International
Cotton
Advisory
Committee

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PRODUCTION AND TRADE SUBSIDIES AFFECTING THE COTTON INDUSTRY

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A report by the
Secretariat of the
International Cotton Advisory Committee

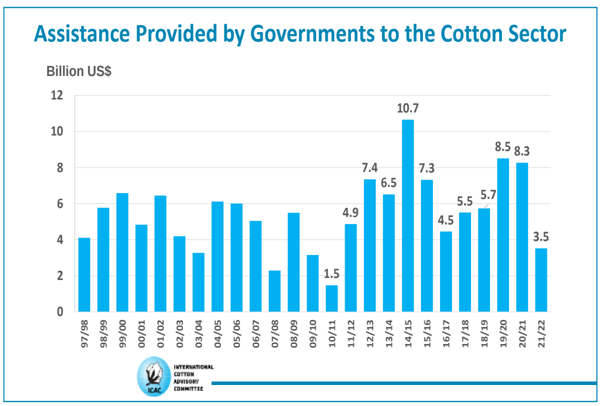
Washington D.C, USA

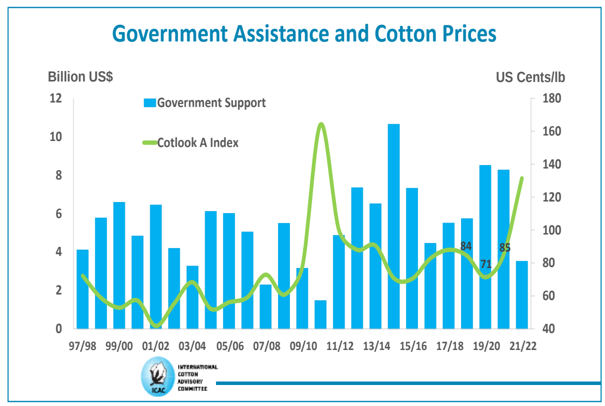
Government Assistance to the Cotton Sector

The ICAC Secretariat has estimated that subsidies to the cotton sector — including direct support to production, border protection, crop insurance subsidies, input and transportation, and minimum support price mechanisms — reached $3.5 billion in 2021/22[1], down by 57% from the $8.3 billion in 2020/21.

Since 1997/98, when the Secretariat began reporting on government measures in cotton, there has been a strong negative correlation between subsidies and cotton prices:

- In years when prices are high, subsidies tend to decline.
- In years when prices are low, subsidies tend to rise.



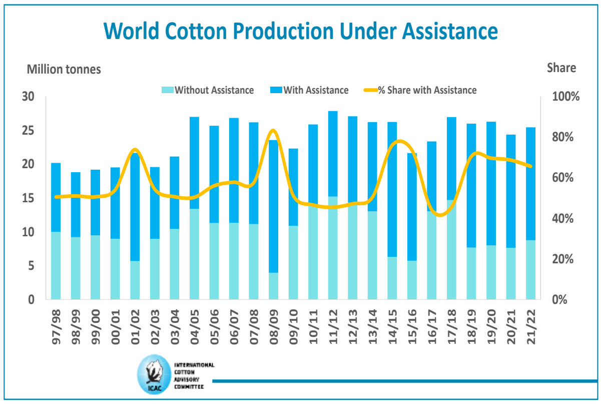


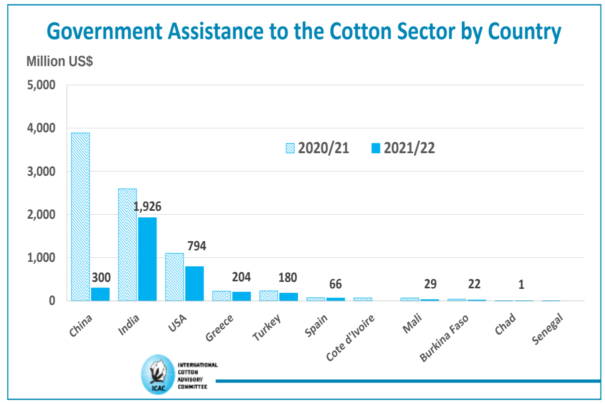
This correlation has remained fairly consistent during the past several seasons. In 2019/20, the Covid-19 pandemic negatively affected cotton demand, which in turn led to a drop in cotton prices. The Cotlook A Index declined to 71.3 cents per pound while subsidies increased substantially, thus continuing the long-term relationship. In 2020/21 and 2021/22, the development and release of multiple vaccines against Covid-19 coupled with the lifting of lockdown restrictions and quarantine measures imposed by governments undoubtedly helped the economy to get back on track, increasing the demand for commodities and supporting higher cotton prices. The Cotlook A Index increased from 84.96 cents per pound in 2020/21 to 131.68 cents per pound in 2021/22, up by 55% and the second-highest average historically.

