

Market Access for Small Holder Cotton Farmers in Zimbabwe

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Presentation Format

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About the ZIMCODD

- ZIMCODD is a coalition of various CSOs ranging from labour, small holder farmers, HIV/Aids groups, students and youths, residents, women groups, the disabled and was formed in 2000.
- Focus areas include issues of debt, IMF and World Bank policies, WTO trade policies, trade justice and fair trade, poverty, sustainable development, climate change and tax justice.

ZIMCODD Launched the Rural Livelihoods programme/Cotton Campaign in 2005 after realisation the unfair trading practices farming were being subjected to locally, regionally and internationally.

- Targeted farmers from the three districts represented here though the project has received support from other organisations working in the various districts for fair trade
- The broad objective of forming cotton producer associations in these districts.

Over the years the project has attracted more partners and other farming districts and it was further developed into a project that combined awareness and activism on issues of fair trade and trade justice.

- The cotton farmers in the three districts represented here have formed associations to represent their interests in the policies that affect their farming activities as well as their livelihoods.
- This initiative with cotton farmers is of great importance as there are about 300 000 small scale rural cotton farmers in Zimbabwe but whose livelihoods are not being positively impacted by the farming activities.

Role of ZIMCODD in working with small holder farmer organisations

- Raising awareness amongst some farmers and other stakeholders on the impact of global policies and practices on domestic prices. It must be emphasized that cotton was used as a test case because the same trade injustices are evident in many other sectors of the Zimbabwean economy.
- Assist small holder farmers in forming Commodity Producer associations, information dissemination and information centres. Here there are 3 districts represented which ZIMCODD are working with.

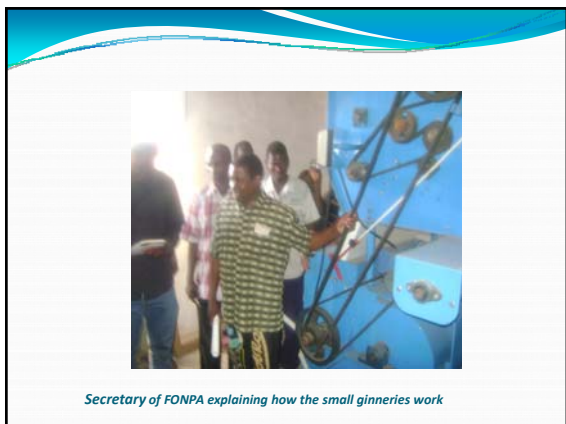


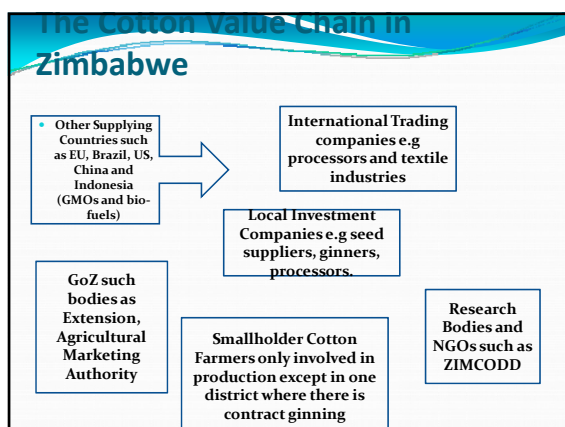
- Raising awareness amongst stakeholders that the most critical players in the cotton value chain are the small-scale communal farmers. From this angle, this initiative is a campaign to defend poor peoples' livelihoods.
- Capacity building of farmers on issues of leadership skills, business skills, value addition, record keeping, lobby and advocacy, price negotiations, market intelligence, budgeting, savings clubs and micro finance

- Assisting farmers to be able to understand contracts they sign better
- Presenting opportunities for different stakeholders in the cotton production chain - farmers, cotton merchants, government, academia and trade justice campaigners to constructively engage each other openly on fundamental factors affecting the industry.



- Assisting farmers to attend grading courses (new initiative)
- Linking farmers with low cost input suppliers and alternative buyers offering better/fair prices
- Providing space for Networking and exchange visits such as trip to Mozambique where small holder farmers are engaged in cotton ginning. Have access to free seed.





