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Senegal

Cotton and Products Annual

2017 West Africa Cotton and Products Annual

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Report Highlights:

For MY 2016/17 (August to July) total cotton production for Burkina Faso, Chad, Cote d'Ivoire, Mali, and Senegal is estimated to rise 18 percent to 1.8 million metric tons (MMT) due to higher area and good yields. For MY 2017/18, total production is estimated at 1.9 million metric tons assuming good rainfall and strong prices.

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Executive Summary:

For MY 2016/17 (August to July) total cotton production for Burkina Faso, Chad, Cote d'Ivoire, Mali, and Senegal is estimated to rise 18 percent to 1.8 million metric tons (MMT) due to higher area and good yields. Area is projected at 2 million hectares (HA), a 5.1 percent increase compared to last year. For MY 2017/18, production is estimated at 1.9 million tons assuming good rainfall and strong prices.

In MY 2016/17, Burkina Faso is expected to be the top cotton producer, followed by Mali, Cote d'Ivoire, Chad, and Senegal. Burkina Faso and Malian cotton production levels are estimated to account for approximately 71 percent of total production.

Production

For all West African countries, the planting season for cotton generally begins in June; the harvest starts in September/October and ends in November. Ginning mills collect cotton from October/ November to March. Farm gate prices, which are fixed by each government, are generally announced in April.

Burkina Faso

For MY 2016/17 cotton production is estimated to rise 17 percent to 1,300 million 480 lb. bales based on official government statistics and reportedly good rainfall in most growing areas. Area is estimated to increase by six percent to 700,000 HA on expectations of strong prices and relatively higher profit margins than other crops.

According to Post contacts and local media, in MY 2016/17 farmers only planted conventional cotton because of concerns with Monsanto's Bollgard II Bt cotton variety; cotton ginning mills allegedly noted that Bollgard II's cotton fiber length was too short (i.e., the variety produced a lower quality product). On March, 2017, according to news articles, the Government of Burkina Faso reached agreement to reimburse 25 percent of the royalties to Monsanto (approximately 3.7 billion CFA francs (USD \$5.9 million)) for cotton produced in MY 2014/15 and MY 2015/16.

For MY 2017/18, production is forecast at 1,400 million 480 lb. bales on higher area, which is projected to increase by 7.9 percent to 755,000 HA due to expectations of good rainfall and strong prices. Burkina Faso recently announced the MY 2017/18 farm gate price at 245 CFA francs (\$.40) per kg, a 4.3 percent increase from last year. According to Post contacts, it is unclear whether a Bt cotton variety will be planted in MY 2017/18.

Value Added Cotton:

There are three main cotton companies: Sofitex, the state-owned cotton ginning mill, as well as Faso Cotton and Gourma Cotton Company (Socoma), two private ginning mills that manage the central and eastern regions of Burkina Faso. Almost 98 percent of all cotton fiber is exported. The remaining two percent is processed locally to produce yarn for handicrafts. Cotton seeds are crushed to produce cotton seed oil and livestock feed, and are also used to manufacture soap.

Mali

For MY 2016/17, cotton production and area levels are estimated to increase 25.7 and 18 percent to 1,220 million 480 lb. bales and 645,000 HA, a 10 year record. Area is expected to rise on strong farm gate prices, which increased by five percent to 250 CFA francs per kg (Please see Table 2). In MY 2017/18, production is forecast at 1,370 million 480 lb. bales assuming good weather.

Value Added Cotton:

The Compagnie Malienne pour le Développement du Textile (CMDT), created in 1974, is the primary cotton ginning mill, 80 percent of which is owned by the state (20 percent of the shares belong to cotton producers). Reportedly, CMDT plans to increase its ginning capacity by building two plants in the Segou region close to the borders of Cote d'Ivoire and Burkina Faso, as well as renovate three existing plants. It expects these improvements will increase its processing capacity by 20 percent. In order to fund the project, in April, 2016, and August, 2016, CMDT requested a 15 billion and 20 billion CFA francs (USD \$24 and \$32 million) loan from the West African Development Bank (BOAD) and other national banks.

Mali processes about one percent of its cotton fiber into artisanal weaving yarns (unbleached, white, and dyed thread) and printed fabrics (bogolan fabrics, woven cloth, and woven koba).

Cote d'Ivoire

For MY 2016/17 cotton production is estimated to increase by 6.4 percent to 625,000 480 lb. bales on official government statistics and favorable weather that reportedly resulted in higher yields. However, area is estimated to decrease by 14 percent to 344, 000 HA as farmers have allegedly decided to grow more profitable crops such as cashews or corn. For MY 2017/18 cotton production is projected at 665,000 480 lb. bales based on good weather and strong prices.

