STEERING COMMITTEE MEETING OF THE INTERNATIONAL COTTON ADVISORY COMMITTEE

COUNTRY STATEMENT

REPUBLIC OF SOUTH AFRICA

10 DECEMBER 2020

SOUTH AFRICA: COUNTRY STATEMENT

1. Area and Production

For the 2019/20 marketing year 22 765 ha under irrigation and 16 020 ha on dryland were planted. The major areas suitable for cotton cultivation are situated in the northern, western and central areas of the country and the potential for future growth exists in new locations through innovations in plant varieties and genetic modification.

The average weighted yield for dry and irrigated cotton was 3 044 kg per ha or 1 126 kg of lint per ha. South Africa has produced 43 686 tons of cotton lint in 2019/20 which represents the largest crop since 1999/00.

Cotton SA estimates the production of cotton lint to reach 26 800 tons for the 2020/21 marketing season. This represents a significant decrease from the previous year's production levels which can largely be attributed to a decline in plantings due to seasonal conditions as well as availability of seed.

Cotton area is expected to cover 28 000 hectares in 2020/21, down from an estimated 39 000 hectares the previous season.

2. Domestic Mill Use

South Africa has 4 cotton spinning mills that consumed a total of 17 653 tons of lint of which 69% were imported in 2019/20. The reason for the relatively high imports is local spinning mills require lower quality than locally produced. Cotton represented roughly 20% of total textile fibre consumed during 2019/20 which is in line with the international trend.

3. Foreign Trade

During the 2019/20 marketing year approximately 12 124 tons of lint have been imported. This volume is 24% less than the year before while most lint imports were from the Southern African Development Community countries (SADC), mostly Zambia and Zimbabwe.

SADC is a Regional Economic Community comprising 16-member states with free trade amongst members comprising Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. The main objectives of SADC are to achieve economic development, peace and security, growth, alleviate poverty, enhance the standard and quality of life of the peoples of Southern Africa and support the socially disadvantaged through regional integration.

South Africa exported 35 705 tons of lint during 2019/20, 37% more than in 2018/19 and is the second consecutive year that South Africa is a net exporter of lint. Approximately 80% of lint production is exported.

4. Qualities 2019/20 Marketing Season (2018/19 Production Season)

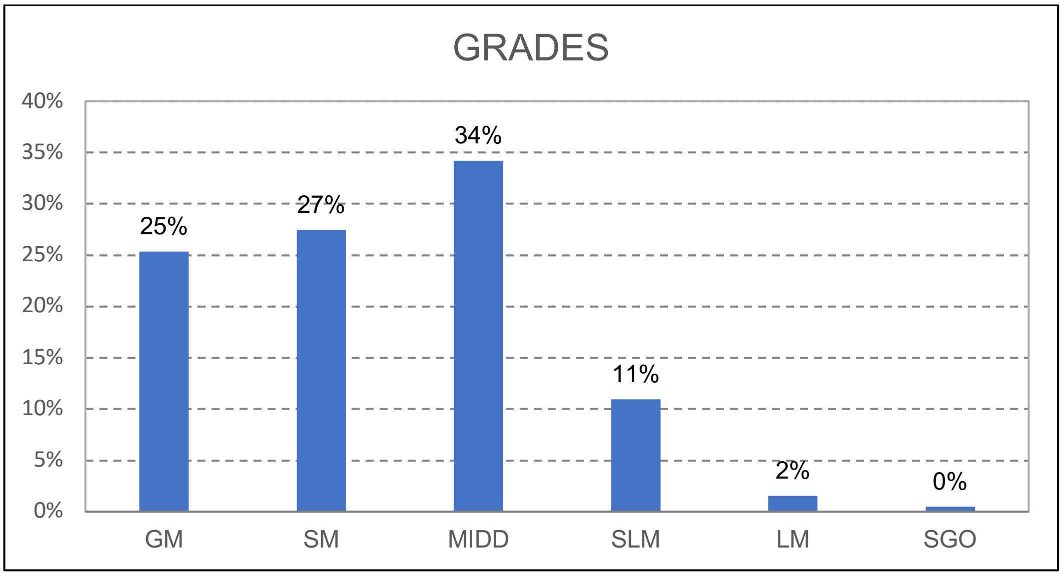


Figure 1: Grade performance 2018/2019 production year (Upland cotton grade)

Figure 1: The graph shows that about 85% of the 2018/2019 South African cotton crop was classed within the Good Middling to Middling range mainly due to favourable weather conditions experienced during the growing and harvesting periods of the season.

