



2005 U.S. Organic Cotton Production & Marketing Trends

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Survey background and overall trends

In 2006, the Organic Trade Association mailed a survey to 47 locations believed to be farming organic cotton. Surveys were sent to Arizona, California, Kansas, Missouri, New Mexico, Tennessee, and Texas, thought to represent the states with all growers of organic cotton in the United States in 2005. OTA identified growers from a list of farmers of organic cotton from the prior year's survey, from contacting accredited organic certifying organizations and state agencies, and from organizations in the U.S. that work with organic cotton farmers. Cotton Incorporated funded the survey.

The surveyed population totaled 37 farmers identified as organic cotton farmers in 2005 or included on a list of 2005 organic cotton growers but not reached to confirm their farming status. Ten of the 47 who were sent a survey were not included in the survey population because they were found not to have grown organic cotton in 2005, are no longer growing organic cotton, are no longer farming, or have been eliminated from the list because their survey was returned by mail as undeliverable. A total of 26 people from Arizona, California, Kansas, Missouri, New Mexico, and Texas responded to the survey by mail or were reached by telephone or e-mail. Of the 26 contacted, 17 farmers returned their completed surveys by mail or e-mail. Four of the 17 completed surveys were not included in this report because these four responding farmers did not grow organic cotton in 2005; they are counted among the ten eliminated from the survey population.

Thirteen of the respondents qualified for and were included in the survey results because they grew organic cotton in 2005. Of these 13, ten members of the Texas Organic Cotton Marketing Cooperative (TOCMC) replied to the survey. Three of the 13 completed qualifying surveys were from farmers not associated with TOCMC. TOCMC had a total of 17 farmers growing organic cotton in Texas in 2006.

All 13 of the farmers in the report have operated certified organic farms for at least two years; twelve of these farmers have been organic producers for between seven and fifteen years. On average, respondents have managed certified organic farms for twelve years.

Acreage farmed by these farmers included 15,489 acres managed organically and 7,047 acres managed conventionally. Of that managed organically, 6,254 acres in 2006 were devoted to organic cotton production, with fields ranging in size from 70 to 1,100 acres. On average, they farmed 486 acres of organic cotton per farm in 2006. Eleven respondents grew organic crops in addition to cotton, ranging from 120 acres to 3,515 acres of other organic crops per farm. In 2006, they farmed 9,235 acres of other organic crops, averaging 840 acres per farm. Total acreage per farm of both organic and conventional crops ranged from 250 acres to 5,500 acres, and averaged 1,739 acres. Additionally, these farms have a total of

1,290 more acres that currently are in transition to organic production.

Most surveyed farmers grew organic upland cotton in 2005, and a few grew organic pima cotton (specific numbers are not indicated to protect responding farmers' confidentiality).

Surveyed farmers produced other crops and products organically, including corn, soybeans, small grains (such as oats, barley, rye and wheat), fruits, vegetables, peanuts, pecans, walnuts, peas, milo, dry edible beans, alfalfa hay, herbs, seed crops, and sorghum. Six farmers produced peanuts, and six grew small grains. None of the farmers produced meat animals or ran dairy farms.

Of the 13 surveys, one farmer chose not to answer questions regarding sales. Eight farmers reported gross, annual farm sales of over \$100,000; four reported \$50,000 to \$99,999 in total gross, annual farm sales. As in the previous year, seven farmers had gross sales from their organic cotton of over \$100,000. The remaining five reported \$50,000 to \$99,999 in gross organic cotton sales, in contrast to last year's one farm reporting this level of gross organic cotton sales and two reporting under \$50,000.

According to Organic Exchange, global organic cotton product sales were \$583 million in 2005, with annual product sales increases estimated at 35% from 2001. Organic Exchange's press release for its 2006 global organic cotton market report stated that global organic cotton production grew significantly in recent years: "Organically grown fiber production increased from 6,480 metric tons in the 2000-01 harvest to 31,017 metric tons projected for the 2005-06 harvest, reflecting an average annual growth rate of 76%."

