

## COMMITTEE ON COMPRESSES & WAREHOUSES

- I. We recommend that all shippers adopt and use a uniform electronic sample order.
- II. We continue to recommend that all warehouses adopt a single, uniform tariff charge for loading regardless of the type of equipment to be loaded.
- III. We recommend that shippers continue to provide warehouses with timely and workable load dates. All shipping orders should show specific load dates and specify transportation mode. Warehouses need to continue to order railcars on a timely basis. By shippers taking an active roll in working with the railroads, the situation should improve to ensure equipment availability at the time of shipment.
- IV. All warehouses are urged to report their status on the “Weekly Special Movement Report”. Shippers have expressed over and over how beneficial this report is to them. Many shippers have asked that this report be started even during warehouse receiving periods. Many firms are already shipping then and need to know up front how many days to allow for loading shipments before orders are sent to the warehouse.
- V. We recommend that additional testing of the plastic tie continue in “real work” situations.
- VI. We recommend warehouses pay particular attention to the sanctity of warehouse receipt bale weights, especially those warehouses which use gin weights as the official warehouse receipt weights. Many shippers report bales weighing less than the original warehouse receipt weights upon delivery of such bales to both domestic and foreign mills, losses in weight have reportedly occurred in both the 1998-1999 and 1999-2000 crop years. We urge all TCA members to check their weights and remit claims promptly. We further recommend warehouses promptly remit payment of claims submitted by shippers for losses in original warehouse receipt weights.
- VII. We recommend shippers and warehousemen get together and discuss the importance of samples. In the past few years, fewer and fewer samples are being used and they are a big cost to the warehouse. What can be done to help this?
- VIII. We recommend everyone strive to develop an industry-wide standard for electronic (paperless) shipping orders. We also need to develop with the appropriate authorities the ability to formulate an acceptable electronic bill of lading format. The Warehouse Act & Electronic Receipt Task Force is currently working to develop this situation.
- IX. We recommend that those South Texas warehouses that experienced huge delays in shipping cotton this past season take action to prevent these delays from occurring again this season and in the future. These delays were very costly to many shippers.
- IX. We recommend that all warehouses locate their permanent bale identification tags where they are visible and accessible. In many loads the tag is tied on the head and located where the wrapping is folded. We are advised that this is not an identification problem. The gummed label that is on the side of the bale does not give some mills anywhere to place their gummed labels nor does it have any tear off coupons for the mill to use for opening.
- X. We suggest compresses and warehouses standardize and go to a daily storage charge instead of a monthly storage charge.

## **COMMITTEE ON DOMESTIC MILLS AFFAIRS**

- I. We recommend that members include in their contracts the wording "Southern Mill Rules"; and we further recommend that members protect their right of arbitration.
- II. We urge domestic mills to be flexible with their delivery times, and be willing to accept shipments a day prior to or a day after the scheduled appointment.
- III. We continue to urge the mills to begin using wire transfer for payments.
- IV. We remind shippers that mills are responsible for patching sample holes on rejected bales. We urge mills to exercise care in the handling of cotton to ensure rejected bales are maintained in a merchantable condition and returned to the seller as a class "A" bale. We further urge mills to utilize mill tags that do not damage bale packaging.
- V. We support the continuation of the ACSA and ATMI annual joint meeting.
- VI. We request that mills inform shippers in advance of vacation schedules or other mill closings.
- VII. We remind the mills that they are required by Southern Mill Rules to notify shippers before any rejected bales are removed from the mill's premises.

## COMMITTEE ON FOREIGN AFFAIRS

### I. SANCTITY OF CONTRACT

We urge ACSA and the federated associations to remain ever vigilant in their pursuit to enforce and preserve the sanctity of all contracts.

#### A. "Default" Lists

Members should be reminded of the vital importance of observing our trade association's publications of "default" and "failure to honor arbitration award" listings. Additionally, we particularly urge all members of ACEA to review the default list and refrain from selling to mills on that list until the existing contract disputes have been satisfactorily resolved. We also recommend that ACSA circulate the default lists of the other associations to ACSA members on a periodic basis.

