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Senegal

Cotton and Products Update

2019 West Africa Cotton and Products Update

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Report Highlights:
MY 2019/20 (August to July) area for Senegal, Burkina Faso and Mali is forecast at 1.4 million hectares (HA), a 1.5 percent increase from the previous year primarily due to higher area in Mali on expectations that a strong fixed farm gate price will influence planting decisions. MY 2019/20 total cotton production is projected to increase 14.8 percent from the previous year to 2.47 million 480 lb. bales assuming good weather and low pest pressure. MY 2019/20 total exports are forecast to increase 15.1 percent to 2.42 million 480 lb. bales on expectations of strong international demand. This update primarily focuses on providing an overview of the cotton sector in Senegal; it includes an abridged analysis for Burkina Faso and Mali.

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Executive Summary:

This update primarily focuses on providing an overview of the cotton sector in Senegal; it includes an abridged analysis for Burkina Faso and Mali.

MY 2019/20 (August to July) area for Senegal, Burkina Faso and Mali is forecast at 1.4 million hectares (HA), a 1.5 percent increase from the previous year due to area increases in Mali on expectations that a strong fixed farm gate price will influence planting decisions. MY 2019/20 total cotton production is projected to increase 14.8 percent from the previous year to 2.47 million 480 lb. bales assuming good weather and low pest pressure. MY 2019/20 total exports are forecast to increase 15.1 percent to 2.42 million 480 lb. bales on expectations of strong international demand. MY 2018/19 area and production levels for all three countries are estimated at 1.38 million HA and 2.15 million 480 lb. bales, down 12.6 and 18.5 percent from the previous year primarily due to less planted area in Burkina Faso as a result of reported farmer strikes, as well as pest pressure, flooding, or drought in Mali or Burkina Faso.

For Senegal, in MY 2019/20 cotton area is forecast at 17,000 HA, a 19.1 percent decrease due to late and sparse rain that caused farmers to switch to other crops such as peanuts, corn, or millet. MY 2019/20 production is projected at 26,000 480 lb. bales assuming good weather, and exports are forecast at 26,000 480 lb. bales on lower exportable supplies. MY 2018/19 area and production levels are estimated at 21,000 HA and 29,000 480 lb. bales based on official government data.

Senegal

Production

Photo 1. Senegal: Late-planted Cotton Field

Source: FAS/Dakar – Tambacounda, August 6, 2019

MY 2019/20 (August to July) area is forecast at 17,000 HA, 19.1 percent lower than the previous year. According to contacts, late and sparse rain caused many farmers to abandon their fields or switch to other crops such as peanuts, corn, or millet. MY 2019/20 production is projected at 26,000 480 lb. bales assuming good weather and low pest pressure. MY 2018/19 area and production estimates are unchanged at 21,000 HA and 29,000 480 lb. bales based on official government data.

Senegal's cotton production is completely rain fed and mainly concentrated in Tambacounda and northern and northeastern Kolda (see Figure 1). Inputs are acquired on credit through SODEFITEX, Senegal's only cotton ginning company. For MY 2019/20, farmers paid SODEFITEX 124,365 CFA francs ($216) per HA for a "technical input package," which includes seeds, subsidized fertilizer and urea, herbicide, pesticide, plant growth regulators, and other inputs. Most farming communities share a manual seeder (see Photo 2) since, according to producers, it is prohibitively expensive at 65,000 CFA francs ($113). Tractors are not usually used to till the land because many cotton fields are not adjacent to one another.

According to the National Federation of Cotton Producers (FNPC), increasingly erratic and late rainfall has had a negative impact on yields in recent years, causing farmers to grow other crops or leave the land fallow. In lieu of growing cotton, some farmers and their families engage in off-farm activities such as selling charcoal, small ruminants, and small consumer goods imported from The Gambia.

