

**Quality, Quotations, and Technical Standards for Upland & Pima Committee
Adopted at the 99th Annual Convention
June 16, 2023**

The Quality, Quotations, and Technical Standards Committee recommends that ACSA:

QUALITY AND TECHNICAL STANDARDS

1. Acknowledge and express appreciation to the U.S. Department of Agriculture (USDA) - Agricultural Marketing Service (AMS) Cotton Program and Area Directors for their continued cooperation in allowing trade committees to review cotton samples already classed;
2. Urge the USDA to provide all human and financial resources necessary to efficiently operate cotton classing operations administered by the USDA-AMS Cotton and Tobacco Program;
3. Continue to urge merchants involved in certification or reclassing to provide the PBI numbers of bales being certificated or reclassified in order for the USDA to assure the accuracy of the original USDA class, commend the USDA for implementing the use of PBI numbers for certificated classing to assure the accuracy of the original USDA class, and urge the continuation of this program;
4. Support the continuation of the current HVI Color Shift Study and commend the USDA-AMS staff gathering the data and providing reports on HVI color grades RD, reflectance, and +B, yellowness study;
5. Remind the USDA of the importance of calling grass, bark, prep, and other extraneous matter, code 71/72 for plastic contaminants;
6. Urge support and participation in industry efforts created for the detection, prevention, and elimination of various plastic contaminants in U.S. raw cotton;
7. Express appreciation to the USDA for making any bale classes 71/72 non-reviewable, and commend the USDA's decision to keep the original plastic contamination call for any bale under classing review, noting that for the integrity of trade, it is imperative that documentation of plastic contamination stay with a bale;
8. Recommend that the USDA make any bale classes 71/72 ineligible for a Commodity Credit Corporation (CCC) loan;
9. Recommend ACSA representatives continue the annual review of the USDA Standard Boxes and urge the USDA to test the current crop year Standard Boxes for HVI color and leaf to ensure agreement with USDA parameters;
10. Commend the USDA for reporting the number of gins operating at time of classing (minimum of two gins and 500 bales classed) and urge the continuation of this practice;
11. Support the USDA's use of module averaging, and urge the USDA to provide the U.S. cotton shipping industry adequate notice before any changes in module averaging standards are made in order for U.S. industry stakeholders to consider and respond to such changes; and

12. Recommend the USDA, ACSA, and National Cotton Council (NCC) work with gins and producers to improve communication and education in the development of timely classing results for module averaging that is essential to facilitate the marketing of cotton;

SPOT QUOTATIONS

1. Given the importance of the Daily Spot Quotations in determining CCC Loan Premiums and Discounts and tenderable differences, encourage members to report Spot Quotations to the USDA-AMS Cotton Division with a target rate of a minimum of 50% of the crop to achieve proper Daily Spot Quotations, and to include in such reports grade, staple, leaf, color, micronaire and strength premiums and discounts;
2. Acknowledge and express appreciation to the USDA-AMS for the regulatory mandates to keep spot market quotes by industry participants confidential as outlined in “The Cotton Statistics and Estimates Act section 1905 of U.S. Code Title 18” and section 2276 of U.S. Code Title 7;
3. Urge the USDA to include spot quotes for all grades of cotton;
4. Encourage merchants to give their basis used and a sampling of recaps purchased to the USDA at least weekly;
5. Urge ACSA members to work with the USDA-AMS and other stakeholders to implement the restructured Spot Market Regions of West Texas/Kansas/Oklahoma and East Texas/South Texas;
6. Recommend to the NCC’s Quality Task Force to consider changing the base grade on the No. 2 contract to a higher-grade base of 31-3-36;
7. Recommend discussions with the USDA-AMS concerning the availability of spot market data for micronaire premiums/discounts for longer staple lengths with the goal of reviewing the need for a split between staples 33 and 34 or staples 34 and 35;
8. Recommend the USDA-AMS host periodic meetings with ACSA members to further discuss spot quotes and the accuracy and validity of the USDA-AMS Cotton Forward Contract reporting; and
9. Urge the USDA-AMS to work with gins to participate in supplying weekly spot trades electronically to the USDA and encourage more participation in this critical process;

REPORT OF THE PIMA SUBCOMMITTEE

QUALITY AND TECHNICAL STANDARDS

1. Urge the USDA-AMS to maintain the integrity of current standards when considering the creation of new Pima standards, and encourage the continuation of Pima box review and matching in the USDA office in Visalia, CA; and
2. Recommend that the USDA take all steps necessary to ensure consistent classing of Pima cotton;

PIMA SPOT QUOTATIONS

1. Given the underreporting of Extra Long Staple (ELS) Spot Quotation's negative impacts on the validity of USDA Schedules of Premiums and Discounts, the absence of a price-discovery mechanism, and to avoid the imposition of mandated regulation, urge members to report ELS spot quotations on a minimum of a quarterly frequency for a minimum of 25% of ELS sales;
2. With respect to the ELS Competitiveness Payment Program (CPP):
 - a) Support the continuation of the program;
 - b) Urge the USDA to announce in advance to the industry any consideration of program changes;
 - c) Urge that the USDA review the use of any foreign produced competitive ELS/LS fiber, whether exported or not;
 - d) Recommend that the USDA make available the daily calculation of the ELS CPP payment rate; and,
 - e) Urge the USDA to collect data from ELS varieties competing with U.S. Pima;
3. Urge the USDA-Farm Service Agency (FSA) to offer cotton under the catalog free from all and any charges upon transfer of title of the cotton;
4. Recommend that USDA-Farm Production and Conservation (FPAC) continually use relevant data to calculate the quality differential used to calculate the ELS Competitiveness Payment, including giving further consideration of the comparability of Giza 94 and U.S. Pima #2;
5. Recommend that base grade for Pima should be Grade 2-2-48, 3.5-4.9, 40.0 GPT based on international trade practices; and
6. Work with the USDA-AMS to develop separate Pima Quotes for "Spot Cash Trades" and "Forward Contract Trades," acknowledging that no formal legislation or regulatory rulemaking process shall be required.