

THE EVOLUTION OF THE TEXAS COTTON INDUSTRY

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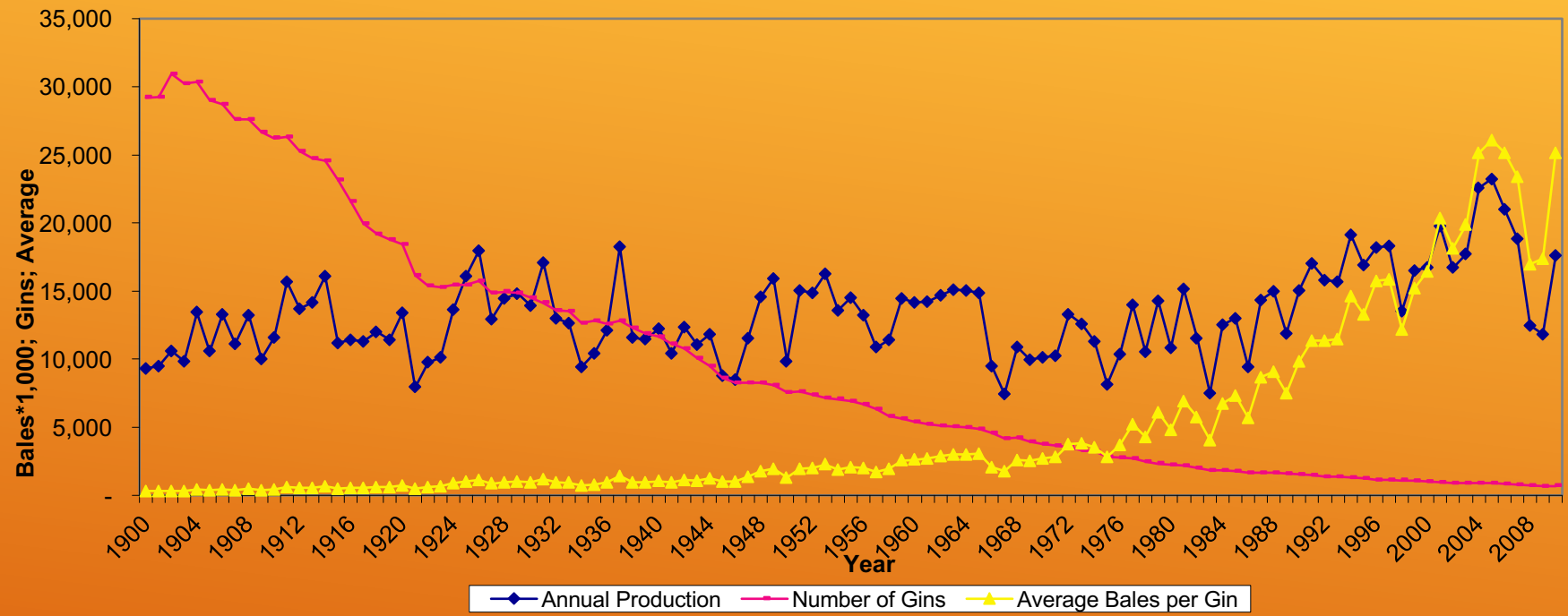
Emily Wade

Student, Texas Tech Univ.

