

## Africa's Cotton in the World



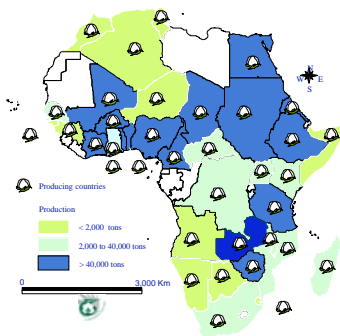
ICAC & Gérald Estur

Seminar on Cotton in Africa  
6-8 September 2007, Arusha

## The Importance of Cotton in Africa

- A vital cash crop for millions of Africans
- Major source of export earnings:
  - 3<sup>rd</sup> place after cocoa and coffee
  - 25 to 70% of total exports in several countries
- Engine of development
- 250 ginneries in rural areas
- Oil crushing mills & textile mills

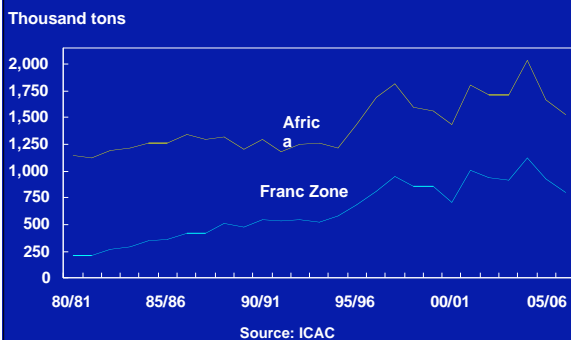
## Cotton in Africa



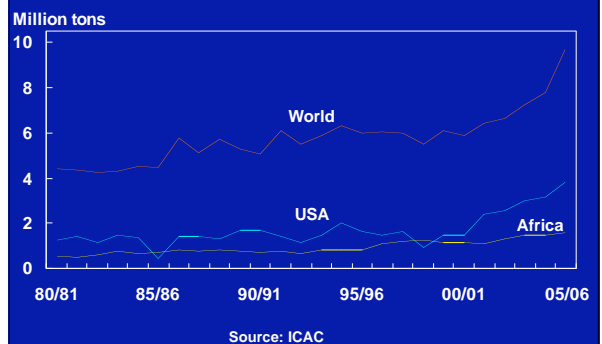
## Overview of the Cotton Sector in Africa

