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Conclusion

Hanging by a Thread

The Future of Cotton in Africa

Leslie C. Gray and William G. Moseley

AFRICAN COTTON IS A CROP with meaning that goes beyond its status as a fiber plant. This crop, and its associated commodity chain, is a key thread in the complex fabric connecting African and global economies. Perhaps not so surprisingly, scholarship on African cotton, like that on globalization more broadly, arrives at very different conclusions on the prospects and possibilities for cotton-led development. For some, cotton is at the heart of concerns about unequal globalization, environmental degradation, technology transfer, and poverty (Kutting 2003; Oxfam 2002, 2004). Many debates have centered on the role of developed country subsidies in reducing world prices. Indeed, cotton prices have plummeted by 50 percent in the past several years. Estimates by the International Cotton Advisory Committee have predicted that if the United States alone were to remove subsidies, world cotton prices would increase between 6 and 11 cents per pound (or 2.7 and 5 cents per kg) (Baffes 2004). Recent failures of international trade negotiations make this unlikely, putting the livelihoods of many African cotton farmers, among the poorest populations in the world, at risk. Declining prices are not the only problem facing African cotton cultivators. Farmers also complain about declining land availability and reduced soil quality. Cotton is a resource-intensive crop, demanding high levels of fertilizers and pesticides. Despite these problems, national cotton production levels are at their peak. Not only is cotton expanding into new frontiers, but cotton farmers are cultivating larger and larger areas in the attempt to keep their income high in spite of declining world prices.

In contrast, cotton is also portrayed as an engine of economic growth for African countries, an example of sectoral growth, technological innovation, and marketing successes. Several studies indicate that cotton production has decreased poverty rates for cotton producers (e.g., World Bank 2004; Sians and Wodon, this volume). Cotton production has led to improvements in infrastructure: better roads, more schools, and better communications. In many cotton villages, new types of enterprises are spurred by the influx of money from cotton production.

Successful collective action by farmers has also been common in the cotton sector. For example, West African cotton farmers historically have shown great agency in the face of price fluctuations and institutional problems. Farmers often responded to low prices by protest and withdrawal from the cotton market (Bassett 2001). Recent trends in African cotton have shown producer cooperatives to be powerful in forcing democratization in the cotton sector. Networks of farmers and international NGOs are an integral part of the story of cotton production.

With 8 percent of the world's cotton being produced in sub-Saharan Africa, and 15 percent of global exports, global cotton has firmly rooted itself in African soil (Baffes 2004). While Africa's share of global trade for many of its other major commodities has been declining, Africa's share of the cotton trade has been rising. The chapters in this volume shed light on the global/local nature of African cotton production by examining the complex intersection of cotton, poverty, and development at different scales. Chapters range from examinations of the cotton crisis, cotton reforms, cotton livelihoods and the introduction of new technologies that have the potential to change the landscape of future cotton production.

Several broad themes emerge from the chapters in this volume. While declining world prices are a serious issue, the ability of farmers to weather declines in prices is often determined by national and local issues. These include government policy, institutions that provide marketing and supply services, access to resources such as land, labor, and agricultural inputs, and individual decision making. Despite declining world prices, some cotton growing economies have had success with cotton production while others have not fared well. In particular, the failure of cotton institutions in many countries is striking. Whether it comes to managing input distribution, new technologies, or marketing, cotton institutions are failing African farmers. Prices offered to farmers in West Africa declined from 2003 to 2007 at the same time that input prices increased in many countries, making cotton production precarious for local producers. Problems with corruption, particularly in the marketing and transportation of cotton, have made cotton difficult for poorer farmers, who are cash constrained. Late payments, a theme of many chapters in this book, have put farmers in a bind, constraining them to sell food crops (which must often be repurchased later in the season for a higher price) in order to settle debts. One of the results of this squeeze has been high levels of indebtedness. Cotton farmers must borrow large amounts of money for inputs, sometimes equaling almost half of what they expect to gain at the end of the season. The risks of crop failure are high, for many reasons, from household labor shortages to late pickup, to unforeseen natural disaster. These risks become less and less justifiable as cotton prices decline.

One of the striking observations is the differential ability of wealthier and poor farmers to engage in cotton production. Without sufficient inputs of labor, land, manure, and agro-chemicals, it is difficult to be a successful cotton producer. Thus while some farmers can do well with cotton, poorer farmers who produce cotton are at great risk of falling into debt. Recent declines in world prices have put the vulnerability of poorer farmers in stark relief. Given declining profit margins, cotton farmers can do most things right and still risk indebtedness. Several chapters illustrate how cotton institutions tend to benefit larger and wealthier farmers more than poorer farmers.

