

THE COTTON INDUSTRY IN THE PHILIPPINES

International Cotton Advisory Committee
60th Plenary Meeting

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The cotton industry is one of the sectors of the government of the Philippines that is geared towards alleviating poverty and attaining food security. While the industry's contribution to Philippine economy for the last 10 years (1991-2000) is only 0.07% of the Gross Value Added in Agriculture (GVAA), its significance to rural employment cannot be denied. A great number of Filipino farmers depend on it for their living, particularly in areas where no other high value crop could be cultivated. Unfortunately, the industry has not really advanced even as the crop is technically feasible and economically viable. Thus, up to now, the Philippines still a net cotton importer.

Production Profile

Area Planted to Cotton

The area cultivated to cotton steadily declined for the past 10 years. In Crop Year 2000-2001, a total of 2,365 hectares were planted to cotton. This is 42% above the Crop Year 1999-2000 level (Fig. 1). Production areas were located in 14 provinces across the country.

This improvement in area planted is attributed to the following factors:

1. Increasing prices of cotton in the world market since December 2000 attracted more cotton farmers to participate in the cotton program.
2. Renewed interest of the private sector to participate in cotton financing and marketing.

3. Visibility and availability of CODA personnel in providing the necessary technical assistance through the provision of production technology recommendations as well as credit and market facilitation.

Nevertheless, it is difficult for the industry to bounce back to the 1991/92 cotton season and attain a higher production base, despite a vast area validated as potential for cotton cultivation. Several constraints explain this, to wit:

1. While there are credit and lending institutions and mechanisms of the government, farmers could not avail of these due to the stringent institutional policies.
2. Cotton extension delivery is still inadequate. While extension is the mandate of the local government units (LGUs), priority is given to rice and corn. Thus, CODA's limited number of field personnel known as Cotton Development Specialists (CDS) carries out delivery of extension services.
3. Declining government support by reducing the operating expenses of CODA has, in a way, diminished activities in the field. Mobility of the CDS to visit and monitor crop status in the different areas had been hampered. This was inimical to the industry.

Seedcotton Yield

Yield at the farm level significantly increased this crop year. From 0.67 MT seedcotton/ha last cotton season 1999/2000, the average farmer's yield rose to 1.01 MT seedcotton/ha (Fig. 2). This significant leap by about 66% was primarily due to the following:

1. Introduction of the cotton hybrid NAVKAR 5, now registered as commercial variety with the name NSIC-Ct 12, that was planted in several hundred hectares nationwide yielding as high as 1.67 MT/ha. This is far better than the field performance of the currently recommended local varieties planted whose average yield is 0.67 MT/ha.
2. Low pest pressure in view of the farmer's ability to control pests using *Trichogramma chilonis*, a biological control agent against bollworms. Bollworm is major cotton pest in the country.

Actually, the yield level could have been better had it not been for the frequently occurring rains during the bolling stage of the crop causing bolls to rot. This situation accounted a 23% in yield losses.

Farmer Participation

A considerable increase in the number of farmers who planted cotton in Crop Year 2000-2001 was attained. From 1,566 last crop year it increased to 2,280 or about 46% increment (Fig. 3). In terms of farmers groups, there were 38 of them supporting the cotton program. These groups of farmers were the focus of CODA's technical services.

Government Interventions

The Cotton Development Administration (CODA), a government agency attached to the Philippine Department of Agriculture (DA), is the sole authority in cotton development. Its mission is to provide the necessary support to the local cotton industry's development and fully utilize the industry's potential to increase farmers' income, reduce lint importation, and generate foreign exchange. In the realization of this grand design, CODA implements a number of interventions. The penultimate goal is to empower the cotton farmers who constitute the backbone of Philippine agriculture.

Production Technology Recommendations

Our Cotton Development Specialists (CDS) conduct farm visits during the cotton-growing season to monitor crop stand and provide the farmers with appropriate and immediate technology advice.

