

The six-decade trend in US cotton exports is more like soybeans than corn or wheat but per acre profitability tumbled

The promotion of crop exports has been central to US agricultural since the export boom of the 1970s, triggered by the entry of the Soviet Union in world grain markets in the early 1970s and sustained by international development loans to less developed countries that were, in part, used to purchase grain to feed their people.

In the last three columns (<http://www.agpolicy.org/articles21.htm>) we examined corn, soybeans, and wheat and the hoped-for link between exports and long-term profitability. Soybeans have seen increased exports with financial returns above the full cost of production while corn and wheat have experienced negative financial returns to production. Overall, exports have failed to deliver on the promises of an export-led “new era of farm prosperity,” despite US farm policies designed to make US crops more price competitive in world markets.

This column’s focus is cotton which once was king of US export markets.

Cotton export levels since 1970 are less like corn and wheat with relatively flat export levels and more like soybeans where exports have been increasing.

In the 1970s, US cotton exports averaged 5.2 million 480 lb. bales (traditionally the bales were 500 pounds with 20 pounds of wrapping, thus 480 pounds). The high exports were 9.2 million bales in 1979 and the low exports were 3.3 million 480 pound bales in 1975 (Table 1).

By the 2010s US average cotton exports were 13.2 billion bales. 2.5 times their levels in the 1970s. The decadal high cotton exports were 15.5 million bales in 2019 with the low of 9.2 million bales in 2015.

Notes:

| Cotton Exports by Decade | Unit | 1960s | 1970s | 1980s | 1990s | 2000s | 2010s |
|--------------------------|-----------------------|-------|-------|-------|-------|-------|-------|
| US Average Exp | Million 480 lb. Bales | 4.3 | 5.2 | 6.0 | 6.9 | 12.7 | 13.2 |
| World Average Exp | Million 480 lb. Bales | 17.1 | 26.2 | 28.6 | 27.0 | 34.1 | 40.2 |
| US Exp % of World | Percentage | 25.2% | 19.7% | 20.9% | 25.6% | 37.4% | 32.7% |
| US Pdn % of World | Percentage | 25.0% | 19.4% | 16.7% | 19.5% | 17.7% | 14.4% |
| US High Exp | Million 480 lb. Bales | 6.9 | 9.2 | 7.7 | 9.4 | 17.7 | 15.5 |
| US Low Exp | Million 480 lb. Bales | 2.8 | 3.3 | 2.0 | 4.3 | 6.7 | 9.2 |
| High Year Exp | Year | 1960 | 1979 | 1989 | 1994 | 2005 | 2019 |
| Low Year Exp | Year | 1968 | 1975 | 1985 | 1998 | 2000 | 2015 |
| US Exp % Pdn | Percentage | 35.6% | 43.3% | 50.5% | 40.0% | 70.7% | 77.5% |

Table 1. US and World Cotton Export Statistics by decade: US and world average exports, US exports and production as percent of world, year of high and low exports, and US cotton exports as a percentage of US cotton production. Source: USDA, Foreign Agricultural Service, Production Supply, and Distribution <https://tinyurl.com/jj3et8>.

That leaves us with two questions: 1) why did cotton exports increase while corn and wheat exports languished and 2) did the increase in exports result in profitable cotton prices.

The answer to the first question can be seen in Table 1. In the 1970s, the US exported 43.3 percent of production with the remaining production being processed by US mills. In the 1990s, US mills were shut down as production was shifted elsewhere. Raw cotton followed the loss of US jobs in spinning and clothing production.

For the answer to the second question we turn to USDA's commodity costs and returns for cotton. Cotton farmers experienced a loss \$35.10 per acre over the 22 year period 1975-1996, as residual returns to management and labor (<https://tinyurl.com/4baw26zs>). In addition to the domestic use of cotton, the crop's price was supported by a nonrecourse loan rate.

In the 23 years since (1997-2019), cotton producers have experienced an average annual loss of \$130.27 per acre as value of production less listed costs and there were no commodity price support programs.

We have now looked at 4 crops: corn, soybeans, wheat, and cotton. For two of them (corn and wheat) exports have been relatively flat and for the other two (soybeans and cotton) exports increased. Of the 4, only soybeans turned a profit and that profit has not been large enough to compensate for the crops in rotation with soybean production.

There has not been a pot of gold at the end of the farm commodity export rainbow.

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