Highlights of the Organic Cotton Round Table in Hamburg, Germany and Action Plan for 2017
The Vision in Hamburg

The future we are creating is changing from resilient to regenerative

We are changing from:
- supply chains to a supply network
- trade based on a commodity to one based on community
- transactional exchange to transformational relationships
- product-centric to a deep appreciation of the producer and origins
- linear consumption to circular use and borrowing of resources
- pursuit of wealth at the expense of others to the sharing of wealth and prosperity.

The way we do business matters and doing business where people matter, matters most.

By 2025:
- the age of the “massive small” has unfolded
  enabled by smart technology, renewable energy and access to capital
  farmers are profitable and rural economies thriving
- genetic resources are protected and biodiversity is encouraged
- the embedded value (and cost) of food and fiber is reflected in price
- more business is local and global business is humanized through stories and connections.
The Organic Cotton Round Table (OCRT) is an annual event, held as part of Textile Exchange (TE)’s Textile Sustainability Conference. It brings together the organic cotton community to act collectively and to incubate new ideas. Held last year in Mumbai, this year in Hamburg and next year in Washington DC, the OCRT has a truly global reach.

In Hamburg, a record 220 thought leaders, farmers, textile and fashion industry executives gathered for the fifth OCRT, emerging with clear initiatives focused around its three Task Forces - Seed and Soils, Business Models, and Consumer Engagement – to create material change to move the organic sector forward.

The OCRT is shifting the conversation from “commodity” to “community” and the interactive sessions during the day are power-packed. Relationships, and a sense of community, are central to its success.

Albert Einstein famously said “If I had an hour to solve a problem and my life depended upon the solution, I would spend the first 55 minutes determining the proper question to ask, for once I know the proper question, I could solve the problem in less than 5 minutes.”

A similar message was put to the group: “Ask questions, and make sure the questions are right before diving into solutions. Get much more creative and ambitious with problem solving, and more deeply question assumptions before making decisions.”

In 2017, the OCRT will take place in Washington DC, USA, during the week of October 9. In the meantime, the OCRT community will work within Task Forces to take the early plans hatched in Hamburg - for regional sourcing hubs, a global consumer campaign, and a tool for incentivizing best practice and data collection - from concept to reality.

The OCRT is fulfilling its promise as a platform for collective action and an incubator for great ideas. In Hamburg, we took another step toward creating a movement. A movement of the Massive Small!
MORNING KEYNOTE: IS SMALL THE NEW BIG?

Leo Johnson (Co-Founder of Sustainable Finance, Author and Broadcaster, UK)

Video Recording

Leo Johnson, a writer, broadcaster and a Partner in PwC’s Sustainability and Climate Change team, started the day with a wide-ranging account of how the world is changing. 50 years ago, German economist E.F. Schumacher started writing his groundbreaking book “Small is Beautiful.” Since then, we have been told that big is better, but Leo challenged this and gave examples of where big has failed us – particularly in farming – and where small approaches have succeeded. Echoing Schumacher, he asked whether the constant reduction of labor inputs – termed by economists as “efficiency” – was really what was needed in many of the developing countries of the world. He spoke of the need to combat rural-urban migration, the way technology is connecting people and communities that were previously isolated, and how this can lead to the “massive small” - an interconnected system of many small interventions and projects which, together, can have a massive impact. Organic agriculture could be an example of this, he said – the essential thing was to connect at all levels, and the OCRT was an example of just such a connection.

MORNING PERSPECTIVE: BUSINESS AS IF PEOPLE MATTERED

Audio Recording

Leo Johnson (Lead) • Helmy Abouleish (CEO, SEKEM, Egypt) • Bob Bejan (GM Communication Strategy, Microsoft, USA) • Christine Driscoll-Goulay (Sustainable Sourcing Specialist, Kering, France) • Roland Stelzer (CEO, Elmertex, Germany)

Following on from the keynote, Leo was joined by a group of thought leaders to dive further into the discussion and debate. The big “emerging ideas” coming out of the discussion were:

- The concept of the “massive small,” including more localization and fairer distribution of:
  - Wealth - shifting from the traditional core towards sustainable development (SEKEM call it the “Economics of Love”).
  - Technology as an equalizing force - we need a new “industrial” revolution that empowers the “small-local”, enabling the reconfiguration of ownership and redistribution of resources.