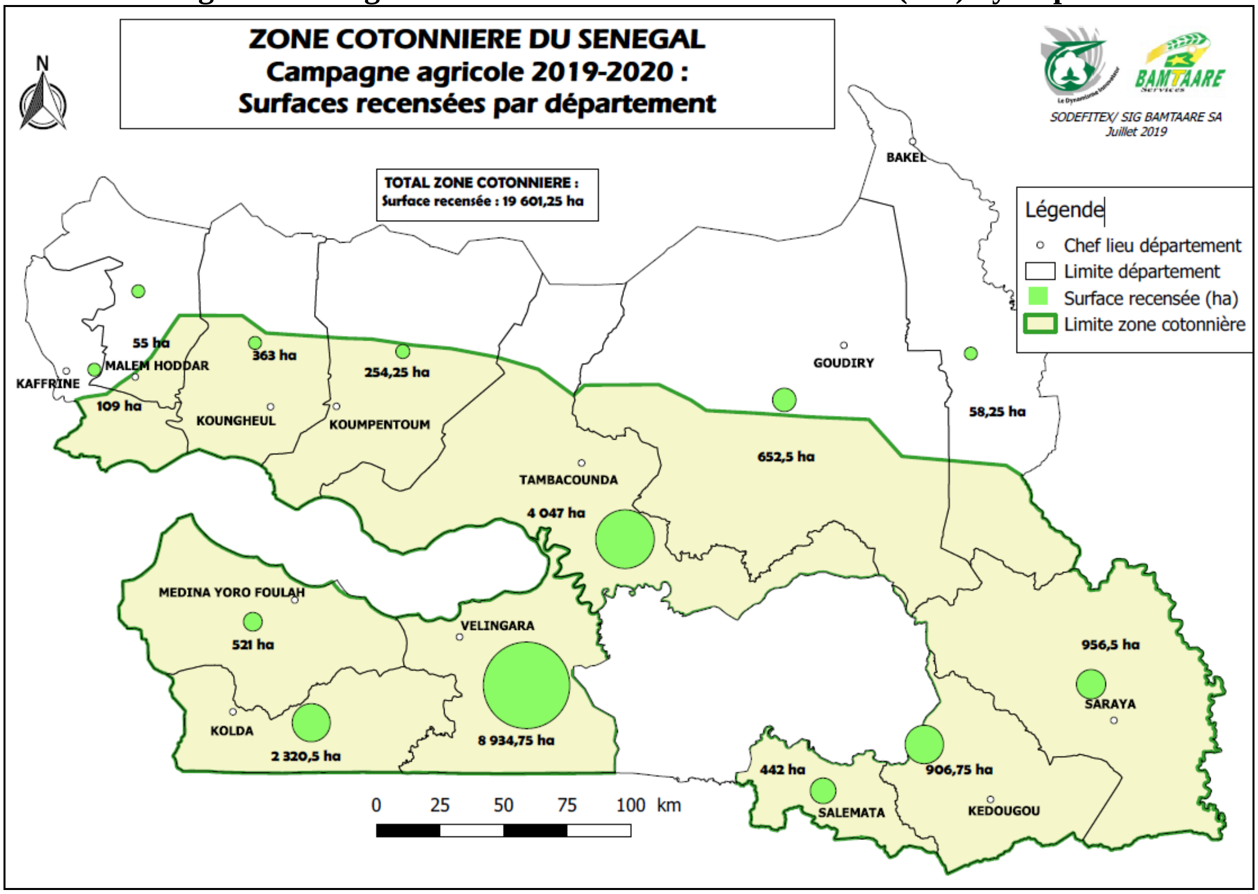
Photo 2. Senegal: 1-row Manual Seeder

Source: FAS/Dakar – Tambacounda, August 6, 2019

Photo 3. Senegal: Cotton Farmers

Source: FAS/Dakar – Tambacounda, August 6, 2019

Figure 1. Senegal: MY 2019/20 Cotton Area Planted (HA) by Department



Source: SODEFITEX

Consumption and Value-Added Cotton

Post forecasts MY 2019/20 consumption at zero 480 lb. bales. According to contacts, Senegal has one textile company, Nouvelle Société Textile Sénégalaise (NSTS); however, it is not currently functional. Prior to 2018, NSTS reportedly annually processed between 300 to 500 480 lb. bales into yarn mainly for export to Europe and Morocco.

Trade

MY 2019/20 cotton exports are projected at 26,000 480 lb. bales, 13.3 percent lower than the previous year on lower exportable supplies. MY 2018/19 exports are estimated at 30,000 480 lb. bales. Most of Senegal's cotton is exported to Bangladesh.

Stocks

MY 2019/20 stocks are forecast at 3,000 480 lb. bales, unchanged from last year. According to contacts, virtually no stocks are stored in country by the end of the marketing year.

