

**Gins, Warehouses, and Domestic Trade Committee**  
**Adopted at the 99<sup>th</sup> Annual Convention**  
**June 16, 2023**

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

**GINS**

1. Encourage gins to ensure that all packaging is in compliance with methods and materials approved by the National Cotton Council (NCC) Joint Cotton Industry Bale Packaging Committee (JCIBPC) for loan eligibility, noting that tie length specifications should be strictly adhered, to ensure production of only true gin universal density bales (21x55x28), and further urge that for any experimental packaging, in addition to durability, safety for fire issues and stacking be considered before approval;
2. Recommend that gins strictly adhere to the format of the Permanent Bale Identification (PBI) as outlined by the NCC PBI Task Force, and encourage that PBI tags are:
  - a) Both machine and human readable;
  - b) Prominently displayed and affixed to the bale in a manner that prevents their detachment from the bale; and,
  - c) Not placed in the heads of the bales and/or under the bagging, since domestic customers cannot scan tags placed in such manner;
3. With respect to contamination of cotton:
  - a) Urge producers and gins to make every effort to prevent contamination by foreign matter prior to and during the ginning process in light of the damage to the reputation of U.S. cotton both domestically and abroad from escalating incidences of contamination;
  - b) Encourage gins to maintain product liability insurance;
  - c) Encourage that physical protection be provided for uncovered bales in transit between the gin and the warehouse;
  - d) Urge that gins be required to obtain liability insurance to enter cotton into the Commodity Credit Corporation (CCC) loan;
  - e) Request the NCC, producers, gins, and manufacturers of round bale harvesters to make special efforts to educate gins and their employees to minimize contamination;
  - f) Fervently seek to develop new solutions to eliminate contamination by utilizing emerging technology; and
  - g) Support JCIBPC's creation of standards and compliance measurements regarding module wrap;

4. Strongly urge gins to maintain bale weights at five hundred (500) pounds net weight, and further request EWR, Inc. to compile and provide data for the industry to analyze the distribution of bale weights;
5. Urge the CCC to maintain and enforce a maximum bale moisture content level of 7.5%, with no tolerances, in order for cotton to be eligible for the CCC Loan Program and that the CCC establish methods of testing for moisture content prior to entry into the Loan Program; and further urge the CCC to immediately prohibit cotton ginned with any water spray system for the purpose of adding moisture (weight) that would exceed 7.5%, from entering the CCC Loan Program; and
6. Recommend that the JCIBPC encourage EWR, Inc. to create fields in the gin/warehouse profile for gins to accurately and timely report bagging and tare codes prior to ginning and add visibility on the EWR, Inc. website, and, furthermore, encourage EWR, Inc. to validate bag and tie codes on warehouse receipts against profile codes;

## **WAREHOUSES**

Based on the NCC's "Packaging and Distribution" Committee Report, and in accordance with the recommendations of the NCC's Cotton Flow Committee:

1. Require warehouses to:
  - a) Mandate the use of electronic "Shipping Order Update (EWR Batch 23)" files;
  - b) Accept "Staging Shipping Orders (EWR Batch 31)" files; and,
  - c) Respond to shipper generated shipping orders (EWR Batch 21) or Staging Shipping Orders containing a valid requested shipping date with a Shipping Order Update (EWR Batch 23) file no later than two (2) business days, in the interest of providing a documented audit trail;
2. Urge the U.S. Department of Agriculture (USDA) to initiate a non-complaint driven auditing system to audit compliance of warehouses and shippers regarding the Minimum Shipping Standard and related regulatory policies;
3. Require shipping orders without valid requested shipping dates or a TBA designation to be flagged and returned to the sender by the provider; and require shipping orders with a TBA designation to be followed up with Shipping Order Update (EWR Batch 23) file containing a valid requested shipping date;
4. Request that EWR, Inc. collect and make available to the USDA relevant shipping order information for the purposes of automating the weekly reporting of Bales Made Available for Shipment (BMAS) shipping orders, and ask EWR, Inc. to:
  - a) Serve as a portal/clearinghouse for data related to the scheduling and confirmation of shipping dates;
  - b) Maintain all historical data for the purpose of facilitating USDA audits;

