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West Africa Cotton and Products Update

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Report Highlights:
The MY 2011/12 cotton agricultural campaign, which started in May 2011, is still underway and if trends continue, Mali could become the lead producer in West Africa. Despite all governments' efforts to boost cotton production this year, it may well fall short of governments' forecasts, but could be as much as a third greater than last year's production level. Rains were late, irregular, and ended early, with areas receiving varying amounts, thereby reducing area planted and yields. However, Cote d'Ivoire may exceed its MY 2011/12 government target set at 200,000 tons by 50,000, the result of offering the highest farm gate price in the region which motivated farmers to continue planting beyond recommended timeframes. In addition, the government announced in October 2011, it would slash input prices for MY 2011/12 by 25 percent to further boost farmers' income.

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Burkina Faso

Burkina Faso will not reach its initial target due to less area planted caused by farmers' refusal to plant at the beginning of the season unless they received a 174 percent increase from last year's 182 F CFA farm gate price (See table 1 and 2 – page 6). In addition, cotton yields may be lower than anticipated due to the lack of rain and its short duration preventing the last capsules from maturing. The *National Union for Cotton Producers in Burkina Faso* (UNPCB) revised its seed cotton production forecast to 420,000 tons instead of 600,000 tons (a 43 percent decrease) on 426,000 hectares planted in which Bt cotton is estimated at 57 percent. This new target is more reasonable, but Post believes the lack of rain and late planting are too great to overcome and has reduced its target by 14 percent to 380,000 tons. However, MY 2011/12 seed cotton production may ultimately vary between 370,000 and 390,000 tons.

There are a few developments on current activities in the cotton sector in Burkina Faso:

- The amended biosafety law that included stricter liability and damages associated with socio-economic/cultural impact from GMO's or derived products was scheduled to pass to the parliament in October 2011, but was again postponed to the first quarter of 2012.

- The partnership between the *National Union for Cotton Producers in Burkina Faso* (UNPCB) and *Victoria's Secret*, a well known American retailer of lingerie, was renewed in March 2011. UNPCB is to provide 2,000 tons in 2011/12; 3,000 tons in 2012/13; and 5,000 tons in 2013/14. However, organic cotton farmers expect to actually reach about 1,700 tons in MY 2011/12, but it represents a 162 percent jump from 650 tons in MY 2010/11.

- WAEMU country members renewed their willingness to improve the cotton textile sector by setting up a WAEMU committee adopted in November 2010. During a meeting, organized in September 2011 by the WAEMU committee in partnership with the European Union and the *International Trade Center* (ITC), it revised the 2003-2010 strategy, and its new implementation plan was presented and adopted by all cotton actors. The final document is the 2011-2020 revised strategy to increase competitiveness of the cotton textile sector. The new cotton agenda maintains the same goal as the previous agenda: process 25 percent of local cotton production for country members.

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[1]* *Includes Burkina Faso, Chad, Cote d'Ivoire, Mali and Senegal. Benin is now covered by FAS Lagos. (Note - For more information on the history and structure of the cotton sector in West Africa, refer to GAIN reports SG7011, SG7020, SG8001, SG8012 and SG8020 and* http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Cotton%20and%20Products%20Annual_Dakar_Senegal_3-25-2011.pdf*).*

The new 2011-2020 cotton agenda has five objectives:

- Improve productivity of the cotton textile industry in the WAEMU zone
- Improve quality of cotton in the WAEMU zone
- Support development and promotion of cotton and textiles of the WAEMU zone in regional and international markets
- Develop local processing of cotton fiber
- Foster development and the promotion of the cotton seed

Organizers also presented the operational plan, the priorities for the next three years, and the 2012 workplan for the monitoring committee. There was keen interest from all stakeholders including financial partners *Banque Ouest Africaine de Developpement* (BOAD) and the *Centre for Development of Enterprise* (CDE) to fund activities.

Mali

Even though Mali may not reach its government target of 500,000 tons of seed cotton, it could surpass Burkina Faso's production.

Government of Mali (GOM) and the *Compagnie Malienne pour le Développement des Textiles* (CMDT) made every effort to motivate farmers, but as with many other West African countries, late planting and lack of rains caused seed cotton production to decline in MY 2011/12. However, production could be as much as 70 percent higher (410,000 tons) than MY 2010/11 (243,588 tons), reaching record levels not seen since MY 2006/07. This new estimate is more in line with Post's forecast set in September; moreover, Post has reduced its estimate matching the government's. (See table 1).

