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Shippers' Services and Costs In Marketing United States Cotton

in cooperation with

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TEXAS A&M UNIVERSITY

COTTON ECONOMIC RESEARCH

The University of Texas • Austin

PREFACE

This report is based on a study conducted by the Economic Research Service of the United States Department of Agriculture in cooperation with the Cotton Research Committee of Texas and the Department of Agricultural Economics and Sociology at Texas A&M University.

This report would not have been possible without the cooperation of the individual cotton shippers in providing the initial informaton. The work of Wlliam A. Faught, Economic Research Service, United States Department of Agriculture is gratefully acknowledged. Acknowledgments are also due the following agricultural economists of Economic Research Service: Maurice R. Cooper (deceased), Zolon M. Looney, Shelby H. Holder, Jr., E. W. S. Calkins, Preston E. LaFerney, Charles A. Wilmot, and Edward H. Glade, Jr. Also associated with this project were Mark L. Fowler, Chairman of the Marketing Section (now with Texas Technological College) and Fred Prochaska of the Department of Agricultural Economics and Sociology at Texas A&M University; Billy B. Crumley, Associate Director (now with Arrowhead Yarn Mill, Inc.) and L. E. Parsons of Textile Research Laboratories at Texas Technological College; Joe L. Ray and Sarah E. Clagett of Cotton Economic Research at The University of Texas at Austin; and Carl Cox, Director of the Cotton Research Committee of Texas. Textile Research Laboratories and Cotton Economic Research are a part of the Cotton Research Committee of Texas.

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SUMMARY AND RECOMMENDATIONS

This is the first comprehensive cotton merchandising cost study covering shipments to both domestic and foreign outlets, thus much of the data contained here are only partially comparable to earlier studies such as **Cotton Merchandising—Costs, Practices, and Problems,** and only then in relation to shipments to domestic sales outlets (2).*

It was found that the 1964–65 season average total merchandising cost to all outlets was $17.14 a bale. The average total merchandising cost to all domestic outlets was $13.56 per bale for the nation's cotton shippers which compared surprisingly well with the earlier equivalent figure of $13.40 a bale for 1954–55. This study also determined that the average total merchandising cost to foreign markets was $23.24 a bale. There are no earlier comparable average foreign costs available.

Cost data were determined by means of a survey of those firms which were primarily cotton shippers, or which conducted their business as shippers and are not applicable to costs for mill buyers, f.o.b. merchants, brokers, commission buyers or others. The total cost of merchandising was divided into eight major subdivisions. Most of the firms contacted were more than cooperative in furnishing the data, although some reluctance was experienced because, at the time, many of the firms were experiencing problems in their efforts to profitably merchandise American cotton. Many firms felt that upon the initiation of the 1965 Agricultural Act, circumstances and conditions would be more favorable for the merchandising of American cotton to both foreign and domestic outlets.

It was determined that the shippers' role, in many instances, had changed markedly since the last survey conducted during the 1956–57 season (2). Many of the anticipated happenings pointed out by the earlier survey have come to pass. Most of the firms are now actively engaged in testing or determining the fiber fineness by the air flow method. In fact, many firms purchased their cotton based on the "Mike" reading and in accordance with predetermined premiums and discounts for these fineness values. Many of the firms which had, in previous years, been only shippers had altered their business to include merchandising of cotton as f.o.b. merchandisers, commission buyers, brokers, etc. Of those firms included in the survey, 83.8% of the total volume handled during the season was handled as shippers, while the remainder was merchandised in another manner.[1]

The data indicated that more of the cotton was purchased during the 1964–65 season from the farmers, ginners, and local buyers and less from the CCC than was the case during the 1956–57 season and earlier years studied. The landed prices for the season were slightly down from the earlier periods as were the 15 spot market prices, but cloth prices for the season were nearly the same as that for the 1954–55 season, 11 years previous. Domestic consumption was up about 600,000 bales over the 1954–55 season, while shipments to foreign outlets were also up about 600,000 bales for the 1964–65 season from the 1954–55 season (19).

This survey can be used by the individual shipper to evaluate his position in relation to per-bale merchandising costs from any of the marketing areas in the four regions to any of the specified foreign or domestic outlets. If the shipper finds his cost for a specific item or to a given outlet to be above the average for the market trading area in which he is located, this indicates that he has a definite need for cost reduction in relation to the item involved. Many of the firms encountered at the time of the survey were reducing costs by reducing their staffs or consolidating various offices and services.

With the initiation of the 1965 Agricultural Act which establishes a one-price system for both domestic and foreign markets, the job of merchandising cotton to all outlets is being greatly eased. It was anticipated that under the act, more cotton would flow through the merchandising channels than has been the case during the past. This has proven to be true for as of January 13, 1967, only 2,141,000 bales of the 1966–67 crop were under the CCC loan which was some 4.9 million bales less than the amount of the 1965–66 crop under the loan at the same date a year earlier.

The Agricultural Act of 1965 and its possible influences on services, practices, and performance of the cotton merchandising system, along with the cost of merchandising under the act, necessitate the continuation of a merchandising study such as this. The 1965 act may reduce the cost of merchandising cotton to both domestic and foreign outlets below the costs shown in this survey.

* Figures in parentheses refer to items in Reference List.

[1] Cotton shippers and cotton merchants as defined and used in connection with this study are firms which usually purchase odd lots of cotton, sell it in even running lots, and either perform or arrange for the various other merchandising services or operations involved.

SHIPPERS' SERVICES AND COSTS IN MARKETING UNITED STATES COTTON

By William F. Harris[2]

INTRODUCTION

Shippers' Services and Their Importance

Merchandising of cotton produced annually by one-half million domestic growers is a job which, for the most part, falls to the shipper. The shipper must offer and perform the many services necessary to deliver the cotton required by a mill customer at a price acceptable to both parties. This requires a variety of skills and necessitates services which the shipper must accomplish through his personnel 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. These specific services necessitate obtaining the cotton, quality selection, compression to proper density, storage until needed, insurance coverage of cotton until delivered, transportation or arrangement for transportation to destination, and financing of all the preceding services until delivery is accomplished and payment is made.[3]

The number of the above services has, in the past few years, been increased to include mechanical fiber testing for length, strength, fineness, maturity, elongation, etc.; textile processing assistance; and cotton selection by variety, area of growth, etc. (12,21). Some shippers rely on research to find possible end uses for specific cottons and to improve their services to the buyer. These additional services may be performed by the shipper's own personnel or may be arranged for and paid for by the shipper through an external organization.

These services performed by the shipper, or arranged for by him, have meant that his personnel must possess more and greater skills than a decade or two ago. Also, the information obtained from testing services must be maintained on the cotton in stock. Increased services and record keeping have been met by some shippers by the use of data processing equipment, thus making it possible to furnish faster and more accurate price quotations on qualities in stock. Data processing equipment has also been integrated with mechanical fiber testing equipment to expedite and improve the speed and service rendered. These modern innovations have increased the efficiency of the shippers' services and their effectiveness or usefulness to the customer. These newer and more comprehensive services being performed by the shipper have increased the cost of merchandising in relation to the price of raw cotton.

At the same time the shipper was increasing his services, mills were also requesting more specific services from the cotton shipper (5,7,12). The mill often asks for cotton having a specific fineness, strength, etc., in addition to the usual qualities of grade and staple that they purchase (8,21). This has evolved because of increased research on the part of the mills to reduce their processing costs resulting from excessive ends down, waste, yarn and fabric imperfections, etc.

These increased requests from the mills for new and better services coupled with the cost of furnishing said services, the indirect loss of both domestic and export markets due to imported textiles and the increased use of synthetics by the mills, plus the fact that some mill agents or buying departments have by-passed the shipper, have all contributed to a reduction in the number of firms merchandising cotton over the past several years. This has spurred other shippers to improve their services and efficiency through cost reduction moves. Thus the position of the remaining shippers has been strengthened because of the services he now renders to his customers.

During the 1964–65 season, but predominantly in the following season, several shippers (even large firms) consolidated their offices and personnel functions by closing branch offices and reducing staffs. Other firms reorganized, reduced the number of personnel and some even ceased merchandising American cotton in the domestic market. The shippers were experiencing difficulty in obtaining cotton at prices which would allow the cotton to be sold at a profit in competition with the synthetic fibers in the domestic market and in competition with foreign cottons and synthetics in the foreign markets.

World cotton consumption has almost an annual increase as global population increases. The 1964–65 world consumption was 49,959,000 bales of cotton with the United States consumption representing 18% of this total at 9,171,000 bales (Table 22 in Appendix). The foreign countries made up of both exporting and importing countries accounted for the other 82% of the total world consumption. The consumption in the foreign countries has increased at a faster pace than the United States consumption since the thirties, but the United States has remained the largest single consumer in the world.

The cotton shipper is an important cog in the nation's exporting system. He provides the export services so important to the growers, ginners, and others in the cotton industry. Through the exportation of cotton; he assists in the attempt to maintain a favorable balance of payments for the nation. The next few years will determine much in relation to the importance of the nation's shippers in the domestic and foreign markets, particularly in relation to the number of shippers in business and the volume of cotton handled. The shipper who furnishes the required services at a reasonable cost will find many opportunities in the cotton merchandising field in the coming years.

Purpose of Study

The main purpose of this study was to obtain information relating to merchandising costs in the movement

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[3] The duties, or requirements, which a cotton shipper must fulfill to remain active in a modern adequate cotton merchandising system are set forth in more detail in Reference (3).

of cotton fibers from United States gins to domestic and foreign mills. The study was recommended by industry spokesmen and a member of the Board of Directors of the National Cotton Council in their support of expanded research.

Method of Procedure

Results presented in this bulletin are based on analyses of data obtained from 128 shipper firms located in the 15 official spot markets plus Bakersfield and El Paso. Firms were divided into size categories of large, medium, and small. The sample included all of the large firms, 35% of the medium-size firms and 20% of the small firms. Eighty-five percent of all active firms in the United States were included. Personal interviews were held with each shipper concerning cost and volume data for domestic and foreign shipments in 1964–65 (1). Supplementary information was also obtained from each firm as to volumes marketed as a shipper, mill buyer, f.o.b. merchant, etc. The source from which the cotton was purchased (farmer, ginner, etc.) was determined by regions, along with the amount purchased from various market trading areas within regions and the volumes shipped to selected outlets. From this information, weighted averages for purchases, sales, and costs of merchandising were developed for the major regions and the United States.[4]

All data were weighted by bale volume for the season and were tabulated first by market trading areas as to specific outlets, both domestic and foreign. The averages derived by market trading areas according to the outlets were then combined to form weighted regional averages. Regional averages were combined and weighted according to their volume to obtain national averages. Brief one-sheet statistical summaries were issued for each of the four cotton-growing regions and for the United States for immediate use by the trade and federal or state agencies (14,15,16,22,23).[5]

Limitations of Study

In a few instances, shippers were unable or failed to furnish such cost items as rail or ocean freight, compression, etc. In such cases the information was obtained from other reliable sources or was estimated through the use of the average from those firms which reported costs from the same market trading area.

Canadian shipments for the season, although not large in volume, did affect the average transportation costs. Since most transportation costs of cotton shipments to Canada were incurred within the United States, the cost could have been included with domestic transportation costs. Such an inclusion would have increased the domestic transportation cost perceptibly. Canadian shipments were included as foreign resulting in a slight lowering of the average transportation cost for this classification. The Canadian shipments, although having a higher United States internal transportation cost than most export cotton shipments, did not incur the cost of ocean transportation which far exceeds the internal transportation costs for the other cotton shipments exported during the season.

In addition, some data obtained in this study are not comparable to the earlier studies due to differences in methods used to obtain cost information.

SHIPPERS' 1964–65 COSTS

National Average

The national merchandising costs for shippers selling cotton to both domestic and foreign outlets averaged $17.14 per bale for the 1964–65 season. Transportation amounted to 48.6% of the cost, or $8.33 a bale (Table 1). For the 1956–57 season, transportation amounted to 53% of the total merchandising cost (2). Carrying and exchange represented 14.2% of the total, or $2.44 per bale, for the 1964–65 season. Compression, patches, and marks amounted to 10.3%, or $1.76 per bale. Overhead costs averaged $1.55 per bale (23).

Merchandising costs to domestic outlets averaged $13.56 per bale for the 1964–65 season, compared to the cost of $23.24 per bale to foreign outlets (Table 1). Transportation costs averaged $5.31 per bale to domestic outlets and $13.46 per bale to foreign outlets. Compression, patches, and marks averaged $2.38 per bale for foreign shipments—an increase of 99 cents per bale over costs to domestic outlets. Miscellaneous costs were the same for merchandising to both foreign and domestic outlets while buying and local delivery represented only one cent per bale more to foreign outlets than to domestic. Carrying costs and exchange, which includes insured storage, interest, etc., were 30 cents less per bale on foreign sales than on domestic sales.

