

Foreign Affairs Committee
Adopted at the 96th Annual Convention
April 28, 2020

1. We strongly recommend members support ACSA and other industry organizations to continue their vigilance and take any action necessary to preempt contract defaults. We commend the rapid response by the International Cotton Association, ACME, ACEA, and WCEA in addressing threats to sanctity of contracts. We also encourage the WCEA, ACEA, and CICC to continue the effective practice of issuing default lists to warn fellow exporters of buyers in default. We urge members to consult these lists so that sanctity of contracts can be preserved. We also urge members of ACSA and its affiliates of their obligation as members to honor the rules and regulations of each respective organization and that selling to parties and their affiliates who are in default, jeopardizes the ability of parties to resolve outstanding contract disputes.
2. We request ACSA & CCA to urge the Chinese Strategic Reserve to affirm their respect of the ACEA, WCEA & ICA Default lists when selling cotton.
3. We urge ACSA to continue its dialogue with the U.S. Trade Representative (USTR) to keep them apprised of countries (and buyers) where default situations have occurred and local enforcement of arbitration awards has not been effective. We also urge congress to maintain USTR as a separate government agency as it presently exists.
4. If ACEA/WCEA decide to publish a sales catalogue as a tool to promote contract sanctity, we urge ACSA members to provide appropriate sales information on a timely basis provided confidentiality is guaranteed.
5. We urge continuing efforts by CI/CCI/Supima to deny licenses and technical services to any foreign mill listed on any of the default lists and applaud their work in assuring this policy continues.
6. COVID-19 Pandemic Response: Take an active role in corresponding on behalf of our membership concerning the impacts of COVID-19. This message should underpin commercial confidence by promoting contract sanctity and be delivered appropriately throughout the supply chain. This message should be a cornerstone, which is utilized to respond to supply chain participants who are requesting actions that are contrary to trading rules and the commercial interests of ACSA members. We further recommend to work closely with our leaders in Washington including USTR to help alleviate these losses that include carrying charges, storage, demurrage, detention, and market losses due to non-performance from our buyers.

TRADE RULES & TERMS

7. Green Card Sales - We recommend that members include a clause in all Green Card sales contracts stating, "Quality is final in accordance with USDA classification". In

view of the recent GACC determination that mandatory quality and weight tests, are no longer required unless specifically required by importers, and when so required is a free service. We recommend that ACSA members negotiate in their sale contract that professional independent 3rd parties are appointed as Controllers for cotton weighing, sampling and classing on sales to China.

8. We urge ACSA to continue to actively monitor developments in China's attempts to require testing for short fiber content and neps, and to work actively with the NCC and other organizations to prevent the implementation of such testing as a detriment to trade.
9. We commend USDA/APHIS/PPQ-on their completion of the formulation of an electronic signature system for the issuance of phyto-sanitary certificates.
10. We request USDA/APHIS/PPQ work with their respective foreign partners and the ePhyto Industry Advisory Group to standardize dates, weights and wording in the preparation of the phyto-sanitary certificates for US cotton.
11. We remind ACSA members that not all letters of credit are opened immediately on sight. The opening bank, depending on country, may have a 5 to 10 days delay period to open the letter of credit.
12. **TRADE FLOW AND CONTAMINATION**
 - a) Continue to support NCC policy of “provision to increase cotton flow”.
 - b) Urge NCC/ACSA to continue efforts to reduce contamination on US cotton.
 - c) Urge members to report any incidents on contamination on the NCC website, reporting PBI and work to develop such technology with NCC and AMS.

13. **CONTROLLING**

We urge members to insist that buyers provide detailed bale listings when lodging short-bale claims. Failure to provide such listings should disallow all claims for short-landed bales.

14. ICA Rule no. 217 reads as follows: “All cotton must be weighed ‘gross weight’ on a bale by bale basis unless otherwise agreed. The tare is to be deducted from the gross weight. Many members receive requests to determine landed weight by weighbridge/truck scale. We urge ACSA members to use a written conditional agreement similar to the below example in the event they agree to weighbridge weighing.

