

Required Report: Required - Public Distribution

Date: November 25,2020

Report Number: SG2020-0017

Report Name: Cotton and Products Update

Country: Senegal

Post: Dakar

Report Category: Cotton and Products

Prepared By: Fana Sylla

Approved By: Jasmine Osinski

Report Highlights:

This update provides an overview of the cotton sector in Mali, Burkina Faso, and Senegal. Marketing year 2020/21 (August to July) harvested area and production for Mali, Senegal, and Burkina Faso are forecast to decrease 45 percent and 46 percent from the previous year to 727,000 hectares (HA) and 1.2 million bales due to late rains, disincentivized farmers in Mali, flooding, and security issues in Burkina Faso. Although total production is expected to drop, MY 2020/21 exports are estimated to increase slightly to 1.6 million bales on expectations of a rebound in international demand driven by the purchase of old crop in addition to new cotton.

Table of Contents

Executive Summary	3
Mali	
Production	4
Consumption and Value-Added Cotton	4
Trade	4
Stocks	4
Policy	4
Senegal	
Production	5
Consumption and Value-Added Cotton	5
Trade	5
Stocks	5
Policy	6
Burkina Faso	
Production	6
Consumption and Value-Added Cotton	6
Trade	6
Stocks	7
Policy	7
Table 1. West Africa: Fixed Farm Gate Prices for Grade One Cotton	7
Table 2. West Africa: Pricing for NPK and Urea	7
Production, Supply, and Distribution Data Statistics	8

Executive Summary:

Marketing year (MY) 2020/21¹ harvested area and production for Mali, Senegal, and Burkina Faso are forecast to decrease 45 percent and 46 percent respectively from the previous year to 727,000 hectares (HA) and 1.2 million bales due to late rains, disincentivized farmers in Mali, flooding, and security issues in Burkina Faso. In MY 2020/21, Burkina Faso is expected to be the top cotton producer of the three countries, accounting for 74 percent of total production, followed by Mali (23 percent), and Senegal (3 percent). A well dispersed and long rainy season, combined with low pest pressure, provided for good yields in Senegal and Burkina Faso. Mali suffered from excess rain which caused flooding and boll rot. Although total production is expected to drop significantly, MY 2020/21 total exports are estimated to increase slightly to 1.6 million bales on expectations of a rebound in international demand, driven by the purchase of old crop in addition to new cotton.

Mali MY 2020/21 area and production are expected to decrease by 78 and 79 percent respectively compared to the previous year. This area decrease is due to a lower farm gate price and high early season fertilizer prices that discouraged some farmers from planting cotton, as well as abandoned area due to flooding.

Burkina Faso MY 2020/21 area harvested is forecast to decrease 6 percent from the previous year to 545,000 HA due to late rains and security challenges in the eastern part of the country. MY 2020/21 production is forecasted to increase slightly to 895,000 bales due to a good rainy season with well dispersed rains and low pest pressure.

Senegal MY 2020/21 area and production levels are estimated at 17,000 HA and 36,000 bales, increasing 6 percent and 24 percent respectively from the previous year due to good rainfall and low pest pressure.

MY 2019/20 area and production for Mali, Burkina Faso and Senegal remain estimated at 1.3 million HA and 2.3 million bales.

¹ August 2020 to July 2021

Mali

Production

MY 2020/21² cotton harvested area is forecast to drop 78 percent to 165,000 HA compared to the previous year. This significant decrease is attributed to a nine percent reduction in the fixed farm gate price and initially higher fertilizer prices compared to last year. The farm gate price fell due to the pandemic-induced drop in international cotton prices in early 2020. Although the Malian government later decided to reestablish subsidies to keep fertilizer prices at last year's levels, the reversal reportedly came too late to affect farmers' planting decisions. (See [previous Cotton Update](#) for more details.) In addition, about 12,000 HA of cotton were abandoned due to excessive rains that caused flooding, especially in the South cotton zone, and boll rot. MY 2020/21 cotton production is projected at 285,000 bales, 79 percent less than MY 2019/20 production.

For MY 2019/20, area and production levels remain projected at 735,000 HA and 1.35 million bales based on official data.

Consumption and Value-Added Cotton

Consumption for MY 2020/21 is forecast at 25,000 bales, unchanged from last year. Cotton fiber is processed locally to make yarn, artisanal fabrics, bags, and mops. All cotton seeds are processed into oil and cakes for human and animal consumption.

Trade

Post estimates MY 2020/21 exports at 600,000 bales, down 31 percent from the previous year on lower exportable supplies. According to official contacts, Mali's state-owned cotton company (CMDT) expects to sell all stocks leftover from the last marketing year by December 2020. Exports for MY 2019/20 are estimated at 870,000 bales, down 52 percent from the previous year, on lower international demand caused by the COVID-19 pandemic.

Stocks

MY 2020/21 stocks are forecast to decrease 74 percent to 121,000 bales compared to the previous year on expectations of higher international demand. MY 2019/20 stocks remain estimated at 461,000 bales.

