

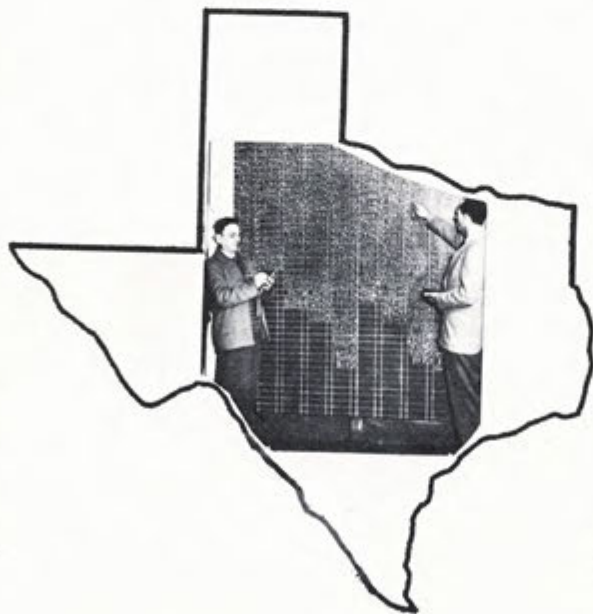
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Cost of Merchandising Cotton in Texas 1969-1970 Season



NATURAL FIBERS ECONOMIC RESEARCH

The University of Texas at Austin



Research Report No. 98

COST OF MERCHANDISING COTTON IN TEXAS,
1969-70 SEASON

Natural Fibers Economic Research
The University of Texas at Austin

A Part Of

Natural Fibers & Food Protein Committee of Texas

PREFACE

This report is based on a study conducted by Natural Fibers Economic Research, formerly Cotton Economic Research, The University of Texas at Austin, a part of the Natural Fibers and Food Protein Committee.

Appreciation is expressed to Mr. Kermit E. Voelkel a member of this office who collected these data through personal interviews of some of the cotton firms located in the Dallas, El Paso, Houston, and Lubbock, Texas trade areas. The fine cooperation of these cotton firms in furnishing accurate and complete data is gratefully acknowledged. Without their assistance this study would not have been possible.

Appreciation is also extended to Mr. Carl Cox, Executive Director of the Natural Fibers and Food Protein Committee for reviewing the manuscript.

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INTRODUCTION

The production, processing, and marketing of cotton are major sources of cash income and employment in Texas. Cotton lint and cottonseed are two of the world's most important raw materials.

The cotton industry in Texas has played a major part in the economic development of agriculture, transportation, banking, and related service businesses over the past 150 years.

The Texas cash farm income from cotton and cottonseed for 1969 was \$642,670,800 (including \$334,538,000 from government cotton payments—Food and Agriculture Act of 1965). Income derived from cotton lint and cottonseed was 22.8 percent of the total state cash farm income and 54.7 percent of the state cash income from all crops. In 1969, Texas produced 2,806,926 running bales of cotton, bringing the total for the state during the history of cotton production in Texas from the year 1822 through 1969 to more than 316,000,000 bales, with a value in excess of \$28.3 billion.

In 1969, cotton was produced in 239 of the 254 Texas counties. The harvested cotton acreage amounted to 4,675,000 acres. The value for both lint and cottonseed averaged \$137 per harvested acre.

The largest amount of cotton ever produced in Texas was during the 1949-50 season, when over 6,000,000 bales were ginned. Figures indicated that 98 percent of the 1969 cotton crop was machine harvested.

The average grade index of the 1969 Texas cotton crop was 86.7 (Middling White is 100), which was the lowest in the history of quality reporting. Adverse weather conditions, insect infestations, and methods of harvesting affected the grades. The average staple length was 31.5 thirty-seconds of an inch. This was the third longest average staple length in 42 years. The average fineness of the cotton was 4.1 micronaire units, with 81 percent in the desirable range of 3.5-4.9 readings. The average fiber strength was 85,700 pounds per square inch, up 1,900 psi from the previous year.

In 1969-70, the average price received by the producer for his cotton production was 18.43 cents per pound. Ginned cotton moved from the 1,126 active gins in 150 Texas counties to any of 175 public storage establishments (90 cotton compresses and 85 warehouses).

The title to the cotton, after being ginned, passed from the farmer to either the ginner, local buyer, mill buyer, broker, Commodity Credit Corporation (a Federal government agency), or to one of the more than 100 cotton merchandising firms operating in Texas.

THE TEXAS COTTON SHIPPER

A very vital step between the producer and the textile mill is merchandising, and the cotton shipper is the major one who performs this function. The cotton shipper must offer and perform the many services necessary to deliver the cotton required by a mill customer. This requires a variety of skills and services which the shipper must perform through his own staff or which he may arrange for from outside his own firm.

The overall service performed by the shipper is the delivery of the required cotton where and when needed. This general service necessitates that a shipper perform the following specific services: Obtaining the cotton, quality selection, compression to proper density, storage until needed, insurance coverage of cotton until delivered, transportation to destination, and financing of all the preceding services until delivery is accomplished and payment is made.

The number of the above services has increased over the past 5 to 10 years because additional quality factors were being considered in marketing. These increased services include instrument testing for length, fineness, maturity, uniformity, elongation, etc.; textile processing assistance; and cotton selection by variety, area of growth, etc. Some shippers rely on research to find new or additional possible end uses for specific cottons and to improve their services to the mills. These additional services may be performed by the shipper's own personnel or may be arranged and paid for by the shipper through outside commercial fiber testing organizations.

The various services performed by the shipper necessarily meant that his personnel had to have a greater knowledge and be better qualified than in earlier years. Also, the information obtained from testing services must be maintained on cotton in the shipper's stock. Some shippers installed data processing equipment because of this increased record keeping, and by doing so, made it possible to furnish faster and more accurate quality data and price quotations to the prospective mills or other marketing outlets. Data processing equipment has also been integrated with instrument fiber testing equipment in order to render faster and more complete service. With the modern innovations, the shippers' services were made more efficient and useful to their customers. Obviously, these additional and new services performed by the shipper also meant an increase in the cost of merchandising.

While the shipper was increasing his services, mills were also requiring additional quality data such as fineness, strength, uniformity, etc., besides the usual quality factors of grade and staple length of the cotton they needed. Mills, in order to reduce their processing costs, were making studies on excessive ends down, waste, yarn, and fabric imperfections, etc., in an effort to determine their needs more accurately.

As pointed out on the preceding page, the services performed by the cotton shipper are a vital step between the producer and the textile mill in merchandising cotton. The number of shippers in Texas has decreased alarmingly in recent years. There are a number of reasons for this situation, chief of which are the increased requests from mills for new, better and greater services and the cost of furnishing them; the loss of both domestic export markets due to imported textiles, including apparel; and the increased use of synthetics. In addition, some mills have by-passed the shipper in the purchasing of their cotton. Field contracting of the crop, a method of purchasing which has been on the increase during the past several years, has and will contribute to the condition. Also, since mills purchase large lots of cotton, the shipper is the logical one to handle these purchases. Smaller buyers or merchants would have problems handling large lots. On the other hand, the shippers that are still in operation have improved their services and efficiency through cost reduction practices and have therefore strengthened their positions.

In an effort to remain in operation, and to provide efficient services to the mills, some shippers have cut their cost of operation by consolidating several of their offices and personnel functions by closing branch offices and reducing office and field staffs. Since the cotton shipper performs so many important services in the merchandising step, he will always remain a needed cog in the marketing system.

PURPOSE OF THIS STUDY

This study was made to provide estimates of the major costs involved in marketing of Texas cotton. It was also made to up-date the Research Report No. 90, Cotton Merchandising Costs in Texas, 1966-67 Season, and earlier reports. With the number of active cotton shippers decreasing annually, and with the advancement of prices because of economic conditions, requests increased for this study. These requests were made by the United States Department of Agriculture, National Cotton Council, Cotton Inc., shippers, researchers and other interested parties.

BACKGROUND

Data presented in this report are based on analysis of information obtained from about 37 percent of the cotton shippers maintaining offices in Texas during the 1969-70 season. The firms were located in the Dallas, El Paso, Houston and Lubbock, Texas trade areas. They handled a total of 2.2 million bales of which more than 86 percent was Texas growths. These Texas growths (1,783,000 bales) represented 61 percent of the 1969-70 Texas crop. Cost data were acquired on a points and cents per pound basis for the various cost items covered in this study. One hundred points equal 1 cent per pound and amounts to \$5 on a 500-pound bale of cotton.

Personal interviews were held with an official or representative of each firm concerning cost and volume data on the domestic and foreign shipments in 1969-70. Supplementary data were also obtained from each firm as to where and from whom they obtained their cotton, along with their methods of selling. Based on these data obtained, weighted averages for the various costs of merchandising were developed for the trading areas according to outlets. These results were then utilized to develop the weighted state average cost for the specific items of merchandising to the outlets.

THE TEXAS COTTON SHIPPERS' COSTS, 1969-70

The total cost (weighted average) for merchandising cotton from the four Texas market areas amounted to \$22.66 per bale. For cost of merchandising shipments to all outlets during the season, see table 1. The 1969-70 total cost figure of \$22.66 is \$1.56 less than the 1966-67 season cost. This indicated decrease in combined cost of merchandising was not the result of an actual decrease in the cost but was due to the increased amount of cotton sold to domestic outlets and a reduction in amount sold to foreign outlets in 1969-70 as compared to the volume to same outlets for the earlier period.

The cost for shipments to domestic and foreign outlets amounted to \$15.18 and \$31.74 per bale, respectively, see table 1. These two costs were above the costs for the two earlier seasons, 1966-67 and 1964-65. Data for the cost of merchandising Texas cotton by trade areas and according to outlets for the 1966-67 season are in table 18 of the Appendix and for the 1964-65 season are in table 19 of the Appendix.

During the 1969-70 season, the Dallas market area had the highest average cost of merchandising cotton to all outlets, with \$23.64 per bale. The Houston trade area had the lowest cost of \$21.39 per bale—\$2.25 less than the Dallas trade area cost. The average costs to all outlets for the El Paso and Lubbock trade areas were \$22.56 and \$22.92 per bale, respectively.

DOMESTIC MERCHANDISING COSTS

The 1969-70 season domestic costs were from 93 cents to \$2.22 per bale more than the costs during the 1966-67 season for selling cotton to United States mills. The Houston trade area had the lowest domestic merchandising cost of \$14.48 per bale compared with El Paso, which had the highest with \$17.39 per bale. The Lubbock and Dallas trade areas' domestic merchandising costs were \$15.00 and \$15.43 per bale, respectively.

FOREIGN MERCHANDISING COSTS

Merchandising costs to foreign outlets ranged from \$30.06 per bale for the Houston trade area to \$47.96 per bale for the El Paso trade area. The Dallas and Lubbock trade areas showed a merchandising cost to foreign

Table 1. SHIPPERS' AVERAGE COST OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1969-70 SEASON
(IN DOLLARS PER BALE)

Trading Area and Outlets	1/ Buying and Local Ex-warehouse	2/ Storage	Com-pression, Patches & Marks	3/ Warehouse Services	4/ Transportation		Cotton Insurance		Hedging Exchange	Interest and Selling	5/ Miscellaneous Tare	6/ Other-Overhead Total
					Domestic Freight	Ocean/ Marine	Other	Other-6/				
Dallas Area:												
Group 201	\$1.29	\$0.99	\$2.44	\$0.68	\$6.02	\$0.16	\$0.02	\$1.01	\$0.92	\$0.36	\$1.93	\$15.82
Ala./Ga.	.97	1.16	2.41	.72	5.42	.15	.02	1.04	.88	.36	1.83	14.96
Group 200	1.30	.88	2.50	.84	6.71	.16		1.11	.86	.61	1.48	16.45
New England	1.32	.90	2.50	.64	7.85	.15		1.00	.86	.48	1.53	17.23
Other domestic	.86	1.21	2.14	1.14	2.86	.25	.10	1.40	1.00	.58	2.84	14.38
Total domestic	1.09	1.08	2.42	.74	5.72	.16	.02	1.06	.90	.40	1.84	15.43
Europe	.89	1.08	2.74	.84	2.15	\$11.27	\$0.66	1.20	1.12	.48	2.61	30.23
Japan	.58	.88	2.79	.43	2.54	12.54	.83	1.42	.68	.74	1.89	30.52
India	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.
Other foreign	.93	1.05	2.62	.78	2.64	12.43	.95	1.25	1.19	.30	2.14	31.69
Total foreign	.77	.98	2.70	.63	2.54	12.96	.86	1.32	.96	.52	2.08	31.00
All outlets	.92	1.02	2.57	.68	4.05	6.51	.46	1.20	.92	.47	1.96	23.64
El Paso Area												
Group 201	\$1.42	\$0.58	\$1.86	\$2.12	\$7.29	\$0.21	\$0.05	\$1.09	\$0.78	\$0.09	\$2.34	\$17.83
Ala./Ga.	2.60	.60	2.18	1.92	8.17	.15	.14	1.14	1.02	.21	2.67	20.80
Group 200	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.
New England	1.66	.56	1.46	1.94	4.72	.22	.05	1.18	.62	.07	1.12	13.60
Other domestic	1.64	.58	1.82	2.06	6.88	.20	.06	1.12	.79	.10	2.14	17.39
Total domestic	2.90	.60	3.14	1.88	4.45	\$13.34	\$0.72	1.16	1.81	1.12	2.47	40.48
Europe	3.38	.60	3.20	1.76	4.44	.10	.20	1.21	2.03	1.26	2.22	51.45
Japan	3.22	.60	3.18	1.80	4.44	.10	.20	1.20	1.96	1.22	2.30	47.96
India	1.91	.58	2.06	2.01	6.47	.14	.09	1.13	.98	.29	2.16	22.56
Other foreign												
Total foreign												
All outlets												

