Foreword

We are delighted to present this research and discussion report drawing out conclusions from the Market Opportunity Scoping Project carried out by Change Agency for the Textile Exchange Regional Organic Cotton Round Table in Izmir, Turkey, on April 28th 2017.

We would like to extend our thanks to the sponsors who made this project possible - IZFAS, Control Union, KERING, Sanko and Williams Sonoma. Most of all, we would like to thank our interviewees - it was an honour to speak to you and to share your wisdom.

The evidence presented to the R-OCRT inspired a fruitful day of discussion and action planning. We are sure this will be the beginning of an effective program of work to advance the cause of organic cotton in the region.

Simon Cooper
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Change Agency

Thank you to the following for supporting this study:

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Summary

Project Objective

Textile Exchange has run a number of very successful Organic Cotton Round Table (OCRT) events, allied to its Textile Sustainability Conference. Starting five years ago in Hong Kong, the OCRT brings together people from all parts of the value chain from farmers to retailers to discuss how to improve the market penetration and sustainability impact of organic cotton. The OCRT is the key global gathering for pre-competitive collaboration. It has spawned a number of successful initiatives including the Organic Cotton Accelerator (OCA) and the Chetna Coalition.

Developing a regional focus for global organic cotton

At the most recent OCRT in Hamburg, Germany in October 2016, delegates proposed focussing the work of the OCRT on particular regions of the world, to devise locally-specific programmes that would meet the needs of individual countries. Turkey, through a strong partnership with IZFAS, the organisers of the Ekoloji fair in Izmir, came forward to support the first Regional Organic Cotton Round Table (R-OCRT) building on a first successful workshop for the organic cotton community in Izmir last year.

Research was needed to frame the topics for discussion at the R-OCRT and to ensure that the wisdom and experience of the Turkish organic cotton sector was embedded in the event from the very start. Change Agency was asked to conduct a Market Opportunity Scoping Project (MOSP) with a range of stakeholders.

Change Agency is a research and consulting business which helps organisations to anticipate, plan and deliver change successfully. Change Agency’s clients include a wide range of sustainability NGOs, standards systems and associated bodies.

Our research methodology - an Appreciative Inquiry

The MOSP project is based on Appreciative Inquiry: asking questions of a range of stakeholders to unearth the positives in a situation and identify any blockages to progress. Appreciative Inquiry works on the assumption that whatever you want more of already exists in the situation you are looking at. While traditional problem-solving dissects a system looking for problems, Appreciative Inquiry works to uncover the forces that give life and energy to a system. Traditional inquiry asks “what problems are you having?”; Appreciative Inquiry looks at “what is working well in this situation, and how can we have more of that?”

Interviewers Simon Cooper and Donna Rispoli conducted 28 structured confidential interviews with a broad sample of representatives of all stages of the value chain. These were transcribed and analysed for common themes and innovative ideas. Quotes from these interviews are placed throughout this report in **bold italicised text**. The interviewees included brands and retailers, certifiers, government bodies, manufacturers, and NGOs. Please note that the majority of interviewees were either based in Turkey or had business relations with Turkish suppliers, therefore there is a natural bias towards Turkey over other countries in the region such as Egypt, Kyrgyzstan and Tajikistan.
Headline findings

Our findings were intended to be, and were presented as, catalysts for productive discussion. These were developed during the R-OCRT in Izmir and generated a number of initiatives and work-streams to take the ideas forward. From the many points discussed in the interviews, a number of common themes emerged. These ideas are grouped into three organisational categories -

- What Can Government & NGOs Do?
- What Can The Value Chain Do?
- What Can The Market Do?

Detailed Findings are set out in Overarching Themes for Collective Action, cross-referenced with the headline numbers below.

Theme 1 - What Can Governments & NGOs Do?

Government is seen as a supporter of organic agriculture, but interviewees felt there could be more direct attention on organic cotton. Government needs to re-focus its attention on organic cotton as a key raw material for export, and in creating jobs in textile manufacturing. In order to do this it can:

1.1 Protect Non-GM status (uphold the legal ban on use of GMOs)
1.2 Apply targeted incentives such as subsidies for organic cotton
1.3 Impose tighter rules around certification and integrity
1.4 Lobby for organic cotton and provide more vocal support from Ministers
1.5 Facilitate and adopt an integrated sustainable cotton policy
1.6 Support the education and training of farmers
1.7 Promote academic links, environmental management and capacity-building
1.8 Create a regional centre of excellence in Izmir
1.9 Properly apply social and labour rights for all workers
1.10 Create an ecological organic agricultural zone in SE Turkey

In the discussion at the R-OCRT in Izmir, the potential for a regional cluster was the subject of a specific discussion group, in addition to the more general “What can Government Do?” group.

Theme 2 - What Can The Value Chain Do?

Integrity, geography and transparency were at the heart of responses around the potential contribution of the value chain, from farmers through to manufacturers.

Turkey’s own organic cotton production is not sufficient to meet demand; cotton sourced from outside Turkey goes into domestic as well as the Turkish value chain, from neighbouring countries such as Egypt, Greece, Kyrgyzstan and Tajikistan (referred to as “the region” throughout this document) as well as from further afield. This offers the potential for Turkey to be at the heart of a regional or even international cluster, but as the geography expands so does the risk - of GMO contamination, of unwelcome labour practices, and other factors. To mitigate this risk, value chain respondents have proposed:

2.1 Developing fully transparent, fully traceable supply chains
2.2 Developing sustainable business practice - enhancing trust and cooperation
2.3 Driving efficiency in the supply chain
2.4 Taking brands to the cotton fields
2.5 Expand the domestic organic cotton market
2.6 Providing consultancy advice and knowledge exchange with neighbouring countries

Theme 3 - What Can The Market Do?
When speaking about “The Market” we include brands and retailers, who through their demand for finished goods, are the main ‘market makers’ for organic cotton. Actions that the market could productively undertake include:

3.1 Supporting the development of a Regional Cluster
3.2 Engaging and investing in meaningful, consistent pre-competitive collaboration
3.3 Future-proofing commitment to sourcing sustainably-produced organic textiles
3.4 Ensuring a fair price for organic cotton
3.5 Brands to work harder at educating the public about the value and necessity of organic cotton
3.6 Investing time and money to develop a sustainable value network over the long term

As well as these collaborative proposals, it is clear that there are also initiatives which individual organisations can progress on their own, and examples of these are also given in Individual Progress.

Broader impacts will require collaborative skills and organisations working together in common cause. Collaboration will run more smoothly if it is facilitated and supported, and Textile Exchange is proposed to deliver this.

Interview Conclusions
The overall conclusion from these interviews is that the region has an excellent prospect of growing the organic cotton sector, given the right strategic guidance and support. As one interviewee put it:

*We are bringing Turkey back to its former textile glory days with a modern context.*

Four main advantages were identified by our contributors:

Advantage 1: Non-GM with high organic standards
Turkey remains an outstanding country for brands to buy organic cotton and textiles from globally. The overwhelming positive factor in its favour is that it is non-GM and many brands we spoke to felt confident about the integrity of their supply sourcing from here, as opposed to other countries which may be cheaper to buy from. Operators in Turkey and the surrounding region are happy to work with smaller orders and everything can be done in one place.

*Turkey is one of the bigger producers of cotton who have a ban for GMO. This is a big advantage for Turkey...at least in Europe GMO is not favoured, it’s not allowed in the guideline and the population want to avoid this. It is communicated well; this is a big advantage for Turkey.*

Advantage 2: Physical advantages & proximity to European market
The region has many natural advantages for growing organic cotton with an excellent four-season climate, fertile soils and plentiful water supplies. Geographically it is perfectly positioned in close proximity to the European markets with textile business people having a high knowledge of how the European markets work, having operated there for decades, and being involved in organic cotton since the early 1980s.
One of the strengths is quite clear, that is the knowledge and vicinity to the European markets. They know the European markets very well.

