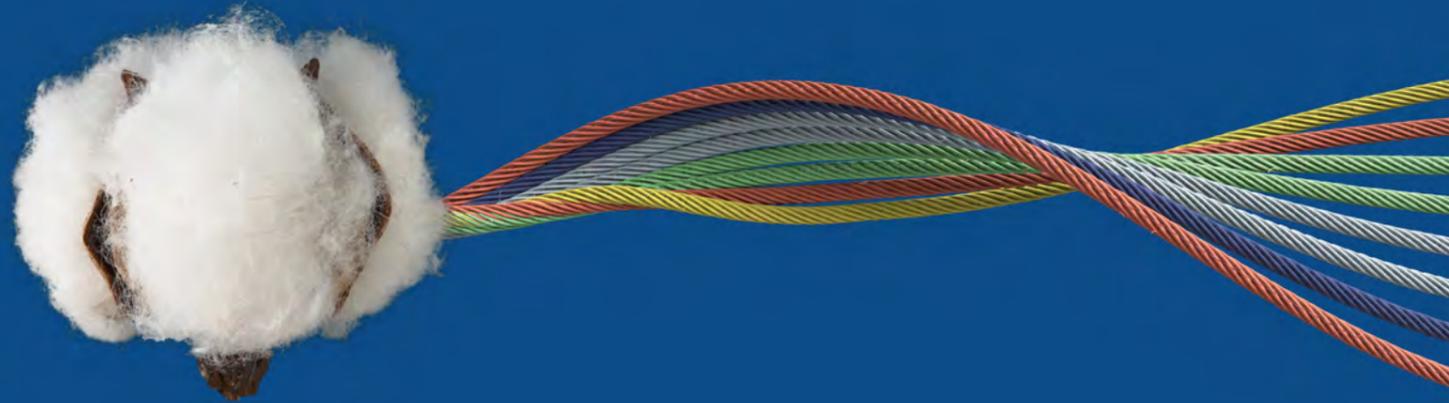


Cotton Outlook

Special Feature





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World Cotton Day

Relationships of trust and friendship are no doubt important in any sphere of commerce. They are of particular significance for those who buy or sell cotton, a commodity that is traded sometimes many months or even years ahead, across borders and oceans.

Normally these personal relationships would find sustenance and renewal in the many international gatherings that punctuate the cotton calendar. This year, however, the Covid-19 pandemic has deprived us of such opportunities to meet old friends, partners and commercial rivals, just when such encounters might have served to mitigate the uncertainties and anxieties that the recent disruption of cotton textile supply chains have brought in their wake.

The first anniversary of World Cotton Day thus provides a timely opportunity to invite a number of industry leaders to share their thoughts and analysis with the wider cotton community. We are indebted to all who, in a spirit of cooperation and solidarity, have contributed to this digital Special Feature, and likewise to the many associations that have ensured its widest possible distribution on October 7.

The contents of the publication shed light on the many challenges and uncertainties that confront our industry during the balance of the 2020/21 season and beyond. They also make the case for a sustainable if diverse global cotton industry.

We hope that in the future World Cotton Day will provide the necessary focus for these arguments to be made – to consumers, opinion-formers and

policy-makers – and to be won convincingly. And we also trust that before long circumstances will allow for the resumption of cotton's customary schedule of meetings and conferences that form such an important part of our global cotton culture.



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– Dahlen Hancock
Texas

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Twelve turbulent months in the world cotton market

Mike Edwards, Editor, Cotton Outlook

On October 7, 2019, World Cotton Day was launched at the World Trade Organisation's headquarters in Geneva. The Cotlook A Index on that day stood at 72.25 cents per lb, having undergone a relentless decline since its recent peak – over a dollar – was recorded in June 2018.

Cotton Outlook's editorial for the first week of October alluded to the paramountcy of Sino-US trade relations in determining the likely direction of world cotton prices. Over the following weeks, as the likelihood increased of a positive outcome to protracted bilateral talks, world prices duly improved, albeit gradually, under the lead of New York futures. In mid-December, Beijing and Washington reached a preliminary agreement, which came to be known as Phase One, and (crucially from the perspective of our market) committed China to a very substantial increase in purchases of US agricultural commodities, including cotton. By January 15, when the accord was formally signed in Washington, the Cotlook A Index had recovered to over 80.00 cents per lb.

The recovery in prices reflected the expectation that the cotton textile supply chain would

regain some of the vigour that had underpinned demand for raw cotton prior to the outbreak of trade hostilities. At the high point of optimism early in the 2018/19 season, it had seemed that world cotton consumption was poised for the first time to surpass twenty-seven million tonnes. Since that threshold had been crossed by production only once before, following the period of record world prices in 2010/11, supply and demand fundamentals appeared unambiguously bullish.

Thereafter, the impact of Sino-US trade tensions on Chinese consumption, and its corrosive effect on mill activity in a wide range of markets, prompted a sharp fall in global consumption forecasts. The Phase



Phase One signed



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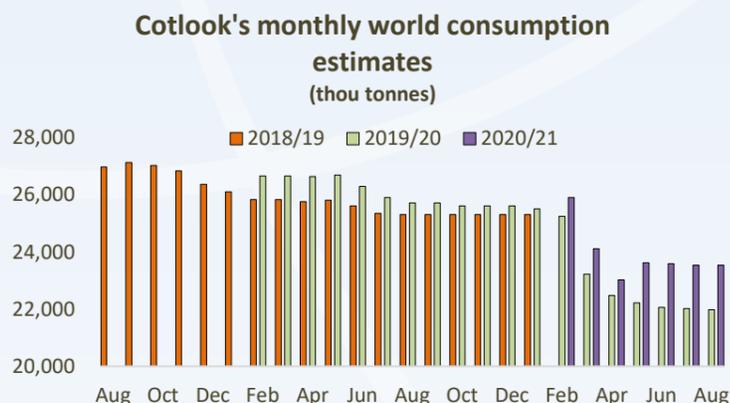


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One accommodation produced a tangible return of confidence in the world market and coincided with the high point of the Index for the 2019/20 season.

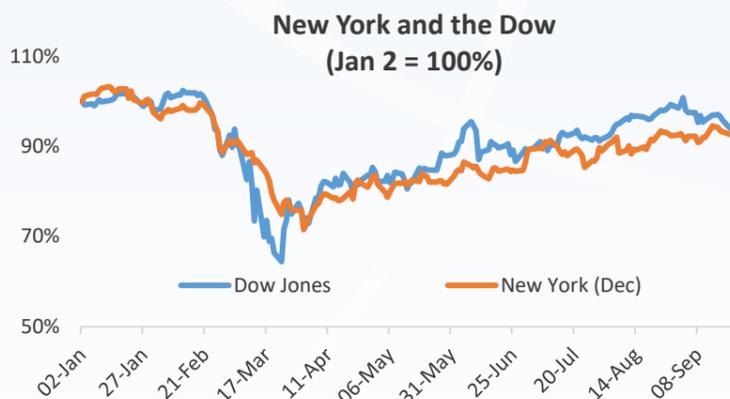
Even as President Trump and Vice-Premier Liu He put their signatures to the Phase One accord, however, events were in train that would that would swiftly confound the optimism associated with the trade deal. As the impact of the Covid-19 pandemic began to be felt, first in China then around the world, a fresh collapse of world prices began to gather pace.



In the ensuing weeks and months, reports appearing in *Cotton Outlook* attested to the devastating impact of the pandemic on the global cotton market. Supply chains were subject to acute disruption. Public health measures affected spinning activity, both directly as mills were obliged to close, and indirectly as the sudden collapse of retail demand in the developed world reverberated back up the supply chain. Delayed performance of contracts led to acute financial pressures for producers, traders, spinners and entities further downstream. Orders were cancelled, shipments deferred, Letters of Credit left unopened.

World supply and demand

Amid the unprecedented disruption, estimates of global raw cotton consumption were now subject to swingeing downward adjustments,



the scale of which eclipsed the already substantial reductions prompted by the Sino-US frictions. By the end of the 2019/20 season, estimates of world consumption had fallen from over 27 million tonnes to below 22 million in just two years.

Production from the 2019/20 crops, however, was barely affected by the onset of the pandemic: cotton in the Northern Hemisphere had by then been picked, and in the Southern Hemisphere crops had already been planted.

The volume of cotton unshipped, unconsumed or, as the end of the season approached, unsold was thus of potentially catastrophic proportions. Cotton Outlook's latest estimates calculate a rise in world stock during 2019/20 of around 3.9 million tonnes.

Physical and futures prices diverge

In the face of such a large oversupply, cotton futures collapsed, echoing the response of financial and other commodity markets to the emerging economic impact of the pandemic. By early April, the A Index had fallen below 60.00 cents per lb, having lost over 26 percent of its value in just two and a half months. That was to prove the low point of the season, however, as the New York futures market staged a sustained and (in view of the world market's bearish fundamentals) surprising recovery.

Two distinct influences explain the upward trajectory of the No. 2 contract from April onwards. First, the eye-watering sums of money released by the US Federal Reserve and central banks around the world served initially to arrest then to reverse the downward spiral of share prices and other financial assets. Commodity futures, including cotton, followed the trend, as illustrated in the accompanying chart.

Secondly, the impact of Phase One, almost forgotten in the trauma of the pandemic, began to be felt. A wave of purchasing by China's state-owned entities was construed as a gauge of Beijing's compliance with Phase One – just as diplomatic

relations more generally went from bad to worse.

From January to early September, USDA reported the purchase by China of over four million running bales (about 915,000 tonnes) of US upland cotton, only slightly offset by intermittent cancellations.

In the global market for physical cotton, however, and as far as prices for non-US cottons were concerned, a much less positive narrative held sway. The paralysis of demand alluded to above meant that huge and unanticipated surpluses from the 2019/20 crops were left in producer and trade hands. As demand returned in only very tentative fashion during the second and third quarters of the 2020 calendar year, basis levels for non-US cottons were progressively eroded. While the December contract gained 24 percent in value between its low point and the end of the season, the Cotlook A Index, which reflects physical offering rates for a basket of origins, managed a gain of less than 13 percent.

Brazil and India occupy the limelight

While basis levels for US cotton, like the underlying futures contract, were supported by politically inspired purchasing by China, those for other origins were subject to considerable volatility.

