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USDA ISSUES FINAL 2002-CROP UPLAND COTTON AND PEANUT COUNTER-CYCLICAL PAYMENTS

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USDA will immediately begin issuing final 2002-crop counter-cyclical payments for upland cotton and peanuts. The final 2002-crop counter-cyclical payment rate for upland cotton is 13.73 cents per pound and for peanuts it is \$95 per ton.

As required by the 2002 Farm Bill, final Counter-cyclical Payment Program (CPP) payments are made "as soon as practicable" following the end of the applicable crop's 12-month marketing year, which was July 31, 2003, for upland cotton and peanuts. This final payment will be slightly smaller than the advance payments, since it will amount to only 30% of the total for the year, or less if the rate is lowered by high prices. The 2002 Farm Bill provides for two advance counter-cyclical payments, one in October (35% of the expected total) and one in February (35% of the expected total).

The counter-cyclical payment for 2002-crop upland cotton is at its maximum levels due to low 2002-crop-season market prices. The market prices for cotton received by farmers has remained well below the marketing assistance loan rate during the entire marketing year. Because of these low prices, USDA was able to quickly determine that the final counter-cyclical payment rates would be the maximum 13.73 cents per pound. Farmers should receive the full 30% of 13.72 cents times 85% of their base times their program yield. In subsequent years, when market prices may rise above the loan rates, final counter-cyclical payments may be delayed until after the final marketing year farm prices are available. The final weighted average marketing year price for 2002 peanuts, which was announced on Aug. 29, is \$364 per ton, slightly higher than the \$355 loan rate. Because of this, the CCP for peanuts is reduced by \$9 per ton to \$95.

Final counter-cyclical payment rates for corn, sorghum and soybeans will be announced after USDA's National Agricultural Statistics Service publishes weighted average marketing year prices in its Sept. 30, 2003, "Agricultural Prices" report. Wheat, barley, oats and other oilseed producers will not receive 2002-crop counter-cyclical payments because their 2002 effective prices exceeded their respective target prices.

Final direct payments for 2003-crops of wheat, corn, grain sorghum, barley, oats, soybeans, peanuts, rice, upland cotton and other oilseeds will begin to be made in October 2003.