Capability Enhancement

In its effort to strengthen the capacities of those involved in cotton production, CODA conducts trainings for farmers and technicians of both the government and the private cotton corporations engaged in cotton production. These activities are aimed at increasing their knowledge and skills in cotton production, and the organizational capabilities of the farmers' cooperatives.

Technology Transfer

New technologies developed by research are showcased in farmer's fields through the establishment of cotton technology demonstration farms in various locations. The locals actually see for themselves the performance of these technologies, which in effect would make them decide to adopt such innovations.

Complementing this mechanism is the conduct of field days where stakeholders of the industry are toured in demonstration fields and commercial production areas followed by a group discussion and sharing of farmers' experiences.

Development support communication materials are likewise produced for cotton farmers and technicians. Technology brochures, leaflets and guides to cotton production technology are distributed as quick references.

Credit Facilitation

Thirty-eight farmers' cooperatives were linked to financing and credit institutions, both government and private, for possible credit assistance. It was however, unfortunate that farmer groups had difficulty of getting their loans approved from government institutions mainly to strict lending policies. Most often than, these groups are in bad credit standing. The last resort was to acquire input financing from private cotton corporations operating in the localities.

Cotton Marketing Assistance

The volume of lint demanded by the local textile mills is far more than what domestic production could provide. This situation points to one thing, that is, the local market could absorb any seedcotton produced per unit area.

This crop year, only five private groups were involved in cotton marketing throughout the country. Farmers were linked to these entities and market matching was done in several occasions to ensure that farmer gets a reasonable price for his seedcotton harvest. In most instances, a marketing agreement is inked between the private trader and the farmers' group at the onset of cotton planting just to ascertain the sale of the harvest.

Cotton Ginning Services

CODA and several private companies with ginning facilities provided ginning requirements of some cotton farmers' cooperatives. The CODA ginnery in San Fabian, Pangasinan in northern Philippines together with the Dragon Textile Mills, Inc. (DTMI), a private entity, serviced the Luzon area. DTMI also operates another ginnery in Iloilo province in the Visayas to cater to this island. In Mindanao, another private group – the Phela Resources Corporation also operates its ginnery.

Linkaging and Building Partnerships

In these times when resources of the government are scarce, there is the dire need to establish linkages, develop networks and forge partnerships with government agencies and the private sector. As part of the whole system, CODA finds it important to work in synergy with the different stakeholders of the cotton industry to be able to propel it to an advanced state. It thus coordinates with private cotton groups, financiers, ginners and

traders as well as policy-makers to translate the cotton program into reality, that is, increasing farmers income from cotton growing and at the same time increasing yields so that we significantly reduce our import reliance.

Cotton Research

Research work in cotton continues as an integral component of our program. In this wave of change where globalization and competitiveness are the dictum, local cotton has to be at par with the foreign counterpart. Thus, cotton research is focused on improving lint quality and increasing yield levels at the same time, albeit the importance of also improving pest resistance. The latter gives emphasis to environment-friendly technologies as its contribution to the attainment of a sustainable development. More efficient production systems are likewise important to make cotton production as cheap as possible so that farmers gain more than what they spend. Profitability of the crop is critical to attract more farmers to grow cotton.

Concluding Remarks

The Philippines' great potential for cotton growing has to be harnessed for it to wean itself from costly importation of this important fiber. The concerted efforts of the stakeholders matter so much in view of the fact that all of these entities- the farmer producers, the financiers, processors and traders – play important roles in the development of the industry. Of critical importance is a great political will from the government, their support to industry development is paramount.

