

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Senegal

Cotton and Products Update

2017 West Africa Update

Post:

Dakar

Commodities:

Cotton

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Report Highlights:

West Africa's (Burkina Faso, Chad, Mali, and Senegal) Marketing Year (MY) 2017/18 cotton production is forecast down to 2.8 million 480 lb. bales primarily due to drought and high pest pressures in Burkina Faso and a lack of inputs in Chad. MY 2017/18 exports from West Africa are expected to drop in comparison to Post's MY 2016/17 estimate to approximately 2.7 million 480 lb. bales on lower exportable supplies.

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Executive Summary:

West Africa's (Burkina Faso, Chad, Mali, and Senegal) Marketing Year (MY) 2017/18 cotton production is forecast down to 2.8 million 480 lb. bales primarily due to low production in Burkina Faso and Chad. Burkina Faso's MY 2017/18 production is forecast to fall to 1.3 million 480 lb. bales on drought and high pest pressures, which caused yields to drop to a 22-year low. Post contacts stated that since farmers used most of their pesticide supplies on corn to control the fall armyworm pest, they reportedly had limited available quantities for cotton. These limited supplies reportedly made it difficult for farmers to spray the crop six to eight times during the season, which is suggested for conventional cotton. In prior years, when farmers planted *Bacillus thuringiensis* (Bt) cotton seed, they allegedly only had to apply pesticide twice. For Chad, MY 2017/18 production is estimated to drop to 118,000 480 lb. bales due to a lack of inputs such as fertilizer and pesticide.

Exports from West Africa are forecast to drop in comparison to Post's MY 2016/17 estimate to approximately 2.7 million 480 lb. bales on lower exportable supplies.

Burkina Faso

Production

MY 2017/18 area harvested is projected up to 853,000 HA on farmer expectations of relatively strong profit margins. However, overall yields are estimated at a 22-year low. Sources noted that approximately three percent of planted area was abandoned due to very poor yields. Production is forecast down to 1.3 million 480 lb. bales due to drought and pests (see photo 1 and 2). According to contacts, drought and a short rainy season stressed the crop, but also created favorable conditions for cotton pests such as the cotton bollworm and whitefly. Sources stated that since farmers had used most of their pesticide supplies on corn to control the fall armyworm pest, they reportedly had limited available quantities to spray on cotton. These limited supplies reportedly made it difficult for farmers to spray the cotton crop six to eight times during the season, which is suggested for conventional cotton. In prior years, when farmers planted Bt cotton seed, they allegedly applied pesticide twice during the season (See [September 5, 2017 cotton update](#) for further information).

Burkina Faso's cotton ginning mills had to order emergency supplies of pesticide, which it distributed to farmers on credit. However, because of low yields, reportedly many producers are unable to pay back the loan. The ginning companies said they are trying to restructure these debts so producers currently in default will not be barred from accessing inputs for the next season.



Photo 1 and 2: Bemisia (whitefly) and stunted and shriveled cotton bolls



Photo 3 and 4: Cotton harvest and aggregation
Source: FAS Dakar

Organic seed cotton production typically constitutes less than one percent of total seed cotton production. Post contacts are still assessing MY 2017/18 production at this time. For more information, please see the [September 5, 2017 cotton update](#).

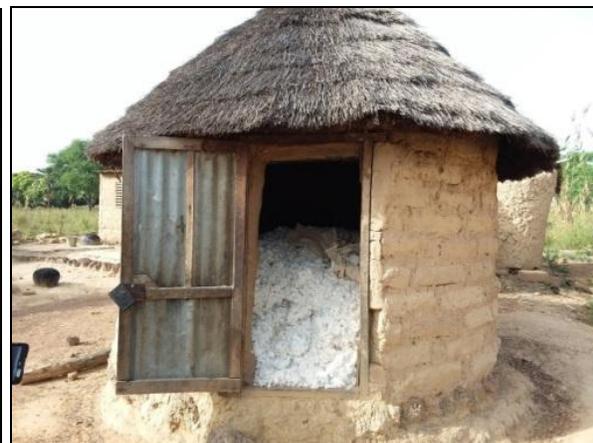


Photo 5 and 6: Organic cotton harvested and stored at the farmer level
Source: FAS Dakar

Policy

Burkina Faso's largest ginning mill Sofitex and its partner organization PlaNet Guarantee are supporting a pilot crop insurance program funded by the World Bank's Société financière internationale called Assurance Recolte Sahel. This crop insurance program, which would provide farmers yield protection, started two years ago in Bobo-Dioulasso and Houndé.

