

Foreign Affairs Committee
Adopted at the 99th Annual Convention
June 16, 2023

The Foreign Affairs Committee recommends that ACSA:

1. With respect to contract defaults and contract sanctity:
 - a) strongly recommend that members support efforts by ACSA and other industry organizations to maintain vigilance against and take any action necessary to preempt contract defaults;
 - b) commend the rapid response by the International Cotton Association (ICA), Association of Cotton Merchants (ACME), the American Cotton Exporters Association (ACEA), and the World Cotton Exporters Association (WCEA) in addressing threats to sanctity of contracts;
 - c) encourage the WCEA, ACEA, and the Committee for International Co-operation Between Cotton Associations (CICCA) to continue the effective practice of issuing default lists to warn fellow exporters of buyers in default;
 - d) urge members to consult such lists to help preserve the sanctity of contracts; and,
 - e) emphasize the importance that members of ACSA and its affiliates honor the rules and regulations of each respective organization and refrain from selling to parties and their affiliates who are in default, which jeopardizes the ability of parties to resolve outstanding contract disputes;
2. Work with China Cotton Association (CCA) to urge the Chinese Strategic Reserve to affirm their respect of the ACEA, WCEA and ICA default lists when selling cotton;
3. Urge CCA to continue its development of a default list to encourage accountability that enhances contract sanctity;
4. Continue its dialogue with the U.S. Trade Representative (USTR) to keep U.S. negotiators apprised of countries (and buyers) where default situations have occurred and local enforcement of arbitration awards has not been effective; further, encourage the development of a USTR maintained list of defaulters with unfulfilled obligations;
5. Engage the USTR, the U.S. Department of Agriculture, and other government agencies to find a resolution to the lack of liquidity in U.S. dollars that are required to get performance on existing contracts;
6. Urge continuing efforts by Cotton Incorporated (CI), Cotton Council International (CCI), and 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;
7. With respect to supply chain and market disruptions, seek public policies and market responses through the cotton and textile supply chain that bolster commercial confidence, promote contract sanctity and provide for the alleviation of losses suffered as a result of market

1 disruptions, such as carrying charges, storage, demurrage, and detention, and market losses
2 due to non-performance from buyers;

3 4 **TRADE RULES & TERMS**

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6 8. With respect to Green Card Sales, monitor changing procedures embraced by the General
7 Administration of Customs China (GACC) concerning the utility of “stated container tare
8 weighing” due to its potential to cause discrepancy and non-compliance to ICA Rule 216.3;
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10 9. Recommend the continued monitoring of trade sanctions administered by the U.S. Department
11 of Commerce, U.S. Customs and Border Protection (CBP) or other relevant agencies, advising
12 members of sanctioned parties and pertinent procedures for commercial activities;
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14 10. Urge CBP to accept a Permanent Bale Identification (PBI) as sufficient proof of U.S. origin
15 for a bale of cotton, and further urge CBP to collaborate directly with the USDA to affirm the
16 veracity of PBI information in a timely manner;
17

18 **CONTROLLING**

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20 11. Encourage members to review ICA Rules 215-220 on weighing / tare, 222-224 on sampling,
21 and 227-232 on claims;
22
23 12. Urge members to insist that buyers provide detailed bale listings when lodging short-bale
24 claims, and further noting that failure to provide such listings should disallow all claims
25 for short-landed bales for shipments weighed by truck scale;
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27 13. Recognizing that many members receive requests to determine landed weight by
28 weighbridge/truck scale, and in light of ICA Rule No. 215, urge members to use a written
29 conditional agreement similar to the following example in the event they agree to weighbridge
30 weighing;
31

32 **Written Conditional Agreement Example**

33 Weighbridge weighing is agreed under the following conditions:

34 Weighing to be conducted at ____ (agreed point of delivery) ____, under the
35 supervision of our controller ____ (name) _____. The scale must hold a calibration
36 certificate issued within the past 12 months. A copy of the scale’s calibration
37 certificate must be provided to our controller prior to weighing. Weighing must be
38 conducted by deduction of the actual container tare following full and empty weighing
39 of the container (tare as stated on the container will not be accepted). Results of
40 weighbridge weighing must be reported within 3 working days. Either party may
41 reject weighbridge results within 7 working days from completion of weighing. In the
42 event either party rejects the weighbridge results, the cotton must be weighed bale by
43 bale and weighing must be completed within 28 days of the date of arrival of the
44 cotton. If 100% bale by bale weighing is not completed within 28 days of arrival
45 unless otherwise agreed bales not weighed will be calculated as per ICA Rule 216.2.
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47 **COTTON COUNCIL INTERNATIONAL**

