



Increasing Seed Cotton Production in Zimbabwe

By

Godfrey Buka - Consultant

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SCOPE OF PRESENTATION

- **Introduction**
- **Production Trends**
- **Govt Intervention**
- **Growth Impediments**
- **Critical Success Factors**
- **Practices in other Countries**
- **Global Support to Farmers**
- **Value Addition Opportunities**
- **Conclusion**



INTRODUCTION

- ❑ This presentation seeks to examine ways through which cotton production can be increased.

- ❖ ***Cotton's contribution to the economy:***
 - ✓ Supports large base of rural population (*150 - 250,000 households*).
 - ✓ Direct employment in the value chain – from field to fashion.
 - ✓ Downstream service industries and rural district councils/local authorities.
 - ✓ Offshore funding in terms of the Cotton Finance Order.
 - ✓ Contract farming saved industry from collapse when there were no cotton production credit facilities.



PRODUCTION TRENDS

- ❑ Record crop was 353m kg in 2000/01 season.
- ❑ Long term annual average was then 250m kg.
- ❑ 2011/12 production = 351m kg in response to rising international lint prices.
- ❑ 2012/13 international lint prices declined, resulting in downward trend to 144m kg.
- ❑ 2013/14 & 2014/15 production remained low at 143m kg & 104m kg respectively.
- ❑ 2015/16 production plummeted to record low level of 28m kg.
- ❑ 2015/16 production rebound to a meagre 71m kg.



PRODUCTION TRENDS (cont'd)

Year	Prod (m/t)	Year	Prod (m/t)	Year	Prod (m/t)	Year	Prod (m/t)
1989	261,000	1999	303,000	2009	207,000		
1988	323,000	1998	272,850	2008	223,746		
1987	240,000	1997	278,184	2007	253,000	2017	71,000
1986	248,000	1996	284,000	2006	263,000	2016	28,598
1985	295,000	1995	100,100	2005	198,000	2015	104,000
1984	250,000	1994	181,480	2004	333,000	2014	143,100
1983	168,000	1993	214,300	2003	253,380	2013	143,849
1982	154,000	1992	60,000	2002	195,670	2012	350,703
1981	174,000	1991	261,151	2001	335,245	2011	250,000
1980	157,533	1990	205,241	2000	353,000	2010	267,000



