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StapleReview



U.S. Cotton's
Future?

Sterling Jones
to Retire

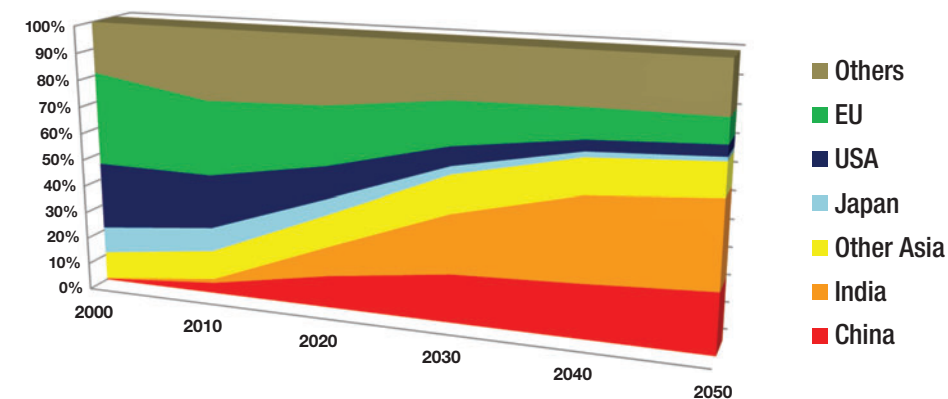
U.S. Cotton's Future?



*Meredith Allen
President & CEO*

The size of the world population growth will cause significant changes for the agricultural community in the future. There will be at least two billion more people to feed and clothe in the next four decades. This means that farmers and food suppliers do not have to worry about a lack of market opportunities for their products. Not only will the population increase, but what people consume will also change. As economic growth increases in the developing countries, more people will be added to the middle class. As standards of living increase, a change in diet is the first change to take place. This means that people will switch from staple foods such as rice or wheat to higher quantities of animal protein and more fruits and vegetables.

Asia accounts for less than a quarter of today's middle class. By 2020 (in just eight years) that share could double. More than half of the world's middle class could be in Asia, and these consumers could account for over 40% of global middle class consumption. Estimates are that the middle class in India and China alone will represent about 45% of the world's middle class by 2030. This tells us that demand for food



Shares of Global Middle Class Consumption, 2000-2050
(Source OECD)

and world prices will be dictated by these two countries in the future. In 2011, about a third of all grains produced in the world were used for animal feed. The increase in animal protein by this rapidly increasing middle class will put much more pressure on all of our agricultural markets including cotton.

All governments want to satisfy the food demands of their people. I believe as we see the massive increase in animal protein demand, we will see significant changes in government agricultural policies around the world. The demand for better diets by developing countries will be the most important driver of government policy. China and India are the two largest producers of cotton today.

As I have said earlier, these two countries will have tremendous increases in the middle class and hence more protein demand. It is only logical that an increasing number of productive land acres will be dedicated to growing grains. It is also logical that any government would rather be dependent on fiber imports than food imports. This leads me to conclude that

China and India will have significant cuts in cotton production in the next decade. Since the United States produces large surpluses of grain, it would only make sense for U.S. cotton production to increase to meet the demand caused by the loss of cotton production in China and India. As these changes take place and demand for U.S. cotton increases, cotton prices will have to be higher to attract these additional acres.

I am optimistic that the future for U.S. cotton production is bright and we can see the light at the end of the tunnel. The current world supply and demand for cotton is not a pretty picture and is certainly discouraging for U.S. cotton producers today. However, if we look down the road, I believe we will see that better days lie ahead. I hope your harvest this fall has gone well. 🌱

Meredith Allen

Meet Our New Directors

On September 19, 2012, Jerry Hamill of Enfield, North Carolina, and Jimmy Webb of Leary, Georgia, were elected to serve a one-year term on Staplcotn's Board of Directors at the annual membership meeting. They are replacing retired directors Bill Harris and Johnny Hux.



