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2013 West Africa Cotton and Products

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Report Highlights:

Post increased its estimate for MY 2012/13 seed cotton production by 100,000 tons to 1.6 million tons, a 29 percent increase from MY 2011/12. Burkina Faso increased production 215,000 tons leading the region with 630,000 tons, followed by Mali with 456,000 tons and Cote d'Ivoire with 360,000 tons. Weather, good prices, government support, and better organized farmers' unions contributed to this increase. Only Chad has not subsidized MY 2012/13 input prices. Burkina Faso cotton producers will receive a bonus of 8 F CFA (\$0.016) per kg on top of the previously announced MY 2012/13 farm gate price (245 F CFA - \$0.49 per Kg). Burkina Faso and Mali are the first countries to announce MY 2013/14 farm gate price.

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Executive Summary:

MY 2012/2013 Cotton Update for Selected West African Countries ^[1]

Post raised slightly its MY 2012/13 seed cotton production estimates for selected West African countries by 100,000 tons to 1.6 million tons with an overall increase of 29 percent from MY 2011/12. This increase is mainly due to good rainfall and excellent yields in Burkina Faso (52 percent increase), Cote d'Ivoire (41 percent increase), and Senegal and Chad (both 28 percent).

In Burkina Faso, Bt cotton yielded more than previously estimated contributing around 40 percent to total seed cotton production. Farmers adopting better agronomic practices also contributed to the increase in yield. Due to flooding in Mali, production only increased about 2 percent year-over-year. Overall in West Africa, production has increased dramatically in recent years, however levels remain well below those seen in early 2000s.

All selected countries have subsidized MY 2012/13 input prices, except for the *Government of Chad* (GOC). Only Burkina Faso and Mali have announced MY 2013/14 farm gate prices both of which are down from MY 2012/13. Burkina Faso pegged the price at 235 F CFA (\$0.47) per kg and Mali pegged its price at 250 F CFA (\$0.50).

[¹] Includes Burkina Faso, Chad, Cote d'Ivoire, Mali and Senegal. Benin is covered by FAS Lagos.

(Note - For more information on the history and structure of the cotton sector in West Africa, refer to previous GAIN reports as well as August 2012 report.

Burkina Faso

The Government of Burkina Faso (GOBF) reported a sharp increase in MY 2012/13 seed cotton production, exceeding Post's previous estimate by 26 percent. Seed cotton production is anticipated to reach 630,000 tons during MY 2012/13, a 52 percent increase from MY 2011/12. This large increase is due to a better yield of Bt cotton - about 1.1 tons per hectare compared to less than 1 ton per hectare for previous years. This resulted from a combination of the implementation of a plan to increase the purity of Bt seeds, selecting 5,000 seed multipliers to produce good quality Bt cotton seed, and having more farmers apply better agronomic practices that includes incorporating more organic fertilizer. Bt cotton will account for around 40 percent of total production (250,000 tons) harvested on roughly 220,000 hectares. The *International Service for the Acquisition of Agri-biotech Applications* (ISAAA) reported Burkina Faso as the 14th largest producer of biotech crops worldwide, and one of the three African countries planting biotech crops, after South Africa and Egypt.

As mentioned in Post's August 2012 cotton report, Monsanto, Burkina Faso's *National Agricultural Research Institution* (INERA), and Sofitex are working to address last year's problem with short staple length. Industry is addressing the issue and expects it will take one or two years to be resolved. Changing weather patterns, plants with more containing bolls, and agronomic practices have effects on

the quality of the fiber. This impacts the plants' needs and the farmers' ability to attend to those needs regardless of whether the plant is Bt or not.

Burkina Faso forecasts MY 2013/14 production to increase 14 percent to 730,000 tons from MY 2012/13. If Bt cotton continues to yield more than 1.1 ton per ha and if farmers plant more Bt cotton, Post believes Burkina Faso could produce between 650,000 to 700,000 tons in MY 2013/14.

