



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 5/30/2000

GAIN Report #IV0009

Cote d'Ivoire

Cotton and Products

Annual

2000

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Report Highlights:

Post forecasts cotton production to increase in 2000/2001 due to high yields from newly cultivated varieties. In 1999/00 marketing year, a producer pricing formula was worked out by a tripartite committee comprising farmers, ginning companies and the government, but disagreement on its application held up crop marketing until January. The date for the privatization of the last block of the CIDT, Nouvelle CIDT, meant for early 2000, remains uncertain.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Abidjan [IV1], IV

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Executive Summary

Post forecasts cotton production in 2000/2001 to increase due to high yields from newly introduced varieties. The 2000/2001 crop is expected to be the fourth record production in succession. Area cultivated is expected to be unchanged from the previous year, as it is manageable with respect to control of input use and technical supervision.

Field visits in mid-May 2000 indicate that preparation for the next crop is in its early stages. Many farmers are still marketing the 1999/00 crop. Crop marketing has extended into the planting season due to the protracted discussion on the producer price between farmers' cooperatives and the ginning companies which delayed the start of the marketing year.

In 1999/00 marketing year, a tripartite committee comprising farmers' representatives, ginning companies and government representatives worked out price fixing formula to resolve the recurrent annual problem of producer price. This formula was arrived at through studies undertaken by two consulting agencies - BNETD, a government consulting agency, and ORUX, a private French agency. It took into account farmers' production cost, the ginning companies operation cost and world market price. By this formula, the producer price of seed cotton in 1999/00 fell to 175 F CFA/kg for first grade and 145 F CFA/kg for the second grade against 200 F CFA/kg and 170 F CFA/kg, respectively, in 1998/99.

Local consumption dropped in 1999/00 and is expected to continue to fall in 2000/2001 due to increased competition from imported textile products. Wax print and fancy material textile products are facing stiff competition from imports from the subregion and from Asia.

Fiber exports are forecast to increase in 2000/2001 due to increasing supply and expected improvement in world market price. Exports increased in 1999/00 due to increased supply, but the expected rise was moderated by low world market price.

There is confusion on the date for the privatization of the last block of the CIDT. While it was initially previewed in February 2000, it was postponed to May 2000 due to the uncertain political situation. Finally, as of this date, the privatization is postponed indefinitely.

Exchange Rate: U.S.\$1 = 703 F CFA on May 30, 2000.

PSD Table						
Country	Cote d'Ivoire					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		08/1998		08/1999		08/2000
Area Planted	300000	271371	298000	298000	0	300000
Area Harvested	300000	271371	298000	298000	0	300000
Beginning Stocks	50948	43672	60746	56385	0	65951
Production	163295	156510	170000	172536	0	180000
Imports	0	70	40	30	0	0
TOTAL SUPPLY	214243	200252	230786	228951	0	245951
Exports	125193	119,867	150000	140000	0	160000
USE Dom. Consumption	28304	24000	28000	23000	0	22000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	28304	24000	28000	23000	0	22000
Ending Stocks	60746	56385	52786	65951	0	63951
TOTAL DISTRIBUTION	214243	200252	230786	228951	0	245951

Production

Post forecasts cotton production in 2000/2001 to increase due to high yields from newly introduced varieties. The 2000/2001 crop is expected to be the fourth record production in succession. High yields are the result of well-organized technical supervision, the continuous appraisal of the varieties cultivated and substituting exhausted varieties with high performing ones. In 2000/2001 crop, the R405-5 cotton variety is to be the main variety cultivated, taking over from ISA 268A and N'TA 88-6 varieties. The area cultivated is expected to be about the same as the previous year for a proper control of input use and technical supervision (despite the tendency for area expansion on the part of farmers from extension in existing holdings and the influx of new entrants into production). The new privatized firms are utilizing the technical supervision capacity of the former CIDT (Compagnie Ivoirienne pour le Developpement des Textiles) due to its efficiency. The CIDT's technical assistance staffs have been divided up and hired by the three new companies.

