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INDUSTRY BULLETIN

April 17, 2015

To: NATIONAL COTTON COUNCIL
Certified Interest Organizations Representing Cotton Shippers, Marketing Cooperatives,
Warehousemen and Ginners

From: Gary Adams
President and CEO

Subject: Shipping Order Update (Batch 23) Status Report

This bulletin is an update to be distributed by the organizations listed above to their members.

Background

More than a year ago, the NCC Board, acting on the recommendation of the Cotton Flow Committee, agreed that additional educational efforts are needed to encourage the adoption and use of EWR, Inc.'s Shipping Order Update (Batch 23) feature. The attached document, "NCC Update Shipping Order Feature," enumerating some of the feature's benefits, is part of that educational effort.

In years when port congestion ripples back through the logistic chain, the use of Batch 23 files could help mitigate warehouse congestion. For example, during the March 7, 2015 reporting period, USDA's weekly Bales Made Available for Shipment (BMAS) summary report listed more than a quarter million bales as not picked up. When such backlogs occur, shippers have the opportunity, using Batch 23 file submissions, to rapidly request alternative shipping order pickup dates. Using Batch 23 files in these instances could reduce backlogs and free up valuable warehouse resources to accommodate additional shipping order bookings.

The following table, which shows aggregated Batch 23 data through Mid-January 2015, was reviewed by the NCC's Cotton Flow Committee during its meeting on February 6, 2015.

Batch 23 Submissions	Number of:	
	Firms	Files
Warehouses	285	39,488
Merchants / Coop Marketing Associations	6	5,338
Total	291	44,826

This table shows that more than 80% of the 351 warehouses with Commodity Credit Corporation Cotton Storage Agreements submitted one or more Batch 23 files this crop year. By comparison, there is considerably less participation and activity with Batch 23 files among shippers.

USDA's Warehouse Licensing & Examination Division (WLED) informed NCC staff that they are ready to review Batch 23 reports during routine warehouse examinations and when responding to complaints. However, USDA warehouse examiners are quick to point out that Batch 23 files must be submitted by both shippers and warehouses in order to be effectively used in these situations.

Shipper Reminder

Only USDA can see a shipper's Batch 23 activity. The data does not reside in a USDA data base, thus Batch 23 files are not subject to Freedom of Information Act requests.

There are numerous benefits for shippers that use Batch 23 files, particularly when dealing with warehouses that do not utilize public internet based scheduling tools. The Batch 23 process provides shippers the ability to send all warehouses shipping request and confirmation dates via the provider system.

Batch 23 dates are captured and can be audited by USDA WLED to ensure compliance with the minimum shipping standard. When there is no Batch 23 file, examiners find it virtually impossible to confirm a warehouse's level of shipping activity relative to shipping orders that do not include requested load dates.

Warehouse Reminder

All shipper Batch 23 files sent via the provider system will be delivered to the warehouse's provider mailbox. Opening and responding to Batch 23 files is voluntary but warehouses are reminded that USDA WLED examiners are able to use this data to confirm compliance with the minimum shipping standard. The table above shows that most warehouses using Batch 23 files this crop year did not wait for a shipper to submit their own Batch 23 files. This proactive approach can help a warehouse demonstrate compliance with minimum shipping standard requirements.

General Reminder

Participation in Batch 23 is simple. EWR, Inc. software is programmed to "opt in" all provider system senders and recipients of shipping orders and early shipping orders. Batch 23 files appear in the holder's EWR, Inc. mail file with each file submitted unless the "opt out" option is selected. Note that choosing to "opt out" does not prevent submitted files from being automatically recorded by EWR, Inc. and reviewed by USDA WLED examiners at a later date.

When Batch 23 reports are few and shipping levels are low, a finding of noncompliance with the minimum shipping standard by a warehouse examiner is unlikely. However, shipper generated Batch 23 files will raise red flags if load date requests for a week or prior weeks were transmitted but not granted and warehouse BMAS activity for the reporting week is low.

Attachment