

**Required Report:** Required - Public Distribution

**Date:** April 01, 2021

**Report Number:** IV2021-0001

**Report Name:** Cotton and Products Annual

**Country:** Cote d'Ivoire

**Post:** Accra

**Report Category:** Cotton and Products

**Prepared By:** Daniel Archibald

**Approved By:** Daniel Archibald

**Report Highlights:**

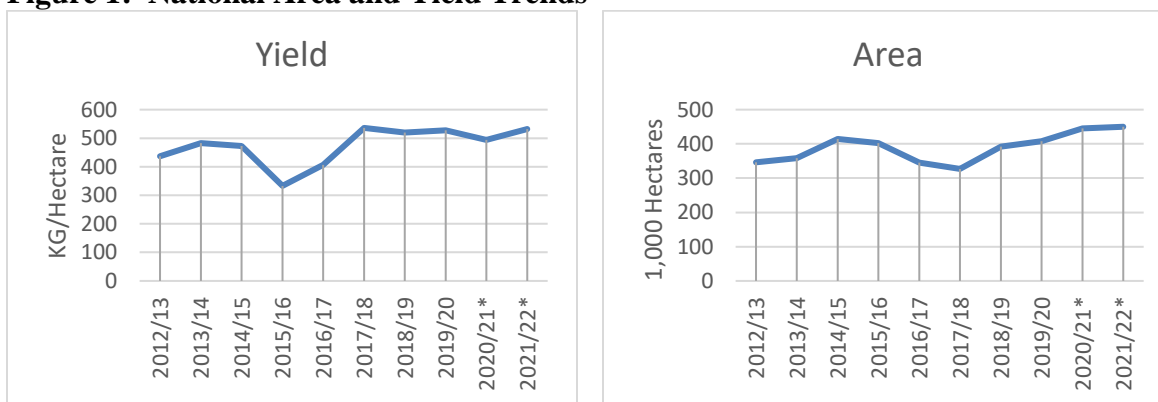
Post forecasts market year (MY) 2021/22 cotton fiber production will reach record levels for a fourth consecutive year, at 1.1 million bales (480 lb.). MY 2020/21 production is estimated at 1.0 million bales. Post projects MY 2021/22 exports will remain strong at 1.15 million bales. Exports in the current campaign are estimated to surge to a record 1.2 million bales as shipments of fiber cotton slowed in the latter half of MY 2019/20, resulting in a larger carryover stock level and greater exportable supply. These figures would firmly establish the country as the second-largest cotton producer and exporter in Sub-Saharan Africa through the MY 2021/22 campaign.

## Production:

Post projects MY 2021/22 cotton fiber production at a record 1.1 million bales (480 lb.), based on a favorable global market situation and attractive national support pricing. This would represent the fourth consecutive year of record production for Côte d'Ivoire. Post expects the positive outlook for cotton demand will continue to bring producers into or back into the sector and expand area further. Additionally, Post also expects yield to return to an upward trajectory based on a cohesive and relatively effective seed multiplication/distribution plan at the national level. Higher-quality varieties in the pipeline developed by the national agricultural research agency could also contribute to productivity gains and quality improvements beyond the out year. Projections for the next market year assume normal climatic factors. However, risks are present for the rain-fed cotton crop and overall agricultural production in Côte d'Ivoire. The country's productivity gains face a number of pressures including growing variability in weather patterns such as declining rainfall, shortening and less predictable rainy seasons, and increasing incidences extreme temperature and drought.<sup>1</sup>

For MY 2020/21, Post estimates cotton fiber production at just over 1.0 million bales. Based on official seed cotton production and fiber yield statistics to date, this national fiber production estimate would surpass the current record for production set one year ago. According to national sector representatives, this season is characterized by largely favorable growing conditions and one of the higher minimum support prices in the region. This estimate establishes Côte d'Ivoire as one of the largest producers in Sub-Saharan Africa, second only to Benin. National projections in recent years have suggested surpassing 500,000 metric tons (MT) of total seed cotton production, and producers appear to have crossed that threshold in the 2020/21 campaign with an official national estimate of 514,000 MT. The national crop rose an estimated 2 percent from the prior campaign. Expanding area more than accounted for a slight dip in yield from MY 2019/20. The sector continues to see an influx of new or returning producers. The total number of producers in the current market year, estimated at 132,525, is yet another significant jump from the previous campaign (see Table 1 below). With a 9 percent increase in area from the MY 2019/20 campaign, figures suggest the average landholding of cotton producers remains small at just over 3 hectares.

