

1 **Gins, Warehouses, and Domestic Trade Committee**  
2 **Adopted at the 97<sup>th</sup> Annual Convention**  
3 **May 21, 2021**

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6 The Gins, Warehouses, and Domestic Trade Committee recommends that ACSA:

7  
8 **GINS**  
9

- 10 1. Encourage gins to ensure that all packaging is in compliance with methods and materials  
11 approved by the National Cotton Council (NCC) Joint Cotton Industry Bale Packaging  
12 Committee (JCIBPC) for loan eligibility, noting that tie length specifications should be strictly  
13 adhered, to ensure production of only true gin universal density bales (21x55x28), and further  
14 urge that for any experimental packaging, in addition to durability, safety for fire issues and  
15 stacking be considered before approval;  
16
- 17 2. Recommend that gins strictly adhere to the format of the Permanent Bale Identification (PBI)  
18 as outlined by the NCC PBI Task Force, and encourage that PBI tags are --  
19 a) both machine and human readable;  
20  
21 b) prominently displayed and affixed to the bale in a manner, which they cannot be detached  
22 from the bale; and,  
23  
24 c) not placed in the heads of the bales and/or under the bagging as domestic customers cannot  
25 scan the tags in this manner;  
26
- 27 3. Recommend that the PBI Task Force agree on a bale placement location of the tag and require  
28 two separately placed stickers that are bar code readable, and request the NCC to expedite  
29 formation of the JCIBPC subcommittee to review PBI tag standards;  
30
- 31 4. With respect to contamination of cotton, urge producers and gins to make every effort to  
32 prevent contamination by foreign matter prior to and during the ginning process in light of the  
33 damage to the reputation of U.S. cotton both domestically and abroad from escalating  
34 incidences of contamination; encourage gins to maintain product liability insurance;  
35 encourage that physical protection is provided for uncovered bales in transit between the gin  
36 and the warehouse; urge that gins be required to obtain liability insurance to enter cotton into  
37 the Commodity Credit Corporation (CCC) loan; and, furthermore, request the NCC,  
38 producers, gins and manufacturers of round bale harvesters to make special efforts to educate  
39 gins and their employees to minimize contamination;  
40
- 41 5. Strongly urge gins to maintain bale weights at 500 pounds net weight, and further request  
42 EWR, Inc. to compile and provide data for the industry to analyze the distribution of bale  
43 weights;  
44
- 45 6. Urge the CCC to maintain and enforce a maximum bale moisture content level of 7.5%, with  
46 no tolerances, in order for cotton to be eligible for the CCC Loan Program and that the CCC  
47 establish methods of testing for moisture content prior to entry into the Loan Program; and  
48 further urge the CCC to immediately prohibit cotton ginned with any water spray system, for

1 the purpose of adding moisture (weight) that would exceed 7.5%, from entering the CCC Loan  
2 Program;

- 3  
4 7. Recommend that the JCIBPC encourage EWR, Inc. to create fields in the gin/warehouse  
5 profile for gins to accurately and timely report bagging and tare codes prior to ginning and  
6 add visibility on the EWR, Inc. website, and, furthermore, encourage EWR, Inc. to validate  
7 bag and tie codes on warehouse receipts against profile codes;

8  
9 **WAREHOUSES**

10  
11 Based on the NCC’s “Packaging and Distribution” Committee Report, and in accordance with the  
12 recommendations of the NCC’s Cotton Flow Committee:

- 13  
14 1. Require warehouses to:  
15 a) Mandate the use of electronic “Shipping Order Update (EWR Batch 23)” files;  
16  
17 b) Accept “Staging Shipping Orders (EWR Batch 31)” files; and,  
18  
19 c) Respond to shipper generated shipping orders (EWR Batch 21) or Staging Shipping Orders  
20 containing a valid requested shipping date with a Shipping Order Update (EWR Batch 23)  
21 file no later than two business days, in the interest of providing a documented audit trail;  
22  
23 2. Require shipping orders without valid requested shipping dates or a TBA designation to be  
24 flagged and returned to the sender by the provider; and require shipping orders with a TBA  
25 designation to be followed up with Shipping Order Update (EWR Batch 23) file containing a  
26 valid requested shipping date;  
27  
28 3. Request that EWR, Inc. collect and make available to USDA relevant shipping order  
29 information for the purposes of automating the weekly reporting of BMAS shipping orders,  
30 and ask EWR, Inc. to:  
31 a) Serve as a portal/clearinghouse for data related to the scheduling and confirmation of  
32 shipping dates;  
33  
34 b) Maintain all historical data for the purpose of facilitating USDA audits;  
35  
36 c) Provide a standard format to the industry for reporting said data; and,  
37  
38 d) Require that the locator ID be populated by the warehouses on the electronic warehouse  
39 receipt when created;  
40  
41 4. Urge industry compliance with the minimum shipping standard – which is to make bales  
42 available for shipment (BMAS) of 4.5% per week of “CCC approved storage capacity” in  
43 effect during the relevant week of shipment by:  
44 a) Using a two-week moving average to calculate BMAS;  
45  
46 b) Allowing “Bales Not Picked Up” (BNPU) to be counted for only one reporting period,  
47 where:  
48 i. New PBI/Mark combinations, not already counted in a previous week as made ready  
49 within a defined period, equals bales shipped plus BNPU;

