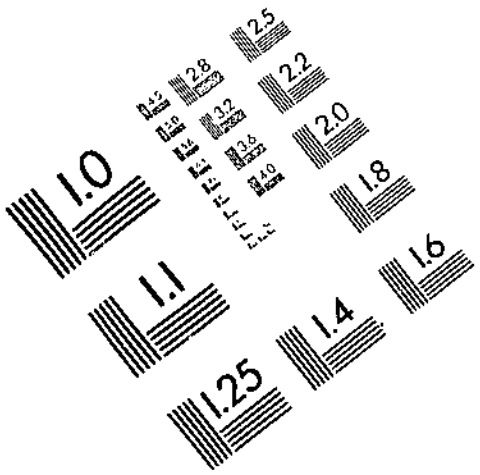
PB96-181342 USDA/SB-929 COTTON GINNING CHARGES, HARVESTING PRACTICES, AND SELECTED MARKETING COSTS, 1994/95 SEASON.(STATISTICAL BULLETIN.) / E. H. GLADE, ET AL. ECONOMIC RESEARCH SERVICE, WASHINGTON, DC. MAR 96 6P 01/01



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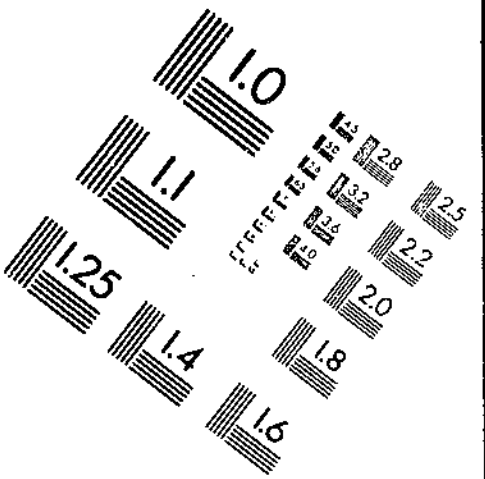

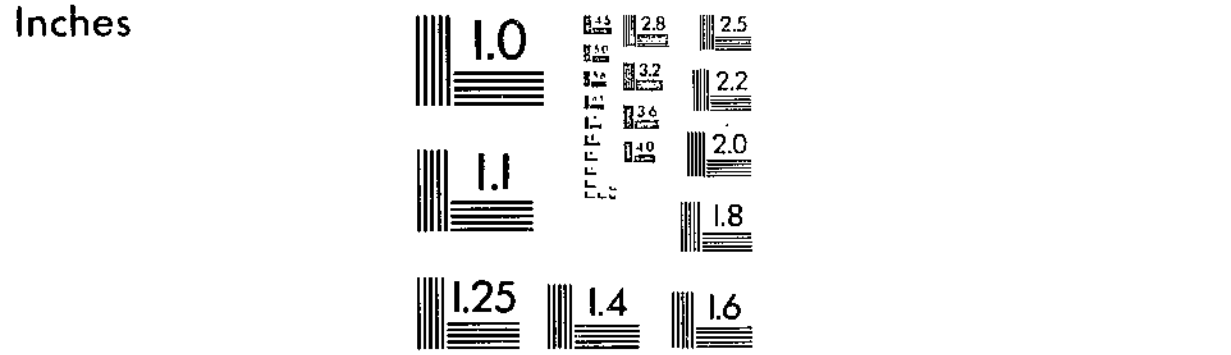

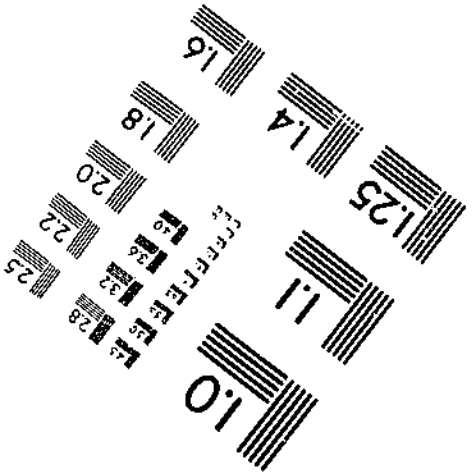

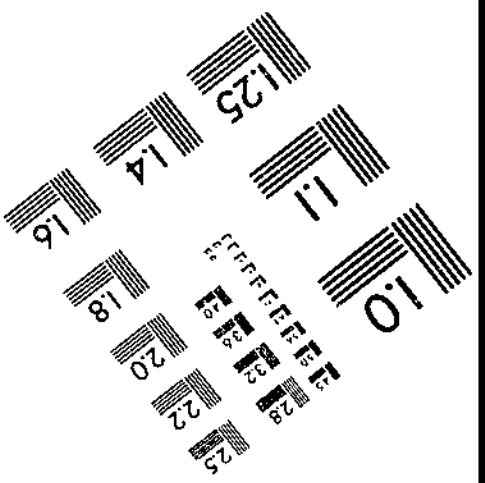

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COTTON GINNING CHARGES, HARVESTING PRACTICES, AND SELECTED MARKETING COSTS 1994/95 SEASON