The share of world cotton production receiving government assistance increased from an average of 55% from 1997/98 and 2007/08, to an estimated 83% in 2008/09. From 2009/10 through 2013/14, this share declined to an average of 50%, before increasing again to 75% between 2014/15 and 2015/16. In 2016/17 and 2017/18, the average percentage of world's production receiving assistance decreased to 45%. From 2018/19

[1] In some countries, minimum support price programmes were not triggered in 2021/22 because market prices were above the government intervention price levels.

through 2021/22, the average percentage of world's production receiving assistance has ranged between 66% and 70%. The variance can be explained by the increase/decrease of both cotton production and international prices.





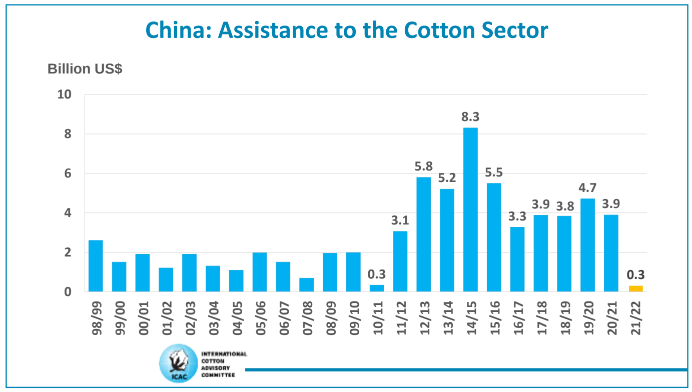
While most of the data was provided by government agencies, some open-source information has also been used. The Secretariat makes every effort to report on the impact of all government measures when they are quantifiable. The Secretariat encourages countries to provide data and comments on the figures to enhance the accuracy of the data.

China

The government of China supports cotton production by controlling cotton import volumes and values and by applying border protection measures based on quotas and sliding scale duties, with an effective tariff of 40% on cotton imported without a quota. In addition, China maintains a strategic reserve of cotton, serving as a national buffer stock, which is managed by the China National Cotton Reserve Corporation (CNCRC). China releases cotton to the market from the reserve through a system of auctions when there is a shortage, and replenishes the reserve in times of abundance, thus supporting prices.

Under the terms of its accession agreement to the WTO, China is obliged to establish a calendar year tariff-rate-quota (TRQ). The in-quota tariff is 1% for the first 894,000 tonnes of imports each calendar year. Additional import quotas are released by China as required. The additional quotas can carry a tariff of 1%, or quotas can be based on a sliding scale of between 5% and 40%. The purpose of the sliding scale is to ensure that the effective cost of imported cotton exceeds international market prices and thus boosts domestic prices paid to farmers in China. Since 2015/16, China restricted imports by issuing only the TRQ import quotas, with the objective of reducing government stocks. As a result of government interventions and quotas, domestic cotton prices in China exceeded international prices five times during the past seven seasons.

The Secretariat uses the difference between domestic and imported cotton prices to estimate the border protection support to Chinese cotton due to government intervention. The price differential between the CC index (an index of mill-delivered cotton in China) and the FC Index L (an index of imported cotton arriving at China's main ports) adjusted to include value-added tax, port charges and transportation to mills, is used in the calculations.



The estimated benefit (subsidy) received by producers in China as a result of the government border protection was declining in recent seasons. In 2018/19 the border protection by China was estimated at $890 million (6.7 cents/pound). For the 2019/20 season, the difference between the FC and CC indexes declined to almost nothing bringing the border-protection benefit to zero. In 2020/21, a higher price differential between domestic and imported cotton, coupled with higher production and a stronger yuan contributed to a total border protection benefit of $546 million (4.6 cents/pound). In 2021/22, domestic cotton prices in China stayed below international levels beginning in mid-March 2022. Because world cotton prices increased to 131.68 cents per pound — the second-highest average historically and the highest since 2010/11, the border protection measures used by China had no measurable impact on domestic cotton prices, bringing the border-protection benefit to zero.

In addition, starting in 2014/15, the Chinese government provided direct subsidy payments to cotton producers in Xinjiang[2] based on the difference between a target price set for the season and an average market price. The target price-based[3] system essentially guarantees the given price level, which means that whenever the market price is below the target level, the government will make up the difference. In March 2020, the Chinese government announced the extension of the target price-base subsidy for three more years 2020/21 through 2022/23. The target price has remained unchanged since 2016/17 at 18,600 yuan/tonne (about 129.7 cents/pound at the average seasonal exchange rate in 2021/22). Nevertheless, the CC index (domestic cotton price) increased from 103.54 cents per pound in 2020/21 to 146.29 cents per pound in 2021/22, up by 41% and the highest since 2010/11. Similarly, the Chinese yuan strengthened against the US dollar, by decreasing from 6.58 yuan per dollar in 2020/21 to 6.50 yuan per dollar in 2021/22. As a result, the target price-based system has been inactive in 2021/22.

