Table 4. OECD-FAO (2010). Projected Changes in Nominal Prices.

Commodity	Between 2010/11 and 2011/12	Annual average rate of growth between 2011/12 and 2019/20
Wheat (U.S. FOB Gulf)	-8%	0.4%
Coarse grains (U.S. FOB Gulf)	-2%	0.1%
Rice (FOB Bangkok)	-4%	-0.8%
Oilseeds (European port)	1%	0.2%
Protein meals (European port)	-3%	-0.7%
Vegetable oils (European port)	3%	2.0%
Poultry meat (Weighted average wholesale price of different cuts, Brazil)	2%	0.6%
Butter (f.o.b. export price, butter, 82% butterfat, Oceania)	-7%	-0.3%
Cheese (f.o.b. export price, cheddar cheese, 39% moisture, Oceania)	-12%	-0.1%
Skim milk powder (f.o.b. export price, non-fat dry milk, 1.25% butterfat, Oceania)	-4%	1.9%
Whole milk powder (f.o.b. export price, WMP 26% butterfat, Oceania)	-9%	1.0%
Casein (Export price, New Zealand)	-4%	1.3%
Ethanol (Brazil, Sao Paulo (ex-distillery))	8%	1.6%
Biodiesel (Producer price Germany net of biodiesel tariff)	1%	2.3%
Sheep meat (New Zealand)	-6%	0.8%
Raw sugar (ICE Inc.No11 FOB, October/September)	-17%	-0.2%
White sugar (Euronext, Liffe, Contract No. 407 London, October/September)	-10%	0.1%

UPDATES ON THREE ALTERNATIVES TO CONVENTIONAL COTTON: ORGANIC COTTON, COTTON MADE IN AFRICA AND BCI COTTON

Introduction

Over the last decade, due to increased global awareness about rural poverty, climate change and sustainability, and an extended period of fast growth in income per capita, projects to improve agricultural practices in developing countries, as well as the level of social and environmental responsibility in developed countries, have mushroomed. In the cotton sector, four major initiatives of production of labelled cotton are organic cotton, Fairtrade cotton, Cotton made in Africa, and BCI (Better Cotton Initiative).

The ICAC Review of the World Situation of May-June 2010 focused on these four initiatives, with detailed information for each. This article provides short updates on organic cotton, Cotton made in Africa (CmiA), and the BCI. Recent and projected trends in production are presented, and current projects and challenges are explained. Preliminary figures for 2010/11 suggest that while organic cotton production could decline from 242,000 tons in 2009/10 due to a smaller Indian crop, CmiA production could almost double to 90,000 tons as a result of an expansion in area and in the number of producers involved in Cote d'Ivoire, Malawi and Zambia. BCI cotton production is forecast at 38,000 tons for 2010/11, its first season of production. Organic cotton production remains far larger than that of CmiA and BCI, but production of these two other types of cotton is growing fast. High prices of conventional cotton in 2010/11 resulted in supply problems for both organic and CmiA, with some producers preferring to sell their cotton as conventional[7].

7) In 2008/09, labelled cotton also faced problems in the supply chain due to declining prices and some cotton had to be sold as conventional cotton.

Organic Cotton Production: Predictions for 2010/11[8]

Liesl Truscott, Farm Engagement Director, Textile Exchange
M. Rafiq Chaudhry, ICAC

In the past five years global organic cotton production increased by over 500%, from 41,314 tons in 2005/06 to 241,697 tons in 2009/10. From 2008/09 to 2009/10 production increased by 15%. Organic cotton is channelled into both 100% organic or blended textiles. No aggregate numbers are available yet for 2010/11, but indications are that after a decade of continuous increase in production, global production of organic cotton could decrease. However, some countries will be continuing their expansion.

Global Scenario for 2010/11

In 2009/10, India produced just over 80% of the world's organic cotton (Textile Exchange Farm & Fiber Report 2009-10). So in terms of global growth for 2010/11 and 2011/12, much depends on what happens in India. Global organic production is expected to decline in 2010/11. And despite a 'rush' to plant cotton in response to the high prices at the end of 2010 and in early 2011, a slight decline in global organic cotton production is also expected in 2011/12. This dip is estimated to occur as a result of a decrease in India due to various reasons, such as reduced seed availability and, importantly, increased regulatory systems such as the TraceNet, implemented by the Government of India. There is now an increasing level of urgency – and action – taking place to address seed availability, although it is uncertain how quickly the situation will improve. In terms of TraceNet requirements from the Agricultural and Processed Food Products Export Development Authority (APEDA), there is a strong belief by many stakeholders that integrity in production will improve as a result. In mid-2010, the central Government advised APEDA to ensure authenticity of all organic production so that it could be traced back through a bar code. TraceNet is an Internet-based system collecting and reporting the origin of Indian organic cotton and quality assurance data of certified organic products leaving Indian ports.