Field visits indicate that preparation for the next crop is in its early stages. Many farmers are still marketing the 1999/00 crop. Crop marketing has extended into the planting season due to the protracted discussion on the producer price between farmers' cooperatives and the ginning companies, which delayed the start of the marketing year. In addition, the large crop taxed the existing ginning capacity and required ginning to go on later than normal. In many areas, the land is now being plowed while in other areas, field preparation has not yet started. The rains started as early as the first week of May and many producing areas have been receiving regular rains ever since.

The 1999/00 crop is the third in succession of record production and was due to abundant and well-distributed rainfall, expanded area and high seed yield resulting from improved plant protection, proper application of fertilizer and farmers' production expertise. The beginning of the marketing year was delayed up to the beginning of January because of haggling on producer price between farmers and ginning companies. To resolve the recurrent annual problem in producer price determination, the tripartite committee comprising farmers' representatives, ginning companies and government representatives worked out a pricing formula supposedly acceptable to all parties. This formula came from studies undertaken by two consulting agencies - BNETD, a government consulting agency, and ORUX, a private French agency. It took into account farmers' production cost, the ginning companies operation cost and world market price. While farmers accepted the application of the formula, they objected to the high operating cost component provided by the ginning companies and wanted it to be revised downwards. This objection dragged on for a long time and delayed the price determination and the crop marketing for about three months. Crop marketing which normally ends in late May is continuing and is expected to end in late June or early July.

Following the producer price fixing formula, the producer price of seed cotton in 1999/00 fell to 175 F CFA/kg for first grade and 145 F CFA/kg for the second grade against 200 F CFA/kg and 170 F CFA/kg respectively in 1998/99.

Seed cotton purchases as of May 27, 2000, were 352,908 MT against 360,071 MT for the same period in 1999. About 38,000 MT more is expected to be purchased before the season ends.

The quality of seed cotton fell in 1999/00 due to rainfall during time of the opening of the bolls which had the effect of sullyng the fiber. The three- month farmers' strike, which forced farmers to hold on to their crop, also caused the quality to fall. Most farmers do not have appropriate storage facilities and stored their cotton in the open air exposed to the rains. The result has been an increased proportion of seed cotton classified as grade 2 cotton. The quality of cotton in 1999/00 was 44 percent first grade and 56 percent second grade. Correspondent figure in 1998/99 was 63 percent first grade and 37 percent second grade. The low quality of seed cotton has adversely affected the fiber quality. The N'TA 88.6 variety which is tainted in color is generally disliked by the local spinners. In 1999/00, it accounted for 35 percent of the total area cultivated. However, in 2000/2001, it will be eliminated from production and replaced by a variety like R405-5 with clearly white fiber.

Seed cotton yield increased from 1,330 kg/ha in 1998/99 to 1,342 kg/ha in 1999/2000 due to favorable rains, the reduced area under N'TA 88.6 because of its intolerance to abundant rainfall, and efficient plant health control. Pesticides introduced this year which include Endosulfan, Endocoton, Rocky, Caiman and Cotofan, proved to be efficient against pests. In 2000/20001, Post expects seed cotton yield to increase to about 1,360 kg/ha because of the introduction of new varieties.

Seed Cotton varieties

1999/2000		2000/2001	
Variety	Area (HA)	Variety	Area (HA)
N'TA 88-6	107,500	R405-5	202,050
ISA 268 A	126,000	ISA268-94	70,550
ISA 268-94	16,000	R405-5-96	15,000
R405-5	48,500	ISA 268-96	4,300
		ISA 268-97	300
		BULK 89A	4,800
		BULK SR	3,000
Total	298,000	Total	300,000

Poor seed cotton quality caused fiber quality to fall. In 1999/00, fiber quality is classified as 44 percent as high quality and 56 percent standard quality against 52 percent high quality and 48 percent standard quality. An inferior grade of cotton fiber has emerged this year known as Buka, and accounts for about 1.2 percent of the production. The ginning rate is estimated at 44.24 percent.

In 2000/2001, the tripartite committee will be responsible for the purchase of inputs for farmers. This activity was formerly undertaken by the CIDT. Under the new arrangement, the committee will invite international bids for the supply of inputs such as fertilizers and insecticides. It is expected that this system will allow savings of about 4.5 billion F CFA in 2000/2001. The price of Potassium Nitrate is expected to fall from 10,500 F CFA in 1999/2000 to 9,000 F CFA per 50 kg bag and the price of Urea will fall from 9,750 in 1999/2000 to 6,500 F CFA per 50 kg bag.

