

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 9/5/2017

GAIN Report Number:

Senegal

Cotton and Products Update

2017 West Africa Update

Approved By:

Joshua Emmanuel Lagos

Prepared By:

Fana Sylla

Report Highlights:

For MY 2017/18, total area and production levels for West Africa are estimated to increase 2.75 percent to 2.95 million 480 lb. bales assuming good weather and strong farm gate prices. For MY 2017/18, cotton area and production levels in Burkina Faso are projected to increase 8 and 10 percent to 755,000 HA and 1.42 million 480 lb. bales on expectations of higher prices and good weather. Exports from the West African region are estimated to grow 17 percent to 2.88 million 480 lb. bales on expectations of competitive prices and strong international demand.

Table of Contents

Executive Summary	3
Burkina Faso	3
- Production	3
- Policy.....	5
- Trade.....	5
- Value Added Cotton	6
Production and Value Added Products for Mali, Chad, and Senegal.....	7
- Mali	7
- Chad	8
- Senegal	8
Trade for Mali, Chad, and Senegal	8
Table 1: Burkina Faso Seed Cotton Varieties	7
Table 2: West Africa: Cotton Production Rising	8
Table 3: West Africa: Fixed Farm Gate Prices for First Quality Cotton	9
Table 4: West Africa: Pricing for Subsidized Fertilizer and Urea	9
Production, Supply, and Demand Tables	9

Executive Summary:

For MY 2017/18, total area and production levels for West Africa are projected to increase 2.75 percent to 2.95 million 480 lb. bales on strong farm gate prices and good weather. Malian and Burkina Faso cotton production levels account for approximately 94 percent of total production in West Africa, with production estimated to rise by 11.8 and 9.2 percent to 1.37 and 1.42 million 480 lb. bales. Post projects Senegal to increase production by 93 percent to 54,000 480 lb. bales while production in Chad is estimated to fall by 65 percent to 114,000 480 lb. bales due to reports of continued financial difficulties with the state-owned ginning mill, which may influence farmers to grow other crops. Exports from the West African region are estimated to grow 17 % to 2.88 million 480 lb. bales on expectations of competitive prices and strong international demand.

For MY 2017/18, cotton area and production levels in Burkina Faso are projected to increase 8 and 10 percent to 755,000 HA and 1.42 million 480 lb. bales on expectations of higher prices and good weather. The use of conventional cotton seeds has reportedly resulted in higher pesticide application rates to control bollworm, thus, raising overall costs. Moreover, labor rates have risen from 500 CFA francs to approximately 1,200 CFA francs per day.

Burkina Faso**Production**

For MY 2017/18, cotton area and production levels are projected to increase 8 and 10 percent to 755,000 HA and 1.42 million 480 lb. bales on expectations of higher prices and good weather. According to contacts, many farmers planted cotton at the end of June (90 percent was reportedly planted) due to early rains, which they believe will result in higher yields. Contacts stated that nitrogen, phosphorus, and potassium (NPK) and urea prices are unchanged from last year; however, the use of conventional cotton seeds has reportedly resulted in higher pesticide application rates (increased from two to six applications) to control bollworm, thus, raising overall costs (Please see the Policy section for additional analysis). MY 2016/17 cotton area and production estimates are unchanged at 700,000 HA and 1.3 million 480 lb. bales.



Photo 1: Budding Cotton Plants in August
Source: FAS Dakar



Photo 2: Cotton Planted Around the End of June

Cotton production occurs in three zones, western, eastern, and central, and is managed by three cotton ginning mills: SOFITEX, SOCOMA, and Faso Cotton. The zones are divided up between each mill, which distributes inputs into its respective zone; farmers pay for the inputs after the harvest is collected. The Inter-Professional Cotton Association of Burkina (AICB), which constitutes a farmer (UNPCB) and ginning mill (APROCOB) association, agreed to pay farmers no more than 15 days after the seed cotton is collected and weighed at a ginning mill.

Because few tractors or other agricultural equipment are available (tractor rentals cost 25,000 CFA francs per HA), many farmers hire local labor or organize themselves into groups to help each other during the crop year. However, the quantity of rural workers available for field work has declined; allegedly, many rural workers have found employment in gold mining to earn higher wages. This has caused rates to rise from 500 CFA francs to approximately 1,200 CFA francs per day. Reportedly, labor rates have also risen due to health concerns because of higher pesticide application.

