

# **ANNUAL REPORT**

**2006 – 2007**

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## **ACRONYMS AND ABBREVIATIONS**\_\_\_\_\_

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# **Fact File**

**Who we are**

**CDO's Financial Year**

**Directory of Offices**

**Head Office**

**Field Offices**

***Northern Field Office***

Located at Ngetta Ginnery,

**Kitgum Rd, Lira**

(oversees the districts of Lira, Apac, Kitgum, Gulu, Amolatar, Kotido, Pader, and Kaberamaido)

**North Eastern Field Office**

Plot 18, Oumo Rd

P.O. Box 18, Kumi

(oversees the districts of Kumi, Soroti, Katakwi, Pallisa  
Kapchworwa, Mbale, Sironko)

**Busitema Ginning Training School**

Located 30 km, Tororo-Jinja Road

P.O. Box 236 Tororo

**Mid-West & Central Field Office**

Plot 52, Masindi Port Rd

P.O. Box 139, Masindi.

(oversees the districts of Masindi, Hoima, Kibaale, Kyenjojo, Kiboga, Luweero, Nakasongola, and Ssembabule)

Cotton Development Organisation was established in 1994 by an ACT of Parliament. It has responsibility to monitor the production, processing, and marketing of cotton so as to enhance the quality of lint exported and locally sold, to promote the distribution of high quality cotton seed and generally to facilitate the development of the cotton industry.

1<sup>st</sup> November-31<sup>st</sup> October.

Plot 15, Clement Hill Road

P.O. Box 7018

Tel: 256-41-4230309/4232968

Fax: 256-41-4232975

Kampala, Uganda

Email: [cdo@africaonline.co.ug](mailto:cdo@africaonline.co.ug)

Website: [www.cdouga.org](http://www.cdouga.org)

**West Nile Field Office**

Located at Pakwach Ginnery

Pakwach-Arua Rd.

P.O. Box 33, Pakwach

(oversees the districts of Nebbi, Arua, Yumbe, Moyo, and Adjumani)

***Western Field Office***

**Plot 913, Kasese- Fort Portal Road**

P.O. Box 32, Kasese

(oversees the districts of Kasese, Kabarole, Kyenjojo, Kamwenge, Bushenyi, Rukungiri, Kanungu)

***South Eastern Field Office***

U.S.S.I.A. Building

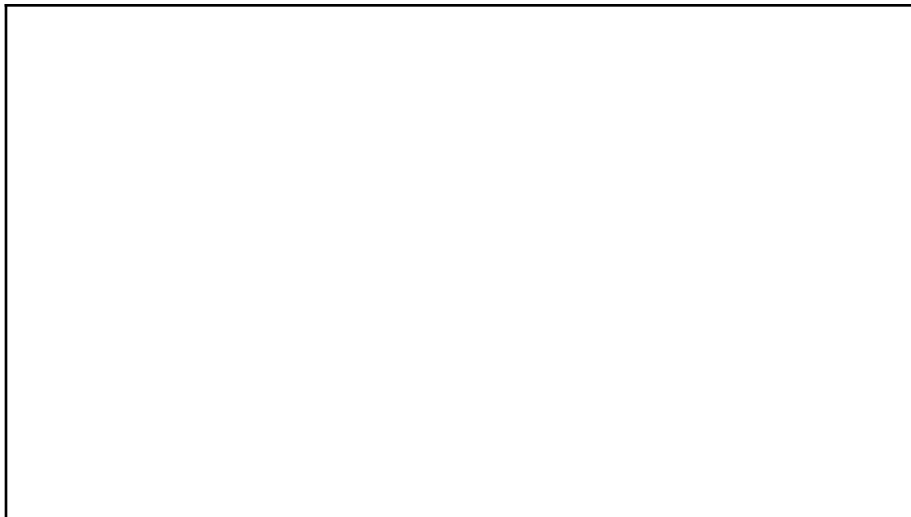
Main Street

P.O. Box 682 Iganga

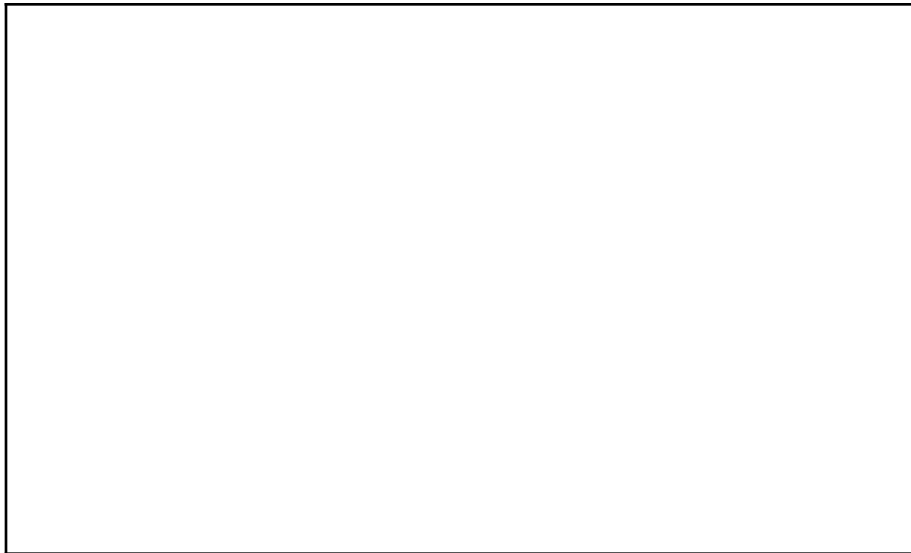
(oversees the districts of Kamuli, Iganga, Bugiri, Jinja, Mayuge, Tororo, Busia, Mukono, and Kayunga)

(iii)

**CDO ANNUAL REPORT: 2006-2007**



**Hon. Engineer Hilary Onek (MP)**  
Minister of Agriculture, Animal Industry and Fisheries



**Hon. Dr. Isreal Kibirige Sebunya (MP)**  
Minister of State for Agriculture.

(iv)

**CDO ANNUAL REPORT: 2006-2007**

**BOARD OF DIRECTORS**



## CDO ANNUAL REPORT, 2006-2007

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### Chairman's Statement



C

otton Development Organisation, is now more than ever before made aware of the uncharacteristic rain patterns that have evolved. Cotton farming has therefore become an unpredictable exercise.

