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Cotton and Products Update

2013 West Africa Cotton and Products

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Report Highlights:

This report updates the September 2013 cotton report. In all selected West African countries, the rainy season started late causing farmers to replant repeatedly. Cotton companies lowered initial targets for MY 2013/14 (Aug/July) by 5 percent but believe they can still produce 1.67 million tons of seed cotton. Ginning activities will start this month or in December at the latest. Burkina Faso continues to be the top producer in West Africa, and forecasts 700,000 tons followed by Mali (450,000 tons), and Cote d'Ivoire (400,000 tons). Chad finally announced its farm gate price in October 2013. Monsanto will open an office in January 2014 in Bobo Dioulasso. In November, the Société Industrielle Cotonnière des Savanes (SICOSA)'s ginning factory was sold to the Union Industrielle Textile de Cote d'Ivoire (UTEXI) in Cote d'Ivoire.

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Executive Summary:

The MY 2013/14 (Aug/July) rainy season started late with irregular rains. Farmers had to replant many times. Some countries had a longer rainy season which allowed cotton plants to mature. Therefore, cotton production may only decrease by 5 percent (1.67 million tons) compared to the initial target (1.75 million tons).

Burkina Faso will continue to be the top producer in West Africa with a production of 700,000 tons followed by Mali (450,000 tons), and Cote d'Ivoire (400,000 tons). (See Table 1)

Chad finally announced its farm gate price in October 2013 fixed at 240 F CFA/kg (\$0.48 per kg).
MY 2013/2014 Cotton Update for Selected West African Countries

Burkina Faso*Production*

The forecast for MY 2013/14 seed production will decrease slightly by 4 percent (700,000 tons) compared to the initial target (730,000 tons). The rainy season started late as compared to most West African countries, but didn't stop until October, one month later than usual. Therefore, cotton plants had enough time to mature.

Bt cotton accounted for 68 percent of the area planted.

Biotechnology Update

Monsanto will officially launch its regional office for West Africa in January 2014 to supervise their agricultural activities. The office will be located in Bobo Dioulasso.

Pricing

Farm gate price for MY 2013/14 is fixed at 235 F CFA (\$0.47) per kg down 7 percent than previous year. (See Table 2)

Inputs

For MY 2013/14, fertilizer's prices increased 15 percent compared to the previous year and cost 15,000 CFA (\$31) per 50 kg bag as compared to 13,500 F CFA (\$27) last year. Price for urea remains the same as last year's at 15,500 CFA (\$31). (See Table 3)

Mali

Production

The *Compagnie Malienne pour le Développement des Textiles* (CMDT) will not meet its initial target due to a difficult rainy season which started late in mid-June rather than may. Rains stopped in mid-September.

CMDT forecasts seed cotton production to reach only 450,000 tons, same quantity as last year's, and representing 11 percent less than the initial target (500,000 tons).

Ginning activities just started two weeks ago, and a better assessment of the campaign will be provided by beginning of 2014.

Pricing

MY 2013/14 farm gate price is fixed at 250 F CFA (\$0.50) per kg, 2 percent less from previous year's rate of 255 (\$0.51). (See Table 2)

Subsidized input prices for MY 2013/14 remain the same as last year's. Fertilizers and urea were both fixed at 12,500 F CFA (\$25) per 50 kg bag. (See Table 3)

Cote d'Ivoire

Production

Due to a difficult start of the rainy season, Cote d'Ivoire thinks that seed cotton production for MY 2013/14 will not exceed its initial forecast and will be between 360,000 tons to 400,000 tons representing an 11 percent increase compared to previous year.

Privatization

The agency Ecofin reported on November 19, 2013 the auction sale of the *Société Industrielle Cotonnière des Savanes* (SICOSA)'s ginning factory located in the North at Korogho. It was sold to the general director of the *Union Industrielle Textile de Cote d'Ivoire* (UTEXI) to \$4 million.

The government of Cote d'Ivoire and cotton stakeholders validated an official document in September 2013 to make new cotton sector reform operational during a meeting.

