



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

THE COTTON MARKETING CHALLENGE

O. A. Cleveland, PhD

Marketing Specialist, Mississippi State University

Step by slow step the United States cotton grower has gingerly been weaned from the government's involvement in his production decisions. Likewise, the price and income support programs that accompanied such involvement are a part of the past, not the future. The passage in 1996 of the FAIR Act reversed a trend of government involvement in agriculture that had its roots in the era of the Great Depression. With the exception of transition payments that will continue through 2002, the government has removed itself from any direct price or income support program for cotton growers, the CCC loan programs not withstanding. The withdrawal of federal supports, exposure to global markets and rapid changes in technology (transgenic cotton, etc) all combine to make the future of the U. S. cotton industry difficult to predict.

Some growers foresaw this changing environment and began to hone both their production and marketing risk management skills. Others will follow suit if they are to survive. This new transition brings growers to the very threshold of survival. The new decision environment also requires more grower attention to crop selection, financial risks, machinery and equipment complements, tenure arrangements and access to information.

Thus, growers need accurate and timely outlook information more than ever before. Fortunately, the information revolution has provided the industry with the ability to survey information sources daily. Yet, two age old marketing adages will continue to mark the success of the individual grower. Those are: (1) Know your cost of production and (2) Always be willing to take a profit. Some may try a different twist or add a new spin, but such efforts will be little more than window dressing.

The fundamentals of supply and demand will ultimately determine price. However, cotton growers must be mindful that marketing in this new environment also requires an understanding of all elements of market analysis. There is no substitute for market planning. The removal of a government supported income safety net dictates that marketing become a primary component of every grower's decision making process. The grower has three choices...(1) He can make the time commitment to perform this task for himself, (2) He can hire a consultant capable of providing specific information, or (3) He can contract with a marketing cooperative organization to provide this service. These are his choices, his future.