GOVERNMENT INTERVENTION

❖ *Government intervened with inputs support*

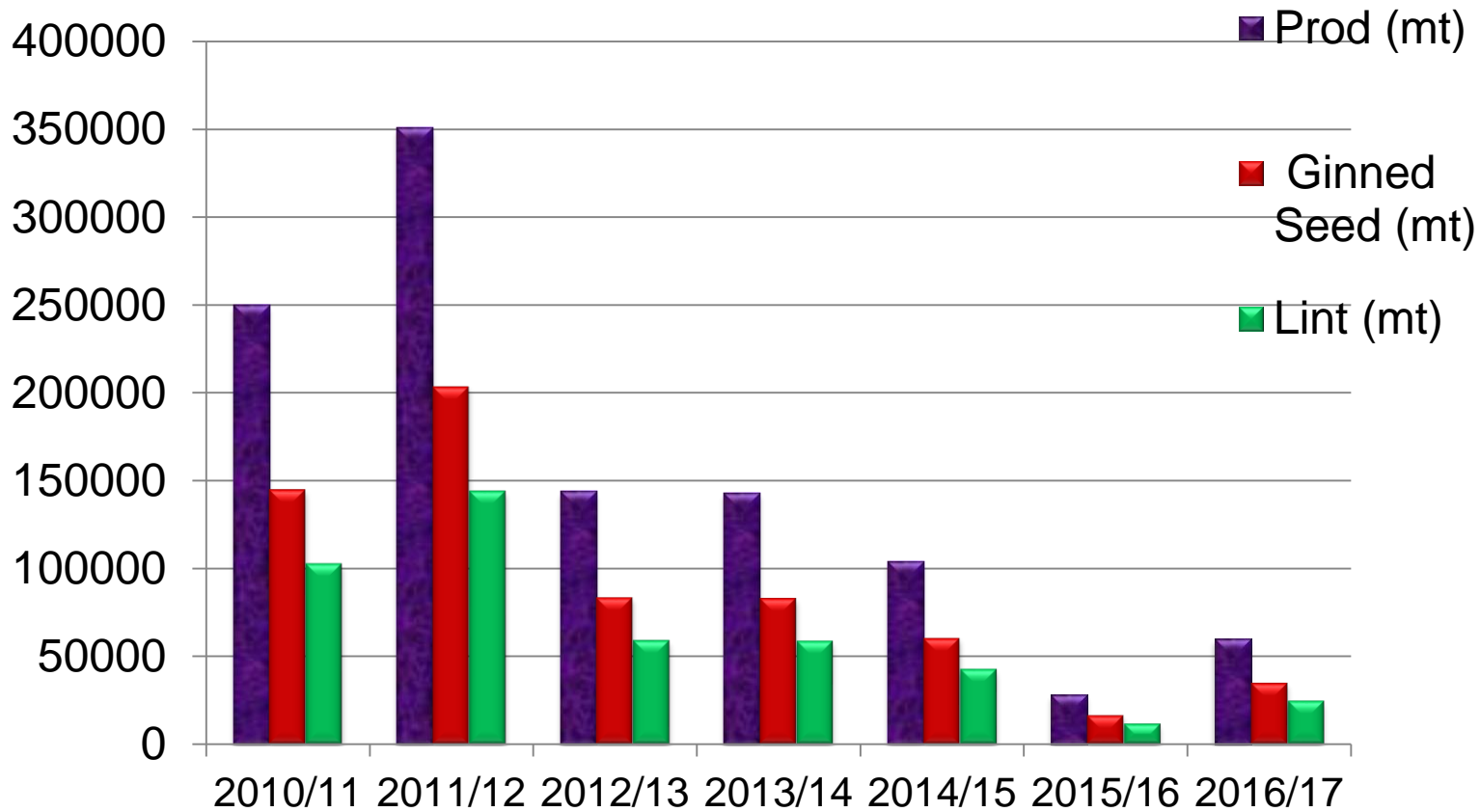
- ✓ 2015/16 - \$26 million
- ✓ 2016/17 - \$42 million
- ✓ 2017/18 - \$60 million

❖ *Effect of intervention*

- Co-existence of free inputs & loan inputs
- Unresponsive to productivity
- Challenges with loan recovery
- Crowding out contractors
- Companies closed – jobs lost
- ***How can the free inputs & contract farming schemes co-exist?***



SEED COTTON PRODUCTION 2010 - 2017



GROWTH IMPEDIMENTS

- **Low producer price** – Lint price volatility. Price takers on the international market.
- **High cost of production** – costs in Zim USD denominated COP higher in comparison to neighbouring countries.
- **Competing crops** –maize, tobacco
- **Low yields due to -**
 - Climate change
 - Poor agronomic practices
 - Inputs diversion - sales
- **Dual system** – Free inputs vis-à-vis contract farming
-fuels loan default as recovery becomes difficult.

■ *What can be done to mitigate negative factors affecting*



CRITICAL SUCCESS FACTORS

- **Competitiveness** through a **continuous linkage** between productivity and profitability
 - **Price stabilisation** policy/subsidy
 - **Good** agricultural practices
 - **Strong agronomic** support
 - **Compatible** inputs scheme
- *What motivates farmers to increase production?*



PRACTICES IN OTHER COUNTRIES

- **Brazil** - direct subsidies to producers based on guaranteed prices - Equalization price paid to Producers (**PEPRO** – Prêmio equalizador pago ao Productor).
- **India** - Minimum Support Price (**MSP**) system, guarantees support when prices are low.
- **China** - direct purchases to build up strategic cotton reserves in addition to controlling import volumes and value – also gives minimum support