Proximity to Europe cuts transportation time and costs so the region can offer a quick response to market which means it can be chosen over other regions. The historic city of Izmir is conveniently well placed too as the biggest export seaport for Turkey surrounded by textile businesses, with a committed visionary local government and their trade body (IZFAS) putting on a nation-wide organic trading event for over eight years.

**Our main goal is to export the cotton needed for Europe’s production of organic textiles from one centre in Turkey, from Izmir, by collecting from all the regions around us so that we can put them together in Izmir and supply Europe with the organic cotton that they need... we have a huge logistic advantage since we have the seaport.**

It’s really about the garment making. It’s the speed, our biggest market at the moment is Europe, and if we want to service them and we want to have a decent replenishment system on core (items) and we want to be able to enter into programmes quickly. Then it’s easier with Turkey. Shipping time from Asia to Europe or to the States is immense. It takes a lot of time, and if you’re saving that amount of time in terms of shipping you are that much closer to the market, yes? So that’s the reason for us in Europe.

Of course, our price is higher but yes, not only quality but also service. This is one of the things. We can serve Europe better because we can deliver a lot faster than [other regions], actually. I think it’s probably about four weeks when I hear from customers, so a month, nearly a month (faster), actually.

**Advantage 3: Quality of Cotton, Skilled Workforce & Entrepreneurial Mindset**

Turkish and Egyptian cotton is very high quality and produce excellent fabrics. Brands have leverage for a higher price point.

When you look at the higher-end products, they are using 100% Turkish grown cotton, so that gives the country leverage when we are thinking about high level, more expensive, more branded products.

Organic, fairly traded cotton out of Turkey is probably the most sustainable fibre you are going to find globally.

There are certain fabrics that we don’t get as good out of [other regions] that we get out of Turkey, like the fleeces, the brushback and the terries, sweats basically. You don’t get such good qualities [from elsewhere] for some reason.

It’s a very good vertical supply chain as well there. We work with a lot of very good fabric manufacturers as well as garment makers and laundries for denim production and so on.

It has a real breadth of skill sets for us. It’s an important country for us, in terms of cotton sourcing as well. We’ve had an office there for many years and a really good team there who support us and cover some of the neighbouring countries as well as parts of Eastern Europe.

Historically textiles are part of the region’s economy with integrated textile mills, short value chains, and a highly skilled workforce trained in all parts of the value chain from
farming, ginning, spinning, weaving to sewing and finishing garments. Turkish business people are actively found internationally promoting organic cotton which makes them stand out compared to some other countries, and exporters are making customers in the Far East, and in Japan where they find a loyal customer base.

*I think I consider Turkey a best practice place. I have a really high regard of how, yes, how every part of the supply chain is handled in Turkey. I would actually think that other countries can learn from them. It's a real pleasure to work with them. It's a lot easier. You need a lot less help. You need a lot less facilitation.*

Advantage 4: Strategic Links to Asia

Turkey is a large country (783,356km²) with vast natural biodiversity assets bordered by eight countries bridging Europe with Asia. It is a critical trading post for land-locked countries in Central Asia needing to access the European markets.

*Kyrgyzstan is a landlocked country with long transportation rates. We have established a transportation directly from Jalal-Abad, that's in the south of Kyrgyzstan to Turkey with no problem.*

It is also close to Africa connecting with business in Egypt and Ethiopia. The Anatolian Peninsula is one of the most permanently settled regions of the world; today Turkey’s population is 79 million with a population density of 102/km², less than half that of the UK (255/km²). Their Gross Domestic Product (GDP) puts them 17th globally. There are powerful reasons to be optimistic about Turkey’s economic future and for organic cotton to expand as organic agriculture is viewed as central to the success of their economy and now supported strongly by the government.

*That’s one of the strengths of Turkey; to be able to draw cotton in from a number of different areas according to what the customers want.*

Next steps and Discussion Summary

At the R-OCRT, this MOSP Discussion Document was used to fuel a series of 4 working groups which developed the ideas and decided which were the most promising ones to develop.

A full account is contained in the R-OCRT “Highlights of the Day” report, available [here](#).

A brief summary of the conclusions of each group is set out below.

**BUILDING THE RIGHT CONTEXT: WHAT CAN GOVERNMENTS & NGOS DO?**

Simon Cooper from Change Agency led this discussion, which included representatives from government, research agencies, NGOs and consultancies. The most fruitful areas for development were agreed to be an examination and possible re-focussing of government subsidies, a mapping exercise on the NGOs operating in this area, and most importantly measures to guarantee the non-GMO status of Turkey, which was confirmed by the group to be a major advantage for Turkey in the organic world.
INTEGRATED SUSTAINABLE NON-GMO ORGANIC COTTON REGION: HOW CAN IT BE DEVELOPED?

Textile Exchange Ambassador for the region, Atila Ertem, hosted this discussion. The key conclusion was that there was an opportunity for not one but two zones, in the Aegean and South East regions. It was felt that support would be needed to source the right seed, while entrepreneurial support, marketing and rural development input would be needed. The group recommended a collaboration of government, NGOs and the private sector to take these ideas forward.

INTEGRITY, GEOGRAPHY & TRANSPARENCY: WHAT CAN THE VALUE CHAIN DO?

Donna Rispoli from Change Agency led a discussion with three key conclusions – that the region’s integrity was a significant asset which could be protected by a stronger commitment to integrity at all stages of the supply chain; that greater transparency through the chain would replace the need for participants to rely simply on trust; and that traceability could be made much more efficient using modern online solutions.

PRICING FOR SUCCESS: WHAT CAN THE MARKET DO?

The fourth group was hosted by Liesl Truscott, European & Materials Strategy Director at Textile Exchange. The South African Cotton Cluster approach that had been presented by Heinrich Schultz in the Opening Keynote provided inspiration for he discussion, which recommended that progress should be brand-led, that a focus on service and regional expertise would be the route to success, and that a regional sustainable price-setting programme (as in South Africa) would ensure fair economic benefits for all.

BRINGING IT ALL TOGETHER

The four discussion groups shared their conclusions with one another and concluded that a focussed working group should be convened, which would meet for a full day strategy building exercise. Stronger links with the South African Cotton Cluster were recommended, as this seemed to offer a model for many of the aspects which Turkey and the region would need to consider.

This meeting would be facilitated by Textile Exchange and participants are being recruited at the time of writing.
Detailed Findings

Context

There are many natural and commercial advantages for choosing Turkey as the regional market-centre amongst the Mediterranean, Central Asian and North African region, with Izmir at its heart.

Other countries which are linked to Turkey’s organic cotton market are Kyrgyzstan, Tajikistan, Egypt and to some extent Ethiopia and Greece. Syria is no longer considered an active area because of the conflict there, but some interviewees wanted to see Syrian refugees supported so that they can return and restart the industry when peace comes.

The region’s key strengths are its non-GM status and proximity to market. It was felt that organic cotton needs to sit within a national-level organic agriculture strategy strongly supported by the Government, as the two dovetail together in terms of farming practices.

*We definitely have to develop a new organic agriculture strategy and we need to create subsidies.*

To grow the organic cotton domestic market there were calls for more transparency in organic cotton origins to protect the integrity of the region’s production.

