

**Required Report:** Required - Public Distribution

**Date:** September 14,2020

**Report Number:** SG2020-0011

## **Report Name:** Cotton and Products Update

**Country:** Senegal

**Post:** Dakar

**Report Category:** Cotton and Products

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### **Report Highlights:**

Marketing year (MY) 2020/21 (August to July) harvested area for Mali, Senegal, and Burkina Faso is forecast to decrease 45 percent from the previous year to 738,000 hectares (HA) primarily due to lower harvested area in Mali. MY 2020/21 total cotton production for all three countries is projected at 1.19 million bales assuming good weather and low pest pressure. MY 2020/21 total exports are estimated to decrease 30 percent at 1.14 million bales on reduced export demand due to the COVID pandemic.

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## **Executive Summary:**

Marketing year (MY) 2020/21 (August to July) harvested area for Mali, Senegal, and Burkina Faso is forecast to decrease 45 percent from the previous year to 738,000 hectares (HA) primarily due to lower harvested area in Mali, with many farmers stating that late rainfall and security challenges have led them to plant alternate crops or leave land fallow. MY 2020/21 total cotton production for all three countries is projected at 1.19 million bales assuming normal weather conditions and low pest pressure. MY 2020/21 and 2019/20 total exports are estimated at 1.14 million and 1.62 million bales on reduced export demand due to the COVID pandemic. All countries are forecast to hold higher stocks because of falling export demand, and storage capacity could become a challenge if more storage is needed.

## ***Mali***

### **Production**

MY 2020/21 (August to July) cotton harvested area is forecast to drop 77 percent to 170,000 HA due to a low fixed farm gate price and high fertilizer prices. In May, the Government of Mali set the fixed farm gate price at 200 CFA francs (\$0.35) per KG, a 27 percent drop from the previous year, and significantly lowered the fertilizer subsidy due to low cotton prices resulting from the COVID pandemic. Although the government raised the farmgate price and fertilizer subsidy later in the season, most farmers, particularly in the Koutiala and Sikasso regions, had already switched to other crops such as millet, sorghum, corn, soybeans, and other pulses. MY 2020/21 production is estimated at 310,000 bales assuming good rainfall and low pest pressure.

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

### **Consumption and Value-Added Cotton**

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

### **Trade**

Exports for MY 2020/21 are forecast at 300,000 bales, down 66 percent on expectations of falling export demand. Exports for MY 2019/20 are estimated at 870,000 bales, down 52 percent from the previous year on lower international demand. Most Malian cotton is sold to Bangladesh.

### **Stocks**

MY 2020/21 and MY 2019/20 stock are estimated to remain relatively high at 446,000 and 461,000 bales due to falling export demand related to COVID-19. The Compagnie Malienne pour le Développement du textile (CMDT), Mali's only cotton ginning mill, has very limited storage. To accommodate the surplus, the CMDT has rented additional storage space in ports across West Africa.

### **Policy**

According to official contacts, Mali has adopted a new initiative called the Strategic Development Program for the Cotton Sector (PDS-FC) for 2020-2025. The goal is to produce over one million MT of seed cotton per year by 2025.

## ***Senegal***

### **Production**

MY 2020/21 (August to July) area is forecast at 18,000 HA. A 14-day drought in July (especially in the regions of Velingara, Kolda, and Tambacounda) reportedly discouraged farmers from planting cotton, and is expected to cap any major expansion in area. Many farmers switched to other crops such as peanuts and corn. MY 2020/21 production is projected at 32,000 bales assuming good weather and low pest pressure.

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

### **Consumption and Value-Added Cotton**

MY 2020/21 consumption is estimated at zero bales as Senegal's cotton processing companies are still not operational.

### **Trade**

MY 2020/21 cotton exports are projected at 30,000 bales assuming declining export demand due to the COVID pandemic. MY 2019/20 exports are revised down to 25,000 bales due to a drop in international demand. The COVID 19 pandemic has forced many traders and importers to cancel their orders, while some cotton fiber could not leave the port of Dakar due to logistical issues. Most of Senegal's cotton is exported to Bangladesh or sold to major traders such as Cargill, MAMBO, and COPACO. About five percent is sold directly to private companies that buy organic and Fairtrade cotton.

### **Stocks**

MY 2020/21 and MY 2019/20 stocks are forecast to remain relatively high at 9,000 and 7,000 bales. (Cotton is stored in warehouses owned by SODEFITEX- the Government of Senegal is the largest shareholder). SODEFITEX's maximum storage capacity is estimated at 12,000 bales (2,500 MT).

