



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

MINUTES

**SECOND OPEN SESSION
Reports from the ICAC Secretariat
SUNDAY, 3 DECEMBER, 9:00 TO 10:30**

Chair: Mr Lalit K. Gupta, Chairman-cum-Managing Director, Cotton Corporation of India
Co-Chair: Mr Sourabh Kulkarni, Director, Office of the Textile Commissioner

The session began at 9:00.

The first speaker was Head of Textiles Mr Kanwar Usman, whose presentation was on 'Forecasting Global Textiles Demand and Supply: Trends and Insights'. He analysed global GDP, key economic regions, the international textiles trade, and domestic retail sectors, offering a comprehensive snapshot of the current and future textiles landscape. He specifically addressed a number of emerging trends, including e-commerce and nanotechnology, and outlines the type of impacts they could have on future textiles development. He concluded by addressing the opportunities and challenges facing the textile industry in 2024 and beyond.

The second report, entitled 'Global Economics of Cotton Production', was delivered by Chief Scientist Dr Keshav Kranthi. He discussed cotton's economic contribution (23.9 million farmers, 2.63 billion man days of work, employment for 8.76 million people on the farms and 125 million people throughout the value chain). He also covered pesticide usage, water consumption, fertiliser usage, and cotton's environmental impact. He concluded by saying that while cotton was often criticised for its negative impacts on the environment, it was in reality a part of the solution for a sustainable future, particularly as the industry continues its shift to regenerative agriculture techniques and processes.

The third speaker was Commodity Trade Analyst Parkhi Vats, who discussed the World Cotton Market Outlook. She began by providing a detailed review of the 2022/23 season, highlighting issues including supply and demand, the impacts of inflation on consumer demand. For both the current and previous season, she offered an overview of trends regarding production and consumption; global yields and price trends; world cotton lint stocks both by season and by country; and concluded with a discussion about the influence of price on plantings.

Ms Vats also spoke on the World Cotton Trade and Specialty Cotton, providing data on the world cotton lint trade dating back to the 2003/04 season. She also identified the world's cotton lint importers and exporters; discussed world production of specialty cottons from 2019/20 to 2021/22; highlighted trends in the global trade of long staple and extra-long staple cotton and specified the world's top producers and consumers in that market; and discussed the current trends in global cotton production under identity programmes.

Economist Ms Lorena Ruiz closed the session with a presentation on Production and Trade Subsidies Affecting the Cotton Industry. An unbiased analysis of the support provided to cotton farmers globally, her data was drawn primarily from government agencies, supplemented by open-source information. She specifically addressed the complexity of this topic and the challenge of finding reliable data but noted that one thing was very clear: In periods of soaring cotton prices, subsidies have typically experienced a reduction. Conversely, during times of depressed cotton prices, subsidies have seen an increase, serving as a safety net to support cotton farmers. Her presentation concluded by saying that the ICAC Secretariat has estimated that total assistance to the cotton sector reached \$8 billion in 2022/23, up by 66% from the \$4.8 billion in 2021/22.

During the question and answer session, Ms Ruiz replied to an attendee's question, saying that the ICAC's main objective is to collect as much impartial data as possible — not to offer criticism of any particular country or program.

The Chair noted that each country that offers support uses a different methodology, meaning that the amounts of the subsidies listed in the report couldn't easily be compared to each other.

The session closed at 10:30 am.

Summary Paragraph

Cotton is unfairly criticised for having a negative environmental impact when in fact it is part of the solution, and the increasing use of regenerative farming practices will further enhance its sustainability going forward. The world cotton lint trade has been slowing, possibly due to inflation and weak consumer confidence in the global economy. When cotton prices are high, government support such as subsidies tends to decrease; conversely, when prices drop, the amount of support increases to provide a safety net for producers. In addition to the usual factors affecting the textile industry, emerging technologies such e-commerce and nanotechnology would have a growing influence on the sector's development in coming years.