### II. MEXICO

#### A. Pedimento de Importacion

We recommend that ACSA continue to work with the NCC and CCI to resolve the *pedimento de importacion* issue for cotton exported to Mexico. The *pedimento de importacion* causes unnecessary payment delays and leaves exporters at the mercy of Mexican customs officials. A document evidencing export should be provided by U.S. officials and/or forwarders and CCC should accept this as proof of export.

Should CCC persist in their requirement that an exporter submit this document, we urge ACSA to lobby to have CCC do away with the *pedimento de importacion* and accept a document that is issued by an independent U.S. entity .

### III. GSM & PL-480 PROGRAMS

We recommend that GSM funds should be used by recipient countries or allocated to other countries which desire the cotton and financing. We also recommend USDA to make GSM funding available to all of the countries involved in the recent Asian crises.

We urge CCC to ensure that they have adequate personnel and procedures in order to ensure the speedy issuance of the payment guarantees. Additionally, we request ACSA to pursue response from USDA/FAS regarding simplifications of paperwork procedures.

In times of surplus, the PL-480 program should be extended to provide assistance to recipient countries and to reduce stocks in the U.S.

We urge the OGSM to refund registration fees when the foreign mill defaults on the export contract.

### IV. CONTROLLING

#### A. Pre-shipment Inspection

We urge members to continue to support efforts to eliminate or restrict pre-shipment inspection of U.S. cotton by third parties. This is an impediment to timely shipments, creates additional administrative burdens and increases the carrying charges incurred by the exporter prior to shipment.

**B. Devanning/Tallying**

We urge members to insist that buyers provide detailed bale listings when lodging short-bale claims. Failure of this should disallow all claims for short-landed bales.

**C. Weighing**

**1. Weighment Period**

We urge members to insist that buyers and controllers observe the weighment period allowed under LCA Rules and By-Laws. Additionally, we urge that once weighment period has expired that invoice weights be declared final and landing reports be issued promptly.

**2. Weighbridge**

When selling under weighbridge terms, shippers should reserve the right to bale-by-bale basis should differences arise.

**V. USDA/ APHIS-PPQ**

**A. Fumigation**

We urge USDA to amend the APHIS requirements of cotton in order to facilitate the economical and efficient export of U.S. cotton. Furthermore, we urge foreign countries to acknowledge that the ginning, compression, and packaging of U.S. cotton negate the necessity for fumigation. Should these countries still deem fumigation necessary, we urge that this function be accomplished upon arrival in the importing country.

**B. Phytosanitary**

We urge ACSA to dialogue with USDA/APHIS-PPQ to eliminate Phytosanitary requirements..

**VI. CHINA**

We urge ACSA to continue their efforts to dialogue with Chinatex to contract cotton based on LCA or ACSA standard contract terms. We support LCA's efforts in China with regard to the use of LCA Rules and contracts. Members are strongly urged to write contracts subject to LCA Rules when selling to Chinese buyers.

We also recommend that when members sell to China subject to CCIB weight and quality final, they appoint their own controller to supervise the weighing and sampling.

**VII. LCA RULES**

We advise all members to protect themselves against potential country damage risks in the case of FOB and C&F contracts made subject to LCA rules/arbitration. We recommend that members sell C&I or CIF terms, enabling the seller to cover country damage risk. If this is not practical, we recommend that LCA Rule 207 be specifically excluded and the following clause to be inserted on the face of the contracts: "Country damage insurance to be covered by the buyer."

**VIII. IMF FUNDING**

We urge Congress to allocate funds for the continued efforts of the IMF to stabilize distressed economies. This has enormous significance for the U.S. cotton industry and the U.S. economy as a whole.

