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Welcome to the 101st ACSA convention!



Kelly Nelson,
US Business Manager,
Cotton Outlook

As always, the cotton industry has had an eventful twelve months since the last gathering in Phoenix, Arizona. At that point (June 13, 2024), the Cotlook A Index stood at 81.85 cents/lb, CFR Far East, having declined from 93.25 cents/lb a year earlier. As prices have eased in recent months, the A Index has settled into a mid-to-upper 70.00 cent-range.

New York futures have fallen under pressure lately as tariffs weighed on the market. A year ago, the nearby July contract was trading in the 75.00-cent range and fell to the lower 70.00 to upper 60.00 cent range by the end of 2024. The downward trend continued over the next few months with July futures bottoming out at a contract low settlement of 64.52 cents/lb on March 4. By mid-May 2025, the most active delivery was settling comfortably between 66.00 to 68.00 cents/lb.

Trade news between the world's two largest economies is ever-changing, as the most recent interaction on May 12th showed: the US and China agreed to temporarily suspend most tariffs for 90 days starting on May 14, easing trade tensions between the two countries. The deal means that tariffs for products entering China from the US are cut from 125 to 10 percent, while trade in the other direction is charged at 30 percent.

At the end of March, USDA reported a planting intentions figure of 9.867 million acres. Since then, West Texas farmers have received some welcome rainfall, but not yet enough to assure a successful outcome for the crop, as subsoil moisture levels remain below average.

Elsewhere in the cotton belt, beneficial rains have improved soil moisture levels across the Delta and eastern areas of the Southeast, while rains would be welcome in the Carolinas.

USDA's first detailed supply and demand forecast for the season ahead places US 2025/26 production at 14.5 million bales, domestic consumption at 1.7 million, exports at 12.5 million and ending stocks at 5.2 million.

We appreciate the long-standing partnership with ACSA and continue to support their endeavors. On behalf of the entire ACSA team, thank you for joining us. Cotlook would also like to thank our valued subscribers for their continued support, as well as those who provide the quotes and information that help to keep our services as up to date and accurate as possible.





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National Affairs Committee



Jeff Johnson,
Vice President and Head of U.S. Domestic Sales,
Louis Dreyfus Company

It has been my honor to serve as the chairman of ACSA's National Affairs Committee this year. Like many of you reading this, I have seen our association evolve over the years, and I am so proud of how we have positioned ourselves to influence farm policy at a time when its development is so critical. I will begin and end this note with a charge to support COTCO, the political action committee (PAC) of the American Cotton Shippers Association. The growth and deployment of COTCO has redefined our relevance and efficacy in Washington and during inter-industry negotiations. We have become a hub of innovation and a force of influence that cannot be ignored.

While we compete passionately, we align and leverage our collective voice for the health of our industry with the same passion. We all strive for the same objectives: to create an environment that supports high volume production in the United States, where we enjoy so many tangible advantages, when the macros align. That said, we all realize how fragile our market is now and how important it is to bring changes in policy that create opportunities for our American farm families and the US cotton industry.

We have never seen such a tremendous volume of policy being unveiled as what has occurred in the first one hundred days of the

Trump Administration, and it seems like every day there are new potential risks and opportunities. This affirms our mandate to be engaged in a meaningful way. As the old saying goes, if you aren't at the table, you are on the menu. I can promise you that ACSA is at the table and in many cases, leading the discussion. We are deploying offensive strategies to create a bold new regime of domestic support, market access, and promotion objectives, and we are simultaneously defending the trade against ever-emerging risks.

With the farm bill now expired and extended twice, all hope to break the gridlock between nutrition and commodity priorities has been abandoned and it appears that key titles of the farm bill will be offered for consideration as part of the budget reconciliation process, breaking the long-standing connection between farm policy and public assistance programs that has ensured prioritized consideration by Congress. This strategy shows the potential to vastly increase the farm safety net, reconciling support levels to current production costs, modernize the Marketing Assistance Loan, and establish a more robust program for ELS cotton. If these improvements are delivered through funding carved out of the Nutrition Title, there will be a new order and new grounds to retaliate against farm programs in the future.



