

FOREIGN AFFAIRS & OCEAN TRANSPORTATION

Adopted at the SCA 95th Annual Meeting

Chickasaw Country Club, Memphis, Tennessee – April 13, 2010

SANCTITY OF CONTRACTS

1. We strongly recommend members support ACSA and other industry organizations to continue their vigilance and take any action necessary to preempt contract defaults. We commend the rapid response by the International Cotton Association, ACME, ACEA, and WCEA in addressing threats to sanctity of contracts. We also encourage the WCEA, ACEA, and CICC to continue the effective practice of issuing default lists to warn fellow exporters of buyers in default. We remind members to consult these lists so that sanctity of contracts can be preserved and not to sell to parties in default. We also remind members of ACSA and its affiliates of their obligation as members to honor the rules and regulations of each respective organization and that selling to parties in default is in direct conflict with the associations trade practices. We support actions taken by ACSA penalizing members who trade with defaulters.
2. We urge ACSA's continued cooperation with cotton and textile associations around the world to ensure the enforcement of contractual and letter of credit obligations.
3. We urge ACSA to continue its dialogue with the U.S. Trade Representative (USTR) to keep the USTR apprised of countries (and buyers) where default situations have occurred and local enforcement of arbitration awards has not been effective.
4. Recommend that until ACSA/ICA and the Chinese authorities develop agreed upon trade rules, members issue contracts showing CIQ weights and quality final and all other technical arbitrations be governed by ICA.
5. We encourage ACSA/ICA to continue in negotiations to enable merchant appointed controllers to attend onsite weightment survey for Chinese destined shipments.

TRADE TERMS

1. Urge ACSA to pursue the harmonization of trade terms through the adoption, by all importing markets, of the Rules and Arbitration procedures of the International Cotton Association. Further, urge all members, whenever possible, to make contracts based on the Rules and Arbitration procedures of the International Cotton Association.
2. We strongly support the efforts of ACSA/AMCOT China Committee in their work with the appropriate Chinese authorities in developing trade rules and arbitration guidelines that will protect the interest of both the buyer and seller.
3. Recommend ACSA continue to urge the use of ICA Rules and Arbitration in India and to discourage members from making contracts based on the East India Cotton Association's contract.
4. ICA Rules 110 – We advise members to seek protection from potential country damage risk in FOB and C&F contracts made subject to ICA rules/arbitration. We further recommend that members sell on C&I or CIF terms, which enables the seller to insure for Country damage risk. If this is not practical, we recommend that ICA Rules 110 be excluded and the following clause be inserted: "Country damage insurance to be covered by the buyer."

5. Request that ACSA recommend that CCI review all industry default lists prior to extending invitations for CCI functions or any other official function (i.e. USDA Standards Conference) that foreign attendees are invited.
6. Urge members to reject requests from foreign buyers to open transferable letters of credit.
- 8.7. We oppose the establishment of RI (Rapid Instrument) differences between ACSA, ICA and other cotton associations.
- 9.8. We recommend USDA/APHIS/PPQ schedule sufficient personnel and hours to expedite the issuance of phytosanitary certificates and request the implementation of an electronic signatures system for the issuance of phytosanitary certificates. Currently, this is the only shipping document that cannot be electronically presented to our customers hindering the efficient movement of cotton within our industry.
9. We request USDA/APHIS/PPQ work with their respective foreign partners to standardize dates, weights and wording in the preparation of the phytosanitary certificates for US cotton.
- 11.10. We urge members to issue contracts allowing for partial shipments and to reject buyers request to omit partials.

GSM 102 PROGRAM

1. We urge the USDA to maintain this program for those countries that need assistance in purchasing US cotton, especially during periods of available surplus. This program is instrumental in maintaining uninterrupted shipments of US cotton to our important export customers. We continue to urge that USDA/FAS simplify documentation procedures and requirements and to keep costs reasonable for buyers.

OCEAN TRANSPORTATION

1. Continue to strongly recommend the elimination of the anti-trust immunity for marine carrier conferences, rate and discussion agreements.
2. We recommend all members of the supply chain maintain sufficient staff in order to expedite and efficiently handle the documentation and logistics required for export.
3. We urge steamship lines to publish all inclusive freight rates and they should include box rates in their all-inclusive rate schedules. This practice and implementation provides US cotton with equal trade opportunities within its trade lines.
4. We strongly recommend that steamship lines make any and all destination charges, i.e. DDC, DSC, GATE CHARGES, etc., collect and be paid by receivers in local currency.
5. We strongly urge steamship lines to make equipment available (containers & chassis) without allocation restrictions and make adequate arrangements for drayage.
6. We strongly urge steamship lines to honor confirmed bookings.
7. Urge ACSA to continue to fight to ensure the exemption of cotton to comply with the adherence of a Packing list on every container for Pakistan.

INSURANCE

1. Urge members to review all warehouse tariffs and port storage facility tariffs in order to be updated in regard to time limits for presenting damage claims after shipment has been completed.
2. Urge ACSA to continue efforts along with the insurance industry and others in relation to the prevention of thefts of cotton.