



TextileExchange
Creating Material Change

ORGANIC COTTON MARKET REPORT 2017





As Textile Exchange celebrates its 15th birthday, we never forget that we started out as Organic Exchange, leveraging the unique ability of the organic cotton value chain to transform lives out of poverty and reduce our impact on the environment. We knew back then that we had something special - and, over the years, the proof has kept building up, from Life Cycle Assessments to collaborative value chain partnerships, and sustainable cotton commitments from the biggest brands to the smallest niche players.

As I review this report, I am impressed by the wide range of UN Sustainable Development Goals that are touched by organic cotton - indeed our graphic on page 9 shows that all 17 SDGs can be impacted by the organic movement. Elsewhere, we read about the work of the Organic Cotton Accelerator, the Cotton 2040 program, and Textile Exchange's Regional Organic Cotton Round Tables, taking our global learning and applying it in the specific context of local geographies. There's a lot going on, and it's heartening to see so many brands and manufacturers putting their efforts into specific, time-based promises around organic and Preferred cottons.

When we started out, "Do No Harm" was what we hoped for. But now, Regenerative Agriculture aims to rebuild the soil and leave it better than we found it. Administered by our friends at NSF International and supported by Patagonia, the Regenerative Organic Certification is an exciting new development proving that organic agriculture is alive and well and ready for the challenges of the 21st Century.

La Rhea Pepper
Managing Director, Textile Exchange

ABOUT THIS REPORT

Each year, Textile Exchange reaches out around the globe to collect data and information on organic cotton production. The orchestration of this report does not only enable us to share the latest information on organic cotton production trends and volumes, but it allows us to maintain a deep connection with the farmers, ginners, spinners, traders and certifiers who are working to supply the market with certified organic cotton each year.

Through this data collection touch-point, Textile Exchange is able to obtain first hand knowledge of the industry and leverage this position to create a more informed sector - one that can work together to address barriers to growth, new ways to do business and share the value that organic cotton brings to society.

The Organic Cotton Market Report (OCMR) is one of the ways we share knowledge and information. The Report dives deeply into the key producer regions, bringing farm and fiber data to life through stakeholder stories and spotlights.

The other way we support the organic cotton community is through our Organic Cotton Round Table (OCRT). The OCRT is a global stakeholder platform that supports and brings together the organic cotton community to be inspired, mobilized, and equipped to act. A one-day, in-person meeting is held annually following our Textile Sustainability Conference. This year, we take our global strategy even further into the regions where the most important work needs to be done.

While the challenges still exist to raise organic cotton out of niche (less than one per cent of overall cotton production), this year, we have seen a number of important and promising changes.

First, there is clear growth in countries and supply networks where market linkages are established and working well. Central Asian countries (Kyrgyzstan and Tajikistan) are experiencing growth due to the pull from Turkish mills, who in turn are responding to the demand from brands and retailers, predominantly in Europe.

In Africa and China, where the market linkages are still weak, we are seeing more mobilization to support the sector and build capacity. Market opportunities abound - but only with a strong commitment from brands and retailers will this transition be successful.

Our analysis of the trends in the organic cotton market would not have been possible without the willingness of our members, organic cotton producers and other stakeholders to share information with us. We know this is a privilege, and one we do not take for granted.

Finally, as a learning organization, we at Textile Exchange welcome your feedback and suggestions for how we can improve. We want to keep getting better every year and hope you will help us do that.

Liesl Truscott

Materials Strategy Director, Textile Exchange

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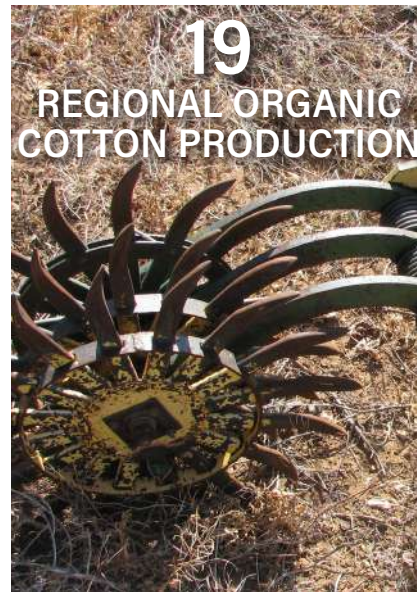
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KEY FINDINGS

INDIA SHARE OF GLOBAL PRODUCTION DROPS

Total production for the 18 countries growing organic cotton in 2015-16 was 107,980 MT (4% decrease on last year). India represents a slimmer majority than ever before (a decline in global share from 67% to 56%). There was a total of 262,975 ha of organic in-conversion - the vast majority (249,816 ha) in India.

ORGANIZING FOR GROWTH IN CHINA

Sitting at number two in global production, with a growth of 13% over last year and with 27,477 ha in-conversion, China is set for growth. Further efforts on building market linkages will be needed to fully establish China as a growing solution to meet growth in demand for organic cotton.

INVESTMENT IN BRAZIL TAKES PILOTS TO SCALE

Organic farmers in Brazil have come together with researchers and extension providers to take initial pilot projects to commercial scale. Partnerships with large retail companies to smaller brands are helping to build capacity of this resilient producer group based in the semi-arid region of North East Brazil.

YIELD POTENTIAL AN OPPORTUNITY FOR AFRICA

While Africa faces challenges in growth and market linkages, targeted work on organic farm practices is resulting in yield growth. Research shows that 80 per cent of OBEPAB farmers in Benin are experiencing yields higher than the average organic yield for the country, and in Tanzania, yields have doubled for bioRe farmers.

REGIONAL GROWTH FOR CENTRAL ASIA

Growth in Central Asia continues with Kyrgyzstan reporting 7,981 MT organic cotton fiber (44%), and Tajikistan 6,620 MT organic cotton fiber (562%) placing the country third in the production rankings. This growth is a response to demand from Turkish mills and the wider European market.

PRODUCTION PICKS UP IN THE UNITED STATES

Production in 2015-16 saw a 15 per cent increase after a disappointing season the previous year. The Texas Organic Cotton Market Co-op (TOCMC) producers harvested approximately 6,475 ha of organic and transitional cotton in 2016, a record amount for the Co-op.

ORGANIC COTTON HOT TOPICS



Demand for organic is growing within pockets of the industry and stabilizing within others. Market segments experiencing growth include home textiles, hospitality, and non-wovens (feminine products), as well as longer staple lengths for use in higher-end products.



Companies are strategizing to build greater transparency in their supply networks, review pricing structures, and look to greater diversity in organic cotton sourcing regions. A number of companies are consolidating efforts pre-competitively through initiatives such as the Organic Cotton Accelerator and the Chetna Coalition.

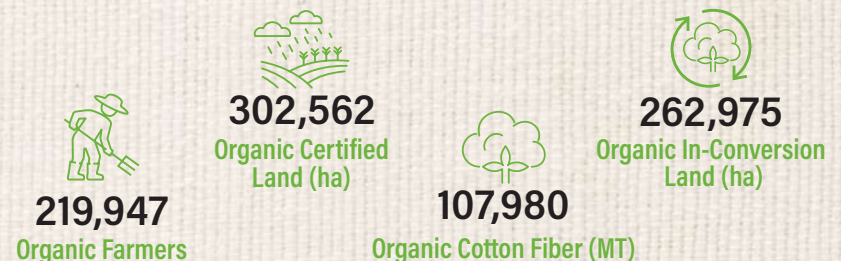


Collaborations are forming to develop and drive fairer finance models for smallholder, organic cotton farmers. Improving livelihoods for marginal farmers, often women, is now well understood to bring both financial and non-financial capital to where it matters most.



Organic and Preferred Cotton uptake is closing the gap on conventional for front-running participants of Textile Exchange's PFM Benchmark. Volumes are now reaching 47 per cent of overall cotton reported. (Preferred Cotton includes Better Cotton, Cotton made in Africa, Fair Trade and recycled, alongside organic).

ORGANIC COTTON 2016 BIG NUMBERS



SNAPSHOT OF THE ORGANIC SECTOR

Globally, the organic sector is expanding, and it's useful to compare the growth indicators of organic cotton detailed in this report with those of organic products as a whole, outlined on this page.

Since 1999, on a world scale, there has been a four-fold increase in organic agricultural land (from 11 million to 50.9 million hectares in 2015) and there is positive news of continued growth. The infographics¹ on this page provide a snapshot of the organic sector in 2015 (the most recent statistics available).

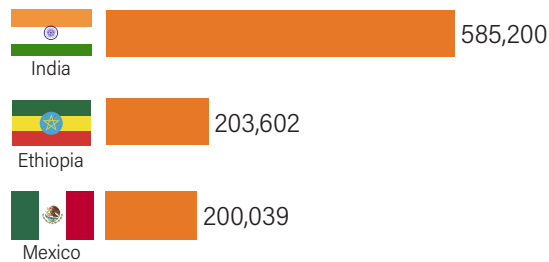
Farmers

The number of organic producers is increasing

 **2.4m**
organic farmers

 **+7%**
year-on-year 2014-15

Top 3 Countries (Farmers)



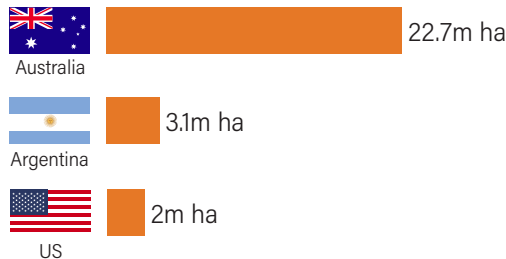
Certified Land

 **50.9m ha**
organic farmland (incl. in-conversion)

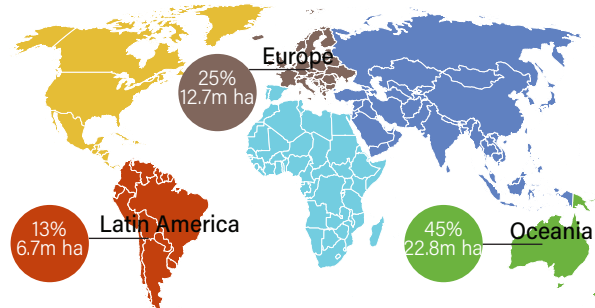
 **179 countries**
in organic farming

 **+6.6m ha**
year-on-year 2014-15

Top 3 Countries (Land)



Key Producing Regions (Land)



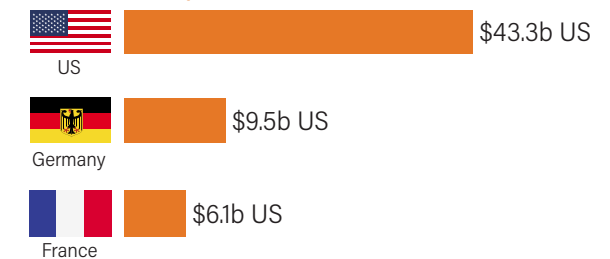
Market

The global organic market is growing and consumer demand is increasing.

 **\$81.6b US**
global organic food market 2015

 **+10%**
year-on-year 2014-15

Top 3 Countries (Market)



“ There's more good news for the UK organic sector in 2017, with sales expected to grow by at least 5%. That will mean it will be worth almost £2.2 billion by the end of 2017 and, if growth continues at this pace, £2.5 billion by 2020.

2016 was an impressive year for certified organic and natural cosmetics with the market growing 13% encouraging new entrants in the market to certify.

Soil Association

Organic Beauty and Wellbeing Market Report, 2017

1. [The World of Organic Agriculture: Statistics & Emerging Trends 2017, FiBL & IFOAM - Organics International, 2017](#)

TOP 10 BY VOLUME

1	
2	
3	
4	
5	INDITEX
6	
7	
8	
9	WILLIAMS-SONOMA, INC.
10	STANLEY/STELLA

TOP 10 BY GROWTH

1	
2	HEMTEX
3	OUTERKNOWN
4	mini rodini
5	
6	
7	patagonia
8	cotonea
9	FELISSIMO
10	




RACE TO THE TOP

=1	
=1	Nudie JEANS co
2	TOAD&CO
3	<i>hessnatur</i>
4	
5	EILEEN FISHER
6	
7	
8	
9	OUTERKNOWN
=10	
=10	

100% CLUB

COYUCHI		
NORRØNA		
	METAWEAR	cotonea
UNDER THE CANOPY		
ARMEDANGELS	mini rodini	
PACT	LOOMSTATE	portico
	STANLEY/STELLA	
		
patagonia		
	TENERITA	

ORGANIC FAIR TRADE

1	
2	coop
3	cotonea
4	
5	PACT
6	ARMEDANGELS
7	COYUCHI
8	
9	
10	

Top 10 By Volume: Top 10 brands/retailers using organic cotton in 2016 by MT consumption • **Top 10 By Growth:** Top 10 brands/retailers that have made the biggest increase in uptake of organic cotton in 2016 by MT consumption • **Race To The Top:** Top 10 brands/retailers who are closing the gap between their share of organic and conventional cotton consumption. This category excludes companies who are using 100 per cent organic cotton • **100% Club:** Brands/retailers using 100 per cent organic cotton in their cotton portfolio • **Organic Fair Trade Top 10 By Volume:** Top 10 brands/retailers using organic fair trade cotton in 2016 by MT consumption. • The leaderboards are based on data submitted to Textile Exchange's 2017 PFM Benchmark Program.

ORGANIC COTTON NOTICEBOARD



↑8.8% 2016 USA ORGANIC NON-FOOD SALES (including textiles and apparel)
— Organic Trade Association

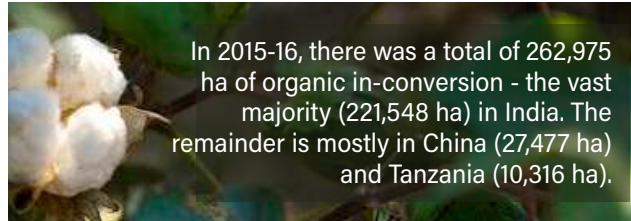
Cotton 2040 seeks to drive change through collaborative action to scale up and overcome barriers to sustainable cotton uptake across multiple standards, so that more sustainable cotton becomes a mainstream commodity. The focus is on building demand, traceability, and resilience.



Photo: C&A Foundation



52% of brand/retailers who completed the pCottons module in the PFM Benchmark have SMART Targets



In 2015-16, there was a total of 262,975 ha of organic in-conversion - the vast majority (221,548 ha) in India. The remainder is mostly in China (27,477 ha) and Tanzania (10,316 ha).



Textile Exchange supports the International Sustainability Unit (ISU) initiative with data collection and progress reporting against the new "100% more sustainable by 2025" commitment.



Textile Exchange releases papers on GMO Contamination in Organic Cotton and Transformational Integrity: Addressing the root causes of integrity issues in the organic sector.

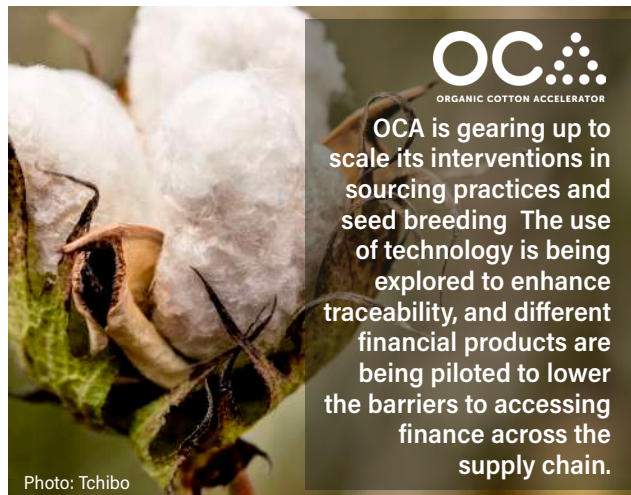


Photo: Tchibo



OCA is gearing up to scale its interventions in sourcing practices and seed breeding. The use of technology is being explored to enhance traceability, and different financial products are being piloted to lower the barriers to accessing finance across the supply chain.

The Smallholder Farmers Alliance (SFA), with the support of global outdoor brand Timberland, is reintroducing organic cotton to Haiti.

The Initiative for Smallholder Farmers (ISF) is exploring the feasibility of a supply chain financing facility with the Rockefeller Foundation that would incentivize suppliers to meet global sustainability standards of global buyers through low-cost, post-shipment financing. ISF will develop and test a series of financing concepts directly with global multinational supply chain partners.



Photo: SEKEM



The Aid by Trade Foundation and GFA Consulting Group set up Cotton House Africa (CHA). The CHA is an open access, web-based knowledge platform designed to support capacity building and the sourcing of African sustainable cotton. CHA is "standards neutral".

Photo: CmiA

Growth in Central Asia



Kyrgyzstan
7,981 MT OC fiber (↑44%)



Tajikistan
6,620 MT OC fiber (↑562%)



ORGANIC COTTON AND THE SDGs



Organic cotton farming plays a major role in helping countries achieve their SDGs. Find out how below or read Textile Exchange's full briefing [here](#).



Organic cotton is a market-driven solution to poverty. Farmers can earn more, spend less on inputs such as agrichemicals, and reduce dependency on the commodity market.



Organic cotton is grown alongside and in rotation with food crops.



Organic cotton farmers and their families are not exposed to toxic chemicals.



Higher financial returns result in organic cotton farming communities being able to invest in education, often through the investments of supply chain partners.



Many organic cotton farmers are women, particularly in African and Asian countries. Approximately 10 per cent of certified organic farmers globally are women, and have control of their farms.



As organic cotton does not use toxic pesticides or synthetic fertilizers, it does not cause chemical contamination of local water sources.



Organic farming communities are increasingly using solar and biogas as an energy source, particularly where access to electricity is limited, as in some regions of Africa and India.



Globally, approximately 200,000 people are certified to organic standards, mostly smallholder farmers. Many more are farming to organic or agro-ecological criteria.



Organic cotton production is the basis for the new global textile infrastructure – sustainable, ethical, transparent, and verified.



In some countries (such as in Africa), organic production is considered pro-female. No heavy spray units to carry around or risk to pregnant women or mothers.



Higher financial returns, absence of toxic chemicals (and illness), alongside the satisfaction of working within farmer associations, encourages more people to stay on the land.



Organic “life choices”, whether at the farm, the factory, in retail or in the home, promote healthy choices for all.



Organic soils sequester carbon as a key component in soil building and improved soil fertility. No dependency on fossil fuel based fertilizers.



By eliminating toxic and persistent pesticides, organic cotton production is a proactive contributor to clean and healthy water used locally, and which ultimately runs into the oceans.



Organic cotton farms build fertile soils and biodiversity by rotating crops, minimizing tillage, and planting cover crops.



Many organic cotton farming operations are cooperatives, respecting democracy, and working collaboratively to create shared value.



A fundamental element of organic cotton production is its strong commitment to global partnerships and cooperation - recognizing the interdependencies at play.



Regeneration International describes [Regenerative Agriculture](#) as farming and grazing practices that, among other benefits, reverse climate change by rebuilding soil organic matter and restoring degraded soil biodiversity – resulting in both carbon drawdown and improving the water cycle. It incorporates permaculture and organic farming practices to increase food production, farmers' income and, particularly, topsoil. It builds on the organic movement and connects the dots between climate change, water scarcity, energy shortages, global health, food security and women's empowerment.

ANSI/LEO-4000 - THE AMERICAN NATIONAL STANDARD FOR SUSTAINABLE AGRICULTURE

Maren Meyers, Outreach and Project Coordinator, Leonardo Academy Inc.

