



**INTERNATIONAL  
COTTON  
ADVISORY  
COMMITTEE**

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**6<sup>th</sup> MEETING OF THE  
PSAC MERCHANTS COMMITTEE  
Thursday, April 4, 2024  
8:00 am, Washington DC**

**Minutes**

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The PSAC members who attended the meeting: Josep Artigas, Eimear McDonagh, Atif Dada, Cliff White, Massimo Morpurgo, Miguel Faus, Elke Hortmeyer, Shea Ishee, Ahmed Elbosaty, Peter Wakefield, John King, Terry Townsend

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/ubn-zmTKQhg>

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, welcomed everyone and reminded that the committee goal for 2024 is investigating traceability for natural vs man-made fibers: We'll have a look at the regulation requirements for natural fibers versus man-made fibers. Are man-made fibers required to prove sustainability? What are the standards? We'll have a look at some traceability solutions and implementation possibilities in natural and against man-made fibers.

**Presentation by Lorena Ruiz, ICAC.**

Cliff: China has 72% of the world's polyester production, and we're talking about trying to trace its supply chain. So that's going to be very difficult when you have such a dominant player in the man-made fiber market.

Elke: The entire situation is scary. But I have a minor question, which refers to the “eco-friendly”, I wonder if there's an official definition. “Eco Friendly pest management” – is there the official definition by ICAC that would be very helpful for us?

Lorena: Not really. We are trying to provide information on the best practices that farmers globally can implement. And these practices are focused on regenerative agriculture in general.



We are recommending practices to help the soil and other practices like no tillage, crop rotation or crop management. The problem is that we have so many standards right now in the cotton industry like sustainability, organic, Regen Ag, and as of today, there is no clear definition of what sustainable cotton is. There are standards like BCI, Cotton made in Africa, Brazilian ABR Program or USCTP. They all have their indicators that they follow. We need to work together with those standards to be able to provide a clearer message to the world. One of the things that I would like to mention is that currently countries producing polyester are also main producers of cotton. For example, China, but also India. The production of polyester in India is now above the production of cotton. To increase demand for cotton we also need to talk to the governments of these countries to see what policies that they are implementing.

Cliff: I agree with you, Lorena, but the big issue is the comparison to these standards in the manmade fiber market. Do they even have one? Is there anything that is reported? Nothing. As far as I know.

Lorena: It's one of the things that we were discussing with United Nations. They were focusing mainly on tackling or trying to understand the impact of global cotton production. And they gave us some examples of how to track cotton from cradle to grave. And one of the questions we asked: it's very clear that you're collaborating with different governments, and it's clear that you're able to map out the whole cotton value chain and the environmental impact of this production. But what's happening with man-made fibers? What is happening with polyester? Do you have any examples for comparison? And the answer is they don't have it, and the main reason is because it's more complex to get to the bottom of oil subtraction. It seems that because of this complexity no one is interested in getting to that point. But because cotton attracts a lot of attention, the information that we're providing is also being used somehow, and sometimes against us. We can provide a lot of information but how can we push the international organizations, the companies, the standards, to do the same with synthetics? We need to have transparency for both natural fibers and synthetic fibers.

Cliff: Yes, that's the biggest issue. One of the questions is, how does the cotton industry ask the question and to whom about the traceability of man-made fibers.

Lorena: I talked to the expert on synthetic fibers and asked a question: do you have any standards measuring the impact of polyester, like life cycle assessment, but going back to the origin of it? And the answer was "Not that I'm aware of but I'm going to put you in contact with relevant people". Since then, I haven't received a clear answer from any of the organizations that I contacted. So, that's one of the things that we need to focus on these meetings, like, how can we find the person, the company that can provide this type of information?



Miguel: Lorena, thanks for the presentation. We were in Bremen last month, and there were a lot of presentations about sustainability, and what's going on in Europe with the new regulations. And there was a presentation where they calculate the footprint of carbon in all different fibers. And curiously enough, the synthetics were the one that has the least carbon footprint. And the reason is that they don't consider what happens when you dispose of the goods. We must consider the cycle after you dispose of the good, because the natural fibers are degradable. That's a point that should also be addressed going forward.