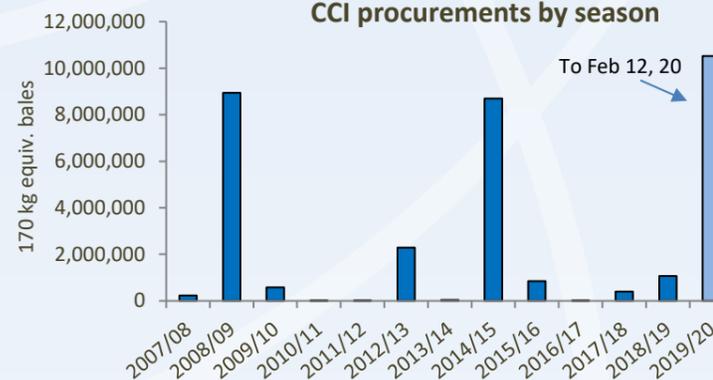
As futures rose from April onwards, trade offers of cotton from Brazil's bumper 2019 and 2020 crops declined sharply in relation to New York, in the process capturing a good part of the mill demand that did emerge during the period.

While it fell to the international trade and producers to carry the burden of uncommitted bales in Brazil, the vast bulk of India's unsold carryover

China's purchases of US upland cotton (running bales)

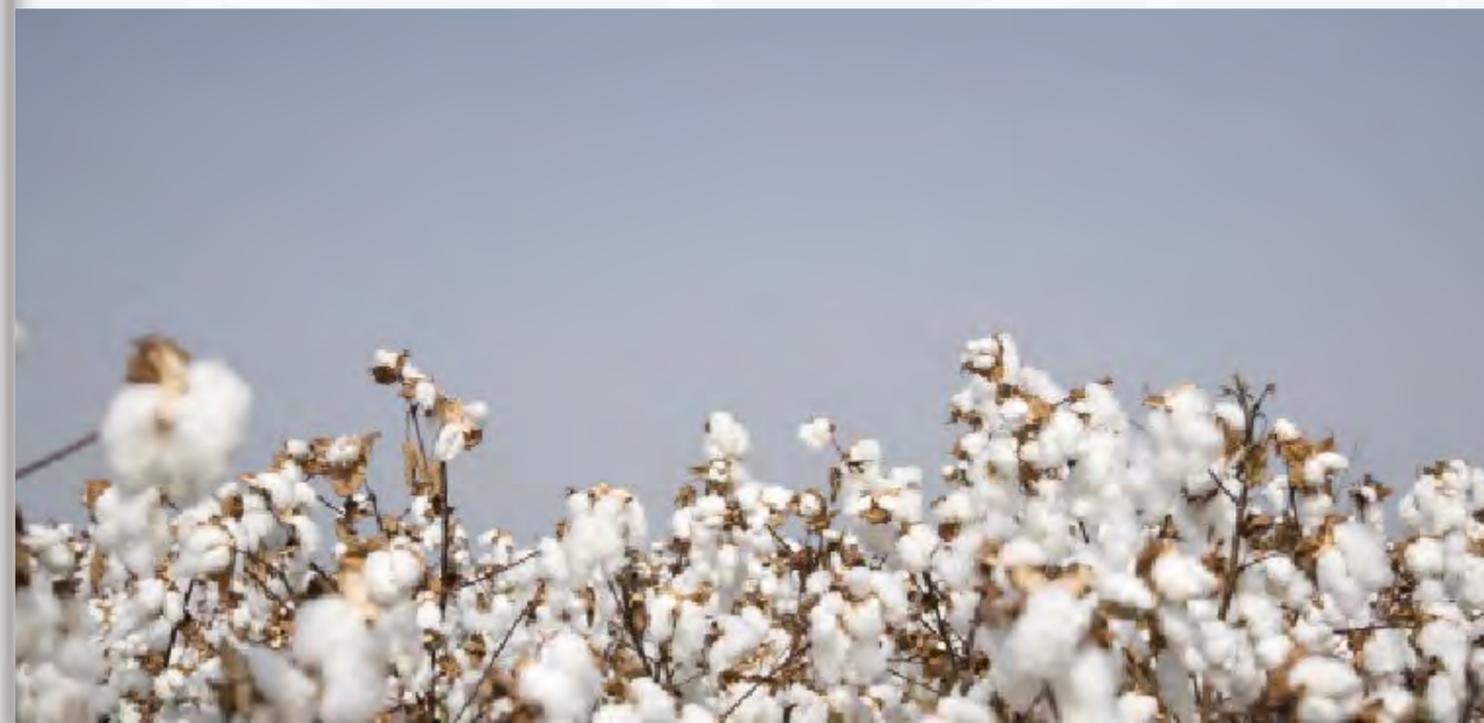


CCI procurements by season



was in the hands of the Cotton Corporation of India. The depression of local and international prices meant that CCI was obliged to intervene actively as a buyer of seed cotton at the Minimum Support Price, a government-mandated value that has risen progressively in recent years. The Corporation was credited with the purchase of a volume equivalent to more than 10.5 million bales from the 2019/20 crop, its highest ever procurement in a single season.

Since the organisation was in control of a substantial proportion of the global surplus, the price at which CCI might be prepared, or obliged, to dispose





a famous and long-established clothing brand or retailer advancing plans to downsize or declaring its closure for good. Conversely, the growth of online trading in textiles and apparel has accelerated. The shape of the post-pandemic landscape for clothing and textile sales is thus very difficult to discern. It is certain nonetheless to have an enduring effect on patterns of sourcing and the distribution of primary cotton textile capacity.

How swiftly world raw cotton consumption can recover is therefore impossible to predict with any confidence, not least as the pandemic itself has yet to run its course and the full extent of its economic repercussions is far from clear.

of cotton was for some time viewed in a bearish light. Demand from the domestic mill sector, which was struggling with poor demand for yarn and saddled with pre-pandemic raw cotton inventories, was tentative. For a long time, the international trade also proved reluctant to purchase from CCI, despite basis levels that in a more supportive demand environment would no doubt have proved irresistible.

A sea change took place, however, between late July and August, as first domestic then international buyers became more confident. By late August, CCI had disposed of roughly half of its accumulated stocks, and had begun to edge its selling prices upward.

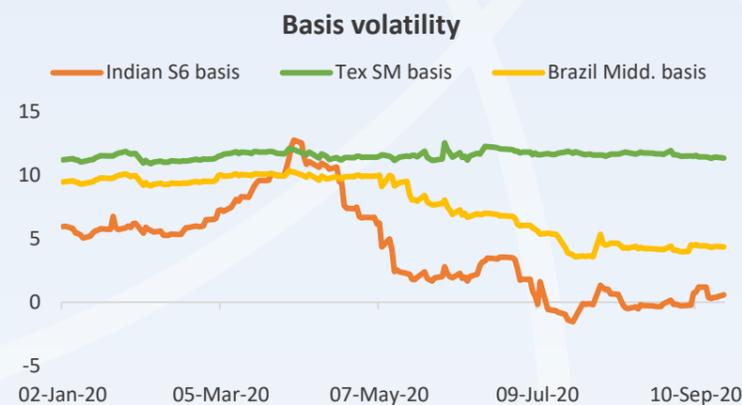
Active trade selling of Brazilian and the movement of CCI's stocks into commercial marketing channels at last began to impart a certain stability to basis levels for both origins.

Tracking the recovery

The rather less fragile basis environment that emerged during August and September coincided with more reassuring data from certain parts of the textile supply chain. Garment export earnings and retail sales from various important exporting and consuming countries showed a strong recovery, albeit from a low base. Cotton spinning activity, although improving incrementally at the time of writing in mid-September, remains appreciably below the pre-pandemic tempo.

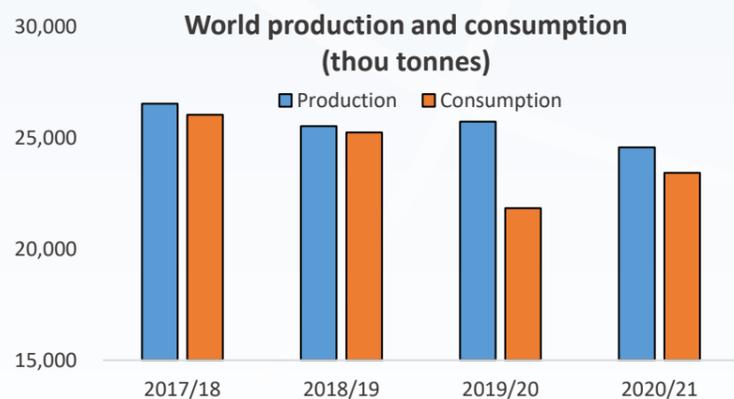
The timing of an eventual return to 'normality' – and what the 'new normal' might in fact resemble – are still matters for conjecture. It has become a truism to observe that one effect of the Covid pandemic has been to accelerate trends that were already in train before its arrival. In few commercial areas is that observation more pertinent than in the retail textiles and clothing sector.

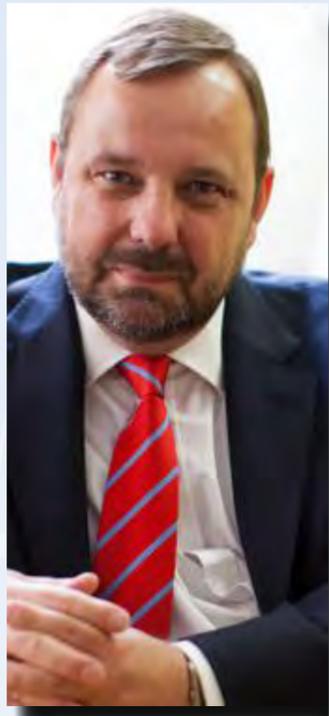
Over recent months, scarcely a week seems to have passed without



Cotton Outlook's latest forecast indicates growth of just over seven percent during the 2020/21 marketing year – versus a decrease of 13.5 percent in 2019/20. That would be insufficient to avoid a further rise in world stocks of more than a million tonnes by the end of the season ahead.

The uncertainties that preoccupy the global market on the first anniversary of World Cotton Day are of an even more intractable nature and a greater order of magnitude than those that accompanied its launch twelve months ago.





World Cotton Day – celebrating the world’s most important natural fibre

Kai Hughes, Executive Director, International Cotton Advisory Committee

Last year, the ICAC and the other founding partners — the WTO, FAO, ITC and UNCTAD — inaugurated World Cotton Day at a spectacular event in Geneva on 7 October. The intention was to create an event that people could attend and celebrate all of the wonderful things that the cotton plant brings to our lives: clothes, home textiles, cooking oil, animal feed, soap, medical products, cosmetics, banknotes and so much more.

