

# **AFRICA'S COTTON FUTURE IN THE SHADOW OF AMERICAN POLICY**

*A forensic report on how U.S. cotton industrial policy  
will reshape African markets*



## EXECUTIVE SUMMARY

**Africa's cotton economies are entering a decade shaped not by their own decisions, but by the industrial strategies of the United States and China.**

The Great American Cotton Plan — combined with the proposed Buying American Cotton Act — creates a vertically protected U.S. cotton ecosystem that stabilises American production, subsidises processing, and legally guarantees domestic demand. The result is predictable: **global price suppression.**

Africa's Cotton-4 (Mali, Benin, Burkina Faso, Chad) are among the world's most efficient producers, yet they remain exposed to global price movements. Cotton provides up to 70% of rural income in some regions and up to 30% of national export earnings. When prices fall, rural liquidity collapses.

### Mechanisms of Impact

- **Revenue-floor subsidies** allow U.S. farmers to keep producing even when prices fall below cost.
- **Industrial subsidies** reduce U.S. spinning and weaving costs, making American cotton artificially competitive.
- **The Buying American Cotton Act** mandates that all federally funded textiles use 100% U.S. cotton — locking in domestic demand and pushing surplus cotton into export markets.
- **China's stockpiling cycles** add a second layer of volatility.

### Country-Level Losses (Illustrative)

A 10–15% global price drop produces:

- **Mali:** –\$12 million
- **Benin:** –\$18 million
- **Burkina Faso:** –\$16.5 million
- **Chad:** –\$4.2 million

**Total annual shock: ≈\$50.7 million** extracted from four countries alone.

### Strategic Implications

- Farmgate prices fall.
- Export earnings decline.
- Value-addition becomes harder.
- Rural poverty deepens.
- WTO leverage weakens.

## Policy Response

Africa cannot out-subsidise the U.S., but it can build power through:

1. **Regional price stabilisation funds**
2. **Investment in spinning, weaving, and garment production**
3. **Preferential access to non-U.S. markets**
4. **Traceability and sustainability certification**
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## **1. Introduction: A New American Plan, an Old African Problem**

Africa's cotton economies are entering a new era — but not one of their own making. The United States is rebuilding its cotton sector through a combination of subsidies, industrial policy, and procurement law. The Great American Cotton Plan stabilises U.S. farms, subsidises mills, and rebuilds regional textile ecosystems. The proposed Buying American Cotton Act then locks in domestic demand by law, requiring that all federally funded textiles use 100% U.S.-grown cotton.

For the United States, this is a strategic revival.  
For Africa, it is a structural threat.

The continent's cotton belt — stretching from Mali to Mozambique — is efficient, export-dependent, and deeply vulnerable to global price movements. When the U.S. intervenes in cotton markets, Africa feels it first and hardest. The new American plan is not simply another subsidy package; it is a systemic redesign of the cotton economy that will reshape global prices, trade flows, and the viability of African cotton for the next decade.

## **2. Africa's Cotton Economies: Efficient but Exposed**

West Africa's Cotton-4 — Benin, Burkina Faso, Chad, and Mali — produce some of the world's highest-quality cotton at some of the lowest costs. Their production systems rely on rain-fed agriculture, low chemical inputs, and labour-intensive cultivation. In purely economic terms, they are more efficient than the United States, where irrigation, machinery, and labour costs are far higher.

Yet efficiency has never protected African producers from global price suppression. Cotton accounts for up to 70% of rural household income in parts of Mali and Burkina Faso, and between 5% and 10% of national GDP. These economies depend on cotton exports for foreign exchange, rural employment, and fiscal stability. When world prices fall, the consequences are immediate: reduced household income, increased rural debt, and weakened national budgets.

The World Bank estimated in 2004 that removing U.S. cotton subsidies would raise world prices by 8–20%. Oxfam calculated that Mali alone lost \$43 million per year in export earnings during the early 2000s due to depressed prices. These losses were not theoretical; they were lived realities in villages where cotton is the backbone of the rural economy.