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We also find ourselves more saturated in uncertainty from tariffs and trade negotiations than at any point in history. As I write, we are seeing the first indications of meaningful talks between the U.S. and China, and we are all hopeful to see a similar outcome to the U.S.-China Phase One Trade Agreement, where specific commitments were made to purchase U.S. cotton. Hopefully, this will prove to be true and serve as a template for additional reciprocal tariff negotiations.

The most exciting initiative the ACSA team is working on is a new tax credit, the Domestic Cotton Consumption Tax Credit, IRS Code 45BB. This is a revolutionary concept to incentivize brands and retail groups to select U.S. cotton in their sourcing rather than foreign growths or synthetic fiber. Harnessing the immense power of the U.S. consumer is the solution to both our competitiveness challenges with Brazil and our erosion of market share to polyester.

While these core-business-facing objectives are the centerpiece of our current strategy, ACSA continues to protect and ensure the availability, efficacy, and affordability of our risk management tools and stands firm to protect our interests in the shipping and logistics arena.

Collectively, if achieved, the impacts of these policy objectives can not only bolster the economic viability of the U.S. cotton industry, but they will also create unprecedented opportunities and growth. Never has there been a more critical moment to engage and provide the necessary resources to achieve these lofty objectives.

In closing, I urge you to support our team and our PAC, so we can achieve success in these efforts. There is no better investment that our industry can make today, and it will determine our opportunities tomorrow.

Foreign Affairs Committee Update



Jordan Lea,
Vice President,
Olam Agri Americas, Inc.

The ACSA Foreign Affairs Committee left Scottsdale, AZ last year with an ambitious agenda, with our committee report serving as our to do list for the year ahead. Our list included many core components that have always been intrinsic to the foreign affairs process, and our efforts have focused on a few strategic initiatives that have translated into successful efforts and meaningful progress. The success of ACSA's hard work will help to push us towards continued policy solutions that will benefit all ACSA members both now and into the future.

The need to drive awareness of the threats posed by microplastics and the opportunity that cotton offers as an alternative stretch across the entire industry, including this committee. We encouraged ACSA and its membership to explore collaborating with both domestic and international cotton industry organizations to promote global consumption of cotton as an alternative to other less sustainable fibers. As was shared during our committee meeting, we recommend looking into cooperation with organizations such as the Australian Cotton Shippers Association as well as ANEA, the Brazilian cotton exporters association. In doing so, we want to promote cotton consumption and to claw back market share for natural fibers, especially

cotton. A 'rising tide' will lift all boats, and we see increased demand as one way bring cotton prices back to a more sustainable level as well as support the expansion of cotton producing and consuming infrastructure.

The Foreign Affairs Committee stayed focused on contract sanctity as one of our primary priorities. As an example, member firms are continuing to develop their own, independent and third-party sustainability programs. We have asked ACSA members to encourage third-party service providers to adhere to industry policies of not working with any company that appears on any international or domestic default list. We are also asking member firms to educate service providers that also work with the cotton spinning industry as to what a default list is and the underlying importance of default lists.

ACSA has always supported lowering the value of merchandise that is exempt from taxes and duties upon entry into the United States. After much hard work on all fronts, from many relevant trade associations and organizations, the de minimis exemption has been eliminated for China, and all imported goods must pay a fair and appropriate duty. From a policy standpoint, we continue to push for

the elimination of the de minimis loophole for all importers.

Lastly, lack of U.S. currency in certain markets has created liquidity issues made access to the necessary financial instruments, such as letters of credit in U.S. dollars, unavailable to many of our customers. We will continue to encourage banks to utilize the GSM-102 program while also broadening

the use of the GSM-102 program and other similar programs that can and will support contract sanctity.