Below is just a partial list of what you can make from a single bale of cotton fibre:

- 215 Pairs of denim jeans
- 249 Bedsheets
- 690 Bath Towels
- 765 Dress Shirts
- 1,217 T-Shirts
- 3,085 Diapers
- 4,321 Pairs of Socks
- 21,960 Handkerchiefs
- 313,600 US\$100 Bills

More than 700 people made the trip to Geneva for last year’s World Cotton Day launch at the WTO headquarters, but in 2020, we are asking the entire global cotton community to join the party! Although consumers have identified cotton as their preferred material for decades, now it is more important than ever to remind consumers why cotton is the

world’s most important natural fibre and should be the fibre of first choice.

As this article is being written, nearly a month before 7 October, there are already events scheduled across the globe — a mixture of live and virtual events, fashion shows and photo contests — and new events are being scheduled every day. Weeks before the dawn of World Cotton Day, the excitement is growing with every passing day.

Why Celebrate Cotton on 7 October?

I am often asked why we need a World Cotton Day. There is a day for everything so why do we need another one and how will this stand out from the crowd?

First and perhaps most importantly, cotton is one of the greatest poverty-alleviating crops in the world, with about 250 million people around the globe relying on it for some, if not all, of their income. Many of those people live in the least-developed countries, where their options are few, and cotton provides a lifeline as it can grow where other plants often cannot grow and it can be stored without the risk of it deteriorating.

In addition, the Covid-19 pandemic has reminded us all how fragile our environment really is. That is an important factor because, unlike its synthetic competitors, cotton does not pollute our water and air with trillions of microplastics every year. Cotton is natural, so it biodegrades and returns its nutrients to the soil, whereas plastics will remain in our waterways and affect our wildlife for thousands of years. When



India's Minister of Textiles, Ms. Smriti Irani, leads a panel discussion at the launch of World Cotton Day on October 7, 2019

combined with the inevitable challenges that climate change is bringing to the planet, it is clear that natural fibres like cotton will have a critical role to play in the future of feeding and clothing the world without destroying it in the process.

Finally, the ICAC, and the other founding partners — plus a number of cotton-producing and consuming countries led by the C4 countries — are

currently lobbying the United Nations to officially recognise 7 October as World Cotton Day on its permanent calendar. Once achieved, this would greatly increase the global awareness of cotton and all the ways it makes our lives better. The more World Cotton Day events our industry holds around the world, the more likely it is the United Nations will grant our request and reserve 7 October as World Cotton Day in perpetuity.

The ICAC’s Vision is ‘Prosperity through a sustainable cotton industry’, and that’s because at the end of the day, the goal is to help *people*. As mentioned above, more than a quarter of a billion people derive all or some of their income from cotton, and that’s the best reason to participate in World Cotton Day: to recognise cotton for its global importance, to ensure cotton continues to become more sustainable every day, and most of all, to celebrate cotton as the world’s most important natural fibre.



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ICAC projects utilise cutting-edge technologies

Mike McCue, Director of Communications, International Cotton Advisory Committee

Cotton has seen its share of challenges over the years — everything from droughts to floods to pest infestations to fires and more. But the Covid-19 pandemic has paralysed the global cotton supply chain in a way we have never seen before, and as this issue goes to press, there's no real sense of when it will end.

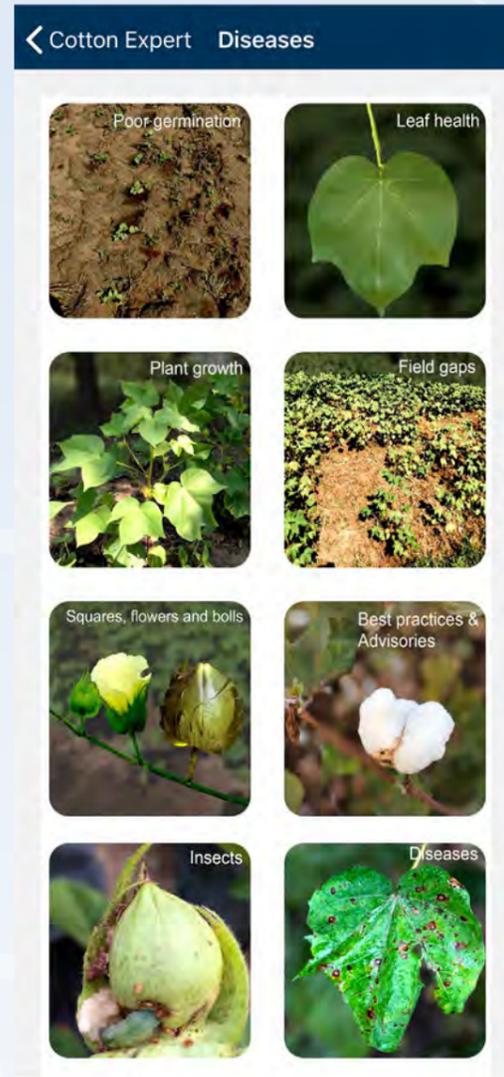
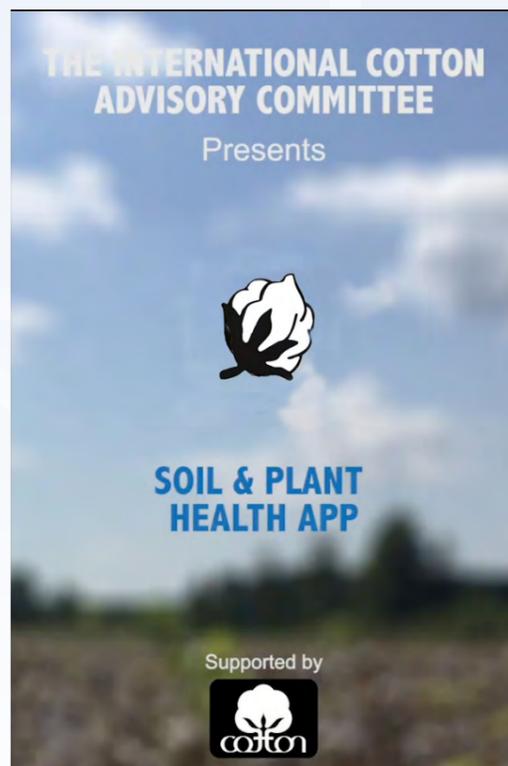
But as it has with every other challenge it's faced in the past, cotton will survive — although the scars from this particular disaster will be long lasting. The supply chain might be largely locked down but that doesn't mean we should sit back and not work hard to improve the lives of the hundreds of millions of people around the world who depend on cotton for a living.

The ICAC has spent the last two years developing and refining two technologies that are designed to help smallholder farmers, the most vulnerable people in the global cotton industry: the **Soil & Plant Health App** and the **Virtual Reality (VR) Cotton Training Programme**.

Development work has continued even as the cotton supply chain has been shut down and the technologies have been integrated into the ICAC's newest initiative, **'Four Simple Steps to Sustainability'**, which is designed to help countries dramatically improve their overall cotton production by boosting yields — in many cases, more than doubling them.

While knowledge and training in best practices is an irreplaceable part of the

yield-boosting program, these two technologies provide most of the horsepower.



Smashing the illiteracy barrier

The ICAC's Soil & Plant Health App is designed to bring information to the people who need it the most — wherever they are and in whatever language or dialect they speak. The main objective of the Soil & Plant Health App is to help smallholder and illiterate cotton farmers address the immediate disease- and pest-related problems they are actually seeing in their fields and share site-specific practices that rely on global expertise but are optimised for local conditions. By asking a series of questions and presenting photos of common pests and diseases, the App interacts with the farmers to diagnose the problems and present solutions to their specific issues.

The app is GPS-based (although there is also a manual option) and pre-loaded with detailed soil information for all regions where cotton is produced. When launched, the app utilises the GPS to determine which language to use (broadly used dialects are used



in places where many languages are spoken, which users will understand well enough to change the settings to their preferred language).

But the use of GPS does much more than give the user a head start on the language. The app draws on extensive pre-loaded data of regional soil types, so as soon as the app knows where the farmer is, it already has a solid understanding of the composition and characteristics of the local soil.

And the magic of GPS does even more than that! When the app is launched, it asks the farmer to input the date the crop was sown and then accesses temperature and precipitation results from 'the 60' — a commonly used industry term referring to weather conditions from the preceding 60 days — with an emphasis on the number of heat units accumulated during that period. With that location-specific soil and weather data, the app is able to show the user exactly what the plant should look like on that specific day. It literally displays a photo of how the plant should appear at that stage in its growth, given the weather conditions it has experienced in the prior weeks.



It can even tell the grower approximately how many bolls the plant should display at that moment in time!

The disease and pest information is handled in a similar way: by using localised knowledge. When the user indicates the potential presence of a disease, the app will show images, one by one, until the photo matches what the farmer sees in his field, and then the troubleshooting diagnostic process begins. The same process applies to insect pests, displaying various images until the grower finds a match.

The newest upgrade for the app will utilise artificial





and display technology is often the single biggest difference between immersive VR systems and traditional user interfaces. VR can transform the way educational content is delivered; it works on the premise of creating a virtual world — real or imagined — and allows users to interact with it. Being immersed in what you're learning motivates the user to fully understand it as well as lightening the cognitive load needed to process the information. In addition, stand-alone headsets can be charged and don't need to be hooked up to a computer or have access to the internet, making them ideal for training in remote areas.

Without question, VR can provide a great experience for farmers, who will be able to walk in a virtual cotton field at any time of the year to experience the different seasons and to learn about a variety of farm operations and production practices.

Likewise, training programmes on pest and disease management can be conducted at any time of the year by walking farmers into fields that are infested with insects and diseases to show them the best eco-friendly management practices.

Beyond the field, however, VR could also help entrepreneurs walk into small-scale textile units, enabling them to understand and learn technologies that can help countries in Africa convert cotton fibre into value-added products, generating much greater revenue. VR also can be used as a training programme for key personnel from brands and retailers, allowing them to 'walk through' and understand each link in the cotton supply chain.