- Big shifts are beginning to happen within society:
  - From supply chains to supply networks – moving from “commodity” to “community” centric.
  - From consumers to “borrowers” - redefining the consumer’s relationship with a product by creating a more meaningful connection to its origin, the people who made it, and the circular journey it takes.
  - Critical mass for change is only 10-20%, it does not need a majority.
MORNING PERSPECTIVE: THE CO-EXISTENCE OF ORGANIC AND GM COTTON

**Video Recording**

La Rhea Pepper (Discussion Lead - MD, Textile Exchange, USA) • Prof. Dr. Jane Dever (Professor and Cotton Breeder, Texas A&M AgriLife Research, USA) • Aly Kanoute (Project Manager, RECOLTE, Burkina Faso) • Arun Ambatipudi (Co-Founder and Executive Director, Chetna Organic, India) • Ashis Mondal (Director, Action for Social Advancement (ASA) and Coordinator, Organic & Fair Cotton Secretariat (OFCS) Madhya Pradesh, India) • Michael Sligh (Program Director, RAFI, USA)

What does co-existence of organic and GM cotton look like? What needs to happen to achieve it?

These questions were put to our panel of experts. Here’s what they said:

- **Co-existence needs to factor in fairness.** There needs to be a level-playing field for farmers - this is not currently the case.

- **Shared Duty of Care.** Responsibility should be "on both sides of the fence".

- **"Put a face" on the farmer so there is better understanding of the impacts on livelihoods when a crop is contaminated and rejected by the organic market.**

- **Think of co-existence in the context of multi-crop systems, landscape and all its diversity, rather than cotton as a single commodity existing in isolation.**

We are all part of the solution:

- Brands and retailers can support non-GMO farmers and their choices by opting for organic, organic-Fairtrade, and CmiA.

- Seed companies can better respect choice and invest in organic seed R&D.

- Government - regulation is necessary, alongside voluntary approaches.

- Public sector breeding and development of organic seed is critical.

- Global international organizations such as the WTO need to get involved, before it’s too late and we pass the point of no return.

- Grassroots seed breeding programs are important for local adaptation, and participatory breeding for local adoption.

- Advocacy needs to be united - irrespective of country, religion, crop type, etc. there needs to be a common voice to really gain traction at the policy level.

- At the end of the day “nature” will decide!
AFRICA SOURCING - YOUR NEXT MOVE? - HOW AFRICA COULD DIVERSIFY YOUR SUPPLY OPTIONS

Africa holds great potential to become a major producer of organic cotton, but its progress has been slow.

In this discussion, the key challenges and opportunities for expanding organic cotton production in Africa were identified, and a proposition was made to establish a working group to develop regional African Sourcing Hubs, to work on the priorities raised and to better connect African organic cotton to supply networks.

Current challenges with sourcing from Africa
- Brands need support to establish contacts and build partnerships on the ground with broader networks.
- Africa is considered an "unknown" and the main question is "where to start?"
- No established textile industry so little opportunity for value addition - most cotton is exported.
- Lack of collaboration between African countries (collaboration is required to compete globally).
- Difficult to get information from governments on pricing and volumes, etc.
- Infrastructure constraints combined with political instability and high energy prices.

Strong potential for growth
- There is huge potential to develop the organic cotton sector in Africa, with land available for production and a rapidly growing working population.
- Development of the textile industry could bring a lot of benefit to African countries, as creating jobs is an important factor for political stability.
- There is potential for collaboration and experience sharing with India’s organic textiles sector.
- African organic producers are keen to communicate with brands to understand their exact needs.

Priorities for next steps
- Identify the market opportunities - and the business models that reward farmers for their investment in organic.
- Connect farmers to supply networks - build commitment and partnerships that create security for farmers and encourage further conversion to organic.
- Link African organic cotton to the SDGs - show how sourcing organic cotton from Africa helps meet CSR goals and links to the SDGs.

ACTION: The OCRT to establish a working group to develop African Sourcing Hubs, work on the priorities raised, and better connect African organic cotton to supply networks.
DOES CLOSER TO MARKET MEAN FASTER AND MORE EFFECTIVE?  
- EXPLORING THE ADVANTAGES OF SOURCING FROM EGYPT, TURKEY, AND CENTRAL ASIA

Turkey, Egypt and Central Asia (Kyrgyzstan and Tajikistan) are growing and processing organic cotton close to big European markets.

This discussion explored the unique benefits and opportunities - as well as some of the challenges - of sourcing organic cotton from this region, and ended with a proposal to initiate a “Regional-OCRT” in partnership with İZFAŞ (The Izmir International Fair).

Current challenges shared across the region
• Price pressure due to competition from cheaper imports.
• Insufficient investment in R&D, particularly for seed breeding.
• The need for technical assistance and financial support, particularly in Central Asia.

Benefits of sourcing from this region
• Strong history in organic agriculture and in high quality, vertically integrated production.
• Close proximity to Europe and ability to achieve quick turnaround times.
• High quality organic cotton, suitable for luxury.
• High degree of flexibility and innovation due to a good understanding of current trends and customer expectations.
• GMOs prohibited in the region.
• Potential for reduced carbon footprint as all stages can be carried out in one region.
• Potential for countries in this region to work together on creating solutions at the farm level due to similarities in climate and culture.