However, the balance of global production in 2010/11 is likely to remain similar to 2009/10 levels, with India continuing to produce the majority (at least 70%) of the world's organic cotton supply. Countries that could demostrate particularly strong growth beyond 2011/12 include China, Syria, Tanzania, Texas USA and Turkey. Smaller, yet positive growth could also occurr in Egypt, Kyrgyzstan, Uganda, West African countries and many of the Latin American organic producing countries.

Regional Predictions

From a broad look at movements within each region, it appears that there are signs of steady production growth for many countries, especially where there is clearly communicated demand and involvement by brands. However, anticipated growth fell short in some countries due to ecological events such as drought, floods and pest stresses.

Africa: Although production in West Africa (mainly Benin, Burkina Faso, Mali and Senegal) increased by approximately 40% (on 2009/10 levels), all fiber has been sold or placed under contract (2010/11 harvest). Almost all West African organic cotton is certified Fairtrade as well as organic - and production rates are reported to be growing at twice the pace of conventional cotton.

A big increase in production is expected from Tanzania as part of their planned expansion (supported by the Tanzanian Cotton Board) and further supported by an intensifying textile manufacturing industry and feasible port access for export. There is some growth in South African organic cotton production (although still a fledgling operation). In Uganda, production appears to be stable despite the many challenges experienced over recent years in terms of political change and malaria treatment (DDT) contaminating stockpiled organic cotton.

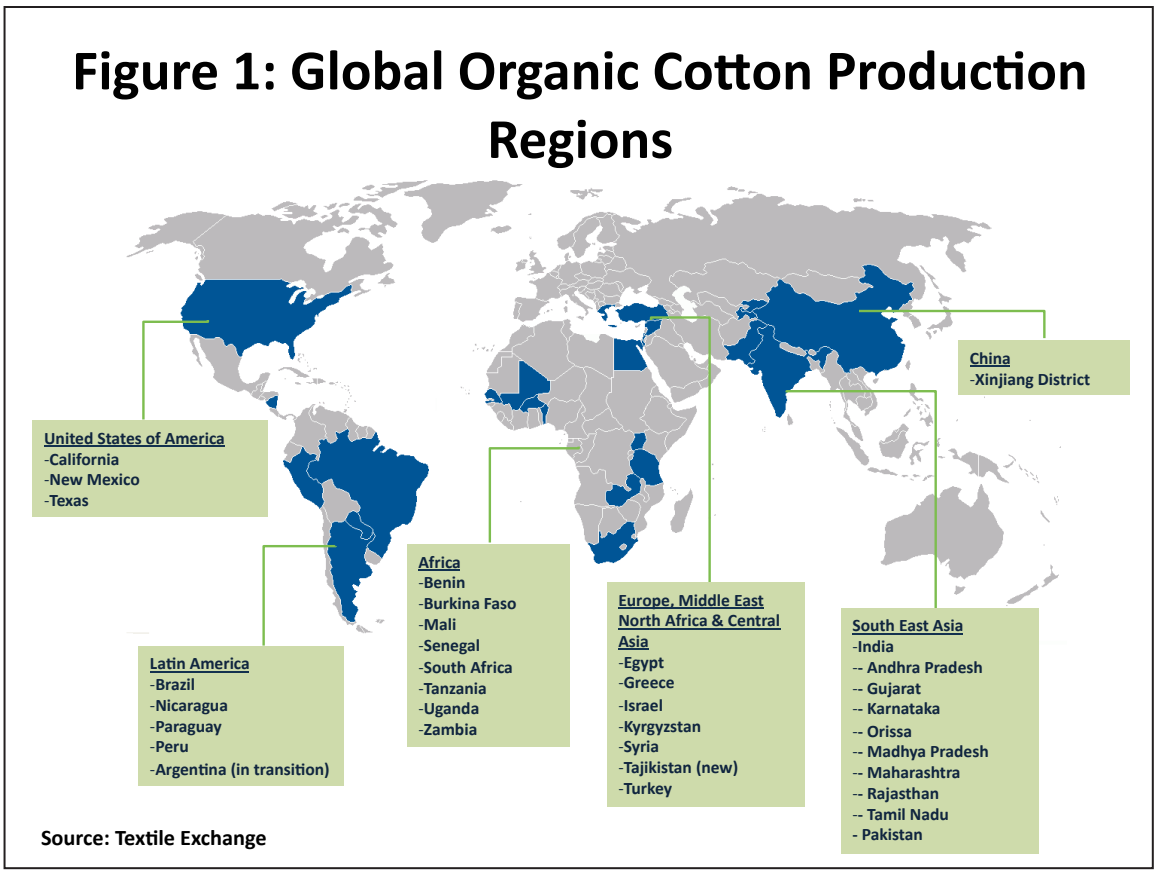
China: Although there is interest in the expansion of organic cotton in China, it seems there will be no substantial increase in 2010/11. Surprisingly, China has the second biggest area of land under organic food production (after Australia), and