CMDT settled all debts with the GOM prior to the campaign and hopes to earn revenue this year with sale of the MY 2011/12 fiber. If CMDT is profitable, Post believes that CMDT might reconsider privatization, especially for the central and northeast regions where tenders have not yet been organized. As for the west and south regions, handover is still expected to be finalized by December 2011 to the Chinese company, Yue Mei. Post believes that CMDT might not complete the sale if the company does not meet all conditions because of potential profitability. On the other hand, cotton farmers are still interested in buying the CMDT companies.

Cote d'Ivoire

The cotton sector has rebounded significantly post-crisis, boosting production and increasing farmers' revenue.

In June 2011, GOCI announced a 26 percent farm gate price hike for MY 2011/12 compared to the previous year, the highest price in the region (See table 2 – page 6). Consequently, the number of cotton farmers increased from 60,000 to 84,000, and they continued to plant beyond recommended timeframes, increasing area planted in comparison to its initial target.

In addition, Cote d'Ivoire did not experience abnormal rainy conditions and therefore expects to surpass its initial forecast in seed cotton production by 25 percent (50,000 tons), which could represent a 43 percent jump from MY 2010/11. Post will also raise its estimate in line with GOCI.

On October 2011, GOCI announced it would slash input prices by 25 percent. The new MY 2011/12 cotton input prices vary from $26.67 (12,000 F CFA) per 50 kg bag of urea; to $29.17 (13,125 F CFA) per 50 kg bag of fertilizers.

On August 2011, a working group was created under the auspices of the Minister of Agriculture to propose a reform of the cotton and cashew sectors in order to improve their marketing procedures to help boost farmers' incomes.

The second largest cotton company, *Compagnie Ivoirienne de Coton de Korhogo* (COIC), has a new ginning unit with a capacity of 60,000 tons which should be functional this MY 2011/12. This new unit will double COIC's capacity to about 120,000 tons.

Chad

Chadian farmers are returning to cotton after leaving for jobs associated with discovery of oil. Starting last year, *Government of Chad* (GOC) demonstrated renewed interest in the cotton sector, and in September 2011, it gave its agreement in principle to liquidate the Chadian cotton textile company, Cotontchad, and create a new national cotton company, Cotontchad SN, in which GOC became the main shareholder. During the reform process, Cotontchad SN will continue to operate with the same employees, buildings, and equipment until the liquidation process ends December 2011. Despite the lack of fertilizer, whereby farmers only received about 20 percent of their needs, Chad continues to expect to reach or even exceed 60,000 tons of seed cotton during MY2011/2012 with an area planted of 170,000 ha. However, Post believes that it will be difficult to reach due to the small quantity of inputs farmers received and therefore maintains its estimate of 40,000 tons.

Senegal

Despite government and the *Societe de Developpement des Fibres Textiles* (SODEFITEX) efforts to motivate farmers to grow more cotton (24 percent increase of the farm gate price increase, input prices subsidized to maintain same price that last year), Senegal was hit by abnormal rains, so the initial target will not be reached. Based on official data reported, Senegal expects a 150 percent drop from its initial target for MY 2011/12 (20,000 tons vs. 50,000 tons) and Post concurs with the new forecast lowering its estimate from 40,000 tons to 20,000 tons.

Table 1: Seed Cotton Production: MY 2009/10 – MY 2011/12

	2009/10 USDA Official Production (000 Bales)*	2010/11 USDA Official Production (000 Bales)	2011/12 Post Preliminary Forecast Production (000 Bales)	2011/12 Post Preliminary Forecast Production (000 Tons)	2011/12 Countries Preliminary Forecast Production (000 Tons)	2011/12 Post revised Forecast Production (000 Tons)	2011/12 Countries Revised Forecast Production (000 Tons)
Burkina Faso	700	652	830	370	426	380	400
Mali	440	470	820	425	500	410	410
Cote d'Ivoire	356	337	386	200	200	250	250
Chad	67	101	77	40	60	40	60
Senegal	35	50	77	40	50	20	20
Total	**1,598**	**1,610**	**2,191**	**1,135**	**1,410**	**1,100**	**1,140**

*1 *Bale = 480 lbs.*
(*Source: FAS Dakar estimates and official country data)*

Table 2: Official Farm Gate Price for First Quality Seed Cotton

Selected Countries	**Official 2009/10 Farm Gate Price for First Quality (F CFA)**	**Official 2010/11 Farm Gate Price for First Quality (F CFA)**	**Official 2011/12 Farm Gate Price for First Quality (F CFA)**
Burkina Faso	168 ($0.38)	182 ($0.41)	245 ($0.55)
Mali	184 ($0.41)	185 ($0.42)	255 ($0.57)
Cote d'Ivoire	175 ($0.39)	210 ($0.47)	265 ($0.59)
Chad	180 ($0.40)	180 ($0.40)	215 ($0.48)
Senegal	185 ($0.42)	205 ($0.46)	255 ($0.57)