Trade

For MY 2017/18, Burkina Faso's exports are forecast slightly lower to 1.38 million 480 lb. bales on lower exportable supplies. For MY 2016/17, exports are estimated up at 1.41 million 480 lb. bales on higher exportable supplies. Post contacts believe that major buyers are based in Vietnam and Bangladesh.

Most international traders purchase cotton fiber Free on Board (FOB) in Euros using forward contracting. After processing, cotton fiber is transported by truck to the ports of Lome, Thema, Cotonou, and Abidjan. A train is also available to transport cotton from Bobo-Dioulasso to Abidjan. Reportedly, harbor congestion at the Port of Abidjan can sometimes result in diverting shipments to other ports.

Stocks

Contacts noted that ginning mills hold little to no stocks in Burkina Faso due to a lack of storage facilities. Ginning mills can hold about 500 MT in port warehouses, which is used to replace cotton that does not meet quality expectations before shipment.

Value Added Cotton

After ginning, leftover cotton seeds are processed into oil and delinted seeds. There are 150 cotton seed oil factories in Burkina Faso; allegedly only 80 comply with international standards. One of the factories in Bobo Dioulasso called Huilerie Nouvelle du Faso (HUN'OR) has the capacity to produce 40 tons of cotton oil per day, and plans to double production.

HUN'OR offers cotton seed oil in two sizes: 5 liters for 4,000 CFA francs (\$6.66) and 20 liters for 12,000 CFA francs (\$20). It also sells cotton seed meal at 115,000 CFA francs (\$191.66) per ton. Its current oil extraction rate is 10-12 percent; after crushing the cotton seed, 80-82 percent of the byproduct is sold as cotton meal for livestock feed.



Photo 7 and 8: Cotton seed oil processing factory



Photo 9 and 10: Cotton seed oil products and cotton value chain exhibit
Source: FAS Dakar

For MY 2017/18, domestic consumption of ginned cotton for yarn production is estimated to remain at 25,000 480 lb. bales. Burkina Faso has only one spinning mill, FILSAH. According to contacts, uncompetitive prices and electricity shortages are the biggest challenges to expanding domestic yarn production. Forty percent of this yarn is sold locally to produce artisanal products; 60 percent is exported to European markets (e.g., Rotterdam, Barcelona, and Hamburg).

Production and Value Added Products for Mali, Chad, and Senegal

Mali

MY 2017/18 cotton area and production levels are unchanged at 730,000 HA and 1.35 million 480 lb. bales, respectively. MY 2016/17 cotton production is revised up slightly to 1.24 million 480 lb. bales based on new government statistics.

Value Added Cotton:

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).

Chad

MY 2017/18 cotton area and production levels are forecast down to 118,000 HA and 90,000 480 lb. bales due to: 1) no distribution of inputs from the state-owned ginning company Société Cotonnière du Tchad (Cotontchad SN) (see [September 5, 2017 cotton update](#)); 2) flooding that affected 28,680 HA of planted area in August and September; and 3) drought. MY 2016/17 cotton area and production levels are unchanged

Senegal

MY 2017/18 cotton area levels are forecast to drop to 19,000 HA on expectations of low profit margins because of higher input and labor costs, which caused many farmers to switch to more profitable crops such as peanuts or subsistence crops such as corn. Although production is projected to fall to 36,000 480 lb. bales, this is primarily because of lower planted area; reportedly good weather and a low pest pressure boosted yields which may result in a nine year high. MY 2016/17 area and production levels are unchanged.

