

81ST PLENARY MEETING

MUMBAI, INDIA

2-5 December 2023

Cotton Value Chain:
“Local Innovations for Global Prosperity”



MINUTES

SECOND PLENARY SESSION **Presentations by Government Members** **SUNDAY, 3 DECEMBER, 16:00 TO 18:00**

Chair: Mrs Prajakta Verma, Joint Secretary, Ministry of Textiles, Government of India

The meeting began at 16:00.

Mrs Verma opened the session by encouraging speakers to bring up any relevant issues — not just with their government reports, but also in the role of the ICAC going forward. She reminded everyone of the 5-minute limit on their statements to ensure everyone could participate.

The Delegate from USA spoke first about the US climate-smart cotton program, which has received \$90 million in funding to advance the industry’s environmental stewardship efforts. The program integrates leaders from all sectors of the supply chain to conduct farmer education, applied research, demand-building, monitoring and reporting, and to develop verification platforms. It’s a multi-stakeholder initiative involved the National Cotton Council, Cotton Council International, and Cotton Incorporated, Texas A&M University, Alabama A&M University, and North Carolina State University. The US Cotton Trust protocol was launched in 2022 to set a new standard for sustainable cotton production and provides technical and financial assistance to more than 1,000 US farmers. The latest annual report shows an increase in membership across the value chain, the completion of nine pilot studies, and growing recognition by independent and government bodies. Tangible results were delivered across six key metrics: land-use efficiency, water-use efficiency, reductions in energy usage, greenhouse gas emission and soil loss, and a positive soil conservation index. More than 1,800 suppliers and 40 companies and brands are members.

The Delegate from Turkey gave an update on the domestic market, saying Turkey carries out all stages of the supply chain, from production through apparel manufacturing. Cotton is the most important raw material for the country’s textile sector and is grown primarily in the southeastern part of the country, which provides 60% of the country’s crop, with 24%

coming from the Aegean Region, and 16% from Cukurova. In the 2021/22 season, production increased by 27% compared to the prior year, and the 2022 price increases for cotton encouraged farmers to increase their plantings, meaning production in 2022/23 is expected to reach 1.1 million tonnes. Clothing and textiles contribute 6.2% to the country's GDP; the 65,000+ Turkish textile and clothing companies employ more than 2 million people (13% of total national employment, 41.5% are women). About 65% of the country's clothing and apparel production is exported. In 2022/23, Turkey is expected to import 883,000 tonnes of cotton, 35% lower than the previous season due to weak demand in primary markets. GMO-free Turkish cotton is produced according to the country's National Cotton Council's environmental and social sustainability criteria.

The Delegate from Taiwan said textiles is the country's fourth-largest foreign exchange earner, with total production of \$12.8 billion in 2022. Fabrics were the main export item, accounting for 71.8% of total textile exports, followed by yarn at 13.1%. Apparel was the main textile import, amounting for 53.4% of total textile imports. The country doesn't produce cotton and relies on imports to meet local mill demand, with the USA, Australia, and India serving as the three largest suppliers. China is Taiwan's primary export destination for cotton yarn. In 2022, Taiwan imported 76,000 tonnes of raw cotton (\$177 million in value), representing a decrease of 13.9% in weight, although the value remained largely unchanged from the prior year. Since 2005, Taiwan has arranged international seminars in collaboration with the ICAC every two years, with the most recent having been held on 18-19 October 2023. Taiwan encouraged all Member governments to participate in these seminars in coming years.

The Delegate from South Africa said the country's production is undertaken both by commercial farmers as well as small-scale farmers. Commercial farmers have an average farm size of about 300 ha, with small-scale farms average 10-20 ha. The non-profit Cotton South Africa organisation, founded in 1998, is charged with moving the domestic cotton sector forward. CottonSA is also charged with ensuring the industry progresses in its sustainability efforts and ensuring there is traceability from the cotton farm to the ginner. All purchasers — including processors, importers, and exporters — must register with Cotton SA. The country's total production of cotton lint is expected to reach about 80,000 bales, about 12% of which is grown by small-scale farmers. The country has faced several challenges in recent years, including decreasing production and area under cotton dating back to 2017, mostly due to farmers opting to plant different crops. However, Delegate said CottonSA is optimistic that trend will be reversed in the 2023/24 season.

The Delegate from the EU said cotton production is primarily concentrated in Greece and Spain, where farmers benefit from support under the new Common Agricultural Policy of the EU that is conditioned to the use of good environmental and agricultural practices and limited in terms of surface and yield. The industry's biggest challenge is adverse weather conditions, including drought, meaning crop resilience is a high priority. The EU is also a strong donor and technical partner for the cotton sector, especially in Africa, where the heavy use of pesticides, herbicides and synthetic fertilisers, combined with slow adoption of adequate agricultural practices and the resulting exhaustion of soils in cotton lands are serious concerns. Transitioning to organic production offers many benefits but is also a

challenging transition to make, often due to lack of accessible financing. The EU has contributed more than 230 million euros to completed or ongoing projects in Africa. The EU is the world's largest importer of textiles and apparel, accounting for 43% of the global market, and with the adoption of the EU Green Deal, it is taking major steps to increase sustainability in both textile production and consumption.