For MY 2017/18, subsidized NPK and urea prices are unchanged at 15,000 CFA francs per 50 kg; unsubsidized NPK and urea are about 21,000 CFA francs per 50 kg. Although the Government of Burkina Faso (GoBF) usually subsidizes these inputs, because the international price of fertilizer was 12 percent less than last year, reportedly all three local ginning mills purchased the fertilizer on the open market and charged a lower price to farmers without any GoBF financial assistance. The local mills also provide extension services to farmers, and for MY 2017/18 recommended three 50 KG bags of NPK and one 50 kg bag of urea for one HA. Moreover, reportedly conventional seeds are 1,000 CFA francs per 40 KG bag for non-delinted (fuzzy) seeds and 3,250 CFA francs per 40 KG bag for delinted seeds. Pesticide prices decreased 27 percent from 4,800 CFA francs to 3,500 CFA francs per liter.

Organic cotton production is estimated at 3,780 480 lb. bales per year (less than one percent). Area has generally remained stable at around 4,000 HA in the last few years. In general, organic cotton farmers wait one year after harvest for payment, which usually is received before the next crop year. Production is very labor intensive in order to control weeds and insects. FLOCERT certifies organic cotton in Burkina Faso, and provides oversight to ensure organic farmers at least receive the Fairtrade minimum price; this is 325 CFA francs per kg for MY 2017/18. Area dedicated to organic cotton can also be used to grow peanuts, sorghum, and voandzou (a local groundnut similar to peanuts).



Photo 3: Weeding Organic Cotton
Source: FAS Dakar

Policy

From MY 2008/09 to MY 2015/16 Burkina Faso farmers planted Bt cotton seed that was developed by SOFITEX in partnership with Monsanto. For MY 2016/17, according to Post contacts, local cotton ginning mills collectively agreed to stop the distribution of Bt cotton seeds due to its short fiber length, which apparently did not garner a high price on the international market. Sources noted that in general many farmers initially did not have a strong opinion on losing access to Bt cotton seeds, but eventually expressed concerns over increased pesticide application rates and the additional labor that is required to cultivate conventional cotton. Post contacts believe that both farmers and local cotton ginning companies are supportive of agricultural biotechnology, and noted that the introduction of a new Bt cotton variety would need to meet industry requirements.

Trade

For MY 2017/18, exports are estimated to increase 25 percent to 1.44 million 480 lb. bales on expectations of competitive prices and strong international demand. For MY 2016/17 exports are estimated at 1.15 million 480 lb. bales. According to Global Trade Atlas, in MY 2016/17 Turkey was the largest buyer (39 percent of market share). Post contacts believe that 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, Tema, Cotonou, and Abidjan; a train is also available from Bobo to Abidjan. Reportedly, there can be harbor congestion at the Port of Abidjan, which can result in diverting shipments to other ports.

Value Added Cotton

For MY 2017/18, consumption is estimated at 9,000 480 lb. bales, unchanged from the previous year on steady domestic demand. FILSAH, the only spinning mill in Burkina Faso, produces 5,000 tons of yarn

per year. According to contacts, uncompetitive prices as well as electricity shortages are the biggest challenges. Forty percent of the yarn is sold locally to produce artisanal products; 60 percent is exported to European markets (e.g., Rotterdam, Barcelona, and Hamburg). The domestic wholesale price is 87,500 CFA francs for 40 cones at 0.9 kg. The retail price for one cone is 2,250 CFA francs. Women constitute the majority of workers that produce artisanal textiles, and are organized into cooperatives, such as the Cooperative Faso textile, which is a part of the Groupement d’Interet Economique “Commerce et Artisanat pour le Bien Etre Social” (GIE CABES) that includes nine cooperatives from Burkina Faso and Mali.