Policy

According to official contacts, after a sharp decrease in planted area in MY 2020/21, Mali's government intends to enact policies to motivate farmers to return to growing cotton in 2021/22. A cotton stakeholders meeting will be held by the end of this year to discuss possible policy

² August 2020 to July 2021

decisions. For example, those farmers negatively affected by flooding in MY 2020/21 may be offered the option to stagger their loan repayment over multiple years.

Senegal

Production

MY 2020/21³ area is forecast at 17,000 HA, a six percent decrease from the last cotton update, due to drought at the beginning of the season which prevented some farmers from meeting their planting intentions, as well as some abandoned area due to excessive rains causing unmanageable weed growth. Faced with weeds, some farmers chose to abandon their crop, as labor costs exceeded potential benefits. Farmers who abandoned their crop reported replanting to peanuts or corn. MY 2020/21 production is projected to increase 24 percent to 36,000 bales due to low pest pressure and a good rainy season which lasted until October allowing cotton plants to fully mature.

MY 2019/2020 area and production remain unchanged at 16,000 HA and 29,000 bales based on official government data.

Consumption and Value-Added Cotton

Post continues to estimate MY 2020/21 consumption at zero bales as there are currently no operational cotton processing companies in Senegal.

Trade

MY 2020/21 cotton exports are projected to increase 36 percent to 38,000 bales assuming a rebound in international demand and higher exportable supplies. Even though total supply for MY 2019/20 increased by 12 percent to 36,000 bales from the previous year, exports are estimated at only 28,000 bales due to a drop in international demand because of the COVID-19 pandemic.

Stocks

MY 2020/21 stocks are forecast to decrease 25 percent to 6,000 bales. According to Senegal's only ginning company SODEFITEX, all MY 2019/20 stocks have finally been sold and expedited. MY2020/21 stocks have not been sold yet due to low international prices, but contacts report that prices are picking up again and they are confident that all stocks will be sold before the end of the marketing year.

MY2019/20 stocks are estimated at 8,000 bales.

³ August 2020 to July 2021

Policy

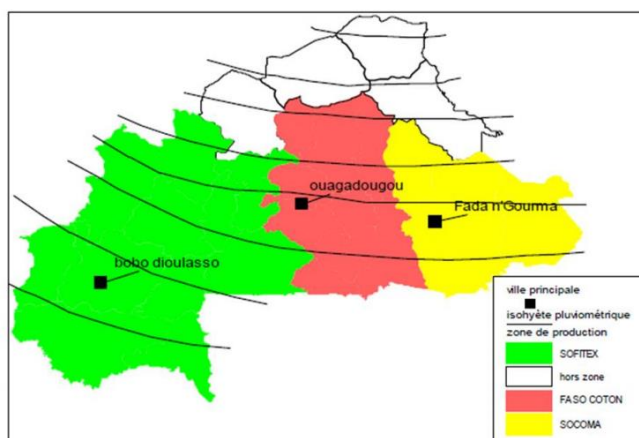
SODEFITEX and the Government of Senegal continue to allocate all cotton sector subsidies towards propping up the farm gate price of 300 CFA francs (\$0.52) per KG and not towards lowering fertilizer prices. This policy was put in place in MY 2017/18 in order to ensure these subsidies incentivized cotton production instead of being used for other, nontargeted crops.

Burkina Faso

Production

MY 2020/21⁴ area is projected to decrease six percent to 545,000 HA due to late rains and ongoing security challenges. Late rains negatively affected farmers' planting decisions, particularly in central and eastern Burkina Faso. In the SOCOMA cotton zone in eastern Burkina Faso, only 50 percent of MY 2020/21 intended planted area was realized due to population displacement caused by ongoing insecurity. MY 2020/21 production is projected at 895,000 bales on good growing conditions. During MY 2020/21, even though the rains started late, they were well dispersed and lasted until October, which allowed plants to reach full maturity and improve yields. There were no major pest issues in MY 2020/21.

Figure 1. Burkina Faso: Cotton Production Zones



Source : SODEFITEX

For MY 2019/20, area and production levels remain unchanged at 580,000 HA and 885,000 bales on official government data.

Consumption and Value-Added Cotton

Consumption for MY 2020/21 is forecast at 25,000 bales, unchanged from previous years.

Trade

Cotton exports for MY 2020/21 are forecast at 1 million bales, 37 percent more than the previous year based on available supplies and on expectations of a post-pandemic rebound in demand. Exports for MY 2019/20 are estimated at 730,000 bales, 30 percent less than MY 2018/19 exports due to lower international demand.

⁴ August 2020 to July 2021

Stocks

MY 2020/21 stocks are estimated at 10,000 bales. According to contacts, virtually no stocks remain in country after ginning.

Policy

The Government of Burkina Faso will likely continue supporting the cotton sector by subsidizing fertilizer and pesticide prices.