Additionally, this season also registered a significant drop in the ginner's enthusiasm. The vital cotton production support program virtually collapsed. Mobilisation of farmers declined noticeably and poor

supervision of the extension programme affected Subsector performance in terms of production and productivity.

Production this season increased by 31% from 102,600 bales last season to 134,000 bales. This is a decent percentage rise but the overall picture of national output is still much too small for complacency.

A new approach has therefore been created to strengthen the sector. Two Stakeholder organizations have been promoted namely; the Uganda National Cotton Farmers Federation (UNACOFF) and the Uganda Cotton Oil Processors Association (UCOPA).

These associations are an addition to the Uganda Ginners and Cotton Exporters' Association (UGCEA) which has been a voice for the ginners and lint exporters as well as farmers. It is predicted that, having strong stakeholder associations will go a long way towards building a robust Cotton Subsector and ensuring that the vital players are not left out in determining the growth of the industry.

With peace returning to Northern Uganda, we will place special emphasis on promoting

cotton production in this area that was once Uganda's cotton belt.

In 2007/08, our strategy of Public-private Sector Partnership will remain unchanged in promoting cotton production while addressing emerging issues like farmer mobilisation and extension. We will also continue urging government to increase its responsibility for the farmer at both national and local levels.

The future looks brighter than it has ever been. The numerous problems that the Board faced have resulted into the emergence of new solutions. The effectiveness of these solutions will emerge in the next two to three years. We pray for God's blessings, our hope for greater years to come.

I take this opportunity as my Board retires, to thank everyone who has been a friend and foe alike. The best innovations emerge only after an enemy strikes you. Through the Lord's guidance, we have overcome all the problems.

**Richard Parwot**  
**CHAIRMAN, BOAD OF DIRECTORS**

## **SECTION 1.0: AGRONOMY**

### **1. Production**

#### **1.1.. National cotton production:**

The season saw a slight increase in bale production from 102,600 bales in the 2005/06 season to 134,000 bales in 2006/07. Despite the Zoning system and efforts by ginners to provide production inputs, there were other problems identified by stakeholders which were responsible for the failure to hit a sizeable quantity of at least 150,000 bales.

The problems identified by stakeholders included:

- Persistent low seed cotton prices over the years, which demoralized farmers and culminated into less acreage opened for cotton production.
- The management of cotton fields was still not given due attention for proper crop husbandry. This was manifested in the high plant population and poor spacing during planting, limited number of weeding sessions, minimal thinning and spraying, intercropping and in some cases farmers abandoning the fields altogether.
- Inadequate training for extension staff. The deployment of inadequately knowledgeable personnel who could not easily advise farmers on the necessary crop management for new varieties, proper and timely use of various types of inputs and use of Integrated Pest Management techniques to control common pests and diseases affected the realization of the production targets.

Industry stakeholders noted that mobilization of farmers was poor and supervision of extension staff was irregular. Demonstration plots sessions were not adequately attended and therefore could not be used as effective tools for extension message delivery. There was also need to deliver the right production inputs for each zone to farmers on time.

Whereas the seed distributed was all delinted with higher germination viability, it was noted that the farmers still experienced poor germination, limited boll formation and heavy crop pest attacks due to dry planting, poor crop husbandry and high cost of inputs. Few farmers could afford the subsidized cost of inputs.

The above factors were compounded by persistent unfavorable weather conditions in all Zones. During the previous season, rains were not timely and some areas were hit by hailstorms during the crucial stages of plant growth, and there was insufficient moisture in the soil leading to falling off of squares and premature opening of bolls.

Against all odds, the season managed to come up with a slightly higher production of 134,000 bales compared to the previous production of 102,600 bales. Out of the National production of 134,000 bales 12,775 bales were organic cotton.

#### **1.. Organic cotton production:**

This season saw an upsurge in organic cotton production as shown in Table 1. Four ginners; namely Dunavant, Bo-Weevil, Lango Co-operative Union and Copcot EA segregated areas for purely organic cotton production and their performance is shown in Table 2.

Organic cotton was bought at Ushs.530/= per kg farm-gate (i.e. 17.8% higher than the price for conventional cotton).

**Table 1. Organic cotton production since 2000 vis-à-vis National Production**

Season	National seed cotton production (Kg)	Organic seed cotton production (kg)	Equiv. organic lint bales (@ 185 Kg)	% of organic to National Production
2000/2001	54,996,904	1,642,458	3,066	3.0
2001/2002	63,898,025	1,734,187	3,406	2.7
2002/2003	57,563,429	1,203,753	2,407	2.1
2003/2004	84,344,870	2,030,465	3,698	2.4
2004/2005	130,854,714	2,979,969	5,809	2.3
2005/2006	51,847,138	1,499,030	1,763	2.9
2006/2007	68,681,469	7,377,333	12,775	10.7
<b>Totals</b>				

**Table 2: Organic cotton production 2006-07 by Ginner**

Ginnery	Ginner	Seed Cotton Purchased (Kg)	Equiv. Bales	Actual Bales Produced	Organic seed produced (Kg)
JITCO	Boweevil	3,362,266	6,579	5,184	1,924,540
Ngetta	Lango Union	351,409	710	700	212,216
Ngetta	Dunavant	259,675	525	526	153,093
Odokomit	Dunavant –ECO	3,184,858	6285	5,937	2,088,912
Rhino Camp	Copcot EA	219,125	438	428	134,672
<b>Total</b>					<b>4,513,433</b>

## 2. Seed for planting

### 1.2.1 Seed dressing:

Seed dressing started in January and ended at the end of June. A few Dressing Stations namely Ngetta and Kachumbala dressed extra seed at the request of ginners. By the

end of the exercise, a total of 3,538 Mt of seeds had been delinted and dressed compared to the seasonal target of 3,000 Mt as shown in Table 3.

