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Cote d'Ivoire

Cotton and Products

Annual

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Report Highlights:

Post forecasts a fall in 2003/2004 cotton production due to the unstable political situation, delayed marketing of the 2002/2003 crop and reduced planted area. Post has revised downwards its 2002/2003 production estimate due to high harvest loss resulting from the war situation and informal exports to neighboring countries. The marketing of 2002/2003 seed cotton started in mid-January and is expected to end in August. Fiber exports are expected to recover in 2003/2004 due to the gradual easing political tension. Cote d'Ivoire is to associate with other West African cotton producing countries at their meeting on June 18 to pursue their complaint before the World Trade Organization.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Post forecasts a fall in 2003/2004 cotton production due to the unstable political situation, delayed marketing of the 2002/2003 crop and reduced planted area. The cotton producing areas fell under rebel-held areas which have been cut off from the main economic stream in the south, and economic activities are more or less stifled. Banks and government administration remain closed in those areas.

Post has revised downwards its 2002/2003 production estimate due to high harvest loss resulting from the war situation and informal exports to neighboring countries. The military uprising started during the period of full harvest. The intensity of the initial confrontation and the general insecurity caused farmers and farm workers to flee their farms leaving their harvest to spoil. The crisis led to the closure of all gins and textile factories in the center and north of the country.

Seed cotton marketing started in mid-January and is expected to last until August. The major problem associated with the current marketing is payment of seed cotton delivered to the gins. The continued closure of banks in rebel-held territory, the prevailing precarious security situation and the fact purchases are always made in cash compound the whole payment problem.

Fiber exports are expected to increase in 2003/2004 due to the gradual easing of political tension, partial resumption of economic activities in cotton producing areas and opening of economic corridor for the transport of goods from rebel-held north to the ports in the south. Fiber exports fell in 2002/2003 due to depressed world market price and the war situation which blocked the transport of cotton from rebel-held north to the ports in the south.

Cote d'Ivoire is to associate with other West African cotton producing countries at their meeting on June 18 to pursue their complaint before the World Trade Organization (WTO), concerning the granting of subvention to producers by some western countries including the U.S. considered detrimental to trade liberalization. Trade Ministers of Burkina Faso, Mali, Chad and Benin took this decision at the beginning of May 2003 and launched a complaint at the WTO for special consideration of the subvention issue at the scheduled meeting in September. In their demand, they wanted the WTO to draw up a calendar for a total withdrawal of subsidy and also requested compensation for the losses already undergone. Cote d'Ivoire could not participate at the earlier meeting due to its political crisis.

Exchange Rate: U.S. \$1 = 554 F CFA on June 16, 2003.

PSD Table						
Country	Cote d'Ivoire					
Commodity	Cotton				(HECTARES)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	0	284676	312000	312000	0	250000
Area Harvested	300000	284676	312000	312000	0	250000
Beginning Stocks	67060	3643	73592	48997	148592	93597
Production	119750	170324	182000	135000	0	130000
Imports	0	1334	0	1600	0	1800
TOTAL SUPPLY	186810	175301	255592	185597	148592	225397
Exports	76204	109304	90000	80000	0	125000
USE Dom. Consumption	15241	17000	17000	12000	0	15000
Loss Dom. Consumption	21773	0	0	0	0	0
TOTAL Dom. Consumption	37014	17000	17000	12000	0	15000
Ending Stocks	73592	48997	148592	93597	0	85397
TOTAL DISTRIBUTION	186810	175301	255592	185597	0	225397

Production

Post forecasts a fall in 2003/2004 cotton production due to the unstable political situation, delayed marketing of the 2002/2003 crop and reduced planted area. The cotton producing areas fell under rebel-held areas which have been cut off from the main economic stream in the south and economic activities are more or less stifled. Banks and government administration remain closed. Security continues to be precarious and many residents of southern origin have fled the area as well as migrant workers from neighboring countries. Insecurity delayed the ginning of the 2002/2003 seed cotton until late January and many farmers have their harvest still unsold. This situation is undermining planting of the 2003/2004 crop as many farmers lack the financial means for the preparation of the new crop season. Payment of farmers for seed cotton delivered to the gins is rendered difficult due to the continued bank closure and general insecurity. Since cotton production is rain-fed, the delayed start of the planting will reduce the planted area by the close of planting season of July ending.

Field reports indicate that field preparation has started but not on full scale as the same time in previous years. Some farmers have also started planting. Seed cotton marketing continues and many trucks carrying seed cotton could be seen at the various gins. All the 13 gins are in operation including that of URECOS-CI's (the farmers' cooperative group).

Post has revised downwards its 2002/2003 production estimate due to high harvest loss due to the war situation and informal exports to neighboring countries. The military uprising started during the period of full harvest. The intensity of the initial confrontation and the general insecurity caused farmers and farm workers to flee their farms leaving their harvest to spoil. The crisis led to the closure of all the gins and textile factories in the center and north of the country. The duration of the conflict, uncertainty about the start of purchasing by the gins and expected payment problems made farmers near the border areas to sell their harvest in Burkina Faso and Mali. Official sources estimate production to fall about 50 percent, but Post estimates about 25 percent down in production.

