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Linking Family Farms to Markets

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**Impact of Cotton GVC on Africa and
Farm Gate Activities**

CONTRIBUTION

from

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Impact of Cotton GVC on Africa and Farm Gate Activities

Cotton is an important component to the development of local economies in Africa. Despite this, the sector is face with considerable challenges including low yield, lack of improved value addition but most significant is the inadequate support structure to trade and marketing which are not equal to the importance to the sector. At the international level, the Africa's cotton is undermined by the distorting trade practices along the global value chain with effort to remedy the situation reaching a deadlock. The Pan- African meeting in Cotonou, Benin in June 2011 culminated in a road map that outlines both challenges and opportunities for different stake holders to contribute to the development for cotton industry in Africa.

The Kenya's Agricultural Sector Development and food security strategies, and cotton production serves as the foundation for industrialization and value added processing in the oilseed, textile and garment sectors. Small holders in Kenya can produce cotton profitably in a commercially viable industry in which cotton is grown in rotation with food crops if constraints are overcome. To be competitive, Kenya needs new methods of production utilizing modern tools of agricultural productivity, new ginning equipment, and new systems of supplying inputs, purchasing seed cotton and marketing lint and seed.

The grave fall in international cotton prices between 2002 to 2009 had a very present need for sector stakeholders to safe guard the sector for long term competitiveness. This is only one component of the obstacles in participating competitively in the value chain. Others include National production is barely enough cotton to supply one average sized spinning mill and is not sufficient to attract the interest of international merchants or investors. Heavy levels of contamination and non-standard bale size and density further reduce the viability of Kenyan cotton within the world market.

The following are opportunities for engagement for the development of the cotton value chain:

I. Higher Productivity and Yields.

Cotton production is characterized by highly fluctuating crop yields in some regions of the world. Whereas Australia and Brazil work with the worlds highest cotton yields of more than

2000 to 1700 kg /ha, African countries, and also India, are still far behind with 200 to 300 kg/ha. Research and development should specific for the region including selecting seeds which correspond better to local conditions, keeping soil fertility and improved water management in mind and paying attention to efficient protection methods that were considered to be advantageous in one region, may prove to be inefficient in other regions for a variety of reasons.

2. Cotton under continued price pressure

The competitive pressure from other exporter is weakening and the quality of cotton being used in the textile industry is rising as prices gradually decline provides opportunities from increased producing and export of African cotton. There is a need to improve the competitiveness of cotton through promotion of natural fibers with emphasis on the value of cotton over synthetic fabrics.

3. Role of markets

Under the motto Cotton: Connecting High Tech and Nature, the 33rd International Cotton Conference, which took place from 16th to 18th March 2016 offered a broad insight into the future of the natural raw material cotton. The Conference offered plenty of opportunity to discuss the latest trends in the marketing and further processing of cotton.

Market plays a major role as a pull factor in promoting the use of a marketability of cotton. There is growing consumer interest in sustainable production methods within the textile supply chain. The objectives of the existing partnership for sustainable textiles and more transparency within the supply meet such demands.

4. Environmental friendly and sustainable cotton production

In regard to production, the focus heavily depends on increasing in supply and access to inputs supported by technological transfer to the farmer. Plays a role in increasing resistance and production output per acre. This applies, for example, to insect and weed resistance, improving the nutritional value or plant health.

This has direct implication on the production. For this to be achieved, enablers such as:

- ✓ Access to affordable access to capital
- ✓ Regulation of the sector to provide better return to farmers

- ✓ regional units for fertilizer production
- ✓ Develop regional programs on variety selection and support multiplication initiative.
- ✓ Financing of agricultural inputs through regulation and contractual guarantees.
- ✓ Encourage the development of Inputs Market Information System
- ✓ Establishing intra and inter regional cooperation to ensure regularity of supply and reassure buyers.
- ✓ Strengthen the capacities of exporters, ginneries and centers of trade promotion, particularly in contract management and conflict resolution.
- ✓ Creating synergies to overcome the financial and technical challenge of marketing of cotton.

Key Factors Supporting Production and Exports from Africa

- ✓ Duty free access to major markets under AGOA, EPA, LDC status, etc.
- ✓ Cotton Availability which has scope of increasing enormously
- ✓ Low labour cost along with ample availability of arid and semi-arid land
- ✓ Constantly improving regulation and implementation of policies specific regions, with EAC as front runner
- ✓ Infrastructure and logistical development to help in investment development and trade
- ✓ Conducive investment policies being developed by several African countries, including EAC.
- ✓ Ease and cost of doing business.