



# Cotton

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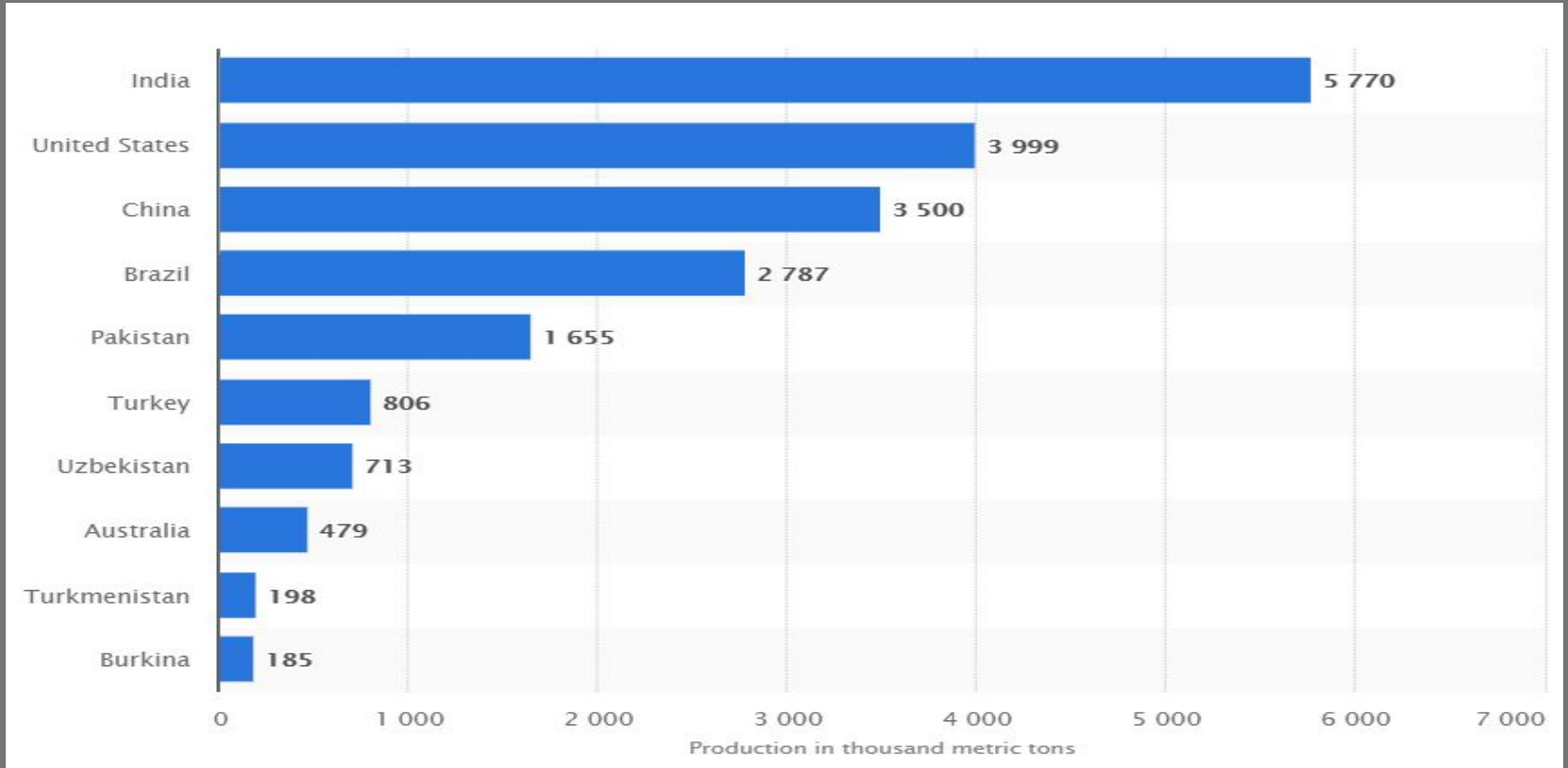
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In 2019, an  
estimated *12.5*  
*million* acres of  
cotton were  
harvested in the U.S.