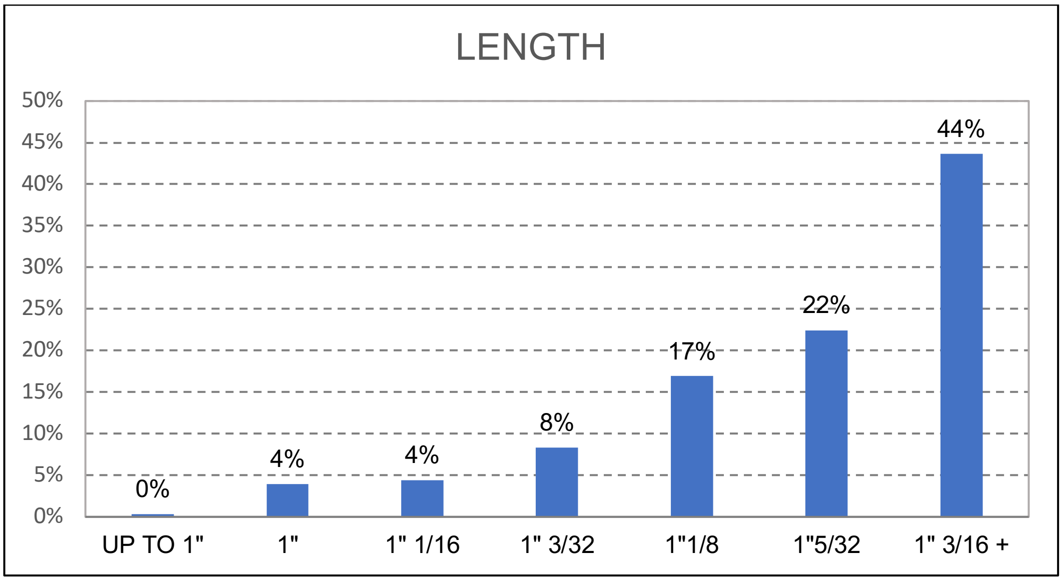


Figure 2: Length performance 2018/2019 production year (Staple Length)

Figure 2: This graph illustrates the continued trend of 66% of South African cotton to be a staple length of 1 5/32" and longer. In addition, 25% of the crop falls within the 1 3/32" to 1 1/8" range with the remaining 8% of the crop falling in the shorter staple ranges.

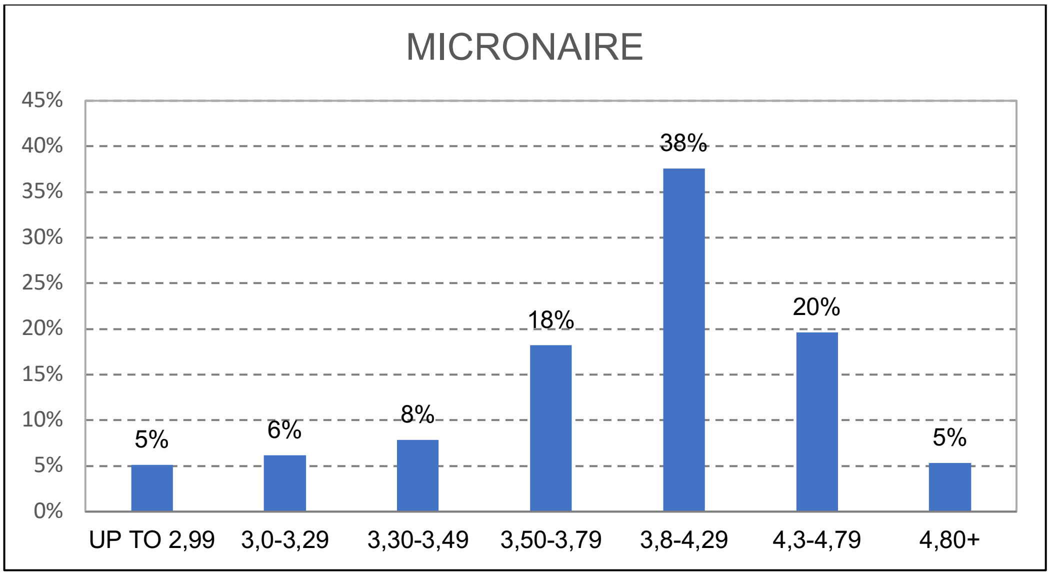


Figure 3: Micronaire performance 2018/2019 production year

Figure 3: This graph shows that 38% of the 2018/2019 South African cotton crop is within the premium micronaire range whilst 19% falls within the discounted micronaire ranges due to seasonal conditions.

