

Africa's Cotton in the World



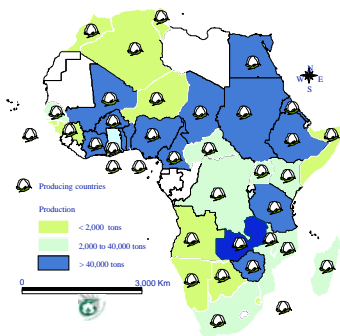
ICAC & Gérald Estur

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:
 - 3rd 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

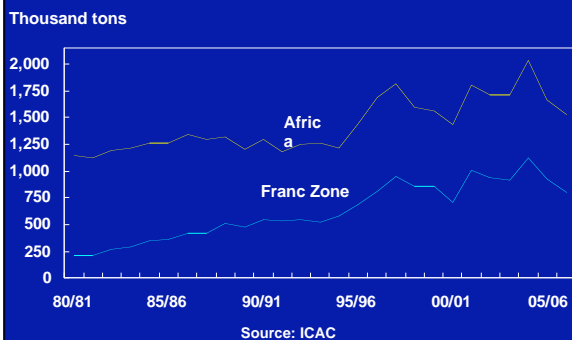
Cotton in Africa



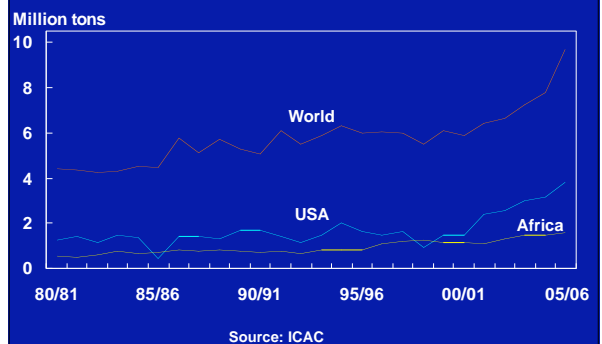
Overview of the Cotton Sector in Africa

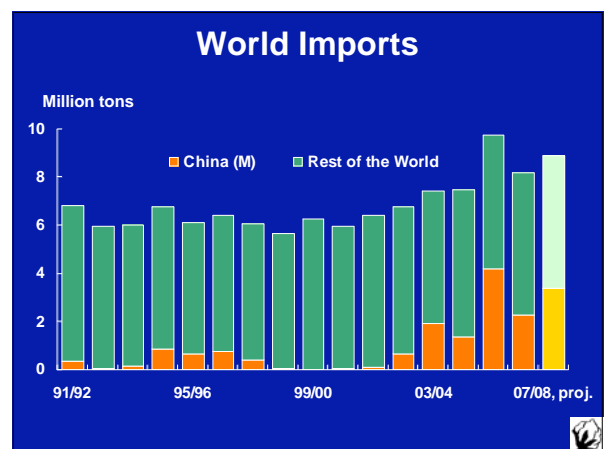
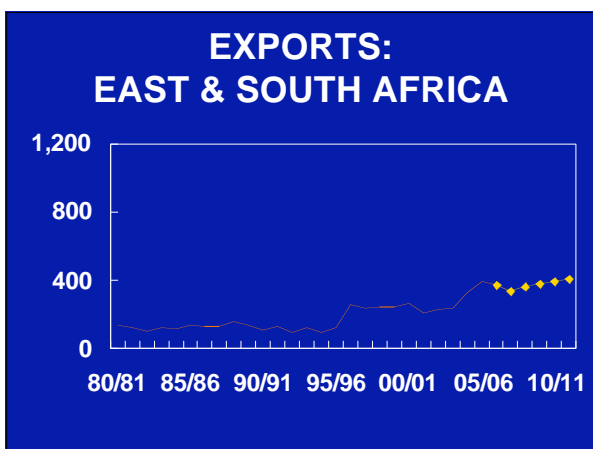
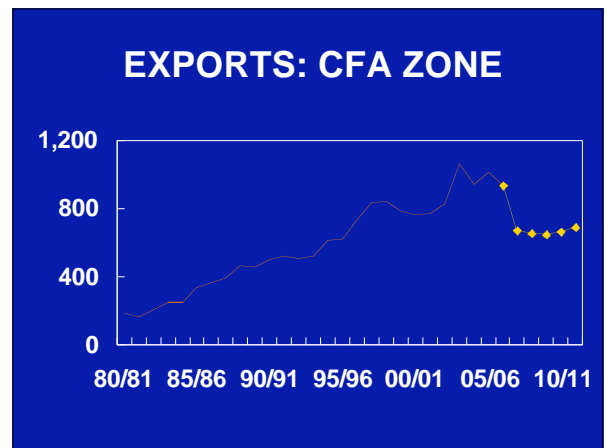
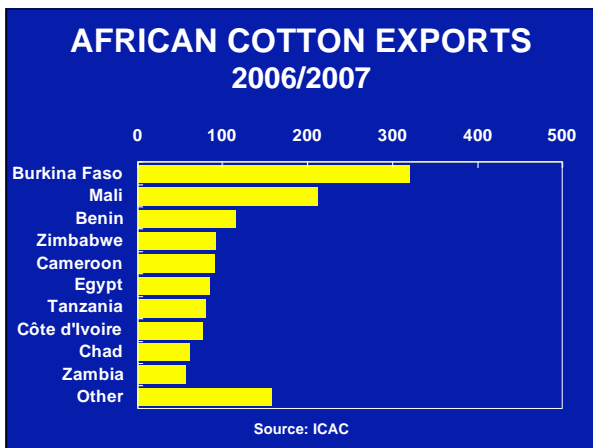
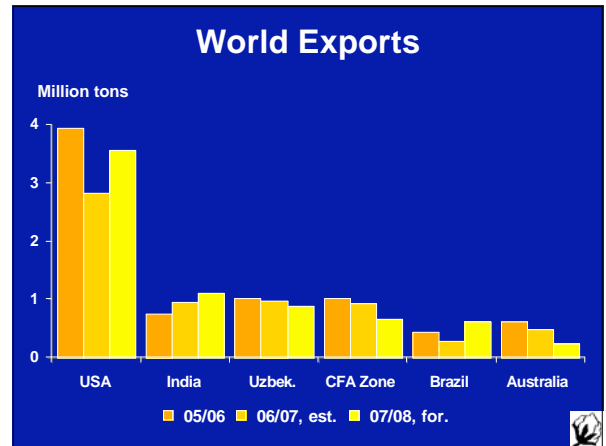