*We want the government to increase its control, instead of giving subsidies. If transparency increases maybe organic cotton prices will be higher, there will then be a shortage of supply and a good quality of organic cotton production at the end.*

Brands told us that they want to go deeper in to the organic cotton supply chain some with targets to achieve 100% traceability within the next few years. They have not always found it easy to reach the beginning of the supply chain and understand how organic farming is arranged in Turkey. The quality image of the region and GMO-free status of Turkish organic cotton are valuable assets which must be protected by strong certification to assure buyers of the origin of their purchase.

*However I don’t really know how it works in Turkey yet as in, are the organic cotton farmers grouped together in some kind of network? Or are they more individual, how big are the farms there? I don’t know how that works in Turkey that is something I want to learn more about now.*

*Turkey has a good supply chain, but I think we need to focus much more in controlling and getting involved in all parts of the supply chain.*

We found out that manufacturers or traders contract most organic cotton directly from farmers, although we also learnt that other countries in the region operate quite differently; for example in Kyrgyzstan and Tajikistan there are co-operatives. Understanding these different farming set-ups will help brands trace their supply chains better.

Currently the state of the Turkish organic cotton market is precarious. Internal production in the country has declined since a period of peak production around 2007, largely due to cheaper organic cotton imports from the Asian markets and shifts in state policy towards textiles, but today state policy is encouraging growth again. During these intervening years however some farmers have drifted away from growing organic cotton.
With organic cotton, I was working in it from 2006 to 2009 and everything was so optimistic and since coming back now everyone is so pessimistic about it and it seems like it is on the verge of collapsing overall. So I think it is great to have different initiatives working on this trying to take a macro point of view on the sector as a whole.

What I’m hearing from the market is that farmers are looking for ways to plant other crops that would make them more money than cotton, in the Aegean region it’s pomegranates and walnuts.

When they started to import organic cotton from India and Pakistan which were 2% to 3% less expensive than conventional cotton I quit doing the production of organic cotton. Because the picture like this, it is impossible.

Last year (2016) the company, the manufacturers, we are working with are facing pricing issues. Turkey compared to those other countries is losing programmes to the Asian market because of the prices. I will say the pricing is a huge factor and Turkey is more expensive than all those other Asian markets.

From our research however, Turkey is very well placed to take advantage of the growing global demand for organic cotton and be a world leader again. The current and forecasted scenario for organic cotton is one of demand by brands outpacing supply. The other problem is that regional sourcing is unbalanced, resulting in a further miss-match between supply and demand. Globally, brands want more organic, however the pricing conundrum and lack of transparency around pricing and integrity is holding the sector back.

Overarching Themes for Collective Action

It is clear from our MOSP interviews that there are many opportunities for improved collaborative working. The organic cotton value chain (or network) is just that - a series of links, each dependent on those alongside it to pull their weight. Too often the individual components of the chain cannot understand the context or motivations of those further up and down the chain, and collaborative working aims to transform this into a whole-system approach which benefits all. The aim of collaborative working in this context could be described as:

**Maximising what we can know and do together**

Collaboration and joint working is smoother when collaborators have common interests and backgrounds. Therefore we have designed our Overarching Themes to bring together particular parts of the organic cotton world:

1. Government, NGOs and industry associations.
2. The Value Chain, including farmers, manufacturers and certifiers.
3. The Market, including brands, retailers and sustainable economics experts.

In each case, continuing our spirit of inquiry, we base ourselves around a question - what can each collection of collaborators do?

In each section, we have linked the detailed paragraph to the headline findings earlier through a numbering system e.g. 1.1 (Protecting non-GMO), 2.3 (Efficiency in the supply chain) etc.
Theme 1 - What Can Governments & NGOs Do?

Introduction to government
Our interviewees told us that Government already intervenes in organic agriculture in general, but could focus its attention more on organic cotton as a key raw material for export. In the past their policy had shifted from organic cotton, but it has now returned.

In the past the State was not supporting the cotton producers for a while, in fact for a long time, not a short time. Then this brought more import of cotton from abroad. As a cotton producing country, Turkey had to import a lot of cotton from outside..., this year I see a lot of cotton producers coming back because they put some kind of tax on importing cotton so they are trying to develop or encourage the Turkish cotton producers in Turkey. our State is very fond of organic production now.

It was important to remember that Turkey was the first country to produce organic cotton in the 1980s and there is every chance that it could return to pre-eminence. Government was key to creating the right context, we were told through targeted subsidies, tighter rules around certification and integrity and more vocal support from Ministers for organic cotton as a vital part of export efforts.

1.1 Protect Non-GM status
Perhaps the most significant contribution of Government to organic agriculture in Turkey and the rest of the region is its ban on the use of Genetically Modified Organisms (GMOs) and this was mentioned to us many times as the single most critical point for Turkey. As organic cotton elsewhere in the world struggles with GMO contamination issues, all our contributors identified the GMO-free status of the country as a key Unique Selling Point - if the organic cotton value chain is entirely within Turkey, there is no GMO risk.

Thank God we still have 100% GMO free cotton here (Turkey).

You cannot produce GM products in Turkey, that's not allowed by law. So this is bringing a good chance for organic industry to invest, to work in Turkey for organic GM free cotton.

If I had the assurance that there was absolutely no GMO in any of these countries and it would never enter, that governments are putting more emphasis on how cotton is grown and would take it a step further closer to organic, closer to how things used to be done, which is just better for nature. That to me would be huge.

There is also evidence to present the economic case to farmers of non-GM perhaps using Ministry outreach teams or the National Organic Association. This will help retain farmers in organic agriculture and convert them.

There is the National Organic Association who can do that, or Ministry, they can train and educate their extension people. They can speak with the producers. There are lots of ways to do that.

The GMO-free status of Turkey offers a unique opportunity to demonstrate how a cotton sustainability continuum can be built within a country’s value chain. Farmers who adopt the Better Cotton Initiative (BCI) as the first stage of their sustainability journey should be encouraged to move to organic as they mature, but in other countries this transition is impossible because BCI allows GMO seeds and organic does not. However, in GMO-free Turkey a BCI farmer can transition more easily to organic.
It gets everybody committed in the beginning, no matter where they are in the process, and in the case of Turkey they would already be non-GMO, and then push them forward to be on the organic level, on the edges of the organic certification, that would be the way to grow the volume.

1.2 Targeted incentives such as subsidies for organic cotton

Another key area for action which was often mentioned by interviewees is subsidies.

Subsidies are important.

Government subsidy is not enough for organic cotton.

Currently there are government subsidies for cotton and organic agriculture, but not a single subsidy for organic cotton which is an exportable product.

So if I’m a farmer and I want to take government subsidies for organic, I don’t need to produce cotton. I can produce maize or any other product which is easier to produce as organic. If there is a government subsidy only for organic cotton production it makes a difference. In Turkey there is not that kind of subsidy. There are subsidies for cotton production and also for organic production, but not a single subsidy for organic cotton production.

I would give subsidies only for products which Turkey can export, not every product, but only products that we can export. Yes, high subsidies for products that can be exported.

There are significant areas of rural Turkey which would be suitable for organic cotton farming which could benefit from targeted subsidies.

There are some places in Turkey which do not get the subsidies, the opportunity, because they are really rural areas. I think there are still areas in Turkey, untouched areas, where they can be used for cotton growing.

However within this point, it was felt that care must be taken distributing money directly from government to farmer. Some felt money must not given directly to the farmers but suggested transferring it from government to outsourcing experts (an NGO such as Cotton Connect) who train farmers to be more efficient so results are tracked more carefully.

