

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 9/9/2010

GAIN Report Number:

Senegal

Cotton and Products Annual

West Africa Cotton Annual

Approved By:

Joani Dong, Agricultural Attaché

Prepared By:

Fana Sylla, Agricultural Specialist

Report Highlights:

Cotton production in West Africa countries has dropped these last past years. The 2009/010 cotton crop production was still disappointing in almost all C4 countries except for Mali and Cote d'Ivoire. Most farmers have not fully received their payments for cotton seeds, and debts are accumulating among private and public ginners alike. Meanwhile, cereal crops continue to compete for limited inputs. However, most cotton sectors in the sub region are taking actions and measures to boost production and productivity to face the crisis. Therefore, production across the region is likely to increase for the 2010/11 campaign especially for Burkina Faso which plans to cultivate large scale Bt cotton, about 95 per cent of the total area.

West African Cotton Outlook 2010/2011

Overview:

Cotton area in West Africa is difficult to predict before the annual cotton and input prices are announced before the national pricing policy is announced in each country. Farmer incentives are also influenced by whether or not they were paid for the previous year's crop. Finally, each cotton sector begins the new year with significant old-crop debts, and new financing requirements for the next campaign. Financing difficulties and delays affect procurement and distribution of inputs which affects planting decisions. Input credits used to be one of the key incentives for cotton producers to continue to grow cotton despite low fiber prices. The shift from growing cotton to more cereals is due to low fiber prices and higher input prices.

With efforts conducted recently in most West African countries to launch the cotton sector, the 2010/11, cotton production in the C-4 (Mali, Burkina Faso, Chad and Benin) is likely to increase by 2.6 million bales. Senegal and Cote d'Ivoire will probably account for another 539, 000 bales. This increase is mainly due to Burkina Faso which is expecting to increase cotton production to 62 per cent by planting 95 percent of the area with Bt cotton and also Benin and Mali with a forecast of about 50 to 60 percent increase. Cotton production in Cote d'Ivoire will probably continue to augment with the high farm gate price for first quality cotton. Also, with natural disasters in China and India, cotton fiber prices start increasing from \$1 to \$2.2 per kg. In addition, the conversion rate for the dollar is improving and governments are subsidizing input in most countries to allow farmers to use correct recommendations for inputs and have better yield.

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: Cotton Production forecast history for C4 plus two (1,000 480lb bales)

	2007/08	2008/09	2009/10	2010/11	Preliminary Forecast 2010/11 Production (1,000 480lb. bales)
	USDA Official Production (1,000 480lb. bales)	USDA Official Production (1,000 480lb. bales)	USDA Official Production (1,000 480lb. bales)	Area (1,000 hectares)	
Mali	450	385	454	367	693
Burkina Faso	675	850	695	476	1,130
Benin	500	460	373	246	617
Chad	190	190	96	142	125
Cote d'Ivoire	225	225	332	220	481
Senegal	88	95	35	20	58
West Africa Total	2,128	2,205	1,985	1,471	3,104

Mali

Malian cotton production dropped dramatically since the five past years from 600,000 tons to 200,000 tons of cotton seed in 2008/09 due mainly to the bad situation of the cotton sector in the sub region, the drop of cotton prices in the market (\$0.32 per kg) and price increases for fertilizer. However, for the 2009/10 campaign, Post sees a new launch of the cotton sector with about 236,000 tons and a forecast of 360,000 tons for 2010/11. Cotton sector recovery remains a major GOM priority which subsidized inputs. In addition, there is a good tendency due to a stronger dollar rate compared to the euro, but the results are still low compared to previous years when production was about 620,000 tons. Banks are still reluctant to finance inputs.

The *Compagnie Malienne pour le Developpement des Textiles* (CMDT) started a new system that consists of organizing cotton producers in groups called “*Systeme de cercles de caution*” to constitute a common bank guarantee allowing them to access credit more easily. This system will probably motivate farmers to grow more cotton. Yet, more than 17,000 additional cotton producers have produced this year compared to last year’s campaign. (See table 2)

Table 2: Cotton Production history and forecast in Mali

Campaign	Yield (tons/ha)	Area harvested (ha)	Cotton seeds (tons)	Number of farmers
2008/09	1.240	196,000	201,000	84,000
2009/10	.945	250,000	236,000	101,000
2010/11	1.000	367,000	360,000	134,000
Total		813,000	797,000	319,000

The CMDT privatization process should happen by the end of December 2010. CMDT has created four subsidiaries companies located in the North - East (Koutiala/San and Sikasso/Bougouni), Sikasso, and Fana in charge of cotton production and a fifth one in charge of cotton ranking. All employees received their social benefits, and there has not been any late payment to farmers. The GOM subsidized inputs, and they were distributed on time. An interprofessional organization has been created with a national unionization and ginning associations that will work on all transversal issues (including production, ginning, trading). Six companies have shown interest in buying the four subsidiary companies. During June to September, an audit will be performed, and in the last quarter of 2010, three companies should be selected after submission and review of their technical and financial proposal. Privatization will facilitate modernization of the factories which will give more visibility to *Huicoma* the main national company that process cotton seeds into cotton oil and animal feeder.

