Cotton farmers oppose

By KEVIN ANDERSON
Staff Writer

Louisiana cotton farmers voiced strong opposition Thursday to a recent Memphis Cotton Exchange edict that radically upsets their 150-year-old marketing method.

The formal protest was voted unanimously at a board of directors meeting of the Louisiana Cotton Producers Association. The growers also garnered the support of Bob Odom, Louisiana Commissioner of Agriculture, who was present at the noon meeting at the Holiday Inn Holidome in Monroe.

Both Odom and the association will write letters of protest to the Memphis Cotton Exchange board, which is replacing Trading Rule 3 with Trading Rule 5 effective Aug. 1.

Under Rule 3, cotton buyers were required to pay the cost of compressing and transferring cotton from warehouse to rail car or truck. Farmers were billed only for storage charges up to and five days beyond the date of sale.

Rule 5 would charge farmers for all warehousing, storage and compression charges as well as storage for 21 days beyond the date of sale.

The Memphis exchange voted the change in late June, and it was adopted by the Pine Bluff, Ark., exchange. The Greenwood, Miss., exchange voted the measure down, 21-15.

Board members estimated the new rule could raise the cost of selling a bale of cotton between $15 and $17, but the rule would not necessarily cut into cotton farmers’ profits.

Duke Shackleford, a Bonita grower and a board member, said buyers would pay 3 or 4 cents more per pound under the new rule to compensate for the shift in charges, so farmers might not experience a net cost increase. There are 500 pounds in a bale of cotton.

Dallas Thompson, a Richland Parish grower, gin owner, warehouse owner and cotton buyer, said there has been a run-

Exchange ruling

ning feud for years between warehousers and the cotton exchange over pricing problems caused by the rising cost of storage, compressing and shipping.

Buyers who make advance contract bids on a coming cotton crop in January and February are saddled with having to guess what those processing tariffs will be when they are set in September.

“Now, without warning, they want to put the burden of the guesswork on us on the thinking that we’ll seek a better deal if we don’t like the bottom line,” said Shackleford.

The operating boards of many compress and warehouses are dominated by farmers, and the Memphis exchanges’ thinking is that farmers with this controlling interest will do something about rising tariffs if they are shocked in the pocketbook, said board member Sam Leah, a Tensas Parish grower.

Thompson agreed there was a problem, but said a better solution might be to set tariffs in January when most of the contract buying is done.

“I don’t want to see them change (from pricing cotton at the press) because that’s the way the cotton business has been for 150 years. That’s the way everybody understands it. This thing could easily lead to a complicated, two-price system,” he said.