established for the commodity under section 7232 of this title, plus interest (as determined by the Secretary).

(d) Prevailing world market price

For purposes of this section and section 7236 of this title, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for each loan commodity, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each loan commodity.

(e) Adjustment of prevailing world market price for upland cotton

(1) In general

During the period ending July 31, 2003, the prevailing world market price for upland cotton (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$\frac{3}{32}$-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$\frac{3}{32}$-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$\frac{3}{32}$-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.)

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).