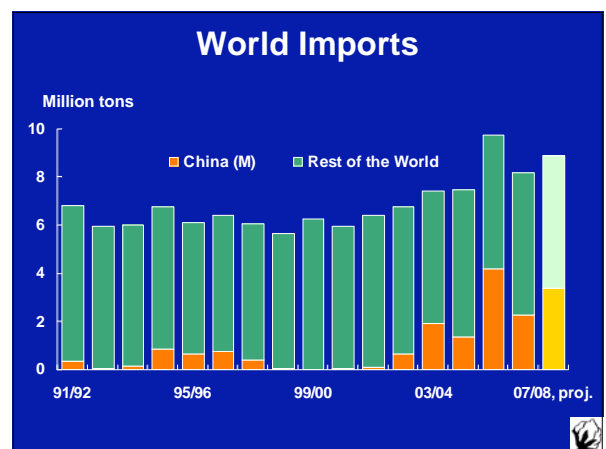
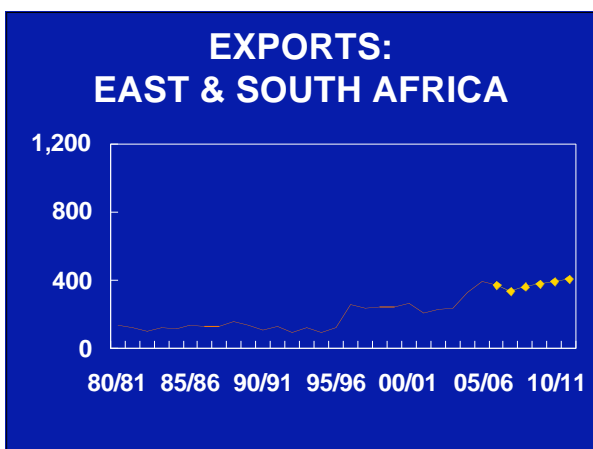
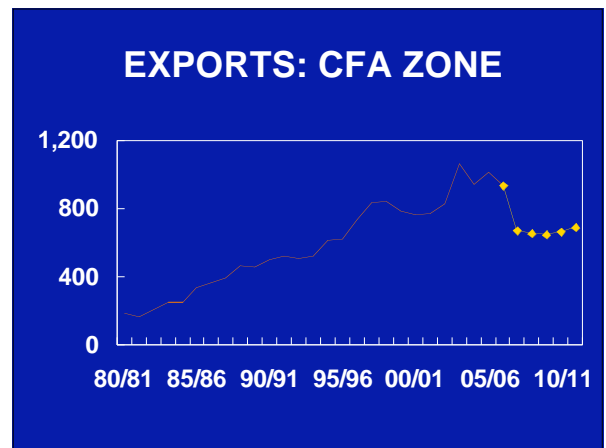
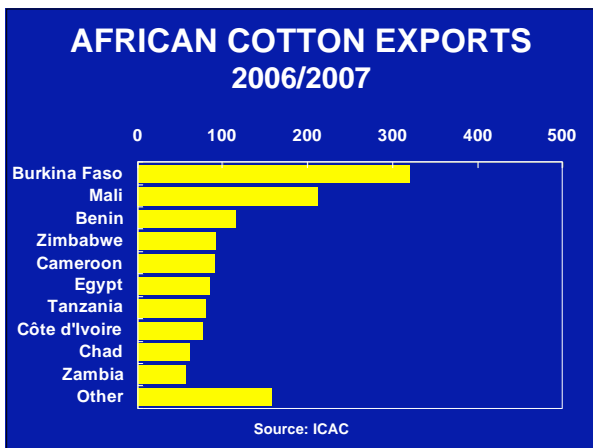
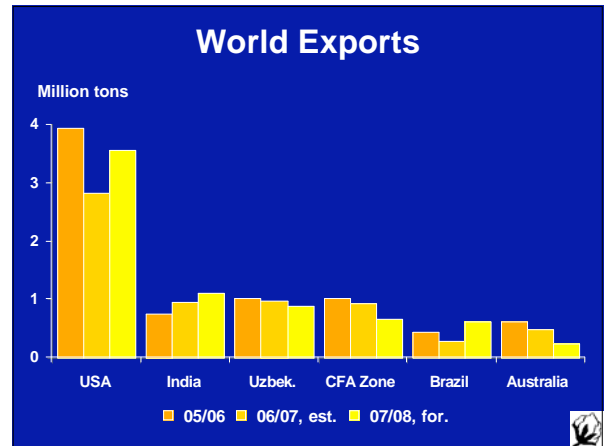
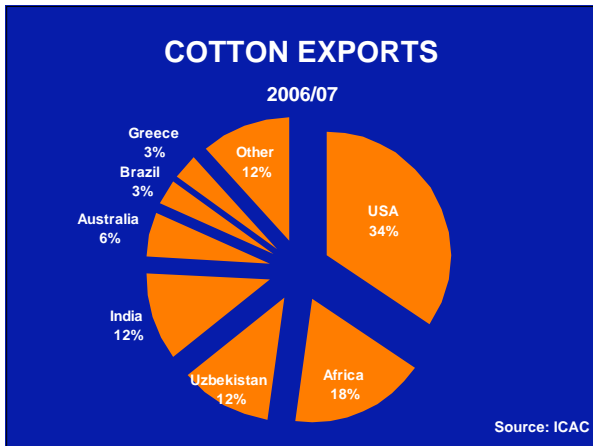
- Produced in 37 countries out of 53
- 4.6 million hectares in 2006/07 (13.5% of world cotton area)
- 1.55 million tons (6% of world production)
- 25 exporters (18% of world exports)
- > 90% rainfed upland cotton
- Small-scale farms; labor intensive
- 100% hand-picked; mostly saw ginned
- Domestic consumption marginal (535,000 tons = 2% of world)

