

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Senegal

### Cotton and Products Annual

### West Africa Cotton Annual

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**Report Highlights:**

With recent efforts in the C-4 countries (Burkina Faso, Mali, Benin and Chad) plus two (Cote d'Ivoire and Senegal) to boost the cotton sector, Post estimates an MY 2010/11 (August-July) seed cotton production increase of 124,000 tons. This increase from the previous year is mostly driven by the largest producers, Burkina Faso (up 25 percent) and Mali (up 9 percent). Benin is the only country to see a decrease (23 percent) in MY 2010/11 seed cotton production due unexpectedly to capsule rot and flooding. Due to higher cotton prices, all countries are setting aggressive production goals; however, Post forecasts an increase in MY 2011/12 seed cotton production to a modest 1.4 million tons.

**Executive Summary:**

## West African Cotton Outlook 2011/2012

### Overview:

Post estimates that MY 2010/11 seed cotton production in the selected West African countries increased by 124,000 tons (twelve percent). Burkina Faso and Mali are the main cotton producers in the region with 61 percent of total production in the region (See table 1). The MY 2010/11 seed cotton production increased in all C-4 countries except for Benin where seed cotton production dropped 23 percent. Farm gate seed cotton prices officially announced at the beginning of MY 2010/11 were adjusted upwards based on higher worldwide cotton prices for all C-4 countries except for Chad (See table 2). Despite increases in the cotton price, cereals continue to compete for planted acreage in West Africa.

Post finds it difficult to estimate cotton production for MY 2011/12 before each country sets its annual cotton input prices and national pricing policy in the spring. A farmer's decision to grow cotton depends on several factors, including payment received for last year's crop, procurement and distribution of inputs, access to input credits and national pricing policy. Government policies and farmers' associations are pushing aggressive seed cotton production goals by addressing these factors. Thus, Post estimates a 19 percent increase in MY 2011/12 seed cotton production. Policies in Burkina Faso and Mali are driving cotton production in West Africa which account for 88 percent of the increase.

In June 2010, a partnership between the Institute of Fiber Bremen, Center for International Cooperation in Agronomic Research for Development and the *Société Burkinabé des Fibers Textiles* (SOFITEX) launched the Regional Technical Instrumental Center for Cotton Ranking in West and Central Africa (CTRCIC-AOC) in the Segou region of Mali. The European Union and the Common Fund for Commodities funded this center for \$2 million to support marketing and quality improvement of cotton fiber in the region.

For more information on the history and structure of the cotton sector in West Africa, please see previous reports, including [SG7011](#), [SG7020](#), [SG8001](#), [SG8012](#) and [SG8020](#).

**Table 1: Seed Cotton Production for C-4 plus two (1,000 480lb bales)**

	2007/08	2008/09	2009/10	2010/11	2010/11	Preliminary Forecast 2011/12
	USDA Official Production	USDA Official Production	USDA Official Production	USDA Official Production	Area harvested (1,000 hectares)	Production
Burkina Faso	675	850	700	869	419	1,106
Mali	450	385	440	481	270	577
Cote d'Ivoire	225	225	356	414	238	385
Benin	500	460	373	288	181	385
Chad	190	190	67	107	124	115
Senegal	88	95	35	49	27	55
<b>Total</b>	<b>2,128</b>	<b>2,205</b>	<b>1,971</b>	<b>2,208</b>	<b>1,259</b>	<b>2,623</b>

Source: FAS Post estimates

**Table 2: Official Farm Gate Price for First Quality Seed Cotton for C-4 plus two (F CFA)**

C-4 plus two	Official 2008/09 Farm Gate Price for First Quality	Official 2009/10 Farm Gate Price for First Quality	Official 2010/11 Farm Gate Price for First Quality	Official 2011/12 Farm Gate Price for First Quality
Mali	200 (\$0.40)	184 (\$0.37)	185 (\$0.37)	255 (\$0.51)
Burkina Faso	165 (\$0.33)	168 (\$0.34)	182 (\$0.36)	N/A
Benin	190 (\$0.38)	190 (\$0.38)	200 (\$0.40)	250 (\$0.50)
Chad	180 (\$0.36)	180 (\$0.36)	180 (\$0.36)	N/A
Cote d'Ivoire	185 (\$0.37)	175 (\$0.35)	210 (\$0.42)	N/A
Senegal	185 (\$0.37)	185 (\$0.37)	205 (\$0.41)	220 (\$0.44)

Source: Official sources; \$1= 500 F CFA

## Burkina Faso

The Government of Burkina Faso (GOBF) estimates MY 2010/11 seed cotton production at 451,300 tons. This represents a 25 percent increase from MY 2009/10 (361,120 tons) due mainly to more area devoted to Bt cotton, which accounted for 66 percent of the cotton planted. GOBF forecasts another increase in MY2011/12 seed cotton production to 575,000 tons. Farmers will continue to grow cotton with payments within two-to-three weeks after selling their seed cotton, increased MY 2010/11 seed cotton price to \$0.40 per kg and announcement of end-of-season pay adjustments based on higher cotton

prices.