[2] The NDRC sets a yearly ceiling volume entitled to the subsidy for Xinjiang. The quantity is set to be 85% of the averaged NSB certified national cotton production from 2012 to 2014. The volume ceiling is estimated at 5.47 million tonnes per year, based on lint production data during 2012-2014.
[3] The target price was set at 19,800 yuan/tonne in 2014/15 and 19,100 yuan/tonne in 2015/16.

The government of China pays cotton growers a subsidy estimated at about $150 million a year for using high-quality seeds. Similarly, China has provided — over the past several seasons — subsidies estimated at about $150 million per year for the transportation of cotton from Xinjiang to mills in eastern and southern China, where most of its domestic textile industry is located.

As international cotton prices remained at record levels during the 2021/22 season, the total sum of direct subsidy payments provided to producers in China has drastically decreased from $3.9 billion in 2020/21 to $300 million in 2021/22.

United States

The US 2018 Farm Bill has been in effect during the past four crop years. The bill includes the continuation of the designation of seed cotton (unginned upland cotton that includes both lint and cottonseed) as a covered commodity under the Title 1 Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programmes. Coverage of seed cotton under these programmes was established by the Bipartisan Budget Act of 2018 enacted in February 2018 and was effective for 2018/19 season. The 2018 Bipartisan Budget Act changes, continued in the 2018 Farm Bill, mark a significant shift in farm policies associated with historical cotton production by removing the production link to payments on those base acres, known as generic acres, under the 2014 Farm Bill. The cotton specific STAX Insurance programme instituted in 2014 continues, but only for farms on which the generic base was not converted to a seed cotton base. Owners of seed cotton base will now be eligible for ARC or PLC programme payments triggered by the effective reference price or revenue benchmark on the same basis as for base acres for other covered commodities for programmes which began under the 2014 Farm Bill. This change could mean that producers who held generic acres under the 2014 Farm Bill will now be able to plant upland cotton on that base without forgoing eligibility for ARC or PLC payments which could result in increased US cotton plantings. However, the payments, if any, are decoupled from actual planting decisions since they are tied to historical, and not current, cotton acreage and yields.

Cotton producers continue to have access to support under the 2018 Farm Bill through both the marketing assistance loan programme and subsidised premiums for crop insurance products.

The effective reference-price-based program, PLC, is similar to the counter-cyclical payments programme under the 2008 Farm Bill and has been in place for other covered commodities since the 2014 Farm Bill. The PLC programme makes a payment to owners of historical base acres (now at a rate of 85% of base acres) when the market price, or Marketing Year Average (MYA) price, for a commodity falls below the effective reference price. Seed cotton MYA price is a weighted average of the upland cotton lint price and the cottonseed price. The PLC reference price for seed cotton is set in the 2018 Farm Bill at 36.7 cents per pound and the floor price is at 25 cents per pound. The effective reference price is determined annually using 85% of the five-year average of prices and may range between the reference price and 115% of the reference price. To calculate the payment, an historically based payment yield has to be established[4]. The seed cotton payment yield will be a historical lint yield associated with the base acres multiplied by 2.4. Payment is made when the effective price exceeds the higher of the MYA price and the price floor.

The ARC-CO programme provides income support payments based on the difference between actual revenue and a benchmark revenue, both at the county level (a county is a unit of government in the United States — there are about 700 counties that produce cotton). Owners of farms with base acres select ARC or PLC on a commodity-by-commodity basis. The ARC-CO payments are issued when the actual county seed cotton revenue is less than the ARC-CO county seed cotton benchmark guarantee, calculated using a moving five-year Olympic average (excluding the years with the highest and the lowest values) of county yields and national prices. ARC-CO payments are based on 85% of the farm's historical base acres of the covered commodity when actual county revenue is below 86% of the county benchmark revenue, capped to be no more than 10% of the benchmark revenue value.

Initial estimates for the PLC/ARC enrollment and actual payments were made based on available data published on the USDA FSA site[5]. PLC/ARC payments for seed cotton historical base are subject to the payment limit of $125,000 applicable to all covered commodities (other than peanuts), with the adjusted gross income test set unchanged at $900,000. PLC/ARC payments for 2019/20 and 2020/21 totalled $989.2 million and $476 million, respectively. PLC/ARC payments are estimated to be $0 in 2021/22, because of seed cotton prices are expected to be significantly higher compared to 2019/20 and 2020/21, exceeding levels that wouldn't trigger payments.