National and Regional Comparative Costs

The total average cost for merchandising to all outlets during the 1964–65 season ranged from a high of $21.31 for the Western region to a low of $8.23 for the Southeast and averaged $17.14 per bale for the United States as a whole (Table 2). The cost of assembling and distributing United States cotton for the 1964–65 season to all domestic outlets was $13.56 per bale compared to $13.40 per bale for the 1954–55 season. It ranged from $8.23 per bale in the Southeast to $18.88 per bale in the West during 1964–65. In the 1954–55 season, comparative costs were $8.65 per bale in the Southeast and $15.31 per bale in the Southwest (2).

[4] These regions included the following cotton growing states or parts of states: Western—District 6 of Texas, New Mexico, Arizona, and California; Southwestern—Texas-Oklahoma except District 6 of Texas; South Central—Tennessee, Mississippi, Louisiana, Arkansas, Kentucky, and Missouri; Southeastern—Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama.

[5] The data are in table form for each of the four regional areas and are found in Appendix Tables 23, 24, 25, and 26.

Table 1. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING U.S. COTTON BY TYPES OF COST AND OUTLETS, 1964-65 SEASON

Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, and Marks 4/	Trans. and Related Services 5/	Selling 6/	Miscel-laneous 7/	Over-head 8/	Total 9/
	Dollars								
Group 201 mills	0.73	2.98	0.92	1.49	6.24	0.74	0.46	1.33	14.89
Ala. and Ga. mills	.69	1.99	.96	1.19	3.84	.76	.37	1.64	11.44
Group 200 mills	.69	2.10	.95	1.28	4.70	.81	.46	1.61	12.60
New England mills	.84	2.75	.88	1.65	7.78	.84	.37	1.73	16.84
Other domestic	.77	2.15	.81	1.82	3.63	.76	.23	1.68	11.85
Total domestic	.72	2.56	.93	1.39	5.31	.76	.42	1.47	13.56
Europe	.68	2.02	1.03	2.33	11.58	1.35	.40	1.69	21.08
Japan	.73	2.20	1.05	2.37	14.23	1.10	.43	1.66	23.77
India	.88	3.11	1.07	2.31	18.10	1.51	.81	1.85	29.64
Other foreign	.75	2.39	1.04	2.46	13.57	1.29	.35	1.70	23.55
Total foreign	.73	2.26	1.04	2.38	13.46	1.26	.42	1.69	23.24
All outlets	.73	2.44	.97	1.76	8.33	.94	.42	1.55	17.14

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments included marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. Reference (24).

Table 2. SHIPPERS' AVERAGE COST OF MERCHANDISING BY TYPES OF COSTS TO DOMESTIC AND FOREIGN OUTLETS AND ALL OUTLETS BY REGIONS IN DOLLARS PER BALE, 1964-65 SEASON

Region / Cost Type	West			Southwest			South Central			Southeast			United States		
	Domestic	Foreign	All	Domestic	Foreign	All	Domestic	Foreign	All	Domestic	Foreign*	All	Domestic	Foreign	All
	Dollars														
Buying and Local Delivery	.85	.80	.83	.70	.70	.70	.68	.77	.70	.59	--	.59	.72	.73	.73
Carrying Costs and Exchange	3.85	4.18	3.95	1.55	1.67	1.63	2.24	1.87	2.16	2.07	--	2.07	2.56	2.26	2.44
Warehouse Services Other Than Storage	1.06	1.03	1.05	.91	1.09	1.03	.71	.88	.74	1.22	--	1.22	.93	1.04	.97
Compression, Patches, & Marks	1.88	2.36	2.02	1.96	2.42	2.26	1.21	2.24	1.44	.12	--	.12	1.39	2.38	1.76
Transportation & Related Services	8.80	15.12	10.74	4.83	13.30	10.34	4.18	11.88	5.89	1.85	--	1.85	5.31	13.46	8.33
Selling	.71	1.36	.91	.90	1.18	1.08	.80	1.46	.95	.56	--	.56	.76	1.26	.94
Miscellaneous	.39	.58	.45	.20	.34	.30	.50	.53	.50	.51	--	.51	.42	.42	.42
Overhead	1.34	1.41	1.36	1.98	1.68	1.79	1.39	2.07	1.54	1.31	--	1.31	1.47	1.69	1.55
Total	18.88	26.84	21.31	13.03	22.38	19.13	11.71	21.70	13.92	8.23	--	8.23	13.56	23.24	17.14

* Foreign not available, volume insufficient.
Reference (14,15,16,23,24).

Costs to domestic outlets for transportation and related services during 1964–65 averaged $8.80 and $1.85 per bale in the West and Southeast, respectively. For the United States as a whole, the average cost for shipments to foreign outlets during the 1964–65 season was $23.24 per bale. It ranged from $21.70 per bale in the South Central region to $26.84 per bale in the West.

The Western region had the highest carrying and exchange cost for both domestic and foreign outlets, averaging $3.85 and $4.18 per bale, respectively. For warehouse services other than storage, the Southeast had the highest costs for domestic outlets ($1.22 per bale), and the Southwest had the highest cost for foreign outlets ($1.09 per bale). The Southwest led all the others in costs for compression averaging $1.96 per bale for domestic shipments and $2.42 per bale for foreign shipments. For domestic shipments, costs due to overhead were highest in the Southwest, averaging $1.98 per bale. The South Central region, with average cost of $2.07 per bale, had the highest overhead cost for foreign shipments.

The firms surveyed and included in this study were primarily shippers, but many also functioned as f.o.b. merchants, mill buyers, etc. The total volume sold was over 12 million bales for the 1964–65 season. On a nationwide basis, over 83% of this volume, or about 10 million bales, was handled or merchandised by firms operating as shippers. Table 3 gives the percentage which was marketed by these firms as "shippers" or as "others"[6] merchandising businesses for the four major cotton-producing regions in the United States. Also shown is the percentage of the total volume reported handled by the "shippers" and "others" during the seasons according to the four cotton producing regions.

Although some shippers buy cotton from all producing regions, the majority of purchases are made in their "home" region (Table 4). In 1964–65, the proportion of total purchases that were bought from within the region of location ranged from 95% by Western shippers to 62% for those residing in the Southeast. Shippers in 1964–65 in all regions bought slightly greater proportions of their cotton from outside their region than in 1956–57. This modest shift in buying practices apparently was caused by more selective customer inquiries, the government price support programs through increased loan entries in recent years, and greater competition for cotton among the shippers. The chief result was the impact on southeastern cottons. In 1956–57, Southeastern cotton accounted for 20% of all purchases by all shippers; but in 1964–65, such cotton represented only 9% of total purchases by shippers. This severe drop was caused in part by declining production in the Southeast, but chiefly by the sizable percentage of such cotton entering and remaining in the loan program.

In the Western region, 59% of all cotton merchandised during the 1964–65 season went to Group 201 mills (Table 5). South Central shippers, much like those in the West, merchandised primarily to Group 201 mills. Shipments to this outlet amounted to nearly 46% of the total volume handled by shippers in this area. Of the total volume handled by Southeastern shippers, 64% was shipped to Alabama and Georgia mills and 28% to Group 201 mills.

Further examination of the data in Table 5 shows that more cotton was sold to domestic outlets in 1964–65 than in the earlier period. Less cotton was sold to New England mills in the 1964–65 season than in the earlier period, and South Central and Southeastern shippers reduced their shipments to foreign markets in 1964–65 and increased their domestic sales more than the other two regions. Europe was not the major recipient of export cotton in the 1964–65 season as it was in 1956–57. Japan had increased its share of the cotton exported in 1964–65 from the United States, and a larger share came from the Southwestern shippers than during the previous period.

Table 3. PERCENTAGE OF MARKETINGS AS SHIPPERS OR OTHER CATEGORIES BY REGIONS AND ALL REGIONS, 1964–65 SEASON

Category	West	Southwest	South Central	Southeast	U.S.
Percentage Handled as Shippers and Others by Regions					
Shippers	92.5	90.7	70.8	89.8	83.8
Others*	7.5	9.3	29.2	10.2	16.2
Total	100.0	100.0	100.0	100.0	100.0
Volume as a Percentage of Total Volume Reported by Regions					
Shippers	20.4	37.9	30.2	11.5	100.0
Others*	8.6	20.1	64.6	6.7	100.0
Total	18.5	35.0	35.8	10.7	100.0

* "Others" are mill buyers, f.o.b. merchants, brokers, commission buyers, etc.
Original data.

[6] "Others" are mill buyers, f.o.b. merchants, brokers, commission buyers, etc.

Table 4. PERCENTAGE OF PURCHASES OF COTTON BY SHIPPERS BY REGIONS IN RELATION TO LOCATION OF SHIPPERS, 1956–57 AND 1964–65 SEASONS

Region of Purchase and Season		Region Location of Shippers: West	South-west	South Central	South-east	All Regions
Western	1956–57	100	19	16	6	29
	1964–65	95	12	13	15	30
Southwest	1956–57	....	70	10	5	22
	1964–65	1	66	14	7	30
South Central	1956–57	....	10	70	21	29
	1964–65	4	18	71	16	31
Southeast	1956–57	....	1	4	68	20
	1964–65	....	4	2	62	9
National	1964–65	20	38	30	12	100

1956–57 season simple averages of data reported (2).
1964–65 season original weighted data.

Table 5. SHIPMENTS OF AMERICAN COTTON ACCORDING TO LOCATION OF FIRM, NATIONAL TOTAL, AND BY MARKET OUTLETS, 1956–57 AND 1964–65 SEASONS

Outlet to Which Shipped	Location of Firm: West	South-west	South Central	South-east	Total
	1964–65 Season — Percent				
Group 201 Mills	59.0	5.7	45.5	28.0	31.2
Ala. and Ga. Mills	4.5	20.8	17.8	64.0	21.5
Group 200 Mills	1.4	3.7	12.0	8.0	6.2
New England Mills	2.6	1.4	2.5	....	1.8
Other Domestic	2.0	3.3	....	....	1.7
Total Domestic	69.5	34.9	77.8	100.0	62.4
Europe	7.8	21.5	8.6	....	12.3
Japan	8.9	27.0	2.1	....	12.7
India	6.9	1.5	.9	....	2.3
Other Foreign	6.9	15.1	10.6	....	10.3
Total Foreign	30.5	65.1	22.2	....	37.6
All Outlets	100.0	100.0	100.0	100.0	100.0
Percent of U.S. Total	20.4	37.9	30.2	11.5	100.0
	1956–57 Season — Percent				
Southeast	51.0	20.4	53.7	92.6	54.6
New England	6.3	1.0	3.1	.1	2.6
Other Domestic	.5	.3	.4	....	.3
Total Domestic	57.8	21.7	57.2	92.7	57.5
Europe	28.0	58.8	32.0	6.9	31.3
Orient	14.0	17.5	9.3	.4	10.2
Other Foreign	.2	2.0	1.5	....	1.0
Total Foreign	42.2	78.3	42.8	7.3	42.5
All Outlets	100.0	100.0	100.0	100.0	100.0

1964–65 season original weighted data.
1956–57 season simple averages of data reported by firms (2).

Market Trading Area Costs

The breakdown as to volume merchandised within the regions to specific foreign and domestic outlets indicates the primary market trading areas for the various regions. In the Western region, Fresno-Bakersfield merchandised slightly over 65% of the total volume for the region; Lubbock merchandised nearly 46% of the Southwestern volume; Memphis merchandised about 55% of the South Central volume; and Montgomery merchandised 43% of the Southeastern volume (Table 6). It also can be noted which of the specific market trading areas does the largest volume of business to a given foreign or domestic outlet. For example, El Paso in the Western region merchandised over 66% of its volume to Group 201 mills and Montgomery in the Southeast merchandised over 92% of its volume to Alabama and Georgia mills.

The 1964–65 season domestic average merchandising costs for various market trading areas ranged from $7.81 per bale in the Atlanta market to $19.24 per bale in the Phoenix market—a difference of $11.43 per bale (Table 7). Differences between the average costs for these two areas were principally due to high carrying, compression, and transportation costs in the Phoenix area. Transportation alone accounted for 66% of the average difference between these two areas. The national domestic average merchandising cost of $13.56 per bale, when compared to the average cost for the 12 market trading areas, indicates the three Western areas were above the national average, while the other nine market trading areas had an average cost below the national average.

Average foreign merchandising cost by trading areas for which data were available ranged from $20.68 per bale in Houston-Galveston to $28.37 per bale in the El Paso area—a difference of $7.69 per bale (Table 8). In the Houston-Galveston trading area, transportation costs averaged $11.66 per bale, compression costs $2.28 per bale, and carrying costs $1.87 per bale. The highest cost item in the El Paso area was transportation which averaged $16.16 per bale, followed by compression costs of $2.41 per bale and carrying costs of $2.42 per bale. In five of the market areas, foreign merchandising cost was above the national average of $23.24 per bale. They were the three market trading areas in the Western region, Dallas in the Southwest, and Little Rock-New Orleans in the South Central.