Texas Independent Cotton Ginners Association, March 14, 2017

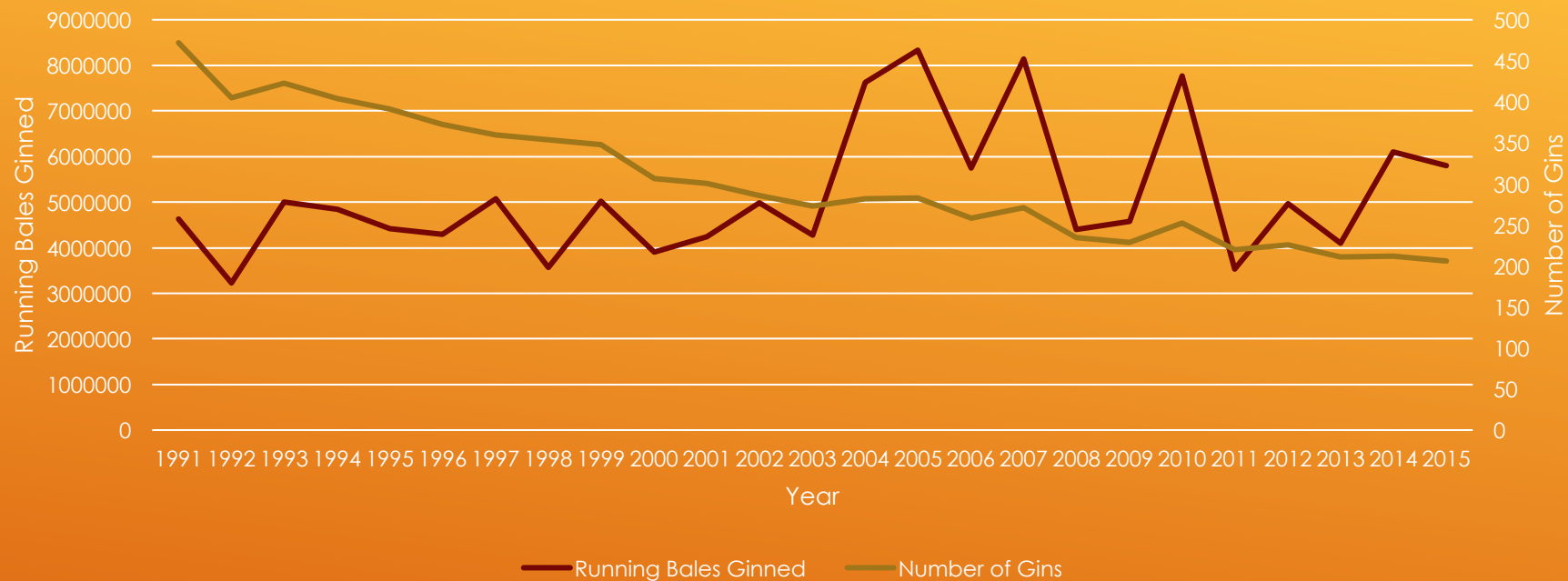
- ▶ Gins have been lost to consolidations and closures
- ▶ Technological advances
 - ▶ Gins, themselves
 - ▶ Modules
- ▶ Producer run gins
- ▶ Other services offered
- ▶ Production has grown from 750,000 bales in 1820 to 17 million bales in 2012
 - ▶ However, there are only 671 gins in the United States

A BIT OF HISTORY



THE LONG VIEW—CHANGES IN US GINNING INDUSTRY

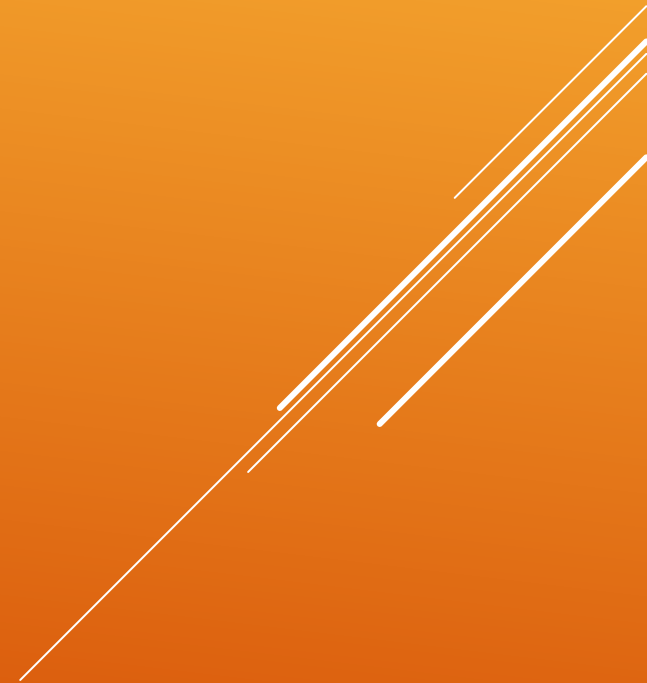
Texas (Total)