Table 1.--Continued

Trading Area and Outlets	Buying and Local Ex-warehouse	2/ Storage	Com-pression, Patches & Marks	3/ Other Warehouse Services	Transportation		Cotton Insurance		Hedging	Interest and Exchange	5/ Selling	Miscellaneous Tare	7/ Overhead	Total
					Domestic	Ocean/	Freight	Marine						
Houston Area:														
Group 201	\$1.15	\$0.72	\$1.86	\$1.20	\$6.12	\$11.15	\$0.54	\$0.19	\$0.02	\$0.97	\$0.98	\$0.20	\$1.76	\$15.17
Ala./Ga.	1.15	1.05	2.22	.69	5.55	12.56	.96	.17	.04	.94	1.00	.22	2.38	15.41
Group 200	1.24	.69	2.20	1.00	6.54	Ins.	Ins.	.19		.94	1.00	.60	2.21	16.61
New England	1.93	.67	2.44	.57	6.77	Ins.	Ins.	.16		.83	1.00	.32	1.96	16.65
Other domestic	1.00	.86	1.94	1.07	2.51	1.78	.84	.18	.02	1.10	.50	.03	1.70	10.91
Total domestic	1.15	.85	2.04	.97	5.21	1.64	.86	.18	.02	.98	.89	.20	1.99	14.48
Europe	1.06	1.08	2.70	.77	1.28	\$11.15	\$0.54	.02	.10	1.07	1.40	.44	2.98	29.35
Japan	.84	.81	2.78	.51	1.60	12.56	.96	.02	.10	1.16	.75	.48	2.14	29.60
India	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.
Other foreign	1.18	.98	2.65	.66	1.78	12.44	.84	.06	.04	1.04	1.30	.30	2.42	30.69
Total foreign	1.02	.92	2.71	.60	1.64	12.34	.86	.04	.03	1.10	1.08	.40	2.36	30.06
All outlets	1.09	.88	2.34	.81	3.63	5.46	.38	.12	.02	1.03	.98	.29	2.16	21.39
Lubbock Area														
Group 201	\$0.78	\$0.94	\$2.26	\$0.72	\$6.29	\$11.02	\$0.56	\$0.16	\$0.01	\$0.85	\$1.00	\$0.36	\$2.36	\$15.73
Ala./Ga.	.75	1.26	2.30	.66	6.11	12.45	1.16	.16	.01	.97	1.00	.20	2.21	15.63
Group 200	.79	.74	2.26	.77	6.38	Ins.	Ins.	.16		.77	1.00	.51	2.46	15.84
New England	.86	1.10	2.32	.68	7.70	Ins.	Ins.	.16		.89	1.00	.30	2.21	17.22
Other domestic	1.42	1.04	2.44	.80	3.22	1.78	.84	.08	.02	1.26	1.00	.26	1.54	13.08
Total domestic	.94	1.08	2.32	.72	5.42	3.63	.38	.14	.02	1.00	1.00	.28	2.08	15.00
Europe	.91	1.04	2.88	.87	3.35	\$11.02	\$0.56	.03	.05	1.00	1.43	.48	2.66	31.09
Japan	.76	.96	2.76	.71	3.33	12.45	1.16	.04	.05	1.01	.86	.40	2.22	31.54
India	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.	Ins.
Other foreign	.92	1.12	2.70	.75	3.40	12.27	.94	.13	.02	1.04	1.24	.28	2.21	31.94
Total foreign	.86	1.05	2.74	.75	3.37	12.22	.99	.08	.02	1.03	1.10	.34	2.26	31.70
All outlets	.90	1.06	2.52	.73	4.44	5.80	.47	.11	.02	1.02	1.05	.31	2.17	22.92

Table 1.--Continued

Trading Area and Outlets	1/ Buying and Local Ex-ware- house	2/ Storage	Com- pression, Patches & Marks	3/ Other Warehouse Services	Transportation		Cotton		Interest and Exchange	5/ Selling	6/ Miscellaneous Tare	7/ Other6/ Overhead	Total
					Domestic	Ocean4/	Insurance	Other					
Texas													
Group 201	\$1.05	\$0.80	\$2.08	\$1.16	\$6.47	\$0.18	\$0.02	\$0.95	\$0.94	\$0.26	\$2.19	\$16.10	
Ala./Ga.	.92	1.18	2.29	.72	6.02	.16	.02	.98	.99	.23	2.22	15.73	
Group 200	.94	.76	2.28	.82	6.44	.16		.84	.98	.54	2.30	16.06	
New England	1.94	.83	2.35	.86	8.11	.15	.05	.99	1.09	.35	1.94	18.66	
Other domestic	1.30	.98	2.26	.94	3.07	.12	.02	1.22	.86	.20	1.55	12.52	
Total domestic	1.06	.98	2.22	.91	5.56	.16	.02	1.02	.94	.26	2.05	15.18	
Europe	1.09	1.02	2.84	.92	2.86	\$11.26	.08	1.04	1.43	\$4.97	2.71	31.36	
Japan	.76	.92	2.77	.63	2.89	12.48	.04	1.09	.81	4.93	2.16	31.02	
India	2.92	.78	3.08	1.56	4.24	20.09	.16	1.18	1.90	8.22	2.19	48.32	
Other foreign	.97	1.08	2.68	.74	3.03	12.32	.02	1.06	1.24	4.97	2.25	31.68	
Total foreign	.94	1.00	2.74	.74	2.98	12.43	.02	1.08	1.11	5.02	2.26	31.74	
All outlets	1.01	.99	2.46	.83	4.40	5.60	.02	1.04	1.02	2.27	2.15	22.66	

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Overseas shipments include, for some areas, wharfage, forwarding, and controlling. 5/ Commissions or comparable direct selling costs. 6/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 7/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. Ins. - Insufficient data.

Source: Original data.

outlets of \$31.00 and \$31.70 per bale, respectively. The Houston trade area reflected the smallest increase since the 1966-67 season with 83 cents per bale.

TEXAS DESIGNATED SPOT MARKET PRICES, PREMIUMS AND
DISCOUNTS AND PRICES RECEIVED BY PRODUCERS

The three designated spot markets in Texas during the 1969-70 season were Dallas, Houston, and Lubbock. Galveston was a designated spot market until the 1967-68 season. Prices reported to the USDA were based on Middling, 1 inch, with premiums and discounts for other qualities. The number of bales sold in each market were also reported. While El Paso is not a designated spot market, Middling, 1 inch prices were reported to the USDA by the El Paso market.

During the 1969-70 season, the merchants of the three designated spot markets reported purchases of 2.3 million bales of cotton (see table 2). The prices paid for these purchases were recorded for Middling, 1 inch in cents per pound. These data are also found in table 2, along with those for the seasons of 1966-67 and 1964-65. Purchases during the 1969-70 season amounted to 25.5 percent of the total reported purchased in all the designated spot markets (12) in the United States. In contrast, the merchants, during the 1966-67 season, purchased 3.1 million bales which reflected 24.5 percent of the United States total purchased. The 1969-70 season's price for Middling, 1 inch in the Texas designated spot markets was higher than it was during the 1966-67 season, with the exception of the El Paso market which showed a lower price.

In the past the quality factors of grade and staple length determined the price paid for cotton. However, now a third factor of fineness, the micronaire reading of the cotton, has been added. Fineness is also a measure of maturity or immaturity depending on the cottons involved. The trade has determined that the cottons which fall in the fineness range of 3.5 to 4.9 are to be considered as average. Those cottons that are below or above this range are cottons which are less mature on the fine end or very mature on the coarse end. Thus, cottons outside the average range of 3.5 to 4.9 micronaire units are discounted. The USDA has established premiums and discounts for the various micronaire readings entering the CCC loan. However, these differences were not applicable in the

Table 2. REPORTED PURCHASES BY MERCHANTS AND SPOT COTTON PRICES FOR MIDDLING 1" IN DESIGNATED MARKETS FOR THE 1969-70, 1966-67, AND 1964-65 SEASONS

Market Trading Area	Reported Purchases in Bales			Price Middling 1" Cents Per Pound		
	1969-70	1966-67	1964-65	1969-70	1966-67	1964-65
Dallas	1,027,881	1,834,049	1,011,711	21.93	21.84	30.29
Lubbock	1,195,986	905,610	818,477	21.91	21.84	30.18
El Paso*	—	—	—	21.38	21.79	30.28
Houston	113,047	343,247	656,062	21.93	21.86	30.27
Galveston**	—	15,798	101,767	—	22.02	30.37
All Markets	9,164,736	12,665,148	11,776,514	22.15	22.08	30.73

* No volume figures given.

** Galveston was removed as one of the spot markets during the 1967-68 season.

Reference (5).

1964-65 season, but were initiated with the 1965 crop. For the CCC loan micronaire premiums and discounts covering the 1969-70, 1966-67, and 1965-66 seasons refer to table 3.

Cotton that was marketed by the farmers through trade channels was also subject to micronaire discounts. The trade did not, however, have a premium for the cotton within the range of 3.5 to 4.9. The CCC loan provided 45 points premium for this grouping during the 1969-70 season. The fineness groupings during this season were the same as the CCC loan, but the premiums and discounts varied. For the average micronaire differences for the designated spot markets see table 4.

Texas producers generally received a lower average price for their cotton than producers in other parts of the United States. This lower average price can be attributed to the lower grades and shorter staple lengths produced in the state as compared with production outside the state. The average prices received by producers in Texas and the United States for the seasons 1961-62 through 1969-70 are shown in table 5.

Table 3. COMMODITY CREDIT CORPORATION MICRONAIRE LOAN DIFFERENCES, 1969-70, 1966-67, AND 1965-66 SEASONS

1969-70 Crop		1966-67 Crop		1965-66 Crop	
Reading	Points/Pound	Reading	Points/Pound	Reading	Points/Pound
5.3 & above	-135	5.3 & above	-100	5.5 & above	- 50
5.0 - 5.2	- 35	5.0 - 5.2	- 20	5.2 - 5.4	- 15
3.5 - 4.9	+ 45	3.5 - 4.9	+ 20	4.9 - 5.1	0
3.3 - 3.4	- 45	3.3 - 3.4	- 30	3.6 - 4.8	+ 14
3.0 - 3.2	-140	3.0 - 3.2	- 90	3.3 - 3.5	0
2.7 - 2.9	-255	2.7 - 2.9	-175	3.0 - 3.2	- 60
2.6 & below	-390	2.6 & below	-300	2.7 - 2.9	-165
				2.6 & below	-300

Reference (5).

Table 4. MICRONAIRE DIFFERENCES FOR THE TEXAS AND UNITED STATES DESIGNATED SPOT MARKETS, SEASONS 1969-70, 1966-67, AND 1964-65, IN POINTS PER POUND

Market	1969-70 Micronaire Reading						5.3 & Above
	2.6 & Below	2.7-2.9	3.0-3.2	3.3-3.4	3.5-4.9	5.0-5.2	
Dallas	-400	-250	-175	-100	0	- 75	-175
Houston	-375	-225	-150	- 50	0	- 75	-175
Lubbock	-384	-234	-130	- 64	0	- 60	-137
12-Market	-458	-303	-188	- 87	0	- 77	-168

Market	1966-67 Micronaire Reading						5.3 & Above
	2.6 & Below	2.7-2.9	3.0-3.2	3.3-3.4	3.5-4.9	5.0-5.2	
Dallas	-350	-216	-141	- 50	0	- 75	-200
Galveston	-300	-200	-100	- 50	0	- 48	-125
Houston	-337	-237	-162	- 50	0	- 90	-200
Lubbock	-341	-236	-136	- 64	0	- 77	-206
15-Market	-355	-238	-132	- 60	0	- 77	-192

Market	1964-65 Micronaire Reading				5.0 & Above
	2.6 & Below	2.7-2.9	3.0-3.4	3.5-4.9	
Dallas	-351	-238	-100	0	- 43
Galveston	-315	-165	- 65	0	- 30
Houston	-319	-181	- 81	0	- 37
Lubbock	-304	-200	- 85	0	- 50
15-Market	-333	-198	- 83	0	- 50

Reference (5).

Table 5. AVERAGE PRICES RECEIVED BY FARMERS IN TEXAS AND THE UNITED STATES, 1961-62 THROUGH 1969-70

Season	Price Per Pound	
	Texas	United States
1961-62	31.29	32.92
1962-63	30.34	31.90
1963-64	30.18	32.23
1964-65	27.67	29.76
1965-66	26.12	28.14
1966-67	17.14	20.84
1967-68	19.28	25.59
1968-69	19.52	22.15
1969-70	18.68	21.09

Reference (5,7,8).

COTTON PURCHASED BY FIRMS IN THE TEXAS TRADE AREAS

The cotton shipping firms located in the four Texas trade areas generally purchased the cotton produced in the territory where they were located. The United States is divided into four regions of production, namely, Southeastern, South Central, Southwestern, and Western. While the firms doing business in the Dallas, Houston, and Lubbock trade areas purchased cotton, during the 1969-70 season, from some of the above regions, 66 percent to 99 percent was purchased in the Southwestern region. It will be noted in table 6, which shows from what regions cotton was purchased during the 1969-70, 1966-67, and 1964-65 seasons, that firms doing business in the El Paso market bought all their cotton in the El Paso area or the Western region. (El Paso located in District 6 of Texas is included in the Western region.)

The production of cotton in the United States, by regions, is shown in table 20 of the Appendix. These data cover the seasons 1935-36 through 1969-70 and give the percentage of the nation's cotton produced in each of the four regions. The data also reflect the westward movement of cotton production.

Of the cotton shippers located in the four trade areas of Texas, only the firms located in the El Paso trade area purchased their cotton requirements during the 1969-70 season solely within their own area which is a

Table 6. PERCENTAGE OF COTTON PURCHASED BY FIRMS OF THE FOUR TEXAS TRADE AREAS FROM FOUR NATIONAL REGIONS, 1969-70, 1966-67, AND 1964-65 SEASONS

Firm Location	Region of Growth of Cotton Purchased				Texas
	Western	Southwestern	South Central	Southeastern	
<u>Dallas</u>					
1969-70	12.7	85.6	1.7	—	100.0
1966-67	12.7	80.4	2.7	4.2	100.0
1964-65	14.1	59.6	24.8	1.5	100.0
<u>El Paso</u>					
1969-70	100.0*	—	—	—	100.0
1966-67	100.0*	—	—	—	100.0
1964-65	100.0*	—	—	—	100.0
<u>Houston</u>					
1969-70	18.1	65.6	14.1	2.2	100.0
1966-67	11.0	72.1	11.3	5.6	100.0
1964-65	14.7	59.3	18.6	7.4	100.0
<u>Lubbock</u>					
1969-70	—	99.9	.1	—	100.0
1966-67	—	99.0	1.0	—	100.0
1964-65	.6	98.2	1.2	—	100.0
<u>All Markets</u>					
1969-70	16.7	79.1	3.7	.5	100.0
1966-67	9.7	82.1	5.0	3.2	100.0
1964-65	17.3	62.0	17.0	3.7	100.0

* District 6 of Texas is included in the Western region.

