

UNITED STATES TARIFF COMMISSION

CERTAIN COTTON,
COTTON WASTE, AND
COTTON PRODUCTS

Report to the President on Investigation No. 22-37
Under Section 22 of the
Agricultural Adjustment Act, as Amended



TC Publication 658
Washington, D.C.
March 1974

UNITED STATES TARIFF COMMISSION

COMMISSIONERS

**Catherine Bedell, Chairman
Joseph O. Parker, Vice Chairman
Will E. Leonard, Jr.
George M. Moore
J. Banks Young
Italo H. Ablondi**

Kenneth R. Mason, Secretary to the Commission

**Address all communications to
United States Tariff Commission
Washington, D. C. 20436**

C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Findings-----	2
Recommendations-----	2
Statement of Chairman Bedell and Commissioners Moore and Ablondi-----	4
The programs for cotton of the Department of Agriculture-----	4
Upland cotton-----	4
Extra-long-staple cotton-----	6
The supply and demand situation through mid-1975-----	7
Outlook for Upland cotton-----	9
Outlook for extra-long-staple cotton-----	10
Situation beyond mid-1975-----	11
Conclusion-----	13
Statement of Commissioner Leonard-----	15
Quantitative analysis-----	16
Upland cotton-----	17
Extra-long-staple cotton-----	19
Information obtained in the investigation:	
Description and uses-----	A-1
Raw cotton-----	A-1
Processed cotton fibers-----	A-3
Cotton waste-----	A-5
U.S. tariff treatment-----	A-6
USDA cotton programs-----	A-9
Upland cotton-----	A-9
Extra-long-staple cotton-----	A-11
Operations under the programs-----	A-13
Upland cotton-----	A-13
Extra-long-staple cotton-----	A-14
Section 22 quotas-----	A-15
Raw cotton quotas-----	A-15
Cotton waste quotas-----	A-18
Quotas on card laps, sliver, roving, etcetera-----	A-19
U.S. producers-----	A-19
U.S. consumption-----	A-20
Raw cotton-----	A-20
Extra-long-staple cotton-----	A-22
Fiber competition-----	A-22
Cotton waste-----	A-27

CONTENTS

	<u>Page</u>
Information obtained in the investigation:--Continued	
U.S. production and stocks-----	A-28
Raw cotton production-----	A-28
Raw cotton stocks-----	A-32
Cotton waste production-----	A-34
Manmade fiber production-----	A-35
Production of card laps, etcetera-----	A-36
U.S. imports-----	A-37
Raw cotton-----	A-37
Cotton waste-----	A-39
Certain cotton products-----	A-40
U.S. exports-----	A-41
Raw cotton-----	A-41
Cotton waste-----	A-44
World cotton situation-----	A-45
Prices-----	A-50
Domestic Upland cotton-----	A-50
Domestic extra-long-staple cotton-----	A-54
World price trends-----	A-59
Competing fiber prices-----	A-63
Petroleum shortages: Impact on cotton-----	A-66
Appendix A: Letter from the President and Letter from the Secretary of Agriculture-----	A-68
Appendix B: Import Quotas on Certain Cotton, Cotton Waste, and Cotton Products-----	A-73
Appendix C: Statistical tables-----	A-76

TABLES

1. Textile fibers and raw cotton: U.S. mill consumption 1960-73-----	A-77
2. Textile fibers: U.S. mill consumption, by selected fibers, 1960-73-----	A-78
3. Textile fibers and cotton: U.S. consumption, by major end use, 1965-72-----	A-79
4. Spinnable cotton waste: U.S. production, imports exports, and apparent consumption, 1965-72-----	A-80
5. Raw cotton: U.S. production, by staple-length groups, crop years 1960-73-----	A-81

CONTENTS

Tables--Continued

	<u>Page</u>
6. Raw cotton: Acreage allotment, acreage harvested, production, and yield per acre harvested, in the United States, crop years 1928 and 1938-73-----	A-82
7. Raw cotton: U.S. supply and distribution, crop years 1960-73-----	A-83
8. Raw cotton less than 1-1/8 inches in staple length (other than harsh or rough cotton less than 3/4 inch in staple length): U.S. imports for consumption, by country of origin, quota years 1961-73-----	A-84
9. Raw cotton, 1-1/8 inches or longer in staple length: U.S. imports for consumption, by type and by country of origin, quota years 1961-73-----	A-85
10. Cotton wastes (not including rags and clips): U.S. imports for consumption, by types, 1965-72-----	A-86
11. Certain cotton card strips, cotton comber waste, lap waste, sliver waste, and roving waste: U.S. imports for consumption, by country of origin, quota years 1965-73-----	A-87
12. Raw cotton: U.S. exports of domestic merchandise, by principal markets, 1965-73-----	A-88
13. Raw cotton: U.S. exports of domestic merchandise, by staple length, 1965-73-----	A-89
14. Cotton waste: U.S. exports of domestic merchandise, by type, 1965-72 and January-June of 1972 and 1973-----	A-90
15. Spinnable cotton waste: U.S. exports of domestic merchandise, by specified markets, 1965-72, and January-June of 1972 and 1973-----	A-91
16. Raw cotton: World consumption, by specified countries, crop years 1965-71-----	A-92
17. Raw cotton: World production, by specified countries, crop years 1965-72-----	A-93
18. Raw cotton: World trade by specified countries, crop years 1965-72-----	A-94
19. Raw cotton: World stocks, by specified countries, at beginning of crop years 1965-73-----	A-95
20. Extra-long-staple cotton: World production, beginning stocks, and world exports, crop years 1965-72-----	A-96
21. Upland cotton: Average prices received by growers, loan rates, and average U.S. spot market prices by specified grades and staple lengths, crop years 1962-73-----	A-97

CONTENTS

Tables--Continued

	<u>Page</u>
22. Upland cotton: Average c.i.f. price quotations at Liverpool, England, of selected qualities grown in the United States and in specified foreign countries, annual 1963-73 and, by months, 1973-----	A-98
23. Extra-long-staple cotton: Prices for selected growths and qualities of U.S. American Prima and foreign cotton, crop years 1960-72-----	A-99
24. Fiber prices: Prices of cotton landed at Group B mill points and list prices of manmade staple fiber, f.o.b. producing plants, actual and cotton equivalent, 1960-73-----	A-100
25. U.S. price of unfinished cotton cloth, price of raw cotton, and mill margin, crop years 1960-72 and, by months, August-December 1973-----	A-101

FIGURES

1. Extra-long-staple cotton: U.S. production, consumption, foreign trade, and beginning stocks, crop years 1965-73-----	A-23
2. Upland cotton: U.S. production, consumption, foreign trade, and beginning stocks, 1965-73-----	A-29
3. Raw cotton: World production, consumption, trade, and beginning stocks, crop years 1965-72-----	A-46
4. Upland cotton: Average price received by growers, average loan rate, and direct payment rate, crop years 1960-74-----	A-51
5. Upland cotton: Average price received by growers, average loan rate, and direct payment rate, by month, 1968-73-----	A-52
6. Extra-long-staple cotton: Average price received by farmers, average loan rate, and direct payment rate, crop years 1960-73-----	A-55
7. Extra-long-staple cotton: Average price received by growers, average loan rate, and direct payment rate, by months, 1968-73-----	A-56
8. Upland cotton, Middling 1-inch: Average U.S. spot market price quotation for U.S. cotton on the Liverpool, England, market, crop years 1960-72-----	A-62

U.S. Tariff Commission,
April 3, 1974.

To the President:

Pursuant to your request of October 31, 1973, 1/ the U.S. Tariff Commission has conducted an investigation under subsection (d) of section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), with respect to certain cotton, cotton waste, and cotton products provided for in items 955.01 through 955.06 of Part 3 of the appendix to the Tariff Schedules of the United States. 2/ The purpose of the investigation was to determine whether the annual import quotas for each of the articles described in items 955.01 through 955.06 may be suspended without rendering or tending to render ineffective, or materially interfering with, the programs now conducted by the Department of Agriculture for cotton, or reducing substantially the amount of products processed in the United States from domestic cotton.

The report of the Commission on the aforementioned matter, including its finding and recommendation, is submitted herewith. The information contained in this report was obtained from evidence submitted at the public hearing, from briefs, from other Government agencies, and from the Commission's files.

1/ The full text of your letter is reproduced in app. A.

2/ Public notice of the investigation (No. 22-37) was issued November 7, 1973. The notice was posted at the Commission's offices in Washington, D.C., and in New York City, and was published in the Federal Register of Nov. 13, 1973 (38 F.R. 31353). The public hearing, scheduled for Jan. 21, 1974, was rescheduled for Feb. 7, 1974, at the request of the Deputy Assistant Secretary of Agriculture; all interested parties were afforded an opportunity to be present, to produce evidence, and to be heard.

Findings 1/

On the basis of the investigation--

1. The Commission finds (Commissioner Leonard dissenting) that the import quotas on certain cotton, cotton waste, and cotton products as described in items 955.01 through 955.06 of part 3 of the appendix to the Tariff Schedules of the United States may be temporarily suspended without rendering or tending to render ineffective, or materially interfering with, the programs for cotton now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestic cotton.

2. Commissioner Leonard finds that the import quotas on certain cotton, cotton waste, and cotton products as described in items 955.01 through 955.06 of part 3 of the appendix to the Tariff Schedules of the United States may be suspended without rendering or tending to render ineffective, or materially interfering with, the programs for cotton now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestic cotton.

Recommendations

1. The Commission recommends (Commissioner Leonard dissenting) that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, suspending the import quotas identified in its finding, effective from the date of said

1/ Vice Chairman Parker and Commissioner Young did not participate in the decision.

proclamation through the last day of the quota year ending in calendar year 1975 for each of the quotas.

2. Commissioner Leonard recommends that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, suspending the import quotas identified in his finding.

Statement of Chairman Bedell and
Commissioners Moore and Ablondi

As indicated above by our findings and recommendations, we have concluded that the import quotas on certain cotton, cotton waste, and cotton products may be temporarily suspended through the respective quota years ending in calendar year 1975 without adversely affecting the programs for cotton of the Department of Agriculture or the amount of products processed in the United States from domestic cotton within the terms of section 22 of the Agricultural Adjustment Act, as amended. The principal considerations supporting our findings and recommendations are as outlined below.

The programs for cotton of the
Department of Agriculture

The programs of the U.S. Department of Agriculture that are of concern to the Tariff Commission in this investigation are the price-support programs for Upland cotton and for extra-long-staple cotton. These programs differ, but they both include nonrecourse loans and direct payments to support the price of cotton to the producer.

Upland cotton.--Under the current price-support program for Upland cotton, participating farmers are assigned acreage allotments for each crop year. Each farmer's allotment represents his share of a national acreage allotment, which is the acreage determined by the Secretary of Agriculture to be adequate to achieve a national production goal equal

to estimated U.S. consumption and exports of Upland cotton, adjusted to assure adequate carryover and to allow for market expansion. Producers may plant as much acreage to Upland cotton as they choose, but price support is extended only to such cotton grown on the producer's allotted acreage.

As indicated above, price support is extended through nonrecourse loans and direct payments. Producers may place Upland cotton under loan to the Commodity Credit Corporation (CCC). Such cotton may be redeemed by the producer by repaying the loan (plus charges), or may be left in the hands of the CCC in full payment of the loan. The rate for nonrecourse loans, which is established by the Secretary of Agriculture for each crop year, is required to be equivalent to 90 percent of the average world price for a certain grade and staple of Upland cotton. 1/ The national average loan rate was set at 19.5 cents per pound for Middling 1-inch cotton for the 1973 crop and 25.26 cents per pound for the 1974 crop.

The direct payments to farmers for Upland cotton grown on their allotted acreage are intended to assure that the producer receives at least a minimum price specified in the legislation. If market prices are below the minimum price, payments are made to the producer to make up the difference. As required by statute, the program for the 1973 crop also provided, in effect, for a minimum direct payment of 15 cents per pound, while the program for the 1974 crop does not provide for

1/ Loan rates are determined for other grades and staples of cotton in relation to the loan rate for Middling 1-inch cotton.

such minimum payments. As a consequence, producers received the minimum direct payment of 15 cents per pound for the 1973 crop of Upland cotton grown on their allotted acreage, even though market prices exceeded the statutory minimum price. The Department of Agriculture expects to make no direct payments for the 1974 crop of Upland cotton because average market prices are expected to be above the statutory target price. The target price fixed by the statute for the 1974 crop (38 cents per pound) will remain the same for the 1975 crop, but then will be adjusted for the 1976 and 1977 crops to reflect changes in costs of production and average yields.

Extra-long-staple cotton.--Under the current program for extra-long-staple cotton, producers are assigned acreage allotments for each crop year on the basis of marketing quotas (which must be approved by producers). The amount of the marketing quota is required to be equal to estimated domestic consumption, plus exports, and minus imports; the total is to be adjusted to assure adequate carryover. The national allotment represents the acreage required to produce an amount of extra-long-staple cotton equal to the marketing quota. Unlike the program for Upland cotton, producers who plant acreage to extra-long-staple cotton in excess of their acreage allotment are assessed penalties--currently 50 percent of the parity price or 50 percent of the support price for extra-long-staple cotton, whichever is higher.

As with Upland cotton, price support for extra-long-staple cotton is extended through nonrecourse loans and direct payments. Loans are

handled by CCC in the same manner as those for Upland cotton. The loan rate established by the Secretary of Agriculture is required to be equivalent to not less than 50 percent nor more than 100 percent in excess of the loan rate established for Middling 1-inch Upland cotton. The 1973 loan of 38.20 cents per pound was set at the maximum level. In addition, direct payments are provided which, together with the loan, shall be not less than 65 percent nor more than 90 percent of parity. While loans are offered for the total crop, direct payments are made only for cotton grown on a national acreage that is equal to no more than the 1966 national acreage allotment. The payment rate for 1973 was 16.01 cents per pound, which when added to the loan, was equal to 65 percent parity on February 1973--the minimum required by law. The 1973 payments were made on 69.14 percent of the farm allotment. The mechanics of the 1974 program are identical to the 1973 program in all respects except that the loan rate is 49.72 cents and the payment rate is 10.86 cents per pound.

The supply and demand situation through mid-1975

Currently the United States is experiencing tight supplies of Upland cotton. The 1973 crop of Upland cotton was some 700,000 bales below the harvest of the previous year. Disappearance of Upland cotton (consumption plus exports) during the current season (1973-74) is expected to exceed domestic output by some 200,000 bales.

Stocks of Upland cotton, which have been declining for some years, are at a level considered as the bare minimum necessary to meet annual

domestic requirements and export needs. Present Government-owned stocks resulting from the price-support programs for cotton are nil. Some grades and staples of Upland cotton are in exceedingly short supply due to flood damage to the 1973 crop in the Mississippi Delta. The 1973 crop of cotton stapling from 1-inch to 1-1/16 inches, for example, amounted to only 44 percent of the total domestic Upland crop, compared to 55 percent the previous season.

Market prices for cotton have remained well above both the loan levels and the statutory price governing direct payments throughout the 1973 crop year. For example, the average spot market price for Middling 1-inch cotton for the August-December 1973 period averaged 62.87 cents per pound; the average loan rate for this grade and staple for the 1973 crop year was 19.5 cents per pound, and the statutory goal for direct payments was to achieve a total price of 49.37 cents per pound.

Similar conditions exist with extra-long-staple cotton, which accounts for less than 1 percent of the production of cotton in the United States. Production of extra-long-staple cotton during 1973 amounted to 79,200 bales, some 17 percent below production during 1972. Stocks of 59,600 bales on August 1, 1973, represented the smallest beginning carryover since 1957 and the domestic supply of extra-long-staple cotton during the 1973 crop year is the lowest since 1948. Off-take (consumption plus exports) during 1973 is expected to amount to about 100,000 bales, which is about the same as the previous year. The 1973 crop, plus estimated imports of 20,000 bales, will about equal

offtake, while carryover at the end of the season will be virtually unchanged. Government-owned stocks of extra-long-staple cotton are nil. Prices for extra-long-staple cotton during the 1973 crop year have remained well above the loan rate and price-support goal.

Outlook for Upland cotton.--Information on the present planting intentions of U.S. farmers indicates that the acreage planted for the 1974 crop of Upland cotton will be nearly 18 percent greater than that of the 1973 crop. If the high yields per acre of 1973 are equaled, 1974 production will be close to 15 million bales--an output substantially above that of recent years. However, if yields should fall to unusually low levels because of weather conditions or other factors, production would be only slightly above the 1973 level of production (13 million bales).

Demand for Upland cotton is not expected to increase significantly during the crop year beginning August 1, 1974 above the requirements of the present crop year. There are indications that cotton may expand its share of the U.S. fiber market and that domestic consumption of cotton may increase. Recent reports, for example, indicate that textile manufacturers are including larger amounts of cotton in blended fabrics as shortages of polyester staple fiber become more severe. Foreign demand during the next crop year is also expected to remain strong. This optimistic outlook for demand next season must be tempered by reports of increasing consumer resistance to higher prices and the possibility of

a textile slowdown. The Department of Agriculture is predicting little, if any, change in offtake of cotton next year.

Production in the foreign non-Communist countries in the 1972 crop year was 1.0 million bales less than consumption in those countries. In the current (1973) crop year, consumption is expected to increase by about 1.5 million bales, while production is expected to increase only slightly. Thus, consumption in those countries in the 1973 crop year will probably exceed production by more than 2 million bales. The Communist countries as a group are net importers of raw cotton, and apparently will remain so. Furthermore, foreign importing countries are expected to maintain large stocks in anticipation of short supplies. Evidence available to the Commission indicates little opportunity for large shipments of cotton to the United States through mid-1975. Indeed, U.S. merchants may have difficulty obtaining adequate quantities abroad of certain grades of cotton required by the domestic industry during this period.

Outlook for extra-long-staple cotton.--The acreage allotment for extra-long-staple cotton for the 1974 crop year is unchanged from last year. The level of the loan available to cooperating producers will increase by 11.5 cents. Under the current program, producers generally receive direct payments for cotton grown on acreage equivalent to their allotted acreage in 1966 (about 69 percent of the 1974 acreage allotment). This limitation on payments has apparently discouraged full planting of the allotment for the 1974 crop (as it has in the past)

because the Department of Agriculture has announced that producers intend to plant only 3,600 acres more in the 1974 crop year than in the previous year. This would indicate that the 1974 crop will be about the same as that of the 1973 crop. Thus, the tight supply for extra-long-staple cotton will undoubtedly extend through mid-1975. Continued tight supplies in foreign countries, coupled with an expected strong demand abroad, will divert any large influx of imports through 1975.

Situation beyond mid-1975

In our view, there are several reasons why we do not think that we should take any action now to suspend the import quotas on certain cotton, cotton waste, and cotton products beyond the end of the quota years which end in 1975. First, under the Agriculture and Consumer Protection Act of 1973, the price-support levels for Upland cotton will likely rise significantly after 1975. For example, the so-called target price, which determines the size of direct payments to farmers, is established by the legislation at 38 cents for the 1974 and 1975 crops. However, as we stated earlier, these target prices for the 1976 and 1977 crops will be adjusted to take into account changes in prices paid by producers and changes in production yields. The result will undoubtedly be an increase in the target price as producers continue to face increasing costs for factors of production. Likewise, the loan level, which reflects prices of American cotton in world markets during the 3 previous

marketing years, will begin to reflect the increases in world prices over the past several months.

Second, supply and demand factors affecting the world production and use of cotton in the period beyond 1975 are uncertain, and changes in them could result in sharp and rapid shifts in cotton prices. Presently it is uncertain as to what the long-term effect of current high prices and a suspension of the U.S. import quotas might have on foreign production of cotton. At the Commission's hearing in this investigation, for example, representatives of the Department of Agriculture testified that the Department is "not able to anticipate with any degree of certainty changes in events which may take place in the distant future." 1/ Representatives of the National Cotton Council testified that "potential but highly unpredictable changes, when coupled with new currency developments, could quickly make the United States a highly desirable market for foreign-produced raw cotton and greatly reduce the incentive to grow needed cotton in this country." 2/

That market circumstances and price relationships can change with surprising speed is evidenced by the recent price situation in the U.S. market. For example, the average spot market price for Middling 1-inch Upland was 27.33 cents per pound in August-December 1972, while it was 62.87 cents per pound in the corresponding period of 1973. The 1972 spot market price was well below the minimum support level of 35.85 cents per pound in that year, and the 1973 spot market price was far

1/ Transcript of Hearings, Inv. No. 22-37, February 7, 1974, p. 20.

2/ Transcript of Hearings, Inv. No. 22-37, February 7, 1974, p. 77.

above the minimum support level of 49.37 cents per pound in that year. The price changes for extra-long-staple cotton were even greater. For example, the spot market price for grade 2, 1-7/16-inch cotton was 48.74 cents per pound in February 1973, and \$1.25 per pound in February 1974. Thus, the February 1973 price was well below the loan rate plus direct payment for that crop year (51.35 cents) while the February 1974 price was far above the loan rate plus direct payment (54.21 cents).

The current import quotas imposed under section 22 to prevent interference with the price-support programs of the Department of Agriculture restrict not only imports of certain raw cotton but also those of "spinnable cotton waste" and "cotton products processed but not spun." The quotas on such waste and cotton products prevent avoidance of the quota on raw cotton by shifts in trade from the raw cotton to the other products. We have recommended that all of the quotas should be suspended during the period we have specified, but that all of them should again be made effective when the period of suspension has ended. 1/

Conclusion

In view of the foregoing, we conclude that the import quotas on certain cotton, cotton waste, and cotton products may be temporarily suspended until the end of the respective quota years in calendar year 1975 without rendering or tending to render ineffective, or materially

1/ Commissioner Ablondi agrees with his colleagues that the import quotas in question may be temporarily suspended under the terms of section 22 of the Agricultural Adjustment Act, as amended. He further believes that the U.S. Tariff Commission should undertake an investigation before the suspension of the import quotas would end to appraise market conditions at that time, and make such findings and recommendations with respect to the quotas as it then deems appropriate.

interfering with, the programs for cotton now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestic cotton.

Statement of Commissioner Leonard

I concur with my colleagues that the suspension of the import quotas on certain cotton, cotton waste, and cotton products would not adversely affect programs for cotton of the Department of Agriculture or reduce substantially the amount of products processed in the United States from domestic cotton, within the terms of section 22 of the Agricultural Adjustment Act, as amended. I generally agree with the reasons given by my colleagues in support of their decision that the quotas can be suspended. Further, I have included later in this statement a quantitative analysis of the estimated effect of suspending the import quotas on domestic prices and production of Upland and extra-long-staple cotton.

I do not concur with my colleagues that the suspension of the import quotas on certain cotton, cotton waste, and cotton products should extend only to a time certain, i.e., to the end of the respective quota years in 1975. Rather, I have concluded that, within the terms of the statute, the quotas should be suspended without time limit. Such indefinite suspension of the quotas would not, of course, preclude their reimposition at some future time should circumstances warrant. They should not be reinstated, however, until conditions have so changed that quotas on imports would be required to carry out the purposes of section 22 of the Agricultural Adjustment Act, as amended. Such changed conditions, moreover, must be evident or predictable;

uncertainty about future circumstances or speculation about possible changes is not enough. In my view, the evidence available to the Commission in the instant investigation gives no indication that circumstances that would warrant the reinstatement of the quotas are likely to arise by the third quarter of 1975 (the time of year when the quota years terminate). In the absence of persuasive evidence that the conditions existing or anticipated at that time would warrant the imposition of quotas under section 22, there can be no reason to reinstate the present quotas automatically. Therefore, I find that the import quotas on certain cotton, cotton waste, and cotton products as described in items 955.01 through 955.06 of part 3 of the appendix to the Tariff Schedules of the United States may be suspended without rendering or tending to render ineffective, or materially interfering with, the programs for cotton now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestic cotton, and I recommend that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, suspending the import quotas identified above.

Quantitative analysis

As indicated earlier, I am including herewith a quantitative analysis of the estimated effects of suspending the import quotas on domestic prices and production of Upland and extra-long-staple cotton. This material was prepared by the Commission's staff for the use of the

Commissioners in the investigation.