[ANSI/LEO-4000](#), the American National Standard for Sustainable Agriculture, was developed to address a range of stakeholder needs and to significantly advance sustainability in agriculture. It measures sustainability achievement based on social, economic, and environmental indicators. The standard supports producer adoption of sustainable production practices, establishes a framework for continuous improvement, provides a means to clearly communicate sustainability achievements throughout the entire supply chain, and aims to harmonize the myriad standards and metrics in the market today. The standard, which was developed using the American National Standards Institute's (ANSI) open, multi-stakeholder process, is currently in the pilot phase. At present, ANSI/LEO-4000 addresses crops but will be adapted to include animal production in the future. The standard can be used worldwide.

RODALE INSTITUTE ANNOUNCES NEW REGENERATIVE ORGANIC CERTIFICATION

In September 2017, Rodale Institute announced a new [Regenerative Organic Certification](#). The standard encompasses guidelines for soil health and land management, animal welfare, and farmer and worker fairness. Regenerative Organic Certification builds upon the near 100-year legacy of organic movement visionaries like J.I. Rodale and Dr. Rudolf Steiner, and provides stepwise guidance for farming and ranching operations, transportation, slaughter, and processing facilities that produce food, cosmetics, and fiber. The standard will be administered by NSF International and is open to many certification partners.



Working closely with Rodale Institute, Patagonia created the Regenerative Organic Certification to establish a new, high bar for regenerative organic agriculture. The certification is the result of a cooperative effort among a coalition of change-makers, brands, farmers, ranchers, nonprofits and scientists, all with a clear goal: to pave the way to an agricultural future focused on enriching the soil, while valuing people and animals. We are so pleased to have Textile Exchange join us on our journey, and look forward to working with them in adopting this certification as a bold solution for a better future for agriculture.

Rose Marcario
President & CEO, Patagonia



True Cost Accounting helps us to understand more about the scale and nature of “externalities” by identifying, quantifying, and where possible pricing the different costs and benefits in production. The Sustainable Food Trust states that, given sufficient public support and political will, this information would allow policy and economic interventions to be adopted which favor the production and consumption of food (and fiber) with the lowest true costs. This could be achieved by taxing those who pollute and using agricultural subsidies to encourage or discourage farming methods according to their true cost. Textile Exchange’s Organic Cotton Round Table is exploring this topic through the lens of organic cotton and economic tools such as carbon insetting.

ORGANIC 3.0: INTEGRATING TRUE COST ACCOUNTING

David Gould, Senior Facilitator, IFOAM - Organics International

[Organic 3.0](#) continues to take shape, as supply chains give way to value-based systems. In early 2017, the United Nations’ 10-Year Framework of Programs (10YFP) on Sustainable Production and Consumption recognized the value of organic approaches as a solution to global challenges, making the Organic Food System Program (OFSP) a Core Initiative of its Sustainable Food System Program. While this program focuses on food and diet, Organic 3.0 takes it more broadly into all agriculture-based systems. It integrates all six features of Organic 3.0 into a cohesive, inclusive model for community development that includes all stakeholders and shows how paradigm shift can happen through combining the “bottom-up” diversity of local food systems acting under a “top-down” set of unifying attributes. OFSP is inclusive, honors gender equity, integrates science and innovation, empowers the value chain to improve ecosystems and product quality, educates consumers to make healthy choices, and holds all parties responsible for their due costs and benefits. A roadmap for developing a commonly usable and scalable true cost accounting model is in the works, with Textile Exchange an active partner in piloting this vanguard initiative.

TOWARDS AN INTEGRATED PROFIT & LOSS

[True Cost Accounting in Finance, Food, and Farming: A Pilot Study by Eosta](#)

A recent [study](#) by Eosta, produced in collaboration with Soil & More, EY, Triodos Bank and Hivos, presents the results of a pilot study undertaken to calculate the true cost of various fruits and vegetables. The ‘True Cost Accounting in Finance, Food, and Farming’ pilot follows the framework of the Natural Capital Protocol, which was published by the Natural Capital Coalition (NCC) in 2016. The study provides insight into how to measure and monetize the impacts on people and planet of producing these goods. The model used by Eosta takes into account a key set of sustainability criteria such as social, health, climate, water, soil and biodiversity issues. This is done in order to evaluate the true costs of these goods and to take into account the hidden costs that are not considered in conventional pricing and the benefits of organic agriculture offers which aren’t rewarded. The aim was to create a practical tool for true cost accounting in the financial, food and farming sectors. Tobias Bandel, CEO of Soil & More, will present further insights into this topic and study during Textile Exchange’s 2017 conference.

EXTERNALITIES FROM FAIRTRADE COTTON FARMING

A [new study](#) by The Pi Foundation, GIST Advisory and Trucost, commissioned by Fairtrade Foundation, focuses on comparing Fairtrade cotton to conventional cotton production in India. The study was implemented by applying financial value to different environmental and social externalities in order to reveal the full costs of cotton production. This model translates hidden environmental and social impacts into straightforward monetary values. What the study found out was that the external costs of Fairtrade cotton farming were five times lower than the ones of conventional farming. The difference was significant especially when looking at social impacts, where Fairtrade cotton had a 97 per cent lower value compared to conventional cotton. This was due to for example lack of child labor and overtime work. The objective of the study is also to promote greater transparency in the cotton supply chain.



While transparency cannot be a substitute for trust, it does help to build trust, particularly in supply networks. Greater transparency in business can be a pro-active and preventative measure when it comes to building integrity within supply networks. Technology has changed the way we access information and is one of the most significant contributors to our hyper transparent world. While increased supply chain transparency may be the logical result of a maturing social responsibility program, according to the Fair Labor Association, external pressures from civil society and governments, including emerging regulations that carry significant legal and financial risks, are also clearly driving this shift in industry norms. Textile Exchange's Organic Cotton Round Table provides a platform for stakeholders wanting to find integrity solutions with positive outcomes.

RESONANCE: FACILITATING SMART MANUFACTURING

Ben Ramsden, Chief Business Development Officer/Co-Founder, Resonance

Global supply chains are set for massive digital transformation by a wave of new technologies over the next decade. Resonance, a UK-based company, was started by leading experts in sustainable textiles and supply chain technology and is developing a dynamic new software – Event Fabric – that will make it easier to transition to smart manufacturing by improving communication and asset tracking across the entire supply network, from resource to retail.

Resonance is working with India's leading organic cotton organizations to develop the beta version of its Supply Chain Operating System, which enables users to understand critical information in context, from the comfort of their smartphone, while protecting the commercial interests of all stakeholders. The Event Fabric provides full information chain of custody and their smart barcode system – Kintik – quickly and easily connects the real world to the digital one. For more information, please contact info@global-resonance.com.

TRANSFORMATIONAL INTEGRITY: ADDRESSING ROOT CAUSES

Joy Saunders, Integrity Consultant | Director, Iconoclast

In 2017, Textile Exchange commissioned a review on Transformational Integrity in collaboration with integrity expert Joy Saunders, which addresses issues concerning integrity in the organic cotton sector. The aim of the review was to identify the root-causes facing the sector and provide recommendations in order to overcome these obstacles. Based on findings from a series of key informant interviews, challenges at each stage of the supply network were distinguished.

The review found three main issues. The first is that the farmer business case is under pressure, which means that, for examples, many farmers lack access to quality organic cotton seeds or have insecure buyer relations. This might endanger the integrity of organic farming if the farmer thinks they need to use GMO seeds to increase yields. Another issue in the organic cotton supply chain is the lack of transparency. The supply chain is often fragmented with several actors, which makes it more difficult to evidence an organic chain of custody. The third issue the review highlights is the lack of shared vision and organization around integrity among the sector. When the main actors do not share a common vision, it is challenging to implement solutions at scale.

These themes are not new to seasoned organic cotton stakeholders, demonstrating high levels of self-awareness by the sector, but these problems are often not talked about or openly acknowledged and require focused and systematic collective action to fully resolve. A small working group was formed to turn the recommendations from the review into concrete improvements in working practices to combat these sensitive issues and improve integrity throughout the sector. Their work seeks to build on several initiatives already focused on providing market-driven solutions to reduce inequality and ensure sustainability.





Getting affordable financing to smallholder farmers continues to be a challenge. Through innovative market models, public-private collaborations and technological progress, new ways of looking at the problem and finding solutions are possible.

Textile Exchange is exploring this topic through the Organic Cotton Round Table. The Working Group is exploring options for the organic cotton sector, and is looking at the models used in other industries that have made the breakthrough in more fully accommodating and rewarding the work of smallholder farmers, often women.

SUPPLY CHAIN FINANCING

The Initiative for Smallholder Farmers (ISF) is exploring the feasibility of a supply chain financing facility with the Rockefeller Foundation that would incentivize suppliers to meet global sustainability standards of global buyers through low-cost post-shipment financing. ISF will develop and test a series of financing concepts directly with global multinational supply chain partners.

In Haiti, the Smallholder Farmers Alliance (SFA) is applying business solutions to help feed and reforest the renewed country by establishing market-based farmer cooperatives, building agricultural export markets, creating rural farm businesses and contributing to community development. Together with Timberland, the SFA and Haiti's Minister of Commerce and Industry have together announced the reintroduction of cotton as an anchor crop to help revitalize farming, boost the economy and contribute to environmental restoration through being linked to tree planting.



As far as fair finance is concerned, I see that we're on the threshold of massive change. Fintech, Blockchain, and the new business models for shared-value, like the Chetna Coalition's "new economy", are tools that link up and leverage supply and demand networks working far beyond the scope of short term profitability.

"Old economy" models largely left out the pools of shared-value - like economic inclusivity, social equity, and environmental health - to the detriment of the people and ecosystems that undergird the long-term value drivers of our businesses.

In the new economy, we no longer have to relegate CSR to a post-hock mechanism for correcting the damages of rent-seeking private enterprise. The new economy tools allow global businesses to operate independently while collaborating in networks of shared-value that integrate common sense sustainability into business-as-usual.

The task now is simply to identify the values we share that influence the long-term value of our enterprises. For the Chetna Coalition, this was having a sustainable and resilient organic farming community and cotton source. It's a great example of what business can do in the new economy, but it's just the tip of the iceberg.

Rhett Godfrey

Co-Founder and Coordinator, Chetna Coalition



A BEST PRACTICES GUIDE FOR TRADING ORGANIC COTTON

The results of a yearlong project analyzing cotton pricing and trade have been released by luxury group Kering in partnership with Textile Exchange.

Organic agriculture can be a “force for good” and is considered the gold standard mode of production, with regenerative capabilities to address soil health, stabilize climate and significantly contribute to the United Nations’ Sustainable Development Goals (SDGs). However, an open conversation about the price and trade of organic cotton is urgently needed and this report offers a starting point, which leads to tangible recommendations for progressing more responsible pricing and trade.

This report fundamentally acts as a “how-to” guide, highlighting best practices and proven models in the organic cotton supply chain that can be used as a basis for replication by organizations aiming to improve their organic supply chain practices.

Kering and Textile Exchange hope that this guide will serve as a blueprint for those organizations aiming to make significant and positive changes to their current and future organic cotton supply chain model. By revitalizing their own supply chains, businesses can actively participate in improving the organic cotton market, so that it delivers value to all involved in the supply chain and ensures sustainable agricultural practices for the future.



Seed is where cotton textiles begin. The seed industry and textile industry are intrinsically linked. Seed is political and seed is big business. As the climate changes, water becomes scarcer, smallholder farmers become more at risk, and seed becomes an even greater dilemma. Brands and retailers, pulling the supply “chain”, have a role to play in the future of cotton and we need to organize around seed.



CHETNA ORGANIC'S GMO TESTING PROGRAM

Arun Ambatipudi, Executive Director, Chetna Organic

At Chetna, we have implemented rigorous Internal Control Systems (ICS), data capturing systems and farmer incentivization programs to ensure best practice and integrity at every stage of production:

Seed Stage: We are aggregating the best performing non-GMO cottonseed varieties from Chetna farmers and formalizing supply with India's most trusted cottonseed companies by making advance payments to ensure rigorous GMO testing at various stages. Farmers are also being supplied with an additional 15 per cent seed as a buffer for any unforeseen gap-filling needs. Since 2010, we have undertaken scientific, long term multiplication and conservation programs for non-GMO seed that is suitable for local agro-climatic conditions and meets farmers' preferences.

Crop Production Stages: We have adopted GMO testing methods, including both strip and PCR lab tests, at different stages of production (post sowing, leaf, flower and boll formation), with statistically relevant sample sizes. We corroborate test results with samples drawn from the certification body and isolate defaulting farmers, but do not exclude them from the program.

Harvest Stage: We run extensive strip testing for each lot of organic cotton brought to the cooperative's yard by member farmers, and record each result. If found to be GM positive, the entire lot of cotton supplied by that particular farmer (and associated group members) is rejected prior to dispatch to the gin.

Post Ginning Stage: We segregate and block-book ginning and undertake cleaning and a dry run of the entire facility before ginning Chetna cotton. There is separate warehousing of Chetna lint bales, and extensive, and equally expensive, PCR lab tests are run for each truckload of lint cotton. We await results before dispatching to the spinning mills and any bales found to be GM positive are rejected.

ORGANIC COTTON EXPERIENCES: HELVETAS RELEASES CAPITALIZATION STUDY

Stefanie Kaegi, Advisor Sustainable Value Chain and Extension, HELVETAS Swiss Intercooperation



HELVETAS Swiss Intercooperation has implemented organic and Fairtrade cotton projects for 14 years. A recent report - "Organic Cotton Experiences" - focuses on these projects in Mali, Burkina Faso and Kyrgyzstan, and shares the achievements and learning points.

Over the years, an estimated 22,000 farmers have benefited from HELVETAS' projects. Organic and Fairtrade cotton production has offered a way to increase income by premium sale prices and reduced input costs. In Kyrgyzstan, organic cotton prices have been around 15 per cent higher than conventional prices, whereas in Mali and Burkina Faso, they have been up to 60 per cent higher. The study reveals that social and environmental benefits of organic cotton are at least as important as the economic benefits.

Refraining from synthetic fertilizers preserves soil fertility, reduces CO₂ emissions, and has positive effects on human and animal health. The latter was a key driver



for farmers to adhere to organic production methods. Furthermore, the organic cotton value chains have empowered women to get involved in a cash crop production that includes rotational crops for enhanced nutrition.

However, the projects have faced several challenges, one of them being GMO seed contamination. This has led to de-certifications, decreasing organic cotton production in Burkina Faso. The cost of mitigating GMO contamination exceeded the financial capacities of value chain actors and public funding. GMO-free seed production will be necessary in order to protect organic cotton production systems. Other than external factors, the management and marketing capacities of farmer organizations are key for them to remain viable and profitable. According to the study, four aspects play a key role: Farmer organizations need to be able to derive a margin from sales or get service mandates from commercial partners. Further, they need to produce



and sell a critical quantity of produce in order to derive enough finances to offer required internal and external services. To achieve this, the organization needs to maintain a solid member base with little fluctuation and side selling. Particularly important is access to trade capital, which is key to ensuring quality production and sales via the cooperative.

The report offers solid recommendations for future organic sector projects. This includes institutional set-ups, such as the role of farmer organizations that should, for example, either internalize important services or get efficient service contracts with commercial partners. Moreover, by identifying value chains that have a high potential to enhance farmers' livelihoods, positive impacts of organic cotton can be maximized.

C&A FOUNDATION REFLECTS ON CURRENT STATUS OF ORGANIC COTTON AND THEIR OWN GLOBAL STRATEGY

Anita Chester, Head of Sustainable Materials, C&A Foundation



Ironically, very often systems change and systemic innovations get pushed forward by a crisis. The story of organic cotton is much the same; the sector has been on the brink of a serious crisis for some years now. Volumes of organic cotton production have been illustrating a declining trend and yet the market is planning to increase its sustainable cotton product offering. Transparency is lacking, integrity is questionable and no real benefits are going to the least prosperous actors in the supply chain, namely smallholder farmers. Worse still, supply of good quality non-GMO seed is limited. Thus, farmers are shifting away from organic cotton farming, while markets still want to grow. It is this serious disconnect that pushes us to seek solutions.

At C&A Foundation, we made it our business to try and fix this. Towards this end, our first partnership was developed in 2014, with CottonConnect. It was a simplistic input-output model to build technical capacity among farmers in India and roll out seed breeding projects. We soon realized that this was



an oversimplification of a complex challenge and transformational change will need us to do a lot more. We scaled up our work by adding other farmer capacity building partners in India and expanding to other countries – Pakistan, China, Tanzania & Brazil. There are some initial positive results (more detail in regional sections of this report), and we will continue doing more.

However, as we have all learnt, the challenges in the sector are not only vast but also sustained by systemic market forces. We still have a long way to go. Solutions need to be holistic and intentional; designed to alter the status quo. By working at all levels, we need to shift the functioning of the sector with purposeful interventions that alter the underlying structures and supporting mechanisms that make the system operate in the way it does today. These will have to include policies, relationships, resources, power structures and values.

A beginning has been made with our advocacy work in India with the Government of Madhya Pradesh. The

state of Madhya Pradesh, as you may know, is home to marginal and tribal farmers who produce nearly 28 per cent of the world's organic cotton. Along with other interested stakeholders, we plan to expand this work to other states in India and to other countries, and hope that governments will take over to create the enablers and policies that will break the barriers inhibiting the growth of organic.

The other initiative that we are so proud to have helped catalyze is the Organic Cotton Accelerator, which aims to convene the sector around a pre-competitive agenda. Stemming from the need for collaborative reform and centralized sector organization, this initiative aims at developing the overall sector vision and development trajectory to catalyze action and co-ordinate investments. It is designing to roll out interventions both at the supply and demand end, including piloting different business models within the supply chain that aim at altering the status quo. This will not be a comfortable shift and will take time and patience.

In the end, we take a bow and applaud the wonderful work done by so many different initiatives in organic cotton. However, the time has come to start integrating all the different initiatives around the world; to stop optimizing projects and turn to optimizing the system. Only this can bring about lasting change.



Evolution of the Organic Cotton Round Table

The [Organic Cotton Round Table](#) (OCRT) is a global stakeholder platform that supports and brings together the organic cotton community to be inspired, mobilized, and equipped to act. A one-day, in-person meeting is held annually, giving attendees the chance to roll up their sleeves and bring into action the rich content shared during the Textile Exchange's annual Textile Sustainability Conference.

In the past, the three stakeholder-selected priority areas of Seed & Soils, Business Models, and Consumer Engagement have been discussed on a global level, but we believe the community is now ready to dive deeper into customizing strategy at the regional level. Ultimately, the same issues and opportunities exist for all, but each country is at a different stage of development and therefore requires a different strategy, alongside designated resources and networks of supporters.

Developing Regional Strategies

In 2016, to meet demand for organic cotton strategies specific to Turkey and the surrounding regions, Textile Exchange hosted a workshop in Izmir, Turkey, which was the precursor to what has since formed into the "Regional-OCRT". Its official inauguration was held in Izmir, Turkey, on April 28, 2017. In the same year, an Africa Sourcing Hubs Working Group was formed, with the aim of supporting and facilitating the sourcing of organic cotton from Africa, and a similar regional event is tentatively planned for 2018. Development of such regional strategies will form the focus of the 2017 OCRT in Washington D.C.