The lack of sufficient information on Bt cotton and the high price of *coton génétiquement modifié* (CGM) seeds create resistance on the part of the farmers to adopt biotechnology, despite SOFITEX's (the state-owned group controlling 90 percent of the cotton processing sector), forecast that Bt cotton will represent 77 percent of its planting area for MY 2011/12. SOFITEX promised to travel to different regions and collection centers to educate the producers on the benefits of CGM and supervise them so as to ensure the best results. Also, producers cite problems with late payments and insufficient payment adjustments based on the increasing cotton prices, but SOFITEX and its financial partners will ensure payments to cotton producers are made on time.

SOFITEX increased MY 2010/11 non-treated cotton seed prices from \$1.74 to \$6.51 per 30 kg bag, treated seeds stayed unchanged at \$10.52 per 30Kg bag, while CGM seeds are \$54.00 per 12 kg bag. SOFITEX says price increases of non-treated seed were to keep producers from reselling their seeds to oil processors; however, producers feel the prices are disproportional to each other.

**Table 3: Seed Prices from SOFITEX**

Type of seeds/Packaging	Seed Price in 2009/10 (US Dollars)	Seed Price in 2010/11 (US Dollars)
Untreated seeds (30 kg bag)	\$1.74 (870 F)	\$6.51 (3255 F)
Treated seeds (30 kg bag)	\$10.52 (5260 F)	\$10.52 (5260 F)
GMO seeds (12 kg bag)	N/A	\$54.00 (27,000 F)

\$1= 500 F CFA

Technical and financial partners in Burkina Faso requested to study on the improvement of the price adjustment mechanism taking into consideration the "exceptional developments" of the cotton market though maintaining the foundations of the mechanism (reference price, price floor, price ceiling and distribution between farmers and industries). Also, there is a study by the *Association Interprofessionnelle du Coton du Burkina* (AICB), on the creation of a common fund for farmers to access additional financing to purchase inputs without jeopardizing access to short-term debt.

Lastly, as the GOBF approaches the end of its memorandum of agreement (April 2012) with the three Burkinabe cotton operators (SOFITEX, SOCOMA (primarily controlled by Geocoton (France)), and Faso Coton (established in 2004 by an Ivorian company, Ivoire Coton)), the GOBF has proposed that Faso Coton resume the cotton zone of Koudougou and open two ginning companies. The GOBF hopes to conclude the process by late April 2011. In addition, Alok Industry, an Indian firm, will begin operations at the end of MY 2010/11 on a new ginning factory in Bobo Dioulasso. It aims to create 500 positions and invest more than \$40 million.

## Mali

The *Compagnie Malienne pour le Développement des Textiles* (CMDT), a state-owned company for the development of textiles which monopolizes the country's cotton production, previously estimated MY

2010/11 seed cotton production at 360,000 tons. However, CMDT now estimates MY 2010/11 seed cotton production closer to Post's previous forecast (236,000 tons) at 250,000 tons, a 44 percent decrease from their initial forecast. The decrease in seed cotton production is mainly due to lack of rain in June that discouraged cotton farmers from planting; the final figure will be announced in April. However, it still represents a nine percent increase compared to the previous marketing campaign (229,000 tons). Predicted area harvested in MY 2010/11 is 270,000 hectares.

In February 2011, the daily newspaper, *L'indépendant*, announced a forecast of 500,000 tons for MY 2011/12 seed cotton production which is twice the MY 2010/11 seed cotton production estimate. CMDT has taken measures to boost the cotton sector which include a \$0.14 per kg increase to \$0.51 for all grades of seed cotton and allowing individual farmers to receive loan guarantees. Inputs are also expected to be provided on time allowing farmers to follow intended planting schedules.

According to the General Director of CMDT, the cotton industry is supported by the highest authorities of the country. The Government of Mali (GOM), through CMDT, fully paid its farmers for their MY 2009/10 cotton and subsidized \$20 million of the farmers' seeds and other inputs for MY 2010/11 seed cotton production; about the same amount as the previous campaign. GOM thinks it could reach its former production level of 600,000 tons in MY2003/04, which would make it the top producer in Sub-Saharan Africa. However, Post believes the goal is overly optimistic and forecasts MY 2011/12 seed cotton production at 300,000 tons.