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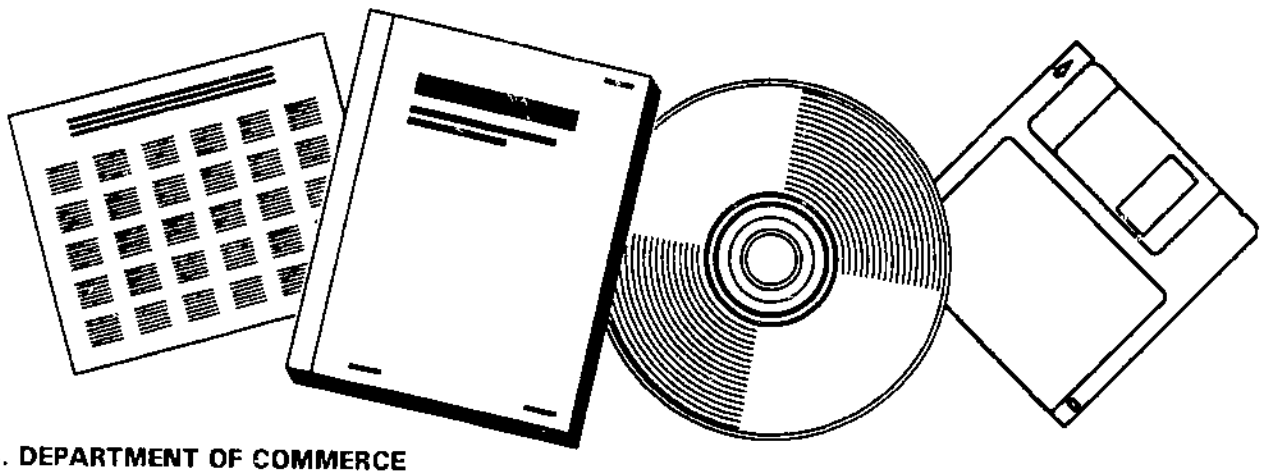

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BIBLIOGRAPHIC INFORMATION

PB96-181342

Report Nos: USDA/SB-929

Title: Cotton Ginning Charges, Harvesting Practices, and Selected Marketing Costs, 1994/95 Season.

Date: Mar 96

Authors: E. H. Glade, M. D. Johnson, and L. A. Meyer.

Performing Organization: Economic Research Service, Washington, DC.

Type of Report and Period Covered: Statistical bulletin.

Supplemental Notes: See also PB95-209185.

NTIS Field/Group Codes: 98B (Agricultural Economics), 96A (Domestic Commerce, Marketing, & Economics)

Price: PC A02/MF A01

Availability: Available from the National Technical Information Service, Springfield, VA. 22161

Number of Pages: 6p

Keywords: *Agricultural economics, *Costs, *United States, Harvesting, Marketing, Cotton, Production, Cost analysis, Statistical data, Agricultural machinery, *Cotton ginning.

Abstract: The average charge for saw-ginning and wrapping a 480-pound net-weight bale of cotton in the United States fell to $42.37 per bale in 1994/95 from $43.28 in 1993/94. A total of 1,300 active cotton gins operated in the 14 major cotton-producing States in 1994/95, down from 1,357 a year earlier. Despite a nearly 22-percent in U.S. cotton production in 1994/95, lower gin numbers reflect the long-term trend fewer but larger cotton gins. Average volume processed per gin increased from 11,483 bales in 1993/94 to 14,565 bales in 1994/95. The share of the 1994/95 cotton crop harvested by machine-picking was 76 percent, machine-stripping, 23 percent, and machine-scrapping (gleaning from the ground), 1 percent. A record 78 percent of the U.S. cotton crop was ginned from modules in 1994/95, a 4-percentage-point rise above 1993/94. The average volume of harvested seed cotton needed to yeild a 480-pound net-weight bale of lint was 1,444 pounds for machine-picking, 2,153 pounds for machine-stripping, and 1,650 pounds for machine-scrapping (data for machine-scrapping were reported from only Arizona gins in 1994/95). Charges for each of the four primary warehousing services - receiving, storage, universal density compression, and outhandling - increased modestly for the 1994/95 season.

REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

1. PB96-181342

2. REPORT DATE
March 1996

3. REPORT TYPE AND DATES COVERED

4. TITLE AND SUBTITLE
Cotton Ginning Charges, Harvesting Practices, and Selected Marketing Costs, 1994/95 Season

5. FUNDING NUMBERS

6. AUTHOR(S)
Edward H. Glade, Jr., Mae Dean Johnson, and Leslie A. Meyer

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)
Economic Research Service
U.S. Department of Agriculture
Washington, DC 20005-4788

8. PERFORMING ORGANIZATION REPORT NUMBER
SB-929

SPONSORING/MONITORING NAME(S) AND ADDRESS(ES)

10. SPONSORING/MONITORING AGENCY REPORT NUMBER

11. SUPPLEMENTARY NOTES

12a. DISTRIBUTION/AVAILABILITY STATEMENT

12b. DISTRIBUTION CODE

13. ABSTRACT (Maximum 200 words)

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14. SUBJECT TERMS
Cotton ginning charges, cotton harvesting practices, cotton marketing costs

15. NUMBER OF PAGES

16. PRICE CODE

17. SECURITY CLASSIFICATION OF REPORT	18. SECURITY CLASSIFICATION OF THIS PAGE	19. SECURITY CLASSIFICATION OF ABSTRACT	20. LIMITATION OF ABSTRACT
Unclassified	**Unclassified**	**Unclassified**	Unlimited

United States Department of Agriculture

ERS

Statistical Bulletin Number 929

March 1996

An Economic Research Service Report

Cotton Ginning Charges, Harvesting Practices, and Selected Marketing Costs, 1994/95 Season

Edward H. Glade, Jr., Mae Dean Johnson, and Leslie A. Meyer*

Ginning Charges

The average charge for saw-ginning and wrapping a 480-pound net-weight bale of cotton in the United States was $42.37 per bale in 1994/95, compared with $43.28 in 1993/94. This 91-cent-per-bale decline in the average ginning charges results primarily from lower charges in both California and Texas where the combined production volume exceeded 40 percent of the U.S. total in 1994/95. However, charges in many other States actually increased from year-earlier levels, and generally represent a fairly significant share of the overall value of the bale (fig. 1).

Average charges increased in nine States and declined in the remaining five major cotton-producing States. The largest increase in ginning charges was in Tennessee, where average charges rose $5.21 per bale. Oklahoma had the greatest drop in the average charge, falling $3.07 per bale from a year earlier. For most other States, 1994/95 ginning charges remained about the same as the previous season.

Active Gins

A total of 1,300 active cotton gins operated in the 14 major cotton-producing States during 1994/95, compared with 1,357 a year earlier. Despite a nearly 22-percent increase in U.S. cotton production in 1994/95, lower gin numbers reflect a continuation of the long-term trend toward fewer but larger U.S. cotton gins (fig. 2). The number of gins rose, however, in Georgia and North Carolina, where the 1994/95 crop was more than double year-earlier levels. Gin numbers fell in 10 States, and remained unchanged in Louisiana and New Mexico. The largest decline in gin numbers was in Texas, where 19 fewer gins processed a slightly smaller 1994 Texas crop. Prospects for continued growth in cotton production in the Southeast is primarily responsible for the construction of a number of new gins in the region.

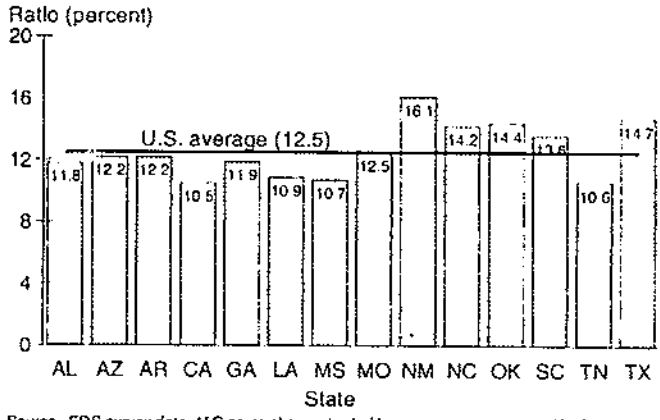
The average volume processed per gin increased sharply to 14,565 bales during 1994/95, compared with an average of 11,483 bales in 1993/94, reflecting the combined effects of the large 1994 crop and 57 fewer Beltwide gins. Gin volumes varied from an average high of 26,120 bales in California to a low of only 3,579 bales in New Mexico.

