

Transportation, Documentation and Insurance Committee
Adopted at the ACSA 93rd Annual Convention
May 26, 2017 – Four Seasons Hotel, St. Louis, MO

OCEAN TRANSPORTATION:

1. We urge ACSA to continue to work with like-minded agricultural organizations in order to leverage influence aimed at maintaining US cotton competitiveness. ACSA should continue to commend AgTC's efforts to monitor and oppose Legislative and Regulatory actions, port container fees, port access, and fluidity, port terminal and labor stability and truck compliance which would make US cotton less competitive compared with foreign cotton growths.
2. We urge ACSA to continue to work on behalf of its membership to support the elimination of anti-trust immunity for ocean carrier discussion agreements. ACSA should continue to work directly, with AGTC and other organizations to provide guidance to Congress on appropriate actions for merchants to ensure competitive capacity and timely execution from the ocean transportation industry which is consolidating and concentrating access to foreign market to significantly fewer options.
3. The committee urges ACSA to support local, state, and national efforts to review and fast track approvals for investments in and improvements to port and intermodal infrastructure – terminal, roads, bridges, etc. Examples include: Coalition for Transportation Productivity efforts to increase legal truck weights nationally; state of Texas efforts to create overweight corridor for Texas ports; and final approval of the proposed BNSF Railway Southern California Intermodal Gateway (SCIG) serving the ports of Los Angeles and Long Beach.
4. We urge ACSA to support all legislative and regulatory initiatives to create visibility to, review and drive improvement in port labor productivity and terminal velocity; and help ensure future port labor stability necessary to support US cotton exports.
5. In the current marketing year, overall service levels remain below member expectations in key areas including vessel schedule integrity; cargo splits and rolls; documentation turn time accuracy and freight invoice accuracy. To be competitive in highly dynamic global markets, merchants require the following capacity:
 - a. All members of the cotton supply chain need to maintain sufficient personnel expedite and efficiently handle the physical logistics and documentation volumes, and look beyond the traditional Monday to Friday operating model in place for most segments today
 - b. Ocean carriers must provide sufficient cargo worthy “wind and water tight” and clean containers to minimize merchants’ cargo risks and damage during transportation. Additionally, merchant members’ overseas buyers should not be charged for cleaning and/or cosmetic repairs on wear and tear damage that does not affect the “wind and water” standard.
 - c. Sufficient drayage capacity in all loading areas of the United States to meet peak shipping demand periods.
 - d. Ocean carriers need to work with chassis providers to ensure sufficient capacity of chassis

including gray market pools to eliminate multiple chassis pools that meet USDOT road worthy requirements in all loading areas of the United States to meet peak shipping demand periods.

- e. Ocean carriers' designated container yards (CY's) must handle peak volumes and turn drivers in less than one hour for chassis/container mounting to ensure sufficient daily velocity to pick up available loads. In the 2016-17 crop marketing year, this part of the supply chain was a critical choke point in key loading areas.
 - f. Local labor and equipment to handle the increase in "live" chassis swings at rail ramps and port terminals, based upon the ocean carrier industry's movement away from own chassis fleets and shifting of chassis provisioning burden to merchant members.
 - g. Ocean carriers must load shipments to booked vessels without splits or rolls when cargo is delivered by port cutoffs and/or intermodal cutoffs.
 - h. Ocean carriers within the same Alliance and ports need to reach uniform and consistent standards on vessel and documentation cutoffs.
 - i. Ocean carriers need to recognize that changes in coastal vessel schedules and first cargo receiving days directly impact the merchants and the truckers they are working with reducing utilization and increasing costs. Ocean carriers and marine terminals must find ways to systematically communicate schedule changes to merchants and the trucking community to reduce delays and dry runs.
6. Due to the nature of how export sales are made relative to other agricultural exports, merchants need consistent and competitive pricing based upon:
 - a. Annual agreement and rates.
 - b. All-inclusive ocean container freight rates: otherwise there must be transparency on underlying cost components that impact merchant member's total landed costs to foreign market.
 - c. Ninety (90) days notification of planned increases in ocean rates, any applicable surcharges and/or the imposition of new surcharges.
 7. The Committee urges merchant members to utilize the Transpacific Stabilization Agreement (TSA) *Service Contracting Process Checklist* as a resource for future individual ocean carrier agreement discussions and utilize AgTC resources to enhance service contract language to further help ensure protection of member interests during the crop marketing year.
 8. The Committee urges merchant members review how to improve commitment visibility and forecasting with ocean carriers within the Federal Maritime Commission (FMC) service contract process to help support sufficient equipment, chassis, truck power and vessel space when needed.
 9. We urge ACSA to work with affiliated and allied organizations to support marine labor stability at all US container ports.

DOMESTIC TRANSPORTATION

We urge ACSA to continue to support the goals of NAFTA, and urge the free flow of goods between all of the signatory nations, and the elimination of trucking restrictions that impede flow or reduce industry capacity.