Upland cotton.--In the United States, domestic production almost always exceeds domestic consumption by a substantial margin, and in most years the United States is the world's largest exporter of Upland-type cotton. During the crop years 1968-73, for example, U.S. production of Upland cotton exceeded mill consumption by an average of 3.5 million bales per year, and U.S. exports averaged 4 million bales per year. During each year of this period, imports of Upland-type cotton (including the harsh Asiatic cottons not under quota) amounted to less than 1 percent of annual U.S. mill consumption of Upland cotton. This situation is not expected to change in the foreseeable future.

According to representatives of the U.S. Department of Agriculture, data and circumstances for Upland cotton during the 1974 crop year are as follows:

- (1) A survey in January 1974 of cotton growers' intentions to plant showed that farmers plan to plant 14.5 million acres of Upland cotton for the 1974 crop year.
- (2) It is estimated that U.S. consumption of cotton during the 1974 crop year will be 7.8 million bales; about 7.7 million bales will presumably consist of Upland cotton, with the remainder consisting of extra-long-staple cotton.
- (3) It is estimated that, based upon future commitments, exports of Upland cotton during the 1974 crop year will amount to about 5.5 million bales.

If 14 million acres are harvested and average yields are obtained (about one bale per acre), production of Upland cotton in crop year 1974 will be about 14 million bales. Estimated consumption and exports will amount to 13.2 million bales; 0.8 million bales will be added to stocks

for consumption or exportation at some future time. Thus, production will again substantially exceed consumption in crop year 1974, and exports will be substantial. Because of tight supplies of cotton abroad expected during the 1974 season, imports of Upland-type cotton (even without quota restrictions) will continue their relatively minor role, mostly as a residual source of supply for certain varieties and qualities not available in sufficient quantities from domestic sources.

Since 1966, domestic prices for Upland cotton have been approximately the same as world market prices. Although both domestic and world prices for cotton have reached record heights in recent months, there has been no appreciable price incentive for foreign suppliers to export to the United States in preference to other world markets. During the first 5 months of the current crop year (August-December 1973), the average price received by U.S. farmers for Upland cotton was about 44 cents per pound, well above the target price of 38 cents per pound set for crop years 1974 and 1975. In addition, USDA representatives testified that forward crop contracts for 1974 were generally reported to have been made at well above 50 cents per pound.

Given the market situation, there appears to be virtually no change that suspension of the import quotas on Upland-type cotton would substantially effect domestic prices and production of Upland cotton during the 1974 crop year. Even if, for example, imports of Upland-type cotton (including the harsh Asiatic cottons) reached 250,000 bales in crop year 1974--almost 10 times their average annual level during

1968-73--the result would be an estimated average price reduction of only about 2 cents per pound; moreover, although total U.S. consumption of Upland-type cotton would increase under such circumstances, consumption of U.S.-grown cotton would decline less than 3 percent. 1/ Assuming production of 14 million bales in crop year 1974, this decline in consumption would be equivalent to about 1.4 percent of domestic production. The immediate effect of any increased imports, however, would likely be to increase stocks rather than to reduce production during the 1974 crop year.

Extra-long-staple cotton.--The effect on domestic prices and production of suspending import quotas is more difficult to estimate for extra-long-staple cotton than for Upland cotton. The two markets differ considerably in the relative importance of imports to domestic consumption. Unlike imports of Upland cotton, those of extra-long-staple cotton are normally much larger than exports. Whereas the ratio of imports to consumption is less than 1 percent for Upland cotton, the corresponding annual ratio for extra-long-staple cotton has ranged between 11 percent and 32 percent since the 1968 crop year. Thus, even though the quotas for extra-long-staple cotton have not been fully utilized in recent years, imports have a much greater potential impact on domestic prices and production of such cotton.

1/ These estimates are based on price elasticities of supply of 0.53 and demand of -0.14. The elasticity of demand was developed by J. R. Donald, F. Lowenstein, and M. S. Simon in The Demand for Textile Fibers in the United States, ERS, USDA Tech. Bull. 1301, November 1963. The elasticity of supply was developed by R. C. Barlowe and J. R. Donald for the foreign free world; see "Analysis of Demand for U.S. Cotton Exports" in Cotton Situation, CS-252, August 1971, ERS, USDA.

According to representatives of the U.S. Department of Agriculture, data and circumstances for extra-long-staple cotton during the 1974 crop year are as follows:

- (1) A survey on March 1, 1974, of cotton growers' intentions to plant, showed that farmers plan to plant 88,200 acres of extra-long-staple cotton for the 1974 crop year.
- (2) It is estimated that U.S. consumption of extra-long-staple cotton during the 1974 crop year will be about 95,000 bales.
- (3) It is estimated that U.S. exports of extra-long-staple cotton during the 1974 crop year will be about the same as during the 1973 crop year--15,000 bales.

If 88,000 acres is harvested and average yields are obtained (about 1 bale per acre), U.S. production of extra-long-staple cotton in crop year 1974 will be about 88,000 bales. Subtracting exports from production leaves 73,000 bales of U.S.-grown cotton for the domestic market. The difference between the latter figure and estimated consumption in crop year 1974 would be supplied by imports of 22,000 bales; average annual U.S. imports of extra-long-staple cotton during the last 5 crop years were, in fact, 22,000 bales.

Since 1968, domestic prices of extra-long-staple cotton have been approximately equal to world prices for comparable qualities grown in foreign countries. Prices for extra-long-staple cotton in world markets have risen to new record high levels in recent months, reflecting increased world demand and reduced stocks. During the first 6 months of the 1973 crop year, the price received by U.S. growers of extra-long-staple cotton averaged \$1.30 per pound, far above the average loan rate

of 49.72 cents per pound set for crop year 1974.

Any quantitative estimate of the effect on domestic prices and production of suspending import quotas on extra-long-staple cotton depends crucially both upon the equilibrium price that would clear the market (i.e., equate supply with demand) and upon the level of imports. As one example, it might be assumed that the current average price of \$1.30 per pound would prevail for the 1974 crop year if imports were 22,000 bales (their average for 1969-73). If under these market conditions imports should be double the previous average, or about 44,000 bales, the increased imports would cause the average price received by growers to drop to 89 cents (or by 32 percent). 1/ There would be a corresponding decrease in domestic production (or increase in stocks) of 19 percent. As another example, it might be assumed that the equilibrium market price would be \$1.00 per pound in crop year 1974. If imports should increase to 66,000 bales (three times the average for 1969-73, but below present quota limitations), the increased imports would cause a decline to 43 cents per pound in the average price received by growers and a 38-percent decrease in domestic production. 2/

1/ These estimates are based upon the same price elasticities of supply (0.53) and demand (-0.14) as used for Upland cotton.

2/ In the first example the resulting "new" equilibrium price would still be above the average loan rate. Domestic stocks would increase, but they would be held by private concerns; the CCC would not acquire cotton since the market price would be well above the loan rate. In the second example, however, the "new" equilibrium price would be below the average loan rate. CCC stocks would then increase because farmers would not redeem their cotton since the market price was below the loan rate. In both examples the level of imports assumed for illustrative purposes is lower than that permitted under existing quotas (about 82,481 bales).

It should be noted, however, that there are no indications either that U.S. imports of extra-long-staple cotton will increase appreciably in the near future or that domestic market prices will decline substantially--both in the United States and abroad, supplies of extra-long-staple cotton are tight, demand is rising, and stocks are low. Nor is there a price incentive for foreign suppliers to export to the United States in preference to other markets, since market prices in the United States are approximately the same as world market prices.

Information Obtained in the Investigation

Description and uses

The request pursuant to which this investigation was instituted specifically makes reference to "the articles presently subject to Section 22 quantitative limitations as described in items 955.01 through 955.06 of Part 3 of the appendix to the Tariff Schedules of the United States." 1/ These items include raw cotton (not carded, not combed, and not otherwise advanced), except harsh or rough cotton having a staple length under 3/4 inch; card strips made from cotton having a staple length under 1-3/16 inches and cotton comber waste, lap waste, sliver waste, and roving waste, whether or not advanced; and fibers of cotton processed but not spun.

Raw cotton.--Cotton has long been one of the leading agricultural crops grown in the United States. In recent years the receipts from the sale of cotton have represented about 5 percent of the farm value of all crops; the receipts in several States accounted for one-fourth or more of the total cash receipts from all crops. Despite the rapid increase in use of manmade fibers, cotton is still one of the principal textile fibers both in the United States and abroad. The market requirements for cotton consist of thousands of separate uses which may be grouped into three categories--apparel, household, and industrial uses. Almost half of all the cotton consumed goes into apparel items; about a third, into household items; and the remainder, into industrial products.

1/ The full descriptions of these quotas are included in appendix B.

The various end uses require different varieties and qualities of cotton. Quality 1/ is measured by such factors as staple length, strength, fineness, and maturity, which are largely determined by the variety and quality of seed planted, soil, weather, cultural practices, and insect damage, and by harvesting and ginning methods. Cotton may be conveniently classed under two broad general categories according to staple length, namely, short-staple cotton (having a staple length under 1-1/8 inches), and long-staple cotton (having a staple length of 1-1/8 inches or more). Included under these broad categories are the two types of cotton grown in the United States--Upland and American Pima (formerly known as American Egyptian). 2/ The Upland type, of which there are numerous varieties, constitutes all of the domestically produced short-staple cotton and most of the long-staple cotton having lengths of 1-1/8 inches or more but less than 1-3/8 inches--commonly referred to as ordinary long-staple cotton. Most of the American Pima type is of staple lengths 1-3/8 inches

1/ Commercially, the quality of a bale of cotton is determined on the basis of samples drawn from each bale. The sample is graded by sight according to its color, amount and distribution of leaf, and ginning preparation. Grade differentiations (such as Middling, Strict Middling, Strict Low Middling, and so forth) are based on precise official standards and staple length is determined by pulling out and comparing a typical portion of fibers in the sample with official staple types. In addition, instruments have been developed in recent years which can accurately measure the spinning characteristics of a sample of cotton (e.g., fiber strength and fineness, length distribution, and maturity).

2/ The term "Upland" encompasses the many varieties of cotton developed from strains native to Mexico and Central America which make up one (Gossypium hirsutum) of four cultivated species. American Pima cotton is one of many extra-long-staple varieties which make up another species (Gossypium barbadense). The other two species (Gossypium arboreum and Gossypium herbaceum) are not grown in the United States; they include the short harsh Asiatic cottons produced principally in India and Pakistan.

or longer--referred to as extra-long-staple cotton. Upland cotton accounts for about 99 percent of the cotton produced in the United States.

The short harsh Asiatic varieties of cotton which are imported from India and Pakistan are too short (1/2 to 5/8 inch in staple length) to be spun satisfactorily into yarn and are used primarily in absorbent cotton, filters, shoulder pads, quilts, and filling material for batting, and upholstery felts. No cottons of this type are grown in the United States. Several types of long-staple cotton imported from Peru possess unique characteristics which adapt them for special uses. Peruvian Tanguis has special qualities of strength, length, roughness, and resilience suited for use in the manufacture of asbestos yarn and molleton fabric for lithograph and multilith machines. Another type of cotton having special characteristics is Peruvian Pima, which is the only cotton imported in significant quantity under the tariff category "1-11/16 inches or more" (TSUS item 300.20). There is no domestic cotton of this staple length. Such cotton takes a beautiful luster when mercerized, making it highly desirable for fine shirtings and dress goods.

Processed cotton fibers.--The vast bulk of the cotton produced is spun into yarn, which in turn is made into many constructions of cloth. Practically every pound of cotton consumed by the domestic textile industry must pass through one or more intermediate stages in order to be manufactured into yarn. The intermediate products into which the cotton fibers are formed before the actual spinning into yarn include--if for carded yarn--card laps (picker laps), sliver (card and drawing), and

roving; and if for combed yarn, the additional intermediate products prior to the roving, known as sliver laps, ribbon laps (combed laps), and comber sliver. With rare exceptions the product of each intermediate stage is converted within the same plant into each succeeding stage until it becomes yarn. Under ordinary conditions, domestic commerce in any of the intermediate products is unusual.

Staple length is one of the most important properties of cotton fiber. Generally, the longer fibers produce stronger fabrics. In addition, longer fibers are usually finer, making possible the production of sheer, lightweight fabrics. The bulk of the output of cotton weaving mills is produced from short-staple cotton. Generally, all fabric woven with carded yarn (not combed) is produced from short-staple cotton. This would include virtually all of the duck fabric and most of the print cloth, denims, sheetings, and allied coarse and medium yarn fabrics (such as twills, drills, sateens, and jeans), and toweling, washcloth, and dishcloth fabrics. In addition, combed yarns of coarser count than number 40's are often produced from short-staple cottons. 1/ Such yarns might be used in certain poplins, broadcloths, and shirting fabrics. Generally, any fabric woven with yarns finer than 40's has been produced entirely or in part from long-staple cotton, and a fabric utilizing yarns as fine as number 60's is almost certain to contain extra-long-staple cotton.

1/ Cotton yarn is numbered according to the number of 840-yard hanks that weigh 1 pound. Number 1 cotton yarn measures 840 yards (1 hank) to the pound; number 100 cotton yarn measures 84,000 yards (100 hanks) to the pound. The higher the yarn number, the finer the yarn.

The chief uses for long-staple cotton are in the production of combed yarns, which are used in fine shirtings and dress goods, hosiery, knit underwear, sewing thread, and percale sheets. It is also used in several industrial products, such as tracing cloth, typewriter ribbons, and fine wire-insulation yarns. In general, ordinary long-staple cotton can be used for many of the same products as extra-long-staple cotton. However, ordinary long-staple cotton is used with some sacrifice in quality and where strength, prestige, and appearance are of less importance than economy of production.

Cotton waste.--Cotton mill waste is a byproduct of the cotton textile industry, accounting for an average of about 12 percent of the cotton fibers consumed domestically. 1/ Soft wastes, which represent about 85 percent of all cotton mill wastes, are produced in the processes preparatory to spinning. They are often referred to as either spinnable or nonspinnable, depending on the feasibility of their being spun into yarn. Hard mill wastes, which are obtained during and after the spinning process, include thread and yarn wastes.

Generally, the spinnable soft wastes include card strips, comber waste (or noils), lap waste, sliver waste, and roving waste. These five types are obtained after the principal cleaning process and consequently are relatively free of impurities.

1/ The waste content of raw cotton consumed in an individual plant may vary considerably from this average, depending upon the grade of cotton used as well as the type of yarn and cloth being produced.

Spinnable wastes, either alone or blended with raw cotton, may be spun into coarse yarns, such as carpet yarns, chenille yarns, and yarns for use in the manufacture of mops, wrapping twine, clothesline, osnaburgs, and wiping cloths. Without being spun, they are used either alone or blended with raw cotton or linters in the production of felts (or batts) for the mattress, automobile, and upholstery trades, and for such articles as absorbent cotton, quilting, wadding, and stuffing for toys, pillows, and shoulder pads.

The term "advanced wastes" means those wastes which have been cleaned, bleached, colored, or otherwise advanced, and includes fibers recovered by cleaning, cutting, pickering, garnetting, and similar processing. It does not include fibers which have been carded, combed, or similarly processed, or re-useable yarns or threads.

U.S. tariff treatment

The rates of duty currently applicable to imports of cotton, cotton waste, and fibers of cotton (processed but not spun) from countries other than those designated as being under Communist control are as follows:

<u>TSUS item</u>	<u>Commodity</u>	<u>Rate of duty</u>
	Cotton, not carded, not combed, and not similarly processed:	
300.10	Having a staple length under 1-1/8 inches-----	Free
300.15	Having a staple length 1-1/8 inches or more but under 1-11/16 inches-----	3.5¢ per lb.
300.20	Having a staple length 1-11/16 inches or more--	1.75¢ per lb.
	Waste and advanced waste, of cotton, and fibers of cotton processed but not spun:	
300.40	Waste, not advanced-----	Free
	Other:	
300.45	Having a staple length under 1-1/8 inches----	5% ad val.
300.50	Having a staple length 1-1/8 inches or more--	5¢ per lb. plus 5% ad

The duty-free status applicable to short-staple cotton (item 300.10) has continued as originally provided for in the Tariff Act of 1930. Long-staple cotton (items 300.15 and 300.20) was dutiable under the 1930 act at 7 cents per pound. That rate was originally reduced to 3-1/2 cents per pound, effective July 29, 1942, pursuant to a bilateral agreement with Peru. For cotton having a staple length of 1-1/8 inches or more but less than 1-11/16 inches (item 300.15), the 3-1/2-cent rate became effective under the General Agreement on Tariffs and Trade (GATT) on October 7, 1951. 1/ Effective the same date, the rate on cotton having a staple length of 1-11/16 inches or more (item 300.20) was further reduced to 1-3/4 cents per pound pursuant to a concession made under the GATT. There is no history of imports of long-staple cotton from Communist countries; however, should there be imports from such countries, the statutory rate of 7 cents per pound would apply.

Computed on an equivalent ad valorem basis, the specific rate of duty applicable to imports of ordinary long-staple cotton (other than Peruvian Tanguis) in 1972 averaged 12.8 percent; for Tanguis cotton it averaged 8.9 percent. The duty on imports of extra-long-staple cotton having a staple length of 1-3/8 inches or more but less than 1-11/16 inches had an average ad valorem equivalent during 1972 of 8.0 percent; for extra-long-staple cotton having a staple length of 1-11/16 inches or more, the ad valorem equivalent was 3.8 percent.

1/ The United States has, however, reserved the right to modify or withdraw that rate during any period when U.S. imports of such cotton are not subject to quantitative restrictions.

Nonadvanced cotton waste (item 300.40) was provided for duty-free in the Tariff Act of 1930, and that tariff status has continued unchanged. Likewise, the ad valorem rate of duty (5 percent) applicable to imports of advanced waste and short-staple cotton fibers processed but not spun (item 300.45) remains as originally provided for in the 1930 act. The duty of 5 cents per pound plus 5 percent ad valorem on imports under item 300.50 reflects a reduction (from the original duty of 10 cents per pound plus 5 percent ad valorem) that became effective January 1, 1948, pursuant to a concession under the GATT. 1/

Imports of raw cotton (except the harsh Asiatic varieties having a staple length under 3/4 inch), certain types of spinnable cotton waste, and cotton fibers processed but not spun are also subject to quota restraints pursuant to the provisions of section 22 of the Agricultural Adjustment Act, as amended. These are the items referred to in the President's letter. Such quantitative import restrictions will be discussed in a later section of this report.

1/ Item 300.50 is designed to cover principally "fibers of cotton processed but not spun." It is unlikely that cotton waste with a staple length of 1-1/8 inches or more would be imported in significant quantities.

USDA cotton programs

The Department of Agriculture has provided price-support programs for Upland cotton and extra-long-staple cotton for many years. Programs for both types of cotton currently employ nonrecourse loans and direct payments. In order to be eligible for the benefits that are available to them, producers must have received acreage allotments from the Department of Agriculture; 1/ such acreage is apportioned to farms on which cotton has been planted or considered as planted in any one of the 3 years immediately preceding the year for which the allotment is determined. Producers of Upland cotton may plant in excess of their acreage allotment without penalty; producers of extra-long-staple cotton are penalized if they plant in excess of their allotted acreage.

Upland cotton.--Farm prices for Upland cotton are supported by nonrecourse loans and direct payments. Nonrecourse loans afford the producer an opportunity either to market his crop or to keep it under loan, whichever is more advantageous to him. At any time before maturity of the loan the grower may redeem his cotton by paying off the loan; he would then be free to sell his cotton in the open market. Producers would ordinarily redeem cotton whenever the market price is higher than the combination of the support (loan) price, interest plus charges. If the producer chooses not to redeem his cotton before maturity of the loan, the nonrecourse character of the loan enables him to transfer ownership of the cotton to the Commodity Credit Corporation (CCC) in full settlement of the loan.

1/ The farmer's acreage allotment is the maximum number of acres he can grow if he is to avoid losing the benefits of the farm program, except that in the case of Upland cotton since 1971 the allotment is simply used to calculate the amount of government payments.

Under the provisions of the Agricultural Act of 1970, the loan rate for Upland cotton for each of the 1971-73 crops was established at 90 percent of the average world price for Middling 1-inch cotton at average U.S. location 1/ during the 2-year period prior to the crop year during which the loan rate was announced, subject to such adjustments as the Secretary of Agriculture deems necessary to keep U.S. cotton competitive. Under the provision of the Agricultural and Consumer Protection Act of 1973, the loan rate for Upland cotton for the 1974-77 crops will reflect 90 percent of the average price of U.S.-produced Middling 1-inch cotton 1/ in world markets for the 3-year period preceding the crop year during which the loan rate is announced.

During each of the years 1971-73, the average of the loan rate for Middling 1-inch cotton was 19.5 cents per pound; for 1974, it has been set at 25.26, subject to later revision required if the average world price for American cotton should fall below this level before the beginning of the new crop year. 2/

During the 1971-73 crop years, direct payments to producers of Upland cotton were required to be at such levels which, when added to the average spot market price for Middling 1-inch cotton during the first 5 months of the marketing year would be equal to the greater of (1) 35 cents per pound or (2) 65 percent of parity as of the beginning

1/ In addition, the cotton of this grade and staple was required to be of micronaire 3.5 to 4.9; micronaire is a test for fineness and maturity.

2/ The loan rate for a particular grade and staple of cotton is determined from a schedule of premiums and discounts which are expressed in cents per pound and either added to or deducted from the loan level established for Middling 1-inch cotton.

of the marketing year; adjustments were made to reflect proportionately in the direct payment any increases or decreases in acreage allotments after the 1971 crop year. The programs for the 1971-73 crops of Upland cotton also provided, in effect, for a minimum payment of 15 cents per pound.

The 1973 act established a target price for Upland cotton produced during the 1974-77 crop years. If the average market price received by farmers during the calendar year in which the crop is planted is at, or above, the target price, no payments will be made. If such average market price is below the target price, eligible producers will receive payment at a rate equal to the difference between the target price and the higher of the loan level or such average market price. The target price for the 1974 and 1975 Upland cotton crops is 38 cents per pound. For the 1976 and 1977 crop years, the target price will be adjusted to reflect changes in (a) an index of prices paid for production items, interest, taxes, and wage rates and (b) changes in average yields.

Benefits are available only to producers of Upland cotton who have acreage allotments, and payments apply only to cotton produced on acreage within the allotments. Loans are available to farmers with acreage allotments on total output. Farmers, however, are allowed to plant as many acres of cotton as they wish without penalty.

Extra-long-staple cotton.--Each fall a marketing quota ^{1/} is determined for extra-long-staple cotton to be grown for harvest in the following crop year. The amount of the marketing quota is required to be equal

^{1/} Marketing quotas are designed to limit the acreage of a crop which can be grown. Technically the cotton marketing quota for a farm limits the quantity of cotton which the farmer may sell without paying a fine to the government.

to estimated domestic consumption plus exports, less imports, adjusted to assure adequate working stocks. A national acreage allotment is also calculated representing the acreage required to produce the quantity of cotton set by the marketing quota. To be in effect, the marketing quota must be approved by at least two-thirds of the voting producers. Producers who exceed their allotments are subject to penalties on the farms' excess production and may not receive direct payments under the program. The penalty is established at 50 percent of the parity price as of a specified date or 50 percent of the sum of the loan and payment, whichever is higher.

The price-support program for extra-long-staple cotton provides for both nonrecourse loans and direct payments to producers. The loan rate is required to be at least 50 percent larger than, but not more than twice as large as, the loan rate for Upland cotton. The loan rate plus the payment rate may not be less than the support level which may be set between 65 and 90 percent of parity. The payment rate is the amount by which the loan rate is less than the selected support level, and must be made to producers even when market prices are in excess of the loan or support level. The 1973 loan rate of 38.20 cents per pound was the maximum level, and the direct-payment rate of 16.0 cents per pound was the minimum required by law. The loan rate for the 1974 crop is 49.72 cents per pound which is the maximum allowed, and the payment rate is 10.86 cents per pound which represents the minimum requirement.

Direct payments for extra-long-staple cotton can be made only for such cotton grown on acreage no larger than the 1966 national acreage allotment. The 1966 national allotment represented 69.14 percent of the 1973 allotment; payments on the 1973 crop were thus made on the output of 69.14 percent of each farm allotment.

Operations under the programs

Upland cotton.--The Agricultural Act of 1970 suspended the marketing quota and eliminated the statutory minimum acreage allotment previously in force for Upland cotton. Acreage allotments were established beginning in 1971 principally as a means of distributing required support payments, and total planted acreage has substantially exceeded allotments in every year. As previously noted, penalties do not apply to production of Upland cotton in excess of acreage allotments under the provisions of the 1970 and 1973 legislation.