Method of Harvesting

The proportion of the 1994/95 cotton crop harvested by the machine-picked method was 76 percent—the same share as during 1993/94. Machine-stripping accounted for 23 percent of the harvested volume in 1994/95, compared with 24 percent of the 1993 crop. While the

Figure 1

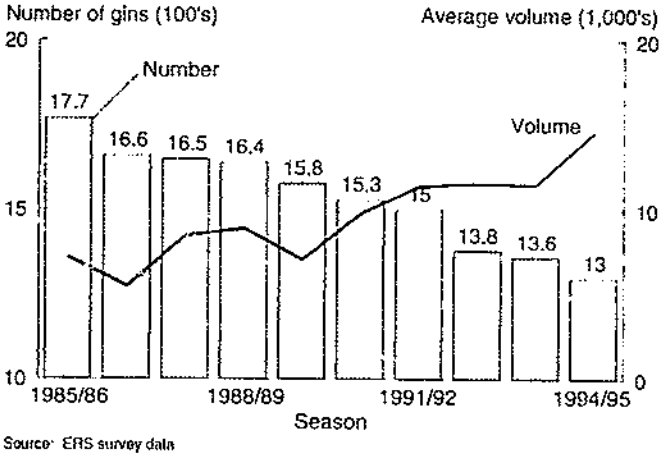
Ginning charges represent a significant share of bale value, 1994/95 season 1/



Source: ERS survey data. 1/ Ginning charge divided by average price received by farmers per 480 pounds of lint in each State.

Figure 2

Average ginning volume increases with decline in number of gins



Source: ERS survey data

*The authors are an economist, statistical assistant, and agricultural economist, respectively, Crops Branch, Commercial Agriculture Division

Average charges for saw-ginned upland cotton, average charges for selected marketing services, and related info

Item	Unit	U.S.	AL	AZ	AR	CA	G
Bales ginned (running bales)[1]	*Thousands*	18,935	688	822	1,767	2,821	1,5
Active gins[1]	*Number*	1,300	58	67	111	108	
Average volume per gin	*Number*	14,565	11,862	12,269	15,919	26,120	22,7
Ginning and wrapping charges:							
Total charge per 480-lb net-weight bale[2]	*Dollars*	42.37	38.70	42.22	39.46	40.49	41.
Method of harvesting:							
Machine-picked	*Percent*	76	100	95	98	100	1
Machine-stripped	*Percent*	23	—	—	—	—	
Machine-scrapped	*Percent*	1	—	5	2	—	
Weight of seed cotton per 480-lb net-weight bale:							
Machine-picked	*Pounds*	1,444	[4]	1,446	1,457	1,417	
Machine-stripped	*Pounds*	2,153	—	—	—	—	
Machine-scrapped	*Pounds*	1,650	—	1,650	[5]	—	
Cotton ginned from:							
Trailers	*Percent*	22	22	10	28	17	
Modules	*Percent*	78	78	90	72	83	
Charges for warehousing and related services:[6]							
Charge per bale for receiving	*Dollars*	3.08	3.14	—	3.05	—	3.
Charge per bale per month for insured storage	*Dollars*	1.89	1.74	2.15	2.03	1.98	1.
Charge per bale for compressing to universal density	*Dollars*	8.14	7.05	6.70	8.30	6.80	
Charge per bale for outhandling	*Dollars*	6.25	5.28	5.39	8.69	5.27	4.

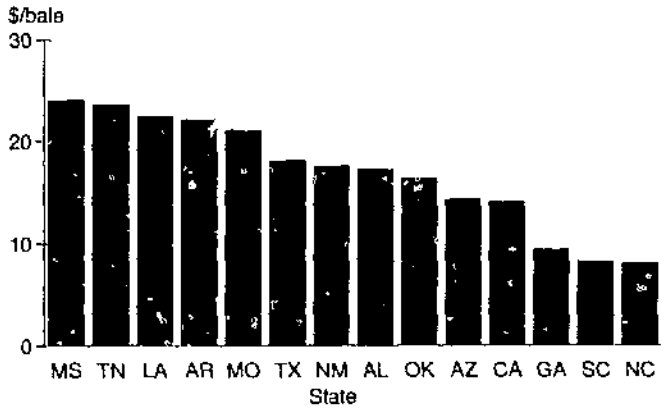
Source: ERS survey data.
— = Zero.
[1]Based on report of May 1995 by National Agricultural Statistics Service, USDA, and includes both American-Pima and upland cotton. Excludes bales
[2]Includes bagging and ties, drying of seed cotton, lint cleaning, and insurance, but does not reflect any patronage dividends, rebates, transportation t
[3]Less than 0.5 percent.
[4]Seed cotton usually not weighed.
[5]No data available.
[6]Based on published tariffs.