Worth noting is that a total of 294 Mt of seed for demonstration plots and segregated seed multiplication areas were dressed with Cruiser, an aphicide for control of early sucking pests which reduced the number of sprays from four (4) to three (3).

**Table 3. Seed Dressing by Dressing Station.**

<b>Dressing Station</b>	<b>Target quantity of delinted seed to be dressed (MT)</b>	<b>Actual quantity of delinted seed dressed (MT)</b>
Nakivumbi	558	455
Kachumbala	674	809
Ngetta	539	898
Kasese	670	712
Masindi	559	664
<b>Totals</b>	<b>3,000</b>	<b>3,538</b>

Major problems faced during the seed dressing exercise were quality of seed with low delinting out-turn resulting from harvesting wet cotton which was a result of the mini el nino experienced during December and January. Other problems experienced included, frequent power cuts and persistent machinery breakdowns.

**2.. Foundation seed from research**

Approximately 4 Mt of fuzzy seeds were received in Masindi from Serere National Semi-Arid Resources Research Institute (NASARRI) for further multiplication.

**3.. Long haul seed transportation**

Over 1,700 Mt of seed for planting were transported from Masindi, Arua and Kasese to Nakivumbi, Pakwach, Ngetta and Kachumbala in order to meet shortfalls in planting seed requirements in these areas.

**4.. Seed distribution**

Seed distribution to farmers was done through the area ginners and the exercise started in April and was completed in July 2007 in all the regions except Western Region where it took place in August. Details of seed distribution per district are given in Annex I.

**5.. Crop establishment and performance**

Planting of cotton started in May in the North and Eastern Regions where the planting conditions were ideal at the time. On the whole, planting intensified in July because there were general delays in harvesting food crops.

During the months of September and October, heavy rainfall was received particularly in the Eastern and Northern Regions and this made weeding difficult and worsened the

pest situation. Although flooding occurred in some parts of Teso and Lango sub-regions, we hope it will not substantially affect cotton production in 2007/08 as the areas affected were not predominantly cotton growing areas.

Major pests reported during the season were aphids, lygus, bollworms and stainers. Pest control was generally poor due to late delivery of conventional (inorganic) pesticides, limited farmer mobilization and low supply and ineffective organic pesticides. The reported high pest infestation in Northern Uganda, West Nile and parts of Pallisa is likely to affect the productivity and production in the coming season of 2007/08.

## 2. **Organic cotton growing:**

**Prior to 2006, organic cotton was progressively introduced and supported in Lira, Apac and Oyam Districts. However, during 2006/07, production of organic cotton was promoted by ginners in the whole of Lango, Acholi, West Nile and parts of Pallisa against the advice of CDO, MAAIF and National Organic Agriculture Movement of Uganda (NOGAMU) and without adequate training of farmers, lack of effective organic pesticides and extension services.**

In addition, the transition period from conventional to organic production was too short; 3 months compared to the requisite 1 – 3 years to allow the farmers understand the required methods of controlling pests and sustaining economic yields.

All this was likely to impact negatively on cotton yields and overall cotton production in these areas.

Ginners involved in promoting organic cotton production included:

Dunavant	- Lango, Acholi and Nakasongola
South Base	- Lango
Twin Brothers	- Lango
JITCO	- Lango
Boweevil	- Lango
Copcot E.A.	- West Nile
Olam	- West Nile
North Bukedi	- Pallisa

## 3. **Ginners' Production Support Program and the Demonstration Plots Program:**

The Ginners' Production Support Program, which operated under Zoning collapsed in January 2007 mainly because the unanimity among ginners that had up-held Zoning ceased to exist. This resulted from several factors including:

- **Entrance of free riders who were using price wars at marketing without investing at production time.**
- **Suffocation of small ginners by big ginners using investment and buying quotas under the zoning system.**
- **En-mass introduction of organic cotton production in North, West Nile and Pallisa District, which are key cotton growing areas. This was coupled with shift from cotton production to other agricultural enterprises especially in the Eastern Region which is home to about 50% of ginners.**

As a result of the collapse of Zoning, supply of pesticides and extension services were affected. In addition, the Demonstration Plots Program also suffered and hardly took off in most of the areas. In spite of that, APEP worked with individual ginners and Site coordinators were trained in Busoga, Northern, West Nile, Western and Mid Western regions. The demo kits were however distributed late and subsequently planting was also late. This is likely to affect farmer training and hence productivity per unit area.

#### 4. Seed multiplication:

During the season, CDO signed formal agreements with some ginners to ensure proper implementation of activities and delivery of high quality seed.

Table 4. Seed crop establishment under Seed Multiplication

Ginner	Seed area	Target acreage	Estimated acreage planted (acres)	Remarks
Olam	Hoima	3,000	4,000	Acreage was increased to meet shortfalls in other areas.
Western Ug. Cotton Co.	Masindi & Buliisa	5,000	4,620	
FICA	Kigumba	1,000	1,016	
Copcot EA	Rhino Camp, Arua District	2,000	1,340	Ginner opted for organic pesticides.
Nyakatonzi, Rwenzori, Western Ug., Bushenyi	Bushenyi	2,100	4,100	Acreage was increased to meet shortfalls in other areas.
Dunavant	Awelo & Namasale (Amolatar District)	4,000	2,183	<ul style="list-style-type: none"> <li>Rains started late.</li> <li>Conventional pesticides were delivered late; ginner had initially opted for organic chemicals.</li> </ul>
Bestlines & South Base	Busitema Block Farm	300	250	Block was intended to provide back-up seed.
CN Cotton	Kasilo, Soroti District	1,500	-	Ginner opted out of the seed multiplication program.
	<b>TOTAL</b>	<b>17,400</b>	<b>17,847</b>	

Several field visits and trainings were conducted targeting 4,500 MT of fuzzy seed.

#### 5. Block Farms:

Two block farms aimed at promoting commercial cotton production, application of the recommended agronomic practices for increasing yield and improving quality, and multiplication of foundation seed were maintained at Busitema (Busia District) and Kigumba (Masindi District).

