

81ST PLENARY MEETING

**MUMBAI, INDIA**

2-5 December 2023

**Cotton Value Chain:  
"Local Innovations for Global Prosperity"**



# **Report of the Executive Director**

---

**COTTON VALUE CHAIN:  
LOCAL INNOVATIONS FOR GLOBAL PROSPERITY**

2 – 5 December 2023

Mr Chairman, Distinguished Delegates, Colleagues, Observers, and Friends.,

Thank you for the opportunity to address this 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) since 1939. I want to thank the Government of India and the Organising Committee for this spectacular venue and their unwavering support for organising this event. I would like to express my appreciation to all the Delegates serving on the Standing Committee, who have done so much to support the ICAC. I want to especially recognise Chairman Ambassador Touré, who has served as a highly effective ambassador to potential and existing Members. His efforts enabled our Membership to rise to 28 countries. I also want to thank our Member governments for your support and ideas as we prepare for the CAC's future. Finally, I would like to express my appreciation to Ms Caroline Taco and the ICAC Secretariat for their work during the transition period between Executive Directors, and later when I started in the organisation.

As we look back on the four years since our last in-person Plenary in Australia, the world is a different place in many ways. Many of us were affected by the traumas and disruptions of the Covid-19 pandemic, witnessed increasing effects of climate change, and were affected by weak or unstable demand from key markets. Some of these larger issues aggravated the challenges for the cotton sector. These include climate change, which disrupts cotton production while generally threatening health and prosperity. Climate change has also deepened the vulnerability and poverty of many smallholder cotton farmers. Another critical issue is the competition from synthetic fibres, which has pushed market share for cotton below 23%.

As we look forward to 2024, I am reminded of our mission to serve, “the cotton and textile community through promotion, knowledge sharing, innovation, partnerships, and providing a forum for discussion of cotton issues of international significance.”

*As we prepare to move forward, this is how we intend to face our challenges and accomplish our mission to strengthen the global cotton economy:*

#### **1. Data & Publications**

ICAC's data and publications are the base of all our other work. They are not only a core product of our organisation but support our other efforts in sustainability and in boosting farmer productivity and income. The data also play a particularly important role in helping industry stakeholders understand markets – which supports a healthier global cotton economy. The ICAC will continue to gather and publish actionable data, statistics, forecasts, and analysis to inform stakeholders in the global cotton supply chain.

One key part of our work in knowledge-sharing has been to further refine our Data Portal, a platform that enables user interaction with the data to get insights and intelligence through visualisation and scenario planning. As more users interact with the data, we have benefited from their feedback, which has allowed us to further refine and improve our work. Our Data Scientist, Mr Matthew Looney, has been the lead in advancing the priority. Alongside the Data Portal, Dr Keshav Kranthi has overseen significant expansion of the Cotton Data Book, which now comprises more than 900 pages of information on cotton production, and is unmatched anywhere else in the world. It is a 'must have' for anyone interested in understanding cotton production.

To further strengthen the cotton economy, we have maintained a consistent publication schedule. It includes the Speciality Cotton and the World Cotton Trade reports, both authored by Commodity Trade Analyst Ms Parkhi Vats. Dr Keshav Kranthi produces the ICAC Recorder. Ms Lorena Ruiz writes the World Textile Demand, Cotton: Review of the Cotton Industry and the Government

Measures reports, while Mr Matthew Looney prepares Cotton This Month and World Cotton Statistics. All these reports have enabled the ICAC to be the premier source of international data on the global cotton industry.

In 2023, the ICAC Secretariat also produced informational videos aimed at raising awareness about the organisation and its activities. The goal of this initiative was to provide an overview of various topics relevant to the cotton sector and to introduce viewers to the ICAC and its contributions to the cotton industry. These videos are available on the ICAC YouTube channel. In the future, we plan to examine other major topics of interest such as labour, regenerative agriculture, gender equality, and cotton promotion – all as a part of our commitment to serving our Members and supporting the cotton economy.

## **2. Private Sector Engagement**

The ICAC will also continue its partnership with the private sector through the Private Sector Advisory Council (PSAC). Created in 2021, the PSAC is the only global platform that includes representation from every link in the cotton and textile value chain. In 2023, the PSAC has focussed on the topic of traceability in the cotton and textiles value chain by looking at the current and upcoming traceability regulations and traceability solutions available globally. Based on this work, the PSAC has prepared the 'Private Sector Recommendations on Policy Making on Traceability' that will be presented during this Plenary meeting.

Looking forward, the ICAC intends to deepen our collaboration with the private sector through our four Permanent Committees, which are focussed on Producers and Ginners; Merchants and Other Cotton-Related Activities; Spinners, Weavers and Machinery Manufacturers; and Brands and Retailers. With more than 65 organisations involved, the ICAC believes this connectivity will facilitate effective action on issues affecting the global cotton economy by proposing solutions that can make a real difference to our stakeholders.

I would like to acknowledge the role of Mr Peter Wakefield for his leadership in establishing and chairing the PSAC and to Ms Parkhi Vats for her key role in establishing and running the PSAC.