Original data and reference (2,3).

part of the Western Region. These data for El Paso and including the three other market areas covering the 1969-70, 1966-67, and 1964-65 seasons are shown in table 7.

The firms in the Dallas, Houston, and Lubbock trade areas purchased from 40 percent (Houston) to 87 percent (Lubbock) from the Lubbock section. Sixty (60) percent of the cotton purchased by the Dallas area firms originated from the Lubbock section. With 70 percent of the state's cotton production on the High and Rolling Plains, it is understandable why such a large percentage of the Lubbock area cotton is purchased by the firms of the major trade areas of Texas. More than 62 percent of the cotton purchased by all cotton shippers located in Texas was grown in this heavy producing area of the state. Table 7 shows the percentage of cotton purchased from the various trade areas of the state.

Table 7. PERCENTAGE OF COTTON PURCHASED IN FOUR TRADE AREAS BY FIRMS HEADQUARTERING IN TEXAS, 1969-70, 1966-67, AND 1964-65 SEASONS

Office Location	Market Trading Area				Total
	Dallas	Houston	Lubbock	El Paso	
<u>Dallas</u>					
1969-70	20.4	20.1	59.5	0	100.0
1966-67	7.1	68.0	19.1	5.8	100.0
1964-65	46.9	27.0	26.1	—	100.0
<u>El Paso</u>					
1969-70	—	—	—	100.0	100.0
1966-67	—	—	—	100.0	100.0
1964-65	—	—	—	100.0	100.0
<u>Houston</u>					
1969-70	15.6	37.4	40.3	6.7	100.0
1966-67	16.7	58.0	24.6	.7	100.0
1964-65	13.5	54.7	31.8	—	100.0
<u>Lubbock</u>					
1969-70	.3	12.7	87.0	—	100.0
1966-67	5.8	4.2	90.0	—	100.0
1964-65	2.8	1.9	95.3	—	100.0
<u>All Markets</u>					
1969-70	8.8	17.9	62.2	11.1	100.0
1966-67	9.1	39.0	44.3	7.6	100.0
1964-65	20.4	29.2	41.7	8.7	100.0

Original data and reference (2,3).

METHOD OF MERCHANDISING COTTON

The firms that were interviewed in connection with this study also supplied data on their methods of selling the cotton. They reported that the majority of the cotton was merchandised as a "shipper." Some of the firms in the Houston and Lubbock trade areas sold 19 and 13 percent, respectively of their purchases as F.O.B. merchants. Table 8 shows the percentage of cotton sold as shippers in the four trade areas for the 1969-70, 1966-67, and 1964-65 seasons.

Table 9 shows the volume of Texas cotton sold as shippers, etc., by the four trade areas for the seasons 1969-70, 1966-67, and 1964-65. It will be noted that during the 1969-70 season Lubbock firms sold the largest percentage of the Texas cotton handled with about 42 percent. The Dallas firms

Table 8. PERCENTAGE OF TEXAS SALES AS SHIPPERS, ETC., BY TRADE AREAS, SEASONS 1969-70, 1966-67, AND 1964-65

Market Area	Shipper	Mill Buyer	F.O.B.		Commission Buyer	Total
			Merchant	Broker		
<u>Dallas</u>						
1969-70	99.7	—	.3	—	—	100.0
1966-67	100.0	—	—	—	—	100.0
1964-65	98.2	.2	1.1	.3	.2	100.0
<u>El Paso</u>						
1969-70	100.0	—	—	—	—	100.0
1966-67	91.8	—	8.2	—	—	100.0
1964-65	100.0	—	—	—	—	100.0
<u>Houston</u>						
1969-70	80.9	—	18.8	.3	—	100.0
1966-67	95.1	—	4.2	.7	—	100.0
1964-65	93.4	—	6.0	.3	.3	100.0
<u>Lubbock</u>						
1969-70	85.2	1.0	13.3	—	.5	100.0
1966-67	84.4	—	15.6	—	—	100.0
1964-65	72.7	—	27.3	—	—	100.0
<u>Total</u>						
1969-70	89.6	.4	9.7	.1	.2	100.0
1966-67	91.2	.1	8.3	.2	.2	100.0
1964-65	92.7	—	7.0	.3	—	100.0

Original data and reference (2,3).

Table 9. VOLUME OF TEXAS COTTON SOLD AS SHIPPERS, ETC., BY TRADE AREAS, SEASONS 1969-70, 1966-67, AND 1964-65 (DATA IN PERCENT)

Market	Shipper			Others*			Total		
	1969-70	1966-67	1964-65	1969-70	1966-67	1964-65	1969-70	1966-67	1964-65
Dallas	28.7	26.9	32.6	.2	—	.6	28.9	26.9	33.2
El Paso	8.1	6.4	5.4	—	.6	—	8.1	7.0	5.4
Houston	17.4	32.3	38.8	4.0	1.7	2.8	21.4	34.0	41.6
Lubbock	35.4	27.1	14.4	6.2	5.0	5.4	41.6	32.1	19.8
Total	89.6	92.7	91.2	10.4	7.3	8.8	100.0	100.0	100.0

* Mill buyer, F.O.B. merchant, broker, commission buyer.

Original data and reference (2,3).

were next handling about 29 percent. On a state basis, nearly 90 percent of the Texas cottons were handled by these firms as cotton shippers during the 1969-70 season.

SOURCES OF PURCHASES

The cotton merchandising firms in the four trade areas purchased cotton from farmers, ginners, local buyers, the Commodity Credit Corporation, spot brokers, F.O.B. merchants, and others. During the 1969-70 season, shippers in the Houston and Dallas trade areas purchased 38 percent and 78 percent, respectively, of their cotton from ginners and local buyers. Those in the Lubbock and El Paso trade areas purchased 72 percent and 91 percent, respectively, of their cotton from the farmers.

During the 1969-70 season, 44 percent of the cotton purchased by all firms was purchased from farmers; during the 1966-67 season, 45 percent came from the Commodity Credit Corporation; and during the 1964-65 season, 33 percent was from ginners and local buyers. Table 10 shows the percentage of purchases made by the shippers, by sources and in the four trade areas for the 1969-70, 1966-67, and 1964-65 seasons.

Table 11 reflects the percentage of the firms' annual volume moving to the domestic and foreign outlets for the cotton marketed during the three seasons. During the 1969-70 season, domestic mills used 56 percent of the purchases; whereas, during the prior two seasons listed, 60 to 70 percent of the purchases were destined for foreign outlets. The United States mill consumption amounted to nearly 8 million bales during the 1969-70 season (see table 21 in the Appendix).

Table 12 shows the distribution of Texas cotton to various domestic and foreign outlets by shippers in the four trade areas during the 1969-70 season. Fifty-six (56) percent of the cotton was shipped to domestic mills and forty-four (44) percent to foreign outlets. The largest single domestic outlet, which was the recipient of 21 percent, went to the mills in Alabama and Georgia. Cotton shipments to Japan were the largest single foreign outlet with 18 percent. In other words, nearly 41 percent of the Texas cotton sold in the export market was destined for Japan.

Table 10. SHIPPERS' PURCHASES OF COTTON BY SOURCES AND TRADE AREAS, 1969-70, 1966-67, AND 1964-65 SEASONS, IN PERCENT

Market Trading Area	Farmers Ex-whse	Farmers Other	Ginners & Local Buyers		CCC	Shippers	Spot		Total
			Buyers	CCC			Brokers	Others	
<u>Dallas</u>									
1969-70	4.8	.6	77.7	13.4	1.2	2.3	—	—	100.0
1966-67	5.5	.8	12.8	72.8	4.9	3.2	—	—	100.0
1964-65	1.0	8.5	49.4	24.8	7.9	7.7	.7	—	100.0
<u>El Paso</u>									
1969-70	90.5	—	—	9.2	.3	—	—	—	100.0
1966-67	52.8	44.8	—	2.4	—	—	—	—	100.0
1964-65	43.1	42.6	10.7	—	.1	3.5	—	—	100.0
<u>Houston</u>									
1969-70	18.4	9.6	38.0	3.8	6.7	7.0	16.5	—	100.0
1966-67	6.5	5.4	40.3	38.8	3.1	5.8	.1	—	100.0
1964-65	.7	25.2	35.4	30.5	1.1	5.1	2.0	—	100.0
<u>Lubbock</u>									
1969-70	71.5	.7	24.9	2.1	.5	.3	—	—	100.0
1966-67	64.4	—	1.3	34.3	—	—	—	—	100.0
1964-65	76.5	.2	15.5	5.5	1.4	.9	—	—	100.0
<u>All Markets</u>									
1969-70	44.4	2.1	40.4	6.5	1.8	2.0	2.8	—	100.0
1966-67	28.9	4.4	16.4	45.2	2.4	2.7	*	—	100.0
1964-65	21.7	15.8	33.1	20.4	3.2	4.8	1.0	—	100.0

* Less than 0.5 percent.

Original data and reference (2,3).

Table 11. SHIPPERS' COMPARATIVE DATA ACCORDING TO OUTLETS FOR SHIPMENTS DURING THE 1969-70, 1966-67, AND 1964-65 SEASONS

Destination Outlets	1969-70	1966-67	1964-65
Southeastern	43.5	33.5	34.1
New England	.9	.7	1.4
Other Domestic	11.1	3.3	4.7
Total Domestic	55.5	37.5	40.2
Europe	4.9	20.9	19.0
Orient	19.2	22.3	27.0
Other Foreign	20.4	19.3	13.8
Total Foreign	44.5	62.5	59.8
Total All Outlets	100.0	100.0	100.0

Original data and reference (1,2,3).

Table 12. DISTRIBUTION OF TEXAS COTTON BY TRADE AREA SHIPPERS TO DOMESTIC AND FOREIGN OUTLETS, 1969-70 SEASON

Merchants in Trade Area	Domestic				Foreign				Total
	Group 201 Ala./Ga.	Group 20 England	New Domestic	Other Domestic	Europe	Japan	India	Other Foreign	
<u>Source of Cotton</u>									
Dallas Trade Area									
Dallas	7.9	22.7	5.7	3.0	2.0	10.0	.1	17.4	68.8
El Paso	1.7	4.3	.3	1.0	3.1	13.8		5.8	30.0
Houston	.1	.2			.1	.2		.6	1.2
Lubbock	9.7	27.2	6.0	1.0	5.2	24.0	.1	23.8	100.0
El Paso Trade Area									
Dallas	57.1	14.7	.1	2.6	5.7		9.6		89.8
El Paso	6.1			4.1					10.2
Houston									
Lubbock	63.2	14.7	.1	6.7	5.7		9.6		100.0
Houston Trade Area									
Dallas	5.0	9.6	1.8	1.5	1.0	4.7	.1	9.7	33.7
El Paso	5.8	3.8	.1	9.3	2.7	8.9		4.8	35.4
Houston	6.4	5.9	2.8	.1	1.9	6.5		7.0	30.9
Lubbock	17.2	19.3	4.7	1.6	5.6	20.1	.1	21.5	100.0
Lubbock Trade Area									
Dallas	2.3	11.5	.2	.3	.3	3.5	.2	9.6	28.6
El Paso	.6	1.6	*	.5	1.1	5.0		2.0	10.8
Houston	8.9	9.2	4.6	.2	3.1	11.0		11.2	60.6
Lubbock	11.8	22.3	4.8	.5	4.5	19.5	.2	22.8	100.0
All Trade Areas									
Dallas	3.1	11.0	1.0	.7	.5	4.0	.1	9.4	30.3
El Paso	5.7	1.4	*	.3	.6		1.0		9.0
Houston	2.2	2.1	*	2.5	1.5	6.0		2.6	16.9
Lubbock	6.7	6.9	3.4	.2	2.3	8.1		8.4	43.8
Total	17.7	21.4	4.4	.9	4.9	18.1	1.1	20.4	100.0

* Less than .05 percent. Original data.

This table also reflects that the shippers sold the Dallas, El Paso, Houston, and Lubbock trade area cottons to the mills located in Alabama and Georgia, ranging from 15 percent to 27 percent of the cotton. However, the firms marketed 10 percent to 63 percent of the El Paso trade area cotton to Group 201 mills.

Table 22 in the Appendix indicates the consumption of United States cotton by regions, and the United States as a whole, for the seasons 1934-35 through 1969-70.

The largest amount of cotton ever consumed in the United States was 10,654,000 bales during the 1950-51 season, and the least consumed was 6,315,000 bales during the 1934-35 season.

A total of 2,768,189 bales of cotton was exported by the United States in 1969-70. Of this amount, over 600,000 bales were shipped to Japan, the leading importer of United States cotton (see table 23 in the Appendix). Data revealed that more than 50 percent of the United States cotton exported to Japan was Texas grown.

COST OF MERCHANDISING COTTON IN TEXAS INCREASED

The cost of merchandising Texas cotton to the domestic and foreign outlets increased in 1969-70 above earlier season's figures. The reason for the increase was generally due to the inflationary economic conditions that existed in the nation. By use of the Bureau of Labor Statistics Consumer Price Index, it was possible to ascertain the amount that these economic conditions were inflating the general prices in the United States. The 1969-70 prices were 13 percent above the 1966-67 level and 18 percent above the 1964-65 level.

As noted earlier, although the combined cost of merchandising Texas cotton to both foreign and domestic outlets indicated a decrease in the cost, this was actually not the case but was due to nearly a reversal in the amount of cotton shipped to domestic outlets that was shipped to foreign outlets in the earlier periods.