- c) Provide a standard format to the industry for reporting said data; and,
- d) Require that the locator ID be populated by the warehouses on the electronic warehouse receipt when created;
5. Urge industry compliance with the minimum shipping standard – which is to make bales available for shipment (BMAS) of 4.5% per week of “CCC approved storage capacity” in effect during the relevant week of shipment by:
  - a) Using a two-week moving average to calculate BMAS; and
  - b) Allowing “Bales Not Picked Up” (BNPU) to be counted for only one reporting period, where:
    - i. New PBI/mark combinations, not already counted in a previous week as made ready within a defined period, equals bales shipped plus BNPU;
    - ii. BNPU will be only reported one time during that defined period;
    - iii. PBI/mark combinations will be reported to EWR, Inc. in the weekly cotton flow report; and,
    - iv. For purposes of determining compliance, the BMAS calculation shall be based on a two-week rolling average;
6. Require warehouses to be responsible for affixing and documenting the bolt seal and bolt seal numbers in the EWR system;
7. Noting that important questions about enforcement and penalties have been discussed in previous NCC committee meetings, without the development of a consensus position, recognize and endorse the NCC Cotton Flow Working Group as the most appropriate group to handle these issues;
8. Continue to endorse the evolution of the U.S. cotton warehouse system from the antiquated storage-based system of operation to a service-based system of operation, in which the most efficient warehouses will be the most successful;
9. Urge the USDA to enter into uniform warehouse compliance agreements throughout the U.S. cotton industry;
10. Recommend that, as a part of the Cotton Storage Agreement (CSA), the USDA require all warehouses to:
  - a) Be certified to authorize the issuance of phytosanitary certificates; and
  - b) Have a compliance agreement with the USDA for the performance of phytosanitary inspections;
11. Urge that warehouses meet USDA-Animal Plant Health Inspection Service phytosanitary standards and include the compliance certificate in their tariff along with the expiration date; recommend that warehouses specify their required process for requesting phytosanitary applications in their tariff; strongly suggest that each adapt to electronic application processing and submission; and encourage streamlining of the process and issuance of phytosanitary

- documents and their acceptance by foreign entities and/or government;
12. Urge the USDA to utilize electronic filing, processing, signature, and response for the phytosanitary certificate, and to provide adequate staff and resources to stay current to prevent any backlog of issuance of phytosanitary certificates;
13. Recommend that warehouses discontinue the use of outside storage and that the USDA monitor and limit the practice, acknowledging that failure to discourage this practice at locations noted for continual overflow creates a disincentive to build additional warehouse space, and urge the USDA not to approve bale packaging materials for the outside storage of loan or CCC owned cotton until such materials have been approved by the JCIBPC pursuant to strict and objective testing procedures encompassing all possible weather conditions;
14. Recommend segments of the cotton industry that handle baled cotton should provide staff training as outlined in the NCC document “A Guide for Cotton Bale Standards,” and further recommend that the holder or depositor of a bale be notified when such bale fails to meet the recommended standard described therein;
15. Strongly urge all warehouses to inspect all bales as if a phytosanitary certificate is needed, noting a growing practice of bales being sold in transit, such that if no phytosanitary inspection has been performed then the list of countries where such bales may be sold is limited, whereas if all bales are inspected by the warehouses, then “tailgate” inspections at the ports, which are extremely costly to cotton shippers, may be reduced or eliminated;
16. Propose a process whereby shippers issue claims to the shipping warehouses for damaged bales, whenever there is clear, photographic evidence of damages from a neutral survey or/controller;
17. Urge warehouses to carefully comply with the “Hours of Operations” requirements stipulated in the CSA, and, further, encourage warehouses to publish scheduled closures and hours of operation that comply with specified requirements in their tariffs;
18. Recommend the establishment of uniform terms and formatting in all warehouse tariffs for both published and CCC tariff;
19. Seek further discussion with the warehouse segment concerning fees for late pickup of cotton, recommending that warehouses:
- a) Not assess charges for order changes when the cotton has not been broken out for loading;
  - b) Adopt loading procedures which will assure carriers are loaded within two hours of arrival and accept responsibility for detention if delays in loading are incurred during hours of service;
  - c) Not exceed the industry ratified standard for late pickup charges and that they adhere to the forty-eight (48) hour window before executing the charge; and,
  - d) Invoice non-standard tariff charges, such as late pickup charges and early shipping order (ESO) fees, as separate line items from standard tariff charges (such as receiving, classing,