Today there are about 700 cooperatives of cotton producers that have been created. The sector cotton does not receive any more governmental assistance with training and literacy. Those were trained in the past are gone, and everything needs to be restarted. Farmers need competencies in management for cooperatives and in alphabetization. The *Agence Francaise de Developpement* (AFD), the French aid agency, is the main donor that is intervening in the cotton sector in Mali. Malian cotton has a huge impact on the trade balance in Mali which could be a good reason to not only develop cotton areas but also the cotton sector.

Mali produced 1,000 tons of organic cotton this year and is forecasting 730 tons next year. Even though organic cotton demands higher prices (\$0.4 against \$1.4 per kg.), Malian producers have difficulty finding buyers.

Burkina Faso

Estimates decreased to 32 percent (361,000 tons vs. 535,000 tons) due mainly to an overestimate of area planting and yield and a poor start with the rainy season in Burkina Faso. Fortunately, the planting of Bt cotton contributed to an increase of about 16 percent of overall production in 2009/10. Farmers were discouraged by high level cotton company debt which only the smallest company, *Fasocoton*, was able to pay all farmers for last year's seed cotton before planting time this year. Only 53 percent for cotton seeds have been paid to the farmers.

The 2010 season will mark the launch of a large scale genetically modified cotton on 95 per cent of the total harvested area (442,900 ha) compared to the 2009/10 season (106,000 ha). It will contribute heavily to the enhancement of the cotton productivity and national cotton production.

A total production of 587,000 tons of cotton seed is estimated for 2010/11 cotton campaign if all conditions are met and fertilizer subsidized. Yield for 2009/10 is at 1.232 tons/ha.

Benin

The government of Benin has taken many steps to revitalize the cotton sector. Among these initiatives, we have the subsidization of fertilizers for both cotton and food crops and approval of the *Project d'Assainissement et de Relance de la Filiere Cotton au Benin* (PARFCB) with a budget of \$18 million to reimburse cotton producers input debt as well as cover costs associated with research, extension, and purchasing seed cotton from farmers. WACIP has initiated a data evaluation process including training the survey agents to track progress made during the 2009/10 rainy season. In January 2010, a new permanent secretary of the *Association Interprofessionnelle du Coton* (AIC) *Interprofessional Association of the Cotton* has been named, Narcisse DJEGUI, replacing Barthelemy Gagnon. His main objective is to increase cotton production up to 600,000 tons by 2011/12. However, a little more than half of 2009/10 cotton goals under the campaign were met at 149,044 ha instead of 269,750 ha previously announced. The cotton sector in Benin is not performing due mainly to:

- Diversification of culture which leads to a decision from the farmer to produce more staple crops as cereals.
- Exit of cotton farmers from the sector due to mismanagement of almost all cotton farmers' organizations which decrease the numbers of farmers that cultivate cotton this year.

Therefore farmers have asked for a reorganization of the cotton producers rural associations to restore trust among them. The main actors of the cotton sector have asked the *Secretariat Permanent* of the AIC to be in charge of the reorganization of the farmers associations. This is to constitute *Cooperatives Villageoises de Producteurs de Coton* "Rural Cooperatives of Cotton Producers" (CVPC) in twenty one municipalities. On June 20, 2010, 1,232 CVPC's have been created. The CVPC will be technically assisted by the AIC who already hired three agencies in charge of this task. Farmers signed a contract with AIC in which they promised to cultivate the predicted area and respect the technical standards of production for the campaign 2010/11. Benin has higher yields and better port access than other C-4 producers. Like Burkina Faso, there is a future for cotton in Benin, and forecast for 2010/11 area is expected to increase considerably by 71 per cent (246,395 hectares) in response to the measures taken by AIC. To date, approximately 5,491 tons of seeds have been distributed. We note that all cotton seeds sold to ginning companies have been fully paid to the farmers for the 2009/10 campaign.