Best of all, viable VR equipment is astonishingly affordable. To be sure, there are cutting-edge headsets that cost hundreds or even thousands of dollars for a single unit, but there also are cardboard versions available that utilise a smartphone and only cost a couple of dollars. They don't provide all of the bells and whistles of the more expensive versions but can get the job done even in the most resource-challenged areas in the world.

intelligence (AI), which will enable farmers in the field to upload data and photos, increasing the precision and effectiveness of the advice provided. Rather than scroll through images until the farmers see on the screen the same thing they see in their fields, the AI will allow them to upload photos and identify the exact issue, advising how to treat the disease or nutrient deficiency, or whether to kill a pest or leave a beneficial insect alone.

Although it was created with illiterate farmers in mind, there is an added benefit for literate users: the ability to print PDFs that include the app's recommendations and final diagnosis. It can be read aloud to the farmer if literacy skills are low.

VR training creates endless opportunities

Virtual Reality is the use of computer technology to create a simulated 3D environment. Unlike traditional user interfaces, VR places the user inside an experience. Instead of viewing a screen in front of them, users are immersed and able to interact with 3D worlds.

Its most immediately recognisable component is the head-mounted display (HMD). Human beings are visual creatures



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ICA – constancy in uncertain times

Bill Kingdon, Managing Director, International Cotton Association

This has been an unusual and demanding year for all of us. Difficult trading conditions across the textile value chain have been exacerbated by the measures necessary to combat Covid-19. Demand for most products has slumped. No part of our lives has been unaffected, and ICA's services have also been impacted.

Sustaining day-to-day business is an important focus for all of us. It is no different for the International Cotton Association. The pandemic requires us to be more creative and try new technologies and approaches in order to sustain high service levels for our members. Our entire team has quickly adjusted to the new arrangements that were required as we strove to maintain levels of service from home. It is a source of pride that we have completed some important projects, such as developing a new ICA app and trialling a new website, even while we were in lock-down.

We have also tailored out arbitration processes to enable remote working. E-signatures and electronic submissions are just some of the developments that have enabled us to keep pace with a high tempo of dispute resolution applications. An overdue review of the trading rules, particularly in the areas of weighing and sampling, has been under way. Our Women in Cotton Working Group, too, has launched 'Chats for Change'. These are new, online events designed for participants to share and learn from each other's experiences with the aim of helping to increase gender diversity and inspire positive change in the cotton industry.

We have all had to adapt to the impact of travel restrictions on conferences and meetings this year.

In the cotton world, the events at which we are used to meeting have been postponed or cancelled. The ICA Complete Cotton course has been delayed until 19-30 April 2021 and our annual Trade Event in Singapore, which is so significant to the global cotton industry, has been postponed to 27-28 October 2021.

Although we are not able to meet in person this year, the ICA will be holding our very first virtual event – *Vision 2020* – on 28 & 29 October. The online conference is free to attend and has already attracted eight sponsors. It will include panel sessions and presentations from industry leaders and will provide plenty of opportunities for participants to network virtually.

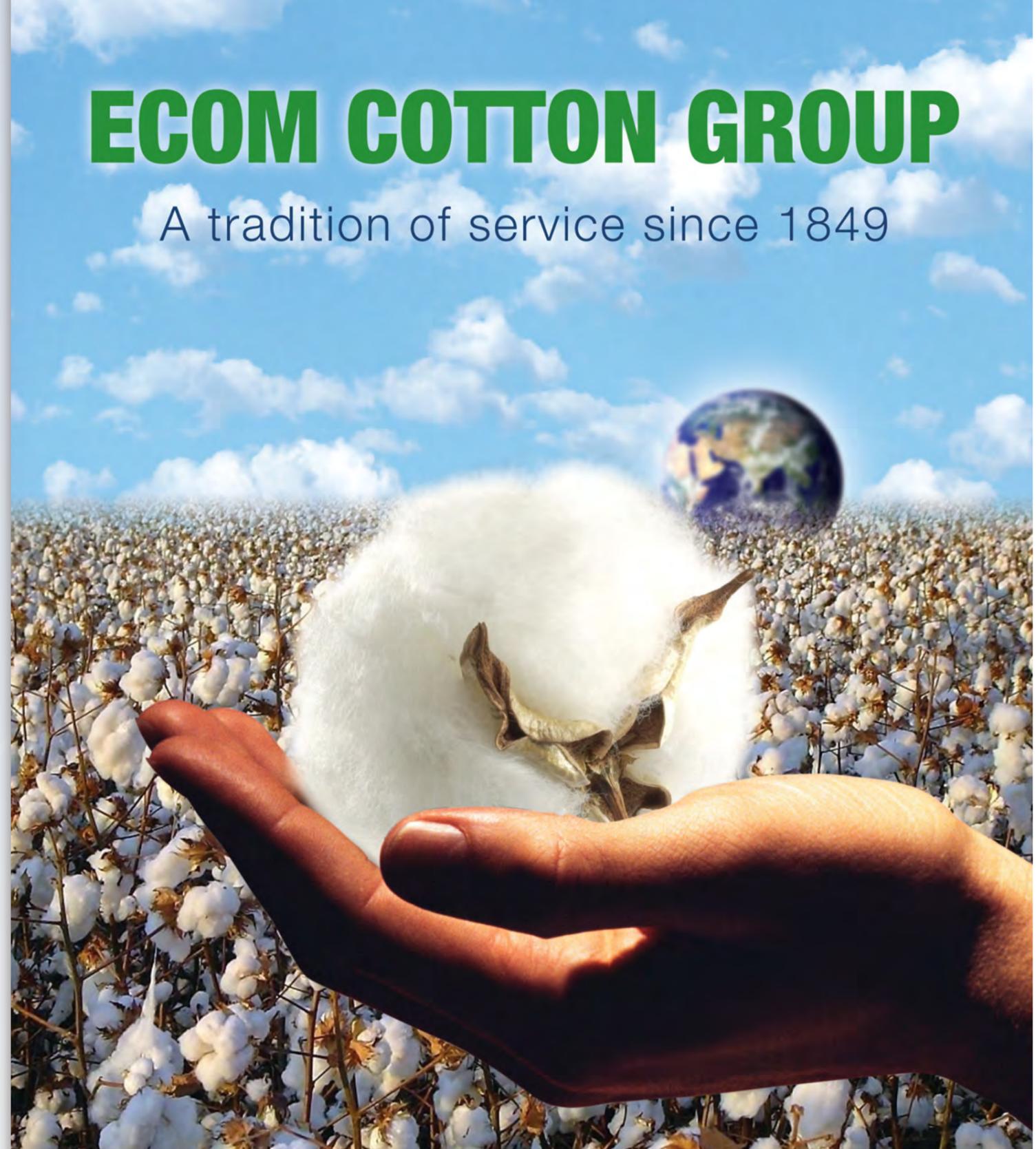
Meanwhile other issues have emerged. The loss of demand resulting from Covid-19 and the associated restrictions has required a response from the ICA. Together with BCI, CICCA, ICAC and ITMF, we released a Call for Collaborative Action urging that all those engaged in the cotton and textile value chains jointly and collaboratively commit to:

- Take actions that are considered and designed to contribute to the recovery of the cotton and textile sectors in 2021 and beyond;
- Communicate, collaborate and be responsive to the needs of their counterparties;
- Continue to respect the trade rules that govern the sectors;



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- Recognise and publicise positive behaviours;
- Identify and call out negative, counterproductive commercial behaviours.

There have also been some major inaccuracies and misrepresentations of international obligations relating to contracts which we have had to address, both directly and publicly. You can view our website for the full details of these.

We continue to believe that upholding the international cotton trading rules is our most important responsibility. As an organisation, we are unwavering in providing a consistent framework for barrier-free trade in cotton. We remain committed to serving our members and promoting safe trading and contract sanctity. In these extraordinary circumstances we encourage all parties to be adaptable to each other's circumstances and to find mutually agreeable terms, thereby avoiding disputes, arbitration and defaults during these trying times.

We hope you will join us online at *Vision 2020*, which is open to all. The event will focus on the results of this turbulent year and what the future may have in store for the cotton industry. We already have over 250 registered delegates and believe this will be a prime opportunity to unite and connect the cotton community online.



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Interview with Azeez Syed, ICA President

Cotton Outlook: In our last interview on the occasion of your accession to the ICA Presidency nearly twelve months ago, we remarked that you took office following a period of considerable instability in the world cotton market. In recent months, your tenure has coincided with events that have eclipsed any market disruption in living memory. What specific challenges has the ICA had to confront as a result of the Covid-19 pandemic?

Azeez Syed: Our Annual Trade Event, which had been scheduled to take place this October in Singapore has been postponed to 2021. However, we will be delivering a Virtual Trade Event this year, *Vision 2020*, which will take place on October 28-29 and provide a new opportunity for the industry to connect online.

Whilst the ICA office had to close due to Covid-19, the management team has maintained its support to the community using modern technologies to ensure it continues to offer our members the same level of service.

CO: Can you give us more detail about the *Vision 2020* event? How will the virtual event serve your members and the wider cotton community?

AS: The cotton community historically comes together each year for the ICA's trade event and it was with great sadness that we made the decision to postpone it this year. There is no substitute for the face-to-face relationships made at the many networking opportunities the ICA's events provide.

However, we hope *Vision 2020* will provide an opportunity for the community to feel connected online. As registration is

free and participation does not require travel, it gives many who may not usually be able to attend the ICA trade event a chance to participate virtually.

Vision 2020 will feature sessions from a variety of industry leaders and use the latest technology to ensure there is plenty of opportunity to network and engage online.

The event will begin on October 28 with a panel session examining how the industry will respond to the events of 2020. It will be followed by a session from the Women in Cotton group asking, 'If not now, when?'

On October 29, market commentator Ron Lawson will deliver a session evaluating the trends and evolution of the cotton trade. The event will conclude with an update from the ICA's Managing Director, Bill Kingdon.

CO: There has been much discussion, even some polemic, with regard to the contractual and moral responsibilities of different actors in the cotton textile supply chain from producer to retailer. What will be the abiding lessons of the recent period in the market's history?

AS: Covid-19 has adversely impacted all elements of the cotton textile supply chain in a way we have never seen before. This applies to merchants, retailers, buyers, consultants, controllers, growers, ginners, logistics – none have been spared. Even as we emerge out of this crisis, many are perhaps still struggling to survive. Examples of good behaviour and otherwise have been seen at all levels. While we all continue to face an uncertain global trade environment and challenging business conditions, it was distressing to note that certain participants



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in the supply chain have allegedly reneged on their contractual commitments. Such actions have created a ripple effect across the supply chain and had a catastrophic impact on the livelihoods of millions of impoverished workers who rely on the textile industry for survival and who have no welfare safety net. This self-preserving behaviour and the abandonment of all social responsibility have been called out at various levels and in some cases successfully mitigated.