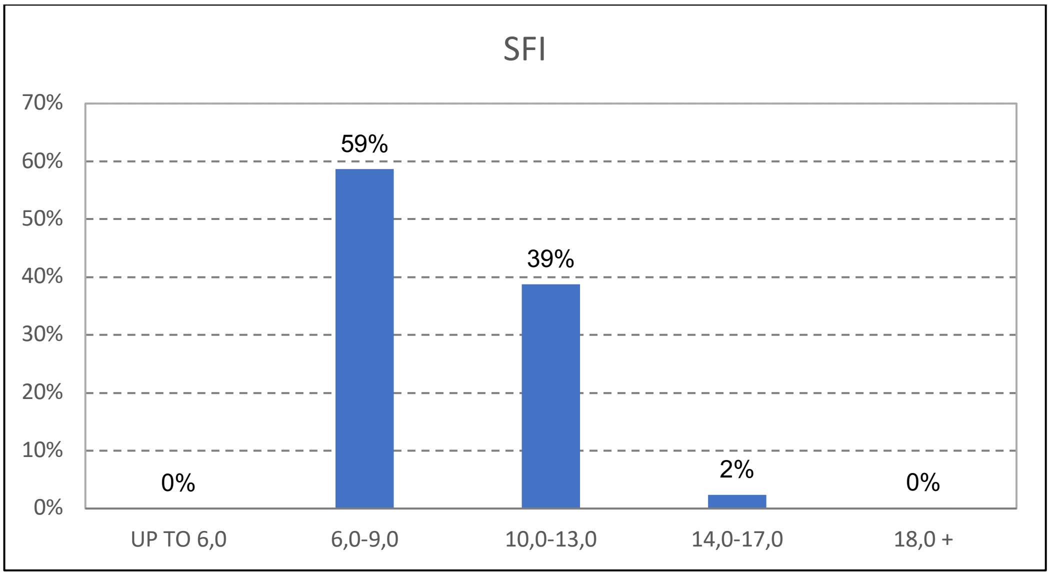


Figure 4: Short Fibre Index performance 2018/2019 production year (SFI)

Figure 4: This graph shows that 59% of the 2018/2019 South African cotton crop falls within the low short fibre content range of 6.0 to 9.0. This is expected with the high percentage of long staple cotton in the South African crop.

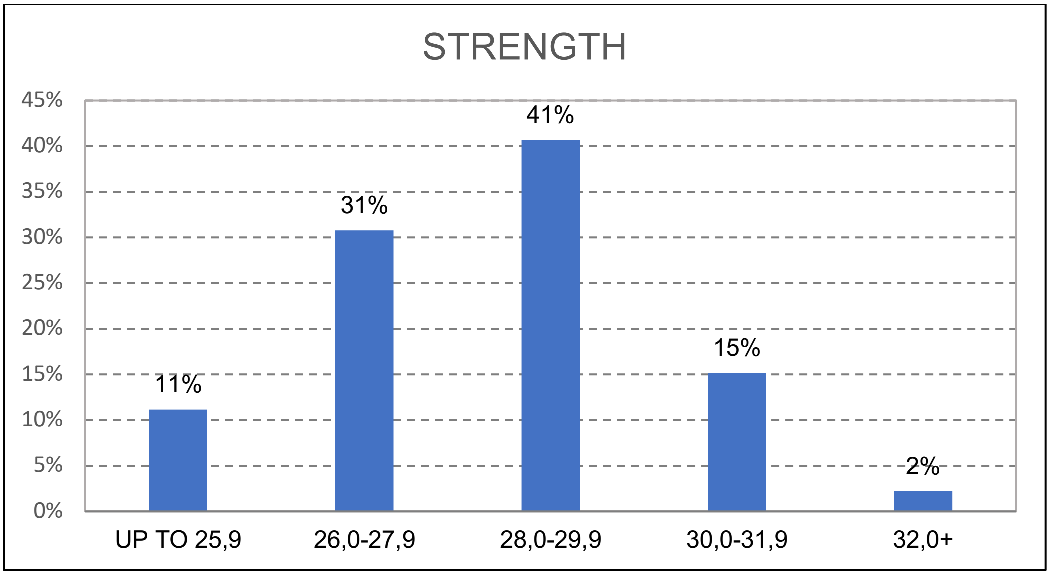


Figure 5: Strength performance 2018/2019 production year (g/tex)

Figure 5: Acceptable fibre strength values were obtained in the 2018/2019 production season with 58% of the crop being above 28.0 g/tex.

