Southern Cotton Growers, Inc.
REPRESENTING COTTON PRODUCERS THROUGHOUT ALABAMA, FLORIDA, GEORGIA, NORTH CAROLINA, SOUTH CAROLINA AND VIRGINIA

COTTON MARKETING NEWS

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The southeastern US faces some challenges in the years ahead in terms of cotton fiber quality. In my opinion, "the quality problem" is not as bad as some would have us believe but nevertheless there are issues and concerns that need to be addressed. We certainly don't need to beat ourselves up and create a perception that isn't there-- but we do need to take a look at the situation and begin to position ourselves to remain competitive in the years ahead.

There are 2 economic facts that simply cannot be ignored. First, two-thirds of US cotton is now being sold to foreign mills. What do these mills desire? Is US cotton as good or better than other origins? Who is our competition? I don't know the complete answers to these questions but no doubt we have to meet the needs of our customers. Second, every bale of cotton regardless of quality can and will find a home somewhere at some price. The key word is price. As cotton growers, price will be determined by the fiber quality produced. Unfortunately, better quality is not always rewarded with higher price. Also, growers are yield-oriented (and should be!) and often we (both producers and the research community) lack a full understanding of the linkages between production practices and impacts on quality in addition to yield.

This week, the University of Georgia hosted a Cotton Fiber Quality Seminar aimed at addressing and discussing the issues of fiber quality in Georgia and the Southeast. I want to summarize a few of the remarks and some of the data I presented.

UNDERSTAND OUR COMPETITION AND MARKET. Cotton is often purchased as a "growth" or "type". For the Georgia/southeastern US producer, our competitor is the Mid-South or Delta. This cotton is referred to as "Memphis Territory". Our cotton may be referred to as "Eastern". Because the Texas crop includes both spindle and stripper cotton and because much of it is produced under semi-arid conditions it is difficult to compare Memphis/Eastern cotton to Texas in terms of production practices and quality. Because the California/Arizona crop is mostly/entirely irrigated and because of name recognition which commands a price premium, likewise it is difficult to compare with our cotton. For the Georgia/southeastern US producer, our competitor is predominately the mid-South or Delta.

QUALITY IS NOT AS BAD AS WE THINK. There are 3 USDA cotton grading facilities in the southeast (Macon, Florence, and Birmingham) and 3 in the mid-South (Memphis, Dumas, and Rayville). Over the past 5 crop seasons, fiber Strength in the southeast on average has compared favorably with the mid-south. In fact, the percentage of bales grading 29 gpt or higher from Georgia is second only to

5-Year (1999-2003) Averages For Various Quality Factors

	Macon, GA	Memphis, TN	Florence, SC	Birmingham, AL	Dumas, AK	Rayville, LA
Average Staple	34.1	34.5	34.2	33.9	34.5	34.2
% Bales < 34	28.5	18.5	25.5	34.8	17.1	26.2
% Bales 35 >	34.2	50.4	42.3	30.5	49.0	37.7
% Bales > 82 UI	6.7	19.6	10.4	10.0	19.3	11.0
Average Strength	27.8	28.0	27.4	27.4	27.7	27.6
% Bales 29 >	34.6	35.5	26.0	24.8	29.1	27.4
% Bales Color 31	32.2	53.8	45.1	44.9	40.6	40.2
% Bales > 4.9 Mic	17.1	24.4	9.9	12.7	25.9	31.7

Memphis. So fiber strength is not a problem. Georgia (Macon) has averaged 17.1% of bales per year discounted for high micronaire. This is largely a function of weather but note that all the mid-south locations have been even worse yet we have heard little of this to date.

OUR MAJOR CHALLENGE IS STAPLE. On average, fiber length would not appear that different among the 6 locations. But averages are misleading. The southeast has considerably less percentage of bales in the "long" category (35/32nds and longer) and considerably higher percentage in the "short" category (33/32nds and shorter). The southeast also has less percentage of bales with high fiber length Uniformity (greater than 82). To be sure, fiber length is a function of weather but is also affected by variety and management and can be affected by ginning.

COTTON IS BOUGHT AND SOLD BASED ON A COMBINATION OF QUALITY FACTORS. If you look at just a single quality parameter you don't get the bigger picture. For example, a 30 on Strength may not be desirable by a buyer if it's a 33 Staple. Or a 31 Color may not be desirable if it's a 5.0 in micronaire. Cotton fiber is a combination of 6 or more quality measurements. Mills often look for desirable combinations.

Merchants use a term "long and strong"-- a fiber that is 29 or greater in Strength and 35 or longer in Staple. In 2003, only 11.5% of the Georgia crop fell within this definition-- the lowest of the 6 locations.

2003 Cotton, Estimated % Bales By Quality Factor Combinations

	Macon, GA	Memphis, TN	Florence, SC	Birmingham, AL	Dumas, AK	Rayville, LA
41/34	19.4	5.3	14.7	13.0	7.0	7.4
31/35	9.0	31.1	20.9	19.5	25.5	20.7
Str 29/ Staple 35	11.5	19.5	17.6	15.7	24.0	21.1

Another challenge for both the mid-south and southeast grower is Color grade. Compared to the mid-south, the southeast produces more 41 bales and less 31's. The "international standard" is a 31 Color with a 35 Staple. In 2003, less than 10% of the Georgia crop met this definition. Color is largely a function of humidity and weather conditions during harvest. Color can possibly be improved by additional cleaning at ginning but perhaps with a sacrifice of fiber length. There is also the issue that often the southeast grower does not get paid for a 31 bale and probably will continue not to until we build a little better trend of being able to provide that type fiber.

BOTTOM LINE. Don't sacrifice yield but look for varieties that at least offer the genetic potential to get you where you need to be quality-wise if the weather cooperates. Seriously consider everything you're doing from seeding rates to fertility to defoliation and harvest timing. What about pests? Do we need to jump on pest problems earlier? Fiber length and length Uniformity are our major challenges and growers clearly get hammered with discounts on this. Color, if possible, also needs to be improved but may be a longer-term challenge particularly until the market rewards for it.

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