This raises a key question for the textile sector – how can appropriate protections be created for the more vulnerable links in the chain?

As for the cotton trade itself, while there are widespread reports of significant delays in contract performance, it is heartening to note that buyers and sellers have largely been successful in working together and finding ways to avoid defaults. To a large extent, that has been possible because most international cotton trade contracts are subject to ICA Bylaws and Rules. We are an international trade body whose primary role is to sustain and adapt the Bylaws and Rules under which cotton is traded internationally. Provided for within this framework is an impartial dispute resolution mechanism through arbitration.

Timely intervention by all key industry associations / bodies coming together and making a joint statement encouraging all industry participants to uphold contract sanctity has, I am sure, helped as well. Unfortunately, there is no equivalent contractual framework within the rest of the textile supply chain.

For me, one of the most enduring lessons from the recent crisis involves the efficacy of building appropriate governance mechanisms that enable mutual confidence and respect for a sustainable commercial relationship on the part of both buyer and seller, covering the entire textile value chain and not just the cotton trade. This must be the foundation of growing and protecting wealth globally. The need to look at long-term relationships and respect is of utmost importance at times like these, more so than ever. For our global cotton textile supply chain to be truly sustainable, supporting our commercial partners through good times and bad is a must.

CO: It seems increasingly likely that the post-pandemic economic and social landscape may differ significantly from what went before – do you have a vision of cotton's 'new normal'?

AS: We remain gripped by the pandemic without a clear sight of the end. We are all still managing uncertainty and are adapting to a situation that is evolving every day; we are all still learning. In such circumstances, it is extremely difficult to predict which of the changes will become permanent and which will be forgotten quickly as things return to normal. Quite often, crisis-induced shocks can give rise to an exaggerated view of how profoundly different a future 'new normal' may look.

As far as cotton trading is concerned, I do not think there will be any significant change – the fundamental way we buy and sell cotton is unlikely to alter very much. The next few months will continue to be very challenging for the cotton trade. We currently face unprecedented demand destruction and

supply chain disruption. We are grappling with burdensome global stocks and prices close to or below cost of production. Ours is a discretionary spend sector: hence, I think the recovery might be considerably slower in comparison to other sectors. Due to the uncertain future the industry faces, I think inventory levels across the value chain will continue to be maintained at low levels. Consequently, cotton prices may remain under pressure for a prolonged period.

However, as the global economy continues its gradual recovery from the Covid crisis, we are seeing sweeping changes: to the monetary and fiscal policy strategies of governments, in geopolitics, the re-alignment of global supply chains, automation and digitisation, cross-border mobility, de-urbanisation and the flight to the suburbs, changes in retail landscapes, consumer preferences and lifestyles. These shifts are likely to impact significantly on entire national and regional economies and all business sectors. The key trends likely to shape the 'new normal' in the cotton textile value chains are:

Re-alignment of global textile supply chains: I think this trend was well under way even before the pandemic broke out and it will perhaps accelerate now by way of initiatives to diversify the supply chains and reduce over-dependence on one or two supplier countries. Right now, we are witnessing the migration of only certain operations in the supply chain. However, what we might see in future is a migration of end-to-end supply chains. There is perhaps a growing realisation that globalised supply chains are difficult and complicated to manage at scale; hence, we may see discussions around onshoring and near shoring gaining prominence. And then there is increasing concern over the environmental impact of supply chains spanning several thousand miles. Over several decades the only driving factor for textile and apparel supply chains was cost, and demand kept chasing the lowest-cost producing location. That might change as other considerations, such as safety, stability, sustainability, speed to market, ethical labour practices etc., take primacy.

Risk management: The textile and apparel supply chain is one of the most fragmented in the world with a huge geographical spread. Until recently, cost has been the only consideration driving this industry. At the same time, every segment of the supply chain has been assuming an enormous amount of risk while operating at very low margins. The pricing of risk into transactions has been poorly managed and risk governance practices inadequate. The current crisis has exposed the flaws in a system that puts immense risks at the doorsteps of suppliers. Hopefully, that will change and those risks will start being adequately priced in.

Shorter product lifecycles: Concept-to-shelf lead times across the textile value chain will be compressed. The typical 18-month textile/product cycle will surely be disrupted and businesses will need to adapt to stay relevant.

Consumer preferences and sentiments: I think we will see significant lifestyle changes from hereon. Consumer spending patterns are likely to change significantly and the industry will need to respond and adapt to that. Consumers will be more

cognizant about where their products are made, what materials were used to make them and who made them. There has been a significant impact on household incomes leading to people becoming more conscious about their purchase decisions. People are more careful about where they spend and what they spend on. There could be greater support for value-based products rather than price points. Fast fashion and associated wastage in our industry may become a thing of the past. Transparency will be the key for brands and suppliers to win back customer confidence.

Sustainability, traceability and transparency: Social, environmental and economic sustainability has been taking centre stage in people's minds. Consumers, investors and governments are all demanding greater transparency around sustainability. Textile supply chain businesses will be compelled to embed sustainability at the core of their strategies. This hopefully should drive larger cotton consumption. Within the textile supply chain, there is no product better placed than cotton to capitalise massively on this trend.

Retail landscape: Physical retail is undergoing a huge transformation. Shops and malls are struggling to come up with new ways to drive traffic to their shop locations. This pandemic has accelerated the flight to e-commerce and online retail, and I think that trend is here to stay. Perhaps brick and mortar retail will never be the same again. This will place a different set of challenges on the supply chain as it adapts.

Accelerating automation and digitisation: The use of technology at workplaces / remote work arrangements, automation in agriculture and manufacturing, and the use of digital processes to collect and synthesise data to facilitate better quality decisions will all be essential enablers for an effective response to the new challenges.

CO: World cotton consumption has been dealt a huge blow by the economic impact of the pandemic. But there was and is an underlying battle for consumers' 'hearts and minds' between biodegradable natural fibres such as cotton and chemical fibres that remain in the ascendancy worldwide. What can we do to ensure that cotton's advantages in the area of sustainability are not lost amidst the Covid-related turmoil?

AS: Covid-19 has certainly impacted overall sustainability initiatives across our supply chain. As businesses, we do need to look again at our priorities and focus on the core areas that matter most to the business. However, as an industry we cannot lose focus on the evolution that had already begun towards sustainable, traceable and transparent textile supply chains. Most recent consumer surveys show that, notwithstanding the uncertainty that we all face, the use of sustainable materials is still an important factor driving the purchasing decisions of consumers. The surveys show that limiting the impact on climate change is still very important to them and this sentiment can be seen across generations and gender lines. Consumers want to know where the cotton has come from and whether it has been sustainably produced. Another key issue emerging is the health hazard posed by the presence of micro-plastics in our environment. The only way to reduce

micro plastics from our water sources and air and mitigate the problem is to reduce overall synthetic content in our consumption.

Cotton has great sustainability credentials, but often the point is not made forcefully enough. Cotton is a natural fibre, biodegradable, produced from renewable plants, comfortable to wear, looks great, is scalable to meet global demand and can be traceable. We need to find ways to effectively tell that story to the consumer. We clearly need to invest much more in promoting cotton as a sustainable alternative. We need to invest in campaigns aimed at dispelling misgivings, half-truths and at times outright lies surrounding cotton production and its impact on water and the environment. There is way too little happening along those lines and what is happening is quite disjointed. We need to find a way to collaborate across organisations, industry bodies and associations and together devise a coordinated strategy to promote cotton consumption. Demand is key – increasing long-term sustainable demand for cotton will solve several of the problems that plague our trade.

CO: Many sectors of our industry have been in 'survival mode' in recent months. But World Cotton Day is a celebration of all things good about cotton. In last year's interview you described it as a great initiative with the potential to bring a focus to the various challenges that confront our fibre and our industry. Amidst the difficulties faced by all sectors of our market, do you see reasons for optimism?

AS: While the pandemic is not over yet, there are many reasons for optimism. Economic data in recent months have provided good news – the growth contractions in the last quarter were less severe than feared and the scale of the subsequent recovery has surprised many. The global economy generally appears to be in a better shape than was forecast a few months ago. Of course, the momentum may slow down in Q4 and risks remain high. Month-on-month retail sales data have shown consistent increases, which is a cause for optimism. Earlier than expected store openings have surfaced pent-up demand across many sectors, including apparel and textiles. An overall economic recovery should also lead to a gradual revival in demand for cotton and cotton products as well. Covid-19 has been a brutal reminder of our exposure to Mother Nature and the lock-downs served as a reminder of how clean air can become.

I think this pandemic has accentuated the case for environmental sustainability and the use of sustainable materials. Within the apparel and textile sector, there is no better alternative to cotton as a sustainable, scalable and affordable fibre which is also great to wear. Hopefully, this will give a fillip to demand for apparels and textiles made from cotton, which should augur very well for our industry. The World Cotton Day celebrations will serve to bring an acute focus on the cotton value chain that forms such an important part of the global economic landscape, providing livelihoods to millions of farmers and industry workers across the world.



The impact of the Covid pandemic on the global textile industry

Dr Christian Schindler, Director General, International Textile Manufacturers Federation

In January and February 2020, the Covid-19 pandemic was still regarded as a regional epidemic in China and then possibly in Asia. It was hard to imagine that only a few weeks later all regions in the world would find themselves in some sort of lock-down and subject to restrictions of all kinds, with the primary objective of slowing the spread of the virus and thus saving lives. As a consequence, public life and large parts of the economy came to a standstill.

From supply to demand shock

The textile industry was affected by the crisis in two ways. In the first phase, all those companies in the global textile value chain that were sourcing in one way or another, directly or indirectly from China were faced with enormous difficulties. When supply was interrupted or at least disrupted due to restrictions in China, companies depending on Chinese raw materials, intermediate products or finished goods struggled to meet customers' deadlines. This supply shock forced many companies to look for alternative sources which were difficult to identify, if they could be located at all. Second, this limited supply shock was rapidly developing into a global demand shock. Once governments in Europe and then later in North America eventually realized that it was too late to contain the virus with conventional means (testing, tracing, isolating), they had to apply measures like lock-downs and the closures of shops, restaurants, etc. Suddenly and for most people unexpectedly, offline demand of apparel and home textile products

plummeted to zero. While online sales increased in many cases, they could not by any means compensate for the loss in offline sales.

