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## Cote d'Ivoire

### Cotton and Products

### Cotton Annual

### 2004

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**Report Highlights:**

Post forecasts cotton production to increase in 2004/2005 due to the relatively calm situation in the producing areas, cash payment for the last crop, expanded area and increased input use. Production fell in the 2003/2004 marketing year due to the unstable political situation. Domestic cotton consumption is expected to fall in 2003/2004 in line with the general slowdown in economic activity. Cotton exports increased in 2003/2004, but are expected to fall in 2004/2005 as a result of low carryover stocks.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Abidjan [IV1]  
[IV]

**Table of Contents**

**Executive Summary ..... 3**  
**Production ..... 5**  
**Consumption..... 6**  
**Trade..... 6**  
**Stocks ..... 9**  
**Policy ..... 9**

## Executive Summary

Post forecasts 2004/2005 cotton production to increase due to the relatively calm situation in the producing areas, full cash payment for the last crop, expanded area and increased input use. Almost all the producing areas fall under the rebel (New Forces) control. The security situation in the producing areas has relatively improved and farmers are gradually returning to their farms.

Post has revised further downwards its 2003/2004 production estimate due to the greater than anticipated adverse effects of the unstable political situation. The insecurity in producing areas made farmers to desert their farms. Economic activity was in total disarray. Banks were closed and carrying cash was highly risky. Cotton companies were in financial difficulties due to the economic blockade in their area.

The beginning of the 2003/2004 marketing year was delayed until the latter part of December 2003. This delay was a carryover from the late completion of 2002/2003 crop ginning. The 2003/2004 marketing year has been relatively smooth with farmers being paid for their deliveries to the cotton factories.

The producer price for 2003/2004 seed cotton remains at 180 F CFA/kg for first grade and 150 F CFA/kg for the second grade. Despite improvements in world market prices, the producer price is expected to be maintained for the 2004/2005 marketing year due to the financial problems of the cotton companies.

Fiber consumption declined in 2002/2003 and is expected to continue to drop in 2003/2004 in line with the general slowdown in economic activities. The harsh economic situation has compelled consumers to shift to cheap textile products, and imported secondhand clothes have gradually taken over the market.

Cotton exports are expected to fall in 2004/2005 due to the anticipated fall in supply, which is the result of low carryover stocks from the last marketing year. Cotton exports increased in 2003/2004 due to the reestablishment of transport links between rebel-controlled north and government-controlled south, the sales of 2002/2003 cotton from stocks that had been blocked at the factories in the rebel-controlled north, and improved export prices.

Ending stocks for 2003/2004 marketing year are expected to decline due to increased exports. Stocks are forecast to be drawn down in 2004/2005 due to relatively low rise in production and increasing export demand.

West African cotton producing countries supported by other Members won their case at World Trade Organization on federal subsidies paid to U.S. cotton farmers. Due to the time lags involved in the WTO appeals process and any subsequent legislative changes by the U.S. Congress, Post thinks there will no immediate effect on West African cotton production and exports in the coming year.

Exchange Rate: U.S. \$1 = 553 F CFA on May 17, 2004.

**PSD Table****Country****Commodity Cotton**

(HECTARES)(MT)

	2003 USDA Official [Old]	Revised Post Estimate [New] 08/2002	2004 USDA Official [Old]	Estimate Post Estimate [New] 08/2003	2005 USDA Official [Old]	Forecast Post Estimate [New] 08/2004
<b>Market Year Begin</b>						
Area Planted	322000	322000	260000	230000	0	280000
Area Harvested	250000	322000	260000	230000	0	280000
Beginning Stocks	106251	48997	92098	127172	83898	33472
Production	108863	171570	130000	92000	0	125000
Imports	0	1805	1800	300	0	400
TOTAL SUPPLY	215114	222372	223898	219472	83898	158872
Exports	108864	83200	125000	175000	0	140000
USE Dom. Consumption	14152	12000	15000	11000	0	11000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	14152	12000	15000	11000	0	11000
Ending Stocks	92098	127172	83898	33472	0	7872
TOTAL DISTRIBUTION	215114	222372	223898	219472	0	158872

## Production

Post forecasts 2004/2005 cotton production to increase due to the relatively calm situation in the producing area, full cash payment for the previous crop, expanded area and increased input use. Almost all the producing areas fall under the rebel (New Forces) control.

The security situation is relatively improved and farmers are gradually returning to their farms. Economic institutions such as banks remain closed. However, cotton companies have managed to establish a payment system for their seed cotton purchases encouraging many farmers to rescind their decision to abandon cotton production. Relatively improved farmer's financial resources and re-establishment of transport services with the government-controlled south have favored availability and use of chemical inputs.

Post has revised further downwards its 2003/2004 production estimate due to the greater than anticipated adverse effects of the unstable political situation. The insecurity in producing areas made farmers desert their farms. Economic activity was in total disarray. Banks were closed and carrying cash was highly risky. Cotton companies were in financial difficulties due the economic blockade in their operational area. They faced impediments to transporting their products to the government held south for exports. With the banking system not functioning there were few options for making payments for seed cotton purchases. Farmers lacked financial means to pay for chemical inputs, which were scarce and expensive causing decline in yields. There was no proper farm management as farmers were in serious difficulty. The political crisis also delayed the 2002/2003 marketing season and seed cotton ginning lasted until December 2004, thus hampering preparations for and plantings of the 2003/2004 crop.