I did mention the minimum price. I am not a great fan of subsidies, and if there is a way to figure within a cluster of countries how to get some impact investing in the pipeline so that we’re not just doing project-by-project initiatives, but really trying to change the market from the financing side that would be programmatic and strategic, and not relying on subsidies but transferring money from government, from subsidies to outsourcing experts, technical experts in cotton and others who could be doing the training that would overall allow farmers to become more efficient and productive, that would help long term with supply and demand and eventually have the government save money too. Like the Social Impact Bond idea...Is there a way they could be giving money to CottonConnect or others on the ground who could help with training and getting farmers to be more productive, increasing market supply, so that farmers could be making this money on their own because the market could be healthier...Subsidies, they just don’t work in the end, you keep doing it forever until you run out of money.

Only squeezing farmers is not a solution and only giving them money is not a solution.
1.3 Impose tighter rules around certification and integrity

A number of interviewees raised concern about the transparency of organic cotton and the integrity of certification. The Turkish Government has been doing more to improve the situation in the last three years, but more needs to be done. According to Textile Exchange data, applications for organic cotton certification are growing in Turkey; however this must be accompanied by increased transparency and confidence in authenticity. Certification of suppliers and processors also needs to be publicised more. The quality image and GMO-free status of Turkish organic cotton are valuable assets which must be protected by strong certification which assures buyers of the origin of their purchase.

The main thing that is very important for the market is change. The market rules also change....If you are going to do very nice certification and all certification companies are going to do all the research on the fields very openly and very well, then you will see the real pictures. And then the premium will go up naturally. The other people (lacking integrity) won’t do this production.

1.4 Lobby for organic cotton and provide more vocal support from Ministers

It was felt that lobbying the Minister of Agriculture in government for this action will help.

I also think there might need to be more lobbying happening with government that isn’t happening or I have a feeling it is not happening. I haven’t really heard anything.

It’s very fractured at the moment so I think there isn’t a common voice - there isn’t enough lobbying in Turkey about organic cotton with the government.

The rules and ministry decisions are very important in Turkey.

Our minister is willing to co-operate, to relate to organic projects. Maybe you can apply, maybe you can write, maybe you can contact him. If they support it is valuable.

If Turkey could make a 100% commitment across the board that would be fantastic, they’ve already done non-GMO.

1.5 Facilitate and adopt an Integrated Sustainable Cotton Policy

Government and NGOs need to collaborate and look at Turkey as a whole space to make an overview of how land is used as the country moves away from conventional cotton. The network of academic institutions could help with techniques such as geographic information systems, and collaborate to learn about successful agricultural land management methods adopted in other countries and to learn from Turkey’s successes.

Government and NGOs could work together to develop a visionary approach with an integrated sustainable cotton policy at its heart where BCI is in areas moving to organic cotton in ecologically sensitive regions such as protected wetland areas under the Ramsar Convention.

But what I want to see is a strategy that is integrated and of course there should be room that BCI can develop into organic…and there should be buffer zones around nature biodiversity hotspots such as Ramsar sites where agrochemicals are not used.
We also heard that in some cases BCI maybe a more realistic starting point for some farmers than certified organic cotton. Therefore collaboration needs to be made between BCI and organic cotton, the two working together, to ensure BCI and organic are complementary in Turkey and that BCI take responsibility in this process to ensure it does not drive out organic cotton as they are expanding.

**BCI well yes it is a little scary because if they’re not careful... I think they need to take responsibility for the effect BCI will have on organic and fair trade farmers. And in the sectors overall to make sure that farmers aren’t choosing BCI over organic, because they are actually getting a premium from BCI, because the demand is being pulled through by the companies. Because they are not paying more for it, but at the farmer level farmers are getting more than they are for organic cotton for selling BCI. So yes when you try to start something good, an initiative, you can have unintended negative consequences from that, that are unexpected.**

In some circumstances we heard that Turkish farmers prefer adopting organic cotton to BCI. On the whole though some large brands clearly see BCI as the entry point, and organic cotton as an aspiration with organic cotton being about 10% of product. Large brands say they are watching the production trend and as organic supply grows their percentage uptake will too.

1.6 Support the education and training of farmers

Education was seen as a key Government responsibility, both in educating farmers about the benefits of organic cotton when many had moved on to farm other organic crops, and in educating young people and children that farming generally (and organic cotton farming in particular) is a satisfying and profitable career choice. We heard about the concept of ‘Miracle Farms’ and a successful outreach programme in Turkey for children directed at those from farming backgrounds. Governments, both national and regional, should lead in setting the vision for encouraging the farming of organic cotton in Turkey.

The Government currently supports farmer outreach programmes and Turkish expertise is taken to other countries. Regional knowledge exchange (back to Turkey) should also be encouraged, for example many of the Egyptian organic farmers are biodynamic which goes beyond organic. What can Turkish and Central Asian farmers learn from their Biodynamic neighbours?

*Make farming as a sector and as an activity, more attractive again so that people actually stay on the countryside and don’t destroy their most valuable asset which is nature.*

*First we’d start with awareness because the people, especially the farmers, believe in organic cotton. Belief is important, belief should be 100%. If they don’t believe in something they don’t grow it.*

*In my opinion education and communication plays a huge role to convince the farmers that they can make money. That in the long run if they plan organic cotton and there is a demand for it overall globally. If they see the light at the end of the tunnel and it is communicated with facts and information, I think that would increase the participation in organic cotton farming.*

*Dissemination is important. We know the knowledge but the farmer needs some information or demonstration. We can organise demonstration days for farmers and support them how to apply organic pesticides, what to do with proper green manure, plant nutrition. We have many organic pesticides and insecticides which produce certified production, but the farmers don’t know.*
The field is more important than the classroom.

The knowledge should be starting at an early age. What is the benefit of organic production and why we save the planet; it is awareness with making money.

In the school, in the kindergartens, we must liaise with the kids, with everybody and show them this beauty and this miracle which happens every second on a farm, then they evaluate it differently.

1.7 Promoting academic links, environmental management and capacity-building

A number of interviewees had noticed a difference between those in the industry who had left Turkey to work or continue their education in another part of the world (and then returned), and those whose life experience had remained within Turkey.

For sure, the ones how went to school and got some education in Europe will bring back their knowledge back to the farmlands, that’s a pretty positive thing for this region actually.

It was felt that Turkey needed to get better at improving its own people, without the need to travel overseas, and that this could be achieved by strengthening links between academic institutions and the farming sector, and building Turkey’s own capacity for change and improving sustainability of farming practice. Academics need to be able to put their ideas into field practice, and farming needs research and development – everyone would benefit.

I like the relationship between the unions and farming unions, or the farmers or the manufacturers and the universities. That’s pretty much a little bit missing in Turkey. We definitely need more communication and more collaboration between the academicians and the people on site.

I think we are very good in terms of importing knowledge or transferring this knowledge of what is available from other resources outside of Turkey, but we should be creating our own knowledge within the country - that is missing.

When you come up with an idea, you need to control and manage this transition very well. It’s like a company, managing change, a similar thing.

Providing greater access to cutting-edge sustainable methods such as biological pest control and low-carbon farming would not only enhance the regional reputation for excellence, it would also unlock significant financial benefits for participating producers.

Government and NGOs can help farmers know more about how to integrate organic cotton crop rotation with organic food crops.

They’re very much tuned to cotton and if something goes wrong they’re ruined. If they would realise the potential of having a better crop rotation and other revenue incomes, then actually the whole living standards would be more stable.

With organic cotton we reached conventional yields. Rotation suppresses pests and diseases. After the second rotation we reached conventional yields.

Links could be made with academics to show how to improve water efficiency and make cost savings for farmers, such as with Izmir University. There are many exciting new areas
of environmental accounting being explored which Government and NGO’s can look into with farmers such as: sequestering carbon in producer farms, rather than offsetting to plant trees elsewhere; piloting real accounting of soil erosion; reducing water stress and labour unrest on farms which have a large Carbon footprint.

