

Overview of the Cotton Sector in Zimbabwe: Policy, Regulation and National Strategies



AGRICULTURAL MARKETING AUTHORITY
Marketing & Economic Research Department

Outline of Presentation

- *Importance of cotton production in Zimbabwe*
- *Structure of the cotton industry*
- *Players in the cotton sector*
- *Cotton production trends*
- *Cotton producer prices*
- *The role of AMA in regulating the cotton sector*
- *Key issues affecting the cotton sector*
- *National strategies in the cotton sector*

Importance of Cotton Production in Zimbabwe

- Cotton remains an important crop for improving rural livelihoods.
- It is a drought tolerant crop that is most suitable in semi-arid areas of Zimbabwe.
- The crop is grown by over 200 000 smallholder farmers.
- It is a major source of livelihood for approximately 600 000 people, including farmers, farm workers, their families and industrial workers.
- It contributes immensely to income, employment and export earnings.
- It is a source of raw material for the textile and oil expressing industry. The stockfeed industry relies on cotton cake for the manufacture of animal feed.

THE COTTON VALUE CHAIN IN ZIMBABWE

SEED COTTON PRODUCTION

Policy & Regulatory Services

Min of Agriculture
AMA
DR&SS

Research

- Cotton Research Institute
- Quton

Extension Services

- Agritex
- Famers Unions
- Ginners

Agrochemical and
fertiliser Companies

Water, electricity,
fuel

Labour force

200 000
Farmers

Merchants and Ginners

Cotton
Company of
Zimbabwe

China Africa
Cotton

Southern
Cotton

Alliance

Grafax

ETG
Parrogate

Spinning Factories

Zim Spinners
& Weavers
David
Whitehead
Twine &
Cordage
SinoZim
Sumburero
Twine and
Allied