## **3. How the Great American Cotton Plan Re-Creates Price Suppression**

The new U.S. plan stabilises American acreage by raising the revenue floor for growers. It does this through higher marketing loan rates, increased seed-cotton reference prices, and expanded crop-insurance tools. The document itself states that these measures “raise the revenue floor” and “dampen income volatility.” In practice, this means U.S. farmers can continue planting cotton even when global prices fall below the cost of production.

This is the same mechanism that the WTO condemned in the Brazil–U.S. cotton case. When American farmers are insulated from low prices, they keep producing. When they keep producing, global supply remains high. When supply remains high, prices fall. And when prices fall, African producers — who have no safety nets — absorb the shock.

The Great American Cotton Plan extends this logic beyond the farm. It subsidises gins, spinners, and mills, lowering the effective cost of processing U.S. cotton. It rebuilds regional ecosystems so fibre moves quickly from field to fabric. It uses federal loan guarantees to modernise machinery, reducing energy and labour costs per unit of yarn. The result is a U.S. cotton-to-fabric chain that is artificially competitive at every stage.

African producers cannot compete with a system that is subsidised from soil to shop window.

#### **4. The Buying American Cotton Act: A Legally Protected Market**

The proposed Buying American Cotton Act is the demand-side anchor of the entire U.S. strategy. It requires that all federally funded textiles — uniforms, bedding, medical textiles, prison textiles, disaster-relief goods — be made from 100% U.S.-grown cotton. This is not a preference; it is a mandate.

The U.S. government spends \$3–4 billion per year on textiles. The Act transforms that spending into a guaranteed domestic market for U.S. cotton, regardless of global price or competitiveness. Because government procurement is exempt from WTO non-discrimination rules, the Act is legally unchallengeable.

The effect is simple: U.S. cotton that would have been sold domestically is pushed into export markets. More U.S. cotton on the world market means lower global prices. Lower global prices mean lower African incomes.

This is the same dynamic that devastated African cotton economies in the 1990s and 2000s — but now it is reinforced by law.

#### **5. China’s Parallel System: A Second Source of Instability**

Africa is not only squeezed by the United States. China has built its own cotton power system through stockpiling, subsidies for Xinjiang production, and a regionalised spinning ecosystem across Vietnam, Cambodia, and Bangladesh. Between 2011 and 2014, China purchased over 11 million tonnes of cotton — more than half the world’s reserves — driving prices up. When it released those reserves, prices collapsed.

African producers are caught between two giants: the United States, which depresses prices through overproduction, and China, which destabilises prices through stockpiling cycles.

The Great American Cotton Plan positions itself as a counter to China. But for Africa, it is simply another round of great-power cotton statecraft in which African producers are price-takers, not price-setters.

## **6. What Will Happen to Africa's Cotton Market**

### **6.1. Prices will fall or remain artificially low**

As U.S. acreage stabilises and U.S. exports increase, global prices will face downward pressure. African producers will see reduced farm-gate prices, lower export earnings, and increased vulnerability.

### **6.2. African producers will lose market share**

U.S. cotton, supported by subsidies and procurement mandates, will be more competitive in premium markets. African cotton will be pushed further into low-margin commodity segments.

### **6.3. Value-addition opportunities will shrink**

As the U.S. rebuilds its spinning and weaving capacity, African countries will find it harder to move up the value chain. Yarn and fabric production — already limited — will face even stronger competition.

### **6.4. Rural poverty will deepen**

Lower cotton prices translate directly into lower rural incomes. In regions where cotton is the primary cash crop, this will increase household debt, reduce spending on education and healthcare, and intensify rural-urban migration.

### **6.5. Bargaining power at the WTO will weaken**

The Cotton-4 have spent two decades advocating for fairer trade rules. The new U.S. plan, protected by procurement law, is WTO-proof. Africa's negotiating leverage will diminish.

## **7. Conclusion: A Future Written Elsewhere**

Africa's cotton economies are entering a decade shaped not by their own policies but by the industrial strategies of the United States and China. The Great American Cotton Plan and the Buying American Cotton Act together form a vertically integrated protection regime that stabilises U.S. production, subsidises U.S. processing, and guarantees U.S. demand.

For African producers, the consequences are clear: lower prices, reduced competitiveness, and diminished opportunity.