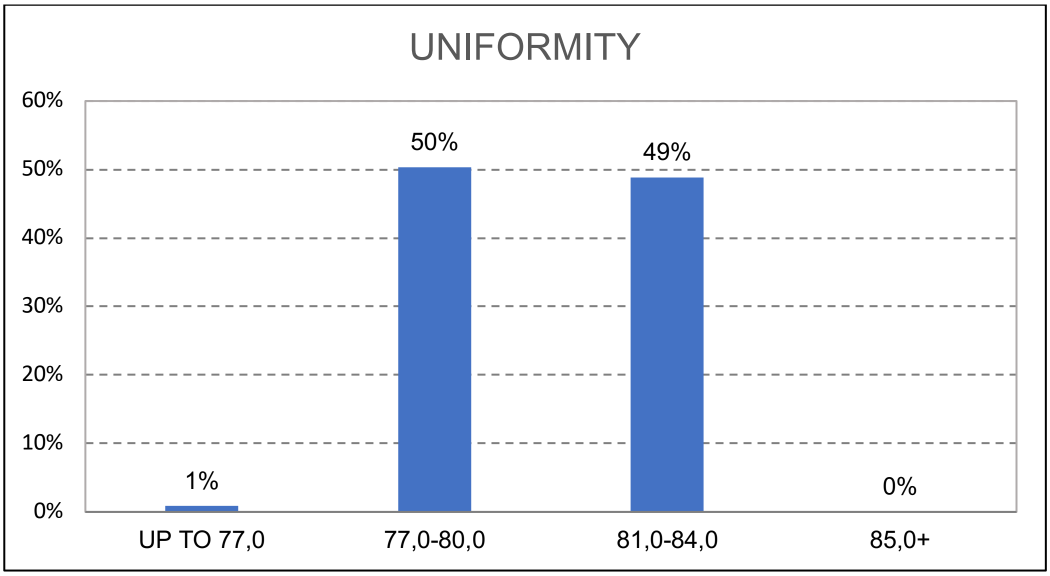


Figure 6: Uniformity performance 2018/2019 production year (Percentage of uniform fibre)

Figure 6: This graph shows that there is 49% of the 2018/2019 South African cotton crop that falls within the medium uniformity range of 81.0 to 84.0.

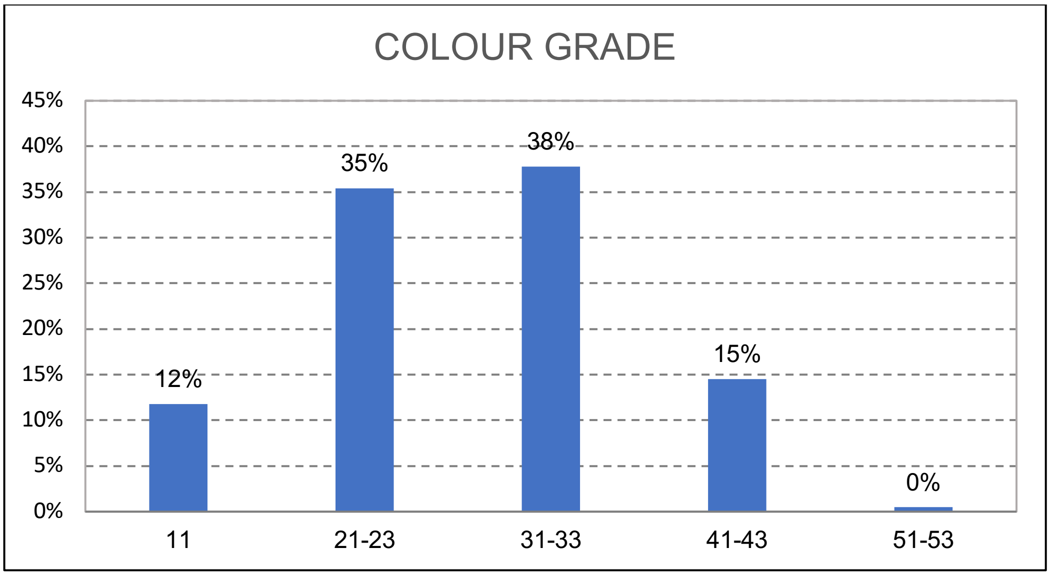


Figure 7: Colour grade performance 2018/2019 production year (HVI Colour Grade)

Figure 7: This graph, like Figure 1, shows that 85% of the 2018/2019 South African cotton crop was classed within the Good Middling to Middling range.