**IX. COTTON COUNCIL INTERNATIONAL**

We encourage all members to give continued support to CCI to expand markets for U.S. grown cotton.

## **COMMITTEE ON FUTURES CONTRACTS**

### **1. MERGER OF THE CFTC WITH THE SEC**

Urge that the U.S. Congress continue the CFTC as an independent regulatory agency with full authority over all forms of futures and options trading and that the CFTC not be merged with the SEC or other regulatory agency or federal department.

### **2. USER FEE ON FUTURES AND OPTIONS TRANSACTIONS**

We oppose the imposition of exchange service fees or transactional taxes to finance the operation of the Commodity Futures Trading Commission.

### **3. EXPANSION OF SPECULATIVE POSITION LIMITS**

We urge the Commodity Futures Trading Commission to be thorough in its review of the last increases in Speculative Position Limits to determine the impact on price discovery and price volatility prior to considering any additional increases above current levels in the Single Month or for All Months combined.

### **4. DEREGULATION OF COMMODITY MARKETS**

We urge the Congress to reject any proposal that restricts the authority of the CFTC or permits any contract market to trade without appropriate regulatory oversight.

### **5. NYCE NO. 2 CONTRACT**

We urge the New York Cotton Exchange's Board of Managers to consider the following:

- \* Recommend that the CFTC approve the rule change proposed by the NYCE to prohibit from eligibility for inclusion in the certified stocks cotton that is pledged as collateral to the Commodity Credit Corporation since such a practice could limit speculative interest and contract liquidity and transform the contract into a cash market.
- \* Recommend that the NYCE defer action on the establishment of premiums and discounts for strength until the industry has established acceptable averages or arbitration standards.
- \* Recommend that the NYCE maintain the current limits in the daily price movement of the No. 2 Contract, and that no additional changes be implemented without prior and thorough study and active consultation with domestic and foreign producers, merchants, cooperatives, and textile mills utilizing or dependent on operation of the Contract.
- \* Recommend that no limits be established on the daily price movement in the Options Contract.
- \* Recommend that the NYCE not change the base quality from SLM 1 & 1/16th inch.
- \* Recommend that the NYCE not establish additional delivery points.
- \* Recommend that the NYCE not increase the number of deliverable grades.
- \* Recommend that the NYCE not adopt the practice of interior sampling for certification.
- \* Recommend that the NYCE maintain the discounts for 1-1/32 inch of 200% and age penalties after three months.
- \* Recommend that strict standards for bale conditions be maintained, at least equal to Southern Mill Rules requirements.
- \* Recommend that certificated class govern.

## COMMITTEE ON INSURANCE

- I. We remind cotton warehousemen of their responsibilities to issue IWR's on receipt of clean and merchantable cotton and that this duty extends to maintaining and shipping in merchantable condition. Possible consequences are charge backs and/or subrogation should warehouses fail in their responsibilities. We encourage merchants to examine tariffs and practices of interior warehouses for compliance with these duties.
- II. We recommend shippers should review their insurance coverage as respects to imports of cotton into the U.S.
- III. Where an insured warehouse receipt is not issued, we urge shippers to review warehouse tariffs and/or obtain evidence of coverage with policy limits in line with projected bale capacity and on conditions minimum fire and lightning from warehousemen and transit points.
- IV. We recommend members carefully review warehouse tariff with special attention on the time limitation for the presentation of damage claims, which can be as little as 30 days from time of shipment.
- V. We urge all warehousemen to allow truckers to physically count and inspect the bales for which they are responsible during the loading process.
- VI. We recommend members review their insurance policy to determine if they have coverage for gin direct shipments loaded within 72 hours of ginning.
- VII. We recommend all members to protect themselves against potential country damage risks, especially when selling under contracts made subject to LCA rules/arbitration. We additionally recommend that members sell C&I or CIF terms, enabling the seller to cover country damage risk. For sales made on other terms, we recommend that LCA Rule 207 be specifically excluded and the following clause be inserted on the face of the contracts: ***“Country damage and/or any other preshipment damage per LCA rule 207 to be for the account of the buyer.”***

