

# Mississippi Cotton Infrastructure In Holding Pattern

## Cotton Production Down In Mid-South

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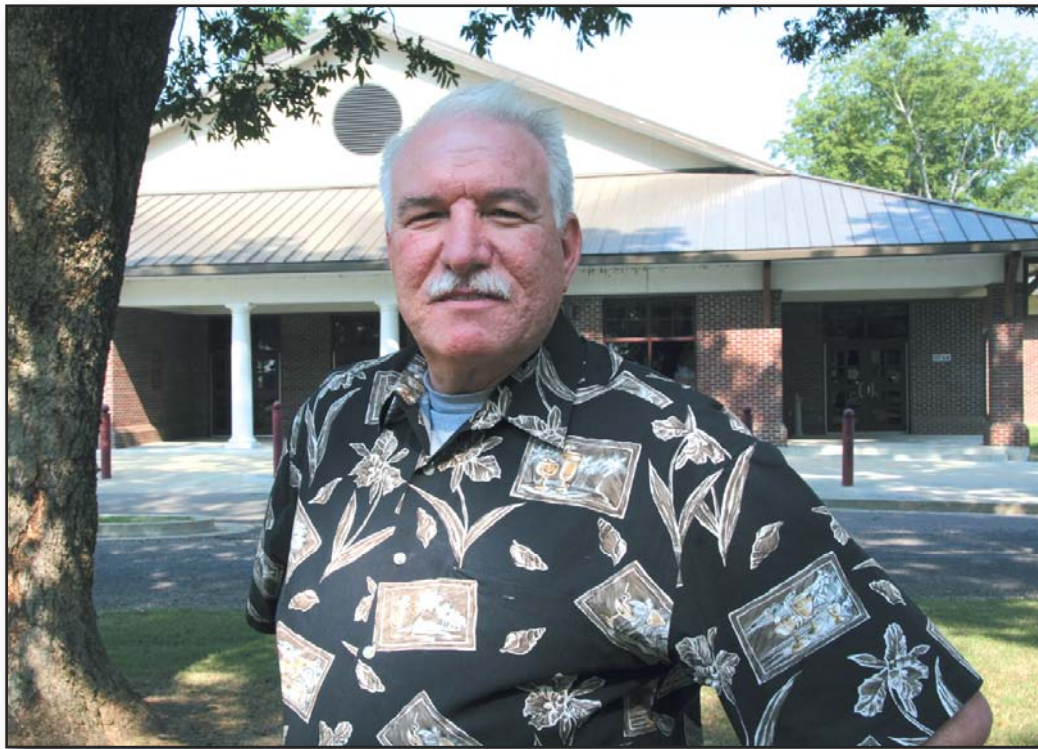
A total of 3,690,000 acres of cotton was planted in the Mid-South and Southeast states in 2008, according to the USDA. This is a reduction of approximately 50 percent than what was planted in 2006 and 41 percent of cotton acres planted in 2004. See figure 1 for USDA cotton statistics by state.

Mississippi cotton acres have ranged between

“Right now we are in a holding pattern. The most recent news I heard was this morning. There is a cotton warehouse here in Leland that is closing its doors. Not just for today, they are shutting down, they are never going to open again.”

“This warehouse handles somewhere around 300 thousand bales of cotton which is 15 percent of our usual crop,” said Herndon.

Herndon is concerned about gin closings as it affects other industries. “There is a huge con-



**“In 1983 we thought the world had come to an end when we only had 680 thousand acres in Mississippi”** said Dr. Bill Herndon, Ag Economist at Mississippi State University. Photo by John LaRose

1.4 and one million acres said Dr. Bill Herndon, Ag Economist at Mississippi State University. “In 1983 we thought the world had come to an end when we only had 680 thousand acres in Mississippi. The cotton industry was shocked, now we have had two years in a row that is well below that, in fact this year we are looking at something less than one half million acres.”

The USDA reports 370 thousand acres of cotton for 2008 in Mississippi. The reduced acres will affect the infrastructure of the cotton industry in Mississippi. Herndon explained, “a third less acres need a third less gins, need a third less people selling equipment, fertilizer and pesticides.”

Herndon explained the history of gin closings, “as it turns out there has been a lot of closing of older gins. The technology has changed in the last 10 years to where a lot of older gins are being closed.”

Fewer new gins are being opened. “The new gins are more efficient, they can gin a lot more bales and cover a lot more acres,” he said.

“The industry was still maintaining itself and those gins that were still operating were doing well because the cotton acres in the past 10 years across the United States had grown dramatically. We have gone from about a 12 million acre crop to a 20 million acre crop across the U.S. Mississippi saw a little bit of that growth but not as much as out West and along the East coast and Georgia.”

In 2008 Mississippi saw the largest reduction of cotton acres planted with 70 percent less than 2006 and 67 percent less than 2004. Herndon explained in the past cotton was an attractive crop. “When the farm program was built, cotton was attractive, if you could build a base and take advantage of the crop programs that were available, this was a good way of assuring some income from your farming operations.”

cern and not just in the ginning industry, the equipment industry, the pesticides the seed. It is a huge ripple effect that is impacting the Delta.”

Herndon was asked the future of cotton production in Mississippi. Cotton prices are the main reason for fewer cotton acres being

PLANTED ACRES IN MIDSOUTH AND SOUTHEAST					
States	Acres Planted In Thousands			Percent Reduction In 2008	
	2004	2006	2008	2004	2006
AL	550	576	310	44%	46%
AR	910	1,170	700	23%	40%
GA	1,290	1,400	900	30%	36%
LA	500	635	290	42%	54%
MS	1,110	1,230	370	67%	70%
MO	380	500	300	21%	40%
NC	730	870	400	45%	54%
SC	215	300	120	44%	60%
TN	530	700	300	43%	57%
PLANTED ACRES IN MIDWEST STATES					
KS	85	115	45	47%	61%
OK	220	320	190	14%	41%
TX	5,850	6,400	4,700	20%	27%

planted. “Farmers are going to make a lot more money producing corn and soybeans than they are cotton.”

“An acres of land has to buy its dedicated use. If its cotton, soybeans, rice or whatever the crop is, it has got to provide enough potential to earn enough revenue for that acre to be dedicated to that crop.”

“If corn and soybean prices were to fall and cotton prices go up, cotton may go back up. The real critical issue is how long can the industry hold on until this change occurs. We all know it is going to change, if it is three years from now farmers can probably hold on. If it is five years or certainly 10 years from now, they won’t be able to hold on.”

“You just can’t hold that much of an asset and not get revenue out of it. Many cotton farmers have not used some part of their cotton pickers for the last two years,” said Herndon.

Another issue facing farmers is how long do you hold on to equipment before selling it. Herndon added, “Who would you sell it to?” Δ