The Marketing Assistance Loan Program (MALP) continues with a marketing loan rate for upland cotton based on the world cotton price, calculated as the simple average of the adjusted prevailing world price (AWP) for the two immediately preceding marketing years (announced on 1 October, preceding the next domestic plantings). However, it cannot be lower than 98% of the loan rate established for the preceding marketing year for base-quality cotton. In addition, the loan rate cannot be less than 45 cents/pound or higher than 52 cents/pound. Under MALP, upland cotton producers are eligible for a loan deficiency payment (LDP), certificate exchange gains or marketing loan gains (MLG). Commodity certificate exchange gains and marketing loan gains provide benefits to producers by allowing them to repay short-term commodity loans at market prices (AWP) when those prices fall below the loan rate. Producers who choose not to take out commodity loans can receive the same benefit as an LDP, a direct payment equal to the difference between

[4] The national average 2020 PLC yield for upland cotton (lint) was set at 728 pounds per acre. The PLC yield update under the 2018 Farm Bill starts with the 2020 crop.
[5] As of 7 July 2022.

the market price (AWP) and the loan rate. For 2019/20, LDP payments for upland cotton totalled $14.6 million and MLGs[6] reached $200.4 million. For 2020/21, LDP[7] payments for upland cotton reached $6.2 million and MLGs[8] totalled $2.6 million. Based on average market prices, it is estimated that there were no LDPs and MLGs for upland cotton during 2021/22.

In addition, the US government provides support to cotton producers through subsidised crop insurance to protect producers against crop yield and revenue losses. This multi-peril crop insurance covers declines in crop yields due to natural causes of loss, such as weather, pests and fire. The insurance is sold to farmers through private insurance companies, although the Risk Management Agency (RMA) of the US Department of Agriculture subsidises a percentage of the premiums. On average, crop insurance policies are purchased for more than 90% of planted cotton acreage.

The crop insurance programme is statutorily mandated to be actuarially sound, meaning that premium rates are to be set so that total premiums cover total indemnities over time. Underwriting gains and losses are allocated between participating private insurance companies and the government according to formulas contained in the reinsurance agreement between the parties. During 2021/22[9], cotton insurance premium subsidies are estimated at $724.5 million, compared to $594.4 million in 2020/21.

The STAX insurance programme is also administered by RMA and was available in 2018/19 and 2019/20 for upland cotton producers, except on farms with seed cotton base enrolled in the ARC/PLC programme for that year. STAX provides upland cotton producers with premium subsidies on the purchase of insurance policies that cover ‘shallow’ revenue losses — those below the level generally covered by standard crop insurance policies. Producers may use this programme alone or in combination with existing underlying crop insurance. Under STAX, an indemnity is triggered if the actual revenue in a county falls below the insured level of coverage, up to 90% of the expected revenue. STAX provides coverage for shortfalls between 10% and 30% of expected revenue; producers may select coverage in 5% increments. The federal government subsidises about 80% of the premium.

Total premium subsidies provided under STAX[10] in 2018/19 totalled $140.7 million. In 2019/20, STAX premium subsidies declined to $34.84 million. In 2020/21, STAX premium subsidies fell by 60% to $13.99 million. In 2021/22, STAX premium subsidies are estimated at $69.25 million. In addition, the federal government provides an administrative and operating expense payment to participating private insurance companies for delivery and servicing of crop insurance products, including STAX.

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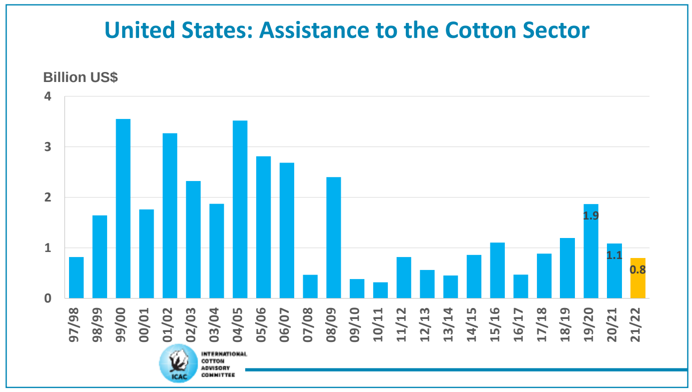
[6] Includes certificate exchanges gains and cash redemptions
[7] https://apps.fsa.usda.gov/sorspub/reports/web/public/ldp-all-national
[8] https://apps.fsa.usda.gov/sorspub/reports/web/public/activity-gain-state-psl82r
[9] https://www3.rma.usda.gov/apps/sob/current_week/crop2021.pdf. Information as of 5 September 2022.
[10] Most of STAX policies were purchased in combination with an underlying standard crop insurance policy



The extra-long staple (ELS) competitiveness programme provides a payment to exporters and domestic users of US Pima when, for four consecutive weeks, average quotes for comparable foreign growth (LFQ) are lower than US Pima quotes; and the adjusted LFQ (the LFQ adjusted for transportation between the US and Far East) is less than 113% of the current crop year loan rate level for ELS. In 2020/21, the US ELS competitiveness payment was $7.5 million, down by 8% from the 2019/20 season ($8.1 million). It is estimated that there were no ELS competitiveness payments in 2021/22.

