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Global Agricultural Information Network

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## Zimbabwe

**Post:** Pretoria

### Cotton Production and Consumption in Zimbabwe

**Report Categories:**

Cotton and Products

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**Report Highlights:**

Cotton lint production in Zimbabwe is expected to increase by 62 percent to 73,000 MT in the 2017/18 MY, due to the government's free inputs support program that targets smallholder farmers. As a result, cotton lint exports are expected to reach 65,000 MT. In the 2016/17 MY, Zimbabwe's cotton lint production is expected to recover to 45,100 MT, after only 13,120 MT was produced in the 2015/16 MY, due to extreme drought conditions. Cotton lint exports in the 2016/17 MY are estimated at 40,100 MT.

**Executive Summary:**

Post forecasts seed cotton production to increase to around 180,000 MT in the 2017/18 MY under normal weather conditions, compared to an estimated 110,000 MT in the 2016/17 MY. This growth is largely attributed to the government's free inputs support program to smallholder farmers to revive cotton production.

Zimbabwe experienced a favorable 2016/17-rainfall season that resulted in an increase in the area planted with seed cotton to an estimated 155,000 hectares. This is a 54 percent increase from the 100,000 hectares that was planted in the 2015/16 MY. Area planted under seed cotton is forecast to expand to 200,000 hectares in the 2017/18 MY.

Cotton lint production and lint exports in the 2017/18 MY are estimated at 73,000 MT (337,500 480lb bales) and 65,000 MT (297,256 480lb bales) respectively. In the 2016/17 MY, 45,100 MT (206,750 480lb bales) of cotton lint are expected to be produced and 40,100MT (183,384 480lb bales) of lint to be exported. Current domestic consumption of cotton lint by spinners is low and the bulk of cotton lint is exported.

## Production

Cotton, the second most important cash crop in Zimbabwe, is grown by thousands of smallholder farmers on average plot sizes of about one hectare in the summer rainfall growing season (November to April). Cotton is grown in four main regions of the country that are hot and receive rainfall of between 400mm and 600mm per annum, namely (also see map below):

- The central and north- western part of the country in the Midlands province covering areas in Gokwe South and Gokwe North, where the bulk of cotton production takes place.
- The northern part of the country in parts of the Mashonaland Central province around Muzarabani, Mahuwe, and Mushumbi.
- The south-eastern part of the country in the lowveld in the Manicaland province and Masvingo provinces covering areas around Checheche, Mwenezi and Chiredzi.
- Binga in the Zambezi Valley of the Matabeleland North province.



**Figure 1: Map of Zimbabwe**

Cotton is a major source of income for rural communities in these areas. The crop is usually grown under contract farming arrangements where contractors supply production inputs (seed, fertilizer and chemicals) to farmers on loan. At harvest, the contractor buys back the contracted seed cotton, deducts costs of the inputs and pays the contract farmer the remaining balance. However, in 2015 the government of Zimbabwe approved a three year free input support program to revive cotton production.

Post forecasts area under seed cotton production to increase by almost 30 percent to about 200,000 hectares in the 2017/18 MY and production to recover to around 180,000 MT, premised on normal rainfall and the continuation of the government's free inputs support program that reduces farmers' production costs. The government of Zimbabwe has pledged to provide free inputs to cotton farmers for a third year in the 2017/18 MY.

Good local seed cotton prices will also positively influence the size of the national crop. The strong local demand for cotton seed as a major raw material used in edible oil and stock feed production will also stimulate seed cotton production.

The number of cotton contract farmers in the 2016/17 MY is estimated at 150,000, up 20 percent from 125,000 in the 2015/16 MY. The number of cotton growers increased as a result of the provision of free cotton production inputs by the government of Zimbabwe, as well as the favorable summer rainfall season after the El-Nino induced drought in the 2015/16 MY.

The area planted with cotton seed in the 2016/17 MY is estimated at about 155,000 hectares, a 55 percent increase from 100,000 hectares planted in the 2015/16 MY. Cotton yields are expected to increase from 0.32 t/ha in the 2015/16 MY to 0.71 t/ha in the 2016/17 MY, as a result of the good rainfall in the 2016/17 summer season and the improved availability of production inputs.