Despite problems in the cotton sector, cotton is central to the well-being of cotton growing countries and to the livelihoods of many African farmers. Several African countries are dependent on cotton production to balance budgets. African households in these countries are likewise dependent on cotton production to supplement their budgets and to make their farming systems work. Remarkably, in spite of all the problems farmers face, they continue to grow cotton. This is partly because cotton is one of the few crops for which farmers can get inputs on credit, inputs that are necessary not just for cotton but increasingly for food crops as well. With declining access to land and falling soil quality in many areas, farmers are increasingly dependent on cotton production as a vehicle for accessing fertilizers needed for both cash and subsistence cropping. Cotton production has become embedded in the economic and social life of many African farmers and affects their livelihoods in significant ways. Decisions about whether to grow cotton go beyond the income-earning potential of this crop and are often related to larger livelihood needs. Farmers are frequently motivated by reasons that go beyond prices: whether this be access to inputs on credit or diversification of crops in order to manage risk. Cotton is also important in the broader social fabric of life in Africa, providing economic opportunities that allow young men to stay in villages rather than migrate and stimulating broader economic development.

Finally, Kutting (2003) argues that West African farmers are too poor to pollute. Several chapters in this volume that explore the environmental dimensions of cotton production show that this perception is not quite correct. While cotton production in Africa has not led to the types of widespread landscape change and pollution that it has in other parts of the world, African cotton has many environmental consequences, particularly in the effects of pesticides on human health or the effects of cotton on soil quality. Several of the chapters demonstrate that cotton production is affecting local environments and local people quite significantly. Despite the claims of the state cotton company, Moseley (chapter 3), for example, shows how in Mali cotton production has resulted in reduced soil quality and that the soils management practices of large cotton farmers in Mali are no

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better, and arguably worse, than the practices of those who farm little or no cotton. Gray (chapter 2) illustrates how pesticide poisoning is a significant problem for farmers using handheld pesticide sprayers. Organic cotton is often thought of as a solution to the environmental problems surrounding cotton. Dowd (chapter 10) shows that things are not quite that simple. While organic cotton may be beneficial for the environment, Dowd points to the potential side effect that organic cotton producers may use all their manure on organic fields, leaving conventional fields without any inputs of organic matter.

The Future of African Cotton

African cotton has many different effects, but clearly it is embedded in the life of those who produce it. Will African farmers continue to grow cotton in light of continuing declines in world prices? Recent interviews with farmers in Burkina Faso, where prices paid to farmers have eroded over the last five years, show that there is a limit to how low prices can go. Farmers indicate that they will significantly reduce their production of cotton but not stop it altogether because they need the inputs for their other crops. Given the drastic decline in producer prices, it remains to be seen how cotton will fit into the livelihoods of farming villagers. Will it go the way of peanuts, which declined rapidly in importance after the 1970s, or will it remain an important link to the global economy in places where farmers have few other options?

What does the future hold for African cotton? African governments are anxious to keep cotton production high, given its importance to the fiscal situation and a history of institutional support. Producers, under the pressure of declining world prices, are questioning whether to continue growing cotton. The question should not be whether cotton will continue to be a major export crop in Africa. Rather, we wonder if African governments and communities will be able to parlay cotton revenues into real development gains. Could wisely invested cotton revenues lead to a more diversified and sustainable set of economies or will cotton simply be a source of income in the medium term? Worse yet, could a temporary boost in world cotton prices simply perpetuate the "resource curse" phenomenon whereby cotton receives increasing institutional support to the detriment of other sectors in the economy?

Several trends will continue to affect African cotton. The most glaring issue is the decline in prices that African producers receive. While most of the focus is on subsidies, the decline in the dollar vis-à-vis the euro is an equally important factor. Because cotton is sold in dollars on the world market, the exchange rate determines how much sellers receive for their cotton. From 2002 to 2007, the dollar declined about 30 percent in relation to the euro; this has meant that the costs of cotton inputs have increased at the same time that the prices received have declined.

Despite the depreciation of the dollar, much of the debate about threats to African cotton will continue to be linked to subsidies. Although there was an outcry against industrialized country subsidies in the last round of international trade talks, it is unlikely that subsidies will be removed in the short-term (at least in a meaningful way). In the United States, the politically powerful agricultural lobby has prevented any discussion of subsidy decreases. Four countries in West Africa (Mali, Benin, Burkina Faso, and Chad) have put forward demands to the World Trade Organization for compensation for their economic losses directly caused by subsidies, but so far these demands have not been greeted favorably. This is partially because giving compensation would create a precedent for demanding compensation for other subsidized commodities, something the industrialized countries want to prevent (Goreux 2005). Industrialized country policies to influence cotton therefore look to increase the productive capacity of African farmers. They argue that African farmers must increase yields in order to remain competitive. The industrialized countries, while unwilling to cut subsidies or give direct aid to the cotton sector, have invested in agricultural research in Africa. The United States Agency for International Development gave 20 million dollars to support West Africa cotton, with the goal of increasing productivity through activities such as technical support, reform of the cotton sector, and promotion of biotechnology.

