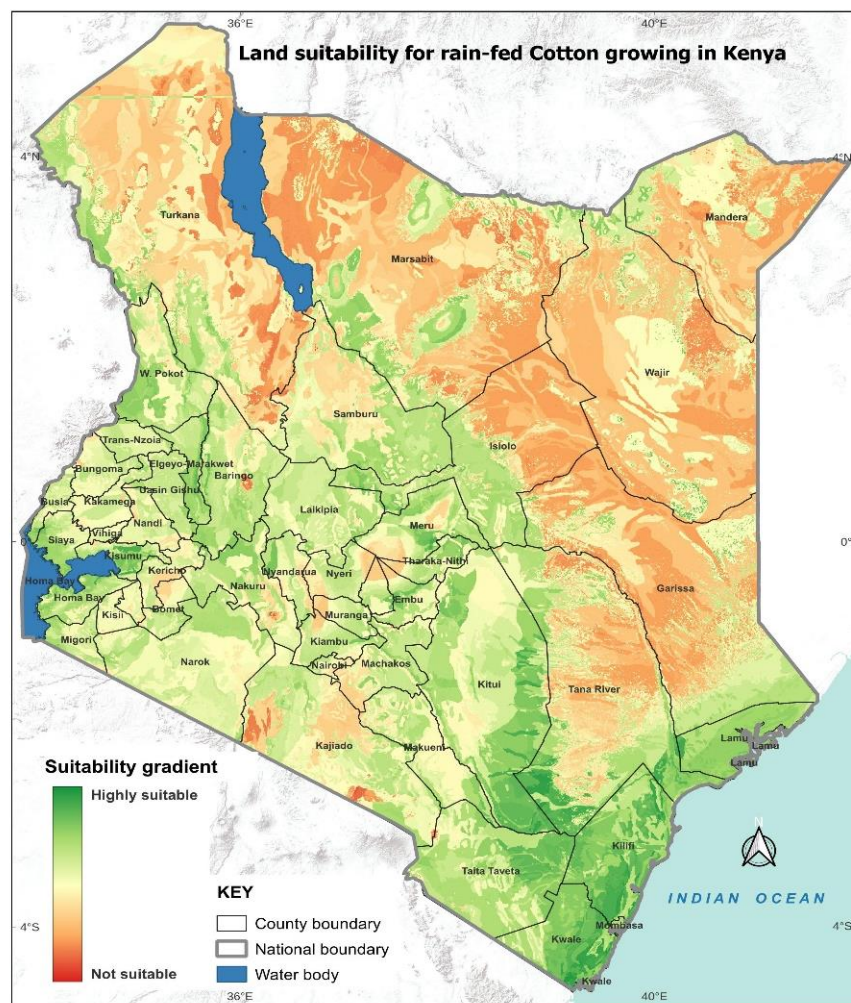


COTTON REPORT FOR THE 2023/24 SEASON – KENYA

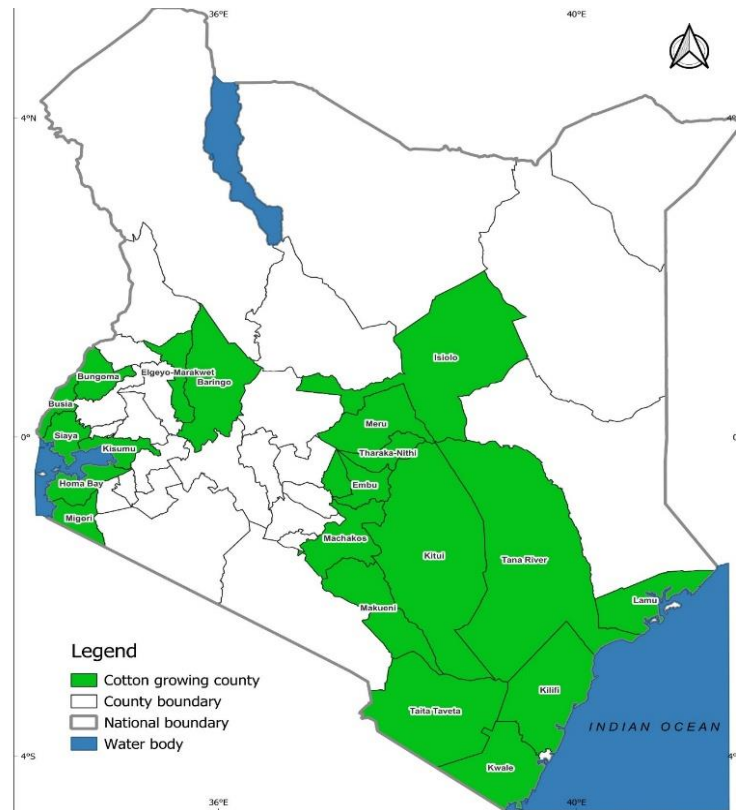
COTTON AREA & PRODUCTION

Cotton is entirely produced by smallholder farmers, mostly under rain-fed conditions with minimum inputs. The farmers' average land holdings are less than 1 hectare. The farmers are scattered and unorganized in their production where majority are not affiliated to producer groups such as cooperatives. This complicates mobilization, advisory service delivery, access to credit facilities, and collective marketing.



In 2023, the Country produced 2,000MT of lint from 6,000 Hectares. The cotton is grown in the eastern and western part of the country. In the past 3 years, the estimated number of cotton smallholder growers has oscillated between 25,000 to 45,000 annually depending on performance especially seed cotton price in the previous year. Female farmers contribute to about 55%. The annual lint requirement is about 8,000MT with the deficit being met through imports.

Production counties



The country has 6 privately and farmer owned operational ginneries. There are 3 operational cotton spinning factories with installed spinning capacity of 20,000MT lint.

IMPACT FACTORS ON YIELDS: PESTS, DISEASES, CLIMATE

Factors affecting yields include inadequate access to quality planting seed and high dependence on costly imported hybrid seeds. The country through its national research institution (Kenya Agricultural and Livestock Research Organization (KALRO)) is in process of establishing a certified seeds production system for the country. With climate change, other factors are inadequate integrated pests' management practices by growers and high dependence on rain fed production that continues to affect productivity. Cotton diseases are insignificant in the country however bollworm menace and recently there has been observed increased variety of sucking pests including aphids, mealy bugs, mites and as well as resurgence of jassids.