First ITMF Corona survey

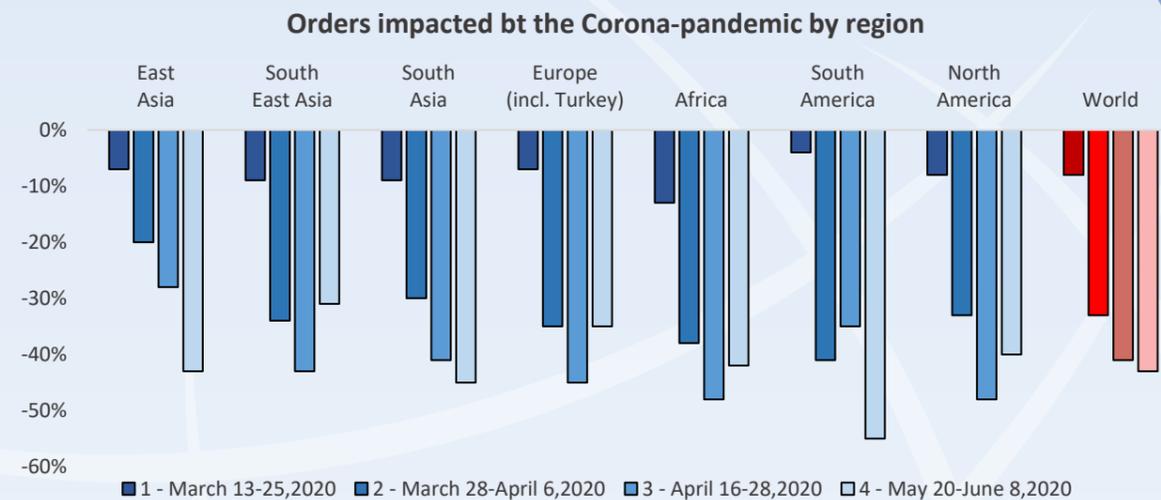
Just a few days before the lock-downs in Europe took effect, the ITMF started the first ITMF Corona survey on March 13. This survey was to be repeated three times in the ensuing weeks until the beginning of June. The questions referred to orders impacted by the pandemic and to the expected turnover in 2020 compared to 2019. Most companies expected orders to be cancelled or postponed. Nevertheless, in some regions like South East Asia a few companies were not affected by the supply shock and not yet by the demand shock. According to respondents during March 13-25, cancellations and postponements amounted to eight percent of all orders. Turnover was expected to fall by ten percent in comparison with 2019 (see graphs 1 and 2).

Second, third and fourth ITMF Corona surveys

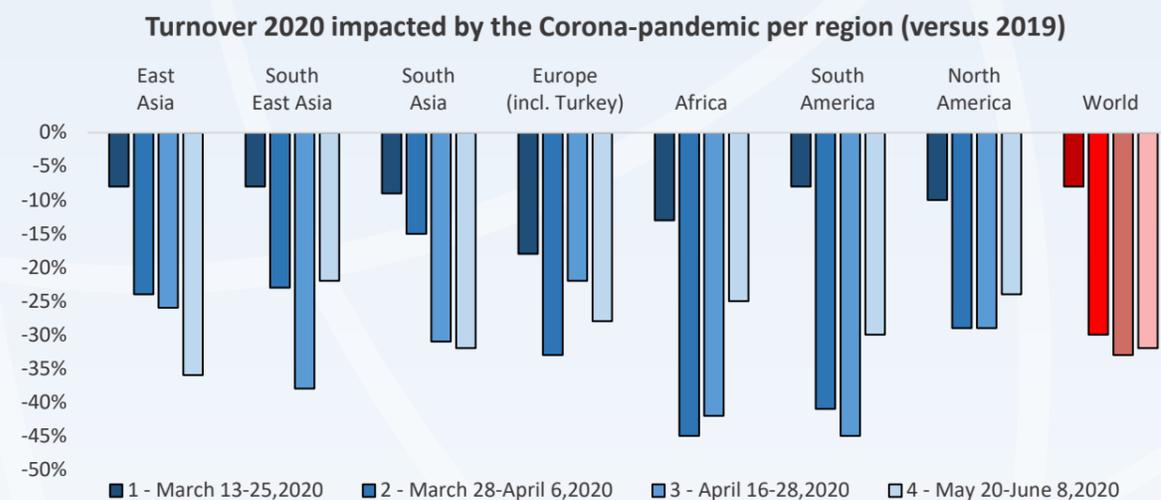
In the following weeks, ITMF conducted three more surveys. The fourth ITMF Corona survey was conducted between May 20 and June 8. Regarding orders and turnover, the results of the third survey were confirmed in the fourth survey. Orders were down by 43 percent and expected turnover in 2020 compared to 2019 down by 32 percent.



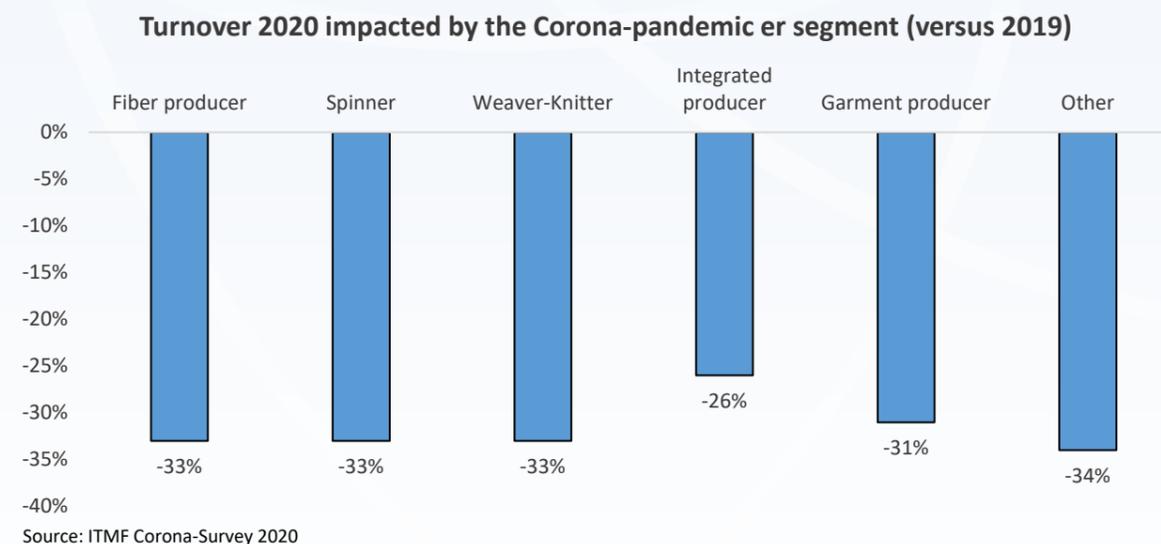
Graph 1.



Graph 2.

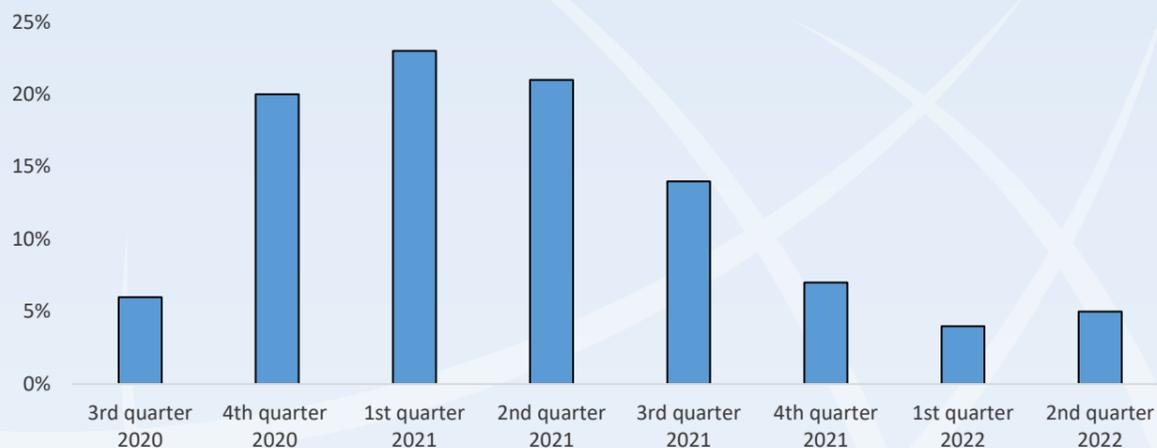


Graph 3.



Graph 4

When do you expect quarterly turnover to be back to pre-crisis levels?



Source: 4th ITMF Corona-Survey 2020

When looking at the different segments, it is interesting to see that all segments suffered in a similar way. Only integrated producers seem to have weathered the crisis slightly better.

When will pre-crisis levels be reached again?

The question about the recovery of the industry revealed that most companies are expecting to reach pre-crisis levels again in the first quarter of 2021 (23 percent) or the second quarter of 2021 (21 percent). Another 30 percent of the companies expect the recovery to happen in the second half of 2021 or in the first half of 2022. On the other hand, six percent of companies were expecting to be back to pre-crisis levels already in the third quarter of 2020 and 20 percent in the fourth quarter (see Graph 4).

It does not come as a surprise that fibre, textile and apparel companies are facing a lot of challenges. At the beginning of the crisis, the most pressing challenge was how to keep production afloat in connection with disrupted supply chains, while at the same time keeping the workplace safe for all employees. Once it became clear that demand was interrupted and orders started to be cancelled and/or postponed, companies started to focus on managing liquidity, inventories, and operating costs.

An obvious opportunity during this crisis was to shift production to protective personal equipment (PPE) such as masks, gowns, and other medical textiles. Only a very few companies were in a position to do so. Most companies concentrated on minimizing losses and preparing for the post-pandemic period.

ITMF during the crisis

On March 25th, Mr. Kihak Sung, President of ITMF, wrote a letter to all ITMF members in which he stated the following:

“As ITMF President, but especially as a colleague and friend of you, I would like to encourage all of us to work together

in the supply chain as much as possible. By working together in the supply chain, we can weather this hurricane much better as an industry than by looking only at ourselves. Of course, within each country, the respective national textile and apparel associations do their utmost to convince their respective governments that quick and strong financial support is crucial, if companies are to survive this demand and liquidity shock.”