Seed cotton production in the 2016/17 MY is estimated at 110,000 MT after only 32,000 MT was produced in the 2015/16 MY, due to extreme drought conditions.

Post forecasts cotton lint production in the 2017/18 MY at 73,000 MT (335,000 480lb bales). In the 2016/17 MY, Zimbabwe's cotton lint production is expected to recover to 45,100 MT after only 13,120 MT was produced in the 2015/16 MY. Table 1 summarizes seed cotton production in Zimbabwe from 2007 to 2017.

**Table 1: Seed cotton production in Zimbabwe from 2007 to 2017**

Market year	Number of farmers	Number of contractors	Area harvested (ha)	Production (MT)	Yield (t/ha)	Average price (USc/kg)	Lint production	
							(MT)	(480lb bales)
2017/18 <sup>1</sup>	180,000	6	200,000	180,000	0.9	50 <sup>2</sup>	73,000	335,000
2016/17	150,000	6	155,000	110,000	0.71	50 <sup>2</sup>	45,100	207,000
2015/16	125,000	8	101,000	32,000	0.32	35	13,120	60,220
2014/15	133,333	8	200,000	90,000	0.45	35	36,900	168,750
2013/14	134,452	8	250,000	136,000	0.54	45	55,760	255,000
2012/13	161,233	16	241,849	143,849	0.59	47	58,978	270,000
2011/12	288,601	15	432,901	350,703	0.81	40	143,788	660,000
2010/11	253,126	13	379,689	250,000	0.66	91	102,500	470,000
2009/10	210,000	12	315,000	267,000	0.85	37	109,470	502,000
2008/09	246,667	18	370,000	207,000	0.56	28	84,870	390,000
2007/08	260,000	25	390,000	223,746	0.57	20	91,736	421,000

**Source:** Cotton Ginners Association

**Notes:** <sup>1</sup> Forecast

<sup>2</sup> 2016/17 MY price still to be announced. Prices in the 2017/18 MY forecast to be similar to the 2016/17 MY prices

**Government policy to revive seed cotton production**

In 2015, the government of Zimbabwe approved a three year free input support program to revive cotton production, due to the crop's strategic importance. The three year input scheme began in the 2015/16 season and will end in the 2017/18 season.

In the 2016/17 production season, the government of Zimbabwe implemented the cotton inputs scheme for a second consecutive year through the distribution of free cotton inputs to cotton farmers. The government, through the Cotton Company of Zimbabwe (Cottco), distributed free inputs for nearly 90 percent of the cotton crop this season and has mandated Cottco to purchase cotton from all recipients of the free cotton input scheme. The inputs distributed through the scheme to revive cotton production were 5,722 tons of cotton seed, 21,706 tons of Compound L and 10,150 tons of top dressing.

### **Transgenic cotton**

The government of Zimbabwe currently prohibits the use of genetically engineered seed, including Bt cotton, but allows controlled trials under supervision of the Biotechnology Authority of Zimbabwe. These cotton trials are conducted at the cotton training center in Kadoma.

### **Consumption**

Total domestic cotton lint consumption in the 2017/18 MY is forecast at 9,800 MT (44,982 480lb bales), while the lint consumption for the 2016/17 MY is estimated at 8,000 MT (36,720 480lb bales). Consumption in the 2015/16 MY was set at 4,800 MT (22,032 480lb bales).

The textile and clothing sector in Zimbabwe consist of three components, namely: the production and ginning of cotton, transformation of lint into yarn and fabric and the conversion of fabric and yarn into garments. However, an increasing number of textile mills in the country are closing down due to the high costs of production and the influx of cheap clothing and fabrics. Other problems confronting the sector are outdated technology, low productivity and lack of investment.

### **Trade**

#### **Exports**

In the 2015/16 MY about 93 percent of domestic lint produced in the country was exported, mainly to South Africa where it was warehoused before being exported to other destinations. Data on cotton lint exports from ZIMSTATS, the national statistics center, is shown in Table 2 below.