##### 1.. Busitema Block Farm

A total of 250 acres were planted to cotton. Out of that, 200 acres were ploughed by tractor with support from two ginners; Best lines and South Base who also provided free pesticides to farmers.

2.. **Kigumba Block**

Approximately 120 acres of cotton were planted at the Block by FICA Ltd, a private seed company. In addition, FICA mobilized out-growers from areas surrounding the block, for seed multiplication. A total of 1,016 acres were planted to cotton under this initiative.

## **SECTION 2.0: MARKETING**

1. **Introduction**

The marketing and ginning of the 2006/07-season crop had virtually come to an end by August 2007. Total number of cotton lint bales produced for the 2006/07 season was 134,000 bales of an average weight of 185 kgs. Total cotton seed produced as at 30<sup>th</sup> October 2007 was 42,234,144 kgs and only 7,751,887 kgs was still in stock at four ginneries. Operational ginneries this season were 36 compared to 33 for the 2005/2006 season.

2. **Performance of Ginners**

The season attracted 38 ginneries operated by 27 ginners. The statistics below in Table 5 show a continuous dominance of 10 bigger ginners taking a national production percentage of 75.74%

Table 5: **Performance of ginners - 2006/07**

<b>Ginners</b>	<b>Ginneries</b>	<b>Seed Cotton (kgs)</b>	<b>No. of Actual Bales Produced</b>	<b>Lint (Kgs)</b>	<b>% of Total Prdn</b>
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Dunavant (U) Ltd	Iceme, Odokomit, Kabulubulu, N'gola, Kitgum, Ngetta	11,381,222	20,981	4,080,908	16.57
Pramukh Agro/Bushenyi Cotton	Busembatia, Ladoto, Bulumba/Bushenyi	6,669,543	11,973	2,347,577	9.71
Copcot (EA) Ltd	Parombo, R/Camp, Masindi	5,710,045	10,879	2,041,605	8.31
North Bukedi Cotton Co Ltd	Iki Iki, Kabole, Bugema	5,365,561	9,720	1,851,472	7.81
Western Uganda Cotton Co. Ltd	Kasese, Masindi, Pakwach	5,002,014	8,376	1,771,984	7.28
Olam (U) Ltd	Kibuku, Hoima, Parombo, Pakwach	4,572,820	8,498	1,669,942	6.66
CN Cotton Ltd/Kumi Cotton Ltd	Kachumbala/ Mukhongo	4,561,504	7,975	1,614,373	6.64
LOFP/Boweevil	Spinning Mill	3,362,266	5,184	1,162,401	4.90
South Base Agro Ltd	Busolwe, Jaber	2,705,464	5,024	958,462	3.94
Nyakatonzi Co-op Union Ltd	Kasese	2,694,596	4,482	912,800	3.92
Rwenzori Ginners Ltd	Rwenzori	2,599,237	3,853	890,546	3.78
Bon Holdings Ltd	Bulumba, Nakivumbi, Luzinga	2,542,892	4,816	897,099	3.70
Novo Enterprises Ltd	Nyakesi	1,840,456	3,178	645,510	2.68
Uganda Cotton Klub Ltd	Bulangira	1,766,087	2,615	577,094	2.57
Bestlines Ltd	Dabani	1,747,102	3,157	609,155	2.54
Twin Brothers Ltd	Aduku	1,657,379	3,309	613,354	2.41
Mutuma Commercial Agencies	Kiyunga	667,145	1,284	239,685	0.97
Masaba Cotton Ltd	Lukhonge	646,898	1,181	224,330	0.94
Country Farm Ltd	Soroti	645,413	1,233	243,344	0.94
Balawoli Ginners Ltd	Balawoli	606,153	1,167	212,353	0.88
Lango Cooperative Union Ltd	Ngetta	565,866	1,115	202,461	0.82
Rafiki Cotton Industries Ltd	Aboke	426,160	810	147,885	0.62
East Acholi Coop Union Ltd	Kitgum	381,313	744	137,061	0.56
Intraco Ltd	Busembatia	278,419	532	103,323	0.41
Nyamambuka Farmers	Kasese Union	101,794	180	33,871	0.15
Kakyu Hardware Ltd	Rwenzori	97,120	136	31,685	0.14
FICA	Masindi	87,000	162	33,277	0.13
<b>Total</b>					

Average GOT in 2006/07 was 36.16%

### 3. Cotton Prices

The indicative Farm-gate price for the 2006/07 season improved slightly by US cents 2 from US cents 24 in 2005/06 to US cents 26 per Kg of seed cotton. This was attributed to an increase in World market prices. However during the 2006/07 season, the price received by

farmers did not change greatly compared to that of the previous season due to strengthening of the shilling. Farmers received about 65% of the World market price.

Basing on the prevailing World Market prices (“A” Index), a local indicative price of Ushs. 450/= per kg was announced in December 2006. This price remained stable in most parts of the country although prices as high as 500/= per kg farmgate were received in some parts of the country.

Table 6: **Cotton price movement**

MONTH REGN	S/EASTERN			NOTHERN			WEST NILE			N/EASTERN			MID WEST & CENTRAL			WESTERN		
	H	L	AV	H	L	AV	H	L	AV	H	L	AV	H	L	AV	H	L	AV
DEC 2006	450	430	440	450	450	450	450	450	450	450	450	450	-	-	-	-	-	-
JAN 2007	470	450	460	480	460	470	450	450	450	480	470	475	460	460	460	480	470	475
FEB 2007	500	450	475	450	450	450	450	450	450	500	450	475	450	450	450	500	480	490
MAR 2007	500	480	490	500	490	495	450	450	450	500	480	490	450	450	450	500	480	490

#### 4. International Lint Cotton Prices

Table 7 below depicts comparison in world cotton price movements for the last four seasons.