Cotton seed processors

Surface Wilmar
United
Refineries
Olivine
ETG Parrogate
Alliance
Cangrow
Grafax

Knitting

Textiles

Hosiery

Health &
hygiene

Garment
Manufacture

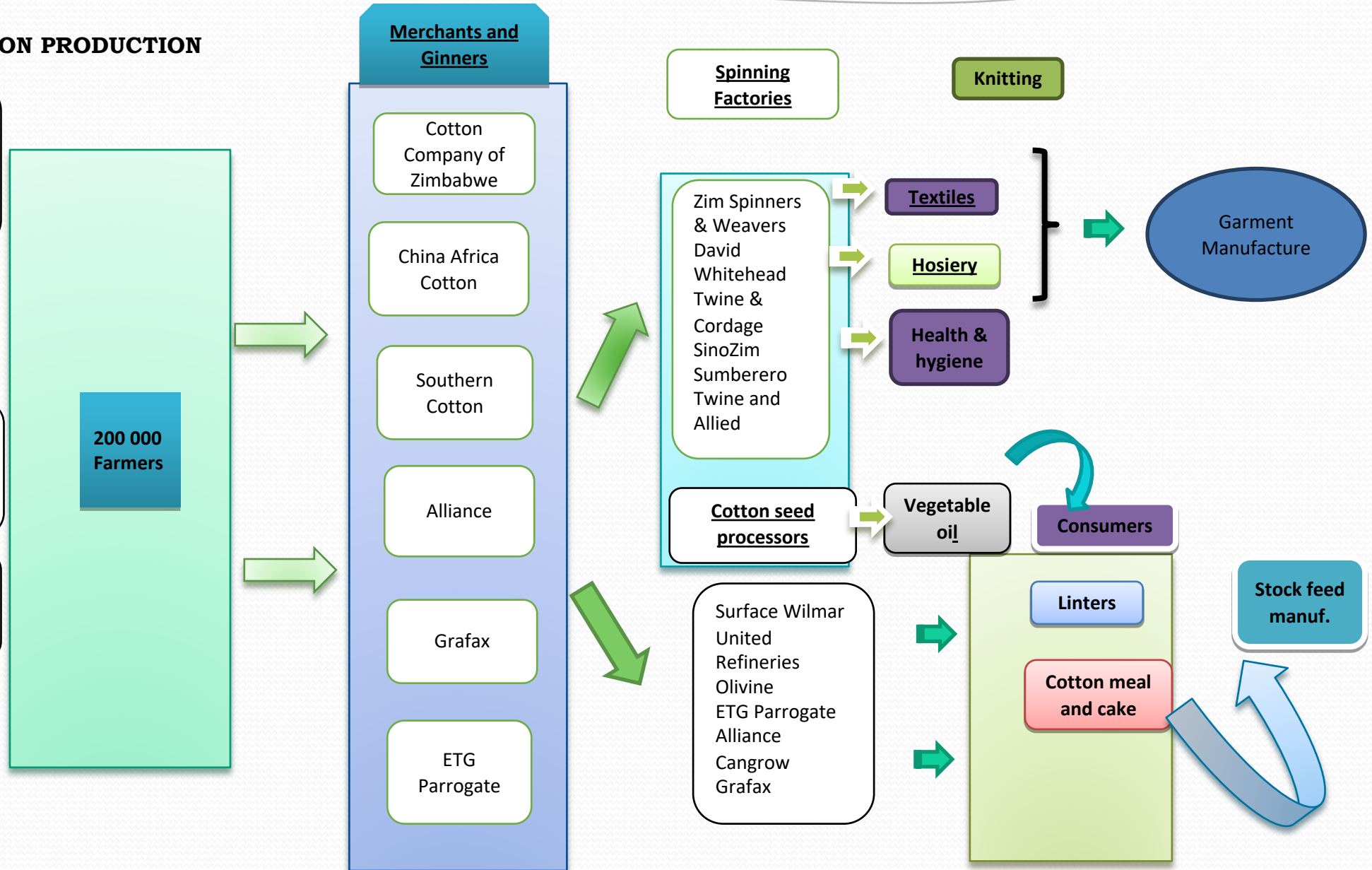
Vegetable
oil

Consumers

Linters

Cotton meal
and cake

Stock feed
manuf.



Key Players in Cotton Production

Farmers

over 200 000
smallholder farmers
involved in cotton
production

Farmer Organizations

- ✓ 3 Farmer Unions are actively involved in cotton production - ZFU, ZCFU and ZNFU.
- ✓ Independent farmer groups also get involved in cotton production and marketing.

Service Providers

- ✓ AMA – Regulatory function
- ✓ Cotton Research Institute
- ✓ Research Services Division
- ✓ Agritex
- ✓ Ministry of Lands and Agriculture
- ✓ Ministry of Industry & Commerce
- ✓ Input suppliers

Key Players in Cotton Value Addition

Five Contractors/Ginners and their Areas of operation

- Cottco – countrywide
- ETG Parrogate – Masvingo, Manicaland
- China Africa – Gokwe, Sanyati
- Alliance - Gokwe, Sanyati, Kadoma
- Southern Cotton – Mbire, Muzarabani, Rushinga. Makonde, Sanyati, Kadoma, Gokwe