The reform includes:

- Privatize production and distribution of cotton seeds so that farmers will be involved
- Improvement of input delivery
- Designation of specific zones to individual cotton companies
- Guarantee farm gate price to at least 60 percent of the *Cost-Insurance and Freight* (CIF) price of export price

Implementation of the reform will be supervised by the *Regulator Authority for the Cotton and Cashew Sector* (ARECA) which will be replaced by a regulatory authority.

Pricing

Farm gate price has been fixed at 250 F CFA per kg for MY 2012/13, 6 percent less than the previous year at 265 F CFA (\$0.53). (See Table 2)

Input prices subsidization for MY 2013/14 has not been announced yet. Actual prices are set at:

- Fertilizers: 16,500 FCFA (\$33) per 50 kg bag representing 18 percent more than last year's price at 14,000 F CFA (\$28)
- Urea: 14,250 F CFA (\$28.5) per 50 kg bag, an 11 percent increase compared to previous year (12,800 F CFA - \$26) (See Table 3)

Senegal

Senegal reviews its forecast for MY 2013/14 due to a difficult start of the rainy season. Seed production is forecasted to reach 31,000 tons representing 22 percent less than the initial target and the same quantity previously forecasted by Post last September.

Pricing

For MY 2013/14, the farm gate price was set at 255 CFA per kg. (See Table 2)

Fertilizers and urea were subsidized both at 9,000 F CFA (\$18) per 50 kg bag, same price than previous year. (See Table 3)

Chad

Production

Despite the late start of the rainy season (last decade of June), Chad forecasts a 10 percent increase (100,000 tons) of seed cotton production compared to its initial forecast (90,000 tons). This idea was based on the assessment of the area planted. Final numbers will be announced in January after harvest. However, Post maintains its initial forecast of 90,000 tons.

Cotton yield in Chad continues to be low compared to selected west African countries (0.487 tons per hectares) due to the lack of availability of fertilizer. Only 33 percent of the area planted received fertilizers during MY 2013/14.

Pricing

The cotton seed farm gate price was fixed in October 21, 2013 at 240 F CFA/kg (\$0.48 per kg). (See Table 2)

Fertilizer prices for MY 2013/14 have increased by 1,000 F CFA (\$2) per 50 kg bag compared to the previous year.

Prices have been fixed at:

- Fertilizer: 16,000 F CFA (\$32) per 50 kg bag
- Urea: 15,000 F CFA (\$30) per 50 kg bag (See Table 3)

Post believes that the late announcement of subsidized input prices and farm gate price may discourage farmers from planting more cotton and use enough fertilizer.

Table 1: Seed Cotton Production: MY 2011/12 – MY 2013/14 (Aug-Jul)

**1 Bale = 480 lbs*

(Source: FAS Dakar estimates and official country data)

Selected Countries	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
	USDA Official Production	USDA Official Production	Post November Updated Data Production	USDA Official Production	USDA Official Production	Post November Updated Data Production
	(000 Bales)	(000 Bales)	(000 Bales)	(000 Tons)	(000 Tons)	(000 Tons)
Burkina Faso	800	1216	1351	415	630	700
Mali	858	870	868	445	450	450
Cote d'Ivoire	494	695	772	256	360	400
Chad	151	170	174	78	88	90
Senegal	48	62	60	25	32	31
Total	2,351	3,013	3,225	1,219	1,560	1,671

Table 2: Official Farm Gate Price for First Quality Seed Cotton MY 2011/12 – MY 2013/14

Selected Countries	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	274 (\$0.55)	253 (\$0.45)	235 (\$0.47)
Mali	275 (\$0.55)	255 (\$0.51)	250 (\$0.50)
Cote d'Ivoire	265 (\$0.53)	265 (\$0.53)	250 (\$0.50)
Chad	215 (\$0.43)	215 (\$0.43)	240 (\$0.48)
Senegal	255 (\$0.51)	255 (\$0.51)	255 (\$0.51)