During 1971-73, the loan rate for Upland cotton was lower than average farm prices. Direct payments in these years amounted to 15 cents per pound--the minimum required by the 1970 law. Direct payments to farmers ranged between an annual total of \$714 and \$819 million. ^{1/} Beginning stocks of Upland cotton in the 1971 to 1973 period were below 4.3 million bales, well below such stocks of any year since 1952. In 1971-73, stocks owned by the CCC were nominal. Stocks of Upland cotton currently owned by CCC are nil.

^{1/} Direct payments during each of the 1971-73 crop years for Upland cotton were limited to \$55,000 to each person; beginning with the 1974 crop year, the annual limitation will be \$20,000 per person under the combined wheat, feed grains, and Upland cotton programs.

The loan rate for the 1974 crop has been announced at 25.26 cents per pound, up from 19.5 cents for the previous 3-year period. There are expected to be no payments on Upland cotton under the price-support program during the 1974 crop year as the average price received by farmers is expected to remain well above the target price of 38 cents per pound.

Extra-long-staple cotton.--Since penalties are still provided for the production of extra-long-staple cotton produced on acreage in excess of allotments, the amount of planted and harvested acreages have been well within allotments. The prices of extra-long-staple cotton to farmers have been supported at required levels through the combined use of loans and direct compensatory payments. However, as noted, direct payments are limited to production on acreage only equal to the 1966 allotment. Therefore many farmers have, since 1971, planted somewhat smaller acreages, but on at least 75 percent of their allotments in order to protect their acreage history for future allocations. Therefore, production has been less than it would have been had the full acreage allotment been planted. This reduction in production, coupled with exports, has reduced stocks despite the downward trend in mill consumption. The beginning 1973 carryover of some 60,000 bales was the lowest since 1957. Stocks currently owned by the CCC are nil.

The loan rate for extra-long-staple cotton for 1971-73 ranged from 38.20 cents to 38.50 cents per pound; it has been announced at 49.72 for 1974. The direct-payment rate during 1971-73 ranged from 12.69 cents to 16.01 cents per pound; total annual payments were between \$4.6 and \$5.8 million. For 1974, the direct-payment rate has been set at 10.86 cents per pound. The sum of the loan rate and the direct-payment rate will be 60.58 cents per pound, compared with 54.21 cents per pound in 1973; both reflected 65 percent of parity at the time of announcement.

Section 22 quotas

Raw cotton quotas.--All types of raw cotton except the harsh Asiatic cotton having a staple length under 3/4 inch are subject to quantitative import quota restrictions pursuant to the provisions of section 22 of the Agricultural Adjustment Act, as amended.

The annual quotas are applicable according to staple-length groups as follows (in pounds): 1/

Upland-type cotton having a staple length under 1-1/8 inches (total country quotas)----- 14,516,193

Long-staple cotton, 1-1/8 inches and longer (global quota):
 Harsh or rough cotton (except cotton of perished staple, grabbots, and cotton pickings) white in color and 1-5/32 inches or more, but less than 1-3/8 inches in staple length 1/--- 1,500,000
 Other cotton, 1-1/8 inches or more, but less than 1-3/8 inches in staple length 2/----- 4,565,642
 Cotton, 1-3/8 inches or more in staple length 3/----- 39,590,778
 Total, long-staple cotton----- 45,656,420

1/ Applicable to Peruvian Tanguis cotton.

2/ Applicable to ordinary long-staple cotton, other than Peruvian Tanguis.

3/ Applicable to extra-long-staple cotton.

Since 1939, imports of short-staple Upland cotton (under 1-1/8 inches in staple length) have been limited by a quota which has remained

1/ Since the original proclamation in 1939, import quota limitations have been suspended for (1) American cotton exported from the United States and returned under certain conditions and (2) commercial samples of cotton (if in specified packing); in addition, the annual quota of 689 pounds for French Africa (other than Algeria, Tunisia, and Madagascar) has been discontinued (U.S. Tariff Commission, Tariff Classification Study, Schedule 8, 1960, pp. 125-126).

basically unchanged to the present time. 1/ The total quantity of 14.5 million pounds (about 30,000 bales) is allocated among some 22 countries which now represent virtually the same geographic areas designated in the original proclamation of 1939. The quota is recurrent for the quota year beginning each September 20.

The total annual limitation on long-staple cotton, amounting to 45.7 million pounds (about 95,000 bales), has remained the same since its inception in 1939. Application of the quota has, however, been changed from time to time. Beginning December 19, 1940, imports of extra-long-staple cotton having a staple length of 1-11/16 inches and longer were excluded from quota restriction, but by legislation they were again made subject to the quota beginning May 28, 1956. 2/ Originally the import quota on long-staple cotton was allocated by country of origin. Since 1942, however, the quota has been applied on a global basis. The quota year for long-staple cotton originally began each September 20; it was changed to February 1 in 1950; since 1956 it has begun August 1 of each year. Since

1/ The original quota specifically excluded harsh or rough cotton less than 3/4 inch in staple length and chiefly used in the manufacture of blankets and blanketing. By 1946, there was some doubt as to whether the chief use of this cotton was still for blankets and blanketing. Therefore, an amendment in February 1947 excluded all harsh or rough cotton less than 3/4 inch in staple length from the provisions of the original proclamation, and a separate annual quota of 70 million pounds was established on this cotton, regardless of use. This quota was in effect from Sept. 20, 1946, through Jan. 28, 1958.

2/ Public Law 540, 84th Cong., sec. 202(a), approved May 28, 1956, (70 Stat. 188). In addition to reapplying the import quota to cotton having a staple length of 1-11/16 inches and longer, the legislation directed that the quota year for all extra-long-staple cotton be changed "to conform to normal marketing practices and requirements." Presidential Proclamation No. 3145 therefore designated Aug. 1 as the beginning of the quota year for such cotton.

August 1, 1958, the overall limitation on long-staple cotton has been subdivided into three categories--Tanguis cotton, other ordinary long-staple cotton, and extra-long-staple cotton. 1/

Cotton waste quotas.--Imports of certain types of spinnable cotton waste (card strips, 2/ comber waste, lap waste, sliver waste, and roving waste) have been limited on a country-quota basis since September 20, 1939. The total annual quota begins each September 20 ~~and~~ amounts to 5,482,509 pounds. Of this, 3,199,770 pounds are allocated to seven countries for comber waste (reserve subquota) resulting from the processing of cotton having a staple length of 1-3/16 inches or more. 3/ The remaining 2,282,739 pounds (unreserved subquota) can be filled on the country-quota basis by imports of any of the five quota types of waste, including the type of comber waste under reserved subquota.

The quota allotments to the United Kingdom (both reserved and unreserved, amounting to 4.3 million pounds) exceed those of all other countries combined. Japan is allotted the next largest quantity (342,000 pounds); Canada and France have allotments of 240,000 and 227,000 pounds, respectively. Each of the remaining nine specified countries have allocations of less than 100,000 pounds. Imports of the quota-type cotton wastes are barred from any source except those listed under item 955.05.

1/ Presidential Proclamation No. 3251, dated July 7, 1958.

2/ Card strips made from cotton having a staple length of 1-3/16 inches and longer have been excluded from quota limitations since 1942.

3/ Originally card strips from cotton 1-3/16 inches and longer were designated as part of the reserved portion of the quota; their elimination from quota restriction since 1942 has left only comber waste as part of the reserved subquota.

Quota on card laps, sliver, roving, etcetera.--A global import quota of 1,000 pounds annually was established effective September 11, 1961, under the authority of section 22 on cotton products (except cotton wastes) produced in any stage preceding the spinning into yarn (Presidential Proclamation No. 3428, T.D. 55481).

U.S. producers

The number of cotton-producing farms in the United States has dropped dramatically from the 1964 level of 324,000 to about 273,000 in 1973. The regional distribution, however, has remained relatively constant. The table below, which lists the relevant statistics for 1973, shows that although the Delta region accounts for the largest number of farms (44 percent), it is the second largest in total acreage harvested (28 percent) and in production (31 percent).

Upland cotton: Number of farms, acreage harvested, and estimated production, by regions, 1973

Region ^{1/}	Farms		Acreage harvested		Estimated production	
	Number	Percent	1,000 acres	Percent	Quantity	Percent
					1,000 bales	
West-----	9,865	4	1,404	11	2,579	20
Southwest-----	90,945	33	6,041	49	5,139	39
Delta-----	120,549	44	3,510	28	4,125	31
Southeast-----	51,714	19	1,416	12	1,280	10
Total-----	273,073	100	12,371	100	13,123	100

^{1/} The West includes the States of California, Arizona, New Mexico, and Nevada; the Southwest includes Texas, Oklahoma, and Kansas; the Delta includes Missouri, Arkansas, Tennessee, Mississippi, Louisiana, Illinois, and Kentucky; and the Southeast includes Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama.

Source: Compiled from statistics of the U.S. Department of Agriculture.

The West and the Southwest, when combined, account for well over half the total harvested acreage and production. The West, with only 11 percent of the cotton acreage, produced about 20 percent of the total crop in the United States. The Southeast, on the other hand, with 12 percent of the cotton acreage, produced slightly less than 10 percent of the harvested crop.

Extra-long-staple cotton is produced almost entirely in the Southwest and West where the hot, dry weather conditions are more suitable to the Egyptian and Peruvian strains. In addition, the concentration of the farms producing such cotton results from their accessibility to the specialized ginning necessary to preserve the fine texture and strength of the fibers.

U.S. consumption

Raw cotton.--During 1946-59, annual U.S. mill consumption of raw cotton ranged between 8.0 million bales and 10.1 million bales and averaged 9.1 million bales. ^{1/} Two periods of high demand were evident during the period; the first, following World War II, and the second, during the Korean war. In both periods, peak annual mill consumption of raw cotton exceeded 10 million bales.

^{1/} Throughout this section, the data are for calendar years; quantities are reported in bales of 500 pounds each, gross weight (equivalent to 480 pounds, net weight).

The table below shows U.S. mill consumption of raw cotton during 1960-73:

Raw cotton: U.S. mill consumption, 1960-73

Year	Quantity	Year	Quantity
	<u>1,000</u> <u>bales</u>		<u>1,000</u> <u>bales</u>
1960-----	8,731	1967-----	9,215
1961-----	8,503	1968-----	8,639
1962-----	8,725	1969-----	8,194
1963-----	8,417	1970-----	7,949
1964-----	8,843	1971-----	8,221
1965-----	9,328	1972-----	8,003
1966-----	9,647	1973 (estimated)-----	7,604

Source: Compiled from official statistics of the U.S. Department of Agriculture.

During 1960-63, mill consumption of cotton averaged about 8.6 million bales, never deviating more than 200,000 bales from the average. During this period, the Department of Agriculture maintained the domestic price above the world price as part of its support program for raw cotton.

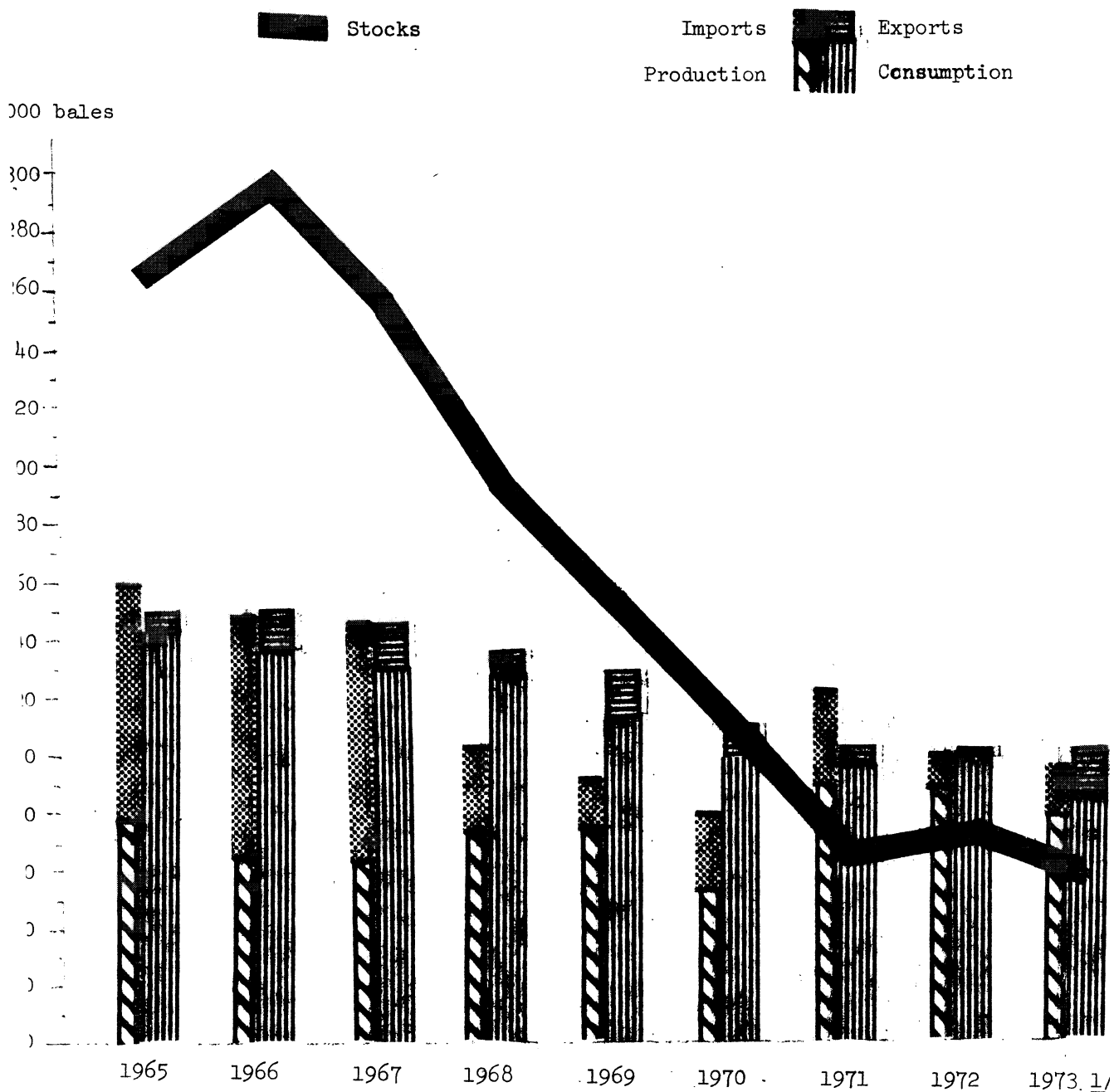
In 1964, however, the Department of Agriculture modified its price-support program in a manner that allowed the domestic price of Upland cotton to mills to decline (during 1964-66) to the world price. Moreover, consumption of raw cotton was spurred in the mid-1960's by military requirements of the Vietnam war. Consequently, mill consumption of raw cotton peaked in 1966--amounting to 9.6 million bales. During 1967-68, military requirements lessened, with a resultant decline in mill consumption.

Since 1968, annual mill consumption of raw cotton has declined irregularly at an average annual rate of 2.5 percent.

Extra-long-staple cotton.--The decline in mill consumption of extra-long-staple cotton has been dramatic. U.S. mill consumption declined steadily from 142,600 bales in 1965 to 95,100 bales in 1971 (fig. 1). Consumption rose in the 1972 crop year to 99,200 bales but is estimated to have declined again during 1973 to 95,000 bales. For the most part, the steady decline in mill consumption of extra-long-staple cotton during the crop years 1965-71 reflects a substitution of manmade fibers for these extra long natural fibers. In 1970-72 extra-long-staple cotton accounted for an average of 1.2 percent of the mill consumption of all types of cotton.

Fiber competition.--In recent years cotton farmers have faced a declining domestic market for their product. Whereas average annual consumption of raw cotton in 1960-73 was 6 percent below that in 1946-57, average annual consumption of all fibers was 41 percent greater. Thus it is apparent that cotton did not benefit from the enlarged total market for textiles resulting from increased population and expanded incomes, especially during the 1960's. On a weight basis, cotton accounted for 64.6 percent of all fibers consumed by textile mills in 1960, whereas in 1973 the cotton's share accounted for had declined to an estimated 28.9 percent (table 1). The decline contrasts sharply with the increase in total fiber consumption from 6.5 billion pounds in 1960 to an estimated 12.6 billion pounds in 1973; manmade fibers' share of

Figure 1.--Extra-long-staple cotton: U.S. production, consumption foreign trade, and beginning stocks, crop years 1965-73



/ Preliminary and estimated by the Department of Agriculture.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

total fiber consumption rose from 28.9 percent in 1960 to an estimated 69.7 percent in 1973 (derived from data in table 2). On a yardage basis, the contrast is even more striking. Since yardage of fabrics produced from a pound of manmade fiber is, on the average, about 50 percent greater than the yardage of similar types produced from a pound of cotton, cotton's share of the market for the total output of U.S. textile mills (measured in yards) declined to an even greater extent than that indicated above.

The versatility and variety of manmade fibers largely accounts for the relative and absolute decline in consumption of raw cotton and, to a lesser extent, of silk and flax. On a weight basis, consumption of manmade fibers more than quadrupled in 1960-73, rising from 1.9 billion pounds to an estimated 8.8 billion pounds (table 3). Part of the increase in consumption of manmade fibers resulted from new and expanded markets for such materials, some of which were not suitable outlets for natural fibers, primarily because of their physical characteristics. In other situations, cotton has been replaced by manmade fibers either in whole or in part. For example, in the manufacture of tire cord, where manmade fibers have replaced cotton almost entirely, cotton growers have lost an annual outlet which at one time amounted to more than 7 million bales. The use of cotton blends also has reduced the use of cotton in a wide range of apparel where permanent press characteristics are more desirable.

During 1965-72 the share of total fiber consumption accounted for by cotton declined in all major uses--apparel, household, and industrial (table 3). The greatest loss to raw cotton occurred in household uses, where cotton's share declined by 19 percentage points, despite a rise of 50 percent in total fiber consumption for such uses during 1965-72. In absolute terms, consumption of raw cotton in household uses declined from 3.0 million bales in 1965 to 2.7 million bales in 1972, while consumption of all textile fibers rose from 6.4 million bales in 1965 to 9.6 million bales in 1972. Losses occurred in such uses as blanketing, curtains, filling materials for mattresses, rugs and carpets, and bed sheets.

Similar, though less dramatic, losses occurred in the apparel category. With a 6-percent increase in total fibers consumed for apparel uses, cotton's share in such uses declined 16 percentage points during 1965-72. In absolute terms, consumption of raw cotton for apparel uses declined from 4.5 million bales in 1965 to 3.4 million bales in 1972, despite a rise in consumption of all fibers from 7.9 million bales in 1965 to 8.4 million bales in 1972.

Cotton lost the least, in both relative and absolute terms, in industrial uses. As a share of the total fibers consumed for such purposes, cotton's market share declined 2 percentage points during 1965-72. During this period, the amount of cotton consumed annually for industrial purposes averaged about 1.4 million bales. In 1966 and 1967, it amounted

to 1.7 million and 1.6 million bales, respectively, and then declined to 1.2 million bales in 1971 and 1972. For the most part, cotton's share of fiber consumption for industrial purposes declined during the 1950's. Since then, cotton consumption has declined at a slower rate. Cotton lost some of its share of the market in the 1950's, when demand turned to manmade fiber for tire cord, insulation, hoses, laundry and dry cleaning supplies, and machinery belts.

The decline in domestic consumption of cotton has occurred despite efforts by the cotton trade to increase or at least maintain its share of the total domestic market for fibers. Promotional efforts to impress the consumer with cotton's natural advantages and to create fashion appeal and thereby combat the glamor of the newer fibers probably contributed to the ability of cotton to retain a significant, although declining, share of the fiber market. The efforts to expand cotton consumption are directed toward several objectives. First, through promotional efforts the trade has endeavored to retain the position now held by cotton in various markets. Second, efforts have been made to attain new markets by an effective research program. However, the cotton trade has been forced to operate these programs on limited funds. The amount spent for research on cotton during 1972 by both Government and private industry was about \$42 million, while that spent by producers of manmade fibers for such purposes was more than \$149 million. Although no clear estimates are

available on the amount of funds spent on promotion of manmade fibers, it is certainly greater than the \$12.2 million spent to promote cotton. Beginning in 1967, cotton producers have been assessed \$1.00 for each bale of their production under the provisions of the Cotton Research and Promotion Act of 1966 (CRPA), to be used for developing ways of reducing costs of production and marketing, as well as expanding markets for cotton. In 1972, \$10 million was generated under this program.

Cotton waste.--Consumption of cotton mill waste declined from 524 million pounds in 1965 to 420 million pounds in 1972. Much of the increasing demand for stuffing and upholstery material has been filled by synthetic fibers and foam rubber because of the relatively inadequate supplies of cotton waste. The shift to other materials is also due in part to the lower quality of cotton waste being produced, which contains a larger share of trash and less usable fiber.

Prior to 1971, spinnable cotton waste--the waste product of primary concern in this investigation--accounted for less than 50 percent of all cotton mill waste consumed. In 1971 and 1972, the share of total cotton waste consisting of the spinnable fibers exceeded 50 percent, largely owing to an increase in production and an increase in imports. In general, however, consumption of cotton spinnable waste has declined, especially during 1966-70 (table 4). Consumption of the spinnable waste products, however, rose in 1971 and then declined slightly in 1972. The

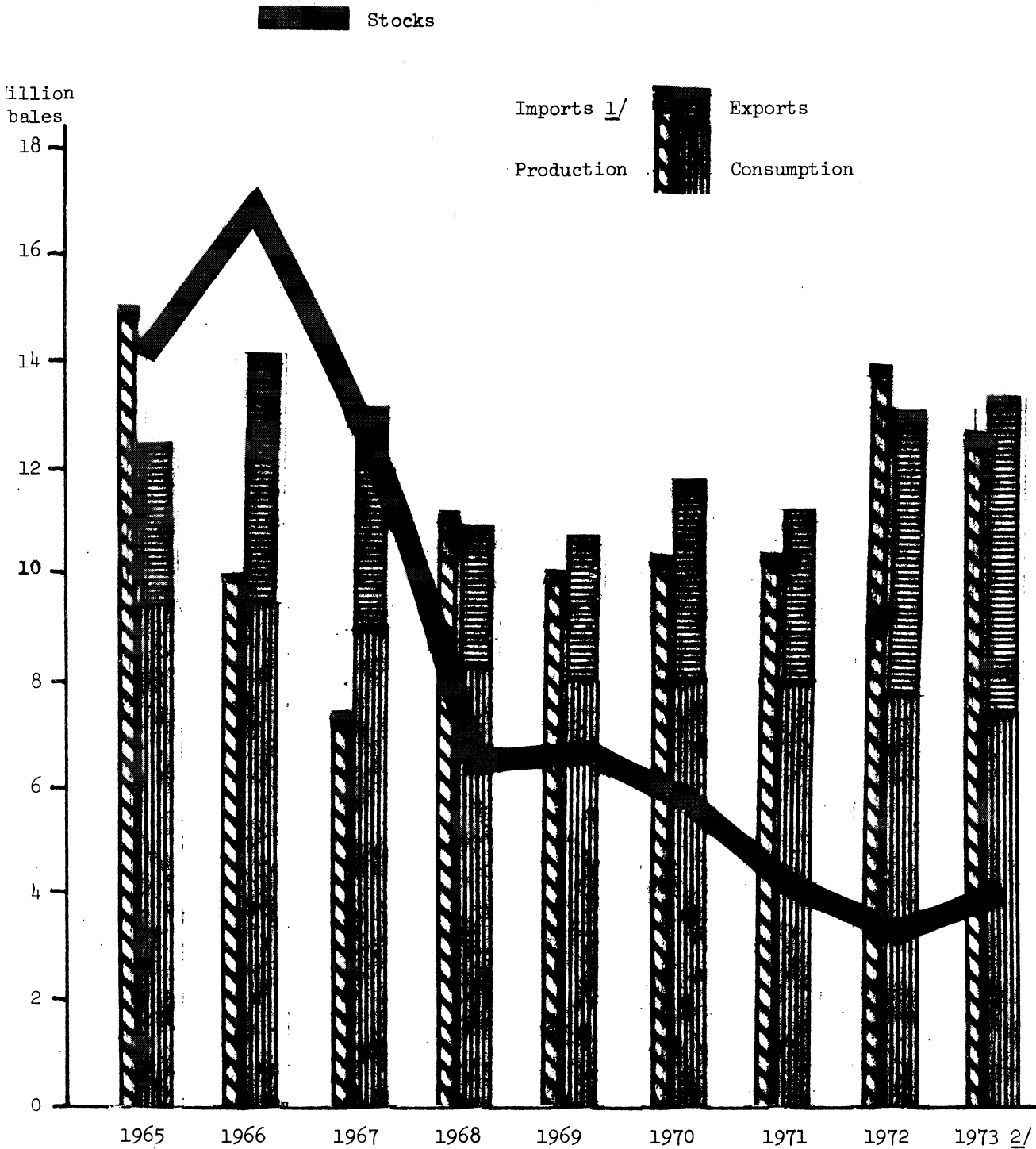
trend in consumption of spinnable cotton waste (as well as in that of all cotton waste products) has generally followed the decline in consumption of raw cotton:

U.S. production and stocks

Raw cotton production.--Production of raw cotton in the United States during 1960-73 averaged 12.3 million bales per year (table 5 and fig. 2), of which about 99 percent consisted of Upland cotton. The average cotton production during 1960-65 was 14.8 million bales, in comparison with an average of 10.5 million bales for the 1966-73 period. The Food and Agricultural Act of 1965 instituted an acreage diversion program for Upland cotton. In 1966, production plummeted as land was diverted to soil-conserving crops; in 1967, adverse weather conditions resulted in a further decline of output of raw cotton to a record low point. During 1968-72, however, harvested acreage steadily increased, and--since 1969, when poor weather inhibited yields--production increased as well (table 6). Although both harvested acreage and production are estimated to have declined in 1973, the yield per acre will probably remain about the same. Flooding in the Delta region during the 1973 crop year reduced harvested acreage and, therefore, production.