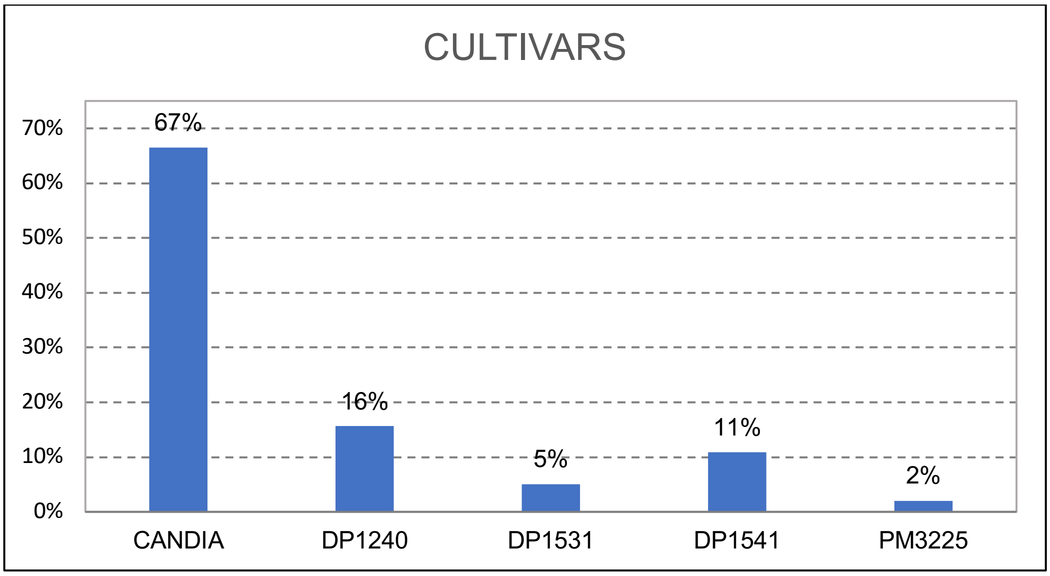
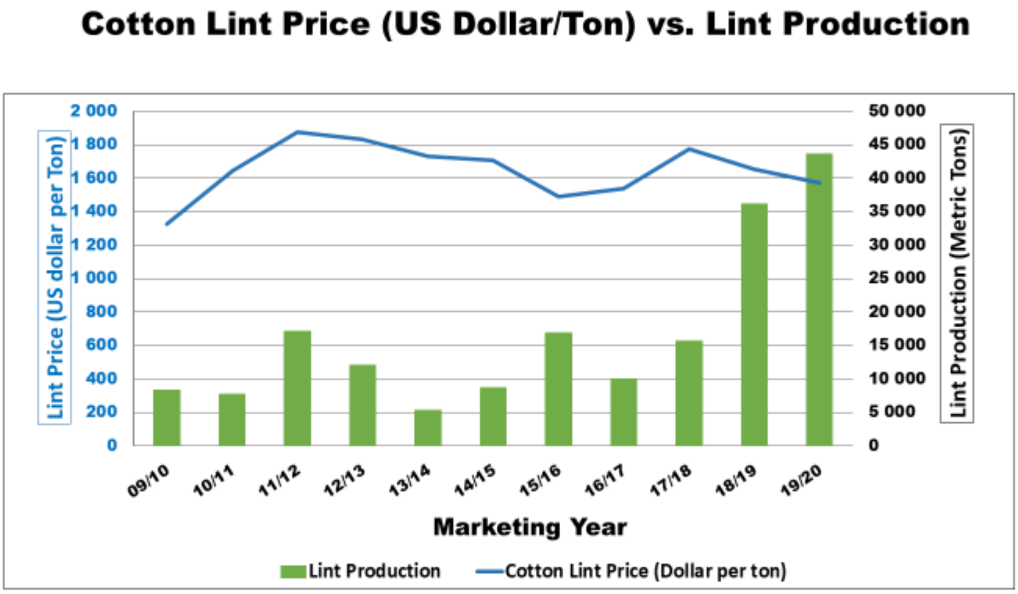


Figure 8: Cultivar Adoption 2018/2019 production year

Figure 8: All the cotton planted in South Africa is biotech cotton cultivars. More than 60% of the cotton planted is Bayer's Candia cultivar and is much like the previous year's trend. The Delta Pine cultivars have experienced a shift in the 2018/19 production season with more of the DP1541 cultivar being planted and less DP1240.

5. Prices

The 2019/20 average price received by farmers for cotton lint in 2019/20 was R22.69 per kg lint which is marginally higher than the season before, however, the South African price converted to a dollar price showed a decline because of the weakening of the Rand.



6. Issues facing the South African cotton industry

- Availability of new seed varieties – regulatory process and timeframe to register new technology and varieties.
- Harvesting equipment cost and capacity.
- Availability of contractors.
- High input costs, finance of inputs and financing criteria.
- Competition from higher value commodities.
- Capital requirement for investment in domestic spinning capacity.