The 1969-70 cost of merchandising Texas cotton to domestic outlets of \$15.18 per bale came up to the predicted costs of merchandising based on the 1966-67 and 1964-65 costs, which were both greater, adjusted by

means of the BLS Consumer Price Index. Thus the cost of merchandising to domestic outlets did not increase as much over the same time periods as did other costs. The predicted price based on the 1966-67 cost was \$0.45 more while the prediction based on the 1964-65 cost was \$1.30 more than the actual cost.

The 1969-70 cost of merchandising Texas cotton to foreign outlets of \$31.74 per bale was found to be \$1.00 a bale less than the predicted price based on the 1966-67 cost and was 8 cents above the predicted price based on the 1964-65 cost. Thus, both the domestic and foreign costs of merchandising can be considered as not increasing as fast as other costs during the intervening periods.

Table 13 shows the various cost items of assembling and distributing Texas cotton by trade areas to domestic and foreign outlets for the seasons 1969-70, 1966-67, and 1964-65. During the 1964-65 season, the tare allowance for merchandising cotton to foreign outlets was not obtained. In this table it will also become apparent that the shippers were utilizing the futures exchange during the 1969-70 season to "hedge" their cost of merchandising for the first time in several years. The shippers did not use the futures exchange during the 1966-67 and 1964-65 seasons.

The single item that added most to the cost of merchandising Texas cotton was transportation, which averaged \$5.56 per bale for domestic outlets and \$14.25 for foreign outlets. Other items that added significantly to the cost were compression charges, including patches and marks, tare (22 pounds), and all overhead expenses.

The average 1969-70 season overall merchandising cost per bale for the four trade areas of Texas that were surveyed, including the Texas average, for domestic and foreign shipments were:

<u>Trade Area</u>	<u>Cost Per Bale</u>
Dallas	\$23.64
El Paso	22.56
Houston	21.39
Lubbock	22.92
State average	22.66

The average cost for receiving cotton at public warehouses and compresses by states and for the United States is shown in table 14. This table shows the receiving costs for the crop years 1950 through 1969 for

Table 13. SHIPPERS' AVERAGE COST OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS FOR THE 1969-70, 1966-67, AND 1964-65 SEASONS (IN DOLLARS PER BALE)

Trading Area and Outlets	1/ Buying and Local Ex-warehouse	2/ Storage	Cem-pression, Patches & Marks	3/ Other Warehouse Services	Transportation		Cotton Insurance	Hedging	Interest and Exchange	5/ Miscellaneous	2/ Tare	3/ Other/Overhead	Total
					Domestic	Ocean/							
Dallas Area:													
Domestic													
1969-70	1.09	1.08	2.42	.74	5.72	.16	.02	1.06	.90	.40	1.84	15.43	
1966-67	.79	.77	2.15	.83	4.84	.19	.02	1.14	1.06	.37	2.36	14.50	
1964-65	.79	.62	1.98	.98	4.72	.06	.02	1.01	.94	.24	2.02	13.36	
Foreign													
1969-70	.77	.98	2.70	.63	2.54	.86	.08	1.32	.96	5.18	2.08	31.00	
1966-67	.85	.88	2.65	.99	2.48	.73	.04	.99	1.12	5.04	1.83	29.56	
1964-65	.81	.86	2.34	1.12	2.70	.62	.01	.93	1.13	*	1.69	23.33	
Total													
1969-70	.92	1.02	2.57	.68	4.05	.46	.12	1.20	.92	2.74	1.96	23.64	
1966-67	.85	.85	2.55	.96	2.94	.58	.07	1.02	1.11	4.05	1.94	26.60	
1964-65	.80	.78	2.22	1.08	3.36	.44	.01	.95	1.07	*	1.80	20.07	
El Paso Area													
Domestic													
1969-70	1.64	.58	1.82	2.06	6.88	.20	.06	1.12	.79	.10	2.14	17.39	
1966-67	.75	.75	1.96	1.48	6.13	.07	.07	1.14	.77	.31	1.81	15.17	
1964-65	.53	1.74	1.98	1.48	6.46	.13	.13	1.72	1.13	.53	2.53	18.23	
Foreign													
1969-70	3.22	.60	3.18	1.80	4.44	.80	.10	1.20	1.96	8.15	2.30	47.96	
1966-67	.82	.67	2.36	1.10	4.45	.81	.02	1.25	1.56	5.45	1.91	32.05	
1964-65	.79	.92	2.40	1.46	3.51	1.09	.02	1.51	1.70	*	2.53	28.37	
Total													
1969-70	1.91	.58	2.06	2.01	6.47	.14	.09	1.13	.98	1.38	2.16	22.56	
1966-67	.77	.74	2.09	1.36	5.58	.27	.05	1.17	1.02	1.77	1.84	20.66	
1964-65	.58	1.58	2.07	1.47	5.85	.10	.22	1.68	1.25	*	2.53	20.31	

Table 13.--Continued

Trading Area and Outlets	1/ Buying and Local Ex-ware-house		2/ Storage		3/ Compression, Patches & Marks		4/ Other Warehouse Services		5/ Transportation Domestic Freight		6/ Insurance Marine Other		7/ Miscellaneous Fare Other/ Overhead Total	
	1/	2/	3/	4/	5/	6/	7/	8/	9/	10/	11/	12/	13/	14/
Houston Area														
<u>Domestic</u>														
1969-70	1.15	.85	2.04	.97	5.21	.18	.02	.98	.89	.20	1.99	14.48		
1966-67	.87	.69	2.04	1.02	4.68	.15		.79	.98	.36	1.84	13.42		
1964-65	.78	.62	1.89	1.08	4.32	.08		.95	.94	.28	1.80	12.74		
<u>Foreign</u>														
1969-70	1.02	.92	2.71	.60	1.64	.04	.03	1.10	1.08	.40	2.36	30.06		
1966-67	.83	1.04	2.65	.64	1.56	.04		.95	1.35	.37	1.84	29.23		
1964-65	.64	.76	2.28	1.20	1.25	**		.97	1.38	.38	1.41	20.69		
<u>Total</u>														
1969-70	1.09	.88	2.34	.81	3.63	.12	.02	1.03	.98	.29	2.16	21.39		
1966-67	.84	.90	2.40	.80	2.86	.08		.88	1.20	.37	1.84	22.68		
1964-65	.69	.72	2.16	1.17	2.19	**		.96	1.24	.34	1.53	18.22		
Lubbock Area														
<u>Domestic</u>														
1969-70	.94	1.08	2.32	.72	5.42	.14	.02	1.00	1.00	.28	2.08	15.00		
1966-67	.58	.89	2.04	.56	5.25	.17		.59	.94	.10	2.44	13.56		
1964-65	.61	.80	2.00	.77	5.01	.09		.71	.85	.15	2.07	13.06		
<u>Foreign</u>														
1969-70	.86	1.05	2.74	.75	3.37	.08	.02	1.03	1.10	.34	2.26	31.70		
1966-67	.72	.95	2.56	1.29	3.03	.11		.60	1.12	.45	2.40	23.60		
1964-65	.67	.89	2.57	.98	3.08	.04		.68	1.03	.30	1.90	23.24		
<u>Total</u>														
1969-70	.90	1.06	2.52	.73	4.44	.11	.02	1.02	1.05	.31	2.17	22.92		
1966-67	.68	.93	2.42	1.10	3.60	.12		.60	1.08	.36	2.41	25.41		
1964-65	.64	.86	2.35	.91	3.82	.02		.69	.96	.24	1.97	19.28		

Table 13.--Continued

Trading Area and Outlets	1/ Buying and Local Ex-warehouse Storage	2/ Patches & Marks	3/ Compression, Warehouse Services	4/ Other Warehouse Services	5/ Transportation		6/ Insurance	7/ Marine Other Hedging	8/ Exchange Selling	9/ Interest and	10/ Miscellaneous	11/ Tare	12/ Other	13/ Overhead	Total
					Domestic Freight	Ocean/ Freight									
Texas (All Trade Areas)															
Domestic															
1969-70	1.06	.98	2.22	.91	5.56		.16	.02	1.02	.94	.26			2.05	15.18
1966-67	.75	.78	2.04	.92	5.12		.14		.80	.94	.26			2.08	13.83
1964-65	.66	.89	1.97	1.01	5.06		.09		1.00	.94	.26			2.09	13.97
Foreign															
1969-70	.94	1.00	2.74	.74	2.98	12.43	.08	.02	1.08	1.11	.40	5.02		2.26	31.74
1966-67	.78	.96	2.59	1.04	2.54	11.27	.07		.80	1.21	.42	5.25		2.11	29.58
1964-65	.70	.84	2.42	1.10	2.40	10.42	.02		.86	1.19	.36			1.71	22.58
Total															
1969-70	1.01	.99	2.46	.83	4.40	5.60	.43	.12	1.04	1.02	.32	2.27		2.15	22.66
1966-67	.77	.89	2.40	1.00	3.42	7.44	.36	.09	.80	1.12	.36	3.47		2.10	24.22
1964-65	.68	.86	2.25	1.06	3.43	6.38	.38	.01	.92	1.09	.32	*		1.86	19.24

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage. 3/ Receiving, outhandling, reweighing, re-sampling, and special warehouse services. 4/ Overseas shipments include, for some areas, wharfage, forwarding, and controlling. 5/ Commissions or comparable direct selling costs. 6/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 7/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, denations, social security taxes, and professional fees. * The miscellaneous cost data for tare was not collected or included for the 1964-65 season. ** Less than .05. Original data and reference (2,3).

Table 14. AVERAGE COST PER BALE OF RECEIVING COTTON AT PUBLIC STORAGE FACILITIES,
BY STATES, CROPS 1950 THROUGH 1969, CENTS

Year Begin- ning Aug. 1	AL	AZ	AR	CA	FL	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX	VA	U.S.
1950	56	1/	55	75	1/	49	54	56	55	75	1/	75	54	55	75	1/	65
1951	56	75	56	78	1/	53	57	57	55	75	44	75	46	50	76	1/	65
1952	60	100	64	89	1/	56	63	65	64	83	42	75	38	62	79	1/	71
1953	59	100	65	100	1/	56	63	65	64	84	44	75	39	64	77	1/	72
1954	57	100	57	100	1/	60	64	61	55	87	43	75	39	56	78	1/	71
1955	66	100	53	100	1/	60	60	58	50	88	44	75	38	56	82	1/	70
1956	61	100	60	99	1/	77	71	60	60	96	49	75	37	66	87	1/	75
1957	74	100	68	98	1/	78	73	66	65	97	43	75	50	68	83	1/	80
1958	72	100	67	100	1/	68	75	65	65	98	44	74	45	68	86	1/	81
1959	71	100	67	96	1/	73	73	66	65	86	51	66	65	69	75	1/	77
1960	73	100	66	99	1/	67	73	67	65	86	49	71	70	68	78	1/	77
1961	84	100	65	84	1/	96	73	66	65	95	49	75	71	66	87	1/	80
1962	83	79	66	58	1/	95	73	65	65	95	48	75	64	66	84	1/	74
1963	85	60	66	52	1/	92	74	66	65	95	54	75	71	66	90	1/	74
1964	86	63	66	54	1/	101	73	66	65	75	51	75	71	66	91	1/	74
1965	83	52	66	53	1/	98	73	67	65	76	56	75	75	66	93	1/	75
1966	97	48	76	51	1/	109	77	76	75	84	53	75	81	76	90	1/	78
1967	106	2/73	75	50	1/	106	82	79	75	75	62	75	80	76	98	1/	78
1968	104	2/67	99	52	1/	120	98	98	92	88	57	95	92	99	101	1/	90
1969	107	2/62	110	75	1/	115	102	105	104	86	64	100	90	109	102	1/	97

1/ Data were insufficient for reporting rates.

2/ Arizona and Nevada.

Note: Based on published tariffs of major units of public warehouse industry, chiefly those with compress facilities.

Reference (7,8).

14 of the 16 cotton states. Costs for the states of Florida and Virginia were not included as there were no public storage facilities in operation. During the 1950 crop year, the Texas receiving cost was 75 cents per bale compared with 65 cents, the average cost for the United States. For the crop year (1969) covered by this study, the Texas receiving cost was \$1.02 per bale compared with 97 cents, the average cost for the United States. During the 1969-70 season, six (6) cotton states, namely, Alabama, Arkansas, Georgia, Mississippi, Missouri, and Tennessee, had higher average receiving charges than Texas. Louisiana and Texas had the same cost during the season. These six states' costs ranged from \$1.04 per bale in Missouri to \$1.15 per bale in Georgia.

The average cost per month for insured cotton storage by states and for the United States is shown in table 15. This table shows the per-bale average insured storage cost for the crop years 1950 through 1969 for 14 of the 16 cotton states. During the 1950 crop year, the Texas insured storage cost per month averaged 37 cents compared with 35 cents, the average cost for the United States. During 1969, seven states had a higher cost for insured monthly storage than Texas. Arkansas had the highest storage cost with 70 cents per bale. For the crop year 1969, the Texas insured storage cost per month was 60 cents compared with 63 cents, the average cost for the United States. The data in table 15 show that the merchandising cost item of insured storage in Texas increased 62 percent from 1950 through 1969 compared with an 80 percent increase for the United States.