Organic Cotton Data Investment Initiative

Textile Exchange is working in partnership with the C&A Foundation and BSD Consulting to strengthen its systems and practices for collecting and managing the increasing amount of data it works with. Data is cross-checked with an increasing number of sources, and data from certification bodies now accounts for 80 per cent of production. Direct outreach to farms for data has also increased significantly. In India, for example, Textile Exchange's Country Program Manager collected data directly from more than 80 per cent of organic cotton producer groups in 2016.

In the first year of Textile Exchange's data investment initiative, BSD Consulting reviewed how data was collected, analyzed, cross-checked and reported, and provided recommendations for improvements. These recommendations were followed rigorously in this second year of the program, and BSD Consulting released a Progress Statement assessing the progress made by Textile Exchange in implementing systems and processes to strengthen the quality of its reporting on organic cotton (read the full Progress Statement [here](#)). We now feel even more confident in our processes as we enter the third year of the program.



Textile Exchange now has a detailed methodology that clearly describes processes used to define boundaries and scope, how and from where data is sourced, the approach and steps taken for data collection, the process for data analysis, processes and principles used to ensure data quality and the limitations of the report. The data quality checks implemented by Textile Exchange are especially significant. By using data from Certification Bodies and not just from Producer Groups, Textile Exchange has been able to improve the completeness of the data set and by using a crosschecking mechanism to verify the data against 3 sources (Accreditation Bodies, Certification Bodies and Producer Groups), Textile Exchange has been able to improve the accuracy of the data being reported. With this updated methodology and with a systematic approach to data collection and analysis, Textile Exchange has made significant progress towards increasing confidence in the scope and quality of the Organic Cotton Market Report and has created a strong foundation upon which to develop future reports.

BSD Consulting

OUT OF THE BOX OCRT THOUGHTLEADER INTERVIEW SERIES

Photo: Cotonea, Uganda

At the 2016 Organic Cotton Round Table (OCRT) in Hamburg, we interviewed some of the industry's most inspiring and "out of the box" thinkers, and were fortunate to have Emmy-nominated documentary producer David Bowen-Jones with us to capture their thoughts on camera. Re-cap on the full series below!

Business As If People Mattered



Leo Johnson

Leo Johnson discusses his idea that developments in technology could enable a 'radically distributed' ownership structure, encouraging greater freedom and participation.

Efficiency From Stability and Trust



Heinrich Schultz

Heinrich Schultz, Managing Director of OrganiMark, South Africa, discusses how securing commitment builds trust, increases efficiency and reduces cost.

Creating Stakeholder Value



Joy Saunders

Integrity expert Joy Saunders discusses how integrity benefits all stakeholders, and research which shows that the greater the integrity of a company, the greater its competitiveness and profitability.

The Economy of Love



Helmy Abouleish

Helmy Abouleish, CEO of SEKEM, Egypt, introduces the company's holistic approach to sustainable development, which ensures the added value of their products is redistributed fairly through the supply chain.

Engaging The Consumer



Roland Stelzer

Roland Stelzer, Managing Partner of Elmer & Zweifel, explains how the company went from selling throw-away medical products in 1987 to, today, selling organic Fairtrade garments through its brand Cotonea.

Sealed With A Handshake



Jimmy Wedel

Jimmy Wedel, President of the award-winning Texas Organic Cotton Marketing Cooperative, urges brands to educate consumers and leverage their knowledge of organic food to build demand for organic cotton.

Using Data To Drive The Market



Lord Peter Melchett

Peter Melchett, Policy Director at the Soil Association UK, explains that, to grow the market, we need to use the wealth of data and evidence now available to convince brands and retailers that it's in their own interest to source organic cotton.

Harnessing The Power of The Market



Anita Chester

Anita Chester, Head of Sustainable Raw Materials at the C&A Foundation, talks about the importance of finding ways to work collaboratively, both at the government level and at the brand level, to harness the power of the market and create real change.

Cooperation, Transparency & Good Faith



Michael Sligh

Michael Sligh, Program Director at RAFI US, describes the need for more honest and open conversation across the supply chain to build synergy and aid peer learning, proposing a new model built on cooperation, transparency and good faith.

Shifting the focus from product to people



Bob Bejan

Bob Bejan discusses the shift from a product-based mentality to one that tries to understand and respond to the specific situations and needs of people. Across industries and across societies, we are increasingly reaching for the same goals, marking the beginning of a critical mass where real change can take place.

ORGANIC COTTON PRODUCTION

2015/16



219,947
Organic Farmers



302,562
Organic Certified Land (ha)



107,980
Organic Cotton Fiber (MT)



↓4%
Fiber (MT) Year-On-Year Growth

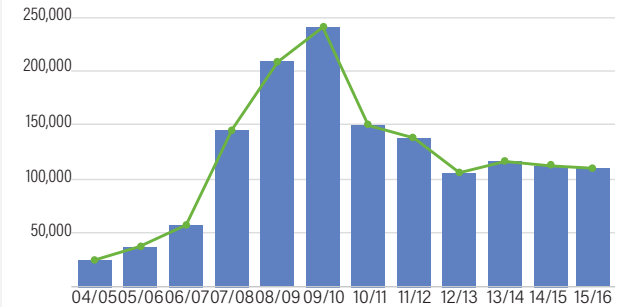


262,975
Organic In-Conversion Land (ha)

Growth Chart

- GLOBAL: ↓4%
- Tajikistan: ↑562%
- Pakistan: ↑100%
- Thailand: ↑100%
- US: ↑86%
- Tanzania: ↑50%
- Kyrgyzstan: ↑44%
- Uganda: ↑14%
- Benin: ↑8%
- Turkey: ↑4%
- China: ↑1%
- Israel: 0%
- India: ↓20%
- Brazil: ↓24%
- Peru: ↓44%
- Egypt: ↓52%
- Burkina Faso: ↓56%
- Mali: ↓74%
- Senegal: ↓94%

Global Fiber Production Trend (MT)



Total = 18 countries

Top 7 countries = 97%













There were 18 organic cotton producing countries in 2015-2016. While the number of producing countries remains the same as 2014-15, Colombia, Ethiopia and Madagascar were replaced by Thailand and Pakistan.

The top seven countries - India, China, Kyrgyzstan, Turkey, Tajikistan, US and Tanzania - account for 97 per cent of total production.

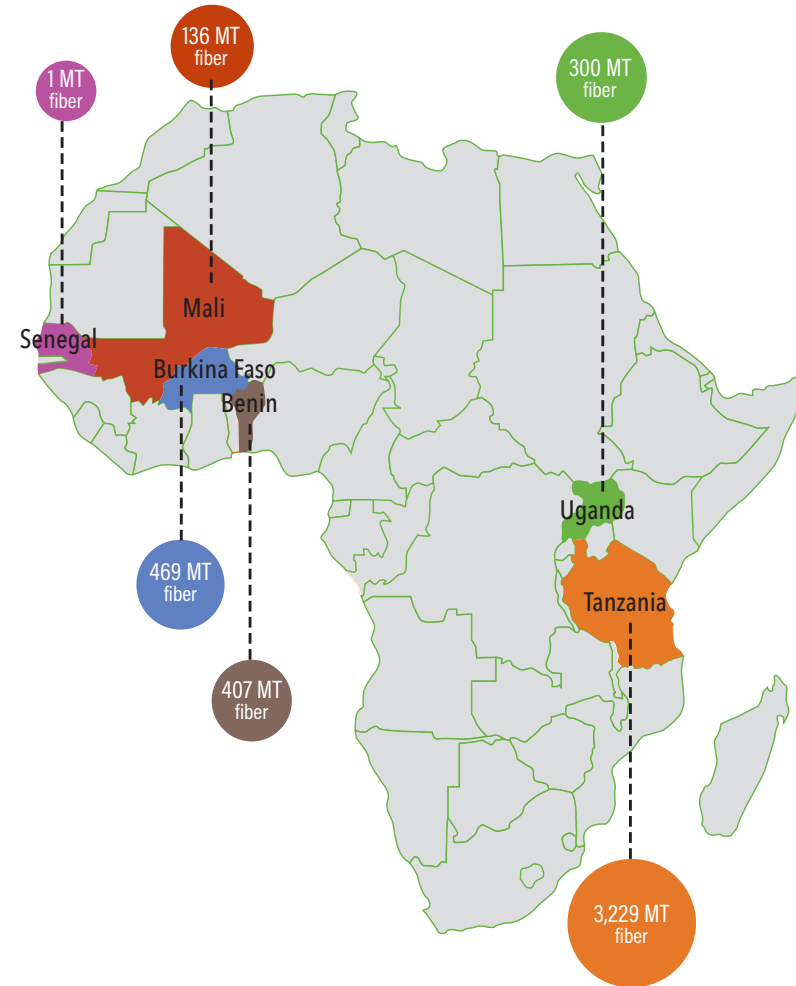
Overall, production decreased by 4 per cent. Primary reduction came from India, the fall was offset by increase in Kyrgyzstan and Tajikistan.

AFRICA

Photo: Cotonea, Uganda

						
 Organic Farmers	2,237	8,382	1,213	169	4,244	6,000
 Organic Certified Land (ha)	2,507	4,928	1,970	66	64,084	2,428
 Organic Cotton Fiber (MT)	407	469	136	1	3,229	300
 Organic In-Conversion Land (ha)	48	no data	no data	no data	10,316	no data
 Fiber Year-On-Year	↑18%	↓56%	↓74%	↓94%	↑50%	↑14%
 2017 Expected Growth	↑	↑	↑	no data	no data	↑
	Benin	Burkina Faso	Mali	Senegal	Tanzania	Uganda

Data collection carried out by Silvère Tovignan, Lazare Yombi and Leonard Mitama, Textile Exchange Ambassadors



WEST AFRICA

During the 2015-16 season, organic cotton land area and farmer numbers in West Africa remained relatively unchanged from the previous year, but fiber production volumes decreased by 49 per cent, from 1,983 MT to 1,013 MT. This is largely a result of late rainfall in all four producing countries (Benin, Burkina Faso, Mali and Senegal). Each country has also been affected by additional factors, described below. Fortunately, it is expected that production will increase again in 2016-17.

Benin: In Benin, the government buys organic-fairtrade cotton from farmers, paying them the fair trade price. However, in 2015-16, there was a long delay in payment to farmers for their previous season's harvest, and farmers were also provided with seed very late in the season, leading to a delay in planting. Despite the many challenges research shows that 80 per cent of OBEPAB farmers in Benin are experiencing yields higher than the average organic yield for the country, which provides hope for the future.

Burkina Faso: UNPCB (Union nationale des producteurs de coton du Burkina), Burkina Faso's main organic cotton producer, continued to be affected by management conflict in 2015-16, and the group unfortunately lost its key buyer, Victoria's Secret, which previously had been a great support to the country's organic cotton sector. There is, however, a new seed development initiative being implemented by Catholic Relief Services that aims to improve the quality and quantity of non-GMO seed in Burkina Faso (more details overleaf).

Mali: In Mali, the internal leadership and management conflict in MOBIOM exacerbated in 2015-16 and, as a result, the organization did not produce any organic cotton, though a new farm group was created, named FENABE, which includes some of MOBIOM's previous farmers alongside some newcomers. However, many

have very little experience in organic cotton production and overall yields were relatively low in Mali this year.

Senegal: In Senegal, Yakaar Niani Wulli (YNW), the key producer in previous years, stopped producing organic cotton following three years of struggling to find a market for it. A new farm group was created named SODEFIX, but the country's overall production remained very low.

The ECAI-bio initiative, part of a bilateral agreement between Senegal and Germany to support the development of 1,000 large-scale organic farms in Senegal, continued with preparations for establishing the first of its farms. The initiative is also in talks with other countries in the region about the possibility of starting up a similar project there.



EAST AFRICA

In Eastern, Central and Southern Africa, organic cotton offers an opportunity to reduce the negative impacts of pesticides on human health and livelihoods, reduce damage to the environment, and improve food security and income for many smallholder cotton farmers. But this will only be the case if bigger markets can be created for textiles made from organic fibers.

Experience from Tanzania in particular reveals that it is technically feasible, and can reduce health problems, maintain soil fertility and improve food security, often bringing higher overall income than conventional cotton.

Tanzania and Uganda were the only countries in East Africa producing certified organic cotton in 2015-16. Ethiopia, which joined the line up in 2014-15 with a new project in the Omo Valley, unfortunately had no certified organic cotton production this year due to critical social unrest.

Tanzania: After suffering from poor rains in 2014-15, which severely impacted production, Tanzania's total fiber volumes resumed somewhat but not fully in 2015-16, with an increase of 50 per cent. The total number of farmers contracted for organic cotton production reached a total of 4,701, producing a total of 3,130 MT of fiber. BioSustain and bioRe Meatu remain the primary producers of certified organic cotton in Tanzania, with an approximate 50-50 split.

Uganda: The sole producer of certified organic cotton in Uganda is Gulu Agricultural Development Company (GADC), which experienced an increase in yield and a 14 per cent growth in production despite suffering drought. Alongside organic cotton, farmers in Uganda typically also grow cotton, sesame, sunflowers and chili.

There were 10,244 cotton farmers certified organic in 2015-16, but an additional 3,000 will become certified next year meaning an expected growth in production.



WHAT TEXTILE EXCHANGE IS DOING

Africa Sourcing Hubs Working Group

At the 2016 Organic Cotton Round Table (OCRT) meeting in Hamburg, an Africa Sourcing Working Group was formed, the primary focus of which is to develop a multi-stakeholder, action-orientated strategy that will accelerate the growth of the sustainable cotton sector in Africa.

Organic Cotton Round Table Regional Strategy: Africa

Building on the efforts of the Africa Sourcing Working Group, an in-person Regional Strategy Meeting dedicated to exploring strategic opportunities in Africa is being held during the 2017 OCRT in Washington D.C.

RECOLTE: ADDRESSING SEED SECURITY IN BURKINA FASO

Boubacar Kamissokho, Chief of Party, RECOLTE Project Burkina Faso

The USDA funded RECOLTE (Revenue through Cotton Livelihoods, Trade and Equity) project, implemented by Catholic Relief Services in Burkina Faso, successfully contributes to upgrading the organic cotton value chain while improving the economic prospects, income and food security of more than 10,000 smallholder farmers and their families.

One of the big constraints in organic cotton production is the lack of organic seed available to farmers in terms of both quality and quantity. To resolve this crucial issue, the RECOLTE project has created, in partnership with UNPCB, three seed farms located in Koumbo (south), Goerssa (northwest) and Piengou (east). Each seed farm is 20 hectares in size, and all are well equipped with tractor and accessories, carts, oxen, dry platform, boreholes, office and warehouse. Cotton and rotational crops (sesame, soy, peanuts) are produced in each farm.

Beside the production of foundation seeds in the farms, one strategy used by the project to fulfill the gap in seed supply was to organize and train the seed producers around each farm to multiply certified seed.

One hundred producers were involved, 45 per cent of whom were women. This seed multiplication is monitored by each seed farm deputy manager with the help of the cotton program researchers of INERA (Institut de l'Environnement et de Recherches Agricoles).

For example, the 2016-17 season saw 22 MT of foundation and certified seed produced, fulfilling the entire seed needs of UNPCB's organic cotton producers. Ginning is carried out by a gin dedicated to organic cotton in order to ensure zero risk of contamination and production of high quality seed.



PROPOSED SOURCING COALITION FOR ORGANIC-FAIRTRADE COTTON FROM WEST AFRICA

Tobias Meier, Senior Project Leader, ecos

Swiss consulting company ecos, together with FiBL and Association des Producteurs de Coton Africains (AProCA), are initiating a sourcing coalition for organic-fair trade cotton from West Africa. The aim of this initiative is to establish and maintain market access for 10s of 1000s of small farmer families in West Africa producing organic-fairtrade cotton and other organic crops. Geographically, the focus will be on Mali, Burkina Faso, Benin, Senegal, and steadily expanding to Eastern Africa and Central Asia.

Four elements create an innovative momentum in order to support organic-fair trade cotton on a large scale: Market Services, Information Services, Production Services and Networking Services. The vision is for a multi-stakeholder and self-sufficient initiative, that, by 2022, it is estimated will benefit 100,000 people in West Africa by providing a fair and sustainable income through organic cotton farming. The initiative does not intend to reinvent the wheel, but to exchange knowledge and experiences with a similar program.



The Gulu Agricultural Development Company in Uganda has finished a development project including agricultural training for farmers. In 2017, a 3-year support program started with the aim of strengthening village communities, educating people in the handling of money, credit, savings and insurance, and the establishment of self organized instruments. Cotonea has also started in the organic ELS cotton market and, from 2018, will be able to offer organic ELS yarns and fabrics.

Roland Stelzer,
Elmertex

PESTICIDE-FREE COTTON IN ETHIOPIA

Keith Tyrell, Director, PAN-UK

Since 2013, PAN-UK has been working with PAN-Ethiopia to support cotton farmers in Southern Ethiopia to adopt safer and more sustainable methods of cotton production. Conventional farmers are risking their health using highly hazardous pesticides and yet they are still seeing relatively poor yields and returns for their efforts. The project trained 1,976 smallholder cotton farmers in Integrated Pest Management techniques through Farmer Field Schools (FFS) and ongoing extension support. Government agricultural extension agents (agronomic and plant protection specialists) were trained and closely involved in project delivery. Participating farmers are achieving average yields over 100 per cent higher than before. An organic cotton producers' cooperative is selling Grade A organic cotton at a premium price and, with our technical support, it has just started supplying organic seed to farmers in the area. 200 farmers have achieved organic certification in 2017, and more will join them next year. So much can be achieved and we grateful to TRAIID and the JJ Charitable Trust for financing this initiative.



Q&A WITH PATRICK HOHMANN

CEO, Chairman of the Board and Founder, bioRe® Foundation

Q This year marks the 20th anniversary of bioRe Foundation - congratulations! What achievements are you most proud of over this time?

First is the education of farmers and their families in sustainable agriculture, which we see as organic agriculture. And second is that, in Tanzania, we fulfilled our vision to enable farmers to reach double yield and double income – a result of their farming methods, better seed and the premium provided by Remei AG. Not to forget the improvement of infrastructure, such as the mobile health unit in India, which has been visited by 94,000 patients. We also enrolled 2,000 children by running 19 schools in India, and benefitted human health by making clean water accessible to more than 50,000 people in Tanzania.

Q What were the toughest decisions that the Foundation faced in this time?

The toughest was the drought in Tanzania in 2006, when children could not even attend school because they were literally starving. That is when we took the decision to feed all children in the region for a period of 4 months. Another tough challenge is the availability of GMO free seeds in India. An almost unsolvable situation. We took the chance to start our own research and now, after 7 years of hard work, we are on the verge of having new GMO free seeds for the year 2018-19.

Q What does the future hold for the Foundation in the coming years?

To support farming communities in their endeavor to meet the new challenges that they are confronted with on a daily basis. In the near future, the focus will be mainly on GMO free seed and good agricultural knowledge, focusing on biodiversity and reduction of erosion.