- 1           ii.    BNPU will be only reported one time during that defined period;  
2           iii.   PBI/mark combinations will be reported to EWR, Inc. in the weekly cotton flow  
3           report; and,  
4           iv.    For purposes of determining compliance, the BMAS calculation shall be based on a  
5           two-week rolling average;  
6
- 7 5. Urge creation of a new software program to process unreceipted bale data through the BMAS  
8 reporting system, similar to what is done for receipted bales, noting that as work towards the  
9 most cost-efficient solution that does not include ongoing costs to warehouses and ensures  
10 weekly submissions for unreceipted and receipted bales are separately reported, understanding  
11 a goal of full transparency is needed;  
12
- 13 6. Urge the NCC to remain fervent in the advocacy for, and verification of, the inclusion, in its  
14 entirety of substance, of the four immediately preceding Warehouse Policy recommendations  
15 (Points 1-5) in the appropriate instrument(s) of USDA-governing documentation or  
16 agreements, and, furthermore, support ongoing efforts to extend the duration of the Cotton  
17 Marketing Assistance Loan, the associated storage credits, and increases in the storage rate  
18 used to calculate storage credits;  
19
- 20 7. Noting that important questions about enforcement and penalties have been discussed in  
21 previous NCC committee meetings, without the development of a consensus position,  
22 recognize and endorse the NCC Cotton Flow Working Group as the most appropriate group to  
23 handle these issues;  
24
- 25 8. Continue to endorse the evolution of the U.S. cotton warehouse system from the antiquated  
26 storage-based system of operation to a service-based system of operation, in which the most  
27 efficient warehouses will be the most successful;  
28
- 29 9. Urge USDA to have uniform warehouse compliance agreements throughout the U.S.  
30 cotton industry;  
31
- 32 10. Recommend that, as a part of the Cotton Storage Agreement, USDA require all  
33 warehouses to –  
34 a) be certified to authorize the issuance of phytosanitary certificates; and  
35  
36 b) have a compliance agreement with USDA for the performance of phytosanitary  
37 inspections;  
38
- 39 11. Urge that warehouses meet USDA-PPQ phytosanitary standards and include the  
40 compliance certificate in their tariff along with the expiration date, recommend that  
41 warehouses specify their required process for requesting phytosanitary applications in  
42 their tariff; strongly suggest that each adapt to electronic application processing and  
43 submission; encourage streamlining of the process and issuance of phytosanitary  
44 documents, and its acceptance by foreign entities and/or government;  
45
- 46 12. Urge USDA to utilize electronic filing, processing, signature, and response for the  
47 phytosanitary certificate, and to provide adequate staff and resources to stay current to  
48 prevent any backlog of issuance of phytosanitary certificates;