Since 2008, GOM has tried to privatize CMDT and expects to finally complete the transfer of assets by April 2011. In January 2011, according to the website, [www.acp-cotton.org](http://www.acp-cotton.org), from the EU-Africa partnership on cotton, it reported that following the tender to purchase CMDT, the consortium between Dagrís (France) and Ivoire Coton (Côte d'Ivoire) decided to drop their bids leaving three companies: Olam (Singapore), Yumie (China) and Samab (Mali). Mali is considering creating four subsidiaries whereby capital would be assigned accordingly: 61 percent to the private company, 20 percent to the producers, 17 percent to the Government and two percent to the CMDT staff. To oversee these new subsidiaries, GOM plans to create a regulatory authority that would be responsible for ensuring compliance with rules governing the activities of the cotton sector, proposing measures to improve the functioning of the sector, sanctioning improper activities in the sector, and contributing to the settlement of disputes between industry players.

## **Benin**

Benin had forecasted 200,000 tons of MY 2010/11 seed cotton, but late rains and historic flooding in October 2010, that inundated most of Benin, caused cotton capsule rot and loss of harvest that lead to lower yields (0.829 tons per hectare vs. 1.3 tons per hectare in MY 2009/10). This caused the *Association Interprofessionnelle du Coton* (AIC) of Benin to estimate MY 2010/11 seed cotton production at 150,000 tons (down 23 percent).

Government forecasts of MY 2011/12 seed cotton production have not been established yet, but Post forecasts an increase to 200,000 tons, if rainy conditions are good. Input prices were set at \$0.79 per kg for fertilizer and \$6 for pesticides for 0.5 hectare. Farm gate premium cotton seed price is set at \$0.5/KG for the MY 2011/12 representing a 25 percent increase over last year.

Post believes that production is unlikely to return to historic levels. The devastating floods came at a time when the Government of Benin (GOB) is trying to revitalize the cotton sector which has included making sure that farmers are fully paid for the previous year's crop, consolidating farmer's organizations, creating village cooperatives, educating small producers and fortifying input committees with high hopes to reach 600,000 tons of seed cotton production in the coming years.

## **Chad**

Poor fiscal management has made it very difficult for the state-owned Cotontchad, the only cotton processing company in Chad, to pay its farmers for their harvest as well as purchase fertilizer and pesticides that it customarily supplies to farmers on credit. The limited quantity or complete lack of fertilizer and pesticides has led to low yields and poor quality. Also, Chad has not raised the price for seed cotton like the rest of its neighbors in West Africa jeopardizing the return of farmers to cotton.

In MY 2009/10, Cotontchad collected 35,000 tons of seed cotton at a guaranteed price of \$0.36 per kg. Earlier in the MY 2010/11 campaign, Cotontchad had expected to receive a harvest of 65,000 tons of seed cotton, but in March 2011, Cotontchad lowered its estimates to 56,000 tons. This new level of production contrasts sharply with the high of 263,000 tons produced in 1973.

Cotontchad estimates MY 2011/12 seed cotton production at 70,000 tons, provided fertilizer is given to farmers, cotton is collected and money paid to farmers. It represents a 25 percent increase compared to MY 2010/11 and may be difficult to reach based on actual conditions. Thus, Post forecasts MY 2011/12 seed cotton production at 60,000 tons. Cotontchad has received half of the \$16 million requested from the banks to buy cotton inputs for MY 2011/12 and is expected to get the second part before the campaign starts.

Also, Cotontchad received just \$10 million out of the \$20 million requested from the government to help rehabilitate its sixty year-old factories for MY 2010/11. Cotontchad requested a total of \$104 million over five years that included maintenance of roads used by Cotontchad to collect cotton from its collection centers.

Although the IMF and World Bank had recommended privatizing the cotton sector, it has yet to materialize despite Law 07/992 of the National Assembly and Decree 503 in 1999 from the President authorizing privatization of all state enterprises. Governmental paralysis has more to do with measuring the political impact of job losses. For the industrial component side (ginning), there are four studies still pending on privatization and rehabilitation of Cotontchad. The studies propose to divide Cotontchad into three branches, but farmers prefer one entity. The government has been unable to select an option since 2008.

M. Hassan Guihini Dadi, General Director of the *National Agency for Rural Development* (ONDR) in Chad, believes that cotton productivity needs to be improved and that the plan to form cotton cooperatives is not practical since producer members become shareholders of Cotontchad and therefore responsible for debt. ONDR collaborated with the West African Cotton Improvement Program (WACIP) and put in place a technical committee to teach rural development officials on cotton

production, soil fertility, fighting insects, applying fertilizers and using GPS to survey the land and improve understanding of production.