Domestic Outlets

Data already presented show that over 31% of the total volume handled by the shippers during the 1964–65 season went to the Group 201 mills. During the 1964–65 season, the total merchandising cost of shipments to this outlet averaged $14.89 per bale (Table 9). Transportation costs averaged $6.24 per bale, or 42% of the total national average cost to this outlet, followed by carrying costs which amounted to 20% of the total cost. Transportation and related services to the Group 201 mills represented 38% of the total national average cost during the 1951–52 season (8). The market trading area average costs for Group 201 mills ranged from $8.79 per bale for Augusta, Charleston-Greenville area to $19.14 per bale for the Phoenix area. The Fresno-Bakersfield area had the highest percentage (48%) of total merchandising costs due to transportation of any area because of its distance from the destination.

The three market trading areas in the Western region had carrying costs which were above the national average and were nearly twice those for the Southwestern region. The market trading areas of El Paso, Atlanta, and Augusta, Charleston-Greenville appeared to have a similar problem relating to high charges for the "cost of warehouse services other than storage."

Alabama and Georgia mills were the recipients of 22% of the total volume merchandised during the 1964–65 season. Total merchandising cost to this outlet averaged $11.44 per bale (Table 10). Of this total, nearly 34% was due to the cost of transportation. Carrying costs and overhead averaged $1.99 and $1.64 per bale, respectively. The total national average cost of transportation to this outlet was $2.12 a bale less than the total national average cost for transporting the cotton to all domestic outlets. With the exception of Phoenix and Fresno-Bakersfield where costs were 16 and

Table 6. MERCHANDISING OF COTTON BY MARKET TRADING AREAS TO INDICATED MARKET OUTLETS, 1964-65 SEASON

Market Trading Area / Outlet	West				Southwest			
	Phoenix	El Paso	Fresno-Bakersfield	Total	Lubbock	Dallas	Houston-Galveston	Total
	Percent				Percent			
Group 201 Mills	54.6	66.1	59.2	59.0	5.3	6.3	5.9	5.7
Ala.-Ga. Mills	4.1	6.0	4.3	4.5	23.6	20.8	16.9	20.8
Group 200 Mills		5.6	1.0	1.4	5.4	2.4	2.1	3.7
New England Mills	2.2	1.7	3.0	2.6	1.1	2.0	1.4	1.4
Other Domestic	1.3		2.6	2.0	3.4	1.2	4.6	3.3
Total Domestic	62.2	79.4	70.1	69.5	38.8	32.7	30.9	34.9
Europe	8.3	9.0	7.4	7.8	17.0	15.9	31.8	21.5
Japan	14.1	.5	8.8	8.9	27.8	34.5	20.8	27.0
India	7.5	9.7	6.1	6.9	1.6	1.3	1.3	1.5
Other Foreign	7.9	1.4	7.6	6.9	14.8	15.6	15.2	15.1
Total Foreign	37.8	20.6	29.9	30.5	61.2	67.3	69.1	65.1
All Outlets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of Regional Total	22.3	12.5	65.2	100.0	45.7	22.2	32.1	100.0

Market Trading Area / Outlet	South Central				Southeast			
	Greenwood	Memphis	Little Rock-New Orleans	Total	Montgomery	Atlanta	Greenville-Augusta-Charleston	Total
	Percent				Percent			
Group 201 Mills	44.0	46.9	42.9	45.5	6.5	13.8	58.3	28.0
Ala.-Ga. Mills	16.4	18.2	20.3	17.8	92.2	81.6	24.5	64.0
Group 200 Mills	9.7	14.3	8.1	12.0	1.3	4.6	17.2	8.0
New England Mills	2.4	2.3	3.5	2.5				
Other Domestic								
Total Domestic	72.5	81.7	74.8	77.8	100.0	100.0	100.0	100.0
Europe	10.2	6.7	13.2	8.6				
Japan	2.0	1.7	4.7	2.1				
India	.9	.7	1.6	.9				
Other Foreign	14.4	9.2	5.7	10.6				
Total Foreign	27.5	18.3	25.2	22.2				
All Outlets	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of Regional Total	34.1	54.5	11.4	100.0	43.0	18.1	38.9	100.0

Original data.

Table 7. SHIPPERS' AVERAGE COST OF MERCHANDISING BY TYPE OF COST TO ALL DOMESTIC OUTLETS AND BY MARKET TRADING AREAS, 1964-65 SEASON

Market Trading Area	Region: West			Southwest			South Central			Southeast			National
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston-Galveston	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Augusta, Charleston-Greenville	
Cost Item	Dollars Per Bale												
Buying and Local Delivery	.81	.53	.93	.61	.79	.78	.66	.66	.85	.54	.45	.71	.72
Carrying Costs and Exchange	4.09	3.47	3.87	1.50	1.63	1.56	2.36	2.19	2.24	2.41	1.94	1.75	2.56
Warehouse Services Other Than Storage	1.04	1.47	.97	.77	.98	1.08	.67	.76	.53	1.12	1.39	1.25	.93
Compression, Patches, & Marks	1.85	1.99	1.86	2.00	1.98	1.89	1.22	1.21	1.21	.02	.12	.22	1.39
Transportation & Related Services	9.17	6.58	9.19	5.09	4.78	4.40	4.13	4.15	4.52	1.83	1.63	1.99	5.31
Selling	.65	1.13	.64	.86	.94	.93	.78	.80	.84	.50	.68	.56	.76
Miscellaneous	.44	.53	.35	.15	.24	.28	.51	.52	.33	.38	.55	.63	.42
Overhead	1.19	2.53	1.12	2.07	2.02	1.80	1.13	1.46	1.75	1.39	1.05	1.34	1.47
Total	19.24	18.23	18.93	13.05	13.36	12.72	11.46	11.75	12.27	8.19	7.81	8.45	13.56

Note: Underlined costs are greater than national average.
Original data.

Table 8. SHIPPERS' AVERAGE COST OF MERCHANDISING BY TYPE OF COST TO ALL FOREIGN OUTLETS AND BY MARKET TRADING AREAS, 1964-65 SEASON

Market Trading Area	Region: West			Southwest			South Central			Southeast*			National
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston-Galveston	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Augusta, Charleston-Greenville	
Cost Item	Dollars Per Bale												
Buying and Local Delivery	.92	.79	.75	.67	.81	.64	.74	.74	.91				.73
Carrying Costs and Exchange	4.12	2.42	4.43	1.58	1.78	1.73	1.76	1.91	2.07				2.26
Warehouse Services Other Than Storage	1.03	1.46	.98	.98	1.12	1.20	.84	.94	.76				1.04
Compression, Patches, & Marks	2.37	2.41	2.34	2.57	2.34	2.28	2.29	2.30	1.91				2.38
Transportation & Related Services	15.26	16.16	14.92	14.21	14.06	11.66	11.71	11.73	13.00				13.46
Selling	1.26	1.70	1.36	1.02	1.14	1.38	1.46	1.42	1.57				1.26
Miscellaneous	.65	.90	.50	.30	.38	.38	.42	.47	1.04				.42
Overhead	1.47	2.53	1.21	1.90	1.69	1.41	1.93	2.13	2.28				1.69
Total	27.08	28.37	26.49	23.23	23.32	20.68	21.15	21.64	23.54				23.24

* Foreign not available, insufficient volume.
Note: Underlined costs are greater than national average.
Original data.

Table 9. SHIPPERS' AVERAGE COSTS OF MERCHANDISING BY TYPE OF COST TO GROUP 201 MILLS AND BY MARKET TRADING AREAS, 1964-65 SEASON

Market Trading Area	Region: West			Southwest			South Central			Southeast			National
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston-Galveston	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Augusta, Charleston-Greenville	
Cost Item	Dollars Per Bale												
Buying and Local Delivery	.83	.52	.92	.62	.84	.80	.59	.62	.82	.71	.46	.57	.73
Carrying Costs and Exchange	3.99	3.48	3.82	1.68	1.82	1.78	2.62	2.15	2.52	2.73	2.17	1.97	2.98
Warehouse Services Other Than Storage	1.04	1.49	.97	.84	1.00	1.22	.64	.71	.46	1.09	1.42	1.33	.92
Compression, Patches, & Marks	1.84	1.99	1.86	2.00	1.99	1.86	1.22	1.21	1.22	.08	.39	.32	1.49
Transportation & Related Services	9.14	6.56	9.18	5.69	5.24	5.07	4.12	4.17	4.56	2.78	2.18	1.94	6.24
Selling	.66	1.13	.64	.91	1.04	.98	.73	.77	.81	.54	.55	.63	.74
Miscellaneous	.44	.53	.33	.27	.35	.38	.55	.55	.34	.22	.57	.75	.46
Overhead	1.20	2.55	1.09	1.78	1.92	1.90	.92	1.42	1.58	1.49	1.08	1.28	1.33
Total	19.14	18.25	18.81	13.79	14.20	13.99	11.39	11.60	12.31	9.64	8.82	8.79	14.89

Note: Underlined costs are greater than national average.
Original data.

Table 10. SHIPPERS' AVERAGE COST OF MERCHANDISING BY TYPE OF COST TO ALABAMA-GEORGIA MILLS AND BY MARKET TRADING AREAS, 1964-65 SEASON

Market Trading Area	Region: West			Southwest			South Central			Southeast			National
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston-Galveston	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Augusta, Charleston-Greenville	
Cost Item	Dollars Per Bale												
Buying and Local Delivery	.61	.65	.76	.62	.77	.78	.80	.79	.93	.53	.44	.82	.69
Carrying Costs and Exchange	4.51	2.96	4.67	1.53	1.58	1.65	1.71	2.11	1.72	2.38	1.87	1.49	1.99
Warehouse Services Other Than Storage	1.03	1.28	.99	.81	.99	1.06	.66	.73	.57	1.12	1.39	1.10	.96
Compression, Patches, & Marks	1.87	2.00	1.90	2.00	2.00	1.98	1.22	1.21	1.20	.02	.06	.07	1.19
Transportation & Related Services	9.13	5.99	9.17	5.10	4.62	4.65	3.69	3.61	4.03	1.74	1.44	2.20	3.84
Selling	.60	1.10	.61	.86	.94	.91	.85	.85	.86	.50	.72	.48	.76
Miscellaneous	.37	.44	.42	.13	.20	.31	.34	.52	.32	.40	.54	.29	.37
Overhead	1.18	2.41	1.26	1.90	2.06	1.93	1.44	1.69	1.98	1.38	1.04	1.62	1.64
Total	19.30	16.83	19.78	12.95	13.16	13.27	10.71	11.51	11.61	8.07	7.50	8.07	11.44

Note: Underlined costs are greater than national average.
Original data.

Table 11. SHIPPERS' AVERAGE COST OF MERCHANDISING BY TYPE OF COST TO JAPAN AND BY MARKET TRADING AREAS, 1964-65 SEASON

Market Trading Area	Region: West			Southwest			South Central			Southeast*			National
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston-Galveston	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Augusta, Charleston-Greenville	
Cost Type	Dollars Per Bale												
Buying and Local Delivery	.86	-	.64	.70	.82	.66	-	-	-				.73
Carrying Costs and Exchange	3.58	-	4.84	1.53	1.86	1.73	-	-	-				2.20
Warehouse Services Other Than Storage	1.05	-	.98	.97	1.13	1.17	-	-	-				1.05
Compression, Patches, & Marks	2.44	-	2.38	2.49	2.33	2.20	-	-	-				2.37
Transportation & Related Services	14.47	-	13.85	14.78	14.66	12.70	-	-	-				14.23
Selling	1.08	-	1.11	.97	.97	1.34	-	-	-				1.10
Miscellaneous	.41	.32	.47	.26	.48	.46	-	-	-				.43
Overhead	1.60	-	1.13	1.79	1.76	1.46	-	-	-				1.66
Total**	25.50	-	25.41	23.49	24.01	21.72	-	-	-				23.77

* Foreign not available, insufficient volume.
** Difference between total and sum of the parts is due to rounding of the parts.
- Insufficient information to justify separate estimates.
Note: Underlined costs are greater than national average.
Original data.

97 cents per bale higher, respectively, merchandising costs to Alabama-Georgia mill outlets were less than costs to Group 201 mill outlets.

The national average merchandising cost to Alabama-Georgia mills was $3.45 a bale less than the average cost to Group 201 mills and $2.12 a bale less than the average cost to all domestic outlets for the 1964–65 season. But the cost to Group 201 mills was $1.33 a bale above the domestic average.

The national average merchandising cost for domestic shipments amounted to 8.0% of the average landed cotton price for the 1964–65 season and 7.4% for the 1954–55 season. The 1964–65 average of 20 specified constructions amounted to 4.3% for the 1964–65 period and 4.3% for the 1954–55 season. The difference between the percentage figures for the merchandising costs as a percent of landed mill prices was because the 1964–65 price was 1.89 cents more per pound than it was for the earlier period. The 15 spot market average cotton price for middling inch was 30.73 cents in 1964 as compared to 35.02 cents in 1954–55, a decrease of 4.29 cents (2,9,23).

