



**INTERNATIONAL
COTTON
ADVISORY
COMMITTEE**

**5th MEETING OF THE
PSAC PRODUCERS COMMITTEE**

**Thursday, April 18, 2024
8:00 am, Washington DC**

Minutes

The PSAC members who attended the meeting: Terry Townsend, Haroldo Cunha, Francisco Ferreira Dos Santos, Shea Ishee, Lisa Ventura, Marcelo Duarte, Adam Kay

Observers/Presenters: Lorena Ruiz, Eva Bille

The ICAC Secretariat staff who attended the meeting:
Parkhi Vats, Eric Trachtenberg, Lorena Ruiz

Meeting video: <https://youtu.be/UwDhDI9LszI>

Presentation by Lorena Ruiz, ICAC: <https://youtu.be/o4cybMwoQ8E>

Presentation by Eva Bille, Hill Knowlton Strategies: <https://youtu.be/dSj4wmVH5js>

The Chair started the meeting, and the participants introduced themselves.

Francisco: We have agreed at PSAC to concentrate on the comparison between the man-made fibers and the natural fibers in 2024. And it would be very useful for us to have a set of presentations to help us understand the framework.

Presentation by Lorena Ruiz, ICAC

Lorena: There is a question on the chat from Terry: some retailers are claiming that 60% of the world apparel is composed of cotton. I would say that the claim that 60% of the world apparel is composed of cotton is quite overstated. Cotton does make up a significant portion of the textile used in apparel, but 60% is not what we currently have. Synthetic fibers, particularly polyester, have become increasingly prevalent in global apparel manufacturing. And polyester is also less expensive than cotton, almost 50% less expensive. Sometimes using these fibers is a little bit more versatile in certain applications, that's why the usage of polyester has grown tremendously, and especially in sports and fashion. The other part of the question talks about cotton being responsible for most of the various environmental impacts of the fashion value chain. This is something that the cotton industry has been facing for decades. Unfortunately, it has come from the same people that are working in the industry. They have provided incorrect



information which is hurting the industry. Cotton production has significant environmental impacts, but it's also not responsible for the environmental infrastructure that we see in the whole cotton value chain. In fact, cotton has some environmentally favorable properties: biodegradability, carbon sequestration. Cotton provides cash flow to some countries that don't have any other options. These are important facts which we must remember as an industry, and which we must disseminate through the whole value chain. And the final question was if the ICAC has statistical content shared only for the power production alone. We used to have that before, we were producing it in collaboration with FAO and USDA. Unfortunately, that partnership ended long ago, so we don't have information on this for now.

Francisco: The priority is to make sure that the cotton industry sustains itself, and that we can have a fair competing field with the other fibers. From the discussions we had with Eric and other groups, it looks like we have two main approaches. One would be on the regulatory aspect, making sure that the regulators, particularly in the high value markets, like the EU, understand the impact and the implications of cotton. And the other area would be to work with retailers and provide them with correct information to keep on promoting cotton.

Terry: I want to point out that most of the regulations that are coming out of the EU are focused on the fashion value chain, and this recent screed by Earth Share against Brazilian industry has labeled fashion crimes and cotton is associated particularly with fashion. It would be interesting if ICAC could gather data to estimate cotton share of the fashion including home furnishings.

Lorena: I was in Mexico when I saw the news on Brazil. It is disappointing that we must always put out fires. The responsibility at the end is on the cotton industry. These claims are not only hurting Brazil, but destroying the image that we are trying to provide to the fashion industry, to consumers, to regulators, on how beneficial cotton could be. We will consider your suggestion, thank you.

Lisa: One thing that would be useful to emphasize the benefits cotton brings, in terms of jobs, the GDP growth, and the social aspect in terms of livelihoods which is often not really talked about. We need to explain why cotton is so great, it's just how many people it feeds. That's a very powerful argument, and it's true that we don't necessarily have the right data to compare.

Lorena: We do believe that the industry has more benefits than polyester. How does National Cotton Council calculate employment? We have a project with FAO, collecting data on gender on the production side globally. This type of initiatives is very important, because it gives us the data to show that the cotton is such an important commodity in some regions in terms of employment, that getting rid of the cotton is not going to solve any of the environmental issues like contamination, or labor in general. We need to explore this further, and we need to get the correct statistics and data by country. Maybe we can work together with some of the standards



like BCI, Cotton Made in Africa, Cotton Connect, that collect a lot of information but are not sharing that information with us. We need some sort of partnership so we can have access to the data, not to scrutinize, but to help us show more insightful data.

Francisco: I think it's very important to add the subsidies that are put in cotton for the producers. If I remember well, we have about \$8 billion going to producers each year. On the production side it will be very difficult for India and for Africa to achieve the world average. But of course, Brazil has capacity to dramatically grow production if needed. What would be the estimates for 2050? We see that the cotton share is coming down. The consumption per capita is standing but are we expecting the consumption per capita to stay or increase as the global GDP increases? According to the GDP prospects and the demography prospects for 2050, what do we expect the cotton consumption to be?

Lorena: These things go in hand. You cannot have an increase in consumption if you don't have the production for that. The demand for textile fibers will continue to grow. The demand for cotton is going to be 40 million, but are we producing that amount? We need to have production to cover that demand.

