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Title: Cotton Ginning Charges: Harvesting Practices and Selected Marketing Costs

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Cotton Ginning Charges, Harvesting Practices, and Selected Marketing Costs, 1990/91 Season

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Ginning Charges

The average charge for saw-ginning and wrapping a 480-pound net-weight bale of upland cotton in the United States was $43.68 during the 1990/91 season, 58 cents lower than the average charge in 1989/90. Most gins attempted to keep charges around year-earlier levels, with average charges declining in eight States and increasing in six States. The largest decline in ginning charges occurred in Texas, where average charges fell by $3.08, while Oklahoma experienced the largest increase with average charges up by $4.83 per bale.

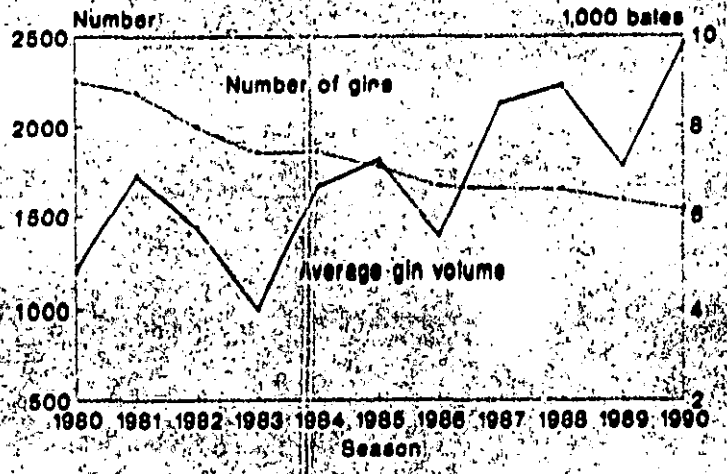
In Texas, where ginning charges are based primarily on the volume of seed cotton processed, charges averaged $48.47 per bale during 1990/91, compared with $51.55 last season. The volume of Texas seed cotton required to yield a 480-pound net-weight bale of lint during 1990/91 decreased for both machine-picked and machine-stripped methods of harvesting. This lower volume of seed cotton required per bale of lint was mainly responsible for the lower Texas ginning charges during 1990/91.

Active Gins

There were a total of 1,533 active cotton gins operating during the 1990/91 season, compared with 1,581 a year earlier. The significantly larger 1990 crop and prospects for even larger 1991 production are moderating the long-term decline in U.S. gin numbers. The number of active gins dropped in 11 States, increased in 2 States, and remained unchanged in Missouri. The largest decline was in Texas, where the number of gins fell to 494 in 1990/91, 13 less than last year.

The average volume processed per gin increased sharply during 1990/91 to 9,810 bales, compared with 7,096 bales during the 1989/90 season. Fewer active gins, in combination with larger cotton volume, were responsible for the much improved utilization rates. Gin volumes varied from an average high of 19,761 bales in California to a low of 3,425 bales in South Carolina.

Figure 1
Active gins decrease, average volume per gin increases



Method Of Harvesting

The proportion of the 1990 cotton crop harvested by the machine-picked method averaged 73 percent, a decrease of 6 percentage points from the 1989/90 season. Machine-stripping, used primarily in Texas and Oklahoma, accounted for 27 percent of the overall harvested volume, compared with 21 percent in 1989/90. Sharply higher production in Texas in 1990 was primarily responsible for the larger beltwide machine-stripped share during the 1990/91 season. Machine-scrapping (gleaning from the ground) continues to be used in a number of States, but still accounts for less than 0.5 percent of the volume harvested, about the same percentage as the previous two seasons.

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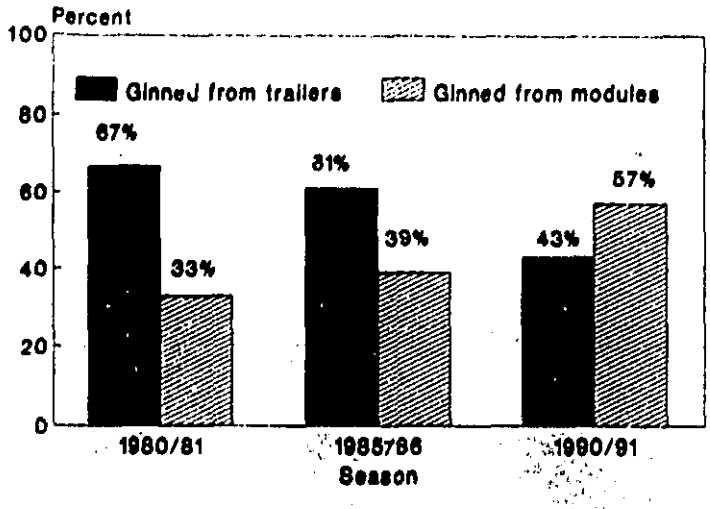
Figure 2
Use of modules grows



The use of modules as a method of temporary storage of seed cotton is now practiced to some extent in all cotton-producing States. Approximately 57 percent of the 1990 crop was ginned from modules, compared with 51 percent a year earlier. Modules are the primary method of seed cotton assembly in Alabama, Arizona, California, Oklahoma, and Texas. The use of this equipment is growing rapidly in a number of other States, especially Arkansas, Georgia, Mississippi, and Missouri.

