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BURKINA FASO, A COTTON PRODUCER IN THE FACE OF GLOBALISATION AND ECONOMIC DEPENDENCE

Valérie HAUCHART*

Abstract: Globalisation has changed the terms of international economics: Some countries in South East Asia or central America are emerging amongst the industrialised nations. Others, designated as poor countries, less advanced or countries in the Third World remain at a low level of development despite several attempts to integrate them into the international exchange network. Burkina Faso has being producing cotton since 1920 when it was part of the French colony (colony of Haute-Volta). Studying the function of the cotton production in the case of this country allows us to understand under which terms real complex relationship between producer countries, primarily agricultural produce and the countries who buy and who transform the raw products into finished products. The analysis of this economic relationship both financial and scientific, allow us to define this state of dependence. It also sheds a light on the realities of a Third World country in the torment of globalisation.

Key words: Burkina Faso, cotton production, HDI

THE SEARCH FOR PROFIT IN POOR COUNTRIES: THE ROUTE TO DEPENDENCE

In Burkina Faso, the HDI (Human Development Index) is of the order of 0.300 and the annual GDP (Gross Domestic Product) per inhabitant is below 300 dollars. Burkina Faso is, along with its neighbours in West Africa (Table. 1), among the 25 least advanced countries in the world. To meet the needs of it's fast growing population and to ease it's socio-economic situation, it bases its economic strategy on sustainable development with the only available resource: agriculture.

Economic indicators in France and some cotton producer countries

Table 1

	Benin	Burkina Faso	Mali	Togo	France
HDI	0.421	0.317	0.333	0.512	0.930
GDP/hab/an	420 $	345 $	366 $	310 $	24,837 $
Population growth rate	2.6 %	2.6 %	3.0 %	2.6 %	0.37 %
Alphabetization rate	33.6 %	24.8 %	19 %	53 %	99 %
Primary sector share in the GDP	36 %	32 %	34 %	43 %	2 %
Budget balance (in the GDP)	-5.4 %	-8.2 %	-8.7 %	-4 %	n.d.

* Max Havelaar Institute, Immeuble Le Méliès, 261, rue de Paris, 93556 MONTREUIL Cedex, France, e-mail: v-hauchart@club-internet.fr

Primary economic activity, agriculture is practised using traditional cultivation methods including slash and burn cultivation and shifting cultivation. Some provinces of the Burkina Faso (the central plateau, the Western and some Eastern parts of the country), are noted for their cotton-grain production. This activity is as advised by international institutions and adopted without argument by the local leaders. For three or four decades, cotton production has increased considerably, both in terms of land sown and also the tonnage of cotton grain and cotton fibre (fig.1).

