STUDY REPORT
IDENTIFICATION OF AN ACTION PLAN
FOR QUALITY IMPROVEMENT AND VALORIZATION OF COTTON
IN THE UEMOA COUNTRIES

The study report was prepared by Messrs Michel Fok and Bruno Bachelier of CIRAD in French after their mission to Mali, Burkina Faso, Benin, Togo and Niger from 2 March to 3 April 2004. The main findings and recommendations of their report are given below.

EXECUTIVE SUMMARY

The quality of the cotton of the countries of the UEMOA is good and it is even better than that which is used as reference to Index A of Cotlook, in terms length and micronaire. This quality remains however still improvable by a better control of the ginning process.

It is more difficult to come to a conclusion about the valorization of the cotton because it would be necessary to make a more detailed analysis taking into account of the annual average prices. The valorization can be nevertheless much higher because the current cotton price does not seem to be related with the actual quality of the cotton of the UEMOA countries.

From the point of view of the accreditation, opportunity is good to carry out a coordinated and appropriate modernization of the cotton classification system. The proposed modernization process should include the reinforcement of the simple stand-alone measuring equipment (micronaire, stickiness...) accompanied by the extension to the measuring equipment for Standardized Instrument Testing of Cotton (SITC) (formerly called SITC), initially to allow the consolidation of manual and visual classification, then to evolve gradually to a classification based on each bale of cotton by means of SITC.

It is in the field of the standardization that the promotion of an African Cotton Standard seems to have the most promising prospect. Such a standard will concretize the objective of the constitution of an African Cotton Label. It will not be enough just to build an African Cotton Label (which one could call for example ACA-UEMOA), the cotton with this label must pass the required quality standards of ginning and classification. Actions were also identified in this direction.

To produce the quality cotton and to make it recognized by the customers are the key objectives of all the actors in the cotton chain. A true “Quality Boost” should be promoted based on the vital role of information (accurate cotton quality data) in each country. This information will contribute positively to the mutual trust among the actors involved. An “Information Boost” should also be directed towards the customers in order to get the right price for the quality produced, with the dissemination of cotton quality data by the modern means of information (Internet) in order to open the field of the potential customers.

The proposed actions can generate an increase of cotton price of 5-6 US cents/lb. Even with half the expected increase, the annual gain for the UEMOA countries will be up to US$ 55-65 million, of which at least US$ 8-20 million could be allocated directly to the farmers.

It is however insufficient to stick only to quality at the industrial stage since the quality of cotton is strongly influenced by the quality of the cotton seed. To induce a real linkage of the farmets to the production of quality, it is necessary to associate the objective of the productivity. The actions combining quality and productivity before the ginning process were identified. Their realization is outside the current framework of the UEMOA Quality Programme but it can inspire the various initiatives expressed by the multilateral or international co-operation to help to consolidate the competitiveness of the African cotton sector.
WORK PLAN

The proposed work plan is to reveal the three components of the Programme (accreditation, standardization, quality management), the actions identified and the activities for each action, by distinguishing the realisation in the national and regional level. This plan is sufficiently detailed to contribute to the piloting of the envisaged activities.

We envisaged the effective starting of the activities as from the third quarter of 2004. Taking into account the expiry envisaged of the current phase of the UEMOA Quality Programme (in December 2005), this Programme has 18 months to conduct the envisaged activities, which is obviously insufficient. For this reason, we indicated the actual duration of the activities without taking into account of the end of the current phase of the Programme.

For the activities of the component "Accreditation and Certification", a great number of them can be committed and be completed at the limit of the current phase of the UEMOA Quality Programme. The actions which cannot be considered as completed significantly relates to operation in regional network of the analysis laboratories of cotton fibre, to ensure the quality of measurements, the correct operation and maintenance of the machines by a regional approach, and finally the complete control of the use of SITC equipment because of spreading out of the training courses to adapt to the spreading out of the SITC equipment of the countries.

For the activities of the "Standardization" component, one can consider that the main part of the activities envisaged will be completed at the limit of the current phase of the Quality Programme. These activities revolve around four principal activities:

2. Establishment of new regulations more adapted to the export of African cotton in position FAB (Franco à Bord);
3. Participation in the international discussions/negotiations on the cotton standard intended to gauge measurements by SITC; and
4. Promotion of standards in the control of ginning to preserve the quality of cotton fibre.