## **3. Instrument Testing**

Given the complexity of specifications in the cotton value chain, it is critical that buyers and sellers trust the instruments used to determine the quality of products. To support a healthy cotton economy and market transparency, the Task Force on Commercial Standardisation of Instrument Testing of Cotton (CSITC) has been pivotal in the widespread adoption of instrument-based cotton testing since 2003. This has enabled breeders to produce cotton with the quality characteristics desired by the spinners while making the trading of cotton more efficient.

The most recent Round Trials successfully reduced the interlaboratory testing results variations by 35% — which reduces uncertainty in trade. We achieved our second highest participation in Round Trials since 2012 with 158 instruments. I extend my deepest gratitude to our CSITC Chair, Dr Marinus (René) van der Sluijs, for his exemplary leadership. He has been crucial in continuing the excellent work initiated by our late Chair Andrew McDonald, who served from 2003 to January 2022. We also want to recognise Mr Axel Drieling for his complex analysis of instrument results and thank Ms Gretchen Deatherage for her new leadership role. Finally, I want to express my appreciation to Mr Kanwar Usman, ICAC's Head of Textiles, for his strategic oversight and to Ms Maria Borisova, who ensures operations run smoothly.

## **4. Other Efforts**

Beyond data, publications, PSAC, and the CSITC, I also want to mention a few of ICAC's other initiatives. Ms Lorena Ruiz has been working with the Food and Agriculture Organization (FAO)

on the Women in Cotton initiative in Latin America to address the role of women in the cotton value chain. She also led the 2023 Research Associates Program that brought cotton researchers to the United States to visit ICAC headquarters, the US Department of Agriculture (USDA), Cotton Incorporated, two farms, and the Tidewater Research Centre in North Carolina.

Dr Keshav Kranthi has been supporting the upcoming World Cotton Research Conference, planned in Uzbekistan next year, along with supporting regional and global research networks. Finally, we like to acknowledge the contribution of Mr Neal Gillen, who represents the ICAC Secretariat at the United Nations Commission on International Trade Law (UNCITRAL).

*Beyond our current efforts, the ICAC is looking to expand our work in these areas:*

## **5. Ag Development**

I want to start by thanking Dr Keshav Kranthi, who started the ICAC's work in agricultural development. Since the plight of the smallholder farmer is one of our global challenges, one priority is to boost agricultural incomes and productivity. Thanks to earlier efforts, the ICAC continues to roll out our ICAC Cotton Expert app, which is designed specifically for farmers with reading and/or writing difficulties and uses voice commands, images, and animations to support the adoption of global best practices for cotton cultivation. A recent upgrade will help farmers identify and resolve insect and disease issues. To boost capacity, the ICAC continues to deploy the Virtual Reality Cotton Training Programme. It creates a virtual world around the user to assist trainers in the knowledge transfer of best practices. Looking ahead to 2024, the ICAC is poised to start activities on the ground as a part of the i4Ag project, funded by BMZ and implemented by ICAC and CIRAD on behalf of GIZ, that will promote innovations in cotton agriculture in Africa.

Beyond our initial efforts, the ICAC intends to further pursue work in agricultural development to support vulnerable farmers, especially in Africa and South Asia. We have already begun to engage with potential donors and partners. After leading agricultural development programs at a major government donor, I have learned that the design and ownership of truly effective interventions must be led and owned by partner countries. Since country ownership is critical to success, I look forward to hearing from Members about how the ICAC can help accomplish your priority development goals in the cotton sector.

## **6. Sustainability**

Since its formation in 2006, the Expert Panel on the Social, Environmental, and Economic Performance of Cotton Production (SEEP) has been dedicated to this vital work. The recent focus of the panel has been on regenerative agriculture. The forthcoming report will address the feasibility and challenges of diverse regenerative agriculture practices that are aligned with different philosophies and standards. This paper will emphasise the implications of these standards for farming systems of varying sizes and levels, outlining the necessary changes for farmers while addressing the associated risks of different approaches.

In the future, SEEP will continue to play a critical role in supporting other initiatives connected to enhancing the sustainability of the cotton sector. This includes supporting our ability to communicate the truth about cotton, engaging in constructive dialogues on regulations, collaborating with environmental civil society groups, and furthering our work in agricultural development. This effort will also be closely linked to our work on traceability.

I'd like to express my gratitude to Mr Allan Williams, Chair of SEEP, Ms Lorena Ruiz, and all SEEP members for their unwavering commitment to this critically important issue. I also extend an invitation to all ICAC Members to actively participate in SEEP.

## **7. Textiles**

While the ICAC has historically focussed on cotton production and trade, we started looking further down the value chain several years ago. To advance further in this direction, the ICAC will be stepping up its engagement with the value chain downstream from the farm to include textiles, brands, retail, and promotion to consumers in collaboration with our Member countries and other stakeholders.