It was a busy year for ACSA relative to foreign affairs as it always is. On behalf of the committee and ACSA membership, we want to thank President Syed and the ACSA staff for all their hard work on our behalf.



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Futures Contracts



H. Thomas Hayden, Jr.,
Vice President and Chief Operating Officer,
Louis Dreyfus Company

I am very grateful for the opportunity to serve this year as chairman of ACSA's Futures Contracts Committee. In my opinion, this is one of the scopes of work where we are the most successful. The close engagement we have maintained over the years with the Congressional Committees on Agriculture, the Commodity Futures Trading Commission (CFTC), and the Intercontinental Exchange (ICE) has positioned the Association to continually have an outsized voice on matters that are integral to the assurance that the tools we depend upon as commercial hedgers are available, affordable, and efficient.

This year has been busy. We continue to see challenges to market structure coming from different directions. The Basel III Endgame Proposal would have required futures commission merchants to post such an extreme amount of additional capital to conduct central clearing services that the industry would have seen increased costs and reduced market access had this not been retracted. Our team was instrumental in lobbying the committees of oversight in Congress and conveying our message to the Administration.

We have recently submitted a formal request to ICE consistent with new ACSA policy developed this year to replace Greenville/Spartanburg, SC with Savannah, GA as a delivery location for the ICE Cotton #2 Contract. This will be considered at this year's ACSA convention by the ICE Cotton Committee and if approved, subsequently considered by the ICE Board of Directors and the CFTC.

We have just completed two active periods of public comment requested by the CFTC on 24/7 trading and perpetual futures. Both create risks for our members, and ACSA is on the record in opposition to them. There is more work to be done here to ensure our core functions of price discovery and risk management are preserved, that convergence is not disrupted, and that changes to market structure do not negatively impact our liquidity requirements. Many of these proposals come from digital assets markets, where we have been forced to engage to ensure their evolution doesn't become a contagion to traditional agricultural markets.

These issues are in-play amid a changing composition at the CFTC. The debate this year has extended from former Chairman Rostin Behnam to Interim Chairman Caroline Pham and will likely conclude under the leadership of nominated Chairman Brian Quintenz.

We will continue to work closely to represent the trade's core interests in this arena during normal administrative procedures and the potential reauthorization of the CFTC by Congress, where many of our positions could be codified into law. Again, I appreciate the opportunity to serve in this capacity and the engagement of our staff and our consultants at Delta Strategy Group who have done excellent work on this front for ACSA.

Rules, Bylaws & Fair Practices



John Romines,
Senior Vice President,
Olam Agri Americas, Inc.

After a two-year process, the ACSA Rules, By-laws, and Fair Practices Committee is finally approaching the release of a new, comprehensive set of U.S. trading rules, targeted for adoption by the membership at this year's 101st ACSA Annual Convention. The new set of trading rules intends to combine the best components of the various rules the industry already employs with new or refreshed ideas, and to do so in a concise

yet meaningful manner. While the issues in the U.S. pale in comparison with political/economic issues globally, a few examples of problems our committee dealt with in recent years are: (1) a major need to eliminate or revise old language that is no longer relevant; (2) address marking charges in certain regions; and, (3) unify weights and their respective penalties. Though countless hours of discussion and research have been

dedicated by the entire committee to this project, we acknowledge these rules are a living, breathing document that needs to be continuously reviewed. It is our intention to do just that. After the membership has ratified an inaugural version, the committee will strive for continuous improvement by conducting periodic reviews of these rules, considering feedback from the ACSA membership for potential changes. With the help of ACSA's General Counsel John Gilliland, the ACSA staff, and our membership, we've been able to craft a product we believe will work for our industry for years to come.

As ACSA members look to streamline processes and bring efficiencies to the trade, I hope the membership will find extreme value in the newly developed ACSA Trading Rules.