The sum of total premium subsidies provided under STAX plus cotton insurance premium subsidies — which are tied to planted cotton that are provided to U.S. producers — reached $793.77 million in 2021/22, compared to $624.6 million in 2020/21. PLC/ARC[11] payments — which are not tied to planted cotton — were $0 in 2021/22, compared to $476 million in 2020/21.

India

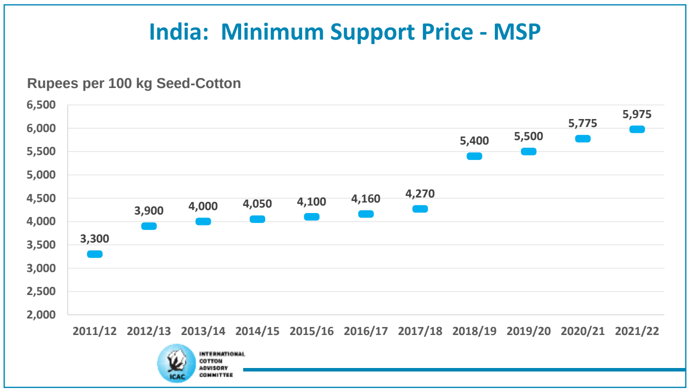
India has a Minimum Support Price (MSP)[12] system that becomes operational in seasons when market prices are below the MSP during at least part of those seasons and functions through direct cotton purchases by the government-owned Cotton Corporation of India (CCI). CCI procures cotton via agricultural produce market committees (APMC). Additionally, the Maharashtra State Cooperative Cotton Growers Marketing Federation (MSCCGMF)[13] — a subagency of the Cotton Corporation of India in Maharashtra — undertakes cotton procurement operations at MSP from farmers. Once seed cotton is processed, both cotton seeds and cotton lint are separately auctioned off by CCI, as these are their main sources of revenue. CCI sells the cotton lint to domestic mills or exporters, sometimes at a loss that is covered by the government of India.

[11] The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments are based on historical acres rather than current planted acres. Both ARC and PLC provide income support to farmers with cotton base, whether or not they are producing cotton, when market prices or average county revenues for seed cotton are below the statutory effective reference price or county benchmark revenue for prolonged periods. It is important to note that the USDA notified these payments together with other historical base acre payments as nonproduct specific outlays.

[12] Government fixes MSP for 22 mandated crops which are paddy, jowar, bajra, maize, ragi, arhar, moong, urad, groundnut-in-shell, soyabean, sunflower, sesamum, nigerseed, cotton, wheat, barley, gram, masur(lentil), rapeseed/mustard, safflower, jute and copra.

[13] MSCCGMF has been appointed as the state government's chief agent under section 42 of the Act. MSCGMF has 12 Zonal offices located in Vidharbha, Marathwada and Khandesb and Western Maharashtra Region of Maharashtra with 68 sub-zones and 523 procurement centres.

Every year — before the start of the cotton season[14] — the government of India fixes the MSP of different varieties for Fair Average Quality-FAQ grade seed cotton, stipulating minimum quality parameters on staple length and micronaire value.

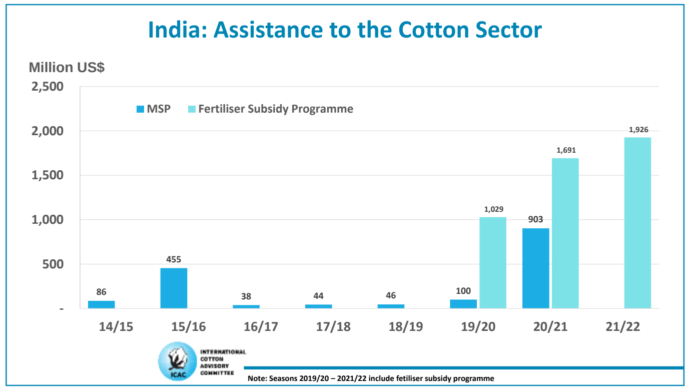


In 2019/20, the government of India increased the MSP per 100 kilograms of seed cotton by 1.9% to Rs5,500, equivalent to about 100.2 cts/lb of lint[15], at the season average exchange rate. According to official available data, together CCI and the MSCCGMF purchased a total of 1.76 million tonnes in 2019/20[16] — the largest in five years and approximately more than one-third of the country's total production. According to its data[17], CCI sold about 359,000 tonnes of the MSP cotton it acquired during that season, leaving a balance of nearly 1.6 million tonnes in CCI warehouses. The sales made by CCI during 2019/20, incurred estimated losses of $100 million, which represent a subsidy by the government of India.

