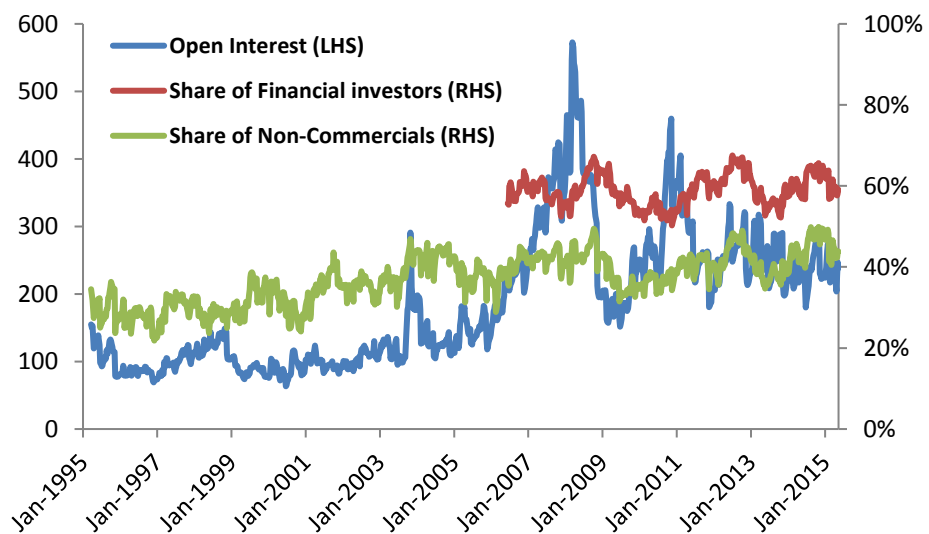


Table 1. Price setting institutions in Burkina Faso, Mozambique and Tanzania

	Burkina Faso	Mozambique	Tanzania
Administered price	yes (fixed price)	yes (minimum price)	yes (indicative price)
Panterritorial & panseasonal price	yes	yes	yes
Linked to world price	yes	yes	yes
Announced prior to planting	yes	yes (since 2007)	no
Announced/Adjusted prior to harvesting	no	yes, but no downward revision yet	yes, but subject to changes
Secondary payment after marketing	yes	no	no
Stabilisation fund	yes	no	no
How is price set?	Negotiated within interprofessional committee (government, cotton companies and farmers)	Negotiated between government, cotton companies and farmers	Negotiated between government, cotton companies and farmers

Source: Adapted from Tschirley et al. 2009.

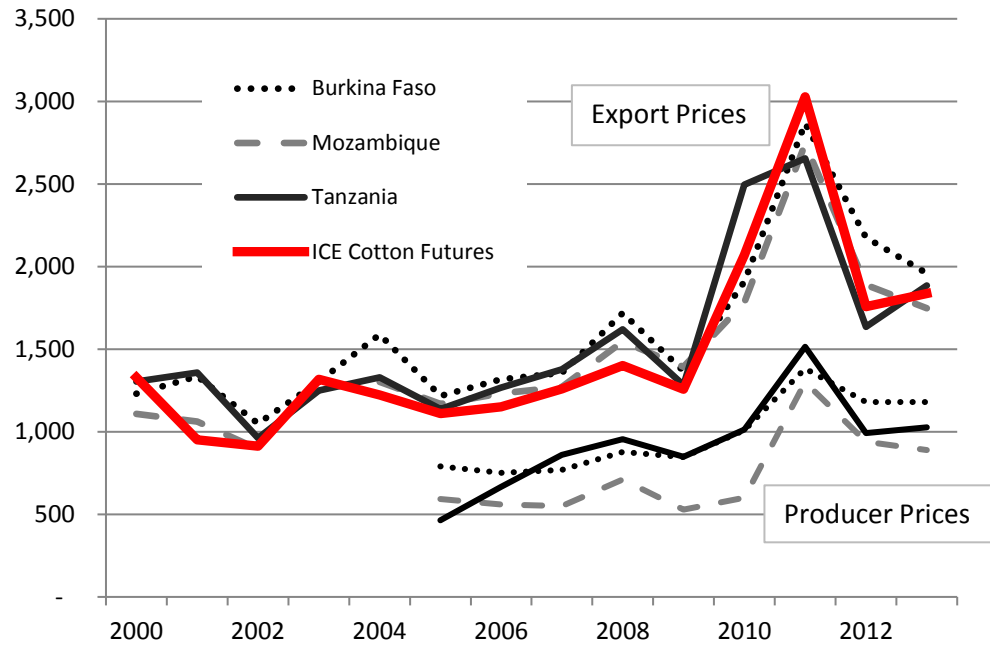
Figure 1. Open positions (left axes) and share of financial investors (right axes) in ICE cotton futures and options