The Delegate from Egypt said his country only produces extra-long cotton, and an area of 100,000 hectares was cultivated this year, with production of 85,000 tonnes of lint expected this year. Egypt participates in many international initiatives for cotton sustainability, such as BCI, Cotton Connect, and organic. Domestic consumption in the previous season represented 12% of production, and it is expected that local consumption will increase to reach 40% during the next three years. As a result of the Egyptian state's plan to develop the cotton ginning sector and add new factories for spinning, weaving, and ready-made clothing manufacturing, four new gins have been added, in addition to a number of spinning and weaving factories. Cotton exports in the previous season amounted to about 92,000 tonnes, with India accounting for about 50% of exports, followed by Pakistan at 16% and China at 15%. It is worth noting that Egyptian cotton is exported to 21 countries. Egypt imports about 140,000 tonnes of medium-length cotton annually.

The Delegate from Cote d'Ivoire said cotton is the country's 5th largest exported agriculture product in value terms — after cocoa, natural rubber, cashew nut, and palm oil — and it involves 100,000 cotton producers and their families in central and north regions of Cote d'Ivoire. There are 15 ginning facilities, including two mills recently installed in 2015 and 2017 in the north of the country, bringing the country total ginning potential capacity to 615,000 tons of seed-cotton (265,000 tonnes of lint). The industry's challenges include a need for more mechanisation; better seed quality to optimise yields; the cost of inputs including fertiliser, and climate change.

The Delegate from Burkina Faso said the country's annual cotton production is about 250,000 tonnes, and officials are implementing a policy to encourage local transformation of cotton to find sustainable answers in terms of decent pay and job for the young and women. The goal is to raise awareness on the need to consume what is produced locally. The ICAC must facilitate knowledge transfer for its Members and provide actionable recommendations from the work of the Plenary Meeting to develop the value chain for both conventional and organic cotton production, which remains an important driver for sustainable development in Africa and BF. The Delegate invited all ICAC Members to the 3rd International Cotton and Textile Exhibition (SICOT) organized by the Government of Burkina on 26-27 January 2024 in Kourougou on, 'Local cotton processing: What are the industrialization models for Africa in the context of the continental free trade area (ZLCAF)?'

The Delegate from Bangladesh said confirmed that his country is the second-largest cotton importer in the world; its clothing and textile sector contributing about 13% to its GDP (84% of export earnings). Domestic demand is about 8.5 million bales annually for its 529 spinning factories and 4,114 ready-made and garment facilities. Primary cotton

suppliers include India, the USA, Brazil, and several African nations, totalling about \$3 billion worth of imports annually (domestic production only meets about 3% of annual textile industry demand, largely due to the small amount of arable land available). The government of Bangladesh is trying to increase domestic production by introducing hybrid varieties and Bt cotton, and by providing free seeds and fertiliser to smaller, poorer farmers. In 2022, the textile sector's business value was estimated at \$42 billion.

The Delegate from Argentina said cotton area planted has been growing over the past decade and exceeded 500,000 ha in 2022/23, reflecting an increase of 6% over the prior season. Unfortunately, yield per ha slumped last year due to unfavourable weather conditions, dropping to approximately the same average as the 2014/15 season. However, on the bright side, quality was not affected by the weather, which was favourable at harvest time. Among the most significant efforts of the National Cotton Roundtable, which includes public and private sector organisations, is providing support and assistance to small and medium-sized producers in the cotton provinces through the Income Compensation Fund. For example, three new varieties developed by INTA are being made available to smaller producers to ensure they have access to the same qualities and technologies as the large producers. Adoption of better control mechanisms in cotton seed production — a programme known as SafeSeed — is also a priority initiative to prevent the entry of unapproved technologies into the country.

The Delegate from India said hers is the only country that produces all types of cotton, from short-staple to extra-long, and accounts for about 22% of global production overall. Of the world's 32 million ha under cotton, about 13 million (40%) ha are in India. The country's textile industry is largely cotton-based (60%), whereas the rest of the world's textiles industries are about 30% cotton-based. No country consumes as much ELS fibre as India, and other than those types of specialised cottons, the country consumes virtually all of the fibre it produces, with only about 5% going to export markets (China, Bangladesh, Vietnam). The day before, India celebrated the launch of its first-ever cotton brand, Kasturi Cotton Bharat, which offers end-to-end blockchain traceability throughout the cotton textile value chain and is marketed as being 'Softer, Stronger, Purer'. Technology assistance is provided to farmers through seeds, growth regulators, and pest management, including strategies for managing pink bollworm.

Mr Jigar Raval, First Secretary (ITOU) Indian Embassy, Washington, DC, delivered a report on behalf of the G20, saying our lifestyle choices have a great impact on the creation of a cleaner, greener, and bluer future — both at the personal and national level. With the Global South in mind, India seeks to develop a Green Development Pact to protect the planet and meet the basic needs of its people, maximising synergies and minimising trade-offs. The G20 suggests a holistic approach to sustainable development through a whole-of-government approach, encompassing development, environment, and climate goals. The 2023 Action Plan is a transformative blueprint that outlines actions and areas that have the potential to help in achieving all sustainable development goals.

The session ended at 18:00.

Summary Paragraph

Country Reports: For the first time in 2019, the ICAC implemented a new approach to Country Reports to encourage more interaction and discussion, and that model was used again at the 81st Plenary Meeting. Members and international organisations were asked to submit comprehensive reports to the Secretariat in advance; these were posted on the ICAC website early so everyone had time to read them before the meeting began and prepare any questions they might like to ask. Advance reports were provided to the ICAC by 12 countries. The format worked well, with Delegates from 10 countries using their allotted five minutes to deliver summaries of their reports during the session.