This is what people now call insetting instead of offsetting, like not offsetting your emissions but insetting you emissions in your own supply chain. You can prove this using cool farm tools that your cotton might leave your farm carbon negative. So it’s carbon-neutral by nature and that’s a great authentic marketing story as well.

Other initiatives discussed included the creation of a chemical-free ecological zone for the growth of organic cotton and other organic textiles and the instigation and support of organic seed multiplication programmes.

The state must support the producers like maybe per kilogram of cotton they produce or they can support inputs like biological control methods, seed multiplication programmes, good quality seeds and educational programmes.

1.8 Create a regional centre of excellence in Izmir
Izmir aspires to be the organic cotton capital of the world with IZFAS and Ekoloji (Organic Products Fair) as showcases for organic cotton farming and manufacturing. This could be supported further by government. Opportunities to partner with the Heliopolis University for Sustainable Development (established under the umbrella of SEKEM in 2009) should also be explored.

It is possible to make Izmir the capital of organic agriculture and organic textile in the world. We can get it, the potential in our east, in North Africa and in our west. We can become the centre for organic production.

In the Aegean region everyday a new brand is opening its doors because there is a big production right now. Still we have a huge potential that we don’t use, we can improve ourselves and we can get better.

An incredible achievement: 6000 farmers from 38 cities will attend the 2017 fair (on 150 buses), a major farmer education programme.

More farmers have to do organic agriculture, this is essential for the future of mankind. We’re going to be successful if we reach many more farmers than we’ve been reaching so far...give them education about organic agriculture and basically support them making that decision, switching over.

The main goal of the Ekoloji trade fair is to support the industry and educate the agricultural workers and all those farmers around the region, in order to get subsidies.

1.9 Properly applying social and labour rights for all workers
It is difficult to gauge how much political unrest in Turkey can make brands uneasy sourcing from there, along with concerns about migrant workers, but we were told explicitly that it was a major factor for some.

And also just the political unrest. Obviously, is another issue. So I would even say that over the last couple of years there has been a little more trepidation in sourcing from Turkey. Rather than ‘oh let’s go to Turkey’ it is a bit more like ‘hmm, maybe there are other places we should look at first, because there is a little, yes, little bit of concern with those risks.
Government can help this by enforcing existing labour laws more strongly and consider making unions more effective. In the first tier, people are not allowed to do overtime, and it was felt they need rights to be a member of a union. We found out that in Turkey, unions do not exist in smaller companies (less than 100) and some unions do not always have the best interest of workers at heart but drive their own interests.

And that’s something that legal requirements or politics can help with, making trade unions work efficiently and better in Turkey. That is definitely one of the biggest areas where we have to do a lot of convincing. We would like to settle a good and decent work balance or level that means they need contracts, they need guarantees, they should have the right to be a member of a union, that’s a big topic.

In particular issues come up with double book-keeping, lack of social security for employees, the legal minimum wage being low and Syrian refugees without work permits.

So in terms of double bookkeeping that is still one of the main concerns. And with that comes too little social security for the employees, too many overtime hours that are not being paid correctly. Of course there is the issue of the legal minimum wage which is too low to secure a decent living. And then of course at the moment there is the problem of Syrian refugees in Turkey which is a big one, it brings back the issues of child labour and so on, but that’s a very recent topic...there needs to be a temporary permit which can be transformed in to a work permit...it really is difficult getting those work permits because of crowded police stations and difficult forms to fill out and time to queue...so factories say “okay we can’t employ you because you miss most of the work because you are at the police station queuing for the work permit”.

Concern was also expressed about the risks and opportunities around Syrian refugees in Turkey. Many of these had excellent organic cotton skills and experience, but interviewees were concerned about the risks of exploitation and child labour. Some wanted to help Syrian refugees by giving them work, but found the Government was struggling to process them as documented workers because of the administrative procedures involved.

I have seen Syrian cotton farming skills being extremely high, even in the conventional area. You don’t have to tell these people about the value of organic fertilisers, they know it by heart themselves.

One possibility for a brand to work more inside Turkey would be if the Government can show that undocumented migrant workers were not involved in the supply chain.

If it shows that the government is trying to make sure that [undocumented] migrant workers and refugees are not in the supply chain that would help them quite a bit.

I think in the last year people are a little concerned about cotton pickers, child labour or labour conditions. And when you say, “I’m using cotton from West Turkey,” they have more confidence that the cotton is picked up in a good way. And I hear some complaints from customers in the East part of Turkey, “Don’t use the cotton from there,” because, again, they use a lot of child labour and things like that.

In contrast another viewpoint felt European Standards do not always solve complex situations, and asked is a refugee child better in a factory than on the street?
I mean talking about child labour, yes it’s very bad if kids get exploited but if they otherwise just sit on the streets or sell drugs then a good job is better.

Interviewees were concerned about the Government’s approach to social and labour rights issues - although the appropriate regulations were in place, it was important that the Government enforced them properly.

1.10 Create an ecological organic agricultural zone in SE Turkey
Several interviewees suggested Government develop an ecological zone in South-East Turkey which is chemical-free, growing organic agriculture including cotton, corn and soya bean (which is good for dairy) and a research station with 10 - 20 producers growing on site, whilst also providing continued support for the GAP project. This site could be enhanced if there was collaboration between academics and practical farmers on site.

The best region would be south-east Turkey. If we created an ecological zone, an organic agricultural practices base, restricting chemicals that are allowed, and encouraged people to produce organic cotton and other products like corn, soya bean which is good for organic dairy farming - there are lots of textile mills in the area. Something like that idea coming from the State and enforce them to do that. And a research station, working very closely with the people there. If you make a project, it must be something directly related to the soil and the farmer. Not so many scientists and advisors from all over the world. Its better 10 or 20 producers and let them work the fields and really show a good example, take them to see it in practice. If they don’t see it with their own eyes they don’t do it.

IT IS FELT THAT THE PROSPECTS FOR AN INTEGRATED ECOLOGICAL ZONE ARE SO GREAT THAT THIS WILL BE A SEPARATE DISCUSSION THEME AT THE R-OCRT

Conclusion - government
Government support, all agreed, is a pre-requisite for a successful Turkish organic cotton sector. Although many interviewees made suggestions for change and improvements in the way Government and the sector work together, Government was seen as the key driver in ambitions for the industry, memorably expressed by one speaker who wished that Turkey would emulate California’s Silicon Valley and set up as Organic Valley.

There can be an organic valley (like Silicon Valley) in Turkey.

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Theme 2 - What Can The Value Chain Do?

Introduction - value chain

Integrity, geography, transparency, trust and cooperation were at the heart of responses around the potential contribution of the value chain, from farmers through to manufacturers. Opportunities for brands and retailers are dealt with in our third market-focused overarching theme.

Respondents were consistent in identifying closeness to market as Turkey’s key advantage.

*They are close to Europe. They have good relations to Europe. You find people who are talking the same language; they understand the thinking of the customers better than Far East companies. Not all, but you find a lot of them in Turkey. It’s convenient for the European market, they are quick - by truck, five days and you are in the centre of Europe from Turkey and this is good.*

This was expressed both as geographic closeness (in kilometres) and as a philosophical and intellectual closeness, based on a particular mind-set of customer service. Combining this with GMO-free status is a very attractive proposition.

2.1 Developing fully transparent, fully traceable supply chains

Growth of organic cotton is contracted with farmers in Turkey, with manufacturers talking to farm leaders. In the past some brands used to give contracts to manufacturers with no direction of where yarn was being bought, but they now want to go deeper in to the supply chain. A number of our brand interviewees stated how they wish to make direct farm partnerships and be 100% fully transparent throughout the supply chain.

