



STATEMENT OF THE 80TH PLENARY MEETING

'Driving Sustainability Through Innovation and Leadership'

1. The International Cotton Advisory Committee met virtually between 29 November – 1 December 2022 for its 80th Plenary Meeting since the establishment of the Committee in 1939. The meeting was the second to be held virtually and 384 persons registered including representatives from 20 Member Governments, 6 international organisations and 14 non-member countries.

Reports from ICAC Secretariat with focus on sustainability

2. **Market Outlook:** For the 2022/23 cotton season, international cotton prices are expected to remain below those of the previous season. Due to the uncertainty surrounding global macroeconomic conditions, price volatility is expected to remain high for the remainder of the 22/23 season. Production for 22/23 is currently recorded at 25.03 million tonnes. This level of production is despite a catastrophic crop in Pakistan and the United States. Consumption is lower than the previous season and is currently projected at 24.91 million tonnes. Production is currently outpacing consumption and there appears to be sufficient supply for estimated demand.
3. **World Cotton Trade:** For 2022/23, while it is projected that USA will remain the leading exporter, its exports will drop by 32% to reach 2.2 million tonnes and it may lose up to 10% of its world market share. Some countries are registering a fall in exports because of an expected fall in production due to bad weather. World imports will be led by China; however, it is projected to experience a 2.59% fall this season, due to the economic environment and the US sanctions that came into effect in June 2022. Because the cotton crop was severely damaged by heavy rainfall, Pakistan may increase its imports this season. Other variables including the expectation of a production shortfall in the 2022/23 season, supply chain issues, the on-going pandemic, lower consumption levels, and major policy changes may also impact cotton trade.
4. **Textiles Strategy:** Textiles are now a major area of emphasis at the International Cotton Advisory Committee. To provide value to ICAC members, the organisation will aim to integrate various segments of the cotton supply chain by developing a textiles data portal. The portal will provide information regarding member countries' textile industries and a business-to-business portal to connect member countries' textile companies. This initiative includes information beyond the production and consumption of cotton lint. The strategy also aligns with participating industries

including machinery, dyes and chemical manufacturing, and the services sector. A textiles research network for academia and the textiles sector including allied industries is also planned.

5. **Production and Trade Subsidies Affecting the Cotton Industry:** Assistance to the cotton sector in 2021/22 has been estimated at \$3.5 billion, a 57% decrease from the \$8.3 billion observed in 2020/21. In 2021/22, assistance averaged 9 cents per pound, down from 22.5 cents per pound in 2020/21. The government assistance report included information from nine countries.
6. **ICAC Researcher of the Year:** The 2022 ICAC Researcher of the Year was Dr Jodi Scheffler, a cotton genetics researcher at the USDA Crop Genetics Research Unit and Adjunct Professor at Mississippi State University, USA.

What Climate Smart, Sustainability Policies/Initiatives Have you Put in Place for Cotton and Textiles, for Example to Respond to COP26?

7. COP26 was a major event, held in Glasgow in November 2021, that brought together leaders from all countries in the world to discuss, review and agree on how to step up global action to solve the climate crisis. ICAC member governments are responding to its findings in different ways, including investing in projects that build farmer resilience; improving global market transparency for inputs; re-evaluating varieties and production practices; initiatives to tackle greenhouse gas emissions, soil and water loss and energy usage; investing in enhanced extension systems; and implementing a variety of emissions-reduction programmes.

How Can Regenerative Agriculture Contribute to a Sustainable Cotton Industry?

8. Experts stated that policy measures need to upscale improved technologies for cotton production and must be pro-nature and pro-farmers. Restoration of soil health by restoring soil organic carbon content can improve soil structure and reduce the risks anaerobiosis at critical stages of cotton growth. In the context of climate change, the strategy should be to reconcile the need to produce more cotton with the necessity for improving the environment and restoring the health of degraded soils by re-carbonisation of the terrestrial biosphere via increasing stock of soil carbon in the root zone. However, farmers and land managers must be motivated to adopt conservation-effective cotton production systems through payments for ecosystem services.
9. In the tropics, crop rotation is important because it increases the carbon stock in the soils. Cycling and nutrient use efficiency can improve crop productivity, especially in sandy soils. Increasing yields could be the best approach to increasing the sustainability of cotton over time because it requires improvement in soil quality, which is only possible with the adoption of conservation practices such as crop rotation. Identifying the most appropriate cover cropping systems is the main challenge for regenerative agriculture.
10. Regenerative agriculture has recently been identified by textile companies as an important consumer concern. When comparing a set of 13 statements about regenerative agriculture from textile companies, two common concerns emerge: climate and soil health. These are linked because soil health can sequester carbon and expand resiliency. Although there is no consensus on the principles, definitions or certifications of regenerative agriculture, its practice can be