Jerry Hamill

Jerry Hamill became a Staplcotn member in 1999 and was actually the first cotton producer from the state of North Carolina to join the association. In addition to cotton, Hamill farms soybeans, peanuts, wheat and corn. He serves as vice president of the North Carolina Farm Bureau Federation Halifax County Chapter, director of the Halifax County Farm Bureau, and director on the Branch Banking and Trust Company board. Hamill is also an alternate on the Cotton Board, a member and former director of the North Carolina Cotton Producers, as well as a member and former president, vice president, secretary and treasurer of the North Carolina Peanut Growers. He has also

served as a member of Cotton, Inc. and as former president of the Peanut Growers Cooperative Marketing Association. He and his wife, Betty, attend Enfield Methodist Church; they have two daughters, Gina and Claudia.



Jimmy Webb

Jimmy Webb also began his Staplcotn membership in 1999. He currently serves as president of Cotton Council International (2012-2013), delegate to the Cotton Board, delegate to National Cotton Council, director of the Southern Cotton Growers, treasurer of Flint River Water Planning and Policy Center, and as president of the American Peanut Marketing Association. He also serves on the Dean's Advisory Board for the College of Agriculture through the University of Georgia. Webb has also served on the boards of Jordan Banking Company, Deerfield-Windsor School and has been an advisor to the Board of CCI and is former chairman of Cotton Incorporated's Audit Committee. In 2005, Webb was selected as Lancaster, Georgia Farmer of the Year. Additionally,

he was named Georgia's Outstanding Young Peanut Farmer of the Year in 2009. Webb farms corn as well as cotton and peanuts. He and his wife, Anjie, have two daughters, Parker and Devin, and a son, Harris. 🌱

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Sterling Jones to Retire in December

Sterling Jones, Vice President of Cotton Services, will retire from Staplcofn on December 31, 2012, after serving the company for more than 30 years. Sterling began his career with Staplcofn as a field representative in the fertilizer and chemical division in 1982. He remarked, "After I graduated from Mississippi State University in '71, I went home to cattle farm with my father in Flora, Mississippi.

In 1981, soybean prices went through the roof, similar to what they are doing now. Ultimately, we made the decision to sell our cattle, and I started farming beans for several years. Soon, prices fell and interest rates rose, and I decided to look at other options. I had some friends in Yazoo City who referred me to Staplcofn. When an opening became available in the chemical/fertilizer division, I interviewed and was hired to work out of the Yazoo City office covering a six-county area."

In 1985, it became apparent that Staplcofn's plans were to transition out of the fertilizer and chemical business and focus strictly on cotton. Sterling's position with the company also made the transition to that of Cotton Specialist. He remained located in the Yazoo City office until 1991 when his successes placed him in the role of Cotton Services Manager. Once he received that promotion, he and his family moved to the Greenwood area. In 1993, Sterling was promoted to his current position.

When asked about what changes he has seen over the years, Sterling's answers were quick to surface, "The advances in communications and technologies have really made a huge difference in our abilities to service our membership efficiently. Think about it, back then there were no



Sterling Jones

cell phones or emails. If we needed to go see one of our growers, we had to call and make an appointment. If something happened on the day of the appointment and our grower couldn't make it, then it was highly probable that the specialist wouldn't be able to get word until he went to the appointment and discovered that the grower wasn't there. Cotton Specialists still spend a lot of time going to see their growers in order to take care of their accounts. But, the process is so much more efficient now. Back then, I had a rule that they had to call into the main office for any update—once in the morning and once in the afternoon. Today, with cell phones and texting and emails, we can get information to and from them exponentially faster!"

Electronic receipts have also impacted the efficiency of the Cotton Services Department. "We used to have to go around and physically pick up all of the receipts from gins, warehouses, stores, growers' homes, or wherever they would need to meet. Now, it's just a quick scan. Electronic

receipts opened the door to serving regions that we had not been able to serve before, such as areas in the Southeast, due to mere logistics."

Broadening Staplcofn's service area to Georgia was another highlight in Sterling's tenure at Staplcofn. "It was kind of like a shot in the arm. We were familiar with cotton producers in the Mid-South, but we didn't know what to expect in Georgia. In 1994-95, those areas were going through a boom of cotton farming. They had been void of cotton for many years because of the boll weevil. Once it was eradicated, they were anxious to farm cotton again. Stan McMikle, one of our Cotton Specialists from the Louisiana area, and I traveled to Georgia many times to sell Staplcofn.