*We are a 100% fair and organic company we are striving towards 100% transparency which is difficult to say the least.*

They are struggling to achieve this because of sub-contracting and sub-suppliers. But the message was very clear that full traceability is a big demand, and a desire to get everyone around the table and find ways to reduce steps in the chain.

*If I had a magic wand I would have full integrity in the whole supply chain, then you don’t have to do anything special in this region. And we need commitment from the brands so they do not buy from one country one year and another the next creating volatility. Equal chances should be given and integrity with that magic wand.*

*It’s not easy always to work with the farmers directly or the ginners directly, but to tell you’re the truth nowadays traceability and tracking is the April point because everybody would like to know where they are buying from.*

One suggestion was to create a visualisation of the supply chain to help people understand it better.

*I would look into a very transparent system that everybody using textiles could see where it has been grown, so they can visualise it. No pesticides in the water, those sort of things. We have a very long supply chain and it is difficult to explain to people.*
2.2 Developing sustainable business practice - enhancing trust and co-operation

We heard a wide variety of comments about how Turkish people conduct their organic cotton textile business both within and out of the country, mostly positive.

Yes, I think Turkey has been at the forefront of embedding sustainability within its framework and business model. I would hold Turkey up as a region that’s really been a pioneer in that area. I think they’ve seen the opportunity for more sustainable manufacturing, and they’ve also been very quick to embrace some of the new innovations and technologies that have driven that. Denim is an area where there is a whole lot of new technology emerging to reduce water consumption, chemical use and reduce energy, a particularly wasteful part of the textile industry and Turkey has been at the forefront of that and they started to really pick this up a few years ago, it’s not just a recent phenomenon. We’ve recognised now that there are there are some really fantastic suppliers out there who invested in new technology, and absolutely get “You can’t ignore sustainability, it needs to be a foundation for your business as well as your customer’s business” They are still leading that and so I would hold Turkey up as a real centre of excellence, when it comes to sustainable manufacturing in textiles.

However there are still some Turkish companies which lack an inherent interest in sustainability and are motivated only by gaining new clients.

But there’s a lot of lip singing from these Turkish companies and I’m talking about the biggest guys in the textile industry Turkey. There is not so much inherent interest to progress on their sustainability agenda but trying to get new clients to implement organic cotton lines.

Often this is about how individuals act, but there seemed to be a case for encouraging Turkish business people to be more trusting, committed and service-oriented in their manner. Another interesting trend is when factories are being taken over by new younger generations with awareness of planetary limitations and so having a different mindset open to transparency, trust and respect. These individuals are prepared to open their books to brands to look through and are better than the traditional mindset. It was felt that this shift can be achieved through a combination of education and natural succession within companies.

So the sons are taking over, 35 to 45 years and there is a mindset change or shift we are seeing. And I would like to see that throughout the managers or factory owners, because they are being quite difficult about opening their books for us or being very transparent with us when it comes to the supply chain. They are quite reluctant when it comes to that; it’s an issue of trust, I think, and I would like to see them open up more so we can work closer together on these issues. Because if we’re not being 100% transparent with each other then it’s going to be a very difficult ride. That is the key to everything, transparency, trust and respect and that is still quite a difficult thing in Turkey because of the mindset of lots of factory managers and owners.

There needs to be a greater emphasis on co-operation and collaboration in the production of organic cotton - internally and externally to develop sustainable business practice:

Clustering is one of the tools of course, but there are a lot of tools, for example unions, cooperatives. We have to trust each other, and we have to start to work with each other, to be stronger, and to actually increase our
capacity, that's what I'm thinking, that co-operation is actually one of the most important tools...People are co-operating, if they see they are winning in the short term. But this message should be improved, that they should see the long-term, and the co-operatives should be developed for the long-term projects....It is very difficult sometimes, because the companies want to work with us, they are our members, but they wouldn't like that we are having their farmers also, as our members, for example. NGOs can help additionally start a process to broker trust between buyer and seller and this has happened successfully in Kyrgyzstan where being Fair Trade provides a double premium for farmers as well as funding for a farm co-operative social fund.

Well the most successful model has been the fair trade model, so co-operatives, putting aside the money in a separate account, where the farmers through their co-operative can decide how it would be used...potentially we could be using mobile banking...and if people have connectivity that would be something that would be really easy to trace and make sure they are getting the amount that they deserve. Hard to implement but once you do you would have a great traceability solution.

Kyrgyzstan farmers are quite free and believe in open communication...they would not go separately... it is a new country for the organic sources...it is not yet damaged. It is also easy to trace back. You can open one farmers data and trace back since when the farmer was working, what kind of yield he had, what did he grow this year and that.

But I think for Turkey to develop that relationship with Central Asia they have to show a little more empathy. I think Turkey has not always been transparent...Another thing, which is about the value with the European market in Germany, is they had formed a long term commitment to buy cotton from Kyrgyzstan, which was the not the case with the Turkish one.

2.3 Driving efficiency in the supply-chain
Another issue highlighted by respondents was the inherent inefficiencies arising from a fragmented supply-chain; one approach to solving this problem would be to consider increasing vertical integration for more end-to-end control of supply. Currently most weavers buy yarn, weave, cut and sew.

It takes a minimum one week to ten days to spin the yarn as no one keeps any stock in the market. Even though we say the market is mature enough, it still does not really have the flexibility to shorten from one week to ten days (wait time).

Do we really believe that we have the best organisation or best structure in Turkey and there is no room to improve on that?

2.4 Taking brands to the cotton fields
Interviewers often stated how well clients responded to being taken in person to see the fields, growers and mills. Manufacturers found that taking brands to the field, to the lowest level of the chain, was really beneficial for forming strong relationships. It was pointed out that in Japan you have to work on the shop floor to know your business and work your way up. Compared to conventional cotton, organic cotton is a great business as you go the fields and that brings a wider perspective.
It is always good to go to the farm field. Why? Because these people are very humble people. You need to go and see them and they would like to be thanked for the thing they’ve done because it’s not an easy thing to do. Sitting in these offices and just making all these wonderful presentations for wonderful reports, it’s not working in that direction. You need to have your hands in the field and organic cotton has provided us an opportunity to be able to go into the field and work with these farmers. I have had customers who came and we took them to the fields, it was a wonderful experience for them to see how cotton is grown and what the difference is between organic and regular cotton. They had pictures, they can buy those with those farmers and even they have them on their walls in their offices.

The production area is the place where the fight is actually going on. The actual fight is there. It’s the field area. It’s a war field you know. It’s an important area where you create the value there and where you make the mistake there, it’s just exactly the place. If I had the chance I would probably put any (large brand) employee working in textiles, spending a good amount of time in the farm fields, the spinners’ side as well. It wouldn’t hurt anyone but defiantly create a value here; it changes their approach in terms of making decisions with the in company as a responsible person.

When I go to the blow room and see those cotton coming in from different resources, different regions...even though they are not GMO I can see that you don’t smell it. Here with organic cotton you smell it. That is really very well known by the farmers. Farmers know that this cotton, this product is a valuable product.

2.5 Expand the domestic organic cotton market
Generally we need to upgrade the relevance of food and agricultural products in society. The domestic market for organic cotton must be strengthened to reduce reliance on imports.

Our organic domestic market is weak. There are no government advantages for exporting organic.

Producers, international brands, regional retailers and Government should come together to boost the domestic market - led by Government - demonstrating a clear commitment to grow the organic cotton market so that production and exporting becomes greater than importing. A strong organic cotton marketing programme would help this effort.

