



Cotton Economics Research Update

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Cotton Economics Research Institute

Director:
Dr. Don Ethridge

Associate Director:
Dr. Sukant Misra

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Cotton Economics Research Institute
Department of Agricultural and Applied Economics
Texas Tech University

Welcome

Change is inevitable in the face of progress, and the Cotton Economics Research Institute is no exception. One source of change within our program is the infusion of new faculty with a unique mix of ideas and talents. Their perspectives and initiatives take us in some new/different directions. Some changes are driven by sources of funding. Since our state-level funding remains static or diminishes while our Federal funding is increasing, we are expanding our focus toward national and international issues. Our program continues to expand, but some things remain constant.

Our commitment to providing useful, objective, applied economic research on the cotton industry that is important to the citizens and taxpayers of Texas is steadfast. Our commitment to excellence-in research, teaching, and service-is steady. And we are as determined as ever to capitalize on our expanding research programs in the education of our students.

So we continue to adjust as conditions dictate, but we also stay consistent with our basic philosophy. The adaptations we make, while not always comfortable, are probably healthy. We are not complaining; because we think we are getting better, as well as bigger.

As always, we welcome your questions and input. Visit our website at www.aeco.ttu.edu/cer institute.htm

Don Ethridge

New Projects

Business Models for Competitive Success in the Textile Industry

Having a strong and viable domestic and Texas textile industry is important to Texas because it provides economic activity and stable markets. Firms in the Texas and broader U.S. textile industry have been under excessive competitive pressure due to the strong U.S. dollar and other factors, including international competitors' policies to capture market share. This has caused many U.S. textile (including some Texas) facilities to close.

The research will identify business models that can be competitively successful for the Texas textile industry. As business models are identified, the primary benefit will be to show economic/business opportunities for the Texas textile industry that offer strong prospects. In addition, this information could be used to promote effective industry practice in key areas as well as indicate the future of the industry.

This project is funded by USDA through the International Cotton Research Center. For additional information, contact Conrad Lyford.

Texas Tech is joining CNAS

Texas Tech University is joining the Center for North American Studies, a consortium which also includes Texas A&M University, Louisiana State University, and New Mexico State University. CNAS is a federal initiative promoting stronger trade relationships among the US, Mexico, and Canada with emphasis on agricultural production in the U.S. Southern states. The impact of the Mexican textile industry on U.S. cotton exports ranks among the main topics to be analyzed. Our work in CNAS began in 2002.

For additional information, contact Jaime Malaga.

Recent Studies

Producer Supply Response for Cotton in the United States

Upland cotton is an important commodity in the United States, with the location and amount of domestic production determined by differences in environmental, economic and policy factors. Though upland cotton production occurs in 17 southern states, differences in production conditions and systems require regional aggregation of upland cotton production on the basis of concentrations in four main areas within the southern half of the U.S.

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Dramatic shifts in production shares of the four primary regions have occurred during the last 25 years. The general objective of this study was to analyze producer supply response in the four major cotton-producing regions in the U.S. through quantification of the effects of environmental, economic and policy factors on cotton yields and acreage.

Among other things, this research concluded that changes in cotton and competing crop prices and costs of production have a larger impact on cotton yields and acreage than previously believed. Cotton production was also found to respond to changes in the level of volatility of cotton prices, relative to other crop prices. The study also identified significant shifts in regional acreage caused by changes in agricultural policies over the last 20 years.

This project was funded by USDA as part of the Cotton Policy Modeling Initiative. For additional information, contact Octavio Ramirez.

Recent Activities

Travel and Presentations

Jaime Malaga was an invited speaker at the conference, "Free Trade of the Americas, the WTO and New Farm Legislation: Responding to Opportunities and Challenges" held in San Antonio, TX on May 23-24.

Don Ethridge traveled to Mannheim, Germany, April 23-28. He presented an invited paper, "Daily Hedonic Price Analysis," at the Symposium on Price Indices and Quality Change sponsored by the Centre for European Economic Research at the University of Mannheim. The presentation featured research that has been sponsored by Cotton Incorporated.

On May 24th, Don Ethridge attended the Board of Directors meeting of TeXas Economists, an organization of professional economists with the goal of emphasizing applications of economic principles in state policy matters.

Don Ethridge, Eduardo Segarra, and Sukant Misra attended the TeXas Economists - Economic Conference in Austin, on April 10th. Dr. Segarra made an invited presentation, "Valuing Groundwater in Agricultural Production in the Southern High Plains of Texas."

The Southern Agricultural Economics Association 34th Annual Meetings Program was February 3-6 in Orlando, Florida and was attended by Don Ethridge, Sukant Misra, Octavio Ramirez, Conrad Lyford and David Willis. Students in attendance at the Southern Agricultural Economics Association meetings were Megan Britt, Jagada Chaudhary, and the members of the Quiz Bowl Team which are Dane Sanders, Jennifer Christian, Katie Yates, and Carman Hayworth.

Dr. Sukant Misra attended the Ag Summit, "Food and Agricultural Biosecurity: Everyone's Responsibility," in Austin, May 6-7th.

Don Ethridge attended the Texas Agricultural Cooperatives Council / Texas AgCredit joint annual meeting in Corpus Christi, March 10-12.

