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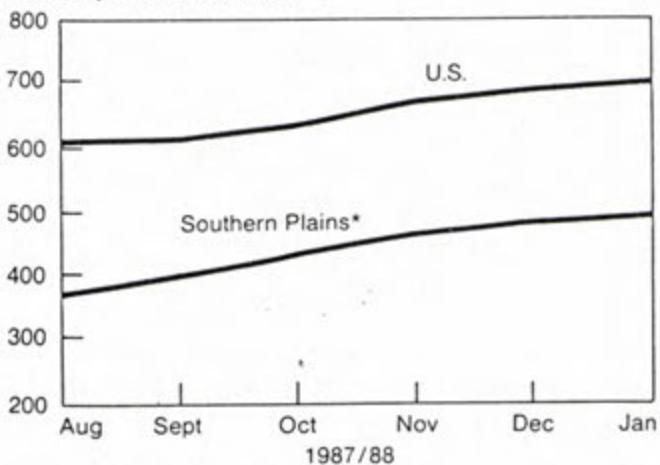
CWS-51
March 1988

Cotton and Wool

Situation and Outlook Report

Cotton Yield Estimates Rise During Season

Pounds per harvested acre

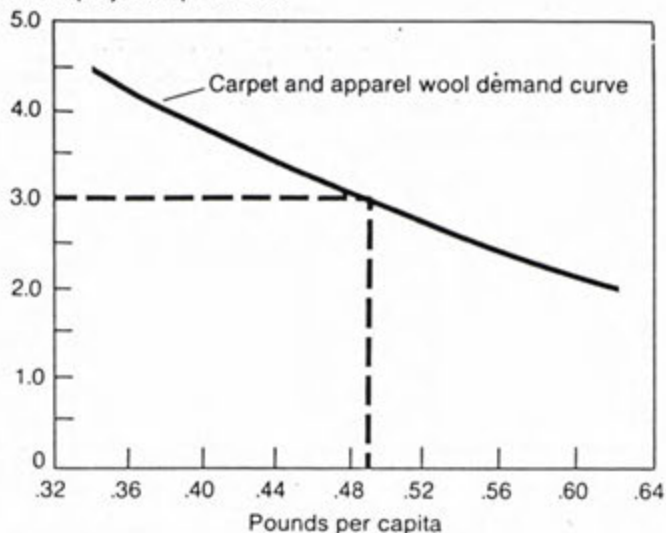


*Includes Oklahoma, Texas, and Kansas.

Figure 4.

Per Capita Wool Demand

Wool/polyester price ratio



1988 projection.

price competitiveness of wool fiber, per capita mill use has not changed much in recent years. Unless the price ratio changes significantly, or there is a significant change in consumers' tastes and preferences, mill use of wool is not expected to deviate substantially from current levels.

Figure 4 presents an estimated 1988 mill demand curve for carpet and apparel wool for alternative wool/polyester price ratios. If the price ratio is 3.00, 1988 mill consumption is predicted to be .49 pounds per capita.

References

1. Dudley, G.E., "U.S. Textile Fiber Demand, Price Elasticities In Major End-Use Markets," *Technical Bulletin No. 1500*. Economic Research Service, U.S.D.A., Washington, D.C. September, 1974.

REGIONAL COTTON MARKETING PATTERNS, 1986/87 SEASON

by

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Abstract: The distribution of raw cotton from major producing regions to final domestic and foreign markets is presented for the 1986/87 season. Results indicate that about 45 percent of all shipments went directly to domestic mills, but the proportion varied from 97 percent in the Southeast to about 28 percent in the West. Mills in North Carolina and South Carolina are the primary destination for domestic movements. Japan, Korea, and Taiwan are the largest foreign markets, consuming mainly Western and Southwestern cotton.

Keywords: Cotton marketing, trade channels, shipping patterns, exports.

Introduction

This article provides information on the regional patterns of raw cotton movements. Data show the distribution of cotton from each of the four cotton production regions to primary domestic mill locations, and to major port areas during the 1986/87 season. In addition, estimates are made of the volume of cotton exported to specific foreign countries by U.S. region of origin.