Policy

For MY 2019/20, SODEFITEX maintained a fixed farm gate price of 300 CFA francs (0.52 USD) per kg to incentivize farmers to switch from peanuts to cotton. Although the fixed farm gate price for cotton is currently higher than the fixed farm gate price for peanuts (which is 210 CFA francs per kg), depending on international market prices, peanut exporters reportedly can offer 250 CFA francs per kg or more for peanuts, which can influence farmer planting decisions. In addition to maintaining the fixed farm gate price, SODEFITEX is also trying to incentivize farmers to plant cotton by providing universal crop insurance. In 2017, it partnered with Senegal's national agricultural insurance company (CNAAS) to roll out a subsidized drought insurance program for cotton using an evapotranspiration index. This program paid out 190 million CFA francs (330,000 USD) in 2017 and 123 million CFA francs (214,000 USD) in 2018 due to lower cotton production caused by poor weather.

Burkina Faso

Production

MY 2019/20 (August to July) area is forecast at 605,000 HA, an approximately four percent decrease compared to the previous year due to reduced access to inputs, security challenges, and drought. SOFITEX, Burkina Faso's main cotton ginning company, decided not to supply inputs on credit to approximately 10,200 indebted cotton farmers, who collectively represent 36,000 HA. In addition, according to contacts, heightened insecurity in the eastern part of the country, especially in the provinces of Kompienga, Fada, Tapoa, and Koulpelogo, caused farmers to abandon approximately 16,000 HA of cotton area. Late rains and drought also reportedly discouraged some farmers from planting cotton in the western and eastern zones. MY 2019/20 cotton production is forecast at 950,000 480 lb. bales assuming good weather, low pest pressure, and access to inputs in less insecure cotton production zones.

MY 2018/19 area and production are estimated at 630,000 HA and 850,000 480 lb. bales based on updated official government data. MY 2018/19 area was 25.9 percent lower than the previous year due to farmer strikes (see Policy section and November 2018 Cotton and Products Update). Production was negatively affected by security challenges that prevented farmers from treating their cotton with pesticide; this reportedly caused higher pest infestation from two cotton pests: *helicoverpa armigera* and *dysdercus*. Some farmers also reported that drought and low quality pesticide and fertilizer caused production to fall.

Consumption and Value-Added Cotton

MY 2019/20 consumption is forecast at 25,000 480 lb. bales, unchanged from last year. Burkina Faso's only spinning mill, Filature du Sahel (FILSAH), annually processes around 25,000 480 lb. bales of cotton fiber into yarn for export. MY 2018/19 consumption is estimated at 25,000 480 lb. bales based on official government data.

Trade

MY 2019/20 cotton exports are forecast at 925,000 480 lb. bales, a 12.1 percent increase from the previous year on expectations of higher exportable supplies and strong international demand. MY 2018/19 exports are estimated at 825,000 480 lb. bales, a 43.9 percent decrease from the previous year on lower exportable supplies. Cotton bales are conveyed by truck or train to the Port of Abidjan, Benin, or Dakar before being shipped to Asian markets (e.g., Bangladesh, Vietnam, Turkey, India, Indonesia, and Thailand).

Stocks

MY 2019/20 stocks are projected at 10,000 480 lb. bales, unchanged from last year. According to contacts, virtually no stocks remain in country by the end of the marketing year.

Policy

After cotton area and production fell last year, for MY 2019/20 Burkina Faso's Cotton Interprofessional Association (AICB) increased the fixed farm gate price to 265 CFA francs per kg and decreased fertilizer and urea prices to 14,000 CFA francs per 50 kg (see Tables 1 and 2) to try to influence farmer planting decisions and raise cotton area. Last year's low cotton production also influenced the creation of a new, high-level committee consisting of representatives from the Government of Burkina Faso (the Prime Minister and the Ministries of Commerce, Agriculture, Environment, Scientific Research, and Finance), cotton mills, producers, and textile companies. This committee was formed to monitor MY 2019/20 cotton production and inform farmers about any new government policies for the cotton sector.

Mali

Production

MY 2019/20 (August to July) area is forecast at 775, 000 HA, a 6.9 percent increase from the previous year, on expectations that a strong fixed farm gate price (see Table 1) will positively influence farmer planting decisions. MY 2019/20 production is projected at 1.49 million 480 lb. bales assuming continued good weather and low pest pressure.

MY 2018/19 cotton area and production levels are estimated at 725,000 HA and 1.270 million 480 lb. bales based on official government data. Flooding had reportedly affected approximately 30 percent of total area. Farmers also reported that yields were negatively affected by the cotton pest, *aphis gossypii*, during the flowering stage as well as poor rainfall.

