



## The Costs & Risks of Producing Light-Weight Cotton Bales

### 1. Farmer Returns Impacted

- Basis calculations have recognized the trend toward lighter bale production, which creates increased handling costs & hedging inefficiency.
- Additional bale produced to reach shipment weights adds incremental costs that reduce the value of our product.
- This reduction lowers bids to farmers, reducing farm-gate returns.
- Since growers are paid by the pound, lighter bales mean less income.

### 2. Transportation & Storage Costs

- Trucking/drayage costs rise per bale when weights are light.
- Containers hold ~90 bales, ideally 45,000 lbs. (500 lbs. each)
- Lighter bale weights require additional containers to be moved intermodally.
- Additional bale units to make up a shipment incur per-bale storage fees.

**Example of Additional Costs Considering Coarse  
Costs for an Export Load**

Bale Weight	Percent Loss	Cost To Ship / Load (88 Bales)		
500 (Base)	0%	If Base \$4,000	If Base \$5,000	If Base \$6,000
490	2%	\$80	\$100	\$120
480	4%	\$160	\$200	\$240
470	6%	\$240	\$300	\$360
460	8%	\$320	\$400	\$480
450	10%	\$400	\$500	\$600
440	12%	\$480	\$600	\$720
430	14%	\$560	\$700	\$840
420	16%	\$ 640	\$800	\$960
410	18%	\$720	\$900	\$1,080
400	20%	\$800	\$1,000	\$1,200

**Base Example  
(Based on Approximate West Texas Averages)**

Type of Cost	Per Load (88 Bales)	Per Bale
Ginning + Warehousing + 1 Month Carry	\$2,024	\$23.00
Transit Trucking	\$800	\$9.09
Transload Warehousing	\$700	\$7.95
Ocean Freight	\$1,000	\$11.36
Misc Fees + Insurance	\$484	\$5.50
Total	\$5,008	\$56.91

### 3. Hedging, Delivery, & Inventory Management

- Cotton is purchased & hedged using 50,000 lb. contracts per 100 bales based on standard bale weights.
- When bales deviate, incorrect volumes are hedged, creating market risks rather than risk management.
- Astringent tolerances for mill, futures contract, or destination market delivery requirements mandate standard / uniform bale weights.
- Even when gin delivery averages fall within an agreed-upon range, variability in bale weights creates subsequent complexity to deliver specific quality specifications to consumers when managing a wider range of bale weights.

### Bottom Line

Lighter bales increase costs & risks at every step: lower farmer returns, hedging exposure, higher transport costs, & trade penalties. Maintaining bale weights closer to the 500-lb. standard protects farmer income, merchant stability, & U.S. cotton competitiveness. It is critical to educate all stakeholders as to the importance & direct correlation of bale weight & value for U.S. cotton.