### ***Reference LCA Rule 207***

***(Non CIF)***

***The following conditions apply to contracts where the buyer is responsible for providing marine cargo insurance or transit insurance:***

- I. Despite the fact that the seller is responsible for the cotton up to the time of shipment, the buyer must insure against country damage risk.***
- II. So that the buyer can arrange insurance, the seller must give the buyer the necessary details of each shipment.***
- III. If the cotton is country-damaged when it arrives or has been damaged in any other way before shipment, the parties must try to agree on allowance. If they cannot agree, a Lloyd's Agent or, some other recognized authority, must be asked to appoint a qualified surveyor to inspect the damaged cotton. If the damage took place when the seller was responsible for the cotton, the seller must pay:***

\_\_\_\_\_ *the buyer any loss caused by the damages as set out in the surveyor's report;  
and the cost of the survey.*

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- VIII. We recommend shippers should require proof of full cargo and liability coverages from the truckers hauling their cotton and cotton samples. All exclusions and deductibles should be identified as well.
- IX. Urge members to become aware of the problems associated with C&F containerized shipments and encourage all segments of the industry to improve the process of inspection of bales prior to stuffing containers, giving particular attention to bale count.

## COMMITTEE ON NATIONAL AND STATE AFFAIRS

1. We support the continuation of the marketing loan concept encompassed in the Cotton Section of the Agricultural Market Transition Act of 1996. In so doing we reaffirm the basic tenets of our position as:
  - A. U.S. cotton must be competitive in the world markets.
  - B. Production should be determined by supply and demand forces.
  - C. Program costs must be kept at reasonable levels.
2. **USDA MARKET FUNDING**

We recommend that the USDA make full use of the funding authority as authorized by Congress to assist in maintaining and expanding the consumption of U.S. cotton.
3. **BASE LOAN QUALITY**

We recommend that the base loan quality be SLM 1-1/16 inch.
4. **LOAN PERIOD**

We support all CCC loans being on a ten-month recourse basis with storage prepaid and interest paid upon redemption or forfeiture.
5. **LOAN TERMS**

We urge USDA to make all loans FOB cars or trucks, compression paid.
6. **LOAN PREMIUMS AND DISCOUNTS**

We recommend:

  - A. That legislation be reenacted requiring the premiums and discounts for quality factors for the Upland Cotton Loan Program shall be established by the Secretary by giving equal weight to (1) loan differences for the preceding crop, and (2) market differences for such crop in the designated United States spot markets. Maintain maximum loan rate prescribed in the 1996 Fair Act of 51.92.
  - B. That the base for the micronaire range be 3.5-4.6.
  - C. That the base for grams per tex (GPT) be established at 26-28 GPT, and increments for premiums and discounts be established at 2 GPT's, to be evaluated annually to reflect the 5-year average strength reported by AMS.
7. **LOCATION DIFFERENCES**

We recommend that location differences be discontinued as they presently relate to domestic freight cost that do not reflect export values.
8. **PAYMENT LIMITATIONS**

We oppose any payment limitations on marketing loan benefits.
9. **WAIVER ON CARRY POLICY**

We support the continuation of the Marketing Loan, and to ensure that it effectively keeps U.S. cotton competitive in domestic and world markets, we recommend that:

  - A. The current USDA policy be maintained whereby charges for accrued interest and storage are not charged if the Adjusted World Price is below the loan, and whereby storage and interest are not fully charged until the AWP exceeds the level of the price support loan plus the accrued storage and interest.
  - B. When the AWP exceeds the loan level, carrying charges payable at redemption should be determined by quality, including the coarse count adjustment when applicable.
10. **MODULE AVERAGING**

We recommend that the Module Averaging Pilot Project for HVI factors be discontinued since these measurements of individual bale specifications are not acceptable to U.S. textile mills and the international trade as an accurate, reliable and repeatable classification method.