National Ginning Capacity – 600 000t

Average ginning outturn 41% lint; 58% cotton seed

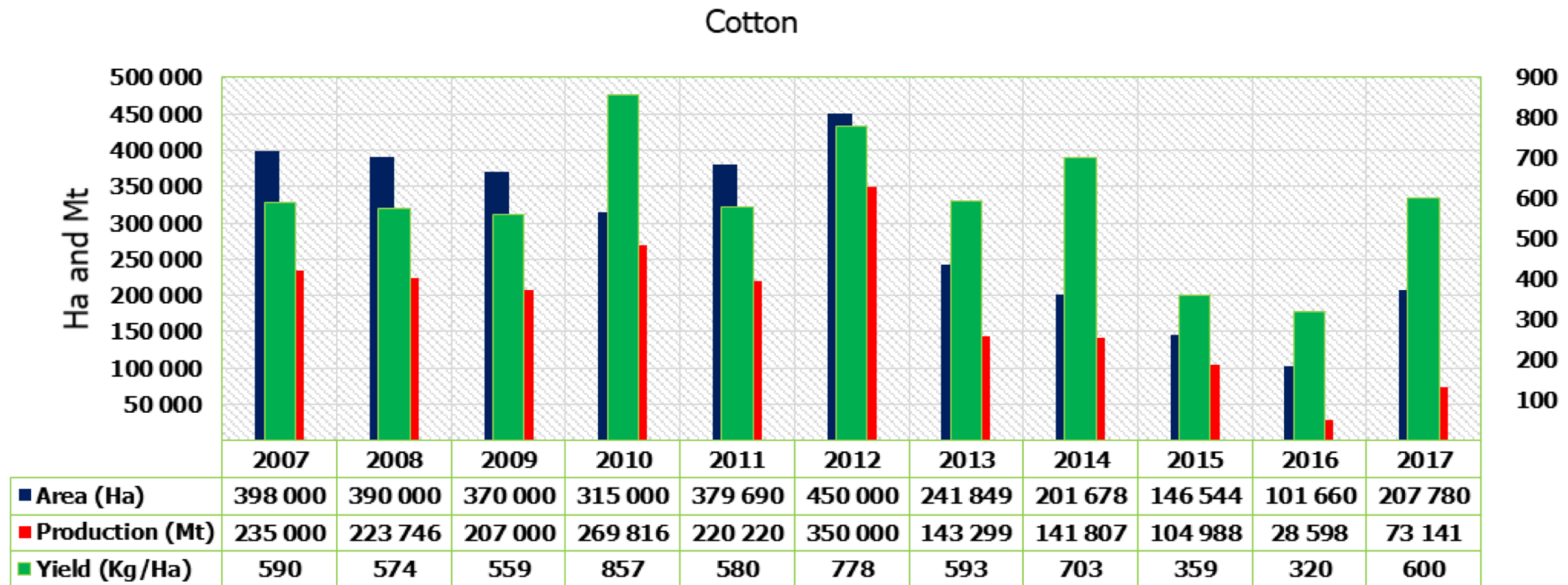
ZITMA

There are currently 28 members who include

- ✓ Spinners
- ✓ Weavers
- ✓ Knitters
- ✓ Dyers
- ✓ Printers

OIL EXPRESSORS

Cotton Production Trends



Cotton Producer Prices

- ***2017 marketing season – US47-52c/kg***
- ***2016 marketing season – US35-52c/kg***
- ***2015 marketing season – US30-33c/kg***
- ***2014 marketing season – US40-70c/kg***
- ***2013 marketing season – US40 - 53c/kg***
- ***2012 marketing season - US35 – 40c/kg***
- ***2011 marketing season - US85/c/kg***

The Role of AMA in Regulating the Cotton Sector

- ✓ AMA is a statutory body (CAP 18:24)
- ✓ Regulates the production and marketing of cotton
- ✓ Administers S.I. 142 (2009) and S.I. 63 (2011)
 - Grower registration
 - Lincencing contractors, buyers and ginnerers
 - Manning of CDPs and CBPs in cotton growing areas – 280 in 2018
 - Manning of Grading and Ginning Depots
 - Monitors seed cotton grading and lint classification
 - Monitors marketing and export of cotton
 - Administers the AMF for the cotton sector. Raises resources for:-
 - cotton research and training
 - Monitoring contract production and marketing
- ✓ Undertake economic research in the cotton sector
- ✓ **NB: Cotton Research, Plant Pest and Disease Control regulations are administered by the Department of Research & Specialist Services**

Key Issues Affecting the Cotton Sector

- a) Viability of cotton production – international prices affected by subsidies
- b) International price volatility
- c) Low yield per hectare – Average national yield is 700kgs/ha of seed cotton despite high yield potential of local varieties.
- d) High input costs
- e) Sustainability of contract schemes
- f) Recurrent droughts

National Strategies in the Cotton Sector

- Comprehensive Cotton Production & Marketing Framework (SI 142 & 63)
- Cotton Input Support Schemes. There is need to improve yield and productivity.
- Research and Development – Dedicated Cotton Research Institute; Quton
- Farmer Training Programme to improve seed cotton yields
- Cotton to Clothing Strategy

Conclusion

Opportunities are abound in Zimbabwe's Cotton Industry

- Conducive climate for cotton production – Contractors should increase investment in cotton production.
- About 70% of cotton is exported as raw lint – the sector yearns for increased investment in spinning, weaving and textile industry to utilize the lint that is produced.
- Research and Development Programmes are critical to improve cotton yield per hectare.
- As AMA we remain committed to foster growth of the sector by providing a level playing field for all the players in the cotton industry in Zimbabwe.



● *THANK YOU*