Information developed here, represents the preliminary results of a Beltwide study of cotton distribution channels conducted by the USDA in the fall of 1987. A total of 435 cotton warehouses were contacted and asked to provide data on the number of bales shipped by destination and also by mode of transportation. Responses totaling about 8.4 million bales were received, representing 60 percent of all 1986/87 cotton marketings. The complete results covering cotton shipments

from each producing State by mode of transportation are currently being prepared for publication.

For the purpose of this article, the following locational designations were made: Southeast region includes the States of Alabama, Georgia, North Carolina, and South Carolina; South Central region includes the States of Arkansas, Louisiana, Mississippi, Missouri, and Tennessee; Southwest region includes the States of Oklahoma and Texas; and the West region include the States of Arizona, California, and New Mexico. Port areas identified as destinations include: Atlantic Coast ports of Charleston, SC, and Savannah, GA; Central Gulf ports of Mobile, AL, New Orleans, LA and Tampa, FL; West Gulf ports of Houston-Galveston, TX; and Pacific Coast ports of Los Angeles, CA, San Francisco, CA, and Seattle, WA.

Domestic Marketing Flows

During the 1986/87 season, the U.S. cotton marketing system delivered over 14 million bales to domestic and foreign consumers. Nearly 7.5 million bales were used by domestic textile mills and the remaining 6.7 million exported. While cotton production totaled only 9.7 million bales in 1986/87, the exceptionally strong demand for cotton fiber resulted in a reduction of over 4 million bales in stocks during the season.

Large cotton stocks were concentrated primarily in the Southwest region, and in parts of the South Central or Delta States. Total marketings from these areas during 1986/87 greatly exceeded the volume of production. Shipments from other States and regions were also very large, requiring expanded services from the numerous cotton storage, handling, and transportation facilities involved.

The regional distribution of 1986/87 cotton marketings are shown in table A. These data represent the proportion of cotton moving to specific domestic locations, and to the four major port areas from which cotton is exported. Also, the total volume of cotton reported shipped by respondent warehouses and associated with these movements is indicated at the bottom of the table.

Table A. Regional distribution of U.S. cotton shipments, 1986/87

Destination	Region of origin				United States
	Southeast	South Central	Southwest	West	
	Percent				
Domestic mills:					
Alabama	16.2	10.6	5.6	4.7	7.2
Georgia	15.8	9.5	7.8	4.3	7.6
North Carolina	23.2	27.1	15.7	10.3	16.5
South Carolina	37.7	21.0	7.3	7.9	13.0
Other mill Points 1/	4.4	1.4	.5	.6	1.0
Total	97.3	69.6	36.9	27.8	45.3
Interior concentration 2/	1.2	13.3	7.0	2.4	6.6
Canada	.1	.8	.4	.2	.3
Ports:					
Atlantic Coast	.5	.1	.1	—	.1
Central Gulf	.4	8.8	.1	.2	1.1
West Gulf	.1	2.5	24.4	2.5	10.5
Pacific Coast	.4	1.8	30.6	66.5	35.2
Total	1.4	13.2	55.2	69.2	46.9
Other 3/	—	3.1	.5	.4	.9
Total	100.0	100.0	100.0	100.0	100.0
	1,000 bales				
Volume shipped 4/	842	1,477	3,173	2,876	8,368

— = No reported shipments
 1/ Other mill locations primarily in Florida, Virginia and New England States. 2/ Nonconsuming points from which cotton is reshipped to final destination. 3/ Minor destinations, and destinations reported as "unknown". 4/ Total volume reported shipped by respondent warehouses.

Source: Results of unpublished USDA survey.

Cotton shipments from the Southeast region were primarily to textile mills located within the area. Over 97 percent of Southeast cotton marketed in 1986/87 remained within the region and about one-half of that never left the State in which it was produced.

While very little cotton is exported from the Southeast, shipments were reported to each of the port areas. Exports through the Pacific Coast are primarily backhaul movements by rail carriers bringing electronics and other consumer products into the Southeast region.