Mali has around 200,000 cotton farms that average around three to four HA. Most producers still use manual and animal-drawn farm equipment to till the fields. There are only about 500 tractors available in the cotton production zones. Mali has 18 cotton ginning mills, all owned by Mali's only ginning company, Compagnie Malienne Pour le Developpement des Textiles (CMDT). Ginning occurs from October to December.

Consumption and Value-Added Cotton

MY 2019/20 consumption is forecast at 25,000 480 lb. bales, unchanged from last year. Mali's only textile companies, COMATEX and BATEX-CI, produce yarn and artisanal fabrics. Cotton seeds are processed into oil and cakes for human and animal consumption.

Trade

MY 2019/20 exports are forecast at 1.465 million 480 lb. bales, up 17.7 percent from the previous year, on expectations of higher exportable supplies and strong international demand. MY 2018/19 exports are estimated at 1.245 million 480 lb. bales, a 33.6 percent decrease from the previous year, on lower exportable supplies. Post sources believe most of these exports are shipped to Bangladesh, Vietnam, Turkey, India, Indonesia, and Thailand.

Stocks

MY 2019/20 stocks are projected at 6,000 480 lb. bales, unchanged from last year. According to contacts, virtually no stocks remain in country by the end of the marketing year.

Policy

The Government of Mali supports the cotton sector by providing input subsidies (see Table 2). Given the importance of the sector to the overall economy, it is likely that the government will continue to subsidize fertilizer and urea, although fixed prices for MY 2019/20 are still undetermined.

Table 1. West Africa: Fixed Farm Gate Prices for Grade One Cotton

(CFA francs)	Official 2016/17 Farm Gate Price	Official 2017/18 Farm Gate Price	Official 2018/19 Farm Gate Price	Official 2019/20 Farm Gate Price

Burkina Faso	235 ($0.41)	245 ($0.89)	250 ($0.43)	265 ($0.46)
Mali	250 ($ 0.43)	250 ($0.43)	255 ($0.44)	275 ($0.48)
Senegal	255 ($0.44)	300 ($0.52)	300 ($0.52)	300 ($0.52)

Source: Official sources; **$1= 575 CFA francs; CFA francs per KG**

Table 2. West Africa: Pricing for NPK (Nitrogen, Phosphorus, Potassium) and Urea

(CFA francs)	**Official 2016/17 Input Prices**	**Official 2017/18 Input Prices**	**Official 2018/19 Input Prices**	**Official 2019/20 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: 15,000 ($26.09) Urea: 15,000 ($26.09)	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: TBA Urea: TBA
Senegal	NPK: 11,880 ($20.66) Urea: 9,500 ($16.52)	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)

Source: Official sources; **$1= 575 CFA francs; CFA francs per KG**

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

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
Senegal	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	20	20	21	21	23	17
Beginning Stocks	2	2	3	4	5	3
Production	33	33	29	29	35	26
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	35	35	32	33	40	29
Exports	30	30	25	30	35	26
Use	2	1	2	0	0	0
Loss	0	0	0	0	0	0
Total Dom. Cons.	2	1	2	0	0	0
Ending Stocks	3	4	5	3	5	3
Total Distribution	35	35	32	33	40	29
Stock to Use %	9.38	12.9	18.52	10	14.29	11.54
Yield	359	359	301	301	331	333

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
Burkina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	850	850	650	630	700	605
Beginning Stocks	305	305	255	10	140	10
Production	1200	1200	850	850	1100	950
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1505	1505	1105	860	1240	960
Exports	1225	1470	940	825	1000	925
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	255	10	140	10	215	10
Total Distribution	1505	1505	1105	860	1240	960
Stock to Use %	20.4	0.67	14.51	1.18	20.98	1.05
Yield	307	307	285	294	342	342

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
Mali	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted						
Area Harvested	705	705	700	725	740	775
Beginning Stocks	501	501	576	6	486	6
Production	1400	1405	1260	1270	1425	1490
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1901	1906	1836	1276	1911	1496
Exports	1300	1875	1325	1245	1350	1465
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	576	6	486	6	536	6
Total Distribution	1901	1906	1836	1276	1911	1496
Stock to Use %	43.47	0.32	36	0.47	38.98	0.4
Yield	432	434	392	381	419	419