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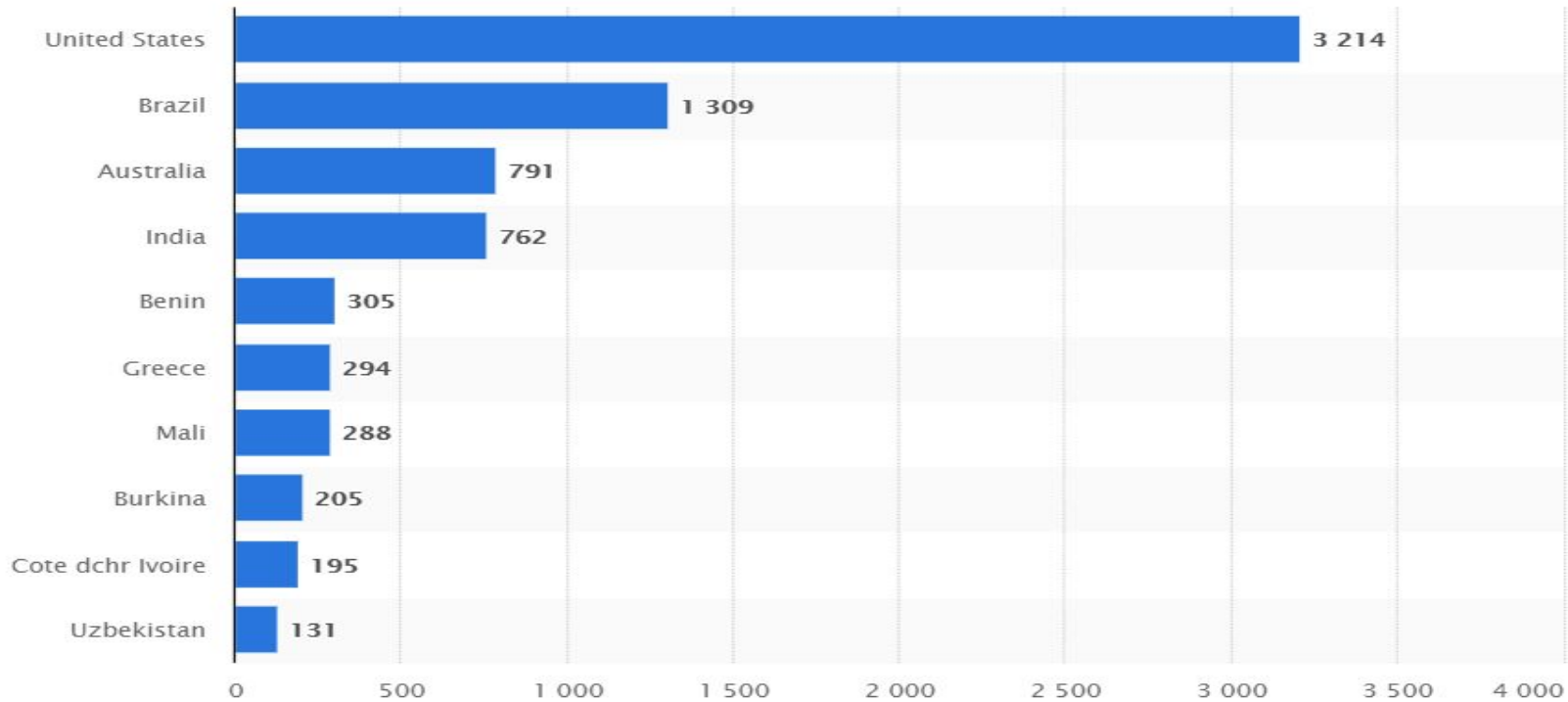
# Cotton in the USA

- Grown in warmer climates found in southern-tiered states or the “Cotton Belt”
    - Texas, Georgia, Mississippi, Arkansas, North Carolina
  - Export value totaled at \$1.31 billion through Feb. of 2020
  - United States provides more than  $\frac{1}{3}$  of world’s cotton exports
  - Two species of cotton produced in US and globally
    - Upland - 95% - apparel, hospital use
    - Pima - 5% - high-end apparel, thread
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— Worldwide Cotton Production by Country 2018/2019



## Leading Cotton Exporting Countries in 2018/2019 (in 1,000 metric tons)



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# Did you know?