Foreign Outlets

Japan received almost 13% of the volume handled by the shippers during the 1964–65 season. Merchandising costs to this outlet averaged $23.77 a bale and ranged from $21.72 in the Houston-Galveston area to $25.50 in the Phoenix trading area (Table 11). For the United States as a whole, transportation costs averaged $14.23 per bale, compression $2.37 per bale and carrying costs $2.20 per bale. The Western market trading areas of Phoenix and Fresno-Bakersfield had higher total merchandising costs to Japan than the other areas. Transportation costs for these two areas were less than the other areas except for the Houston-Galveston area, but their carrying costs were almost twice those of the other areas.

Average merchandising costs for shipments to Europe during the 1964–65 season were $21.08 per bale (Table 12). Costs to this outlet ranged from $18.30 per bale in the Houston-Galveston area to $24.92 in the Fresno-Bakersfield area. Transportation to Europe amounted to $11.58 per bale or nearly 55% of the total cost to this outlet. The farther west the market trading area is, the larger the percentage of the total cost due to transportation becomes because of the increased distance to Europe (20). Compression costs, carrying costs, and overhead costs were the next largest cost items averaging $2.33, $2.02 and $1.69 per bale, respectively.

Table 12. SHIPPERS' AVERAGE COST OF MERCHANDISING BY TYPE OF COST TO EUROPE AND BY MARKET TRADING AREAS, 1964-65 SEASON

Market Trading Area	Region: West			Southwest			South Central			Southeast*			National
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston-Galveston	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Augusta, Charleston-Greenville	
Cost Item	Dollars Per Bale												
Buying and Local Delivery	.91	.85	.90	.64	.80	.53	.72	.62	.84				.68
Carrying Costs and Exchange	3.37	2.29	3.83	1.51	1.68	1.68	1.72	2.01	2.49				2.02
Warehouse Services Other Than Storage	1.00	1.39	.95	.95	1.05	1.22	.74	1.01	.72				1.03
Compression, Patches, & Marks	2.41	2.32	2.35	2.64	2.26	2.20	2.14	2.24	2.06				2.33
Transportation & Related Services	14.17	13.14	13.89	11.97	11.48	9.58	12.11	12.16	12.07				11.58
Selling	1.25	1.82	1.20	1.08	1.42	1.44	1.53	1.25	1.56				1.35
Miscellaneous	.35	.48	.50	.32	.28	.36	.46	.51	.93				.40
Overhead	1.34	2.46	1.35	2.08	1.84	1.29	1.70	1.92	2.36				1.69
Total	24.80	24.75	24.97	21.19	20.81	18.30	21.12	21.72	23.03				21.08

* Foreign not available, insufficient volume.
Note: Underlined costs are greater than national average.
Original data.

Variations in Costs Reported

The costs reported by the firms doing business in market trading areas (individual and total costs) were combined according to the outlets and a weighted average developed for each specific cost item and area total. In general, most individual firm costs for the specific items and total were close to the weighted average for the area and region; but in each area there were firms who indicated costs which were well above or below the average. In a given area or region, as the range between the highest and lowest cost for a specific item increased, the number of firms reporting costs at these extremes also increased. This factor increased the variation found in the reporting firms' data and resulted in a skewed distribution rather than a normal one for the area or region concerned. The specific cost items which had the largest variations between two firms in the same area shipping to the same outlet were, in descending order of importance and size of variation:

Cost Item	Variation
Overhead	$1.50–$3.35
Interest & Carrying Charges	1.00– 2.50
Storage	1.00– 2.50
Miscellaneous	.50– 1.75
Buying and Local Delivery	.50– 1.50
Selling	.50– 1.50

The amount of area or regional variation in the total cost reported by firms in the same area to the same outlet depends on the variation or differences involved for each of the six types of costs listed above.

The South Central region had the largest variation in the six individual cost items which contributed to large differences between firm total cost figures. The variation often exceeded $7.00 a bale in relation to total merchandising cost. In these three trading areas, there were as many as five to seven firms whose costs for a specific item were well above the average. Costs reported by the firms in the Little Rock-New Orleans area were the largest contributors to the large variation found in this region. The Southeast was next as to size and number of variations attributable to firms operating in the three trading areas. The between-firm variation for this region was about $6.90 per bale for the total merchandising cost. The number of firms whose costs were particularly high in these trading areas ranged from three to five per area on the average. The trading area which had the largest between-firm variation in these regions was Montgomery.

The Western region was next with about $6.40 per bale being the greatest between-firm difference for the total cost. The Phoenix trading area had the greatest number of firms contributing to the between-firm variation and the largest differences for these three trading areas.

Table 13. AVERAGE RECEIVING CHARGE PER BALE OF COTTON AT PUBLIC WAREHOUSES AND COMPRESSES, BY STATES, 1950 TO 1965

Year Beginning Aug. 1	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. Mex.	N.C.	Okla.	S.C.	Tenn.	Tex.	Va.	U.S.
									Cents								
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

1/ Data were insufficient for reporting rates.
Reference (18,19).

The Southwest had the smallest between-firm variation in total cost difference in the trading areas with a variation of about $4.75 per bale. The Dallas trading area had the largest between-firm variation and the largest number of firms contributing to this variation. The Southwestern areas had from two to three firms whose costs were high enough to be the major contributors to the between-firm variation in the areas and regions.

The large variations found in data reported by firms operating in a given area or region for either specific or total cost of merchandising cotton are due to several reasons. Data from firms located in a given area (Lubbock) and operating in that area (Lubbock) generally report specific and total costs which are very close together. But it was found that if a firm located in the same region (Southwest) but in a different trading area (Dallas) operates in the area (Lubbock), then his specific and/or total costs are often out of line with the others located and operating in the same area (Lubbock) which results in increased variation in the reported data for all firms operating in the area (Lubbock). This is true in relation to all areas and regions. When firms located in one region (Western) and operating in another region (Southwestern) reported data on specific and/or total costs, it was found that the (Southwestern) variation increased above that where firms were engaged in just inter-area operations in the same region. This was the prime reason for the large variations found in the cost item of overhead.

The merchandising costs attributable to warehouse services other than storage—which basically includes receiving and outhandling, reweighing, and resampling—did not have as large a variation between firms or areas as those costs previously listed. The average receiving charge per bale of cotton at public warehouses and compresses by states for the 1964–65 season ranged from a low of 51 cents a bale in North Carolina to $1.01 a bale in Georgia which is a maximum variation of only 50 cents a bale (Table 13). Thus the small variation due to receiving charges did not sharply change or add to the cost of warehouse services when firms engaged in inter-area or inter-regional operations.

The largest part of the cost of compression, patches, and marks was due to the compression charge. During the 1964–65 season, standard density compression charges ranged from $1.20 a bale in Arkansas and Missouri to $2.00 a bale in Oklahoma, while high density compression charges ranged from $1.47 a bale in South Carolina to $2.14 a bale in California (Table 14). Thus the variation in this cost per bale amounted to 80 cents and 67 cents, respectively, with an overall possible variation of 94 cents a bale. Inter-area or inter-regional

Table 14. AVERAGE CHARGE PER BALE FOR COMPRESSING COTTON, BY TYPE OF COMPRESSION, 1950 TO 1965

Year Beginning Aug. 1	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. Mex.	N.C.	Okla.	S.C.	Tenn.	Tex.	Va.	U.S.
									Cents								
								Standard Density									
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
									High Density								
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

1/ Data insufficient for reporting charges.
Reference (18,19).

firm operations did not cause large variation in the reported data.

The average monthly charge per bale of cotton in insured storage during the season of the study ranged from 48 cents a bale per month in New Mexico to 60 cents a bale per month in Georgia (Table 15). This resulted in a 12 cent a bale per month difference which would be $1.08 per bale for 9 months or $1.44 per bale for 12 months of storage. This difference is a contributing factor to the large variation found in the reported data for the cost item of carrying charges due to inter-area and/or inter-regional operation.

The amount of inter-area and inter-regional operation by merchandising firms during the 1964–65 season was greater than was the case in the 1956–57 season (see Table 4). This was due to the search for specific qualities of cotton needed for their customers and because of fewer number of active merchandising firms during the later season.

CHANGES IN SHIPPERS' COSTS AND PRACTICES FOR THE 1964–65 AND PRIOR SEASONS

Cost

Although many of the cost figures derived during the 1964–65 season are not completely comparable to the studies conducted in the earlier years, it is possible in some instances to make comparisons for some of the costs by market trading areas for domestic shipments to Group B, or 201 mills, with data acquired during the 1951–52 season and the 1956–57 season. The 1951–52 data were derived partly on the basis of spreads between the price for cotton in the trading area and the price received for the cotton landed Group B mills. Freight rates reported by a traffic authority in Atlanta, Georgia were used to derive transportation costs. A survey was made to determine the costs of compression, concentration, interest and exchange, hedges and insurance, mill brokerage and other selling expenses, and

Table 15. AVERAGE MONTHLY CHARGE PER BALE FOR INSURED STORAGE OF COTTON, BY STATES, 1950 TO 1965

Year Beginning Aug. 1	Ala.	Ariz.	Ark.	Calif.	Fla.	Ga.	La.	Miss.	Mo.	N. Mex.	N.C.	Okla.	S.C.	Tenn.	Tex.	Va.	U.S.
									Cents								
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

1/ Data were insufficient for reporting rates.
2/ Charge does not include insurance.
Reference (18,19).

miscellaneous costs. Overhead and profit was derived by subtracting these costs from the mill price and comparing the results to local prices. The 1956–57 data were obtained through interviews with shippers (2,8).

Transportation costs remained relatively unchanged between the 1964–65 season and earlier periods except for the Montgomery trading area. In Montgomery the cost had gone down 77 cents a bale from $3.55 in 1951–52 to $2.78 per bale in 1964–65 (Table 16). Cost for compression increased about 34 cents. Compression charges by states also increased (Table 14). Cost of concentration increased about 61 cents during the intervening period. The largest increases occured in the Houston-Galveston and Augusta, Charleston-Greenville areas averaging $1.12 and $1.10 per bale, respectively. Cost for interest and exchange increased significantly in the last few years ranging from 78 cents in the Lubbock area to $3.03 per bale in the Fresno-Bakersfield area. Mill brokerage and other selling costs increased in all areas except Greenwood and Fresno-Bakersfield where costs decreased by 12 and 21 cents per bale, respectively. For the United States as a whole, cost for this item decreased by 35 cents per bale. Because of an inclusion of profit with overhead for one of the earlier periods, an accurate comparison for this cost item and total merchandising cost is not possible.

Sources of Purchases

The cotton merchandising firms in the various areas purchased their cotton primarily from growers, ginners, other local buyers, the CCC, and other spot brokers. Shippers in the Western region purchased 89.5% of their cotton from the farmer or grower during the 1964–65 season and only 54% during the 1956–57 season (Table 17). In the Southwest and South Central, the merchandiser also purchased more cotton from growers in 1964–65 than in 1956–57 and less from the CCC. In the 1964–65 season the Southeastern shipper obtained his cotton primarily from the CCC, shifting from the ginner, grower, and other local buyers which had been his primary source during the 1956–57 season. The general shift during the 1964–65 season to the growers, ginners and other local buyers carried through on the national average showing a decrease in purchasing from the CCC, shippers, spot brokers and others. The data were developed by volume, producing weighted results for the 1964–65 season; while the 1956–57 season data were derived by simple average. Thus the shift indicated

Table 16. ESTIMATED COST OF MERCHANDISING COTTON BY TYPES FROM SELECTED MARKET TRADING AREAS TO GROUP (B) 201 MILLS FOR INDICATED SEASONS

Trading Areas	Year	Transportation 1/	Compression	Concentration	Interest and Exchange	Hedges and Insurance	Mill Brokerage and Other Selling Expenses	Miscellaneous	Overhead and Profit 2/	Total 3/
					Dollars per Bale					
Fresno-Bakersfield	1956-57	9.15	1.70	1.40	.85	.20	.85	.05	1.20	15.40
	1964-65	9.18	1.86	1.89	3.82	*	.64	.33	1.09	18.81
Lubbock	1951-52	5.65	1.35	.90	.90	.35	.85	.15	4.05	14.20
	1964-65	5.69	2.00	1.46	1.68	*	.91	.27	1.78	13.79
Dallas	1951-52	5.25	1.35	1.05	.50	.45	.85	.55	2.40	12.40
	1956-57	5.60	1.45	1.60	.90	.10	.80	0	.90	11.35
	1964-65	5.24	1.99	1.84	1.82	*	1.04	.35	1.92	14.20
Houston-Galveston	1951-52	4.85	1.40	.90	.60	.40	.50	.35	3.30	12.30
	1964-65	5.07	1.86	2.02	1.78	*	.98	.38	1.90	13.99
Greenwood	1951-52	4.55	1.00	.85	.75	.55	.45	-(.20)	2.35	10.30
	1956-57	4.25	1.15	.70	.85	.15	.85	.10	.95	9.00
	1964-65	4.12	1.22	1.23	2.62	*	.73	.55	.92	11.39
Memphis	1951-52	4.25	1.00	1.00	.90	.40	.50	.15	2.20	10.40
	1964-65	4.17	1.21	1.33	2.15	*	.77	.55	1.42	11.60
Little Rock-New Orleans	1951-52	4.62	1.12	.80	.73	.40	.50	-(.15)	2.70	10.72
	1964-65	4.56	1.22	1.28	2.52	*	.81	.34	1.58	12.31
Montgomery	1951-52	3.55	NA	NA	NA	NA	NA	NA	NA	9.40
	1964-65	2.78	.08	1.80	2.73	*	.54	.22	1.49	9.64
Atlanta	1951-52	1.95	--	1.15	1.20	.35	.35	-(.05)	2.00	6.95
	1964-65	2.18	.39	1.88	2.17	*	.55	.57	1.08	8.82
Augusta-Charleston-Greenville	1951-52	1.95	--	.80	.45	.40	.50	.20	2.45	6.75
	1964-65	1.94	.32	1.90	1.97	*	.63	.75	1.28	8.79

1/ Transportation data for 1951-52 are freight rates as reported by A. R. Palmes, a traffic authority of Atlanta, Ga. warehouse. Data for 1956-57 and 1964-65 were furnished by shippers.
2/ The 1951-52 overhead and profit does contain a margin for profit which is not included in 1956-57 and 1964-65 data.
3/ The margin of profit is also included in the total for 1951-52 data.
* Insurance for 1964-65 season included in Interest and Exchange. Note: No hedging costs included in 1956-57 or 1964-65 season. Minus figures in miscellaneous column denote gain in weight, and value of which is deducted from all other cost items.
Reference (2,8) and original data.

by the data difference for the two seasons may not be as strong or as definite as it appears.