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

Table 3: Official Input Price (fertilizer and Urea) MY 2011/12 – MY 2013/14

Selected Countries	Official 2011/12 Input Price (F CFA)	Official 2012/13 Input Price (F CFA)	Official 2013/14 Input Price (F CFA)
Burkina Faso	Fertilizer: 16,748 F (\$33.50) Urea: 18,445 F (\$36.89)	Fertilizer: 13,500 F (\$27) Urea: 15,500 F (\$31).	Fertilizer: 15,000 (\$31) Urea: 15,500 F (\$31).
Mali	Fertilizer: 12,500 F (\$25) Urea: 12,500 F (\$25)	Fertilizer: 12,500 F (\$25) Urea: 12,500 F (\$25)	Fertilizer: 12,500 F (\$25) Urea: 12,500 F (\$25)
Cote d'Ivoire	Fertilizer: 17,500 F (\$38.89) Urea: 16,000 F (\$35.56)	Fertilizer: 14,000 F (\$28) Urea: 12,800 F (\$26)	Fertilizer: 16,500 F (\$33) Urea: (12,800 F) (\$26)
Chad	Fertilizer: 15,000 F (\$33.34) Urea: 14,000 F (\$31.12)	Fertilizer: 15,000 F (\$30) Urea: 14,000 F (\$28)	Fertilizer: 16,000 F (\$32) Urea: 15,000 F (\$30)
Senegal	Fertilizer: 9,000 F (\$18) Urea: 9,000 F (\$18)	Fertilizer: 9,000 F (\$18) Urea: 9,000 F (\$18)	Fertilizer: 9,000 F (\$18) Urea: 9,000 F (\$18)

(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 Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	395	395	580	630	575	700
Beginning Stocks	140	140	286	149	307	150

Production	800	800	1,175	1,216	1,125	1,351
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	940	940	1,461	1,365	1,432	1,501
Exports	650	786	1,150	1,200	1,125	1,336
Use	4	5	4	15	4	15
Loss	0	0	0	0	0	0
Total Dom. Cons.	4	5	4	15	4	15
Ending Stocks	286	149	307	150	303	150
Total Distribution	940	940	1,461	1,365	1,432	1,501

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	198	198	200	200	200	202
Beginning Stocks	18	18	43	11	43	5
Production	150	151	195	170	200	174
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	168	169	238	181	243	179
Exports	110	148	180	166	180	165
Use	15	10	15	10	15	10
Loss	0	0	0	0	0	0
Total Dom. Cons.	15	10	15	10	15	10
Ending Stocks	43	11	43	5	48	4
Total Distribution	168	169	238	181	243	179

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
Beginning Stocks	148	148	218	142	263	87
Production	495	494	695	695	650	780
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	643	642	913	837	913	867
Exports	375	450	600	700	650	720
Use	50	50	50	50	50	50
Loss	0	0	0	0	0	0
Total Dom. Cons.	50	50	50	50	50	50
Ending Stocks	218	142	263	87	213	97
Total Distribution	643	642	913	837	913	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	477	477	523	380	550	450
Beginning Stocks	92	92	302	65	282	100
Production	860	858	880	870	950	868
Imports	0		0		0	
MY Imports from U.S.	0		0		0	0
Total Supply	952	950	1,182	935	1,232	968
Exports	625	860	875	810	925	843
Use	25	25	25	25	25	25
Loss	0		0		0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	302	65	282	100	282	100
Total Distribution	952	950	1,182	935	1,232	968

Senegal	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	27	27	35	35	32	32
Beginning Stocks	14	14	15	7	17	4
Production	46	48	62	62	60	60
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	60	62	77	69	77	64
Exports	25	55	40	60	40	55
Use	20	0	20	5	20	4
Loss	0	0	0	0	0	0
Total Dom. Cons.	20	0	20	5	20	4
Ending Stocks	15	7	17	4	17	5
Total Distribution	60	62	77	69	77	64

Acronyms

ARECA	Autorité de Régulation du Coton et de l'Anacarde
CMDT	Compagnie Malienne pour le Développement des Textiles
SICOSA	Société industrielle cotonnière des savanes
UTEXI	Union Industrielle Textile de Cote d'Ivoire