Compressing bales of cotton to standard density at interior compresses is one of the larger costs adding to the expense of merchandising cotton. Except for those few gins in Texas that have standard density presses, cotton delivered to compresses is in the form of flat gin bales. Cotton shipped to domestic mills is, in most instances, compressed to standard density in order to conserve space in railroad cars. Cost of shipping cotton is based on weight per railroad car; therefore, it is paramount that the maximum bales possible be placed in each car, which is possible only through compression, when one wants to keep down the freight cost. Table 16 gives the average cost per bale for the standard density compression of cotton for the crop years 1950 through 1969 for 14 of the 16 cotton states in the United States. During the 1950 crop year, the Texas standard density compression per-bale cost was \$1.31; and this cost increased 73 percent, or to

Table 15. AVERAGE MONTHLY COST PER BALE FOR INSURED STORAGE, BY STATES,
CROPS 1950 THROUGH 1969, CENTS

Year Begin- ning Aug. 1	AL	AZ	AK	CA	FL	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX	VA	U.S.
1950	38	30	33	30	1/	40	31	33	33	38	38	45	35	33	37	1/	35
1951	41	30	34	30	1/	46	35	35	33	37	40	45	41	36	40	1/	37
1952	45	37	44	36	1/	49	41	43	43	44	44	50	46	43	46	1/	43
1953	47	40	44	42	1/	50	43	43	43	45	44	50	45	44	46	1/	45
1954	48	40	37	42	1/	49	43	40	35	46	45	50	45	36	46	1/	43
1955	47	40	38	42	1/	51	42	39	35	49	45	50	47	37	47	1/	43
1956	48	43	38	2/43	1/	50	46	37	35	49	39	50	47	39	47	1/	43
1957	50	45	45	2/43	1/	51	45	45	45	47	47	50	47	46	51	1/	47
1958	54	45	47	2/43	1/	55	48	46	46	49	49	50	51	47	52	1/	49
1959	54	51	50	2/45	1/	54	51	49	50	49	50	49	53	51	48	1/	50
1960	54	51	50	2/46	1/	57	51	50	50	48	49	49	53	51	51	1/	51
1961	58	50	50	2/45	1/	57	51	50	50	50	49	50	52	50	53	1/	52
1962	56	49	50	2/46	1/	57	50	50	50	50	50	50	51	50	53	1/	52
1963	55	49	50	47	1/	57	51	50	50	48	50	50	52	50	51	1/	51
1964	55	51	50	49	1/	60	52	50	50	48	49	50	52	50	53	1/	52
1965	56	51	50	50	1/	57	50	50	50	46	52	50	52	50	53	1/	52
1966	60	59	55	50	1/	57	54	54	55	47	52	50	51	55	52	1/	53
1967	60	3/59	55	51	1/	58	53	55	55	47	53	50	56	55	53	1/	54
1968	62	3/60	64	54	1/	60	60	62	64	58	55	60	57	65	53	1/	58
1969	61	3/60	70	60	1/	61	69	68	67	54	53	60	60	69	60	1/	63

1/ Data were insufficient for reporting rates.

2/ Charge does not include insurance.

3/ Arizona and Nevada.

Reference (7,8).

Table 16. AVERAGE COST PER BALE FOR STANDARD DENSITY COMPRESSION OF COTTON,
BY STATES, CROP 1950 THROUGH 1969, CENTS

Year Begin- ning Aug. 1	AL	AZ	AK	CA	FL	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX	VA	U.S.
1950	106	1/	100	140	1/	100	107	101	100	150	1/	125	100	100	131	1/	117
1951	116	140	100	140	1/	108	111	102	100	160	1/	125	104	100	132	1/	119
1952	120	160	115	150	1/	115	125	116	115	163	1/	130	119	115	140	1/	132
1953	121	160	115	168	1/	115	127	116	115	163	1/	130	119	115	145	1/	135
1954	119	160	101	168	1/	116	125	109	100	162	1/	130	119	100	144	1/	131
1955	120	160	82	167	1/	116	113	95	88	163	1/	130	119	82	145	1/	120
1956	128	160	100	168	1/	128	125	104	100	169	1/	134	129	100	148	—	131
1957	129	160	101	168	1/	129	121	103	100	175	1/	142	130	100	164	—	142
1958	129	160	102	168	1/	130	124	105	100	172	1/	140	133	100	162	—	143
1959	129	160	101	168	1/	129	128	109	100	175	1/	163	130	100	162	—	139
1960	130	160	100	170	1/	130	128	110	100	175	1/	163	129	100	171	—	143
1961	138	160	100	169	1/	138	129	106	100	182	1/	173	133	100	183	—	148
1962	139	160	100	173	1/	1/	129	106	100	185	1/	176	133	100	183	—	148
1963	140	176	120	184	1/	1/	136	125	120	188	1/	200	132	120	184	—	158
1964	142	176	120	190	—	1/	136	125	120	188	1/	200	133	121	187	—	156
1965	145	176	120	183	—	1/	133	125	120	188	1/	200	145	122	187	—	156
1966	157	185	135	192	—	162	144	138	135	195	1/	200	149	137	197	—	170
1967	169	2/200	168	200	—	165	155	146	135	210	175	227	175	137	212	—	187
1968	179	2/216	173	217	—	176	175	176	175	215	185	245	182	175	223	—	201
1969	180	2/216	190	225	—	176	191	191	190	217	185	250	180	182	227	—	208

1/ Data insufficient for reporting charges.

2/ Arizona and Nevada.

Reference (7,8).

\$2.27 per bale in 1969. For the same years, the United States per-bale cost was \$1.17 and \$2.08, respectively. The United States domestic compression costs reflected a 78 percent increase. Only Oklahoma had a higher cost of \$2.50 per bale than Texas during the 1969-70 season.

The preceding sub-cost items of (1) transportation, (2) receiving at warehouses and compresses, (3) insured storage, and (4) compression to standard density are applicable to all shipments regardless of their destination, be it domestic or foreign.

DOMESTIC COST FACTORS

The cost of merchandising Texas cotton to domestic outlets is made up from the expenses of the various services performed by the shipper. The largest single item during the 1969-70 season was the transportation of cotton to the spinner, which amounted to 37 percent of the total cost. This item was also the one which had increased the most. Compression of the bale to standard density, patching the bale and marking it was the next largest expense which amounted to 15 percent of the total cost. Both of these expenses were greater in 1969 than in the previous periods (see table 13). Overhead expenses was the next at 14 percent of the total cost. This cost had decreased from earlier years by about 4 cents. The only other item which decreased in the 1969-70 season in comparison with earlier years was other warehouse services (receiving, outhandling, reweighing, resampling, etc.). Compression, transportation and overhead costs represented 65 percent of the total average cost of \$15.18 per bale in merchandising of Texas cotton to domestic outlets during 1969-70. The per-bale total cost to merchandise Texas cottons to domestic outlets was only \$1.35 above the 1966-67 figure. Two expenses remained the same in 1969-70 as compared with earlier seasons, and they were the selling and miscellaneous costs, which amounted to 94 and 26 cents per bale, respectively.

FOREIGN COST FACTORS

Cotton exported from the United States is compressed by port presses to high density. This is done for the same reasons as cotton is pressed to standard density for domestic shipments—to conserve space and to lower

the freight cost. Table 17 gives the average cost per bale for the high density compression of cotton for the crop years 1950 through 1969 for 14 of the 16 cotton states in the United States. During the 1950 crop year, the Texas high density compression cost was \$1.32 per bale; which increased 73 percent up to \$2.28 per bale in 1969. In 1950, the United States cost averaged \$1.31 per bale compared with \$2.37 per bale in 1969. The United States foreign high density compression costs reflected an 81 percent increase.

As was the case with domestic shipments, transportation made up the largest single expense for the foreign shipments at 48.6 percent of the total cost of merchandising during the 1969-70 season. Ocean freight alone represented 39.2 percent (\$12.43 per bale) while the expense of the freight for moving a bale to the port amounted to 9.4 percent of the total. Freight or transportation was the item which increased the most in relation to the cost of merchandising to foreign outlets as it was in domestic merchandising costs. In the sub-item expenses of merchandising to foreign outlets, none of the items remained constant for the three seasons as had been the case of two items in the domestic merchandising costs. The item of other warehouse services did decrease in the 1969-70 season for foreign shipments as compared with earlier periods, just as it had done with domestic shipments; and there was a slight reduction in the expense of selling from the two earlier seasons. After transportation, the other item which increased the most for foreign shipments was found to be the overhead expense.

The cost of compression, transportation and overhead during the 1969-70 season represented 80 percent of the total average cost of \$31.74 per bale in the merchandising of Texas cotton to foreign outlets. The 1969-70 cost was only \$1.16 per bale more than the 1966-67 season's cost.

The volume of cotton exported from the United States to various foreign countries for specified seasons is shown in table 24 of the Appendix. Of the 2,768,000 bales exported in the 1969-70 season, about 23 percent was shipped to Japan, the leading importing country, and 9 percent to India. The data in the table reflected that the volume of cotton exported, starting with the period 1935-1939, decreased steadily to where during 1969-70 only 12.5 percent was shipped to European countries. The reverse was true for the exportation of cotton chiefly to countries in

Table 17. AVERAGE COST PER BALE FOR HIGH DENSITY COMPRESSION OF COTTON,
BY STATES, CROPS 1950 THROUGH 1969, CENTS

Year Beginning Aug. 1	AL	AZ	AK	CA	FL	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX	VA	U.S.
1950	113	1/	125	150	1/	115	114	126	125	175	1/	125	100	125	132	1/	131
1951	125	150	125	150	1/	119	124	128	125	185	1/	125	112	125	134	1/	134
1952	125	170	140	160	1/	125	137	141	140	185	1/	135	125	140	142	1/	147
1953	129	170	140	178	1/	125	138	140	140	185	1/	135	125	140	146	1/	153
1954	125	170	126	178	1/	125	138	133	131	182	1/	135	125	125	145	1/	152
1955	125	170	107	177	1/	125	128	119	122	185	1/	135	125	106	146	1/	146
1956	130	170	138	178	1/	137	139	140	140	185	1/	138	129	140	150	1/	155
1957	145	170	140	178	1/	146	140	140	140	185	--	150	143	140	165	--	164
1958	147	170	140	181	1/	143	140	140	140	180	--	150	138	140	163	--	165
1959	150	180	140	185	1/	147	144	142	140	185	1/	163	146	140	163	--	166
1960	150	180	140	189	1/	150	145	142	140	188	1/	163	146	140	175	--	172
1961	154	180	140	190	1/	158	147	142	140	194	--	176	150	140	184	--	177
1962	156	180	140	195	1/	1/	146	142	140	200	--	176	153	140	185	--	179
1963	159	196	160	208	1/	1/	154	160	160	200	--	200	147	160	184	--	184
1964	158	196	160	214	--	1/	162	161	160	200	--	200	147	161	188	--	189
1965	163	196	160	202	--	1/	157	162	160	200	--	200	164	162	187	--	184
1966	189	205	180	212	--	191	171	181	180	206	--	200	183	181	198	--	196
1967	194	2/225	216	221	--	210	192	203	180	220	200	227	200	181	214	--	212
1968	216	2/240	223	241	--	220	217	225	225	215	210	245	206	225	224	--	228
1969	205	2/240	250	255	--	220	225	247	250	228	210	250	205	238	228	--	237

1/ Data insufficient for reporting charges.

2/ Arizona and Nevada.

Reference (7,8).

the orient. The volume exported increased from 32.2 percent during the period 1935-1939 to 87.5 percent for the 1969-70 season.

Table 25 of the Appendix shows the volume of all cotton consumed by various countries of the world, including the United States, for periods 1935-39 to 1969-70. Percentage-wise, the United States and Russia consumed a like amount of the world's total with 15 percent each. China with nearly 14 percent and India with 10 percent were the next top leaders in cotton consumption. Japan with 6 percent ranked fifth to bring the consumption for the five countries to 60 percent of the world's total of 53,476,000 bales during the 1969-70 season.

The merchandising costs varied among cotton shippers doing business in Texas. The size of the firm did not necessarily indicate a low or a high cost of merchandising. Rather, it was the quality of the cotton handled that had a direct bearing on the cost. The firms that handled the better quality (grade and staple length) cotton, in most instances, had a higher cost of merchandising than those firms that merchandised the lower grades and short staple lengths of cotton. The higher grades and longer staple lengths generated increased costs in the expense items of buying (commission), insurance, interest and exchange. This was reflected in the cost of merchandising by firms in the El Paso trade area compared with other areas covered in this study (see tables 1 and 13).

SOME POSSIBLE METHODS OF REDUCING THE COST OF MERCHANDISING COTTON IN TEXAS

1. While the number of cotton shippers in Texas have decreased in recent years through reduced sales and attrition, the shippers' personnel has also declined in those firms still remaining in business. Consolidation by some shippers with other firms could, in some instances, result in the reduction of costs (due to overhead, salaries, travel, etc.), while service to their clientele would be enhanced.
2. A reduction in the cost of bagging and ties through the use of different materials than are currently utilized would reduce the cost of ginning to the producer, and could reduce the cost of production. Some of the new materials being used are cardboard, cotton fabrics, plastics, wire bands, etc. The use of some of these can reduce the

cost as much as \$4.86 per bale or over one cent a pound on a net-weight basis. This reduction would also mean reduction in the merchandising expenses of interest, exchange, etc., in the trade channels.

3. Some of these new materials utilized in bale covering are lighter in weight and would further reduce the costs involved in merchandising cotton. Certain materials amount to a savings of over 13 pounds per bale. Based on the merchandising cost for the 1969-70 season, this would result in a savings in transportation, interest, insurance, etc. This reduction amounts to 14.87 cents per bale or \$14.87 per hundred bales for domestic shipments. On shipments to foreign outlets, the savings increase to 55.56 cents per bale or \$55.56 per hundred bales shipped.
4. The cost of transportation (domestic and foreign) is one of the major expense items in merchandising. Since transportation requires considerable labor and costly rolling stock to move cotton, it will be a problem to obtain reduction in this cost item. However, a saving as it relates to the transportation expense could be brought about by the increased use of containers for shipping, mainly to foreign outlets. The labor cost reduction on handling containerized shipments should be substantial. In addition, contamination possibilities are minimized and an additional cost savings are possible in reduced insurance and country damage claims.

The relocation or construction of cotton mills in Texas or west of the Mississippi River would reduce the cost of transportation to domestic mills by bringing them in closer proximity to the large cotton production areas.

5. The installation of automatic mechanical samplers at gins would be one way to reduce the cost of sampling, as the bales would not be sampled, every time a bale changes ownership or when the cotton is offered for sale but not actually sold. It is safe to say that a bale of cotton consumed domestically is sampled on an average of at least five times. Those bales that are exported are usually sampled three or four additional times before they are consumed. The shortcomings of the present method of drawing a sample from each side of the bale has long been recognized. During the 1969-70 season, there were 1,129 active cotton gins in Texas. Of this

number, only 29 were equipped with mechanical samplers; and 17 of the 29 samplers were operated either part time or for the entire season. Because of the small number of mechanical samplers used so far, farmers, ginners, buyers, and warehousemen have had very little experience with them. Most objections to this method of sampling are based on misunderstandings.

