

1 **Foreign Affairs Committee**
2 **Adopted at the 97th Annual Convention**
3 **May 21, 2021**

4
5
6 The Foreign Affairs Committee recommends that ACSA:

- 7
8 1. With respect to contract defaults and contract sanctity:
9 a) strongly recommend that members support efforts by ACSA and other industry
10 organizations to maintain vigilance against and take any action necessary to preempt
11 contract defaults;
12
13 b) commend the rapid response by the International Cotton Association (ICA), Association
14 of Cotton Merchants (ACME), the American Cotton Exporters Association (ACEA), and
15 the World Cotton Exporters Association (WCEA) in addressing threats to sanctity of
16 contracts;
17
18 c) encourage the WCEA, ACEA, and the Committee for International Co-operation Between
19 Cotton Associations (CICCA) to continue the effective practice of issuing default lists to
20 warn fellow exporters of buyers in default;
21
22 d) urge members to consult such lists to help preserve the sanctity of contracts; and,
23
24 e) emphasize the importance that members of ACSA and its affiliates honor the rules and
25 regulations of each respective organization and refrain from selling to parties and their
26 affiliates who are in default, which jeopardizes the ability of parties to resolve outstanding
27 contract disputes;
28
29 2. Work with China Cotton Association (CCA) to urge the Chinese Strategic Reserve to affirm
30 their respect of the ACEA, WCEA & ICA default lists when selling cotton;
31
32 3. Urge CCA to continue its development of a default list to encourage accountability that that
33 enhances contract sanctity;
34
35 4. Continue its dialogue with the U.S. Trade Representative (USTR) to keep them apprised of
36 countries (and buyers) where default situations have occurred and local enforcement of
37 arbitration awards has not been effective;
38
39 5. Urge continuing efforts by Cotton Incorporated (CI), Cotton Council International (CCI), and
40 Supima to deny licenses and technical services to any foreign mill listed on any of the default
41 lists and applaud their work in assuring this policy continues;
42
43 6. With respect to the COVID-19 pandemic, seek public policies and market responses through
44 the cotton and textile supply chain that bolster commercial confidence, promote contract
45 sanctity and provide for the alleviation of losses suffered as a result of market disruptions, such
46 as carrying charges, storage, demurrage, and detention, and market losses due to non-
47 performance from our buyers;

1 **TRADE RULES & TERMS**

- 2
- 3 7. With respect to Green Card Sales:
- 4 a) in view of the recent General Administration of Customs China (GACC) determination
- 5 that mandatory quality and weight tests are no longer required unless specifically required
- 6 by importers, and when so required is a free service, recommend that members include a
- 7 clause in all contracts that states, “Quality is final in accordance with USDA
- 8 classification.”;
- 9
- 10 b) recommend that ACSA members provide in their sales contract for the appointment of
- 11 professional independent third parties as Controllers for cotton weighing, sampling and
- 12 classing on sales to China; and,
- 13
- 14 c) monitor changing procedures embraced by GACC concerning the utility of “stated
- 15 container tare weighing” due to its potential to cause discrepancy and non-compliance to
- 16 ICA Rule 216.3;
- 17
- 18 8. Recommend the continued monitoring of trade sanctions administered by the U.S. Department
- 19 of Commerce, U.S. Customs and Border Protection or other relevant agencies, advising
- 20 members of sanctioned parties and pertinent procedures for commercial activities;
- 21

22 **9. TRADE FLOW AND CONTAMINATION**

- 23
- 24 a) Continue to support NCC policy of “provision to increase cotton flow”;
- 25
- 26 b) Urge NCC/ACSA to continue efforts to reduce contamination on U.S. cotton; and,
- 27
- 28 c) Urge members to report any incidents on contamination on the NCC website,
- 29 reporting PBI and work to develop such technology with NCC and AMS;
- 30

31 **CONTROLLING**

- 32
- 33 10. Encourage members to review new ICA Rules 215-220 on weighing / tare;
- 34
- 35 11. Urge members to insist that buyers provide detailed bale listings when lodging short-bale
- 36 claims, and further noting that failure to provide such listings should disallow all claims
- 37 for short-landed bales for shipments weighed by truck scale;
- 38
- 39 12. Recognizing that many members receive requests to determine landed weight by
- 40 weighbridge/truck scale, and in light of ICA Rule No. 215, urge members to use a written
- 41 conditional agreement similar to the following example in the event they agree to weighbridge
- 42 weighing;
- 43

44 **Written Conditional Agreement Example**

45

46 Weighbridge weighing is agreed under the following conditions:

47

1 Weighing to be conducted at ____ (agreed point of delivery) ____, under the
2 supervision of our controller ____ (name) ____. The scale must hold a calibration
3 certificate issued within the past 12 months. A copy of the scale's calibration
4 certificate must be provided to our controller prior to weighing. Weighing must be
5 conducted by deduction of the actual container tare following full and empty weighing
6 of the container (tare as stated on the container will not be accepted). Results of
7 weighbridge weighing must be reported within 3 working days. Either party may
8 reject weighbridge results within 7 working days from completion of weighing. In the
9 event either party rejects the weighbridge results, the cotton must be weighed bale by
10 bale and weighing must be completed within 28 days of the date of arrival of the
11 cotton. If 100% bale by bale weighing is not completed within 28 days of arrival
12 unless otherwise agreed bales not weighed will be calculated as per ICA Rule 216.2.
13