In 2020/21, the government of India increased the MSP per 100 kilograms of seed cotton by 5% to Rs5,775, equivalent to about 104.6 cts/lb of lint[18], at the season average exchange rate. During 2020/21, domestic prices in India stayed below the MSP during the first months of the season. As a result, CCI and the MSCCGMF procured 2.04 million tonnes at MSP prices. According to its data[19], CCI sold about 1.85 million tonnes of the MSP cotton it acquired during that season, leaving a balance of nearly 1.78 million tonnes in CCI warehouses. The sales made by CCI during 2020/21, incurred estimated losses of $903.1 million, which represent a subsidy by the government of India.

In 2021/22, the MSP per 100 kilograms of seed cotton increased by 3.5% to Rs5,975[20], equivalent to about 105.2 cts/lb of lint[21], at the season average exchange rate. During 2021/22, domestic prices in India stayed much above MSP level, thus farmers did not require any market intervention by CCI. Furthermore, it is estimated that the government of India did not incur in any losses from the sale of cotton held by the corporation.

[14] Crop year in India begins in October and ends in September.
[15] It does not take into account the market value of the cotton seed that is recovered by the CCI. It is estimated that the actual procurement value of lint after deducting cotton seed value comes to 78.25 cents/lb.
[16] https://cotcorp.org.in/msp.aspx. Minimum Support Price Operation: CCI 8,442,000 bales (170 kgs) plus MSCCGMF 1,940,219 bales (170 kgs).
[17] https://cotcorp.org.in/financeresult.aspx
[18] It does not take into account the market value of the cotton seed that is recovered by the CCI. It is estimated that the actual procurement value of lint after deducting cotton seed value comes to 82.3 cents/lb.
[19] https://cotcorp.org.in/financeresult.aspx
[20] Variety Shankar-6/10. Length 27.5 mm - 29.0 mm, Micronaire 3.6 - 4.8.
[21] It does not take into account the market value of the cotton seed that is recovered by the CCI. It is estimated that the actual procurement value of lint after deducting cotton seed value comes to 83.2 cents/lb.



Cotton farmers in India also benefit from fertiliser subsidies from their government[22]. According to available official data, fertiliser subsidies in India increased from Rs43.9 billion ($700 million) in 1990/91 to Rs1.39 trillion ($18.8 billion) in 2020/21. In 2021/22, the government of India allocated a total budget for fertiliser subsidies of about Rs1.6 trillion ($21.4 billion)[23]. The ICAC Secretariat estimates that in 2021/22, cotton accounted for about 9% — $1.9 billion — of the total fertiliser subsidy programme.

The Government of India also provides some backing in the form of subsidies for crop insurance, although the value of this support is unknown.

Turkey

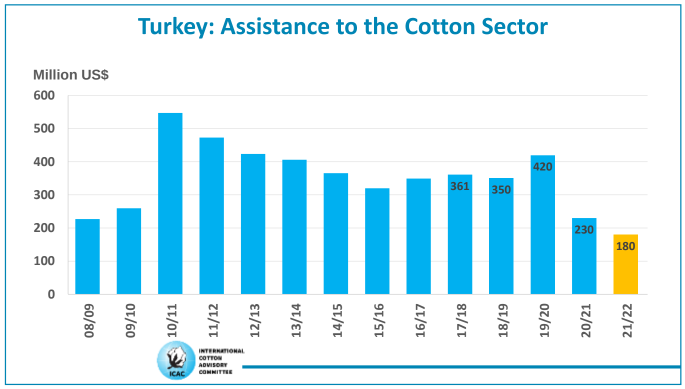
The government of Turkey pays a premium[24] per kilogram of seed cotton to producers. In the past, the premium for seed cotton produced from certified seeds was higher than that from non-certified seeds. No premium has been paid for non-certified seed since 2012/13.

In October 2020, the government of Turkey increased the premium paid to farmers for seed cotton produced from certified seeds by 37.5% — from 0.8 lira (TRL)/kg in 2019/20 to 1.1 lira (TRL)/kg in 2020/21[25]. The premium remained unchanged in 2021/22.

Assuming that 98% of Turkish cotton production is produced from certified seeds and that all cotton producers applied for the premium, the Secretariat estimates that the total premium payments provided to cotton producers in Turkey decreased to $158.1 million (8.8 cents/pound) in 2021/22, compared to $203 million (14.3 cents/pound) in 2020/21. Although there is an increase of 29% in total premium payments in Turkish Lira, the depreciation in the value of the national currency — from 7.8 TRL/dollar in 2020/21 to 13.07 TRL/dollar in 2021/22 — resulted in a decrease in US Dollars.