**Figure 1: National Area and Yield Trends**



Source: USDA Production, Supply & Distribution (PS&D)

\*Indicates Post estimates and projections, not USDA official

<sup>1</sup> Food and Agriculture Organization (FAO) and Consultative Group for International Agricultural Research (CGIAR). <https://cgspace.cgiar.org/handle/10568/97616>

A small group of organizations control the country’s cotton production, purchasing, transformation, and export. These include *Compagnie Ivoirienne pour le Developpement du Textile* (CIDT), *Ivoire Coton*, *Compagnie Ivoirienne de Coton* (COIC), *Societe d’Exploitation Cotonniere* (SECO-OLAM), *Societe Industrielle Cotonniere des Savanes* (SICOSA), and Global Cotton.

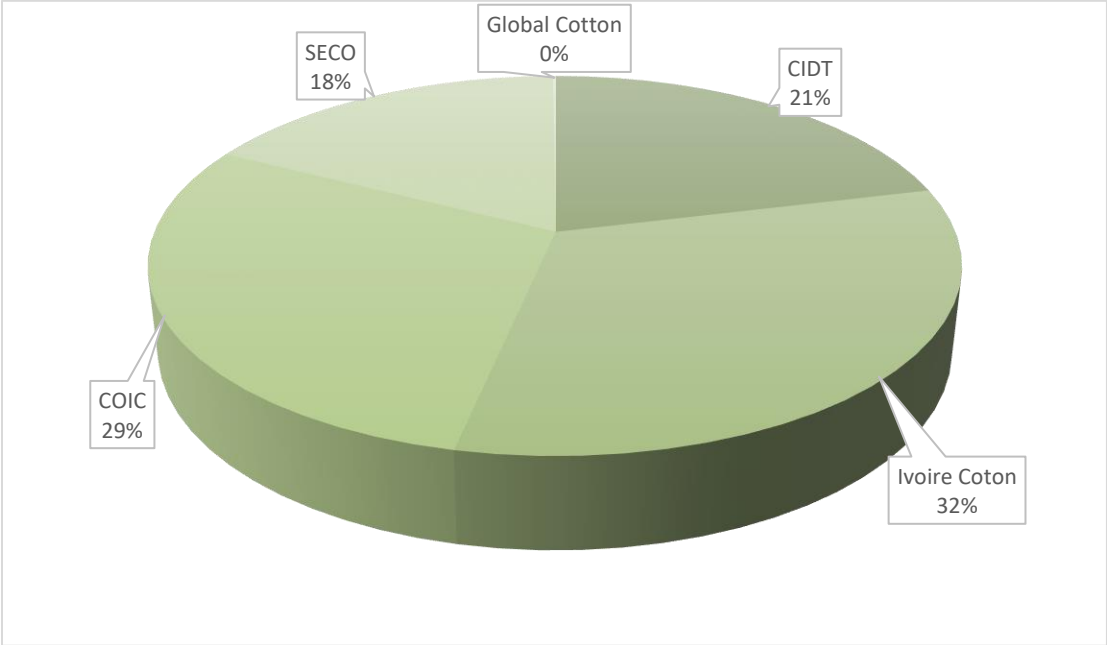
**Table 1: Approximate Number of Cotton Producers, Year-to-Year Comparison**

Organization	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
CIDT	Data not available for 2015/16	11,059	14,553	16,278	22,474	30,588
Ivoire Coton		34,620	30,040	37,925	44,642	49,372
COIC		30,145	20,284	24,697	32,456	33,064
SECO-OLAM		16,806	16,841	17,901	17,691	18,789
SICOSA		3,476	5,335	5,716	--	--
Global Cotton		0	1,354	819	503	712
<b>TOTAL</b>	<b>113,532</b>	<b>96,106</b>	<b>88,407</b>	<b>103,336</b>	<b>117,766</b>	<b>132,525</b>

Source: Interprofession du Coton (InterCoton)

Current estimates show COIC and Ivoire Coton controlling the largest share of national production at a combined 61 percent (see Figure 2 below). COIC experienced the largest production increases in recent campaigns, owed largely to its assumption of SICOSA’s zones of influence. In May 2019, the *Conseil Coton Anacarde* (CCA), the national authority for the cotton and cashew sectors, suspended SICOSA from the country’s zoning scheme for two seasons due to failure to meet yield targets and reportedly insufficient provision of inputs to its producers.

