Challenge of improving Cotton competitiveness in a distorted market

Analysing the role of crop protection in Francophone Africa

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Outline

- Francophone Africa's cotton and the issue of crop protection improvement
- Constraints, limitations and opportunities for cotton crop protection improvement
- Possible actions for cotton crop protection improvement
Francophone cotton Africa: indicators of variable performance

- Exclusively rainfed production
- 2nd rank in exporting cotton
- Many people involved
  - >10 millions, about 1.3 million producers
- Significant players in claiming for subsidy abolition
  - The African Cotton Sectoral Initiative introduced at the WTO Ministerial Meeting in Cancùn, Sept. 2003
- But yield is decreasing
  - and the gap is widening with the rest of the cotton world
Enlarging yield gap

Cotton lint yield, World & Francophone Africa
(mobile mean on 3 years, except for the two extreme years)
Yield regression in Mali

Evolution of seedcotton yield in Mali
Mobile mean on 3 years (except for the last year)
The Issue addressed

- could the improvement of crop protection help?
  - Under which conditions?
  - What would be the extent of this improvement to gain competitiveness?
  - What are the actions to undergo?
Precautionary principle applies to the International conditions

- Pessimism regarding the effects of subsidy abolition
  - The process is stuck at the WTO level
  - Very diverging results on the effects on the world price
  - Price Effect will be short term one

- Consequences
  - Price trend would continue with its decreasing trend and volatility
Very diverging results of price effect estimation

### Estimation for campaigns 2000/01 or 2001/02

<table>
<thead>
<tr>
<th>Authors</th>
<th>Data sources</th>
<th>Price variation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICAC</td>
<td>ICAC</td>
<td>21.0</td>
</tr>
<tr>
<td>ICAC</td>
<td>ICAC</td>
<td>72.4</td>
</tr>
<tr>
<td>Sumner</td>
<td>ICAC</td>
<td>12.6</td>
</tr>
<tr>
<td>IFPRI</td>
<td>ICAC + IFPRI</td>
<td>11.4</td>
</tr>
<tr>
<td>Tokarick</td>
<td>ICAC + others</td>
<td>2.8</td>
</tr>
<tr>
<td>FAO</td>
<td>OMC</td>
<td>2.3-5.0</td>
</tr>
<tr>
<td>Reeves et al.</td>
<td>ICAC</td>
<td>10.7</td>
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<tr>
<td>Gillson et al.</td>
<td>ICAC</td>
<td>18.0-28.0</td>
</tr>
<tr>
<td>Goreux</td>
<td>ICAC</td>
<td>2.9-13.4</td>
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</table>
Cotton Price more volatile

Current Cotton lint price, US cents/pound

[Chart showing historical cotton prices from 1790 to 2006, with notable peaks in 1863, 1919, 1951, 1980, 1994, and 2001.]
Precautionary principle applies to the International conditions

- **Implications**
  - Productivity and competitiveness gain should not be obtained at any additional cost and risk for resource-poor and risk-adverse smallholders

- **Crop protection improvement would mainly mean efficiency gain**
  - Identical effectiveness at lower cost
  - Or improved effectiveness without change in cost
Price differentiation: threat and opportunity

- A reality totally missed in the WTO negotiations
- Price differentiation according to
  - Measurable and controllable features
  - Less/not Measurable and controllable features ("image")
- 2 opposed influences on price differentiations with regard to producing countries
  - Exacerbated concentration on the international cotton trade
  + Crop protection implementation has more impact on the image of one's cotton
Price differentiation: threat and opportunity

- Consequence: 2 possible impacts of the improvement of cotton crop protection
  - Reduction of unit cost of crop protection (through the improvement of effectiveness and/or efficiency)
  - Increase of the value of the cotton produced

- Implications
  - Challenge = combine the 2 possible impacts
  - Inform on what one does = requisite to gain in image
Francophone Africa: wrong in communication

- No communication on many achievements conducive to positive perception (with variation between countries)
  - Farmers actively participating in the management of cotton sectors
  - Farmers involved in price setting for outputs and inputs
  - Farmers implementing the marketing of their own cotton

- Commendable achievements in crop protection
  - General access to chemical control
  - Chemical control at limited extent (3-6 sprays, 4 on average)
  - Rare example of implementation of threshold control by developing countries
Cost in crop protection remains reasonable, US$/ha, in absolute terms...