Table 7. **Indicative International lint cotton price.**

Season	Month price (US cents/lb of lint) CIF N.Europe.			
	January	February	March	Average
2003/2004	77	75	75	75.66
2004/2005	48.50	48.00	51.00	49.1
2005/06	52	54	55.6	53.9
2006/07	59.2	58.0	58.2	59.1

Source: *Cotlook*

#### 5. FOT Prices

Realized FOT lint prices were higher than indicative prices in the last three seasons. Table 8 below depicts the comparative figures.

Table 8. **Average realized prices (Actual prices)**

Season	Month/price US cents/lb of lint FOT Tororo		
	January	February	March
2004/2005	39.5	40	40
2005/2006	47.0	48.20	49.00
2006/07	51.0	51.0	53.2

## 2.6 Lint Production 2006/2007

Table 9: below shows seed cotton production vis-à-vis the projected.

	2002/2003	2003/2004	2004/2005	2005/06	2006/07
Projected seed cotton production (kgs)	74,000,000	90,000,000	150,000,000	106,000,000	112,000,000
Net Purchases for the season (kgs)	57,979,235	84,344,870	130,854,714	57,710,786	68,681,469
Percentage of the projected achieved	78.8%	93%	87.2%	51.52%	61.32%

## 6. Sales/Exports

- 6.1.. Field reports received at Head Office showed that as at 31<sup>st</sup> October 2007, upto 85,198 bales of lint had been dispatched from the ginneries to different destinations.
- 6.2.. Significant local consumers were mainly Southern Range Nyanza (10,000 bales) and Phenix Logistics (U) Ltd (2,200 bales).

### Exports

About 88% of the total lint produced was exported mainly to United Kingdom, Switzerland, Portugal, Kenya, Rwanda, Singapore and Turkey.

Table 10: Table of Production and Earnings 1994/95 to 2006/07.

Year	Cotton Lint	Earnings from exports		Earnings by farmers				Dollar
		Ave. FOT price (\$/Kg of lint)	Value (\$ million)	Indicative price announced by CDO (Sh./Kg of seed cotton)	Ave. Farmgate price received by farmers (Sh./Kg of seed cotton)	Value (SHS Billion)	% of World market price received by farmers	
1994/95	33,000	2.10	12.82	270	400	7.39	57	1,000
1995/96	56,416	1.98	20.67	300	350	11.06	50	1,058
1996/97	110,700	1.86	38.09	300	320	19.84	48	1,070
1997/98	32,000	1.79	10.60	350	390	6.99	50	1,180
1998/99	82,000	1.68	25.49	300	400	18.37	39	1,370
1999/00	117,000	1.34	29.00	230	300	19.66	34	1,530
2000/01	100,000	1.50	27.75	330	420	23.52	36	1,850
2001/02	120,000	0.80	17.76	255	270	18.14	58	1,650
2002/03	110,000	1.20	24.42	350	500	30.80	48	1,810
2003/04	160,000	1.50	44.40	600	650	58.24	61	2,000
2004/05	254,000	0.80	37.59	300	350	49.78	64	1,730
2005/06	102,000	1.1	20.75	450	450	25.70	64	1,810

<b>2006/07</b>	134,009	1.12	27.78	470	450	35.27	65	1,800
<b>Totals</b>	1,411,125		362.47			324.76		

## 7. Outlook for the 2007/08 Season

**Forecast** for the 2007/08 season remains at approximately 150,000 bales broken down as below:

NORTHERN	28,000 BALES
PALIISA/BUGISU	14,580 BALES
WESTNILE	22,403 BALES
CENTRAL/MIDWEST	7,400 BALES
BUSOGA	7,549 BALES
TORORO/BUSIA	3,436 BALES
TESO	2,850 BALES
KAZINGA CHANNEL	25,000 BALES

**TOTAL 150,000 BALES**

## 8. World Overview

Table 11: WOLRD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
<b>Production</b>	26.30	24.8	24.7	120.8	114	113
<b>Consumption</b>	23.37	25.0	25.9	107.3	115	119
<b>Exports</b>	7.77	9.4	9.5	35.7	43	44
<b>Ending Stocks</b>	11.08	10.9	9.8	50.9	50	45
<b>Cotlook A Index</b>	52.2	56	64*	52.2	56	64*

*Source: Cotton Outlook October 5<sup>th</sup> 2007*

### 8.1.. Summary of the Outlook for Cotton in 2007/08

Production is expected to decline slightly in 2007/08 to 25.4 Million tons and world cotton consumption forecast to increase by 3% to 27.0 Million tons.

As a result, cotton ending stocks are expected to decline by 12% to 10.9 Million tons, which would be the lowest in four seasons. Cotton trade is expected to rebound by 8% to 8.9 Million tons due to larger forecast Chinese imports.

### 8.2.. Price Trends in 2007/08

International cotton prices as measured by the Cotlook A index averaged 59 cents per pound in 2006/07, or 3 cents higher than the previous season and 7 cents higher than 2004/05.

Despite being higher than in the last two seasons, the 2006/07 average A index remained much lower than in the previous decades. The Cotlook A index averaged between about 74 cents per pound between 1973/74 and 1997/98 compared to 56 cents per pound between 1998/99 and 2006/07.

The ICAC price model 2007, forecasts a season average Cotlook A index of 68 cents per pound in 2007/08 (*ICAC, 2007*).

### 8.3.. Trade Policies Affecting The Cotton Industry

International cotton prices, as measured by the Cotlook A Index, averaged 59 cents per pound in 2006/07, or 3 cents higher than in 2005/06. As a consequence, support provided to the cotton sector declined in some countries.

Direct government assistance provided through production programmes is estimated to have decreased from US\$4.4 billion in 2005/06 to US\$3.1 billion in 2006/07. The level of direct government assistance provided by the China (Mainland) through export programs is estimated to have decreased from \$400 million in 2005/06 to zero in 2006/07 (*ICAC, 2007*).