**Figure 2: Percent of National Production by Organization, MY 2020/21**



Source: InterCoton

In terms of quality, national statistics appear to be stable year to year, with overall reporting of “first choice” cotton increasing slightly to 90 percent through mid-March. The potential of localized

production issues cannot be ruled out as CIDT reports only 73 percent of its seed cotton purchases as first choice, down from 98 percent in the previous campaign. CIDT, previously the state run cotton enterprise before its privatization in 2016, is headquartered in the central city of Bouaké, and controls production zones mainly in the central belt of the country.

As the country establishes itself as one of the continent's largest producers, sector leaders eye continued expansion and a growing focus on quality gains. After achieving a sizeable increase in raw production from a reported 120,000 tons in 2002 to 490,000 tons in MY 2019/20, the country's inter-professional body and its stakeholders indicate that improving the quality of the domestic harvest will be a major priority moving forward. The approach will address the entire value chain, from seed research, to inputs and services to producers, as well as development of post-harvest infrastructure and processing channels. Looking back on recent campaigns, the country's seed multiplication and distribution scheme, coordinated by COIC, Ivoire Coton, and SECO-OLAM, has reportedly made gains, increasing the average germination rate to over 60 percent, from just 40 percent in the 2018/19 campaign, with the objective of reaching a germination rate of over 70 percent.<sup>2</sup> Another effort to improve the quality of Ivorian cotton has been domestic research and development of new varieties. The newest varieties, CI-123 and CI-128, were developed by the country's National Center for Agronomic Research (CNRA).<sup>3</sup> Determining whether these new varieties can address quality issues, namely fiber length and color, may take several years to play out.

#### **Value Added Cotton:**

The local textile industry remains small. There are a handful of spinning and weaving operations in-country with the ability to produce fabric, yarn, denim, and upholstery fabric. Facilities in both Abidjan and Bouaké can produce finished wax "pagne", or decorated fabric used in local fashion, run by Uniwax and Seritex, respectively. Côte d'Ivoire is a regional leader in producing and exporting authentic wax print fabric.

The small quantity of value-added cotton products exported from the country fall under HS code 5208, *woven fabrics of cotton*. In calendar year 2020, Côte d'Ivoire reported exports of \$23.3 million in woven fabrics, down 8 percent from \$25.3 million in 2019, and also down from a high of \$34.2 million in 2014. Of the reported exports of fabric in calendar year 2020, over 99 percent went to regional neighbors, with Guinea (\$4.9 million), Benin (\$4.3 million), Burkina Faso (\$4.1 million), Niger (\$3.7 million), and Togo (\$1.5 million) the top five destinations. Through the first two months of calendar year (CY) 2021, exports have totaled \$3.1 million in the first two months, which puts the country on a fairly stable course and does not indicate any major increase in domestic usage or exportation of textiles in the short term. In turn, Côte d'Ivoire reported imports of woven fabric in 2020 at \$27.5 million, down 22 percent from 2019, with China (\$10.5 million), Benin (\$9.5 million), the European Union (\$5.7 million), and Pakistan (\$1.0 million) the top suppliers. Likewise, imports totaling \$4.9 million in the first two months of CY2021 do not suggest any major shift in trading patterns of woven fabrics.