Field reports indicate that this year farmers started field preparation in mid-April and plantings have started in few cases. The rains started early, at the beginning of April, and since then there have been several periods of rainfall. Farmers are upbeat and intend to plant cotton instead of only food crops. There are reports of increasing numbers of farmers working in the fields.

The beginning of the 2003/2004 marketing year was delayed until the latter part of December 2003. This delay was a carryover from the late completion of the 2002/2003 crop ginning. The 2003/2004 marketing year has been relatively smooth with farmers being paid for their deliveries to the factories. The cotton companies issued bank checks to the farmers cooperative group to be cashed in the government held south. This transaction is made possible by the improved security situation in the rebel-held territory and the easing of movement restrictions between the two sides. The ginning companies are half-way through the ginning of the crop and expected to be completed by August ending.

The quality of seed cotton purchased continues to decline in the 2003/2004 marketing year. The quality of seed cotton purchased so far showed about 60 percent first grade and 40 percent second grade compared to 69 percent and 31 percent second grade in 2002/2003. The decline in quality was due to the long period of storage in poor on-farm facilities and improper farm maintenance due to financial difficulties.

The producer price for 2003/2004 seed cotton remains at 180 F CFA/kg for first grade and 150 F CFA/kg for the second grade. Despite improvements in world market price, the producer price is expected to be maintained during the 2004/2005 marketing year due to the financial problems of the cotton companies.

## Consumption

Domestic cotton consumption declined in 2002/2003 and is expected to continue to drop in 2003/2004 in line with the general slowdown in economic activity. The harsh economic situation has compelled consumers to shift to cheap textile products and imported secondhand clothes have gradually taken over the market. There is also increasing competition from cheap and informal imports from Asian countries. The changing taste of the youth for western wear instead of clothes fashioned from locally-produced print materials is worsening the situation. This situation has resulted in a rapid decline in demand for domestic textile products, especially print materials, on the local market.

## Trade

Exports are expected to fall in 2004/2005 due to the anticipated fall in supply, which is the result of low carryover stocks from the last marketing year. Cotton exports increased in 2003/2004 due to the reestablishment of transport links between rebel-controlled north and government-controlled south, the sales of 2002/2003 cotton from stocks that had been blocked at the factories in the rebel-controlled north, and improved export prices. Exports for the first four months of 2004 were 45,823 MT as against 8,579 MT for the same period in 2003.

Cotton imports in CY 2003, were 884 MT compared to 1,634 MT in CY 2002. Import origins were Burkina Faso (699 MT), Mali (100 MT) and Guinea (80 MT). The downward trend in imports reflects the contraction in the domestic textile industry.

**Export  
Trade  
Matrix  
Country  
Commodity** Cotton

Time Period:  Units:   
 Exports for:  **2004**  
 U.S.:  U.S.:   
 Others Others

Brazil	2599	Bangladesh	7136
China	2880	China	57965
Thailand	9667	Thailand	9222
Indonesia	22121	Indonesia	24762
Pakistan	5845	Pakistan	10509
India	13389	India	2723
France	2075	France	2635
Taiwan	7751	Taiwan	12020
Spain	1616	Vietnam	4745
Malaysia	6146	Malaysia	5650
Total for	74089		137367
Others			
Others not	<input type="text" value="9111"/>		<input type="text" value="16674"/>
Listed			
Grand Total	83200		154341

NB: Trade Matrix for 2003 is from August 2002 to July 2003 and that of 2004 is from August 2003 to April 2004.

Source: Statistiques du Commerce Extérieur de la Cote d'Ivoire (Provincial)

**Import  
Trade  
Matrix  
Country  
Commodity** Cotton

Time Period  Units:   
 Imports for:  **2004**  
 U.S.  U.S.   
 Others Others

Mali	200	Mali	100
Burkina Faso	1360	Burkina Faso	139
Guinea	238		
Total for Others	1798		239
Others not Listed	<input type="text" value="7"/>		<input type="text" value="1"/>
Grand Total	1805		240

NB: Trade Matrix for 2003 is from August 2002 to July 2003 and that of 2004 is from August 2003 to April 2004.

Source: Statistiques du Commerce Exterieur de la Cote d'Ivoire (Provincial).



## Cotton Fabric Exports (MT)

	2002	2003
France	1,041	0
Belgium	650	434
Italy	914	1315
Spain	425	356
U.K.	241	0
Benin	571	248
Senegal	772	193
Niger	259	149
Republic of Congo	144	275
Togo	245	131
Others	704	237
Total	5,966	3,338

## Cotton Yarn Exports (MT)

	2002	2003
Spain	118	0
France	59	0
Guinea	179	79
Burkina Faso	301	6
Ghana	7	101
Others	59	10
Total	723	196

## Cotton Fabric Imports (MT)

	2002	2003
India	3,000	657
China	726	203
Netherlands	51	105
Senegal	53	58
Others	487	190
Total	4,317	1213

**Stocks**

Ending stocks for 2003/2004 marketing year are expected to decline due to increased exports. Stocks are forecast to be drawn down in 2004/2005 due to relatively low rise in production and increasing export demand.

**Policy**

West African cotton-producing countries, and other WTO members won their case at the World Trade Organization (WTO) on federal subsidies paid to U.S. farmers. The WTO panel

held that federal subsidies paid to U.S. cotton farmers violate WTO rules because they cause overproduction, drive down world prices and impoverish farmers in developing countries. Due to the time lags involved in the WTO appeals process and any subsequent legislative changes by the U.S. Congress, Post thinks there will be no effect on West African cotton production and exports in the coming year.