



STATEMENT OF THE 79TH PLENARY MEETING

'Fortifying the Cotton Supply Chain – New Approaches to New Challenges'

1. The International Cotton Advisory Committee met between 6-9 December 2021 for its 79th Plenary Meeting since the establishment of the Committee in 1939. The meeting was the first to be held virtually and 575 persons registered including representatives from 24 Member Governments, 8 international organisations and 21 non-member countries.
2. **Country Reports:** Because of the time restrictions associated with running a virtual meeting, it was not possible to have discussion on individual Country Statements. However, Country Statements had been provided by 16 countries and one non member country and are available to read on the ICAC website, www.icac.org.
3. **Reports from the Secretariat:** For the 2021/22 cotton season, international cotton prices are expected to remain above that of the previous season. With sufficient 2020/21 ending stocks on the balance sheet to accommodate either a production decrease or a consumption increase, or both, upward pricing pressure is unlikely to be affected by supply and demand issues.

Covid-19 pandemic induced logistical complications as well as shipping and transportation concerns remain. These concerns extend into global trade which continues to recover from the Covid-19 pandemic-related shutdowns.
4. **Production and Trade Subsidies Affecting the Cotton Industry:** Featuring information from 11 countries, assistance to the cotton sector in 2020/21 has been estimated at \$6.95 billion, an 18% decrease from the \$8.51 billion observed in 2019/20. In 2020/21, assistance averaged 13 cents per pound, down from 14.8 cents per pound in 2019/20.
5. **World Cotton Trade:** During the 2019/20 season, the global economy underwent Covid-19 pandemic-induced slowdowns that decreased the global cotton trade. As the impacts of the Covid-19 pandemic were mitigated, the global economy began to recover and the 2020/21 season proved to be a very good year for cotton trade. Taking into consideration current trade policies and cotton crop progress and, despite the ongoing pandemic, it is estimated that cotton trade will remain strong in the current season.
6. **Global Textiles Fibres Demand:** In 2020, world textile fibre demand declined by 5% to 98.4 million tonnes, driven by the global economic downturn caused by the Covid-19 pandemic. The decline occurred after 11 years of continuous expansion. However, based on higher projected economic growth in the short term and an increase of nearly 1% in population, world textile fibre demand is projected to reach 107.3 million tonnes in 2021 and 125 million tonnes in 2025.
7. **Textiles – Global Challenges and the ICAC:** A sustainable textile industry is critical for the increased consumption and growth of cotton and to increase and strengthen international market share. The ICAC will formulate strategies to provide support to the private sector and member governments for the development of the textile value chain. Importantly, through the recently formed the Private

Sector Advisory Council (PSAC), the ICAC will provide a platform to debate challenging issues and share knowledge with private and public sector organisations and submit mutually agreed-upon positions to member governments for consideration.

8. **ICAC Cotton Data Book:** Data from the ICAC Cotton Data Book indicates that there is an imminent need for Asian countries such as India, Pakistan and Uzbekistan to focus on precision farming and regenerative agricultural practices to increase soil health, yields and fertiliser use efficiency. Data also indicates that there is an urgent need for Africa, India and Pakistan to adopt best practices for yield enhancement to improve land-use efficiency and economic sustainability.
9. **Report from PSAP:** The Private Sector Advisory Council was formed with the approval of the Standing Committee and will include international, regional and national organisations representing producers, ginners, merchants, spinners, weavers, machine manufacturers and retailers and brands.
10. **Fortifying the Cotton Supply Chain:** The complexity of agricultural production requires locally tailored solutions as well as collective and individual actions when it comes to the social, environmental and economic benefits of sustainability. Climate change, soil health and pestilence are the main environmental sustainability concerns in agriculture. Cotton not only provides food, feed, fibre and cash for education, health and housing, but also provides resilience to abiotic risks because of its tolerance to drought and saline soils. Cotton makes agriculture more sustainable by using nutrients left by shallow-rooted crops. The best approach for investing in and strengthening the integrity of cotton is through the education of stakeholders throughout the supply chain. Countries can greatly benefit from improving soil health as this would increase organic content in the soil to enable soil moisture conservation and reduce the need for synthetic fertilisers and reduce the need for pest management interventions. Governments and cotton organisations are encouraged to promote the social, environmental and economic benefits of producing sustainable cotton.
11. **Labelling:** Studies have shown that consumer concerns around sustainability are growing with the top environmental concerns being climate change; water scarcity; air pollution; ocean waste; land and waste management; and population growth. Life Cycle Assessment (LCA) results for a knit collared shirt indicate that cotton textile manufacturing contributes very little to global warming. However, cotton growing does contribute more to the other two environmental factors: water quality and water consumption. The European Union's new policy on Product Environmental Footprint (PEF), using the Higg Index, raises concerns when comparing synthetic and natural fibres. The PEF's LCA is based on the Higg Index, which does not provide a fair comparison between synthetics and natural fibres. The OECD due diligence guideline on Responsible Business Conduct can also play a leading role in product labelling. Labelling should aim to provide transparency and traceability in the supply chain and ensure that the brand is accountable for their claims and the purchasing decisions of the consumer. Some items for consideration on a label could include the country of origin, list of suppliers, CO₂ emissions, water usage and the chemical impact of producing a garment.
12. **Advances and Challenges of Hybrid Cotton Technology:** Bt-hybrid cotton technology was highly successful in transforming India's cotton productivity and is currently grown on 98% of India's cotton area. Current yield stagnation could be broken by creating genetic variability to develop new hybrids with biotic/abiotic stress tolerance, short duration with high yield, better fibre parameters or by substituting the extant long-season Bt-cotton hybrids with short-season Bt-cotton varieties that would be better suited for rainfed area, which accounts for more than 65% of the cotton acreage in India. Analysis shows how rain-fed, non-GMO, non-hybrid, short-season, high-density cotton varieties could double yields and farmer income; avoid pink bollworm infestation; and reduce insecticide use and induced pest outbreaks. There is a need for specific studies to be conducted in Africa to assess the suitability of Bt-hybrids in rainfed conditions. An analysis of the global status of biotech cotton, organic cotton and hybrid cotton concluded that organic cotton had more potential for growth due to increasing consumer demand and that hybrid cotton may not survive the sustainability challenges due to the high cost of seeds and its unsuitability to irrigated conditions.

13. **World Café: Challenges and Opportunities for Sustainability:** Sustainability is one of the most important issues facing the cotton industry but the discussions showed that there is little consistency in the industry's approach to sustainability. To effectively implement the changes that must be made, awareness of the challenges must improve throughout the supply chain and resources must be provided to meet those challenges. Small holder farmers, women, migrant workers and labourers in the textile industry are also most vulnerable to climate change. The Committee encourages leaders from all stakeholders in the cotton supply chain to continue to expand their efforts to increase the awareness of the issues regarding sustainability and climate change and to collaborate in finding the solutions needed to address them.
14. **Steering Committee:** The Committee noted the progress made against the 2020-2022 Strategic plan where over 80% of the Key Performance Indicators had been achieved. The Strategic meeting had discussed ideas and suggestions to provide a greater value proposition for members, a business model to attract hosts for the ICAC Plenary Meeting which included greater participation of the private sector through the Private Sector Advisory Council and ways to increase engagement of delegates through hybrid meetings and invitations to coordinating agencies.
15. **The Topic of the 2022 Technical Seminar:** The Committee decided that the 2022 Technical Seminar would be on the topic of, *'How Regenerative Agriculture Can Contribute to a Sustainable Cotton Sector'*.
16. **Future Plenary Meeting:** The Plenary Meeting for 2022 will be a virtual meeting to be held in December 2022.