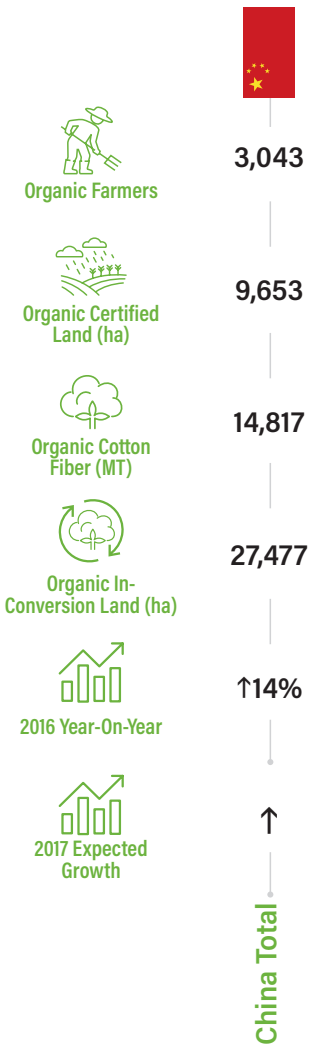
Photo: Solidaridad, Tanzania



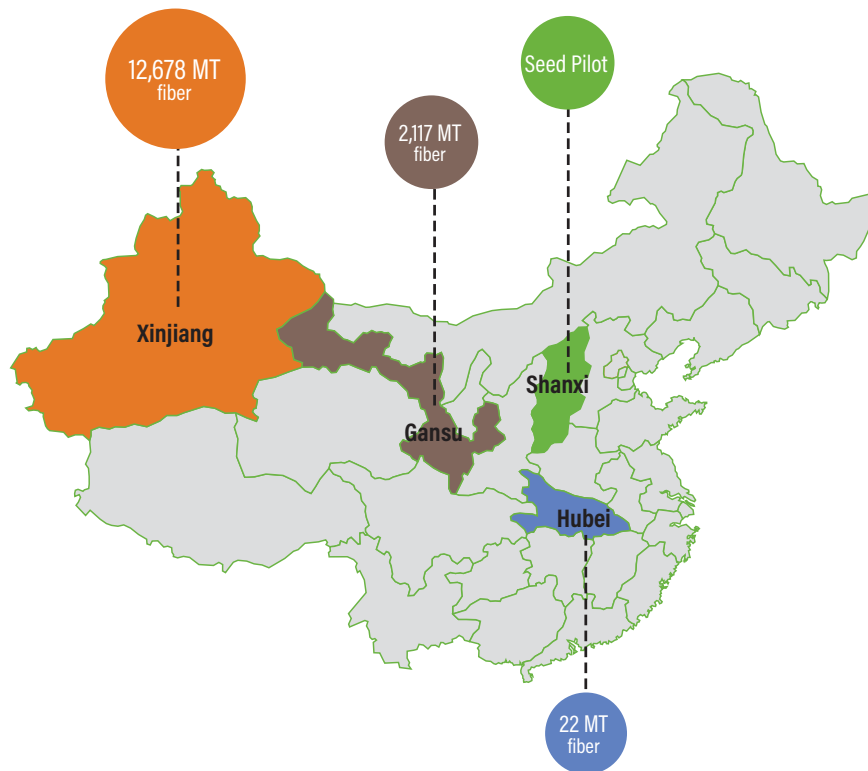
Photo: bioRe, Tanzania



CHINA



Data collection carried out by Allen You, Textile Exchange Ambassador For China



While China is one of the world's biggest cotton users and producers, the country's cotton production has been steadily falling since 2011-12. Within the five year period of 2011-12 to 2015-16, China's overall cotton production saw a 32 per cent decrease, from 7.4 million MT to 5 million MT (ICAC). The falling production and rising labor cost has pushed the Chinese cotton price up, rendering it less competitive against its Indian counterparts.

As high labor costs and price caps cut its appeal, farmers are opting to grow more lucrative food crops, such as tomatoes, ground nuts, peaches, rice etc. Cotton in these cases remains a secondary rotation crop.



Photo: Farmer inspecting her organic peach orchard in Xinjiang.

China's organic market has been growing dynamically. The Research Institute of Organic Agriculture (FiBL) estimates that, in 2015, the Chinese organic market was valued at around 4.7 billion euros and makes up approximately 6 per cent of the global organic market. Fuelled by a spate of food scares in Asia, China's organic food sales continue to rise and, with it, the associated interest and demand for organic textiles, especially in infant and baby wear.

Whereas organic certification was typically adopted for the purpose of export in the past, a rising number of local and international brands are now adopting organic certification specifically for the domestic market. Yee Hoo, a leading Chinese baby and kids wear retailer, and Nature's Purest, a UK-based baby brand, are both good examples. As the Chinese National Organic Program is the only organic standard recognized by the local authority, there has been a rise in local certification. At the time of this report's launch, it was estimated that around 280 outlets across China are now carrying and promoting organic textile products certified to the Chinese National Organic Program.

HUAFENG EXTENDS OFFERING TO INCLUDE ORGANIC TEXTILES

Encouraged by local governments, some organic cotton producers are experimenting with value add. HuaFeng Limited, a significant organic cotton producer in XinJiang, is now manufacturing and selling certified organic cotton quilts, branded as "HuMeiMian" (Beautiful Tiger Blanket), to the domestic market in Beijing, Shanghai, Guangzhou and Shenzhen. The fabric is purchased from a local supplier and the stuffing is made using organic cotton from their own farm. The product is supplied either to wholesalers or via an e-platform directly to consumers. While production remains relatively small at 10,000 pieces per year, the company feels optimistic with the long-term viability of the product, as it is priced 40 per cent lower than its German counterpart.



On the supply front, production of organic cotton has seen an increase of 14 per cent compared to 2014-15. While production of organic cotton to the textile market has remained relatively stable over the past year, the growth in the Chinese organic dairy market has boosted demand for organic cottonseed. A number of farms have been set up for this purpose (i.e. to supply the organic dairy market) and, for this reason, while there is an increase of organic cotton in China, most of it is not entering the textile market.



WHAT TEXTILE EXCHANGE IS DOING

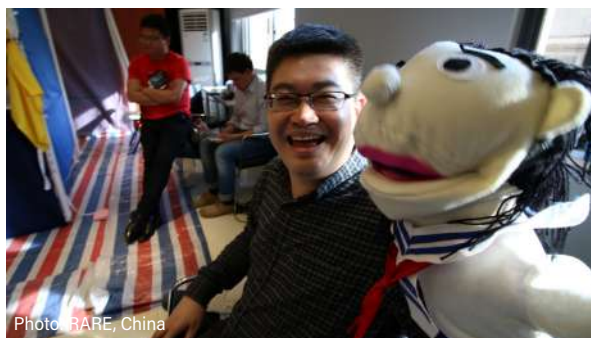
Organic Cotton Round Table Regional Strategy: China

As part of the new approach to regionalize aspects of the Organic Cotton Round Table, participants of the China Strategy Meeting in Washington D.C. in October 2017 will come together to discuss future plans. Topics cover:

- Leverage and maximize the unique opportunities that the Chinese organic cotton industry presents.
- Shift organic cotton from a transactional exchange to one based on long-term, integrated supply networks in China.
- Raise governmental awareness on the economic, social, and environmental benefits that organic cotton can potentially bring to China.
- Build supply to match forecasted demand for organic cotton, both domestically and abroad.
- Grow the Chinese domestic market for organic cotton.

RARE & C&A FOUNDATION: BRINGING PRIDE AND UNITY TO ORGANIC COTTON FARMERS IN CHINA

Veronica Yow, Manager Sustainable Markets & Finance, Rare



“Before this, I only knew how to farm. Now I know how to engage the community, organize events and gather the women in the village to dance together. I’m excited to do more. I am most excited about being the co-facilitator in the e-training for organic cotton.” Qi Suqin is a 51-year-old cotton farmer at the Zhongliang farm in Xinjiang. Originally from Sichuan, she has been living in Xinjiang for 18 years. In 2017, she became one of Rare’s Campaign Managers, a role that excites her due to the opportunity to learn

new skills and help organize community activities. A Campaign Manager is a person from the farming community who is trained and supported by Rare to design, execute and lead a behavior change campaign to increase the adoption of organic agriculture within their communities. As the leading behavior change expert in conservation, Rare has launched its’ signature “Pride” campaigns for over 30 years in 50 countries to have enduring impact for both people and nature alike. “Pride” campaigns – named for their goal of building community pride - use social marketing and activities to create public support for conservation solutions that communities adapt and make their own.

Supported by the C&A Foundation, Rare is now applying its community behavior change approach to inspire organic cotton farming communities in China to take pride in their natural resources. “Pride” campaigns make conservation fun for the community while providing the knowledge necessary for the adoption of organic agriculture. Our campaigns include a lovable mascot, innovative community events and materials that appeal to both adults and children, as well as local government. Starting with posters and billboards, farmers scan the QR code on these resources to join the WeChat group (China’s most popular social media app), where bi-monthly trainings are conducted by organic cotton experts. This interactive, online training works well for busy farmers as they can access the notes in both PowerPoint and audio formats, as well as join Q&A sessions. Farmers are also encouraged to visit demonstration plots where farmers currently transitioning towards organic cotton can show their peers the organic techniques they are practicing.

All campaign materials are produced with the Pride campaign brand “Seed to Store.” The brand’s purpose is to put real farmers’ stories to otherwise abstract concepts like organic agriculture in order to create a connection between consumers and the farming communities that produce the food they eat. Qi organized a Children’s Day event on June 1st, 2017, which included a talent show followed by an organic knowledge contest, with a special appearance from our cotton mascot. The evening had a festive atmosphere thanks to the participation and support of community members. One farmer shared, “We feel very excited and happy, which has long been lost in the community. The organic program has united us.” Additionally, some farmers approached the farm manager to express their interest in learning more about organic cotton and participating in next year’s program. Qi also created an interactive farmer discussion board which can be used during farmer trainings and demonstration plot visits to show the contrast between organic and conventional farming practices.

As community engagement continues, farmers are beginning to change their attitude towards organic cultivation. However, a successful campaign also depends on having a strong benefit exchange for the farmers. Faced with decreasing yields, especially in the transition years, and the difficulty in accessing the organic cotton market, farmers need purchase agreements to support them through the transition period together with training and community engagement. Join Rare and our farming communities on the journey of organic cotton from “Seed to Store.”

XINJIANG DUAL PORTS AGRICULTURAL INVESTMENT CO.

Xinjiang Dual Ports Agricultural Investment Co., Ltd. is an organic producer group with a fascinating and inspiring story behind its development. Located near the town of Heshituoluogai in the Xinjiang region of China, the area of land where this group now farms was transformed from infertile desert to a thriving village founded on organic agriculture in just 8 years.

The story starts in 2009 when Yang Yong Tian, who accumulated wealth through real estate, wanted to donate some of his fortune to a worthy cause. His wife, Wang Yan, suggested investing in the development Xinjiang, where she originates and which, at that time, was much less developed than other regions of China. Yang Yong Tian agreed and, together, they made a trip to Xinjiang, where they had a chance meeting with a regional government official who brought to their attention the need to support the relocation of a group of tribal herders who were struggling to sustain their livelihoods. After some discussion, the government agreed a concession on 30,000 hectares of land in Akesu Nanjiang Kaishi, near Heshituoluogai, 1,300 hectares of which was used to set up a farming community for the herders' relocation. Wang Yan was keen for the land to be used in a sustainable way and therefore saw to it that the herders were provided with training and support in organic production. Over the following years, a thriving community was created that later became known as ChaHeTe.



In 2010, Wang Yan founded the Xinjiang Dual Ports Agricultural Investment Co., Ltd (Dual Ports) on four operational principles - conscious business, health and wellbeing, environmental protection and circularity - to provide quality organic products to the high-end market. Dual Ports aims to establish an "organic value-chain" from cultivation of organic inputs such as soil, seed and fertilizer to production and sales. The company currently specializes in high-end organic items such as organic oils, rice, dried fruits, and nuts, which would often be bought in bulk by corporates as gifts for their employees. The operations are now managed by Mulati Dilixiati.



The farmers in ChaHeTe also grow organic cotton, certified by ECOCERT. In 2015-16, there were 500 farmers (150 of whom were women) growing 130 MT of medium staple organic cotton fiber on 159 hectares of land. However, at present, this cotton is being sold on the conventional market, which is a sign that there is still more to be done when it comes to the marketing of produce, particularly organic cotton, from this area.



ChaHeTe has grown from desert just 8 years ago into a thriving village and, with support from Dual Ports and the local government, the community now benefits from schools, community centers, health clinics, a police station, shops and more. To support the continual development of the community, Dual Ports also provides regular agricultural training to farmers, community development activities, as well as scholarships for further education.

XINJIANG DUAL PORTS AGRICULTURAL INVESTMENT CO. (CONT.)



Additionally, the company has partnered with local universities that use their project as a case study on social development. There is a large amount of land still available to either grow ChaHeTe further, or start a new organic community project nearby; both options having great potential to support the livelihoods of many more farming families.

Mulati Dilixiati and Wang Yan have a great vision to build a model organic farm. They envision a farm that grows a multitude of organic crops, both staple and specialty, and produce is value added through local processing (i.e. rice, dates) or traditional handicraft (i.e. organic textiles and embroidery). They believe, if done properly, there is further potential for eco agritourism to not only showcase what a healthy, thriving, organic village looks like but an opportunity for others to experience being part of it.

The ChaHeTe story is a great example of what can be achieved in a short space of time with passion and dedication to the principles of organic. Dual Ports is currently seeking partnerships to further their cause and realize their vision.

For more information on the project please contact: Evonne@TextileExchange.org

C&A FOUNDATION GROWS PARTNERSHIPS IN CHINA













C&A Foundation has continued its journey of expanding organic cotton production in China by bringing in a new partner - CottonConnect - alongside its existing partner Rare. With this, the foundation is now supporting farmers across three provinces – Hubei, Shandong and Xinjiang. This diversity enables the foundation to test different business models with farmers who are part of cooperative farms, company owned and managed farms.

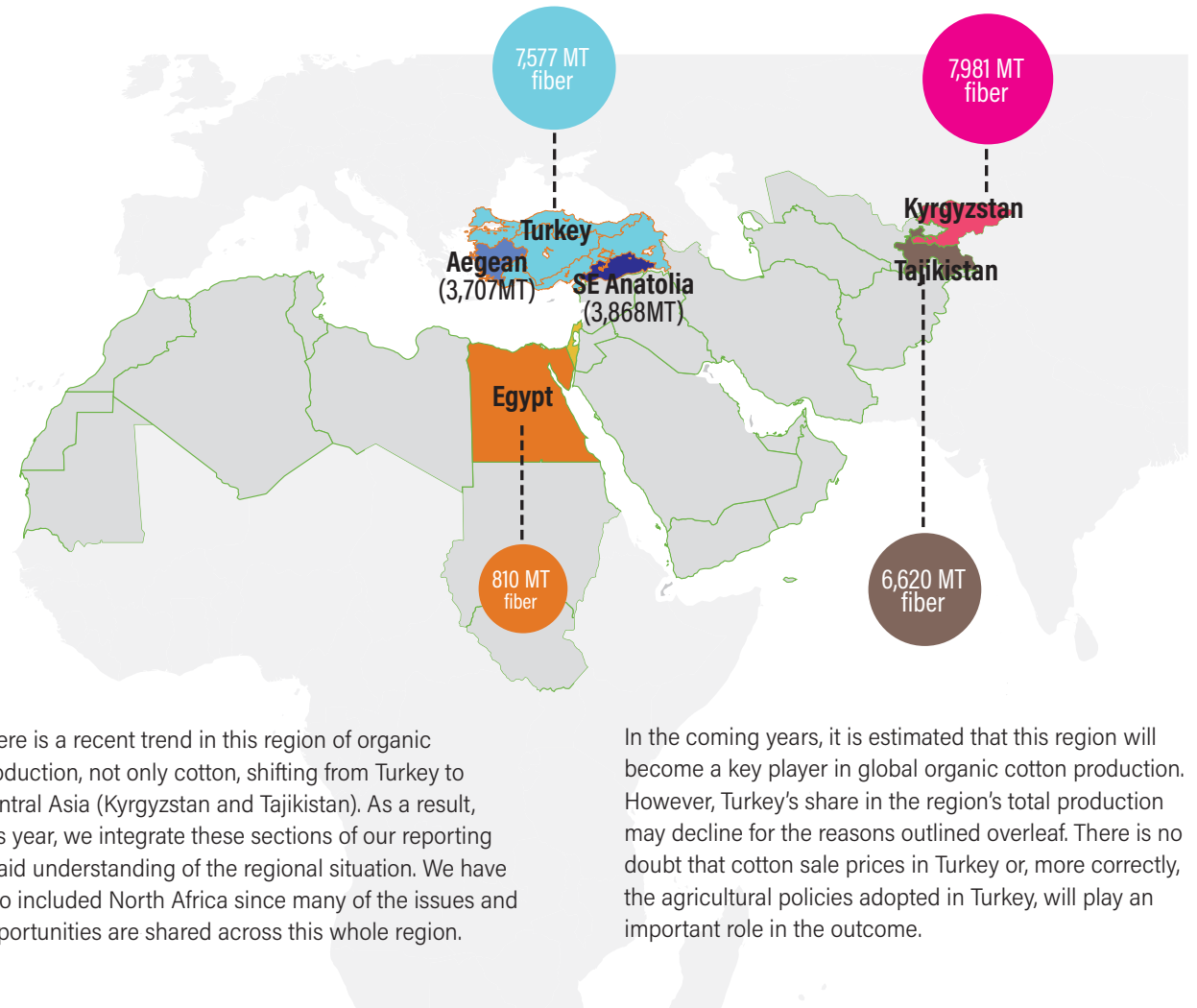
The first two years of the foundation's program were impacted due to flooding and unseasonal rains in the Hubei province. The cotton crop yield was thus negatively impacted in both years. However, the majority of farmers recognize that organic agriculture has increased their soil fertility and improved biodiversity on the farm, and will therefore continue with organic farming practices. A study by the Yangtze University has also shown improvements in both ground and surface water quality on the farms.

In 2017, the foundation continued to work with its partner Rare to support organic cultivation in Hubei. However, recognizing that changing weather patterns in the region do not support cotton cultivation, our partnerships with both Rare and CottonConnect now expand into Xinjiang and Shandong. Xinjiang already has existing organic cotton programs and the foundation in the past has also supported a non-GMO seed breeding project. 2017 will be an interesting year for the foundation, as new geography and business models are tested to help organic cotton farmers in their journey to improving their livelihoods and conserving the environment.

TURKEY, CENTRAL ASIA & NORTH AFRICA

Photo: Cotonea, Kyrgyzstan

				
 Organic Farmers	584	119	1,121	185
 Organic Certified Land (ha)	581	5,616	7,013	3,733
 Organic Cotton Fiber (MT)	1,023	7,981	6,620	7,577
 Organic In-Conversion Land (ha)	no data	no data	no data	2,426
 2016 Year-On-Year	↓52%	↑44%	↑562%	↑4%
 2017 Expected Growth	↓	no data	no data	no data
	Egypt	Kyrgyzstan	Tajikistan	Turkey



There is a recent trend in this region of organic production, not only cotton, shifting from Turkey to Central Asia (Kyrgyzstan and Tajikistan). As a result, this year, we integrate these sections of our reporting to aid understanding of the regional situation. We have also included North Africa since many of the issues and opportunities are shared across this whole region.

In the coming years, it is estimated that this region will become a key player in global organic cotton production. However, Turkey's share in the region's total production may decline for the reasons outlined overleaf. There is no doubt that cotton sale prices in Turkey or, more correctly, the agricultural policies adopted in Turkey, will play an important role in the outcome.

Egypt: In 2015-2016, Egypt's production decreased as a number of producers ceased growing organic cotton. SEKEM, however, which is a longstanding biodynamic producer group growing ELS cotton in the regions of Fayoum and Elbeheira, has been gradually increasing its land area under organic cotton in recent years, and this trend continued in 2015-16. SEKEM has also taken over management of the cottonforlife initiative that commenced last year.