- 1 13. Recommend one storage location for each single CCC licensed code, and, recognizing  
2 NCC's creation of a working group established in resolution #34 of their Packaging and  
3 Distribution Committee report, recommend swift action to resolve this matter in both federal  
4 and state licensed warehouses;  
5
- 6 14. Recommend that warehouses discontinue the use of outside storage and that USDA monitor  
7 and limit the practice, acknowledging that failure to discourage this practice at locations noted  
8 for continual overflow creates a disincentive to build additional warehouse space, and urge  
9 USDA not to approve bale packaging materials for the outside storage of loan or CCC owned  
10 cotton until such materials have been approved by the JCIBPC pursuant to strict and objective  
11 testing procedures encompassing all possible weather conditions;  
12
- 13 15. As the COVID-19 pandemic continues along with global supply chain disruptions, recommend  
14 all warehouses waive penalties for the following:  
15 a) Cancellation of shipping order;  
16  
17 b) Change of shipping order;  
18  
19 c) Restocking fees;  
20  
21 d) Late pick-up fees; and,  
22  
23 e) Early pick-up fees;  
24
- 25 16. Recommend warehouses to inspect all bales prior to issuing an electronic warehouse receipt,  
26 in order to ensure that the bale is a Grade A bale, which has the integrity of the bale intact,  
27 including covered sample holes, and is clean and free of oil, dirt and pests; further, encourage  
28 warehouses to maintain experienced and trained personnel who are able to recognize Grade A  
29 bale conditions, noting that in the event personnel recognize non-Grade A bales, damaged,  
30 wet or moldy bales, then the warehouse should notify the shipper if the bale is under a shipping  
31 or staging order, or the depositor of the bale, if the bale is not yet under a shipping or staging  
32 order;  
33
- 34 17. Strongly urge all warehouses to inspect all bales as if a phytosanitary certificate is needed  
35 noting a growing practice of bales being sold in transit, such that if no phytosanitary inspection  
36 was performed then the list of countries where the bales may be sold is limited, whereas if all  
37 bales are inspected by the warehouses, then "tailgate" inspections at the ports, which are  
38 extremely costly to cotton shippers, may be reduced or eliminated;  
39
- 40 18. Recommend warehouses have sufficient personnel to operate during all normal business hours  
41 Monday through Friday, recognizing the critical and essential designation of agriculture and  
42 specifically the cotton supply chain including warehouses, which are subject to the hours or  
43 operation clause of the Cotton Storage Agreement;  
44
- 45 19. Propose a process whereby shippers issue claims to the shipping warehouses for damaged  
46 bales, whenever there is clear, photographic evidence of damages from a neutral  
47 surveyor/controller;  
48
- 49 20. Urge warehouses to carefully comply with the "Hours of Operations" requirements stipulated

1 in the Cotton Storage Agreement (CSA), and, further, encourage warehouses to publish  
2 scheduled closures and hours of operation that comply with specified requirements in their  
3 tariffs;

- 4
- 5 21. Recommend the establishment of uniform terms and formatting in all warehouse tariffs for  
6 both published and CCC tariff;  
7
- 8 22. Seek further discussion with the warehouse segment concerning fees for late pickup of cotton,  
9 recommending that warehouses –
- 10 a) Not assess charges for order changes when the cotton has not been broken out for loading;  
11
- 12 b) Adopt loading procedures which will assure carriers are loaded within two hours of arrival  
13 and accept responsibility for detention if delays in loading are incurred during hours of  
14 service;  
15
- 16 c) Not exceed the industry ratified standard for late pickup charges and that they adhere to  
17 the 48-hour window before executing the charge;  
18
- 19 d) Invoice non-standard tariff charges, such as late pickup charges and early shipping order  
20 (ESO) fees, as separate line items from standard tariff charges (receiving, classing,  
21 storage, load/out/shipping, compression);  
22
- 23 23. Keeping in mind that any increase in tariff charges will ultimately affect the price the farmer  
24 receives, as well as negatively impact the competitiveness of U.S. cotton in the world market,  
25 urge that non-warehousing charges such as Texas Boll Weevil Maintenance fees, not be  
26 included in tariff charges;  
27
- 28 24. Request that the FSA Warehouse License and Compliance Branch take appropriate action to  
29 assure that all CCC licensed warehouses are in compliance with the U.S. Warehouse Act  
30 regulations and provisions of their published tariffs and recommend that members notify  
31 USDA whenever violations occur;  
32
- 33 25. Urge warehouses to –
- 34 a) Comply with CCC regulations regarding canceling electronic warehouse receipts within  
35 24 hours, or one business day, after shipment of cotton;  
36
- 37 b) Notify the shipper of loading on to the truck within 24 hours, via EWR, Inc., including  
38 load details, bale numbers mark, trailer / railcar / container number and seal number; and,  
39
- 40 c) Provide and affix their seal in accordance with regulatory guidelines to loaded trailers,  
41 railcars, or containers;  
42
- 43 26. Convene a working group in conjunction with Cotton Warehouse Association of America  
44 (CWAA) to modernize the ACSA/CWAA Agreement;  
45
- 46 27. Urge cotton warehouses to maintain adequate records regarding arrival and departure of  
47 carriers that include printed legible driver's name and trucking company name, and encourage  
48 such information to be recorded and maintained within EWR, Inc. and/or warehouse software;  
49