Consumption

Local consumption fell in 1999/00 and it is expected to continue to fall again in 2000/2001 due to increased competition from imported textile products. Wax prints and fancy materials are facing stiff competition from imports from the subregion and the Asian countries. Textile producers claim most of these products enter the local market illegally. The development of the used clothing market is eroding the ready-made market. The spinning and weaving industry is composed of three firms - Texicodi, Utexi and Gonfreville.

Trade

Fiber exports are forecast to increase in 2000/2001 due to increasing supply and expected improvement in world market price. Exports increased in 1999/00 due to increased supply, but the expected rise was moderated by low world market price. Post has revised downwards its estimates of 1998/99 exports in line with official statistics. Exports for the first three months of 2000 were 39,537 MT against 37,245 MT for the same period of 1999.

Fiber imports in CY 1999 were small, about 27 MT, mainly from Mali. For the first three months of 2000, imports were negligible.

Export Trade Matrix			
Country	Cote d'Ivoire		
Commodity	Cotton		
Time period	8/98-7/99	Units:	MT
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
France	1669	France	438
Belgium	939	Belgium	427
Italy	5409	Italy	2140
Thailand	7458	Thailand	6159
Indonesia	21164	Indonesia	16490
Malaysia	12781	Malaysia	6574
China	1469	China	719
Taiwan	45048	Taiwan	27537
Brazil	14516	Brazil	17718
Vietnam	1708	India	10345
Total for Others	112161		88547
Others not Listed	7705		6160
Grand Total	119866		94707

NB: Trade Matrix for 1999 is from August 1998 to July 1999 and that of 2000 is from August 1999 to March 2000.

Cotton Fabric Exports (MT)

	1998	1999
France	2,311	2,083
Belgium	1,422	2,788
Italy	3,045	2,274
U.K.	698	506
Niger	244	128
Others	821	704
Total	8,541	8,483

Cotton Yarn Exports (MT)

	1998	1999
France	411	77
Belgium	6	62
Portugal	0	59
U.K.	72	0
Spain	82	195
Switzerland	29	0
Burkina Faso	154	216
Guinea	47	120
Others	90	59
Total	891	788

Cotton Fabric Imports (MT)

	1998	1999
India	759	1,776
China	1,261	1,275
Portugal	74	33
Netherlands	118	132
Morocco	139	142
U.K.	51	32
Others	382	358
Total	2,784	3,748

Stocks

Stocks are estimated to increase in 1999/00 due to increased supply and less than anticipated increase in exports. Stocks are expected to fall in 2000/2001 due to projected increase in exports.

Policy

Under the newly applied Common External Tariff (TEC), cotton fiber and products remain untaxed. However, the tariffs on imported cotton fiber and products are as follows:

	Import Tariff	Value Added Tax	Statistical Tax	Solidarity Tax
Cotton fiber	5%	20%	1%	1%
Cotton Yarn	10%	20%	1%	1%
Cotton Fabric	20%	20%	1%	%

The Value Added Tax (VAT) is charged on all products consumed locally including imported and products produced locally. For imported products, the VAT is collected at the port of entry.

Privatization

There is confusion on the date for the privatization of the last block of the CIDT. While it was initially previewed in February 2000, it was postponed to May 2000 due to the uncertain political situation. However, as of now, no action is being undertaken in this direction. It is more likely that privatization process may start at the latter part of the year or

early 2001 after the transitional political program. The last block to be privatized comprises the gins at Bouake, Mankono, Seguela and Zatta.

The two blocks already privatized, respectively known as Ivoire Coton and La Compagnie Cotonniere Ivoirienne (LCCI), are undertaking expansion programs. LCCI has already started constructing a new gin of operating capacity of between 80-100,000 MT of seed cotton at Mbengue, north of Korhogo. Ivoire Cotton plans to increase its operating capacity by 30,000 MT with the intended construction of a new factory at Odienne in the near future. The main farmers' cooperative, URESCOCI also intends constructing a 30,000 MT ginning factory with the collaboration of multi-national Louis Dreyfus. The successful operation of all these programs will increase the total domestic ginning capacity from 320,000 MT to about 450,000 MT.