Value Added Cotton:

The cotton industry operates in the northern and central areas of the country and constitutes one state-owned ginning mill, the Compagnie Ivoirienne pour le Développement des Textiles (CIDT), and four private mills: Compagnie Ivoirienne de Coton (COIC), Société Industrielle Cotonnière des Savanes (SICOSA), Société d'Exploitation Cotonnière Olam (SECO), and Ivoire Cotton (IC). In August, 2016, the Government of Cote d'Ivoire (GOCI) announced plans to privatize CIDT by selling 80 percent of its shares to private investors due to poor performance (production decreased by 50 percent since 2002). Last year, the CIDT received 19 billion CFA francs (USD \$30 million) from the African Export-Import Bank to modernize its ginning facilities.

Only two percent of domestic cotton is purchased locally to produce artisanal items. For example, Cote d'Ivoire produces dyed handwoven fabrics, printed wax, and woodin.

Senegal

MY 2016/17 cotton production and area levels are estimated to decrease 25 and 33 percent to 28,000 480 lb. bales and 20,000 HA reportedly due to less rainfall and uncompetitive prices, which influenced farmers to switch to other crops such as peanuts. For MY 2017/18, cotton production and area levels are estimated at 30,000 480 lb. bales and 20,000 HA on expectations of good weather.

Value Added Cotton:

The Société de Développement et des Fibres Textiles (SODEFITEX) is the only cotton ginning mill in Senegal. The mill also produces animal feed from cotton seeds. Most of the cotton fiber is exported; the remaining two percent is sold locally to produce artisanal yarns for handwoven crafts.

Chad

For MY 2016/17 cotton production and area levels are estimated to rise 19 and 14 percent to 325,000 480 lb. bales and 315,000 HA due to favorable weather conditions; however, reportedly large quantities of cotton will not be collected or sold by the state-owned ginning mill (the only player in the market), Société Cotonnière du Tchad (Cotontchad SN) due to financial difficulties. Unsold cotton may find its way into neighboring markets such as Nigeria and Cameroon. For MY 2017/18 cotton production is projected to drop 16 percent to 270,000 480 lb bales due to expectations of continued financial difficulties with the state-owned ginning mill, which may influence farmers to grow other crops such as peanuts and sorghum.

Value Added Cotton:

A small quantity of cotton is sold locally to produce artisanal yarns.

Domestic Consumption

West Africa

Many textile mills have closed due to high operating costs and competition from second hand imported clothing. The Organization for Economic Co-operation and Development (OECD) reported that from 1980 to 2006 West Africa decreased its textile mills from 41 to 20; however, presently Post believes there might be less than 10 in operation. Only two percent of domestic cotton is used locally to produce artisanal textiles and traditional clothing.

Trade

West African cotton ginning mills mainly export ginned cotton to Asian markets. Very little is exported to Europe. Please see a short synopsis below.

For Burkina Faso, cotton accounts for 70 percent of the country's exports and 10 percent of its GDP, and is mainly exported to Asia. For the last past five years, 76 percent of its cotton exports were to

China, Indonesia, Thailand, and Turkey. For MY 2015/16, Burkina Faso primarily exported cotton to Turkey (44 percent), Indonesia (19 percent), and Thailand (13 percent).

For Mali, in the last five years 85 percent of its cotton exports were to China, India, Indonesia, and Thailand. Since 2012, Chinese purchases have decreased while export sales for Thailand and Indonesia have risen. In MY 2015/16, Mali primarily exported cotton to India (38 percent), Thailand (24 percent), and Indonesia (19 percent).

For Chad, in the last five years 64 percent of its cotton exports were to India, China, Portugal, and Indonesia. Chinese purchases have decreased since 2012. In MY 2015/16, Chad primarily exported cotton to India (37 percent), Thailand (19 percent), and Portugal (16 percent).

For Cote d'Ivoire, in the last five years 63 percent of its cotton exports were to China, India, and Indonesia. In MY 2015/16, Cote d'Ivoire primarily exported cotton to Indonesia (27 percent), Turkey (22 percent), and India (14 percent).

For Senegal, in the last five years 79 percent of its cotton exports were to China, France, Morocco, Portugal, and Indonesia. In MY 2015/16, Senegal primarily exported cotton to China (33 percent), Indonesia (23 percent), Morocco (14 percent), and India (13 percent).

Table 1: West Africa: Cotton Production Rising

Selected Countries	2015/16	2016/17	2017/18
	Post Production Data	Post Production Data	Post Production Data Forecasts
	('000 Bales)	('000 Bales)	('000 Bales)
Burkina Faso	1,100	1,300	1,400
Mali	975	1,220	1,370
Cote d'Ivoire	590	625	665
Chad	270	325	270
Senegal	38	28	30
Total	2,973	3,498	3,735

Source: FAS Dakar estimates and official country data - 1 Bale = 480 lbs

Table 2: West Africa: Fixed Farm Gate Prices for First Quality Cotton

(CFA francs)	Official 2015/16 Farm Gate Price	Official 2016/17 Farm Gate Price	Official 2017/18 Farm Gate Price
Burkina Faso	235 (\$0.39)	235 (\$0.39)	245 (\$0.40)

