

1 **Foreign Affairs Committee**
2 **Adopted at the 98th Annual Convention**
3 **June 24, 2022**

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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 and ICA default lists when selling cotton;
31
32 3. Urge CCA to continue its development of a default list to encourage accountability that
33 enhances contract sanctity;
34
35 4. Continue its dialogue with the U.S. Trade Representative (USTR) to keep U.S. negotiators
36 apprised of countries (and buyers) where default situations have occurred and local
37 enforcement of arbitration awards has not been effective; further, encourage the development
38 of a USTR maintained list of defaulters with unfulfilled obligations;
39
40 5. Urge continuing efforts by Cotton Incorporated (CI), Cotton Council International (CCI), and
41 Supima to deny licenses and technical services to any foreign mill listed on any of the default
42 lists and applaud their work in assuring this policy continues;
43
44 6. With respect to the COVID-19 pandemic, seek public policies and market responses through
45 the cotton and textile supply chain that bolster commercial confidence, promote contract
46 sanctity and provide for the alleviation of losses suffered as a result of market disruptions, such
47 as carrying charges, storage, demurrage, and detention, and market losses due to non-
48 performance from buyers;
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1 **TRADE RULES & TERMS**

- 2
- 3 7. With respect to Green Card Sales, monitor changing procedures embraced by the General
- 4 Administration of Customs China (GACC) concerning the utility of “stated container tare
- 5 weighing” due to its potential to cause discrepancy and non-compliance to ICA Rule 216.3;
- 6
- 7 8. Recommend the continued monitoring of trade sanctions administered by the U.S. Department
- 8 of Commerce, U.S. Customs and Border Protection (CBP) or other relevant agencies, advising
- 9 members of sanctioned parties and pertinent procedures for commercial activities;
- 10
- 11 9. Urge CBP to accept a Permanent Bale Identification (PBI) as sufficient proof of U.S. origin
- 12 for a bale of cotton, and further urge CBP to collaborate directly with the USDA to affirm the
- 13 veracity of PBI information in a timely manner;
- 14

15 **CONTROLLING**

- 16
- 17 10. Encourage members to review ICA Rules 215-220 on weighing / tare, 222-224 on sampling,
- 18 and 227-232 on claims;
- 19
- 20 11. Urge members to insist that buyers provide detailed bale listings when lodging short-bale
- 21 claims, and further noting that failure to provide such listings should disallow all claims
- 22 for short-landed bales for shipments weighed by truck scale;
- 23
- 24 12. Recognizing that many members receive requests to determine landed weight by
- 25 weighbridge/truck scale, and in light of ICA Rule No. 215, urge members to use a written
- 26 conditional agreement similar to the following example in the event they agree to weighbridge
- 27 weighing;
- 28

29 **Written Conditional Agreement Example**

30 Weighbridge weighing is agreed under the following conditions:

31 Weighing to be conducted at ___(agreed point of delivery)___, under the

32 supervision of our controller ___(name)___ . The scale must hold a calibration

33 certificate issued within the past 12 months. A copy of the scale’s calibration

34 certificate must be provided to our controller prior to weighing. Weighing must be

35 conducted by deduction of the actual container tare following full and empty weighing

36 of the container (tare as stated on the container will not be accepted). Results of

37 weighbridge weighing must be reported within 3 working days. Either party may

38 reject weighbridge results within 7 working days from completion of weighing. In the

39 event either party rejects the weighbridge results, the cotton must be weighed bale by

40 bale and weighing must be completed within 28 days of the date of arrival of the

41 cotton. If 100% bale by bale weighing is not completed within 28 days of arrival

42 unless otherwise agreed bales not weighed will be calculated as per ICA Rule 216.2.

43

44 **COTTON COUNCIL INTERNATIONAL**

- 45
- 46 13. Recommend continued financial and program support of CCI in an effort to enhance the sales
- 47 of U.S. cotton, while continuing to review ACSA’s financial commitments on an annual basis
- 48 and urge robust participation from members to ensure CCI promotional activities fairly feature
- 49 ACSA members in all activities;
- 50

- 1 14. Strongly urge that CCI, ~~and~~ Better Cotton Initiative (BCI), U.S. Cotton Trust Protocol, and
2 Supima continue to closely monitor all recognized associations' default lists and consult
3 immediately with ACSA concerning any mills that may appear on such lists and are being
4 considered for trade team participation sponsored by CCI;
5
- 6 15. Urge the continuation of open communications with CI and CCI to ensure that information
7 provided to foreign buyers is consistent with the customs and practices of U.S. exporters and
8 that they refrain from making recommendations that contradict the contract terms agreed upon
9 by buyer and seller, and further recommend that CCI advise foreign buyers / sellers, of their
10 legal rights to sell on type and/or to sell on universal description against the arbitration clause
11 specified in their contracts and to further communications with CI in reference to their EFS
12 Program and use of such programs by the membership of ACSA in selling U.S. cotton to export
13 markets;
14
- 15 16. Recommend collaboration with the National Cotton Council (NCC) to eliminate import tariffs
16 and all non-tariff barriers on U.S. cotton exports;
17

18 **USDA Export Credit Guarantee Program (GSM-102)**

19

- 20 17. Support international assistance and export promotion programs to those countries that need
21 assistance in purchasing U.S. cotton, especially during periods of available surplus,
22 recognizing that such programs are instrumental in maintaining uninterrupted shipments of
23 U.S. cotton to export customers, and further urge that USDA-Foreign Agricultural Service
24 simplify documentation procedures and requirements and to keep costs reasonable for buyers,
25 and to maintain current tenure levels;
26

27 **INTERNATIONAL ORGANIZATIONS**

28

- 29 18. Recommend that the Committee for International Co-operation Between Cotton Associations
30 (CICCA) educate markets concerning fair trade practices, contract sanctity, amicable
31 resolution of commercial disputes, and compliance with arbitration awards, and further support
32 CICCA's role in the international marketplace as a central voice for the resolution of contract
33 defaults;
34
- 35 19. Urge continued open communications with the ICA Rules Committee concerning its evolving
36 re-examination or amending of various trading rules;
37
- 38 20. Urge continued collaboration with the CCA in an effort to bring the ACSA/AMCOT/CCA
39 trade rules closer to conforming with international terms utilized by other major buyers and
40 sellers from around the world, and further recommend that any changes that should occur to
41 the CCA contract and terms be distributed to the membership, so all parties are fully aware of
42 such;
43
- 44 21. Strongly urge continued open dialogue with ICA in the review and implementation process of
45 any and all changes to the rules and contract(s) pertaining to China;
46
- 47 22. Recommend the continued monitoring of the GACC import registration system and
48 furthermore encourage and support the continuing dialogue between ACSA, USDA-
49 Agriculture Marketing Service, and GACC, in working towards the establishment of a
50 "Designated Testing Cotton Lab" for quality appeals; and,

1 **TRADE ISSUES**

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