- 1 storage, load/out/shipping, compression);
- 2
- 3 16. Keeping in mind that any increase in tariff charges will ultimately affect the price the farmer
- 4 receives, as well as negatively impact the competitiveness of U.S. cotton in the world market,
- 5 urge that non-warehousing charges such as Texas Boll Weevil Maintenance fees, not be
- 6 included in tariff charges;
- 7
- 8 17. Request that the USDA-Agricultural Marketing Service take appropriate action to assure that
- 9 all CCC licensed warehouses are in compliance with the U.S. Warehouse Act regulations and
- 10 provisions of their published tariffs and recommend that members notify the USDA whenever
- 11 violations occur;
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- 13 18. Urge warehouses to:
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- 15 a) Comply with CCC regulations regarding canceling electronic warehouse receipts within
- 16 twenty-four (24) hours, or one (1) business day, after shipment of cotton;
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- 18 b) Notify the shipper of loading on to the truck within twenty-four (24) hours via EWR, Inc.,
- 19 including load details, bale numbers mark, trailer / railcar / container number and seal
- 20 number; further, record either the U.S. Department of Transportation or Motor Carrier
- 21 number of the driver on the bill of lading; and,
- 22
- 23 c) Provide and affix their seal in accordance with regulatory guidelines to loaded trailers,
- 24 railcars, or containers;
- 25
- 26 23. Convene a working group in conjunction with the Cotton Warehouse Association of America
- 27 (CWAA) to meet periodically to determine and implement ways to strengthen and modernize
- 28 our industry;
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- 30 24. Convene a working group through the Data Systems and Information Development Committee
- 31 to provide information and strengthen the partnership with the CWAA concerning data
- 32 visibility;
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- 34 25. Urge cotton warehouses to maintain adequate records regarding arrival and departure of
- 35 carriers that include printed legible driver's name and trucking company name, and encourage
- 36 such information to be recorded and maintained within EWR, Inc. and/or warehouse software;
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- 38 26. Recommend that warehouses ensure that the amount of insurance coverage provided will at all
- 39 times be in an amount and scope adequate to fully cover the interests of the holders of
- 40 Electronic Warehouse Receipts (EWRs);
- 41
- 42 27. Seek an industry policy in which:
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- 44 a) Warehouses are permitted to alter licensed capacity only once per year;
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- 46 b) The fee charged to warehouses for the change is significantly increased; and, current
- 47 abusers start the season with a very low licensed capacity, which enable the warehouses to
- 48 avoid shipping cotton earlier in the season, and in which the same abusers pay nominal
- 49 fees each time to raise the capacity to more realistic levels later in the season;

- 1 28. Strongly request that warehouses be prohibited from establishing their initial licensed capacity  
2 each year at a level that is below the five (5) year Olympic average of the highest amount of  
3 inventory on hand each year;  
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## 5 **SHIPPERS**

- 6  
7 1. Acknowledge that shippers:  
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9 a) Are responsible for the performance of their vendors and recommend that they develop a  
10 monitoring program of their performance;  
11  
12 b) Should establish and maintain clear lines of communication with warehouses,  
13 transportation companies, and customers and should assume the responsibility as the  
14 focal point of information between all entities; and  
15  
16 c) Should send a Phyto request on every Batch-56 request for their export shipments;  
17  
18 2. Strongly oppose state or federal legislation that impedes the marketability of cotton, or which  
19 requires the bonding and/or licensing of cotton merchants as the cost of administering such  
20 requirements would be added to the cost of handling cotton and result in reduced producer  
21 income;  
22

## 23 **DOMESTIC AFFAIRS**

- 24  
25 1. Urge members to use Southern Mill Rules in their domestic contracts;  
26  
27 2. Meet with AMCOT to discuss the possibility of engaging the National Council of Textile  
28 Organizations (NCTO) Fiber Committee to consider the return to an annual or bi-annual review  
29 and updating of the Southern Mill Rules including the Pima rules section, noting that such  
30 Rules were last ratified and updated in 2004;  
31  
32 3. Urge mills to have sufficient personnel readily available for scheduling and verifying  
33 deliveries;  
34  
35 4. Request mills to be aware of the Hours of Service Regulations for truckers which may  
36 drastically impact their costs and service for cotton deliveries, and to review and if necessary,  
37 expand their receiving hours;  
38  
39 5. Request that mills give ample notice to shippers in regard to mill shutdowns or any changes  
40 in appointments or destination and pay shippers for any additional costs incurred due to  
41 appointment changes;  
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43 6. Remind mills that they are required to return any rejected bales to the shipper in merchantable  
44 condition including patching any tears or sample holes, noting further that any rejected bales  
45 should be returned with proper identification, such as shippers mark, all tags, and especially  
46 PBI number; and,  
47  
48 7. Urge members to utilize ACSA arbitration apart from any trade rules stipulated.