Proposed actions
• A “Regional-OCRT” to be initiated in 2017, following the success of a TE workshop held earlier this year at the Ekoloji Organic Products Fair in Izmir. This idea was highly welcomed by the group.
• Conduct a market opportunity scoping study prior to the Regional-OCRT - i.e. to survey European members and other stakeholders in advance to better understand what their priorities and desires are for sourcing from this region. The survey results will help to shape the agenda for the initial Regional-OCRT.

ACTION: The OCRT to initiate a “Regional-OCRT” in Turkey, in collaboration with İZFAŞ.
FAIR FINANCE
- HOW CAN WE INNOVATE FINANCING TO IMPROVE LIVES?

This group’s discussion focused on ways to innovate, replicate, and scale fair financing for organic cotton smallholder farmers.

What is needed to make finance fairer?

• The need is not for grants but for loans, and for commitment from buyers. There are models of brands working to put in pre-finance to help farmers procure, but it’s hard to get boards to agree to giving credit. The example was shared of G-Star making a deal with Rabobank to give low interest loans. Another example is the Chetna Coalition (ChetCo).

• We need to think strategically about who we need to work with to make a systemic change in financing, e.g. policy makers, development and investment banks, decision makers in brands (CEOs), large scale investors.

• We need an assessment of models that are working and how they could be shared and replicated elsewhere.

• We must stay open to ‘out-of-the-box’ thinking.

Leaps we could take to improve equity:

• Find ways to recognize and reward the “good” farmers. Could we take lessons from microfinance? Set up a big industry collective fund to support farmers? Adopt an alternative currency?

• Open costing with brands and retailers - an effective way to work, but very time intensive.

• Make each actor in the value chain visible, e.g. via farmers’ unions, and organize farmers in a way that reduces risk and offers rewards (without marginalizing independent farmers).

This group agreed that, in order to scale fair financing for organic cotton, responsibility has to be shared: it cannot be solved by one part of the sector alone (such as brands and retailers). The tone was urgent; we don’t want to be talking about this in the same way a year from now. The future of farming is connected to the ability of farmers to sustain livelihoods, and if we don’t make progress in this area there may not be a viable industry in the future, at least in certain parts of the world.

Three key approaches to take forward were identified:

• A case study on open cost accounting with companies in cotton and across different sectors.

• Explore setting up a social impact bond and producer consortium to support farmers - propose pilot in India.

• Consider creating a platform to share financial models that are seen to be working and assess them for effectiveness.

ACTION: The OCRT to establish a “Fair Financing” working group to take ideas forward.

It was exciting to be part of the group discussing innovative financing. There was a wealth of knowledge in the room ranging from people working closely with farmers in the field, to brands and supply chain experts. One thing I really appreciated was that we had concrete action items at the end of the meeting – one big one would be to set up a “Fair Financing” working group for the organic cotton value chain.

- Christine Driscoll-Goulay, Kering, France
DO WE NEED AN “ORGANIC PLUS”?
- ORGANIC FARMING NATURALLY TAKES CARE OF THINGS LIKE BIODIVERSITY, WATER, AND SOCIAL JUSTICE - BUT DO WE NEED A STANDARD TO PROVE IT?

Current organic farm standards set the requirements for certification but do not explicitly include important sustainability criteria such as water, biodiversity, and socio-economic dimensions. The standards do not incentivize best practice, or provide a roadmap to assess impact and support performance improvement.

During this open space session, the group discussed and debated whether the farm standards as they exist today were enough and, if not, what more is needed?

What the group DID NOT want:
• Another standard.
• A new label/confusion in the market.
• Extra burden on farmers (with no rewards).
• Barriers and disincentive to go organic (we are still so small compared to conventional).

What the group DID want:
• A framework for benchmarking and performance improvement.
• An effective data (KPI) collection tool.
• A management system for measuring and reporting impacts and trends.
• Traceability and more transparency in pricing and trade conditions, particularly at the farm gate.
• An inclusive process that is farmer centric (farmers learn from other farmers) to encourage and incentivize best practice.
• Going “beyond certification” to capture more sophisticated benefits of regenerative organic agriculture – such as carbon sequestration and food security.
• Ways to apply analytics such as LCA and Natural Capital Accounting.
• Defined indicators and a reporting system that links to the SDGs.

Proposed next steps:
• Set up a multi-stakeholder working group.
• Assess the business case for going “beyond certification” and into a performance improvement system with impact assessment.
• Review “what’s out there already” in terms of good practices, frameworks and tools for data collection/management.
• Learn from and harmonize with Fair Trade.
• Align and work with others such as IFOAM SOAAN 3.0 and the Agricultural Justice Project.
• Explore technology to support the framework and data collection tool.