## COTTON PRODUCTION



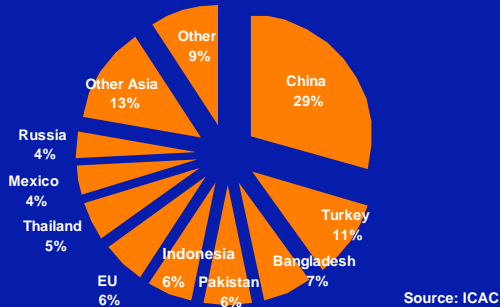
## COTTON EXPORTS





## COTTON IMPORTS

2006/07



## Is African Cotton Competitive?

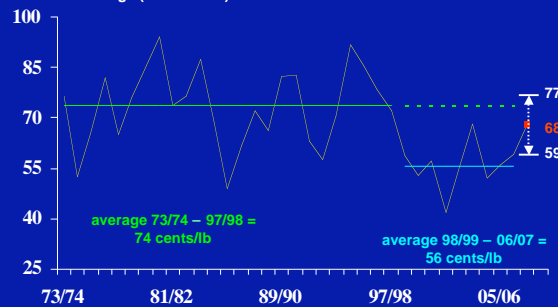
- Constraints
- Productivity
- Costs of production
- Quality

## Major Constraints

- Landlocked cotton areas
- Cost of transportation
- Uneducated farmers
- Lack of equipment
- Low inputs
- Low productivity
- Particularly sensitive to market fluctuations:
  - Export dependent
  - Price takers
  - Local processing uncompetitive
  - Impact of exchange rate
- Lack of technical expertise & market knowledge
- No subsidies except emergency
- Political instability

## Cotlook A Index

Season-average (US cents/lb)

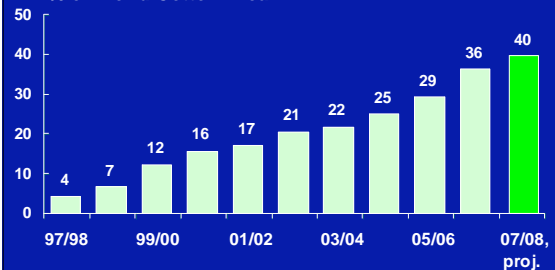


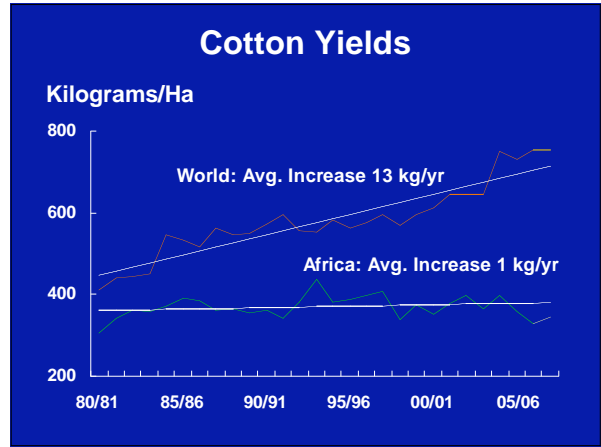
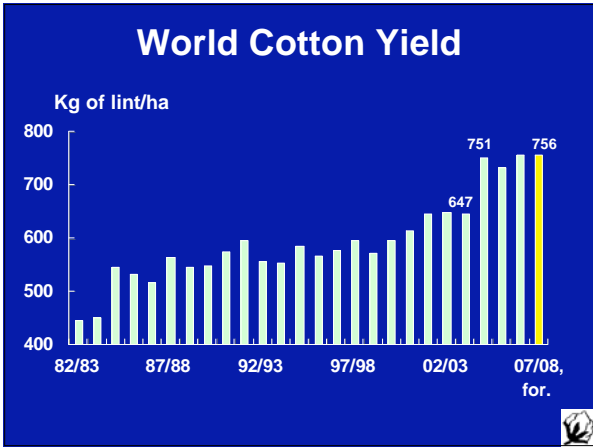
## Causes of Long Run Price Decline:

- Technology Change (50%)
- Polyester (25%)
- Retail Prices of Apparel
- Government Measures

## Biotech Cotton

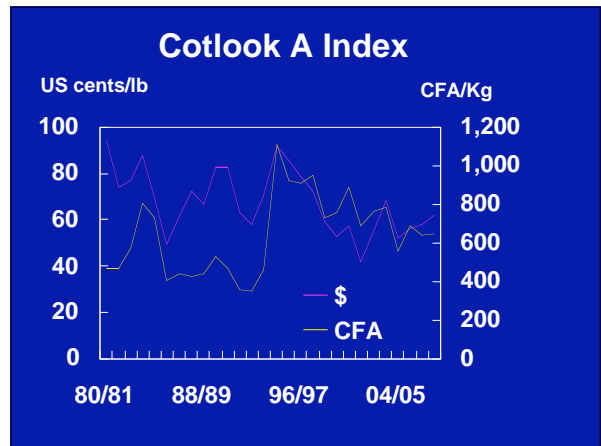
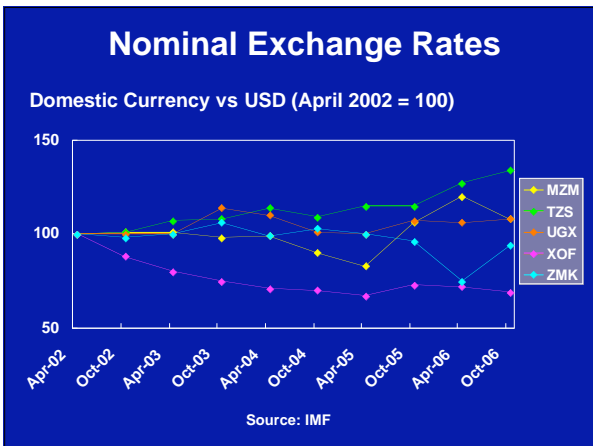
% of World Cotton Area

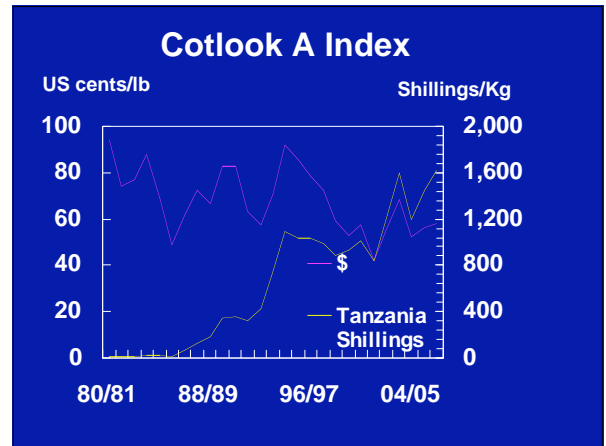
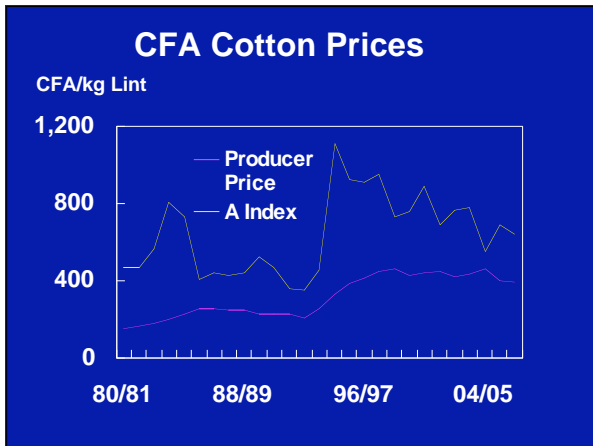