During the 1964–65 season, the source of cotton purchased by the shipper varied by market trading areas within a given region and between regions. Shippers in the Fresno-Bakersfield area purchased over 92% of their cotton from the farmers, while only 11% was purchased from the farmers in the Dallas area (Table 18). The amount purchased from the farmers in the market trading areas decreased the farther east the shipper was located, while purchases from the CCC increased. Marketing area purchase data are not available from earlier years, but earlier studies indicate that the shippers in the four regions purchased less cotton from the farmer and more from the CCC in 1956–57 than in 1964–65.

Trading Activities

United States production for the 1964–65 season was 15,182,000 bales (gross weight 500 pounds). See Table 19 in the Appendix. Production by regions has remained fairly stable during the last 10 years with the Western region producing about 15% to 20% and the Southwestern region 30% to 40%, the South Central 25% to 36% and the Southeast 12% to 16%. In 1964–65 pro-

Table 17. SHIPPERS' PURCHASES OF AMERICAN COTTON BY SOURCES AND REGIONS, AND FOR ALL REGIONS COMBINED, 1956–57 AND 1964–65 SEASONS

Source	Season	Region West	South-west	South Central	South-east	Total
Farmers	1956–57	54.0	9.1	13.1	22.0	21.1
	1964–65	89.5	33.0	20.4	13.0	42.4
Ginners & other local buyers	1956–57	17.5	36.0	31.7	43.5	33.9
	1964–65	8.5	35.2	24.3	35.3	24.9
CCC	1956–57	4.5	43.8	33.5	18.5	27.6
	1964–65	.3	22.3	31.5	49.7	21.8
Shippers	1956–57	4.0	3.5	1.2	7.1	4.0
	1964–65	.5	3.5	1.5	1.8	1.9
Spot brokers	1956–57	15.0	6.9	19.7	7.8	11.8
	1964–65	1.2	5.0	22.3	.2	8.6
Other sources	1956–57	5.0	.7	.8	1.1	1.6
	1964–65	....	1.0	....	....	.4
All sources		100.0	100.0	100.0	100.0	100.0

Simple averages for 1956–57.
Reference (2) and original data.

Table 18. SHIPPERS' PURCHASES OF COTTON BY SOURCES AND TRADING AREAS, 1964-65 SEASON, IN PERCENT

Source	West			Southwest		
	Phoenix	El Paso	Fresno-Bakersfield	Lubbock	Dallas	Houston Galveston
		Percent			Percent	
Farmers, ex. whse.	82.4	48.1	91.6	39.5	3.9	2.4
Farmers, other		40.8	.5	3.3	7.1	31.8
Ginners and other local buyers	13.7	7.3	6.9	30.0	46.4	34.9
CCC		1.1	.2	20.4	29.0	20.3
Shippers	.6	.1	.5	2.1	5.5	4.1
Spot brokers	3.3	2.6	.3	3.6	7.0	5.5
Other sources				1.1	1.1	1.0
All sources	100.0	100.0	100.0	100.0	100.0	100.0

Source	South Central			Southeast		
	Greenwood	Memphis	Little Rock-New Orleans	Montgomery	Atlanta	Greenville-Augusta -Charleston
		Percent			Percent	
Farmers, ex. whse.	24.6	7.1	21.6		5.3	1.6
Farmers, other	4.1	4.4	16.6	12.6	23.0	4.7
Ginners and other local buyers	16.4	30.0	20.7	38.1	27.4	35.9
CCC	29.5	34.3	24.2	48.6	41.9	54.5
Shippers	1.4	1.1	3.3	.5	1.8	3.2
Spot brokers	24.0	23.1	13.6	.2	.6	.1
Other sources						
All sources	100.0	100.0	100.0	100.0	100.0	100.0

Original data.

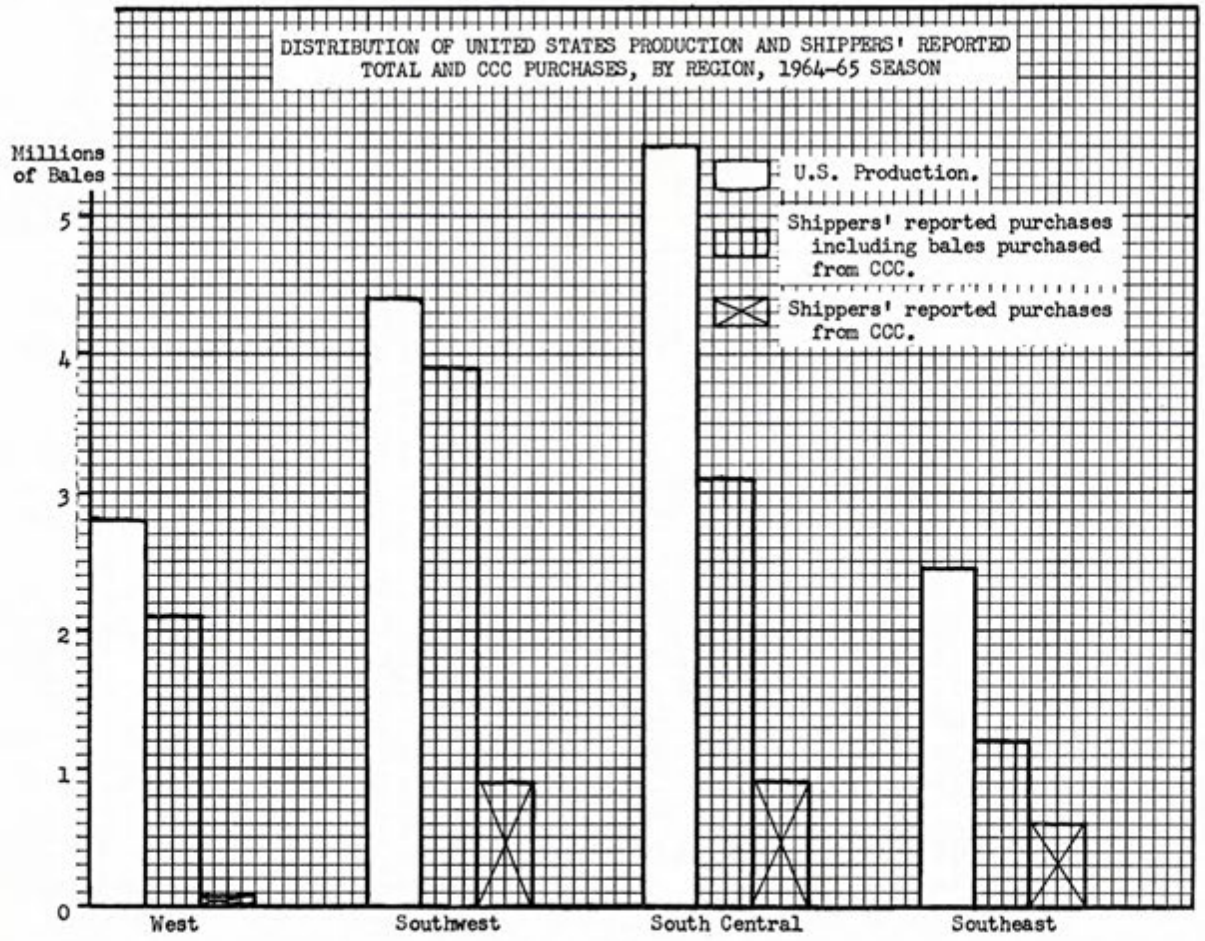

Figure 1.

DISTRIBUTION OF UNITED STATES PRODUCTION OF AMERICAN COTTON AND SHIPPERS' REPORTED SHIPMENTS, BY REGION, 1964-65 SEASON

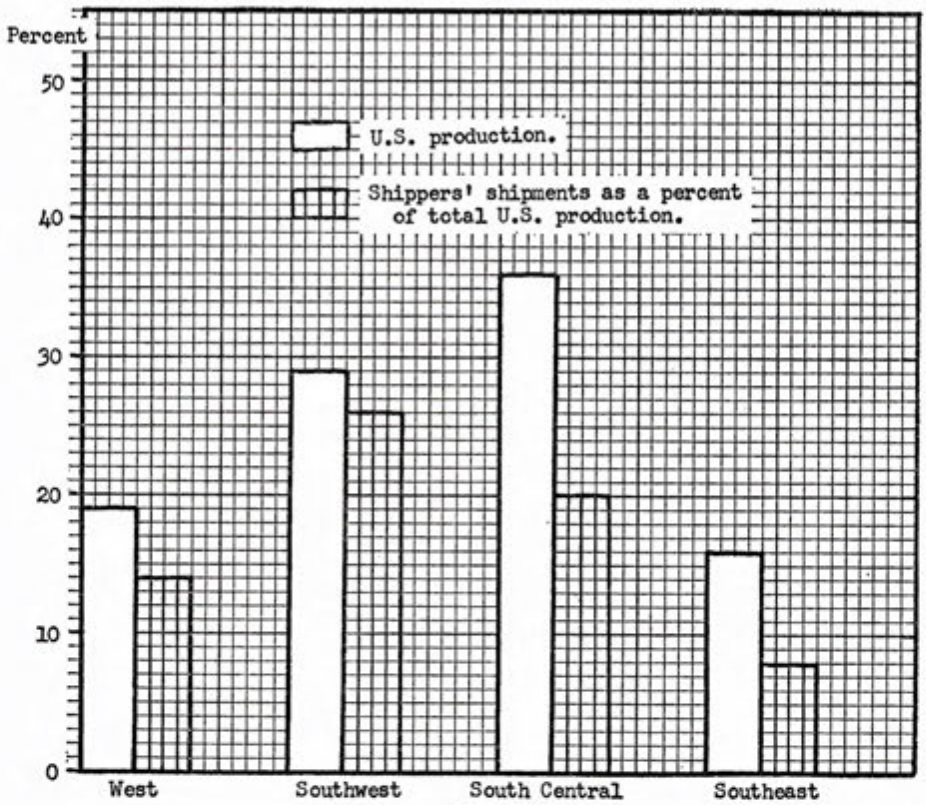

Figure 2.

duction by regions amounted to 2.8 million bales in the West, 4.4 million in the Southwest, 5.5 million in the South Central, and 2.5 million in the Southeast (Figure 1). Shippers purchased 2.1, 3.9, 3.1, and 1.2 million bales in the West, Southwest, South Central, and Southeast, respectively, during this year. Purchases from CCC varied from less than 100 thousand bales in the West to about 900 thousand in the Southwest and South Central.

During the 1964–65 season, the Western region produced 19% of the nation's cotton, and shipments from this region represented 14% of the national production (Figure 2). It must be remembered that this shipment included cotton purchased from the CCC, the shippers carryover, and the cotton purchased from the 1964–65 crop. The amount of cotton shipped from the Western region represents 20% of the total cotton shipped by all shippers regardless of source. The Southwest produced 29% of the nation's cotton, had shipments equal to 26% of the United States production, and 38% of the total United States shipments reported for the season. Production in the South Central region represented 36% of the total; shipments equaled 20% of production and amounted to 30% of all shipments. The cotton handled by the firms in the region amounted to 74% of Western, 90% of Southwestern, 56% of South Central and 50% of Southeastern regional production for the season.