Israel: The producer in Israel growing extra long staple organic Pima cotton ceased production following the 2015-16 harvest.

Kyrgyzstan: Kyrgyzstan's production volume now matches that of Turkey's, and it is expected to grow even further in the coming years. In addition to the longstanding Biofarmer cooperative, supported by HELVETAS Swiss Intercooperation, production is also carried out by Turkish companies, such as Akasya Tarim. As is the case in Tajikistan, most organic cotton from Kyrgyzstan is shipped to Turkey for processing.



“ Since last year, the activities of Cotonea are developing well. The organic cotton project in Kyrgyzstan celebrated the end of its financial support by HELVETAS/ SECO Switzerland in autumn last year and since then the organic farmers are doing well on their own. This year will prove they have learnt enough to take a position in the organic cotton market!

Roland Stelzer,
Elmertext

40 YEARS OF VITALIZING THE DESERT

A Tribute to Dr. Ibrahim Abouleish



Dr. Ibrahim Abouleish, who founded the organization SEKEM 40 years ago, sadly passed away earlier this year. He achieved wonderful things in his 80 years and truly realized his vision of revitalizing the desert through biodynamic agriculture.

Starting on a small, untouched area of land 60 km from Cairo, this plot was the starting point from which various other developments were initiated, and it continues to mark the location the main SEKEM farm today. A whole community has grown, with factories, schools, a medical center and a vocational training center for the youth. Additionally, SEKEM now has three other farms scattered at different locations, and it cooperates with around 800 contracted farmers all over Egypt that also grow their crops under biodynamic guidelines.

Tajikistan: Tajikistan's total production spiked significantly in 2015-16 as a new producer came on board named DoCotton Group-Mehmet Dogan, which produces significant quantities of organic cotton that is largely shipped to Turkey for processing after ginning.

Production by the Bio-Kishovarz cooperative, which has produced organic cotton in the region for many years, remained stable following its spike in production last year as large areas of in transition land reached certification. The total number of producers did reduce slightly, though, as a result of market challenges and GMO contamination issues. The cooperative has effectively managed the GMO risk in most cases, but plans to continue focusing its efforts on further improving its mechanisms for avoiding GMO contamination, as well as on finding reliable, long-term buyers for its organic fairtrade cotton.



The time has come to find “Common Ground” for a smart strategy & action plan to enhance and strengthen the government’s support and contributions to the organic cotton sector. Since we all agree that government support is a pre-requisite for a successful Turkish organic cotton sector, I would like to take this opportunity to bring a different perspective, and alter the question of “What can the sector do to motivate the Governments so that they can better support the aims of organic cotton sector in Turkey and the wider region?”

Instead of remote management models, a systematic approach that is unique to each locality is necessary for developing a sustainable cooperation and collaboration between the public sector and authorities, private sector and organic cotton community. I believe, in order to tailor a new organic cotton business model for Turkey and the region, there is a need to define pre-competitive collaboration, common ground based decision making processes, transparency, integrity and language. Such a model should include and give prior attention to exchanging and sharing global/local best practices and be innovation friendly.

As far as SMART strategy and action plans are concerned: attitudes, abilities, skills and financial capacities need to be developed in order to achieve tangible goals that are most important to the organic cotton sector.

Oktay Aytug,
Aytug&Aytug



Photo: Egedeniz, Turkey

Turkey: Over the last three production seasons in Turkey, there has been quite a fluctuation in the number of producers, the size of the production area and, also therefore, in production volumes, which reduced from 7,958 MT in 2013-14 to 7,304 MT in 2014-15, and back up to 7,577 MT in 2015-16.

There is also fluctuation in the geography of production between the Southeast Anatolia (SEA) and Aegean regions. In Southeast Anatolia, there has been an overall decline in the number of producers in recent years, due largely to the fact that alternative products (maize, sunflower and even grains) can bring a better income. However, this trend may soon cease as the government levies zero customs duties for certain imports. In terms of total production in the region, this actually increased in 2015-16 despite the number of producers declining - a result of a number of large producers commencing organic cotton production.



WHAT TEXTILE EXCHANGE IS DOING

Regional-Organic Cotton Round Table, İzmir

At the 2016 Organic Cotton Round Table (OCRT) in Hamburg, delegates proposed focusing the work of the OCRT on particular regions of the world, to devise locally-specific programs that would meet the needs of individual countries. Turkey, through a strong partnership with İZFAŞ, organizers of the Ekoloji Fair in İzmir, came forward to support the first ever [Regional-OCRT](#) in İzmir in April 2017, building on the successful workshop Textile Exchange hosted in İzmir the previous year.

The countries covered included predominantly Turkey, Kyrgyzstan, Tajikistan, Egypt. The event brought together over 120 stakeholders from the region including producers, manufacturers, retailers, as well as representatives from international brands interested in the region's strong potential for producing organic textiles.



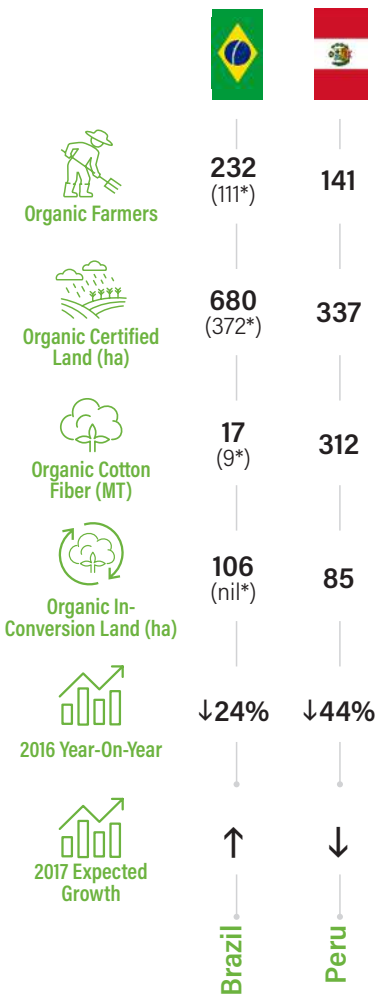
We are delighted to be working with Textile Exchange to bring the Regional Organic Cotton Round Table (Regional-OCRT) to İzmir. With nearly 30 years' history of growing and processing organic cotton, Turkey is strengthening its position as a leader in the industry, and bringing all stakeholders together in this way is vital for planning a successful future. The first Regional-OCRT, held in May 2017, was a great success, and we look forward to working together to take this model further in 2018.

Z. GÜL ŞENER,
Executive Board Member, Fuarizmir

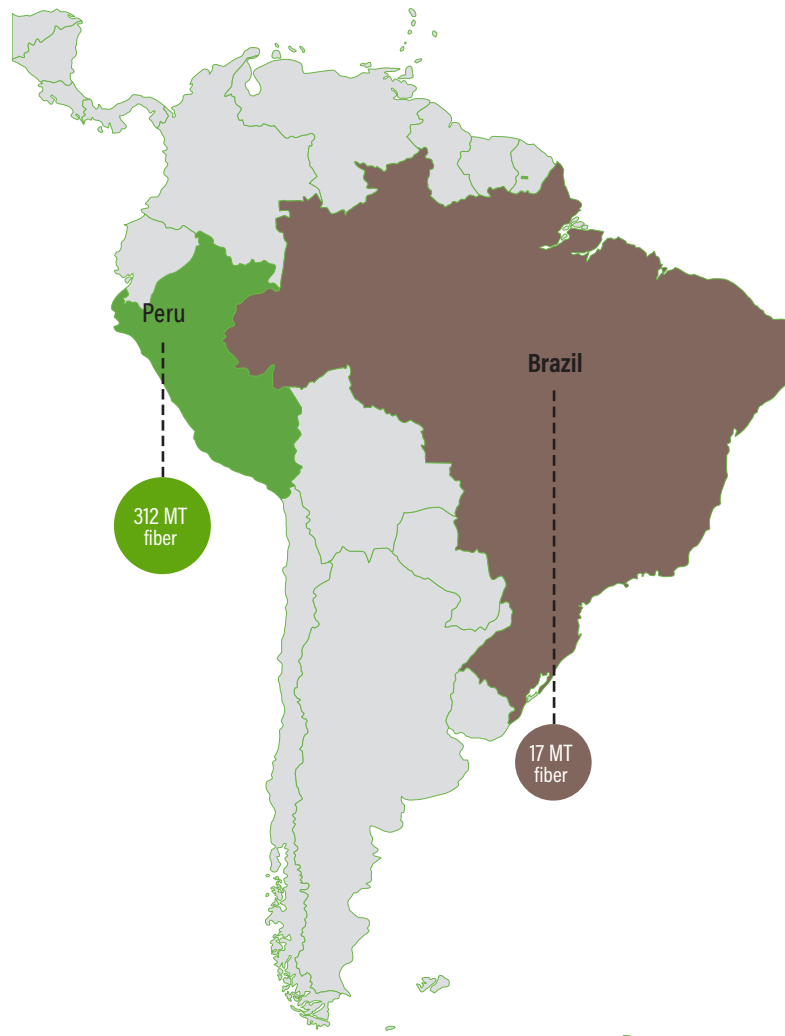
Market Opportunity Scoping Project

As part of the collaboration with the İZFAŞ, Textile Exchange, with additional support from Control Union, KERING, Sanko and Williams Sonoma, commissioned Change Agency to conduct a [Market Opportunity Scoping Project](#) (MOSP) in the region ahead of the 2017 Regional-OCRT in İzmir.

The MOSP involved a series of interviews with companies and organizations representing each section of the region's value network, with the aim of exploring the market opportunities in the region and identifying any blockages or misperceptions. The findings were presented as catalysts of productive discussions at the Regional OCRT in İzmir, and generated a number of initiatives and work-streams to take the ideas forward.



Data collection acknowledgement: Silvio Moraes, Latin America Ambassador



The organic cotton harvest in Latin America remained heavily affected by unfavorable climatic conditions 2015-16, as was the case the previous year. Combined with a poor economic situation, the region's organic cotton production declined overall. Paraguay, Nicaragua and Colombia are yet to resume organic cotton production after being impacted by poor climate conditions and lack of investment in the sector the previous year.

At the same time, however, 2015-16 saw the development of a number of new initiatives that signal a resumption of certified organic production in the region, including initiatives by the United Nations Food and Agricultural Organization (FAO) and the C&A Foundation (see pages 36 and 37 for more detail). In this context, FAO organized an important event in Asuncion in December 2016, at which representatives from Argentina, Brazil, Bolivia, Colombia, Ecuador, Paraguay, Peru and Haiti came together to discuss experiences and perspectives for sustainable cotton in Latin America.

Embrapa Cotton, a reference research institute in the region, can also contribute much to the development of technologies adapted to the production of organic cotton by family farmers. Its technical staff is extremely skilled, with extensive experience in plant breeding and technology for cotton, and seems increasingly interested in supporting the advancement of organic cotton.

* Denotes data from OPAC producers (i.e. producers that are under participatory certification scheme recognized by the ministry)

Another promising note is that there has been a recent trend towards normalization of the climate in the region, with forecasters foreseeing the beginning of a new cycle of regular rains. This could further help to boost production in the region in the coming years.

With the new initiatives mentioned and forecasted normalization of the climate, the current context of organic cotton in Latin America is very rich and presents numerous possibilities for growth.

Argentina: A new project was initiated by Stay True Clothing in Campo Medina, Chaco State, using biodynamic farming methods. A small amount of production is expected next year.

Brazil: Production in Brazil declined slightly in 2015-16, from 22 MT fiber in the previous year to 17 MT this year. However, new technical assistance and investment in the fields and the increasing number of certificated farms may help to scale the country's production in the coming years.

Peru: Peru's production of certified organic cotton declined quite significantly, from 553 MT in 2014-15 to 312 MT in 2015-16. This is due partly to the poor climate and economic conditions, and partly to the fact that one of the largest producer groups was not able to have its production certified.



WHAT TEXTILE EXCHANGE IS DOING

Organic Cotton Round Table Regional Strategy: Latin America

As part of Textile Exchange's strategy to regionalize the activities of its Organic Cotton Round Table, this year's annual meeting will include a session focused specifically on developing a strategic plan for organic cotton in Latin America. Held in Washington D.C. on October 12, 2017, the meeting will bring together key stakeholders from across the sector including producers, suppliers, brands, and both governmental and non-governmental organizations. Coordinated by Textile Exchange's Ambassador for Latin America, Silvio Moraes, the meeting will draw on the expertise and experiences of those in the room to collect ideas for a pre-competitive action plan, learn about current activities, share stories of what's working well what isn't, and to explore country-specific scenarios for an uptake and growth plan. This will all contribute to shaping the way forward for 2018.



PARTICIPATORY CERTIFICATION MODEL IN BRAZIL

The high cost involved in certification by audit still alienates many producers from organic cotton production. However, a participatory certification model introduced in Brazil points to a safe and low-cost solution for organic quality assurance. The model still needs improvements, particularly with regards to the training of those responsible for field inspections and annotations. Better organization of the organic production database maintained by the Brazilian Ministry of Agriculture is also needed. However, this is a good experience and a model that has the potential to be disseminated throughout the region.



Photo: Mr Alcino and Silvio Moraes - Nazarezinho, Paraíba, Brazil



Photo: Organic cotton ginned in Juarez Tavora - Paraíba - Brazil

+COTTON PROJECT TO STRENGTHEN THE COTTON SECTOR THROUGH TRILATERAL SOUTH-SOUTH COOPERATION

Adriana Gregolin, Coordinadora, FAO

The Food and Agricultural Organization (FAO) in Brazil, along with seven other countries in the region (Peru, Paraguay, Colombia, Bolivia, Ecuador, Argentina and Haiti), has started an initiative named +Cotton that aims to revitalize the region's cotton sector through sustainable cotton production. The initiative recognizes the need for technological innovations and reorganization of social processes in the cotton value chain in order to support competitiveness, along with public policies.

Having started in 2013, the South-South Cooperation works in countries where over 80 per cent of cotton growers work in family farming systems with less than 10 hectares of land. For example, in Paraguay and Peru alone, +Cotton has been involved in the training of more than 2,200 participants, and validated production systems in 29 technical demonstrative areas, with the participation of several actors involved in a historical value chain for Latin American countries. Topics covered in the training include Sustainable Technologies, Social Innovation, Strategic Partnership and Inclusive Markets.



Organic cotton produced by Ecotton, Peru

REINTRODUCING COTTON TO HAITI

A new organic cotton project is in development in Haiti, a joint effort of the Haiti/US based organizations [Smallholder Farmers Alliance](#) and Impact Farming. For the past seven years, these organizations have been working with a group of more than three thousand Haitian smallholder farmers on reforestation and sustainable agriculture. A study was undertaken into the feasibility of reintroducing cotton to Haiti following interest from brands, including Timberland, in sourcing organic cotton from the country. The initiative is currently in the process of preparing cotton field trials that will help to determine which varieties are suitable for smallholder organic cultivation. Ties are also being established with institutions in Brazil (EMBRAPA, FAO) and Peru to explore the possibilities of incorporating Haiti in the framework of the South-South Cooperation project (described to the left).

C&A FOUNDATION'S COTTON PROGRAM IN BRAZIL

Margarida Curti Lunetta, Programme Manager Sust. Raw Materials, Instituto C&A

The expansion of the C&A Foundation's program in Latin America began in Brazil, where since 2016 the focus has not only been on organic cotton, but also in the conversion of smallholder farmers to BCI.

The first initiative with organic cotton aimed at continuing the work performed by current groups that make use of agroecological intercropping and adding new groups with active participation of women, stabilizing and enhancing cotton supply to the fair trade market through the replacement of annual varieties of cotton with the Mocó cotton, which is semi-perennial and drought-resistant. Besides that, this initiative supports farmer associations that are responsible for the participatory certification system (OPACs).

C&A Foundation also supports the Solidaridad Network in implementing a six-year program. The main goal is to develop a sustainable and more profitable production model for smallholders and attract producers back to the cotton cultivation in Bahia and Minas Gerais. Going beyond the replacement of conventional cotton with BCI, the goal is that this smallholder production and management model can be more resilient to the severe climate conditions of the semi-arid region, ensuring quality of life to smallholders and their families, and being replicable in other regions in Brazil and in other countries, especially Africa.



Q&A WITH ALEXANDAR GRISAR

Founder, Support Organic Cotton in Latin America (SOCiLA)

Q What is the current status of organic cotton in Latin America?

There is a supply shortage of organic cotton worldwide, which presents the entire Latin American cotton value chain with tremendous business opportunities. Considering the proximity to the US, where the organic cotton apparel market is growing extraordinarily, and to which Latin America has competitive advantages compared to Asian suppliers (shorter lead times, ease of communication), I find it difficult to see why Latin American farmers and enterprises are not making use of these pertinent business opportunities.

Q What are some of the key opportunities and challenges that Latin America's organic cotton sector currently faces?










Family farming and food security schemes are widely spread throughout Latin America, and there is a big organic farming culture in the region. In fact, the hectareage dedicated to organic farming in Latin America almost doubles the one of Northern America and by far exceeds that of the entire Asian and African continents. Moreover, indigenous traditions are totally in line with organic farming goals and cotton cropping is part of their ancestral tradition. From a farming point of view, we have therefore near ideal conditions for spreading organic cotton cultivation in the region. In most countries of Latin America, we also encounter well-developed textile and apparel confectioning sectors. The problem I see is that farmers are too poor for developing new activities on their own and that textile and apparel enterprises are not aware yet of the business opportunities organic cotton could present them.

Q What do you think should be done to get the Latin American organic cotton sector on the go again?