Acreage and Production of Organic Cotton

ACRES PLANTED & HARVESTED

According to results of this year's survey of organic cotton farmers, farmers in 2005 planted 6,325 acres of organic cotton, an increase of 14% from the 5,550 acres planted in 2004. 2005 survey results indicate that the farmers planted 5,745 acres of organic upland cotton and 580 acres of organic pima cotton. According to the survey, most of 2005 and 2006 organic cotton was grown in Texas, with limited acreage grown in California and New Mexico. To maintain the confidentiality of each farmer, the data do not specify acreage grown on a per state basis. A very small number of the responding farmers grew color-grown organic cotton in 2005 and 2006; the exact number is withheld, again, for the sake of confidentiality. Table 1 highlights trends in acreage of organic cotton *planted*.

The 2005 acreage listed in Table 1 includes only planted acres indicated on the survey replies, including ten TOCMC members, but not additional acreage from Texas Organic Cotton Marketing Cooperative farmers who did not reply to the survey. Acreage data is unavailable from TOCMC. In 1995, the total acreage of organic cotton planted was 24,625. In ten years, planted acreage has decreased by 74%. In comparison, the 2005 acres planted was 45% less than 2001 figures of 11,586 acres planted. OTA's 2003 Beltwide Presentation, listed in the reference section below, provided the acreage data for 2001 and 1995.

Table 1. Estimated U.S. Organic Cotton Acreage Planted: Trends

Acres Planted in 2006	6,254
Acres Planted in 2005	6,325
Acres Planted in 2004	5,550
Acres Planted in 2003	4,060

Acres Planted in 2001	11,586
Acres Planted in 1995	24,625
Percent Change 2004 - 2005	+14%
Percent Change 2001 - 2005	-45%
Percent Change 1995 - 2005	-74%

In 2006, farmers planted 5,694 acres of organic upland cotton and 560 acres of organic pima cotton. Organic cotton acres planted in 2006 totaled 6,254, a nominal decrease of 1% from 2005.

Farmers *harvested* 6,165 acres in 2005, 160 less than what was planted; according to responses, the small decrease was due to weather. Several farmers who indicated a harvest equal to planted acreage noted problems with weather, insect damage and cotton root rot. One harvested more than expected due to good weather. Harvested acreage totaled 5,585 acres of organic upland cotton and 580 acres of organic pima cotton. This represents 11 percent increase over the 5,550 acres harvested in 2004.

BALES HARVESTED

The total number and breakdown of 2005 harvested *bales* of organic cotton identified between this farm survey and the TOCMC data are in Table 2. Survey data show a total of 7,665 bales of organic cotton harvested in 2005, with 6,690 bales of upland cotton and 975 bales of pima. All farmers responded to this question, unlike in 2004 where three farmers did not indicate the number of bales harvested. The higher response rate in 2005 may account for some of the 2,210-bale increase shown *by the surveys* from 2004 to 2005. Accounting for a slight undercounting of bales in 2004 from the non-TOCMC farmers who harvested 160 acres but did not include their bale count on last year's survey, 2004's bale count was actually roughly 200 bales higher.

In 2005, TOCMC reported a total of 8,456 bales of organic upland cotton from their farmers, in contrast to 5,347 bales recorded by TOCMC in 2004. Accounting for duplication among the survey respondents from Texas who belong to TOCMC, the 2005 survey identified an additional 199 bales of upland cotton. A total of 8,655 harvested bales of upland cotton were identified between this survey and TOCMC's data, for 2005. Texas harvested the largest number of bales, with New Mexico and California harvesting significantly fewer bales. The harvest data is not provided on a state-by-state basis to ensure the confidentiality of farmers who responded to the survey.

Adding the 199 organic upland bales from surveyed respondents who are not TOCMC members, to the TOCMC total and 975 bales of organic pima cotton from survey data, the total harvest of both upland and pima cotton in 2005 was approximately 9,630 bales, as indicated in Table 2.

Table 2. Harvested bales of organic cotton in 2005

Source of data on harvested bales	Total bales harvested
TOCMC upland, organic cotton data	8,456
OTA farm survey upland, organic cotton data, excluding TOCMC upland, organic cotton data in the survey	199
OTA farm survey pima, organic cotton data	975
Total harvested bales of organic cotton in 2005	9,630
Total harvested bales of organic cotton in 2004	6,814
Percent Change bales harvested 2004-2005	+41%

Comparing the 9,630 total bales harvested in 2005 to the 6,814 total bales harvested in 2004 bales, the total number of bales increased by 41%. This is likely the most accurate reflection of the overall change in production in organic cotton because it reflects data from all TOCMC members. The total *acreage planted and harvested* only reflects 2005 data from the survey respondents because TOCMC data on acreage is unavailable.