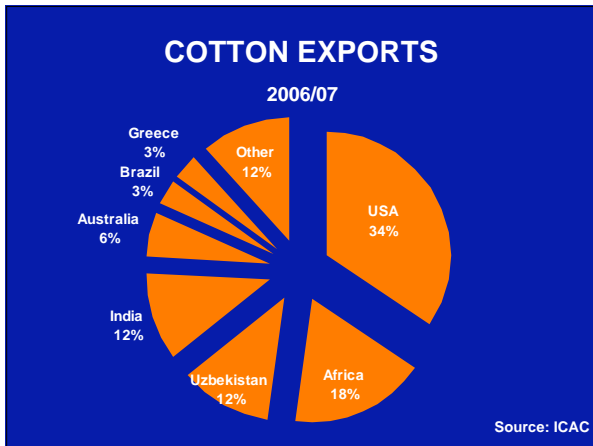
- Produced in 37 countries out of 53
- 4.6 million hectares in 2006/07 (13.5% of world cotton area)
- 1.55 million tons (6% of world production)
- 25 exporters (18% of world exports)
- > 90% rainfed upland cotton
- Small-scale farms; labor intensive
- 100% hand-picked; mostly saw ginned
- Domestic consumption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

COTTON PRODUCTION



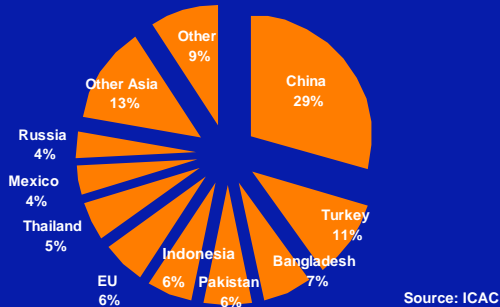
COTTON EXPORTS





COTTON IMPORTS

2006/07



Is African Cotton Competitive?