- US Cotton Industry generates about 200,000 jobs
    - Exports more than \$7 billion
    - Accounts for more than \$25 billion in products and services annually
  - Cotton is hypoallergenic
  - No part of cotton crops are wasted
    - From the fibers to the seeds, cotton is entirely useful
  - Cotton used to yield different colors such as red and blue
  - US Currency (dollars) are made of 75% cotton!
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# From Field to Fabric

- I. **Plant** - cotton seeds planted with buds forming 4-6 weeks later
  - II. **Harvest** - machine harvested between July and October, depending on U.S. region
    - A. Stripper harvesters remove entire boll from plant
    - B. Spindle pickers pull cotton directly from open bolls
  - III. **Separate** - moved to gin for separation of lint and seed
  - IV. **Manufacture** - after ginning and baling, cotton sold to be prepared as yarn
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**Roughly 57% of  
cotton is  
converted into  
apparel**

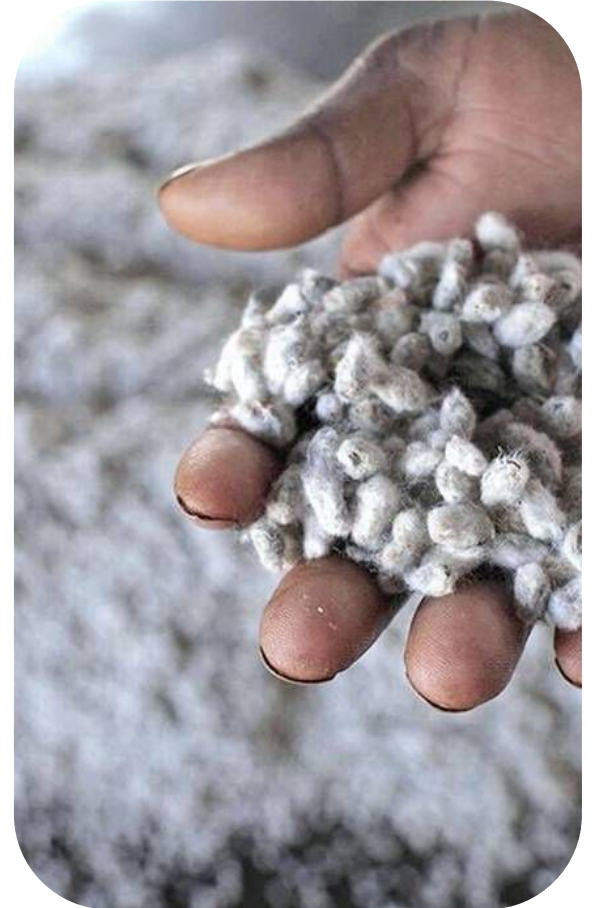
Most common uses...

- Jeans, shirts, underwear
  - Sheets, window shades, towels
  - Bookbindings, zipper tapes, industrial thread
  - Yarn, coffee filters, fishing nets
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# Cottonseed

- Seeds gathered during harvest are used for by-products
- About  $\frac{2}{3}$  of cottonseed production is fed whole to livestock
  - Remainders crushed into oil and meal for dairy and poultry feed
- Cottonseed oil used for food products like margarine and salad dressing
- Roughly 5% of seeds are used for the next crop



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# Brazil Cotton Dispute

- 2002- Brazil brings dispute about American cotton subsidies to the WTO.
  - 2004- WTO rules against American cotton subsidies, but cannot force the U.S. to stop.
  - 2014- With Brazil threatening taxes on other imports like luxury cars, cosmetics, software, and medicine, the Brazil-U.S. Business Council lobbies the U.S. government to resolve.
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# Brazil Cotton Dispute

- The outcome?
  - U.S. Cotton producers continue to receive the subsidies.
  - U.S. government will pay Brazilian farmers \$150 million per year.
  - “We’ll address the market distorting practice in four years when it’s time for the 2018 Farm Bill.”
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## 2014 Farm Bill