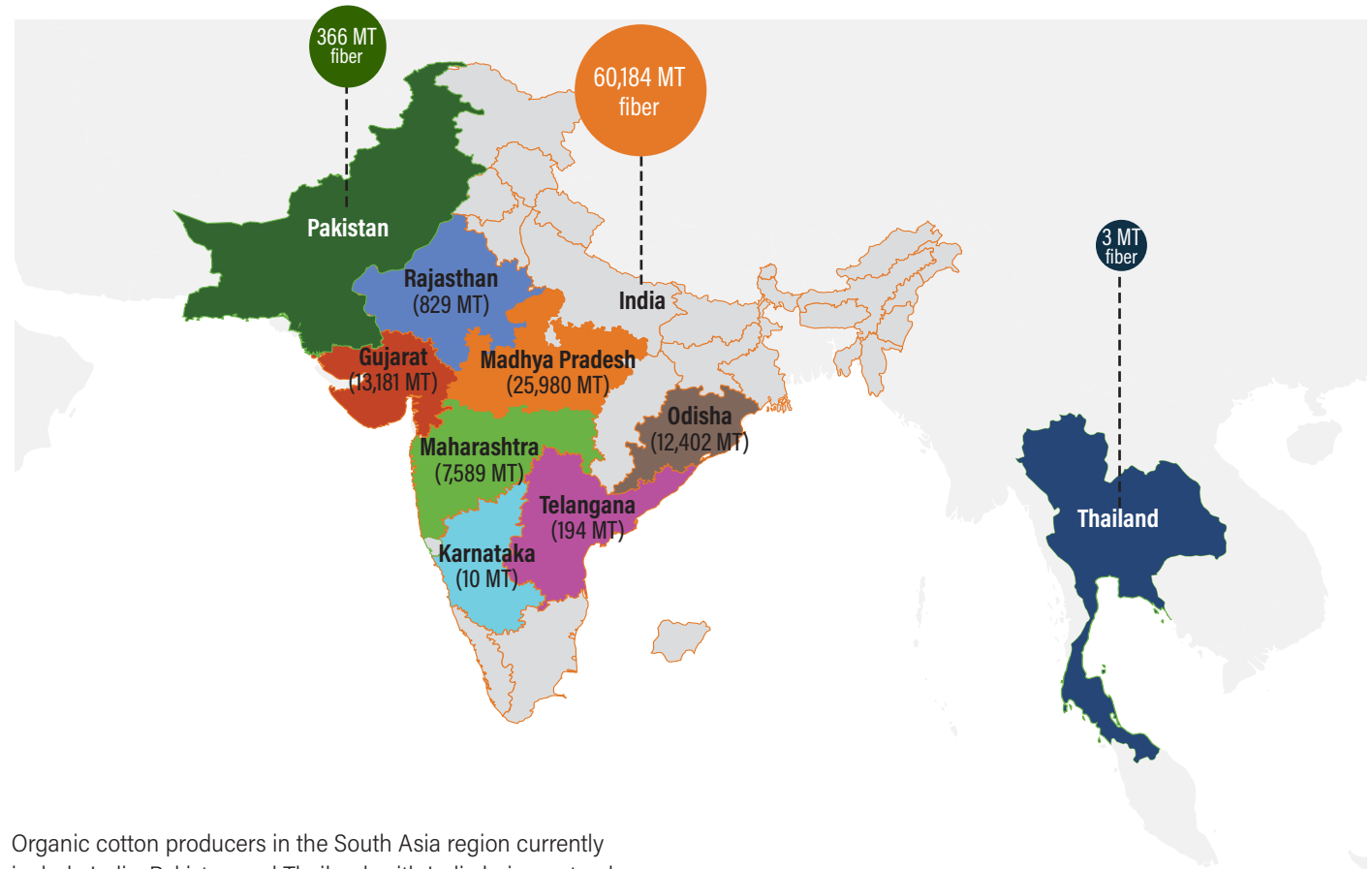
Entrepreneurs in Latin America sometimes need a push from outside. I guess that, once American textile brands discover the organic cotton business opportunities of Latin America and initiate projects in the region, others will imitate it. This will lead to widely spread organic cotton cultivation with repercussions in the region's whole value chain.



Photo: C&A Foundation, India

			
 Organic Farmers	192,148	2	66
 Organic Certified Land (ha)	189,364	1,056	76
 Organic Cotton Fiber (MT)	60,184	366	3
 Organic In-Conversion Land (ha)	221,548	457	no data
 2016 Year-On-Year	↓20%	↑100%	100%
 2017 Expected Growth	↓	↑	—
	India	Pakistan	Thailand

Data collection acknowledgement: India Country Manager, Amish Gosai



Organic cotton producers in the South Asia region currently include India, Pakistan and Thailand, with India being not only the largest producer in the region but also in the world, and by a long way, accounting for 56 per cent of global production.

India: Although organic cultivation in India is increasing on the whole, this trend wasn't reflected in the organic cotton sector in 2015-16, with production actually declining by 20 per cent from the previous year. This trend does, however, mirror that also seen in the conventional cotton sector, which experienced a 12.4 per cent reduction on 2014-15 volumes.

Naturally, farmers act in response to the market and, consequently, are moving more towards grains, vegetables and flowers, which, particularly in the current organic market, provide a better return than cotton.

There is also a demand issue when it comes to the fiber lengths typically grown in India (mostly 19-26 mm, with some 31 - 40mm), which are mainly suitable for denim products, home furnishings, or high-end luxury products, all of which have quite a low demand in the Indian market. The textile and fashion industry (including also now some of the big denim and home furnishing brands) typically requires fiber of 29mm or above. Investment in seed development of non-GMO varieties that produce higher quality fiber would help to alleviate this issue.

Organic cotton was grown on a total of 189,364 ha in 2015-16. Nearly all states showed a slight decrease in land area planted with organic cotton, though Tamil Nadu and Karnataka experienced the most significant declines, as some projects moved away from organic cultivation completely. Madhya Pradesh continued its significant leadership in terms of land area planted with organic cotton (86,037 ha) followed by Gujarat at (40,004 ha), Odisha (31,680 ha) and Maharashtra (25,669 ha).

Total in-conversion land area grew 192 per cent compared to 2014-15. This is partly a result of stronger audit procedures from certification bodies resulting in some previously certified organic cotton land returning to in-conversion status while issues such as contamination are managed. Over recent years, this trend has been most evident in Maharashtra, which experienced a 50 per cent reduction in lint cotton from 2013-14 to 2015-16 as large areas of land went back to in-conversion status.

Organic cotton farmers in India continue to face a number of challenges, particularly when it comes to accessing non-GMO seed. Seed development in India suffers severely from a lack of funding from both the public and private sectors. Lack of availability of organic inputs on the market, and lack of training in organic agriculture, are also issues. Integrity in organic cotton also remains a big issue, not only at the farm level but also within the textile supply chain.

However, there are a growing number of initiatives doing great work to help alleviate some of these issues, a selection of which are featured over the following pages.

Pakistan: In 2015-16, there was only one certified organic farm project producing organic cotton in Pakistan, Pakistan Organic Farm. However, there are a number of in-conversion projects and new activities taking place (see examples on following pages).



WHAT TEXTILE EXCHANGE IS DOING

Farm Engagement

As part of Textile Exchange's Data Investment Initiative, supported by the C&A Foundation, there has been a big push to strengthen our data collection systems and processes, particularly in India. A full time Country Program Manager was hired to in 2015 to focus on this and, as a result, we were able to collect production data directly from over 80 per cent of organic cotton producers in India. This data is cross-checked with multiple other sources, most importantly certification bodies, before being reported.

Organic Cotton Round Table Regional Strategy: India

In line with the Organic Cotton Round Table's shift towards regionalizing strategies, the 2017 event in Washington D.C. will include a meeting focused specifically on activities in India and South Asia. The objectives of the meeting are: to share stories of what's working well in India and the wider region and what's not; learn about current activities, pilot studies and progress; explore country-specific scenarios for an uptake and growth plan for the Region; collect ideas (including aims and deliverables) for a pre-competitive action plan; and to shape the way forward for 2018.

Industry Engagement

Textile Exchange has supported supply chain mapping for a number of its members and, now with a full time Country Program Manager based in Bangalore, also actively participates in many local events and groups, including being an active member of the Organic and Fair Cotton Secretariat (OFCS).

SMARTFARMING MOBILE APPLICATION

In June 2017, SmartFarming launched its smartphone application to provide information on sustainable farming practices for cotton farmers all over India. This app is easily accessible and can be used to receive tailor-made advice regarding, for example, harvest management, nutrients and land preparation. The app is also able to identify a wide range of pests and diseases, and provide advice on how to prevent and manage them. In addition, the app has several other features that can be used to gather data or to share knowledge, for instance about certification requirements. The SmartFarming app can be used by already established organic cotton farmers but is of most help to farmers in transition to organic, or farmers that are part of the Better Cotton Initiative. In this way, SmartFarming can help Indian cotton farmers in a convenient way while contributing to more sustainable farming practices.



GOOD TEXTILES FOUNDATION

Participating in Textile Exchange's Innovation Award in 2016 was a milestone for the Good Textiles Foundation (GTF) as, although we didn't win the award, the encouragement and feedback we received from various participants and panelists really inspired us to move ahead vigorously to deliver the intended impact to marginalized farmers, as well as workers in the textile supply chain.

Our first project, an organic agriculture training and innovation center in Sirpur, in the Adilabad district of Telengana, India, is almost complete, and will be inaugurated in December 2017. It will benefit close to 4,000 farming families by establishing a dynamic system of agricultural education to increase awareness and skills through competent training and practical demonstrations. There are active interests from investors to fund another training center in 2018.

GTF has also funded provision of reusable cotton bags to farmers to avoid contamination when picking, storing and transporting raw cotton, increasing the quality (and value) of the organic cotton that goes to the market. These bags will be distributed to farmers in time for the 2017 harvest.

Our next project will be to work on reducing the school drop out rate of children in cotton growing areas. GTF intends to provide safe transport to school, strengthen infrastructure and revive local arts. For more details, please visit: www.goodtextiles.org or contact us at info@goodtextiles.org.

Visit Textile Exchange's [Innovation Award Alumni](#) to view all finalists.



C&A FOUNDATION'S ORGANIC COTTON PROGRAM IN INDIA

Since 2014, C&A Foundation has supported over 26,000 farmers in adopting organic cultivation practices. In collaboration with four dedicated partners – Action for Social Advancement, Aga Khan Foundation, CottonConnect and WWF-India - the foundation is committed to improving livelihoods through organic cotton cultivation. The three-year journey has already resulted in significant input cost reduction for these farmers and improvements in soil and water quality, meaning seed cotton yield levels for organic cotton farmers almost match those of conventional farmers.

In addition to the agronomic and economic benefits that the farmers are deriving, what has been exciting is the interest in procurement of the in-conversion cotton. Even before farmers have achieved certification, they have been able to access markets for pre-organic garments.

These efforts have been boosted with the foundation's established advocacy efforts in Madhya Pradesh and emerging efforts in Maharashtra via the Organic and Fairtrade Cotton Secretariat (OFCS) platform. Through 2016, the platform brought together industry stakeholders with academics from the state agriculture universities to:

1. Develop a one-of-a-kind organic curriculum where 30 students were trained at the Jawaharlal Nehru Krishi Vikas Vidyalaya – Madhya Pradesh's premier agricultural university – on organic farming practices as well as on certification and market linkages. All the students received employment opportunities at different OFCS member organizations. The process also helped to develop a definitive curriculum on organic farming built on academic and industry inputs
2. Take forward the non-GM seed breeding process started by the university. Inputs from industry members helped strengthen the breeding process and develop a multiplication and marketing plan for the seeds once they are developed

In addition, the OFCS platform also made a formal representation to the state government of Madhya Pradesh with action points on promoting organic farming in the state. The foundation shall continue to support efforts to promote organic cotton cultivation through direct support to farmers and creating a favorable policy environment.

SUSTAINABLE FASHION DAY @ LAKME FASHION WEEK

Lakme Fashion Week, one of India's biggest fashion events, is one of the only premier fashion trade events globally that dedicates an entire day to celebrate sustainable fashion, with designers showcasing their best garments made with Indian handlooms, handicrafts, recycled materials (cotton, wool, polyester) and organic cotton. Textile Exchange Members Ethicus, Anandi Enterprises and Geetanjali Woolens participated in the day, along with:

- Designer Kriti Tula, of Doodlage, who collaborated with Converse India to create a clothing line titled "Dreams and Dystopia" made using up-cycled plastic.
- Sohaya Misra, of Chola, who presented her line "One Love. One People. One Planet", crafted with Recca fabric from Anandi (recycled & up-cycled cotton).
- Designer Anuj Bhutani, who focused on sustainable wool, partnering with Geetanjali Woolens to create a line of unisex, all-day clothing in a muted color palette.
- Elin Astrom, head of H&M's Sustainability Program in India, who introduced their Global Change Award program.



Photo: Ethicus

UPDATES FROM THE ORGANIC COTTON ACCELERATOR



The Organic Cotton Accelerator (OCA) is an industry-led initiative that focuses on creating a prosperous organic cotton sector that benefits everyone—from farmer to consumer. OCA partners consist of apparel brands and key stakeholders who are committed to tackling the challenges in organic cotton and putting the business case for organic cotton farmers at the heart of the sector.

Over the past years, OCA has translated this mission into tangible action. By mobilizing collaborative and collective action, alongside market-driven interventions that are designed to be self-sustaining and scalable, OCA creates shared opportunities across the supply chain.

Sourcing interventions

One of the most powerful instruments that OCA harnesses to build a more prosperous organic cotton supply chain is the sourcing practices of its partners. In 2017, OCA piloted sourcing interventions together with participating brands. In the pilots, these brands have

agreed to abide by a set of common principles when sourcing from Indian suppliers managing organic cotton farmer programs, including purchase guarantees early in the season, paying fair prices to farmers, providing access to seeds, and reporting data according to an aligned framework. OCA's data collection and reporting system operates to guarantee transparent and credible tracking of activities, and to ensure that positive impact at farm-level is secured. Currently, the sourcing projects cover around 2,000 farmers in four Indian states (Gujarat, Karnataka, Madhya Pradesh and Orissa), and OCA has the aim to scale and mainstream these successful practices in organic cotton.

Seed breeding program

Quality non-GM cotton seed is an essential component of the business case of organic cotton farmers. OCA invests in a precompetitive program in India that is coordinated by FiBL (Research Institute of Organic Agriculture). In this program, high performing organic cotton cultivars are identified and developed; and

capacity and network among actors (farmers, researchers, breeders, seed companies, advisors and the textile industry) is built. At present, the program operates in two major agro-climatic zones in India with over 20 cultivar trials underway.

Learning community

Sector-wide collaboration and sharing of knowledge is a key part of a prosperous sector. Through events, webinars and workshops, OCA aligns different actors towards a collective vision and joint action that helps to accelerate the sector towards a better future for organic cotton.

In the coming years, OCA is setting its interventions up for scale. The use of technology is being explored to enhance traceability and different financial products are being piloted to lower the barriers to accessing finance across the supply chain. At the same time, OCA invites sector stakeholders who want to take collaborative action towards a prosperous organic cotton sector to join this movement.

For more information: www.organiccottonaccelerator.org

COTTON FARMERS IN TELANGANA TO GET QR CODE I.D. CARDS

Cotton farmers in Telangana will soon be getting identity cards with a QR (Quick Response) code. This will enable timely procurement of cotton in a transparent manner by the Cotton Corporation (CCI) of India. This will help farmers avoid middlemen in the procurement process. The farmers will get the cards by October 10, 2017, so that they can use the cards in the coming season. *Reported in The Hindu Business Line, 26 Sept, 2017.*



BARRIERS FACED BY WOMEN SMALLHOLDER FARMERS

Fairtrade Foundation has taken up a new study to assess why women smallholder farmers face barriers to becoming members of Fairtrade Cooperatives.

Fairtrade's theory of change rests on the assumption that strengthening democratic small producer organizations and helping them access fair trading conditions is an effective way to build sustainable livelihoods and contribute to the empowerment among rural communities in developing countries. There is also a growing recognition that the outcomes for men and women farmers are unlikely to be the same given that such producer organizations are often dominated by men (in terms of membership as well as leadership). The research findings show mixed results for women but a general tendency for them to benefit less than men due to a range of gender inequalities underlying the production and trade of agri-produce, including unequal access to formal producer organizations such as cooperatives and the services they provide. It is in this context that Fairtrade Foundation has taken up this study.

INTRODUCING RDFC & NOBEL ECOTECH

Established in 2007, Noble Ecotech, a new member of Textile Exchange, manages several organic agriculture projects. Their products are absolutely 'au naturel' and are grown using traditional agricultural practices. They have certifications that assure quality and help to incorporate several agricultural practices set by these organizations, whose regulations differ from country to country.

Noble Ecotech is working with Approx. 5,000 farmers in Madhya Pradesh, 307 farmers in Chhattisgarh and 940 farmers in Odisha. The company provides organic training to the farmers, helping them to improve their social and economic status by supporting conversion from conventional to organic farming.

We take great pride in contributing towards the idea of sustainable development and green practices. Our fundamental purpose is to cultivate health and quality by providing naturally grown organic food, benefiting both the farmers and the welfare of the society. We are among the ten largest fair-trade projects in India and among the top three projects in Fair Trade (India). Globally, we accounted for 6 per cent of the world's total fair trade cotton sales in 2014.

To support the farming community, we have set up both a computer center and a sewing center, and distribute water drums and seed (including non-GMO cottonseed) to farmers.



ANANDI ECO FARMS LOOKS TO REVITALIZE SUVIN COTTON

Anandi Eco Farms started in 2014 and is an organic cotton project in Tamil Nadu, India, with 3,000 farmers audited and certified by Control Union. Anandi's farmers use non-GMO seed of the Surabhi variety, which produces a staple length of around 33mm. One thousand of Anandi's farmers are also in the Fairtrade program, supplying FLO certified cotton. 150 of Anandi's farmers are also about to start growing Suvin Cotton, a traditional variety from Tamil Nadu known for its long staple length, softness and strength.

Anandi also has an in-house garment brand named Ecoelate that makes pure organic cotton baby clothes made with biodegradable, herbal dyes under traditional processes. The finished garments are soft, breathable and have natural antibacterial properties.



KOWA INTRODUCES PEACE INDIA ORGANIC COTTON PROJECT

Mitsuya Inagaki. Manager, Kowa Company Ltd.

Japanese company KOWA was introduced to the village of Nagardodi by Japanese NGO Action against Child Exploitation (ACE) which, together with local Indian NGO Society for People's Education Environment and Development (SPEED), had successfully eradicated child labor in the village.

KOWA Company was requested to step in to support farmers and so, in 2014, with the aim of improving livelihood opportunities and promoting sustainable agriculture, KOWA introduced organic cotton farming in the village. Starting with 25 farmers in 2014-15, this figure grew to 67 in 2015-16 and 95 in 2016-17, with a combined farm area of 115.38 ha.

In June 2017, KOWA organized a function to exchange information and raise awareness of the required aspects of implementation of the current year program. KOWA is implementing the PEACE India cotton project with the objective of enhancing farmer's income and the welfare of women and children. Around 240 farmers, women and their children have participated enthusiastically and offered their total commitment for implementing the project to produce quality organic cotton, bringing joy and a win-win situation for both the farming families and KOWA.

KOWA is working with Pratibha Syntex for support in procuring the cotton and producing high-end garments, as well as with Asahi Kasei, certified by Ecotex, who started their own traceability system and is supporting in research and development for producing high





Photo: C&A Foundation, India

PAKISTAN'S RURAL BUSINESS DEVELOPMENT CENTER UPDATES

Dr. Shahid Zia, Managing Director, Rural Business Development Center (RBDC)

- Research on Organic Cotton with Barani Agriculture Research Institute:** As part of a research project carried out in collaboration with Barani Agriculture Research Institute, organic cotton was planted in different areas of Potowar in May and June 2017. Minimum irrigation is used and methods such as neem spray, yellow sticky bands and millet & mary gold plantation are used to control pests. So far, the crops are doing well, with reduced instances of insect pest attack.
- Training of Women Farmers in Organic Processes:** RBDC, in collaboration with Lok Sanjh Foundation, continued its capacity building program supporting 500 women farmers engaged in converting their existing cotton production systems to organic.
- Strengthening Collaboration with Government of Punjab:** A tripartite partnership between government of Punjab, RBDC and National Organic Agriculture Institute is in process that will help scale up efforts to promote organic cotton production in the country.

UPDATE ON THE C&A FOUNDATION'S PROGRAM IN PAKISTAN

Pakistan has been a pioneer in its sustainable cotton journey, having embraced the Better Cotton Initiative as one of its early adopters. Yet, the organic cotton movement had not taken off in the country. While the local textile industry would manufacture organic cotton garments – importing raw cotton or yarn – no concerted efforts were made to promote cultivation of organic cotton in the country.

In 2015, the C&A Foundation decided to test the waters and started a 500-smallholder farmer trial of organic cotton cultivation in the Balochistan province in collaboration with WWF Pakistan. This trial reflected both the challenges and opportunities for scaling organic cotton cultivation in the geography. We share in the table below our learnings and how they were addressed to help scale the project to the 4,000 in-conversion farmers that are currently involved in Balochistan.