We conducted meetings with cotton producers at locations of proposed gins, warehouses, producers' shops, restaurants, etc. We had already expanded a little into North Alabama and South Alabama but Georgia was a new and unknown territory for us. It was exciting! Ultimately, I decided that Stan should be transferred from Louisiana to Georgia to service our members there. During the next few years, Georgia increased their cotton production up to approximately one million acres and beyond. Staplcofn has continued to grow as a result of those increased acres."

Reflecting on his whole "Staplcofn experience," Sterling commented, "The people that I've worked with have been the finest that you would ever meet anywhere. As far as the management team and employees, we all have the same mission and the same goal—and that is to serve our membership. No one's goal is self-serving, it's membership-serving, the way it should be. I've been blessed to be associated with the

Continued on following page


Jones to Retire, continued

entire industry—the members, the directors, the advisory board members, the employees, the gins—everyone. My time here has not just been considered my professional life; it's been my personal life. I've made friends within the industry that I will never forget."

Meredith Allen, President & CEO of Staplcotn, concurred, "Sterling has enjoyed his job as much as anyone I know. He has really been a strong advocate for the producer in every area. He is not only

respected by our staff and our members, he has become close personal friends with many of them. He has truly enjoyed his time in our Field Services Division."

As for his plans for the future, Sterling and his wife of 42 years, Glenda, have decided to sell their home in Carrollton, Mississippi, and return to their place of origin, within five miles of Flora, Mississippi. "I've got three older siblings in that area, and Glenda has one older sibling there, and we both have many

friends in that area. We'll be on a lake where she likes to fish, and I like to drive the boat!" he explained. Sterling also plans to do some hunting and play golf, but most importantly, spend more time visiting his two children and their families. "We have five grandchildren and plan to be seeing them a lot and be more involved in their activities." 



Stephens to Head Cotton Services Division



Shane Stephens

Shane Stephens, VP of Warehousing for Staplcotn, will add the Cotton Services Division to his managerial responsibilities as of December 31, 2012, due to the retirement of Sterling Jones. He will continue to manage Staplcotn's Warehouse Division which includes locations in Mississippi, Louisiana, Arkansas,

North Carolina and Georgia.

Meredith Allen, President & CEO commented, "Shane began his career here at Staplcotn in 1985 as a field rep in the Cotton Services Division, so he understands this role very well. As head of our Warehousing Division, he has built close relationships with many of our producers and ginners. Putting these two roles together just makes perfect sense. They are both built around establishing relationships with and serving our members in the field." Stephens became VP of Warehousing in 1996.

Establishing relationships comes naturally to Stephens. This is most easily illustrated by listing his professional accomplishments within the cotton industry. They include serving as Chairman of the Cotton Growers Warehouse Association, Vice President of the National Cotton Council, Director of EWR, Inc. in Memphis, Executive Committee Member of the Joint Cotton Industry Bale Packaging Committee, Delegate to the National Cotton Council, Chairman of the Bale Tag Sub Committee, Past

Chairman of the NCC's Packaging and Distribution Committee, and Member of the Vision 21 Stakeholder Steering Committee.

Stephens is excited and optimistic about overseeing the two divisions. "I thoroughly enjoyed my time in the Cotton Services Division during the first part of my career at Staplcotn. I am really looking forward to reconnecting with our members on a more frequent basis as well as working with the field staff," he remarked. "Staplcotn is so fortunate to have both the Warehouse and the Cotton Services Divisions staffed with experienced and extremely competent employees. The years of experience acquired so far by Staplcotn's warehouse managers average more than 20 years. Similarly, in Cotton Services, there's only one field staff person with less than 10 years experience, but most are within the 20 to 30-year range. And, I will tell you, Sterling has done a great job of training and managing his team. This is going to be a good thing for us and most importantly for the membership." 



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Parkdale Mills of Gastonia, North Carolina, recently honored Staplcotn as Vendor of the Year 2012 during their annual President's Meeting in August. From left to right: Andy Warlick, President and CEO of Parkdale Mills; Frederick Barrier, Staplcotn's VP of North American Sales; Meredith Allen, President & CEO of Staplcotn; Quay Williford, Staplcotn's Sales Representative; Jim Martin, Executive VP of Cotton Operations at Parkdale Mills; and Gene Frye, Director of Cotton Operations at Parkdale Mills.



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