#### **Domestic Consumption:**

---

<sup>2</sup> Intercoton. <https://intercoton.org/2021/03/01/intercoton-veut-ameliorer-le-label-qualite-du-coton-ivoirien/>, <https://intercoton.org/2020/08/06/des-semences-de-qualite-pour-tous/>

<sup>3</sup> Ibid., <https://intercoton.org/2021/03/15/intercoton-valide-la-convention-triennale-de-recherche-et-annonce-de-nouvelles-varietes-de-coton/>

In MY 2021/22, Post projects domestic use will remain small at 25,000 bales. Based on reported statistics for domestic use in the current campaign, less than 8,000 bales as of March 20, Post estimates MY 2020/21 domestic use will not exceed 20,000 bales. The five previously mentioned companies operate over twenty cotton gins with an approximate installed capacity of 635,000 MT/year. The majority of the gins are located in the Savanes District, which encompasses the northern cities of Boundiali, Korhogo, and Ferkessédougou. The remaining facilities are located in Woroba (Northwest) and Vallée du Bandama (Central). Korhogo possesses the highest concentration of ginning facilities with at least seven in operation.

### **Marketing:**

Domestic production is classified into various marketing sales types by a national laboratory based in Bouaké, the *Centre de Classement de Coton en Côte d'Ivoire* (3C-CI). All domestic mills funnel samples to 3C-CI for classification and quality grading. Côte d'Ivoire produces primarily medium-staple upland cotton, and about 5-6 different marketing types with distinct traits and desirability on the market.

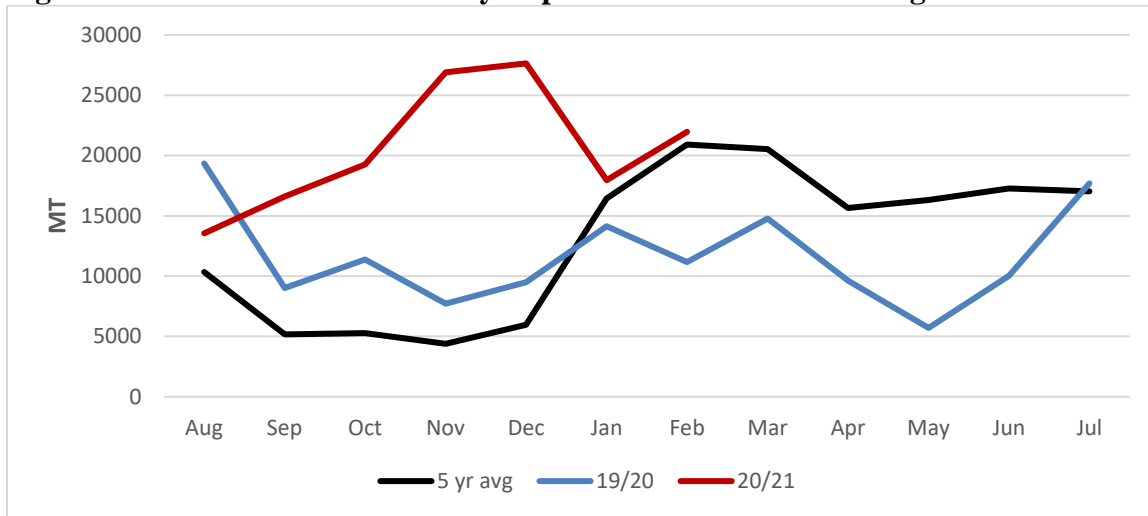
Despite efforts by CNRA and the sector at large to achieve a superior quality product, this is not to suggest that the current crop does not possess traits valued by certain segments of the textile industry. A slightly shorter fiber length, presence of debris due to lack of mechanization, and an off-white color are sometimes highlighted as shortcomings. However, Ivorian cotton is at times prized by smaller specialty buyers for some of these same qualities, with the harvesting techniques preserving fibers and the off colors perfectly suitable for numerous applications.

### **Trade:**

Post projects MY 2021/22 fiber exports at 1.15 million bales. Nearly the entire national crop will be exported, along with some continued residual exports from the 2020/21 crop. For several years leading up to the COVID-impacted 2019/20 campaign, exports often surged later in the market year than was typically the case. This trend is expected to continue, though it may be somewhat masked by the early and sustained rapid export pace that has characterized MY 2020/21 to date.