One proposal for cushioning African countries from world price volatility is to create a cotton price support fund. This would be a form of self-insurance in which countries would create funds to stabilize the year-to-year volatility in world prices (Gergely 2005). In the past several years, though, the low prices of cotton have forced countries with support funds to abandon them. In 2005, the government of Burkina Faso stated that their support fund would prevent the producer price for cotton from ever going below 175 FCFA/kg. By 2007, the support fund was bankrupt and cotton had reached 145 FCFA/kg. Since industrialized countries are unwilling to contribute to cotton support funds, the sustainable formation of such funds seems unlikely given declines in world cotton prices and the depreciation of the dollar.

A cornerstone of some future policies is the introduction of genetically modified cotton. Many African countries are testing genetically modified cotton and intend to introduce it in the next few years. While Bt cotton failed among smallholders in the Makhathini Flats in South Africa, West African governments are holding out high hopes for Bt cotton, both to increase yields and to reduce pesticide use. Reports from both India and China have shown mixed results with genetically modified cotton, with high yields in some studies and low yields in others. Indonesia has abandoned genetically modified cotton due to problems with drought resistance, pest infestations, and reduced yields (Villar 2007).

Another future emphasis of many governments and international donors is the continued reform of the cotton sector in Africa, particularly though liberalization and privatization. Several chapters illustrate how reforms influenced the performance of cotton economies. Many cotton economies have been able to weather shifts in world prices, particularly in some southern Africa countries, because increasing local efficiencies allowed farmers to receive higher prices, have functioning input markets, and receive more timely payments. However, national level reform may have its limits. Gouse, Shankar, and Thirtle (chapter 4) illustrate how liberalization can jeopardize the cotton sector, an industry where vertically integrated supply chains were historically used to guarantee prices and delivery. Indeed, if we look at the countries where cotton production has increased most rapidly (Burkina Faso and Mali), these are the areas where neoliberal reforms in the cotton sector are the least advanced (Goreux 2005). Goreux suggests that holding up liberalization and privatization as panaceas for the African cotton sector is a diversionary tactic. The real focus should be on removing subsidies, improving productivity, and creating safety nets for farmers when the market price declines. Indeed, some of the recent neoliberal reforms proposed for West Africa may decrease the broader development goals and social safety net of the cotton sector in West Africa, which were some of the reasons why cotton was so popular among farmers.

One bright spot for the future is the role of producer groups in asserting their power. Unions of cotton growers are using their influence to determine local price policy by bargaining with national governments and international policymakers. Thus, West African farmers are going global. Mirroring the fair trade movement in other commodities such as coffee, West African cotton producers are utilizing alternative networks to create new markets for cotton production. For example, while members of West African farmers' unions were attending WTO meetings to change policy, they were also attending international meetings of organic farmers, marketers, and textile makers seeking to move away from chemical-intensive cotton production toward organic production. These initiatives work side by side with their more conventional efforts to change the pricing policies of developed countries.

These alternative networks have been spurred by members of the NGO community. For example, OXFAM has pushed its "Make Trade Fair" campaign for cotton and other commodities. The promotion of organic cotton is another aspect of the alternative trade movement. Dowd (chapter 10) illustrates how European NGOs are organizing organic cotton cooperatives in East and West Africa. While the area under organic cotton is minuscule, nongovernment organizations and fair trade activists see organic cotton as a potential tool for getting African farmers higher prices for their commodities. Organic cotton also has the potential for decreasing the environmental degradation associated with cotton production, particularly a reduction in the use of toxic pesticides and an increase in applications of organic soil amendments. Notably, organic cotton production has been easier to establish in areas where the state is less active in the promotion of conventional cotton production, making East Africa more favorable for this type of production than West Africa.

African Cotton and Globalization

The implications of this volume for our understanding of globalization in relation to Africa would appear to be several. In the introduction, we broached three broad and interrelated themes related to globalization that might be informed by a study of African cotton production: (1) To what degree is Africa involved in the globalization process? (2) What is Africa's relationship with global trading regimes? (3) What is the nature of African agency (at the national and local levels) in the globalization process?

First, Africa definitely is not operating outside the globalization process. The problem is that the touted benefits of globalization appear to be mixed and very unevenly distributed. Engaging with the global market presents the smallhold African cotton producer with certain opportunities and risks. Wealthier, relatively well capitalized farmers seem better able to ride out the risks and take advantage of opportunities. Second, global trading regimes have been managed to the advantage of more powerful producers. Powerful constituencies in the global North have, until very recently, been successful at keeping subsidies for their producers off the table in international negotiations. But this has all changed in recent years as African governments, farmer unions, international NGOs, and the news media all seem to have become more effective at influencing debates on international trade. Third, this increasing effectiveness is a testament to the agency of African governments and African farmer unions on the global stage. But African actors should also be wary. The more recent push for GM cotton in Africa may represent global capital's attempt to usurp the farmers' role in defining the problems and solutions of African agriculture.

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