Of the 9,171,000 bales of cotton marketed in the United States during 1964–65, nearly 98% was consumed in the cotton-growing states (Appendix Table 20). Since the 1949–50 season, the portion consumed in the cotton-growing states has been over 90%. This increased consumption for the years shown has been because of the shift in mill locations from New England and other states to the Southern cotton-growing states.

The data given in Figure 3 show that in 1964–65, Alabama and Georgia mills consumed 30% of all cotton marketed in the United States, while Virginia, North Carolina, South Carolina, and Tennessee mills consumed 65%. New England mills used 2% and other domestic mills 3%. The cotton handled by these shippers during the 1964–65 season represents 80% of Alabama-Georgia, 65% of Virginia, Tennessee, North and South Carolina, 100% of New England, and 67% of other domestic mill consumption for the period. The reported aggregate shipment to the Alabama and Georgia mills by the shippers represents 24% of the total domestic consumption for the season. The amount reported shipped by the shippers to Virginia, Tennessee, North and South Carolina represented 42% of the consumption by these mills for the season.

Many cotton merchandising firms, in addition to shipping to domestic outlets, are also involved in the export market. Slightly over four million bales were exported

DISTRIBUTION OF DONESTIC MILL CONSUMPTION OF AMERICAN COTTON AND SHIPPERS' REPORTED SHIPMENTS, BY MILL LOCATION, 1964-65 SEASON

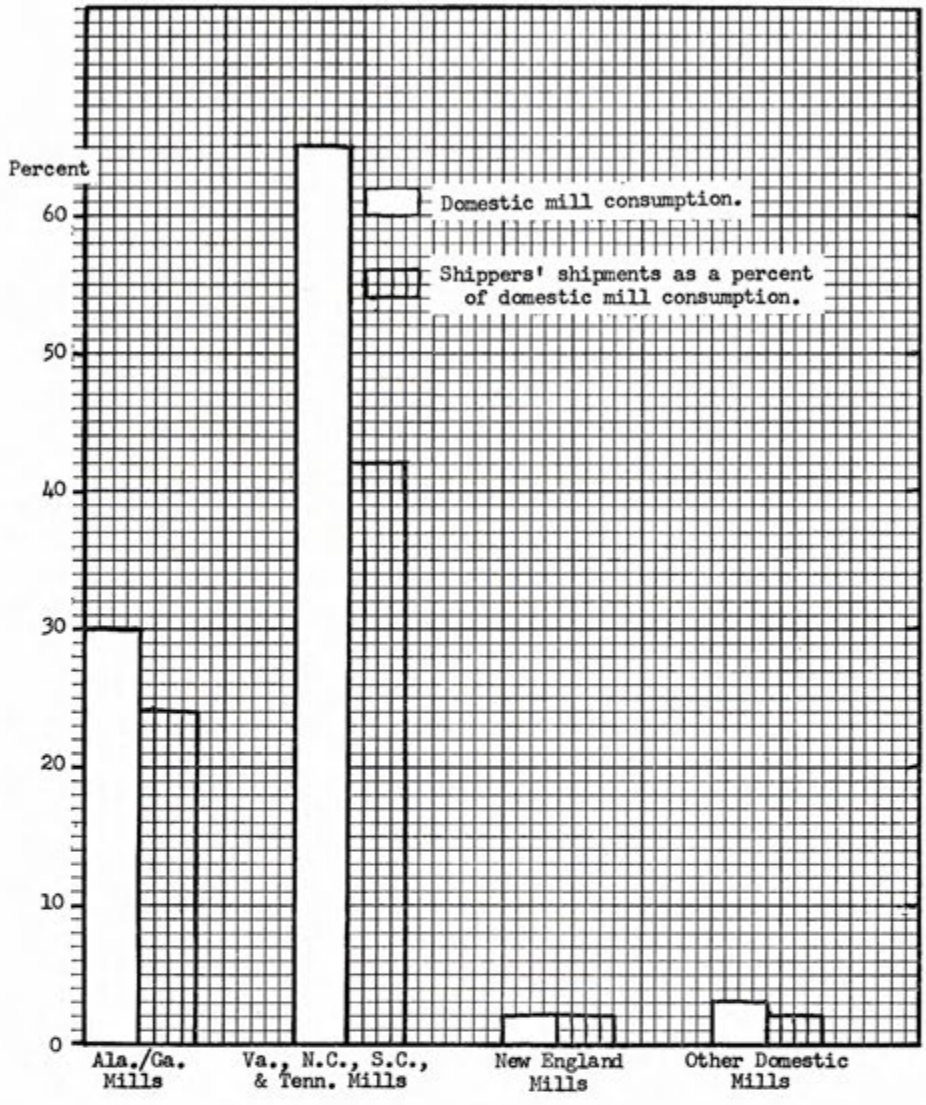

Figure 3.

from the United States during 1964–65 (Table 21 in Appendix). Japan was the largest purchaser of American cotton with slightly less than one million bales. Canada with 390 thousand bales was the next largest purchaser of American cotton in 1964–65. Examination of the data in Figure 4 shows that Europe was the recipient of 34% of the United States exports during the season, Japan received 24%, India received 6%, and all other foreign countries received 36%.

POSSIBILITIES OF SHIPPERS' COSTS REDUCTION

Implication and Trends of Recent Changes in Cotton Merchandising

During the 1964–65 season, it was found that change was the watchword in the cotton merchandising field. Some shippers were initiating changes and wanted further change; yet many shippers have an underlying tendency to resist any change affecting cotton merchandising.

Additional services offered by the shippers, in most cases, increased costs, requiring change to effect greater efficiency and reduce cost. The introduction of

DISTRIBUTION OF UNITED STATES EXPORTS OF AMERICAN COTTON AND SHIPPERS' REPORTED EXPORTS, BY COUNTRY OF DESTINATION, 1964-65 SEASON

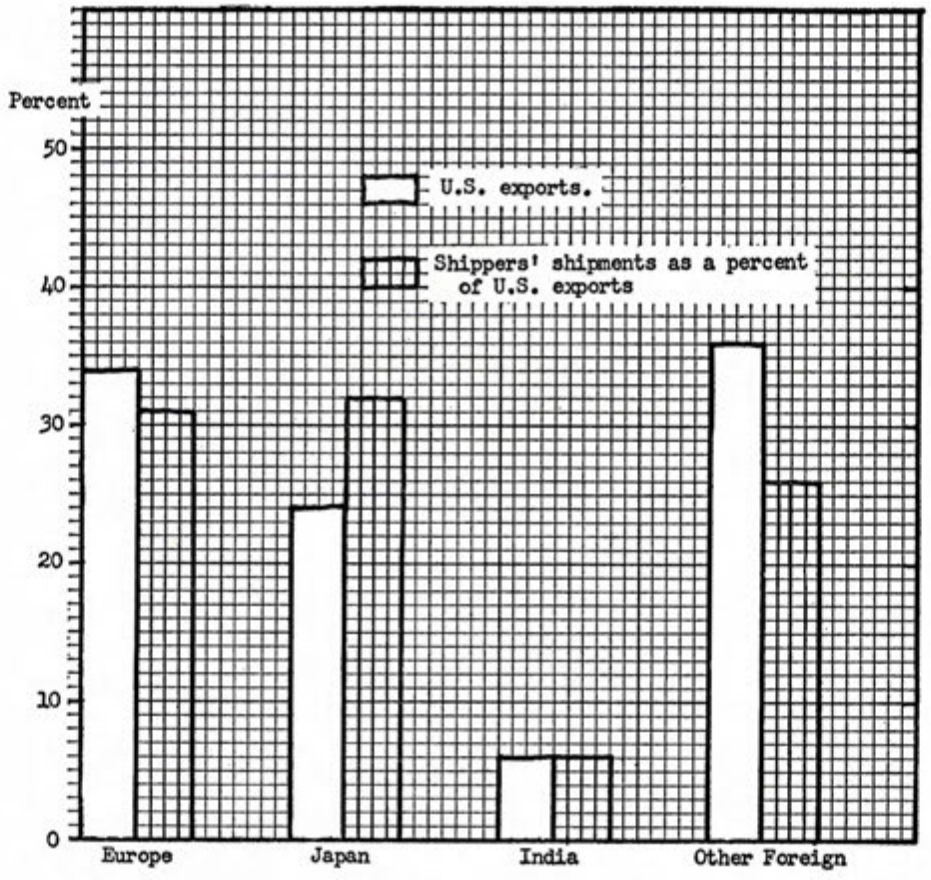

Figure 4.

data processing equipment in merchandising cotton has been an effort to reduce cost and improve efficiency. Automation in mechanical fiber testing was also aimed at improved efficiency, better service and reduced cost. Yet, both of these changes cost money and, as a result, require that the volume of sales be increased for better utilization. Thus these trends continue to foster the changes found at the time of the survey—more consolidation by the shippers in an effort to reduce costs (primarily those of overhead) and increased business volume.

These factors, along with a national production that has not been increasing, have tended to reduce the number of active United States shippers. World cotton consumption has increased some 7½ million bales in the period 1954 through 1964, but domestic consumption only increased about 330,000 bales during the period. World production increased nearly 10 million bales during the same interval, but domestic production in the United States was nearly constant. United States cotton production amounted to some 50% to 60% of world production in the 1930's, 40% to 50% in the 1940's, 34% in the 1954–55 season, and 29% in the 1964–65 season. The United States 1965–66 production of 14.9 million bales was down slightly from the 1964–65 figure, while the 1966–67 production dropped sharply, some 34%, to 9.6 million bales which represents 20% of the world's estimated production for the season. This reduced production during the 1966–67 season is a result of diverted cotton acreage under the 1965 Agricultural Act and reduced yields caused by adverse weather conditions.

Reduced production and expanding demand is causing a tightening of the supply situation for some of the better length cottons. The tightening of supply and expanded demand lends itself to increased prices. Growers and producers see this and desire to benefit from such increases. As a result, many producers are planning to plant longer staple cotton for the 1967–68 season.

The 1965 Agricultural Act has created a change in the nation's merchandising conditions. One change was a cotton priced at a level that makes American growths more competitive with man-made fibers at home and other growths abroad. It has been indicated that a one-cent change in the price of United States cotton in the Liverpool market results in a sharp change in the op-

posite direction of United States cotton exports (6). Thus the lower loan rate under the new Agricultural Act is resulting in an increase in the exportation of American cotton. Experts estimated exports to be some 5 million bales for 1966–67 which is up 2.1 and 1.0 million bales above 1965–66 and 1964–65 United States exports.

The use of price quotations in relation to fineness will bring further into the foreground the problem long discussed by the industry, that grade and staple alone are not sufficient quality measurements upon which to base the price of cotton and determine the spinning value so necessary in the merchandising of cotton. One factor in cotton merchandising under the new act which may cause more cotton to enter the loan than the government and the industry desire is the inclusion of bigger intervals for micronaire which may greatly increase the difference that exists between the trade's current quotations of premiums and discounts and those that are in force for cotton entering the loan. The grower may receive more for his bale of cotton by putting it in the loan than the trade will allow.

Are Reduced Costs in Merchandising Possible?

Many of these trends and changes could increase merchandising efficiency. In this time of generally increasing costs, they might not actually be enough to reduce the cost of merchandising, but they could assist in preventing a significant increase.

Many shippers felt that the 1965 Agricultural Act would breathe new life into the cotton futures exchange making it possible for a shipper to better reduce the risk involved in merchandising cotton, thus assisting in cost reductions.

Reduced merchandising cost could be achieved if the cotton bale were not cut each time it is sold or moved. This might be facilitated through the use of an automatic sampler at the gin. The sample could be retained and follow the bale through trade channels. In addition, elimination of cut samples would improve the bale appearance, thus making it more marketable. There would also be more cotton in the bale at the time of delivery to the mill door. The savings resulting from increased bale weight, lower resampling cost, and lower bale patching and repairing cost would mean a definite reduction in the cost of merchandising a bale of cotton. The cost of sampling a bale, plus the loss of weight to the bale, amounts to a two-percent loss in weight or value for a 500-pound gross weight bale (9). When a bale is patched or repaired, merchandising costs are increased. Thus if a bale is sampled four times and then patched, the loss could be from 8% to 10%. All areas could benefit from the use of the automatic sampler through a reduction in this cost item and particularly those areas exporting large amounts of cotton.

A shipper often carries insurance on cotton to help in offsetting the cost of claims and penalties resulting from contamination and damage. This type of insurance is quite costly, and any reduction in the amount of damage or contamination of the cotton would result in lower cost to the shipper for this type of insurance, as well as fewer claims. A reduction in per-bale merchandising cost could be achieved if greater care were taken in the ginning process to eliminate two-sided bales, false packing, rough preparation, etc., for this would reduce the claims and increase the value of the bale. The grower could also take more care in the harvesting of his cotton which would increase the quality and reduce possible claims at the time of delivery, thus reducing merchandising costs. Greater care could and should be taken in all processes from the gin through the transportation to destination in an effort to avoid bale damage and contamination which results in claims against the shipper for country damage or contaminated bales. A bale which has not been sampled would also reduce possible contamination. All of these factors, if corrected, would increase the per-bale value of the cotton, and at the same time, reduce the per-bale cost of merchandising by eliminating penalties and claims.