People who have handled mechanical drawn samples indicated that the samples were more representative of the entire bale because they contained segments of the bale throughout the ginning process. Too, the samples were more nearly the same size and were uniform. Unlawful tampering with the mechanically drawn sample can very easily be detected.

Usually a mechanically drawn sample is cut into two or three equal parts. One sample part is submitted to the USDA classing office for Form 1 classification (green card) under the Smith-Doxey Act, the second part is given the farmer for selling purposes, and the third part is retained in case of "review classification." This means that all of the parts of the mechanical sample are representative of the bale as originally sampled.

The United States bale of cotton has long been criticized for its poor appearance resulting from the repeated sampling. A certain amount of contamination results from exposure of the cotton when samples are cut, and the fire hazard is greater than on uncut bales; the use of an automatic sampler would help to eliminate this.

6. The installation of standard density presses in cotton gins would be another way to reduce marketing costs. In 1969-70, there were only 26 of 1,129 active gins in Texas equipped with standard density gin presses. Twenty (20) of these presses were located in the Pecos-El Paso area of the state. The cost of compression of the bale to standard density could be eliminated before the cotton moved to the domestic mill or port for exportation. Thus the bale would not have to be pressed at an inland compress and could move directly to the domestic mill or port saving time and expense. A savings on the cost of transportation from the gin to the next step in merchandising might also be realized.

7. The method of harvesting cotton, although not a direct cost of merchandising, does enter into the cost in the marketing system. Data show that various cottonseed breeders are developing improved varieties of stripper-type cottons. Some areas of the state where machine-picked cotton has been prevalent are reportedly changing to machine stripping.

This method of harvesting is less costly than machine picking. In addition, the machine and its upkeep are less expensive. However, there are other factors to weigh before making a change-over. One must consider the amount (in weight) of foreign material harvested by machine stripping compared with machine picking. In a normal harvesting season, it requires an average of about 2,300 to 2,500 pounds of stripped cotton to turn out a 500-pound bale compared with 1,500 to 1,600 pounds of machine-picked cotton for a bale of similar weight. In some years, however, depending on the weather, up to 4,000 pounds of cotton (and trash) or more would be required to turn out a 500-pound bale. This example indicates the increased cost of ginning a machine-stripped bale compared with a machine-picked bale. Based on a ginning charge of 75 cents cwt (seed cotton) would mean at least \$6.00 a bale increase in the cost of ginning the stripper-harvested bale over the cost of machine-picked cotton.

In addition to the increased cost of ginning a stripper-harvested bale, the quality of the cotton from this method of harvesting also must be considered in determining the method of harvesting to employ. The grade, staple length and micronaire readings, the three factors presently used in pricing cotton, are definitely affected by stripper harvesting. The chief reason for the lower quality is primarily the result of mixing immature top crop cotton with the mature bottom crop. In many instances, this method of harvesting will cause grass, bark and other foreign matter to be included in the harvested cotton. In classing this cotton, grades are usually reduced one or more grades because of the foreign matter, and of course the value of the bale is further reduced.

8. Cotton has been grown, traditionally, in rows spaced 32 to 42 inches apart. Row widths of 40 inches were standardized for uniformity in mechanization of all production operations.

During the past 15 years, much research has been done on narrow-row cotton production, which had its start in 1954 at the Texas Agricultural Experiment Station near Lubbock, Texas.

In 1969, the cooperative off-station narrow-row cotton pilot study was conducted over a 10-county area. Twenty-two plots were planted in 18 test locations.

Comparisons with 40-inch rows were made for some locations. Yields of narrow-row cotton exceeded that of 40-inch row cotton by 12 percent when totaled across all locations where comparative yields were available. The growers' income from narrow-row cotton also exceeded that from 40-inch rows by an average of \$10.85 per acre. No differences were found in fiber quality.

The primary objective in narrow-row production is to reduce production costs through reduced tillage operations and rapid harvest, yet maintain yield and fiber quality.

Considerable more acreage will be devoted in the future to narrow-row cotton production as many cotton-producing states feel that the narrow-row, high population, once-over harvest cotton production is the one way to reduce production costs, and the only new hope for future cotton production.

9. The concept of central ginning (operation of one ginning plant in an area for a longer period of time than several plants in the same area are currently being operated) would reduce the cost of ginning per bale. This central ginning concept could be augmented with the use of field seed cotton storage extending the ginning season and further reducing cost of ginning. This reduction in ginning cost would tend to increase the actual income to the producer and reduce the cost of producing the cotton, which in turn would mean less merchandising cost to the shipper for such items as interest, exchange, insurance, commissions, etc.

↓ only if grower sold for less!!

The above listed items, with their brief explanations, may not all directly affect the merchandising cost of cotton, as some have beneficial indirect relationship with cotton's cost and its continued movement through the marketing system. While changes are necessary to overcome or reduce some of the high costs of merchandising, there will be some in the trade that will offer strong opposition to change in any form. One thing is certain—the entire cotton industry must work together and take a long hard look at changes and possible improvements if the United States cotton industry is to remain competitive with other fibers.

Table 16. SHIPPERS' AVERAGE COST OF ACQUIRING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1955-57 SEASON (IN DOLLARS PER BALE)

Trading Area and Outlets	X/	Y/	Z/	Other	Freight	Insurance	Marketing	Selling	Miscellaneous	Z/	
											Other
United States:											
Group 201	.80	.85	6.07	.77	5.15	1.31	1.31	1.24	.54	3.25	15.27
Group 202	.78	.69	5.22	.67	4.00	.69	.69	.79	.23	3.38	15.82
All U.S.	.79	.77	5.15	.72	4.58	1.00	1.00	1.01	.38	3.32	15.55
Other Domestic:											
Group 203	.86	.80	5.70	.74	4.78	1.25	1.25	1.20	.49	3.27	15.08
Group 204	.85	.76	5.57	.72	4.55	1.16	1.16	1.10	.47	3.16	15.03
All Other Dom.	.81	.78	5.64	.73	4.67	1.21	1.21	1.15	.48	3.22	15.06
Total Domestic:	.83	.78	5.64	.73	4.67	1.21	1.21	1.15	.48	3.22	15.06
Foreign:											
Group 205	.75	.68	5.00	.65	4.00	1.00	1.00	.90	.20	2.90	15.27
Group 206	.75	.66	4.85	.64	3.85	1.00	1.00	.85	.20	2.85	15.27
All Foreign	.75	.67	4.93	.64	3.93	1.00	1.00	.88	.20	2.88	15.27
Total Foreign:	.75	.67	4.93	.64	3.93	1.00	1.00	.88	.20	2.88	15.27
All Outlets:	.78	.73	5.15	.70	4.58	1.00	1.00	1.00	.38	3.32	15.55
All Areas:	.78	.73	5.15	.70	4.58	1.00	1.00	1.00	.38	3.32	15.55
Group 201	.80	.85	6.07	.77	5.15	1.31	1.31	1.24	.54	3.25	15.27
Group 202	.78	.69	5.22	.67	4.00	.69	.69	.79	.23	3.38	15.82
All U.S.	.79	.77	5.15	.72	4.58	1.00	1.00	1.01	.38	3.32	15.55
Other Domestic:											
Group 203	.86	.80	5.70	.74	4.78	1.25	1.25	1.20	.49	3.27	15.08
Group 204	.85	.76	5.57	.72	4.55	1.16	1.16	1.10	.47	3.16	15.03
All Other Dom.	.81	.78	5.64	.73	4.67	1.21	1.21	1.15	.48	3.22	15.06
Total Domestic:	.83	.78	5.64	.73	4.67	1.21	1.21	1.15	.48	3.22	15.06
Foreign:											
Group 205	.75	.68	5.00	.65	4.00	1.00	1.00	.90	.20	2.90	15.27
Group 206	.75	.66	4.85	.64	3.85	1.00	1.00	.85	.20	2.85	15.27
All Foreign	.75	.67	4.93	.64	3.93	1.00	1.00	.88	.20	2.88	15.27
Total Foreign:	.75	.67	4.93	.64	3.93	1.00	1.00	.88	.20	2.88	15.27
All Outlets:	.78	.73	5.15	.70	4.58	1.00	1.00	1.00	.38	3.32	15.55

APPENDIX

Table 18. SHIPPERS' AVERAGE COST OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1966-67 SEASON (IN DOLLARS PER BALE)

Trading Area and Outlets	1/ Buying and Local Ex-warehouse	2/ Storage	3/ Com-pression, Patches & Marks	4/ Other Warehouse Services	5/ Transportation Domestic Freight	6/ Oceanw/ Freight	7/ Marine Insurance	8/ Cotton Other	9/ Interest and Exchange	10/ Miscellaneous Tare	11/ 5/ Selling Other/ Overhead	12/ Total
Dallas Area:												
Group 201	.80	.85	2.07	.79	5.15			.29	1.31	1.14	.52	2.35
Group 200												
Ala./Ga.	.78	.69	2.22	.87	4.58			.09	.99	.99	.23	2.38
New England												
Other domestic												
Total domestic	.79	.77	2.15	.83	4.84			.19	1.14	1.06	.37	2.36
Europe	.86	.90	2.70	.64	2.54	9.36	.55	.11	1.24	1.30	.42	1.97
Japan	.95	.74	2.59	.87	2.27	11.66	.74		.88	1.10	.23	1.65
India												
Other foreign	.81	.95	2.66	1.15	2.57	12.18	.77	.04	.98	1.06	.45	1.88
Total foreign	.85	.88	2.65	.99	2.48	11.58	.73	.04	.99	1.12	.38	1.83
All outlets	.85	.85	2.55	.96	2.94	9.31	.58	.07	1.02	1.11	.37	1.94
El Paso Area:												
Group 201	.75	.82	1.90	1.55	6.31			.08	1.14	.72	.32	1.68
Group 200												
Ala./Ga.	.75	.64	2.15	1.20	5.40			.06	1.04	.87	.28	2.14
New England												
Other domestic												
Total domestic	.75	.75	1.96	1.48	6.13			.07	1.14	.77	.31	1.81
Europe	.83	.74	2.49	.91	4.40	9.55	.67	.02	1.34	1.62	.50	2.00
Japan	.94	.50	2.67	.63	4.50	11.75	.84		1.00	1.63	.50	1.56
India												
Other foreign	.79	.96	2.34	.98	4.39	6.55	.63	.03	1.01	.94	.43	1.45
Total foreign	.82	.67	2.36	1.10	4.45	11.17	.81	.02	1.25	1.56	.48	1.91
All outlets	.77	.74	2.09	1.36	5.58	3.63	.27	.05	1.17	1.02	.37	1.84

Table 18.--Continued

Trading Area and Outlets	1/ Buying and local	2/ Ex-warehouse Storage	3/ Com- pression, Patches & Marks	4/ Other Warehouse Services	5/ Transportation Domestic Freight	6/ Ocean/ Marine Insurance	7/ Cotton Other Exchange	8/ Interest and Selling	9/ Miscellaneous Tare Other/	10/ Overhead Total
Houston Area:										
Group 201	1.05	.70	1.96	1.29	5.33	.24	.74	.98	.54	14.31
Group 200										
Ala./Ga.	.75	.70	2.15	.92	4.78	.08	.91	.98	.32	13.88
New England	.82	.79	1.79	.64	5.21	.12	.32	.93	.06	11.76
Other domestic	.85	.56	1.75	.62	1.41	.10	.34	.99	.03	7.45
Total domestic	.87	.69	2.04	1.02	4.68	.15	.79	.98	.36	13.42
Europe	.78	.96	2.62	.55	1.79	.58	1.10	1.27	5.49	27.04
Japan	.88	.79	2.65	.52	1.49	.76	.82	1.35	5.65	28.45
India										
Other foreign	.78	1.21	2.46	.81	1.28	.86	.81	1.33	5.74	29.39
Total foreign	.83	1.04	2.65	.64	1.56	.75	.95	1.35	5.78	29.23
All outlets	.84	.90	2.40	.80	2.86	.44	.88	1.20	3.38	22.68
Lubbock Area:										
Group 201	.65	.92	1.96	.44	5.54	.29	.96	1.00	.31	14.33
Group 200										
Ala./Ga.	.57	.88	2.05	.59	5.18	.15	.50	.93	.06	13.40
New England										
Other domestic	.58	.89	2.04	.56	5.25	.17	.59	.94	.10	13.56
Total domestic										
Europe	.72	.96	2.56	1.30	2.99	.24	.63	1.40	5.01	28.56
Japan	.73	.90	2.54	1.31	3.11	.37	.52	.93	4.94	29.79
India										
Other foreign	.70	.99	2.60	1.24	2.98	.38	.68	.94	4.96	31.08
Total foreign	.72	.95	2.56	1.29	3.03	.32	.60	1.12	4.97	29.60
All outlets	.68	.93	2.42	1.10	3.60	.24	.60	1.08	3.68	25.41