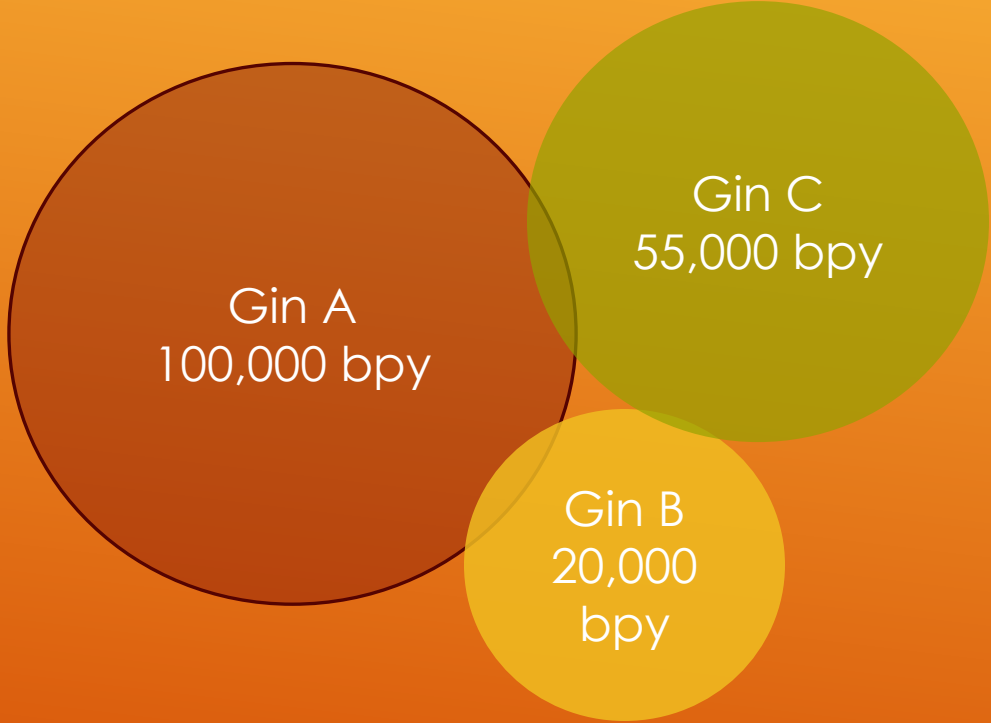
TEXAS GINNING INDUSTRY

- ▶ Changes in harvesting technology, transportation costs, and costs of ginning
- ▶ Changes in production patterns