**Table12: Level of Direct Assistance Provided by Governments to the Cotton Sector Through Production Programs\***

	2005/06			2006/07**		
	Production	Average Assistance per Pound produced	Assistance to Production	Production	Average Assistance per Pound Produced	Assistance to Production
	1,000 tons	US cents	US \$ millions	1,000 tons	US cents	US\$ Millions

USA	5 201	28	3 175	4 700	22	2 238
Greece	430	75	712	320	33	234
Turkey	800	9	165	850	11	206
Brazil	1 038	5	105	1 457	10	309
Spain	110	81	196	45	74	74

Mexico	138	12	36	142	13	41
Colombia	45	20	20	42	21	20
All Countries	7 763	25	4 410	7 556	17	3 120

\*Income and price support programs only. Credit and other assistance not included. \*\* Preliminary

Source: ICAC

**Table 13: Level of Direct Assistance Provided by Governments to the Cotton Sector through Border Protection**

	2005/06			2006/07**		
	Production	Average Assistance per Pound Produced	Assistance	Production	Average Assistance per Pound Produced	Assistance
	1,000 tons	US cents	US \$ millions	1,000 tons	US cents	US\$ Millions
China (Mainland)	6 099	14	1 853	7 183	9	1 444

**Table 14: Level of Direct Assistance Provided by Governments to the Cotton Sector Through Export Programmes**

	2005/06			2006/07**		
	Exports	Average Assistance per Pound Exported	Assistance to Exports	Exports	Average Assistance per Pound Exported	Assistance to Exports
	1,000 tons	US cents	US \$ millions	1,000 tons	US cents	US\$ Millions
USA	3 928	4	373	2 830	0	0
Upland cotton	3 815	4	349	2 684	0	0
Pima	113	9	23	146	0	0
Total	3 928	4	372	2 830	0	0

** Preliminary			Source: ICAC		
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**Table 15: Level of Direct Assistance Provided by USA to the Cotton Sector Through Production Programs\***

Season	Production	Average Assistance per Pound Produced	Assistance to Production
	1,000 tons	US cents	US\$ Millions
1997/98	4 092	7	669
1998/99	3 030	22	1 488
1999/00	3 694	41	3 327
2000/01	3 742	19	1 544
2001/02	4 420	31	3 001
2002/03	3 747	12	2 601
2003/04	3 975	12	1 032
2004/05	5 062	35	3 869
2005/06	5 201	28	3 175
2006/07**	4 700	22	2 238

\* Income and price support program only. Credit and other assistance not included.

\*\* Preliminary

## SECTION 3.0: CLASSIFICATION

### 1. Introduction:

By the time of reporting, the section had classed **134,000 bales**. The season recorded 98.1% roller ginning and 1.1% saw ginning for its cotton. There was a decline in the quality of cotton produced, which was attributed to the occurrence of the “heat damage” phenomenon that was experienced in a number of ginneries, notably Bushenyi, Iki Iki, Odokomit, Icheme and Nyakatonzi.

Secondly, there was also an element of brisk buying by some ginners who never put emphasis on the quality of seed cotton they purchased.

### 2. Quality Performance:

- 2.1.. The overall results indicated that quality management was significantly under control, though with a decline owing to the factors cited above. 67% of all the cotton ginned during the season appeared in the first three grades of **UCON, UCOB and UCOP**, compared with 86% for the previous season.
- 2.2.. The main challenges experienced in the season included inadequate storage facilities in a number of ginneries, notably Iki Iki, Kabole, Rwenzori, Parombo, Pakwach, Odokomit, Bushenyi and Nyakatonzi. This led to some quality problems too besides the ‘heat damage’ phenomenon mentioned above.
- 2.3.. The intrinsic characteristics of Uganda cotton (major ones being fibre strength, length, uniformity and micronnaire) continue to be in the premium range as indicated in the table 16 below:

Table 16: **Characteristics Of Uganda Cotton in 2006/07**

PARAMETER	MEASUREMENT	PREMIUM RANGE
Strength	28 – 33 g/tex	28 – 34+
Length	28 – 32 mm (1 <sub>1/8</sub> – 1 <sub>5/32</sub> in)	28 – 34+
Uniformity	85%	85%+



Micronnaire	3.6 – 4.3	3.7 – 4.3
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The implication of this is that Uganda cotton earns a premium in the market as it passes for use in spinning fine count yarns.

The pie chart below gives an indication of the performance of cotton quality for the season under review.

Below is a table of comparative analysis of staple (fibre) length performance over the last four seasons and an accompanying bar graph illustrates this performance. All indications are that the staple length is concentrated in the medium to medium-long staple range.

Table 17: **Staple Length For The Seasons 2003/04 – 2006/07.**

SEASON	STAPLE LENGTH (INCHES) – LOTS				
	1 3/16	1 5/32	1 1/8	1 3/32	1 1/16
2003/04	29 (1%)	472 (16.92%)	2223.9 (79.2%)	68.92 (2.6%)	7.62 (0.28%)
2004/05	35 (0.73%)	476 (9.86%)	4264.6 (88.21%)	57.18 (1.2 %)	0
2005/06	2 (0.10%)	79 (4.14%)	1825.6 (95.67)	0.2 (0.01%)	1.6 (0.08%)
2006/07	0.80 (0.03)	151.95 (5.67)	2,463.7 (91.93)	63.5 (2.37)	0 (0)

Figure 2:

1 Lot = 50 bales

## SECTION 4.0: GINNING

### Operational Ginneries:

In 2006/07 season, 41 ginneries were inspected out of which only 36 were licensed to gin; of these 33 (90.24%) were Double Roller gins, 2 (7%) Saw gins and 1 (2%) Rotabar.

### National Ginning Output

In the ginning season of 2006/07, a total of 36 ginneries were registered for ginning but only 34 ginneries had their GOT done.