PRACTICES IN KEY PRODUCER COUNTRIES

COUNTRIES	%	PRICE FIXING
China	29.8 %	Free cotton seed price; indirect support (protection at the border)
India	17.8 %	Cotton seed minimum purchase price is guaranteed by the State.
U.S.A	17.6 %	Loan rate and fibre target price are guaranteed by the State.
Pakistan	7,8 %	Cotton seed minimum purchase price is guaranteed by the State.
Brazil	5.7 %	Fibre minimum price is guaranteed by the State (intervention level)
Uzbekistan	4.4 %	Cotton seed purchase price is set and guaranteed by the State.
Turkey	3.1 %	Cotton seed purchase price is subsidised by the State.
Greece	1.2 %	Cotton seed purchase price is guaranteed by EU (partial well-proportioned)
Australia	1.1 %	Cotton fibre market price
Turkmenistan	1.0 %	Cotton seed purchase price is set and guaranteed by the State



GLOBAL PRICE SUPPORT TO FARMERS

Marketing Season	Production (m/t)	Ave. Support (US c/lb)	Total Support (US \$m)
2015/16	21,222	15	7,191
2014/15	26,209	18	10,353
2013/14	26,283	11	6,525
2012/13	26,667	13	7,351
2011/12	27,847	8	4,866
2010/11	25,453	3	1,477

Source: ICAC



VALUE ADDITION OPPORTUNITIES



- ❖ Primary processing _ ginning – maximise capacity
- ❖ Lint to yarn spinning _revive the textile industry
- ❖ Ginned seed to edible oils _meet domestic demand
- ❖ Cotton seed cake to stock feeds _live-stock industry
- ❖ Margarine & soaps_ untapped domestic market
- ❖ Cotton wool _ meet domestic demand
- ❖ Candle wicks & mops _ demand in tandem with population growth
- ❖ Pulp & paper industrial and commercial



CONCLUSION

There are three Cs in the strategy to increase cotton production:-

We need to make a

✓ **CHOICE** –

& take a

✓ **CHANCE** –

if we want anything to

✓ **CHANGE!!!**

We will be sure to succeed!!!





**THANK YOU/TATENDA/
SIYABONGA!!!**



Together we can make it!



QUESTIONS???

1. What motivates farmers to increase crop production?
2. What is the ideal production and financial model?
3. How can the downward trend in cotton production be sustainably reversed?
4. How can the free inputs & contract farming schemes co-exist?
5. What can be done to mitigate the negative factors affecting production?
6. How can the industry exploit value-addition of by-products?



- Choice at what level to we give the subsidy-marketing or initial stage of giving the inputs,
 - Suggestions- at the end of season; beginning of the season or pre-planting price;
 - Inputs delivered upfront-if farmers delivered inputs written off; if diverted pay back;
 - Farmers who supplied cotton to COTTCO should be given first preference;
 - Agreeing on pricing formula would enable farmers to have price estimates for planning stage;
 - Are we growing in high potential or low potential cotton growing areas? Is cotton being grown in the hinterland of Glendale; are we still growing cotton under irrigation?
 - Farmers in high rainfall areas are spoiled for choice and cotton ranked lowly in terms of profitability-hence risky for input suppliers; in low rainfall areas cotton ranked highly;
 - Converting the US\$60m subsidy into a straight price and ask farmers to meet input requirements- production may change;
 - Who determines the price? Several options-Market forces at market; negotiation between farmers and ginners; CTC- directive of not negotiating prices- collusion allegations- failure of ginners on what was agreed; under supplying farmer inputs- overstating of what ginners have supplied; Ginners' attitude towards farmers need to change- why is there dialogue between farmers and ginners;
 - Prices remaining statistic- within the multi-currency system-no exchange rate gains; How much did the ginners pour into cotton and how much will be provided 2017/18 season- to complement govt inputs;
 - Guideline from AMA on the requisite contribution of ginners (in what form should this support come; ginners are buying) = at least a \$1m before they start contracting; do farmers own the cotton- challenge of managing the crop because of ownership perceptions;
 - Farmers have been given inputs by govt over the past two years and yet ginners are claiming they have provided inputs; Contract farming guideline- ginners who come to purchase of crop without support; some provided partial funding- because they wanted to close funding gap; genuine farmers-while some compromised the quality of the crop- policy makers need to continue dialoging and transparency in contract farming= sustainable contract farming framework;
 - Farmers what can make you deliver- pay a better/viable price (75 cents- currently 47 c) and honour contracts; drill boreholes to safe-guard
 - Unified input schemes that is viable- if two schemes ginners & govt competing with one another;
 - Why are farmers not allowed to use free inputs; farmers need protection from abuse by ginners;
 - Quoton at one point send seed to dist points and only 50% of seed sold due to limited capacity of farmers;
 - Ministry of agric to come up with a minimum tonnage per ha –that make farmers viable and govt recover its money within the Command Agric model;
 - There is discipline and confidence that need to be dealt with; when produn increased and there was a avalancy of ginners and sidemarketing promoted by spot pricing



