



Cotton Economics Research Update

January 2002

Cotton Economics Research Institute

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Vol. 6, No. 1
Cotton Economics
Research Institute
Department of
Agricultural and Applied
Economics
Texas Tech University

Welcome

Cotton Economics Research activities are continuing to change, expand, and unfold. New faculty bring added dimensions to our activities in the Agricultural and Applied Economics Department, and the Cotton Economics Research Institute. For example, Conrad Lyford has become involved in the analytical work on cotton prices and is pursuing new agribusiness management issues. Jaime Malaga is becoming involved with Sam Mohanty and Octavio Ramirez in the cotton policy analysis work and pursuing international trade issues with Mexico within NAFTA, both in collaboration with our partners at Texas A&M. We are also expanding the focus

of our Research/Extension Symposium beyond the economics realm to include agronomic and communications related matters, thus further emphasizing our multi-disciplinary, problem-solving focus in the program. This is being done under the leadership of Sukant Misra, and Jacqui Lockaby in Agricultural Education and Communications. In addition, Dr. Vernon Lansford, a native of Las Cruces, New Mexico, and recent graduate of the University of Missouri - Columbia, will be joining the AAEC Department faculty working in Production and Resource Economics in May.

We welcome your input. Page four of this newsletter provides contact information.

Don Ethridge, Director

Recent Studies

Assessing Competitiveness of Indian Cotton Production

This research uses a policy analysis matrix (PAM) approach to assess the comparative advantage of cotton in India. The results indicate that cotton is not efficiently produced in the second largest cotton producing state in the country. Without government interventions, it is likely that area will move away from cotton to more profitable crops such as sugarcane and groundnut. Under this scenario, India might emerge as major cotton importer to meet the growing domestic demand.

This project is funded by the USDA. For more information contact Sam Mohanty.

Profitability of Cotton-Grain Sorghum Rotations in Texas

Grain sorghum was shown to be profitable in the Coastal Bend region for dryland operations under crop share rental agreements in 1999 and 2000. Results for grain sorghum as primary and replacement crops indicated profitability concerns in both the Northern and Southern High Plains. Analysis of cotton yields in a cotton – grain sorghum rotation indicated an increase of 170 and 142 lbs. per acre following grain sorghum one and two years, respectively. These rotational effects on cotton yields proved to have a significant impact on increased cotton profits and provided evidence for the profitability potential of utilizing grain sorghum in cotton rotations.

This project is funded through PROFIT Initiative. For more information contact Phillip Johnson.

Forecasting Foreign Cotton Production: The Case of India, Pakistan, and Australia

This research identifies and analyzes the causes of cotton yield and acreage variations in Australia, India, and Pakistan. In general, it was found that yields are affected by cotton price, competing crop prices, fertilizer price, rainfall, and the number of acres planted. Acres planted are affected by the expected returns and the variability of the returns from cotton production expectations from the production of competing crops and rainfall.

In Australia, the rate of yield growth has been modest and decelerating, but this study shows that acreage is likely to continue to increase at an accelerated rate. In India, yields have been climbing at an increasing rate and acreage continues to expand at a slow rate. In Pakistan, yields are climbing at an increasing rate, while acreage is climbing at a moderate rate. These results do not support the predictions that Pakistan is about to become a net importer of cotton.

This project is funded by USDA/CREES. For more information contact Octavio Ramirez.

Recent Activities

Misra Moves to Deans Office

Sukant Misra has been appointed as Associate Dean of Research for the College of Agricultural Sciences and Natural Resources on a halftime basis. He will continue to serve as the Associate Director of the Cotton Economics Research Institute and as a faculty member of the Department of Agricultural and Applied Economics.

FAPRI Baseline

Sam Mohanty and Octavio Ramirez traveled to Washington, DC on December 14 & 15, 2001 to attend

FAPRI annual baseline review conference. The FAPRI conference is attended by leading crop analysts around the country and is very useful in gathering supply and demand situations of world cotton. They provided useful insights to FAPRI analysts on cotton outlook.

Annual Report of Cotton Economics Research During 2000-01

The department has produced a 2000/2001 annual report of research activities and accomplishments in Cotton Economics Research which is conducted within the Cotton Economics Research Institute at Texas Tech University. If you are interested in receiving a copy, please call or write to the department.