rmation, by State, 1994/95 season

A	LA	MS	MO	NM	NC	OK	SC	TN	TX
31	1,513	2,083	555	68	806	232	370	863	4,846
56	75	156	39	19	49	56	42	50	404
42	20,173	13,353	14,231	3,579	16,449	4,143	8,810	17,260	11,995
76	35.98	37.46	39.67	55.88	49.28	46.97	47.17	35.61	49.03
00	100	99	100	92	100	39	100	100	15
—	—	—	—	8	—	61	—	[3]	85
—	—	1	—	—	—	—	—	—	—
[4]	1,421	[4]	1,483	1,480	[4]	1,525	1,439	1,467	1,494
—	—	—	—	[5]	—	2,063	—	[5]	2,156
—	—	—	—	—	—	—	—	—	—
26	28	25	24	62	25	72	59	58	9
74	72	75	76	38	75	28	41	42	91
00	4.19	3.66	1.50	2.66	3.36	2.25	2.76	3.31	2.72
67	2.15	2.13	2.01	1.79	1.50	1.82	1.54	2.07	1.76
—	7.85	8.90	8.50	8.00	—	8.00	—	8.95	8.85
71	8.27	9.32	9.02	5.06	3.17	4.25	3.93	9.19	4.70

ginned in Florida and Virginia. Also excludes four active gins in Florida and two in Virginia.
warehouses, industry organization dues, or cotton classing fees.

Figure 3
Cotton warehousing charges vary widely by State, 1994/95 season 1/



Source: ERS survey data. 1/ Combined charges for receiving, storage, compression, and outhandling where applicable (see table).

proportion of the 1994 Texas crop that was machine-stripped increased over 1993/94, much higher cotton production in the machine-picked areas, kept the overall volume of machine-stripping near year-earlier levels. The proportion of the 1994 cotton crop harvested by machine-scrapping (gleaning from the ground) increased to about 1 percent of the total volume, compared with less than one-half of 1 percent in 1993/94. Relatively high raw cotton prices during early 1995 resulted in the economic incentive to practice machine-scrapping.

During 1994/95, a record 78 percent of the U.S. cotton crop was ginned from modules, a 4-percentage-point increase above 1993/94. Significantly higher cotton production in most major producing States the past few seasons has caused this method of temporary field or gin yard storage of seed cotton to grow. By State, use of modules ranged from 91 percent of the crop in Texas to 28 percent in Oklahoma.

Pounds of Seed Cotton Required for a 480-Pound Net-Weight Bale

The average volume of harvested seed cotton necessary to yield a 480-pound net-weight bale of lint changed very little for the machine-picked method of harvest during 1994/95, compared with the previous season. However, poor growing and harvesting conditions, especially in Texas, caused the required machine-stripped volume to increase. Data for machine-scrapping were reported from only Arizona gins during 1994/95. However, compared with a year earlier, a sharply lower volume of seed cotton was required to yield a 480-pound net-weight bale. Consequently, about 5 percent of the 1994 Arizona cotton crop was harvested by machine-scrapping.

Under the machine-picked method of harvest, an average of 1,444 pounds of seed cotton were needed in 1994/95, compared with 1,447 pounds the previous season. Cotton harvested by machine-stripping required about 2,153 pounds of seed cotton to produce a 480-pound net-weight bale—an increase of 73 pounds over 1993/94. Machine-scrapping (in Arizona) required that only 1,650 pounds of seed cotton be gleaned per bale, compared with 1,766 pounds during 1993/94.

Selected Marketing Services

After ginning, most cotton bales are moved to local warehouses for storage and other services necessary for marketing. With universal density compression now performed at most gins, however, some bales are shipped directly to textile mills and ports from gin points. This practice can result in considerable savings if the final destination is known at time of ginning. In general, warehousing charges are the highest in the Midsouth and considerably lower in the Southeast where separate compression charges are not made (fig. 3).