[22] Under the Nutrient Based Subsidy (NBS) scheme, which is being implemented since April 2010, a fixed rate of subsidy (in Rs per kg basis) is announced for nutrients namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S) by the government on an annual basis. In the case of urea, the Centre fixes the maximum retail prices and reimburses the difference between the maximum retail price and production cost in the form of a subsidy.
[23] Out of this allocation, nearly 70% was given to farmers in the form of urea, while the remaining 30% covered nutrient-based fertilisers.
[24] The deficiency payments known as "premium payments" are designed to cover the difference between the target price and market price of the product. The target price is calculated based on production and marketing costs
[25] The increase was announced after the harvest was nearly completed for crop year 2020/21

In addition, cotton farmers in Turkey also benefit from fuel, and fertiliser subsidies from their government[26]. In 2021, fuel subsidies increased by 9,7% to 680 TRL/ha and fertilizer subsidies remained unchanged at 80 TRL/ha. The Secretariat estimates that the total input subsidies provided to cotton producers in Turkey reached $22.3 million in 2021/22, down by 18% from the 2020/21 season ($27 million).



Furthermore, within the scope of the policies of the Ministry of Agriculture and Forestry regarding the promotion and support of organic farming activities, the government of Turkey provides a subsidy for organic cotton production. For individual producers, the subsidy was set at 400 TRL/ha in 2021/22, while for manufacturer groups it was 200 TRL/ha. It is estimated that total payments for organic cotton producers in Turkey reached $8,704 in 2021/22.

The Secretariat estimates that total subsidies related to cotton provided to Turkey producers totalled $180.4 million (9.8 cents/pound) in 2021/22, down from $230.1 million (17.3 cents/pound) in 2020/21.

European Union

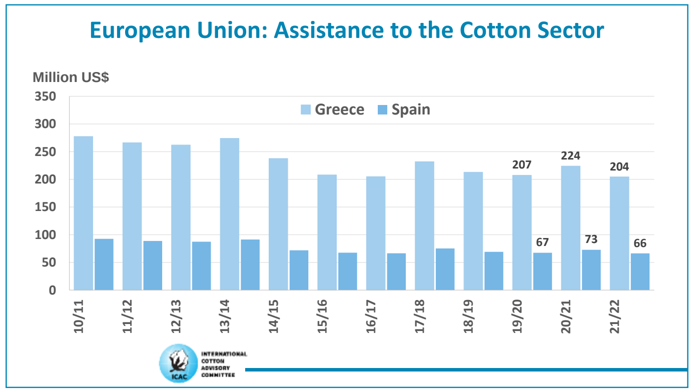
Greece and Spain are the major cotton producers in the EU[27]. For production aid (the crop-specific payment for cotton as laid down in chapter 2 of Title IV of Regulation (EU) No 1307/2013), the maximum base areas are set at 250,000 hectares for Greece and 48,000 hectares for Spain[28]. To be eligible for aid, the area must be:

- Located on agricultural land authorised by EU member states for cotton production,
- Sown under authorised varieties, and
- Be harvested under normal growing conditions.

The aid is paid for cotton of sound, fair and merchantable quality. It is paid per hectare of eligible area by multiplying fixed reference yields by the fixed reference amounts for each

[26] https://www.resmigazete.gov.tr/eskiler/2021/11/20211111-5.pdf
[27] Changes were introduced in the EU Common Agricultural Policy starting in 2009/10. As before, cotton producers receive 65% of EU support in the form of a single decoupled payment (income aid) and the remaining 35% in the form of an area payment (coupled, or production aid).
[28] Regulation (EU) No 1307/2013 of the European Parliament and of the Council. Base areas, fixed yields, and reference amounts. Article 58. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R1307-20201229&qid=1621414643134&from=EN

country. To calculate the aid, the seed cotton yield per hectare is fixed at 3.2 tonnes/hectare for Greece and at 3.5 tonnes/hectare for Spain. The reference amounts per hectare are fixed at 229.37 euros for Greece and 354.73 euros for Spain for 2021 and 2022[29]. In case farmers are members of an approved inter-branch organisation[30], the aid per hectare referred to above is increased by an amount of 2 euros.



If the eligible area exceeds the maximum base area in a given year, the aid per hectare is reduced proportionally. In 2021/22 the amount of direct subsidy to production in Greece is estimated at $204.5 million (30.4 cents/pound), down from $224.1 million (31.7 cents/pound) in 2020/21. The subsidy in Spain is estimated at $66.4 million (45.4 cents/pound) in 2021/22, down from $72.8 million (51.4 cents/pound) in 2020/21.

West Africa

Several countries in West Africa provide subsidies for supporting farm-gate prices and cotton inputs, especially for fertilisers, pesticides and planting seeds. In 2021/22, the government of Mali[31] increased the minimum support price per kilogram of seed cotton to 280 FCFA, compared to 250 FCFA in 2020/21. The government also renewed the fertiliser subsidy that was suspended in 2020/21. According to the Minister of Rural Development, a total of 17 billion CFA francs ($29 million) were provided to the cotton sector.