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Transportation & Insurance



Michael Symonanis,
Director of Strategic Network,
Louis Dreyfus Company

The past year has been pivotal for the American Cotton Shippers Association (ACSA) Transportation and Insurance Committee. The committee has continued to focus on addressing key issues that are crucial for enhancing the competitiveness and efficiency of U.S. cotton exports. This document provides a comprehensive overview of our priorities and the pressing industry-related topics that ACSA members, their suppliers, and stakeholders need to be aware of. We will delve into three main themes: Operational Efficiency and Reliability, Data Accuracy and Alignment, and the uncertainties facing us in 2025.

Operational Efficiency and Reliability

Since June 2024, the committee has been dedicated to ensuring competitive capacity and timely execution within the ocean transportation industry. By collaborating with other export organizations, we've provided guidance to Congress and the Federal Maritime Commission on actions that promote systemic alignment and resilience across all ocean container transportation segments. This effort aims to secure adequate capacity and competitive pricing, ensuring that U.S. cotton remains a viable player in the global market.

Container vessel services remain significantly off schedule, resulting in the single biggest obstacle to our members meeting their export commitments. The committee continued to emphasize the need for ocean carriers and their marine terminals to better align – Early Return Date (ERD), Documentation Cutoff Date, and Last Receiving Date (LRD), collectively known as the Cargo Receiving Window (CRW) – and communicate changes to merchants and the trucking community.

Maintaining the integrity of containers during intermodal transport has been a priority. The committee has advocated improving and maintaining the integrity of export containers moving from interior ramps to ports to reduce splits and rolls. This initiative aims to ensure that all containers make the interior intermodal cutoff and load their intended booked vessel with container seals intact.

Data Accuracy and Alignment

Aligned data between critical parties is essential for improving visibility and reducing unnecessary escalations on front-line operational matters. The committee has highlighted persistent



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challenges faced by members, such as data alignment, complexity, and visibility issues in container shipments. These challenges have consistently undermined the ability to deliver shipments 'on time and intact' in the competitive global market.

To address these challenges, it is crucial to adopt standardized data formats and leverage digital platforms for real-time data sharing. By ensuring that all stakeholders have access to accurate and up-to-date information, we can reduce delays, minimize costs, and enhance operational efficiency. Collaborative efforts among ACSA members, suppliers, and technology providers are essential to achieve data accuracy and alignment.

2025 Uncertainty

The year 2025 presents significant uncertainties for the cotton export industry, particularly in light of the ongoing trade tensions with China and the implications of USTR301 actions. The USTR has issued Section 301 trade actions targeting China's dominance in maritime, logistics, and shipbuilding. Measures include

service fees on Chinese-operated and Chinese-built vessels, and announced 100% tariffs on cranes, containers, and chassis, the incremental cost for which will ultimately find its way back to our members through increased costs.

We have lost our traditional largest market for U.S. cotton, which will have a substantial impact on the U.S. cotton community. For members, increased shipping costs, potential supply chain disruptions, and administrative burdens could undermine the remaining competitiveness of U.S. cotton exports. What's unclear at the time of our 2025 Convention is whether any of these issues will be resolved or mitigated further as we continue through the year.

Call to Action

To navigate these uncertainties, ACSA members must be unified on our supply chain priorities and fully engaged to keep U.S. cotton competitive. As we look ahead to the 2025 Convention, ACSA members are encouraged to actively participate and provide feedback on these priorities. Your input is crucial in shaping the future of the U.S. cotton export industry.

Data Systems & Information Development



Amy Bain,

Director of North American Cotton Operations and Global Head of International Execution, Louis Dreyfus Company

On behalf of the ACSA Data Systems and Information Development Committee, I am pleased to share a few accomplishments we have achieved in the last year:

1. Development of an electronic interface in addition to the manual process for phytosanitary applications through the Phytosanitary Certificate Issuance and Tracking System (PCIT)
2. Enhanced communication and transparency with state warehouse licensing authorities, including an accurately maintained database in PCIT of compliant warehouses as prescribed by the USDA-APHIS Export Program Manual section 4-2-1
3. Facilitated the improvement of cotton flow by expanding the cottonshipping.com tool, a calendar-based application that provides the availability of shipment ready dates by day with next available dates, with enhanced visibility and communication of carrier and warehouse data.

