Cotton on the Texas High Plains

Where We’ve Been
Where We Are
Where We’re Going

presented by
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Who is Plains Cotton Growers, Inc.?

PCG was organized in 1956 by cotton producers from across the High Plains production region.

PCG is:

- A non-profit producer organization composed of cotton producers from the Texas High Plains
- The Certified Producer Organization representing cotton growers in the Texas High Plains
Texas Cotton Production

• Texas No. 1 Cash Crop
• Statewide:
  - 65% of acres are rain-fed
  - 35% are irrigated
• High Plains:
  - 60% of acres are rain-fed
  - 40% irrigated
• Weather (rainfall) is most influential factor in yield
  - Rain-fed: 250-650 lbs/ac
  - Irrigated: 500-1,500 lbs/ac
• Harvest Methods
  Primarily stripper-harvested; some picker
Texas Cotton Production Regions
2010-2014, 5 Year Avg. Production (%)

- High Plains 59.23%
- Rolling Plains 11.39%
- Blacklands 5.51%
- Lower Rio Grande Valley 3.92%
- South Texas/Winter Garden 14.15%
- San Antonio 3.76%
- Houston 5.09%
## High Plains Upland Cotton Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Acres Planted</th>
<th>Harvested</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3,140,000*</td>
<td>2,910,000*</td>
</tr>
<tr>
<td>2014</td>
<td>3,858,000</td>
<td>2,655,500</td>
</tr>
<tr>
<td>2013</td>
<td>3,769,300</td>
<td>1,688,100</td>
</tr>
<tr>
<td>2012</td>
<td>4,169,200</td>
<td>2,330,550</td>
</tr>
<tr>
<td>2011</td>
<td>4,504,900</td>
<td>1,540,100</td>
</tr>
<tr>
<td>2010</td>
<td>3,715,400</td>
<td>3,546,800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Bales Produced (480 lb.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4,000,000*</td>
</tr>
<tr>
<td>2014</td>
<td>3,261,200</td>
</tr>
<tr>
<td>2013</td>
<td>2,439,580</td>
</tr>
<tr>
<td>2012</td>
<td>2,925,500</td>
</tr>
<tr>
<td>2011</td>
<td>1,817,624</td>
</tr>
<tr>
<td>2010</td>
<td>5,351,600</td>
</tr>
</tbody>
</table>

*estimate

COTTON’S ADVOCATE SINCE 1956

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2016 Acreage Possibilities  
Texas High Plains

Assuming favorable Weather/Moisture conditions at planting:

- 2015 Cotton Acres (District 1-N/S) = 3,140,000
- 2015 Prevent Plant acres = 148,000
- Acres from grain crops = 225,000

Possible 2016 Cotton Acres = 3,513,000

2016 as % of 2015 (3,140,000 ac) = 112%
2016 as % of 2006-15 Ave. (3,677,280 ac) = 95%
2016 as % of 2001-10 Ave. (3,553,930 ac) = 99%
Irrigated vs. Dryland Acres

Impact on yield and quality

Historically: 50% Dryland, 50% Irrigated
2014: 57% Dryland, 43% Irrigated
2015: 60% Dryland, 40% Irrigated
In 1980, the peak of irrigated acreage on the High Plains:

- **2.2 million** acres of cotton planted
- **2 million** acres harvested
- **1.59 million** bales produced

In 2010:

- **1.74 million** acres of irrigated cotton planted (LESS than the peak)
- **1.68 million** acres harvested
- **3.5 million** bales produced (120% increase in yield on LESS acreage)
Cotton: 30 Years of Improved Environmental Performance (1980-2011)

- Land Use: 30%
- Soil Loss: 68%
- Irrigation Water Use: 75%
- Energy Use: 31%
- GHG Emission: 22%


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Harvest 2014 at Dahlen Hancock’s farm near Wilson, TX
Video by BE Implement

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U.S. Cotton Production Efficiency

1926: 175 man-hours/bale

2015: 3 man-hours/bale
How the High Plains Compares

Over the last five years, the High Plains of Texas has averaged:

- 64% of Texas Production
- 22% of U.S. Production
- 3% of World Production

Standing alone, the High Plains typically would rank among the Top 10 cotton producing countries in the world!
Building demand for cotton

- Cotton Research & Promotion
  - Started in 1960’s
  - Cotton Incorporated
    - Research to develop new production techniques and textile uses
    - Research to develop textile uses
      - Wrinkle-free treatments
      - Charged Cotton
Cotton Prices

- Cotton price has averaged between 50-60 cents per pound for much of the past decade
- In past five years prices have climbed to historic levels
  - Although currently around 58 cents per pound
- Price is affected by
  - China
  - WTO rules
  - Economic conditions
  - World demand – growing middle class
Broader Importance

Cotton Primes the Economic Pump of the High Plains

- A 3.5 million bale crop (at 63 cents/pound) will generate:
  - $1.1 billion of farm gate value
  - $3.5 billion in regional economic activity
- Trickle Down Economics
  - Farmers
  - Agribusiness (Gins, Chemical, Machinery, Services)
  - Car Dealers
  - Retail Outlets
- Business Community Recognizes Cotton and Agriculture’s Importance
- Healthy Farms = A Resilient Economy
- Significant Challenges Exist For The High Plains
So Where Does That Cotton Go?

• ~80% of U.S. cotton is exported, which is about 30% of the world’s export market
  • Top customers: Vietnam, Turkey, Mexico, Indonesia, China, Korea, Thailand, Taiwan, Pakistan, Bangladesh
• Most U.S. cotton (75%) goes into apparel
  • 18% goes into home furnishings
  • 7% into industrial products
Other Uses For Cotton

• Cottonseeds are a valuable co-product
• From seeds you get:
  • Linters = short fibers
  • Money, candle wicks, string, cotton balls, cotton batting, paper, and cellulose products such as rayon, plastics, photographic film, cellophane, ice cream
• Cottonseed oil for cooking (chips, candies – new flavored cottonseed oil)
• Hulls, Cottonseed Meal (animal and fish feed)
China’s Role

• Top producer AND consumer of cotton
• Began stockpiling about five years ago to create a buffer against rapidly rising prices in the future
• Paid high prices for global cotton (remember $1-plus cotton five years ago?); are paying even more for internal cotton
• Currently has more than half of all global stocks
• Shifting to direct price supports for producers and no more stock accumulation
• Key question: What will they do with the cotton they have?
Global Issues

• First place to cut back in textile production: fabric cost
  • Causes shift from all-cotton production to blends
• Consumers must insist on cotton
• Must change perception in younger consumers – the same group who (largely) demands “natural” and “no chemicals”
  • What do they think performance fabrics are made of?
• We must promote advantages to cotton in order to increase demand
Things to Ponder

• Closure of American Cotton Growers denim mill in Littlefield: result of global competition (one reason)

• Farm policy continues to be a challenge; Brazil/WTO case main factor in cotton policy as it stands today

• Crop insurance still key tool for producers, especially on Texas High Plains with weather risks

• Buy 100% cotton every chance you get!
Questions?

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