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Mali

Cotton

Cotton

1999

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Report Highlights:

Cotton production increased in 1998/99 and is expected to increase further in 1999/00 due to area expansion and remunerative producer price. CMDT is facing financial problems due to low world market prices and financial irregularities.

Ginning capacity reached 510,000 MT in 1997/98. Local consumption is small and Mali exports nearly all its production.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Cotton is the main Mali's export earner accounting for 10 percent of its GDP and 50 percent of its total export earnings. Cotton is cultivated in rotation with food crops with cotton area estimated at 25 percent of total area cultivated.

Cotton production increased in 1998/99 and is forecast to increase further in 1999/00 due to area expansion, remunerative producer price, high yield seed variety and availability of credit facilities for inputs. Sustained rains at the last quarter of 1998 helped keep the 1998/99 crop on an increasing trend.

Low world market prices coupled with financial irregularities put the CMDT (the Malian parastatal cotton company) into financial crisis resulting in delayed payment to growers for seed cotton deliveries.

Seed cotton purchases as of April 10, 1999 were 515,619 MT, estimated to represent about 98 percent of total purchases.

The ginning capacity was increased from 330,000 MT to 510,000 MT by the construction of four gins between 1997 and 1998. CMDT expects to increase further the ginning capacity to about 700,000 MT by the 2001/2002 season.

CMDT increased the producer price of seed cotton in November 1998 for first grade seed cotton; it rose from 170 F CFA/kg to 185 F CFA/kg, about 55 percent of the world market price.

Mali exports nearly all its fiber production. Therefore fiber exports increased in 1997/98 and are expected to continue to increase in 1998/99 in line with rising production.

Exchange Rate: U.S. \$1 = 620 F CFA on September 8, 1999.

PSD Table						
Country	Mali					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		08/1997		08/1998		08/1999
Area Planted	0	497650	0	504427	0	510000
Area Harvested	500000	497650	500000	504427	0	510000
Beginning Stocks	47247	47247	58134	62129	58135	53812
Production	217727	219619	217727	220979	0	225000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	264974	266866	275861	283108	58135	278812
Exports	195954	201737	206840	226296	0	240000
USE Dom. Consumption	10886	3000	10886	3000	0	3000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	10886	3000	10886	3000	0	3000
Ending Stocks	58134	62129	58135	53812	0	35812
TOTAL DISTRIBUTION	264974	266866	275861	283108	0	278812

Production

Cotton is the Mali's main export earner accounting for 10 percent of its GDP and 50 percent of its total export receipts. Mali is the leading producer and exporter of cotton in Sub-Saharan Africa. Cotton is produced in an area inhabited by about 2.5 million people with 96 percent of the population engaged in production. Cotton is cultivated in association with food crops including corn, rice, millet, sorghum, fonio, peanut, dah, sesame, soybean and niebe, and accounts for 25 percent of total area cultivated. All cotton is rain-fed. It is cultivated in southern Mali in an area bounded by Guinea and Cote d'Ivoire in the south, Burkina Faso in the east and the Niger River in the north. The main cotton producing regions include Fana, Bougouni, Sikasso, Koutiala, San and Kita. Cotton production is undertaken under the technical supervision of the cotton parastatal, CMDT (Compagnie Malienne pour le Developpement des Textiles), which account for 95 percent of total production. The other 5 percent is from the Upper Niger Valley (l'OHVN), and enjoys no technical assistance from CMDT.

Cotton production is forecast to increase in 1999/00 due to area expansion, remunerative producer price, high yield seed variety and availability of credit facilities for inputs. Poor rainfall in May delayed cotton planting. In Koutiala Cercle (Sikasso Region), area planted to cotton will not reach target levels established by the CMDT, but relatively good rains at the end of June and early July in the other cercles of Sikasso Region (Sikasso and Bougouni) allowed farmers to meet planting targets before the recommended stop date for cotton planting of mid-July. Similar situation occurred in 1998/99, when drought conditions during planting period were harsh and reduced the anticipated planted area and also led to about 30 percent of the planting to be done after June 30 against 15 percent in 1997/98. However, the crop was saved by favorable rains in the last months of 1998 and

accounted for the production increase .