Table 18.--Continued

Trading Area and Outlets	1/	2/	3/	4/	5/	6/	7/	8/	9/	10/	11/	12/	13/	14/	15/	16/	17/	18/	19/	20/	21/	22/	23/	24/	25/	26/	27/	28/	29/	30/	31/	32/	33/	34/	35/	36/	37/	38/	39/	40/	41/	42/	43/	44/	45/	46/	47/	48/	49/	50/	51/	52/	53/	54/	55/	56/	57/	58/	59/	60/	61/	62/	63/	64/	65/	66/	67/	68/	69/	70/	71/	72/	73/	74/	75/	76/	77/	78/	79/	80/	81/	82/	83/	84/	85/	86/	87/	88/	89/	90/	91/	92/	93/	94/	95/	96/	97/	98/	99/	100/	101/	102/	103/	104/	105/	106/	107/	108/	109/	110/	111/	112/	113/	114/	115/	116/	117/	118/	119/	120/	121/	122/	123/	124/	125/	126/	127/	128/	129/	130/	131/	132/	133/	134/	135/	136/	137/	138/	139/	140/	141/	142/	143/	144/	145/	146/	147/	148/	149/	150/	151/	152/	153/	154/	155/	156/	157/	158/	159/	160/	161/	162/	163/	164/	165/	166/	167/	168/	169/	170/	171/	172/	173/	174/	175/	176/	177/	178/	179/	180/	181/	182/	183/	184/	185/	186/	187/	188/	189/	190/	191/	192/	193/	194/	195/	196/	197/	198/	199/	200/	201/	202/	203/	204/	205/	206/	207/	208/	209/	210/	211/	212/	213/	214/	215/	216/	217/	218/	219/	220/	221/	222/	223/	224/	225/	226/	227/	228/	229/	230/	231/	232/	233/	234/	235/	236/	237/	238/	239/	240/	241/	242/	243/	244/	245/	246/	247/	248/	249/	250/	251/	252/	253/	254/	255/	256/	257/	258/	259/	260/	261/	262/	263/	264/	265/	266/	267/	268/	269/	270/	271/	272/	273/	274/	275/	276/	277/	278/	279/	280/	281/	282/	283/	284/	285/	286/	287/	288/	289/	290/	291/	292/	293/	294/	295/	296/	297/	298/	299/	300/	301/	302/	303/	304/	305/	306/	307/	308/	309/	310/	311/	312/	313/	314/	315/	316/	317/	318/	319/	320/	321/	322/	323/	324/	325/	326/	327/	328/	329/	330/	331/	332/	333/	334/	335/	336/	337/	338/	339/	340/	341/	342/	343/	344/	345/	346/	347/	348/	349/	350/	351/	352/	353/	354/	355/	356/	357/	358/	359/	360/	361/	362/	363/	364/	365/	366/	367/	368/	369/	370/	371/	372/	373/	374/	375/	376/	377/	378/	379/	380/	381/	382/	383/	384/	385/	386/	387/	388/	389/	390/	391/	392/	393/	394/	395/	396/	397/	398/	399/	400/	401/	402/	403/	404/	405/	406/	407/	408/	409/	410/	411/	412/	413/	414/	415/	416/	417/	418/	419/	420/	421/	422/	423/	424/	425/	426/	427/	428/	429/	430/	431/	432/	433/	434/	435/	436/	437/	438/	439/	440/	441/	442/	443/	444/	445/	446/	447/	448/	449/	450/	451/	452/	453/	454/	455/	456/	457/	458/	459/	460/	461/	462/	463/	464/	465/	466/	467/	468/	469/	470/	471/	472/	473/	474/	475/	476/	477/	478/	479/	480/	481/	482/	483/	484/	485/	486/	487/	488/	489/	490/	491/	492/	493/	494/	495/	496/	497/	498/	499/	500/	501/	502/	503/	504/	505/	506/	507/	508/	509/	510/	511/	512/	513/	514/	515/	516/	517/	518/	519/	520/	521/	522/	523/	524/	525/	526/	527/	528/	529/	530/	531/	532/	533/	534/	535/	536/	537/	538/	539/	540/	541/	542/	543/	544/	545/	546/	547/	548/	549/	550/	551/	552/	553/	554/	555/	556/	557/	558/	559/	560/	561/	562/	563/	564/	565/	566/	567/	568/	569/	570/	571/	572/	573/	574/	575/	576/	577/	578/	579/	580/	581/	582/	583/	584/	585/	586/	587/	588/	589/	590/	591/	592/	593/	594/	595/	596/	597/	598/	599/	600/	601/	602/	603/	604/	605/	606/	607/	608/	609/	610/	611/	612/	613/	614/	615/	616/	617/	618/	619/	620/	621/	622/	623/	624/	625/	626/	627/	628/	629/	630/	631/	632/	633/	634/	635/	636/	637/	638/	639/	640/	641/	642/	643/	644/	645/	646/	647/	648/	649/	650/	651/	652/	653/	654/	655/	656/	657/	658/	659/	660/	661/	662/	663/	664/	665/	666/	667/	668/	669/	670/	671/	672/	673/	674/	675/	676/	677/	678/	679/	680/	681/	682/	683/	684/	685/	686/	687/	688/	689/	690/	691/	692/	693/	694/	695/	696/	697/	698/	699/	700/	701/	702/	703/	704/	705/	706/	707/	708/	709/	710/	711/	712/	713/	714/	715/	716/	717/	718/	719/	720/	721/	722/	723/	724/	725/	726/	727/	728/	729/	730/	731/	732/	733/	734/	735/	736/	737/	738/	739/	740/	741/	742/	743/	744/	745/	746/	747/	748/	749/	750/	751/	752/	753/	754/	755/	756/	757/	758/	759/	760/	761/	762/	763/	764/	765/	766/	767/	768/	769/	770/	771/	772/	773/	774/	775/	776/	777/	778/	779/	780/	781/	782/	783/	784/	785/	786/	787/	788/	789/	790/	791/	792/	793/	794/	795/	796/	797/	798/	799/	800/	801/	802/	803/	804/	805/	806/	807/	808/	809/	810/	811/	812/	813/	814/	815/	816/	817/	818/	819/	820/	821/	822/	823/	824/	825/	826/	827/	828/	829/	830/	831/	832/	833/	834/	835/	836/	837/	838/	839/	840/	841/	842/	843/	844/	845/	846/	847/	848/	849/	850/	851/	852/	853/	854/	855/	856/	857/	858/	859/	860/	861/	862/	863/	864/	865/	866/	867/	868/	869/	870/	871/	872/	873/	874/	875/	876/	877/	878/	879/	880/	881/	882/	883/	884/	885/	886/	887/	888/	889/	890/	891/	892/	893/	894/	895/	896/	897/	898/	899/	900/	901/	902/	903/	904/	905/	906/	907/	908/	909/	910/	911/	912/	913/	914/	915/	916/	917/	918/	919/	920/	921/	922/	923/	924/	925/	926/	927/	928/	929/	930/	931/	932/	933/	934/	935/	936/	937/	938/	939/	940/	941/	942/	943/	944/	945/	946/	947/	948/	949/	950/	951/	952/	953/
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Table 19. SHIPPERS' AVERAGE COST OF ASSEMBLING AND DISTRIBUTING COTTON BY TRADING AREAS AND OUTLETS, 1964-65 SEASON (IN DOLLARS PER BALE)

Trading Area and Outlets	1/	2/	3/	Cotton Insurance	Interest and Exchange	5/	7/	Total			
	Buying and Local Ex-warehouse	Storage	Com- pression, Patches & Marks						Other Warehouse Services	Transportation Domestic Freight	Other Marine
<u>Dallas Area:</u>											
Group 201	.84	.69	1.99	1.00	5.16	.08	1.13	1.05	.35	1.92	14.21
Group 200	.78	.55	1.96	.96	5.34	.06	1.00	.93	.26	1.98	13.82
Ala./Ga.	.77	.60	1.99	.99	4.56	.06	.99	.94	.20	2.06	13.16
New England	.80	.51	1.98	1.03	6.29	.05	.99	.97	.18	2.18	14.98
Other domestic	.79	.93	1.75	.82	1.34	.04	.82	.52	.34	1.58	8.93
Total domestic	.79	.62	1.98	.98	4.72	.06	1.01	.94	.24	2.02	13.36
Europe	.80	.71	2.26	1.05	2.64	.56	.98	1.42	.28	1.84	20.82
Japan	.82	.93	2.33	1.13	2.78	.62	.93	.97	.48	1.76	24.02
India	.84	.83	2.42	.99	2.49	.68	1.15	1.35	.32	1.78	28.16
Other foreign	.81	.85	2.46	1.20	2.59	.66	.86	1.19	.26	1.36	23.96
Total foreign	.81	.86	2.34	1.12	2.70	.62	.93	1.13	.38	1.69	23.33
All outlets	.80	.78	2.22	1.08	3.36	.44	.95	1.07	.33	1.80	20.07
<u>El Paso Area:</u>											
Group 201	.52	1.76	1.98	1.49	6.41	.14	1.71	1.14	.53	2.56	18.24
Group 200	.37	1.86	2.00	1.55	7.16	.03	2.04	1.19	.67	2.58	19.45
Ala./Ga.	.65	1.48	2.00	1.28	5.84	.15	1.48	1.10	.44	2.40	16.82
New England	.91	1.51	1.97	1.34	7.95	.29	1.62	.98	.26	2.04	18.87
Other domestic	.53	1.74	1.98	1.48	6.46	.13	1.72	1.13	.53	2.53	18.23
Europe	.85	.84	2.32	1.39	3.31	.91	1.46	1.82	.47	2.46	24.75
Japan	1.27	1.31	2.13	1.23	4.28	.85	2.06	1.57	.32	1.26	27.98
India	.71	.99	2.50	1.54	3.58	1.29	1.57	1.56	1.39	2.64	31.76
Other foreign	.82	.74	2.39	1.42	4.00	.95	1.33	1.90	.53	2.66	28.42
Total foreign	.79	.92	2.40	1.46	3.51	1.09	1.51	1.70	.90	2.53	28.37
All outlets	.58	1.58	2.07	1.47	5.85	.10	1.68	1.25	.60	2.53	20.31

Table 19.--Continued

Trading area and Outlets	1/	2/			3/			4/			5/		7/
	Buying and Local Ex-warehouse	Com-pression, Patches & marks	Other Warehouse Services	Domestic Freight	Transportation Ocean/	Cotton Insurance	Interest and Exchange	Miscellaneous Tare	Selling Other/	Overhead	Total		
Houston Area:													
Group 201	.79	1.85	1.22	4.97		.09	1.06	.97	.37	1.90	13.94		
Group 200	.76	1.98	1.10	5.45		.06	1.05	.93	.29	2.05	14.26		
Ala./Ga.	.78	1.98	1.06	4.57		.08	1.04	.91	.31	1.93	13.27		
New England	.76	1.99	1.04	6.67		.05	1.10	.97	.27	2.36	15.73		
Other domestic	.76	1.57	1.01	1.27		.11	.34	.98	.06	.87	7.54		
Total domestic	.78	1.89	1.08	4.32		.08	.95	.94	.28	1.80	12.74		
Europe	.53	2.21	1.23	1.00	7.96	.62	.93	1.44	.37	1.29	18.33		
Japan	.66	2.19	1.17	1.24	10.83	.63	.95	1.35	.46	1.46	21.72		
India	.75	2.54	1.11	1.18	15.30	.69	1.20	1.28	.36	1.86	27.21		
Other foreign	.86	2.56	1.22	1.76	11.60	.76	1.01	1.31	.27	1.57	23.70		
Total foreign	.64	2.28	1.20	1.25	9.77	.65	.97	1.38	.38	1.41	20.69		
All outlets	.69	2.16	1.17	2.19	6.74	.48	.96	1.24	.34	1.53	18.22		
Lubbock Area:													
Group 201	.62	2.00	.84	5.61		.08	.86	.91	.27	1.78	13.80		
Group 200	.57	2.00	.65	5.79		.10	.54	.80	.14	2.57	13.95		
Ala./Ga.	.62	2.00	.82	5.02		.08	.75	.87	.13	1.90	12.97		
New England	.73	2.00	.95	7.23		.04	1.03	.92	.27	2.18	15.85		
Other domestic	.54	1.99	.54	2.00		.13	.34	.75	.10	2.85	10.22		
Total domestic	.61	2.00	.77	5.01		.09	.71	.85	.15	2.07	13.06		
Europe	.64	2.64	.95	3.00	8.55	.38	.68	1.08	.32	2.07	21.20		
Japan	.70	2.49	.97	3.09	11.25	.40	.65	.97	.27	1.79	23.49		
India	.67	2.64	.94	3.05	15.30	.42	.77	1.03	.31	2.25	28.26		
Other foreign	.66	2.64	1.06	3.14	11.65	.42	.76	1.06	.32	1.88	24.60		
Total foreign	.67	2.57	.98	3.08	10.70	.40	.68	1.03	.30	1.90	23.24		
All outlets	.64	2.35	.91	3.82	6.54	.28	.69	.96	.24	1.97	19.28		

Table 19.--Continued

Trading Area and Outlets	1/	2/	3/	Transportation Domestic Freight	Cotton Insurance Marine Other	Interest and Exchange	5/ Miscellaneous Fare	7/ Overhead Total
	Buying and Local Ex-warehouse Storage	Com-pression, Patches Warehouse Services	Other Warehouse Services					
Texas:								
Group 201	.62	1.29	1.97	5.89	.11	1.37	1.06	.44
Group 200	.60	.86	1.99	5.86	.08	.87	.88	.25
Ala./Ga.	.69	.72	2.00	4.84	.07	.89	.89	.20
New England	.78	.61	1.99	6.88	.07	1.10	.96	.24
Other domestic	.66	.79	1.78	1.62	.12	.37	.84	.10
Total domestic	.66	.89	1.97	5.06	.09	1.00	.94	.26
Europe	.62	.77	2.38	2.05	.54	.88	1.33	.34
Japan	.72	.86	2.37	2.56	.52	.81	1.07	.38
India	.72	.93	2.54	2.93	.85	1.21	1.32	.75
Other foreign	.76	.88	2.57	2.58	.60	.86	1.18	.29
Total foreign	.70	.84	2.42	2.40	.56	.86	1.19	.36
All outlets	.68	.86	2.25	3.43	.38	.92	1.09	.32

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage. 3/ Receiving, outhandling, reweighing, re-sampling, and special warehouse services. 4/ Overseas shipments include, for some areas, wharfage, forwarding, and controlling. 5/ Commissions or comparable direct selling costs. 6/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 7/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. * Less than .005.

Reference (2).