In the same letter, he stressed that *“the support of governments is paramount. But equally important in many cases can be the understanding and support of partners in the textile value chain. For example, companies could grant each other longer payment periods, discuss the scale and scope of cancellations of orders, renegotiate contracts, etc.”*

Joint industry statements with retail and cotton organisations

In the months of April and May ITMF worked together with many national, international and intergovernmental organisations to formulate statements that underscore the importance of cooperation in the global textile value chain. For example, the Joint Industry Statement coordinated by the American Apparel and Footwear Association (AAFA) was signed by more than 60 organisations representing the full spectrum of the textile, apparel, footwear, travel goods, and fashion industry across the globe. It emphasized the importance of government support measures and of all stakeholders in the supply chain looking for mutually acceptable solutions instead of unilateral and uncoordinated actions.

Similarly, the ITMF has published a joint statement with the Better Cotton Initiative (BCI), the Committee for International Co-operation Between Cotton Associations (CICCA), the International Cotton Association (ICA), and the International Cotton Advisory Committee (ICAC), in which it was emphasized that the industry *“must strive to find mutual agreements which keep in mind our shared commitment to the long-term health of the international cotton and textile trade, and*

to the principles of fair and equitable trading practices on which it is built.”

The global textile industry’s new normal

The Covid crisis clearly showed that long and complex supply chains in the global textile industry that ignore the risks of unexpected events of whatever nature – environmental, political or economic – are very vulnerable.

China-plus strategy ...

Until now, companies had focused on efficiency by optimising logistical processes and minimising storage costs. In the future, companies will value production and storage in strategic places. It is very likely that the existing trend of diversifying the supply chain will be accelerated in the future. More brands and retailers will not rely on one country, even if that country offers the best productivity and product quality. Also, within textile supply chains, manufacturers will tend to diversify where they source their input materials from. Nevertheless, with its enormous textile base and consumer market, China will continue to play a very important role as a manufacturer and consumer of textiles and garments. ITMF’s annual International Textile Machinery Shipment Statistics (ITMSS) has illustrated the enormous scale of investment in new textile machinery in China for almost 20 years. But other textile and apparel producing countries in Asia have started to play a more important role. In the past ten years, Vietnam and Bangladesh have become the most visible examples of how other Asian countries can grow their textile industries successfully.

... AND regional supply chains

In addition, it can be expected that this crisis will lead to more independent regional supply chains in the Americas and in Europe/Africa. To be independent, more investment in textile and garment production in these regions is required. Until now, cost differentials to Asian competitors and the lack of critical production mass in these regions have prevented them from being competitive. Furthermore, a higher level of automation in textile production could help these regions to become more attractive. In future, the regional proximity of these countries, the higher level of automation and the consideration of unexpected risks in the cost calculation could change their competitive position. European and African countries could become more attractive investment destinations supplying the European and African markets. Likewise, Latin American countries could become more relevant suppliers of North American consumer markets. While a few months ago, this would not have been seen as economical, the consideration of potential costs could change the calculation.

Demand-driven business models

The trend of individualisation and mass customization is supporting the move towards more specialized, more

reactive and faster supply chains. Consumers around the world have become more demanding in the past two decades. An important factor in our lives is digitalization. The internet, smart phones and tablets have revolutionized the way we inform ourselves and how we shop. Products are available and can be ordered 24/7 and consumers want these products tailored to their specific needs and as quickly as possible. Since offline shops were closed during the crisis, online business has seen an enormous boost. In future, more people will be inclined to shop online as the experience has become better, easier and safer. Fast fashion companies with much shorter fashion cycles are weathering the crisis much better than their competitors. Their challenge will be to identify a business model that will reconcile increased production with sustainability.

Environmental and social sustainability

The Covid pandemic has shown that sustainability is important to consumers. Companies in the supply chain that are not acting sustainably regarding their employees, their suppliers or the environment will not appeal to consumers. On the contrary, if companies ignore their responsibilities, they risk severe reputational damage. In today’s reality, non-governmental organisations (NGOs) in combination with (social) media can have an enormous impact on companies’ bottom lines if their behaviour does not meet the standards of today’s consumers.

Also in this vein, also climate change plays an ever more important role. Driven by consumers’ concerns about climate change, brands and retailers are paying more attention to sourcing from producers whose carbon footprint is declining. Shorter supply chains together with the application of the latest technologies can make sourcing closer to the end consumer markets more attractive. This will require brands and retailers and their suppliers to work together more closely in the future. More transparency will be crucial in the future relationships between buyers and suppliers. This will make cooperation even more important than it already is today.





Cotton and Covid-19

James Pruden, Senior Director, Public Relations, Cotton Incorporated

It is difficult to imagine anything positive relating to the Covid-19 pandemic. Lives have been lost, global supply chains and economies have been upended, and “normal” has been redefined for virtually every person on the planet. But these dire times may be creating opportunities for cotton. Cotton Incorporated’s **Covid-19 & Consumer Concerns** survey indicates that there is strong consumer interest in comfort – a strength of cotton. Additionally, mask mandates have created an object lesson for another strength of cotton – breathability.

In March of 2020, just as the stay-at-home orders were being implemented, Cotton Incorporated conducted an initial wave of consumer research to determine how Covid-19 was affecting consumer habits. Responses to the survey revealed that US consumers were at that time seeking comfort: 54 percent claimed to be cooking more often, with an equal number claiming to be eating more comfort foods. Eighty percent of respondents revealed that they were seeking comfort by wearing comfortable clothing; and 70 percent indicated that cotton apparel was the most comfortable.

Similar surveys of consumers in Mexico and China echoed the concerns and preferences among the US respondents. In Mexico, 66 percent of consumers said they were seeking out comfort by wearing comfortable apparel; with 72 percent identifying cotton as the most comfortable apparel fiber. In China, 69 percent were seeking comfort

by wearing comfortable clothing; and 67 percent identified cotton apparel as the most comfortable to wear.

Comfort has always been a hallmark of cotton’s appeal, and one that is directly related cotton’s breathability. Cotton’s breathability is not an easily understood phenomenon. To explain how physics and the physiology of cotton fibers allow them to ‘breathe,’ Cotton Incorporated developed an explainer video. The animation demonstrates how cotton’s



ability to absorb and ‘exchange’ moisture helps to keep the wearers of cotton apparel comfortable. The video is viewable on the CottonToday website (www.cottontoday.com), as well as on Cotton Incorporated social media channels.

The animation explains the technical aspects of cotton’s breathability, but as consumers were advised to wear masks in public, a practical demonstration of cotton’s comfort and breathability began. There is probably no better way to appreciate cotton’s comfort-via-breathability than by wearing a cotton mask. A mask needs to offer protection, too. Since mask mandates began, numerous studies and technical bulletins such as those from Wake Forest Institute of Regenerative Medicine, the Harvard T.H. Chan School of Public Health, and Duke University have emerged on the efficacy of masks and mask

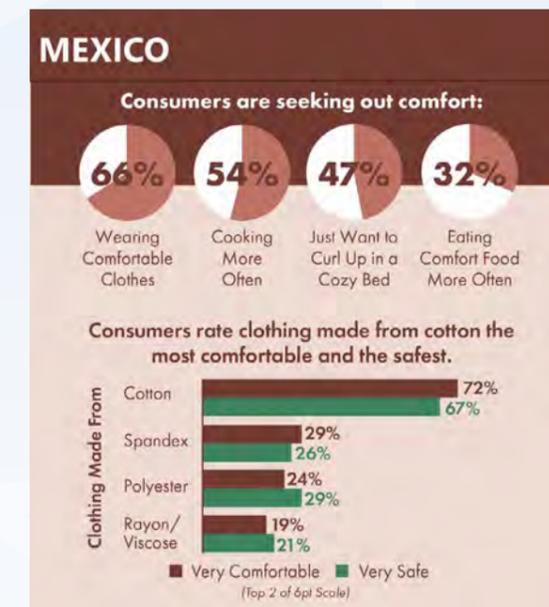
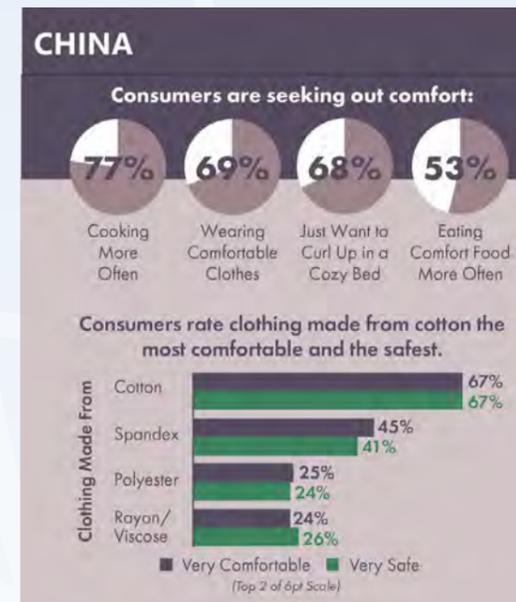
materials. It should be noted that the ability of a mask to block viral particles depends on a range of factors such as construction, weave, and texture. But, from solely a particle blocking ability, cotton scores well.

A June 2020 study by the National Institute of Standards and Technology (NIST) in the United States reveals that layered cotton masks are likely slow the spread of Covid-19 better than synthetics (<https://www.nist.gov/news-events/news/2020/06/face-coverings-made-layered-cotton-fabric-likely-slow-spread-covid-19>). According to the study, “Filtration Efficiencies of Nanoscale Aerosol by Cloth Mask Materials Used to Slow the Spread of SARS CoV-2”, of the 32 fabrics tested:

- three of the five best performing fabrics were 100 percent cotton;
- and four of the five lowest performers were synthetic materials.

As various Covid-19 vaccine trials progress, there is hope that the global upheaval will eventually lessen, though it is likely that the memory of the pandemic will linger for years to come. Hopefully, consumers’ first-hand experience with cotton masks will linger too, and strengthen cotton’s appeal among consumers around the world.

Results from Cotton Incorporated’s Covid-19 & Consumer Concerns, March 2020.