Prior to 1966, Upland cotton under 1-1/8 inches in staple length accounted for at least 95 percent of the raw cotton grown in the

Figure 2.--Upland cotton: U.S. production, consumption, foreign trade, and beginning stocks, 1965-73



^{1/} Includes imports of harsh Asiatic cotton, under 3/4 inches in staple length.

^{2/} Estimated.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

United States. Most of the cotton produced in the United States is between 1 inch and 1-1/8 inches in staple length and is used in almost all types of apparel and household and industrial goods. Cotton less than 1 inch in staple length is used primarily for nonwoven fabrics, stuffing for apparel and furnishings, and fabrics where strength is not of primary concern. Competing in some uses with the short-staple cotton is the ordinary long-staple cotton of 1-1/8 inches to 1-3/8 inches. For the fabric mills, the choice of fibers depends on whether the advantages of the stronger yarns produced from long-staple fibers and the enhanced appearance of the finished fabrics outweigh the disadvantages of the extra costs involved.

Production of Upland short-staple cotton declined substantially in 1966 owing to the initiation of the acreage diversion program of 1965 (table 5). In 1966, short-staple cotton still accounted for 95 percent of total cotton produced. In 1967, production declined further, and short-staple cotton lost some of its percentage of the total to ordinary long-staple fibers, whose share rose from 4.3 percent of total raw cotton production in 1966 to 10.2 percent in 1967 and 16.7 percent in 1968. Cotton producers during these years were responding to demand pressures for ordinary long-staple cotton for use in permanent press apparel, which requires longer staple cotton to add strength to the fabric and offset the weakening effects of the new finishes. In 1968 a price gap between the shorter and longer staple groups developed, resulting in

a decrease, both relatively and absolutely, in the output of the longer staple fibers in 1969. Nevertheless, long-staple cotton maintained a higher share of output--7.0 percent and 7.2 percent of total production in 1969 and 1970--than in the 1960-66 period. Price disparities developed again in 1970, resulting in a diversion of some short-staple acreage to long-staple production in 1971. In 1972, as demand pressures for all types of cotton (particularly the shorter staples) became apparent, output of the shorter staple cotton surged ahead, with a decline in the production of ordinary long-staple cotton.

Extra-long-staple cotton represented less than 1 percent of the annual production of all of raw cotton in crop years 1960-73 (table 5). In 1962 and 1963, production of extra-long-staple cotton increased steadily to 142,000 bales but declined thereafter to 63,000 bales in 1967. Production rose again to 73,000 bales in 1968 and 1969 but declined in the 1970 crop year to 53,000 bales (fig. 3). Although harvested acreage increased in 1970, poor yields inhibited production in that crop year. Production began to rise in 1971, stabilized in 1972 and probably dropped off by about 17,000 bales in the 1973 crop year, as preliminary data indicate. Much of the rise in production in the 1971 crop year was attributed to greater harvested acreage, as well as to a substantial increase in yields. Harvested acreage declined slightly in both the 1972 and 1973 crop years.

Raw cotton stocks.--Despite the rise in U.S. production of raw cotton during the last few years, domestic stocks of raw cotton have noticeably declined, following a marked increase in the early and mid-1960's. Beginning stocks of raw cotton during 1960-73 are shown in the following table. During 1960-66 the increasing stocks (held both by the Commodity Credit Corporation (CCC) and by domestic mills) reflected a decline in disappearance of cotton, 1/ high production levels, and, prior to 1964, a domestic price higher than the world price for raw cotton. After the production shortfalls of 1966,

Raw cotton: U.S. stocks at beginning of crop years 1960-73 1/

Crop year beginning Aug. 1--	Quantity	Crop year beginning Aug. 1--	Quantity
	<u>1,000</u>		<u>1,000</u>
	<u>running</u>		<u>running</u>
	<u>bales</u>		<u>bales</u>
1960-----	7,559	1967-----	12,533
1961-----	7,228	1968-----	6,448
1962-----	7,831	1969-----	6,521
1963-----	11,216	1970-----	5,760
1964-----	12,378	1971-----	4,252
1965-----	14,291	1972-----	3,304
1966-----	16,862	1973 (preliminary)----	3,739

1/ Data exclude cotton stocks sold by the CCC for delivery on Aug. 1. Includes cotton pooled or owned, loans outstanding, and cotton released from stockpiles.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

1/ Disappearance equals total supply minus ending carryover. It includes consumption, exports, and cotton burned or otherwise destroyed or unaccounted for.

stocks declined somewhat in 1967; the decline accelerated in 1968 following the further drop in cotton output in 1967. After rising slightly in 1969, stocks have continued to trend downward. Domestic consumption and exports have exceeded production plus imports at a rate of about 4 percent (table 7); export demand has been the major factor in the continuing decline of stocks in recent years.

U.S. beginning stocks of extra-long-staple cotton, have been decreasing in recent years, as figure 1 shows. From 294,500 bales, or 217 percent of production, in the 1966 crop year, stocks declined steadily to 62,700 bales, or 66 percent of production, in the 1971 crop year. Despite a temporary rise in stocks in 1972, the general decline in carryover continued during the 1973 crop year. CCC loan policies, designed to diminish stocks, contributed to most of the decline during 1966-71, while increased demand for the longer staple cottons in 1973 increased downward pressure on carryover in that year.

The effect of the decline of stocks on the market price for cotton has recently become apparent. In 1960, cotton stocks represented 53 percent of production. The ratio of stocks to production during the early 1960's and in 1966-67, when production was low, was 176 percent and 168 percent, respectively. In 1968 this ratio declined dramatically with the decline in stocks and the rise in production. The ratio continued to decline to about 25 percent of production in 1972, then rose to 30 percent in 1973. It has been estimated by industry sources that,

with the current level of exports and domestic mill consumption, stocks amounting to 41 percent of current production are necessary to meet requirements from the beginning of the harvest until the cotton has been ginned and processed. The low ratios in 1972, and 1973, which reflect demand in excess of production, helped force prices of raw cotton to record high levels and resulted in late deliveries for both exports and domestic mill consumption.

The shortages of cotton in staple lengths of 1 inch to 1-1/8 inches are particularly apparent. It has been estimated that in this category export commitments have already exceeded available supplies for export. In order to meet these commitments, it would be necessary to deplete already low stocks or to delay deliveries to domestic mills. Although some substitution of these scarce staple lengths for the relatively abundant cotton stocks of less than 1 inch in staple length and stocks of more than 1-1/8 inches in staple length is possible, such substitution results in lower quality goods using the shorter staples and more expensive goods using the longer staples.

Cotton waste production.--During 1965-72 about 500 million pounds of mill waste was produced each year in the United States. Production of cotton mill waste depends not only on the quantity of raw cotton consumed and the type of textile machinery utilized but also on the quality of the cotton used. The ratio of cotton mill waste to raw cotton consumed has been about 12 percent since 1965, somewhat less than

during the 1930's, when it is estimated to have been 16 percent. The increase in the average quality of cotton, coupled with improvements in carding and combing, has resulted in a smaller quantity of waste being produced.

Certain spinnable soft waste, composed of card strips made from cotton having a staple length under 1-3/16 inches, and cotton comber waste, lap waste, sliver waste, and roving waste are of concern to this investigation since these are the only waste products with a quota limitation on imports. About half of mill waste is spinnable and may consist of that in one of the categories above. In 1972, U.S. mills produced about 230 million pounds of spinnable cotton waste, 15 percent less than the 269 million pounds produced in 1965 (table 4). The decline in cotton waste produced reflects declining domestic consumption of cotton rather than any technological break-through which would result in lower ratios of waste to cotton consumed.

Manmade fiber production.--Production and stocks of manmade fibers, cotton's chief competitor, have been increasing in recent years. During 1965-72, U.S. production of manmade fibers more than doubled, rising from 3.3 billion pounds to about 6.8 billion pounds. During the same period, U.S. stocks of manmade fibers also more than doubled, rising from 322 million pounds in 1965 to 715 million pounds in 1972. The greatest increase in production of manmade fibers came after 1967, as shown in the following table. Much of the increase in

Manmade fibers: U.S. production and stocks, 1965-72

Year	Production	Stocks
	<u>Million</u> <u>pounds</u>	<u>Million</u> <u>pounds</u>
1965-----	3,307.1	322
1966-----	3,601.8	417
1967-----	3,741.4	377
1968-----	4,823.7	524
1969-----	5,104.1	624
1970-----	4,959.4	683
1971-----	5,685.2	656
1972-----	6,750.2	715

Source: Data compiled from "Textile Organon."

output of manmade fibers resulted from the displacement of cotton by manmade fibers in many end uses and from the development of new product for which the use of cotton is less suitable.

Production of card laps, etcetera.--As noted earlier in this report practically every pound of cotton consumed by the domestic textile industry must pass through carding or combing processes in order to be manufactured into yarn, and with rare exceptions the product of each intermediate stage is utilized within the same plant and converted into succeeding stages until it becomes yarn. Consequently, production of each of these products is the direct result of cotton's being consumed by the domestic industry on its cotton-spinning system.

U.S. imports

Raw cotton.--As pointed out previously, nearly all U.S. imports of raw cotton are subject to quota restrictions. Imports of short-staple cotton under the section 22 quota have been insignificant in comparison with domestic production and consumption. Some of the country quotas have been unworkably small and are not utilized; hence, the quota of about 30,000 bales has never been filled (table 8). Before 1964, the prices paid for raw Upland cotton by domestic mills were above the foreign price level, thus attracting imports from several countries having larger quota allocations. As the U.S. price of Upland cotton was allowed to decline toward the world price during 1964 and 1965, the U.S. market became less attractive to foreign suppliers, and imports of short-staple cotton dropped from 21,448 bales in 1963 to 5,914 bales in 1964 and 3,644 bales in 1965. In 1966, however, production fell after the acreage diversion program became effective, and in 1967 poor weather added to the decline. Consequently, domestic prices rose, resulting in an increase in annual imports to 20,000 bales in 1966 and in 1967. The higher prices continued until 1969, and imports remained at correspondingly high levels. During 1970-73, a variety of factors affected imports of raw cotton. In 1970, imports of short-staple cotton fell drastically to the lowest point since 1961--644 bales. The decline

resulted from worldwide shortfalls in production and stocks and a significant rise in prices. Foreign acreage and production increased in 1971, resulting in reduced prices and increased U.S. imports. Since the 1971 crop year, however, imports have again declined greatly.

Mexico has the largest allocation under the quota for short-staple cotton and is the largest foreign supplier of this type of cotton to the United States. The second largest country quota, allotted to India and Pakistan aggregately, has seldom been filled. No imports have ever been charged to the third largest quota, allocated to the Republic of China. The allocation to Egypt and the Sudan was completely utilized during the 1966 and 1967 quota years but was only partially used in 1968; imports from those countries have since been negligible.

The import quota for ordinary long-staple cotton, approximately 12,500 bales, also has not been fully utilized (table 9). During the 1961-67 period, imports of such cotton averaged 9,291 bales, of which about 6.5 percent was of the Peruvian Tanguis types. Before 1963, Mexico was virtually the only supplier of ordinary long-staple cotton other than Tanguis. The higher U.S. domestic price at the time attracted foreign cotton, and Mexico's location provided an easy access to the U.S. market. During 1964-66, however, there was little price advantage in shipping Upland-type cotton from Mexico to the United States, and consequently there were no imports from that country. The 1965 and 1966 quotas on ordinary long-staple cotton were largely filled by cotton from Egypt.

During 1967, imports from Mexico again appeared as the domestic market price for ordinary long-staple Upland rose above the world price. However, the increases in domestic production of Upland cotton of longer staples had a depressing effect on prices; consequently, the level of domestic prices since 1968 for both Upland and Egyptian types has been less attractive to U.S. importers of ordinary long-staple cotton.

The import quota for extra-long-staple cotton (approximately 82,500 bales) was fully utilized in each year of the 1961-67 period (table 9). Imports since 1967, however, have been considerably less than the quota limitations, partly owing to the fact that U.S. prices declined after 1967. Before 1967, Egypt had been by far the most important foreign supplier of extra-long-staple cotton. During 1967, however, the quota was partly utilized to import 27,229 bales of Sudanese extra-long-staple cotton having properties similar to the domestic long-staple Upland types then in short supply. Imports declined substantially to 17,604 bales in 1969 and then increased to 32,572 bales in 1971. The increase resulted from a sharp decline in U.S. stocks of extra-long-staple cotton and a consequent increase in prices. Since 1971, imports have declined. Unlike the quota on Upland cotton, that on extra-long-staple cotton amounts to about 87 percent of current production.

Cotton waste.--Imports of certain spinnable cotton waste are the only cotton waste products subject to annual section 22 quota limitations. Spinnable cotton waste has accounted for less than 1 percent to

4 percent of the total quantity of imports of cotton waste products into the United States (import data are shown in tables 4 and 10). These imports of waste have accounted for less than 1 percent of domestic consumption and have been equivalent to an even smaller share of domestic production since 1966. At their highest level, in 1965, imports of spinnable cotton waste accounted for 1.2 percent of domestic consumption and were equivalent to 1.1 percent of domestic production.

The section 22 quota on card-strip waste under 1-3/16 inches in staple length, comber waste, lap waste, sliver waste, and roving waste has been about 5.5 million pounds. In 1965 only 3.4 percent of the quota was filled (import data are shown in table 11). By 1972, imports of these waste products accounted for less than 1 percent of the quota. The United Kingdom was allocated the largest quota--4.3 million pounds--but since 1966 it has utilized less than 1 percent of its allocation, if any. Japan, which was allotted the second highest quota--342,000 pounds--did not ship any spinnable waste to the United States in 1965-73. The third largest quota--240,000 pounds--was allocated to Canada, which has continually shipped spinnable cotton waste to the United States, although less than its allocation.

Certain cotton products.--With an annual total quota in recent years of only 1,000 pounds on imports of card laps, sliver, and roving, such imports have constituted an insignificant proportion of domestic consumption. In 1969, imports of such cotton products amounted to 625 pounds. There were no imports of such products in 1970-72, but the quota has already been filled for the 1973 quota year.

U.S. exports

Raw cotton.--The value of U.S. exports of raw cotton was more than half a billion dollars in 1971 and in 1972 (table 12). The quantity of annual U.S. exports, however, fluctuated considerably during 1965-72 and was 19 percent lower in 1972 than in 1965. In 1973, raw cotton exports rose by more than 2 million bales to 5.5 million bales. The increase in exports of raw cotton reflects rising world demand, as well as the devaluations of the U.S. dollar in 1971 and 1973. Recent contracts with the Peoples' Republic of China also contributed to the increase in cotton exports during 1973.

Since 1965 about 94 percent of aggregate U.S. exports of raw cotton have consisted of short-staple cotton (under 1-1/8 inches in staple length), a little more than 5 percent have consisted of ordinary long-staple cotton (1-1/8 inches or more but less than 1-3/8 inches in staple length), and the remainder--less than 1 percent--have consisted of extra-long-staple cotton (table 13). During 1965-70, the composition (by staple length) of raw cotton exports did not vary much. In 1968, for example, short-staple cotton accounted for 98 percent of total raw cotton exports. However, its share fell to 91 percent in 1971 but then rose to a little less than 93 percent in 1972. Most of the decline in the relative importance of short-staple cotton derives from a greater

demand abroad for cotton in the longer staples for use in permanent press fabrics. The share of raw cotton exports accounted for by ordinary long-staple cotton rose from 2 percent in 1968 to 9 percent in 1971 and dropped to 7 percent in 1972. Export demand for U.S.-produced extra-long-staple cotton has fluctuated widely since 1965, ranging between 20,000 bales in 1965 to 3,000 bales in 1972. U.S. exports of extra-long-staple cotton have depended largely on annual levels of production in the major competing countries, such as the U.S.S.R., Egypt, and the Sudan. In 1973, exports of short-staple and ordinary long-staple cotton increased by 76 percent and 98 percent, respectively and exports of extra-long-staple cotton rose by 32.2 percent (table 13)

Since 1964 Japan has been the largest purchaser of U.S. raw cotton (table 12). U.S. raw cotton exports to Japan remained relatively constant during 1965-68 at roughly 1 million bales. In 1969, however, exports dropped to about 500,000 bales owing to a decrease in overall Japanese imports of raw cotton and to a temporary substitution of Mexican cotton. In 1970, Japanese purchases of raw cotton increased and continued at the higher level of 700,000 to 900,000 bales through 1972. In 1973, U.S. exports of raw cotton to Japan rose to more than 1 million bales.

Large exports to Japan during the past 20 years have been supported by the extension of credits to Japan by the Export-Import Bank of the

United States. Although the amount of credits has varied over this period, credits of about \$75 million was extended for Japanese imports of U.S. cotton both in 1972 and 1973.

The Public Law 480 program (discussed earlier) has been a major force in the expansion of U.S. exports of raw cotton. The Republic of Korea, the Republic of China (prior to 1972), Indonesia, South Vietnam, the Philippine Republic, and Thailand have received long-term credits under the Public Law 480 program to finance purchases of U.S. raw cotton. These six countries accounted for more than 40 percent of the total quantity of U.S. exports of raw cotton in 1972. While the value of total U.S. exports of raw cotton increased by only 3 percent between 1965 and 1972, the value of exports of raw cotton to these six countries increased by 142 percent over the same period--largely aided by the Public law 480 program.

In addition to Export-Import Bank credits and financing under the Public Law 480 program, the Commodity Credit Corporation offers loans to exporters of either Upland or extra-long-staple cotton. Also, the Export-Import Bank offers credit insurance whereby creditors can extend loans and be secured against default in payment. All these programs have done much to facilitate and encourage U.S. exports of raw cotton.

Exports have been a growing market for the U.S. cotton farmer since 1969. Since the mid-1960's, domestic consumption of raw cotton has

declined in both absolute and relative terms (table 1). The value of raw cotton exports, on the other hand, has increased at an average annual rate of more than 20 percent since 1969 (table 12). In 1973 the value of exports increased 85 percent over that in 1972. In terms of quantity, exports of raw cotton increased at an average annual rate of 8.8 percent from 1969 to 1972 and 78 percent in 1973. As shortages of manmade fibers continue and as populations continue to rise, export demand for U.S. cotton should remain high.

Cotton waste.--Exports of cotton waste dropped steadily from 90 million pounds in 1968 to 65 million pounds in 1971 (table 14). Much of the decline reflected a switch to manmade fibers, especially in Western Europe. In 1972, exports of cotton waste grew to 78 million pounds, and preliminary data for 1973 indicate a further increase for the year. Exports of spinnable waste--comber waste, card strips, etcetera--accounted for 24 percent of total exports of cotton waste in 1972 (table 15); this represents a substantial decline from the 40-percent share in 1965.

Comber waste makes up the bulk of the exports of spinnable cotton waste. These exports have declined significantly since 1968 as Western European textile firms switched to manmade fibers. As scarcities of manmade fibers developed and the relative costs of U.S. cotton declined after devaluation of the dollar, U.S. exports of comber waste increased in 1972. Available data suggest a further increase in 1973. Although

the United Kingdom has maintained its position as the largest market for these exports, significant market expansion has occurred in Western Europe (table 15).

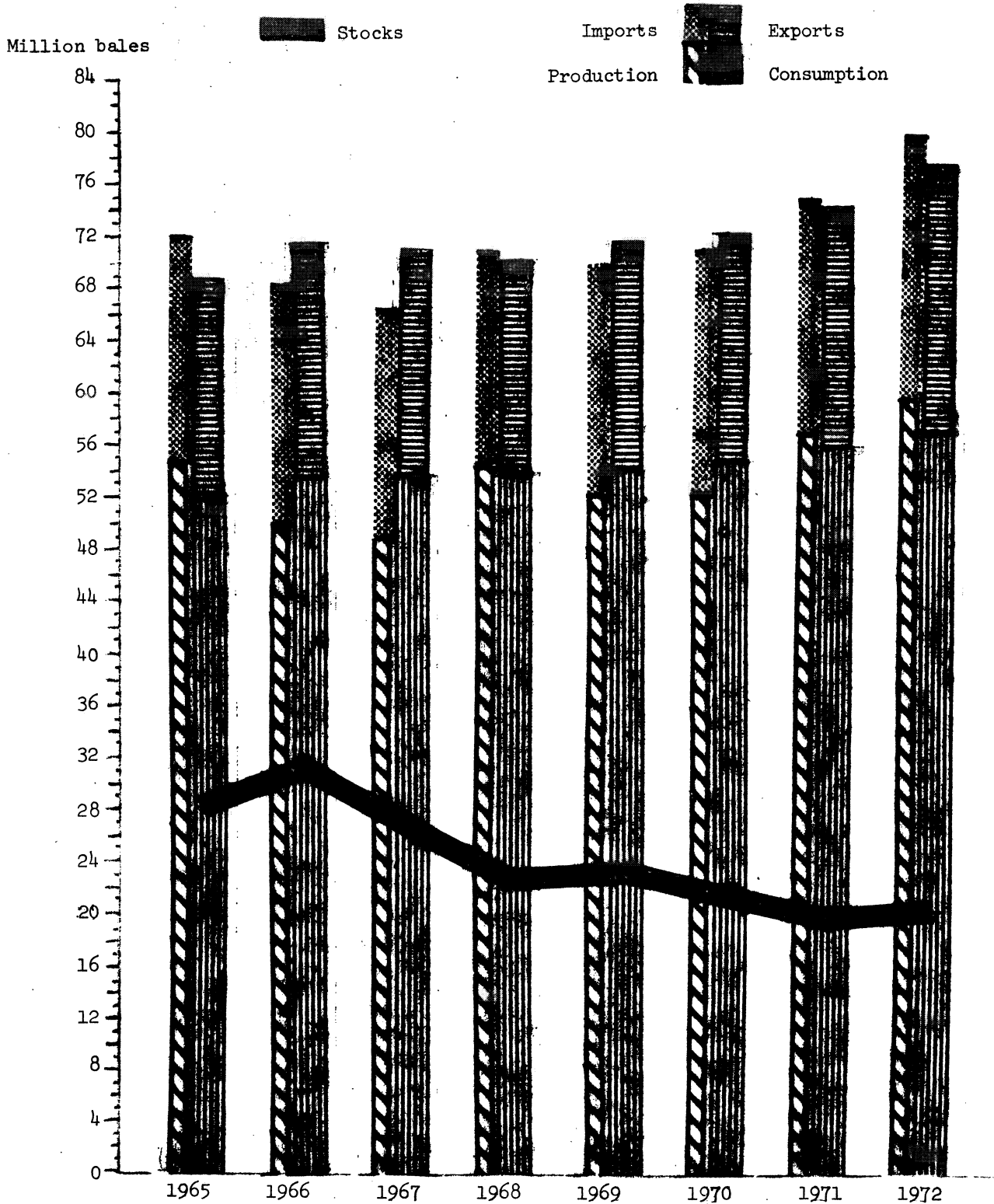
Card strips constituted between 4 and 17 percent of the exports of spinnable waste in 1965-72 (table 14). Annual exports of card strips ranged from 1.3 million pounds to 4.3 million pounds during 1965-72. In recent years, these exports have declined, falling from 4.3 million pounds in 1969 to 2.5 million pounds in 1972. Preliminary data suggest that these exports may have remained at about the same level in 1973 as in 1972 or slightly below. This contrasts sharply with a generally rising trend in other exports of cotton in 1973. Canada has been the prime market for exports of card strips, accounting for 92 percent in 1972.