<table>
<thead>
<tr>
<th></th>
<th>China 2003</th>
<th>USA 2004</th>
<th>Mali 2003</th>
<th>Brazil, MT direct sowing 2003</th>
<th>Brazil, Parana Conventional 2003</th>
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</thead>
<tbody>
<tr>
<td>Fertilizers</td>
<td>93</td>
<td>89</td>
<td>67</td>
<td>295</td>
<td>137</td>
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<tr>
<td>Pesticides</td>
<td>54</td>
<td>138</td>
<td>47</td>
<td>624</td>
<td>172</td>
</tr>
<tr>
<td>Pesticides &amp; fertilizers</td>
<td>147</td>
<td>227</td>
<td>115</td>
<td>919</td>
<td>309</td>
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<tr>
<td>Seeds</td>
<td>51</td>
<td>116</td>
<td>0</td>
<td>62</td>
<td>62</td>
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<tr>
<td>Other inputs</td>
<td>69</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All physical inputs</td>
<td>267</td>
<td>343</td>
<td>115</td>
<td>981</td>
<td>371</td>
</tr>
</tbody>
</table>

and in relative terms...

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</thead>
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<tr>
<td>Pesticides, US$/ha</td>
<td>54</td>
<td>138</td>
<td>43</td>
<td>624</td>
<td>172</td>
</tr>
<tr>
<td>% cost of Chemicals</td>
<td>37.0%</td>
<td>60.9%</td>
<td>41.3%</td>
<td>67.9%</td>
<td>55.6%</td>
</tr>
<tr>
<td>% cost of physical inputs</td>
<td>20.2%</td>
<td>40.3%</td>
<td>41.3%</td>
<td>63.7%</td>
<td>46.3%</td>
</tr>
</tbody>
</table>
Commendable achievements through threshold program in Mali

Savings in insecticides up to 60% as compared to calendar program with 4 sprays

24,000 ha in 2006

% of total cotton area covered

Savings in insecticides in % of reference situation

Source: Renou et al., 2007
Evolution of the amounts of a.i. on cotton (g/hectare) in Côte d'Ivoire 1974 to 2005

Source: Thibaud Martin, 2007
Further contribution of crop protection to competitiveness?

- Two opposed trends
  - gain mitigated by the structural constraints of developing countries
  + crop protection improvement should provide a lever effect through yield gain
Limited impact of the reduction of crop protection cost

Specificity of large gap between the production cost at farmers' level and at the export position

Unit cost, from ginnery to export position, US cent/pound

<table>
<thead>
<tr>
<th></th>
<th>Australie</th>
<th>USA</th>
<th>Mali</th>
<th>Burkina Faso</th>
<th>Cameroun</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>2.33</td>
<td>4.94</td>
<td>6.72</td>
<td>4.24</td>
<td>4.35</td>
</tr>
<tr>
<td>2002</td>
<td>3.82</td>
<td></td>
<td></td>
<td>6.22</td>
<td>5.33</td>
</tr>
<tr>
<td>2003</td>
<td>5.14</td>
<td></td>
<td></td>
<td>6.63</td>
<td>5.99</td>
</tr>
<tr>
<td>2004</td>
<td>5.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The reduction of the Crop protection cost would not have enough impact as compared to other cost items
Potential lever effect of better crop protection to exploit

- Current practices are not optimal to recover yield loss due to pest damages
  - The practices in implementing chemical control is mainly guided by the concern of cost reduction
  - The increase of the price of chemicals has led farmers to reduce excessively the number of sprays
  - Through this reduction, the first spray tends to be later and the last one tends to be earlier than required
Situation has become less favorable

- Due to insufficiently-prepared institutional change
  - Cotton sector reform
  - Privatisation
  - Transfer of the management of the pesticide supply to farmers' organisations
- Consequences: former achievements have been hurt
  - Timely delivery of the needed products
  - Quality control
  - Training of farmers...
What to do

- In the institutional area
  - Find back a framework which could insure farmers getting timely what they need to properly implement cotton pest control
What to do

- Technical challenges to address
- Adapt cotton crop protection to the dramatic shift from yearly discontinuous to continuous cropping
  - Consequence of the development of horticulture
  - Increasing place of polyphagous pests (Helicoverpa, Bemisia, Aphis)

Photos of Th. Martin, 2007
Common pests to cotton and vegetable

*Bemisia tabaci* on tomato and transferring the Tomato Yellow Leaf Curl virus

*Aphis* sp.