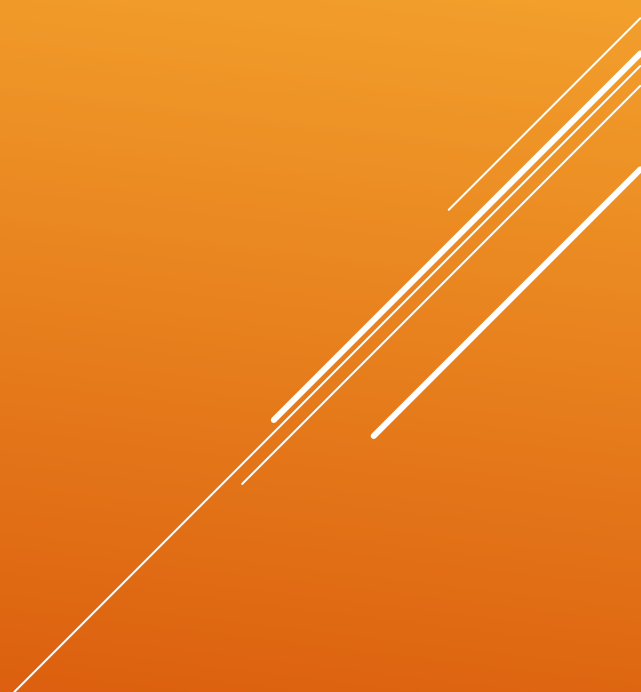
CHALLENGES FACING THE COTTON GINNING INDUSTRY

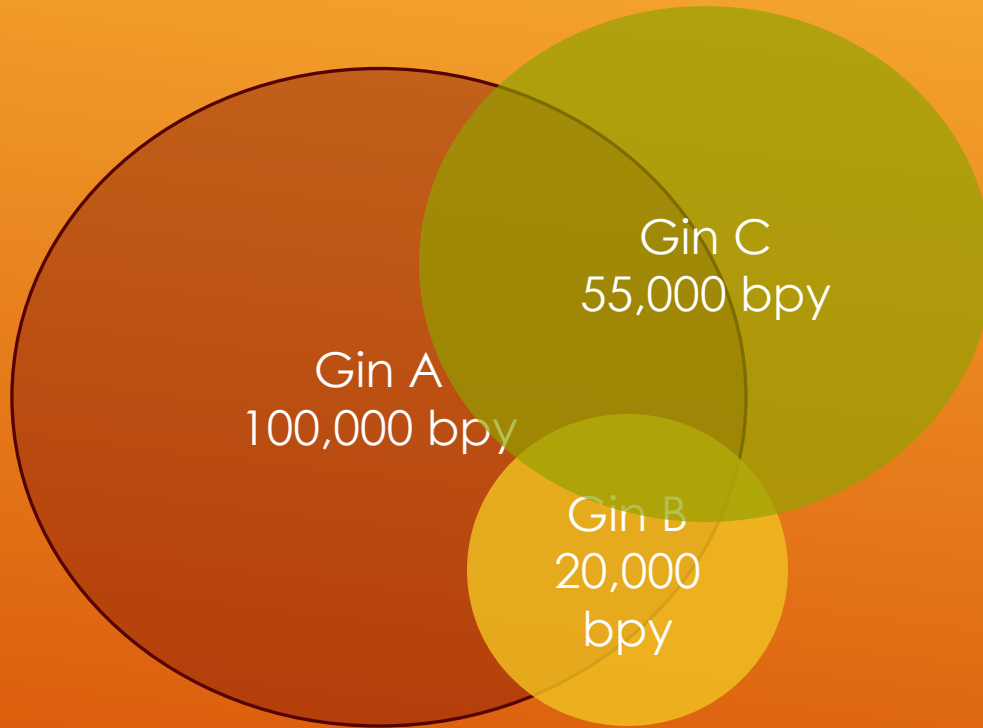




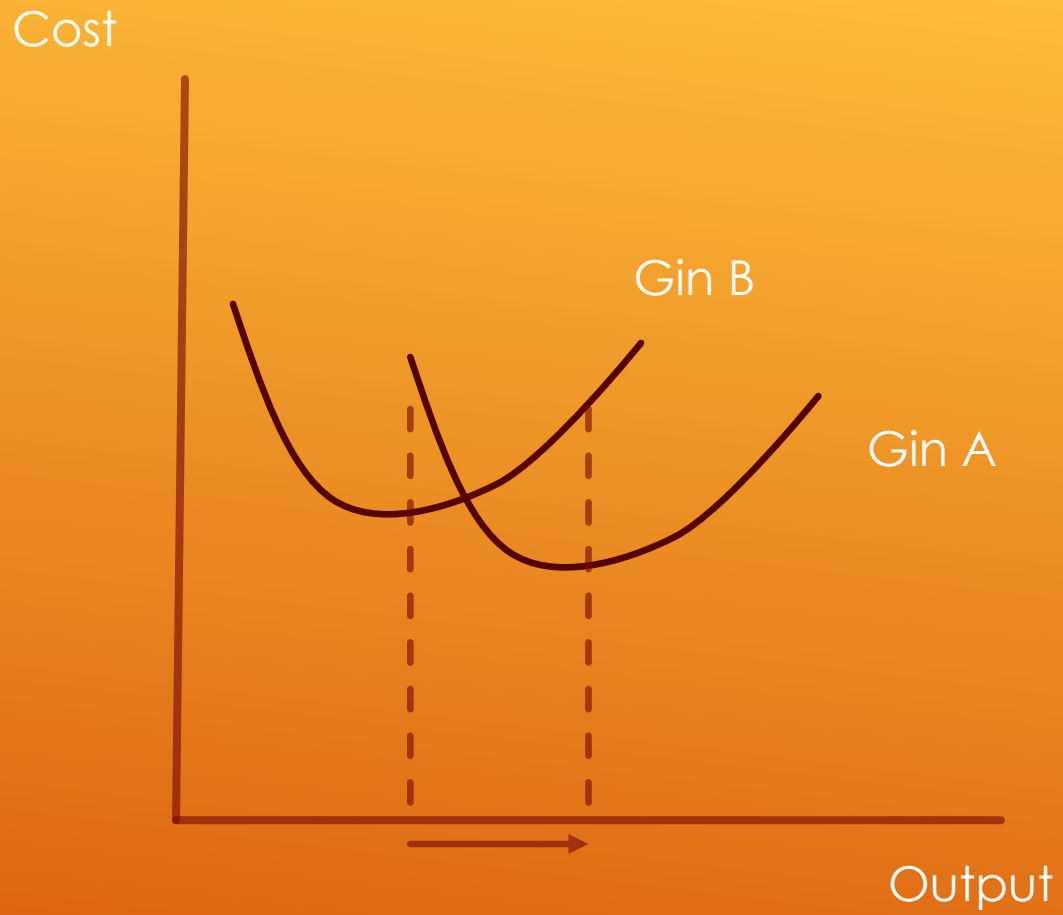


