

Jeff Nunley, Executive Director
South Texas Cotton & Grain Association

Comments of South Texas Cotton and Grain Association
To Commodity Futures Trading Commission

May 6, 2008

South Texas Cotton and Grain Association offers these comments for the record in the Commodity Futures Trading Commission's Round Table Forum. South Texas Cotton and Grain Association represents cotton and grain farmers in 33 counties in the Texas Coastal Bend.

The members of our association echo the recommendations provided by the American Cotton Producers (ACP) of the National Cotton Council with respect to more transparency in trading, better enforcement of speculative limits and reporting requirements, and the need for additional certification delivery points.

In addition to our support for recommendations of the ACP, we would reiterate our support for the need to expand certification delivery points that provide better access for producers to certificate cotton for delivery.

In early April, the Intercontinental Commodity Exchange (ICE) approved four new licensed warehouses for storage of certificated stocks. While the action by ICE increased the capacity of tenderable warehouse space, it did not increase access for producers, because the added warehouses are controlled by the merchant segment of the cotton industry. The near monopoly control by merchants of delivery points that are not economically located nor practical for southwest producers to access essentially locks-out producers from using delivery as a means of price discovery.

We believe additional delivery points should be designated that are independently controlled, or controlled by producer marketing associations, to allow access to producers. Further, we believe consideration should be given to additional delivery points in Texas, where nearly one-third of U.S. cotton has historically been produced, and nearly one-half of U.S. cotton will be planted this year.

Thank you for your consideration.