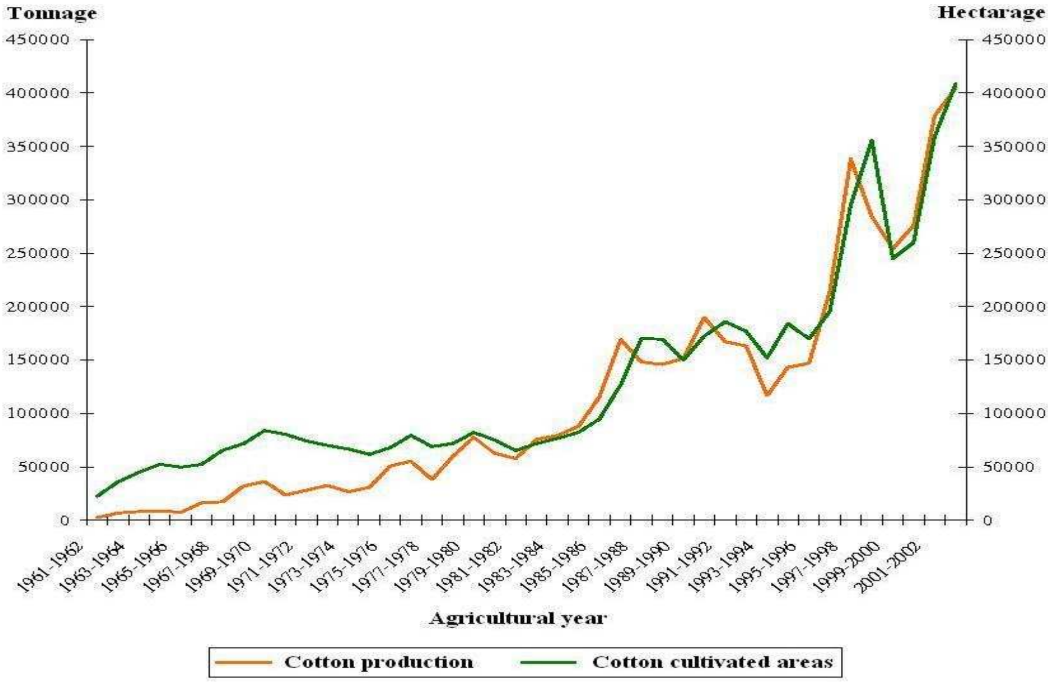

Fig. 1. Evolution of cotton production in Burkina Faso between 1961 and 2003

Burkina Faso is today one of the primary cotton producers in West Africa with 600,000 tonnes of cotton-grain for the 2004/05 agricultural year. Undeniably, the choice of economic development founded on a cash crop production is found to be efficient: by this reckoning, the cotton production revenue represents between 55 and 75% of Burkina Faso export values. Nearly three million people who represent a quarter of the national population make their living in rural areas from this activity [Hauchart 2005].

Exportation, premise for a cycle of dependence?

Destined for the international market, the cotton fibre is bought by several Western intermediaries, for example the Swiss Paul Reinhart or the French Louis Dreyfus. It is principally sent South East Asia (China, Thailand, India, Indonesia, Singapore, Vietnam, Taïwan) and Europe (Germany, Switzerland, Italy, France and Portugal). Burkina Faso and neighbouring countries for which cotton is, as we have already said, one of the principal if not the principal source of revenue are therefore dependent on the cotton prices. The price is quoted in dollars and depended on the A Cotlook Index fixed in New York and very fluctuated.

In the countries like Burkina Faso where the currency is at a fixed parity with the euro, the current weakness of the dollar with regard to the European currency places the cotton producers of the French African zone in a strongly disadvantaged position on the world market. Note that, since the application of structural political adjustments, the West African producers are paid essentially as a function of this externally quoted price for cotton. But in certain countries in the *Franc CFA* African zone, palliative solutions have been put into action. Thus in Burkina Faso, since the 1994-1995 agricultural year, the base price received by the producers has been increased by the passing on of profit from the previous agricultural year produce by Cotton Companies. However, these financial supplements do not keep up with the increase in the cost of seeds or the farm inputs. The overall fluctuating decline in cotton prices, even with these additional payments, has lead to a decline in cotton producer profit margins (Fok and Raymond,1999).

Despite the increase in national capital due to exportation of cotton fibre and the improvement of productivity there is not a corresponding transfer of these profits in terms of the development of a local textile industry. For example, Burkina Faso has only a single spinning mill, *Filsah* (founded in 1999 and producing high quality thread destined for European countries), and 2 weaving factories.

This insufficiency in terms of the technical ability to process the cotton fibre forces the farmers of Burkina Faso (and also of Togo, Mali and Benin) to sell the cotton in its crudest form, neither woven nor as thread. This dependence doesn't stop at the necessity for these producer countries to sell an indispensable product to a cartel of Western buyers who manage the markets. The exporters of cotton fibre, source of foreign currency, are in effect subjugated in the name of globalisation.

WHEN GLOBALISATION HINDERS INDEPENDENCE AND MARGINALISES POOR COUNTRIES

On the international markets, cotton produced in Burkina Faso is at the mercy of other producers like the USA, Uzbekistan, China and Brazil. The farmers of Burkina Faso must be competitive both in terms of cost and quality. Like their neighbours who are under the same external pressures, they rise to the challenge. Their production are high quality because manual picking leaves the cotton capsules intact and very prized with a production cost of the order of 166 FCFA in West Africa [Nubukpo and Sadio Keita, 2006]. This cost is very favourably according to the American production cost which is equivalent to 479[1] FCFA (International Consultative Committee for Cotton).