Shea: Lorena, I really enjoyed your presentation. Cotton Inc does a lot of great work on that part, Miguel, to your point on cotton disintegration back into the environment. So maybe there's a way that you all could collaborate.

Lorena: Yes, thank you. We are aware of the work of Cotton Inc on micro plastics and microfibers. Cotton Ink provides very interesting information on this issue, and again, I don't think the issue is that we don't have enough information from the cotton industry. The issue is that we don't have information on synthetics. We have a lot of information collected by different protocols. How can we use this data to show the improvement in production that we have especially with the practices that were implemented over the last 20 years? On the other hand, how can we understand the production issues that the polyester has, taking into account that most of the production comes from China? The information is not that easy to get, but maybe we can reach out to the ICAC members, like Taiwan, India, Bangladesh, and see what we have and what is missing to be able to create a strategy allowing us to increase the demand for cotton. Another thing is that we have been trying to increase the demand for cotton, but we don't have production, because yields are very stagnant. If we want to increase the demand, it must come from production that we currently don't have. What can we do to have more cotton that can supply that demand? This also means that prices are going to be affected, and we already have a cost of production that, according to the latest data is about 72 cents per pound. The current prices are good, but the prices might drop again, and that's something that we always face, because it's a cycle depending on the supply and demand, obviously, and some other issues.

Josep: I believe that Brazil is the answer to the production question. I see the potential of Brazil to get higher yields than in Africa or in India.

Cliff: The problem is the price of polyester. We start producing more cotton, but there is still a gap.

Lorena: Last month, polyester prices in China were about 46 cents per pound, while the average price for cotton was 94 cents. How can you compete with that?

Cliff: That's my point. And if we start producing more cotton, you're going to kill the cotton price.



Peter: Yes, if we increase the cotton production by a considerable amount, what happens to the price? What happens then to the farmers? What do you as a merchants committee consider the effect of increasing production?

Lorena: The SEEP panel produced a report on Regen Ag practices, and we analyzed the risk, the opportunities or the benefits, but also there is a second phase of that project, and we're trying to understand what is needed in the cotton industry to scale up those practices globally. What is missing in technology? We talked about premium price. Is it achievable or not? What is needed to scale up these practices in the in those regions that haven't been able to work on this issue? I invite you to look at it, because we are trying to get some insights. The SEEP can make recommendations to governments, and it's not only about policies, but it's also about what's happening in every country. We cannot make a general assumption, because production systems are very different from one country to another. The idea is to get more insights from those who know what's the main approach for each of the countries. I can share that with you, and your comments are very welcome. The report was prepared by Kater Hake.

Eimear: Thank you for the presentation, Lorena. The numbers are increasing exponentially. You're saying polyester price is half the price of cotton, this has been an issue for many years, and the percentage of polyester production in China is horrendous. But we're improving production yields, farming practices are a medium to long term goal, but getting polyester producers into the same position as cotton producers is where we need to be. This is not a level playing field. We're not having the same conversation with governments around fiber. If we can't get the same pressure put on synthetic fiber production as is put on cotton and natural fibers, then it's a continuously losing argument.

Cliff: We can add another word to this objective, and it is "transparency".

The Chair gave the floor to Eric Trachtenberg. Eric announced the ICAC Plenary Meeting scheduled for 30 September – 3 October in Tashkent, Uzbekistan. Regarding the previous discussion Eric added that the challenge is that cotton is being forced to internalize all the externalities and it's affecting its price, while polyester basically doesn't internalize the negative externalities from its production and consumption.

**Presentation by Eva Bille, Hill Knowlton Strategies.**

Terry: We talk repeatedly about how we need to speak with one voice, and here is the USCTP, rather than cooperating with wool and Cotton Australia and Cotton Egypt and the European Cotton Alliance, is going its own way, hiring its own lobbyist and doing its own thing. Of course,



they have every right to do that, but the PSAC should be urging the cotton industry to join in one initiative.