Francisco: Production is highly dependent on the subsidy schemes, 70% of the world cotton is subsidized, starting by those big producing countries. The farmer at the end of the day wants to have profitability. And if it is profitable, then it will grow, at least in the commercial markets like Brazil. The progression in India and Africa is limited because it is based on a small-scale farming scheme, and because the incentives there are probably lower than in the other countries.

Haroldo: Regarding the Earth Side report, ABRAPA is aware of what's going on since last year, and BCI was informed on that. BCI tried to communicate with this NGO, but unsuccessfully, and they went on and published the report. Right now, ABRAPA, ANEA, SLC, BCI and Horita group are working together and putting all data and information together. They are also working with an office in Europe, not only in terms of communication to the industry, but also in terms of really ensuing this NGO, because the information is really misunderstood. Probably next week, ABRAPA will release the first comment related to that.

Francisco: I think we all miss a fact sheet that can demonstrate exactly what's happening in cotton, what are our impacts. We should not choose the strategy of attacking man-made fibers, but work on the positive side, provide positive stories and positive impact that retailers can use for marketing. It is also important to tackle on the production side, as he's trying to identify the activists, NGOs and entities, the ones that work in a professional way with scientific information, because those can be threats, but they can be the biggest allies. Trying to find independent entities that confirm our information, and it will put us in a much stronger



position and provide much with more reliable data. If I was a retailer, I'd be concerned in just using information coming from the cotton sector to promote cotton, but if it comes from independent entities, it is much more useful.

Eric: We are looking at the report independently. Such things can be dealt with, but they're traumatic when they happen. We are going to talk next week, express our strong support for Brazil, and since the ICAC has always been in the truth telling business, we're going to have our own independent evaluation report, and hopefully we will stay in close touch every step of the way. We will look at the report based on its metrics, and we will coordinate the response with you. If it's wrong, we will show it. If they're right, and there's a valid criticism, it's a chance to learn, to show we're very responsive, and we're going to do better, and we have a plan to remediate it. I've spent a lot of time with NGOs, there are ones who are dedicated to science, and they're intellectually honest. If you talk to them, they will fix it like WWF will, or Nature Conservancy will. And there are ones who just fundraise off bashing people. As we parse the report, we'll have an understanding what kind of organization this is.

Lisa: Eric, when do you plan on publishing this? Will you share it with ABRAPA and us?

Eric: We are not going to go off on our own. We will be in constant contact. As you have conclusions please share them with us.

Presentation by Eva Bille, Hill Knowlton Strategies

Shea: Eric, in the merchant meeting, you were talking about ICAC potentially commenting on some of these initiatives. Do you have an update for that, and is that something you can share with the group?

Parkhi: Yes, ICAC is preparing two drafts. One is an official public consultation reply from ICAC, and the other one is from PSAC. We worked on it in 2022 and then there were some revisions. The final version is sent to the EU for comments, and after we receive it back from them, we will submit something from PSAC for this public consultation.

Eric: We are doing a couple things. First, we submitted a consultation on the labeling regulation, and that was due April 15. We also have been working with the PSAC on a submission on the PEF. We are involved in a couple different levels. First, we work with Eva and some other groups. Second, we have our own channel with the EU, because ICAC reports to the EU, and the director for international partnerships has been advising us on how to approach respective commissions.



Lisa: I was wondering if you were going to share with this group the different feedback. We are also planning to send feedback. It's important to ensure that we have a cohesive message, and it would be even more powerful if all the different cotton actors are saying similar things in the same kind of language.

Eric: We are happy to share our feedback, there are several companies who sent their comments, like IWTO, "Make the label count", and others, and everything is going to be public.

Eva: "Make the label count" has asked for assistance because they don't know cotton very well. They have put out general comments in favor of natural fibers, or general comments on where natural fibers are not fairly treated in terms of micro- and macro-plastics, etc., but they are skewing a little bit towards wool, because they don't know much about cotton. They have asked to share with them the more granular arguments related to cotton, when we develop them.

Marcelo: Eva, do you have a formal contract with ICAC?

Eva: I work with USCOM. They want to work together with ICAC.

Francisco: Does ICAC have someone appointed to follow up in terms of regulation? We have the information, but we need to put it into the impact stories, the cotton fact sheets, and how to react to all those points. And the other comment is, we need to support the associations, the companies, the business sectors, in preparing themselves to what's coming. How can we put this in a consumable systematic way, to share it with the business?

Eric: I am following up on this personally, and if it gets very technical, we have subject matter experts at the ICAC. Regarding your point about communicating these developments to people, that's something we need to look at. One channel is to work through the PSAC.

Francisco: Regulation was not an issue on the past years, but it is becoming now, and it will just become worse. But maybe we should have someone in place just to follow up on these specific points. What are the laws? What are the red points there? What is the action plan? What do we need to make sure that the cotton industry produces in terms of information and lobbying and advocacy, just to make sure that we nail this?

Eric: We have discussions about resources. ICAC has a tiny budget, so we are talking with partners around the world.

The Chair thanked everyone and closed the meeting.