ACTION: The OCRT to set up a working group to take “Organic Cotton Beyond Certification” forward.
LIFE CYCLE THINKING IN THE WORLD OF TEXTILES
- HOW DO NEW TRENDS INFLUENCE THE WAY YOU AND YOUR SUPPLY CHAIN DO BUSINESS?

Life Cycle Assessment (LCA) is a robust and well-accepted tool with which to analyze and better understand the environmental impacts of cotton supply chains.

Three key trends were highlighted as having the potential to influence the way we do business in the future and engage in the organic cotton value network:

- **Recent methodological developments** - Regionalized Water Assessment, Land Use, Toxicity, Biodiversity
- **Product Environmental Footprint (PEF)** - an initiative of the EC that aims to improve consumer access to information on the environmental performance of products to enable more informed buying decisions
- **Circular economy** - “restorative by design” - aims to keep products, components and materials at their highest utility and value at all times

LCA will be essential in bringing circularity and transparency in the value network to the next level.

Key points raised during this session include:

- The need for more region-specific LCAs - although it was also acknowledged that, even within the same region, water use and other indicators can vary significantly.
- Proposal for mandatory labeling in the EU based on a Product’s Environmental Footprint.
- Agriculture is a continual process and impacts vary over time.
- Currently no method available to measure soil organic matter, though the University of Stuttgart is looking into this.
- Suggestion that cotton LCAs should also include broader sustainability data on economic impact, water tables, and rotational crops.
LUNCHTIME DISCUSSION  
- THE FUTURE OF THE GLOBAL ORGANIC COTTON COMMUNITY PLATFORM

Lunchtime provides the perfect opportunity for more relaxed discussion and networking. These less formal face-to-face interactions are essential for relationship building, and deepening a sense of global community.

During the lunch break, members of the Global Organic Cotton Community Platform (GOCCP) got together to talk about plans for its future, in a discussion led by Andrea Bischof of HELVETAS. The OCRT is now the official face-to-face meeting place of the GOCCP.

The GOCCP is an online information and discussion platform, with currently over 900 community members. It has hosted e-discussions since 2009, with topics defined and selected by the community.

The meeting attendees agreed the importance of the GOCCP and want to see the following next steps:

- The uniqueness and usefulness of the e-dialogues is appreciated and there was agreement that they should continue.

- A suggestion was made to have specific subgroups in the community. However, it was also noted that an asset of the setup is that it encourages members to engage in topics they might not otherwise be introduced to, e.g. producers learning about spinners needs, brands learning about price implications, etc.

- There needs to be a program review, including a community survey to gather information on how the GOCCP can be improved.

- Current funding is ending this year and new funding partners need to be found to invest further in platform upgrades and to ensure the ongoing dedicated care needed to deliver to its full potential.
AFTERNOON PERSPECTIVE: IS TRANSFORMATIONAL INTEGRITY POSSIBLE?

Joy Saunders (Integrity Expert, UK) • Lord Peter Melchett (Policy Director, Soil Association, UK)

What do you do when you stumble across corruption?

This session sought to explore the different reactions - everything from panic to implementing a clear action plan that deals with root causes - as well as the challenging realities of complex supply networks and the multiple stakeholders involved in organic cotton production.

• Joy Saunders started the session with a provoking question to the audience about what they would do if they heard that one of their spinners was involved in “corruption”.

• Through story-telling and audience participation, the session moved from a discussion based on hear-say and quick reaction to more evidence-based approaches to addressing integrity challenges and building greater resilience and sustainability into the organic cotton sector.

• It is important to think about the interconnectivity between stakeholders and how that affects incentives and actions.

• The consequences of “getting it wrong” affect both the individuals and organizations involved, but also undermine trust within the sector.

• It’s important to have checks and balances (compliance procedures) throughout the supply network, but compliance alone is insufficient. Integrity is vital - with a focus on ethics, accountability and competence - to build trust amongst stakeholders and justify trustworthiness within the whole sector.

• Joy Saunders outlined some creative responses to integrity challenges that can build greater resilience and business sustainability into the organic cotton sector.

• Peter Melchett expanded on this foundation by providing real-life examples from his experience with organic food and the Soil Association to show the benefits of organic in an increasingly chemically exposed world. He brought the theory to life by showcasing many examples, photos and stories from all over the world of the damage chemicals can do.

• Peter encouraged the audience to understand the realities but invest in organic food and fiber as a means to reduce climate change and do “business as if people mattered”.

NEXT STEPS

• Enquiry based informant interviews to discuss integrity building.

• Desk study and research drawing on existing international initiatives from other sectors, networks of learning, other commodities and cottons, and community based integrity tactics.

• Document an initial scoping report and strategy paper summarizing key findings.