Chad

Seed cotton in Chad is dropping from 70,977 tons in 2008/09 to 50,000 tons in 2009/10 due mainly to late arrival of fertilizers well beyond agronomic useful period. Informal estimates suggest that 70 to 80 percent of all cotton will lack chemical fertilizers and pesticides leading to low yields and poor quality due to insect damage. It seems that farmers are pulling out from cotton even though the incentive price offered for first quality seed cotton (\$0.36 per kg) increased. However prospects for the 2010/11 crop may be more promising. Production is expected to increase from 30 to 50 per cent

Cotton Burkina	2008/2009	2009/2010	2010/2011
----------------	-----------	-----------	-----------

because fertilizers not used this year can be used in quantity and on time for next year season. The future of the sector remains uncertain in the absence of reform of the cotton company *Cotontchad*.

Cote d'Ivoire

Structural problems in the cotton sector in Cote d'Ivoire have been compounded by recent civil war and ongoing political uncertainties. Despite international sanctions, the cotton sector in Cote d'Ivoire has attracted development assistance and investment. Positive trends of favorable cotton world prices have stimulated the cotton sector in Cote d'Ivoire. The purchasing price per kilogram of cotton seeds has been set to \$0.4 per kg compared to \$0.35 in 2009/10. The production is estimated at 172,393 tons for 2009/10 and between 250,000 and 270,000 tons of cotton seed for 2010/11 which represents an increase of 44 per cent.

Senegal

The Senegalese cotton sector is facing many difficulties. Since 2002-2003 with a record production of 50,000 tons and a yield of 1.2 tons/ha, it has dropped to 0.850 tons/ha the last three years with a production of about 18,500 tons in 2009/10. However, 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) validated a triennial plan 2011-2013 to boost cotton production in Senegal. Senegal expects to produce 30,000 tons in 2010/11 and 45,000 tons of cotton seeds in 2011/12. The general Director of SODEFITEX and the President of FNPC would like to introduce Bt cotton soon by starting conducting tests.

Cotton Senegal	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Aug 2008			Market Year Begin: Aug 2009			Market Year Begin: Aug 2010			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		September Data	
Area Planted	0	0		0	0		0		0	(1000 HA)
Area Harvested	45	33		40	23		40		20	(1000 HA)
Beginning Stocks	34	34	34	34	24	0	14		6	1000 480 lb. Bales
Production	95	75		50	42		75		35	1000 480 lb. Bales
Imports	0	0		0	0		0		0	1000 480 lb. Bales
MY Imports from U.S.	0	0		0	0		0		0	1000 480 lb. Bales
Total Supply	129	109	34	84	66	0	89		41	1000 480 lb. Bales
Exports	75	75		50	50		50		30	1000 480 lb. Bales
Use	20	10		20	10		20		5	1000 480 lb. Bales
Loss	0	0		0	0		0		0	1000 480 lb. Bales
Total Dom. Cons.	20	10	0	20	10	0	20		5	1000 480 lb. Bales
Ending Stocks	34	24		14	6		19		6	1000 480 lb. Bales
Total Distribution	129	109	0	84	66	0	89		41	1000 480 lb. Bales
Stock to Use %	36	28	0	20	10	0	27		13	(PERCENT)
Yield	460	495	0.	272	398	0.	408		392.	(KG/HA)

TS=TD			-34			0				
Comments										
AGR Number										
Comments To Post										

Cotton Cote d'Ivoire	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Aug 2008			Market Year Begin: Aug 2009			Market Year Begin: Aug 2010			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displaye d		Septembe r Data	
Area Planted	0	0		0	0		0		0	(1000 HA)
Area Harvested	190	140		150	150		200		150	(1000 HA)
Beginning Stocks	100	100	100	105	75	0	60		80	1000 480 lb. Bales
Productio n	225	225		250	250		350		250	1000 480 lb. Bales
Imports	0	0		0	0		0		0	1000 480 lb. Bales
MY Imports from U.S.	0	0		0	0		0		0	1000 480 lb. Bales
Total Supply	325	325	100	355	325	0	410		330	1000 480 lb. Bales
Exports	175	200		250	200		280		200	1000 480 lb. Bales
Use	45	50		45	45		45		45	1000 480 lb. Bales
Loss	0	0		0	0		0		0	1000 480 lb. Bales
Total Dom. Cons.	45	50	0	45	45	0	45		45	1000 480 lb. Bales
Ending Stocks	105	75		60	80		85		85	1000 480 lb. Bales
Total	325	325	0	355	325	0	410		330	1000 480 lb.