Mali	237.5 (\$0.40)	250 (\$ 0.42)	N/A
Cote d'Ivoire	235 (\$0.39)	265 (\$0.44)	N/A
Chad	240 (\$0.40)	220 (\$0.36)	N/A
Senegal	255 (\$0.42)	N/A	N/A

Source: Official sources; \$1= 600 CFA francs; CFA francs per kg

Table 3: West Africa: Input Prices for Fertilizer and Urea

(CFA francs)	Official 2015/16 Input Prices	Official 2016/17 Input Prices	Official 2017/18 Input Prices
Burkina Faso	Fertilizer: 15,000 (\$25.8) Urea: 15,000 (\$25.8)	Fertilizer: 15,000 (\$25.8) Urea: 15,000 (\$25.8)	N/A
Mali	Fertilizer: 11,000 (\$18.3) Urea: 11,000 (\$18.3)	Fertilizer: 11,000 (\$18.3) Urea: 11,000 (\$18.3)	N/A
Cote d'Ivoire	N/A	Fertilizer: 14,000 (\$23.3) Urea: 13,400 (\$22.3)	N/A
Chad	Fertilizer: 16,000 (\$26.6) Urea: 15,000 (\$25)	Fertilizer: 16,000 (\$26.6) Urea: 15,000 (\$25)	N/A
Senegal	Fertilizer: 11,880 (\$19.67) Urea: 9,500 (\$15.83)	Fertilizer: 11,880 (\$19.67) Urea: 9,500 (\$15.83)	N/A

Source: Official sources; \$1= 600 CFA francs; CFA francs per kg

Production, Supply and Demand Data Statistics (1000 Hectares (HA), 1,000 480 lb. Bales, PERCENT, KG/HA)

Cotton	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Burkina						
Area Harvested	660	660	700	700	0	755
Beginning Stocks	515	515	300	300	0	435
Production	1100	1100	1300	1300	0	1400
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1615	1615	1600	1600	0	1835
Exports	1300	1300	1150	1150	0	1390
Use	15	15	15	15	0	15
Loss	0	0	0	0	0	0
Total Dom. Cons.	15	15	15	15	0	15
Ending Stocks	300	300	435	435	0	430
Total Distribution	1615	1615	1600	1600	0	1835
Stock to Use %	22.81	22.81	37.34	37.34	0	30.6
Yield	363	363	404	404	0	404

Cotton	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mali						
Area Harvested	545	545	655	645	0	725
Beginning Stocks	436	436	386	386	0	481

Production	975	975	1240	1220	0	1370
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1411	1411	1626	1606	0	1851
Exports	1000	1000	1100	1100	0	1400
Use	25	25	25	25	0	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	0	25
Ending Stocks	386	386	501	481	0	426
Total Distribution	1411	1411	1626	1606	0	1851
Stock to Use %	37.66	37.66	44.53	42.76	0	29.89
Yield	390	390	412	412	0	411

Cotton	2015/2016		2016/2017		2017/2018	
Market Begin Year	Aug 2015		Aug 2016		Aug 2017	
Cote d'Ivoire	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	400	400	350	344	0	366
Beginning Stocks	285	285	70	70	0	135
Production	590	590	660	625	0	665
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	875	875	730	695	0	800
Exports	775	775	575	530	0	650
Use	30	30	30	30	0	30
Loss	0	0	0	0	0	0
Total Dom. Cons.	30	30	30	30	0	30
Ending Stocks	70	70	125	135	0	120
Total Distribution	875	875	730	695	0	800
Stock to Use %	8.7	8.7	20.66	24.11	0	17.65
Yield	321	321	411	396	0	396

Cotton	2015/2016		2016/2017		2017/2018	
Market Begin Year	Aug 2015		Aug 2016		Aug 2017	
Senegal	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30	30	25	20	0	20
Beginning Stocks	8	8	6	6	0	4
Production	38	38	40	28	0	30
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	46	46	46	34	0	34
Exports	35	35	35	25	0	25
Use	5	5	5	5	0	5
Loss	0	0	0	0	0	0
Total Dom. Cons.	5	5	5	5	0	5
Ending Stocks	6	6	6	4	0	4
Total Distribution	46	46	46	34	0	34
Stock to Use %	15	15	15	13.33	0	13.33
Yield	276	276	348	305	0	327

Cotton	2015/2016		2016/2017		2017/2018	
Market Begin Year	Aug 2015		Aug 2016		Aug 2017	
Chad	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	290	290	300	315	0	290

Beginning Stocks	76	76	56	56	0	71
Production	270	270	345	325	0	270
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	346	346	401	381	0	341
Exports	280	280	300	300	0	280
Use	10	10	10	10	0	10
Loss	0	0	0	0	0	0
Total Dom. Cons.	10	10	10	10	0	10
Ending Stocks	56	56	91	71	0	51
Total Distribution	346	346	401	381	0	341
Stock to Use %	19.31	19.31	29.35	22.9	0	17.59
Yield	203	203	250	225	0	203