

# **From 1980 to 2021 US has gone from primarily producing cotton for US mills to providing cotton for international mills**

With this column, after studying corn, wheat, and soybean complex exports, we round out our examination of exports of storable row crops with a look at cotton. Together these 4 crops account for 92.9% of the harvested acres of the 12 dominant row crops from barley to wheat. For the producers of the remaining 8 crops, exports can be a significant factor, but these other crops play a smaller role when it comes to determining the shape of general commodity policy.

In this column, we are making a slight change in our methodology. In the prior 3 columns in looking at the production, imports, and exports of corn, wheat, and soybean complex, we ranked countries by their position in the 2021 crop marketing year and then compared the 1980 and 2021 values for those countries. For the examination of cotton in this column, we rank production, imports, and exports separately for 1980 and 2021.

In 1980, the US ranked third in the world for the production of cotton with 11.1 million 480 lb. bales (17.5%). The USSR and China were in a virtual tie for first place at 12.4 million bales (19.6%). Rounding out the top 5 were India, (6.1 million bales, 9.6%) and Pakistan (3.0 million bales, 5.2%). These countries accounted for 71.4% of the world's production of cotton.

In 2021, the USSR no longer existed so its production was divided up among a number of countries. China ascended to first place, producing 27.0 million bales and accounting for nearly one-quarter of world production (22.5%). India was a close second (26.5 million bales, 22.1%) followed by the US (17.6 million bales, 14.7%), Brazil (13.2 million bales, 11.0%), and Pakistan (5.8 million bales, 4.8%). These 5 countries accounted for 75.2% of 2021 world cotton production.

During the 1980 crop year, the USSR led the world's countries in cotton exports, shipping out 10.6 million bales and dominating world cotton exports with a 40.4% share. The Soviet Union exported 85.7% of its cotton production.

The US was a distant second, exporting 6.0 million bales (22.6%). Pakistan followed, exporting 1.5 million bales (5.7%), with Turkey (1.0 million bales, 3.9%) and Mexico (0.8 million bales, 3.1%) rounding out the top 5 exporters.

In 2021, the US was the world's top cotton exporter (14.8 million bales, 31.9%) followed by Brazil (8.0 million bales, 17.3%), India (5.5 million bales, 11.9%), Australia (4.4 million bales, 9.5%), and Benin (1.6 million bales, 3.5%). The top 5 exporters in 2021 accounted for 74.0% of world cotton exports (46.3 million bales).

The top cotton importer in 1980 was the same as the top exporter, the USSR at 6.7 million bales for a market share of 24.6%. That would leave the Soviet Union as a net exporter of 3.9 million bales of cotton.

China was the second largest importer of 1980 cotton at 3.6 million bales (13.0%). Japan was third with 3.2 million bales (11.8%), followed by South Korea (1.5 million bales, 5.6%) and Taiwan (1.0 million bales, 3.5%). The top 5 countries were responsible for 58.5% of world cotton imports in 1980.

In 2021, in addition to being the world's largest producer of cotton China was the world's largest importer as well (9.5 million bales, 20.5%). Bangladesh was a close second (8.3 million

bales, 17.9%). Vietnam was third with 7.5 million bales of cotton imports (16.2%). Pakistan and Turkey were tied for 4<sup>th</sup>/5<sup>th</sup> place with 2021 cotton imports of 5.3 million bales. These 5 countries were responsible for 77.6% of world cotton imports.

Perhaps the most important part of the cotton story is not what was happening on the world stage, but what was happening in the US. For the decade of the 1980s, US domestic utilization of cotton averaged 53.3% of production while exports were 47.8%.

In the 1990s, the share of US cotton being used by US mills was 60.1% of production. Exports averaged 40.2% of production over the decade.

The story was to make a dramatic turn in the first decade of the 21<sup>st</sup> Century. The domestic utilization of cotton dropped to 32.1% of production as the US adopted a set of policies emphasizing free trade, shipping jobs in US mills to Mexico as the result of the North America Free Trade Agreement that went into force in 1994. In 1999, US domestic consumption of cotton was 10.3 million bales. Exports were 6.8 million bales that year.

A decade later, US domestic consumption had dropped to 3.5 million bales while exports had grown to 12.0 million bales.

During the 2010-2019 decade, US domestic consumption of cotton averaged 3.4 million bales (19.9% of US cotton production). Cotton exports averaged 13.2 million bales.

In the 2021 crop marketing year, the domestic consumption of cotton by mills in the US was 2.5 million bales (14.3% of production). Cotton exports were 14.8 million bales (83.7% of production). The US now exports most of its raw cotton overseas and then imports it back as tee shirts, towels, and blue jeans among a host of other products.

We are now exporting more cotton than ever but increasing exports has done little to change the dynamics of the price of raw cotton for US farmers.

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