

National Affairs Committee
Adopted at the ACSA 95th Annual Convention
May 10, 2019 – Ritz Carlton, Dana Point, CA

1. The American Cotton Shippers Association (ACSA) supports a CCC non-recourse loan and minimum loan floor and a marketing loan.

Farm Service Agency acreage bases and program yields should continue to be maintained as a part of the official USDA record of historic and contemporary cropland base.

ACSA supports the safety net of domestic support created in the commodity title of the farm bill. Additionally, ACSA encourages market access and free trade that limits the utility or need for such programs.

We oppose efforts to dilute or modify the effectiveness of domestic farm policy through further limitations or means-testing of eligibility for farm program benefits. ACSA opposes any use of statutes or USDA rulemaking authority to alter or further restrict the eligibility for farm program participation.

ACSA encourages the USDA to continually maintain relevance to the statute's utility of the ELS Competitiveness Program. This will require evaluation of the quotations used in order to best calculate payments in comparison to competing, exported ELS growths.

2. IMPROVING COTTON FLOW:

ACSA strongly urges the NCC to continue efforts to inform and provide further information and data in making the case to Congress of the importance to the cotton industry of the Shipping Performance recommendations and that the provisions be included in farm policy. These recommendations continue to be farm policy priorities of the NCC as well as ACSA and we look forward to working with NCC senior staff in accomplishing these priorities. Further, we advocate for swift implementation of the NCC Flow Committee recommendations to the current farm bill.

3. RECONCENTRATION OF LOAN COTTON:

To enhance the competitiveness of U.S. cotton we urge the CCC to immediately repeal the 75-day limit on storage credits when CCC loan collateral is moved to any approved CCC warehouse.

4. SPOT MARKET DATA:

We recommend discussions with AMS the availability of spot market data for micronaire premiums/discounts for longer staple lengths with the goal of reviewing the need for a split between staples 33 and 34 or staples 34 and 35.

5. USDA MARKET FUNDING:

We recommend that USDA make full use of the funding authorized by Congress to assist in maintaining and expanding the consumption of U.S. cotton.

6. AWP TRANSPORTATION COSTS:

Commend USDA for updating their contact list to ensure an appropriate sample of the trade is included in any freight adjustments. Urge USDA to announce not only the date of any changes but what the change will be.

7. ELECTRONIC PROCESSING & REDEMPTION OF LOAN COTTON:

With the implementation of the EWR system and its adoption by the CCC for loan cotton, we recommend that FSA make full use of the private sector to expedite the establishment of an electronic processing and redemption system for Form A and Form G cotton.

We urge the USDA and other Federal Agencies to utilize electronic filing, processing, and response for the many documents, which are currently done manually. These documents include:

- Phytosanitary Certificate to USDA-APHIS
- ELS Competitiveness filings to the USDA-CCC
- Export Sales Report
- Export Declaration and other documents to the U.S. Customs Department
- GSM Loan documents

8. STANDARDIZED REDEMPTION PROCEDURES:

Request that the FSA thoroughly train all employees to adhere to the standardized loan redemption procedures.

9. BENEFICIAL INTEREST:

We recommend that members review all "Option to Purchase" contract language for conformance with FSA/USDA Regulations pertaining to "Beneficial Interest" in the cotton to assure that the cotton maintains its eligibility for the loan or for loan deficiency payments (LDP).

10. SALE OF CCC OWNED COTTON:

We recommend that CCC-owned Upland and ELS cotton be catalogued as soon as forfeited and auctioned without reserve every week with a re-class and reweigh at the option of the buyer. For Upland cotton, the minimum acceptable bid should be the lesser of the current market value or the AWP. Further, the Seam be required to list all warehouse charges due on cotton listed for sale in the CCC catalog, and that USDA make available all HVI bale information to potential bidders in addition to gin code, gin number, warehouse bale number, gross and net weights and type of bagging. Further, we recommend that the SEAM release all 1 current price information.

11. EXPORT CONTROLS OR EMBARGOES:

We oppose export controls or embargoes because they restrict free competitive access to world markets and diminish our reputation as reliable suppliers. Controls, licensing, or embargoes could discourage production and jeopardize the market-oriented policy of U.S. cotton.