Current State

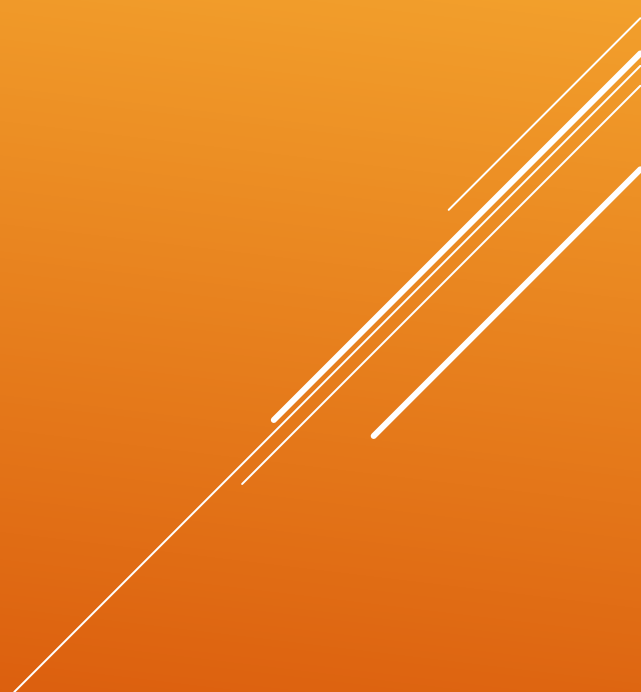


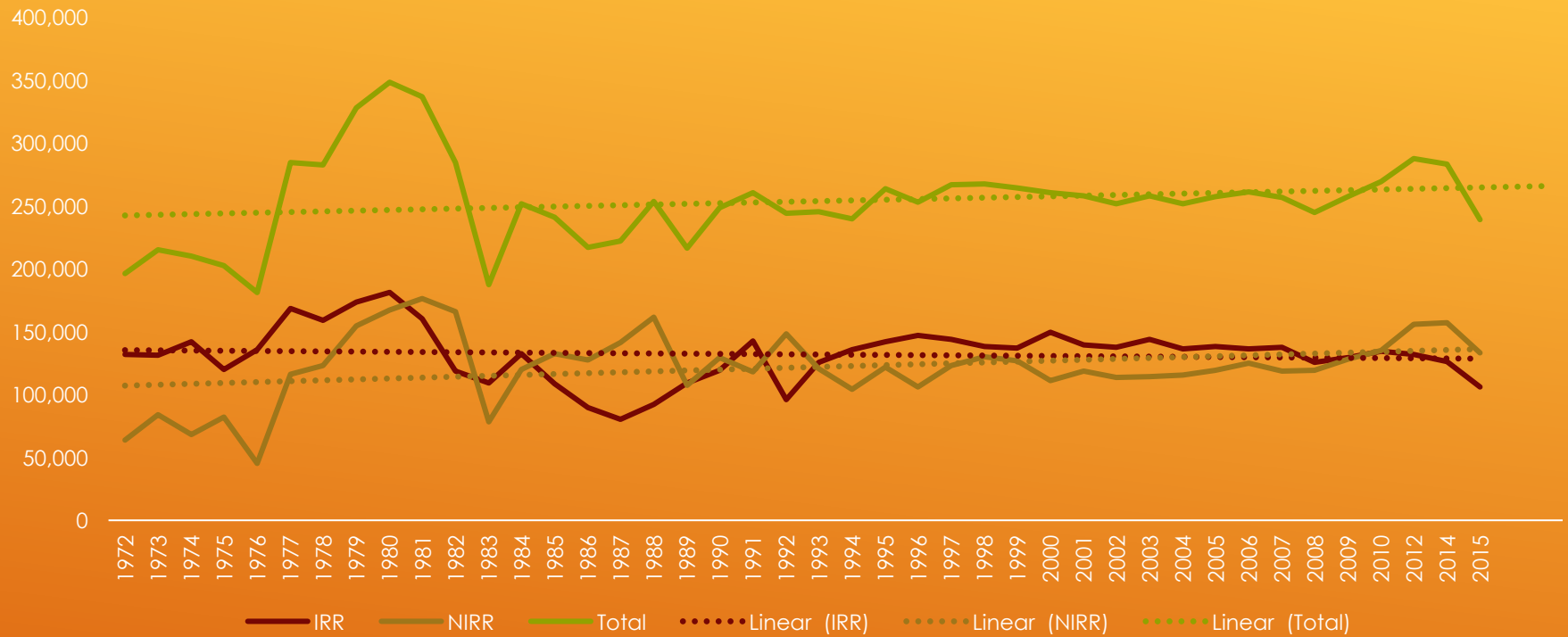


Future State—Widespread adoption of round bale harvesters. What Happens to Gin B?