Table 1: Global Organic Cotton Production Trends for 2010-11:

Region	Organic Cotton	Big Producers 2010/11	Countries with High Forecast Growth
Africa	↗	Tanzania, Uganda	Tanzania, West Africa
China	↗	China	
Europe, Middle-East & North Africa	→	Turkey, Syria	Kyrgyzstan, Tajikistan
Latin America	→	Peru	Brazil
South East Asia	↘	India	Pakistan
USA	↗	Texas	Texas

Source: Textile Exchange Farm & Fiber Report 2010.

8) For general introduction and background to organic cotton producing regions please visit: http://farmhub.textileexchange.org/learning-zone/growing-regions. Final data are available from all countries for the 2009/10 growing season. For a detailed breakdown, please see the Textile Exchange Farm & Fiber Report 2010 (the Executive Summary is downloadable from the Farm Hub library at http://farmhub.textileexchange.org/farm-library/farm-fiber-reports).



significant increases in organic cotton production could occur in 2011/12 and beyond, given the right investment, potential market linkages, and technical support.

Europe, Middle East, North Africa, Central Asia: Including Egypt, Greece, Israel, Kyrgyzstan, Syria, Tajikistan and Turkey - Production in Greece and Israel remains relatively small yet constant – although with incentives, not least good financial returns and market conditions, substantial growth could occur. One of the significant barriers to growth in more developed countries is the cost of employment. Further, due to bollworm infestations, Turkish production dipped slightly in 2010/11, as did production in Syria. The Syrian government has confirmed that all its 2010/11 organic cotton is available for export, and will not be used in domestic (conventional) consumption. Egypt's production is estimated to increase moderately. Kyrgyzstan and Tajikistan, although in their early stages of organic cotton production, have strong growth targets for 2010/11 and beyond.

Latin America: The effect of drought in Brazil and strong volatility of prices in Latin America, resulted in low production growth. Currently, almost all the region's 2010/11 crop is sold. If in-conversion and organic cotton (especially in Brazil, Paraguay, Peru and Nicaragua) comes on line – and if prices are attractive - an increase in production is expected in the near future.

SE Asia: Production in Pakistan increased in 2009/10 although organic production remains the unique operation of a single producer group. India has over 20,000 tons of cotton in-conversion, with a significant amount coming online. However, the steep growth curve experienced over the past 5 years in India is predicted to dip for the first time in 2010/11 – perhaps by as much as 15-25%. This may be attributed to a few reasons. Importantly, regulatory systems have been tightened, with APEDA introducing the TraceNet or online tracebility system, for all organic production. Reduction in group size may also affect production. However, the number of producer groups in 2011 could go up on account of the revision in group size to a maximum of 500. Other reasons for a possible decline in acreage and production of organic cotton include: limited access to non-biotech seeds, better prices for conventional cotton, lack of advance purchases or commitments for organic cotton, paucity of finance for in-time input purchases, and the disinvolvement of the more speculative producers. A substantial amount of India's organic cotton harvest for 2010/11 ended up in conventional supply chains due to the pressure on growers to sell directly from the field – and the attractive prices on offer. Another fallout from the higher cotton prices is that contractors failed to pick up the contracted volumes.

United States of America: Whilst a number of producer groups are moving away from organic cotton particularly in

California, new groups are now moving in and production levels are set to increase by approximately 5% in 2010/11 - with most of the growth occurring in Texas. There are signs that stable and committed partnerships with like-minded brands and increasing consumer awareness are helping 'locally-grown' organic cotton further establish its niche in the US market.