Sales & Marketing

Ten farmers responding to the survey indicated that they sell their organic cotton directly to a farmer cooperative such as TOCMC (six of these indicating 100% sales to a cooperative), two sell all of their organic cotton directly to a mill, and one said they “sell thru our line of T-shirts.” Farmers use the following marketing techniques: six sell to TOCMC; four checked the “other” category under “Word of Mouth” but did not specify their marketing technique; one markets through Organic Exchange; two by exhibiting at trade shows, fairs, and other public events; one through cotton brokers listed on the California Certified Organic Farmers (CCOF) directory; one through a “long standing relationship with mills;” and one by advertising in newspapers or magazines.

One sells 95% of its organic cotton in the U.S., selling the remainder internationally, and two sell 100% to international markets. Ten responded that they were not sure if their markets are domestic or international; all ten sell their product to a farmer cooperative such as TOCMC.

Six of respondents indicated that competition from international organic cotton producers presents their biggest challenge in getting their organic cotton to market, and another wrote that its biggest marketing challenge is “Keeping US mfgs. of textile products.” Five checked that they had no marketing challenges. Three have difficulties finding a market that will pay value-added costs of organic products; another's positive challenge is that his production is not large enough to meet his buyer's needs.

The survey data indicated that the average price per pound received by farmers ranged from \$0.80 to \$1.05 for 2005 organic upland cotton, compared to a higher range of \$0.90 to \$1.10 in 2004. No organic pima cotton prices were provided.

Five farmers suggested the following changes to the national organic standards to enhance their ability to market organic cotton: “Let us use sodium chlorate to defoliate.” “?” “None— unless country of origin labeling was required.” “None.” “Keep foreign ‘organic’ out.”

Educational and Economic Resources

The survey documented ongoing educational and economic challenges and opportunities related to organic cotton production. According to surveyed farmers, educational resources on organic farming continue to be lacking at local cooperative extension offices. Only two respondents work with their local cooperative extension agents and specialists on organic farming issues; eleven indicated that they do not work with extension. Two respondents felt that their extension agents were not knowledgeable about organic practices, representing a continued opportunity for expanding educational resources on organic production at extension. Three farmers checked that extension is "somewhat knowledgeable." Seven farmers reinforced this perception, indicating that there has not been an increase in educational resources about the National Organic Program at extension since last year. One said there has been an increase, and three were not sure.

Farmers have stayed current with organic standards using the methods indicated in Table 3 below, with most farmers communicating with other farmers and many reading Organic Trade Association resources.

Table 3. How farmers stay current with organic standards

Methods for staying current with organic standards	# Respondents
Communicate with other farmers	10
Read Organic Trade Association resources	8
Check web sites	3
Use extension resources	2
Read trade publications: 1— <i>Organic Business News</i>	2
Texas Department of Agriculture	2
New Mexico Organic Commodity Commission	1

Organic cotton farmers have used a range of government agencies and programs in relation to organic production. Eight used the organic certification cost-share program, four used the Farm Service Agency, one used Cotton, Inc., one USDA, and one the Texas Department of Agriculture. Some farmers worked with more than one agency or program.

Responding farmers work with the following certifiers: Texas Department of Agriculture (a majority of respondents), CCOF, and New Mexico Organic Commodity Commission; one misunderstood the question and wrote in a person’s name.

Farmers rated USDA as very effective (2 respondents), somewhat effective (6 respondents) and not effective (3 respondents) in addressing their concerns on organic production. One checked, “Does not apply/ Not sure.”

When asked what would prevent conventional cotton farmers from adopting organic farm practices or entice them to adopt organic farm practices, they responded with the following comments.