But the competition is difficult against unfair competitors like the United States or China[2], not only large producers but also consumers of cotton. Despite agreements which regulate those within the OMC, they pour massive amounts of aid direct to their agricultural producers thereby maintaining production whilst costs would otherwise exceed market prices. The United States[3] subsidises it's

[1] According to the value of the dollar and euro in May 2006, 166 FCFA corresponds to 0.323 US Dollars and 47 FCFA to 0.932 US Dollars.

[2] After the 1949-1977 period of political collectivism, China subsidised the cotton industry in the form of intensive agricultural practises and a system of price guarantees. Since it's entry into the WTO in 2001 and the liberalisation of the cotton industry, direct aid has diminished, replaced by indirect aid and protectionism [Fok, Liang, Wang and Xu, 2006].

[3] The system of direct aid was put in place by the United States in 1933, during the Great Depression [Chalmin, 2003].

25,000 cotton producers by more than 50% of the product purchase price, which represents a level of subsidy to cotton producers completely out of the budget of a country like Burkina Faso [Chalmin, 2003]. China is annually alternatively a net importer or a net exporter of cotton grain. In the unfavourable context of general world overproduction, additional Chinese cotton export can flood world stocks (She Xing, 2006) causing downward fluctuations[4] on cotton prices (fig. 2).

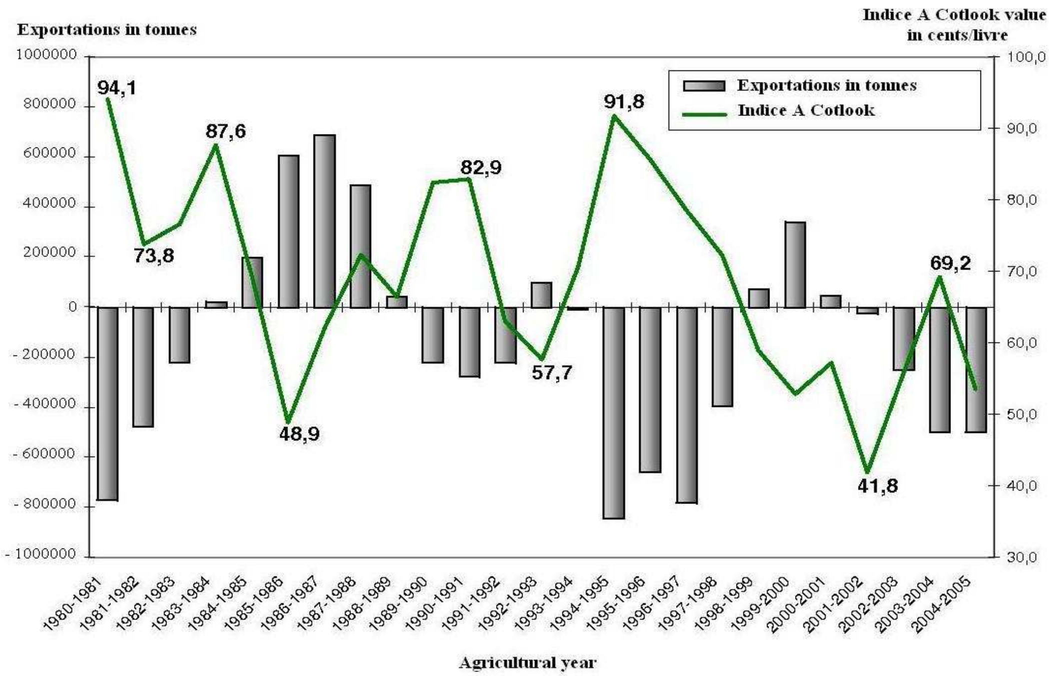

Fig. 2. Relation between the Indice Cotlook A value and the Chinese exportation of cotton

Western subsidies, world overproduction and the collapse of prices[5] are causing a reduction in profit for the African farmers. As an illustration, Burkina Faso faced a reduction of 27 billion dollars in the expected profit for the 2001-2002 agricultural year, an amount which closely corresponds to the economies taken by the country to repay the National debt (Mutume, 2003).