Should an individual firm's own cost data for a specific service be markedly above the regional average or the market trading area average in which it is located, then the cost for the item is one which the firm should immediately endeavor to reduce. The individual shipper can construct tables—one for each type of merchandising cost, plus one table for the average total costs of assembling and distributing United States cotton for the 1964–65 season by areas and regions—making a cost comparison possible. Data in the tables would be on the basis of dollars per bale according to the market trading areas, along with the regional average for each of the domestic and foreign outlets. This would make readily available the information on the cost being studied which an individual shipper could use to determine where he stands in relation to the market in which he is located, the region, and/or any market in which he might do business. It is only through the reduction of specific costs by individual firms and a group of firms in a given area that the overall cost of merchandising can be effectively reduced in the nation.

Transportation and related services costs are, in many areas, the largest single per-bale merchandising cost item. Most figures for the various areas appear to be equitable as to distance from their distributor except for the Phoenix cost to New England when compared with the Fresno-Bakersfield cost to New England (Table 23). Also, the Houston-Galveston cost to Group 200 mills and New England appears high in relation to the cost for Dallas to the same two outlets (Table 24). Whether these costs are due to the actual freight rates or because of the other related services included in this cost item is not ascertainable from the data furnished. Shippers operating in these areas should examine their transportation costs in light of reducing them if possible. The recent establishment of lower rates for heavier loadings for some areas offers opportunities for some reductions in this major cost item.

The average carrying and exchange costs, which include interest, is a fairly large expense item in merchandising cotton. Interest, exchange and insurance costs vary and are dependent on the price of the cotton being merchandised. This, of course, explains the high costs shown for the three marketing areas in the Western region. Still, some of the costs shown for this item for the

market trading areas in the West to some outlets appear to be a bit too high just to be explained by the fact that the cost is due to the price of the cotton being merchandised.

Overhead is one cost which presents problems in an attempt to reduce overall merchandising cost. The reduction of a firm's staff might help but could result in impaired efficiency and loss of sales, thus affecting the cost of selling and buying inversely and might result in an increase in a firm's total cost even though overhead was reduced. Many of the merchandising costs (particularly overhead) which have increased since the 1956–57 season are dependent on the cost of such factors as labor, rent, furniture, etc., which have increased in all phases of our nation's economy. In such instances the only solution in order to reduce costs is to effect economy changes which could increase sales volume and thus reduce unit costs. With the apparent continuing increase in the nation's cost of living, such reductions would possibly result in only holding the line for many of the costs of merchandising American cotton.

APPENDIX

Table 19. PRODUCTION AND DISTRIBUTION OF COTTON BY REGIONS, UNITED STATES, 1935-36 THROUGH 1966-67 SEASONS

Seasons	Production 1/					Distribution 1/				
	West	South-west	Delta States	South-east	United States	West	South-west	Delta States	South-east	United States
	Bales					Percent				
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
1966-67E	2,044	3,665	3,369	1,212	10,290	20.0	35.0	33.0	12.0	100.0

1/ Cotton reported in 1,000 bales, gross weight 500 pounds per bale.
E - Estimated.
Reference (11,18,19).

Table 20. QUANTITY AND PROPORTION OF COTTON CONSUMED IN THE UNITED STATES BY AREAS FOR SPECIFIED SEASONS, 1934-35 THROUGH 1964-65 1/

Seasons	Quantity by Areas				Proportion by Areas			
	Cotton-Growing States	New England States	Other States	United States	Cotton-Growing States	New England States	Other States	United States
	Bales				Percent			
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

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 (24).

Table 21. QUANTITY AND PROPORTION OF COTTON EXPORTED FROM THE UNITED STATES BY COUNTRIES FOR SPECIFIED SEASONS 1/

Destination	Cotton Exports				Distribution of Cotton Exports			
	2/ 1935-39	1955-56	1963-64	1964-65	1935-39	1955-56	1963-64	1964-65
	Bales				Percent			
Europe:								
United Kingdom	1,097	147	286	153	20.7	6.6	5.1	3.8
France	589	169	380	184	11.1	7.6	6.7	4.5
Italy	430	99	442	260	8.1	4.5	7.8	6.4
Germany	579	70	401	217	10.9	3.2	7.1	5.3
Spain	101	136	14	28	1.9	6.1	0.2	0.7
Belgium & Luxembourg	146	29	176	80	2.8	1.3	3.1	2.0
Netherlands	86	16	128	65	1.6	0.7	2.3	1.6
Other Europe 3/	565	170	543	373	10.7	7.7	9.6	9.2
Total Europe	3,593	836	2,370	1,360	67.8	37.7	41.9	33.5
Canada	259	72	448	390	4.9	3.3	7.9	9.6
Japan	1,272	838	1,301	990	24.0	37.8	23.0	24.4
China (Taiwan Included)	56	120	189	203	1.1	5.5	3.3	5.0
India	45	9	314	243	0.9	0.4	5.5	6.0
Other Countries	71	340	1,041	872	1.3	15.3	18.4	21.5
Total	5,296	2,215	5,663	4,058	100.0	100.0	100.0	100.0

1/ 1,000 bales of 500 pounds gross weight.
2/ Data for 1934-35 through 1938-39 season average used.
3/ Russia included in Other Europe.
Reference (18,19).

Table 22. QUANTITY AND PROPORTION OF ALL COTTON CONSUMED BY COUNTRIES FOR SPECIFIED SEASONS 1/

	Cotton Consumed				Proportion of Cotton Consumed			
	1934-35 2/ 1938-39	1955-56	1963-64	1964-65	1934-35 2/ 1938-39	1955-56	1963-64	1964-65
	Bales				Percent			
United Kingdom	2,741	1,545	1,065	1,075	9.3	3.7	2.2	2.2
France	1,181	1,218	1,307	1,189	4.0	2.9	2.7	2.4
Germany	1,077	1,318	1,312	1,318	3.6	3.2	2.8	2.6
Italy	684	765	1,049	878	2.3	1.9	2.2	1.8
Belgium	356	415	385	366	1.2	1.0	0.8	0.7
Spain	234	397	525	525	0.8	1.0	1.1	1.1
U.S.S.R.	3,058	5,000	6,600	6,850	10.3	12.1	14.0	13.7
Japan	3,315	2,322	3,164	3,401	11.2	5.6	6.7	6.8
India	3,096	4,280	5,250	5,525	10.4	10.4	11.0	11.1
China	3,600	5,900	5,775	6,484	12.2	14.3	12.1	12.9
United States 3/	6,454	9,210	8,609	9,171	21.8	22.3	18.1	18.4
Canada	268	383	435	445	0.9	0.9	1.0	0.9
Brazil	512	1,050	1,150	1,200	1.7	2.6	2.4	2.4
Mexico	227	445	560	600	0.8	1.1	1.2	1.2
Africa	106	563	1,048	1,181	0.4	1.4	2.2	2.3
Others	2,700	6,415	9,307	9,751	9.1	15.6	19.5	19.5
World Total	29,609	41,226	47,541	49,959	100.0	100.0	100.0	100.0

1/ Reported in 1,000 bales, 500 pounds gross, 478 pounds net, unless otherwise specified. (Note: consumption of cotton, unless otherwise specified, includes raw cotton consumed in spinning mills and other factories plus estimates of non-commercial or household consumption.)
2/ Data for the 1934-35 through 1938-39 season average used.
3/ Running bales.
Reference (4).

Table 23. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING WESTERN COTTON, BY TRADING AREAS AND OUTLETS SEASON 1964-65

Trading Area Where Purchased / Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4/	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
El Paso area:									
Group 201 mills	$0.52	$3.48	$1.49	$1.99	$6.56	$1.13	$0.53	$2.55	$18.25
Ala. and Ga. mills	.65	2.96	1.28	2.00	5.99	1.10	.44	2.41	16.83
Group 200 mills 10/	—	—	—	—	—	—	.67	2.58	19.45
New England mills	.91	3.13	1.34	1.97	8.24	.98	.25	2.04	18.86
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic	.53	3.47	1.47	1.99	6.58	1.13	.53	2.53	18.23
Europe	.85	2.29	1.39	2.32	13.14	1.82	.48	2.46	24.75
Japan 10/	—	—	—	—	—	—	.32	—	—
India	.71	2.56	1.54	2.50	18.87	1.56	1.39	2.65	31.78
Other foreign 10/	—	—	—	—	—	1.90	—	—	—
Total foreign	.79	2.42	1.46	2.41	16.16	1.70	.90	2.53	28.37
All outlets	.58	3.24	1.47	2.07	8.57	1.25	.60	2.53	20.31
Fresno-Bakersfield area:									
Group 201 mills	.92	3.82	.97	1.86	9.18	.64	.33	1.09	18.81
Ala. and Ga. mills	.76	4.67	.99	1.90	9.17	.61	.42	1.26	19.78
Group 200 mills 10/	—	—	—	—	—	—	—	—	—
New England mills	.92	4.22	1.03	1.86	10.75	.68	.40	1.29	21.15
Other domestic	1.09	3.91	.87	1.88	7.64	.62	.50	1.32	17.82
Total domestic	.93	3.87	.97	1.86	9.19	.64	.35	1.12	18.93
Europe	.90	3.83	.95	2.35	13.89	1.20	.50	1.35	24.97
Japan	.64	4.84	.98	2.38	13.85	1.11	.47	1.13	25.41
India	.85	3.47	1.00	2.21	17.67	1.55	.53	1.41	28.69
Other foreign	.68	5.31	.99	2.40	14.98	1.66	.51	1.11	27.64
Total foreign	.75	4.43	.98	2.34	14.92	1.36	.50	1.21	26.49
All outlets	.88	4.04	.97	2.00	10.90	.86	.39	1.15	21.19
Phoenix area:									
Group 201 mills	.83	3.99	1.04	1.84	9.14	.66	.44	1.20	19.14
Ala. and Ga. mills	.61	4.51	1.03	1.87	9.13	.60	.37	1.18	19.30
Group 200 mills 10/	—	—	—	—	—	—	—	—	—
New England mills	.80	4.65	1.05	1.86	10.75	.65	.40	1.27	21.43
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic	.81	4.09	1.04	1.85	9.17	.65	.44	1.19	19.24
Europe	.91	3.37	1.00	2.41	14.17	1.25	.35	1.34	24.80
Japan	.86	3.58	1.05	2.44	14.47	1.08	.41	1.60	25.50
India	1.24	4.75	1.07	2.20	18.08	1.69	1.50	1.73	32.26
Other foreign	.73	5.28	1.01	2.39	15.09	1.16	.59	1.11	27.37
Total foreign	.92	4.12	1.03	2.37	15.26	1.26	.65	1.47	27.08
All outlets	.85	4.11	1.04	2.05	11.47	.88	.52	1.30	22.22
Western region:									
Group 201 mills	.85	3.81	1.06	1.87	8.81	.71	.38	1.32	18.81
Ala. and Ga. mills	.71	4.35	1.05	1.91	8.62	.69	.41	1.44	19.17
Group 200 mills	.99	2.85	1.17	1.93	8.10	.99	.60	2.14	18.77
New England mills	.90	4.21	1.06	1.87	10.54	.70	.39	1.35	21.02
Other domestic	1.00	4.24	.89	1.88	7.63	.61	.50	1.27	18.03
Total domestic	.85	3.85	1.06	1.88	8.80	.71	.39	1.34	18.88
Europe	.89	3.50	1.02	2.36	13.84	1.30	.46	1.51	24.88
Japan	.72	4.40	1.01	2.39	14.10	1.10	.45	1.30	25.48
India	.92	3.62	1.11	2.26	17.98	1.58	.92	1.72	30.11
Other foreign	.69	5.22	1.01	2.40	15.05	1.53	.54	1.15	27.59
Total foreign	.80	4.18	1.03	2.36	15.12	1.36	.58	1.41	26.84
All outlets	.83	3.95	1.05	2.02	10.74	.91	.45	1.36	21.31

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Includes insured storage, interest, and exchange. 3/ Receiving and outhandling and, for some bales, reweighing, resampling and other special services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. 10/ Insufficient information to permit separate extimates.
Reference (16).