**Table 2: Zimbabwe lint exports in the 2015/16 MY**

<b>Destination</b>	<b>Volume exported (MT)</b>	<b>Volume exported (480lb bales)</b>
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South Africa	12,028	55,006
Mozambique	195	892
Total	12,223	55,898

**Source:** ZIMSTATS (Ministry of Finance)

Lint exports in the 2016/17 MY are expected to be around 40,100 MT (184,059 480lb bales), about 228 percent higher than in the 2015/16 MY, due the expanded size of the cotton crop. Post forecasts cotton lint exports in 2017/18 MY to increase to 65,000 MT (298,350 480lb bales) because of higher seed cotton production.

Yarn is the main cotton value added export product. The country also exported cotton yarns in the 2015/16 MY, with South Africa being the main export destination as shown Table 3 below.

**Table 3: Zimbabwe yarn exports in the 2015/16 MY**

Destination	Volume exported (MT)
South Africa	2,148
Mozambique	576
Zambia	85
<b>Total</b>	<b>2,089</b>

**Source:** ZIMSTATS (Ministry of Finance)

The rules of origin enshrined in the Southern African Development Community (SADC) trade protocol make the South African market more attractive for local spinners. In addition, South African knitters and weavers enjoy duty-free exports of their goods into SADC states if they use Zimbabwean produced yarns.

## **Imports**

The textile and clothing sector imports polyester fibers as well as poly-cotton fabrics, as these are not produced locally. The sector is under pressure from a deteriorating economy, which has rendered most locally produced products uncompetitive against cheap imports that have flooded the market. A sustained erosion of disposable incomes mainly through a decline in the economy has forced Zimbabweans to resort to cheap imports, including second hand clothes.

Since 2015, the government has put in place support strategies to restrict imports and cushion the textile and clothing sector that is facing competition from cheap textile imports.

## **Ban on second-hand clothes imports and a rebate on inputs to revive the textile and clothing sector**

The government banned the importation of second hand clothes with effect from September 2015, in order to allow the local industry that was being choked by second hand imports to grow. The ban was heavily opposed by the public as there were no cheaper local alternatives and it destabilized a source of livelihood for thousands of people surviving from the sale of second hand clothes. In January 2017, the government of Zimbabwe relaxed its position on the importation of second hand clothes to allow for the recovery of the clothing and textile industry.

In July 2015, the government of Zimbabwe introduced a manufacturers' rebate duty on critical inputs imported by approved textile manufacturers. The rebate covers spare parts, yarn and unbleached fabric.

The government revised the customs duty on poly-knitted fabric upwards from 10 percent to 40 percent plus \$2.50 per kg after textile and apparel manufacturers advocated for a ban on imports of cheap polyester knitted fabric.

In June 2016, the government of Zimbabwe intervened to protect the local industry from imports through the introduction of Statutory Instrument (SI) 64 of 2016. SI 64 regulates commercial importation of a range of products that can be manufactured locally through removal of some products from the open general license and imposes a licensing requirement for bulk importations. Item 36 of SI 64 includes woven fabrics of cotton.

## Prices

Prices for the 2016/17 MY have not yet been announced by the government of Zimbabwe, the main provider of seed cotton inputs this season. However, the government has indicated that grade A cotton will be purchased at no less than US\$0.50 per kg. The price of grade A cotton was US\$0.35 per kg in the 2015/16 MY. A two phase payment system implemented in the 2015/16 MY, where farmers are paid an interim price of at least US\$0.30 per kilogram first and an additional payment made after grading is likely to be adopted in the 2016/17 MY.

**Table 4: PSD table for cotton**

Cotton Market Begin Year	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	100	100	200	155	210	200
Beginning Stocks	164	164	49	132	84	103
Production	55	60	155	207	160	335
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	219	224	204	339	244	438
Exports	125	55	80	184	100	298
Use	30	22	25	37	25	45
Loss	15	15	15	15	14	15
Total Dom. Cons.	45	37	40	52	39	60
Ending Stocks	49	132	84	103	105	80
Total Distribution	219	224	204	339	244	438

(1000 HA) ,1000 480 lb. Bales