Source: CFTC.

Note: Until 2006 data on commercial and non-commercial traders was reported with the large share of index investors/swap dealers being part of the commercial trader category. Hence, the share of non-commercials under represents the share of financial investors. From 2006 onwards, swap dealers and money managers have been reported separately which are jointly shown in the financial investor category.

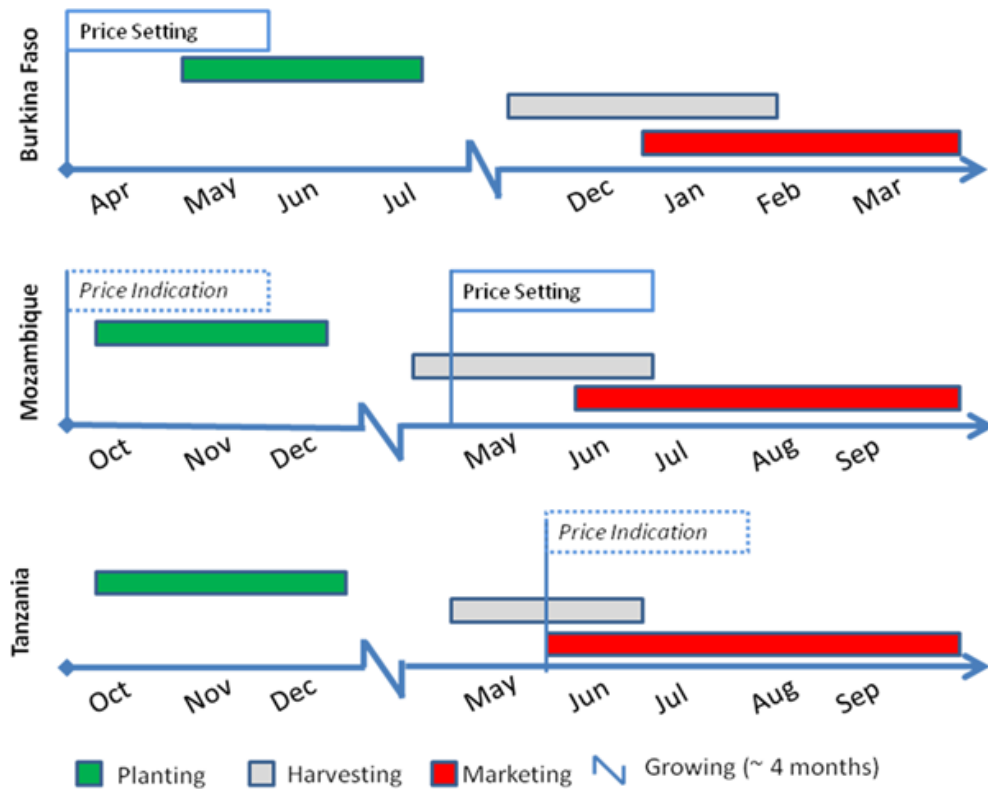
Figure 2. ICE futures prices, export prices and producer prices (cotton lint price, US\$/tonne)



Source: ICE; Export prices from UN Comtrade; Producer prices from MAFAP, FAO (compared with national sources - UNPCB in Burkina Faso, TCB in Tanzania and IAM in Mozambique); Exchange rate from WDI.