Other types of spinnable waste, such as lap waste, roving waste, and sliver waste, are not separately recorded in export statistics. Nevertheless, exports of these types, if any, are believed to be negligible.

World cotton situation

Worldwide consumption of cotton increased at an average annual rate of 1.4 percent during 1965-72 (basic data shown in table 16 and fig. 3). The U.S.S.R., the People's Republic of China, the United States, India, and Japan have been the largest consumers. Trends in consumption of raw cotton throughout the world have varied considerably,

Figure 3.--Raw cotton: World production, consumption, trade, and beginning stocks, crop years 1965-72



Source: Compiled from statistics of the International Cotton Advisory Committee.

depending in large part on the availability of other fibers for textile uses. In the developed countries consumption of raw cotton has declined since 1965, as manmade fibers replaced cotton as a textile raw material. In the less developed countries and in Communist countries, however, consumption of raw cotton has been increasing at a rate commensurate with population growth, and consequently has partially compensated for the decline in raw cotton consumption in the developed countries. Generally, the largest consumers are also the largest producers. The United States, the U.S.S.R., the People's Republic of China, and India rank as the major world producers of raw cotton (table 17), accounting for more than 50 percent of total output.

Despite the major role of the United States in world production of raw cotton, its share of the total has declined since 1965. Whereas the United States accounted for more than 27 percent of world production in 1965, its share of the world total had fallen to about 23 percent by 1972. Similarly, Mexico's share, although much smaller, declined over the 8-year period. This occurred during a period when world output increased by 9 percent, to 59.6 million bales. The U.S.S.R., India, Pakistan, Turkey, and Brazil each increased their shares of production of raw cotton over the 8-year period (table 17). Production increases in these countries largely reflected demand pressures for domestic consumption.

Recently, with worldwide shortages of manmade fibers, the demand for cotton has been increasing. In 1972, world cotton imports rose to a record of 20.2 million bales--almost 2 million bales more than in 1971 (table 18). During 1965-71, world imports averaged about 18 million bales annually. Much of the increase in 1972 reflected a surge in demand in the People's Republic of China, where imports in that year (1.8 million bales) were more than double those in 1971. Other large importers of cotton also increased purchases. In 1972 Western Europe increased its raw cotton imports by more than 400,000 bales, after a decline from 6.8 million bales in 1965 to 6.0 million bales in 1971. Similarly, Japanese imports of raw cotton averaged about 3.4 million bales annually during 1965-71; during 1972, they were 3.9 million bales.

The United States has been the major supplier for this increased demand. In 1965 and since, the United States has been the largest exporter of raw cotton, with the U.S.S.R. commanding second place (table 18). Most other exporting countries have not increased exports in proportion to the increases in production, since increased domestic consumption by producing countries brought about by increasing population has diminished the available supplies for export. Of the 2.3-million-bale increase in exports in 1972 over 1971, the United States accounted for 1.5 million bales.

Because of increased worldwide demand for raw cotton, stocks have been reduced in both absolute and relative terms since 1965. From a total of 28.3 million bales at the beginning of the 1965 season, carry-over had dropped to 19.7 million bales by August 1, 1971 (table 19).

Stocks rose slightly in the 1972 season and substantially, by almost 2 million bales, in 1973. Nevertheless, the small increase in 1972 did not keep pace with consumption requirements. In 1965, stocks amounted to 51 percent of worldwide production of raw cotton. By 1972, ratio of stocks to production had fallen to 34 percent. In 1973, this proportion is expected to rise, since stocks increased, while world production remained about the same as in the 1972 crop year.

Table 20 summarizes the basic world statistics relating to extra-long-staple cotton. During 1967-71, annual world production of extra-long-staple cotton steadily increased from 2.1 million bales to 3.1 million bales. In 1972, output fell off because of drought conditions in the major producing countries of Egypt, the Sudan, and the U.S.S.R. and floods and diseases in Peru. World stocks then declined for the third straight year as disappearance exceeded world production.

Much of the world production has been unavailable to world markets. The U.S.S.R., for example, does not export its extra-long-staple cotton, and more than half of Egypt's output of extra-long-staple cotton is tied to barter agreements with the U.S.S.R. and Eastern Europe. In total, more than half of world production is unavailable to non-Communist countries. In addition, producing countries have increasingly consumed more of their own output, while Western Europe and Japan have been consuming

less extra-long-staple cotton. With increasing shortages of synthetic fibers, however, prices of extra-long-staple cotton have been bid up to record high levels.

Prices

Domestic Upland cotton.--The average price received by Upland cotton growers declined irregularly during the 1960s, from a high of 32.8 cents per pound in crop year 1961 to 20.9 cents per pound in crop year 1969 (table 21 and fig. 4). The average price rose to 28.1 cents per pound in 1971, then declined again to 27.2 cents per pound in 1972. Prices received by Upland cotton growers during the first 5 months of the 1973 crop year (August-December) averaged 44.1 cents per pound, more than 50 percent greater than during the same period of the preceding crop year. In fact, the average price more than doubled during calendar year 1973, rising from 22.1 cents per pound in January to 47.9 cents per pound in December (fig. 5).

Average spot market prices generally followed the trend in prices received by growers, declining irregularly during 1960-69, but increasing **after** 1969 (table 21). Average spot market prices have risen greatly in recent months, more than doubling within the past year. For example, the average spot market price of Strict Low Middling grade 1-1/16-inch Upland cotton increased from 32.3 cents per pound in January 1973 to 78.1 cents per pound in January 1974.

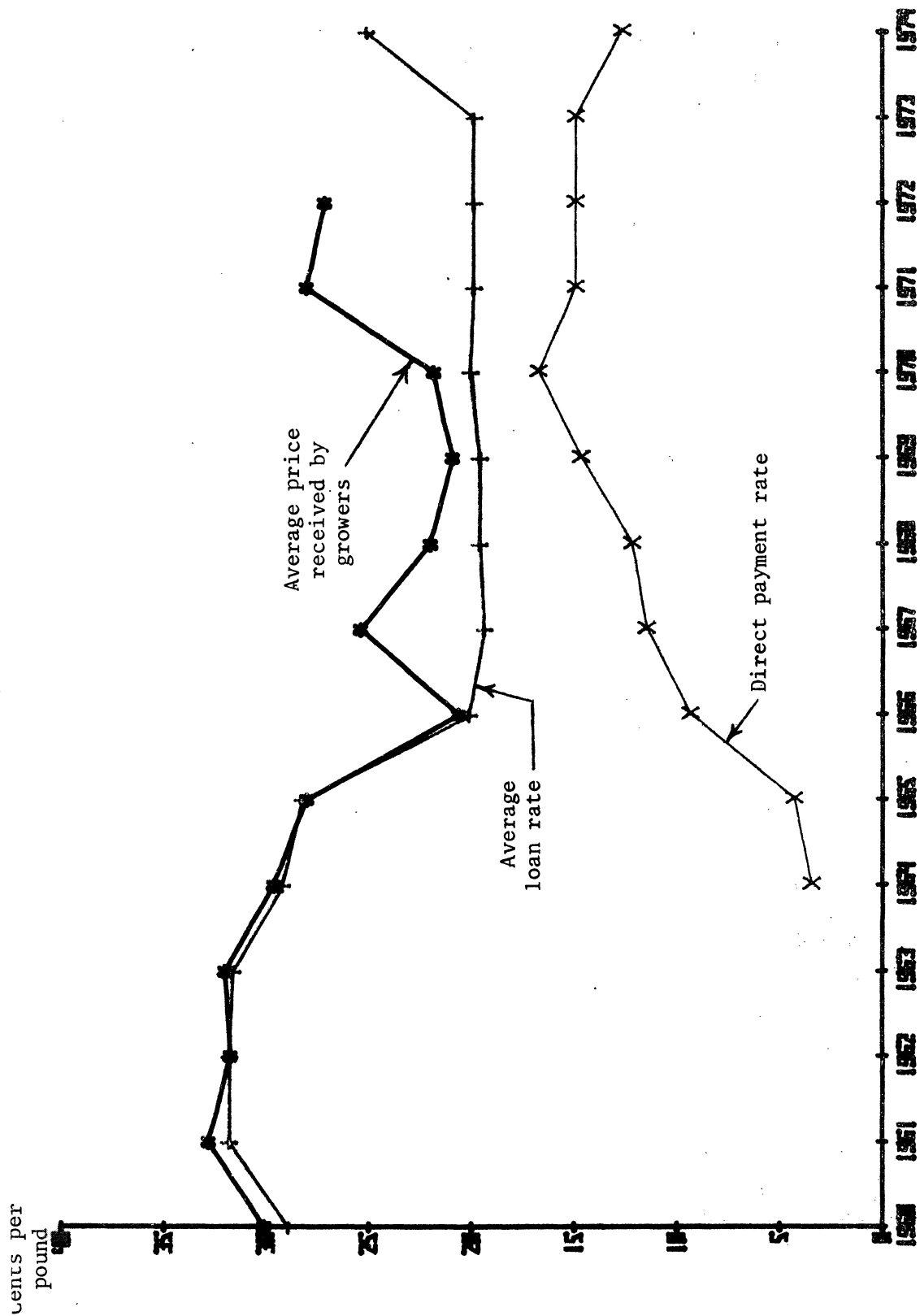


Figure 4.--Upland cotton: Average price received by growers, average loan rate, and direct payment rate, crop years 1960-74.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

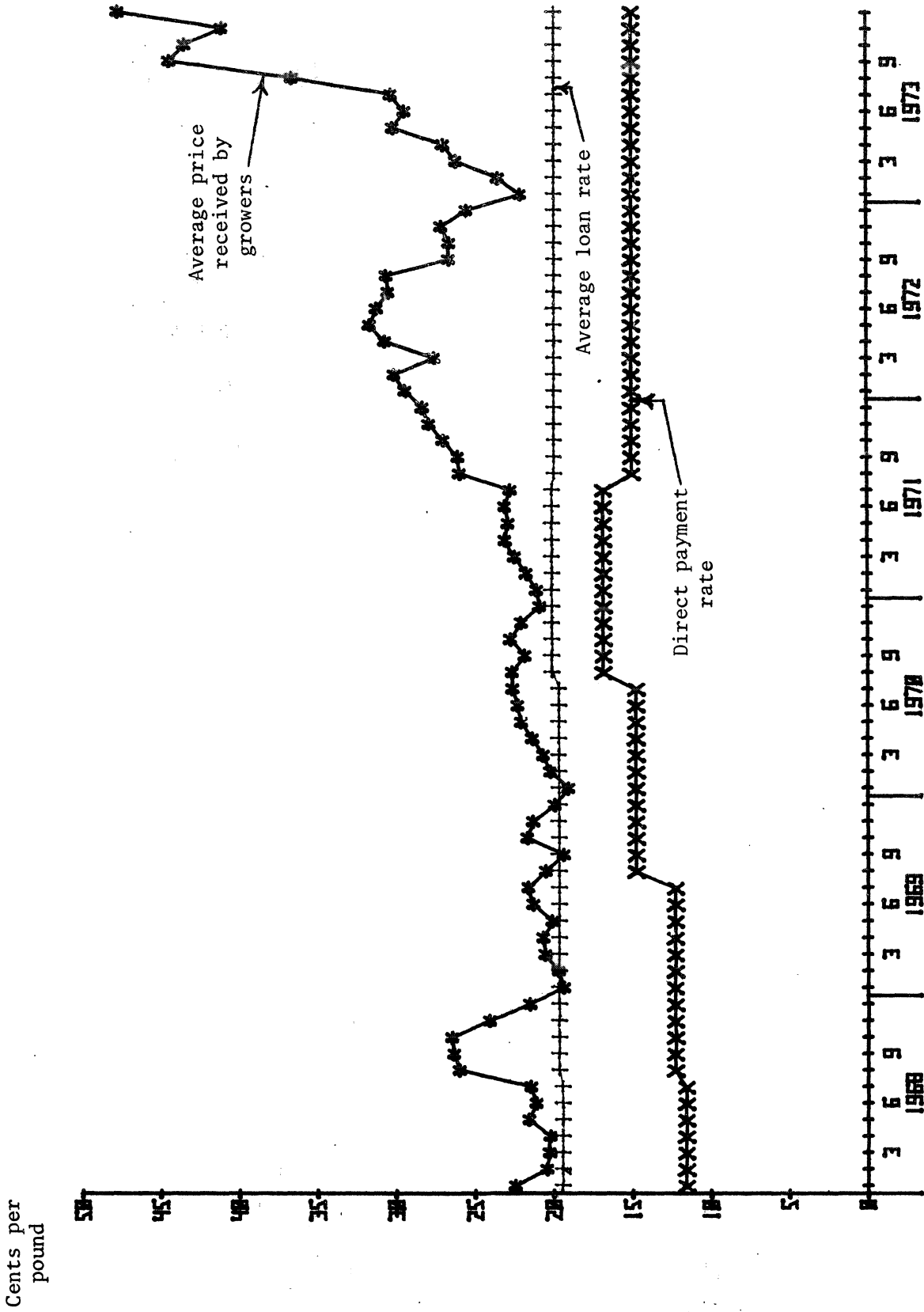


Figure 5.--Upland cotton: Average price received by growers, average loan rate, and direct payment rate, by months, 1968-73

U.S. DEPARTMENT OF AGRICULTURE

As indicated earlier, farm prices for Upland cotton have been supported by various types of programs since the 1930's. Although the nonrecourse loan has been the principal method of support used, direct payments to producers have assumed increasing importance in the past decade. From 1964 to 1973, the U.S. program for Upland cotton moved in the direction of lower loan rates but higher direct payments to growers. The following table shows that, while the average loan rate for Upland cotton declined from 31.7 cents per pound in 1963 to about 20 cents per pound in 1971-73, the direct payment to growers increased from 3.5 cents per pound in 1964 to 15.0 cents per pound in 1971-73.

Upland cotton: Average U.S. loan rate and direct payment rate, crop years 1962-73

(In cents per pound)			
Crop year beginning Aug. 1--	Average loan rate of the Upland crop	Direct payment to growers 1/	Total support price
1962-----	31.88	-	31.88
1963-----	31.72	-	31.72
1964-----	29.30	3.50	32.80
1965-----	28.31	4.35	32.66
1966-----	20.21	9.42	29.63
1967-----	19.47	11.53	31.00
1968-----	19.69	12.24	31.93
1969-----	19.71	14.73	34.44
1970-----	20.15	16.80	36.95
1971-----	<u>2/</u> 19.50	15.00	35.00
1972-----	<u>2/</u> 19.50	15.00	35.85
1973-----	<u>2/</u> 19.50	15.00	41.52

1/ Excludes payments for crop diversion and conservation practices.

2/ Estimated.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Figure 4. shows the average price received by Upland cotton producers, the average loan rate of the Upland crop, and the direct payment rate to growers for crop years 1960-74. Figure 5, which provides greater detail for recent years, shows the same data on a monthly basis for 1968-73. Figure 4 shows that the average price received by growers during crop years 1960-66 was quite close to the average loan rate. Prior to 1966 a "two-price system" for cotton growers was in effect in the United States which resulted in raw cotton being priced substantially higher in the domestic market than in world markets. Since 1966, legislation has eliminated the two-price system by maintaining loan rates below prices prevailing on world cotton markets. As shown in figure 4, the average price received for Upland cotton by growers since 1966 has consistently exceeded the average loan rate, and the difference has widened since 1970, particularly during the second half of 1973.

Domestic extra-long-staple cotton.--The trend in prices received by growers of extra-long-staple cotton has been rather similar to the trend in prices for Upland cotton. That is, prices trended downward during the 1960's, increased moderately in 1970-72 (fig. 6), and rose very rapidly during 1973 (fig. 7). The average price of American Pima cotton, which comprises almost all of the extra-long-staple cotton grown

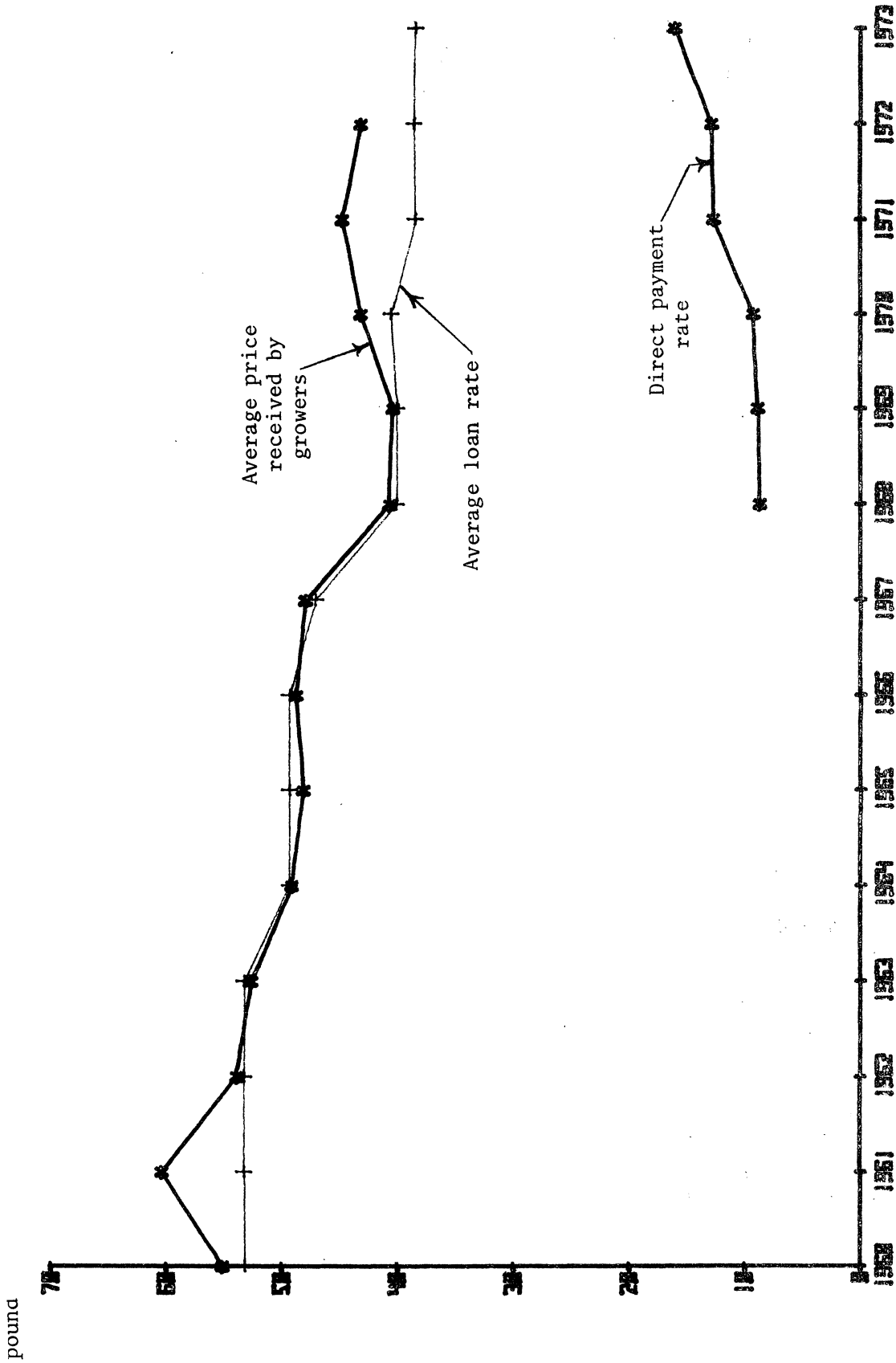


Figure 6.--Extra-long-staple cotton: Average price received by growers, average loan rate, and direct payment rate, crop years 1960-73.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

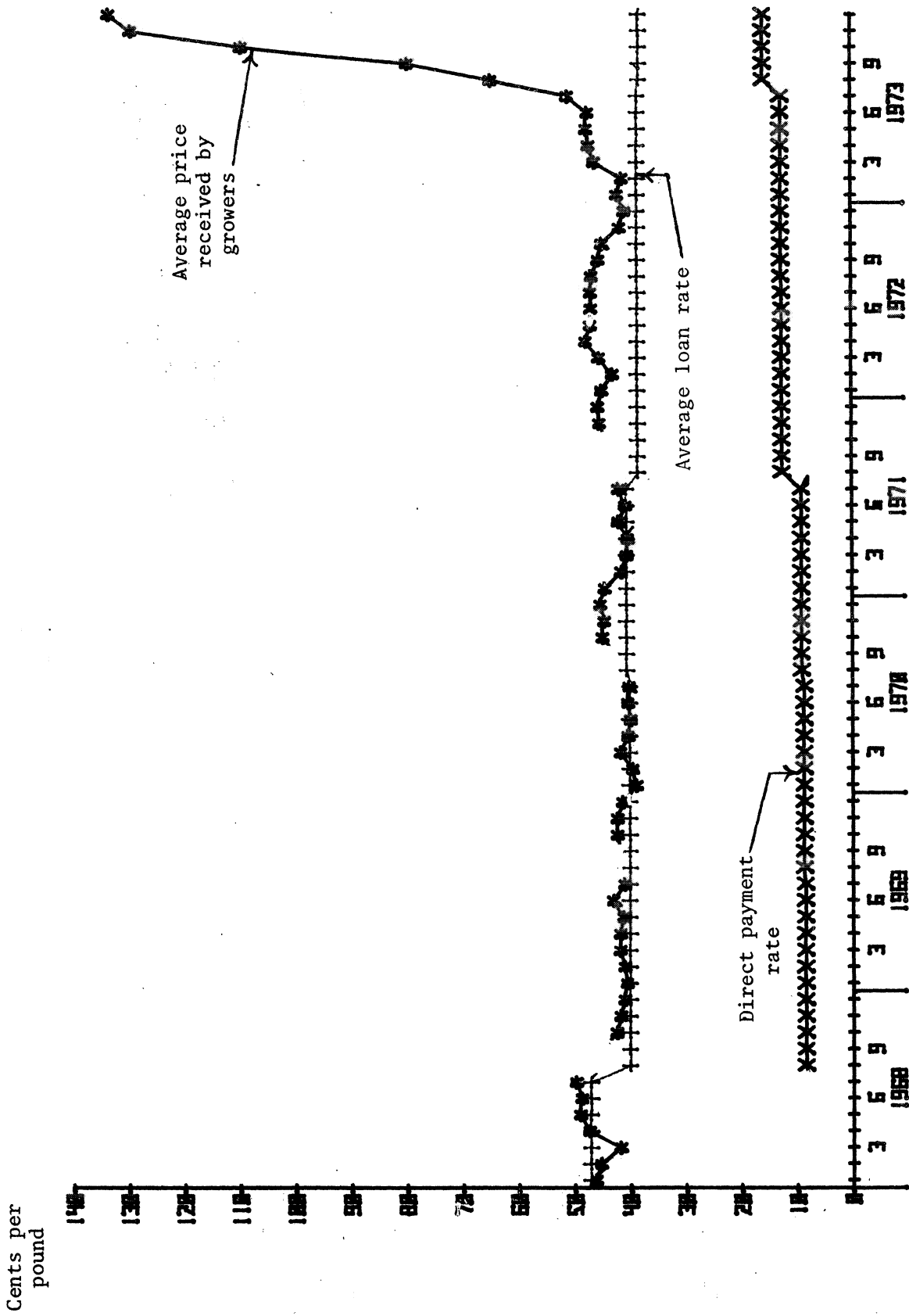


Figure 7.--Extra-long-staple cotton: Average price received by growers, average loan rate, and direct payment rate, by months, 1968-73.