(*Source: Official sources;* $1= 450 F CFA; F CFA per kg)

Production, Supply, and Demand Data Statistics

Burkina Faso	**MY 2009/10**		**MY 2010/11**		**MY 2011/12**	
	Market Year Begins Aug 2009		**Market Year Begins Aug 2010**		**Market Year Begins Aug 2011**	
	USDA Official	**Post**	**USDA Official**	**Post**	**USDA Official**	**New Post**
Area Harvested	420	420	400	400	400	342
Beginning Stocks	248	248	169	169	140	141
Production	700	700	650	652	700	730
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	948	948	819	821	840	871
Exports	775	775	675	675	650	675
Use	4	4	4	5	4	5
Loss	0	0	0	0	0	0
Total Dom. Cons.	4	4	4	5	4	5
Ending Stocks	169	169	140	141	186	191
Total Distribution	948	948	819	821	840	871
1,000 HA, 1,000 480 lb. Bales, Percent, Kg/Ha						

Mali	**MY 2009/10**		**MY 2010/11**		**MY 2011/12**	
	Market Year Begins Aug 2009		**Market Year Begins Aug 2010**		**Market Year Begins Aug 2011**	
	USDA Official	**Post**	**USDA Official**	**Post**	**USDA Official**	**New Post**
Area Harvested	250	250	260	281	400	480
Beginning Stocks	117	117	92	92	92	77
Production	440	440	475	470	700	791
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	557	557	567	562	792	868
Exports	440	440	450	460	625	760
Use	25	25	25	25	25	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	92	92	92	77	142	83

Total Distribution	557	557	567	562	792	868
1,000 Ha, 1,000 480 lb. Bales, Percent, Kg/Ha						

Cote d'Ivoire	**MY 2009/10**		**MY 2010/11**		**MY 2011/12**	
	Market Year Begins Aug 2009		**Market Year Begins Aug 2010**		**Market Year Begins Aug 2011**	
	USDA Official	**Post**	**USDA Official**	**Post**	**USDA Official**	**New Post**
Area Harvested	200	218	210	202	230	256
Beginning Stocks	105	105	85	166	165	153
Production	325	356	350	337	400	482
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	430	461	435	503	565	635
Exports	300	225	225	300	350	450
Use	45	70	45	50	45	50
Loss	0	0	0	0	0	0
Total Dom. Cons.	45	70	45	50	45	50
Ending Stocks	85	166	165	153	170	135
Total Distribution	430	461	435	503	565	635
1,000 Ha, 1,000 480 lb. Bales, Percent, Kg/Ha						

Cotton 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 Harvested	80	78	100	131	115	100
Beginning Stocks	48	48	23	23	18	19
Production	65	67	100	101	115	77
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	113	115	123	124	133	96
Exports	75	77	90	90	95	64
Use	15	15	15	15	15	13
Loss	0	0	0	0	0	0
Total Dom. Cons.	15	15	15	15	15	13

Ending Stocks	23	23	18	19	23	19
Total Distribution	113	115	123	124	133	96
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Cotton 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 Harvested	23	23	27	27	40	27
Beginning Stocks	34	34	9	6	14	9
Production	35	35	50	50	77	40
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	69	69	59	56	91	49
Exports	40	45	25	42	45	40
Use	20	18	20	5	20	5
Loss	0	0	0	0	0	0
Total Dom. Cons.	20	18	20	5	20	5
Ending Stocks	9	6	14	9	26	4
Total Distribution	69	69	59	56	91	49
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

List of Acronyms

BOAD	*Banque Ouest Africaine de Développement*
CDE	*Centre for Development of Enterprise*
CMDT	*Compagnie Malienne pour le Développement des Textiles*
GOBF	*Government of Burkina Faso*
GOC	*Government of Chad*
GOCI	*Government of Cote d'Ivoire*
COIC	*Compagnie Ivoirienne de Coton De Korhogo*
GOM	*Government of Mali*
ITC	*International Trade center*

SODEFITEX	*Société de Développement des Fibres Textiles*
UNPCB	*National Union for Cotton Producers in Burkina Faso*
WAEMU	*West African Economic and Monetary Union*