The continent that grows some of the world's best cotton will once again find itself at the mercy of policies written thousands of miles away — policies designed to protect American farmers, rebuild American mills, and secure American market power, even if the cost is borne in the villages of Mali, Burkina Faso, Chad, and beyond.

# AFRICA'S COTTON ECONOMIES UNDER PRESSURE:

A Forensic, Mathematical Breakdown of Mali, Benin, Burkina Faso, and Chad\*\*

## When One Country's Policy Becomes Another's Shockwave

Cotton is not just a crop in West Africa; it is a macroeconomic pillar. In Mali, Benin, Burkina Faso, and Chad, cotton provides cash income for millions of rural households, foreign exchange for national budgets, and fiscal stability for governments with limited diversification. These countries are efficient producers: low input costs, high fibre quality, and labour-intensive systems that outperform the United States on pure production economics.

But efficiency does not protect them from power.

The United States is rebuilding its cotton sector through a combination of **subsidies**, **industrial policy**, and **procurement law**. The Great American Cotton Plan stabilises U.S. acreage and lowers processing costs. The proposed Buying American Cotton Act then locks in domestic demand by law, guaranteeing that billions of dollars of federal textile purchases use U.S.-grown cotton.

When the U.S. stabilises production and pushes more cotton into export markets, global prices fall. When prices fall, African producers lose income, competitiveness, and national revenue. The maths is simple, brutal, and unavoidable.

Below is a country-by-country forensic breakdown of what these price movements mean in real numbers.

## MALI

### Production Structure

Let:

- Number of cotton-growing households:  
 $N = 200,000$
- Average household production:  
 $q = 1,000 \text{ kg}$
- Total national production:  
 $Q = N \times q = 200,000,000 \text{ kg}$
- Farm-gate price (baseline):  
 $P = \$0.60 \text{ per kg}$

Baseline household income from cotton:

$$R_{\text{household}} = q \times P = 1,000 \times 0.60 = \$600$$

Total national farm-gate income:

$$R_{total} = Q \times P = 200,000,000 \times 0.60 = \$120,000,000$$

## Impact of a 10% U.S.-driven price drop

New price:

$$P' = 0.60 \times 0.90 = \$0.54$$

Household loss:

$$\Delta R_{household} = 600 - 540 = \$60$$

National loss:

$$\Delta R_{total} = 200,000,000 \times 0.06 = \$12,000,000$$

**Mali loses \$12 million in a single season** — a direct transfer of value from rural Mali to subsidised U.S. farms.

# BENIN

## Export Structure

Let:

- Annual lint exports:  
 $X = 150,000$  tonnes = 150,000,000 kg
- Export price baseline:  
 $P = \$1.50$  per kg

Baseline export revenue:

$$E = X \times P = 150,000,000 \times 1.50 = \$225,000,000$$

## Impact of an 8% price drop

New price:

$$P' = 1.50 \times 0.92 = \$1.38$$

New export revenue:

$$E' = 150,000,000 \times 1.38 = \$207,000,000$$

Loss:

$$\Delta E = 225,000,000 - 207,000,000 = \$18,000,000$$

For Benin, **\$18 million lost** is equivalent to the annual budget of several ministries. Cotton is often 30% of export earnings; an 8% price drop becomes a **2.4% hit to national exports**.

## BURKINA FASO

### Household Structure

Let:

- Cotton households:  
 $N = 250,000$
- Average production:  
 $q = 800 \text{ kg}$
- Farm-gate price:  
 $P = \$0.55$

Baseline household income:

$$R_{household} = 800 \times 0.55 = \$440$$

Total production:

$$Q = 250,000 \times 800 = 200,000,000 \text{ kg}$$

Total income:

$$R_{total} = 200,000,000 \times 0.55 = \$110,000,000$$

### Impact of a 15% price drop

New price:

$$P' = 0.55 \times 0.85 = \$0.4675$$

Household income:

$$R'_{housejhold} = 800 \times 0.4675 \approx \$374$$

Loss per household:

$$\Delta R_{household} \approx 440 - 374 = \$66$$

National loss:

$$\Delta R_{total} = 200,000,000 \times 0.0825 = \$16,500,000$$

In a country where rural households live close to the poverty line, **\$66 lost per family** is a major shock.