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49 14. Recommend continued financial and program support of CCI in an effort to enhance the sales
50 of U.S. cotton, while continuing to review ACSA’s financial commitments on an annual basis

1 and urge robust participation from members to ensure CCI promotional activities fairly feature
2 ACSA members in all activities;
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4 15. Strongly urge that CCI, Better Cotton Initiative (BCI), U.S. Cotton Trust Protocol, and Supima
5 continue to closely monitor all recognized associations' default lists and consult immediately
6 with ACSA concerning any mills that may appear on such lists and are being considered for
7 trade team participation sponsored by CCI;
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9 16. Urge the continuation of open communications with CI and CCI to ensure that information
10 provided to foreign buyers is consistent with the customs and practices of U.S. exporters and
11 that they refrain from making recommendations that contradict the contract terms agreed upon
12 by buyer and seller, and further recommend that CCI advise foreign buyers / sellers, of their
13 legal rights to sell on type and/or to sell on universal description against the arbitration clause
14 specified in their contracts and to further communications with CI in reference to their EFS
15 Program and use of such programs by the membership of ACSA in selling U.S. cotton to export
16 markets;
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18 17. Recommend collaboration with the National Cotton Council (NCC) to eliminate import tariffs
19 and all non-tariff barriers on U.S. cotton exports;
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21 **USDA Export Credit Guarantee Program (GSM-102)**

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23 18. Support international assistance and export promotion programs to those countries that need
24 assistance in purchasing U.S. cotton, especially during periods of available surplus,
25 recognizing that such programs are instrumental in maintaining uninterrupted shipments of
26 U.S. cotton to export customers, and further urge that USDA-Foreign Agricultural Service
27 simplify documentation procedures and requirements and to keep costs reasonable for buyers,
28 and to maintain current tenure levels;
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30 19. Urge USDA to increase funding for the GSM-102 program to a level of \$5 billion or greater
31 and expand the availability of the program to a broader network of financial institutions and
32 eligible markets;
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34 **INTERNATIONAL ORGANIZATIONS**

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36 20. Recommend that the Committee for International Co-operation Between Cotton Associations
37 (CICCA) educate markets concerning fair trade practices, contract sanctity, amicable
38 resolution of commercial disputes, and compliance with arbitration awards, and further support
39 CICCA's role in the international marketplace as a central voice for the resolution of contract
40 defaults;
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42 21. Urge continued open communications with the ICA Rules Committee concerning its evolving
43 re-examination or amending of various trading rules;
44

45 22. Urge continued collaboration with the CCA in an effort to bring the ACSA/AMCOT/CCA
46 trade rules closer to conforming with international terms utilized by other major buyers and
47 sellers from around the world, and further recommend that any changes that should occur to
48 the CCA contract and terms be distributed to the membership, so all parties are fully aware of
49 such;
50

- 1 23. Strongly urge continued open dialogue with ICA in the review and implementation process of
2 any and all changes to the rules and contract(s) pertaining to China;
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4 24. Oppose ICA rules addressing carry charges or late shipment penalties, as we believe these
5 subjects should be a matter of contract between commercial parties;
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7 25. Recommend the continued monitoring of the GACC import registration system and
8 furthermore encourage and support the continuing dialogue between ACSA, USDA-
9 Agriculture Marketing Service, and GACC, in working towards the establishment of a
10 “Designated Testing Cotton Lab” for quality appeals; and,
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12 **TRADE ISSUES**
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- 14 26. Urge collaboration with AMCOT and NCC to monitor the new bale packaging regulations set
15 forward by GACC in 2014 that have yet to be implemented, and further urge that NCC continue
16 holding educational meetings arranged by CCA for the appropriate Chinese authorities to
17 further clarify and explain the U.S. Joint Cotton Industry Bale Packaging Committee’s function
18 and how bale packaging decisions are made at the gin level in the United States.