

Gins, Warehouses, & Domestic Trade Committee
Adopted at the ACSA 94th Annual Convention
May 11, 2018 – Four Seasons Hotel, Austin, TX

GINS

1. We remind gins all packaging must be in compliance with methods and materials approved by the National Cotton Council Joint Cotton Industry Bale Packaging Committee (JCIBPC) for loan eligibility. Tie length specifications should be strictly adhered, to ensure production of only true gin universal density bales (21x55x28). It is urged on any experimental packaging that in addition to durability, that safety for fire issues and stacking be considered before approval.
2. We recommend that gins strictly adhere to the format of the Permanent Bale Identification (PBI) as outlined by the National Cotton Council PBI Task Force and that tags be both machine and human readable. PBI tags must be prominently displayed and affixed to the bale in a manner, which they cannot be detached from the bale. PBI tags should not be placed in the heads of the bales and/or under the bagging as domestic customers cannot scan the tags in this manner. We also recommend that the task force agree on a bale placement location of the tag and require two separately placed stickers that are bar code readable. Furthermore, we request the National Cotton Council to expedite formation of the JCIBPC subcommittee to review PBI tag standards.
3. We urge producers and gins to make every effort to prevent contamination of cotton by foreign matter prior to and during the ginning process in that escalating incidences of contamination are damaging the reputation of US cotton both domestically and abroad. We encourage gins to maintain product liability insurance in case of contamination. Further protection should be given in instances when naked cotton is in transit between the gin and the warehouse. We request the National Cotton Council, producers, gins and manufacturers of round bale harvesters to make special efforts to educate gins and their employees to minimize contamination. All gins be required to have product liability insurance to enter cotton into CCC loan.
4. We strongly urge gins to maintain bale weights at 500 pounds net weight.
5. We urge the Commodity Credit Corporation (CCC) to maintain and enforce a maximum bale moisture content level of 7.5%, with no tolerances, in order for cotton to be eligible for the CCC Loan Program and that the CCC establish methods of testing for moisture content prior to entry into the Loan Program. We further urge the CCC to immediately prohibit cotton ginned with any water spray system, for the purpose of adding moisture (weight) that would exceed 7.5%, from entering the CCC Loan Program.

WAREHOUSES

1. We continue to endorse the idea of converting the U.S. cotton warehouse system from the antiquated storage-based system of operation to a service based system of operation, in which the most efficient warehouses will be the most successful.
2. Recommend that participation in Batch 23 be mandatory for warehouses and shippers, recognizing that adjustments to the process by EWR, Inc. may be necessary.

3. Urge the USDA to have uniform warehouse compliance agreements throughout the U.S. cotton industry.
4. We request that all warehouses obtain a compliance agreement from the USDA for the performance of phyto-sanitary inspections and such compliance is listed in their tariff along with the expiration date and meet USDA-PPQ phyto-sanitary standards. We recommend as a part of the CCC loan storage agreement warehouses must be certified/able to authorize issuance of phytosanitary certificates for the USDA. We recommend that all warehouses specify their required process for requesting phytosanitary applications in their tariff and strongly suggest each adapt to electronic application processing and submission. Also, we encourage streamlining of the process and issuance of phyto-sanitary documents, and its acceptance by foreign entities and/or government. We urge USDA to utilize electronic filing, processing, signature, and response for the phytosanitary certificate. We urge USDA to provide adequate staff and resources to stay current to prevent any backlog of issuance of phyto-sanitary certificates.
5. We recommend one storage location for each single CCC licensed code.
6. We recommend that warehouses discontinue the use of outside storage and that the USDA monitor and limit the practice. Failure to discourage this practice at locations noted for continual overflow creates a disincentive to build additional warehouse space. We also urge the USDA not to approve bale packaging materials for the outside storage of loan or CCC owned cotton until such materials have been approved by the JCIBPC pursuant to strict and objective testing procedures encompassing all possible weather conditions.
7. We urge all cotton warehouses to inspect all bales prior to shipment to assure they are Grade A bales and to maintain at all times experienced and properly trained personnel at all locations who can recognize Grade A bale condition and that they notify shippers prior to time of loading of any short or damaged bales so bales may be cut from the shipment and claims filed.
8. It is the responsibility of all warehouses to ship only Grade A bales. A Grade A bale is one that has the integrity of the bale intact, meaning not only covered sample holes, but also Grade A means a clean bale, free of oil, dirt, and pests. We urge warehouses to inspect all bales as if a Phytosanitary certificate was needed. We have seen the growing practice of bales sold in transit and if no phytosanitary inspection was performed this limits the countries where a bale could be diverted. If all bales were inspected by the warehouses, we would also cut down or eliminate tailgate inspections at the ports which is extremely costly to cotton shippers.
9. We urge warehouses to have sufficient personnel to operate during all normal business hours Monday through Friday-year round.
10. We urge warehouses to publish holidays and closings in their tariff. Closings should be reasonable and holidays should be restricted to Federal Government holidays. As a reminder, the U.S. Warehouse Act, as Amended (735.30) states: '(a) Each licensed warehouse shall be kept open for the purpose of receiving cotton for storage and delivering cotton out of storage every business day for a period of not less than six hours between the hours of 8 a.m. and 6 p.m.
11. We recommend that ACSA and members of the cotton warehouse industry open dialogue regarding fees for late pickup of cotton and that charges not be assessed for order changes when the cotton has not been broken out for loading. We recommend warehouse operators adopt loading procedures which will assure carriers are loaded

within two hours of arrival and accept responsibility for detention if delays in loading are incurred during hours of service. We recommend that warehouses not exceed the industry ratified standard for late pickup charges and that they adhere to the 48-hour window before executing the charge. We recommend that all warehouses invoice non-standard tariff charges, such as late pickup charges and ESO fees, as separate line items from standard tariff charges (receiving, classing, storage, load/out/shipping, compression).