Table 20. PRODUCTION AND PERCENTAGE DISTRIBUTION OF COTTON BY REGIONS, UNITED STATES, 1935-36 THROUGH 1969-70 SEASONS

Seasons	Production 1/					Percentage of United States				
	West 2/	South- west 3/	Delta States 4/	South- east 5/	United States	West 2/	South- west 3/	Delta States 4/	South- east 5/	United States
1935-36	449	3,523	3,171	3,495	10,638	4.2	33.1	29.8	32.9	100.0
1936-37	744	3,223	4,724	3,708	12,399	6.0	26.0	38.1	29.9	100.0
1937-38	1,214	5,928	6,787	5,017	18,946	6.4	31.3	35.8	26.5	100.0
1938-39	716	3,649	4,571	3,007	11,943	6.0	30.5	38.3	25.2	100.0
1939-40	747	3,372	4,646	3,052	11,817	6.3	28.5	39.3	25.9	100.0
1940-41	868	4,036	4,122	3,540	12,566	6.9	32.1	32.8	28.2	100.0
1941-42	691	3,370	4,266	2,417	10,744	6.4	31.4	39.7	22.5	100.0
1942-43	706	3,746	5,109	3,256	12,817	5.5	29.2	39.9	25.4	100.0
1943-44	580	3,207	4,502	3,138	11,427	5.0	28.1	39.4	27.5	100.0
1944-45	579	3,280	4,939	3,432	12,230	4.7	26.8	40.4	28.1	100.0
1945-46	576	2,079	3,644	2,716	9,015	6.4	23.1	40.4	30.1	100.0
1946-47	758	1,931	3,412	2,539	8,640	8.8	22.3	39.5	29.4	100.0
1947-48	1,185	3,767	4,192	2,716	11,860	10.0	31.8	35.3	22.9	100.0
1948-49	1,532	3,527	6,282	3,536	14,877	10.3	23.7	42.2	23.8	100.0
1949-50	2,088	6,650	4,878	2,512	16,128	12.8	41.2	30.2	15.8	100.0
1950-51	1,639	3,188	3,518	1,669	10,014	16.4	31.8	35.1	16.7	100.0
1951-52	2,842	4,536	4,467	3,304	15,149	18.8	29.9	29.5	21.8	100.0
1952-53	3,098	4,072	5,068	2,901	15,139	20.5	26.8	33.5	19.2	100.0
1953-54	3,166	4,754	5,646	2,899	16,465	19.2	28.9	34.3	17.6	100.0
1954-55	2,716	4,233	4,507	2,240	13,696	19.8	30.9	32.9	16.4	100.0
1955-56	2,201	4,502	5,313	2,705	14,721	15.0	30.6	36.0	18.4	100.0
1956-57	2,578	3,876	4,629	2,227	13,310	19.5	29.0	34.8	16.7	100.0
1957-58	2,539	3,895	3,010	1,520	10,964	23.1	35.5	27.5	13.9	100.0
1958-59	2,644	4,621	2,883	1,364	11,512	23.0	40.1	25.1	11.8	100.0
1959-60	2,973	4,797	4,784	2,004	14,558	20.4	33.0	32.9	13.7	100.0
1960-61	3,086	4,804	4,448	1,934	14,272	22.0	34.0	31.0	13.0	100.0
1961-62	2,823	5,155	4,497	1,843	14,318	20.0	36.0	31.0	13.0	100.0
1962-63	3,128	5,037	4,724	1,978	14,867	21.0	34.0	32.0	13.0	100.0
1963-64	2,830	4,753	5,423	2,328	15,334	19.0	31.0	35.0	15.0	100.0
1964-65	2,822	4,410	5,483	2,467	15,182	19.0	29.0	36.0	16.0	100.0
1965-66	2,714	5,034	5,057	2,151	14,956	18.0	34.0	34.0	14.0	100.0
1966-67	1,928	3,396	3,086	1,165	9,575	20.0	36.0	32.0	12.0	100.0
1967-68	1,655	2,961	2,184	658	7,458	22.0	40.0	29.0	9.0	100.0
1968-69	2,488	3,789	3,621	1,050	10,948	23.0	35.0	33.0	9.0	100.0
1969-70	2,109	3,141	3,699	1,060	10,009	21.0	31.0	37.0	11.0	100.0

1/ Thousands of 500-pound gross weight bales. 2/ California, Arizona, New Mexico, and Nevada. 3/ Texas, Oklahoma, and Kansas. 4/ Missouri, Arkansas, Tennessee, Mississippi, Louisiana, Illinois, and Kentucky. 5/ Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama.

Reference (7,8).

Table 21. MILL CONSUMPTION OF ALL GROWTHS OF COTTON IN THE UNITED STATES, CROPS
1934 THROUGH 1969 (THOUSANDS OF RUNNING BALES)

Year Beginning Aug. 1	Consumption	Year Beginning Aug. 1	Consumption	Year Beginning Aug. 1	Consumption
1934	5,361	1946	10,025	1958	8,703
1935	6,351	1947	9,354	1959	9,017
1936	7,950	1948	7,795	1960	8,279
1937	5,748	1949	8,851	1961	8,954
1938	6,858	1950	10,509	1962	8,419
1939	7,784	1951	9,196	1963	8,608
1940	9,722	1952	9,461	1964	9,171
1941	11,170	1953	8,576	1965	9,497
1942	11,100	1954	8,841	1966	9,485
1943	9,943	1955	9,210	1967	8,982
1944	9,568	1956	8,608	1968	8,242
1945	9,163	1957	7,999	1969	7,991

Reference (7,8).

Table 22. QUANTITY AND PROPORTION OF COTTON CONSUMED IN THE UNITED STATES, BY AREAS,
FOR SPECIFIED SEASONS, 1934-35 THROUGH 1969-70 ^{1/}

Seasons	Quantity by Areas, 1,000 Bales				Proportion by Areas, Percent			
	Cotton- Growing States	New England States	Other States	Total United States	Cotton- Growing States	New England States	Other States	Total United States
1934-35	5,336	831	184	6,351	84.0	13.1	2.9	100.0
1939-40	8,289	1,148	285	9,722	85.3	11.8	2.9	100.0
1944-45	8,455	891	222	9,568	88.4	9.3	2.3	100.0
1949-50	8,030	664	157	8,851	90.7	7.5	1.8	100.0
1950-51	9,642	840	172	10,654	90.5	7.9	1.6	100.0
1951-52	8,443	559	118	9,120	92.6	6.1	1.3	100.0
1952-53	8,731	601	92	9,424	92.6	6.4	1.0	100.0
1953-54	8,011	498	67	8,576	93.4	5.8	0.8	100.0
1954-55	8,358	427	56	8,841	94.5	4.8	0.7	100.0
1955-56	8,638	446	57	9,141	94.5	4.9	0.6	100.0
1956-57	8,320	355	53	8,728	95.3	4.1	0.6	100.0
1957-58	7,629	297	47	7,973	95.7	3.7	0.6	100.0
1958-59	8,313	314	44	8,671	95.9	3.6	0.5	100.0
1959-60	8,671	309	37	9,017	96.2	3.4	0.4	100.0
1960-61	7,946	273	34	8,253	96.3	3.3	0.4	100.0
1961-62	8,786	264	22	9,072	96.9	2.9	0.2	100.0
1962-63	8,162	209	20	8,391	97.3	2.5	0.2	100.0
1963-64	8,333	201	20	8,554	97.4	2.4	0.2	100.0
1964-65	8,968	183	20	9,171	97.8	2.0	0.2	100.0
1965-66	9,288	190	19	9,497	97.8	2.0	0.2	100.0
1966-67	9,277	189	19	9,485	97.8	2.0	0.2	100.0
1967-68	8,804	160	18	8,982	98.0	1.8	0.2	100.0
1968-69	8,086	140	16	8,242	98.1	1.7	0.2	100.0
1969-70	7,840	115	10	7,965	98.4	1.5	0.1	100.0

^{1/} The bale figures shown are reported in thousands of running bales, except for foreign cotton which are in bales of 500 pounds gross weight.

Reference (9,10).

Table 23. UNITED STATES COTTON EXPORTS TO VARIOUS COUNTRIES,
1969-70 (RUNNING BALES)

Country of Destination	1-1/8" & Over 1/	1 Inch-1-1/8"	Under 1 Inch	Total
<u>Europe</u>				
United Kingdom	953	32,506	4,530	37,989
Austria	0	0	0	0
Belgium & Luxembourg	2,380	14,806	1,323	18,509
Denmark	5	0	0	5
Ireland (Eire)	0	2,599	0	2,599
Finland	0	4,638	1,738	6,376
France	5,624	24,160	595	30,379
Germany (West)	5,588	20,204	334	26,126
Italy	3,490	38,916	4,319	46,725
Netherlands	7,077	11,533	44	18,654
Norway	0	100	884	984
Portugal	0	0	1,640	1,640
Spain	4,022	200	163	4,385
Sweden	525	27,032	9,537	37,094
Switzerland	2,104	9,119	2,316	13,539
Yugoslavia	0	0	0	0
Other	19,788	75,846	3,246	98,880
Total to Europe	51,556	261,659	30,669	343,884
<u>Other Countries</u>				
Canada	5,796	86,476	88,236	180,508
Columbia	0	8	8	16
Chile	903	66	46	1,015
India	138,287	122,517	100	260,904
Pakistan	15,850	273	95	16,218
Indonesia	4,426	223,143	14,793	242,362
Korea	17,699	258,625	178,182	454,506
Hong Kong	0	3,878	56,728	60,606
Taiwan	7,930	77,299	107,605	192,834
Japan	7,706	215,566	399,301	622,573
Australia	50	0	0	50
Morocco	22	28,157	225	28,404
Republic of South Africa	0	300	3,223	3,523
Other	17,557	270,104	73,125	360,786
Total to other countries	216,226	1,286,412	921,667	2,424,305
<u>Total</u>	267,782	1,548,071	952,336	2,768,189

1/ Includes American Pima and Sea Island cotton.

Reference (6).

Table 24. VOLUME OF COTTON EXPORTED FROM THE UNITED STATES TO VARIOUS COUNTRIES FOR SPECIFIED SEASONS (500-POUND GROSS WEIGHT BALES)

Destination	Cotton Exports, 1,000 Bales					Distribution of Cotton Exports, Percent				
	1935-39*	1955-56	1964-65	1966-67	1969-70	1935-39*	1955-56	1964-65	1966-67	1969-70
<u>Europe</u>										
United Kingdom	1,097	153	153	153	38	20.7	6.6	3.8	3.3	1.4
France	589	178	184	163	30	11.1	7.7	4.5	3.5	1.1
Italy	430	105	260	263	47	8.1	4.5	6.4	5.6	1.7
Germany	579	74	217	159	26	10.9	3.2	5.3	3.4	0.9
Spain	101	143	28	1	4	1.9	6.2	0.7	**	0.2
Belgium & Luxembourg	146	30	80	52	19	2.8	1.3	2.0	1.1	0.7
Netherlands	86	17	65	31	19	1.6	0.7	1.6	0.7	0.7
Other***	565	181	374	416	161	10.7	7.8	9.2	8.9	5.8
Total to Europe	3,593	881	1,361	1,238	344	67.8	38.0	33.5	26.5	12.5
<u>Other Countries</u>										
Canada	259	75	390	297	181	4.9	3.2	9.6	6.4	6.5
Japan	1,272	873	990	1,293	623	24.0	37.6	24.4	27.7	22.5
China (Taiwan included)	56	124	353	557	193	1.1	5.4	8.7	11.9	7.0
India	45	9	243	289	261	0.9	0.4	6.0	6.2	9.4
Other	71	358	723	995	1,166	1.3	15.4	17.8	21.3	42.1
Total to other countries	1,703	1,439	2,699	3,431	2,424	32.2	62.0	66.5	73.5	87.5
<u>Total</u>	5,296	2,320	4,060	4,669	2,768	100.0	100.0	100.0	100.0	100.0

* Season average used for 1934-35 through 1938-39.

** Less than .05 percent.

*** Russia included in other.

Reference (7,8).

Table 25. VOLUME OF ALL COTTON CONSUMED BY COUNTRIES FOR SPECIFIED SEASONS*

Countries	Cotton Consumed, 1,000 Bales					Proportion of Cotton Consumed, Percent				
	1935-39**	1955-56	1964-65	1966-67	1969-70	1935-59**	1955-56	1964-65	1966-67	1969-70
United Kingdom	2,741	1,545	1,075	900	792	9.3	3.7	2.1	1.7	1.5
France	1,181	1,218	1,189	1,236	1,143	4.0	2.9	2.4	2.4	2.1
Germany	1,077	1,318	1,318	1,177	1,170	3.6	3.2	2.6	2.3	2.2
Italy	684	765	879	1,112	1,021	2.3	1.9	1.8	2.1	1.9
Belgium	356	415	330	289	308	1.2	1.0	0.7	0.6	0.6
Spain	234	397	525	580	500	0.8	1.0	1.0	1.1	0.9
U.S.S.R.	3,058	5,000	6,900	7,500	8,000	10.3	12.1	13.8	14.3	15.0
Japan	3,315	2,322	3,401	3,255	3,392	11.2	5.6	6.8	6.2	6.3
India	3,096	4,280	5,525	5,075	5,520	10.4	10.4	11.0	9.7	10.3
China	3,600	5,900	6,484	7,000	7,400	12.2	14.3	12.9	13.4	13.8
United States***	6,454	9,210	9,171	9,485	7,991	21.8	22.3	18.3	18.1	15.0
Canada	268	383	430	425	360	0.9	0.9	0.9	0.8	0.7
Brazil	512	1,050	1,225	1,250	1,350	1.7	2.6	2.4	2.4	2.5
Mexico	227	445	600	670	685	0.8	1.1	1.2	1.3	1.3
Africa	106	563	1,249	1,542	1,835	0.4	1.4	2.5	3.0	3.4
Other	2,700	6,415	9,815	10,780	12,009	9.1	15.6	19.6	20.6	22.5
World Total	29,609	41,226	50,116	52,276	53,476	100.0	100.0	100.0	100.0	100.0

* Reported in 1,000 bales, 500 pounds gross, 478 pounds net, unless otherwise specified. (Note: Consumption of cotton includes raw cotton consumed in spinning mills and other factories plus estimates of non-commercial or household consumption.)

** Season average used for 1934-35 through 1938-39.

*** Running bales.

Reference (4).

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