11. **AWP TRANSPORTATION COSTS**

The introduction of the Step 2 marketing certificate in 1991 has caused technical problems with the formula used to calculate the AWP. Since the difference between the U.S. quotes and the North Europe versus U.S. interior values includes the marketing certificate values, the transportation formula does not reflect actual transportation cost; therefore, the USDA should repeal the formula and use the actual cost of transportation, with annual adjustments in the transportation differential.

12. **COTLOOK INDEXES**

We urge all members to supply the most complete and accurate information to Cotlook Limited, Liverpool, allowing them to establish "A" and "B" indexes that reflects the correct world price of cotton.

13. **STEPS 2 & 3 THRESHOLD**

We recommend that the threshold level utilized to determine whether US cotton is competitive with competing foreign growths be continued at the level of 1.25 cents.

14. **ELS - STEP 2**

We recommend that:

- A. The value of Step 2 certificates be determined by using a weighted average of the spot quotations to reflect the production volume for the Desert Southwest and California.
- B. Transportation costs be established by this weighted average.
- C. The base quality be Pima Grade 2.
- D. Government catalogue sales not be included in determining the Pima spot price.
- E. Program funds be appropriated for the duration of the Fair Act.

15. **IMPORTS**

- A. We recommend that the US textile mills have access to adequate supplies of raw cotton imports as required by US production, price levels, or trade agreements.
- B. We recommend that tariffs not be imposed on cotton staple lengths less than 1-1/4 inch.

16. **SAFETY NET FOR PRODUCERS**

- A. We urge that the Crop Insurance program be completely revised to provide 100% yield protection for producers, to encourage all producers to participate in the program as well as encouraging producers to maximize cotton production.
- B. We recommend that the Texas Cotton Association lend its support to the program titled YIELD ASSURANCE TRUST, a Public/Private Partnership which accomplishes our stated objectives.

17. **LOAN DEFICIENCY PAYMENTS**

We recommend that the cotton industry investigate methods of determining LDP payments which provide producers with maximum flexibility while allowing cotton to move to consuming mills on a timely basis.

18. **CENTRALIZED COLLATERAL**

With the implementation of the EWR system and its adoption by the CCC for loan cotton,

we recommend that FSA expedite the establishment of national centralized collateral system for Form A cotton.

19. **STANDARDIZED REDEMPTION PROCEDURES**

We request that the FSA county offices follow the standardize loan redemption procedures.

20. **CCC FORM 605**

We recommend that members review all "Options to Purchase" contract language for conformance with FSA/USDA Regulations pertaining to "beneficial interest" in the cotton to assure that the cotton maintains its eligibility for the loan or for loan deficiency payments (LDP).

21. **CCC RESALE PRICE**

We recommend that CCC-owned Upland and ELS cotton be catalogued as soon as forfeited and sold at least every other week pursuant to sealed bids with a re-class and re-weigh at the option of the buyer. For Upland cotton, the minimum acceptable bid should be the lesser of the current market value or the AWP. We also recommend further development of the cotton on line processing system in order to streamline the sale of CCC owned stocks and that all sale prices be reported by lot number.

22. **GENERIC CERTIFICATES**

We recommend that USDA continue to make generic certificates available to the industry for use in loan redemptions.

23. **CCC WEEKLY LOAN FIGURES**

We urge the Department to make a concerted effort to keep these weekly figures current and accurate since trading decisions are based upon this timely information.

24. **EXPORT CONTROLS OR EMBARGOES**

We oppose export controls or embargoes because they restrict free competitive access in world markets and diminish our reputation as reliable suppliers. Controls, licensing, or embargoes could discourage production and jeopardize the market-oriented policy of U.S. cotton.