12. We recommend that warehouses adhere to shipper's orders (transmitted electronically via EWR, "Is My Load Ready" batch movement or other industry standard electronic transmission) regarding load appointments and that the dates are confirmed to the shippers upon receipt of the order.
13. We want to remind warehouses that any increase in tariff charges will ultimately affect the price the farmer receives, as well as negatively impact the competitiveness of US cotton in the world market. We also urge that non-warehousing charges such as Texas Boll Weevil Maintenance fees, not be included in tariff charges.
14. We recommend all warehouses utilize the Early Shipment Order (ESO) option in the EWR provider program, at no cost to the shipper.
15. We request that the FSA Warehouse License and Compliance Branch take appropriate action to assure that all CCC licensed warehouses are in compliance with the US Warehouse Act regulations and provisions of their published tariffs, and recommend that members notify the USDA whenever violations occur. Please note the ACSA website for details on procedures for contacting USDA-Kansas City Commodity Office regarding shipping performance of USDA licensed warehouses.
16. We urge warehouses to comply with CCC regulations regarding canceling electronic warehouse receipts within 24 hours, or one business day, after shipment of cotton. We urge that the warehouse notify the shipper of loading on to the truck within 24 hours, via EWR, Inc., including load details, bale numbers mark, trailer / railcar / container number and seal number. We also recommend warehouses to provide and affix their seal in accordance with regulatory guidelines to loaded trailers, railcars or containers.
17. We remind our members of their rights under the ACSA/CWAA Agreement to file an arbitration claim against a warehouse for its failure to timely comply with a shipping order and recover damages of one month's storage.
18. We urge cotton warehouses to maintain adequate records regarding arrival and departure of carriers that include printed legible driver's name and trucking company name. (Endeavor to be recorded and maintained within EWR, Inc. and/or warehouse software.)
19. We recommend all warehouses to ensure that the amount of insurance coverage provided will at all times be in an amount and scope adequate to fully cover the interests of the holders of EWRs.
20. Recommend that the reporting of "Bales Made Available for Shipment ("BMAS")" change to include only new bales made available for shipment. Other changes should be made to add transparency to the reporting and to ensure the integrity of the data being reported. Below are suggested changes:

- a) Report detail bales to EWR in the weekly cotton flow report to the USDA, as opposed to a summary of bales. A PBI/Mark combination should only be considered one time for new bales made available for shipment.
- b) Eliminate the ability to report bales not picked up in any other week other than the one in which the bales were made available (and initially reported).
- c) Make available the weekly performance for all warehouses, displaying only summary information including, but not limited to: bales made available for shipment, bales shipped and bales not picked up. A dashboard of this information could be broadcast on EWR, COPS or any other site.

Changing the reporting requirements to include only “new” bales made available for shipment, combined with detail reporting of bales by PBI/Mark should eliminate the abuses that are prevalent in the current reporting regime.

21. Only allow warehouses to alter licensed capacity once per year, and significantly increase the fee charged to warehouses for the change. Current abusers start the season with a very low licensed capacity, which enable the warehouses to avoid shipping cotton earlier in the season. The same abusers pay nominal fees each time to raise the capacity to more realistic levels later in the season.
22. ACSA strongly requests that warehouses be prohibited from establishing their initial licensed capacity each year at a level that is below the 5-year Olympic average of the highest amount of inventory on hand each year.

SHIPPERS

1. We acknowledge that shippers are responsible for the performance of their vendors and recommend that they develop a monitoring program of their performance. Shippers should establish and maintain clear lines of communication with warehouses, transportation companies, and customers and should assume the responsibility as the focal point of information between all entities.

DOMESTIC AFFAIRS

1. We urge members to use Southern Mill Rules in their domestic contracts.
2. We recommend that ACSA meet with AMCOT to discuss the possibility of engaging the NCTO Fiber Committee to consider the return to an annual or bi-annual review and updating of the Southern Mill Rules including the Pima rules section. The SMR were last ratified and updated in 2004.
3. We urge mills to have sufficient personnel readily available for scheduling and verifying deliveries.
4. We request mills to be aware of the Hours of Service Regulations for truckers which may drastically impact their costs and service for cotton deliveries, and to review and if necessary expand their receiving hours.
5. We request that mills give ample notice to shippers in regard to mill shut downs or any changes

in appointments or destination. Mill should pay shipper for any additional costs incurred due to appointment changes.

6. We remind mills that they are required to return any rejected bales to the shipper in merchantable condition including patching any tears or sample holes. Also any rejected bales should be returned with proper identification, such as shippers mark, all tags, especially PBI number.

Respectfully submitted,
H. Thomas Hayden, Jr., Chairman

Committee Members:

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