Value Added Cotton:

SODEFITEX is the only cotton ginning mill in Senegal. The mill also produces animal feed from cotton seeds. Most of Senegal's cotton fiber is exported; two percent is sold locally to produce artisanal yarns for handwoven crafts.

Trade for Mali, Chad, and Senegal

For MY 2017/18, Mali's exports are unchanged. Senegal and Chad's cotton exports are forecast down 30 and 63 percent to 33,000 and 75,000 480 lb. bales due to lower exportable supplies.

Table 1: West Africa: Cotton Production Trending Up

Selected Countries	2015/16	2016/17	2017/18
	Post updated Production Data (1,000 Bales)	Post updated Production Data (1,000 Bales)	Post Updated Production Data(1,000 Bales)
Burkina Faso	1,100	1,310	1,300
Mali	975	1,240	1,350
Chad	270	350	90
Senegal	38	28	36
Total	2,383	2,928	2,776

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)	250 (\$ 0.42)
Chad	240 (\$0.40)	220 (\$0.36)	N/A
Senegal	255 (\$0.42)	255 (\$0.42)	300 (\$0.5)

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

Table 3: West Africa: Pricing for Subsidized 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)	Fertilizer: 15,000 (\$25.8) Urea: 15,000 (\$25.8)
Mali	Fertilizer: 11,000 (\$18.3) Urea: 11,000 (\$18.3)	Fertilizer: 11,000 (\$18.3) Urea: 11,000 (\$18.3)	Fertilizer: 11,000 (\$18.3) Urea: 11,000 (\$18.3)
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)	Fertilizer: 16,038 (\$26.73) Urea: 12,132 (\$20.22)

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 Market Begin Year	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
Burkina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	660	660	700	700	755	853
Beginning Stocks	465	465	240	240	465	110
Production	1100	1100	1300	1310	1420	1300
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1565	1565	1540	1550	1885	1410
Exports	1300	1300	1050	1415	1300	1380
Use	25	25	25	25	25	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	240	240	465	110	560	5
Total Distribution	1565	1565	1540	1550	1885	1410
Stock to Use %	18.11	18.11	43.26	7.64	42.26	7.47
Yield	363	363	404	407	409	347

Cotton Market Begin Year	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
Mali	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	545	545	655	655	730	730
Beginning Stocks	436	436	386	386	486	501
Production	975	975	1225	1240	1370	1350
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1411	1411	1611	1626	1856	1851
Exports	1000	1000	1100	1100	1200	1200
Use	25	25	25	25	25	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	386	386	486	501	631	626
Total Distribution	1411	1411	1611	1626	1856	1851
Stock to Use %	37.66	37.66	43.2	44.53	51.51	51.1
Yield	390	390	407	412	409	403

Cotton Market Begin Year	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
Chad	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	290	290	315	315	150	118
Beginning Stocks	76	76	56	56	71	211
Production	270	270	325	350	150	90
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	346	346	381	406	221	301
Exports	280	280	300	185	150	75
Use	10	10	10	10	10	10
Loss	0	0	0	0	0	0
Total Dom. Cons.	10	10	10	10	10	10
Ending Stocks	56	56	71	211	61	216
Total Distribution	346	346	381	406	221	301
Stock to Use %	19.31	19.31	22.9	108.21	38.13	254.12
Yield	203	203	225	242	218	166

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	20	20	26	19
Beginning Stocks	10	10	11	8	7	7
Production	38	38	28	28	54	36
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	48	48	39	36	61	43
Exports	35	35	30	24	45	33
Use	2	5	2	5	2	5
Loss	0	0	0	0	0	0
Total Dom. Cons.	2	5	2	5	2	5
Ending Stocks	11	8	7	7	14	5
Total Distribution	48	48	39	36	61	43
Stock to Use %	29.73	20	21.88	24.14	29.79	13.16
Yield	276	276	305	305	452	413