

1 **Foreign Affairs Committee**
2 **Adopted at the 100th Annual Convention**
3 **June 15, 2024**

4
5 The Foreign Affairs Committee recommends that ACSA:

- 6
7 1. With respect to contract defaults and contract sanctity:
8 a) Strongly recommend members support efforts by ACSA and other industry organizations
9 to maintain vigilance against and take any action necessary to preempt contract defaults;
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11 b) Commend the rapid response by the International Cotton Association (ICA), Association
12 of Cotton Merchants (ACME), and the American Cotton Exporters Association (ACEA),
13 in addressing threats to sanctity of contracts;
14
15 c) Encourage the ACEA and the Committee for International Co-operation Between Cotton
16 Associations (CICCA) to continue the effective practice of issuing default lists to warn
17 fellow exporters of buyers in default;
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19 d) Urge members to consult such lists to help preserve the sanctity of contracts; and,
20
21 e) Emphasize the importance that members of ACSA and its affiliates honor the rules and
22 regulations of each respective organization and refrain from selling to parties and their
23 affiliates who are in default, which jeopardizes the ability of parties to resolve outstanding
24 contract disputes;
25
26 2. Work with China Cotton Association (CCA) to urge the Chinese Strategic Reserve to affirm
27 their respect of the ACEA and ICA default lists when selling cotton;
28
29 3. Urge CCA to continue its development of a default list to encourage accountability that
30 enhances contract sanctity;
31
32 4. Continue its dialogue with the U.S. Trade Representative (USTR) to keep U.S. negotiators
33 apprised of countries (and buyers) where default situations have occurred and local
34 enforcement of arbitration awards has not been effective; further, encourage the development
35 of a USTR maintained list of defaulters with unfulfilled obligations;
36
37 5. Engage the USTR, the U.S. Department of Agriculture, and other government agencies to find
38 a resolution to the lack of liquidity in U.S. dollars that are required to get performance on
39 existing contracts;
40
41 6. Urge continuing efforts by Cotton Incorporated (CI), Cotton Council International (CCI), and
42 Supima to deny licenses and technical services to any foreign mill listed on any of the default
43 lists and applaud their work in assuring this policy continues;
44
45 7. Work with industry organizations like Cotton Incorporated and the International Cotton
46 Advisory Committee to promote the global consumption of cotton against other fibers;
47
48 8. Create a forum with the Australian Cotton Shippers Association and Brazilian Cotton
49 Exporters Association (ANEA) to identify issues of shared interest, strengthen mutual

1 understanding, provide opportunities for the exchange of ideas and information, and promote
2 and develop areas and methods of cooperation;

3
4 **TRADE RULES & TERMS**

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6 9. 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;
9
10 10. 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; further,
13 continue to educate Congress and the administration on trade-related measures that affect the
14 U.S. cotton industry;
15
16 11. Develop policy to lower the value of merchandise that is exempt from duties and taxes upon
17 entry into the United States in a significant manner that is developed thoughtfully to prevent
18 trade retaliation from China;

19
20 **CONTROLLING**

- 21
22 12. Encourage members to review ICA Rules 208 on country damage, 215-220 on weighing / tare,
23 223-226 on sampling, and 227-232 on claims;
24
25 13. Urge members to insist buyers provide detailed bale listings when lodging short-bale claims,
26 and further noting that failure to provide such listings should disallow all claims for short-
27 landed bales for shipments weighed by truck scale;
28
29 14. Recognizing many members receive requests to determine landed weight by weighbridge /
30 truck scale, and in light of ICA Rule No. 215, urge members to use a written conditional
31 agreement similar to the following example in the event they agree to weighbridge weighing;
32

33 **Written Conditional Agreement Example**

34 Weighbridge weighing is agreed under the following conditions:

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

1 **COTTON COUNCIL INTERNATIONAL**

- 2
- 3 15. Recommend continued financial and program support of CCI in an effort to enhance the sales
- 4 of U.S. cotton, while continuing to review ACSA’s financial commitments on an annual basis
- 5 and urge robust participation from members to ensure CCI promotional activities fairly feature
- 6 ACSA members in all activities;
- 7
- 8 16. Strongly urge that CCI, Better Cotton Initiative (BCI), U.S. Cotton Trust Protocol, Supima,
- 9 and other sustainability programs closely monitor all recognized associations’ default lists and
- 10 consult immediately with ACSA concerning any mills that may appear on such lists and are
- 11 being considered for trade team participation sponsored by CCI;
- 12
- 13 17. Urge the continuation of open communications with CI and CCI to ensure that information
- 14 provided to foreign buyers is consistent with the customs and practices of U.S. exporters and
- 15 that they refrain from making recommendations that contradict the contract terms agreed upon
- 16 by buyer and seller; further, recommend CCI advise foreign buyers / sellers, of their legal rights
- 17 to sell on type and / or to sell on universal description against the arbitration clause specified
- 18 in their contracts and to further communications with CI in reference to their Engineered
- 19 Fiber Selection Program and use of such programs by the membership of ACSA in selling U.S.
- 20 cotton to export markets;
- 21
- 22 18. Recommend collaboration with the National Cotton Council (NCC) to eliminate import tariffs
- 23 and all non-tariff barriers on U.S. cotton exports;
- 24

25 **USDA EXPORT CREDIT GUARANTEE PROGRAM (GSM-102)**

- 26
- 27 19. Support international assistance and export promotion programs to those countries that need
- 28 assistance in purchasing U.S. cotton, especially during periods of available surplus,
- 29 recognizing that such programs are instrumental in maintaining uninterrupted shipments of
- 30 U.S. cotton to export customers;
- 31
- 32 20. Urge the USDA to increase funding for the GSM-102 program and expand the availability of
- 33 the program to a broader network of financial institutions and eligible markets;
- 34

35 **INTERNATIONAL ORGANIZATIONS**

- 36
- 37 21. Recommend CICCA educate markets concerning fair trade practices, contract sanctity,
- 38 amicable resolution of commercial disputes, and compliance with arbitration awards, and
- 39 further support CICCA’s role in the international marketplace as a central voice for the
- 40 resolution of contract defaults;
- 41
- 42 22. Urge continued open communications with the ICA’s Rules Committee concerning its
- 43 evolving re-examination or amending of various trading rules;
- 44
- 45 23. 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;

- 1 24. 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 25. 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;
6
7 26. 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;
11
12 27. Encourage ACSA members to channel matters needing consideration by ICA with specific
13 examples and objectives to the ACSA staff for consideration by the existing ICA working
14 group; and
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16 **TRADE ISSUES**
17

- 18 28. Urge collaboration with AMCOT and NCC to monitor the new bale packaging regulations set
19 forward by GACC in 2014 that have yet to be implemented, and further urge that NCC continue
20 holding educational meetings arranged by CCA for the appropriate Chinese authorities to
21 further clarify and explain the U.S. Joint Cotton Industry Bale Packaging Committee’s function
22 and how bale packaging decisions are made at the gin level in the United States.