POPULAR COTTON VARIETIES/HYBRIDS (PAST 2-3 YEARS)

There are efforts to strengthen the formal seed system and access to certified seeds has become paramount for enhancing cotton crop productivity and to securing agricultural sustainability. As the country is at infant stages of strengthening its formal seed system, it is currently using a mix of Open Pollinated Varieties (OPVs), Hybrids and Bt hybrids.

VARIETY	SEED SPACING	ESTIMATED % USAGE	REMARKS
HART 89M	90 x 30 cm, 2 plants per hill	20%	Local OPVs
KSA 81M	70 x 20 cm , 1 plant per hill	20%	Local OPVs
Four (4)HYBRIDS	70 x 45 cm, 2plants per hill	10%	Imported
Four (4) BG II HYBRIDS	70 x 45 cm, 2plants per hill	50%	Imported

RECENT TECHNOLOGY INTRODUCTIONS (PAST 3-4 YEARS)

The country has embraced High Plant Density Systems (HPDS) in the past 3 years. The technology is being demonstrated for all varieties with planting of 5 plants per linear meter at an inter row spacing of 70cm. Other technologies introduced relate to improved nutrition through use of organo-mineral fertilizers coupled to improved weeds management (weeds free crop for 45 days after germination).

FARMING MOBILE APPS LIST & DESCRIPTIONS

The country has no cotton farming specific mobile apps

OFFICIAL COTTON DATA WEBSITES

Site: <https://afa.go.ke/fibre/resource-details/fibre-crops-reports?id=34>

NEW TRADE DEALS/FTAS SIGNED

The additional trade deal the country in part of is the African Continental Free Trade Area (AfCFTA). The African Continental Free Trade Area (AfCFTA) creates a single continental market for goods and services in Africa. It further aims to reduce trading problems such as different regulations from one African country to another. Other Trade Agreements are the East African Community (EAC), African Growth and Opportunity Act (AGOA) of 2021, the Common Market of Eastern and Southern Africa (COMESA) and ACP-EU.