Biotechnology update

In December 2012, the Burkinabe parliament ratified the amended biosafety law. However, it has not been signed by the President. The following changes have been made improving the legal status of the *National Biosafety Authority* (NBA), increasing its autonomy, and expanding strict liability provisions for damages, including socio-economic damages, caused by products derived from biotechnology:

- definition of the user defined as any person or entity who uses a genetically modified organism (GMO) and may, as appropriate, include the experimenter, the person responsible for introducing into the market, the producer of the technology, the importer, the exporter, the carrier or provider, the destroyer
- damage, responsibility and repair (Title V):
 - Chapter II, article 74: "when all measures of prudence, caution, good practices and security provided by the creator or the developer of the GMO and this Act have been adopted and implemented by the user of the genetically modified organism, any damage caused by this genetically modified organism is the strict responsibility of the creator of the organism. He assumes the compensation.
 - Chapter II, article 75: replace "operator" by "gene creator or developer of the GMO"
 - Chapter II, article 77: Notwithstanding the provisions of Articles 74, 75 and 76 above, the creator of the gene or the developer of the GMO is not liable for the damage if he proves:
 - It has not put the genetically modified organism in circulation
 - The genetically modified organism is not for sale or any other form of distribution
 - The user has not implemented all measures of prudence, caution, good practices and security provided by this Act
 - That the damage is not linked to the genetic modification
 - The creator of the gene is not also responsible for when the genetically modified organism was transferred *free of charge*.
 - Chapter II, article 81: Where several persons are liable for the damage, they are jointly liable.

Privatization

There is no further development on the privatization process of the cotton sector.

Pricing

MY 2012/13 farm gate price was fixed at 245 F CFA (\$0.49) per kg, the same price as MY 2011/12. However, farmers will receive a bonus of 8 F CFA (\$0.016) per kg making the final farm gate price for MY 2012/13 at 253 F CFA (\$0.5) per kg. (See table 2)

According to the President of the *National Union of Cotton Producers* (UNPCB) in Burkina Faso the farm gate price for MY 2013/14 will be fixed at 235 F CFA (\$0.47) per kg down 7 percent.

Inputs

GOBF subsidized MY 2012/13 input costs below that of MY 2011/12. MY 2012/13 fertilizer prices were reduced from 16,748 FCFA (\$33.50) to 13,500 F CFA (\$27), and urea prices from 18,445 F CFA (\$36.89) to 15,500 F CFA (\$31).

The World Bank contributed 10 billion F CFA (\$20 million) to the input fund mechanism which is estimated at \$80 million by the *Government of Burkina Faso* (GOBF). This input fund will be used by cotton companies to buy inputs at any given time when prices are most attractive without the process of requesting loans from the banks.

For more detailed information on Burkina Faso's input fund, please read our December 2012 Cotton report.

Mali

According to Malian officials, the military crisis in Mali did not have much impact on seed cotton production during MY 2012/13. However, the *Compagnie Malienne pour le Développement des Textiles* (CMDT) is expecting production to be 44,000 less than its previous estimate of 500,000, which will be just above MY 2011/12 production. The out-season rainfall in October reduced the quantity of seed cotton harvested causing capsule bolls to rot and decrease yield to 868 kg/ha, compared to 932 kg/ha in MY 2011/12. With MY 2012/13 at 456,000 tons, production has increased 88 percent from MY 2010/11.

According to local sources, GOM forecasts 522,000 tons of seed cotton for MY 2013/14, up 14 percent from MY 2012/13. However, Mali maintains its strategy to produce 800,000 tons of seed cotton within the next five years.

Pricing

MY 2012/13 input prices and the farm gate cotton price remain at the same subsidized levels as MY 2011/12. The farm gate cotton price is 255 F CFA (\$0.51) and fertilizers and urea remain at 12,500 F CFA (\$25) per 50 kg bag. Subsidizing inputs cost the *Government of Mali* (GOM) 25 billion CFA (\$50 million) for MY 2012/13. MY 2013/14 farm gate price was fixed at 250 F CFA (\$0.50) per kg, 2 percent decrease from previous year. (See table 2)

Privatization

The international tender organized in 2010 to privatize the four subsidiaries located in the northeast (Koutiala and San regions), south (Sikasso and Bougouni regions); west (Kita region) and center (Fana region) had initially selected the private company, Yue Mei, for the West and South regions. Transfer of assets between CMDT and Yue Mei were expected to be concluded by December 2011. However, negotiations between CMDT and Yue mei were declared unsuccessful by the mission for restructuring

the cotton sector in July 2012. CMDT successfully wooed farmers to invest 20 percent in of the four subsidiaries.