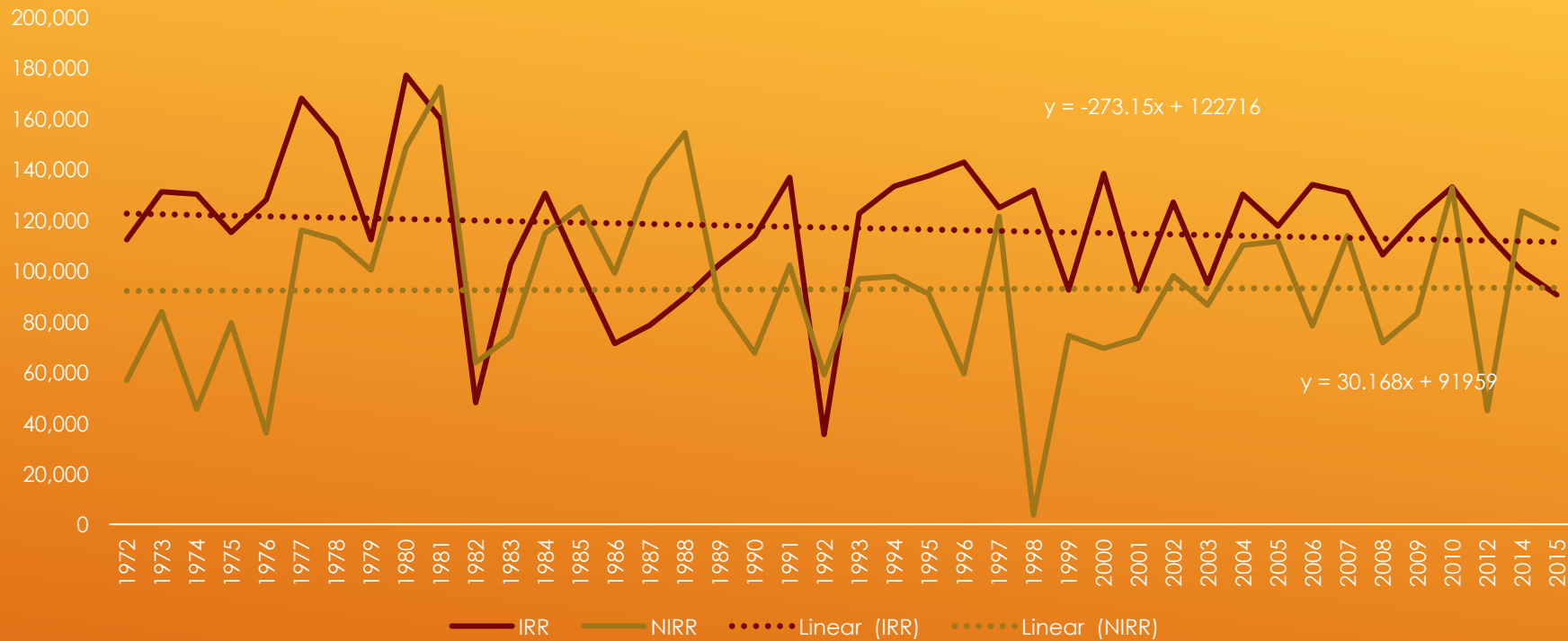


SCALE AND COST

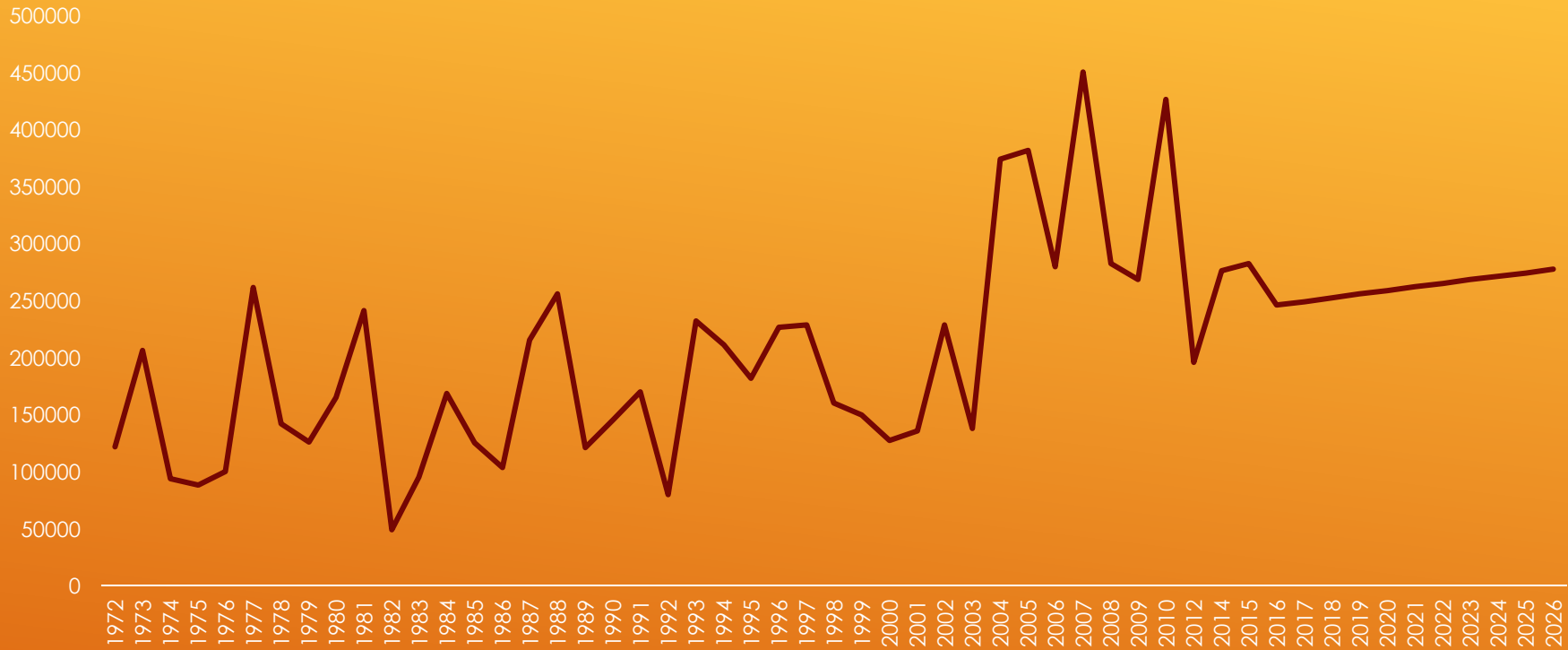




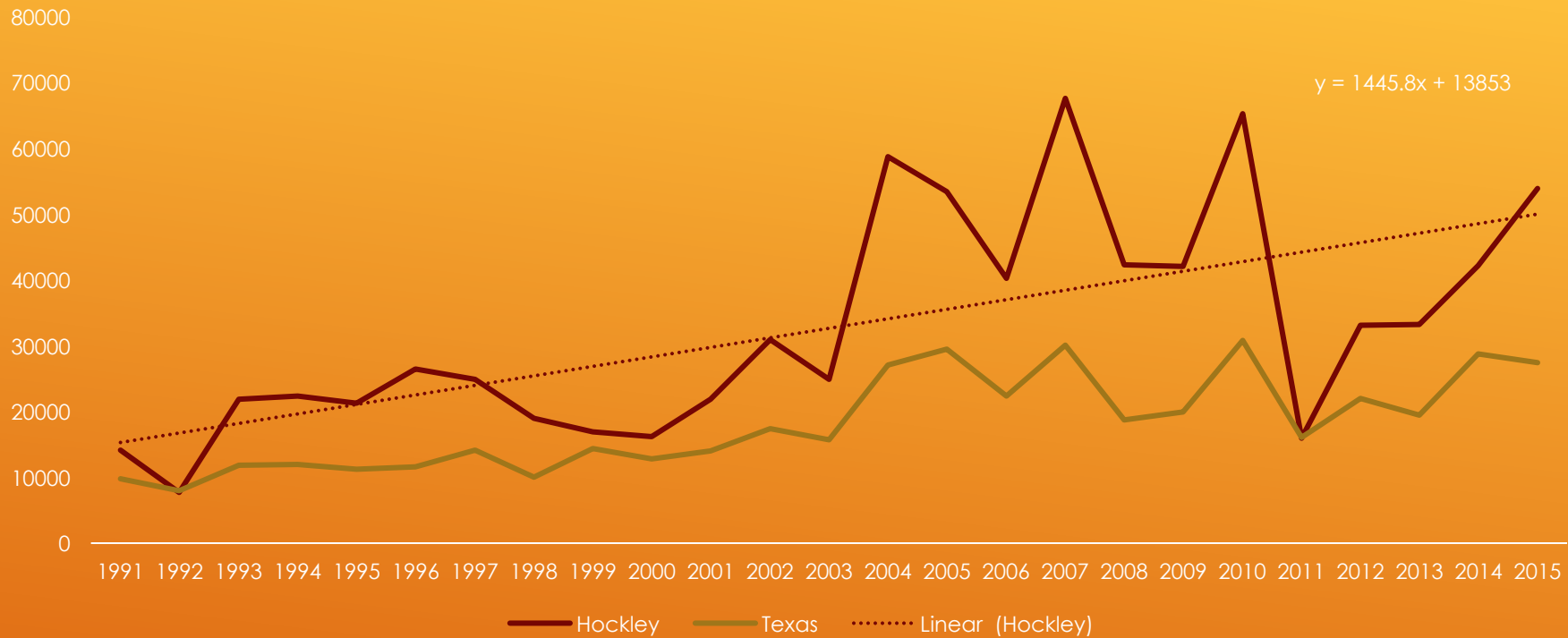
CHANGING PRODUCTION PATTERNS— PLANTED ACREAGE HOCKLEY COUNTY



CHANGING PRODUCTION PATTERNS— HARVESTED ACREAGE HOCKLEY COUNTY



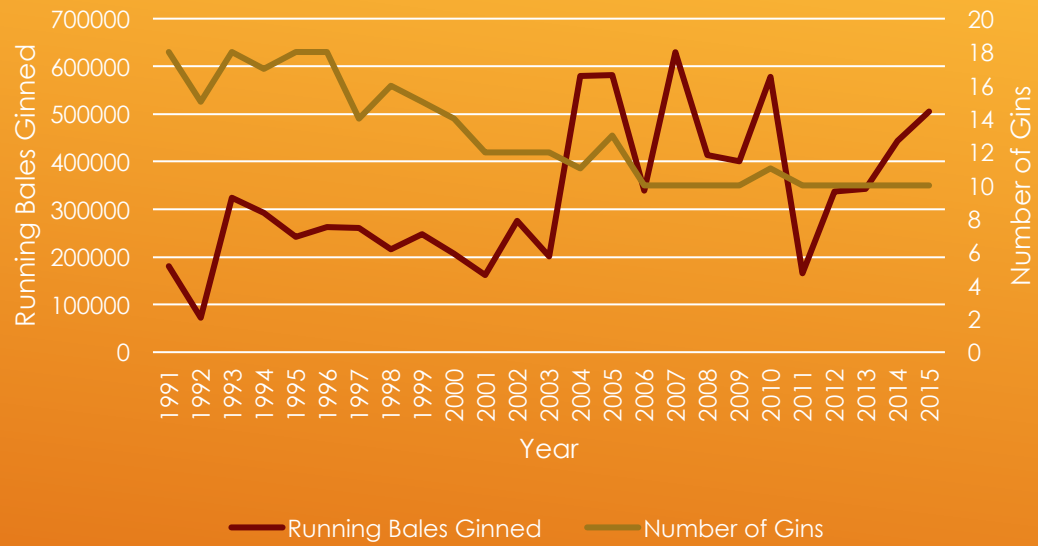
PROJECTED PRODUCTION—HOCKLEY COUNTY



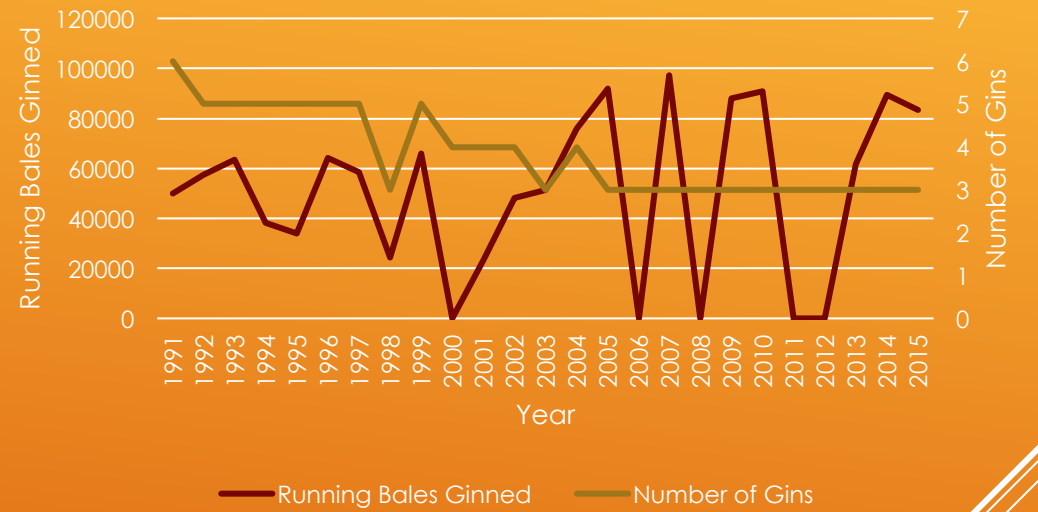
- Bales per gin is increasing at an average 1,445 per year.
- Based on the forecasted production from earlier, this means that Hockley county will likely shrink to 4-5 gins in the coming years.

PROJECTED BALES PER GIN— HOCKLEY COUNTY

Lubbock County



Hall County



LARGE VS. SMALL COUNTIES

- ▶ Technological change in terms of transportation/harvesting will continue to pressure the number of gins operating in any given area
- ▶ Ginning cost (scale economies) will also continue to pressure the number of active gins
- ▶ Smaller cotton producing areas are likely to see less variability in future gin numbers, but ginning cost differentials are going to lead to bigger gins competing over larger areas meaning that cotton may begin traveling longer distances to be ginned

CONCLUSIONS