Fig. 1

Area Planted to Cotton (hectare), Philippines

Crop Years 1999-2000 and 2000-2001

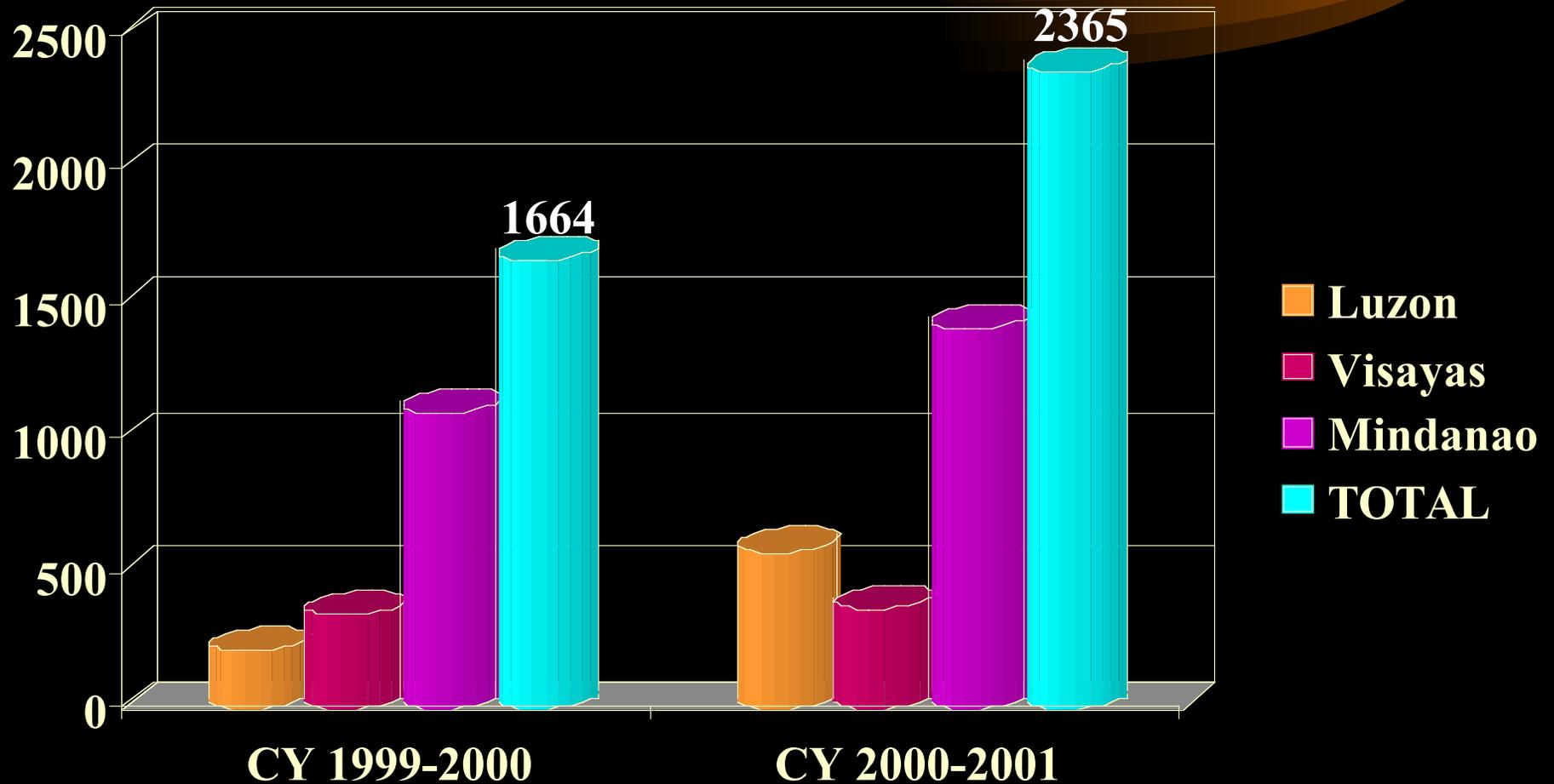


Fig. 2

Average Seedcotton Yield (MT/ha), Philippines