In the 1998/99 marketing year, the CMDT faced financial problems. Besides the low export prices, the company was plagued with financial irregularities involving over invoicing, corruption and irresponsibility in the awarding of contracts. This situation led to the dismissals of three top officials in June and another three top officials in the latter part of August. More dismissals are expected as the investigation continues. The bad financial situation led to late payment of growers.

Seed cotton purchases as of April 10, 1999 were 515,619 MT, estimated to represent about 98 percent of total purchases. The distribution of purchases by production zone are as follows:

Region	Area (HA)	Production (MT)
Fana	95,258	97,434
Bougouni	75,283	87,948
Sikasso	88,194	92,456
Koutiala	141,695	139,969
San	26,351	23,950
Kita	41,800	40,122
OHVN	35,846	33,740
Total	504,427	515,618

Area under cotton production is expanding at an average rate of 5 percent per year due to the continuous influx of new farmers responding to cotton's prominence in the Malian economy. Rising farm income has also contributed to increasing average farm size from 2.32 HA to 2.56 HA. Cotton is mainly cultivated in the south, but it is developing rapidly in new areas such as OHVN and Kita further north.

Yields fell from 1,051 kg/ha in 1996/97 to 1,047 kg/ha in 1997/98 due to drought conditions which also caused the 1998/99 yields to fall further to about 1,043 kg/ha. Yields are projected to improve in 1999/00 due to favorable rains during the latter part of the planting period in most producing areas and is projected to be about 1,050 kg/ha.

The variety of seed cotton planted is N'TA 88.6 (developed at the Malian research center located in N'Taria, in southern Mali) which accounts for 96 percent of total area cultivated. Other varieties include Stam 42 and Stam 59-A, both Togolese varieties, and represents about 2.6 percent and 1.1 percent, respectively, of total area cultivated.

Fiber quality is generally high and the 1998/99 quality is expected to be about the same level as the 1997/98 level of 97.9 percent for first grade, 2 percent for second grade, and the remaining is third grade.

In the face of falling world market price and under the pressure from the World Bank, the producer price of seed cotton was increased in November 1998 as follows: 170 F CFA/kg to 185 F CFA/kg for first grade, 150 F

CFA/kg to 165 F CFA/kg for second grade and 133 F CFA/kg to 150 F CFA/kg for third grade. The increase brought farmers' share of the world market price from about 46 percent to about 55 percent for the first grade.

Consumption

Following the expanding production of seed cotton, the ginning capacity was increased from 330,000 MT to 510,000 MT by the construction of four gins between 1997 and 1998. The CMDT expects to increase further the ginning capacity to about 700,000 MT by the year 2001/2002 to meet projected seed cotton production by the construction of three gins at Ouelessebougou, Bla and Kimparana of which bidding has been completed.

Local consumption of fiber is small estimated at about 2 percent of domestic production and is produced by two local textile companies, Comatex and Itema.

Trade

Almost all Malian fiber production is exported. In 1997/98 exports increased because of the increased domestic supply. Similar factor is expected to account for the projected increase in the 1998/99 exports.

The large exports to Switzerland are due to sales to brokers for re-export. To counteract the continued low level of world market price, the CMDT intends to hedge most of the 1999/00 crop and is contacting its partners to that effect.

Export Trade Matrix			
Country	Mali		
Commodity	Cotton		
Time period	Aug - Jul	Units:	MT
Exports for:	1998		1999
U.S.		U.S.	1040
Others		Others	
Switzerland	47375	Switzerland	47375
Thailand	20210	Thailand	21810
Italy	18000	Italy	20220
Taiwan	16780	Taiwan	17200
South Korea	12640	Korea	13040
Vietnam	10690	Vietnam	11290
Canada	9840	Canada	10000
Portugal	9227	Portugal	9377
Germany	7430	Germany	8740
Indonesia	6530	Brazil	8650
Total for Others	158722		167702
Others not Listed	43015		57554
Grand Total	201737		226296

Stocks

Stocks rose in 1997/98 and are expected to increase in 1998/99 due to the low expansion in exports compared to supply resulting from the low level of world market prices.

Marketing

COPACO, an export agency of which CMDT has an interest, assures the exports of 80 percent of Malian cotton.