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## INDUSTRY BULLETIN

April 17, 2015

**To:** NATIONAL COTTON COUNCIL  
 Certified Interest Organizations Representing Cotton Shippers, Marketing Cooperatives,  
 Warehousemen and Ginners

**From:** Gary Adams  
 President and CEO

**Subject:** Shipping Order Update (Batch 23) Status Report

This bulletin is an update to be distributed by the organizations listed above to their members.

### Background

More than a year ago, the NCC Board, acting on the recommendation of the Cotton Flow Committee, agreed that additional educational efforts are needed to encourage the adoption and use of EWR, Inc.'s Shipping Order Update (Batch 23) feature. The attached document, "NCC Update Shipping Order Feature," enumerating some of the feature's benefits, is part of that educational effort.

In years when port congestion ripples back through the logistic chain, the use of Batch 23 files could help mitigate warehouse congestion. For example, during the March 7, 2015 reporting period, USDA's weekly Bales Made Available for Shipment (BMAS) summary report listed more than a quarter million bales as not picked up. When such backlogs occur, shippers have the opportunity, using Batch 23 file submissions, to rapidly request alternative shipping order pickup dates. Using Batch 23 files in these instances could reduce backlogs and free up valuable warehouse resources to accommodate additional shipping order bookings.

The following table, which shows aggregated Batch 23 data through Mid-January 2015, was reviewed by the NCC's Cotton Flow Committee during its meeting on February 6, 2015.

Batch 23 Submissions	Number of:	
	Firms	Files
Warehouses	285	39,488
Merchants / Coop Marketing Associations	6	5,338
<b>Total</b>	<b>291</b>	<b>44,826</b>

This table shows that more than 80% of the 351 warehouses with Commodity Credit Corporation Cotton Storage Agreements submitted one or more Batch 23 files this crop year. By comparison, there is considerably less participation and activity with Batch 23 files among shippers.

USDA's Warehouse Licensing & Examination Division (WLED) informed NCC staff that they are ready to review Batch 23 reports during routine warehouse examinations and when responding to complaints. However, USDA warehouse examiners are quick to point out that Batch 23 files must be submitted by both shippers and warehouses in order to be effectively used in these situations.

#### Shipper Reminder

Only USDA can see a shipper's Batch 23 activity. The data does not reside in a USDA data base, thus Batch 23 files are not subject to Freedom of Information Act requests.

There are numerous benefits for shippers that use Batch 23 files, particularly when dealing with warehouses that do not utilize public internet based scheduling tools. The Batch 23 process provides shippers the ability to send all warehouses shipping request and confirmation dates via the provider system.

Batch 23 dates are captured and can be audited by USDA WLED to ensure compliance with the minimum shipping standard. When there is no Batch 23 file, examiners find it virtually impossible to confirm a warehouse's level of shipping activity relative to shipping orders that do not include requested load dates.

#### Warehouse Reminder

All shipper Batch 23 files sent via the provider system will be delivered to the warehouse's provider mailbox. Opening and responding to Batch 23 files is voluntary but warehouses are reminded that USDA WLED examiners are able to use this data to confirm compliance with the minimum shipping standard. The table above shows that most warehouses using Batch 23 files this crop year did not wait for a shipper to submit their own Batch 23 files. This proactive approach can help a warehouse demonstrate compliance with minimum shipping standard requirements.

#### General Reminder

Participation in Batch 23 is simple. EWR, Inc. software is programmed to "opt in" all provider system senders and recipients of shipping orders and early shipping orders. Batch 23 files appear in the holder's EWR, Inc. mail file with each file submitted unless the "opt out" option is selected. Note that choosing to "opt out" does not prevent submitted files from being automatically recorded by EWR, Inc. and reviewed by USDA WLED examiners at a later date.

When Batch 23 reports are few and shipping levels are low, a finding of noncompliance with the minimum shipping standard by a warehouse examiner is unlikely. However, shipper generated Batch 23 files will raise red flags if load date requests for a week or prior weeks were transmitted but not granted and warehouse BMAS activity for the reporting week is low.

Attachment



# Electronic Warehouse Reporting – Update Shipping Order Feature

Memphis-based EWR, Inc. recently updated its electronic warehouse receipt procedure to include a more streamlined, accurate and cost effective process for establishing shipping order load dates.

This modification is in response to a National Cotton Council initiative to improve cotton flow.

A shipper initiates the movement of cotton bales from a warehouse by sending an electronic "Shipping Order (EWR Batch 21 type)" or "Early Shipping Order (EWR Batch 31 type)" file to a warehouse.

By utilizing the revised "Update Shipping Order (EWR

Batch 23 type)" file, the merchant can electronically request an actual load/schedule date for each submitted shipping order.

Likewise, warehousemen can use Batch 23s to offer alternative shipping dates their own load date.

Or, if no date is requested by a shipper, the warehousemen can offer their own load date.

The National Cotton Council urges merchants and warehouses to utilize the Batch 23 capability to serve as a clearinghouse for information related to the scheduling and confirmation of shipment dates.

## How it works

Via EWR, Inc. – the shipper sends a shipping order to a warehouse with requested schedule date.