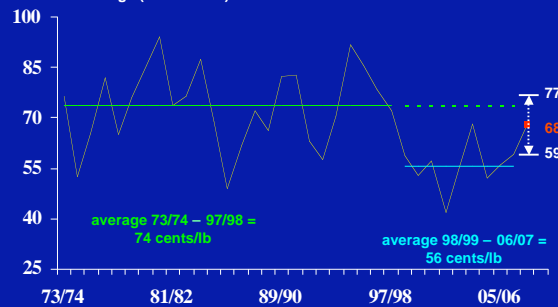
- Constraints
- Productivity
- Costs of production
- Quality

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)

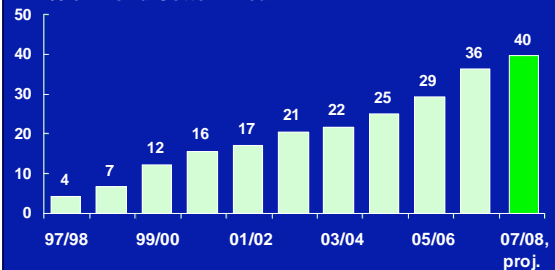


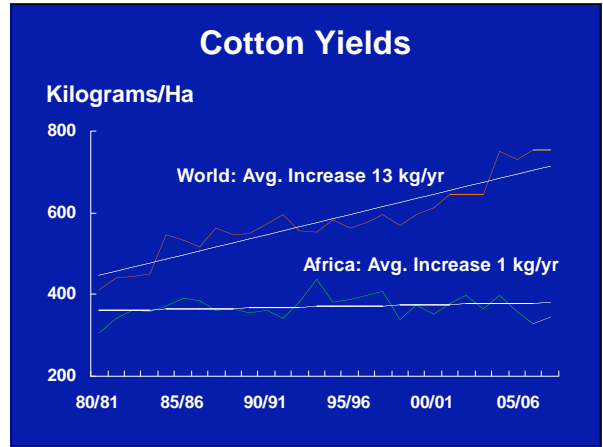
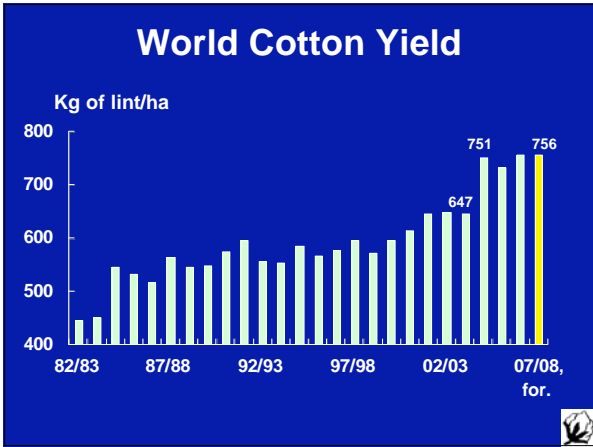
Causes of Long Run Price Decline:

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

Biotech Cotton

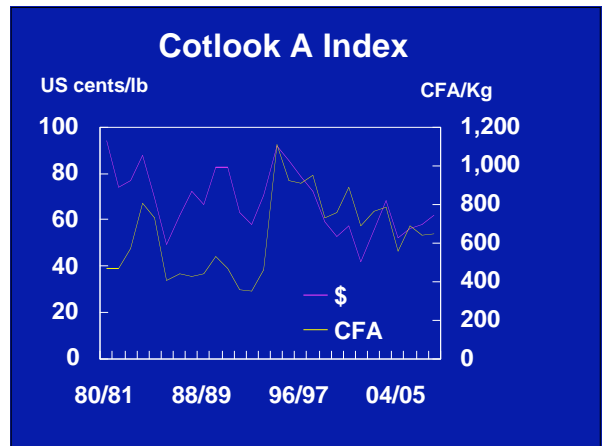
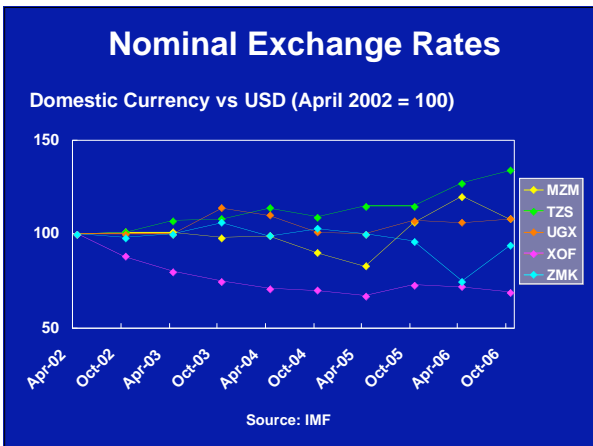
% of World Cotton Area