GOVERNMENT POLICY ON COTTON LINT PRODUCTION OR TRADE

The government is in the process of developing a value chain approach Cotton, Textile and Apparels (CTA) policy to support development of its cotton, Textiles and Apparels sectors. The government is developing over 40 County Aggregation Industrial Parks (CAIPs) where small and medium enterprises (SMEs) incubation programs targeting produce aggregation, processing and manufacturing will be set up. The CAIPs have standard sheds, power, water and ICT infrastructure ready.

FIGURES ON EXPORT AND IMPORT OF COTTON LINT

	Installed Capacity (MT)	Annual Consumption (MT)	Local Supply (MT)	Imports (MT)
Total	20,080	8,840	1,176	7,664

DEFINITION, PRODUCTION, CONSUMPTION, AND TRADE FIGURES OF ANY EXTRA-LONG OR LONG STAPLE VARIETIES OF COTTON PRODUCED

Definition/ Category	Fibre length (mm)	Fiber length (Inches)	Production (Tons)	Consumption (Tons)
Very Short staple	<6.35	<0.25	-	-
Short staple	6.36 - 25	0.25-0.94	-	-
Medium staple	>25 - 29	0.94-1.13	236	7,900
Long staple	>29-35	1.13-1.38	940	940
Extra-long staple	>35	>1.38	-	-

GOVERNMENT SUPPORT PROVIDED TO THE COTTON SECTOR (IN LOCAL CURRENCY)

The total government support provided to cotton sector was KSHS 60Million.

COTTON SUPPORT MEASURES IMPLEMENTED BY THE GOVERNMENT: CROP INSURANCE, MSP AND INPUT SUBSIDIES

The government has been giving targeted support to its smallholder cotton growers in the form of imported hybrid planting seeds provision for farmers in the Arid and Semi-Arid Lands (ASALS) where cotton is grown. These are areas where high levels of poverty are to be found. Apart from planting seeds support, the government has no Minimum Support Price (MSP), crop insurance or any other cotton subsector support measures.

LOCAL AVERAGE PRICE FOR PER KG LINT OR SEED COTTON (LAST THREE CROP YEARS)

The local average price for seed cotton in the last 3 crop seasons was KES 52 (40 US cents), 63 (48 US cents) and 72 (54 US cents) in 2021/22, 2022/23 and in 2023/24 respectively.

MAJOR MARKETING STRATEGIES THAT COTTON FARMERS USE TO SELL THEIR COTTON

Where farmers are empowered and own ginning factories as cooperatives, farmers sell lint to textile mills and seeds to seed millers and feed manufacturers. However, due to the nature of the scattered production, majority of small-holders farmers sell seed cotton directly to ginners. The major marketing strategies deployed by the farmers to sell their seed cotton is aggregating their produce at stakeholders designated points during marketing season. Before offering for sale, farmers segregate the seed cotton into 2 main grades determined through visual inspection. The lower grade (yellow stained) is sold at half price of the superior grade per kilogram.

HOW IS LOCAL COTTON PRICE DETERMINED

The selling price for seed cotton, lint and seeds is determined using a formula agreed upon by stakeholders in a forum convened at the beginning of the cropping season attended by representatives from farmers, processors, textile millers, seed millers and other relevant agencies. Considerations include periodical supply and demand trends and the added value sharing along the chain

MAIN ISSUES AFFECTING COTTON PROCESSING IN THE COUNTRY

The issues affecting cotton processing in the country is inconsistency in the supply of lint in-terms of quality, quantity and price. There is also influx of imported second hand textiles and apparels coupled with inadequate regulation on imported new clothes. In terms of operating environment, the power cost take significant percent on production inputs. The country lacks a deliberate technology upgrading scheme for ginneries and other processing facilities to improve their competitiveness.

NAME AND CONTACT INFORMATION (EMAIL OR PHONE NUMBER) OF THE PERSON RESPONSIBLE FOR COTTON STATISTICS

Contact information of person responsible for cotton statistics: EMail mkabui@afa.go.ke, Cell: +254733588737

SUMMARY OF THE COTTON MARKET PERFORMANCE IN THE LAST SEASON

Overall, the performance of the crop was slightly better in the last season 2023, in comparison to the previous period 2022. There was a marked increase in the area under cotton during the period under review, although a commensurate increase in production was not realized.