Where do we go from here? Our experience over the last 2 years of promoting organic cotton cultivation in Pakistan has only been positive. We have witnessed farmers embracing organic methods, the industry coming together to support local procurement and the policy bodies recognizing the importance of organic farming for farmers and the environment. While we continue to expand our program in Balochistan with WWF Pakistan, we recognize that a lot more is needed. We therefore call out to interested partners to join us and help improve the livelihoods of thousands of farmers as they continue with their organic journey.

What we learnt:	What we did:
Access to good quality non-GMO seed is a challenge	Tied up with a local input company to secure seed access for the farmers. Stringent testing protocol in place
Supply chain actors are enthusiastic about local procurement	Facilitated supply chain meetings across industry stakeholders to impress upon the opportunities for the organic cotton sector in the country
Positive outlook towards organic farming by local administrative networks	Facilitated cooperation and engagement that resulted in a partnership MoU between WWF Pakistan and Agriculture Extension department, Balochistan to take expand the movement
Organic farming yields immediate cost reduction for farmers	Over 2 years of the program, there is a definite input cost reduction for farmers compared to conventional farmers. However, the yield decline too is not significant and can easily match with conventional cotton yields over 3-4 years

THE THAI ORGANIC COTTON T-SHIRT

Laotian-ethnic farmers living along the western side of the Mekong river in Thailand are traditionally making their living through fishery activities. Catches provide them with cash that they can use to buy daily necessities. Most of them have access to a small piece of land along the river, averaging 0.4 ha per family, which they use to grow food crops, mainly chili and sweet potatoes. Traditionally, cotton is grown as an inter-crop.

The cultivation on the river bank is a very unique system. During late rainy season, the water level in the Mekong rises and the land along the river-bank is totally flooded. After the water starts to retreat, farmers can then start growing crops from the top of the land-bank. As water level drops further, more riverbank land is exposed, providing additional space for farmers to grow their crops.

Traditionally, farmers would grow a local white cotton variety, but Green Net, a Thai social enterprise working with sustainable farmers, has recently introduced the farmers to a local, naturally colored cotton variety. Ginning is carried out in the village by a small machine that is pre-financed by Green Net and managed by the farmers themselves. Cotton bales are then transported to a factory 500km away for processing into yarn and then fabric. To cut and sew the final t-shirts, the fabric is then sent to the "Solidarity" group, a worker-owned workshop.



MYANMAR LOOKS TO INTRODUCE ORGANIC COTTON

In Myanmar, cotton was once a key cash crop but, during the military regime, exports were banned leading to a sharp decline in production, with cotton now covering only two per cent of total agricultural land.

The cotton grown in Myanmar ranges from short to long staple, dependent on seed availability and regional conditions. The cotton grown is based on two seasons (pre-monsoon and monsoon) with rotation crops also grown. There are private ginners present in all major growing regions.

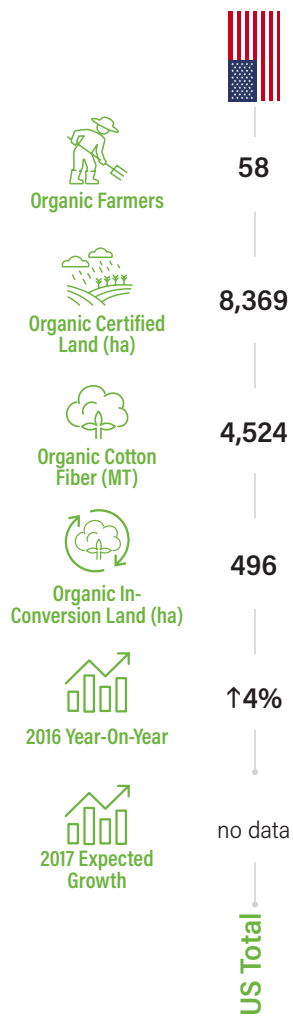
The country's short staple cotton is mostly grown in organic conditions already, but a survey was carried out recently to identify suitable land for growing certified organic cotton.

Myanmar has strong potential as an organic cotton producer, and the government recently introduced a seed development program that will further facilitate production of organic cotton in the country.

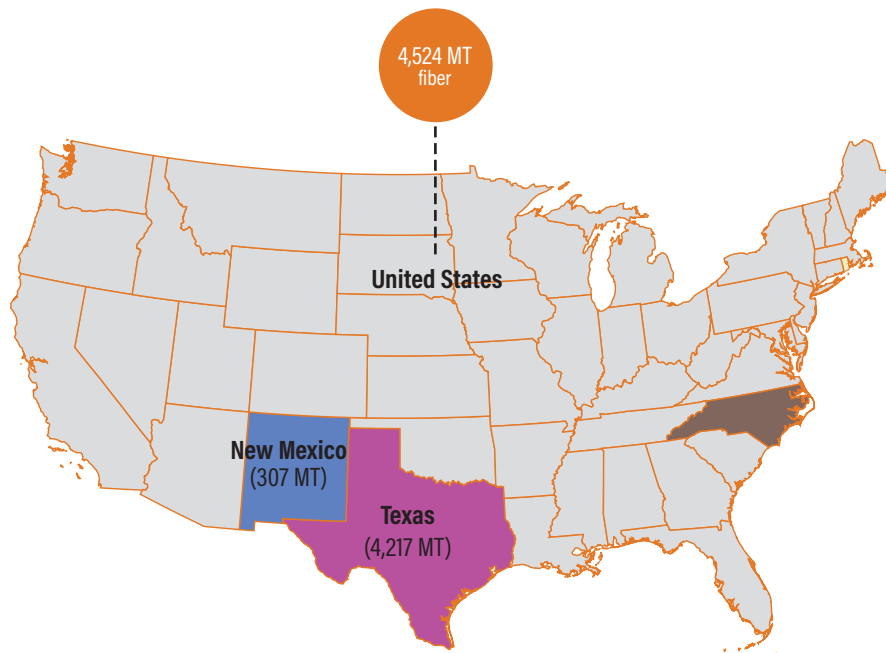


Photo: Agrilife, US

THE UNITED STATES



Data collection acknowledgement: Sandra Marquardt, Textile Exchange's United States Ambassador



In 2016, the United States (US) witnessed robust organic cotton production, with an increasing number of farmers growing an increasing amount of organic cotton acreage, while market demand also increased. US farmers are beginning to see more of a commitment to domestic organic cotton on the part of US-based companies wishing to support US farmers and increasing their domestic manufacturing operations, as well as continued international interest. The organic food industry is also interested as organic cottonseed is a vital feed source for dairies. Organic fertilizer companies, too, are purchasing organic cottonseed for their products.

It is estimated that, in 2016, there were 58 organic cotton farmers spread between North Carolina, New Mexico, and Texas. Of those farmers, 35

are members of the Texas Organic Cotton Market Cooperative (TOCMC), based in the High Plains of Texas. Additionally, a very small amount of colored organic cotton was grown on a farm in Arkansas in 2016 for local hand spinners and weavers.

In 2016, 8,369 ha were planted with organic cotton in the US, 96 per cent of which was upland cotton. This fiber yielded 4,524 MT. TOCMC continued to be by far the largest producer of organic cotton in the US, with its farmers growing 3,799 MT (83 per cent of the country's total) – its greatest ever production. TOCMC has transitioned thousands of acres into its program over its time and, in 2016, it had another 496 ha of cotton in transition to organic.

The key challenges facing organic cotton production in the US include:

- Non-chemical weed control and defoliation
- The cost of hand labor for weeding
- Competition from lower prices overseas
- Loss of crops to severe weather such as hail, wind, sandstorms, and drought
- Lack of education and training in organic farming methods
- Pesticide drift posing a risk to organic certification due to residues.



Photo: TOCMC, US

At the other end of the spectrum, the US also has some great opportunities when it comes to organic cotton:

- The expanding global organic textile market is spurring additional interest in US organic cotton.
- Domestic on-shoring of production with domestic sourcing has resulted in companies increasingly sourcing US organic cotton fiber.
- US organic fertilizer companies and dairies are sourcing large quantities of organic cottonseed.

Data Adjustments:

In previous years, Textile Exchange has reported figures on the United States' organic cotton production based on data from the USDA. Due to the release date of these figures, and the fact that the country's agricultural calendar runs by calendar year, we would report on the previous year's harvest (e.g. in last year's report covering 2014-15 production, we reported 2014 figures). However, this year, as part of our investment initiative to strengthen our organic cotton data, we have collected data directly from farmers and certification bodies as well as cross checking this with the USDA. This has allowed us to realign the figures we report with the harvest year, so this year we are reporting figures for 2016 rather than 2015.



WHAT TEXTILE EXCHANGE IS DOING

#LiveOrganic From Farm To Home

In May 2017, Textile Exchange collaborated with Organic Trade Association (OTA) and a number of organic cotton brands in a [#LiveOrganic - From Farm To Home](#) Pop Up shop in New York, the first of its kind. The program is a one day event, where brands highlight one product and explain how it is made and the impact that process has on the consumer. Consumers get to touch and feel the product and ask questions on how organic impacts their lives from food, fashion to home. We look forward to more such innovative collaborations to garner greater consumer awareness on the organic movement, from farm to fashion to home.

ORGANIC COTTON PRICING IN THE UNITED STATES

The cotton plant yields two crops – fiber and cottonseed. In the US, the farm-gate price per pound of organic upland cotton fiber ranged from the conventional price of \$0.56 cents per pound to \$1.15 per pound for organic upland, to \$1.33 for upland Acala. This compares to the \$0.65-0.70 per pound cost of organic cotton from India – the world's largest supplier of organic cotton. Organic pima sold for approximately \$2.10 per pound (vs. the conventional price of \$1.10-1.50 per pound).

Organic cottonseed prices ranged from \$400-600 per ton (vs. \$175-350 for conventional). Organic cottonseed sales for use as dairy feed continues to be a vital part of the financial equation for organic cotton farmers who, in some cases, earn more for the seed than the fiber. In many cases, cottonseed was the primary cotton income for the farmers given that the market for US organic cotton fiber is still challenging, and the expanding organic dairies are eager to use the organic cottonseed as a fiber- and protein-rich feed for cattle. Fertilizer companies also are purchasing organic cottonseed for their products.

A GOOD YEAR FOR THE TEXAS ORGANIC COTTON MARKETING COOPERATIVE

With the help of a late fall that allowed for an extended growing season, farmers of the Texas Organic Cotton Marketing Cooperative (TOCMC) had their largest organic cotton crop ever in 2016, producing 17,450 organic bales, a 17 per cent increase from 2015.

TOCMC producers harvested approximately 16,000 acres of organic and transitional cotton in 2016, a record amount for the co-op.

TOCMC sells its fiber to companies large and small throughout the US, as well as to customers in Mexico, Japan, and Korea. The fiber is mainly used in nonwoven products (personal care items), fabric for apparel/casualwear, batting for organic mattresses, and more. The organic cottonseed is sold to US organic dairies for feed.

In September 2016, TOCMC very deservedly won the [OTA Farmer\(s\) of the Year](#) award from the Organic Trade Association.

After several years of US production significantly exceeding demand, there has recently been an encouraging increase in interest in US organic cotton, helping to move toward closing the gap with supply. However, it remains to be seen whether this interest will materialize into a major increase in demand that would encourage additional production. The price premium required for organic farming to be viable in the US remains a serious hurdle for significant growth in US organic cotton production.



INTRODUCING ORGANIC PIMA GROWERS DOSI AND NORMA ALVAREZ OF LAZY A FARM, NEW MEXICO

Dosi and Norma Alvarez of the Lazy A Farm in La Union, New Mexico, grow organic pima that is sold to European manufacturers for yarn. They took over a new farm in 2016 to manage organically, which will be certified organic for additional pima in 2018, and also grow Acala upland cotton for customers in Japan. There are additional Mennonite growers further south interested in growing organic pima if the market demands it. In 2017, Lazy A grew organic brown upland cotton for Sally Fox of Vreseis and for Japanese buyers, which is the first brown organic cotton the Alvarezes have grown since 2010.

Regarding cottonseed use, the Alvarezes reuse their own seed variety as the quality is fine for length/strength. Pima cottonseed has higher gossypol levels, so it is sold for fertilizer. Note that pima cottonseed is less expensive than upland cottonseed due to the gossypol levels, which can be toxic to cows. Upland cottonseed is sold to organic dairies in New Mexico and Texas. The price of organic pima is more than \$2 per pound, while the price of organic upland/Acala is approximately \$1.30.



Photo: TOCMC, US

STANDARDS & CERTIFICATION

Organic Farm and Textile Standards

Organic cotton must be grown and certified to a standard approved in the [IFOAM Family of Standards](#). The IFOAM Family of Standards allows multilateral equivalence between organic standards and technical regulations.

The [Organic Content Standard](#) (OCS) is a chain of custody standard which verifies that the organic fiber in a product has been grown to an IFOAM-recognized organic farm standard.

The [Global Organic Textile Standard](#) (GOTS) is the leading textile processing standard for organic fibers, including ecological and social criteria, backed up by independent certification of the entire textile supply chain.

Safeguarding Farm Impacts through Supply Chain Certification

2016 has shown a 17 per cent growth in Organic Content Standard (OCS) supply chain certification; we are pleased to see that the commitment to chain of custody certification remains strong. This growth is evidence that companies recognize the need to work with their supply networks to ensure integrity.

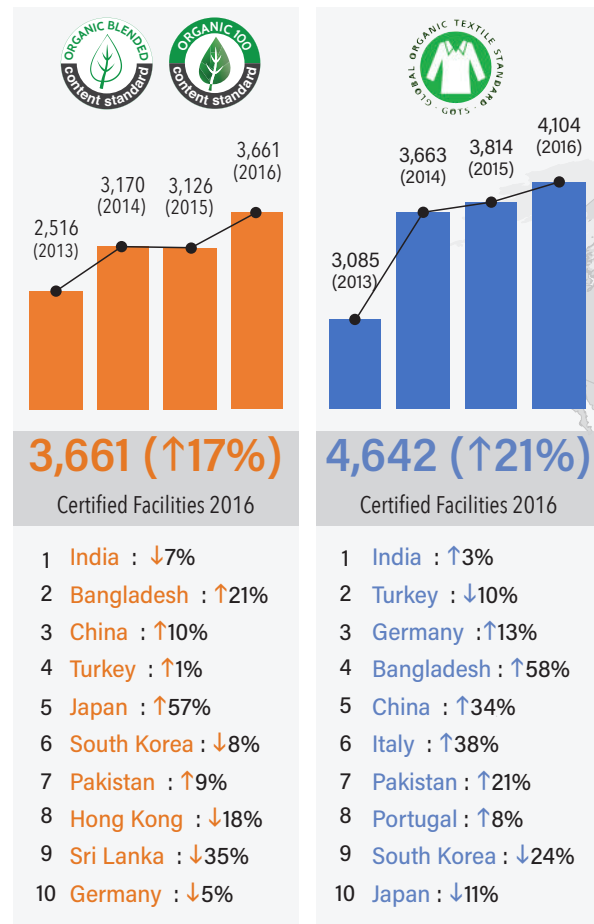
Textile Exchange and Global Organic Textile Standard (GOTS) are working together to develop a Central Database that will further improve the effectiveness of supply chain certification. In addition, both standards now require risk-based testing for GMO contamination, which will add more rigor to the overall certification process.

Chain of custody certification of the full supply chain is more important than ever. The OCS is a powerful tool to recognize the efforts of organic cotton farmers and give brands the confidence to make strong claims.

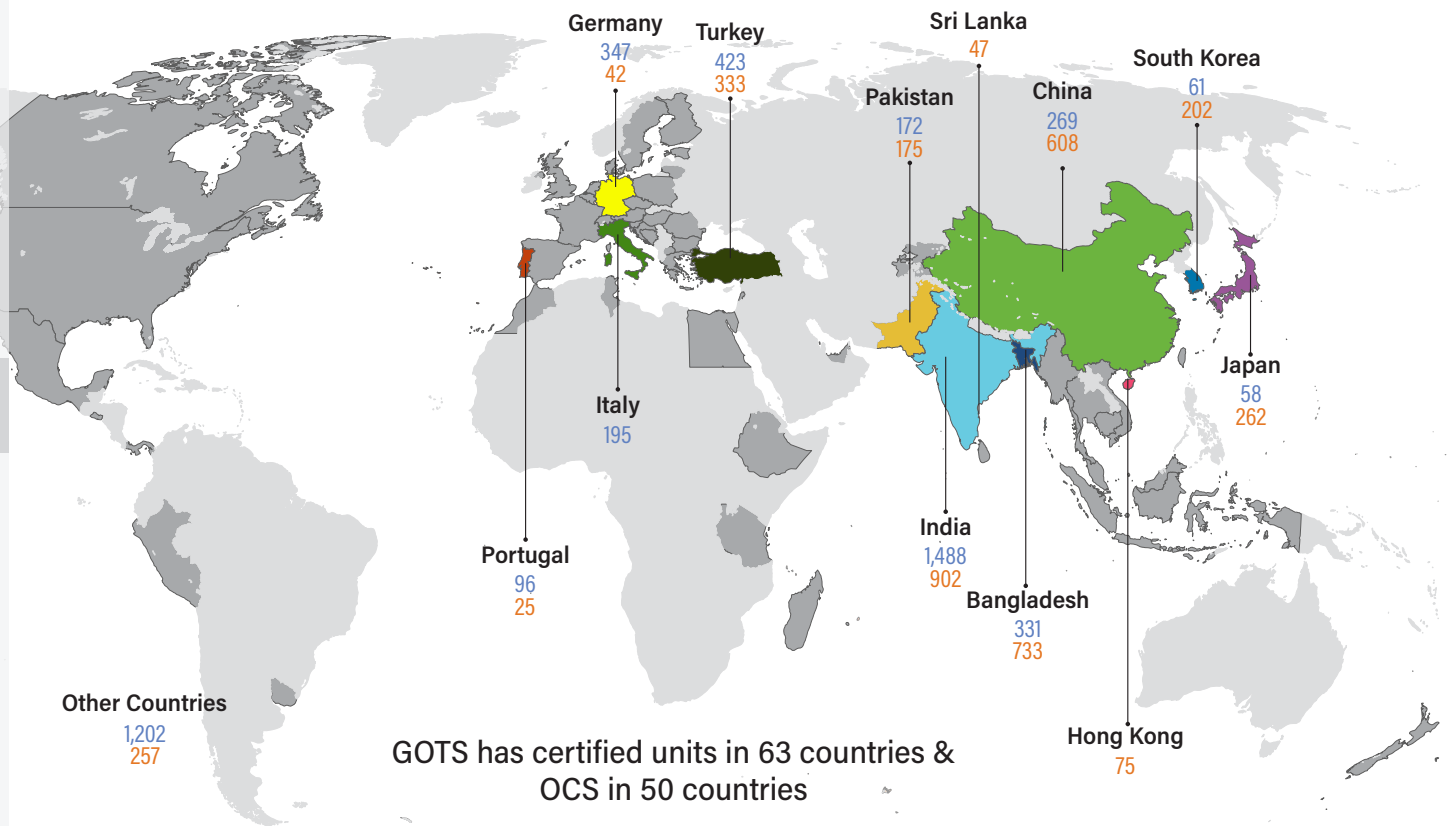
ORGANIC TEXTILES CERTIFICATION

Textile Exchange and GOTS work closely to ensure that our principles and procedures are aligned as far as possible. We both recognize that these efforts result in greater efficiency and clearer communication to all the parties involved. One key area of collaboration is on a centralized database that would provide the industry with more detailed data and provide a clearer picture of the impact the standards are having.

