The mission of Textile Exchange is to inspire and equip people to accelerate sustainable practices in the textile value chain, and facilitate global relationships between fiber producers and consumers to help deliver this vision.

In the world of cotton agriculture, we promote Fair Trade - Organic, or fairly traded organic cotton, as the “gold standard”, but we recognize the important role that other initiatives play in making cotton agriculture a more sustainable endeavor.

Initiatives with lower barriers to entry can be a step in the right direction and can play a critical role in improving conventional farming through performance improvement cycles and help in the transition to fairly traded organic.

We encourage brands and retailers to develop a cotton strategy that best fits their company’s business and starting position. Ideally, sourcing is geographically diverse, organic is part of a preferred cotton portfolio, and Fair Trade - Organic is prioritized where available.

Notes on Yields & Sustainability

Yields will vary from country to country (region to region, producer to producer and year to year), depending upon factors such as climatic conditions, water availability, soil quality, pest pressure, and farmer resources. This is particularly true when it comes to “rainfed vs. irrigated” production.

Yields tend to be higher in production countries such as the USA, China, Turkey, Egypt, Peru, South Africa, Brazil (although some parts of Brazil are particularly prone to drought) and other larger-scale production countries, and generally lower in small-scale production countries such as India, Pakistan, and sub-Saharan Africa.

Small-scale family producers (on landholdings of 2 hectares or less), who account for 80-90% of farmers, primarily in the global south, are often the most vulnerable, particularly when it comes to yield variation. Optimizing yield and farm diversity (including food crops) over the longer term, rather than a single-focused approach to maximizing cotton production and yield, can be a more sustainable approach and can result in higher resilience and less risk for the farmer.

In addition, balancing economic factors, such as yield, with sustainability outcomes and impacts, such as soil and water quality/conservation, food security and farm net income, should also be carefully considered in any cotton sustainability strategy.

Notes on Water & Sustainability

Cotton is said to be a “water thirsty” crop yet it thrives in semi-arid conditions and is relatively drought tolerant. Most cotton in Africa, India, and many other countries is rainfed. This is due to a number of reasons including limited access to available water reservoirs, a lack of infrastructure to transport water via irrigation, combined with the fact that many cotton farmers are small holders and lack the resources to implement irrigation.

In geographically high-risk, water scarce regions (see Aqueduct’s Water Risk Atlas), the way water is managed is critical to the sustainability of the cotton farm, and indeed entire catchments and landscapes. This is why impacts associated with water use must be considered in context. Ideally, approaches to water management should be integrated and holistic, and the crop, farm or standard being utilized should not be viewed in isolation.

Life Cycle Assessment (LCA) data presented in this Preferred Cotton Matrix shows the clear benefits of options such as organic and CmiA compared to conventional data. Even when the cotton yields (kg/ha) are lower than conventional cotton grown in more intensive production systems, the prevalence of rainfed farming significantly reduces blue water consumption, which, in turn, directly impacts water efficiency scores.

Notes on Pricing, Investment Models & Value-Add Differentials

Conventional cotton fiber pricing is governed by the commodity market, and depends largely on supply and demand. As a result, prices can be volatile, which increases risk for both buyer and seller. In general, prices have been on a downward trend, with the occasional short-term spike. While the commodity market is used as an indicator of value, ultimately, if prices fall too low (i.e. below the cost of production), this can result in poverty at the farm end and ultimately impact supply security for the brand (as farmers move to a more lucrative crop if they can).

Cotton sustainability initiatives such as BCI and CmiA intentionally do not interfere with the commodity market, instead relying upon members and donor funds to support their work. The funds generated go into training and other program support, with the intention to improve yields and reduce farmer costs. This is the investment model.

The Fairtrade model is based on a “fair price”, which is calculated for each country, with the intention of covering the cost of production and a fair income. A community premium is also incorporated into the model.

Organic cotton pricing is mostly left up to the market - there’s no set price but the intention is that there is an “organic differential”, which incentivizes farmers and rewards them for their efforts and sustainability contributions. The organic model does not have a fee attached (in the way that BCI and CmiA does) so it can be more vulnerable to market fluctuations. Furthermore, organic pricing is not always transparent, and can result in dis-incentivized farmers leaving cotton, which ultimately results in supply security issues. It can also result in unclear (opportunistic) price escalation through the supply chain, which disincentives brands and retailers so that, ultimately, no one benefits. Fortunately, there are a number of effective models that have successfully decoupled from the commodity market or have built in trading terms and conditions - and we can draw from these best practices. The current focus (for TE, OCA, and many others) is to better figure out how to build transparency and incentivize farmers financially and through trading terms and conditions.