PRODUCTION, CONSUMPTION, EXPORT, IMPORT, AND STOCKS FOR LAST TWO SEASONS

A total of 3,821 MT of seed cotton valued at KES 231,570,485.94 was produced in comparison to 3,715 MT valued at KES 208,578,370 in the previous season, indicating a slight increase in production of 3% in the period under review

Production

Year	2022	2023
Area (Ha)	8585	12,152
Seed Cotton Yield (MT/Ha)	0.438	0.323
Seed Cotton price (Ksh/kg)	52	63
Price of lint (Ksh/Kg)	234	250

COTTON TRADE FIGURES ON EXPORT AND IMPORT BY COUNTRY 2023 SEASON

Consumption, Production, Import, 2023

Installed Capacity (MT)	Annual Consumption (MT)	Local Supply (MT)	Current Imports (MT)	Exports (MT)
20,080	8,840	1,176	7,664	0

TARIFFS IMPOSED ON EXPORT OR IMPORT OF COTTON LINT

All imports into Kenya are subject to a standard Value Added Tax (VAT) rate of 16%, levied on the sum of the CIF value. This applies to lint also.

DEFINITION / CHARACTERISTICS OF EXTRA-LONG AND LONG STAPLE VARIETY OF COTTON

Definition/ Category	Fibre length (mm)	Fiber length (Inches)
Long staple	>29-35	1.13-1.38
Extra-long staple	>35	>1.38

IDENTITY PROGRAMS RUN IN THE COUNTRY

There used to be Better Cotton Identity cotton but because there were differentiated pricing between identity cotton and conventional cotton growers stopped pursuing identity cotton program.

MAIN FOCAL POINT FOR COLLECTING INFORMATION OF COTTON STATISTICS

The focal point for cotton statistics is Fibre Crops Directorate of the Agriculture and Food Authority, Email infofibre@afa.go.ke

**MAIN WEBSITES FOR COLLECTING INFORMATION ON COTTON LINT PRODUCTION,
CONSUMPTION AND TRADE
FAOSTAT, KNBS, AFA.GO.KE**

OVERVIEW OF THE TEXTILE INDUSTRY, INCLUDING HISTORY AND EVOLUTION

In the 1980s, slightly before the Structural Adjustment Programs (SAPs), and according to Regional Agricultural Trade Expansion Support Programme (2003) study, Kenya had giant spinners such as KICOMI, Mountex, Raymond’s, Heritage millers and RIVATEX (revitalized by the Government in 2019) which became obsolete due to technological advancement. Today existing capacity of the current mills is 140,000 spindles but only 40–50 per cent of the capacity is utilized. Notably, the technology employed in the mills is outdated hence the low productivity of the mills which also suffer from low skilled labour force supply. Some of the mills produce cotton yarns, blended yarn, and polyester, acrylic, and sewing threads, which are sold in Kenya and exported to Uganda, Rwanda, Tanzania, and Nigeria. On weaving, the country is manufacturing less than 12 million square meters of woven fabric per year. This is only 7 per cent of the market potential, resulting to importation of the remaining 93 per cent, which is considered to be economical given the high cost of production in the country.

There are a number of small and micro clothing manufacturers forming over 74,000 apparel companies that operate in the country including 22 foreign firms operating in the Export Processing Zones (EPZs). The main market destination for the large garment companies manufacturing in the Export Processing Zones (EPZs) is the US which provide 80% of the entire apparel market. The government EPZ program is known to provide conducive environment for investors in apparel and garment manufacturers for export. The value of exports from EPZs stood at \$388 million in 2017. This is in addition to creating employment opportunities for over 20,000 people.

The garment segment of the textile industry is dominated by manufacturers with a strong export orientation for finished products (apparel and non-apparels), with the majority of inputs, including fabric and accessories, being imported rather than being locally sourced. As a result, the overall value generated in this segment does not trickle down to the farm level as was envisaged by the AGOA pact of 2010.

The small and Micro Enterprises (SMEs) cottage industries are involved in hand weaving, dyeing and stitching. This segment has challenges relating to coordination, sourcing of raw materials, standardization of products and marketing of the end product items.

CURRENT SIZE OF THE TEXTILE INDUSTRY: YARN AND FABRIC

Spinning (Installed)	Utilized Capacity	Weaving capacity	Utilized weaving capacity	Knitting installed	Utilized Capacity	Printing & Dyeing Installed Capacity	Utilized capacity
(MT)		‘000 meters/year		(MT)		(‘000’ Mtrs/ year)	

28,845	22,489	33,831	18,421	304,482	122,750	66,283	46,850
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MAJOR HUBS OR REGIONS OF TEXTILE PRODUCTION

The major hubs of textile production are the Export Processing Zones (EPZs) spread out in the major towns.

