



**INTERNATIONAL
COTTON
ADVISORY
COMMITTEE**

**7th MEETING OF THE
PSAC BRANDS COMMITTEE
Tuesday, July 16, 2024
8:00 am, Washington DC**

Minutes

The PSAC members who attended the meeting: Peter Wakefield, Jerzy Kotwas, Nate Herman, Mark Sussman, Ashley Gill, Chandrima Chatterjee, Konstantinos Dimitriou, Christian Schindler

Observers/Presenters: Gaurav Agarwal

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

Meeting video: <https://youtu.be/uAgMu51Fy58>

Presentation by Gaurav Agarwal, Aditya Birla Group: <https://youtu.be/aoyIylaYAGc>

Presentation by David Kam, Trans Pacific Textile: <https://youtu.be/wBgwUHFs5-k>

The Chair started the meeting, and the participants introduced themselves. The Chair reminded about the committee goals for 2024.

Presentation by Gaurav Agarwal, Aditya Birla Group

Peter: Gaurav, you mentioned that you work a lot with the Higg index. How do you find the Higg index in viscose? Does that suit your requirements?

Gaurav: It's a factory assessment module now. The Higg index is something which can be applied to any industry per se. We have been using it to understand the impacts in all the areas which are water management, wastewater management or chemical management. It is something that can be used across.

Mark: Since the viscose is so close to cotton as a sustainable fiber and cotton needs to start creating a technical cotton to gain more market share. I was wondering what your thoughts are on the abilities of cotton to be used as the viscose with UV protection.

Gaurav: Though in terms of moisture viscose is almost at the same level with the cotton, however, the morphological structures are different. And in the degree of polymerization there is a lot of



difference between cotton and viscose. That's why it's easy to use cotton waste in making viscose. However, viscose waste is still under exploration.

Presentation by David Kam, Trans Pacific Textile

Nate: Gaurav is not here, but Mark can answer some questions.

Mark: First, he thinks that about 80% of all polyester will be recycled polyester within the next few years. And the polyester industry is really going after the standards. Are we on a level playing field? If they can get GOTS to certify polyester, we're not on a level playing field. It is very interesting, that GOTS has gotten involved in certifying polyester.

Ashley: I think some of the information might be worth fact checking. Because they accept recycled polyester from our certifications, but they don't have verification of recycled polyester at the polyester production level. There is the ability to include recycled polyester under a product that also has GOTS certification, but 70% of that product has to be made of organic, natural fibers, so they're just allowing it to be included, rather than actually certifying recycled polyester. There was some information about the certifications, not only on GOTS, but there were a couple of others that I think was potentially inaccurate that we might want to do some fact checking on.

Mark: I asked him how cotton industry can imitate the success of polyester grabbing such a large market share. He said that the best solution for the cotton industry would be to stop chasing for the bottom in price and quality. Stop going after these \$2 and \$3 shirts and start making more higher quality garments. The easiest way would be to mimic what China did, they invested very heavily in collective R&D, and it helped with genetic testing and other agricultural technologies to speed up selective breeding to get better seeds. Now they have cotton from Xinjiang, which is obviously banned, but the quality of that cotton is close to Supima in length, fineness and strength. China has the second-best quality, and everything else is a much lower quality. And since the Xinjiang cotton and the Chinese cotton was taken off the market, the quality of global cotton in general has come down dramatically, manufacturers like themselves have difficulty, including the enzymes that they had to put on some of my cotton from India. It all leads back to the elite brands like Nike, Adidas, Lululemon, Under Armor, they need to start demanding cotton. He believes that there is a growing demand for CBC, which is 60% cotton, 40% polyester. The question about how fast we can get cotton into technical cotton? He said the fastest way is wicking technologies, if we could breed a better cotton or work with a chemical company.

Eric: ICAC is going to launch the cotton innovation platform, and the idea is to help cotton become more competitive and get into the technical field. Cotton Inc or Texas Tech University developed technologies which could improve the wicking of cotton, which could make it more tear resistant.



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The idea is for the ICAC to serve as a gateway, so technologies can propagate around the world and start taking some market share back for cotton, because cotton can be competitive and used in new ways.

Presentation by Eric Trachtenberg on the EU regulatory landscape

Nate: You don't think focusing our efforts on European Commission right now is the best use of time. Would be supporting other organizations who are doing that lobbying?