Table 24. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING SOUTHWESTERN COTTON, BY TRADING AREAS AND OUTLETS, SEASON 1964-65

Trading Area Where Purchased / Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
Dallas area:									
Group 201 mills	$0.84	$1.82	$1.00	$1.99	$5.24	$1.04	$0.35	$1.92	$14.20
Ala. and Ga. mills	.77	1.58	.99	2.00	4.62	.94	.20	2.06	13.16
Group 200 mills	.78	1.55	.96	1.96	5.39	.92	.26	1.98	13.80
New England mills	.80	1.49	1.03	1.98	6.34	.97	.18	2.18	14.97
Other domestic	.79	1.76	.82	1.75	1.38	.52	.34	1.58	8.94
Total domestic	.79	1.63	.98	1.98	4.78	.94	.24	2.02	13.36
Europe	.80	1.68	1.05	2.26	11.48	1.42	.28	1.84	20.81
Japan	.82	1.86	1.13	2.33	14.66	.97	.48	1.76	24.01
India	.84	1.98	.99	2.42	18.48	1.35	.32	1.78	28.16
Other foreign	.80	1.72	1.20	2.46	14.96	1.19	.26	1.36	23.95
Total foreign	.81	1.78	1.12	2.34	14.06	1.14	.38	1.69	23.32
All outlets	.80	1.73	1.08	2.22	11.03	1.07	.33	1.80	20.06
Houston-Galveston area:									
Group 201 mills	.80	1.78	1.22	1.86	5.07	.98	.38	1.90	13.99
Ala. and Ga. mills	.78	1.65	1.06	1.98	4.65	.91	.31	1.93	13.27
Group 200 mills	.76	1.64	1.10	1.98	5.52	.92	.29	2.04	14.25
New England mills	.76	1.61	1.04	1.99	6.72	.98	.26	2.36	15.72
Other domestic	.76	.90	1.00	1.56	1.38	.98	.06	.88	7.52
Total domestic	.78	1.56	1.08	1.89	4.40	.93	.28	1.80	12.72
Europe	.53	1.68	1.22	2.20	9.58	1.44	.36	1.29	18.30
Japan	.66	1.73	1.17	2.20	12.70	1.34	.46	1.46	21.72
India	.75	2.14	1.10	2.54	17.18	1.28	.36	1.86	27.21
Other foreign	.86	1.78	1.22	2.56	14.13	1.30	.27	1.56	23.68
Total foreign	.64	1.73	1.20	2.28	11.66	1.38	.38	1.41	20.68
All outlets	.69	1.67	1.17	2.16	9.42	1.24	.34	1.53	18.22
Lubbock area:									
Group 201 mills	.62	1.68	.84	2.00	5.69	.91	.27	1.78	13.79
Ala. and Ga. mills	.62	1.53	.81	2.00	5.10	.86	.13	1.90	12.95
Group 200 mills	.56	1.33	.65	2.00	5.89	.80	.14	2.57	13.94
New England mills	.73	1.53	.95	2.00	7.27	.92	.26	2.18	15.84
Other domestic	.54	1.32	.54	2.00	2.13	.75	.10	2.85	10.23
Total domestic	.61	1.50	.77	2.00	5.09	.86	.15	2.07	13.05
Europe	.64	1.51	.95	2.64	11.97	1.08	.32	2.08	21.19
Japan	.70	1.53	.97	2.49	14.78	.97	.26	1.79	23.49
India	.66	1.64	.94	2.64	18.78	1.02	.31	2.26	28.25
Other foreign	.66	1.74	1.06	2.64	15.24	1.06	.32	1.88	24.60
Total foreign	.67	1.58	.98	2.57	14.21	1.02	.30	1.90	23.23
All outlets	.64	1.55	.90	2.35	10.67	.96	.24	1.97	19.28
Southwestern region:									
Group 201 mills	.73	1.75	1.01	1.95	5.38	.96	.32	1.85	13.95
Ala. and Ga. mills	.70	1.57	.92	2.00	4.88	.90	.19	1.94	13.10
Group 200 mills	.63	1.42	.78	1.99	5.75	.84	.19	2.39	13.99
New England mills	.78	1.54	1.00	1.99	6.80	.96	.24	2.24	15.55
Other domestic	.66	1.16	.77	1.78	1.73	.84	.10	1.86	8.90
Total domestic	.70	1.55	.91	1.96	4.83	.90	.20	1.98	13.03
Europe	.62	1.62	1.09	2.38	10.75	1.31	.34	1.66	19.77
Japan	.72	1.67	1.06	2.37	14.23	1.06	.38	1.70	23.19
India	.72	1.86	1.00	2.56	18.24	1.16	.32	2.04	27.90
Other foreign	.76	1.74	1.14	2.57	14.82	1.17	.29	1.66	24.15
Total foreign	.70	1.67	1.09	2.42	13.30	1.18	.34	1.68	22.38
All outlets	.70	1.63	1.03	2.26	10.34	1.08	.30	1.79	19.13

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins.
Reference (22).

Table 25. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING MIDSOUTH COTTON, BY TRADING AREAS AND OUTLETS, SEASON 1964-65

Trading Area Where Purchased / Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4/	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
Greenwood area:									
Group 201 mills	$0.59	$2.62	$0.64	$1.22	$4.12	$0.73	$0.55	$0.92	$11.39
Ala. and Ga. mills	.80	1.71	.66	1.22	3.69	.85	.34	1.44	10.71
Group 200 mills	.68	2.33	.87	1.21	4.50	.88	.59	1.39	12.45
New England mills	.85	2.30	.64	1.21	5.72	.97	.62	1.72	14.03
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic	.66	2.36	.67	1.22	4.13	.78	.51	1.13	11.46
Europe	.72	1.72	.74	2.14	12.11	1.53	.46	1.70	21.12
Japan 10/	—	—	—	—	—	—	—	—	—
India	.83	1.80	.92	2.33	18.76	1.60	.73	2.27	29.24
Other foreign	.75	1.78	.88	2.38	10.54	1.38	.30	2.00	20.01
Total foreign	.74	1.76	.84	2.29	11.71	1.46	.42	1.93	21.15
All outlets	.68	2.20	.72	1.52	6.21	.97	.49	1.35	14.14
Memphis area:									
Group 201 mills	.62	2.15	.71	1.21	4.17	.77	.55	1.42	11.60
Ala. and Ga. mills	.79	2.11	.73	1.21	3.61	.85	.52	1.69	11.51
Group 200 mills	.58	2.42	.98	1.21	4.54	.85	.48	1.30	12.36
New England mills	.80	2.18	.61	1.21	5.72	.86	.36	1.68	13.42
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic	.66	2.19	.76	1.21	4.15	.80	.52	1.46	11.75
Europe	.62	2.01	1.01	2.24	12.16	1.25	.51	1.92	21.72
Japan 10/	—	—	—	—	—	—	—	—	—
India	.89	1.84	1.00	2.31	18.75	1.64	.91	2.42	29.76
Other foreign	.78	1.85	.88	2.36	10.37	1.34	.31	2.19	20.08
Total foreign	.74	1.91	.94	2.30	11.73	1.42	.47	2.13	21.64
All outlets	.68	2.13	.79	1.41	5.54	.92	.52	1.58	13.57
Little Rock-New Orleans area:									
Group 201 mills	.82	2.52	.46	1.22	4.56	.81	.34	1.58	12.31
Ala. and Ga. mills	.93	1.72	.57	1.20	4.03	.86	.32	1.98	11.61
Group 200 mills	.79	2.28	.75	1.20	4.94	.94	.31	1.95	13.16
New England mills	.89	1.66	.67	1.20	5.97	.90	.31	2.15	13.75
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic	.85	2.24	.53	1.21	4.52	.84	.33	1.75	12.27
Europe	.84	2.49	.72	2.06	12.07	1.56	.93	2.36	23.03
Japan 10/	—	—	—	—	—	—	—	—	—
India	.99	1.69	.89	1.90	18.80	1.75	1.43	2.48	29.93
Other foreign	.96	1.52	.72	1.59	12.10	1.41	.82	1.88	21.00
Total foreign	.91	2.07	.76	1.91	13.00	1.57	1.04	2.28	23.54
All outlets	.87	2.19	.59	1.39	6.66	1.03	.51	1.89	15.13
Midsouth region:									
Group 201 mills	.63	2.34	.66	1.21	4.19	.76	.53	1.27	11.59
Ala. and Ga. mills	.81	1.92	.69	1.21	3.68	.85	.44	1.65	11.25
Group 200 mills	.62	2.38	.93	1.21	4.55	.86	.50	1.37	12.42
New England mills	.83	2.13	.63	1.20	5.76	.90	.44	1.77	13.66
Other domestic 10/	—	—	—	—	—	—	—	—	—
Total domestic	.68	2.24	.71	1.21	4.18	.80	.50	1.39	11.71
Europe	.70	1.98	.85	2.17	12.12	1.50	.57	1.91	21.80
Japan 10/	—	—	—	—	—	—	—	—	—
India	.89	1.79	.95	2.23	18.76	1.64	.95	2.38	29.59
Other foreign	.78	1.79	.87	2.32	10.54	1.36	.34	2.08	20.08
Total foreign	.77	1.87	.88	2.24	11.88	1.46	.53	2.07	21.70
All outlets	.70	2.16	.74	1.44	5.89	.95	.50	1.54	13.92

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Includes insured storage, interest, and exchange. 3/ Receiving and outhandling and, for some bales, reweighing, resampling and other special services. 4/ Patches and marks in overseas shipments. 5/ Overseas shipments include marine insurance and, for some areas, wharfage, forwarding, and controlling. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. 10/ Insufficient information to permit separate estimates.
Reference (14).

Table 26. SHIPPERS' AVERAGE COST PER BALE OF ASSEMBLING AND DISTRIBUTING SOUTHEASTERN COTTON, BY TRADING AREAS AND OUTLETS, SEASON 1964-65

Trading Area Where Purchased / Outlet to Which Shipped	Buying and Local Delivery 1/	Carrying Costs and Exchange 2/	Warehouse Services Other Than Storage 3/	Compression, Patches, & Marks 4/	Transp. and Related Services 5/	Selling 6/	Miscellaneous 7/	Overhead 8/	Total 9/
Atlanta area:									
Group 201 mills	$0.46	$2.17	$1.42	$0.39	$2.18	$0.55	$0.57	$1.08	$ 8.82
Group 200 mills	.49	2.46	1.26	.34	3.37	.34	.65	1.21	10.12
Ala. and Ga. mills	.44	1.87	1.39	.06	1.44	.72	.54	1.04	7.50
Alabama mills 10/	—	—	—	—	—	—	—	—	—
Georgia mills	.40	1.95	1.42	.06	1.44	.74	.60	.96	7.57
Other outlets 10/	—	—	—	—	—	—	—	—	—
All outlets	.45	1.94	1.39	.12	1.63	.68	.55	1.05	7.81
Augusta, Charleston-Greenville area:									
Group 201 mills	.57	1.97	1.33	.32	1.94	.63	.75	1.28	8.79
Group 200 mills	1.04	1.40	1.21	.10	1.85	.43	.73	1.13	7.89
Ala. and Ga. mills	.82	1.49	1.10	.07	2.20	.48	.29	1.62	8.07
Alabama mills 10/	—	—	—	—	—	—	—	—	—
Georgia mills	.77	1.54	1.13	.08	2.10	.48	.36	1.50	7.96
Other outlets 10/	—	—	—	—	—	—	—	—	—
All outlets	.71	1.75	1.25	.22	1.99	.56	.63	1.34	8.45
Montgomery area:									
Group 201 mills	.71	2.73	1.09	.08	2.78	.54	.22	1.49	9.64
Group 200 mills	.93	2.43	1.23	—	2.65	.50	.17	1.63	9.54
Ala. and Ga. mills	.53	2.38	1.12	.02	1.74	.50	.40	1.38	8.07
Alabama mills	.46	2.09	1.05	.02	1.50	.42	.48	1.48	7.50
Georgia mills	.58	2.65	1.18	.02	1.97	.56	.32	1.29	8.57
Other outlets 10/	—	—	—	—	—	—	—	—	—
All outlets	.54	2.41	1.12	.02	1.83	.50	.38	1.39	8.19
Southeastern region:									
Group 201 mills	.58	2.06	1.32	.30	2.04	.62	.68	1.28	8.88
Group 200 mills	.97	1.58	1.22	.12	2.06	.43	.68	1.17	8.23
Ala. and Ga. mills	.55	2.13	1.18	.03	1.74	.54	.41	1.34	7.92
Alabama mills	.54	1.96	1.05	.02	1.59	.44	.40	1.54	7.54
Georgia mills	.56	2.24	1.25	.04	1.83	.60	.42	1.22	8.16
Other outlets 10/	—	—	—	—	—	—	—	—	—
All outlets	.59	2.07	1.22	.12	1.85	.56	.51	1.31	8.23

1/ Commissions or comparable direct buying costs, and local delivering expenses. 2/ Insured storage, interest, and exchange. 3/ Receiving, outhandling, reweighing, resampling, and special warehouse services. 4/ Patches and marks in overseas shipments. 5/ Includes cotton insurance separately reported. 6/ Commissions or comparable direct selling costs. 7/ Rejections and quality adjustments on sales, bad debts, and fiber test fees. 8/ Salaries and bonuses not covered in buying and selling, office rent, property taxes, insurance, depreciation, communication, advertising, donations, social security taxes, and professional fees. 9/ Excludes operating margins. 10/ Insufficient information to justify separate estimates for this outlet.
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