**Table 18: GOT Results 2006/07 Season**

<b>N/n</b>	<b>Ginnery</b>	<b>Lint%</b>	<b>District</b>	<b>S/C Variety</b>
1	Aduku	37.20	Apac	BPA 2002
2	Aboke	35.74	Apac	BPA 2002
3	Balawoli	34.70	Kamuli	BPA 2002
4	Bulumba	35.86	Kaliro	BPA 2002
5	Busembatia	36.67	Iganga	BPA 2002
6	Bushenyi	34.44	Bushenyi	BPA 2002
7	Busolwe	35.85	Busolwe	BPA 2002
8	Dabani	35.71	Busia	BPA 2002
9	Hoima	36.30	Hoima	BPA 2002
10	Icheme	37.00	Apac	BPA 2002
11	Iki-Iki	35.78	Pallisa	BPA 2002
12	Jaber	36.33	Apac	BPA 2002
13	JITCO	36.21	Lira	BPA 2002
14	Kabulubulu	36.78	Kaberamaido	BPA 2002
15	Kachumbala	35.02	Kumi	BPA 2002
16	Kasese	36.39	Kasese	BPA 2002
17	Kitgum	36.46	Kitgum	BPA 2002
18	Kibuku	35.48	Pallisa	BPA 2002
19	Kiyunga	35.93	Mayuge	BPA 2002
20	Ladoto,	36.65	Pallisa	BPA 2002
21	Luzinga	35.85	Kamuli	BPA 2002
22	Lukhonge	36.77	Mbale	BPA 2002
23	Masindi	37.9	Masindi	BPA 2002
24	Mukhongoro	35.75	Kumi	BPA 2002
25	Nakasongola	35.73	Nakasongola	BPA 2002
26	Nakivumbi	35.92	Iganga	BPA 2002
27	Ngetta	37.44	Lira	BPA 2002
28	Nyakesi	36.33	Tororo	BPA 2002
29	Odokomit	36.48	Lira	BPA 2002
30	Parombo	35.89	Nebbi	BPA 2002
31	Rhino Camp	37.00	Arua	BPA 2002
32	Rwenzori	35.74	Kasese	BPA 2002
33	Soroti	35.87	Soroti	BPA 2002
34	WUCG Kasese	36.14	Kasese	BPA 2002
	<b>Average</b>	<b>36.16</b>		

The National average Lint Ginning Outturn for the season was **36.16%**.

**Table 19: National GOT comparison for 4 years**

<b>Year</b>	<b>2006/07</b>	<b>2005/06</b>	<b>2004/05</b>	<b>2003/04</b>
Average	36.16	35.25	35.26	35.06

There was an improvement in GOT results for the 2006/07 season compared to 2005/06. The increase from **35.25%** in 2005/06 to **36.16%** in 2006/07 one of the factors that led to GOT improvement was due to introduction of BPA2002, which was grown by all farmers countrywide. Other factors included good ginning standards, less contamination and general agronomy.

### **4.3 Training of Ginning Technicians**

Eighteen (18) students completed their training in Ginning Engineering, for the academic year 2005/2006. This was the last batch of students recruited by college under the previous arrangement with CDO before it was elevated to Busitema University under Uganda Ministry of Education.

## **SECTION 5.0: ADMINISTRATION**

### **5.0 Board of Directors**

The Board of Directors continued steering the affairs of the Organisation and promoting the objectives of the Sector.

### **5.1 Staffing**

#### **5.1.1 Employment level**

In the 2006/07 season, CDO employed a total of 36 members of staff playing various roles in the organisation.

Senior staff (Hqtrs)	13
Field staff	6
Ginning Training School	8
Support staff	<u>9</u>
<b>Total</b>	<b><u>36</u></b>

## 2.. **New staff**

Mr. Agume Anthony was appointed as Accounts Assistant on 13<sup>th</sup> November 2006.

## 3.. **Foreign Travel**

- The Board Secretary, Agronomist and Principal Classifier attended a two-week training program on Cotton Production, Commerce, Value Addition and Quality issues at Southern India Textiles Research Association (SITRA) Combaitre India, between 20<sup>th</sup> November – 1<sup>st</sup> December 2006.
- The Minister of Agriculture, Animal Industry and Fisheries (MAAIF) together with the Chairman CDO, Chairman Uganda Ginners and Cotton Exporters Association (UGCEA) and the Managing Director CDO undertook a tour to India on Value Addition on 15<sup>th</sup> November 2006.
- Dr. Serunjogi attended a GMO Cotton Consultative Workshop in Harare Zimbabwe on 7<sup>th</sup> February 2007.
- The Board Secretary attended a Consultative meeting on Value Addition in Jeddah on 22<sup>nd</sup> February 2007.
- The Managing Director CDO, Chairman UGCEA and Dr. Serunjogi attended the ICAC Annual Conference that was held in Turkey.

Annex I. Seed allocation and distribution by district.

Mid West	Masindi	38	38
	Buliisa	38	52
	Hoima	36	41
	Nakasongola	21	43
	Kibaale	9	0.2
	Kiboga	4	2
	Kyenjojo	4	0.2
	<b>Sub- total</b>	<b>150</b>	<b>176</b>
Pallisa/ Bugisu	Mbale	26	32
	Manafwa	14	17
	Sironko	46	45
	Pallisa	351	422
	Budaka	88	117
	<b>Sub- total</b>	<b>524</b>	<b>633</b>
Teso	Kumi/Bukedea	111	131
	Katakwi	9	9
	Soroti	19	20
	Amuria	11	19
	<b>Sub- total</b>	<b>150</b>	<b>179</b>
Western	Kasese	350	437
	Kamwenge	75	43
	Bushenyi	85	36
	<b>Sub- total</b>	<b>510</b>	<b>516</b>
West Nile	Nebbi	327	408
	Arua	34	55
	Yumbe	11	20
	Moyo	8	9
	Adjumani	9	9
	<b>Sub- total</b>	<b>459</b>	<b>558</b>
Busoga	Kamuli	45	57
	Kaliro	110	152
	Iganga	60	82
	Namutumba	54	73
	Bugiri	25	27
	Mayuge	6	7
	Kayunga	5	5
	Jinja	3	3
	<b>Sub- total</b>	<b>308</b>	<b>406</b>
Tororo/Busia	Busia	50	50
	Butaleja	73	84