What would prevent adopting organic practices:

- “I could write a paper! ---- Intense management, labor issues, weeds and insects, lack of long term proven organic cotton market, fear of the unknown, ease of Roundup Ready conventional cotton production system, satisfaction with the small profit they now realize from conventional market, the possibility of organic cotton being sprayed by the boll weevil eradication foundation, lack of knowledge about how to farm organically and the marketing opportunities available.”
- “High labor costs, too much risk.”
- “Fear of change. Transitional price needs to be high enough for them to switch.”
- “Different management, transition time.”
- “Extra labor.”
- “Don’t want more labor.”
- “I’ve tried everything, with no takers.”
- “Price of organic cotton and cost to produce it.”
- “Weed control, insect control, no defoliation.”
- “The 3 year period’s lack of transitional markets keeps people out.”
- “Low prices, no organic herbicides, and too much time required for management.” [From a farmer who did not grow organic cotton in 2005]

What would entice farmers to adopt organic farm practices:

- “Guaranteed markets, exemption from boll weevil spraying---and I hate to say this—but possibly an organic farm subsidy---such as Tier 3 payment of CSP.”
- “Price is main incentive.”
- “Peer pressure.”
- “Conventional market to be depressed or organic market to be very high.” [From farmer who did not grow organic cotton in 2005]

Two farmers know other cotton farmers who are interested in converting their farms to certified organic farms, and one knows cotton farmers who have adopted certified organic farm practices on conventional farms in the past year. One noted, “None—have talked to many.”

Farmers suggested the following ways to improve USDA programs regarding organic production:

- “USDA can make the Cotton Board stop opposing organic cotton.”
- “Continue the certification cost share. Eligibility for CSP [Conservation Security Program] to all organic producers, even if they are not in a yet to be designated watershed. Mandatory payments at Tier Level 3 to all Certified Organic Producers in the CSP—many states will likely never approve an organic farm for CSP for organic practices—they are too hung up on no-till and chemical usage—USDA will have to force them.”
- “None at the present.”
- “Prosecute violators of the Organic Law.”
- “Keep the standards high but use common sense. Don’t let Wal-Mart dilute standards.”

Conclusions

According to this survey and data from prior reports, acres of organic cotton planted in 2005 rose 14% from 2004. Farmers anticipate an increase in organic cotton acreage in the coming years. Eight farmers anticipate an increase in organic cotton acreage of as much as 50% in the next five years. These farmers plan to expand production of organic cotton by up to 1,458 acres. Accounting for a small decrease anticipated by a few farmers (one of whom explained a decrease due to “too much risk, too little money”), the survey data predict an overall increase of up to 1,418 acres of organic cotton, an increase of 23% over 2006 acreage planted. An additional 150 acres have been planted or are in transition, according to surveys completed by farmers not growing organic cotton in 2005.

One farmer is acquiring land from his parents as they scale back their acreage. Another is adding a farm, and a third would like to acquire more land to grow for mills needing more cotton. A fourth respondent plans to increase organic cotton acreage, “Because buyers are finally figuring out that we have to have at least \$1.00/# to grow organic cotton, and they are now willing to pay for that US grown cotton.” Four farmers plan to keep the same acreage of organic cotton over the next five years.

The most accurate reflection of production changes--total bales harvested--showed an increase of 41% from 2004 to 2005. Despite this high percentage increase in production, the actual increase in acreage is relatively small, and planted acres remained level from 2005 to 2006. The moderate short and longer-term increases in acreage likely reflect continued economic pressures on organic cotton farmers that remain a barrier to larger increases in production and adoption by conventional farmers. The survey price data and qualitative answers from farmers indicate that unstable low prices and weak markets are still major challenges. As in last year’s survey, many surveyed farmers believe that competition from international organic cotton growers is their most significant marketing challenge.

Although organic cotton production in the U.S. has shown a 14% increase in planted acreage from 2004 to 2005, the overall acreage, even with predicted increases over the next five years, is still well below peak production acreage of 24,625 planted in 1995. To increase organic cotton production to 1995 peak rates and beyond, farmers’ responses reiterated the need for a stable and strong market in the U.S. that ensures them prices that reflect the cost of growing organically.

When asked for additional comments on how to help promote profitable production and marketing of organic cotton in the US, one farmer indicated higher prices and another suggested advertisement. According to surveyed farmers, support for long-term sustainability for organic farms would be improved by stable, higher prices, research dollars, support for the transition to organic, long-term contracts, checking of the certification of imported products, advertisement, and keeping the standards high to keep production low and prices higher. One farmer believes it will just take time.

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