

GIN INDUSTRY UPDATE AND DISCUSSION

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Abstract

Bill Mayfield's discussion back 25 or so years ago with the topic being; what it would take in terms of ginning volumes for gins to purchase and maintain a UD press. The discussion also included what he saw in his crystal ball for a gin to thrive at that time. This presentation is an attempt to look at where we have been and look into the future. From 1980 to 2012, the number of operating gins in the U.S. decreased from 2,254 to 671. This represents a nearly 70 percent reduction in a little over 30 years. Many of the gins closed have been smaller facilities equipped with old machinery and little, if any, of the newest technologies available. It is expected that this trend will continue. In the future, we can expect fewer, but more modern gins that will be processing larger annual volumes. The primary reason for consolidation is economics, the more bales a gin can process throughout a season, the less it cost to gin each bale of cotton. Additionally, the use of modules has given gins the ability to move seed cotton over greater distance from farm to the gin.

While the number of gins has decreased dramatically, we have seen a corresponding increase in cotton production, and an increase in the bales ginned per gin, with the average ginnings per gin at around 25,000 bales.

In 1980, 2,254 gins averaged 4,803 bales. In 2005, we had 891 gin and produced 23.3 million bales with an average ginnings per gin of 26,098 bales. That number was around 25,000 bales in 2012. Not until 2001, did average ginnings move above 20,000 bales. Since 2001, average ginning has stayed above the production line. Since 2008 ginnings per gin has continued to increase.

The gin cost survey in 2010, shows that increased annual volumes decrease the overall variable costs per bale but there is an optimal level. There are gins that are operating in the 50,000 bales per season range that have similar variable costs close to those of the 100,000 bale gins. There does appear to be a point where the savings levels out. In fact the variable costs remain relatively flat at and above the 50,000 bale range.

How far is too far to haul seed cotton? In 2009, Texas A&M conducted a study looking at seed cotton transportation costs and developed a tool to help ginners decide if it is worth it to chase modules over greater distances or not. This study compared the value of increased ginnings per gin with the additional hauling cost. Since the A&M study, the use of the John Deere 7760 round module harvester has gained in popularity with some gins now ginning round modules exclusively. Has the distance increased with the advent of the John Deere 7760 round module harvester and the ability of these modules to be hauled great distances on flatbed trucks?

The number of acres to produce 18 million bale crop has decreased significantly since 1980. That year it would have taken 21 million acres to have produced 18 million bales given the yields at that time. When you shift forward to 2012, the number of acres required is 9.7 million acres. Good cotton ground can be devoted to cotton and may not necessarily be in close proximity to a gin. Gins do not want producers making a decision not to plant because the gin is seemingly too far from production area.

With gin consolidation has come the need to gin as fast and efficiently as possible. To achieve efficiencies, gin equipment manufacturers have increased width of ginning equipment with gin stands having greater than 200 saws, twelve foot seed cotton cleaning and lint cleaners, and the need to increase bale press speeds to be able to keep up with these increased capacities. Gin process monitoring and controls are being utilized such as moisture mirror, air tools, and Uster Intelligen as aids to increase efficiencies and improve fiber quality and bale value.

In summary, gins are looking for every opportunity to improve the bottom line by increasing bales per hour, bales per season, and increasing value by preserving fiber quality. Gins have adopted new technology to reduce labor costs and operating costs. Gins will continue to incorporate labor reducing technology such as automatic strapping and tying systems and even bagging systems. Gins in the future must be willing to haul seed cotton over greater distances from higher yielding acres to remain competitive. Increased regulations and the cost to comply will likely influence consolidation. If current trends continue, our industry will likely continue to consolidate with gins embracing new technologies and ginning even larger annual volumes.