Responding to the need to be competitive constrains the African cotton producers from modernising their means of production and intensifying their agricultural systems, though sometimes abandoning otherwise efficient traditional methods of cultivation. However, thanks to the revenues due to the commercialisation of cotton and loans allocated by cotton exploitation companies, the cotton farmers have acquired more modern agricultural equipment such as the ox drawn carts and *Manga* hoes. They use more mineral fertilizers and treatments (insecticides and herbicides), inputs of which more

[4] From 1985, China inundated the market with cotton fibre, the markets buckled. Paradoxically, when in 1994 demand exceeded national production, this prompted huge importation of cotton from America and Africa, forcing up the price to 91.8 cents /pound [CCIC, 2002].

[5] Thanks to productivity gains, world production increased faster than consummation leading to an increase in stocks and a lowering of cotton prices.

than 97 %[6] is imported by the western multinationals like the *Société des Potasses d'Alsace.*

The modernisation of equipment for the means of production and the introduction of agricultural mineral fertilisers translate into an increase in capacity of tilled area from 1.1 to 2.4 hectares per worker, a reduction in the working hours (Tersiguel, 1995) and an increase in land sown and yield[7].

But what similarity is there between the single application of fertiliser in a quantity much less than recommended and close to 30 applications of treatments per agricultural year as practised in the huge American cotton exploitations? What resemblance is there between a rainfall dependant farming system and a bio-technology[8] irrigated system? What also the comparison between ultra-modern machinery used in Brazil and a cart pulled by oxen?!... The very meagre agricultural modernisation in Burkina Faso has been achieved at the price of increased dependence on the Western organisations like the Cirad, IRD, IRCT, who have been financing agricultural research in the Sub-Saharian zone for several decades. Sourced by foreign investors, these organisations conduct experimental research to improve cotton varieties, optimise fertiliser and other treatments, increase productivity and protect the environment.

The adoption of mechanised cotton production, the adoption of semi-intensive farming practises and the education of farmers is dependant on the cotton exploitation companies. But these are, in turn, controlled by the Western investors since the enforced extended cultivation of cotton as part of the programme to make best use of the French colonies at the start of the XXth century (Schwartz, 1993). West Africa was under the authority of a French Company, the *Association Cotonnière Coloniale*, which has been subsequently replaced by the *Union Cotonnière de l'Empire Français*, the *Compagnie Française pour le Développement des Textiles* and then (since 2001) by the agro-industrial holding company Dagris[9]. Dagris has been the principal agent on behalf of the public cotton companies like the Sofitex.

The cotton production and processing system was controlled by State intervention, characterised by a deep vertical integration. These companies control all aspects of the cotton production process from initial planting through to the final distribution of product internally and for export; In addition diverse activities such as the distribution of fertilisers, collection and payment for the harvest, the distribution of equipment, the training and organisation of workers... The liberalisation advocated in the 1990's by the Bretton Woods Agreements transforms the functioning of the cotton production and processing system.

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[6] Under the auspices of Kennedy Round II, the programme of aid negotiated in the 1960's under the GATT agreement to increase agricultural production in developing countries, the African producers benefited from loans from strong Western countries like Japan, Germany and Denmark...

[7] The rise in yield benefits to cereal production too because of the improved agricultural equipment of the cotton farmers and the side effect of mineral fertiliser (thanks to the crop rotation practice). The largest cotton farmers were also the best cereal producers and food production was more assured under their farm [Fok & Raymond, 1999], hence cereal production increased by 20-30% [Schwartz, 1999].

[8] During the 2004-2005 agricultural year, 24% of cotton planted was bio-technological varieties, producing 35% of world production. 55% of the area cultivated is irrigated and produces 75% of world cotton [Estur, 2006].

[9] Dagris was a S.A. (Limited Company) with a 64.7% French State holding, 23.2% various holdings and 12.1% salary holding. It is nowadays Geocoton, a private society.

However the African cotton producer countries have not been able to completely escape their scientific and technical dependence on the powerful industrialised countries. For several years they tried to reduce the state monopoly, and to introduce private companies at all levels of cotton processing.