2.6 Providing consultancy advice to neighbouring countries and knowledge exchange with neighbouring countries
Turkey’s own organic cotton production is currently not sufficient to meet demand. Cotton sourced from outside Turkey goes into the Turkish value chain, from neighbouring countries such as Egypt, Greece, Kyrgyzstan and Tajikistan as well as from further afield. This offers the potential for Turkey to be at the heart of an international cluster, but as the geography expands so does the risk - of GMO contamination, of unwelcome labour practices, and other factors. Consultancy from value chain actors in Turkey - as well as NGOs - will be essential to mitigate these risks.

In Kyrgyzstan the government is against GMO but they are not able to measure this inside the country. They don’t have screening laboratories and the Chinese are coming over the border doing business and they are everywhere. This is the problem; what they do is not legal. There is a lot of fake trading between Kyrgyzstan and Turkey - it is kept under cover and we have made a claim at the Gold Standard…Yet a solution will never be found until we make it public.
A number of interviewees proposed that Turkey should provide consultancy advice to neighbouring countries to ensure that their organic cotton practices were the same high level as Turkey’s. Without this, interviewees fear that as the geographical area expands, integrity will decline. Protecting the non-GM status is very important and putting safeguards in place with countries in the region which Turkey trades organic cotton with.

*Textile Exchange needs to provide training for entrepreneur textile companies in Turkey, and technical consultancy in some of the regions to improve quality in Tajikistan and Kyrgyzstan.*

**Conclusions - value chain**

Farmers through to manufacturers need to help make the supply chain far more transparent and traceable for brands; this need is only going to grow. New innovative ways could be found to communicate the supply chain better, such as visualising it. A greater degree of vertical integration in the supply chain would also overcome the current fragmentation which exists. It would also be very beneficial if companies showed more inherent interest in sustainability, and the good news is that this is happening in some instances with the new generation opening their books up and looking at more sustainable business practices throughout the organisation. Trust, cooperation and collaboration lie at the heart of successful partnerships on the value chain. Turkey could also further explore the idea of co-operatives. A very strong message came though about the enormous value of individuals visiting the farmers in the cotton fields to truly appreciate the efforts of growing organic cotton. On a macro-scale the domestic market needs to be grown to stop the region relying on importing organic cotton and to encourage more farmers to stay, or convert; a strong marketing programme could help here. Technical support must also be provided to some surrounding countries who export to Turkey to protect integrity.
Theme 3 - What Can The Market Do?

Introduction - the market
When speaking about ‘The Market’ we include brands and retailers who, through their demand for finished goods, are the main ‘market makers’ for organic cotton. Brands and retailers are vital to the success of the region through a long-term commitment to, and hands-on involvement in, the value-chain.

To encourage this, we must build understanding of the pre-competitive aspects of sustainability, where there is common interest amongst otherwise competing companies.

Below we explore how all players can co-operate in pre-competitive work to increase the domestic and export markets. In essence, pre-competitive collaboration will grow the size of the overall market. Once that is done, conventional competitive processes will determine how big a slice of the market each company wins. So, collaborate to build a bigger cake, and then compete to win the biggest slice.

3.1 Supporting the development of a Regional Cluster
One of the most fruitful areas for potential collaboration is the development of a Regional Cluster Model, and one interviewee who has experience of this said:

_Clustering is a really good approach if we follow the road of virtual integration of supply chains. So within that, it's always the objective with these type of clusters to find the commitment from brands and retailers that would unlock the demand side. Because these are always demand-driven._

A number of interviewees referred to the success of models such as the Chetna Coalition in India and the South African Cluster, expressing the view that a similar approach could work for the region. The South African model was mapped out in detail for us (see Appendix).

In fact, one conclusion from our detailed examination of Cluster approaches was that they can provide a ‘walled garden’ within which trusting relationships are built, away from the influence of outside market forces. Allocating risk and reward along the chain in a fair and transparent manner binds all players together in a mutually beneficial network.

_I would love to see a regional cluster approach (in Turkey and region), where they look in to the different processing and production that can offer and explore more in the exchange and join. Then it becomes a more coherent joint approach. That would be something I would love to see._

_I think North Africa, Turkey, Europe and Central Asia could make a cluster together to compete with Asia. You should really look in to the whole value chain and find partners that are willing to develop together the markets; I mean farmer groups not traders, as maybe they will not be needed anymore. You need trustful partners along the value chain._

_I hope that we will find a way, also through this market scoping project, to go deeper into, or have a deeper view of the supply chain and the steps needed to achieve that._
3.2 Engaging & investing in meaningful, consistent pre-competitive collaboration

(i) **Helping to build a local market in Turkey for organic cotton**
Brands, retailers and NGO’s can support Government to make internal knowledge of organic cotton within Turkey stronger and market it better. If the internal market grows then it will be easier to support Turkey’s own brands which are also growing. It was seen as very important that the international brands develop a greater market presence within Turkey to facilitate this growth. Manufacturers see themselves as fulfilling orders from brands and importers, and issues such as quality, price and delivery time matter to them, but want more brands operating inside Turkey so they can learn from them.

Manufacturers are not brands in Turkey. Unfortunately we don’t have any brands, so we are producing for a brand or an importer. The Turkish industry wants to learn from brands coming in.

It was suggested that Government members need to attend conferences where there are brands and retailers to learn more what needs to be done to grow organic cotton and so be able to build partnerships together and develop marketing strategies.

The government institutions would reach out to brand and retailers. They know what needs to be done, where the problems and coming from…and be more involved in conferences, fairs and organisations.

Organic cotton production has fluctuation problems mostly because of marketing.

(ii) **Innovating yarns & new products to gain a regional competitive edge**
The collaboration must look to new ways to grow the market such as researching new yarns for competitive edge. Tajikistan was also mentioned as place for this action too.

I think as Turkey, we need to go after specific yarns which we can do with organic cotton but still bring a value to the final product, whether that is apparel or it is home goods. It can be on every channel in order to get a competitive edge.

Changing the availability of finer yarn counts meaning finer, or longer fibre length in the market. Again considering our role in the Turkey market, in the textile business, I must say that might be something really that I can point out as number one (thing to change).

Government, in its organic agriculture strategy, could look at expanding in to new areas for farmers such as organic silk, wool and hemp, and we heard that some certifiers have been asked about where to source these in Turkey but little is available. However, brand participation will be vital to ensure demand exists to de-risk these developments.

We only have one organic wool yarn supplier certified with GOTS. We can put wool in there, or maybe hemp or silk. We used to be a silk country in the past. Because of the cost of everything these sort of things have been decreased in Turkey (so) they moved to the Far East, why can’t they come back as organic?

3.3 Future-proofing commitment to sourcing sustainably-produced organic textiles
Government can make a strong economic case to farmers that they can make money from organic cotton but this is strengthened if there is confirmed demand from brands and retailers.
3.4 Ensuring a fair price for organic cotton

We heard a range of calls for the up-charge to rise and different opinions of what is - or should be - paid. The risk is that if the organic differential for farmers is not high enough many will lose interest and drift away from organic cotton. They may want 40% but still get only 5 - 6%. One certifier mentioned 30% to us.

Farmers look at the price they receive and final yarn price and see there is a big gap, so feel that they are not protected or supported

*Again from what I hear the farmers are not happy with the price of the cotton and they believe that there is a huge gap between what they are selling and what they actually the final yarn price is. They feel like they are not supported or protected enough. All the money is made with the agents in between.*

*One of our big concerns is that farmers are getting the organic premium - whatever, if you don’t want to call it a premium, deferential whatever it is, differential - that farmers are getting that amount. So anything that would help make sure that is happening through like...I'm not a big subsidies person either so in another way I want market forces to make sure that farmers are getting in the money and not necessarily have the government give money directly to farmers.*

Some larger brands suggest other ways to make efficiencies.