Crop Years 1999-2000 and 2001-2001

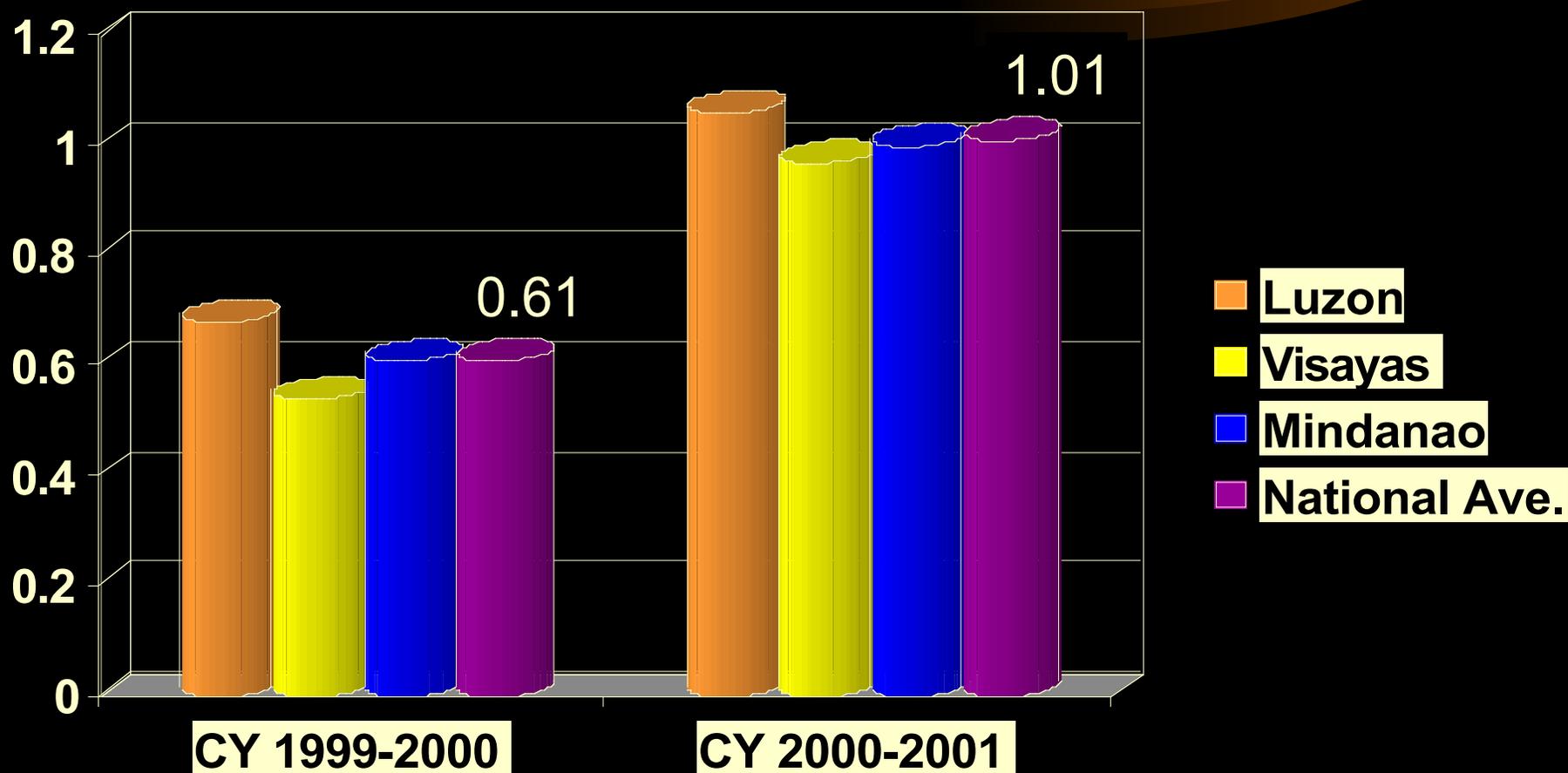


Fig. 3

Number of Farmers Engaged in Cotton Production, Philippines

Crop Years 1999-2000 and 2000-2001