- Ginners in a quandry because of free inputs and they cannot compete;
- Free inputs were meant to assist farmers- need free inputs accompanied by targets; cultivate integrity;
- Non payment led to ginners- to reduce support and affect good farmers;
- Free inputs provided per ha- optimum 2500 kgs per ha at station- at station 4 t/ha- but farmers producing –(400-800 kgs/per ha)- breakeven yield is 1500kgs/ha;
- Dual contracting of farmers- need for good will, transparency and honest;
- Farmers have capacity to purchase inputs;
- Agronomic practices- questions is whether farmers are getting the sufficient agronomic practices advice- COTTOCO supplying the minimum package- but farmers want to produce maximum output from minimum;

Suggestion Recommendation

Need integrated approach of all stakeholders- have good varieties with capacity of 4000kgs per ha; Farmers need to grow the cotton crop properly with the right plant population; Govt revitiasation of industries that would absorb lint – farmers respond to a higher price tag;

Input provision should be backed by capacity building- pre-season; mid-season; post harvest- should be done by Agritex;

Changes in the structure in the agric sector- capacitation to extension services;

Improved dialogue among players through inclusive participation starting at the farmers association level;

Farmer is not a loss leader- need backyard ginning- free inputs is not to salvage the farmers but the industry as a whole- Zambia & India back yard ginneries exist- should not look at farmers as second hand partners;

Pre planting producer price registered success- support could include underwriting producers price; capacity building requires money; stabilisation model- including extension by govt and pvt; setting aside working capital to buy cotton is not support but its ginners' business;



- Buffer funding-Need institutional framework which include input from all stakeholders;
- Stabilization fund done by Mr. Mupandawana- Tanzania has model- charges a levy to replensish the fund-levy currently going to AMA; possible to have a fund as in Dairy sector;
- Stakeholders should be pro-active in coming up with

Recommendation

- Need dialogue between farmers/farmer reps- then ginners;
- \$17 – 20m as seed funding for stabilization funding
- **ACVAZ- willing to be the convener- need convening power; institutional oversight- govt- part of AMA's- need to consider the re-afforestation fund in tobacco- need to consider legal implications**
- **Need recommendation to increase productivity**
- **Fund will enable farmers to draw funding;**



Day 1: Final Session

- Need 15kgs per ha to achieve the 2500kgs target;
- Farming methods need to be considered-Cotton Research Institute and Ministry of Agriculture;
- Setting an oversight committee-recommend to Ministry- size of committee & process;
- Department of Research & Specialist Services- through Cotton Research Institute- has been responding to needs of farmers; pest control; pathology- cotton diseases; agronomy- changes in climate;
- What is the mandate of ACVAZ- implementation of the cotton to clothing strategy-is not resourced enough-there is a board and function through member associations- just two.
- Govt dept- done at govt level- farmer org; ginners
- **ACVAZ, Farmer Reps, Research Council; ZIA; ZIMTRADE; Processor; Ministry of Agric; AMA;CRI; Bhuka; Stockfeed – PS gives directive on composition and gender balance;**
- UNCTAD provide Terms of Reference of Committee.
- Committee to produce Action Plan; Plan on the next stages; PS Min is focal point; National focal point is Chair Committee- gender balance and the right level of representative- should be well informed of the development of the value chain;
- Project has finite time line and limited to cotton by products but committee should be able to address other emerging issues- ACVAZ and Project- both coming out of COMESA Strategy;