Eric: ICAC, because of our status, cannot lobby. We're informing, and you choose what to do as organizations and companies, it depends on your strategies. There is a great deal of sensitivity about mentioning PSAC. But organizations like AAFA are entirely free to lobby. ICAC will be helping with information.

Nate: Ashley, I know you've been involved with this, with the alliance and policy hub. Is there anything you want to share on those perspectives?

Ashley: I would like to draw a distinction between the legislation related to claims and the legislation related to what the product itself is required to achieve, regardless of claims. That is where some of the traceability and the due diligence legislation would apply. It might be helpful to think about those two frames separately, just because due diligence will be more challenging in an agricultural context and it will be in a purely technical context, regardless of what the sustainability claims or systems are. We have environmental targets. That's what our specific goal is. We don't have the same target of advancing specifically one type of fiber over another. We are trying to look at each of those systems in the in the unique ways. Because comparing cotton and polyester production in terms of sustainability could be an endless conversation, because there are vast differences within the production system. There's a lot of ways that cotton has opportunities to demonstrate beneficial outcome, and that's also part of what we're aiming for. A lot of people look at traceability through the lens of sustainability claims, but the implication of the due diligence legislation is that everyone might be required to have traceability in place, regardless of whether there's a sustainability system or claims that are being applied to the product. And that will have big implications for cotton.

Eric: The European Commission is aware of the challenges. Because the production systems are different. And agriculture deals with things like the weather or variability or smallholder farmers. My understanding is ISO says you're not supposed to use LCA to compare very different products, but in some ways, that's what's going on. I don't think the Commission really wants to have worse environmental outcomes as a result.



Ashley: Going back to the polyester, the estimated growth of polyester, and specifically recycled polyester. One of the pieces of legislation is potentially restricting bottle-to-fiber as being considered recycled, and that would have a huge implication for that growth trajectory, because the share of textile-to-textile recycled polyester is very low. That's at 1% and I know the industry would love for that number to get higher, but it's probably going to take a lot longer. If that legislation doesn't go into effect, it could potentially affect the growth trajectory of recycled polyester.

If I think about what Textile Exchange's environmental targets are, there's a caution around focusing so much on market share as the target outcome, without considering what the implications of that growth of actual volume being produced might be. Climate change is changing where land is suitable for cotton production and where the impacts of cotton production may result in things like biodiversity loss, etc. I would love to understand if that's something that's being considered as part of this goal around. Cotton taking back more of the market share, and what that means for the suitability of where the cotton is being produced, and the kind of prices and quality of life for the cotton producers themselves.

Eric: We were doing a survey of the Sahel region and how we expect cotton areas that are suitable for cotton production to change. And it is shifting. We do see how the area that's suitable for cotton in the Sahel is undergoing a bit of a shift. On the other hand, our chief scientist, Dr Kranthi, is working to push back on that. Because by working with biochar and Bokashi, it is a chance to make soils increase water retention and fertility, which could have, if widely adopted, push back on. On one hand, environmental pressures are real, but on the other hand, there are some technologies that can push back on that.

Ashley: The biggest risk is in conversion of ecosystems that are not under a cropping production to cropping.

Eric: This is an issue. But there is a lot of wisdom in this argument that cotton may never be competitive with the cheapest of the cheap. Our goal is to help global cotton economy, and this is why this cotton innovation platform could help us be competitive in ways that we weren't before.

Mark: I guess the focus of ESG is currently mainly on the environmental side, rather than social side. Do you see that changing with regulation? Do you think regulations are starting to look more at the social side of the ESG, rather than just the environmental side?

Eric: The CSRD, the corporate sustainability reporting directive, means detailed reporting on impact on the environment, human rights, anti-corruption, social standards and governance factor. In 2024 it's getting rolled out for large companies in the EU, in 2025 for a wider range of SMEs, and fully phased in by 2028. And there's CSDDD, corporate sustainability due diligence directive, obligations on social environmental due diligence, civil liability, multi-stakeholder



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initiatives, industry schemes and human rights. Those are the two that do affect the issues you mentioned quite directly.

The Chair reminded about the next steps which are getting the PSAC recommendations together and presenting them at the ICAC Plenary Meeting in September 2024, thanked everyone and closed the meeting.