14 **COTTON COUNCIL INTERNATIONAL**

- 15
- 16 13. Recommend continued financial and program support of Cotton Council International in an
17 effort to enhance the sales of U.S. cotton, while continuing to review ACSA's financial
18 commitments on an annual basis and urge robust participation from members to ensure CCI
19 promotional activities fairly feature our members in all activities;
20
- 21 14. Strongly urge that CCI and Better Cotton Initiative (BCI) continue to closely monitor all
22 recognized associations' default lists and consult immediately with ACSA concerning any
23 mills that may appear on such lists and are being considered for trade team participation
24 sponsored by CCI;
25
- 26 15. Urge the continuation of open communications with Cotton Incorporated and CCI to ensure
27 that information provided to foreign buyers is consistent with the customs and practices of U.S.
28 exporters and that they refrain from making recommendations that contradict the contract
29 terms agreed upon by buyer and seller, and further recommend that CCI advise foreign buyers
30 / sellers, of their legal rights to sell on type and/or to sell on universal description against the
31 arbitration clause specified in their contracts and to further communications with Cotton
32 Incorporated in reference to their EFS Program and use of such programs by the membership
33 of ACSA in selling U.S. cotton to export markets;
34
- 35 16. Recommend collaboration with NCC to eliminate import tariffs and all non-tariff barriers on
36 American cotton exports;
37

38 **GSM**

- 39
- 40 17. Support international assistance and export promotion programs to those countries that need
41 assistance in purchasing U.S. cotton, especially during periods of available surplus,
42 recognizing that such programs are instrumental in maintaining uninterrupted shipments of
43 U.S. cotton to export customers, and further urge that USDA/FAS simplify documentation
44 procedures and requirements and to keep costs reasonable for buyers, and to maintain current
45 tenure levels;
46
47
48

1 **INTERNATIONAL ORGANIZATIONS**

- 2
- 3 18. Recommend that CICCAs educate markets concerning fair trade practices, contract sanctity,
- 4 amicable resolution of commercial disputes, and compliance with arbitration awards, and
- 5 further support CICCAs’s role in the international marketplace as a central voice for the
- 6 resolution of contract defaults;
- 7
- 8 19. Urge continued open communications with the ICA Rules Committee concerning its evolving
- 9 re-examination or amending of various trading rules;
- 10
- 11 20. Urge continued collaboration with the CCA in an effort to bring the ACSA/AMCOT/CCA
- 12 trade rules closer to conforming with international terms utilized by other major buyers and
- 13 sellers from around the world, and further recommend that any changes that should occur to
- 14 the CCA contract and terms be distributed to the membership, so all parties are fully aware of
- 15 such;
- 16
- 17 21. Strongly urge continued open dialogue with ICA in the review and implementation process of
- 18 any and all changes to the rules and contract(s) pertaining to China;
- 19
- 20 22. Recommend the continued monitoring of the GACC import registration system and
- 21 furthermore encourage and support the continuing dialogue between ACSA, USDA-AMS, and
- 22 GACC, in working towards the establishment of a “Designated Testing Cotton Lab” for quality
- 23 appeals; and,
- 24

25 **TRADE ISSUES**

- 26
- 27 23. Urge collaboration with AMCOT and NCC to monitor the new bale packaging regulations set
- 28 forward by GACC in 2014 that have yet to be implemented, and further urge that NCC continue
- 29 holding educational meetings arranged by CCA for the appropriate Chinese authorities to
- 30 further clarify and explain the U.S. Joint Cotton Industry Bale Packaging Committee’s function
- 31 and how bale packaging decisions are made at the gin level in the United States.
- 32

33 Respectfully submitted by:

34 Raymond Faus, Chairman

35 William Barksdale

36 Phil Bogel

37 Eduardo Esteve

38 Fran Jackson

39 Leigh Pell

40 Wesley Rentz

41 Ernst D. Schroeder, Jr.

42 Sebastian Sotomayor

43 Azeez Syed

44 Kim Hanna

45 Mark Pryor

46 Greg Wakefield

- 1 Guests:
- 2 Liz Chandler
- 3 Sam Clay
- 4 Daniel Austin
- 5 Brad Reinhart
- 6 Robert Buckles
- 7 Jens Lukaczik
- 8 Ryan Wright
- 9 Berrye Worsham
- 10 Gretchen Deatherage
- 11 Rachel O'Meara
- 12 David Rossen
- 13 Dale Cougot
- 14 Cathy Greene
- 15 Hannah Kelly
- 16 Joshua Burris
- 17 Jeff Elder
- 18 Michel Symonanis
- 19 Commissioner John Leonard
- 20 John Mitchell
- 21 Peter Bunce
- 22 H. Thomas Hayden, Jr.
- 23 Jeff Johnson
- 24 William H. Jones, III
- 25 Joseph T. Nicosia
- 26 John Gilliland
- 27 Bobby Walton
- 28 John Romines
- 29 Richard L. Clarke, III
- 30 Thomas McMeekin
- 31 Missy Edwards
- 32 Scott Parsons
- 33 Cory Barnes