*The up-charge (level) of course is another reason that (stops organic cotton being a) more common commodity; what can we do is to lessen the up-charge. The certifier is spending time to verify that information and so we should pay for that, but to have better efficiency on all these processes and to tighten up more and secure the supply chain relations (should lead to) a better price level...No one does anything for free, but as long as it is reasonable and we can fill the gap and improve that again will be a win, win situation for both parties. That means we will have more opportunity to place more orders and they will have an opportunity to get more orders.*

A clearly very helpful step to build the organic cotton market in Turkey would be for government to support an organic differential but also backed up by organic cotton private companies. The differential might be between 15 to 20%, or even 40% for the finished product on the retail side.

*If the government support organic cotton as a premium price, they support some area or yield level. It is so valuable for farmers. Also private companies, organic private companies they give premium prices. It will be great for the farmers.*

*If there is a price difference, between 15 to 20% more farmers turn to organic production. It is a definite.*

3.5 Brands to work harder at promoting the value and necessity of organic cotton

At this time in the organic cotton market, we were told that consumers are not interested in the geographical origin of their organic cotton, but do care if it is GOTS labelled. It is quality as a concept, rather than the origin of the cotton. Brands are helped enormously in their policy towards promoting organic cotton if there is a strong top down management approach to sustainability, as it holds the most effective internal power for change.

Brand heritage and continuity builds trust with the customer. Brands are starting to want sustainability in all products at some level with ambitious targets to achieve. One certifier
felt that brands exert too high an influence on the market - their strategies can change - and that puts the market at risk if they do not buy organic cotton any longer.

*I believe this influence of big buyers is too high in Turkey; I would look in to ways of affecting these brands more together with their sustainability departments.*

We also heard about internal issues within large business structures, where material people have to do what they are told and sustainability people have no influence over product indicating this point is justified. Brands successfully achieving change for organic cotton in Turkey said they sometimes work under the radar and shout about their success so the larger part of their business cannot take it away or regress back. It is about not being afraid to make change.

*If you don’t have the right people in place who are aggressively driving it (sustainability), and that’s in every country as far as I’m concerned, you will not make any traction.*

Some brands that look at ways to add a little bit of cost to the product or develop a niche product to carry organic cotton over in to the business so Turkey, can have market activity in the face of strong competition from Asia. They may have fewer products, but fabrics with organic cotton at higher volumes with less strain on price.

One suggestion here is that brands do more to educate the consumer that organic cotton is more expensive and explain reasons why it is needed, selling the whole story behind a product. This could be part of the marketing and labelling system.

*It always depends on the marketing story behind. I really think you should have the story to sell the products in mind.*

3.6 Investing time and money to develop a sustainable value network over the long term

Brands and manufacturers alike stressed the high importance of investing time to develop strong partnerships in the value chain. Some of the large organic cotton Turkish manufacturers we spoke to have very long term relations with customers who trust them, and know all of the value chain from farmer to brand.

*We have a saying in Turkish: “Profit is the continuation if the business”. So we have to have long-lasting business, that’s what we like to keep doing.*

*Everybody is selling raw material but we are selling our service with those materials. I think our main advantage is ourselves behind that raw material. They trust us and we don’t want them to make them face any kind of problem because they trust us.*

One smaller brand told us that it has taken 12 years to form the chain.

The point is that once you get good partners on board, it is best to stick with them and the motivation is there to continue.

Another very large brand said as a brand they educate their garment makers as everything goes through them, as they own the mills and have the partnerships. Their view was not to change what works well as their partnerships with mills took a long time to set-up.

*It’s also a matter of (supplier) resources being wasted if people are fickle, and they also understand that they lose credibility with their partners who are
their mills if they say one thing one day and the next thing the next day. If we're driving as aggressive pricing as we do where we're saying it can't be more than 10% up-charge for organic cotton, then they need to be able to trust that we're not going to mess them around and that they are going to buy that organic cotton whenever they find a window and are able to get it at the best possible prices and buy it at the volumes that they need to so that they can trickle it in to us. And if we suddenly change our mind and they're struck with the stock, we put ourselves into a very difficult decision and that will reflect on pricing and things like that, and not only in the organic cotton but also in the conventional because they will get their money back. So it’s one of those things where we just understand the business part of it a little bit better than our colleagues would, our cross-functional colleagues. And so we, like I said, are purposefully inflexible when it comes to things like that.

*Commitment is a major topic. Say “Okay, we will build up something together. We want to increase the organic cotton fields in Turkey, so it's also an investment from our side, maybe, we do it together.” Give them a commitment in regards to forecast and capacity things; you must confirm and commit that you will get agreed quantities. I think you need to bring everybody to one table, the brands, and the manufacturers.*

**Conclusions - the market**

Brands and retailers are critical to developing the market for regional organic cotton internally and internationally. A completely new strategic approach to the value chain is being suggested through the creation of a Regional Cluster and it is hoped this will explored in serious depth. Brands and retailers can support the innovation of new products such as new and distinctive yarns to maximise on Turkey’s high-quality cotton through meaningful pre-competitive collaboration.

Brands and retailers also have a crucial role to play in developing consumer awareness about the necessity of organic cotton, perhaps though improved labelling. Another critical contribution to stabilising and securing the market would come through brands and retailers committing to organic cotton demand levels projected over a number of years, rather than season by season, and in so doing, build long-term partnerships with farmers, mills and manufacturers. Finally, it will be essential for brands and retailers to guarantee a fair premium direct to the farmer which is not reduced along the supply chain.
Individual progress

It can be too easy to wait for wide-ranging issues such as those in organic cotton to be solved by others - the feeling that something is too complex to address alone can lead to inaction by all concerned. It was clear from our interviews that there are some decisions that individual organisations can take without reference to anyone else, which would greatly improve the situation. Some examples are:

**Timely Payment** - each stage of the value chain often finds itself having to borrow while it waits for payment from its customer. The end consumer pays for the interest on these loans. If prompt payment is taken up as a principle by each player, the interest is saved.

**Demand Forecasting** - Farmers’ planting decisions are taken up to 18 months before the finished garment is on the rail, so it can seem impractical for retailers to signal their demand so far beforehand. However, in a settled value chain the retailer can indicate trends in demand to its suppliers so that farmers can take account of this.

**Stable Product Lines** - Every business has its reliable lines - the products that sell consistently year in, year out. Using organic cotton for these products - instead of new ranges with uncertain sales - makes it much more possible to provide demand forecasts.

These are just three examples of individual decisions that could be taken now to improve the situation. There are many others, specific to each stage of the value chain, which should be considered as 'quick wins' for all.
Appendix

The Regional Cluster Model - virtually integrated supply chain
A Regional Cluster Model is a virtually integrated supply chain spread out geographically. It is based on a demand-driven strategy and not supply-push. They have a quick response to market; are agile, leapfrogging global competitiveness; can generate jobs on large scale (in South Africa, it is reckoned to be 150-200,000 in total).

Setting-up a cluster task team

Engage national government who provide start-up funding and sign-off strategy
Find brands and retailers who want to join
Select textile processors regardless of location provided they understand benefits of integrated supply chain, quick response and sustainable sourcing

Traceability platform

The Virtual integrated Supply Chain is supported by strong IT capability, known as the traceability platform
There is item level traceability from farm to point of sale
The platform captures information around the sustainability impact of the product
Critical in choosing organisations to join are:-

- Accessibility of a specific country, in terms of robust internet access.
- Individual manufacturer’s capability in terms of internal traceability and IT capacity.

Factors for success

Upfront funding from national government, until it can continue without support
Strong leadership, clear strategy and careful change management
Innovation introduced to help cluster push forward performance

- Seed multiplication programmes
- Technology demonstrations
- Skills development