*H. armigera* on tomato
Distinct pests on cotton and vegetables but controlled by the same insecticides at a very regular basis (every 3 days)…implying serious threat for resistance emergence.

Photos of Th. Martin, 2007
What to do

- Integrate a few ideas of biological control (from organic farming or local knowledge) to conventional cotton growing
  - Development of cultural practices for pest management (push-pull)
What to do

- Adapt protection to important changes in cotton cultivation integrating finally growth regulation
  - Important increase of densities will modify canopy and pest/plant relationship
  - Topping to decrease the late season pest pressure
Increased density is promising to yield gain

…through important increase in the number of plants to be harvested

…while the number of bolls per plant is little reduced

<table>
<thead>
<tr>
<th>plant density</th>
<th>No. Plants/m²</th>
<th>No. Bolls/m²</th>
<th>No. Bolls/plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1</td>
<td>2.1</td>
<td>8.8</td>
<td>4.2</td>
</tr>
<tr>
<td>D2</td>
<td>4.2</td>
<td>16.9</td>
<td>4.0</td>
</tr>
<tr>
<td>D3</td>
<td>8.3</td>
<td>32.7</td>
<td>3.9</td>
</tr>
<tr>
<td>D4</td>
<td>16.7</td>
<td>61.9</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Density experiment in Mali, 2006

This yield prospect is nevertheless challenging in commanding quite different pest/plant relationship.
What to do

- Not to rely on want-to-be miracle solution
  - There is no silver bullet
- Be conscious of the extent and limitations of Bt-cotton impacts
## Bt-Cotton: lessons from experiences

### With regard to anticipated impacts

<table>
<thead>
<tr>
<th>Positive impacts</th>
<th>Neutral impacts</th>
<th>Negative impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed effectiveness against target pests</td>
<td>Nuisance not yet confirmed on non-target fauna</td>
<td>Frequent monopoly in the supply of GM seeds: hence high price</td>
</tr>
<tr>
<td>Reduction of 2-3 insecticide sprays</td>
<td>Nuisance not yet confirmed on predators of cotton pests</td>
<td>Collapse of existing seed production services</td>
</tr>
<tr>
<td>Reduction of the insecticide expenses, but only reduction</td>
<td>Not yet confirmation of appearance of pest resistance to Bt cotton</td>
<td>~Annual renewal of seeds made compulsory</td>
</tr>
<tr>
<td>Profitability frequently improved to various extent</td>
<td></td>
<td>Seldom reduction in the total cost of pest control</td>
</tr>
</tbody>
</table>
Bt-Cotton: lessons from experiences

<table>
<thead>
<tr>
<th>Positive impacts</th>
<th>Negative impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield Gain, although at variable extent</td>
<td>Higher financial risk for farmers with GM seeds</td>
</tr>
<tr>
<td>'comfort' in implementing pest control</td>
<td>Undesired effects from farmers' opportunistic behaviours to escape high cost GM seeds</td>
</tr>
<tr>
<td>Less uncertainty related to insecticides (case of LD countries)</td>
<td>Various approaches to preserve biotech rent</td>
</tr>
<tr>
<td>Possibility to move back to a lower pest pressure context</td>
<td>Profitability variates a lot according to countries, years…between farmers and plots</td>
</tr>
<tr>
<td>Capability, although rare, to insert Bt cotton within an Integrated pest management</td>
<td>Economic and ecological threat associated with the approach of 100% GM cover</td>
</tr>
<tr>
<td>Room in negotiating conditions of Bt cotton use</td>
<td>Unfavorable shift of the pest complex</td>
</tr>
</tbody>
</table>
Bt-Cotton: for Africa?

- Yes, promising
- Costs are involved
  - In buying seeds
  - Seed system destructured
- Extent of Profitability gain under dependence
  - Matter of economic conditions for using Bt cotton seed
- 100% Bt-Cotton
  - Not optimal (tech. & ecology)
- Partial use
  - Preferable
  - Must be organized, but not easy
Conclusion

- 3 potential impacts of crop protection improvement
  - Cost reduction, Value gain, Lever effect on yield
- Room for improvement
  - But institutional requirements to help expect promising technical achievement
  - Mid-term if not long term commitment
    - While struggling for short term survival
- Improvement
  - A valuable area to invest for the members of the international community which have claim their willingness to help African countries