• The aim is to showcase good practice examples in the final report.
Meeting Outline

Mega-trends such as climate change and soil degradation are global concerns that need to be incorporated into localized action plans. This year, the Task Force (TF) explored the findings of TE’s recent white paper on GMOs and contamination challenges. Specifically, the TF focused the microscope on localized initiatives and learnt more about what makes them successful.

Part 1: The Lay of the Land

We live in a contaminated world yet consumers are asking for purity. How do we balance reality with a vision of “purity”? We need to more deeply understand the pathways to contamination, including:

- Contaminated seed
- Cross pollination
- Migration of seed
- Fraudulence
- Mixing at ginning or spinning
- Organic cotton and non-organic cotton blending (note: Fairtrade and CmiA cotton production also does not allow GMOs so makes a good blend with organic)
- Testing protocols - PCR testing is expensive ($250 USD) and doesn’t necessarily tell us what is going on.

Analytical methods for detection of GMOs in raw materials were discussed:

- Strip tests at field level (ELISA method). Poor handling can lead to inaccurate results.
- PCR testing in the laboratory – more accurate method. DNA structure in cellulose but still inconsistencies in methodologies and lack of clarity about what the results tell us.

The group called for a multi-pronged approach:

- **Due diligence** - taking all reasonable steps to prevent contamination. Dedicated supply chains are the goal.
- **Reinvigorate farmer capacity** - to have seeds that are farmer controlled, locally adapted, and bred in - and for - organic conditions.
- **Training and education across the whole sector** - we understand the “hot-spots” and need to educate all.
- **Advocacy** – “find our voice” to explain what is going on. We must be able to say “what’s fair and what’s not” to protect the farmer’s livelihood, share responsibility, and fairly distribute risk and reward.

“There was a very strong consensus in Hamburg that cooperation across regions, with farmers, breeders and buyers, will expedite progress and best secure the clean and improved cultivars needed to grow this industry. Additionally, it is quite pertinent that all also recognized that the full crop rotation needs to be included over time, but that cotton could be the “gate-way” into this larger and very critical need to ensure seed security for the organic community.

- Michael Sligh, RAFI USA
Part 2: Stories from the Land - Building local engagement and ownership of seed solutions

We heard examples of successful local initiatives working on the ownership of organic cotton seed. It became clearer in 2016 that GMO cotton is not keeping its promise, and problems of pink bollworm and white fly attack were reported from Bt cotton in India, and poor fiber quality from Burkina Faso. The interest of conventional farmers for alternative genetic resources might also support the organic movement for improvement of non-GM cotton.

Organic & Fair Cotton Secretariat MP, India
C&A Foundation talked about the Organic & Fair Cotton Secretariat, an initiative in Madhya Pradesh (MP) that brings key actors together to grow and strengthen organic cotton production. These actors include the Government of MP, producer groups and the State agricultural university, and the Secretariat is coordinated by the Action for Social Advancement (ASA). If MP is successful, the overall aim is to duplicate in other organic cotton growing states across India.

Audio: More about the OFCS MP initiative (Ipshita Sinha, C&A Foundation)

Texas Organic Cotton Marketing Cooperative, USA
Jimmy Wedel shared the approach of the Texas Organic Cotton Marketing Cooperative (TOCMC). TOCMC members tend to “catch their own seed” but the question is how to keep it GMO free? There are several things the Coop members do, such as keep the gin squeaky clean. The Coop has also kept back pure seed lines for many years but they are working their way through the supply and this is not a sustainable solution over time since the seed will eventually run out. With Prof. Jane Dever, the Coop is working on testing new seed varieties for organic and local conditions.

Audio: How TOCMC addresses seed needs (Jimmy Wedel, TOCMC)

Opportunities for greater collaboration and mobilization:

• Integrate the OCRT more fully with the Global Organic Cotton Community Platform - www.organiccotton.org.
• Raise funds for local seed meetings and activities also in non-English speaking countries.
• Join the IFOAM SEEDS Platform http://www.ifoam.bio/en/sector-platforms/ifoam-seeds-platform
• Suggest cotton to be a topic at the Organic World Congress of IFOAM https://owc.ifoam.bio/2017/program-preconference

Round-up from the Chairs

• TE will continue to support the sector through dialogue, inclusive solution finding, understanding GMO testing and methodologies, informing policy and, most importantly, identifying root causes of contamination and integrity conflicts.
• Main causes of GMO contamination are thought to be at the seed level and mixing during ginning.
• The sector is aware of the problem and GMO testing is carried out at critical control points. GOTS is testing different labs for quantification of GMO contamination of fiber, yarn and finished textiles. The goal is to identify reliable labs, standardized procedures for sampling, DNA extraction, qPCR testing, and sharing of results. There is a suggestion to build a database of GMO analytic data of anonymous samples.
• Manuals are prepared or under construction to help avoid contamination during (i) seed multiplication, (ii) cotton production and (iii) cotton breeding (most difficult, as many genotypes are involved and GMO contaminated seed will be unintentionally selected). These manuals shall be shared among the cotton community.
• Advocacy for GMO-free cotton and maintenance of genetic diversity needs to be on a global scale. The organic fiber sector needs to join forces with civil society and the organic food sector to request freedom of choice for consumers and farmers.
• We need to communicate the added value of organic cotton with a common voice.

