

## **LABOR SHORTAGES CHALLENGING COTTON INDUSTRY AND MARKETING EFFORTS**

December 10, 2021

By PCG Staff

March 2022 cotton futures price have posted nearly a 12-cent decline since their peak of \$1.18/lb. in mid-November. Despite that drop, however, cotton prices remain at near-historic levels with the March contract trading between \$1.05 and \$1.07 early Friday.

Although a sizable portion of the 2021 crop was committed early through various marketing agreements at prices below where cotton is trading today, there is still a fair amount of open or uncommitted cotton that producers are eager to sell at current market prices and any hiccup in that effort can certainly be upsetting.

Unfortunately, whether we like to admit it or not, today's COVID-impacted economic landscape continues to stress and challenge the cotton industry in every segment.

Examples of this impact are plentiful with supply chain disruptions and gaps in manufacturing delaying the delivery of parts needed to assemble or repair equipment just when producers, ginners and allied industry segments need them most. Additionally, disrupted shipping operations at ports and through traditional trucking methods continue to hamper the flow of cotton.

Adding to the problem are unclear and unfunded federal COVID mandates that have been put on hold by the federal courts for now but have created additional concern and uncertainty in the workforce.

There is no single issue disrupting the flow of cotton from the field to our end-users overseas, but one common problem that is directly impacting every segment of the cotton industry is a vast shortage of willing labor at every level.

While mostly an annoyance throughout the cropping season, and especially during harvest, cotton producers have struggled to find and retain labor. Also, this season the cotton ginning segment, because of the inadequate labor pool, has often been forced to operate with only two shifts compared to a traditional three. Fortunately for many gins those shifts have been able to run efficiently with extended hours to keep them operating at or near a normal pace.

Arguably, the most notable impact for producers and ginners lately has been the effect of labor shortages on the USDA Cotton classification system. Like their gin counterparts, USDA classing offices across the country are struggling to find and retain the workers they need to fill what is typically a three-shift, 24/7 workday.

Compounding this specific issue is the fact that cotton classing offices are USDA facilities. This means they must comply with all federally mandated COVID protocol guidelines and are shutdown not only for regular maintenance and calibration of machinery but also for cleaning, disinfecting and other mandatory procedures that must be followed.

The result, unfortunately, has been a drastically slower turn-around of cotton samples from the gin and delayed classing results to producers who need the information to market their crops.

Plains Cotton Growers along with the National Cotton Council and other cotton industry segments continue to be engaged with local and national USDA officials, along with our elected officials, to stay apprised of the issue and communicate the situation to impacted producers and ginners on a regular basis.

"We greatly appreciate and support USDA's Cotton Division and their valiant effort to provide a timely turn-around of classing results and the steps they have taken beyond normal hiring practices to solicit and retain employees," says PCG Chief Executive Officer Kody Bessent. "Despite these efforts, in the near term, classing results will continue to be delayed as the cotton industry, including classing offices, struggles to overcome labor shortages - an issue that is beyond anyone's current control."

Bessent notes that USDA continues to implement a variety of options in an attempt to alleviate backlogs that currently exist. Chief among those efforts is shifting samples between classing offices to balance the load and utilizing capacity in offices that are nearing the end of their typical operating season.

### **OPPORTUNITIES EXIST DESPITE CLASSING DELAYS**

Despite the current situation, producers with open or unobligated cotton who are concerned about marketing opportunities because of delayed classing

results are encouraged to reach out to their gin(s) or marketing partners to identify possible alternatives.

Demand continues to support opportunities for producers to initiate a marketing contract for the 2021 crop prior to ginning or prior to receiving their official grade information.

Additionally, producers who are needing interim financial assistance while waiting for their cotton to be ginned, have the ability to request a Seed Cotton loan through their local USDA Farm Service Agency until their cotton is ginned, classed, and sold.

## DEC. CROP PRODUCTION & GINNING REPORTS

December 10, 2021 By Shawn Wade

Texas is expected to produce 8 million bales of Upland cotton in 2021 according to the December Crop Production report from USDA's National Ag Statistics Service. U.S. Upland production was projected slightly higher at 17.91 million bales.

The Texas figure is down 100,000 bales from the previous month's forecast. The downward adjustment to the Texas crop, spurred by a 10 pound per acre decrease in expected yield from the previous month, places the expected yield at 731 pounds per harvested acre.

Also released Thursday was the USDA Cotton Ginnings report which indicates Texas had ginned some 4.22 million running bales through December 1, just over half of the State's projected production amount.

## 2021 COTTON QUALITY REPORTS

The following is a summary of the cotton classed at the Lubbock and Lamesa USDA Cotton Division Cotton Classing Offices for the 2021 production season.

The complete weekly Classing Office reports for Lubbock, Lamesa and Abilene are available on the PCG website at: <https://plainscotton.org/quality-reports/>

### 2021 High Plains Cotton Quality Summary

*Week Ending: 12/09/2021*

<i>Office</i>	<i>Bales</i>	<i>Color</i>	<i>Leaf</i>	<i>Staple</i>	
<i>Lamesa</i>	101,172	21+ - 93.4% 31 - 3.4% 12 - 1.3%	1.89	35.34	
<i>Lubbock</i>	251,021	21+ - 90.3% 31 - 4.5% 12 - 1.8%	2.27	36.07	
		<i>Mike</i>	<i>Strength</i>	<i>Uniformity</i>	<i>Bark</i>
<i>Lamesa</i>	3.89	29.93	79.42	2.4%	
<i>Lubbock</i>	3.73	30.54	80.19	4.2%	

*Season Totals To Date:*

<i>Office</i>	<i>Bales</i>	<i>Color</i>	<i>Leaf</i>	<i>Staple</i>	
<i>Lamesa</i>	698,611	21+ - 89.8% 31 - 2.0% 12 - 4.4%	1.87	35.74	
<i>Lubbock</i>	1,578,799	21+ - 84.3% 31 - 3.0% 12 - 7.4%	2.29	36.18	
		<i>Mike</i>	<i>Strength</i>	<i>Uniformity</i>	<i>Bark</i>
<i>Lamesa</i>	3.96	30.62	79.89	2.9%	
<i>Lubbock</i>	3.78	30.80	80.32	5.7%	

Source: USDA AMS