Note: The export price value for 2003 is unrealistically low for Mozambique – hence, we excluded it from the analysis; A conversion factor from seed cotton to cotton lint of 0.42 was assumed for all countries; Marketing year based on season in Burkina Faso.

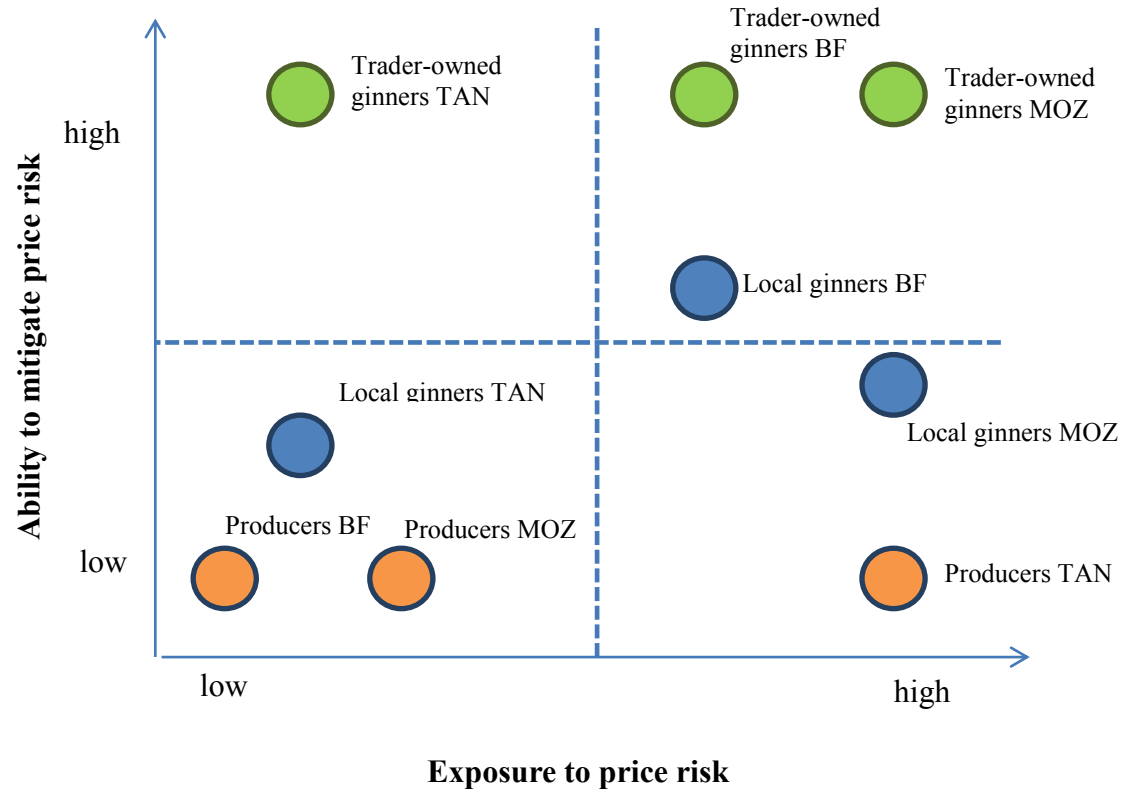
Figure 3. Timing of producer price setting in Burkina Faso, Mozambique and Tanzania



Source: Own elaboration based on Mwinuka/Maro (2012) for Tanzania, ITFC-IDB (2014) for Burkina Faso, and Textile-in-depth (2009) for Mozambique; and World Cotton Calendar (ICAC 2015b).

Note: In Tanzania cotton is produced in Western and Eastern zones with the former accounting for up to 99% of production. Dates are therefore only shown for the Western zones.

Figure 4. Intra-seasonal price risk and PRM ability for farmers and cotton companies



Source: Own elaboration.