Photos 4 and 5: FILSAH Spinning Mill
Source: FAS Dakar



Photos 6, 7, and 8: Artisanal Weaving at the COFATEX Cooperative

Source FAS Dakar

Table 1: Burkina Faso Seed Cotton Varieties

Variety	Breeder	Owner	Production Cycle in days	Yield (Ton/Ha)	Fiber yield (%)	Fiber length (mm)
FK37	INERA/Sofitex	INERA	120	2.6	43.5	29.45
FK95 BG2 (Bt)	INERA/Monsanto/AICB	INERA	120	3.5	43.6	28.6
FK96 BG2 (Bt)	INERA/Monsanto/AICB	INERA	120	3.5	41.5	28.7
FK64	INERA/AICB	INERA	120	2.6	44.0	31.0
FK290	INERA/Sofitex/CIRAD	INERA	120	3.0	42.9	29.7

Source: INERA

Mali

MY 2017/18 cotton area and production levels are projected to increase by 11.4 and 11.8 percent to 730,000 HA and 1.37 million 480 lb. bales on expectations of strong prices and good weather. For MY 2016/17 cotton production levels increased 26 percent to 1.225 million 480 lb. bales based on updated 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 projected to drop 61 percent and 65 percent to 122,000 HA and 114,000 480 lb. bales due to reports of continued financial difficulties with the state-owned ginning mill, Société Cotonnière du Tchad (Cotontchad SN). Post contacts stated that farmers likely will grow other crops such as corn, peanuts, or sorghum since they believe will not receive payment from Cotontchad SN. MY 2016/17 cotton area and production levels are unchanged. According

to contacts, Cotontchad has partially paid farmers for the cotton it has already collected, which is approximately 86 percent of the harvest.

Senegal

MY 2017/18 cotton area is estimated to increase 30 percent to 26,000 HA on higher fixed prices (which increased 20 percent to 300 CFA) and free crop insurance paid by the Government of Senegal that purportedly influenced many cotton farmers to increase cotton area in lieu of peanuts. MY 2017/18 production is projected to increase 93 percent to 54,000 480 lb. bales assuming continued good weather. 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 the 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, Chad, and Senegal are projected to increase exports by nine, eight, and 68 percent to 1.2 million, 200,000, and 47,000 480 lb. bales on expectations of competitive prices and strong international demand.

Table 2: 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	1,420
Mali	975	1,225	1,370
Chad	270	325	114
Senegal	38	28	54
Total	2,383	2,878	2,958

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

Table 3: 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 4: 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)	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 Planted	0	0	0	0	0	0
Area Harvested	660	660	700	700	755	755
Beginning Stocks	515	515	325	306	510	447
Production	1125	1100	1300	1300	1400	1420
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1640	1615	1625	1606	1910	1867
Exports	1300	1300	1100	1150	1275	1440
Use	15	25	15	25	15	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	15	9	15	9	15	9
Ending Stocks	325	290	510	415	620	370
Total Distribution	1640	1615	1625	1590	1910	1867
Stock to Use %	24.71	21.89	45.74	35.32	48.06	25.26
Yield	371	363	404	404	404	409

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 Planted	0	0	0	0	0	0
Area Harvested	545	545	655	655	700	730
Beginning Stocks	436	436	386	386	481	486

Production	975	975	1220	1225	1300	1370
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1411	1411	1606	1611	1781	1856
Exports	1000	1000	1100	1100	1150	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	481	486	606	631
Total Distribution	1411	1411	1606	1611	1781	1856
Stock to Use %	37.66	37.66	42.76	43.2	51.57	51.51
Yield	390	390	406	407	404	409

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 Planted	0	0	0	0	0	0
Area Harvested	290	290	315	315	290	122
Beginning Stocks	76	76	56	56	71	186
Production	270	270	325	325	270	114
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	346	346	381	381	341	300
Exports	280	280	300	185	250	200
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	186	81	90
Total Distribution	346	346	381	381	341	300
Stock to Use %	19.31	19.31	22.9	95.38	31.15	42.86
Yield	203	203	225	225	203	203

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 Planted	0	0	0	0	0	0
Area Harvested	30	30	20	20	20	26
Beginning Stocks	10	10	11	8	7	3
Production	38	38	28	28	30	54
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	48	48	39	36	37	57
Exports	35	35	30	28	25	47
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	3	10	5
Total Distribution	48	48	39	36	37	57
Stock to Use %	29.73	20	21.88	9.09	37.04	9.62
Yield	276	276	305	305	327	452