ACTION: Set up a working group to scope out an Online Seed Platform (see next page)
ACTION: Online Seed Platform

During the Seed Summit the day after the OCRT, there was positive discussion around the need to create an online platform where information and initiatives on seed for organic cotton production, and even actual seed cultivars, could be shared and exchanged through a global network. An initial brainstorming of the form and function of the platform resulted in the following considerations.

Who would use it?
- Anyone and everyone - open source technology
- Stakeholders - farmers, researchers, breeders, NGOs, extension teams and other organic cotton supporters
- Civil society/consumers (awareness raising)

What would it be used for?
- Global information exchange – between producer groups, regions, countries
- Communicating seed initiatives
- New studies, best practice sharing
- Breeding programs, results, R&D
- Seed availability/seed requirements
- Farmer exchanges, farmer scholarships, field visits
- Advocacy, policy information
- GMO testing standards, labs, best practice methodologies
- Seed banks – and linking farmers to these facilities
- Interface with other databases/platforms for organic seed

Ideas for partners and funding:
- OCRT & the Global Organic Cotton Community Platform
- Fairtrade International
- Seed Matters
- IFOAM – Organics International (SEEDS platform)
- Private sector - companies and/or corporate foundations
- Public sector - funders and development agencies
- Crowd funding
- ISEAL Innovation Fund

Timeline:
- Short-term - organization, scoping and fund-raising:
  - Establish working group
  - Research/scoping - requirements, review of existing platforms, etc.
  - Start-up funding – initial proposal development
  - Partner recruitment
  - Business plan development
- Medium-term - developing and building:
  - Landscaping and mapping of information
  - Developing and building the online platform
- Longer-term - launch, implementation and maintenance

“...The OCRT is an inspiring platform to promote organic cotton production and optimize its integrity and social, economic and ecological sustainability around the globe. I’m very glad to see successful case studies and the willingness across organizations, brands and countries to join forces to secure the GMO-free organic cotton seed supply and develop locally adapted cultivars for a bright future.

- Monika Messmer, FiBL/Green Cotton Project (co-chair OCRT Seed & Soils Task Force), Switzerland
Meeting Outline

While there has been significant progress in identifying the weaknesses in the business model for organic cotton, the pricing and trading model is a hard nut to crack and approaches are divided. Initiatives such as Fair Trade have pricing and trade as key components of their standard, while others leave it to the market. There is more and more talk of “true cost” in production and broadening the bottom line to include environmental and social accounting.

What are practical and tangible approaches we can develop to ensure trade is fair, ensure finance and business rewards get to farmers, and young people are choosing organic agriculture as a career?

What Was Discussed?

The discussion was opened with a challenge to current pricing models. The group was asked to think differently about trade and pricing:

- Commodity pricing does not work for organic.
- We need a fair price for organic cotton and innovative pricing models to help us get there.
- We need to “change the rules of the game” by exploring different ways to arrive at a fair price – one that results in a livable income with a “sustainable margin” for farmers.
- If we can determine the “true cost”, then we know what the starting point is for raw materials.

The role of the NGO

Research from the Pesticide Action Network (PAN) UK and HELVETAS Swiss Intercooperation identify requirements for more sustainable trade and pricing as:

- Pre-financing, timely payments, and long-term commitments
- Support during transition to organic
- A business model for the farmer – and security of business to stay in cotton
- Risk sharing up and down stream
- Project supporters need to act more like social investors and have an exit strategy.

A Trader’s perspective

Conventional, BCI and CmiA are traded as commodities and for a trader “hedging” is possible, while organic and Fair Trade are “specialty” crops and traded like other specialties such as long staple fiber. It is usually the spinning mills that request these fibers only once there is demand.

The industry is with no doubt demanding more sustainably produced cotton. The challenge for organic cotton will be to gain back market share while not losing its creditability.

“ All participants at the Business Models Task Force meeting agreed that organic cotton deserves a premium in terms of price over conventional and other sustainable standards which are less restrictive.

- Marco Baenninger, Reinhart, Switzerland
Fair Trade – an inclusive business model

There are definitely challenges to applying the FT model (which was initially set up for food with relatively short routes from farmer to market) to cotton. However, it’s fundamental to consider the business case for the farmer not just the brand.