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

Generally favorable growing and harvesting conditions during the 1990/91 season lowered the average volume of seed cotton necessary to yield a 480-pound net-weight bale for each of the three harvesting technologies. Under the machine-picked method of harvest, 1,468 pounds of seed cotton were required, compared with 1,471 pounds during 1989/90. Cotton harvested by machine-stripping required 2,187 pounds of seed cotton per 480-pound bale in 1990/91, 124 pounds less than a year earlier. Machine-scrapping required that an average of 1,854 pounds of seed cotton be gleaned from the ground to yield a standard 480-pound bale in 1990/91, compared with 1,948 pounds the previous season.

Selected Marketing Services

After ginning, cotton bales are usually moved directly to local warehouses for storage and other services necessary for marketing. Most larger gins, however, have installed universal density compression equipment, making traditional warehouse compression unnecessary when receiving bales from these gins.

Warehouse charges in these cases reflect a compression rebate paid to the gin by the warehouse receiving gin-compressed universal density bales.

Charges for the four primary warehousing services in 1990/91 changed only slightly from year-earlier levels. Warehouse receiving charges averaged $2.60 a bale during 1990/91, up 9 cents from the 1989/90 season average. Storage charges averaged $1.77 per bale per month, compared with $1.75 in 1989/90. Charges for compressing cotton to universal density increased 17 cents a bale to an average of $7.62 in 1990/91. Warehouse charges for outhandling services at time of shipments to mills or ports averaged $5.62 per bale for 1990/91, down 12 cents from year-earlier level.

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Average charges for saw-ginned upland cotton, average charges for selected marketing services, and related information, by State, 1990/91 season

Item	Unit	U.S.	AL	AZ	AR	CA	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX
Bales ginned[1]	Thou.	15,038	375	954	1,063	2,727	400	1,179	1,799	300	91	262	363	137	485	4,903
Active gins[2]	No.	1,533	72	90	122	138	59	80	192	48	26	39	63	40	70	494
Average volume per gin (running bales)	No.	9,810	5,208	10,600	8,713	19,761	6,780	14,737	9,370	6,250	3,500	6,718	5,762	3,425	6,929	9,925
Ginning and wrapping charges:																
Total charge per 480-lb. net-weight bale[3]	Dol.	43.68	34.78	41.95	37.63	46.32	41.59	36.84	38.20	40.61	56.26	47.81	50.46	46.59	34.06	48.47
Method of harvesting:																
Machine-picked	Pct.	73	100	99	100	100	100	98	100	100	90	100	13	99	99	26
Machine-stripped	Pct.	27	---	---	---	---	---	---	---	---	8	---	87	---	---	74
Machine-scrapped	Pct.	[4]	[4]	1	---	---	[4]	2	[4]	---	2	---	---	1	1	[4]
Weight of seed cotton per 480-lb. net-weight bale:																
Machine-picked	Lbs.	1,468	[5]	1,473	1,466	1,496	[5]	1,430	[5]	1,492	1,517	[5]	1,550	[5]	1,436	1,461
Machine-stripped	Lbs.	2,187	---	---	---	---	---	---	---	---	1,890	---	2,132	---	---	2,195
Machine-scrapped	Lbs.	1,854	---	1,950	---	---	---	[6]	---	---	2,033	---	---	---	1,575	1,925
Cotton ginned from:																
Trailers	Pct.	43	49	32	67	25	52	64	54	55	84	97	46	96	87	30
Modules	Pct.	57	51	68	33	75	48	36	46	45	16	3	54	4	13	70
Charges for warehousing and related services:[7]																
Charge per bale for receiving	Dol.	2.60	3.04	---	2.88	1.50	2.85	3.46	3.11	1.98	1.88	2.90	2.06	2.43	3.12	2.59
Charge per bale per month for insured storage	Dol.	1.77	1.69	1.97	1.89	1.85	1.60	2.02	1.96	1.84	1.64	1.34	1.53	1.47	1.90	1.55
Charge per bale for compressing to universal density	Dol.	7.62	6.85	5.75	7.75	6.25	---	7.70	8.50	7.75	7.25	---	7.50	---	8.25	8.35
Charge per bale for outhandling	Dol.	5.62	5.30	4.82	7.93	5.11	4.71	7.85	8.16	7.81	4.33	2.48	3.67	3.57	8.04	4.19

--- = Zero.
[1]Based on report of June 1, 1991, by Bureau of the Census, and includes both American-Pima and upland cotton. Excluded are 26,000 bales ginned in Florida and Kansas.
[2]Based on Bureau of Census information; excludes two active gins in Florida and one in Kansas.
[3]Includes bagging and ties, drying of seed cotton, lint cleaning, and insurance, but does not reflect any patronage dividends, rebates, transportation to warehouses, industry organization dues, or cotton classing fees.
[4]Less than 0.5 percent.
[5]Seed cotton usually not weighed.
[6]No data available.
[7]Based on published tariffs.