The actualization of a new standard of Africa cotton and its promotion for its adoption by the actors of the profession of the trade are not easy tasks, the times not envisaged for their completion rests on an optimistic assumption founded on a perfect alliance between the implied actors, in particular of the two cotton trade associations (A.C.A. and AFCOT). For the participation in the international negotiations on cottons of reference for measurements by SITC, the completion date is beyond the expiry of the Quality Programme. It should be noted that this completion escapes in any case from the programme testing Quality because it depends basically on the advance of the negotiations and the degree of divergence between the countries.

It is for the activities of the "Quality Boost" component that completion will be go beyond the expiry of the Quality Programme. That is altogether normal because, in the considered case of cotton, this "Quality Boost" is expressed basically by an approach of shared information whose realisation and impacts can be judged only over a longer period of time.

Finally, the current phase of the UEMOA Quality Programme represents a very good advisability to launch a great number of activities favourable to the improvement of the quality of cotton and especially to the improvement of valorization to the sale of this cotton, but much of these activities will not be completed or will not have produced the expected effects yet. For carrying out the engagement of these activities, it is already necessary to be ensured of a prolongation of control or follow-up as of these activities over at least two additional years. Without this insurance, one can wonder about the relevance to engage indeed the identified activities.
BUDGET

As indicated, we were not able to quantify the cost of the actions suggested. The objective of the mission initially consisted in determining a situation in its diversity between the visited countries, identifying relevant actions to lead and probing the adhesion of the various actors to the ideas of exchanged actions. The estimate of the budgetary headings for the control of the various actions would have required other contacts and research. We nevertheless provided elements to facilitate the work of estimate by the coordination of the UEMOA Quality Programme.

However, if the amount currently allocated to lead the specific actions to cotton within the framework of the UEMOA Quality Programme is not supplemented, it is probable that only the actions of facilitations could be carried out and that the support with the modernization of the equipment of classification of cotton fibre will not be able to be concretized. As an indication, equipment SITC with adequate facilities for a reliable and durable operation is worth between 200 000 to 350 000 €. Even if the cost is affected by the recent price fall of the equipment because of an increased competition, the cost remains high and represents a significant share of the currently acquired financing.

EXPECTED IMPACTS

Not being able to determine the actions, which it will be possible to lead, it is difficult of in to estimate the impacts. We can only give some reference marks to help to determine the range of it.

We already indicated that cotton "West Africa origin" seems to us under remunerated. An advised observer of the market of cotton pointed out that the cotton of West Africa suffers from differential US $ 0,04/pound vis-à-vis Australian cotton. It puts this differential on the account of the efforts of quality that Australia undertook, but we divide only partially this opinion. We lean more for the proximity of Australia of the importing countries of Asia but as for the lack of effort of communication/marketing as the countries of West Africa never undertook in an effective way. The negative effect of this lack of effort seems to us to be accentuated by the publications of quotations of Cotlook for cotton, which is not really any, more representative of the production of the countries of the UEMOA. The actions suggested of information correspond to an inflection in favour of an active approach to get the right price for the UEMOA cotton. They should make it possible to reduce the current differential to even make it disappear.

The analysis of the premiums and rebates according to the ranks of quality highlights that a profit of quality (in terms length and grade) can generate US $ 0,02/pound. The actions suggested to improve even more quality and to certify it by a reliable classification will make it possible to aim this additional profit.

With term, the whole of the actions suggested could make it possible to aim at a profit of 5-6 US cents per pound. For an annual production of 1 000 000 tons of the countries of the UEMOA, that represents a surplus from 110 to 132 million American dollars. If it is estimated that a minimum of 30% of surplus is allocated to the farmers, that represents an additional distribution of income from 33 to 40 million American dollars to the farmers. Even by retaining half the gain, the supplement of income distributed to the peasants will reach all the same 16 to 20 million American dollars per annum. It is about a substantial financial impact, which appears to amply justify the control of the identified actions. That which represents an increase of 3% for an average price US $ 0,60/pound.