Nearly 70 percent of all South Central cotton moved to Southeast mills in 1986/87. Shipments to North Carolina and South Carolina were the primary destinations. A significant volume of cotton in the South Central region was moved to interior concentration points during the season. Over 13 percent of all shipments were for the purpose of relocating supplies into larger lots for reshipment to final destinations, or to relieve warehouse space as the 1986/87 crop was harvested.

South Central cotton was exported mainly through the Central Gulf, providing the largest share of the cotton volume moving from the ports of Tampa, Mobile, and New Orleans. Cotton shipments to the Pacific Coast are usually under similar arrangements as those from for the Southeast region.

In the Southwest, cotton shipments were more widely distributed than in the other regions. About 37 percent of the cotton marketed from the Southwest region went to domestic mills with significant volumes shipped to each of the primary textile mill States. Most Southwest cotton, however, moved to export markets. Shipments to Canada and ports accounted for about 56 percent of all regional movements during 1986/87. The largest proportion of Southwest exports are now handled through the Pacific Coast where special freight arrangements allow cotton to be preloaded into exportable containers at the point of origin. The cotton is then shipped by rail or truck to Pacific ports. A large volume of Texas-Oklahoma cotton was exported through the port of Seattle, Washington. About 31 percent of all Southwest marketings went to Pacific Coast ports, compared with 24 percent exported from the traditionally more important port of Houston-Galveston.

In 1986/87, nearly 70 percent of all Western cotton was shipped for export, primarily to Far East countries. Most shipments went to nearby Pacific Coast ports, but movements to West Gulf ports were made for export to Europe and parts of South America. Because of its high quality and strength, Western cotton is commonly blended with other U.S. growths by domestic textile mills. During 1986/87, about 28 percent of the cotton marketed from the West was shipped for consumption by domestic mills.

Foreign Market Outlets

Foreign consumers of U.S. cotton purchased nearly 6.7 million bales during the 1986/87 season. An estimated 52 percent originated in the West region, 42 percent from the Southwest, 5 percent was South Central cotton, and about 1 percent was shipped from the Southeast (table B). Japan, the largest market for U.S. cotton, purchased nearly 1

Table B. U.S. cotton exports by region and country of destination, 1986/87

Country	Region of origin				United States
	South Southeast	Central	South- west	West	
	1,000 bales				
Japan	7	56	670	989	1,722
Korea	2	17	507	804	1,330
China, Taiwan	1	12	359	535	907
Indonesia	1	4	124	195	324
Hong Kong	*	3	20	29	52
Thailand	*	4	100	136	240
Philippines	*	1	49	102	152
Germany, Fed. Rep.	2	16	202	43	263
France	4	13	85	12	114
Italy	5	24	135	99	263
Portugal	*	8	58	9	75
Other	28	156	295	310	789
Total	50	314	2,604	3,263	6,231 1/

* Less than 500 bales.

1/ Does not include approximately 453,000 bales exported from U.S. Customs Districts not identified as ports in USDA cotton warehouse survey.

Source: Estimates based on domestic flows and Bureau of Census foreign trade data.

million bales of Western cotton, and 670,000 bales from the Southwest during 1986/87. Sales to Japan also represented the largest single foreign outlet for both Southeast and South Central cotton. Other major foreign markets, such as Korea, Taiwan, Indonesia, Thailand, and the Philippines are primary consumers of Southwest and Western cotton.

Export shipments from the Southwest region account for most of the volume of U.S. cotton moving to Europe. Approximately 75 percent of all shipments to West Germany and France are Southwest cotton, in addition to over one-half of U.S. exports to Italy. Shipments to "other foreign countries" include sales to more than 50 other nations cotton.

The regional foreign trade estimates shown in table B were calculated based on the domestic flows developed from the warehouse survey, and special tabulations based on Bureau of the Census trade data. Shipments from each region to specific ports were aggregated to conform with official U.S. Customs districts. Bureau of the Census data on U.S. raw cotton exports by Customs district and country of destination were then developed on a crop year basis for 1986/87. Regional shares of all cotton moving through a specific Custom district were used to estimate regional flows to each foreign destination.