You can also access this report on our web page, <http://www.aeco.ttu.edu/CER-Institute/AnnualCER00-01.PDF>

Bankers Agricultural Credit Conference

The 29th Annual Bankers Agricultural Credit Conference was held November 16, 2001. Mr. Mark Scanlan, Independent Community Bankers of America and Dr. Edward Smith, Texas Cooperative Extension Service, spoke on the new farm policy legislation currently being debated in Congress. Dr. Scott Hein, Professor of Finance and Briscoe Chair of Bank Management at Texas Tech University, presented an overview of the financial outlook for the U.S. economy in 2002. The Bankers Agricultural Credit Conference is sponsored by the Thornton Agricultural Finance Institute, Texas Tech University.

Agricultural Policy Summit

Members of the Department/Cotton Economics Research Institute participated in the Texas Agricultural Policy Summit on August 13 & 14, 2001. The summit, "Implications for the 2002 Farm Bill," was held in Lubbock, and featured speakers such as Secretary of Agriculture Ann Veneman, Rep. Charles Stenholm, Commissioner Susan Combs, Senator Robert Duncan, Rep. Gary Walker, Tom Sell with the U.S. House Committee on Agriculture, and Abner Womack and Ed Smith with Texas A&M University. Don Ethridge served on the Planning Committee for the Summit and he and Phillip Johnson led work group discussions.

Third Annual Research/Extension Symposium on Cotton Economics Issues Scheduled for April 2002

The Cotton Economics Research Institute will be sponsoring the third annual research/extension symposium in April, 2002 in collaboration with the Texas Agricultural Extension Service. The motivation behind this symposium is to 1) deliver important research results directly to selected agricultural extension scientists for further dissemination to the cotton industry and 2) provide an opportunity to our extension colleagues to evaluate the relevancy of our research activities and help shape the future research focus of the cotton economics research program.

For more information contact Sukant Misra or Don Ethridge.

Advisory Committee Meeting

The Cotton Economics Research Advisory Committee (Carl Anderson, Carleton Davis, Curtis Griffith, Jaroy Moore, Vern Tyson, Dan Upchurch, Steve Verett, and Tony Williams) met on October 5, 2001. Principal Investigators gave oral reports on projects, and the committee met with students working on Cotton Economics projects. Dean John Abernathy met with the committee and Associate Dean Robert Albin joined the meeting as the major events of the previous year were reviewed. The committee closed with their remarks and recommendations for the CER program.



Beltwide Cotton Conference Activities

Thirteen faculty and students from the Agricultural & Applied Economics department attended the National Cotton Council's Beltwide Cotton Conferences in Atlanta, GA, held January 8-12, 2002. Included were the posters of two students in the undergraduate College of Agricultural Sciences and Natural Resources Research Program, Joshua Burris and Phil Peabody. Papers/Posters and authors were:

Jason Blackshear, Phillip Johnson and Heidi Gum. "Profitability and Cost of Production of Roundup Ready Versus Conventional Cotton in the Texas High Plains."

Susan Watson, Eduardo Segarra, Man Yu, Hong Li, Robert Lascano, and Kevin Bronson. "Assessment of the Profitability of Precision Farming in Irrigated Cotton Production."

Phil Peabody, Efreem Bechere, Dick Auld, and Phillip Johnson. "Chemical Mutation Breeding as a Tool in Developing of Short Season Cotton Genotypes on the Texas High Plains."

Joshua Burris, Efreem Bechere, and Dick Auld. "Developing a Genotype Selection Model for Fiber Quality and Lint Yield."

Samerendu Mohanty, Cheng Fang, and Jagada Chaudhary. "Competitive Advantage and Protection for Indian Cotton Production: Implications for U.S. Market."

Carlos Carpio and Octavio Ramirez. "Forecasting Foreign Cotton Production: The Case of India, Pakistan and Australia."

Emmett Elam, Marty Middleton, Greg Holt, and Weldon Laird. "Cost of Extrusion Processing of Cotton Gin Byproduct as Livestock Feed."

Jason Ward, Sukant Misra, and Don Ethridge. "An Estimated 2001 Texas-Oklahoma Pre-Season Price Schedule Based on Market History."

Jason Ward, Jeannie Nelson, Sukant Misra, and Don Ethridge. "Texas-Oklahoma Producer Cotton Market Summary."

David Willis, Megan Britt, and Octavio Ramirez. "Comparison of Alternative Irrigated Cotton Management Practices Under Higher Electricity Prices."

Invited Presentation:

Sukant Misra and Jeanne Reeves. "Cotton Harvesting Cost Calculator."

Contact Information

Web Site and E-Mail Address

The Cotton Economics Research Institute now has a Web Site of its own. Information on current research projects, publications, activities, etc., can be obtained through this site at:

<http://www.aeco.ttu.edu/cer institute.htm>

The e-mail address for the Institute is:

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For more information on cotton economics research, contact the department at:

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