Global Concerns

Transparency in the value chain and traceability to the original source are going to have a positive impact on organic cotton production, particularly when the price for conventional cotton returns to its normal range. Organic cotton production and consumption organizations must continue working on improving the transparency and bringing consumers of organic cotton closer to producer organizations. The level of confidence between the sectors has become more critical with a decade of continuous increase in production. Production numbers for 2010/11 are not available yet, and stakeholders would benefit from more timely data and also the introduction of a global balance sheet for organic cotton (like the one readers will see on conventional production, consumption, exports, imports, etc., in this publication). The Textile Exchange is developing a mechanism to achieve this for the organic cotton community.

Organic labelling is unique in that it is a production system. The organic production system is not ambiguous and clearly defines what can and what cannot be used in production and processing of organic fiber. This advantageous position can be tapped by defining, positioning and communicating these benefits with more clarity, thus making organic more mainstream. Further, value chain players need to work more closely to bring much needed security to all stakeholders.

In conclusion, the overriding factors that will result in lower production in 2010/11 and 2011/12 are (1) the legislative changes occurring in India, (2) limited availability of non-biotech planting seed, and (3) the high prices for conventional cotton affecting commitment to organic certification by both growers and brands. The significant rise in conventional cotton prices since mid-2010 has created uncertainty for both organic cotton growers and brands. For instance, it is known that a significant amount of organic cotton fibre this year (particularly in India) did not result in organically certified products since it was sold off as conventional to opportunistic traders at the farm gate. This is hardly surprising given the attractive prices of conventional cotton and the delayed payment or lack of commitment by brands for the organic fiber. This situation only adds further to the gap between the amount of organic cotton grown and the amount officially traded as organic.

Looking further ahead, it is anticipated that the situation in India will improve and even stimulate production and capacity-building in other organic cotton growing regions, provided the support, brand commitment and societal awareness are there. However, we will probably not feel the full effects of this for two to three years. If producers - and brands - are to achieve their goals of 'sustainable' textile expansion, issues such as security of supply, business planning and responsible trade need to be addressed at every link in the chain. If value chains are treated as partnerships (with a more open business dialogue), price fluctuations will have less impact and growth will occur in a planned and predictable way - reducing risk and potentially costs for all.

[Disclaimer by the Secretariat: the ICAC Secretariat does not endorse or criticize production and marketing systems such as organic. This article is provided for information purposes only.]

Summarizing the Most Important Developments within Cotton made in Africa (CmiA) since May 2010

Tina Stridde (Aid by Trade Foundation or AbTF)[9] and Sarah Schneider (German Development Cooperation or GIZ)[10] .

First of all, it has to be mentioned that the CmiA producing countries have been extended to Côte d'Ivoire and Malawi in 2009, and additional partners joined CmiA in Zambia in 2010 and in Mozambique in 2011. Thus, the projected total number of smallholder cotton farmers producing CmiA increased from 136,250 in 2009/10 to about 237,470 (excluding Mozambique) in 2010/11. It is expected that those farmers will produce 90,330 tons of lint on 316,500 ha in 2010/11 (up from 49,870 tons on 166,100 ha in 2009/10).

First results from independent impact monitoring show that in Burkina Faso, training and particularly the use of compost, enabled COMPACI/CmiA farmers to increase cotton yields and production (by about 24%) and thus their revenues from cotton. The use of compost furthermore led to increased yields in food crop production. In Benin, yield increases of up to 14% have been reported for trained farmers compared to non-trained farmers. Yield increases have also been reported by Zambian and Malawian farmers, who benefited from the training done by COMPACI/CmiA partners (cotton companies). However, net impacts are often jeopardized by the sectors' problems and abiotic influences like lack of rains.

High cotton prices were good for the farmers selling their production in 2010, but high demand for conventional cotton caused supply problems for CmiA. Furthermore, high cotton prices slowed the demand for CmiA by textile retailers. From approximately 50,000 tons of verified CmiA lint produced in 2009/10, 6,000 tons were processed into 10.0 million pieces of CmiA garments in 2010.

However, the market for sustainable and traceable cotton has just started to grow and is likely to show dynamic growth throughout the next ten years. In 2010, some major retailers

9) Tina.Stridde@abt-foundation.org
10) Sarah.schneider@giz.de

Table 2: Cotton made in Africa – Production Statistics since 2009/10

	2009/10	2010/11*
Production of CmiA**		
CmiA area (ha)	166,100	316,500
Number of CmiA producers	136,250	237,470
CmiA lint production (tons)	49,870	90,330

* Projection
** Data from Aid by Trade Foundation.

and brands have defined and communicated clear consumption targets for the next few years. The Aid by Trade foundation expects that about 13.0 million pieces of CmiA garments will be sold in 2011. A strong increase in sales is expected in 2012.