	Tororo	127	157
	<b>Sub- total</b>	<b>250</b>	<b>291</b>
Northern	Apac	86	128
	Oyam	95	101
	Lira	133	181
	Dokolo	44	52
	Kitgum	48	74
	Amolatar	63	69
	Pader	48	129
	Gulu	1	13
	Amuru	4	11
	Abim	1	0
	Kaberamaido	13	15
	Kabong	3	7
	<b>Sub- total</b>	<b>539</b>	<b>779</b>
	<b>TOTALS</b>	<b>2,890</b>	<b>3,538</b>

## Annex II: Uganda Lint destination - 2006/2007

Buyers	Ginner	Bales produced	Bales sold	Buyer	Destination
Aboke	Rafiki Ltd	274	-	-	-
Aduku	Twin Brothers	2,882	2,879	South Range Textile	Jinja, Uganda
			3	Kalongo Hospital-Pader	Pader, Uganda
Arapai	Kumi Cotton	62	62	African Textile Mills	Mbale, Uganda
Balawoli	Gomba Fishing Co.	1,008	200	Plexus Cotton Ind.	United Kingdom
			808	Olam International	Singapore
Bulumba	Intraco	600	600	Olam International	Singapore
Bulumba	Bon Holdings	2,972	1,000	Boan Spinners &traders	Japan
			900	Olam International	Singapore
			1,022	Plexus Cotton Ind.	United Kingdom
Bulumba	UNEX	516	516	Plexus Cotton Ind.	United Kingdom
Busembatia	Pramukh Agro. Ind	2,258	2,258	Olam International	Singapore
Busembatia	Intraco	592	592	Nytil textiles, Jinja	Jinja, Uganda
Bushenyi	Bushenyi cotton	4,830	4,830	Olam International	Singapore
Busolwe	SAIL	2,748	2,748	Olam International	Singapore
Dabani	Bestlines	2,198	850	Rift Valley Products	Kenya
			500	Olam International	Singapore
Hoima	Magnetic	1,224	1,224	Paul Reinhart	Portugal
Hoima	Copcot	363	363	Paul Reinhart	Portugal
Iceme	Dunavant	5,802	4,901	Dunavant SA	South Africa
			100	Phenix Logistics, Kampala	Kampala, Uganda
			800	Nytil textiles, Jinja	Jinja, Uganda
Iki iki	NBCC	6,750	6,750	Plexus Cotton Ind.	United Kingdom
Jaber	Pride Oils	1,113	1,113	Olam International	Switzerland
Jitco	Lira Spinning Mills	506	506	Spiinning Mills, Lira	Lira, Uganda
Kabole	NBCC	2,275	2,275	Plexus Cotton Ind.	United Kingdom
Kabole	Lango Organic Farming	2,733	1,200	Bo-Weevil	Netherlands
			500	Plexus Cotton Ind.	United Kingdom
			100	Nhava - Sheva	India
			933	Phenix Logistics, KLA	Kampala, Uganda
Kachumbala		3,900	700	Dunavant SA	Switzerland
	CN Cotton				
			2,000	Olam International	Singapore
			1,200	Albert Miller	Germany
Kasese	WUCC (Nyakatonzi)	313	313	Plexus Cotton Ind.	United Kingdom
Kasese	Western Uganda Cott. Co	3,183	3,183	Paul Reinhart	Switzerland
Kibuku	Pride Oils Ltd	3,308	3,308	Olam International	Singapore
Kitgum	Dunavant Ltd	-	-	-	-
Kiyunga	Mutama Commercial	803	200	Dunavant SA	South Africa
			300	Olam International	South Africa
			303	Plexus Cotton Ind.	United Kingdom
Ladoto	Pramukh Agro. Ind	2,866	2,866	Olam International	Singapore
Lukhonge	Masaba Cotton	1,248	1,248	Dunavant SA	South Africa
Masindi	Western Uganda Cott. Co	1,821	1,000	Plexus Cotton Ind.	United Kingdom
			821	Reinhart	Switzerland

Masindi	Copcot (EA) Ltd	467	467	Reinhart	Switzerland
Mukongoro	Kumi Cotton Ltd	1,855	1,550	Olam International	Singapore
			305	Nytil textiles, Jinja	Jinja, Uganda
Nakasongola	Dunavant Ltd	-		-	-
Nakivumbi	Bon Holdings Ltd	1,705	600	Albreach-Muller-Pearse co. Germany	Germany
			800	Boan Spinners and Traders	Japan
			300	Olam International	Switzerland
Ngetta	Dunavant	-	-	-	-
Nyakatonzi	Nyakatonzi Union	5,116	500	Riftcot, Mombasa	Kenya
			500	Albreach-Muller-Pearse co.	Germany
			500	Dunavant SA	Switzerland
			3,616	Olam International	Singapore
Nyakesi	Novo Enterprises Ltd	3,158	1,658	Volcot	Switzerland
			500	Albert Muller	Germany
			1,000	Olam International	Singapore
Odokomit	Dunavant Ltd	4,331	4,331	Dunavant SA	South Africa
Parombo	Copcot (EA) Ltd	8,801	8,801	Paul Reinhart	Portugal
Parombo	Western Uganda Cott. Co	1759	750	Plexus Cotton Ind.	Portugal
			1,000	Plexus Cotton Ind.	United Kingdom
Pakwach	Copcot (EA) Ltd	1,774	900	Reinhart	Switzerland
Pakwach	Western Uganda Cott. Co	871	871	Plexus Cotton Ind.	United Kingdom
Rwenzori	Rwenzori Ginners	5,120	2,600	Olam International	Singapore
			1,900	Dunavant SA	Switzerland
			620	Plexus Cotton Ind.	United Kingdom
Rwenzori	Rwenzori (Kakyu) hardware	1,021	1,021	Dunavant SA	Switzerland
Rhino Camp	Copcot (EA) Ltd	936	686	Reinhart	Switzerland
Soroti Country Farm (NARO)	NARO/CDO	24	24	African Textile Mills, Mbale	Mbale, Uganda
Soroti (Country Farm)	Country Farm Ltd	415	15	Dunavant SA	Switzerland
			100	Olam International	Singapore
			300	African Textile Mills (Mbale)	Mbale, Uganda

*SOURCE: UGANDA REVENUE AUTHORITY*