encouraged through support of cotton production protocols that include soil health. Textile consumer concerns about regenerative agriculture, climate change and microplastics offers an unprecedented opportunity for cotton to emphasise its role (both during the production and the processing phases) in protecting the environment.

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

11. All four Permanent Committees of the Private Sector Advisory Council (PSAC) urged the EU to revisit the process adopted by the EU commission and German government for policy making. In addition to their direct impact, once the EU has its policies in place, other countries are likely to follow and many of the PSAC members were not even aware of this legislation and its potential negative impacts. It was noted that the Product Environmental Footprint (PEF) system does not include a fair evaluation of the impact of microplastic pollution on the environment and relevant impact categories, such as use and end of life, were not accounted for in the presentation of the Higg MSI data. It was recommended that the complete life cycle of a product should be considered for asserting the environmental performance of a fibre. Products with renewable and biodegradable raw materials such as natural fibres are more circular than products made from fossil fuel sources because they can naturally decompose over time, and that needs to be included in all evaluations. Additionally, in a true cradle-to-gate analysis, the biogenic carbon captured in the fibre would be shown as negative emissions only, thus making cotton carbon negative.
12. Regarding traceability, it was recommended that any rules concerning cotton must also be applied to other fibres, including manmade fibres. Moreover, when considering cotton in particular, it is important to consider the social and economic impact of a sector that supports the livelihood of millions of farmers and textile workers across the globe. It is the only source of income for many households, making it a vital crop in raising the income of small-scale farmers and downstream stakeholders. Governments were urged to support the economies of less-developed nations which rely on cotton as one of their most-traded commodities.

Rethinking Fashion and Textiles for 2030

13. The textiles value chain spurs industrialisation and can also contribute to the achievement of the UN Sustainable Development Goals (SDGs). The first dedicated textiles session received an overwhelming response with seven speakers from different countries covering various topics. Next year, there will be more textiles sessions covering topics on textiles technology, dyes and chemicals, economics, sustainability, circularity, traceability, compliance and fashion.

World Café: The Evolving Global Textile Supply Chain

14. Cotton is the most complex agricultural commodity in terms of its supply chain. New technologies and processes that further contribute to this complexity, especially with regard to sustainability initiatives, will negatively impact Small and Medium Enterprises (SMEs) given their lack of extensive resources. If a technology such as traceability becomes too expensive or difficult to implement, SMEs will be the first to abandon them. Greenwashing is becoming an even bigger problem as companies try to portray their operations as being better and more environmentally friendly than they are. Another major issue is audit fatigue, which not only slows the supply chain down with additional requirements but will also affect SMEs more than their larger, better-funded competitors. One way to overcome this is to align and streamline the requirements from different organisations so stakeholders only need to go through one audit, as demonstrated by ABRAPA with Better Cotton.

Steering Committee

15. The Committee noted the proposal to form an International Textiles Research Council and suggested that the Secretariat revisit the proposal and utilise ICAC's strength as an intergovernmental body to connect with existing textile networks and activities and to take advantage of ICAC's infrastructure and activities in lieu of establishing a brand new, complex organisation.

The Topic of the 2023 Technical Seminar

16. The Committee decided to hold the 2023 Technical Seminar on a topic that was a combination of two proposed titles: *'Recent Technological Innovations as Gamechangers on Cotton Farms'* and *'Climate Smart Technologies for Cotton Production'*. The exact wording would be approved at a later date.

Future Plenary Meeting:

17. The Plenary Meeting for 2023 will be a face-to-face meeting.