### **Policy**

Despite low international prices, SODEFITEX and the Government of Senegal offered a fixed farm gate price of 300 CFA francs (\$0.52) per KG to incentivize farmers to grow more cotton. However, peanut prices were more remunerative in MY 2019/20, incentivizing farmers to switch crops.

Fertilizers and urea are not subsidized for cotton production. The MY 2020/21 price for fertilizer is 15,012 CFA francs (\$26.11) per 50 KG bag, two percent higher than last year. The price for urea remained unchanged at 13,112 CFA (\$22.80 ) francs per 50 KG.

## ***Burkina Faso***

### **Production**

MY 2020/21 area is projected down to 550,000 HA due to late rains, a lower fixed farm gate price, and ongoing security challenges. Late rains particularly affected planting decisions in central and eastern Burkina Faso. Moreover, job opportunities in the gold mine sector and continued security issues influenced farmers to cut plantings by roughly 50,000 HA. MY 2020/21 production is projected at 850,000 bales assuming good growing conditions, although it is unclear if farmers will be able to find long-term solutions for ongoing challenges with cotton pests.

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

### **Consumption and Value-Added Cotton**

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

### **Trade**

Cotton exports for MY 2020/21 are forecast at 815,000 bales on expectations of less robust international demand. Exports for MY 2019/20 are estimated down to 730,000 bales due to lower international demand. According to official contacts, Bangladesh purchased approximately half of Burkina Faso's cotton exports in MY 2019/20.

### **Stocks**

MY 2020/21 and MY 2019/20 stocks are projected at 150,000 and 140,000 bales due to declining exports. According to contacts, unsold cotton is currently being stored at ports in Abidjan, Cotonou, and Lomé. If necessary, SOFITEX will store surplus cotton in Burkina Faso in their own warehouses.

### **Policy**

On May 29, the General Assembly of the Interprofessional Cotton Association of Burkina Faso dropped the 2020/21 fixed farm gate price for Grade One cotton by nine percent to 240 CFA francs (\$0.41) per KG, which includes a government subsidy of 10 CFA franc (\$0.02) per KG. The Assembly believed that lower international prices due to the COVID pandemic would make a higher fixed price unsustainable. The General Assembly also announced that the Government of Burkina Faso would support farmers with 15.4 billion CFA francs (\$26.8 million) in fertilizer and pesticide subsidies.

**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 2020/21 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 (1,000 Hectares (HA), 1,000 bales, PERCENT, KG/HA)

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 Planted (1000 HA)						
Area Harvested (1000 HA)	725	725	735	735	515	170
Beginning Stocks 1000 480 lb. Bales	576	576	471	6	621	461
Production 1000 480 lb. Bales	1270	1270	1350	1350	950	310
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	1571	771
Exports 1000 480 lb. Bales	1350	1815	1175	870	1000	300
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	546	446
Total Distribution 1000 480 lb. Bales	1846	1846	1821	1356	1571	771
Stock to Use % (PERCENT)	34.25	0.33	51.75	51.51	53.27	137.23
Yield (KG/HA)	381	381	400	400	402	397

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 Planted (1000 HA)						
Area Harvested (1000 HA)	21	21	16	16	20	18
Beginning Stocks 1000 480 lb. Bales	3	3	5	3	4	7
Production 1000 480 lb. Bales	29	29	29	29	35	32
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	32	39	39
Exports 1000 480 lb. Bales	25	29	30	25	35	30
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	3	4	7	4	9
Total Distribution 1000 480 lb. Bales	32	32	34	32	39	39
Stock to Use % (PERCENT)	18.52	10.34	13.33	28	11.43	30
Yield (KG/HA)	301	301	395	395	381	387

Cotton Market Year Begins Burkina	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 Planted (1000 HA)						
Area Harvested (1000 HA)	630	645	580	580	575	550
Beginning Stocks 1000 480 lb. Bales	255	255	280	10	435	140
Production 1000 480 lb. Bales	850	825	880	885	900	850
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	990
Exports 1000 480 lb. Bales	800	1045	700	730	800	815
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	150
Total Distribution 1000 480 lb. Bales	1105	1080	1160	895	1335	990
Stock to Use % (PERCENT)	33.94	0.93	60	18.54	61.82	17.86
Yield (KG/HA)	294	278	330	332	341	336

## Attachments:

No Attachments