TRUCKING

1. ACSA members recognize the importance of the trucking industry across all lines of business.
2. ACSA members need to continue to vigorously oppose any proposed legislation or regulatory rule changes that seeks to effectively ban owner-operators at United States ports and establish a unionized port trucking regime.
3. ACSA and its membership need to work with affiliated organizations to monitor the on-going impacts of regulatory changes for the trucking industry that will affect trucking capacity and cost:
 - a. Hours of service rules and electronic logging effect on service and capacity starting January 2018
 - b. Federal Motor Carrier Safety Administration proposed rules against truck Driver “coercion”
4. ACSA members continue to need timely pickup and delivery to meet customer commitments. Truck transportation is a key part of the process. ACSA members need truckers to:
 - a. Adhere to scheduled load dates and mill delivery dates
 - b. Confirm ready date with warehouse operators at least forty-eight (48) hours in advance of scheduled pick up date
 - c. Notify the shipper or warehouse on schedule changes within forty-eight (48) hours that impact planned pick up at the warehouse, and the recovery plan.
 - d. Provide equipment that is clean, free of contaminants and leakage.

Timely pick up remains essential for merchant members to help ensure consistent service performance to meet port and/or intermodal cutoffs for export; mill delivery appointments for domestic customers; and reduce late warehouse pick up charges.

5. The trucking community urges ACSA members to:
 - a. Request ready dates to be the same day as the earliest return date to the marine terminal for port bookings; and sufficiently prior to intermodal cutoffs.
 - b. Understand that extra movements (split pickups, holding trailers, containers, chassis splits, etc.) reduce driver utilization and effective available capacity in a given location and time period to meet member needs.
 - c. Recognize that the overall supply of drivers in the United States continues to decline and therefore, driver recruitment and retention are key issues for trucking companies today that

directly impact their ability to serve member needs.

6. We urge ACSA to recommend warehouse operators review and adjust their operating hours to accommodate trucking community service changes and impacts coming from the Federal Motor Carrier Safety Administration (FMCSA) electronic driver log regulation/requirements.
7. We urge ACSA to recommend domestic mills review and adjust their operating hours to accommodate trucking community service changes and impacts coming from the Federal Motor Carrier Safety Administration (FMCSA) electronic driver log regulation/requirements.
- 8.. The Committee urges all merchant members clearly identify which party – warehouse or trucker - will be responsible for supplying and applying high security bolt seals when required by the country of destination.
9. Fuel is a concern for both shippers and truckers. Members advised that current weekly notification changes are sufficient.
10. We urge ACSA to work with AgTC and The Coalition for Transportation Productivity (<http://transportationproductivity.org/>) to support Safe, Flexible & Efficient (SAFE) Trucking Act (H.R. 3488) to increase federal vehicle weight limit to 91,000 pounds for vehicles equipped with a sixth axle.

RAIL (CARLOAD)

1. In light of the challenges within the trucking industry, the Committee urges merchant members to actively solicit railroads to strengthen ties with warehouses who maintain open rail sidings, to help preserve rail as a viable and competitive means of transportation.
2. For rail served warehouse locations, merchants need the railroads to provide the following:
 - a. Service design for the location
 - b. Switch plan
 - c. Equipment availability and lead time
 - d. Acceptable equipment dwell time
 - e. How to prevent railcar “bunching” on delivery to the destination warehouse or mill.
3. Merchant members need to take a more direct and active role with their railroad service representatives to manage agreed service commitments, identify problems and jointly work toward problem resolution.

DOCUMENTATION

Timely, complete and accurate document preparation remains an essential service from industry suppliers, essential for letters of credit and a key part of Merchant members’ trade-to-cash cycles for export shipments. Therefore, ACSA members need:

1. USDA/APHIS support to meet the United States export initiatives and help ensure US cotton competitiveness:
 - a. Maintain current fee structure
 - b. Ensure correct interpretation of regulations and requirements by foreign governments and agencies.