U.S. DEPARTMENT OF AGRICULTURE

in the United States, declined from a high of 60.4 cents per pound in 1961 to 40.4 cents per pound in 1969, a large part of the decline occurring in 1968. In that year, the CCC lowered the average loan rate on extra-long-staple cotton by 7 cents per pound, while at the same time instituting a system of direct payments to growers. In part, this change was designed to make U.S. extra-long-staple cotton more competitive in domestic and export markets by lowering its price. Since 1968, the average loan rate has trended downward while the direct payment rate has increased each year (fig. 6). Prices rose moderately in 1970-72, fluctuating between 43 and 45 cents per pound. However, the average price received by growers more than trebled in 1973, rising from 42 cents per pound in January to \$1.34 per pound in December (fig. 7). ^{1/} Since late 1971, the average price received by growers has consistently exceeded the average loan rate, and the difference widened tremendously during the latter half of 1973. The recent high prices reflect shortages in supply. As indicated earlier, domestic production remained relatively constant during 1971-73, while imports declined and stocks of extra-long-staple cotton were greatly reduced from levels prevailing during the 1960's (fig. 3).

^{1/} The average price received by growers during January 1974 was \$1.29 per pound, down slightly from the previous month.

The following table shows the average price received by growers of extra-long-staple cotton during crop years 1962-73, as well as the average loan rate and direct payment rate to growers.

Extra-long-staple cotton: Average prices received by U.S. growers, average loan rate, and direct payment rate, crop years 1962-73

(In cents per pound)

Crop year beginning Aug. 1--	Average price received by growers	Average loan rate	Direct payment to growers	Total support price
1962-----	53.90	53.17	-	53.17
1963-----	52.60	53.17	-	53.17
1964-----	49.10	49.25	-	49.25
1965-----	48.10	49.25	-	49.25
1966-----	48.70	49.25	-	49.25
1967-----	47.90	47.00	-	47.00
1968-----	40.70	40.00	8.69	48.69
1969-----	40.40	40.00	8.88	48.88
1970-----	43.20	40.50	9.29	49.79
1971-----	44.80	38.40	12.69	51.09
1972-----	43.20	38.50	12.85	51.35
1973-----	<u>1/</u> 130.00	38.20	16.01	54.21

1/ Average for August 1973-January 1974,

Source: Official statistics of the U.S. Department of Agriculture.

World price trends.--The price of cotton in major import markets such as Liverpool, England, and Bremen, Germany, is generally considered to reflect world price levels for this product. However, because of the large number of different varieties and qualities of cotton produced throughout the world, there is no single "world price" for cotton as such. Table 22 shows average c.i.f. price quotations at Liverpool for selected qualities of Upland-type cotton grown in the United States and in specified foreign countries. Similar to prices in the U.S. market, prices for Upland-type cotton sold in world markets have increased greatly during the past year. Exceptionally strong world demand for cotton caused an approximate doubling of the prices of most qualities of U.S.- and foreign-grown cotton during 1973. Price increases have been greater for the better grades, reflecting relatively tighter supplies of these cottons throughout the world. The following table, which compares U.S. prices with foreign prices for one common grade of Upland-type cotton, illustrates the recent upward price trend.

Upland-type cotton: Price of U.S. Strict Middling grade 1-1/16-inch cotton and index of prices of selected cotton growths and qualities, 1/ c.i.f. Liverpool, England, annual 1967-72 and, by months, 1973

(In cents per pound)

Period	U.S. Strict Middling grade 1-1/16 inch	Average of 6 growths of Strict Middling grade 1-1/16 inch <u>1/</u>
1967-----	30.40	29.75
1968-----	33.07	30.74
1969-----	28.47	27.82
1970-----	29.67	28.93
1971-----	34.21	33.88
1972-----	36.55	36.30
1973:		
January-----	42.38	39.36
February-----	43.50	40.36
March-----	45.91	42.62
April-----	46.22	45.22
May-----	51.75	49.34
June-----	56.00	52.99
July-----	65.00	63.28
August-----	79.80	75.84
September-----	90.19	86.69
October-----	88.75	87.15
November-----	80.95	79.51
December-----	88.42	82.37

1/ Represents the average of the 6 cheapest growths of Strict Middling 1-1/16-inch cotton actively traded for the period in the Liverpool market.

Source: Official statistics of the U.S. Department of Agriculture.

The table above and table 22 indicate that, in general, prices for U.S. cotton appear to have been competitive with those for cotton grown in the other countries shown. Because the United States is the world'

largest exporter of Upland-type cotton, prices of U.S. cotton greatly influence world price levels. As indicated earlier, programs were in effect in the United States during 1956-64 to reduce the price of U.S. cotton for export from 6 to 8.5 cents per pound below domestic prices in order for U.S. cotton to remain competitive in world markets. Figure 8 compares the average U.S. spot market price of Middling 1-inch Upland cotton with the average price quotation for the same grade of U.S. cotton sold in the Liverpool, England, market. The effect of the elimination of the "two-price system" in 1966 is clearly indicated. Prior to 1966, domestic purchasers of cotton paid more than foreign purchasers, but after 1966 the reverse was true. Since the Liverpool price is a c.i.f. price, it is to be expected that it would normally exceed the U.S. spot market price. Since 1966, the two prices have moved in parallel, and the difference between them has not widened.

There is no single price for extra-long-staple cotton on the world market; each type of extra-long-staple cotton produced throughout the world has unique qualities derived from the various soils and climatic conditions of the country in which it is grown. Table 23 shows that, beginning with the 1967 crop year, the price of Egyptian Menoufi has been consistently higher than that of comparable American Pima cotton. Since the Egyptian cotton is priced c.i.f. Liverpool, it is to be expected that some variation would exist with respect to the El Paso-

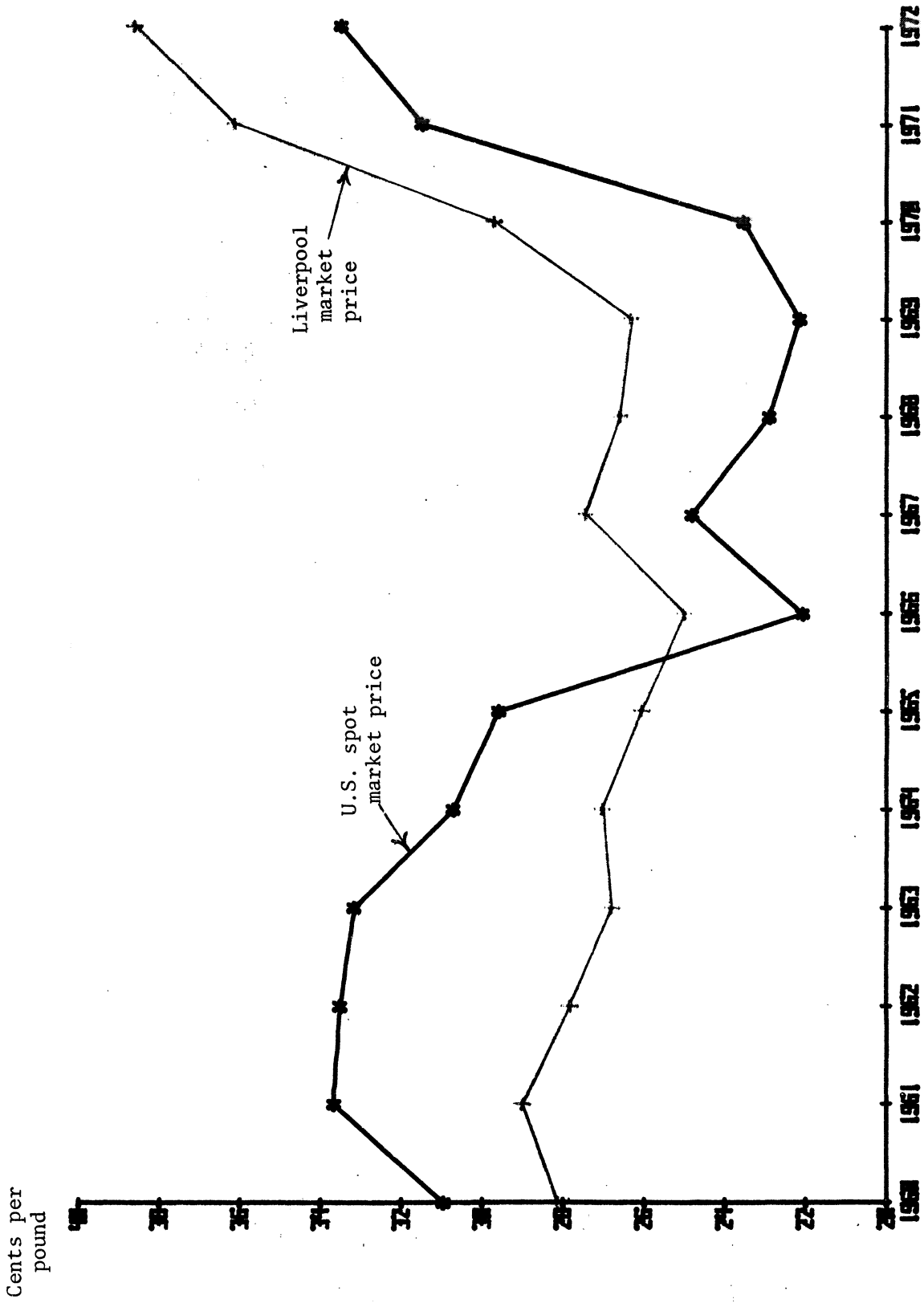


Figure 8.--Upland cotton, Middling 1-inch: Average U.S. spot market price and average price quotation for U.S. cotton on the Liverpool, England, market, crop years 1960-72.

Compiled from official statistics of the U.S. Department of Agriculture.

Phoenix quotations. Nevertheless, the divergence between the two price series has widened from 5.16 cents per pound in the 1967 crop year to 19.54 cents per pound in the 1972 crop year. Part of the reason lies with the Department of Agriculture's lowering of the loan rate by 7-cents per pound in 1968 and the resulting decline in U.S. prices. C.i.f. prices of Sudanese and Peruvian extra-long-staple cotton, on the other hand, have not differed as greatly from domestic U.S. prices; Sudanese and Peruvian cotton has generally been priced slightly below the U.S. type since 1968.

The differences between the prices of the various types of extra-long-staple cotton have reflected, first, different properties of the cottons, and second, buyer preferences. Generally, Egyptian extra-long-staple cotton is preferred over the other types because of buyer familiarity with the Egyptian product, as well as its generally high quality. U.S. output of extra-long-staple cotton, on the other hand, is relatively small, generally consumed in the United States, and not familiar in foreign markets. Public Law 480 programs have been the primary channel for U.S. export sales of extra-long-staple cotton.

Competing fiber prices.--Although factors other than price--such as fashion, technology, promotion, and availability and stability of supplies--are also important considerations, cotton and manmade fibers

have long competed on the basis of price. The importance of inter-fiber competition is underlined by the decline during 1960-72 in cotton's share of domestic fiber consumption. In terms of cotton equivalents, ^{1/} cotton's share of the domestic market fell from 57.2 percent in 1960 to 24.5 percent in 1972. During the same period, the share accounted for by noncellulosic manmade fibers rose from 18.8 percent to 63.1 percent, while the share held by rayon and acetate declined from 20.0 percent to 11.5 percent.

Table 24 compares the average price of cotton with the list prices of rayon and noncellulosic manmade fibers for 1960-73, showing both actual prices and prices in terms of cotton-equivalent pounds. The table serves to illustrate the large increases in cotton prices that occurred in 1973, particularly in comparison with the slight increases in the prices of manmade fibers in that year. The price of rayon remained relatively stable throughout the entire 14-year period. Both on the basis of actual price and cotton-equivalent price, the two types of rayon fiber shown had prices much lower than those of cotton in 1973. By far the greatest increase in the divergence between the price of cotton and the price of rayon occurred between 1972 and 1973. Prices of noncellulosic manmade staple fiber, after having declined sharply during 1960-71, were also equal to or lower than the price of cotton in 1973. For example, the cotton-equivalent list price of 1.5 denier

^{1/} Because of differences in waste involved in manufacturing fabric from various fibers and differences in the yards of fabric obtainable from an equal poundage of various fibers, fibers are not substitutable for each other on a pound-for-pound basis.

polyester staple, a common noncellulosic fiber, declined from \$1.08 per pound in 1960 to \$0.51 per pound in 1973, or by more than half. On the other hand, the cotton-equivalent price of Strict Middling grade 1-1/16-inch cotton--although declining and then rising again in the mid-1960s--was \$0.43 per pound in both 1960 and 1972; however, in 1973 the price jumped to \$0.69 per pound, or by about 60 percent.

Table 25 shows the average price of raw cotton used by U.S. textile mills, the estimated value of fabric obtainable from a pound of raw cotton, and mill margins (the difference between cloth values and raw cotton prices) for crop years 1960-72 and August-December 1973. From 1963 to 1966, mill margins rose by almost 15 cents per pound, reflecting a decline of almost 10 cents per pound in the average price paid by domestic mills for raw cotton. This price decline reflects the abolition of the two-price system under which Upland cotton was sold for export under various Government export subsidy programs at prices below those paid by domestic mills. Mill margins increased without interruption from 1967 to 1972. Because of the rapid increase in the price of raw cotton, mill margins declined during the first 2 months of the 1973 crop, but they increased greatly in October-December. 1/

1/ The ratio of mill margins to fabric values averaged about 60 percent during crop years 1968-72; during the first 5 months of crop year 1973, however, it averaged less than 50 percent.

Petroleum shortages: Impact on cotton

It is not feasible now to make any definitive assessment of the impact of petroleum shortages on the supply and demand for cotton in the United States. The exact extent of future crude oil shortages is unknown; the supply of specific petroleum products may change as each sector of the economy competes for scarce supplies; and, the governmental priorities assigned to the various sectors of the economy, although tentatively made, are subject to change.

On the supply side, petroleum shortages could affect such factors of production as fertilizers, fuel to operate machinery, insecticides, etc. Domestically, the President has stated that the agricultural sector will receive high priority for fuel. If this priority is maintained, much of the effect of petroleum shortages on domestic production of cotton will depend on the availability of fertilizers and insecticides to maintain or increase yields. Present indications are that fertilizers and insecticides made from petrochemicals are in adequate supply although there have been shortages of those produced from methane gas. On balance, it appears that U.S. cotton production will not be greatly affected by petroleum shortages if priorities remain in force.

On the demand side, petroleum shortages will tend to strengthen the demand for cotton. Currently, worldwide demand for cotton has increased as petroleum shortages have affected supplies of manmade

fibers. The production of manmade fibers is heavily dependent on petroleum; it is used as a primary source of energy and petrochemicals are used as a feedstock. However, there is one factor on the demand side that could adversely affect future trends in cotton consumption; petroleum shortages could lower industrial activity which, in turn, could reduce aggregate demand for textile goods, including those made of cotton.

APPENDIX A
LETTER FROM THE PRESIDENT
and
LETTER FROM THE SECRETARY OF AGRICULTURE

THE WHITE HOUSE
WASHINGTON

RECEIVED
NOV 1 1973

October 31, 1973 OFFICE OF CHAIRMAN

244
Dear Madam Chairman:

Pursuant to Section 22 of the Agricultural Adjustment Act, as amended, I have been advised by the Secretary of Agriculture, and I agree with him, that there is reason to believe that the import quotas on certain cotton, cotton waste, and cotton products may be suspended without rendering or tending to render ineffective, or materially interfering with, the programs for cotton now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestically produced cotton.

Specifically, reference is made to the articles presently subject to Section 22 quantitative limitations as described in items 955.01 through 955.06 of Part 3 of the Appendix to the Tariff Schedules of the United States.

The United States Tariff Commission is therefore directed to make an investigation under Section 22 of the Agricultural Adjustment Act, as amended. The investigation shall be for the purpose of making findings and recommendations as to whether the annual quotas for each of the above-described articles may be suspended without rendering or tending to render ineffective, or materially interfering with, the programs now conducted by the Department of Agriculture for cotton, or reducing substantially the amount of products processed in the United States from domestically produced cotton.

We must, of course, anticipate the possibility that the suspension of import quotas on cotton could at some future date result in interference with the Department of Agriculture's support.

program for cotton. If significant acquisitions of cotton products by the Commodity Credit Corporation occur or threaten to occur, it would be my intention to invoke the Section 22 authority to impose the necessary import controls.

The Commission shall report its findings and recommendations at the earliest practicable date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Nixon".

Honorable Catherine Bedell
Chairman
U. S. Tariff Commission
Eighth and E Streets
Washington, D. C. 20436

September 7, 1973..

OFFICIAL SECRETARY'S FILES

FILED SULLY'S RECORDS SECTION

The President
The White House

Dear Mr. President:

The importation of certain cotton, cotton waste, and cotton products is limited by quotas established by Presidential Proclamation pursuant to the provisions of Section 22 of the Agricultural Adjustment Act of 1933, as amended. These quotas were proclaimed to prevent imports from interfering with the programs and operations conducted by the Department of Agriculture for cotton.

Examination of the current situation indicates there is reason to believe that the import quotas on certain cotton, cotton waste, and cotton products are not now necessary to protect the Department's programs for cotton. Much of the incentive for foreign cotton and cotton products to seek the United States market was removed with enactment of legislation providing for the establishment of the loan level for cotton below the prices in world markets. In recent years annual imports have amounted to less than one-half of the quotas. In the 1972-73 season (August-July), imports were only 15 percent of the amount permitted by the quotas. The Agriculture and Consumer Protection Act of 1973, enacted on August 10, 1973, continues to base the loan level for cotton below world prices for the commodity through the 1977 crop.

Cotton prices in the United States are currently substantially above the Commodity Credit Corporation's loan rate. Also, CCC does not currently own any cotton, and cotton now under loan amounts to only about 125,000 bales. The supply of cotton in 1973-74 is expected to be lower than in 1972-73, and disappearance (domestic consumption and exports) will likely be higher, leaving total stocks at the end of the current season at the lowest level since during the Korean conflict.

Therefore, I have reason to believe that, if quotas are suspended, imports of certain cotton, cotton waste, and cotton products for the foreseeable future are not likely to be made in such quantities and under such conditions as to hinder or tend to render ineffective or materially interfere with the Department's programs for cotton or reduce substantially the amount of products processed in the United States from domestically produced cotton.

I recommend that you direct the Tariff Commission to make an investigation under Section 22 of the Agricultural Adjustment Act, as

amended, concerning the articles described in items 955.01 through 955.06 of part 3 of the appendix to the Tariff Schedules of the United States. The investigation should be for the purpose of making findings and recommendations as to whether the annual quota for each of the above-described articles may be suspended without rendering or tending to render ineffective, or materially interfering with, the programs for cotton now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestically produced cotton.

A draft of a suggested letter to the U.S. Tariff Commission is enclosed.

Respectfully,

signed

EARL L. BUTZ
Secretary
Enclosure

APPENDIX B

IMPORT QUOTAS ON CERTAIN COTTON, COTTON WASTE,
AND COTTON PRODUCTS

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES
 Part 3. - Additional Import Restrictions Proclaimed Pursuant to
 Section 22 of the Agricultural Adjustment Act, as Amended

9 - 3 --
 955.01 - 955.04

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)
955.01	<u>1/</u>	<p>Whenever, in the respective 12-month period specified below, the aggregate quantity specified below for one of the numbered classes of articles or for the product of a specified country or area within such numbered class has been entered, no article in such class or the product of such country or area may be entered during the remainder of such period:</p> <p>Cotton, not carded, not combed, and not otherwise processed, the product of any country or area including the United States:</p> <p>Having a staple length under 1-1/8 inches (except harsh or rough cotton having a staple length under 3/4 inch), entered during the 12-month period beginning September 20 in any year:</p> <p>Egypt and Sudan (aggregate)..... <u>1/</u> 783,816 Peru..... <u>1/</u> 247,952 India and Pakistan (aggregate)..... <u>1/</u> 2,003,483 China..... <u>1/</u> 1,370,791 Mexico..... <u>1/</u> 8,883,259 Brazil..... <u>1/</u> 618,723 Union of Soviet Socialist Republics..... <u>1/</u> 475,124 Argentina..... <u>1/</u> 5,203 Haiti..... <u>1/</u> 237 Ecuador..... <u>1/</u> 9,333 Honduras..... <u>1/</u> 752 Paraguay..... <u>1/</u> 871 Colombia..... <u>1/</u> 124 Iraq..... <u>1/</u> 195 British East Africa..... <u>1/</u> 2,240 Indonesia and Netherlands New Guinea (aggregate)..... <u>1/</u> 71,388 British West Indies (except Barbados, Bermuda, Jamaica, Trinidad, Tobago).... <u>1/</u> 21,321 Nigeria..... <u>1/</u> 5,377 British West Africa (except Nigeria and Ghana)..... <u>1/</u> 16,004 Other, including the United States..... <u>1/</u> None</p> <p>Having a staple length 1-1/8 inches or more but under 1-3/8 inches, entered during the 12-month period beginning August 1 in any year:</p>		
955.02	<u>1/</u>	Harsh or rough cotton (except cotton of perished staple, grabbots, and cotton pickings), white in color and having a staple length of 1-5/32 inches or more.....	<u>1/</u>	1,500,000
955.03	<u>1/</u>	Other.....	<u>1/</u>	4,565,642
955.04	<u>1/</u>	Having a staple length 1-3/8 inches or more, entered during the 12-month period beginning August 1 in any year.....	<u>1/</u>	39,590,778

1/ See Appendix statistical headnote 2.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES
Part 3. - Additional Import Restrictions Proclaimed Pursuant to
Section 22 of the Agricultural Adjustment Act, as Amended

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)			
5.05	1/	Whenever, in the respective 12-month period, etc. (con.):					
		Card strips made from cotton having a staple length under 1-3/16 inches, and cotton comber waste, lap waste, sliver waste, and roving waste, all the foregoing, whether or not advanced, the product of any country or area including the United States, entered during the 12-month period beginning September 20 in any year:		See headnote 3(b) of this part			
				(A)	(B)	(C)	
				Minimum Quota for certain comber waste	Unreserved Quota	Total Quota	
		United Kingdom.....	1/	2,882,305	1,441,152	4,323,457	
		Canada.....	1/	None	239,690	239,690	
		France.....	1/	151,613	75,807	227,420	
		India and Pakistan (aggregate).....	1/	None	69,627	69,627	
		Netherlands.....	1/	45,493	22,747	68,240	
		Switzerland.....	1/	29,592	14,796	44,388	
		Belgium.....	1/	25,706	12,853	38,559	
		Japan.....	1/	None	341,535	341,535	
		China.....	1/	None	17,322	17,322	
		Egypt.....	1/	None	8,135	8,135	
		Cuba.....	1/	None	6,544	6,544	
Germany.....	1/	50,886	25,443	76,329			
Italy.....	1/	14,175	7,088	21,263			
Other, including the United States.....	1/	None	None	None			
.06	1/	Fibers of cotton processed but not spun, entered during the 12-month period beginning September 11 in any year.....	1/	Quota Quantity (in pounds)			
				1,000			

1/ See Appendix statistical headnote 2.

APPENDIX C

STATISTICAL TABLES

Table 1. --Textile fibers and raw cotton: U.S. mill consumption 1960-73

Year	Consumption of all fibers <u>1/</u>	Consumption of cotton		
		Quantity <u>2/</u>	Share of total	Per capita
	<u>Billion</u> <u>pounds</u>	<u>Billion</u> <u>pounds</u>	<u>Percent</u>	<u>Pounds</u>
1960-----	6.5	4.2	64.6	23.2
1961-----	6.6	4.1	62.1	22.2
1962-----	7.0	4.2	59.4	22.4
1963-----	7.3	4.0	55.7	21.3
1964-----	7.8	4.2	54.4	22.1
1965-----	8.5	4.5	52.7	23.0
1966-----	9.0	4.6	51.4	23.5
1967-----	9.0	4.4	49.2	22.2
1968-----	9.8	4.1	42.4	20.6
1969-----	9.8	3.9	40.1	19.3
1970-----	9.6	3.8	39.9	18.6
1971-----	10.7	3.9	37.0	19.1
1972 <u>3/</u> -----	11.6	3.8	33.0	18.4
1973 <u>4/</u> -----	12.6		28.9	17.3

1/ Includes cotton, wool, rayon, acetate, noncellulosic, manmade fibers, flax, and silk.