Conrad Lyford traveled to Las Vegas, NV for the Western Coordinating Committee on Agribusiness and Research meeting on June 23-25. He also attended Cotton Incorporated's 15th Annual Engineered Fiber Selection System Conference June 10-12 in Memphis, TN.

Advisory Committee Meeting

This year's annual Cotton Economics Research Advisory Committee meeting is scheduled for Friday, October 4, 2002. Continuing committee members are Vern Tyson, Jaroy Moore, Carleton Davis, and Steve Verett. Joining the committee this year will be Bill Norman, Edward Smith, Lynn Scherler and Leslie Meyer. We would like to thank the members rotating off the committee this year for their service to the program. Outgoing active committee members are Carl Anderson, Dan Upchurch, Curtis Griffith and Tony Williams. Their work is much appreciated.

New Faculty Members to Join AAEC Department

Dr. Tom Knight will join the department August 1. Dr. Knight has his M.S. from Oklahoma State University and his Ph.D. from the University of Missouri-Columbia, and has been teaching for the last 18 years at Texas A & M University. Dr. Roderick Rejesus will also be joining the faculty in August, 2002. He received his Ph.D. from the University of Illinois and has been at Tarleton State University the past year. Both Knight and Rejesus will focus on risk management/crop insurance, which will include cotton industry issues. Dr. Vernon Lansford joined the faculty in May, 2002 after completing his Ph.D. program at the University of Missouri.

CER News Releases

The following news releases have been written to provide information to the public about the recent projects being conducted through the Cotton Economics Research Institute. For more information contact Sukant Misra or Don Ethridge, or go to our web site at <http://www.aeco.ttu.edu/cerinstitutione.htm>, then go to "Press Release."

- 1) Profitability and Production Costs
- 2) Harvest Timing, Bur Extracting, and Weathering Effects on Cotton Production
- 3) Modeling and Forecasting Cotton Supply and Demand
- 4) Improving Nitrogen Fertilizer Use-Efficiency
- 5) Precision Farming
- 6) Potential Economic Benefits of Adjusting Dryland Cropping Strategies

Research/Extension Symposium

The Cotton Economics Research Institute at Texas Tech University held their 3rd Annual Research/Extension Symposium on Wednesday, April 3. This symposium was organized by the Cotton Economics Research Institute and Texas Cooperative Extension. The event was targeted at a select group of extension agents and specialists involved in cotton production and marketing programs. The focus of the Research/Extension Symposium was to inform the group of the research projects being conducted within the Institute. Participants also provided input about future research for the Institute. Speakers from Texas Cooperative Extension reviewed on-going research activities and offered suggestions for future collaboration.

The symposium was funded through the CER Institute, the College of Agricultural Sciences and Natural Resources, and Cotton Incorporated. For more information, contact Sukant Misra.

Students Involved in Cotton Economics Research

Our continued dedication to quality student instruction is exemplified by the number of students who are involved in the cotton economics research program. At the present time (spring and summer), they are:

<u>Name</u>	<u>Degree Program</u>	<u>Advisor</u>
Jason Blackshear	Ph.D.	Johnson/Segarra
Andy Boyd	M.S.	Malaga
Jagada Chaudhary	Ph.D.	Mohanty
Megan Denning	M.S.	Ramirez
Tyler Denning	JD	Lyford
Mohamad Fadiga	Ph.D.	Misra/Ramirez
Travis Ferguson	M.S.	Segarra
Janet Fetch	Undergrad	Johnson
Heidi Gum	M.S.	Johnson
Deidra Howell	Undergrad	Lyford
Hongyuan Li	M.S.	Mohanty
Antonio Lopez	M.S.	Ramirez
Enrique Lopez	M.S.	Ramirez
Naveen Musunuru	Ph.D.	Segarra
Dane Sanders	Undergrad	Misra
Ginger Sides	Undergrad	Johnson
Raghu Vamshi	M.I.S. (CS)	Misra
Jason Ward	M.S.	Misra
Susan Watson	Ph.D.	Segarra

Contact Information

Web Site and E-Mail Address

Information on current research projects, publications, activities, etc., can be obtained through the following web site:

<http://www.aeco.ttu.edu/cerinstitutione.htm>

The e-mail address for the Institute is:
cer@ttu.edu

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

**Box 42132
Lubbock, TX 79409-2132
(806) 742-2821
FAX (806) 742-1099**

Individual researchers can be reached as followed:

Emmett Elam
742-2023 ext.243; emmett.elam@ttu.edu
Don Ethridge
742-2821 ext.225; don.ethridge@ttu.edu
Phillip Johnson
742-0261 ext.237; phil.johnson@ttu.edu
Vernon Lansford
742-0277 ext.235; vernon.lansford@ttu.edu
Conrad Lyford
742-1921 ext.236; conrad.lyford@ttu.edu
Jaime Malaga
742-0261 ext.241; jaime.malaga@ttu.edu
Sukant Misra
742-2017 ext.246; sukant.misra@ttu.edu
Samarendu Mohanty
742-0277 ext.240; smohanty@ttu.edu
Octavio Ramirez
742-0277 ext. 245; octavio.ramirez@ttu.edu
Eduardo Segarra
742-0277 ext.242; eduardo.segarra@ttu.edu
David Willis
742-0261 ext.238; david.willis@ttu.edu

Texas Tech University
Department of Agricultural and Applied Economics
Box 42132
Lubbock, TX 79409-2132
0140-44-5745