This value chain thinking is critical because a strong cotton economy is best supported by understanding the system from farm to customer, where actors always keep markets in mind. One central part of the value chain is the textile sector because of its high employment numbers and major economic impact. For example, the data show that on average, five people are employed for every tonne of cotton produced. The ICAC demonstrated its commitment to textiles in August 2021 by hiring Mr Kanwar Usman, our first-ever Head of Textiles.

To advance our work, the ICAC is planning to release a report that will provide an exhaustive overview of textiles from cotton to finished products. The ICAC is also preparing a new global Textiles Portal to foster collaboration and innovation in the textiles value chain. Although the platform is still under development, it will likely include coverage of national industries, a data portal, and a research forum. It is expected that the portal will be more than just a data repository but will serve as a dynamic ecosystem to facilitate research and collaboration to serve the interests of the cotton sector.

Beyond these digital endeavours, the ICAC is considering other ways to support textile collaboration to benefit the global cotton economy. We may ask for a focal person in Member countries from the textile sector, may establish Textile Discussion Networks, and are considering the creation of a Textiles Expert Panel focused on sustainability using the SEEP approach with members from SEEP, PSAC, and selected subject matter experts. To boost the competitiveness of cotton, we are especially interested in promoting innovation that could facilitate the use of cotton in new applications including technical textiles. Finally, we are considering ways to assist textile sectors in our Members to facilitate their use of cotton.

## **8. Brands & Retail**

As a part of engagement with the entire cotton value chain, ICAC intends to significantly increase engagement with brands and retailers to find ways to integrate their objectives with ours. This work will focus on understanding what stops brands from consuming more cotton. This interaction will also enable ICAC to better understand clothing producers toward the end of the value chain while enabling them to learn more about upstream cotton suppliers. This initiative will likely work within the Brands and Retail PSAC subcommittee but will likely require a change of the rules for this grouping alone to allow participation by individual companies. We hope this engagement will enable ICAC to be more responsive to the needs of businesses that connect directly to the consumers — and boost the competitiveness of cotton globally over time.

## **9. Promotion**

As the final step on our value chain systems approach to support cotton, the ICAC will be moving from advocacy to promotion. As synthetic fibres continue to take market share from cotton, we need to build on our work in sustainability, data, and ag development to make a stronger case for cotton. We need to switch from defence to offence. This means countering the myths and negative publicity about cotton.

One effort will be to continue our work around World Cotton Day. As noted in the letter from the Chair of the Standing Committee, we have been highly visible in events to support the world's

most widely used natural fibre. The World Cotton Day programme in Vienna included keynote speeches from Mr Gerd Müller, Director-General of United Nations Industrial Development Organization, Ms Ngozi Okonjo-Iweala, Director-General of the World Trade Organization, and a virtual address from Mr QU Dongyu, Director-General of the Food and Agriculture Organization. This was followed up by a seminar in Taiwan and the ICAC's support for a number of global events to support World Cotton Day. We need to keep telling the truth about cotton to dispel the myths.

Looking beyond World Cotton Day, the ICAC also intends to work with others to make the case for cotton to the public and key opinion leaders by promoting cotton generically. Our goal is to expand the market with promotion to support a healthier global cotton economy for all.

## 10. **Conclusion**

Before closing, I want to welcome Brazil, Cameroon, and Kenya back to our organisation. We look forward to working with you as we find ways to strengthen the global cotton economy.

I would like to welcome delegates from non-Member countries who are participating as observers. All participants in ICAC Plenary meetings are fully welcome. I hope you will urge your governments to join the ICAC. Membership has value to all countries that produce, consume, or trade cotton. It provides tangible benefits in the form of increased access to statistics and technical information provided by the Secretariat, and is a critical way for the cotton sector in each country to have a voice in discussions of issues of international scope and significance. Membership ensures your voice will be heard as we look to support a stronger cotton economy.

While the global cotton economy faces significant challenges — from wild swings in demand, climate change, farmer deprivation, and competition from synthetic fibres — we believe that the ICAC, in collaboration with our Member states and other stakeholders, can make a difference for the global cotton economy. Thanks to our Member countries, committee participants, and our outstanding ICAC team, we have made a great start.

Looking ahead, I believe we will make progress. We can face the climate challenge and fight poverty through growth with our sustainability and agricultural development work. We can boost the competitiveness of cotton by making the sustainability case while engaging with the entire value chain, from farm to customer, through efforts in textiles, brands, retail, and promotion to create a positive and accurate image of cotton. Cotton can fight climate change, create quality jobs, and help fight poverty through growth.

As I approach my fourth month as Executive Director, I have tried to personally meet with as many Members as possible to learn how to serve you better. As I continue my listening tour, I look forward to meeting more of you and working with all our stakeholders to further advance the ICAC's mission to create a more vibrant, prosperous, and sustainable cotton future.

I thank Member countries for the privilege of serving as Executive Director, and I look forward to a successful 81<sup>st</sup> Plenary Meeting and all the progress that we can make together.

Thank you,

**Eric B. Trachtenberg**  
**Executive Director**  
**International Cotton Advisory Committee (ICAC)**