These achievements were made possible by the DSID committee member's support, requests, and collaboration with the dedicated work of our

colleagues from USDA-APHIS, led by Christian Dellis, and EWR, Inc., led by Tom McCune. We could not have achieved this without their dedication, hard work, and dedicated support.

We will continue to focus on electronic bill of lading initiatives with Covantis and existing E-BL platforms. We plan to refocus our efforts on standard operating procedures to build efficiency in execution, including the consideration of standardized terms for letters of credit, by developing educational forums through Cotton Council International with cotton industry representatives and banking industry stakeholders, both at origination and destination.

These accomplishments are technical in nature, but significant in impact. As the complexity in our supply chains increases, it is imperative that we modernize and challenge institutional systems and cultural practices within our industry. These actions have a direct bearing on the efficiency of our industry and the competitiveness of our product.

Thank you for your ongoing support and collaboration. I look forward to our continued success together and stand very grateful for the opportunity to serve as Chairman of this committee.

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Advancing Cotton Flow Standards: A Year of Industry Collaboration



Krista Rickman,
Senior Director, Sustainability & Brand Engagement,
Cargill

At this time last year, I asked the industry to come together and take meaningful steps to address long-standing inefficiencies in cotton flow. I'm proud to share that in the past year, we made measurable progress—thanks to a spirit of collaboration across key segments of our industry.

The American Cotton Shippers Association, working in partnership with the Cotton Warehouse Association of America and the Cotton Growers Warehouse Association, worked together on policy for the National Cotton Council's Flow Committee. This led to the adoption of new policy measures designed to enhance the performance and accountability of warehouse shipping practices.

Raising the Minimum Shipping Standard

Under the newly adopted policy, warehouses that are unable to offer a ship date within six weeks must increase their scheduled shipping rate to 5.25% per week beginning in the seventh week and continuing until they are back within the six-week scheduling window. Once compliance is re-established, the warehouse may return to the baseline 4.5% weekly standard.

A key point of clarification: a week that has already been subject to the 5.25% rate cannot retroactively revert to 4.5%. In other words, once a warehouse falls out of compliance, the higher rate remains until forward-looking improvements are in place.

To ensure consistency, the policy defines compliance as:

- Shipments scheduled no more than six weeks in advance, and
- Ready dates offered no more than three days prior to the requested shipping date.

These provisions bring much-needed structure and clarity to the system and provide all parties—shippers, warehouses, and merchants—with common expectations and benchmarks.

A Commitment to Enforcement and Transparency

In addition to the shipping rate policy, the committee supported a recommendation that the



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industry develop a report to track which weeks each warehouse is subject to the increased 5.25% rate. This will serve as a transparent record of warehouse performance and support improved accountability throughout the supply chain.

We also joined in recommending that USDA initiate a non-complaint-driven auditing system to ensure compliance with both the Minimum Shipping Standard and related regulatory policies. This approach emphasizes proactive oversight and reinforces the shared responsibility we all carry to ensure the system functions efficiently.

Supporting Innovation in Traceability

Beyond shipping performance, ACSA also recommended the addition of a quick response (QR) code on bale packaging—an enhancement that will allow the industry to build toward future

needs around traceability, transparency, and sustainability. This is an investment in the long-term credibility and competitiveness of U.S. cotton.

Looking Ahead

The accomplishments of this past year reflect what is possible when our industry works together toward common goals. I want to thank our partners at the Cotton Warehouse Association of America, the Cotton Growers Warehouse Association, and the National Cotton Council for their commitment to collaboration and shared problem-solving.

As we move into a new year, our committee remains focused on advancing practical, enforceable solutions that protect contract integrity, support the efficient movement of cotton, and reinforce the global reputation of U.S. cotton.