Cliff: I fully agree with you and that one of the comments I was going to make. There's a number of important dates there. Who's going to say anything? Is it just individuals? What should the cotton industry do to participate in those discussions as a unified voice, rather than everyone just having a comment, or, even worse, no comment at all?

Eva: The USCTP is indeed working together with "Make the label count" and Australian Wool. We have reached out to a lot of other initiatives, also in the margins of the Textile Exchange conference, when there was a meeting of several other cotton groups. And part of me being here today is also to do exactly that, to help join up the voice of all the different initiatives representing natural fibers. This is what we should be doing. Sending a lot of different comments will be very helpful, though they will repeat of course. Because seeing that there's a lot of people making those comments is going to be important, a lot of different actors, with a lot of different perspectives. The most important thing we can do is to all say something, and then if we can manage to unite that voice, that would be even better.

Eric: The ICAC has become very involved in engaging on these policy issues. We have been working with Eva, we've also been working with "Make the label count". The ICAC is in something of a privileged but constrained position. We work for the EU, because we are an organization of member countries, we are trusted as advisors. We've also been working very closely with Eva and the IWTO. At the same time, there are ongoing discussions with the EU about the PSAC role and I would like to ask you, when you make your comments, please refrain from mentioning the ICAC. There will be more details about how PSAC can and be involved in the very near future.

Cliff: Is ICAC making comments on those?

Eric: We intend to. There'll be a channel for the PSAC members to share their opinions, and we'll probably send out some guidance. A lot of will be based on that initial PSAC statement. The ICAC Secretariat is working on technical comments.

Peter: The final statement we created in 2022 can be used as the basis for comment from the PSAC. But we must be extremely careful in how we present that, and we're just putting together some modalities to how we're going to do that. Eric and I are working that right now, and we'll get that out in the coming days. And we are very conscious of the timelines of particularly April 28 for the PEF.



Eric: We are doing a shortened process where we're going to gather our comments, send them over to the EU. They will and make sure that they don't bounce the wrong way. I really believe they're open. They see that there are some issues. Also, they're getting a lot of heat from the environmental community. For instance, the EEB, the European Environmental Bureau, which is kind of an umbrella group for environmental groups in Brussels. They're very well respected, and they're very science based. They had some real concerns about the PEF.

Elke: As far as I understand, PEF is influenced by the Sustainable Apparel Coalition and there is technical secretariat with voting right. How can we influence PEF if the technical secretariat has already created these criteria? It is very difficult to understand this construction.

Eva: This is one of the main criticisms of PEF. There are two ways, one is to provide comments on these public consultations. The other avenue is to talk about drawbacks of PEF and make sure it is not used in legislation. It is important to tell the European Commission that PEF is not viable.

Eric: Even though the technical secretariat is setting the agenda in a concerning way, I was told that we will have a chance to comment and modify it later.

Shea: Eva, you mentioned upcoming election, how do you think it may affect textile legislation?

Eva: There is already a lot of pressure to watering down the implementation of some of these laws. It may mean slowing down of implementation and focusing on legislation that directly affects European farmers. If there is going to be a turn towards protectionism and the EU being more self-sufficient this may have a bigger geopolitical impact and slow down the most ambitious environmental initiatives.

One of the most controversial pieces of legislation is deforestation and it's being discussed whether it should be expanded to include more ecosystems and more commodities. However, this can be slowed down as well.

Parkhi: I have two updates from the ICAC Standing Committee. The first is that the EU does not want individual brands to directly participate at the PSAC. And considering EU strong position on this, ICAC will not be inviting individual brands and firms. There is another option that we are considering to strengthen our connection with brands, and I'll get back to you once we have a clear position on it. And the second, the US requested comments from PSAC on the ICAC strategic objectives for 2024, and this is something that Eric will be presenting to the ICAC executive committee later this month.

The Chair thanked everyone and closed the meeting.