Seed cotton marketing started in mid-January and is expected to last until August. The major problem associated with the current marketing is payment of seed cotton delivered to the gins. The continued closure of banks in rebel-held territory, the prevailing precarious security and the fact purchases are always made in cash compound the whole payment problem. As of the end of May, gins are said to have made only the first payment to farmers for seed cotton delivered. At the same period, seed cotton purchases by the various cotton companies are estimated between 50-52 percent of anticipated production.

The quality of seed cotton purchased so far is good and is estimated at 80 percent for first quality and 20 percent for second quality. The quality of seed cotton for the remaining crop is expected to be undermined by the early onset of the rainy season and the poor storage facilities. In 2002, the first grade seed cotton was 69 percent and second grade seed cotton was 31 percent.

The government fixed the producer price for first grade cotton at 180 F CFA/kg and 150 F CFA/kg for second grade cotton for the 2002/2003 marketing year. This producer price is a reduction from the 2001/2002 producer price of 190 F CFA/kg for the first grade and 160 F CFA/kg for second grade. Despite this price reduction, the government claimed to support the producer by 25 F CFA/kg due to the low world market price. In 2001/2002, the government 15 F CFA/kg support for the producer price was financed through tax reduction for the cotton companies and similar facility could be extended to the current marketing year.

Consumption

Fiber consumption fell in 2001/2002 and is expected to continue to fall in 2002/2003 due to the unstable political situation which has weakened the general economic base of the country. The worsening economic situation are favoring increased consumption of imported second hand clothes. Cote d'Ivoire also continues to face increasing competition from cheap and fraudulent imports, mainly from Asian countries. These imports are displacing or reducing domestic textile sales, especially print materials, on the local market.

Trade

Fiber exports are expected to increase in 2003/2004 due to the gradual easing of political tension, partial resumption of economic activities in cotton producing areas and opening of economic corridor for the transport of goods from rebel-held north to the ports in the south. Fiber exports fell in 2002/2003 due to depressed world market price and the war situation which blocked the transport of cotton from rebel-held north to the ports in the south. Exports for the first four months of 2003 were 8,579 MT compared to 53,785 MT for the same period in 2002.

Cotton imports in CY 2002 were 1,634 MT and were mostly from Burkina Faso (1,201 MT); Guinea (158 MT); and Mali (272 MT).

Export Trade Matrix			
Country	Cote d'Ivoire		
Commodity	Cotton		
Time period	8/01-7/02	Units:	MT
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Brazil	6395	Brazil	2199
Italy	2508	Spain	1129
Thailand	9094	Thailand	5220
Indonesia	32542	Indonesia	14928
Pakistan	7602	Pakistan	3795
India	10005	India	9149
Portugal	2047	China	2580
Taiwan	22149	Taiwan	5651
Bangladesh	3675	Bangladesh	1408
Vietnam	2925	Malaysia	4747
Total for Others	98942		50806
Others not Listed	10362		4772
Grand Total	109304		55578

NB: Trade Matrix for 2002 is from August 2001 to July 2002 and that of 2003 is from August 2002 to April 2003.

Import Trade Matrix			
Country	Cote d'Ivoire		

Commodity	Cotton		
Time period	8/01-7/02	Units:	MT
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Mali	131	Mali	200
Burkina Faso	1200	Burkina Faso	1060
		Guinea Republic.	238
Total for Others	1331		1498
Others not Listed	3		2
Grand Total	1334		1500

NB: NB: Trade Matrix for 2002 is from August 2001 to July 2002 and that of 2003 is from August 2002 to April 2003.

Cotton Fabric Exports (MT)

	2001	2002
France	1,924	1,041
Belgium	1,514	650
Italy	1,649	914
Spain	719	425
U.K.	368	241
Benin	577	571
Senegal	364	772
Niger	215	259
Others	806	1,093
Total	8,136	5,966

Cotton Yarn Exports (MT)

	2001	2002
Spain	234	118
France	109	59
Guinea	159	179
Burkina Faso	314	301
Others	119	66
Total	935	723

Cotton Fabric Imports (MT)

	2001	2002
India	4,478	3,000
China	273	726
Netherlands	102	51
Spain	40	34
Others	559	506
Total	5,452	4,317

Stocks

The 2002/2003 ending stocks are estimated to increase due to the drop in exports. Stocks estimates took into account seed cotton yet to be ginned. Stocks are expected to fall in 2003/2004 due to the anticipated increase in exports.

Policy

West African cotton producing countries have laid before the World Trade Organization (WTO), a complaint concerning the granting of subvention to producers by some western countries including the U.S. considered detrimental to trade liberalization. The decisions were taken by the Trade Ministers of Burkina Faso, Mali, Chad and Benin at the beginning of May 2003 and wanted the WTO to have a special consideration on this problem at its scheduled meeting in September. They wanted the WTO to draw up a calendar for a total withdrawal of subsidy and also requested compensation for the losses already undergone. Cote d'Ivoire did not actively participate in the initial activities due to its political crisis. However, it intends to associate in future actions.

Cote d'Ivoire will participate at the ministerial meeting in Ouagadougou, Burkina Faso, on June 18 under the auspices of UEMOA (West African Economic Union of Francophone countries) to adopt a common front towards the impending multilateral negotiations at WTO; strengthen the idea of increased cotton processing at the sub-region and examine studies undertaken for identification and promotion of regional industrial units. This is in furtherance of decision taken at their November 2002 meeting which sought to find means to increase value for cotton from the sub-region.