.gov.

2 Authority for Loan/LDP Processing

A Authority

A notice published in the Federal Register on July 25, 2008, announced that CCC will implement immediately MAL and LDP provisions for 2008 crop cotton and peanuts based on the current regulations in the following:

- 7 CFR Part 1421, Grains and Similarly Handled Commodities – Marketing Assistance Loans and Loan Deficiency Payments for the 2002 through 2007 Crop Years
- 7 CFR Part 1425, Cooperative Marketing Associations
- 7 CFR Part 1427, Cotton.

There are several new MAL provisions not covered by these pre-existing regulations that will be implemented only after publication of a final regulations and the availability of new software. These new cotton provisions, for later implementation, are:

- the fine count adjustment to the upland cotton adjusted world price (AWP)
- revisions to the transportation adjustment to AWP
- a 10 percent reduction in the rates used to compute warehouse storage credits that may be applied to upland cotton loan repayment amounts.

For peanuts, the new provisions for later implementation affect administration of warehouse handling and storage costs.

Notice LP-2100

2 Authority for Loan/LDP Processing (Continued)

B Instructions for Processing 2008 Crop Loans

The publication of the Federal Register notice authorizes 2008 crop MAL's for cotton and peanuts to be processed and disbursed, subject to the availability of needed software. Such loans are to be processed using the 2008 crop premiums and discounts.

For 2008 crop loans for:

- cotton:
 - the base quality national average loan rates are \$0.52/pound for upland cotton and \$0.7977/pound for ELS cotton
 - location adjustments to the base quality for upland have been eliminated by the 2008 Act
 - 2008 crop premiums and discounts for cotton were provided in Software Release No. 645
- peanuts, the 2008 crop MAL rates by peanut type are:
 - Virginia, \$357.32 per ton
 - Runner, \$354.75 per ton
 - Spanish, \$348.95 per ton
 - Valencia, \$357.32 per ton.

Note: Software providing 2008 crop premiums and discounts for peanuts and for in-handling will be provided in August 2008.

Notice LP-2100

3 Planned Implementation Schedule

A Implementation Schedule

As of mid-July 2008, CCC plans to implement the provisions of the 2008 Act according to the following.

Date	Activity
July 25, 2008	Federal Register notice is published authorizing 2008 crop cotton and peanut loans and LDP's based on 2007 crop regulations. The 2008 crop loan premiums and discounts will apply to all new loans. This Federal Register notice allows for new crop loans/LDP's to be processed but for some 2008 crop program provisions, as provided by the 2008 Act, to be delayed until publication of the final rule and completion of needed software.
August 1, 2008	Although August 1, 2008, is the start of the 2008 crop marketing year for cotton and peanuts, system software will not calculate peanut loan rates or cotton and peanut loan repayment rates based on all provisions of the 2008 Act until the final regulation has been published and is effective, and needed software is operational. Changes to the calculations of upland cotton AWP and storage credits will begin according to the effective dates established in the final rule. Changes to peanut loan and repayment amounts based on revisions to the administration of in-charges will be effective when announced and will likely be effective before publication of the final regulations.
No Later Than September 16, 2008	September 16, 2008, is established as the 90th calendar day from the date of enactment of the 2008 Act. On or before September 16, 2008, CCC plans to publish final regulations implementing the 2008 Act provisions for cotton and peanuts. The final regulation will be effective upon the date of its publication but may provide separate effective dates for specific cotton and peanuts provisions based on anticipated completion dates of needed software.

Notice LP-2100

4 Interim Upland Cotton Loan Calculations

A Implementation of Fine Count and Transportation Adjustments

It is currently estimated that cotton systems software required to implement the following provisions will not be available at the time the final regulation is published:

- fine count adjustment to AWP
- 10 percent reduction to upland cotton storage credit rates.

The final rule will provide the effective date on which cotton system software will incorporate these provisions into cotton loan, loan redemption, and LDP calculations. The effective date will be a Friday so as to minimize the number of effective rates applicable during any 1 week.

B Interim Upland Cotton Storage-Credit Calculations

Until software is released to incorporate the upland cotton FCA and revised storage credit rates, upland cotton storage credits shall be based on 2007 crop rates. Cotton CMA's and LSA's shall **not** employ any reduced 2008 crop storage credit rates until advised by a subsequent notice.