Cote d'Ivoire

Post increased its estimate for Cote d'Ivoire MY 2012/13 seed cotton production by 20,000 tons to 360,000 tons, with an overall increase of 41 percent from MY 2011/12.

This huge increase is mainly due to:

- Reorganization of the cotton sector into six farmer unions down from 25 unions, allowing farmers to have a more professional path forward in preparation to create a federation in 2013,
- Good rainfall,
- Highest farm gate price in the sub-region and input prices subsidized at 20 percent showing commitment by the *Government of Cote d'Ivoire* (GOCI) to the sector, and
- Good monitoring of technical practices.

In September 2012, the European Union signed an agreement with the *Interprofessionnal Association of the Cotton Sector* (INTERCOTON) for a two-year project valued at \$760,000 (380 million F CFA). This project has more than 15 activities aimed towards:

- Improving cotton traceability from farm to port
- Providing regular pertinent information to stakeholders
- Rehabilitating cotton farmers' training center and the *Intercoton* headquarters.

As mentioned above, Cote d'Ivoire has the farm gate price for MY 2012/13 at 265 F CFA (\$0.53) per kg. It was not until November 2012 that the GOCI announced input prices subsidized at 20 percent, a budget of \$14 million. MY 2012/13 fertilizer prices will be subsidized at 14,000 F CFA (\$28) instead of 17,500 F CFA (\$35.00) per 50 kg bag and urea will be subsidized to 12,800 F CFA (\$26) instead of 16,000 F CFA (\$32.00) per 50 kg bag.

Chad

Cotton farmers were motivated to grow more cotton in MY 2012/13 with the increase of the farm gate price to 215 F CFA (\$0.43), which had been fixed since MY 2009/10 at 180 F CFA (\$0.36) per kg. This showed with an increase in MY 2012/13 area planted increased 57 percent to 267,000 ha from 170,000 ha in MY 2011/12.

Unfortunately, heavy rains caused damaged crops and as a consequence, Cotontchad SN lowered its forecast from 118,000 tons to 100,000 tons of seed cotton, corresponding to Post's initial estimate, but still 28 percent greater than MY 2011/12 and has almost doubled since MY 2010/11.

MY 2012/13 inputs prices are considerably above MY 2011/12 prices. However, according to Cotontchad, *Government of Chad* (GOC) agrees in principle to subsidize input prices, but has not given any indication on the level of subsidization. Currently, MY 2012/13 fertilizer prices are 48 percent

higher at 22,181 F CFA (\$44.36) per 50 kg bag, and urea prices are 92 percent higher at 26,920 F CFA (\$53.84) per 50 kg bag, versus MY 2011/12 input prices.

Senegal

Sodefitex, Senegal’s national cotton company, confirmed MY 2012/13 seed cotton production at 32,250 tons, a slight increase from Post’s initial target, but up 7,000 tons overall from MY 2011/12. Production levels remain substantially lower than that of a decade earlier when Senegal production reached about 100,000 tons. Since then, we have seen Sodefitex branch out into other crops like maize, as well as milk production,

There is a division of Sodefitex called “BAMTARARE,” meaning development in pulaar (a dominant local language in the cotton zone). Its strategy is to mitigate exposure of SODEFITEX to volatile cotton prices and provide a multitude of agricultural services to support rural development in addition to the cotton sector. Sodefitex has supported literacy, technical training, support for new rural jobs, and development of grain and oilseed crops, management advice to rural businesses, and certified seed production.

MY 2012/13 input and farm gate prices have been maintained at the same price as MY 2011/12. MY 2012/13 farm gate cotton price was fixed at 255 F CFA (\$0.51), fertilizer at 9,500 F CFA (\$19) per 50 kg bag, and urea at 9,000 F CFA (\$18) per 50 kg bag.

Privatization

There is no further development on the privatization process. However, For more information, please refer to August 2012 GAIN report.