Trade Rules in Zimbabwe as a Source of Farmer Exploitation

- Due to conflicts between farmers and cotton merchants the government through the Ministry of Agriculture created the Agriculture Marketing Authority (AMA), Cotton Marketing Technical Committee (CMTC)
- Farmers have rejected these institutions as they represent interests of merchants.
- It is clear that there is lack of government support and protection for small holder farmers.

The CMTC is supposed to be composed of farmer unions and cotton merchants under the cotton ginners association (CGA)

- AMA should have a regulatory effect but AMA tends to side with merchants.
- Exploitative Instruments such Statutory Instrument 144 of 2009 and 106A of 2012 and the 2006/7 industrial regulatory framework regulating cotton buying (restricted to investor companies).
- There is no clear government policy on agriculture though it is now being discussed

- Unfair trading practices have led to farmers resorting to side-marketing.
- The effect of creating the CGA was to reduce number of buyers limiting competition under a free market system.
- In this regard trade regulations tend to favour cotton merchants at the expense of farmers.
- Government also now wants to be the sole buyer of cotton but it has challenges in wheat and maize production.

Textile Industries in Zimbabwe

- These consume less than 20% of lint while the rest is exported thus reliance on international market where Zimbabwe have no say.
- Experiencing a serious downturn marked by the closure of country's biggest company, David Whitehead while farmers are losing out on value addition that creates jobs and wealth, poor infrastructure such as roads, no warehouses.
- Caused by liberalisation of the sector that has brought stiff competition from cheap Asian textiles & second-hand clothing from Europe. Cotton is vital for food security, livelihoods sustenance and generation of cash income to meet basic needs (education & health services).
- On average, productivity around 600kg/ha, lower than world average of 720 kg while production under rain-fed conditions without any technology.

Market Access by Small Scale Cotton Farmers

- Cotton is second largest agricultural export after tobacco, exports ranging between US\$ 120-150 for the last three seasons. More than 80% exported in semi-processed form (cotton lint) with export destinations to the Far East (40.3%), S. Africa (35.9%) and EU (17.7%).
- Local producers concentrate on local companies that pay low prices but getting higher prices from the international markets during periods where prices are high.

- Ever falling producer prices over the last decade creating antagonism between growers & investors thus ruining livelihoods of once prosperous growers at the same time reducing cash earnings for growers that have been plunged into deepening poverty.
- US & EU agricultural subsidisation policies that spur production against a background of slackened demand and also increased supply has lowered global lint price hurting growers in developing countries.

- Threat of economic partnerships agreements and AGOA due to trade liberalisation
- In US trade-distorting support account for 80-90% of total subsidies while resultant overproduction creates a surplus that is off-loaded on the international market at prices well below the cost of production.
- Threat of GMOs from India, China, EU and Brazil
- Adoption of bio-fuels has led to farmers losing their land
- Zimbabwe's Cotton is predominantly grown under contract farming

- There is also unilateral determination of producer price & replacement value of inputs by investors, determination of quality & weight by investor and there are penalties stipulated on breach of contract clauses.
- investors are Resource-rich (human, financial & material) and have sophisticated organisational structure with superior knowledge & information on cotton trade.
- These companies have regular contacts with end-users and have up to date information on what will be happening on the international markets.

- companies have taken over previous government roles of supplying inputs and marketing of seed cotton.
- The contract between two parties is one-sided and determined by companies without input from growers and growers are supposed to sell entire produce to investor company.

On the other hand farmers are Resource poor, Scattered & fragmented (no producer commodity structure), have scant knowledge & information on cotton trade and are restricted to production in the cotton value chain. This has led to farmers being exploited in the cotton production and marketing processes.

Recommendations/Strategies for Protecting Rights of Cooperatives/Small Holder Farmers

- Formation of a national producer association that can negotiate on growers behalf & protect their interests
- Amendments or repeal of the seed cotton regulatory instrument to protect own interests
- Involvement in contract negotiations & producer price setting
- Seeking alternative sources of finance to free themselves from the clutches of investor companies
- Capacity-building for its members beyond production
- Establishing information centres on cotton trade

Monitoring implementation of contract clauses agreements

- Participation of farmers in value addition so they can enjoy the benefits of by-products from their produce
- Revive local textile industries and create more demand of cotton locally rather than depending on international markets where farmers have no say but are just price takers
- Introduction of new farming technologies to boost production

Thank You