- 1 28. Recommend that warehouses ensure that the amount of insurance coverage provided will at  
2 all times be in an amount and scope adequate to fully cover the interests of the holders of  
3 EWRs;  
4
- 5 29. Seek an industry policy in which –  
6 a) Warehouses are permitted to alter licensed capacity only once per year;  
7  
8 b) The fee charged to warehouses for the change is significantly increased; and,  
9 Current abusers start the season with a very low licensed capacity, which enable the  
10 warehouses to avoid shipping cotton earlier in the season, and in which the same abusers  
11 pay nominal fees each time to raise the capacity to more realistic levels later in the season;  
12
- 13 30. Strongly request that warehouses be prohibited from establishing their initial licensed  
14 capacity each year at a level that is below the 5-year Olympic average of the highest amount  
15 of inventory on hand each year;  
16

### 17 **SHIPPERS**

- 18
- 19 1. Acknowledge that shippers–  
20 a) Are responsible for the performance of their vendors and recommend that they develop a  
21 monitoring program of their performance; and,  
22  
23 b) Should establish and maintain clear lines of communication with warehouses,  
24 transportation companies, and customers and should assume the responsibility as the  
25 focal point of information between all entities;  
26
- 27 2. Strongly oppose state or federal legislation that impedes the marketability of cotton or which  
28 requires the bonding and/or licensing of cotton merchants as the cost of administering such  
29 requirements would be charged to the cost of handling cotton and result in reduced producer  
30 income;  
31

### 32 **DOMESTIC AFFAIRS**

- 33
- 34 1. Urge members to use Southern Mill Rules in their domestic contracts;  
35
- 36 2. Meet with AMCOT to discuss the possibility of engaging the NCTO Fiber Committee to  
37 consider the return to an annual or bi-annual review and updating of the Southern Mill Rules  
38 including the Pima rules section, noting that such Rules were last ratified and updated in 2004;  
39
- 40 3. Urge mills to have sufficient personnel readily available for scheduling and verifying  
41 deliveries;  
42
- 43 4. Request mills to be aware of the Hours of Service Regulations for truckers which may  
44 drastically impact their costs and service for cotton deliveries, and to review and if necessary,  
45 expand their receiving hours;  
46
- 47 5. Request that mills give ample notice to shippers in regard to mill shutdowns or any changes  
48 in appointments or destination and pay shippers for any additional costs incurred due to  
49 appointment changes;

- 1  
2 6. Remind mills that they are required to return any rejected bales to the shipper in merchantable  
3 condition including patching any tears or sample holes, noting further that any rejected bales  
4 should be returned with proper identification, such as shippers mark, all tags, and especially  
5 PBI number; and,  
6  
7 7. Urge members to utilize ACSA arbitration apart from any trade rules stipulated.  
8  
9

10 Respectfully submitted by:

11 H. Thomas Hayden, Jr., Chairman  
12 Amy Bain  
13 Cory Barnes  
14 Sam Clay  
15 Keith Elzie  
16 Mark Frasier  
17 John Romines  
18 John Stevens  
19 Anthony Wills  
20 Linda Davis  
21 Charles Garner  
22 Lori Myers  
23 Adam Rekerdres  
24 Bragg Smith  
25

26 Guests:

27 Brett Anderhub  
28 John Mitchell  
29 Lauren Krogman  
30 Tom McCune  
31 Shane Clausen  
32 Joe Wyrick  
33 Byron Cole  
34 Richard Mallory  
35 Joshua Burris  
36 Michael Morawski  
37 Krista Rickman  
38 Dale Cougot  
39 Bill Turner  
40 Logan  
41 Liz Chandler  
42 Neil Woods  
43 Shane Clausen  
44 Jake Considine  
45 Jeff Johnson  
46 Leigh Pell  
47 William H. Jones, III  
48 Jordan Lea  
49 Raymond Faus

- 1 John Gilliland
- 2 Joseph T. Nicosia
- 3 William Barksdale
- 4 Azeez Syed
- 5 Bobby Walton
- 6 Scott Parsons
- 7 Thomas McMeekin
- 8 Eduardo Esteve
- 9 Ernst D. Schroeder, Jr.
- 10 Richard L. Clarke, III
- 11 Jeff Elder