12. FARM BARGAINING:

Legislation designed to regulate the prices of agricultural sales transactions or to permit collective bargaining between producer and processor for the purpose of establishing prices or the expansion of marketing orders would have adverse effects on the orderly marketing and processing of cotton. Any legislation of this kind must exclude cotton. Cotton producers enjoy the security and freedom of choice to market their cotton through the CCC loan, cooperatives, cotton gins, FOB merchants, shippers and mill buyers. The dynamic U.S. cotton marketing system provides producers with competitive bidding for their product, and the pricing mechanism advocated in farm bargaining legislation is not suitable to the cotton industry.

13. CCC WEEKLY LOAN FIGURES:

- a. We urge the Department to make a concerted effort to consolidate and keep these weekly figures current and accurate since trading decisions are based upon this timely information.
- b. We encourage CCC to report LSA and CMA cotton entered under Form G separately.

14. RAW COTTON IMPORTS:

Recommend that US textile mills have access to adequate supplies of raw cotton imports as required by US production, price levels, or trade agreements.

15. RAW COTTON EXPORTS:

We oppose all efforts that would restrict or limit the access of U.S. raw cotton exports.

16. IMPLEMENTATION & ENFORCEMENT OF TEXTILE TRADE AGREEMENTS:

That improved and appropriate safeguards be implemented to fully protect the US textile industry from damaging import surges and that the products of the US textile industry be guaranteed full and timely access to all markets.

Urge that US Textile Industry is protected from unfair competition by textile mills that are in default on previous contracts by penalizing and restricting textile imports from any mill on an established International Default List.

Also require importers to report the source of their raw materials for purposes of enforcing this regulation. Study adding names of Principal to an advisory list when a mill is listed on a Default List.

Urge International Default List, list all mills in any country that restricts the listing of individual mills for any reason.

17. “MADE IN USA” LABEL:

We urge the Congress to require that the duty free and quota free privileges accorded the U.S. possessions and territories having “Commonwealth” status preclude the use of the “Made in USA” label if the textile products are not manufactured out of U.S. fabric made from U.S. yarn and sewn with U.S. thread. Further, we urge the strong enforcement of the Berry Amendment requiring that all military uniforms, apparel, and equipment be made in the USA.

18. HARBOR MAINTENANCE:

We oppose the imposition of harbor maintenance fees and urge the Congress to fund the dredging and maintenance of U.S. rivers and harbors from the general funds of the U.S. Treasury. Currently the harbor maintenance fees are collected on imports and funds held by the federal government.

19. RESTRICTIONS ON TRANSFER OF WAREHOUSE RECEIPTS - LICENSING OR BONDING OF COTTON MERCHANTS:

We strongly oppose state or federal legislation that impedes the marketability of cotton or which requires the bonding and/or licensing of cotton merchants as the cost of administering such requirements would be charged to the cost of handling cotton and result in reduced producer income.

20. CROP INSURANCE:

Urge the Congress and USDA to make full use of the private sector to develop a system of yield and revenue insurance that is not a production incentive and which will require strict adherence to normal planting, cultivation, and harvesting practices.

21. DOMESTIC MILL CONSUMPTION & WAREHOUSE STOCK REPORTS

Thank the USDA for releasing a monthly estimate of US Domestic Mill Consumption, but urge the release of warehouse stock reports.

22. TRANSFER OF LOAN COTTON FOR CERTIFICATION

Recommend the CCC not consider the certification of loan cotton to be a loan transfer.

23. CCC QUALITY DIFFERENTIAL REVIEW & RECOMMENDATION

Recommend that ACSA form a study group to review current CCC quality differential calculations and recommend methodology to reflect current cash market economics.

24. COTCO:

The Committee Organized for the Trading of Cotton is the political action committee of the American Cotton Shippers Association. COTCO provides member firms and their employees a direct voice in the elective process, thereby meriting your full support and participation. We urge

that our members and their employees support this important endeavor that is vital to the survival of a competitive cotton market. Your personal contribution should be mailed to:

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