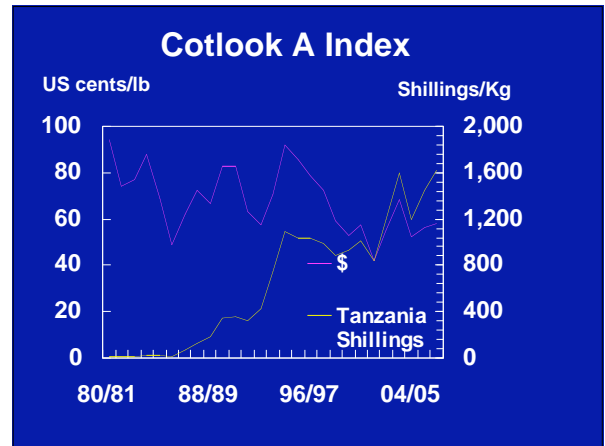
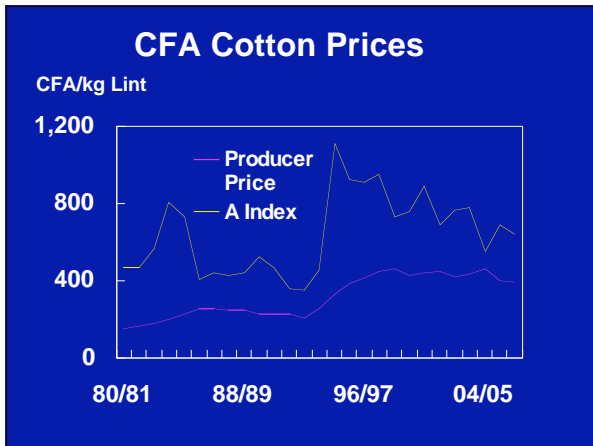




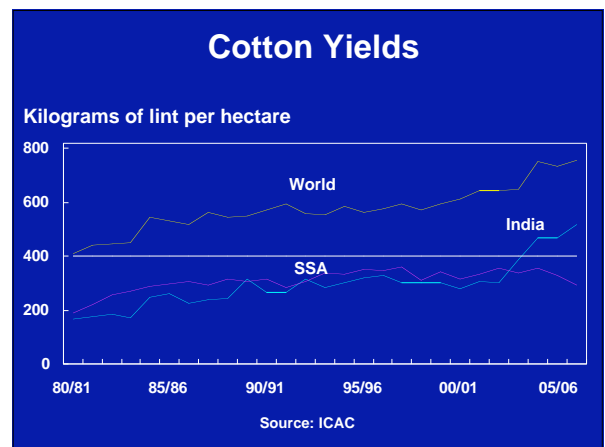
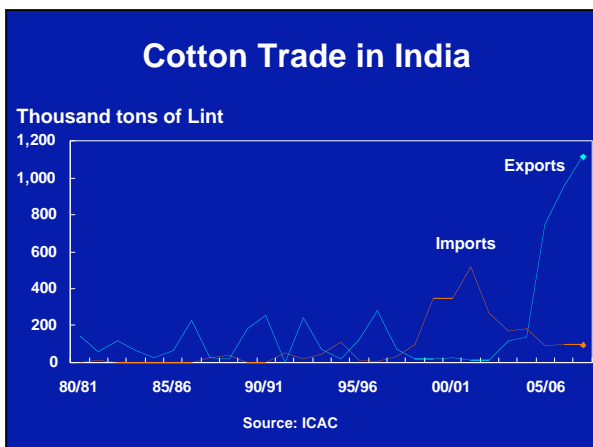
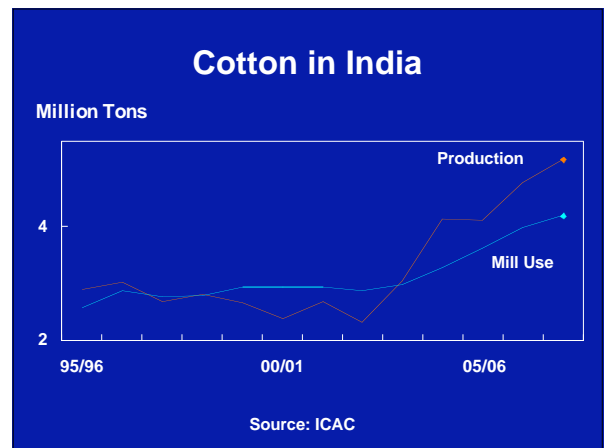
Productivity (2005/06)

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





- ### Cotton Market Shift in India
- 2001/02:
2nd largest importer: 500,000 tons
 - 2007/08:
2nd 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**