Charges for each of the four primary warehousing services increased modestly for the 1994/95 season. Warehouse receiving charges averaged $3.08 per bale in 1994/95, compared with $2.97 in 1993/94. Storage charges averaged $1.89 per bale per month, up only 3 cents from the 1993/94 average. Charges for universal density compression increased 21 cents per bale to an average of $8.14 in 1994/95. Warehouse charges for outhandling services averaged $6.25 per bale during 1994/95, compared with $5.88 per bale the previous season.

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For more information, call Edward H. Glade, Jr., (202) 219-1286, or write: Commercial Agriculture Division, Economic Research Service, U.S. Department of Agriculture, Room 808B, 1301 New York Avenue, NW., Washington, DC 20005-4788.

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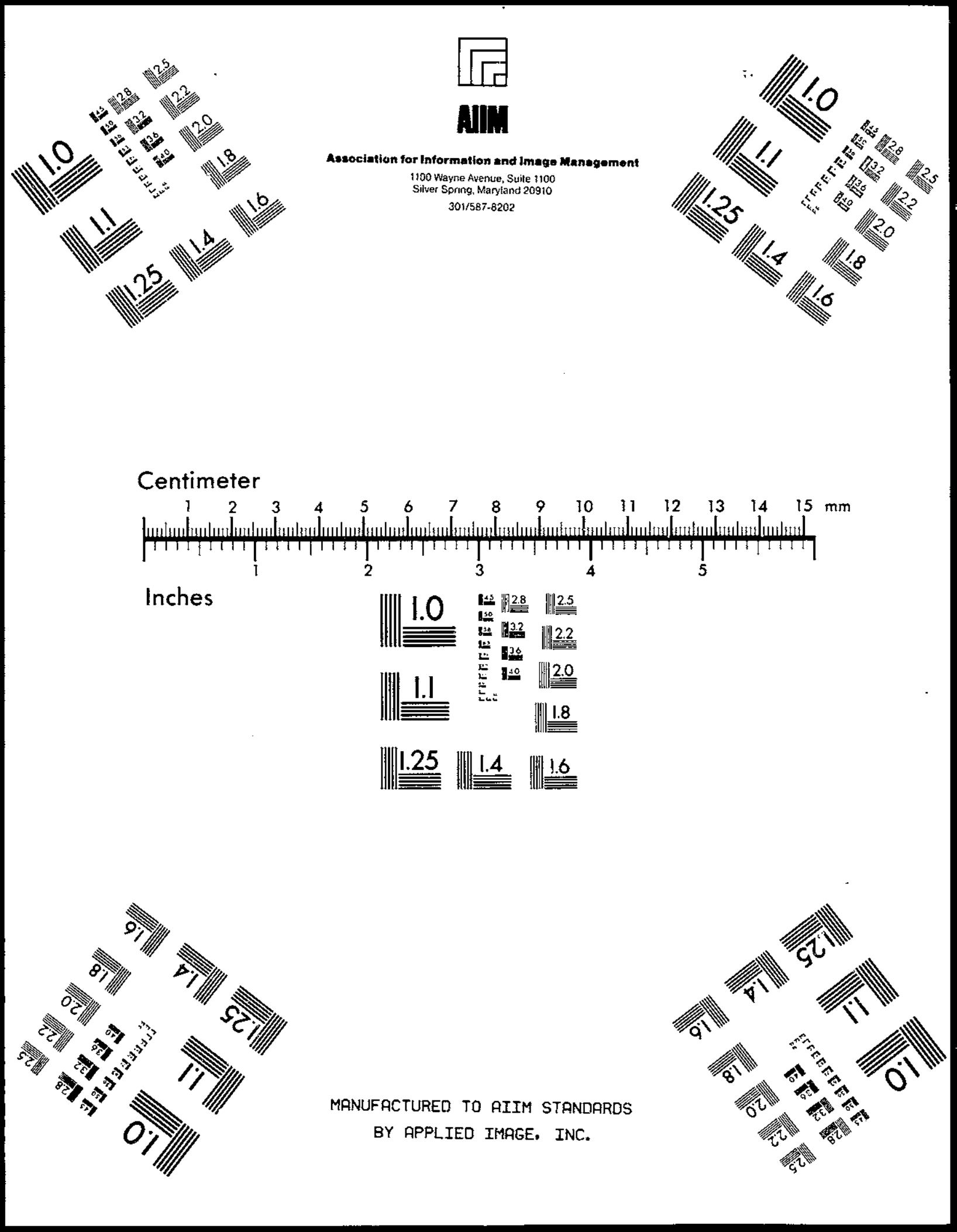
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