

The ICAC's 80th Plenary Meeting



80th Plenary Meeting – Virtual

MINUTES

Third Open Session Regulatory Policies by Governments that Could Negatively Affect the Consumption of Natural Fibres

10:00 –12:00 pm (GMT-5); Australia (Perth, AW): 11:00 pm – 01:00 am; Europe: 15:00 – 17:00 (GMT)
Chairman: Mr Peter Wakefield

The ICAC Executive Director, Mr Kai Hughes, introduced the Chair for this session, Mr Wakefield, who opened the session organised by the Private Sector Advisory Council by assuring that the purpose of the session is not to criticise any other competing fibre. The session is organised to highlight that we need all fibres to be treated equally in every respect.

Mr Wakefield then provided a quick description of how the PSAC is constituted and that membership of the PSAC is open to international associations, regional associations and national associations. Both NGOs and qualifying organisations from countries that are not ICAC Members can be granted observer status for a period of one year. Each Committee has a Chair and a Vice Chair, plus one other elected individual, and all three sit on the Executive Committee. He said the PSAC was created because cotton is a complex industry and there is a lot of confusion regarding cotton and that all fibres must be treated the same way.

In July 2022, the German Parliament passed the Law on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains, which will affect the entire cotton industry, potentially negatively. Going forward, he said, the big question is: *What governments will enact similar laws in their own countries?*

Mr Wakefield introduced Mr Cliff White, Director of the Australian Cotton Shippers Association, as the first speaker. He stated that it was clear to see that prior to our recent meetings the level of awareness between committee members concerning legislation that can potentially restrict access for cotton products was extremely limited. In the particular cases of the EU commission and German government, policies were debated or are being debated without establishing consultations with the industry representatives, so the industry needs to be heard now, if it is not already too late. Europe's Product Environmental Footprint (PEF) does not present a level playing field for manmade and natural fibres. The progress of the PEF legislation has been delayed due to Covid-19 but the final timelines is unknown.

The next speaker, Mr Francisco Ferreira dos Santos, an agronomist and CEO of the JFS Group in Mozambique, spoke on behalf of the Producers and Ginners Permanent Committee. The European Commission is talking about how to present product information to consumers. To substantiate green claims, The European Commission says brands must label their products using the same PEF methodology to show how environmentally sustainable the product is.

The risk here is not necessarily the natural fibres versus polyester debate, he said, but rather, the fact that the PEF methodology as it stands today does not take into consideration key elements like plastic waste, microplastics, circularity, renewability, and biodegradability, amongst others, which set natural fibres apart from manmade fibres. If these elements are included, then we may expect that manmade fibres may get a lower score. Finally, he pointed out that the EU is the biggest consumption market and if the PEF methodology is not adjusted, cotton products may get downgraded against manmade fibres.

The next speaker, Mr Muhammad Anees Khawaja, is Vice Chair of the All-Pakistan Textile Manufacturers Association and spoke on behalf of the Spinners, Weavers and Machinery Manufacturers Permanent Committee. He wondered whether there were enough studies showing that cotton is a sustainable, natural fibre and how many families globally depend on it for a living. He closed his comments by saying that much of the textile supply chain is based in developing and underdeveloped countries, which have other more concerning issues, and that we need to consider whether these countries have enough resources and training to implement the new changes.

The final speaker, Mr Nate Herman, oversees the American Apparel and Footwear Association's Policy department and spoke on behalf of the Brand and Retail Permanent Committee. He began by stating that the PEF will be used as a basis of European Union's Green Claims Initiative for sustainability labelling, for clothing and other products and will likely be used as basis for Europe's mandatory human rights and environmental due diligence proposal. He pointed out that other countries will likely adopt the PEF as a basis for their own sustainability regulations including Unites States. The problem is that the Product Environmental Footprint focuses on the environmental impact on material only from cradle to gate — from the creation of the material until it ends up in the final product. That puts natural fibres, particularly cotton, at a significant disadvantage. Currently, the PEF ignores the use-phase of the garments, such as the fact that cotton doesn't have to be washed nearly as much as synthetics. Therefore, the PSAC should lobby for the European Commission to ensure that its Product Environment Footprint captures the full environmental impact of material by measuring the environmental impact of the material during its entire life cycle.

Mr Wakefield then opened the floor for questions and welcomed Ms Emily Pomelia from the Brunswick Group, who provided the PSAC with information on the working methodologies on the EU when preparing legislation and agreed to take questions. She was asked about the timeline for the Substantiating the Green Claims legislation and said it has been postponed until 2023. It has already been introduced and debate will begin early next year by members of the European Parliament.

Mr White was asked who stands to be directly impacted by these policies and he replied that it's not just about cotton merchants but about the whole supply chain.

Mr dos Santos was asked how difficult it will be for an average cotton producer in Africa to understand the complexity of the German and EU laws and comply with them. He acknowledged that it will be a challenge but that the private sector has a role to play there and can help people adapt to the changes.

Mr Khawaja was asked, after pointing out how much of the textile supply chain is based in developing regions, whether businesses there will be able to adopt the changes anticipated by the EU and German government. Unfortunately, he replied, the industry cannot commit to adapting at the pace the EU wants. The commitment is there, he said, and the technology will be adopted but it is not going to be on the timeline that is being proposed.

Mr Herman was asked about The Norwegian Consumer Authority, which has taken an action against an

environmental label that the Sustainable Apparel Coalition was testing out to translate the Higg Index and MSI into a consumer-friendly eco label, and whether that could be good news for cotton. He replied that the Higg Index doesn't capture the full impact of the fibres, especially manmade fibres, which gives cotton advocates an opportunity to raise this point again.

Mr Edmonds was asked what we can do at this advanced stage of the regulations, replying that the EU Commission is to conversation. He cited the 'Make the Label Count' campaign has already engaged the EU on this topic.

The final question was asked to all speakers for their comments: How will the policies impact their sectors?

Mr dos Santos said it depends on the implementation rate and how far the legislation will go, and that it might have a tremendous impact on businesses if they don't comply with the all the criteria implemented.

Mr White replied by saying that the biggest challenge is how they bring all this together and collaborate to communicate this situation.

Mr Khawaja added that we need to consider socio-economic reforms and how women can be empowered.

Mr Herman said that we need to speak with a single voice and that If we can do it for this issue, we can do it for other issues.

The Chair then read out a comment from the chat, which said we need to partner with other organisations as they develop substitute blends, such as one that incorporated 35% pineapple fibres with 65% cotton in a blend.

The Chair announced the PSAC's Final Statement will be available on the ICAC website and made a plea for people to read and distribute it, then concluded the session at 12:00 pm.