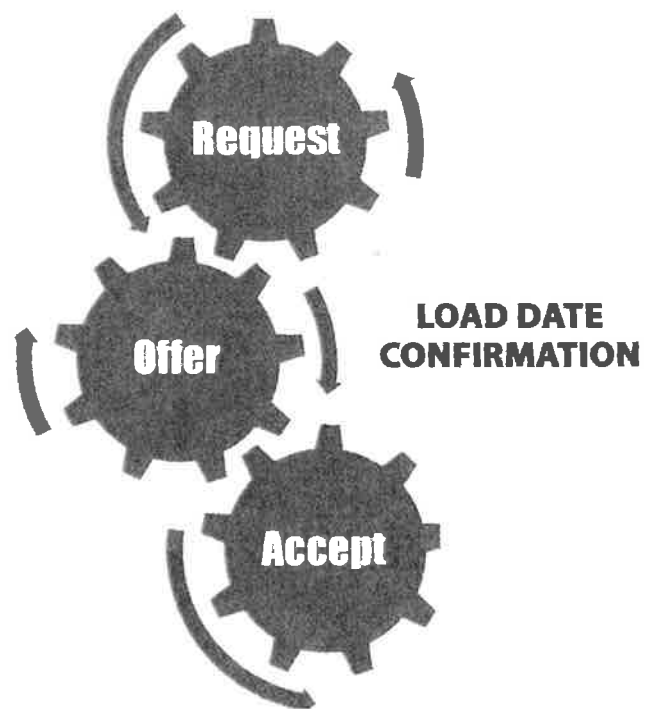
The warehouseman will look at the requested date to determine if the request can be honored.

The warehouse sends a shipment update file via EWR, Inc. to the shipper to either: 1) accept the requested schedule date in the original Batch 23 file, or 2) offer an alternate load date.

The shipper receives the warehouse's shipment update file via EWR, Inc.

The shipper may accept the alternate date sent by the warehouse, which should eliminate the need for further file exchanges for that shipment;

OR if the shipper finds the alternate date unacceptable, a new shipment update file with a new requested schedule date may be submitted.



# Benefits

- Streamlined process – no more phone tag, improved communication, reduced bottlenecks and increased efficiency.
- Provide a verifiable process to capture requested and scheduled load dates.
- With a few mouse clicks via the provider's electronic data transmission system:
  - Shippers can request and monitor schedule dates.
  - Warehouses can confirm a load date or counter with an alternate date.
  - Shippers can send new or updated requested schedule dates to warehouse.
  - USDA warehouse examiners can access confirmed scheduled date reports for warehouses during routine or complaint driven warehouse examinations.
  - USDA's warehouse examination procedures are streamlined to determine if activity in weekly bales made available for shipment (BMAS) reports indicates compliance with the minimum shipping standard or if additional information is needed.

# Considerations

- EWR, Inc.'s Board voted to operate the Batch 23 enhancements for at least the first year (2014) for free.
- EWR, Inc. does NOT "validate" the dates in any way.
- EWR, Inc.'s eCotton warehouse and marketing software WILL handle the shipment update transaction.
- Information software vendors NEED to re-program software in order to generate/accept an Update Shipping Order (Batch 23) request, which is posted on the EWR, Inc. website.
- All dates moved through EWR, Inc. using the Update Shipping Order feature will be stored in an audit log.
- Shipment update files can only be transferred if a shipping order or an early shipping order already exists.
- All dates for Batch 23s moved through EWR, Inc. using the Update Shipping Order feature will be stored in an audit log along with the Batch 21 or Batch 31 date.
- **NEW REPORTS FEATURES AVAILABLE FOR USERS OF BATCH 23.**
  - **Shippers** may access (1) "Shipping Order List" and (2) "Shipping Order Detail" reports by warehouse. Shippers may not see other shippers' reports.
  - **Warehouses** may access (1) "Shipping Order List" and (2) "Shipping Order Detail" reports for ALL of the warehouse's shippers.
  - **USDA** may access (1) "Shipping Order List" and (2) "Shipping Order Detail" reports for ALL shippers but only retroactively. This means that warehouse examiner reviews are limited to Batch 23 reports where the date for a warehouse flow report has passed.
- **IMPORTANT DISTINCTION BETWEEN BATCH 23 AND CALENDARS / SCHEDULING TOOLS.**
  - A Batch 23 date **may** appear on a warehouse calendar, if the warehouse uses software that is preset to place accepted load dates on its calendar.
  - Warehouses **may choose not** to modify their software and **not** automatically send Batch 23 dates to their calendars.
  - Instead of relying on Batch 23 dates, a warehouse **may** rely on its calendar's scheduling features as a means of verifying minimum shipping standard compliance.
- **THE UPDATED SHIPPING ORDER FEATURE IS ALREADY OPERATIONAL FOR EVERYONE WHO WANTS TO USE IT.**
  - Warehouses or shippers may deactivate the Batch 23 feature or simply not use it.
  - But deactivating or ignoring the feature **does not prevent:**
    - A warehouse or shipper from sending Batch 23s and
    - The sent Batch 23s from being audited by USDA.