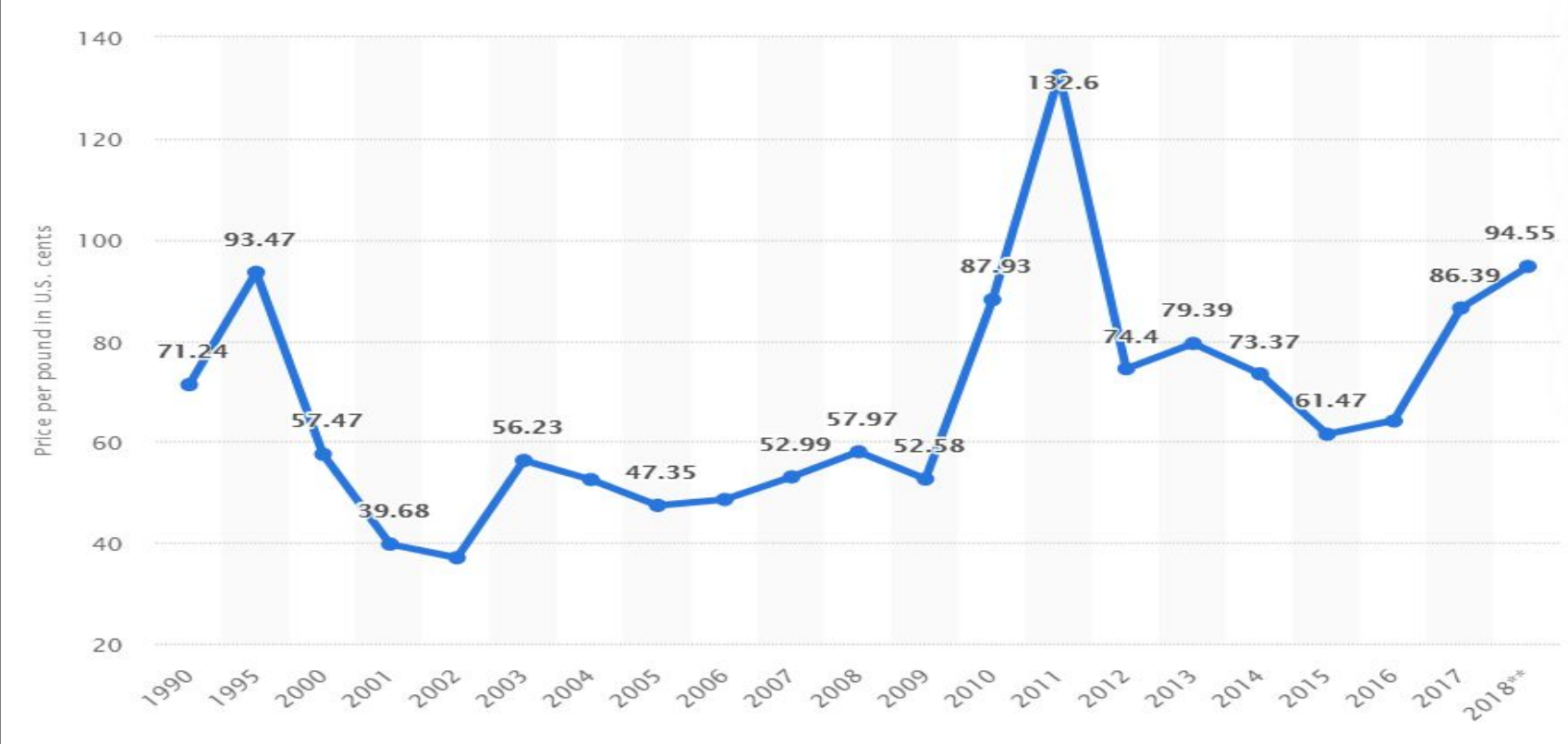
- Upland cotton removed from Article 1, revoking ARC/PLC payment eligibility.
  - Stacked Income Protection Program (STAX) and Cotton Transition Assistance Plan (CTAP) introduced to still subsidize.
  - Designed as companion policies to crop insurance.
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# 2018 Farm Bill

- Seed cotton added to Article 1 as an “other oilseed”.
  - This moves cotton subsidies back to price based payments.
  - Basically reversed the 2014 Farm Bill ruling to take Upland Cotton out of the covered commodities.
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# Upland Spot Cotton Price in the US



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# References

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