25. **FARM BARGAINING**

Legislation designed to regulate the prices of agriculture sales transactions or to permit collective bargaining between producer and processor for the purpose of establishing prices or the expansion of marketing orders would have adverse effects on the orderly marketing and processing of cotton. Any legislation of this kind must exclude cotton. Cotton producers enjoy the security and freedom of choice to market their cotton through the CCC loan, cooperatives, cotton gins, FOB merchants, shippers and mill buyers. The dynamic U.S. cotton marketing system provides producers with competitive bidding for their product, and the pricing mechanism advocated in farm bargaining legislation is not suitable to the cotton industry.

26. **LICENSING/BONDING OF COTTON MERCHANTS**

We strongly oppose state or federal legislation that requires the bonding and/or licensing of cotton merchants, as the cost of administering such requirements would be charged to the cost of handling cotton and result in reduced producer income.

27. **USDA/APHIS TO ADDRESS THE BOLL WEEVIL PROBLEM**

We urge the USDA/APHIS to continue efforts to effectively address the boll weevil problem in a manner acceptable to the producers.

28. **TEXTILE TRADE AGREEMENTS**

We urge the Congress to include in all trade initiatives with the Caribbean or Sub-Saharan African nations requirements that allow textile trade preferences only when the apparel articles assembled are US fabric made from US yarn and sewn in the beneficiary nation with US thread. In the event that China is admitted as a member of the WTO, we urge the U.S. Customs Service and the U.S. Trade Representative to actively monitor and enforce agreed upon textile quotas and “anti-surge” provisions to be implemented after 2005.

29. **“MADE IN USA” LABEL**

We urge the Congress to require that the duty free and quota free privileges accorded to US possessions and territories that have “Commonwealth” status preclude the use of the “Made in USA” label if the textile products are not manufactured out of US fabric made from US yarn and sewn with US thread.

30. **HARBOR MAINTENANCE**

We oppose the imposition of harbor maintenance fees and urge the Congress to fund the dredging and maintenance of US rivers and harbors from the general funds of the treasury.

**COTCO**

The Committee Organized for the Trading of Cotton is the political action committee of the American Cotton Shippers Association. COTCO provides member firms and their employees a direct voice in the elective process, thereby meriting your full support and participation. We urge that our members and their employees support this important endeavor that is vital to the survival of a competitive market. Your personal contribution should be mailed to:

COTCO  
1725 K Street, N.W., Suite 1210  
Washington, DC 20006

**TEXAS STATE AFFAIRS**

1. **LEGISLATION**

- A. We support continued funding be appropriated for the Texas Department of Agriculture for the cost-share program relating to the boll weevil eradication program at least at the current levels.
- B. We recommend changing the rules governing the Texas Agricultural Finance Authority so that it can better serve Texas Agriculture.

2. **COTTON BONDING**

We recommend that any effort to bond cotton buyers by the State Legislature be opposed.

3. **TAX EXEMPTION FOR AGRICULTURE**

We recommend that any effort to tax agriculture by the State Legislature be opposed.

4. **MERCHANTS FUND**

We encourage all members and their employees to contribute to our PAC, the Texas Cotton Association Merchants Fund. These funds are used to contribute to campaign coffers of elected officials who understand and support the cotton industry.

## **COMMITTEE ON PRIMARY MARKETING AND PUBLIC RELATIONS**

1. We urge TCA members to support only Primary Buyers and Mill Service Agents who are members of the Federated Associations of ACSA.
2. TCA should be aware of any attempt to affect the negotiability of the warehouse receipt and liens on cotton.
3. TCA should closely monitor the licensing and bonding of cotton handlers that has -- and is --- taking place in the southeast.
4. We recommend to continue donating \$500.00 to the Texas Food & Fiber Commission.

## **COMMITTEE ON RULES AND BY-LAWS**

No changes were adopted.