In 2016, there were 3,661 and 4,642 facilities certified to OCS and GOTS respectively. After a nominal decrease of one per cent in 2015, OCS rebounded with a double digit growth of 21 per cent in 2016, whilst facilities certified by GOTS grew by seven per cent. Most of this increase is coming from India (OCS and GOTS), Bangladesh (OCS), China (OCS) and Turkey (GOTS). It is interesting to note that the number of GOTS certified countries recorded a decrease from 68 in 2015 to 63 despite the growth in number of certified units.



TOP 10 COUNTRIES USING OCS & GOTS



THE WIDER PREFERRED COTTON MARKET

Photo: RARE, China

WHAT'S HAPPENING IN PRODUCTION

The cotton fiber market was estimated at 21.07 million MT in 2016 (ICAC). The preferred cotton segment which is made up of Organic, Fair Trade, CmiA, BCI, REEL, Cleaner Cotton and e3 makes up approximately 15 per cent of total cotton fiber production (Note: analysis in this section does not include recycled cotton). This is a significant increase from nine per cent of the cotton market share in 2015.

Preferred cotton increased from nine to 15 per cent of total cotton production between 2015 and 2016.

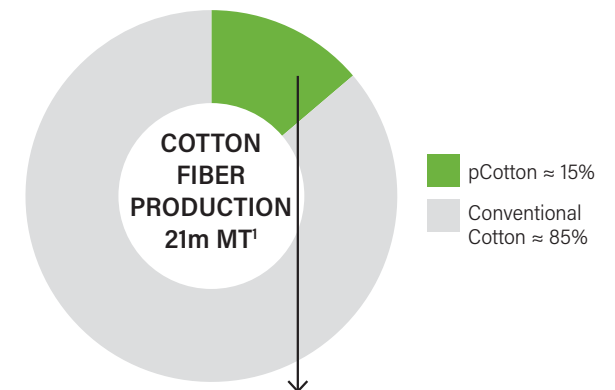
The two factors that contributed to this shift were: firstly the reduction in the overall cotton fiber production, from 26 million MT in 2015 to 21 million MT in 2016; and secondly

preferred cotton fiber production increased from 2.2 to 3.2 million MT between 2015 and 2016.

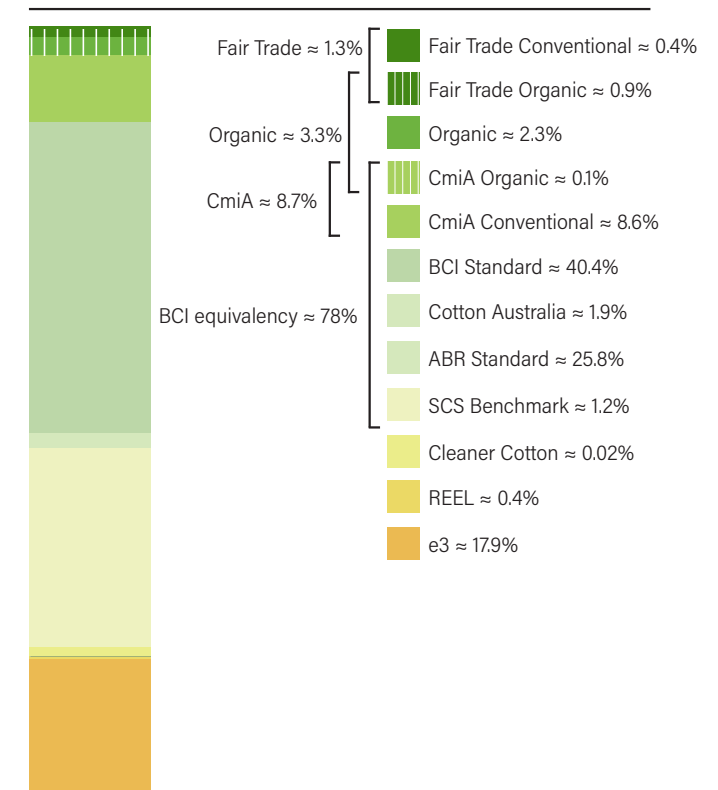
Organic makes up 3.3 per cent of the production of preferred cotton, of which approximately one per cent consists of organic Fair Trade and organic CmiA. Fair Trade makes up 1.3 per cent and CmiA makes up 8.7 per cent of the preferred cotton market.

BCI makes up 40.4 per cent of the preferred cotton market, whilst its equivalent programs (which includes CmiA, Cotton Australia, ABR Standard (ABRAPA) and SCS Benchmark) makes up 37.6 per cent. It is worth noting that a comparison of BCI's market share for 2015 and 2016 is limited due to a change in the program's data reporting format from calendar to harvest year.

e3 gained significant market share of the preferred cotton segment in the past year with an increase of production from 113,398 MT in 2015 to 578,000 MT in 2016.



PREFERRED COTTON FIBER PRODUCTION 3.2 million MT



Note: The above data is provided by respective cotton initiatives

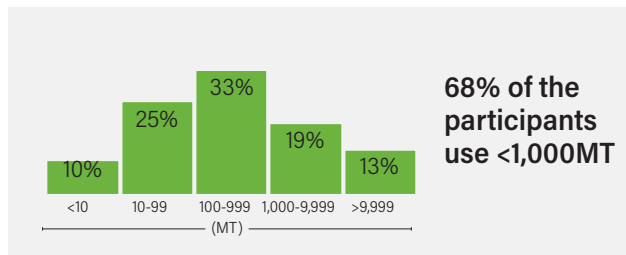
WHAT WE LEARNED ABOUT MARKET DEMAND FROM THE PFM BENCHMARK



598,333 MT
preferred cotton fiber used

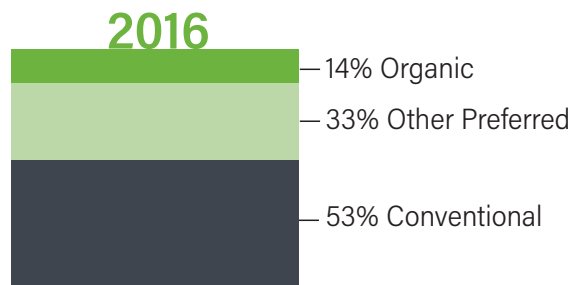


1,022,515 ha
land under improved management



Tracking the cohort of participants for 2015-16, we find that:

↑ 3% aggregate organic cotton usage (MT)*
average 48% growth per company



*Preferred Cotton year-on-year growth is not possible this year due to the change in pCotton modules introduced in 2016

All 94 companies who participated in the PFM Benchmark Program completed one or more preferred cotton modules for the year 2016, confirming that the cotton portfolio is the most mature of all the PFM portfolios.

77 per cent of all participants were able to report on their uptake of preferred cotton for 2016 and

the total preferred cotton uptake amounted to just under 600,000 MT.

Which also means that the current reporting group is using approximately 19 per cent of all the preferred cotton produced in the world.

Of those who reported, 10 per cent consume less than 9 MT, 25 per cent between 10 and 99 MT, 33 per cent between 100 to 999 MT, 19 per cent between 1,000 to 9,999 MT and 13 per cent over 9,999 MT. Unlike recycled polyester, the normal distribution of the consumption spread confirms a more mature market with 13 per cent companies using more than 9,999 MT of preferred cotton a year.

Tracking the cohort of participants who reported uptake between 2016 and 2015 shows that the aggregate uptake of organic cotton increased by three per cent. (Note: the same method cannot be applied to the preferred cotton due to the introduction of new preferred cotton modules such as recycled cotton and REEL this year.)

It is interesting to note that while the aggregate consumption growth is three per cent, the average growth per

company is much higher at 48 per cent which suggests that there are more smaller players who are increasing their uptake of organic cotton.

PFM Survey participants are currently using 47 per cent preferred cotton (of which 14 per cent is organic) and 53 per cent conventional. Mapped against the total of 15 per cent preferred cotton (quoted on page 39), it becomes clear that the universe of participants in the PFM Benchmark is significantly more progressive than the prevailing market.

All in all, consumption of preferred cotton impacted over one million ha of land (which benefited either from integrated pest management or reduction/elimination of chemical and pesticide use under organic operations).

Further to the conversion of conventional virgin cotton to preferred, is the enormous potential to recycle more, thus relieving pressure on the land and cottons competition with food. There were 23 brands responding to the new recycled cotton module in this years PFM survey this year, and from those 11 reported volumes, which aggregated at almost 25,000 MT.























52 per cent of the participants who completed one or more of the preferred cotton modules have a SMART target.



Companies who have wholly embraced the adoption of organic/organic fair trade in their strategy, supply chain and consumer engagement have shown triple digit growth!

PREFERRED PLANT BASED FIBER DASHBOARD

Photo: Loomstate

	Standards & Certification		Feedstock							Factory	
	Feedstock	CoC + Processing	No GMO	Toxicity	Soil	Water	Climate	People	CoC	Processing	
 <p>pCotton</p>	 <p>Organic</p>			✓	✓	⊙	⊙	⊙	✓	OCS GOTS	GOTS
	 <p>Fair Trade</p>			✓	IPM	✓	✓	✓	✓	✓	✓
	 <p>More Sustainable</p>			✓	IPM	⊙	⊙	⊙	✓	MB HIP	
	 <p>More Sustainable</p>			✓	IPM	✓	✓	✓	✓	Bale ID	
	 <p>More Sustainable</p>				IPM	✓	✓	✓	✓	Bale ID	
 <p>pLinen</p>	 <p>Recycled</p>									✓	
	 <p>Organic</p>			✓	✓	⊙	⊙	⊙	✓	OCS GOTS	GOTS
	 <p>pHemp</p>			✓	✓	⊙	⊙	⊙	✓	OCS GOTS	GOTS

⊙ Life Cycle Assessment IPM - Integrated Pest Management HIP - Hard Identity Preserved

[\[BACK TO CONTENTS\]](#)

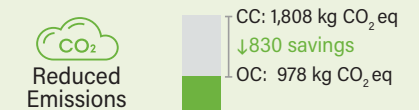
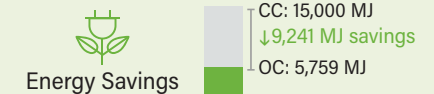
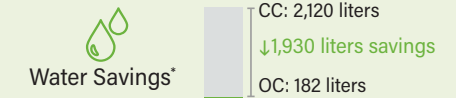
SDG MAPPING: KEY INDICATORS



▶ See: Full SDG Mapping for Organic Cotton

⊙ SPOTLIGHT: ORGANIC COTTON LCA

Potential saving for every 1 MT of cotton:



■ CC (Conventional Cotton) ■ OC (Organic Cotton)

▶ See: Full LCA Analysis on Organic Cotton

*Water savings refer to blue water consumption only.

METHODOLOGY & DISCLAIMER 2017

The following methodology has been developed and used to collect, analyze and crosscheck data on the production and retail of organic cotton fiber for the Organic Cotton Market Report (OCMR) 2017 and the organic cotton data in the Preferred Fiber & Materials Market Report (PFMR) 2017.

Textile Exchange has implemented this methodology into the management of data collection and analysis. However, Textile Exchange cannot guarantee the accuracy of the final data as the aggregated data are based on data provided from various stakeholders and have not been independently verified by a third party.

Reporting Period

Farm and Fiber Production Data:

The data being collected cover a 12 months cycle and are based on the International Cotton Advisory Council (ICAC) harvest year of 1 August to 31st July. In 2017, data for the 2015-16 harvest year were collected. In countries where the cotton is picked in July and August (i.e. covering 2 ICAC years) such as in Tanzania, the data are allocated to the first year.

Brand and Retailer Data: The data being collected covers a 12 months calendar year cycle or is based on the companies' regular annual reporting period if it differs. In 2017, data for the 2016 calendar (or the company's respective 12-month reporting period) was collected.

Reporting Boundaries, Completeness and Accuracy

Farm and Fiber Production Data: The report covers a systematic screening of 85 per cent of cotton producing countries in terms of their production volume. Based on the definition of organic as being certified to any standard of the "IFOAM Family of Standards", 27 countries have been identified as potentially relevant for organic cotton production or handling. This identification process has been based on publicly available records by certification bodies, outreach to certification bodies and general enquiries. 24 countries have finally been covered by a systematic data collection process for the OCMR. This covers 95 per cent of the countries where organic cotton may potentially be cultivated or handled.

A systematic completeness check is carried out for all production data to ensure high coverage of cotton production and significant coverage of cotton production in countries where there is organic certification.

Brand and Retailer Data: Textile Exchange does not claim that this data is representative of the entire market. However, Textile Exchange considers the data from brands and retailers with major preferred fiber programs as a good proxy for the majority of the market. To capture a larger share of the retail market, in 2017, Textile Exchange expanded its outreach strategy and as a result has increased its brand and retailer data collection by 13 per cent from 83 companies to 95 companies. The consistent year-on-year analysis of data by the top users, and the

consistent users, of organic cotton serves as an important indicator of demand trends. The brand and retailer data are based on the self-reported data by companies who participated in the Preferred Fiber & Materials (PFM) benchmark survey.

PFM Leaderboards: The disclaimer specifically refers to the companies' rankings in the PFMR. The rankings are based on the participating companies' self-reported consumption data for each fiber or the calculation made by Textile Exchange based on self-reported product details. While Textile Exchange reviews all data entries, checks calculations, and carries out a consistency check, it does not verify the accuracy of the data. The responsibility for the accuracy of the data remains with the participating companies.

Comparison of Production and Consumption:

The OCMR provides a snapshot of the fiber production at the start of the value chain and a snapshot of the fiber converted to final product for retail at the end of the chain. Fiber flow throughout the value chain ("The Missing Middle") is currently not covered. Comparison of global production and consumption data needs to consider various factors (e.g. stocks, certified organic cotton sold as conventional cotton, unreported volumes etc.) and does not allow simple conclusions (e.g. consumption over supply or vice versa). A comparison is currently beyond the scope of this report.

Data Collection

Farm and Fiber Production Data:

Textile Exchange makes every attempt to obtain data from all relevant certification bodies per country. Further data sources are governments, producers, ginners, mills and manufacturers, NGOs, and other industry stakeholders. The data from the different data sources are compared and triangulated. The data were collected via telephone interview, site visit, or email between February and June 2017. More than 80 per cent of organic cotton production data is sourced from certification bodies. The majority of data are compared to at least one additional data source.

Consumption Data: Participating brands and retailers provide data through a secure annual online survey. The survey was conducted between May and July 2017.

All consumption data reported are checked for consistency against historical figures. Validation rules are built into the online survey to cross-validate the cotton portfolio breakdown against actual volume of organic cotton fiber consumed. A systematic data clarification process is in place to clarify and confirm data reported that is inconsistent or not clear.

Data Analysis and Checks

Farm and Fiber Production Data:

Textile Exchange aggregates the data provided by the certification bodies and compares them with other data sources such as producers or governments. The data are also compared to data

from previous years. Different local units are converted into international, harmonized units. In the case of missing data or deviations of data, scenarios or average data are used (see Special Remarks - Supply Side). Collecting data from multiple sources allows Textile Exchange to crosscheck the information. In case of inconsistent data, rationales for decision-making are defined in a systematic process and documented. Textile Exchange has also introduced a standardized process to crosscheck the data with industry experts and compare them with the data of previous years.

Consumption Data: Textile Exchange aggregates the data provided from brands and retailers and compares them with other data sources (see data check). If brands or retailers do not provide data on the actual amount of fiber used, Textile Exchange converts the volumes of ready-made items produced back into fiber volumes (see Special Remarks - Demand Side). All consumption data reported are checked for consistency against historical figures. Validation rules are built into the online survey to cross-validate the cotton portfolio breakdown against actual volume of organic cotton fiber consumed. A systematic data clarification process is in place to clarify and confirm data reported that is inconsistent or not clear.

Special Remarks - Supply Side

Historical or Average Yields: Where data is only provided for land area but not the production volumes, historical yields known for the specific project or locality or annual national average yields

(as agreed by the government and applied by certifying bodies) have been used to calculate the production volume.

Ginning Outturn: Where only seed cotton data is available, lint production is estimated using the ginning outturn known for the country.

Estimation for Intercrops: Where only the total certified land was reported, the average rate of intercrops was applied to derive fiber production. (e.g. in India an estimated 33 per cent for intercrops is applied as per certification body methodology).

Special Remarks - Demand Side

Product Weights: Where only units of ready-made items are provided but not the product weight, an average weight is applied.

Waste Factors: If brands or retailers do not provide the data of fiber used but only the volumes of readymade items, the data are converted back into fiber volumes. Average waste-factors are used for this backwards conversion from final product to fiber and yarn to fiber.

Private Label Products: To avoid double counting, Textile Exchange only includes figures for private label products procured by the retailer, not for the total number of private label and branded products sold by the retailer.

Disclaimer

Farm and Fiber Production Data:

Textile Exchange collects and reports production of certified organic cotton data from accreditation bodies, certification bodies, organic cotton producers as well as other stakeholders

on an as-is basis. Data reported is intended as a snapshot of production and makes no representation on total supply. Whilst Textile Exchange carries out a systematic completeness and accuracy check on its data collection process, we rely on our data providers for data accuracy and integrity. Where data gap exists, Textile Exchange attempts to replace these values with best estimates from historical or comparable proxies. Data reported may change due to corrections or updates from data sources.

For the purpose of the OCMR, Organic Cotton does not include any uncertified naturally grown cotton nor does it make any statement regarding the integrity beyond its certification, and reported numbers, as reported by our data providers.

Retail Data: Textile Exchange relies on self-reported figures from brands and retailers for its retail data. Data is provided on a voluntary as-is basis. It is intended as a snapshot of demand and makes no representation on total consumption. Whilst Textile Exchange carries out a systematic completeness and accuracy check on its data collection process, we rely on our data providers for data accuracy and integrity - which specifically applies to the rankings reported on leaderboards. For reporting consistency, all reported product, fabric and yarn weights are converted to fiber weight. Where a company does not provide waste factors, standard factors are applied to the product, fabric or yarn weight to derive fiber weight. Data reported may change due to corrections or updates from data sources.



Textile Exchange is a community of dedicated and committed members across all segments of the value network in the global textile industry. Our work is accomplished through a unique platform of openness, transparency and multi stakeholder collaboration. Together, we spark inspiration, build knowledge, and deliver meaningful, hands-on tools and resources to help transform our industry into one that integrates the needs of society with the integrity of nature.

A [membership with Textile Exchange](#) will help your company navigate the complex maze of textile sustainability. We partner with organizations of all types and sizes who want to advance their sustainability efforts. When you become a Textile Exchange member, you'll have access to industry experts, networking opportunities, one-on-one consulting, content standards, and the most comprehensive industry reports and tools. Our goal is to help you succeed. Please join us in our collective journey!

Textile Exchange has four tiers of membership to suit your company or organization's needs, including Friend, Supporter, Partner (Brand/Retailer) and Partner (Supply Network). Current Partner level members include:



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See Textile Exchange's Preferred Fiber Market Report 2017 for a snapshot of the wider preferred fiber and materials landscape

 [Preferred Fiber Market Report 2017](#)

Textile Exchange envisions a global textile industry that protects and restores the environment and enhances lives.

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