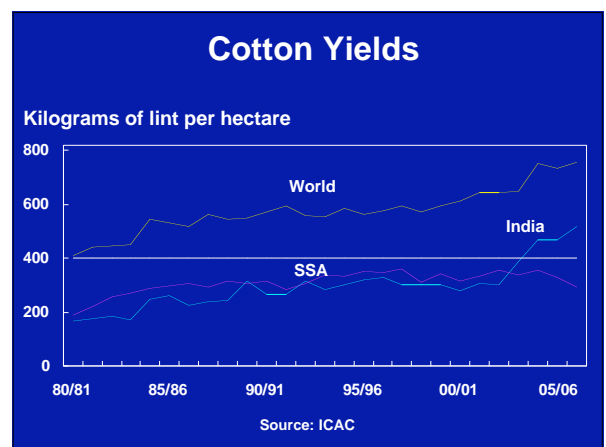
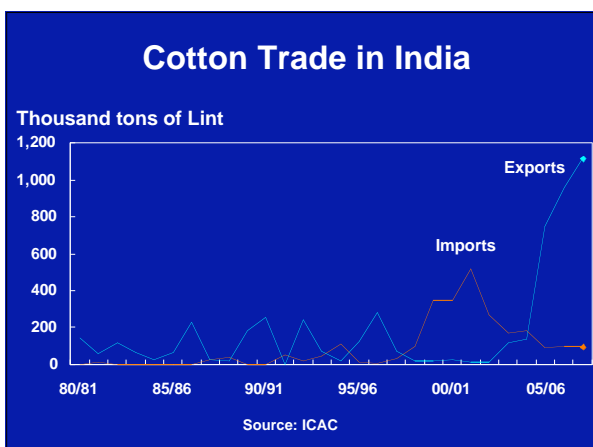
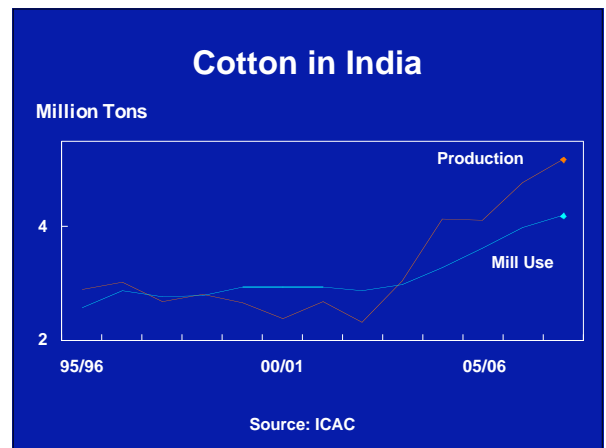
### Productivity (2005/06)

USA	African Franc Zone
<ul style="list-style-type: none"> <li>&lt; 25 000 cotton farms</li> <li>80% irrigated</li> <li>Mechanized, capital intensive</li> <li>230 hectares / farm</li> <li>Ginning ratio 37%</li> <li>5.2 million tons lint</li> <li>930 kg lint/ha</li> <li>215 tons lint per farm</li> <li>900 gineries</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 2 million</li> <li>100% rainfed</li> <li>Manual, labor intensive</li> <li>1 ha / farm</li> <li>42%</li> <li>0.9 million tons lint</li> <li>390 kg lint/ha</li> <li>&lt; 0.5 ton lint per farm</li> <li>85 gineries</li> </ul>





- ### Cotton Market Shift in India
- 2001/02:  
2<sup>nd</sup> largest importer: 500,000 tons
  - 2007/08:  
2<sup>nd</sup> largest exporter: 1.1 million tons projected



## Implications of the Emergence of India as a Major Exporter

- Lowered Cotlook A Index:
  - Cheapest growth among medium grades (contamination)
  - Low shipping costs to China
- Closed important market for African exports (except ELS)
- Became No.1 competitor for SSA cottons in Asia:
  - Hand-picked
  - Roller ginned
  - Shipping differential (1-2 cts/lb)
  - Upward quality trend



**International Cotton Advisory  
Committee**