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Cottonseed Adds to Bottom Line From Trash to treasure.

By Henry Gantz
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According to the National Cottonseed Products Assn. (NCPA) in Memphis, after Eli Whitney's invention of the cotton gin in 1793, cottonseed was not only considered waste, but a problem. What was not used as planting seed or plowed back into the soil simply rotted away. Once uses for cottonseed meal and oil were discovered, its value began to increase. But even as late as the 2005/06 crop year, growers hoped cottonseed would bring enough to simply cover the cost of ginning.

These days cottonseed is not only covering ginning, but it is adding to the bottom line as a major revenue source. "The cost of ginning has gone up, so this was welcomed, I'm sure," says Ben Morgan, NCPA Executive Vice President.

The general consensus is that cottonseed is following the soybean complex, but the fact is, both cottonseed and soybeans are following a run up in prices for all vegetable oils due to higher demand and historic shortages.

Cottonseed value is determined by the value of the products it yields. World vegetable-oil and livestock feed-ingredient markets are the price drivers. "A one-cent increase per pound in cottonseed oil prices can mean a \$3 per ton increase in what a crusher can pay for seed," Morgan says. "We have 60- to 70-cent oil now, compared to 20 or 30 cents a year ago. Meal is up, but vegetable-oil prices are leading the way. We should be able to maintain some pretty strong seed prices."

And growers are reaping the benefits. In 2004, the grower price in December was \$111 per ton. This past season it was \$171 per ton – and increase of 35%.

Cottonseed is considered to be a premium cooking oil in that it is trans-fatty-acid free. Domestically there is an 8-billion pound demand for trans-fatty-acid-free oils. "Right now, we only have about four billion pounds of oils that meet those performance levels," Morgan says. "That's why the veg-oil market has run up. From that standpoint, there is going to be a continuing demand for products as long as the trans-free trend continues, and it looks like it will." In fact, New York City has gone "trans-fat-free" and other cities are sure to follow.

Cottonseed is Kosher

Morgan says food manufacturers continue to ask themselves what oil they can use to meet the trans-fatty-acid-free profile, and obviously cottonseed oil is one of them.

"Our latest niche that we are working on is in the Kosher market," he says. "Many legumes are not considered Kosher, so that knocks out soybean oil and peanut oil. Even corn oil has an element from legumes. Cottonseed oil can be certified Kosher."

The further upside to that is that people who are not necessarily bound by deity to Kosher foods understand that meeting the Kosher standards can mean healthier food. "When they see a Kosher certification, and they tell themselves that it has to be healthy and pure."

What's In a Ton Of Cottonseed?

Cottonseed is made up of hulls, meal, oil and linters.

- Hulls are used mostly in the feed industry.
- Cottonseed meal is used in animal feeds as a high protein supplement.
- Cottonseed oil is a premium, low-trans-fat cooking oil.
- Linters are a source of cellulose, used to produce everything from plastics to rocket fuel to X-ray film.



Cottonseed is a premium, trans-fat-free cooking oil.



Ben Morgan