- c. Match department resources to industry demand to support peak shipping periods.
2. The U.S. cotton industry must maintain post-departure filing option with AES which is currently under review by U.S. Census. ACSA needs to stay engaged with U.S. Census and provide input into the final approved regulations for post- departure to U.S. cotton.
 3. ACSA, APHIS, and appropriate USDA officials to resolve outstanding issues that impede the flow of US cotton in the export markets, including full implementation of electronic phyto-sanitary certificate issuance for all Merchant members.
 - a. Recommend ACSA members to facilitate dialogue with USDA and foreign countries to eliminate cumbersome phyto-sanitary regulations that impede timely flow of export shipments by reducing length of days for submission against vessel departure date.
 - b. Bangladesh – eliminate the fourteen (14) day requirement and align with the rest of the countries
 - c. Turkey – eliminate the fourteen (14) day requirement and align with the rest of the countries.
 4. Recommend ACSA members work with all US warehouses and EWR to implement an electronic phytosanitary certificate solution through ECotton the start of the 2017-18 crop marketing year.
 5. Accurate and timely shipment information ensures timely and accurate export documentation. As key suppliers essential to this process:
 - a. Warehouses and truckers must consistently provide and affix their seal, in accordance with regulatory guidelines, to loaded trailer(s), railcar(s), or container(s).
 - b. Warehouses, truckers and/or ocean carriers must consistently provide accurate and timely reporting of load details to the Merchant Shipper or their agent including but not limited to bales, mark(s), trailer(s)/ railcar(s)/container number(s), seal number(s) to shippers.
 6. Ocean carriers implement more uniform and consistent standards for their interpretation of regulatory and legislative mandates for data and cargo cutoffs across their industry. Specifically,
 - a. Timelines for No Doc / No Load. Dates and times must be noted in the initial booking confirmation from the ocean carrier.
 - b. Align SOLAS VGM submission within existing exporter Shipper Letter of Instruction (SLI) “No Doc / No Load” process and timelines.
 - c. Notifications of earlier deadlines to meet EU rules and regulations.
 - d. Required information versus additional information required by ocean carriers.
 7. EDI between shipper, industry portals and/or ocean carriers need to be utilized as intended:
 - a. The current shipment EDI process is not working as intended for shippers and ocean carriers resulting in an unacceptable amount of re-work for all parties - above fifty percent (50%) of all original bill of lading releases.
 - b. The incomplete use of electronic shipment data causes delays in document turn times and unnecessary re-work.

- c. Resulting amendment fees add unplanned costs to merchants and mask a broader industry data integrity issues.
 - d. Ocean carriers and their industry portals need to systematically communicate when EDI mapping changes are made that can affect the data transmission integrity.
 - e. Establish a working group between ACSA and the appropriate ocean carrier organization – whether TSA or similar to continue to work on-going technology issues between merchants and ocean carriers regularly to support continuous improvement.
8. Continue to support on-going stakeholder efforts to improve documentation performance.
- a. Establish a cotton industry standard with the ocean carrier industry for clean and expedited document release: 80% of total documents produced and released within two (2) working days after vessel sailing and proofs received at least two (2) working days before vessel sailing.
 - 1. Merchant members and Mallory Alexander will work with data portals - Cargo Smart, GT Nexus and INTTRA- and ocean carriers supporting the cotton industry to identify and seek final and permanent remedies for specific high frequency documentation errors that prevent the timely release of original bills of lading.
 - 2. Ocean carriers' commitment to work through identified issues to resolve with their Documentation and IT teams.
 - b. Engage AgTC's continued focus on the issue of ocean carrier industry documentation performance as part of their Ocean Carrier Performance Survey.
 - c. Engage Trade Stabilization Agreement (TSA) efforts to take an all commodities approach with all three data portals to address documentation problems at a trade level.
9. We urge ACSA members to work all stakeholders in the physical handling and movement chain to support the The Seam's blockchain initiative.

INSURANCE

- 1. ACSA merchant members and ginning associates need to maintain sufficient general liability insurance, including products liability and recall coverage.
- 2. Cotton warehousemen are responsible to issue EWR's on receipt of clean and merchantable cotton and that this duty extends to maintaining and shipping in merchantable condition regardless of storage location.
 - Merchant members need to clearly understand their responsibility for country damage under ICA regarding insurance and review their insurance coverage annually.
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- Shippers need to work closer with mill buyers in all markets, to facilitate the claims process for damaged cotton.

3. In view of price volatility, it is essential that State Governments, USDA, CCC, and Merchant members review warehouse tariffs and/or obtain evidence of coverage with policy limits in line with projected bale capacity and on conditions minimum fire and lightning from warehousemen and transit points. Warehouse tariffs should reflect the actual coverage in place for goods stored in that facility.

Additionally, ICE must ensure that the amount of insurance coverage provided by approved and/or licensed warehouses will fully cover the interests of the holders of EWRs and extend property coverage to "all risks."

The Committee duly notes that insurance requirements on all ICE delivery location points outside of the US do not afford the same underlying protection; as such, the committee urges ACSA to continue to work with ICE to extend equivalent US insurance requirements.

4. ACSA members should carefully review warehouse tariffs and practices for compliance with these duties, with special attention on the time limitation for the presentation of damage claims. Note that unreasonably short periods, although stated, may be legally unenforceable. If damage is suspected ACSA members should give immediate notice.
5. Given the recent rescission of the BMC-32 (the mandatory insurance requirement for motor carriers for interstate shipping), now more than ever, Merchant members should require proof of full cargo and liability coverage from the truckers hauling their cotton and cotton samples. All policy exclusions and deductibles should be identified by the motor carriers' insurance provider.
6. ACSA members using third party warehouses in foreign countries should fully review, verify, and maintain a copy of the consignment warehouse's insurance policy and title documentation.
7. Lastly, the committee urges merchant members to be aware of the financial health of their ocean carrier partners and the threats of bankruptcy on Merchant marine coverage.
8. We recommend that the cotton trade be aware of the potential problems with handless bales and in particular the responsibility and/or liability in the event of mishandling or opening. We recommend that further study be done with respect to these bales.

Respectfully submitted,

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