Diversity in approaches

The Chetna Coalition (ChetCo) trade and pricing model, and the Organic Cotton Accelerator (OCA) are both addressing pricing and trade. While ChetCo focuses on building best practice communities and aggregating buying power within a supply network, OCA is a pre-competitive collaboration of some of the biggest organic cotton users – with a focus on supporting supply security, price transparency, seed access and integrity.

The point is not one size will fit all. Diversity is good and leads to even more innovation.

Taking us back to the OCRT theme of “doing business as if people mattered” and the emergence of the “massive small”. The fundamental driver of change is clear. We just need to “care”.

Audio: First step towards a shared vision
(Rhett Godfrey, Chetna Coalition)

“ If we are to address sustainable supply and integrity at the root, we need to massively scale producer group-specific coordination of our global supply chain communities. Organic cotton sustainability is a net outcome of all actions throughout the supply network. To ensure a healthy organic cotton industry, we need healthy and thriving farmer communities. It’s time we take shared responsibility for our effects and collaborate for our shared values and vision.”

- Rhett Godfrey, Chetna Coalition, USA

Proposed next steps:

- Set up a working group through the OCRT to model innovative pricing mechanisms and pilot how they would work and how more innovative pricing of organic cotton could contribute to reaching the SDGs.
- The pilot could potentially be in partnership with Reinhart. Marco Baenninger said that, with the increase in sustainable cotton initiatives, traders and retailers are now talking to each other. This is new and could possibly help re-think pricing models.

Coming Soon:

Video Master Class with Heinrich Shultz, OrganiMark - Pricing and Trade Mechanisms: Thinking Out Of The Box.

ACTION: Set up a working group through the OCRT to model innovative pricing mechanisms
TASK FORCE 3: CONSUMER ENGAGEMENT – FORGING ALLIANCES FOR STRATEGIC COMMUNICATION

Meeting Outline
How do we tell stories that engage our consumer? This year we were privileged to have Bob Bejan (GM Communication Strategy for Microsoft) with us to help guide our discussion, and to share his experience of purposeful storytelling in many different contexts.

Update on aboutorganiccotton.org
We have made great progress since the launch of the Consumer Engagement Task Force and are now the proud collective owners of a beautiful and informative microsite: aboutorganiccotton.org (AOC) in six languages (English, French, German, Japanese, Mandarin and Spanish). The objective of the microsite is to provide reliable, vetted yet easily digestible information on organic cotton that supports our members’ storytelling and that the “everyday person” can easily understand. Task Force members helped us every step of the way – from developing the look and feel, to testing the user experience, to providing translations.

Audio: Updates on aboutorganiccotton.org
(Bruno Van Steenberghe, GreenLama)

Audio: What’s happening in the US organic market
(Marci Zaroff, Under the Canopy)

“Worldwide, consumers are starting to connect to organic food and fiber. Brands and retailers - large and small - have been helping with that, but we still have a big challenge to do - to educate the world. The Organic Cotton Round Table is definitely the right-arm of the Industry for that. But to succeed, the OCRT Consumer Engagement Task Force needs help to spread the word and provide more visibility.”
- Bruno Van Steenberghe, GreenLama SPRL, Belgium

“An Hotspot Study of American agriculture showed that where organic is growing, poverty is decreasing, and household income is going up USD 2,000 per household. The government is now looking at organic agriculture as a solution to livelihoods.”
- Marci Zaroff, Under the Canopy, USA

Update on the US market
Marci Zaroff stressed that the biggest win we have is connecting food and fiber. Today in the US, 84% of consumers are buying organic food, at least occasionally. 60% of the cotton crop goes into the food stream. There is an important connection between food and fiber that we can speak to, as many consumers, especially Millennials, are embracing “lifestyle.”
Forging Alliance For Strategic Communication - Workshop with Bob Bejan

Step 1: Define the target audience. Who are the top 3 consumer groups we should be talking to?

Step 2: Decide the story. What are the core narratives and the kind of stories we should be telling? Which ones will resonate the most?

Step 3: Determine the distribution channel. How do we get these stories to the audiences we are trying to reach?

Consolidation of the consumer brainstorm

Key Audiences
- Moms
- Millennials
- Celebrities/Trendsetters
- Fashion Influencers – designers, students, models

The Stories
- Communicate the Impacts – but make it fun
- Share feel-good stories – keeping it cool
- Facts for fun – keep it simple
- Link to organic food movement - Farm to Fork/Farm to Fashion
- Health and safety/ Product safety
- Transparency/Who made my clothes - Create pathways for people power
- Show a realistic alternative e.g. Leonardo Di Caprio’s “Before the Flood” climate change movie

Distribution Channels
- Online video
- Authentic celebrity/ celebrity endorsement
- Social media/ blogs/ editorials
- Song
- Animations
- Gaming apps
- Fashion & Design schools
- Fashion shows
- TE spots/ campaigns
- Reality TV
- Cross pollinate with other sectors (travel, lifestyle)
- Leverage retail-media connections – e.g. an amazon or a Google type platform
- For-profit foundation of Mark Zuckerberg!

