

COTTON PRODUCTION IN MALAWI

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1.0 Introduction

Agriculture is and will remain the mainstay of the economy in Malawi in the short to medium term. Currently agriculture contributes about 37 – 40 percent of the Gross Domestic Product (GDP) and employs over 80 percent of the country's labour force including subsistence farmers. It also accounts for over 90% of foreign exchange earnings and supplies more than 65 percent of the raw materials most needed by the manufacturing sector.

The agriculture sector is dominated by the production of tobacco, sugar and tea, which are the main foreign exchange earners. At present, the tobacco industry that has been and remains the main stay of the Malawi's economy is facing turbulent times and disfavour due to the anti-smoking lobby and other factors. Other crops are slowly becoming important sources of foreign exchange in Malawi; among such cash crops that have high potential to expand particularly in the smallholder sub-sector is cotton.

2.0 Cotton production

Cotton is one of the most important cash crops in Malawi. It ranks fourth as a foreign exchange earner for the country after tobacco, tea, and sugarcane. The objective of the Malawi government is to increase cotton production and improve quality in order to meet local demand and export any surplus. Unfortunately, only smallholder farmers mostly grow this crop. The few large commercial farms that were growing the crop abandoned it due to its declining profitability.

Cotton has immediate potential to impact Malawi's overall growth for several reasons including the creation of more jobs if the integrated cotton textiles and garment chain is vibrant. Secondly, there is capacity for Malawi to produce more than 100,000 metric tones of seed cotton by more than 200,000 farmers as long as there is conducive production and marketing environment. For instance, during the 2002/03 growing season, the private sector through the Cotton Development Association (CDA) introduced a farm input subsidy program which resulted into a remarkable increase in seed cotton production as shown in table 1. Unfortunately this program only lasted for two seasons.

Table 1. 13 Years' Cotton production Trends in Malawi

Cropping season	Number of growers	Hectarage planted	Yield (Kg ha ⁻¹)	Production (mt)
1993/94	96,962	37,552	451	16,936
1994/95	NA	52,237	482	25,197
1995/96	128,367	75,745	897	67,910
1996/97	113,910	70,734	638	45,122
1997/98	79,939	45,076	966	43,550
1998/99	108,939	53,191	951	50,589
1999/00	NA	41,135	888	36,527
2000/01	NA	48,481	776	37,622
2001/02	NA	46,773	855	39,992
2002/03	NA	43,706	925	40,446
2003/04	130,000	63,447	835	53,581
2004/05	216,805	88,535	669	59,212
2005/06	178,596	62,233	941	58,569

NA: Data not available

3.0 Challenges to cotton production

One of the major challenges faced by cotton farmers is the low seed cotton farm gate price. From mid 1960's Agriculture Development and Marketing Corporation (ADMARC) was the sole buyer of seed cotton until 1994 when the market was liberalized following the adoption of an Economic Structural Adjustment Program with the World Bank. ADMARC scaled down its involvement and sold its ginneries. This resulted into the coming of two big cotton companies namely Great Lakes Cotton Company and Clark Cotton Malawi Limited (now Cargill. In the early 2000, two small companies came in with the hope of increasing competition in the buying of seed cotton. Unfortunately these companies instead of competing to buy seed cotton, they collude and in the process offer low farm gate prices.

The low farm gate prices have resulted into reduced number of growers and the subsequent reduction in hectarage and eventually production. These low farm gate prices coupled with low yields reduces farmer's profitability. The low yields are mainly as a result of poor cultural practices, use of low quality seed, declining soil fertility and frequent drought/dry spells.

The shrinking of the domestic textile industry since the 1990s also resulted into reduced domestic demand for cotton lint consequently leading into low production. This has also been worsened by the influx of second-hand clothes, which most Malawians prefer to purchase because they are cheaper at the expense of the agro-industry, David Whitehead.

The cotton sub-sector in Malawi has not been spared by the HIV/AIDS pandemic. The pandemic has seriously affected the smallholder farmers by eroding the productive age group leaving the elderly and the young ones who can not carry out farm operations adequately. HIV/AIDS also reduces available labour to farm activities because the households divert labour and to caring for the sick. It also leads farmers to switch to less labour intensive crops which are often not high value crops. Highly skilled and experienced employees have also been lost due to HIV/AIDS. The HIV/AIDS pandemic has therefore negatively impacted on Malawi's agriculture at household, community and national levels.

4.0 Cotton Marketing and ginning

There are three major seed cotton buyers who are at the same time ginners namely Clark Cotton Malawi Limited (Now Cargill), Great Lakes Cotton Company and Iponga Cotton Company. All the seed cotton produced in Malawi is bought by these three buyers. These three buyers/ginners formed an association in the past four seasons where who instead of competing to buy seed cotton, they collude and in the process offer low farm gate prices. The three ginners combined have a ginning capacity of 180,000 metric tones which is at present under utilized due to low production levels.

5.0 Textiles and Garment Industry

Currently there are only three companies involved in the manufacturing of textiles (fabrics) namely Mapeto-David Whitehead & Sons (Malawi) Limited (DWS), Knitwear Industries Limited and Malawi Council for the Handicapped (MACOHA). These companies have drastically scaled down their operations due to a

number of problems such as outdated and inefficient machinery, high cost of transport for raw materials and other inputs and stiff competition from second hand clothing. The spinning section under Mapeto – David Whitehead & Sons is not operational now resulting in reduction in domestic lint consumption as this is the sole spinning company in the country.

DWS is currently printing imported fabrics but efforts are under way to resuscitate the spinning and weaving operations through acquisition of new machinery. Knitwear Industries, imports already knitted fabrics for its garment manufacturing as it appears to be cheaper than knitting its own fabrics. MACOHA, which is a non profit making organization on the other hand, produces hand-woven fabrics, which are used to make a variety of home finishings and decorative materials such as wall hangings.

6.0 Government's efforts

The State President declared cotton as one of the strategic crops for growth for the country. As one way of improving minimum farm gate price contract cotton production is to be encouraged. Cotton growing farmers do also benefit from the government fertilizer subsidy program. Discussions are underway to include other inputs such as cotton seed, pesticides, and spraying equipment in the subsidy program.

The government has also initiated a project with an objective of promoting cotton production. The project is focusing on:

(a) Cotton seed multiplication

The objective is to promote production of good quality seed of the recommended varieties which has not been successful for some time.

(b) Improvements in extension staff and farmer knowledge and skills

This aims at having cotton extension assistants with specific training in cotton production who will in turn train the farmers.

(c) Group development and management

Cotton farmers are not organized in strong groups. This aims at encouraging farmers to be organized into groups and form one umbrella body which will be the cotton farmers' mouth piece in negotiating for better prices. This umbrella body would be affiliated to the Farmers Union of Malawi.

(d) Technology development

Research activities are to be supported in order to come up with superior technologies that will enable farmers to increase productivity.

(e) Review of the Cotton Act

Several weaknesses have been observed with the current policy, legislation and institutional framework. The current Cotton Act is ineffective in dealing with the challenges that come with the economic liberalization environment.