Post estimates MY 2020/21 fiber exports at 1.2 million bales, smashing the previous record of 895,000 bales set in MY 2018/19, and nearly double reported exports in MY 2019/20. This estimate represents a 14 percent increase from the current USDA official figure, based on the brisk pace of trade to date, ample exportable supply remaining in the country, and a favorable global market situation. Much the same as with production, this would place Côte d'Ivoire just shy of Benin in terms of export volume, ranking as the second-largest cotton exporter in Sub-Saharan Africa. As evidenced by Figure 3 below, a sizable portion of 2019/20 production was not immediately exported due to COVID-related slowdowns in textile/clothing sectors in major destination countries. Therefore, Côte d'Ivoire began the MY 2020/21 campaign with the equivalent of as much as 200,000 bales in additional exportable supply, while MY 2019/20 exports dipped to an estimated 643,000 bales. As expected, export pace thus far in MY 2020/21 has been strong, with reported exports from August to February totaling 660,000 bales, already exceeding the prior year's total with ample exportable supply still in the country.

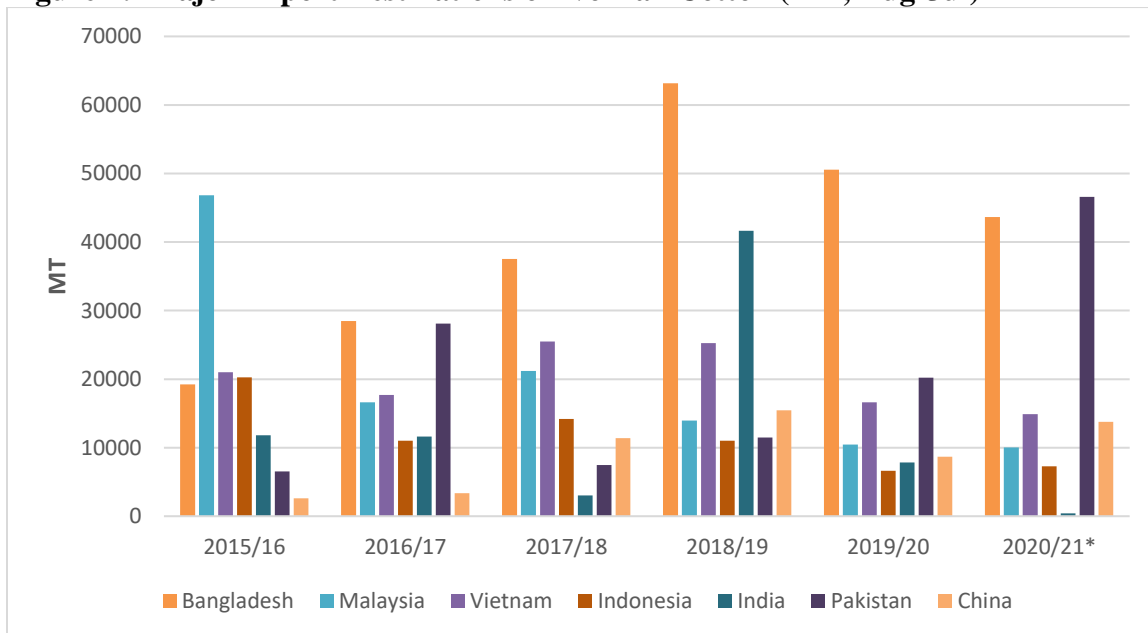
**Figure 3: MYs 19/20-20/21 Monthly Export Pace vs. 5-Year Average**



Data Source: TDM

Major export destinations have shifted slightly this year, with shipments to Bangladesh sluggish and those to India falling off entirely, while Pakistani imports of Ivorian cotton have surged through the first half of the market year.

**Figure 4: Major Export Destinations of Ivorian Cotton (MY, Aug-Jul)**



Data Source: Trade Data Monitor (TDM)

\*YTD Exports (Aug-Feb)

The Port of Abidjan is the primary route for exported cotton. Presently, exporters prefer Abidjan given the port's central role in the importation of rice, fertilizer and many other goods for the region. Côte d'Ivoire is also strategically placed to handle a large volume of cotton exports from the Sahel. The country's second port, San Pedro, most commonly associated with cocoa bean exports, is also positioned to handle exported cotton from Côte d'Ivoire and the region. Available statistics suggest an increase

in exports from San Pedro in the current campaign. As of March 20, approximately 42 percent of MY 20/21 fiber cotton had been exported via San Pedro; entirely by Ivoire Coton. This ratio may swing more towards the Port of Abidjan as the season reaches its conclusion. Ivoire Coton's ginning facilities, based in Boundiali, Dianra, and M'Bengue, are located more towards the country's Northwest, making San Pedro to the south a more direct export route.