What Next?
- Expand and strengthen social media – raise visibility of AOC microsite and continue to spread the word!
- TE members to link and share AOC.
- A Consumer Engagement campaign.

ACTION: Seek funding for the development and execution of a consumer campaign

"It’s clear from the consensus of the group that we need to approach the millennial mother as a primary target audience with a multi-platform campaign. We must focus on the positive and in the same breath present the big goals of the industry and provide awareness of ready solutions that are already hitting the market."

- Isaac Nicholson, Sustainable Source Studios, USA
The Innovation Lab is a celebration of new ideas in organic cotton. It aims to seek out groups or individuals with innovative solutions to break through barriers to growth and discover new ways for the organic cotton community to flourish - from producer to consumer.

This year, innovations included a foundation to support organic cotton production, a new traceability system, innovative crop combinations, an “app” for cotton farmers and an approach to streamline the way organic premiums reach farmers.

A panel of judges, headed by Dr. Helen Crowley, Head of Sustainable Sourcing Innovation at Kering, heard six finalists pitch their innovations, many of them delivered live by video link to the OCRT from as far afield as India and the USA.

The 2016 Innovation Award was won by Vienna-based entrepreneurs Bettina Steinbrugger and Annemarie Harant, founders of erdbeerwoche (strawberry week). Their initiative aims to leverage the power of female consumers to make feminine hygiene products more healthy and sustainable, using only organic cotton.

“Winning the Innovation Award means a lot to us as it is an important recognition for our work in breaking the taboo of menstruation and educating women about organic and sustainable feminine hygiene. We are convinced that with the support of the OCRT community we can give strawberry week another significant boost and reach even more women globally.”

- Bettina Steinbrugger and Annemarie Harant, erdbeerwoche (strawberry week)

The runner-up, SmartFarming, delivers a smartphone application for organic farmers with real-time, locally specific data and advice on inputs and farming practices. The app comes with a “management dashboard” for cotton companies with field activities.

“It was exciting for us to present the first results of the field test of the pilot version of the SmartFarming cotton app from Akola, India. Would this well-informed audience think we are on the right track to bring innovative and easy to use technology to thousands of Indian cotton farmers? By the end of the day we knew: yes, we are on track!”

- Sven Drillenburg Lelijveld, SmartFarming

The next call for Innovation Award submissions will be issued early in 2017. Learn more about the Innovation Lab and its Alumni here.
This year marks Patagonia’s 20th year in organic cotton. The company’s VP Global Supply Chain, Rachel Cantu, told us the story of Patagonia’s journey to 100% organic cotton.

Going organic was a response to the amount of pesticides being used on cotton in California alone. Founder, Yvon Chouinard, said “Enough”.

1% - the biggest challenge

Organic is still at only 1 percent of cotton production. This hasn’t changed much over the past 20 years. We need more brands to take the step.

2% - the biggest opportunity

A 2 percent increase in soil carbon sequestration would counteract climate change. Organic regenerative farming supports this.

Rachel’s magic wand would see...

- That organic cotton seed becomes more available so farming can really start to scale.
- That consumers start driving demand for organic fiber - as they have with food.

“A group like this, coming together on an annual basis, that should be a huge part of our conversation of how do we increase that adoption of organic cotton, and how should we support it in a better way.

“Conventional agriculture deprives soil of nutrients, requires more water and generates a quarter of greenhouse gas emissions globally. Organic, regenerative farming makes for healthy soil, a healthy planet, and healthy people.”
WHAT HAPPENS NEXT?

SEED & SOIL
Online Seed Platform - Global

BUSINESS MODELS
Sourcing Network - Africa
Innovative Finance & Pricing - India
Regional OCRT - Turkey
Organic Cotton 3.0 - Global

CONSUMER ENGAGEMENT
Consumer Campaign Strategy - Global

INTEGRITY
(CROSS-CUTTING)
Inquiry Process & Strategy

Join our movement!
We need your time and talents to make this happen.

Contact us
(OCRT@TextileExchange.org)
if you:
• Want to join a Working Group
• Have ideas to share
• Can help with funding
Textile Exchange inspires and equips people to accelerate sustainable practices in the textile value chain. We focus on minimizing the harmful impacts and maximizing the positive effects of the global textile industry. Our signature program focuses on organic cotton value chains; improving lives for farmers, stimulating markets, and supporting best practice.

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