Using Burkina Faso as an illustration, the investment in cotton companies was open to both cotton farmers and private investors (table 2). The State found itself confronted by new cotton farmer organisations such as national, regional and provincial unions. These organisations are funded by banks, NGOs and national investors. But the economic strength of the cotton farmers did not increase and the foreign investors remained ever present with regard to company investment: The Western countries remained in control of all levels of African cotton production, refinement and exportation (table 2).

Encouraged by Western financial and scientific input and due to sympathetic government policies, the primary sector developed to a state of overdevelopment. Due to this commercial agriculture, it represented not only indispensable income for population[10] but also the factor of socio-economic modernisation. However, not simply a passport towards development, cotton created new needs and modes of consumption. The rise in purchasing power of the cotton farmers and all those[11] involved in this culture of annual revenue [PNUE. 2003] translated into an increase in expenditure in services and material purchases. A proportion of the income from the exportation of cotton fibre is used today for the importation of manufacturing products including electrical equipment like telecommunication, computers, motorcycles and cars, chemical products, mining and construction machinery, all coming from Europe or South East Asia. In the cotton producing countries, we see an increase in the number of bike, motorbikes and televisions… And paradoxically, a cotton producing country is forced to import from China and India finished cotton products using their own cotton produce. It is also true for the traditional cloths, the *pagne*, and second hand clothes, swamping the clothing market (Orsenna, 2006). What possibilities for development remain for the local textile industries?

CONCLUSION

Like other poor West African countries, Burkina Faso has to labour to be on the way toward sustainable development and for that reason has adopted a cash crop production. It is true that the revenue of the cotton growers has allowed some socio-economic progress such as the increase in collectively owned agricultural equipment and the improved road network (Deveze, 1999). Indeed, there has been a reduction in the number of people living below the poverty line. But, far from bringing economic independence and the capacity for autonomous development, the export of agricultural produce as a principal source of national income means the country is held to ransom to the industrialised consumers.

Dependant on Western capital and technical knowledge to extract a meagre profit, Burkina Faso has to sell its raw cotton at a price imposed by these same interests on the international market. However, the understandable attraction for cotton and demographic increase have caused both an increase in

[10] The cotton farmers perceive cotton production as method to pay for family and social expenses, anticipated or not, without selling cereal or cattle [Hauchart, 2005].

[11] Cotton production has created employment in the transport sector, cotton refinement and processing.

land used to cultivate cotton and cereals and a lessening of fallow land usage. These evolutions lead to intensive cropping and threaten the fragile environmental equilibrium.Under these conditions, for how long Burkina Faso will continue to benefit from cotton revenue?

Place and role of the different operators
of the cotton production and processing system in Burkina Faso

Table 2

	Companies and allocation of capital	**Principal participants and their roles**
Situation before the liberalization and privatization of cotton production and processing system	**Sofitex*** **:** - 65 % government of Burkina Faso - 34 % CFDT - 1 % banks	**State :** - rural research and development - seed production (*Inera*, with a program financed by the World Bank) - advice and technical extension across structures (DRA, DPA…) **Sofitex :** - production of seeds - participation in the national "cotton" program - fixing of prices, ordering and distribution of inputs - purchase, transportation and picking cotton - extension of agricultural techniques and equipment - maintenance of road network
Situation after the liberalization and privatization of cotton production and processing system	**Sofitex :** - 35 % government of Burkina Faso - 34 % Dagris - 30 % farmers - 1 % banks **Socoma :** - 51 % Dagris - 29 % private investors - 20 % farmers **Faso Coton :** - 31 % Reinhart - 21 % Ivoire Coton - 20 % private investors - 10 % farmers	**State :** - research - primary seed production **Sofitex, Socoma andt Faso Coton :** - training and visit extension - fixing of prices, ordering and distribution of inputs - purchase, transportation and picking cotton - production of seeds - economic and technical advice **Farmers**:** - financial and economic management advice - involvement in research - giving a sense of responsabilities in input order, cotton marketing and processing

* Sofitex is a State company under the control of the Minister for Commerce, Industry and Works and financed by international banks like the *Crédit commercial de France.*

** The farmers are grouped together in the National Union of Cotton Producers and the Interprofessionnal Association Producers.

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