The case for cotton

Antonia Prescott, Deputy Editor, Cotton Outlook

The world has changed in 2020, and with it the short and longer term outlooks for the cotton industry. The cyclical nature of cotton production means that the impact has fallen most heavily on consumption in the second half of 2019/20, with the effects expected to linger for at least the remainder of the current season. Most cotton plants were already in the ground by the time full lock-down measures came into force across the world in the spring, and restrictions have been eased in time to allow harvests to proceed, if not completely unhampered then at least relatively smoothly. On the other hand, the complete seizure of markets as retail spaces and factories closed, consumers were confined to home, logistics systems came to a standstill, garment and textiles orders were cancelled, and raw cotton purchase contracts became the object of delays and renegotiation, has caused untold damage at all stages of the supply chain.

However, the impact is not exclusively negative. The period of enforced stasis has stimulated, in some quarters at least, a greater interest in sustainable systems and lifestyles, and in decent and fair working conditions. There is a tendency for cotton (and cotton textile) production in some settings to attract criticism on ecological or human rights grounds. Where this censure is deserved – and there are certainly areas in which that is the case – the issues involved must of course be confronted. But by the same token, the ICAC's #TruthAboutCotton campaign has

identified some egregious misrepresentations of cotton's environmental impact, for example in terms of water use, while highlighting that the commodity's role in poverty reduction is often neglected when sustainability is discussed. Moreover, exactly what sustainable production means when it comes to cotton is debatable.

However, we should at least be able to agree that cotton is renewable, bio-based (i.e. composed of biological matter), and doesn't cause the plastic pollution associated with synthetic materials either during the lifespan of the product (shedding of microfibers as a result of washing, for instance) or when it comes to the end of its useful life: a cotton garment will take six to 12 months to decompose, compared with 20 to 200 years for one made with polyester or lycra.

There are several 'preferred cotton' programmes and initiatives under way around the world aimed variously at producing the crop more sustainably, providing a higher value product, and better meeting the needs of producers in terms of working conditions and remuneration. Some of these schemes, such as Fairtrade or organic certification, which operate at an international level and target a large number of products and commodities, are well recognised by the consumer, even if the specific processes involved in certification and labelling are not always so well understood. Meanwhile, other programmes, such as the Better Cotton Initiative, are designed and run specifically for cotton producers, and therefore



When to buy?

Which origin?

On call or fixed price?

2020 has seen unprecedented market disruption. As Covid-19 caused shut-downs in country after country, cotton demand and prices collapsed. Now, rates have stabilised, despite reports of record output in certain producing nations, rising geopolitical tensions and the continued spread of the virus.

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may not have achieved the same exposure to retail customers, but are nevertheless expanding their reach across different countries and markets.

The Better Cotton Initiative was founded in 2005 with a stated mission “to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector’s future.” It now accounts for about a fifth of global cotton output and is the largest sustainability programme for cotton in the world, having projects under its direct stewardship in at least 12 countries and partnerships with other associations in Brazil, Africa, Australia and Israel, whose output may also be sold as BCI cotton. In 2018/19, 2.1 million farmers were involved in the production of 5.6 million tonnes of cotton lint licensed by BCI on an area measuring over five million hectares.

BCI licences farmers and co-operatives that adhere to its principles aimed at reducing the impact of cotton production on the environment and promoting safe and fair working practices. Cotton produced in line with these principles may be sold as BCI-licensed, and thus usually attracts a premium, though as BCI has become more mainstream the additional margins have become somewhat thin. Retailer and brand members of BCI may also label their products with the BCI logo if they source at least ten percent of their cotton as Better Cotton with a plan to raise that proportion to 50 percent within five years. It is important to note that BCI operates a system of mass balance when tracing the quantity of BCI cotton moving through the supply chain, and so

an individual product that carries the BCI logo may contain cotton not originally produced by BCI-licensed farmers.

Organic cotton refers to a fibre produced according to strict controls on agricultural inputs and water conservation. Cotton from genetically modified plants may not be certified as organic. Organic certification of raw materials is carried out according to national schemes, such as the National Programme for Organic Production in India or USDA Organic in the US. Moreover, there are two internationally recognised standards for organic cotton products: the Global Organic Textiles Standard (GOTS) and the Organic Content Standard (OCS). Both GOTS and OCS require that certified products contain a minimum percentage of organic raw material, but GOTS certification also demands higher social and production standards, and verification all the way along the supply chain.

Organic production represents about one percent of global cotton output. India accounts for the largest proportion (51 percent), and is followed by China (17 percent), Central Asian countries (15 percent), Turkey (ten percent) and Tanzania and the US (two percent each). Organic production is increasing, admittedly from a very low base, across the world: between 2016/17 and 2017/18, output rose by 54 percent; in 2018/19, the increase was 31 percent and the figures for 2019/20 are expected to show a further ten-percent rise. The 2018/19 harvest was the second largest on record at 239,787 tonnes. Organic certified land used to grow cotton amounts to 418,935 hectares, while a further 55,833 hectares are undergoing conversion to organic standards.

Fairtrade International, established in 1997, accredits farmer co-operatives committed to strict social, economic and environmental standards. The organisation licenses these groups to sell Fairtrade cotton at a mandated minimum price, plus a Fairtrade premium that must be reinvested into the farming community, in line with the democratic decision of the community members. Businesses can source Fairtrade cotton in two ways. According to the classic Fairtrade model, cotton must be segregated and physically traceable throughout the supply chain. The Fairtrade Sourced Volume model requires physical segregation until spinning and thereafter permits mass balance. In addition, Fairtrade International operates the Fairtrade Textile Standard, designed to facilitate change in the conditions and business practices associated with textile supply chains processing Fairtrade-certified cotton and/or other responsible fibres (including BCI-approved and EU/US organic cottons, amongst others).

In 2017, Fairtrade International oversaw the production of 52,763 tonnes of cotton by 45,153 farmers in eight countries around the world. The total premium earned was €1,096,505, of which 58 percent was reinvested in agricultural tools, inputs and farm best practices. The majority (88 percent) of Fairtrade cotton is grown in India.

In addition to these global schemes, many other programmes promoting sustainable farming practices are in operation at a continental, national, regional, or even corporate level. The list includes (but is not limited to) Cotton Made in Africa, ABRAPA’s *Algodão Brasileiro Responsável* (ABS) programme in Brazil, MyBMP in Australia, the Cotton Trust Protocol and Cotton Leads and BASF e³ cotton in the US, Cleaner Cotton in California.

Despite their different scales and emphases, many (perhaps most) of these programmes have complementary aims. Indeed, as already discussed, cotton produced under the ABS, CMiA and MyBMP programmes already qualifies for BCI certification. It would be regrettable, then, if the most that was achieved by the diverse (and therefore inevitably a little diffuse) focuses on sustainability was to differentiate one model or country of production from another. Even in the case of conventional production, we should guard against the wholesale assumption that cotton that does not fall under one or other of the existing programmes is therefore not grown in a sustainable manner. After all, it is in farmers’ economic interests to use water and other inputs in as efficient a way as possible.

Instead, the need of the hour is surely to make the case for cotton against synthetics. While cotton demand has recovered only gradually in the past two to three months, anecdotal accounts suggest that the consumption of polyester has rebounded more strongly (fuelled in large part, no doubt, by the recent rock-bottom prices for crude oil). Moreover, this reflects a much longer term trend. Since the beginning of the century, the production of synthetic fibres has risen more or less every year,

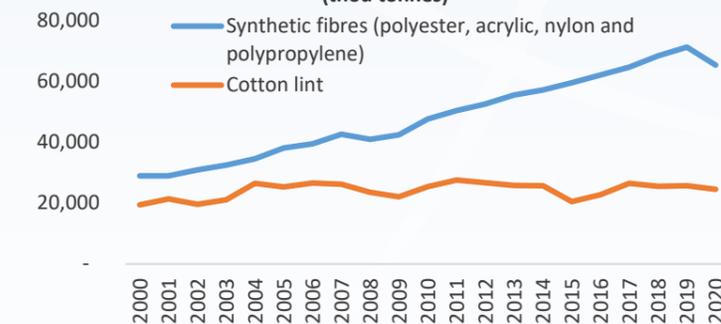
while cotton’s trajectory has been much more variable. Over most of the past 20 years, global area has remained between 30 and 36 million hectares. Indeed, that is also true of the past seventy years, increases in output having come from rising yields. World cotton production in 2019/20 shows an increase of just over 25 percent from the turn of the century, while the equivalent figure for polyester alone is 172 percent.

As consciousness of the hideous scale of plastic pollution has increased, much attention has rightly been directed to the excesses of packaging, and the indiscriminate use of single-use plastic bags, cups and drinking straws, for example. Relatively little has been said about synthetic textiles, yet the world is producing over sixty million tonnes of synthetic fibres every year and that figure is set to keep rising. Recycling and efforts to promote the circular textile economy have barely dented the trajectory.

The need for a clearer working definition of what, in a cotton context, we mean by sustainability, has perhaps never been greater. In this regard we must recognise the continued and invaluable efforts of the ICAC’s Expert Panel on the Social Environmental and Economic Performance of Cotton (SEEP) to develop, refine and apply objective criteria to the challenges associated with the sustainability of cotton. SEEP Chair Allan Williams notes that, “What is really important is to understand the specific context – in other words, we need to ensure that what are promoted as more sustainable cotton production practices are linked to the individual characteristics and needs of the farming system. Equally, we need to avoid blanket solutions being promoted as applicable irrespective of the specific context.”

We can – and must – continue to debate credentials of various models of cotton production and how they best meet the threefold challenges of sustainability – social, environmental and, last but not least, economic. But should we not also make the overarching case in favour of a resource that is by its nature renewable, one which contributes to economies in some of the most impoverished regions and countries on the planet? An ever-greater reliance on fibres that depend on fossil fuels, that pollute our waterways and oceans, and that will take generations to biodegrade would seem by any definition to be unsustainable.

Annual global production of fibres since 2000
(thou tonnes)



Sources: Cotlook, Wood Mackenzie Chemicals



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*Cotton products are recyclable only in a few communities that have appropriate recycling facilities. †In composting tests, cotton fabric samples underwent a weight loss of approximately 50-77% after 90 days in a composting facility. Li, Lili; Frey, Margaret; Browning, Kristie (2020). Journal of Engineered Fibers and Fabrics. 5 (4). <https://www.jeffjournal.org/papers/Volume5/5-4-6Frey.pdf>