2/ Calculated from net weight of cotton consumed in the mill; tare has been deducted.

3/ Preliminary.

4/ Estimated by the U.S. Department of Agriculture.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 2. --Textile fibers: U.S. mill consumption, by selected fibers, 1960-73

(In millions of pounds)

Year	Cotton	Manmade fibers	Other <u>1/</u>	Total
1960-----	4,190.9	1,874.7	422.7	6,488.3
1961-----	4,081.5	2,054.6	424.8	6,560.9
1962-----	4,188.0	2,412.8	441.5	7,042.3
1963-----	4,040.2	2,775.0	424.8	7,240.0
1964-----	4,244.4	3,162.2	370.9	7,777.5
1965-----	4,477.5	3,614.1	400.3	8,491.9
1966-----	4,630.5	3,990.1	384.9	9,005.5
1967-----	4,423.0	4,245.3	322.9	8,991.2
1968-----	4,146.5	5,305.5	341.9	9,793.9
1969-----	3,933.0	5,552.2	322.8	9,808.0
1970-----	3,815.6	5,501.3	248.2	9,565.1
1971-----	3,946.3	6,534.0	198.7	10,679.0
1972-----	3,841.3	7,570.2	226.3	11,637.8
1973 <u>2/</u> -----	3,650.0	8,800.0	178.0	12,628.0

1/ Includes wool, silk, and flax.

2/ Estimated by the U.S. Department of Agriculture.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 3.--Textile fibers and cotton: U.S. consumption, by major end use, 1965-72

(Bales shown are bales of 480 pounds, net weight)								
Major end uses	1965	1966	1967	1968	1969	1970	1971	1972 ^{1/}
Apparel uses:								
All fibers--million bales----	7.9	7.9	7.7	7.8	7.7	7.7	7.9	8.4
Cotton-----do-----	4.5	4.4	4.1	3.8	3.5	3.4	3.4	3.4
Cotton's percentage	57.0	56.0	53.0	49.0	45.0	44.0	43.0	41.0
Household uses:								
All fibers--million bales----	6.4	6.6	6.9	7.5	7.9	8.0	8.6	9.6
Cotton-----do-----	3.0	3.0	3.0	3.0	2.8	2.7	2.7	2.7
Cotton's percentage	47.0	45.0	43.0	40.0	35.0	34.0	31.0	28.0
Industrial uses:								
All fibers--million bales----	5.1	5.4	5.1	5.4	5.4	5.0	4.4	4.5
Cotton-----do-----	1.5	1.7	1.6	1.5	1.4	1.3	1.2	1.2
Cotton's percentage	29.0	31.0	31.0	28.0	26.0	26.0	28.0	27.0
Grand total, all uses:								
All fibers--million bales----	19.4	19.9	19.7	20.7	21.0	20.6	20.9	22.5
Cotton-----do-----	9.0	9.0	8.7	8.3	7.8	7.4	7.4	7.3
Cotton's percentage	46.0	45.0	44.0	40.0	37.0	36.0	35.0	33.0

^{1/} Preliminary.

Source: Compiled from statistics of the National Cotton Council

Table 4.--Spinnable cotton waste: U.S. production, imports, exports, and apparent consumption, 1965-72

Year	Production <u>1/</u>	Imports	Exports <u>2/</u>	Apparent consumption	Ratio of imports to apparent consumption
	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>Percent</u>
1965-----	268,650	2,928	34,391	237,187	1.2
1966-----	277,830	1,307	28,902	250,235	.5
1967-----	265,380	498	27,863	238,015	.2
1968-----	248,790	622	39,143	210,269	.3
1969-----	235,980	151	29,023	207,108	.1
1970-----	228,936	52	23,189	205,799	<u>3/</u>
1971-----	236,778	542	16,998	220,322	.2
1972-----	<u>4/</u> 230,478	1,105	18,863	212,720	.5

1/ Estimated.

2/ Exports do not include lap waste, sliver waste, and roving waste, but exports of such items are probably negligible.

3/ Less than 0.05 percent.

4/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as indicated.

Table 5.--Raw cotton: U.S. production, by staple-length groups, crop years 1960-73

Crop year begin. Aug. 1--	Short staple (under 1-1/8 in. long)		Ordinary long staple (1-1/8 in. or more but less than 1-3/8 in. long)	
	Quantity 1,000 bales ^{1/}	Percent of total	Quantity 1,000 bales ^{1/}	Percent of total
1960-----	13,690	95.9	510	3.6
1961-----	13,758	96.0	508	3.6
1962-----	14,331	96.4	428	2.9
1963-----	14,771	96.7	370	2.4
1964-----	14,596	96.4	448	2.9
1965-----	14,398	96.5	443	3.0
1966-----	9,088	95.0	411	4.3
1967-----	6,621	89.0	755	10.2
1968-----	9,019	82.6	1,824	16.7
1969-----	9,174	92.3	697	7.0
1970-----	9,407	92.3	728	7.1
1971-----	8,723	83.5	1,626	15.6
1972-----	12,578	91.8	1,028	7.5
1973-----	2/	2/	2/	2/
	Extra long staple (1-3/8 in. and longer)		Total, all cotton	
	Quantity 1,000 bales ^{1/}	Percent of total	Quantity 1,000 bales ^{1/}	Percent of total
1960-----	65	0.5	14,265	100.0
1961-----	59	.4	14,325	100.0
1962-----	106	.7	14,865	100.0
1963-----	142	.9	15,283	100.0
1964-----	104	.7	15,148	100.0
1965-----	77	.5	14,918	100.0
1966-----	64	.7	9,563	100.0
1967-----	63	.8	7,439	100.0
1968-----	73	.7	10,916	100.0
1969-----	73	.7	9,944	100.0
1970-----	57	.6	10,192	100.0
1971-----	98	.9	10,447	100.0
1972-----	96	.6	13,762	100.0
1973-----	79	.7	3/ 12,964	100.0

^{1/} Running bales of approximately 500 pounds prior to 1970, thereafter in 480 pound net weight bales.

^{2/} Not available.

^{3/} Estimated by the U.S. Department of Agriculture.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 6.--Raw cotton: ^{1/} Acreage allotment, acreage harvested, production, and yield per acre harvested, in the United States, crop years 1928 and 1938-73

Crop year beginning Aug. 1--	Acreage allotment	Acreage harvested	Production	Yield per acre harvested
	Million acres	Million acres	Million bales ^{2/}	Pounds
1928-----	3/	42.4	14.3	163
1938-----	27.5	24.2	11.6	236
1939-----	27.9	23.8	11.5	238
1940-----	27.5	23.9	12.3	253
1941-----	27.4	22.2	10.5	232
1942-----	27.3	22.6	12.4	272
1943-----	27.2	21.6	11.1	254
1944-----	3/	19.6	11.8	299
1945-----	3/	17.0	8.8	254
1946-----	3/	17.6	8.5	236
1947-----	3/	21.3	11.6	267
1948-----	3/	22.9	14.6	311
1949-----	3/	27.4	15.9	282
1950-----	21.0	17.8	9.9	269
1951-----	3/	26.9	15.1	269
1952-----	3/	25.9	15.0	280
1953-----	3/	24.3	16.3	324
1954-----	21.4	19.3	13.6	341
1955-----	18.2	16.9	14.5	417
1956-----	17.4	15.6	13.2	409
1957-----	17.7	13.6	10.9	388
1958-----	17.6	11.9	11.4	466
1959-----	4/ 17.4	15.1	14.5	461
1960-----	4/ 17.6	15.3	14.3	446
1961-----	18.5	15.6	14.3	438
1962-----	18.2	15.6	14.9	457
1963-----	16.4	14.2	15.3	516
1964-----	16.3	14.1	15.1	517
1965-----	16.3	13.6	14.9	526
1966-----	16.3	9.6	9.6	480
1967-----	16.3	8.0	7.4	447
1968-----	16.3	10.2	10.9	516
1969-----	16.3	11.1	9.9	434
1970-----	17.2	11.2	10.2	438
1971-----	5/ 11.6	11.5	10.5	438
1972-----	5/ 11.6	13.0	13.7	507
1973-----	5/ 10.1	6/ 12.0	6/ 13.0	6/ 519

^{1/} Includes both Upland and extra-long-staple cotton, although the latter type has had an acreage restriction program only since the crop year beginning Aug. 1, 1954.

^{2/} Running bales of approximately 500 pounds prior to 1970, thereafter in 480 pound net weight bales.

^{3/} No acreage restriction program.

^{4/} Includes acreage added by choice B program, which allowed farmers to receive a lower price support than that under choice A in exchange for an increase of up to 40 percent above their allotted Upland cotton acreage.

^{5/} National base acreage allotment for price-support payments.

^{6/} Estimated by the U.S. Department of Agriculture.

Source: Acreage allotment 1938 to 1943 for Interdepartmental Technical Committee on Cotton (1945), later years from announcements of the U.S. Department of Agriculture; acreage harvested and yield per acre compiled from official statistics of the U.S. Department of Agriculture, production compiled from official statistics of the U.S. Department of Commerce and Agriculture.

Table 7.--Raw cotton: U.S. supply and distribution,
crop years 1960-73(In thousands of bales 1/)

Crop year begin- ning Aug. 1--	Supply			Distribution	
	Beginning carryover	Production plus imports <u>2/</u>	Total	Ending carryover	Disappear- ance <u>3/</u>
960-----	7,567	14,517	22,084	7,213	14,871
961-----	7,213	14,559	21,772	7,809	13,963
962-----	7,809	14,990	22,799	11,190	11,609
963-----	11,190	15,438	26,628	12,381	14,247
964-----	12,381	15,361	27,742	14,288	13,454
965-----	14,288	14,973	29,261	16,869	12,392
966-----	16,869	9,959	26,828	12,526	14,302
967-----	12,526	7,372	19,898	6,452	13,446
968-----	6,452	11,108	17,560	6,526	11,034
969-----	6,526	10,008	16,534	5,792	10,742
970-----	5,792	10,388	16,180	4,285	11,895
971-----	4,285	10,507	14,792	3,312	11,480
972-----	3,312	13,707	17,019	<u>4/</u> 4,058	<u>4/</u> 12,961
973 <u>4/</u> -----	4,058	13,031	17,090	3,890	13,200

1/ Bales of 480 pounds, net weight.2/ For purposes of supply and distribution, production represents all ginning within the crop year and includes some cotton from 2 crops.3/ Disappearance equals total supply minus ending carryover. It includes consumption, exports, and cotton burned or otherwise destroyed or unaccounted for.4/ Preliminary and estimated.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 8.--Raw cotton less than 1-1/8 inches in staple length (other than harsh or rough cotton less than 3/4 inch in staple length): U.S. imports for consumption, by country of origin, quota years 1961-73

(In bales of 500 pounds, gross weight)

Quota year beginning Sept. 20--	Egypt and Sudan	Peru	India and Pakistan	Mexico	Brazil	All other	Total
1961-----	1,633	511	4,174	18,507	1,289	239	26,353
1962-----	1,631	75	170	18,507	1,289	-	21,672
1963-----	1,309	50	332	18,507	1,250	-	21,448
1964-----	-	143	-	5,771	-	-	5,914
1965-----	-	377	-	3,267	-	-	3,644
1966-----	1,633	123	-	18,507	-	5	20,268
1967-----	1,633	68	-	18,507	-	-	20,208
1968-----	423	303	2	18,507	-	-	19,235
1969-----	-	40	<u>1/</u>	18,507	-	-	18,547
1970-----	-	-	-	644	-	-	644
1971-----	-	-	163	18,507	1,289	-	19,959
1972-----	<u>1/</u>	-	-	6,802	1,260	1	8,063
1973 <u>2/</u> -----	<u>1/</u>	-	-	284	-	-	284

1/ Less than 1 bale.

2/ Through Nov. 12, 1973.

Source: Compiled from official statistics of the U.S. Customs Service.

Table 9.--Raw cotton, 1-1/8 inches or longer in staple length: U.S. imports for consumption, by type and by country of origin, quota years 1961-73

(In bales of 500 pounds, gross weight)							
Quota year beginning Aug. 1--	Egypt	Peru	British West Indies	Sudan	Morocco	Mexico	Total
Extra long staple (1-3/8 inches or longer)							
1961-----	62,191	20,232	25	15	-	-	82,463
1962-----	58,111	22,870	-	1,500	-	-	82,481
1963-----	48,167	34,302	-	-	-	-	82,469
1964-----	69,432	12,988	-	60	-	-	82,480
1965-----	44,122	38,173	-	185	-	-	82,480
1966-----	52,616	27,209	-	1,256	719	681	82,481
1967-----	25,570	22,818	-	27,229	6,863	-	82,480
1968-----	17,033	8,649	-	1,511	2,020	-	29,213
1969-----	9,260	5,337	-	2,892	115	-	17,604
1970-----	8,797	6,358	-	9,843	-	-	24,998
1971-----	10,505	6,762	-	15,295	-	-	32,572
1972-----	4,922	-	-	6,349	-	-	11,271
1973 2/-----	-	-	-	-	-	-	5,872
Ordinary long staple (1-1/8 inches or more but less than 1-3/8 inches long)							
1961-----	-	1,531	-	-	-	9,420	10,951
1962-----	-	548	-	-	-	8,538	9,086
1963-----	-	589	-	3,892	-	5,619	10,100
1964-----	22	300	-	5,524	-	-	5,846
1965-----	8,955	745	-	365	-	-	10,065
1966-----	8,604	462	-	86	-	-	9,152
1967-----	-	393	-	6,375	-	3,070	9,838
1968-----	351	392	-	791	-	1	1,535
1969-----	66	266	-	-	-	-	332
1970-----	-	104	-	-	-	-	104
1971-----	-	87	-	-	-	-	87
1972-----	-	-	-	-	-	-	-
1973 2/-----	-	-	-	-	-	-	-

/ Includes 10 bales imported from Israel.

/ Through Nov. 12, 1973.

Source: Compiled from official statistics of the U.S. Customs Service.

Table 10.-- Cotton wastes (not including rags and clips): U.S. imports for consumption, by types, 1965-72

Type	1965	1966	1967	1968	1969	1970	1971	1972
Quantity (1,000 pounds)								
Spinnable wastes:								
Comber waste	25	52	12	11	18	7	177	463
Card strips <u>1/</u>	2,903	1,254	487	611	133	52	365	641
Nonspinnable soft wastes.	67,598	72,632	81,096	71,078	43,131	31,775	25,491	34,469
Hard wastes	682	623	396	554	651	990	326	1,454
Other wastes <u>2/</u>	1,758	2,347	1,784	2,474	945	400	534	52
Total	72,966	76,908	83,775	74,728	44,878	33,217	26,893	37,079
Value (1,000 dollars)								
Spinnable wastes:								
Comber waste	3	10	2	2	4	-	7	32
Card strips <u>1/</u>	606	251	54	98	14	9	23	48
Nonspinnable soft wastes.	3,219	3,354	3,829	3,631	2,081	1,397	1,077	1,492
Hard wastes	44	33	15	26	36	65	18	144
Other wastes <u>2/</u>	192	243	158	179	78	48	63	17
Total	4,064	3,891	4,058	3,936	2,213	1,519	1,188	1,733

1/ Primarily card strips, but may also include other spinnable soft wastes of cotton such as lap waste, sliver waste, and roving waste.

2/ Wastes which have been processed and advanced in value.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Although rags and clips are not included in the data presented in this table, fibers derived from pickering or garnetting of rags and clips are included.

Table 11--Certain cotton card strips, 1/ cotton comber waste, lap waste, sliver waste, and roving waste: U.S. imports for consumption, by country of origin, quota years 1965-73

(In pounds)

Quota year beginning Sept. 20 --	:	United Kingdom	:	Canada	:	Germany	:	France	:	Other	:	Total
1965-----	:	78,062	:	86,824	:	22,595	:	-	:	-	:	187,481
1966-----	:	34,048	:	67,453	:	33,839	:	31,583	:	-	:	182,981
1967-----	:	-	:	97,627	:	23,266	:	-	:	-	:	120,893
1968-----	:	-	:	5,881	:	23,292	:	-	:	1,265	:	30,438
1969-----	:	-	:	206,132	:	-	:	-	:	-	:	206,132
1970-----	:	38,691	:	32,247	:	-	:	-	:	-	:	70,938
1971-----	:	-	:	72,729	:	-	:	-	:	-	:	72,729
1972-----	:	-	:	13,729	:	-	:	-	:	-	:	13,729
1973 <u>2</u> /-----	:	-	:	116,240	:	-	:	-	:	-	:	116,240

1/ Card strips made from cotton having a staple length under 1-3/16 inches.

2/ Sep. 20, 1973-Dec. 10, 1973.

Source: Compiled from official statistics of the U.S. Customs Service.

Table 12.--Raw cotton: U.S. exports of domestic merchandise, by principal markets, 1965-73

Market	1965	1966	1967	1968	1969	1970	1971	1972	1973
	(1,000 running bales)								
Japan	1,015	951	1,069	989	471	713	895	717	1,085
Republic of Korea	303	272	416	352	425	478	517	451	692
Taiwan	185	280	290	373	217	191	424	273	563
Canada	398	240	267	106	130	221	335	248	300
Indonesia	1/	89	72	117	123	247	197	225	204
Italy	135	159	267	181	52	39	96	113	161
South Vietnam	63	77	36	37	73	115	117	93	96
West Germany	124	127	110	73	32	36	93	102	144
Philippine Republic	80	129	105	169	98	151	157	102	185
Thailand	74	59	67	91	43	72	150	98	261
All other	1,418	1,214	1,274	1,382	733	719	1,148	665	3/ 1,804
Total	3,795	3,597	3,973	3,870	2,398	2,982	4,128	3,089	5,495
	(1,000 dollars)								
Japan	122,511	109,358	114,812	110,020	52,233	86,118	123,068	113,175	178,568
Republic of Korea	36,680	30,969	46,368	40,922	46,313	31,955	73,686	76,230	111,800
Taiwan	20,342	28,604	28,496	36,966	21,374	19,466	53,166	40,587	81,367
Canada	48,392	29,454	32,603	12,728	14,491	26,716	44,657	40,043	58,979
Indonesia	11	10,983	9,208	17,492	15,145	31,955	29,571	38,832	49,423
Italy	18,750	20,466	33,233	22,443	6,500	5,097	14,923	19,912	28,379
South Vietnam 2/	9,536	11,199	5,129	6,023	9,758	15,727	18,443	17,382	19,060
West Germany	17,022	16,251	14,148	8,800	3,859	4,600	13,904	17,376	26,198
Philippine Republic	9,830	15,196	11,942	19,261	11,835	18,319	22,269	16,879	29,113
Thailand	8,259	6,743	7,063	9,189	5,040	8,547	20,116	14,738	40,827
All other	194,836	152,959	160,810	175,517	93,860	123,695	169,665	107,598	3/ 305,256
Total	486,169	432,181	463,813	459,361	280,408	372,196	583,469	502,752	928,969

1/ Less than 500 bales.

2/ Statistics for North Vietnam and South Vietnam were not separately reported for 1965.

3/ Includes 223 thousand running bales of raw cotton exported to the People's Republic of China, valued at 38,623 thousand dollars in 1972 and 610 thousand running bales valued at 100,527 thousand dollars in 1972.

U.S. Department of Commerce.

Table 13.--Raw cotton: U.S. exports of domestic merchandise, by staple length, 1965-73

Calendar year	Short staple (under 1-1/8 in. in staple length)	Ordinary long staple (1-1/8 in. or more but less than 1-3/8 in. in staple length)	Extra long staple (1-3/8 in. or more in staple length)	Total
Quantity (1,000 running bales)				
1965-----	3,543	232	20	3,795
1966-----	3,428	163	6	3,597
1967-----	3,855	107	11	3,973
1968-----	3,788	65	17	3,870
1969-----	2,229	153	16	2,398
1970-----	2,711	262	9	2,982
1971-----	3,760	357	11	4,128
1972-----	2,870	216	3	3,089
1973-----	5,063	427	4	5,494
Value (1,000 dollars)				
1965-----	442,838	38,589	4,742	486,169
1966-----	406,478	24,251	1,452	432,181
1967-----	443,655	17,655	2,503	463,813
1968-----	443,071	12,639	3,651	459,361
1969-----	253,667	22,896	3,845	280,408
1970-----	330,287	39,783	2,126	372,196
1971-----	522,541	58,202	2,727	583,470
1972-----	463,419	38,615	718	502,752
1973-----	845,334	82,505	1,130	928,969

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 14.--Cotton waste: U.S. exports of domestic merchandise, by type, 1965-72 and January-June of 1972 and 1973

Type	1965	1966	1967	1968	1969	1970	1971	1972	January to June 1972	January to June 1973
	Quantity (1,000 pounds)									
Comber waste	33,046	27,238	24,145	35,136	24,708	19,452	14,160	16,387	8,760	9,063
Card strips	1,345	1,664	3,718	4,007	4,315	3,737	2,838	2,476	1,251	1,184
Other soft waste ^{1/}	16,274	18,771	16,550	16,525	17,240	15,616	18,247	17,757	8,522	11,744
Hard waste	35,569	40,741	38,201	34,395	36,146	30,983	30,134	41,761	19,762	21,911
Total	86,234	88,414	82,614	90,063	82,409	69,788	65,379	78,381	38,295	43,902
	Value (1,000 dollars)									
Comber waste	5,395	4,749	3,887	5,142	3,553	3,264	2,840	3,504	1,920	1,860
Card strips	189	221	426	421	394	412	430	409	218	150
Other soft waste ^{1/}	1,299	1,605	1,411	1,414	1,412	1,350	1,786	1,772	855	1,176
Hard waste	4,059	4,154	3,433	3,056	3,177	2,741	2,931	4,469	2,191	2,148
Total	10,942	10,729	9,157	10,033	8,536	7,767	7,987	10,154	5,184	5,334

^{1/} May include lap waste, sliver waste, and roving waste, but exports of such items are negligible; hence, "other soft waste" is predominantly of minspinnable types.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 15--Spinnable cotton waste: U.S. exports of domestic merchandise, by specified markets, 1965-72, and January-June of 1972 and 1973

Markets	Quantity (1,000 pounds)							1972	1973
	1965	1966	1967	1968	1969	1970	1971		
United Kingdom	24,333	23,046	17,841	25,240	14,516	11,933	9,176	7,511	4,238
Belgium	931	457	525	2,305	1,626	2,035	2,230	4,495	2,242
Canada	3,751	3,607	7,299	7,562	10,151	7,066	4,571	4,259	2,425
France	680	308	542	1,141	879	255	656	697	348
Republic of South Africa	923	197	444	473	482	389	131	567	429
West Germany	692	445	507	851	230	67	66	392	-
Sweden	39	26	-	29	-	7	3	314	79
Netherlands	357	131	231	190	29	10	-	150	-
Israel	1,056	-	-	249	-	439	-	128	21
Italy	168	198	-	-	-	67	-	98	98
All other	1,461	487	474	1,102	1,110	921	165	252	130
Total	34,391	28,902	27,863	39,142	29,023	23,189	16,998	18,863	10,010

Markets	Value (1,000 dollars)							1972	1973
	1965	1966	1967	1968	1969	1970	1971		
United Kingdom	3,955	4,003	2,871	3,708	2,129	2,014	1,848	1,632	950
Belgium	158	84	93	334	213	363	431	945	469
Canada	565	566	981	907	1,221	960	778	780	471
France	126	63	94	178	130	49	148	154	83
Republic of South Africa	154	34	65	76	73	71	24	125	95
West Germany	106	76	84	123	30	9	12	79	-
Sweden	7	5	-	5	-	1	1	74	18
Netherlands	53	22	37	29	5	2	-	28	-
Israel	175	-	-	43	-	78	-	27	5
Italy	41	40	-	-	-	8	-	23	23
All other	244	76	88	160	147	121	28	46	24
Total	5,584	4,969	4,313	5,563	3,948	3,676	3,270	3,913	2,138

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 16.--Raw cotton: World consumption, by specified countries, crop years 1965-71

(In thousands of bales 1/)								
Area and country	1965	1966	1967	1968	1969	1970	1971	1972
North America:								
United States-----	9,497	9,485	8,982	8,242	7,991	8,068	8,039	7,800
Mexico-----	650	670	710	685	685	675	750	850
Canada-----	420	425	390	390	360	350	365	350
All other-----	109	119	130	119	134	132	146	150
Subtotal-----	10,676	10,699	10,212	9,436	9,170	9,225	9,300	9,150
South America:								
Brazil-----	1,200	1,250	1,250	1,330	1,350	1,380	1,400	1,525
Argentina-----	519	491	433	475	477	490	500	500
Colombia-----	290	300	300	310	325	345	360	375
All other-----	406	386	394	394	404	440	442	450
Subtotal-----	2,415	2,427	2,377	2,509	2,556	2,655	2,702	2,850
Western Europe:								
West Germany-----	1,301	1,177	1,189	1,177	1,170	1,078	1,109	1,100
France-----	1,232	1,236	1,120	1,123	1,143	1,095	1,085	1,080
United Kingdom-----	1,012	900	831	816	792	741	638	650
Italy-----	1,003	1,112	1,028	1,021	1,021	925	924	875
All other-----	2,795	2,707	2,536	2,665	2,665	2,630	2,713	2,790
Subtotal-----	7,343	7,132	6,704	6,802	6,791	6,469	6,469	6,500
Asia and Oceania:								
India-----	5,025	5,075	5,335	5,370	5,520	5,200	5,500	5,600
Japan-----	3,215	3,255	3,350	3,476	3,392	3,219	3,376	3,500
Pakistan-----	1,310	1,400	1,550	1,750	1,950	2,025	2,050	2,250
Turkey-----	650	670	740	785	830	850	900	1,000
Hong Kong-----	662	734	774	776	771	801	694	670
China (Taiwan)-----	296	348	440	455	510	630	610	620
All other-----	1,560	1,685	1,800	1,927	2,041	2,176	2,360	2,650
Subtotal-----	12,718	13,167	13,989	14,539	15,014	14,901	15,490	16,290
Africa:								
Egypt-----	780	840	850	850	875	935	970	1,000
South Africa-----	200	220	200	210	210	225	230	230
All other-----	420	482	555	646	735	790	810	830
Subtotal-----	1,400	1,542	1,605	1,706	1,820	1,950	2,010	2,060
Communist:								
U.S.S.R-----	7,150	7,500	7,800	7,900	8,100	8,500	8,800	9,000
People's Republic of China---	7,500	8,200	8,300	8,200	8,000	8,200	8,300	8,300
All other-----	2,780	2,817	2,807	2,795	2,867	2,937	2,970	3,010
Subtotal-----	17,430	18,517	18,907	18,895	18,967	19,637	20,070	20,310
World total-----	51,982	53,484	53,794	53,887	54,318	54,837	56,041	57,160

1/ Net weight bales of 478 pounds, except those shown for the United States which are running bales of approximately 500 pounds.

