

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

Voluntary - Public

**Date:** 10/26/2010

**GAIN Report Number:**

## Senegal

**Post:** Dakar

### West Africa Cotton Price Update

**Report Categories:**

Cotton and Products

**Approved By:**

Joani Dong, Agricultural Attaché

**Prepared By:**

Fana Sylla, Agricultural Specialist

**Report Highlights:**

This report is an complementary report of the West Africa Cotton Annual report dated September 16, 2010 on the Farm Gate Price for First Quality cotton for C4 countries (Mali, Benin, Chad and Burkina Faso) plus Senegal and Cote d'Ivoire covering the past three years.

## General Information:

This report is an update of the West Africa Cotton Annual report dated September 16, 2010 on the Farm Gate Price for First Quality cotton for C4 countries covering the past three years. (*See Table 1*)

For more information on the history and structure of the cotton sector in West Africa, please see previous reports, including [SG7011](#), [SG7020](#), [SG8001](#), [SG8012](#) and [SG8020](#).

**Table 1: Cotton Production forecast history for C4 plus two (1,000 480lb bales)**

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>Official 2008/ 09</b>	<b>Official 2009/ 10</b>	<b>Official 2010/ 11</b>	<b>2010/1 1</b>	<b>Prelimina ry Forecast 2010/11</b>
	<b>USDA Official Producti on (1,000, 480 lb. bales)</b>	<b>USDA Official Producti on (1,000, 480 lb. bales)</b>	<b>USDA Official Producti on (1,000, 480 lb. bales)</b>	<b>Farm Gate Price for First Quality</b>	<b>Farm Gate Price for First Quality</b>	<b>Farm Gate Price for First Quality</b>	<b>Area (1,000 hectare s)</b>	<b>Producti on (1,000, 480 lb. bales)</b>
				<b>(F CFA)</b>	<b>(F CFA)</b>	<b>(F CFA)</b>		
Mali	450	387	454	200	184	185	280	550*
Burkina Faso	675	850	700	165	168	182	475	900*
Benin	500	405	400	190	190	200	225	435
Chad	190	140	75	180	180	180	72	58*
Cote d'Ivoire	225	225	332	185	175	200	220	481*
Senegal	88	95	35	185	185	195	25	45*
<b>West Africa</b>	<b>2,128</b>	<b>2,102</b>	<b>1,996</b>				<b>1,297</b>	<b>2,469</b>
<b>Total</b>								

\* Post estimates. US\$1 = 500 FCFA's

## Mali

In Mali, the preliminary cotton price is fixed early in the season using a mathematical formula that approximates the actual price that will be charged for the period. It is mainly based on prices based on index Cotlook A in the last months and the forecast on the price trends.

At the end of the season, a final price is calculated. If the final price is higher than the price set earlier in the season,

producers will receive additional payment. It is a rule to divide gross earnings among cotton producers (60 percent) and the *Company Malienne pour le Développement des Textiles* (CMDT) (40 percent). CMDT can tap into its share to compensate for any losses suffered if international prices should fall below initially set prices.

During the 2009/10 campaign, the preliminary cotton price was set at 170 F CFA. In August 31, 2010, the Deputy Director General of CMDT announced in the newspaper, *L'indépendant*, that after a final evaluation that took into consideration the favorable trend of cotton prices in the international market, farmers would receive a refund of 14 F CFA (\$0.028) per kilogram of cotton seed. Therefore, the average price of cotton seed price during the 2009/10 campaign will be 184 F CFA (\$0.37) compared to 200 F CFA/kg (\$0.40) last season and 185 F CFA (\$0.37) for the 2010/11 campaign. Post believes that, for the 2010/11 campaign, because of the rising price of cotton on the international market that was not expected when determining the initial price set earlier in the season, it will be adjusted later in the season.

### **Burkina Faso**

The

2009/10 seed cotton price was previously announced at 160 F CFA (\$0.32). However, a decision made in April 2010 confirmed that an additional 8 F CFA per kilogram of seed cotton would be paid to farmers on profits realized on the sale of cotton during the 2009/10 campaign. Therefore the final 2009/10 cotton seed price will be selling at 168 F CFA per kilogram. The 2010/11 price was set at 182 F CFA (\$0.36). The fiber price is set at 633.869 F CFA/kg (\$1.26) for the 2009/10 campaign, and a forecast at 800 F CFA (\$1.60) for the 2010/11 season.

### **Benin**

The final cotton seed price for 2010/11 was announced at 200 F CFA per kg (\$0.4). This increase of 10 F CFA (\$0.02) per kg compared to last year is certainly linked to good performance in cotton prices in the international market. However, according to *AIC Infos*, the Benin Interprofessional Association of Cotton publication, the fundamental reason for price increases is owing to the sector's reform. (Refer to [www.aicbenin.org](http://www.aicbenin.org) - Bulletin No. 43)

### **Chad**

Seed cotton price in Chad is fixed at 180 F CFA per kg (\$0.36).

### **Cote d'Ivoire**

There was no change. On May 2010, the purchasing price per kilogram of first grade cotton seeds has been set to 200 F CFA (\$0.4) per kg compared to 175 F CFA (\$0.35) in 2009/10. It will be the highest preseason seed cotton price in the region.

### **Senegal**

There was no change. . First grade cotton seed price has been fixed at 195 F CFA/kg (\$0.39) for 2010/11 .