**Stocks:**

As Côte d'Ivoire's cotton is almost exclusively exported, the country does not hold extensive stocks. Producers sell the crop immediately, and the harvest enters processing and export channels. In recent years, exports have been slower to peak, often carrying over into the next campaign. This dynamic was amplified further in the previous year due to a larger than expected slowdown in trade as COVID-19 depressed demand from Asian textile sectors. Post projects MY 2021/22 ending stocks returning to a more typical level of 299,000 bales as global demand has strengthened. MY 2020/21 ending stocks are estimated at 324,000 bales. Due to aforementioned disruptions in textile and clothing supply chains, Post estimates that ending stock levels in MY 2019/20 surged to approximately 584,000 bales. With limited domestic usage, the pace of trade will continue to dictate carry over stock levels in the country.

**Prices:**

The CCA leads market surveys each year to establish farm gate prices for harvested cotton, which are generally announced before the start of the Oct-Sep market year. For the 2020/21 campaign, the price for first choice cotton is set at 300 CFA franc (\$0.50) per kilo, unchanged from the 2019/20 campaign. This price exceeds that of other major regional producers that have set their farm gate prices between 200-265 CFA franc.

**Policy:**

Until the early 2000s, the Ivoirian cotton sector was controlled by the then-public CIDT. The sector subsequently underwent significant reorganization and privatization, with the CIDT itself eventually being privatized in 2016. In addition to privatizing the cotton sector, Government of Côte d'Ivoire (GOCI) reforms have also focused upon the zoning and timing of production. In addition to cashews, cotton has been identified as one of the leading sectors in terms of importance for the country's northern and central economies. The GOCI has expressed an ambition for cotton production to expand to 600,000 hectares in the future (Post projects 450,000 hectares under cultivation by MY 2021/22).

With sustained expansions to production, cotton is among the country's primary export crops. In value terms, cotton exports in CY 2020 reached \$290 million, down from \$362 million in CY 2019. This compares with \$4.9 billion for cocoa and cocoa products, \$1.0 billion for natural rubber, \$908 million for cashew, \$194 million for fresh fruit, and \$156 million for coffee in CY 2020. As such, cotton exports are by no means the largest agricultural export, but firmly among the country's most vital agricultural sectors.

The CCA is the industry's regulatory body for issues such as pricing. Intercoton is the sector's interprofessional organization that coordinates activities between all actors, and is also involved with pricing, as well as classification, tracking, and research. GOCI has indicated it wishes to use 25-50 percent of its cotton domestically by 2025.

**Production, Supply and Distribution Table:**

Cotton Market Year Begins Cote d'Ivoire	2019/2020		2020/2021		2021/2022	
	Aug 2019		Aug 2020		Aug 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Planted</b> (1000 HA)	0	0	0	0	0	0
<b>Area Harvested</b> (1000 HA)	408	408	435	445	0	450
<b>Beginning Stocks</b> 1000 480 lb. Bales	267	267	584	584	0	374
<b>Production</b> 1000 480 lb. Bales	990	990	1025	1010	0	1100
<b>Imports</b> 1000 480 lb. Bales	0	0	0	0	0	0
<b>MY Imports from U.S.</b> 1000 480 lb. Bales	0	0	0	0	0	0
<b>Total Supply</b> 1000 480 lb. Bales	1257	1257	1609	1594	0	1474
<b>Exports</b> 1000 480 lb. Bales	643	643	1050	1200	0	1150
<b>Use</b> 1000 480 lb. Bales	30	30	30	20	0	25
<b>Loss</b> 1000 480 lb. Bales	0	0	0	0	0	0
<b>Total Dom. Cons.</b> 1000 480 lb. Bales	30	30	30	20	0	25
<b>Ending Stocks</b> 1000 480 lb. Bales	584	584	529	374	0	299
<b>Total Distribution</b> 1000 480 lb. Bales	1257	1257	1609	1594	0	1474
<b>Stock to Use %</b> (PERCENT)	86.78	86.78	48.98	30.66	0	25.45
<b>Yield</b> (KG/HA)	528	528	513	494	0	532
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						

**Attachments:**

No Attachments