## **COMMITTEE ON STANDARDS, CLASSIFICATIONS & QUOTATIONS**

### **STANDARDS AND CLASSIFICATIONS**

1. We commend USDA in their effort to keep classing results returned to gins and producers in a timely manner. We thank USDA for their continued cooperation in allowing trade committees to review cotton samples already classed.
2. We thank members who have given their time to participate in weekly review committees. We urge all our members to participate in such weekly reviews.
3. We strongly urge USDA to properly distinguish Bark and Grass from Trash content. We recommend that USDA establish recognized guide boxes that will be used by visual classers to determine the level of Bark, Grass or Other Extraneous Matter.
4. We urge USDA to address the issue that original USDA Class does not hold up upon certification and/or arbitration, and we urge the USDA to investigate and resolve these disparities.

### **QUOTATIONS**

1. We urge all members to continue to report representative trade information to USDA/AMS and encourage members who are not reporting to do so.
2. We recommend USDA report on the quote sheet the number of reporting transactions along with the volume traded.
3. We again request that the U.S. Congress provide full legal immunity to all merchant firms reporting prices of cotton previously traded, pursuant to USDA regulations.

## **COMMITTEE ON TRANSPORTATION AND OCEAN FREIGHT DOMESTIC**

### **1. WAREHOUSE**

- A) We continue to urge all warehouses to participate in the special movement project. This information is invaluable.
- B) EWR is a fact. However, there is still inconsistency among warehouses concerning whether orders should be electronic or traditional paper. We recommend that Compress and Warehouse Committee address this issue with an eye to future uniformity
- C) We recommend that transportation firms and railroads use equipment in good, clean condition, free of contaminants and leakage, and that warehouses inspect equipment before loading.

### **2. RAIL/TRUCK**

- A) We continue to task all rail operators, truckers, and compress/warehouse operators advise shippers of ANY sort of delay effecting delivery of shipment.
- B) We urge carriers to recognize and adhere closely to mill appointment schedules.
- C) We recognize that fuel costs are a great problem for truckers at this time. Shippers would appreciate increases be stated as extra fuel expense so that these can be eliminated when fuel costs are normalized.
- D) Railroad service (boxcar) service requires much improvement.
- E) Mexico: We are anxious to continue this very important business. From a transportation standpoint, principals must be aware that this is one of the most challenging markets that

we now service. Obtaining documents from “SAGAR” in Mexico is slightly less difficult than getting Havana “CIGARS” in the United States. Transportation companies operating overland in Mexico must take steps to adequately protect cargo in their custody.

### 3. **EXPORT**

- A) General comment: for the past decade and a bit more, we have watched a steady (mostly unsolicited) lowering of marine freight rates. Due to recent litigation, growing demand for space, rationalization, mergers, and other factors, we believe that this trend is about to be reversed. Freight increases appear to be imminent. Shippers are therefore cautioned, when selling forward, to be particularly attentive. Marine carriers are advised to be extremely careful, when administering increases, that these do not make U.S. cotton non-competitive with foreign (competing) growths.
- B) Shippers need to be aware serious deterioration in service has been noted with almost all marine carriers. Mergers and centralization of services have caused numerous problems. The shipper is cautioned that some of the standards recognized by the industry (such as 24-hour turn on bill of lading release) are not now commonly being accomplished. Electronic web sites, booking, B/L release, tracing, etc. while showing promise, have a very long way to go.
- C) Cargo rolls, with no advance notice, have become common. Most shippers would like to have more contact with a single real, live (non-electronic) person with problem-solving authority and ability.
- D) We commend carriers for their movement to “all in” box (container) rates. However, fuel and other surcharges are creeping back in and shippers would appreciate some assurance that these additional charges will be reduced/*rescinded* as the situation changes, or, more preferably, rolled back into an “all in rate”.
- E) Shippers should be very aware that there will be some problems with sanctity of contracts. These instruments *must* be very carefully crafted. As a common, but quite extreme, example, agreements written “all in”, including fuel adjustment factors/surcharges, are being subverted by the “emergency” inclusion of “fuel participation increases”, or, alternatively, “fuel participation surcharges”. In other words, smoke and mirrors.