Table 1: Seed Cotton Production: MY 2010/11 – MY 2012/13

Selected Countries	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
	USDA Official Production	USDA Official Production	Post March updated data Production	USDA Official Production	USDA Official Production	Post March updated data Production
	(000 Bales)	(000 Bales)	(000 Bales)	(000 Tons)	(000 Tons)	(000 Tons)

Burkina Faso	652	800	1216	338	415	630
Mali	469	858	880	243	445	456
Cote d'Ivoire	338	494	695	175	256	360
Chad	100	151	193	52	78	100
Senegal	50	48	62	26	25	32
Total	1,610	2,351	3,046	834	1,219	1,578

*1 Bale = 480 lbs

(Source: FAS Dakar estimates and official country data)

Table 2: Official Farm Gate Price for First Quality Seed Cotton MY 2010/11 – MY 2013/14

Selected Countries	Official 2010/11 Farm Gate Price for First Quality (F CFA)	Official 2011/12 Farm Gate Price for First Quality (F CFA)	Official 2012/13 Farm Gate Price for First Quality (F CFA)	Official 2013/14 Farm Gate Price for First Quality (F CFA)
Burkina Faso	182 (\$0.36)	274 (\$0.55)	253 (\$0.45)*	235 (\$0.47)
Mali	185 (\$0.37)	275 (\$0.55)	255 (\$0.51)	250 (\$0.50)
Cote d'Ivoire	210 (\$0.42)	265 (\$0.53)	265 (\$0.53)	N/A
Chad	180 (\$0.36)	215 (\$0.43)	215 (\$0.43)	N/A
Senegal	255 (\$0.51)	255 (\$0.51)	255 (\$0.51)	N/A

**Minimum announced farm gate price including the bonus price of 8 F CFA.

(Source: Official sources; \$1= 500 F CFA; F CFA per kg)

Production, Supply and Demand Data Statistics:

Burkina	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Area Harvested	400	395	525	580		600
Beginning Stocks	140	140	236	149		150
Production	700	800	1,100	1,216		1,260
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	840	940	1,336	1,365		1,410
Exports	600	786	975	1,200		1,245
Use	4	5	4	15		15
Loss	0	0	0	0		0
Total Dom. Cons.	4	5	4	15		15
Ending Stocks	236	149	357	150		150
Total Distribution	840	940	1,336	1,365		1,410

Chad	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	175	198	185	200		202
Beginning Stocks	18	18	38	11		9
Production	145	151	200	193		200
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	163	169	238	204		209
Exports	110	148	165	180		180
Use	15	10	15	15		20
Loss	0	0	0	0		0
Total Dom. Cons.	15	10	15	15		20
Ending Stocks	38	11	58	9		9
Total Distribution	163	169	238	204		209

Cote d'Ivoire	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested	250	280	325	375		420
Beginning Stocks	148	148	198	142		87
Production	450	494	600	695		780
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	598	642	798	837		867
Exports	350	450	450	700		720
Use	50	50	50	50		50
Loss	0	0	0	0		0
Total Dom. Cons.	50	50	50	50		50
Ending Stocks	198	142	298	87		97
Total Distribution	598	642	798	837		867

Mali	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	480	477	500	523		560
Beginning Stocks	92	92	292	65		100
Production	850	858	1,000	880		1,000
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	942	950	1,292	945		1,100
Exports	625	860	900	820		975
Use	25	25	25	25		25
Loss	0	0	0	0		0
Total Dom. Cons.	25	25	25	25		25
Ending Stocks	292	65	367	100		100
Total Distribution	942	950	1,292	945		1,100

Senegal	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Area Harvested	27	27	40	35		55
Beginning Stocks	14	14	15	7		4
Production	46	48	85	62		96
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	60	62	100	69		100
Exports	25	55	50	60		80
Use	20	0	20	5		10
Loss	0	0	0	0		0
Total Dom. Cons.	20	0	20	5		10
Ending Stocks	15	7	30	4		10
Total Distribution	60	62	100	69		100

Acronyms

CMDT	<i>Compagnie Malienne pour le Développement des Textiles</i>
GMO	<i>Genetically Modified Organism</i>
GOBF	<i>Government of Burkina Faso</i>
GOC	<i>Government of Chad</i>
GOCI	<i>Government of Cote d'Ivoire</i>
GOM	<i>Government of Mali</i>
INTERCOTON	<i>Association Interprofessionnelle de la filière Coton</i>
ISAAA	<i>International Service for the Acquisition of Agri-biotech Applications</i>
SOFITEX	<i>Société des Fibres Textiles</i>
SODEFITEX	<i>Société de Développement et des Fibres Textiles</i>
UNPCB	<i>National Union of Cotton Producers</i>