## CHAD

### Production Structure

Let:

- Cotton households:  
N = 100,000
- Average production:  
q = 700 kg
- Farm-gate price:  
P = \$0.50

Baseline household income:

$$R_{household} = 700 \times 0.50 = \$350$$

Total production:

$$Q = 100,000 \times 700 = 70,000,000 \text{ kg}$$

Total income:

$$R_{total} = 70,000,000 \times 0.50 = \$35,000,000$$

### Impact of a 12% price drop

New price:

$$P' = 0.50 \times 0.88 = \$0.44$$

Household income:

$$R'_{household} = 700 \times 0.44 = \$308$$

Loss per household:

$$\Delta R_{household} = 350 - 308 = \$42$$

National loss:

$$\Delta R_{total} = 70,000,000 \times 0.06 = \$4,200,000$$

For Chad, **\$4.2 million lost** is a major contraction in rural liquidity.

## **Conclusion: A \$50 Million Shock — Engineered Elsewhere**

Summing the illustrative annual losses:

$$\Delta E_{C4} = 12 + 18 + 16.5 + 4.2 = \$50.7 \text{ million per year}$$

A U.S. policy package — designed to stabilise American farms, subsidise American mills, and guarantee American demand — extracts **over \$50 million per year** from just four African countries.

This is not market competition.

It is structural displacement engineered through:

- revenue-floor subsidies
- industrial-scale processing support
- and legally mandated domestic procurement

The Great American Cotton Plan and the Buying American Cotton Act together create a vertically protected U.S. cotton ecosystem. Africa's cotton belt, efficient but unprotected, absorbs the price suppression.

The mathematics is clear.

The politics is clear.

The consequences will be lived in the villages of Mali, Benin, Burkina Faso, and Chad — long after the legislation passes in Washington.

# Policy Response: What African Governments Can Do

## 1. Introduction: Africa Cannot Compete with Subsidies Using Efficiency Alone

The mathematical breakdown makes one truth unavoidable:

**African cotton economies are efficient, but efficiency cannot compete with subsidy-engineered price suppression.**

The United States is rebuilding a vertically protected cotton ecosystem — from farm to fabric — using tools African governments cannot match: revenue-floor subsidies, industrial credit, and legally mandated domestic demand.

Africa cannot out-subsidise the U.S.

Africa cannot out-lobby the U.S.

Africa cannot out-produce the U.S.

But Africa *can* respond strategically — through regional coordination, value-addition, market diversification, and new forms of price stabilisation.

Below is a forensic outline of what African governments *could* do, grounded in economics, not ideology.

## 2. Build Regional Price Stabilisation Mechanisms

The biggest vulnerability in Mali, Benin, Burkina Faso, and Chad is exposure to global price swings.

If world prices fall by 10–15%, rural incomes collapse.

African governments could create a **regional cotton stabilisation fund**, modelled on:

- the West African Economic and Monetary Union (WAEMU)
- the former EU Common Agricultural Policy intervention system
- or the Southern African Customs Union revenue-sharing pool

### Mathematical logic

If the Cotton-4 lose roughly **\$50 million per year** during a 10–15% price drop, then a stabilisation fund capitalised at:

$$F = 3 \times \Delta E_{C4} = 3 \times 50,000,000 = \$150,000,000$$

would provide **three years of shock absorption**.

This is achievable through:

- regional levies on cotton exports
- concessional finance from development banks
- sovereign contributions proportional to production

A stabilisation fund cannot eliminate price suppression, but it can prevent rural collapse.

### 3. Move Up the Value Chain: From Lint to Yarn to Fabric

The U.S. plan subsidises spinning and weaving because that is where value lies. Africa currently exports lint and imports fabric — a structural trap.

#### Value-addition maths

If lint sells for **\$1.50/kg** and yarn sells for **\$3.00/kg**, then:

$$\text{Value added} = 3.00 - 1.50 = \$1.50 \text{ per kg}$$

For a country exporting **150,000 tonnes**, the forgone value is:

$$150,000,000 \text{ kg} \times 1.50 = \$225,000,000$$

Benin alone leaves **\$225 million** on the table every year.