### Cote d'Ivoire

Estimation for cotton production in Cote d'Ivoire has been reduced twice this year due to warring political factions. Despite the lower estimates, MY 2010/11 seed cotton production is still expected to increase 16 percent to 215,000 tons over last year. The MY 2011/12 cotton campaign may be jeopardized if the political situation is not resolved rendering inputs and credit difficult to access from banks. The Government of Cote d'Ivoire announced a \$0.02 per kg increase of the farm gate cotton price for MY 2010/11. Farmers associations are expecting to receive another price increase in MY 2011/12.

### Senegal

Senegalese seed cotton production increased from last year and may soon reach record production of 50,000 tons as seen in MY2002/2003. Senegal remains the most consistent (albeit small) producer in the region of high quality fiber. The *Societe de Developpement des Fibres Textiles* (SODEFITEX) and the *Federation Nationale des Producteurs de Coton* (FNPC) approved a triennial plan 2011-2013 to boost cotton production in Senegal. Senegal increased MY 2010/11 seed cotton production 40 percent from the previous year (26,000 tons vs. 18,495 tons) with a yield of one ton per hectare. Senegal expects to produce 45,000 tons of seed cotton in MY 2011/12. The MY 2010/11 farm gate cotton price increased 11 percent compared to MY 2009/10 which may contribute to an increase in revenue for 80,000 cotton farmers representing 800,000 people. In February 2011, the website [www.acp-cotton.org](http://www.acp-cotton.org) reported the Minister of the Agriculture increased the MY 2011/12 cotton price per kilogram by seven percent to \$0.44.



Quality Senegalese cotton....



grown on a typical farm

(Source: FAS Dakar)

**Production, Supply and Demand Data Statistics:**

Burkina Faso	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0		0			
Area Harvested	420	420	450	419		534
Beginning Stocks	248	248	169	169		183
Production	700	700	850	869		1,106
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	948	948	1,019	1,038		1,289
Exports	775	775	850	850		1,100
Use	4	4	4	5		5
Loss	0	0	0	0		0
Total Dom. Cons.	4	4	4	5		5
Ending Stocks	169	169	165	183		184
Total Distribution	948	948	1,019	1,038		1,289

1000 HA, 1000 480 lb. Bales

Mali	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	250	250	260	270		324
Beginning Stocks	117	117	92	92		67
Production	440	440	475	481		577
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	557	557	567	573		644
Exports	440	440	450	481		577
Use	25	25	25	25		25
Loss	0		0	0		0
Total Dom. Cons.	25	25	25	25		25
Ending Stocks	92	92	92	67		42
Total Distribution	557	557	567	573		644

1000 HA, 1000 480 lb. Bales

Benin	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	180	149	180	181		180
Beginning Stocks	108	108	73	91		44
Production	350	373	375	288		346
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	458	481	448	379		390
Exports	375	380	375	325		330
Use	10	10	10	10		10
Loss	0	0	0	0		0
Total Dom. Cons.	10	10	10	10		10
Ending Stocks	73	91	63	44		50
Total Distribution	458	481	448	379		390

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Chad	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	80	78	100	124		133
Beginning Stocks	48	48	23	23		27
Production	65	67	100	107		115
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	113	115	123	130		142
Exports	75	77	90	85		100
Use	15	15	15	18		20
Loss	0	0	0	0		0
Total Dom. Cons.	15	15	15	18		20
Ending Stocks	23	23	18	27		22
Total Distribution	113	115	123	130		142

1000 HA, 1000 480 lb. Bales

Cote d'Ivoire	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0		0	0		0
Area Harvested	200	218	230	238		221
Beginning Stocks	105	105	85	166		175
Production	325	356	400	414		385
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	430	461	485	580		560
Exports	300	225	350	350		320
Use	45	70	45	55		55
Loss	0	0	0	0		0
Total Dom. Cons.	45	70	45	55		55
Ending Stocks	85	166	90	175		185
Total Distribution	430	461	485	580		560
1000 HA, 1000 480 lb. Bales						

Senegal	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	25	23	30	27		30
Beginning Stocks	34	34	9	6		8
Production	35	35	60	49		55
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	69	69	69	55		63
Exports	40	45	40	42		52
Use	20	18	20	5		5
Loss	0	0	0			0
Total Dom. Cons.	20	18	20	5		5
Ending Stocks	9	6	9	8		6
Total Distribution	69	69	69	55		63

1000 HA, 1000 480 lb. Bales						