Table 1. West Africa: Fixed Farm Gate Prices for Grade One Cotton

(CFA francs)	Official 2017/18 Farm Gate Price	Official 2018/19 Farm Gate Price	Official 2019/20 Farm Gate Price	Official 20/21 Farm Gate Price
Burkina Faso	245 (\$0.89)	250 (\$0.43)	265 (\$0.46)	240 (\$0.41)
Mali	250 (\$0.43)	255 (\$0.44)	275 (\$0.48)	250 (\$0.43)
Senegal	300 (\$0.52)	300 (\$0.52)	300 (\$0.52)	300 (\$0.52)

Source: Official government data; \$1= 575 CFA francs; CFA francs per KG

Table 2. West Africa: Pricing for NPK (Nitrogen, Phosphorus, Potassium) and Urea

(CFA francs)	Official 2017/18 Input Prices	Official 2018/19 Input Prices	Official 2019/20 Input Prices	Official 2020/21 Input Prices
Burkina Faso	NPK: 15,000 (\$26.09) Urea: 15,000 (\$26.09)	NPK: 15,000 (\$26.09) Urea: 15,000 (\$26.09)	NPK: 14,000 (\$24.35) Urea: 14,000 (\$24.35)	NPK: 14,000 (\$24.35) Urea: 14,000 (\$24.35)
Mali	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)	NPK: 11,000 (\$19.13) Urea: 11,000 (\$19.13)
Senegal	NPK: 16,038 (\$27.89) Urea: 12,132 (\$21.10)	NPK: 14,675 (\$25.52) Urea: 13,000 (\$22.60)	NPK: 14,675 (\$25.52) Urea: 13,112 (\$22.80)	NPK: 15,012 (\$26.11) Urea: 13,112 (\$22.80)

Source: Official government data; \$1= 575 CFA francs; CFA francs per 50 KG Bag

Production, Supply and Distribution Data Statistics

Cotton Market Year Begins Mali	2018/2019		2019/2020		2020/2021	
	Aug 2018		Aug 2019		Aug 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	725	725	735	735	225	165
Beginning Stocks 1000 480 lb. Bales	576	576	471	6	621	461
Production 1000 480 lb. Bales	1270	1270	1350	1350	450	285
Imports 1000 480 lb. Bales	0	0	0	0	0	0
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	1846	1846	1821	1356	1071	746
Exports 1000 480 lb. Bales	1350	1815	1175	870	800	600
Use 1000 480 lb. Bales	25	25	25	25	25	25
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Total Dom. Cons. 1000 480 lb. Bales	25	25	25	25	25	25
Ending Stocks 1000 480 lb. Bales	471	6	621	461	246	121
Total Distribution 1000 480 lb. Bales	1846	1846	1821	1356	1071	746
Stock to Use % (PERCENT)	34.25	0.33	51.75	51.51	29.82	19.36
Yield (KG/HA)	381	381	400	400	435	376

Cotton Market Year Begins Senegal	2018/2019		2019/2020		2020/2021	
	Aug 2018		Aug 2019		Aug 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	21	21	16	16	20	17
Beginning Stocks 1000 480 lb. Bales	3	3	5	7	6	8
Production 1000 480 lb. Bales	29	29	29	29	35	36
Imports 1000 480 lb. Bales	0	0	0	0	0	0
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	32	32	34	36	41	44
Exports 1000 480 lb. Bales	25	25	28	28	35	38
Use 1000 480 lb. Bales	2	0	0	0	0	0
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Total Dom. Cons. 1000 480 lb. Bales	2	0	0	0	0	0
Ending Stocks 1000 480 lb. Bales	5	7	6	8	6	6
Total Distribution 1000 480 lb. Bales	32	32	34	36	41	44
Stock to Use % (PERCENT)	18.52	28	21.43	28.57	17.14	15.79
Yield (KG/HA)	301	301	395	395	381	461

Cotton	2018/2019		2019/2020		2020/2021	
Market Year Begins	Aug 2018		Aug 2019		Aug 2020	
Burkina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	630	645	580	580	550	545
Beginning Stocks 1000 480 lb. Bales	255	255	280	10	435	140
Production 1000 480 lb. Bales	850	825	880	885	900	895
Imports 1000 480 lb. Bales	0	0	0	0	0	0
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	1105	1080	1160	895	1335	1035
Exports 1000 480 lb. Bales	800	1045	700	730	800	1000
Use 1000 480 lb. Bales	25	25	25	25	25	25
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Total Dom. Cons. 1000 480 lb. Bales	25	25	25	25	25	25
Ending Stocks 1000 480 lb. Bales	280	10	435	140	510	10
Total Distribution 1000 480 lb. Bales	1105	1080	1160	895	1335	1035
Stock to Use % (PERCENT)	33.94	0.93	60	18.54	61.82	0.98
Yield (KG/HA)	294	278	330	332	356	358

Attachments:

No Attachments