African governments could:

- create tax-free industrial zones for spinning
- negotiate concessional finance for mills
- pool regional demand to guarantee minimum orders
- harmonise standards to attract investment

The U.S. is rebuilding its mills.

Africa must build its own — or remain trapped in raw-material dependency.

### 4. Negotiate Preferential Access with Non-U.S. Markets

If the U.S. is closing its procurement market, Africa must open others.

#### Strategic targets

- **EU** (largest importer of apparel; strong sustainability agenda)
- **India** (major textile hub seeking stable cotton supply)
- **Bangladesh & Vietnam** (world's largest garment exporters)
- **China** (still a major cotton importer despite Xinjiang production)

#### Mathematical leverage

If Africa supplies even **5%** of EU cotton imports, and EU imports are roughly **€10 billion**, then:

$$0.05 \times 10,000,000,000 = €500,000,000$$

Half a billion euros in potential market share — far larger than the losses caused by U.S. policy.

Preferential access agreements could include:

- zero-tariff cotton imports
- long-term supply contracts
- sustainability certification partnerships
- traceability systems that highlight Africa's low-input production

Africa cannot force the U.S. to buy its cotton — but it can make itself indispensable elsewhere.

## 5. Invest in Traceability and Sustainability Certification

The U.S. is weaponising the narrative of “Plant Not Plastic.”

Africa can weaponise **truth**: African cotton is already low-input, rain-fed, and low-carbon.

### Carbon maths

If U.S. irrigated cotton emits **2.5 kg CO<sub>2</sub>e per kg lint**, and African rain-fed cotton emits **1.0 kg CO<sub>2</sub>e**, then:

$$\text{Emission advantage} = 2.5 - 1.0 = 1.5 \text{ kg CO}_2\text{e per kg}$$

For a 150,000-tonne exporter:

$$150,000,000 \text{ kg} \times 1.5 = 225,000,000 \text{ kg CO}_2\text{e saved}$$

That is **225,000 tonnes of CO<sub>2</sub>e** — a powerful marketing and regulatory asset.

Governments could:

- create national sustainability standards
- certify farms through independent auditors
- market African cotton as the world's lowest-carbon natural fibre

This positions Africa for premium markets that the U.S. cannot dominate.

## 6. Strengthen Regional Negotiation Power

The Cotton-4 have historically negotiated individually at the WTO. They must negotiate as a bloc.

A unified Cotton-4 + ECOWAS position could:

- demand transparency on U.S. procurement impacts
- push for compensation mechanisms
- advocate for global cotton price-stabilisation talks
- coordinate responses to Chinese stockpiling cycles

Mathematically, a bloc representing **over 1 million cotton households** has more leverage than four isolated states.

## 7. Build Domestic Cotton-to-Apparel Pipelines

Africa exports lint and imports finished clothes — a structural loss.

### Value-chain maths

If a T-shirt sells for **\$5**, and the cotton inside it is worth **\$0.15**, then:

$$\text{Value captured abroad} = 5.00 - 0.15 = \$4.85$$

Africa captures **3%** of the value of the products made from its cotton.

Governments could:

- create regional garment hubs
- negotiate with brands for local sourcing
- invest in training for spinning, knitting, and garment skills
- use AGOA (for now) to export apparel duty-free to the U.S.

Even capturing **10%** of the value chain would multiply national earnings.

## 8. Conclusion: Africa Cannot Wait for Fairness — It Must Build Power

The Great American Cotton Plan and the Buying American Cotton Act are not temporary distortions. They are the architecture of a new U.S. cotton regime designed to stabilise American farms, rebuild American mills, and guarantee American demand.

Africa cannot rely on the WTO.

It cannot rely on U.S. goodwill.

It cannot rely on “market fairness.”

But Africa *can*:

- stabilise prices
- add value
- diversify markets
- leverage sustainability
- negotiate as a bloc
- build its own textile ecosystems

The mathematics is clear:

**Africa loses tens of millions when prices fall — but stands to gain hundreds of millions by moving up the value chain.**

The future of African cotton will not be decided in Washington.  
It will be decided in Bamako, Cotonou, Ouagadougou, and N'Djamena — if governments choose strategy over resignation.



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