Source: Quarterly Bulletin of the International Cotton Advisory Committee.

Table 17.--Raw cotton: World production, by specified countries, crop years 1965-72

(In thousands of bales 1/)								
Area and country	1965	1966	1967	1968	1969	1970	1971	1972
North America:								
United States 2/-----	14,920	9,860	7,215	11,030	9,950	10,269	10,250	13,750
Mexico-----	2,615	2,240	2,000	2,450	1,750	1,440	1,715	1,780
All other-----	1,236	1,066	1,052	1,059	809	895	1,184	1,262
Subtotal-----	18,771	13,166	10,267	14,539	12,509	12,604	13,149	16,792
South America:								
Brazil-----	2,500	2,050	2,750	3,320	3,100	2,300	3,100	2,950
Argentina-----	480	400	340	520	670	390	400	550
Colombia-----	300	405	465	640	590	540	590	600
All other-----	692	600	526	681	561	516	626	640
Subtotal-----	3,972	3,455	4,081	5,161	4,921	3,746	4,716	4,740
Western Europe-----	749	841	769	719	813	783	759	876
Asia and Oceania:								
India-----	4,600	4,600	5,300	4,900	4,850	4,400	5,800	5,370
Pakistan-----	1,925	2,149	2,400	2,440	2,485	2,570	3,265	3,235
Turkey-----	1,500	1,760	1,825	2,005	1,845	1,845	2,400	2,505
Syria-----	830	655	585	710	690	690	725	750
All other-----	1,279	1,135	1,235	1,535	1,467	1,307	1,437	1,678
Subtotal-----	10,134	10,299	11,345	11,590	11,337	10,812	13,627	13,538
Africa:								
Egypt-----	2,402	2,098	2,014	2,013	2,497	2,346	2,351	2,400
Sudan-----	755	890	900	1,050	1,135	1,130	1,100	900
All other-----	1,766	2,022	1,845	2,441	2,753	2,324	2,553	2,483
Subtotal-----	4,923	5,010	4,759	5,504	6,385	5,800	6,004	5,783
Communist:								
U.S.S.R-----	8,930	9,480	9,370	9,200	8,850	10,800	11,000	11,300
People's Republic of China---	7,100	7,700	8,300	7,700	7,400	7,800	7,600	6,500
All other-----	110	160	145	115	100	115	105	115
Subtotal-----	16,140	17,340	17,815	17,015	16,350	18,715	18,705	17,915
World total-----	54,689	50,111	49,036	54,528	52,315	52,460	56,960	59,644

1/ Net weight bales of 478 pounds.

2/ Data are shown in running bales of approximately 500 pounds for crop years 1965-71 and in net weight bales of 478 pounds for 1972.

Source: Quarterly Bulletin of the International Cotton Advisory Committee.

Table 18.--Raw cotton: World trade by specified countries, crop years 1965-72

Area and country	1965		1966		1967		1968		1969		1970		1971		1972	
	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports	Im- ports	Ex- ports
(In thousands of bales 1/)																
North America:																
Canada	451	-	419	-	373	-	360	-	346	-	355	-	370	-	350	-
Mexico	-	2,118	-	1,386	-	1,233	-	1,623	-	1,221	-	756	-	905	-	900
Nicaragua	-	535	-	425	-	430	-	474	-	284	-	382	-	436	-	420
United States	98	2,942	63	4,669	145	4,206	66	2,731	49	2,769	36	3,740	71	3,229	30	5,326
All other	97	671	84	478	108	435	104	509	110	440	112	479	111	554	105	651
Total	646	6,266	565	6,958	626	6,304	530	5,337	505	5,714	503	5,357	552	5,124	485	7,257
South America:																
Brazil	-	941	-	1,018	-	839	-	1,772	-	1,940	20	1,015	5	1,415	1	1,350
Chile	130	-	140	-	115	-	122	-	137	-	140	-	135	-	140	-
Peru	-	542	-	399	-	296	-	394	-	353	-	271	-	269	-	200
All other	212	113	120	234	94	201	158	330	99	338	99	463	197	289	76	400
Total	342	1,596	260	1,651	209	1,336	280	2,496	236	2,631	259	1,749	337	1,973	217	1,950
Western Europe:																
France	1,230	-	1,275	-	1,100	-	1,162	-	1,117	-	1,065	-	1,083	-	1,179	-
West Germany	1,255	-	1,222	-	1,336	-	1,132	-	1,200	-	1,089	-	1,109	-	1,150	-
Greece	44	193	54	223	45	310	91	183	52	297	52	330	81	328	95	300
Italy	1,017	-	1,190	-	997	-	990	-	1,059	-	819	-	912	-	875	-
United Kingdom	968	-	836	-	906	-	781	-	747	-	746	-	593	-	750	-
All other	2,315	13	2,206	30	2,104	46	2,375	5	1,968	2	2,159	2	2,184	-	2,337	-
Total	6,829	206	6,783	253	6,488	356	6,531	188	6,143	299	5,930	332	5,962	328	6,386	300
Eastern Europe:																
Czechoslovakia	550	-	485	-	510	-	450	-	550	-	530	-	520	-	550	-
East Germany	430	-	430	-	440	-	400	-	500	-	425	-	410	-	425	-
Poland	669	-	687	-	627	-	701	-	554	-	775	-	687	-	720	-
All other	960	5	925	28	1,035	28	925	-	1,047	-	977	-	975	-	1,015	-
Total	2,609	5	2,527	28	2,612	28	2,476	-	2,651	-	2,707	-	2,592	-	2,710	-
U.S.S.R.	800	2,350	670	2,500	630	2,550	800	2,100	1,200	2,400	1,100	2,600	800	3,000	800	3,000
Asia and Oceania:																
People's Republic of China	600	-	525	15	350	50	300	50	350	-	450	-	700	-	1,800	-
China (Taiwan)	306	-	359	-	473	-	466	-	509	-	738	-	586	-	650	-
Hong Kong	644	-	773	-	818	-	802	-	767	-	876	-	658	-	700	-
India	456	141	624	190	647	172	378	138	725	166	748	138	579	166	430	150
Japan	3,091	-	3,571	-	3,514	-	3,144	-	3,462	-	3,684	-	3,570	-	3,899	-
Republic of Korea	325	-	367	-	403	-	425	-	473	-	559	-	531	-	550	-
Pakistan	7	496	15	565	15	891	5	609	10	394	5	471	5	1,013	5	950
Syria	-	711	-	579	-	492	-	551	-	597	-	617	-	548	-	570
Turkey	-	920	-	1,049	-	953	-	953	-	1,138	-	1,078	-	1,476	-	1,370
All other	589	636	740	435	625	466	622	582	814	660	880	715	1,113	671	1,254	778
Total	6,018	2,904	6,974	2,833	6,815	3,111	6,142	2,883	7,110	2,955	7,920	3,019	7,742	3,874	9,288	3,818
Africa:																
Egypt	-	1,582	-	1,433	-	1,176	-	1,092	-	1,469	-	1,403	-	1,372	-	1,400
South Africa	128	3	177	10	116	4	133	6	106	21	157	14	132	5	150	5
Sudan	-	572	-	685	-	798	-	892	-	1,086	-	1,053	-	994	-	1,090
All other	131	1,384	100	1,545	142	1,436	132	1,538	124	1,975	172	1,954	141	1,719	171	1,850
Total	259	3,541	277	3,673	258	3,414	265	3,488	230	4,551	329	4,424	273	4,090	321	4,345
World total	17,503	16,868	18,057	17,896	17,668	17,099	17,024	16,492	18,075	17,550	18,748	17,481	18,258	18,389	20,207	20,710

Table 19.--Raw cotton: World stocks, by specified countries, at beginning of crop years 1965-73

(In thousands of bales 1/)									
Country	1965	1966	1967	1968	1969	1970	1971	1972	1973
North America:									
United States-----	14,290	16,862	12,533	6,448	6,521	5,760	4,252	3,304	3,915
Mexico-----	540	385	560	600	730	570	570	620	640
Canada-----	80	110	104	85	55	40	45	50	50
Other-----	213	141	177	248	197	166	89	161	206
Total-----	15,123	17,498	13,374	7,381	7,503	6,536	4,956	4,135	4,811
South America:									
Brazil-----	650	1,000	775	1,425	1,630	1,430	1,350	1,630	1,700
Argentina-----	530	530	360	270	400	570	290	320	390
Colombia-----	70	100	120	120	150	185	175	160	140
Peru-----	205	115	105	120	160	110	80	90	70
Other-----	113	112	119	92	100	91	69	116	167
Total-----	1,568	1,857	1,479	2,027	2,440	2,386	1,964	2,316	2,467
Western Europe:									
West Germany-----	335	275	250	320	275	280	290	280	320
Italy-----	300	330	410	385	350	390	280	265	265
France-----	260	255	290	270	305	275	245	240	325
Spain-----	110	175	120	85	200	130	140	230	215
United Kingdom-----	298	254	190	265	230	185	190	145	225
Netherlands-----	136	130	120	126	120	120	120	110	115
Other-----	625	563	611	550	727	625	582	450	641
Total-----	2,064	1,982	1,991	2,001	2,207	2,005	1,847	1,720	2,106
Western Europe and U.S.S.R.--	2,515	2,765	2,890	2,595	2,540	2,065	2,895	2,780	2,870
Asia and Oceania:									
India-----	2,275	2,150	2,100	2,500	2,220	2,025	1,750	2,385	2,350
Pakistan-----	823	699	1,015	1,181	850	921	1,064	1,020	1,400
Bangladesh-----	165	290	480	450	450	600	650	850	880
Sri Lanka-----	210	140	180	220	480	360	280	300	430
Taiwan (China)-----	78	90	104	140	150	150	260	235	265
Hong Kong-----	150	131	155	184	196	175	230	163	190
Australia-----	53	80	78	140	155	95	60	145	135
Other-----	1,453	1,648	1,762	1,975	1,843	1,692	1,535	1,563	1,705
Total-----	5,207	5,228	5,874	6,790	6,344	6,018	5,829	6,661	7,355
Africa:									
Egypt-----	490	625	765	780	880	800	775	775	500
Other-----	400	430	255	240	310	450	420	410	400
Total-----	619	663	747	700	1,040	1,128	852	965	914
Total-----	1,509	1,718	1,767	1,720	2,230	2,378	2,047	2,150	1,814
Other-----	300	200	300	400	400	400	200	400	700
World total-----	28,286	31,248	27,675	22,914	23,664	21,788	19,738	20,162	22,123

1/ Bales of 478 pounds net weight, except for U.S. stocks in 1965-71 which were reported in running bales of approximately 500 pounds.

Aflota represents stocks in transit.

Source: Quarterly Bulletin of the International Cotton Advisory Committee.

Table 20--Extra-long-staple cotton: World production, beginning stocks, and world exports, crop years 1965-72

(In thousands of bales 1/)

Item	1967	1968	1969	1970	1971	1972
Production						
Egypt-----	768	772	911	997	928	900
Sudan-----	735	860	925	945	915	730
Peru-----	141	160	125	162	132	100
U.S.A -----	69	78	77	57	96	94
U.S.S.R -----	350	470	350	570	1,000	700
Other countries <u>2/</u> ---	39	66	61	62	76	81
Total-----	2,102	2,406	2,449	2,793	3,147	2,605
Stocks: <u>3/</u>						
Egypt-----	55	55	105	140	130	85
Sudan-----	725	710	765	700	700	700
Peru-----	15	8	25	15	30	12
U.S.A -----	205	156	143	98	54	61
Other countries <u>2/</u> ---	20	9	17	13	13	16
Total-----	1,020	938	1,055	966	927	874
Exports						
Egypt-----	655	608	749	857	812	741
Sudan-----	734	794	918	897	831	924
Peru-----	141	134	127	130	139	96
U.S.A -----	44	8	15	10	6	1
Others countries <u>2/</u> ---	40	56	63	58	63	38
Total-----	1,614	1,600	1,872	1,952	1,851	1,800

1/ Bales of 480 pounds net weight.

2/ People's Democratic Republic of Yemen, Morocco, Spain, Somalia, West Indies, and Israel.

3/ Data on stocks in the U.S.S.R. are not available.

Source: Compiled from statistics of the International Cotton Advisory Committee.

Table 21. --Upland cotton: Average prices received by growers, loan rates, and average U.S. spot market prices by specified grades and staple lengths, crop years 1962-73 (In cents per pound)

Crop year beginning Aug. 1--	Average price received by growers	Loan rate 1/				Average U.S. spot market price				Strict Low Middling 1-1/16 inch
		Middling		Strict Low		Middling		Strict Low		
		15/16 inch	1 inch	1-1/16 inch	Middling 1-1/16 inch	15/16 inch	1 inch	1-1/16 inch	Middling 1-1/16 inch	
1962-----	31.74	31.22	32.47	33.77	32.17	32.27	33.52	34.93	33.09	
1963-----	32.02	31.22	32.47	33.82	32.12	31.86	33.18	34.68	32.88	
1964-----	29.62	28.70	30.00	31.40	29.60	29.40	30.73	32.40	30.66	
1965-----	28.03	27.65	29.00	30.55	28.80	28.20	29.60	31.46	29.50	
1966-----	20.64	19.60	21.00	22.80	20.85	20.21	22.08	24.73	22.82	
1967-----	25.39	17.70	20.25	22.80	20.85	20.54	24.83	30.60	28.75	
1968-----	22.02	17.70	20.25	23.75	21.75	20.09	22.90	26.93	24.52	
1969-----	20.94	17.80	20.25	23.85	21.65	20.15	22.15	25.10	23.12	
1970-----	21.86	18.05	20.25	23.40	21.55	22.29	23.55	25.66	24.32	
1971-----	28.07	17.60	19.50	22.25	20.55	30.50	31.52	33.91	32.96	
1972-----	27.18	17.80	19.50	22.10	20.55	30.26	33.14	37.86	35.59	
1973-----	2/ 44.10	17.75	19.50	22.30	20.65	3/ 56.78	3/ 63.85	3/ 76.40	3/ 74.02	

1/ The loan rates are "average rates"; appropriate adjustments are made in these averages for cotton in various locations.

2/ Average for August-December.

3/ Average for August 1973-January 1974.

Source: Official statistics of the U.S. Department of Agriculture.

Table 22.--Upland cotton: Average c.i.f. price quotations at Liverpool, England, of selected qualities grown in the United States and in specified foreign countries, annual 1963-73 and, by months, 1973

Period	(cents per pound)									
	Middling 1-inch					Strict Middling grade 1-1/6 inch				
	United States	Pakistan	United States	Mexico	Nicaragua	Syria	U.S.S.R.	Iran	Turkey	
1963	27.29	28.66	29.54	29.27	28.67	29.42	1/	29.46	29.51	
1964	26.96	27.82	29.37	29.49	28.64	29.42	30.15	29.87	29.87	
1965	26.75	29.70	29.31	28.75	27.43	29.03	29.78	28.78	29.44	
1966	25.40	27.30	28.05	28.16	26.97	27.18	29.06	28.28	28.17	
1967	25.71	26.02	30.40	30.60	29.19	29.69	31.22	29.89	29.58	
1968	28.22	28.28	33.07	30.89	29.40	32.29	32.46	32.00	31.14	
1969	25.53	27.15	28.47	28.45	26.70	29.21	29.39	28.52	27.88	
1970	27.46	29.61	29.67	30.71	28.45	29.26	32.47	29.22	28.35	
1971	32.64	33.25	34.21	35.45	33.68	34.30	35.06	34.47	33.62	
1972	34.66	32.63	36.55	37.52	35.34	37.82	37.01	37.66	37.05	
1973	56.13	2/ 52.05	64.91	2/ 52.50	60.21	63.90	63.98	62.31	62.56	
January	38.38	38.00	42.38	40.81	38.69	40.22	38.44	39.19	40.25	
February	39.38	39.25	43.50	41.12	39.00	41.31	40.94	40.75	41.06	
March	41.26	42.08	45.91	43.45	41.60	43.00	43.50	44.10	42.60	
April	42.29	45.34	46.22	46.75	43.69	46.20	46.06	45.81	45.69	
May	44.15	52.70	51.75	52.35	47.75	50.10	51.70	49.35	49.55	
June	46.50	52.00	56.00	56.06	51.69	54.75	54.88	52.56	53.62	
July	55.38	71.25	65.00	66.00	61.88	64.00	67.75	64.12	63.06	
August	70.05	75.75	79.80	73.50	73.50	76.10	79.50	76.70	76.00	
September	79.69	1/	90.19	1/	84.62	86.88	91.12	87.38	87.38	
October	78.25	1/	88.75	1/	84.50	90.25	87.50	86.81	86.69	
November	67.85	1/	80.95	1/	76.60	88.67	81.40	80.00	81.50	
December	70.40	1/	88.42	1/	79.00	85.33	85.00	81.00	83.33	

1/ Not available.

2/ Average for January-August.

Table 23.--Extra-long-staple cotton: Prices for selected growths and qualities of U.S. American Prima and foreign cotton, crop years 1960-72

Crop year beginning Aug. 1--	C.i.f. Liverpool, England, price			El Paso-Phoenix
	Egyptian Menoufi FG 1/	Sudan Sakel G5S/G5VS	Peruvian Pima No.1	average price U.S. Grade 2, 1-1/2-inch
1960-----	46.91	43.54	43.71	56.58
1961-----	43.10	38.00	41.38	61.12
1962-----	40.77	36.89	38.54	57.97
1963-----	45.63	<u>2/</u> 42.70	42.49	56.31
1964-----	51.91	47.96	43.50	52.47
1965-----	49.81	43.75	<u>2/</u> 41.18	52.05
1966-----	51.29	38.25	43.91	52.10
1967-----	55.84	<u>2/</u> 40.71	<u>2/</u> 47.72	50.68
1968-----	62.53	44.28	48.06	44.10
1969-----	63.18	<u>3/</u> 44.04	<u>2/</u> 48.02	45.04
1970-----	61.14	<u>2/</u> 45.25	<u>2/</u> 47.40	47.85
1971-----	64.85	<u>2/</u> 46.10	49.27	49.63
1972-----	<u>2/</u> 69.95	<u>4/</u> 47.18	-	50.41

1/ Karnak FG in 1960. Official minima from September 1964 through July 1, 1965; thereafter, official sales price.

2/ Average for less than 12 months.

3/ Effective Feb. 5, 1970, changed to G5VS.

4/ Average for 6 months.

Source: Statistics published by the International Cotton Advisory Committee.

Table 24.--Fiber prices: Prices of cotton landed at Group B mill points and list prices of manmade staple fiber, f.o.b. producing plants, actual and cotton equivalent, 1960-73

Year	(In cents per pound)											
	Cotton 1/		Rayon				Modified 4/		Polyester		Noncellulosic 5/	
	Actual	Cotton 2/ equivalent	Actual	Cotton 2/ equivalent	Actual	Cotton 2/ equivalent	Actual	Cotton 2/ equivalent	Actual	Cotton 2/ equivalent	Actual	Cotton 2/ equivalent
1960	38	43	30	31	40	42	129	108	114	96		
1961	38	43	27	28	40	42	117	98	104	87		
1962	40	45	27	28	40	42	114	96	93	78		
1963	39	44	27	28	40	42	114	96	80	67		
1964	6/ 34	39	28	29	38	40	99	83	80	67		
1965	6/ 30	33	28	29	36	38	84	71	80	67		
1966	6/ 29	33	28	29	36	38	81	68	80	67		
1967	31	35	28	29	36	38	63	53	78	66		
1968	35	40	28	29	37	39	61	51	68	57		
1969	31	35	28	29	38	40	61	51	68	57		
1970	30	34	28	29	38	40	61	51	65	55		
1971	32	36	28	29	38	40	61	51	56	47		
1972	38	43	31	32	38	40	61	51	56	47		
1973	61	69	32	33	38	40	61	51	56	47		

1/ Strict Middling 1-1/16 inch, Group B mill points, net weight.

2/ Actual prices converted to cotton equivalent by dividing by the following factors: Cotton--0.88, rayon--0.96, and noncellulosic--1.19.

3/ 1.5 denier, viscose.

4/ 1.5 and 3.0 denier, viscose.

5/ 1.5 denier.

6/ Prices for August 1964-July 1966 exclude equalization payments.

Source: Official statistics of the U.S. Department of Agriculture.

Table 25.--U.S. price of unfinished cotton cloth, price of raw cotton, and mill margin, crop years 1960-72 and, by months, August-December 1973

(In cents per pound)

Period <u>1/</u>	Cloth value <u>2/</u>	Price of raw cotton <u>3/</u>	Mill margin <u>4/</u>
1960-----	59.00	32.87	26.13
1961-----	60.61	35.71	24.90
1962-----	60.52	35.61	24.91
1963-----	61.54	35.46	26.18
1964-----	62.98	27.23	35.75
1965-----	65.15	26.49	38.66
1966-----	66.18	25.56	40.62
1967-----	66.47	30.60	35.87
1968-----	68.25	26.79	41.46
1969-----	68.74	25.03	43.71
1970-----	70.65	26.87	43.78
1971-----	82.17	35.74	46.43
1972-----	97.40	38.19	59.21
1973:			
August-----	115.58	66.73	48.85
September-----	118.16	81.79	36.37
October-----	129.55	77.67	51.88
November-----	142.27	67.09	75.18
December-----	149.40	76.80	72.60

1/ Crop years (August-July), except as shown, by months, for 1973.

2/ The estimated value of cloth obtainable from a pound of raw cotton with adjustments for salable waste.

3/ Monthly average prices of cotton used in cloth constructions, net weight basis, even-running lots, micronaire 3.5-4.9, prompt shipment, delivered Group 201 mill points (Group B).

4/ Difference between cloth value and price of raw cotton.

Source: Official statistics of the U.S. Department of Agriculture.