In Chad[32], the government provided a total support of 3.02 billion CFA francs ($5.7 million) to subsidise agricultural inputs[33] for cotton farmers. According to the Ministry of Finance and Budget, this measure will be implemented until the end of the 2024/25 season.

It is estimated that the government of Burkina Faso provided a total of 12.7 billion CFA francs ($21.6 million) in subsidies for fertilisers and pesticides for cotton farmers in the 2021/22 season.

[29] https://eur-lex.europa.eu/eli/reg/2013/1307/2022-01-01
[30] As referred to and ruled under Regulation (EU) No 1307/2013 of the European Parliament and of the Council, Articles 59-60.
[31] https://www.agenceecofin.com/coton/0906-77343-mali-le-gouvernement-accordera-une-subvention-de-35-milliards-fcfa-a-la-filiere-coton
[32] https://finances.gouv.td/index.php/le-ministere/le-ministre/item/587-cotontchad-le-retour-avec-un-soutien-massif-de-l-etat
[33] With this measure, the price of fertilizers delivered to farmers will be reduced from 6,000 to 7,000 CFA francs per bag

In recent years, the government of Côte d'Ivoire has modified its cotton policy to incentivise cotton production based on supporting farm gate prices for farmers instead of providing subsidies for fertilisers and inputs that can be used on other crops. In 2020/21, Côte d'Ivoire provided a total of 35.88 billion CFA francs ($63 million) to cotton farmers (13.6 cents/pound). There were no subsidy payments in 2021/22.

In Senegal, the government provided a total of 900 million CFA francs ($1.7 million) in the 2020/21 season to support farm gate prices for cotton farmers. There were no subsidy payments in 2021/22.

Table 1. Estimated Assistance Provided by Governments to the Cotton Sector*

Assistance Provided by Governments to the Cotton Sector*

Country	2020/21			2021/22		
	Lint Production	Average Assistance per Pound of Lint Produced	Total Assistance	Lint Production	Average Assistance per Pound of Lint Produced	Total Assistance
	Thousand tonnes	US cents	US$ Million	Thousand tonnes	US cents	US$ Million
China	5,910	29.8	3,888.8	5,730	2.4	300.0
USA**	3,181	15.7	1,100.6	3,815	9.4	793.8
India	6,019	19.6	2,594.6	5,366	16.3	1,925.9
Turkey	656	15.9	230.1	833	9.8	180.4
Greece	321	31.7	224.1	305	30.4	204.5
Spain	64	51.4	72.8	66	45.3	66.4
Cote d'Ivoire	238	12.8	67.1			
Mali	63	47.4	65.4	311	4.2	29.0
Burkina Faso	215	8.3	39.1	208	4.7	21.6
Chad	51	1.0	1.1	53	0.9	1.0
Senegal	8	9.7	1.7			
Total	**16,725**	**22.5**	**8,285.4**	**16,686**	**9.6**	**3,522.6**

* Includes direct support to production, border protection, minimum support price mechanisms, Input subsidies, crop insurance subsidies and transportation subsidies

** USA assitance to cotton farmers includes $476 million in 2020/21 that is not tied to cotton production entirely and thus may be going to producers of other commodities or to idled land.

Table 2. Long-term Assistance Provided by Governments to the Cotton Sector*

Season	Lint Production	Total Assistance	Average Assistance per Pound of Lint Produced
	Million Tonnes	US$ Billions	US$ cents
1997/98	20.18	4.11	9.2
1998/99	18.81	5.77	13.9
1999/00	19.19	6.59	15.6
2000/01	19.53	4.83	11.2
2001/02	21.67	6.45	13.5
2002/03	19.58	4.19	9.7
2003/04	21.13	3.27	7.0
2004/05	26.99	6.11	10.3
2005/06	25.68	6.01	10.6
2006/07	26.83	5.04	8.5
2007/08	26.18	2.29	4.0
2008/09	23.57	5.49	10.6
2009/10	22.31	3.16	6.4
2010/11	25.87	1.48	2.6
2011/12	27.86	4.87	7.9
2012/13	27.08	7.35	12.3
2013/14	26.22	6.51	11.3
2014/15	26.23	10.65	18.4
2015/16	21.64	7.32	15.3
2016/17	23.35	4.45	8.7
2017/18	26.96	5.51	9.3
2018/19	25.98	5.74	10.0
2019/20	26.27	8.52	14.7
2020/21	24.37	8.29	15.4
2021/22	25.44	3.52	6.3

* Includes direct support to production, border protection, minimum support price mechanisms, Input subsidies, crop insurance subsidies and transportation subsidies