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Quality, Quotations, and Technical Standards for Upland and Pima



Bobby Walton,
President,
Walcot Trading Company LLC

This year, we have been actively working with both industry stakeholders and government agencies to address several issues pertaining to our committee's focus of quality, quotations, and technical standards.

Color shift and lint contamination are two paramount points of concern to the cotton industry. We fully support the continuation of the current High Volume Instrument Color Shift Study and express appreciation to the U.S. Department of Agriculture-Agricultural Marketing Service (USDA-AMS) staff for gathering the data, recognizing the relevance and importance of this data to implement expanded module averaging or similar fungibility programs that include all quality specifications in addition to the consideration of the longevity of cotton classing.

As contamination detrimentally impacts our cotton's value in the global supply chain, ACSA continues to support industry efforts created for the detection, prevention, and elimination of various plastic contaminants in U.S. raw cotton. We want to also remind the USDA of the importance of calling grass, bark, prep, and other extraneous matter as code 61/62 and calling plastic contaminants as code 71/72. At this year's

convention, our committee will propose policy for ACSA to work with both the cotton industry and USDA to encourage producers to use only National Cotton Council (NCC) approved cotton module wrap materials that meets the American Society of Agricultural and Biological Engineers 615.2 cotton module cover standard. ACSA's goal is to make it an eligible requirement for the non-recourse loan.

Turning the page and looking forward, ACSA is focused on the implementation of module averaging as the only classing method, working with Cotton Incorporated and USDA-AMS to make continual improvements to module averaging classing. Meanwhile, we support efforts to improve the USDA cotton classification system with instruments that are reliable and feasible through comprehensive testing and to enhance cotton flow.

Regarding Pima standards, ACSA members are working alongside the USDA and NCC to develop more granular definitions and regulatory standards around Pima cotton and related hybrid varieties, providing clarity for all parties handling the various types of cotton.

It has been my pleasure and privilege to serve as the chairman of this committee this year.

Primary Buyers/Mill Service Agents



Thomas McMeekin,
President,
McMeekin Cotton LLC

The ACSA Primary Buyers and Mill Service Agents Committee has worked diligently this year to ensure that every bale that is traded in the United States with a primary buyer and mill service agents is traded with primary buyer and mill service agent that is a member of the American Cotton Shippers Association.

For too long, non-member agents that met the criteria for membership gained the benefits of the human and financial capital of dedicated merchants and brokers.

Recognizing the structural impediments that discouraged membership, the Committee met and recommended to the Board a revised fee structure to encourage member retention and recruitment. Now that this new structure has been adopted by the ACSA Board, the Committee and ACSA staff are diligently conducting a thorough membership retention and recruitment campaign.

Primary buyers and mill service agents work on the front lines of the industry, providing market access and liquidity as merchant firms naturally enter and exit the market throughout the marketing season. Primary buyers and mill service agents maintain a constant market presence as market conditions fluctuate and merchant positions dictate each firm's market engagement.

Additionally, through membership in the Association, primary buyers and mill service agents are a conduit of information advocating for ACSA policy to farm and mill constituents. Broad industry initiatives including the fungibility initiative, contract sanctity and concerns around warehouse performance and charges often never reach those individuals at the farm level that can actually implement the desired changes. Primary buyers and mill service agents often act as a neutral trusted voice between the farm and mill segments and ACSA merchant members to address industry concerns.

This year the committee continued its campaign to address contract sanctity issues at origination in the Southeast. The timely delivery of gin run, non-culled cotton according to industry accepted contractual norms is critical to preserving this necessary risk management tool for U.S. growers while ensuring reliably sourced bales for ACSA members.

ACSA's Primary Buyers and Mill Service Agents members will continue to seek ways to leverage their unique role in the cotton trade in the United States and consider it a privilege to continue to serve merchant, farm and mill constituents in enhancing the efficient sourcing and flow of U.S. cotton.

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