After the completion of third party verification of all CmiA smallholders and ginning operations (except for Mozambique), CmiA verification criteria are now under scrutiny. These criteria will be amended in autumn 2011 with the support of the verification technical committee, consisting of cotton companies, retailers, development organizations and social and environmental non-governmental organizations.

A systematic, independent, comparative study between the Better Cotton Initiative (BCI) and CmiA is currently being conducted. It aims at exploring opportunities to collaborate, in order to maximize the benefit to smallholder cotton producers from the two programs and to minimize duplication and the efforts required from farmers. The results of the study will be available in mid-2011. A benchmarking of Fairtrade Labelling Organization and CmiA was also undertaken and completed by "Made-By[11]" and will be published soon. An in-depth comparison of the verification systems used by these two labeling initiatives is planned to follow.

[Disclaimer by the Secretariat: the ICAC Secretariat does not endorse or criticize production and marketing systems such as CmiA. This article is provided for information purposes only.]

BCI - Continuing to improve in 2011

Lise Melvin, Executive Director, BCI

The Better Cotton Initiative (BCI) is a multi-stakeholder initiative that brings together producers, ginners, mills, traders, manufacturers, retailers, brands and civil society organisations in a unique partnership to transform cotton to more sustainable production and to secure the future of the sector. It is a global approach that aims to continually improve the mainstream cotton industry, including both smallholders and large scale growers. Benefits are delivered to the poorest and most exposed actors in the global supply chain, and at the same time, BCI is working with large producers to develop solutions that enable large scale provision of a new mainstream commodity, BCI cotton.

The stated mission of BCI is to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.

Table 3: 2010/11 Preliminary Results

	Number of collaborating producers	Hectares covered	MT lint cotton qualified as Better Cotton[12]
Brazil	97	28,000	Not available
India	22,000	37,000	12,000
Mali	5,000	13,000	4,000
Pakistan	41,000	150,000	22,000
TOTAL	**68,097**	**228,000**	**38,000**

All numbers are rounded up to the nearest thousand.

Another key element of the BCI approach is to connect supply with demand throughout the supply chain. During 2010 and the first half of 2011, BCI regional and global staff worked closely with ginners, manufacturers and retailers and brands to facilitate the uptake of BCI cotton into supply chains. In 2010, the BCI online bale tracker system was launched and made available to all members. The system allows members to identify BCI cotton bales and verify the authenticity of bought bales. 47 ginners worked with this system during 2010 and early 2011, with more joining for the Brazil 2010/11 harvest and the forthcoming season 2011/12.

2011 Plans

For the 2011/2012 season we are expanding our activities in the BCI initial focus regions, Brazil, India, Pakistan and West and Central Africa. We are also piloting the BCI system with producers in China. Interest from different organisations has also been expressed to explore BCI in Central Asia, Southern and Eastern Africa, Turkey and the USA. BCI is keen to move forward with these efforts to expand.

11) "Made-By" is a European NGO with a mission to improve environmental and social conditions in the fashion industry.
12) These figures represent the lint equivalent to licensed volumes of seed cotton and are subject to change based on final analysis of data carried out in May 2011.

Table 4: 2011/12 Projections

Country	Number of collaborating producers	Hectares Covered	Expected total cotton production (lint)
Brazil	400	47,000	67,000 MT
India	74,000	112,000	45,000 MT
Mali	10,000	30,000	12,000 MT
Pakistan	49,000	221,000	110,000 MT
China Pilot	4,000	8,300	4,000 MT

All numbers are currently estimates.

As the project in China is a pilot in 2011/12, there will be no BCI qualification process applied this season.

BCI Members

To generate wide-spread support and involvement in growing BCI cotton, the BCI collaborates with organisations with an interest in the cotton supply chain and who support the BCI's mission. Since 2010, the BCI membership expanded from 23 to currently 75 members, including retailers and brands, suppliers and manufacturers - e.g. ginners, traders, spinners, producer organisations, civil society and associates. The BCI also actively engages with governmental institutions outside of membership[13].

[Disclaimer by the Secretariat: The ICAC Secretariat does not endorse or criticize production and marketing systems such as BCI. The ICAC Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP) is a consulting body to BCI.]

13) The full list of BCI members is available at http://www.bettercotton.org/index/229/bci_members.html