Written Conditional Agreement Example

Weighbridge weighing is agreed under the following conditions:

Weighing to be conducted at ____ (agreed point of delivery)____, under the supervision of our controller ____ (name)____. The scale must hold a calibration certificate issued within the past 12 months. A copy of the scale's calibration

certificate must be provided to our controller prior to weighing. Weighing must be conducted by deduction of the actual container tare following full and empty weighing of the container (tare as stated on the container will not be accepted). Results of weighbridge weighing must be reported within 3 working days. Either party may reject weighbridge results within 7 working days from completion of weighing. In the event either party rejects the weighbridge results, the cotton must be weighed bale by bale and weighing must be completed within 28 days of the date of arrival of the cotton. If 100% bale by bale weighing is not completed within 28 days of arrival unless otherwise agreed bales not weighed will be calculated as per ICA Rule 219.

COTTON COUNCIL INTERNATIONAL

15. We recommend ACSA continue its financial and program support of Cotton Council International in an effort to enhance the sales of U.S. cotton, and continue a yearly review of ACSA's financial commitments.
16. We strongly urge that CCI and BCI continue to closely monitor all recognized associations' default lists and consult immediately with ACSA concerning any mills that may appear on such list and are being considered for trade team participation sponsored by CCI.
17. We urge the continuation of open communications with Cotton Incorporated and Cotton Council International to ensure that information provided to foreign buyers is consistent with the customs and practices of US exporters and that they refrain from making recommendations that could possibly contradict the contract terms agreed upon by buyer and seller. We specifically recommend that CCI advise foreign buyers/ sellers, of their legal rights to sell on type and/or to sell on universal description against the arbitration clause specified in their contracts and to further communications with Cotton Inc. in reference to their EFS Program and use of such programs by the membership of ACSA in selling U.S. cotton to export markets.
18. We recommend that ACSA work with NCC to eliminate import tariffs and all non-tariff barriers on American cotton exports.

GSM & PL-480 PROGRAMS

19. We urge the USDA on continuing to maintain these programs to those countries that need assistance in purchasing US cotton, especially during periods of available surplus. These programs are instrumental in maintaining uninterrupted shipments of US cotton to our important export customers. We continue to urge that USDA/FAS simplify documentation procedures and requirements and to keep costs reasonable for buyers, and to maintain current tenure levels.

INTERNATIONAL ORGANIZATIONS

20. It is recommended that CICC should educate markets concerning fair trade practices,

contract sanctity, and the amicable resolution of commercial disputes, and compliance with arbitration awards. The role of CICC in the international market place should be, as it was originally organized, to act or react as a central body to provide a united voice to be heard by government entities in the case of widespread contract defaults on matters of importance to the trade as a whole.

21. We urge that ACSA maintain open communications with the ICA Rules Committee concerning its evolving re-examination or amending of various trading rules, so that ACSA may be allowed to provide input to this committee through ACSA members who serve on such.
22. We urge the ACSA /AMCOT China Committee to continue their discussions and work with the China Cotton Association in an effort to bring the ACSA/AMCOT/CCA trade rules and contract closer to conforming with international contracts and terms utilized by other major buyers and sellers from around the world. It is also recommended that any changes that should occur to the CCA contract and terms be distributed to the membership, so all parties are fully aware of such.
23. We strongly urge ACSA maintain an open dialogue with ICA in the review and implementation process of any and all changes to the rules and contract(s) pertaining to China.
24. We recommend the continued monitoring of the GACC import registration system and furthermore encourage and support the continuing dialog between ~~the~~ ACSA/AMCOT/China Committee/USDA AMS and GACC, in working towards the establishment of a “Designated Testing Cotton Lab” for quality appeals.

TRADE ISSUES

25. We urge ACSA/AMCOT/NCC to monitor the new bale packaging regulations set forward by GACC in 2014 that have yet to be implemented. It is urged that NCC continue holding educational meetings arranged by CCA for the appropriate Chinese authorities to further clarify and explain the U.S. Joint Cotton Industry Bale Packaging Committee’s function and how bale packaging decisions are made at the gin level in the U.S. and that direct dialog continue with CCA on this important matter.
26. We urge ACSA/AMCOT/NCC to monitor direct Chinese cotton subsidies to growers of over 40 cent/lb. and the potential export of Chinese raw cotton in violation of WTO rules.

Respectfully submitted,
Raymond Faus, Chair

Committee Members:
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Guests:

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Krista Rickman
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