GOVERNMENT POLICIES THAT CURRENTLY GOVERN THE TEXTILE INDUSTRY

The government policies that currently govern the textile industry include giving incentives in the processing zones that are export oriented. The government is encouraging establishment of both public - owned or privately owned zones. Private zones are set up anywhere in the country which is then designated as an EPZ. The government is committed to having a comprehensive national policy framework that guides the development of the CTA sector by addressing the constraints that span across the vertical and horizontal continuum of the CTA value chain. These constraints entail the challenges related to farm gate price of cotton outputs in addition to shielding the garment manufacturing sector from 'Mitumba' imports, the high energy cost and offering incentives to facelift cotton-related manufacturing

INCENTIVES AND SUPPORT SCHEMES PROVIDED FOR TEXTILE PRODUCTION

There are schemes that include investing within export Processing Zones (EPZ) and Special Economic Zones (SEZs) where a company will enjoy 10-year Corporate Tax holiday, exemption from VAT and customs import duty, operating under one single license, onsite customs documentation and investor facilitation among others.

DETAILS OF MASS SKILLS DEVELOPMENT PROGRAMS

There are various skills development programs such as those under the National Industrial Training Authority (NITA). This is a state corporation established under the Industrial Training (Amendment) Act of 2011. The Authority promotes the highest standards in the quality and efficiency of Industrial Training in Kenya to ensure an adequate supply of properly trained manpower at all levels in the industry.

MEASURES IN PLACE FOR SUSTAINABLE TEXTILE PRODUCTION

Government is implementing sustainable cotton production programs including seeds production.

MAJOR STAKEHOLDERS IN THE TEXTILE VALUE CHAIN

Farmer producer organizations, ginning factories, textile mills, academia/ universities, research institutions (public and private), advocacy groups, government agencies in production, manufacturing and standards

COLLABORATIONS / JOINT VENTURES IN THE TEXTILES DOMAIN/FDI IN TEXTILE VALUE CHAIN

There are a number of private sector initiatives for example UKAid is working with one of the spinning /Textile manufacturing company to integrate the value chain backwards to grower cooperatives to improve supply of raw materials.

PRIMARY CHALLENGES FACED BY THE TEXTILE VALUE CHAIN

High utilities cost especially power and competition from second hand clothes imports

FORESEEABLE FUTURE OPPORTUNITIES OR GROWTH AREAS IN TEXTILES VALUE CHAIN

African cotton clothes fashion industry remains a big opportunity in the region and there is a huge market for apparels and non-apparels for this segment.

INFRASTRUCTURE: TEXTILE PARKS AND/OR SPECIAL ECONOMIC ZONES TO SUPPORT THE TEXTILES VALUE CHAIN

Infrastructure development of over 40 county Aggregation and Industrial Parks (CAIPs) are at various stages of development, there are new special economic zones strategically situated with road and rail transport connectivity.

ENVIRONMENTAL CONCERNS, WASTEWATER, AND WATER CONSUMPTION

There is use of recycling systems where feasible, routine energy audits, investing in renewable energy sources and investing in high efficient motors in the factories.

FUTURE OF THE TEXTILE INDUSTRY OVER THE NEXT FIVE YEARS

Textile industry is expected to grow and to contribute about 15-22% of the country GDP earnings.

UPCOMING PROJECTS, INVESTMENTS AND COLLABORATIONS

High Plant Density System (HPDS) planting cottons at 70 x 20cm will be a game changer in productivity. This is a south south collaboration initiative with Brazilian government continuing for the next 2 years.

UTILITIES AND POWER USED IN TEXTILES VALUE CHAIN (ELECTRICITY, GAS, AND WATER CHARGES)

Electricity is costing \$0.20 to 0.30 per kilowatt while water cost is about KES 110 (84 US cents /litre)

STATUS OF ALLIED TEXTILES INDUSTRIES: MACHINERY, DYES, EFFLUENT TREATMENT PLANTS) AND SERVICES SECTOR

Textile machineries are imported mainly from Europe and Asia. Dyes are made locally while some are imported. Effluent treatment plants and other service sectors are available locally.